

*Under review*

**Acea Group  
Business Plan 2019-2022**

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April 2020

The logo for Acea Group, featuring the word "aceea" in a lowercase, white, sans-serif font. The text is centered within a dark grey circular area that is part of a larger, stylized graphic on the left side of the page. This graphic consists of multiple concentric, overlapping arcs that create a sense of depth and movement, resembling a tunnel or a stylized 'A' shape. The arcs are composed of various patterns, including solid lines, dotted patterns, and horizontal bands.

# Agenda



**ACEA TODAY: Challenges of today and tomorrow**



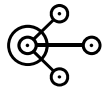
**BUSINESS PLAN 2019-2022**



**STRATEGY AND TARGETS**



**BUSINESS LINE HIGHLIGHTS**



**STRATEGIC OPPORTUNITIES**



**CLOSING REMARKS**



**ANNEX**

# Acea Today

## Leader in the multi-utility market



### Water

**1° Italian player**  
in the water supply sector

With **9 millions** customers served in Lazio, Tuscany, Umbria and Campania

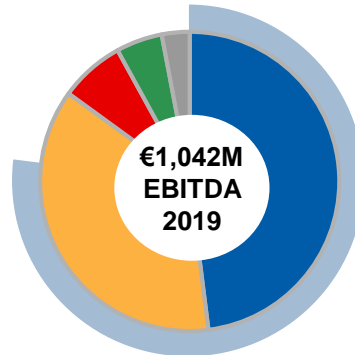


### Energy Infrastructure

**Among the leading** Italian players in the electricity distribution market

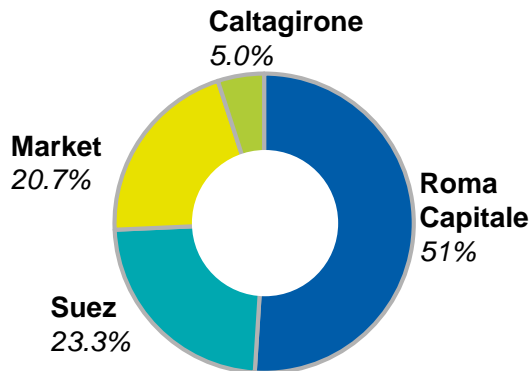
with **10 TWh** distributed electricity

### 2019 EBITDA



81% regulated

### Shareholder structure



Source: CONSOB March 2020



### Commercial & Trading

**Among the main** national players in the energy market

With **more than 6 TWh** of electricity sold



### Environment

**Leading** player in the Italian waste treatment sector

with **more than 1.2 million tons** waste treated/disposed

# Strategy and Targets

## Pillars of the Business Plan 2018-22 ...



Business Plan 2018-2022

### Industrial Growth

### Local focus & Sustainability

### Technology, Innovation and Quality

### Operational Efficiency

- **Infrastructural** development
- **Client-oriented** and **service-based** approach

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

- **Research & innovation** applied to **industrial processes**
- **Customer experience** improvement
- **Group-wide innovation strategy**

- **Capex discipline**
- **Operational improvement**
- **Supply chain optimization**
- **Balanced organizational model**

# Strategy and Targets - Strong and sustainable growth

**2020 GUIDANCE**

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EBITDA 2019 €1,042M → EBITDA 2020 +6%/+8%

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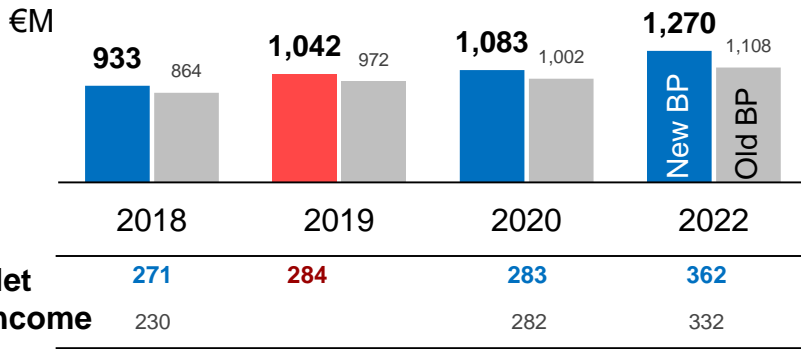
CAPEX broadly in line with 2019 and the Business Plan

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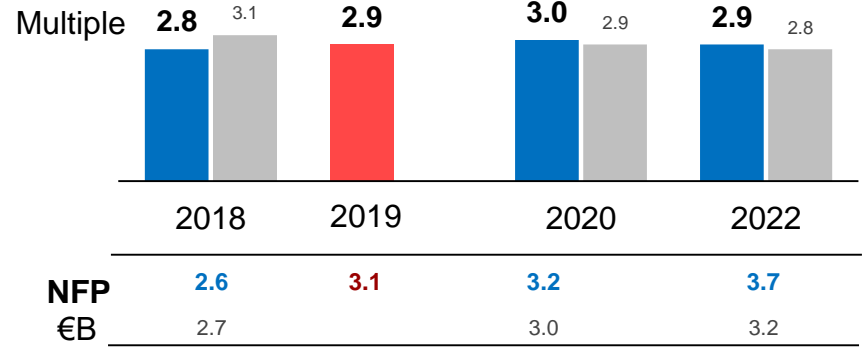
NET DEBT: €3.45B – €3.55B

pre-tax ROIC	2018	2020	2022
	11.0%	>10%	>11%

## EBITDA growth with +8.0% CAGR

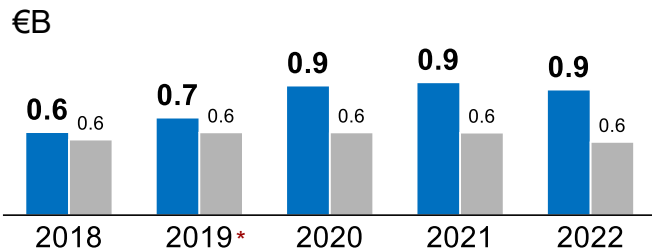


## NFP/EBITDA down to 2.9X



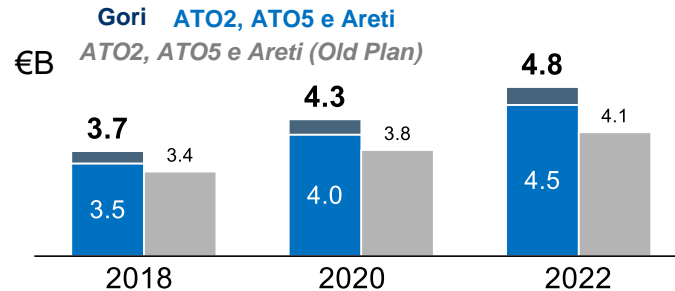
## CAPEX €4.0B

CAPEX old plan €3.1B

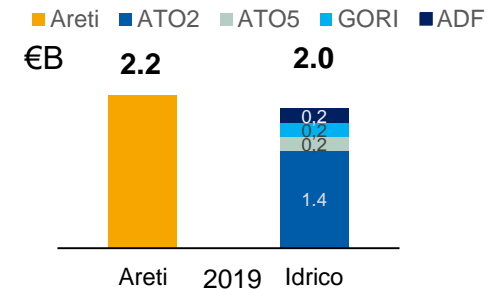


\*2019 capex actual €0.793 Billion

## RAB up ~30% by 2022

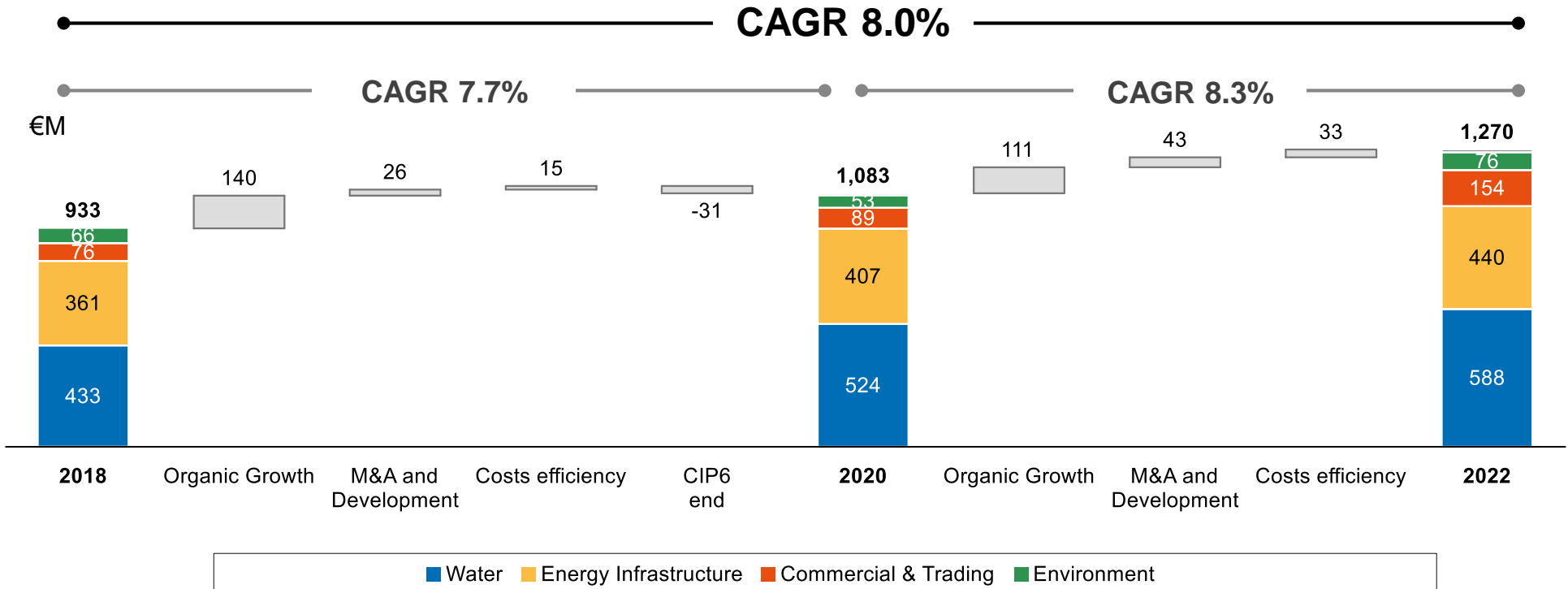


## RAB 2019



# Strategy and Targets

## Outperformed previous business plan EBITDA targets



*Performance improvement and cost efficiency + Generational turnover + Strengthening operations*



### Water

- Tariff increase due to investments (Peschiera / Marcio)
- Gori consolidation
- Pescara Gas



### Energy Infrastr.

- Tariff increase due to investments in Resilience
- Penalties cancellation for network losses
- PV development



### Comm. & Trading

- Commercial Boost
- Cost-to-serve reduction
- Delay of Maggior Tutela phase-out



### Environment

- Expansion of existing plants
- Development of new plants and M&A
- CIP6 incentive end

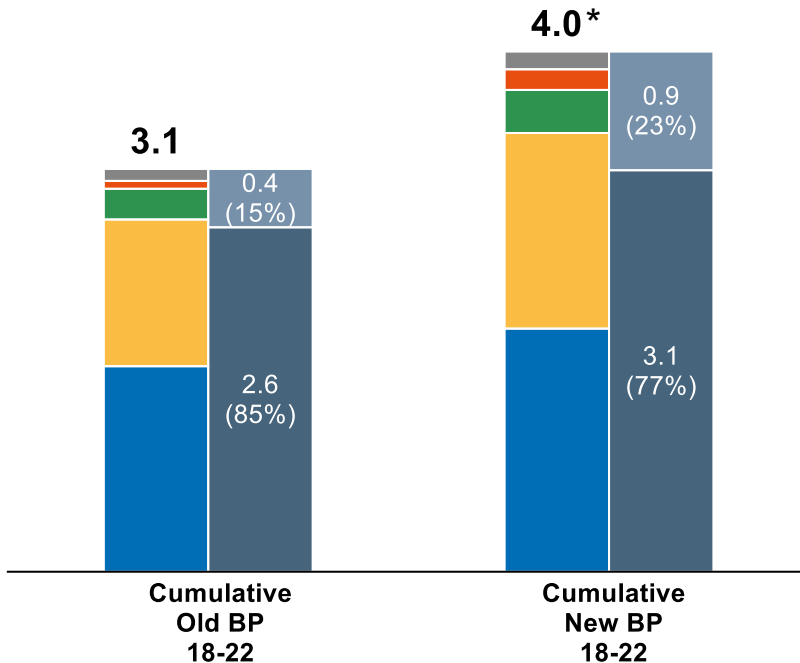
# Strategy and Targets

## Additional €900M investments

### Cumulative 2018-2022

€B

- Water
- Energy Infrastructure
- Comm. & Trading
- Environment
- Other



### Highlights

€M (approx.)



**+250**

**Gori consolidation and additional investments (Peschiera/Marcio)**



**+200**

**PV growth with M&A and greenfield developments**



**+250**

**Innovation, Resiliency and modernization related investments**



**+100**

**M&A Waste acceleration in a circular economy perspective**

\*of which €0.5B innovation and industry 4.0 (smart meter, network districtization, automated secondary cabins, etc.)

# Strategy and Targets


## Sustainability growth


Additional **€400M** sustainability-linked capex bring our Sustainability effort to **€1.7B overall**


	<b>+€100M</b> Peschiera & Marcio		<b>+€200M</b> PV development		<b>+€100M</b> Development / M&A circular economy
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### United Nations Sustainable Development Goals (SDGs)




 **CO<sub>2</sub> Reduction**  
*(Reduced losses, Purchase of Green Energy, Biogas Recovery)* **>200 kton**

 Recovering materials and energy in a **Circular Economy** perspective **+70%**

 **Green Energy** for internal use within the Group **500 GWh**

 Power Grid Risk index reduction due to **resiliency increase** **-10%**

 **Safety inspections** of maintenance contractors **+50%**



# Strategy and Targets

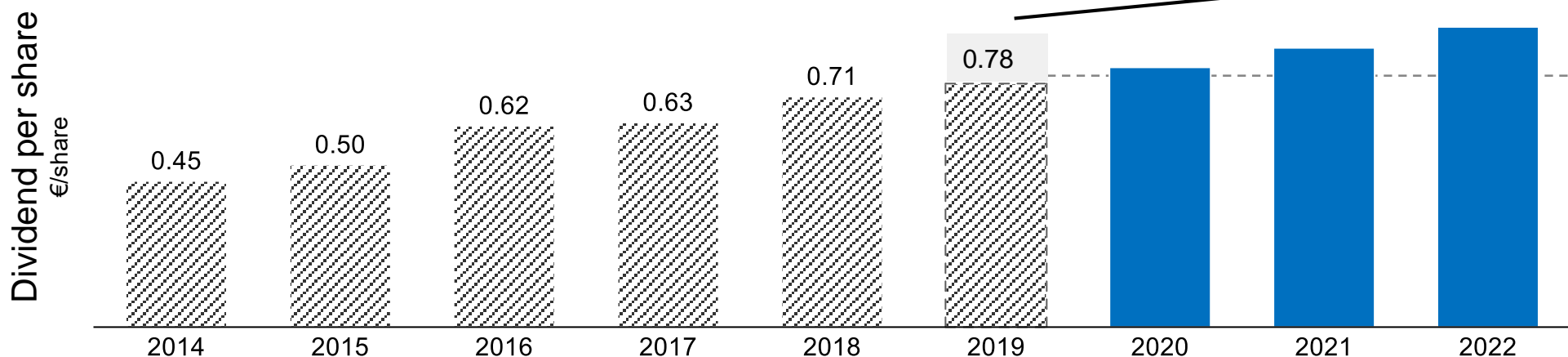
## Growing dividends vs previous business plan



**Growing**  
dividends vs old  
business plan

**€800M** of dividends  
throughout the plan,  
**+€100M** vs old  
business plan

**0.75 minimum**  
dividend per share  
from 2019\* dividend



\* The Board of Directors will propose at the Annual General Meeting a dividend per share of 0.78 euro.

# Strategy and Targets

## Financial strategy

**16 May 2019** - Placing of Euro 500 million bond under the EMTN Programm, 9 years, fixed rate 1.75%.

**July 2019** – EMTN programme ceiling increased to €4bn

**29 January 2020** - Placing of Euro 500 million bond under the EMTN Programm, 9 years, fixed rate 0.50%.

### Highlights

Working Capital

**Improved working capital** absorption (~€30M/year)

Rating

FitchRatings MOODY'S

**BBB+**

**Baa2**

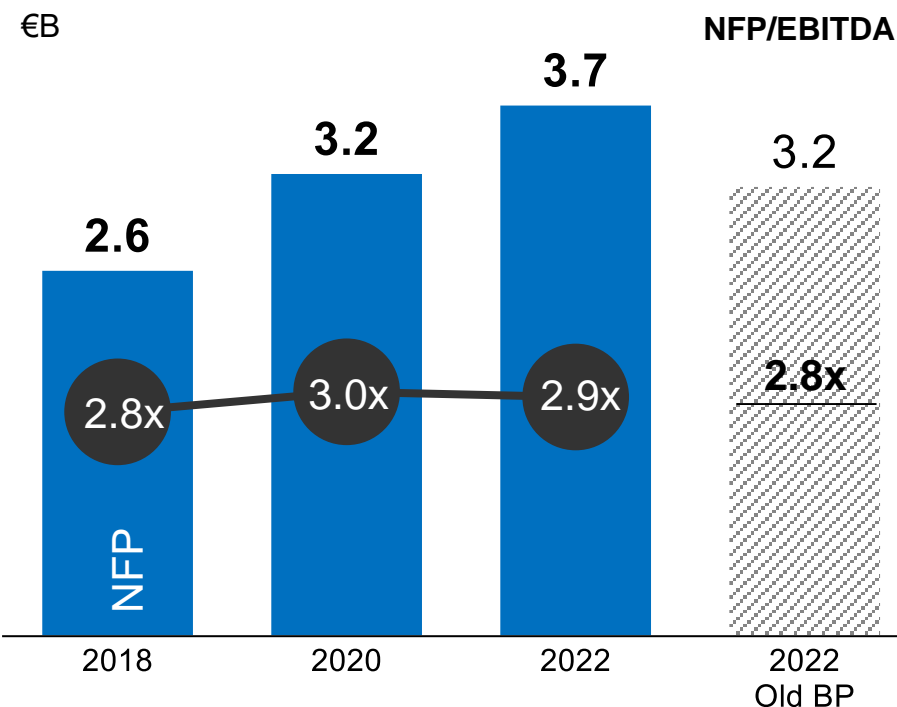
*Stable outlook*

*Stable outlook*

Debt

- **Situation at 31 December 2019**
- Average maturity **5.3 yrs**
- Average cost of debt **2.15%**

### Net Financial Position





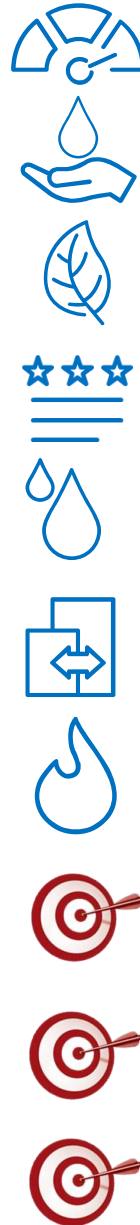
# Water

**Business Line Highlights**

# Water Business Line

## Key Actions

Development of a **Smart Water Company** for a sustainable usage of water, improving service **quality** and **efficiency**



**500k+ smart water meter** and projects for water network **districtization**

Focus on **preservation of water**, with **development** of a dedicated structure

Rationalization of **35+ small purification facilities**

**90%** investments on Technical Quality

**Supply securitization**, by doubling Peschiera (100M€ already included in 2019-'22 Plan)

**Gori** full consolidation (1.4M clients served)

Acquisition of Pescara Gas (62k PDR) to enter in **gas distribution** business

Procedure completed for **renewal of concession for the Peschiera-Le Capore** water main, due to expire in September 2031 (July 2019)

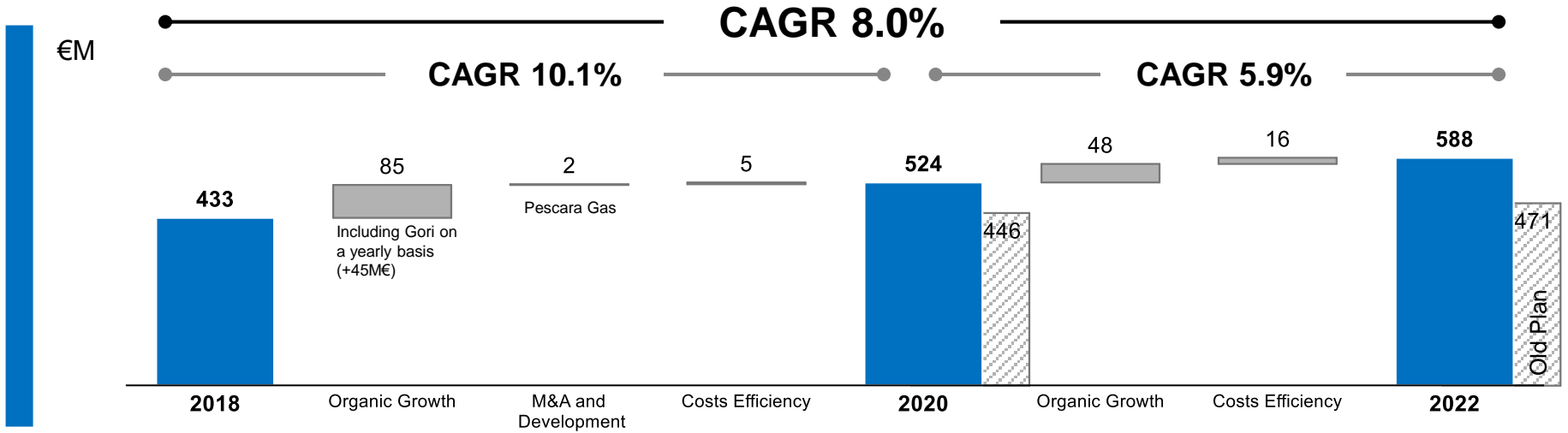
**Acquedotto del Fiora** full consolidation (over 402K clients served)

Agreement signed for the **acquisition of 51%** stake in the company **Alto Sangro Distribuzione Gas** (34k PDR; March 2020)

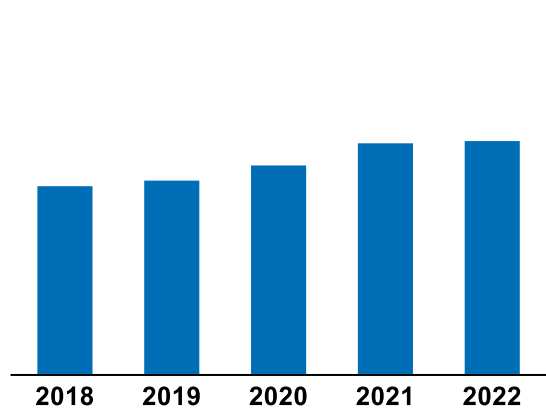
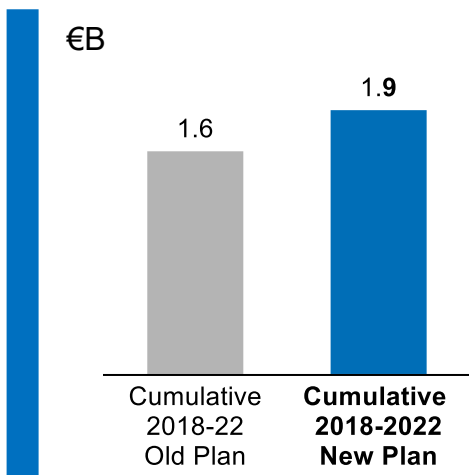
# Water Business Line

## Key Financials

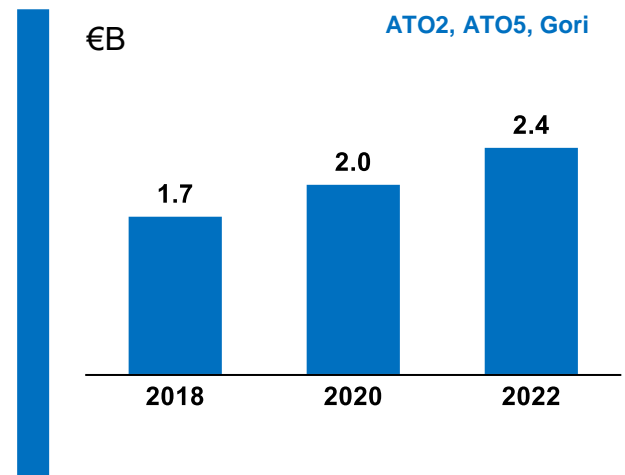
EBITDA



INVESTMENTS



RAB







# Energy Infrastructure

**Business Line Highlights**

# Energy Infrastructure

## Key Actions

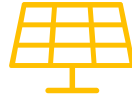
Main actor of the **energy transition** with projects enabling the **decarbonization** of the system



**600k smart meters** roll-out start



**100+ M€ for Resiliency** for electricity **supply continuity** vs Authority guidelines



**150MW PV** between **grid parity and M&A** on the secondary market

**NEW**



**Remote control extension** on **60%** of the LV/MV secondary stations



Installation of over **600km of optical fiber** at the service of the existing infrastructure



Renovation/expansion activities on the **LV/MV network** for over **2,500km**



**Agreements for the acquisition of photovoltaic plants** with **total capacity of approximately 25 MWp** (July 2019):

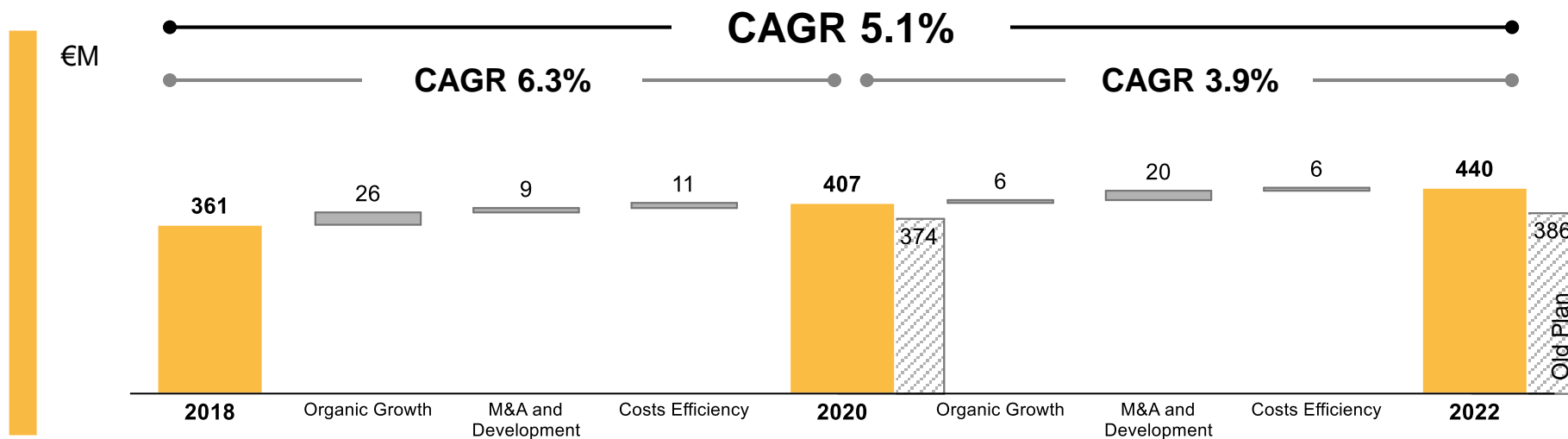
- Total Enterprise Value: ~€75m
- Total EBITDA: ~€11m
- Feed-in tariffs provided by Conto Energia initiative



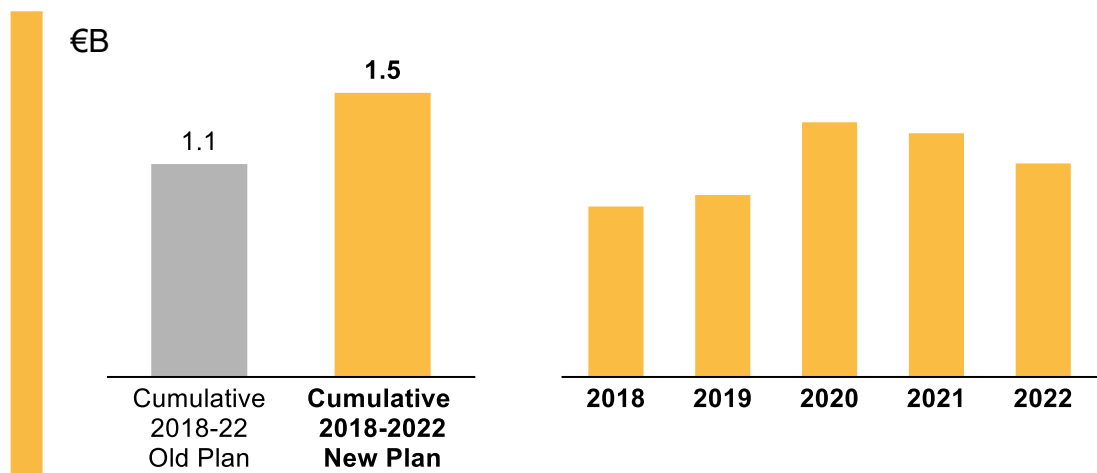
# Energy Infrastructure

## Key Financials

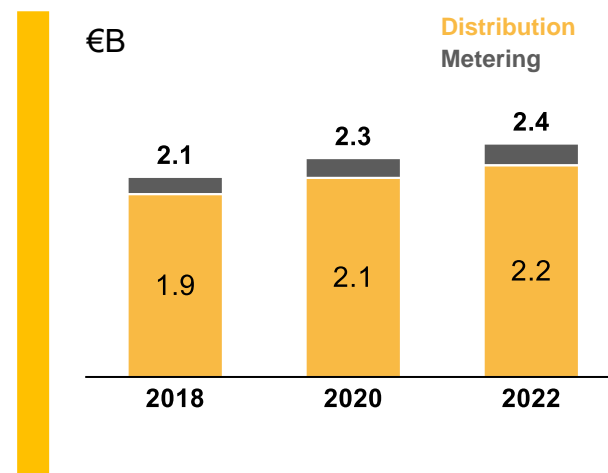
EBITDA



INVESTMENTS



RAB







# Commercial and Trading

**Business Line Highlights**

# Commercial and Trading

## Key Initiatives

**Growth** of retail portfolio,  
improvement of service **quality** and **exploitation** of **energy transition** opportunity



**Strong commercial boost** (3x vs. 2018) supported by a new offering model



**Increase of share of pull commercial channels** (e.g. Shop, Branch and Digital) up to 50%



**Strengthening of digital channels** (10% on total acquisitions)



**Operational excellence** on key processes and **reduction of 20% on CtS and 15% on CtC**



Launch of new **Value Added Services** (e.g. smart meters, insurance, thermal systems)



**Entrance in the flexibility market** (Terna auction for **UVAM** assigned to Tor di Valle plant for 10 MW)



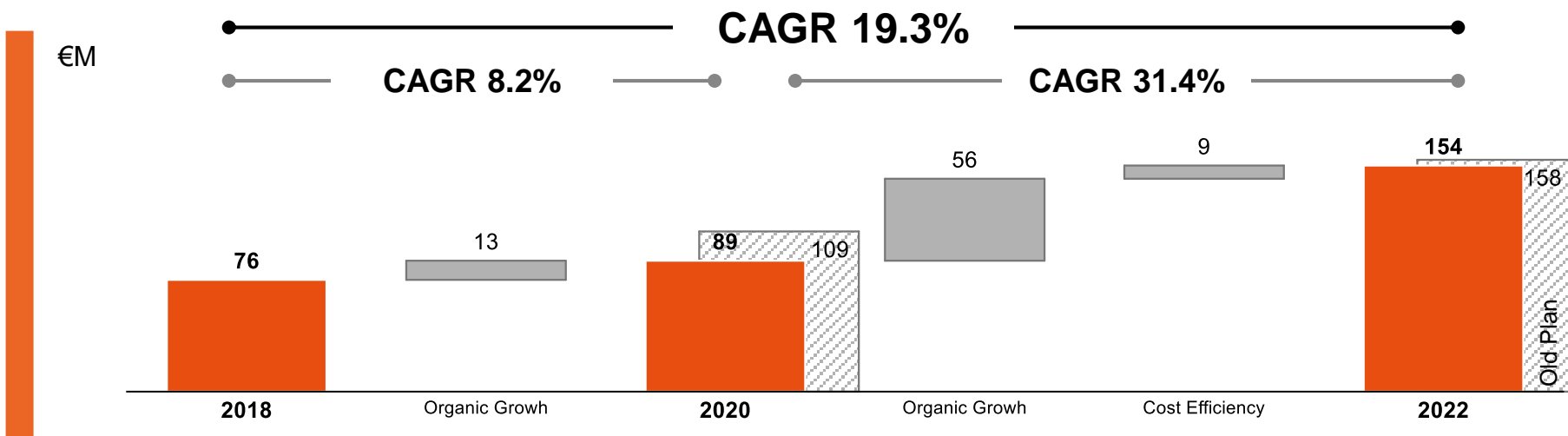
**Signed with ERG two Power Purchase Agreements** (PPA) concerning the supply of renewable energy totalling 1.5 TWh during the period 2020-2022 (October 2019)



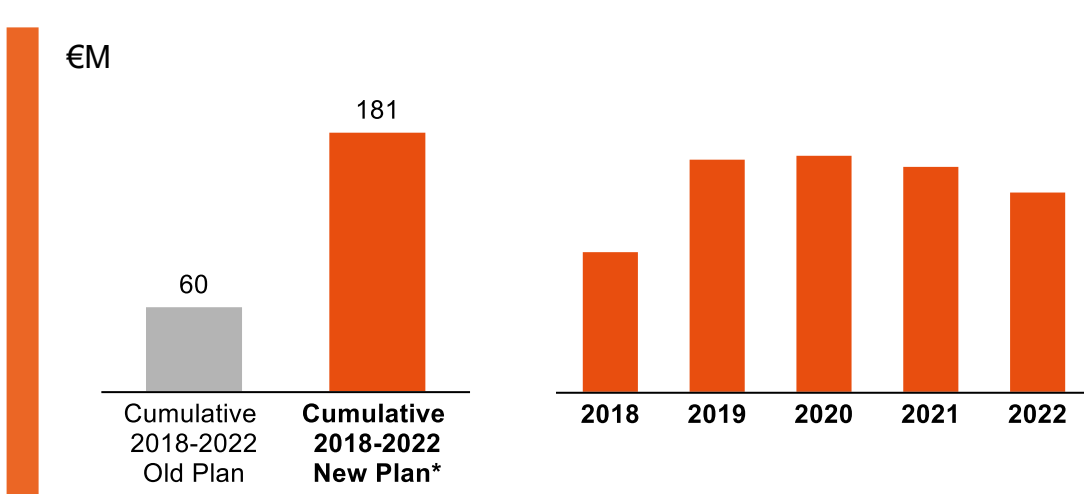
# Commercial and Trading

## Key Financials

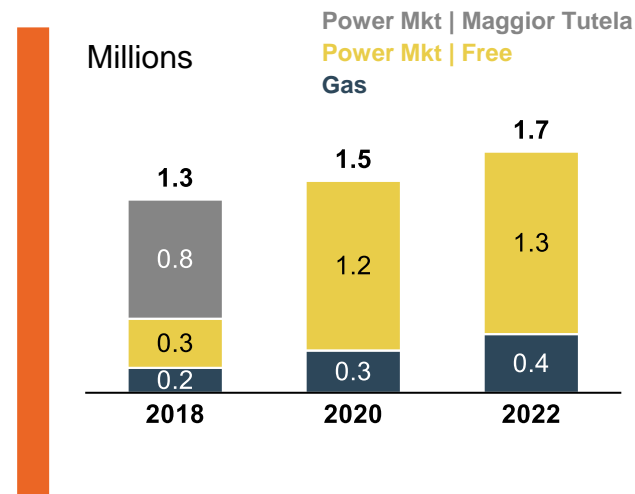
EBITDA



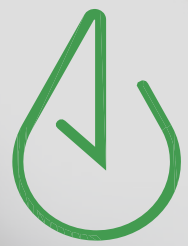
INVESTMENTS



CUSTOMER BASE



\*Investments include Commissioning Capitalizations IFRS15



# Environment

**Business Line Highlights**



**Acceleration of plant development aimed at recovering materials and energy in a Circular Economy perspective**



**Doubling of treated waste (2.2 Mton target) with new plant development** (e.g., organic fraction, liquid/sludge treatment, multi-material)



**M&A and development in a Circular Economy** perspective focused on material recovery (200+ kton)



Self-sufficiency in **sludge treatment** with innovative thermal hydrolysis technologies (80 kton)



**Bioecologia integration with liquid waste** treatment plant (~ 110 kton)



**Partnership** with market operators for the **recovery** of San Vittore WTE plant **ashes** in a **circular economy** perspective



**Acquisition of 90% of DEMAP**, which owns a plastic treatment plant with an authorized capacity of 75,000 tons per year (July 2019)

- EV of 100% of DEMAP: €20m
- DEMAP's EBITDA: €3.5m



**Acquisition of 60% of Berg**, engaged in the treatment of wastewater with an authorized capacity of 143,000 Tons per year (July 2019)

- EV of 100% of Berg: €10m
- Berg's EBITDA: €1.6m



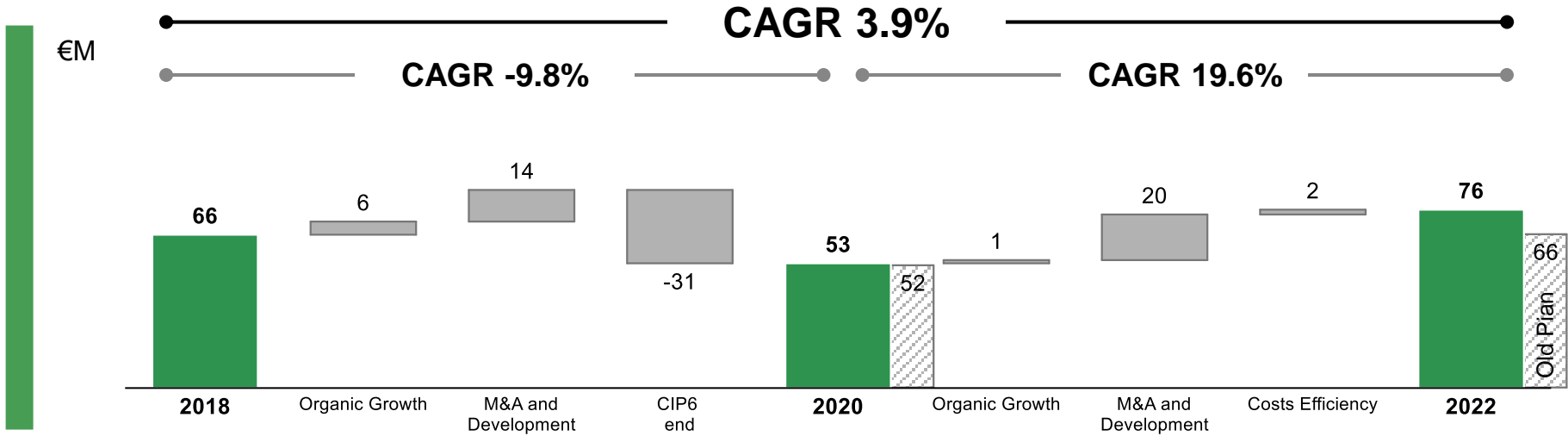
**Inaugurated at Monterotondo Marittimo (Grosseto) one of the largest composting plants in Central Italy** with an authorized capacity of 70 kton per year (October 2019)

- Capex €22m
- Expected contribution to EBITDA €2.5m

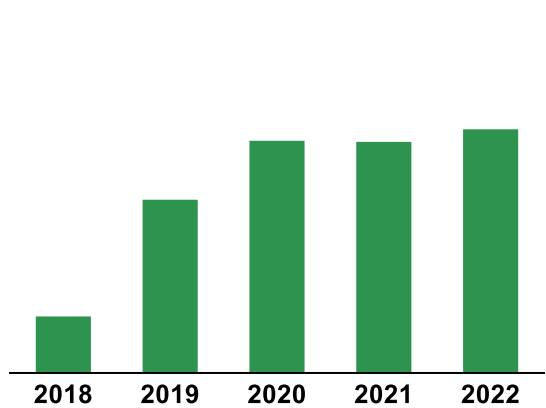
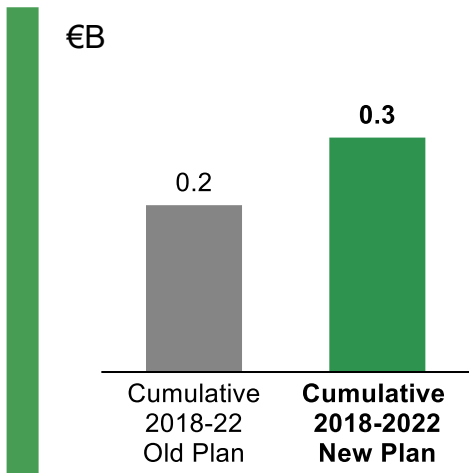


# Environment Key Financials

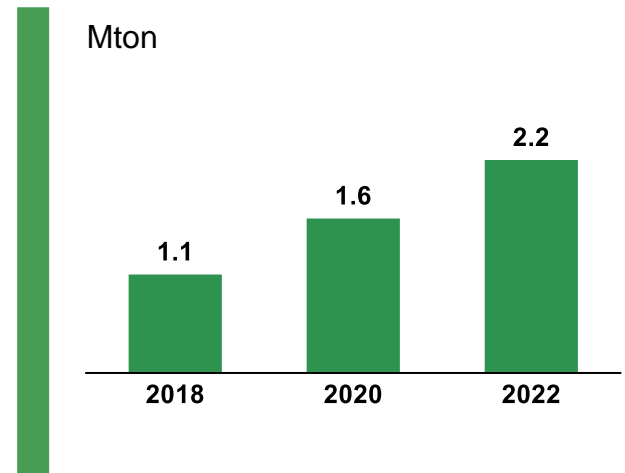
EBITDA



INVESTMENTS



VOLUMES









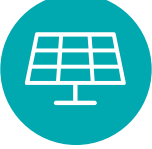



# **Strategic Opportunities**

## **Potential Business Plan Upsides**

# Strategic Opportunities

## Potential initiatives to be implemented

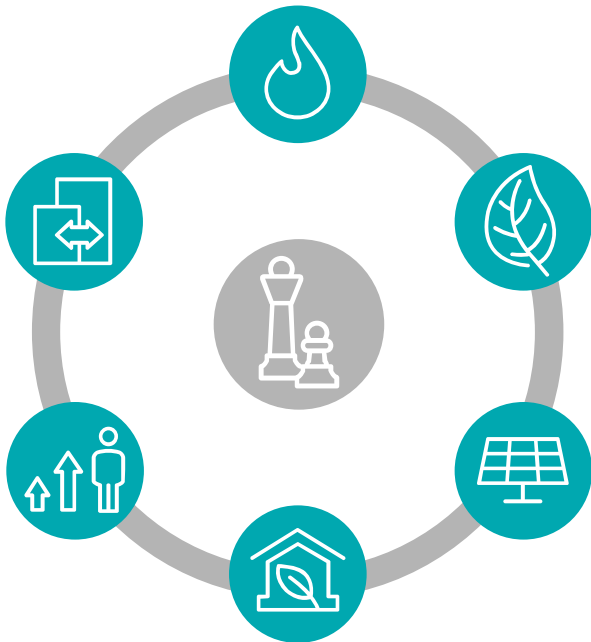
		EBITDA (€M)	Investments (€M)
	<b>Gas Distribution</b> Growth in the gas distribution market with <b>selected acquisition</b> and <b>AEM tenders</b>	5-20	35-110
	<b>Smart Energy Efficiency</b> <b>ESCO acquisitions</b> and <b>cogeneration / trigeneration</b> pilots and thermal coat installations	5-10	50-70
	<b>M&amp;A Waste</b> <b>Plant development</b> acceleration also evaluating <b>strategic partnership</b> according the market <b>consolidation</b>	40-60	200-350
	<b>Clients Acquisition</b> <b>New clients</b> acquisition consistent with current <b>market consolidation trends</b>	8-12	60-90
	<b>Growth in Renewables</b> Additional growth in the <b>PV</b> market through alternative <b>models</b> (e.g., <b>partnership</b> with investors without society control)	~10	~70
	<b>Water Sector Consolidation</b> <b>Consolidation</b> of water operators in Central Italy (e.g., Tuscany, Umbria)	30-90	60-150
		<b>100-200 (€M)</b>	



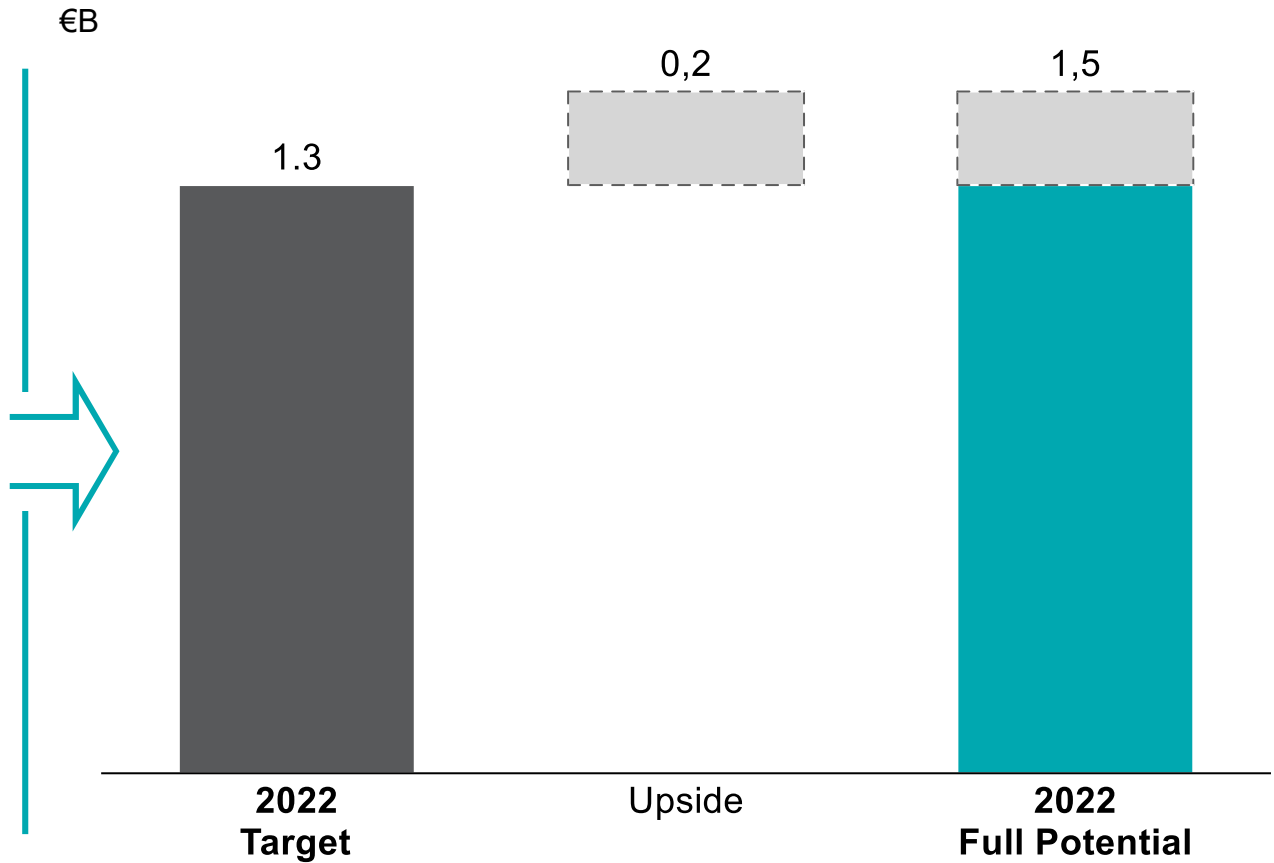
# Strategic Opportunities

€0.2B potential upside 2022

## Strategic Initiatives



## Full Potential EBITDA Target



# Closing Remarks

Old plan targets reached two years in advance



Old plan targets reached **two years** in **advance**



**EBITDA CAGR** of **8.8%** vs 5,9% old BP (equal starting point)  
with new **2022 target** set to **€1.3B**



**€4B** investments (+ €0,9B vs old BP) with **M&A growth**



**RAB** up to **~ €5B**



**NFP/EBITDA** ratio under **3.0x** in 2022 with growing RAB and Capex

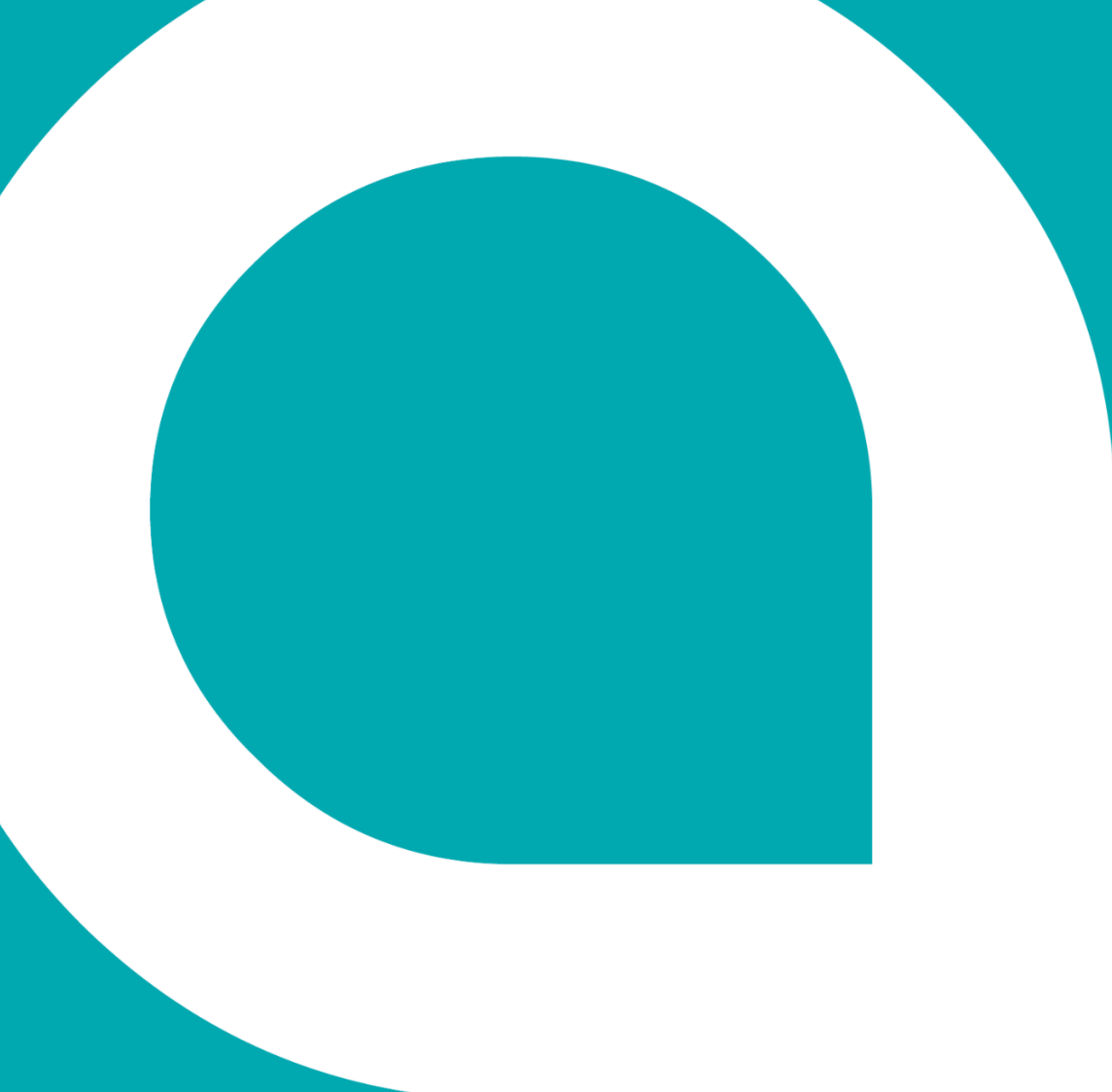


**€800M** of dividends throughout the Plan (**+€100M** vs old Plan),  
**minimum dividend per share** of **0.75 €** distributed in 2020

# APPENDIX

## Key Assumptions

Assumptions		2019	2020	2021	2022
Exchange	<i>\$/€</i>	1.17	1.18	1.18	1.18
Brent	<i>\$/Bbl</i>	76.71	71.67	68.61	67.41
PUN	<i>€/MWh</i>	65.97	60.62	55.10	56.09
EU-ETS	<i>€/tons CO2</i>	21.33	19.74	17.67	17.85
CIP6	<i>€/MWh</i>	237.20			



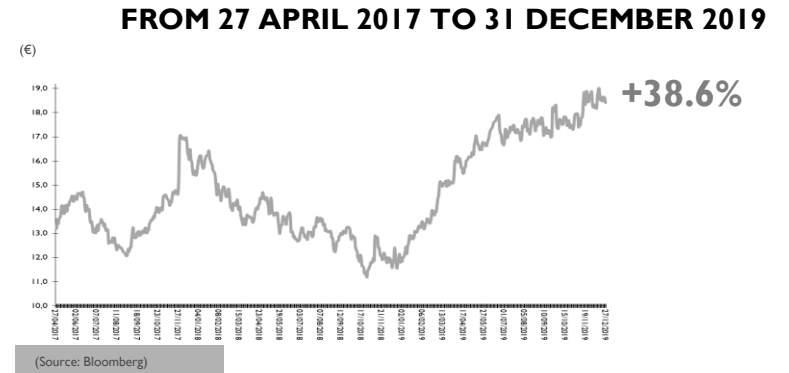
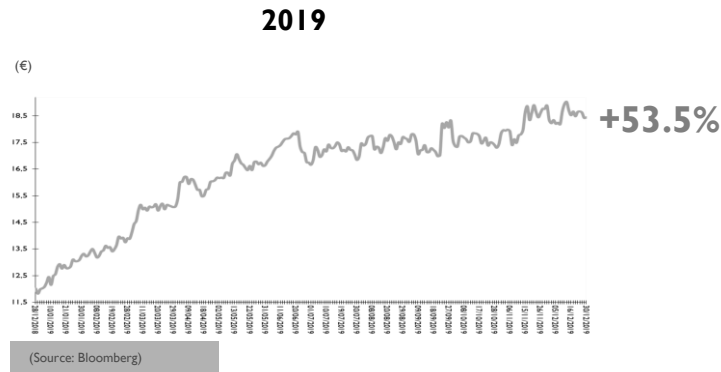
# 2019 Results

# Performance and delivery

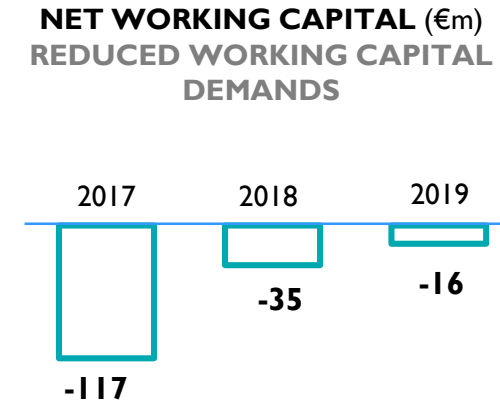
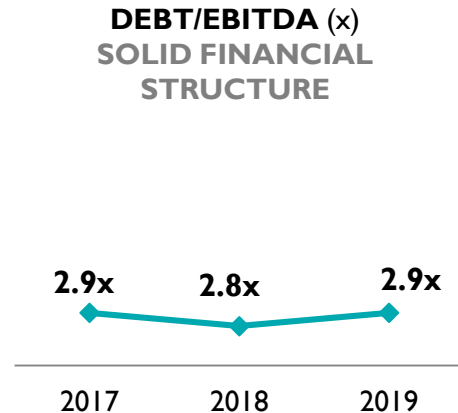
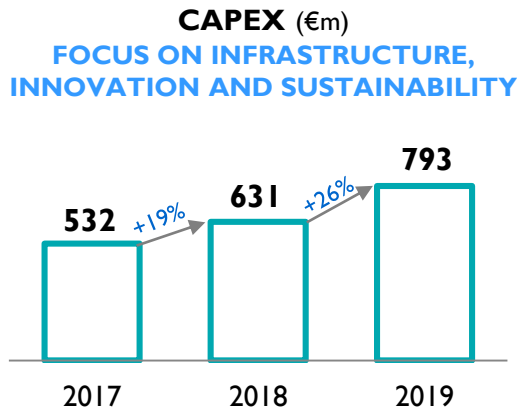
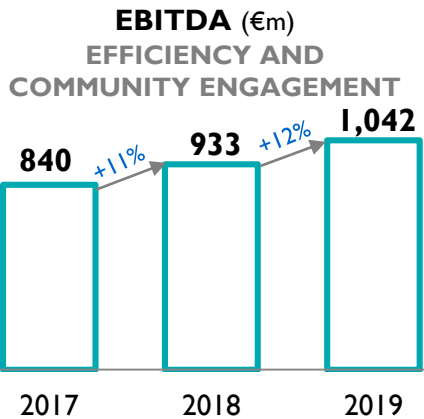
## Growth, consistency, reliability, sustainability

CONSTANT GROWTH SINCE THE NEW BOARD OF DIRECTORS TOOK OFFICE (27 APRIL 2017)

2019: SHARE PRICE AT ALL-TIME HIGH, AS ACEA OUTPERFORMS THE MARKET (FTSE ITALIA ALL SHARE +27.2%)



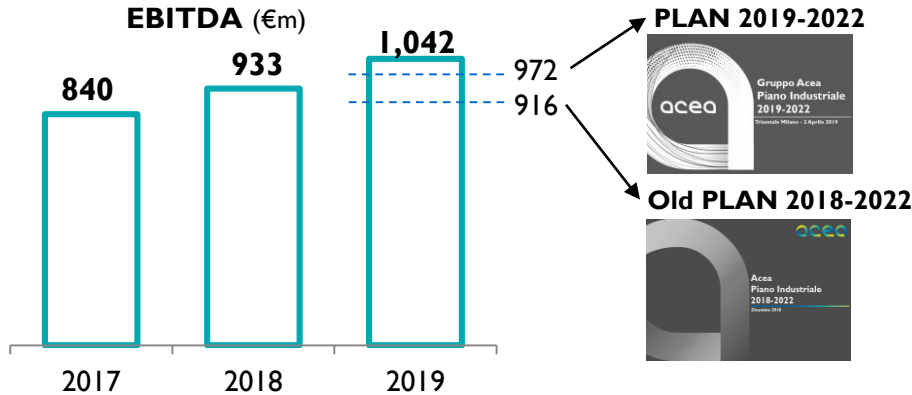
BEST EVER RESULTS, BEATING ALL OUR TARGETS



# Delivery

## Business Plan and acquisitions

NEW BUSINESS PLAN 2019-2022 APPROVED ON 2 APRIL 2019, BRINGING FORWARD TARGETS ANNOUNCED TO THE MARKET IN NOVEMBER 2017 BY MORE THAN TWELVE MONTHS



### Targets in existing Plan:

- **EBITDA** in 2022: €1,270m (+36% versus 2018)
- **RAB** in 2022: €4.8bn (+28% versus 2018)
- **Capex**: €4bn (in the period 2018-2022)
- **Dividends**: €800m over life of the Plan

### BUSINESS PLAN CONFIRMS GROWTH IN FUNDAMENTALS ASSOCIATED WITH CONCRETE SUSTAINABILITY GOALS

(environmental impact, circular economy, reduced water loss, customer care.....).

ACEA WAS CREATED TO BE SUSTAINABLE.

ACEA'S CEO WINS TOP UTILITY 2020 AWARD FOR SUSTAINABILITY.

### AN EVOLVING BUSINESS MIX: ACQUISITIONS IN THE GAS, ENVIRONMENT AND PHOTOVOLTAIC SECTORS AND CONSOLIDATION OF ACQUEDOTTO DEL FIORA

MARCH 2019

ACQUISITION OF 51% INTEREST IN PESCARA DISTRIBUZIONE GAS COMPLETED

JULY 2019

ACQUISITION OF 90% OF DEMAP, OWNER OF A PLASTIC TREATMENT PLANT

OCTOBER 2019

AGREEMENTS REACHED FOR ACQUISITION OF PHOTOVOLTAIC PLANTS WITH TOTAL CAPACITY OF APPROXIMATELY 25 MW<sub>p</sub>

ACQUISITION OF 60% INTEREST IN BERG, A PROVIDER OF LIQUID WASTE TREATMENT SERVICES

AMENDMENT OF ACQUEDOTTO DEL FIORA'S ARTICLES OF ASSOCIATION AND SHAREHOLDER AGREEMENTS TO ENABLE THE COMPANY'S CONSOLIDATION BY THE ACEA GROUP

(€m)	2019 (a)	2018 (b)	% change (a/b)
Consolidated revenue	3,186.1	3,028.5	+5.2%
EBITDA	1,042.3	933.2	+11.7%
EBIT	518.1	478.6	+8.3%
Group net profit	283.7	271.0	+4.7%
Dividend per share (€)	0.78	0.71	+9.9%
Capex	792.8	630.8	+25.7%

## EBITDA +12%: well ahead of guidance

- Initial guidance : +5%/+6%
- Guidance provided in H1 2019:  $\geq +7\%$
- Guidance provided in 9M 2019:  $\geq +10\%$

(€m)	31 Dec 2019 (a)	30 Sept 2019 (b)	31 Dec 2018 (c)	% change (a/b)	% change (a/c)
Net debt	3,062.8	2,960.3	2,568.0	+3.5%	+19.3%

**Net debt:** below lower end of guidance (€2.85-2.95bn).  
€2.83bn excluding impact of IFRS 16, M&A and consolidation of Acquedotto del Fiora

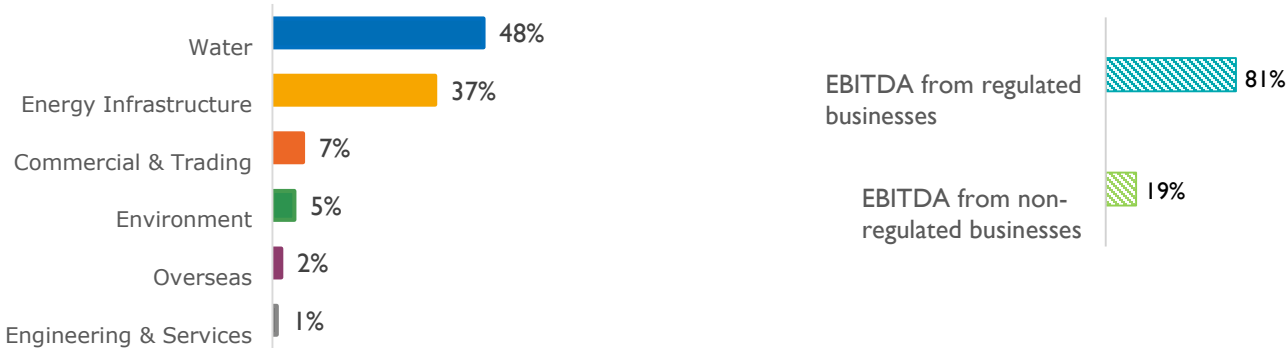
## GUIDANCE 2020: FURTHER GROWTH EXPECTED

- ✓ **EBITDA** +6%/+8% versus 2019 (€1,042m) in line with the CAGR in Business Plan 2019-2022
- ✓ **CAPEX** broadly in line with 2019 and the Business Plan 2019-2022
- ✓ **NET DEBT** €3.45-3.55bn

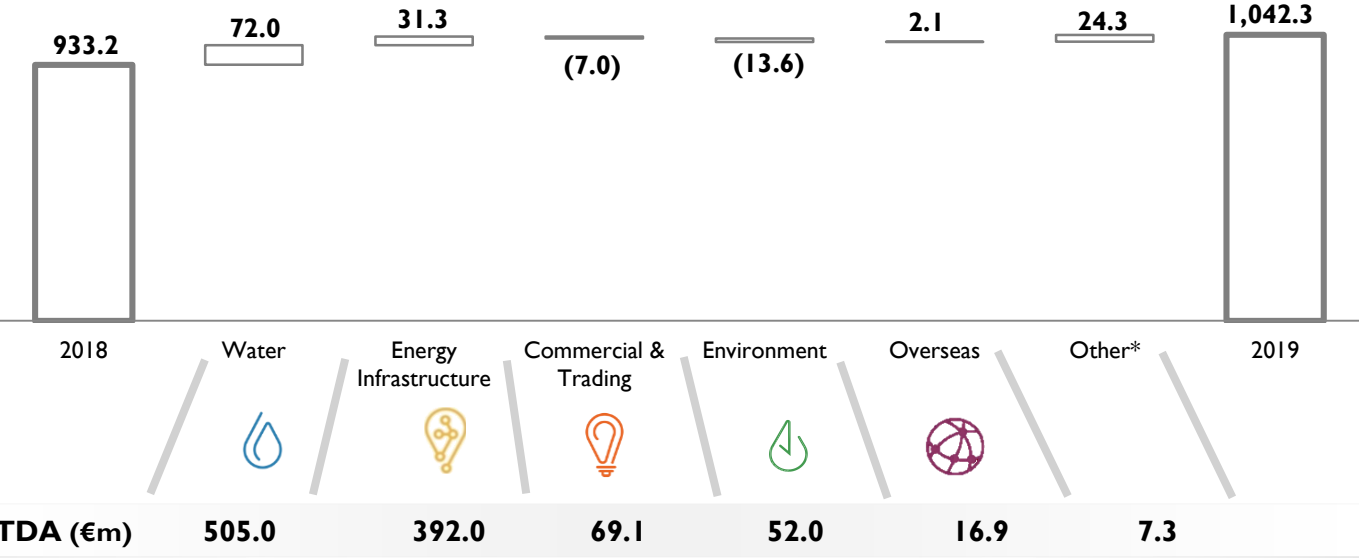


# EBITDA

## EBITDA 2019



### EBITDA (€m)



### Contribution to EBITDA from consolidation of Gori, Acquedotto del Fiora and new acquisitions (€m)

	2019	2018
Gori	68.6	14.7°
Acquedotto del Fiora	18.1	4.6°°
Pescara Distribuzione Gas	1.7	-
Fotovoltaico	3.6	-
Demap	1.8	-
Berg	0.5	-

\* Engineering & Services, Corporate  
 ° Includes contribution from consolidation of equity-accounted investments, totalling €3m  
 °° Contribution from consolidation of equity-accounted investments

# EBITDA and quantitative data

## 2019 financial highlights

### Water

Including gas distribution business

#### KEY HIGHLIGHTS

- October 2019: line-by-line consolidation of Acquedotto del Fiora
- March 2019: acquisition of Pescara Distribuzione Gas

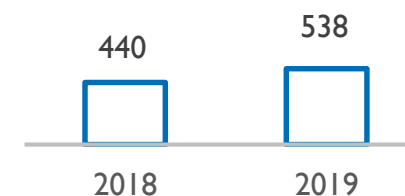
#### EBITDA GROWTH

- Line-by-line consolidation of Gori (from November 2018): +€53.9m
- Line-by-line consolidation of Acquedotto del Fiora (from October 2019): +€13.5m
- Acquisition of Pescara Distribuzione Gas (March 2019): +€1.7m
- ATO2: commercial quality bonus +€2.2m
- Equity-accounted companies: -€3.7m

EBITDA  
main  
drivers

(€m)	2019 (a)	2018 (b)	%change (a/b)
<b>EBITDA</b>	<b>505.0</b>	<b>433.0</b>	<b>+16.6%</b>
Acea ATO2	356.1	357.4	-0.4%
Acea ATO5	24.4	20.8	+17.3%
Gori	68.6	11.7	n/s
Acquedotto del Fiora	18.1	-	n/s
Equity-accounted water companies	36.2	39.9	-9.3%
Other consolidated water companies	(0.1)	3.2	n/s
Pescara Distribuzione Gas	1.7	-	n/s
<b>Capex</b>	<b>380.1</b>	<b>329.7</b>	<b>+15.3%</b>

#### Volumes of water distributed (Mm<sup>3</sup>)



# EBITDA and quantitative data

## 2019 financial highlights

### Energy Infrastructure

#### KEY HIGHLIGHTS

- Acquisition of new photovoltaic plants with total capacity of 28MWp

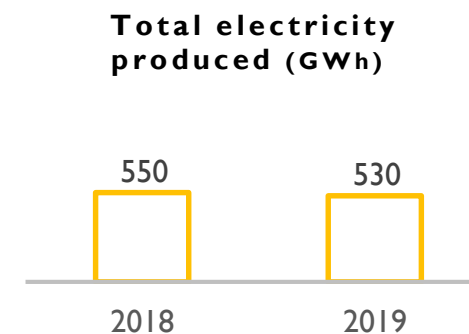
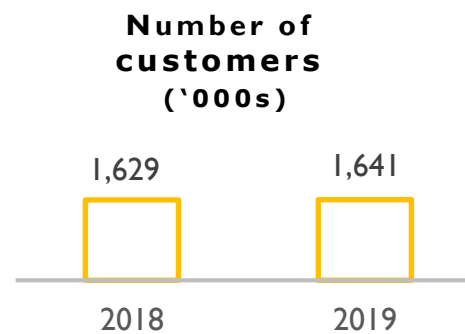
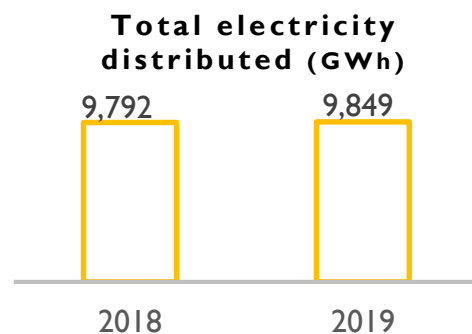
#### EBITDA GROWTH

- Distribution: +€28.3m
- Public Lighting: +€7.3m (new lighting points and cuts to external costs)
- Generation: -€4.4m:
  - photovoltaic contribution +€3.6m
  - recognition in 2018 of an extraordinary component of €5m
  - reduction in volume produced and less price

EBITDA main drivers



(€m)	2019 (a)	2018 (b)	% change (a/b)
<b>EBITDA</b>	<b>392.0</b>	<b>360.7</b>	<b>+8.7%</b>
- Distribution	345.4	317.1	+8.9%
- Generation	44.6	49.0	-9.0%
➤ of which: Photovoltaic	3.6	-	n/s
- Public Lighting	1.9	(5.4)	n/s
<b>Capex</b>	<b>287.8</b>	<b>238.3</b>	<b>+20.8%</b>



# EBITDA and quantitative data

## 2019 financial highlights

### Commercial & Trading

#### KEY HIGHLIGHTS

- Improvement in sales channels with resulting increase in number of free market customers for electricity (+20.5%) and gas (+11.0%)
- Improvement in collections

#### EBITDA

- Increased sales of electricity and gas to free market customers
- Reduced margins essentially due to revised mechanism for compensating for delinquent accounts and to cut in enhanced protection market tariff (RCV component)

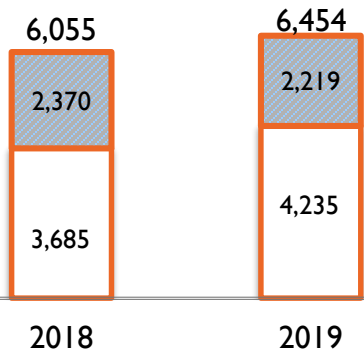
EBITDA main drivers



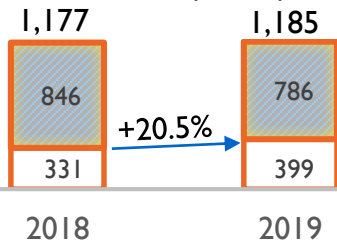
(€m)	2019 (a)	2018 (b)	% change (a/b)
EBITDA	69.1	76.1	-9.2%
Capex	42.5	24.6	+72.8%

Total energy sold (GWh)

Enhance...



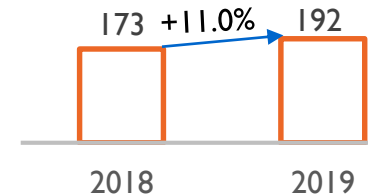
Number of electricity customers ('000s)



Total gas sold (Mm<sup>3</sup>)



Number of gas customers ('000s)



# EBITDA and quantitative data

## 2019 financial highlights

### Environment

#### KEY HIGHLIGHTS

- July 2019: acquisition of Demap (plastics treatment)
- October 2019: acquisition of Berg (liquid waste treatment)
- October 2019: Monterotondo Marittimo composting plant opened

#### EBITDA

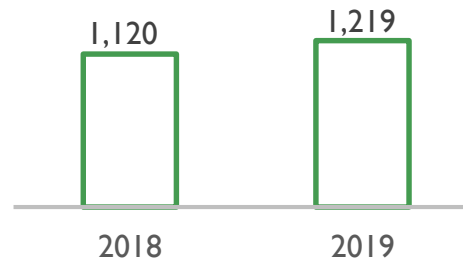
- Acquisitions of Demap and Berg (+€2.3m)
- End of CIP6 incentives from 1 August 2019 (-€16.7m)

EBITDA  
main  
drivers

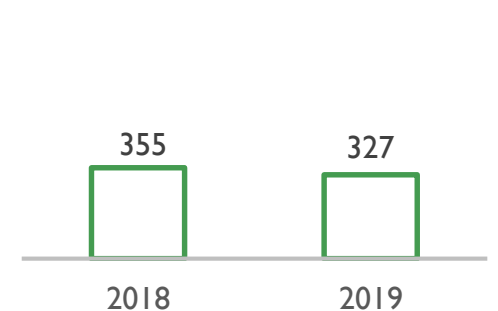


(€m)	2019 (a)	2018 (b)	% change (a/b)
EBITDA	52.0	65.6	-20.7%
Demap	1.8	-	n/s
Berg	0.5	-	n/s
Capex	51.9	20.0	+159.5%

Treatment and disposal\* (Ktonnes)

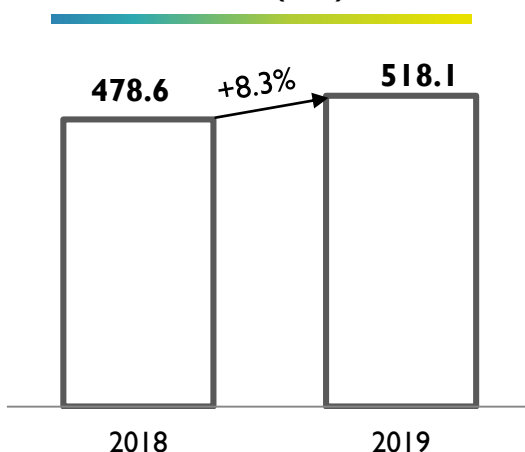


Electricity sold (GWh)

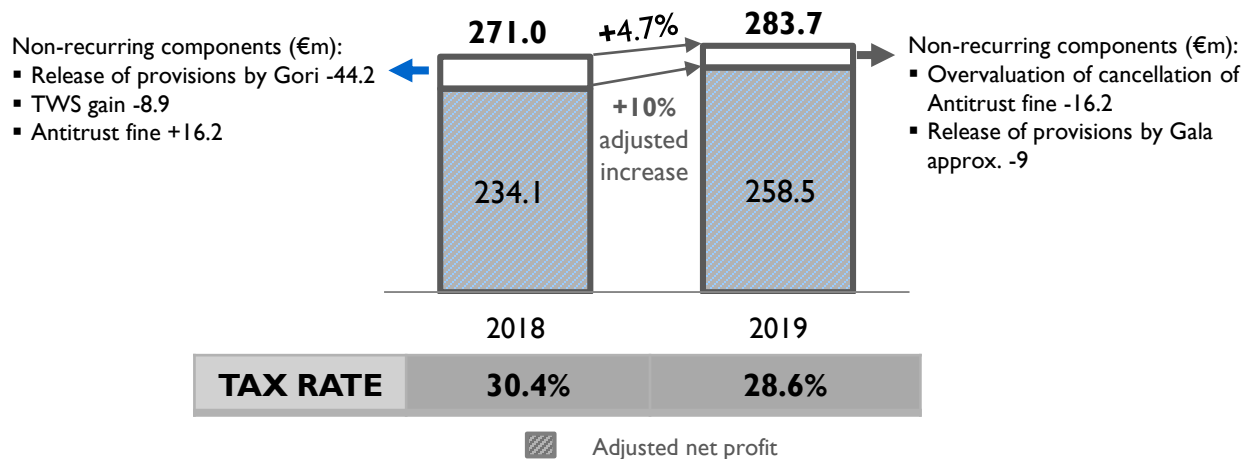


\* Includes ash disposed of

## EBIT (€m)



## NET PROFIT (€m)



(€m)	2019	2018	% change
Depreciation	409.6	366.8	+11.7%
Write-downs	66.8	75.1	-11.1%
Provisions	47.8	12.8	n/s
<b>Total</b>	<b>524.2</b>	<b>454.7</b>	<b>+15.3%</b>

Consolidation of Gori and Acquedotto del Fiora  
Increased capex  
Impact of IFRS 16

Release in 2018 of provisions for risks by Gori (€44m)

## DIVIDEND HISTORY

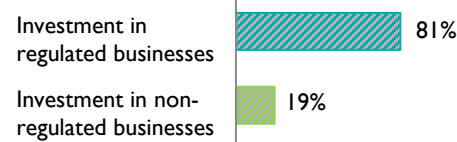
	2017	2018	2019
DPS (€)	0.63	0.71	0.78 <sup>^</sup>
Total dividend (€m)	134.2	151.2	166.1
Dividend yield*	4.7%	5.3%	4.7%
Payout**	74%	56%	59%

\* Based on the average price for the year

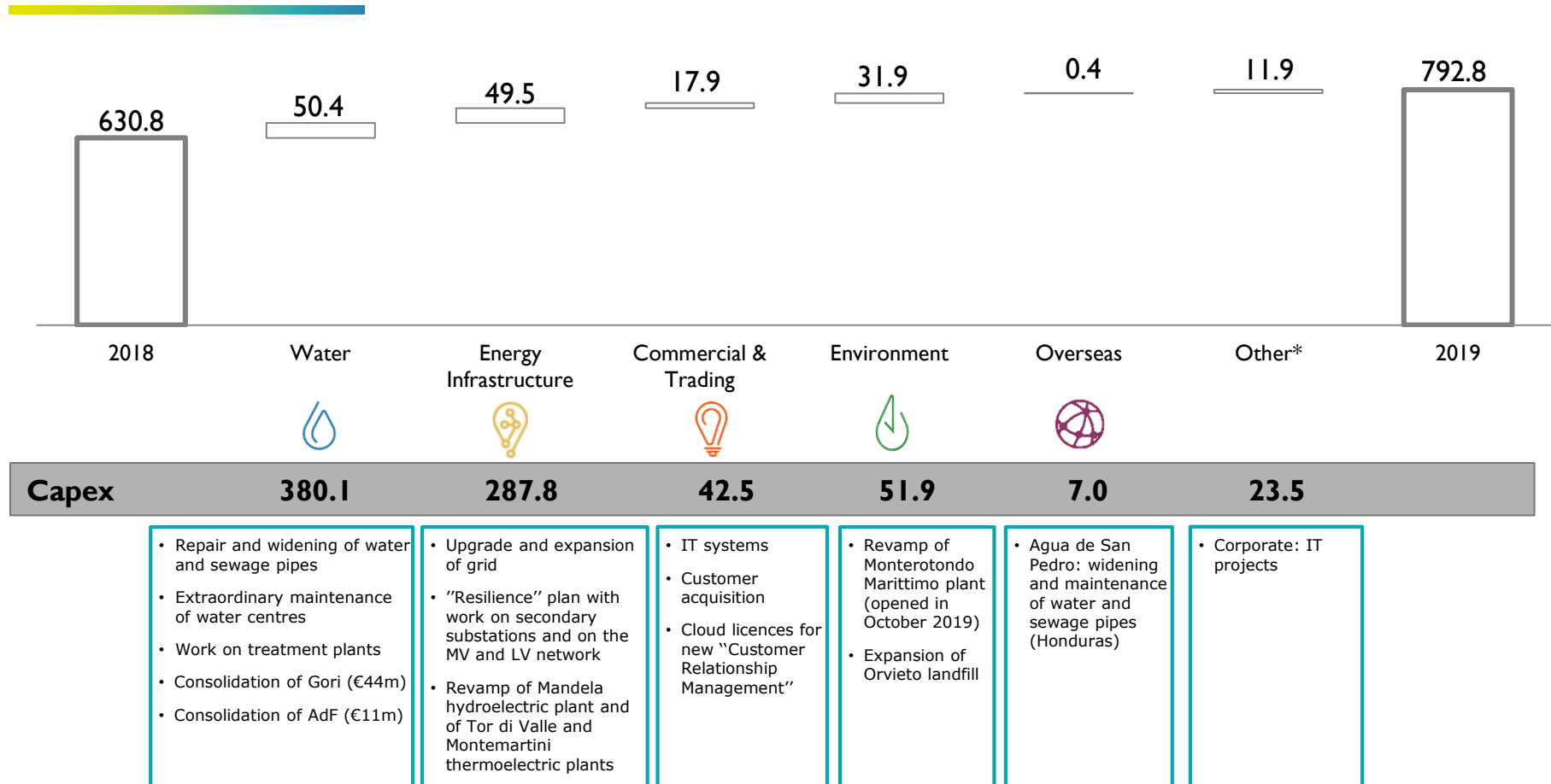
\*\* Based on consolidated net profit after non-controlling interests

<sup>^</sup> The Board of Directors will propose the dividend for 2019 at the Annual General Meeting called for 28 and 29 April 2020, in first and second call, respectively

## Strong capex growth across all areas of business, with focus on regulated activities



Capex (€m) +25.7%



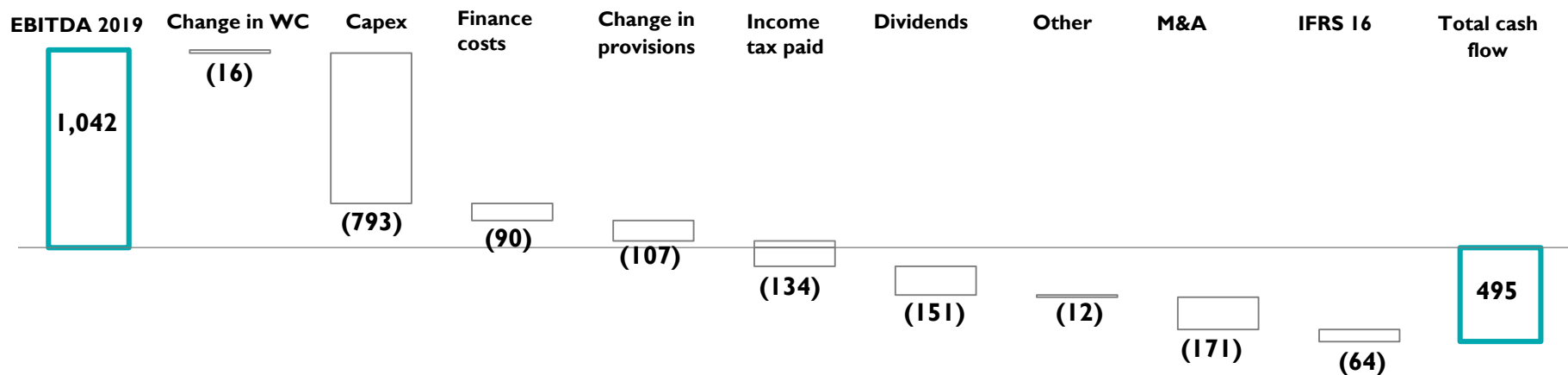
\* Engineering & Services, Corporate

# Cash flow

## Continued improvement in working capital

	2019	2018
EBITDA	1,042	933
Change in working capital	(16)	(35)
Capex	(793)	(631)
<b>FREE CASH FLOW</b>	<b>233</b>	<b>267</b>
Net finance income/(costs)	(90)	(83)
Change in provisions	(107)	(108)
Income tax paid	(134)	(81)
Dividends	(151)	(134)
Other	(12)	(35)
M&A and consolidations	(171)	29
IFRS 16	(64)	-
<b>TOTAL CASH FLOW</b>	<b>(495)</b>	<b>(146)</b>

- ✓ Excellent performance of collections with regard to Acea Energia
- ✓ Working capital demands due to regulatory impact: €41m
- ✓ Excluding regulatory impact, working capital generated a cash inflow



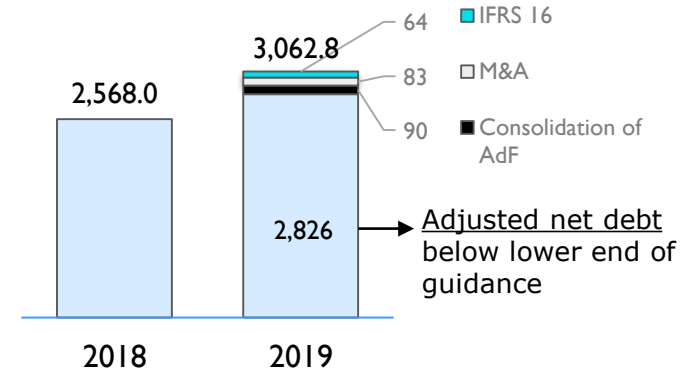


# Net debt

## Below lower end of guidance

(€m)	31 Dec 2019 (a)	30 Sept 2019 (b)	31 Dec 2018 (c)	Change (a-b)	Change (a-c)
Net debt	3,062.8	2,960.3	2,568.0	102.5	494.8
Medium/long-term	3,523.3	3,467.5	3,341.4	55.8	181.9
Short-term	(460.5)	(507.2)	(773.4)	46.7	312.9

### Net debt



NET DEBT/ EBITDA 31 DECEMBER 2019	NET DEBT/ EBITDA 31 DECEMBER 2018
2.9x	2.8x

**16 May 2019** - Issue of bonds worth €500m under EMTN. Bonds have a 9 year term and pay a fixed rate of 1.75%

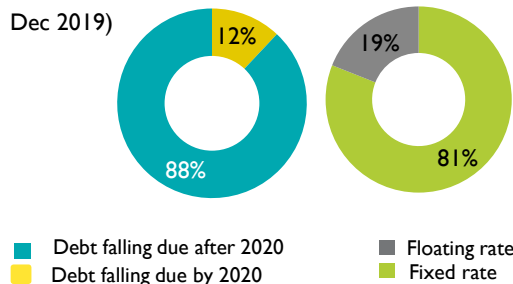
**29 January 2020** – Issue of bonds worth €500m under EMTN. Bonds have a 9-year term and pay a fixed rate of 0.50%

**July 2019** - Ceiling for EMTN programme raised to €4bn

### Structure of debt

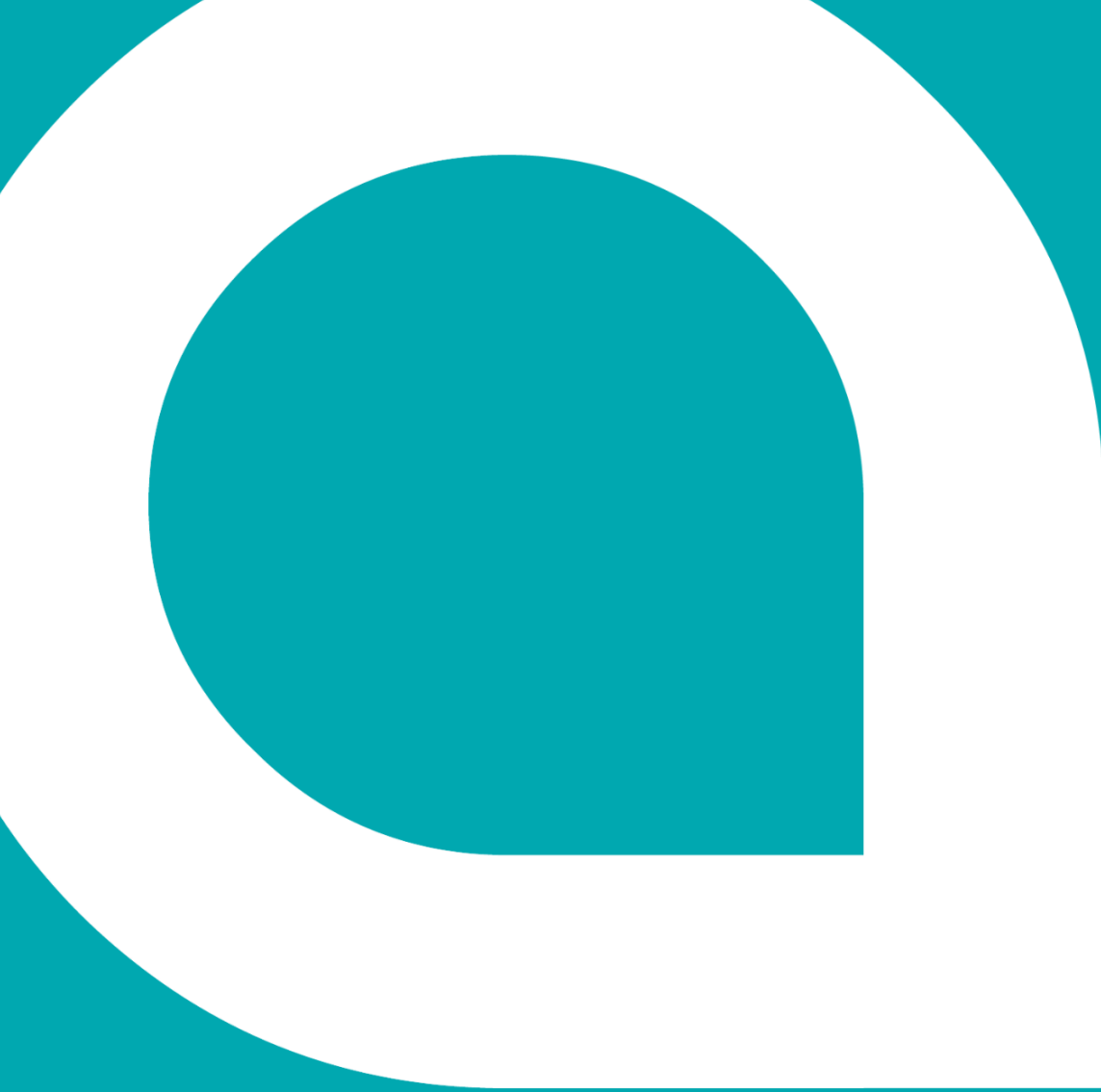
(maturity and interest rates at 31 Dec 2019)

- > Fixed rate 81%
- > Average cost 2.15%
- > Average term 5.3 years



### Ratings

FitchRatings	BBB+
	Stable Outlook
MOODY'S	Baa2
	Stable Outlook



# 9M 2019 Results

(€m)	9M 2019 (a)	9M 2018 (b)	% change (a/b)
<b>Consolidated revenue</b>	<b>2,346.2</b>	<b>2,173.9</b>	<b>+7.9%</b>
<b>EBITDA</b>	<b>769.4*</b>	<b>685.2</b>	<b>+12.3%</b>
<b>EBIT</b>	<b>402.5</b>	<b>381.0</b>	<b>+5.6%</b>
<b>Group net profit**</b>	<b>218.9</b>	<b>214.8</b>	<b>+1.9%</b>

## EBITDA GUIDANCE RAISED FOR 2019



<b>Capex</b>	<b>529.0</b>	<b>413.2</b>	<b>+28.0%</b>
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**Capex guidance confirmed for 2019: up by over 10% versus 2018 (€631m)**

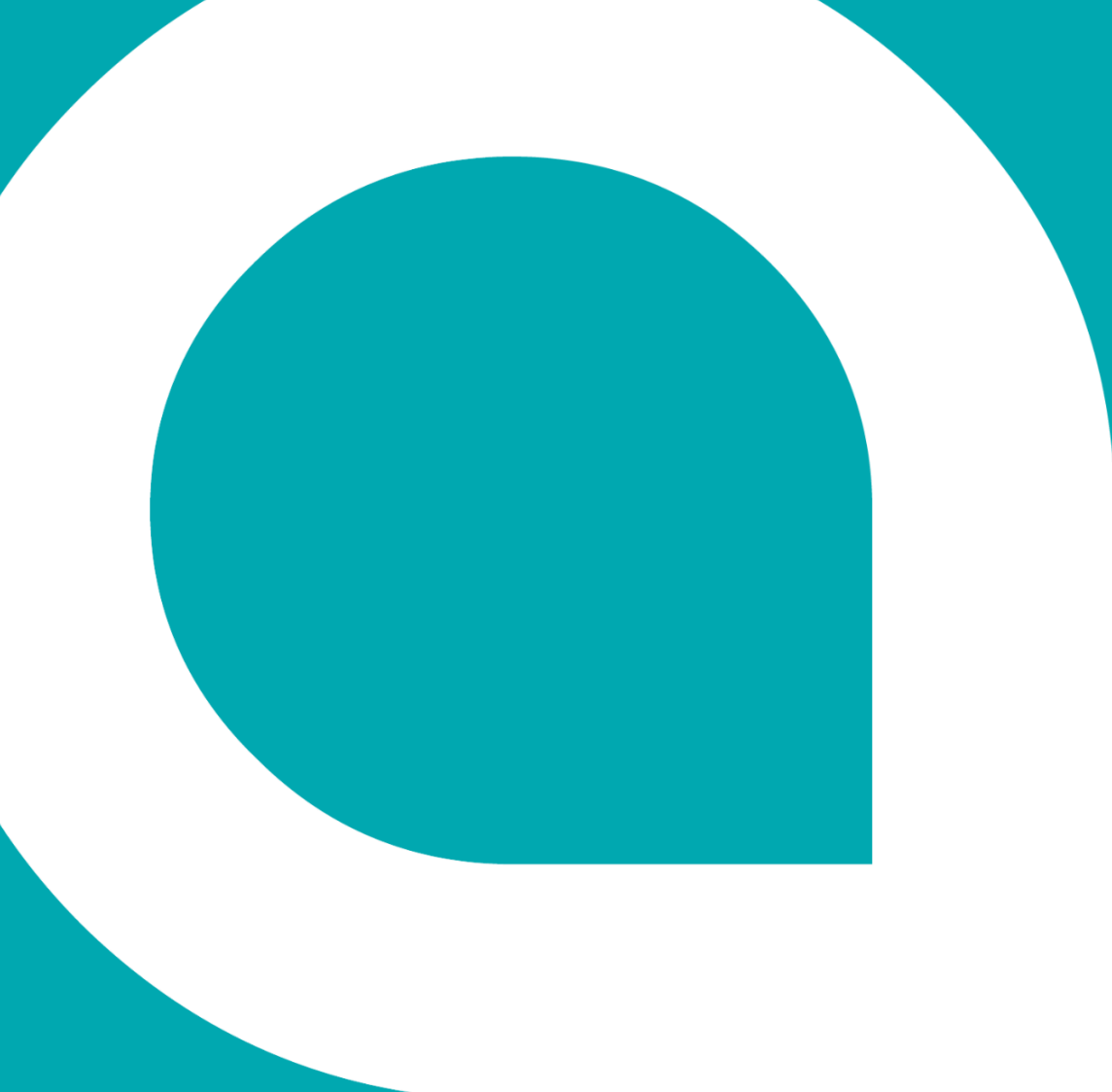
(€m)	30 Sept 2019 (a)	31 Dec 2018 (b)	30 Sept 2018 (c)	% change (a/b)	% change (a/c)
<b>Net debt</b>	<b>2,960.3°</b>	<b>2,568.0</b>	<b>2,631.1</b>	<b>+15.3%</b>	<b>+12.5%</b>
<b>Invested capital</b>	<b>4,936.1</b>	<b>4,471.5</b>	<b>4,387.7</b>	<b>+10.4%</b>	<b>+12.5%</b>

**Net debt guidance confirmed for 2019: €2.85-2.95bn (before impact of IFRS16, M&A transactions and Acquedotto del Fiora consolidation)**

\* Effect of consolidation of Gori: €51.3m

\*\* Recognition, in 9M 2018, of income from acquisition of investment in the TWS group (€8.9m) and, in 9M 2019, of a contingent asset (€16.2m) following cancellation of Antitrust fine

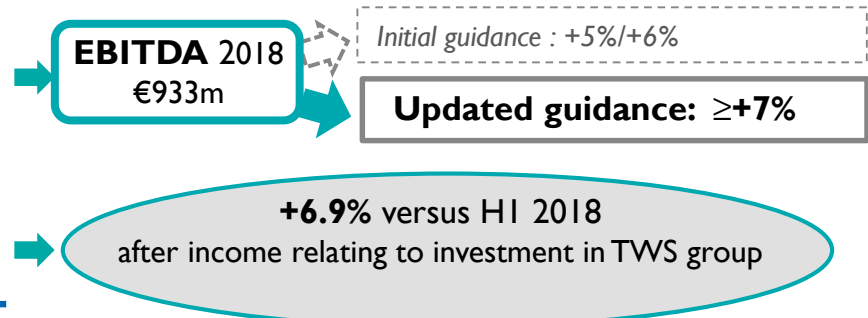
° Impact of application of IFRS16 from 1 January 2019 (up +€59.7m), impact of M&A (€71m)



# H1 2019 Results

(€m)	HI 2019 (a)	HI 2018 (b)	% change (a/b)
Consolidated revenue	1,553.1	1,454.3	+6.8%
EBITDA	502.6*	449.9	+11.7%
EBIT	260.2	250.7	+3.8%
Group net profit**	143.0	142.7	+0.2%

## EBITDA GUIDANCE RAISED FOR 2019



Capex	342.0	282.0	+21.3%
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**Capex guidance confirmed for 2019:** up by over 10% versus 2018 (€631m)

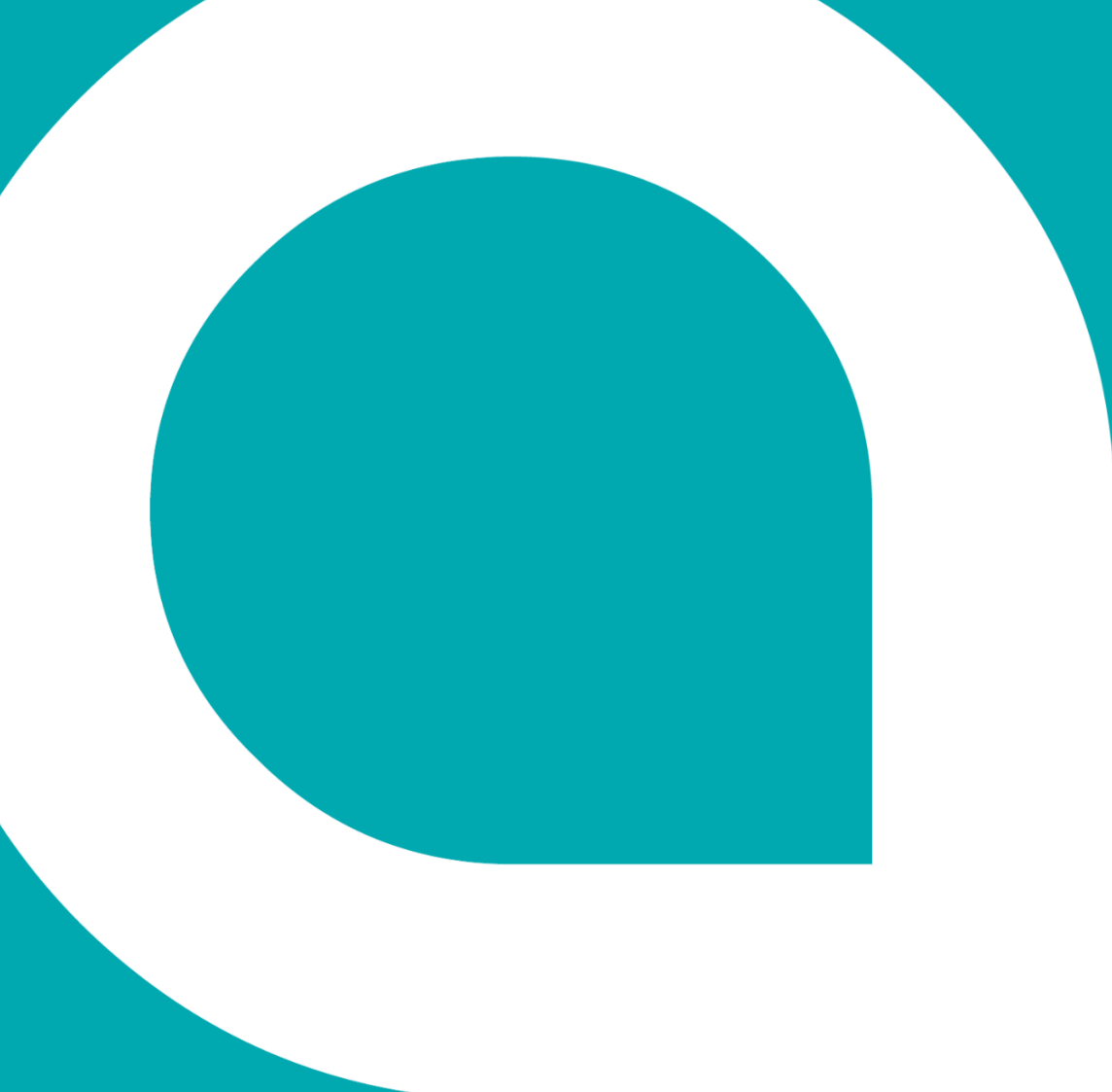
(€m)	30 June 2019 (a)	31 Dec 2018 (b)	30 June 2018 (c)	% change (a/b)	% change (a/c)
Net debt	2,842.5°	2,568.0	2,570.3	+10.7%	+10.6%
Invested capital	4,738.4	4,471.5	4,236.6	+6.0%	+11.8%

**Net debt guidance confirmed for 2019:** €2.85-2.95bn

\* Effect of consolidation of Gori: €34.2m

\*\* Recognition in HI 2018 of income from acquisition of the investment in the TWS group (€8.9m)

° Impact of application of IFRS16 from 1 January 2019 (up €56.8m)



# Q1 2019 Results

(€m)	Q1 2019	Q1 2018	% change
	(a)	(b)	(a/b)
Consolidated revenue	823.3	745.5	+10.4%
EBITDA	247.9*	229.2	+8.2%
EBIT	132.8	127.4	+4.2%
Group net profit	75.5**	77.4	-2.5%

EBITDA guidance 2019: +5/6% versus 2018 (€933m)

+10.2% versus Q1 2018 after income relating to investment in TWS group

Capex	151.2	133.0	+13.7%
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Capex guidance 2019: up by over 10% versus 2018 (€631m)

(€m)	31 Mar 2019 (a)	31 Dec 2018 (b)	31 Mar 2018 (c)	% change (a/b)	% change (a/c)
Net debt	2,675.7°	2,568.0	2,482.1	+4.2%	+7.8%
Invested capital	4,655.0	4,471.5	4,197.0	+4.1%	+10.9%

Net debt guidance 2019: €2.85-2.95bn

\* Effect of consolidation of Gori: €17.3m

\*\* Recognition in Q1 2018 of income from acquisition of the investment in the TWS group (€8.9m)

° Impact of application of IFRS16 from 1 January 2019 (up €55m)

# Regulatory framework

- *Water*
- *Electricity distribution*
- *Environment*



## TARIFF REGIME FOR THE THIRD REGULATORY PERIOD (2020-2023)

### Delibera ARERA 580/2019

- WACC: 5.24% (previously 5.3%)
- WACC on fixed assets in progress: 3.92%
- Increase in inflation rate (from 1.5% to 1.7%)
- The limits on annual growth of the tariff multiplier linked to classification in the matrix of regulatory frameworks have been reduced
- Reduction in standard coverage for late payments in Central Italy from 3.8% to 3%

### EXPIRY OF CONCESSIONS

ATO2 Lazio Centrale (Acea ATO2)	2032
ATO5 Frosinone (Acea ATO5)	2033
ATO3 Regione Campania (Gori)	2032
ATO4 Alto Valdarno (Nuove Acque)	2027
ATO2 Basso Valdarno (Acque)	2031*
ATO3 Medio Valdarno (Publiacqua)	2024**
ATO6 Ombrone (Acquedotto del Fiora)	2031*
Municipality of Lucca (Geal)	2025
ATO1 Perugia (Umbra Acque)	2027
ATI4 Umbria (Umbriadue Servizi Idrici)	2032

\* Extension of the concession approved by the concession authority at the time of the biennial review 2018-2019 (also approved by ARERA).

\*\* Extension of the concession approved by the concession authority at the time of the biennial review 2018-2019, yet to be approved by ARERA.

## ARERA RESOLUTION:

- **568/2019** tariffs for electricity distribution (**TIT**) and metering (**TIME**) revised for the sub-period 2020-2023
- **646/2015** "Quality of electricity distribution and metering services and output-based regulation" (**TIQE**) amended and supplemented by RESOLUTION **566/2019/R/eel** for the sub-period 2020-2023
- **534/2019** Initiatives designed to boost the resilience of electricity distribution networks, Areti plan for 2019-2021.
- **467/2019** experimental regulation for the upgrade of aging plumbing risers in buildings
- **306/2019** Revision for the three-year period 2020-2022 of the recognition of 2G smart metering costs
- **583/2015 TIWACC** supplemented by resolutions 639/2018/R/com and 570/2019/R/gas

**REGULATORY PERIOD: EIGHT YEARS 2016-2023** divided into two sub-periods, each lasting four years:

- 2016-2019
- 2020-2023

**REGULATORY PERIOD WACC: SIX YEARS 2016-2021**

- WACC for 2016-2018 5.6%
- WACC for 2019-2021 5.9%

***Areti's concession expires in 2030***

## WACC FOR OTHER ACTIVITIES

### ELECTRICITY TRANSMISSION

Electricity transmission WACC for 2019-2021 : 5.6%

### GAS NETWORKS

Gas transport	WACC for 2019: 5.7%	WACC for 2020-2021: 5.7%
Gas distrib	WACC for 2019: 6.3%	} WACC for 2020-2021: 6.3%
Gas metering	WACC for 2019: 6.8%	
Gas storage	WACC for 2019: 6.7%	WACC for 2020-2021: 6.7%

## ARERA RESOLUTION 443/2019

- Regulatory period 2018-2021, structured in line with the previous tariff regulation (Presidential Decree 158/99), with the introduction of certain elements such as sharing arrangements for revenue from the sale of material and energy derived from waste and the related CONAI revenue.
- Real pre-tax WACC: 6.3% for the period 2020-2021, with an additional 1% for the 2-year time lag between capex being carried out and its recognition in RAB.
- Determination of four different regulatory frameworks, limiting the annual rise in the tariff to reflect the quality of service provided and changes in the scope of operations.
- Cost recognition on the basis of accurate ex post data based on reliable accounting records for the previous two years and no longer on forecasts.
- Identification of efficient costs and subsequent adjustments for 2018 and 2019 (introduced on a progressive basis and recognisable over no more than 4 years).
- Whilst awaiting determination of the tariffs for incoming waste (to be determined by 31 December 2020), the charges covering the costs of disposal and treatment and of treatment and recovery are determined on the basis of approved and/or negotiated tariffs.

# 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. THIS PRESENTATION DOES NOT CONTAIN AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES ISSUED BY ACEA S.P.A. OR ANY OF ITS SUBSIDIARIES.

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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.