



acea
Q1 2019 Results

Rome, 15 May 2019

Executive Summary

RESULTS FOR Q1 2019 CONFIRM GROWTH TREND ACROSS ALL KEY PERFORMANCE INDICATORS AND DELIVERY OF MAJOR INVESTMENT PROGRAMME:

- **EBITDA** €248m +8% versus Q1 2018
- **EBIT** €133m +4% versus Q1 2018
- **Capex** €151m +14% versus Q1 2018

GUIDANCE FOR 2019 CONFIRMED

- **EBITDA** +5/6% versus 2018 (€933m)
- **Capex up by over 10%** versus €631m of 2018
- **Net debt** €2.85-2.95bn

ACQUISITION OF 51% STAKE IN PESCARA DISTRIBUZIONE GAS COMPLETED IN MARCH

NEW BUSINESS PLAN 2019-2022 APPROVED ON 2 APRIL, PLAN ENVISAGES:

- **EBITDA** in 2022: €1,270m (+36% versus 2018)
- **RAB** in 2022: €4.8bn (+28% versus 2018)
- **Record investment:** €4bn (in the period 2018-2022)
- **Dividend of at least** €0.75 per share for 2019 and rising further over life of the Plan

BOARD OF DIRECTORS HAS AUTHORISED POTENTIAL ISSUE, UNDER EMTN PROGRAMME, OF ONE OR MORE BONDS WITH A TOTAL VALUE OF UP TO €500M

Q1 2019 financial highlights

| (€m) | Q1 2019 (a) | Q1 2018 (b) | % change (a/b) |
|-----------------------------|----------------|----------------|-------------------|
| Consolidated revenue | 823.3 | 745.5 | +10.4% |
| EBITDA | 247.9* | 229.2 | +8.2% |
| EBIT | 132.8 | 127.4 | +4.2% |
| Group net profit | 75.5** | 77.4 | -2.5% |

EBITDA guidance 2019: +5/6%
versus 2018 (€933m)

+10.2% versus
Q1 2018 after income relating to
investment in TWS group

| | | | |
|--------------|--------------|--------------|---------------|
| Capex | 151.2 | 133.0 | +13.7% |
|--------------|--------------|--------------|---------------|

Capex guidance 2019: up by over
10% versus 2018 (€631m)

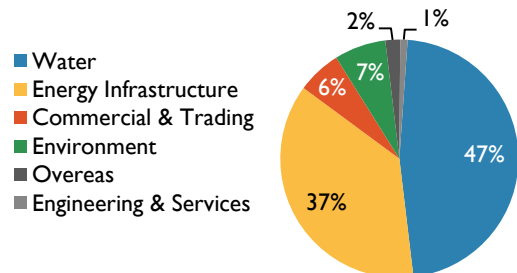
| (€m) | 31 Mar 2019 (a) | 31 Dec 2018 (b) | 31 Mar 2018 (c) | % change (a/b) | % change (a/c) |
|-------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| Net debt | 2,675.7° | 2,568.0 | 2,482.1 | +4.2% | +7.8% |
| Invested capital | 4,655.0 | 4,471.5 | 4,197.0 | +4.1% | +10.9% |

Net debt guidance 2019: €2.85-
2.95bn

* Effect of consolidation of Gori: €17.3m

** Recognition in Q1 2018 of income from acquisition of the investment in the TWS group (€8.9m)

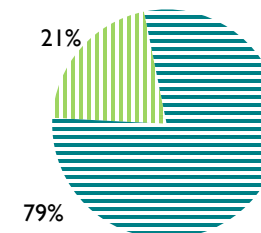
° Impact of application of IFRS16 from 1 January 2019 (up €55m)



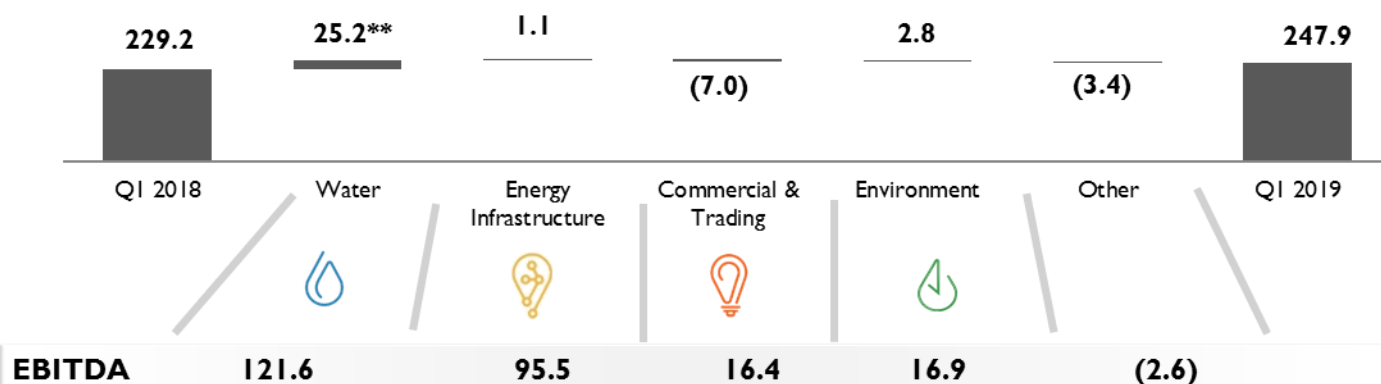
EBITDA Q1 2019

EBITDA from non-regulated businesses

EBITDA from regulated businesses



EBITDA (€m)



Average Group workforce

| Q1 2019 | Q1 2018 | Change |
|---------|---------|---------|
| 6,624 | 5,535 | +1,089* |

* Increase in workforce primarily reflects changes in scope of consolidation (Gori +812; Consorzio Servizio Sur +210; Pescara Distribuzione Gas +14).

** Effect of consolidation of Gori: €17.3m.

EBITDA and quantitative data

Q1 2019 financial highlights



Water

EBITDA main drivers

EBITDA GROWTH

- ⬆ Acea ATO2: +€5.7m
- ⬆ Acea ATO5: +€2.7m
- ⬆ Line-by-line consolidation of Gori: +€17.3m
- ⬇ Companies consolidated using equity method: –€0.9m

| (€m) | Q1 2019 (a) | Q1 2018 (b) | % change (a/b) | Quantitative data | Q1 2019 | Q1 2018 |
|--|----------------|----------------|-------------------|---|------------|------------|
| EBITDA <i>Of which:</i> | 121.6 | 96.4 | +26.1% | | | |
| Acea ATO2 | 89.5 | 83.8 | +6.8% | | | |
| Acea ATO5 | 6.5 | 3.9 | +66.7% | | | |
| Gori | 17.9 | 0 | n/s | | | |
| Companies consolidated using equity method | 7.0 | 7.9 | -11.4% | | | |
| Other | 0.7 | 0.8 | -12.5% | | | |
| Capex | 73.1 | 67.3 | +8.6% | | | |
| | | | | Total volume of water distributed (Mm³) | 125 | 127 |
| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) | | | |
| Average workforce | 2,647 | 1,789 | +858* | | | |

* The increase primarily reflects the consolidation of Gori (+812) and Pescara Distribuzione Gas (+14)

EBITDA and quantitative data

Q1 2019 financial highlights



**Energy
Infrastructure**
EBITDA main drivers

EBITDA GROWTH

- ⬆ Distribution: +€1.1m
- ⬆ Generation: +€0.9m
- ⬇ Public Lighting: -€1m

| (€m) | Q1 2019 (a) | Q1 2018 (b) | % change (a/b) | Quantitative data | Q1 2019 | Q1 2018 |
|--------------------------|------------------------|------------------------|-------------------------|--|--------------|--------------|
| EBITDA | 95.5 | 94.4 | +1.2% | Total electricity distributed (GWh) | 2,454 | 2,469 |
| - Distribution | 81.8 | 80.7 | +1.4% | Number of customers ('000s) | 1,630 | 1,626 |
| - Generation | 14.9 | 14.0 | +6.4% | Total electricity produced (GWh) | 166 | 155 |
| - Public Lighting | (1.2) | (0.2) | n/s | | | |
| Capex | 63.7 | 54.4 | +17.1% | | | |
| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) | | | |
| Average workforce | 1,378 | 1,380 | (2) | | | |

EBITDA and quantitative data

Q1 2019 financial highlights



Commercial & Trading

EBITDA main drivers

EBITDA

- ↓ Reduced margins on Free market (mass market segment)
- ↓ Reduced margins on Enhanced Protection market (cut in RCV)

| (€m) | Q1 2019 (a) | Q1 2018 (b) | % change (a/b) | Quantitative data | Q1 2019 | Q1 2018 |
|--------------------------|----------------|----------------|-------------------|---|--------------|--------------|
| EBITDA | 16.4 | 23.4 | -29.9% | Total energy sold (GWh) | 1,646 | 1,593 |
| | | | | Enhanced Protection market | 1,047 | 930 |
| | | | | Free market | 599 | 663 |
| Capex | 6.1 | 4.1 | +48.8% | No. of electricity customers ('000s) | 1,173 | 1,204 |
| | | | | Enhanced Protection market | 342 | 324 |
| | | | | Free market | 831 | 880 |
| | | | | Total gas sold (Mm³) | 64 | 57 |
| | | | | No. of gas customers ('000s) | 177 | 140 |
| Average workforce | 469 | 467 | +2 | | | |

EBITDA and quantitative data

Q1 2019 financial highlights



Environment

EBITDA main drivers

EBITDA GROWTH

- ▲ Acea Ambiente: +€2.6m
- ▲ Aquaser (sludge recovery): +€0.5m
- ▼ Acque Industriali: -€0.3m

| (€m) | Q1 2019 (a) | Q1 2018 (b) | %change (a/b) | Quantitative data | Q1 2019 | Q1 2018 |
|---------------|----------------|----------------|------------------|--|------------|------------|
| EBITDA | 16.9 | 14.1 | +19.9% | Treatment and disposal* (Ktonnes) | 304 | 254 |
| Capex | 3.1 | 4.6 | -32.6% | WTE electricity produced (GWh) | 85 | 89 |

| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) |
|--------------------------|----------------|----------------|-----------------|
| Average workforce | 372 | 361 | +11** |

* Includes ash disposed of

** Consolidation of Bioecologia (+9)

EBITDA and quantitative data

Q1 2019 financial highlights



Overseas

Positive contribution from Aguas de San Pedro

| (€m) | Q1 2019 (a) | Q1 2018 (b) |
|------|----------------|----------------|
|------|----------------|----------------|

EBITDA 3.8 3.0

Capex 1.5 0.8

| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) |
|--|----------------|----------------|-----------------|
|--|----------------|----------------|-----------------|

Average workforce 815 604 +211*



Engineering & Services

Increased contribution from Ingegnerie Toscane and TWS
Fall in contribution from Acea Elabori

| (€m) | Q1 2019 (a) | Q1 2018 (b) |
|------|----------------|----------------|
|------|----------------|----------------|

EBITDA 2.0 2.2

Capex 0.3 0.3

| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) |
|--|----------------|----------------|-----------------|
|--|----------------|----------------|-----------------|

Average workforce 276 270 +6



Holding company

| (€m) | Q1 2019 (a) | Q1 2018 (b) |
|------|----------------|----------------|
|------|----------------|----------------|

EBITDA (8.4) (4.2)

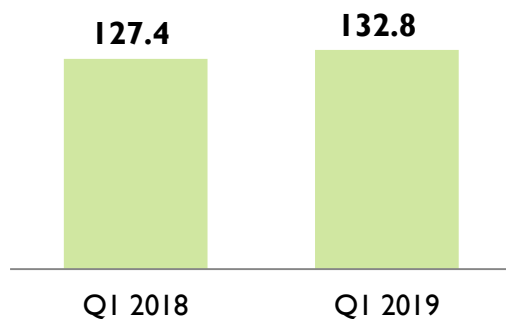
Capex 3.5 1.5

| | Q1 2019 (a) | Q1 2018 (b) | Change (a-b) |
|--|----------------|----------------|-----------------|
|--|----------------|----------------|-----------------|

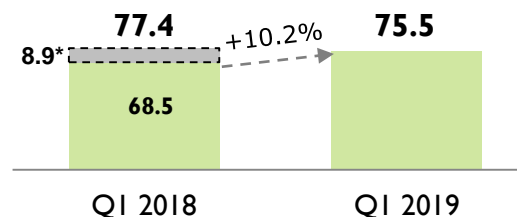
Average workforce 667 664 +3

* Consolidation of Consorcio Servicio Sur (+210)

EBIT (€m)



NET PROFIT (€m)



TAX RATE

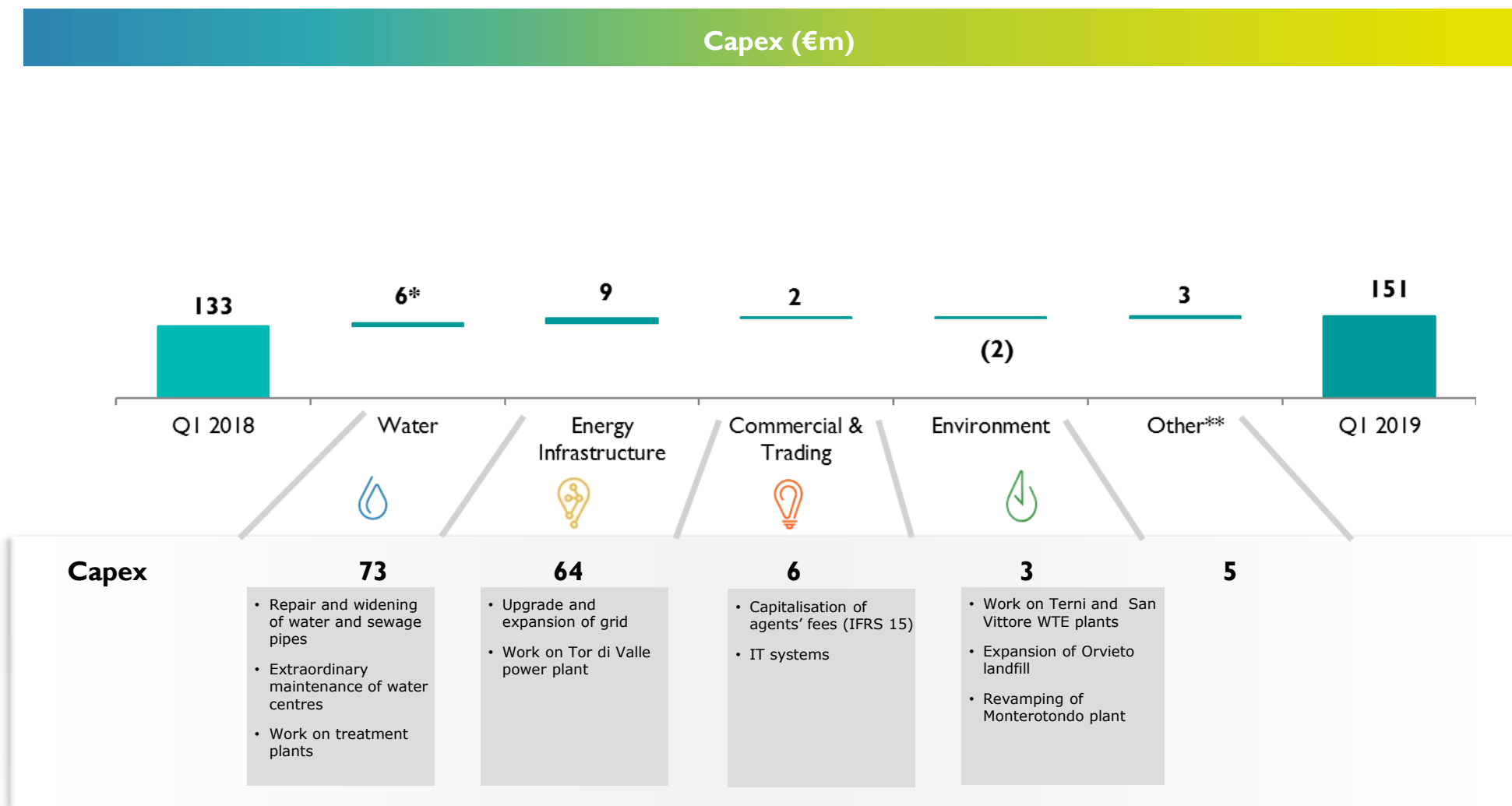
30.4%

29.6%

| (€m) | Q1 2019 | Q1 2018 | % change |
|--------------|--------------|--------------|---------------|
| Depreciation | 95.2 | 77.5 | +22.8% |
| Write-downs | 18.6 | 21.1 | -11.8% |
| Provisions | 1.4 | 3.3 | -57.6% |
| Total | 115.2 | 101.9 | +13.1% |

* Income relating to acquisition of the investment in the TWS group (€8.9m)

Capex growth continues, above all in regulated businesses



* Effect of consolidation of Gori (€8m)

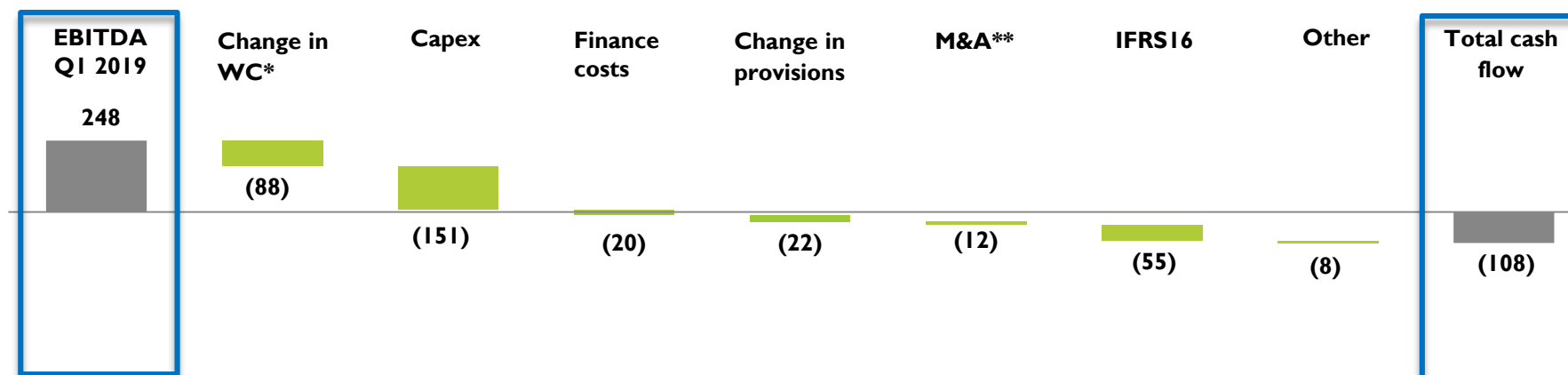
** Overseas, Engineering & Services, Corporate

| (€m) | Q1 2019 | Q1 2018 |
|--|--------------|-------------|
| EBITDA | 248 | 229 |
| Change in working capital | (88) | (101) |
| CAPEX | (151) | (133) |
| FREE CASH FLOW | 9 | (5) |
| Net finance income/(costs) | (20) | (20) |
| Provisions | (22) | (26) |
| M&A** | (12) | 0 |
| IFRS16 | (55) | 0 |
| Other | (8) | (9) |
| TOTAL CASH FLOW | (108) | (61) |
| TOTAL CASH FLOW excluding impact of IFRS16 and acquisition of Pescara Distribuzione Gas | (41) | (61) |

ESTIMATED IMPACT OF IFRS16 IN 2019 (€m)

| | |
|-----------------------|----|
| Net debt | 55 |
| Fixed assets | 55 |
| Lower operating costs | 10 |
| Higher depreciation | 9 |
| Finance costs | 1 |

Compared with Q1 2018, total cash flow for Q1 2019 (excluding the impact of IFRS 16 and the acquisition of Pescara Distribuzione Gas) is up **€20m**, thanks to the performance of credit collection and measures designed to optimise working capital.



* Before adjustments for credit losses
 ** Acquisition of Pescara Distribuzione Gas

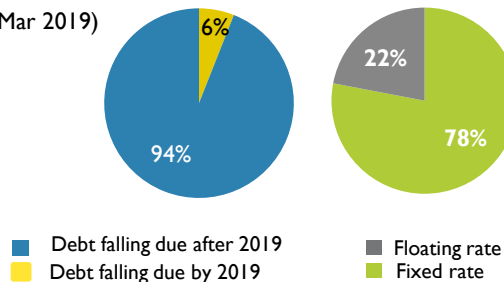
| (€m) | 31 Mar 2019 | 31 Dec 2018 | 31 Mar 2018 | Change | Change |
|------------------|-----------------|----------------|----------------|--------------|--------------|
| | (a) | (b) | (c) | (a-b) | (a-c) |
| Net debt | 2,675.7* | 2,568.0 | 2,482.1 | 107.7 | 193.6 |
| Medium/long-term | 2,979.6 | 3,341.4 | 3,540.2 | (361.8) | (560.6) |
| Short-term | (303.9) | (773.4) | (1,058.1) | 469.5 | 754.2 |

| 31 March 2019 | |
|------------------|----------------------|
| NET DEBT/ EQUITY | NET DEBT/ EBITDA LTM |
| 1.4x | 2.8x |

Debt structure

(maturity and interest rates at 31 Mar 2019)

- > Fixed rate **78%**
- > Average cost **2.19%**
- > Average term **5.5 years**



Ratings

FitchRatings

MOODY'S

BBB+

Baa2

Stable Outlook

Stable Outlook

* Impact of application of IFRS16 from 1 January 2019 (+€55m)

Acea Group

Results for Q1 2019

Rome, 15 May 2019

Q&A Session

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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THIS PRESENTATION DOES NOT CONSTITUTE A RECOMMENDATION REGARDING THE SECURITIES OF THE COMPANY.

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.