

PRESS RELEASE

ACEA'S BOARD OF DIRECTORS APPROVES RESULTS FOR H1 2021

- ✓ **Revenue €1,825m** (up 13% versus H1 2020)
- ✓ **EBITDA €619m** (up 9% versus H1 2020)
- ✓ **EBIT €310m** (up 10% versus H1 2020)
- ✓ **Group net profit €166m** (up 15% versus H1 2020)
- ✓ **Capex €482m** (up 17% versus H1 2020)
- ✓ **Net debt €3,913m** (€3,528m at 31 December 2020)

EBITDA guidance for 2021 revised upwards:

- **growth in EBITDA of more than 8% compared to 2020** (previous guidance was +6%/+8%);
- **capex of approximately €900m confirmed;**
- **net debt at end of 2021 confirmed between €3.85bn and €3.95bn**

Agreement announced for the purchase of 70% of Serplast and 60% of Meg, companies operating in plastic recycling sector.

Rome, 28 July 2021 – The Board of Directors of ACEA, chaired by Michaela Castelli, has approved the interim report for the six months ended 30 June 2021.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(€m)	H1 2021	H1 2020	% change
Consolidated revenue	1,825	1,622	+13%
EBITDA	619	569	+9%
EBIT	310	281	+10%
Group net profit (after non-controlling interests)	166	144	+15%
(€m)	H1 2021	H1 2020	% change
Capex	482	411	+17%
(€m)	30 June 2021	31 Dec 2020	% change
Net debt	3,913	3,528	+11%

"In a market scenario that remains uncertain, despite the signs of recovery, the Acea Group has continued to deliver strong results, confirming our solid earnings performance thanks to the contributions from all areas of business and attentive cash flow management," said Giuseppe Gola, ACEA's Chief Executive Officer. "The first-half results allow us to look to the second part of the year with confidence and optimism, and enable us to raise our EBITDA guidance. Our concrete and effective strategy, centred around sustainability and innovation, and our commitment to sustainable development, decarbonisation and the circular economy, combined with the strengthening and implementation of our distribution grids, have been the key drivers of our success and are at the heart of the Group's values. The investment plans that we have coupled with the economic recovery path will help to achieve the energy transition goals and reduce the country's existing infrastructure gap."

Covid-19 health emergency

In response to the Covid-19 health emergency, the Acea Group has continued to focus on the implementation of all the preventive and protection measures needed to ensure the safety of all its personnel and stakeholders and to guarantee the continuity and quality of the services provided.

Thanks to the range of measures adopted, Acea has obtained the "Biosafety Trust Certification" in recognition of its efforts to prevent and control the spread of infections.

In order to help boost the pace of the Covid-19 vaccination programme coordinated by the Ministry of Health, the Company has opened its vaccination hub in Rome to the citizens, in addition to its personnel. The hub is currently delivering an average of 1,700/1,800 doses a day and, since its opening on 14 May this year, more than 44 thousand people have been vaccinated.

ACEA GROUP'S RESULTS FOR H1 2021

Consolidated revenue reaches €1,824.6m, up 12.5% compared with H1 2020. The improvement was primarily driven by growth in revenue from energy sales, reflecting increased volumes, and from the integrated water service.

Consolidated EBITDA increases from €568.7m in H1 2020 to €618.8m in H1 2021, marking a growth of €50.1m (8.8%). The improvement reflects positive performances across all businesses.

The change in the scope of consolidation accounts for approximately €15m; on a like-for-like basis, EBITDA is up by over 6%.

The contributions of the operating segments to consolidated EBITDA are as follows: Water 53%; Energy Infrastructure 29%; Generation 6%; Commercial & Trading 6%; Environment 5%; other businesses (Overseas and Engineering & Services and the Holding Company) 1%. Approximately 82% of EBITDA is generated by regulated businesses.

- **WATER** – EBITDA reaches €326.2m, increasing €20.8m (+6.8%) compared with the same period of 2020. The growth is driven by tariff effects and by the change in the scope of consolidation, with SII di Terni consolidated from November 2020 (up €7.0m) and Alto Sangro Distribuzione Gas from August 2020 (up €2.0m). The contribution to EBITDA from the water companies accounted for using the equity method totals €8.7m.
- **ENERGY INFRASTRUCTURE** – EBITDA in the first half of 2021 stands at €181.7m, broadly in line with the figure for H1 2020, thanks to the positive contribution from areti, offset by a decline in the margin earned on public lighting due to a lack of approvals for new assets.
In terms of electricity, areti distributed 4,275 GWh in H1 2021, in line with the figure for the same period of 2020.

OPERATIONAL HIGHLIGHTS (GWh)	H1 2021	H1 2020	% change
Electricity distributed	4,275	4,256	+0.4%

- **GENERATION** – EBITDA is up by approximately 47% to €35.4m, reflecting volume growth (up 20%), mainly in hydroelectric production, the effect of energy market prices and the contribution from photovoltaic production (up €1.5m).

OPERATIONAL HIGHLIGHTS (GWh)	H1 2021	H1 2020	% change
Hydro + thermo + cogeneration	381	316	+20.6%
Photovoltaic production	33	29	+13.8%
Total electricity production	414	345	+20.0%

- **COMMERCIAL & TRADING** – EBITDA from this segment reaches €40.4m, increasing 36% year-on-year. The positive performance primarily reflects the improvement in the free market margin, due to an increase in the volume of energy sold (up 34.0%) as a result of growth in the customer base (up 17.1%), and an improvement in the margin earned on gas sales.

OPERATIONAL HIGHLIGHTS	H1 2021	H1 2020	% change
Electricity sold (GWh)	4,117	3,363	+22.4%
<i>Free market</i>	<i>3,151</i>	<i>2,351</i>	<i>+34.0%</i>
<i>Enhanced protection market</i>	<i>966</i>	<i>1,012</i>	<i>-4.5%</i>
Gas sold (million m ³)	124	90	+37.8%
NUMBER OF CUSTOMERS ('000s)	H1 2021	H1 2020	% change
Total electricity customers	1,215	1,180	+3.0%
<i>Free market</i>	<i>485</i>	<i>414</i>	<i>+17.1%</i>
<i>Enhanced protection market</i>	<i>730</i>	<i>766</i>	<i>-4.7%</i>
Gas customers	230	198	+16.2%

- **ENVIRONMENT** – EBITDA grows by 17% over H1 2020 to €30.7m. The result primarily reflects the positive effect of an increase in the treatment and disposal volumes, an increase in the margins earned on the sale of electricity and the change in the scope of consolidation (the acquisition of Ferrocarril-Cavallari in April 2020), contributing €1.8m.

OPERATIONAL HIGHLIGHTS	H1 2021	H1 2020	% change
Treatment and disposal ('000 tonnes)	860	779	+10.4%
WTE electricity sold (GWh)	164	173	-5.2%

- **Other businesses and the Holding Company** – The contribution to consolidated EBITDA from other businesses (Overseas, Engineering & Services and the Holding Company) amounts to €4.4m (€1.3m in H1 2020).

EBIT grows 10.3% to €309.8m. The result reflects an increase in depreciation and amortization (up 8.3%), in part due to the increased scope of consolidation.

Net financial costs decrease by approximately €3m to €43.4m. At 30 June 2021, the ACEA Group's all-in cost of debt is down to 1.43% from the 1.74% of 31 December 2020. This partly reflects Acea's issue of our first green bond, with the tranche maturing in 2025 having a negative yield.

Group net profit of €165.8m is up 15.3% compared with the previous year (€143.8m). The tax rate is down from 30.5% at 30 June 2020 to 29.8% at 30 June 2021.

The Group **capex** reaches €481.5m in the first six months of 2021 (up 17.3%), with 80% of this dedicated to regulated assets. The aim of the investments delivered is to boost the security, resilience and digitalization of networks, thus improving the quality of the services offered. Capital expenditure per business area is as follows: Water €246.9m, Energy Infrastructure €139.5m, Generation €21.7m, Commercial & Trading €36.0m, Environment €14.8m, other businesses and the Holding Company €22.6m.

Net debt as of June 30, 2021, stands at €3,913.4m compared to €3,528.0m at December 31, 2020. The net financial positions reflects the increase in capital expenditure and changes in the scope of consolidation, partially offset by an improvement in net working capital of approximately €33m, mainly driven by the improvement in collections.

85% of the Group's medium/long-term debt is fixed rate and the average duration is of 5.5 years.

EVENTS AFTER 30 JUNE 2021

2 July 2021: Acea Energia and Windtre have entered into a partnership agreement to promote and market the electricity and gas offering initially through the telecom company's retail outlets in Veneto and Puglia with a plan to roll it out nationally.

27 July 2021: Acea has signed an agreement for the acquisition of a 70% stake in Serplast and a 60% stake in Meg, companies that operate in the plastic recycling sector. This sector processes the material resulting from the sorting of plastic waste, a business in which ACEA is already present through its companies, Demap and Cavallari.

The enterprise value of the transaction (based on 100% of the acquired companies) amounts to €12m, with EBITDA expected to total approximately €3m in 2021. The acquisition is valued at an average EV/EBITDA multiple of 4x.



The transaction is in line with Acea's 2020-2024 Business Plan, which targets major growth in the Environment segment, above all in relation to plastic waste.

OUTLOOK

The Group's results for H1 2021 are ahead of expectations, allowing Acea to raise its EBITDA guidance for 2021 with respect to the previously announced figure. As a result, we expect:

- ✓ EBITDA growth of more than 8% compared with 2020 (previous guidance was +6%/+8%);
- ✓ capex of approximately €900m (confirmed);
- ✓ net debt within a range of €3.85bn to €3.95bn at the end of 2021 (confirmed).

ACEA confirms its commitment to deliver significant investments in infrastructure, with a positive impact on the Group's operating and financial performance, whilst preserving the Group's strong financial structure.

A conference call will be held at 4.00pm CET today, 28 July 2021, in order to present the results for the six months ended 30 June 2021. Shortly before the start of the conference call, back-up material will be made available at www.gruppo.acea.it.

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

The following schedules are attached:

The consolidated income statement for the six months ended 30 June 2021, the statement of financial position at 30 June 2021, the statement of changes in equity, the reclassified statement of financial position at 30 June 2021, the analysis of net debt at 30 June 2021 and the statement of cash flows for the six months ended 30 June 2021.

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CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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	HI 2021	HI 2020	Increase/ (Decrease)
Sales and service revenues	1,760,127	1,566,861	193,266
Other operating income	64,478	55,108	9,370
Consolidated net revenue	1,824,605	1,621,969	202,635
Staff costs	143,754	140,335	3,418
Cost of materials and overheads	1,073,179	929,354	143,825
Consolidated operating costs	1,216,933	1,069,690	147,243
Net profit/(loss) from commodity risk management		164	(164)
Profit/(loss) on non-financial investments	11,114	16,228	(5,114)
Gross operating profit	618,785	568,672	50,113
Net impairment losses/(reversals of impairment losses) on trade receivables	45,841	40,332	5,509
Amortisation, depreciation and provisions	263,176	247,419	15,757
Operating profit/(loss)	309,767	280,920	28,847
Finance income	3,871	2,886	985
Finance costs	(47,230)	(49,405)	2,175
Profit/(loss) on investments	2,742	2,578	164
Profit/(loss) before tax	269,150	236,979	32,171
Income tax expense	80,203	72,324	7,878
Net profit/(loss)	188,947	164,654	24,293
Net profit/(loss) from discontinued operations		0	
Net profit/(loss)	188,947	164,654	24,293
Net profit/(loss) attributable to non-controlling interests	23,159	20,902	2,256
Net profit/(loss) attributable to owners of the Parent	165,789	143,752	22,037
Earnings/(Loss) per share attributable to owners of the Parent (€)			
<i>Basic</i>	<i>0.77848</i>	<i>0.67500</i>	<i>0.10341</i>
<i>Diluted</i>	<i>0.77848</i>	<i>0.67500</i>	<i>0.10341</i>
Earnings/(Loss) per share attributable to owners of the Parent net of treasury shares (€)			
<i>Basic</i>	<i>0.78001</i>	<i>0.67633</i>	<i>0.10362</i>
<i>Diluted</i>	<i>0.78001</i>	<i>0.67633</i>	<i>0.10362</i>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

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ASSETS	30 June 2021	31 December 2020	Increase/ (Decrease)
Property, plant and equipment	2,898,015	2,786,645	111,370
Investment property	2,343	2,372	(29)
Goodwill	209,023	223,713	(14,690)
Concessions	2,921,395	2,835,766	85,629
Intangible assets	376,065	313,232	62,833
Right-of-use assets	78,131	73,660	4,470
Investments in unconsolidated subsidiaries and associates	287,468	276,362	11,106
Other investments	3,079	3,100	(21)
Deferred tax assets	240,546	235,012	5,533
Financial assets	32,398	38,781	(6,383)
Other assets	543,443	522,360	21,083
NON-CURRENT ASSETS	7,591,905	7,311,004	280,901
Inventories	88,979	91,973	(2,994)
Trade receivables	1,046,006	981,509	64,497
Other current assets	300,820	257,442	43,378
Current tax assets	19,987	9,618	10,369
Current financial assets	436,513	379,859	56,654
Cash and cash equivalents	855,627	642,209	213,418
CURRENT ASSETS	2,747,932	2,362,610	385,321
Non-current assets held for sale	0	0	0
TOTAL ASSETS	10,339,837	9,673,614	666,223

EQUITY AND LIABILITIES	30 June 2021	31 December 2020	Increase/ (Decrease)
Equity			
Share capital	1,098,899	1,098,899	0
Legal reserve	138,649	129,761	8,888
Other reserves	(138,023)	(224,509)	86,486
Retained earnings/(accumulated losses)	699,394	675,731	23,664
Net profit/(loss) for the period	165,789	284,948	(119,160)
Total equity attributable to owners of the Parent	1,964,707	1,964,829	(122)
Equity attributable to non-controlling interests	375,391	358,429	16,962
Total equity	2,340,099	2,323,258	16,840
Staff termination benefits and other defined-benefit obligations	113,416	122,047	(8,631)
Provisions for liabilities and charges	236,831	156,951	79,880
Borrowings and financial liabilities	4,856,469	4,154,251	702,219
Other liabilities	398,575	405,799	(7,224)
NON-CURRENT LIABILITIES	5,605,291	4,839,048	766,244
Borrowings	368,458	419,822	(51,364)
Trade payables	1,488,791	1,627,119	(138,328)
Tax liabilities	19,598	40,217	(20,619)
Other current liabilities	517,599	424,150	93,450
CURRENT LIABILITIES	2,394,447	2,511,308	(116,861)
Liabilities directly related to assets held for sale	0	0	0
TOTAL EQUITY AND LIABILITIES	10,339,837	9,673,614	666,223

STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258
Net profit/(loss) in income statement	0	0	0	165,789	165,789	23,159	188,947
Other comprehensive income/(losses)	0	0	0	9,663	9,663	1,068	10,731
Total comprehensive income/(loss)	0	0	0	175,452	175,452	24,226	199,678
Appropriation of net profit/(loss) for 2020	0	8,888	273,558	(282,446)	0	0	0
Dividends paid	0	0	(170,038)	0	(170,038)	(8,523)	(178,562)
Change in basis of consolidation	0	0	0	0	0	(8,096)	(8,096)
Other changes	0	0	(5,535)	0	(5,535)	9,355	3,820
Balance at 30 June 2021	1,098,899	138,649	551,708	175,452	1,964,707	375,391	2,340,099

	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	1,098,899	119,336	363,605	272,932	1,854,772	251,938	2,106,710
Net profit/(loss) in income statement	0	0	0	143,752	143,752	20,902	164,654
Other comprehensive income/(losses)	0	0	0	1,869	1,869	(721)	1,148
Total comprehensive income/(loss)	0	0	0	145,621	145,621	20,182	165,802
Appropriation of net profit/(loss) for 2019	0	10,424	262,507	(272,932)	0	0	0
Dividends paid	0	0	(165,788)	0	(165,788)	(6,185)	(171,972)
Change in basis of consolidation	0	0	0	0	0	22,607	22,607
Other changes	0	0	(446)	0	(446)	399	(47)
Balance at 30 June 2020	1,098,899	129,761	459,879	145,621	1,834,159	288,941	2,123,100
Net profit/(loss) in income statement	0	0	0	141,196	141,196	20,707	161,903
Other comprehensive income/(losses)	0	0	0	(4,371)	(4,371)	(323)	(4,694)
Total comprehensive income/(loss)	0	0	0	136,825	136,825	20,384	157,210
Appropriation of net profit/(loss) for 2019	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	(5,956)	(5,956)
Change in basis of consolidation	0	0	0	0	0	55,486	55,486
Other changes	0	0	(6,155)	0	(6,155)	(426)	(6,581)
Balance at 31 December 2020	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

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	30 June 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	30 June 2020	Increase/ (Decrease)	% increase/ (decrease)
NON-CURRENT ASSETS AND LIABILITIES	6,823,709	6,602,153	221,556	3.4%	6,071,606	752,102	12.4%
NET WORKING CAPITAL	(570,196)	(750,943)	180,747	(24.1%)	(421,033)	(149,163)	35.4%
INVESTED CAPITAL	6,253,512	5,851,210	402,303	6.9%	5,650,573	602,939	10.7%
NET DEBT	(3,913,414)	(3,527,951)	(385,463)	10.9%	(3,527,473)	(385,940)	10.9%
Total equity	(2,340,099)	(2,323,258)	(16,840)	0.7%	(2,123,100)	(216,999)	10.2%
Balance of net debt and equity	6,253,512	5,851,210	402,303	6.9%	5,650,573	602,939	10.7%

ANALYSIS OF CONSOLIDATED NET DEBT AT 30 JUNE 2021

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	30 June 2021	31 December 2020	Increase/ (Decrease)	% increase/ (decrease)	30 June 2020	Increase/ (Decrease)	% increase/ (decrease)
Non-current financial assets/(liabilities)	3,381	2,898	483	16.7%	2,368	1,013	42.8%
Non-current financial assets/(liabilities) due from/to parents, subsidiaries and associates	15,993	21,156	(5,163)	(24.4%)	24,441	(8,448)	(34.6%)
Non-current borrowings and financial liabilities	(4,856,469)	(4,154,251)	(702,219)	16.9%	(4,122,593)	(733,877)	17.8%
Net medium/long-term debt	(4,837,095)	(4,130,197)	(706,899)	17.1%	(4,095,783)	(741,312)	18.1%
Cash and cash equivalents and securities	855,627	642,209	213,418	33.2%	465,156	390,471	83.9%
Short-term borrowings	(119,497)	(224,049)	104,552	(46.7%)	(112,065)	(7,432)	6.6%
Current financial assets/(liabilities)	241,484	173,030	68,454	39.6%	214,598	26,886	12.5%
Current financial assets/(liabilities) due from/to parent and associates	(53,931)	11,056	(64,987)	n/s	622	(54,553)	n/s
Net short-term funds	923,681	602,246	321,436	53.4%	568,310	355,372	62.5%
Total debt	(3,913,414)	(3,527,951)	(385,463)	10.9%	(3,527,473)	(385,940)	10.9%

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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	HI 2021	HI 2020	Increase/ (Decrease)
Cash flow from/(for) operating activities			
Profit before tax	269,150	236,979	32,171
Amortisation, depreciation and impairment losses	259,851	239,949	19,902
Reversals of impairment losses/Impairment losses	31,986	25,000	6,985
Change in provisions	(4,382)	(5,888)	1,506
Net change in staff termination benefits	(11,784)	(2,930)	(8,854)
Net interest expense	43,359	43,046	314
Income tax paid	(43,752)	(45,380)	1,628
Cash flows from operating activities before changes in working capital	544,429	490,776	53,653
Increase/Decrease in receivables included in current assets	(108,847)	(101,558)	(7,289)
Increase/Decrease in payables included in current liabilities	(100,907)	(57,605)	(43,301)
Increase/Decrease in inventories	4,340	(3,565)	7,906
Change in working capital	(205,414)	(162,729)	(42,685)
Change in other operating assets/liabilities	731	(106,368)	107,099
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	339,747	221,679	118,068
Cash flow from/(for) investing activities			
Purchase/Sale of property, plant and equipment	(262,720)	(172,982)	(89,738)
Purchase/Sale of intangible assets	(218,816)	(237,624)	18,807
Investments	(12,085)	(76,656)	64,571
Amounts received from/paid for other financial investments	(50,013)	(115,452)	65,439
Dividends received	2,466	188	2,279
Interest received	5,403	9,244	(3,841)
TOTAL CASH FLOW FOR INVESTING ACTIVITIES	(535,764)	(593,281)	57,517
Cash flow from/(for) financing activities			
Repayments of loans and long-term borrowings	(192,859)	(455,020)	262,161
New borrowings/other medium/long-term liabilities	902,500	599,910	302,590
Reduction/Increase in other short-term borrowings	(162,888)	(28,701)	(134,187)
Interest paid	(48,891)	(51,838)	2,947
Dividends paid	(90,623)	(81,848)	(8,775)
TOTAL CASH FLOW FOR FINANCING ACTIVITIES	407,238	(17,497)	424,736
Increase/(Decrease) in cash and cash equivalents	211,221	(389,099)	600,320
Net cash and cash equivalents at beginning of period	642,209	835,693	(193,484)
Cash and cash equivalents from acquisitions	2,197	18,562	(16,365)
Net cash and cash equivalents at end of period	855,627	465,156	390,471