



aceea

Investor  
Presentation

**“Unicredit - European Energy  
& Utilities Credit Conference”**

November 17<sup>th</sup>, 2021 -Virtual

# Agenda



**ACEA GROUP TODAY**



**BUSINESS PLAN 2020-2024**



**STRATEGY AND TARGETS**



**BUSINESS LINE HIGHLIGHTS**



**STRATEGIC OPPORTUNITIES**



**KEY TARGETS**

# Agenda



## ACEA GROUP TODAY



## BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



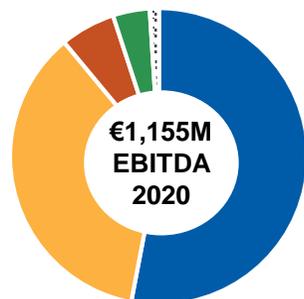
STRATEGIC OPPORTUNITIES



## KEY TARGETS

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

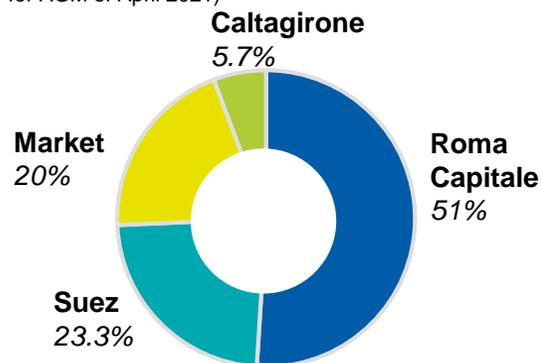
## 2020 EBITDA



85% regulated

## Ownership structure

(Source: based on proof of share ownership filed for AGM of April 2021)



## 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 **~9 TWh** of distributed electricity



## Commercial & Trading

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

With **7.0 TWh** of electricity sold



## Environment

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

With **~ 1.6 M tons** of treated / disposed waste



## Power generation

**Green player** in power generation in Italy

With **269 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**

# Agenda



ACEA GROUP TODAY



**BUSINESS PLAN 2020-2024**



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



STRATEGIC OPPORTUNITIES



KEY TARGETS



## 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

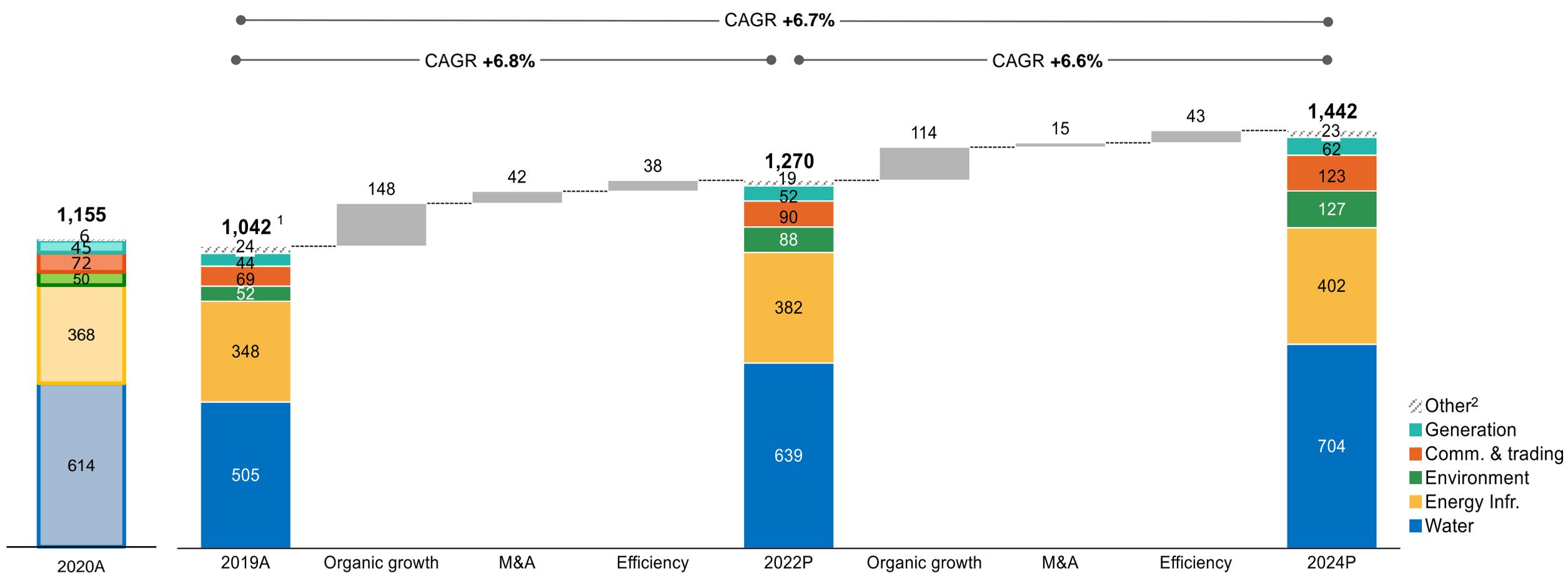
**150+**  
«Smart Comp»  
composters in 2024

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

# Strategy and targets

## Key financials

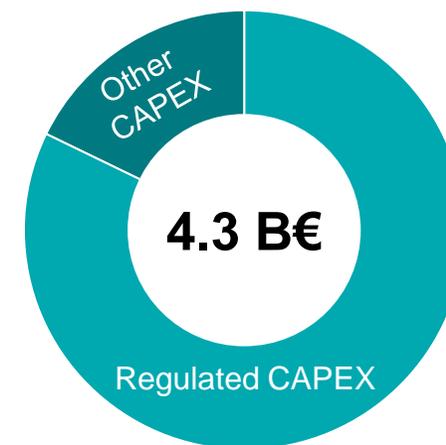
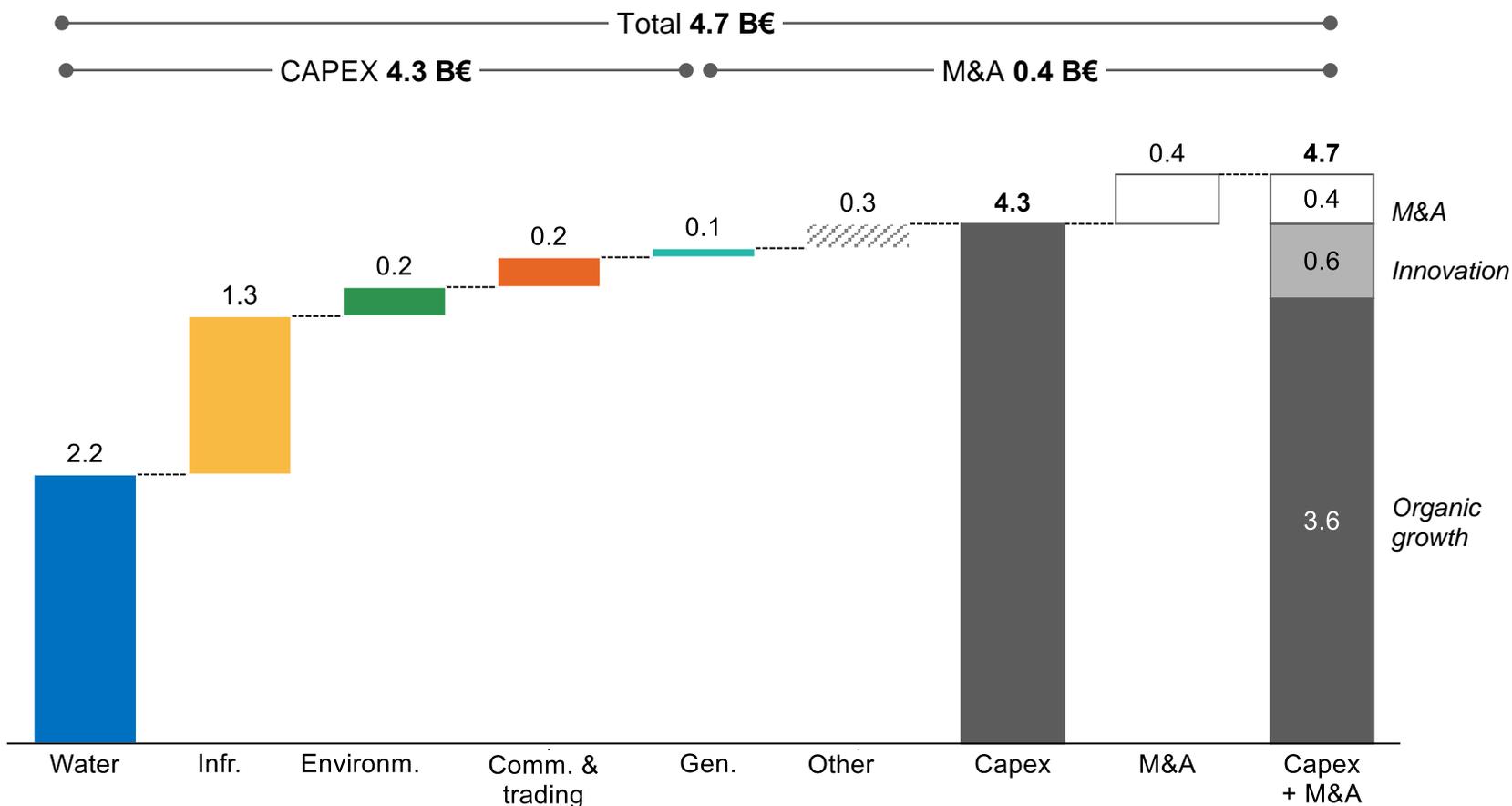
### EBITDA | M€



# Strategy and targets

## CAPEX and M&A

### CAPEX e M&A evolution | B€



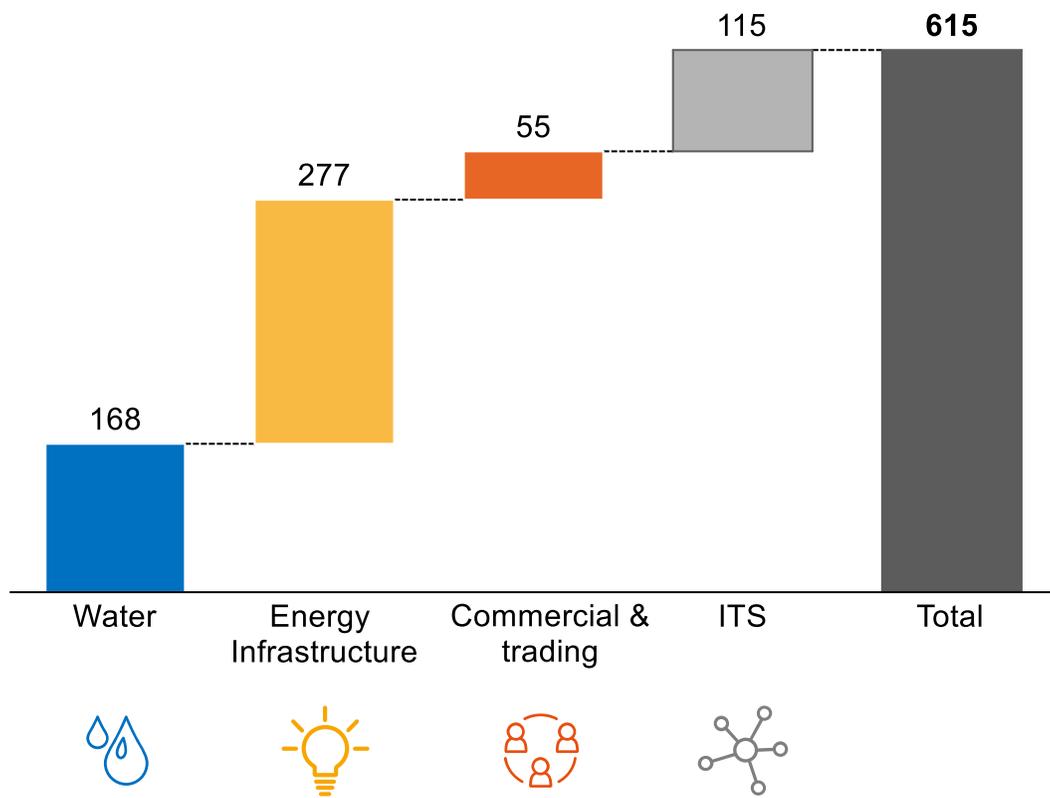
More than 80% RAB investments

# Strategy and targets

## Innovation as a driver for growth

### INNOVATION

#### Capex related to Innovation | M€, 2020-2024



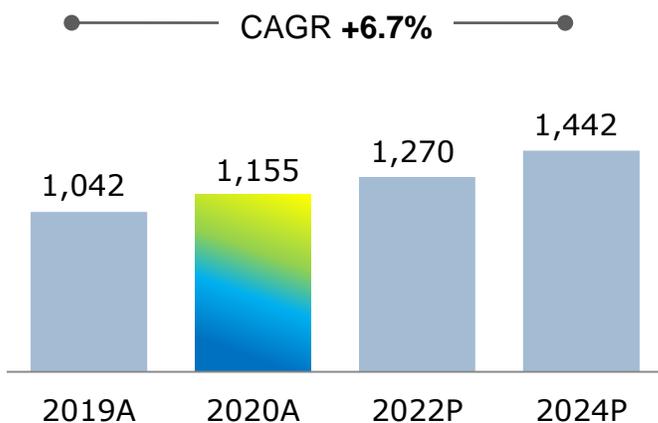
#### Selected initiatives

-  **500k+ smart meters** installed
-  Grids' performance optimization through **Water Management System**
-  **1.3M 2G smart meters** installed
-  New **Control center** for grids' management
-  **+100K digital customers** (acquired through digital channels)
-  **2,200+ EV charging stations** installed
-  **150+ "Smart Comp"** composters installed
-  Corporate **data lake** and **data-driven** asset management (*data-driven company*)
-  Development of new Salesforce **CRM platform**

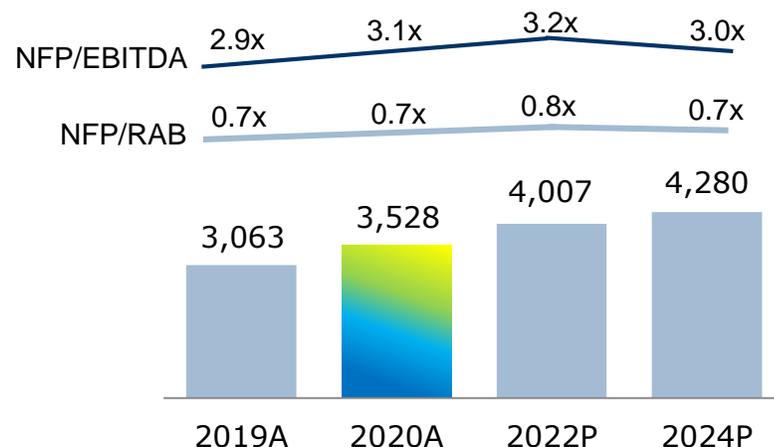
# Strategy and targets

## Key financials

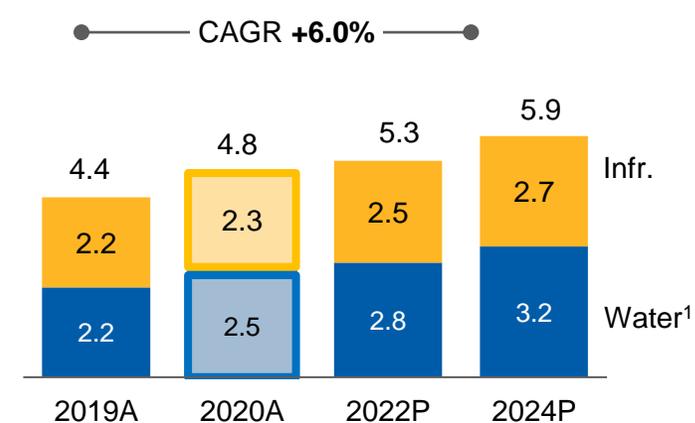
### EBITDA | M€



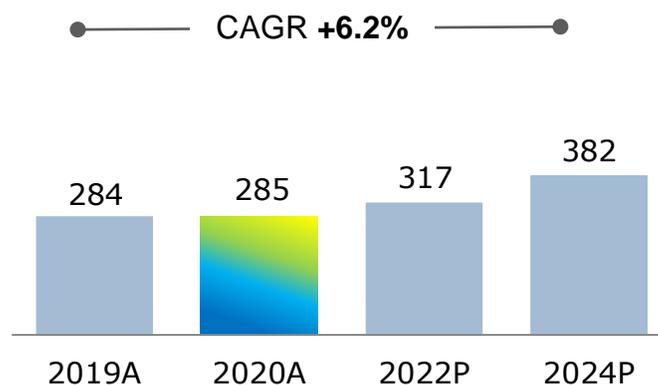
### NFP | M€



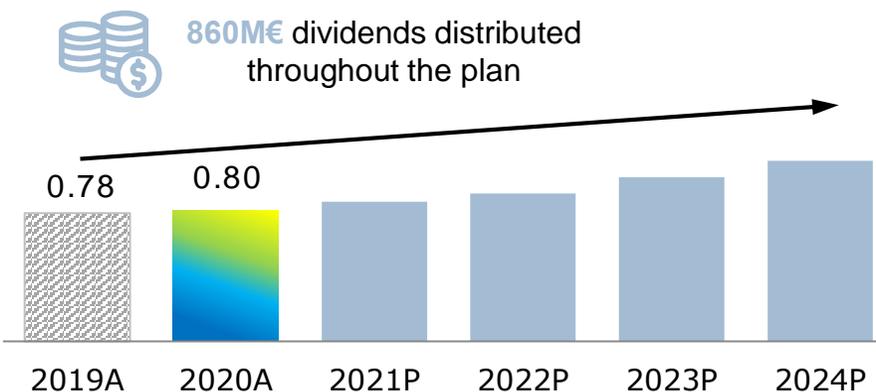
### RAB | B€



### Net Income | M€



### Dividend per share | € / share



### 2021 GUIDANCE

EBITDA >+8% versus 2020 (increased in July 2021)  
 CAPEX ~ €900M  
 NET DEBT: €3.85÷€3.95B



# 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

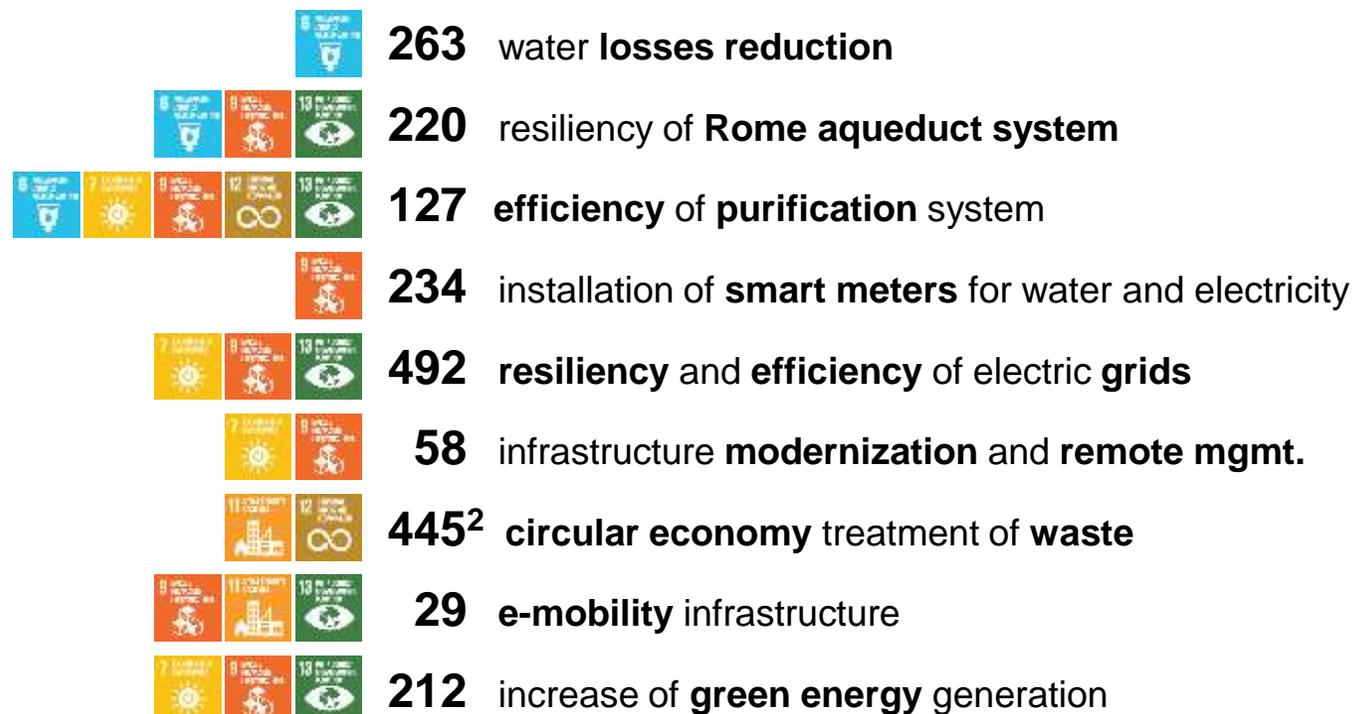


### Acea sustainability rating



### 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):

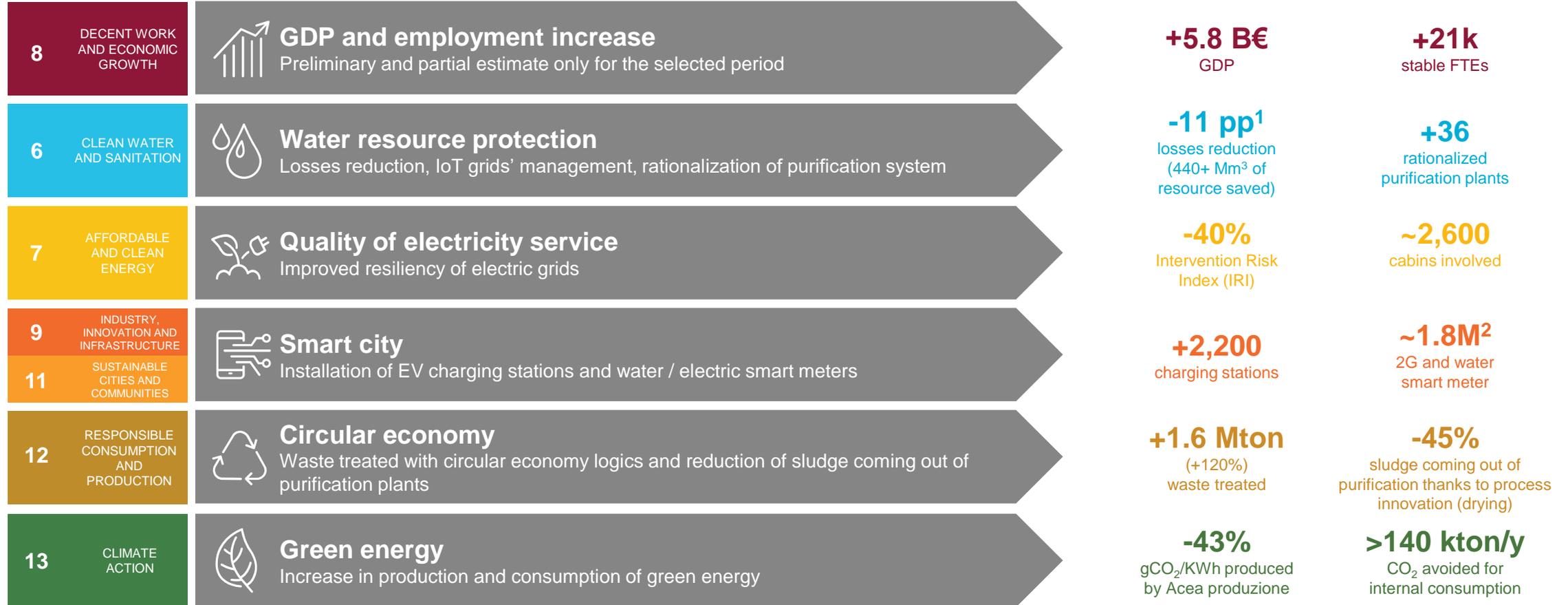




# New and more challenging targets vs previous business plan

## SUSTAINABILITY

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



# Strategy and targets

## Solid financial structure

### Highlights

#### Rating

<b>FitchRatings</b>	<b>MOODY'S</b>
<b>BBB+</b>	<b>Baa2</b>
<i>Outlook stable</i>	<i>Outlook stable</i>

#### Debt

##### As of September 30, 2021

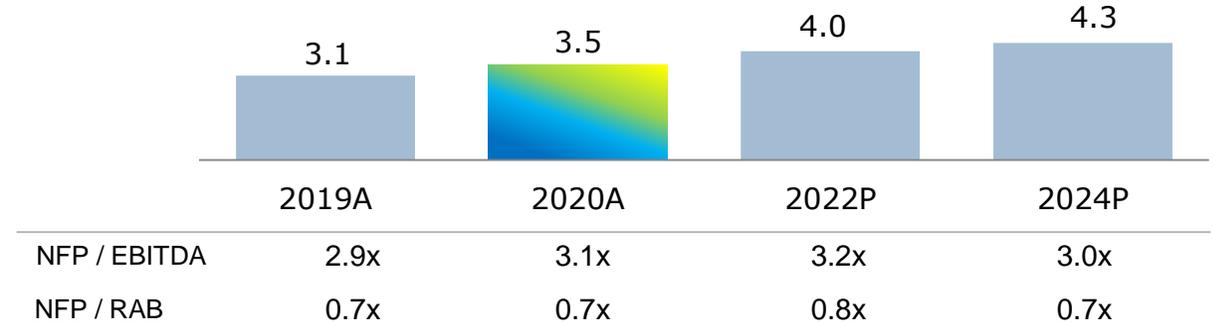
- **5.3 years** average maturity
- **1.42%** average cost of debt
- **85%** fixed rate debt

#### Green Bond

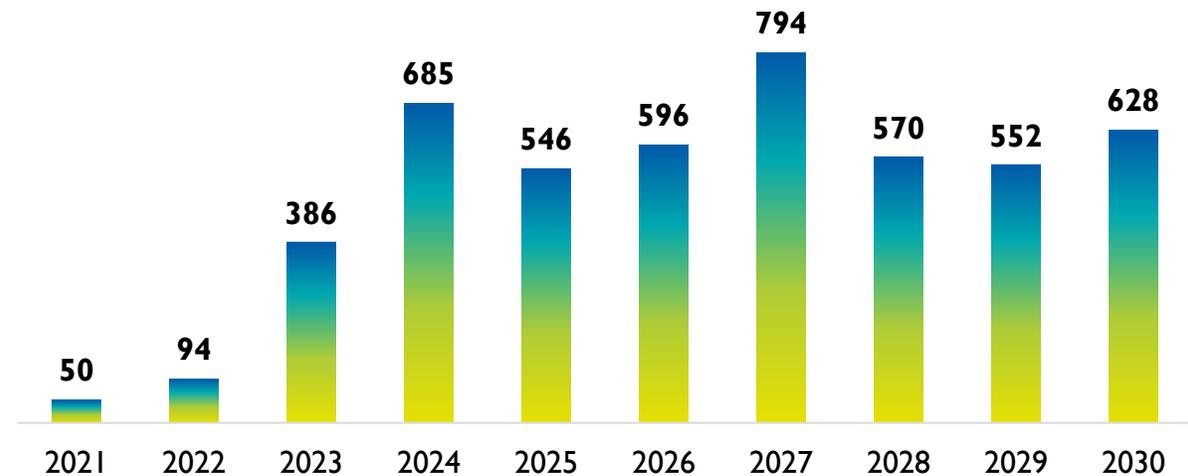
January 21st, 2021 – Acea successfully completed its first green bond issuance worth €900m in two tranches, under the Green Financing Framework and form part of €4bn EMTN programme:

- first tranche of €300m, coupon 0%, negative yield, maturity September 28th, 2025
- second tranche €600m, coupon 0.25%, maturity July 28th, 2030

#### Net Financial Position | B€



#### Financial maturities as of September 2021 | M€



# Agenda



ACEA GROUP TODAY



**BUSINESS PLAN 2020-2024**



STRATEGY AND TARGETS



**BUSINESS LINE HIGHLIGHTS**



STRATEGIC OPPORTUNITIES

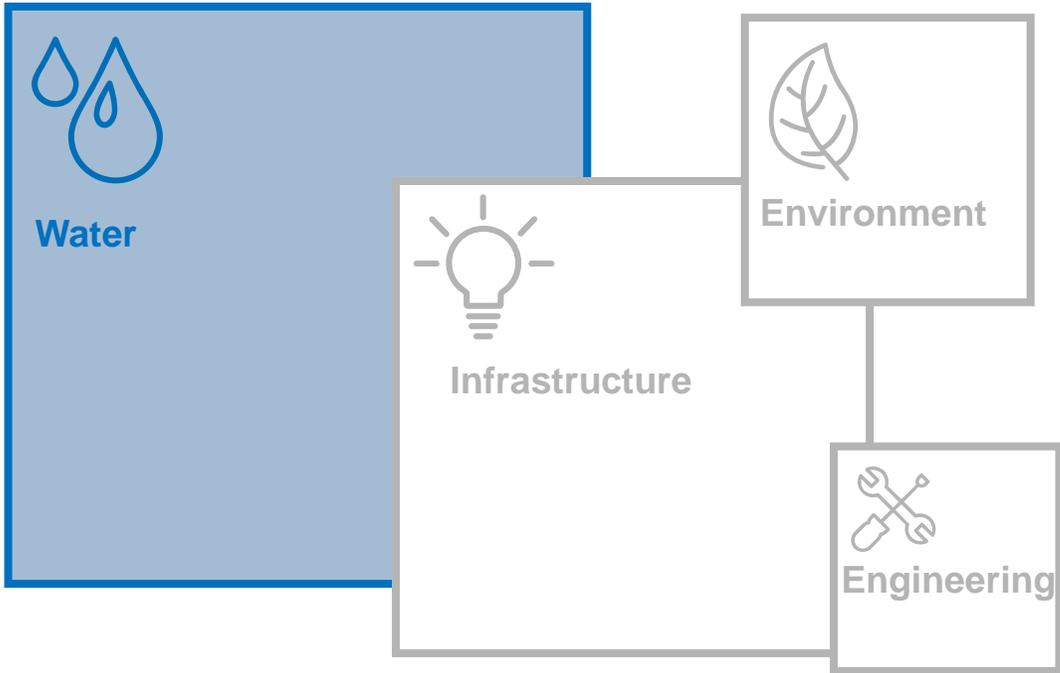


KEY TARGETS

# Agenda

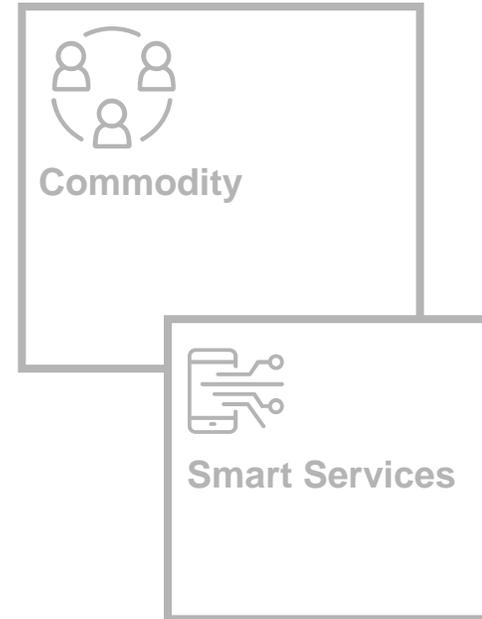
## Operations

---



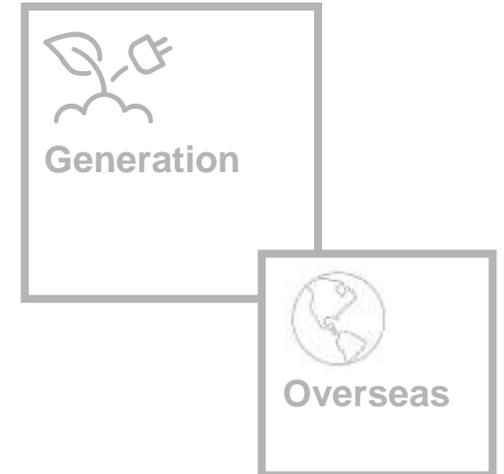
## Commercial

---



## Generation / overseas

---



Development of a  
**Smart Water Company**  
for the **sustainability** of  
the water resource  
through improved  
**quality** and **efficiency**

**Expansion** through  
**tenders** in new  
territories



**Smart water meters** installation plan and projects for **grids' districtualization**

**+500k**  
Smart meters installed



On-going pursuit of **water resource protection** and **losses reduction**

**-11 pp**  
water losses<sup>1</sup>



Rationalization of small **water purification plants**

**36**  
Rationalized plants



Grids' **performance optimization** through **Water Management System**

**-15 pp**  
Failures incidence



Ensuring **water supply continuity** through the **doubling of Peschiera and Marcio** aqueducts

**170 M€**  
CAPEX

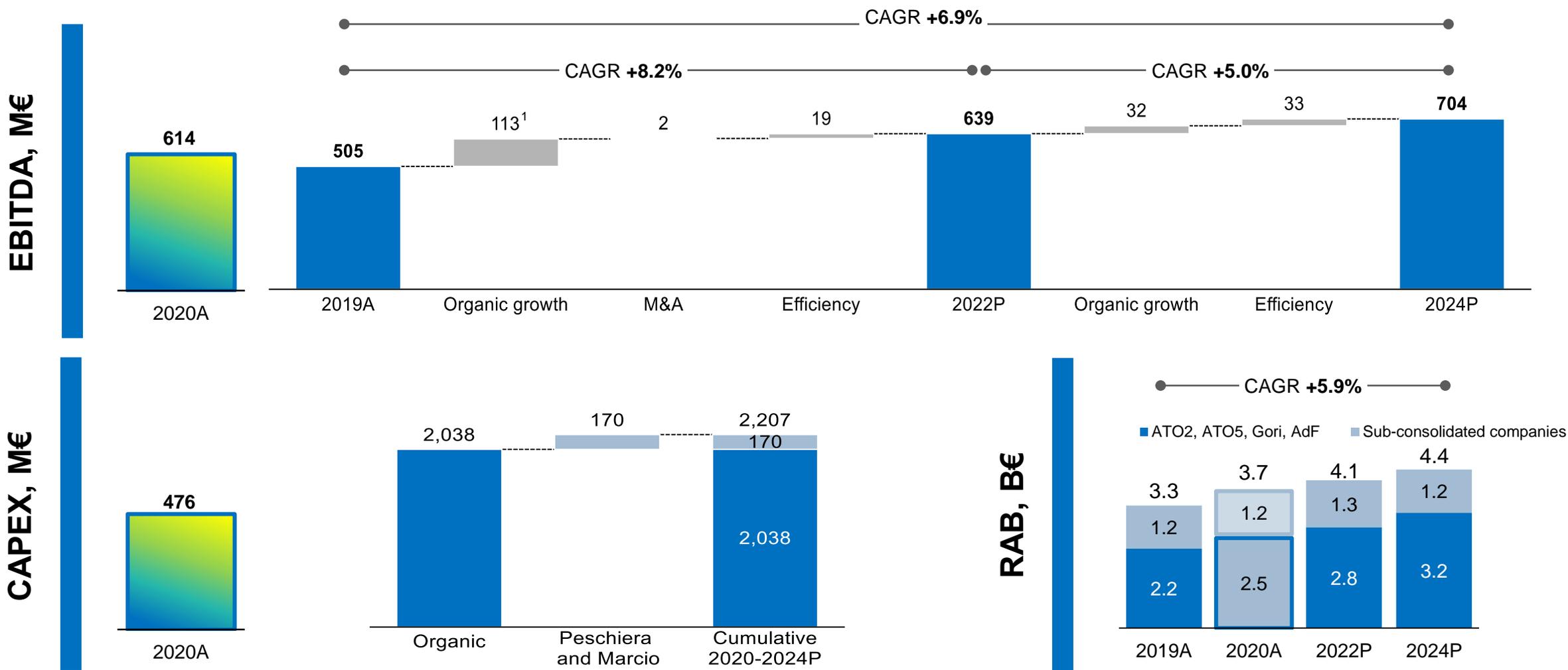


**SII Terni full consolidation** (32 municipalities in the Province of Terni; November 2020)

**>220K**  
CLIENTS SERVED



# Water Key financials

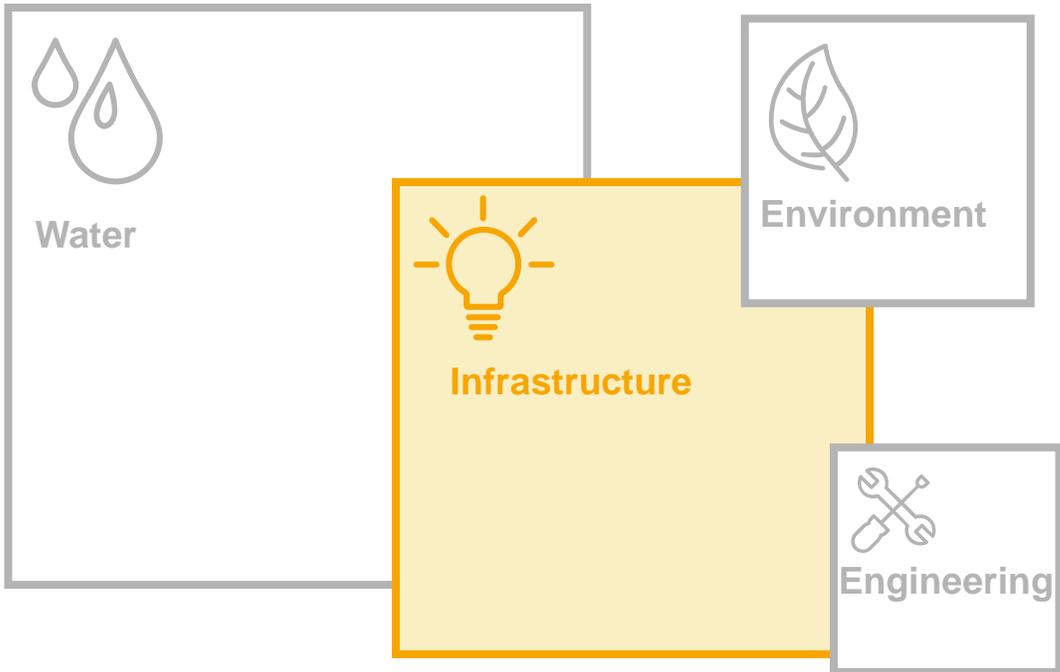


Notes: Key financial also include numbers from the gas distribution business; (1) ~50 M€ related to the changes in the consolidation perimeter of AdF

# Agenda

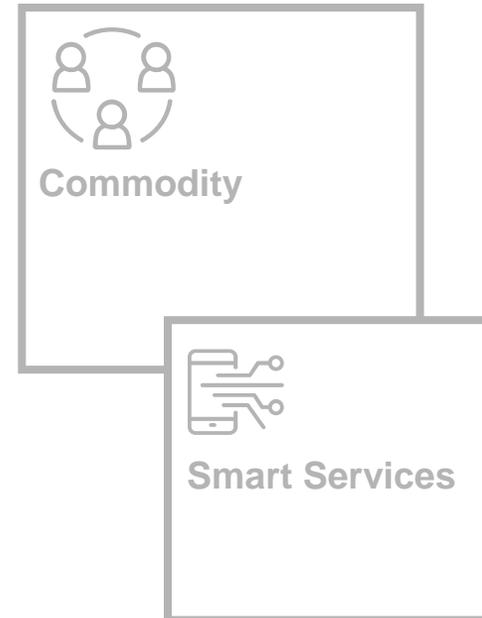
## Operations

---



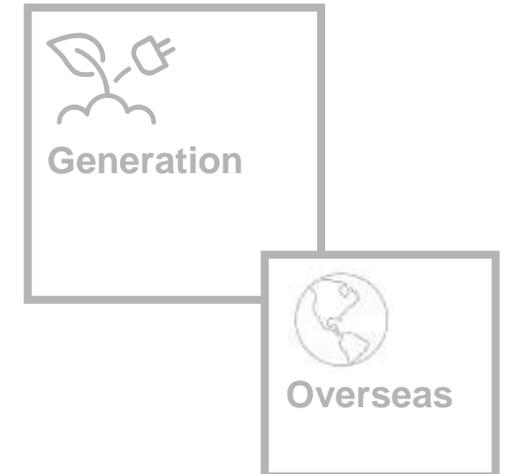
## Commercial

---



## Generation / overseas

---



A leading player in the  
**energy transition**  
process through  
projects aimed at  
**increasing**  
**electrification** and  
integration of the  
distributed generation



**Investments in grids' resiliency** with upgrades on **specific cabins** rewarded with a premium vs. the reference WACC

**145+ M€**  
CAPEX



**Digitalization** through remote control and **IoT solutions** on private and public grids

**60%+**  
MV/LV cabins



**Development work on grids** to reflect new regulation on **service continuity** (penalty suspension recognized)

**155+ M€**  
CAPEX



Installation of **2G smart meters**

**1.3 M**  
installed meters  
at 2024



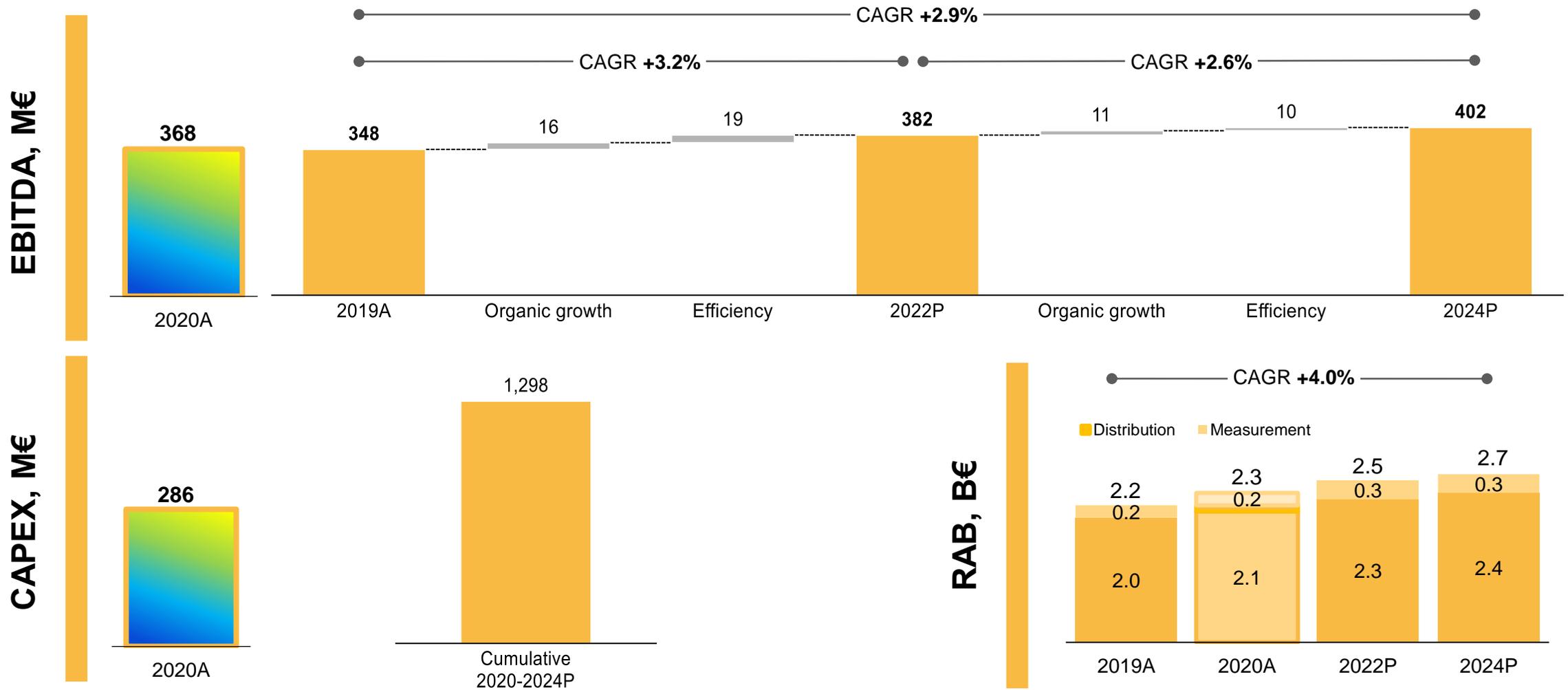
New **Control center** for grids' management

**13+ M€**  
CAPEX



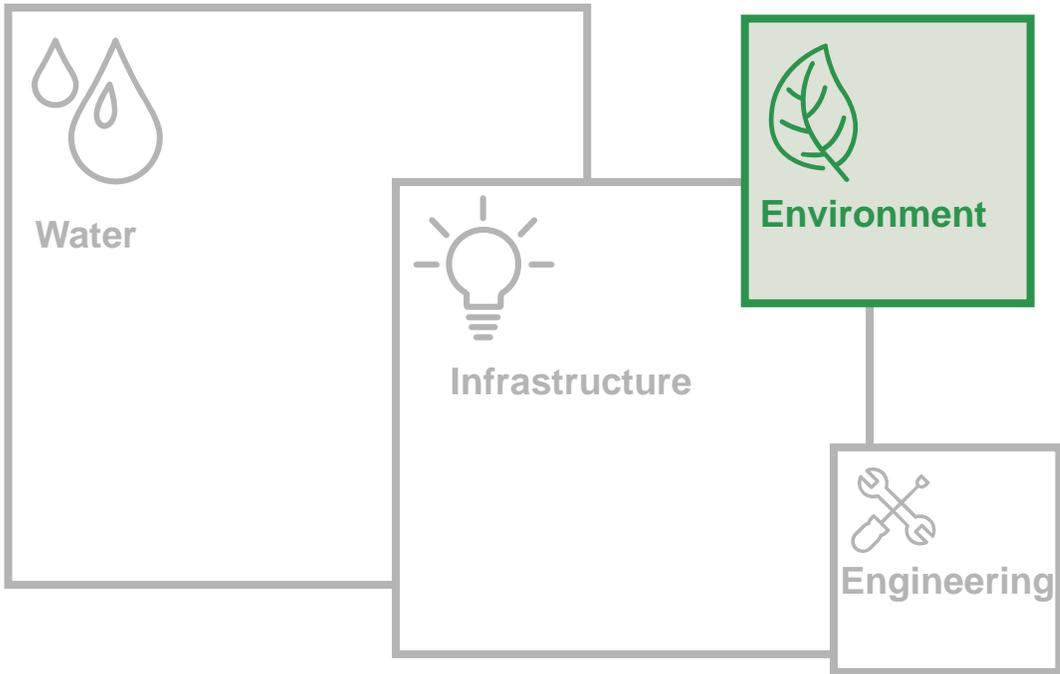
# Energy Infrastructure

## Key financials

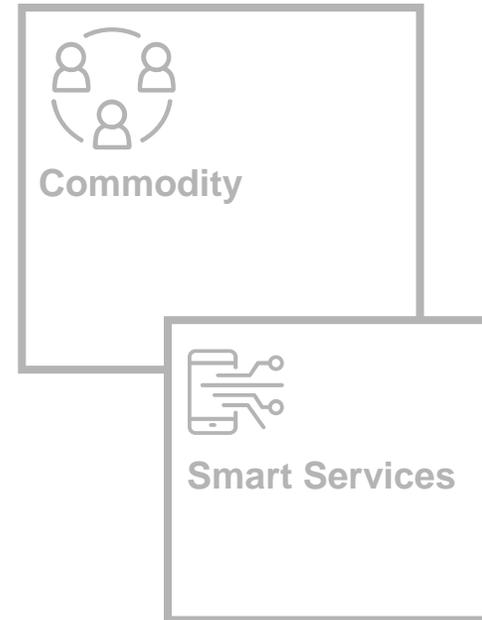


# Agenda

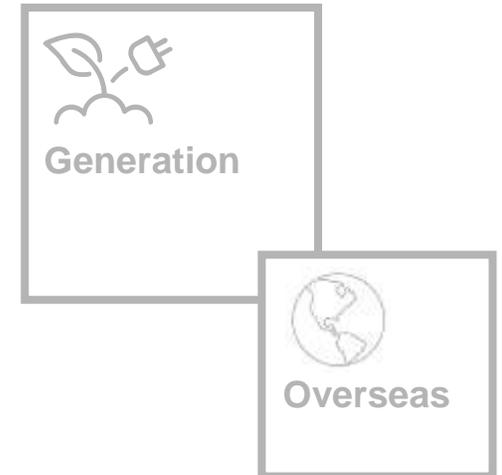
## Operations



## Commercial



## Generation / overseas

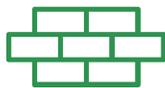




# Environment Main initiatives

Market consolidation towards **circular economy** also with a «**one-stop-shop**» approach

Acceleration to **close the waste loop** in Central Italy



«**Core business**» **consolidation** in energy recovery (WtE), disposal of non-separated waste, and disposal / treatment of organic waste

**+0.5 Mt/y**  
added capacity at 2024



Strengthening of the **Waste-to-Material (WtM)** chain **with circular economy approach** (e.g. plastic, paper, ...)

**+0.6 Mt/y**  
added capacity at 2024



**Further development** of the **special waste segment** promoting synergies with Water (e.g. sludge) and WtE (e.g. ashes) segments

**+0.5 Mt/a**  
added capacity at 2024



Value creation from the **post-merger integration** of acquired companies **and development of industrial synergies** through operating model commissioning and control systems integration

**15+**  
acquired plants at 2024



## Environment Recent acquisitions



Agreement for the **acquisition of a 70% stake in Serplast (Abruzzo) and a 60% stake in Meg (Veneto)**, companies operating in the plastic recycling sector. (July 2021)

- EV (100%): €12M
- EBITDA 2021E: €3M
- EV/EBITDA: ~4x
- Volumes treated: ~70,000 Tonnes/year



This acquisition marks a further expansion of ACEA's plastic waste treatment capability, with the entry into a new sector, recycling, which is expected to deliver strong growth in the coming years



Agreement for the **acquisition of a 65% stake in Deco (Abruzzo)**, company that operates in the designing, building and operating facilities used in the treatment, disposal and recovery of solid urban waste. (September 2021)

- EV (100%): €68M
- EBITDA 2020: €11M
- EV/EBITDA: 6,2x
- Volumes treated (authorized): ~270,000 Tonnes/year

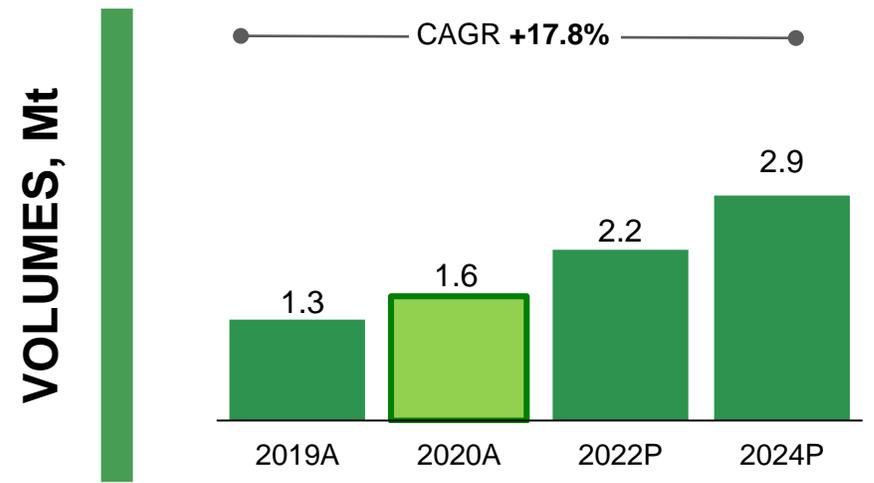
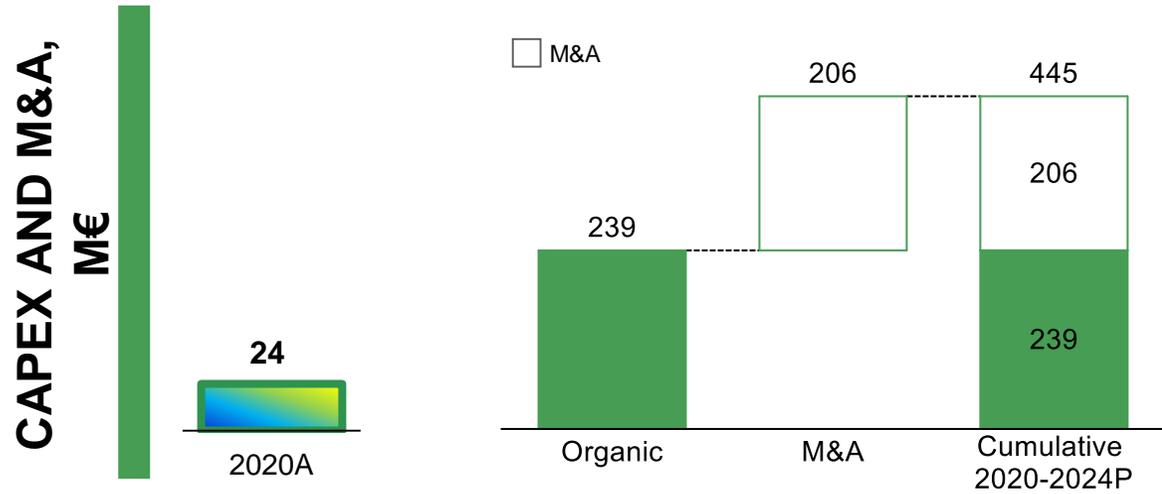
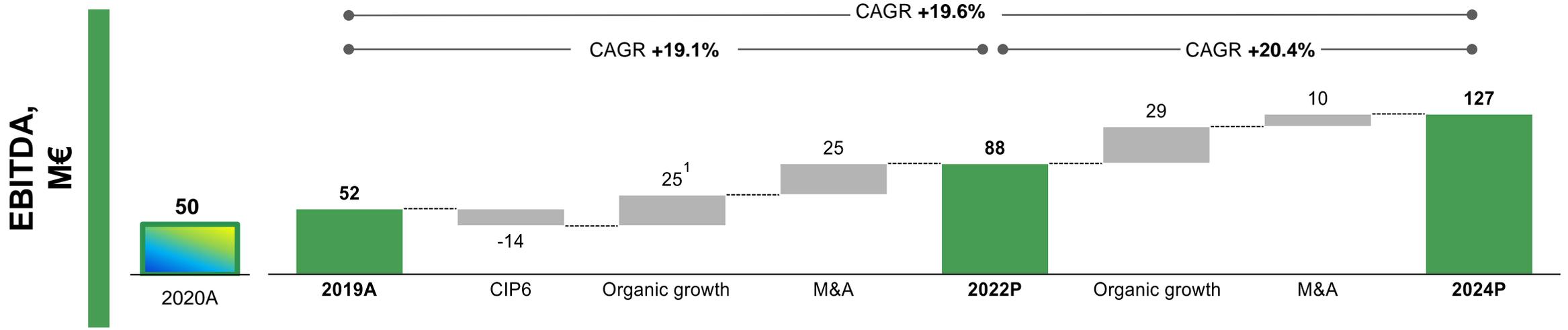


The transaction enables ACEA to further consolidate its extensive presence in Central Italy



# Environment

## Key financials

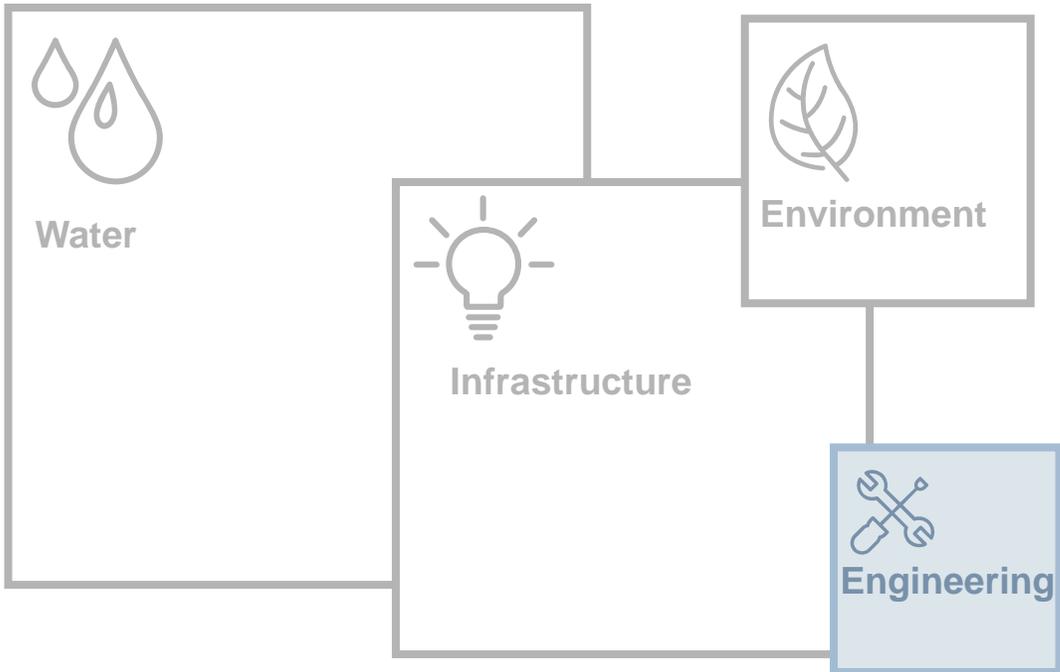


Note: (1) Includes growth related to M&A already closed as of September 2020

# Agenda

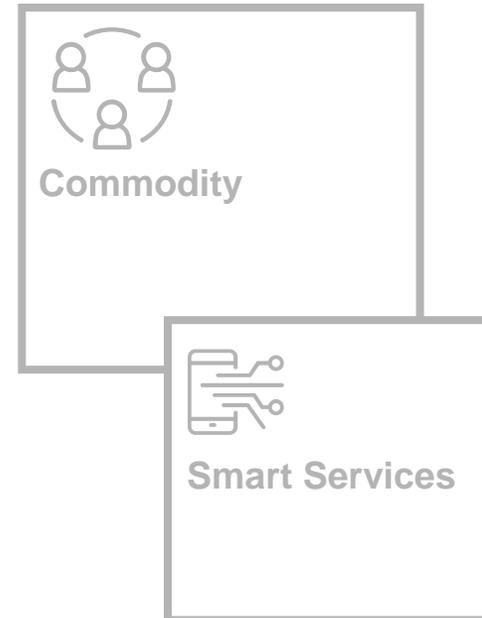
## Operations

---



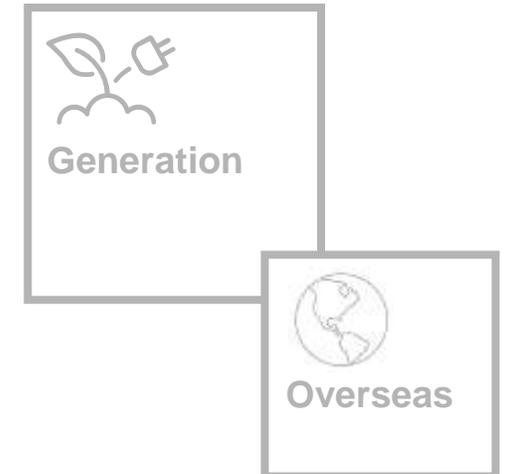
## Commercial

---



## Generation / overseas

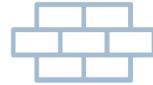
---





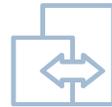
Engineering & services  
Main initiatives

Development of a  
**building oriented**  
**company** tasked with  
turnkey management  
of **construction and**  
**engineering** activities



**Integration** of the acquisition of **SIMAM** and **focus** on core **engineering activities**

**+10 M€**  
2024 EBITDA



Construction of plants through **internalization of construction activities** with an EPC view

**+440 M€**  
realized plants at  
2024



**Performance improvement** to reduce unitary costs related to SII

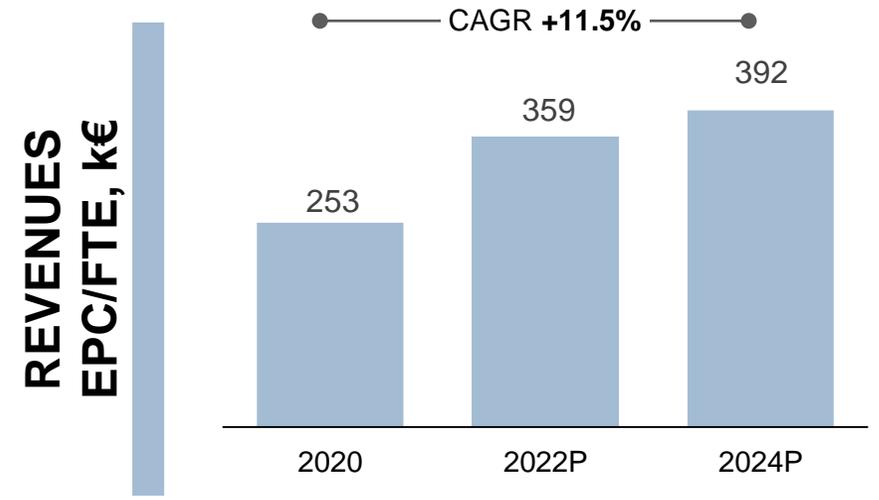
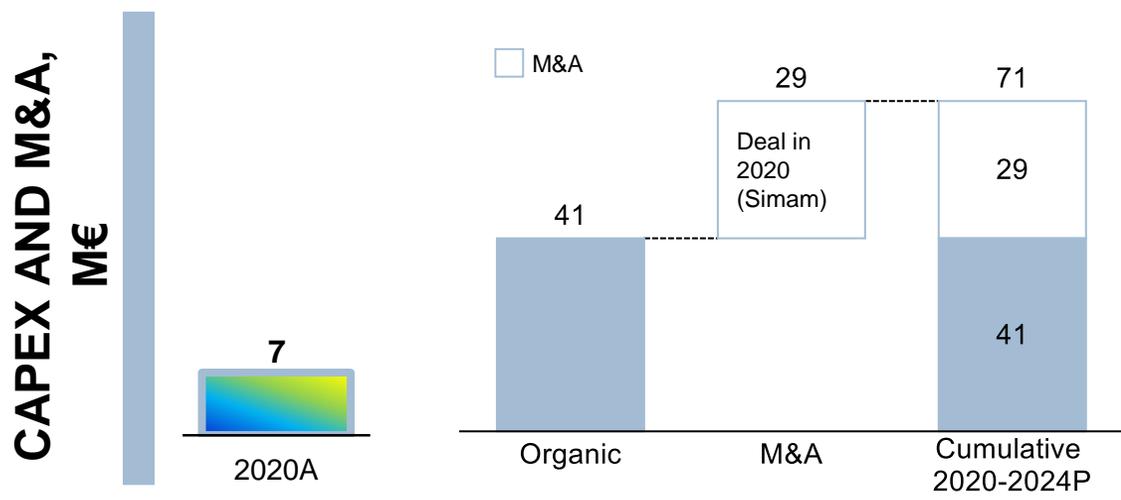
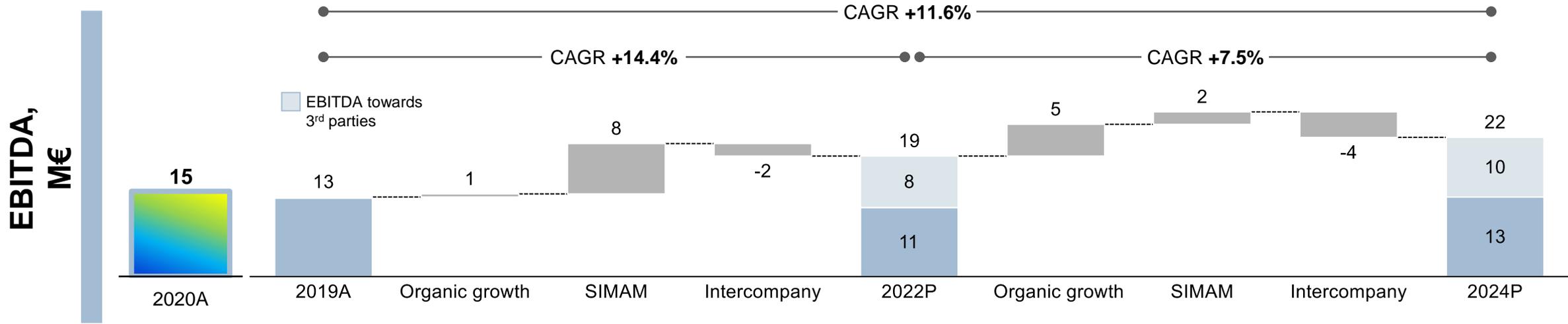
**+20%**  
general contractor  
margin insourcing



**End-to-end management of investment** with reduction of execution time and strengthening of **laboratory activities**

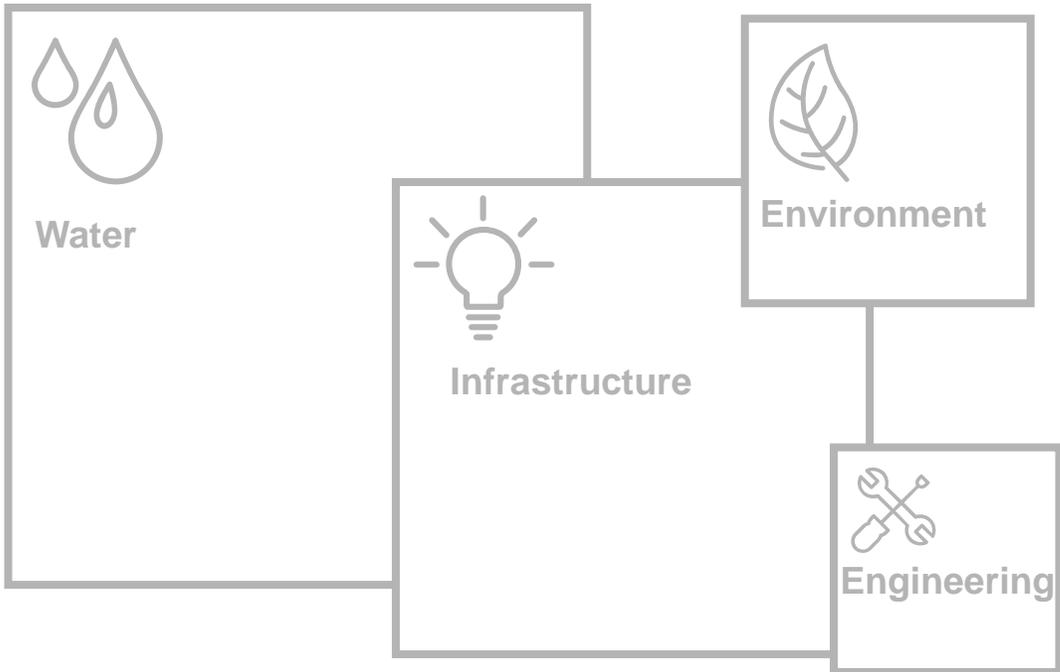


Development of a **commercial unit** to support growth and of a **research center**

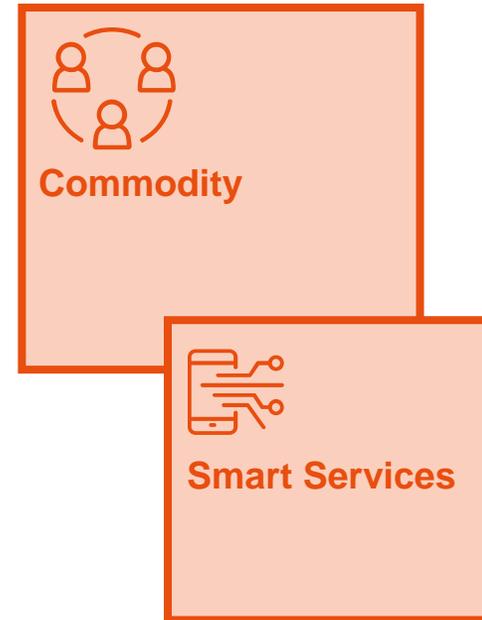


# Agenda

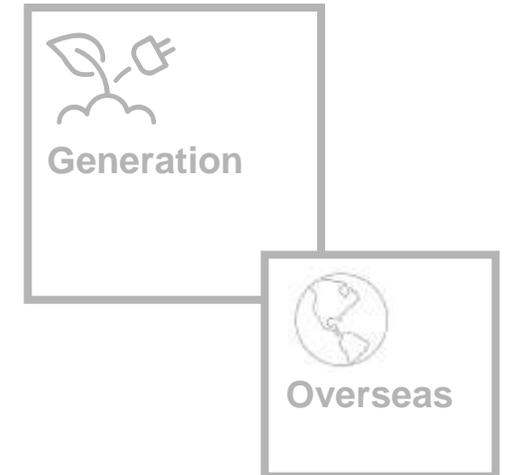
## Operations



## Commercial



## Generation / overseas



 Commercial & trading: focus on energy commodity  
Main initiatives

**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

ACEA launches its LUCE 100% GREEN and GAS 0% CO2 offers (June 2021)



Partnership between Acea Energia and Windtre to promote and market the ELECTRICITY AND GAS OFFERING, initially through telecom company's retail outlets in Veneto and Puglia (July 2021)

Development of a  
**Services-Based  
Company** to strengthen  
the relationship with  
customers and increase  
Aceca 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 Aceca

**150+**  
composters installed  
at 2024



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

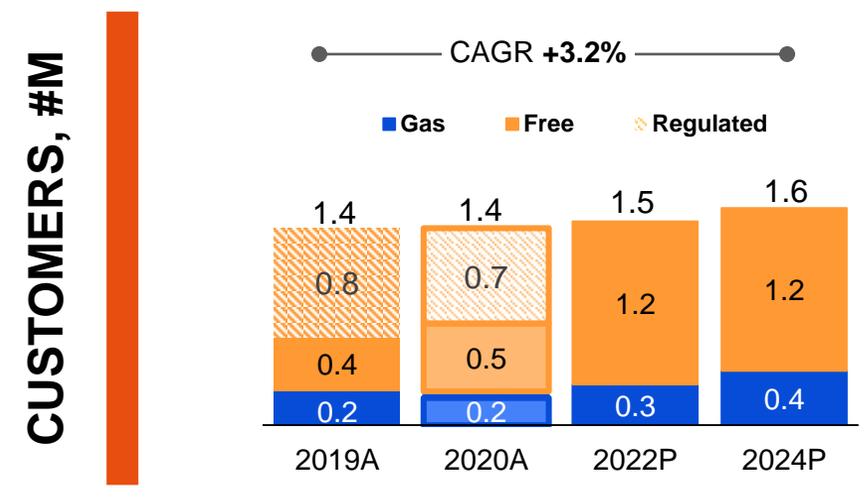
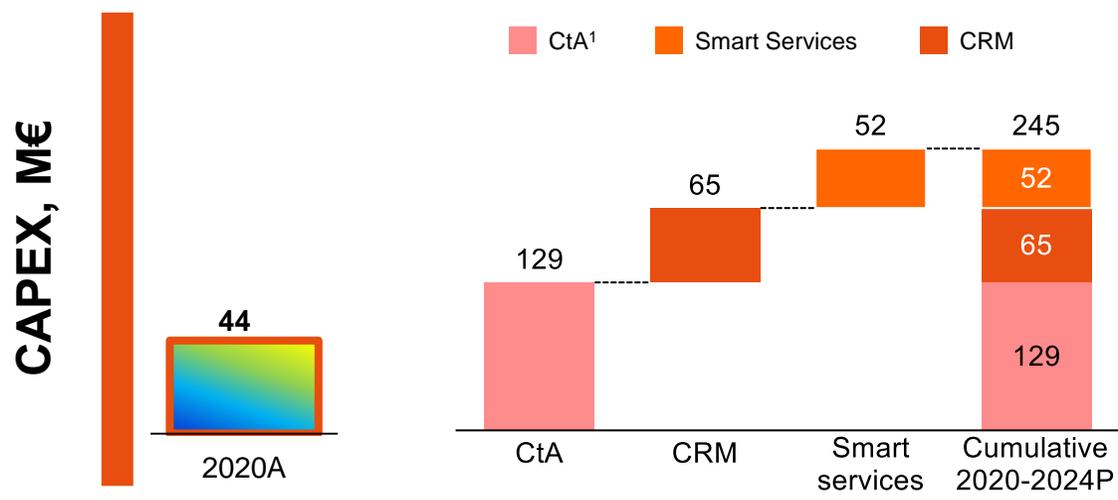
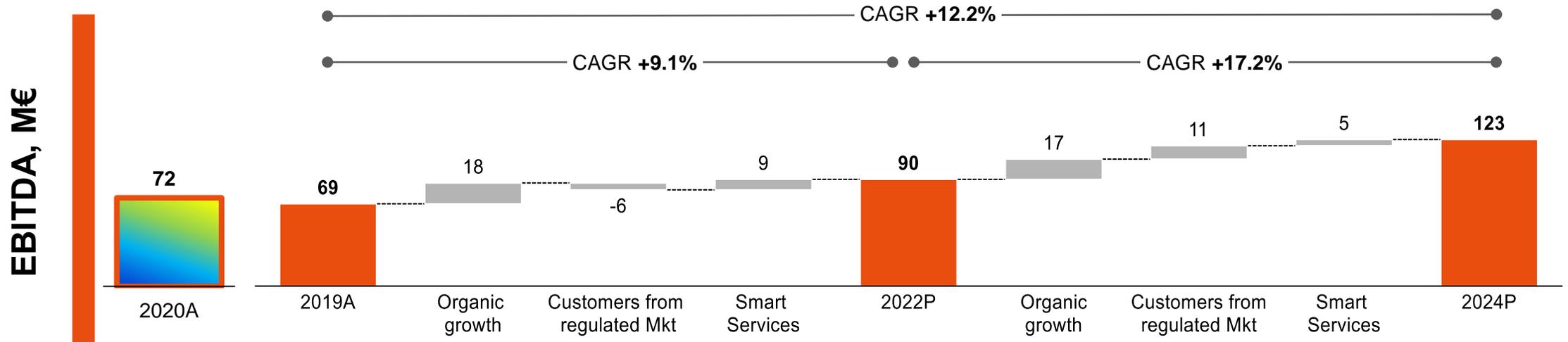
**~1,000**  
plants installed  
at 2024

ACECA begins to offer charging services for ELECTRIC-POWERED VEHICLES with the launch of “ACECA E-MOBILITY” app (April 2021)



# Commercial & trading

## Key financials

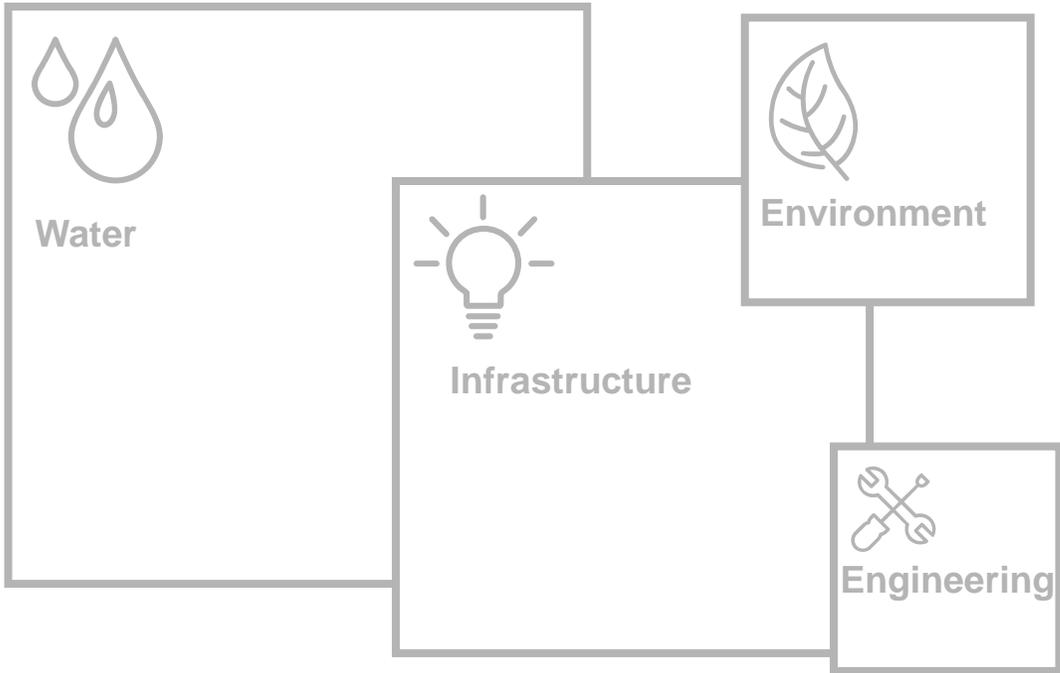


Note: (1) Cost-to-Acquire = cost to acquire new customers

# Agenda

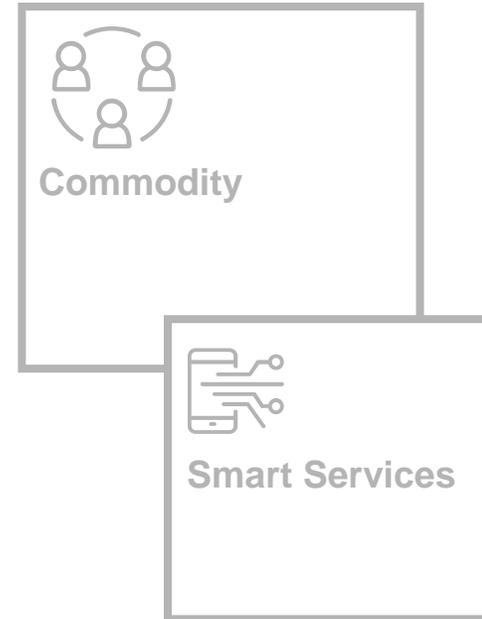
## Operations

---



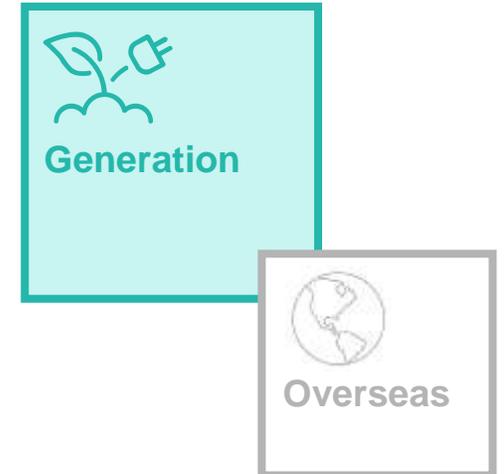
## Commercial

---



## Generation / overseas

---

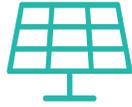


**Growth** of **PV** portfolio  
to exploit opportunities  
from the **energy**  
**transition** and  
**decarbonization**  
processes



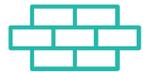
RES growth to exploit **opportunities** from the **decarbonization process**

**747 MW**  
installed at 2024



**Greenfield** development of PV in **industrial and agricultural areas**

**569 MW**  
installed at 2024



**M&A development** to accelerate PV portfolio growth

**178 MW**  
installed at 2024



**Deconsolidation** of **PV stake** to reduce financial exposure and focus on PV investments to become one of the **main players** in the sector

**-150 M€**  
NFP deconsolidation

**New photovoltaic plants** (as of September 2021)

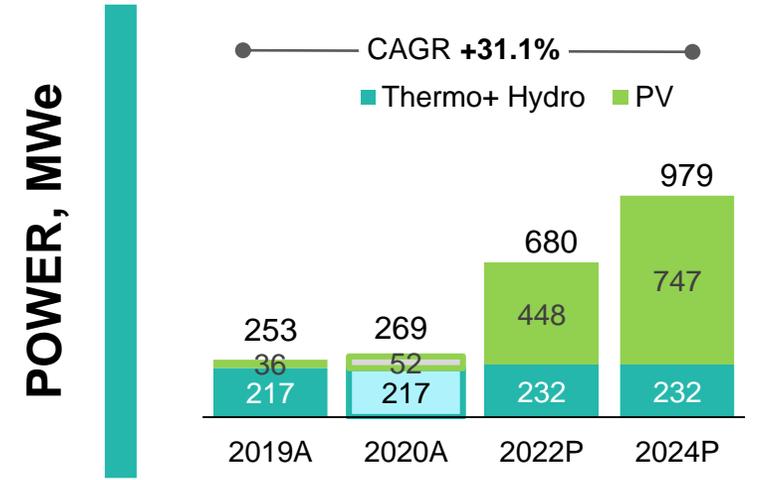
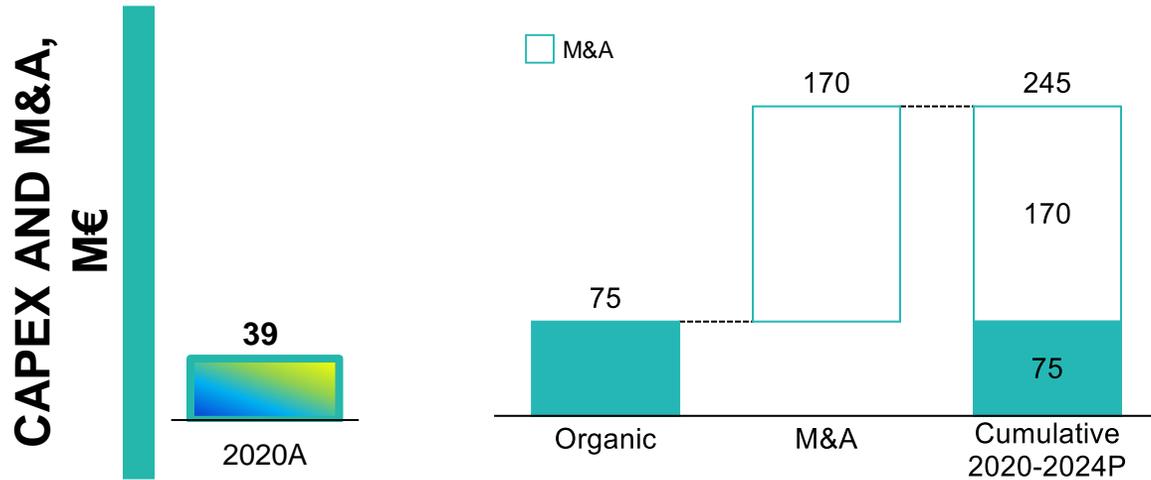
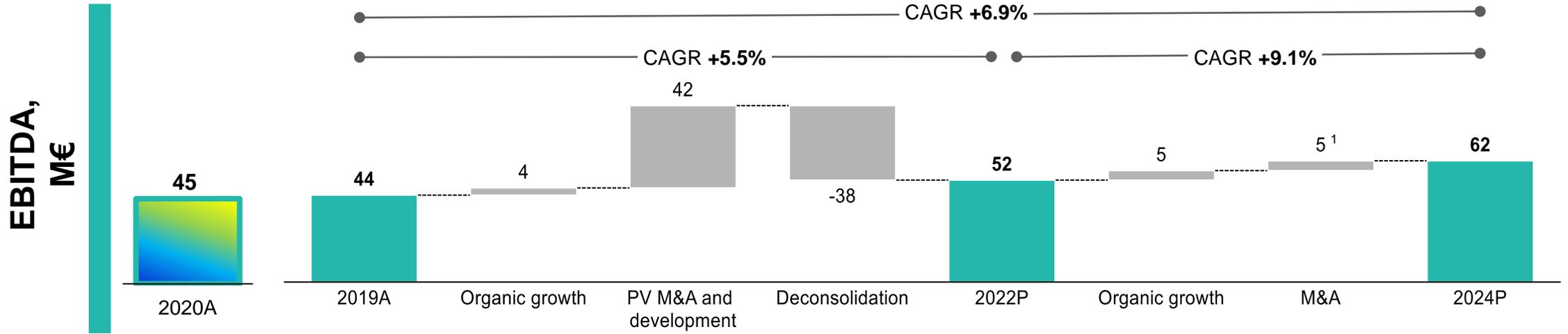


- Total capacity of 69 MWp.
- Construction of plants with capacity of 51 MWp in progress.



# Generation

## Key financials

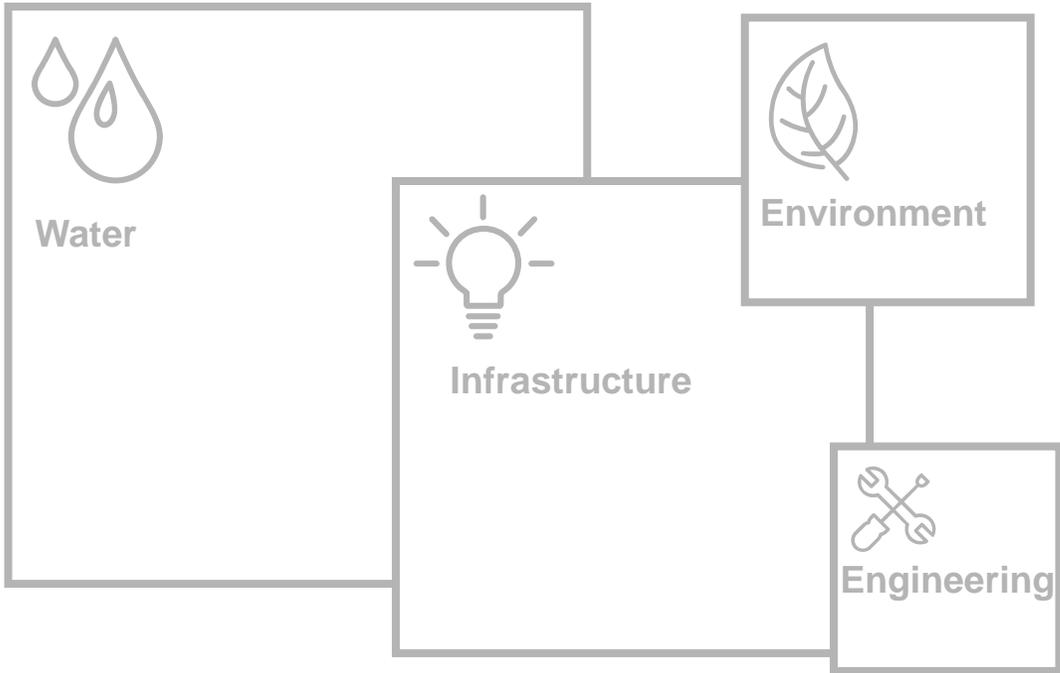


Fonte: (1) Post deconsolidation the EBITDA value is equal to the Net Income pertaining to the company

# Agenda

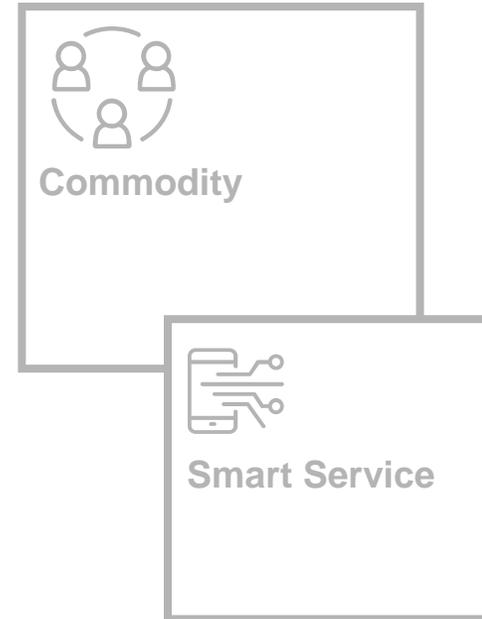
## Operations

---



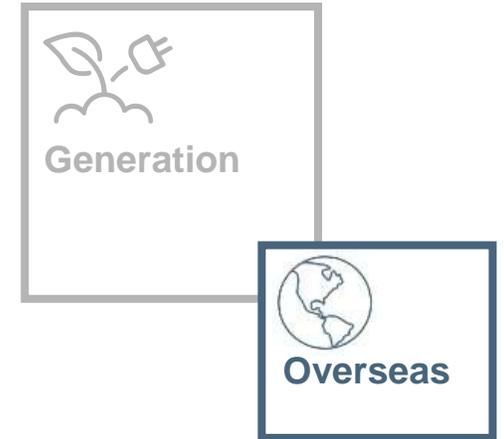
## Market

---



## Generation / overseas

---





# Overseas

## Current positioning and key financials

### Current positioning

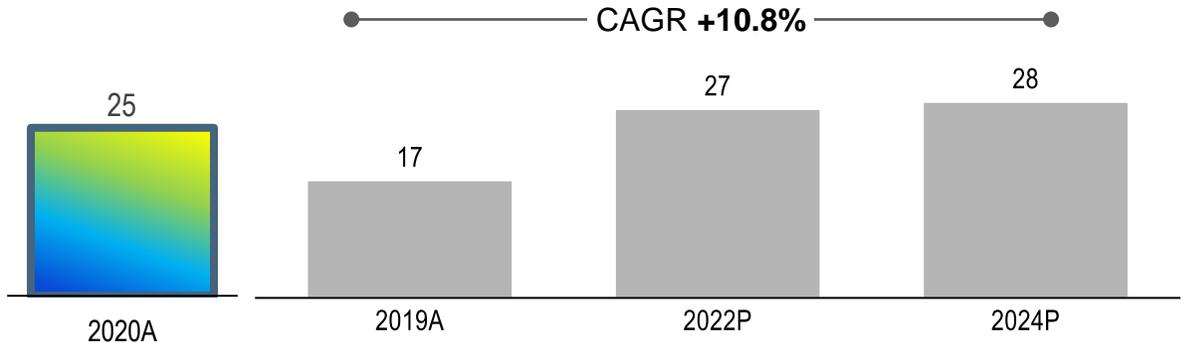


Overseas companies

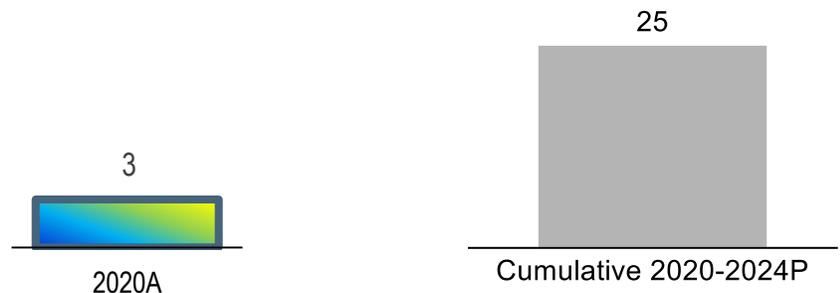


- **Acea International:** overseas holding (management, scouting, tender monitoring)
- **Acea Dominicana:** management of commercial services for the north and east regions of Dominican Republic
- **Consortio Agua Azul:** provision of water and discharge services in the city of Lima
- **Agua de San Pedro:** management of water services for the city of San Pedro Sula in Honduras
- **Acea Peru:** subsidiary established to scout and develop opportunities in the country

### EBITDA | 2019-2024, M€



### CAPEX | M€



**Organic growth on the same perimeter**

# Agenda



ACEA GROUP TODAY



## BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



STRATEGIC OPPORTUNITIES



KEY TARGETS

# Strategic opportunities

## Additional potential upsides

Selected strategic opportunities			EBITDA 2024   M€	CAPEX 2020-24   M€
Water consolidation		<ul style="list-style-type: none"> <li>• <b>Consolidation of existing concessions</b> in which Acea has a minority stake</li> <li>• <b>Expansion</b> within <b>regions of interest</b></li> </ul>	+100	+400
Gas portfolio expansion		<ul style="list-style-type: none"> <li>• Growth in gas distribution through <b>tender participation in relevant territories (big cities/ ATEM)</b>, leveraging on the first «tactical» acquisitions</li> </ul>	+10-20	+50-130
Boost M&A - Waste		<ul style="list-style-type: none"> <li>• <b>Acceleration of market consolidation</b> through further M&amp;A transactions on segments / geographies considered strategic for Acea</li> </ul>	+25-50	+200-400
Recovery Fund		<ul style="list-style-type: none"> <li>• Opportunity for Acea to play an active role in the development of <b>major projects</b> financed by the “Recovery Fund” <b>to close the infrastructural gap</b> in areas where it is not possible to invest with tariff incentives</li> </ul>	-	-

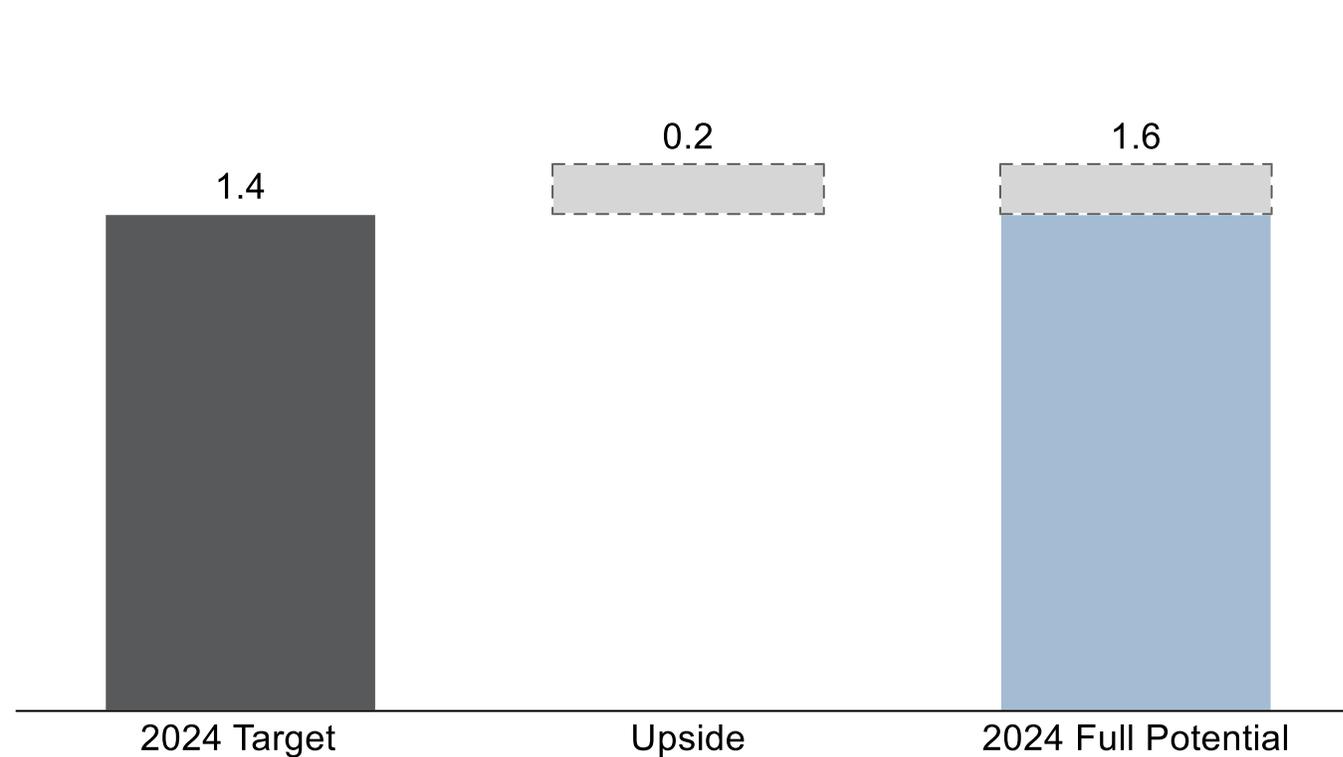
# Strategic opportunities and upsides

## Full potential EBITDA

### Strategic opportunities



### Target full potential EBITDA upside at 2024 | B€



# Agenda



ACEA GROUP TODAY



BUSINESS PLAN 2020-2024



STRATEGY AND TARGETS



BUSINESS LINE HIGHLIGHTS



STRATEGIC OPPORTUNITIES



**KEY TARGETS**

## Key Targets

Significant growth at 2024, while maintaining a balanced capital structure



**6.7%** of **EBITDA CAGR** with a **2024 target** of **1.4 B€**



Group **net profit** growing to **0.38 B€** in 2024



**4.3 B€** of organic **CAPEX** (~850 M€ / year) and **0.4B€** capex from M&A (~80 M€ / year)



**RAB** growing to **5.9 B€** in 2024



Balanced **NFP / EBITDA** ratio over the plan reaching **3.0x** in 2024 and **NFP/RAB of 0.7x** in 2024



**860 M€** of dividends to be distributed throughout the plan



APPENDIX

acea



9M 2021 RESULTS

acea

# EFFECTIVENESS OF STRATEGY CONFIRMED BY STRONG RESULTS

STRONG COMMITMENT TO OPERATIONAL EFFICIENCY AND INNOVATION

EBITDA

€930M

+8%

NET  
PROFIT

€249M

+14%

CAPEX

€684M

+9%

NET DEBT

€3,998M

NET DEBT/  
EBITDA LTM

3.26X

## GUIDANCE FOR 2021 CONFIRMED

- EBITDA **>+8% versus 2020**  
CONFIRMED
- CAPEX **~€900M**  
CONFIRMED
- NET DEBT **€3.85-3.95BN**  
CONFIRMED

# A LEADING INDUSTRIAL GROUP

OUR BUSINESSES ARE EVOLVING

## January 2021

Successful placement of first **GREEN BOND** worth €900m (€300m tranche issued with negative yield)

### FITCH RATINGS

confirms Long-Term Issuer Default Rating as “BBB+” with a “Stable” outlook

## May 2021

### GAIA RATING

Acea scores 78/100 in overall rating of ESG performance, rating improved for third consecutive year.

## July 2021

Agreement to **ACQUIRE 70% OF SERPLAST AND 60% OF MEG**, companies operating in plastic recycling sector

## 2020/9M 2021

### DEVELOPMENT OF PHOTOVOLTAIC PLANTS

with total capacity of **120 MWp** (as of 30 September 2021), including:

- 69 MWp installed;
- 51 MWp under construction.

Process of **SELECTING A FINANCIAL PARTNER** for sale of a majority stake in photovoltaic assets at advanced stage

## April/June 2021

Acea begins to offer charging services for **ELECTRIC-POWERED VEHICLES** with launch of our “ACEA E-MOBILITY” app

Acea launches **LUCE 100% GREEN** and **GAS 0% CO2** offers

## June 2021

### STANDARD ETHICS

Corporate rating improves from «EE-» to «EE»

## September 2021

Agreement to **ACQUIRE 65% OF DECO**, a company that designs, builds and operates plants in treatment, disposal and recovery of solid urban waste.

## October 2021

Agreement with Consorzio Interuniversitario per la Scienza e la Tecnologia dei Materiali to develop **CIRCULAR ECONOMY** initiatives

# RESULTS 9M 2021

## KEY FINANCIAL HIGHLIGHTS

(€M)	9 M 2021 (A)	9 M 2020 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	2,765.8	2,471.3	+11.9%
EBITDA	930.2	858.7	+8.3%
EBIT	459.7	426.0	+7.9%
GROUP NET PROFIT	248.6	218.7	+13.6%
CAPEX	684.3	625.3	+9.4%

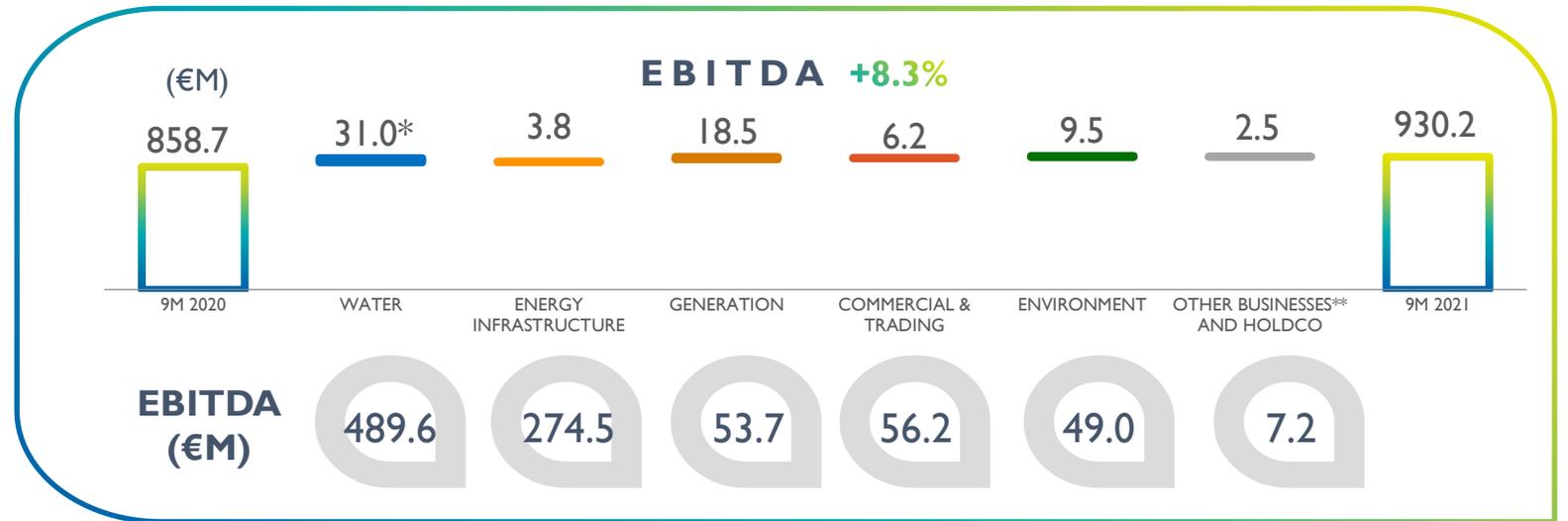
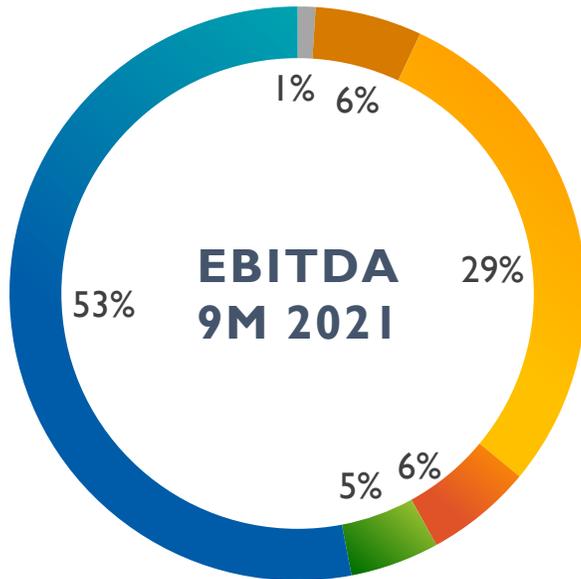
(€M)	30 Sept 2021 (A)	31 Dec 2020 (B)	30 Sept 2020 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,998.3	3,528.0	3,535.3	+13.3%	+13.1%

**POSITIVE TREND REFLECTED IN ALL FINANCIAL INDICATORS, CONFIRMING EFFECTIVENESS OF STRATEGY BASED ON: GROWTH, VALUE CREATION, SUSTAINABILITY**

**PERFORMANCE DRIVEN BY ORGANIC GROWTH, THANKS TO MAJOR INVESTMENT IN ALL AREAS OF BUSINESS**

# RESULTS 9M 2021

EBITDA



EBITDA (€M)

489.6

274.5

53.7

56.2

49.0

7.2

## CHANGES IN SCOPE OF CONSOLIDATION

EBITDA (€M)	Change
SII TERNI	+10.1
ADISTRIBUZIONE GAS <sup>^</sup>	+2.7
FERROCART/CAVALLARI	+2.3
SIMAM	+1.8
PHOTOVOLTAIC	+2.2
CONSORCIO ACEA E LIMA NORTE	+0.8
<b>TOTAL</b>	<b>+19.9</b>

ORGANIC GROWTH IN  
**EBITDA**  
**+6%**

- WATER
- ENERGY INFRASTRUCTURE
- ENVIRONMENT
- GENERATION
- COMMERCIAL & TRADING
- OTHER BUSINESSES\*\* AND HOLDCO

\* Line-by-line consolidation of SII Terni

\*\* Overseas, Engineering & Services

<sup>^</sup> Entity resulting from the merger of Pescara Distribuzione Gas with Alto Sangro Distribuzione Gas

# EBITDA AND QUANTITATIVE DATA 9M 2021

## FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
<b>EBITDA</b>	489.6	458.6	+6.8%
Acea Ato2	324.3	304.0	+6.7%
Acea Ato5	24.9	25.1	-0.8%
Gori	60.4	59.7	+1.2%
ADF	47.1	44.7	+5.4%
SII Terni	10.5	0.4	n/s
Equity-accounted water companies	13.1	19.5	-32.8%
Other consolidated water companies	4.3	3.2	+34.4%
Gas distribution	5.0	2.0	+150.0%
<b>CAPEX</b>	373.1	338.4	+10.3%



EBITDA GROWTH  
**+6.8%**

### EBITDA main drivers

#### GROWTH AT ACEA ATO2

Tariff effects (third regulatory period 2020-2023 - ARERA Resolution 580/2019)

Operational efficiency

+20.3 €M

LINE-BY-LINE CONSOLIDATION  
OF SII TERNI  
(November 2020)

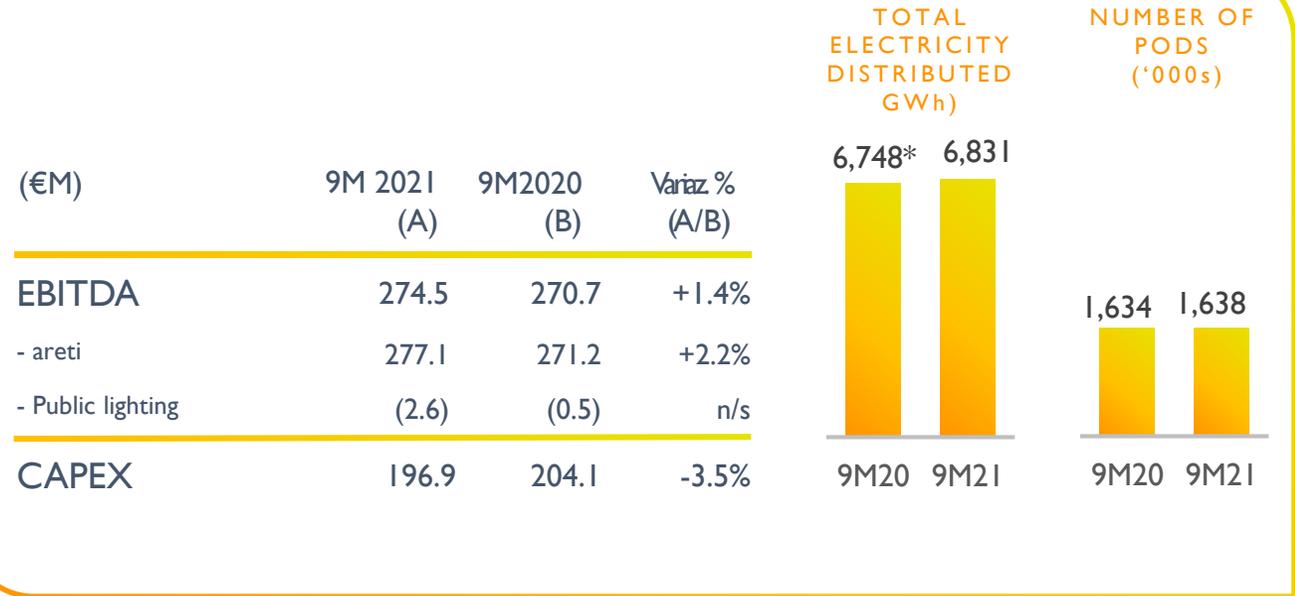
+€10.1M

ADISTRIBUZIONE GAS\*  
(August 2020)

+€2.7M

# EBITDA AND QUANTITATIVE DATA 9M 2021

## FINANCIAL HIGHLIGHTS



EBITDA GROWTH  
**+1.4%**

### EBITDA main drivers

**ELECTRICITY DISTRIBUTION ARETI**  
 Tariff and regulatory effects  
 Partnership with Open Fiber  
 Resilience plan  
**+€5.9M**

**PUBLIC LIGHTING**  
 Lack of authorizations for new assets  
**-€2.1M**

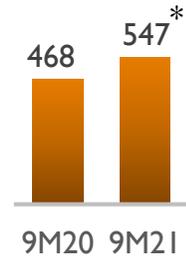
**INNOVATION**  
 283k 2G meters installed as of September 30, 2021

# EBITDA AND QUANTITATIVE DATA 9M 2021

## FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	53.7	35.2	+52.6%
CAPEX	30.5	18.7	+63.1%

TOTAL  
ELECTRICITY  
PRODUCED  
(GWh)



EBITDA GROWTH  
**+52.6%**

### EBITDA main drivers

#### PRICE AND VOLUME EFFECTS

Effect of energy market prices and increased volumes of hydroelectric energy produced

**+€13.6M**

#### PHOTOVOLTAIC

**+€3.4M**

(+€2.2M change in scope of consolidation)

#### NEW PHOTOVOLTAIC PLANTS

- Total capacity at 69 MWp
- 51 MWp of capacity from plants under construction

\* of which photovoltaic 59 GWh

# EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

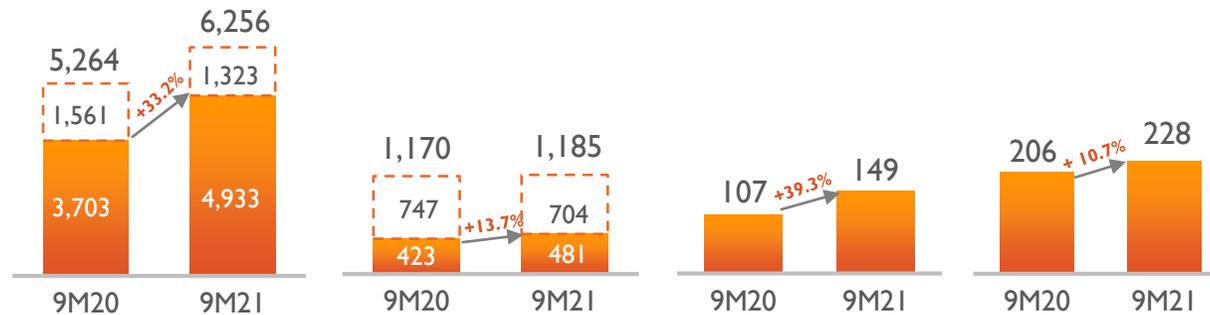
(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	56.2	50.0	+12.4%
CAPEX	33.9	27.0	+25.6%

TOTAL ENERGY SOLD  
(GWH)

NUMBER OF  
ELECTRICITY  
CUSTOMERS ('000s)

TOTAL GAS SOLD  
(Mmc<sup>3</sup>)

NUMBER OF GAS  
CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT

## COMMERCIAL & TRADING



EBITDA GROWTH  
**+12.4%**

**EBITDA**  
Main drivers

IMPROVED MARGIN  
ON FREE MARKET

Increases in volume of  
electricity sold and number  
of customers

**+€13.4M**

IMPROVED MARGIN  
ON GAS SALES

**+ €9.9M**

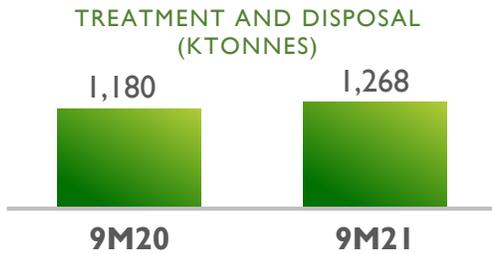
REDUCED MARGIN ON  
ENHANCED PROTECTION MKT

**-€2.1M**

# EBITDA AND QUANTITATIVE DATA 9M 2021

FINANCIAL HIGHLIGHTS

(€M)	9M 2021 (A)	9M 2020 (B)	% change (A/B)
EBITDA	49.0	39.5	+24.0%
CAPEX	23.2	18.2	+27.5%



- ✓ Agreement to acquire 70% of Serplast and 60% of Meg, companies operating in the plastic recycling sector – volumes handled ~70k tonnes per year (July 2021)
- ✓ Agreement to acquire 65% of Deco, a company that designs, builds and operates plants for treatment, disposal and recovery of solid urban waste – volumes handled ~270k tonnes per year (September 2021)



EBITDA GROWTH

**+24.0%**

## EBITDA Main drivers

### INCREASED EBITDA FOR WTE PLANTS

Higher prices received for electricity produced

+€8.1M

### ACQUISITION OF FERROCART/CAVALLARI

(April 2020)

+€2.3M

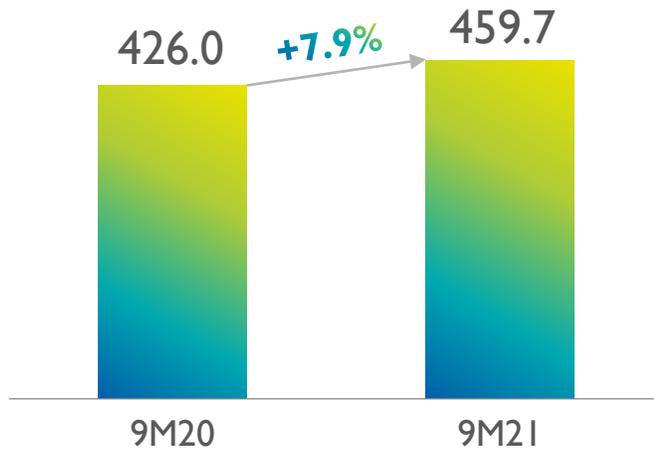
### REDUCED EBITDA AT DEMAP

Revamp of sorting plant for plastic packaging

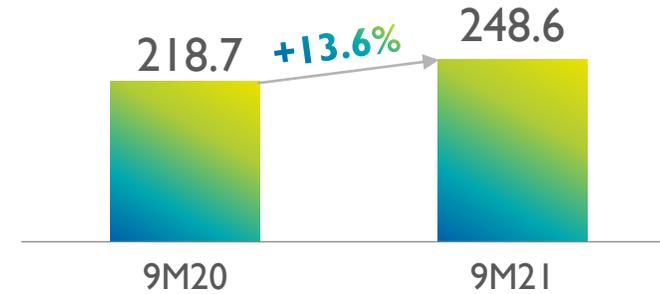
-€1.1M

# EBIT AND NET PROFIT 9M 2021

## EBIT (€M)



## NET PROFIT (€M)



**TAX RATE 29.8%**  
(30.5% for 9M 2020)

(€M)	9M2021	9M 2020	% CHANGE
DEPRECIATION	395.2	364.8	+8.3%
IMPAIRMENTS	66.4	58.1	+14.3%
PROVISIONS	8.9	9.8	-9.2%
<b>TOTAL</b>	<b>470.5</b>	<b>432.7</b>	<b>+8.7%</b>

### DEPRECIATION

Increased investment across all areas of business and changes in scope of consolidation.

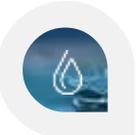
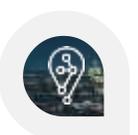
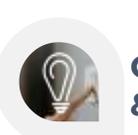
### IMPAIRMENTS

Increase in impairments due to growth in turnover as a result of rising commodity prices. Ratio of impairments to revenue at 30 September 2021 unchanged versus 30 September 2020.

# CAPEX 9M 2021

MAJOR INVESTMENT IN UPGRADING INFRASTRUCTURE



- |   |   |  |  |   |  |
|---|---|--|--|---|--|
|  <h3>WATER</h3> <ul style="list-style-type: none"> <li>REPAIR AND EXPANSION OF WATER AND SEWER PIPES</li> <li>EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS</li> <li>DEVELOPMENTS ON TREATMENT PLANTS</li> <li>CONSOLIDATION OF SII TERNI (€7.6M)</li> </ul> |  <h3>ENERGY INFRASTRUCTURE</h3> <ul style="list-style-type: none"> <li>UPGRADE AND EXPANSION OF THE GRID</li> <li>"RESILIENCE" PLAN WITH WORK ON SECONDARY SUBSTATIONS AND THE MV AND LV NETWORK</li> <li>INSTALLATION OF 2G METERS</li> </ul> |  <h3>GENERATION</h3> <ul style="list-style-type: none"> <li>EXTRAORDINARY MAINTENANCE OF PRODUCTION PLANTS</li> <li>CONSTRUCTION OF PHOTOVOLTAIC PLANTS</li> </ul> |  <h3>COMMERCIAL &amp; TRADING</h3> <ul style="list-style-type: none"> <li>CUSTOMER ACQUISITION</li> <li>INFORMATION SYSTEMS</li> <li>E-MOBILITY PROJECTS</li> </ul> |  <h3>ENVIRONMENT</h3> <ul style="list-style-type: none"> <li>WORK ON ORVIETO LANDFILL</li> <li>CHANGE IN SCOPE OF CONSOLIDATION (FERROCART/CAVALLARI €1.1M)</li> <li>BERG: CONSTRUCTION OF A CONCENTRATOR</li> </ul> |  <h3>OTHER</h3> <ul style="list-style-type: none"> <li>OVERSEAS: INCREASED INVESTMENT AT AGUAS DE SAN PEDRO</li> <li>ENGINEERING AND SERVICES: CONSOLIDATION OF SIMAM</li> <li>HOLDCO: IT PROJECTS</li> </ul> |
|---|---|--|--|---|--|

\* Overseas, Engineering & Services

# CASH FLOW 9M 2021

## CASH FLOW (€M)

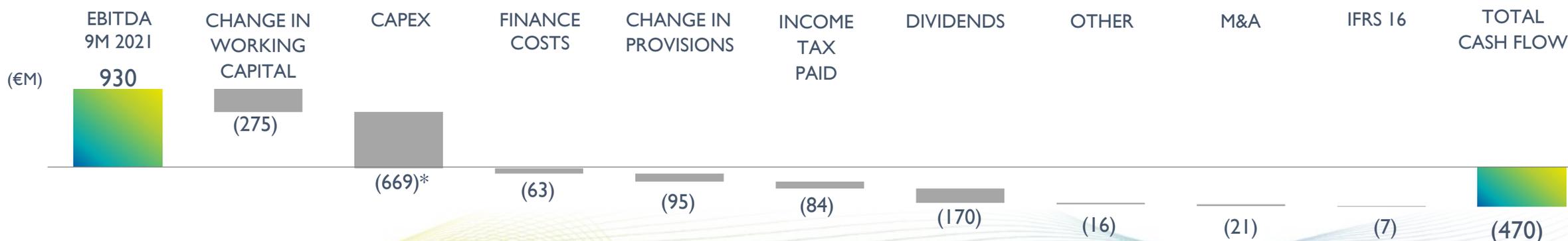
	9M 2021	9M 2020
EBITDA	930	859
CHANGE IN WORKING CAPITAL	(275)	(211)
CAPEX	(669)	(625)
<b>FREE CASH FLOW</b>	<b>(14)</b>	<b>22</b>
FINANCE INCOME/(COSTS)	(63)	(68)
CHANGE IN PROVISIONS	(95)	(77)
INCOME TAX PAID	(84)	(48)
DIVIDENDS	(170)	(166)
OTHER	(16)	(38)
M&A	(21)	(92)
IFRS 16	(7)	(6)
<b>TOTAL CASH FLOW</b>	<b>(470)</b>	<b>(473)</b>

## INCREASE IN WORKING CAPITAL ABSORPTION (€64M)

### The increase in energy prices has led to:

- a reduction in system costs collected by areti
- an increase in turnover at Acea Energia, resulting in a temporary increase in its working capital requirement

## WORKING CAPITAL OVER LTM (September 2021 vs September 2020) IS IN LINE



# RESULTS 9M 2021

## SOLID FINANCIAL STRUCTURE

### GREEN BOND

21 JANUARY 2021

Placement of first GREEN BOND worth €900m successfully completed in two tranches:

- first €300m tranche, 0% rate, maturing 28 September 2025 (first corporate issue in Italy with negative yield);
- second €600m tranche, 0.25% rate, maturing 28 July 2030

(€M)	30 Sept 2021 (A)	31 Dec 2020 (B)	30 Sept 2020 (C)	CHANGE (A-B)	CHANGE (A-C)
Net debt	3,998.3	3,528.0	3,535.3	470.3	462.9
Medium/long-term	4,825.6	4,130.2	4,116.9	695.4	708.7
Short-term	(827.3)	(602.2)	(581.5)	(225.1)	(245.8)

### STRUCTURE OF DEBT

(MATURITY AND INTEREST RATES AT 30 SEPTEMBER 2021)

- DEBT FALLING DUE AFTER 2022
- DEBT FALLING DUE BY END OF 2022
- FLOATING RATE
- FIXED RATE



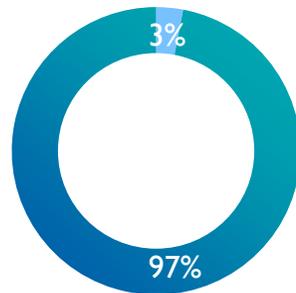
FIXED RATE



AVERAGE COST



AVERAGE TERM



### RATINGS

FitchRatings

**BBB+**  
STABLE  
OUTLOOK

MOODY'S

**Baa2**  
STABLE  
OUTLOOK

### SUATAINABILITY RATINGS

CDP  
DISCLOSURE INDUSTRY ACTION

**A-**  
LEADERSHIP

standard  
ethics

**EE**  
POSITIVE ↑

RATING UPGRADE IN  
JUNE 2021

Gaia  
RATING

**78/100** ↑  
IMPROVEMENT IN  
RATING FOR THIRD  
YEAR RUNNING



H1 2021 RESULTS

acea

# RESULTS HI 2021

## KEY FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	1,824.6	1,622.0	+12.5%
EBITDA	618.8	568.7	+8.8%
EBIT	309.8	280.9	+10.3%
GROUP NET PROFIT	165.8	143.8	+15.3%
CAPEX	481.5	410.6	+17.3%

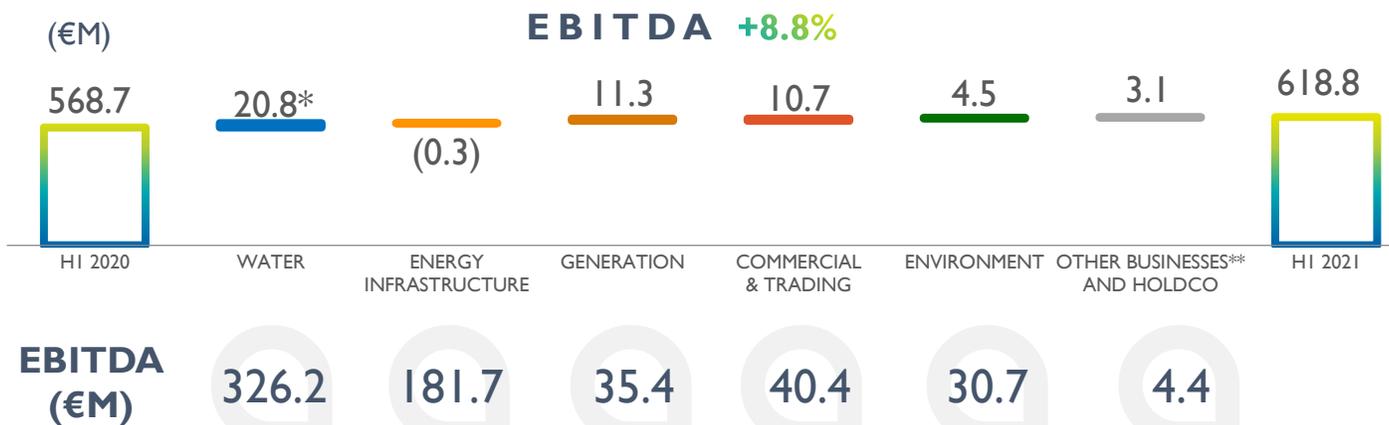
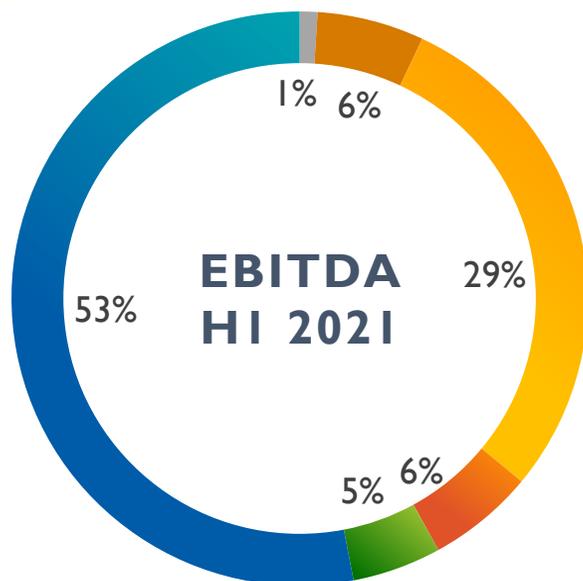
(€M)	30 June 2021 (A)	31 Dec 2020 (B)	30 June 2020 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,913.4	3,528.0	3,527.5	+10.9%	10.9%

**OPERATIONAL AND FINANCIAL SOLIDITY CONFIRMED BY STRONG HALF-YEAR RESULTS**

**CONTINUED FOCUS ON OPERATIONAL EFFICIENCY, INVESTMENT IN INFRASTRUCTURE AND POSITIVE CONTRIBUTION FROM ALL AREAS OF BUSINESS CONFIRMING STRONG RESILIENCE**

# RESULTS HI 2021

EBITDA



## CHANGES IN SCOPE OF CONSOLIDATION

EBITDA (€M)	Change
SII TERNI	+7.0
ALTO SANGRO DISTRIBUZIONE GAS	+2.0
FERROCART/CAVALLARI	+1.8
SIMAM	+2.3
PHOTOVOLTAIC	+1.5
CONSORCIO ACEA E LIMA NORTE	+0.4
<b>TOTAL</b>	<b>+15.0</b>

ORGANIC GROWTH IN  
**EBITDA**  
**>+6%**

\* Line-by-line consolidation of SII Terni

\*\* Overseas, Engineering & Services

# EBITDA AND QUANTITATIVE DATA HI 2021

## FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)
<b>EBITDA</b>	326.2	305.4	+6.8%
Acea Ato2	215.7	200.8	+7.4%
Acea Ato5	15.3	15.7	-2.5%
Gori	41.0	39.5	+3.8%
ADF	32.2	30.6	+5.2%
SII Terni	7.3	0.3	n/s
Equity-accounted water companies	8.7	16.1	-46.0%
Other consolidated water companies	2.9	1.3	+123.1%
Gas distribution	3.1	1.1	+181.8%
<b>CAPEX</b>	246.9	229.2	+7.7%



EBITDA GROWTH  
**+6.8%**

### EBITDA main drivers

APPLICATION OF TARIFF REGIME  
Third regulatory period 2020-2023  
(Arera Resolution 580/2019):

- effect of increased investment

LINE-BY-LINE CONSOL.  
OF SII TERNI  
(November 2020)  
+€7.0M

ACQUISITION OF ALTO  
SANGRO DISTRIBUZIONE GAS  
(August 2020)  
+€2.0M

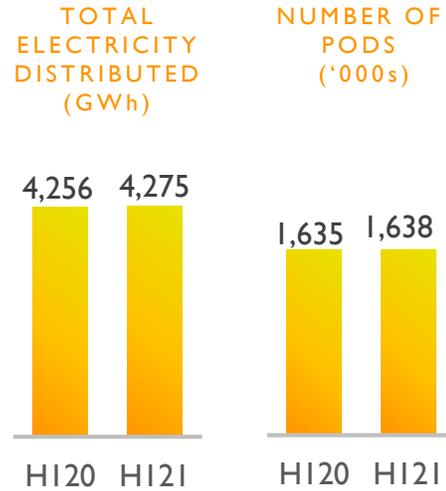
# EBITDA AND QUANTITATIVE DATA HI 2021

## FINANCIAL HIGHLIGHTS



STABLE EBITDA

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)
EBITDA	181.7	182.0	-0.2%
- Areti	184.0	181.3	+1.5%
- Public lighting	(2.3)	0.7	n/s
CAPEX	139.5	133.6	+4.4%



**EBITDA**  
main drivers

**DISTRIBUTION**

Positive contribution from distribution

**PUBLIC LIGHTING**

Missing approvals for new assets

**INSTALLATION OF 2G METERS CONTINUES**

Over 150,000 now installed

# EBITDA AND QUANTITATIVE DATA HI 2021

## FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	%change (A/B)
EBITDA	35.4	24.1	+46.9%
CAPEX	21.7	7.7	+181.8%

TOTAL  
ELECTRICITY  
PRODUCED  
(GWh)



EBITDA GROWTH  
**+46.9 %**

### EBITDA main drivers

#### PRICE AND VOLUME EFFECTS

Price effect on energy market and increased volumes of hydroelectric energy produced  
**+€2.8M**

#### PHOTOVOLTAIC **+€1.5M**

#### NEW PHOTOVOLTAIC PLANTS

- Total capacity of 62 MWp.
- Construction of plants with capacity of ~60 MWp in progress.

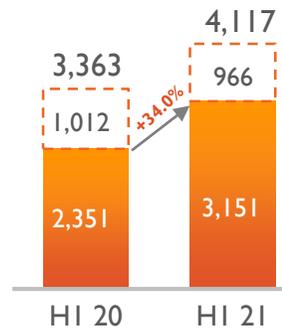
\* of which photovoltaic 33 GWh

# EBITDA AND QUANTITATIVE DATA HI 2021

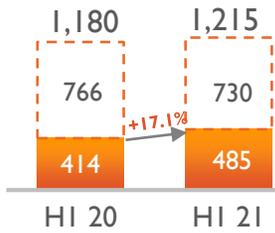
FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	Variaz.% (A/B)
EBITDA	40.4	29.7	+36.0%
CAPEX	36.0	17.6	+104.5%

TOTAL ENERGY SOLD  
(GWH)



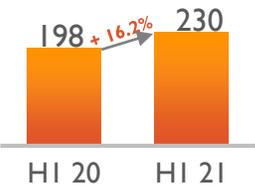
NUMBER OF  
ELECTRICITY  
CUSTOMERS ('000s)



TOTAL GAS SOLD  
(Mmc<sup>3</sup>)



NUMBER OF GAS  
CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT

## COMMERCIAL & TRADING



EBITDA GROWTH  
**+36.0%**

### EBITDA main drivers

#### ACQUISITION OF NEW CUSTOMERS

Increased investment in customer acquisition

#### IMPROVED MARGIN ON FREE MARKET

Growth in volume of electricity sold and number of customers  
**+€12.5M**

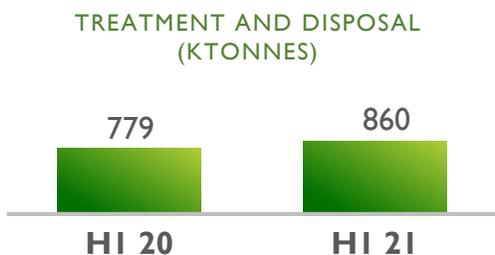
#### IMPROVED MARGIN ON GAS SALES

**+ €6.9M**

# EBITDA AND QUANTITATIVE DATA HI 2021

FINANCIAL HIGHLIGHTS

(€M)	HI 2021 (A)	HI 2020 (B)	% change (A/B)
EBITDA	30.7	26.2	+17.2%
CAPEX	14.8	9.5	+55.8%



Agreement to acquire 70% of Serplast and 60% of Meg, companies operating in the plastic recycling sector.  
 EV (100%): €12M  
 EBITDA 2021E: €3M  
 EV/EBITDA: ~4x  
 Volumes treated 2021E: ~70,000 Tonnes/year



EBITDA GROWTH  
**+17.2%** (organic growth ~10%)

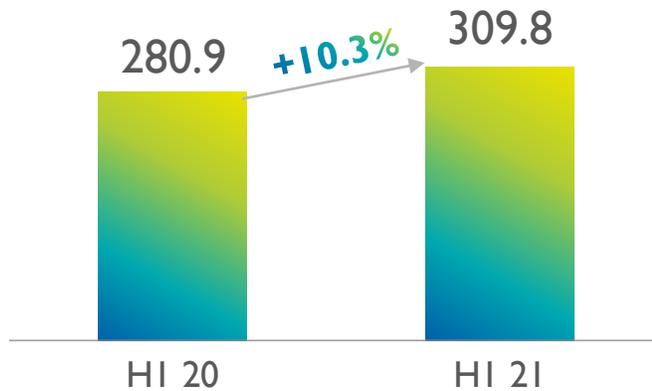
**EBITDA**  
 main drivers

INCREASE IN VOLUMES  
 TREATED AND DISPOSED OF  
 Improved margins on electricity sales  
 +€2.6M

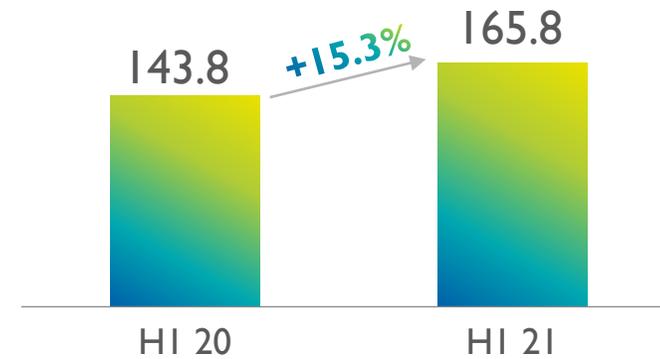
CHANGE IN SCOPE OF  
 CONSOLIDATION  
 Acquisition of Ferrocarril/ Cavallari (April 2020)  
 +€1.8M

# EBIT AND NET PROFIT HI 2021

## EBIT (€M)



## NET PROFIT (€M)



**TAX RATE 29.8%**  
(30.5% in HI 2020)

(€M)	HI 2021	HI 2020	% CHANGE
DEPRECIATION	259.9	239.9	+8.3%
IMPAIRMENTS	45.8	40.3	+13.6%
PROVISIONS	3.3	7.5	-56.0%
<b>TOTAL</b>	<b>309.0</b>	<b>287.7</b>	<b>+7.4%</b>

### DEPRECIATION

increased investment across all areas of business and changes in scope of consolidation

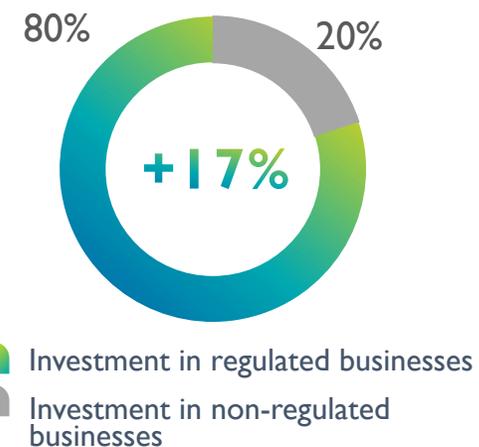
### IMPAIRMENTS

primarily due to growth of Commercial & Trading segment

# CAPEX HI 2021

SIGNIFICANT INVESTMENT IN UPGRADING INFRASTRUCTURE

## CAPEX (€M)



### WATER

- REPAIR AND INCREASED CAPACITY OF WATER AND SEWER PIPES
- EXTRAORDINARY MAINTENANCE OF PLANTS AND NETWORKS
- WORK ON TREATMENT PLANTS
- CONSOLIDATION OF SII TERNI (€4.8M)

\* Overseas, Engineering & Services



### ENERGY INFRASTRUCTURE

- UPGRADE AND EXPANSION OF ELECTRICITY GRID
- "RESILIENCE" PLAN WITH WORK ON SECONDARY SUBSTATIONS AND THE MV AND LV NETWORK
- INSTALLATION OF 2G METERS



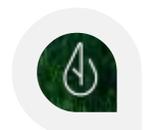
### GENERATION

- EXTRAORDINARY MAINTENANCE OF PRODUCTION PLANTS
- CONSTRUCTION OF PHOTOVOLTAIC PLANTS



### COMMERCIAL & TRADING

- CUSTOMER ACQUISITION
- INFORMATION SYSTEMS



### ENVIRONMENT

- SAN VITTORE PLANT
- WORK ON ORVIETO LANDFILL
- CHANGE IN SCOPE OF CONSOLIDATION (FERROCART/CAVALLARI €0.8M)
- BERG: CONSTRUCTION OF CONCENTRATOR



### OTHER

- OVERSEAS: INCREASED INVESTMENT AT AGUAS DE SAN PEDRO
- ENGINEERING AND SERVICES: CONSOLIDATION OF SIMAM (€0.7m)
- HOLDCO: IT PROJECTS

# RESULTS HI 2021

FOCUS ON IMPROVEMENTS IN WORKING CAPITAL

## CASH FLOW (€M)

	HI 2021	HI 2020
EBITDA	619	569
CHANGE IN WORKING CAPITAL	(177)	(210)
CAPEX	(474)*	(411)
<b>FREE CASH FLOW</b>	<b>(32)</b>	<b>(53)</b>
FINANCE INCOME/(COSTS)	(43)	(43)
CHANGE IN PROVISIONS	(63)	(56)
INCOME TAX PAID	(44)	(45)
DIVIDENDS	(170)	(166)
OTHER	(11)	(16)
M&A	(11)	(86)
IFRS 16	(12)	-
<b>TOTAL CASH FLOW</b>	<b>(385)</b>	<b>(465)</b>

## WORKING CAPITAL IMPROVES BY €33M

The positive performance of collections has helped to improve working capital over LTM from -€130m at 30 June 2020 to -€9m at 30 June 2021 (~€121m)



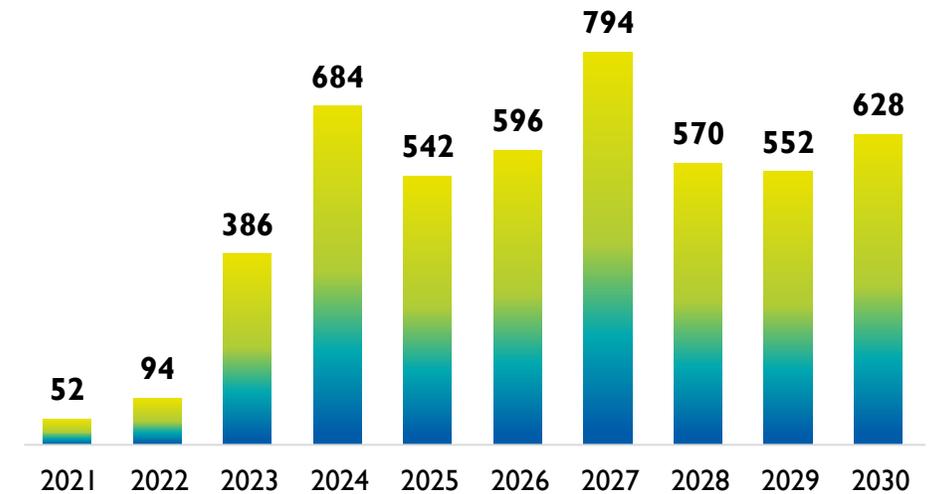
\* Net of grant-funded investment

# RESULTS HI 2021

## SOLID CAPITAL STRUCTURE

### DEBT (€M)

(€M)	30 June 2021 (A)	31 Dec 2020 (B)	30 June 2020 (C)	CHANGE (A-B)	CHANGE (A-C)
Net debt	3,913.4	3,528.0	3,527.5	385.4	385.9
Medium/long-term	4,837.1	4,130.2	4,095.8	706.9	741.3
Short-term	(923.7)	(602.2)	(568.3)	(321.5)	(355.4)



### LEVERAGE

NET DEBT / EBITDA LTM  
30 JUNE 2021

**3.2x**

NET DEBT / EQUITY  
30 JUNE 2021

**1.7x**

## RATINGS

<b>FitchRatings</b>	BBB+ STABLE OUTLOOK
<b>MOODY'S</b>	Baa2 STABLE OUTLOOK

## GREEN BOND

21 JANUARY 2021

Placement of first GREEN BOND worth €900m successfully completed. Issue in two tranches:

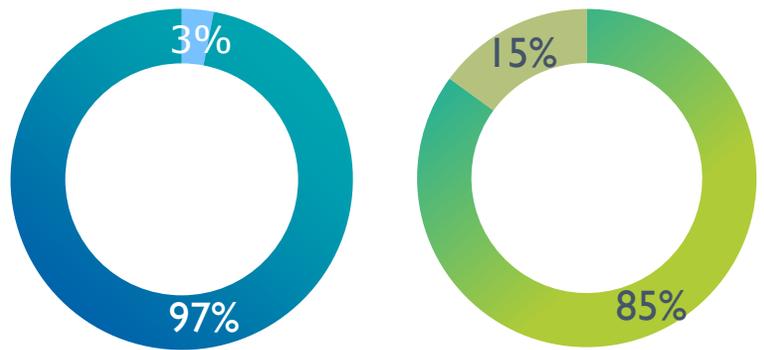
- first €300m tranche, 0% rate, maturing 28 September 2025 (first corporate issue in Italy with negative yield);
- second €600m tranche, 0.25% rate, maturing 28 July 2030

## STRUCTURE OF DEBT

(MATURITY AND INTEREST RATES AT 30 JUNE 2021)



- DEBT FALLING DUE AFTER 2022
- FLOATING RATE
- DEBT FALLING DUE BY END OF 2022
- FIXED RATE



## SUSTAINABILITY RATINGS

	A- LEADERSHIP
	EE POSITIVE RATING UPGRADED IN JUNE 2021
	78/100 IMPROVEMENT IN RATING FOR THIRD YEAR RUNNING

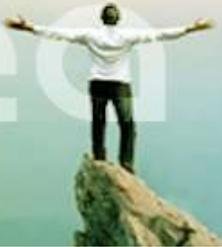


2020 RESULTS

acea

# PERFORMANCE AND DELIVERY

SUSTAINABILITY AS A DRIVER OF GROWTH AND VALUE CREATION



REGULATED BUSINESSES SHOW  
EXTRAORDINARY RESILIENCE  
IN A CHALLENGING  
ENVIRONMENT

LIMITED IMPACT ON  
ACTIVITIES MOST  
EXPOSED TO THE CRISIS

## EBITDA

€1,155M

+11%

STRONG  
ORGANIC  
GROWTH

## NET PROFIT

€285M

+0.4%  
(~+22% normalised)

ONGOING  
VALUE  
CREATION

## CAPEX

€907M

+14%

84% ON  
REGULATED  
ASSETS

## NET DEBT

€3,528M

IN LINE WITH  
GUIDANCE,  
DESPITE IMPACT  
OF THE  
PANDEMIC AND  
WIDER  
PERIMETER

## LEVERAGE

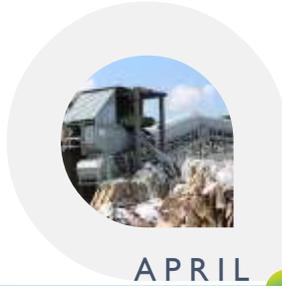
Net Debt/  
EBITDA  
3.05X

Net Debt/  
RAB  
0.74X

# PERFORMANCE AND DELIVERY

DEVELOPMENT OF THE BUSINESS MIX: ACQUISITIONS IN ENVIRONMENT AND PHOTOVOLTAIC SECTORS, CONSOLIDATION OF SII TERNI

## ACEA CONSOLIDATES ITS POSITION IN WASTE MANAGEMENT AND TREATMENT SECTOR



APRIL 2020

ACQUISITION OF 60% OF “FERROCART” AND “CAVALLARI” 4 waste storage, treatment and sorting plants (paper, steel, wood, plastic and metals), handling 145k tonnes per year



MAY 2020

ACQUISITION OF 70% OF SIMAM leader in design, construction and operation of liquid waste treatment plants, and in the delivery of environmental and remediation projects, offering integrated high-technology solutions

## ACEA EXPANDS FURTHER IN PHOTOVOLTAIC SECTOR



ACQUISITION OF PHOTOVOLTAIC PLANTS with total installed capacity of up to 52 MWp. Development of projects on primary market, 41 MWp already authorised out of a pipeline of > 300 MWp

## BUSINESS PLAN 2020-2024



OCTOBER 2020

SUSTAINABILITY AT THE HEART OF BUSINESS AND OPERATIONAL STRATEGY  
EBITDA CAGR: ~ 7%  
CAPEX: €4.7bn in 2020-2024 over €2bn linked to specific sustainability targets

## ACEA CONSOLIDATES SII TERNI ON LINE-BY-LINE BASIS



NOVEMBER 2020

LINE-BY-LINE CONSOLIDATION OF SERVIZI IDRICI INTEGRATI DI TERNI following changes to articles of association and increase in interest held by Umbriadue (a subsidiary of Acea) from 25% to 40%

# 2020 KEY ESG HIGHLIGHTS

Fully on track to deliver on our ESG targets

## ACEA'S BUSINESSES ARE BY DEFINITION «STRUCTURALLY SUSTAINABLE»



### WATER

**-3p.p.** WATER LOSSES

**30,000** SMART METERS INSTALLED (ACEA ATO2)

### ENERGY INFRASTRUCTURE

**~60,000** 2G SMART METERS INSTALLED

**-25%** OUTAGE RISK INDICATOR

### GENERATION

**~70%** ELECTRICITY PRODUCED FROM RENEWABLE SOURCES\*, EQUIVALENT TO

**210k** TONNES OF CO2 SAVED

### ENVIRONMENT

**1.9M** TONNES OF WASTE TREATMENT CAPACITY

**85%** MATERIALS RECOVERED OUT OF TOTAL INCOMING WASTE

### COMMERCIAL & TRADING

**1,363 GWh** OF GREEN «G.O.» ELECTRICITY SOLD ON FREE MARKET (+20.3%), EQUAL TO 30% OF TOTAL ELECTRICITY SOLD ON FREE MARKET

## SOCIAL AND GOVERNANCE

**over 44%** OF ACEA BOARD MEMBERS ARE WOMEN

**105.5 Tonn.** OF PAPER SAVED IN 2020 (+92%) THANKS TO E-BILLING

\* WTE and biogas included

# RESULTS 2020

## KEY FINANCIAL HIGHLIGHTS

(€ M)	2020 (A)	2019 (B)	% CHANGE (A/B)
CONSOLIDATED REVENUE	3,379.4	3,186.1	+6.1%
EBITDA	1,155.5	1,042.3	+10.9%
EBIT	535.0	523.2	+2.3%
GROUP NET PROFIT	284.9	283.7	+0.4%
DIVIDEND PER SHARE (€)	0.80	0.78	+2.6%
CAPEX	907.0	792.8	+14.4%

(€ M)	31 Dec 2020 (A)	30 Sept 2020 (B)	31 Dec 2019 (C)	% CHANGE (A/B)	% CHANGE (A/C)
NET DEBT	3,528.0	3,535.4	3,062.8	-0.2%	+15.2%

**EBITDA +11%**

**WELL AHEAD OF GUIDANCE**

INITIAL GUIDANCE: +6%/+8%

GUIDANCE IN JULY 2020:  $\geq$  +8%

ORGANIC GROWTH  $>$ +10%

**NET PROFIT NORMALISED**  
**~ +22%**

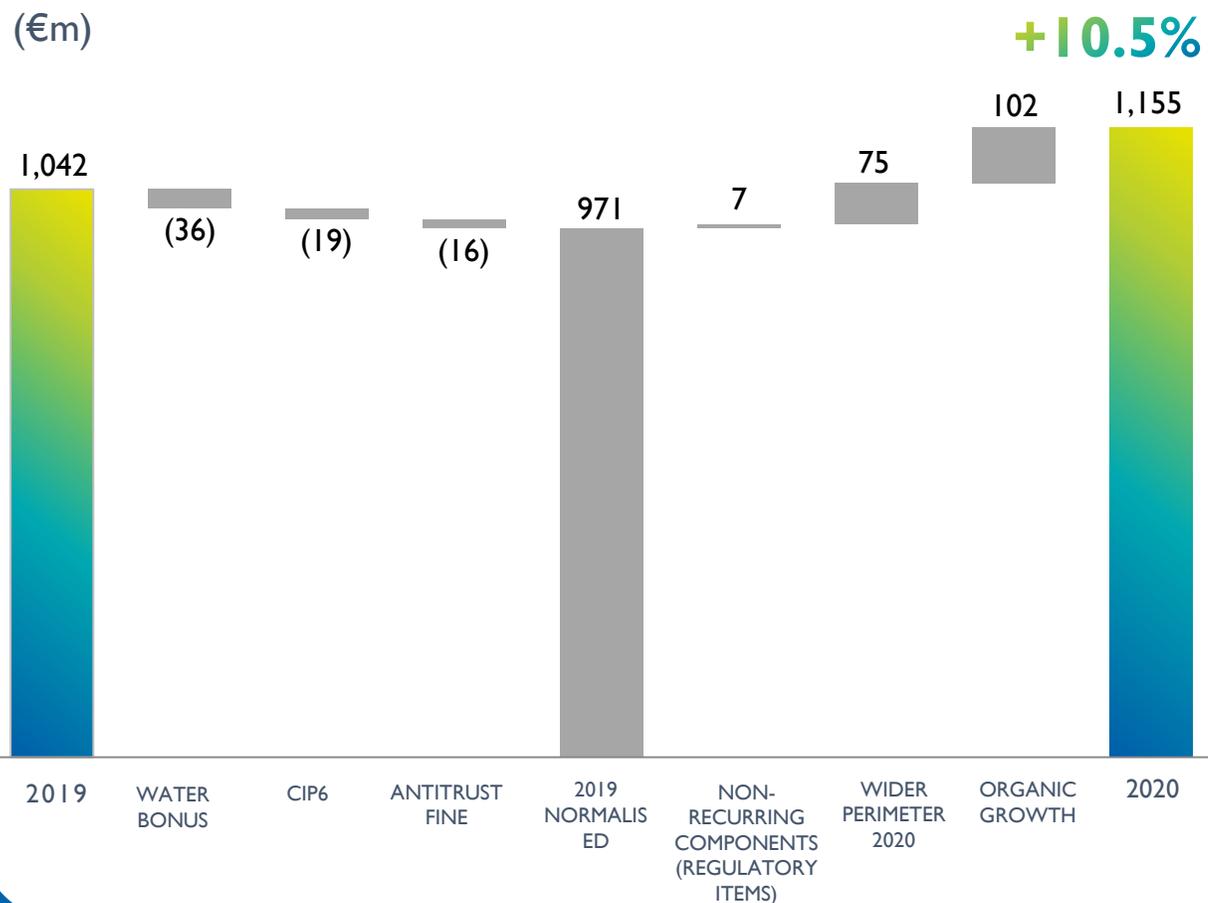
**NET DEBT**

IN LINE WITH GUIDANCE DESPITE  
IMPACT OF FIRST-TIME  
CONSOLIDATION OF SII TERNI

# RESULTS 2020

## ORGANIC EBITDA GROWTH

**WIDER PERIMETER OF THE GROUP**  
**CONTRIBUTION TO EBITDA FOLLOWING**  
**CONSOLIDATION OF ADF, SII TERNI,**  
**CONSORCIO AGUA AZUL AND NEW**  
**ACQUISITIONS**



(€m)	2020	2019	Change
ADF	60.4	18.1	+42.4
SII TERNI	2.2	0.9	+1.3
CONSORCIO AGUA AZUL LIMA	8.9	1.1	+7.8
PESCARA DISTRIBUZIONE GAS	2.2	1.7	+0.5
ALTO SANGRO DISTRIBUZIONE GAS	1.7	-	+1.7
DEMAP	4.0	1.8	+2.2
BERG	2.0	0.5	+1.4
FERROCART/CAVALLARI	4.3	-	+4.3
SIMAM	5.2	-	+5.2
PHOTOVOLTAIC	12.1	3.6	+8.5
<b>TOTAL</b>	<b>103.0</b>	<b>27.7</b>	<b>+75.3</b>

# EBITDA AND KEY INDICATORS

## FINANCIAL HIGHLIGHTS

(€m)	2020 (A)	2019 (B)	%change(A/B)
<b>EBITDA</b>	<b>614.4</b>	<b>505.0</b>	<b>+21.7%</b>
Acea Ato2	410.0	356.1	+15.1%
Acea Ato5	26.7	24.4	+9.4%
Gori	78.7	68.6	+14.7%
ADF	60.4	18.1	N.S.
SII Terni	2.2	0.9	N.S.
Equity-accounted water companies	28.7	37.2	-22.8%
Other consolidated water companies	3.8	(2.0)	N.S.
Gas distribution	3.9	1.7	N.S.
<b>Capex</b>	<b>476.0</b>	<b>380.1</b>	<b>+25.2%</b>



## KEY HIGHLIGHTS

LINE-BY-LINE CONSOLIDATION  
OF ACQUEDOTTO DEL FIORA

LINE-BY-LINE  
CONSOLIDATION OF SII  
TERNI

**EBITDA  
main  
drivers**



EBITDA  
GROWTH  
**+21.7%**

Application of tariff regime  
for third regulatory period  
2020-2023

(Arera Resolution 580/2019):

- effect of increased investment
- no award of bonus for commercial quality (€35.8m), offset by recognition of new cost components (including those relating to sludge disposal)

Line-by-line  
consolidation of AdF  
(October 2019)

**+€42.4m**

Line-by-line  
consolidation of SII Terni  
(November 2020)

**+€1.3m**

Acquisition of Alto Sangro  
Distribuzione Gas (August  
2020)

**+€1.7m**

# EBITDA AND KEY INDICATORS

## FINANCIAL HIGHLIGHTS

(€m)	2020 (a)	2019 (b)	% change (a/b)	TOTAL ELECTRICITY DISTRIBUTED (GWh)	NUMBER OF PODS (‘000S)	TOTAL ELECTRICITY PRODUCED (GWh)
EBITDA	412.9	392.0	+5.3%	9,849	1,641	650
- Distribution	369.6	345.4	+7.0%	9,096	1,644	626*
- Public lighting	(2.0)	1.9	N.S.			
- Generation	45.4	44.6	+1.8%			
CAPEX	325.1	287.8	+13.0%			
- Distribution	282.5	265.7	+6.3%			
- Public lighting	3.6	3.3	+9.1%			
- Generation	39.0	18.8	+107.4%			



### KEY HIGHLIGHTS

ACQUISITION OF NEW PHOTOVOLTAIC PLANTS: total installed capacity of 52 MWp

INSTALLATION OF 2G SMART METERS (~60,000 installed)

EBITDA main drivers

EBITDA GROWTH +5.3%

DISTRIBUTION: +€24.2m  
 Tariff and regulatory factors  
 Installation of 2G smart meters  
 Reduction in electricity grid losses

PUBLIC LIGHTING: -€3.9m  
 Fewer new PODs and increase in maintenance costs

GENERATION: +€0.8m  
 Photovoltaic +€8.5m (twice the volumes of 2019)  
 Hydroelectric: decrease in prices and lower volumes -€6.4 m

# EBITDA AND KEY INDICATORS

FINANCIAL HIGHLIGHTS

(€m)	2020 (A)	2019 (B)	%change(A/B)
EBITDA	72.4	69.1	+4.8%
Capex	44.1	43.1	+2.3%

TOTAL ENERGY SOLD (GWH)



NUMBER OF ELECTRICITY CUSTOMERS ('000s)



TOTAL GAS SOLD (Mmc<sup>3</sup>)



NUMBER OF GAS CUSTOMERS ('000s)



● FREE MKT ○ EN. PROT. MKT



COMMERCIAL & TRADING

## KEY HIGHLIGHTS

INCREASED FREE MARKET CUSTOMER BASE WITH GREATER MARGIN

EBITDA main drivers



EBITDA GROWTH

+4.8%

INCREASED FREE MARKET MARGIN: greater number of mass market customers and increased volumes of electricity sold



REDUCED MARGIN IN ENHANCED PROTECTION MARKET:

lower number of customers and revised mechanism for compensating for delinquent accounts (ARERA Resolution 100/2020)

PRICE EFFECT on energy purchased and not sold to customers

~ -€4m

# EBITDA AND KEY INDICATORS

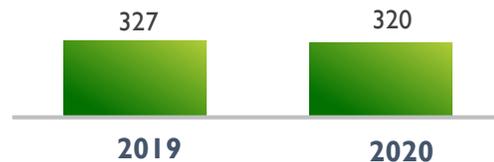
## FINANCIAL HIGHLIGHTS

(€m)		2020 (A)	2019 (B)	% change (A/B)
EBITDA		50.3	52.0	-3.3%
of which:	Demap	4.0	1.8	N/S
	Berg	2.0	0.5	N/S
	Ferrocart/Cavallari	4.3	-	N/S
Capex		23.6	51.9	-54.5%

TREATMENT AND DISPOSAL (KTONNES)



ELECTRICITY SOLD (GWh)



## ENVIRONMENT

## KEY HIGHLIGHTS

ACQUISITION OF 60% OF FERROCART/CAVALLARI

EBITDA  
main  
drivers



HIGHER TREATED VOLUMES (+27%) AND INCREASE IN DISPOSAL TARIFFS:  
**+€14m**

M&A:  
**+€7.9m**

Acquisition of Demap (July 2019):  
**+€2.2m**

Acquisition of Berg (October 2019):  
**+€1.4m**

Acquisition of Ferrocart/Cavallari (April 2020):  
**+€4.3m**



END OF CIP6 FEED-IN TARIFFS FROM 1 AUGUST 2019  
**-€19.6m**

REDUCTION IN PRICES OF ENERGY SOLD  
**-€4m**

# RESULTS 2020

FOCUS ON IMPROVEMENTS IN WORKING CAPITAL

## CASH FLOW

(€ m)	2020	2019
EBITDA	1,155	1,042
CHANGE IN WORKING CAPITAL	(38)	(16)
CAPEX	(886)*	(793)
<b>FREE CASH FLOW</b>	<b>231</b>	<b>233</b>
FINANCE INCOME/(COSTS)	(88)	(90)
CHANGE IN PROVISIONS	(112)	(107)
INCOME TAX PAID	(123)	(134)
DIVIDENDS	(166)	(151)
OTHER	(47)	(12)
M&A AND FIRST-TIME CONSOLIDATIONS	(154)	(171)
IFRS 16	(7)	(64)
<b>TOTAL CASH FLOW</b>	<b>(465)</b>	<b>(495)</b>

## WORKING CAPITAL +€22M

**INCREASE €73M**

REGULATORY FACTORS: €63m

IMPACT OF COVID-19 ON COLLECTIONS: €10m

**REDUCTION ~€50M**

INCREASED CAPITAL EXPENDITURE IN Q4 2020 (CASH EFFECT IN 2021)

INCREASED FACTORING OF RECEIVABLES (INSTALMENT PLANS)

INCREASED REVERSE FACTORING



\* Net of financed capex and other non-cash items

# RESULTS 2020

NET DEBT BETTER THAN GUIDANCE

(€m)	31 Dec 2020 (a)	30 Sept 2020 (b)	31 Dec 2019 (c)	Change (a-b)	Change (a-c)
Net debt	3,528.0	3,535.4	3,062.8	(7.4)	465.2
Medium/long-term	4,130.2	4,116.9	3,523.3	13.3	606.9
Short-term	(602.2)	(581.5)	(460.5)	(20.7)	(141.7)

## LEVERAGE

NET DEBT/EBITDA  
31 Dec 2020

**3.05x**

NET DEBT/RAB  
31 Dec 2020

**0.74x**

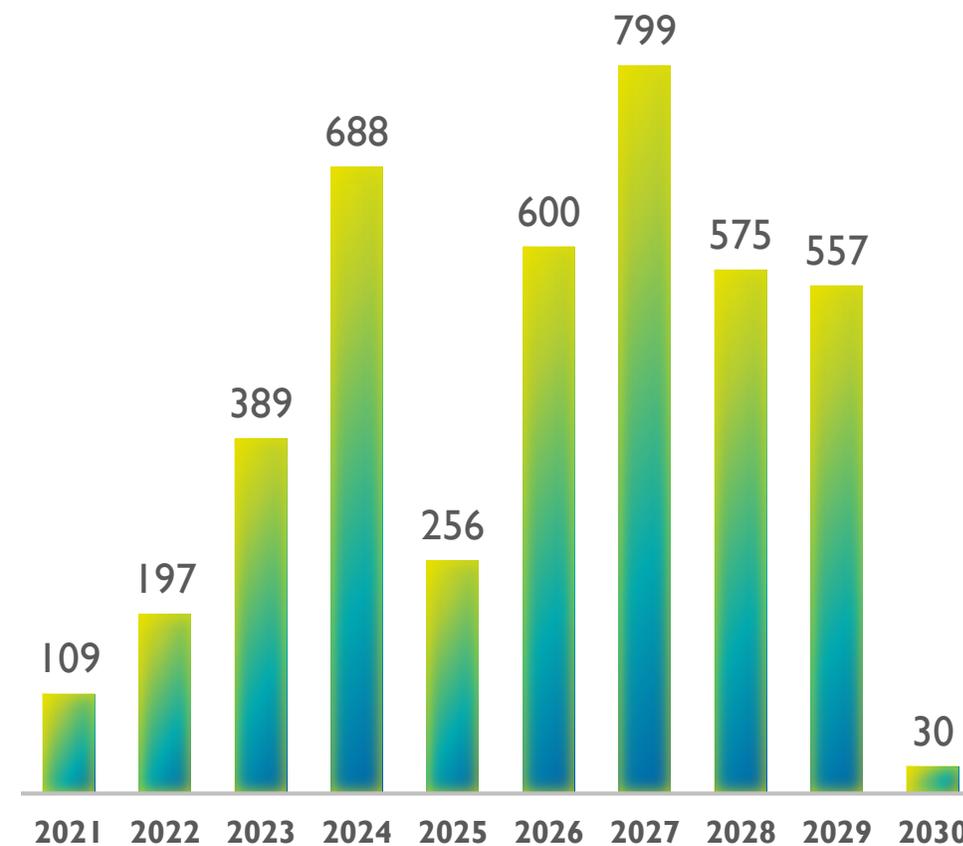
NET DEBT/EBITDA  
31 Dec 2019

**2.94x**

NET DEBT/RAB  
31 Dec 2019

**0.70x**

## DEBT (€m)





## REGULATORY FRAMEWORK

- Water
  - Electricity distribution
  - Environment
- 

acea

# Regulation

## Water (1/2)

### TARIFF REGIME FOR THE THIRD REGULATORY PERIOD (2020-2023)

#### Delibera ARERA 580/2019

- WACC: 5.24% (previously 5.3%)
- WACC on fixed assets in progress: 3.92% (provision amended by ARERA in Resolution 235/2020/R/idr of 23 June 2020)
- Increase in inflation rate (from 1.5% to 1.7%)
- The limits on annual growth of the tariff multiplier linked to classification in the matrix of regulatory frameworks have been reduced
- Reduction in standard coverage for late payments in Central Italy from 3.8% to 3%

EXPIRY OF CONCESSIONS	
ATO2 Lazio Centrale (Acea ATO2)	2032
ATO5 Frosinone (Acea ATO5)	2033
ATO3 Regione Campania (Gori)	2032
ATO4 Alto Valdarno (Nuove Acque)	2027
ATO2 Basso Valdarno (Acque)	2031*
ATO3 Medio Valdarno (Publiacqua)	2024**
ATO6 Ombrone (Acquedotto del Fiora)	2031*
Municipality of Lucca (Geal)	2025
ATO1 Perugia (Umbra Acque)	2027
ATI4 Umbria (Umbriadue Servizi Idrici)	2032

**11 November 2021 - Consultation Document ARERA 489/2021  
"Guidelines for the biennial revision (2022-2023) of tariff arrangements  
for the integrated water service"**

## **ARERA RESOLUTION 235/2020**

### **«Adoption of urgent measures for the integrated water service, in response to the Covid-19 emergency»**

- Deferral of deadlines for meeting tariff and technical quality requirements.
- Recognition in allowed costs of 0.6% of turnover to cover late payments caused by restrictions linked to the spread of Covid-19
- Assessment of quality performance based on cumulative data for the two-year period 2020-2021
- Amendment of cost recognition criteria (on a forecast basis, with any gaps to be made up through back-billing) linked to the Covid-19 emergency
- Selective measures for financial sustainability of concessions during the emergency (advance payments to be applied for to CSEA – Cassa Servizi Energetici e Ambientali only for concessions where tariffs are approved by 30 September 2020)
- Increase in returns on WIP (Work In Progress): 3.73% in the first two years of the regulatory cycle and 2.77% in the subsequent years (previously 3.58%, 3.31%, 3.04% and 2.77%)

# Regulation

## Electricity distribution (1/2)

### ARERA RESOLUTION:

- **568/2019** tariffs for electricity distribution (**TIT**) and metering (**TIME**) revised for the sub-period 2020-2023
- **646/2015** "Quality of electricity distribution and metering services and output-based regulation" (**TIQE**) amended and supplemented by RESOLUTION **566/2019/R/eel** for the sub-period 2020-2023
- **534/2019** Initiatives designed to boost the resilience of electricity distribution networks, Arete plan for 2019-2021.
- **467/2019** experimental regulation for the upgrade of aging plumbing risers in buildings
- **306/2019** Revision for the three-year period 2020-2022 of the recognition of 2G smart metering costs
- **583/2015 TIWACC** supplemented by resolutions 639/2018/R/com and 570/2019/R/gas

**REGULATORY PERIOD: EIGHT YEARS 2016-2023** divided into two sub-periods, each lasting four years:

- 2016-2019
- 2020-2023

**REGULATORY PERIOD WACC: SIX YEARS 2016-2021**

- WACC for 2016-2018 5.6%
- WACC for 2019-2021 5.9%

**ARERA RESOLUTION 380/2020: "Launch of the process of adopting provisions regarding the methods and criteria for determining and revising the rate of return on invested capital in the electricity and gas sectors for the second regulatory period".**

**15 July 2021 - Consultation Document 308/2021 «Criteria for determining and revising the rate of return on invested capital for regulated infrastructure in the electricity and gas sectors in the second regulatory period – Initial guidance».**

**11 November 2021 - Second Consultation Document 488/2021 "Criteria for determining and revising the rate of return on invested capital for regulated infrastructure in the electricity and gas sectors in the second regulatory period (WACC) Final Guidelines"**

**Arete's concession expires in 2030**

### WACC FOR OTHER ACTIVITIES

#### ELECTRICITY TRANSMISSION

Electricity transmission WACC for 2019-2021 : 5.6%

#### GAS NETWORKS

Gas transport	WACC for 2019: 5.7%	WACC for 2020-2021: 5.7%
Gas distrib	WACC for 2019: 6.3%	} WACC for 2020-2021: 6.3%
Gas metering	WACC for 2019: 6.8%	
Gas storage	WACC for 2019: 6.7%	WACC for 2020-2021: 6.7%

# Regulation

## Electricity distribution (2/2)

### MAIN REGULATORY CHANGES IN 2020

#### **Urgent measures linked to the COVID-19 epidemic**

The regulator urgently issued a series of resolutions designed to mitigate, as far as possible, the difficulties faced by final consumers and certain businesses connected with the rules governing the response to non-payment by customers, with specific regard to the process for cutting off the supply of electricity.

#### **ARERA Resolution 60/2020/R/com – Managing non-payments**

In this Resolution, the regulator suspended application of the procedure for managing non-payments set out in supply contracts with final customers until 17 May of the current year.

#### **Resolution ARERA 116/2020/R/com – Billing for transmission services**

In Resolution 116/2020/R/com, ARERA suspended the application of default procedures in the event of non-payment by traders of transmission service charges due for payment in April 2020. This reflects potential for non-payment by customers who have benefitted from the above Resolution 60/2020/R/com.

More specifically, the regulator has suspended the above procedures where the transmission service user has paid at least 70% of the total amount billed for LV withdrawal points. At the same time, given the fact that the measures introduced could make it difficult for distributors to pay general system charges to the CSEA and GSE, the regulator has given distributors the option of making a payment in proportion to the amount effectively collected. This payment must, in any event, be within the minimum amount (80%) needed to ensure the system is fully funded.

#### **Resolution ARERA 248/2020/R/com – Procedures for recovering unpaid amounts**

The measures introduced by Resolution 116/2020/R/com were extended on a number of occasions by the regulator, up to and including bills falling due in June 2020. As a result, the later Resolution 248/2020/R/com set out the procedures for recovering unpaid amounts payable to distributors by transmission users and general system charges not paid by the former to the CSEA and GSE.

#### **Resolution ARERA 213/2020/R/eel – Temporary changes to the 2G directives**

Within the above context, Resolution 213/2020/R/eel introduced, for 2020, a series of changes to the regulations governing the rollout of 2G smart metering systems with the aim of avoiding penalties to be paid by distribution companies as a result of factors beyond their control linked to the epidemic.

The main changes introduced regard the preparation of detailed plans for the mass phase of the rollout, the suspension of penalties for falling behind the schedule set out in the plan and a halt to application of the “Information Quality Incentive” matrix.

The regulator has reserved the right to extend, in full or in part, the measures adopted in this Resolution into 2021 depending on how the health emergency evolves.

# Regulation Environment (1/2)

## ARERA RESOLUTION 443/2019 – REGULATORY PERIOD 2018-2021

- Regulatory period 2018-2021, structured in line with the previous tariff regulation (Presidential Decree 158/99), with the introduction of certain elements such as sharing arrangements for revenue from the sale of material and energy derived from waste and the related CONAI revenue.
- Real pre-tax WACC: 6.3% for the period 2020-2021, with an additional 1% for the 2-year time lag between capex being carried out and its recognition in RAB.
- Determination of four different regulatory frameworks, limiting the annual rise in the tariff to reflect the quality of service provided and changes in the scope of operations.
- Cost recognition on the basis of accurate ex post data based on reliable accounting records for the previous two years and no longer on forecasts.
- Identification of efficient costs and subsequent adjustments for 2018 and 2019 (introduced on a progressive basis and recognisable over no more than 4 years).
- Whilst awaiting determination of the tariffs for incoming waste (to be determined by 31 December 2020), the charges covering the costs of disposal and treatment and of treatment and recovery are determined on the basis of approved and/or negotiated tariffs.

# Regulation Environment (2/2)

## ARERA RESOLUTION 363/2021 (MTR-2) – REGULATORY PERIOD 2022-2025

- The earlier method has been confirmed for the regulatory period 2022-2025, after a number of changes designed to encourage its application, promote economic and environmental efficiency targets and limit discretionary behaviour by local authorities. The changes have introduced an **initial attempt to regulate access plants involved in closure of the cycle**.
- The scope of application covers **treatment plants used in the «recovery and disposal» of all urban waste**, regardless of how it is subsequently classified. **Recycling chains**, managed by recycling consortia and other entities, are, on the other hand, **not addressed**.
- **Regional planning** has been given a decisive role in **defining plants involved in closure of the cycle**, operating in structurally rigid markets (insufficient capacity to meet demand for treatment), **as «minimum»**. These plants will be subject to **revenue caps**: the prices applied in 2021 (which will form the basis for the entire regulatory period) will be adjusted on the basis of allowable costs in accordance with ARERA's method. A cap on annual tariff increases has also been introduced.
- Vice versa, plants not classified as «minimum» as part of the planning process will be considered **«additional»**: these plants **will not be subject to regulated tariffs**, but will only be subject to disclosure requirements.
- In order to drive development of the circular economy, MTR-2 also introduces a number of **environmental components targeting waste producers**, with incentives to reduce waste flows and penalties for waste sent to landfill.
- Resolution 363/2021 has delayed determination of the rate of return on investment until changes are introduced to the TIWACC (expected to take place by the end of 2021) (the WACC was set at 6.3% in the MTR).

# 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.

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. THIS PRESENTATION DOES NOT CONTAIN AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES ISSUED BY ACEA S.P.A. OR ANY OF ITS SUBSIDIARIES.

\*\*\*

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, FABIO PARIS – CFO OF THE COMPANY - DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.