



ACEA GROUP



Acea Group Presentation

December 2014

Agenda

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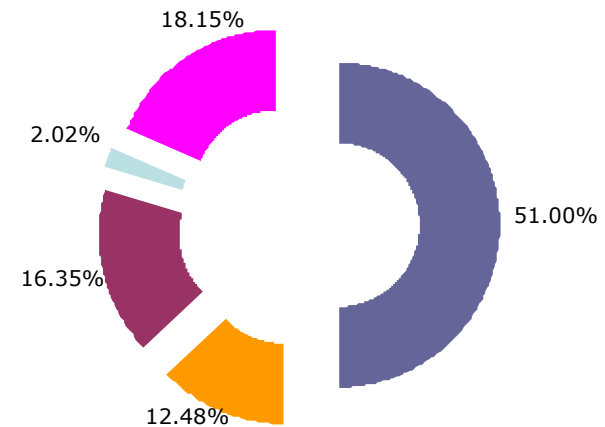
Acea Group description: an Integrated Multi-Utility

- Acea is one of the leading Italian multi-utilities. The company engages in the development of grids and services in the water, energy and environmental sectors.
- Founded in 1909, ACEA has been listed on the Italian Stock Exchange since 1999. The City of Rome is the largest shareholder.

Group Structure

ENVIRONMENT	ENERGY	WATER
100% Acea Risorse e Impianti per l'Ambiente	100% Acea Energia Holding 100% Acea Energia 100% Acea Produzione	96% Acea Ato2
88% Acquaser	100% Acea8cento	94% Acea Ato5
50% Ecomed		99% Sarnese Vesuviano 37% Gori
		100% Crea Gestioni
		40% Umbra Acque
		85% Ombrone 40% Acquedotto del Fiora
		69% Acque Blu Arno Basso 45% Acque
		69% Acque Blu Fiorentine 40% Publiacqua
		35% Intesa Aretina 46% Nuove Acque
		1% Ingegnerie Toscane
		25% Consorzio Agua Azul
		51% Aguazul Bogotà
		100% Acea Dominicana
GRIDS	OTHER SERVICES	
100% Acea Reti e Servizi Energetici	100% Laboratori	
50% Acea Distribuzione 51% Ecogena 49% Acea illuminazione Pubblica		
50% Acea Illuminazione Pubblica		
50% Acea Distribuzione		

Shareholder Structure



- City of Rome
- Suez Environnement Company SA (held through Ondeo Italia)
- Caltagirone Group
- Norges Bank
- Other

Source: CONSOB (November 2014)

Acea Group description: Main Business Units

A leading player in the Italian market



Acea ranks fifth in Italy for waste treated, with over 700,000 tons in 2013. In the same year, the waste-to-energy plants produced over 200 GWh of electrical energy. Acea is committed to investing in waste-to-energy and organic waste treatment products with the aim of using waste to produce energy, biogas and compost and thereby benefit the environment. The geographical and operational footprint of companies in the Environment business unit is concentrated in the three regions in central Italy: Umbria, Lazio and Tuscany.



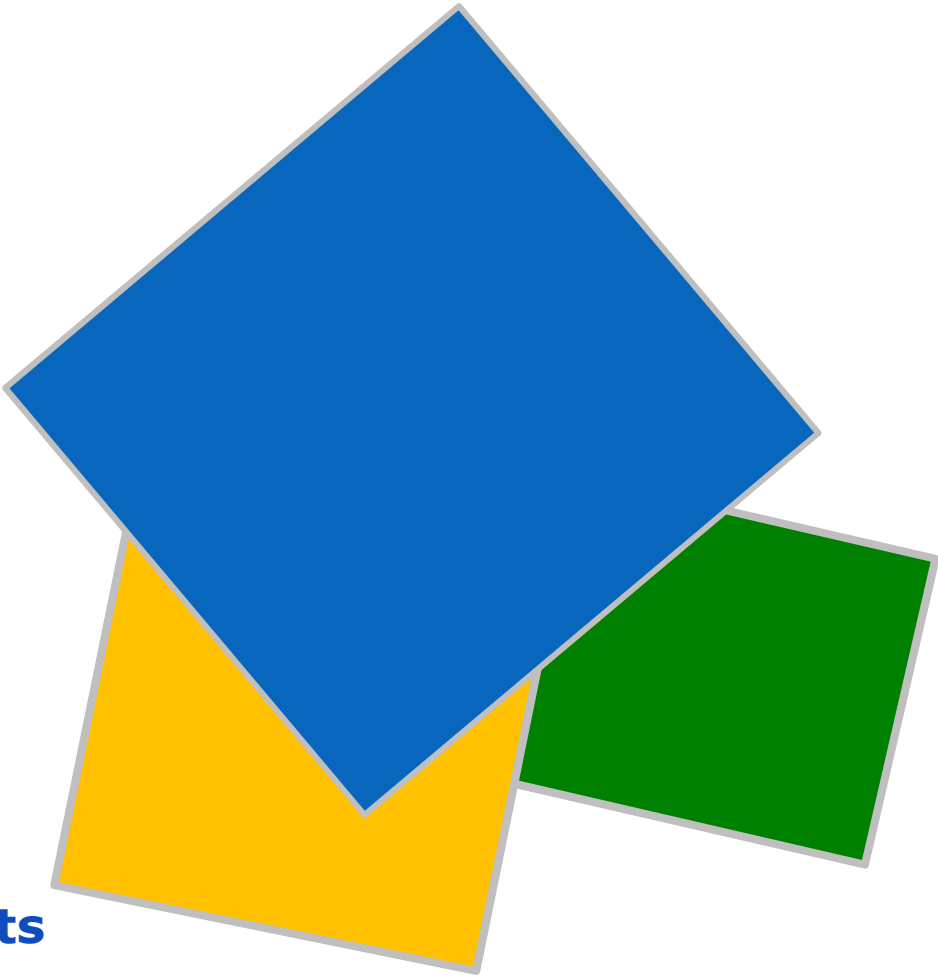
Acea is one of the main Italian energy players with about 13 TWh of electricity sold in 2013 to about 1.5 million customers. Acea trades a similar amount of electricity for the benefit of its customers and for the internal consumption of the companies in the Group. To support its customers' operations, Acea has its own call center. Moreover, Acea owns and operates 7 hydroelectric power plants (122 MW) and 3 thermo/cogen plants (243 MW).



In 2013, the water service division sold 565 million m³ of potable water to nearly 9 million customers. Acea is the leading operator in Italy, managing integrated Water Systems in the province of Rome and other parts of Lazio, Tuscany, Umbria and Campania. Acea is at the leading edge in engineering, procurement, construction and management of integrated water services, as well as carrying out multiple and daily laboratory analyses, thanks to the expertise in network management acquired in over a century. Acea has also been active for many years in Latin America countries, providing water management services.



Acea is the third operator in Italy, distributing about 11 TWh of energy in the city of Rome, serving 1.6 million customers. Acea is promoting the field application of the smart grid and e-mobility through the implementation of highly innovative pilot projects, qualified by AEEGSI. Acea manages public lighting and floodlighting with over 204,000 lighting points distributed over an area of 1,500 km². Moreover, Acea is engaged in several energy efficiency projects.



2014-2018 Business Plan highlights

- Acea Group
- Environment
- Energy
- Water
- Grids
- Corporate



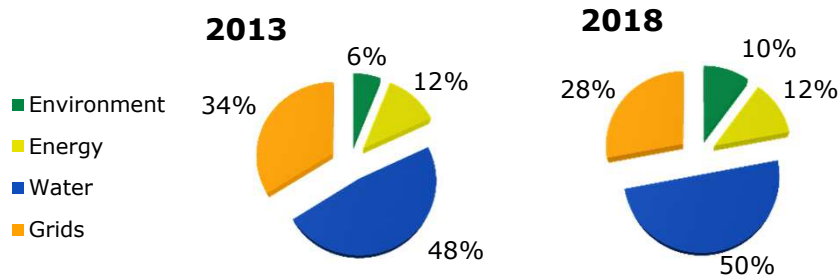
Acea Group 2014-2018 Business Plan highlights: key target*

	2013 restated	2013	2016 Plan	2018 Plan	
EBITDA (€m)	675	766	850-860	980-990	
<i>(of which Companies consolidated using the proportionate method)</i>			≅ (120)	≅ (135)	
NET PROFIT before non-controlling interests (€m)	153	153	≅ 210	≅ 240	2018 Pre-tax ROIC : 12.5%
NET DEBT (€m)	2,249	2,468	≅ 2,550	2,450-2,500	
<i>(of which Companies consolidated using the proportionate method)</i>			≅ (250)	≅ (230)	
NET DEBT/EBITDA	3.3x	3.2x	3.0x	2.4x	→ 2.6x (IFRS10-11)
INVESTED CAPITAL (€m)	3,656	3,874	≅ 4,160	≅ 4,280	

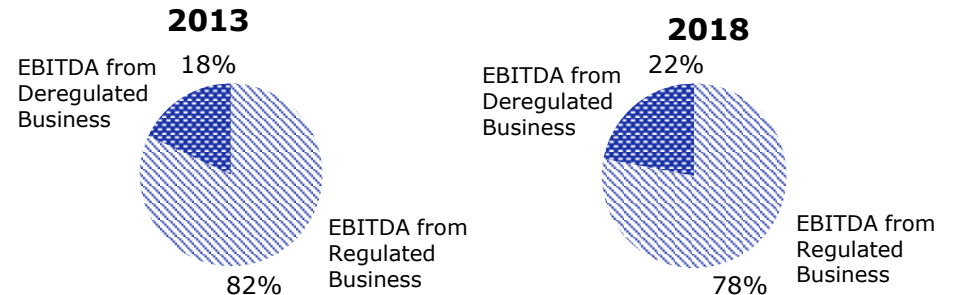
Increase in EBITDA 2014-2018

- 28% Development
- 72% Organic growth

EBITDA breakdown by Business



EBITDA from Regulated Activities



Source: FY13 Company financial statements

* The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies consolidated using the proportionate method



Acea Group 2014-2018 Business Plan highlights: total investment

Timing and purpose of investment (2014-2018)

2014-2018

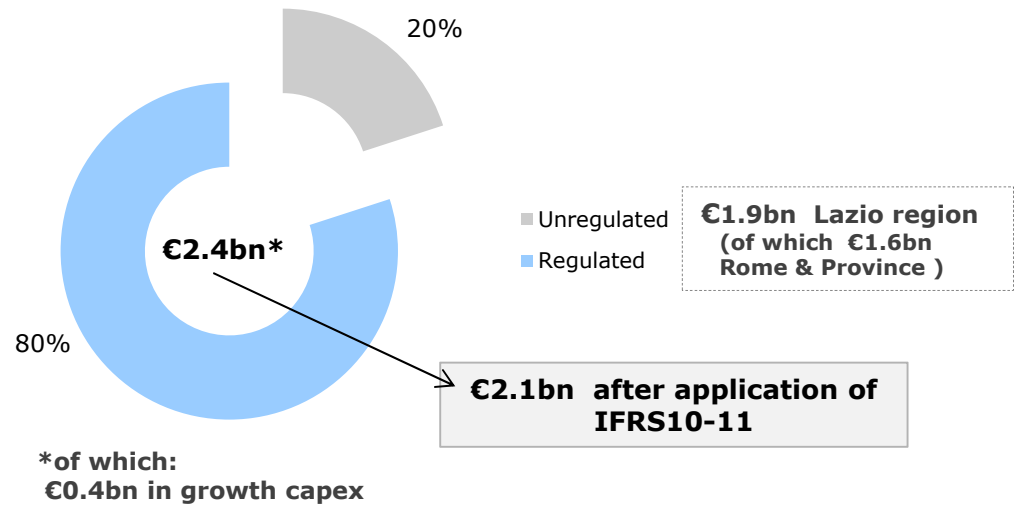
Corporate 3%

Energy 7%

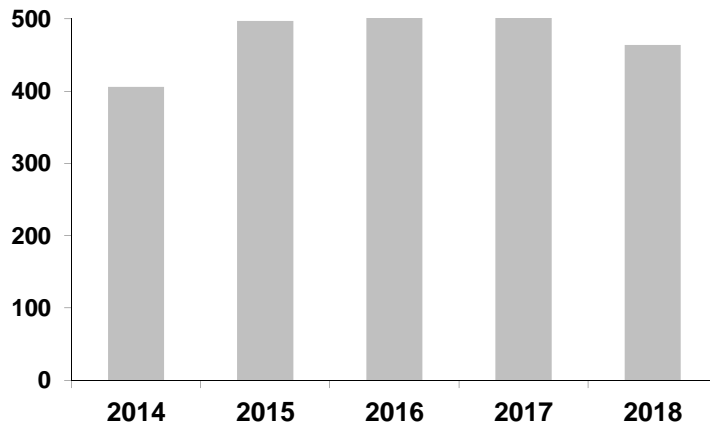
Environment 10%

Grids 27%

Water 53%



€m



- INVESTMENT SELECTION CRITERIA:**
- Economic and financial returns
 - Need to modernise grids and plants
 - Indications offered by Regulator

The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies consolidated using the proportionate method



Debt Structure Analysis

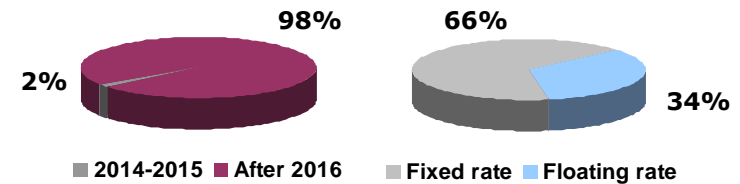
Long term debt life and a solid liquidity position

Debt Composition (€m)	FY 13 Restated	9M 14
M/L T financial debt	2,360.9	2,947.5
- Bond	1,290.8	1,891.6
- M/L T borrowings	1,070.1	1,055.9
(M/L T financial assets)	(34.8)	(34.2)
M/L T Net Debt	2,326.1	2,913.4
ST financial debt	371.3	63.0
Other ST financial liabilities	139.6	63.1
(Cash)	(563.1)	(527.4)
(Other ST financial assets)	(25.3)	(100.1)
ST Net Debt	(77.5)	(501.4)
Net Debt	2,248.6	2,412.0

Debt average cost & structure

Debt structure (maturity and interest rates at 30 Sept 2014)

- 66% fixed rate
- average overall cost 3.2%
- Average term to maturity \approx 7.5 years



➔ **FY 13 €1,063 m Liquidity Buffer** (cash + undrawn comm. credit lines)
9M 14 €1,127 m Liquidity Buffer (cash + undrawn comm. credit lines)

(€m)	30 Sept. 2013 Restated	31 Dec. 2013 Restated (a)	30 Sept. 2014 (b)	Change (b-a)
Medium/Long-term	2,344.6	2,326.1	2,913.4	587.3
Short-term	(26.1)	(77.5)	(501.4)	(423.9)
Net Debt	2,318.5	2,248.6	2,412.0	163.4

Rating

STANDARD & POOR'S	FitchRatings KNOW YOUR RISK	MOODY'S
BBB-	BBB+	Baa2
Stable Outlook	Stable Outlook	Stable Outlook

MAINTENANCE OF A SOLID FINANCIAL STRUCTURE OVER THE LIFE OF THE PLAN, WHICH COMBINED WITH THE EFFICIENCY IMPROVEMENTS ACHIEVED WILL ENABLE TO FINANCE THE BUSINESS PLAN FROM OUR OWN RESOURCES (INCLUDING THE ONGOING PAYMENT OF DIVIDENDS)

Euro Medium Term Notes (EMTN) programme up to a maximum of €1.5bn

On 8 July 2014 Acea has completed a €600m placement of 10-year fixed rate bonds (gross annual rate of interest 2.625%) as part of the Company's €1.5bn Euro Medium Term Notes.

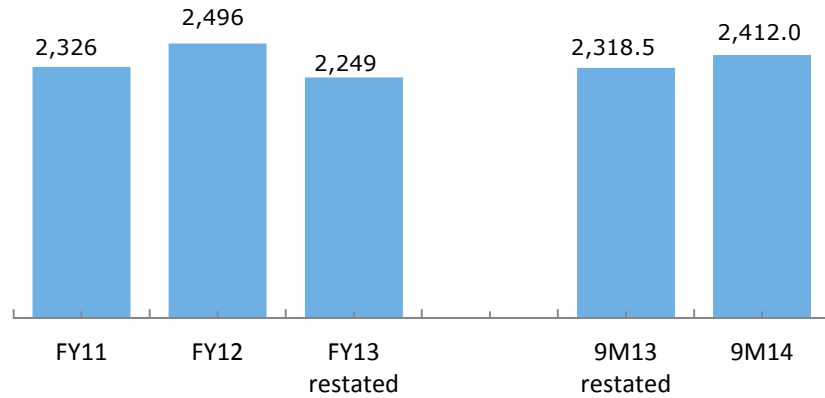
Refinance certain bonds and borrowings nearing maturity as part of a drive to reduce borrowing costs and lengthen the average term to maturity of the Group's debt



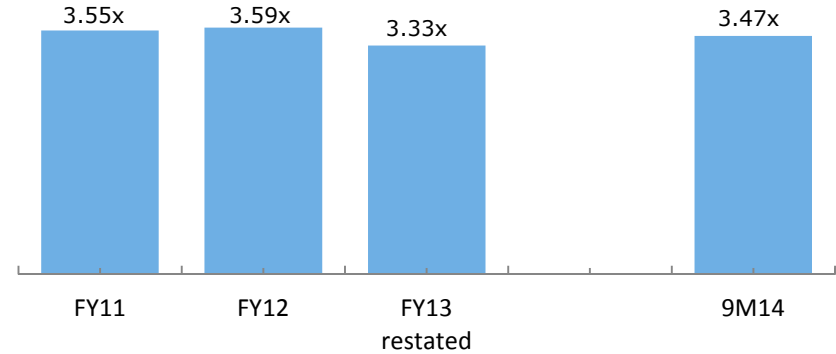
Debt trends

A stable financial structure

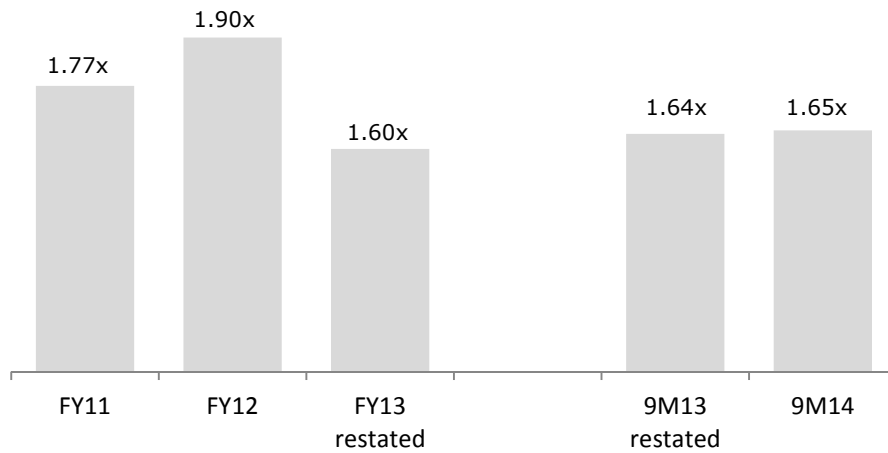
Net Debt (€m)



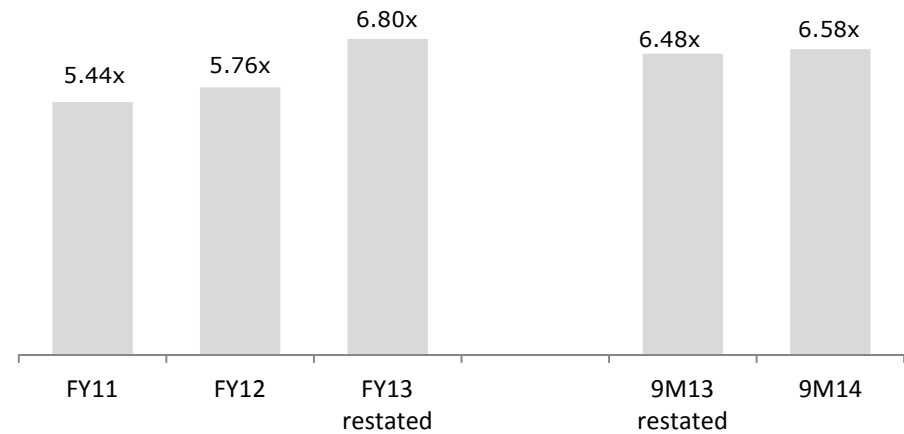
Net Debt/EBITDA* Trend



Net Debt/Equity Trend

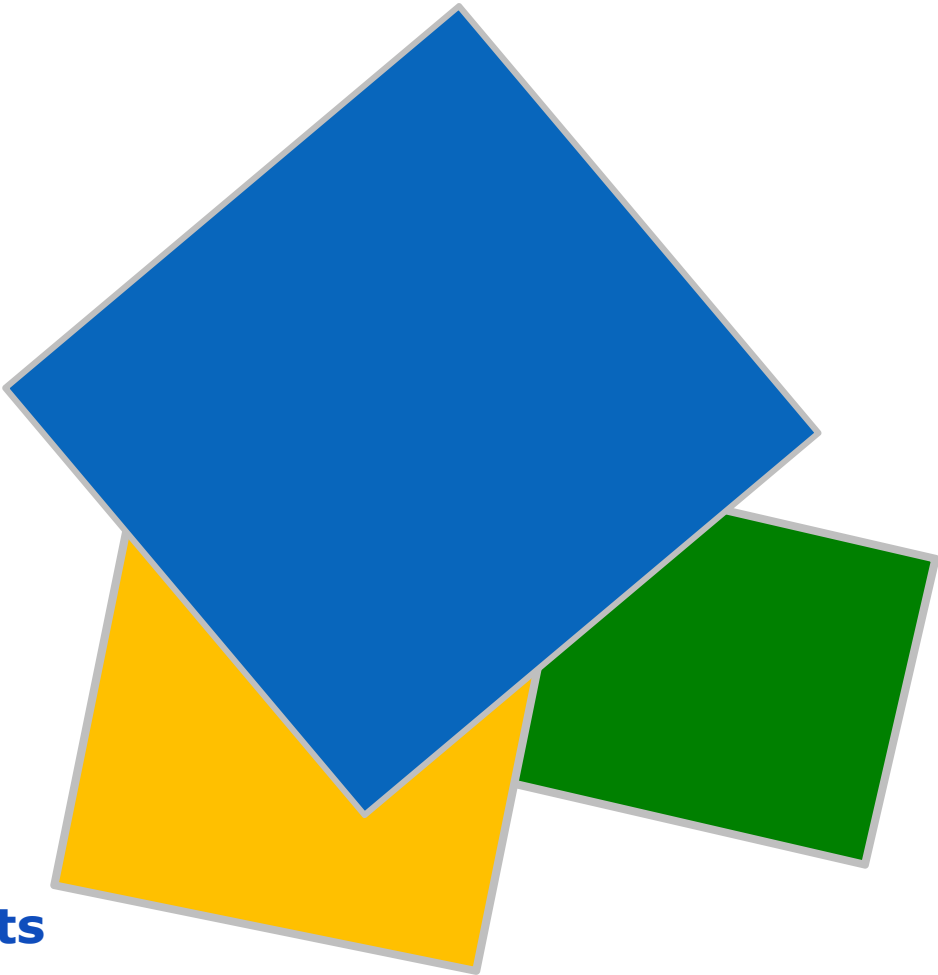


EBITDA Coverage Trend



Source: Company financial statements, excluding IFRS 5 reclassification
"Equity" as reported FY Shareholder's equity Book Value; "EBITDA Coverage" as reported EBITDA over net financial expenses

*12 Months Ebitda on 9M figures

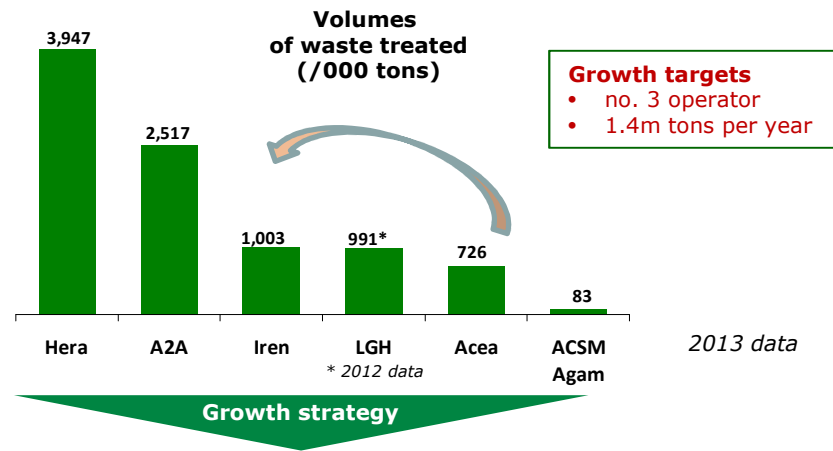


2014-2018 Business Plan highlights

- Acea Group
- Environment**
- Energy
- Water
- Grids
- Corporate

Potential developments in the Environment business

- Acea is one of the main operators in the Italian market for the industrial treatment of waste
- The aim of the Development Plan is to grow the business and become the number 3 operator in Italy by 2018



Completion of initiatives already approved

Consolidation in regions served with the upgrade/new construction of plants

M&A to achieve /consolidate growth in other regions of central and northern Italy



ITALY

- Urban waste produced in 2013: 29.5m tons
- Recycled waste: 42.3%

LAZIO

- Urban waste produced in 2013: 3.1m tons
- 2013 recycled waste: 26.1% (2020 target 65%)



LAZIO

capacity (t/a)

	2013	2018
URBAN WASTE PRODUCED	3,100,000	3,300,000
Treatment Plants	2,110,000	1,900,000
- WTE PLANTS	384,000	500,000
- COMPOSTING PLANTS	326,000	700,000
- LANDFILL*	1,400,000	700,000
LACK OF CAPACITY	990,000	1,400,000

* Total closure foreseen by 2020

Source: ISPRA (Environmental Ministry) Urban Waste report 2014 and Lazio Region forecast



ACEA SPA

capacity (t/a)

	2013	2018
WTE PLANTS	224,000	340,000
COMPOSTING PLANTS	90,000	300,000



ROMA CAPITALE



PUBLIC OPERATORS

(Ama SpA, Lazio Ambiente, Ambi.en.te SpA, SAF)

capacity (t/a)

2013

WTE PLANTS	160,000
COMPOSTING PLANTS	105,000
LANDFILL	400,000



PRIVATE OPERATORS

(Cerroni Group, MAD Srl, RIDA Ambiente)

capacity (t/a)

2013

WTE PLANTS**	-
COMPOSTING PLANTS	131,000
LANDFILL	1,000,000

** Malagrotta Gasifier (Cerroni Group) out of service from September 2011



WTE and composting plants	Installed capacity (Mwe)	Capacity (t/a)	Gate fee (€/t) Average	Value of energy (€/MWh) Average
ACEA PLANTS				
WTE Plants (San Vittore del Lazio)	29,0	224,000	74	243 (+)
Composting Plants (Kyklos, Samace)		90,000	80	
LAZIO PLANTS (excluding Acea)				
WTE Plants	25,0	160,000	80	70
Composting Plants		236,000	80	

(+) CIP/6 feed-in tariff

WTE plants in Regions neighbouring Lazio

Region	Installed capacity (Mwe)	Capacity (t/a)	Gate fee (€/t) Average	Transport cost (€/t) Average
Tuscany	50.2	438,000	75	25/35
Molise	12.5	90,000	80	



Target and results

No. 3 OPERATOR IN ITALY

by volume of waste treated (1,421 Ktons/year)
of which 75% in the Lazio region

Waste to energy: 600 GWh/year

(equivalent to annual consumption of approx. 200,000 households)

CAPEX IN THE NEXT 5 YEARS: €240-250m

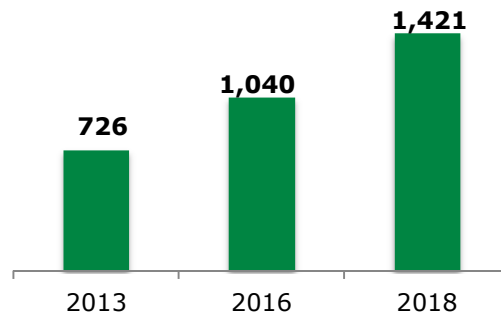
of which Lazio region ≈ €200m

2018 INVESTED CAPITAL: ≈ €310m

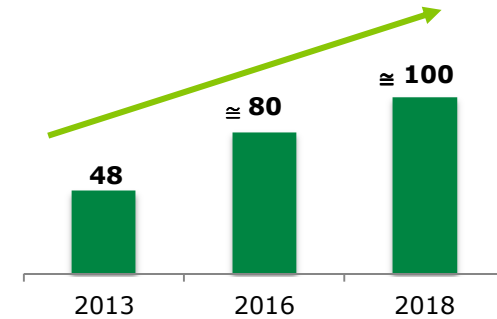
2018 EBITDA: ≈ €100m

2018 pre-tax ROIC: 20.0%

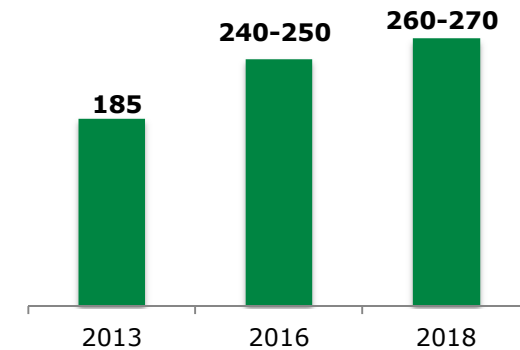
VOLUME OF WASTE TREATED (/000 tons)

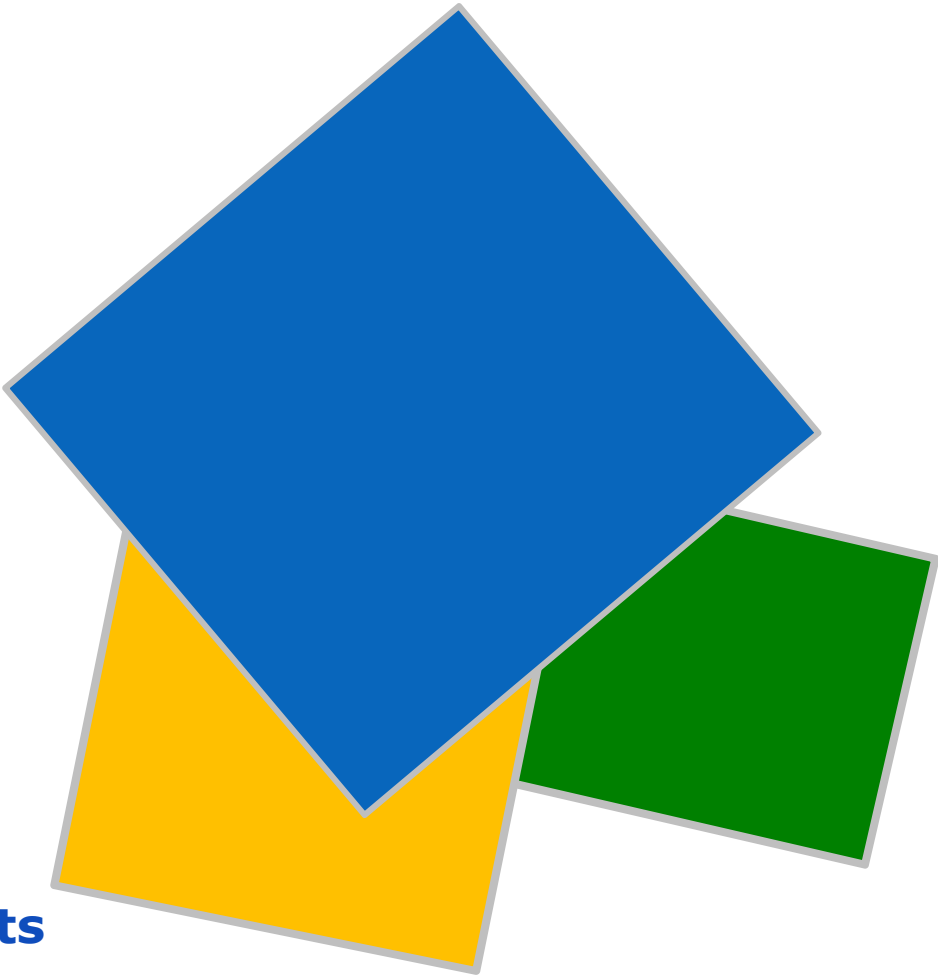


EBITDA CAGR: 16.0% (€m)



NET DEBT (€m)

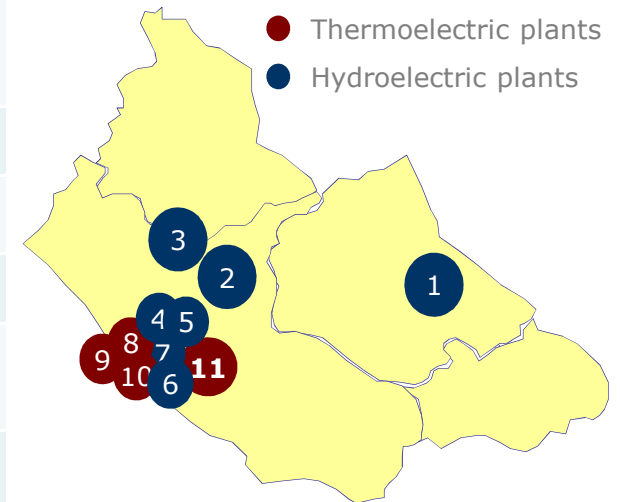




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	Type of plant	Capacity (MW)	Average hist. Prod. (GWh)	
1	S.Angelo	reservoir	58.4	150
2	Salisano	run-of-river (potable water)	24.6	170
3	G.Marconi (Orte)	run-of-river	20.0	56
4	A. Volta (Castel Madama)	run-of-river	9.4	22
5	G. Ferraris (Mandela)	run-of-river	8.5	14
6	Cecchina mini-hydro	run-of-river (potable water)	0.4	1.6
7	Madonna del Rosario mini-hydro	run-of-river (potable water)	0.4	1.6
TOTAL HYDRO		121.6	415.2	
8	Tor di Valle	Gas-fired CCGT	125.7	n/a
9	Tor di Valle	Gas-fired CHP	19.3	n/a
10	Montemartini	Oil-fired thermo	78.3	n/a
11	9 CHP Plants	Gas-fired CHP	3.6 (MWe)	6 (GWhe)
			16 (MWt)	18 (GWht)
TOTAL THERMO		242.9	24	



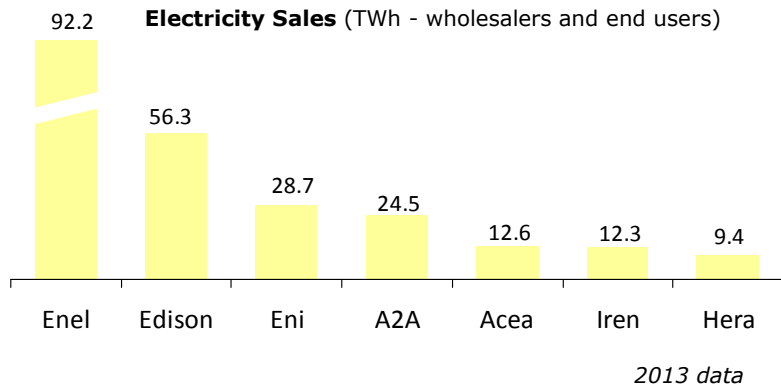
The **Montemartini plant** is recognised by Terna as one of the **Essential Units for National Electricity Security** and has the role of guaranteeing the black start and supply of certain strategic areas of national importance (the black start of the city of Rome)

Growth hypotheses: Acea Produzione

INTERNAL GROWTH STRATEGY

Strategic guidelines

Completion of plan to modernise and improve efficiency of power plants operated by Acea Produzione



Strategic guidelines: Acea Energia

OPERATING EFFICIENCY AND OPTIMISATION OF RETAIL BUSINESS

Free Market

- Increase customer base in mass and small business markets
- Increase mass market gas customers
- Expand outside Rome
- Contain churn rate
- Develop energy management business

Enhanced Protection Market

- Implementation of a new CRM system, launch of a social platform, development of new functions for self-service channels and improvement of billing processes and systems



Target and results

RETAIL

- **Strengthen customer base and grow gas market presence**
- **Improve customer service** – new CRM, new contact channels, new billing systems, with the aim of entering the AEEGSI’s Top Ten for service quality

PRODUCTION

- **Invest in modernising hydroelectric plants and create a cogeneration hub** (urban heating) in the city of Rome

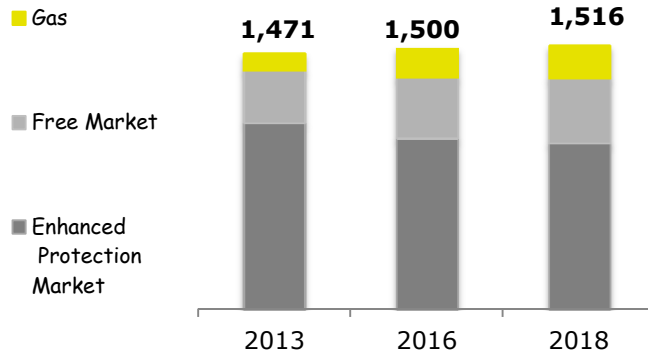
CAPEX OVER THE NEXT 5 YEARS: ≈ €160m
of which Lazio region ≈ €160m
 • Rome & Province ≈ €140m

2018 INVESTED CAPITAL : ≈ €610m

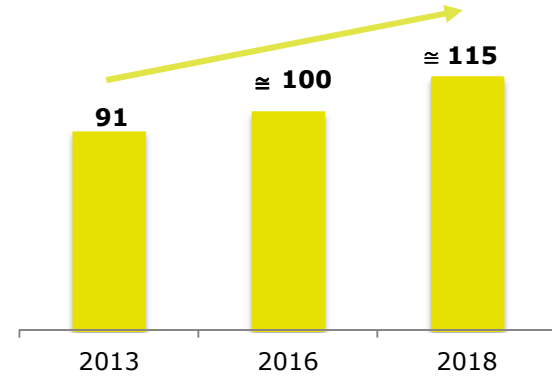
2018 EBITDA: ≈ €115m

2018 pre-tax ROIC: 10.1%

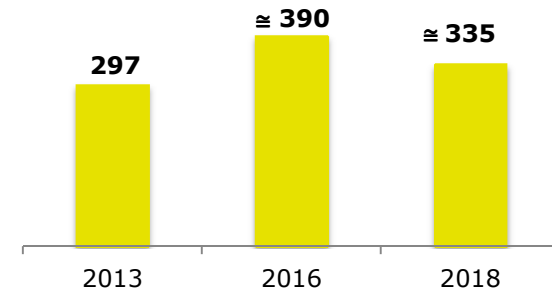
NUMBER OF CUSTOMERS (/000)

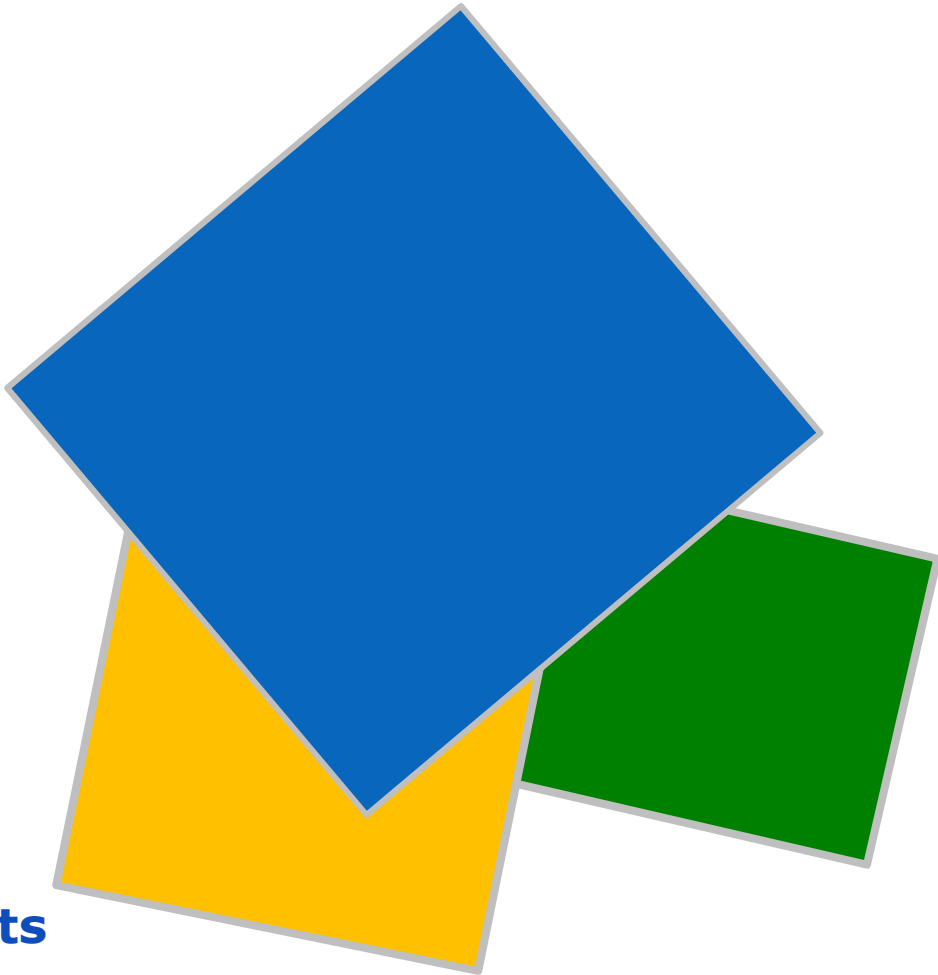


EBITDA CAGR: 5.0% (€m)



NET DEBT (€m)



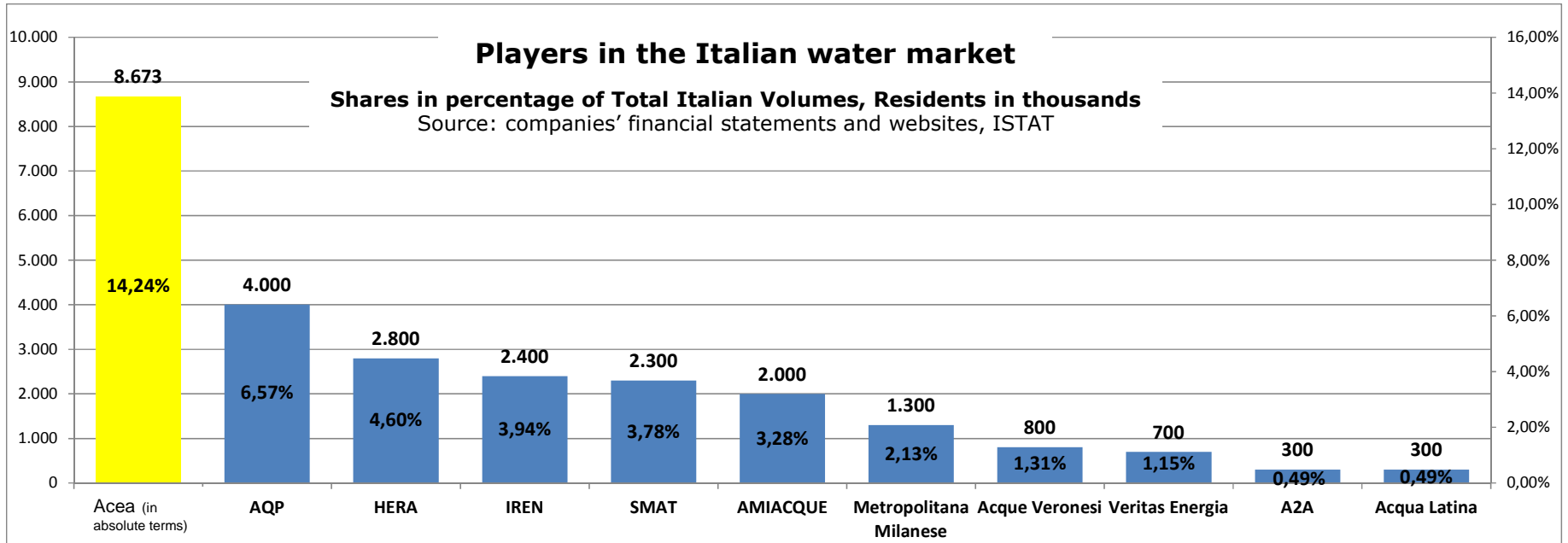


2014-2018 Business Plan highlights

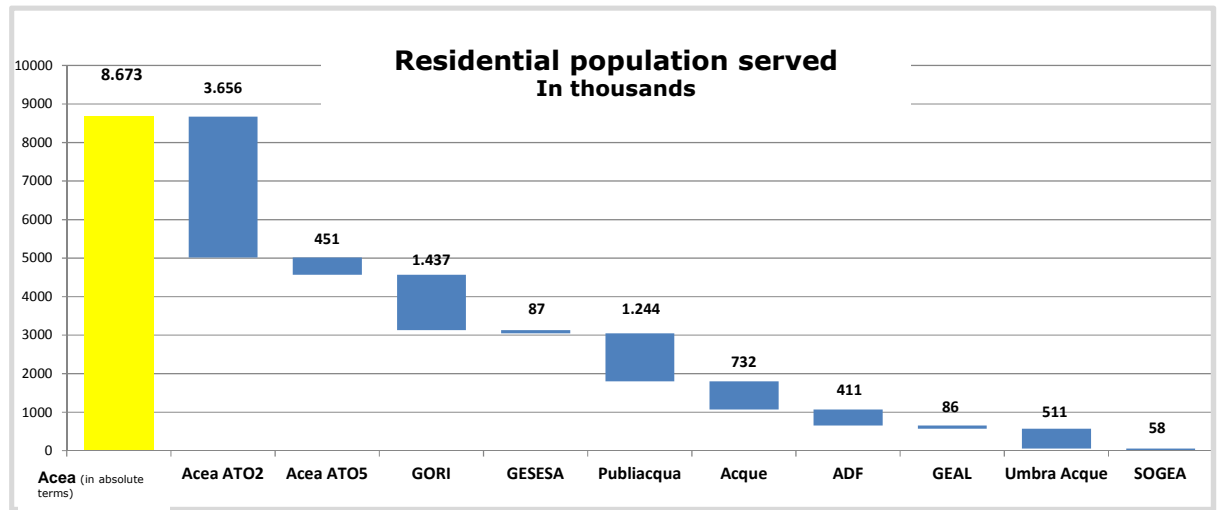
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Acea's positioning: Italian market shares

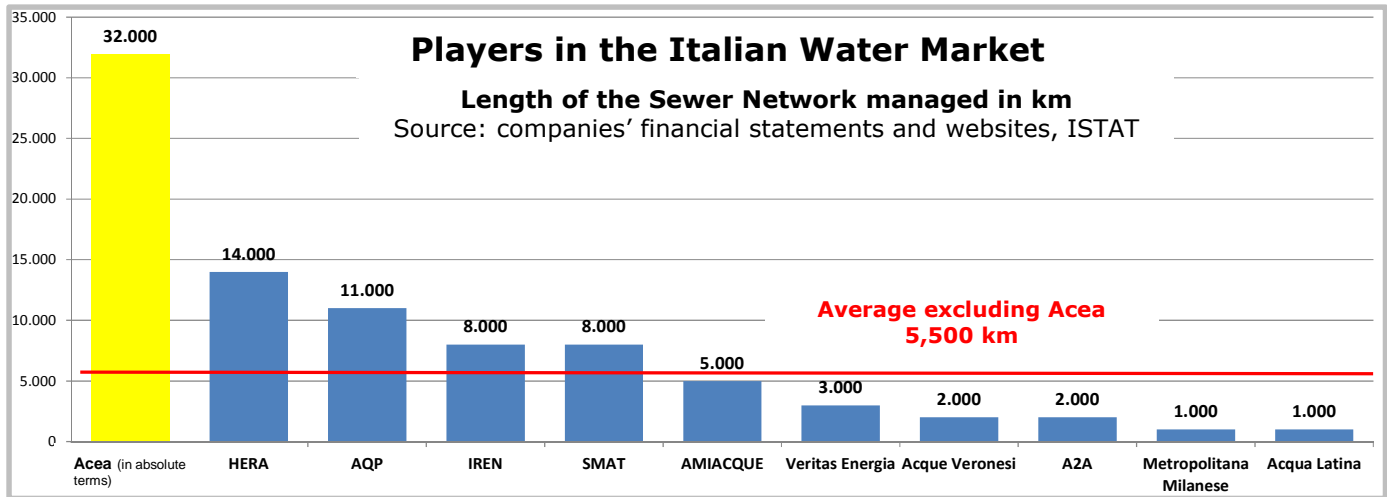
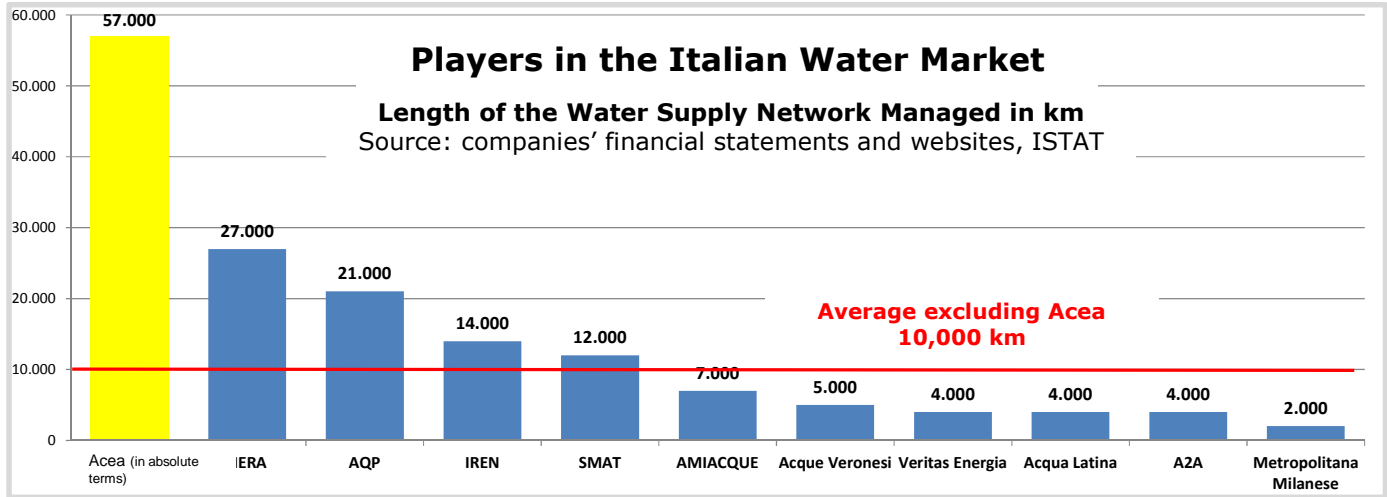


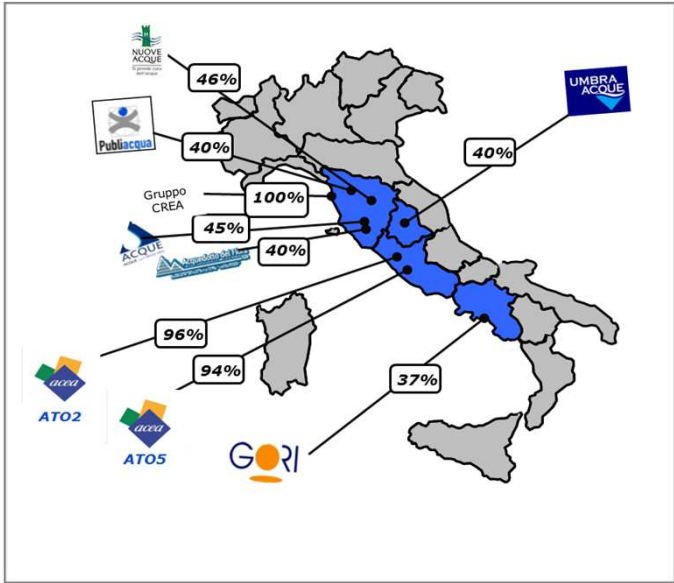
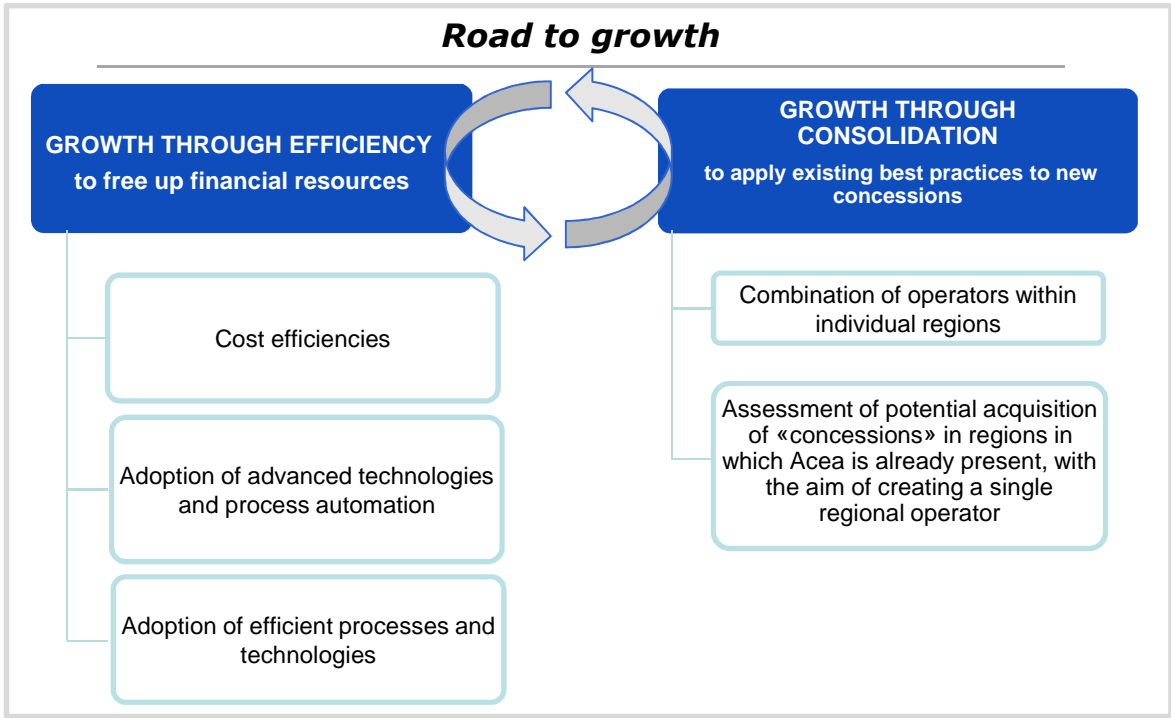
Serving 8.7m residents and with a share of 14.24%, Acea is the market leader





The asset base managed by Acea is three times the asset bases managed by its principal competitors





LONG-TERM CONCESSIONS

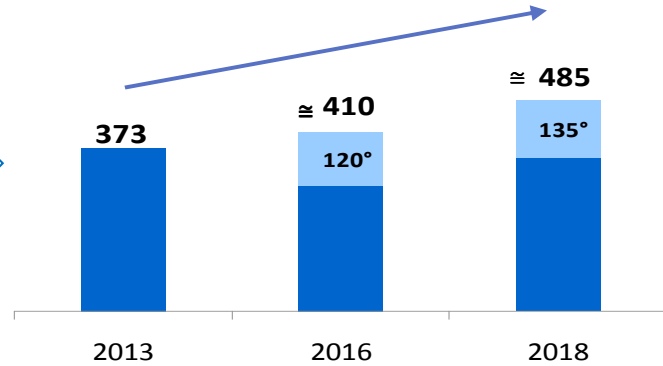
- **ATO2-Roma (exp. 2032)**
- **Other ATOs:**
 - ATO3 Firenze (exp. 2021)
 - ATO6 Siena-Grosseto (exp. 2026)
 - ATO2 Pisa (exp. 2021)
 - ATO1 Perugia (exp. 2027)
 - ATO5 Frosinone (exp. 2032)
 - ATO3 Sarnese V. (exp. 2032)
 - ATO4 Arezzo (exp. 2023)



Target and results

- **Consolidate leadership** in Italian market
- **Increase capex** to modernise the network, introduce new technologies and improve water treatment
- **Exploit overseas growth opportunities** in geographical areas in which Acea is present (Latin America)

EBITDA CAGR: 5.3% (€m)



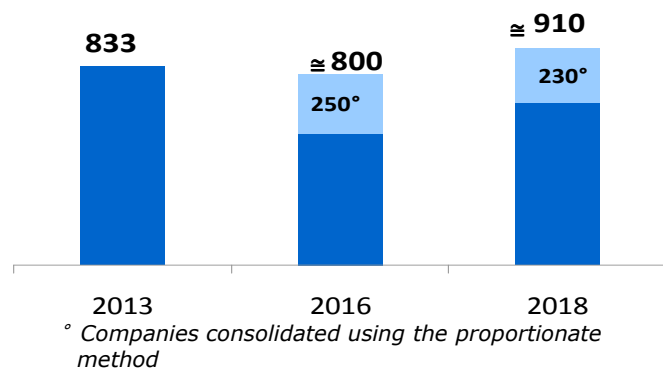
CAPEX IN THE NEXT 5 YEARS: ≈ €1,300m
of which Lazio region ≈ €815m
• Rome & Province ≈ €755m

2018 INVESTED CAPITAL: ≈ €2,280m

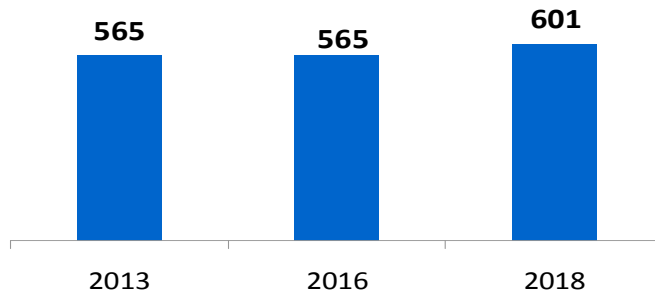
2018 EBITDA: ≈ €485m

2018 pre-tax ROIC: 10.5%

NET DEBT (€m)

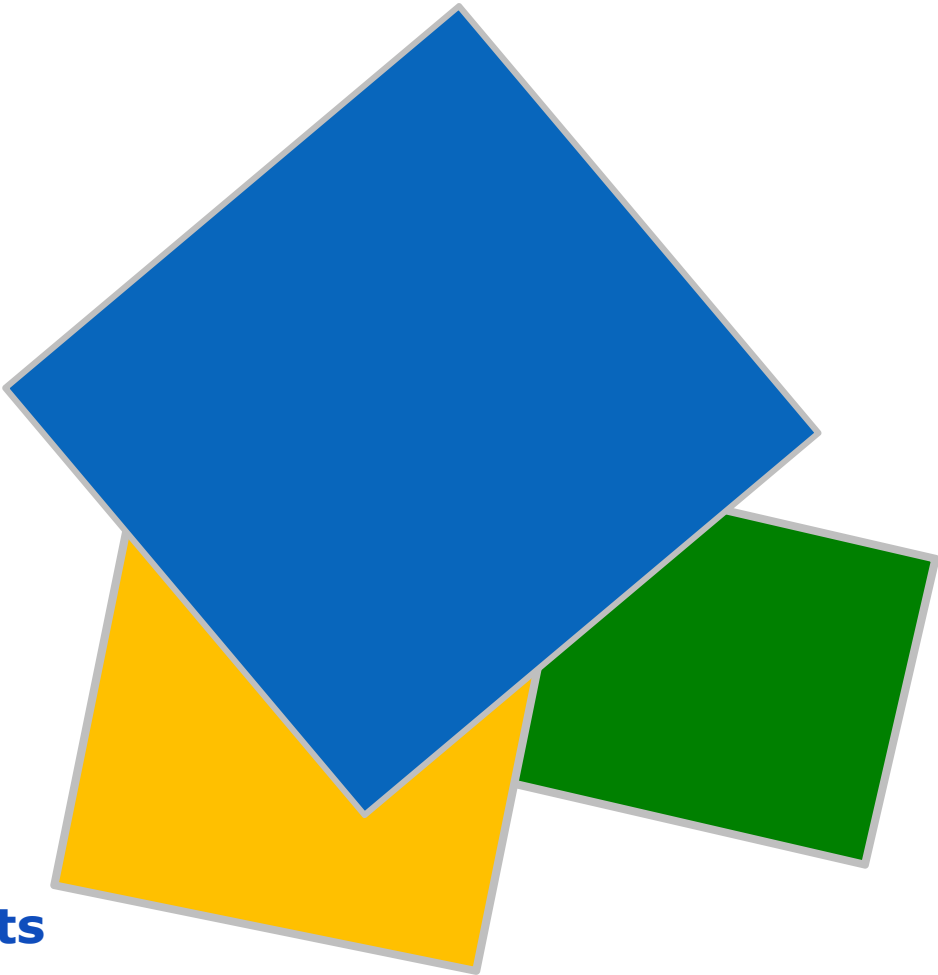


VOLUMES OF WATER SOLD* (million m³)



* Pro-rata basis

The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies consolidated using the proportionate method



2014-2018 Business Plan highlights

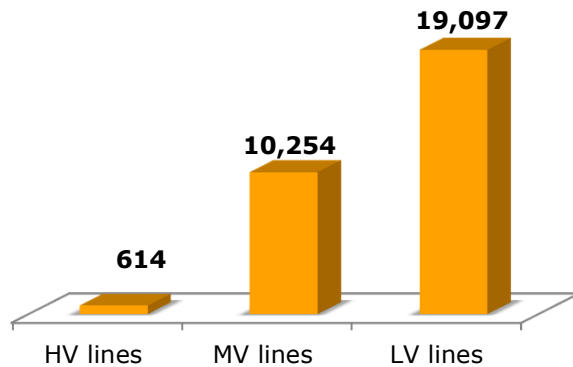
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As they serve a metropolitan area, Acea Distribuzione's grids primarily consist of "underground cable"



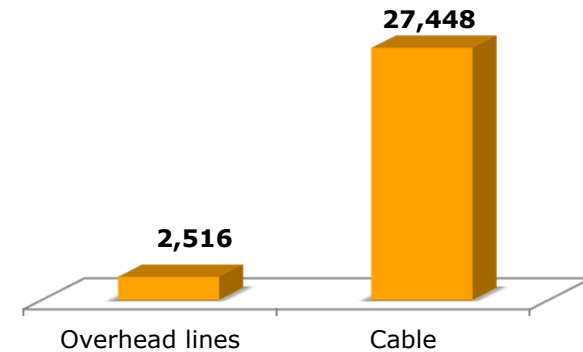
This involves higher plant and operating costs compared with a grid based on conductors and overhead cables

Grid size (km)



Secondary substations	no.	13,055
Primary substations	no.	69

Length of grid by type (km)



HV grid ⁽¹⁾	150 kV	60 kV
MV grid	20 kV	8.4 kV
LV grid ⁽²⁾	380 V	220 V

(1) Certain primary substations have a nominal voltage of 220 kV

(2) Different from eurovoltage (400 V)

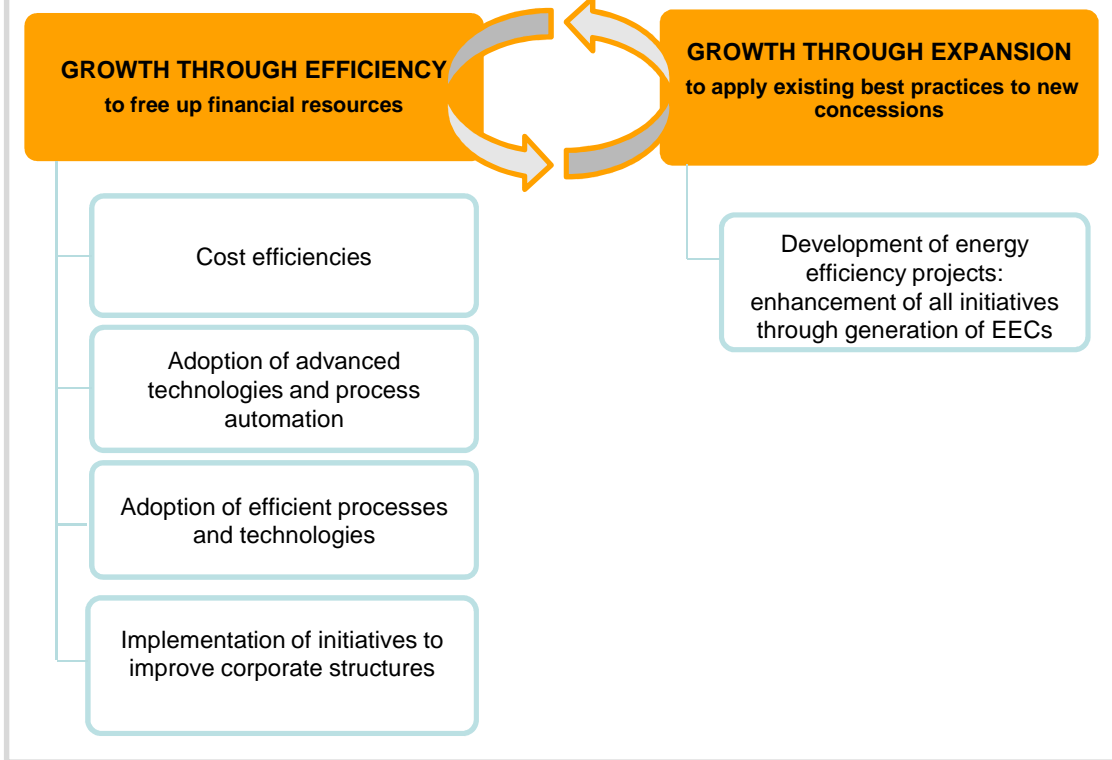


The service in Rome covers approximately 1,500 km² in the city of Rome, with 5,959 km of street lighting and over 650 floodlit monuments.

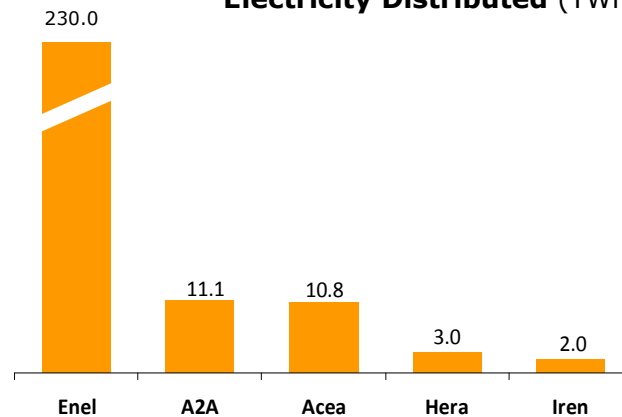
The public lighting network extends over 7,620 km supplying **over 204,000 lamps**, on average one every 13 residents and one every 32 metres of street. **11,000**, on the other hand, **is the number of lamps used for floodlighting.**

Over recent years old lamps have been replaced with new, energy-saving lamps, boosting the average energy efficiency of the system. Recent innovations include the introduction of LED technology for public lighting and floodlighting.

Road to growth



Electricity Distributed (TWh)



2013 data



Target and results

- Proceed with **modernisation of the distribution network in Rome** as part of a "Smart City" approach
- **Modernise and expand the public lighting network** and launch the "Roma LED" project

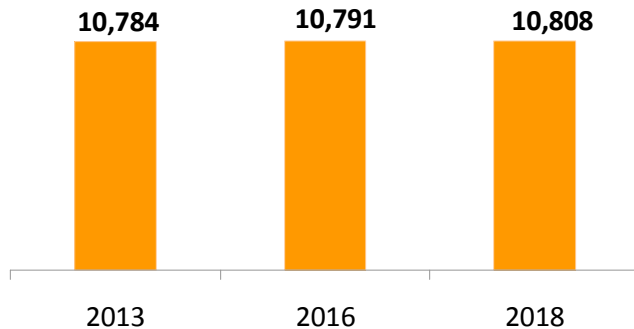
CAPEX OVER THE NEXT 5 YEARS: \cong €640m (Rome & Province)
of which "Smart" \cong €65m

2018 INVESTED CAPITAL: \cong €1,540m

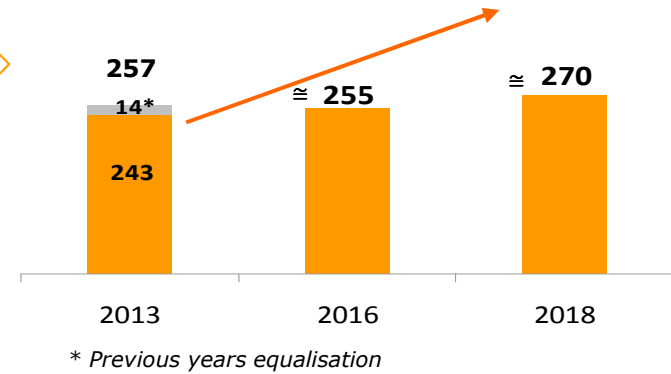
2018 EBITDA: \cong €270m

2018 pre-tax ROIC: 11.3%

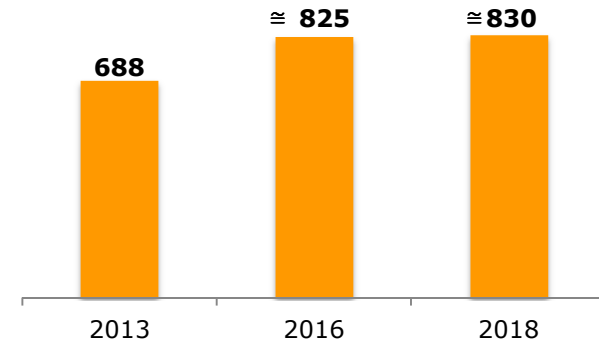
ELECTRICITY DISTRIBUTED (GWh)

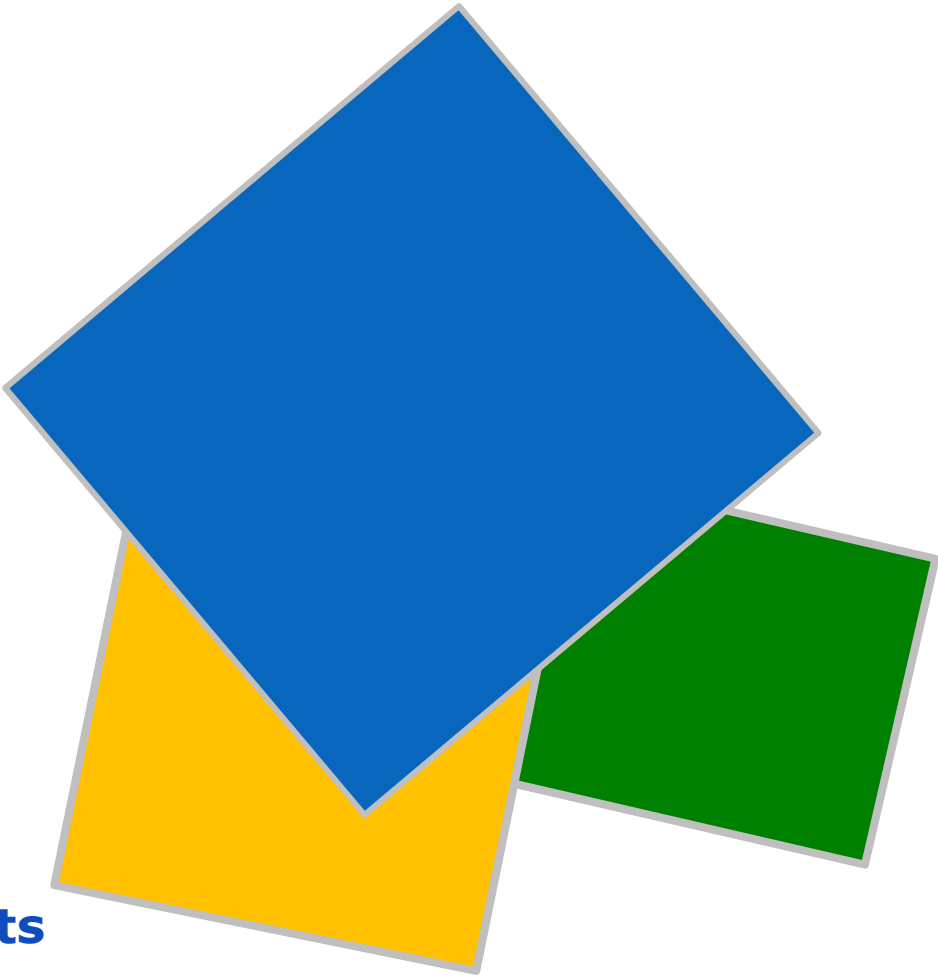


EBITDA CAGR: 2.3% (€m)



NET DEBT (€m)





2014-2018 Business Plan highlights

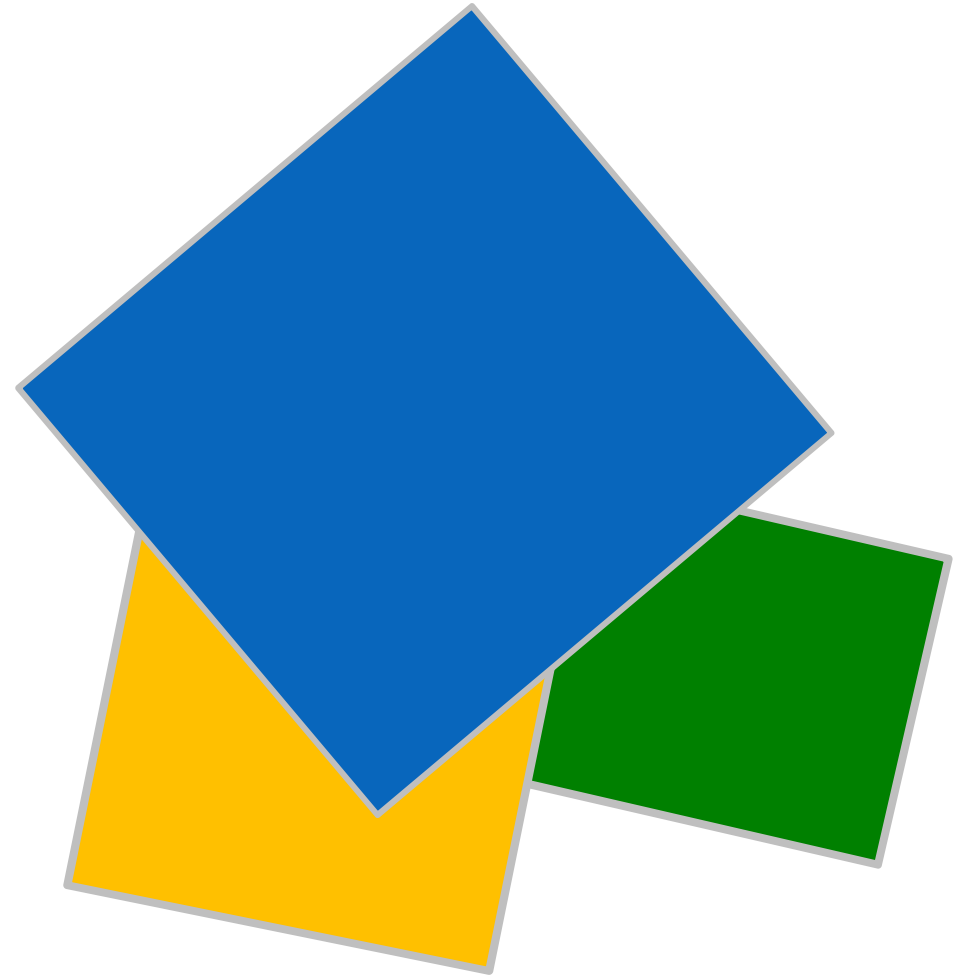
- Acea Group
- Environment
- Energy
- Water
- Grids
- **Corporate**

- **Simplify the corporate structure** in the Energy and Environment businesses
- **Facilitate synergies** between the distribution, water and public lighting grids in the Rome area (i.e.: project management, repairs, ...) using the Engineering company
- **Coordinate the implementation of new information systems** (SAP) for grids (water and electricity) and for electricity retailers
- **Review business processes**
- **Introduce a "lean organisation"** at Corporate level and in operating companies



CAPEX OVER THE NEXT 5 YEARS: \cong €75m

2018 EBITDA: €0



Business Plan Key Takeaways

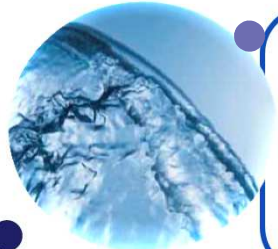
2018 GROUP EBITDA: €980-990m
(of which Companies consolidated using the proportionate method €135m)
CAPEX: €2.4bn (€2.1bn after application of IFRS10-11)
2018 pre-tax ROIC: 12.5%



Environment
 2018 target: no. 3 Italian operator by volume of waste treated
2014-2018 Capex: €240-250m (of which Lazio Region ≈ €200m)
2018 EBITDA: ≈ €100m



Energy
 Modernisation and improvements to efficiency of power plants
 Optimisation of customer base
2014-2018 Capex: ≈ €160m of which Lazio Region ≈ €160m (Rome & Province ≈ €140m)
2018 EBITDA: ≈ €115m

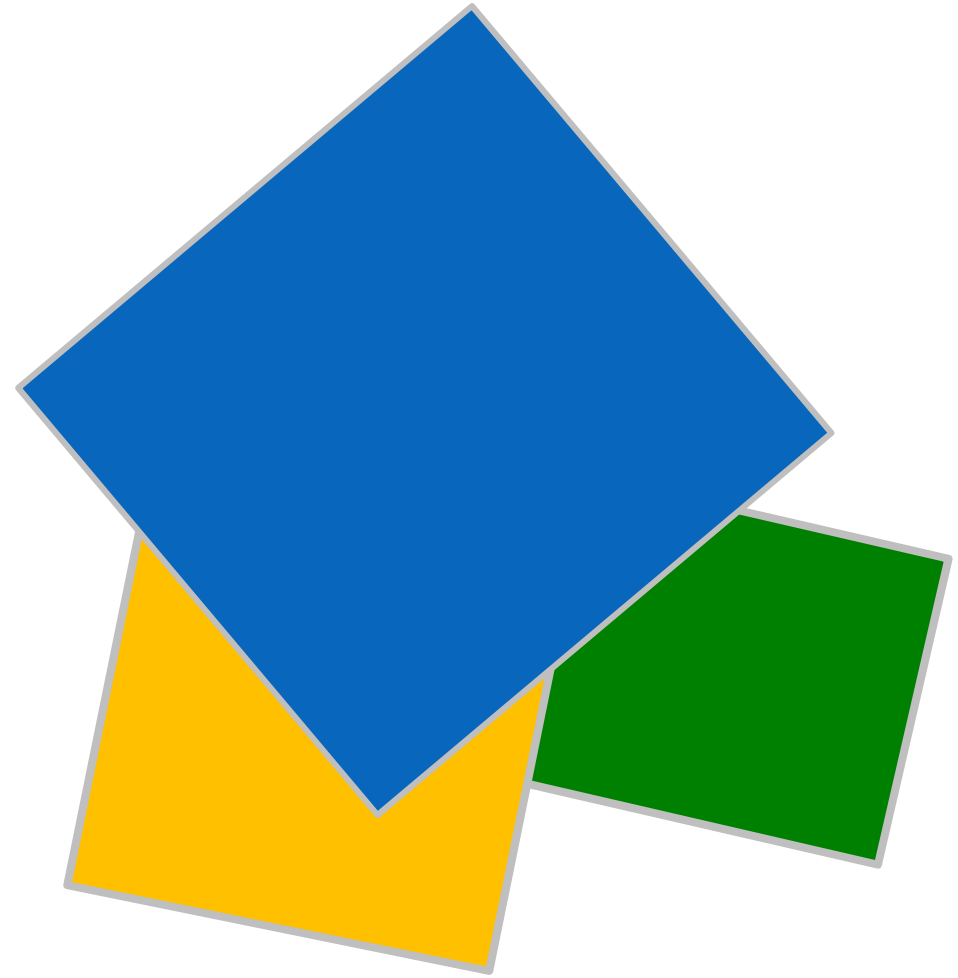


Water
 Consolidation of leadership in Italian market
2014-2018 Capex: ≈ €1,300m of which Lazio Region ≈ €815m (Rome & Province ≈ €755m)
2018 EBITDA: ≈ €485m (of which Companies consolidated using the proportionate method ≈ €135m)



Grids
 Development of energy efficiency projects and adoption of advanced technologies and automated processes
2014-2018 Capex: ≈ €640m (Rome & Province)
2018 EBITDA: ≈ €270m

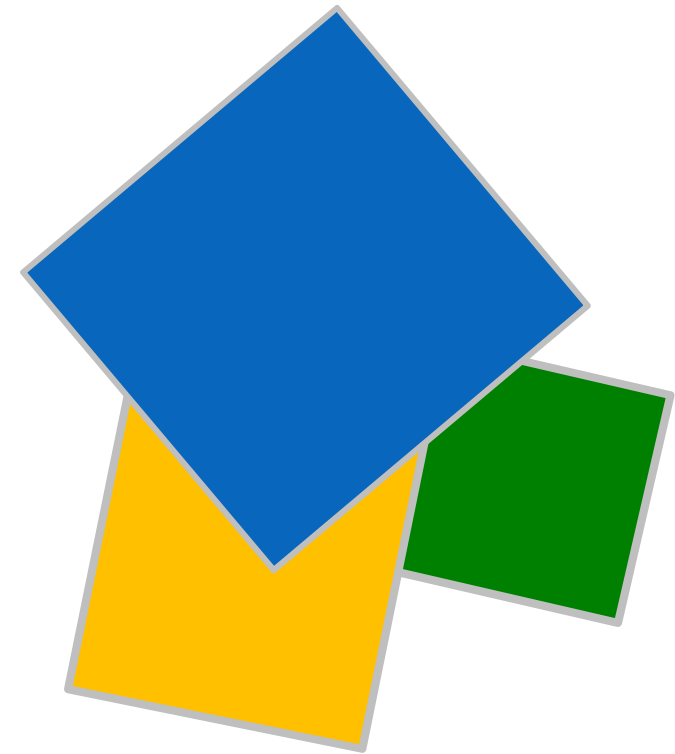
The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies consolidated using the proportionate method



Closing remarks

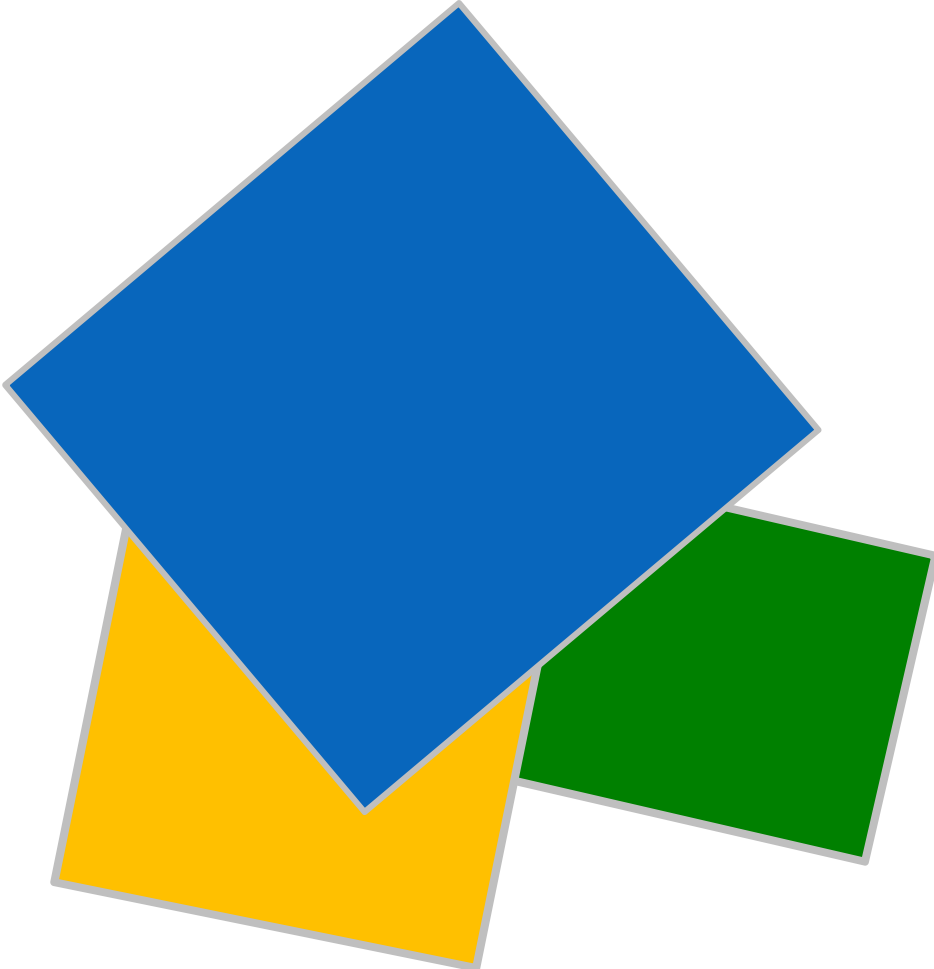
Closing remarks

- ◆ ***Dual challenge: shareholder returns through cost reductions and continuous improvements in service quality***
- ◆ ***Strengthening profitability in all areas of business, focusing on regulated activities***
- ◆ ***Selective development of businesses, exploiting opportunities offered by regulation***
- ◆ ***Focus on environmental sustainability: development of energy efficiency and high-potential business initiatives (Environment sector)***
- ◆ ***Ongoing improvements in operational and organisational efficiency***
- ◆ ***Strategy focused on consolidating financial strength***
- ◆ ***Sustainable dividend policy***



APPENDIX

Acea Group: SAP program	36
Regulatory framework	43
9M2014 Results	49
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2013 Results	63



Acea Group: SAP program



ACEA initiative is a **business transformation program** inspired by the successful program delivered by the Group's company **Publiacqua**, which aim is to **renovate Commercial and Operational processes** leveraging **innovative solutions and technologies**. Completion is planned **by 2016**.

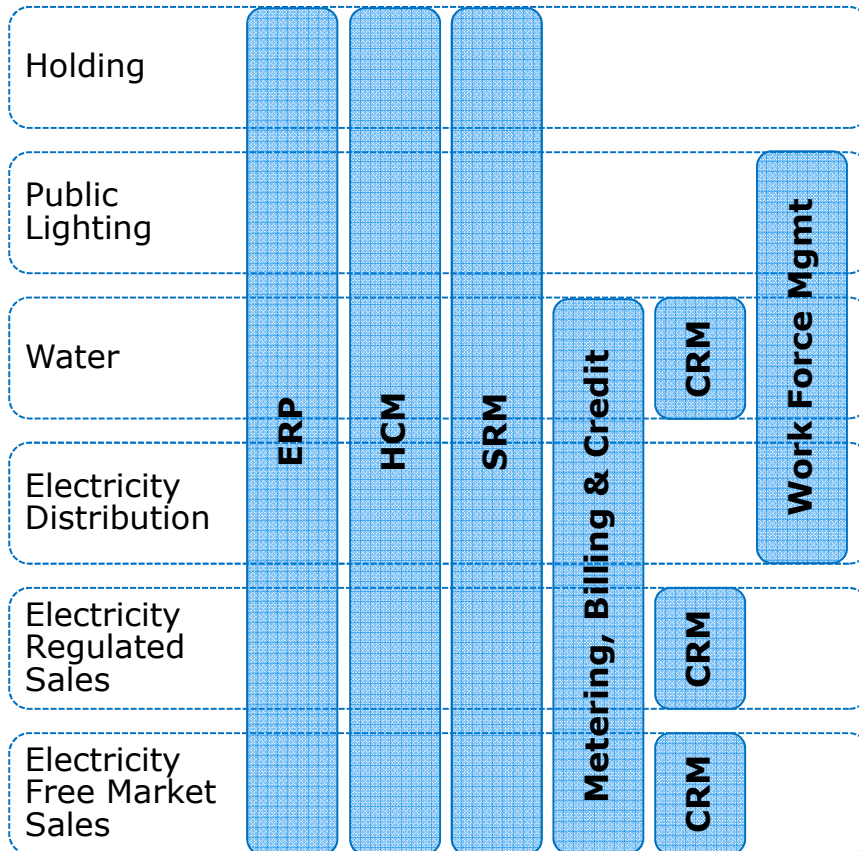
- Streamline core processes leading to standardization and operational efficiency across the Group (eg.: maintenance, purchasing, billing)
- Dramatically increase quality of our services by improving business processes performance and flexibility



- "State of the art" SAP technologies:
 - In Memory Computing (SAP HANA)
 - Mobile Solutions
- Adopted by
 - About **1000** SAP Customers Worldwide
 - About **250** SAP Customers in Europe
 - About **20** Utilities Companies on global scale



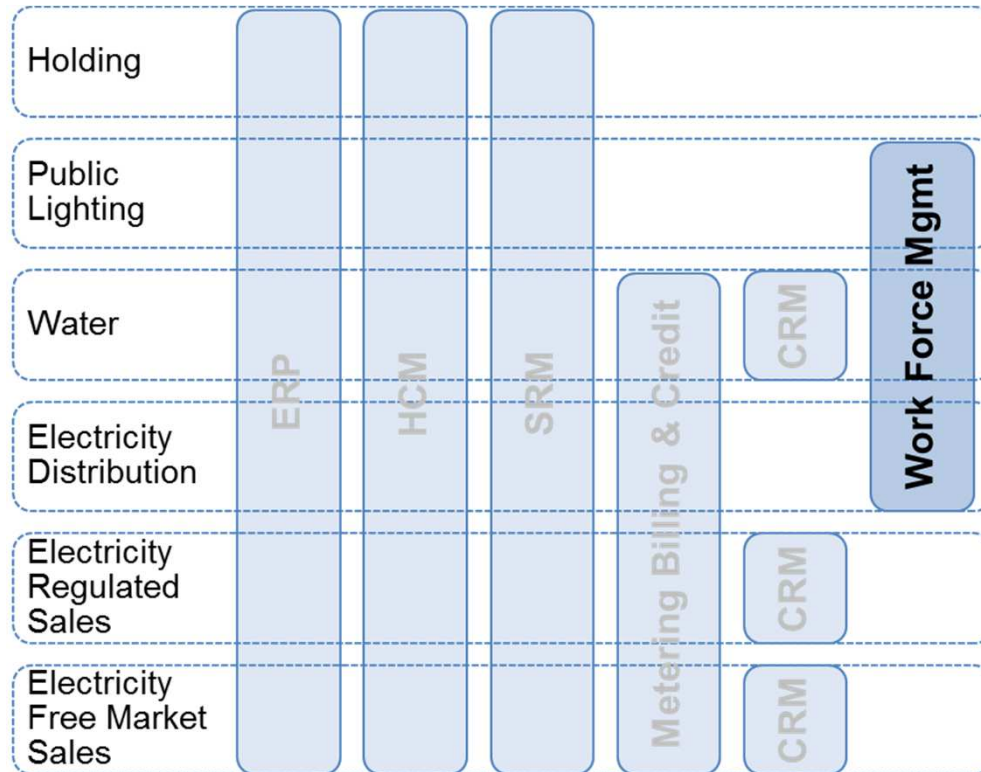
The program entails different companies in order to **maximize synergies** by implementing a common and integrated IT platform



- **ERP**
Core processes: accounting, controlling, material management and maintenance
- **HCM**
Human Resources related processes
- **SRM**
Purchasing and supplier relationship processes
- **Metering, Billing, Credit**
Meter-to-Cash processes
- **CRM**
Customer relationship management processes
- **WFM**
Work-force management processes



The WFM processes are the **most relevant** ones in the overall initiative.



Main **processes** impacted

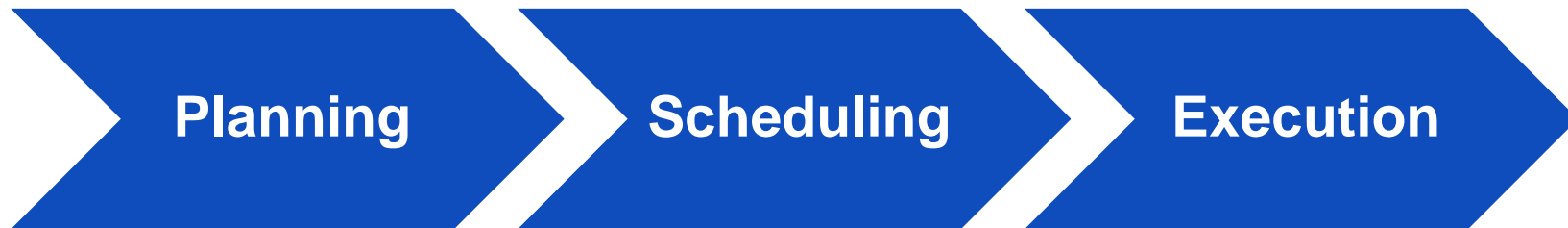
- Planning
- Scheduling
- Execution

Leveraging on positive business outcomes and learnings from the pilot implementation at **Publiacqua**, by **successfully implementing** WFM platform integrated with ERP, HCM and Billing SAP solutions

Since the beginning, the **WFM** processes and solutions are **designed** in order to **integrate the three Operating Companies** tasks, resources (personnel, materials, tools, suppliers) into a "**WFM All-In**" concept



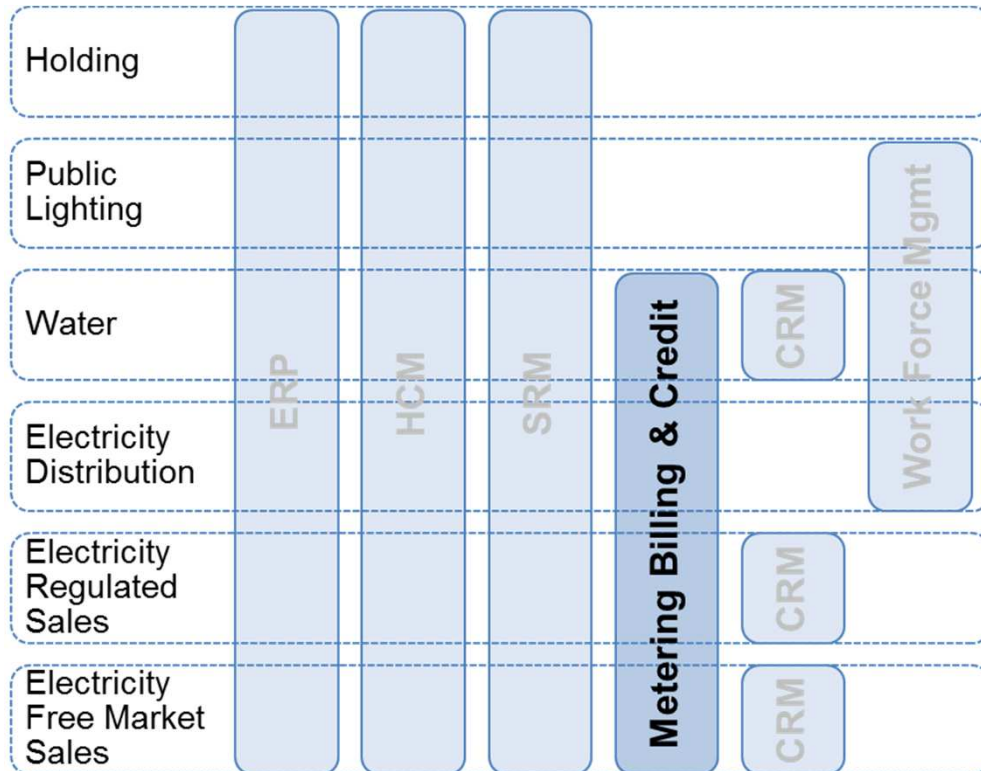
Efficiency and effectiveness of end-to-end WFM processes



- Seamless and reliable end-to-end information flows, available for all relevant players
- Field activities powered by “anywhere-used” applications based on mobile technologies
- Optimized algorithms enabling:
 - Best route planning
 - Effective task assignment to engineers
 - Enhanced time-to-action capabilities to face unplanned events
- Real-time information availability enabling a more effective overall execution



Meter-to-Cash processes, covering metering, billing and credit management, will be implemented in an unified system

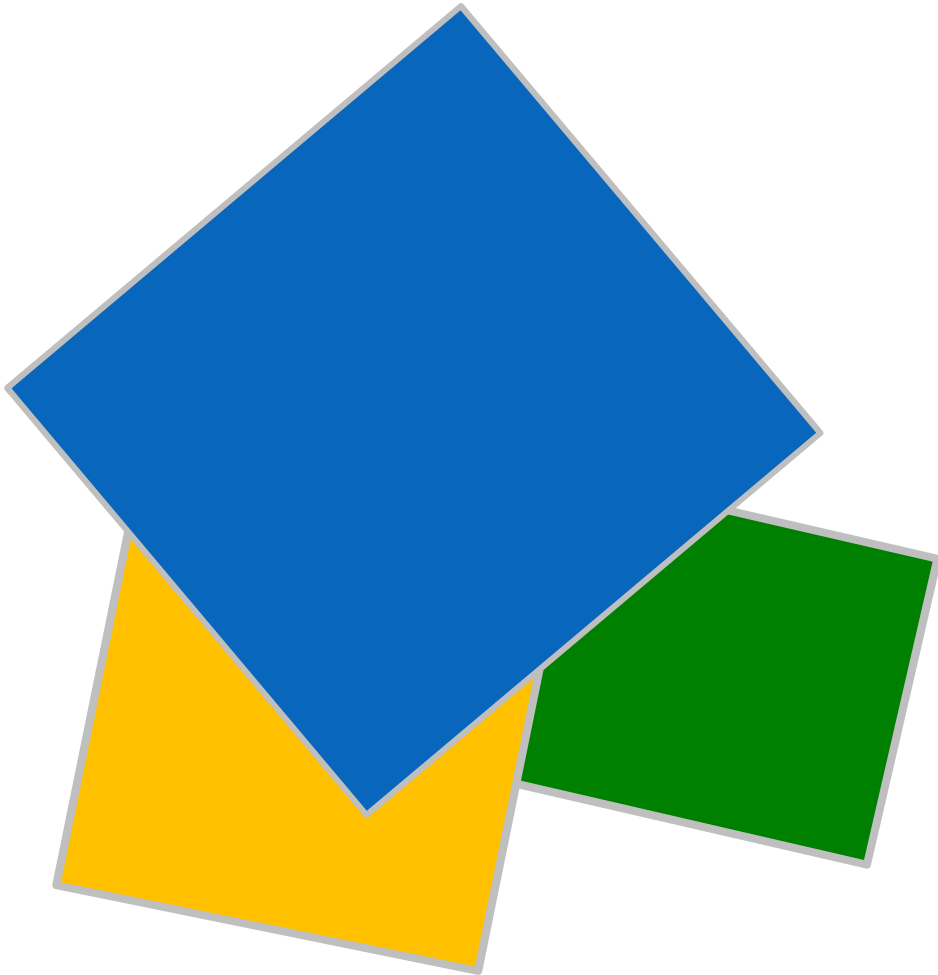


- Granting a common “best-practice based” business framework leading to a real and consistent company governance
- Enabling needed flexibility to accomplish fast evolving business and regulatory requirements



The Program will positively affect all the involved company organizations and relations with ACEA ecosystem

- **Business processes**
 - Optimized resources allocation, business processes automation and synergies between operative companies leading to **operating costs reduction**
- **Service quality**
 - Time – to – customer
 - More proactive than reactive technical operations
 - Less penalties and reimbursements
 - Less complains and call center operations
- **Data quality:**
 - Higher degree of correct bills to customer
 - Reliable and accountable data allowing
 - Enhanced management control
 - Consistent strategic decisions
- **IT processes and architecture**
 - Usage of standard solutions
 - Higher business continuity



Regulatory Framework

- Environment
- Energy
- Water
- Grids

The disposal of urban waste through the production of energy confers the right to benefit from incentives in recognition of the electricity produced.

In 2012 a new incentives scheme based on feed-in tariffs⁽¹⁾ was introduced. For the plants in the Environment BU this system involves the following sums:

Type of plant	Feed-in tariff
Biogas plants of up to 1 MW	178 €/MWh
Biogas plants of between 1 and 5 MW	125 €/MWh
WTE plants > 5 MW	125 €/MWh

(1) Legislative Decree 28 of 3 March 2011, "implementing Directive 2009/28/EC promoting the use of renewable energy sources, amending and subsequently abrogating directives 2001/77/EC and 2003/30/EC"

Production:

- **Green certificates:** termination of the mechanism based on certificates in 2015 and replacement with a feed-in tariff mechanism.
- **EU ETS (CO2):** a flattening of prices caused by a long position in the ETS market

Energy scenario		2013 FWD	2014 FWD	2015 FWD	2016 FWD	2017 FWD	2018 FWD	2019 FWD	2020 FWD
Oil	\$/Bbl	108.4	100.6	99.1	94.3	93.3	92.3	91.3	90.3
PUN	€/MWh	63.4	66.0	64.8	64.6	65.7	65.8	68.3	70.0
Clean Spark Spread CCGT	€/MWh	-5.1	2.5	3.0	3.5	4.0	5.0	6.0	7.0
Green certificates	€/MWh	79.3	81.3	82.4					
	Compulsory quota %	5.0%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Feed-in tariffs	€/MWh				76.0	73.8	73.5	69.1	67.6
Repurchase by GSE	€/MWh	80.3	87.0	87.1					
EU-ETS	€/tons of CO2	3.8	4.5	5.3	6.0	7.8	9.5	11.3	13.0

New tariff regime (2012-2015 regulatory cycle)

2012-2013 transitional tariff (resolution 585/2012)

- "Full cost recovery": recognition of capex, opex incurred, borrowing costs and taxes
- Recognition in Net Invested Capital of all capital expenditure on assets completed by December 31st 2011, re-valuated using a deflator
- Recognition of working capital including a delay of payments average of 90 days in and 60 days out
- Average time lag of 18 months (average time between investment completed and tariff change), recognized in financial expenditure with an increase of 1%
- Regulated revenues for the transitional period are set to ensure stability to cash flows and minimize gaps compared with the previous operator revenues

2014-2015 tariff (resolution 643/2013)

General

- *Tariffs*: can rise by up to (i) 5% + inflation or (ii) 7.5% + inflation (in the event of financial depreciation)
- *Menu regulation*: the option of leveraging cash flow, based on the ability of the existing RAB to generate tariffs sufficient to finance capex envisaged in plans.

Governance

- *Tariff for 2014*: ATOs must submit tariff proposals to the AEEGSI by 31 March 2014 for the AEEGSI to approve within the following 90 days. If an ATO does not act, the operator can submit its tariff proposals to the ATO (notifying the AEEGSI). The AEEGSI will ask the ATO not to respond within 30 days, with the tariff being approved by AEEGSI on the basis of tacit consent (90 days).

Opex

- Profit Sharing: 50% of the difference between operating costs.
- In the event of changes in the scope of operations and/or of cost increases, an increase in costs will be recognised in the year in which they are incurred.
- Cost of energy: min. (cost incurred by the operator; average cost for the sector plus 10%)

New tariff regime (2012-2015 regulatory cycle)

Capex

- *Financial depreciation*: possible only where expected capex for the 2014-2017 period is $\geq 50\%$ of the RAB.
- *FNI (the tariff component designed to fund to new investment)*: possibility of accessing FNI in the event of need for additional financing (i.e. project financing).
- Borrowing costs: adjustment of 10-year BTPs (Italian Treasury Certificates) (↓) and cost of debt Kd (↑).

Adjustments

- *Post-2011 (TTR)*: recovered in year n+2 (those for 2012 will be recovered in 2014) and not taken into account in calculating tariff increases for the purposes of determining the annual cap.
- *Pre-2012*: the cost component is not included in the tariff (as above) and is shown separately on bills; the minimum period for recovery reflects the amount of the adjustments due compared with annual turnover (6 months for ATO2, 2 years for GORI and 3 years for ATO5).

Unpaid bills and guarantee deposit

- *Unpaid bills*: unpaid ratios of 24 months, as a % of turnover (1.6% North, 3% Centre, 6.5% South).
- *Guarantee deposit*: 3 months.

Terminal Value

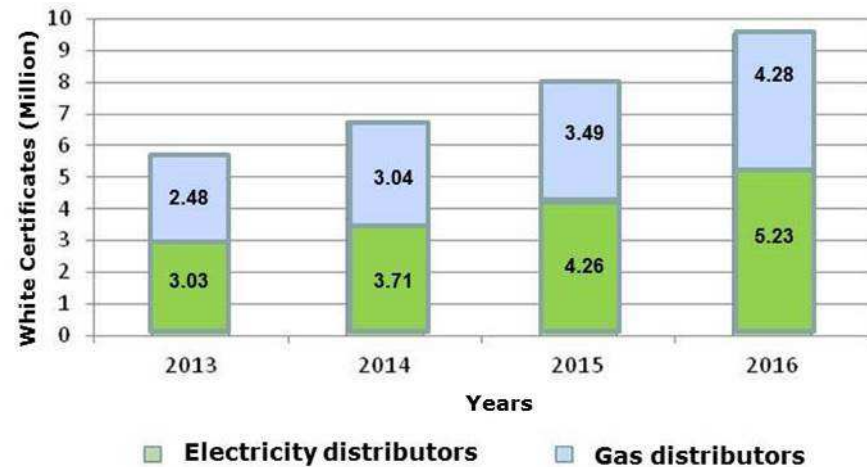
The value of infrastructure based on RAB plus any increase.

Regulatory framework

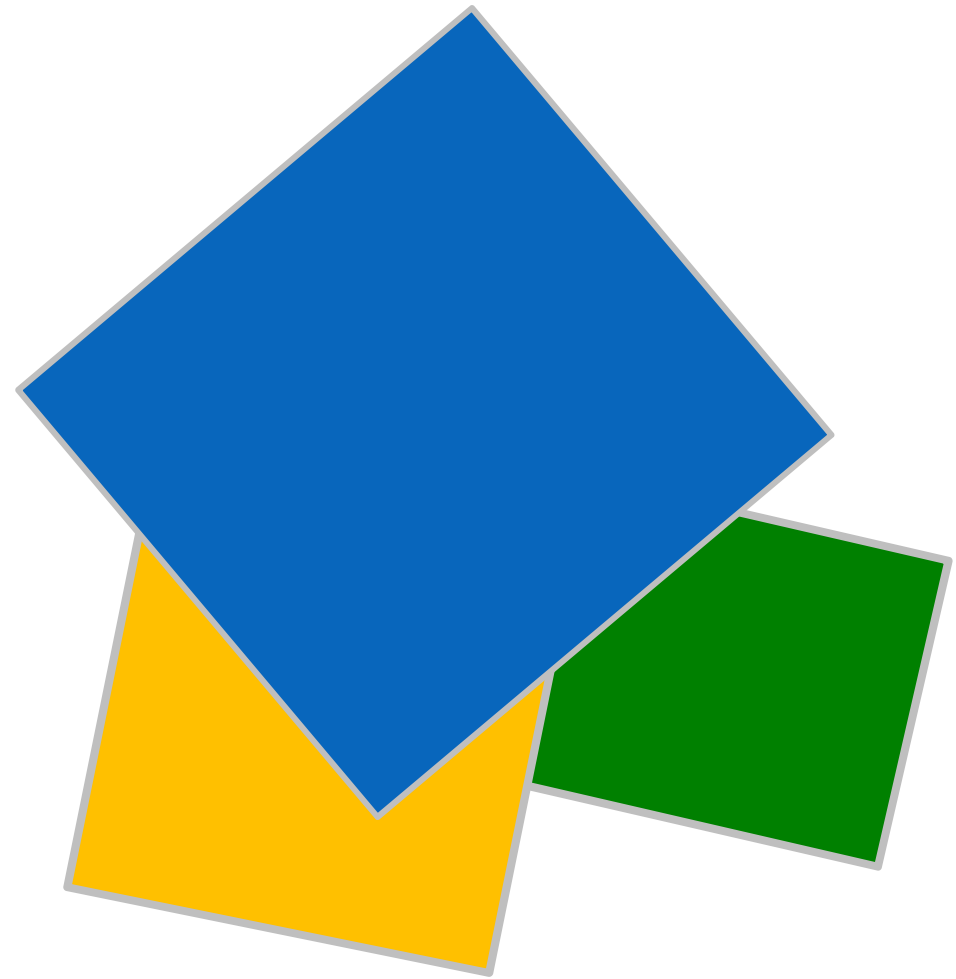
- Distribution tariff for each company to be defined on the basis of the 2013 tariff projected for future years, based on the directives contained in resolution 607/13:
- WACC of 6.4% (plus a regulatory lag of 1%) for capex post-2012;
- lump-sum subsidies to be deducted from capital invested in LV/MV lines and related depreciation;
- price cap for distribution of 2.8%, for metering of 7.1% and an increased return on incentivised investment (1.5%-2%).

Energy efficiency scenario Obligations in period 2013 – 2016

Each electricity and natural gas distributor in the period 2013-2016 must adopt measures and initiatives equivalent to the number of White Certificates shown in the figure (EECs)



A Ministry for Economic Development decree, to be issued by 31 December 2015, will set out national targets for the years after 2016.



Acea Group: 9M2014 Results

Acea Group: financial highlights

Acea Group 9M2014 Results

(€m)	9M2013 Restated*	9M2014	Change %	9M2013	9M2014 Adjusted**	Change %		
Consolidated revenues	2,410.3	2,280.7	-5.4%					
Profit/(Loss) on investments consolidated under IFRS 11	31.8	13.8	-56.6%					
- of which: EBITDA	93.2 °	90.8	-2.6%					
- of which: Amortisation, depreciation and provisions	(51.2)	(60.3)	+17.8%					
- of which: Financial income/(expense)	9.4 °°	(6.4)	-168.1%					
- of which: Income tax expense	(19.5)	(10.3)	-47.2%					
Variable Margin	873.6	890.1	+1.9%					
Personnel costs	179.3	177.8	-0.8%					
Operating costs	209.9	207.4	-1.2%					
EBITDA	484.4	504.9	+4.2%	545.4	581.9	+6.7%		
Amortisation, depreciation and provisions	215.4	230.4	+7.0%					
EBIT	269.0	274.5	+2.0%	279.1	291.2	+4.3%		
Financial income/(expense)	(74.8)	(76.7)	+2.5%					
Profit/Loss from equity investments	(2.5)	0.6	-124.0%					
Profit/(loss) before tax	191.7	198.4	+3.5%	211.1	208.7	-1.1%		
Income tax expense	78.2	80.7	+3.2%					
Net profit/(loss)	113.5	117.7	+3.7%	113.4	117.7	+3.8%		
Minority interest	9.0	4.9	-45.6%					
Group net profit/(loss)	104.5	112.8	+7.9%	104.6	112.8	+7.8%		
Capex	197.1	218.9	+11.1%					
(€m)	30 Sept 2013 restated*	31 Dec 2013 restated* (a)	30 June 2014	30 Sept 2014 (b)	Change (b-a)	31 Dec. 2013 (a)	30 Sept 2014 Adjusted**(b)	Change (b-a)
Net Debt	2,318.5	2,248.6	2,376.7	2,412.0	163.4	2,468.2	2,645.3	177.1
Shareholders' equity	1,415.6	1,406.8	1,427.0	1,461.2	54.4			
Invested Capital	3,734.1	3,655.4	3,803.7	3,873.2	217.8			

* After application of IFRS11.

** Based on the accounting standards applied until 31 December 2013.

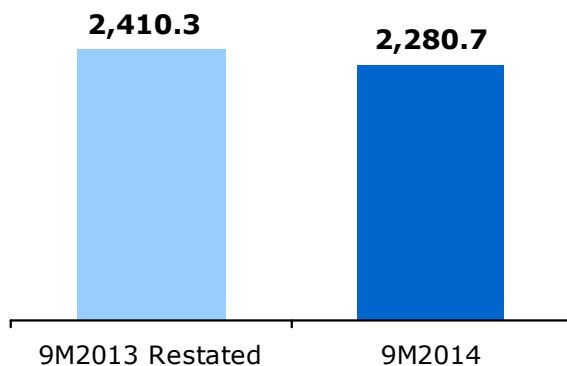
° Figure includes FNI water component for 2012 and 2013 (19.2 €m, after tax, of which 7.1 €m referring to 2012)

° ° Figure includes financial income for discounting to present value of Gori's debt to Campania Region (approx 11 €m, after tax)



Acea Group: Revenues and EBITDA

REVENUES €m

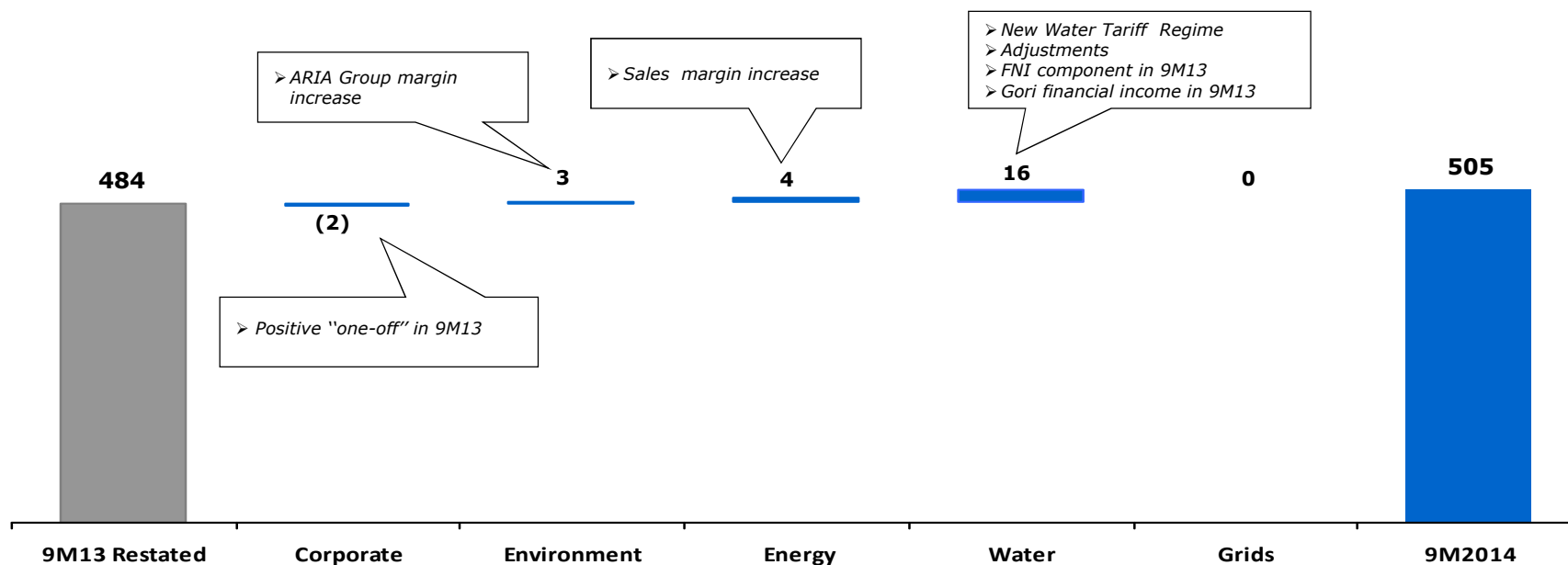


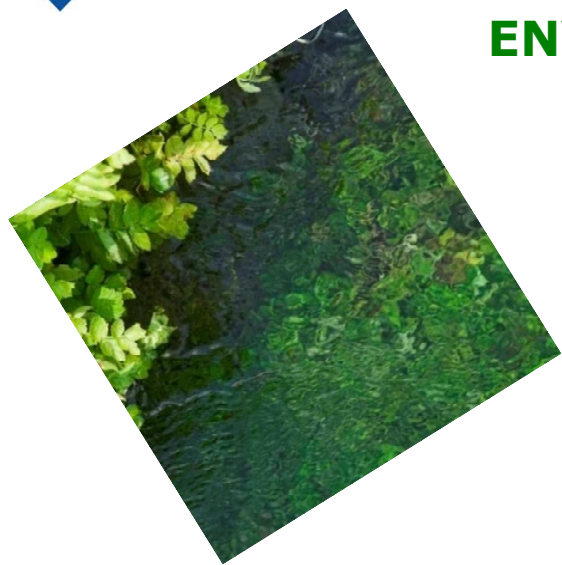
Total number of employees	9M2013 Restated	9M2014
Acea Spa	679	669
Environment	218	214
Energy	548	534
Water °	2,028	2,003
Network	1,396	1,378
Total	4,869	4,798

° Figures do not include:

- 9M2013 Overseas water operations: 391
- 9M2014 Overseas water operations: 406

EBITDA €m





ENVIRONMENT

EBITDA MAIN DRIVERS

↑ Aria Group (mainly Terni plant): +3.4 €m

(€m)	9M2013 Restated (a)	9M2014 (b)	Change % (b/a)
EBITDA	36.6	39.8	+8.7%
Capex	6.8	7.3	+7.4%

Key quantitative data

	9M2013	9M2014
Treatment and disposal (/000s of tonnes)	566	589
WTE electricity sold (GWh)	177	183



ENERGY

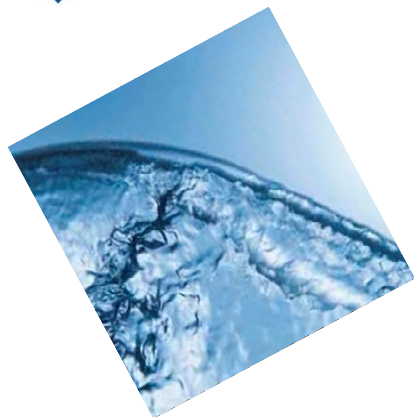
EBITDA MAIN DRIVERS

- ⬆ Energy sales margin increase +5.7 €m
- ⬇ Energy production margin decrease -1.4 €m

(€m)	9M2013 Restated (a)	9M2014 (b)	Change % (b/a)
EBITDA	60.9	64.5	+5.9%
▪ Production	28.0	26.6	-5.0%
▪ Sales	32.2	37.9	+17.7%
▪ Energy Management	0.7	-	n.s.
Capex	8.1	11.2	+38.3%

Key quantitative data

	9M2013	9M2014
Total Electricity production (GWh)	383	399
Total Electricity sold (GWh)	9,444	8,182
Enhanced Protection Market	2,411	2,269
Free Market	7,033	5,913
Total Gas sold (Mmc)	72	68



WATER

EBITDA MAIN DRIVERS

- ↑ Recognition of additional revenue following the application of the new Water Tariff Regime introduced by AEEGSI resolution 643/2013
- ↑ Tariff adjustments for 2012 and 2013
- ↓ Recognition in 9M13 of FNI component for 2012 and 2013 and Gori financial income

(€m)	9M2013 Restated (a)	9M2014 (b)	Change % (b/a)	9M2013	9M2014 Adjusted	Change %
Profit/(Loss) on investments consolidated under IFRS 11	32.6	13.4	-58.9%			
- of which: EBITDA	93.6*	90.4	-3.4%			
- of which: Amortisation, depreciation and provisions	(50.8)	(60.2)	+18.5%			
- of which: Financial income/(expense)	9.4**	(6.4)	-168.1%			
- of which: Income tax expense	(19.5)	(10.3)	-47.2%			
EBITDA	199.2	215.1	+8.0%	260.1	291.3	+12.0%
Capex	99.5	105.4	+5.9%			

Key quantitative data

	9M2013	9M2014
Total Volumes of water sold (Mmc)°	425	418

* Figure includes FNI component for 2012 and 2013

** Figure includes financial income for discounting to present value of Gori's debt

° Figure includes pro-rata contribution of water companies in Toscana, Umbria and Campania.



GRIDS



- ▲ Distribution margin increase
- ▼ Public Lighting decrease

(€m)	9M2013 Restated (a)	9M2014 (b)	Change % (b/a)
EBITDA	184.2	184.4	+0.1%
Capex	75.1	85.3	+13.6%

Key quantitative data

	9M2013	9M2014
Total Electricity distributed (GWh)	8,028	7,718

CORPORATE



(€m)	9M2013 Restated (a)	9M2014 (b)	Change % (b/a)
EBITDA	3.1	1.1	-64.5%
Capex	7.6	9.7	+27.6%

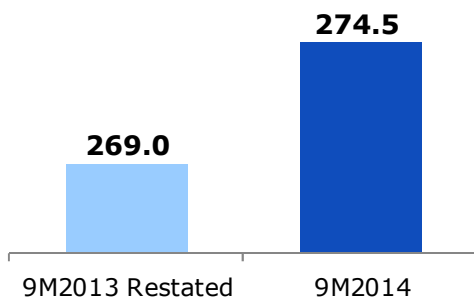
In 9M13 there was a significant positive "one-off" item relating to staff costs



Acea Group: EBIT and Net Profit

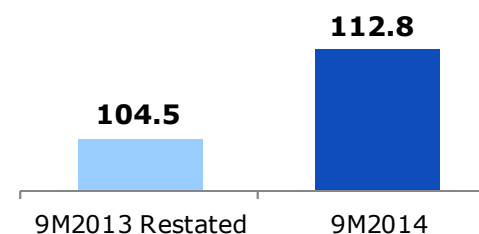
EBIT €m

← +5.5 €m (+2.0%) →



NET PROFIT €m

← +8.3 €m (+7.9%) →

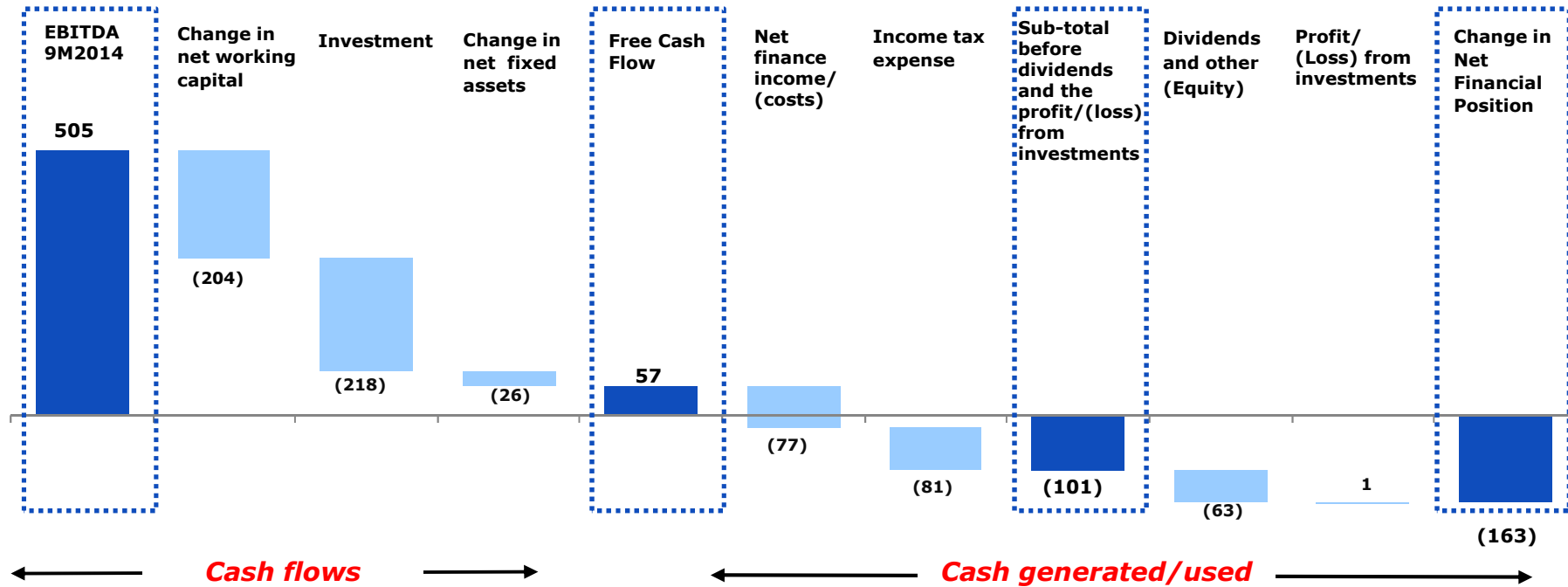


(€m)	9M2013 Restated	9M2014	Change %
Amortisation	138.9	141.3	+1.7%
Depreciation	53.3	67.4*	+26.5%
Provisions	23.2	21.7	-6.5%
Total	215.4	230.4	+7.0%

* 49 €m relating to the Energy Sector



Acea Group: Cash Flow





NET DEBT

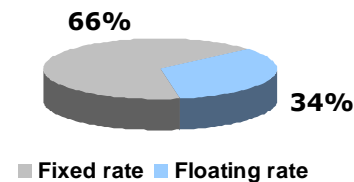
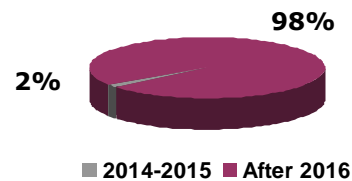
(€m)	30 Sept. 2013 Restated	31 Dec. 2013 Restated (a)	30 Sept. 2014 (b)	Change (b-a)
Medium/Long-term	2,344.6	2,326.1	2,913.4	587.3
Short-term	(26.1)	(77.5)	(501.4)	(423.9)
Net Debt	2,318.5	2,248.6	2,412.0	163.4

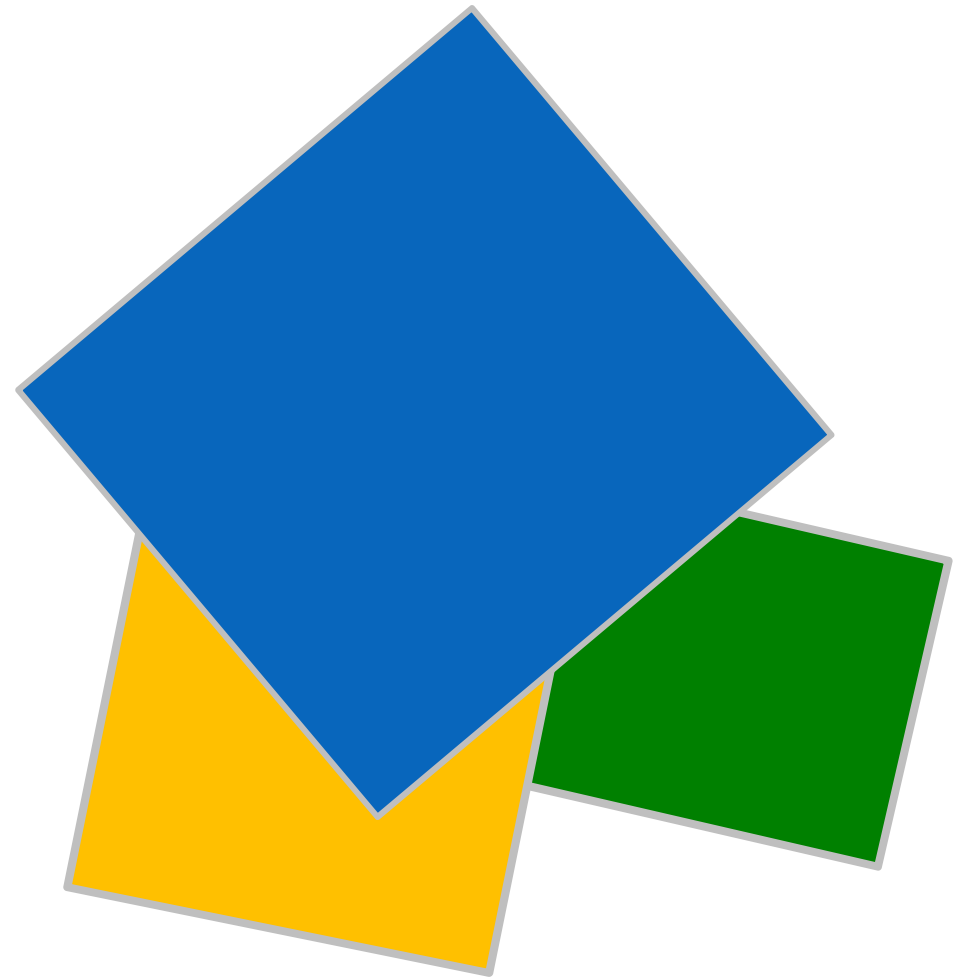
Rating

STANDARD & POOR'S	FitchRatings KNOW YOUR RISK	MOODY'S
BBB-	BBB+	Baa2
<i>Stable Outlook</i>	<i>Stable Outlook</i>	<i>Stable Outlook</i>

Debt structure (maturity and interest rates at 30 Sept 2014)

- 66% fixed rate
- average overall cost 3.2%
- Average term to maturity \approx 7.5 years





Acea Group: 1H2014 Results



Acea Group: financial highlights

Acea Group 1H2014 Results

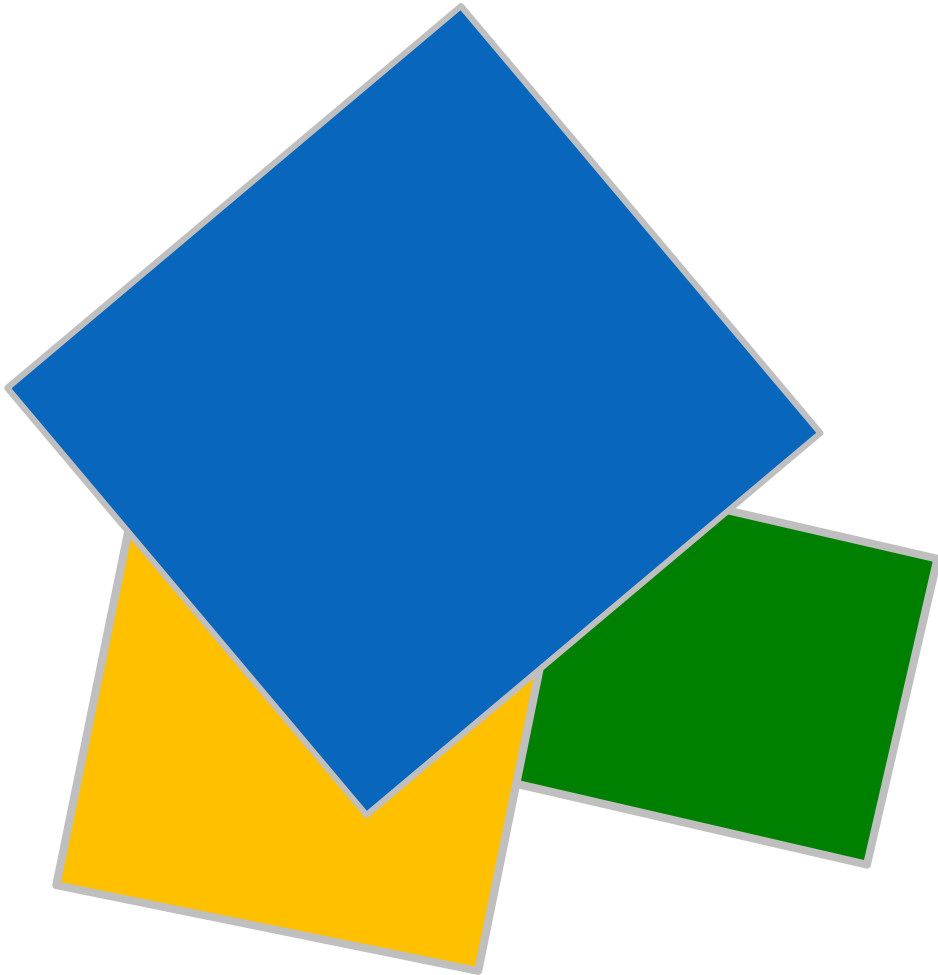
	(€m)	1H2013 Restated*	1H2014	Change %	1H2013	1H2014 Adjusted**	Change %		
Consolidated revenues		1,642.2	1,511.2	-8.0%					
Profit/(Loss) on investments consolidated under IFRS 11		26.2	8.6	-67.2%					
- of which: EBITDA		65.9°	60.6	-8.0%					
- of which: Amortisation, depreciation and provisions		(34.8)	(39.5)	+13.5%					
- of which: Financial income/(expense)		11.2°°	(4.9)	n.s.					
- of which: Income tax expense		(16.0)	(7.6)	-52.5%					
Gross Operating Margin		585.8	595.6	+1.7%					
Personnel costs		118.7	126.4	+6.5%					
Operating costs		136.3	138.2	+1.4%					
EBITDA		330.8	331.0	+0.1%	370.4	383.0	+3.4%		
Amortisation, depreciation and provisions		149.0	142.6	-4.3%					
EBIT		181.8	188.4	+3.6%	186.6	200.9	+7.7%		
Financial income/(expense)		(51.4)	(50.9)	-1.0%					
Profit/Loss from equity investments		(1.8)	1.1	n.s.					
Profit/(loss) before tax		128.6	138.6	+7.8%	144.5	146.2	+1.2%		
Income tax expense		51.5	54.9	+6.6%					
Net profit/(loss)		77.1	83.7	+8.6%	77.1	83.7	+8.6%		
Minority interest		6.5	3.2	-50.8%					
Group net profit/(loss)		70.6	80.5	+14.0%	70.6	80.5	+14.0%		
Capex		135.2	142.3	+5.3%	165.7	176.2	+6.3%		
	(€m)	30 June 2013 restated*	31 Dec 2013 restated* (a)	31 March 2014	30 June 2014 (b)	Change (b-a)	31 Dec. 2013 (a)	30 June 2014 Adjusted**(b)	Change (b-a)
Net Debt		2,256.6	2,248.6	2,323.9	2,376.7	128.1	2,468.2	2,620.9	152.7
Shareholders' equity		1,376.9	1,406.8	1,446.6	1,427.0	20.2			
Invested Capital		3,633.5	3,655.4	3,770.5	3,803.7	148.3			

* After application of IFRS11.

** Based on the accounting standards applied until 31 December 2013.

° Figure includes FNI water component for 2012 and 2013 (15.2 €m, after tax, of which 7.1 €m referring to 2012)

° ° Figure includes financial income for discounting to present value of Gori's debt to Campania Region (approx 11 €m, after tax)



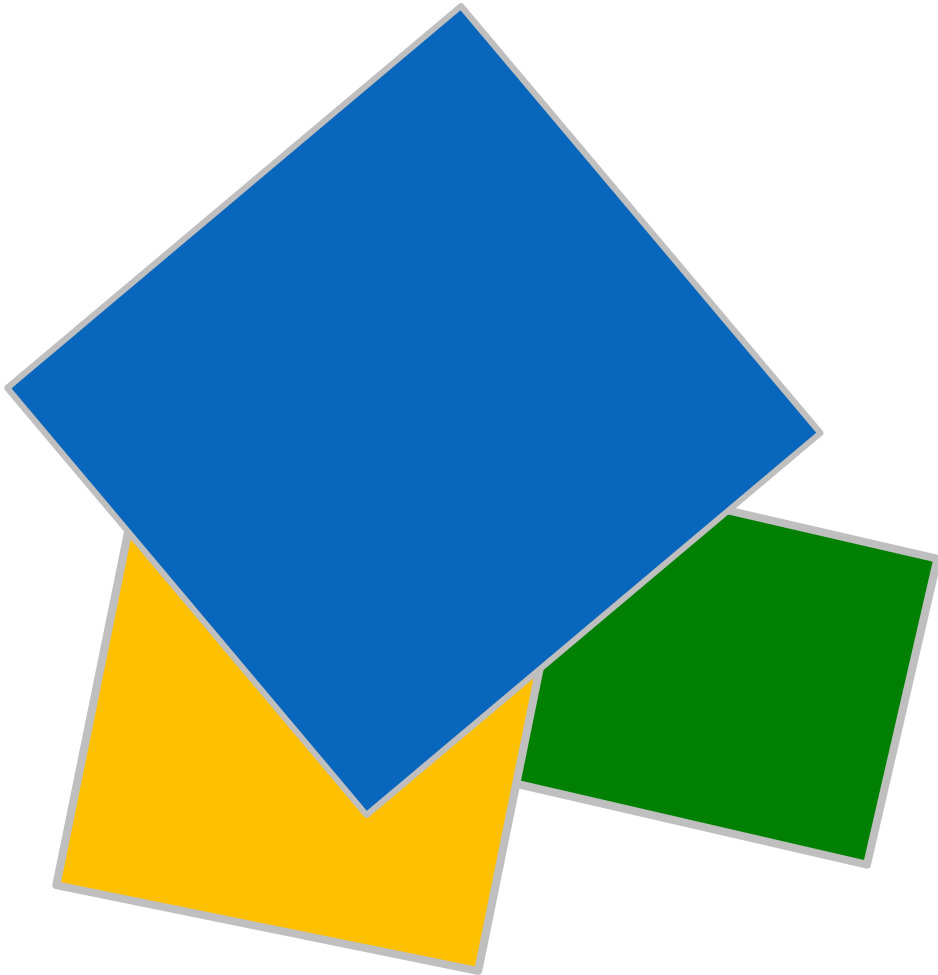
Acea Group: 1Q2014 Results



Acea Group: financial highlights

Acea Group 1Q2013 Results

(€m)	1Q2013 Restated	1Q2014	Change %	1Q2013	1Q2014 Adjusted	Change %		
Consolidated revenues	823.1	780.1	-5.2%					
Profit/(Loss) on investments consolidated under IFRS 11	5.4	5.8	+7.4%					
- of which: EBITDA	26.1	29.1	+11.5%					
- of which: Amortisation, depreciation and provisions	(15.1)	(17.2)	+13.9%					
- of which: Financial income/(expense)	(1.7)	(2.3)	+35.3%					
- of which: Profit/Loss from equity investments	0.0	0.0	-					
- of which: Taxes	(3.8)	(3.8)	-					
Gross Operating Margin	283.5	299.2	+5.5%					
Personnel costs	57.2	63.4	+10.8%					
Operating costs	69.3	69.8	+0.7%					
EBITDA	157.0	166.0	+5.7%	177.7	189.0	+6.4%		
Amortisation, depreciation and provisions	67.7	66.1	-2.4%					
EBIT	89.3	99.9	+11.9%	94.8	105.8	+11.6%		
Financial income/(expense)	(23.2)	(25.4)	+9.5%					
Profit/Loss from equity investments	1.4	2.8	+100.0%					
Profit/(loss) before tax	67.5	77.3	+14.5%	71.1	81.0	+13.9%		
Taxes	28.6	30.6	+7.0%					
Net profit/(loss)	38.9	46.7	+20.1%	38.9	46.7	+20.1%		
Minority interest	2.1	2.2	+4.8%					
Group net profit/(loss)	36.8	44.5	+20.9%	36.8	44.5	+20.9%		
Capex	63.3	66.4	+4.9%	77.7	80.7	+3.9%		
(€m)	31 March 2013 Restated (a)	31 Dec 2013 Restated (b)	31 March 2014 (c)	Change (c-a)	Change (c-b)	31 March 2013	31 March 2014 Adjusted	Change
Net Debt	2,405.3	2,248.6	2,323.9	(81.4)	75.3	2,638.9	2,561.3	(77.6)
Shareholders' equity	1,354.0	1,406.8	1,446.6	92.6	39.8			
Invested Capital	3,759.3	3,655.4	3,770.5	11.2	115.1			



Acea Group: 2013 Results



Acea Group: financial highlights

(€m)	2012	2013	Change %
Consolidated revenues	3,612.7	3,570.6	-1.2%
Gross Operating Margin	1,353.2	1,404.5	+3.8%
<i>Operating costs</i>	376.0	358.9	-4.5%
<i>Personnel costs</i>	282.0	279.5	-0.9%
EBITDA	695.2	766.1	+10.2%
Amortisation, depreciation and provisions	401.4	382.3	-4.8%
EBIT	293.8	383.8	+30.6%
Financial income/(expense)	(120.6)	(112.4)	-6.8%
Financial income for discounting to present value of Gori's debt	-	15.0	n.s.
Profit/Loss from equity investments	0.9	(4.8)	n.s.
Profit/(loss) before tax	174.1	281.6	+61.7%
Taxes	88.8	128.3	+44.5%
Net profit/(loss)	85.3	153.3	+79.7%
Minority interest	7.9	11.4	+44.3%
Group net profit/(loss)	77.4	141.9	+83.3%
Dividend per share (€)	0.30	0.42	+40.0%
Capex	399.0*	342.1	-14.3%

Including the interim dividend of 0.25 euros already distributed in December 2013

(€m)	31 Dec. 2012 <i>restated** (a)</i>	30 Sep. 2013 <i>(b)</i>	31 Dec. 2013 <i>(c)</i>	Change <i>(c-a)</i>	Change <i>(c-b)</i>
Net Debt	2,495.5	2,536.7	2,468.2	(27.3)	(68.5)
Shareholders' equity	1,316.1	1,414.3	1,405.4	89.3	(8.9)
Invested Capital	3,811.6	3,951.0	3,873.6	62.0	(77.4)

* Figure does not include the cost of purchasing the headquarters premises

** Entry into effect of amendments to IAS19



Disclaimer

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