Milan, 23 October 2025

**Italian Equity Research – 3Q25 Preview**

# A2A

# NEUTRAL

*Sector: Utilities*

Price: Eu2.37 - **Target: Eu2.40**

## Strategic Plan Update: Focus on Data Centres Development


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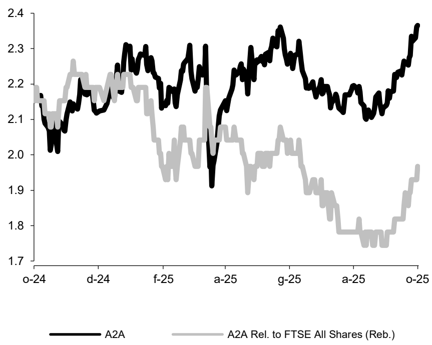
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 0.0% | 0.0% | 0.0% |

**Next Event**

3Q25 Results and BP Update 13 November

**A2A - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | A2.MI |
| Bloomberg code: | | | A2A IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | 10.5% | 6.9% | 9.8% |
| Relative | 11.0% | 1.9% | -11.7% |
| 12M (H/L) | | | 2.37/1.91 |
| 3M Average Volume (th): | | | 7,479.29 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 3,133 |
| Total no. of shares (mn): | 3,133 |
| Mkt Cap Ord (Eu mn): | 7,409 |
| Total Mkt Cap (Eu mn): | 7,409 |
| Mkt Float - Ord (Eu mn): | 3,125 |
| Mkt Float (in %): | 42.2% |
| Main Shareholder: | |
| Municipalities of Milano and Brescia | 50.0% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 5,833 |
| BVPS (Eu): | 1.86 |
| P/BV: | 1.3 |
| Net Financial Position (Eu mn): | -5,553 |
| Enterprise Value (Eu mn): | 14,438 |

- **3Q25 results preview.** On the macro front, electricity prices were up QoQ in 3Q25, while gas prices fell further, driving a sequential improvement in clean spark spreads, despite slightly higher $CO_2$ costs. On the production side, hydro was down 17% YoY, with thermal down 10%. In this context, we expect A2A to report lower figures YoY in Generation & Trading (lower hydro volumes and average selling prices, flattish thermal margins), partly offset by higher Smart Infrastructure figures (contribution of Duereti, ex-ENEL grid, in Electricity Distribution, partly offset by the deconsolidation of gas distribution assets sold to Ascopiave). We also expect lower numbers for Market (loss of 'Safeguard') and resilient Waste (lower margins in Collection, offset by higher margins at Treatment). In detail, we project ordinary EBITDA at Eu501mn (-3% YoY) and ordinary net income of Eu130mn (-30% YoY), penalised by higher D&A /provisions, net financial charges and taxes. On the balance sheet, net debt is expected to remain stable at around Eu5.3bn. As for guidance, we expect A2A to confirm expectations for the upper part of its 2025 target ranges (ordinary EBITDA Eu2,170-2,200mn, net income Eu680-700mn), with the YE NFP/EBITDA ratio seen at 2.5x.
- **Strategic plan update.** We expect the new 2025-35 plan to show strategic continuity with its predecessor, with growth based primarily on the twin pillars of Circular Economy and Energy Transition. The main news should be the development of data centres, and the potential impact expected on A2A's figures in the coming years. In terms of financial targets, we expect A2A to basically confirm 2026 targets, while guiding for gradually higher targets in the medium term (2028 onwards) vs. last year's plan, reflecting the positive expected impact of data centres on power generation, electricity distribution and heating margins. On the financial side, we expect A2A to boost its CapEx plan slightly (mainly in electricity distribution), while confirming a net debt/EBITDA target below 2.7x over the plan period, as well as a 4% dividend CAGR.
- **Latest 2024-35 financial targets, released a year ago.** 2025 EBITDA guidance was set at Eu2.17-2.20bn (confirmed in the upper part of the range with 2Q25 results), 2026 at Eu2.20bn, 2027 at Eu2.4bn, rising further to Eu2.6bn in 2030 and to Eu3.3bn in 2035. Moving to the bottom line, A2A gave guidance for 2025 ordinary net income of Eu680-700mn, 2026 and 2027 at Eu700mn, rising to Eu800mn in 2030 and to over Eu1bn in 2035. In terms of capital structure and dividend policy, A2A confirmed its focus on a balanced and sustainable capital structure, with the NFP/EBITDA ratio always projected below 2.7x, while the FFO/net debt ratio is expected to exceed 25% by the end of 2027. The dividend policy was improved, with a sustainable 4% CAGR projected (vs. 3% previously).
- **Investment case.** We downgraded the stock to NEUTRAL at the end of March along with 4Q24 results, highlighting a potential deceleration of earnings momentum for the stock in the following months. After surprising on the upside every quarter in 2023-24, fuelling repeated guidance upgrades, we now see more limited room for significant earnings upgrades on 2025-26 numbers.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 14,758 | 12,867 | 11,433 | 10,785 | 10,114 |
| EBITDA Adj (Eu mn) | 1,930 | 2,317 | 2,174 | 2,239 | 2,300 |
| Net Profit Adj (Eu mn) | 635 | 816 | 694 | 699 | 694 |
| EPS New Adj (Eu) | 0.203 | 0.260 | 0.222 | 0.223 | 0.221 |
| EPS Old Adj (Eu) | 0.203 | 0.261 | 0.222 | 0.223 | 0.221 |
| DPS (Eu) | 0.096 | 0.100 | 0.104 | 0.108 | 0.112 |
| EV/EBITDA Adj | 5.5 | 5.7 | 6.6 | 6.6 | 6.6 |
| EV/EBIT Adj | 10.4 | 10.0 | 12.2 | 12.4 | 12.6 |
| P/E Adj | 11.7 | 9.1 | 10.7 | 10.6 | 10.7 |
| Div. Yield | 4.1% | 4.2% | 4.4% | 4.6% | 4.8% |
| Net Debt/EBITDA Adj | 2.4 | 2.5 | 2.6 | 2.6 | 2.7 |

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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| | |
|---|---|
| BUY: | 32.06% |
| OUTPERFORM: | 37.40% |
| NEUTRAL: | 30.54% |
| UNDERPERFORM: | 00.00% |
| SELL: | 00.00% |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (76 in total) is as follows:

| | |
|---|---|
| BUY: | 51.32% |
| OUTPERFORM: | 30.26% |
| NEUTRAL: | 18.42% |
| UNDERPERFORM: | 00.00% |
| SELL: | 00.00% |

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