

PRESS RELEASE

ACEA'S BOARD OF DIRECTORS APPROVES Q1 2021 RESULTS

- **Revenue €930m** (up 12% versus Q1 2020)
- **EBITDA €312m** (up 13% versus Q1 2020)
- **EBIT €156m** (up 12% versus Q1 2020)
- **Group net profit €83m** (up 18% versus Q1 2020)
- **Capex €231m** (up 21% versus Q1 2020)
- **Net debt €3,634m** (€3,528m at 31 December 2020)

Rome, 12 May 2021 – The Board of Directors of ACEA, chaired by Michaela Castelli, has approved the interim report for the three months ended 31 March 2021 ("Q1 2021").

FINANCIAL HIGHLIGHTS

(€m)	Q1 2021	Q1 2020	% change
Consolidated revenue	930	834	+12%
EBITDA	312	276	+13%
EBIT	156	139	+12%
Group net profit (after non-controlling interests)	83	71	+18%

(€m)	Q1 2021	Q1 2020	% change
Capex	231	190	+21%

(€m)	31 Mar 2021	31 Dec 2020	% change
Net debt	3,634	3,528	+3%

"The Group's operational and financial strength, as confirmed by the excellent results achieved in the first quarter," said Giuseppe Gola, ACEA's Chief Executive Officer, "allow us to look to the future with confidence. In keeping with the spirit of the National Recovery and Resilience Plan, our activities and investments are focused on our regulated businesses, on driving the energy transition, the circular economy and e-mobility. Our industrial approach to essential public services will contribute to bridging the country's infrastructure gap, supporting technological development and providing a further improvement in quality of our services."

Flexibility and reliability against a backdrop marked by the continuing Covid-19 emergency.

In response to the Covid-19 health emergency, the Acea Group has continued to focus on guaranteeing the safety of all personnel and on ensuring the continuity of the services provided, whilst safeguarding quality and efficiency.

Thanks to the measures adopted, Acea has obtained the "Biosafety Trust Certification" for the prevention and control of the spread of infections.

In order to provide a concrete support to the Covid-19 vaccination programme coordinated by the Ministry of Health, Acea has set up a vaccination hub in Rome which, in addition to employees, will enable around 1,000 citizens a day to receive the vaccine.

ACEA GROUP'S RESULTS FOR Q1 2021

Consolidated revenue reaches €930.0m, up 11.6% compared with Q1 2020.

Consolidated EBITDA is up 12.7% to €311.5m from €276.4m in Q1 2020. The improvement reflects positive performances across all businesses and, above all, from the Water, Commercial & Trading and Environment segments and electricity production.

The contributions of the operating segments to consolidated EBITDA are as follows: Water 52%; Energy Infrastructure 34%; Commercial & Trading 8%; Environment 5%; other businesses (Overseas and Engineering & Services and the Holding Company) 1%. Approximately 81% of EBITDA is generated by regulated businesses.

- **WATER** – EBITDA amounts to €163.0m, an increase of €17.7m (12.2%) compared with the same period of 2020. The growth was driven by tariff effects and by the wider consolidation perimeter, with SII di Terni consolidated from November 2020 (up €3.0m) and Alto Sangro Distribuzione Gas consolidated from August 2020 (up €1.1m). The contribution to EBITDA from the water companies accounted for using the equity method totals €4.6m.
- **ENERGY INFRASTRUCTURE** – EBITDA of €107.4m is up 5.9% compared with Q1 2020. EBITDA from electricity distribution is broadly stable, whilst the performance for electricity production shows an increase of approximately 61% to €17.7m, thanks to the increased volume of hydroelectric production, the impact of prices on energy markets and the contribution from photovoltaic production.

OPERATIONAL HIGHLIGHTS (GWh)	Q1 2021	Q1 2020	% change
Electricity distributed	2,197	2,308	-4.8%
Hydro + thermo + cogeneration	234	180	+30.0%
Photovoltaic production	13	11	+18,2%
Total electricity production	247	191	+29.3%

- **COMMERCIAL & TRADING** – EBITDA from this segment is up by approximately 44% reaching €24.7m. The performance primarily reflects the improvement in the free market margin, as a result of the increase in energy sold (up 26%) and growth in the customer base (up 15%), as well as an improvement in the margin on gas sales.

OPERATIONAL HIGHLIGHTS	Q1 2021	Q1 2020	% change
Electricity sold (GWh)	2,110	1,795	+17.5%
Free market	1,591	1,263	+26.0%
Enhanced protection market	519	532	-2.4%
Gas sold (million m³)	90	68	+32.4%
NUMBER OF CUSTOMERS ('000s)	Q1 2021	Q1 2020	% change
Total electricity customers	1,215	1,189	+2.2%
Free market	476	414	+15.0%
Enhanced protection market	739	775	-4.6%
Gas customers	223	195	+14.4%

- **ENVIRONMENT** – EBITDA amounts to €15.0m, an increase of around 20% compared with the same period of 2020 (€12.5m). The result primarily reflects the increase in the volumes treated, an increase in the margins earned on the treatment of liquid waste and the wider scope of consolidation (the acquisition of Ferrocarril-Cavallari in April 2020), contributing €1.7m.

OPERATIONAL HIGHLIGHTS	Q1 2021	Q1 2020	% change
Treatment and disposal ('000 tonnes)	428	384	+11.5%
WTE electricity sold (GWh)	83	87	-4.6%

- **Other businesses and the Holding Company** – The contribution to consolidated EBITDA from other businesses (Overseas, Engineering & Services and the Holding Company) amounts to €1.4m (€0.1m in Q1 2020).

EBIT increases by 12.3% to €155.5m. The result reflects in the higher depreciation and amortization (up 11.4%) due to the greater volume of investments in the previous year.

Net finance costs amount to €22.6m. At 31 March 2021, the ACEA Group's all-in cost of debt falls to 1.44% from the 1.74% of 31 December 2020, also thanks to issue of Acea's first green bond, with the tranche maturing in 2025 having a negative yield.



Group net profit of €83.1m is up 17.7% compared with the previous year (€70.6m).

The Group **invested** a total of €230.5m in the first three months of 2021, a 21.3% increase on the €190.0m of the previous year. Capital expenditure, 82% of which was on regulated assets, breaks down as follows: Water €119.6m, Energy Infrastructure €81.2m, Commercial & Trading €16.1m, Environment €6.9m, other businesses and the Holding Company €6.7m.

Net debt of €3,634.1m compares with €3,528.0m at 31 December 2020. The Net Financial Position reflects the increase in capital expenditure, changes in the scope of consolidation and the typical seasonal factors, which were partially offset by an improvement in net working capital of approximately €16m.

At 31 March 2021, the net debt to EBITDA LTM ratio is 3.05x. 84% of the Group's medium/long-term debt is fixed rate with an average duration of 5.6 years.

EVENTS AFTER 31 MARCH 2021

12 April 2021: Acea **began to offer nationwide electric charging services** through the launch of the "Acea e-mobility" app, which allows customers to recharge their electric vehicle at over 10,000 charging points around Italy, thanks to interoperability agreements with other operators in the sector.

22 April 2021: The **Annual General Meeting** of ACEA's shareholders approved the financial statements for 2020, and presented the consolidated financial statements for the year ended 31 December 2020 and the consolidated non-financial statement, prepared in accordance with Legislative Decree 254/2016. The Meeting also approved payment of a dividend of €0.80 per share.

29 April 2021: **Gaia Rating assigned Acea a score of 78 out of 100** in its overall assessment of the ESG performance. Acea has recorded an improvement in its score for the third year running, confirming its position as one of the best performing companies overall in terms of sustainability.

OUTLOOK

ACEA confirms its strategy to deploy significant investments in infrastructure, with a positive impact on the Group's operating and financial performance, whilst preserving the Group's solid capital structure.

A conference call will be held at 2.30pm CET today, 12 May 2021, in order to present the results for the three months ended 31 March 2020. Shortly before the start of the conference call, back-up material will be made available at www.gruppo.aceea.it.

The Executive Responsible for Financial Reporting, Fabio Paris, declares that, pursuant to section two of article 154-bis of the Consolidated Finance Act, the information contained in this release is consistent with the underlying accounting records.

The following charts are attached:

The consolidated income statement for the three months ended 31 March 2021, the statement of financial position at 31 March 2020, the statement of changes in equity, the reclassified statement of financial position at 31 March 2021, the analysis of net debt at 31 March 2020 and the statement of cash flows for the three months ended 31 March 2021.

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CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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	Q1 2021	Q1 2020	Increase/ (Decrease)
Sales and service revenues	892,194	810,337	81,857
Other operating income	37,830	23,123	14,707
Consolidated net revenue	930,024	833,460	96,564
Staff costs	74,817	72,739	2,078
Cost of materials and overheads	549,272	491,535	57,736
Consolidated operating costs	624,088	564,274	59,814
Net profit/(loss) from commodity risk management		82	(82)
Profit/(loss) on non-financial investments	5,579	7,177	(1,598)
Gross operating profit	311,514	276,445	35,069
Net impairment losses/(reversals of impairment losses) on trade receivables	23,432	18,251	5,181
Amortisation, depreciation and provisions	132,562	119,710	12,851
Operating profit/(loss)	155,520	138,483	17,037
Finance income	858	2,394	(1,536)
Finance costs	(23,486)	(26,474)	2,988
Profit/(loss) on investments	36	(38)	75
Profit/(loss) before tax	132,928	114,365	18,564
Income tax expense	39,879	34,309	5,569
Net profit/(loss)	93,050	80,055	12,995
Net profit/(loss) from discontinued operations			
Net profit/(loss)	93,050	80,055	12,995
Net profit/(loss) attributable to non-controlling interests	9,986	9,425	560
Net profit/(loss) attributable to owners of the Parent	83,064	70,630	12,434
Earnings/(Loss) per share attributable to owners of the Parent (€)			
Basic	0.39004	0.33165	0.05839
Diluted	0.39004	0.33165	0.05839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

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ASSETS	31 March 2021	31 December 2020	Increase/ (Decrease)
Property, plant and equipment	2,882,275	2,786,645	95,629
Investment property	2,358	2,372	(15)
Goodwill	223,289	223,713	(423)
Concessions	2,847,115	2,835,766	11,348
Intangible assets	316,437	313,232	3,205
Right-of-use assets	77,909	73,660	4,249
Investments in unconsolidated subsidiaries and associates	283,846	276,362	7,484
Other investments	3,092	3,100	(7)
Deferred tax assets	233,559	235,012	(1,453)
Financial assets	33,882	38,781	(4,899)
Other assets	532,659	522,360	10,299
NON-CURRENT ASSETS	7,436,422	7,311,004	125,418
Inventories	87,627	91,973	(4,346)
Trade receivables	1,072,773	981,509	91,265
Other current assets	247,759	257,442	(9,683)
Current tax assets	3,895	9,618	(5,723)
Current financial assets	430,116	379,859	50,257
Cash and cash equivalents	1,277,843	642,209	635,634
CURRENT ASSETS	3,120,013	2,362,610	757,403
Non-current assets held for sale	0	0	0
TOTAL ASSETS	10,556,435	9,673,614	882,821

EQUITY AND LIABILITIES	31 March 2021	31 December 2020	Increase/ (Decrease)
Equity			
Share capital	1,098,899	1,098,899	0
Legal reserve	129,761	129,761	0
Other reserves	(203,710)	(224,509)	20,799
Retained earnings/(accumulated losses)	945,279	675,731	269,548
Net profit/(loss) for the period	83,064	284,948	(201,884)
Total equity attributable to owners of the Parent	2,053,292	1,964,829	88,463
Equity attributable to non-controlling interests	361,838	358,429	3,409
Total equity	2,415,130	2,323,258	91,872
Staff termination benefits and other defined-benefit obligations	119,317	122,047	(2,730)
Provisions for liabilities and charges	186,555	156,951	29,604
Borrowings and financial liabilities	4,949,155	4,154,251	794,904
Other liabilities	399,088	405,799	(6,710)
NON-CURRENT LIABILITIES	5,654,116	4,839,048	815,068
Borrowings	412,914	419,822	(6,908)
Trade payables	1,581,356	1,627,119	(45,763)
Tax liabilities	37,789	40,217	(2,428)
Other current liabilities	455,130	424,150	30,980
CURRENT LIABILITIES	2,487,189	2,511,308	(24,118)
Liabilities directly related to assets held for sale	0	0	0
TOTAL EQUITY AND LIABILITIES	10,556,435	9,673,614	882,821

STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258
Net profit/(loss) in income statement	0	0	0	83,064	83,064	9,986	93,050
Other comprehensive income/(losses)	0	0	0	4,028	4,028	757	4,785
Total comprehensive income/(loss)	0	0	0	87,093	87,093	10,742	97,835
Appropriation of net profit/(loss) for 2020	0	0	282,446	(282,446)	0	0	0
Dividends paid	0	0	0	0	0	(880)	(880)
Change in basis of consolidation	0	0	0	0	0	(7,799)	(7,799)
Other changes	0	0	1,370	0	1,370	1,346	2,716
Balance at 31 March 2021	1,098,899	129,761	737,540	87,093	2,053,292	361,838	2,415,130

	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	1,098,899	119,336	363,605	272,932	1,854,772	251,938	2,106,710
Net profit/(loss) in income statement	0	0	0	70,630	70,630	9,425	80,055
Other comprehensive income/(losses)	0	0	0	852	852	(299)	553
Total comprehensive income/(loss)	0	0	0	71,482	71,482	9,126	80,608
Appropriation of net profit/(loss) for 2019	0	0	272,932	(272,932)	0	0	0
Dividends paid	0	0	0	0	0	(3,275)	(3,275)
Change in basis of consolidation	0	0	0	0	0	20,753	20,753
Other changes	0	0	1,188	0	1,188	70	1,258
Balance at 31 March 2020	1,098,899	119,336	637,725	71,482	1,927,442	278,612	2,206,054
Net profit/(loss) in income statement	0	0	0	214,318	214,318	32,184	246,502
Other comprehensive income/(losses)	0	0	0	(3,354)	(3,354)	(744)	(4,098)
Total comprehensive income/(loss)	0	0	0	210,964	210,964	31,440	242,404
Appropriation of net profit/(loss) for 2019	0	10,424	(10,424)	0	0	0	0
Dividends paid	0	0	(165,788)	0	(165,788)	(8,866)	(174,654)
Change in basis of consolidation	0	0	0	0	0	57,339	57,339
Other changes	0	0	(7,789)	0	(7,789)	(96)	(7,885)
Balance at 31 December 2020	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258



RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

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Financial position	31 March 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	31 March 2020	Increase/ (Decrease)	% increase/ (decrease)
Non-current assets and liabilities	6,711,454	6,602,153	109,302	1.7%	5,835,237	876,217	15.0%
Net working capital	(662,221)	(750,943)	88,722	(11.8%)	(444,778)	(217,443)	48.9%
Invested capital	6,049,234	5,851,210	198,024	3.4%	5,390,459	658,774	12.2%
Net debt	(3,634,104)	(3,527,951)	(106,152)	3.0%	(3,184,405)	(449,699)	14.1%
Total equity	(2,415,130)	(2,323,258)	(91,872)	4.0%	(2,206,054)	(209,076)	9.5%
Balance of net debt and equity	6,049,234	5,851,210	198,024	3.4%	5,390,459	658,774	12.2%

ANALYSIS OF NET DEBT AT 31 MARCH 2021

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	31 March 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	31 March 2020	Increase/ (Decrease)	% increase/ (decrease)
Non-current financial assets/(liabilities)	2,854	2,898	(44)	(1.5%)	2,361	494	20.9%
Non-current financial assets/(liabilities) due from/to parents, subsidiaries and associates	17,152	21,156	(4,004)	(18.9%)	25,309	(8,157)	(32.2%)
Non-current borrowings and financial liabilities	(4,949,155)	(4,154,251)	(794,904)	19.1%	(4,054,137)	(895,018)	22.1%
Net medium/long-term debt	(4,929,148)	(4,130,197)	(798,951)	19.3%	(4,026,467)	(902,681)	22.4%
Cash and cash equivalents and securities	1,277,843	642,209	635,634	99.0%	819,508	458,335	55.9%
Short-term borrowings	(244,674)	(224,049)	(20,625)	9.2%	(157,400)	(87,274)	55.4%
Current financial assets/(liabilities)	241,660	173,030	68,631	39.7%	112,620	129,040	114.6%
Current financial assets/(liabilities) due from/to parent and associates	20,215	11,056	9,159	82.8%	67,334	(47,119)	(70.0%)
Net short-term funds	1,295,045	602,246	692,799	115.0%	842,062	452,982	53.8%
Total debt	(3,634,104)	(3,527,951)	(106,152)	3.0%	(3,184,405)	(449,699)	14.1%

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2021

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	Q1 2021	Q1 2020	Increase/ (Decrease)
Cash flow from/(for) operating activities			
Profit before tax	132,928	114,365	18,564
Amortisation, depreciation and impairment losses	130,359	117,122	13,237
Reversals of impairment losses/Impairment losses	17,817	12,755	5,062
Change in provisions	(4,379)	1,202	(5,581)
Net change in staff termination benefits	(3,663)	(8,301)	4,638
Net interest expense	22,628	22,437	191
Cash flows from operating activities before changes in working capital	295,691	259,581	36,110
Increase/Decrease in receivables included in current assets	(126,663)	(203,819)	77,155
Increase/Decrease in payables included in current liabilities	(13,432)	(49,268)	35,836
Increase/Decrease in inventories	5,693	(1,714)	7,407
Change in working capital	(134,403)	(254,801)	120,398
Change in other operating assets/liabilities	20,445	84,460	(64,015)
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	181,733	89,240	92,493
		0	
Cash flow from/(for) investing activities			
Purchase/Sale of property, plant and equipment	(40,554)	(108,514)	67,959
Purchase/Sale of intangible assets	(189,824)	(81,502)	(108,321)
Investments	(8,435)	0	(8,435)
Amounts received from/paid for other financial investments	(45,113)	317	(45,430)
Interest received	1,529	5,090	(3,561)
TOTAL CASH FLOW FOR INVESTING ACTIVITIES	(282,397)	(184,609)	(97,788)
Cash flow from/(for) financing activities			
Repayments of loans and long-term borrowings	(783)	(422,800)	422,017
New borrowings/other medium/long-term liabilities	902,500	500,000	402,500
Reduction/Increase in other short-term borrowings	(143,293)	38,834	(182,127)
Interest paid	(24,320)	(27,286)	2,966
Dividends paid	0	(9,646)	9,646
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	734,104	79,101	655,003
Increase/(Decrease) in cash and cash equivalents	633,441	(16,268)	649,709
Net cash and cash equivalents at beginning of period	642,209	835,693	(193,484)
Cash and cash equivalents from acquisitions	2,193	83	2,110
Net cash and cash equivalents at end of period	1,277,843	819,508	458,335