



**Strategic Guidelines and  
H1 2023 Results  
ACEA Group**

**July 25<sup>th</sup>, 2023**



**STRATEGIC GUIDELINES**



**H1 2023 RESULTS**



**ANNEX**



## STRATEGIC GUIDELINES



## H1 2023 RESULTS



## ANNEX

# ACEA Group: infrastructure operator with a strong presence in regulated sectors<sup>1</sup>

 <b>Water</b> <b>#1</b> <b>by customer base</b>	 <b>Electricity</b> <b>#2</b> <b>by customer base</b>	 <b>Environment</b> <b>#4</b> <b>by waste managed</b>
<p><b>Italy:</b></p> <ul style="list-style-type: none"><li>• ~9m customers</li><li>• ~59,000 km network</li><li>• &lt;30% water leaks in Rome</li></ul> <p><b>South America:</b></p> <ul style="list-style-type: none"><li>• 3 countries</li><li>• ~10m customers</li></ul> <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>	<p><b>Power grids:</b></p> <ul style="list-style-type: none"><li>• ~1.7m PODs<sup>2</sup> for 32,000 km of grid</li><li>• ~6% grid losses</li></ul> <p><b>Generation:</b></p> <ul style="list-style-type: none"><li>• ~0.7 TWh generated</li></ul> <p><b>Commercial:</b></p> <ul style="list-style-type: none"><li>• ~1.4m customers</li></ul> <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>	<p><b>Waste management:</b></p> <ul style="list-style-type: none"><li>• ~1.7m tonnes waste managed</li></ul> <p><b>Waste to energy:</b></p> <ul style="list-style-type: none"><li>• ~47% recycling rate</li></ul> <p><b>Waste to materials:</b></p> <ul style="list-style-type: none"><li>• ~340 GWh of energy produced</li></ul> <p>Sources: 2022 Annual Report, 2022 Sustainability Report</p>

# Highly challenging outlook for the sector in the coming years



## Water<sup>1</sup>

### Importance of protecting water resources

~18% of **GDP** directly/indirectly linked to the availability of **water**

### High leakage rate in Italian system

~42% **leakage rate** in Italy vs. European average of ~23%

### Limited public awareness

66% of **Italians** underestimate their water consumption



## Electricity<sup>2</sup>

### Energy transition

60-65 **GW** growth in renewables by 2030, of which ~80% solar

### Electrification and role of grids

**Consumption up 1.5x** in 10 years, with need to guarantee system resilience

### Significant need for flexibility

10**GW** of energy storage expected by 2030



## Environment<sup>3</sup>

### Circular economy drive

+10 **pp** of **plastic waste recyclable** in Europe by 2030

### Developments in the regulatory framework

Progressive **regulation of waste in Italy**

### New forms of treatment

**Waste-to-Chemical and special waste** thanks to recent technological developments



## Engineering

High demand for **technical expertise** to support the **country's infrastructure investment**

# ACEA vision: infrastructure growth to support the country, enabled by people

- High level of service for the **community** (customers, citizens, towns, provinces, regions)
- Development opportunities for **personnel**
- **Shareholder** returns

- **Renewables** (photovoltaic plants)
- **Decarbonisation**, waste recycling, carbon capture
- **Smart cities** (public lighting)



- **National in the integrated water cycle** (internationally scalable)
- **Local in power grids** (Rome)
- **Regional in the environment sector** (central Italy, replicable on a national scale)

- **Major projects** (Peschiera, Waste-to-Energy)
- **On field activities excellence** (digital, AI)

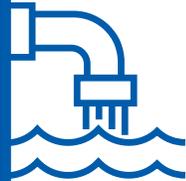
# Water: strategic pillars

Consolidating the Italian market, positioning the Group as a **Water market leader**, leveraging:

- Solid **track record for delivering services** to 9m inhabitants
- Opportunities to **deliver major strategic projects** for the country



**Strengthening the presence in municipal water supply systems in Italy**



**Growth in industrial water services**



**Assessment of overseas opportunities**

**Infrastructure development** (e.g., doubling the Peschiera aqueduct), **geographical expansion, new technologies** (smart meters), incentives to **protect water resources**

Positioning in the industrial water services market, leveraging **existing assets and distinctive water-related expertise**

**Potential for targeted growth in existing businesses**, with scope for partnerships with other operators



# Electricity: Strategic pillars

Guaranteeing a **resilient grid** and **protecting quality of service** in the city of Rome

Developing **new renewable capacity** in response to energy transition

Consolidating **retail market performance and service**



## Focus on electricity grids in Rome

Boosting the grid's **resilience** and **digitalisation**, improving **service quality**, incentivising **distributed flexibility** and **local dispatching** and offering **smart city services**



## Growth in renewables

Developing **photovoltaic plants** to balance the Group's consumption, achieve our **SBTi targets** by cutting emission intensity and contribute to **the country's energy transition**



## Consolidate retail market performance and service

Boosting **digital channels**, optimising the **customer management** model, ensuring the **effective transition** of customers to the free market

# Environment: Strategic pillars

**Consolidating / expanding our leadership in central Italy** throughout the waste management chain

**Meeting future demand for new Waste-to-Energy plants** to dispose waste in central Italy



## **Consolidation in central Italy**

Optimising our existing **industrial footprint**, through **geographical expansion** in **synergy with other businesses**



## **Growth in Waste-to-Energy**

**Revamping and developing new lines**, leveraging **the Group's extensive experience** in Waste-to-Energy (e.g., expansion and revamping of San Vittore)



## **Strengthening capabilities in materials recycling**

Boosting capabilities and quality in materials recycling to close the waste cycle, assessing **opportunities in new segments** (e.g., Waste-to-Chemical)

# ACEA commitment to ESG

E

**Confirmation of our SBTi targets** for cutting CO<sub>2</sub> emissions

Strengthening **the waste recycling chain**

**Reducing water leakage**

S

Commitment to **gender equality**

Boosting **youth employment**

Boosting **personnel development and training** opportunities

G

**ESG criteria** fully embedded in Risk & Compliance processes

**Support supply chain** to enable ESG performance

Expand on the **ESG KPIs** monitored by the Group



STRATEGIC GUIDELINES



**H1 2023 RESULTS**



ANNEX

# H1 2023 highlights

GROWTH IN REGULATED BUSINESSES AND OPERATIONAL DISCIPLINE

## REVENUE

Water, Energy Infrastructure  
and Environment

+5%



**Group revenue of €2.3bn**, including approximately €1.2bn from Water, Energy Infrastructure and Environment sectors (+5% vs H1 2022)

## EBITDA

excluding non recurring  
items and change in scope

+3%



**Organic EBITDA of €663m, up €18m vs H1 2022** driven by organic growth in regulated businesses (+6% Water and +3% Energy Infrastructure) and ongoing operating efficiencies

## NET PROFIT ADJUSTED

+6%



**Reported net profit of €142m (adjusted Net Profit of €144m - €138m in H1 2022)**, EBITDA growth offsets the rising finance costs caused by higher interest rates and the increase in depreciation related to previous years capex

## CAPEX

Water, Energy Infrastructure  
and Environment

+8%



**Capex of €503m, up across regulated businesses** in line with investment plans and with the average for H1 and H2 2022

## FREE CASH FLOW

+175%

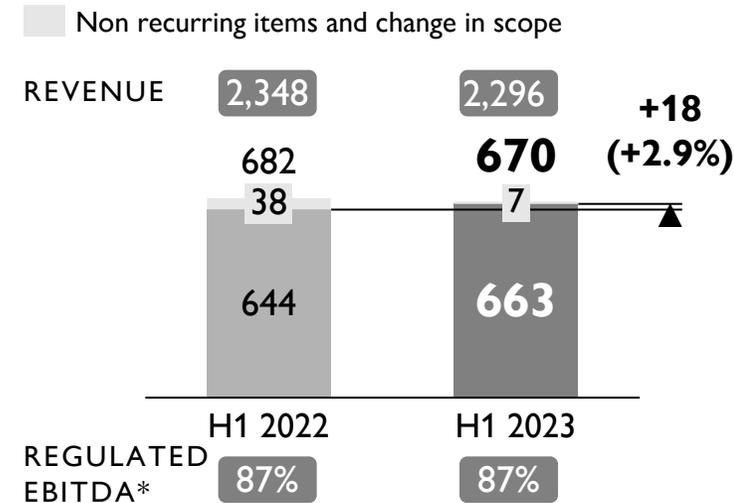


**Free cash flow of €103m, up €65m vs H1 2022**, enabling the Group to maintain a solid financial structure: Net Debt/EBITDA of 3.7x fully compliant to guidance (<3.8x)  
Increase in debt (+€359m) influenced by dividends, taxation and finance costs

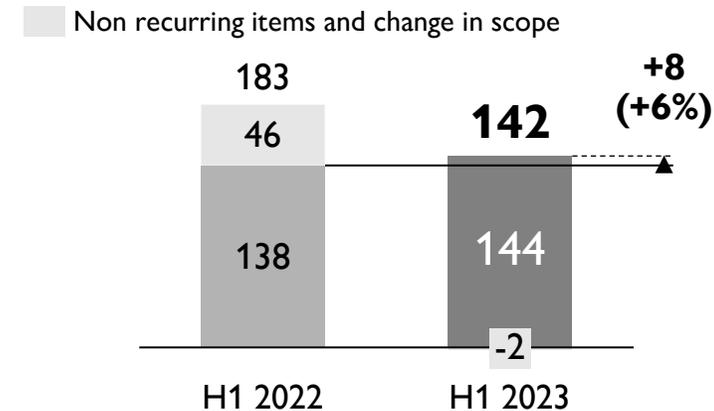
# Overview of H1 2023 results

GROWTH AND DELIVERY OF INVESTMENT PLAN CONTINUE

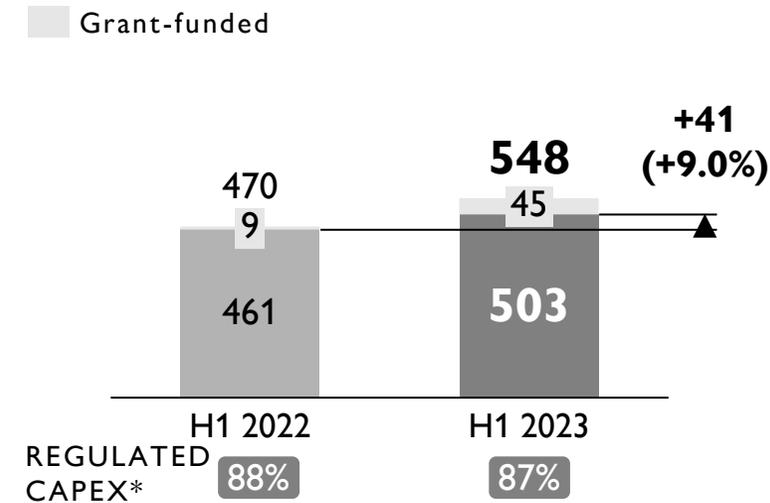
## EBITDA (€m)



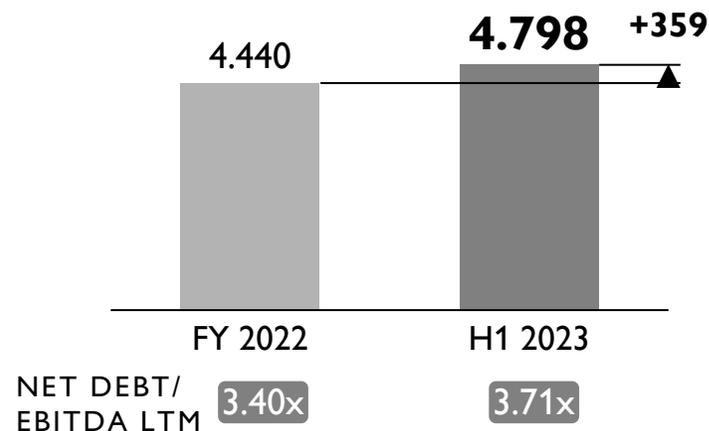
## NET PROFIT (€m)



## CAPEX (€m)



## NET DEBT (€m)



**Organic EBITDA growth** despite lower revenue thanks to **organic growth of regulated businesses** and **operational efficiency**

Delivery of **investment plan** in sectors key to the quality of life of citizens  
**NET DEBT/EBITDA** outperforms the guidance

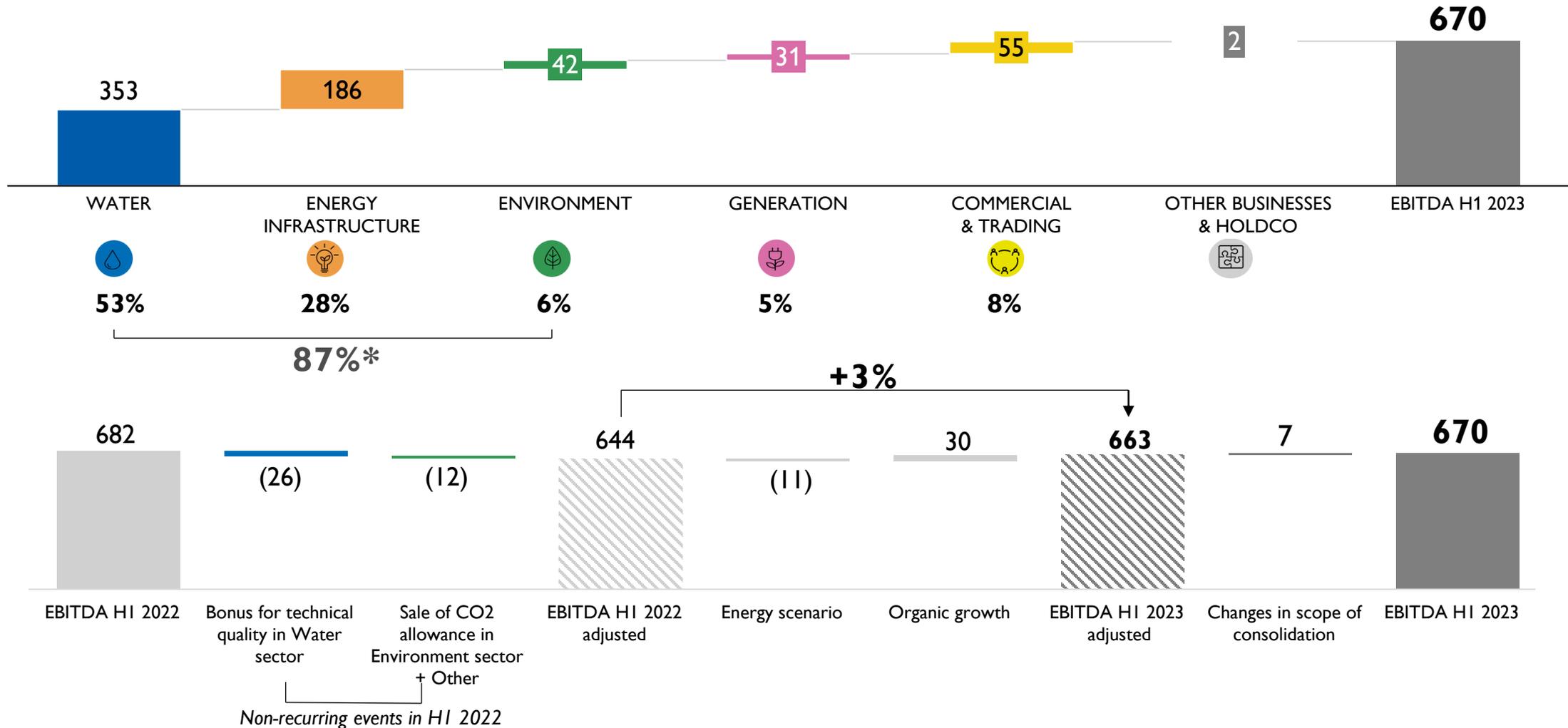
## GUIDANCE 2023

EBITDA +2%/+4% vs 2022  
 NET DEBT/EBITDA < 3.8X  
 CAPEX In line with 2022

# EBITDA H1 2023

ORGANIC GROWTH +3%

## EBITDA (€m)

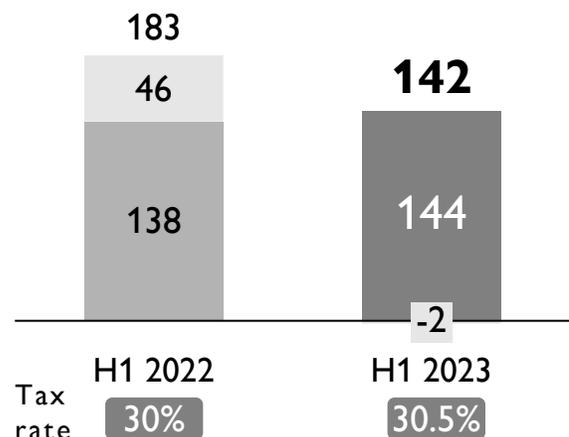


# Net Profit H1 2023

OPERATIONAL PERFORMANCE OUTWEIGHS INCREASE IN DEPRECIATION AND FINANCE COSTS

## NET PROFIT (€m)

■ Non recurring items and change in scope



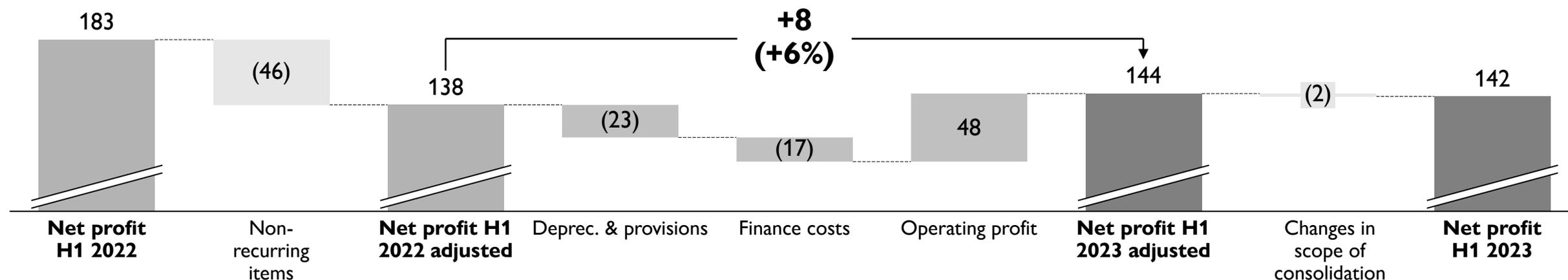
**Efficiency improvements and growth of regulated businesses outweigh increase in depreciation and interest rates** (rise in rates began in H2 2022)

**Profit for H1 2023 (€142m) ahead of average for H1 and H2 2022 (€140m)**

**Non-recurring events in H1 2022 (-€46m):**

- Recognition in H1 2022 of gain on sale of stake in photovoltaic assets (-€19m)
- Release from Terni plant's obligation to purchase CO2 allowances (-€8m)
- Bonus for technical quality in Water sector in H1 2022 (-€18m)

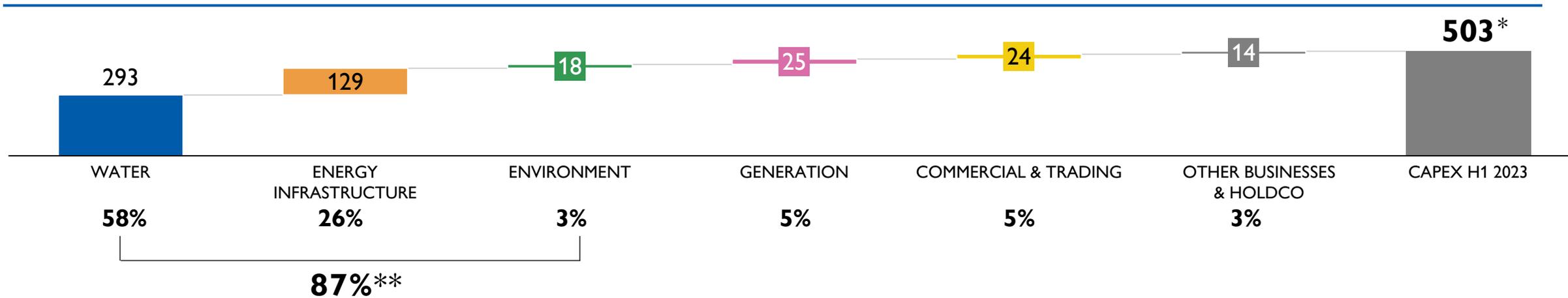
N.B.: determination of "Bonus for technical Quality in Water sector 2020-21" in H2 2023



# CAPEX H1 2023

CAPEX IN LINE WITH AVERAGE FOR H1 AND H2 2022 WITH FOCUS ON REGULATED BUSINESSES

## CAPEX (€m)



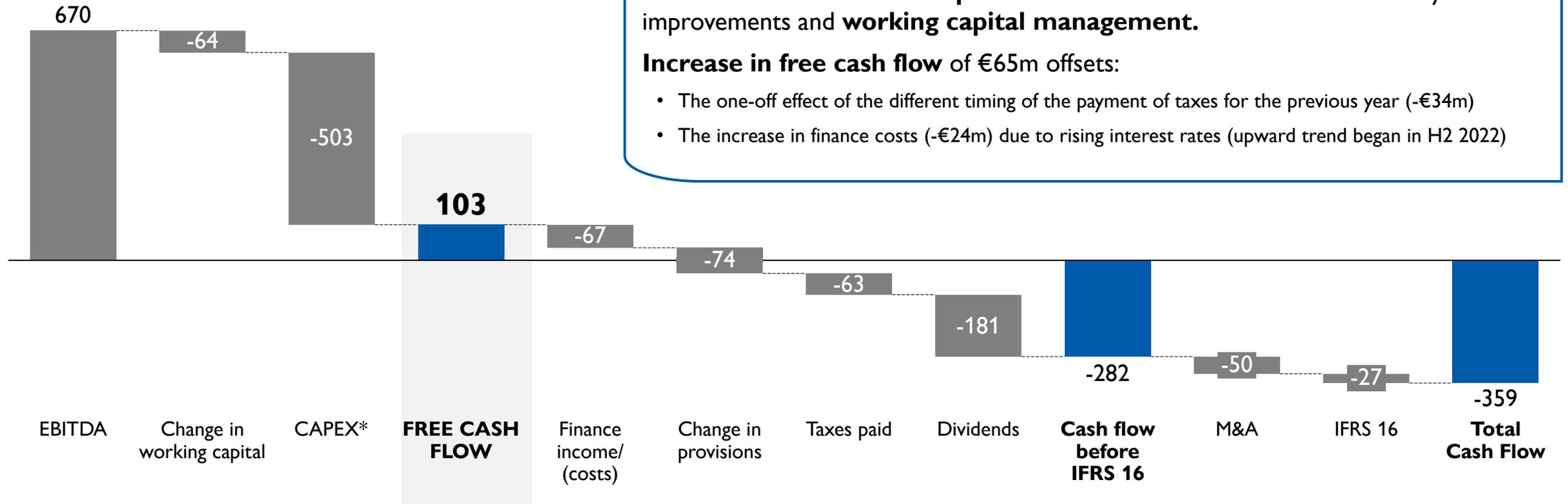
WATER	ENERGY INFRASTRUCTURE	ENVIRONMENT	GENERATION	COMMERCIAL & TRADING	OTHER
<ul style="list-style-type: none"> <li>REPAIR AND WIDENING OF WATER AND SEWER PIPES</li> <li>EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS</li> <li>WORK ON TREATMENT PLANTS</li> <li>CHANGE IN SCOPE OF CONSOLIDATION</li> </ul>	<ul style="list-style-type: none"> <li>UPGRADE OF THE GRID</li> <li>WORK ON PRIMARY AND SECONDARY SUBSTATIONS</li> <li>INSTALLATION OF 2G METERS</li> </ul>	<ul style="list-style-type: none"> <li>WORK ON SAN VITTORE, TERNI AND MONTEROTONDO MARITTIMO PLANTS</li> <li>CONSTRUCTION OF PLASTIC SORTING PLANT</li> <li>CHANGE IN SCOPE OF CONSOLIDATION</li> </ul>	<ul style="list-style-type: none"> <li>UPGRADE OF HYDROELECTRIC PRODUCTION PLANTS</li> <li>CONSTRUCTION OF PHOTOVOLTAIC PLANTS</li> </ul>	<ul style="list-style-type: none"> <li>CUSTOMER ACQUISITION</li> <li>SMART SERVICES AND E-MOBILITY PROJECTS</li> </ul>	<ul style="list-style-type: none"> <li>CORPORATE: IT PROJECTS</li> </ul>

# Cash Flow H1 2023

INCREASE IN CASH INFLOW THANKS TO EBITDA GROWTH AND WORKING CAPITAL MANAGEMENT

## CASH FLOW (€m)

H1 2023



**Free cash flow of €103m up €65m versus H1 2022** thanks to efficiency improvements and **working capital management**.

**Increase in free cash flow of €65m offsets:**

- The one-off effect of the different timing of the payment of taxes for the previous year (-€34m)
- The increase in finance costs (-€24m) due to rising interest rates (upward trend began in H2 2022)

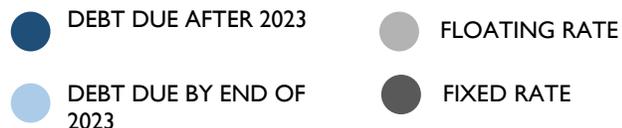
H1 2022	682	(183)	(462)	38	(44)	(80)	(29)	(181)	(295)	80	(8)	(223)
			<b>Δ H1 2023 VS H1 2022</b>	<b>+65</b>	(23)	+6	(34)	0	<b>+13</b>			

# Financial structure H1 2023

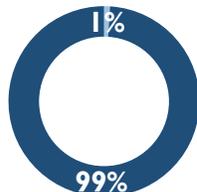
LEVERAGE GUIDANCE FULLY CONFIRMED

(€m)	CONS H1 2023	DEC 2022	CONS H1 2022	CONS H1 2023 vs DEC 2022	CONS H1 2023 vs H1 2022
<b>NET DEBT</b>	<b>4,798</b>	<b>4,440</b>	<b>4,212</b>	<b>359</b>	<b>586</b>
Long-term debt	5,400	4,723	4,685		
Short-term debt	406	619	679		
Cash and cash equivalents	(1,007)	(902)	(1.152)		

## STRUCTURE OF DEBT (MATURITY AND INTEREST RATES AT 30 JUNE 2023)



% OF DEBT FIXED RATE	AVERAGE COST	AVERAGE TERM
<b>91%</b>	<b>2,02%</b>	<b>4,6 ANNI</b>



## LEVERAGE

NET DEBT/EBITDA LTM 30 JUNE 2023	NET DEBT/EBITDA 31 DECEMBER 2022
<b>3.7x</b>	<b>3.4x</b>

## RATING

FitchRatings «BBB+» Negative outlook	MOODY'S «Baa2» Negative outlook
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### 17 JANUARY 2023

Successful placement of a GREEN BOND worth €500m, paying coupon interest of 3.875% and maturing on 24 January 2031

### 3 FEBRUARY 2023

Successful completion of the €200m TAP ISSUE of the GREEN BOND launched on 17 January 2023 (coupon interest of 3.875% and maturing on 24 January 2031)

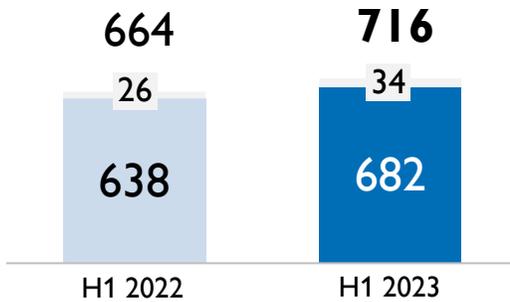
### 6 JULY 2023

€435m EIB loan

## REVENUE +7%

(€m)

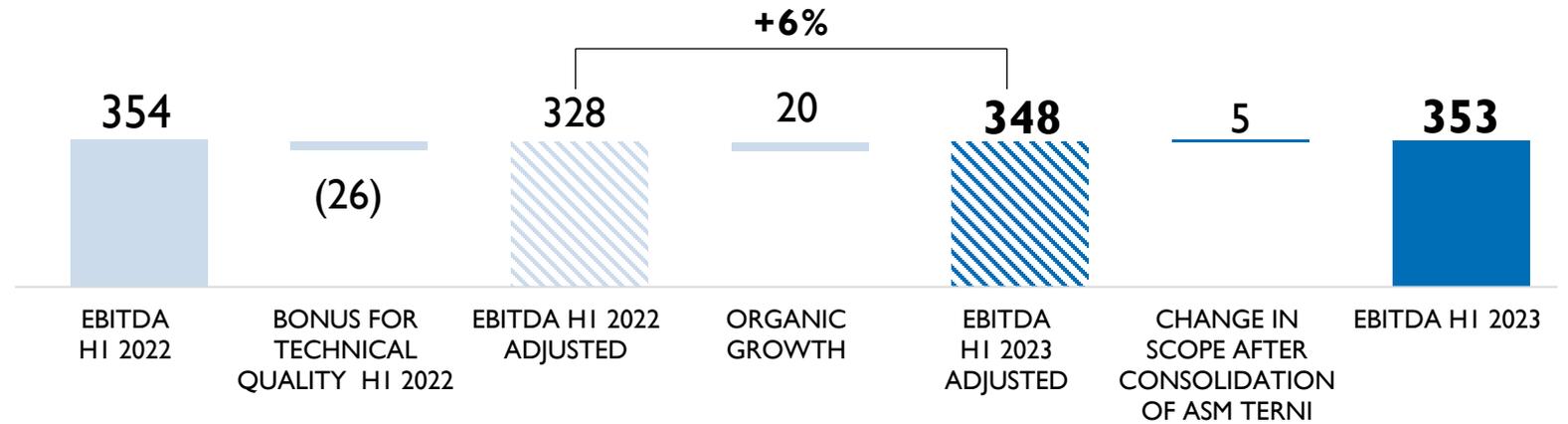
■ Non recurring items and change in scope



## EBITDA ORGANIC GROWTH\* +6%

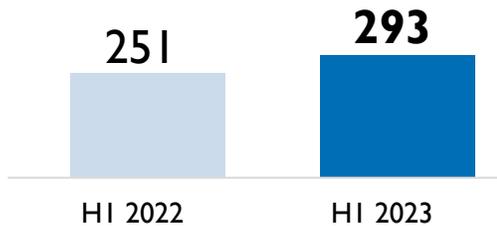
### MAIN DRIVERS

(€m)



## CAPEX\*\* +17%

(€m)



### COMBINATION WITH ASM TERNI

- ✓ closing of first phase (6 December 2022)
  - ✓ closing of second phase completing the transaction (20 April 2023)
- Acea's stake in ASM Terni rises to 45%

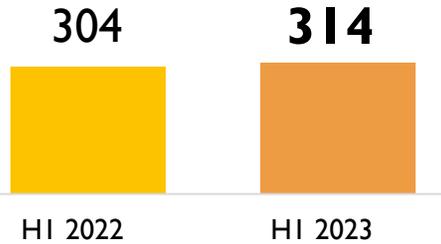


# Energy infrastructure: EBITDA growth +3%

DELIVERY OF INVESTMENT PLAN CONTINUES

## REVENUE +3%

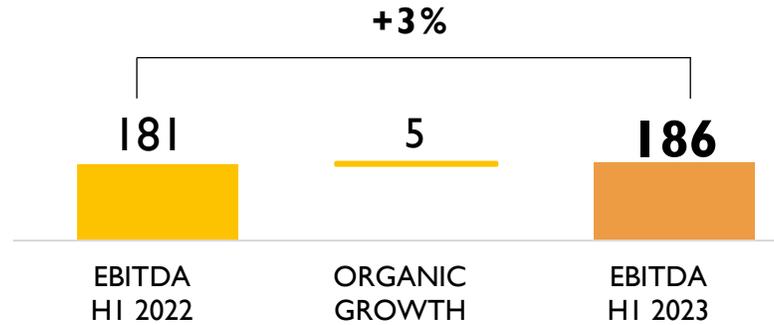
(€m)



## EBITDA +3%

MAIN DRIVERS

(€m)



## 2G ELECTRICITY METERS

Installed at 30 June 2023

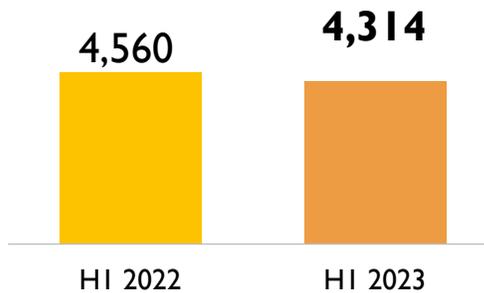
~ 804k

## CAPEX -5%

(€m)

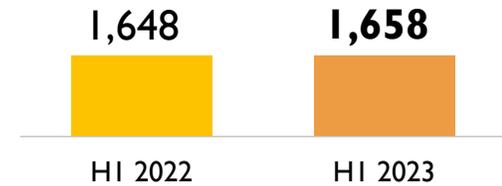


## TOTAL ELECTRICITY DISTRIBUTED (GWh)



## NUMBER OF PODs

('000s)





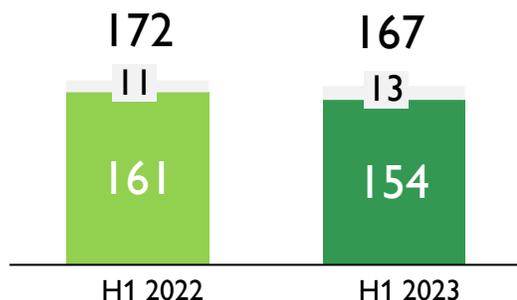
# Environment: increase in waste treated +8%

ONGOING INTEGRATION OF PLANTS ACQUIRED IN 2022

## REVENUE -4%

(€m)

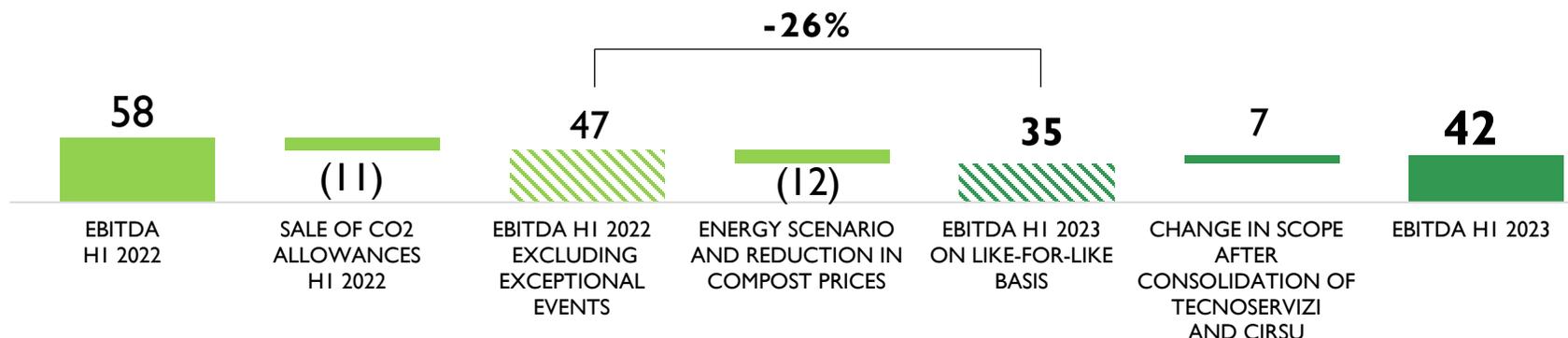
One-offs and change in scope



## EBITDA -27%

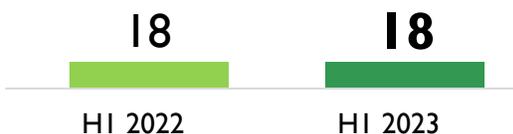
MAIN DRIVERS

(€m)



## CAPEX

(€m)



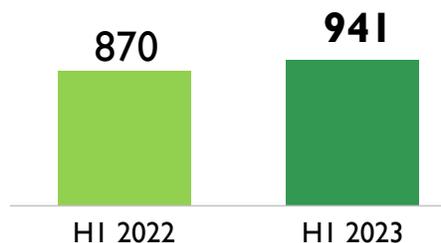
### ACQUISITION OF 35% OF DECO

✓ ACEA has increased its stake in Deco, a waste management company in Abruzzo, to 100% (January 23<sup>rd</sup>, 2023)

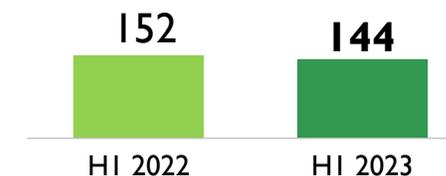
### ACQUISITION OF 70% OF TECNOSERVIZI

✓ Tecnoservizi (province of Rome) operating in the mechanical treatment and recovery of urban waste and non-hazardous special waste (3 October 2022)

## TREATMENT AND DISPOSAL (KTONNES)



## WTE ELECTRICITY SOLD (GWh)





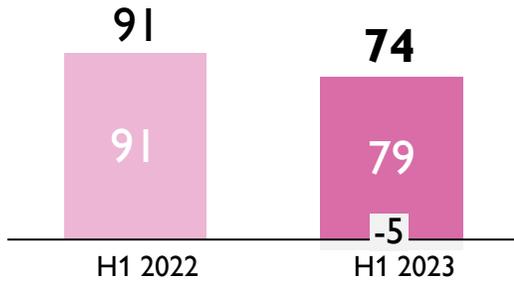
# Generation: increase in electricity production +11%

OVER 200MW OF READY-TO-BUILD PHOTOVOLTAIC PLANTS

## REVENUE -13%

(€m)

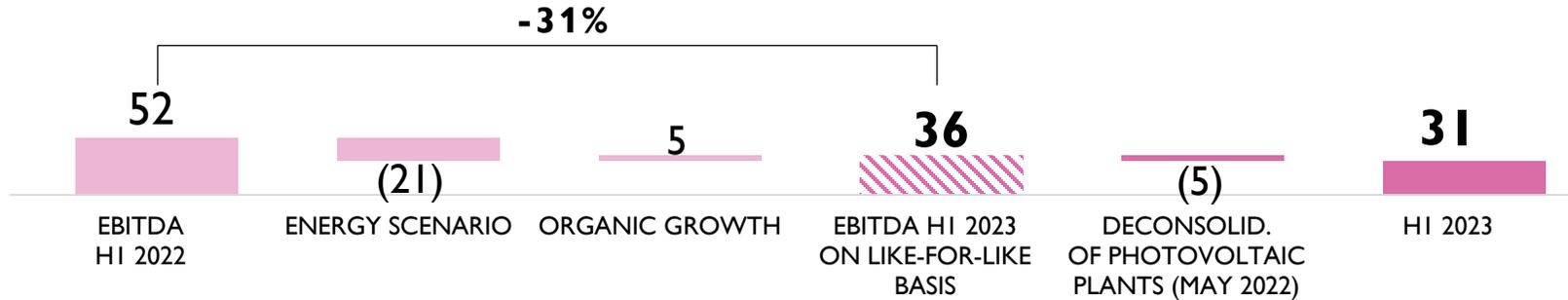
■ Non recurring items and change in scope



## EBITDA -41%

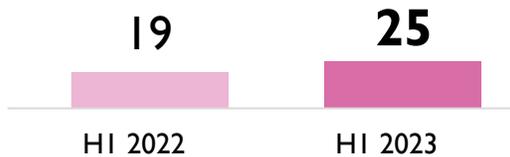
MAIN DRIVERS

(€m)



## CAPEX +30%

(€m)



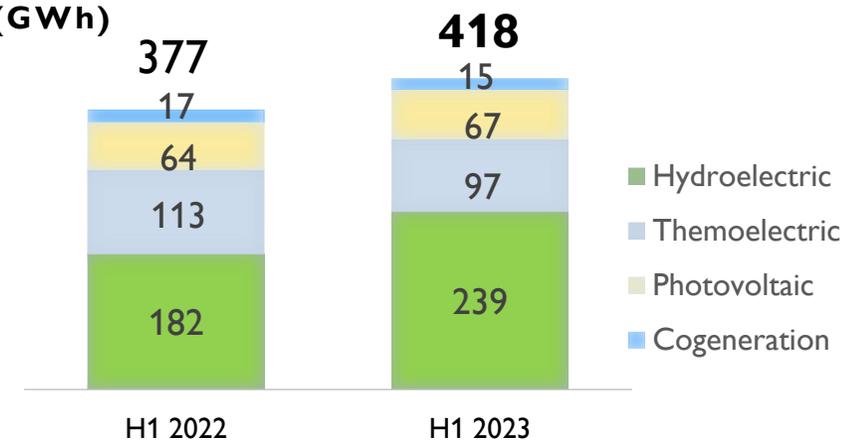
## STATUS OF PHOTOVOLTAIC PLANTS

Total pipeline of 860 MW

- consents obtained for 208 MW (under construction + ready to build)
- 652 MW awaiting consents

Installed capacity 98 MW

## TOTAL ELECTRICITY PRODUCED (GWh)



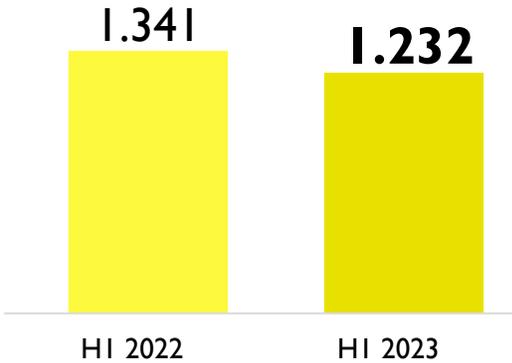


# Commercial & Trading: EBITDA growth +45%

FREE MARKET CUSTOMER BASE INCREASING

## REVENUE -8%

(€m)

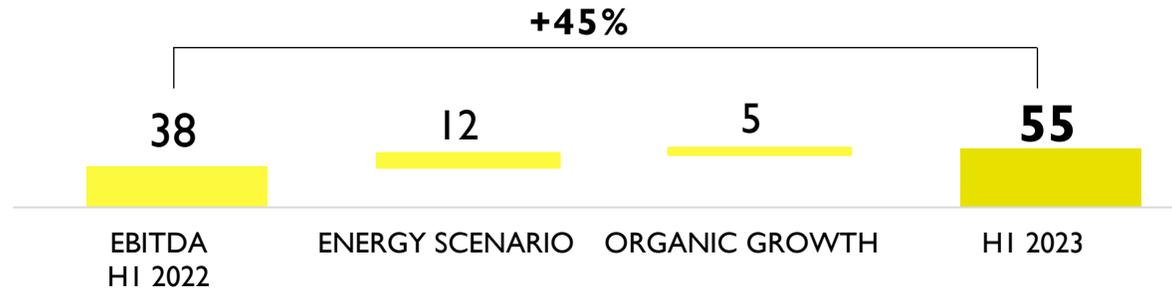


## EBITDA +45%

MAIN DRIVERS

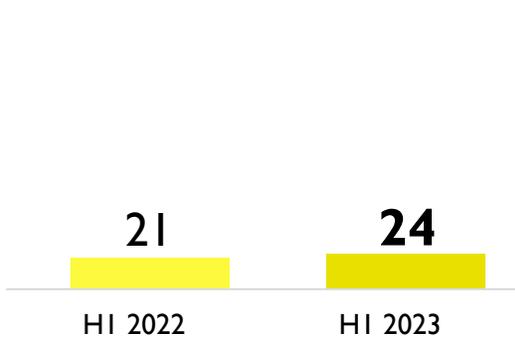
(€m)

○ FREE MKT ◌ EN. PROT. MKT

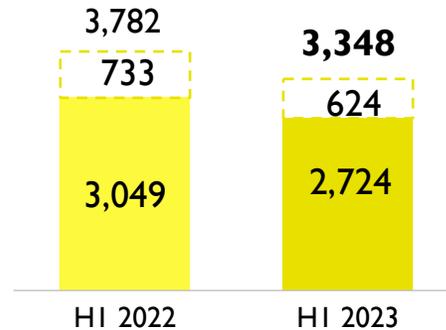


## CAPEX +15%

(€m)



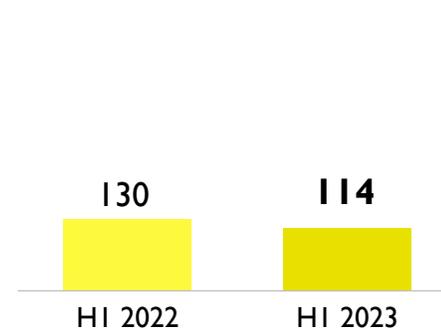
## TOTAL ELECTRICITY SOLD (GWH)



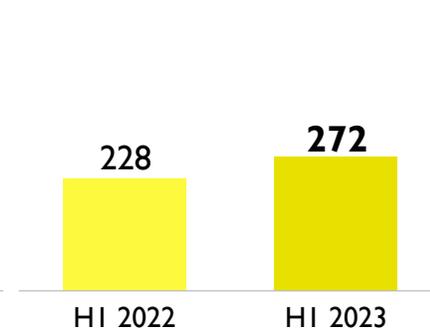
## NUMBER OF ELECTRICITY CUSTOMERS ('000s)



## TOTAL GAS SOLD (MMC)



## NUMBER OF GAS CUSTOMERS ('000s)





STRATEGIC GUIDELINES



H1 2023 RESULTS



ANNEX

# Key events in H1 2023

## **DECO**

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### **January 2023**

Completion of the acquisition of the remaining 35% of DECO (waste management in the Abruzzo region).

## **New WTE in Rome**

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### **March 2023**

Expression of interest in bidding for the contract for the new Santa Palomba WTE plant (Rome) submitted together with Suez, Hitachi Zosen Inova and Vianini Lavori.

## **Combination with ASM Terni**

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### **April 2023**

Closing of the second phase of the business combination involving ACEA, ASM Terni and the Municipality of Terni.

## **SIMAM**

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### **April 2023**

Completion of the acquisition of the remaining 30% of SIMAM, specialising in engineering, the construction and operation of water and waste treatment plants and in environmental and remediation projects).

## **WMS (Waidy Management System)**

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### **May 2023**

WMS, ACEA's technology platform for sustainable water cycle management, receives award in the Service Design category.

## **Partnership with Acquedotto Pugliese**

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### **June 2023**

Signature of a Memorandum for the development of joint projects for the protection of water resources and technological innovation.

## **EIB loan**

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### **July 2023**

€435m EIB loan obtained.

## **Safeguarding legality**

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### **July 2023**

Signature with the Ministry of Internal Affairs of a «National Framework Agreement for the safeguarding of legality».

# Sustainable growth pathway

MAJOR PROGRESS IN ESG

## **Top Employers Italia 2023**

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*January 2023*

Acea obtains «Top Employers Italia 2023» certification.

## **Gender-Equality Index**

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*January 2023*

Confirmation of inclusion in the «Gender Equality Index», with a score of 81.58.

## **FSE Top Utility for Research and Innovation**

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*March 2023*

Winner of the award as «RSE Top Utility for Research and Innovation».

## **People and Participation Charter**

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*May 2023*

Signature with the labour unions of a “People and Participation Charter”.

## **Standard Ethics**

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*July 2023*

**Standard Ethics** upgrades ACEA's Corporate Standard Ethics Rating (SER) to “EE+” from the previous “EE” with a “Positive” outlook.

# Sustainability ratings



**62/100**



**«EE+»  
Positive outlook**



**«B»  
Management  
Level**



**«A»**



**81.58/100**



**«Leader ESG  
Identity»**



**ESG risk  
Rating  
20.1**

# Q&A SESSION

ACEA GROUP  
STRATEGIC GUIDELINES  
AND RESULTS HI 2023

ROME, 25 JULY 2023

# 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.

YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, WHICH ARE MADE ONLY AS OF THE DATE OF THIS PRESENTATION. ACEA S.P.A. DOES NOT UNDERTAKE ANY OBLIGATION TO PUBLICLY RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS PRESENTATION.

THIS PRESENTATION DOES NOT CONSTITUTE A RECOMMENDATION REGARDING THE SECURITIES OF THE COMPANY. THIS PRESENTATION DOES NOT CONTAIN AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES ISSUED BY ACEA S.P.A. OR ANY OF ITS SUBSIDIARIES.

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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, SABRINA DI BARTOLOMEO - CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.