

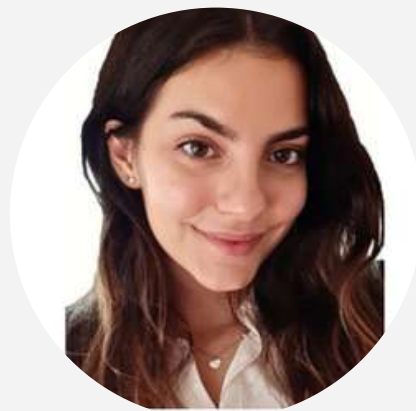


FINANCIAL ANALYSIS

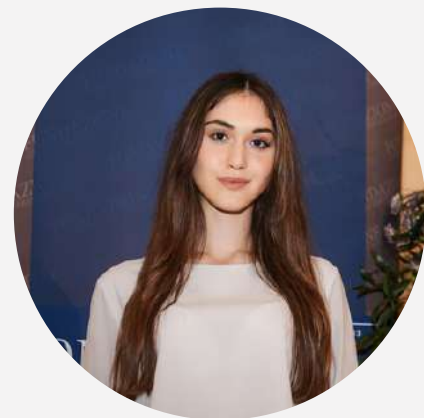
Credit profile

May 23, 2025

OUR TEAM



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CHIARA CORRADI



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ANNA GUIDA



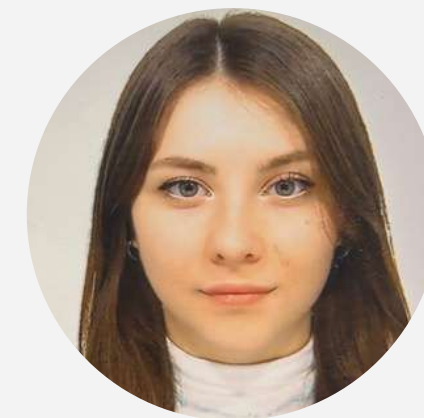
ANGELICA MAGGI



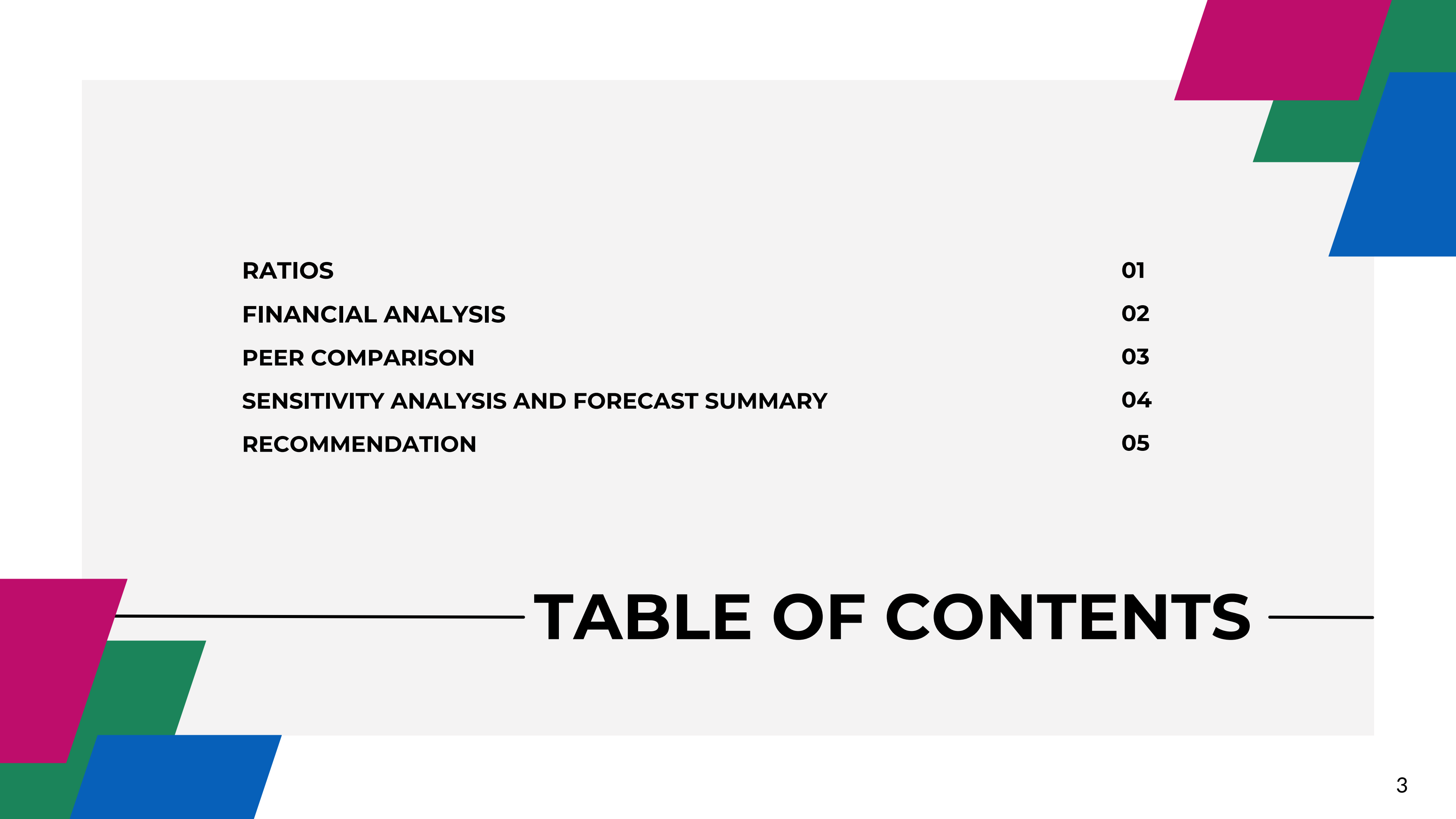
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RATIOS

CORE RATIOS

debt/ EBITDA	2,6
FFO/ Debt	30,35%



- 1.Efficient use of leverage (**low-risk range**)
- 2.**Strong** internal financing ability

SUPPLEMENTARY PAY-BACK RATIOS

CFO/ Debt	27,70%
FOCF/ Debt	14,11%
DCF/Debt	8,90%



- 1.Strong cash flow coverage of debt (**operationally sound**)
2. Solid cash buffer after investments (**financially flexible**)
3. **Strong** debt-servicing capacity

SUPPLEMENTARY COVERAGE RATIOS

FFO/ Cash Interest	6,53
EBITDA/ Interest	8,240



- 1.Excellent interest coverage (**interest costs are well-covered**)
2. Very strong coverage buffer (**ample earnings cushion**)

02

FINANCIAL ANALYSIS

FINANCIAL SUMMARY			
Period ending	31/12/2022	31/12/2023	31/12/2024
Reporting period	2022	2023	2024
Display currency	EUR	EUR	EUR
Revenues	20.082	14.900	12.890
EBITDA	1.295	1.360	1.587
Funds from operations (FFO)	1.042,90	1.147,80	1.257,90
Interest expense	128	193	192,60
cash interest paid	116	195	192,60
Operating cash flow (OCF)	36	1.573	1.148
Capital expenditure	225	243	563
Free operating cash flow (FOCF)	-189,90	1.329,70	585
Discretionary cash flow (DCF)	-377	1.127	368
Cash and short-term investments	1.942	1.333	1.316
Gross available cash	1.942	1.333	1.333
Net debt	4.249	3.919,80	4.144,80
Total Net Equity	3.644	3.752	3.987

FINANCIAL SUMMARY			
Period ending	31/12/2022	31/12/2023	31/12/2024
Reporting period	2022	2023	2024
Display currency	EUR	EUR	EUR
Adjusted ratios (%)			
EBITDA margin (%)	5,09%	8,66%	11,09%
Return on capital (%)	3,23%	5,75%	6,08%
EBITDA interest coverage (x)	10,12	7,05	8,24
FFO cash interest coverage (x)	8,99	5,89	6,53
Debt/EBITDA	4,3	2,88	2,6
FFO/debt (%)	24,54%	29,28%	30,35%
OCF/debt (%)	0,85%	40,13%	27,70%
FOCF/debt (%)	-4,47%	33,92%	14,11%
DCF/debt (%)	-8,88%	28,77%	8,90%

- FOCF and DCF improved mainly due to higher operating cash flow

- Lower leverage and solid debt repayment capacity

03

PEER COMPARISON

PEER COMPARISONS	A2A	IREN
Period	2024	2024
EBITDA margin (%)	17,45%	19,90%
Return on capital (%)	10,17%	9,80%
EBITDA interest coverage (x)	10,06	8,62
FFO cash interest coverage (x)	16,52	5,91
Debt/ EBITDA (x)	2,661	3,473
FFO/debt (%)	30,57%	22,29%
OCF/debt (%)	6,97%	26,53%
FOCF/debt (%)	-27,16%	6,19%
DCF/debt (%)	-31,99%	2,68%

- **A2A: Lower leverage** (2.66x) and strong interest coverage, but **weak cash flow**: OCF/Debt 7%, FOCF/Debt -27%, DCF/Debt -32% → **CAPEX not covered by internal cash.**

- **IREN: Higher leverage** (3.47x), but much **stronger cash flow**: OCF/Debt 27%, FOCF/Debt 6%, positive DCF → **solid internal funding.**

Overall

A2A shows elevated financial risk. **IREN** and **HERA** demonstrate more sustainable financial structures.

- **HERA:** Balanced profile. **Moderate leverage** and **healthy cash flow** indicators, aligned with sector averages.

SENSITIVITY ANALYSIS



BULL CASE	BASE CASE	BEAR CASE
• EBITDA CAGR: +2.5–3% • Successful M&A integration • Higher retail volumes (end of protected market) • Net Debt/EBITDA: 2.4x • FFO/Debt: 30–32% • Coverage: FFO/Interest >8.5x, • EBITDA/Interest >9.5x → BBB+: confirmed	• EBITDA growth to €1.65B by 2026 • Capex and dividend policy as planned (16¢ by 2026) • Strong ESG performance and regulatory stability (ARERA) • Net Debt/EBITDA: 2.6x • FFO/Debt: 30-31% → BBB+ rating maintained with stable outlook	• EBITDA stagnates at €1.5B • Rising input and financing costs • Stricter environmental regulation • CapEx shock • Net Debt/EBITDA: >3.1x • FFO/Debt: <24% • Coverage: FFO/Interest <5.9x, EBITDA/Interest <7x → Risk of downgrade to BBB

FORECAST SUMMARY

FORECAST SUMMARY	2022	2023	2024	2025
Revenue	20082	14900	12890	13018,9
EBITDA	1295	1360	1587	1627,29
Adjusted ratios				
Debt/EBITDA (x)	4,3	2,9	2,6	2,6
FFO/debt (%)	24,54%	29,28%	30,35%	30,95%
FOCF/ debt (%)	-4,47%	33,92%	14,11%	16,67%
DCF/debt (%)	-8,88%	28,77%	8,90%	8,70%
EBITDA margin (%)	5,09	8,66	11,09	11,57

RECOMMENDATION



RATING COMPONENT SCORES	
Foreign currency issuer credit rating	BBB/Stable
Local currency issuer credit rating	BBB/Stable
Business risk	Strong
Country risk	Intermediate
Industry risk	Low
Competitive position	Strong
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Credit considerations:

- Portfolio of low-risk domestic fully regulated activities, with limited price and volume exposure
- Contribution from quasi-regulated activities supporting cash flow stability
- Growth strategy based on small and medium scale acquisitions, mainly funded through exchange of shares
- Solid liquidity and financial profile

Risk factor: exposure to the sovereign profile of Italy (Baa3 stable) mitigated by domestic earnings generation

Outlook: Stable

Maintenance of a sound financial profile aligned with strategic priorities in the business plan 2024-2028, especially with a Leverage <3×.

= BBB+



Consistent with sector peers and supported by strong fundamentals and sound financial policy

THANK YOU
FOR YOUR ATTENTION