Interim Report on Operations

as at 31 March 2018

Report on Operations

Consolidated Financial Statements

ACEA Organisational Model

ACEA is one of the major Italian *multiutility* operators, and has been quoted on the stock exchange since 1999.

ACEA adopts 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 macrostructure, modified in May 2017, is structured around corporate functions and in six operating segments - Environment, Commercial and Trading, Water, Energy Infrastructure, Services and Engineering and Abroad.
The activities of each business segment are described below.

Environment
The ACEA Group is one of the leading national players with more than 1 million tonnes of waste processed each year. It manages the main waste energy facility and the largest composting plant of the Lazio region. In particular, the Group develops investments in the *waste to energy* business, considered high potential, in accordance with the strategic goal aimed at producing energy from waste and protecting the environment.

Commercial and Trading
The ACEA Group is a major *operator* in Italy in the sale of electrical energy and offers innovative and flexible solutions for the supply of electrical energy and natural gas to consolidate its position as a *dual fuel* operator. Acea mainly operates in the small-medium-sized companies and families market segments, always striving to improve the quality of its services in particular as far as *web and social* channels are concerned. It oversees the Group's *energy management* policies.

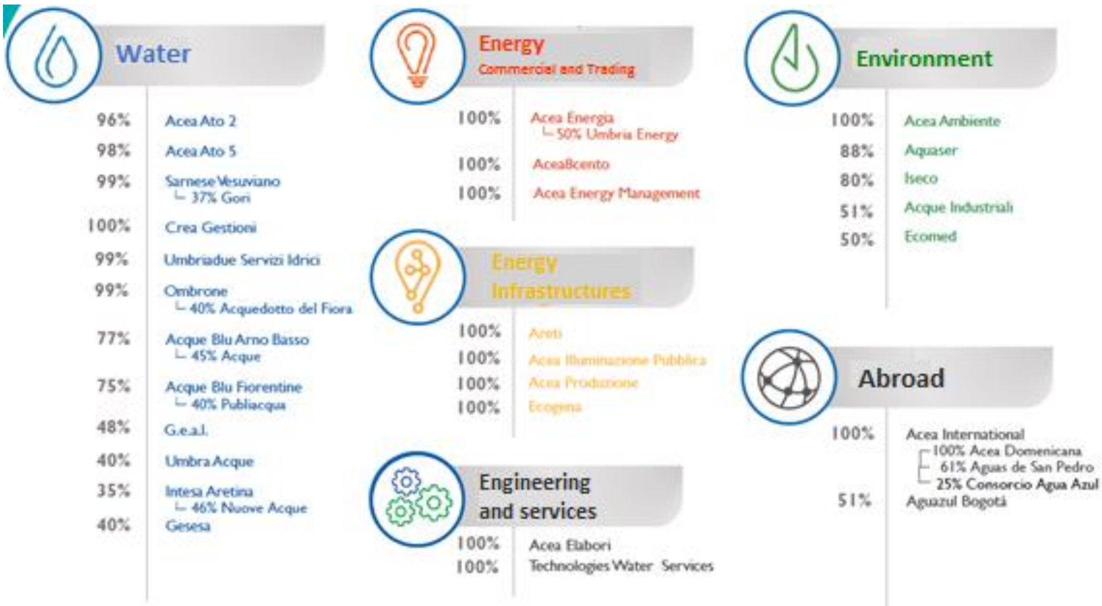
Water
The ACEA Group is the biggest Italian operator in the water sector supplying water to 9.0 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria and Campania. The quality of the services offered is completed by a sustainable management of water resources and respect of the environment.

Energy Infrastructure
The ACEA Group is a major operator in Italy with over 10 TWh of electricity distributed in Rome, where the Group manages the distribution network providing services for 1.6 million delivery points. The Group also manages the public and artistic lighting of the capital providing power to 224,400 lights equating to 195,000 lighting points, applying solutions that strive to become more and more efficient with a lower environmental impact every year. By 2018 it plans to replace 190,000 lamps with LED lamps, thus reducing CO_2 emissions by about 35,000 tons per year and a significant reduction in light pollution. 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. Finally, the Group operates in the energy generation and heating sector, running hydroelectric and photovoltaic plants mostly from renewable sources in Lazio, Umbria and Abruzzo.

Engineering and Services
The Group has developed cutting-edge *know-how* in the design, construction and management of integrated water systems: from the source to the aqueducts, from distribution to the sewer network, and treatment. It develops applied research projects aimed at ensuring technological innovation in the water, environment and energy sectors. Laboratory services and engineering consultancy are of particular importance.

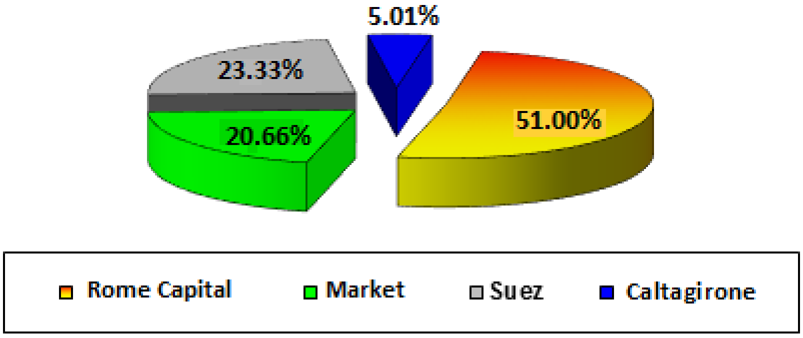
Abroad
Through this Segment the Group manages the water activity in Latin America and will be able to seize the opportunity to develop towards other business related to those already manned in Italy.

The Group structure, in the various business segments, comprises the following main companies.



As at 31 March 2018, the share capital of ACEA S.p.A. was composed as follows:

No change compared with the end of 2017



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

Corporate bodies

Board of Directors

Luca Alfredo Lanzalone	Chairman
Stefano Antonio Donnarumma	CEO
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Michaela Castelli	Director
Gabriella Chiellino	Director
Giovanni Giani	Director
Liliana Godino	Director
Fabrice Rossignol	Director

Board of Statutory Auditors

Enrico Laghi	Chairman
Rosina Cichello	Statutory Auditor
Corrado Gatti	Statutory Auditor
Lucia Di Giuseppe	Alternate Auditor
Carlo Schiavone	Alternate Auditor

Responsible Officer

Giuseppe Gola

Summary of Results

Economic data (in € million)	31/03/2018	31/03/2017	Variation	Change %
Consolidated revenues	745.5	725.6	19.9	2.8%
Consolidated operating costs	524.6	516.4	8.2	1.6%
Income/(Costs) from equity investments of a non-financial nature	8.3	5.2	3.0	57.8%
- of which: EBITDA	39.5	37.4	2.0	5.4%
- of which: Amortisation, depreciation, impairment charges and provisions	(26.1)	(27.0)	0.8	(3.1%)
- of which: Financial Management	(1.0)	(2.5)	1.5	(59.5%)
- of which: Cost income from equity investments	0.1	0.0	0.1	0.0%
- of which: Taxation	(4.2)	(2.7)	(1.5)	54.5%
Income (Costs) from commodity risk management	0.0	0.0	0.0	0.0%
EBITDA	**229.2**	**214.4**	**14.8**	**6.9%**
EBIT	**127.4**	**117.2**	**10.2**	**8.7%**
Net Profit	**80.6**	**68.5**	**12.1**	**17.7%**
Profit/(loss) attributable to minority interests	3.2	2.7	0.5	17.1%
Net result attributable to the Group	**77.4**	**65.7**	**11.7**	**17.7%**

EBITDA per operating segment (in € million)	31/03/2018	31/03/2017	Variation	Variation %
ENVIRONMENT	**14.1**	**14.6**	**(0.5)**	**(3.7%)**
COMMERCIAL AND TRADING	**23.4**	**23.1**	**0.3**	**1.3%**
ABROAD	**3.0**	**3.3**	**(0.3)**	**(8.4%)**
WATER	**96.4**	**88.5**	**7.9**	**8.9%**
Integrated Water Service	***96.7***	***88.3***	***8.4***	***9.5%***
Lazio - Campania	89.6	83.8	5.7	6.8%
Tuscany - Umbria	7.1	4.4	2.7	60.3%
Other	***(0.3)***	***0.2***	***(0.5)***	***n.s.***
ENERGY INFRASTRUCTURE	**94.4**	**83.4**	**11.0**	**13.2%**
Distribution	***80.7***	***71.7***	***9.0***	***12.5%***
Generation	***14.0***	***12.8***	***1.2***	***9.6%***
Public Lighting	***(0.2)***	***1.1***	***0.8***	***(77.9%)***
ENGINEERING AND SERVICES	**2.2**	**4.0**	**(1.8)**	**(44.6%)**
ACEA (Corporate)	**(4.2)**	**(2.4)**	**(1.8)**	**75.3%**
Total EBITDA	**229.2**	**214.4**	**14.8**	**6.9%**

Equity data (in € million)	31/03/2018	31 December, 2017	Variation	Var. in %	31/03/2017	Variation	Var. in %
Net Invested Capital	4,197.0	4,232.7	(35.7)	(0.8%)	4,073.0	124.0	3.1%
Net Financial Debt	(2,482.1)	(2,421.5)	(60.6)	2.5%	(2,234.8)	(247.3)	11.1%
Consolidated Shareholders' Equity	(1,715.0)	(1,811.2)	96.3	(5.3%)	(1,838.2)	123.2	(6.7%)

Net Financial Debt per Operating Segment (in € million)	31/03/2018	31 December, 2017	Variation	Variation %	31/03/2017	Variation	Variation %
ENVIRONMENT	**203.4**	**195.3**	**8.1**	**4.2%**	**187.2**	**16.3**	**8.7%**
COMMERCIAL AND TRADING	**28.7**	**(4.9)**	**33.7**	**n.s.**	**73.9**	**(45.2)**	**(61.1%)**
ABROAD	**6.1**	**7.4**	**(1.2)**	**(16.9%)**	**9.8**	**(3.6)**	**(37.2%)**
WATER	**946.1**	**921.2**	**24.9**	**2.7%**	**799.5**	**146.6**	**18.3%**
Integrated Water Service	***954.0***	***930.1***	***23.9***	***2.6%***	***810.1***	***143.8***	***17.8%***
Lazio - Campania	962.8	939.3	23.6	2.5%	810.2	152.6	18.8%
Tuscany - Umbria	(8.9)	(9.2)	0.4	(3.8%)	(0.1)	(8.8)	n.s.
Other	***(7.9)***	***(8.9)***	***1.0***	***(10.8%)***	***(10.6)***	***2.7***	***(25.7%)***
ENERGY INFRASTRUCTURE	**1,021.1**	**1,032.9**	**(11.8)**	**(1.1%)**	**802.1**	**219.0**	**27.3%**
Distribution	***900.1***	***905.4***	***(5.3)***	***(0.6%)***	***683.4***	***216.7***	***31.7%***
Generation	***115.1***	***121.7***	***(6.7)***	***(5.5%)***	***118.2***	***3.2***	***(2.7%)***
Public Lighting	***5.9***	***5.8***	***0.1***	***2.3%***	***0.5***	***5.5***	***n.s.***
ENGINEERING AND SERVICES	**(4.6)**	**12.3**	**(16.9)**	**(137.5%)**	**(2.2)**	**(2.4)**	**111.9%**
ACEA (Corporate)	**281.2**	**257.3**	**23.9**	**9.3%**	**364.5**	**(83.3)**	**(22.9%)**
	2,482.1	**2,421.5**	**60.6**	**2.5%**	**2,234.8**	**247.3**	**11.1%**

Investments per operating segment (in € million)	31/03/2018	31/03/2017	Variation	Variation in %
ENVIRONMENT	**4.6**	**5.5**	**(0.9)**	**(17.0%)**
COMMERCIAL AND TRADING	**4.1**	**2.5**	**1.6**	**64.2%**
ABROAD	**0.8**	**0.9**	**(0.1)**	**(10.4%)**
WATER	**67.3**	**56.7**	**10.6**	**18.7%**
Integrated Water Service	***67.3***	***56.7***	***10.6***	***18.7%***
Lazio - Campania	67.3	56.7	10.6	18.7%
Tuscany - Umbria	0.0	0.0	0.0	0.0%
Other	***0.0***	***0.0***	***0.0***	***(90.0%)***
ENERGY INFRASTRUCTURE	**54.4**	**57.3**	**(2.9)**	**(5.0%)**
Distribution	***52.5***	***50.2***	***2.3***	***4.5%***
Generation	***1.9***	***6.6***	***(4.8)***	***(71.8%)***
Public Lighting	***0.0***	***0.4***	***(0.4)***	***(100.0%)***
ENGINEERING AND SERVICES	**0.3**	**0.2**	**0.1**	**39.0%**
ACEA (Corporate)	**1.5**	**3.4**	**(1.8)**	**(54.7%)**
TOTAL	**133.0**	**126.4**	**6.6**	**5.2%**

Summary of operations and income, equity and financial performance of the Group

Definition of alternative performance indicators

On 5 October 2015, the ESMA (*European Security and Markets Authority*) published its guidelines (ESMA / 2015/1415) on the criteria for submitting alternative performance indicators that replace, with effect from 3 July 2016, the recommendations of CESR / 05-178b. These guidelines have been acknowledged in our system by Notification no. 0092543 of 3 December 2015 emanated by CONSOB. The content and meaning of the *non-GAAP* measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. *the gross operating margin* (or EBITDA) represents for the ACEA Group an indicator of the operating performance and includes, from 1 January 2014, also the synthetic result of joint ventures for which the consolidation method has been modified as a consequence of the entry into force of the international accounting standards IFRS10 and IFRS11. *EBITDA* is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main *non-cash items*;
2. the *net financial position* is an indicator of the ACEA Group's financial structure, the sum of Non-current borrowings and Financial liabilities net of Non-current financial assets (loans and receivables and securities other than equity investments), Current borrowings and Other current financial liabilities net of current financial assets, cash and cash equivalents;
3. *net invested capital* is the sum of Current assets, Non-current assets and Assets and Liabilities held for sale, less Current liabilities and Non-current liabilities, excluding items taken into account when calculating the *net financial position;*
4. *net working capital* is the sum of the current receivables, inventories, balance net of other current assets and liabilities and current payables, excluding the items considered in the calculation of the *net financial position*.

Summary of results: economic results performance

Economic data (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Revenue from sales and services	727.7	707.1	20.6	2.9%
Other revenues and income	17.8	18.4	(0.7)	(3.7%)
External operating costs	470.4	463.5	7.0	1.5%
Personnel costs	54.1	52.9	1.2	2.3%
Income/(Costs) from equity investments of a non-financial nature	8.3	5.2	3.0	57.8%
Gross Operating Margin	**229.2**	**214.4**	**14.8**	**6.9%**
Amortisation, Depreciation, Provisions and Impairment Charges	101.8	97.3	4.6	4.7%
Operating profit	**127.4**	**117.2**	**10.2**	**8.7%**
Financial Management	(20.1)	(18.7)	(1.4)	7.5%
Equity investment management	8.5	(0.2)	8.7	0.0%
Result before Tax	**115.8**	**98.3**	**17.5**	**17.8%**
Taxation	35.2	29.8	5.3	17.9%
Net Profit	**80.6**	**68.5**	**12.1**	**17.7%**
Profit/(loss) attributable to minority interests	3.2	2.7	0.5	17.1%
Net result attributable to the Group	**77.4**	**65.7**	**11.7**	**17.7%**

Revenues from sales and services totalled € 728 million up from € 21 million

As at 31 March 2018, revenues from sales and services come to € 727.7 million, up € 20.6 million (+ 2.9%) on those of 2017, mainly due to the increase in revenues from sales and services of electricity and gas (+ € 21.4 million). The following contribute to the variation: **(i)** Acea Energia (+ € 12.3 million) due to the price increase (+ 28.1% on the same period of last year) only partially mitigated by the reduction in quantities sold; **(ii)** *areti* (+ € 6.9 million) and **(iii)** Umbria Energy (+ € 2.6 million). The increase in revenues from the integrated water service and revenues from the conferral of waste and management of the landfill (+ €3.5 million) is offset by the reduction in revenues from services to clients (- €7.4 million) recorded by the parent company as a consequence of the reduction in the number of lighting bodies replaced with LEDs under the scope of the public lighting service provided in the municipality of Rome.

Other revenues amounting to 17.8 million Euros

We would point out a reduction of €0.7 million, remaining in line with the same period of last year (when it was € 18.4 million). They contribute towards the balance of contingencies entered under ACEA Ato2 and Gesesa (+ €2.5 million), partially offset by the lesser contributions received from entities entered under *areti* (- € 2.2 million).

External costs for €470.4 million, up €7.0 million on Q1 2017

This item shows an overall increase of €7.0 million (+ 1.5% compared to 31 March 2017). The change is due to opposite effects and mainly:

- ✓ the greater costs for the supply of electricity both on the regulated and deregulated market (+ €10.8 million overall) as a consequence of the increase in prices;
- ✓ the lesser purchase costs of white certificates by *areti* (€ 3.4 million) for the fulfilment of the energy efficiency regulatory obligation;
- ✓ the reduction in costs for materials mainly referring to *areti* (- €5.3 million) for the forthcoming closure of the LED plan;
- ✓ the increase in sundry operating costs (+ €4.4 million), essentially due to the increase in contingent liabilities (+ €1.9 million), indemnities to customers registered with the companies of the water area and *areti* (+ €1.1 million) and compulsory operating expenses (+ € 2.4 million).

Staff costs up by 2.3%

The cost of labour comes in at € 54.1 million, basically in line with the same period of last year (€ 52.9 million as at 31 March 2017).
The change in the consolidation area refers exclusively to Gori Servizi and contributes with a reduction of €0.8 million on the same period of last year. The average number stood at 5,535 employees and rose by 37 units compared to the first quarter of 2017.

In € million	31/03/2018	31/03/2017	Variation	Variation %
Staff costs gross of costs capitalised	86.0	84.7	1.4	1.6%
Costs capitalised	(31.9)	(31.7)	(0.2)	0.6%
Work costs	**54.1**	**52.9**	**1.2**	**2.3%**

The water company TUC recorded results that grew by €3.1 million as a result of higher revenues

The income from equity investments of a non-financial nature represent the consolidated result according to the equity method included among the components forming the consolidated Gross Operating Profit of the companies previously consolidated using the proportional method. The following is a breakdown of the composition, while the trends of the single companies are in the comments to the Water Operating Segment.

In € million	31/03/2018	31/03/2017	Variation	Variation %
GROSS OPERATING PROFIT (EBITDA)	39.5	37.4	2.1	5.4%
Amortisation, depreciation, impairment charges and provisions	(26.1)	(27.0)	0.9	(3.1%)
Total (Costs)/Income from Equity Investments	0.1	0.0	0.1	100.0%
Financial Management	(1.0)	(2.5)	1.5	(59.5%)
Taxation	(4.2)	(2.7)	(1.5)	54.5%
Income from equity investments of a non-financial nature	**8.3**	**5.2**	**3.1**	**57.8%**

EBITDA at €229.2 million, up 7%

EBITDA goes from € 214.4 million Q1 2017 to €229.2 million as at 31 March 2018, recording growth of € 14.8 million equal to 6.9%. The change in the consolidation area accounts for € 0.2 million and relates to Gori Servizi, which was fully consolidated until 31 March 2017. The increase mainly derives from the rise in distribution and generation sector margins (+ € 11.0 million) and the tariff dynamics of the water sector (+ € 7.9 million). The Engineering and Services Area and the parent company instead record an overall decrease in EBITDA of € 3.6 million.

EBIT € 127.4 million (+10.2 million)

EBIT grows by € 10.2 million on the same period of last year. Below are details of the items influencing EBIT.

In € million	31/03/2018	31/03/2017	Variation	Changes %
Amortisation and depreciation	77.5	68.8	8.7	12.6%
Provision for doubtful debts	21.1	18.7	2.4	12.9%
Provision for liabilities and charges	3.3	9.8	(6.5)	(66.2%)
Amortisation, depreciation, impairment charges and provisions	**101.8**	**97.3**	**4.6**	**4.7%**

The increase change in **depreciation** is mainly linked to investments during the year in all areas of business and also takes account of technological developments related to the technological platform. The item in question also includes the impairment applied in Acea Ambiente relative to the Monterotondo plant for € 1.3 million.

Provisions drop by € 6.5 million, mainly due to the lesser the sums required to deal with the plan for the reduction of staff through the adoption of early retirement and voluntary redundancy programmes for the staff of the Group (- € 6.1 million).

Growth of the **impairment** of receivables relates mainly to the companies in the water area (+ € 5.3 million), partially offset by the reduction of the companies of the Commercial and Trading Area (- € 3.9 million).

Financial management declines by €1.4 million

The financial management result is a loss of € 20.1 million and marks a worsening of € 1.4 million compared to Q1 2017. The change was mainly due to the increase in expenses on debenture loans relative to two new-issue loans applicable to the *Euro Medium Term Notes* (EMTN) programme.

Tax rate of 30.4%, in line with Q1 2017

The estimate of the tax burden is € 35.2 million vs. € 29.8 million in the same period of the previous year. The overall increase recorded in the period is € 5.3 million and derives for € 2.2 million from the effects consequent to the reorganisation of the foreign equity investments as a consequence of the application of capital gain to the transfer of an equity investment. The *tax rate* for Q1 2018 is 30.4%, in line with that of Q1 2017.

Net result up by 17.7%

The net result attributable to the Group is € 77.4 million, and shows an increase of € 11.7 million with respect to 31 March 2017.

Summary of results: trends in financial position and cash flows

Equity data (in € million)	31/03/2018	31 December, 2017	Variation	Variation %	31/03/2017	Variation	Variation %
NON-CURRENT ASSETS AND LIABILITIES	4,613.3	4,514.2	99.0	2.2%	4,217.7	395.5	9.4%
NET WORKING CAPITAL	(416.2)	(281.5)	(134.8)	47.9%	(144.7)	(271.5)	187.7%
INVESTED CAPITAL	**4,197.0**	**4,232.7**	**(35.7)**	**(0.8%)**	**4,073.0**	**124.0**	**3.0%**
NET FINANCIAL DEBT	**(2,482.1)**	**(2,421.6)**	**(60.5)**	**(2.5%)**	**(2,234.8)**	**(247.3)**	**11.1%**
Total net assets	**(1,715.0)**	**(1,811.2)**	**96.3**	**(5.3%)**	**(1,838.2)**	**123.2**	**(6.7%)**
Total Funding	**4,197.0**	**4,232.7**	**35.7**	**(0.8%)**	**4,073.0**	**124.0**	**3.0%**

Non-current assets and liabilities up by 2.2%, partly due to investments over the period

Compared to 31 December 2017, the non-current assets and liabilities increased by € 99.0 million (+2.2%), mainly due to the increase in the fixed assets (+ € 68.0 million).

In € million	31/03/2018	31 December, 2017	Variation	Variation %	31/03/2017	Variation	Variation %
Tangible/intangible fixed assets	4,388.6	4,320.6	68.0	1.6%	4,244.6	143.9	3.4%
Investments	290.7	283.5	7.2	2.5%	270.6	20.0	7.4%
Other non-current assets	539.6	505.3	34.3	6.8%	298.4	241.2	80.8%
Staff termination benefits and other defined benefit plans	(107.9)	(108.4)	0.6	(0.5%)	(111.3)	3.5	(3.1%)
Provisions for liabilities and charges	(204.9)	(209.6)	4.7	(2.3%)	(210.2)	5.3	(2.5%)
Other non-current liabilities	(292.8)	(277.1)	(15.7)	5.7%	(274.4)	(18.4)	6.7%
Non-current assets and liabilities	**4,613.3**	**4,514.2**	**99.0**	**2.2%**	**4,217.7**	**395.5**	**9.4%**

The change in fixed assets is also due to the investments, reaching € 133.0 million, and the amortisations and reductions in value for € 77.5 million.

See the table below with regard to the investments made by each Operating Segment.

Investments per operating segment (in € million)	31/03/2018	31/03/2017	Variation	Variation %
ENVIRONMENT	**4.6**	**5.5**	**(0.9)**	**(17.0%)**
COMMERCIAL AND TRADING	**4.1**	**2.5**	**1.6**	**64.2%**
ABROAD	**0.8**	**0.9**	**(0.1)**	**(10.4%)**
WATER	**67.3**	**56.7**	**10.6**	**18.7%**
Integrated Water Service	***67.3***	***56.7***	***10.6***	***18.7%***
Lazio - Campania	67.3	56.7	10.6	18.7%
Tuscany - Umbria	0.0	0.0	0.0	0.0%
Other	***0.0***	***0.0***	***0.0***	***(90.0%)***
ENERGY INFRASTRUCTURE	**54.4**	**57.3**	**(2.9)**	**(5.0%)**
Distribution	*52.5*	*50.2*	*2.3*	*4.5%*
Generation	*1.9*	*6.6*	*(4.7)*	*(71.8%)*
Public Lighting	*0.0*	*0.4*	*(0.4)*	*(100.0%)*
ENGINEERING AND SERVICES	**0.3**	**0.2**	**0.1**	**39.0%**
ACEA (Corporate)	**1.5**	**3.4**	**(1.9)**	**(54.7%)**
TOTAL	**133.0**	**126.4**	**6.6**	**5.2%**

Investments grow by €6.6 million (+ 5.2%)

Investments of the **Environment Segment** relate to: **(i)** acquisition of an industrial area in Tuscany intended for the development of a new plant for the treatment of surplus sludge obtained from the purification of waste water, and **(ii)** the works on the adjustment and strengthening of the composting plants in Monterotondo and Orvieto.

The **Commercial and Trading Segment** reported an increase of € 1.6 mainly attributed to Acea Energia (+ € 0.4 million). This rise mainly relates to investments in information systems.

Investments made by the **Foreign Area** are basically in line with Q1 2017.

The **Water Area** invested a total of € 67.3 million, up € 10.6 million due to the net effect of the greater investments recorded in ACEA Ato2 (+ € 12.0 million) and the lesser in ACEA Ato5 (- € 1.7 million). These investments mainly refer to extraordinary maintenance works, redoing, modernisation and extension works carried out on the water and sewage network and the purification plants, also with reference to interventions aiming to mitigate the shortcomings in the water. resource.

The **Energy Infrastructures Area** records a reduction in investments of € 2.9 million, as a result of the net effect of greater investments of *areti* (+ € 2.3 million) as a consequence of the extension, renewal and strengthening of the HV, MV and LV network, interventions on primary and secondary cabinets and lesser investments made by Acea Produzione, mainly as a consequence of the conclusion of the modernisation works carried out in the Tor di Valle plant. Instead, works continue in relation to the district heating network in the Mezzocammino complex in the south of Rome.

Investments made by the **Engineering and services area** are basically in line with Q1 2017 and are mainly connected with IT development.

Corporate made investments in hardware and software under the scope of the various technological projects. Please also note the purchase of a property (€ 0.5 million), which will be used as a *data recovery* centre.

The Group investments in Acea2.0 totalled € 6.8 million.

The **equity investments** increased by € 7.2 million compared to 31 December 2017. The change primarily reflects the valuation of the companies consolidated using the equity method (totalling € 8.3 million) in accordance with standard IFRS 11.

The stock of Staff termination benefits and other defined benefit plans reported a decrease of €0.6 million, mainly due to the effect of the increase in the rate used (from 1.30 % at 31 December 2017 to 1.37% at 31 March 2018).

Provisions for risks and charges record a decrease of € 4.7 million. Period provisions total € 3.3 million, of which most (€ 1.2 million) is allocated to hedge the risks of certain equity investments in associates, whilst uses come to € 4.1 million.

In € million	31/12/2017	Utilisations	Provisions	Payment of Redundancy Funds	Reclassifications /Other charges	31/03/2018
Legal	11.7	(0.2)	0.3	0.0	(0.1)	11.7
Tax	9.3	0.0	0.5	0.0	(0.2)	9.6
Regulatory risks	61.0	0.0	0.4	0.0	0.0	61.4
Investees	10.8	0.0	1.2	0.0	(3.6)	8.4
Contributory risks	2.6	0.2	0.0	0.0	0.0	2.4
Insurance franchises	2.1	0.1	0.0	0.0	0.0	2.0
Other liabilities and charges	19.6	0.7	0.0	0.0	0.0	18.9
Total Provisions for Liabilities	**117.2**	**(1.2)**	**2.5**	**0.0**	**(4.0)**	**114.5**
Early retirement and redundancies	18.2	(2.8)	0.0	0.0	0.0	15.3
Notes on change to VAT	26.7	(0.1)	0.0	0.0	0.0	26.6
Post mortem	17.3	0.0	0.0	0.0	0.1	17.4
Provisions for liquidation costs	0.2	0.0	0.0	0.0	0.0	0.2
Provisions for Expenses due to others	0.4	0.0	0.0	0.0	0.0	0.4
Insurance excess	29.7	0.0	0.8	0.0	0.0	30.5
Total Provisions for Charges	**92.4**	**(2.9)**	**0.8**	**0.0**	**0.1**	**90.4**
Total Provisions for Liabilities and Charges	**209.6**	**(4.1)**	**3.3**	**0.0**	**(3.9)**	**204.9**

Other changes and reclassifications total € 3.9 million and refer for - € 3.6 million to the net effect of the **(i)** release (€ 8.9 million) of the provision made at end FY 2017, as a consequence of the provisional booking according to the acquisition method of the first consolidation of the TWS Group and **(ii)** the reclassification of € 5.3 million to consider the impairment applied during previous years to certain equity investments in associates.

In € million	31/03/2018	31 December, 2017	Variation	31/03/2017	Variation
Current receivables	**924.8**	**1,022.7**	**(97.9)**	**1,223.2**	**298.5**
- due from end users/customers	816.5	933.7	(117.2)	1,132.2	315.7
- due to Roma Capitale	62.3	52.5	9.8	57.1	5.1
Inventory	**41.8**	**40.2**	**1.6**	**46.2**	**(4.4)**
Other current assets	**196.0**	**210.1**	**(14.0)**	**236.7**	**(40.6)**
Current payables	**(1,200.9)**	**(1,237.8)**	**36.9**	**(1,300.4)**	**99.5**
- due to Suppliers	(1,085.6)	(1,106.7)	21.1	(1,143.2)	57.6
- due to Roma Capitale	(110.8)	(126.1)	15.4	(152.7)	42.0
Other current liabilities	**(378.0)**	**(316.7)**	**(61.3)**	**(350.4)**	**(27.6)**
Net working capital	**(416.2)**	**(281.5)**	**(134.8)**	**(144.7)**	**(271.5)**

The net working capital was a loss of €416.2 million and is down by €134.8 million compared with the end of 2017

The change in net working capital as compared with 31 December 2017, is due to the reduction in receivables due from users and customers for € 117.2 million. Please note that, as extensively described in the notes to the 2017 Consolidated Financial Statements for the Acea Group, as from 1 January 2018, IFRS9 has replaced the previous accounting standard IAS39, consequently increasing the provision for doubtful debt. Receivables due from users and customers, gross of the provision for doubtful debt, increase in all business areas: + € 59.5 million in the Commercial and Trading Area, + € 15.5 million in the Energy Infrastructures Area and + € 10.2 million in the Water Area: as regards receivables of the <u>Commercial and Trading Area</u>, the increase is due to the turnover issued for the deregulated electricity and gas market and not yet due for the portion not yet due, for the greater values traded due to optimisation of the energy flows; as regards the receivables of the <u>Energy Infrastructures Area</u>, the increase refers to the effects deriving from regulatory changes that resulted in the booking of the proceed deriving from the elimination of the *regulatory lag*, the amount of which, at the end of the observation period, is € 59.6 million (+ € 6.2 million on end 2017). This amount of receivables does not include the non-current portion of € 78.0 million; lastly, the receivables of the <u>Water Area</u> suffer the effects deriving from the registration in ACEA Ato2 of the commercial quality premium, which, with reference to Q1 2018, comes to € 7.5 million.
Receivables from customers are exposed net of the Provision for Doubtful Debts which amounts to € 594.1 million compared to € 403.6 million at the end of 2017. This change is mainly due to the effects deriving from the application, starting 1 January 2018, of the new standard IFRS9.
Receivables totalling € 322.6 million were transferred without recourse during Q1 2018, of which € 43.6 million to the Public Administration.

Roma Capitale: net balance receivable of € 100.4 million

As regards **<u>relations with Roma Capitale,</u>** at 31 March 2018, the net balance receivable by the Group amounting to € 100.4 million rose compared to 31 December 2017. The variation of receivables and payables is determined only by period accruals.
In Q1 2018, the stock of trade receivables recorded growth of € 9.8 million on the year ended as at 31 December 2017, mainly due to the increase in receivables for the water utilities, which come to € 9.4 million. As regards financial receivables, growth of € 14.2 million is recorded on 31 December 2017, to be attributed exclusively to the accrual during the period of receivables relative **(i)** to the public lighting service agreement, **(ii)** to the modernisation of the security network, **(iii)** to extraordinary maintenance, **(iv)** to the LED plan agreement and **(v)** to the works relating to the services linked to public lighting.
In terms of debt, a total reduction is recorded of € 15.5 million, mainly due to the payment of € 20.0 million on the 2014 concession charges, partly offset by the accrual of the period charges of € 6.4 million.

The following table shows together the amounts deriving from the relations between Roma Capitale and the ACEA Group, and also those concerning the credit and debit positions, including the items of a financial nature.

Receivables from Roma Capitale	31/03/2018	31 December, 2017	Variation	31/03/2017	Variation
Services billed	61.0	51.3	9.7	56.4	4.6
Services to be billed	1.4	1.4	0.1	1.3	0.1
Total trade receivables	**62.4**	**52.7**	**9.8**	**57.8**	**4.7**
Financial receivables for Public lighting	**149.7**	**135.5**	**14.2**	**141.2**	**(127.1)**
Total receivables due within one year (A)	**212.1**	**188.2**	**23.9**	**199.0**	**(122.4)**

Amounts due to Roma Capitale	31/03/2018	31 December, 2017	Variation	31/03/2017	Variation
Trade payables due within one year (B)	(101.9)	(115.5)	13.6	(134.3)	32.4
					0
Total (A) + (B)	**110.2**	**72.7**	**37.5**	**64.7**	**45.5**
Other receivables/(payables) of a financial nature	(0.8)	1.2	(2.0)	9.1	(9.9)
Other Trade Receivables/(Payables)	(9.0)	(10.8)	0.0	(18.1)	9.0
Total other Receivables/(Payables) (C)	**(9.8)**	**(9.6)**	**(2.0)**	**(9.0)**	**(0.8)**
					54.6
Net Balance (in € million)	**100.4**	**63.1**	**35.5**	**55.7**	**44.7**

Current payables down by 3%

Current payables are down by € 36.9 million compared to the end of 2017 due to the decreased stock of suppliers (- € 21.1 million) mainly as a result of the optimisation of the customer portfolio of Acea Energia (besides that of the change in *commodity* prices).

Other Current Assets and Liabilities are down by € 14.0 million and a rise of € 61.3 million respectively, compared to the previous year.
In detail, other assets reduce due to the juxtaposed effect of the increase in prepaid expenses mainly relating to Acea Energia and *a*reti, totalling € 21.3 million and the reduction in tax receivables for € 26.1 million.

As regards liabilities, the increase derives from the greater tax payables (+ € 36.9 million) and the increase in deferred income (+ € 27.6 million) mainly referring to *a*reti as a consequence of the application, starting 1 January 2018, of the new international financial reporting standard *IFRS15*, as extensively described in the notes to the Consolidated Financial Statements as at 31 December 2017.

Shareholders' equity reaches €1.7 billion

Shareholders' equity amounts to € 1,715.0 million. The changes made, of - € 96.3 million are analytically presented in the specific table and derive essentially from the accrual of the period profit, the change in the cash flow hedge reserves and those formed from actuarial gains and losses and registration of FTA reserves following the application of the new accounting standards (*IFRS9 and IFRS15*).

The net financial position increased by € 60.6 million compared to the end of 2017 and by €247.2 million on Q1 2017

The **net financial debt** of the Group increased overall by € 60.6 million, from € 2,421.5 million at the end of FY 2017 to € 2,482.1 million in Q1 2018. The change with respect to the end of last year is a direct consequence of period investments, including technological investments. The worsening of the receivables of the Water Segment also contributes to the change because of slowing recovery activities as a result of problems relating to information systems substantially resolved from October.
The comparative values of Q1 2017 were the subject of reclassifications in respect of published data for the purpose of better understanding the change.

In € million	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017 Pro Forma	Var.	Var. in %
Non-current financial assets/(liabilities)	2.4	2.7	0.3	(12.7%)	2.7	0.3	(11.4%)
Parent Companies, Subsidiaries and Associates non-current financial assets/(liabilities)	34.7	35.6	1.0	(2.7%)	40.3	5.6	(13.9%)
Non-current borrowings and financial liabilities	(3,577.3)	(2,745.0)	(832.2)	30.3%	(2,769.8)	807.5	29.2%
Net medium/long-term financial position	**(3,540.2)**	**(2,706.7)**	**(833.6)**	**30.8%**	**(2,726.8)**	**(813.4)**	**29.8%**
Cash and cash equivalents and securities	1,492.7	680.6	812.0	119.3%	531.2	961.5	181.0%
Short-term liabilities	(637.6)	(544.6)	(93.1)	17.1%	(91.3)	(546.3)	0.0%
Current financial assets (liabilities)	74.8	32.9	42.0	127.7%	(74.9)	(149.7)	(199.9%)
Parent Company and Associates non-current financial assets/(liabilities)	128.3	116.2	12.1	10.4%	127.0	1.3	1.0%
Net short-term financial position	**1,058.2**	**285.1**	**773.0**	**0.0%**	**492.0**	**566.2**	**115.1%**
Total net financial position	**(2,482.1)**	**(2,421.5)**	**(60.6)**	**2.5%**	**(2,234.8)**	**(247.3)**	**11.1%**

The net medium/long-term debt increased by € 833.6 million

As regards the **medium/long-term** component, the increase of € 833.6 million on end FY 2017 refers for € 983.5 million to the increase in debenture loans offset € 151.2 million by the reduction in non-current financial liabilities and payables. Non-current payables and financial liabilities are broken down as shown in the table below:

In € million	31/03/2018	31 December, 2017	Variation	Var. in %	31/03/2017	Variation	Var. in %
Bonds	2,678.5	1,695.0	983.5	58.0%	2,017.8	660.7	32.8%
Medium/long-term borrowings	898.8	1,050.0	(151.2)	(14.4%)	752.0	146.8	19.5%
Total medium/long-term debt	**3,577.3**	**2,745.0**	**832.2**	**30.3%**	**2,769.8**	**807.5**	**29.2%**

The **bonds** of € 2,678.5 million record an overall increase of € 983.5 million, essentially due to the placement of two debenture loans respectively of €300 million and € 700 million to apply to the *Euro Medium Term Notes* (EMTN) programme.

Medium/long-term borrowings amounting to €898.8 million reported an overall decrease of € 151.2 million which refers almost exclusively to the Parent Company (€ 150.4 million). This change is essentially due to the early extinguishing of an EIB loan of € 50 million and the reclassification of € 100 million of the short-term portion of another loan falling due in January 2019.
The following table shows medium/long and short-term borrowings by maturity and type of interest rate:

Bank Loans (in € million):	Total residual debt	Due by 31.03.2019	Between 31.03.2019 and 31.03.2023	Due after 31.03.2023
Fixed rate loans	521.9	125.5	249.9	146.5
variable rate	495.1	26.1	133.8	335.2
floating rate to fixed rate	36.8	8.8	28.1	0.0
Total	**1,053.9**	**160.4**	**411.8**	**481.6**

The fair value of the ACEA hedging derivatives was a negative € 3.1 million and has reduced by €0.4 million compared to 31 December 2017 (it was a negative € 3.4 million).

The short-term component is a positive € 1,058.2 million and has risen by € 773.0 million

The **short-term** component is positive for €1,058.2 million and, with respect to end FY 2017, highlights an increase of € 773.0 million, explained for € 812.0 million by the increased liquid funds, partially offset by the short-term reclassification of the loan maturing in January 2019 (€ 100 million). The increase in liquid funds stems from the increase of € 852.7 million in Acea S.p.A. as a consequence of the issue of the debenture loans, compensated by the reduction in liquid funds recorded in *a*reti (€ 39.1 million) and Acea Energia (€ 20.5 million).
It must be noted that at 31 March 2018, the Parent Company had unused *uncommitted* lines for € 744 million, of which € 464 million was unused. No guarantees were granted in obtaining these lines.

The ACEA rating

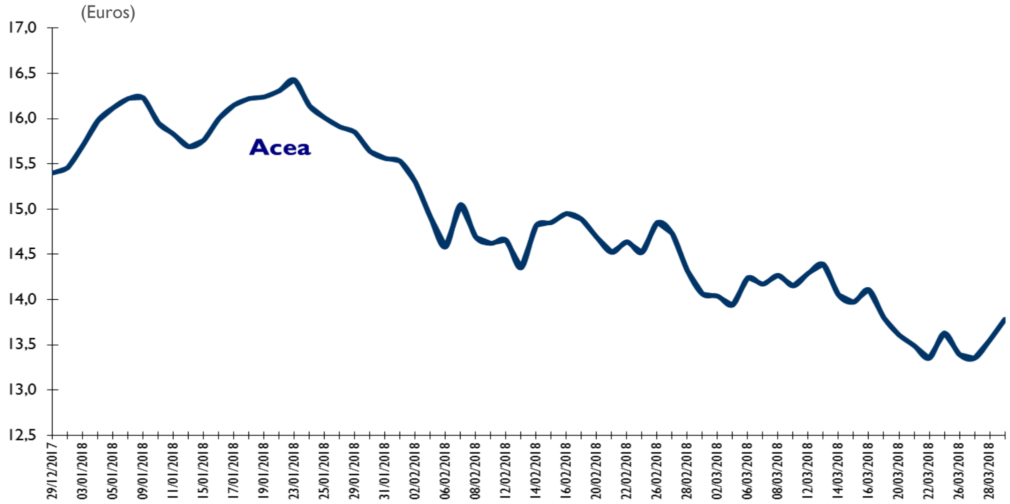
It must be noted that the long-term Ratings assigned to ACEA by the International Ratings Agencies were:

- Fitch “BBB+”;
- Moody’s “Baa2”

Performance of the equity markets and ACEA shares

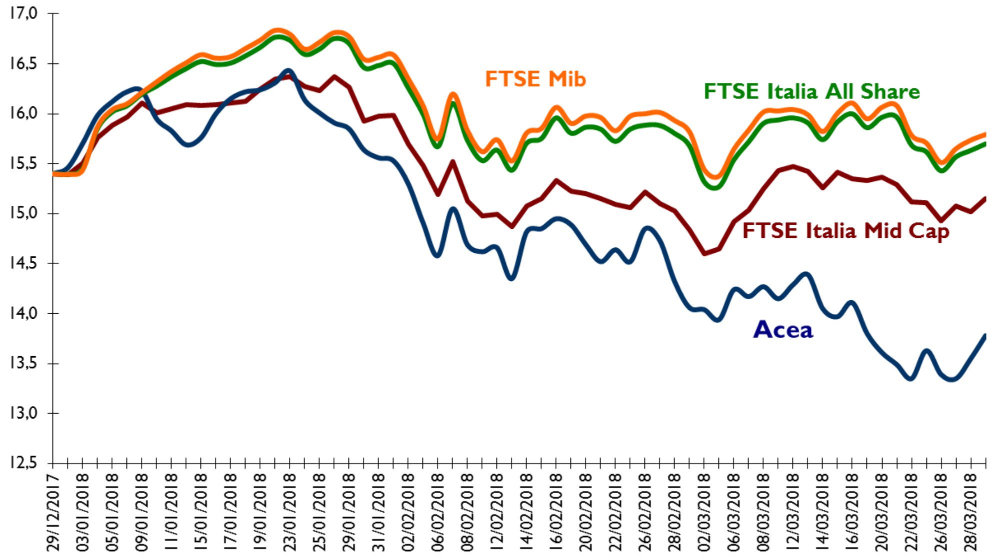
During the first quarter of 2018, the Italian stock market outperformed the international markets, which recorded a negative performance. Below are the changes recorded by the principal Italian Stock Market indices: FTSE MIB +2.6%; FTSE Italia All Share +1.9%; FTSE Italia Mid Cap -1.6%.

During the first three months of the year, ACEA booked a downturn of 10.5% on the stock market. ON 29 March 2017, the security closed at 13.78 euros (capitalisation: Euro 2,935 million). The high of 16.43 Euros was recorded on 23 January and the low of 13.35 Euros was recorded on 22 March.
During the reporting period, the average daily traded volumes were just under 125,000 (in line with the first quarter of 2017).



(Source: Bloomberg)

The following graph shows re-based figures for ACEA's share price, compared to Stock Market indices.



Re-based graph to the values of Acea – Source Bloomberg

	Change % 31/03/2018 (compared to 31/12/2017)
Acea	**-10.5%**
FTSE Italia All Share	+1.9%
FTSE Mib	+2.6%
FTSE Italia Mid Cap	-1.6%

Over 30 reports/notes were published on ACEA shares in the first quarter of 2018.

Trend of operating segments

Economic results by segment

The results by segment are shown on the basis of the approach used by the *management* to monitor Group *performance* in the financial years compared in observance of IFRS 8 accounting standards. Note that the results of the "Other" segment include those deriving from ACEA corporate activities as well as intersectorial adjustments.

It is notified that, as a result of the approval of the new macrostructure which, occurred during the previous financial year, operating segments have undergone some changes that resulted in the need to present the comparative data on a pro-forma basis. For more details about the changes please refer to the section "*Segment information*" shown in Annex D to the financial statements closed as at 31 December 2017.

31-Mar-2018					Energy Infrastructure						Other		
In € million	Environment	Commercial and Trading	Abroad	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenue	39	441	8	189	22	133	11	0	166	16	30	(136)	754
Costs	25	418	5	93	8	52	12	0	71	14	34	(136)	525
Gross operating margin	**14**	**23**	**3**	**96**	**14**	**81**	**0**	**0**	**94**	**2**	**(4)**	**0**	**229**
Depreciation and accumulated impairment charges	8	13	2	42	4	25	0	0	30	0	7	0	102
Operating profit/(loss)	**6**	**10**	**1**	**54**	**10**	**56**	**0**	**0**	**65**	**2**	**(11)**	**0**	**127**
Capex	5	4	1	67	2	53	0	0	54	0	2	0	133

31-Mar-2017					Energy Infrastructure						Other		
In € million	Environment	Commercial and Trading	Abroad	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenue	7	429	9	178	21	127	19	(0)	167	18	29	(139)	731
Costs	26	406	5	90	8	57	18	(0)	83	14	31	(139)	516
Gross operating margin	**15**	**23**	**3**	**88**	**13**	**70**	**1**	**0**	**83**	**4**	**(2)**	**0**	**214**
Depreciation and accumulated impairment charges	7	16	1	35	5	27	1	0	33	1	5	(0)	97
Operating profit/(loss)	**8**	**7**	**2**	**53**	**8**	**43**	**(0)**	**0**	**50**	**3**	**(7)**	**0**	**117**
Capex	6	2	1	57	7	50	0	0	57	0	3	0	126

The revenues in the Water Segment include the condensed result of equity investments (of a non-financial nature) consolidated using the equity method.

Industrial areas

Acea's macro structure is organised in corporate functions and six operating segments: Water, Energy Infrastructure, Commercial and Trading, Foreign and Engineering and Services.

Environment Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2018	31/03/2017 Pro-Forma	Variation	Var. in %
WTE conferment	kTon	115	113	2	2.0%
RDF production plant conferment	kTon	0	0	0	n.s.
Net electricity transferred	GWh	89	87	2	2.2%
Waste coming into Orvieto plants	kTon	21	18	3	15.4%
Waste Recovered/Disposed of	kTon	118	143	(25)	(17.4%)
of which					
Waste from Composting Plants, Slurries and liquids disposed of	*kt*	*97*	*123*	*(26)*	*(21.1%)*
Slag and Ash produced by WTE	*kt*	*21*	*20*	*1*	*6.0%*

Economic results (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
Revenue	38.9	40.2	(1.2)	(3.1%)
Costs	24.9	25.6	(0.7)	(2.8%)
Gross operating profit (EBITDA)	14.1	14.6	(0.5)	(3.7%)
Operating profit/(loss) (EBIT)	5.7	7.5	(1.8)	(24.3%)
Average number of staff	361	347	14	3.9%

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017 Pro-Forma	Var.	Var. in %
Capex	4.6	15.4	(10.8)	(70.1%)	5.5	(0.9)	(17.0%)
Net financial debt	203.4	195.3	8.1	4.2%	187.2	16.3	8.7%

EBITDA (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
EBITDA Environment Area	14.1	14.6	(0.5)	(3.7%)
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	6.1%	6.8%	(0.7 p.p.)	

The Area closes the observation period relative to Q1 2018 with EBITDA of € 14.1 million (- € 0.5 million). This performance is mainly due to the lesser performance recorded by **Aquaser** (- € 0.7 million), due mainly to the continued regulatory uncertainty under the scope of sludge recovery, and the positive effects recorded by **Iseco** (+ € 0.3 million).

The average number of staff at 31 March 2018 was 361, an increase of 14 compared to the same period in the previous year. The growth is mainly due to **Acea Ambiente**.

Area investments come to € 4.6 million and are in line with the same period of the previous year (- € 0.9 million). The investments for Q1 2018 mainly relate to the slag extraction system of the plant located in San Vittore, interventions by the waste and biogas production treatment plant of the landfill in Orvieto.

Net debt in the Segment amounted to € 203.4 million, + € 16.3 million on 31 March 2017 and + € 8.1 million compared to 31 December 2017. The increase is mainly due to operating cash-flow dynamics.

Significant and subsequent events

During the period and thereafter, no exceptional events are recorded apart from the communication received on 12 April whereby the Legal Authority ordered the provisional use of the composting plant of Aprilia, permitting the recovery of conferrals, according to the procedure chosen by the Company and approved in advance by Lazio Regional Council. On 14 December last year, a preventive urgent seizure measure of the entire composting plant was issued, due to the findings of an audit activity by the Supervisory Authorities who found the presence of strong miasmas coming from the production cycle, thus generating discomfort for citizens living in the immediate vicinity of the plant.

Commercial and Trading Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2018	31/03/2017 Pro-Forma	Variation	Var. in %
Electricity sold Free	GWh	930	1,083	(153)	(14.2%)
Electrical Energy sold - Protected	GWh	663	730	(67)	(9.2%)
Electrical Energy - No. Free Market Customers (P.O.D.)	N/000	324	303	21	7.0%
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/000	880	929	(49)	(5.3%)
Gas Sold	Msm^3	56	51	5	10.8%
Gas - No. Free Market Customers	N/000	140	129	11	8.7%

Economic results (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
Revenue	441.1	429.0	12.1	2.8%
Costs	417.8	405.9	11.8	2.9%
Gross operating profit (EBITDA)	23.4	23.1	0.3	1.3%
Operating profit/(loss) (EBIT)	10.5	7.5	3.0	40.8%
Average number of staff	467	476	9	(1.9%)

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017 Pro-Forma	Var.	Var. in %
Capex	4.1	19.4	(15.3)	(79.0%)	2.5	1.6	64.2%
Net financial debt	28.7	(4.9)	33.7	n.s.	73.9	(45.2)	(61.1%)

EBITDA (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
EBITDA Commercial and Trading Area	23.4	23.1	0.3	1.3%
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	10.2%	10.8%	(0.6 p.p.)	

The Area, responsible for the Group's energy management policies, as well as for the management and development of electricity and gas sales and related customer relations activities, closed Q1 2018 with an EBITDA level of € 23.4 million; this was up compared to the same period of 2017, by € 0.3 million.
The change is mainly due to the better performance recorded by the companies **Acea8Cento** (+ € 0.4 thousand) linked to the lesser external costs, mainly due to the lesser outsourcing costs, as a consequence of the reduction in volumes handled in overflow and the lesser cost for temporary workers.

Operating results show a rise of € 3.0 million and recover about € 2.7 million compared to the changes in EBITDA mainly due to the decrease in write-downs and provisions.

With reference to the workforce, the average number at 31 March 2018 stood at 467 employees; this number was down compared to the same period of the previous year by 9 employees. **Acea8cento** (- 29) and **Acea Energia** (+ 20) contribute to the above change.

Area investments come to approximately € 4.1 million, recording an increase of € 1.6 million on 31 March 2017 as a consequence of the rise in investments in information systems.

Net financial debt at the end of Q1 2018 stood at € 28.7 million, decreasing by € 45.2 million compared to 31 March 2017 and up € 33.7 million on 31 December 2017. The above trend derives from *operating cash flow* dynamics influenced by the improvement in collection performance and lower payables for lower volumes of energy purchased.

Significant and subsequent events

With reference to the proceedings initiated by the AGCM, the main updates are described below:

AGCM A513 procedure for abuse of a dominant position: On 9 February 2018, following the extension granted by the AGCM, Acea Energia presented a request for confidentiality pursuant to Art. 13, paragraph 7 of Italian Presidential Decree no. 217/98 regarding the documents acquired during the inspection. Acea Energia and Acea S.p.A., having submitted a request to access the deeds and this having been upheld by AGCM, were able, with the support of the appointed external lawyer, to on 16 April 2018 examine the additional documents relative to these proceedings.

Abroad Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2018	31/03/2017	Variation	Var. in %
Water volumes	mm^3	10	11	(1)	(9.0%)

Economic results (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Revenue	8.3	8.7	(0.4)	(4.7%)
Costs	5.3	5.4	(0.1)	(2.5%)
Gross operating profit (EBITDA)	3.0	3.3	(0.3)	(8.4%)
Operating profit/(loss) (EBIT)	1.0	1.9	(0.9)	(46.7%)
Average number of staff	604	588	16	2.8%

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017	Var.	Var. in %
Capex	0.8	5.2	(4.4)	(85.1%)	0.9	(0.1)	(10.4%)
Net financial debt	6.1	7.4	(1.2)	(16.9%)	9.8	(3.6)	(37.2%)

EBITDA (€ million)	31/03/2018	31/03/2017	Variation	Variation %
EBITDA Foreign Area	3.0	3.3	(0.3)	(8.4%)
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	1.3%	1.5%	(0.2 p.p.)	

The Area, set up following the organisational changes in May 2017 (previously included in the Water Area) currently includes water companies that manage the water service in Latin America. In particular:

- Agua de San Pedro (Honduras) of which the Group holds 60.65% with effect from October 2016, from which it is fully consolidated. The Company carries out its activity with respect to customers of San Pedro Sula;
- Acea Dominicana (Dominican Republic) wholly owned by the Group, provides the service to the local municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- AguaAzul Bogotà (Colombia) of which the Group holds 51% is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors;
- Consorcio Agua Azul (Peru) is controlled by the Group which owns 25.5% and provides the water and discharge service in the city of Lima.

This Area closes Q1 2018 with EBITDA of € 3.0 million, essentially in line with the same period of last year (€ 3.3 million).

The average workforce as at 31 March 2018 comes to 604 employees and shows a rise of 17 on the same period of last year, for 7 due to **Agua de San Pedro** and for 10 to **Acea Dominicana**.

Net financial debt as at 31 March 2018 is € 6.1 million and improves on the end of the first quarter of 2017 by € 3.6 million, mainly due to **Agua de San Pedro**.

Significant and subsequent events

The Foreign Industrial Area is affected by the reorganisation of investments abroad which should lead Acea International S.A. to play a role of direction and coordination. With this in mind, the transfer of the shareholdings that ACEA held in Consorcio Agua Azul S.A. in favour of Acea International has to be seen in this context. This operation took place in February.

Water Operating Segment

Operating figures and financial results for the period

Operating figures*	U.M.	31/03/2018	31/03/2017 Pro-Forma	Variation	Var. in %
Water volumes	mm^3	105	103	2	1.9%
Electrical Energy Consumed	GWh	105	108	(3)	(2.8%)
Sludge Disposed of	kTon	21	36	(15)	(41.5%)

* *Values refer to the companies entirely consolidated*

Economic results (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
Revenue	189.4	178.3	11.0	6.2%
Costs	93.0	89.9	3.1	3.5%
Gross operating profit (EBITDA)	96.4	88.5	7.9	8.9%
Operating profit/(loss) (EBIT)	54.3	53.1	1.2	2.3%
Average number of staff	1,789	1,838	(49)	(2.7%)

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017 Pro-Forma	Variation	Var. in %
Capex	67.3	271.4	(204.1)	(75.2%)	56.7	10.6	18.7%
Net financial debt	945.8	921.2	24.6	2.7%	799.6	146.2	18.3%

EBITDA (€ million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
EBITDA Water Area	96.4	88.5	7.9	8.9%
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	42.0%	41.3%	0.8 pp	

The Area EBITDA as at 31 March 2018, amounted to € 96.4 million, an increase of € 7.9 million compared to that in the first quarter of 2017 (+ 8.9%). More specifically, the positive performance of the Area is mainly due to **ACEA Ato2** and **Acque**, which respectively booked rises of € 4.1 million and € 1.2 million.

The revenues for the period are measured on the basis of the calculations made by the EGA and/or the ARERA; as usual, these include the estimate of the adjustments concerning the passing costs. As is known, as of the second regulatory period, the tariffs may also include marketing quality components; under specific conditions, the Managers may be recognised the $Opex_{qc}$ component or alternatively the "contractual quality" award. The latter is recognised to the Service Manager in the event in which the indicators identified for metering and monitoring (as of 1 July 2016) exceed the thresholds established beforehand in ARERA resolution 655/2015. The revenues of ACEA Ato2 include € 7.5 million, which is the best estimate of the period quality premium.

The average workforce as at 31 March 2018 drops by 49 employees, mainly due to the deconsolidation of the associate **Gori Servizi**, which reduces the number of area employees by more than 60 resources and **ACEA Ato2**, which records an increase of 11 units.

The following are the contributions to the EBITDA of the **water companies** valued at shareholders' equity:

(in € million)	31/03/2018	31/03/2017	Variation	Variation %
Publiacqua	2.4	1.9	0.5	26.3%
Gruppo Acque	3.1	1.9	1.2	63.2%
Acquedotto del Fiora	1.4	0.7	0.7	100.0%
Umbra Acque	0.0	(0.3)	0.3	n.s.
Gori	0.6	0.3	0.3	100.0%
Nuove Acque and Intesa Aretina	0.1	0.2	(0.1)	(50.0%)
GEAL	0.3	0.3	0.0	0.0%
Total	**7.9**	**4.9**	**3.0**	**61.2%**

The operating results were affected by the increase in depreciation (+ € 6.6 million) in line with the performance of investments and the entry into service of the new features of the Acea2.0 programme and greater write-downs (+ € 5.3 million); provisions for the period (€ 0.8 million) increased by € 4.8 million.

The financial indebtedness of the Area stood at € 945.8 million at 31 March 2018, having worsened by € 146.2 million compared to 31 March 2017 and by € 24.6 million compared to 31 December 2017. This result is mainly linked to: (**i**) ACEA Ato2, essentially due to the lesser liquidity as a consequence of the reduced liquid funds of the company, to a large extent used to finance period investments; (**ii**) ACEA Ato5 as a consequence of a worsening due to the greater debt exposure.

Segment investments stand at € 67.3 million, are primarily due to ACEA Ato2, for € 59.6 million and ACEA Ato5 for € 7.1 million. The main investments in the period include those relating to the work carried out for the reclamation and expansion of the water and sewage pipes of the various municipalities, the extraordinary maintenance of the water centres and the interventions on the treatment plants and on the IT applications.

Significant and subsequent events

Revenues from the Integrated Water System

The table below indicates, for each Company of the Water Area, the amount of revenue for Q1 2018 valued on the basis of the tariff calculations assumed by the respective EGA or ARERA. The figures include the adjustments for pass-through items, the Fo.NI component, the $Opex_{qc}$ or Art. 32.1 letter a) Resolution 664/2015/R/idr.

Company	Revenue from SII (ro-rata values in € million)	Details (pro-rata values in € million)
ACEA Ato2	146.9	FNI = 3.9 AMM_{FoNI} = 1.6 Premium = 7.5
ACEA Ato5	18.5	FNI = 1.0 AMM_{FoNI} = 0.3
GORI	15.4	$Opex_{qc}$ = 0.5
Acque	18.3	AMM_{FoNI} = 1.1
Publiacqua	23.9	AMM_{FoNI} = 1.6
Acquedotto del Fiora	10.4	AMM_{FoNI} = 0.9
Umbra Acque	6.8	AMM_{FoNI} = 0.4

As regards the progress made on the approval of the tariffs, no changes are reported with respect to the information given in the 2017 consolidated financial statements.

Regulatory activities of the Region of Lazio

During the first quarter of 2018, Lazio Regional Council settled some pending situations regarding: (i) the redefinition of the optimal territorial areas of the hydrographic basin, envisaged by Regional Law no. 5/2014; "Protection, governance and public management of water" and to be carried out in accordance with said Regional Law within six months of the coming into force, and (ii) the stipulation of the "Compulsory agreement for the management of the hydraulic interference of the aqueduct system of Peschiera - Le Capore" between ATO2 Lazio Central - Rome and ATO3 Lazio Central - Rieti, which had expired in 1996.

As regards the first point, by Regional Council Resolution no. 56 of 06 February 2018, the optimal territorial areas of the hydrographic basin were defined on regional territory. With respect to the current situation, another optimal territorial area is defined, called no. 6. The conformation of the new ATOs will stem from the stipulation of the cooperation agreements between the municipalities, without prejudice to the fact that the management of the integrated water service of the same areas shall stem from the stipulation of management agreements with the respective SII managers, as specified by subsequent Regional Council Resolutions no. 129 of 27 February 2018 and no. 152 of 02 March 2018, which supplement Resolution no. 56, defining the relevant initial phases of implementation, with reference in particular to the transmission mechanisms used for data relating to the amortisation of investments made in the territories to be transferred. Approval of the draft cooperation agreement between the local entities of the optimal territorial areas of the hydrographic basin is instead left to Regional Council Resolution no. 56/2018 to be subsequently stipulated.

As regards the second point, following Regional Council Resolution no. 661 of 17 October 2017, whereby the region resolved to exercise its substitute powers with regards to the defaulting entity ATO 2 Lazio Central - Rome for the stipulation of the "Compulsory agreement for the management of the hydraulic interference of the aqueduct system of Peschiera - Le Capore" and the appointment by Decree no. T00229 of 05 December 2017 of the Special Commissioner Emiliano Manari, last 25 January 2018, Government Decree of the Region of Lazio no. 30 defined a new draft agreement, which was thereafter stipulated on 02 February 2018 by the representatives of the EGATOs involved. The adoption of the agreement made it possible to start renewal of the concession (which had expired in 1996), by means of a request submitted by the Mayor of Rome on 14 March, with term until 2031. The request stresses that ACEA Ato2 should be pro-tempore awardee of the management of the integrated water service of the optimal territorial area 2 - Lazio Central. This step will allow the company to start all preliminary activities necessary to double up the upper section of the Peschiera aqueduct, a work of significant impact in engineering terms and development of which will take several years and assure the water procurement of the whole city.

Finally, by resolution of the Council of Ministers of 22 February 2018 "Extension of the state of emergency in connection with the drinking water procurement crisis in the territory of the Region of Lazio", the state of emergency in respect of the procurement of drinking water in the territory of the region of Lazio, previously arranged by Council of Minsters resolution of 07 August 2017 for one hundred and eighty days, has been extended by a further one hundred and eighty days.

Energy Infrastructures Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2018	31/03/2017 Pro-Forma	Variation	Var. in %
Energy generated (hydro + thermo)	GWh	153	130	23	17.6%
Energy generated (photovoltaic)	GWh	2	2	(0)	(15.4%)
Distributed electricity	GWh	2,469	2,509	(40)	(1.6%)
No. of customers	N/000	1,626	1,627	(1)	(0.0%)
Network kms.	Km	30,440	30,106	334	1.1%

Economic results (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
Revenue	165.7	179.9	(14.2)	(7.9%)
Costs	71.3	96.5	(25.2)	(26.1%)
Gross operating profit (EBITDA)	94.4	83.4	11.0	13.2%
Operating profit/(loss) (EBIT)	64.9	50.4	14.4	28.6%
Average number of staff	1,380	1,359	21	1.6%

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017 Pro-Forma	Variation	Var. in %
Capex	54.4	209.4	(155.0)	(74.0%)	57.2	(2.8)	(5.0%)
Net financial debt	1,021.1	1,032.9	(11.8)	(1.1%)	802.1	219.0	27.3%

EBITDA (in € million)	31/03/2018	31/03/2017 Pro-Forma	Variation	Variation %
EBITDA Energy Infrastructures Area	94.4	83.4	11.0	13.2%
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	41.2%	38.9%	2.3 pp	

EBITDA at 31 March 2018 amounted to € 94.4 million, recording an Increases of € 11.0 million compared to 31 March 2017. This change is mainly due to the company ***areti*** (+ € 8.9), as a consequence of lesser external costs incurred with respect to the same period of the previous year. With reference to the energy balance, as of 31 March 2018 *areti* introduced 2,661 GWh into the grid in line with that introduced in first quarter 2017.
EBITDA for the public lighting sector is negative for € 0.2 million, an improvement on 31 March 2017 (it was - € 1.1 million). The change is caused by the margins deriving from the LED plan launched end June 2016 on the basis of an agreement with Roma Capitale. During the first quarter of 2018, approximately 4,148 lighting bodies were replaced, for a total amount of revenues of € 1.1 million. Please also note that during Q1 2018, a total of 954 light points were developed at the request of Roma Capitale.

Acea Produzione contributes to the increase in EBITDA for a total of € 1.7 million, also thanks to the increase in the energy margin of the hydroelectric generation sector, which records an increase in production of approximately 9.2%, also due to the greater contribution made by the flow plants of Castel Madama, Mandela and Orte (+ 2.8%) and the thermoelectric generation segment, which records a considerable increase (+ 142% on the same period of last year) following completion of the Tor di Valle plant development.

The cost of staff increases by € 1.1 million, in line with the average workforce increase as at 31 March 2018, which rises by 21 employees, entirely due to the company ***areti***.

The operating result is mainly influenced by the lesser period provisions for redundancies and mobility (- € 2.1 million) and regulatory risks (- € 0.3 million).

Net financial debt stood at € 1,021.1 million at 31 March 2018, showing an increase of € 219.0 million compared to 31 March 2017 and a reduction of € 11.8 million on 31 December 2017. The effects are mainly due to the increasing volume of investments, the increase in *pay-out* and the dynamics of operating *cash flow*.
Investments amounted to € 54.4 million and referred to the interventions on the HV, LV and MV network, as well as a series of interventions to expand the MV networks and extraordinary maintenance on overhead

lines. The investments made by **Acea Produzione** mainly refer to the district heating network extension works in the complex of Mezzocammino in the area south of Rome.

Significant and subsequent events

GALA

With Resolution 50/2018/R/eel of 1 February 2018, the Authority approved a mechanism for recognising charges otherwise not recoverable due to the failure to collect general system charges. This regulation provides for the recognition of receivables accrued from 1 January 2016, with the request for recognition to be submitted by July 2018, referring to invoices that are overdue for at least 12 months.

This regulation provides that only distributors who have paid to CSEA and the GSE the amount of charges for which they are to be reinstated can access the mechanism. In addition, some restrictions have been introduced such as not to allow full recognition of the portion relating to general charges.

As at 31 March 2018, the total receivables accrued by the company with regards to GALA come to € 67.0 million.

At the time of the situation, also taking into account the changes in the regulatory framework deriving from the approval of the mechanism for reinstating general expenses, the reduction in the value of the *a*reti receivable towards GALA was prudentially determined with reference to the transportation and work share accrued as at 31 March 2018, as well as the share of general charges that would not be recognised (€ 15.7 million) On this latter aspect, investigations are currently underway with the Authority as to the effective scope of general costs recognised.

ARERA penalty measures

As regards ARERA resolution **62/2014/S/eel**, last 15 February 2018, the Authority sent the result of the investigations of these proceedings, which reveal the confirmation of the violation of the first charge, in respect of failure to achieve, by 30 June 2012, 95% electronic meters operating, with reference to the low voltage points of delivery with available power of less than or equal to 55 KW.

As regards the second charge, on the failure to comply with the monthly reading obligation envisaged for all electronic meters operating, the Authority has upheld the claims made by the company regarding the non-existence of the violation, because the readings, as shown on record, were regularly taken once a month.

We therefore await receipt of a sanction from the Authority, upon completion of all due assessments.

Technological innovation projects

During the first quarter of 2018, the initiatives launched in 2017, continued. These include, in connection with the amounts involved and stage of implementation, the "Smart Grid" project, the "Super-fast internet" project, the "SnMS" (Smart Network Management System" project, the "R.o.M.A. ("Resilience Enhancement of a Metropolitan Area") project, the BRAVETTA project, the DRONI project and the DIADEME project.

Engineering and Services Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2018	31/03/2017	Variation	Var. in %
Technical-professional verification	Number of companies	127	130	(3)	(2.3%)
Inspections on site	Number of inspections	2,329	2,367	(38)	(1.6%)
Coordination of safety measures	CSE number	6	49	(43)	(87.8%)

Economic results (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Revenue	16.0	17.7	(1.6	(9.3%)
Costs	13.8	13.7	0.2	1.1%
Gross operating profit (EBITDA)	2.2	4.0	(1.8)	(44.6%)
Operating profit/(loss) (EBIT)	1.8	3.3	(1.5)	(45.0%)
Average number of staff	270	311	(41)	(13.1%)

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017	Variation	Var. in %
Capex	0.3	0.8	(0.5)	(62.7%)	0.2	0.1	39.0%
Net financial debt	(4.6)	(12.3)	(16.9)	(137.5%)	(2.2)	(2.4)	111.9%

EBITDA (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Gross operating margin Engineering and Services Area	2.2	4.0	(1.8)	(44.6%)
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	1.0%	1.9%	(0.9 p.p.)	

The Area constituted as a consequence of the organisational changes of May 2017 closes Q1 2018 with EBITDA of € 2.2 million down on the same period of the previous year (- € 1.8 million), mainly due to the company **Acea Elabori**.

The average workforce as at 31 March 2018 stood at 270 employees and has reduced with regard to 31 March 2017 (there were 311 employees), mainly as a result of the transfer of the *Facility Management* unit, which involved the transfer of 55 resources from Acea Elabori to ACEA S.p.A.

Investments amounted to € 0.3 million and mainly refer to IT developments.

Net financial debt as at 31 March 2018 is € - 4.6 million and records an improvement on the closure of the corresponding period of 2017 of € 2.4 million, mainly due to Acea Elabori consequent to the greater income related to the company's core business.

Significant and subsequent events

No significant events are reported during the period observed.

Corporate

Equity and financial results for the period

Economic results (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Revenue	29.9	28.9	1.0	3.6%
Costs	34.1	31.2	2.8	9.1%
Gross operating profit (EBITDA)	(4.2)	(2.4)	(1.8)	75.3%
Operating profit/(loss) (EBIT)	(10.9)	(7.1)	(3.8)	53.4%
Average number of staff	664	579	85	14.6%

Equity data (in € million)	31/03/2018	31 December, 2017	Var.	Var. in %	31/03/2017	Var.	Var. in %
Capex	1.5	10.7	(9.1)	(85.6%)	3.4	(1.9)	(55.1%)
Net financial debt	281.2	257.3	23.9	9.3%	364.5	(83.3)	(22.9%)

EBITDA (in € million)	31/03/2018	31/03/2017	Variation	Variation %
Corporate Area gross operating margin	(4.2)	(2.4)	(1.8)	75.3%
EBITDA GROUP	229.2	214.4	14.8	6.9%
Percentage weight	(1.8%)	(1.1%)	(0.7 p.p.)	

ACEA closes the first quarter of 2018 with a negative EBITDA level of € 4.2 million (- € 1.8 million on 31 March 2017), for the reduction of the margins on the service contracts, partly offset by the contribution made to the results of the margin from the *Facility Management* service acquired on 1 January 2018.

The average workforce at 31 March 2018 stood at 664 and was up compared to the previous year (579 employees). This increase is mainly due to the acquisition of the Facility Management unit, which entailed the transfer of 55 resources from Acea Elabori to ACEA S.p.A.

Investments amounted to € 1.5 million and, compared to 1st quarter 2017 decreased by € 1.9 million. Investments mainly refer to IT developments and investments in the company offices. The reduction on the same period of last year mainly refers to the lesser investments made in technological infrastructures.

Net financial debt at 31 March 2018 is € 281.2 million and shows a worsening compared to the end of 2017 of € 23.9 million. This change stems from the need of the Group and ACEA generated by the change in current assets including payment of payables due to suppliers and the increase of receivables due from subsidiaries for the service contracts and *template* contract.

Significant and subsequent events

Under the scope of the project to transfer the foreign equity investments from Acea to Acea International, in February, Acea sold off all the shares held on Consorcio Agua Azul to Acea International. This operation entailed payment to SUNAT (Italian revenue agency) of capital gain tax for € 2.2 million.

Significant events during the period and beyond

Acea S.p.A. and Open Fiber: agreement for the evolution of networks and the development of innovative services for the city of Rome

On 12 January 2018 the Managing Director of Acea S.p.A. Stefano Donnarumma and Elisabetta Ripa, CEO of Open Fiber, following the *Memorandum of Understanding* signed on 03 August 2017, signed an agreement defining the terms and conditions of the overall industrial agreement for the development of an ultra-broadband communications network in the city of Rome.

Acea S.p.A. The Board of Directors approves the issue of one or more bonds

On 23 January 2018 the Board of Directors of Acea S.p.A. authorised the issuance of one or more non-subordinated bonds for its total nominal value up to a maximum of € 1 billion from its EMTN (*Euro Medium Term Notes*) Programme, to be placed with institutional investors and listed at the Luxembourg Stock Exchange, to be carried out by 15 July 2018.

Acea S.p.A. Placement of bond issues for € 1 billion

On 1 February 2018, Acea S.p.A. completed the placement of bond issues for an amount of € 300 million, respectively, with a 5-year maturity at floating rates (Euribor 3 months + 0.37%) and € 700 million with a fixed and maturity of 9 years and a half (1.5%), based on the € 3 billion Euro *Medium Term Notes* (EMTN) programme. The issue of the debenture loan, intended exclusively for institutional investors on the Euromarket, was successful, receiving requests equal to more than 2.5 times the amount of the Bonds offered. Fitch Ratings e Moody's assigned the issue a rating of respectively BBB+ and Baa2, in line with that of ACEA.

Acea S.p.A. The Shareholders' Meeting approves the 2017 financial statements, approves the distribution of a dividend equal to 0.63 Euros per share

On 20 April 2018, the Shareholders' Meeting of Acea S.p.A. approved the 2017 financial statements and the distribution of a dividend of € 0.63 per share, which will be assigned for payment starting this coming 20 June (coupon payment 18 June, record date 19 June).

Operating outlook

The results achieved by the ACEA Group as at 31 March 2018 exceed forecasts and, therefore, allow us to confirm the *guidance* already disclosed to the market.

It is the Group's intention to make major investments in infrastructure which, without affecting the solidity of the consolidated financial structure, have an immediate positive impact on performance, EBITDA and invoicing and collection processes. The Group's financial structure is solid for the years to come. The debt at 31 March 2018 is settled at a fixed rate of 73% to guarantee protection against any increase in interest rates as well as any financial or credit volatility. The average duration of medium / long-term debt stands at 6 years at 31 March 2018. It must be noted that the reduction in the average cost of the latter goes from 2.57% at 31 December 2017 to 2.27% at 31 March 2018, thanks also to the *liability management* operation concluded at the end of February 2018.

Consolidated Financial Statements

Form and Structure

General information

The Interim Report on Operations as at 31 March 2018 of the ACEA Group were approved by Board of Directors on 10 May 2018. The Parent Company ACEA SpA is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange.

Compliance with IAS/IFRS

This Interim Report on Operations, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of the regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.

International accounting standards are made up by the *International Financial Reporting Standards* (IFRS), *International Accounting Standards* (IAS) and by interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) and the Standard *Interpretations Committee* SIC), collectively referred to as "**IFRS**".

Basis of presentation

The Interim Report on Operations consists of the consolidated statement of financial position, consolidated income statement, statement of consolidated comprehensive income, consolidated statement of cash flows and the statement of changes in consolidated shareholders' equity. The Report also includes illustrative and supplementary notes prepared under the IAS/IFRS currently in effect.
The Income Statement is classified according to the nature of the costs, the items of the Statement of Financial Position according to the criterion of liquidity, with the items classified as current and non-current, while the Statement of Cash flows is presented using the indirect method.

The Interim Report on Operations is drawn up in euros; the figures on the income statement and balance sheet are rounded off to thousands of euros, whilst those of the notes are rounded off to millions of euros.

Alternative performance indicators

On 5 October 2015, the ESMA (*European Security and Markets Authority*) published its guidelines (ESMA / 2015/1415) on the criteria for submitting alternative performance indicators that replace, with effect from 3 July 2016, the recommendations of CESR / 05-178b. These guidelines have been acknowledged in our system by Notification no. 0092543 of 3 December 2015 emanated by CONSOB. Below are the contents and meaning of non-GAAP result measures and other alternative performance indicators used in these financial statements:

1. the *gross operating margin* (or EBITDA) represents for the ACEA Group an indicator of the operating performance and includes, from 1 January 2014, also the synthetic result of joint ventures for which the consolidation method has been modified as a consequence of the entry into force of the international accounting standards IFRS10 and IFRS11. EBITDA is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main *non-cash items*;
2. the *net financial position* is an indicator of the ACEA Group's financial structure, the sum of Non-current borrowings and Financial liabilities net of Non-current financial assets (loans and receivables and securities other than equity investments), Current borrowings and Other current liabilities net of current financial assets, cash and cash equivalents;
3. *net invested capital* is the sum of "Current assets", "Non-current assets" and Assets and Liabilities held for sale, less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the *net financial position*;
4. *net working capital* is the sum of the current receivables, inventories, balance net of other current assets and liabilities and current payables, excluding the items considered in the calculation of the *net financial position*.

Use of estimates and assumptions

In application of IFRS, preparation of the Interim Report on Operations requires management to make estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date. In making the estimates for the financial statements, the main sources of uncertainty that may have an impact on the evaluation processes are also considered.
The final results may differ from these estimates. Estimates are used for the recognition of provisions for credit risk, obsolescent inventories, impairment charges incurred on assets, the recoverability of prepaid tax assets, employee benefits, *fair value* of derivatives, revenue, taxes and other provisions. The original estimates and assumptions are periodically reviewed and the impact of any change is recognised in the income statement.
The estimates have also taken into account assumptions based on market and regulatory parameters and information available when the financial statements were drawn up. The current events and circumstances affecting the assumptions as regards future development and events may, however, change as a result, for example, of changes in the market trends or applicable regulations that are beyond the control of the Group. These changes in assumptions are also reflected in the financial statements when they arise.
It must also be noted that some valuation processes, in particular the most complex ones such as the determination of any impairment of non-current assets, are generally carried out in full only during the drafting of the annual financial statements, except where there are indicators of impairment requiring an immediate assessment of any loss in value.

Effects of the seasonality of operations

The type of business in which it works means that the Acea Group is not subject to significant seasonality phenomena. However, some specific business segments may show uneven performance throughout the year.

The Interim Report on Operations is not audited.

Consolidation policies, procedures and scope

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and Joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.
All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.
The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect *fair values* at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.
The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.
The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS5 and accounted for at fair value net of costs to sell.
If the business combination is achieved in stages, the *fair value* of the investment previously held has to be re-measured and any resulting gain or loss is recognized in profit or loss.
The purchaser has to recognise any contingent consideration at *fair value*, on the date of acquisition. The change in *fair value* of the contingent consideration classified as asset or liability is recognized according to the provisions included in IAS 39, in the income statement or in other comprehensive income. If the contingent consideration is classified in equity, its value is re-measured until its extinction is booked against equity.
The costs directly attributable to the acquisition are booked in the Income Statement.
The purchase cost is allocated by recording the assets, liabilities and contingent liabilities identifiable in the acquired entity at their *fair value* at the date of acquisition. Any positive difference between the amount transferred, valued at fair value at the date of acquisition, and the amount of any minority shareholding, with regard to the net value of the assets and liabilities identifiable in the acquired entity itself valued at *fair value* is booked as goodwill, or in the Income Statement, if negative.
For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.

Consolidation procedure for assets and liabilities held for sale (IFRS5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS5.

Consolidation of foreign operations

The financial statements of investees carried in currencies other than the euro, which is the parent company, ACEA, functional currency, are converted into euros applying the exchange rate in force as at the period closing date to the assets and liabilities, while average exchange rates during the financial year are applied to the items of the income statement and the statement of cash flows.
The differences stemming from the conversion of the financial statements of investees carried in currencies other than the euro are noted directly as equity and are stated separately, in a specific provision; this provision is reversed on the income statement at the time of full disposal, or loss of control, joint control or significant influence over the investee. In cases of partial disposal:

- without loss of control, the portion of the exchange differences relating to the portion of the investment sold, is assigned to the equity pertaining to the minority interests;
- without loss of joint control or considerable influence, the portion of the exchanges differences

relating to the portion of the equity investment sold is carried on the income statement.

Basis of consolidation

The ACEA Group's consolidated financial statements include the financial statements of the Parent Company, ACEA, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Entities that the Parent Company jointly controls with other parties are accounted for using the equity method.

A) Changes in basis of consolidation

In relation to the consolidation area as at 31 March 2018, please note the merger by acquisition of Gori Servizi S.r.l. into Gori S.p.A., with effect as from 1 January 2018.

B) Unconsolidated investments

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by ACEA, is recognized at cost. The subsidiary, which has been fully impaired, is excluded from the scope of consolidation as it is not operational and its relevance in qualitative and quantitative terms is not significant.

C) List of consolidated companies

Name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
Environment Sector					
Acea Ambiente S.r.l.	Via G. Bruno 7- Terni	2,224,992	100.00%	100.00%	Full
Aquaser S.r.l.	P.le Ostiense, 2 - Roma	3,900,000	93.06%	100.00%	Full
Iseco S.p.A.	Loc. Surpian n. 10 - 11020 Saint-Marcel (AO)	110,000	80.00%	100.00%	Full
Acque Industriali S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	100,000	73.05%	100.00%	Full
Commercial and Trading Sector					
Acea Energia S.p.A.	P.le Ostiense, 2 - Roma	10,000,000	100.00%	100.00%	Full
Acea8cento S.r.l.	P.le Ostiense, 2 - Roma	10,000	100.00%	100.00%	Full
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10,000	100.00%	100.00%	Full
Acea Liquidation and Litigation s.r.l.	P.le Ostiense, 2 - Roma	10,000	100.00%	100.00%	Full
Umbria Energy S.p.A.	Via B. Capponi, 100 - Terni	1,000,000	50.00%	100.00%	Full
Acea Energy Management S.r.l.	P.le Ostiense, 2 Roma	50,000	100.00%	100.00%	Full
Parco della Mistica S.r.l.	P.le Ostiense, 2 Roma	10,000	100.00%	100.00%	Full
Overseas Sector					
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama -Santo Domingo	644,937	100.00%	100.00%	Full
Aguas de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.65%	100.00%	Full
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	8,850,604	99.99%	100.00%	Full
Consorcio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Masoneria - Ens. Ozama	67,253	100.00%	100.00%	Full
Water Sector					
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Roma	362,834,320	96.46%	100.00%	Full
ACEA Ato5 S.p.A.	Viale Roma snc - Frosinone	10,330,000	98.45%	100.00%	Full
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Roma	8,000,000	76.67%	100.00%	Full
Acque Blu Fiorentine S.p.A.	P.le Ostiense, 2 - Roma	15,153,400	75.01%	100.00%	Full
Crea Gestioni S.r.l.	P.le Ostiense, 2 - Roma	100,000	100.00%	100.00%	Full
CREA S.p.A. *(in liquidation)*	P.le Ostiense, 2 - Roma	2,678,958	100.00%	100.00%	Full
Gesesa S.p.A.	Corso Garibaldi, 8 - Benevento	534,991	57.93%	100.00%	Full
Lunigiana S.p.A. *(in liquidation)*	Via Nazionale 173/175 – Massa Carrara	750,000	95.79%	100.00%	Full
Ombrone S.p.A.	P.le Ostiense, 2 - Roma	6,500,000	99.51%	100.00%	Full
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Roma	100,000	99.16%	100.00%	Full
Umbriadue Servizi Idrici S.c.a.r.l.	Strada Sabbione zona ind. A72 - Terni	100,000	99.20%	100.00%	Full
Energy Infrastructure Sector					
a reti S.p.A.	P.le Ostiense, 2 - Roma	345,000,000	100.00%	100.00%	Full
Acea Illuminazione Pubblica S.p.A.	P.le Ostiense, 2 - Roma	1,120,000	100.00%	100.00%	Full
Acea Produzione S.p.A.	P.le Ostiense, 2 - Roma	5,000,000	100.00%	100.00%	Full
Ecogena S.r.l.	P.le Ostiense, 2 Roma	1,669,457	100.00%	100.00%	Full
Engineering and Services Sector					
ACEA Elabori S.p.A.	Via Vitorchiano – Roma	2,444,000	100.00%	100.00%	Full
Technologies For Water Services SPA	Via Ticino, 9 -25015 Desenzano Del Garda (BS)	11,164,000	100.00%	100.00%	Full

Companies accounted for using the equity method as from 1 January 2014 in accordance IFRS11

Name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
Environment Sector					
Ecomed S.r.l.	P.le Ostiense, 2 - Roma	10,000	50.00%	50.00%	Shareholders' Equity
Overseas Sector					
Consorcio Agua Azul S.A.	Calle Amador Merino Reina 307 - Lima - Perù	17,371,834	25.50%	25.50%	Shareholders' Equity
Water Sector					
Acque S.p.A.	Via Garigliano,1- Empoli	9,953,116	45.00%	45.00%	Shareholders' Equity
Acque Servizi S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	400,000	100.00%	45.00%	Shareholders' Equity
Acquedotto del Fiora S.p.A.	Via Mameli,10 Grosseto	1,730,520	40.00%	40.00%	Shareholders' Equity
GORI S.p.A.	Via Trentola, 211 – Ercolano (NA)	44,999,971	37.05%	37.05%	Shareholders' Equity
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1,450,000	48.00%	48.00%	Shareholders' Equity
Intesa Aretina S.c.a.r.l.	Via B.Crespi, 57 - Milano	18,112,000	35.00%	35.00%	Shareholders' Equity
Nuove Acque S.p.A.	Patrignone Loc.Cuculo - Arezzo	34,450,389	46.16%	16.16%	Shareholders' Equity
Publiacqua S.p.A.	Via Villamagna - Firenze	150,280,057	40.00%	40.00%	Shareholders' Equity
Umbra Acque S.p.A.	Via G. Benucci, 162 - Ponte San Giovanni (PG)	15,549,889	40.00%	40.00%	Shareholders' Equity
Engineering and Services Sector					
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis,49 - Firenze	100,000	42.52%	42.52%	Shareholders' Equity
Visano S.c.a.r.l.	Via Lamarmora, 230 -25124 Brescia	25,000	40.00%	40.00%	Shareholders' Equity

The following companies are also consolidated using the equity method:

Name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
Environment Sector					
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33.00%	33.00%	Shareholders' Equity
Coema	P.le Ostiense, 2 - Roma	10,000	33.50%	33.00%	Shareholders' Equity
Overseas Sector					
Aguaazul Bogotà S.A.	Calle 82 n. 19°-34 - Bogotà- Colombia	1,162,872	51.00%	51.00%	Shareholders' Equity
Water Sector					
Azga Nord S.p.A. *(in liquidation)*	Piazza Repubblica Palazzo Comunale - Pontremoli (MS)	217,500	49.00%	49.00%	Shareholders' Equity
Sogea S.p.A.	Via Mercatanti, 8 - Rieti	260,000	49.00%	49.00%	Shareholders' Equity
Le Soluzioni Scarl	Via Garigliano,1 - Empoli	250,678	34.32%	24.62%	Shareholders' Equity
Servizi idrici Integrati ScPA	Via I Maggio, 65 Terni	19,536,000	25.00%	24.80%	Shareholders' Equity
Energy Infrastructure Sector					
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	Via Monteverdi Claudio, 11 - Milano	90,000	32.18%	32.18%	Shareholders' Equity
Sienergia S.p.A. *(in liquidation)*	Via Fratelli Cairoli, 24 - Perugia	132,000	42.08%	42.08%	Shareholders' Equity
Umbria Distribuzione Gas S.p.A.	Via Bruno Capponi 100 – Terni	2,120,000	15.00%	15.00%	Shareholders' Equity
Other					
Marco Polo Srl *(in lliquidation)*	Via delle Cave Ardeatine, 40 - Roma	10,000	33.00%	33.00%	Shareholders' Equity

Consolidated Income Statement

	31/03/2018	*With related parties*	31/03/2017	*With related parties*	Variation
Revenue from sales and services	727,732		707,122		20,611
Other receipts and income	17,767		18,440		(673)
Consolidated net revenue	**745,499**	**32,358**	**725,561**	**30,675**	**19,938**
Work costs	54,119		52,926		1,193
External operating costs	470,438		463,450		6,987
Consolidated operating costs	**524,556**	**17,810**	**516,376**	**7,135**	**8,180**
Net income/(Costs) from commodity risk management	0		0		0
Income/(Costs) from equity investments of a non-financial nature	**8,268**		**5,238**		**3,030**
EBITDA	**229,211**	**14,547**	**214,423**	**23,539**	**14,787**
Amortisation, provisions and depreciation	101,843		97,270		4,573
Operating profit	**127,368**	**14,547**	**117,154**	**23,539**	**10,214**
Financial income	4,029	1,144	3,173	1,102	856
Financial costs	(24,099)		(21,848)	(1)	(2,251)
Income/(Costs) from Equity Investments	8,478		(176)		8,654
Result before Tax	**115,776**	**15,691**	**98,303**	**24,640**	**17,473**
Taxation	35,186		29,841		5,345
Net Profit	**80,590**	**15,691**	**68,462**	**24,640**	**12,128**
Net result from discontinued operations					
Net result	**80,590**	**15,691**	**68,462**	**24,640**	**12,128**
Profit/(loss) attributable to minority interests	3,192		2,727		465
Net result attributable to the Group	**77,397**		**65,735**		**11,663**
Earnings (loss) per share attributable to Parent Company's shareholders					
Basic	0.36343		0.30866		0.05476
Diluted	0.36343		0.30866		0.05476
Earnings (loss) per share attributable to Parent Company's shareholders, net of Treasury Shares					
Basic	0.36414		0.30927		0.05487
Diluted	0.36414		0.30927		0.05487

Amounts in € thousand

Consolidated Statement of Comprehensive Income

	31/03/2018	31/03/2017	Variation
Net profit/(loss)	**80,590**	**68,462**	**12,128**
Profit/(Loss) from conversion of financial statements expressed in a foreign currency	**1,012**	**337**	**675**
Provision for exchange rate difference	(4,865)	(5,893)	1,028
Tax on Exchange Rate Difference	1,168	1,414	(247)
Gains/losses from exchange rate difference	**3,698**	**4,479**	**781**
Effective portion of the profit/(loss) on hedging instruments ("cash flow hedge")	6,372	6,935	(562)
Tax effect on the other profit/(loss) on hedging instruments ("cash flow hedge")	(1,421)	(1,661)	240
Profit/(Loss) from the effective portion on hedging instruments net of tax	**4,951**	**5,274**	**(322)**
Actuarial Profit/(Loss) on staff benefits included in the Shareholders' Equity	1,039	1,318	(278)
Tax effect on the other actuarial profit/(loss) on staff benefit plans	(302)	(384)	81
Actuarial profit/(loss) on defined benefit pension plans net of tax	**737**	**934**	**(197)**
Total of the comprehensive income components, net of tax	**978**	**1,391**	**(413)**
Total comprehensive profit/(loss)	**81,568**	**69,853**	**11,715**
Net result of the Comprehensive Income Statement attributable to:			
Group	78,298	67,224	11,074
Non-controlling interests	3,270	2,629	641

Amounts in € thousand

Consolidated Statement of Financial Position

ACTIVITIES	31/03/2018	*Related parties*	31/12/2017	*Related parties*	Variation
Tangible assets	2,281,824		2,252,910		28,914
Investment property	2,533		2,547		15
Goodwill	149,963		149,978		15
Concessions	1,801,741		1,770,865		30,876
Other Intangible Fixed Assets	152,316		144,121		8,196
Investments in subsidiaries and affiliate companies	288,048		280,853		7,195
Other Equity Investments	2,614		2,614		0
Deferred tax assets	288,250		271,148		17,103
Financial assets	37,057	34,668	38,375	35,637	(1,317)
Other Assets	251,325		234,154		17,171
NON CURRENT ASSETS	**5,255,671**	**34,668**	**5,147,563**	**35,637**	**108,108**
Inventory	41,793		40,201		1,592
Trade Receivables	924,761	174,894	1,022,710	158,748	(97,949)
Other current assets	160,286		148,192		12,095
Receivables for current taxes	35,761		61,893		(26,132)
Current financial assets	254,006	130,986	237,671	121,137	16,334
Cash and cash equivalents	1,492,657		680,641		812,017
CURRENT ASSETS	**2,909,265**	**305,880**	**2,191,309**	**279,886**	**717,956**
Non-current assets held for sale	183		183		0
TOTAL ASSETS	**8,165,119**	***340,549***	**7,339,055**	***315,523***	**826,064**

Amounts in € thousand

LIABILITIES	31/03/2018	*Related parties*	31/12/2017	*Related parties*	Variation
Shareholders' Equity					
Share capital	1,098,899		1,098,899		0
Statutory reserve	100,619		100,619		0
Other reserves	(331,760)		(308,073)		(23,687)
Retained earnings/(losses)	678,259		645,500		32,758
Profit (loss) for the year	77,397		180,682		(103,285)
Total Group Shareholders' Equity	**1,623,413**	**0**	**1,717,626**	**0**	**(94,213)**
Non-controlling interests	91,539		93,580		(2,041)
Total Shareholders' Equity	**1,714,952**	**0**	**1,811,206**	**0**	**(96,254)**
Staff termination benefits and other defined benefit plans	107,858		108,430		(572)
Provision for risks and charges	204,910		209,619		(4,709)
Borrowings and financial liabilities	3,577,276		2,745,035		832,240
Other payables	219,661		184,270		35,391
Provision for deferred taxes	73,112		92,835		(19,724)
NON CURRENT LIABILITIES	**4,182,816**	**0**	**3,340,189**	**0**	**842,627**
Payables due to third party suppliers	1,200,864	120,954	1,237,808	136,054	(36,944)
Other current liabilities	302,208		277,819		24,388
Borrowings	688,474	2,935	633,155	3,042	55,319
Tax Payables	75,769		38,841		36,928
CURRENT LIABILITIES	**2,267,314**	**123,889**	**2,187,623**	**139,096**	**79,691**
Liabilities directly associated with assets held for sale	37		37		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,165,119**	***123,889***	**7,339,055**	***139,096***	**826,064**

Amounts in € thousand

Consolidated Statement of Cash Flows

€ thousand	31/03/2018	Related parties	31/03/2017	Related parties	Changes
Cash flow for operating activities					
Profit before tax from continuing operations	115,776		98,303		17,473
Depreciation/amortisation	77,451		68,783		8,668
Revaluations/impairment charges	4,335		13,614		9,279
Increase/(decrease) in provisions for liabilities	(4,563)		10,896		15,459
Net increase/(decrease) in staff termination benefits	95		2,748		2,653
Net financial interest expense	20,070		18,675		1,395
Cash flow generated by operating activities before changes in working capital	213,163		213,018		145
Increase in current receivables	(107,676)	16,146	(142,839)	19,207	35,163
Increase/decrease in current payables	(36,944)	15,100	7,782	15,387	(44,726)
Increase/(decrease) in inventories	(1,592)		(14,450)		12,858
Change in working capital	(146,212)		(149,507)		3,295
Change in other assets/liabilities during the period	10,551		31,132		41,683
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	77,502		32,379		45,123
Cash flow from investment activities					
Purchase/sale of tangible fixed assets	(59,976)		(53,204)		(6,772)
Purchase/sale of intangible fixed assets	(74,187)		(76,118)		1,931
Equity investments	9,702		7,746		1,956
Proceeds/payments deriving from other financial investments	(15,017)	8,880	(34,356)	32,426	19,340
Interest income received	4,784		4,582		202
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES	(134,693)		(151,350)		16,657
Cash flow from financing activities					
Non-controlling interests in subsidiaries' capital increase	0		177		(177)
Repayment of loans and long-term financial debts	839,815		(11,117)		850,932
Decrease/increase in other short-term borrowings	55,319	107	19,417	1,270	35,902
Interest expense paid	(26,207)		(23,872)		(2,335)
Payment of dividends	280		0		280
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	869,208		(15,395)		884,602
Cash flows for the period	812,017		(134,365)		946,382
Net opening balance of cash and cash equivalents	680,641		665,533		15,108
Net closing balance of cash and cash equivalents	1,492,657		531,167		961,490

Amounts in € thousand

Consolidated Statement of Changes In Shareholders' Equity

€ thousand	Share capital	Statutory reserve	Other reserve	Profit for the period	Total	Non-controlling interests	Total Shareholders' Equity
Balance as at 1 January 2017	1,098,899	95,188	218,040	259,009	1,671,136	86,807	1,757,943
Profit on the income statement				65,735	65,735	2,727	68,462
Other comprehensive income (losses)				1,489	1,489	(98)	1,391
Total comprehensive income (loss)	-	-	-	67,224	67,224	2,629	69,853
Allocation of 2016 net result	-	-	259,009	(259,009)	-	-	-
Distribution of dividends	-	-	-	-	-	-	-
Change in basis of consolidation	-	-	9,269	-	9,269	1,120	10,389
Other Changes	-	-	-	-	-	-	-
Balances as at 31 March 2017	1,098,899	95,188	486,318	67,224	1,747,629	90,556	1,838,185

Amounts in € thousand

€ thousand	Share capital	Statutory reserve	Other reserve	Profit for the period	Total	Non-controlling interests	Total Shareholders' Equity
Balance as at 1 January 2018	1,098,899	100,619	337,436	180,673	1,717,626	93,580	1,811,206
Profit on the income statement	-	-	-	77,397	77,397	3,192	80,590
Other comprehensive income (losses)	-	-	-	900	900	78	978
Total comprehensive income (loss)	-	-	-	78,297	78,297	3,270	81,568
Allocation of 2017 net result	-	-	180,673	(180,673)	-	-	-
Distribution of dividends	-	-	280	-	280	-	280
Change in basis of consolidation	-	-	-	-	-	-	-
Other Changes	-	-	(172,791)	-	(172,791)	(5,311)	(178,102)
Balances as at 31 March 2018	1,098,899	100,619	345,598	78,297	1,623,413	91,539	1,714,952

Amounts in € thousand

Declaration by the Manager Appointed to Prepare the Company Accounting Documents in accordance with the provisions of Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998

The Manager appointed to prepare the company accounting documents, Giuseppe Gola, declares in accordance with paragraph 154-bis, paragraph 2 of the Consolidated Finance Law, that the information contained in this Interim Report on Operations as at 31 March 2018, corresponds to results of the documents, books and accounting entries.