

PRESS RELEASE

ACEA's BOARD OF DIRECTORS APPROVES RESULTS FOR THE FIRST NINE MONTHS OF 2021

- **Revenue €2,766m** (up 12% versus 9M 2020)
- **EBITDA €930m** (up 8% versus 9M 2020)
- **EBIT €460m** (up 8% versus 9M 2020)
- **Group net profit €249m** (up 14% versus 9M 2020)
- **Capex €684m** (up 9% versus 9M 2020)
- **Net debt €3,998m** (€3,528m at 31 December 2020)

Confirmation of guidance for 2021:

- ✓ **EBITDA growth of over 8% compared with 2020;**
- ✓ **capex of approximately €900m;**
- ✓ **net debt at end of 2021 within range of €3.85bn and €3.95bn.**

Rome, 10 November 2021 – The Board of Directors of ACEA, chaired by Michaela Castelli, has approved the interim report for the nine months ended 30 September 2021 ("9M 2021").

CONSOLIDATED FINANCIAL HIGHLIGHTS

(€m)	9M 2021	9M 2020	% change
Consolidated revenue	2,766	2,471	+12%
EBITDA	930	859	+8%
EBIT	460	426	+8%
Group net profit (after non-controlling interests)	249	219	+14%

(€m)	9M 2021	9M 2020	% change
Capex	684	625	+9%

(€m)	30 Sept 2021 (a)	31 Dec 2020 (b)	30 Sept 2020 (c)	% change (a/b)	% change (a/c)
Net debt	3,998	3,528	3,535	+13%	+13%

"The further improvement in our results recorded during the period is consistent with the growth seen in all the Group's businesses, also thanks to the progressive relaxation of the restrictions imposed by the pandemic. This positive performance allows us to confirm our guidance for 2021," said Giuseppe Gola, ACEA's Chief Executive Officer. "The organic growth of our businesses, supported by a significant investment programme, will be further strengthened by M&A initiatives, above all in the waste treatment sector, where we recently announced the acquisition of Serplast/Meg and Deco. In line with our Business Plan, these transactions mark another step towards closing the waste cycle and consolidating the Group's circular economy operations. The development of infrastructure and plants, together with our relentless drive on the energy transition and innovation, will continue to play an increasingly important role in shaping the Group's strategy in a sustainable way".

Our response to the Covid-19 health emergency

The Acea Group remains committed to responding to the Covid-19 health emergency, continuing to implement all the preventive and protection measures to ensure the safety of all personnel and all stakeholders and to guarantee the continuity and quality of the services provided.

The Company **has opened up its vaccination hub in Rome to the general public, in addition to its personnel.**

Thanks to the range of measures adopted, Acea has obtained "Biosafety Trust Certification" in recognition of our efforts to prevent and control the spread of infections.

ACEA GROUP'S RESULTS FOR 9M 2021

Consolidated revenue for 9M 2021 amounts to €2,765.8m, an increase of 11.9% compared with the same period of 2020.

Consolidated EBITDA grows from €858.7m in 9M 2020 to €930.2m in 9M 2021, up €71.5m year-on-year (+8.3%). The improvement reflects positive performances across all the businesses.

The change in the scope of consolidation accounts for approximately €19.9m; on a like-for-like basis, EBITDA is up approximately 6%.

The contributions of the operating segments to consolidated EBITDA are as follows: Water 53%; Energy Infrastructure 29%; Generation 6%; Commercial & Trading 6%; Environment 5%; other businesses (Overseas and Engineering & Services and the Holding Company) 1%. Approximately 82% of EBITDA is generated by regulated businesses.

- **WATER** – EBITDA reaches €489.6m, an increase of €31.0m (+6.8%) compared with the same period of 2020. The growth is driven mainly by Acea ATO2, thanks to the increase in capital expenditure and to improved operating efficiency. The change in the scope of consolidation, following the first-time consolidations of SII di Terni from November 2020 (+ €10.1m) and of Adistribuzione Gas (the entity resulting from the merger of Pescara Distribuzione Gas with Alto Sangro Distribuzione Gas) from August 2020 (+€2.7m), also contributed to the improvement. The contribution to EBITDA from the water companies accounted for using the equity method totals €13.1m.

- **ENERGY INFRASTRUCTURE** – EBITDA is up 1.4% to €274.5m, thanks to the positive performance of areti driven by the impact of tariffs and regulatory effects, the resilience plan and the contribution from the partnership with Open Fiber. This performance offsets the slowdown recorded in public lighting due to a decline in activity linked to a lack of authorizations for new assets.

OPERATIONAL HIGHLIGHTS (GWh)	9M 2021	9M 2020	% change
Electricity distributed	6,831	6,748*	+1.2%

* The figure does not include electricity distributed to the Vatican.

- **GENERATION** – EBITDA displays a strong growth, rising 52.6% to €53.7m. This reflects volume growth (up 17%), above all in hydroelectric production, the effect of energy market prices (+€13.6m) and the increased contribution from photovoltaic production (+€3.4m), partly due to expansion of the scope of consolidation (+€2.2m).

OPERATIONAL HIGHLIGHTS (GWh)	9M 2021	9M 2020	% change
Hydro + thermo + cogeneration	488	417	+17.0%
Photovoltaic production	59	51	+15.7%
Total electricity production	547	468	+16.9%

- **COMMERCIAL & TRADING** – EBITDA from this segment increases to €56.2m (up 12.4%). The performance primarily reflects the improvement in the free market margin, due to an increase in the volume of energy sold to business customers and growth in the retail customer base. The margin earned on gas sales has also improved.

OPERATIONAL HIGHLIGHTS	9M 2021	9M 2020	% change
Electricity sold (GWh)	6,256	5,264	+18.8%
Free market	4,933	3,703	+33.2%
Enhanced protection market	1,323	1,561	-15.2%
Gas sold (million m³)	149	107	+39.3%
NUMBER OF CUSTOMERS ('000s)	9M 2021	9M 2020	% change
Total electricity customers	1,185	1,170	+1.3%
Free market	481	423	+13.7%
Enhanced protection market	704	747	-5.8%
Gas customers	228	206	+10.7%

- **ENVIRONMENT** – EBITDA grows to €49.0m, an increase of 24% compared with the same period of 2020. The result reflects improved margins achieved by the Terni and San Vittore WTE plants, driven

primarily by the higher prices received for the electricity produced. The change in the scope of consolidation (the acquisition of Ferrocarril-Cavallari in April 2020) contributes for €2.3m.

OPERATIONAL HIGHLIGHTS	9M 2021	9M 2020	% change
Treatment and disposal ('000 tonnes)	1,268	1,180	+7.5%
WTE electricity sold (GWh)	249	248	+0.4%

- **Other businesses and the Holding Company** – The contribution to consolidated EBITDA from other businesses (Overseas, Engineering & Services and the Holding Company) amounts to €7.2m, an increase on the €4.7m compared to 9M 2020 and primarily driven by changes in the scope of consolidation.

EBIT reaches €459.7m, up 7.9% reflecting an increase in depreciation and amortisation (up 8.3%), which is in part due to the increased scope of consolidation.

Net finance costs decline by €5.2m to €62.8m. At 30 September 2021, the ACEA Group's all-in cost of debt is down to 1.42% from the 1.76% of the same period of 2020.

Group net profit increases to €248.6m, up 13.6% compared with the previous year (€218.7m). The tax rate at 30 September 2021 is 29.8%.

The Group **invested** a total of €684.3m in the first nine months of 2021 (up 9.4%), with 83% of this spent on regulated assets. Capital expenditure breakdown is as follows: Water €373.1m, Energy Infrastructure €196.9m, Generation €30.5m, Commercial & Trading €33.9m, Environment €23.2m, other businesses and the Holding Company €26.7m.

Net debt as of 30 September 2021 is €3,998.3m compared with €3,528.0m as of 31 December 2020. The net debt performance reflects the increase in capital expenditure, changes in the scope of consolidation and an increase in working capital absorption. The change in working capital primarily reflects an increase in turnover at Acea Energia, linked to the sharp increase in the national single price of energy, and the reduction in general system costs introduced by the Government in order to contain the impact of rising energy prices on consumers.

85% of the Group's medium/long-term debt is fixed rate and has an average duration of 5.3 years, protecting the Group from the impact of interest rate hikes.

EVENTS AFTER 30 SEPTEMBER 2021

27 October 2021 - ACEA and the Consorzio Interuniversitario per la Scienza e Tecnologia dei Materiali (INSTM, a consortium of universities conducting materials science and technology research) signed a framework agreement for the development of new materials and the application of innovative technologies for use in the sustainable management of raw materials and product recycling, based on Italian and European circular economy guidelines.

OUTLOOK

The Group's results for 9M 2021 allow us to confirm the guidance for 2021:

- ✓ EBITDA growth of over 8% compared with 2020;
- ✓ capex of approximately €900m;
- ✓ net debt at end of 2021 within range of €3.85bn and €3.95bn.

ACEA confirms its commitment to deploy significant investments in infrastructure, with a positive impact on the Group's operating and financial performance, whilst preserving the Group's strong financial profile.

The results for the nine months ended 30 September 2021 will be presented during a conference call with analysts and investors to be held at 5.00pm today (Italian time), 10 November. The call will also be available via a webcast in "listen-only" mode in the Investors section of the website at www.gruppo.acea.it, where back-up material will also be made available at the start of the conference call.



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 schedules are attached:

The consolidated income statement for the nine months ended 30 September 2021, the statement of financial position at 30 September 2021, the statement of changes in equity, the reclassified statement of financial position at 30 September 2021, the analysis of net debt at 30 September 2021 and the statement of cash flows for the nine months ended 30 September 2021.

ACEA Group contacts

Investor Relations

Tel. +39 0657991 investor.relations@aceaspa.it

Press Office

Tel. +39 0657997733 ufficio.stampa@aceaspa.it

Corporate website: www.gruppo.acea.it

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

€000

	9M 2021	9M 2020	Increase/ (Decrease)
Sales and service revenues	2,675,782	2,391,527	284,255
Other operating income	90,002	79,741	10,262
Consolidated net revenue	2,765,784	2,471,268	294,517
Staff costs	208,724	207,039	1,685
Cost of materials and overheads	1,643,378	1,427,245	216,134
Consolidated operating costs	1,852,102	1,634,284	217,818
Net profit/(loss) from commodity risk management		248	(248)
Profit/(loss) on non-financial investments	16,494	21,450	(4,956)
Gross operating profit	930,176	858,682	71,495
Net impairment losses/(reversals of impairment losses) on trade receivables	66,402	58,132	8,270
Amortisation, depreciation and provisions	404,085	374,556	29,529
Operating profit/(loss)	459,689	425,994	33,695
Finance income	7,985	4,369	3,615
Finance costs	(70,758)	(72,348)	1,590
Profit/(loss) on investments	2,380	3,268	(887)
Profit/(loss) before tax	399,296	361,283	38,014
Income tax expense	118,990	110,191	8,799
Net profit/(loss)	280,306	251,092	29,215
Net profit/(loss) from discontinued operations			
Net profit/(loss)	280,306	251,092	29,215
Net profit/(loss) attributable to non-controlling interests	31,748	32,370	(623)
Net profit/(loss) attributable to owners of the Parent	248,558	218,721	29,837
Earnings/(Loss) per share attributable to owners of the Parent (€)			
Basic	1.16713	1.02703	0.1401
Diluted	1.16713	1.02703	0.1401
Earnings/(Loss) per share attributable to owners of the Parent net of treasury shares (€)			
Basic	1.16942	1.02904	0.1404
Diluted	1.16942	1.02904	0.1404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2021

€000

ASSETS	30 September 2021	31 December 2020	Increase/ (Decrease)
Property, plant and equipment	2,937,344	2,786,645	150,699
Investment property	2,329	2,372	(44)
Goodwill	212,399	223,713	(11,313)
Concessions	2,977,593	2,835,766	141,827
Intangible assets	350,110	313,232	36,878
Right-of-use assets	67,763	73,660	(5,897)
Investments in unconsolidated subsidiaries and associates	289,466	276,362	13,104
Other investments	3,091	3,100	(9)
Deferred tax assets	230,636	235,012	(4,376)
Financial assets	30,645	38,781	(8,137)
Other assets	558,632	522,360	36,272
NON-CURRENT ASSETS	7,660,008	7,311,004	349,004
Inventories	94,090	91,973	2,116
Trade receivables	1,066,944	981,509	85,435
Other current assets	335,145	257,442	77,703
Current tax assets	61,613	9,618	51,995
Current financial assets	432,102	379,859	52,243
Cash and cash equivalents	746,519	642,209	104,310
CURRENT ASSETS	2,736,413	2,362,610	373,802
TOTAL ASSETS	10,396,420	9,673,614	722,806

EQUITY AND LIABILITIES	30 September 2021	31 December 2020	Increase/ (Decrease)
Equity			
Share capital	1,098,899	1,098,899	0
Legal reserve	138,649	129,761	8,888
Other reserves	(116,344)	(224,509)	108,165
Retained earnings/(accumulated losses)	698,105	675,731	22,374
Net profit/(loss) for the period	248,558	284,948	(36,390)
Total equity attributable to owners of the Parent	2,067,867	1,964,829	103,037
Equity attributable to non-controlling interests	381,718	358,429	23,289
Total equity	2,449,585	2,323,258	126,326
Staff termination benefits and other defined-benefit obligations	118,802	122,047	(3,245)
Provisions for liabilities and charges	253,414	156,951	96,464
Borrowings and financial liabilities	4,844,092	4,154,251	689,841
Other liabilities	397,994	405,799	(7,804)
NON-CURRENT LIABILITIES	5,614,302	4,839,048	775,255
Borrowings	351,319	419,822	(68,503)
Trade payables	1,440,481	1,627,119	(186,638)
Tax liabilities	19,740	40,217	(20,477)
Other current liabilities	520,993	424,150	96,844
CURRENT LIABILITIES	2,332,533	2,511,308	(178,775)
TOTAL EQUITY AND LIABILITIES	10,396,420	9,673,614	722,806

STATEMENT OF CHANGES IN EQUITY

€000

	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	248,558	248,558	31,748	280,306
Other comprehensive income/(losses)	0	0	0	25,920	25,920	1,299	27,218
Total comprehensive income/(loss)	0	0	0	274,478	274,478	33,047	307,525
Appropriation of net profit/(loss) for 2020	0	8,888	273,558	(282,446)	0	0	0
Dividends paid	0	0	(170,038)	0	(170,038)	(10,194)	(180,232)
Change in basis of consolidation	0	0	0	0	0	(8,096)	(8,096)
Other changes	0	0	(1,402)	0	(1,402)	8,532	7,130
Balance at 30 September 2021	1,098,899	138,649	555,841	274,478	2,067,867	381,718	2,449,585

	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	218,721	218,721	32,370	251,092
Other comprehensive income/(losses)	0	0	0	(2,099)	(2,099)	(1,109)	(3,208)
Total comprehensive income/(loss)	0	0	0	216,622	216,622	31,262	247,884
Appropriation of net profit/(loss) for 2019	0	10,424	262,507	(272,932)	0	0	0
Dividends paid	0	0	(165,788)	0	(165,788)	(7,851)	(173,638)
Change in basis of consolidation	0	0	0	0	0	37,909	37,909
Other changes	0	0	1,148	0	1,148	453	1,601
Balance at 30 September 2020	1,098,899	129,761	461,473	216,622	1,906,754	313,711	2,220,466
Net profit/(loss) in income statement	0	0	0	66,227	66,227	9,239	75,466
Other comprehensive income/(losses)	0	0	0	(403)	(403)	65	(338)
Total comprehensive income/(loss)	0	0	0	65,824	65,824	9,304	75,128
Appropriation of net profit/(loss) for 2019	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	(4,290)	(4,290)
Change in basis of consolidation	0	0	0	0	0	40,183	40,183
Other changes	0	0	(7,749)	0	(7,749)	(479)	(8,228)
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 30 SEPTEMBER 2021

€000

	30 September 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	30 September 2020	Increase/ (Decrease)	% increase/ (decrease)
Non-current assets and liabilities	6,871,324	6,602,153	269,171	4.1%	6,098,238	773,086	12.7%
Net working capital	(423,423)	(750,943)	327,520	(43.6%)	(342,381)	(81,042)	23.7%
Invested capital	6,447,901	5,851,210	596,692	10.2%	5,755,858	692,044	12.0%
Net debt	(3,998,317)	(3,527,951)	(470,366)	13.3%	(3,535,392)	(462,925)	13.1%
Total equity	(2,449,585)	(2,323,258)	(126,326)	5.4%	(2,220,466)	(229,119)	10.3%
Balance of net debt and equity	6,447,901	5,851,210	596,692	10.2%	5,755,858	692,044	12.0%

ANALYSIS OF CONSOLIDATED NET DEBT AT 30 SEPTEMBER 2021

€000

	30 September 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	30 September 2020	Increase/ (Decrease)	% increase/ (decrease)
Non-current financial assets/(liabilities)	3,347	2,898	449	15.5%	2,462	885	36.0%
Non-current financial assets/(liabilities) due from/to parents, subsidiaries and associates	15,126	21,156	(6,030)	(28.5%)	27,683	(12,558)	(45.4%)
Non-current borrowings and financial liabilities	(4,844,092)	(4,154,251)	(689,841)	16.6%	(4,147,064)	(697,028)	16.8%
Net medium/long-term debt	(4,825,619)	(4,130,197)	(695,422)	16.8%	(4,116,919)	(708,700)	17.2%
Cash and cash equivalents and securities	746,519	642,209	104,310	16.2%	523,430	223,089	42.6%
Short-term borrowings	(116,877)	(224,049)	107,173	(47.8%)	(159,932)	43,056	(26.9%)
Current financial assets/(liabilities)	235,853	173,030	62,823	36.3%	199,307	36,546	18.3%
Current financial assets/(liabilities) due from/to parent and associates	(38,193)	11,056	(49,249)	n/s	18,722	(56,916)	n/s
Net short-term funds	827,302	602,246	225,057	37.4%	581,527	245,775	42.3%
Total debt	(3,998,317)	(3,527,951)	(470,366)	13.3%	(3,535,392)	(462,925)	13.1%

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

€000

	9M 2021	9M 2020	Increase/ (Decrease)
Cash flow from/(for) operating activities			
Profit before tax	399,296	361,283	38,014
Amortisation, depreciation and impairment losses	395,151	364,767	30,384
Reversals of impairment losses/impairment losses	47,528	33,414	14,114
Change in provisions	(22,306)	(4,795)	(17,511)
Net change in staff termination benefits	(7,185)	(4,725)	(2,460)
Net interest expense	62,773	67,979	(5,206)
Income tax paid	(84,062)	(45,380)	(38,683)
Cash flows from operating activities before changes in working capital	791,196	772,543	18,653
Increase/Decrease in receivables included in current assets	(149,926)	(258,430)	108,504
Increase/Decrease in payables included in current liabilities	(145,034)	12,857	(157,891)
Increase/Decrease in inventories	(1,879)	(16,794)	14,914
Change in working capital	(296,839)	(262,367)	(34,473)
Change in other operating assets/liabilities	7,724	(39,718)	47,441
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	502,080	470,458	31,622
Cash flow from/(for) investing activities			
Purchase/Sale of property, plant and equipment	(118,564)	(526,186)	407,622
Purchase/Sale of intangible assets	(565,768)	(98,715)	(467,053)
Investments	(20,702)	(96,183)	75,482
Amounts received from/paid for other financial investments	(44,098)	(94,306)	50,208
Dividends received	6,915	960	5,955
Interest received	10,364	7,850	2,514
TOTAL CASH FLOW FOR INVESTING ACTIVITIES	(731,854)	(806,580)	74,727
Cash flow from/(for) financing activities			
Repayments of loans and long-term borrowings	(192,884)	(455,045)	262,160
New borrowings/other medium/long-term liabilities	902,500	599,910	302,590
Reduction/Increase in other short-term borrowings	(171,381)	16,410	(187,791)
Interest paid	(73,289)	(75,185)	1,896
Dividends paid	(131,833)	(81,848)	(49,985)
TOTAL CASH FLOW FOR FINANCING ACTIVITIES	333,112	4,242	328,870
Increase/(Decrease) in cash and cash equivalents	103,338	(331,880)	435,218
Net cash and cash equivalents at beginning of period	642,209	835,693	(193,484)
Cash and cash equivalents from acquisitions	972	19,617	(18,645)
Net cash and cash equivalents at end of period	746,519	523,430	223,089