



## Press Release

### **ACEA, 24-28 BUSINESS PLAN APPROVED: PEOPLE FOR SUSTAINABLE INFRASTRUCTURE**

**CONSOLIDATION OF INFRASTRUCTURE LEADERSHIP POSITION IN THE WATER, ELECTRICITY AND ENVIRONMENT REGULATED SECTORS, SUPPORTED BY ENGINEERING AND PRODUCTION.**

**INVESTMENTS AT AN ALL-TIME HIGH, EQUAL TO €7.6BN DURING THE PERIOD 2024-28, TO SUSTAIN THE COUNTRY'S INFRASTRUCTURE DEVELOPMENT.**

**EBITDA UP BY MORE THAN 5% PER YEAR, ON A LIKE-FOR-LIKE BASIS, WITH A SOUND FINANCIAL STRUCTURE (2028 NFP/EBITDA 3.1x) AND MORE THAN €1 BN IN DIVIDENDS DISTRIBUTED.**

**FOCUS ON PEOPLE, PROCESSES, SYSTEMS TO CREATE SUSTAINABLE VALUE FOR ALL THE STAKEHOLDERS.**

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#### **2024-2028 BUSINESS PLAN – ECONOMIC AND FINANCIAL HIGHLIGHTS**

- **EBITDA CAGR 2023-2028 >+5%**, thanks to organic growth. EBITDA from regulated infrastructure ~90% in 2028 compared with 87% in 2023
- **Net profit CAGR +5%**, despite the increase in depreciation and financial costs
- **Overall investments: €7.6bn**, will ensure sustainable growth, in compliance with a strong financial discipline. Annual investments amounting to around €1.5bn, compared with €1.0bn during the period 2020-2023
- **Consolidated RAB (*Regulatory Asset Base*) to reach €10.5bn in 2028**, up by 42% over 2023 with a CAGR in excess of 7% during the plan period;
- **Financial structure optimisation: NFP/EBITDA ratio in 2028 at 3.1x (3.5x in 2023)**
- **Dividend: annual growth of 4% during the 2023-28 period**, corresponding to an overall distribution in excess of €1 bn

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#### **SUSTAINABILITY – HIGHLIGHTS**

- **Achievement of science-based targets (SBT) of emissions reduction by 2032;**
- **Reinforcement of commitment concerning protection and valorisation of people;**
- **Industrial investments totalling >€5bn linked to sustainability, and in line with the SDG;**
- **Promotion of ESG performance throughout the supply chain**

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**Rome, 6 March 2024** – At yesterday's meeting, the ACEA Board of Directors, chaired by **Barbara Marinali**, approved the 2024-2028 Business Plan.



ACEA's Chief Executive Officer, **Fabrizio Palermo**, commented:

*“The Business Plan being presented today outlines the strategy that the Group intends to implement over the next five years.*

*The Plan, which we have called “Green Diligent Growth”, envisages significant growth and focus on three regulated businesses aimed at making our infrastructure more and more sustainable and resilient, with investments totalling 7.6 billion Euro to sustain the country’s development.*

*The strong discipline on costs and investments is a key aspect of our strategy to support cash generation combined with optimisation of our financial structure and capital allocation.*

*The Plan features a steady growth in investments and RAB, which will translate into solid growth in economic and financial results and an increasingly attractive remuneration policy for the shareholders.*

*ESG criteria are an integral part of our business decisions, alongside the contribution and professional skills of our people. Precisely with a view to encouraging all of this, strategic training and professional development programmes are scheduled, with a focus on new digital technologies.”*

## **2024-2028 BUSINESS PLAN**

Green Diligent Growth: the new Business Plan reinforces the ACEA Group’s role as infrastructure operator – focused on regulated businesses – within a strongly evolving scenario that offers major investment opportunities: in the water business, to modernise the infrastructure; in the electricity sector, for grid resilience; in the environmental sector, for the circular economy. The centrality of people, a strong discipline with regard to costs and investments and optimisation of the financial structure represent the pillars of the Plan, which envisages a major increase in capex and growing value for shareholders.

The Business Plan is based on the following enablers:

- PEOPLE – the application of principles pertaining to the new People and Participation Charter, the introduction of new competencies, training, professional development, in addition to enhancing corporate welfare.
- SYSTEMS – the use of new technologies (digitalisation, Artificial Intelligence, robotics) also to support service quality and security. Moreover, industrial, financial and technological partnerships are envisaged, in order to accelerate the growth of regulated businesses.
- PROCESSES – the redesigning of processes in order to optimise operational management and service quality, review of purchasing, the optimisation of working capital and enhancement of the governance model.

<b>MAIN ECONOMIC AND FINANCIAL TARGETS</b>				
	<b>2023</b>	<b>2026P</b>	<b>2028P</b>	<b>CAGR '23-'28</b>
<b>EBITDA (million €)</b>	1,391	1,630	1,800	+5%
<b>Net profit (million €)</b>	294	350	375	+5%
<b>RAB (billion €)</b>	7.4	9.6	10.5	+7%
<b>NFP/EBITDA (x)</b>	3.5x	3.4x	3.1x	

**Major investment programme focused on Water, Electricity, Environment, with average annual capex corresponding to 1.5x the average for 2020-2023**

The business plan provides for investments, during the period 2024-2028, corresponding to €7.6 billion. Of total capex, 91% will be addressed to regulated businesses.



The investment programme will fund a number of projects and will enable an acceleration of sustainable growth to support the country. ACEA confirms its role as infrastructure operator with good financial leverage, a leading player in the energy transition, decarbonisation and enhancement of the territory, from a circular economy perspective.

### **Growth in all the main economic indicators, based on constant attention to operating efficiency, integrating new technologies and expanding the spheres of action**

EBITDA during the plan period presents an annual average growth of over 5%, to reach €1,800 million by the end of 2028 (of which 90% from regulated businesses), compared with €1,391 million in 2023 (+29%). This is attributable above all to organic growth and operating efficiency.

Net profit is expected to increase at a CAGR of 5% from €294 million in 2023 to €350 million in 2026 and to €375 million in 2028.

### **Constant attention to financial equilibrium.**

Working capital is expected to show a considerable improvement, owing to:

- optimisation of procurement and payment times;
- innovative strategies in the entire credit management and recovery chain.

The substantial operating cash flow generated during the Plan period, together with the overall improvement in working capital, guarantee a high level of financial soundness with a general improvement in economic and financial indicators, in particular with an expected reduction in the NFP/EBITDA ratio from 3.5x in 2023 to 3.1x in 2028.

### **Constant growth in dividends during the Plan period**

Creation of shareholder value through a sustainable dividend plan, which provides for the distribution of over €1 billion (accrual-based) during the plan period: annual increase of +4% in DPS (Dividend per Share) from €0.88 per share in 2023.

## **BUSINESS AREA ACTIONS**

### **WATER: driving force for the development of Italy and focal point for ACEA's strategy.**

ACEA, leading operator in the Italian water sector and the second largest in Europe, with innovative expertise, operates throughout the entire supply chain.

The Company intends to consolidate and reinforce its leadership position in a segment that is fundamental to the country's industrial development, relying on its know-how and strong track record in managing 10 million inhabitants in Italy, with the opportunity to implement major strategic works at national level, such as the doubling of the Peschiera Aqueduct. This project, which falls under the ten works of national interest, aimed at securing Rome's water supply.

The Plan also envisages additional supervision and consolidation of the water business in the served territories, enhancing the level of service offered, by:

- increasing the resilience of the water systems;
- optimising and innovating network management
- developing collection and treatment processes;
- streamlining the corporate structure in the water business to support greater operating efficiency (through a new sub holding).

EBITDA of the Water Italy regulated business is expected to increase steadily (2023-2028 CAGR +7%), driven by organic growth, from €0.7 billion in 2023 to €1 billion in 2028.

The Company intends to carry out a structured investment plan worth €4.7 billion to develop high quality and reliable infrastructures, enabling further improvement of operating efficiency in resource management. The plan is to implement innovative technologies and industrial processes, with the



aim of reducing water leaks and creating new water plants and sewage systems to increase the reuse of wastewater and rainwater in order to deal with the growing phenomena of floods and drought.

RAB is expected to reach €6.9 billion by 2028 (2023-2028 CAGR +8%).

### **ELECTRICITY: focus on grid management and innovative services for customers.**

ACEA is the second largest distributor in Italy in terms of delivery points (PODs) managed. The Company's objective is to guarantee the grid's resilience and enhance service quality by promoting the energy transition through the electrification of consumptions and large network services. The Plan envisages:

- the upgrade of Rome's low voltage network to increase its resilience, available power and hosting capacity by 800MW;
- modernisation of the medium and low voltage network in order to enhance safety through advanced diagnostics, remote control and automation;
- the smartisation of the grid for dynamic management, control of PODs via 2G smart meters and large-scale demand response through artificial intelligence and IoT platforms;
- the development of "smart" Public Lighting
- the supervision of positioning in the commercial sector, improving performance and the level of service.

EBITDA pertaining to the Electricity sector is expected to steadily increase (2023-2028 CAGR +2%), mainly thanks to development investments, from €0.5 billion in 2023 to €0.6 billion in 2028. The growth will be supported by investments totalling €2.0 billion during the Plan period.

RAB is expected to reach €3.7 billion by 2028 (2023-2028 CAGR +6%).

### **ENVIRONMENT: operator of growing importance at national level.**

ACEA is present throughout the waste treatment sector, especially in the segments with higher profitability.

The Company intends to consolidate its leadership in central Italy via:

- the streamlining of the corporate structure as regards five treatment sectors (Waste-to-energy, Composting, Landfills and MBT, Selection and Recycling of Plastic and Industrial Waste);
- the expansion and upgrade of existing plants (WtE, other facilities);
- closing of the treatment cycle with EoW (End-of-Waste) activities;
- consolidation of the plastics sector, with the aim of improving profitability also through partnerships, in order to ensure the sale of products leaving the plants.

EBITDA pertaining to the Environment business is expected to increase during the Plan period (2023-2028 CAGR +13%), from €84 million in 2023 to €155 million in 2028. Investments, totalling almost €500 million, will enable a growth in waste treatment capacity. The volume of waste treated is expected to reach 2.2 million tonnes by 2028 (1.8 million in 2023).

### **ENGINEERING: engineering centre of excellence**

The objective is to create a single hub – ACEA Infrastructure – by integrating various companies for the management of major projects.

### **PRODUCTION: operator with high focus on renewable sources.**

ACEA plans to increase its energy production capacity using renewable sources to support internal consumption and reduce the company's carbon footprint in observance of SBTi targets. The existing solar pipeline is expected to be implemented (870 MW, of which 210 MW already authorised), also through partnerships with financial operators.

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## **ESG principles form the basis for all business decisions**

In a global situation of constantly greater attention to environmental and social impacts, the ACEA Group continues to pursue its sustainable strategy, in line with the long-term objectives set forth by the UN 2030 Agenda. Approximately €5.5 billion of industrial capex expected throughout the plan period is related to significant areas for sustainability, and in line with the UN SDG.

The upgrade by the “Carbon Disclosure Project”, which placed ACEA among the leaders in the fight against climate change, improving the rating to “A-”, and the recent commitment in defining the targets to reduce CO2 emissions, which were formally validated by SBTi in September 2023, represent a major recognition of the Company’s ongoing commitment in the fight against climate change, in line with the energy transition path undertaken at global level.

### Main objectives:

#### *ENVIRONMENT*

- SBTi emission reduction targets to be achieved by 2032 (Scope 1, 2, 3);
- focus on “green” funding;
- reinforcement of policy on biodiversity.

#### *SOCIAL*

- reinforcement of commitment to the protection and valorisation of people;
- introduction of an assessment regarding the social impact of welfare initiatives;
- implementation of Group policies on human rights.

#### *GOVERNANCE*

- management incentive schemes with focus on ESG;
- full integration of ESG criteria in Risk and Compliance processes;
- promotion of ESG performance throughout the supply chain.

*The 2023 results and the 2024-2028 Business Plan will be illustrated today 6 March 2024 at 10.30 a.m. (Italian time) during the Investor Day, with the possibility to link up via conference call, transmitted in streaming on the Investors section of the website [www.gruppo.acea.it](http://www.gruppo.acea.it) where, to coincide with the start of the conference call, back-up material will also be made available.*

*The Executive Responsible for Financial Reporting, Sabrina Di Bartolomeo, declares, pursuant to section two of article 154-bis of the Consolidated Finance Act, that the information contained in this release is consistent with the underlying accounting records.*

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