

A2A 2009 Preliminary Results & 2010-2014 Business Plan

Conference Call

Milan, 5th February 2010



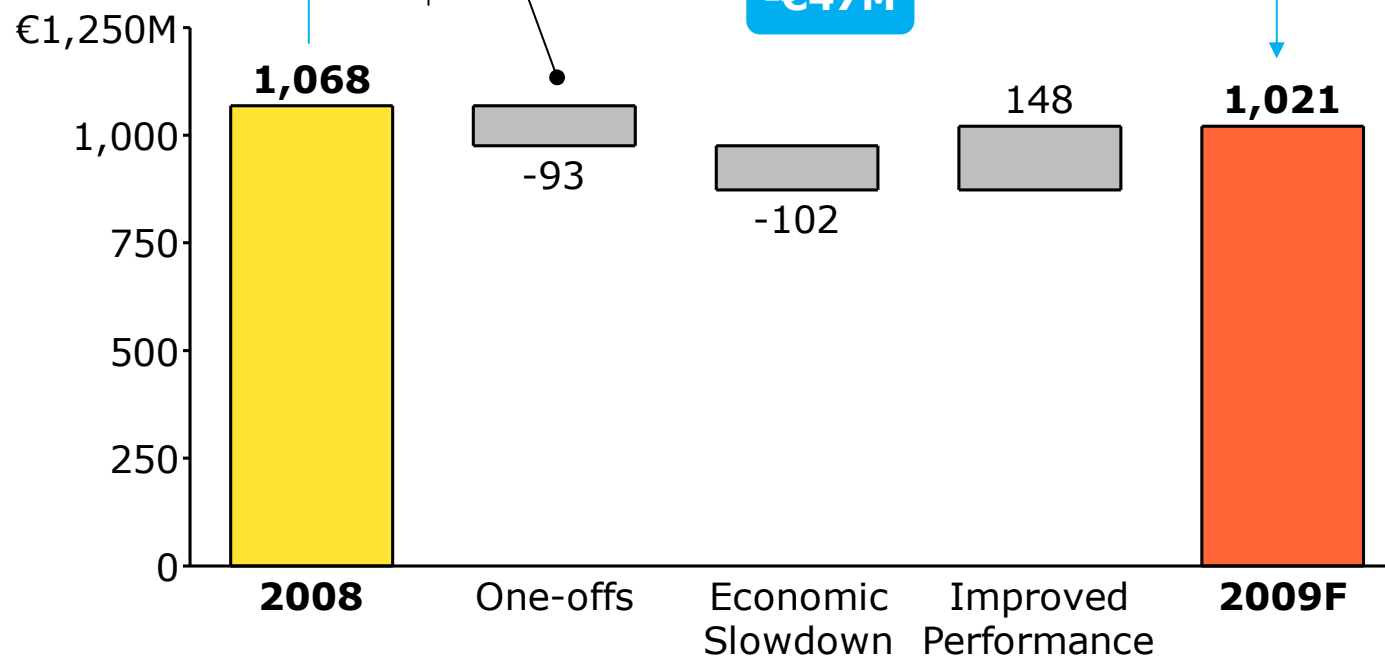
Agenda

- 2009 preliminary results and main strategic achievements
- 2010-2014 Business Plan – Group strategy & results
- Q&A

2009F results and main strategic achievements

EBITDA

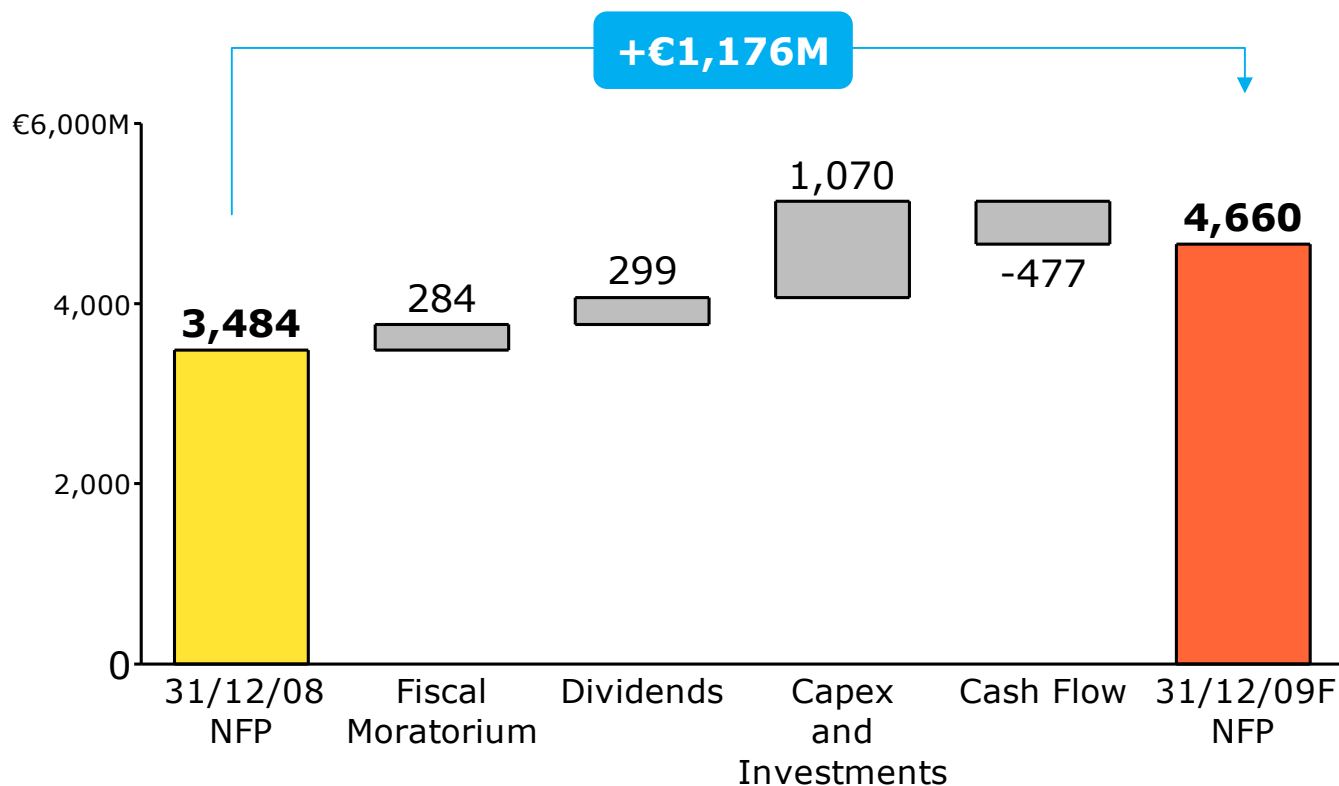
- Expiry of CIP6 incentives (- €65M)
- Non-recurring PSA (Equalization Fund) accounted in 2008 (- €28M)



EBITDA reduction due to non-recurring items and economic slowdown partially offset by A2A's improved performance

2009F results and main strategic achievements

Net Financial Position



Increase in NFP mainly due to acquisitions (EPCG, Endesa) and fiscal moratorium

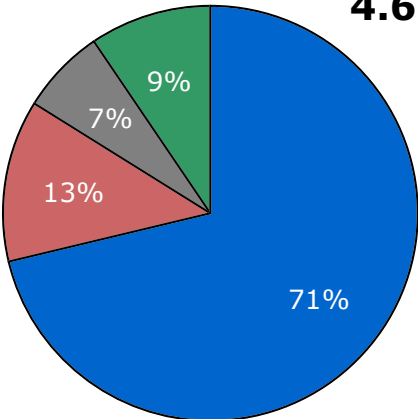
Group 2009F debt structure

Efficient debt structure

DEBT STRUCTURE (Dec 2009F)

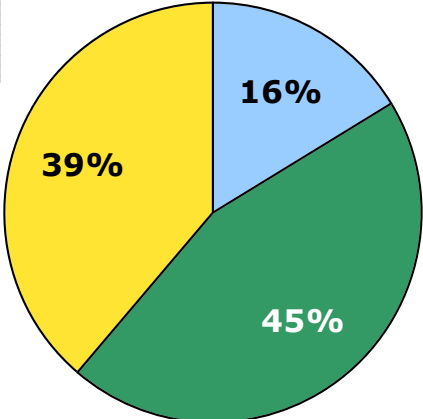
Deadline

- 2010
- 2011
- 2012
- >2012



INTEREST RATE STRUCTURE

- Fixed
- Variable
- Swapped



CURRENT RATING



S&P

BBB+ / Watch Negative / A-2

MOODY'S

**A3
Outlook stable**



Balanced and efficient debt structure with 1.8 B€ committed lines


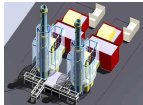





Note: TdE/Edison not included; figures do not include fair value valuation of ex-AEM bond

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2009F results and main strategic achievements

Key Events

ACHIEVEMENTS	DESCRIPTION	CONSOLIDATED IN
<p>ENERGY – POWER</p>  <p>E.ON asset Acquisition 1.5 GW</p>	<ul style="list-style-type: none"> • Swap of 20% stake in E.ON Produzione (formerly Endesa Italia) with assets: Monfalcone thermal plant (980 MW) and Calabria hydro plants (490 MW) 	<p>July '09</p>
 <p>Gissi new plant 800 MW¹</p>	<ul style="list-style-type: none"> • Start up of Gissi (800 MW¹) CCGT plant 	<ul style="list-style-type: none"> • Unit1: Jan '09 • Unit2: Apr '09
 <p>EPCG Acquisition 0.9 GW</p>	<ul style="list-style-type: none"> • Acquisition of 43.7% of Elektroprivreda Crne Gore (EPCG), largest electricity player in the Republic of Montenegro (895 MW) 	
<p>WASTE</p>  <p>Acerra and Terzigno fully on-stream</p>	<ul style="list-style-type: none"> • Start-up of Caivano MBT (Mechanical Biological Treatment) plant and Acerra WTE operations start-up • Construction of Terzigno landfill 	
<p>DISTRICT HEATING</p>  <p>DH new capacity 40 MWt</p>	<ul style="list-style-type: none"> • Development of almost 40 MWt of cogenerating capacity in Milan and Bergamo 	

A2A asset base as of 31/12/09

	ASSETS	VOLUMES
ENERGY	<ul style="list-style-type: none"> • Installed thermal capacity: 4,135 MW • installed hydro capacity: 1,415 MW 	<ul style="list-style-type: none"> • TWh 10.3 of thermal electricity produced • TWh 3.0 of hydro electricity produced
DISTRICT HEATING	<ul style="list-style-type: none"> • Installed capacity: 1,240 MWt • Installed capacity: 250 MWe • 5 main cogeneration plants • District heating networks: Km 910 	<ul style="list-style-type: none"> • Heat production: TWh 1.8 of • Electricity production from cogeneration plants: TWh 0.7
WASTE	<ul style="list-style-type: none"> • 5 main WTEs (175 MWe; 230 MWt) • 5 main landfills 	<ul style="list-style-type: none"> • Power production from WTEs: 1.1 TWhe and 0.6 TWht • Processed waste: 2.6 MTon
NETWORKS	<ul style="list-style-type: none"> • EE networks: Km 15,000 of distribution n., Km 181 of transmission n. • Gas Network: Km 8,100 of distribution n., Km 400 of transport n. • IWC network: Km 5,800 of distribution n. ; Km 1,600 of sewage n. 	<ul style="list-style-type: none"> • EE distribution TWh 12.2; M 1.1 customers • Gas distribution : Bcm 1.9; M 1.3 customers • Water distribution: Mcm 85; M1.1 customers

Solid asset base in all the business areas

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2010-2014 Business Plan – Group strategy & results

Business plan guidelines

MACROECONOMIC SCENARIO IMPACT

- **New business plan incorporating macro-economic downturn effects**

INVESTMENT RATIONALIZATION AND OPERATING EFFICIENCY

- **Cut of low-IRR investments: ~500€M vs. previous BP***
- **Ongoing cost streamlining: internal rationalization and operating synergies**

GROWTH PLAN IN HIGH- POTENTIAL AREAS

- **Development in high-return markets: waste to energy and mechanical biological treatment, district heating & cogeneration**

EPCG CONSOLIDATION

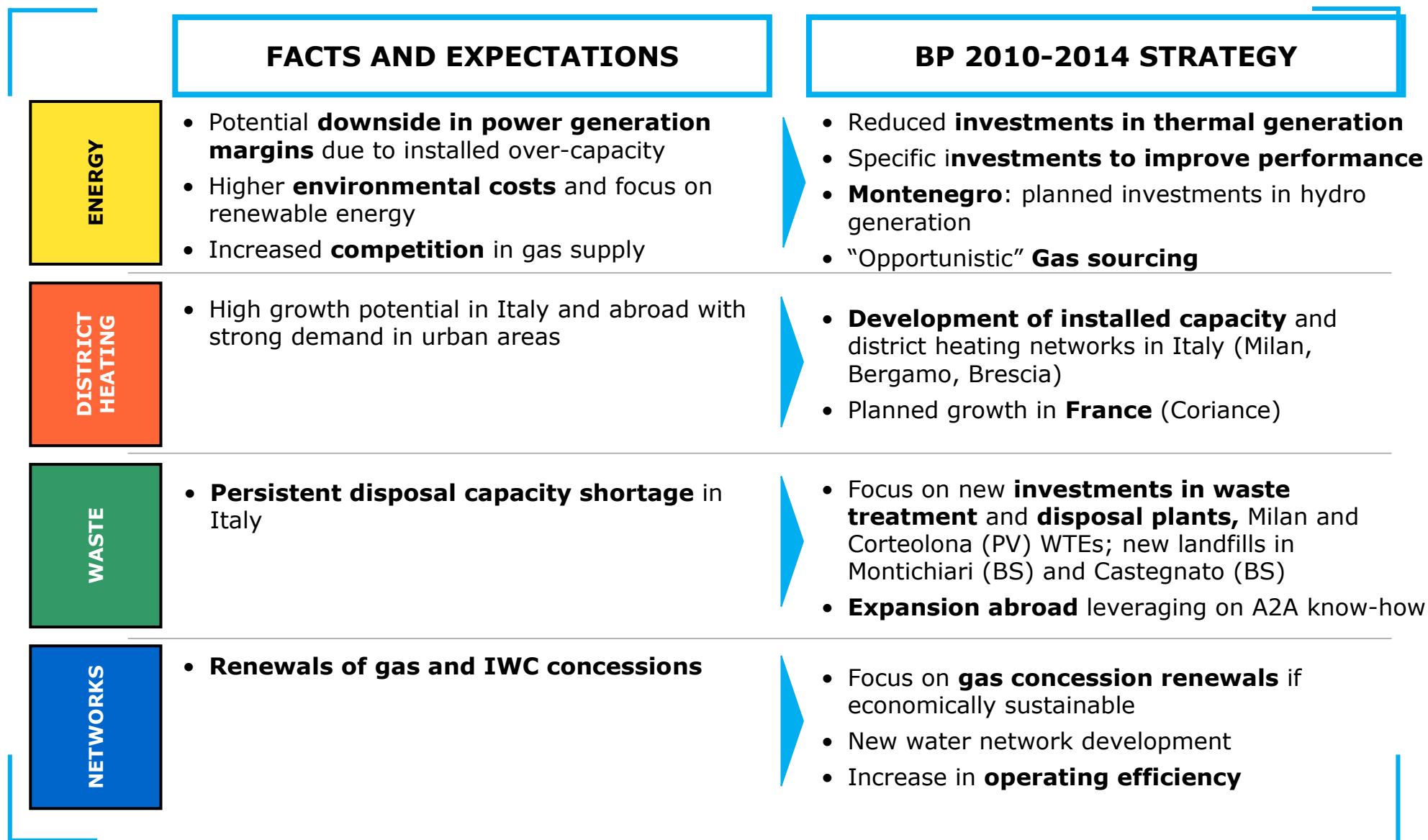
- **Consolidation of A2A position in renewable energy production**
- **Target to develop power production and increase distribution efficiency in Montenegro**
- **Electricity trading between the Balkans and Italy**

PERIPHERAL ASSETS RESTRUCTURING

- **Disposal of non-core assets: debt reduction and stable 2011-2014 dividend policy**

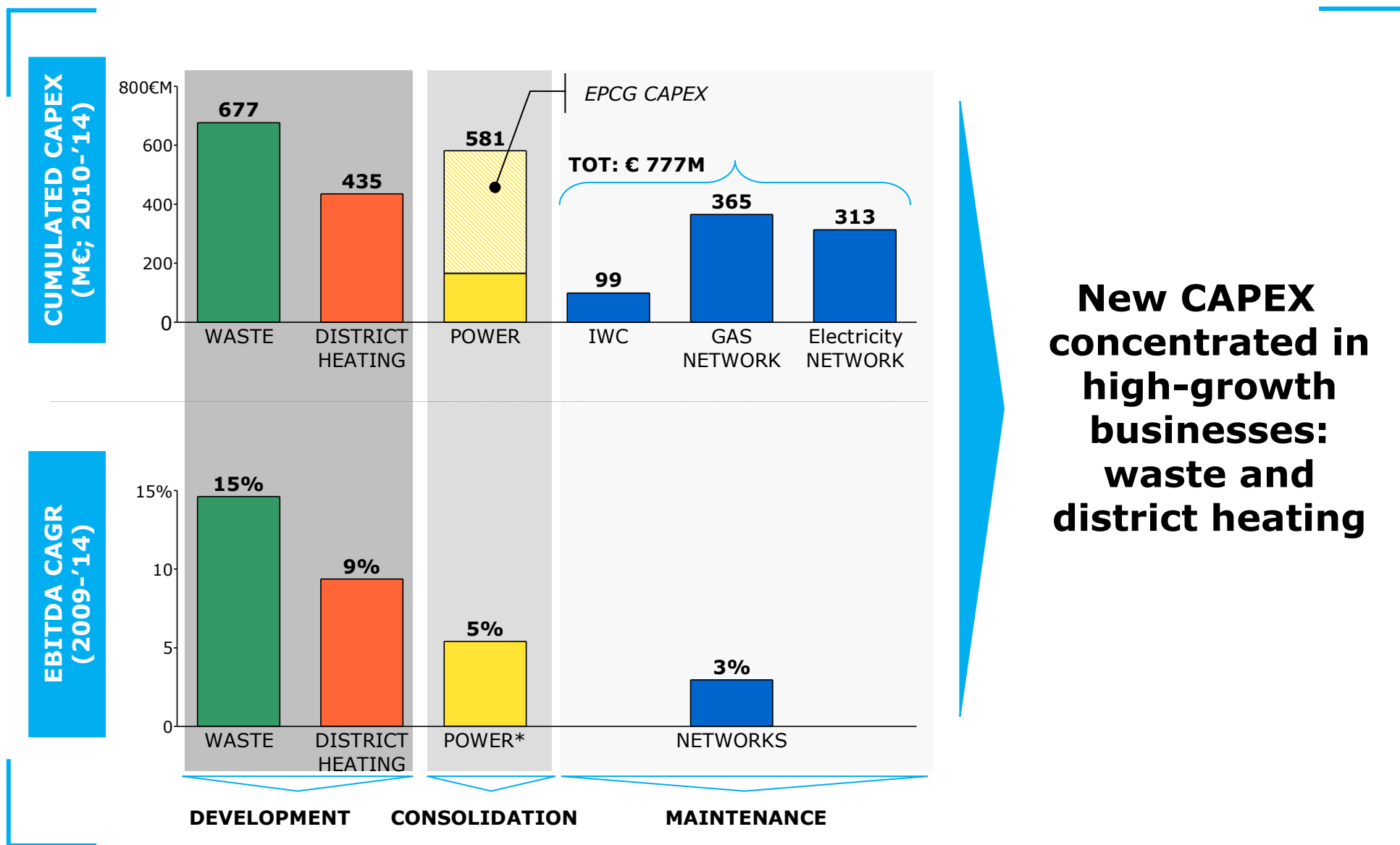
2010-2014 Business Plan – Group strategy & results

Macroeconomic scenario and strategic priorities



2010-2014 Business Plan – Group strategy & results

Consistence of BP results with strategic guidelines

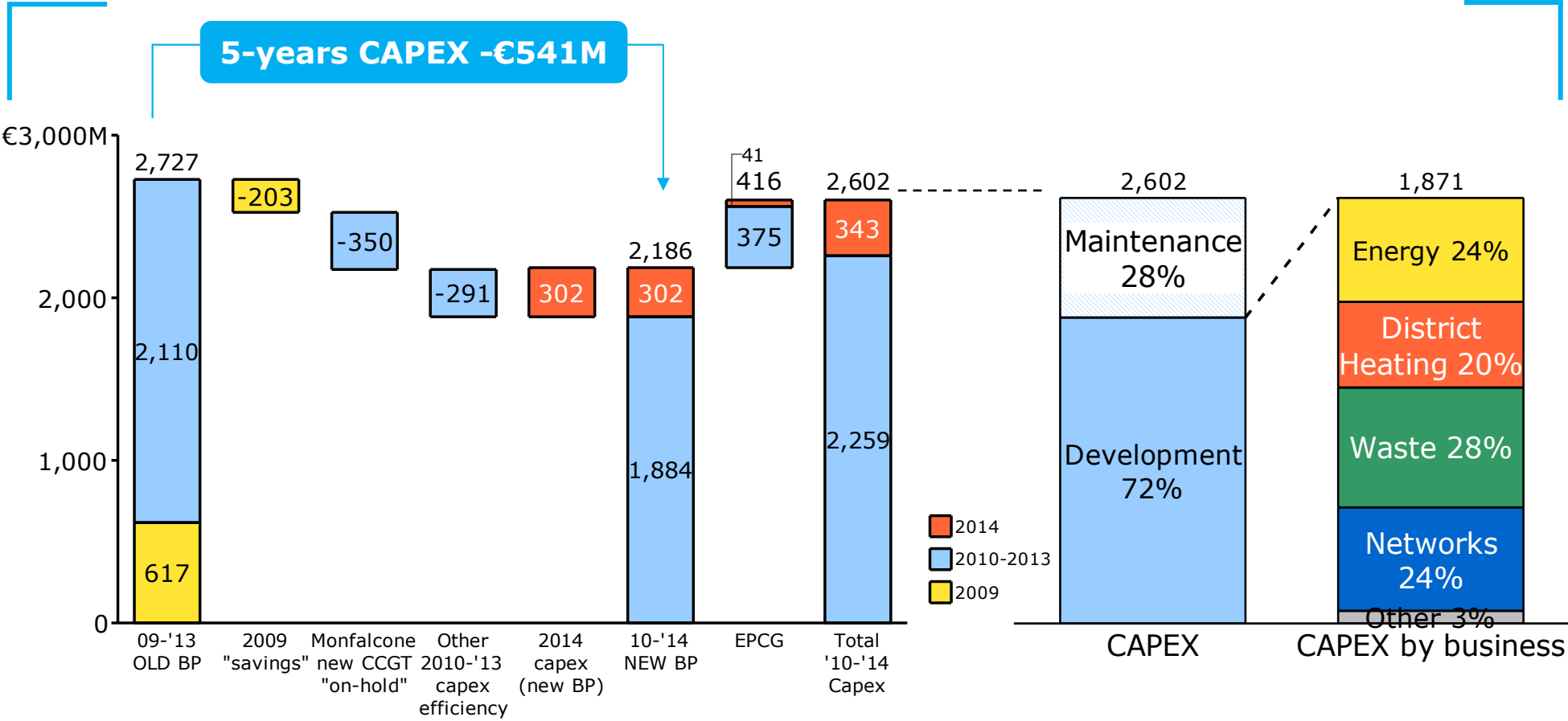


Note: Not considering €131M of CAPEX in IT and facility

* Power CAGR includes total EPCG EBITDA, consolidated since 2010 rd party without A2A's prior written consent.

2010-2014 Business Plan – Group strategy & results

Gap analysis between old and new CAPEX plan

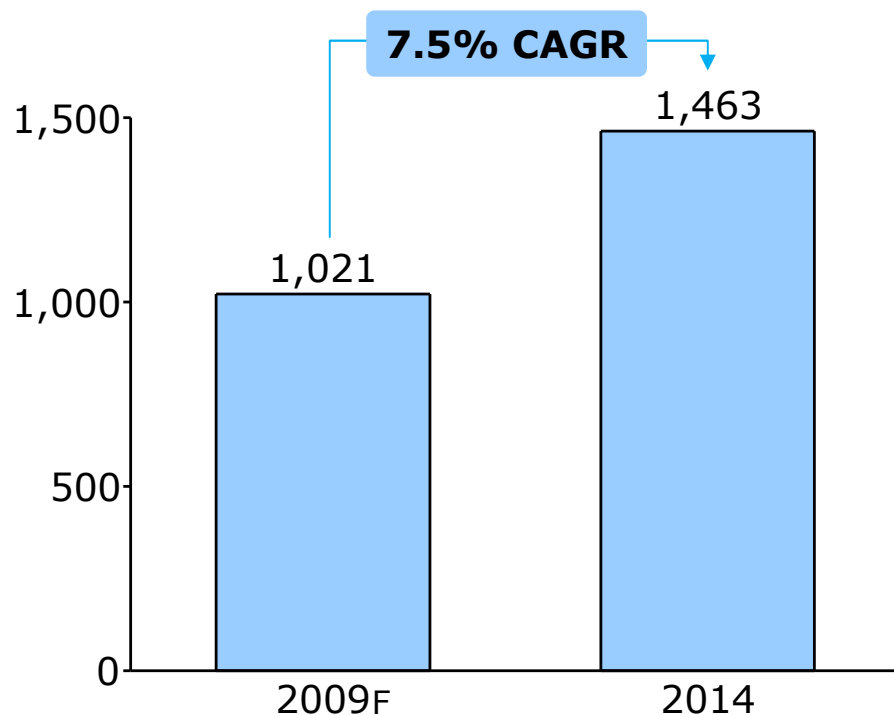


Strong reduction in capital expenditure

2010-2014 Business Plan – Group strategy & results

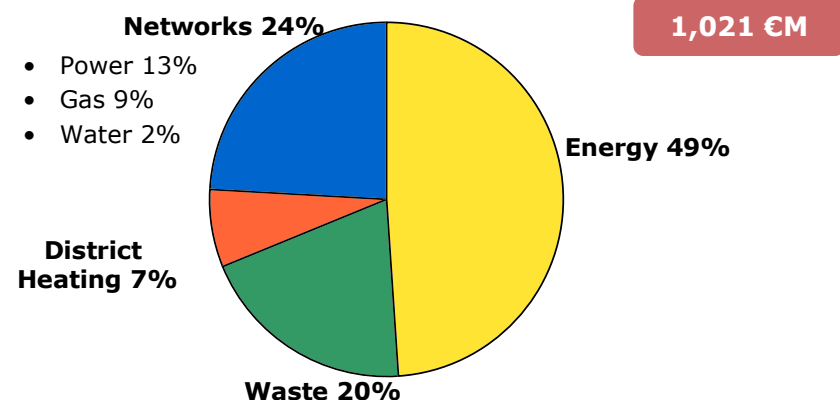
EBITDA

BUSINESS PLAN EBITDA (€M)

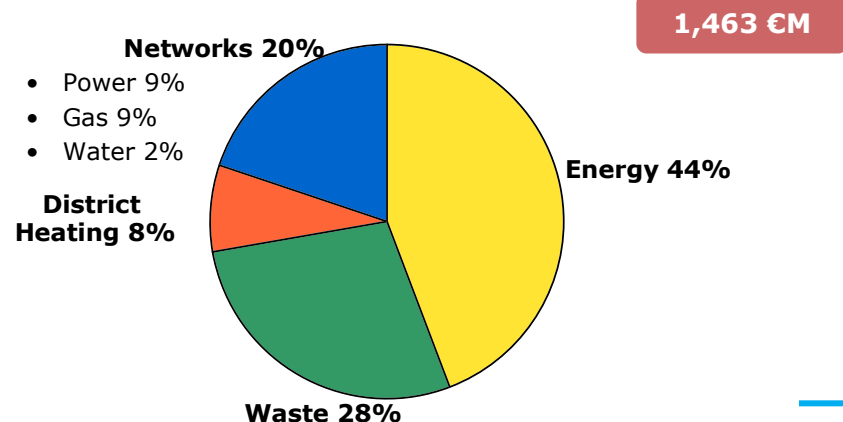


- **Strong EBITDA growth at 7.5% CAGR**
- **Increasing relevance of waste services on the Group profitability**

EBITDA BREAKDOWN (2009F)



EBITDA BREAKDOWN (2014)



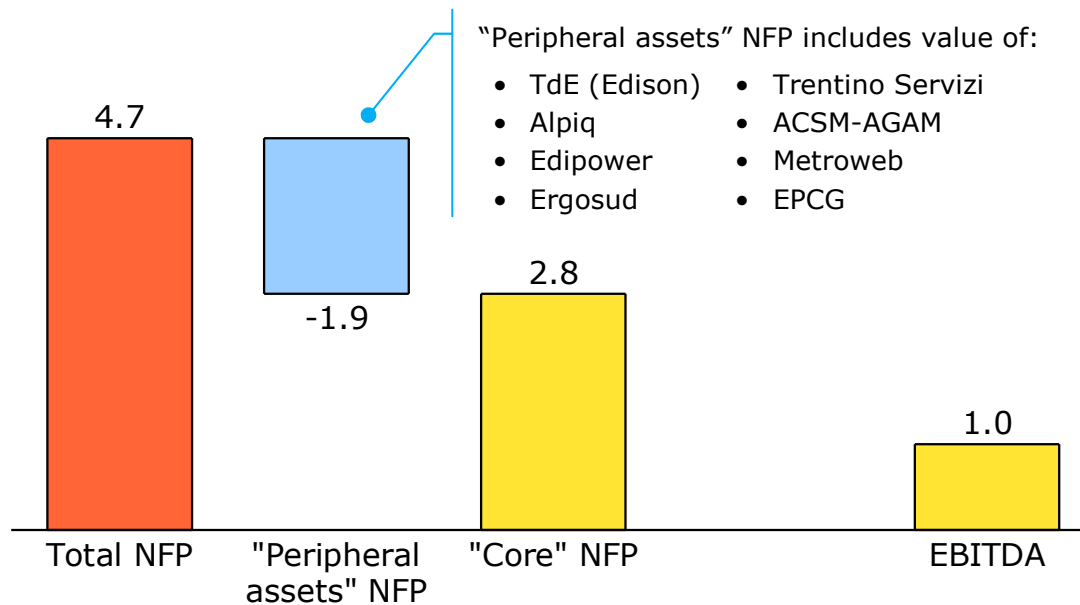
2010-2014 Business Plan – Group strategy & results

Peripherals and “core” asset-related debt analysis

DESCRIPTION

- A2A **does not consolidate** some relevant shareholdings, which therefore **do not contribute to A2A EBITDA**
- These, so called “**peripherals**”, represent a considerable amount of capital invested (almost **30% at yr end-2009**)
- **NFP/EBITDA** and **NFP/Equity** would be more meaningful if limited to the “**core**” NFP (assuming peripherals could be sold to reduce total NFP)
- **Industrial deals**, such as E.ON Produzione asset swap (effective July 2009), would convert peripherals into “**industrial**” assets with both debt and EBITDA consolidated in A2A figures

CORE NFP ANALYSIS (2009F; B€)



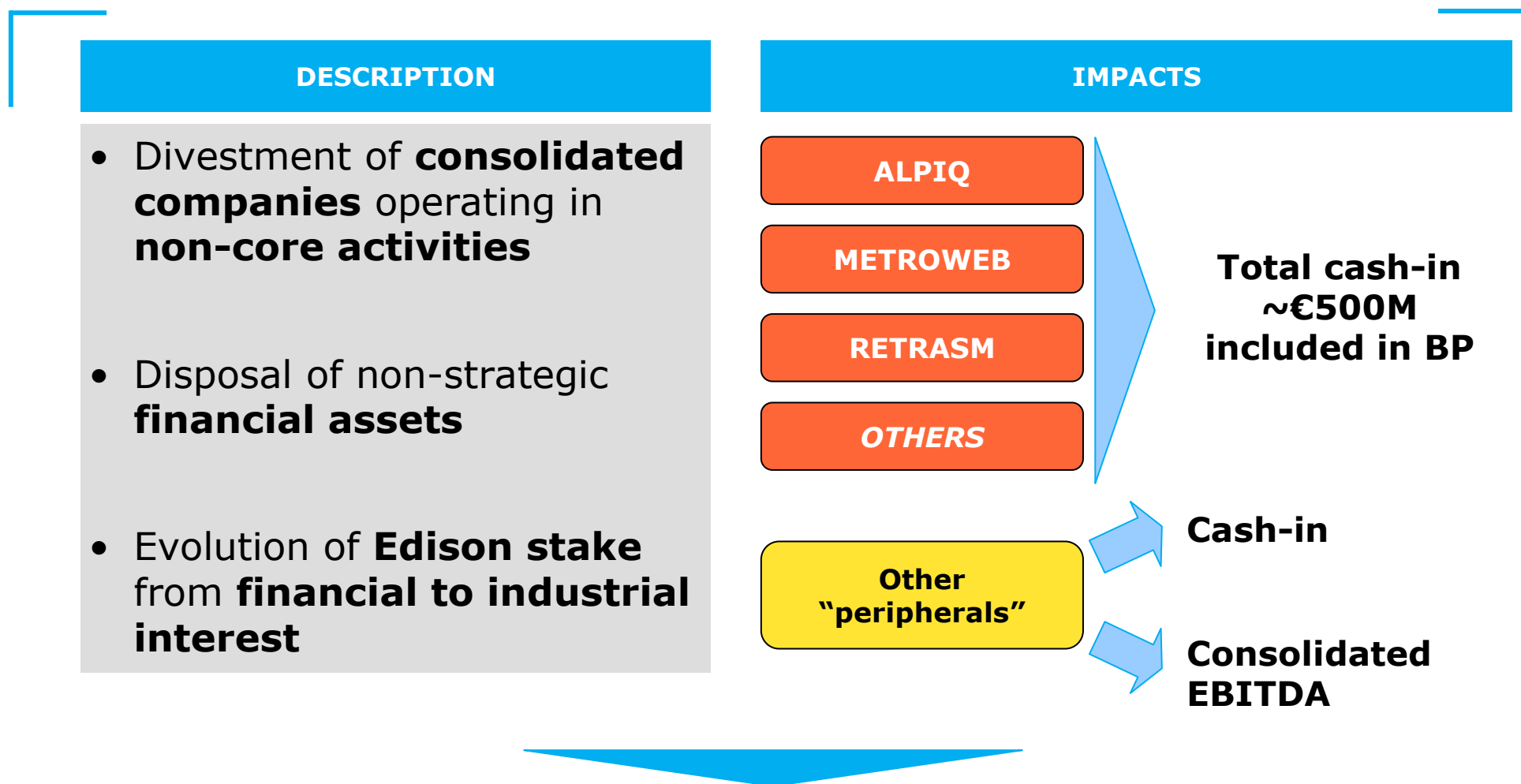
A2A's strategic goal: to reduce the weight of peripherals on overall company value

Note: peripherals' value calculated at book value or market value when available, adjusted for minorities
 Main updates on Core Debt and Peripherals as of end of September



2010-2014 Business Plan – Group strategy & results

Disposal of financial asset

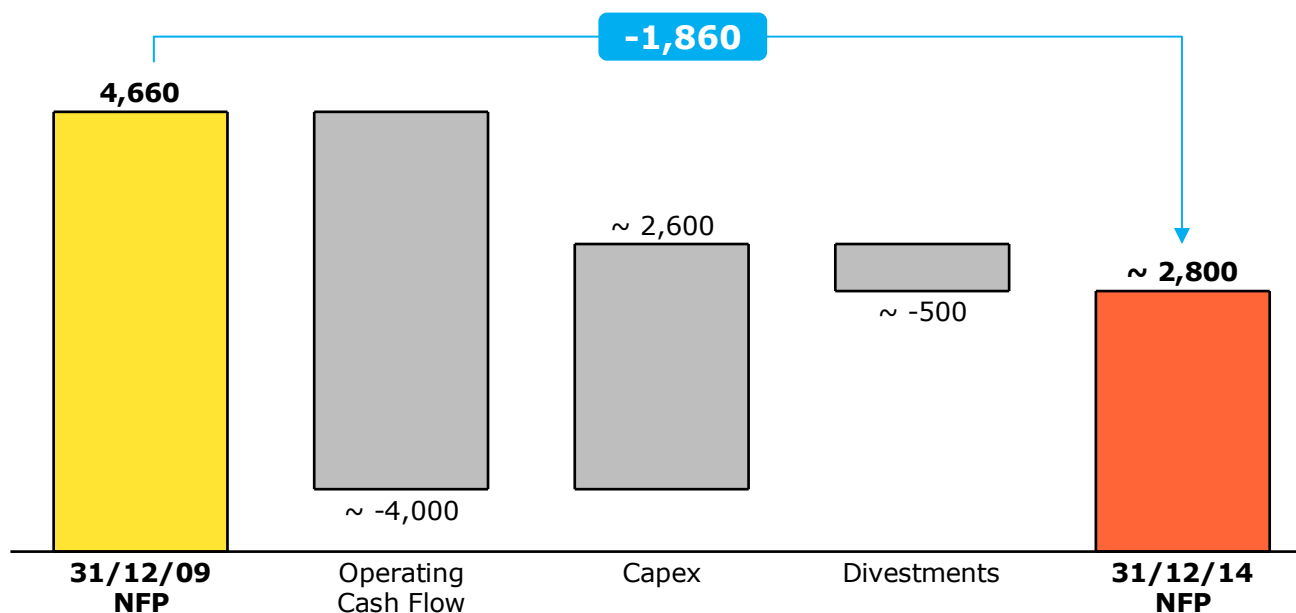


Cash generation from disposal of financial assets to sustain Group dividend policy without major margin loss.

2010-2014 Business Plan – Group strategy & results

NFP evolution

NFP BRIDGE 2009-2014 (M€)



Cash flow generated and peripheral assets reduction will support dividend policy and Debt/EBITDA <3 target

A2A Value Proposition

- Business diversification: leading position in regulated and unregulated businesses
- Large-scale production from renewable sources: competitive cost structure
- Sound capital structure with high liquidity buffer and diversified funding sources
- Commitment to reduce capital employed in “peripherals” to support dividend policy and NFP reduction

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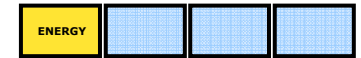
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Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: changes in global economic business, changes in the price of certain commodities including electricity, gas and coal, the competitive market and regulatory factors.

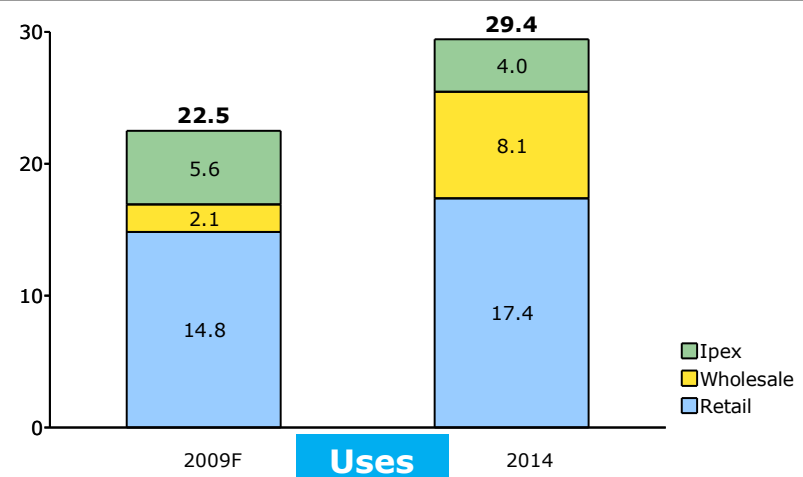
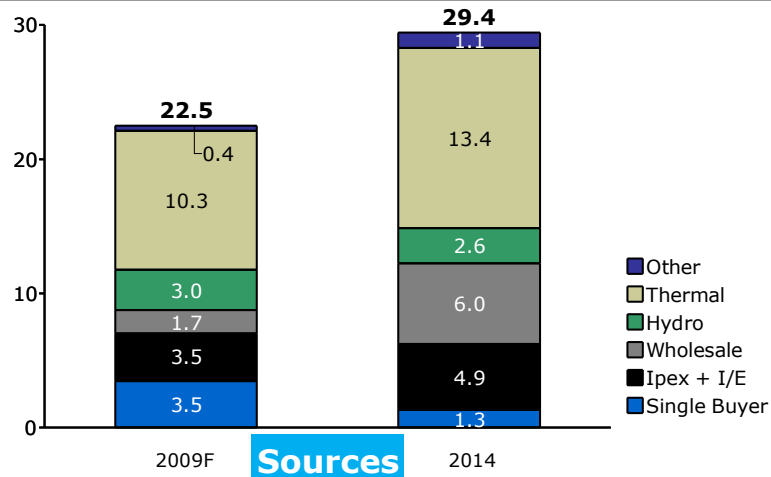
Moreover, forward-looking statements are current only at the date they are made.

Annexes

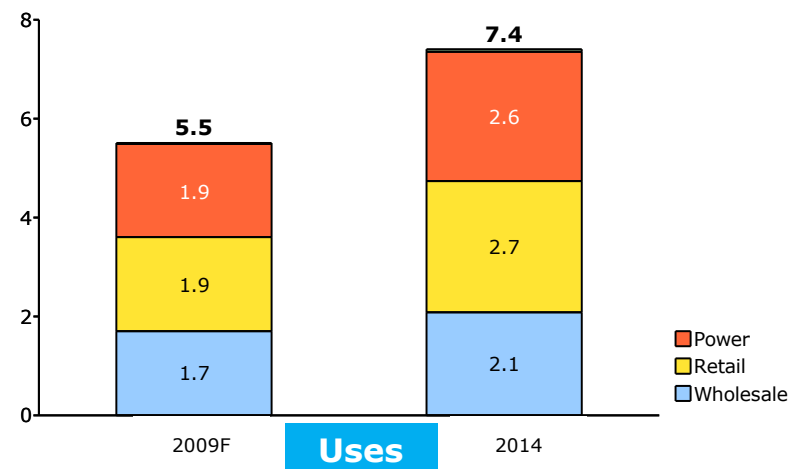
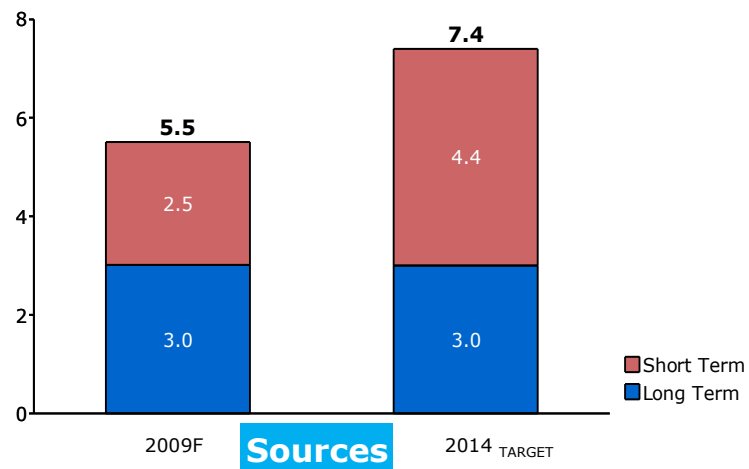
2009F-2014BP: Energy highlights



POWER VOLUMES TRENDS (TWh)



GAS VOLUMES TRENDS (Bcm)



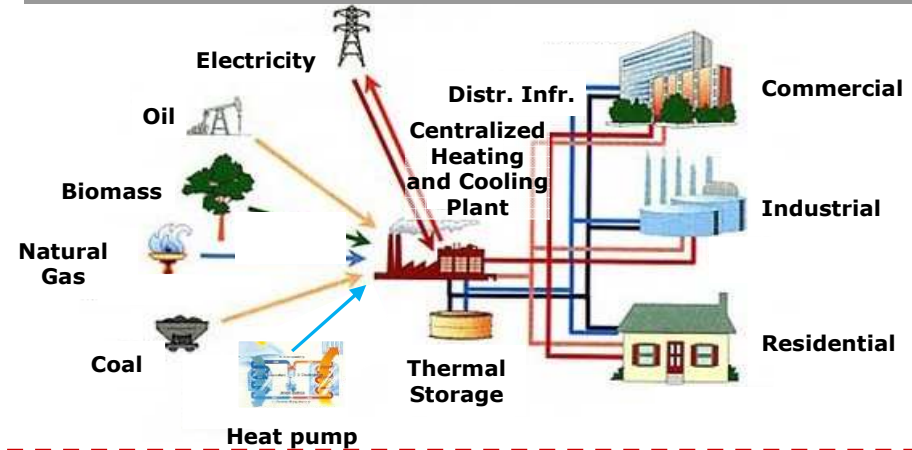
2009F-2014BP: District Heating highlights



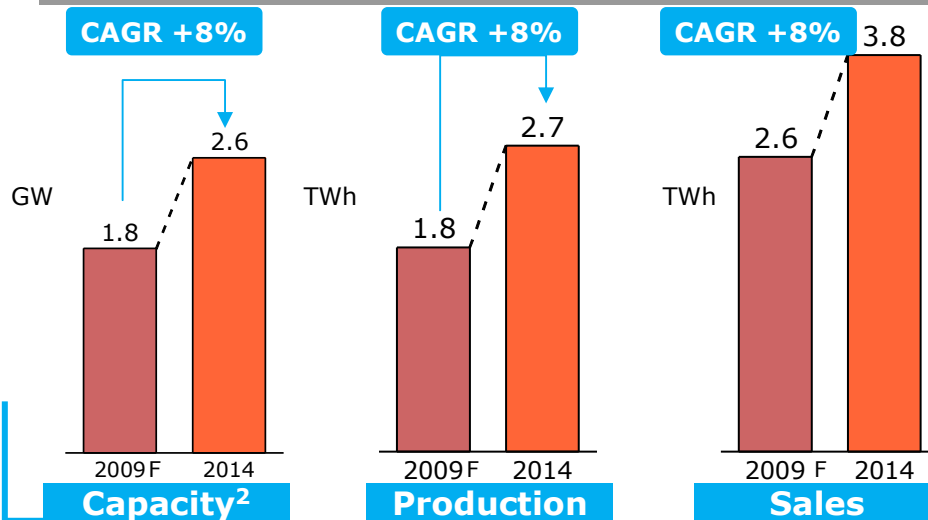
KEY FACTS

- Development of ~ 800-MW new capacity (including ~ 200 of WTE and third parties available capacity)
- Further expansion of new distribution networks
- Strong growth in volumes doubling 2008 heat sales by 2013

BUSINESS MODEL



HEAT CAPACITY AND VOLUMES



COFATHEC CORIANCE (GAZ DE FRANCE)¹

- 4th district heating player in France ('08 REV : €63M; '08 EBITDA : €8.5M)
- Over 20 plants managed
- Installed capacity: 670 MWt
- Diversified technology/fuel mix (cogeneration, biomass, waste, etc.)

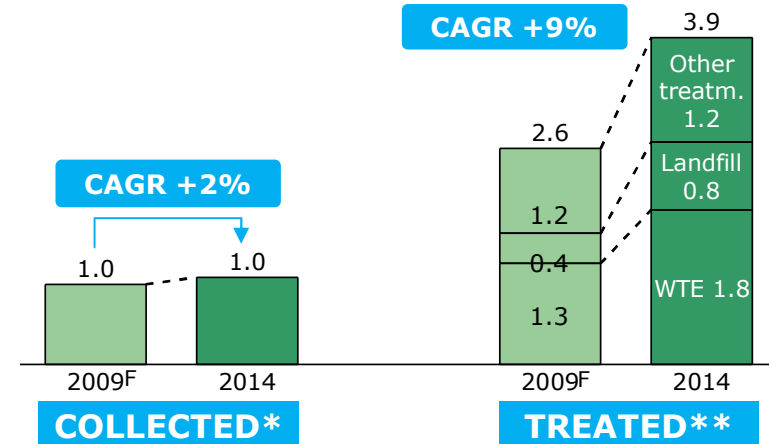
2009F-2014BP: Waste highlights



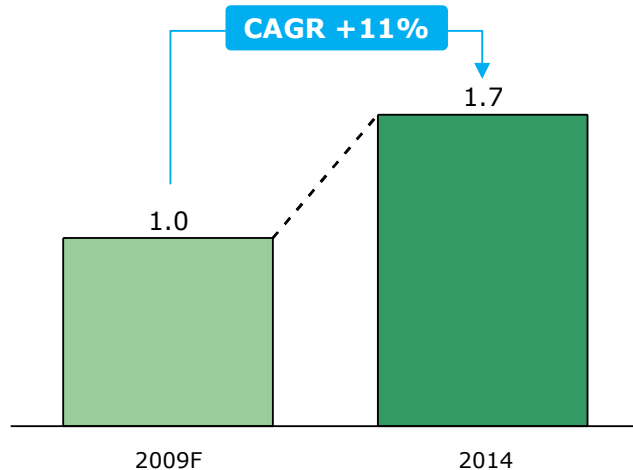
KEY FACTS

- **Expiry of CIP6 incentives offset by cash flow from new investments (e.g. new WTE plants in 2012-2013) and operating synergies**
- **Potential expansion also abroad leveraging innovation and technology advanced expertise**

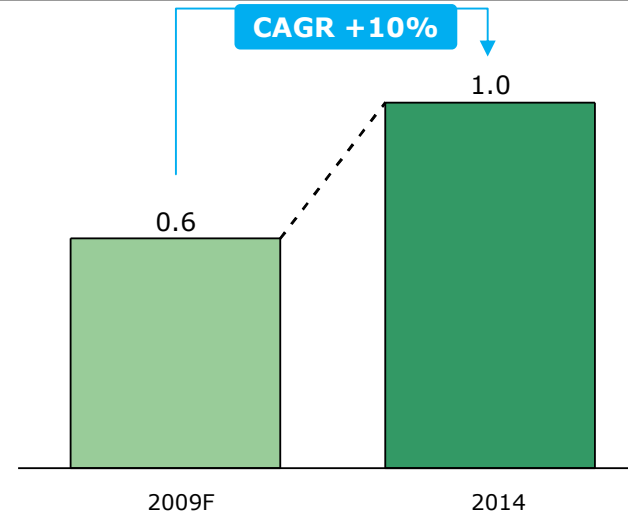
WASTE VOLUMES (Mton)



POWER PRODUCTION (TWhe)



HEAT PRODUCTION (TWht)



*main municipalities; **treatment plants + landfills + WTE

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2010-2014BP: Networks highlights

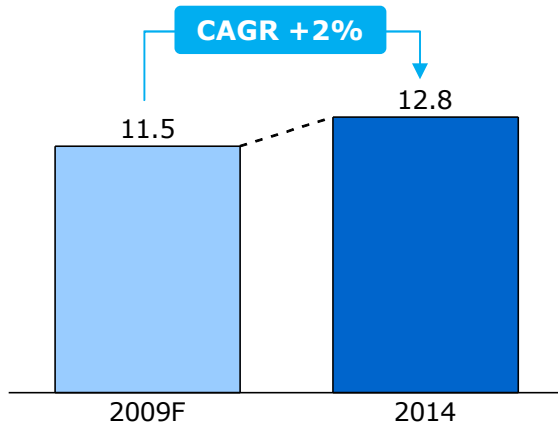
KEY FACTS

- **Electricity and gas:** equalisation for electricity distribution grid, efficiency improvement and infrastructure maintenance (e.g. metering, networks)
- **Water:** increase in water tariffs and infrastructure development (i.e. sewage and depuration)

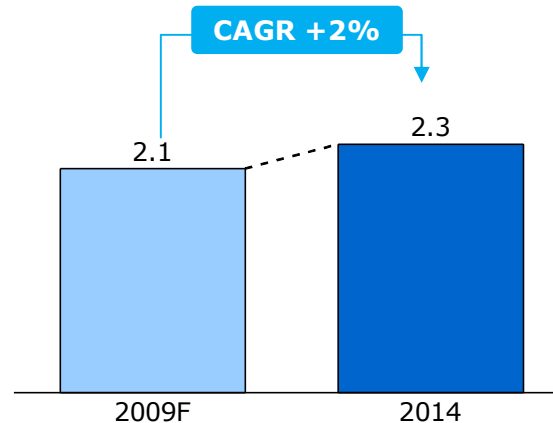
REGULATORY SCENARIO

ELECTRICITY	<ul style="list-style-type: none"> • WACC: 7% (distribution), 7.2% (metering) • Price cap*: 1.9% (distribution), 5%(metering)
GAS	<ul style="list-style-type: none"> • WACC: 7.6% (distribution), 8.0% (metering) • Price cap*: 3.2% (distribution), 3.6%(metering)
WATER	<ul style="list-style-type: none"> • AATO Plan, 2007-2031 period: <ul style="list-style-type: none"> ▪ Water tariffs: 7% return on invested capital ▪ Efficiency improvement: 1%

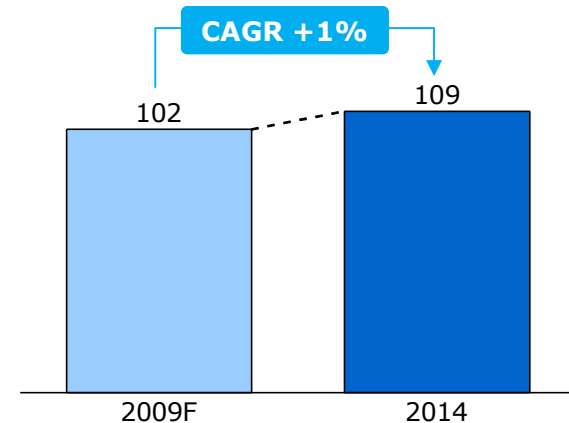
ELECTRICITY (TWh)



GAS (Bcm)



WATER (Mcm)



* "X-Factor" does not include inflation rate; AATO = Autorità d'Ambito Territoriale Ottimale
Source : AEEG, AATO