



PRESS RELEASE

ACEA: BOARD APPROVES 2015-2019 BUSINESS PLAN

Focus on organic growth in regulated businesses, development of waste management activities, strong commitment to operational and organisational efficiency:

- **Increased investment, above all in regulated assets and Environment business area: total of approximately €2.3bn**
- **EBITDA growth: €864m in 2019 (up 20% on 2014)**
- **Net debt/EBITDA ratio of 2.6x by 2019 (2.9x in 2014)**
- **Focus on operational efficiency improvements, worth approximately €70m over the period, and quality of services through implementation of Project Acea 2.0**
- **Transparent and sustainable dividend policy**

Rome, 9 June 2015 – Today's meeting of the Board of Directors of ACEA SpA has approved the Group's Business Plan for the period 2015-2019.

"The 2015-2019 Business Plan outlines the new Acea that we intend to build in the coming years and which we are already working towards with great determination," commented Acea's Chairwoman, Catia Tomasetti. "Our aim - she continued, is to create a company whose main strength lies in technological innovation. Acea will be the first fully digital Multiutility in Italy: Acea 2.0. This will enable us, in a short space of time, to revolutionise the way we provide services to the communities we serve. Service quality is and must remain our top priority," concluded Catia Tomasetti.

"We have approved a Business Plan setting out clear and achievable objectives, with the aim of creating value," declared Acea's CEO, Alberto Irace, "with a significant strengthening of our regulated businesses and the Environment business area. We are firmly committed to improving the management of working capital and to further strengthening the Group's financial structure. We have identified," continued Irace, "recurring efficiencies worth approximately €30m in 2019 – efficiencies of €70m over the life of the Plan. These efficiencies will be achieved through a major transformation of Acea, based on the large-scale introduction of new technologies and process re-engineering. We are, moreover, ready to play a leading role," concluded the CEO, "in driving the process of consolidation among utilities in central and southern Italy, if and when the relevant authorities decide to take concrete steps in this direction."

The Business Plan for the period 2015-2019 confirms the Groups' existing growth strategies, which are strongly focused on driving organic growth, above all in its regulated businesses that will continue to generate around 75% of consolidated EBITDA. The Company reiterates its major commitment to operational and organisational efficiency, to innovation and to improvements in the quality of services.

The Group's growth will be shaped by the following strategic drivers:

- consolidation and expansion of its regulated businesses, with strong capex growth, assuming reasonable sustainability of the cost of debt allowed by the regulator and a stable new tariff regime;
- completion of projects already under way and approved in the Environment business area, above all the consolidation/expansion of waste treatment and composting plants;
- rationalisation and streamlining of operational processes across all business areas and Corporate activities, through major changes to information systems, particularly those related to billing, and the introduction of the Work Force Management ("WFM") system;
- improved customer mix in the Energy business area;
- modernisation/expansion of the public lighting network;
- improved working capital management, maintaining a solid and competitive financial structure that will permit us to finance the capex envisaged in the Plan.



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

- Capex 2015-2019: €2.3bn
- EBITDA in 2019: €864m (up 20% on 2014)
- Pre-tax ROIC in 2019: \cong 12%
- Net invested capital in 2019: €4.2bn

ACEA GROUP (€m)	2014	2019 Plan
EBITDA	718	864
Net profit (before non-controlling interests)	169	247
Net debt	2,089	2,251
Net debt/EBITDA	2.9x	2.6x

Further upside potential (not included in the Plan) may derive from the process of consolidation in Italy's local utilities sector, which the government aims to encourage through the 2015 Stability Law and its public administration reforms. Acea is ready to take advantage of the opportunities that will arise, leveraging our leading role in the management of water resources in Italy, our strong roots in the areas in which we operate, and our industrial know-how and financial capacity in order to aggregate other companies.

A brief description of other potential initiatives, implementation of which is in part dependent on external factors beyond Acea's control, is provided below:

- consolidation among water companies operating in the Lazio region, with the aim of creating a single regional operator ("ATO"), benefitting from synergies generated by the application of the Acea Group's best practices (over 1m inhabitants and estimated EBITDA of approximately €60m in 2019);
- consolidation among the water companies in Tuscany and Umbria in which Acea already has equity interests (over 4m people and estimated total EBITDA of €450m in 2019);
- improved management of the waste treatment cycle.

2015-2019 PLAN OBJECTIVES BY BUSINESS AREA

Environment – Acea's strategic positioning and the operating environment, marked by the need for increased waste recovery and disposal capacity in the Lazio region, offers attractive growth opportunities. The Business Plan for 2015-2019 envisages investment in additional WTE and composting capacity, with the aim of becoming number three in Italy's waste management market.

Capex 2015-2019: €235m

EBITDA in 2019: €114m (up 107% on 2014)

Net invested capital in 2019: €320m

In this business area, the growth strategy will focus on:

- completion of the third line for the San Vittore WTE plant;
- upgrade/expansion of composting plants;
- consolidation in the Lazio region via the revamp of WTE plants.

ENVIRONMENT – financial highlights (€m)	2014	2019 Plan
EBITDA	55	114
Net debt	180	269
ENVIRONMENT – operational highlights	2014	2019 Plan
Treatment and disposal (/000 tonnes)	774	1,811

Energy – The Company's Business Plan gives central importance to continued improvement in the quality of the services provided and customer relations. To this end, the principal initiatives planned are: the introduction of meter-to-cash solutions and the implementation of new billing and CRM systems, simplifying and digitalising processes. Close attention will be given to



developing new functions for digital channels. Other objectives: improved customer mix and development of the energy efficiency offering.

As regards electricity production, Acea is proceeding with its plant upgrade programme.

Capex 2015-2019: €133m

EBITDA in 2019: €123m (up 10% on 2014)

Net invested capital in 2019: €480m

ENERGY – financial highlights (€m)	2014	2019 Plan
EBITDA	112	123
Net debt	356	260
ENERGY – operational highlights	2014	2019 Plan
Electricity production (GWh)	498	805
Electricity sold (GWh)	10,887	8,659
Gas sold (million m ³)	103	155

Water – The Plan aims to strengthen investment in this business area, assuming a reasonably sustainable and stable new tariff regime. Implementation of Project Acea 2.0 will result in greater efficiency and a further improvement in service quality (the WFM and new billing systems are scheduled to go live in 2015).

Capex 2015-2019: €1,073m

EBITDA in 2019: €357m (up 22% on 2014)

RAB (based on ATO2 Lazio Centrale and ATO5 Frosinone) in 2019: €1.4bn (€1,054m in 2013)

WATER – financial highlights (€m)	2014	2019 Plan
EBITDA	292	357
Net debt	488	637

Grids – Growth in the Grids business area will be achieved through:

- continuing modernisation of the distribution network in Rome as part of a “Smart City” approach;
- modernisation and expansion of the public lighting network (launch of the “Roma LED” project);
- greater operating efficiency, partly thanks to implementation of Project Acea 2.0 (the WFM system is scheduled to go live in 2016).

Capex 2015-2019: €763m

EBITDA in 2019: €270m (up 7% on 2014)

RAB in 2019: €1.5bn (€1,467m in 2013)

GRIDS – financial highlights (€m)	2014	2019 Plan
EBITDA	253	270
Net debt	623	864

Corporate – The Plan continues to focus on cost containment (insourcing), enabling the Parent Company to stabilise EBITDA at zero. Capex over the next five years, almost entirely focussed on technological innovation, will be €78m.

The series of initiatives set out in the Business Plan and the expected performance of net debt will enable us to provide stable and sustainable returns for shareholders. Our intended dividend policy is based on a payout ratio of between 50% and 60% of consolidated net profit before non-controlling interests, with a minimum DPS of €0.40 per annum.



A conference call will be held at 3.30pm (Italian time) on Wednesday, 10 June 2015 in order to present the 2015-2019 Business Plan. To coincide with the start of the conference call, back-up material will be made available at www.aceia.it.

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