



aceea

Acea  
Business  
Plan  
2020/24

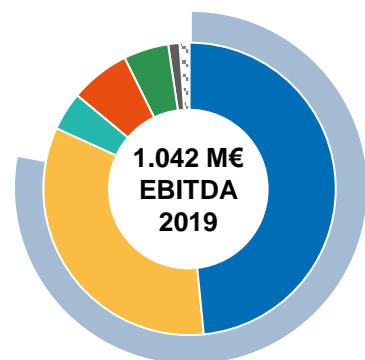
«EV CHARGING INFRASTRUCTURES»

Field Trip

January 12, 2021

# Acea is a leading multi-utility player in the Italian market

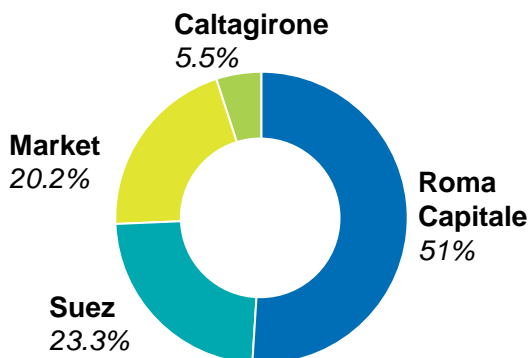
## 2019 EBITDA



81% regulated

## Ownership structure

(Source: CONSOB December 2020)



## Water

**Leader** in the water supply sector in Italy

With **more than 9 M customers** in Lazio, Toscana, Umbria, Molise e Campania



## Energy Infrastructure

**Leading** Italian player in the electricity distribution market

With **10 TWh** of distributed electricity



## Commercial & Trading

**One of the main** players in the Italian energy market

With **6.5 TWh** of electricity sold



## Environment

**4<sup>th</sup> player** in the Italian waste treatment sector

With **more than 1.3 M tons** of treated / disposed waste



## Power generation

**Green player** in power generation in Italy

With more than **250 MW** of installed capacity<sup>1</sup>



## Engineering and services

Business line offering **technical services** to the Group

With **more than 100 M€** of **services** every year



## Gas distribution

Entry in the gas distribution business with **~100k redelivery points**<sup>2</sup>



## Growth

**Growth** driven by regulated businesses, with **significant investment** related to **RAB**...

**6.7%**  
EBITDA CAGR  
2019-24

**5.9 B€**  
2024 RAB



## Renewables

...also supported by **investments in RES**, both industrial scale and consumer

**747 MW**  
Installed PV capacity  
in 2024

**~1000**  
Domestic PV plants in  
2024



## Innovation

...together with investments for **new innovative services** (VAS)

**0.6 B€**  
Innovation capex  
2020-24

**2200+**  
EV charging stations  
in 2024



## Delivery

...proving a consistent track record of **outperforming business plan targets**

**>5%**  
Avg. EBITDA outperformance  
vs. plan (last 3 years)

**4.7 B€**  
Capex and M&A 2020-24



## Sustainability

...with increasing focus on **environmental impact** and **circular economy**

**-11 pp**  
Water losses in 2024

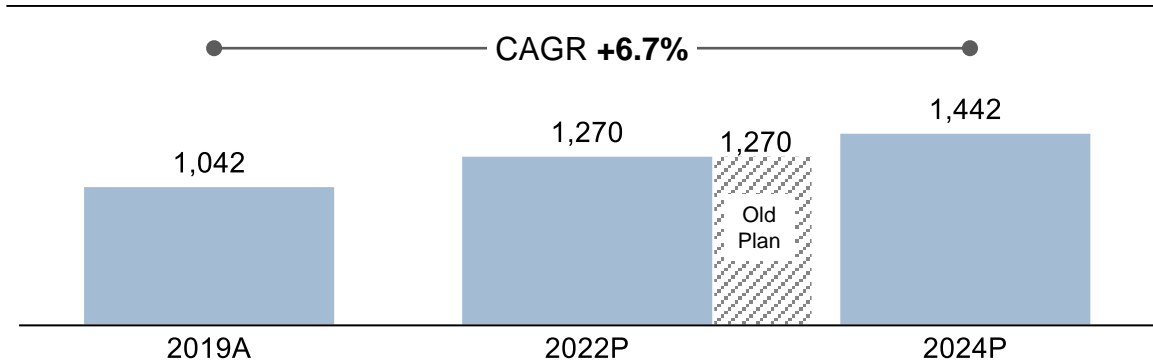
**150+**  
«Smart Comp»  
composters in 2024

***Acea as a leading player in infrastructure and sustainability***

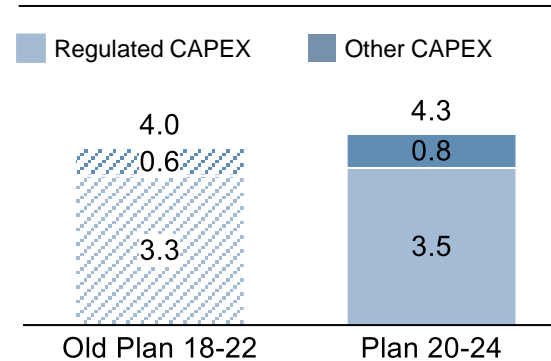
# Strategy and targets

## Key financials

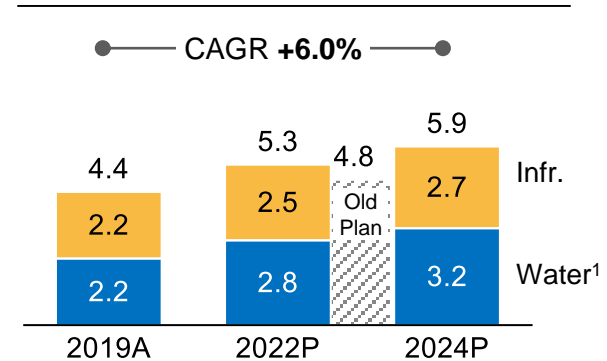
### EBITDA | M€



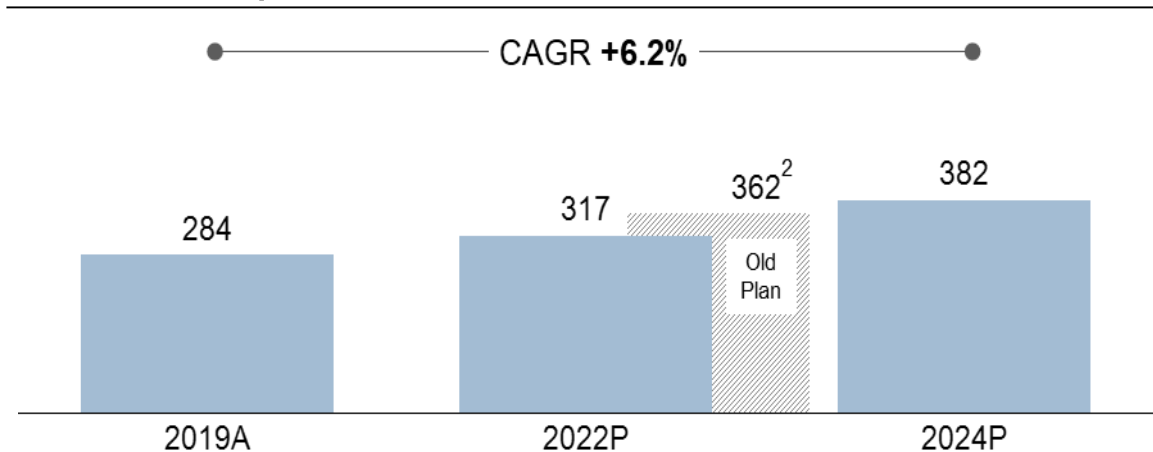
### Cumulative CAPEX | B€



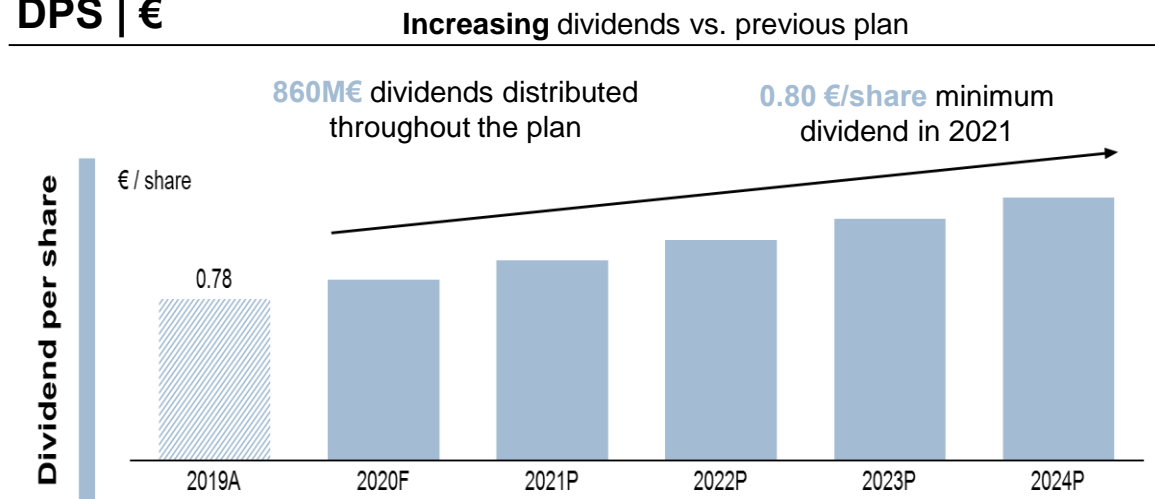
### RAB | B€



### Net Income | M€



### DPS | €





# More than 2B€ related to specific sustainability targets with highest relevance and priority to the Group

## SUSTAINABILITY

### Sustainable Development Goals (SDGs)

Related to investments in sustainability



Acea sustainability rating



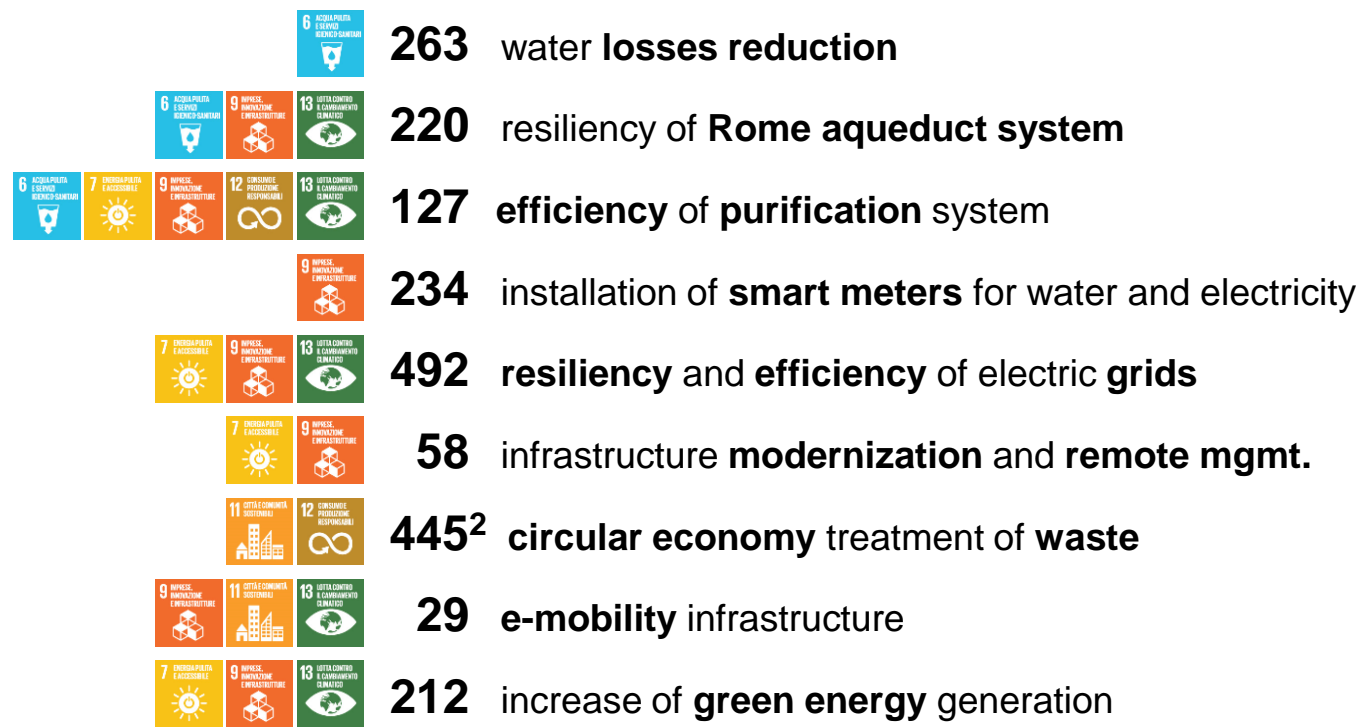
A-  
Leadership



EE-  
Positive

### CAPEX related to sustainability targets | M€, 2020-2024

**2.1B€** of investments related to **sustainability** targets over the plan (+400M€<sup>1</sup> vs. previous Business Plan):



Note: (1) +180M€ related to the installation of smart water and electric meters, +120M€ related to efficiency and resiliency of electric grids, +100M€ to improve the efficiency of the purification system; (2) Includes 206M€ of M&A capex



# New and more challenging targets vs previous business plan

## SUSTAINABILITY

### Acea targets at 2024 (vs. 2019)

8	DECENT WORK AND ECONOMIC GROWTH	<b>GDP and employment increase</b> Preliminary and partial estimate only for the selected period	<b>+5.8 B€</b> GDP	<b>+21k</b> stable FTEs
6	CLEAN WATER AND SANITATION	<b>Water resource protection</b> Losses reduction, IoT grids' management, rationalization of purification system	<b>-11 pp<sup>1</sup></b> losses reduction (440+ Mm <sup>3</sup> of resource saved)	<b>+36</b> rationalized purification plants
7	AFFORDABLE AND CLEAN ENERGY	<b>Quality of electricity service</b> Improved resiliency of electric grids	<b>-40%</b> Intervention Risk Index (IRI)	<b>~2,600</b> cabins involved
9	INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>Smart city</b> Installation of EV charging stations and water / electric smart meters	<b>+2,200</b> charging stations	<b>~1.8M<sup>2</sup></b> 2G and water smart meter
11	SUSTAINABLE CITIES AND COMMUNITIES			
12	RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>Circular economy</b> Waste treated with circular economy logics and reduction of sludge coming out of purification plants	<b>+1.6 Mton</b> (+120%) waste treated	<b>-45%</b> sludge coming out of purification thanks to process innovation (drying)
13	CLIMATE ACTION	<b>Green energy</b> Increase in production and consumption of green energy	<b>-43%</b> gCO <sub>2</sub> /KWh produced by Acea produzione	<b>&gt;140 kton/y</b> CO <sub>2</sub> avoided for internal consumption

# Strategy and targets

## Solid financial structure

### Highlights

#### Working Capital

Average **working capital** absorption over the plan (~40 M€/year<sup>1</sup>)

#### Rating

FitchRatings

MOODY'S

**BBB+**

**Baa2**

*Outlook stable*

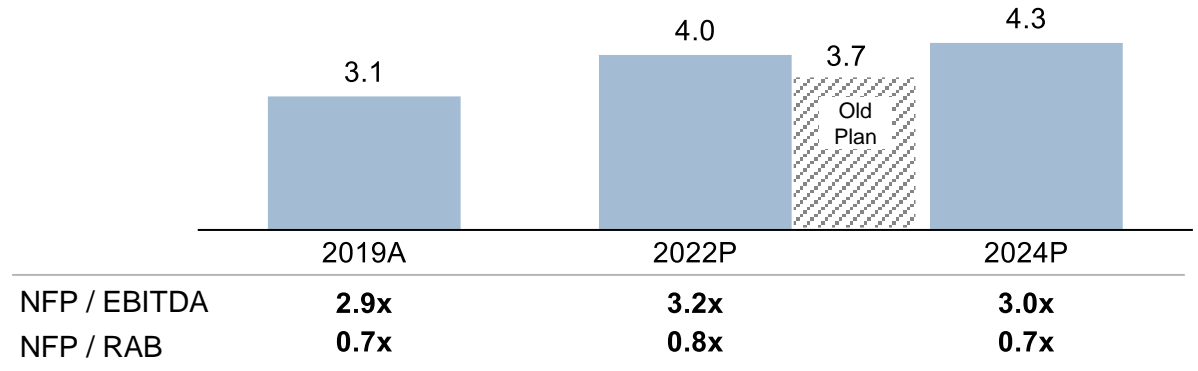
*Outlook stable*

#### Debt

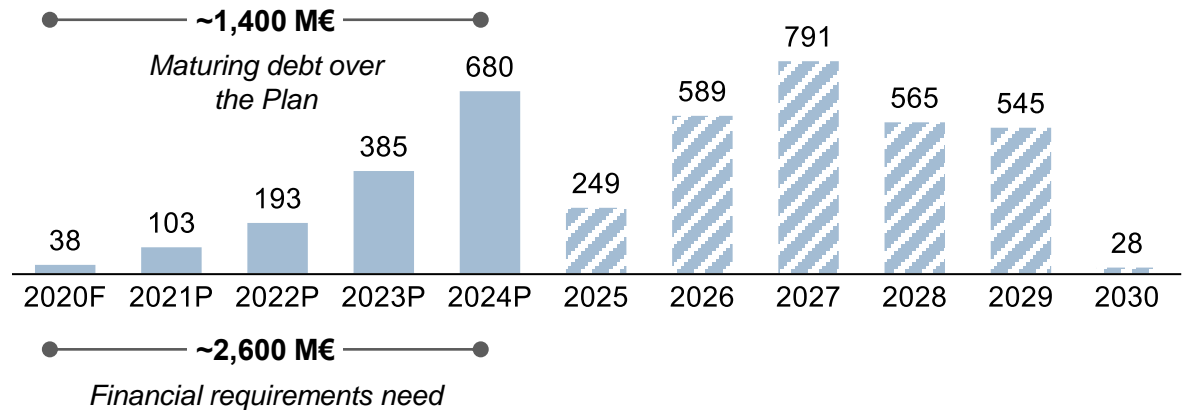
As of September 30, 2020

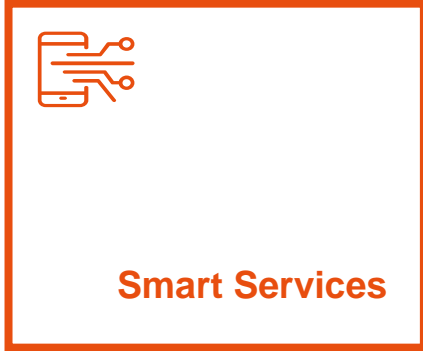
- **~5.6 years** average debt duration
- **~1.8%** average cost of debt
- **82%** fixed rate debt
- **600 M€** of committed lines (500 M€ undrawn and available until 2023)

### Net Financial Position | B€



### Financial maturities | M€





# Commercial & trading





# Commercial & trading Overview – Business Plan 2020-24 targets

## Focus on energy commodity: main initiatives and targets

### 2020-2024 BUSINESS PLAN TARGETS

**Commercial expansion** in the **Center and South of Italy**, supported by **regulated market phase-out** and **«digital» offerings**



Focus on **core territories** with growth in the **Center and South of Italy**

**+240k**  
customers (net growth vs 2019)



**Cross-selling and up-selling opportunities** thanks to regulated market phase-out in 2022

**~700k**  
customers switching to free market




**Boost of dual fuel penetration** (i.e. gas) on the existing customer base

**+80k**  
gas customers vs 2019



**Digital Attack** through a **new platform** for **customer journey** management

**+100k**  
digital customer vs 2019

 Commercial & trading Overview – Business Plan 2020-24 targets  
Focus on Smart services: main initiatives and targets

2020-2024 BUSINESS PLAN TARGETS

Development of a  
**Services-Based  
Company** to  
strengthen the  
relationship with  
customers and  
increase Acea Group  
brands franchise



**Organic development of e-mobility segment** with charging stations increase and value-added services

**2,200+**  
charging stations  
at 2024



Push on **energy efficiency services** leveraging on opportunities from **fiscal incentives**

**100+**  
condominiums  
at 2024



**Installation of «Smart Comp» composters**, managed remotely through an IoT platform developed by Acea

**150+**  
composters installed  
at 2024



Installation of **residential PV and solar thermal plants**

**~1,000**  
plants installed  
at 2024



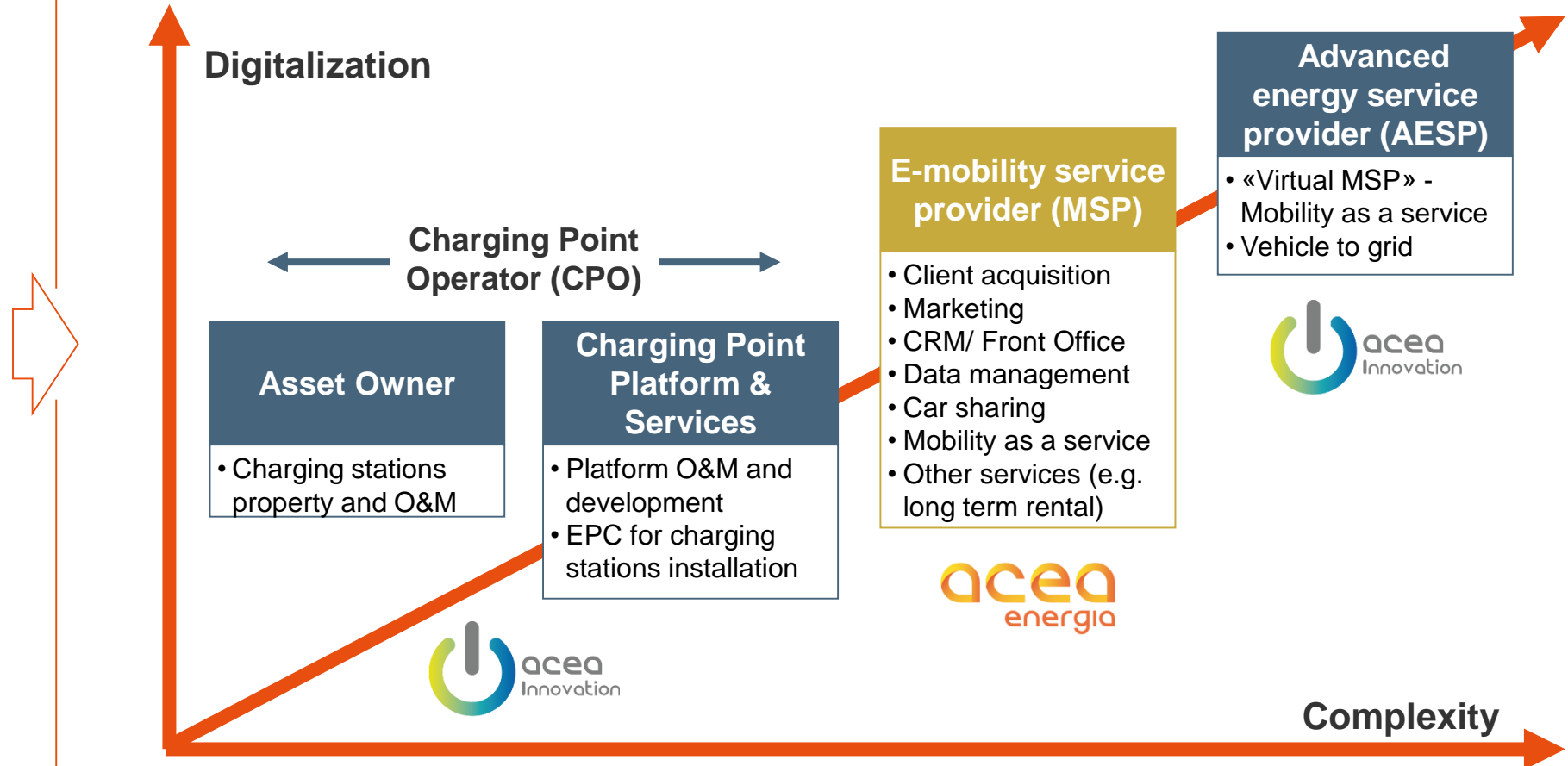
# Commercial & trading Overview

## E-mobility market overview

### Context

- **E-mobility services** can be divided into 2 main areas:
  - **Charging Point Operator (CPO)** which refers to the management of the infrastructure (charging stations) allowing the vehicle recharge
  - **E-mobility Service Provider (MSP)**, regarding the provision of the charging service to the end customer
- **Acea operates both as a CPO and MSP**, but through different legal entities, that are **Acea Innovation** and **Acea Energia**, respectively

### Acea positioning on the different business models





# Commercial & trading Overview

## E-mobility market overview

### FOCUS ON E-MOBILITY VALUE CHAIN

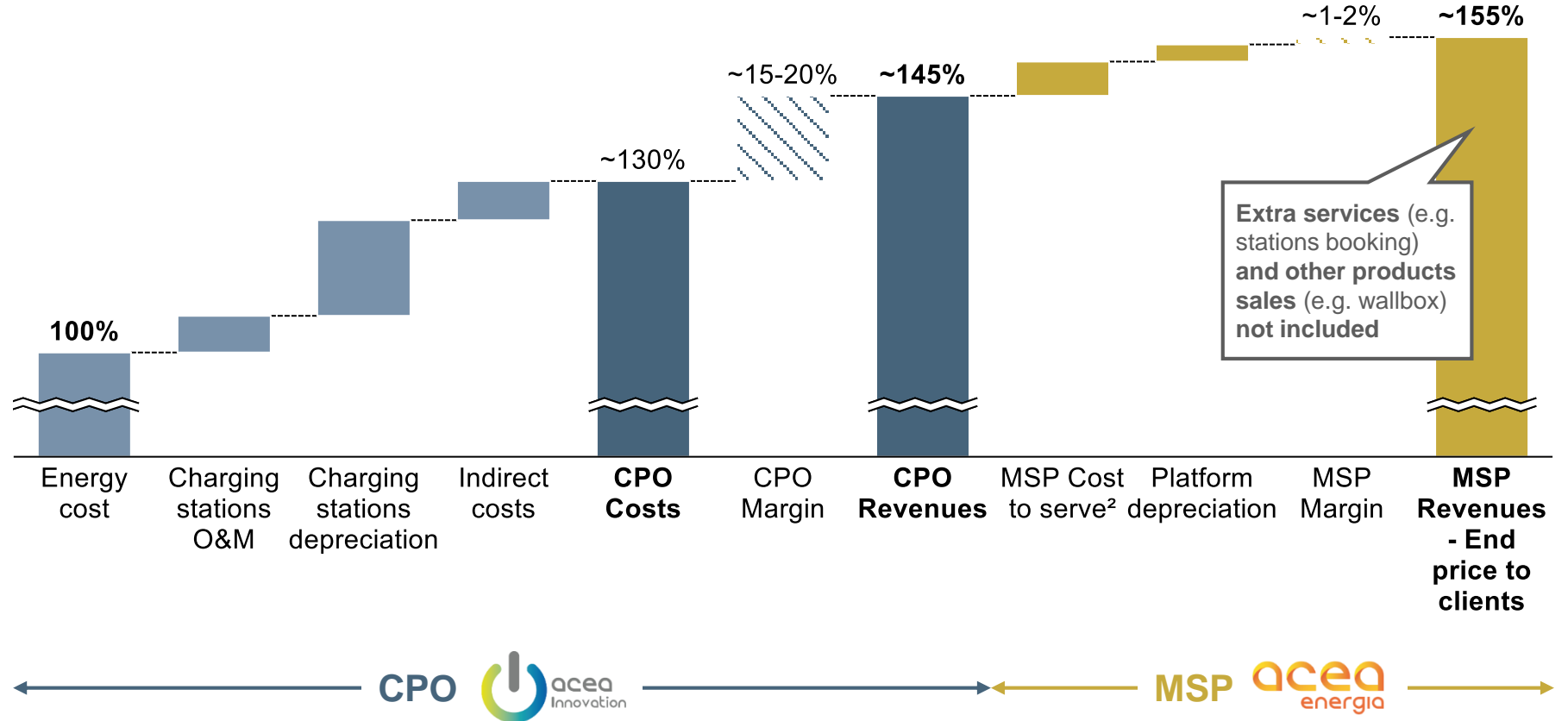
/ ILLUSTRATIVE NUMBERS – VAT EXCL.

#### E-mobility value chain

- The **CPO** buys and **installs the charging stations** (Capex)
- CPO **manages and monitor the charging stations** through a dedicated platform
- **MSP players provide end users the opportunity to recharge their e-vehicles**, generally through a **Mobile App or RFID cards**
- The **MSP pays the energy consumed by its clients to the CPO**, which gets the **energy from the DSO**<sup>3</sup>

#### CPO / MSP revenues breakdown on a «Quick» charging station (€/MWh – VAT excl.)<sup>1</sup>

Index at 100% for Energy Cost



<sup>1</sup>Revenues and costs breakdown considering a Quick (22kW) charging point at 2024

<sup>2</sup>Includes marketing costs and call-center costs

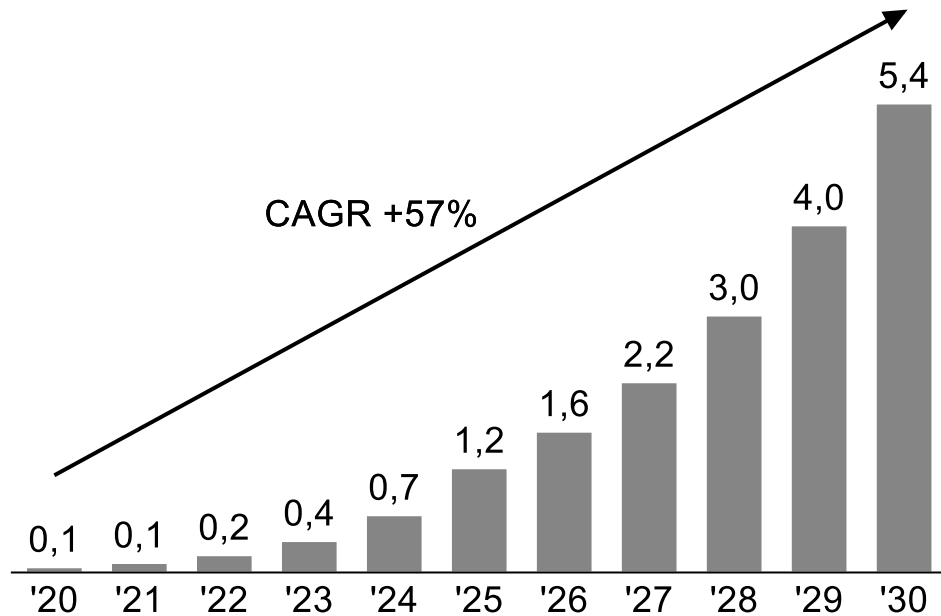
<sup>3</sup>DSO: Distribution System Operator, meaning the entity managing energy distribution networks operating at low and medium voltage



# Commercial & trading Overview

## E-mobility market overview

### Number of electric vehicles in Italy 2020-30 (M)<sup>1</sup>



#### Market Trends

- **Market growth boost** from the **car industry**, due to increase of electric car models and development of **faster charging stations**
- **Increasing governmental support for the development of charging stations** with regulatory measures (e.g DL «Rilancio»<sup>2</sup>) and simplified bureaucracy (e.g. Decreto «Semplificazioni»)
- **2 macro phases** expected: 1) «**regulatory driven**» until 2025 (i.e. incentives for charging stations), and 2) **Market driven** beyond 2025



#### Constraints

- **Cumbersome bureaucracy** related to stations installation (e.g. permits)
- **Significant capex** required as a **key enabler** for market development



#### Insights

- Expected **new pricing models** (e.g. one-off) and **charging prices increase** (today -15/30% vs. European average)
- **Unbundling opportunities for CPO and MSP activities** to accelerate the growth of private MSP players

### Global and Italian trend indicators



**200+**

Electric car models launching in the next 5 years



**55%**

% electric cars sold on total cars sold within 2040



**57%**

Expected '20-'30 CAGR for # of electric cars in Italy



**6M**

Target number of electric vehicles in Italy in 2030 according to PNIEC<sup>3</sup>



**66%**

Growth of electric cars' battery capacity within 2025

<sup>1</sup> Smart Mobility Report 2019 – PoliMi ( «Middle» scenario)

<sup>2</sup> If installed together with energy efficiency works

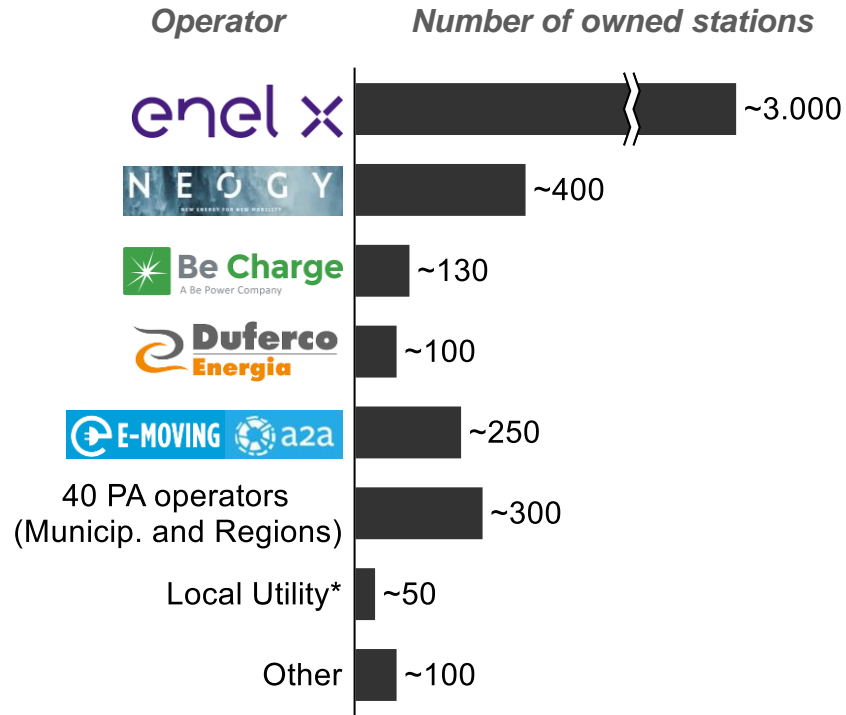
<sup>3</sup> PNIEC = Piano Nazionale Integrato per l'Energia e il Clima, development plan defined by Italian Ministry of Economic Development



# Commercial & trading Overview

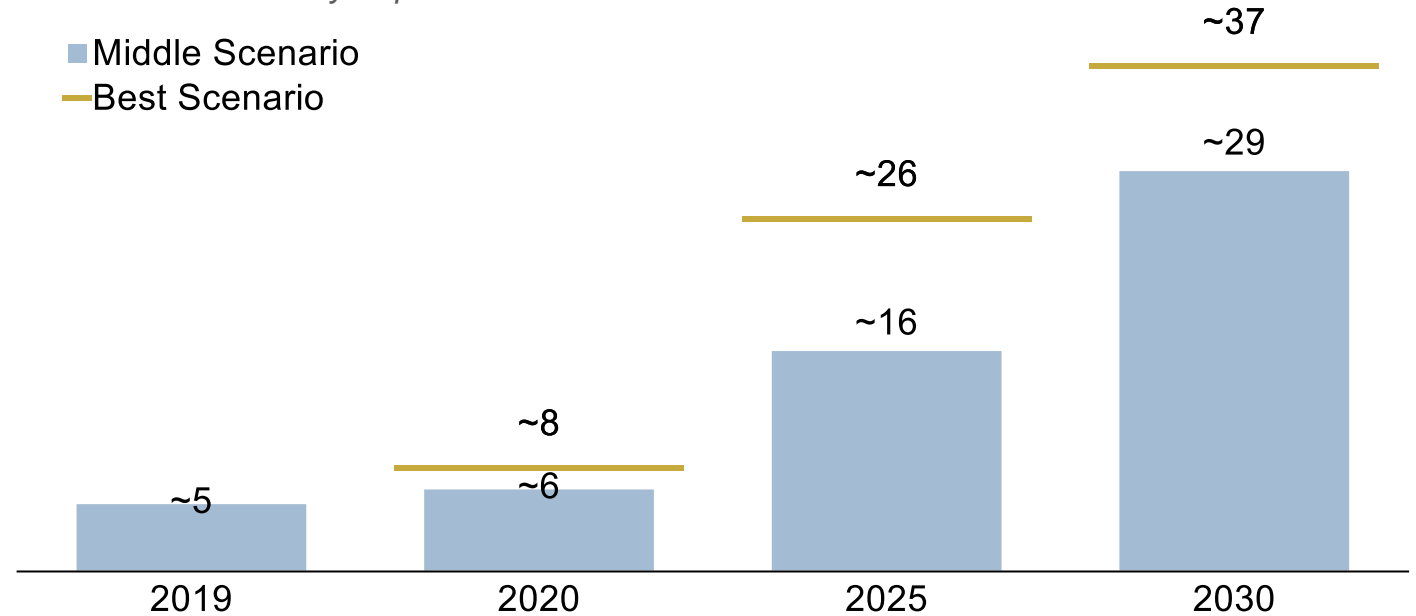
## E-mobility market overview

### Charging stations active in Italy (June '19)



### Expected evolution of charging infrastructure (K) – PoliMi 2019

Thousands of stations (Hypothesis: 1 station stands for 2 charging points)  
Source: Smart Mobility Report 2019 – PoliMi



**Acea Innovation was founded in May 2020 and it is already installing ~150 charging stations on public areas**



# Commercial & trading Overview

## E-mobility strategy and objectives

### Acea objectives

**2.200+** cumulative charging stations installed / sold at 2024

**1.000+** cumulative charging stations installed on public areas (*mainly in Rome*)

### Acea Innovation activities



Supply and installation of **charging stations with different power levels** (e.g. Quick 22kW and Fast 50kW), including also **wallbox**



Installation of **charging stations in both public and private areas** (e.g. public parking in Rome and private parking at shopping centers)



Utilization of **advanced software** (e.g. Omoove) for the **analysis of vehicle traffic and parking**, to identify the best spots where to install charging stations



Definition of **strategic partnership** for the development of specific projects related to e-mobility services, with both **local and national players**

Example in next slide

Acea has the **mission** to:

- **become the first CPO player in Rome**, in terms of number of charging stations owned and installed
- **become the reference MSP player for end users in Rome**, also leveraging on Acea Energia positioning on the commodity



Video Luiss

<https://wetransfer.com/downloads/145762e19f6a9fcf0dba4dd6ce3f360b20201221194349/583c4f7d10cd2882cb7a5543d2e7d92720201221194513/c9eb21>



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