



aceea
9M 2018 Results

Rome, 8 November 2018

Executive Summary



IMPROVED RESULTS THANKS TO CONTRIBUTION FROM ALL BUSINESS AREAS

- **EBITDA** €685m + 9%
- **EBIT** €381m +31%
- **Net profit** €215m +41%



RAISED EBITDA GUIDANCE FOR 2018 THANKS TO STRONG IMPROVEMENT IN OPERATIONAL PROCESSES INVOLVED IN MANAGEMENT OF INFRASTRUCTURE



SUBSTANTIAL CAPEX INCREASE, ESPECIALLY IN REGULATED BUSINESSES

- **Capex** €413m +12% (~90% relates to regulated activities)

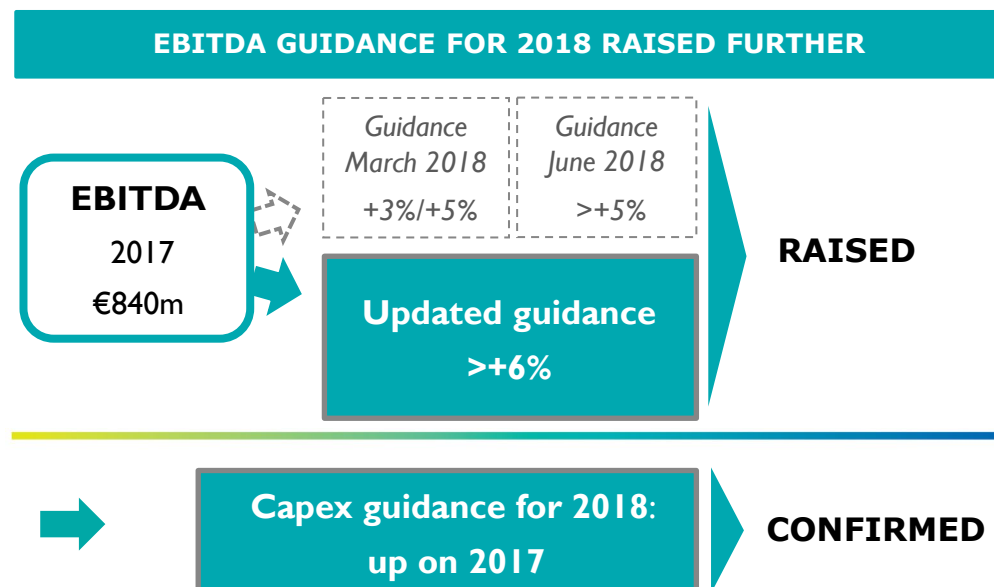


NET DEBT UNDER CONTROL, 2018 GUIDANCE OF APPROXIMATELY €2.6BN CONFIRMED



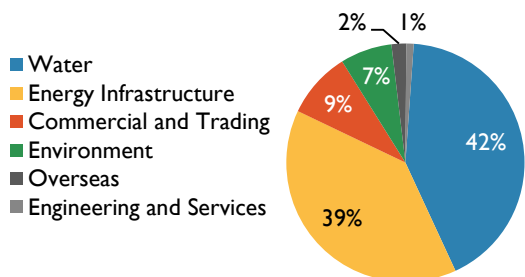
ENTRY INTO GAS DISTRIBUTION THROUGH ACQUISITION OF 51% OF “PESCARA DISTRIBUZIONE GAS”: FIRST STEP IN ACHIEVING STRATEGIC INITIATIVES INCLUDED IN BUSINESS PLAN.

(€m)	9M 2018	9M 2017	% change (alb)
	(a)	(b)	
Consolidated revenue	2,173.9	2,037.9	+6.7%
EBITDA	685.2	625.8	+9.5%
EBIT	381.0	291.3	+30.8%
Group net profit/(loss)	214.8	152.6	+40.8%
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Capex	413.2	368.9	+12.0%



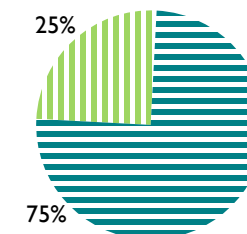
(€m)	30 Sep 2018	31 Dec 2017	30 Sep 2017	% change (alb)	% change (alc)
	(a)	(b)	(c)		
Net debt	2,631.1	2,421.5	2,487.3	+8.7%	+5.8%
Invested capital	4,387.7	4,232.7	4,279.9	+3.7%	+2.5%



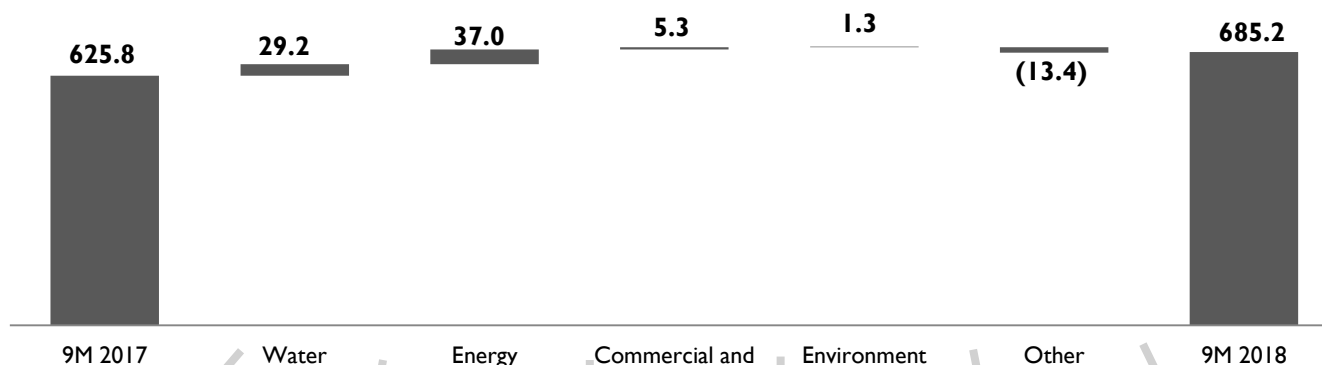


EBITDA 9M 2018

■ EBITDA from non-regulated businesses
 ■ EBITDA from regulated businesses



EBITDA (€m)



EBITDA	293	276	63	48	5
	270 companies consolidated line-by-line 23 companies consolidated using equity method	238 Distribution 40 Generation (2) Public lighting			

Average Group workforce

9M 2018	9M 2017	Change
5,545	5,474	+71

EBITDA and quantitative data

9M 2018 financial highlights



Water

EBITDA main drivers

EBITDA GROWTH

- ▲ Acea ATO2: +€14.3m (quality bonus €24.2m)
- ▲ Acea ATO5: +€5.4m
- ▲ Companies consolidated using equity method +€7.5m



KEY HIGHLIGHTS

- ✓ Significant increase in collections at ATO2 and ATO5 due to optimisation of credit collection strategy

(€m)	9M 2018 (a)	9M 2017 (b)	% change (a/b)	Quantitative data	9M 2018	9M 2017
EBITDA	293.2	264.0	+11.1%	Total volume of water sold (Mm³)	313	316
<i>of which:</i>						
<i>Profit/(Loss) from companies consolidated under IFRS 11</i>	23.5	16.0	+46.9%			
Capex (*)	224.6	183.7	+22.3%			
	9M 2018 (a)	9M 2017 (b)	Change (a-b)			
Average workforce	1,801	1,785	+16			

* Includes non-routine maintenance activities, rebuilding, upgrading and expansion of water network, sewer system and treatment plants.

EBITDA and quantitative data

9M 2018 financial highlights



Energy infrastructure

EBITDA main drivers

EBITDA GROWTH

- ▲ Distribution up €30.7m
- ▲ Generation up €11.4m: increased hydroelectric and thermoelectric production (completion of Tor di Valle plant); extraordinary item €5m*
- ▼ Public Lighting (LED Plan effect in 2017)



KEY HIGHLIGHTS

- ✓ Over 167 km of fibre infrastructure installed

(€m)	9M 2018 (a)	9M 2017 (b)	% change (a/b)	Quantitative data	9M 2018	9M 2017
EBITDA	276.3	239.3	+15.5%	Total electricity distributed (GWh)	7,449	7,604
- Distribution	238.5	207.8	+14.8%	Number of customers ('000s)	1,628	1,629
- Generation	40.2	28.8	+39.6%	Total electricity produced (GWh)	410	324
- Public Lighting	(2.4)	2.7	n/s			
Capex	156.2	148.5	+5.2%			
	9M 2018 (a)	9M 2017 (b)	Change (a-b)			
Average workforce	1,387	1,365	+22			

* Result of claim for damages from SASI (water service operator in the Province of Chieti) due to unlawful withdrawal of water from River Verde.

EBITDA and quantitative data

9M 2018 financial highlights



Commercial and Trading

EBITDA main drivers

EBITDA GROWTH



KEY HIGHLIGHTS

- ✓ Reduced inbound calls (-39%) reflecting improved customer experience

(€m)	9M 2018 (a)	9M 2017 (b)	%change (alb)	Quantitative data	9M 2018	9M 2017
EBITDA	62.6	57.3	+9.2%	Total electricity sold (GWh)	4,563	5,179
				<i>Enhanced Protection market</i>	1,781	1,984
				<i>Free market</i>	2,782	3,195
Capex	9.5	11.2	-15.2%	No. of PODs for electricity ('000s)	1,175	1,224
				<i>Enhanced Protection market</i>	845	907
				<i>Free market</i>	330	317
Average workforce	465	474	-9	Total gas sold (Mm³)	88	65
				No. of gas customers ('000s)	172	167

EBITDA and quantitative data

9M 2018 financial highlights



Environment

EBITDA main drivers

EBITDA SLIGHTLY UP

- ▲ Acea Ambiente: +€1.6m
- ▲ Iseco: +€0.3m
- ▼ Acque Industriali: - €1.0m
- ▲ Aquaser: +€0.4m



KEY HIGHLIGHTS

- ✓ Re-start of Aprilia and Sabaudia plants
- ✓ Consents obtained for Orvieto landfill and Sabaudia composting plant

(€m)	9M 2018 (a)	9M 2017 (b)	% change (a/b)	Quantitative data	9M 2018	9M 2017
EBITDA	48.1	46.8	+2.8%	Treatment and disposal* (Ktonnes)	812	819
Capex	13.1	11.9	+10.1%	WTE electricity produced (GWh)	264	264

	9M 2018 (a)	9M 2017 (b)	Change (a-b)
Average workforce	360	353	+7

*Includes ash disposed of

EBITDA and quantitative data

9M 2018 financial highlights



Overseas

(€m)	9M 2018	9M 2017	
EBITDA	11.1	11.1	
Capex	4.0	3.5	
	9M 2018 (a)	9M 2017 (b)	Change (a-b)
Average workforce	608	593	+15



Engineering and Services

(€m)	9M 2018	9M 2017	
EBITDA	10.9	14.6	
Capex	0.8	0.5	
	9M 2018 (a)	9M 2017 (b)	Change (a-b)
Average workforce	262	317	-55

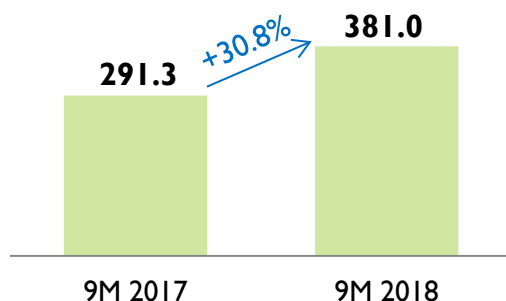


Holding

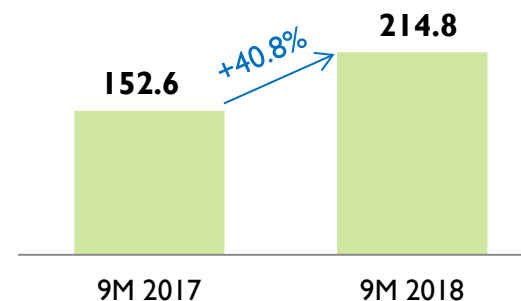
(€m)	9M 2018	9M 2017	
EBITDA	-17.0	-7.3	
Capex	5.2	9.6	
	9M 2018 (a)	9M 2017 (b)	Change (a-b)
Average workforce	662	587	+75

Primarily due to transfer of Facility Management from Engineering and Services unit.

EBIT (€m)



NET PROFIT (€m)



TAX RATE

32.7%

30.4%

(€m)	9M 2018	9M 2017	% change
Depreciation	251.8	228.3	+10.3%
Write-downs	44.9	78.8	-43.0%
Provisions	7.5	27.5	-72.7%
Total	304.2	334.6	-9.1%



Increased depreciation, partly due to increased investment in IT assets with shorter useful lives.

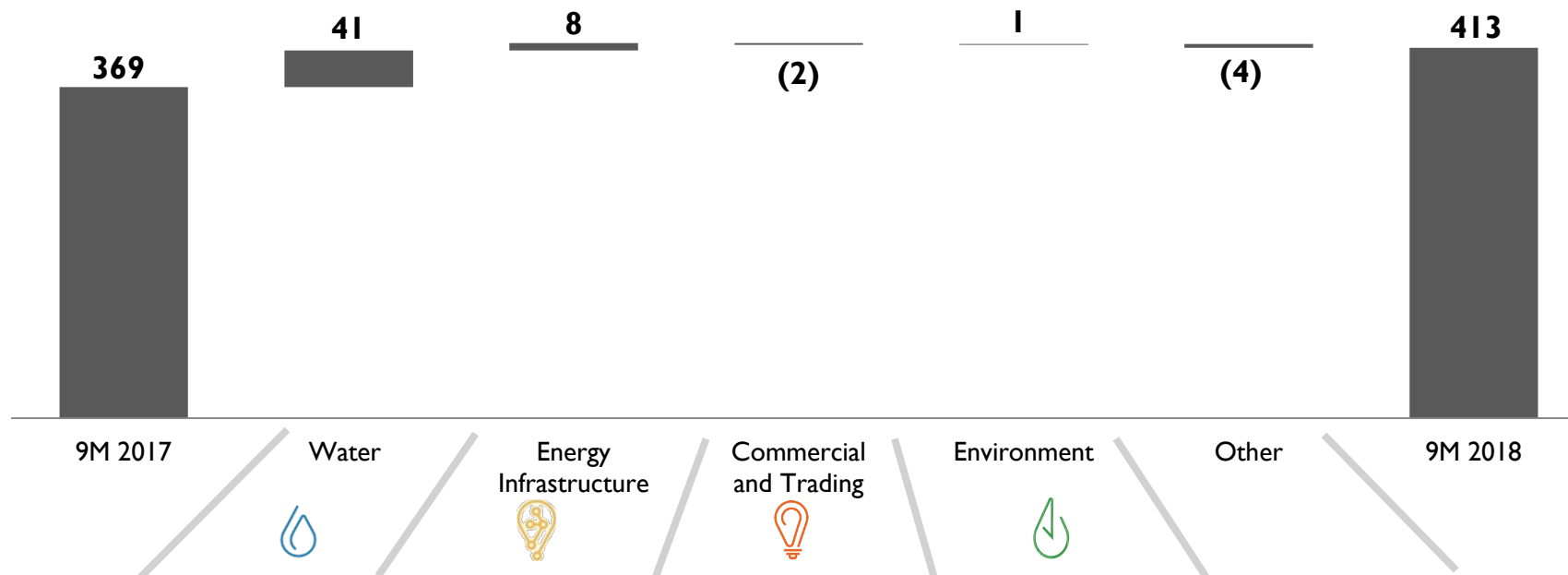


Reduced credit losses due to improved collections and write-downs of amounts due from Gala in 9M 2017.



Lower provisions for early retirement and redundancy scheme compared with 9M 2017.

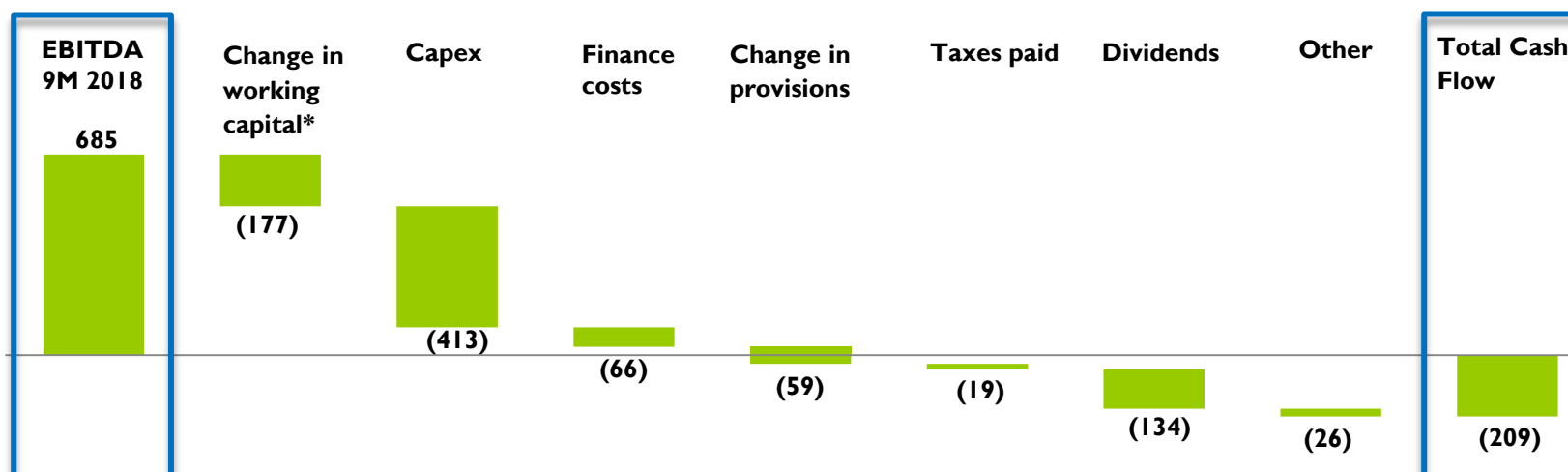
CAPEX (€m)



CAPEX	225	156	9	13	10
	<ul style="list-style-type: none"> • Repair and widening of water and sewage pipes • Extraordinary maintenance of water centres • Work on treatment plants 	<ul style="list-style-type: none"> • Upgrade and expansion of grid • Revamping of Mandela power plant 	<ul style="list-style-type: none"> • Reduced investment in ICT 	<ul style="list-style-type: none"> • Work on Terni and San Vittore WTE plants • Work on waste treatment and biogas production plants at Orvieto landfill 	

(€m)	9M 2018 A	9M 2017 B	Diff. A-B
EBITDA	685	626	59
Change in working capital	(177)	(243)	66
CAPEX	(413)	(369)	(44)
FREE CASH FLOW	95	14	81
Net finance income/(costs)	(66)	(57)	(9)
Change in provisions	(59)	(92)	33
Taxes paid	(19)	(74)	55
Dividends	(134)	(132)	(2)
Other	(26)	(18)	(8)
TOTAL CASH FLOW	(209)	(360)	151

Compared to the same period of 2017, in the **first 9 months, WC improved** by approximately **€66m**, thanks mainly to the improved collections at ATO2 (+€73m compared with 9M 2017). **WC needs in LTM** total approximately **€50m**.



* Before provisions for bad debts

Net debt

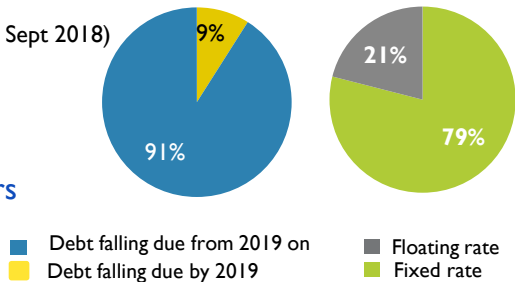
(€m)	30 Sept 2018 (a)	31 Dec 2017 (b)	30 Sept 2017 (c)	Change (a-b)	Change (a-c)
Net debt	2,631.1	2,421.5	2,487.3	209.6	143.8
Medium/Long-term	3,359.9	2,706.6	2,475.9	653.3	884.0
Short-term	(728.8)	(285.1)	11.4	(443.7)	(740.2)

NET DEBT / EQUITY 30 SEPT. 2018	NET DEBT 30 SEPT. 2018 / EBITDA LTM
1.5x	2.9x

Debt structure

(maturity and interest rates at 30 Sept 2018)

- > Fixed rate 79%
- > Average cost 2.21%
- > Average term 6.0 years



Rating

FitchRatings

MOODY'S*

BBB+

Baa2

Stable Outlook

Stable Outlook

* Confirmed as of 11 October 2018

Acea Group

9M 2018 Results

Rome, 8 November 2018

Q&A session

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.

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