



## PRESS RELEASE

### CVA SPA - CONSOLIDATED RESULTS AS OF JUNE 30, 2022.

Châtillon, 3<sup>rd</sup> October 2022

In the first half of the year, CVA confirms its economic and financial solidity. The Group's continues its growth and consolidation.

- **EBITDA stable** at 64,9 million euros, despite the worsening drought and the consequent reduction in the production of hydroelectric energy (-20% compared to budget forecasts and -4% compared to the results of the first half of 2021).
- **Adjusted EBITDA** at 91,3 million euros, **up 49.2 %** compared to June 2021 (61, 2 million euros).
- **CAPEX** amounts to 16,4 million euros, **up 35.2 %** compared to the same period of the previous year.
- **Net financial position** 297,5 million euros, **up** from 146,7 million euros on 31st December 2021, as result of the new lines enabled to process with *margin calls* related to energy price *hedging* operations.

Today, the Board of Directors of CVA S.p.A. reviewed and approved the Consolidated Financial Report as of June 30th, 2022.

*"In an uncertain and volatile scenario, characterised by the continuing effects of the geopolitical and economic crisis, and by the increasingly evident effects of climate change, our industrial and financial strategy has allowed the CVA Group to confirm its solidity and resilience" - comments the President Marco Cantamessa, who adds - "This scenario, which should last some time, confirms our commitment to a more rapid implementation of our Strategic Plan, launched in 2021, thanks also to the recent exclusion of the Group from several constraints of the so-called "Madia Law". The Plan aims to upgrade and diversify the technology and geography of CVA renewable sources of production, to increase the production volumes and relative stability, together with the resulting economic and financial outcomes".*

*"The rises on the market of the energetic commodities, fed also from the complex geopolitical scenes and from the serious impact of the drought with a direct repercussion on the hydroelectric productions, persisted in the first semester 2022" - comments the CEO Giuseppe Argirò, who adds - "In a complicated and difficult framework, CVA acted appropriately through the monitoring of the risks of commodities and financial and credit exposure, thus mitigating the impacts that the turbulence of energy markets could have generated. The CVA Group, in compliance with industry best practices and an established risk management policy, made the most appropriate forward hedges, mitigating the potential negative effects of falling prices, even under current values. The economic and industrial results allow us to confirm all the growth objectives set out in the Strategic Plan".*

Despite the critical context characterizing the first half of 2022, where energy market tensions continued exacerbated by the explosion of the Russia- Ukraine conflict, The CVA group obtained largely satisfactory industrial and economic results.

## INDUSTRIAL RESULTS

From an industrial point of view, the CVA Group, in the first half of the current year, compared to the first half of the previous one, has seen a decrease of 4% in production. The loss was mainly caused by the adverse weather conditions, which have been particularly detrimental to hydroelectric production. This one, in fact, shows a 6% contraction comparing the two semesters, while the inverse is the evolution of production resulting from wind and photovoltaic power plants (other RES) which recorded an increase of 5%.

The magnitude of the decline in production volumes recorded in the first half of 2022 is much larger in comparison with budget values, based on historic 10-year averages. In particular, the generation of 1,034 GWh of hydroelectric energy are 22% lower than the budget forecasts for 2022. The variation from the 2022 budget is reduced to 20% when considering the production achieved by all the Group's production sites. Compared with the June monthly report on the electricity grid published by Terna<sup>1</sup>, the CVA Group contribution to national productions, in a national scenario with a general contraction in power generation from renewable sources, remains stable at 2,4% increasing the share of the source's contribution to 8%, because of the lower scarcity of water resources compared to other territories, and remaining stable in relation to the production values obtained by other RES plants in Italy.

## ECONOMIC RESULTS

In terms of economic values, as of June 30, 2022, the Group Consolidated net income is 21,2 million euros compared to 24,3 million euros in the first half of 2021. This result, is influenced by the lower output achieved (offset by the better selling prices obtained on production exceeding that covered by previous price hedging contracts), is influenced also by 26,4 million euros, from non-recurring items, deriving from the cost of the extraordinary contribution referred to in Article 37 of Decree-Law No. 21 of 2022 (the so-called Extra-profit contribution) and by the estimated cost of the two-way compensation mechanism on the price of electricity introduced by Article 15-bis of D.L. No. 4 of 27 January 2022.

The increase in the value of sales prices in the first half of 2022, despite the contraction in the production, allowed the Group to increase the value of Total Revenues, which on 30 June 2022 amounted to 619,7 thousand euros, even if penalized from the decrease of the other Revenues and Proceeds, for effect of the reduced incentives matured. Operating costs increased 554,7 million euros (182,9 million euros on 30 June 2021) mainly because of changes in electricity prices, which, in addition to an increase in the cost of wholesale energy acquired, resulted in cover costs of around 253,7 million, compared to €12,6 million registered on the same date in 2021.

VALUE (in millions of euros)	30/06/2022	30/06/2021
Consolidated net revenues	619,7	248,1
EBITDA	64,9	65,2
EBIT	37,8	39,2
Consolidated net profit	24,3	21,2

<sup>1</sup> *Rapporto mensile sul sistema elettrico – June 2022*, Terna, published on 30th June 2022.



## RECENT EVENTS

Group's commitment to sustainable finance continues.

- In July 2022, CVA ENERGIE SRL signed with UniCredit a corporate PPA (Power Purchase Agreement) for the supply of electricity produced from renewable sources. The collaboration with CVA will permit the construction of three new solar plants in Piedmont, Lombardy and Sicily. The new solar plants for a total capacity of 25 MW will be operational from 2023, providing 35 GWh per year to supply the energy demand of UniCredit data centres in Verona, covering around 20% of the bank's total electricity consumption in Italy. CVA will sell green energy to UniCredit at a set price, optimising the risk profile of the investment in its assets.
- In September 2022, CVA signed a three-year new line of credit of 100 million euros, revolving Sustainable Linked, related to specific ESG objectives that will be reached through the increase of the capacity to generate green energy from solar and wind sources as well as the reduction of direct and indirect CO2 emissions company-generated.

### FITCH rating confirmed

On 26th September 2022 Fitch Ratings has affirmed Italian utility company Compagnia Valdostana delle Acque S.p.A. a s. u's (CVA) Long-Term Issuer Default Rating (IDR) at 'BBB+' with Stable Outlook and senior Unsecured rating BBB+.

The affirmation primarily reflects the Group's continuing solid business profile, with a low-cost clean generation asset base. It also benefits from persistently high electricity prices and well-tailored integration across the energy value chain, with negligible exposure to gas.

The confirmation considers the Group's prudent capital structure, with moderate re-leveraging prospects even post exemption from Madia Law. For Fitch, this, coupled with sound liquidity position, allows CVA to meet margin call requirements for its hedging positions, which are expected to ease in the coming quarters.

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