

Acea Group





9M 2016 Results

Rome, 10 November 2016



Financial highlights

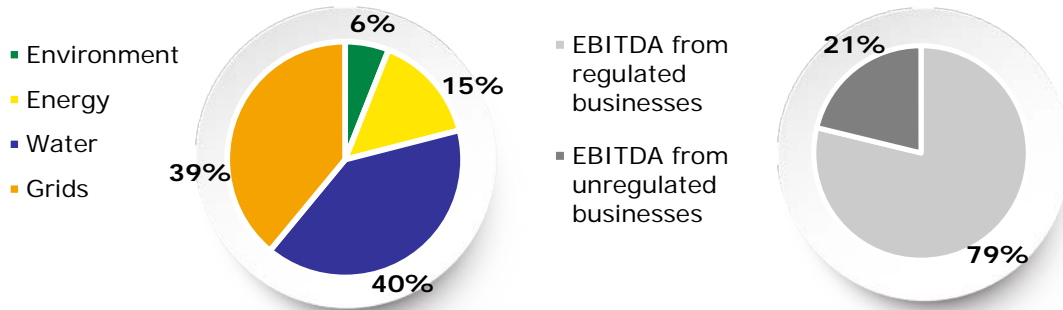


(€m)	9M 2015	9M 2016	% change	
 Consolidated revenues	2,167.7	2,047.5	-5.5%	Impact of accounting for Resolution 654/2015: €76.5m
 EBITDA	530.9	646.1	+21.7%	
EBIT	284.8	378.1	+32.8%	
Profit/(loss) before tax	216.9	317.0	+46.2%	
 Group net profit/(loss)	136.6	200.9	+47.1%	Impact of accounting for Resolution 654/2015: €51.5m
Tax rate	34.6%	34.5%		
 Capex	284.8	346.8	+21.8%	

(€m)	30 Sept 2015 (a)	31 Dec 2015 (b)	30 Sep. 2016 (c)	Change (c-a)	Change (c-b)
NET DEBT	2,130.8	2,010.1	2,138.7	7.9	128.6
Shareholders' Equity	1,553.8	1,596.1	1,682.1	128.3	86.0
Invested Capital	3,684.6	3,606.2	3,820.8	136.2	214.6



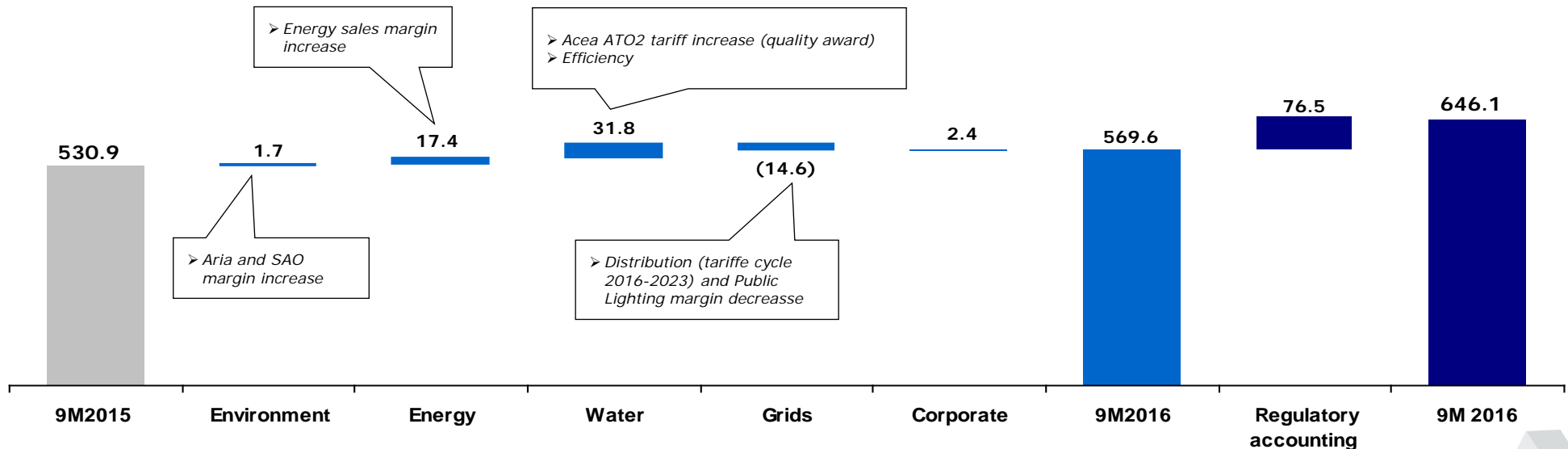
EBITDA 9M 2016



Number of employees	9M 2015	9M 2016
Acea Spa	640	624
Environment	220	248
Energy	539	556
Water	2,215	2,155
Network	1,348	1,309
Total*	4,962	4,892

* Figures does not include ~ 3,000 employees related to companies consolidated using the equity method

EBITDA €m



EBITDA and Key quantitative data



Environment

EBITDA main drivers

↑ Aria: +€0.3m

↑ SAO: +€1.2m

(€m)	9M 2015	9M 2016	% change	Key quantitative data	9M 2015	9M 2016
EBITDA	40.4	42.1	+4.2%	Treatment and disposal (/000s of tonnes)	570	607
Capex	14.9	30.3	+103.4%	WTE electricity sold (GWh)	196	196



Energy

EBITDA main drivers

↑ Electricity sales margin increase +€19.1m

↓ Electricity production margin decrease (fall in energy prices and volumes decrease) -€1.7m

(€m)	9M 2015	9M 2016	% change	Key quantitative data	9M 2015	9M 2016
EBITDA	77.7	95.1	+22.4%	Total electricity production (GWh)	380	308
Production	25.8	24.1	-6.6%	- Of which photovoltaic production	12	9
Sales	51.9	71.0	+36.8%	Total electricity sold (GWh)	7,200	6,271
				Enhanced Protection Market	2,283	2,036
				Free Market	4,917	4,235
Capex	14.6	38.7	+165.1%	Total gas sold (Mm ³)	88	77

EBITDA and Key quantitative data



Water
EBITDA main drivers

- ↑ Acea ATO2: +€34.8m (quality award €9m)
- ↑ Efficiency
- ↓ Overseas water operations: -€2.5m

(€m)	9M 2015	9M 2016	% change	Key quantitative data	9M 2015	9M 2016
EBITDA	225.5	257.3	+14.1%	Total volume of water sold (Mm³)	316	309
<i>Of which: Profit/(loss) on investments consolidated under IFRS11</i>	20.8	20.8	-			
Capex	128.3	150.4	+17.2%			

On 27 July 2016, the Mayors' Conference for the ATO2 concession area approved the tariff determinations for the period 2016-2019. The determinations establish that the tariff increases to be applied in 2016 are to be spread out over time, in return for recognition of a market financial charge as compensation for the deferral.

EBITDA and Key quantitative data



Grids

EBITDA main drivers

- ↑ Recognition of the positive component linked to the regulatory change introduced by AEEGSI Resolution 654/2015: +€76.5m
- ↓ Public Lighting: -€3.4m
- ↓ Areti margin decrease (new tariff cycle 2016-2023): -€11.2m

(€m)	9M 2015	9M 2016	% change	Key quantitative data	9M 2015	9M 2016
EBITDA	187.7	249.6	+33.0%	Total electricity distributed (GWh)	7,959	7,594
Capex	102.4	120.6	+17.8%			

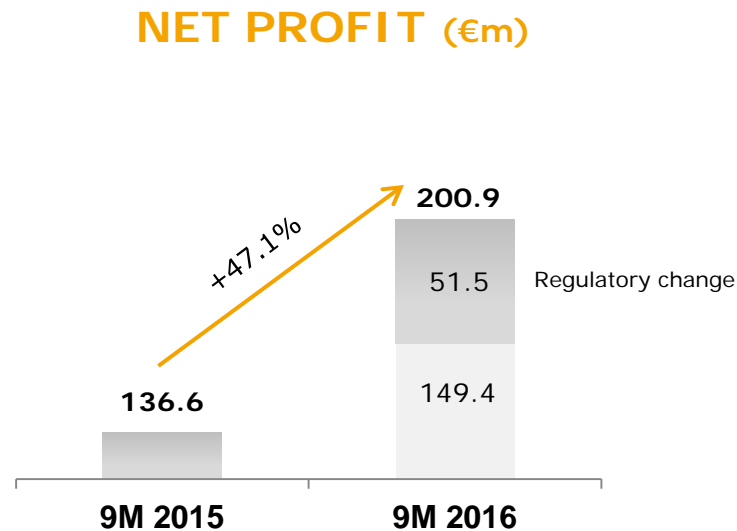
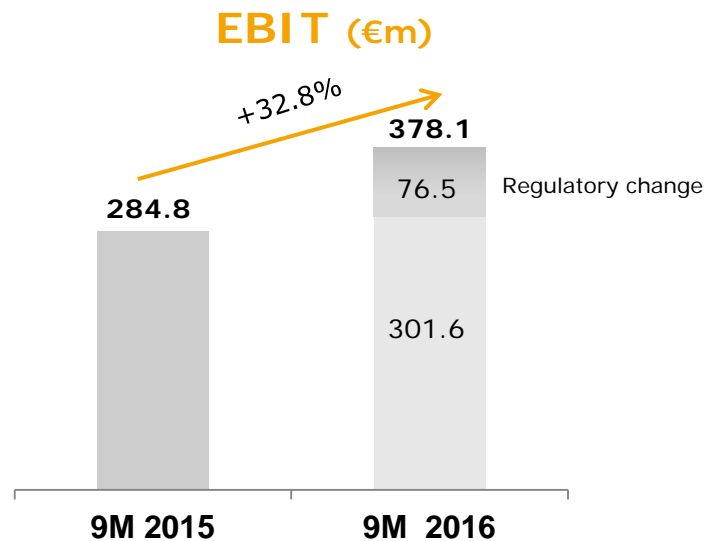
Impact of accounting for Resolution 654/2015: €76.5m



Corporate

(€m)	9M 2015	9M 2016	% change
EBITDA	(0.4)	2.0	n/m
Capex	24.6	6.9	n/m

EBIT and Net Profit



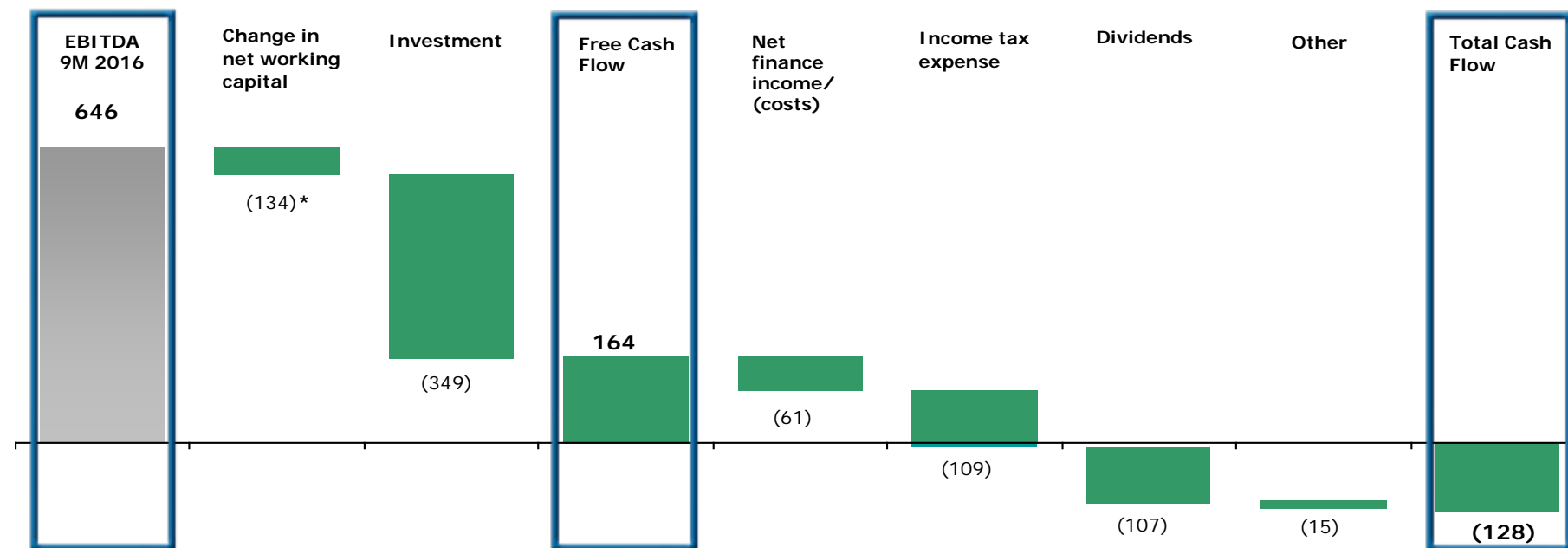
(€m)	9M 2015	9M 2016	% change
Depreciation	172.0	186.9	+8.7%
Write-off	53.0	47.7	-10.0%
Provisions	21.1	33.4	+58.3%
Total	246.1	268.0	+8.9%

- ➔ ✓ Higher depreciation as a result of increased investment
- ➔ ✓ Write-off decrease
- ➔ ✓ Increased provisions for early retirement, redundancy schemes and regulatory risk

Cash flow



CASH FLOW ANALYSIS (€m)	9M 2015	2015	9M 2016
EBITDA	531	732	646
Change in net working capital	(59)	98	(134)
Investment	(287)	(423)	(349)
Free Cash Flow	185	407	164
Net finance income/(costs)	(67)	(90)	(61)
Income tax expense	(75)	(115)	(109)
Dividends	(96)	(96)	(107)
Other	11	(27)	(15)
Total Cash Flow	(42)	79	(128)



* Before impairment losses on receivables

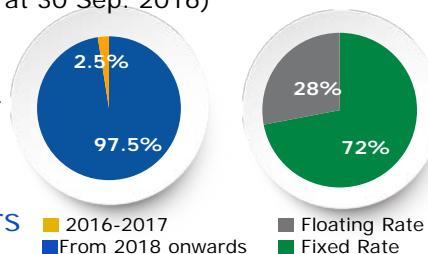
(€m)	30 Sep 2015 (a)	31 Dec 2015 (b)	30 Sep 2016 (c)	Change (c-a)	Change (c-b)
NET DEBT	2,130.8	2,010.1	2,138.7	7.9	128.6
Medium/Long-term	2,656.0	2,657.0	2,626.7	(29.3)	(30.3)
Short-term	(525.2)	(646.9)	(488.0)	37.2	158.9

NET DEBT/ EQUITY 31 Dec 2015	NET DEBT/ EQUITY 30 Sep 2016
1.3x	1.3x

Debt structure

(maturity and interest rates at 30 Sep. 2016)

- > 72% Fixed rate
- > Average overall cost 3.16%
- > Average term to maturity ~ 6.8 years



Rating

FitchRatings
KNOW YOUR RISK

MOODY'S

BBB+

Baa2

Stable Outlook

Stable Outlook

12 October 2016 Acea announced the **launch** of a **tender offer** for the **partial buyback of bonds maturing in 2018 and 2020**, amounting to a total of €300,000,000.

19 October 2016 Acea completed the **placing of 10-years fixed rate bond totalling €500m** (as part of €1.5bn EMTN): oversubscription ~2x; **gross annual coupon 1%**; issue price 98.377%; minimum denomination €100,000. Listed on the market regulated by the Luxembourg Stock Exchange.

24 October 2016 Acea announced that it had received **valid tenders for bonds with a total value of €346,836,000**.

Thanks to the above transactions :

Extention of the average term to maturity of the debt: 7.8 years



Reduction of the average cost of the debt: 2.97%



3Q 2016 APPENDIX

Financial highlights



(€m)	3Q 2015	3Q 2016	% change
 Consolidated revenues	726.5	660.8	-9.0%
EBITDA	177.6	202.3	+13.9%
EBIT	82.2	104.0	+26.5%
 Profit/(loss) before tax	60.0	84.6	+41.0%
Group net profit/(loss)	37.3	51.4	+37.8%

EBITDA and Key quantitative data



Environment

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	13.3	12.9	-3.0%



Water

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	78.8	92.7	+17.6%



Energy

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	21.7	25.4	+17.1%



Grids

EBITDA main drivers

(€m)	3Q 2015	3Q 2016	% change
EBITDA	64.4	68.9	+7.0%



Corporate

(€m)	3Q 2015	3Q 2016	% change
EBITDA	(0.7)	2.4	n/m

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT REFLECT THE COMPANY'S MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL AND OPERATIONAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES.

THESE FORWARD-LOOKING STATEMENTS ARE BASED ON ACEA S.P.A.'S CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. BECAUSE THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES, ACTUAL FUTURE RESULTS OR PERFORMANCE MAY MATERIALLY DIFFER FROM THOSE EXPRESSED THEREIN OR IMPLIED THEREBY DUE TO ANY NUMBER OF DIFFERENT FACTORS, MANY OF WHICH ARE BEYOND THE ABILITY OF ACEA S.P.A. TO CONTROL OR ESTIMATE PRECISELY, INCLUDING CHANGES IN THE REGULATORY FRAMEWORK, FUTURE MARKET DEVELOPMENTS, FLUCTUATIONS IN THE PRICE AND AVAILABILITY OF FUEL AND OTHER RISKS.

YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, WHICH ARE MADE ONLY AS OF THE DATE OF THIS PRESENTATION. ACEA S.P.A. DOES NOT UNDERTAKE ANY OBLIGATION TO PUBLICLY RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS PRESENTATION.

THIS PRESENTATION DOES NOT CONSTITUTE A RECOMMENDATION REGARDING THE SECURITIES OF THE COMPANY.

* * *

PURSUANT TO ART. 154-BIS, PAR. 2, OF THE LEGISLATIVE DECREE N. 58 OF FEBRUARY 24, 1998, THE EXECUTIVE IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AT ACEA, DEMETRIO MAURO – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.