



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

(€m)	Q1 2019	Q1 2018	% change
	(a)	(b)	(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%
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Capex guidance 2019: up by over 10%
versus 2018 (€631m)

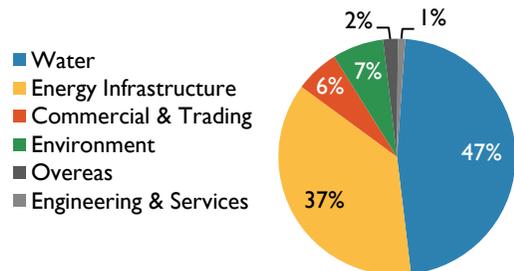
(€m)	31 Mar 2019 (a)	31 Dec 2018 (b)	31 Mar 2018 (c)	% change (a/b)	% change (a/c)
Net debt	2,675.7°	2,568.0	2,482.1	+4.2%	+7.8%
Invested capital	4,655.0	4,471.5	4,197.0	+4.1%	+10.9%

Net debt guidance 2019: €2.85-2.95bn

* Effect of consolidation of Gori: €17.3m

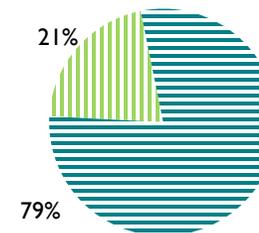
** Recognition in Q1 2018 of income from acquisition of the investment in the TWS group (€8.9m)

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

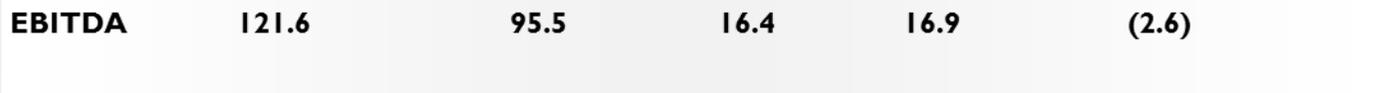


EBITDA Q1 2019

■ EBITDA from non-regulated businesses
 ■ EBITDA from regulated businesses



EBITDA (€m)



Average Group workforce

QI 2019	QI 2018	Change
6,624	5,535	+1,089*

* Increase in workforce primarily reflects changes in scope of consolidation (Gori +812; Consorcio Servicio 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%	Total volume of water distributed (Mm³)	125	127
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%			
	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
				<i>Enhanced Protection market</i>	1,047	930
				<i>Free market</i>	599	663
Capex	6.1	4.1	+48.8%	No. of electricity customers ('000s)	1,173	1,204
				<i>Enhanced Protection market</i>	342	324
				<i>Free market</i>	831	880
				Total gas sold (Mm³)	64	57
Average workforce	469	467	+2	No. of gas customers ('000s)	177	140

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



Engineering & Services

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

(€m)	Q1 2019 (a)	Q1 2018 (b)
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EBITDA	3.8	3.0
Capex	1.5	0.8

	Q1 2019 (a)	Q1 2018 (b)	Change (a-b)
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Average workforce	815	604	+211*
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(€m)	Q1 2019 (a)	Q1 2018 (b)
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EBITDA	2.0	2.2
Capex	0.3	0.3

	Q1 2019 (a)	Q1 2018 (b)	Change (a-b)
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Average workforce	276	270	+6
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Holding company

(€m)	Q1 2019 (a)	Q1 2018 (b)
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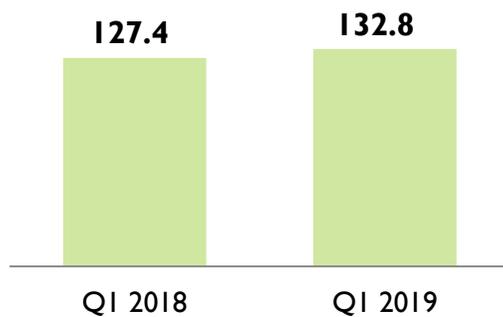
EBITDA	(8.4)	(4.2)
Capex	3.5	1.5

	Q1 2019 (a)	Q1 2018 (b)	Change (a-b)
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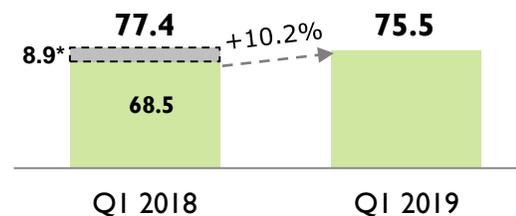
Average workforce	667	664	+3
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* Consolidation of Consorzio Servizio Sur (+210)

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

Capex growth continues, above all in regulated businesses

Capex (€m)



Capex

Category	Value (€m)	Details
Water	73	<ul style="list-style-type: none"> Repair and widening of water and sewage pipes Extraordinary maintenance of water centres Work on treatment plants
Energy Infrastructure	64	<ul style="list-style-type: none"> Upgrade and expansion of grid Work on Tor di Valle power plant
Commercial & Trading	6	<ul style="list-style-type: none"> Capitalisation of agents' fees (IFRS 15) IT systems
Environment	3	<ul style="list-style-type: none"> Work on Terni and San Vittore WTE plants Expansion of Orvieto landfill Revamping of Monterotondo plant
Other**	5	

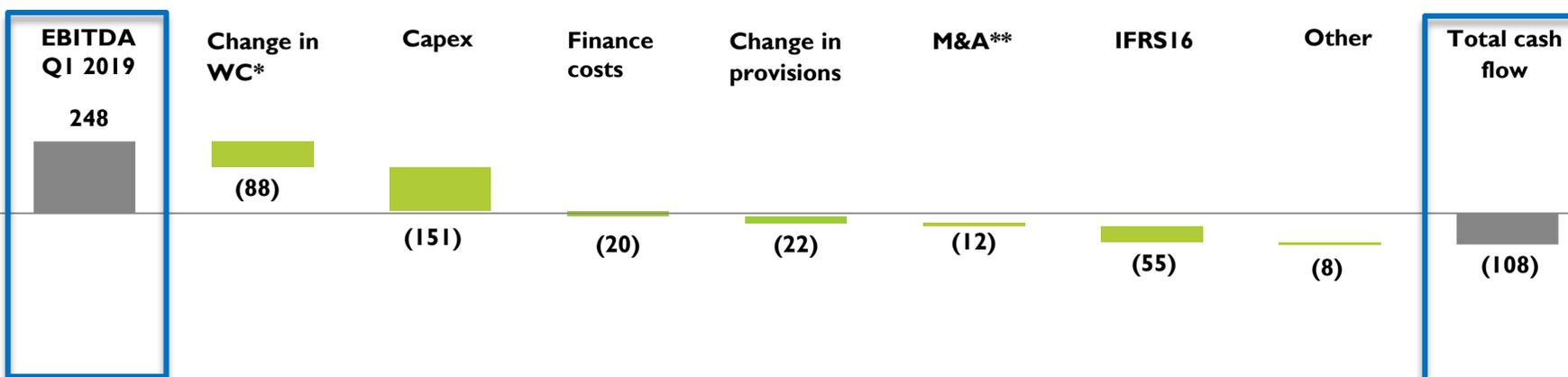
* Effect of consolidation of Gori (€8m)

** 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)
<i>TOTAL CASH FLOW excluding impact of IFRS16 and acquisition of Pescara Distribuzione Gas</i>	<i>(41)</i>	<i>(61)</i>

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

Net debt

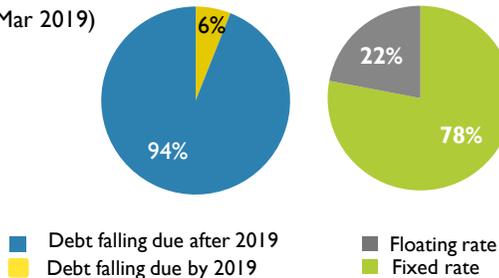
(€m)	31 Mar 2019 (a)	31 Dec 2018 (b)	31 Mar 2018 (c)	Change (a-b)	Change (a-c)
Net debt	2,675.7*	2,568.0	2,482.1	107.7	193.6
Medium/long-term	2,979.6	3,341.4	3,540.2	(361.8)	(560.6)
Short-term	(303.9)	(773.4)	(1,058.1)	469.5	754.2

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

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.

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