



PRESS RELEASE

ACEA SPA: BOARD OF DIRECTORS APPROVES 2012-2016 BUSINESS PLAN

Focus on organic growth of regulated businesses, with strong commitment to operational and organisational efficiency and improving financial structure, with significant results as early as in 2012-2013.

- **EBITDA 2010-2016: average annual growth rate +6.2%¹**
- **Pre-tax ROIC of 13,1% by 2016**
- **Net debt/EBITDA ratio of 2.1x by 2016**
- **Total investment during period 2012-2016: 2.3 billion euros**

Rome, 22 February 2012 – A meeting of the Board of Directors of Acea SpA, chaired by Giancarlo Cremonesi, has approved the Group's Business Plan for the period 2012-2016.

The Business Plan sets out strategic guidelines and targets for the next five years: organic growth across all areas of business, with particular emphasis on the Group's regulated businesses that currently generate over 80% of consolidated EBITDA; a strong commitment to operational and organisational efficiency and to boosting service quality; consolidation of the Group's role as an efficient, locally focused operator, strongly committed to sustainability and the exploitation of growth opportunities.

The Group's development will focus on five key strategic goals:

- 1) to strengthen our leadership position in the Italian water sector and our operational excellence in electricity distribution;
- 2) to implement projects already under way in the Environment segment and develop new initiatives;
- 3) to focus on energy efficiency and the development of new technologies (smart grids);
- 4) to create shareholder value by driving earnings growth and implementing a sustainable dividend policy in keeping with our strong ties to our local markets and our customers;
- 5) to improve the current level of debt, partly thanks to implementation of planned curbs on net working capital (receivables to be reduced by approximately 200 million euros over the period 2011-2016).

Based on the above goals, the Acea Group's Plan sets out the following targets:

- **EBITDA of 874 million euros in 2016, with around 75% generated by regulated businesses.** Average annual EBITDA growth¹ in the period 2010-2016 will be approximately 6.2%;
- Pre-tax ROIC of 13,1% by 2016;
- Net debt of 1,829 million euros in 2016 and a debt/EBITDA ratio of 2.1x in 2016.

ACEA GROUP - (€m)	2010 (actual)	2014 Plan	2016 Plan
EBITDA	614 <i>(restated)</i>	777	874
Net debt	2,018 <i>(restated)</i>	2,107	1,829
Invested capital	3,585.0	3,938	4,150
Net debt/EBITDA	3.3x	2.7x	2.1x

**Does not include impact of dividend distributions*

The Business Plan envisages investment of 2.3 billion euros in the period 2012-2016, with approximately 70% in the Water and Electricity Distribution segments.

¹ The CAGR has been calculated on the basis of EBITDA for 2010, restated to take account of the impact of the unwinding of the joint venture with GdF Suez



Targets in the Business Plan do not include the impact of dividend payments. Acea SpA's Board of Directors will decide, from time to time, on the level of payout to propose to Shareholders for their approval.

Finally, further upside may result from implementation of the following initiatives:

- building our presence in waste management in the Lazio Region;
- entry into the fast growing Energy efficiency market and the development of new energy saving technologies (accumulator batteries, smart grids,...);
- potential participation – in partnership with another operator – in the award of the gas distribution concession for the Rome area;
- consolidation in the Water sector, with the aim of creating a single regional operator (Lazio, Tuscany and Umbria), effectively integrating operations;
- strengthening of the upstream side of the Energy segment, taking advantage of the opportunities offered by the Italian energy market, to ensure the Group's future ability to meet demand from final customers.

"We are satisfied with the targets set out in the Business Plan," commented Giancarlo Cremonesi, Acea's Chairman, "which foresee growth across all areas of business and confirm our Group's ability to create value for our local communities and our Shareholders. Our plans to boost efficiency, optimise our investments and improve cash flow will play an important role in achieving these targets."

"Over the next five years," added Marco Staderini, Acea's CEO, "we are committed to strengthening the focus on our local markets. Achieving our goals of improving operational and organisational efficiency and boosting the quality of the services offered will enable us to improve our performance in terms of results. Thanks to the key contribution from Acea's human resources, over the coming years we will be able to invest in major industrial, innovation and environmental sustainability initiatives, confirming our role as a multiutility serving our local markets and the public."

Targets in the 2012-2016 Business Plan by area of business

During the period 2012-2016 management intends to build on the strategy implemented by the Acea Group over the years in the four areas of business in which it already operates:

Water

EBITDA growth at a CAGR of 5.0% in the period 2010-2016; pre-tax ROIC of 10.7% by 2016

The objective in the Water segment is to consolidate our leadership position in Italy. The targets in the Plan have been set on a "like-for-like basis", whilst awaiting greater clarity regarding regulation of the industry, which is being reviewed following the outcome of the Referendum held last 12/13 June.

It should be noted that the so-called "Salva Italia" Law Decree, approved by the Italian Government on 4 December 2011, provides for, among other things, the transfer of responsibility for regulating and overseeing water tariffs from the *Autorità Nazionale di Vigilanza sulle Risorse Idriche* (the water industry regulator established by the "Development" Decree of 2011) to the *Autorità per l'Energia Elettrica e il Gas* (the Electricity and Gas Authority).

It is therefore reasonable to expect the Authority to draw up new regulations for this sector with efficiency requirements similar to those applied to electricity distribution, introducing criteria for fixing tariffs in line with the objectives for this area of business.



WATER - (€m)	2010 (actual)	2014 Plan	2016 Plan
EBITDA	296	363	396
Net debt	525	803	877

The new Business Plan is based on the assumption that water consumption will remain substantially stable, with the total volume of water injected into the network in 2016 expected to be 774 million cubic metres.

Further growth, not covered by the Plan, may be achieved through potential M&A activity and the acquisition of new concessions in areas in which the Group does not currently operate.

Networks

EBITDA trend at a CAGR of 1.4% in the period 2010-2016; pre-tax ROIC of 10.7% by 2016

Acea aims to improve the profitability of its electricity distribution business. Further benefits are expected to derive from implementation of our smart grid projects, energy efficiency initiatives and network modernisation.

Energy efficiency is central to achieving Europe's targets for 2020.

NETWORKS - (€m)	2010 (actual)	2014 Plan	2016 Plan
EBITDA	239 [^]	246	260
Net debt	785	750	771

[^] Amount reclassified to take account of contribution from photovoltaic plants held for sale.

On 30 December 2011, the Electricity and Gas Authority published the final Document for the 2012-2015 tariff cycle for electricity transmission, distribution and metering. This sector thus benefits from a high degree of regulatory transparency and certainty.

The Plan envisages the quantity of electricity distributed in 2016 to be 11,896 GWh.

Energy

EBITDA growth at a CAGR° of 9.3% in the period 2010-2016; pre-tax ROIC of 15.0% by 2016

The Plan focuses on energy sourcing policies designed to provide adequate coverage and preservation of commercial margins; optimization of the customer mix, focusing above all on high-margin segments; and the development of dual fuel offerings.

ENERGY - (€m)	2010 (actual)	2014 Plan	2016 Plan
EBITDA	68 (restated)	100	116
Net debt	225 (restated)	198	116

[°] The CAGR has been calculated on the basis of restated 2010 EBITDA

Key quantitative data – 2016 target:

ENERGY	2016 Plan
Electricity production (GWh)	713
Electricity sold (GWh)	13,970
Gas sold (million m ³)	433

Further initiatives will aim to strengthen upstream activities, taking advantage of the opportunities offered by the Italian energy market.



Environment

EBITDA growth at a CAGR of 30.2% in the period 2010-2016; pre-tax ROIC of 19.8% by 2016

In this area of business, given its "high potential", the Plan focuses on developing new initiatives and implementing the following, already launched projects, with the aim of producing 362 GWh of electricity by 2016:

- revamping of the first line of the San Vittore plant (12 MWe), start-up in Q1 2014;
- revamping of the Terni plant (10 MWe), start-up in Q4 2012;
- expansion and upgrade of the RDF production plant (Paliano), *start-up* 3Q2014;
- upgrade of the organic waste treatment plan (SAO), start-up Q1 2013;
- expansion of a number of composting plants and anaerobic waste digestion facilities.

ENVIRONMENT - (€m)	2010 (actual)	2014 Plan	2016 Plan
EBITDA	23	76	112
Net debt	201	292	250

Key quantitative data – 2016 target:

ENVIRONMENT	2016 Plan
Treatment and disposal ('000s of tonnes)	2,009
WTE electricity sold (GWh)	362

The Company will, from time to time, assess the option of developing further initiatives in partnership with other operators in order to ensure sustainable growth in its local markets.

A conference call will be held at 10:00 am (Italian time) on February 29 in order to present the 2012-2016 Business Plan.

To coincide with the start of the conference call, back-up material will be made available at www.acea.it.

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