



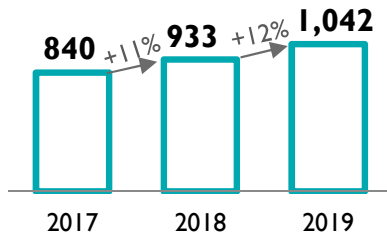
Acea Group Q1 2020 Results

Rome, 13 May 2020

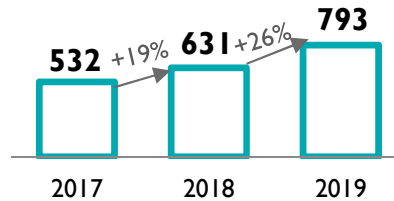


Constant growth in the last three years

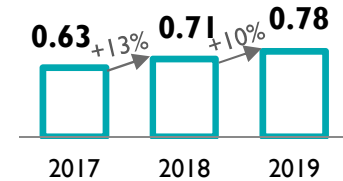
EBITDA (€m)
EFFICIENCY AND COMMUNITY ENGAGEMENT



CAPEX (€m)
FOCUS ON INFRASTRUCTURE, INNOVATION AND SUSTAINABILITY



DPS (€)
CREATION OF SHAREHOLDER VALUE



SHARE PRICE AT ALL-TIME HIGH since 27 April 2017 (the date the new Board of Directors took office):

- **+38.6%** between 27 April 2017 and 31 December 2019
- In early 2020, the significant market «volatility» caused by the «Covid-19 emergency» has influenced the performance of Acea's share price, pushing it downwards. At 12 May 2020, the price stood at €16.41 (+23.4% compared with 27 April 2017).

«**WATER EMERGENCY**» (Q3 2017) effectively dealt with, ensuring continuity of service (~2,300 interventions, with large reduction in network leaks)

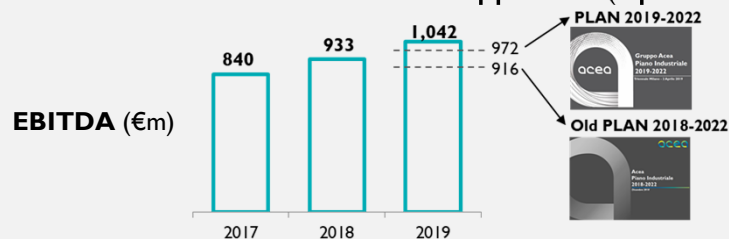
Agreement with Open Fiber (January 2018) for the rollout of an ultrafast broadband communications network in the city of Rome.

Evolving business mix: acquisitions in gas, environment and photovoltaic sectors, consolidation of Gori and Acquedotto del Fiora:

- 51% of **Pescara Distribuzione Gas** - entry into the gas distribution market (March 2019)
- 90% of **Demap** – the owner of a plastic treatment plant (July 2019)
- **Photovoltaic** plants with capacity of up to ~29MWp (between July 2019 and early 2020)
- 60% of **Berg** – a provider of liquid waste treatment services (October 2019)
- **Consolidation** of the water companies, **Gori** (November 2018) and **Acquedotto del Fiora** (October 2019)
- **Other acquisitions** in early 2020 (51% of Alto Sangro Distribuzione Gas; 60% of Ferrocart and Cavallari; 70% of Simam)

Bond issues totalling €2bn

New **BUSINESS PLAN 2019-2022** approved (April 2019) bringing forward targets announced to market in November 2017 by over twelve months.



Targets in existing Plan:

- **EBITDA** in 2022: €1,270m (+36% versus 2018)
- **RAB** in 2022: €4.8bn (+28% versus 2018)
- **Capex**: €4bn (in the period 2018-2022)
- **Dividends** of €800m over life of the Plan

Executive summary

“Covid-19 emergency”: the Acea Group’s response



Establishment of a **Committee for managing Covid-19 preventive measures**



Reorganisation of work with **expanded use of digital tools** and the large-scale adoption of **smart working** arrangements (with over 85% of staff working from home)



Guaranteed **continuity and efficiency of all the services provided.**



Ongoing «**dialogue**» with **local communities and all the Group’s stakeholders.**



Introduction of **special insurance cover** for the Group’s employees and their families.



Special attention paid to employees with underlying health issues.



Donations to the health service (the Lazzaro Spallanzani and Agostino Gemelli hospitals). 6,369 hours donated by the Group’s employees to the Lazzaro Spallanzani hospital.



Launch of a progressive, phased **RECOVERY PLAN.**

Executive summary

Continued improvement in results and development of the Group's businesses

THE ACEA GROUP CONTINUED TO DELIVER GROWTH IN THE **FIRST QUARTER OF 2020**, DRIVEN BY OUR MAJOR INVESTMENT PROGRAMME

- **EBITDA** of €276m +12% versus Q1 2019
- **EBIT** of €137m +3% versus Q1 2019
- **Capex** of €190m +26% versus Q1 2019

KEY EVENTS DURING THE FIRST QUARTER OF 2020:

- Successful placement of a **€500m bond issue**, with a term of 9 years and paying interest of 0.50% (January 2020).
- Signature of an **agreement to acquire 51% of «Alto Sangro Distribuzione Gas»** (537 km of network, 34,000 redelivery points in the province of l'Aquila). The transaction is in line with the gas market growth strategy and strengthens Acea's presence in the sector in Abruzzo (March 2020).

KEY EVENTS AFTER 31 MARCH 2020:

- Signature of an **agreement for the acquisition of 60% of «Ferrocarr» and «Cavallari»** (which owns 100% of Multigreen) – 4 waste storage, treatment and sorting plants, handling 145 thousand tonnes per year (April 2020).
- Signature of an **agreement for the acquisition of 70% of Simam**, a leader in the design, construction and operation of liquid waste treatment plants and in the delivery of environmental and remediation projects, offering integrated high-tech solutions (May 2020)

Covid-19

Initial assessment of potential impact of “Covid-19 emergency” on Acea Group

The impact of the «Covid-19 emergency» on the operating results for the first quarter of 2020 is **negligible** thanks to the Acea Group’s **resilience**, reflecting the fact that we primarily operate regulated businesses (contributing approximately 85% of consolidated EBITDA).

In the last few days of the first quarter, we saw a slowdown in cash generated by sales, the impact of which will be offset over the coming months.

The Group also has **significant cash reserves**: approximately €800m at 31 March 2020, in addition to approximately €600m in new loans and committed credit facilities in the process of being finalised. **This liquidity will enable us to meet our obligations and service debt through to 2024 and beyond.**

In terms of the **potential outlook for the impact of the «Covid-19 emergency»** on the Acea Group’s financial performance, we do not expect – based on the current situation – that there will be a significant effect on the results for the current year.

THE PREVIOUSLY ANNOUNCED GUIDANCE FOR 2020 IS CONFIRMED:

(assuming a full return to normal business activity from 1 July 2020)

- **EBITDA** +6%/+8% versus 2019 (€1,042m)
- **CAPEX** broadly in line with 2019 (€793m)
- **NET DEBT** €3.45-3.55bn

Q1 2020 financial highlights

(€m)	Q1 2020 (a)	Q1 2019 (b)	% change (a/b)
Consolidated revenue	833.5	823.3	+1.2%
EBITDA	276.4	247.9	+11.5%
EBIT	136.8	132.8	+3.0%
Group net profit	70.6	75.5	-6.5%

Capex	190.0	151.2	+25.7%
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(€m)	31 Mar 2020 (a)	31 Dec 2019 (a)	31 Mar 2019 (c)	% change (a/b)	% change (a/c)
Net debt	3,184.4	3,062.8	2,675.7	+4.0%	+19.0%

Contribution to EBITDA of consolidation of Acquedotto del Fiora and new acquisitions

(€m)	Q1 2020	Q1 2019
Acquedotto del Fiora	15.1	1.4 ^o
Pescara Distribuzione Gas	0.5	-
Demap	1.2	-
Berg	0.6	-
Photovoltaic	2.3	-

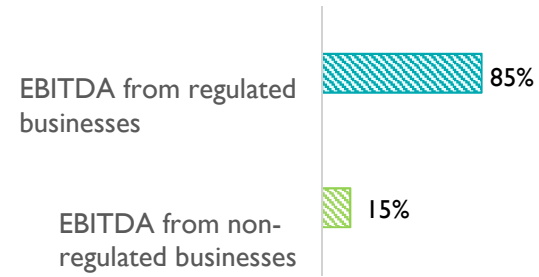
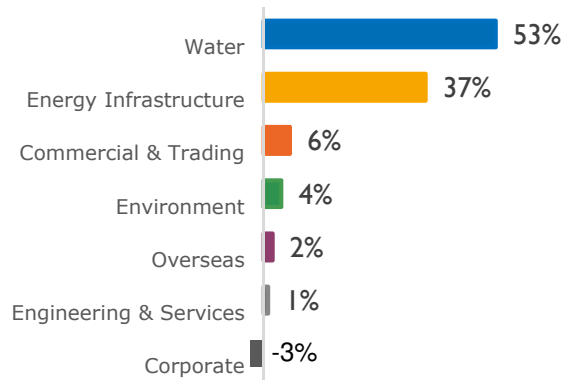
Average Group workforce

Q1 2020	Q1 2019	Change
7,706	6,608	+1,098*

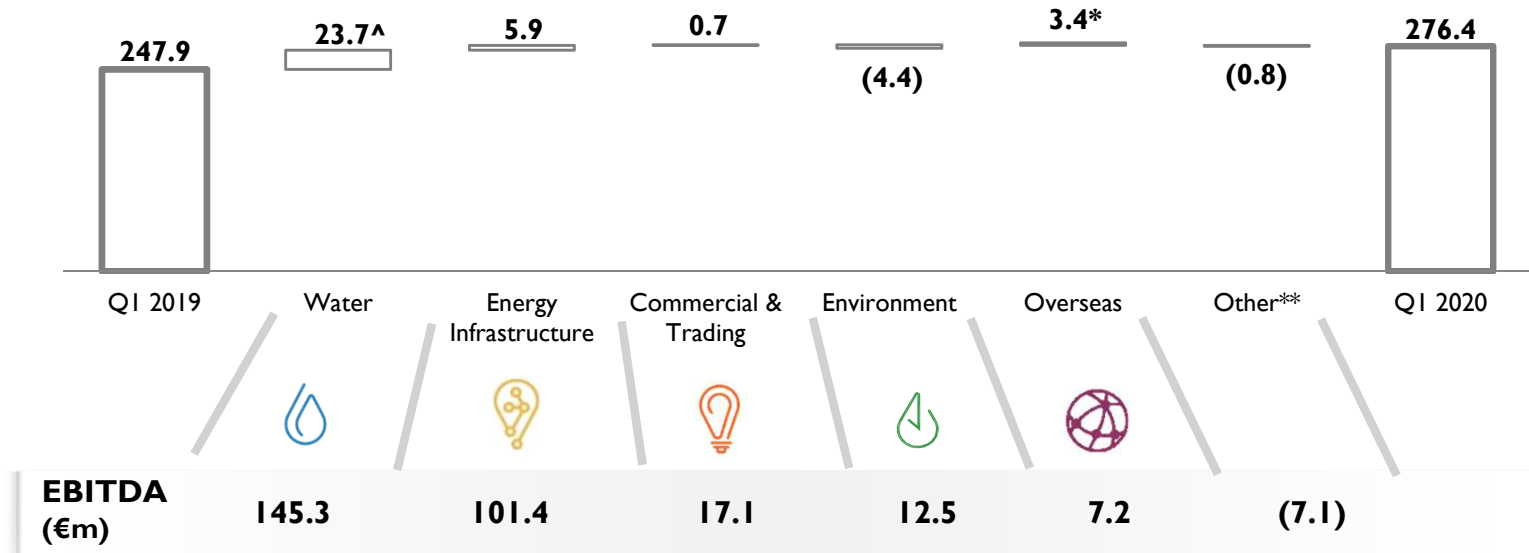
^o Contribution from consolidation of equity-accounted investments

* The increase in the workforce is primarily due to changes in scope (Acquedotto del Fiora +399; Pescara Distribuzione Gas +13; Acea Perù +499; Consorzio Agua Azul +32; Demap +15; Berg +18)

EBITDA QI 2020



EBITDA (€m)



[^] Line-by-line consolidation of Acquedotto del Fiora

^{*} Line-by-line consolidation of Consorzio Agua Azul, following the increase in the interest to 44%

^{**} Engineering & Services, Corporate

EBITDA and quantitative data

Q1 2020 financial highlights

Water

Including gas distribution

KEY HIGHLIGHTS

- Line-by-line consolidation of Acquedotto del Fiora
- Acquisition of Pescara Distribuzione Gas

EBITDA GROWTH

- Application of Tariff Regime for third regulatory period 2020-2023 (Arera Resolution 580/2019):
 - ✓ effect of investment in growth
 - ✓ recognition of new cost components
 - ✓ no award of bonus for commercial quality
- Line-by-line consolidation of Acquedotto del Fiora (from October 2019): +€13.7m
- Acquisition of Pescara Distribuzione Gas (March 2019): +€0.5m

EBITDA
main
drivers



(€m)	Q1 2020 (a)	Q1 2019 (b)	%change (a/b)
EBITDA	145.3	121.6	+19.5%
Acea ATO2	99.4	89.5	+11.1%
Acea ATO5	5.4	6.6	-18.2%
Gori	17.0	17.9	-5.0%
Acquedotto del Fiora	15.1	1.4	n/s
Equity-accounted water companies	6.9	5.5	+25.5%
Other consolidated water companies	1.0	0.7	+42.9%
Pescara Distribuzione Gas	0.5	-	n/s
Capex	104.0	73.1	+42.3%

EBITDA and quantitative data

Q1 2020 financial highlights

Energy Infrastructure

KEY HIGHLIGHTS

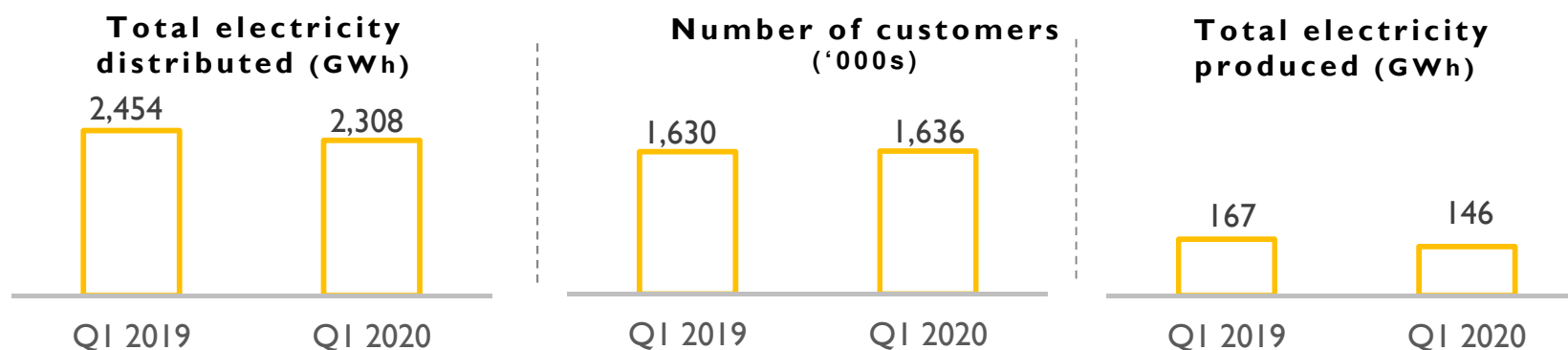
- Acquisition of new photovoltaic plants, increasing total capacity to ~29MWp

EBITDA GROWTH

- Distribution: +€9.2m
- Public lighting: +€0.6m (new lighting points)
- Generation: -€3.9m:
 - Hydroelectric production -€3.0m (sharp reduction in market prices, partly due to the “Covid-19 emergency”)
 - photovoltaic +€2.3m
 - Recognition in Q1 2019 of non-recurring components ~€3m

EBITDA main drivers

(€m)	Q1 2020 (a)	Q1 2019 (b)	%change (a/b)
EBITDA	101.4	95.5	+6.2%
- Distribution	91.0	81.8	+11.2%
- Generation	11.0	14.9	-26.2%
- Public lighting	(0.6)	(1.2)	n/s
Capex	66.2	63.7	+3.9%



EBITDA and quantitative data

Q1 2020 financial highlights

Commercial & Trading

KEY HIGHLIGHTS

- Increased customer base

EBITDA

- Increased margin on free market: greater number of mass market customers
- Reduction in margin on enhanced protection market: revised mechanism for compensating for delinquent accounts (ARERA Resolution 100/2020)
- Reduction in business customers' consumption in March due to "Covid-19 emergency"

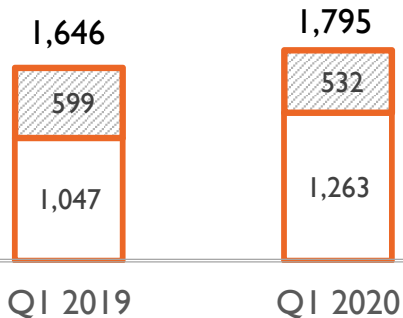
EBITDA main drivers



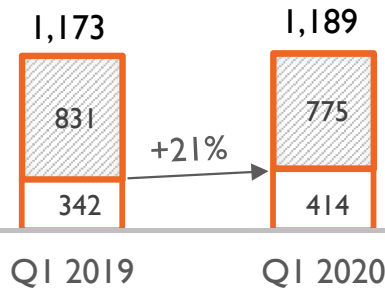
(€m)	Q1 2020 (a)	Q1 2019 (b)	%change (a/b)
EBITDA	17.1	16.4	+4.3%
Capex	9.0	6.1	+47.5%

Free market Enhanced protection market

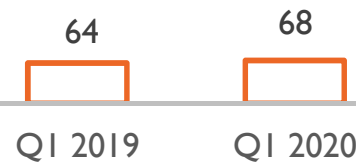
Total energy sold (GWh)



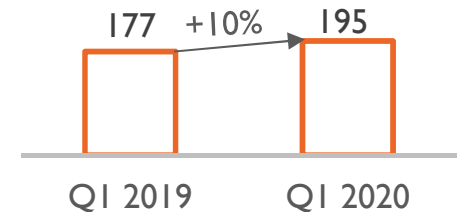
Number of electricity customers ('000s)



Total gas sold (Mm³)



Number of gas customers ('000s)



EBITDA and quantitative data

Q1 2020 financial highlights

Environment

KEY HIGHLIGHTS Q1 2020

- Acquisition of 90% of Demap (plastic treatment)
- Acquisition of 60% of Berg (liquid waste treatment)

EVENTS AFTER 31 MARCH 2020

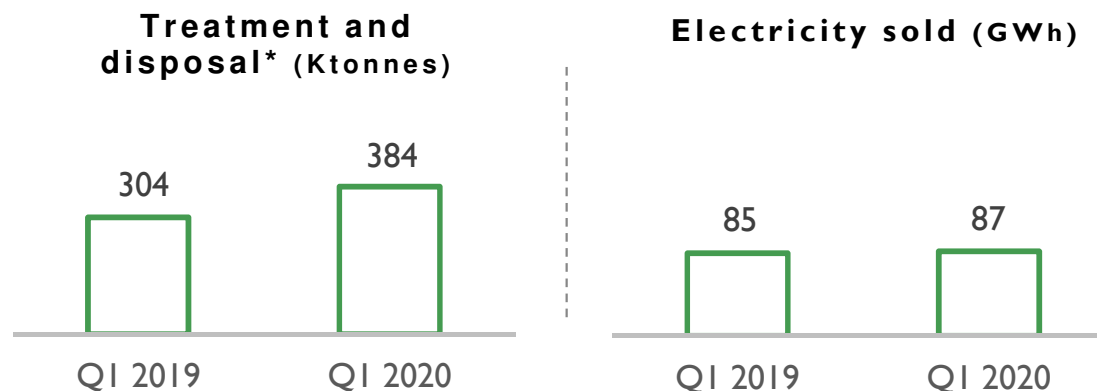
- Agreement for acquisition of 60% of «Ferrocart» and «Cavallari» (waste storage, treatment and sorting)

(€m)	Q1 2020 (a)	Q1 2019 (b)	%change (a/b)
EBITDA	12.5	16.9	-26.0%
of which: Demap	1.2	-	n/s
Berg	0.6	.	n/s
Capex	3.9	3.1	+25.8%

EBITDA

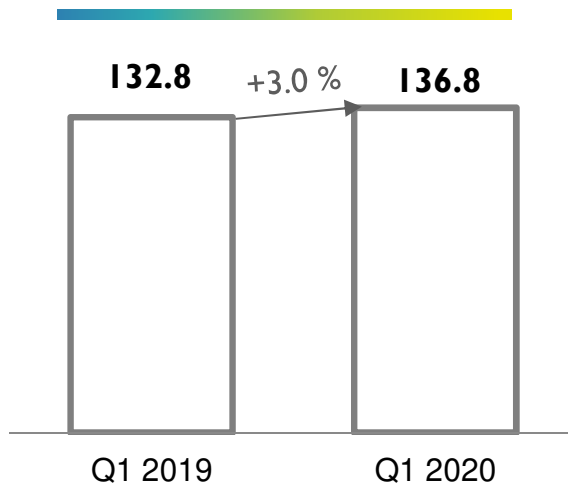
- Acquisition of Demap (July 2019): +€1.2m
- Acquisition of Berg (October 2019): +€0.6m
- End of CIP6 incentives from 1 August 2019 (-€6.6m)

EBITDA
main
drivers

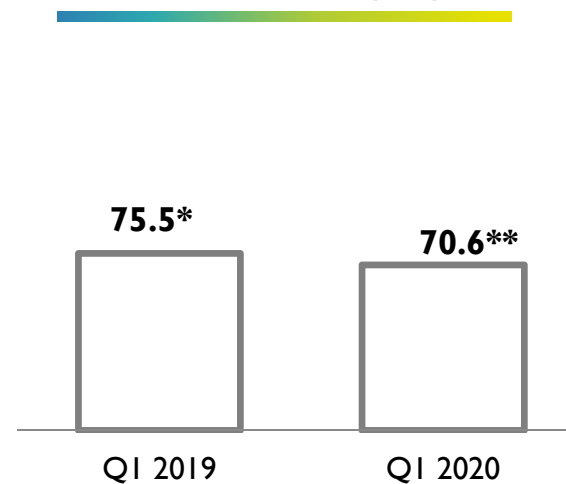


* Includes ash disposed of

EBIT (€m)



NET PROFIT (€m)



TAX RATE

29.6%

30.0%

* Net profit Q1 2019:

- ✓ Recognition of non-recurring item (€1.5m) relating to Agua Azul Bogotá
- ✓ Presence of CIP6 incentives (Environment segment), ended 1 August 2019 (€5m)

** Net profit Q1 2020:

- ✓ Impact of consolidation of Acquedotto del Fiora fully offset by at the level of net profit by effect of profit attributable to non-controlling interests

(€m)	Q1 2020	Q1 2019	% change
Depreciation	117.1	95.2	+23.0%
Write-downs	19.9	18.6	+7.0%
Provisions	2.6	1.4	+85.7%
Total	139.6	115.2	+21.2%

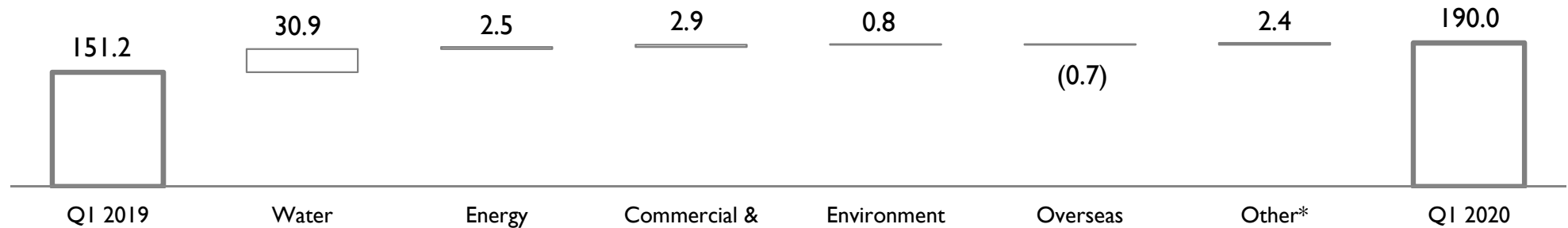
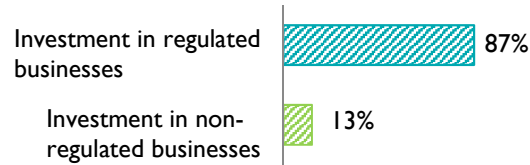
Consolidation of Acquedotto del Fiora (€6.3m)
Increased capex

Consolidation of Acquedotto del Fiora (€0.6m)

Consolidation of Acquedotto del Fiora (€0.5m)

Capex growth continues across all areas of business, with focus on regulated activities

Capex: +25.7%



Capex (€m)	104.0	66.2	9.0	3.9	0.8	6.1
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- Repair and widening of water and sewage pipes
- Extraordinary maintenance of water centres
- Work on treatment plants
- Consolidation of AdF (€6.7m)

- Upgrade and expansion of grid
- "Resilience" plan with work on secondary substations and on the MV and LV network
- Work on Orte, Sant'Angelo and Salisano hydroelectric plants and Tor di Valle and Montemartini thermolectric plants

- Customer acquisition
- IT systems
- Cloud licences for new "Customer Relationship Management"

- Monterotondo Marittimo plant
- Expansion of Orvieto landfill

- Agua de San Pedro: minor investment

- Corporate: IT projects

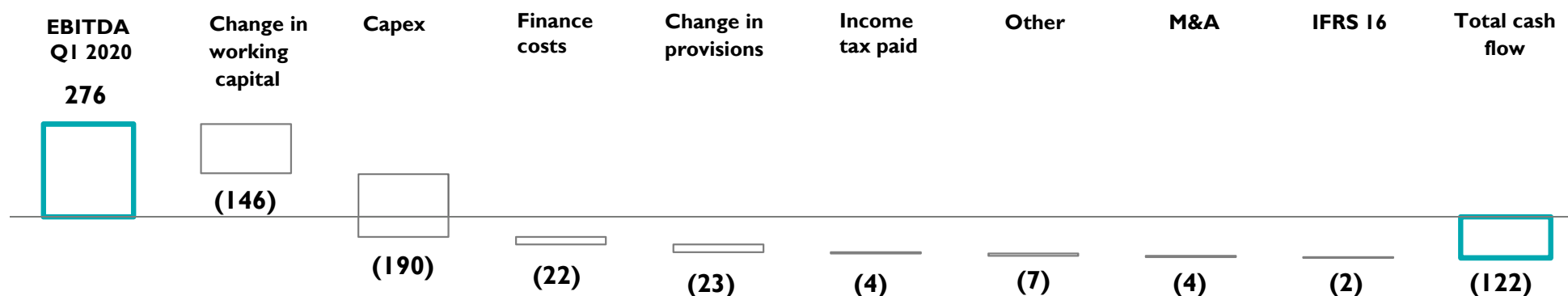
* Engineering & Services, Corporate

Cash flow

Continued focus on reducing working capital

	Q1 2020	Q1 2019
EBITDA	276	248
Change in working capital	(146)	(88)
Capex	(190)	(151)
FREE CASH FLOW	(60)	9
Net finance income/(costs)	(22)	(20)
Change in provisions	(23)	(22)
Income tax paid	(4)	-
Dividends	-	-
Other	(7)	(8)
M&A	(4)	(12)
IFRS 16	(2)	(55)
TOTAL CASH FLOW	(122)	(108)

- Net working capital requirements in Q1 2020 due to:
 - ✓ Seasonal effects (also present in Q1 2019)
 - ✓ Delay in collections by Acea Energia and water companies due to «Covid-19 emergency» (~€40/50m)



Net debt

(€m)	31 Mar 2020 (a)	31 Dec 2019 (b)	31 Mar 2019 (c)	Change (a-b)	Change (a-c)
Net debt	3,184.4	3,062.8	2,675.7	121.6	508.7
Medium/long-term	4,026.5	3,523.3	2,979.6	503.2	1,046.9
Short-term	(842.1)	(460.5)	(303.9)	(381.6)	(538.2)

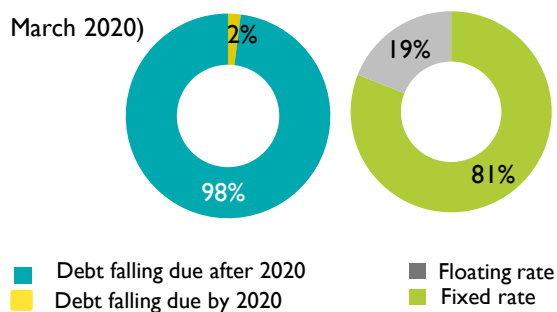
NET DEBT/ EBITDA LTM 31 MARCH 2020	NET DEBT/ EQUITY 31 MARCH 2020
3.0x	1.4x

29 January 2020 – Issue of bonds worth €500m under EMTN. Bonds have a 9-year term and pay a fixed rate of 0.50%

Structure of debt

(maturity and interest rates at 31 March 2020)

- > Fixed rate 81%
- > Average cost 1.93%
- > Average term 6.16 years



Ratings

FitchRatings	BBB+ Stable Outlook
MOODY'S	Baa2 Stable Outlook

⇒ Affirmed on 12 May 2020 despite the recent downgrading of Italy's sovereign debt rating



Acea Group

Q1 2020 Results

Rome, 13 May 2020

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.

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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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.