



A2A 2020 Investor Guidebook



May 2020

Welcome to A2A Investor Guidebook, prepared for investors and financial analysts to get a thorough insight into the A2A Group



We have divided the Guidebook into the **four main sections** listed aside, where A2A equity story is unfolded.



The Guidebook has a spreadsheet back up - the **Databook**, to download for modelling purposes.



We would appreciate your **feedback** and suggestions to improve this product.

Please write to: ir@a2a.eu



Resources:

Databook in excel:
this file is part of the Guidebook kit and contains annual and quarterly economic, financial and operational Company data as of 2008.

Additional information on A2A is available at www.a2a.eu.
Share price information, Annual Reports and Interim Accounts, press releases and other relevant information can be found in the "Investors" section.

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LEGENDA



REFERENCE TO MORE IN-DEPTH, UPDATES AND DOCUMENTS AVAILABLE IN A2A WEBSITE



THIS SYMBOL MARKS THE PAGES WHERE EXCEL DOWNLOADS ARE AVAILABLE ANNUAL AND QUARTERLY HISTORICAL SERIES AVAILABLE IN THE INVESTOR DATABOOK:
[HTTPS://WWW.A2A.EU/EN/INVESTORS/PUBLICATIONS-SERVICES/INVESTOR-GUIDEBOOK-KIT](https://www.a2a.eu/en/investors/publications-services/investor-guidebook-kit) OR IN DEDICATED SECTIONS



THIS SYMBOL MARKS THE PAGES WHICH MAY BE SUBJECT TO UPDATES DURING THE YEAR



BY CLICKING ON THIS SYMBOL YOU WILL RETURN TO THE GENERAL INDEX



BY CLICKING ON THIS SYMBOL YOU WILL RETURN TO THE INDEX OF THE REFERENCE SECTION

A2A public documents used as sources: A2A Strategic Plan, 2019 Results & Business Plan Update; Company Annual Reports, AGM documents, Report on Corporate Governance, Report on Remuneration, Integrated Report

DISCLAIMER - This document has been prepared by A2A solely for investors and analysts. This document does not constitute an offer or invitation to purchase or subscribe any shares or other securities and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Some information contained herein and other material discussed at the meetings may include forward-looking information based on A2A's current beliefs and expectations. These statements are based on current plans, estimates, projections, and projects and therefore you should not place undue reliance on them. 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.

01 About A2A

A2A GROUP

Growth oriented multi-utility



A2A Uniqueness - Integrated and balanced business mix



A2A focussed geographical presence



ASSETS AND ACTIVITIES

**A2A asset portfolio:
first class asset base and size**



Regulatory framework



BENCHMARKING

A2A well positioned in its main businesses



More in-depth, updates and documents available in the following website sections:

A2A Group:
www.a2a.eu/en/group/mission-values

Assets and Activities:
<https://www.a2a.eu/en/group/our-plants>
www.a2a.eu/en/services

Major Transactions:
www.a2a.eu/en/investors/strategy

Strategic Plan:
www.a2a.eu/en/investors/presentations-conference

Growth oriented multi-utility



A2A Group Highlights

(million euros)	2019	2018	2017	2016	2015
Consolidated income statement					
Revenues	7,324	6,494	5,796	5,093	4,921
Reported EBITDA	1,234	1,231	1,199	1,231	1,048
Ordinary EBITDA	1,192	1,192	1,135	1,103	1,022
D&A and Provisions	-538	-483	-455	-474	-474
Write-Downs	-9	-160	-34	-245	-359
EBIT	687	588	710	512	215
Net Financial Expenses	-114	-116	-139	-158	-134
Associates & JV	4	4	5	-3	-4
EBT	581	490	576	403	76
Taxes	-189	-157	-192	-122	-133
Minorities	-4	-10	-6	1	130
Group net income	389	344	293	232	73
Ordinary Group Net income	378	438	413	377	278
Dividends					
Distributed Dividend (accrual basis)	241	218	180	153	126
DPS (€)	0.0775	0.07	0.0578	0.0492	0.041
Dividend Yield (%)	4.8%	4.6%	4.1%	4.2%	3.8%
Balance sheet					
Total Assets	10,725	10,333	9,949	10,387	9,801
Total Liabilities	7,074	6,810	6,936	7,101	6,522
Net Equity	3,651	3,523	3,013	3,271	3,259
Net Fixed Capital	6,470	6,131	5,780	6,136	5,829
Net Capital Employed	6,805	6,545	6,239	6,415	6,156
NFP					
Net Financial Position	-3,154	-3,022	-3,226	-3,136	-2,897
Cash flow from operating activities	932	1,023	866	827	896
Consolidated Capex	627	500	450	349	317
Net Free cash flow - Change in NFP	-132	204	-90	-239	466
Manpower (units)	12,186	12,080	11,436	13,494	12,083
- of which relative to EPCG Group				2,301	2,393

BUSINESS UNIT HIGHLIGHTS

GENERATION

2 GW hydro installed capacity

Ongoing M&A activities in
PV Renewables

WASTE

1st energy producer
from WTE plants

Ongoing developments
in capex for
treatment plants

MARKET

Leader for quality
and customer satisfaction

Further expansion of the
free market customer base

NETWORKS

Incumbent in the key areas

2.0 Smart meter
plan launched

A2A KEEPS CONSOLIDATING NEW TERRITORIES:
NEW AGGREGATION IN 2020 – AEB-GELSIA



ACSM-AGAM (2018)

A2A

LGH (2016)

Integrated multi-business portfolio bringing a natural risk hedging and maximising cross-BU synergies
Our long –term path is rooted on Sustainability



A2A Uniqueness - Integrated and balanced business mix

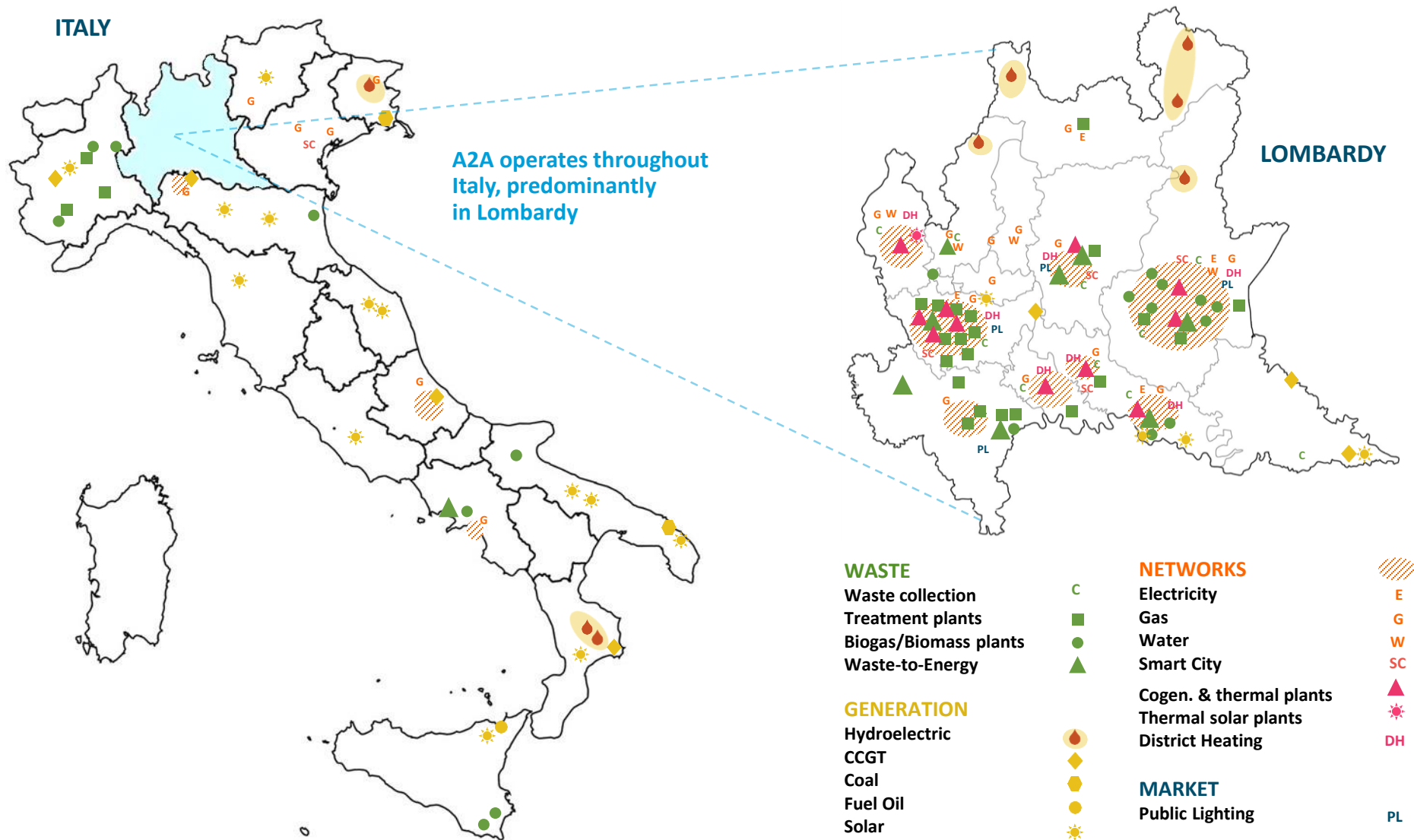


	GENERATION		MARKET		WASTE		NETWORKS					
							NETWORKS		HEAT		SMART CITY	
BU Risk Profile	<i>Merchant High Volatility With Regulated items</i>		<i>Merchant Low Volatility</i>		<i>Mostly Quasi-Regulated</i>		<i>Regulated</i>		<i>Quasi-Regulated</i>		<i>Merchant</i>	
2019 Ordinary EBITDA ⁽¹⁾	287 €M	24%	207 €M	17%	271 €M	22%	353 €M	29%	89 €M	7%	12 €M	1%
	Fuel sourcing		Electricity and gas sales <ul style="list-style-type: none"> • free market • regulated market 		Collection and street sweeping		Electricity distribution		Cogeneration heat recovery and sales		Smart mobility	
	Power generation (Thermoelectric and RES)		Public Lighting		Urban Waste Treatment Material Recovery Electricity and Heat production		Gas distribution		Heat Distribution		Smart lighting	
	Wholesale & Trading		New Energy Solutions (Energy Efficiency, E-mobility)		Industrial Waste Treatment		Integrated Water Cycle				Smart meter management	

FLEXIBLE AND GREENER ENERGY
 MORE SOLUTIONS TO INVOLVE CUSTOMERS
 VALUE FROM END TO BEGINNING
 SMARTER AND MORE RELIABLE

(1) Ordinary EBITDA including Acsm - Agam is equal to 1,219 €M, calculated as reported EBITDA (1,234 €M) net of non-recurring items (42 €M) and Ordinary EBITDA from "Corporate" (-27 €M).

A2A focussed geographical presence



Technological partnerships abroad on waste treatment plants (UK, Spain and Greece)

A2A asset portfolio: first class asset base and size



GENERATION

Total installed capacity: 8,944 MW
 Thermoelectric capacity: 6,966 MW, of which:
 - CCGT: 5,285 MW
 - Fuel oil: 886 MW
 - Coal: 305 MW
 Hydroelectric capacity: 1,878 MW (of which ~77% reservoir)
 Photovoltaic capacity: 100.3 MW
 Thermoelectric production: 13,353 GWh
 Hydroelectric production: 4,619 GWh
 Photovoltaic capacity: 123 GWh
 Total electricity sales: 44,740 GWh
 Gas portfolio: 15.2 Bcm
 Trading activities in Italy and European energy markets:
 power, gas & environmental markets (white certificates, CO2)



MARKET

Electricity customers (k) 1,174
 - regulated market (k): 489
 - free market (k): 684
 Gas customers (k): 1,489
 - regulated market (k): 745
 - free market (k): 744
 Electricity sales: 13,656 (GWh)
 - regulated market: 1,435 (GWh)
 - free market: 11,994 (GWh)
 - "Salvaguardia" market: 227 (GWh)
 Gas sales: 2,454 (Mcm)
 - regulated market: 579 (Mcm)
 - free market: 1,875 (Mcm)
 Public lighting (n.): 274,618, of which 243,979 LED



WASTE

Inhabitants served: 3.63 millions
 WTE Plants (n.): 9 Biogas/Biomass plants (n.): 19
 Waste treatment plants (n.): 29
 Thermal capacity: 489 MWt
 Electricity capacity: 505 MW
 Nominal treatment capacity: 4,433 Kton/y
 Waste collected: 1,708 Kton
 Waste disposed of: 3,340 Kton
 WTE heat production: 1,489 GWh
 WTE and biogas electricity production: 1,780 GWh

INTERNATIONAL

Technological partnerships abroad:
 - 8 plants in UK, Spain and Greece



NETWORKS

NETWORKS

Electricity:
 Electricity distributed: 11,735 GWh
 Network: 15,764 Km Points of delivery: 1,216 k
Gas:
 Gas distributed: 2,963 Mcm
 Network: 14,277 Km Points of delivery: 1,817 k
Water:
 Water distributed: 78 Mcm
 Sewage network: 3,155 Km

HEAT

Total installed thermal capacity: 1,970 MWt
 Heat production: 1,389 GWh
 Heat volumes sales: 2,783 GWh
 Total installed electricity capacity: 341 MW
 Cogeneration electricity sales: 316 GWh
 District heating network: 1,266 Km
 District Heating Customers: 27,188 buildings/flats

SMART CITY

Optic fiber network : 4,100 km



Regulatory framework



ARERA is the Italian Regulatory Authority for Energy, Networks and Waste. A2A regulated and quasi-regulated activities are the following:

ELECTRICITY NETWORKS

5th Tariff regulatory period: 2016-2023 (8 years, with an intra-period update in 2020)

Tariff not linked to change in unit volumes consumption

- **Shift from input-based to output-based model as of 2016**, for **quality regulation** providing for rewards/penalties according to over-/underperformance in the continuity and reliability service
- **Gradual moving from building block approach** (Capex and Opex treated separately) to **TOTEX regime** (based on the total expenditure combined with output-based incentive schemes) under **following consultation process**
- **WACC: in 2019-2021, 5.9%** (distribution, metering)
- **Price cap: 1.3%** (distribution), **0.7%** (metering) as of 2020
The potential extra-efficiencies achieved in the preceding regulatory periods are to be shared 50-50 with the consumer by 2023
- a **sharing mechanism of the revenues linked to the usage of the electricity infrastructures by TELCO** companies (i.e. for laying optical fiber), if any
- some **incentives** – applied to Opex and Invested Capital, to **promote consolidation** among **small-mid distributors** (for operations concluded between 01/01/2018 from 31/12/2023).

GAS NETWORKS

5th Tariff Regulatory period: 2020-2025 (6 years)

Tariff not linked to change in unit volumes consumption

- Confirmed a **hybrid approach** combining price-cap (applied to Opex) and cost-of-service regulation (applied to Capex); **2020 allowed Opex** recognition based on the “t-2” principle
- **WACC: invested capital remuneration rate** for distribution and metering activities has been unified (**6.3%** for both **distribution and metering**), as a result of aligned beta for gas metering at 0.439, down from current 0.502
- **WACC is applied either to RAB or to VIR ARERA⁽¹⁾** - for new ATEM’s entrants (so-called “asymmetric regulation”)
- **Price cap: distribution** (X-factor increased vs 2019): **3.53%** for big companies, 4.79% for medium companies, 6.59% for small companies | **metering: confirmed 0%** | **commercialization** (X-factor increased vs 2019): **1.57%** for all companies.
New rules for **including into the tariffs and admitted revenues** part of the **private/public contributions** received by the operator and set aside in the previous regulatory period (**20%, so called “frozen contributions”**).

WACC Reform (electricity and gas networks)

In December 2015 ARERA defined the WACC remuneration for the regulated energy networks, effective from 1 January 2016

The common parameters are set for gas and electricity, excluding those specific of each sector, such as beta and D/E

- WACC is real pre-tax allowed return
- WACC regulatory period lasts 6 years (2016-2021)
- The interim review is fixed every 3 years (i.e. at the end of 2018 the WACC applicable in the period 2019-2021 will be set) for: Risk Free Rate; Country Risk Premium⁽²⁾; Inflation used to calculate “F” factor; Gearing (value more in line with those used by other European regulators), Tax Rate according to the annual Stability Law

(1) VIR_{ARERA}: Asset residual value («valore industriale residuo») - as recognised by ARERA for tariffs purpose, is equal to the capital expenditure necessary to rebuild anew the assets, depreciated due to use and obsolescence (on the basis of regulatory asset useful life). (2) Only if there is a more than 20% deviation in the average spread between 10-year government bonds of Italy and Germany vs the previous period

INTEGRATED WATER CYCLE

3th Regulatory period: 2020-2023 (4 years)

- **Allowed revenues** based on **full recovery cost** subject to efficiency and capped in terms of tariff growth.
- Regulatory matrix with **six different tariff schemes**, linked to the need for new investments, the evolution of underlying costs due to consolidation or improvement in quality of service and revenue per capita.
- **Fixed annual maximum tariff increases** - ranging from **5.2%** to **8.5%**, different for each of the six tariff schemes assigned at Local Authority Level (EgA).
- **Overall return** is equal to 5.2%, with an additional 1% extra return for investments made from 2012.
- **X-factor** equal to 1.5% to promote higher efficiency on internal Opex.
- **Interim review:**
RAB and variable costs (2 years); assumptions on financial costs and taxation can be modified every 2 years if there are "significant changes".

DISTRICT HEATING

Regulation – light approach

- **D.Lgs. 102/14 did not entrust ARERA to set the tariff.**
- The ARERA regulation includes only **the standards of technical and commercial quality**: the obligations relate only to the management of the heat network and commercial relations with customers connected.
- **The prices applied to customers are on the market** and it is important to maintain an optimal efficiency level to beat other alternative carriers (i.e. natural gas).
- *A2A is asking the Government for measures to encourage the district heating development.*

WASTE

1st Regulatory period: 2018-2021 (4 years)

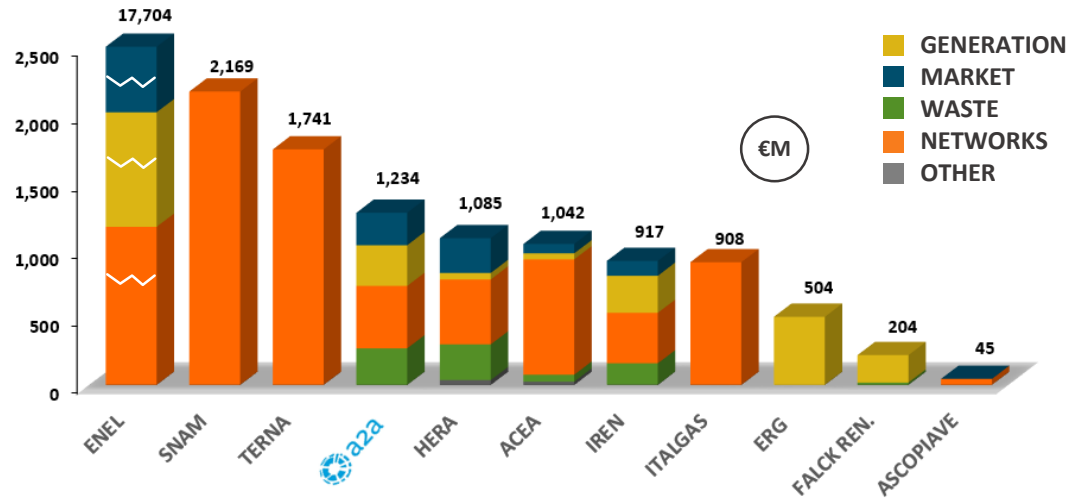
- In October 2019, ARERA established **MTR 2018-2021** (i.e. Metodo Tariffario Rifiuti) as **the first tariff method for the municipal waste management**.
- The MTR enters into force **in 2020** and is related to **collection services**, while the **treatment and recovery framework should be effective from 2021**, after one or more public consultations.
- The aim of the MTR is (similarly to the previous regulatory schemes implemented by ARERA in the other sectors) to **cover operating costs, cost of capital and depreciation/amortization, with a Regulatory Asset Base (RAB) remuneration**.
- In order to promote waste management investments, ARERA sets a **WACC equal to 6.3%**, +1% for the regulatory time lag (i.e. 2 years for the cost recovery).
- A **price cap mechanism** controls the tariff's growth, ensuring flexibility in order to consider additional services and quality improvement.
- The MTR introduces a **sharing mechanism in favor of the service provider**, applied on revenues from the sale of separate collection materials and other market activities based on concession's asset.
- **Efficiency incentives** are included in the sharing factor and the gradual implementation instruments, which are set by the local Authority .
- ARERA maintains a **role in checking the consistency of the tariff with MTR's methodology**.
- **As for waste treatment, an asymmetrich approach** might be pursued by the Regulator

A2A well positioned in its main businesses



MAIN LISTED ITALIAN UTILITIES 2019 EBITDA

(Source: A2A analysis on Company data)



A2A: the most diversified utility, the highest EBITDA among local utilities

A2A MARKET POSITION⁽¹⁾

(Sources: ARERA and Company data)

		2018		2017		2016		2015		2014	
		market share	# operator	market share	# op.	market share	# op.	market share	# op.	market share	# op.
Generation and Trading	Electricity production	6.2%	4	6.0%	4	5.3%	4	5.4%	4	5.1%	4
	Generation installed capacity		2		2		2		2		2
	Hydroelectric installed capacity		2		2		2		2		2
	Hydroelectric production	9.2%	2	9.4%	2	9.9%	2	9.9%	2	9.4%	2
	Thermoelectric installed capacity		2		2		2		2		2
	Electricity production from gas	6.8%	4	6.2%	4	3.8%	9	3.8%	8	2.7%	10
	Electricity production from coal	7.9%	3	7.2%	3	7.2%	3	5.7%	3	4.9%	3
	Solar production	0.7%	5								
Market	Electricity sales for end users	3.5%	6	2.7%	6	2.5%	8	2.3%	9	2.5%	9
	Gas sales for users	3.3%	6	3.3%	7	2.4%	8	2.5%	9	2.3%	9
Networks	Electricity distribution	4.2%	2	4.1%	2	4.2%	2	4.2%	2	4.1%	2
	Gas distribution	8.7%	4	7.9%	4	5.9%	4	5.9%	4	5.9%	4
	Water sold (listed companies)		4		4		4		4		4

(1) 2018 figures include ACSM-AGAM volumes for H2'18

		2018	2017	2016	2015	2014
		# operator	# op.	# op.	# op.	# op.
Waste	Collection	2	3	3	3	3
	% of sorted collection (main operators)	1	1	3	3	3
	Power production from waste	1	1	1	2	1
	Waste disposal through WTE plants	1	1	2	2	2
District Heating	Heated volumes	1	1	1	1	1
	Heat production	2	2	2	2	2

A2A position has been quite stable at the top



02 Our Strategy

PERFORMANCE

Dynamic M&A Track Record



NEW STRATEGIC PLAN 2019-2024

Industry Trends and A2A industrial model



Key Financial Targets



COVID-19 Emergency: 2020 impacts and ESG initiatives



DEBT

Financial Strategy:

Cost reduction and high duration



Bonds and EMTN Programme



More in-depth, updates and documents available in the following website sections:

Operating and Consolidated results:
www.a2a.eu/en/investors/financial-reports

Strategy & Risk Management:
www.a2a.eu/en/investors/strategy

Debt:
www.a2a.eu/en/investors/debt



Dynamic M&A Track Record



ACQUISITIONS

DISPOSALS

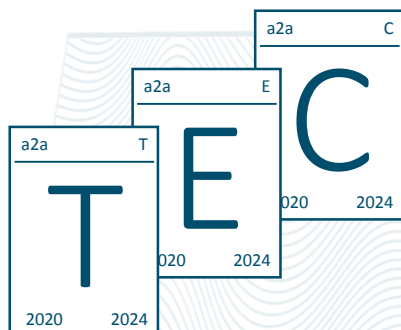
2014	2016	2017	2018	2019	2020
Increased stake in Edipower (79.5%) ↑	Composting plant of Sanitaria Group	16 photovoltaic plants from NovaPower	Gas & Power branch of X3 Energy JV with TaleSun Energy Europe on photovoltaic development	SunCity Energy (REN)	Agritre Biomass Plant
↓	75% of Consul System	18 photovoltaic plants from ReEnergy Capital	5 photovoltaic plants from Impax	45% of ASM Energia	
SWAP	51% of Linea Group Holding	Increased stake in LumEnergia (90%)		90% of Electrometal and Areslab	
	100% of Rieco-Resmal Group	Start-up Patavina Technologies (Internet of Things)		District heating in Cologno Monzese ↑	
↓	64% of La BI.CO due			↓ SWAP	
	Stake in Edipower (100%) SWAP				
7.91% of Dolomiti Energia	Partial demerger of Edipower S.p.A. (Udine hydro plants spun off, except from Ampezzo and Somplago plants)	Put Option exercised on 41.75% of EPCG (Montenegro)		Gas distribution assets in Piedmont (ATEM Alessandria 4) ↓	

Relevant shareholdings (31/12/19)

	Stake (%)	Book value (€M)	Scope of consolidation
LGH	51.0	109.4	Fully consolidated
ACSM-AGAM	41.3	190.6	Fully consolidated
Retragas	87.3	30.1	Fully consolidated
ASVT	74.6	10.8	Fully consolidated



BP 2020-2024: Industry Trends and A2A industrial model



CLIMATE ACTION



CIRCULAR ECONOMY



SMART SOLUTIONS

TEC strategy
designed
around
**3 sustainability
trends**

- **Further expansion in renewables** (M&A and greenfield): **500 MW** by **2024** and a **target of 1.5+ GW** installed capacity by **2030**
- **Coal and fuel-oil plants phase-out by 2025**
- Projects on **system flexibility and reliability**



RENEWABLES



GENERATION

- Challenging **customer growth**, reaching a market share of **10%** following the complete **liberalization of the market in 2022**
- New platform to acquire **500 K fully digital customers** in 5Y
- **Energy efficiency** and **e-mobility** growth targets relaunched



CUSTOMERS



MARKET

- Leadership in **material recovery**, with **12 new waste treatment plants**, of which 9 have already received authorization
- Spread of **best-in-class collection** know-how
- Accelerated growth in the **industrial segment**



RECYCLE



WASTE

- **Rebalancing the mix between gas and electricity networks**, **increasing RAB** (Electricity RAB +299M€; Gas RAB + 61M€) and network's resilience improvement by 2024
- Development of **heat management** and **new sources for DH**
- New investments in the **water cycle**



RESILIENCE

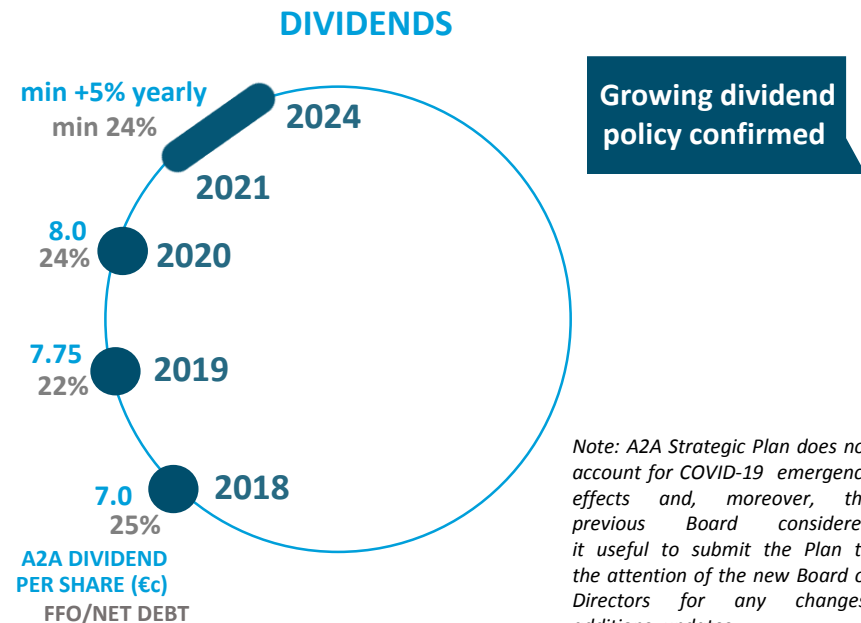
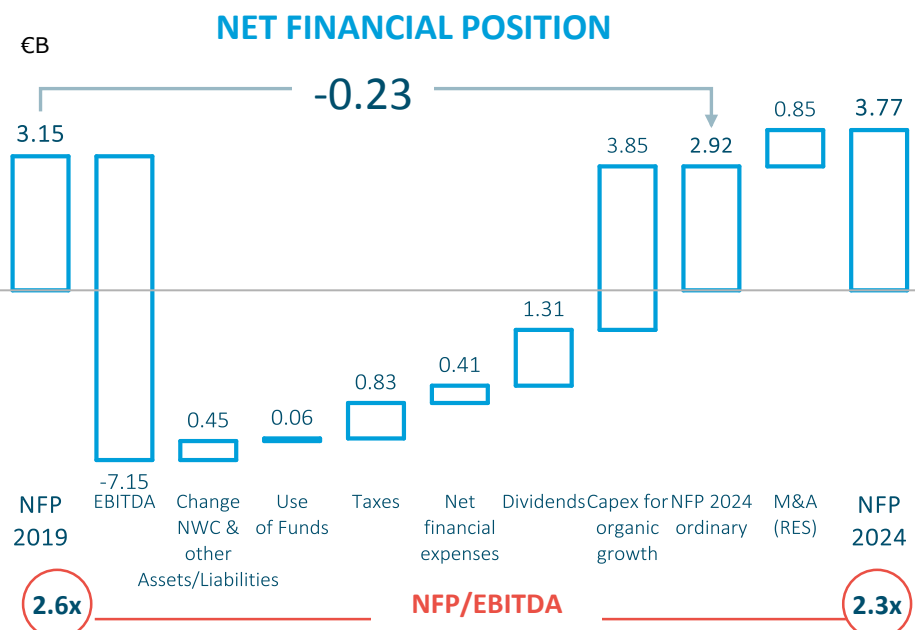
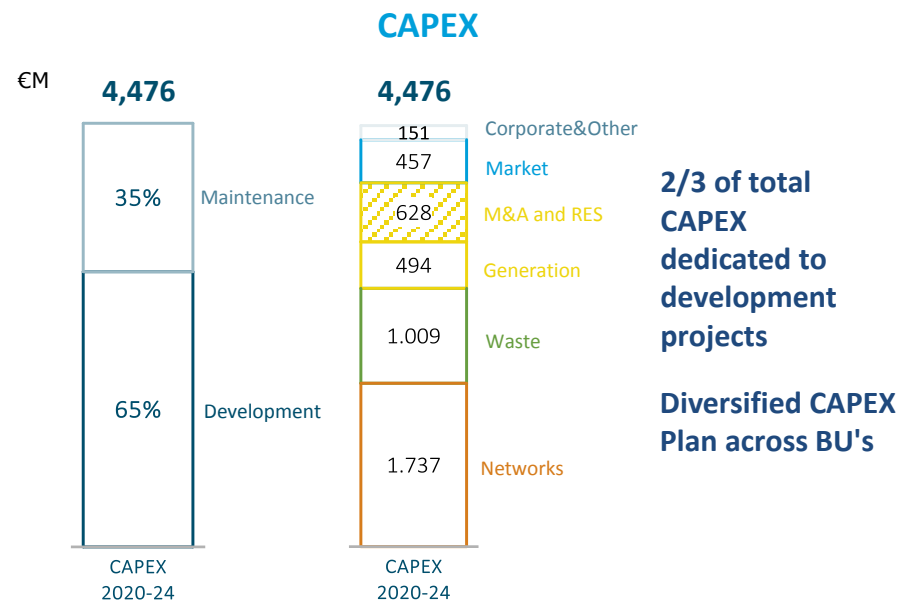
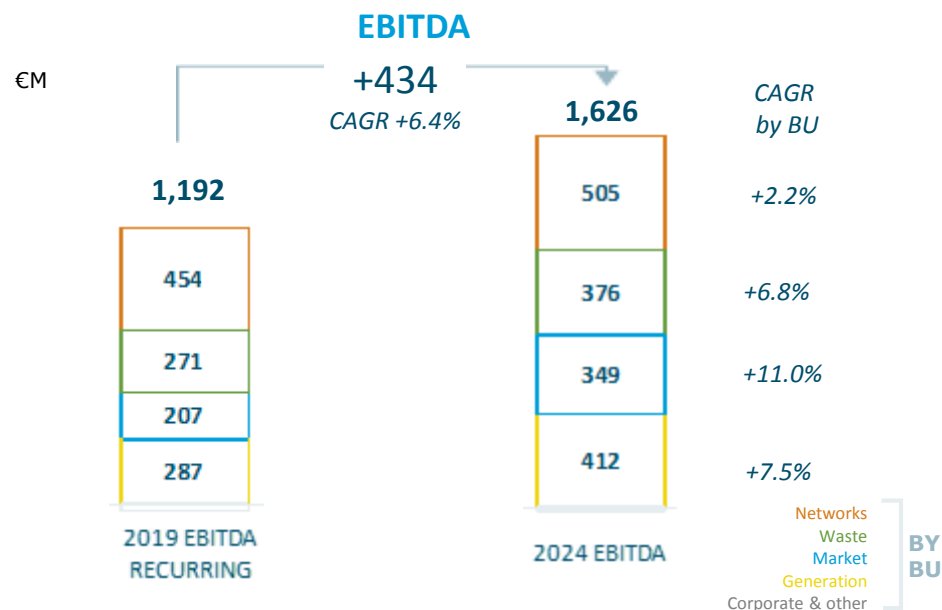


NETWORKS

Further information on A2A strategy is available
on the Group website at the following link:
<https://www.a2a.eu/en/investors/strategy#strategic>



BP 2020-2024: Key Financial Targets



COVID-19 EMERGENCY : 2020 IMPACTS AND ESG INITIATIVES



ACTIVITIES		⊖ IMPACTS	⊕ MITIGANTS
BU	Generation	<ul style="list-style-type: none"> • Scenario effect • Lower contestable demand (-6% Apr-Dec) 	<ul style="list-style-type: none"> • 67% production hedged (May-Dec) • Labor and operating cost reduction
	Market	<ul style="list-style-type: none"> • Lower energy volumes (BtB) – about -8% • Slowdown of commercial development 	<ul style="list-style-type: none"> • Labor and operating cost reduction • Lower marketing activity
	Waste	<ul style="list-style-type: none"> • Lower volumes of waste treated (~ -7%) • Emerging cost Covid related* 	<ul style="list-style-type: none"> • M&As • Treatment price • Labor and operating cost reduction
	Networks and DH	<ul style="list-style-type: none"> • Emerging cost Covid related* • Scenario effect on DH 	<ul style="list-style-type: none"> • Labor and operating cost reduction • Allowed tariffs adjustments of previous years
LIQUIDITY		<ul style="list-style-type: none"> • Temporary NWC expected increase due to Covid (about 70-100 €M) at year end 	<ul style="list-style-type: none"> • 2020 Capex Plan reviewed • Liquidity profile improved by further 550 €M committed credit lines (400 €M still unused)

Mitigants expected to mostly offset COVID-19 impacts

EMPLOYEES

- ✓ Prompt creation by A2A Group of a crisis committees in coordination with the BUs
- ✓ Insurance scheme for the employees hit by the emergency and economic benefits for their families
- ✓ Extension of Smart Working to over 4,500 employees
- ✓ Enhancement of IT and security resources
- ✓ Solidarity fund for COVID-19 victims
- ✓ Increased online training courses
- ✓ Roadmap for a gradual and safe return to work premises

CUSTOMERS

- ✓ Full time operating service for clients via remote call center and web channel
- ✓ The following benefits introduced by ARERA were anticipated and extended:
 1. Suspension of supply cuts and payment reminders
 2. No penalties for payment delays
 3. Flexibility of payment schedules and methods for clients in difficulty
- ✓ Promotion of digital means for the interaction with clients and billing
- ✓ Specific sections for clients on the operating company web sites – real time updates
- ✓ Close engagement with ARERA, government and other stakeholders

COMMUNITY

- ✓ Production of valves for emergency masks in Cavaglià treatment plant
- ✓ >2€M donations for the emergency to the Lombardy territory
- ✓ Strong effort for boosting street cleaning and disinfection
- ✓ A2A Smart City in cooperation with Italian Civil Protection providing sensors for first aid activities
- ✓ Microfinancing for community initiatives to support vulnerable family situations

Full support for A2A stakeholders in the territories hit by the emergency



Financial Strategy: Cost reduction and high duration



FINANCIAL STRATEGY

FLEXIBILITY

provide the Company with the right instruments to take potential market opportunities, in a prompt and efficient way

DIVERSIFICATION

optimize financial sources and assess/select at any time the most economical and/or best available

LIQUIDITY

maintain an adequate liquidity cushion in terms of cash and available committed lines to cover planned cash outlays and absorb low-probability events

RISK MANAGEMENT

manage in a proactive way the interest risk with the main purpose to mitigate the effects of market volatility

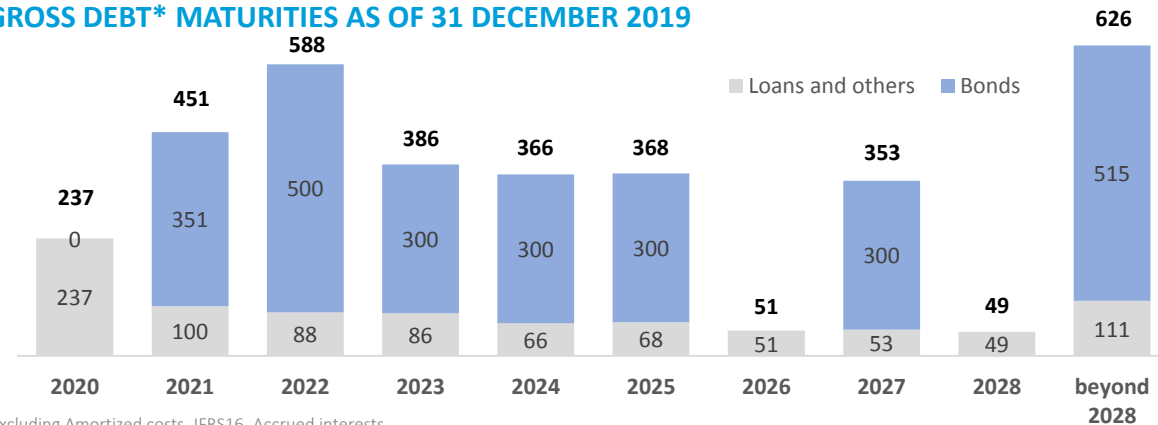
GREEN FINANCING

Sustainable credit lines linked to ESG performance and specific business objectives

Green Financing Framework in accordance with the 2018 ICMA Green Bond and Green Loan Principles

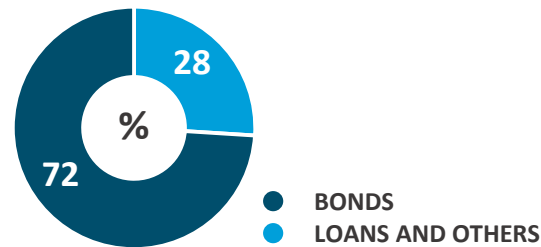
Green Bond issued on July 2019

GROSS DEBT* MATURITIES AS OF 31 DECEMBER 2019



* Excluding Amortized costs, IFRS16, Accrued interests

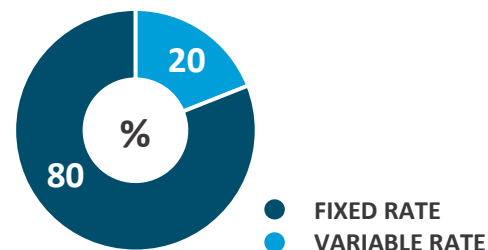
DEBT BREAKDOWN BY SOURCES



STATISTICS RELATIVE TO DEBT AT 31/12/2019

- Total gross debt: 3.6 €Bn
- Average cost of debt: ~2.8%**
- Average maturity: 5.0 years
- 1.2 €Bn liquidity position, of which:
 - 0.4 €Bn cash
 - 0.8 €Bn undrawn committed lines and loans

DEBT BREAKDOWN BY INTEREST



** Excluding ACSM AGAM contribution

CURRENT CORPORATE CREDIT RATING

STANDARD'S POOR'S	MOODY'S
BBB/A-2 Outlook Stable	Baa2 Outlook Stable
LOCAL AND FOREIGN CURRENCY LT	SENIOR UNSECURED DEBT
BBB	Baa2



Bonds and EMTN Programme



- On 1 March 2018 the Board of Directors of A2A approved a framework resolution authorising the issue of one or more unsubordinated, unsecured and non-convertible notes, under the EMTN Programme, up to an aggregate amount of Euro 1 billion, by 30 April 2020
- The adoption of the EMTN is part of the A2A Group's medium-term financial strategy, which is aimed at lengthening the average life of the Company's outstanding debt and at maintaining an adequate financial flexibility in order to efficiently manage the future debt maturities, to support the Company's rating
- The bonds to be issued on the basis of the Programme are placed to institutional investors
- Program amounts to 4 billion, of which 1,548 million euro still available as of December 31, 2019
- A2A believes that the issuance of Green Financing Instruments – that include Green Bond under A2A EMTN Programme – could contribute to fostering the transition to a low-carbon economy, giving financial backing to the projects (existing or new ones) enabling this transition and with a positive impact in terms of sustainability.

	OUTSTANDING BONDS							
	Issue volume (EUR)	Outstanding amount (EUR)	Annual coupon	Issue date ⁽¹⁾	Maturity date ⁽²⁾	Issue price	Re-offer yield	Rating ⁽³⁾
Euro Green Bond 2029	400,000,000	400,000,000	1.000%	16/07/2019	16/07/2029	98.683	1.139%	- S&P - Moody's
Euro Bond 2027	300,000,000	300,000,000	1.625%	19/10/2017	19/10/2027	98.700	1.768%	- S&P - Moody's
Euro Bond 2025	300,000,000	300,000,000	1.750%	25/02/2015	25/02/2025	99.221	1.836%	- S&P - Moody's
Private Placement 2024	300,000,000	300,000,000	1.250%	16/03/2017	16/03/2024	99.774	1.284%	- S&P's
Private Placement 2023	300,000,000	300,000,000	4.000%	04/12/2013	04/12/2023	99.539	4.057%	Not applicable
Euro Bond 2022	500,000,000	500,000,000	3.625%	13/12/2013	13/01/2022	99.561	3.688%	- S&P - Moody's
Euro Bond 2021	500,000,000	351,457,000	4.375%	10/07/2013	10/01/2021	99.323	4.487%	- S&P - Moody's

(1) Date from which interest is paid; (2) Last date on which interest accrues; (3) The current bond rating – where applicable, is different from the issue rating and is equal to the M/L term rating assigned to the Company by S&P and Moody's.

03 Our Responsibilities

SUSTAINABILITY

A2A strong Commitment to Sustainability >

**A2A Sustainability embedded
in the Strategic Plan** >

RISK MANAGEMENT

Enterprise Risk Model supports business >

CORPORATE GOVERNANCE

**Effective governance model
and diversified Board of Directors** >



More in-depth, updates and documents
available in the following website sections:

Sustainability:
www.a2a.eu/en/sustainability

Corporate Governance:
www.a2a.eu/en/governance_en

Investors:
www.a2a.eu/en/investors/shares
www.a2a.eu/en/investors/publications-services/financial-calendar



A2A strong Commitment to Sustainability



SUSTAINABILITY POLICY

Four Pillars



Circular Economy:
Sustainably manage resources during their life cycle



Decarbonization:
Contribute to achieving national and EU targets for the reduction of greenhouse gas emissions



Smart Solutions:
Support the development of urban centres, without compromising the territory and resources



People Innovation:
Actively contribute to the welfare of the community and the improvement of working conditions



Since 2013, A2A has been a member of the **United Nations Global Compact**. In 2019, A2A once again took part in the working parties launched by the Italian Global Compact network and the Italian Business & SDGs Annual Forum

MONITORING AND REPORTING

A2A 2019 Integrated Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and, for some indicators, it complies with GRI-G4 Electric Utilities Sector Supplement.

The Report considers six forms of capital (Human, Financial, Relational, Intellectual, Manufacturing and Natural), in accordance with the **International Integrated Reporting Council (IIRC) framework**.

IMPLEMENTATION

Governance and Tools

- **Sustainability Policy**
- **Territory and Sustainability Board Committee**
- **Code of Ethics**
- **Organisation, Management and Control Model (according to 231/01 Law)**
- **Policy for Quality, Environment and Safety and Systems for their Management**
- **Enterprise Risk Management Model**
- **Anti-corruption Policy**

ESG INVESTMENTS

(€M)	TOTAL
Decarbonization	186
Smart Solutions	29
Circular Economy	167
People Innovation	4
Total	385

62% of investments fall within the very stringent sustainability criteria (ESG), in line with the Group's Sustainability Policy and Plan. Over 28% Capex not included (because attributable to fossil fuels) are, however, dedicated to ensuring the stability and security of the energy system in the transition phase.

STAKEHOLDER ENGAGEMENT

More than 750 initiatives involving **external and internal stakeholders**. The forumAscolto programme, the **multistakeholder feedback initiative** launched by A2A in 2015 aimed at understanding the needs of the communities where it operates, continued in 2019

Materiality Evaluation:










A2A Group **materiality matrix** was **updated with 21 issues** that embrace the 6 Capitals and the Group's governance system. The matrix was approved by A2A Board of Directors.

A2A Sustainability embedded in the Strategic Plan



CLIMATE ACTION



	2019	2024	OUR KEY ACTIONS
 RES Installed (MW)	99	500	 COAL AND FUEL-OIL PLANTS PHASE-OUT BY 2025
 Carbon intensity from BU Generation assets (gCO ₂ /kWh)	333	312	
 Overall A2A Group SO ₂ emissions (t)	917	558	
 Interruption of low voltage network (#/year/POD)	1.61	1.05	 SYSTEM FLEXIBILITY & RELIABILITY
 CO ₂ emissions avoided thanks to District Heating (kt/y)	222	341	 ACCELERATION IN RES GROWTH
			 NETWORK RESILIENCE IMPROVEMENT

OUR INTERNATIONAL COMMITMENT



A2A - first multi-utility in Italy to obtain validation of the emissions target by the Science Based Targets initiative (SBTi)

A2A has chosen to align itself with the 2°C trajectory defined by the Paris COP21 over the next decade.

Decarbonization plan includes, by 2030, a 46% reduction of Scope1 emissions compared to 2017 (emission factor down to 230 gCO₂/kW/h).









A2A objective is based on

- new renewable capacity, equal to at least 1.6 GW in 2030
- CCGT plant optimisation
- the coal and fuel oil phase-out by making plant reconversions of those power plants.

A2A will also set the **100% reduction of the Scope2 emissions by 2024, and a decrease of 20% Scope3 indirect emissions by 2030**, related to the purchase of fuels for its own systems and the sale of gas to end clients.

CIRCULAR ECONOMY



	2019	2024	OUR KEY ACTIONS
 Waste treated to material recovery (kt)	980	1,750	 STRENGTHENING OF MATERIAL & ENERGY RECOVERY
 Secondary Solid Fuel produced in A2A plants (kt)	130	528	
 Low impact waste-collection vehicles* (% on total)	54	72	 SPREAD OF BEST-IN-CLASS COLLECTION KNOW-HOW
 Biomethane produced by organic waste plants (Mm ³)	0	20	
 Water leakages (Mcm)	54	45	 TECHNOLOGIES APPLIED IN INTEGRATED WATER CYCLE













The A2A Group has joined the international network "Circular Economy 100" (CE100) of the Ellen MacArthur Foundation.

The CE100 network brings together businesses, institutions, governments, city administrations, universities and emerging innovators in a circuit dedicated to the sharing of knowledge and experience in the field of the circular economy, as well as encouraging possible collaborations and partnerships

SMART SOLUTIONS



	2019	2024	OUR KEY ACTIONS
 Green Energy sold to mass market (GWh)	1,213	2,400	 ENERGY RETAIL AND NEW DOWNSTREAM GROWTH
 Electric km driven (M)	10	290	
 Energy saved thanks to LED lighting points (GWh)	59	120	 SMART CITY DEVELOPMENT
 CO ₂ emissions avoided thanks to ESCO (Mt) cumulated 5y	2.3	3.4	
 Municipalities with active smart city services (# cumulated)	24	50	 BOOSTING ELECTRIC VEHICLE EVOLUTION
			 IMPROVING ENERGY EFFICIENCY
			 INCREASE IN PUBLIC LIGHTING

Figures include ACSM-AGAM and may differ from those reported on the Integrated Report



Enterprise Risk Model supports business



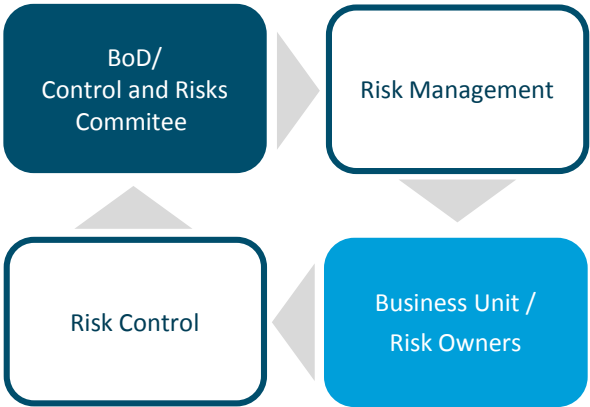
A2A RISK PROFILE



A2A RISK MODEL

INTERNAL Risk generated by the Group activities	EXTERNAL Risk generated by the context in which the Group operates
OPERATIONAL	NATURAL EVENTS
HUMAN RESOURCES	FINANCIAL
INFORMATION TECHNOLOGY	REGULATORY
STRATEGIC Risk generated by the strategic choices of the Group	ESG
COMPETITIVE	

PROCESS AND KEY ACTORS



GOVERNANCE/COMMITMENT

High level for the governance and the commitment



INTEGRATION

Deep integration: Business Units, Internal Audit



PROCESS AND METHODOLOGY

- Wide scope of the analysis in terms of:
- types of risks and impacts
 - engagement of the Business Units



MITIGATION

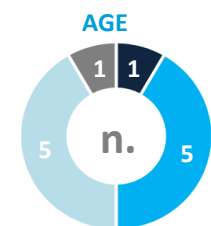
Focus on mitigation
Monitoring of the mitigation actions



Effective governance model and diversified Board of Directors



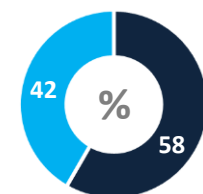
Board of Directors Diversity



Average: 59 years old



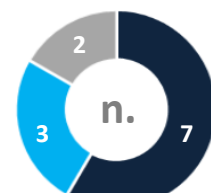
GENDER



Legend for GENDER:

- WOMEN (Light Blue)
- MEN (Dark Blue)

SENIORITY



Legend for SENIORITY:

- 1-3 YEARS (Dark Blue)
- 4-6 YEARS (Medium Blue)
- 7-9 YEARS (Light Blue)

Board of Directors <small>Current Board in charge until 2023 AGM</small>					Committees ⁽²⁾		
Position	Members	Executive	Independent ⁽¹⁾	Responsibilities	Control and Risks	Compensation and Appointment	Territory and Sustainability
Chairman	MARCO EMILIO ANGELO PATUANO	✓		institutional relations and related external relations, as well as promoting extraordinary territorial aggregation operations			✓
Deputy Chairman	GIOVANNI COMBONI					✓	
CEO and Managing Director	RENATO MAZZONCINI	✓		extensive powers for the ordinary management and for the preparation of proposals for extraordinary operations			
Director	STEFANIA BARIATTI		✓			✓	
Director	VINCENZO CARIELLO		✓				✓
Director	FEDERICO MAURIZIO D'ANDREA		✓		✓		
Director	LUIGI DE PAOLI		✓		✓		
Director	GAUDIANA GIUSTI		✓		✓		
Director	FABIO LAVINI						✓
Director	CHRISTINE PERROTTI		✓		✓		
Director	SECONDINA GIULIA RAVERA		✓			✓	
Director	MARIA GRAZIA SPERANZA		✓				✓

Board of Statutory Auditors⁽³⁾

GIACINTO SARUBBI (CHAIRMAN)
MAURIZIO LEONARDO LOMBARDI
CHIARA SEGALA

Substitutes:
PASSANTINO ANTONIO
TETTAMANZI PATRIZIA

Governance Costs (€)

2019	2018	2017	2016	2015
2,698,817	2,699,712	2,746,529	2,892,601	2,727,613

Remuneration Policy

- for each member of the Board of Directors (80 €k)
- for the Chairman of the Board of Statutory Auditors (130 €k)
- and for the Effective Statutory Auditors (80 €k)
- a fixed remuneration for the Chairman, the Deputy Chairman and the CEO for their responsibilities
- a variable short-term remuneration for the CEO related to the achievement of the objectives assigned.
- 100% executives have sustainability MBOs (11% weight for the CEO; 10% weight for the Managing Director)

Further details are shown in the Remuneration Report

(1) As per Code of Self-Discipline by Borsa Italiana. All directors except from the Chairman and the Chief Executive Officer are independent as per Article 148 of the Consolidated Financial Act (T.U.F.); (2) The three Committees are pursuant to the guidelines defined by the "Corporate Governance Code" by Borsa Italiana; (3) All members are independent as per Code of Self-Discipline by Borsa Italiana;



04 A2A Shareholders

INVESTORS

Shareholding structure: significant presence of institutional investors

A2A is an Italian Blue Chip

Dividends on a growing trend since 2011

Other Shareholder Information



More in-depth, updates and documents available in the following website sections:

Investors:

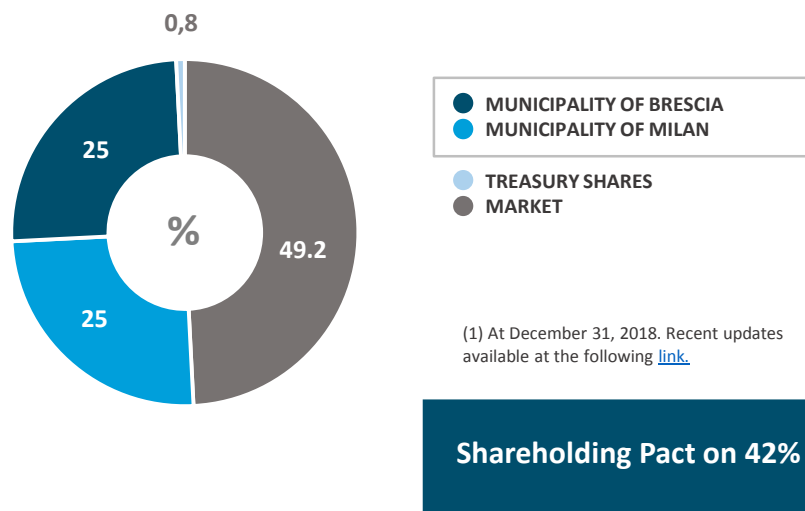
<https://www.a2a.eu/en/investors/shares/shareholding>

www.a2a.eu/en/investors/shares

www.a2a.eu/en/investors/publications-services/financial-calendar

Shareholding structure: significant presence of institutional investors

A2A SHAREHOLDING STRUCTURE AT 31 DECEMBER 2019



- Share capital: 3,132,905,277 shares with a par value of 0.52 euro each
- Treasury shares: 23,721,421, equal to 0.76% of the share capital

All shares are voting shares, although - as laid down in art. 9 of by-laws - no individual shareholder other than the Municipality of Milan and the Municipality of Brescia may hold an equity interest exceeding 5% of the share capital. Should such ceiling be exceeded, the voting right attached to the shares held in excess of 5% of the share capital may not be exercised.

3-year Shareholding Pact between Brescia and Milan Municipalities was renewed up to 31 January 2023. The Pact regards 42% of A2A share capital.

NUMBER OF SHAREHOLDERS: 70,896

Institutional investors: 36.6% of share capital

Geographic breakdown of the institutional investors:

- USA 30.9%
- UK 18.1%
- Italy 10.4%
- France 8.2%
- Luxembourg 5.8%
- Germany 4.7%

Retail investors: 10.7% of the share capital

Geographic breakdown of the retail investors:

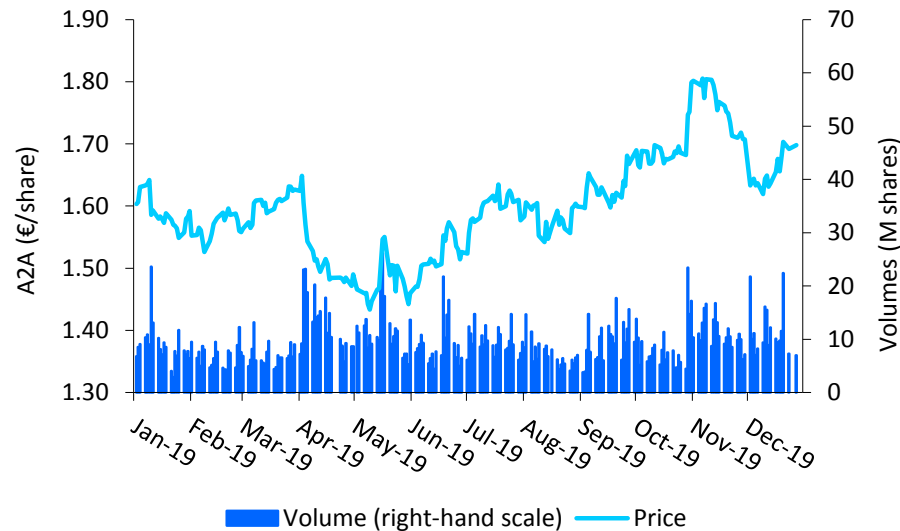
- Italy 99.9%
- Foreign: 0.1%

58.2% of retail investors are in Lombardy, the region where historically A2A has been more active. Investors from the provinces of Milan and Brescia own respectively 26.7% and 13.0% of the total retail shareholding.

A2A is an Italian Blue Chip



A2A in 2019



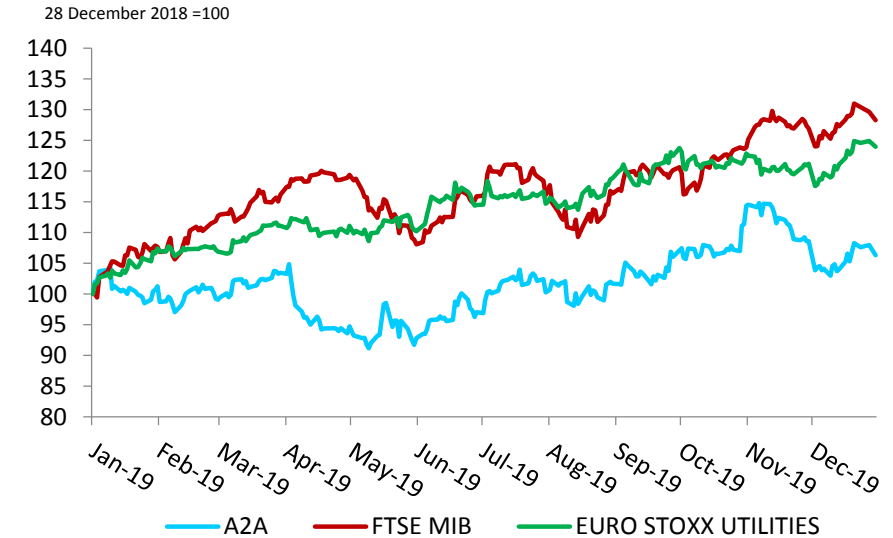
A2A 2019 figures (Borsa Italiana)

- Market capitalisation at December 30, 2019: € 5,238 m
- Average capitalisation: € 5,011 m
- Average volumes: 9,593,175
- Average price: 1.60 €/share
- Maximum price: 1.81 €/share
- Minimum price: 1.43 €/share
- Number of shares: 3,132,905,277

Tickers:
Bloomberg – A2A:IM
Reuters – A2.MI

A2A stock is also traded on the following platforms: Aquis, BATS, BlockMatch, Chi-X, Equiduct, ITG Posit, Liquidnet, Sigma-X, Tradegate, Tradeweb, Turquoise, UBS MTF.

A2A vs FTSE MIB and EURO STOXX UTILITIES



Indices

A2A forms part of the following indices

FTSE MIB
STOXX Europe 600
STOXX Europe Utilities
EURO STOXX
EURO STOXX Utilities
MSCI Europe Small Cap
WisdomTree International
S&P Global Mid Small Cap

Ethical Indices

FTSE4GOOD Index
ECPI Indices
ECPI Low Carbon Italy Equity
Ethibel Sustainability Index Excellence Europe
Euro STOXX Sustainability Index
Euronext Vigor Index: Eurozone 120
Standard Ethics Italian Index

- Moreover, A2A has been included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register.
- In 2019 A2A obtained an A rating on the MSCI ESG questionnaire and a B- rating on the CDP climate change and CDP Water questionnaires.



Dividends on a growing trend since 2011



With reference to year **2019**, the Shareholders' Meeting approved the distribution of an **ordinary dividend of 0.0775 euros** for each ordinary share in circulation (corresponding to paid dividends of approximately 241 million euros), **10.7% up** compared to the previous year, entirely taken from 2019 A2A S.p.A. net income.

Year	# Shares at 31/12 (million)	Dividend per share (euro)	Dividend paid (€M)	Ex date	Payment date	Dividend Yield ⁽¹⁾	Pay-out ⁽²⁾
2019⁽³⁾	3,109	0.0775	241	18 May 2020	20 May 2020	4.8%	63.8%
2018	3,109	0.070	218	20 May 2019	22 May 2019	4.6%	49.8%
2017	3,109	0.0578	180	21 May 2018	23 May 2018	4.1%	43.5%
2016	3,109	0.0492	153	22 May 2017	24 May 2017	4.2%	40.6%
2015	3,106	0.041	126	20 June 2016	22 June 2016	3.8%	45.3%
2014	3,106	0.0363	113	22 June 2015	24 June 2015	4.3%	64.4%
2013	3,106	0.033	103	23 June 2014	26 June 2014	5.2%	65.7%
2012	3,106	0.026	81	24 June 2013	27 June 2013	5.2%	69.6%
2011	3,106	0.013	40	18 June 2012	21 June 2012	1.3%	24.5%
2010	3,106	0.060 0.036	298	20 June 2011 21 November 2011	23 June 2011 24 November 2011	8.0%	122.7%
2009	3,106	0.070	217	21 June 2010	24 June 2010	5.4%	67.1%
2008	3,106	0.097	301	22 June 2009	25 June 2009	4.5%	95.3%
2007	3,086	0.097	299	23 June 2008	26 June 2008	3.6%	57.4%

(1) Dividend Yield calculated on annual average share price

(2) Pay-out calculated on ordinary income (net of non-recurrent items)

(3) Proposal by the Board of Directors, to be approved by AGM

Dividend Policy

The 2020 - 2024 Strategic Plan confirms a dividend policy based on **sustainable growth** (DPS at 8.0 in 2020, with minimum growth in the following years equal to 5% per year).

Dividend taxation

Dividends **no longer attract any tax credit** and, depending on who the recipient is, they may be subject to withholding tax at source or, in part, contribute towards taxable income.



Other Shareholder information



SHAREHOLDERS' MEETINGS

As laid down in A2A by-laws, the company holds one compulsory Shareholders' General Meeting per year.

The Annual General Meeting is called by the Board of Directors within 120 days (or 180 days under certain circumstances) of the end of the fiscal year. With reference to the procedures for the AGM call, please refer to A2A By-laws and Corporate Governance section of the company website (i.e., Shareholders' Meetings). This section also contains all relevant documents for the AGM.

AMERICAN DEPOSITARY RECEIPTS

A2A American Depositary Receipts (ADRs) are traded on the US Over The Counter market (OTC) under the symbol AEMMY.

Three unsponsored ADR programs were launched by Deutsche Bank (2008), BNY Mellon (2008) and Citibank (2014) respectively.

In all cases, one ADR represents five A2A ordinary shares. Further details are available at websites www.adr.com and www.sec.gov

DOCUMENTATION

All the Group documents mentioned in this Guidebook are available on A2A website.

They may also be obtained, on request, from the Company Secretary at the company's registered office or through e-mail at ir@a2a.eu.

A2A INVESTOR RELATIONS GUIDELINES

Main goal:

promote and support the correct knowledge and valuation of the A2A stock by the financial community, through a communication which is active, transparent, well-timed, constant, correct and not discriminatory. In order to achieve this goal, the IR Department supports A2A top management in the constant monitoring of the expectations of the financial markets on the Group performance.

Core activities:

- hold regular meetings (one-to-one and group) with the financial community in Italy and abroad; engage with the main proxy agencies
- arrange conference calls with the management at the time of the release of the Group results
- organize International roadshows with the top management for the presentation of important strategic developments

Blackout period:

prior to a public release of financial results, the top management is not available for meetings concerning the financial performance that will be disclosed.

The length of this black-out period is to be considered around two weeks approximately. The answers to investors and analysts can only deal with issues related to the IR activity and, concerning A2A share, the IR department can only refer to public information available on the company website in particular to the documents released on the website in compliance with legal provisions. The IR department is not in charge neither of comments about A2A performance in the Stock Exchange, nor of financial advice about the investment in A2A.

2020 FINANCIAL CALENDAR

25 February 2020	Board of Directors meeting on the preliminary consolidated results for 2019
19 March 2020	Board of Directors meeting to approve the 2019 draft annual and consolidated financial statements
12 May 2020	Board of Directors meeting to approve the financial reporting at 31 March 2020
13 May 2020	Ordinary Shareholders' Meeting to approve the 2019 financial statements (first call)
30 July 2020	Board of Directors meeting to approve the half year financial report at 30 June 2020
12 November 2020	Board of Directors meeting to approve the financial reporting at 30 September 2020

A dividend relating to the financial year 2019 may be payable from 20 May 2020, with exdividend date 18 May 2020 (record date 19 May 2020)

PURCHASE AND DISPOSAL OF TREASURY SHARES: MAIN POINTS

The 2020 Shareholders' General Meeting authorized the Board of Directors to conduct treasury share purchase and disposal transactions:

- the **maximum number of treasury shares** that can be held is **313,290,527**, which is equal to one-tenth of the shares making up the share capital, considering the shares already owned by A2A S.p.A. and by its subsidiaries;
- **treasury share purchases** and disposals will be conducted to pursue, in the interest of the Company and in respect of the principle of equal treatment of shareholders and of current applicable regulations, objectives such as transactions related to business projects consistent with the strategies that the Company intends to pursue, in relation to which the opportunity for share exchanges may be manifested;
- The authorization to purchase and dispose of the shares will have a **term of validity of 18 months** starting on the date of the Meeting resolution

A2A treasury shares were equal to 0.7572% of the share capital at 31 December 2019





The image features four hexagonal shapes arranged horizontally, each containing text. From left to right: a blue hexagon for 'VALUE', a red hexagon for 'GROWTH', a green hexagon for 'SUSTAINABILITY', and a yellow hexagon for 'FOCUS ON DIVIDENDS'. The background consists of light blue wavy lines.

VALUE

VALUE FROM ASSET
QUALITY,
DIVERSIFICATION, AND
SYNERGIES

GROWTH

DISCIPLINED GROWTH
OPEN TO SECTOR
DYNAMICS

SUSTAINABILITY

AS A KEY PILLAR

FOCUS ON
DIVIDENDS

SHAPING THE FUTURE TODAY