



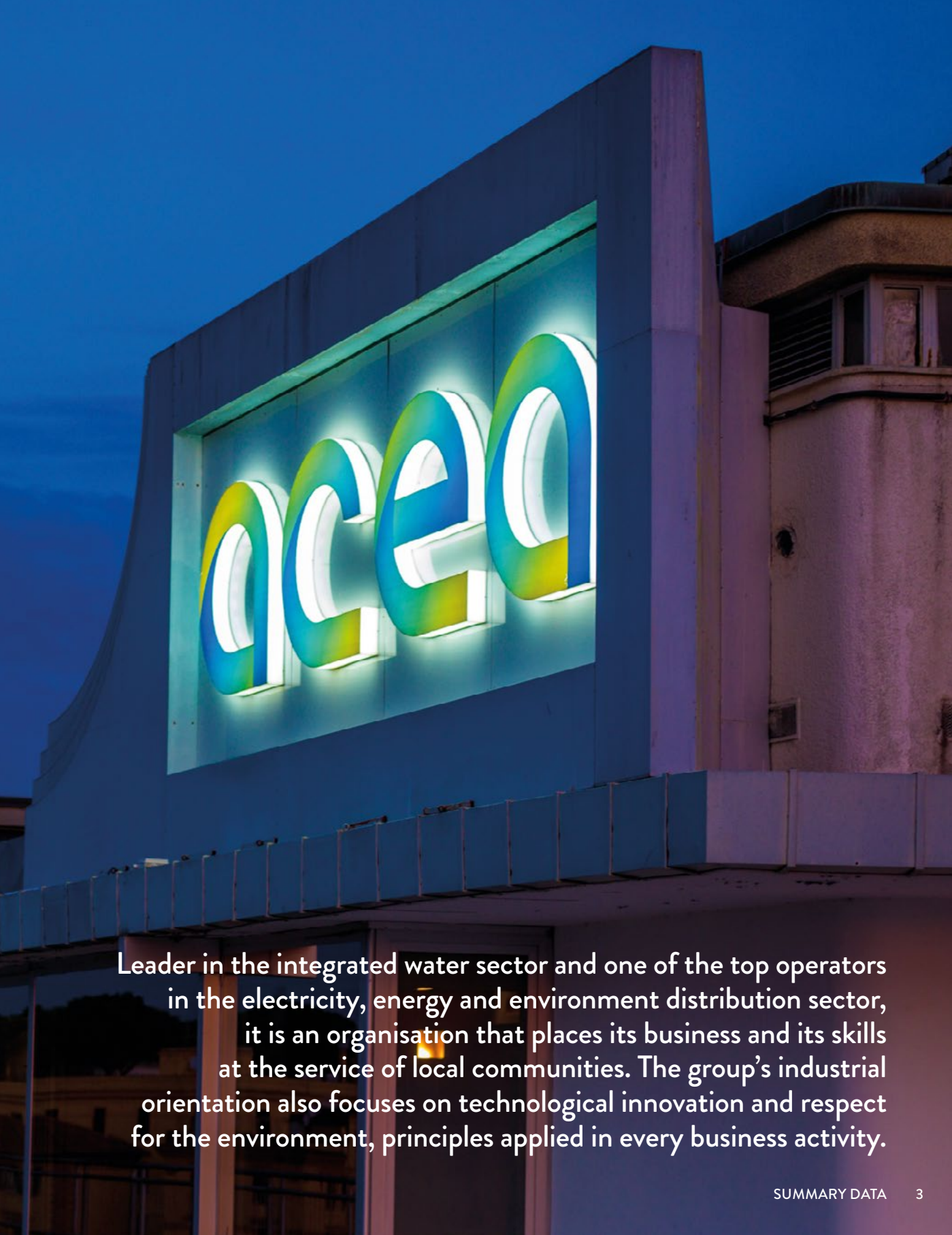
2019
FINANCIAL STATEMENTS
OF ACEA SPA
CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY DATA

acea

ABOUT US

**A LEADING ITALIAN INTEGRATED
MULTI-UTILITY THAT INVESTS IN INNOVATION,**
A TRANSVERSAL LEVER FOR DEVELOPMENT
IN ALL THE GROUP'S ACTIVITIES. INDUSTRIAL
GROWTH, ATTENTION TO THE LOCAL
COMMUNITY, TECHNOLOGICAL INNOVATION,
OPERATIONAL EFFICIENCY: THESE ARE
THE FOUR STRATEGIC PILLARS
THAT DISTINGUISH THE GROUP'S WORK.



Leader in the integrated water sector and one of the top operators in the electricity, energy and environment distribution sector, it is an organisation that places its business and its skills at the service of local communities. The group's industrial orientation also focuses on technological innovation and respect for the environment, principles applied in every business activity.



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The year ended on 31 December 2019 shows that the strategy followed since the second half of 2017 has gradually produced results both in terms of consolidation and development. While 2018 represented a turning point for the Group thanks to the launching of all the initiatives detailed in the Business Plan and the consequent stimulus of the Business Segments, 2019 saw the Group solidify these foundations and at the same time relaunch planning aimed at achieving even more challenging goals.

The definition of a new Business Plan, which became indispensable at the end of 2018 having already reached all the goals envisaged in the 2018-2022 Plan for the first part of 2019, therefore demonstrates the company's acceleration as a result of the choices made initially, also highlighting the company's determination to achieve a more ambitious positioning.

Faithful to its strategic pillars and its value creation project, in this renewed context the Group has further narrowed its focus on growth, development and the diversification of its business portfolio, concentrating in particular on innovation in industrial processes and on results with a dynamic and sustainable approach. This confirms the full integration of those essential factors linked to the areas of innovation and sustainability, now transversal to all processes.

In particular, with regard to Sustainability issues, the updates to the Business Plan and the 2019-2022 Sustainability Plan involving an increase in investments related to specific targets for a total value of € 1.7 billion reflect the sustainable approach of all Group activities and its alignment with the objectives of the UN Agenda 2030 for Sustainable Development. From the integrated water service to the repowering of plants with lower impacts in terms of emissions, from waste management to energy efficiency projects, from the development of photovoltaic production to electric mobility and company welfare.

With regard to Innovation, of note is the adoption of processes typical of open innovation aimed at fostering the spread of the culture of innovation within the Group. Proof of this is the recent establishment of the company Acea Innovation. The partnerships established, even at an international level, aim instead to strengthen Acea's positioning in the innovation ecosystem and to identify new business opportunities.

But that's not all. Sustainability and Innovation are essential elements in a future that looks forward to a profound transformation in terms of technological progress and significant effects on the labour market and people. Without forgetting how strategic these two factors are in also addressing the aspect of vulnerability, which all humanity has suddenly become aware of as the Covid-19 pandemic spreads across the globe.

The year 2019 completes a three-year period that recounts a path of development that has been under way since the current Board of Directors took office, which has constantly shared and supported the strategic choices made.

Thanks to the expertise and dedication of management and employees, the ability to enhance the value of industrial assets and make them more and more efficient has been achieved through the implementation of an ambitious plan, substantial investments, a focus on regulated infrastructure, significant consolidation operations and growth through external lines, which has also generated a constant increase in capitalisation on a financial level.

The year was distinguished by extraordinary M&A transactions that allowed expanding the business perimeter and consolidating the Group's positioning, ensuring a solid basis for further growth even in sectors like renewable sources, the circular economy and gas distribution, and also contributing to an increase in the financial results. With the acquisition of photovoltaic plants, Acea has in fact returned to growth in the renewable energy market, going in the direction of decarbonisation and energy transition, and has entered the plastics treatment sector, confirming its role in the waste treatment cycle and in the wider circular economy through the acquisition of plants and the construction of new ones, like the composting plant inaugurated in Monterotondo Marittimo (GR), one of the largest in Central Italy. This is a result that also underscores the fruitful collaboration with Institutions and Bodies in the creation of value for local communities.

A good example is the Acea SmartComp™ project, developed in partnership with Enea and the University of Tuscia. By making the widespread treatment of organic waste possible, it allows the reduction of environmental impacts and the dissemination of a culture of what Acea has called Waste Transition.



Forecasts were exceeded in the second half of 2019 as well, and the Acea Group closed a year that saw further increases in results compared to the previous 12 months.

In fact, the financial statements record a Group net profit of € 284 million, still growing, this time by 5% and with a proposed distribution of a dividend of € 0.78 per share, corresponding to an increase of 10% compared to 2018. Consolidated net revenues also grew by 5% to € 3,186 million. EBITDA grew by 11.7%, from € 933 million to € 1,042 million at 31 December 2019.

In terms of forecasts, the Group's desire to ensure continuity in the implementation of investments in infrastructure capable of having a positive impact on the Group's operating and financial performance remains firm, while maintaining the solidity of its consolidated financial structure for the future.

Development will continue, recognising new technologies – including information systems – as the fundamental element for the achievement of objectives of operational efficiency, security and resilience of industrial assets.

This includes all the other activities already implemented and for the most part certified in the field of risk prevention and mitigation in order to guarantee the continuity of services that are essential to people's lives.

For the people and the communities served, Acea will maintain its commitment to seeking levels of excellence in the technical and commercial quality of the services provided, with a view to continuous improvement that can stimulate increasingly positive dynamics.

The Board of Directors offers its gratitude to all those who have worked to achieve these results, and encourages them to continue on this path and maintain their sense of community, as the Acea Group has demonstrated that it is up for the challenge.

In the days when these financial statements were published, Italy and the rest of the world were still in the acute phase of the health emergency and it was not known how the pandemic would evolve or the true extent of its economic and social consequences. It is generally thought that a few weeks will not be enough to find answers.

As far as our responsibilities are concerned during this dramatic time, while we know that we are part of a solid Group, as is evident in all the measures and activities already under way to guarantee operations and the achievement of results, we are also aware of how much stronger our commitment and our ability to be resilient and reactive will need to be in the future.

The Chief Executive Officer
Stefano Antonio Donnarumma

The Chairman
Michaela Castelli



acea

aceo

ACEA ENERGIA ML ELECTRICITY
AND GAS CONTRACTS

43.3%

35.2%

CONSOLIDATED
WATER CAPEX M (€)

380

271

ACEA INNOVATION LAUNCH
(no. start-ups registered)

+1,500

CONTENT ON ACEA
FB LI TW IG PAGES

123

FIRST ACEA SPOT ON NATIONAL
NETWORKS (times aired)

1,011

ADV CAMPAIGNS (no. of campaigns
with internal resources)

16

4

INSTITUTION AND BUSINESS
INVESTMENTS M (€)

792.8

DIVIDEND
(€ per share)

0.78

EBITDA
(€)

1,042M

840M

GROUP NET PROFIT
M (€)

284

181

STOCK
PERFORMANCE (€)

19.02

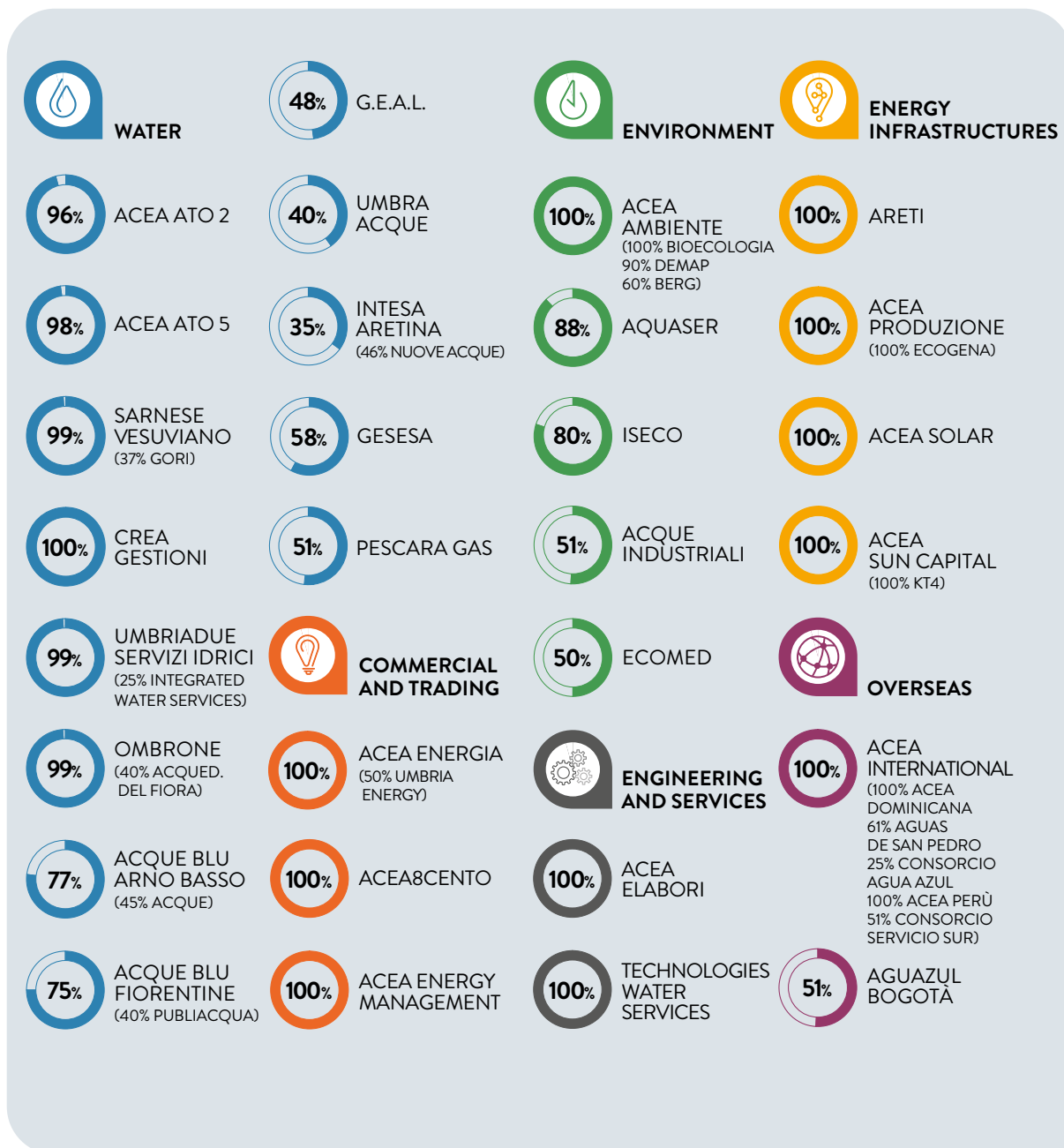
13.30

2019

2017

GROUP STRUCTURE

THE GROUP STRUCTURE, IN THE VARIOUS BUSINESS SEGMENTS, COMPRISES THE FOLLOWING MAIN COMPANIES.



INVESTOR RELATIONS

THE SHARE CAPITAL OF ACEA SPA AT 31 DECEMBER 2019 IS BROKEN DOWN AS FOLLOWS:

51%

Roma Capitale

23.33%

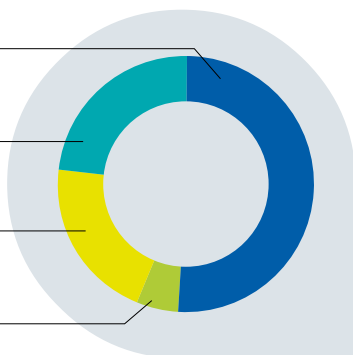
Suez

20.66%

Market

5.01%

Caltagirone

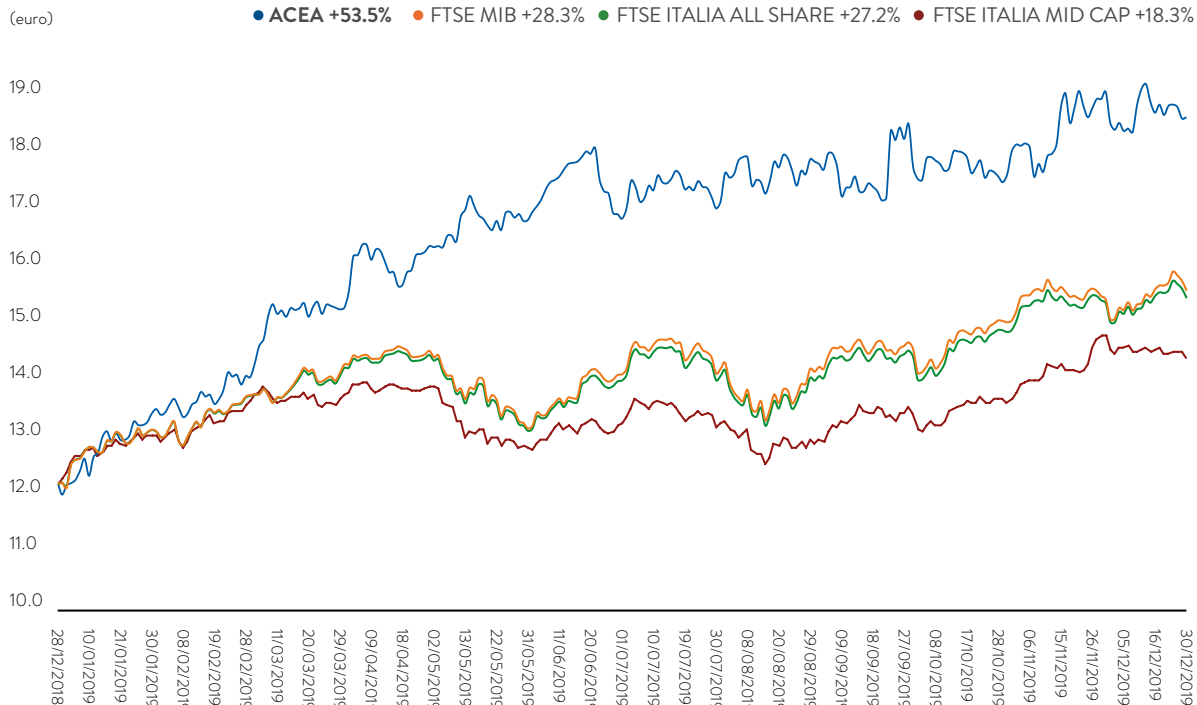


The above chart only shows equity investments of more than 3%, as confirmed by CONSOB data

ACEA STOCK PERFORMANCE IN 2019

% CHANGE 31/12/2019 (COMPARED TO 31/12/18)

● ACEA +53.5% ● FTSE MIB +28.3% ● FTSE ITALIA ALL SHARE +27.2% ● FTSE ITALIA MID CAP +18.3%



(Chart normalised to Acea values - Source: Bloomberg)





CORPORATE HIGHLIGHTS



WATER

LEADING OPERATOR

in Italy
in water services

With about **9 million**

inhabitants served
in Lazio, Tuscany,
Umbria and Campania



ENERGY INFRASTRUCTURE

ONE OF THE MAIN

operators in Italy in the
distribution of electricity

With about **10 TWh**

of electricity
distributed



COMMERCIAL AND TRADING

ONE OF THE MAIN

national operators in the
market for electricity sold

With about **6.5 TWh**

of electricity
sold



ENVIRONMENT

PRIMARY OPERATOR

in Italy
in Waste Management

With over **1.2 million tonnes**

of waste managed



OVERSEAS

PRESENT WITH

4 companies
operating
in water services

4 million
inhabitants served
in Latin America



ENGINEERING AND SERVICES

TWO DEDICATED COMPANIES

462,586
drinking water
analyses

251,132
wastewater
analyses

FINANCIAL HIGHLIGHTS

MONETARY FIGURES IN MILLION OF EUROS

CONSOLIDATED REVENUES



EBITDA



EBIT



INCOME BEFORE TAXES



NET INCOME FOR THE GROUP



GROUP INVESTMENTS



THE ORGANISATIONAL MODEL

Acea has adopted an operational model based on an organisational layout in line with the Strategic Business Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. Acea's macro structure is organised in corporate functions and six operating segments: Water, Energy Infrastructure, Commercial and Trading, Overseas and Engineering and Services. The activities of each business segment are described below.

EBITDA 2019

1,042 M€

81%

REGULATED
ACTIVITIES

19%

UNREGULATED
ACTIVITIES

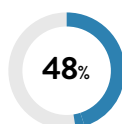


WATER

The Acea Group is the top Italian operator in the water sector serving about 9 million people. The Group manages the integrated water service in Rome and Frosinone and in their respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria and Campania.

LEADING NATIONAL OPERATOR

- Approximately 9 million inhabitants served and 1,380 million cubic metres of water supplied annually
- About 58,000 km of drinking water network and 23,000 km of sewerage network managed
- Management of the entire water cycle integrated from withdrawal to return to the environment
- Design, construction and management of plants and distribution networks with innovative technologies
- Focus on water protection and service quality



of consolidated EBITDA

EBITDA +16.6%



INVESTMENTS +15.3%





MONETARY FIGURES IN MILLION OF EUROS



ENERGY INFRASTRUCTURE

The Acea Group is a major operator in Italy with about 10 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of 224,000 light bulbs. The Acea Group is committed to energy efficiency projects and the development of new technologies such as smart grids and electric mobility through particularly innovative pilot projects.

ONE OF THE MAIN OPERATORS IN ITALY

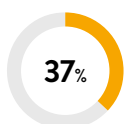
- Electricity distributed: 9,849 GWh in the city of Rome
- Energy generation: 530 GWh
- Rome public and artistic lighting management: over 224,000 fixtures
- Energy efficiency projects
- Hydroelectric power stations: 121 MW
- Thermoelectric plants: 97 MW
- Photovoltaic plants: about 37 MWp

EBITDA +8.7%

2019	<div style="width: 80%;"></div>	392
2018	<div style="width: 75%;"></div>	361

INVESTMENTS +20.7%

2019	<div style="width: 70%;"></div>	288
2018	<div style="width: 58%;"></div>	238



of consolidated EBITDA

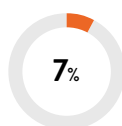


COMMERCIAL AND TRADING

The Acea Group is one of Italy's main players in the sale of Electricity, and offers flexible solutions for the supply of electricity and natural gas, with the aim of consolidating its position as a dual-fuel operator. Acea operates in the market segments of medium-sized businesses and families, striving to improve the quality of its services in particular as far as web and social channels are concerned. It supervises the Group's energy management policies.

ONE OF THE MAIN OPERATORS IN ITALY

- Electricity sold: 6.5 TWh
- Free market customers: 0.4 M
- Protected market customers: 0.8 M
- Gas customers: 0.2 M



of consolidated EBITDA

EBITDA -9.2%



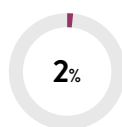
INVESTMENTS



OVERSEAS

With this Segment, the Acea Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy. It is present in Honduras, Dominican Republic and Peru, serving approximately 4 million people. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

- Water management in Latin America



of consolidated EBITDA

EBITDA +14.3%



INVESTMENTS +6.6%





ENVIRONMENT

The Acea Group is one of the leading national players in Italy with more than 1.2 million tonnes of waste managed each year. It manages the main waste-to-energy plant and the largest composting plant in Lazio. In particular, the Group develops investments in the waste to energy business, considered high potential, in accordance with the strategic goal of producing energy from waste and protecting the environment.

FIRST OPERATOR IN ITALY

Umbria, Lazio, Tuscany, Piedmont and Valle d'Aosta

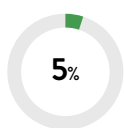
- Waste managed: 1.2 million tonnes
- Electricity transferred (WTE): 327 GWh
- Energy produced: 377 GWh

EBITDA -20.8%

2019	<div></div>	52
2018	<div></div>	66

INVESTMENTS +159.6%

2019	<div></div>	52
2018	<div></div>	20



of consolidated EBITDA



ENGINEERING AND SERVICES

Acea Group has developed cutting-edge know-how in the design, construction and management of networks and plants in the integrated water service, waste treatment and recovery, production and distribution of Electricity.

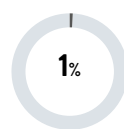
- Analytical determinations on water intended for human consumption: 462,586 drinking water, mainly Acea Ato 2 and Acea Ato 5
- Laboratory analysis on wastewater: 251,132
- Number of on-site inspections: 12,481

EBITDA -28.1%

2019	<div></div>	13
2018	<div></div>	18

INVESTMENTS

2019	<div></div>	2
2018	<div></div>	2



of consolidated EBITDA







ACEA SPA

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