



aceo

Investor
Presentation

“Equita – Italian Utilities Conference”

February 2, 2022

Agenda



ACEA GROUP TODAY



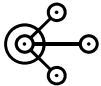
BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



STRATEGIC OPPORTUNITIES



KEY TARGETS

Agenda



ACEA GROUP TODAY



BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



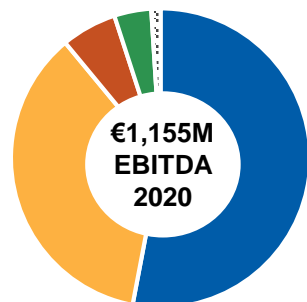
STRATEGIC OPPORTUNITIES



KEY TARGETS

Acea is a leading multi-utility player in the Italian market

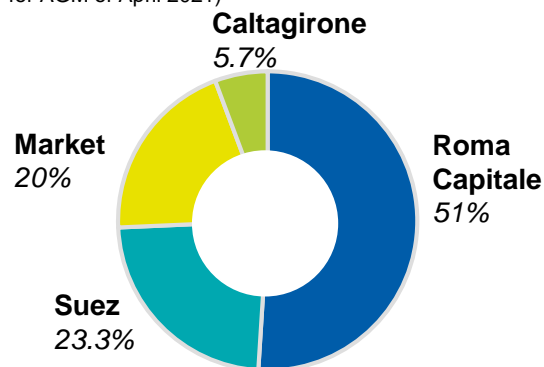
2020 EBITDA



85% regulated

Ownership structure

(Source: based on proof of share ownership filed for AGM of April 2021)



Water

Leader in the water supply sector in Italy

With **more than 9 M customers** in Lazio, Toscana, Umbria, Molise e Campania



Energy Infrastructure

Leading Italian player in the electricity distribution market

With **~9 TWh** of distributed electricity



Commercial & Trading

One of the main players in the Italian energy market

With **7.0 TWh** of electricity sold



Environment

4th player in the Italian waste treatment sector

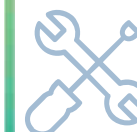
With **~ 1.6 M tons** of treated / disposed waste



Power generation

Green player in power generation in Italy

With **269 MW** of installed capacity¹



Engineering and services

Business line offering **technical services** to the Group

With **more than 100 M€** of **services** every year



Gas distribution

Entry in the gas distribution business with **~100k redelivery points**

Agenda



ACEA GROUP TODAY



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KEY TARGETS



Growth

Growth driven by regulated businesses, with **significant investment** related to **RAB**...

6.7%
EBITDA CAGR
2019-24

5.9 B€
2024 RAB



Renewables

...also supported by **investments in RES**, both industrial scale and consumer

747 MW
Installed PV capacity
in 2024

~1000
Domestic PV plants in
2024



Innovation

...together with investments for **new innovative services** (VAS)

0.6 B€
Innovation capex
2020-24

2200+
EV charging stations
in 2024



Delivery

...proving a consistent track record of **outperforming business plan targets**

>5%
Avg. EBITDA outperformance
vs. plan (last 3 years)

4.7 B€
Capex and M&A 2020-24



Sustainability

...with increasing focus on **environmental impact** and **circular economy**

-11 pp
Water losses in 2024

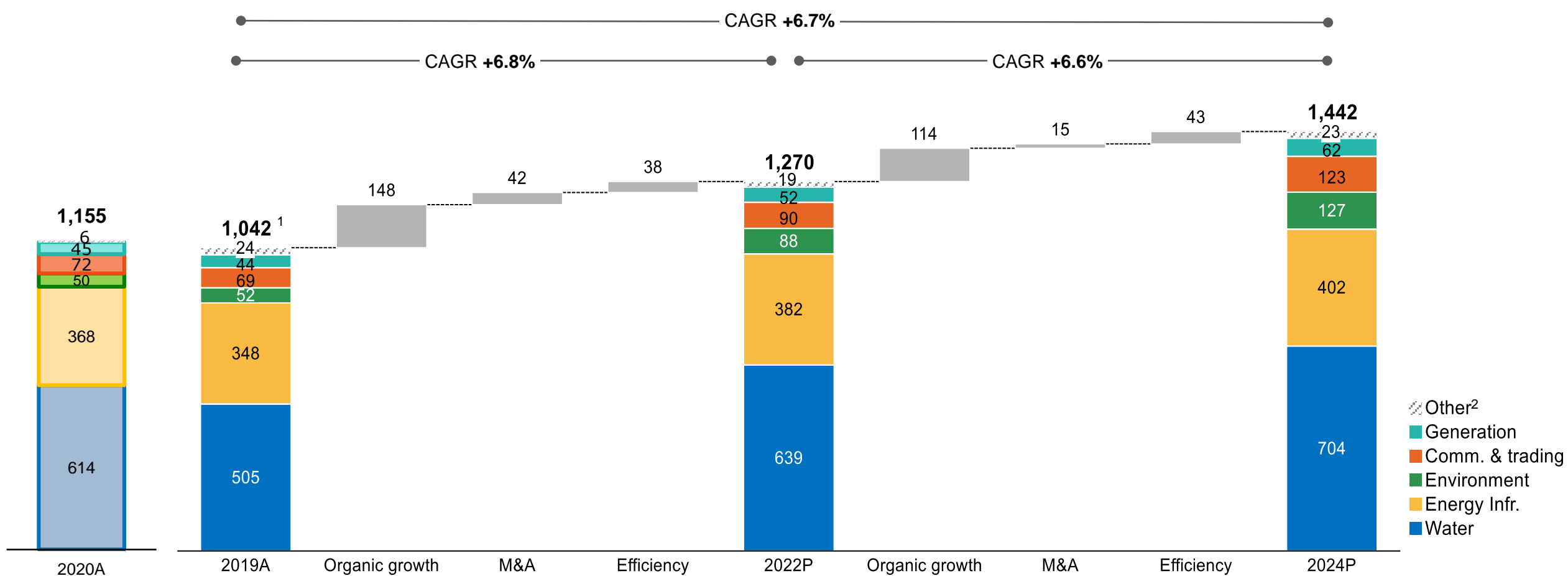
150+
«Smart Comp»
composters in 2024

Acea as a leading player in infrastructure and sustainability

Strategy and targets

Key financials

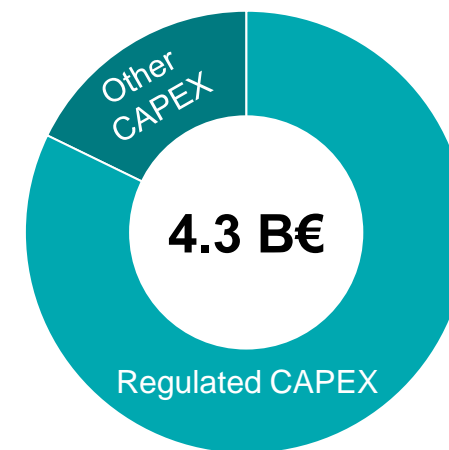
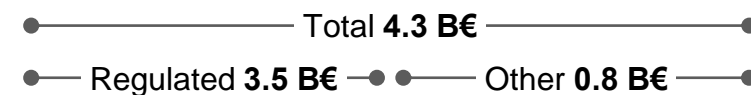
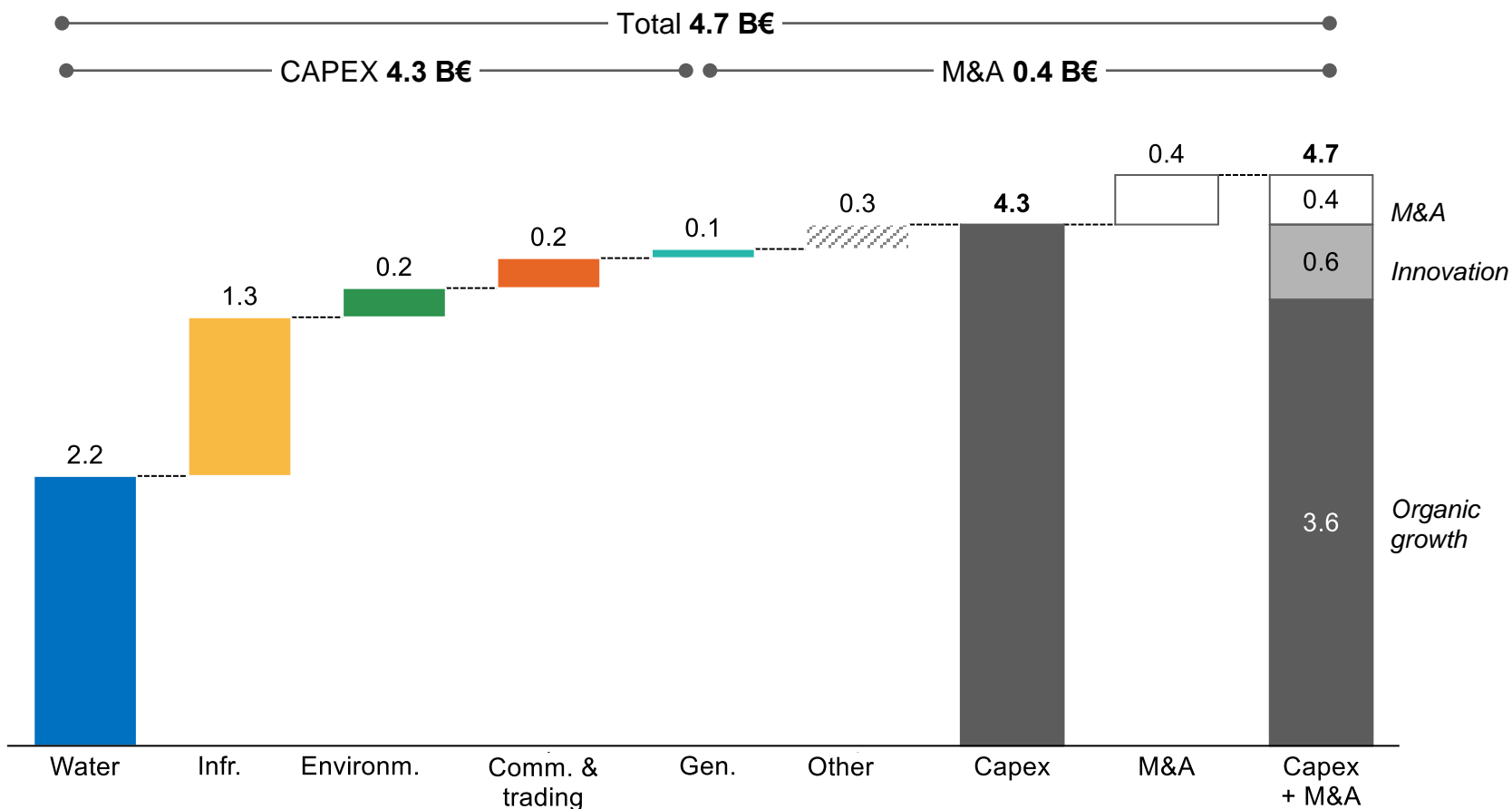
EBITDA | M€



Strategy and targets

CAPEX and M&A

CAPEX e M&A evolution | B€



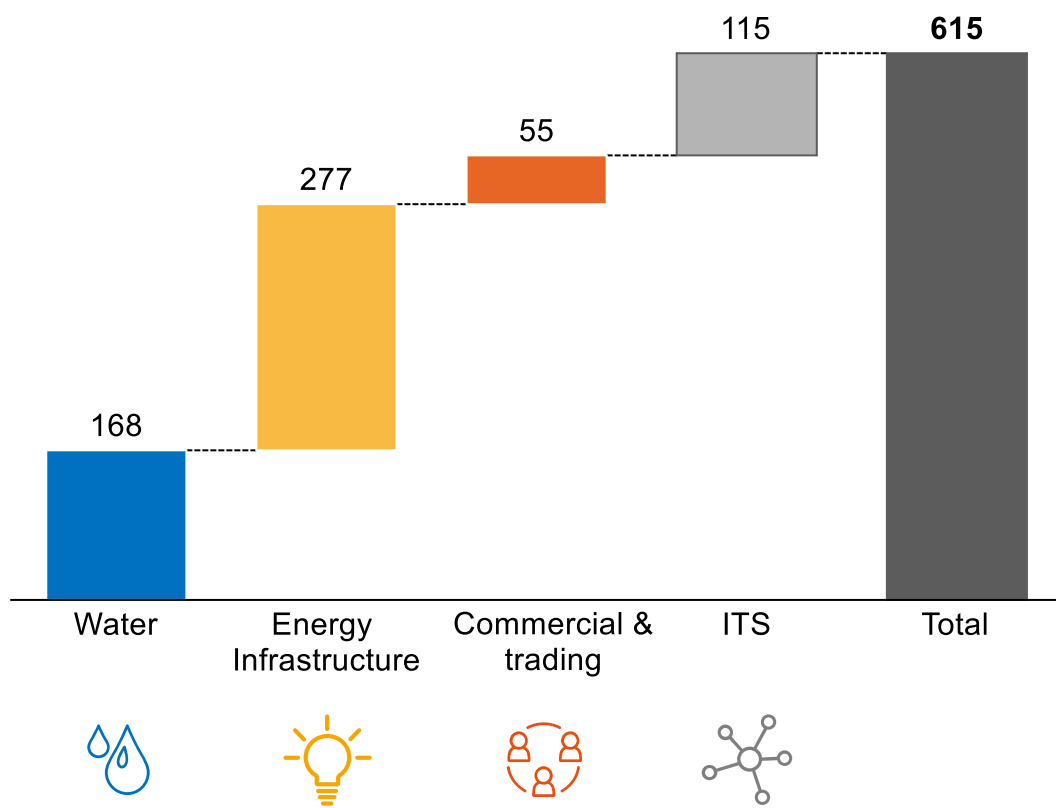
More than 80% RAB investments

Strategy and targets










Innovation as a driver for growth

INNOVATION

Capex related to Innovation | M€, 2020-2024



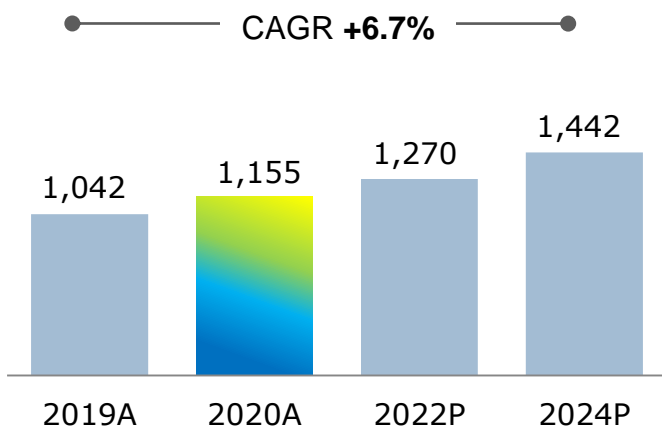
Selected initiatives

-  **500k+ smart meters** installed
-  Grids' performance optimization through **Water Management System**
-  **1.3M 2G smart meters** installed
-  New **Control center** for grids' management
-  **+100K digital customers** (acquired through digital channels)
-  **2,200+ EV charging stations** installed
-  **150+ "Smart Comp"** composters installed
-  Corporate **data lake** and **data-driven** asset management (*data-driven company*)
-  Development of new Salesforce **CRM platform**

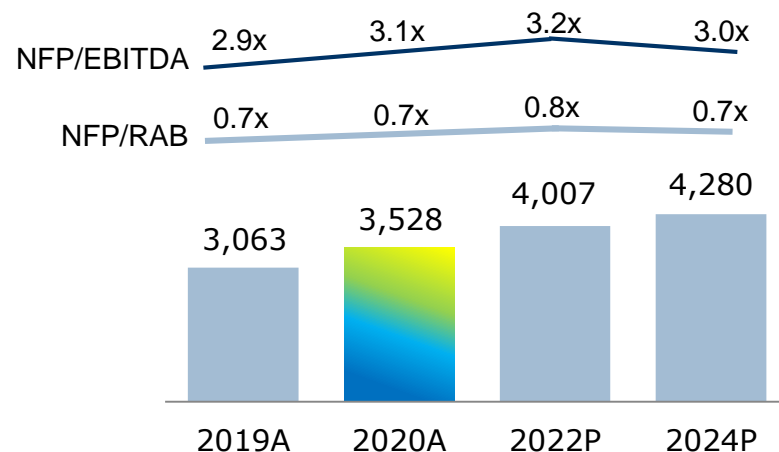
Strategy and targets

Key financials

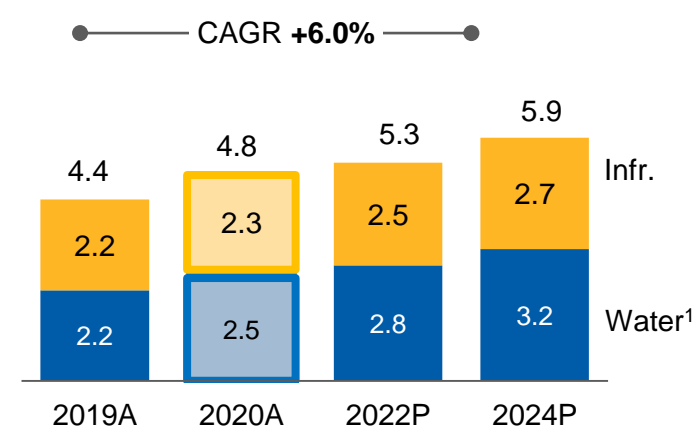
EBITDA | M€



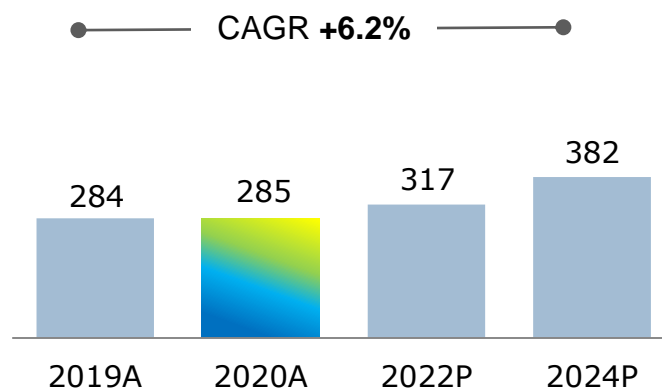
NFP | M€



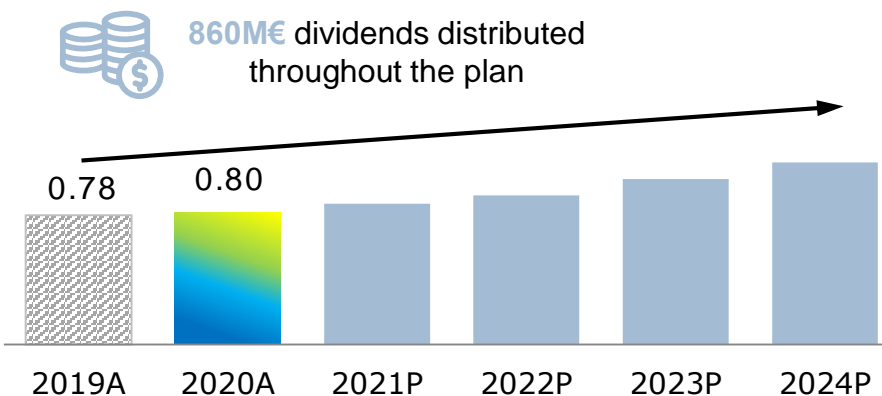
RAB | B€



Net Income | M€



Dividend per share | € / share



2021 GUIDANCE

EBITDA >+8% versus 2020 (increased in July 2021)
 CAPEX ~ €900M
 NET DEBT: €3.85÷€3.95B



More than 2B€ related to specific sustainability targets with highest relevance and priority to the Group

SUSTAINABILITY

Sustainable Development Goals (SDGs)

Related to investments in sustainability

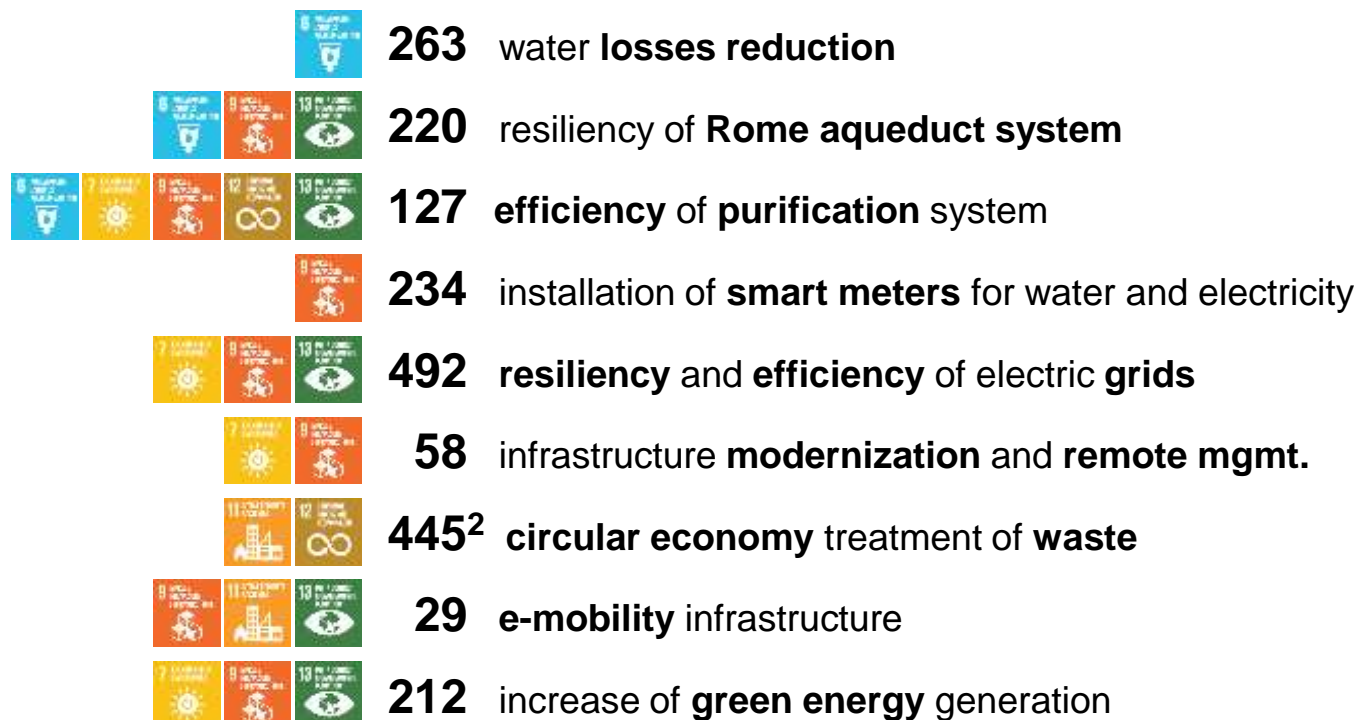


Acea sustainability rating



CAPEX related to sustainability targets | M€, 2020-2024

2.1B€ of investments related to **sustainability** targets over the plan (+400M€¹ vs. previous Business Plan):

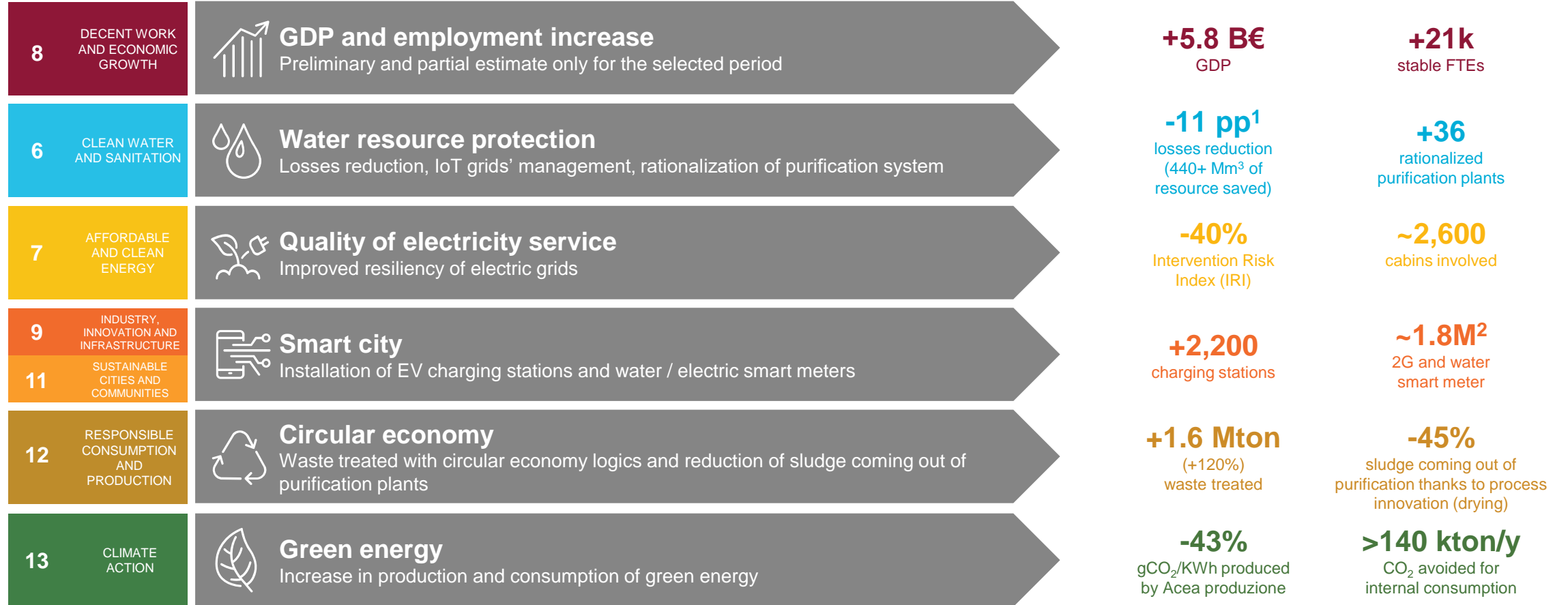




New and more challenging targets vs previous business plan

SUSTAINABILITY

Acea targets at 2024 (vs. 2019)



Strategy and targets

Solid financial structure

Highlights

Rating

	
BBB+	Baa2
<i>Outlook stable</i>	<i>Outlook stable</i>

Debt

As of September 30, 2021

- **5.3 years** average maturity
- **1.42%** average cost of debt
- **85%** fixed rate debt

Green Bond

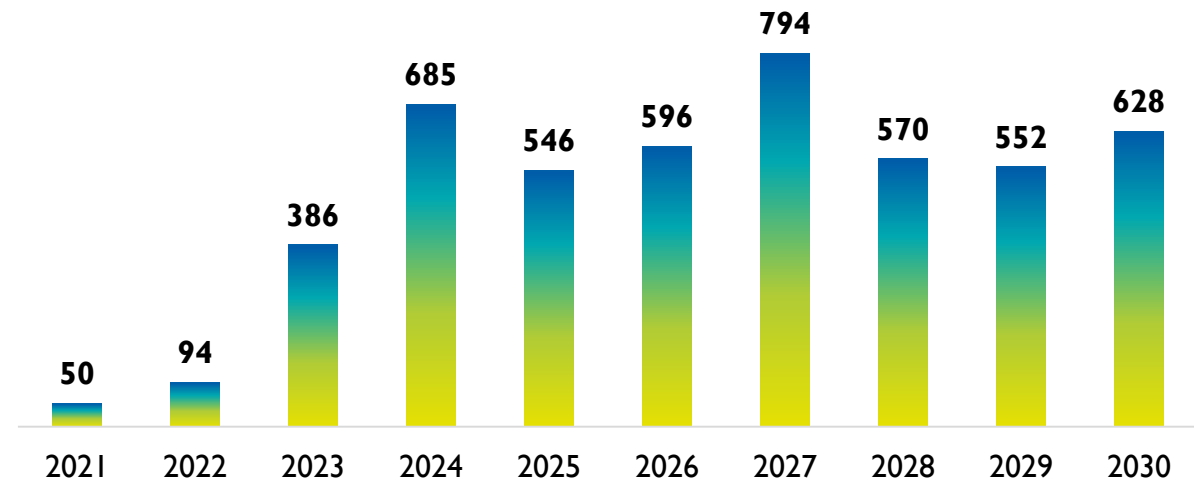
January 21st, 2021 – Acea successfully completed its first green bond issuance worth €900m in two tranches, under the Green Financing Framework and form part of €4bn EMTN programme:

- first tranche of €300m, coupon 0%, negative yield, maturity September 28th, 2025
- second tranche €600m, coupon 0.25%, maturity July 28th, 2030

Net Financial Position | B€



Financial maturities as of September 2021 | M€



Agenda



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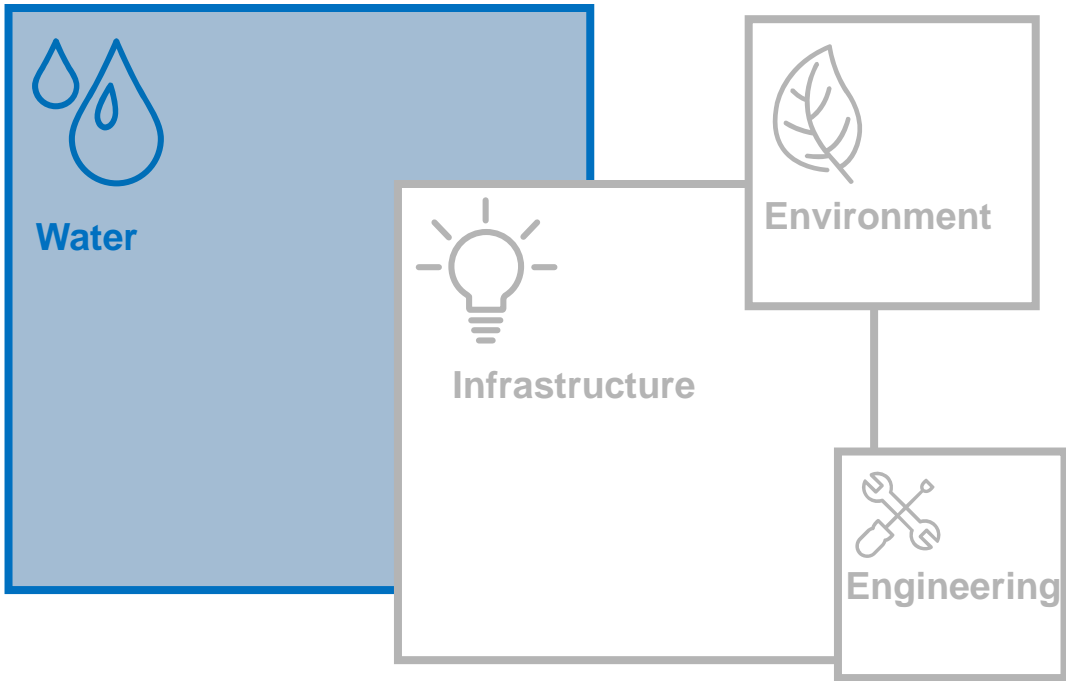
STRATEGIC OPPORTUNITIES



KEY TARGETS

Agenda

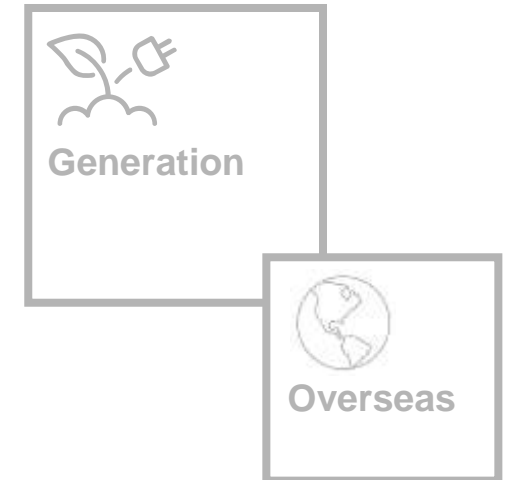
Operations



Commercial



Generation / overseas



Water Main initiatives

Development of a
Smart Water Company
for the **sustainability** of
the water resource
through improved
quality and **efficiency**

Expansion through
tenders in new
territories



Smart water meters installation plan and projects for **grids' districtualization**

+500k
Smart meters installed



On-going pursuit of **water resource protection** and **losses reduction**

-11 pp
water losses¹



Rationalization of small **water purification plants**

36
Rationalized plants



Grids' **performance optimization** through **Water Management System**

-15 pp
Failures incidence



Ensuring **water supply continuity** through the **doubling of Peschiera and Marcio** aqueducts

170 M€
CAPEX



SII Terni full consolidation (32 municipalities in the Province of Terni; November 2020)

>220K
CLIENTS SERVED



The **Consortium** established by **ACEA, Ascopiave** and **Iren** won bid for **gas distribution assets of A2A** (December 2021).

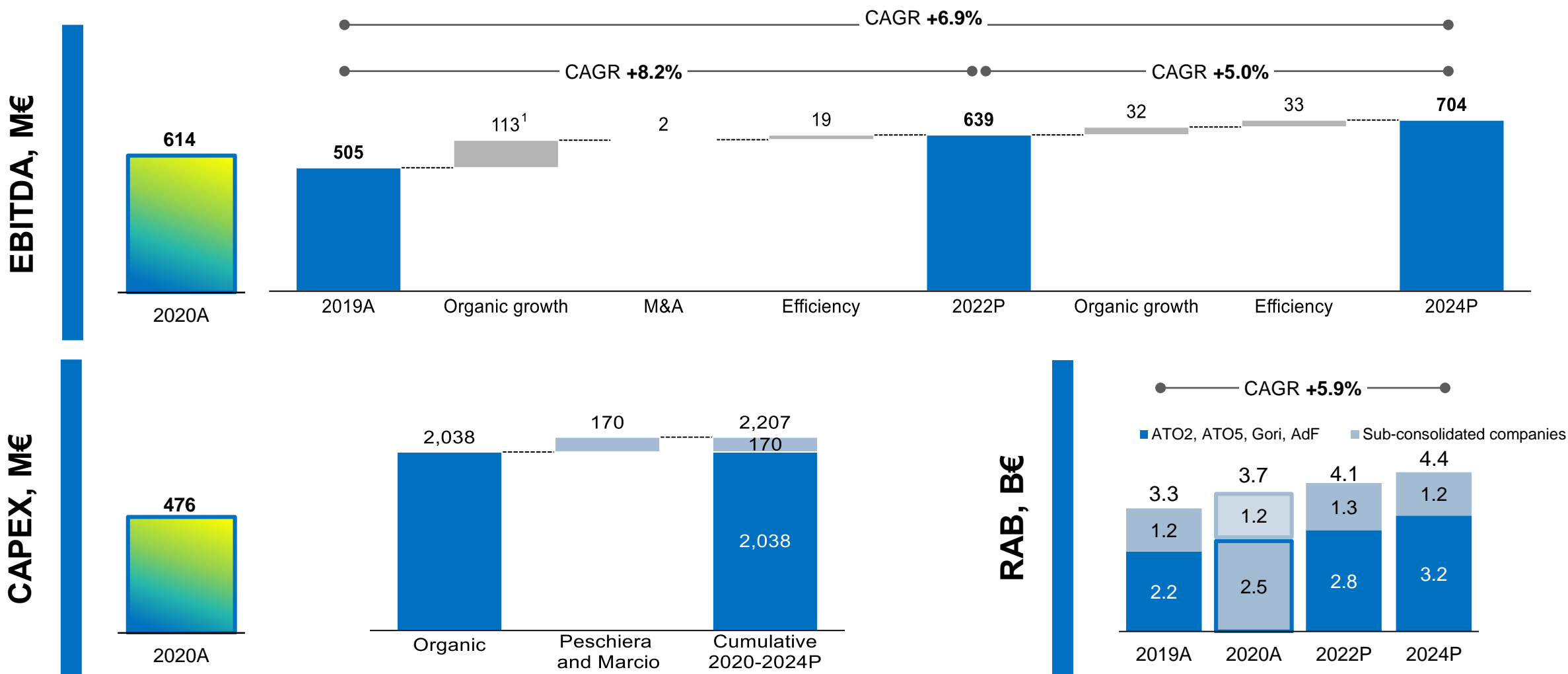
30,700
POINTS OF REDELIVERY

The assets of interest to ACEA consist of **concessions in 5 ATEM**, including 2 in Abruzzo, 2 in Molise and 1 in Campania.

- EV: €35.8M



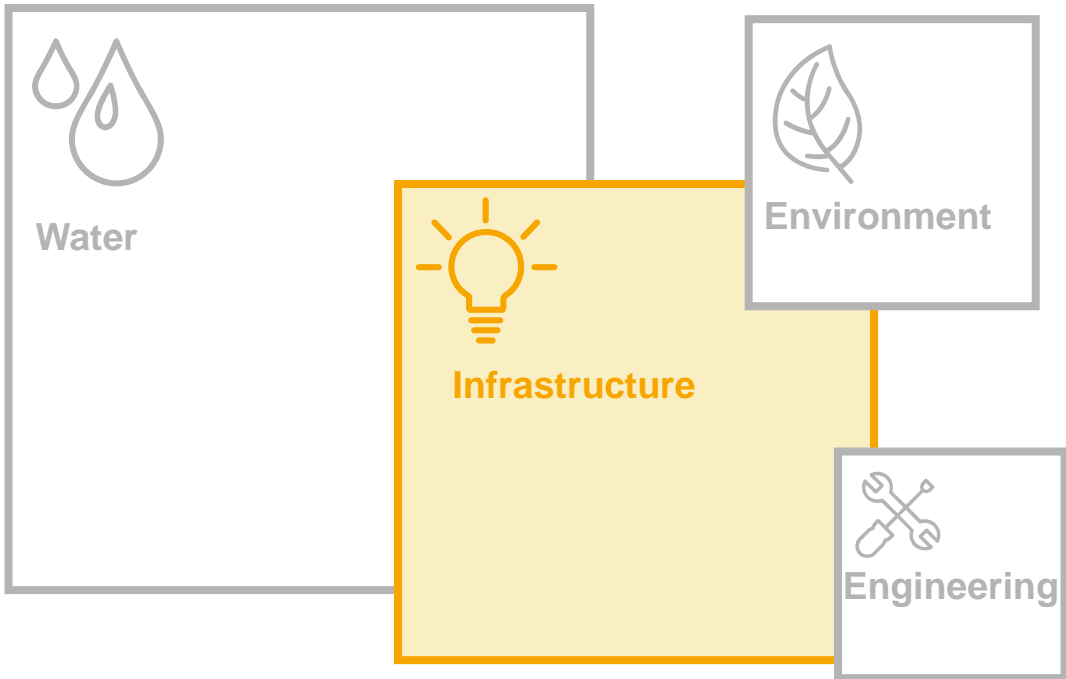
Water Key financials



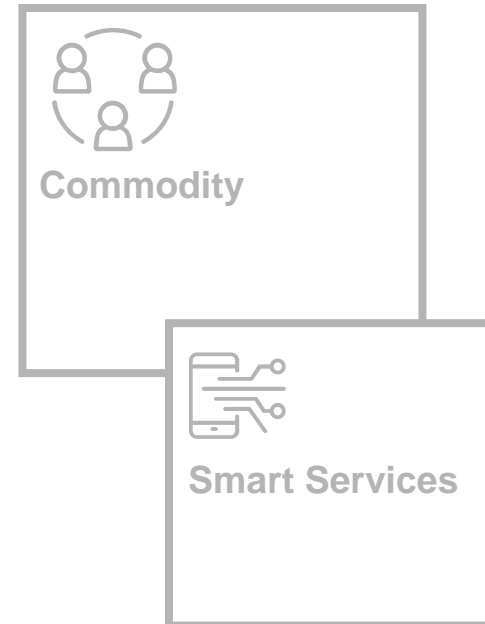
Notes: Key financial also include numbers from the gas distribution business; (1) ~50 M€ related to the changes in the consolidation perimeter of AdF

Agenda

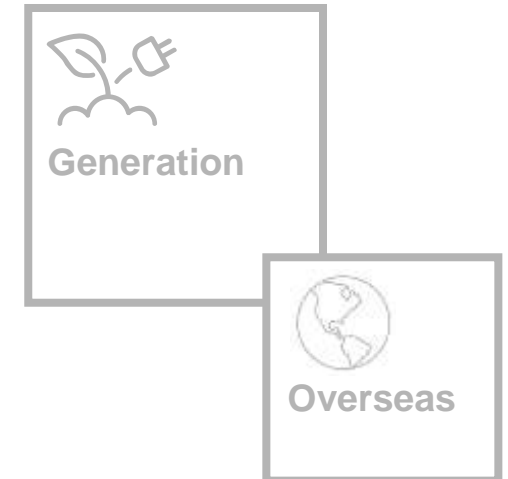
Operations



Commercial



Generation / overseas



A leading player in the
energy transition
process through
projects aimed at
increasing
electrification and
integration of the
distributed generation



Investments in grids' resiliency with upgrades on **specific cabins** rewarded with a premium vs. the reference WACC

145+ M€
CAPEX



Digitalization through remote control and **IoT solutions** on private and public grids

60%+
MV/LV cabins



Development work on grids to reflect new regulation on **service continuity** (penalty suspension recognized)

155+ M€
CAPEX



Installation of **2G smart meters**

1.3 M
installed meters
at 2024



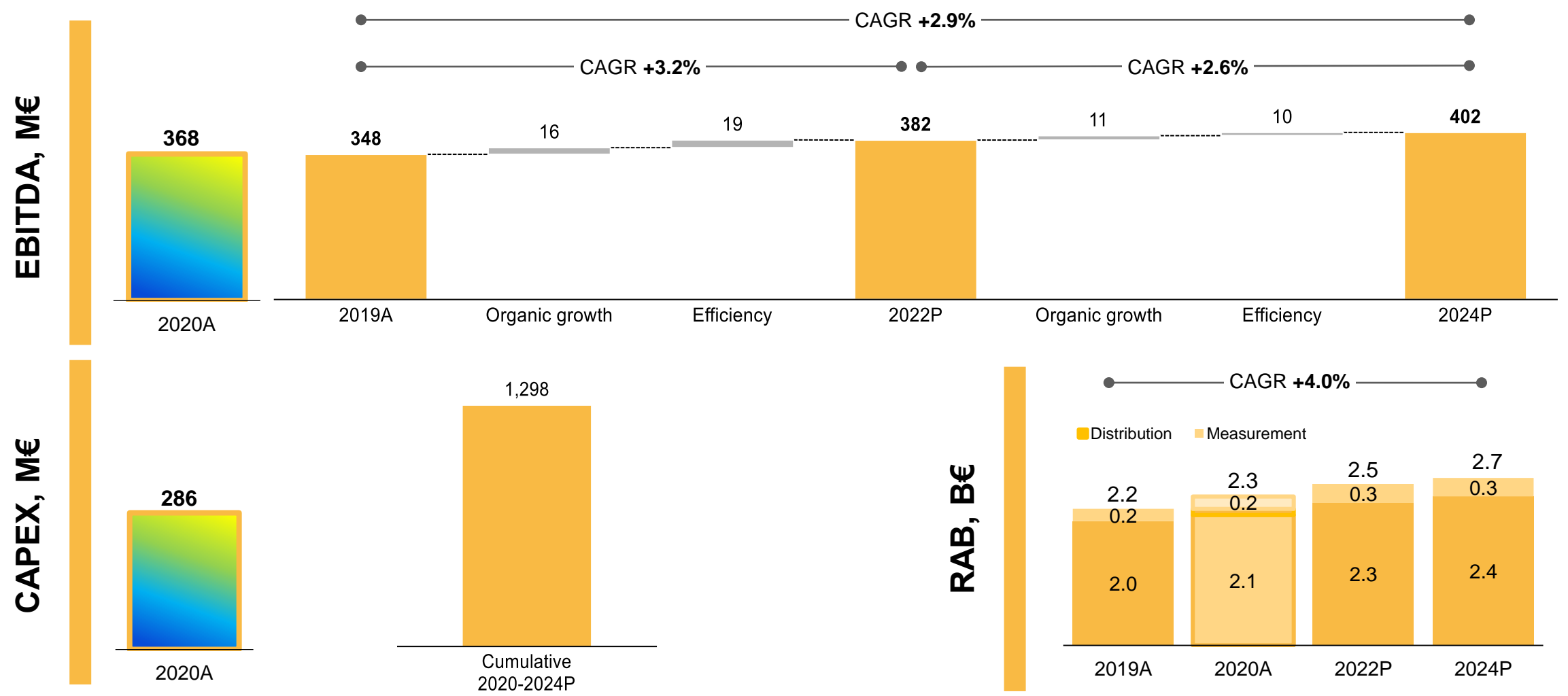
New **Control center** for grids' management

13+ M€
CAPEX



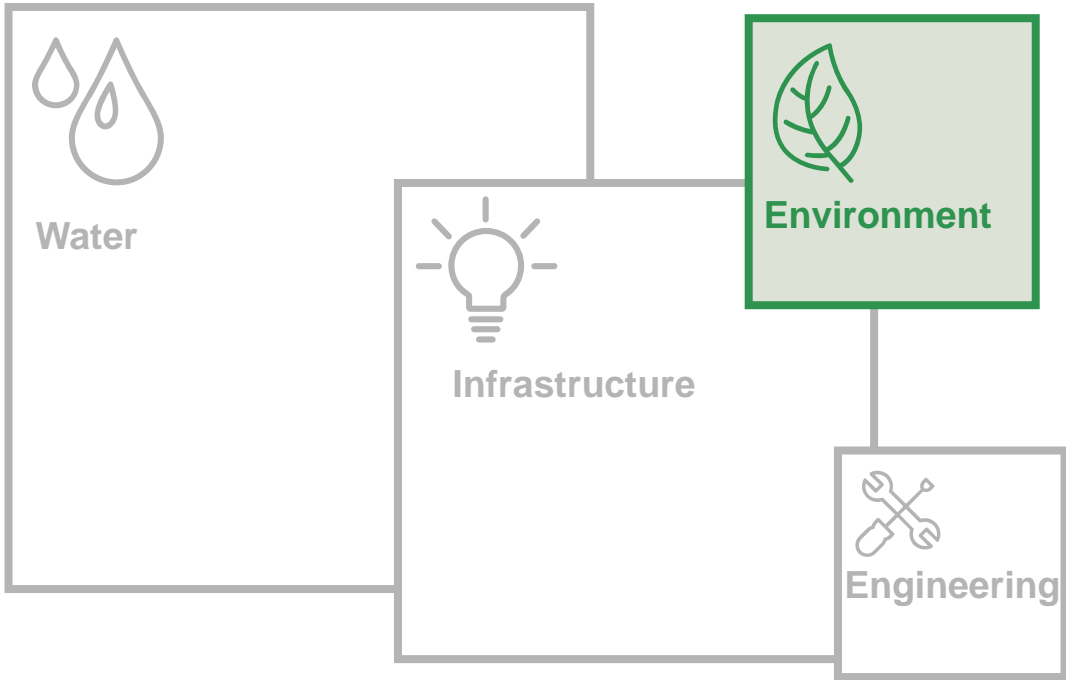
Energy Infrastructure

Key financials

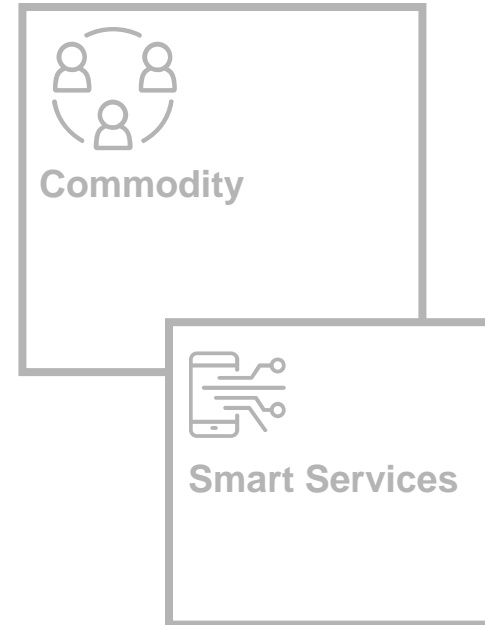


Agenda

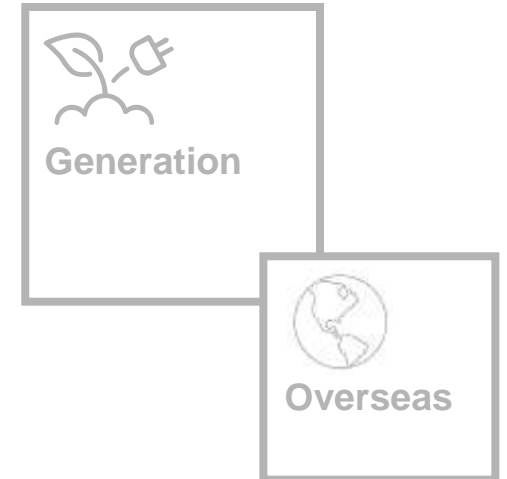
Operations



Commercial



Generation / overseas

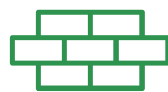




Environment Main initiatives

Market consolidation towards **circular economy** also with a «**one-stop-shop**» approach

Acceleration to **close the waste loop** in Central Italy



«**Core business**» **consolidation** in energy recovery (WtE), disposal of non-separated waste, and disposal / treatment of organic waste

+0.5 Mt/y
added capacity at 2024



Strengthening of the **Waste-to-Material (WtM)** chain **with circular economy approach** (e.g. plastic, paper, ...)

+0.6 Mt/y
added capacity at 2024



Further development of the **special waste segment** promoting synergies with Water (e.g. sludge) and WtE (e.g. ashes) segments

+0.5 Mt/a
added capacity at 2024



Value creation from the **post-merger integration** of acquired companies **and development of industrial synergies** through operating model commissioning and control systems integration

15+
acquired plants at 2024



Environment 2021 acquisitions



Agreement for the **acquisition of a 70% stake in Serplast (Abruzzo) and a 60% stake in Meg (Veneto)**, companies operating in the plastic recycling sector. (July 2021)

- EV (100%): €12M
- EBITDA 2021E: €3M
- EV/EBITDA: ~4x
- Volumes treated: ~70,000 Tonnes/year



This acquisition marks a further expansion of ACEA's plastic waste treatment capability, with the entry into a new sector, recycling, which is expected to deliver strong growth in the coming years



Agreement for the **acquisition of a 65% stake in Deco (Abruzzo)**, company that operates in the designing, building and operating facilities used in the treatment, disposal and recovery of solid urban waste. (September 2021)

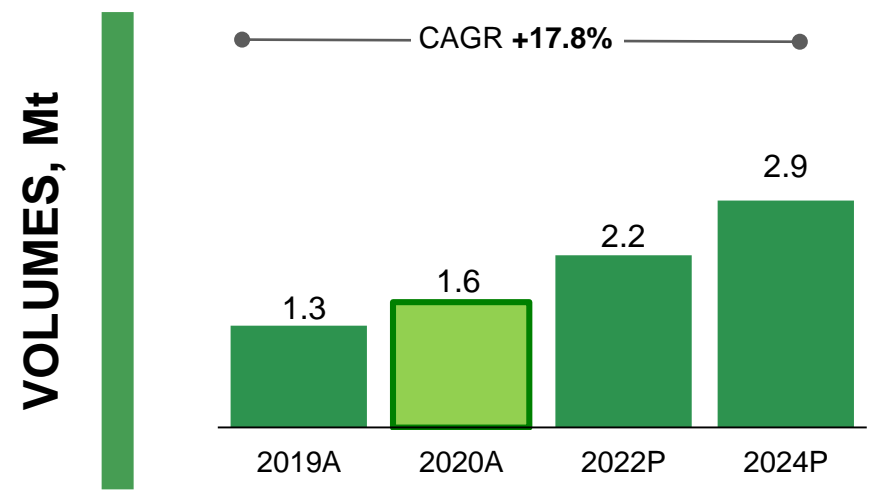
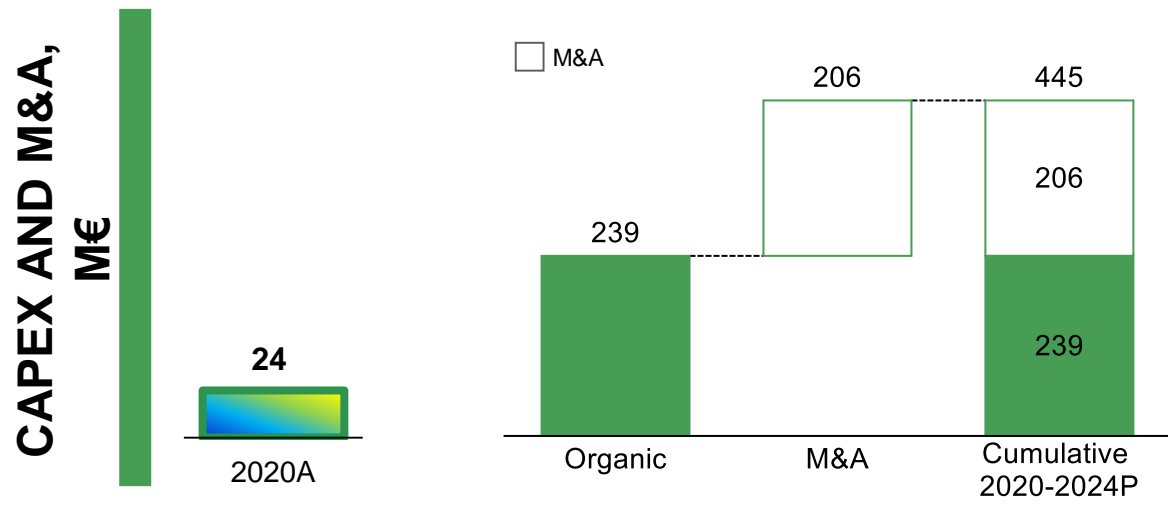
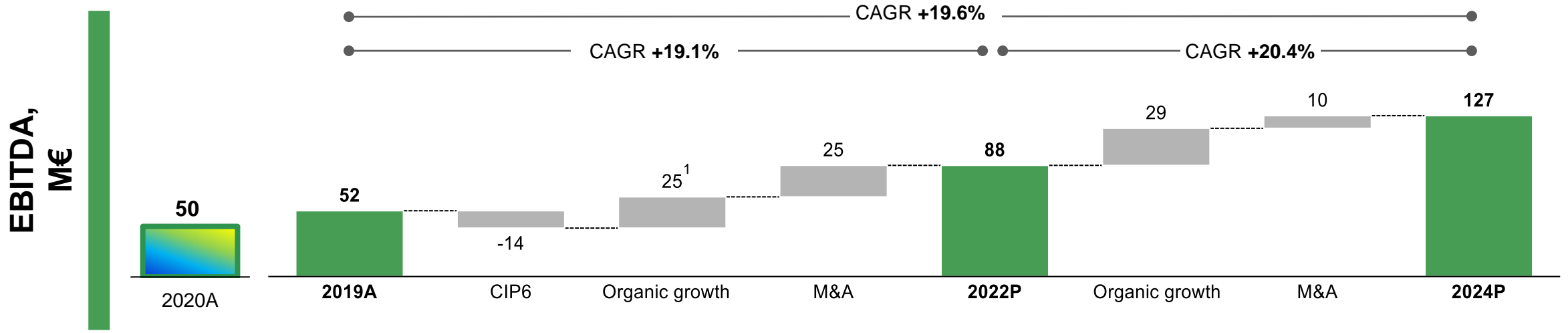
- EV (100%): €68M
- EBITDA 2020: €11M
- EV/EBITDA: 6,2x
- Volumes treated (authorized): ~270,000 Tonnes/year



The transaction enables ACEA to further consolidate its extensive presence in Central Italy



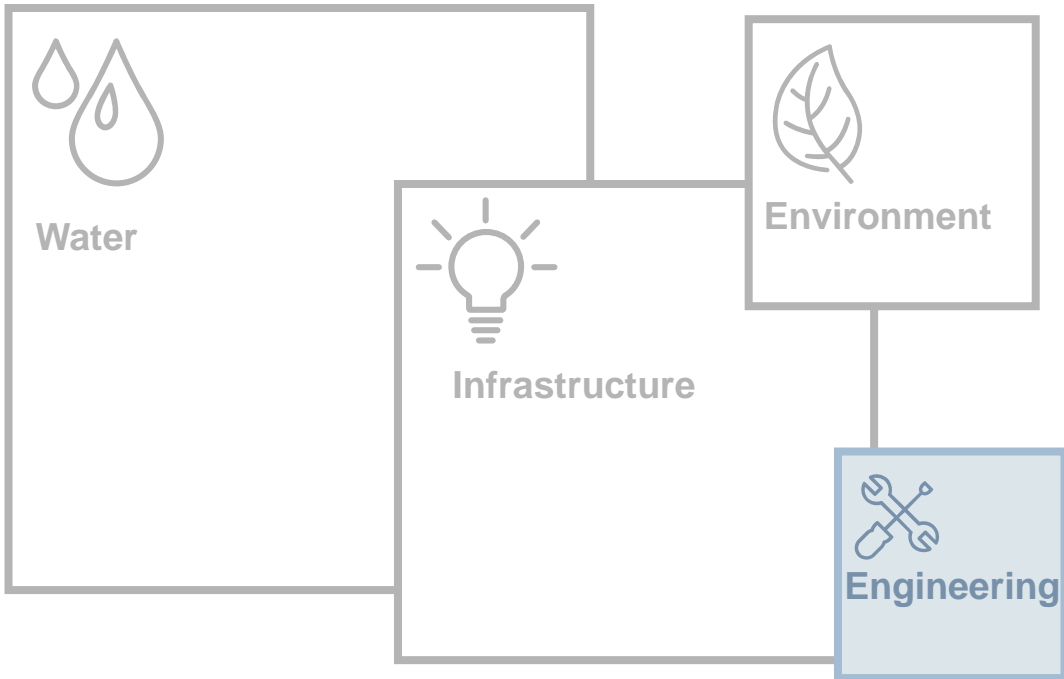
Environment Key financials



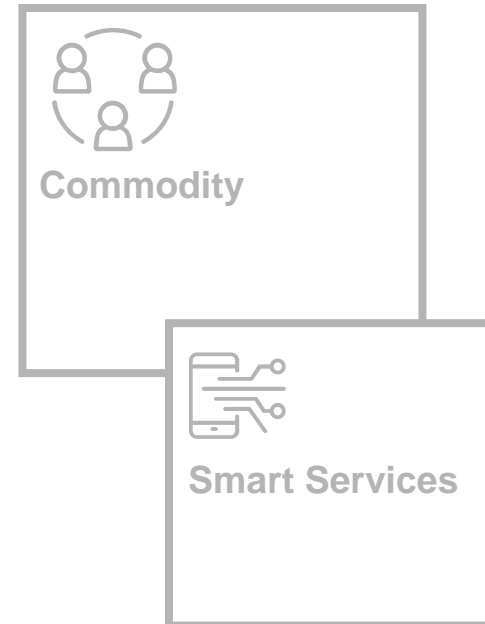
Note: (1) Includes growth related to M&A already closed as of September 2020

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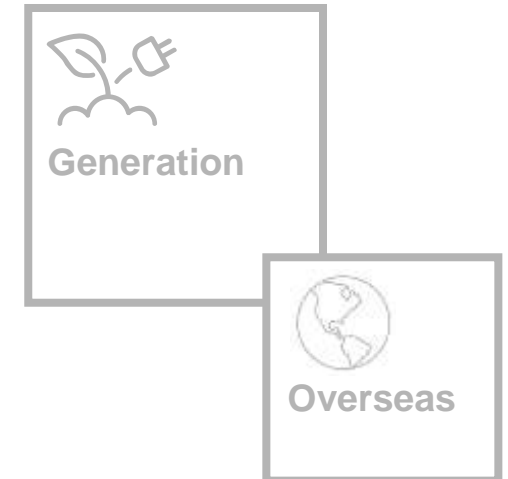
Operations



Commercial

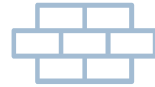


Generation / overseas





Development of a
building oriented
company tasked with
turnkey management
of **construction and**
engineering activities



Integration of the acquisition of **SIMAM** and **focus** on core **engineering activities**

+10 M€
2024 EBITDA



Construction of plants through **internalization of construction activities** with an EPC view

+440 M€
realized plants at
2024



Performance improvement to reduce unitary costs related to SII

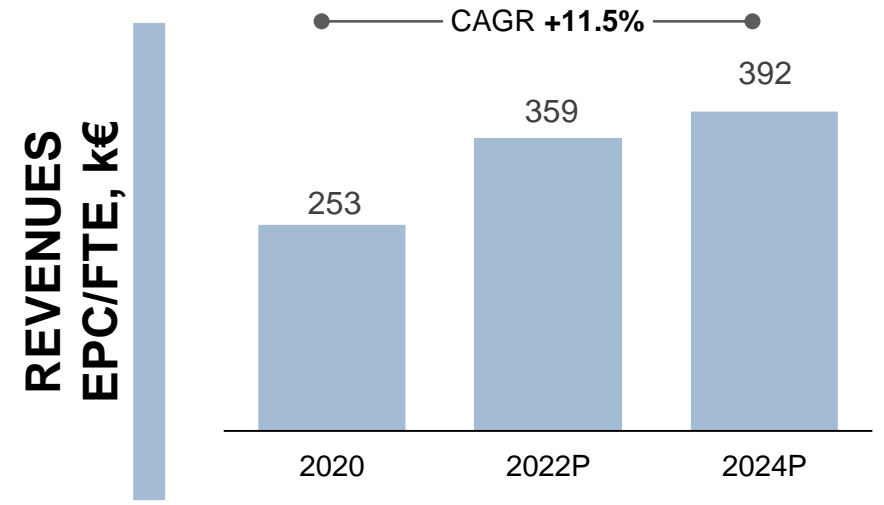
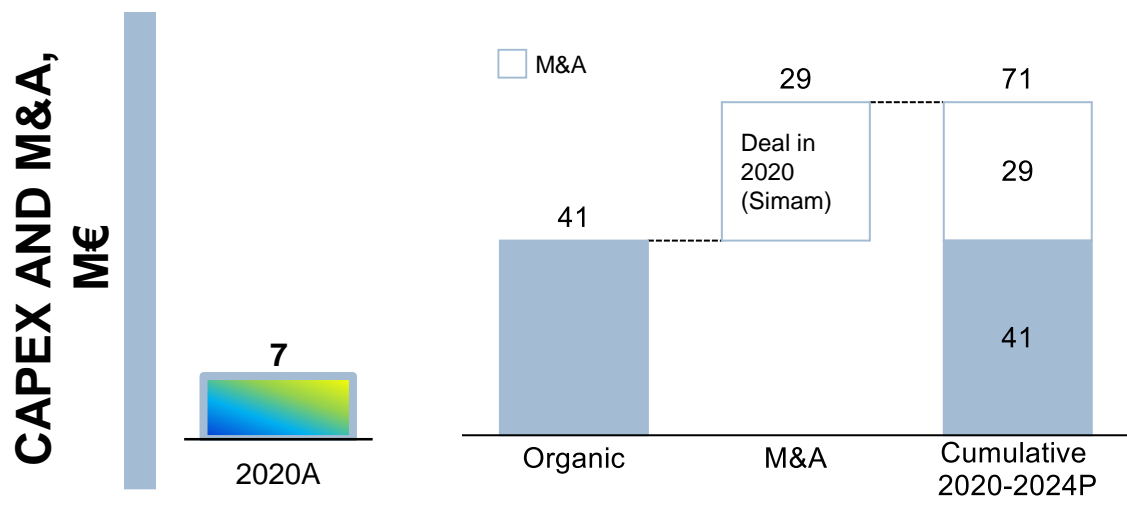
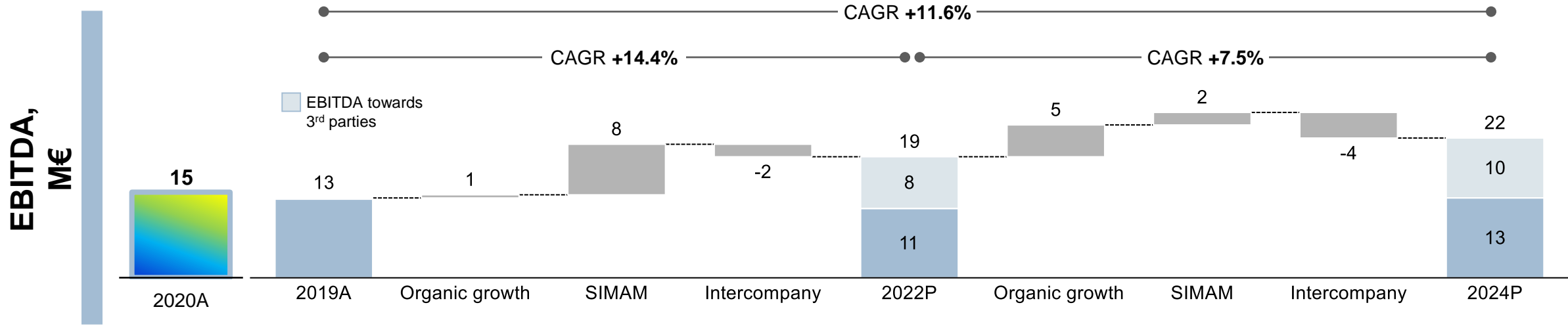
+20%
general contractor
margin insourcing



End-to-end management of investment with reduction of execution time and strengthening of **laboratory activities**

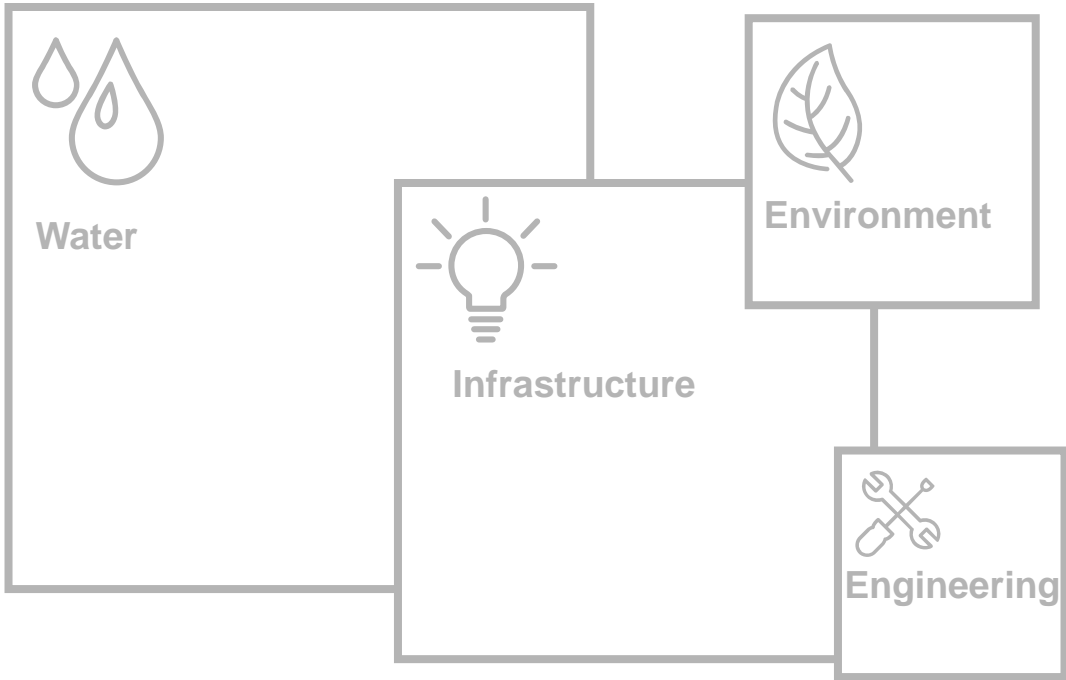


Development of a **commercial unit** to support growth and of a **research center**



Agenda

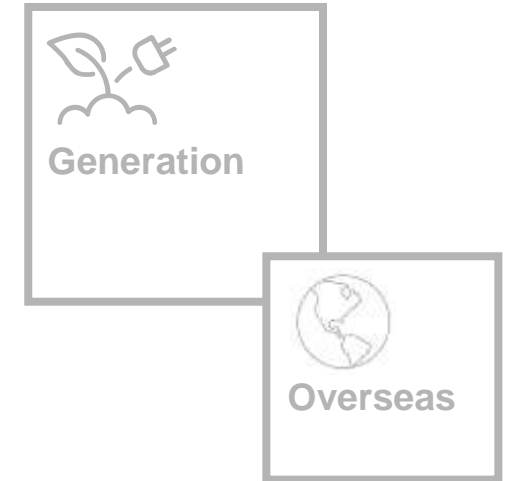
Operations




Commercial



Generation / overseas



 Commercial & trading: focus on energy commodity
Main initiatives

Commercial expansion in the **Center and South of Italy**, supported by **regulated market phase-out** and **«digital» offerings**



Focus on **core territories** with growth in the **Center and South of Italy**

+240k
customers (net growth vs 2019)



Cross-selling and up-selling opportunities thanks to regulated market phase-out in 2022

~700k
customers switching to free market



Boost of dual fuel penetration (i.e. gas) on the existing customer base

+80k
gas customers vs 2019



Digital Attack through a **new platform** for **customer journey** management

+100k
digital customer vs 2019

ACEA launches its LUCE 100% GREEN and GAS 0% CO2 offers (June 2021)



Partnership between Acea Energia and Windtre to promote and market the ELECTRICITY AND GAS OFFERING, initially through telecom company's retail outlets in Italy (January 2022)

Development of a
**Services-Based
Company** to strengthen
the relationship with
customers and increase
Acea Group brands
franchise



Organic development of e-mobility segment with charging stations increase and value-added services

2,200+
charging stations
at 2024



Push on **energy efficiency services** leveraging on opportunities from **fiscal incentives**

100+
condominiums
at 2024



Installation of «Smart Comp» composters, managed remotely through an IoT platform developed by Acea

150+
composters installed
at 2024



Installation of **residential PV and solar thermal plants**

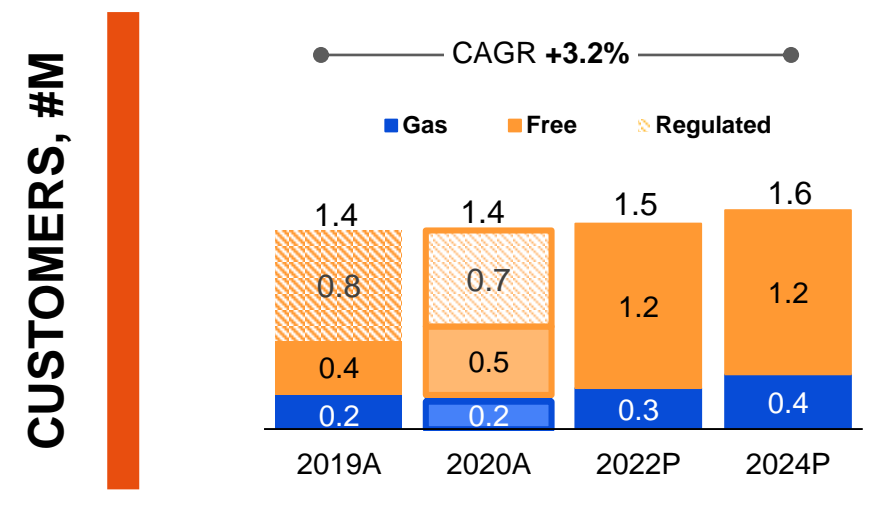
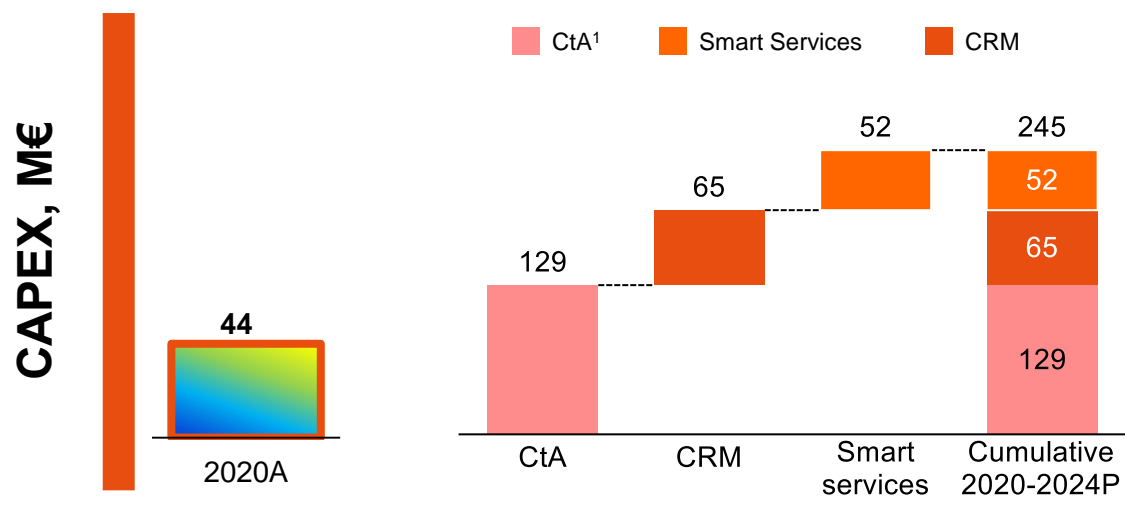
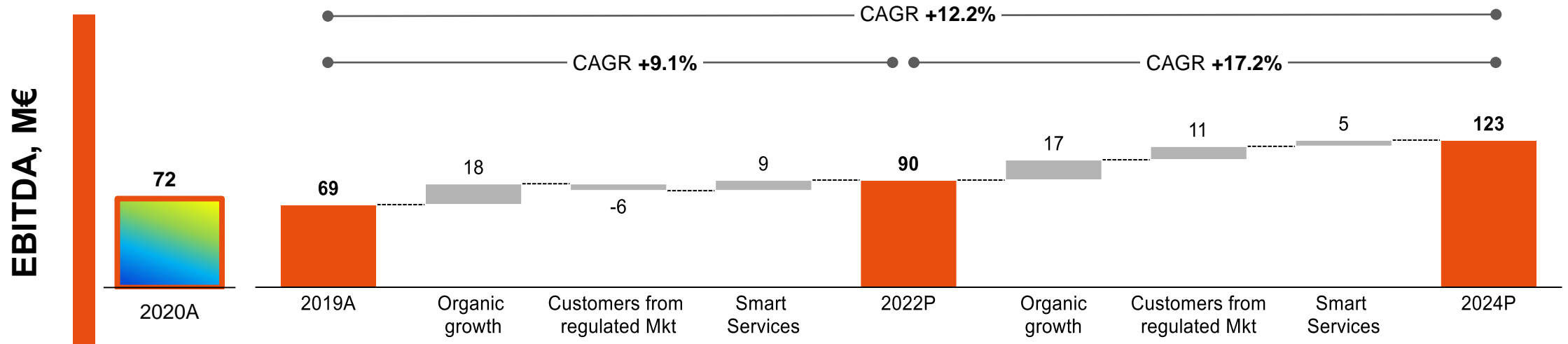
~1,000
plants installed
at 2024

ACEA begins to offer charging services for ELECTRIC-POWERED VEHICLES with the launch of “ACEA E-MOBILITY” app (April 2021)



Commercial & trading

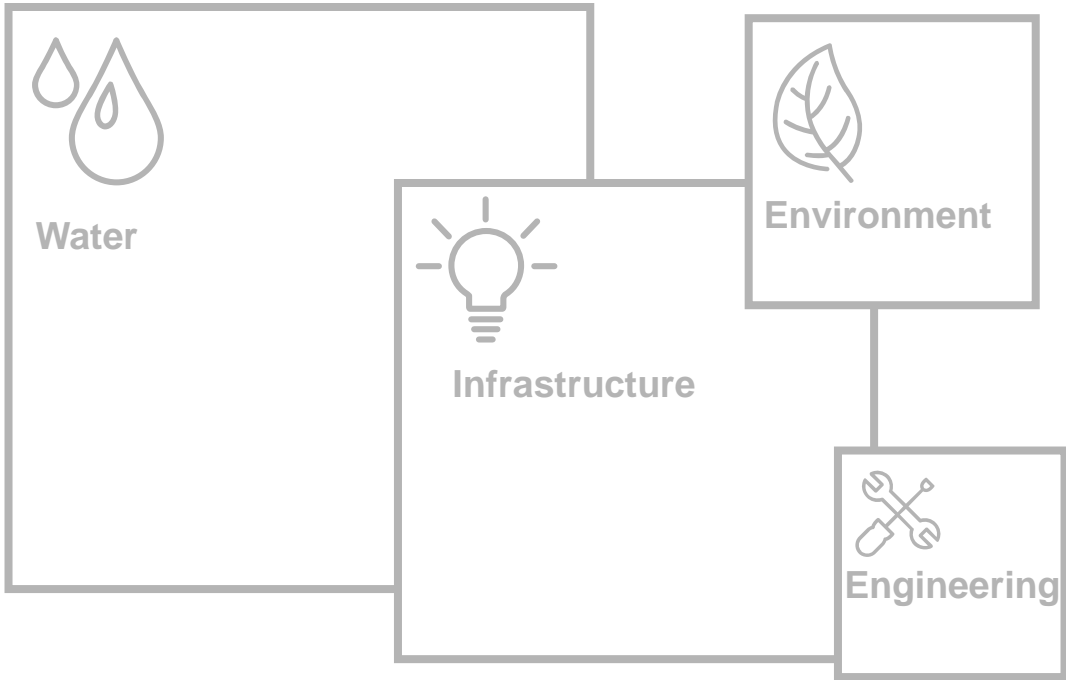
Key financials



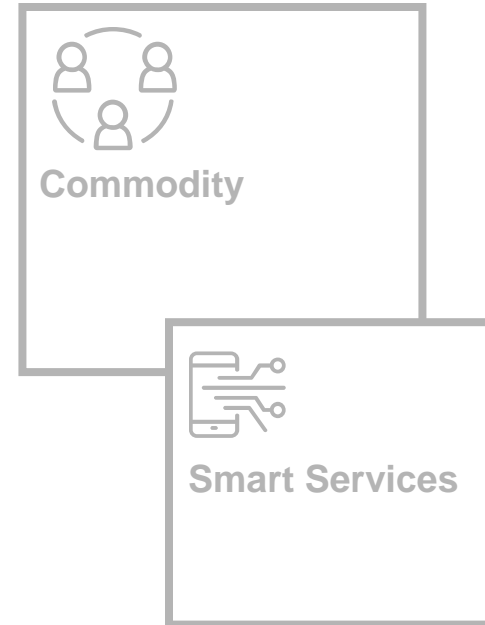
Note: (1) Cost-to-Acquire = cost to acquire new customers

Agenda

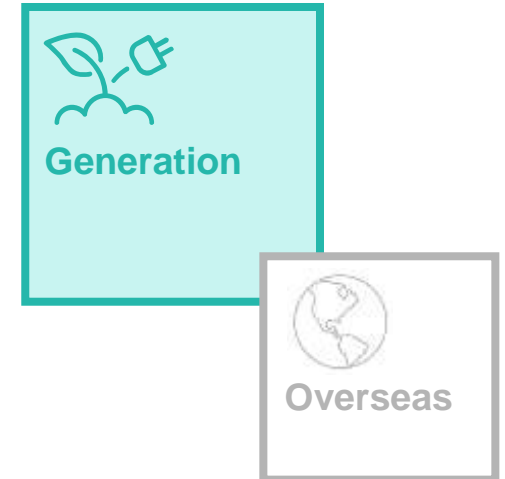
Operations



Commercial



Generation / overseas

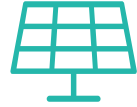


Growth of **PV** portfolio
to exploit opportunities
from the **energy**
transition and
decarbonization
processes



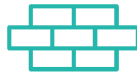
RES growth to exploit **opportunities from the decarbonization process**

747 MW
installed at 2024



Greenfield development of PV in **industrial and agricultural areas**

569 MW
installed at 2024



M&A development to accelerate PV portfolio growth

178 MW
installed at 2024

Photovoltaic plants (as of September 2021)



- Total capacity of 69 MWp.
- Construction of plants with capacity of 51 MWp in progress.



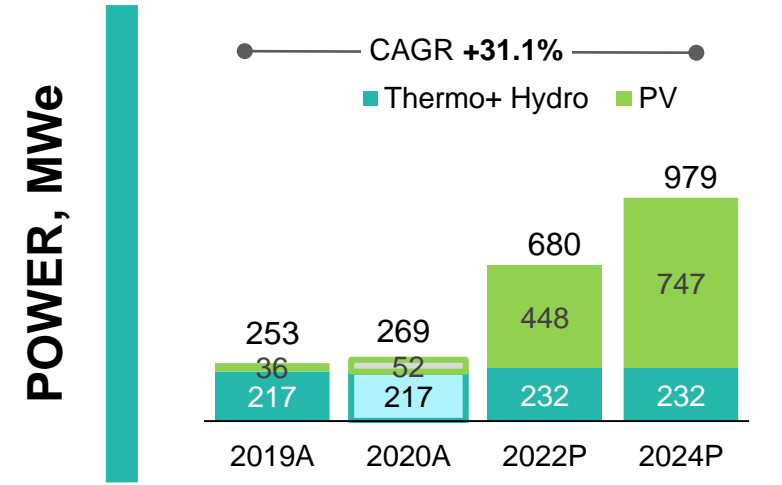
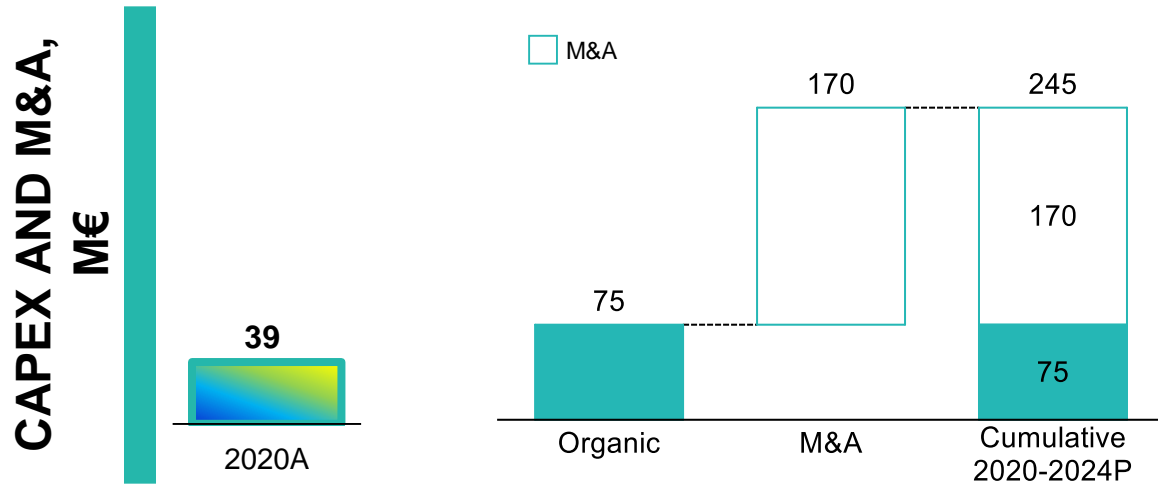
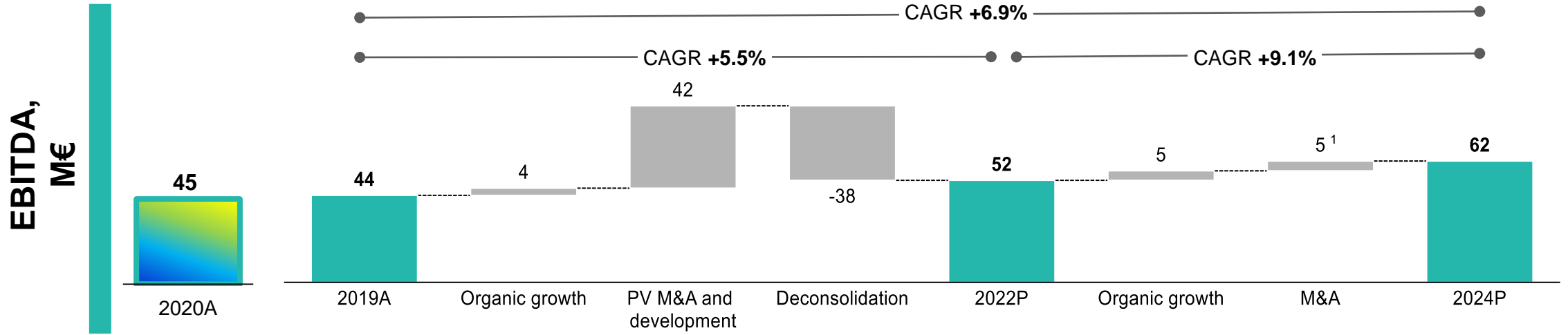
Agreement with Equitix for the **sale of a majority stake in NewCo set to manage photovoltaic assets.** (December 2021).

Equitix is to acquire a 60% interest in the newly established company (“HoldCo”) to which the photovoltaic assets currently owned by ACEA Sun Capital are to be transferred. The assets have a total installed capacity of 105 MW, including 46 MW qualifying for various feed-in tariffs and 59 MW represented by newly built plants already connected or in the process of being connected to the national grid.

- EV: €220M
- EV/EBITDA 2022: 10x



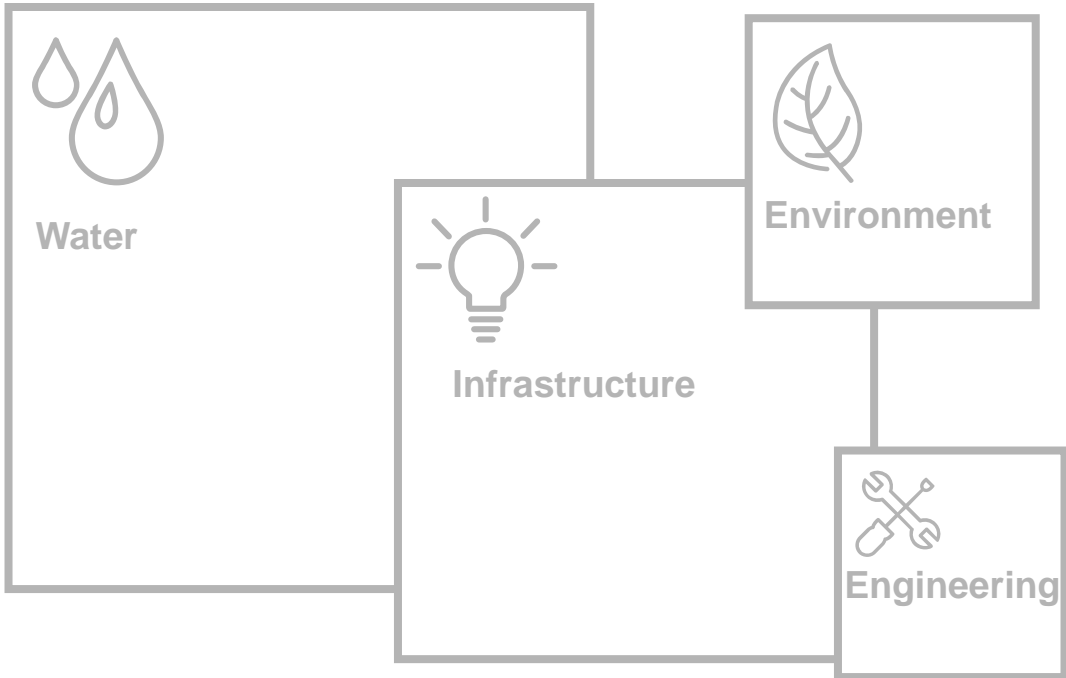
Generation Key financials



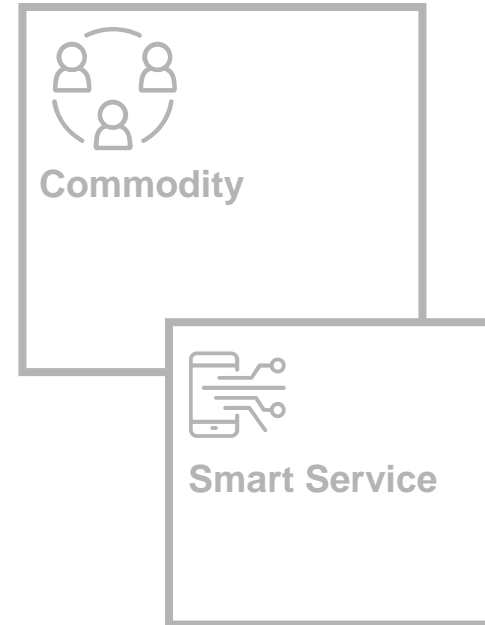
Fonte: (1) Post deconsolidation the EBITDA value is equal to the Net Income pertaining to the company

Agenda

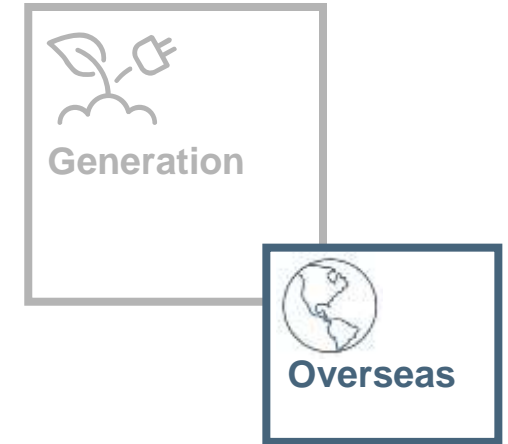
Operations



Market



Generation / overseas





Overseas

Current positioning and key financials

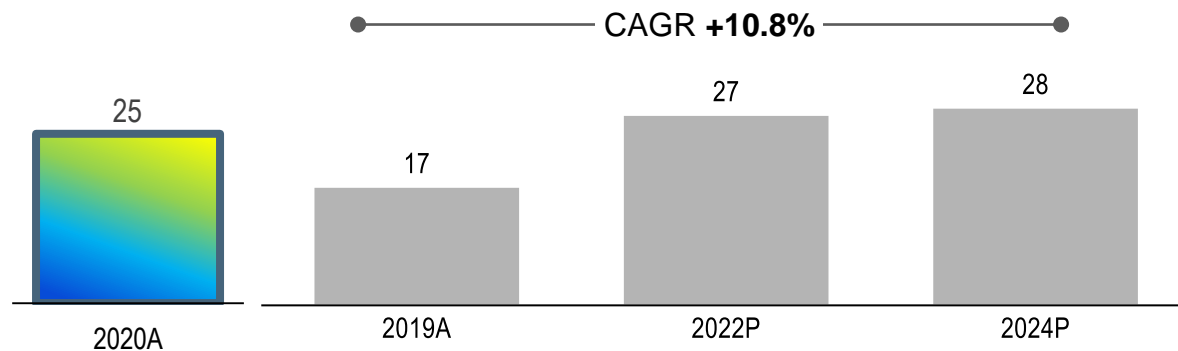
Current positioning



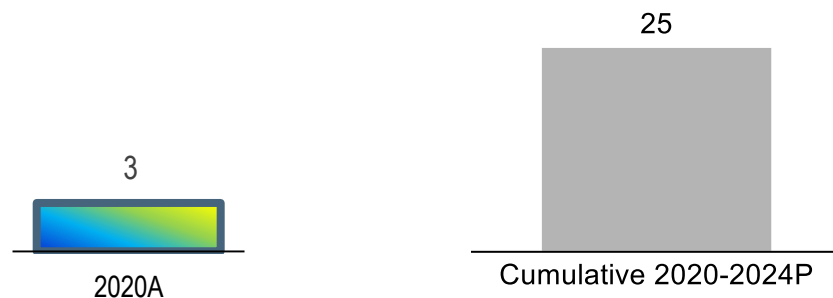
- **Acea International:** overseas holding (management, scouting, tender monitoring)
- **Acea Dominicana:** management of commercial services for the north and east regions of Dominican Republic
- **Consorcio Agua Azul:** provision of water and discharge services in the city of Lima
- **Agua de San Pedro:** management of water services for the city of San Pedro Sula in Honduras
- **Acea Peru:** subsidiary established to scout and develop opportunities in the country



EBITDA | 2019-2024, M€



CAPEX | M€



Organic growth on the same perimeter

Agenda



ACEA GROUP TODAY



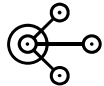
BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS







STRATEGIC OPPORTUNITIES



KEY TARGETS

Strategic opportunities

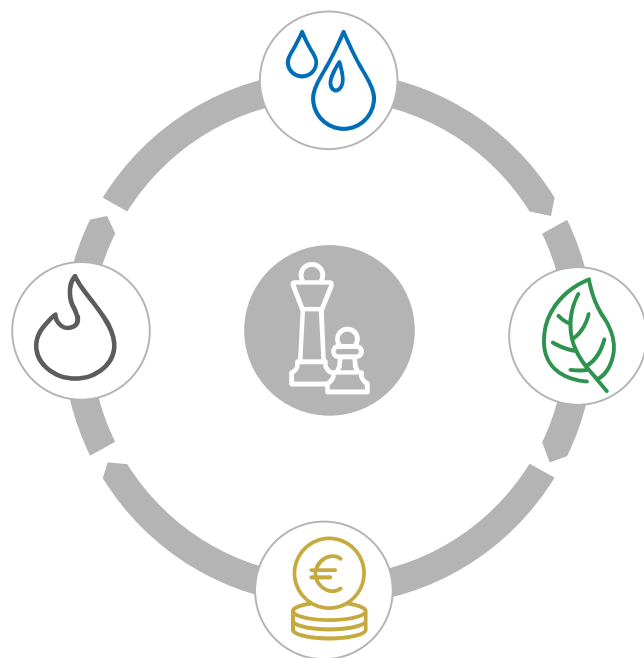
Additional potential upsides

Selected strategic opportunities			EBITDA 2024 M€	CAPEX 2020-24 M€
Water consolidation		<ul style="list-style-type: none"> • Consolidation of existing concessions in which Acea has a minority stake • Expansion within regions of interest 	+100	+400
Gas portfolio expansion		<ul style="list-style-type: none"> • Growth in gas distribution through tender participation in relevant territories (big cities/ ATEM), leveraging on the first «tactical» acquisitions 	+10-20	+50-130
Boost M&A - Waste		<ul style="list-style-type: none"> • Acceleration of market consolidation through further M&A transactions on segments / geographies considered strategic for Acea 	+25-50	+200-400
Recovery Fund		<ul style="list-style-type: none"> • Opportunity for Acea to play an active role in the development of major projects financed by the “Recovery Fund” to close the infrastructural gap in areas where it is not possible to invest with tariff incentives 	-	-

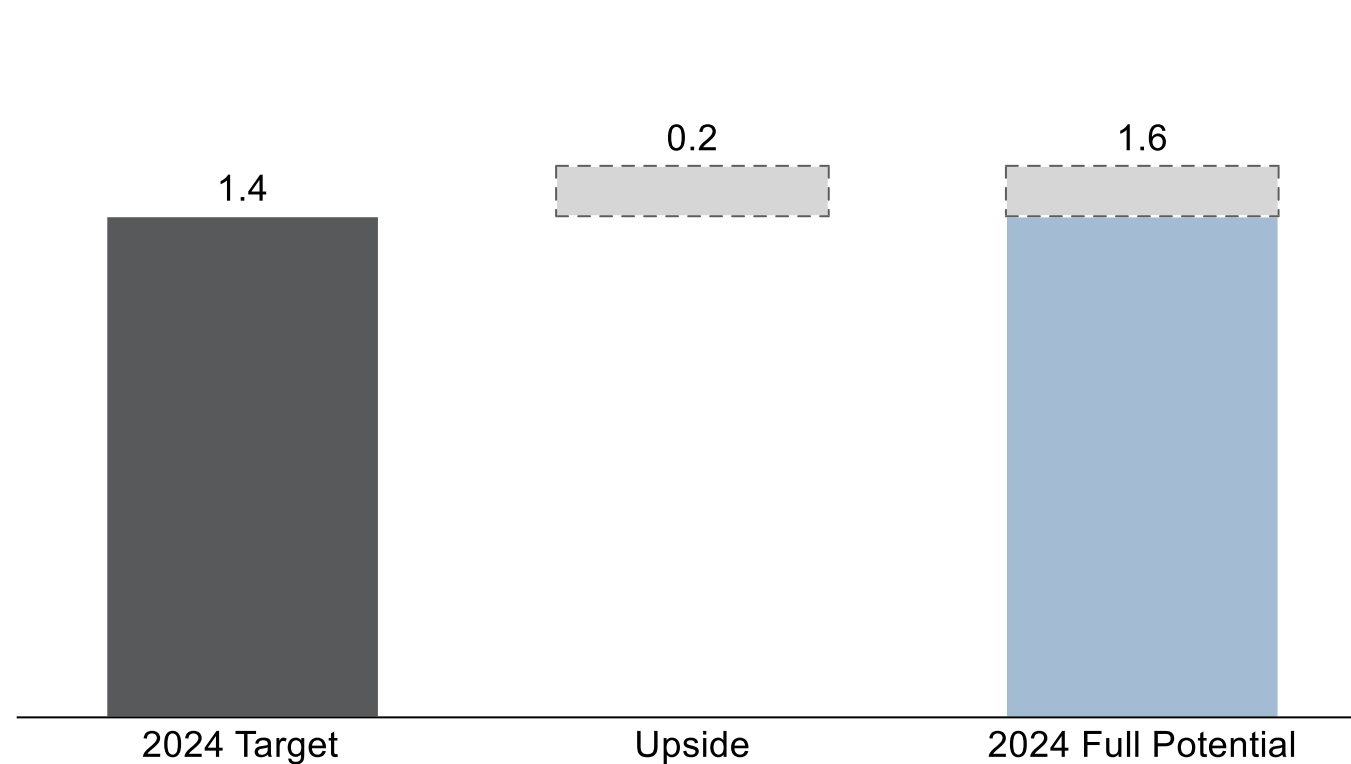
Strategic opportunities and upsides

Full potential EBITDA

Strategic opportunities



Target full potential EBITDA upside at 2024 | B€



Agenda



ACEA GROUP TODAY



BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



STRATEGIC OPPORTUNITIES



KEY TARGETS

Key Targets

Significant growth at 2024, while maintaining a balanced capital structure



6.7% of **EBITDA CAGR** with a **2024 target** of **1.4 B€**



Group **net profit** growing to **0.38 B€** in 2024



4.3 B€ of organic **CAPEX** (~850 M€ / year) and **0.4B€** capex from M&A (~80 M€ / year)



RAB growing to **5.9 B€** in 2024



Balanced **NFP / EBITDA** ratio over the plan reaching **3.0x** in 2024 and **NFP/RAB of 0.7x** in 2024



860 M€ of dividends to be distributed throughout the plan



APPENDIX

acea



9M 2021 RESULTS

acea

EFFECTIVENESS OF STRATEGY CONFIRMED BY STRONG RESULTS

STRONG COMMITMENT TO OPERATIONAL EFFICIENCY AND INNOVATION

EBITDA

€930M

+8%

NET
PROFIT

€249M

+14%

CAPEX

€684M

+9%

NET DEBT

€3,998M

NET DEBT/
EBITDA LTM

3.26X

GUIDANCE FOR 2021 CONFIRMED

- EBITDA **>+8% versus 2020**
CONFIRMED
- CAPEX **~€900M**
CONFIRMED
- NET DEBT **€3.85-3.95BN**
CONFIRMED

A LEADING INDUSTRIAL GROUP

OUR BUSINESSES ARE EVOLVING

January 2021

Successful placement of first **GREEN BOND** worth €900m (€300m tranche issued with negative yield)

FITCH RATINGS

confirms Long-Term Issuer Default Rating as “BBB+” with a “Stable” outlook

May 2021

GAIA RATING*

Acea scores 78/100 in overall rating of ESG performance, rating improved for third consecutive year.

July 2021

Agreement to **ACQUIRE 70% OF SERPLAST AND 60% OF MEG**, companies operating in plastic recycling sector

2020/9M 2021

DEVELOPMENT OF PHOTOVOLTAIC PLANTS

with total capacity of **120 MWp** (as of 30 September 2021), including:

- 69 MWp installed;
- 51 MWp under construction.

Process of **SELECTING A FINANCIAL PARTNER** for sale of a majority stake in photovoltaic assets at advanced stage

April/June 2021

Acea begins to offer charging services for **ELECTRIC-POWERED VEHICLES** with launch of our “ACEA E-MOBILITY” app

Acea launches **LUCE 100% GREEN** and **GAS 0% CO2** offers

June 2021

STANDARD ETHICS

Corporate rating improves from «EE-» to «EE»

September 2021

Agreement to **ACQUIRE 65% OF DECO**, a company that designs, builds and operates plants in treatment, disposal and recovery of solid urban waste.

October 2021

Agreement with Consorzio Interuniversitario per la Scienza e la Tecnologia dei Materiali to develop **CIRCULAR ECONOMY** initiatives

* Rating upgraded to 82/100 in January 2022

RESULTS 9M 2021

KEY FINANCIAL HIGHLIGHTS

(€M)	9 M 2021 (A)	9 M 2020 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	2,765.8	2,471.3	+11.9%
EBITDA	930.2	858.7	+8.3%
EBIT	459.7	426.0	+7.9%
GROUP NET PROFIT	248.6	218.7	+13.6%
CAPEX	684.3	625.3	+9.4%

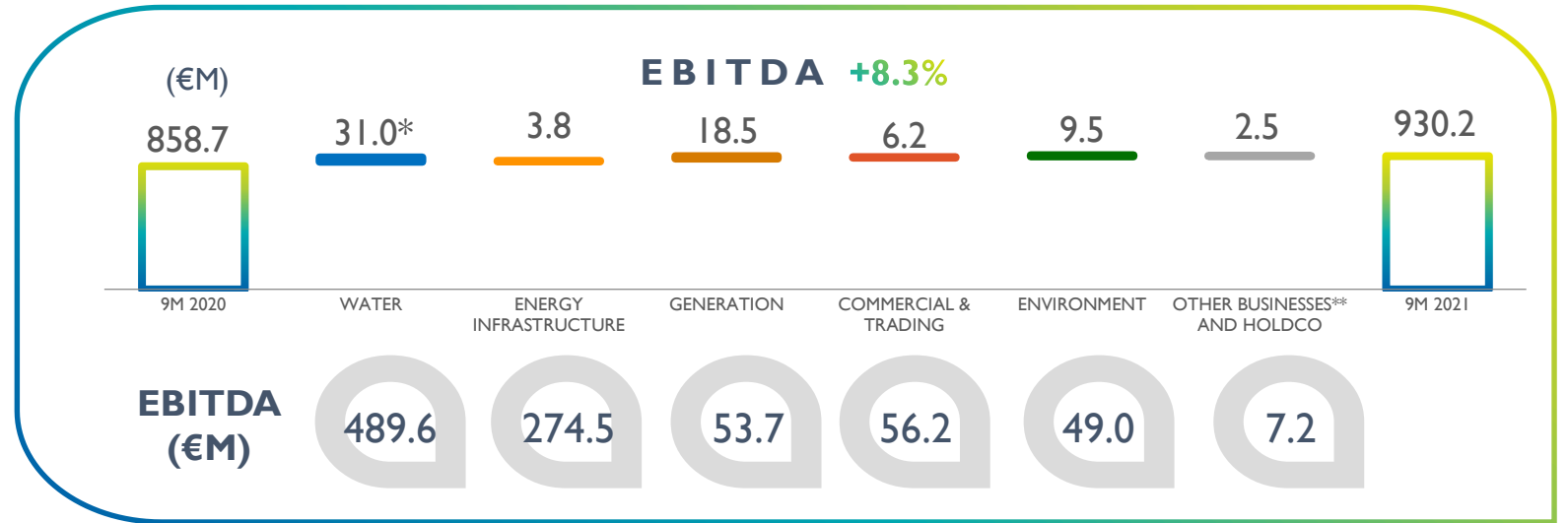
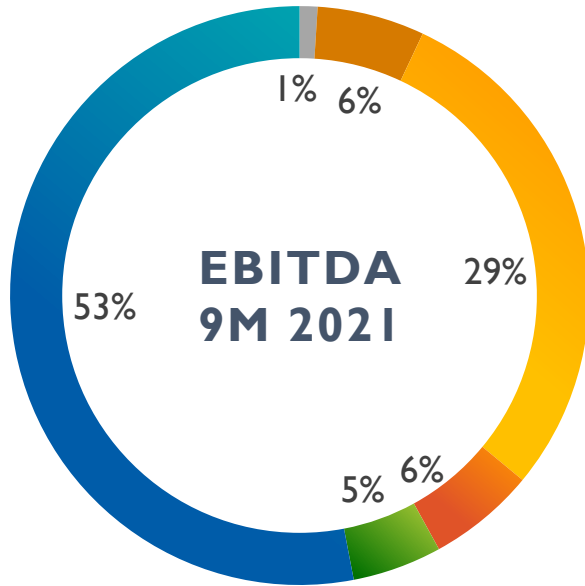
(€M)	30 Sept 2021 (A)	31 Dec 2020 (B)	30 Sept 2020 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,998.3	3,528.0	3,535.3	+13.3%	+13.1%

POSITIVE TREND REFLECTED IN ALL FINANCIAL INDICATORS, CONFIRMING EFFECTIVENESS OF STRATEGY BASED ON: GROWTH, VALUE CREATION, SUSTAINABILITY

PERFORMANCE DRIVEN BY ORGANIC GROWTH, THANKS TO MAJOR INVESTMENT IN ALL AREAS OF BUSINESS

RESULTS 9M 2021

EBITDA



- WATER
- ENERGY INFRASTRUCTURE
- ENVIRONMENT
- GENERATION
- COMMERCIAL & TRADING
- OTHER BUSINESSES** AND HOLDCO

CHANGES IN SCOPE OF CONSOLIDATION

EBITDA (€M)	Change
SII TERNI	+10.1
ADISTRIBUZIONE GAS [^]	+2.7
FERROCART/CAVALLARI	+2.3
SIMAM	+1.8
PHOTOVOLTAIC	+2.2
CONSORCIO ACEA E LIMA NORTE	+0.8
TOTAL	+19.9

ORGANIC GROWTH IN
EBITDA
+6%

* Line-by-line consolidation of SII Terni

** Overseas, Engineering & Services


[^] Entity resulting from the merger of Pescara Distribuzione Gas with Alto Sangro Distribuzione Gas

EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	489.6	458.6	+6.8%
Acea Ato2	324.3	304.0	+6.7%
Acea Ato5	24.9	25.1	-0.8%
Gori	60.4	59.7	+1.2%
ADF	47.1	44.7	+5.4%
SII Terni	10.5	0.4	n/s
Equity-accounted water companies	13.1	19.5	-32.8%
Other consolidated water companies	4.3	3.2	+34.4%
Gas distribution	5.0	2.0	+150.0%
CAPEX	373.1	338.4	+10.3%



 **EBITDA GROWTH**
+6.8%

EBITDA main drivers

GROWTH AT ACEA ATO2
Tariff effects (third regulatory period 2020-2023 - ARERA Resolution 580/2019)
Operational efficiency
+20.3 €M

LINE-BY-LINE CONSOLIDATION OF SII TERNI
(November 2020)
+€10.1M

ADISTRIBUZIONE GAS*
(August 2020)
+€2.7M

* Entity resulting from the merger of Pescara Distribuzione Gas with Alto Sangro Distribuzione Gas

EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS



(€M)	9M 2021 (A)	9M2020 (B)	Variat % (A/B)	TOTAL ELECTRICITY DISTRIBUTED GWh	NUMBER OF PODS (‘000s)
EBITDA	274.5	270.7	+1.4%	6,748* 6,831	1,634 1,638
- areti	277.1	271.2	+2.2%		
- Public lighting	(2.6)	(0.5)	n/s		
CAPEX	196.9	204.1	-3.5%		



EBITDA GROWTH
+1.4%

EBITDA main drivers

**ELECTRICITY DISTRIBUTION
ARETI**
Tariff and regulatory effects
Partnership with Open Fiber
Resilience plan
+€5.9M

PUBLIC LIGHTING
Lack of authorizations for new
assets
-€2.1M

INNOVATION
283k 2G meters installed as of
September 30, 2021

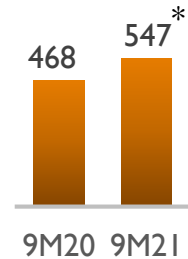
* The figure does not include electricity distributed to Vatican City.

EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	53.7	35.2	+52.6%
CAPEX	30.5	18.7	+63.1%

TOTAL
ELECTRICITY
PRODUCED
(GWh)



EBITDA GROWTH
+52.6%

EBITDA main drivers

PRICE AND VOLUME EFFECTS

Effect of energy market prices and increased volumes of hydroelectric energy produced

+€13.6M

PHOTOVOLTAIC

+€3.4M

(+€2.2M change in scope of consolidation)

NEW PHOTOVOLTAIC PLANTS

- Total capacity at 69 MWp
- 51 MWp of capacity from plants under construction

* of which photovoltaic 59 GWh

EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

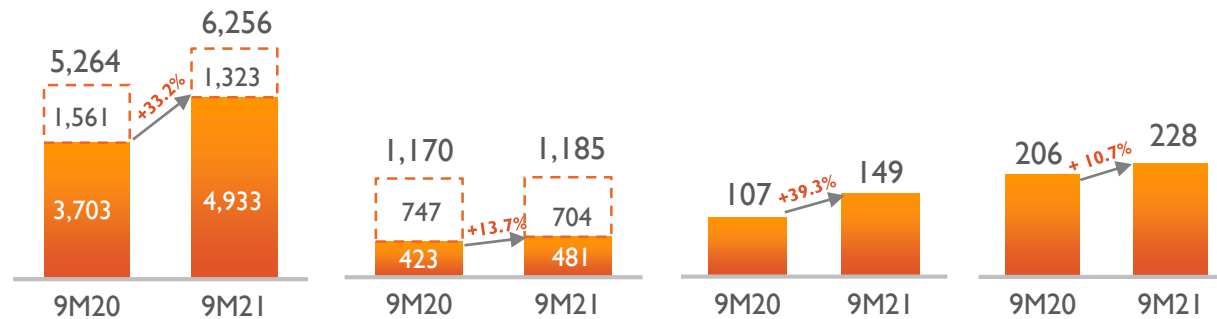
(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	56.2	50.0	+12.4%
CAPEX	33.9	27.0	+25.6%

TOTAL ENERGY SOLD
(GWH)

NUMBER OF
ELECTRICITY
CUSTOMERS ('000s)

TOTAL GAS SOLD
(Mmc³)

NUMBER OF GAS
CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT

COMMERCIAL & TRADING



EBITDA GROWTH
+12.4%

EBITDA
Main drivers

IMPROVED MARGIN
ON FREE MARKET

Increases in volume of
electricity sold and number
of customers

+€13.4M

IMPROVED MARGIN
ON GAS SALES

+ €9.9M

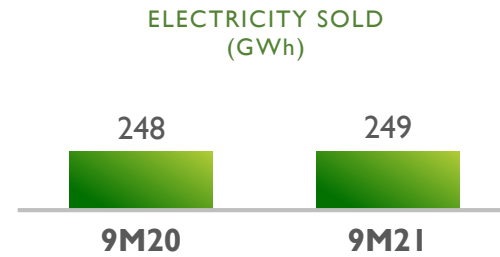
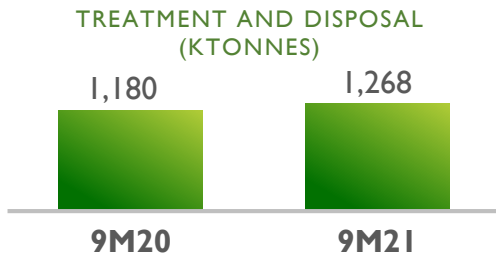
REDUCED MARGIN ON
ENHANCED PROTECTION MKT

-€2.1M

EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	49.0	39.5	+24.0%
CAPEX	23.2	18.2	+27.5%



- ✓ Agreement to acquire 70% of Serplast and 60% of Meg, companies operating in the plastic recycling sector – volumes handled ~70k tonnes per year (July 2021)
- ✓ Agreement to acquire 65% of Deco, a company that designs, builds and operates plants for treatment, disposal and recovery of solid urban waste – volumes handled ~270k tonnes per year (September 2021)



EBITDA GROWTH

+24.0%

EBITDA Main drivers

INCREASED EBITDA FOR WTE PLANTS

Higher prices received for electricity produced

+€8.1M

ACQUISITION OF FERROCART/CAVALLARI

(April 2020)

+€2.3M

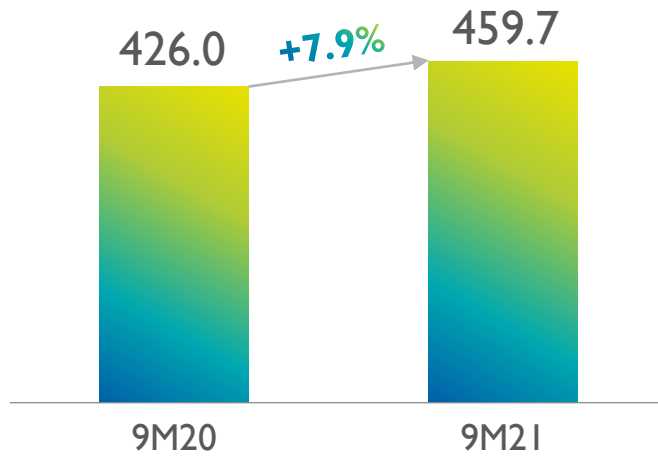
REDUCED EBITDA AT DEMAP

Revamp of sorting plant for plastic packaging

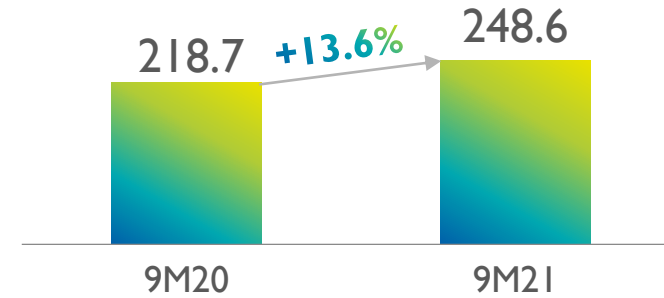
-€1.1M

EBIT AND NET PROFIT 9M 2021

EBIT (€M)



NET PROFIT (€M)



TAX RATE 29.8%
(30.5% for 9M 2020)

(€M)	9M2021	9M 2020	% CHANGE
DEPRECIATION	395.2	364.8	+8.3%
IMPAIRMENTS	66.4	58.1	+14.3%
PROVISIONS	8.9	9.8	-9.2%
TOTAL	470.5	432.7	+8.7%

DEPRECIATION

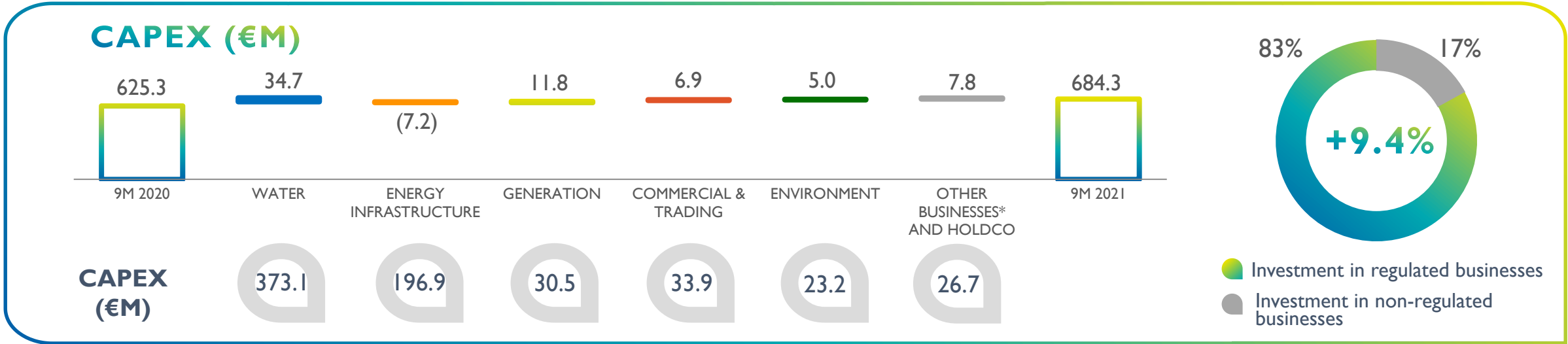
Increased investment across all areas of business and changes in scope of consolidation.

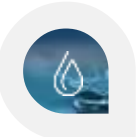
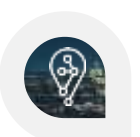

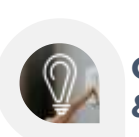

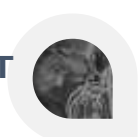
IMPAIRMENTS

Increase in impairments due to growth in turnover as a result of rising commodity prices. Ratio of impairments to revenue at 30 September 2021 unchanged versus 30 September 2020.

CAPEX 9M 2021

MAJOR INVESTMENT IN UPGRADING INFRASTRUCTURE



- | | | | | | |
|---|---|--|--|---|--|
|  <h3>WATER</h3> <ul style="list-style-type: none"> REPAIR AND EXPANSION OF WATER AND SEWER PIPES EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS DEVELOPMENTS ON TREATMENT PLANTS CONSOLIDATION OF SII TERNI (€7.6M) |  <h3>ENERGY INFRASTRUCTURE</h3> <ul style="list-style-type: none"> UPGRADE AND EXPANSION OF THE GRID "RESILIENCE" PLAN WITH WORK ON SECONDARY SUBSTATIONS AND THE MV AND LV NETWORK INSTALLATION OF 2G METERS |  <h3>GENERATION</h3> <ul style="list-style-type: none"> EXTRAORDINARY MAINTENANCE OF PRODUCTION PLANTS CONSTRUCTION OF PHOTOVOLTAIC PLANTS |  <h3>COMMERCIAL & TRADING</h3> <ul style="list-style-type: none"> CUSTOMER ACQUISITION INFORMATION SYSTEMS E-MOBILITY PROJECTS |  <h3>ENVIRONMENT</h3> <ul style="list-style-type: none"> WORK ON ORVIETO LANDFILL CHANGE IN SCOPE OF CONSOLIDATION (FERROCART/CAVALLARI €1.1M) BERG: CONSTRUCTION OF A CONCENTRATOR |  <h3>OTHER</h3> <ul style="list-style-type: none"> OVERSEAS: INCREASED INVESTMENT AT AGUAS DE SAN PEDRO ENGINEERING AND SERVICES: CONSOLIDATION OF SIMAM HOLDCO: IT PROJECTS |
|---|---|--|--|---|--|

* Overseas, Engineering & Services

CASH FLOW 9M 2021

CASH FLOW (€M)

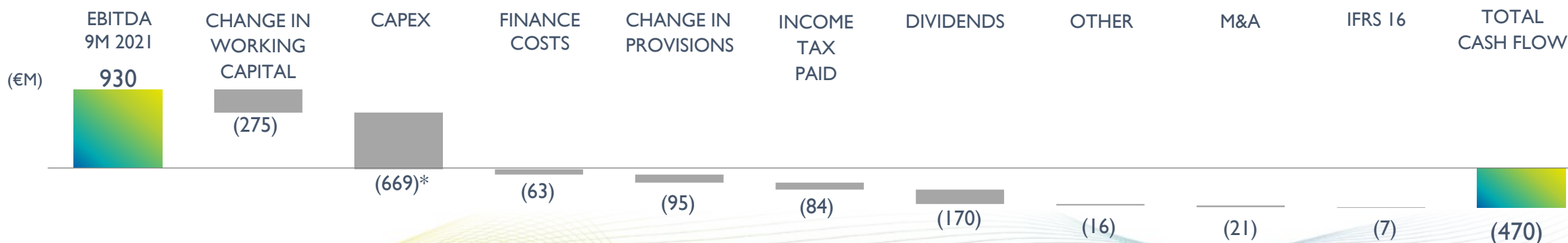
	9M 2021	9M 2020
EBITDA	930	859
CHANGE IN WORKING CAPITAL	(275)	(211)
CAPEX	(669)	(625)
FREE CASH FLOW	(14)	22
FINANCE INCOME/(COSTS)	(63)	(68)
CHANGE IN PROVISIONS	(95)	(77)
INCOME TAX PAID	(84)	(48)
DIVIDENDS	(170)	(166)
OTHER	(16)	(38)
M&A	(21)	(92)
IFRS 16	(7)	(6)
TOTAL CASH FLOW	(470)	(473)

INCREASE IN WORKING CAPITAL ABSORPTION (€64M)

The increase in energy prices has led to:

- a reduction in system costs collected by areti
- an increase in turnover at Acea Energia, resulting in a temporary increase in its working capital requirement

WORKING CAPITAL OVER LTM (September 2021 vs September 2020) IS IN LINE



RESULTS 9M 2021

SOLID FINANCIAL STRUCTURE

GREEN BOND

21 JANUARY 2021

Placement of first GREEN BOND worth €900m successfully completed in two tranches:

- first €300m tranche, 0% rate, maturing 28 September 2025 (first corporate issue in Italy with negative yield);
- second €600m tranche, 0.25% rate, maturing 28 July 2030

(€M)	30 Sept 2021 (A)	31 Dec 2020 (B)	30 Sept 2020 (C)	CHANGE (A-B)	CHANGE (A-C)
Net debt	3,998.3	3,528.0	3,535.3	470.3	462.9
Medium/long-term	4,825.6	4,130.2	4,116.9	695.4	708.7
Short-term	(827.3)	(602.2)	(581.5)	(225.1)	(245.8)

STRUCTURE OF DEBT

(MATURITY AND INTEREST RATES AT 30 SEPTEMBER 2021)

- DEBT FALLING DUE AFTER 2022
- DEBT FALLING DUE BY END OF 2022
- FLOATING RATE
- FIXED RATE



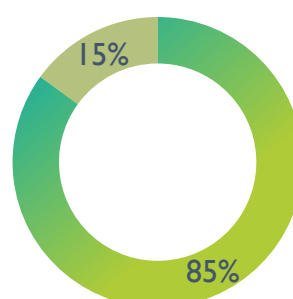
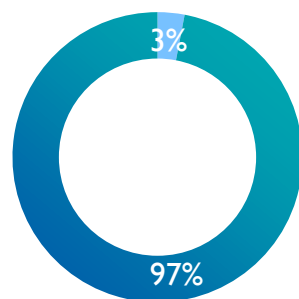
FIXED RATE



AVERAGE COST



AVERAGE TERM



RATINGS

FitchRatings
BBB+
STABLE
OUTLOOK

Moody's
Baa2
STABLE
OUTLOOK

SUATAINABILITY RATINGS

CDP
A-
LEADERSHIP

standard ethics
EE
POSITIVE ↑
RATING UPGRADE IN
JUNE 2021

Gaia
78/100* ↑
IMPROVEMENT IN
RATING FOR THIRD
YEAR RUNNING



H1 2021 RESULTS

acea

RESULTS HI 2021

KEY FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	1,824.6	1,622.0	+12.5%
EBITDA	618.8	568.7	+8.8%
EBIT	309.8	280.9	+10.3%
GROUP NET PROFIT	165.8	143.8	+15.3%
CAPEX	481.5	410.6	+17.3%

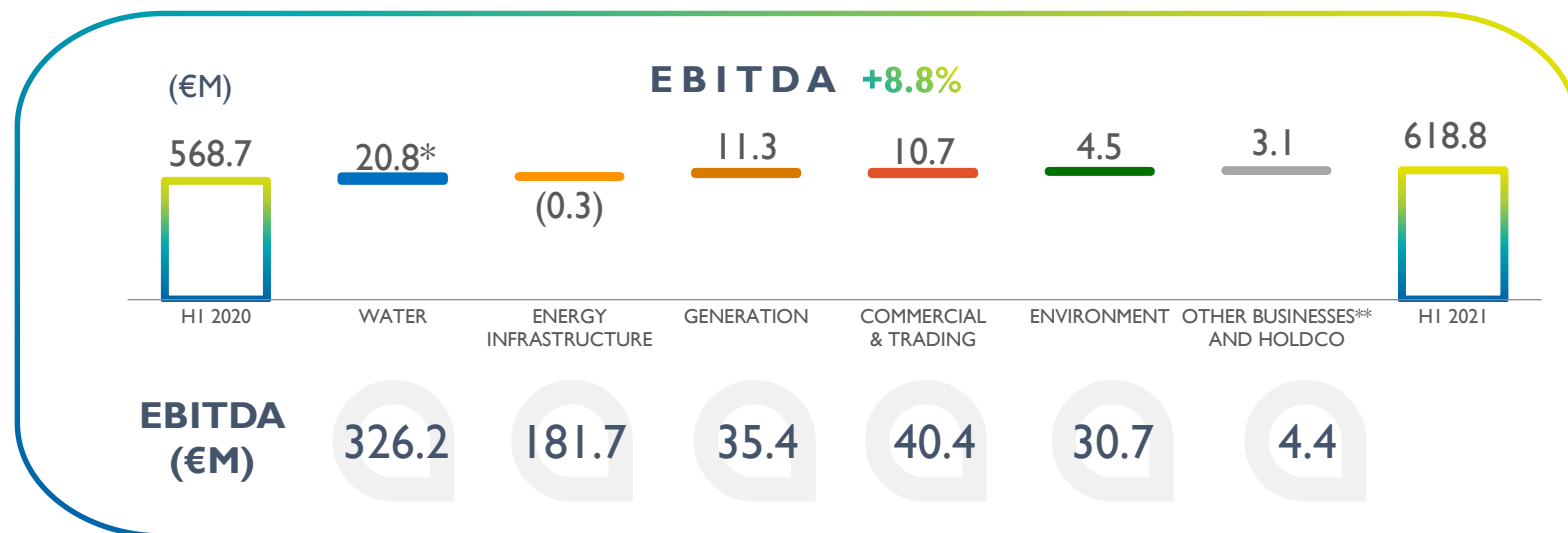
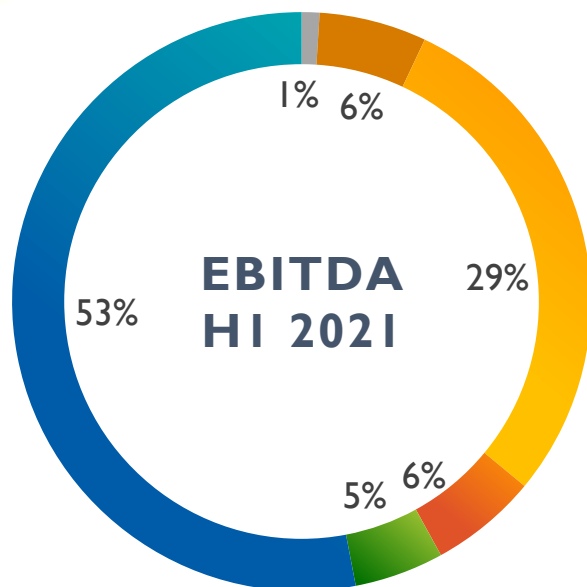
(€M)	30 June 2021 (A)	31 Dec 2020 (B)	30 June 2020 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,913.4	3,528.0	3,527.5	+10.9%	10.9%

OPERATIONAL AND FINANCIAL SOLIDITY CONFIRMED BY STRONG HALF-YEAR RESULTS

CONTINUED FOCUS ON OPERATIONAL EFFICIENCY, INVESTMENT IN INFRASTRUCTURE AND POSITIVE CONTRIBUTION FROM ALL AREAS OF BUSINESS CONFIRMING STRONG RESILIENCE

RESULTS HI 2021

EBITDA



- WATER
- ENVIRONMENT
- COMMERCIAL & TRADING
- ENERGY INFRASTRUCTURE
- GENERATION
- OTHER BUSINESSES** AND HOLDCO

CHANGES IN SCOPE OF CONSOLIDATION

EBITDA (€M)	Change
SII TERNI	+7.0
ALTO SANGRO DISTRIBUZIONE GAS	+2.0
FERROCART/CAVALLARI	+1.8
SIMAM	+2.3
PHOTOVOLTAIC	+1.5
CONSORCIO ACEA E LIMA NORTE	+0.4
TOTAL	+15.0

ORGANIC GROWTH IN
EBITDA
>+6%

* Line-by-line consolidation of SII Terni

** Overseas, Engineering & Services

EBITDA AND QUANTITATIVE DATA HI 2021

FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)
EBITDA	326.2	305.4	+6.8%
Acea Ato2	215.7	200.8	+7.4%
Acea Ato5	15.3	15.7	-2.5%
Gori	41.0	39.5	+3.8%
ADF	32.2	30.6	+5.2%
SII Terni	7.3	0.3	n/s
Equity-accounted water companies	8.7	16.1	-46.0%
Other consolidated water companies	2.9	1.3	+123.1%
Gas distribution	3.1	1.1	+181.8%
CAPEX	246.9	229.2	+7.7%



EBITDA GROWTH
+6.8%

EBITDA main drivers

APPLICATION OF TARIFF REGIME
Third regulatory period 2020-2023
(Arera Resolution 580/2019):

- effect of increased investment

LINE-BY-LINE CONSOL.
OF SII TERNI
(November 2020)
+€7.0M

ACQUISITION OF ALTO
SANGRO DISTRIBUZIONE GAS
(August 2020)
+€2.0M

EBITDA AND QUANTITATIVE DATA HI 2021

FINANCIAL HIGHLIGHTS



= STABLE EBITDA

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)	TOTAL ELECTRICITY DISTRIBUTED (GWh)		NUMBER OF PODS ('000s)	
EBITDA	181.7	182.0	-0.2%	4,256	4,275	1,635	1,638
- Areti	184.0	181.3	+1.5%				
- Public lighting	(2.3)	0.7	n/s				
CAPEX	139.5	133.6	+4.4%				

EBITDA
main drivers

DISTRIBUTION

Positive contribution from distribution

PUBLIC LIGHTING

Missing approvals for new assets

INSTALLATION OF 2G METERS CONTINUES

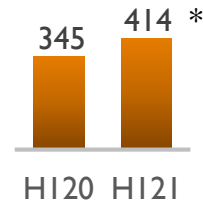
Over 150,000 now installed

EBITDA AND QUANTITATIVE DATA HI 2021

FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	%change (A/B)
EBITDA	35.4	24.1	+46.9%
CAPEX	21.7	7.7	+181.8%

TOTAL
ELECTRICITY
PRODUCED
(GWh)



EBITDA GROWTH
+46.9 %

EBITDA main drivers

PRICE AND VOLUME EFFECTS

Price effect on energy market and increased volumes of hydroelectric energy produced
+€2.8M

PHOTOVOLTAIC **+€1.5M**

NEW PHOTOVOLTAIC PLANTS

- Total capacity of 62 MWp.
- Construction of plants with capacity of ~60 MWp in progress.

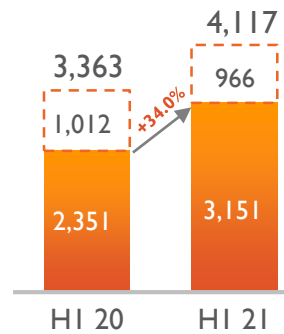
* of which photovoltaic 33 GWh

EBITDA AND QUANTITATIVE DATA HI 2021

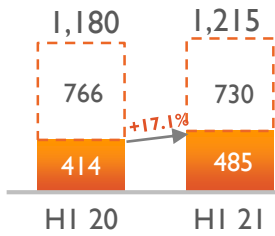
FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	Variaz.% (A/B)
EBITDA	40.4	29.7	+36.0%
CAPEX	36.0	17.6	+104.5%

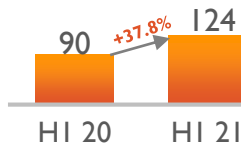
TOTAL ENERGY SOLD
(GWH)



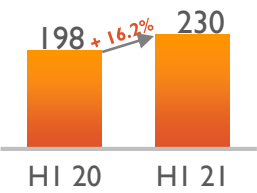
NUMBER OF
ELECTRICITY
CUSTOMERS ('000s)



TOTAL GAS SOLD
(Mmc³)



NUMBER OF GAS
CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT

COMMERCIAL & TRADING



EBITDA GROWTH
+36.0%

EBITDA main drivers

ACQUISITION OF NEW CUSTOMERS

Increased investment in customer acquisition

IMPROVED MARGIN ON FREE MARKET

Growth in volume of electricity sold and number of customers
+€12.5M

IMPROVED MARGIN ON GAS SALES

+ €6.9M

EBITDA AND QUANTITATIVE DATA HI 2021

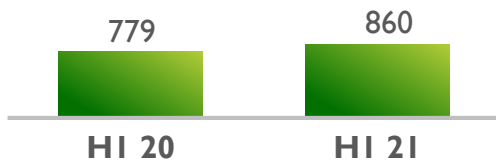
FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)
EBITDA	30.7	26.2	+17.2%
CAPEX	14.8	9.5	+55.8%

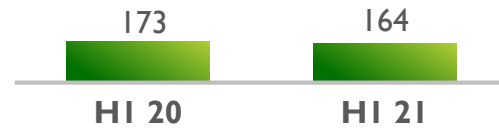


Agreement to acquire 70% of Serplast and 60% of Meg, companies operating in the plastic recycling sector.
 EV (100%): €12M
 EBITDA 2021E: €3M
 EV/EBITDA: ~4x
 Volumes treated 2021E: ~70,000 Tonnes/year

TREATMENT AND DISPOSAL
(KTONNES)



ELECTRICITY SOLD
(GWh)



EBITDA GROWTH

+17.2% (organic growth ~10%)

EBITDA
main drivers

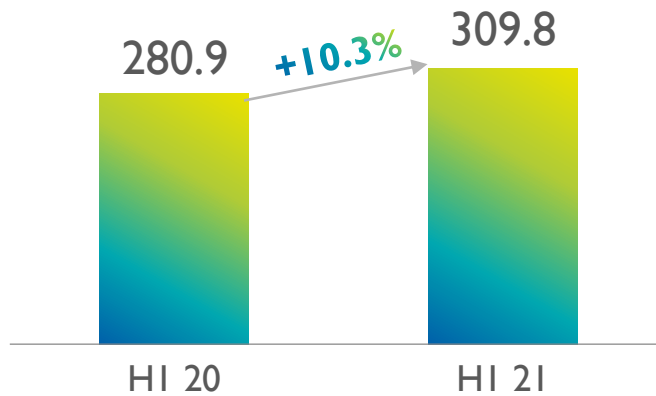
INCREASE IN VOLUMES
TREATED AND DISPOSED OF
Improved margins on electricity sales
+€2.6M

CHANGE IN SCOPE OF
CONSOLIDATION

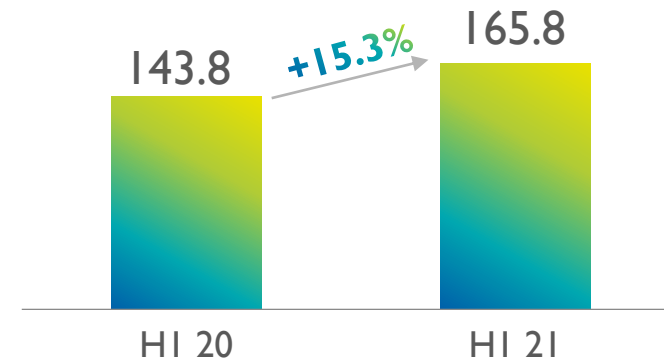
Acquisition of Ferrocarril/ Cavallari (April 2020)
+€1.8M

EBIT AND NET PROFIT HI 2021

EBIT (€M)



NET PROFIT (€M)



TAX RATE 29.8%
(30.5% in HI 2020)

(€M)	HI 2021	HI 2020	% CHANGE
DEPRECIATION	259.9	239.9	+8.3%
IMPAIRMENTS	45.8	40.3	+13.6%
PROVISIONS	3.3	7.5	-56.0%
TOTAL	309.0	287.7	+7.4%

DEPRECIATION

increased investment across all areas of business and changes in scope of consolidation

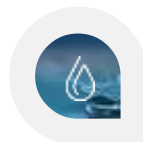
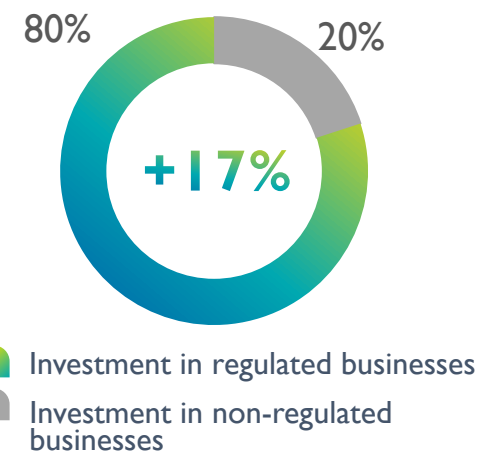
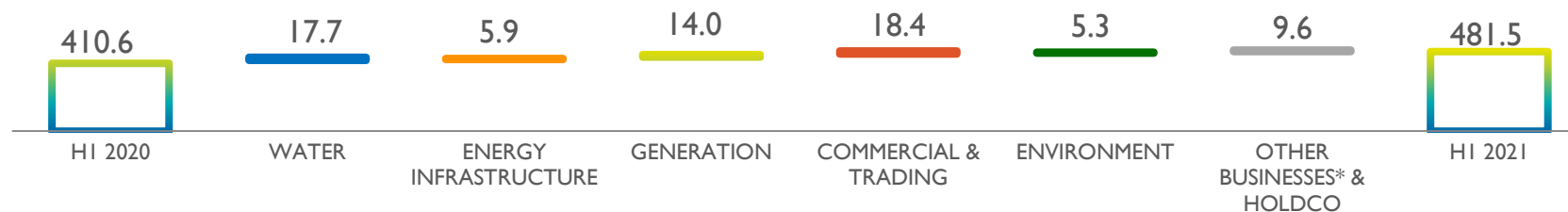
IMPAIRMENTS

primarily due to growth of Commercial & Trading segment

CAPEX HI 2021

SIGNIFICANT INVESTMENT IN UPGRADING INFRASTRUCTURE

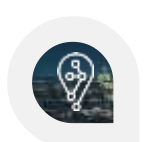
CAPEX (€M)



WATER

- REPAIR AND INCREASED CAPACITY OF WATER AND SEWER PIPES
- EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS
- WORK ON TREATMENT PLANTS
- CONSOLIDATION OF SII TERNI (€4.8M)

* Overseas, Engineering & Services



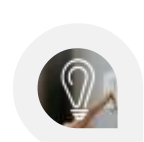
ENERGY INFRASTRUCTURE

- UPGRADE AND EXPANSION OF ELECTRICITY GRID
- "RESILIENCE" PLAN WITH WORK ON SECONDARY SUBSTATIONS AND THE MV AND LV NETWORK
- INSTALLATION OF 2G METERS



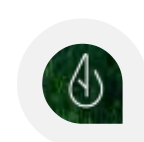
GENERATION

- EXTRAORDINARY MAINTENANCE OF PRODUCTION PLANTS
- CONSTRUCTION OF PHOTOVOLTAIC PLANTS



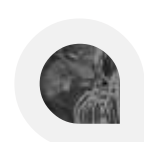
COMMERCIAL & TRADING

- CUSTOMER ACQUISITION
- INFORMATION SYSTEMS



ENVIRONMENT

- SAN VITTORE PLANT
- WORK ON ORVIETO LANDFILL
- CHANGE IN SCOPE OF CONSOLIDATION (FERROCARD/CAVALLARI €0.8M)
- BERG: CONSTRUCTION OF CONCENTRATOR



OTHER

- OVERSEAS: INCREASED INVESTMENT AT AGUAS DE SAN PEDRO
- ENGINEERING AND SERVICES: CONSOLIDATION OF SIMAM (€0.7m)
- HOLDCO: IT PROJECTS

RESULTS HI 2021

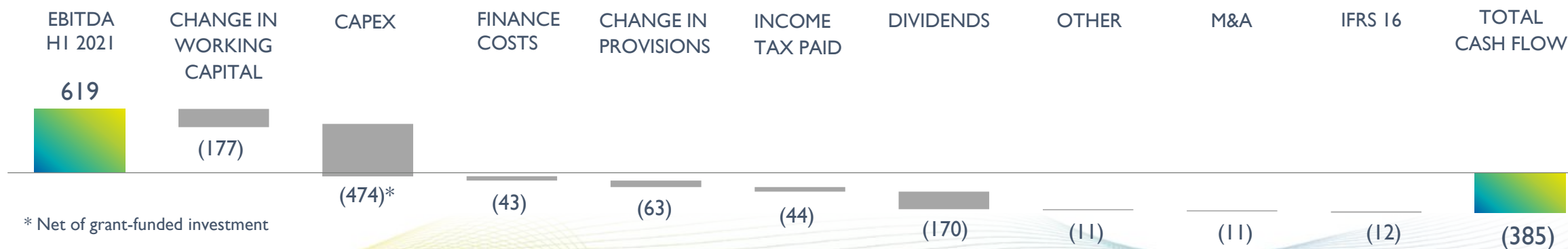
FOCUS ON IMPROVEMENTS IN WORKING CAPITAL

CASH FLOW (€M)

	HI 2021	HI 2020
EBITDA	619	569
CHANGE IN WORKING CAPITAL	(177)	(210)
CAPEX	(474)*	(411)
FREE CASH FLOW	(32)	(53)
FINANCE INCOME/(COSTS)	(43)	(43)
CHANGE IN PROVISIONS	(63)	(56)
INCOME TAX PAID	(44)	(45)
DIVIDENDS	(170)	(166)
OTHER	(11)	(16)
M&A	(11)	(86)
IFRS 16	(12)	-
TOTAL CASH FLOW	(385)	(465)

WORKING CAPITAL IMPROVES BY €33M

The positive performance of collections has helped to improve working capital over LTM from -€130m at 30 June 2020 to -€9m at 30 June 2021 (~€121m)



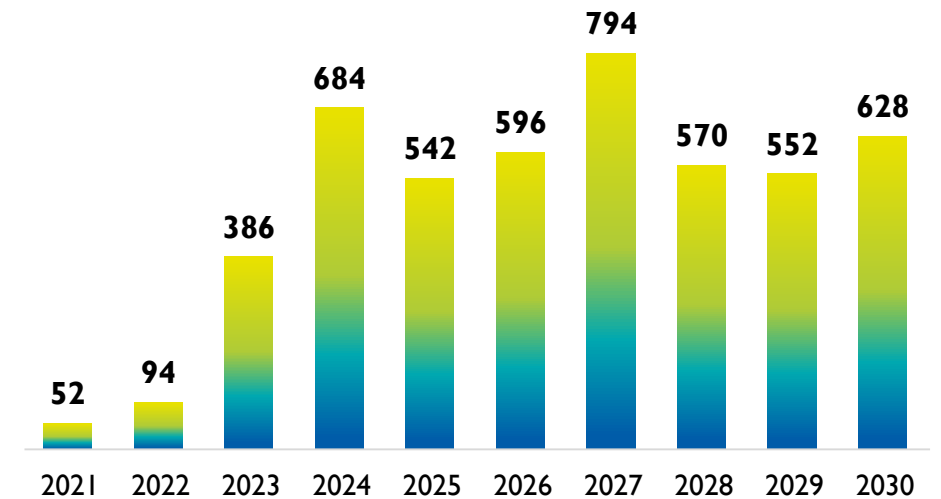
* Net of grant-funded investment

RESULTS HI 2021

SOLID CAPITAL STRUCTURE

DEBT (€M)

(€M)	30 June 2021 (A)	31 Dec 2020 (B)	30 June 2020 (C)	CHANGE (A-B)	CHANGE (A-C)
Net debt	3,913.4	3,528.0	3,527.5	385.4	385.9
Medium/long-term	4,837.1	4,130.2	4,095.8	706.9	741.3
Short-term	(923.7)	(602.2)	(568.3)	(321.5)	(355.4)



LEVERAGE

NET DEBT / EBITDA LTM
30 JUNE 2021

3.2x

NET DEBT / EQUITY
30 JUNE 2021

1.7x

RATINGS

FitchRatings	BBB+ STABLE OUTLOOK
MOODY'S	Baa2 STABLE OUTLOOK

GREEN BOND

21 JANUARY 2021

Placement of first GREEN BOND worth €900m successfully completed. Issue in two tranches:

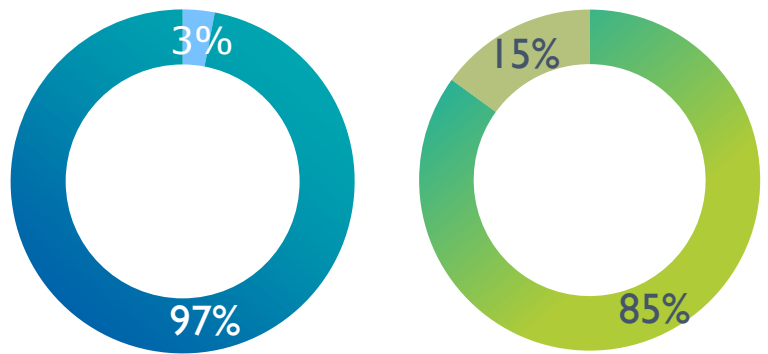
- first €300m tranche, 0% rate, maturing 28 September 2025 (first corporate issue in Italy with negative yield);
- second €600m tranche, 0.25% rate, maturing 28 July 2030

STRUCTURE OF DEBT

(MATURITY AND INTEREST RATES AT 30 JUNE 2021)



- DEBT FALLING DUE AFTER 2022
- FLOATING RATE
- DEBT FALLING DUE BY END OF 2022
- FIXED RATE



SUSTAINABILITY RATINGS

	A- LEADERSHIP
	EE POSITIVE RATING UPGRADED IN JUNE 2021
	78/100* IMPROVEMENT IN RATING FOR THIRD YEAR RUNNING

* Rating upgraded to 82/100 in January 2022



2020 RESULTS

acea

PERFORMANCE AND DELIVERY

SUSTAINABILITY AS A DRIVER OF GROWTH AND VALUE CREATION



REGULATED BUSINESSES SHOW
EXTRAORDINARY RESILIENCE
IN A CHALLENGING
ENVIRONMENT

LIMITED IMPACT ON
ACTIVITIES MOST
EXPOSED TO THE CRISIS

EBITDA

€1,155M

+11%

STRONG
ORGANIC
GROWTH

NET PROFIT

€285M

+0.4%
(~+22% normalised)

ONGOING
VALUE
CREATION

CAPEX

€907M

+14%

84% ON
REGULATED
ASSETS

NET DEBT

€3,528M

IN LINE WITH
GUIDANCE,
DESPITE IMPACT
OF THE
PANDEMIC AND
WIDER
PERIMETER

LEVERAGE

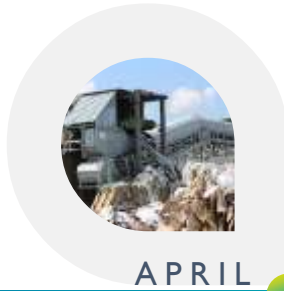
Net Debt/
EBITDA
3.05X

Net Debt/
RAB
0.74X

PERFORMANCE AND DELIVERY

DEVELOPMENT OF THE BUSINESS MIX: ACQUISITIONS IN ENVIRONMENT AND PHOTOVOLTAIC SECTORS, CONSOLIDATION OF SII TERNI

ACEA CONSOLIDATES ITS POSITION IN WASTE MANAGEMENT AND TREATMENT SECTOR



APRIL 2020

ACQUISITION OF 60% OF “FERROCART” AND “CAVALLARI” 4 waste storage, treatment and sorting plants (paper, steel, wood, plastic and metals), handling 145k tonnes per year



MAY 2020

ACQUISITION OF 70% OF SIMAM leader in design, construction and operation of liquid waste treatment plants, and in the delivery of environmental and remediation projects, offering integrated high-technology solutions

ACEA EXPANDS FURTHER IN PHOTOVOLTAIC SECTOR



ACQUISITION OF PHOTOVOLTAIC PLANTS with total installed capacity of up to 52 MWp. Development of projects on primary market, 41 MWp already authorised out of a pipeline of > 300 MWp

BUSINESS PLAN 2020-2024



OCTOBER 2020

SUSTAINABILITY AT THE HEART OF BUSINESS AND OPERATIONAL STRATEGY
EBITDA CAGR: ~ 7%
CAPEX: €4.7bn in 2020-2024 over €2bn linked to specific sustainability targets

ACEA CONSOLIDATES SII TERNI ON LINE-BY-LINE BASIS



NOVEMBER 2020

LINE-BY-LINE CONSOLIDATION OF SERVIZI IDRICI INTEGRATI DI TERNI following changes to articles of association and increase in interest held by Umbriadue (a subsidiary of Acea) from 25% to 40%

2020 KEY ESG HIGHLIGHTS

Fully on track to deliver on our ESG targets

ACEA'S BUSINESSES ARE BY DEFINITION «STRUCTURALLY SUSTAINABLE»



WATER



-3p.p. WATER LOSSES

30,000 SMART METERS
INSTALLED (ACEA
ATO2)

ENERGY INFRASTRUCTURE



~60,000 2G SMART
METERS
INSTALLED

-25% OUTAGE RISK
INDICATOR

GENERATION



~70% ELECTRICITY
PRODUCED
FROM
RENEWABLE
SOURCES*,
EQUIVALENT TO

210k TONNES OF
CO2 SAVED

ENVIRONMENT



1.9M TONNES OF WASTE
TREATMENT CAPACITY

85% MATERIALS RECOVERED
OUT
OF TOTAL INCOMING
WASTE

COMMERCIAL & TRADING



**1,363
GWh**

OF GREEN «G.O.»
ELECTRICITY SOLD ON FREE
MARKET (+20.3%),
EQUAL TO 30% OF TOTAL
ELECTRICITY SOLD ON FREE
MARKET

SOCIAL AND GOVERNANCE

over 44%
OF ACEA BOARD MEMBERS ARE WOMEN

105.5 Tonn.
OF PAPER SAVED IN 2020 (+92%) THANKS TO E-BILLING

* WTE and biogas included

RESULTS 2020

KEY FINANCIAL HIGHLIGHTS

(€ M)	2020 (A)	2019 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	3,379.4	3,186.1	+6.1%
EBITDA	1,155.5	1,042.3	+10.9%
EBIT	535.0	523.2	+2.3%
GROUP NET PROFIT	284.9	283.7	+0.4%
DIVIDEND PER SHARE (€)	0.80	0.78	+2.6%
CAPEX	907.0	792.8	+14.4%

(€ M)	31 Dec 2020 (A)	30 Sept 2020 (B)	31 Dec 2019 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,528.0	3,535.4	3,062.8	-0.2%	+15.2%

EBITDA +11%

WELL AHEAD OF GUIDANCE

INITIAL GUIDANCE: +6%/+8%

GUIDANCE IN JULY 2020: \geq +8%

ORGANIC GROWTH $>$ +10%

NET PROFIT NORMALISED
~ +22%

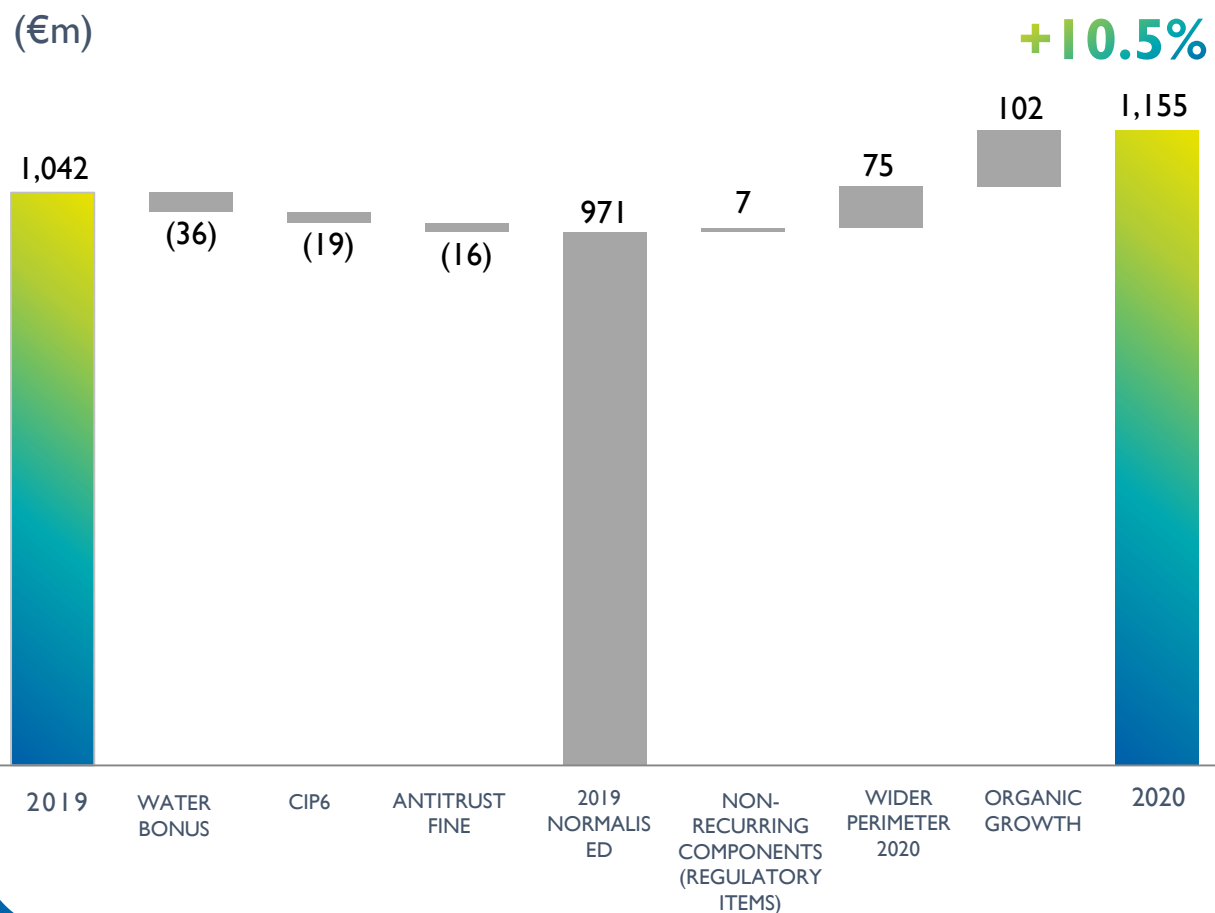
NET DEBT

IN LINE WITH GUIDANCE DESPITE
IMPACT OF FIRST-TIME
CONSOLIDATION OF SII TERNI

RESULTS 2020

ORGANIC EBITDA GROWTH

WIDER PERIMETER OF THE GROUP CONTRIBUTION TO EBITDA FOLLOWING CONSOLIDATION OF ADF, SII TERNI, CONSORCIO AGUA AZUL AND NEW ACQUISITIONS



(€m)	2020	2019	Change
ADF	60.4	18.1	+42.4
SII TERNI	2.2	0.9	+1.3
CONSORCIO AGUA AZUL LIMA	8.9	1.1	+7.8
PESCARA DISTRIBUZIONE GAS	2.2	1.7	+0.5
ALTO SANGRO DISTRIBUZIONE GAS	1.7	-	+1.7
DEMAP	4.0	1.8	+2.2
BERG	2.0	0.5	+1.4
FERROCART/CAVALLARI	4.3	-	+4.3
SIMAM	5.2	-	+5.2
PHOTOVOLTAIC	12.1	3.6	+8.5
TOTAL	103.0	27.7	+75.3

EBITDA AND KEY INDICATORS

FINANCIAL HIGHLIGHTS

(€m)	2020 (A)	2019 (B)	%change(A/B)
EBITDA	614.4	505.0	+21.7%
Acea Ato2	410.0	356.1	+15.1%
Acea Ato5	26.7	24.4	+9.4%
Gori	78.7	68.6	+14.7%
ADF	60.4	18.1	N.S.
SII Terni	2.2	0.9	N.S.
Equity-accounted water companies	28.7	37.2	-22.8%
Other consolidated water companies	3.8	(2.0)	N.S.
Gas distribution	3.9	1.7	N.S.
Capex	476.0	380.1	+25.2%



KEY HIGHLIGHTS

LINE-BY-LINE CONSOLIDATION
OF ACQUEDOTTO DEL FIORA

LINE-BY-LINE
CONSOLIDATION OF SII
TERNI

**EBITDA
main
drivers**



EBITDA
GROWTH
+21.7%

Application of tariff regime
for third regulatory period
2020-2023

(Arera Resolution 580/2019):

- effect of increased investment
- no award of bonus for commercial quality (€35.8m), offset by recognition of new cost components (including those relating to sludge disposal)

Line-by-line
consolidation of AdF
(October 2019)

+€42.4m

Line-by-line
consolidation of SII Terni
(November 2020)

+€1.3m

Acquisition of Alto Sangro
Distribuzione Gas (August
2020)

+€1.7m

EBITDA AND KEY INDICATORS

FINANCIAL HIGHLIGHTS

(€m)	2020 (a)	2019 (b)	% change (a/b)	TOTAL ELECTRICITY DISTRIBUTED (GWh)	NUMBER OF PODS (‘000S)	TOTAL ELECTRICITY PRODUCED (GWh)
EBITDA	412.9	392.0	+5.3%	9,849	1,641	650
- Distribution	369.6	345.4	+7.0%	9,096	1,644	626*
- Public lighting	(2.0)	1.9	N.S.			
- Generation	45.4	44.6	+1.8%			
CAPEX	325.1	287.8	+13.0%			
- Distribution	282.5	265.7	+6.3%			
- Public lighting	3.6	3.3	+9.1%			
- Generation	39.0	18.8	+107.4%			



KEY HIGHLIGHTS

ACQUISITION OF NEW PHOTOVOLTAIC PLANTS: total installed capacity of 52 MWp



INSTALLATION OF 2G SMART METERS (~60,000 installed)

EBITDA
main
drivers


EBITDA
GROWTH
+5.3%

 DISTRIBUTION: **+€24.2m**
Tariff and regulatory factors
Installation of 2G smart meters
Reduction in electricity grid losses

 PUBLIC LIGHTING: **-€3.9m**
Fewer new PODs and increase in maintenance costs

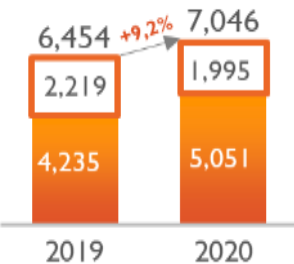
 GENERATION: **+€0.8m**
Photovoltaic **+€8.5m**
(twice the volumes of 2019)
 Hydroelectric: decrease in prices and lower volumes
-€6.4 m

EBITDA AND KEY INDICATORS

FINANCIAL HIGHLIGHTS

(€m)	2020 (A)	2019 (B)	%change(A/B)
EBITDA	72.4	69.1	+4.8%
Capex	44.1	43.1	+2.3%

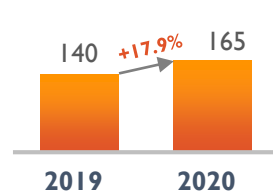
TOTAL ENERGY SOLD (GWH)



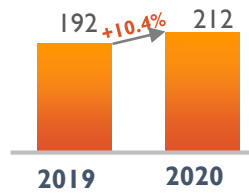
NUMBER OF ELECTRICITY CUSTOMERS ('000s)



TOTAL GAS SOLD (Mmc³)



NUMBER OF GAS CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT



KEY HIGHLIGHTS

INCREASED FREE MARKET CUSTOMER BASE WITH GREATER MARGIN

EBITDA main drivers



EBITDA GROWTH
+4.8%

INCREASED FREE MARKET MARGIN: greater number of mass market customers and increased volumes of electricity sold



REDUCED MARGIN IN ENHANCED PROTECTION MARKET:

lower number of customers and revised mechanism for compensating for delinquent accounts (ARERA Resolution 100/2020)

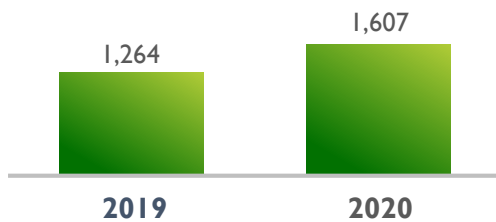
PRICE EFFECT on energy purchased and not sold to customers
~ -€4m

EBITDA AND KEY INDICATORS

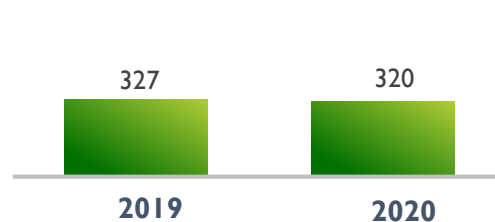
FINANCIAL HIGHLIGHTS

(€m)		2020 (A)	2019 (B)	% change (A/B)
EBITDA		50.3	52.0	-3.3%
of which:	Demap	4.0	1.8	N/S
	Berg	2.0	0.5	N/S
	Ferrocart/Cavallari	4.3	-	N/S
Capex		23.6	51.9	-54.5%

TREATMENT AND DISPOSAL (KTONNES)



ELECTRICITY SOLD (GWh)



KEY HIGHLIGHTS

ACQUISITION OF 60% OF FERROCART/CAVALLARI

EBITDA
main
drivers



HIGHER TREATED VOLUMES (+27%) AND INCREASE IN DISPOSAL TARIFFS:
+€14m

M&A:
+€7.9m

Acquisition of Demap (July 2019):
+€2.2m

Acquisition of Berg (October 2019):
+€1.4m

Acquisition of Ferrocart/Cavallari (April 2020):
+€4.3m



END OF CIP6 FEED-IN TARIFFS FROM 1 AUGUST 2019
-€19.6m

REDUCTION IN PRICES OF ENERGY SOLD
-€4m

RESULTS 2020

FOCUS ON IMPROVEMENTS IN WORKING CAPITAL

CASH FLOW

(€ m)	2020	2019
EBITDA	1,155	1,042
CHANGE IN WORKING CAPITAL	(38)	(16)
CAPEX	(886)*	(793)
FREE CASH FLOW	231	233
FINANCE INCOME/(COSTS)	(88)	(90)
CHANGE IN PROVISIONS	(112)	(107)
INCOME TAX PAID	(123)	(134)
DIVIDENDS	(166)	(151)
OTHER	(47)	(12)
M&A AND FIRST-TIME CONSOLIDATIONS	(154)	(171)
IFRS 16	(7)	(64)
TOTAL CASH FLOW	(465)	(495)

WORKING CAPITAL +€22M

INCREASE €73M

REGULATORY FACTORS: €63m

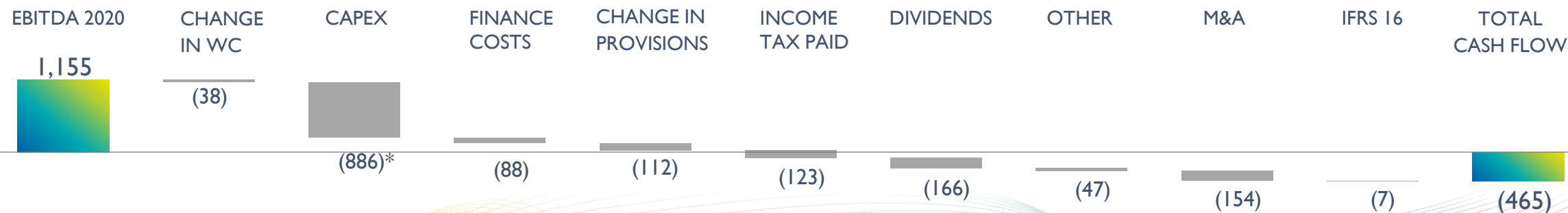
IMPACT OF COVID-19 ON COLLECTIONS: €10m

REDUCTION ~€50M

INCREASED CAPITAL EXPENDITURE IN Q4 2020 (CASH EFFECT IN 2021)

INCREASED FACTORING OF RECEIVABLES (INSTALMENT PLANS)

INCREASED REVERSE FACTORING



* Net of financed capex and other non-cash items

RESULTS 2020

NET DEBT BETTER THAN GUIDANCE

(€m)	31 Dec 2020 (a)	30 Sept 2020 (b)	31 Dec 2019 (c)	Change (a-b)	Change (a-c)
Net debt	3,528.0	3,535.4	3,062.8	(7.4)	465.2
Medium/long-term	4,130.2	4,116.9	3,523.3	13.3	606.9
Short-term	(602.2)	(581.5)	(460.5)	(20.7)	(141.7)

LEVERAGE

NET DEBT/EBITDA
31 Dec 2020

3.05x

NET DEBT/RAB
31 Dec 2020

0.74x

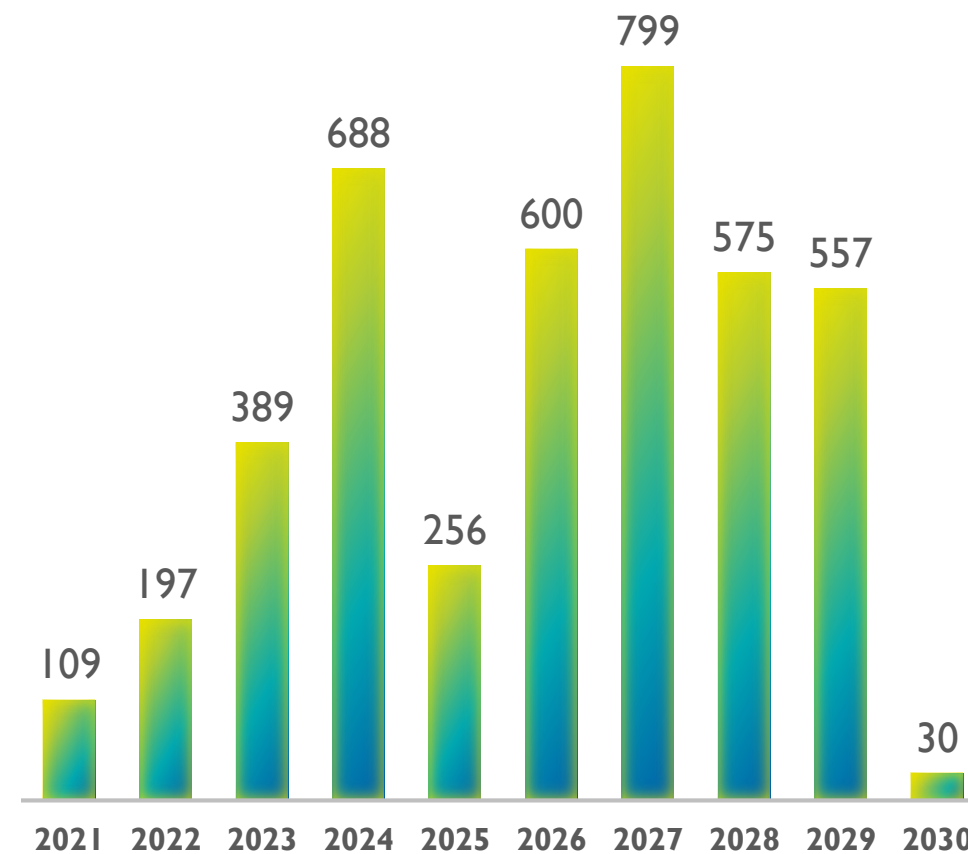
NET DEBT/EBITDA
31 Dec 2019

2.94x

NET DEBT/RAB
31 Dec 2019

0.70x

DEBT (€m)





REGULATORY FRAMEWORK

- Water
 - Electricity distribution
 - Environment
-

acea

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

ARERA Resolution 639/2021 – 2022/2023 period

- **WACC: 4.8% (previously 5.2%)**
- **Real risk-free rate cut from 0.5% to 0.13%.**
- **Water Utility Risk Premium held at 1.7%.**
- **Cost of Debt reduced from 2.8% to 2.4%.**
- **Level of inflation to be applied to allowed costs in 2021 equal to 0.1% and in 2022 equal to 0.2%.**
- **RAB deflator for 2021 is 0.5% and 0.4% for 2022.**

Delibera ARERA 580/2019

- *WACC: 5.24% (previously 5.3%)*
- *WACC on fixed assets in progress: 3.92% (provision amended by ARERA in Resolution 235/2020/R/idr of 23 June 2020)*
- *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)	2031
ATI4 Umbria (Umbriadue Servizi Idrici)	2031

Regulation

Electricity distribution

ARERA Resolution 614/2021 – “Rate of return on invested capital for infrastructure services in the electricity and gas sectors for the period 2022-2027»

- Confirmation of regulatory period of 6 years (2022-2027), with an interim review after 3 years.
- Increase in Beta for electricity distribution and transmission and gas transmission.
- Increase in taxation from 28% to 29.5%.
- Reduction in weight of new Debt in the period 2022-2024 from 50% to 33.3% and from 2025 from 75% to 66.6%.
- Revised method for calculating Risk-Free Rate.

Arete's concession expires in 2030

ELECTRICITY DISTRIBUTION **REGULATORY PERIOD WACC: SIX YEARS 2022-2027**

- **WACC FOR 2022-2024: 5.2%**

REGULATORY PERIOD WACC: SIX YEARS 2016-2021

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

WACC FOR OTHER ACTIVITIES

ELECTRICITY TRANSMISSION

Electricity transmission WACC 2019-2021: 5.6% **WACC 2022-2024: 5.0%**

GAS NETWORKS

Gas transport WACC 2020-2021: 5.7% **WACC 2022-2024: 5.1%**

Gas distribution WACC 2020-2021: 6.3% **WACC 2022-2024: 5.6%**

Gas storage WACC 2020-2021: 6.7% **WACC 2022-2024: 6.0%**

MAIN ARERA RESOLUTIONS:

614/2021 Rate of return on invested capital for infrastructure services in the electricity and gas sectors for the 2022-2027

635/2021 Determination of tariff components for general system costs for 2022 + Warm home discount scheme and related additional component Jan-Mar 2022

536/2021 Work on improving the resilience of distribution networks eligible for rewards and penalties (2021-2023 Plan)

537/2021 Rewards and penalties for work on improving the resilience of electricity distribution networks completed in 2020

604/2021 Method of compensating for settlement items deriving from objections to two-year statute of limitations raised by final users and sellers

358/2021 Confirmation of cap of €250 per EEC and additional payment of €10 per EEC.

547/2021 Determination of the additional one-off component of €7.26 per EEC for each certificate handed over at the end of the year of obligation 2020

Regulation Environment (1/2)

ARERA RESOLUTION 443/2019 – REGULATORY PERIOD 2018-2021

- 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).

Regulation Environment (2/2)

ARERA RESOLUTION 363/2021 (MTR-2) – REGULATORY PERIOD 2022-2025

- The earlier method has been confirmed for the regulatory period 2022-2025, after a number of changes designed to encourage its application, promote economic and environmental efficiency targets and limit discretionary behaviour by local authorities. The changes have introduced an **initial attempt to regulate access plants involved in closure of the cycle**.
- The scope of application covers **treatment plants used in the «recovery and disposal» of all urban waste**, regardless of how it is subsequently classified. **Recycling chains**, managed by recycling consortia and other entities, are, on the other hand, **not addressed**.
- **Regional planning** has been given a decisive role in **defining plants involved in closure of the cycle**, operating in structurally rigid markets (insufficient capacity to meet demand for treatment), **as «minimum»**. These plants will be subject to **revenue caps**: the prices applied in 2021 (which will form the basis for the entire regulatory period) will be adjusted on the basis of allowable costs in accordance with ARERA's method. A cap on annual tariff increases has also been introduced.
- Vice versa, plants not classified as «minimum» as part of the planning process will be considered **«additional»**: these plants **will not be subject to regulated tariffs**, but will only be subject to disclosure requirements.
- In order to drive development of the circular economy, MTR-2 also introduces a number of **environmental components targeting waste producers**, with incentives to reduce waste flows and penalties for waste sent to landfill.
- Resolution 363/2021 has delayed determination of the rate of return on investment until changes are introduced to the TIWACC (expected to take place by the end of 2021) (the WACC was set at 6.3% in the MTR).
- ARERA has instead delayed determination of the rate of return on investment (WACC) until revision of the TIWACC (completed in December 2021) (in the MTR, the WACC was set at 6.3%, whilst awaiting the resolution establishing the new WACC).

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