

LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

The results obtained in 2015 are the just rewards of the effort we've put into renewing Acea. This confirms we're on the right track and encourages us to continue in the direction we started in 2014. It's an incentive to bring the process of evolution and transformation we know as "Acea 2.0" to a successful conclusion.

Indicators confirm the solidity of the strategies on which this new phase of evolution is based, and this is all the more reassuring, as the financial statements we submit for Your approval are the result of endogenous resources, a global stimulus towards improvement and rationalisation, involving everyone in the company, and which will continue into the future.

The importance of the results obtained, far in excess of expectations, is cause for optimism and considering the coherence of conditions, consolidates the decisions taken and the choices made in the new 2016 - 2020 Business Plan.

In particular, there was a noteworthy 7.7% increase in net profit compared to last year, reaching 175 million euros, an excellent result in today's particular macroeconomic context.

The figures on investments are also worthy of note, and with pride, increasing by 428.9 million euros, an increase of over 34% even when compared to the remarkable 2014 result of 318.6 million euros.

The figure on average per capita investments in ATO 2 – Central Lazio is significant; 49.4 euros per inhabitant was invested in 2015, 45% more than the national (Italian) average of 34 euros (source, Utilitalia).

This figure confirms our capacity and the driving force our company represents, focused on development and growth, in the social and economic context we operate in.

The Net Financial Position (NFP), while still negative was an improvement on 2008, decreasing by 79 million euros compared to 2014, and by about 121 million euros compared to 30 September 2015. At the same time, operating costs were reduced by over 125 million euros, a decrease of 5.4% on last year. These results, as mentioned above, are an emblematic representation of the positive effects of the targeted corporate rationalisation and greater efficiency in operating processes.

The market has rewarded Acea's efforts towards renewal and in 2015 the value of the company share increased by around 60%, compared to an average FTSE Mib increase of 13%.

These are the solid foundations on the basis of which we've laid the 2016 – 2020 Business Plan, the noteworthy and strategic objectives of which include both the central role played by the customer, improving the quality of the services supplied, as well as organizational and operational efficiency, the former to be achieved through technological innovation and the development of contact channels, the latter by continuing to develop IT systems and promote work force management. The further development of this technology, which was launched in Acea Ato 2 a few months ago, represents and will continue to represent a new work concept, also in the near future for the other Group Companies.

The process of profound change in "Acea 2.0" is therefore destined to pick up speed not only with an increasing number of objectives for operational and economic efficiency, but also by really turning over a new leaf. In this way the Group intends to start afresh after inheriting a monopolist legacy, which by now is something that belongs to the past, promoting an entirely new range of relations with our customers, characterised by the substantial promotion of the latest digital technologies. It's a challenging goal, but when we reach it Acea will be one of the most technologically advanced utility companies in Europe.

So Acea is counting on digitalisation to improve service quality, but also on investments. The 2016-2020 Plan sets a significant and challenging investment target of 2.4 billion euros, 80% of which will be in regulated business. More specifically, over one billion euros will be invested in the Water Segment, while 878 million euros will be invested in the Networks Segment. The 262 million euros investment in the Environment Segment will mainly be allocated to the development of existing plants, while 159 million euros will be invested in the Energy Segment, on the one hand to improve the quality of services and customer relations, and on the other to update electricity production plants.

Just as noteworthy is the reduction in operating costs in the period that comes within the scope of the Plan, amounting to 94 million euros.

The Chief Executive Officer
Alberto Irace



This paves the way for a forecasted annual increase in EBITDA of 4% and an increase in the distribution of dividends from 3% to 6%.

The Plan does not consider the positive effects that could derive from the acquisition of stakes in Italian water companies in the territories of reference, in other words from the process of consolidation, focusing on the core Regions, promoted by the Government and the new regulation approved by the Italian Authority for Electricity, Gas and Water (AEEGSI). On this point it must be said that, by the end of the year amongst other things, two legislative decrees will come into force implementing the "Madia" Law No. 124 of 2015, with new consolidated acts on local public services of economic interest and public limited companies. These measures may help, above all and if suitably integrated with drafts that have been preliminarily approved by the Government, to create regulatory conditions that encourage similar initiatives.

Finally, it must be said that, following the decisions taken by the previous Shareholders' Meeting, the number of members in the Board of Directors increased from seven to nine, maintaining the original ratios in terms of gender representation. The appointment of these two new Directors, both of whom are independent, has meant an improvement in the distribution of tasks in the various Committees, making the relevant work more effective and faster.

Dear Shareholders, this Board of Directors, with the full collaboration of the Group and the people who continue to make the Group what it is today, has performed its duties with the greatest and most professional commitment to obtaining the results we submit to You. We've set some challenging goals for the future, but they are also realistic goals, focusing on the creation of value in a context of sustainability both in economic-financial and environmental terms, well-aware of our role in relation to the territory in which we are operating.

In consideration of the above, we trust in Your continued support.

The Chairman
Catia Tomasetti

