



**acea**  
***9M 2017 Results***

## 9M 2017 RESULTS

- The 9M 2017 results are in line with expectations and show growth across all adjusted performance indicators:
  - **EBITDA** €626m +10%
  - **EBIT** €320m +6%
  - **Net profit** €173m +16%

## 2017 GUIDANCE

- **Guidance confirmed** in terms of:
  - **EBITDA 2017 +4%/+6%** versus adjusted figure for 2016 (€785m)
  - **Investment in line with 2016** (when the figure was €530m)
  - **Net debt approx. €2.4bn** excluding external/exceptional events («split payment», exposure to GALA and ATAC)

## «WATER EMERGENCY»

- The city of Rome experienced a serious «water emergency» in 3Q 2017.
- Between mid-July and the end of August, Acea inspected the city's entire water network (5,400 km) and carried out approx. 2,300 repairs.  
The **leakage rate has fallen from approx. 45% to almost 37%**
- Under normal conditions, the flow rate for the water supplied to Rome is 17 m<sup>2</sup> per sec.  
Acea has ensured continuity of service despite the drought reducing water flow by approx. 2 m<sup>2</sup> per sec.

## BUSINESS PLAN 2018-2022

- Acea is working on a **radically new** Business Plan, based on the following pillars: business growth linked to major infrastructure investment (above all in our regulated businesses); closer relationships with our local stakeholders; technological developments, focusing on innovation, quality of service and operational efficiency.
- The Business Plan will be submitted for approval by the Board on 28 November this year and then presented to the financial community.

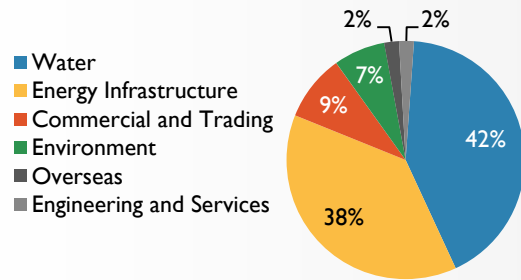
| (€m)                           | 9M 2017      | 9M 2016      | % change     | 9M 2017<br>adjusted* | 9M 2016<br>adjusted* | % change      |
|--------------------------------|--------------|--------------|--------------|----------------------|----------------------|---------------|
|                                | a            | b            | a/b          | c                    | d                    | c/d           |
| <b>Consolidated revenue</b>    | 2,037.9      | 2,047.5      | -0.5%        | <b>2,037.9</b>       | <b>1,971.0</b>       | <b>+3.4%</b>  |
| <b>EBITDA</b>                  | 625.8        | 646.1        | -3.1%        | <b>625.8</b>         | <b>569.6</b>         | <b>+9.9%</b>  |
| <b>EBIT</b>                    | 291.3        | 378.1        | -23.0%       | <b>319.5</b>         | <b>301.6</b>         | <b>+5.9%</b>  |
| <b>Group net profit/(loss)</b> | 152.6        | 200.9        | -24.0%       | <b>173.4</b>         | <b>149.4</b>         | <b>+16.1%</b> |
| <b>Capex</b>                   | <b>368.9</b> | <b>346.8</b> | <b>+6.4%</b> |                      |                      |               |

\* The adjusted results do not include :

- **for 2017, the negative impact – amounting to approx. €28m** before tax – resulting from:
  - the sentence restoring ownership of a property that houses a car park for company vehicles (€9.5m)
  - the reduction in the amount due to Areti from GALA (€12.8m)
  - the reduction in the amount due from ATAC (€6.0m)
- **for 2016, the positive impact (€76.5m)** before tax of elimination of the regulatory lag

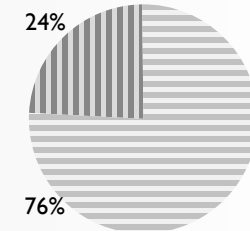
| (€m)                       | 30 Sept 2017<br>(a) | 31 Dec 2016<br>(b) | 30 Sept 2016<br>(c) | % change<br>(a/b) | % change<br>(a/c) |
|----------------------------|---------------------|--------------------|---------------------|-------------------|-------------------|
| <b>Net Debt</b>            | <b>2,487.3</b>      | 2,126.9            | 2,138.7             | <b>+16.9%</b>     | <b>+16.3%</b>     |
| <b>Adjusted Net Debt**</b> | <b>2,428.3</b>      | 2,126.9            | 2,138.7             | <b>+14.2%</b>     | <b>+13.5%</b>     |
| <b>Invested Capital</b>    | <b>4,279.9</b>      | 3,884.9            | 3,820.8             | <b>+10.2%</b>     | <b>+12.0%</b>     |

\*\* Adjusted net debt for 2017 does not include the overall impact, amounting to €59m, of the reduction in amounts due from GALA (€30m) and ATAC (€6m), and the impact of split payment (€23m).

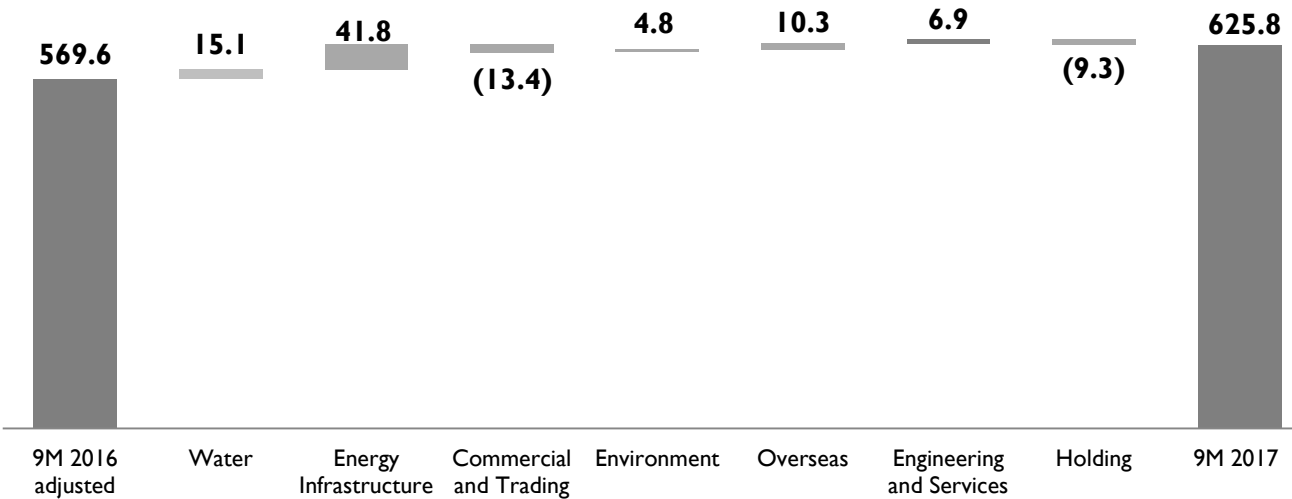


## 9M 2017 EBITDA

■ EBITDA from unregulated businesses  
 ■ EBITDA from regulated businesses



## EBITDA (€m)



## Change in scope of consolidation versus 9M 2016

| 9M 2017 EBITDA (€m)  | 12.3  |
|----------------------|-------|
| • Acque Industriali  | 0.2   |
| • GEAL               | 0.8   |
| • TWS                | 2.2   |
| • Aguas de San Pedro | 9.2   |
| • Acea Gori Servizi  | (0.1) |

| Net Debt          |      |
|-------------------|------|
| 30 Sept 2017 (€m) | 10.4 |

# EBITDA and Key quantitative data

## 9M 2017 financial highlights



### Water

EBITDA main drivers

- Acea ATO2: +€18.8m
- Acea ATO5: +€0.8m
- Change in scope of consolidation
- Companies consolidated using equity method -€3.1m

| (€m)   | 9M 17        | 9M 16<br>pro-forma | % change      | Key quantitative data                              | 9M 17      | 9M 16<br>pro-forma |
|--|--------------|--------------------|---------------|--|------------|--------------------|
| <b>EBITDA</b>  | <b>264.0</b> | <b>248.9</b>       | <b>+6.1%</b>  | <b>Total volume of water sold (Mm<sup>3</sup>)</b> | <b>316</b> | <b>316</b>         |
| <i>of which: Profit/(Loss) on investments consolidated under IFRS 11</i> | <i>16.0</i>  | <i>19.1</i>        | <i>-16.2%</i> | <b>Sludge disposed of (Ktons)</b>                  | <b>107</b> | <b>129</b>         |
| <b>Capex*</b>  | <b>183.7</b> | <b>149.2</b>       | <b>+23.1%</b> |  |            |                    |

|                                    | 9M 17        | 9M 16<br>pro-forma | Change     |
|------------------------------------|--------------|--------------------|------------|
| <b>Average number of employees</b> | <b>1,785</b> | <b>1,818</b>       | <b>-33</b> |

\* This is primarily a question of non-routine maintenance and the upgrade, modernisation and expansion of the water and sewerage network and treatment plants, including initiatives designed to ease water supply pressures

# EBITDA and Key quantitative data

## 9M 2017 financial highlights



### Energy Infrastructure

EBITDA main drivers

- ↑ Distribution +€35.5m (adjusted)
- ↑ Generation +€4.4m (mainly to increase hydroelectric production)
- ↑ Public Lighting – LED plan launched in June 2016 (+€1.9 m)

| (€m)              | 9M 17<br>(a) | 9M 16<br>pro-forma (b) | 9M 16<br>adjusted*(c) | %change<br>(a/b) | %change<br>(a/c) | Key quantitative data                      | 9M 17        | 9M 16<br>pro-forma |
|-------------------|--------------|------------------------|-----------------------|------------------|------------------|--|--------------|--------------------|
| <b>EBITDA</b>     | <b>239.0</b> | <b>273.7</b>           | <b>197.2</b>          | <b>-12.7%</b>    | <b>+21.2%</b>    | <b>Total electricity distributed (GWh)</b> | <b>7,604</b> | <b>7,594</b>       |
| - Distribution    | 207.8        | 248.8                  | 172.3                 | -16.5%           | +20.6%           | <b>Number of end users ('000s)</b>         | <b>1,629</b> | <b>1,621</b>       |
| - Generation      | 28.5         | 24.1                   | 24.1                  | +18.3%           | +18.3%           | <b>Total electricity produced (GWh)</b>    | <b>324</b>   | <b>308</b>         |
| - Public Lighting | 2.7          | 0.8                    | 0.8                   | n/s              | n/s              |  |              |                    |
| <b>Capex</b>      | <b>148.5</b> | <b>142.2</b>           |                       | <b>+4.4%</b>     |                  |  |              |                    |

|                                    | 9M 17        | 9M 16<br>pro-forma | Change     |
|------------------------------------|--------------|--------------------|------------|
| <b>Average number of employees</b> | <b>1,365</b> | <b>1,395</b>       | <b>-30</b> |

\*After adjusting for the positive impact of elimination of the regulatory lag (€76.5m)

# EBITDA and Key quantitative data

## 9M 2017 financial highlights



### Commercial and Trading

EBITDA main drivers

↓ Recognition, in Q2 2016, of additional revenue of approximately €10m linked to impact of the contract, entered into in March 2016, for the commercialisation of smart meters.

↓ Sales activity: margin decrease

| (€m)                               | 9M 17       | 9M 16<br>pro-forma | % change       | Key quantitative data                  | 9M 17        | 9M 16<br>pro-forma |
|------------------------------------|-------------|--------------------|----------------|--|--------------|--------------------|
| <b>EBITDA</b>                      | <b>57.6</b> | <b>71.0</b>        | <b>-18.9%*</b> | <b>Total Electricity sold (GWh)</b>    | <b>5,179</b> | <b>6,271</b>       |
|                                    |             |                    |                | <i>Enhanced Protection Market</i>      | 1,984        | 2,036              |
|                                    |             |                    |                | <i>Free Market</i>                     | 3,195        | 4,235              |
| <b>Capex</b>                       | <b>11.2</b> | <b>17.1</b>        | <b>-34.5%</b>  | <b>Number of electricity customers</b> | <b>1,221</b> | <b>1,238</b>       |
|                                    |             |                    |                | ('000s)                                |              |                    |
|                                    |             |                    |                | <i>Enhanced Protection Market</i>      | 904          | 946                |
|                                    |             |                    |                | <i>Free Market</i>                     | 317          | 292                |
| <b>Average number of employees</b> | <b>474</b>  | <b>474</b>         | <b>-</b>       | <b>Total Gas sold (Mm<sup>3</sup>)</b> | <b>65</b>    | <b>77</b>          |
|                                    |             |                    |                | <b>Number of gas customers ('000s)</b> | <b>167</b>   | <b>148</b>         |

\* EBITDA for 9M 2017 is down by approx. 6% compared with 9M 2016 which does not include revenue linked to impact of contract for the commercialisation of smart meters

# EBITDA and Key quantitative data

## 9M 2017 financial highlights



### Environment

EBITDA main drivers

- ↑ Greater quantity of electricity sold by the San Vittore plant
- ↑ Aprilia composting plant fully operational.
- ↑ Change in scope of consolidation (Acque Industriali and Iseco)

| (€m)                               | 9M 17        | 9M 16        | % change      | Key quantitative data                               | 9M 17      | 9M 16      |
|------------------------------------|--------------|--------------|---------------|---|------------|------------|
| <b>EBITDA</b>                      | <b>46.8</b>  | <b>42.0</b>  | <b>+11.4%</b> | <b>Treatment and disposal*</b><br>(‘000s of tonnes) | <b>819</b> | <b>607</b> |
| <b>Capex</b>                       | <b>11.9</b>  | <b>30.3</b>  | <b>-60.7%</b> | <b>WTE electricity produced (GWh)</b>               | <b>264</b> | <b>208</b> |
|                                    | <b>9M 17</b> | <b>9M 16</b> | <b>Change</b> |   |            |            |
| <b>Average number of employees</b> | <b>353</b>   | <b>236</b>   | <b>+117</b>   |   |            |            |

\*Includes ash disposed of



# EBITDA and Key quantitative data

## 9M 2017 financial highlights



**Overseas** ↑ Line-by-line consolidation Aguas de San Pedro: +€9.2m

EBITDA main drivers

| (€m)          | 9M 17       | 9M 16      | % change   |
|---------------|-------------|------------|------------|
| <b>EBITDA</b> | <b>11.1</b> | <b>0.8</b> | <i>n/s</i> |
| <b>Capex</b>  | <b>3.5</b>  | <b>0.4</b> | <i>n/s</i> |

|                                    | 9M 17      | 9M 16      | Change      |
|------------------------------------|------------|------------|-------------|
| <b>Average number of employees</b> | <b>593</b> | <b>252</b> | <b>+341</b> |



**Engineering and Services**

EBITDA main drivers

- ↑ Revenue growth due to increased turnover
- ↑ Transfer of Facility Management services from Acea
- ↑ Line-by-line consolidation of TWS

| (€m)          | 9M 17       | 9M 16      | % change      |
|---------------|-------------|------------|---------------|
| <b>EBITDA</b> | <b>14.6</b> | <b>7.7</b> | <b>+89.6%</b> |
| <b>Capex</b>  | <b>0.5</b>  | <b>0.8</b> | <b>-37.5%</b> |

|                                    | 9M 17      | 9M 16      | % change    |
|------------------------------------|------------|------------|-------------|
| <b>Average number of employees</b> | <b>317</b> | <b>171</b> | <b>+146</b> |



**Holding**

EBITDA main drivers

↓ Transfer of Facility Management services to Engineering and Services segment

| (€m)          | 9M 17       | 9M 16      | % change      |
|---------------|-------------|------------|---------------|
| <b>EBITDA</b> | <b>-7.3</b> | <b>2.0</b> | <i>n/s</i>    |
| <b>Capex</b>  | <b>9.6</b>  | <b>6.9</b> | <b>+39.1%</b> |

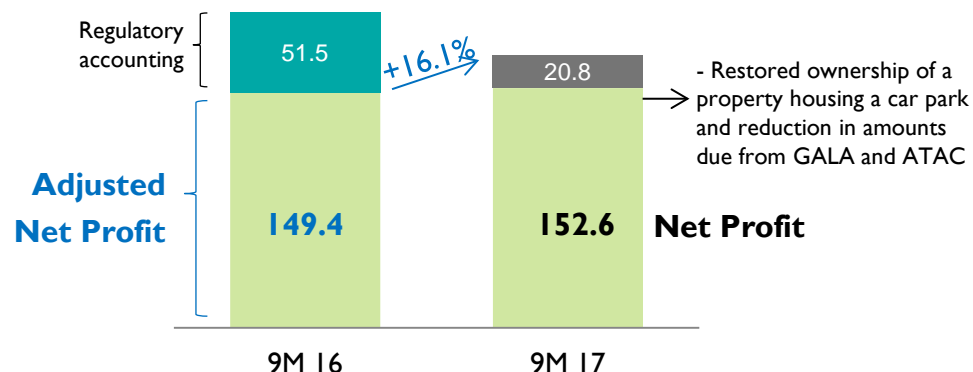
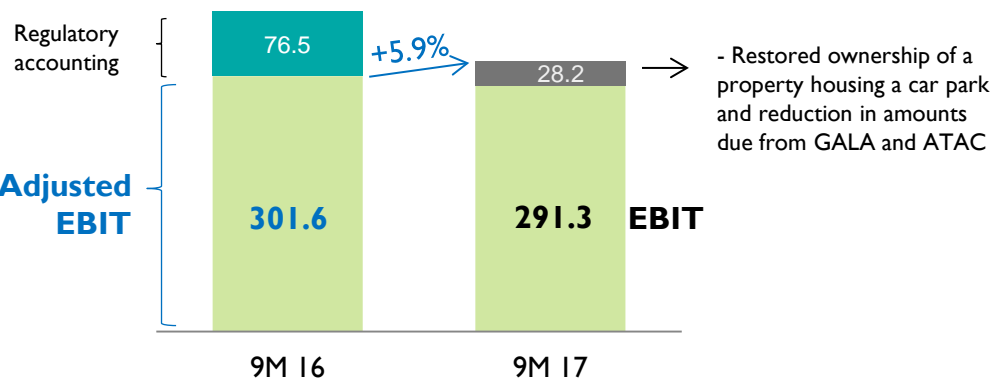
|                                    | 9M 17      | 9M 16      | % change   |
|------------------------------------|------------|------------|------------|
| <b>Average number of employees</b> | <b>587</b> | <b>625</b> | <b>-38</b> |

## EBIT (€m)

## NET PROFIT (€m)

**EBIT 378.1**      **319.5 Adjusted EBIT**

**Net Profit 200.9**      **173.4 Adjusted Net Profit**



|          |       |       |
|----------|-------|-------|
| TAX RATE | 34.5% | 32.7% |
|----------|-------|-------|

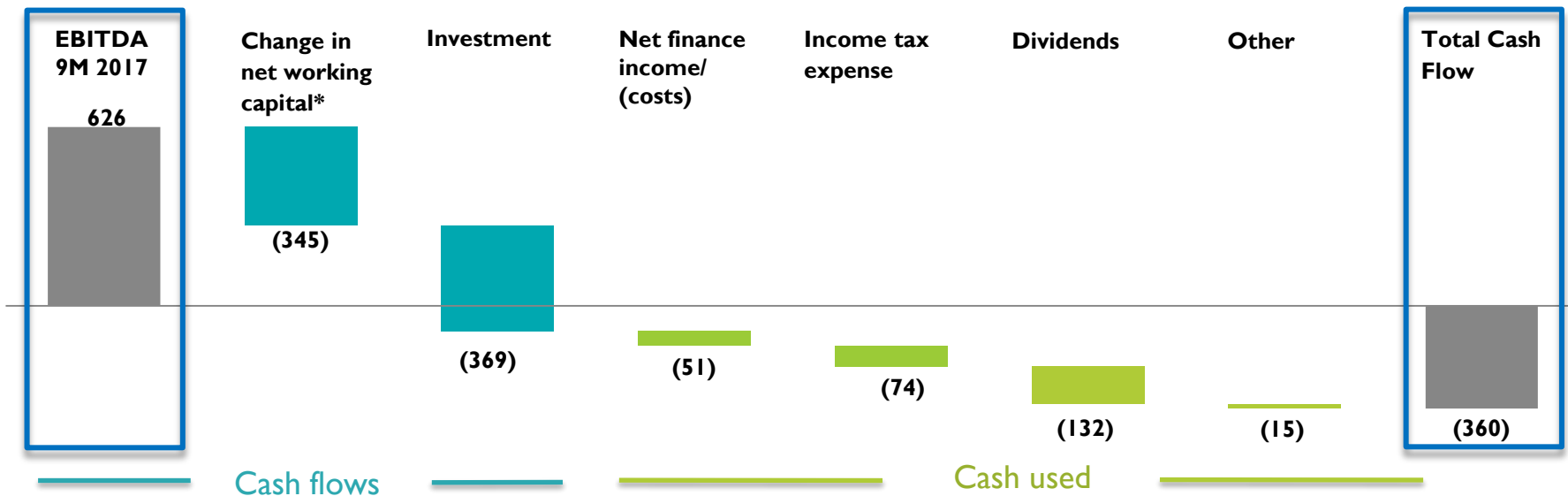
| (€m)         | 9M 17        | 9M 16        | % change      |
|--------------|--------------|--------------|---------------|
| Depreciation | 228.3        | 186.9        | +22.2%        |
| Write-offs   | 78.8         | 47.7         | +65.2%        |
| Provisions   | 27.5         | 33.4         | -17.7%        |
| <b>Total</b> | <b>334.6</b> | <b>268.0</b> | <b>+24.9%</b> |

✓ Higher depreciation due to increased capex and restored ownership of a property housing a car park

✓ Increased impairment losses on receivables in water segment and reduction in amounts due from GALA and ATAC

# Cash flow

| CASH FLOW ANALYSIS (€m)                | 9M 17        | 9M 16        |
|--|--------------|--------------|
| <b>EBITDA</b>                          | 626          | 646          |
| Change in net working capital          | (345)        | (182)        |
| Investment                             | (369)        | (349)        |
| <b>Free Cash Flow</b>                  | <b>(88)</b>  | <b>115</b>   |
| Net finance income/(costs)             | (51)         | (61)         |
| Income tax expense                     | (74)         | (51)         |
| Dividends                              | (132)        | (107)        |
| Other                                  | (15)         | (25)         |
| <b>Total Cash Flow</b>                 | <b>(360)</b> | <b>(129)</b> |
| <b>Net Debt at beginning of period</b> | <b>2,127</b> | <b>2,010</b> |
| <b>Net Debt at end of period</b>       | <b>2,487</b> | <b>2,139</b> |



\* Before impairment losses on receivables

| (€m)                      | 30 Sept. 2017<br>(a) | 31 Dec. 2016<br>(b) | 30 Sept. 2016<br>(c) | Change<br>(a-b) | Change<br>(a-c) |
|---------------------------|----------------------|---------------------|----------------------|-----------------|-----------------|
| <b>NET DEBT</b>           | <b>2,487.3</b>       | <b>2,126.9</b>      | <b>2,138.7</b>       | <b>360.4</b>    | <b>348.6</b>    |
| Medium/Long-term          | 2,475.9              | 2,743.1             | 2,609.6              | (267.2)         | (133.7)         |
| Short-term                | 11.4                 | (616.2)             | (470.9)              | 627.6           | 482.3           |
| <b>Adjusted NET DEBT*</b> | <b>2,428.3</b>       | <b>2,126.9</b>      | <b>2,138.7</b>       | <b>301.4</b>    | <b>289.6</b>    |

| NET DEBT/ EQUITY<br>30 Sept 2017 | NET DEBT/ EQUITY<br>31 Dec 2016 |
|----------------------------------|---------------------------------|
| <b>1.4x</b>                      | <b>1.2x</b>                     |

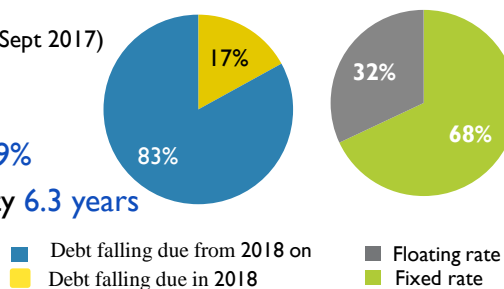
## Debt structure

(maturity and interest rates at 30 Sept 2017)

> Fixed rate **68%**

> Average overall cost **2.59%**

> Average term to maturity **6.3 years**



## Rating

FitchRatings

MOODY'S

**BBB+**

**Baa2**

Stable Outlook

Stable Outlook

\* Adjusted net debt for 2017 does not include the overall impact, amounting to €59m, of the reduction in amounts due from GALA and ATAC or the impact of split payment.

# Acea Group 9M 2017 Results



## Q&A session

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, GIUSEPPE GOLA – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.