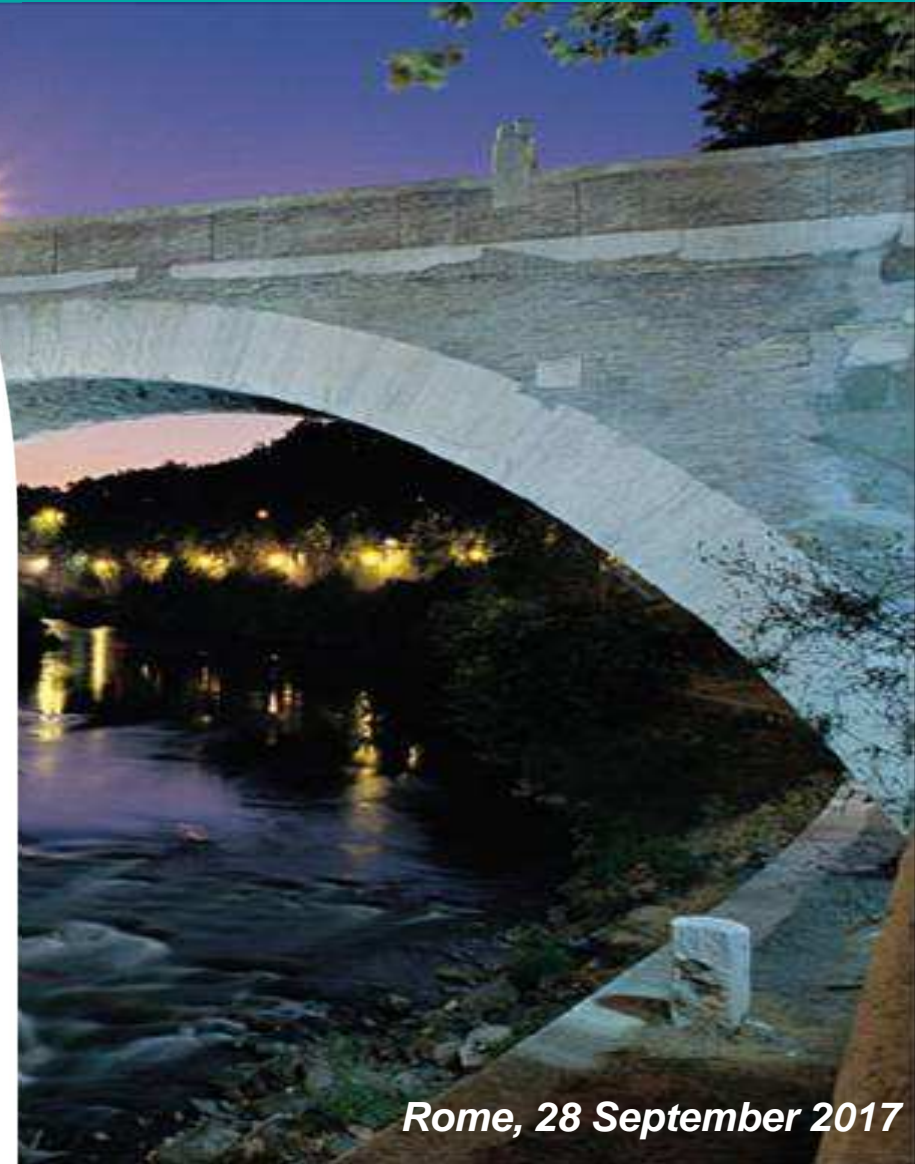


# Acea Group Presentation



*Rome, 28 September 2017*



# Strategic Guidelines 2018-2022

# Operating segments

## WATER

- **Integrated Water Service** in Italy

## ENERGY INFRASTRUCTURE

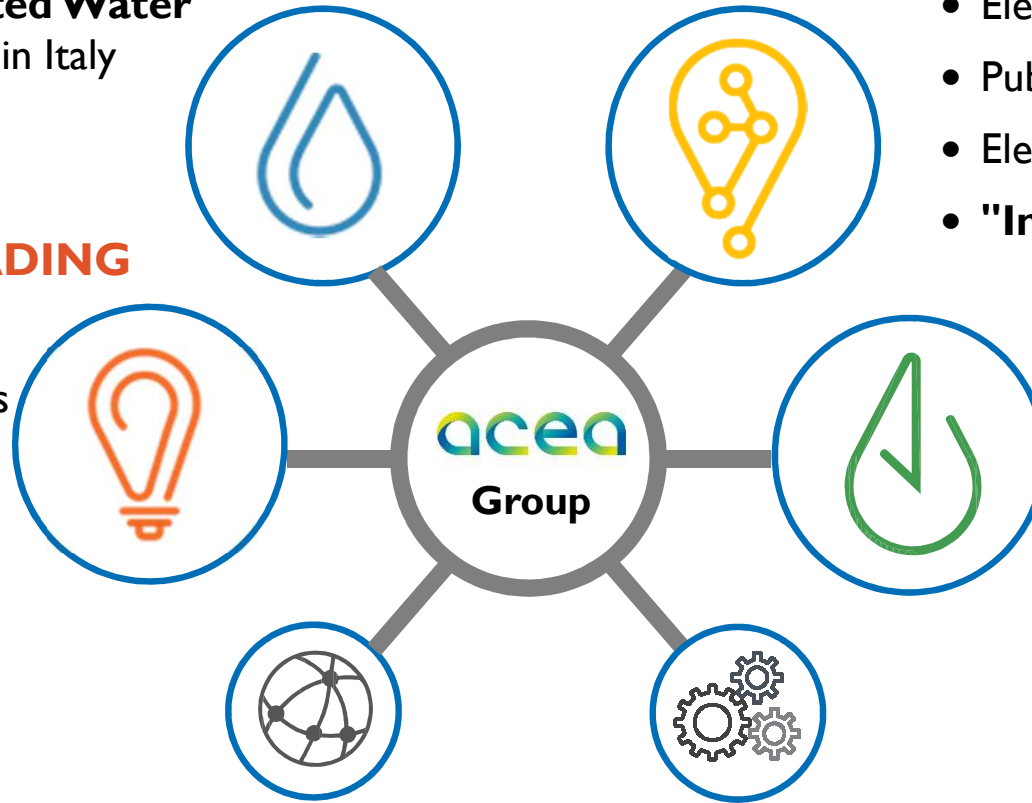
- Electricity **Distribution**
- Public **Lighting**
- Electricity **Generation**
- **"Industrial" Energy Efficiency**

## COMMERCIAL AND TRADING

- **Energy Management**
- **Sale** of Electricity and Gas
- **Energy Efficiency** for household customers

## ENVIRONMENT

- **Sludge** management
- **Waste** treatment, recovery, recycling and disposal



## OVERSEAS

- **Expansion** outside of Italy

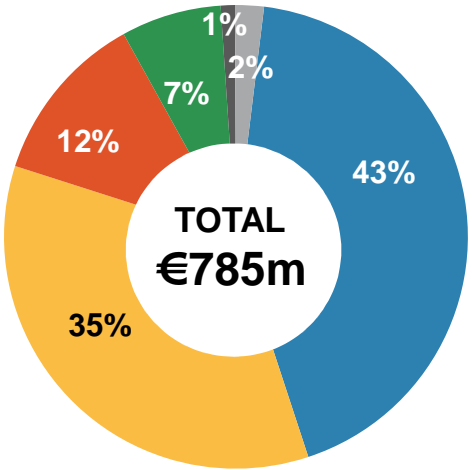
## ENGINEERING AND SERVICES

- **Laboratory testing**
- Internal **engineering & consultancy**

# ACEA Group's position

## EBITDA 2016\*

(€m)



**Regulated markets 80%**

-  Water
-  Energy Infrastructure
-  Commercial and Trading
-  Environment
-  Overseas
-  Engineering and Services

\* Approx. €896m including impact of accounting for electricity distribution (€111m)

## POSITION



**No. 1 in WATER SECTOR**



**No. 3 in ELECTRICITY DISTRIBUTION**



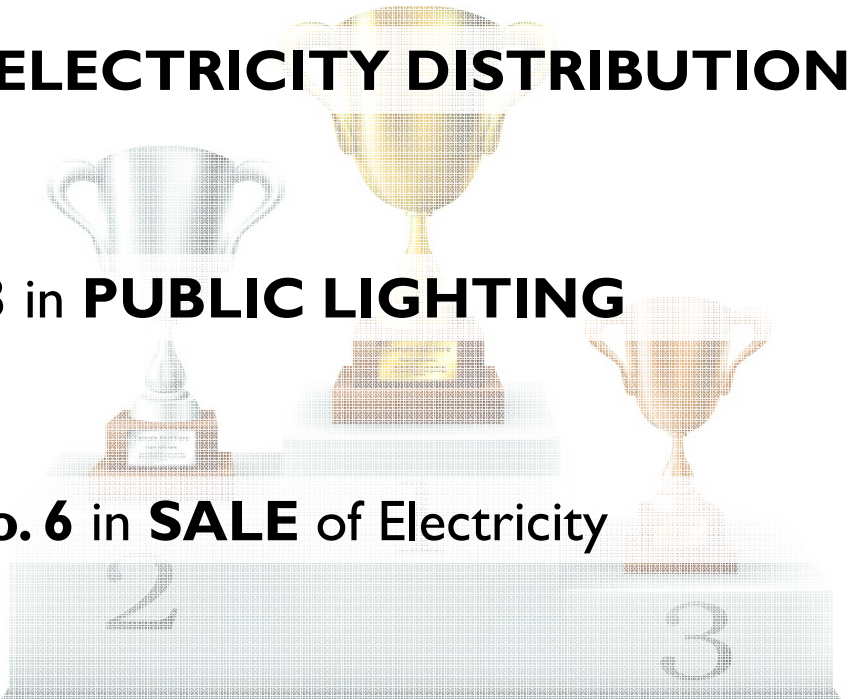
**No. 3 in PUBLIC LIGHTING**



**No. 6 in SALE of Electricity**



**No. 6 in WASTE sector**



# Pillars of the new Business Plan



## Growth



- **Infrastructure** development
- **Customer-oriented** and **service-based** approach

## Local focus



- **Sustainable** development
- **Dialogue** and **collaboration**

## Technology, Innovation and Quality



- Research & innovation applied to **industrial processes**
- Improved **customer experience**
- **Group-wide Innovation Strategy**

## Operational Efficiency



- **Capex discipline**
- **Operational improvements**
- **Supply chain** optimisation
- **Balanced** organisational model

## Organic growth

**Infrastructure** development to manage water emergency and network upgrade to ensure **sustainable use of this resource**



Extraordinary plan to **repair** aging **distribution network**



Development and refurbishment of **treatment plants** and clean-up of discharge systems



**Removal of obsolete meters** and installation of **smart meters**

## Basket of "extraordinary initiatives"



**Consolidation** in areas where Group is already present

- **Tuscany**
- **Lazio**
- **Umbria**
- ...



**Strengthening and enhancing security of supply** through one-off projects:

- Water purification
- Doubling size of infrastructure
- Identification of new sources
- ...

# Energy Infrastructure segment

## Organic growth



- **Upgrade of LV network** and installation of new meters (2G)



- Enablement of new services using **Roma Capitale's smart grid** (development of Major Smart Project)



## Basket of "extraordinary initiatives"



Entry strategy for energy **efficiency** and development of pilot projects for captive market (e.g. Water, Grids, etc.)



Development of **distributed generation** in local areas and development of flexibility services (Virtual Power Plant)



Entry into **Gas Distribution** market and other infrastructure businesses outside local area (e.g. Public Lighting)



Tactical assessment of **M&A** opportunities for **renewable plants** (e.g. Biomass)



# Commercial and Trading segment

## Organic growth



- **Growth of** retail customer base and new value proposition for **business customers**



- **Performance improvement** to cut costs to serve and boost efficiency of processes



- Development of **value added services (VAS)** as part of a **cross-selling** strategy (e.g. energy efficiency, info-energy services)

## Basket of “extraordinary initiatives”



Leading role in **consolidation in electricity market**, including M&A activity





# Environment segment

## Organic growth

**“Systemic” consolidation of waste treatment**

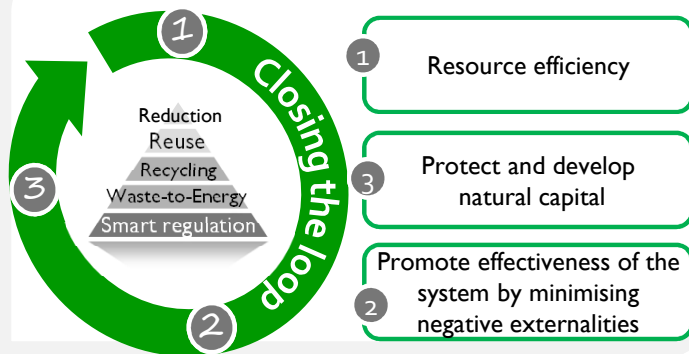


- Development of **composting plants** for captive processing of sludge and sorted waste (expected to increase)



- Growth of presence in treatment of multi-material waste, taking advantage of opportunities linked to:
  - trends and goals of the circular economy
  - related needs in local areas

### EU “Circular Economy” Directive



## Basket of “extraordinary initiatives”



Development and testing of **innovative technologies** for recovering materials



Assessment of **new strategic opportunities**

- Consolidation of “waste management” presence in central Italy
- Stronger presence in special waste management
- Development of biomass plants in collaboration with Energy Infrastructure business



# Overseas segment

## Organic growth



Expansion into **new geographical areas**

LATAM  
(Peru, Colombia, etc.)



MEDITERRANEAN  
(Balkans, North Africa, Middle East)



**Distinctive value proposition**

Consultancy & EPC



Service



Build, operate & transfer



Development of **“infrastructure” businesses**

Water Service



Electricity and Public Lighting networks



Waste



Renewable Generation (e.g. Hydro)



Development of **successful business model**



- Development & Origination
- Construction & Execution

## Basket of “extraordinary initiatives”



Strengthening of position through **acquisition of overseas operators**

Eastern Europe (Balkans)

Middle East (e.g. Iran)

North Africa (e.g. Libya)



Colombia

Peru

...



# Engineering and Services segment

## Organic growth



- **High-quality technical/specialist services** for other operating segments:
  - Design, project management, safety
  - Specialist services (e.g. studies, consultancy, etc.)
  - Laboratory testing



- Development of **advanced operating systems** for plant controls and modelling (IoT, Big Data, etc.)
  - For **routine** operations (preventive/predictive maintenance)
  - For identifying development needs and **planning investment**

## Basket of “extraordinary initiatives”



Sale of specialist and engineering **services** in the **market** (capped at 20% of turnover due to restrictions linked to “joint undertakings”)



# Economics and Debt Structure

# HI 2017 financial highlights

(€m)	HI 2016	HI 2017	% change	HI 2016	HI 2017	% change
	a	b	b/a	adjusted*	adjusted*	d/c
<b>Consolidated revenue</b>	1,386.7	1,372.5	-1.0%	<b>1,323.4</b>	<b>1,372.5</b>	<b>+3.7%</b>
<b>EBITDA</b>	443.7	414.1	-6.7%	<b>380.4</b>	<b>414.1</b>	<b>+8.9%</b>
<b>EBIT</b>	274.1	194.9	-28.9%	<b>210.8</b>	<b>213.9</b>	<b>+1.5%</b>
<b>Profit/(Loss) before tax</b>	232.3	164.4	-29.2%	<b>169.0</b>	<b>183.4</b>	<b>+8.5%</b>
<b>Group net profit/(loss) (before non-controlling interests)</b>	154.3	110.3	-28.5%	<b>111.6</b>	<b>124.3</b>	<b>+11.4%</b>
<b>Group net profit/(loss) (after non-controlling interests)</b>	149.5	103.5	-30.8%	<b>106.9</b>	<b>117.5</b>	<b>+9.9%</b>
<b>Capex</b>	<b>220.8</b>	<b>252.2</b>	<b>+14.2%</b>			

\* The adjusted results do not include:

**for HI 2017, the negative impact resulting from:**

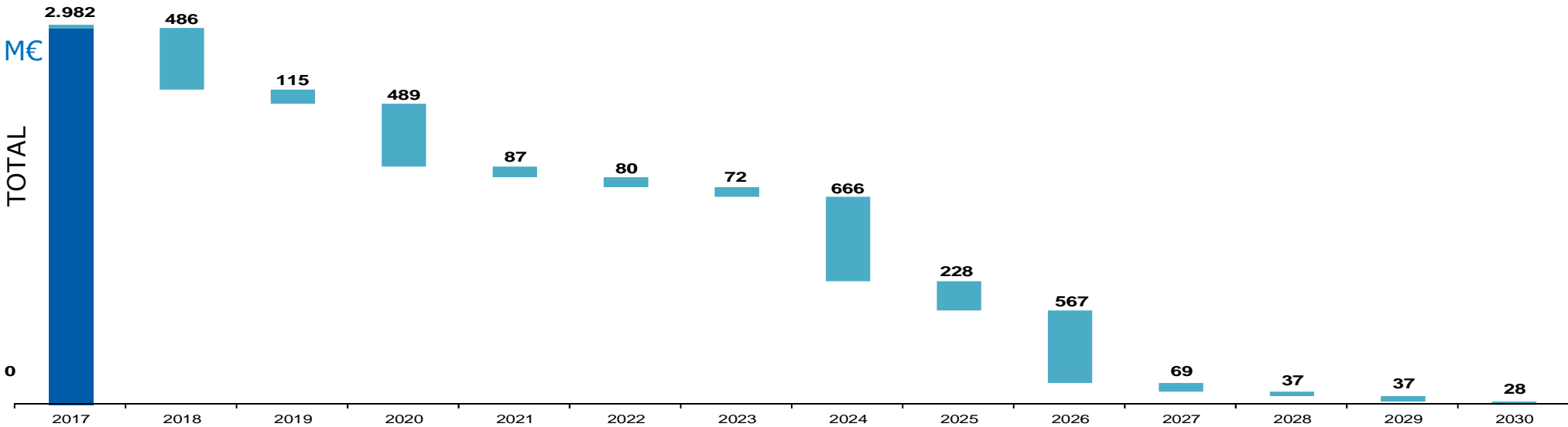
- restored ownership of a property that houses a car park for company vehicles (€9.5m);
- the provision for the reduction in the amount due to Areti from GALA (€9.5m).

**for HI 2016, the positive impact** (amounting to €63.3m before tax) of elimination of the regulatory lag.

(€m)	30 June 2016 (a)	31 Dec 2016 (b)	30 June 2017 (c)	% change (c/a)	% change (c/b)
<b>Net Debt</b>	2,131.9	2,126.9	<b>2,401.4</b>	<b>+12.6%</b>	<b>+12.9%</b>
<b>Adjusted Net Debt**</b>	2,131.9	2,126.9	<b>2,377.4</b>	<b>+11.5%</b>	<b>+11.8%</b>
<b>Equity</b>	1,631.4	1,757.9	<b>1,744.1</b>	<b>+6.9%</b>	<b>-0.8%</b>
<b>Invested Capital</b>	3,763.3	3,884.8	<b>4,145.5</b>	<b>+10.2%</b>	<b>+6.7%</b>

\*\* Adjusted net debt for 2017 does not include the impact of the reduced amount due from GALA.

# Financial Debt and Maturity Profile



NET DEBT/ EQUITY 31 Dec 2016	NET DEBT/ EQUITY 30 June 2017
1.2x	1.4x

### Debt structure

(maturity and interest rates at 30 June 2017)

- > Fixed rate 68%
- > Average overall cost 2.65%
- > Average term to maturity ~7 years

■ Debt falling due in 2017 (2%)  
■ Debt falling due from 2018 on (98%)  
■ Floating rate (32%)  
■ Fixed rate (68%)

### Rating

<b>FitchRatings</b>	<b>MOODY'S</b>
<b>BBB+</b>	<b>Baa2</b>
<i>Stable Outlook</i>	<i>Stable Outlook</i>

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.

\*\*\*

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.