2016 Results

Rome, 13 March 2017

Acea Group 2016 results

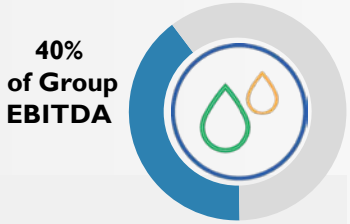
Low risk profile

ENVIRONMENT

Number 6 Italian operator
Umbria, Lazio and Tuscany
- Waste treated: 820,000* tons
- Electricity produced (WTE): 283 GWh

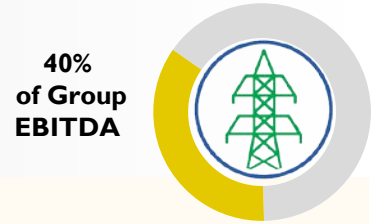
ENERGY

One of the main Italian energy player
- Electricity sold: ~ 8.3 TWh
- Customers: ~ 1.4m
- Hydroelectric power plants (122 MW)
- Thermo/cogen plants/PV (111 MW).



WATER

Leading operator in Italy
Lazio, Tuscany, Umbria and Campania
- Water sold: 415m cubic metres
- Customers: nearly 9m
- Engineering, procurement, construction and management of integrated water services, laboratory analysis
- Water Management services in Latin American countries



GRIDS

One of the leading operators in Italy
- Electricity distributed: ~ 10TWh in the city of Rome
- Public lighting and floodlighting managed: over 217,000 lighting points
- Energy efficiency projects

*Includes ash disposed of

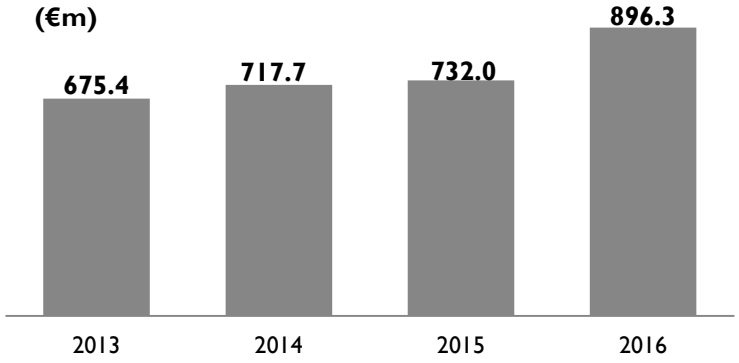
Acea's ownership structure today

City of Rome	Suez	Caltagirone Group	Norges Bank	Other
51.0%	23.3%	5.0%	1.6%	19.1%

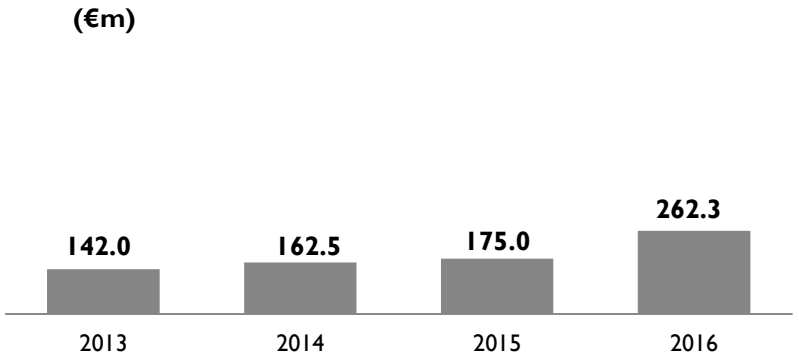
Source: CONSOB (March 2017) and Companies' data

Long-term shareholder value through returns and growth

EBITDA CAGR +9.9%



Net profit CAGR +22.7%



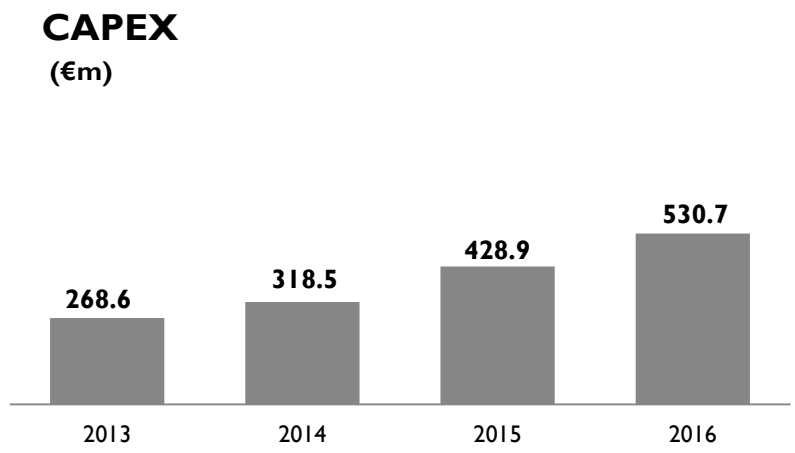
Net Debt/EBITDA

2013	2014	2015	2016
3.3x	2.9x	2.7x	2.4x

DPS CAGR +13.9 % (€)

2013	2014	2015	2016
0.42	0.45	0.50	0.62

CAPEX



A solid base for the future

Beating expectations for 2016

2016 financial highlights

(€m)	2015	2016*	Change %
Consolidated revenue	**2,917.3**	**2,832.4**	**-2.9%**
EBITDA	**732.0**	**896.3****	**+22.4%**
EBIT	**386.5**	**525.9**	**+36.1%**
Net profit/(loss)	**181.5**	**272.5**	**+50.1%**
Non-controlling interests	6.6	10.2	*+54.5%*
Group net profit/(loss)	**175.0**	**262.3**	**+49.9%**
Dividend per share (€)	**0.50**	**0.62**	**+24.0%**
Capex	**428.9**	**530.7**	**+23.7%**

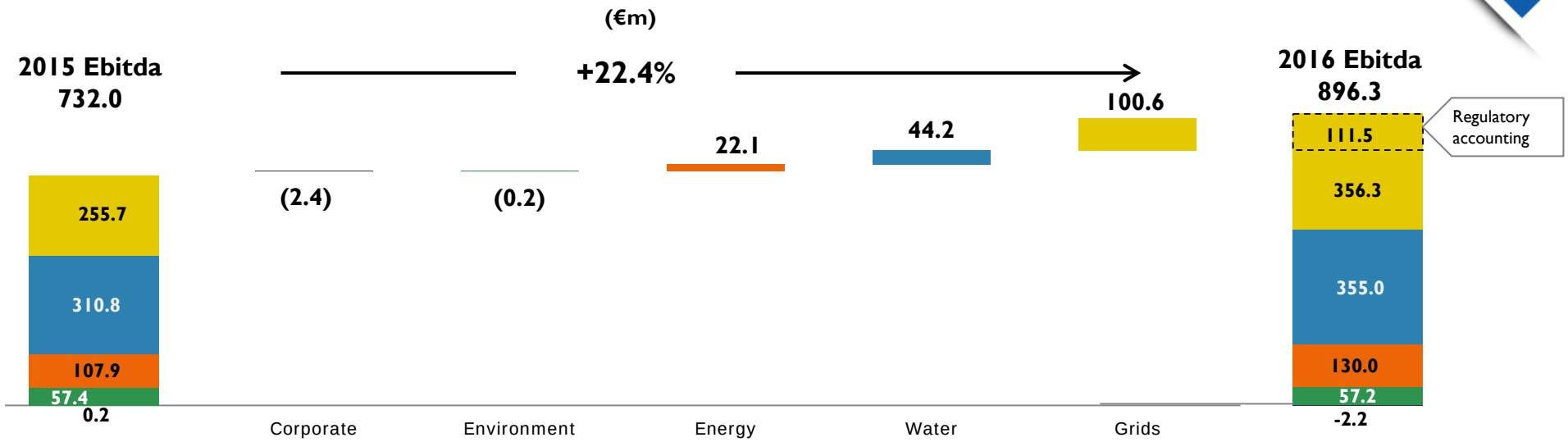
**Positive impact for accounting for Resolution 654/2015 and negative impact of repurchase of portion of bonds in issue*

***€785m adjusted for accounting for Resolution 654/2015*

- 2016 results: above expectations
- Strong operating performance
- Cost efficiencies and simplification
- Growth focus on customer-facing businesses
- Progressive dividend policy
- Strong capex growth

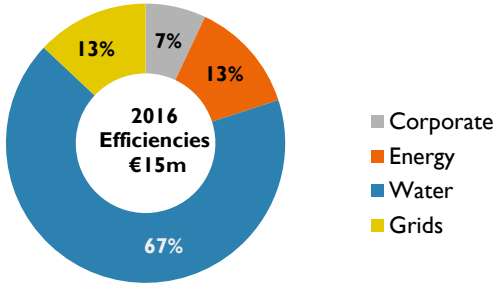
(€m)	31 Dec 2015 (a)	30 Sept 2016 (b)	31 Dec 2016 (c)	Change (c-a)	Change (c-b)
NET DEBT	**2,010.1**	**2,138.7**	**2,126.9**	***116.8***	***(11.8)***
Equity	**1,596.1**	**1,682.1**	**1,757.9**	***161.8***	***75.8***
Invested Capital	**3,606.2**	**3,820.8**	**3,884.8**	***278.6***	***64.0***

EBITDA target exceeded in 2016



ENVIRONMENT	ENERGY	WATER	GRIDS
-0.3% Main drivers: ↑ **Entry into service** of Line 1 of San Vittore plant in Oct 2016 ↑ **Contribution** of Orvieto waste treatment plant ↓ **Recognition in 2015** of insurance proceeds for the fire at the Paliano plant (€3.2m)	**+20.5% Main drivers:** ↑ **Electricity sales**: +€24.3m ↓ **Electricity production**: -€2.2m	**+14.2% Main drivers:** ↑ **Efficiency** ↑ **Acea Ato2**: tariff increase +€43.0m (quality reward €23.1m) ↑ **Growth** at companies consolidated using equity method: +€0.8m ↑ **Overseas** water operations: +€1.4m	**+39.3% Main drivers:** ↑ **Impact of accounting for Resolution 654/2015: €111.5m** ↑ **Operational efficiency** and new technologies. ↓ **Impact of fifth regulatory cycle**

Digital transformation boosts operational efficiency



Acea is ahead in digital transformation to improve competitiveness, customer loyalty and operational efficiency

Project Acea 2.0

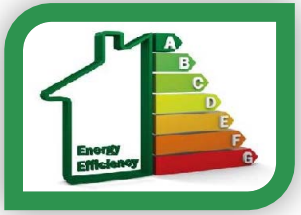
➢ Increased **productivity**

➢ Improved **quality of service**

➢ Improved corporate **image**

➢ Greater internal and external **control** and **transparency**

➢ Increased **safety** for employees



➢ Enhanced focus on **environmental sustainability**

EBITDA and Key quantitative data

2016 financial highlights

Environment

EBITDA main drivers

- Entry into service of Line 1 of San Vittore plant in Oct 2016
- Contribution of Orvieto waste treatment plant
- Recognition in 2015 of insurance proceeds for the fire at the Paliano plant (€3.2m)

(€m)	2015	2016	%change
EBITDA	57.4	57.2	-0.3%
Capex	25.9	34.0	+31.3%

Key quantitative data	2015	2016
Treatment and disposal* ('000s of tonnes)	765	820
WTE electricity produced (GWh)	265	283

*Includes ash disposed of

EBITDA and Key quantitative data

2016 financial highlights

Energy

EBITDA main drivers

- Electricity sales: +€24.3m *margin increase*
- Electricity production: -€2.2m

(€m)	2015	2016	% change
EBITDA	**107.9**	**130.0**	**+20.5%**
Production	34.2	32.0	*-6.4%*
Sales	73.7	98.0	*+33.0%*
Capex	**30.6**	**55.3**	**+80.7%**

Key quantitative data	2015	2016
Total Electricity production (GWh)	**470**	**410**
Total Electricity sold (GWh)	**9,419**	**8,316**
Enhanced Protection Market	2,951	2,757
Free Market	6,468	5,559
Total Gas sold (Mmc)	**126**	**107**

EBITDA and Key quantitative data

2016 financial highlights

Water

EBITDA main drivers

- Acea ATO2: tariff increase +€43m (quality reward €23m)
- Efficiency
- Growth at companies consolidated using the equity method +€0.8m
- Overseas water operations: +€1.4m

(€m)	2015	2016	% change
EBITDA	**310.8**	**355.0**	**+14.2%**
of which: Profit/(Loss) on investments consolidated under IFRS 11	*28.5*	*29.3*	*+2.8%*
Capex	**204.4**	**230.4**	**+12.7%**

Key quantitative data	2015	2016
Total volume of water sold (Mmc)	**413**	**415**

EBITDA and Key quantitative data

2016 financial highlights

Grids

EBITDA main drivers

- ↑ Operational efficiency and new technologies
- ↑ Impact of accounting for Resolution 654/2015: €111.5m
- ↓ Impact of fifth regulatory cycle

(€m)	2015	2016	% change
EBITDA	255.7	356.3	+39.3%
Capex	156.2	197.9	+26.7%

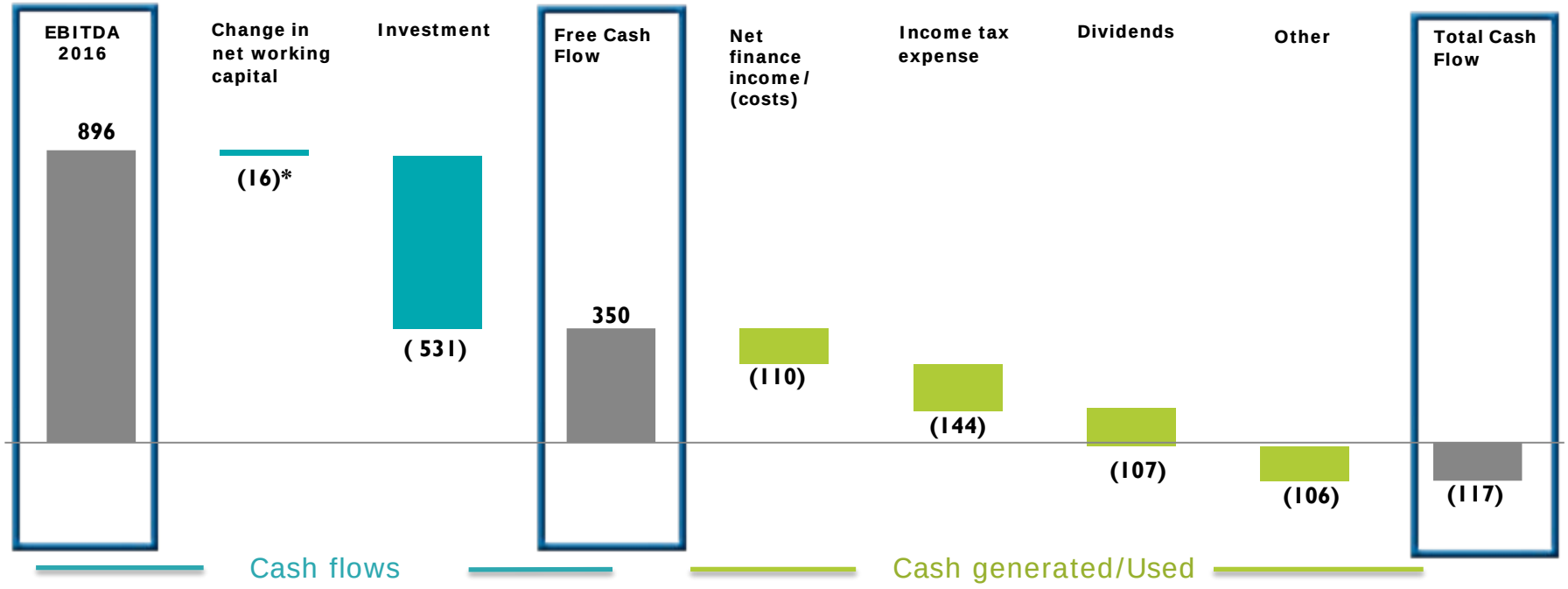
Key quantitative data	2015	2016
Total Electricity distributed (GWh)	10,557	10,009

Corporate

(€m)	2015	2016	% change
EBITDA	0.2	(2.2)	n.s.
Capex	11.8	13.1	+11.0%

Cash flow

CASH FLOW ANALYSIS (€m)	2015	2016
EBITDA	**732**	**896**
Change in net working capital	98	(16)
Investment	(429)	(531)
Free Cash Flow	**401**	**350**
Net finance income/(costs)	(90)	(110)
Income tax expense	(115)	(144)
Dividends	(96)	(107)
Other	(27)	(106)
Total Cash Flow	**73**	**(117)**



* Before impairment losses on receivables

Strong financial structure

2016 financial highlights

(€m)	31 Dec 2015 (a)	30 Sept 2016 (b)	31 Dec 2016 (c)	Change (c-a)	Change (c-b)
NET DEBT	**2,010.1**	**2,138.7**	**2,126.9**	***116.8***	***(11.8)***
Medium/Long-term	2,657.0	2,626.7	2,769.4	*112.4*	*142.7*
Short-term	(646.9)	(488.0)	(642.5)	*4.4*	*(154.5)*

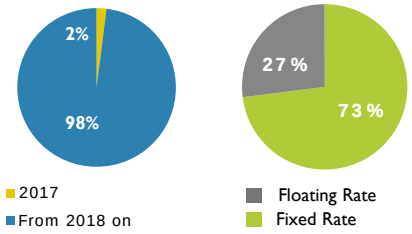
NET DEBT/ EQUITY 31 Dec 2015	NET DEBT/ EQUITY 31 Dec 2016
1.3x	1.2x

NET DEBT /EBITDA 31 Dec 2015	NET DEBT/EBITDA 31 Dec 2016
2.7x	2.4x

Debt structure

(maturity and interest rates at 31 Dec 2016)

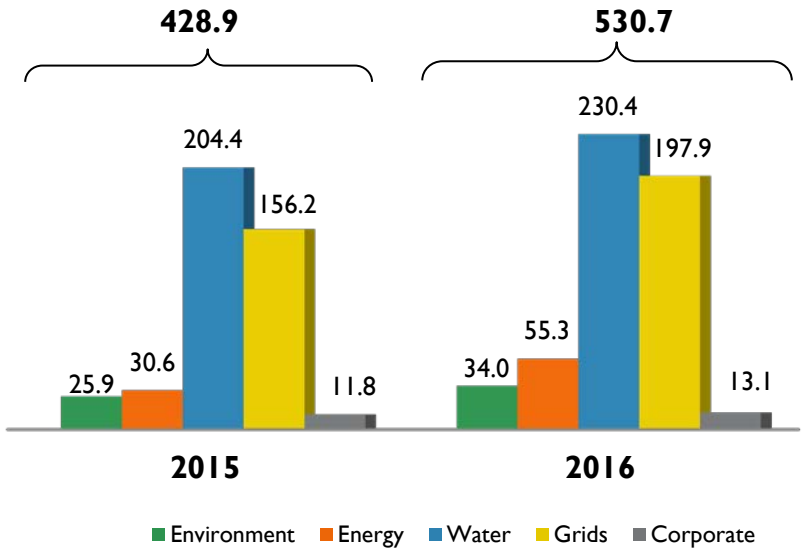
- > 73% Fixed rate
- > *Average overall cost* 2.94%
- > *Average term to maturity* ~ 7 years



Ratings

FitchRatings	Moody's
BBB+	Baa2
Stable outlook	Stable outlook

CAPEX (€m)



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THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT REFLECT THE COMPANY'S MANAGEMENT'S CURRENT VIEWS WHIT RESPECT TO FUTURE EVENTS AND FINANCIAL AND OPERATIONAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES.

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