



acea
9M 2019 Results

Rome, 13 November 2019

RESULTS 9M 2019

THE POSITIVE RESULTS DELIVERED IN 9M 2019 CONFIRM THE GROWTH TREND THAT STARTED IN THE LAST TWO YEARS, SUPPORTED BY OUR MAJOR INVESTMENT PROGRAMME AND DRIVEN BY OUR COMMITMENT TO TECHNOLOGICAL INNOVATION AND SUSTAINABILITY

- **EBITDA €769m** +12% versus 9M 2018
- **EBIT €403m** +6% versus 9M 2018
- **Capex €529m** +28% versus 9M 2018

GUIDANCE 2019

FOLLOWING RESULTS ACHIEVED, EXPECTATION-BEATING RESULTS, EBITDA GUIDANCE FOR 2019 RAISED

- **EBITDA guidance raised** from $\geq+7\%$ to $\geq+10\%$ versus 2018 (€933m)
- **Capex guidance maintained** with increase of over 10% versus €631m of 2018
- **Net debt guidance confirmed** at €2.85-2.95bn (before impact of IFRS16, M&A transactions and Acquedotto del Fiora consolidation)

TRANSACTIONS COMPLETED HAVE LED TO DEVELOPMENT OF REGULATED BUSINESSES AND EXPANSION IN OTHER MARKET SEGMENTS ALREADY IDENTIFIED AS STRATEGIC

KEY EVENTS
9M 2019

ACQUISITION OF A 51% STAKE IN “PESCARA DISTRIBUZIONE GAS” COMPLETED IN MARCH

BUSINESS PLAN 2019-2022 APPROVED ON 2 APRIL, TARGETING:

- **EBITDA** in 2022: €1,270m (+36% versus 2018)
- **RAB** in 2022: €4.8bn (+28% versus 2018)
- **Capex**: €4bn (in the period 2018-2022)
- **Dividend** of at least €0.75 per share (€800m throughout the Plan)

ISSUE OF BONDS WORTH €500M UNDER EMTN PROGRAMME SUCCESSFULLY COMPLETED IN MAY. BONDS HAVE A TERM TO MATURITY OF 9 YEARS AND PAY A FIXED RATE OF 1.75%

IN MAY, FITCH RATINGS CONFIRMED ITS «BBB+» RATING OF ACEA WITH A STABLE OUTLOOK

ACQUISITION OF 90% OF DEMAP, OWNER OF A PLASTIC TREATMENT PLANT, IN JULY

- Enterprise Value of 100% of Demap: €20m
- Demap's EBITDA : €3.5m
- Plant authorised to treat 75k tonnes a year (under contract with Corepla Consortium)

IN JULY, PROCEDURE COMPLETED FOR RENEWAL OF CONCESSION FOR THE PESCHIERA-LE CAPORE WATER MAIN, DUE TO EXPIRE IN SEPTEMBER 2031

IN JULY, GROUP AGREES TO ACQUIRE PHOTOVOLTAIC PLANTS WITH TOTAL CAPACITY OF APPROXIMATELY 25 MW_p

- Total Enterprise Value: ~€75m
- Total EBITDA: ~€11m
- Feed-in tariffs provided by Conto Energia initiative

IN AUGUST, MOODY'S CONFIRMED ITS «Baa2» RATING OF ACEA WITH A STABLE OUTLOOK

KEY EVENTS
OCTOBER 2019

ACQUISITION OF 60% INTEREST IN BERG, A PROVIDER OF LIQUID WASTE TREATMENT SERVICES

- Total Enterprise Value: €10m
- Total EBITDA: €1.6m
- Authorised capacity: 143k tonnes per year

ACQUEDOTTO DEL FIORA'S ARTICLES OF ASSOCIATION AND SHAREHOLDER AGREEMENTS AMENDED TO ENABLE THE COMPANY'S CONSOLIDATION BY THE ACEA GROUP

ONE OF LARGEST COMPOSTING PLANTS IN CENTRAL ITALY OPENED IN MONTEROTONDO MARITTIMO (GROSSETO)

- Authorised capacity: 70k tonnes per year
- Annual electricity production: ~6 GWh
- Investment: ~€22m
- Expected contribution to annual EBITDA: ~€2.5m

GOOGLE CLOUD CHOSEN AS TECHNOLOGY PARTNER TO ACCELERATE IMPLEMENTATION OF DIGITAL INNOVATION

TWO POWER PURCHASE AGREEMENTS (PPAS) ENTERED INTO WITH ERG FOR THE SUPPLY OF A TOTAL OF 1.5 TWh OF RENEWABLE ENERGY IN THE PERIOD 2020-2022.

(€m)	9M 2019 (a)	9M 2018 (b)	% change (a/b)
Consolidated revenue	2,346.2	2,173.9	+7.9%
EBITDA	769.4*	685.2	+12.3%
EBIT	402.5	381.0	+5.6%
Group net profit**	218.9	214.8	+1.9%

EBITDA GUIDANCE RAISED FOR 2019

Initial guidance: +5%/+6%
Guidance provided in HI 2019: ≥ +7%

EBITDA 2018
€933m

Updated guidance: ≥ +10%

Capex	529.0	413.2	+28.0%
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Capex guidance confirmed for 2019: up by over 10% versus 2018 (€631m)

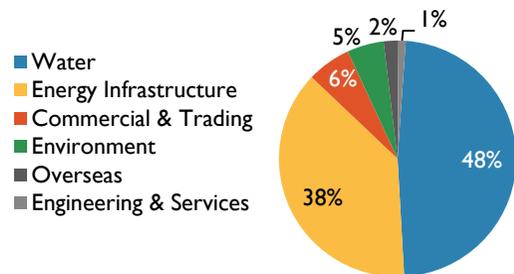
(€m)	30 Sept 2019 (a)	31 Dec 2018 (b)	30 Sept 2018 (c)	% change (a/b)	% change (a/c)
Net debt	2,960.3°	2,568.0	2,631.1	+15.3%	+12.5%
Invested capital	4,936.1	4,471.5	4,387.7	+10.4%	+12.5%

Net debt guidance confirmed for 2019: €2.85-2.95bn (before impact of IFRS16, M&A transactions and Acquedotto del Fiora consolidation)

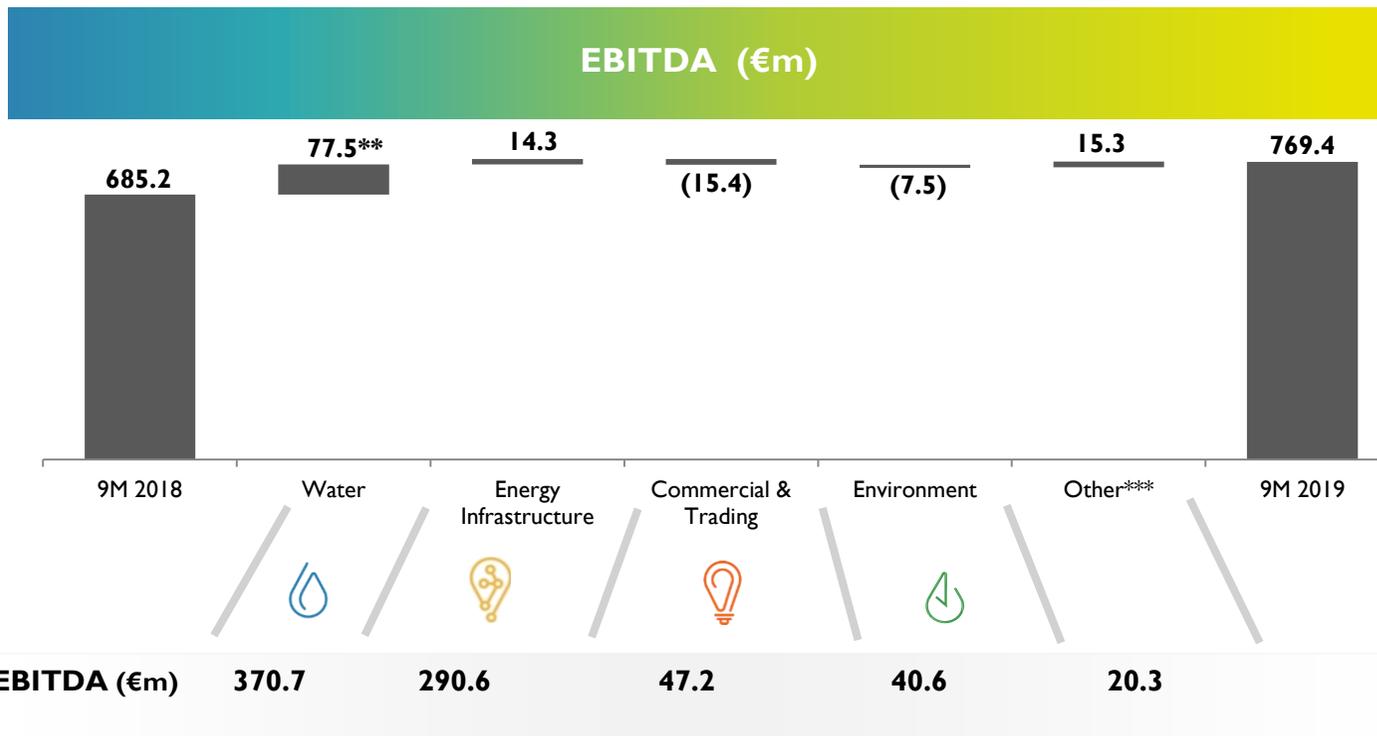
* Effect of consolidation of Gori: €51.3m

** Recognition, in 9M 2018, of income from acquisition of investment in the TWS group (€8.9m) and, in 9M 2019, of a contingent asset (€16.2m) following cancellation of Antitrust fine

° Impact of application of IFRS16 from 1 January 2019 (up +€59.7m), impact of M&A (€71m)



EBITDA 9M 2019



Average Group workforce		
9M 2019	9M 2018	Change
6,615	5,545	1,070*

Contribution to EBITDA for 9M 2019 of consolidation of Gori and new acquisitions (€m)	
Gori	51.3
Pescara Distribuzione Gas	1.2
Photovoltaic	2.3
Demap	1.0

* Increase in workforce primarily reflects changes in scope of consolidation (Gori +854; Consorcio Servicio Sur +188; Pescara Distribuzione Gas +13)
 ** Effect of consolidation of Gori: €49.7m (in 9M 2019 Gori's EBITDA is €51.3m, in 9M 2018 Gori contributed €1.6m to EBITDA)
 *** Overseas, Engineering & Services, Corporate

EBITDA and quantitative data

9M 2019 financial highlights



Water

EBITDA main drivers

KEY HIGHLIGHTS

- Line-by-line consolidation of Gori: +€49.7m
- Contribution of Pescara Distribuzione Gas: +€1.2m
- Companies consolidated using equity method: +€2.7m
- OCTOBER 2019: Acquedotto del Fiora's Articles of Association and Shareholder Agreements amended to enable the company's line-by-line consolidation

(€m)	9M 2019 (a)	9M 2018 (b)	%change (a/b)	Quantitative data	9M 2019	9M 2018
EBITDA	370.7	293.2	+26.4%	Total volume of water distributed (Mm³)	394	313
<i>Of which: ACEA ATO2</i>	270.5	250.2	+8.1%			
<i>Acea ATO5</i>	19.2	16.5	+16.4%			
<i>Gori</i>	51.3	-	n.s.			
<i>Companies consolidated using equity method</i>	26.2	23.5	+11.5%			
<i>Other consolidated companies</i>	3.5	3.0	+16.7%			
Capex	253.5	224.6	+12.9%			
	9M 2019 (a)	9M 2018 (b)	Change (a-b)			
Average workforce	2,684	1,801	+883*			

* The increase primarily reflects the consolidation of Gori (+854) and Pescara Distribuzione Gas (+13)

EBITDA and quantitative data

9M 2019 financial highlights



Energy Infrastructure

EBITDA main drivers

KEY HIGHLIGHTS

- ▲ Distribution: +€17.0m
- ▼ Generation: -€4.7m due to lower price of energy sold (photovoltaic contribution +€2.3m)
- ▲ Public Lighting: +€2.0m
- 🎯 Over 400 km of MV/LV network renewed and expanded

(€m)	9M 2019 (a)	9M 2018 (b)	%change (a/b)	Quantitative data	9M 2019	9M 2018
EBITDA	290.6	276.3	+5.2%	Total electricity distributed (GWh)	7,490	7,449
- Distribution	255.5	238.5	+7.1%	Number of customers ('000s)	1,631	1,628
- Generation	35.5	40.2	-11.7%	Total electricity produced (GWh)	401	409
- Public Lighting	(0.4)	(2.4)	n/s			
Capex	196.5	156.2	+25.8%			
	9M 2019 (a)	9M 2018 (b)	Change (a-b)			
Average workforce	1,355	1,387	-32			

EBITDA and quantitative data

9M 2019 financial highlights



Commercial & Trading

EBITDA main drivers

KEY HIGHLIGHTS

- ↑ Increased sales of electricity and gas to free market customers
- ↓ Reduced margins, essentially due to cut in late payment component in Central Italy in RCV tariff
- 🎯 OCTOBER 2019: two PPAs entered into with ERG for supply of 1.5 TWh of renewable energy in the period 2020-2022

(€m)	9M 2019 (a)	9M 2018 (b)	%change (a/b)	Quantitative data	9M 2019	9M 2018
EBITDA	47.2	62.6	-24.6%	Total energy sold (GWh)	4,817	4,563
				<i>Free market</i>	3,125	2,782
				<i>Enhanced Protection market</i>	1,692	1,781
Capex	31.8	9.5	<i>n/s</i>	No. of electricity customers ('000s)	1,155	1,175
				<i>Free market</i>	357	330
				<i>Enhanced Protection market</i>	798	845
Average workforce	470	465	+5	Total gas sold (Mm³)	98	88
				No. of gas customers ('000s)	183	172

EBITDA and quantitative data

9M 2019 financial highlights



Environment

EBITDA main drivers

KEY HIGHLIGHTS

- ▼ CIP6 feed-in tariffs expired on August 1st, 2019 (-7.4 €m)
- ▲ Consolidation of Demap (+1.0 €m)
- 🎯 Acquisition of 60% interest in Berg, a provider of liquid waste treatment services (authorised capacity 143k tonnes per year)
- 🎯 OCTOBER 2019: opening of Monterotondo Marittimo (Grosseto) plant, one of the biggest composting plants in Central Italy (authorised capacity 70k tonnes per year)

(€m)	9M 2019 (a)	9M 2018 (b)	%change (a/b)	Quantitative data	9M 2019	9M 2018
EBITDA	40.6	48.1	-15.6%	Treatment and disposal* (Ktonnes)	877	812
Capex	29.4	13.1	+124.4%	Electricity sold (GWh)	244	264

	9M 2019 (a)	9M 2018 (b)	Change (a-b)
Average workforce	380	360	+20**

* Includes ash disposed of

** Consolidation: Bioecologia (+9); Demap (+14)

EBITDA and quantitative data

9M 2019 financial highlights



Overseas

↑ Positive contribution from Aguas de San Pedro

(€m)	9M 2019	9M 2018
EBITDA	12.9	11.1
Capex	5.3	4.0

	9M 2019 (a)	9M 2018 (b)	Change (a-b)
Average workforce	782	608	+174*



Engineering & Services

= Margin in line with previous year

(€m)	9M 2019	9M 2018
EBITDA	11.0	10.9
Capex	1.2	0.8

	9M 2019 (a)	9M 2018 (b)	Change (a-b)
Average workforce	277	262	+15



Holding company

(€m)	9M 2019	9M 2018
EBITDA	-3.5	-17.0
Capex	11.3	5.2

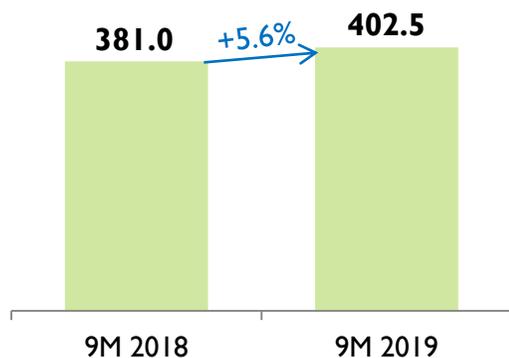
	9M 2019 (a)	9M 2018 (b)	Change (a-b)
Average workforce	667	662	+5

↑ Recognition of contingent asset of €16.2m following Regional Administrative Court's decision to cancel Antitrust fine

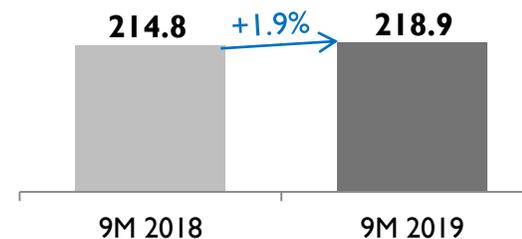
🎯 OCTOBER 2019: Google Cloud chosen to be technology partner for digital innovation

* Consolidation of Consorcio Servicio Sur (+188)

EBIT (€m)



NET PROFIT (€m)



TAX RATE

30.4%

30.0%

(€m)	9M 2019	9M 2018	% change
Depreciation	306.7	251.8	+21.8%
Write-downs	51.8	44.9	+15.4%
Provisions	8.4	7.5	+12.0%
Total	366.9	304.2	+20.6%

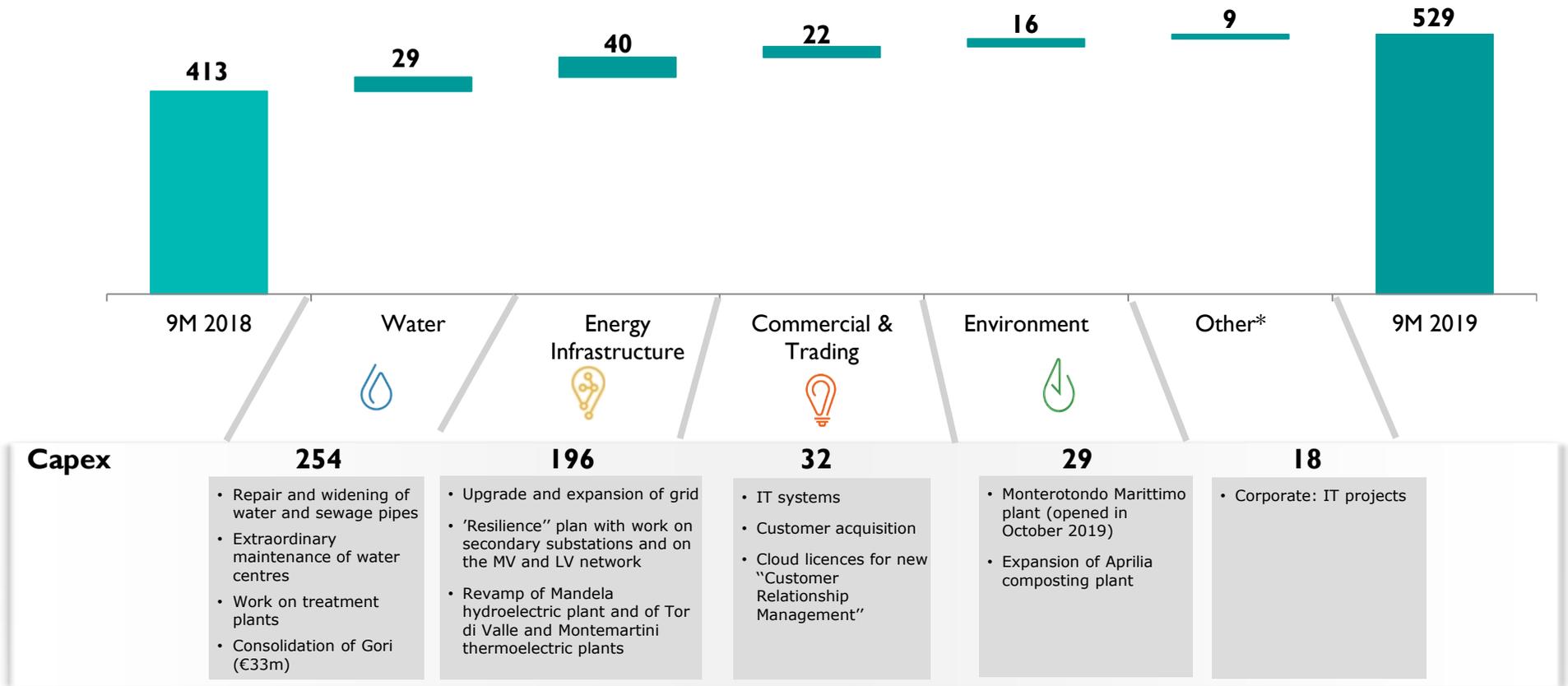
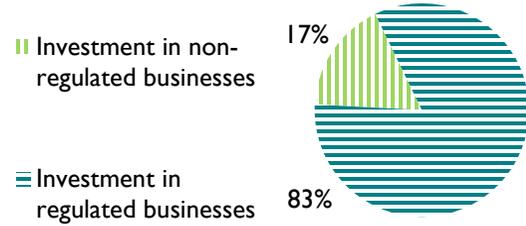
Increase in depreciation linked to:

- increased capex across all areas of business and the IT platform
- consolidation of Gori
- impact of IFRS16

Capex

Strong capex growth, above all in regulated businesses

CAPEX (€m)

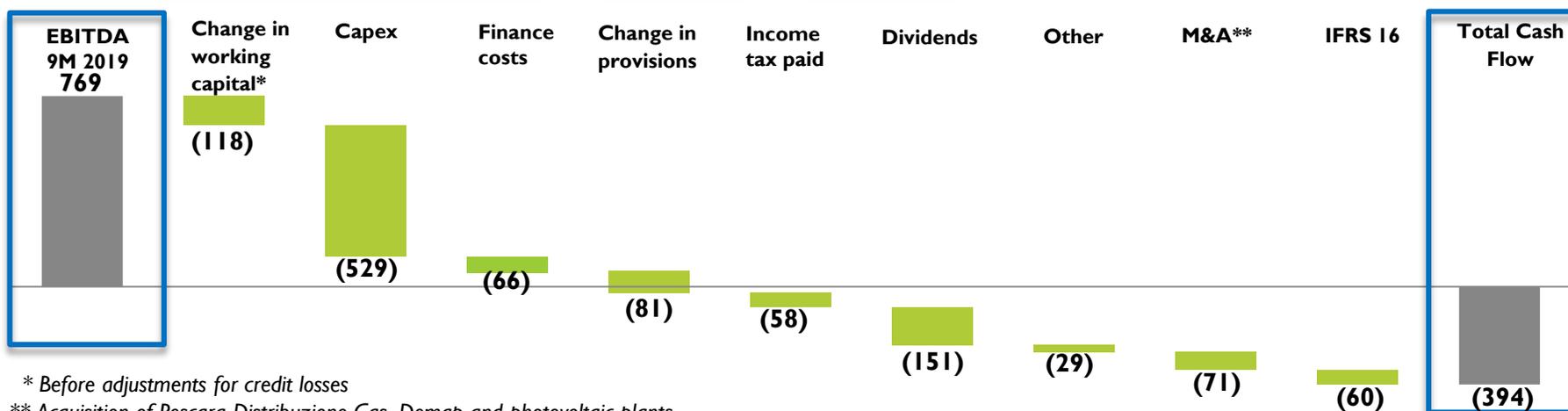


* Overseas, Engineering & Services, Corporate

Cash flow

(€m)	9M 2019	9M 2018
EBITDA	769	685
Change in working capital	(118)	(177)
CAPEX	(529)	(413)
FREE CASH FLOW	122	95
Net finance income/(costs)	(66)	(66)
Change in provisions	(81)	(59)
Income tax paid	(58)	(19)
Dividends	(151)	(134)
Other	(29)	(26)
M&A**	(71)	-
IFRS16	(60)	-
TOTAL CASH FLOW	(394)	(209)
TOTAL CASH FLOW excluding impact of IFRS16 and M&A	(263)	(209)

- Excellent performance of credit collection, above all at Acea Energia
- Major impact on net debt of M&A transactions (€71m) and IFRS 16 (€60m)
- LTM Working Capital generated cash of €24m



* Before adjustments for credit losses

** Acquisition of Pescara Distribuzione Gas, Demap and photovoltaic plants

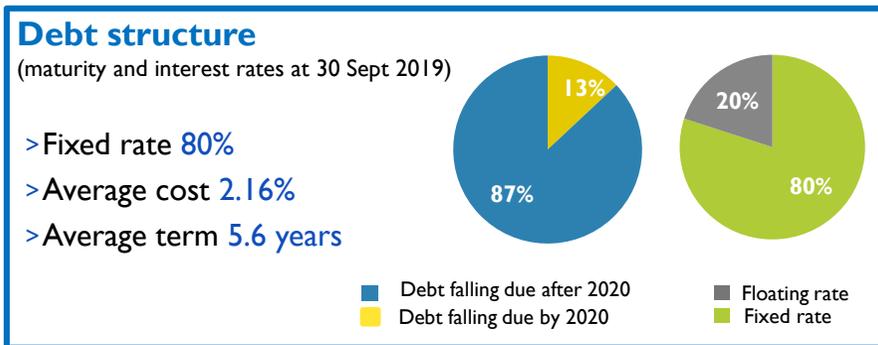
Net debt

(€m)	30 Sept 2019 (a)	31 Dec 2018 (b)	30 Sept 2018 (c)	Change (a-b)	Change (a-c)
Net debt	2,960.3*	2,568.0	2,631.1	392.3	329.2
Medium/long-term	3,467.5	3,341.4	3,359.9	126.1	107.6
Short-term	(507.2)	(773.4)	(728.8)	266.2	221.6

30 Sept 2019	
NET DEBT/ EQUITY	NET DEBT/ EBITDA LTM
1.5x	2.9x

16 May 2019 - Issue of bonds worth €500m under EMTN programme successfully completed. Bonds have a term to maturity of 9 years and pay a fixed rate of 1.75%

July 2019 - Ceiling for EMTN programme raised to €4bn



* Impact of application of IFRS 16 from 1 January 2019 (+€59.7m), impact of M&A (€71m)

Acea Group

9M 2019 Results

Rome, 13 November 2019

Q&A Session

Disclaimer

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT REFLECT THE COMPANY'S MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL AND OPERATIONAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES.

THESE FORWARD-LOOKING STATEMENTS ARE BASED ON ACEA S.P.A.'S CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. BECAUSE THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES, ACTUAL FUTURE RESULTS OR PERFORMANCE MAY MATERIALLY DIFFER FROM THOSE EXPRESSED THEREIN OR IMPLIED THEREBY DUE TO ANY NUMBER OF DIFFERENT FACTORS, MANY OF WHICH ARE BEYOND THE ABILITY OF ACEA S.P.A. TO CONTROL OR ESTIMATE PRECISELY, INCLUDING CHANGES IN THE REGULATORY FRAMEWORK, FUTURE MARKET DEVELOPMENTS, FLUCTUATIONS IN THE PRICE AND AVAILABILITY OF FUEL AND OTHER RISKS.

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PURSUANT TO ART. 154-BIS, PAR. 2, OF THE LEGISLATIVE DECREE N. 58 OF FEBRUARY 24, 1998, THE EXECUTIVE IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AT ACEA, GIUSEPPE GOLA – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.