



acea
HI 2019 Results

Rome, 31 July 2019

GROUP ONCE AGAIN RECORDS SIGNIFICANT IMPROVEMENT IN RESULTS. DELIVERY OF MAJOR INVESTMENT PROGRAMME CONTINUES

- **EBITDA** €503M +12% versus HI 2018
- **EBIT** €260m +4% versus HI 2018
- **Capex** €342m +21% versus HI 2018

STRONG GROWTH IN INVESTMENT IN REGULATED INFRASTRUCTURE CONTINUES: EBITDA GUIDANCE FOR 2019 RAISED

- **EBITDA** guidance raised from +5%/6% to **≥+7%** versus 2018 (€933m)
- **Capex** guidance maintained with increase of over 10% versus €631m of 2018
- **Net debt** guidance confirmed at €2.85-2.95bn

MAJOR TRANSACTIONS COMPLETED SINCE BEGINNING OF THE YEAR

THE ACQUISITION OF A 51% STAKE IN “PESCARA DISTRIBUZIONE GAS” COMPLETED IN MARCH

BUSINESS PLAN 2019-2022 APPROVED ON 2 APRIL, TARGETING:

- **EBITDA** in 2022: €1,270m (+36% versus 2018)
- **RAB** in 2022: €4.8bn (+28% versus 2018)
- **Record investment**: €4bn (in the period 2018-2022)
- **Dividend** of at least €0.75 per share for 2019 and rising further over life of the Plan

ISSUE OF BONDS WORTH €500M UNDER EMTN PROGRAMME SUCCESSFULLY COMPLETED IN MAY. BONDS HAVE A TERM TO MATURITY OF 9 YEARS AND PAY A FIXED RATE OF 1.75%

IN MAY, FITCH RATINGS CONFIRMED ITS «BBB+» RATING OF ACEA WITH A STABLE OUTLOOK

Fitch Ratings' opinion reflects Acea's strategic focus on regulated activities and the positive results achieved.

ACQUISITION OF 90% OF DEMAP, OWNER OF A PLASTIC TREATMENT PLANT *(July 2019)*

- Enterprise Value of 100% of Demap: €20m
- Demap's EBITDA: €3.5m
- Plant authorised to treat 75k tonnes a year (under contract with Corepla Consortium)

PROCEDURE COMPLETED FOR RENEWAL OF CONCESSION FOR THE PESCHIERA-LE CAPORE WATER MAIN, DUE TO EXPIRE IN SEPTEMBER 2031 *(July 2019)*

Renewal of the concession is in preparation for construction of a second pipeline as part of the Peschiera water main with the aim of improving the security of water supplies in Rome.

AGREEMENT ENTERED INTO WITH ENEA FOR THE JOINT DEVELOPMENT OF CIRCULAR ECONOMY PROJECTS *(July 2019)*

ACEA's objective is to apply the technologies, innovative solutions and know-how provided by ENEA in its industrial projects, above all in the waste treatment and water sectors.

AGREEMENTS FOR THE ACQUISITION OF PHOTOVOLTAIC PLANTS WITH TOTAL CAPACITY OF APPROXIMATELY 25 MW_p *(July 2019)*

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

(€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)

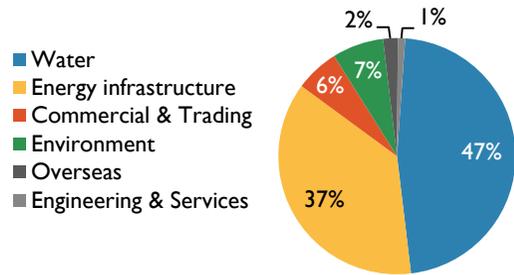
(€m)	30 June 2019 (a)	31 Dec 2018 (b)	30 June 2018 (c)	% change (a/b)	% change (a/c)
Net debt	2,842.5°	2,568.0	2,570.3	+10.7%	+10.6%
Invested capital	4,738.4	4,471.5	4,236.6	+6.0%	+11.8%

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

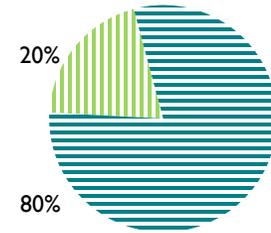
* Effect of consolidation of Gori: €34.2m

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

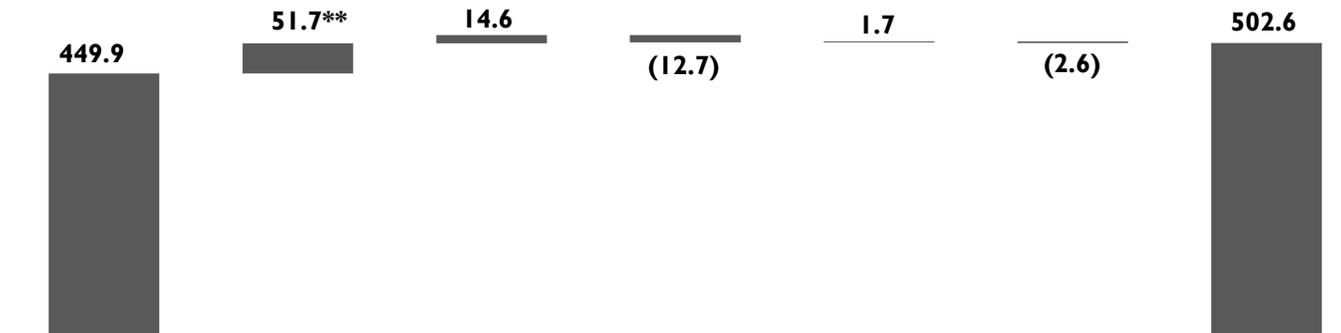
° Impact of application of IFRS16 from 1 January 2019 (up €56.8m)



EBITDA HI 2019



EBITDA (€m)



HI 2018 Water Energy Infrastructure Commercial & Trading Environment Other*** HI 2019



EBITDA (€m)	244.0	193.3	31.2	33.5	0.6
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Average Group workforce

HI 2019	HI 2018	Change
6,612	5,545	+1,067*

* Increase in workforce primarily reflects changes in scope of consolidation (Gori +841; Consorzio Servizio Sur +195; Pescara Distribuzione Gas +12)
 ** Effect of consolidation of Gori: €31.6m (in HI 2019 Gori's EBITDA is €34.2m, in HI 2018 Gori contributed €2.6m to EBITDA)
 *** Overseas, Engineering & Services, Corporate

EBITDA and quantitative data

HI 2019 financial highlights



Water

EBITDA main drivers

KEY HIGHLIGHTS

- Line-by-line consolidation of Gori: +€31.6m.
Funding of €100m obtained for the Company
- Companies consolidated using equity method: +€0.6m
- Completion of acquisition of 51% of Pescara Distribuzione Gas

(€m)	HI 2019 (a)	HI 2018 (b)	% change (a/b)	Quantitative data	HI 2019	HI 2018
EBITDA	244.0	192.3	+26.9%	Total volume of water distributed (Mm³)	251	210
<i>Of which: ACEA ATO2</i>	<i>176.8</i>	<i>161.7</i>	<i>+9.3%</i>			
<i>Acea ATO5</i>	<i>13.1</i>	<i>11.5</i>	<i>+13.9%</i>			
<i>Gori</i>	<i>34.2</i>	<i>-</i>	<i>n/s</i>			
<i>Companies consolidated using equity method</i>	<i>17.8</i>	<i>17.2</i>	<i>+3.5%</i>			
<i>Other consolidated companies</i>	<i>2.1</i>	<i>1.9</i>	<i>+10.5%</i>			
Capex	168.3	156.4	+7.6%			
	HI 2019 (a)	HI 2018 (b)	Change (a-b)			
Average workforce	2,672	1,794	+878*			

* The increase primarily reflects the consolidation of Gori (+841) and Pescara Distribuzione Gas (+12)

EBITDA and quantitative data

HI 2019 financial highlights



KEY HIGHLIGHTS

📈 Distribution: +€13.1m

▬ Generation: stable

📈 Public Lighting: +€1.4m

🎯 Acquisitions of photovoltaic plants with total capacity of approximately 25 MWp finalised, mainly **in July**

(€m)	HI 2019 (a)	HI 2018 (b)	%change (a/b)	Quantitative data	HI 2019	HI 2018
EBITDA	193.3	178.7	+8.2%	Total electricity distributed (GWh)	4,755	4,845
- Distribution	168.2	155.1	+8.4%	Number of customers ('000s)	1,631	1,626
- Generation	25.3	25.4	-0.4%	Total electricity produced (GWh)	295	298
- Public Lighting	-0.3	-1.7	n/s			
Capex	133.4	105.6	+26.3%			
	HI 2019 (a)	HI 2018 (b)	Change (a-b)			
Average workforce	1,361	1,386	-25			

EBITDA and quantitative data

HI 2019 financial highlights



Commercial & Trading

EBITDA main drivers

KEY HIGHLIGHTS

- ↓ Reduced margins on Free market (mass market segment)
- ↓ Reduced margins on Enhanced Protection market (cut in late payment component in Central Italy in RCV tariff)

(€m)	HI 2019 (a)	HI 2018 (b)	%change (a/b)	Quantitative data	HI 2019	HI 2018
EBITDA	31.2	43.9	-28.9%	Total energy sold (GWh)	3,134	3,086
				<i>Free market</i>	1,998	1,852
				<i>Enhanced Protection market</i>	1,136	1,234
Capex	18.5	5.5	<i>n/s</i>	No. of electricity customers ('000s)	1,160	1,190
				<i>Free market</i>	347	325
				<i>Enhanced Protection market</i>	813	865
Average workforce	471	465	+6	Total gas sold (Mm³)	83	73
				No. of gas customers ('000s)	179	169

EBITDA and quantitative data

HI 2019 financial highlights



Environment

EBITDA main drivers

KEY HIGHLIGHTS

- Increase in compost volumes
- Acea Ambiente: extension of CIP6
- Acquisition, **in July**, of 90% of Demap, the owner of a plastic treatment plant (authorised capacity of 75k tonnes a year)

(€m)	HI 2019 (a)	HI 2018 (b)	%change (a/b)	Quantitative data	HI 2019	HI 2018
EBITDA	33.5	31.8	+5.3%	Treatment and disposal* (Ktonnes)	604	552
Capex	10.6	8.6	+23.3%	WTE electricity produced (GWh)	170	178

	HI 2019 (a)	HI 2018 (b)	Change (a-b)
Average workforce	374	360	+14**

* Includes ash disposed of

** Consolidation of Bioecologia (+9)

EBITDA and quantitative data

HI 2019 financial highlights



Overseas

Positive contribution from Aguas de San Pedro

(€m)	HI 2019 (a)	HI 2018 (b)
EBITDA	7.9	7.3
Capex	3.6	2.2

	HI 2019 (a)	HI 2018 (b)	Change (a-b)
Average workforce	795	606	+189*



Engineering & Services

Reduced contribution from Acea Elabiori

(€m)	HI 2019 (a)	HI 2018 (b)
EBITDA	6.5	7.5
Capex	0.8	0.5

	HI 2019 (a)	HI 2018 (b)	Change (a-b)
Average workforce	272	272	=



Holding company

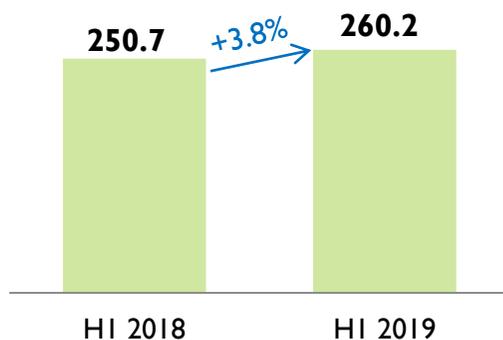
(€m)	HI 2019 (a)	HI 2018 (b)
EBITDA	(13.8)	(11.7)
Capex	6.6**	3.1

	HI 2019 (a)	HI 2018 (b)	Change (a-b)
Average workforce	667	662	+5

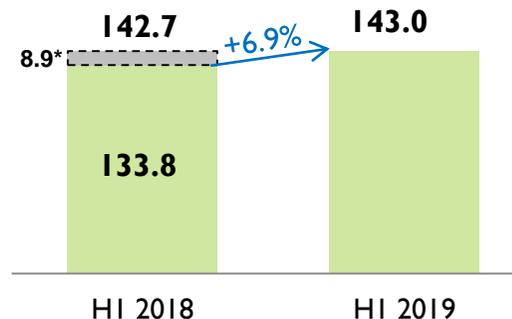
* Consolidation of Consorcio Servicio Sur (+195)

** Increased Capex on IT systems

EBIT (€m)



NET PROFIT (€m)



TAX RATE

30.8%

30.0%

(€m)	HI 2019	HI 2018	% change
Depreciation	200.1	161.8	+23.7%
Write-downs	36.0	31.9	+12.9%
Provisions	6.3	5.5	+14.5%
Total	242.4	199.2	+21.7%

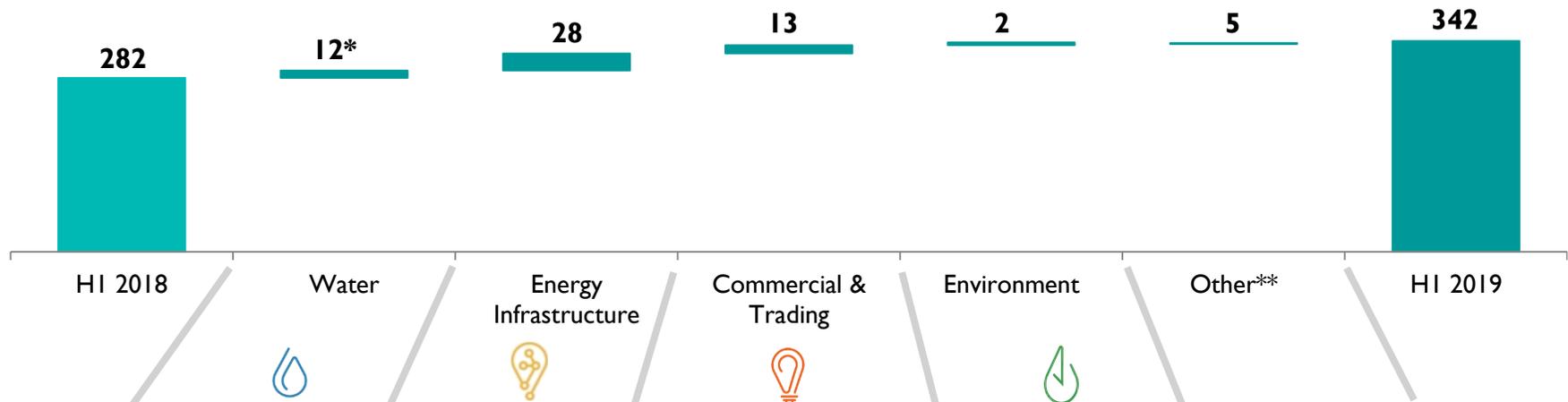
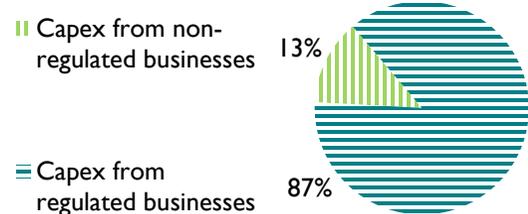
Increase in depreciation linked to growth in Capex across all areas of business (above all Water) and impact of IFRS 16

* Income relating to acquisition of the investment in the TWS group (€8.9m)

Capex

Strong capex growth, above all in regulated businesses

Capex (€m)

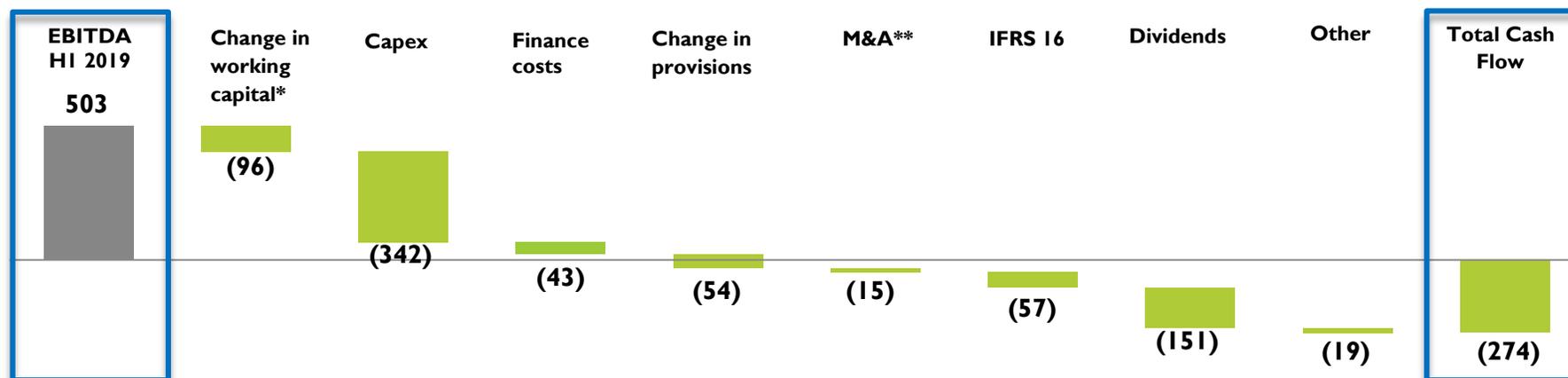


Capex	168	133	19	11	11
	<ul style="list-style-type: none"> Repair and widening of water and sewage pipes Extraordinary maintenance of water centres Work on treatment plants 	<ul style="list-style-type: none"> Upgrade and expansion of grid Revamp of Mandela hydroelectric plant and of Tor di Valle and Montemartini thermoelectric plants 	<ul style="list-style-type: none"> IT systems Customer acquisition 	<ul style="list-style-type: none"> Expansion of Orvieto landfill Revamp of Monterotondo and Aprilia plants 	

* Effect of consolidation of Gori (€21m)
 ** Overseas, Engineering & Services, Corporate

(€m)	HI 2019	HI 2018
EBITDA	503	450
Change in working capital	(96)	(81)
CAPEX	(342)	(282)
FREE CASH FLOW	65	87
Net finance income/(costs)	(43)	(42)
Change in provisions	(54)	(39)
M&A**	(15)	-
IFRS 16	(57)	-
Dividends	(151)	(134)
Other	(19)	(19)
TOTAL CASH FLOW	(274)	(147)
<i>TOTAL CASH FLOW excluding impact of IFRS 16 and acquisition of Pescara Distribuzione Gas</i>	<i>(202)</i>	<i>(147)</i>

- Cash outflow due to working capital movements reflecting seasonal factors
- Cash outflow due to working capital movements reflecting regulatory measures, amounting to approximately €47m
- Cash outflow for working capital in LTM, totalling approximately €50m, in line with expectations for current year
- Significant improvement in performance of credit collection in Commercial & Trading segment (improvement in 6-month unpaid ratio of approximately 2%)



* Before adjustments for credit losses

** Acquisition of Pescara Distribuzione Gas

Net debt

(€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	274.5	272.2
Medium/long-term	3,431.1	3,341.4	3,359.7	89.7	71.4
Short-term	(588.6)	(773.4)	(789.4)	184.8	200.8

30 June 2019

NET DEBT/ EQUITY

NET DEBT/ EBITDA LTM

1.5x

2.9x

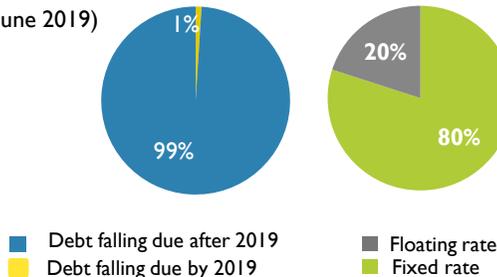
16 May 2019 - Issue of bonds worth €500m under EMTN programme successfully completed. Bonds have a term to maturity of 9 years and pay a fixed rate of 1.75%

July 2019 – EMTN programme ceiling increased to €4bn

Debt structure

(maturity and interest rates at 30 June 2019)

- > Fixed rate **80%**
- > Average cost **2.18%**
- > Average term **5.8 years**



Ratings

FitchRatings

MOODY'S

BBB+

Baa2

Stable Outlook

Stable Outlook

* Impact of application of IFRS 16 from 1 January 2019 (+€56.8m)

Acea Group

HI 2019 Results

Rome, 31 July 2019

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.

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.

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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.