

# *Acea Group*

## *2015 Results*

*Rome, 14 March 2016*



# 2015 Financial highlights



	(€m)	2014	2015	Change %
Revenue		3,038.3	2,917.3	-4.0%
EBITDA		717.7	732.0	+2.0%
EBIT		390.4	386.5	-1.0%
<b>Profit/(loss) before tax</b>		<b>289.8</b>	<b>296.4</b>	<b>+2.3%</b>
Taxes*		120.9	114.9	-5.0%
<b>Net profit/(loss)</b>		<b>168.9</b>	<b>181.5</b>	<b>+7.5%</b>
Minority interest		6.4	6.5	+1.6%
<b>Group net profit/(loss)</b>		<b>162.5</b>	<b>175.0</b>	<b>+7.7%</b>
Dividend per share (€)		0.45	0.50	+11.1%
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<b>Capex</b>		<b>318.5</b>	<b>428.9</b>	<b>+34.7%</b>

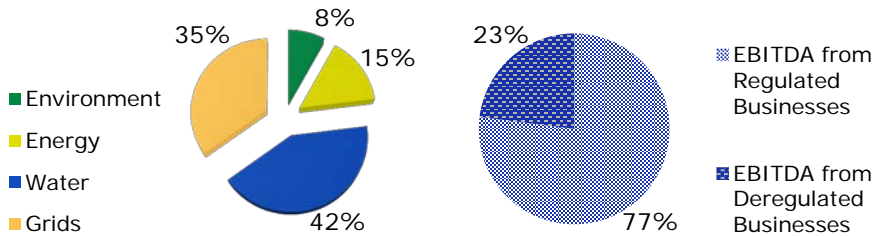
- Increased depreciation and amortisation (capex growth: growth intangible assets resulting from the entry in operation of information technology)
- Reduced bad debt provisions (improved collections)
- Increased provisions

- 84% of capex regards regulated businesses, with positive impact on development of RAB

	(€m)	31 Dec 2014 (a)	30 Sept 2015 (b)	31 Dec 2015 (c)	Change (c/a)	Change (c/b)
<b>NET DEBT</b>		2,089.1	2,130.8	2,010.1	-3.8%	-5.7%
<b>Shareholders' Equity</b>		1,502.4	1,553.8	1,596.1	+6.2%	+2.7%
<b>Invested Capital</b>		3,591.5	3,684.6	3,606.2	+0.4%	-2.1%

\*Tax expense reflects the negative impact of the reassessment of deferred taxation:  
 - recognition, in 2014, of a charge of €17.1m due to abolition of "Robin Hood Tax";  
 - recognition, in 2015, of a charge of €19.9m due to reduction in IRES rate from 2017 (2016 Stability Law).

## EBITDA 2015

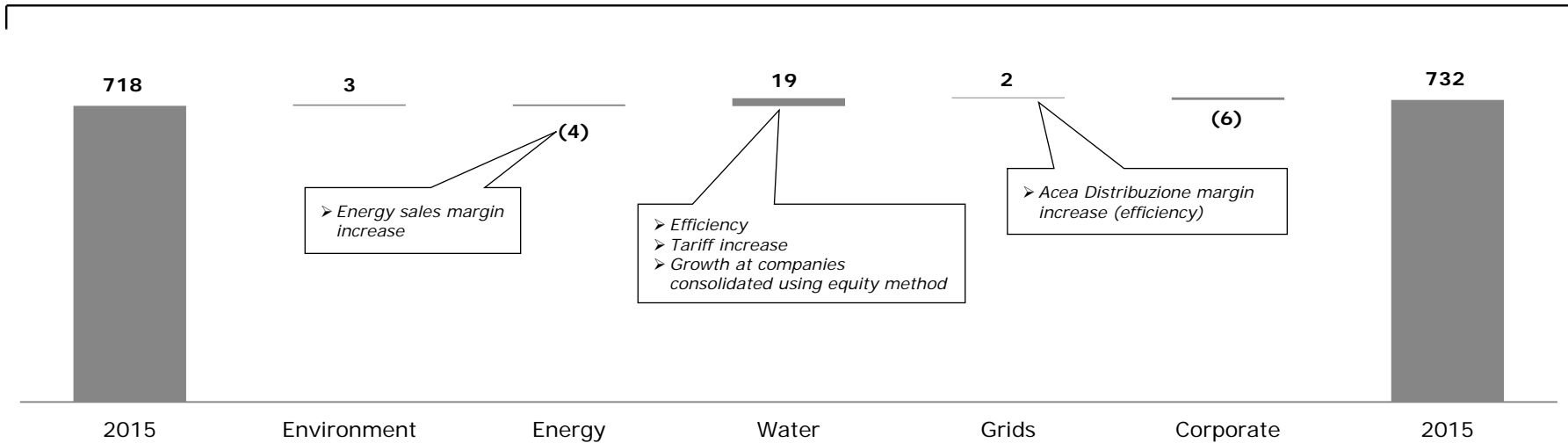


Total number of employees	2014	2015
Acea Spa	661	636
Environment	221	227
Energy	522	549
Water °	1,954	1,983
Network	1,335	1,315
<b>Total</b>	<b>4,693</b>	<b>4,710</b>

° Figures do not include:  
 - 2014 Overseas water operations: 412  
 - 2015 Overseas water operations: 268

## EBITDA €m

+ €14m +2.0%



# EBITDA and Key quantitative data



## Environment

EBITDA main drivers

- ↑ Aria's plants: increase in volume of electricity sold +€3.8m
- ↑ Aquaser: +€1.7m
- ↓ Kyklos: shutdown of plant -€2.2m

(€m)	2014	2015	% change	Key quantitative data	2014	2015
EBITDA	54.5	57.4	+5.3%	Treatment and disposal (‘000s of tonnes)	774	765
Capex	13.3	25.9	+94.7%	WTE electricity sold (GWh)	249	265

# EBITDA and Key quantitative data



## Energy

### EBITDA main drivers



Electricity production: +€0.4m

↓ *Fall in energy prices and reduced volumes*

↑ *Consolidation of photovoltaic business*



Electricity sales: -€4.1m

↓ *Recognition of non-recurring item*

↑ *Increased margin from enhanced protection market due to revised retail price*

↓ *Reduced margin from free market (lower volumes)*

(€m)	2014	2015	% change	Key quantitative data	2014	2015
<b>EBITDA</b>	<b>111.6</b>	<b>107.9</b>	<b>-3.3%</b>	<b>Total Electricity production (GWh)</b>	<b>513</b>	<b>470</b>
<i>Production</i>	<i>33.8</i>	<i>34.2</i>	<i>+1.2%</i>	<b>Total Electricity sold (GWh)</b>	<b>10,887</b>	<b>9,419</b>
<i>Sales</i>	<i>77.8</i>	<i>73.7</i>	<i>-5.3%</i>	Enhanced Protection Market	3,000	2,951
				Free Market	7,887	6,468
<b>Capex</b>	<b>19.7</b>	<b>30.6</b>	<b>+55.3%</b>	<b>Total Gas sold (Mmc)</b>	<b>103</b>	<b>126</b>

# EBITDA and Key quantitative data



**Water**

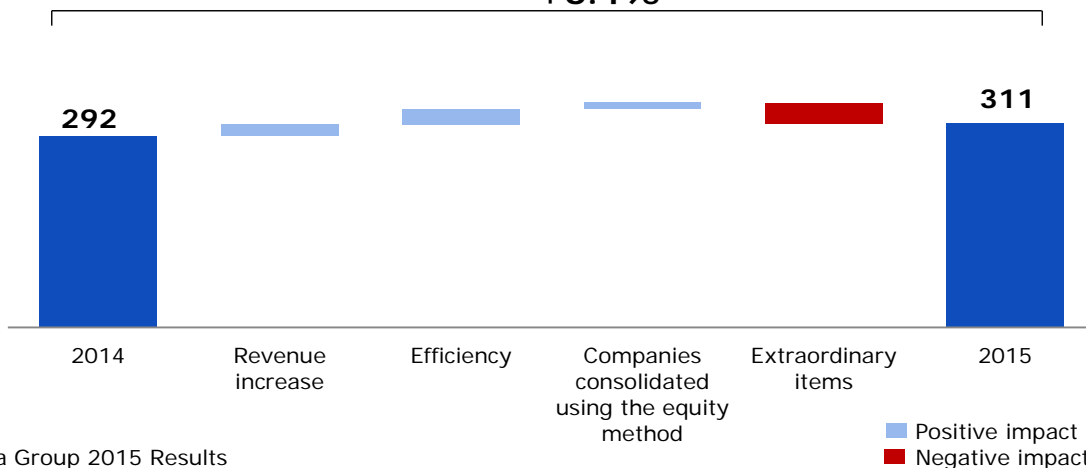
EBITDA main drivers

- ↑ Efficiency
- ↑ Acea ATO2: tariff increase +€16.7m
- ↑ Growth at companies consolidated using the equity method +€9.6m
- ↑ Overseas water operations: +€0.4m
- ↓ Recognition, in 2014, of non-recurring items by Acea Ato2 for adjustments

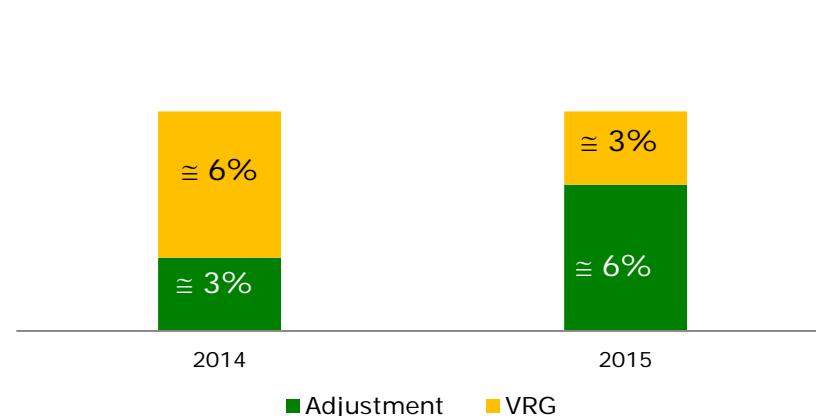
(€m)	2014	2015	% change	Key quantitative data	2014	2015
<b>EBITDA</b>	<b>292.2</b>	<b>310.8</b>	<b>+6.4%</b>	<b>Total volume of water sold</b> (Mmc)	<b>540</b>	<b>527</b>
<i>of which: Profit/(Loss) on investments consolidated under IFRS 11</i>	<i>19.0</i>	<i>28.6</i>	<i>+50.5%</i>			
<b>Capex</b>	<b>148.9</b>	<b>204.4</b>	<b>+37.3%</b>			

EBITDA €m

+6.4%



Tariff increase composition







# EBITDA and Key quantitative data



## Grids

EBITDA main drivers

-  Operational efficiency and new technologies
-  Acea Distribuzione margin increase
-  Public Lighting margin increase
-  Deconsolidation of photovoltaic business

(€m)	2014	2015	% change	Key quantitative data	2014	2015
EBITDA	253.3	255.7	+0.9%	Total Electricity distributed (GWh)	10,294	10,557
Capex	122.4	156.2	+27.6%			



## Corporate

(€m)	2014	2015	% change
EBITDA	6.1	0.2	<i>n.s.</i>
Capex	14.2	11.8	-16.9%

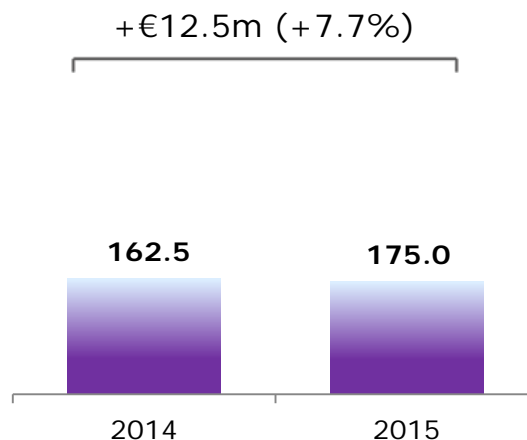
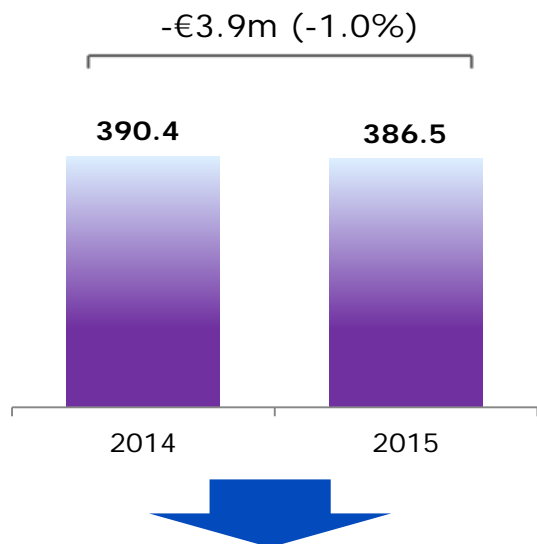
# EBIT and Net Profit



## EBIT €m

## NET PROFIT €m

TAX RATE 38.7%



- ↓ Elimination of one-off hike in IRES corporation tax ("Robin Hood Tax")
- ↓ Deductibility for the purposes of IRAP of the cost of staff hired on permanent contracts
- ↑ Recalculation of deferred taxation:
  - Recognition, in 2014, of a charge of €17.1m due to abolition of "Robin Hood Tax"
  - Recognition, in 2015, of a charge of €19.9m due to reduction in IRES rate from 2017 (2016 Stability Law)

€m	2014	2015	% change
Depreciation	203.5	234.0	+15.0%
Write-offs	110.2	59.0	-46.5%
Provision	13.6	52.5	n.s.
<b>Total</b>	<b>327.3</b>	<b>345.5</b>	<b>+5.6%</b>

- ✓ Higher depreciation:
  - capex growth
  - growth in intangible assets resulting from entry into operation of IT systems

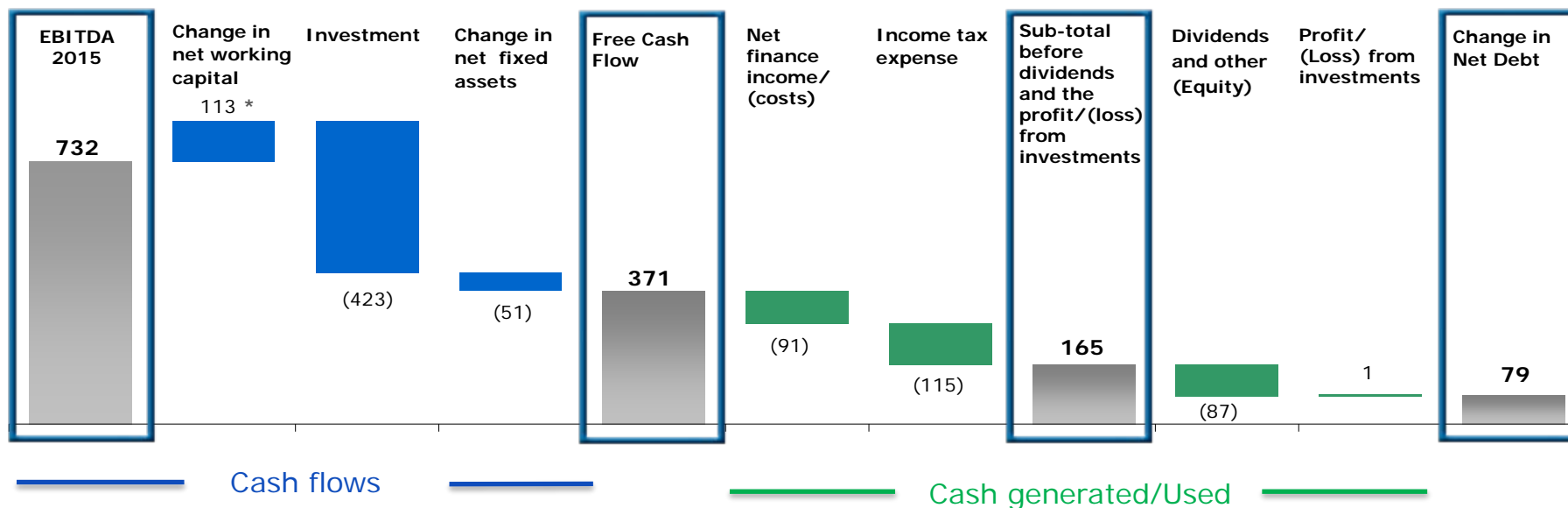
- ✓ Decrease in write-offs mainly in Water and Energy segments



# Cash flow



CASH FLOW ANALYSIS (€m)	2014	1Q15	1H15	9M15	2015
<b>EBITDA</b>	<b>718</b>	<b>177</b>	<b>353</b>	<b>531</b>	<b>732</b>
Change in net working capital	76	(98)	(23)	(32)	113
Investment	(317)	(72)	(168)	(287)	(423)
Change in net fixed assets	(21)	(5)	(17)	(21)	(51)
<b>Free Cash Flow 1</b>	<b>455</b>	<b>2</b>	<b>145</b>	<b>191</b>	<b>371</b>
Net finance income/(costs)	(101)	(24)	(45)	(67)	(91)
Income tax expense	(121)	(27)	(53)	(75)	(115)
<b>Free Cash Flow 2</b>	<b>233</b>	<b>(49)</b>	<b>47</b>	<b>49</b>	<b>165</b>
Dividends and other (Equity)	(74)	(2)	(86)	(90)	(87)
Profit/(loss) from investments	1	0	(1)	(1)	1
<b>Change in Net Debt</b>	<b>160</b>	<b>(51)</b>	<b>(40)</b>	<b>(42)</b>	<b>79</b>



# 2015 Results: financial highlights

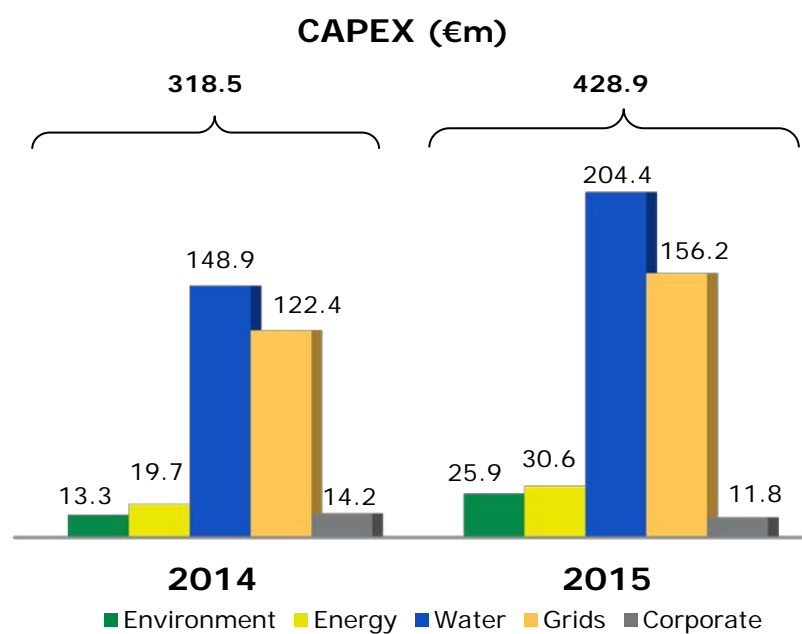
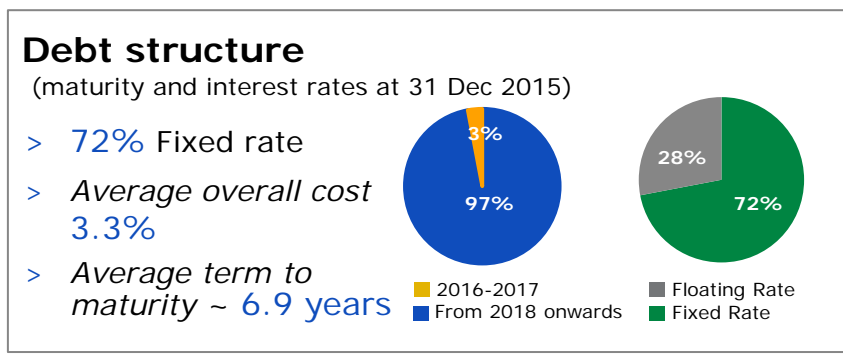


Balanced risk profile

(€m)	31 Dec 2014 (a)	30 Sept 2015 (b)	31 Dec 2015 (c)	Change (c-a)	Change (c-b)
<b>NET DEBT</b>	<b>2,089.1</b>	<b>2,130.8</b>	<b>2,010.1</b>	<b>(79.0)</b>	<b>(120.7)</b>
Medium/Long-term	3,006.4	2,656.0	2,657.0	(349.4)	1.0
Short-term	(917.3)	(525.2)	(646.9)	270.4	(121.7)

NET DEBT/ SHAREHOLDER'S EQUITY 31 Dec 2014	NET DEBT/ SHAREHOLDER'S EQUITY 31 Dec 2015
<b>1.4x</b>	<b>1.3x</b>

NET DEBT /EBITDA 31 Dec 2014	NET DEBT/EBITDA 31 Dec 2015
<b>2.9x</b>	<b>2.7x</b>



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 DIFFER MATERIALLY FROM THOSE EXPRESSED IN OR IMPLIED BY THESE STATEMENTS 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 ENVIRONMENT, 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.

\* \* \*

PURSUANT TO ART. 154-BIS, PAR. 2, OF THE UNIFIED FINANCIAL ACT OF FEBRUARY 24, 1998, THE EXECUTIVE IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AT ACEA, DEMETRIO MAURO – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.



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