**A2A Reorganized Financial Statements**

**Sources**

* A2A’disclosure since 2015: consolidated financial statements, future target reports.
* A2A’s first quarter relations since 2015 until 2020, this in order to compute LTM statements.

**Our workaround**

First, we have downloaded balance sheets and income statements (or P&L) from consolidated financial statements, we organized two excel sheets filled with all the details.

Then, we have created a sheet with the purpose of representing all restatements including a proper cash flows statement. The latter was structured to highlight NOPAT, Net Capex, changes in Net Working Capital, FCFF, FCFE, and equity movements.   
All in order to reconcile cash flow changes with bottom line of our prospect called NCF (net cash flow).

**Overview representation**

*Comment*

Financials were composed by shareholdings and non-current financial assets.

Operating working capital includes only inventories, trade receivables and payables.

Other assets and liabilities such as other non-current financial assets or tax liabilities were all included in residual part, in order to get net working capital.

Residual items: net deferred taxes, provisions for risks and employees’ benefits.

Summing all we got what we called Net Invested Capital (denominator for ROIC).

Equity was maintained equal to reported whereas Debt included only financial liabilities (Long Term and short term).

Netting out cash and cash equivalents we obtained Net Debt (NFP).   
Finally, sum of equity and Net Debt, called total capital employed must reconcile with NIC.

*Comments*

Revenues include both operating revenues (sales) and other ones.

Operating costs include materials, services and other operating expenses.

Financial items represent the net value obtained summing results from non-recurring transactions and financial balance.

Residual items are the same presented in consolidated income statement. In our analysis we used as NPL (Net Income) group result of the year.

In cash flow reorganization we started from EBIT, we subtracted reported taxes and an additional item called Shield on financial items. This represent the additional taxes paid on a full equity firm.

The sum yields to what we called Nopat.

Then we highlighted changes from previous year to following of NWC (and WC) we considered with positive sign negative changes, this because the contribute in terms of cash is positive and viceversa.

For obtained what we called Net Capex considering changes in tangibles and intangibles in years and adding D&A of current year. As we can see its contribute is always negative: there were increases every year which reduced cash flow.

Then, D&A was subtracted, non-cash cost which would have been counted two times otherwise.

What we called (something) was changes in other residual items: with positive impact to cash if decreased and viceversa.

For other minor we have considered two items in income statement: minorities and net result from discontinued operations.

Summing Nopat with NWC and with other items we got Free Cash Flow to firm (FCFF).

Then, we subtracted financial items which were enlarged also by changes in financial fixed asset for each year, we considered changes in total debt (positive sign if issues were higher than repayments) and re-added previous shield on financial items in order to get Free Cash Flow to equity (FCFE).

Finally, from FCFE we subtracted equity movements obtained by subtracting NI from changes in equity for each year. This operation yields to what we called Net Cash Flow (NCF) which must be equal to changes in cash balances during the year (End value – Begin value).

**Trailing 12 months**

For knowledge purposes we performed also the reorganization according to trailing 12 months approach.

* We obtained most recent values for Balance Sheet Items from Quarterly reports.
* For what about P&L we computed LTM according to the following formula: each item would be equal to
* For what about cash flows we rearranged in the same way results from BS and P&L.
* Of course, restatements were made using same syntax and allocations.





All presented results allow us to get more updated information.

Anyway, for consistency reasons we did not used in our valuation analysis, this because in computational procedures we considered data time series until 31/12/2019.

*Comments*

It’s interesting to notice the Covid19 effect in LTM Income statement, revenues reported are slightly lower, this comes from the fact that reported values in Q1 2020 were lower than Q1 2019 reducing values in consolidated report for 2019.

Anyway, in terms of EBITDA and EBIT this was diluted by drop in operational expenses: operational results are slightly better than in the year report.