2015 Results 2016-2020 Business Plan

November 2016

Agenda

Innovation Efficiency acea Balanced risk profile

- 2016-2020 Business Plan highlights
- Business Plan: Key Takeaways
- Closing remarks

2016-2020 Business Plan highlights

Acea today

WATER

Leading operator in Italy
~ 42% of Group EBITDA
Lazio, Tuscany, Umbria and Campania
- Water sold: 527 million m^3
- Customers: nearly 9 million
- Engineering, procurement, construction and management of integrated water services, laboratory analysis
- Water Management services in Latin American countries

ENERGY

One of the main Italian energy retailers
~ 15% of Group EBITDA
- Electricity sold: over 9.4TWh
- Customers: ~ 1.4 million
- 7 hydroelectric power plants (122 MW)
- 3 thermo/cogen plants (243 MW).

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ENVIRONMENT

Number 6 Italian operator
~ 8% of Group EBITDA
Umbria, Lazio and Tuscany
- Waste treated: ~ 770,000 Tons
- Electricity produced (WTE): 265 GWh

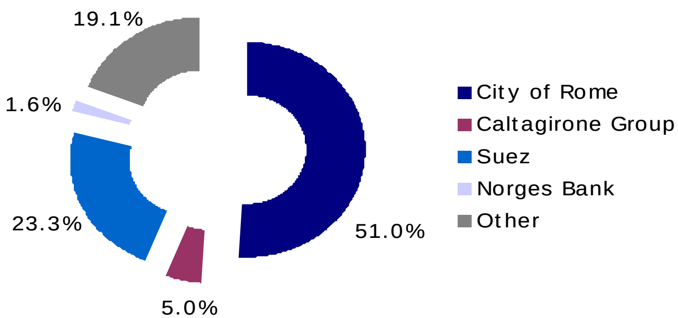
GRIDS

One of the leading operators in Italy
~ 35% of Group EBITDA
- Electricity distributed: ~ 11 TWh in the city of Rome
- Public lighting and floodlighting managed: over 217,000 lighting points
- Energy efficiency projects.

2015 data

Well-positioned to capture opportunities in all business areas

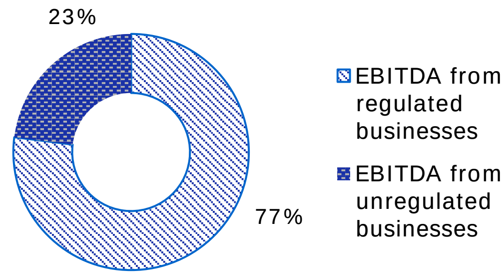
Acea's Ownership Structure



Source: CONSOB (November 2016) and Companies' data

EBITDA from Regulated activities

2015



Strategic Pillars

Innovation
Efficiency
acea
Balanced risk profile

Maintaining our strategic pillars.....

Balanced risk profile
- 74% of EBITDA from regulated businesses at the end of the Plan
- 80% of investment in regulated businesses

Organic growth
- Focus on regulated businesses
- New regulatory framework for electricity distribution and water
- Upgrade/development of WTE and composting plants

Efficiencies and innovation
- ~94 €m of efficiencies relates to Acea 2.0 (billing, WFM, insourcing)
- Corporate rationalisation
- Operational efficiency

Financial strength
- Improving financial ratios: Net Debt/Ebitda 2020 2.5x
- Working capital optimization

.... increasing shareholder returns: Dividend Per Share CAGR: 3%-6%

Further opportunities not included in the Plan targets
- *Acquisitions of water companies in existing areas of operation*
- *Consolidation in core areas*
- *Acquisitions in Latin America*

Acea 2.0 – digital and technological transformation

Innovation
Efficiency
acea
Balanced risk profile

New corporate culture open to change

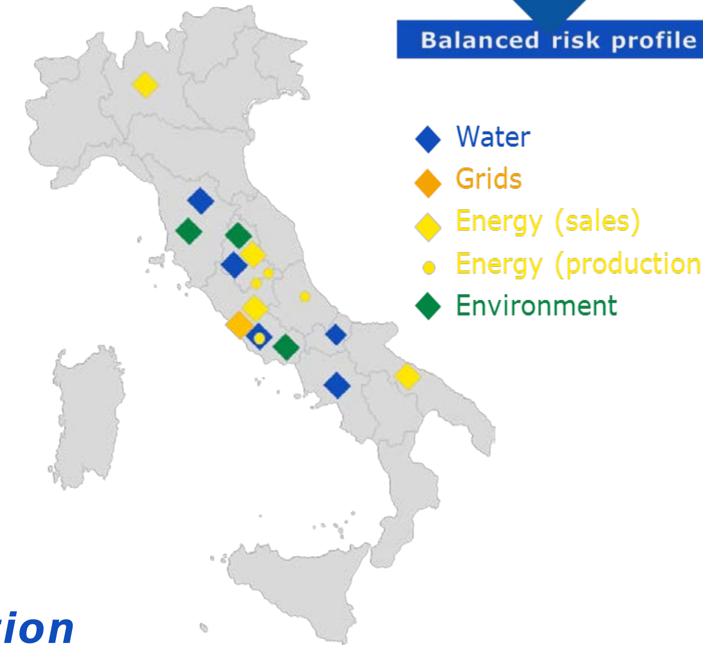
Acea is revolutionising the way it goes about its business, making **sizeable investments in digital technologies**

~8,000,000
CUSTOMERS

~831
PLANTS

~140,000 KM
of **NETWORKS**

~7,000
EMPLOYEES



ACEA 2.0 Programme: an ambitious strategic initiative, and a crucial stage in the Group's growth process.

Faced with the arduous task of ensuring the integrity, univocity and quality of data handled, ACEA has chosen **SAP solutions** (world leader in the sphere of management systems for Utilities).

The drivers of technological innovation

SAP Quality Awards Gold Winner 2015 Italy

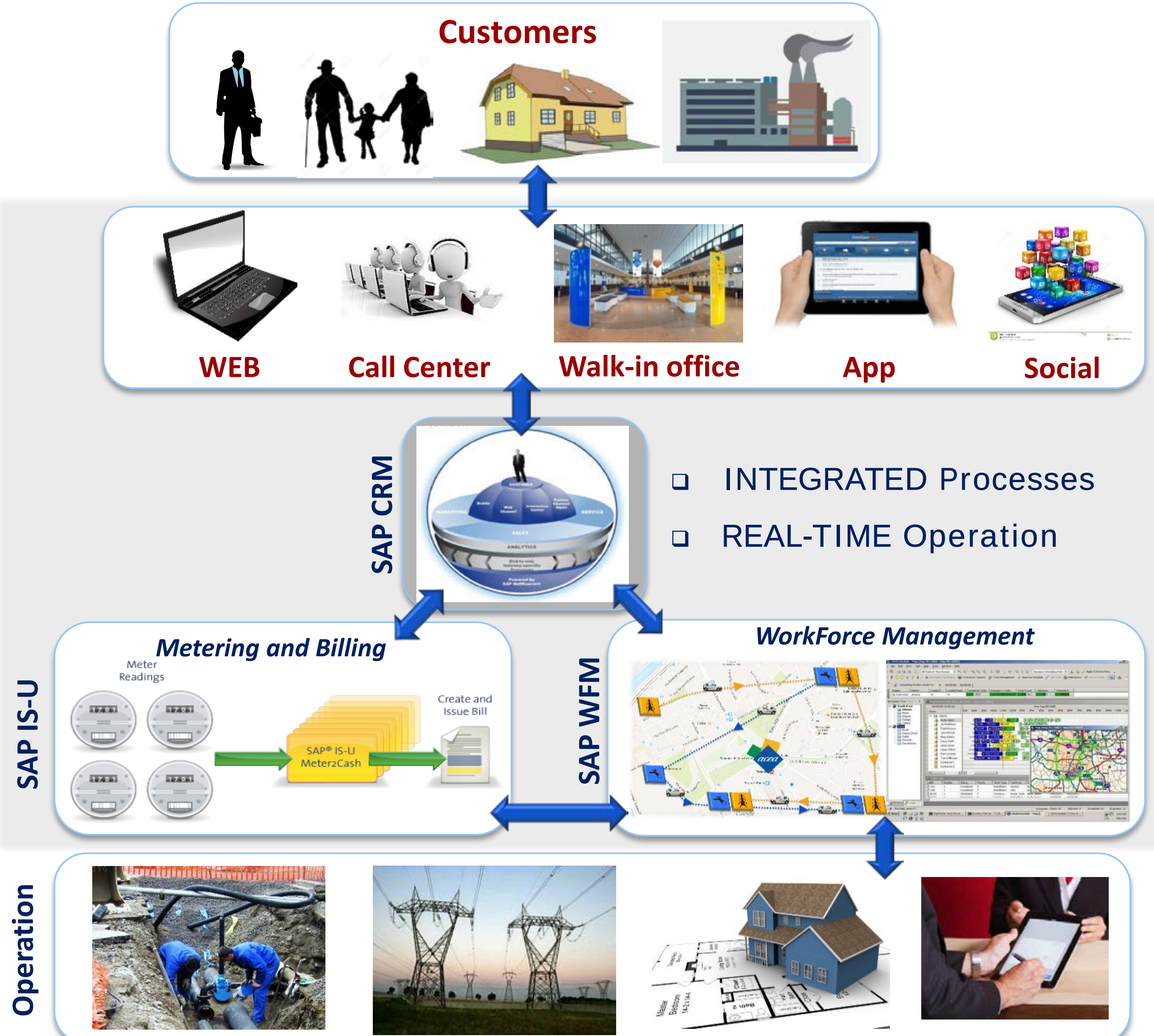
SAP Executive Summit 2016 «The Age of Digital Business»: SAP Innovation Award e SAP Quality Award

TOP UTILITY IV Edizione
Tecnologia, Ricerca&Innovazione

NEW OPERATING MODEL

- **ORGANISATION BY PROCESS**
- **INTEGRATED AND EFFICIENT INFORMATION SYSTEMS**
- **RE-ENGINEERING OF PROCESSES**

Acea 2.0



Innovation · Efficiency · Balanced risk profile

2015

✓ ACEA ATO2

2016

✓ ARETI (ex ACEA Distribuzione)
✓ ACEA Public Lighting
✓ ACEA ATO5
✓ Publiacqua
✓ Acque
✓ Acquedotto del Fiora
✓ Gesesa

TARGET 2016

• ACEA Energia

The process due to be completed in Spring 2017

2016-2020 Business Plan

➢ *Acea Group*

Key highlights

Innovation Efficiency acea Balanced risk profile

CONSOLIDATED TRACK RECORD OF EXCEEDING PREVIOUSLY ANNOUNCED TARGETS

	2015	2020 Plan
EBITDA (€m)	732	890
NET PROFIT before non-controlling interests (€m)	182	276
NET DEBT (€m)	2,010	2,252
NET DEBT/EBITDA	2.7x	2.5x
INVESTED CAPITAL (€m)	3,606	4,244

EBITDA CAGR 2015-2020: +4.0%

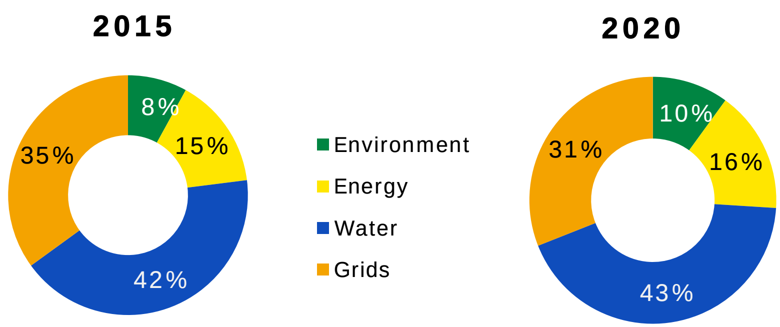
2020 Pre-tax ROIC: ~12%

DPS CAGR 2015-2020: 3%-6%

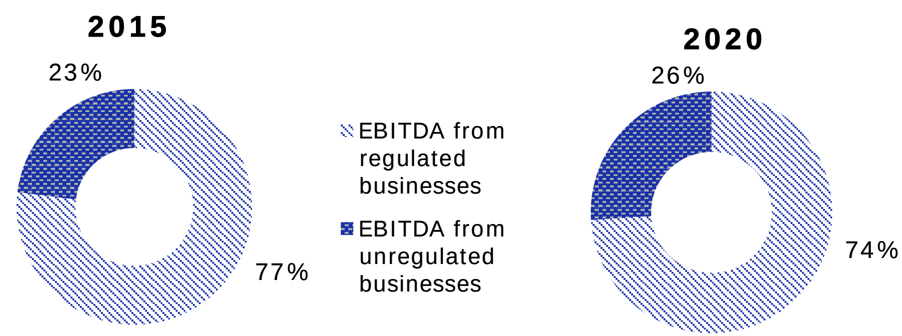
PAYOUT RATIO: 50%-60%

All Acea employees are committed to the successful execution of the Group's Strategic Plan

EBITDA breakdown by business area

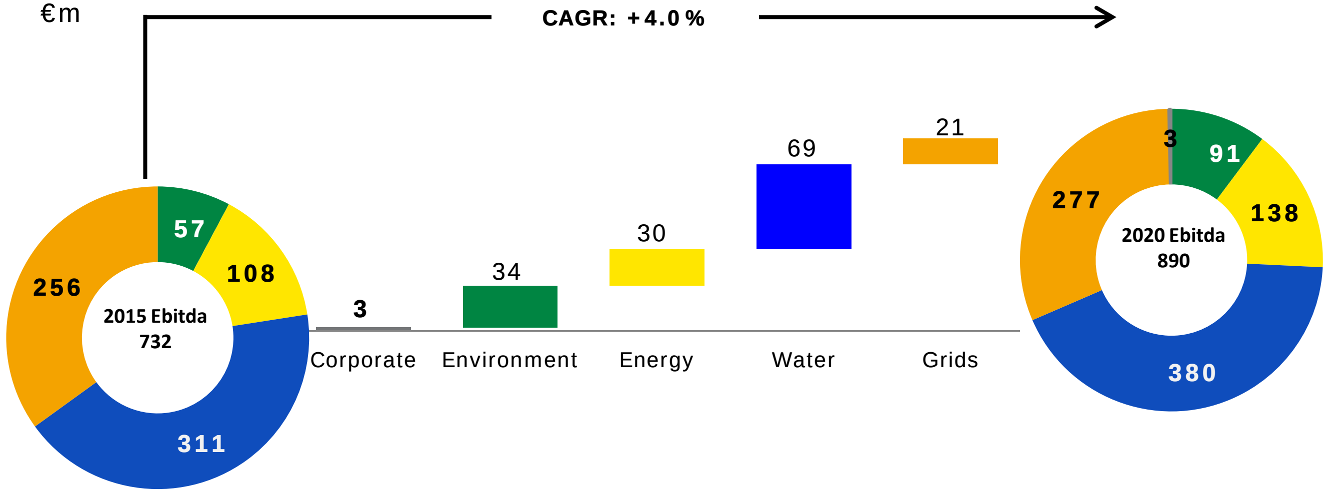


EBITDA from regulated activities



2016-2020 Business Plan

EBITDA: growth by business area



Holding
- Roll-in Acea 2.0
- Insourcing of activities
- Redundancy plan
- Corporate rationalisation
- Optimisation of real estate

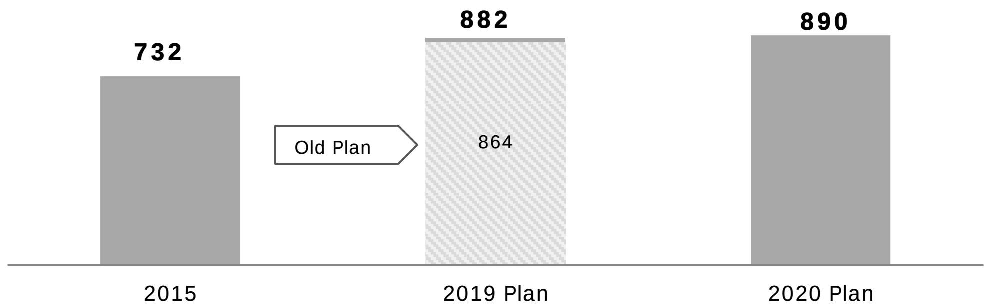
Environment
- Completion of San Vittore plant
- Revamping of WTE in Lazio region
- Growth in composting market

Energy
- Introduction of Acea 2.0
- Customers: consolidation of customer base in 2017 and growth in 2020

Water
- Revised WACC
- Bonus for quality
- Acea 2.0-WFM

Grids
- Revised WACC
- Introducton of Acea 2.0- WFM
- Renewal of Public Lighting contract
- Growth in Public Lighting (Campania)

EBITDA trend €m



2016-2020 Business Plan
Acceleration of efficiencies identified

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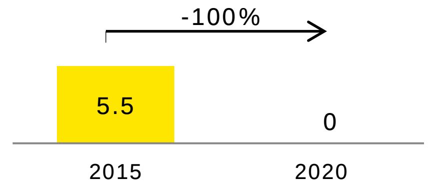
Energy
- ✓ Launch of Acea2.0: Redesign of complaints process

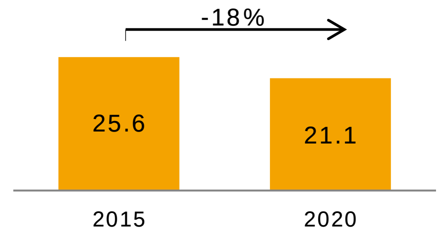
~ €6m



Process costs in €m

Grids
- ✓ Digitalisation of network
- ✓ Work Force Management
- ✓ Single Tender

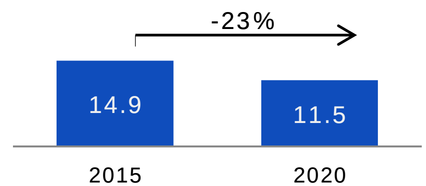
~ €11m



€ per POD
Efficiency-sensitive costs

Water
- ✓ Digitalisation of network
- ✓ Work Force Management
- ✓ Single Tender

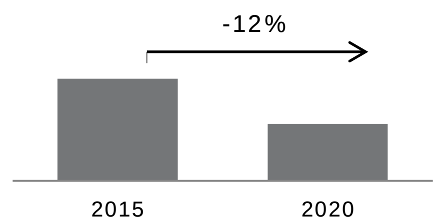
~ €15m



€ per inhabitant
Efficiency-sensitive costs

Holding
- ✓ Standardisation of Acea 2.0 processes
- ✓ Insourcing
- ✓ Redundancies

~ €8m

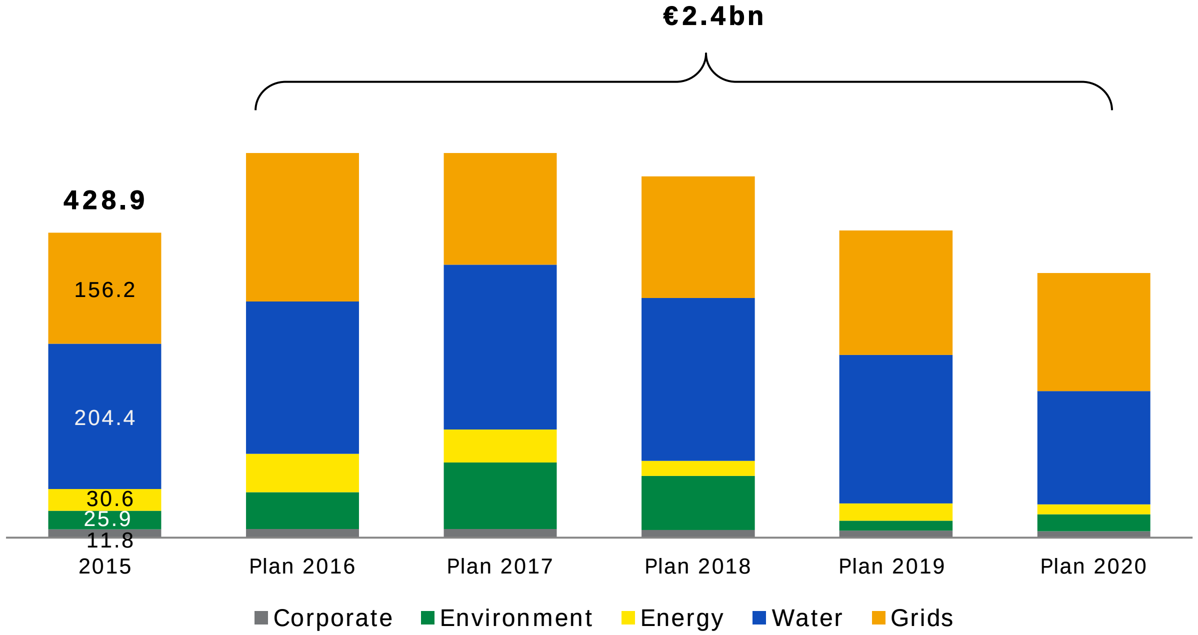


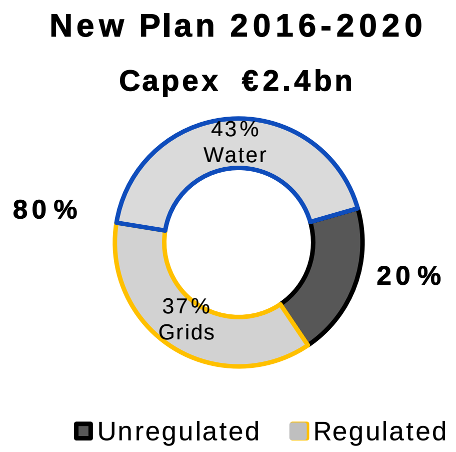
Staff cost savings

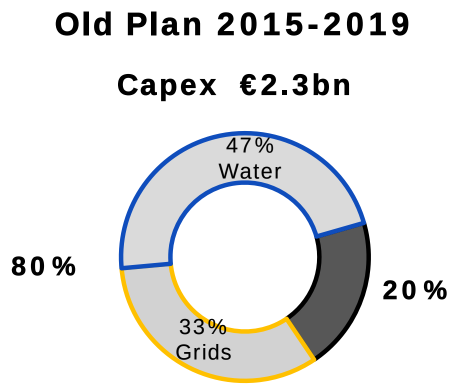
Total efficiencies over the period of the Plan: €94m
from 2020: ~ €40m on a recurring basis

Capex optimization

Renewal and maintenance of grids, plants, IT systems and development of projects already authorised in Environment segment







Debt Structure

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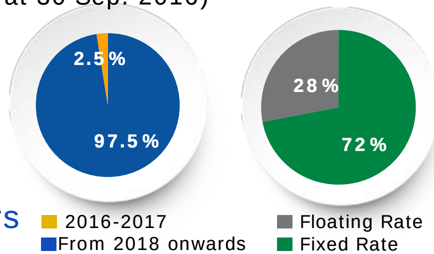
Long-term debt life and a solid liquidity position

Debt structure
(maturity and interest rates at 30 Sep. 2016)

- > 72% Fixed rate
- > *Average overall cost* 3.16%
- > *Average term to maturity ~* 6.8 years

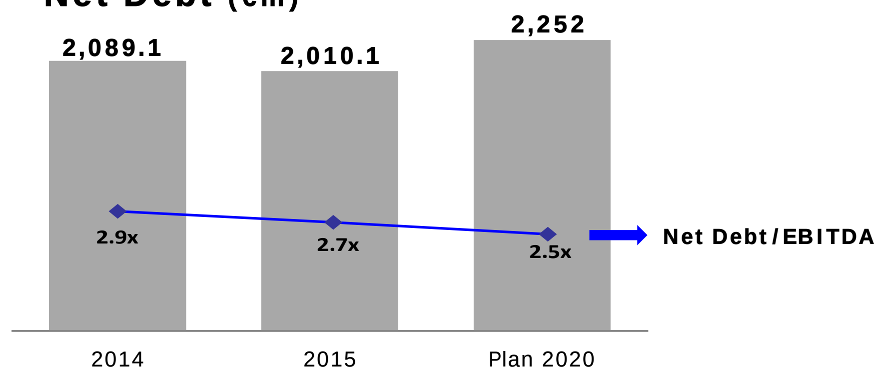


Rating

Fitch Ratings	Moody's
BBB+	**Baa2**
Stable Outlook	*Stable Outlook*

(€m)	30 Sep 2015 (a)	31 Dec 2015 (b)	30 Sep 2016 (c)	*Change (c-a)*	*Change (c-b)*
NET DEBT	**2,130.8**	**2,010.1**	**2,138.7**	***7.9***	***128.6***
Medium/Long-term	2,656.0	2,657.0	2,626.7	*(29.3)*	*(30.3)*
Short-term	(525.2)	(646.9)	(488.0)	*37.2*	*158.9*

Net Debt (€m)



12 October 2016	Acea announced the **launch** of a **tender offer** for the **partial buyback of bonds maturing in 2018 and 2020,** amounting to a total of €300,000,000.
19 October 2016	Acea completed the **placing of 10-years fixed rate bond totalling €500m** (as part of €1.5bn EMTN): oversubscription ~2x; **gross annual coupon 1%;** issue price 98.377%; minimum denomination €100,000. Listed on the market regulated by the Luxembourg Stock Exchange.
24 October 2016	Acea announced that it had received **valid tenders for bonds** with a **total value of €346,836,000.**

Thanks to the above transactions :

Extension of the average term to maturity of the debt: 7.8 years

Reduction of the average cost of the debt: 2.97%

2016-2020 Business Plan

➢ ***Environment***

2016-2020 Business Plan
Strategies, opportunities and risks

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- Number 3 operator in Italy in 2020
- Completion of previously approved initiatives:
  - ✓ Revamping line 1 of San Vittore WTE plant in Lazio
  - ✓ Construction of new composting plant with anaerobic digestion
  - ✓ Expansion of Orvieto landfill
  - ✓ Development of composting and sludge conditioning plants
- Consolidation in regions where present, with potential for synergies with other areas of business

('000 tons)	2015	2020
WTE	354	553
Mechanical treatment	-	355
Landfill	94	133
Composting / anaerobic digestion	7	310
Chemical conditioning of sludge for use in agriculture	29	196
Sludge management	224	241
Liquid waste	-	295
Total	**708***	**2,083**

Opportunities

Regulatory:
- ✓ Completion of management of waste cycle in Lazio region

Competitors:
- ✓ Number 6 operator in Italy in Environment sector by volume of waste treated, with 2.4% share of Italian market
- ✓ Leading Italian operator of composting plants

Growth:
- ✓ Insourcing of sludge treatment at Group level
- ✓ Average IRR for acquisitions / new constructions approx. 14%

Risks

Plants:
- ✓ Delays in investment in construction or revamping of plants

Regulatory:
- ✓ Changes to regulatory framework and authorisation process

Environmental:
- ✓ Environmental risks
- ✓ Local relations (administrative challenges, protest groups)

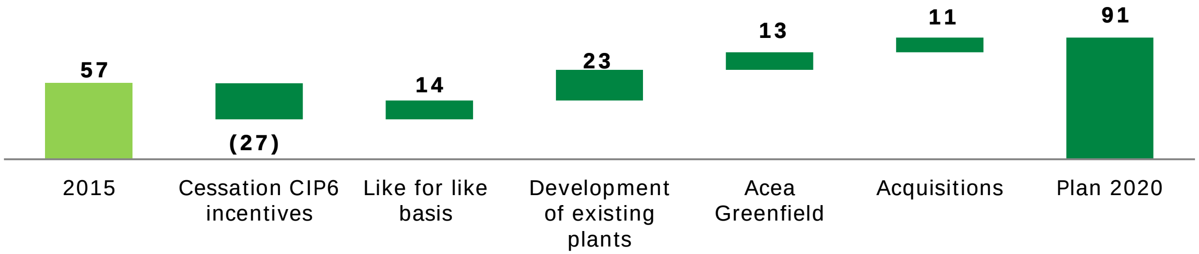
** The figure does not include 57,000 tonnes of waste disposed*

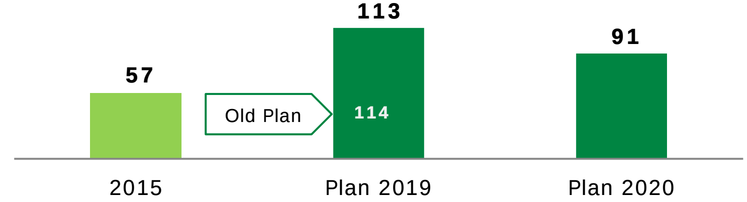
Targets and Results

CAGR +9.8%

2020 pre-tax ROIC 15.9%

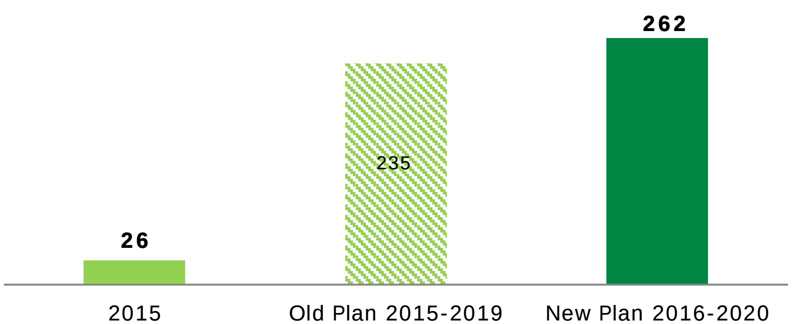
Ebitda (€m)



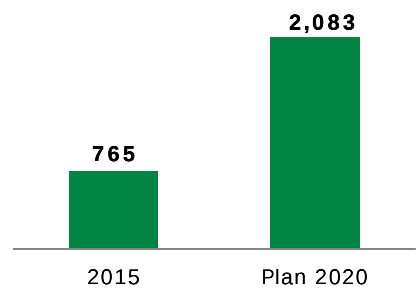


2020 Invested Capital €360m

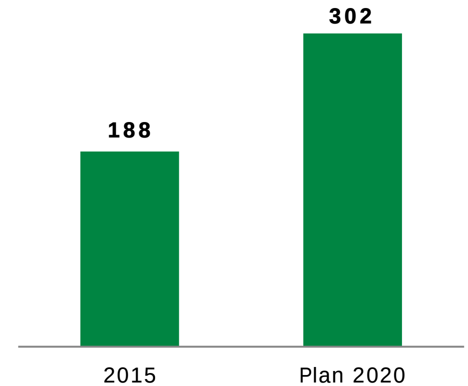
Capex (€m)



Volume of waste treated ('000 tons)



Net Debt (€m)



2016-2020 Business Plan

➢ ***Energy***

Retail
- Moderate growth of customer base, with focus on existing areas of operation
- Improved service quality
- Acea 2.0: new billing and CRM system
- Efficiency of processes and overheads, including via insourcing

Production
- Plants modernisation: Castel Madama and Mandela
- Devolopment of energy efficiency initiatives

Opportunities

Regulatory:
✓ Complete revision of RCV (Remuneration commercialisation retail)

Systems:
✓ Improved billing performance

Risks

Regulatory:
✓ Failure to revise RCV

Competitors:
✓ Increase in churn rate

Systems:
✓ Migration of data and ‘‘go-live’’ of new billing system

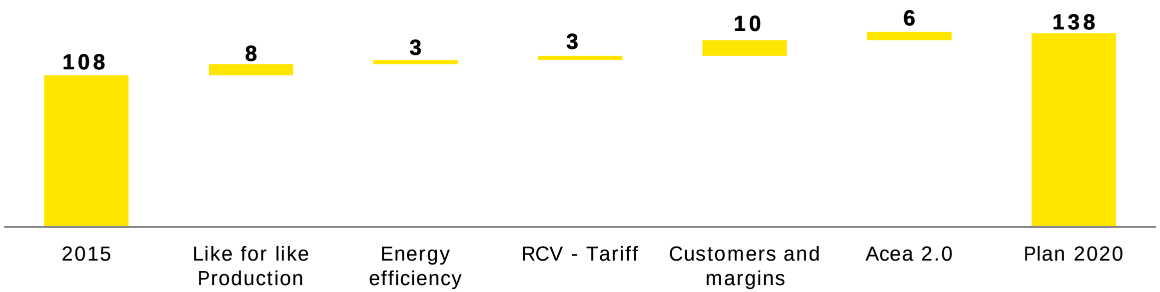
Targets and Results

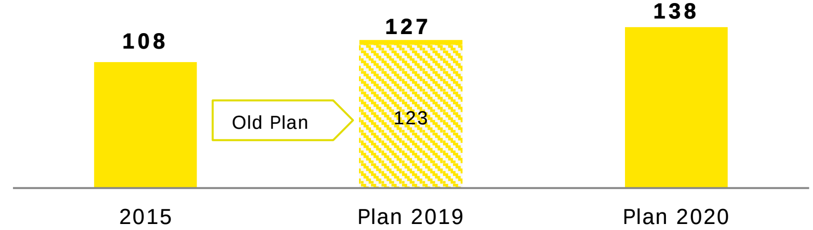
Innovation Efficiency acea Balanced risk profile

CAGR +5.0%

2020 pre-tax ROIC 13.9%

Ebitda (€m)

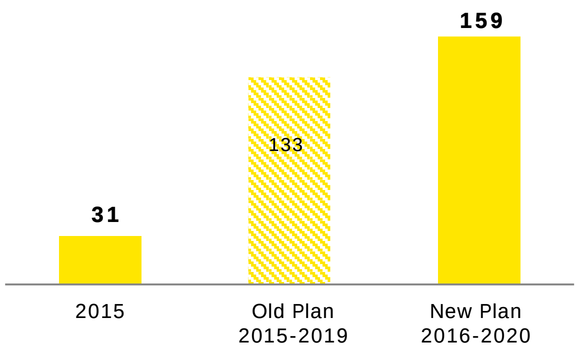




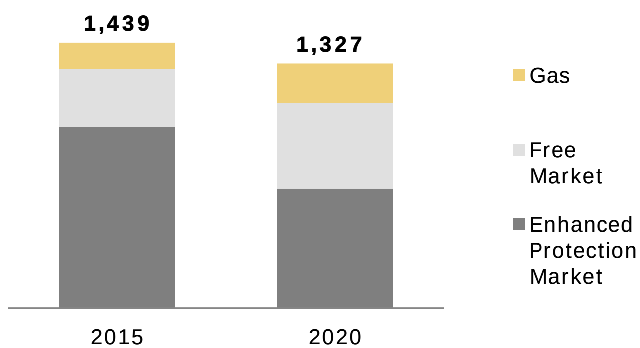
- *Centralized Credit Risk Management and workflow based evaluation of large business companies*
- *Set up and deployment of a real time credit check platform (live since Jan 2015) for prospect mass market customers*
- *Customized scorecard models to optimize risk-return ratio*
- *Churn prevention actions both in acquiring (long term sales incentives) and in releasing customers (win back)*
- *Comprehensive approach to customer base profiling including external / internal information and big data*
- *Complete integration (Acea 2.0) of credit risk profiling in commercial and credit management activities*

2020 Invested Capital €491m

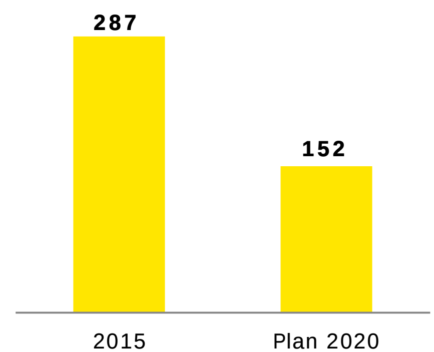
Capex (€m)



Number of customers ('000)



Net Debt (€m)



2016-2020 Business Plan

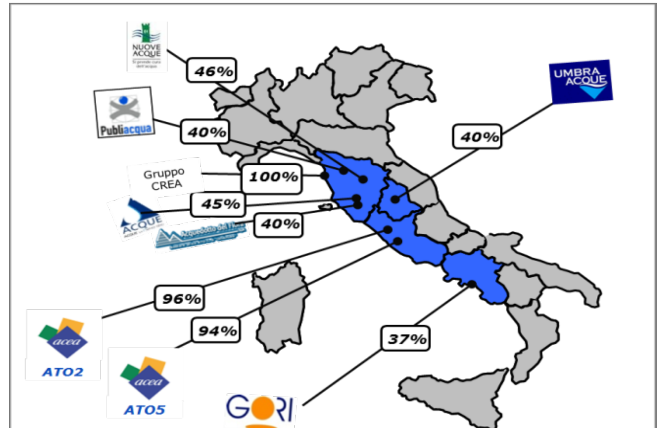
➢ Water

2016-2020 Business Plan

Strategies, opportunities and risks

Innovation Efficiency acea Balanced risk profile

- New Regulation: cycle 2016-2019 (quality award)
- Acea 2.0 project: radical transformation, standardisation and integration of all IT systems, obtaining operating cost and process efficiencies
- Overseas growth (Latin America)



- ➢ **ATO2-Roma (expiry 2032)**
- ➢ **ATO5 Frosinone (exp. 2032)**
- ➢ **Other ATOs**:
  - ATO3 Firenze (exp. 2021)
  - ATO6 Siena-Grosseto (exp. 2026)
  - ATO2 Pisa (exp. 2021)
  - ATO1 Perugia (exp. 2027)
  - ATO3 Sarnese V. (exp. 2032)

Opportunities

Regulatory:

- ✓ Recognition of FoNI component (to finance new investment)
- ✓ Introduction of a component linked to quality factor

Systems*:*

- ✓ Improved billing performance

External growth:

- ✓ Acquisition opportunities

Risks

Systems:

- ✓ Roll out new IT platform

2016-2020 Business Plan

Regulatory Opportunities

Introduction of a component linked to quality factor

The new MTI-2 tariff method also provides incentive mechanisms for the improvement of the contractual and technical quality of the service, by introducing two different mechanisms of awards/penalties.

1. The first one involves an award for performance improvements compared to the minimum standards defined by the national Authority.
   This mechanism is defined with the local Authority and the maximum amount of the premium is a function of the operator's efficiency in comparison to the national average.
   In fact the premium is higher, the more the operator is efficient compared to the national average operating cost per customer served, set by the national Authority at 109 € per customer. **The award is not subject to the tariff increase limit.**

Relating to ATO2, for 2016 a quality award of maximun €30m has been approved. Acea foresees a quality award for 2016 equal to ~ €18m (not included in Business Plan targets)

ATO2 - Quality Awards (€m)	2017-2020 Total	Annual impact from 2019 on
Maximun Value	104	35
Impact included in BP targets	**62**	**24**
ATO 5		
No awards, operating cost for customer served is higher than national avarage		

2. The second mechanism, which is valid throughout the entire Country, is supplied by a specific tariff component, mandatory for all operators, to be allocated to a specific fund for the quality. During the first activation this mechanism promotes, rewarding the best practices, the growth of the contractual quality levels with respect to the parameters defined by the resolution on the contractual quality (655/2015/R/idr).
   Not included in Business Plan targets

Recognition of FoNI component

FoNI component (€m)	2016	2017	2018	2019	2020
ATO2	21	23	19	9	6
ATO5	7	5	2	2	2

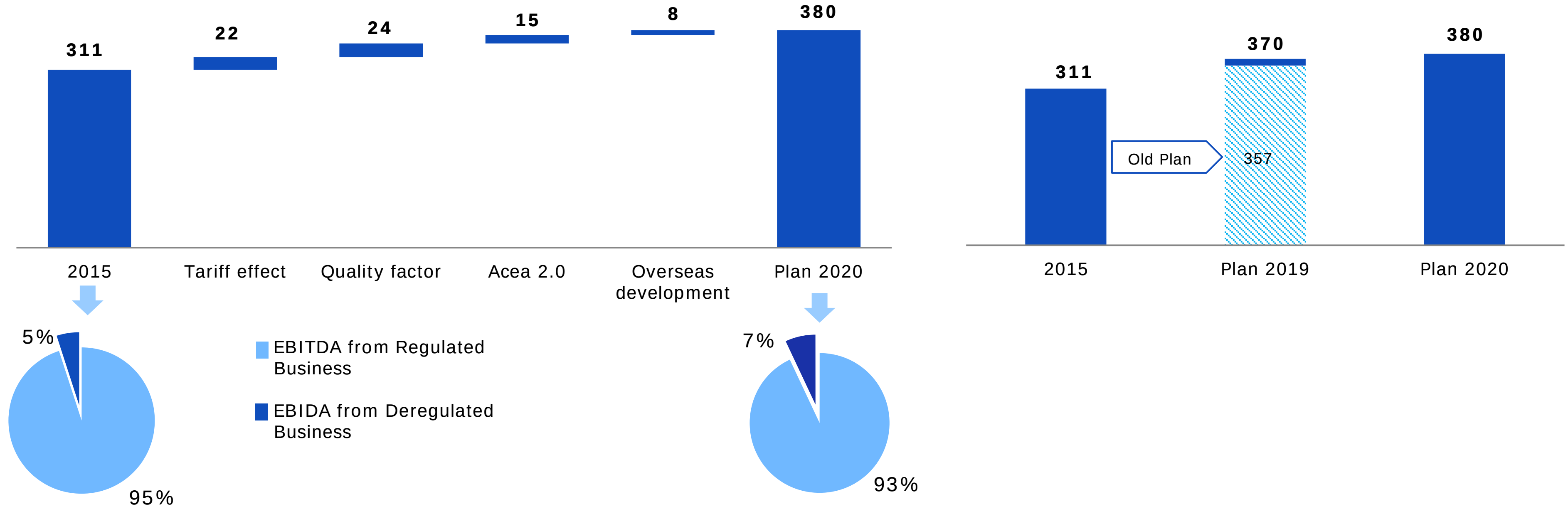
On 27 July 2016, the Mayors' Conference for the ATO2 concession area approved the tariff determinations for the period 2016-2019. The determinations establish that the tariff increases to be applied in 2016 are to be spread out over time, in return for recognition of a financial charge as compensation for the deferral.

Targets and Results

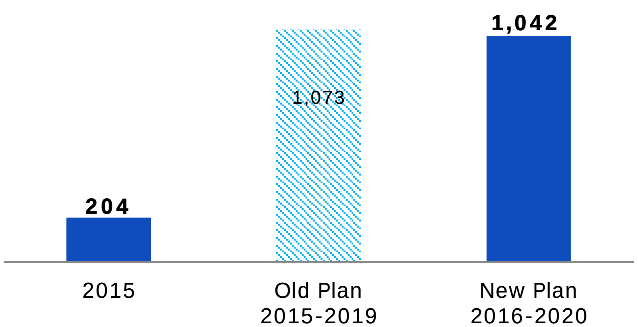
CAGR +4.1%

2020 pre-tax ROIC 11.5%

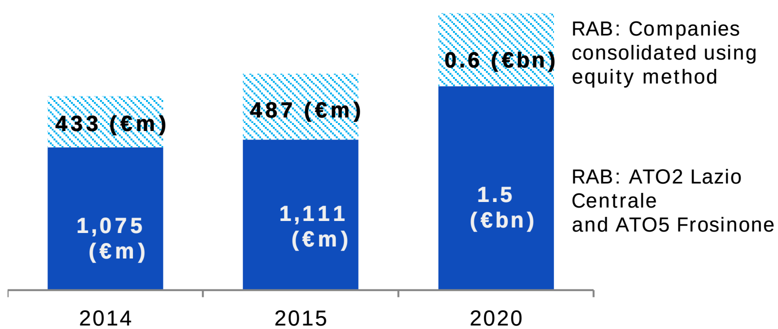
Ebitda (€m)



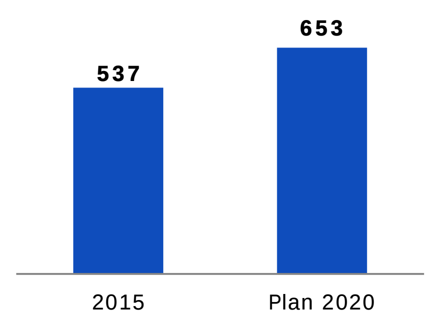
Capex (€m)



RAB



Net Debt (€m)



2016-2020 Business Plan

➢ ***Grids***

2016-2020 Business Plan

Strategies, opportunities and risks

- New Regulation: tariff cycle 2016-2023
- Acea2.0 project: improvement of service quality, cost efficiencies
- Modernisation of distribution network
- Modernisation of public lighting network (''Roma LED'')

Opportunities

Regulatory:

- ✓ Recognition of t-1 depreciation in tariffs

Growth:

- ✓ Acquisition of minor grids
- ✓ IP – LED technology in other municipalities

Systems:

- ✓ Improved billing performance

Risks

Regulatory:

- ✓ Impact of new regulatory cycle
- ✓ Quality and service continuity

Systems:

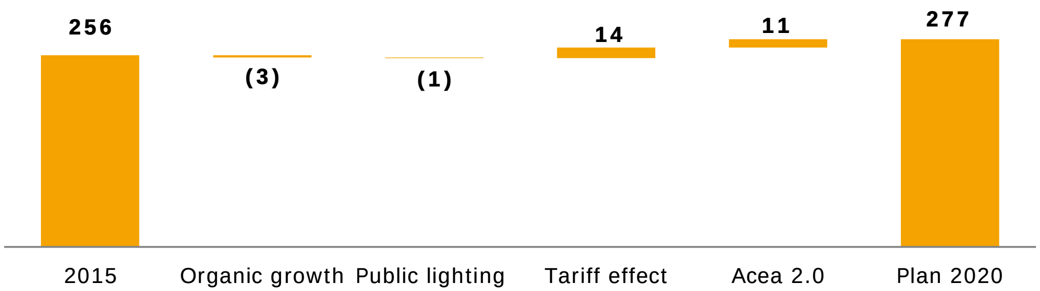
- ✓ Migration of data and go-live of new billing system

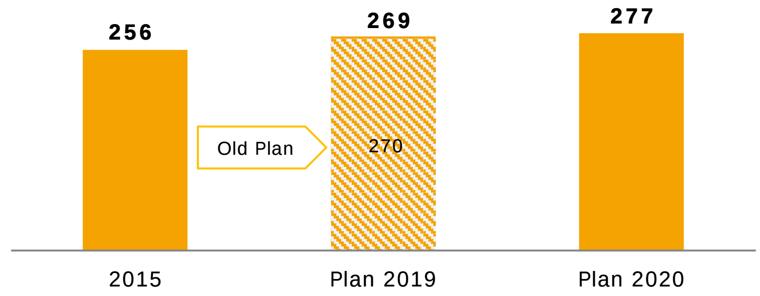
Targets and Results

CAGR +1.6%

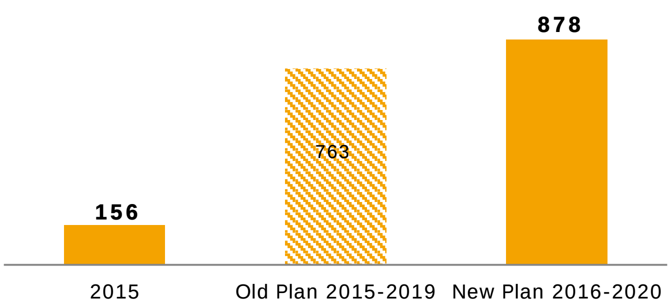
2020 pre-tax ROIC 9.3%

Ebitda (€m)

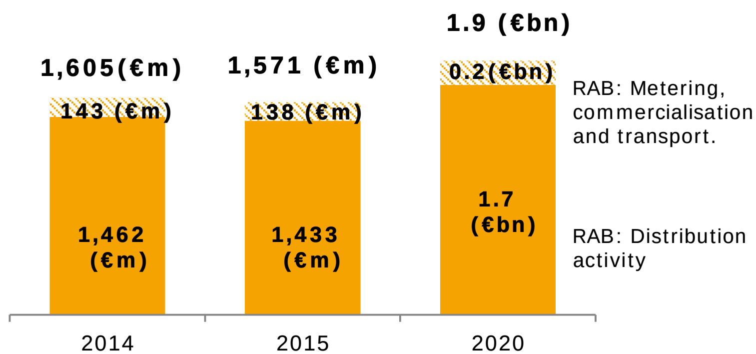




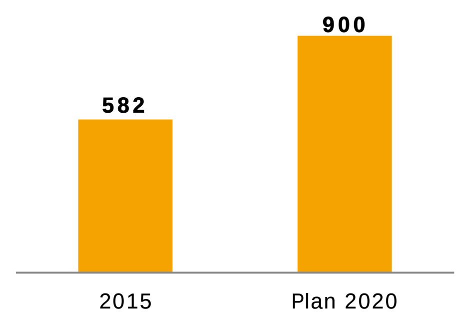
Capex (€m)



RAB



Net Debt (€m)



2016-2020 Business Plan

➢ *Corporate*

Targets and results

- **Further simplify the corporate structure**
- **Facilitate synergies** through Project Acea 2.0
- Greater operational efficiency - insourcing

2016-2020 Capex: €54m

2020 EBITDA: ~€3m

A solid base for the future

Additional initiatives not included in Business Plan

MARKET GROWTH OPPORTUNITIES

	Additional initiatives	**Potential impact**
Acquisition of investments in Italy (in areas in which already present) and overseas investments	Lazio* Campania* Tuscany* Umbria* *Latin America*	~€26m EBITDA

ACQUISITIONS SUBJECT TO BoD DECISIONS

CONSOLIDATION INITIATIVES
Taking full control of subsidiaries

	Additional initiatives	**Potential impact**
Consolidation initiatives (in areas in which already present)	Lazio Tuscany Umbria *(investee water companies)*	~€500m EBITDA

PROCESS SUBJECT TO LOCAL AUTHORITIES' AND PUBLIC SHAREHOLDERS' DECISIONS

** Consolidated using the equity method*

Recent acquisitions

Initiatives already identified, but not included in the targets in Business Plan 2016-2020

Innovation Efficiency acea Balanced risk profile

FROM VEOLIA GROUP

100% of Idrolatina

49% of Acqualatina

Price: €22m (Equity Value)

Acqualatina

Integrated water service Operator in ATO4 – Southern Lazio (concession expiry: 2032)

2015 Total EBITDA*: €37m
2015 Total Net Debt*: €73m

- 35 towns served
- ~ 270,000 customers
- 64 treatment plants
- 3,500-km water supply network
- Water produced: 120m cubic metres a year
- Waste water treated: 70m cubic metres a year

19,2% of Geal

(in which Acea already holds 28.8% interest through Crea, raising its stake in GEAL to 48%)

Price: €2m (Equity Value)

Geal

Integrated water service Operator in the municipality of Lucca

2015 Total EBITDA*: €6m
2015 Total Net Debt*: €5m

- Over 40,000 customers
- 600-km water supply network
- 200-km sewerage network
- 1 treatment plant

FROM SEVERN TRENT PLC GROUP

100% of Severn Trent Italia

64% of Umbriadue Servizi Idrici (in which Acea already holds 34% interest through Crea Gestioni, raising its stake in Umbriadue to 98%)

80% of Iseco

Price: €0.4m (Equity Value)

Severn Trent Italia

The Company designs, builds and operates plants used in the treatment of water and in the production of drinking water

Umbriadue Servizi Idrici

The Company provides the integrated water service in Umbria, Terni Province.

2015 Total EBITDA*: €0.2m

- 32 towns
- ~ 230,000 customers

Iseco

The Company is responsible for the operation and maintenance of treatment plants. It designs and builds treatment plants. It operates in the collection, transport and disposal of urban and special refuse.

2015/2016 Total EBITDA*: €0.5m

* Source Annual Report

Business Plan: Key Takeaways

Innovation Efficiency Balanced risk profile

ACEA GROUP

2016-2020 CAPEX: €2.4bn

2020 EBITDA: €890m

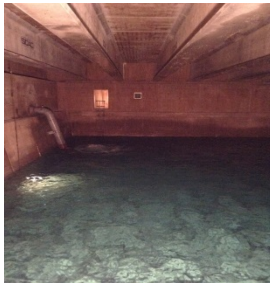
CAGR EBITDA: +4.0%

DPS CAGR: 3%-6%

2020 NET DEBT: €2,252m

Environment
2020 EBITDA: €91m
2016-2020 CAPEX: €262m
2020 Pre-tax ROIC: 15.9%

Energy
2020 EBITDA: €138m
2016-2020 CAPEX: €159m
2020 Pre-tax ROIC: 13.9%



Water
2020 EBITDA: €380m
2016-2020 CAPEX: €1,042m
2020 Pre-tax ROIC: 11.5%

Grids
2020 EBITDA: €277m
2016-2020 CAPEX: €878m
2020 Pre-tax ROIC: 9.3%

Conclusions

Continued efforts in operating efficiency

Stable and predictable regulatory framework

Significant investment ensuring the Company’s future growth

Strong financial position

Attractive shareholder returns as main strategic priority

Appendix

Appendix

- ***9M 2016 Results - 3Q 2016 Results***
- ***1H 2016 Results***
- ***2015 Results***
- ***Water regulatory framework***
- ***Electricity Distribution regulatory framework***
- ***Main assumptions and sensitivity analysis***
- ***Environmental Sustainability***

9M 2016 Financial highlights

(€m)	9M 2015	9M 2016	% change
Consolidated revenues	2,167.7	2,047.5	-5.5%
EBITDA	530.9	646.1	+21.7%
EBIT	284.8	378.1	+32.8%
Profit / (loss) before tax	216.9	317.0	+46.2%
Group net profit / (loss)	136.6	200.9	47.1%
Tax rate	*34.6%*	*34.5%*	
Capex	284.8	346.8	+21.8%

Impact of accounting for Resolution 654/2015: €76.5m

Impact of accounting for Resolution 654/2015: €51.5m

(€m)	30 Sept 2015 (a)	31 Dec 2015 (b)	30 Sep. 2016 (c)	*Change (c-a)*	*Change (c-b)*
NET DEBT	2,130.8	2,010.1	2,138.7	*7.9*	*128.6*
Shareholders' Equity	1,553.8	1,596.1	1,682.1	*128.3*	*86.0*
Invested Capital	3,684.6	3,606.2	3,820.8	*136.2*	*214.6*

9M 2016 EBITDA

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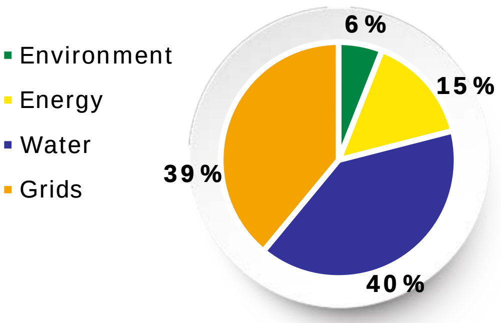
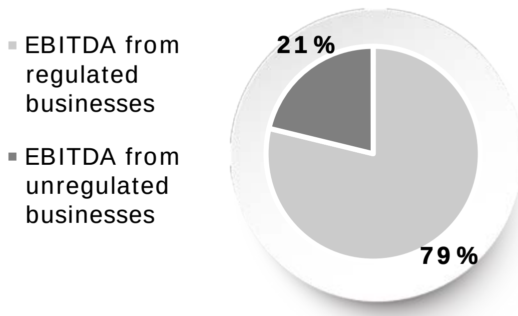
EBITDA 9M 2016

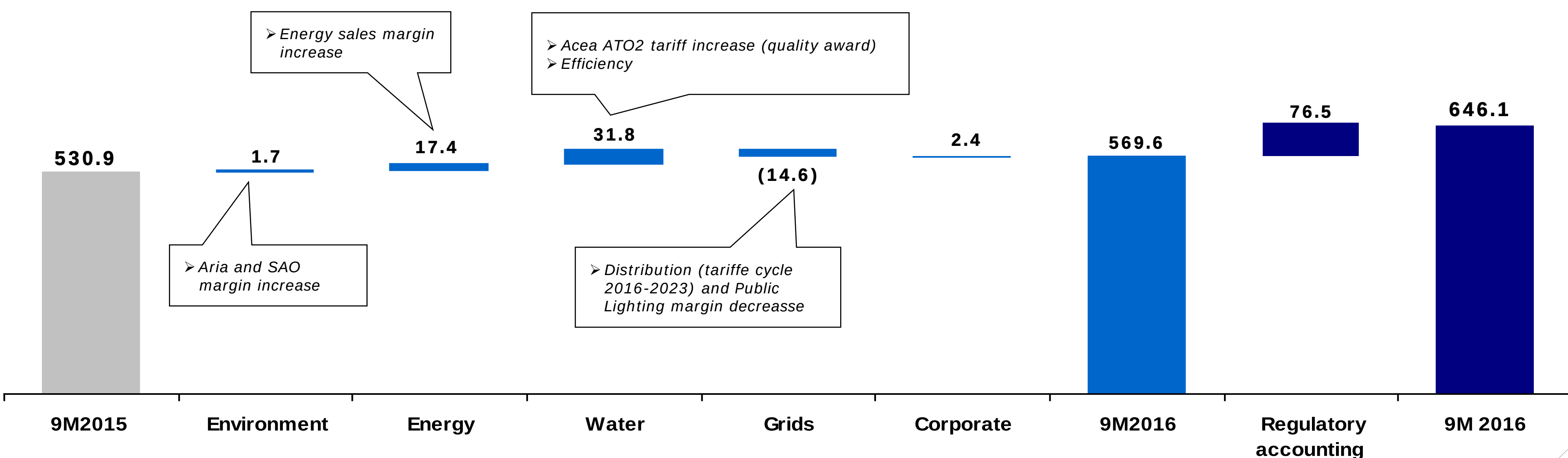




Number of employees	9M 2015	9M 2016
Acea Spa	640	624
Environment	220	248
Energy	539	556
Water	2,215	2,155
Network	1,348	1,309
Total*	**4,962**	**4,892**

* Figures does not include ~ 3,000 employees related to companies consolidated using the equity method

EBITDA €m



9M 2016 EBITDA and Key quantitative data

Environment
EBITDA main drivers

- Aria: +€0.3m
- SAO: +€1.2m

(€m)	9M 2015	9M 2016	% change
EBITDA	**40.4**	**42.1**	**+4.2%**
Capex	**14.9**	**30.3**	**+103.4**

Key quantitative data	9M 2015	9M 2016
Treatment and disposal (/000s of tonnes)	**570**	**607**
WTE electricity sold (GWh)	**196**	**196**

Energy
EBITDA main drivers

- Electricity sales margin increase +€19.1m
- Electricity production margin decrease (fall in energy prices and volumes decrease) -€1.7m

(€m)	9M 2015	9M 2016	% change
EBITDA	**77.7**	**95.1**	***+22.4%***
Production	*25.8*	*24.1*	*-6.6%*
Sales	*51.9*	*71.0*	*+36.8%*
Capex	**14.6**	**38.7**	***165.1***

Key quantitative data	9M 2015	9M 2016
Total electricity production (GWh)	**380**	**308**
- Of which photovoltaic production	*12*	*9*
Total electricity sold (GWh)	**7,200**	**6,271**
Enhanced Protection Market	*2,283*	*2,036*
Free Market	*4,917*	*4,235*
Total gas sold (Mm^3)	**88**	**77**

9M 2016 EBITDA and Key quantitative data

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Water
EBITDA main drivers

- ↑ Acea ATO2: +€34.8m (quality award €9m)
- ↑ Efficiency
- ↓ Overseas water operations: -€2.5m

(€m)	9M 2015	9M 2016	% change
EBITDA	**225.5**	**257.3**	***+14.1%***
Of which: Profit/(loss) on investments consolidated under IFRS11	*20.8*	*20.8*	-
Capex	**128.3**	**150.4**	***+17.2%***

Key quantitative data	9M 2015	9M 2016
Total volume of water sold (Mm^3)	**316**	**309**

On 27 July 2016, the Mayors' Conference for the ATO2 concession area approved the tariff determinations for the period 2016-2019. The determinations establish that the tariff increases to be applied in 2016 are to be spread out over time, in return for recognition of a market financial charge as compensation for the deferral.

9M 2016 EBITDA and Key quantitative data

Grids

EBITDA main drivers

- Recognition of the positive component linked to the regulatory change introduced by AEEGSI Resolution 654/2015: +€76.5m
- Public Lighting: -€3.4m
- Areti margin decrease (new tariff cycle 2016-2023): -€11.2m

(€m)	9M 2015	9M 2016	% change
EBITDA	**187.7**	**249.6**	***+33.0%***
Capex	**102.4**	**120.6**	***+17.8%***

Impact of accounting for Resolution 654/2015: €76.5m

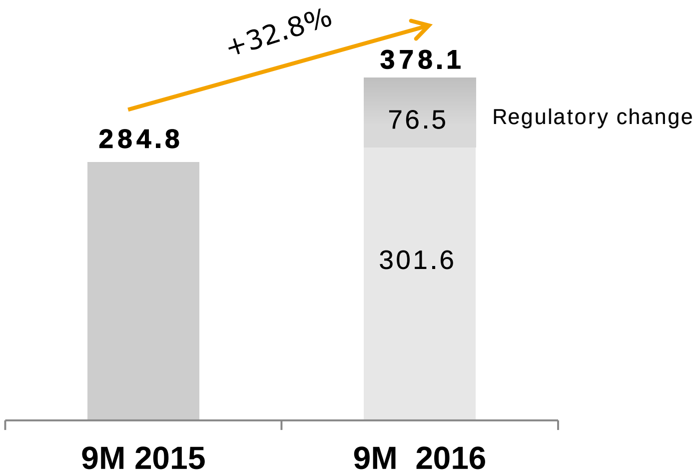
Key quantitative data	9M 2015	9M 2016
Total electricity distributed (GWh)	**7,959**	**7,594**

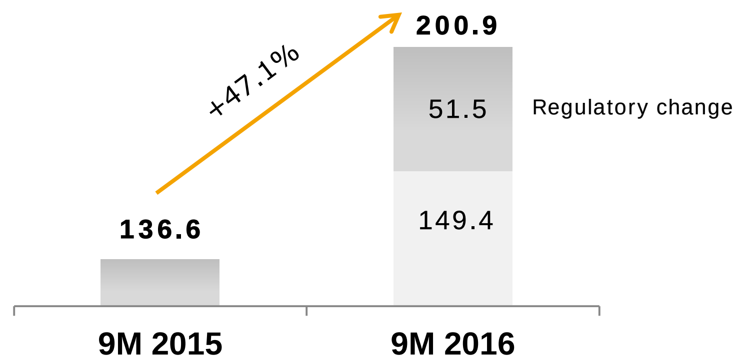
Corporate

(€m)	9M 2015	9M 2016	% change
EBITDA	**(0.4)**	**2.0**	***n/m***
Capex	**24.6**	**6.9**	***n/m***

9M 2016 EBIT and Net Profit

Innovation Efficiency Balanced risk profile



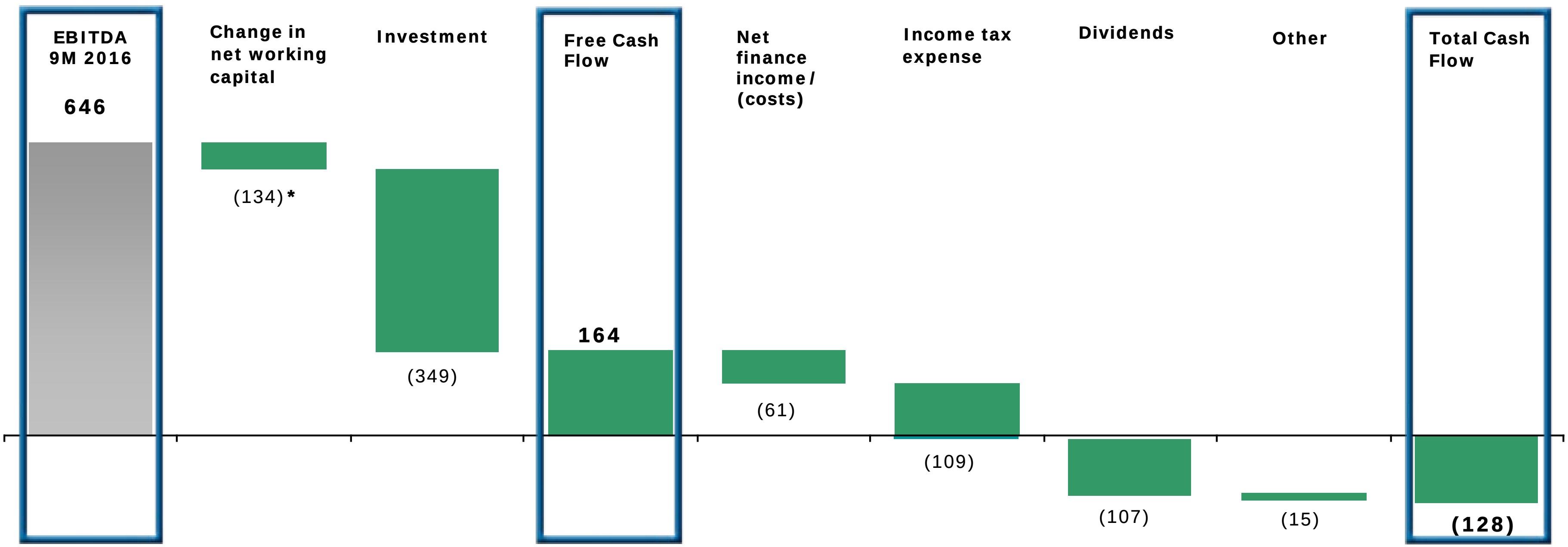


(€m)	9M 2015	9M 2016	% change
Depreciation	172.0	186.9	*+8.7%*
Write-off	53.0	47.7	*-10.0%*
Provisions	21.1	33.4	*+58.3%*
Total	**246.1**	**268.0**	***+8.9%***

- ✓ Higher depreciation as a result of increased investment
- ✓ Write-off decrease
- ✓ Increased provisions for early retirement, redundancy schemes and regulatory risk

9M 2016 Cash flow

CASH FLOW ANALYSIS (€m)	9M 2015	2015	9M 2016
EBITDA	**531**	**732**	**646**
Change in net working capital	(59)	98	(134)
Investment	(287)	(423)	(349)
Free Cash Flow	**185**	**407**	**164**
Net finance income/(costs)	(67)	(90)	(61)
Income tax expense	(75)	(115)	(109)
Dividends	(96)	(96)	(107)
Other	11	(27)	(15)
Total Cash Flow	**(42)**	**79**	**(128)**



* Before impairment losses on receivables

9M 2016 Net Debt

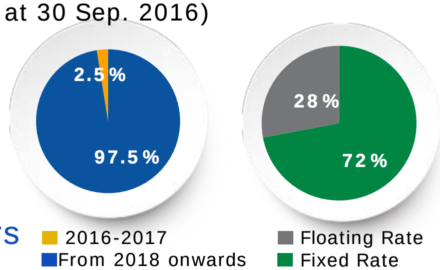
(€m)	30 Sep 2015 (a)	31 Dec 2015 (b)	30 Sep 2016 (c)	*Change (c-a)*	*Change (c-b)*
NET DEBT	**2,130.8**	**2,010.1**	**2,138.7**	***7.9***	***128.6***
Medium/Long-term	2,656.0	2,657.0	2,626.7	*(29.3)*	*(30.3)*
Short-term	(525.2)	(646.9)	(488.0)	*37.2*	*158.9*

NET DEBT/ EQUITY 31 Dec 2015	NET DEBT/ EQUITY 30 Sep 2016
1.3x	**1.3x**

Debt structure

(maturity and interest rates at 30 Sep. 2016)

- 72% Fixed rate
- *Average overall cost* 3.16%
- *Average term to maturity ~* 6.8 years



Rating

Fitch Ratings	Moody's
BBB+	**Baa2**
Stable Outlook	*Stable Outlook*

12 October 2016	Acea announced the **launch** of a **tender offer** for the **partial buyback of bonds maturing in 2018 and 2020,** amounting to a total of €300,000,000.
19 October 2016	Acea completed the **placing of 10-years fixed rate bond totalling €500m** (as part of €1.5bn EMTN): oversubscription ~2x; **gross annual coupon 1%;** issue price 98.377%; minimum denomination €100,000. Listed on the market regulated by the Luxembourg Stock Exchange.
24 October 2016	Acea announced that it had received **valid tenders for bonds** with a **total value of €346,836,000.**

Thanks to the above transactions :

Extension of the average term to maturity of the debt: 7.8 years

Reduction of the average cost of the debt: 2.97%

3Q 2016 Financial highlights

Innovation
Efficiency
acea
Balanced risk profile

(€m)	3Q 2015	3Q 2016	% change
Consolidated revenues	726.5	660.8	-9.0%
EBITDA	177.6	202.3	+13.9%
EBIT	82.2	104.0	+26.5%
Profit / (loss) before tax	60.0	84.6	+41.0%
Group net profit / (loss)	37.3	51.4	+37.8%

3Q 2016 EBITDA and Key quantitative data

Innovation
Efficiency
Balanced risk profile

Environment

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	13.3	12.9	-3.0%

Water

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	78.8	92.7	+17.6%

Energy

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	21.7	25.4	+17.1%

Grids

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	64.4	68.9	+7.0%

Corporate

(€m)	3Q 2015	3Q 2016	% change
EBITDA	(0.7)	2.4	n/m

1H 2016 Results

1H 2016 Financial highlights

Innovation · Efficiency · Balanced risk profile

(€m)	1H 2015	1H 2016	% change
Consolidated revenues	**1,441.1**	**1,386.7**	**-3.8%**
EBITDA	**353.3**	**443.7**	**+25.6%**
EBIT	**202.7**	**274.1**	**+35.2%**
Profit / (loss) before tax	**156.8**	**232.3**	**+48.2%**
Net Profit / (Loss)	**103.6**	**154.3**	**+48.9%**
Minority Interest	4.3	4.8	+11.6%
Group net profit / (loss)	**99.3**	**149.5**	**+50.6%**
Capex	**167.5**	**220.8**	**+31.8%**

Impact of accounting for Resolution 654/2015: €63.3m

Impact of accounting for Resolution 654/2015: €41.0m

(€m)	30 June 2015 (a)	31 Dec 2015 (b)	30 June 2016 (c)	*Change (c-a)*	*Change (c-b)*
NET DEBT	**2,128.9**	**2,010.1**	**2,131.9**	***3.0***	***121.8***
Shareholders' Equity	**1,518.6**	**1,596.1**	**1,631.4**	***112.8***	***35.3***
Invested Capital	**3,647.5**	**3,606.2**	**3,763.3**	***115.8***	***157.1***

2015 Results

2015 Financial highlights

Innovation Efficiency acea Balanced risk profile

(€m)	2014	2015	Change %
Revenue	**3,038.3**	**2,917.3**	***-4.0%***
EBITDA	**717.7**	**732.0**	***+2.0%***
EBIT	**390.4**	**386.5**	***-1.0%***
Profit / (loss) before tax	**289.8**	**296.4**	***+2.3%***
Taxes*	120.9	114.9	*-5.0%*
Net profit / (loss)	**168.9**	**181.5**	***+7.5%***
Minority interest	6.4	6.5	*+1.6%*
Group net profit / (loss)	**162.5**	**175.0**	***+7.7%***
Dividend per share (€)	**0.45**	**0.50**	***+11.1%***
Capex	**318.5**	**428.9**	***+34.7%***

- Increased depreciation and amortisation (capex growth: growth intangible assets resulting from the entry in operation of information technology)
- Reduced bad debt provisions (improved collections)
- Increased provisions

- 84% of capex regards regulated businesses, with positive impact on development of RAB

(€m)	31 Dec 2014 (a)	30 Sept 2015 (b)	31 Dec 2015 (c)	*Change (c/a)*	*Change (c/b)*
NET DEBT	**2,089.1**	**2,130.8**	**2,010.1**	***-3.8%***	***-5.7%***
Shareholders' Equity	**1,502.4**	**1,553.8**	**1,596.1**	***+6.2%***	***+2.7%***
Invested Capital	**3,591.5**	**3,684.6**	**3,606.2**	***+0.4%***	***-2.1%***

**Tax expense reflects the negative impact of the reassessment of deferred taxation:*
- recognition, in 2014, of a charge of €17.1m due to abolition of "Robin Hood Tax";
- recognition, in 2015, of a charge of €19.9m due to reduction in IRES rate from 2017 (2016 Stability Law).

2015 EBITDA and Key quantitative data

Innovation Efficiency acea Balanced risk profile

Environment

EBITDA main drivers

- Aria's plants: increase in volume of electricity sold +€3.8m
- Aquaser: +€1.7m
- Kyklos: shutdown of plant -€2.2m

(€m)	2014	2015	*% change*
EBITDA	**54.5**	**57.4**	***+5.3%***
Capex	**13.3**	**25.9**	***+94.7%***

Key quantitative data	2014	2015
Treatment and disposal ('000s of tonnes)	**774**	**765**
WTE electricity sold (GWh)	**249**	**265**

2015 EBITDA and Key quantitative data

Innovation Efficiency acea Balanced risk profile

Energy

EBITDA main drivers

Electricity production: +€0.4m
- ↓ *Fall in energy prices and reduced volumes*
- ↑ *Consolidation of photovoltaic business*

Electricity sales: -€4.1m
- ↓ *Recognition of non-recurring item*
- ↑ *Increased margin from enhanced protection market due to revised retail price*
- ↓ *Reduced margin from free market (lower volumes)*

(€m)	2014	2015	% change
EBITDA	**111.6**	**107.9**	***-3.3%***
Production	*33.8*	34.2	*+1.2%*
Sales	*77.8*	73.7	*-5.3%*
Capex	**19.7**	**30.6**	***+55.3%***

Key quantitative data	2014	2015
Total Electricity production (GWh)	**513**	**470**
Total Electricity sold (GWh)	**10,887**	**9,419**
Enhanced Protection Market	3,000	2,951
Free Market	7,887	6,468
Total Gas sold (Mmc)	**103**	**126**

2015 EBITDA and Key quantitative data

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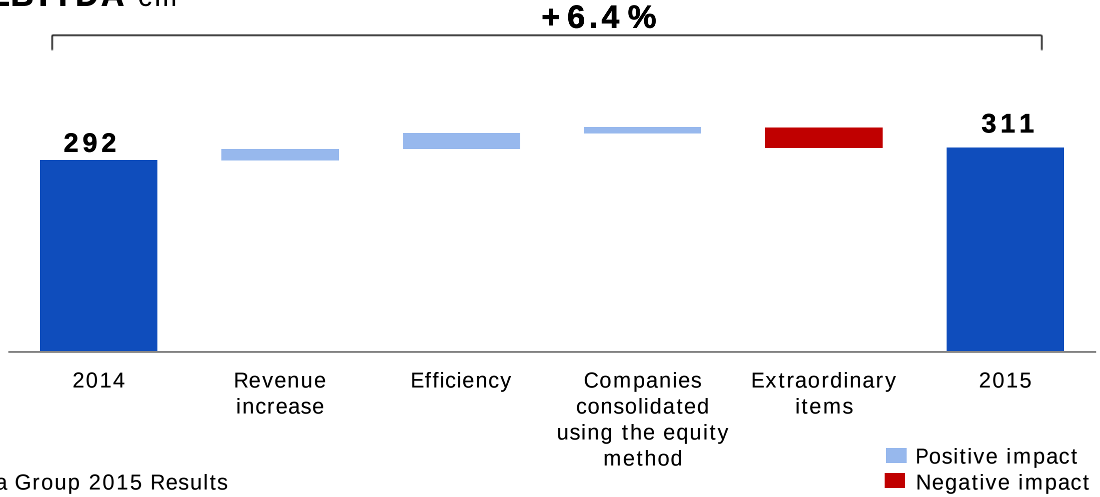
Water
EBITDA main drivers

- ⬆ Efficiency
- ⬆ Acea ATO2: tariff increase +€16.7m
- ⬆ Growth at companies consolidated using the equity method +€9.6m
- ⬆ Overseas water operations: +€0.4m
- ⬇ Recognition, in 2014, of non-recurring items by Acea Ato2 for adjustments

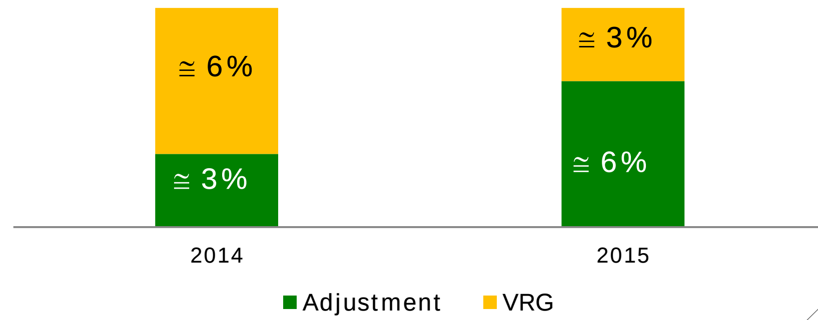
(€m)	2014	2015	% change
EBITDA	**292.2**	**310.8**	***+6.4%***
of which: Profit/(Loss) on investments consolidated under IFRS 11	*19.0*	*28.6*	*+50.5%*
Capex	**148.9**	**204.4**	***+37.3%***

Key quantitative data	2014	2015
Total volume of water sold (Mmc)	**540**	**527**

EBITDA €m



Tariff increase composition



2015 EBITDA and Key quantitative data

Innovation
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Balanced risk profile

Grids

EBITDA main drivers

- ↑ Operational efficiency and new technologies
- ↑ Acea Distribuzione margin increase
- ↑ Pubblic Lighting margin increase
- ↓ Deconsolidation of photovoltaic business

(€m)	2014	2015	% change
EBITDA	253.3	255.7	+0.9%
Capex	122.4	156.2	+27.6%

Key quantitative data	2014	2015
Total Electricity distributed (GWh)	10,294	10,557

Corporate

(€m)	2014	2015	*% change*
EBITDA	6.1	0.2	*n.s.*
Capex	14.2	11.8	*-16.9%*

Regulatory framework

Water regulatory framework

RESOLUTION 664/2015
"Approval of the Water Tariff Regime for the second regulatory period MTI-2"
28 December 2015

On 28 December of last year, the AEEGSI approved its Final Resolution (664/2015), setting out the Water Tariff Regime for the second regulatory period (2016-2019).

The applicable regulations are broadly based on a matrix chart with 6 different quadrants relating to: the ratio of required capex to the value of existing infrastructure; eventual changes in the operator's objectives or operations (consolidation, significant improvements in service quality); the value of the operator's opex per inhabitant served compared with the estimated average opex for the sector as a whole in 2014.

Key points in the Resolution are set out below:

- The **duration of the regulatory period** has been set at **four years**, with **biennial revision** of the RAB and of controllable opex. The cost of debt and tax expense may be reviewed every two years in the event of "significant changes".
- There is **further support for the consolidation process**, allowing for tariffs to be standardised in the event of a combination of operators holding concessions for different areas.
- A **system of quality performance rewards and penalties has been introduced**. The **reward component is excluded from any tariff caps**.
- **Application of a tariff multiplier has been confirmed.**
- The **"sharing" mechanism has been confirmed**, based on a matrix that penalises the least efficient operators.
- The mechanism for allowing for a portion of **late payment costs** has been defined (80% of the costs effectively incurred by operators), taking into account the varying impact of this problem throughout the country (**North: 2.1% of turnover; Central: 3.8% of turnover; South: 7.1% of turnover**) and providing incentives for the adoption of efficient credit management solutions.
- The **"ψ"** parameter, on which determination of the component intended to pre-finance the cost of new investment (FNI), may be selected within a range of **0.4-0.8**.
- The **distinction between non-controllable and controllable opex has been retained**. **Costs linked to the integration of operations and/or significant improvements in service quality are also allowed for**.
- The **cost of debt** has been set at **2.8%** (compared with 2% for the electricity sector).
- The **ERP** (Equity Risk Premium) is **4%** (compared with 5.5% for the electricity sector).
- The real **RF** (Risk Free) rate is **0.5%**, determined on the basis of yields on 10-year euro area government bonds with ratings of at least "AA" (in line with the electricity sector).
- The **WRP** (Water Risk Premium) is **1.5%** (compared with a CRP – Country Risk Premium – of 1% used in the electricity sector).
- The 1% time-lag for capex has been confirmed.

Based on the provisions in the Resolution, the WACC for the Water sector is 5.34% (compared with 6.1% for the regulatory period 2014-2015 and 6.4% for the period 2012-2013).

Electricity Distribution regulatory framework

Innovation Efficiency Balanced risk profile

RESOLUTION 654/2015 and 583/2015

"Tariff regulation for the supply of electricity transmission, distribution and metering services in the regulatory period 2016-2023" (December, 2015)

"Rate of return on capital invested in infrastructure services in the electricity and gas sectors: criteria for determination and revision" (December, 2015)

The Regulator has extended the **duration of the regulatory period to eight years**, dividing it into two sub-periods, each lasting four years. In the second sub-period (**2020-2023**), a **Totex**-based approach will be introduced.

Key points in the Resolution are set out below:

- **Opex** based on **2014 figures**.
- Equal allocation of productivity improvements **(sharing)** among users and operators (**50%-50%**).
- **Greater selectivity applied to capex**, with particular attention paid to **service quality**.
- A **reduction** in the **time-lag** from 2 to **1 year**.
- Confirmation of the determination of **net working capital** with reference to parameters based on net fixed assets, applying a **lower percentage** than the one applied in previous regulatory periods.

GAS GRIDS

The **WACC** is fixed for **two years (2016-2017) for the transmission service** and for **three years (2016-2018) for gas distribution and storage**:

Gas transmission: 5.4% (compared with the previous 6.3%);

Gas distribution: 6.1% (compared with the previous 6.9%);

Storage: 6.5% (compared with the previous 6.0%).

ELECTRICITY GRIDS

The **WACC** is fixed for **three years (2016-2018) for the electricity transmission and distribution**

Electricity transmission: 5.3% (compared with the previous 6.3%)

Electricity distribution: 5.6% (compared with the previous 6.4%)

Main assumptions

Main assumptions

Main assumptions		2015	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan
Exchange	$/€	1.110	1.119	1.031	1.082	1.180	1.220
Brent	$/Bbl	52.4	53.6	61.8	66.9	69.0	75.0
PUN	€/MWh	52.3	47.7	45.8	46.8	47.6	48.6
Green certificates	€/MWh	100.1	102.0	104.7	103.9	103.3	102.5
EU-ETS	€/tons of CO2	7.7	10.8	10.3	12.2	13.3	14.5
CIP6	€/MWh	224.6	217.9	225.6	227.0	224.4	226.8

Sensitivity analysis on key drivers

Sensitivity to oil prices
(dollar per barrel impact in €m on Group EBITDA)

+1$/Barrel → GROUP EBITDA **0.14€m**

Sensitivity to PUN prices
(impact in €m on Group EBITDA)

+1€/MWh → GROUP EBITDA **0.7€m**

A LOW EXPOSURE TO MACRO VARIABLES BUILT UP BY RISK ADVERSE STRATEGIES

Environmental sustainability

Environmental sustainability

Innovation Efficiency acea Balanced risk profile

Benchmark, Index, Assessment: positive evaluations of Acea's sustainability performances

ACEA – SUSTAINABILITY

Acea is assessed by leading analysts, rating Agencies and ESG asset managers:

- **Oekom Research**
- **Vigeo**
- **KeplerCheuvreux**
- **Forum Ethibel**
- **Kempen SNS**

Environmental sustainability

GOVERNANCE

- Acea has more **women** on its **Board of Directors** than any other **listed** company (44%)
- **Acea SpA's Chairwoman** has the authority to oversee activities and corporate processes relating to aspects of environmental impact and social sustainability
- The **Sustainability Report** is **published** with the **Annual Report**
- The **Sustainability Plan for 2016-2020** is being prepared
- **Acea's Ethics Committee** – consisting of 3 Directors and 2 external members – **promotes and oversees application of** the Group's **Code of Ethics**, art. 7 of which focuses on Sustainability

SOCIAL

- Acea has **financed and supported** around **800 projects** presented by members of the public and associations from **Rome's district councils**
- The **ELENA** (Experimenting Flexible Labour Tools for Enterprises by Engaging Men And Women) project is part of the European REC (Rights, Equality and Citizenship) programme, which aims to trial **flexible forms of labour** designed to improve the work-life balance
- Long-standing relationships with **suppliers** in order to establish **lasting partnerships**

ENVIRONMENTAL

- **Satellite monitoring** used to protect **drinking water sources**
- **78%** of the electricity generated is produced from **renewable sources** (613 GWh out of 783 GWh)
- **Low carbon footprint** for the water distribution system (0.41 kg of CO_2/m^3)
- Composting as a means of promoting a **circular economy**
- **AReti** has a major Italian presence in **smart grids** and **LED lighting**
- **RoMA** (Resilience enhancement of Metropolitan Areas) project – advanced models for services and the management and experimentation of **new forms of interaction** between citizens and the public sector in critical situations

Environmental sustainability

Innovation · Efficiency · acea · Balanced risk profile

Global Compact Network Italia

Acea is engaged on CSR also through its COP (Communication on Progress) promoted by ***Global Compact Network****. From 2014 the Acea COP qualifies for* ***Advanced*** *level - only* ***12 Italian Companies.***

CDP DRIVING SUSTAINABLE ECONOMIES

CDP Climate Change Report 2015, Italian Edition
Revealing the Italian corporate strategy in managing Climate Change themes
Written on behalf of 822 institutional investors with US$95 trillions in assets

The last Acea ranking (99 B) represents a high level of transparency in the communication of practices adopted to combat ***climate change*** *and the ability to limit the* ***carbon footprint*** *of processes. In the Utilities sector, in which seven enterprises are represented, Acea achieved the* ***third best evaluation****, behind Enel and Snam.*

Organization	Answer: Public/ Not Public	Final Score
Utilities		
A2A	Public	96C
ACEA SpA	Public	99B
Enel Green Power SpA	SA	N/A
ENEL SpA	Public	100B
Hera	Public	98B
Iren SpA	Public	97C
Snam S.P.A	Public	100B
Terna	Public	96C

Acea signs up to the UN's Global Compact from 2007, committing to integrate the ten principles regarding human rights and labour, environmental protection and efforts to combat corruption into its strategic vision and organisational culture and to support the UN's wider Sustainable Development Goals. Through its Communications on Progress (COPs), Acea informs stakeholders about the activities carried out and the results achieved. From 2014, Acea's COPs have been classified as **Advanced**, in that they go beyond the basic requirements. There are 1,735 companies in the world out of 20,540 classified as Advanced, including **12 in Italy**.

The **Carbon Disclosure Project** (**CDP**), the organisation that assesses corporate disclosure regarding climate change and water, has ranked Acea as **99B**, indicating a high degree of transparency in its communication of the measures adopted to combat climate change and its ability to limit greenhouse gas emissions. Acea is the **third best performer among Italian utilities after Enel and Snam.**

Environmental sustainability

Coming soon: next challenges concerning Sustainability

2016
Corporate Governance Code for Listed Companies and application of corporate social responsibility principles

2017
EU Directive 95/2014 as regards disclosure of non-financial and diversity information

Acea is ready to comply with upcoming disclosure obligations and grasp the opportunities arising from the strategic management of aspects of ESG in its operations, to ensure the ***sustainable creation of shared value***

Disclaimer

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT REFLECT THE COMPANY'S MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL AND OPERATIONAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES.

THESE FORWARD-LOOKING STATEMENTS ARE BASED ON ACEA S.P.A.'S CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. BECAUSE THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES, ACTUAL FUTURE RESULTS OR PERFORMANCE MAY MATERIALLY DIFFER FROM THOSE EXPRESSED THEREIN OR IMPLIED THEREBY DUE TO ANY NUMBER OF DIFFERENT FACTORS, MANY OF WHICH ARE BEYOND THE ABILITY OF ACEA S.P.A. TO CONTROL OR ESTIMATE PRECISELY, INCLUDING CHANGES IN THE REGULATORY FRAMEWORK, FUTURE MARKET DEVELOPMENTS, FLUCTUATIONS IN THE PRICE AND AVAILABILITY OF FUEL AND OTHER RISKS.

YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, WHICH ARE MADE ONLY AS OF THE DATE OF THIS PRESENTATION. ACEA S.P.A. DOES NOT UNDERTAKE ANY OBLIGATION TO PUBLICLY RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS PRESENTATION.

THIS PRESENTATION DOES NOT CONSTITUTE A RECOMMENDATION REGARDING THE SECURITIES OF THE COMPANY.

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PURSUANT TO ART. 154-BIS, PAR. 2, OF THE LEGISLATIVE DECREE N. 58 OF FEBRUARY 24, 1998, THE EXECUTIVE IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AT ACEA, DEMETRIO MAURO – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.