

PRESS RELEASE

ACEA AND OPEN FIBER: AGREEMENT REGARDING NETWORK EVOLUTION AND THE DEVELOPMENT OF INNOVATIVE SERVICES FOR THE CITY OF ROME

- TOTAL INVESTMENTS PLANNED: APPROXIMATELY 375 MILLION EURO OVER 5 YEARS
- THE FIBRE OPTIC NETWORK WILL REACH 1.2 MILLION HOMES
- ACEA WILL BE ONE OF THE FIRST PLAYERS IN ITALY TO INTRODUCE INTERNET OF THINGS (IOT) TECHNOLOGY IN POWER GRIDS
- ESTABLISHMENT OF A JOINT VENTURE IS ENVISAGED DURING THE COURSE OF 2018, WITH ACEA HOLDING A MAJORITY INTEREST, FOR THE PROVISION OF SMART SERVICES TO CITIZENS

Rome, 12 January 2018 – ACEA’s Chief Executive Officer, **Stefano Donnarumma**, and **Elisabetta Ripa**, Chief Executive Officer of Open Fiber, following the Memorandum of Understanding signed on 3 August 2017, have today signed a deal setting out the terms and conditions of the overall industrial agreement for the development of an ultrafast broadband communications network in the city of Rome. The project provides for the implementation of a next-generation fibre optic infrastructure designed to offer ultrafast connectivity to the Capital’s residents over the next five years. The network will enable a series of services in the cultural, healthcare, social and business development and Public Administration fields, also via the implementation of new applications for telecommunications and remote control of power and water networks. For this purpose, ACEA will make available to Open Fiber its infrastructures for the laying of fibre optic cable, thereby minimising the impact of the works on the town.

The project will employ 1,000 people over the plan period, with peaks of 1,500 jobs. The total investment of 375 million Euro will cover the works scheduled to be carried out over the next five years. Of this amount, around 350 million Euro will be incurred by Open Fiber, while the remaining 25 million, already contemplated in the 2018-2022 business plan, will be appropriated by ACEA. This operation will also allow the Roman multiutility to realise capex of 200 million Euro – part of investments totalling 3.1 billion Euro included in the Business Plan – in technological innovation, specifically dedicated to management of the networks.

As a result of this agreement, therefore, Acea will be able to render its electric power infrastructures more intelligent, enhancing their resilience. A degree of “intelligence” to be derived, for example, from the advanced automation and communication systems placed on secondary substations for the use of public lighting. The latter result will be achieved via the introduction of state-of-the-art IOT (Internet of Things) technology, which will enable an even more efficient management and real-time monitoring of the effective status of the networks. Within five years, an estimated 30% of the capital’s residential areas should be reached, representing a total of around 370,000 units. From an operational standpoint, precisely with a view to maximising synergies, the town will be divided into different areas which will comprise the zones where the two companies have already scheduled interventions on both the electrical and telecommunications networks.

Open Fiber’s overall plan, involving approximately 1.2 million homes, will allow the citizens of Rome to benefit from a connection speed of 1 Gigabit per second, thereby revolutionising the digital capacity not only of domestic consumers but also of companies and the Public Administration. Thanks to Fibre to the Home (FTTH) technology, Open Fiber will guarantee a



connection quality that is not achievable with the technology currently in use. Open Fiber is a wholesale-only operator: it does not sell fibre optic services directly to end customers, but operates exclusively on the wholesale market, offering access to all market operators who may be interested. The company aims to ensure coverage for the main Italian towns with a view to implementing an ultrafast broadband network that is as pervasive and efficient as possible, in order to facilitate an upturn in competitiveness for the "country system" and, in particular, the progression towards "Industry 4.0".

The two companies have also provided for a possible newco to be set up, during 2018, with ACEA as majority shareholder, for the development of new value-added services for citizens within the scope of "Smart City" initiatives.

Stefano Donnarumma, Chief Executive Officer of ACEA, commented: "By way of this agreement Acea enters a new dimension that will project the city of Rome towards material implementation of the so-called "Smart City". These years are important" – Donnarumma added – "with so many opportunities to be seized in terms of innovation; we do not intend to find ourselves unprepared."

"The launch of a plan to develop a fibre optic network in the Capital based on FTTH modality represents for Open Fiber the completion of a nation-wide project which now sees us committed in all of Italy's 271 main towns" commented **Elisabetta Ripa**, Open Fiber's Chief Executive Officer. "The agreement with Acea, alongside other ongoing projects, will enable the gradual coverage of Rome with an extremely high capacity next-generation communications network, providing a vital contribution to the competitiveness of the town's economy, to the potential attraction of investments and construction of an advanced model of digital services. Moreover, the Rome project will complete the operations that we are in the process of launching throughout the Lazio Region, also based on the Infratel tenders, and this will take the entire regional territory to a very high level of connectivity".

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