



**Strategic Guidelines and
H1 2023 Results
ACEA Group**

July 25th, 2023



STRATEGIC GUIDELINES



H1 2023 RESULTS



ANNEX



STRATEGIC GUIDELINES






H1 2023 RESULTS



ANNEX

ACEA Group: infrastructure operator with a strong presence in regulated sectors¹

 Water #1 by customer base	 Electricity #2 by customer base	 Environment #4 by waste managed
<p>Italy:</p> <ul style="list-style-type: none">• ~9m customers• ~59,000 km network• <30% water leaks in Rome <p>South America:</p> <ul style="list-style-type: none">• 3 countries• ~10m customers <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>	<p>Power grids:</p> <ul style="list-style-type: none">• ~1.7m PODs² for 32,000 km of grid• ~6% grid losses <p>Generation:</p> <ul style="list-style-type: none">• ~0.7 TWh generated <p>Commercial:</p> <ul style="list-style-type: none">• ~1.4m customers <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>	<p>Waste management:</p> <ul style="list-style-type: none">• ~1.7m tonnes waste managed <p>Waste to energy:</p> <ul style="list-style-type: none">• ~47% recycling rate <p>Waste to materials:</p> <ul style="list-style-type: none">• ~340 GWh of energy produced <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>

Highly challenging outlook for the sector in the coming years



Water¹

Importance of protecting water resources

~18% of GDP directly/indirectly linked to the availability of water

High leakage rate in Italian system

~42% leakage rate in Italy vs. European average of ~23%

Limited public awareness

66% of Italians underestimate their water consumption



Electricity²

Energy transition

60-65 GW growth in renewables by 2030, of which ~80% solar

Electrification and role of grids

Consumption up 1.5x in 10 years, with need to guarantee system resilience

Significant need for flexibility

10GW of energy storage expected by 2030



Environment³

Circular economy drive

+10 pp of plastic waste recyclable in Europe by 2030

Developments in the regulatory framework

Progressive regulation of waste in Italy

New forms of treatment

Waste-to-Chemical and special waste thanks to recent technological developments



Engineering

High demand for technical expertise to support the country's infrastructure investment

ACEA vision: infrastructure growth to support the country, enabled by people

- High level of service for the **community** (customers, citizens, towns, provinces, regions)
- Development opportunities for **personnel**
- **Shareholder** returns

- **Renewables** (photovoltaic plants)
- **Decarbonisation**, waste recycling, carbon capture
- **Smart cities** (public lighting)



- **National in the integrated water cycle** (internationally scalable)
- **Local in power grids** (Rome)
- **Regional in the environment sector** (central Italy, replicable on a national scale)

- **Major projects** (Peschiera, Waste-to-Energy)
- **On field activities excellence** (digital, AI)

Water: strategic pillars

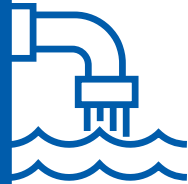
Consolidating the Italian market, positioning the Group as a **Water market leader**, leveraging:

- Solid **track record for delivering services** to 9m inhabitants
- Opportunities to **deliver major strategic projects** for the country



Strengthening the presence in municipal water supply systems in Italy

Infrastructure development (e.g., doubling the Peschiera aqueduct), **geographical expansion, new technologies** (smart meters), incentives to **protect water resources**



Growth in industrial water services

Positioning in the industrial water services market, leveraging **existing assets and distinctive water-related expertise**



Assessment of overseas opportunities

Potential for targeted growth in existing businesses, with scope for partnerships with other operators

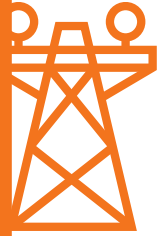


Electricity: Strategic pillars

Guaranteeing a **resilient grid** and **protecting quality of service** in the city of Rome

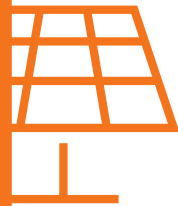
Developing **new renewable capacity** in response to energy transition

Consolidating **retail market performance and service**



Focus on electricity grids in Rome

Boosting the grid's **resilience** and **digitalisation**, improving **service quality**, incentivising **distributed flexibility** and **local dispatching** and offering **smart city services**



Growth in renewables

Developing **photovoltaic plants** to balance the Group's consumption, achieve our **SBTi targets** by cutting emission intensity and contribute to **the country's energy transition**



Consolidate retail market performance and service

Boosting **digital channels**, optimising the **customer management** model, ensuring the **effective transition** of customers to the free market

Environment: Strategic pillars

Consolidating / expanding our leadership in central Italy throughout the waste management chain

Meeting future demand for new Waste-to-Energy plants to dispose waste in central Italy



Consolidation in central Italy

Optimising our existing **industrial footprint**, through **geographical expansion** in **synergy with other businesses**



Growth in Waste-to-Energy

Revamping and developing new lines, leveraging **the Group's extensive experience** in Waste-to-Energy (e.g., expansion and revamping of San Vittore)



Strengthening capabilities in materials recycling

Boosting capabilities and quality in materials recycling to close the waste cycle, assessing **opportunities in new segments** (e.g., Waste-to-Chemical)

ACEA commitment to ESG

E

Confirmation of our SBTi targets for cutting CO₂ emissions

Strengthening **the waste recycling chain**

Reducing water leakage

S

Commitment to **gender equality**

Boosting **youth employment**

Boosting **personnel development and training** opportunities

G

ESG criteria fully embedded in Risk & Compliance processes

Support supply chain to enable ESG performance

Expand on the **ESG KPIs** monitored by the Group



STRATEGIC GUIDELINES



H1 2023 RESULTS



ANNEX

H1 2023 highlights

GROWTH IN REGULATED BUSINESSES AND OPERATIONAL DISCIPLINE

REVENUE

Water, Energy Infrastructure
and Environment

+5%



Group revenue of €2.3bn, including approximately €1.2bn from Water, Energy Infrastructure and Environment sectors (+5% vs H1 2022)

EBITDA

excluding non recurring
items and change in scope

+3%



Organic EBITDA of €663m, up €18m vs H1 2022 driven by organic growth in regulated businesses (+6% Water and +3% Energy Infrastructure) and ongoing operating efficiencies

NET PROFIT ADJUSTED

+6%



Reported net profit of €142m (adjusted Net Profit of €144m - €138m in H1 2022), EBITDA growth offsets the rising finance costs caused by higher interest rates and the increase in depreciation related to previous years capex

CAPEX

Water, Energy Infrastructure
and Environment

+8%



Capex of €503m, up across regulated businesses in line with investment plans and with the average for H1 and H2 2022

FREE CASH FLOW

+175%

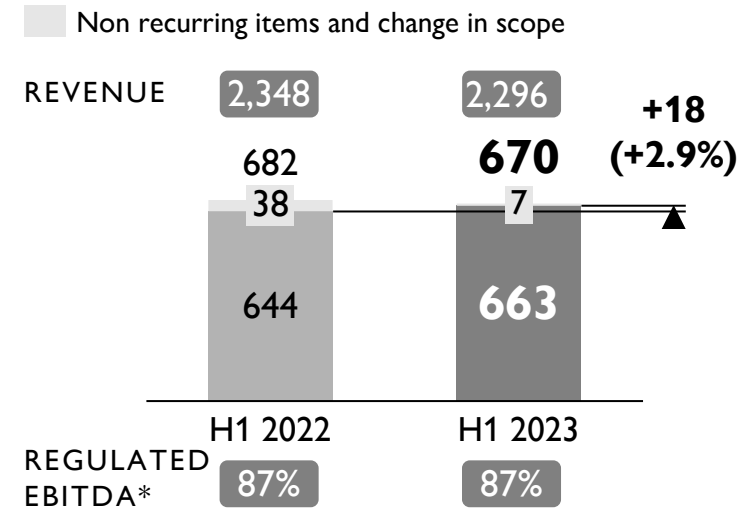


Free cash flow of €103m, up €65m vs H1 2022, enabling the Group to maintain a solid financial structure: Net Debt/EBITDA of 3.7x fully compliant to guidance (<3.8x)
Increase in debt (+€359m) influenced by dividends, taxation and finance costs

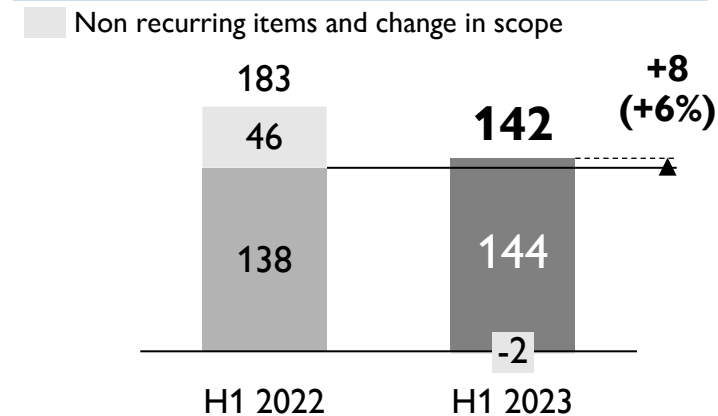
Overview of H1 2023 results

GROWTH AND DELIVERY OF INVESTMENT PLAN CONTINUE

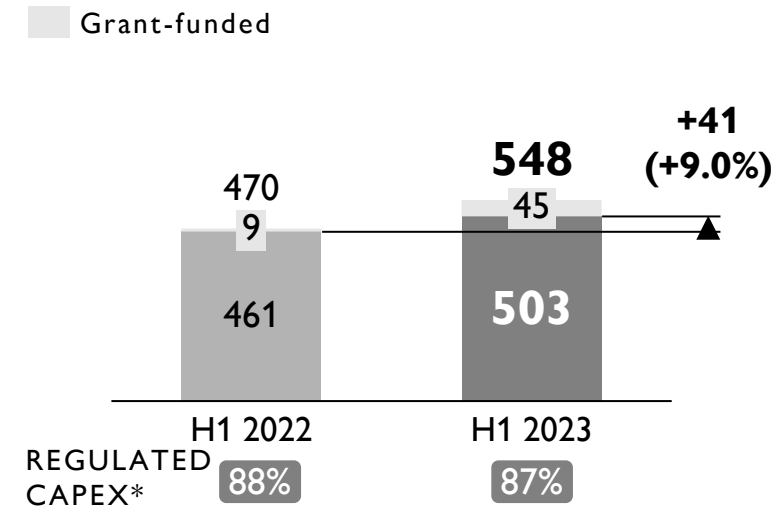
EBITDA (€m)



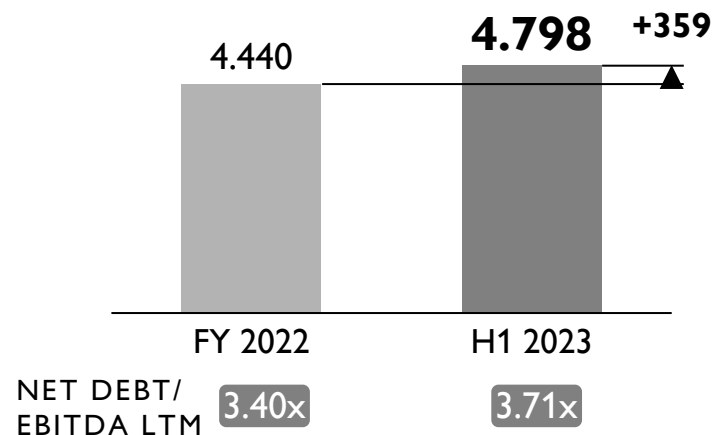
NET PROFIT (€m)



CAPEX (€m)



NET DEBT (€m)



Organic EBITDA growth despite lower revenue thanks to **organic growth of regulated businesses** and **operational efficiency**

Delivery of **investment plan** in sectors key to the quality of life of citizens
NET DEBT/EBITDA outperforms the guidance

GUIDANCE 2023

EBITDA
 +2%/+4%
 vs 2022

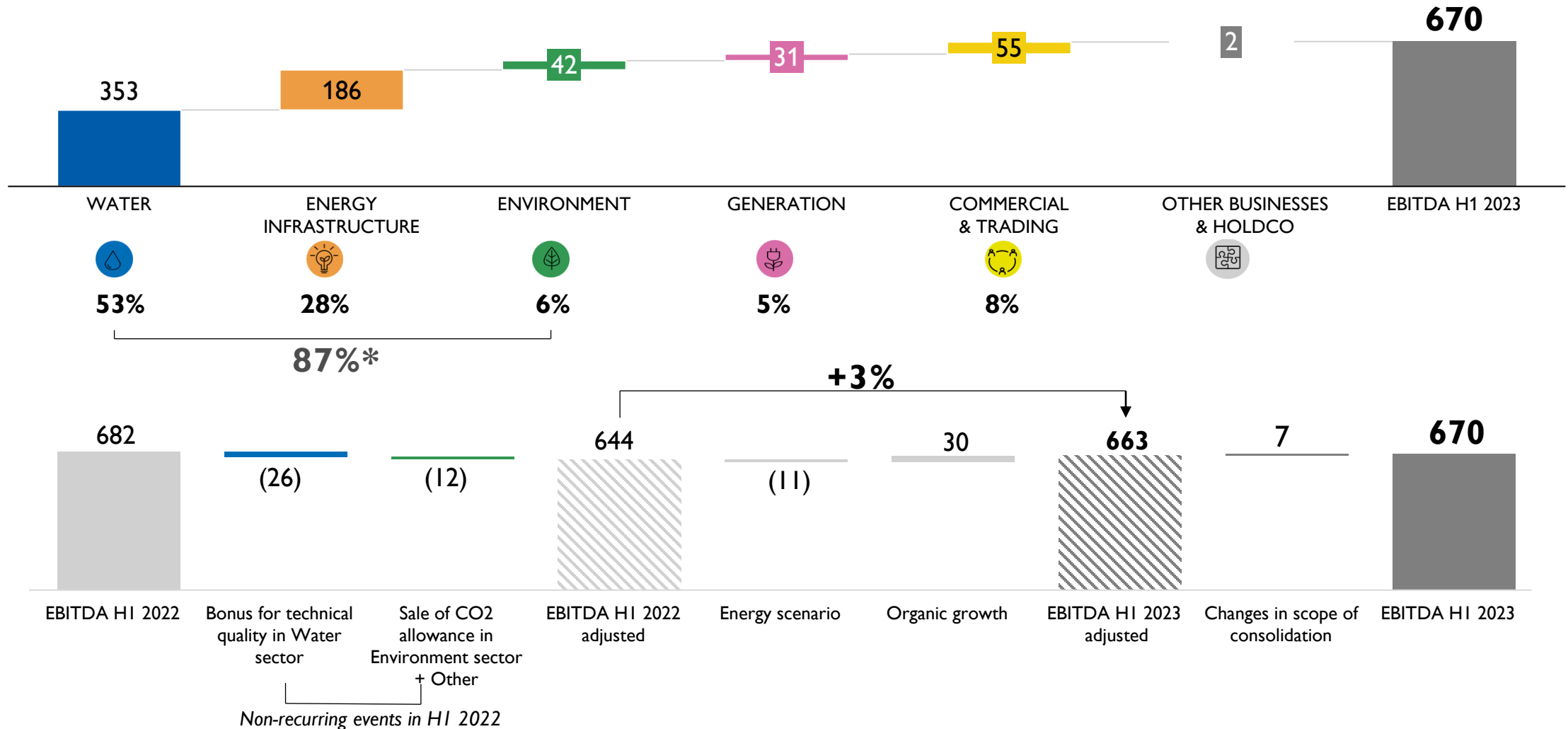
NET DEBT/EBITDA
 < 3.8X

CAPEX
 In line with 2022

EBITDA H1 2023

ORGANIC GROWTH +3%

EBITDA (€m)

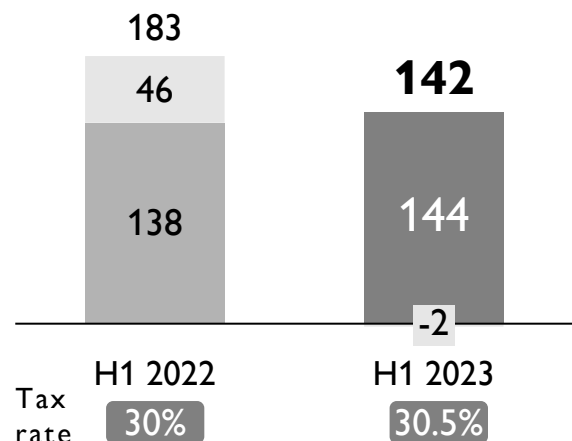


Net Profit H1 2023

OPERATIONAL PERFORMANCE OUTWEIGHS INCREASE IN DEPRECIATION AND FINANCE COSTS

NET PROFIT (€m)

■ Non recurring items and change in scope



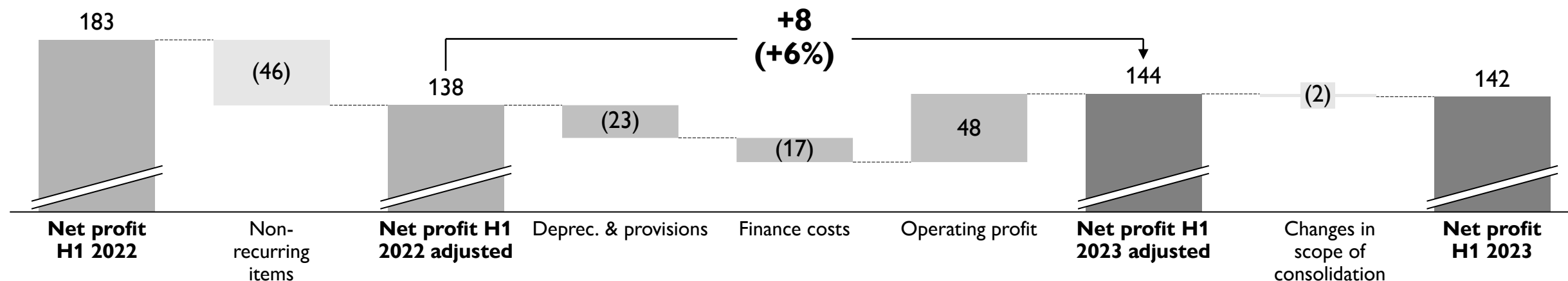
Efficiency improvements and growth of regulated businesses outweigh increase in depreciation and interest rates (rise in rates began in H2 2022)

Profit for H1 2023 (€142m) ahead of average for H1 and H2 2022 (€140m)

Non-recurring events in H1 2022 (-€46m):

- Recognition in H1 2022 of gain on sale of stake in photovoltaic assets (-€19m)
- Release from Terni plant's obligation to purchase CO2 allowances (-€8m)
- Bonus for technical quality in Water sector in H1 2022 (-€18m)

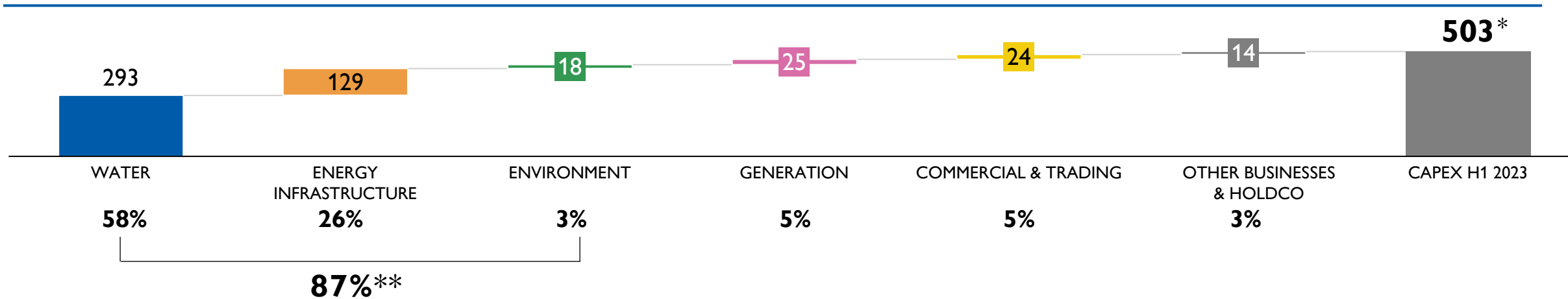
N.B.: determination of "Bonus for technical Quality in Water sector 2020-21" in H2 2023



CAPEX H1 2023

CAPEX IN LINE WITH AVERAGE FOR H1 AND H2 2022 WITH FOCUS ON REGULATED BUSINESSES

CAPEX (€m)



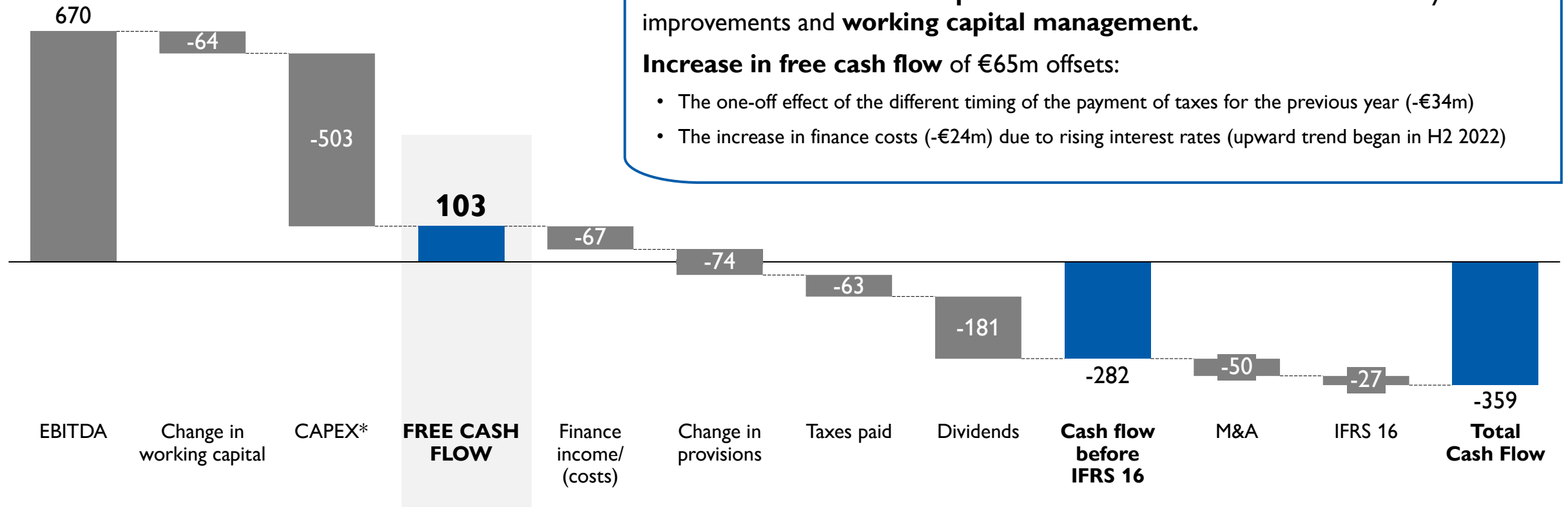
WATER	ENERGY INFRASTRUCTURE	ENVIRONMENT	GENERATION	COMMERCIAL & TRADING	OTHER
<ul style="list-style-type: none"> REPAIR AND WIDENING OF WATER AND SEWER PIPES EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS WORK ON TREATMENT PLANTS CHANGE IN SCOPE OF CONSOLIDATION 	<ul style="list-style-type: none"> UPGRADE OF THE GRID WORK ON PRIMARY AND SECONDARY SUBSTATIONS INSTALLATION OF 2G METERS 	<ul style="list-style-type: none"> WORK ON SAN VITTORE, TERNI AND MONTEROTONDO MARITTIMO PLANTS CONSTRUCTION OF PLASTIC SORTING PLANT CHANGE IN SCOPE OF CONSOLIDATION 	<ul style="list-style-type: none"> UPGRADE OF HYDROELECTRIC PRODUCTION PLANTS CONSTRUCTION OF PHOTOVOLTAIC PLANTS 	<ul style="list-style-type: none"> CUSTOMER ACQUISITION SMART SERVICES AND E-MOBILITY PROJECTS 	<ul style="list-style-type: none"> CORPORATE: IT PROJECTS

Cash Flow H1 2023

INCREASE IN CASH INFLOW THANKS TO EBITDA GROWTH AND WORKING CAPITAL MANAGEMENT

CASH FLOW (€m)

H1 2023



Free cash flow of €103m up €65m versus H1 2022 thanks to efficiency improvements and **working capital management**.

Increase in free cash flow of €65m offsets:

- The one-off effect of the different timing of the payment of taxes for the previous year (-€34m)
- The increase in finance costs (-€24m) due to rising interest rates (upward trend began in H2 2022)

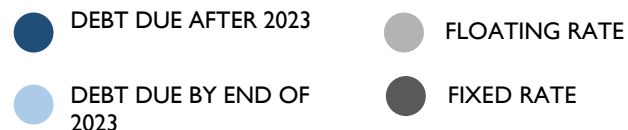
H1 2022	682	(183)	(462)	38	(44)	(80)	(29)	(181)	(295)	80	(8)	(223)
			Δ H1 2023 VS H1 2022	+65	(23)	+6	(34)	0	+13			

Financial structure H1 2023

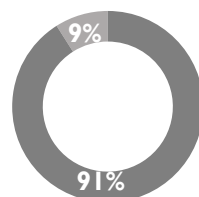
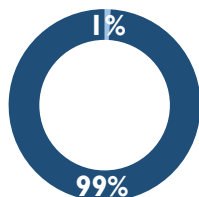
LEVERAGE GUIDANCE FULLY CONFIRMED

(€m)	CONS H1 2023	DEC 2022	CONS H1 2022	CONS H1 2023 vs DEC 2022	CONS H1 2023 vs H1 2022
NET DEBT	4,798	4,440	4,212	359	586
Long-term debt	5,400	4,723	4,685		
Short-term debt	406	619	679		
Cash and cash equivalents	(1,007)	(902)	(1.152)		

STRUCTURE OF DEBT (MATURITY AND INTEREST RATES AT 30 JUNE 2023)



% OF DEBT FIXED RATE	AVERAGE COST	AVERAGE TERM
91%	2,02%	4,6 ANNI



LEVERAGE

NET DEBT/EBITDA LTM 30 JUNE 2023	NET DEBT/EBITDA 31 DECEMBER 2022
3.7x	3.4x

RATING

FitchRatings «BBB+» Negative outlook	MOODY'S «Baa2» Negative outlook
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17 JANUARY 2023

Successful placement of a GREEN BOND worth €500m, paying coupon interest of 3.875% and maturing on 24 January 2031

3 FEBRUARY 2023

Successful completion of the €200m TAP ISSUE of the GREEN BOND launched on 17 January 2023 (coupon interest of 3.875% and maturing on 24 January 2031)

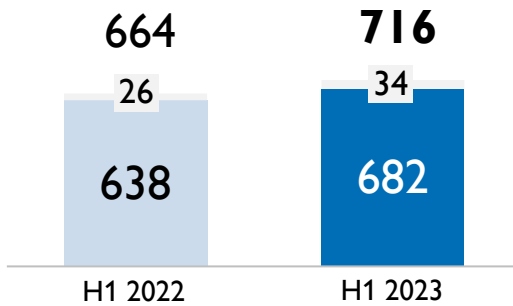
6 JULY 2023

€435m EIB loan

REVENUE +7%

(€m)

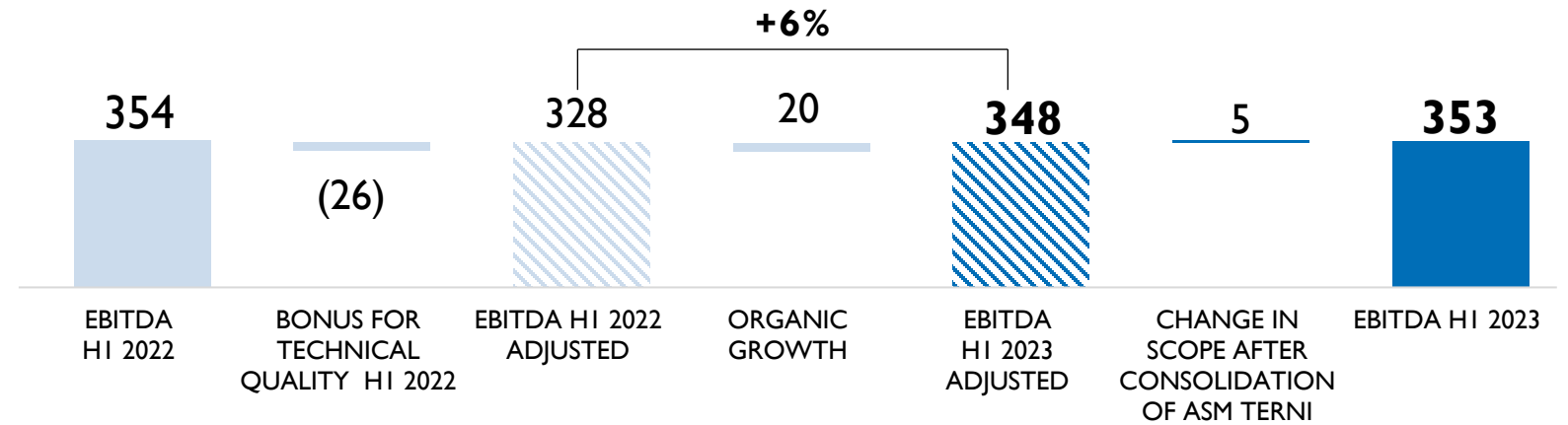
■ Non recurring items and change in scope



EBITDA ORGANIC GROWTH* +6%

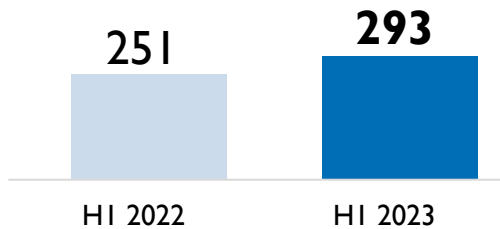
MAIN DRIVERS

(€m)



CAPEX** +17%

(€m)



COMBINATION WITH ASM TERNI

- ✓ closing of first phase (6 December 2022)
 - ✓ closing of second phase completing the transaction (20 April 2023)
- Acea's stake in ASM Terni rises to 45%

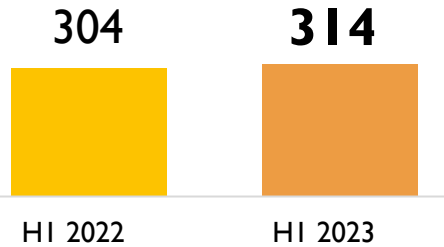


Energy infrastructure: EBITDA growth +3%

DELIVERY OF INVESTMENT PLAN CONTINUES

REVENUE +3%

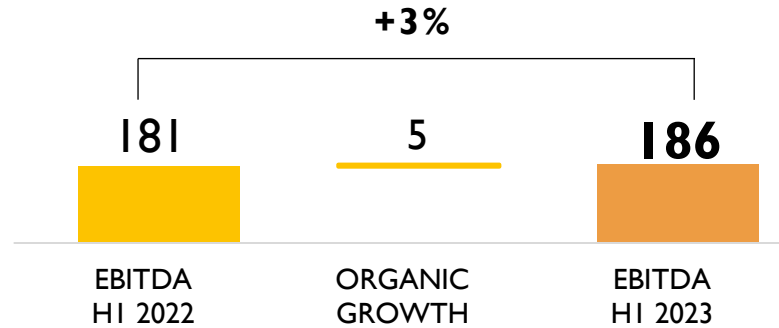
(€m)



EBITDA +3%

MAIN DRIVERS

(€m)



2G ELECTRICITY METERS

Installed at 30 June 2023

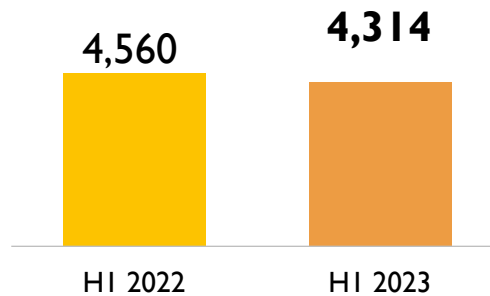
~ 804k

CAPEX -5%

(€m)

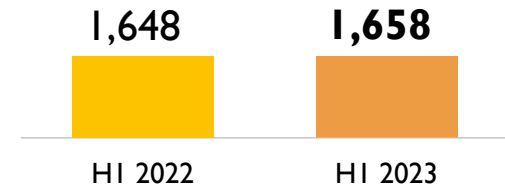


TOTAL ELECTRICITY DISTRIBUTED (GWh)



NUMBER OF PODs

('000s)





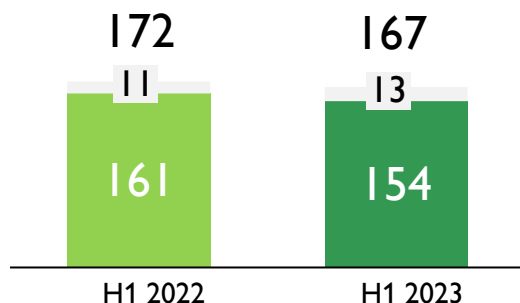
Environment: increase in waste treated +8%

ONGOING INTEGRATION OF PLANTS ACQUIRED IN 2022

REVENUE -4%

(€m)

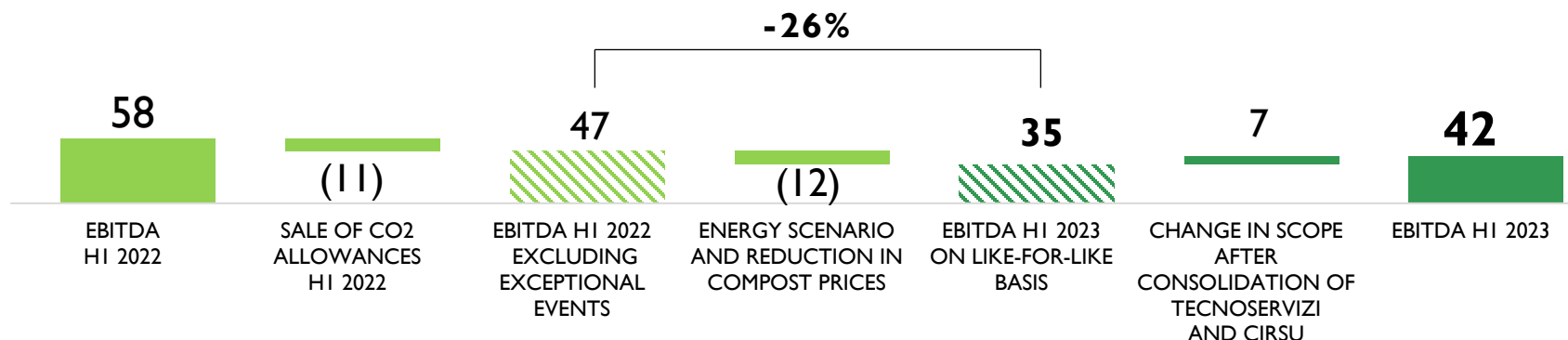
One-offs and change in scope



EBITDA -27%

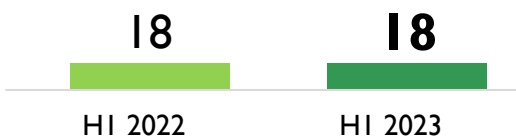
MAIN DRIVERS

(€m)



CAPEX

(€m)



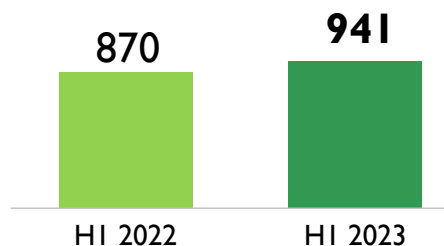
ACQUISITION OF 35% OF DECO

✓ ACEA has increased its stake in Deco, a waste management company in Abruzzo, to 100% (January 23rd, 2023)

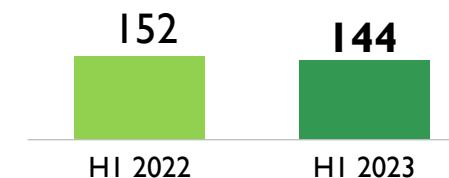
ACQUISITION OF 70% OF TECNOSERVIZI

✓ Tecnoservizi (province of Rome) operating in the mechanical treatment and recovery of urban waste and non-hazardous special waste (3 October 2022)

TREATMENT AND DISPOSAL (KTONNES)



WTE ELECTRICITY SOLD (GWh)





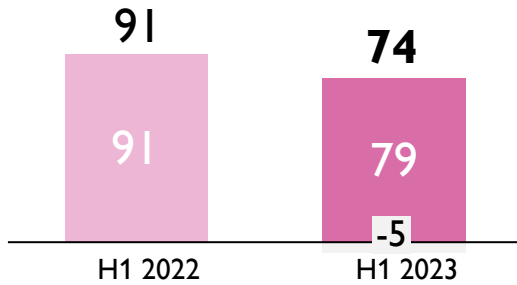
Generation: increase in electricity production +11%

OVER 200MW OF READY-TO-BUILD PHOTOVOLTAIC PLANTS

REVENUE -13%

(€m)

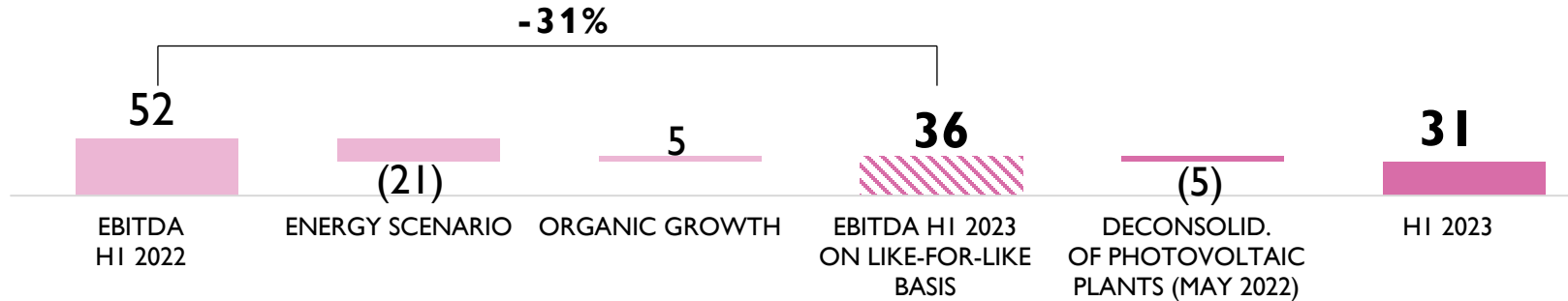
Non recurring items and change in scope



EBITDA -41%

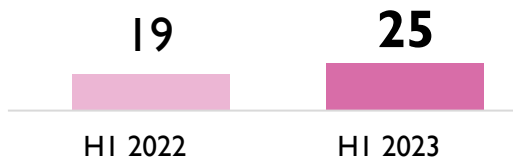
MAIN DRIVERS

(€m)



CAPEX +30%

(€m)



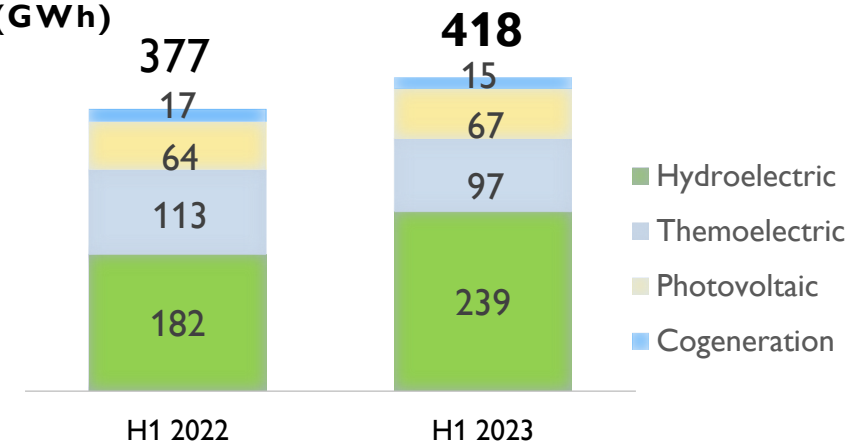
STATUS OF PHOTOVOLTAIC PLANTS

Total pipeline of 860 MW

- consents obtained for 208 MW (under construction + ready to build)
- 652 MW awaiting consents

Installed capacity 98 MW

TOTAL ELECTRICITY PRODUCED (GWh)



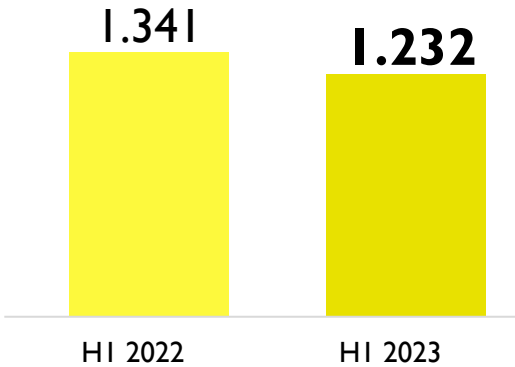


Commercial & Trading: EBITDA growth +45%

FREE MARKET CUSTOMER BASE INCREASING

REVENUE -8%

(€m)

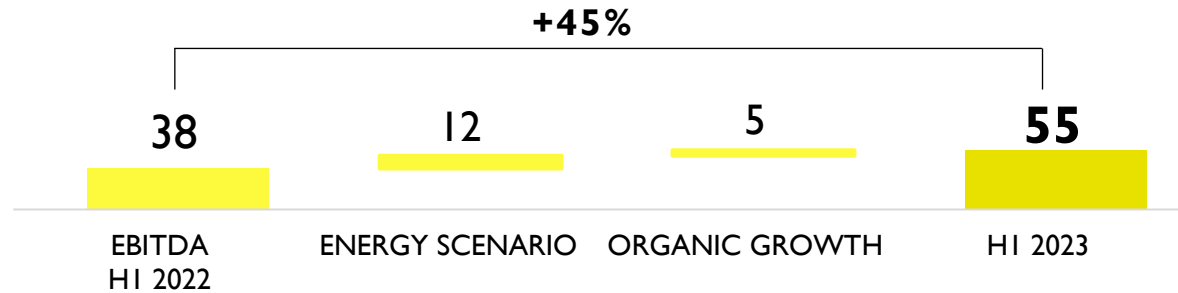


EBITDA +45%

MAIN DRIVERS

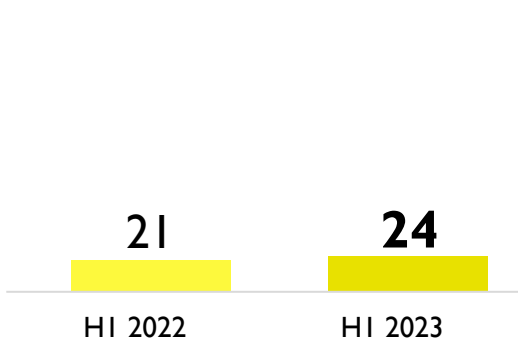
(€m)

○ FREE MKT ◌ EN. PROT. MKT

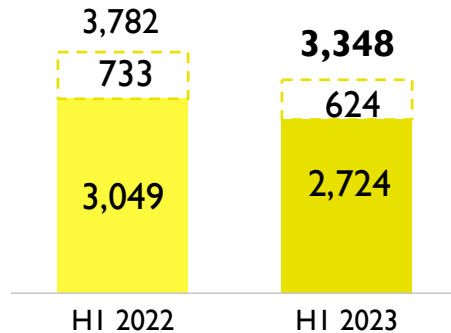


CAPEX +15%

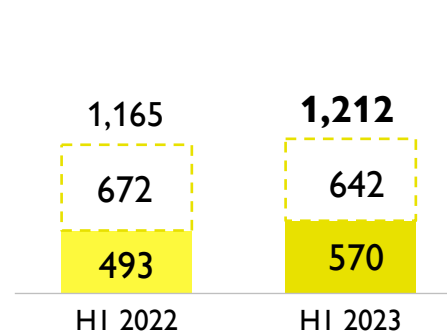
(€m)



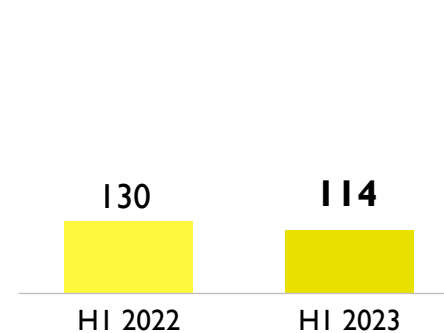
TOTAL ELECTRICITY SOLD (GWH)



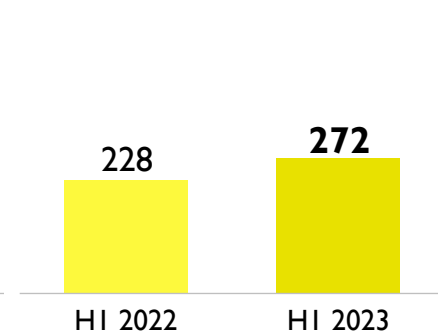
NUMBER OF ELECTRICITY CUSTOMERS ('000s)



TOTAL GAS SOLD (MMC)



NUMBER OF GAS CUSTOMERS ('000s)





STRATEGIC GUIDELINES



H1 2023 RESULTS



ANNEX

Key events in H1 2023

DECO

January 2023

Completion of the acquisition of the remaining 35% of DECO (waste management in the Abruzzo region).

New WTE in Rome

March 2023

Expression of interest in bidding for the contract for the new Santa Palomba WTE plant (Rome) submitted together with Suez, Hitachi Zosen Inova and Vianini Lavori.

Combination with ASM Terni

April 2023

Closing of the second phase of the business combination involving ACEA, ASM Terni and the Municipality of Terni.

SIMAM

April 2023

Completion of the acquisition of the remaining 30% of SIMAM, specialising in engineering, the construction and operation of water and waste treatment plants and in environmental and remediation projects).

WMS (Waidy Management System)

May 2023

WMS, ACEA's technology platform for sustainable water cycle management, receives award in the Service Design category.

Partnership with Acquedotto Pugliese

June 2023

Signature of a Memorandum for the development of joint projects for the protection of water resources and technological innovation.

EIB loan

July 2023

€435m EIB loan obtained.

Safeguarding legality

July 2023

Signature with the Ministry of Internal Affairs of a «National Framework Agreement for the safeguarding of legality».

Sustainable growth pathway

MAJOR PROGRESS IN ESG

Top Employers Italia 2023

January 2023

Acea obtains «Top Employers Italia 2023» certification.

Gender-Equality Index

January 2023

Confirmation of inclusion in the «Gender Equality Index», with a score of 81.58.

FSE Top Utility for Research and Innovation

March 2023

Winner of the award as «RSE Top Utility for Research and Innovation».

People and Participation Charter

May 2023

Signature with the labour unions of a “People and Participation Charter”.

Standard Ethics

July 2023

Standard Ethics upgrades ACEA's Corporate Standard Ethics Rating (SER) to “EE+” from the previous “EE” with a “Positive” outlook.

Sustainability ratings



62/100



**«EE+»
Positive outlook**



**«B»
Management
Level**



«A»



81.58/100



**«Leader ESG
Identity»**



**ESG risk
Rating
20.1**

Q&A SESSION

ACEA GROUP
STRATEGIC GUIDELINES
AND RESULTS HI 2023

ROME, 25 JULY 2023

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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THIS PRESENTATION DOES NOT CONSTITUTE A RECOMMENDATION REGARDING THE SECURITIES OF THE COMPANY. THIS PRESENTATION DOES NOT CONTAIN AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES ISSUED BY ACEA S.P.A. OR ANY OF ITS SUBSIDIARIES.

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, SABRINA DI BARTOLOMEO - CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.