



# Interim Report on Operations as at 30 September 2019

## Report on Operations

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## ACEA Organisational Model

ACEA is one of the major Italian multiutilities, 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 is based around the corporate functions and six industrial areas - Environment, Commercial and Trading, Water, Energy Infrastructures, Engineering and Services and Overseas.

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-to-energy plant and the largest composting plant in Lazio. In particular, the Group develops investments in the waste to energy business, considered high potential, in accordance with the strategic goal of producing energy from waste and protecting the environment.

### ***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 electricity and natural gas to consolidate its position as a dual fuel operator. Acea operates in the market segments of medium-sized businesses and families, striving to improve the quality of its services in particular as far as web and social channels are concerned. It supervises the Group's energy management policies.

### ***Water***

The ACEA Group is the top Italian operator in the water sector serving 9 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.

### ***Energy Infrastructure***

The ACEA Group is a major operator in Italy with about 10 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of 224,000 light bulbs. The ACEA Group is committed to energy efficiency projects and the development of new technologies, such as smart grids and electric mobility, through particularly innovative pilot projects. Consistent with the strategy of the Industrial Plan, the ACEA Group has returned to growth in the renewable energy market through the acquisition of a number of photovoltaic plants in Italy.

### ***Engineering and Services***

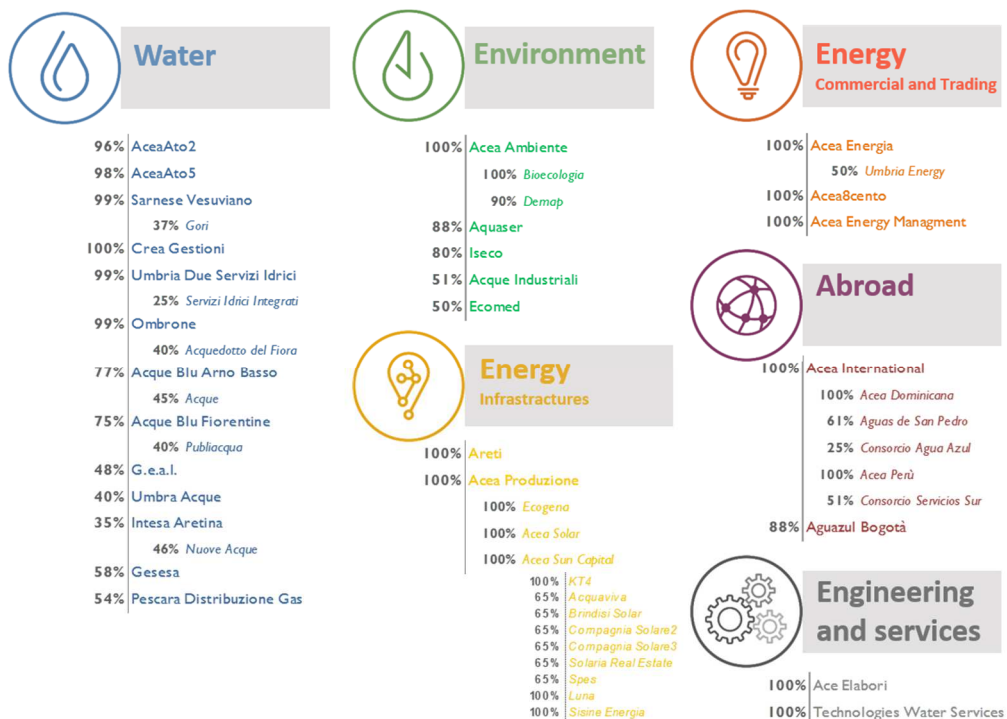
The Group has developed know how at the forefront in the design, construction and management of integrated water systems: from the source to the aqueducts, from distribution to the sewer network, and treatment. It develops applied research projects aimed at technological innovation in the water, environmental and energy sectors. Laboratory services are of particular importance.

### ***Overseas***

Through this Area, the Acea Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy.

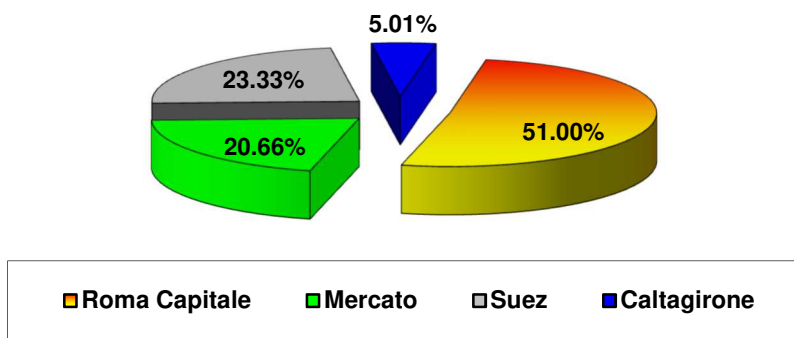
It is present in Honduras, Dominican Republic, Colombia and Peru, serving approximately 4 million people. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

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



No change compared to the end of 2018

The share capital of ACEA S.p.A. at 30 September 2019 is broken down as follows:



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

## Corporate bodies

### Board of Directors

Michaela Castelli	Chairwoman
Stefano Antonio Donnarumma	CEO
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo del Sasso	Director
Gabriella Chiellino	Director
Giovanni Giani	Director
Liliana Godino	Director
Maria Verbena Sterpetti <sup>1</sup>	Director
Fabrice Rossignol	Director

### Board of Statutory Auditors<sup>1</sup>

Maurizio Lauri	Chairman
Pina Murè	Standing Auditor
Maria Francesca Talamonti	Standing Auditor
Maria Federica Izzo	Alternate Auditor
Mario Venezia	Alternate Auditor

### Executive responsible

Giuseppe Gola

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<sup>1</sup> Appointed by the Shareholders' Meeting on 17 April 2019

## Summary of Results

Income Statement Data (€ million)	30/09/2019	30/09/2018	Change	% Change
Consolidated revenues	2,346.2	2,173.9	172.3	7.9%
Consolidated operating costs	1,605.8	1,514.3	91.5	6.0%
Income/(costs) from equity investments of a non-financial nature	28.7	25.6	3.1	12.1%
Income/(costs) from commodity risk management	0.3	0.0	0.3	n.s.
EBITDA	769.4	685.2	84.2	12.3%
EBIT	402.5	381.0	21.5	5.6%
Net profit/(loss)	238.3	225.8	12.5	5.5%
Profit/(loss) attributable to minority interests	19.4	11.0	8.4	76.2%
Net profit/(loss) attributable to the Group	218.9	214.8	4.1	1.9%

EBITDA per operating segment (€ million)	30/09/2019	30/09/2018	Change	% Change
<b>ENVIRONMENT</b>	40.6	48.1	(7.5)	(15.6%)
<b>COMMERCIAL AND TRADING</b>	47.2	62.6	(15.4)	(24.7%)
<b>OVERSEAS</b>	12.9	11.1	1.8	16.2%
<b>WATER</b>	370.7	293.2	77.5	26.4%
<i>Integrated water service</i>	368.8	292.8	76.0	26.0%
Lazio - Campania	343.5	271.6	71.9	26.5%
Tuscany - Umbria	25.3	21.1	4.1	19.5%
Others	1.9	0.4	1.5	n.s.
<b>ENERGY INFRASTRUCTURE</b>	290.6	276.3	14.3	5.2%
Distribution	255.5	238.5	17.0	7.1%
Generation	35.5	40.2	(4.7)	(11.7%)
Public Lighting	(0.4)	(2.4)	2.0	(84.6%)
<b>ENGINEERING AND SERVICES</b>	11.0	10.9	0.1	0.8%
<b>ACEA (Corporate)</b>	(3.5)	(17.0)	13.5	(79.6%)
<b>Total EBITDA</b>	769.4	685.2	84.2	12.3%

Consolidated balance sheet data (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
<b>Net Invested Capital</b>	4,936.1	4,471.5	464.6	10.4%	4,387.7	548.3	12.5%
<b>Net Debt</b>	(2,960.3)	(2,568.0)	(392.3)	15.3%	(2,631.2)	(329.2)	12.5%
<b>Consolidated Shareholders' Equity</b>	(1,975.8)	(1,903.5)	(72.3)	3.8%	(1,756.6)	(219.2)	12.5%

Net debt per Operating Segment (million euros)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
<b>ENVIRONMENT</b>	242.2	203.6	38.6	18.9%	202.5	39.7	19.6%
<b>COMMERCIAL AND TRADING</b>	(18.1)	(23.7)	5.7	(23.9%)	12.5	(30.5)	n.s.
<b>OVERSEAS</b>	5.4	4.1	1.3	30.5%	6.1	(0.7)	(11.2%)
<b>WATER</b>	1,174.4	1,039.0	135.4	13.0%	1,011.2	163.2	16.1%
<b>Integrated water service</b>	1,175.5	1,048.4	127.1	12.1%	1,019.2	156.2	15.3%
Lazio - Campania	1,189.2	1,058.7	130.5	12.3%	1,028.5	160.7	15.6%
Tuscany - Umbria	(13.8)	(10.3)	(3.4)	33.5%	(9.3)	(4.4)	47.5%
Others	(1.0)	(9.3)	8.3	(88.8%)	(8.0)	6.9	(87.0%)
<b>ENERGY INFRASTRUCTURE</b>	1,302.8	1,121.9	180.9	16.1%	1,151.7	151.1	13.1%
Distribution	1,139.2	1,010.3	129.0	12.8%	1,024.0	115.2	11.3%
Generation	163.6	112.4	51.2	45.6%	122.7	40.9	33.3%
Public Lighting	0.0	(0.8)	0.8	(100.0%)	5.0	(5.0)	(100.0%)
<b>ENGINEERING AND SERVICES</b>	16.9	(13.3)	30.2	n.s.	20.1	(3.2)	(15.9%)
<b>ACEA (Corporate)</b>	236.6	236.4	0.2	0.1%	227.0	9.6	4.2%
<b>TOTAL</b>	<b>2,960.3</b>	<b>2,568.0</b>	<b>392.3</b>	<b>15.3%</b>	<b>2,631.1</b>	<b>329.2</b>	<b>12.5%</b>

\*Debt at 30 September 2019: (i) is shown gross of € 10.5 million relating to the advance payment following the sale of receivables from Cassa Conguaglio at the end of the period; (ii) is shown gross of € 19.8 million of Acea S.p.A. related to IFRIC 12 receivables; (iii) and contains € 79.5 million in payables for dividends declared but not yet distributed to Roma Capitale.

Investments per operating segment (€ million)	30/09/2019	30/09/2018	Change	% Change
<b>ENVIRONMENT</b>	29.4	13.1	16.3	124.3%
<b>COMMERCIAL AND TRADING</b>	31.8	9.5	22.3	n.s.
<b>OVERSEAS</b>	5.3	4.0	1.3	32.3%
<b>WATER</b>	253.5	224.6	29.0	12.9%
<b>Integrated water service</b>	252.8	224.5	28.3	12.6%
Lazio - Campania	252.8	224.5	28.3	12.6%
Tuscany - Umbria	0.0	0.0	0.0	0.0%
Others	0.7	0.1	0.7	n.s.
<b>ENERGY INFRASTRUCTURE</b>	196.5	156.2	40.3	25.8%
Distribution	185.0	145.4	39.6	27.2%
Generation	9.6	9.6	0.1	0.7%
Public Lighting	1.8	1.2	0.6	51.9%
<b>ENGINEERING AND SERVICES</b>	1.2	0.8	0.4	56.5%
<b>ACEA (Corporate)</b>	11.3	5.2	6.2	119.5%
<b>TOTAL</b>	<b>529.0</b>	<b>413.2</b>	<b>115.7</b>	<b>28.0%</b>

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

### Definition of alternative performance indicators

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance indicators which replace, as of 3 July 2016, CESR/05-178b recommendations. This orientation was acknowledged in our system in CONSOB Communication no. 0092543 dated 3 December 2015. 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. for the ACEA Group, the gross operating profit (or EBITDA) is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when international accounting standards for financial reporting IFRS 10 and IFRS 11 came into force. 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 (financial receivables excluding a part of receivables related to Acea S.p.A.'s IFRIC 12 and securities other than equity investments), Current borrowings and Other current financial liabilities (excluding an advance resulting from the sale of receivables due from Cassa Conguaglio) 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 current receivables, inventories, the net balance of other current assets and liabilities and current payables, excluding the items considered in determining the net financial position.



## Summary of Results: performance of economic results

Income Statement Data (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenue from sales and services	2,245.9	2,091.1	154.8	7.4%
Other revenue and proceeds	100.3	82.9	17.5	21.1%
Costs of materials and overheads	1,418.4	1,354.0	64.4	4.8%
Personnel costs	187.4	160.3	27.1	16.9%
Net income/(costs) from commodity risk management	0.3	0.0	0.3	n.s.
Income/(Costs) from equity investments of a non-financial nature	28.7	25.6	3.1	12.1%
<b>EBITDA</b>	<b>769.4</b>	<b>685.2</b>	<b>84.2</b>	<b>12.3%</b>
Amortisation, depreciation, provisions and impairment charges	366.9	304.2	62.8	20.6%
<b>Operating profit/(loss)</b>	<b>402.5</b>	<b>381.0</b>	<b>21.5</b>	<b>5.6%</b>
Financial items	(65.5)	(65.9)	0.4	(0.6%)
Equity investments	3.6	9.4	(5.8)	(62.1%)
<b>Profit/(loss) before tax</b>	<b>340.6</b>	<b>324.6</b>	<b>16.0</b>	<b>4.9%</b>
Income taxes	102.3	98.8	3.5	3.5%
<b>Net profit/(loss)</b>	<b>238.3</b>	<b>225.8</b>	<b>12.5</b>	<b>5.5%</b>
Profit/(loss) attributable to minority interests	19.4	11.0	8.4	76.2%
<b>Net profit/(loss) attributable to the Group</b>	<b>218.9</b>	<b>214.8</b>	<b>4.1</b>	<b>1.9%</b>

At 30 September 2019, changes in the scope of consolidation took place compared to 30 September 2018. Specifically:

- ✓ with effect from 8 November 2018, Gori is fully consolidated following the amendment of the agreements with the Area Authority/Campania Region that allowed ACEA to exercise control over the company in accordance with IFRS 10;
- ✓ on 29 November 2018 Acea Ambiente acquired 100% of Bioecologia S.r.l., a company operating in Tuscany;
- ✓ on 18 March 2019 ACEA acquired 51% of the company Pescara Distribuzione Gas;
- ✓ on 30 April 2019, ACEA Sun Capital and ACEA Solar were established to take over the acquisition of photovoltaic systems, the first acquisition of which took place on 27 June 2019 through the acquisition of 100% of KT4. During the months of July and August, Belenergia acquired 65% of the following companies: Acquaviva, Compagnia Solare 2, Compagnia Solare 3, SPES, Solaria Real Estate, Brindisi Solar. On 26 September the acquisitions of Sisine Energia and Luna Energia were concluded;
- ✓ on 4 July 2019 ACEA Ambiente acquired 90% of Demap, a company operating in Piedmont;
- ✓ on 1 July 2019 ACEA Innovation, a subsidiary of the Parent Company, was established.

For more details, see the paragraph "Criteria, procedures and area of consolidation".

The table below shows the main impact of the change in the scope of consolidation at 30 September 2019.

€ million	GORI	Pescara Distribuzione Gas Srl	Consorcio Servicio Sur	Newco Fotovoltaico	BIO ECOLOGIA srl	ACEA PERÙ	DEMAPP S.r.l.
Revenues	146.7	5.2	3.9	2.8	2.7	0.0	2.3
EBITDA	51.3	1.2	0.1	2.3	(0.0)	(0.1)	1.0
EBIT	24.3	0.7	(0.3)	1.2	(0.4)	(0.1)	0.8
EBIT	21.4	0.7	(0.4)	1.2	(0.5)	(0.1)	0.8
NP	14.2	0.7	(0.4)	1.2	(0.3)	(0.1)	0.6
NFP	5.2	0.3	(0.2)	0.8	(0.3)	(0.1)	0.5

Revenue from sales and services amounted to € 2.2 billion, an increase of € 154.8 million

As at 30 September 2019, revenues from sales and services come to € 2,245.9 million, up € 154.8 million (+ 7.4%) on those of Q3 2018, mainly due to the increase in revenues from the integrated water service (+ € 168.0 million). This change was due mainly to: i) the full consolidation of Gori for € 138.9 million (in Q3 2018 the Company was consolidated using the equity method), ii) ACEA Ato2 (+ € 23.5 million, of which € 1.4 million for an increase in the contractual quality bonus) as a result of the growth in the GRC approved in the meeting of 13 November 2018 compared to the previous quarter and the higher adjustments deriving from pass-through items (electricity, system change costs) for a total of € 6.9 million.

The following also contributed to the change: **i)** the increase in revenues from waste disposal and landfill management (+ € 14.2 million) mainly due to the price effect; **ii)** the increase in revenues from gas sales for € 14.9 million attributable to Acea Energia; **iii)** the revenues of foreign companies due to the acquisition of Consorcio CSUR for € 3.9 million and the better performance of Aguas de san Pedro, which recorded higher revenues for € 3.4 million.

These increases were partially offset by the reduction in revenues from the sale of electricity of € 45.6 million, as a result of the RCV review and the value recognised for the mechanism for compensating for arrears, provided for in Resolution 706/2018 ARERA and in part also due to the effect of the smaller number of customers served.

Other revenues amounting to € 100.3 million

Other revenues show a decrease of € 17.5 million (+ 21.1%) compared to the same period of the previous year. The change is mainly due to the recognition of the amount of € 16.2 million for the total cancellation of the administrative fine imposed by the Antitrust Authority and notified on 8 January 2019, following the appeal filed by ACEA with the Lazio Regional Administrative Court. The remaining changes are due to a number of items with an opposing sign:

- i) the increase in the IFRIC 12 margin (+ € 10.6 million compared to 30 September 2018) and the contingent assets from energy items relating to previous years (+ € 8.1 million) and other revenues of GORI, which contributed € 4.2 million to the increase;
- ii) the reduction of € 19.1 million in the contributions accrued on white certificates (TEE) in portfolio. Revenues from TEEs are offset by the costs incurred to purchase them.

External costs for € 1,418.4 million, up € 64.4 million on 30 September 2018

This item shows an overall increase of € 64.4 million (+ 4.8%) compared to 30 September 2018. The change is mainly attributable to the line-by-line consolidation of GORI (+ € 64 million). The following opposite effects were also noted:

- ✓ lower purchase costs of the white certificates by areti (- € 20.4 million) for the fulfilment of the regulatory obligation concerning energy efficiency;
- ✓ lower costs for use of leased assets (- € 8.5 million) due to the application of IFRS 16;
- ✓ higher costs for services (+ € 20.5 million), in particular for companies in the environment segment (+ € 15.5 million) for disposal and transport of sludge following the increase in volumes;
- ✓ higher material costs (+ € 6.6 million), mainly attributable to ACEA Ato2 (+ € 3.3 million).

Personnel costs net of the change in the scope of consolidation in line with 30 September 2018

Labour costs increased by € 27.1 million compared to the same period of the previous year. The change in the scope of consolidation with the addition of GORI, which contributed an increase of € 23 million. The increase in capitalised costs attributable to the consolidation of GORI for € 10.3 million.

The average number of employees was 6,614 and increased by 1,070 compared to the same period of the previous year, mainly due to the effect of the change in the scope of consolidation.

€ million	30/09/2019	30/09/2018	Change	% Change
Staff costs including capitalised costs	296.7	252.0	44.7	17.7%
Costs capitalised	(109.3)	(91.7)	(17.6)	19.2%
<b>Personnel costs</b>	<b>187.4</b>	<b>160.3</b>	<b>27.1</b>	<b>16.9%</b>

Non-financial investment income increased by € 3.1 million

The income from non-financial equity investments represent the consolidated result according to the equity method included among the components forming the consolidated EBITDA of the strategic companies. The following table also includes the results of Gori consolidated in equity until 7 November 2018 equal to € 1.6 million.

€ thousand	30/09/2019	30/09/2018	Change	% Change
EBITDA	111.0	121.0	(10.0)	(8.2%)
Amortisation, depreciation, impairment charges and provisions	(63.1)	(79.0)	15.9	(20.1%)
Total profit/(loss) on equity investments	(0.0)	(0.0)	0.0	(96.5%)
Financial items	(7.6)	(3.9)	(3.7)	95.9%
Taxes	(11.6)	(12.4)	0.8	(6.7%)
<b>Income from equity investments of a non-financial nature</b>	<b>28.7</b>	<b>25.6</b>	<b>3.1</b>	<b>12.1%</b>

EBITDA at € 769.4 million up by 12.3%

EBITDA rose from € 685.2 million at 30 September 2018 to € 769.4 million at 30 September 2019, recording an increase of € 84.2 million or 12.3%. The increase is mainly due to the consolidation of GORI, which resulted in an increase in EBITDA of € 49.7 million and to tariff changes in the water sector (+ € 27.8 million). This was

followed by the significant increase in margins of the distribution and generation sectors (+ € 14.3 million) deriving from the positive effect of the energy balance (including accounting), mainly as a result of the equalisation effects. The Commercial and Trading Segment decreased by € 15.4 million due mainly to the lower energy margin, mainly due to the reduction in tariffs and the revision of the mechanism for offsetting arrears. On the other hand, as a result of the cancellation of the fine imposed by the AGCM, the Parent Company improved EBITDA by € 13.5 million compared to Q3 2018.

**EBIT of € 402.5 million (+5.6%)**

EBIT grew by € 21.5 million on the same period of last year. The increase in EBIT was mitigated by the growth in amortisation and depreciation (+ € 54.9 million compared to Q3 2018), which mainly concerned the Water Segment (+ € 39.5 million compared to 30 September 2018). The consolidation of GORI contributed to the increase by € 18.5 million. Below are details of the items influencing EBIT.

€ million	30/09/2019	30/09/2018	Change	% Change
Amortisation / depreciation of intangible and	306.7	251.8	54.9	21.8%
Net write-downs (write-backs) of trade	51.8	44.9	6.9	15.5%
Provision for risks and charges	8.4	7.5	0.9	11.9%
<b>Amortisation, depreciation, impairment charges</b>	<b>366.9</b>	<b>304.2</b>	<b>62.8</b>	<b>20.6%</b>

Net of changes in scope, the increase change in depreciation is mainly linked to investments during the period in all areas of business and also takes account of technological developments related to the technological platform common to the Acea Group. It should also be noted that following the first-time adoption of the new IFRS 16 international standard, an amortisation charge of € 7.7 million for the rights of use on assets belonging to others (*Right of use*) was recorded, which as from 1 January 2019 are recorded as fixed assets under lease and amortised over the expected duration of the related contracts.

The increase in the item write-down of receivables is mainly due to the change in the scope of consolidation of € 6.8 million.

Provisions net of the release of € 6.6 million relating to Gori in 2018 decreased by € 5.7 million mainly due to: i) lower tax and regulatory provisions for a total of € 1.6 million; ii) lower provisions for legal risks for € 1.4 million concerning in particular the energy items of Acea Energia; iii) lower provisions for € 1.5 million to cover the personnel reduction programme through the adoption of voluntary redundancy programmes for Group personnel.

**Financial items increased by € 0.4 million**

The result of financial operations shows net charges of € 65.5 million and an improvement of € 0.4 million compared to the same period in 2018. It should be noted that the impact of discounting charges resulting from the application of IFRS 16 amounts to € 1.6 million. Moreover, at 30 September 2019 the overall average all-in cost of the ACEA Group's debt stood at 2.16% compared to 2.21% in the same period of the previous year.

**Tax rate of 30.0%, a reduction of 0.4 percentage points**

The estimate of the fiscal charges amounted to € 102.3 million, compared to € 98.8 million for last year. The overall decrease of € 3.5 million recorded in 2019 is mainly due to the effects of the recalculation of deferred taxes. The tax rate for 2019 was 30.0% (30.4% at 30 September 2018).

**Net result up by 5.5%**

The Group's net income amounted to € 218.9 million, marking an increase of € 4.1 million compared to the same period of financial year.

## Summary of results: trends in financial position and cash flows

Consolidated balance sheet data (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
<b>NON-CURRENT ASSETS AND LIABILITIES</b>	<b>5,473.1</b>	<b>5,114.2</b>	<b>358.9</b>	<b>7.0%</b>	<b>4,718.0</b>	<b>755.1</b>	<b>16.0%</b>
<b>NETWORKING CAPITAL</b>	<b>(537.1)</b>	<b>(642.7)</b>	<b>105.7</b>	<b>(16.4%)</b>	<b>(330.3)</b>	<b>(206.8)</b>	<b>62.6%</b>
<b>INVESTED CAPITAL</b>	<b>4,936.1</b>	<b>4,471.5</b>	<b>464.6</b>	<b>10.4%</b>	<b>4,387.7</b>	<b>548.3</b>	<b>12.5%</b>
<b>NET DEBT</b>	<b>(2,960.3)</b>	<b>(2,568.0)</b>	<b>(392.3)</b>	<b>15.3%</b>	<b>(2,631.2)</b>	<b>(329.1)</b>	<b>12.5%</b>
<b>Total shareholders' equity</b>	<b>(1,975.8)</b>	<b>(1,903.5)</b>	<b>(72.3)</b>	<b>3.8%</b>	<b>(1,756.6)</b>	<b>(219.2)</b>	<b>12.5%</b>
<b>Total sources of financing</b>	<b>4,936.1</b>	<b>4,471.5</b>	<b>464.6</b>	<b>10.4%</b>	<b>4,387.7</b>	<b>548.3</b>	<b>12.5%</b>

The non-current assets and liabilities increased by € 358.9 million (+ 7.0%) compared to 31 December 2018, mainly due to the increase in intangible fixed assets (+ € 381.6 million).

€ million	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Tangible/intangible fixed assets	5,172.4	4,790.7	381.6	8.0%	4,497.9	674.4	15.0%
Equity investments	291.9	281.7	10.2	3.6%	259.0	32.9	12.7%
Other non-current assets	655.7	630.6	25.2	4.0%	504.3	151.4	30.0%
Employee severance indemnity and other defined benefit plans	(103.5)	(103.9)	0.4	(0.4%)	(105.5)	2.0	(1.9%)
Provisions for risks and charges	(214.5)	(136.7)	(77.9)	57.0%	(218.3)	3.7	(1.7%)
Other non-current liabilities	(328.8)	(348.2)	19.3	(5.6%)	(219.5)	(109.4)	49.8%
<b>Non-current assets and liabilities</b>	<b>5,473.1</b>	<b>5,114.2</b>	<b>358.9</b>	<b>7.0%</b>	<b>4,718.0</b>	<b>755.1</b>	<b>16.0%</b>

The change in intangible fixed assets is due to the investments, which reached € 529.0 million, and amortisations and value reductions, totalling € 306.7 million. The application of IFRS 16 (application of the new standard from 1 January 2019) contributed to the change in the period, with the recognition of fixed assets for a net value at 30 September 2019 of € 58.5 million.

Investments  
increased by € 115.7  
million (+ 28.0%)

See the following table as regards the investments made in each Operating Segment.

Investments per operating segment (€ million)	30/09/2019	30/09/2018	Change	% Change
<b>ENVIRONMENT</b>	<b>29.4</b>	<b>13.1</b>	<b>16.3</b>	<b>124.3%</b>
<b>COMMERCIAL AND TRADING</b>	<b>31.8</b>	<b>9.5</b>	<b>22.3</b>	<b>n.s.</b>
<b>OVERSEAS</b>	<b>5.3</b>	<b>4.0</b>	<b>1.3</b>	<b>32.3%</b>
<b>WATER</b>	<b>253.5</b>	<b>224.6</b>	<b>29.0</b>	<b>12.9%</b>
<i>Integrated water service</i>	<b>252.8</b>	<b>224.5</b>	<b>28.3</b>	<b>12.6%</b>
Lazio - Campania	252.8	224.5	28.3	12.6%
Tuscany - Umbria	0.0	0.0	0.0	n.s.
Others	0.7	0.1	0.7	n.s.
<b>ENERGY INFRASTRUCTURE</b>	<b>196.5</b>	<b>156.2</b>	<b>40.3</b>	<b>25.8%</b>
Distribution	185.0	145.4	39.6	27.2%
Generation	9.6	9.6	0.1	0.7%
Public Lighting	1.8	1.2	0.6	51.9%
<b>ENGINEERING AND SERVICES</b>	<b>1.2</b>	<b>0.8</b>	<b>0.4</b>	<b>56.5%</b>
<b>ACEA (Corporate)</b>	<b>11.3</b>	<b>5.2</b>	<b>6.2</b>	<b>119.5%</b>
<b>TOTAL</b>	<b>529.0</b>	<b>413.2</b>	<b>115.7</b>	<b>28.0%</b>

The investments in the **Environment Segment** increased € 16.3 million compared to 30 September 2018 and refer mainly to the investments made by Acea Ambiente for: **(i)** the revamping of the Monterotondo Marittimo plant; the inauguration of the expansion of the plant for the treatment of composting and anaerobic digestion waste took place on 10 October; **(ii)** the works carried out at the WTE plants in Terni and San Vittore; **(iii)** the works for the extension of the landfill located in Orvieto.

The **Commercial and Trading Segment** recorded an increase attributable to Acea Energia for investments related to the acquisition of new customers in accordance with IFRS 15 (€ 11.3 million), for IT implementation projects (€ 10.2 million) and for cloud licences that form the basis of the new Customer Relationship Management (€ 9.9 million). It should be noted that investments at 30 September 2018 did not include commissioning costs of € 6.3 million.

The **Overseas Segment** recorded an increase of € 1.3 million compared to the same period of last year, mainly due to the investments made by Aguas de San Pedro for the expansion and extraordinary maintenance of the water and sewerage network in the areas managed.

The **Water Segment** invested a total of € 253.5 million, an increase of € 29.0 million due to the consolidation of Gori (+ € 33.2 million), partly offset by lower investments by ACEA Ato2 (- € 2.7 million) and Acea Ato5 (- € 2.1 million). The investments in the segment mainly refer to the reclamation and expansion of the water and sewer pipes of the various municipalities, the extraordinary maintenance of the water centres, the work on the purifiers and the transport systems (connectors and feeders).

The **Energy Infrastructure Segment** recorded an increase in investments of € 40.3 million, mainly relating to *areti* (+ € 39.6 million). The investments of *areti* refer mainly to renewal and enhancement of the HV, MV and LV network, work on the primary and secondary substations and meters; intangible investments refer to projects for the re-engineering of information and commercial systems. This year the so-called "*Resilience Plan*" was implemented, which consists of interventions on substations and on the MV and LV networks. Investments made by Acea Produzione mainly concern plant revamping works for the Mandela and Tor di Valle and Montemartini hydroelectric power plants, static and functional upgrades of the tunnels deriving from the San Cosimato dam reservoir and the extension of the district heating network in the Mezzocammino district in the south of Rome.

Investments in the **Engineering and Services Segment** mainly refer to the purchase of equipment for the Grottarossa laboratory by ACEA Elabiori and investments in IT systems.

The **Corporate Segment** made investments in hardware and software as part of the various IT projects and maintenance work on the sites used for business activities.

Group investments concerning shared IT infrastructure totalled € 22.2 million.

Equity **investments** increased by € 10.2 million compared to 31 December 2018. The change is due to negative values. Among these we note:

- ✓ the valuation of consolidated companies using the equity method for a total of € 32.3 million;
- ✓ the effect of the distribution of dividends for € 17.9 million.

The stock of the **employee severance indemnity and other defined benefit plans** recorded a decrease of € 0.4 million, mainly due to the drop of the rate used (from 1.57% at 31 December 2018 to 1.5% in 30 September 2019).

**Provisions for risks and charges** increased by 57.0% compared to the previous year mainly as a result of the provision for interim taxes.

€ million	31/12/2018	Uses	Provisions	Payment of Redundancy Funds	Reclassifications/Other changes	30/09/2019
Legal	13.2	(0.8)	3.7	(1.6)	0.0	14.5
Taxes	10.7	(2.3)	0.0	0.0	0.1	8.6
Regulatory risks	26.6	(1.1)	1.3	(0.0)	(1.0)	25.8
Investees	7.7	0.0	0.0	(0.8)	(0.3)	6.6
Contributory risks	1.1	(0.1)	0.1	0.0	(0.0)	1.1
Insurance excess	9.6	(1.5)	1.8	0.0	0.0	9.9
Other risks and charges	23.5	(1.3)	1.4	(0.4)	(1.6)	21.5
Contractual obligations	0.0	0.0	0.0	0.0	0.0	0.0
Concession fees	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Provision for Risks</b>	<b>92.3</b>	<b>(7.0)</b>	<b>8.4</b>	<b>(2.9)</b>	<b>(2.8)</b>	<b>88.0</b>
Early retirements and redundancies	25.7	(19.9)	0.7	0.0	5.4	11.8
VAT Variation Notes	0.0	0.0	0.0	0.0	0.0	0.0
Post mortem	16.7	0.0	0.0	0.0	0.2	17.0
Provision for Settlement Charges	0.3	0.0	0.0	0.0	(0.1)	0.2
Provision for Charges of others	1.7	(1.1)	2.3	0.0	0.3	3.2
Provision for interim taxes	0.0	0.0	93.6	0.0	0.7	94.3
Provisions for restoration charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Provision for Charges</b>	<b>44.3</b>	<b>(21.0)</b>	<b>96.6</b>	<b>0.0</b>	<b>6.6</b>	<b>126.5</b>
<b>Total Provisions for Risks and Charges</b>	<b>136.7</b>	<b>(28.0)</b>	<b>105.0</b>	<b>(2.9)</b>	<b>3.8</b>	<b>214.5</b>

The net working capital was a loss of € 537 million and decreased by € 106 million compared with the end of 2018

The change in net working capital compared to 31 December 2018 is mainly due to opposing factors like the increase in receivables from users and customers for € 85.4 million and other current liabilities for € 15.2 million and the decrease in other current assets (- € 12.2 million) and other current payables (- € 10.4 million).

€ million	30/09/2019	31/12/2018	Change	30/09/2018	Change
<b>Current receivables</b>	<b>1,080.2</b>	<b>927.8</b>	<b>152.4</b>	<b>826.5</b>	<b>253.7</b>
- due from end users/customers	981.0	863.2	117.8	736.5	244.5
- due to Roma Capitale	83.0	52.5	30.5	53.1	29.9
<b>Inventories</b>	<b>51.1</b>	<b>48.8</b>	<b>2.4</b>	<b>53.5</b>	<b>(2.4)</b>
<b>Other current assets</b>	<b>250.8</b>	<b>262.6</b>	<b>(11.9)</b>	<b>211.6</b>	<b>39.2</b>
<b>Current payables</b>	<b>(1,514.5)</b>	<b>(1,524.9)</b>	<b>10.4</b>	<b>(1,102.3)</b>	<b>(412.2)</b>
- due to Suppliers	(1,387.7)	(1,413.9)	26.2	(997.5)	(390.2)
- due to Roma Capitale	(125.8)	(107.6)	(18.1)	(101.6)	(24.2)
<b>Other current liabilities</b>	<b>(404.7)</b>	<b>(357.1)</b>	<b>(47.6)</b>	<b>(319.5)</b>	<b>(85.2)</b>
<b>Net working capital</b>	<b>(537.1)</b>	<b>(642.7)</b>	<b>105.7</b>	<b>(330.3)</b>	<b>(206.8)</b>

Receivables from users and customers gross of the Provision for impairment of receivables increased by € 114.0 million compared to the end of 2018. More specifically, we note: (i) an increase of € 89.4 million in receivables in the Water Segment, mainly due to ACEA Ato2, Gori and ACEA Ato5; (ii) an increase of € 22.8 million in receivables in the Energy Infrastructure Segment, mainly due to the recognition of the income deriving from the elimination of regulatory lag, whose amount at the end of the period in question was € 34.4 million (+ € 4.0 million) while the non-current portion relating to regulatory accounting, equal to € 116.1 million, is included in fixed assets; (iii) the increase in receivables from the Environment Segment for € 8.3 million; (iv) the decrease in receivables from the Commercial and Trading Segment for € 6.8 million, resulting from the improvement in collection performance.

Receivables from customers are shown net of the Provision for impairment of receivables, amounted to € 690.4 million compared to € 694.2 million at the end of 2018.

In the first nine months of 2019, receivables totalling € 920.8 million were transferred pro-soluto, € 146.8 million to Public Administrations.

Roma Capitale: net balance is positive for € 15.1 million

As regards the **relations with Roma Capitale**, the net balance at 30 September 2019 was € 15.1 million receivable by the Group, a reduction compared to 31 December 2018. The change in receivables and payables results from items accrued in the period, there not having been any payments/collections or offsets, except for COSAP of areti. In the period being examined, the stock of trade receivables recorded growth of € 30.5 million compared to the previous year, mainly due to the increase in receivables for water accounts.

Financial receivables (recorded in accordance with IFRIC 12) increased by € 34.0 million compared to the previous year, to be attributed to the accrual during the period of receivables relative to the public lighting service agreement, to the modernisation of security, to extraordinary maintenance, to the LED plan agreement and to the works relating to the public lighting service.

Payables increased by a total of € 97.3 million. The main changes are listed below:

- ✓ recognition of the payable for Acea's share dividends accrued in 2018 of € 77.1 million, as resolved by the Shareholders in April 2019;
- ✓ registration of the portion accrued for the concession fee of ACEA Ato2 for Q3 2019 of € 19.6 million;
- ✓ inclusion of the debt for ACEA Ato2 security dividends accrued in 2018 equal to € 2.4 million;
- ✓ reduction in payables relating to authorisations for excavations defined as new road cables regulations for € 1.6 million. Note that in April areti paid the Cosap for the current year worth € 1.4 million.

As better detailed in the explanatory notes of the consolidated financial statements as at 31 December 2018, following a number of disputes raised by Roma Capitale for the period 2008–2018 with regard to public lighting and integrated water services and, as part of the preparatory activities for the 1st Consolidated Financial Statements of Roma Capitale, a technical panel composed of representatives from Roma Capitale and ACEA was set up in April 2019 to define the reciprocal receivable and payable positions. At present, the parties are continuing to reconcile their respective items.

The following table presents an analysis of receivables and payables, including those of a financial nature, between ACEA Group and Roma Capitale, as regards both net credit exposure and debt exposure, including financial items. Trade receivables due from Roma Capitale totalled € 83.0 million at 30 September 2019 net of allowances for write-downs (€ 52.5 million at 31 December 2018).

The total amount of receivables net of allowances for write-downs (including short-term and medium/long term financial receivables resulting from the public lighting contract) was € 220.5 million compared to € 156.0 million at the end of the previous year.

Receivables from Roma Capitale	30/09/19	31/12/18	Change 31/12/18	30/09/18
	A)	B)	A) - B)	
Utility receivables	85.5	55.6	29.8	49.3
Provisions for write-downs	(9.3)	(9.3)	(0.0)	(3.8)
<b>Total receivables from users</b>	<b>76.1</b>	<b>46.3</b>	<b>29.8</b>	<b>45.5</b>
Receivables for water works and services	3.8	3.3	0.5	4.6
Receivables for water works and services to be invoiced	1.4	1.5	(0.1)	1.6
Contributions	0.0	0.0	0.0	0.0
Provisions for write-downs	(1.9)	(1.9)	0.0	(2.2)
Receivables for electrical works and services	3.9	3.6	0.3	3.5
Provisions for write-downs	(0.3)	(0.3)	(0.0)	0.0
<b>Total receivables for works</b>	<b>6.9</b>	<b>6.2</b>	<b>0.7</b>	<b>7.5</b>
<b>Total trade receivables</b>	<b>83.0</b>	<b>52.5</b>	<b>30.5</b>	<b>53.0</b>
Financial receivables for Public lighting services billed	124.7	99.1	25.6	83.4
Provisions for write-downs	(30.2)	(30.2)	(0.0)	(12.5)
Financial receivables for Public lighting services to be billed	40.1	25.7	14.4	38.3
Provisions for write-downs	(13.3)	(9.8)	(3.5)	(9.0)
M/L term financial receivables for Public lighting services	16.1	18.7	(2.6)	19.6
<b>Total public lighting receivables</b>	<b>137.5</b>	<b>103.5</b>	<b>34.0</b>	<b>119.7</b>
<b>Total Receivables</b>	<b>220.5</b>	<b>156.0</b>	<b>64.5</b>	<b>172.8</b>
<b>Payables due to Roma Capitale</b>	<b>30/09/19</b>	<b>31/08/19</b>	<b>Change</b>	<b>31/03/18</b>
Electricity surtax payable	(15.3)	(15.3)	0.0	(15.3)
Concession fees payable	(99.4)	(79.8)	(19.6)	(74.4)
Other payables	(11.2)	(13.0)	1.8	(12.4)
Dividend payables	(79.5)	0.0	(79.5)	(17.5)
<b>Total payables</b>	<b>(205.4)</b>	<b>(108.1)</b>	<b>(97.3)</b>	<b>(119.5)</b>
<b>Net balance receivables payables</b>	<b>15.1</b>	<b>47.9</b>	<b>(32.8)</b>	<b>53.2</b>

**Current payables decreased by € 10.4 million**

**Current payables** decreased by € 10.4 million compared to the end of 2018 due to the decrease in the stock of trade payables (- € 26.2 million), particularly in the Commercial and Trading Segment.

The **Other Current Assets and Liabilities** recorded a decrease of € 11.9 million and an increase of € 47.6 million respectively compared to 31 December 2018. More specifically, other assets decreased as a result of the reduction in receivables from the energy equalisation compensation fund (- € 21.4 million) and VAT receivables (- € 18 million) partially offset by the increase in tax receivables (+ € 39.3 million). As regards the increase in other current liabilities, there was an increase in payables to municipalities (+ € 14.9 million), in payables to the Equalisation Fund (+ € 36.6 million) partly offset by the reduction in payables for IRES and IRAP (- € 17.6 million). Other payables also increased due to the effect of some acquisitions of equity investments in the photovoltaic business (+ € 16.5 million).

**Shareholders' equity amounted to € 2 billion**

The **net shareholders' equity** amounted to € 1,975.8 million. The changes, amounting to € 72.3 million, are analytically described in the relevant table and are basically due to the distribution of dividends, the accrual of period profits, the change in the area of consolidation and the change in the cash flow hedge reserves and those formed by actuarial profits and losses.



Net financial debt increased by € 392.3 million compared to the end of 2018

Group **debt** recorded an overall increase of € 392.3 million, going from € 2,568.0 million at the end of 2018 to € 2,960.3 million at 30 September 2019. This change is a direct consequence of the investments made during the period, including those of a technological nature, and of the dynamics of the operating cash flow. The increase in debt is due to the recognition of the financial liability relating to the application of IFRS 16 (application of the new standard is from 1 January 2019) for € 59.7 million, the consolidation of the new companies owning photovoltaic plants for approximately € 45.0 million, the consolidation of Pescara Distribuzione Gas for € 6.5 million and finally the remainder of the 2018 dividends not yet paid for € 77.1 million.

€ million	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Non-current financial assets/(liabilities)	2.5	1.8	0.7	36.8%	2.4	0.1	3.0%
Parent company, subsidiaries and associates current financial assets/(liabilities)	28.3	30.9	(2.6)	(8.4)%	32.9	(4.7)	(14.1)%
Non-current borrowings and financial liabilities	(3,498.3)	(3,374.1)	(124.2)	3.7%	(3,395.3)	(103.0)	3.0%
<b>Net medium/long-term debt</b>	<b>(3,467.5)</b>	<b>(3,341.4)</b>	<b>(126.1)</b>	<b>3.8%</b>	<b>(3,359.9)</b>	<b>(107.6)</b>	<b>3.2%</b>
Cash and cash equivalents and securities	999.4	1,068.1	(68.7)	(6.4)%	928.7	70.7	7.6%
Short-term debt	(520.5)	(351.8)	(168.7)	48.0%	(422.5)	(98.1)	23.2%
Current financial assets/(liabilities)	(21.2)	(29.0)	7.8	(26.9)%	135.9	(157.1)	(115.6)%
Parent Company and Associates non-current financial assets/(liabilities)	49.6	86.1	(36.5)	(42.4)%	86.7	(37.1)	(42.8)%
<b>Short-term financial position</b>	<b>507.3</b>	<b>773.4</b>	<b>(266.1)</b>	<b>(34.4)%</b>	<b>728.8</b>	<b>(221.5)</b>	<b>(30.4)%</b>
<b>Total net financial position</b>	<b>(2,960.3)</b>	<b>(2,568.0)</b>	<b>(392.3)</b>	<b>15.3%</b>	<b>(2,631.2)</b>	<b>(329.1)</b>	<b>12.5%</b>

As regards the **medium/long-term** component, the increase of € 126.1 million compared to the end of 2018 refers almost exclusively to the increase in non-current payables and financial liabilities (€ 124.2 million). This change derives from the increase in bonds for € 76.2 million and in the increase in non-current financial payables and liabilities for € 48.0 million, as shown in the following table:

€ million	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Bonds	2,754.6	2,678.4	76.2	2.8%	2,679.0	75.6	2.8%
Medium/long-term borrowings	743.7	695.7	48.0	6.9%	716.3	27.5	3.8%
<b>Medium/long-term debt</b>	<b>3,498.3</b>	<b>3,374.1</b>	<b>124.2</b>	<b>3.7%</b>	<b>3,395.3</b>	<b>103.0</b>	<b>3.0%</b>

**Bonds** of € 2,754.6 million increased by a total of € 76.2 million mainly due to the combined effect of the placement of the bond issued in May 2019 by the Parent Company Acea under the Euro Medium Term Notes (EMTN) programme (€ 493.3 million including the long-term portion of the underwriting costs) and the reclassification of the bond issued by the Parent Company and maturing on 16 March 2020 as a short-term position (€ 422.7 million including the residual portion of the underwriting costs).

**Medium/long-term loans** of € 743.7 million recorded an overall increase of € 48.0 million due to the combined effect of the recognition of the medium/long-term portion of the financial liability relating to the application of IFRS 16 of € 50.8 million and new companies consolidated for € 40.1 million offset by the reclassification of the portions falling due in the following year for existing loans.

The following table shows medium/long-term and short-term borrowings by term to maturity and type of interest rate:

Financing:	Total Residual Debt	By 30.09.2020	Due from 30.09.2020 to 30.09.2024	After 30.09.2024
fixed rate	238.0	26.8	104.8	106.4
floating rate	476.1	37.3	221.0	217.8
floating rate to fixed rate	56.7	8.6	28.4	19.8
<b>Total</b>	<b>770.9</b>	<b>72.8</b>	<b>354.2</b>	<b>343.9</b>

The fair value of ACEA hedging derivatives was a negative € 1.3 million, decreasing by € 0.8 million compared to 31 December 2018 (was a negative € 2.1 million). The fair value of hedging derivatives of new companies owning consolidated photovoltaic plants was a loss of € 3.5 million.

The short-term component is a positive € 507.3 million and dropped by € 266.1 million

The **short-term** component was positive for € 507.3 million and, compared to the end of 2018, showed a reduction of € 266.1 million due for € 258.5 million to the Parent Acea due to the combined effect of the reclassification of the bond issue maturing on 16 March 2020 offset by the repayment of the two lines of credit of Intesa San Paolo and UBI Banca, respectively maturing on 21 June and 2 January 2019 for a total of € 250 million. The recognition of the short-term portion of the financial liability relating to the application of IFRS 16 is € 8.9 million.

At 30 September 2019 the Parent Company held unused uncommitted credit lines totalling € 633 million. No guarantees were granted in obtaining these lines.

The long-term ratings assigned to ACEA by international rating agencies are as follows:

- Fitch "BBB+";
- Moody's "Baa2"

The ACEA rating

## Reference context

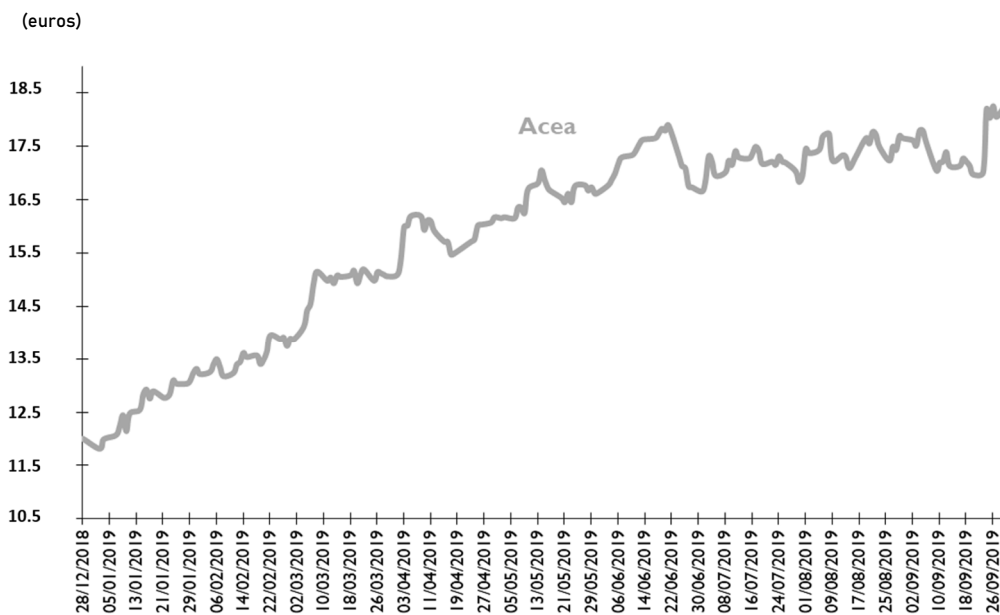
### **Performance of the equity markets and the ACEA share**

In the first nine months of 2019, international equity markets performed well overall and were mainly influenced by Brexit-related events, the European elections and the evolution of US trade relations with China and Europe.

The positive performance of the international stock exchanges was also affected by the new "expansionary" policies implemented by central banks.

The main indices of the Italian Stock Exchange have shown the following changes: FTSE MIB +20.6%; FTSE Italia All Share +19.4%; FTSE Italia Mid Cap +11.2%.

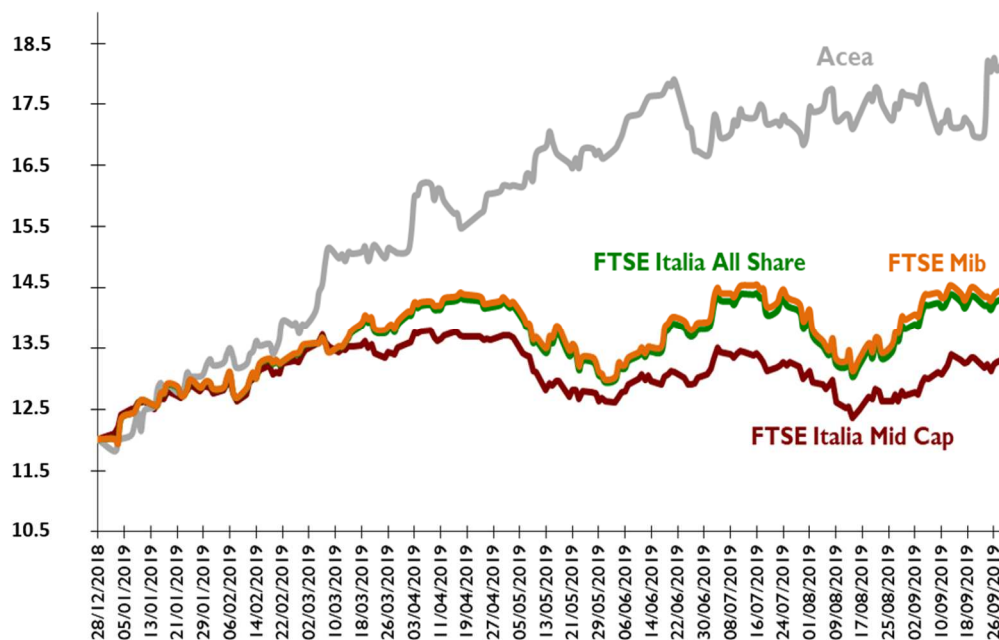
Acea's shares grew by 52.5% in the period. The share price stood at € 18.32 at 30 September (capitalisation: € 3,901.5 million). The maximum value of € 18.32 was reached on 30 September, while the minimum value of € 11.82 was reached on 2 January. In the first nine months of 2019 the average daily volumes were almost 163,000 shares, higher than the 120,000 shares of the same period of 2018.



(Source: Bloomberg)

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

(euros)



(Chart normalised to Acea values - Source: Bloomberg)

	<b>% Change at 30/09/2019 (compared to 31/12/2018)</b>
<b>Acea</b>	<b>+52.5%</b>
FTSE Italia All Share	+19.4%
FTSE Mib	+20.6%
FTSE Italia Mid Cap	+11.2%

In the first nine months of 2019 120 studies/notes on Acea were published.

## 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 inter-sectoral adjustments.

€ million 30.09.2019						Energy Infrastructure				Other		Consolidated Total	
	Environment	Commercial and Trading	Overseas	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate		Consolidation adjustments
Revenues	139	1,186	36	763	61	410	34	(0)	504	52	104	(409)	2,375
Costs	99	1,139	23	392	26	154	34	(0)	214	41	107	(409)	1,605
<b>EBITDA</b>	<b>41</b>	<b>47</b>	<b>13</b>	<b>371</b>	<b>36</b>	<b>255</b>	<b>(0)</b>	<b>0</b>	<b>291</b>	<b>11</b>	<b>(3)</b>	<b>0</b>	<b>769</b>
Depreciation/amortisation and impairment charges	22	39	8	173	15	94	2	0	111	1	14	0	367
<b>Operating profit/loss</b>	<b>19</b>	<b>8</b>	<b>5</b>	<b>198</b>	<b>21</b>	<b>161</b>	<b>(2)</b>	<b>0</b>	<b>180</b>	<b>10</b>	<b>(17)</b>	<b>0</b>	<b>402</b>
Investments	29	32	5	253	10	185	2	0	196	1	11	0	529

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

€ million 30.09.2018						Energy Infrastructure				Other		Consolidated Total	
	Environment	Commercial and Trading	Overseas	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate		Consolidation adjustments
Revenues	125	1,223	28	577	62	419	36	(1)	516	53	90	(413)	2,200
Costs	77	1,161	17	284	22	180	39	(1)	239	42	107	(413)	1,514
<b>EBITDA</b>	<b>48</b>	<b>63</b>	<b>11</b>	<b>293</b>	<b>40</b>	<b>238</b>	<b>(2)</b>	<b>0</b>	<b>276</b>	<b>11</b>	<b>(17)</b>	<b>0</b>	<b>685</b>
Depreciation/amortisation and impairment charges	22	36	6	130	15	83	1	0	99	1	10	0	304
<b>Operating profit/loss</b>	<b>26</b>	<b>26</b>	<b>6</b>	<b>163</b>	<b>25</b>	<b>156</b>	<b>(3)</b>	<b>0</b>	<b>178</b>	<b>10</b>	<b>(27)</b>	<b>0</b>	<b>381</b>
Investments	13	9	4	225	10	145	1	0	156	1	5	0	413

## Industrial Segments

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



## Environment Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
WTE conferment	kTon	325	347	(22)	(6.2%)
Net Electrical Energy transferred	GWh	244	264	(20)	(7.6%)
Waste coming into Orvieto plants	kTon	75	71	4	5.9%
Waste Recovered/Disposed of	kTon	477	394	82	20.9%
<i>of which</i>					
<i>Incoming waste composting plants, sludge and liquids disposed of</i>	kt	406	330	76	23.1%
<i>Slag and Ash produced by WTE</i>	kt	55	64	(9)	(14.2%)
<i>Sorting plant incoming waste (Demap)</i>	kt	15	0	15	n.s.

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	139.2	125.2	14.0	11.2%
Costs	98.6	77.1	21.5	27.9%
EBITDA	40.6	48.1	(7.5)	(15.6%)
Operating profit/(loss) (EBIT)	18.7	25.6	(6.9)	(27.1%)
Average headcount	380	360	20	5.5%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	29.4	20.0	9.4	46.9%	13.1	16.3	124.3%
Net financial debt	242.2	203.6	38.6	18.9%	202.5	39.7	19.6%

EBITDA	30/09/2019	30/09/2018	Change	% Change
EBITDA ENVIRONMENT Segment	40.6	48.1	(7.5)	(15.6%)
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	5.3%	7.0%	(1.7 p.p.)	

The Segment closed the first nine months of 2019 with an EBITDA of € 40.6 million (- 15.6%). This performance is mainly attributable to **Acea Ambiente** (- € 8.0 million) as a result of various factors including (i) lower revenues for electricity produced and the quantity of RDF sent for energy recovery as a result of the problems with the turbines of line 1 and line 3 of the San Vittore plant in Lazio, which led to system shutdowns (ii) lower revenues linked to CIP 6 tariffs extended until 31 July 2019 (iii) higher costs for tariff increases on Co2. These trends are partly offset by higher revenues from the delivery of waste and the production of energy on the free market. The performance of the segment also increased due to the change in the scope of consolidation as a result of the first-time consolidation of the company **Demap** (+ € 1.0 million), partially offset by **Bioecologia** (- € 0.2 million).

The average number of staff at 30 September 2019 was 380, an increase of 20 compared to the same period in the previous year. The increase is mainly due to the consolidation of **Demap** (+4 units) and **Bioecologia** (+9 units).

Investments in the area amounted to € 29.4 million, up by € 16.3 compared to the same period of the previous year, and mainly refer to (i) revamping at the Monterotondo Marittimo plant; the inauguration of the expansion of the plant for the treatment of composting waste and anaerobic digestion took place on 10 October; (ii) works carried out at the WTE plants in Terni and San Vittore; (iii) works to extend the landfill located in Orvieto.

The financial indebtedness of the Segment stood at € 242.2 million, having worsened by € 39.7 million compared to 30 September 2018 and by € 38.6 million compared to 31 December 2018. This trend is mainly due to the dynamics of the operating cash flow, while the first application of IFRS 16 contributed to the worsening of the financial debt by € 2.8 million.

#### **Significant and subsequent events**

It should be noted that on 4 July Acea Ambiente acquired 90% of Demap S.r.l., owner of a plastic treatment plant with an authorised capacity of 75,000 tonnes per year. The plant is located in the province of Turin, and since 2004 has been engaged in sorting and recycling plastic and plastic/metal packaging from separate urban waste collection, particularly in Valle d'Aosta and Piedmont.

It should also be noted that on 18 October the acquisition of 60% of Berg S.p.A.'s share capital was completed by Acea Ambiente. The Company is based in Frosinone and operates in the field of ecological services, managing a plant for the storage and treatment of liquid and solid waste, including hazardous waste.



## Commercial and Trading Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
Electrical Energy sold - Free	GWh	3,125	2,782	343	12.3%
Electrical Energy sold - Protected	GWh	1,692	1,781	(90)	(5.0%)
Electrical Energy - No. Free Market Customers (P.O.D.)	N/000	357	330	27	8.3%
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/000	798	845	(47)	(5.5%)
Gas Sold	Msm <sup>3</sup>	98	88	10	11.7%
Gas - No. Free Market Customers	N/000	183	172	11	6.6%

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	1,186.0	1,223.4	(37.4)	(3.1%)
Costs	1,138.8	1,160.8	(22.0)	(1.9%)
EBITDA	47.2	62.6	(15.4)	(24.7%)
Operating profit/(loss) (EBIT)	8.2	26.4	(18.3)	(69.1%)
Average headcount	470	465	5	1.1%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	31.8	24.6	7.1	29.0%	9.5	22.3	n.s.
Net financial debt	(18.1)	(23.7)	5.7	(23.9%)	12.5	(30.5)	n.s.

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Commercial and Trading Segment	47.2	62.6	(15.4)	(24.7%)
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	6.1%	9.1%	(3.0 p.p.)	

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed Q3 2019 with an EBITDA of € 47.2 million, down compared to 30 September 2018 by € 15.4 million. The reduction is mainly attributable to **Acea Energia** (- € 16.7 million), only partially mitigated by the improved margin of **Umbria Energy** (+ € 1.0 million) and **Acea8Cento** (+ € 0.3 million).

With regard to the effects on the primary gross margin, the reduction recorded by **Acea Energia** is mainly due to the RCV review and the value recognised for the mechanism for offsetting arrears provided for in Resolution 706/2018 ARERA and in part by the smaller number of customers served. In detail, margins decreased both in the **free market** (- € 5.2 million, of which € 1.5 million relating to the optimisation of energy flows) and in the **protected market** (- € 13.4 million). The reduction in the margin of the **free market** is mainly due to the lower margins in the mass market segment. The reduction in the margin of the **protected market** is mainly linked to the reduction in tariffs and the revision of the mechanism for offsetting arrears. Finally, there was a reduction in the margin of the **gas market** equal to € 2.4 million.

Operating income fell by € 18.3 million, down by € 2.8 million compared to the EBITDA, mainly due to the higher amortisation and depreciation recorded by **Acea Energia** due to the entry into operation of evolutionary IT projects and the capitalisation of incremental costs for the acquisition of new customers amortised on the basis of the portfolio churn rate (+ € 1.8 million) and higher write-downs of receivables (+ € 3.0 million) partly offset by lower provisions for risks (- € 1.8 million).

With reference to the workforce, the average number at 30 September 2019 was 470 units, up compared to the same period last year by 5 units. Primary contributors to this change are **Acea Energia** (+ 14 units) compensated by **Acea8Cento** (- 7 units) and **Umbria Energy** (- 1 units).

Investments in the Segment amounted to € 31.8 million, an increase of € 22.3 million compared to 30 September 2018, mainly attributable to Acea Energia for investments related to the acquisition of new customers in accordance with IFRS 15 (€ 11.3 million), for IT implementation projects (€ 10.2 million) and for cloud licences that form the basis of the new Customer Relationship Management (€ 9.9 million). It should be noted that investments at 30 September 2018 did not include commissioning costs of € 6.3 million.

Net financial debt at 30 September 2019 stood at - € 18.1million, improving by € 30.5 million compared to 30 September 2018 and down € 5.7 million on 31 December 2018 as a result of the dynamics of the operating cash flow, also influenced by higher trade payables for the purchase of energy.

#### **Significant and subsequent events**

With regard to the proceedings started by the Antitrust Authority, the main updates are described below:

**AGCM proceeding A513 for abuse of a dominant position:** On 17 October two separate sentences were published, referring respectively to the appeals filed by the companies Acea S.p.A., Acea Energia SpA and Areti SpA, by which the Lazio Regional Administrative Court completely annulled the fine of € 16.2 million imposed jointly and severally on the aforementioned companies by the Antitrust Authority (AGCM), by order no. 27496 of December 20, 2018, which referred to alleged anti-competitive conduct in the electricity sales market as reported by the AGCM on 8 January 2019

## Overseas Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
Water Volumes	Mm <sup>3</sup>	33	32	0	1.1%

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	35.5	27.7	7.8	28.2%
Costs	22.6	16.6	6.0	36.2%
EBITDA	12.9	11.1	1.8	16.2%
Operating profit/(loss) (EBIT)	5.3	5.6	(0.3)	(5.7%)
Average headcount	782	608	174	28.7%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	5.3	6.6	(1.3)	(19.4%)	4.0	1.3	32.3%
Net financial debt	5.4	4.1	1.3	30.5%	6.1	(0.7)	(11.2%)

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Overseas Segment	12.9	11.1	1.8	16.2%
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	1.7%	1.6%	0.1 pp	

The Area currently includes the water companies that manage the water service in Latin America. Specifically:

- Agua de San Pedro (Honduras), 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic) wholly owned by the Group, provides the service to the local municipality known as CAASD (Corporation Acueducto Alcantariado Santo Domingo);
- AguaAzul Bogotá (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;
- Consortio Agua Azul (Peru) is controlled by the Group which owns 25.5% and provides the water and discharge service in the city of Lima.
- Acea Perú, wholly owned by Acea International (established on 28 June 2018), not yet operational. This company was established with the specific intent to manage the aqueduct service in the city of Lima.
- Consortio Servicio Sur controlled by Acea International (50%), ACEA Ato2 (1%) and by local partners Conhydra, Valio and India (total 49%). The Consortio was established on 5 July 2018 with the specific aim of managing the corrective maintenance service for the drinking water and sewerage systems of the Directorate of Services Sur of Lima (Peru).

This Segment closed Q3 2019 with EBITDA of € 12.9 million, up slightly compared to the same period of the previous year by € 1.8 million, mainly from **Agua de San Pedro** (+ € 1.3 million).

The average headcount at 30 September 2019 stood at 782 units and was up by 174 compared to 30 September 2018, mainly due to the consolidation of **Consortio Servicios Sur** (+ 188 units), offset in part by **Agua de San Pedro** (- 8 units).

Investments in the first nine months of 2019 amounted to € 5.3 million, up by € 1.3 million compared to 30 September 2018, and were mainly attributable to **Agua de San Pedro** for the expansion and extraordinary maintenance of the water and sewerage network in the areas managed.

Net financial debt at 30 September 2019 was € 5.4 million, an improvement of € 0.7 million compared to 30 September 2018, and a deterioration of € 1.3 million compared to 31 December 2018. The changes are mainly attributable to **Aguas de San Pedro**, while the first application of IFRS 16 contributed to the increase in financial debt by € 0.4 million.

**Significant and subsequent events**

No significant events are reported during the period observed.

## Water Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
Water Volumes*	Mm <sup>3</sup>	394	313	81	25.7%
Electrical Energy Consumed*	GWh	439	282	157	55.7%
Disposed Sludge*	kTon	104	72	33	45.8%
Gas Delivered**	m3	40,576,350	0	40,576,350	n.s.
Gas no. of active users**	No.	62,031	0	62,031	n.s.
Net realised**	Km	325		325	n.s.
White Certificates**	No.	7,974	0	7,974	n.s.

\* The values refer to fully consolidated companies (including GORI).

\*\* The values refer to the newly consolidated Pescara Distribuzione Gas.

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	763.0	577.1	185.9	32.2%
Costs	392.4	283.9	108.4	38.2%
EBITDA	370.7	293.2	77.5	26.4%
Operating profit/(loss) (EBIT)	197.7	163.4	34.3	21.0%
Average headcount	2,684	1,801	883	49.0%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	253.5	329.7	(76.1)	(23.1%)	224.6	29.0	12.9%
Net financial debt	1,174.4	1,039.0	135.4	13.0%	1,011.2	163.2	16.1%

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Water Segment	370.7	293.2	77.5	26.4%
Adjusted GROUP EBITDA*	769.4	685.2	84.2	12.3%
Percentage weight	48.2%	42.8%	5.4 pp	

EBITDA for the Segment stood at € 370.7 million at 30 September 2019, an increase of € 77.5 million compared to 30 September 2018 (+ 26.4%).

The increase is mainly due to the consolidation of Gori (previously valued using the equity method) and Pescara Distribuzione Gas (acquired during the month of March), which accounted for € 49.7 million and € 1.2 million respectively. The increases are also due to the tariff dynamics of the water sector with **ACEA Ato2** and **ACEA Ato5**, which recorded increases of € 21.1 million and € 1.9 million respectively, also as a result of the updating of the criteria for determining the recognition of revenues deriving from the IFRIC 12 margin. There were also lower costs for leased assets following the first-time application of IFRS 16 for € 2.0 million, and finally an increase in the contribution to EBITDA of water companies valued at net equity of € 2.7 million, as shown below:

(€ million)	30/09/2019	30/09/2018	Change	% Change
Publiacqua	12.1	6.6	5.5	83.3%
Acque Group	7.4	9.7	(2.3)	(23.7%)
Acquedotto del Fiora	3.6	3.7	(0.1)	(2.7%)
Umbra Acque	1.6	0.6	1.0	166.7%
Gori	0.0	1.6	(1.6)	(100.0%)
Nuove Acque and Intesa Aretina	0.6	0.4	0.2	50.0%
GEAL	0.9	0.9	0.0	0.0%
<b>Total</b>	<b>26.2</b>	<b>23.5</b>	<b>2.7</b>	<b>11.5%</b>

The revenues for the year 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 and technical quality components; under specific conditions, the Managers may be recognised the Opex<sub>qc</sub> component or alternatively the "contractual quality" award. The latter is recognised to the Manager if the indicators identified for metering and monitoring (as of 1 July 2016) exceed the thresholds established in ARERA resolution 655/2015. The **ACEA Ato2** revenue includes the amount of € 25.5 million, representing the best estimate of the commercial quality award due for 2018. In contrast, the penalties for commercial and technical quality amount to € 0.8 million. The following two tables summarise the status of the procedures for approving tariff proposals and the other revenues from the IWS, broken down by company and component.

The Operating Result was mainly affected by the growth in amortisation and depreciation (+€ 39.5 million), of which € 18.5 million was due to the line-by-line consolidation of **GORI** and the remainder to the higher amortisation and depreciation recorded by **ACEA Ato2**, also due to the entry into operation of the new programmes relating to investments in technological infrastructure (+ € 18.8 million).

The average headcount at 30 September 2019 increased by 883 units, mainly attributable to the consolidation of **Gori** (+ 854 units) and **Pescara Distribuzione Gas** (+ 13).

Investments in the Segment were 253.5 million euros and were mainly attributable to **ACEA Ato2** for over € 195.3 million and € 22.7 million to **ACEA Ato5**, while the consolidation of **Gori** contributed € 33.2 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, the interventions on the treatment plants, works to reduce water leaks and improve relationships with users and the local region and on IT applications.

The financial indebtedness of the Area stood at € 1,174.4 million at 30 September 2019, having worsened by € 135.4 million compared to 31 December 2018 and by € 163.2 million compared to 30 September 2018, the latter figure mainly due to: (i) **ACEA Ato2** mainly due to the lower liquidity resulting from a reduction in the company's cash and cash equivalents, mostly destined to finance the investments made during the period; (ii) the consolidation of **GORI**, which contributed to an improvement in financial debt by € 27.5 million and of **Pescara Distribuzione Gas**, which contributed to the drop by € 6.5 million. The first application of IFRS 16 contributed to the worsening of financial debt of the Segment by € 17.2 million.

## Significant and subsequent events

### Progress of the procedure for approving the tariffs

The progress of the procedure for approving tariffs and the approval of the two-year update (2018 - 2019) of the IWS tariff provisions for the Group companies is shown below.

Company	Approval status (up to MT12 "2016 - 2019")	Biennial update status (2018 - 2019)
ACEA Ato2	On 27 July 2016, the EGA approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. <u>The ARERA then approved them in Resolution 674/2016/R/idr. with some changes compared to the EGA proposal; quality bonus confirmed.</u>	The Mayors' Conference approved the tariff update on 15 October 2018, and at the same time postponed the approval of the TICS! (Integrated text on water fees) setting out the criteria for the rate structure to be applied. On 13 November 2018, the ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/idr. The Conference of Mayors adopted the provisions of the ARERA resolution on 10 December 2018.
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex <sub>qc</sub> . ARERA warned the EGA on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the Opex <sub>qc</sub> . Approval by the ARERA is awaited.	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. Currently approval by the ARERA is awaited.

Company	Approval status (up to MT12 *2016 - 2019*)	Biennial update status (2018 - 2019)
GORI	On 1 September 2016, the Extraordinary Commissioner of the EGA approved the tariff with $Op_{x_{qc}}$ as of 2017. Approval by the ARERA is awaited.	On 17 July 2018 the Extraordinary Commissioner of the EGA approved the 2018-2019 tariff update. Currently approval by the ARERA is awaited.
Acque	On 05 October 2017, the AIT approved the tariff with recognition of the $Op_{x_{qc}}$ . Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Board of Directors approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With resolution 502 of 9 October 2018, the ARERA approved the 2018-2019 tariff update.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. <u>With resolution 687/2017/R/idr. on 12 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. Currently approval by the ARERA is awaited.
Acquedotto del Fiora	On 05 October 2016, the AIT approved the tariff with recognition of the $Op_{x_{qc}}$ . <u>On 12 October 2017, with resolution 687/2017/R/idr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved at the Territorial Conference in June 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its resolution of July 2018. Currently approval by the ARERA is awaited.
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the $Op_{x_{qc}}$ . <u>With resolution 726/2017/R/idr. on 26 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 12 July 2018 the ARERA approved the 2018-2019 tariff update proposed by the AIT.
Crea Gestioni	Following Resolution 664/2015/R/idr, as neither the Municipalities where the service is provided nor the Area Authorities of reference presented any tariff proposal for the 2016-2019 regulatory period, the Company submitted its own tariff proposals. Today approval by the ARERA is awaited.	The Company submitted the tariff update data to the competent/EGA parties, unless still in progress for the technical quality part. Considering the inertia of the parties in charge, at the end of December 2018 - beginning of January 2019 the Company submitted an application to ARERA for tariff adjustment 2018-2019, also revising proposal 2016-2019. ARERA has not yet pronounced or issued a warning to the EGA and/or to the competent parties.
Gesesa	On 29 March 2017 with resolution no. 8 of the Extraordinary Commissioner the AATO1 approved the tariffs for the years 2016-2019. Today approval by the ARERA is awaited.	The Company sent the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation was initiated by the EGA with the expectation of reaching the approval of the tariffs by November 2019.
Nuove Acque	On 22 June 2018, the AIT Board of Directors approved the rates	On 16 October 2018 with Resolution 520 the ARERA approved the 2018-2019 tariff update proposed by the AIT.
Umbra Acque	On 30 June 2016, the AIT approved the tariff with recognition of the $Op_{x_{qc}}$ . <u>The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.</u>	In its session of 27 July 2018, the AURI Meeting approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with resolution no. 489 of 27 September 2018

Pending completion of the approval process, which is still in progress, the revenues recorded are determined on the basis of the tariff schemes previously approved by ARERA or by the respective Area Government Agencies.

#### **Revenues from the Integrated Water System**

The table below indicates for each company in the Water Segment the amount of revenue in the first nine months of 2019, valued on the basis of the tariff decisions made by the respective EGAs or by the ARERA. The data includes the adjustment of passing items, the Fo.NI component, the Opex<sub>qc</sub> or the award as per art. 32.1, subsection a) of resolution 664/2015/R/idr.

Company	Revenue from the IWS (pro quota values in € million)	FONI/Bonus (pro quota values in € million)
ACEA Ato2	449.5	FNI = 15.1 AMM <sub>FoNI</sub> = 6.5 Award = 25.5
ACEA Ato5	58.3	FNI = 5.3 AMM <sub>FoNI</sub> = 2.5
GORI	140.9	
Acque	54.9	AMM <sub>FoNI</sub> = 3.5
Publiacqua	75.6	AMM <sub>FoNI</sub> = 9.0
Acquedotto del Fiora	33.6	AMM <sub>FoNI</sub> = 2.9
Gesesa	9.2	FNI = 0.1
Geal	7.1	FNI = 0.9 AMM <sub>FoNI</sub> = 0.5
Crea Gestioni	2.8	
Umbra Acque	23.9	FNI = 1.9 AMM <sub>FoNI</sub> = 1.2

Finally, it should be noted that at the beginning of October, the Shareholders' Meeting of Acquedotto del Fiora approved the amendment of the company's by-laws and shareholders' agreements, which will therefore make it possible to consolidate the company on a line-by-line basis, which until now had been consolidated within the scope of the Acea Group at the level of shareholders' equity.



## Energy Infrastructures Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
Energy Produced (hydro + thermal)	GWh	392	400	(8)	(2.0%)
Energy Produced (photovoltaic)	GWh	9	9	1	5.7%
Electricity distributed	GWh	7,490	7,449	41	0.5%
No. of Customers	N/000	1,631	1,628	3	0.2%
Km of Network	Km	30,764	30,639	126	0.4%

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	504.4	515.7	(11.3)	(2.2%)
Costs	213.8	239.4	(25.6)	(10.7%)
EBITDA	290.6	276.3	14.3	5.2%
Operating profit/(loss) (EBIT)	179.9	177.8	2.1	1.2%
Average headcount	1,355	1,387	(33)	(2.3%)

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	196.5	238.3	(41.9)	(17.6%)	156.2	40.3	25.8%
Net financial debt	1,302.8	1,121.9	180.9	16.1%	1,151.7	151.1	13.1%

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Energy Infrastructure Segment	290.6	276.3	14.3	5.2%
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	37.8%	40.3%	(2.6 p.p.)	

EBITDA at 30 September 2019 was € 290.6 million, an increase of € 14.3 million compared to 30 September 2018. The first application of IFRS 16 resulted in a benefit to EBITDA in terms of lower costs for leases and rentals for € 1.5 million. This change in EBITDA is mainly attributable to **areti** (+ € 17.0 million) as a consequence of the annual tariff updates in the scope of the fifth regulatory cycle (tariff variation effect between the two periods being compared) as per ARERA resolution no. 175/2018/R/eel of 29 March 2018. As regards the energy balance, at 30 September 2019 **areti** injected 7,490 GWh into the network with a slight increase compared to the same period of 2018.

The EBITDA for **public lighting** is equal to € 0.4 million, an increase of € 1.9 million compared to 30 September 2018 (- € 2.4 million). In July 2019 the transformation of functional light points required by the agreement was completed, the activity having slowed down – as shared with Roma Capitale in 2018 – due to the revision of the colour temperature and colour rendering index, thus rescheduling the transformations of artistic and ornamental fixtures mainly located in the city's historic centre.

It should be noted that during the first nine months of the year 12,014 light fixtures were replaced (in addition to the 170,556 already replaced up to the end of 2018). Extraordinary maintenance and modernisation and safety activities agreed with Roma Capitale were also carried out, thus creating 2,407 new lighting points.

**Acea Produzione's** EBITDA is € 31.8 million, lower than in the same period of the previous year by € 5.3 million. The change is due to lower production volumes and higher gas purchase and consultancy costs, partly mitigated by the revenue from penalties and revenues from Energy Efficiency Certificates sold in the period.

The average workforce decreased by 33 units, primarily in **areti**.

The operating result was mainly affected by higher amortisation and depreciation for the period (+ € 10.1 million) due mainly to higher investments for the period.

Net financial debt stood at € 1,302.8 million as at 30 September 2019, showing an increase of € 151.1 million compared to 30 September 2018 and an increase of € 180.9 million compared to 31 December 2018. The effects are mainly due to the growing volume of investments, as well as to the dynamics of the operating cash flow and payout. The first application of IFRS 16 contributed to the increase of financial debt by € 21.6 million.

Investments amounted to € 196.5 million, with those of **areti** (for a total of € 185.0 million) pertaining to the renovation and upgrading of the HV, MV and LV networks, works on primary and secondary cabins and on meters, while intangible investments refer to projects for the re-engineering of information and commercial systems. This year the so-called "Resilience Plan" was implemented, which consists of interventions on substations and on the MV and LV networks.

Investments made by **Acea Produzione** amount to € 7.9 million and mainly concern plant revamping works for the Mandela and Tor di Valle and Montemartini hydroelectric power plants, static and functional upgrades of the tunnels deriving from the San Cosimato dam reservoir and the extension of the district heating network in the Mezzocammino district in the 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.

At 30 September 2019 the total receivables accrued by the Company amounted to about € 74.0 million, including billed interest.

Currently, also taking into account the changes in the regulatory framework deriving from the approval of the mechanism for reimbursing general expenses, the reduction in the value of the **areti** receivable from Gala was prudentially determined with reference to transport and works.

It should also be noted that, with resolution no. 583 of 20 November 2018, the ARERA rejected the complaint presented by Gala Power S.r.l., a company of the Gala Group, regarding **areti**'s refusal to stipulate a transport contract with it given the established existence of a single decision-making centre subsisting between Gala Power and its parent company Gala, in light of the significant debt exposure accrued by the latter with respect to **areti**.

It should be noted that with sentence no. 270 of 6 February 2019 the Lombardy Regional Administrative Court fully rejected the appeal filed by Gala S.p.A. against ARERA Resolution 109/201/R/eel of 6 March 2017 concerning guarantees for the collection of general electricity system costs.

#### **New Photovoltaic acquisitions**

It should be noted that during the period, in line with the Business Plan, the Acea Group began operations in the photovoltaic market with the establishment of two new companies, Acea Solar for the development of greenfields and Acea Sun Capital for the acquisition of plants. To date, photovoltaic systems have been acquired for a total installed capacity of about 23 MWp.

## Engineering and Services Operating Segment

### Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2019	30/09/2018	Change	% Change
Technical-professional verification	Number of firms	390	184	206	112.0%
Worksite inspections	Number of inspections	10,166	8,017	2,149	26.8%
Safety Coordination	CSE Number	140	227	(87)	(38.3%)

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	52.3	53.0	(0.7)	(1.3%)
Costs	41.3	42.1	(0.8)	(1.9%)
EBITDA	11.0	10.9	0.1	0.8%
Operating profit/(loss) (EBIT)	9.8	9.7	0.1	0.8%
Average headcount	277	262	15	5.8%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	1.2	1.6	(0.4)	(24.4%)	0.8	0.4	56.5%
Net financial debt	16.9	(13.3)	30.2	n.s.	20.1	(3.2)	(15.9%)

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Engineering and Services Segment	11.0	10.9	0.1	0.8%
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	1.4%	1.6%	(0.2 p.p.)	

The Segment closes the first nine months of 2019 with EBITDA of € 11.0 million, essentially in line with the same period of last year. In addition to **Acea Elabori**, the Segment also includes **Ingegnerie Toscane**, an engineering company that provides technical support services in the water-environmental sector, and **TWS**, a company that operates mainly in the construction and renovation of works instrumental to the operation of the Integrated Water Service, and in particular of water treatment plants – drinking water and wastewater – as well as design and engineering services as they relate to plant construction. These companies recorded EBITDA of € 1.6 million and € 0.5 million respectively.

The average number of staff as at 30 September 2019 was 277, 15 more than at 30 September 2018. The increase is attributable to **ACEA Elabori** (+26 units), partly offset by **TWS** (-11 units).

Investments amounted to € 1.2 million and mainly refer to the purchase of equipment for the Grottarossa laboratory by **ACEA Elabori** and investments in IT systems.

Net financial debt at 30 September 2019 stood at € 16.9 million, improving by € 3.2 million compared to 30 September 2018 and down € 30.2 million on 31 December 2018. The first application of IFRS 16 contributed to the increase of financial debt by € 1.1 million.

#### Significant and subsequent events

No significant events are reported during the period observed.

## Corporate

### Equity and financial results for the period

Equity and financial results (€ million)	30/09/2019	30/09/2018	Change	% Change
Revenues	103.8	90.2	13.6	15.1%
Costs	107.2	107.2	0.1	n.s.
EBITDA	(3.5)	(17.0)	13.5	(79.6%)
Operating profit/(loss) (EBIT)	(17.0)	(27.5)	10.5	(38.1%)
Average headcount	667	662	5	0.8%

Equity and financial results (€ million)	30/09/2019	31/12/2018	Change	% Change	30/09/2018	Change	% Change
Investments	11.3	10.0	1.3	13.0%	5.2	6.2	119.5%
Net financial debt	236.6	236.4	0.2	0.1%	227.0	9.6	4.2%

EBITDA (€ million)	30/09/2019	30/09/2018	Change	% Change
EBITDA Corporate Segment	(3.5)	(17.0)	13.5	(79.6%)
EBITDA GROUP	769.4	685.2	84.2	12.3%
Percentage weight	(0.4%)	(2.5%)	2.0 pp	

Corporate closed the first nine months of 2019 with a negative EBITDA of € 3.5 million (+ € 13.5 million compared to 30 September 2018). The change is due to the combined effect of several phenomena, including the recognition of the contingent liability of € 16.2 million due to the decision of the Regional Administrative Court annulling the penalty imposed by the Antitrust Authority served on 8 January 2019 and against which an appeal was filed, the increase in Facility Management costs, the change in service contracts and the increase in personnel costs offset by the reduction in operating costs for Information Technology. Finally, it should be noted that EBITDA as at 30 September 2019 benefited from the first-time application of IFRS 16 for € 3.5 million, which translates into a reduction in costs for leased assets but against a corresponding increase in depreciation.

The average workforce at 30 September 2019 stood at 667 and was up compared to the previous year (662 employees).

Investments amounted to € 11.3 million and, compared to 30 September 2018 increased by € 6.2 million. Investments mainly refer to IT developments and investments in the company offices.

Net financial debt as at 30 September 2019 amounted to € 236.6 million and was substantially in line with the value recorded at the end of the 2018 financial year. The substantial lack of change between the two periods compared is due to the combined effect of ACEA's requirements for working capital, including the payment of trade payables and the recognition of the financial debt for the first-time adoption of IFRS 16, which amounts to € 16.5 million.

### Significant and subsequent events

ACEA and the companies Alma C.I.S. S.r.l. and Mediterranea Energia Soc. Cons.a.r.l., having obtained approval from the Municipality of Pescara, on 18 March 2019, completed Acea's acquisition of 51% of the share capital of the company Pescara Distribuzione Gas Srl, a business engaged in the distribution of methane gas in the Municipality of Pescara.

It should also be noted that on 1 July 2019 ACEA set up ACEA INNOVATION Srl, which has the objective of researching innovations and start-ups to start experimental projects in order to apply innovative ideas to real cases, together with Group companies, as well as some collaborative initiatives in funded projects.

Finally, it should be noted that on 17 October the Lazio Regional Administrative Court definitively ruled on the appeal filed by Acea concerning the fine of € 16.2 million imposed for anti-competitive conduct in the electricity sales market, thereby completely annulling the penalty measure.

## Significant events during the period and afterwards

### **Acea S.p.A. AGCM Antitrust Authority Order – Proceeding no. A 513**

On 8 January 2019, the Acea Group was notified of an order of the Italian Antitrust Authority with an administrative fine of € 16.2 million against Acea S.p.A., Acea Energia SpA and areti SpA, jointly and severally among them, with reference to proceeding no. A 513 for abuse of a dominant position in the electricity sales market, which the Acea Group challenged at the Lazio administrative court.

### **Acea S.p.A. Completion of the acquisition of 51% of the share capital of the company – Pescara Distribuzione Gas**

On 18 March 2019 Acea S.p.A. and the companies Alma C.I.S. Srl and Mediterranea Energia Soc. Cons.a rl, having obtained approval from the Municipality of Pescara, completed Acea's acquisition of 51% of the share capital of Pescara Distribuzione Gas Srl, a business engaged in the distribution of methane gas in the Municipality of Pescara.

### **Acea S.p.A. The Board of Directors approves the 2019–2022 Business Plan**

On 2 April the Board of Directors approved the 2019–2022 Business Plan.

### **Acea S.p.A. The Shareholders' Meeting of Acea approves the Financial Statements as at 31 December 2018 and approves the payment of a dividend of € 0.71 per share. Appointment of the Board of Statutory Auditors and a Director**

On 17 April 2019 the Acea S.p.A. Shareholders' Meeting approved the Financial statements and presented the Consolidated financial statements at 31 December 2018.

The Shareholders' Meeting also appointed the new Board of Statutory Auditors, defining the fees of the same. The members of the new Board of Statutory Auditors are Maurizio Lauri, Chairman and Pina Murè and Maria Francesca Talamonti as standing auditors.

The Shareholders' Meeting also appointed the lawyer Maria Verbena Sterpetti to the Board of Directors.

### **Acea S.p.A. Successful placement of a non-convertible bond issued under the EMTN Programme for a total of € 500 million over 9 years**

Following the Board of Directors' resolution of 6 May 2019 and the completion of bookbuilding, on 16 May 2019 Acea S.p.A. successfully completed the placement of a non-convertible bond loan for a total principal amount of € 500 million, maturing on 23 May 2028 and at a rate of 1.75%, under the € 3.0 billion Euro Medium Term Notes (EMTN) programme, with the Base Prospectus as last amended on 18 July 2018 and subsequently supplemented on 15 May 2019 (the "Bonds"). The Bonds are intended exclusively for institutional investors in the Euromarket. The issue was successful, receiving requests equal to 3.75 times the amount of the Bonds offered, by investors of primary rank and representative of many geographical areas.

### **Acea S.p.A. Fitch Ratings confirms Acea's "BBB+" rating and "stable" outlook**

On 16 May 2019 Fitch Ratings confirmed its Long-Term Issuer Default Rating (IDR) for Acea of "BBB+" with "Stable" outlook, and the Short-Term IDR of "F2". The Long-Term Senior Unsecured Rating of "BBB+" was also confirmed. The opinion reflects Acea's strategic focus on regulated activities and the positive results achieved to this point.

### **Acea enters the plastics treatment sector**

On 4 July 2019 Acea S.p.A., through its subsidiary Acea Ambiente, finalised an agreement with DE.CO.RO. srl, a company of the Dentis Recycling srl group, for the acquisition of 90% of the share capital held in the company Demap srl, owner of a plastic treatment plant with an authorised capacity of 75,000 tonnes per year.

The plant is located in the province of Turin and affiliated with the Corepia Consortium, and since 2004 has been engaged in sorting and recycling plastic and plastic/metal packaging from separate urban waste collection, particularly in Valle d'Aosta and Piedmont.

### **Acea S.p.A. Update of the EMTN Programme Ceiling**

On 15 July 2019, Acea S.p.A. completed the update of its Euro Medium Term Note Programme (EMTN) of bond issues, filed with the Luxembourg Stock Exchange and reserved for institutional investors. With this update Acea S.p.A. increased the ceiling of the Programme up to € 4 billion, signing the documentation with 15 dealer banks.

### **Acea S.p.A. The Acea Group returns to growth in the renewable energy market – acquires photovoltaic plants with an installed capacity of 25MWp**

During the month of July, Acea completed acquisitions of photovoltaic plants incentivised by the Feed-in tariff for a total installed capacity of approximately 25 MWp, reaching 50% of the plan target ahead of schedule.

The operations have an Enterprise Value of approximately € 75 million and will contribute to an increase in the Group's EBITDA of approximately € 11 million on an annual basis.

The most significant portfolio refers to the acquisition of 65% of the share capital of seven vehicle companies owning 18 photovoltaic plants, with a total installed capacity of about 20MWp, owned by the Belenergia Group. The other photovoltaic systems will be acquired 100%.

### **Acea Group – Gori financing**

On 23 July 2019, the structured long-term financing operation of € 80 million in favour of the subsidiary Gori, a company of the Acea Group, was successfully concluded. The loan, granted by UBI Banca, Intesa Sanpaolo, MPS Capital Services Banca per le Imprese, Banco BPM, Banca del Mezzogiorno – MedioCredito Centrale, Banca di Credito Popolare di Torre del Greco and Banca IMI as agent, together with the loan of € 20 million granted by the Parent Acea, represents the most important project-based structured finance operation in the integrated water service sector in Campania.

### **Acea S.p.A. Moody's confirms ACEA's "Baa2" rating and "stable" outlook**

On 9 August 2019 Moody's Investors Service confirmed Acea's "Baa2" Long-Term Issuer Rating and the Senior Unsecured Rating. Moody's also confirmed the "(P)Baa2" rating of Acea's EMTN Programme. The outlook remains "stable". The rating agency's opinion reflects the positive results achieved by Acea and the Group's strategic focus on regulated activities.

### **Acea S.p.A. Acquedotto del Fiora: modification of the by-laws and of the shareholders' agreements**

On 7 October 2019 the Shareholders' Meeting of the Acquedotto del Fiora, a company that manages the integrated water service of 55 municipalities in the provinces of Grosseto and Siena (together making up ATO 6 "Ombrone") and 40% owned by Acea, approved the amendment to the company's by-laws and shareholders' agreements, which will therefore make it possible to consolidate the company on a line-by-line basis, which until now had been consolidated within the scope of the Acea Group at the level of shareholders' equity. The Meeting's decision is part of a positive context of industrial collaboration between Acea and the institutions representing the territories the Acquedotto del Fiora operates in, with a focus on growth and sustainable development.

### **Acea S.p.A.: New investment in the circular economy**

On 10 October 2019 one of the largest composting plants with anaerobic digestion, treatment of organic waste and production of biogas in Central Italy was inaugurated.

The plant, located in Monterotondo Marittimo in the province of Grosseto, took about two years to build and has an authorised capacity for the treatment of 70,000 tonnes of waste per year, for a total annual electricity production of about 6 GWh. The investment was approximately € 22 million, with an expected contribution to EBITDA on an annual basis of approximately € 2.5 million.

Equipped with the most advanced technologies on the market, the plant will provide significant environmental benefits including less organic waste in landfills as it is instead transformed into fertilisers useful for agriculture (compost) and the production of electricity from renewable sources through the energy exploitation of biogas produced by the process of anaerobic waste digestion.

### **Acea S.p.A.: Regional Administrative Court of Lazio cancels antitrust fine of € 16 million**

On 17 October 2019 two separate sentences were published, referring respectively to the appeals filed by the companies Acea S.p.A., Acea Energia SpA and areti SpA, by which the Lazio Regional Administrative Court completely annulled the fine of € 16.2 million imposed jointly and severally on the aforementioned companies by the Antitrust Authority (AGCM), by order no. 27496 of December 20, 2018, which referred to alleged anti-competitive conduct in the electricity sales market.

### **Operating (and financial) outlook**

The results achieved by the ACEA Group at 30 September 2019 are better than the forecasts. This makes it possible for the EBITDA guidance to be revised upwards with respect to what has already been communicated to the market. As a result the following is expected:

- ✓ an increase in EBITDA of 10% over 2018 (previous guidance was 7%);
- ✓ confirmed investments up by over 10% compared to 2018;
- ✓ confirmed financial debt at the end of the year between € 2.85 and € 2.95 billion excluding changes in the scope of consolidation and maintaining the NFP/EBITDA less than or equal to 3x.

The Group is determined to make major investments in infrastructure that, while maintaining the solidity of its consolidated financial structure, have a positive impact on the Group's operating and economic performance. The Group's financial structure is solid for the years to come. At 30 September 2019, 80.0% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 30 September 2019 the average duration of medium/long-term debt stood at 5.6 years. Note that the reduction of the average cost went from 2.21% of 31 December 2018 to 2.16% of 30 September 2019.



## Form and Structure

### General information

The Interim Report on Operations as at 30 September 2019 of the ACEA Group was approved by Board of Directors on 13 November 2019. The Parent Company, Acea S.p.A. 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.

The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "IFRS".

In preparing this interim report, in compliance with IAS 34, applicable to interim financial reporting, the same accounting principles were applied as those for the preparation of the Consolidated Financial Statements at 31 December 2018, which see for a complete description, and must therefore be read together with the latter.

### 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 Management Report is presented in euros and all amounts are rounded off to the nearest thousand euros unless otherwise indicated.

The figures in this Management Interim Report are comparable with those of the previous period.

### 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. The main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.

The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are immediately recorded in the financial statements.

The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.

In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing. For more information on the methods in question, please refer to the following paragraphs.

### Effects of the seasonality of transactions

For the type of business in which it operates, the Acea Group is not subject to significant seasonality. Some specific operating segments, however, can be affected by uneven trends that span an entire year.

## Consolidation policies, procedures and scope

### Consolidation policies

#### Subsidiaries

The scope of consolidation includes the Parent Company Acea S.p.A. and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.

According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.

In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.

The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the ACEA Group had control.

#### Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.

According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and

circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

#### **Associates**

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.

In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.

The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.

When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment.

#### **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 IFRS 3 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 IFRS 5 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 recognised 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 recognised according to the provisions included in IFRS 9, in the income statement or among the other components of the comprehensive income statement.

The costs directly attributable to the acquisition are included in the income statement.

The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, in the Income Statement.

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 (IFRS 5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS 5.

#### Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company Acea, are converted into Euros by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.

The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the euro are recognised directly in equity and are shown separately in a specific reserve of; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

- without loss of control, the share of the exchange differences relating to the shareholding sold is attributed to the shareholders' equity pertaining to minority interests;
- without loss of joint control or significant influence, the portion of exchange differences relating to the shareholding sold is recognised in the income statement.

#### Scope 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 IFRS 10, 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. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

#### **A) Changes in the scope of consolidation**

With regard to the scope of consolidation, as at 30 September 2019 it should be noted that

- the full consolidation of GORI S.p.A. starting from 8 November 2018 following the long-term industrial agreement with the Campania Region and the Campania Water Authority;
- the consolidation of two foreign companies, Consorzio Servizi Sur and Acea Perù;
- the consolidation of the company Bioecologia S.r.l., which is part of the Environmental Industrial Segment;
- the consolidation of the company Pescara Distribuzione Gas S.r.l., which is part of the Water Industrial Segment.
- the establishment of two new companies that are part of the Energy Infrastructure Industrial Segment, with the aim of developing renewable sources. These companies, Acea Solar and Acea Sun Capital, will carry out activities in the photovoltaic sector. In the period between June and September, Acea Sun Capital acquired the following companies that own photovoltaic plants and operate in the renewable energy sector:
  - *KT4;*
  - *Acquaviva;*
  - *Brindisi Solar;*
  - *Compagnia Solare 2;*
  - *Compagnia Solare 3;*
  - *Solaria Real Estate;*
  - *Spes;*
  - *Luna Energia;*
  - *Sisine Energia.*

- the consolidation of the company Demap S.r.l., which is part of the Environmental Industrial Segment;
- the consolidation of the company Acea Innovation, which is part of the Corporate Industrial Segment.

It should also be noted that the company Acea Illuminazione Pubblica S.p.A. placed in liquidation on 13 December 2018 approved the Final Financial Statements of the liquidation and the related allotment plan on 7 February 2019.

#### **B) Unconsolidated investments**

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by ACEA, is recognised at cost. The subsidiary, entirely devalued, 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

Companies included in the scope of consolidation and consolidated on a line-by-line basis

Company name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
<b>Environment Segment</b>					
Acea Ambiente Sr.l.	Via G. Bruno 7- Terni	2,224,992	100.00%	100.00%	100%
Aquaser Sr.l.	Piazzale Ostiense 2 - Rome	3,900,000	93.06%	100.00%	100%
Bioecologia Sr.l.	Via Simone Martini 57 - 53100 Siena	2,382,428	100.00%	100.00%	100%
Iscco Sp.A.	Loc. Siripian 10 - 11020 Saint-Marcel (AO)	110,000	80.00%	100.00%	100%
Damp Sr.l.	Via Giotto 13 - Beinacco (TO)	119,015	90.00%	100.00%	100%
Acque Industriali Sr.l.	Via Bellatalla 1 - Ospedaletto (Pisa)	100,000	73.05%	100.00%	100%
<b>Commercial and Trading Segment</b>					
Acea Energia Sp.A.	Piazzale Ostiense 2 - Rome	10,000,000	100.00%	100.00%	100%
Aceabcento Sr.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Cesap Vendita Gas Sr.l.	Via del Teatro 9 - Bastia Umbra (PG)	10,000	100.00%	100.00%	100%
Umbria Energy Sp.A.	Via B. Capponi 100 - Terni	1,000,000	50.00%	100.00%	100%
Acea Energy Management Sr.l.	Piazzale Ostiense 2 - Rome	50,000	100.00%	100.00%	100%
Parco della Mistica Sr.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
<b>Overseas</b>					
Acea Dominicana SA.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644,937	100.00%	100.00%	100%
Agua de San Pedro SA.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.65%	100.00%	100%
Acea International SA.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	8,850,604	99.99%	100.00%	100%
Acea Peru SAC.	Cal. Amador Merino Reyna 307 MIRAFLORES - LIMA	1,000	100.00%	100.00%	100%
Consorcio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Mazoneria - Ens. Ozama	67,253	100.00%	100.00%	100%
Consorcio Servicios Sur	Calle Amador Merino Reyna - San Isidro	233,566	51.00%	100.00%	100%
<b>Water Segment</b>					
ACEA Ato2 Sp.A.	Piazzale Ostiense 2 - Rome	362,834,320	96.46%	100.00%	100%
ACEA Ato5 Sp.A.	Viale Roma snc - Frosinone	10,330,000	98.45%	100.00%	100%
Acque Blu Arno Basso Sp.A.	Piazzale Ostiense 2 - Rome	8,000,000	76.67%	100.00%	100%
Acque Blu Fiorentine Sp.A.	Piazzale Ostiense 2 - Rome	15,153,400	75.01%	100.00%	100%
Crea Gestioni Sr.l.	Piazzale Ostiense 2 - Rome	100,000	100.00%	100.00%	100%
CREA Sp.A. (in liquidation)	Piazzale Ostiense 2 - Rome	2,678,958	100.00%	100.00%	100%
Gessa Sp.A.	Corso Garibaldi 8 - Benevento	534,991	57.93%	100.00%	100%
GORI Sp.A.	Via Trentola 211 - Ercolano (NA)	44,999,971	37.05%	100.00%	100%
Lunigiana Sp.A. (in liquidation)	Via Nazionale 173/175 - Massa Carrara	750,000	95.79%	100.00%	100%
Ombrone Sp.A.	Piazzale Ostiense 2 - Rome	6,500,000	99.51%	100.00%	100%
Pescara Distribuzione Gas Sr.l.	Via G. Carducci 83 Pescara	120,000	51.00%	100.00%	100%
Sarnese Vesuviano Sr.l.	Piazzale Ostiense 2 - Rome	100,000	99.16%	100.00%	100%
Umbriade Servizi Idrici S.c.a.r.l.	Strada Sabbione zona Ind. A72 - Terni	100,000	99.20%	100.00%	100%
<b>Energy Infrastructure Segment</b>					
aret i Sp.A.	Piazzale Ostiense 2 - Rome	345,000,000	100.00%	100.00%	100%
Acea Produzione Sp.A.	Piazzale Ostiense 2 - Rome	5,000,000	100.00%	100.00%	100%
Acea Liquidation and Litigation Sr.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Ecogena Sr.l.	Piazzale Ostiense 2 - Rome	1,669,457	100.00%	100.00%	100%
KT 4 Sr.l.	Viale SS.Pietro e Paolo 50 - Rome	110,000	100.00%	100.00%	100%
Brindisi Solar Sr.l.	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Solaria Real Estate srl	Via Paolo da Cannobio 33 - Milan	160,000	65.00%	100.00%	100%
Compagnia Solare 2	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Compagnia Solare 3	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
SPES Sr.l.	Via Paolo da Cannobio 33 - Milan	457,426	65.00%	100.00%	100%
AcquaViva Sr.l.	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Luna Energia Sr.l.	Strada degli Alberi 7 - Galleria Veneta (PD)	10,000	100.00%	100.00%	100%
Saine Energia srl	Strada degli Alberi 7 - Galleria Veneta (PD)	10,000	100.00%	100.00%	100%
Acea Solar Sr.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Acea Sun Capital Sr.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
<b>Engineering and Services Segment</b>					
ACEA Ebori Sp.A.	Via Vitorchiano - Rome	2,444,000	100.00%	100.00%	100%
Technologies For Water Services SPA	Via Ticino 9 - 25015 Desenzano Del Garda (BS)	11,164,000	100.00%	100.00%	100%
<b>Corporate</b>					
ACEA Innovation	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%

**Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11:**

Company name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation	Value 30.06.2018
<b>Environment Segment</b>						
Ecomed S.r.l.	Piazzale Ostiense 2 - Rome	10,000	50,00%	50,00%	Shareholders' Equity	0
<b>Overseas</b>						
Consorcio Agua Azul SA.	Calle Amador Marino Reina 307 - Lima - Perù	17,371,834	25,50%	25,50%	Shareholders' Equity	7,135,957
<b>Water Segment</b>						
Acque Sp.A.	Via Garigliano 1 - Empoli	9,953,116	45,00%	45,00%	Shareholders' Equity	71,281,134
Acque Servizi S.r.l.	Via Ballistalla 1 - Ospedaletto (Pisa)	400,000	100,00%	45,00%	Shareholders' Equity	4,089,077
Acquedotto del Fiora Sp.A.	Via Mameli 10 - Grosseto	1,730,520	40,00%	40,00%	Shareholders' Equity	39,577,830
Geol Sp.A.	Viale Luporini 1348 - Lucca	1,450,000	48,00%	48,00%	Shareholders' Equity	7,784,881
Intesa Aretina Scar.l.	Via B.Crepi 57 - Milan	18,112,000	35,00%	35,00%	Shareholders' Equity	1,081,916
Nuove Acque Sp.A.	Patrigione Loc. Cuculo - Arezzo	34,450,389	46,16%	16,16%	Shareholders' Equity	11,479,825
Publiacqua Sp.A.	Via Villamagna - Florence	150,280,057	40,00%	40,00%	Shareholders' Equity	108,680,699
Umbra Acque Sp.A.	Via G. Benucci 162 - Ponte San Giovanni (PG)	15,549,889	40,00%	40,00%	Shareholders' Equity	16,297,357
<b>Engineering and Services Segment</b>						
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis 49 - Florence	100,000	42,52%	42,52%	Shareholders' Equity	9,013,929
Visano Scar.l.	Via Lamarmora 230 - 25124 Brescia	25,000	40,00%	40,00%	Shareholders' Equity	10,329

**The following companies are also consolidated using the equity method:**

Company name	Location	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation	Value 30.06.2018
<b>Environment Segment</b>						
Arnea Sp.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33,00%	33,00%	Shareholders' Equity	0
Coima	Piazzale Ostiense 2 - Rome	10,000	33,50%	33,50%	Shareholders' Equity	0
<b>Overseas</b>						
Aguaazul Bogotá SA.	Calle 82 19° 34' - Bogotá - Colombia	1,162,872	51,00%	51,00%	Shareholders' Equity	1,548,855
<b>Water Segment</b>						
Azga Nord Sp.A. (in liquidation)	Piazza Repubblica Palazzo Comunale - Pontremoli (MS)	217,500	49,00%	49,00%	Shareholders' Equity	0
Sogea Sp.A.	Via Mercatanti 8 - Rieti	260,000	49,00%	49,00%	Shareholders' Equity	587,836
Le Soluzioni S.r.l.	Via Garigliano 1 - Empoli	250,878	34,32%	24,62%	Shareholders' Equity	63,727
Umbria Distribuzione Gas Sp.A.	Via Bruno Capponi 100 - Terni	2,120,000	15,00%	15,00%	Shareholders' Equity	471,409
Servizi Idrici Integrati SpA	Via I Maggio 65 - Terni	19,536,000	25,00%	24,80%	Shareholders' Equity	7,904,049
<b>Energy Infrastructure Segment</b>						
Citelum Napoli Pubblica Illuminazione Scar.l.	Via Monteverdi Claudio 11 - Milan	90,000	32,18%	32,18%	Shareholders' Equity	0
Senergia Sp.A. (in liquidation)	Via Fratelli Cairoli 24 - Perugia	132,000	42,08%	42,08%	Shareholders' Equity	0
<b>Other</b>						
Marco Polo SI (in liquidation)	Via delle Cave Ardeatine 40 - Rome	10,000	33,00%	33,00%	Shareholders' Equity	0

## Consolidated Income Statement

	30/09/2019	<i>Of which related party transactions</i>	30/09/2018	<i>Of which related party transactions</i>	Change
Revenue from sales and services	2,245,878		2,091,060		154,817
Other revenue and proceeds	100,335		82,869		17,465
<b>Consolidated net revenues</b>	<b>2,346,212</b>	<b>88,283</b>	<b>2,173,930</b>	<b>90,732</b>	<b>172,282</b>
Personnel costs	187,434		160,336		27,098
Costs of materials and overheads	1,418,372		1,353,957		64,415
<b>Consolidated Operating Costs</b>	<b>1,605,806</b>	<b>45,503</b>	<b>1,514,293</b>	<b>46,356</b>	<b>91,513</b>
<b>Net income/(costs) from commodity risk management</b>	<b>349</b>				<b>349</b>
<b>Income/(Costs) from equity investments of a non-financial nature</b>	<b>28,688</b>		<b>25,581</b>		<b>3,108</b>
<b>EBITDA</b>	<b>769,444</b>	<b>42,781</b>	<b>685,217</b>	<b>44,375</b>	<b>84,226</b>
Net write-downs (write-backs) of trade receivables	51,799		44,853		6,946
Depreciation, amortisation and provisions	315,144		259,318		55,826
<b>Operating profit/(loss)</b>	<b>402,500</b>	<b>42,781</b>	<b>381,046</b>	<b>44,375</b>	<b>21,454</b>
Financial income	11,452	17,742	9,703	11,917	1,749
Financial costs	(76,950)	211	(75,604)	0	(1,346)
Income/(Costs) from equity investments	3,565		9,411		(5,846)
<b>Profit/(loss) before tax</b>	<b>340,568</b>	<b>60,733</b>	<b>324,556</b>	<b>56,292</b>	<b>16,012</b>
Income taxes	102,272		98,776		3,497
<b>Net profit/(loss)</b>	<b>238,295</b>	<b>60,733</b>	<b>225,781</b>	<b>56,292</b>	<b>12,515</b>
Net profit/(loss) from discontinued operations					
<b>Net profit/(loss)</b>	<b>238,295</b>	<b>60,733</b>	<b>225,781</b>	<b>56,292</b>	<b>12,515</b>
Profit/(loss) attributable to minority interests	19,399		11,007		8,392
<b>Net profit/(loss) attributable to the Group</b>	<b>218,896</b>		<b>214,774</b>		<b>4,123</b>
Earnings (loss) per share attributable to Parent Company's shareholders					
Basic	1.02785		1.00849		0.01936
Diluted	1.02785		1.00849		0.01936
Earnings (loss) per share attributable to Parent Company's shareholders, net of Treasury Shares					
Basic	1.02987		1.01047		0.01940
Diluted	1.02987		1.01047		0.01940

Amounts in € thousand



## Quarterly Consolidated Income Statement

€ million	Q3 2019	Q3 2018	Change	% Change
Revenue from sales and services	746.2	701.0	45.2	6.4%
Other revenue and proceeds	46.9	18.6	28.3	151.7%
<b>Consolidated net revenues</b>	<b>793.1</b>	<b>719.7</b>	<b>73.4</b>	<b>10.2%</b>
Personnel costs	63.1	50.4	12.7	25.3%
Costs of materials and overheads	472.6	441.0	31.6	7.2%
<b>Consolidated Operating Costs</b>	<b>535.8</b>	<b>491.4</b>	<b>44.4</b>	<b>9.0%</b>
<b>Net income/(costs) from commodity risk management</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>n.s.</b>
<b>Income/(Costs) from equity investments of a non-financial nature</b>	<b>9.3</b>	<b>7.1</b>	<b>2.2</b>	<b>31.1%</b>
<b>EBITDA</b>	<b>266.8</b>	<b>235.3</b>	<b>31.5</b>	<b>13.4%</b>
Net write-downs (write-backs) of trade receivables	15.8	13.0	2.8	21.4%
Amortisation, depreciation, provisions and impairment charges	108.8	92.0	16.8	18.3%
<b>Operating profit/(loss)</b>	<b>142.3</b>	<b>130.3</b>	<b>12.0</b>	<b>9.2%</b>
Financial income	4.4	3.2	1.3	39.3%
Financial costs	(27.2)	(26.7)	(0.5)	1.8%
Income/(Costs) from equity investments	0.0	0.0	0.0	n.s.
<b>Profit/(loss) before tax</b>	<b>119.5</b>	<b>106.8</b>	<b>12.7</b>	<b>11.9%</b>
Income taxes	35.9	31.7	4.2	13.3%
<b>Net profit/(loss)</b>	<b>83.6</b>	<b>75.1</b>	<b>8.5</b>	<b>11.3%</b>
Net profit/(loss) from discontinued operations		0.0		n.s.
<b>Net profit/(loss)</b>	<b>83.6</b>	<b>75.1</b>	<b>8.5</b>	<b>11.3%</b>
Profit/(loss) attributable to minority interests	7.7	3.0	4.7	154.6%
<b>Net profit/(loss) attributable to the Group</b>	<b>75.9</b>	<b>72.1</b>	<b>3.8</b>	<b>5.3%</b>

## Comprehensive Consolidated Income Statement

€ thousand	30/09/2019	30/09/2018	Change	% Change
<b>Net income for the period</b>	<b>238,295</b>	<b>225,781</b>	<b>12,515</b>	<b>5.5%</b>
<b>Profit/Loss from conversion of financial statements expressed in foreign currency</b>	<b>1,652</b>	<b>637</b>	<b>1,015</b>	<b>159.5%</b>
Reserve for exchange differences	(10,835)	(3,754)	(7,081)	188.6%
Tax reserve for exchange differences	2,600	901	1,699	188.6%
<b>Gains/losses from exchange rate difference</b>	<b>(8,234)</b>	<b>(2,853)</b>	<b>(5,381)</b>	<b>188.6%</b>
Effective portion of profits/(losses) on hedging instruments ("cash flow hedges")	4,824	19,518	(14,694)	(75.3%)
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(943)	(5,222)	4,279	(81.9%)
<b>Profit/Loss From the Effective Portion on Hedging Instruments net of tax effect</b>	<b>3,881</b>	<b>14,296</b>	<b>(10,415)</b>	<b>(72.9%)</b>
Actuarial gains/(losses) on employee benefits recognised in equity	(5,490)	1,831	(7,321)	(399.8%)
Tax effect on the other actuarial profit/(loss) on staff benefit plans	1,594	(533)	2,127	(399.0%)
<b>Actuarial Profit/(Loss) on defined benefit pension plans net of tax effect</b>	<b>(3,896)</b>	<b>1,298</b>	<b>(5,194)</b>	<b>(400.1%)</b>
<b>Total components of other comprehensive income, net of tax effect</b>	<b>(6,598)</b>	<b>13,377</b>	<b>(19,975)</b>	<b>(149.3%)</b>
<b>Total comprehensive income/loss</b>	<b>231,698</b>	<b>239,158</b>	<b>(7,460)</b>	<b>(3.1%)</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Group	212,174	228,022	(15,849)	(7.0%)
Minority interests	19,524	11,136	8,388	75.3%

Amounts in € thousand

## Quarterly Comprehensive Consolidated Income Statement

€ thousand	Q3 2019	Q3 2018	Change
<b>Net income for the period</b>	<b>83,631</b>	<b>75,122</b>	<b>8,509</b>
<b>Profit/Loss from conversion of financial statements expressed in foreign currency</b>	<b>1,595</b>	<b>95</b>	<b>1,499</b>
Reserve for exchange differences	(6,727)	3,012	(9,739)
Tax reserve for exchange differences	1,614	(723)	2,337
<b>Gains/losses from exchange rate difference</b>	<b>(5,112)</b>	<b>2,289</b>	<b>(7,401)</b>
Effective portion of profits/(losses) on hedging instruments ("cash flow hedges")	6,456	5,091	1,365
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(1,622)	(1,726)	104
<b>Profit/Loss From the Effective Portion on Hedging Instruments net of tax effect</b>	<b>4,834</b>	<b>3,365</b>	<b>1,469</b>
Actuarial gains/(losses) on employee benefits recognised in equity	(1,278)	(469)	(809)
Tax effect on the other actuarial profit/(loss) on staff benefit plans	367	135	232
<b>Actuarial Profit/(Loss) on defined benefit pension plans net of tax effect</b>	<b>(910)</b>	<b>(333)</b>	<b>(577)</b>
<b>Total comprehensive income/loss</b>	<b>405</b>	<b>5,416</b>	<b>(5,010)</b>
<b>Total comprehensive income (loss) attributable to:</b>	<b>84,037</b>	<b>80,538</b>	<b>3,499</b>
Group	76,533	77,659	(1,126)
Minority interests	7,503	2,878	4,625

Amounts in € thousand

## Consolidated Statement of Financial Position

ASSETS	30/09/2019	of which with related parties	31/12/2018	of which with related parties	Change
Tangible Fixed Assets	2,536,681		2,365,019		171,662
Real Estate Investments	2,445		2,489		(44)
Goodwill	176,607		149,886		26,721
Concessions	2,233,754		2,126,120		107,633
Intangible Fixed Assets	167,325		147,229		20,096
Right of use	55,554				55,554
Investments in subsidiaries and affiliate companies	289,275		279,085		10,190
Other equity investments	2,618		2,614		4
Deferred tax assets	229,660		227,362		2,298
Financial assets	50,550	28,244	55,831	30,847	(5,281)
Other assets	406,299		379,878		26,421
<b>NON-CURRENT ASSETS</b>	<b>6,150,767</b>	<b>28,244</b>	<b>5,735,514</b>	<b>30,847</b>	<b>415,254</b>
Inventories	51,140		48,789		2,351
Trade Receivables	1,080,222	123,756	927,834	83,982	152,388
Other current assets	201,255		252,888		(51,632)
Current tax assets	49,501		9,756		39,746
Current Financial Assets	152,247	117,283	113,960	86,644	38,287
Cash and cash equivalents	999,427		1,068,138		(68,711)
<b>CURRENT ASSETS</b>	<b>2,533,794</b>	<b>234,433</b>	<b>2,421,364</b>	<b>170,626</b>	<b>112,429</b>
Non-current assets held for sale	0		183		(183)
<b>TOTAL ASSETS</b>	<b>8,684,561</b>	<b>262,678</b>	<b>8,157,061</b>	<b>201,473</b>	<b>527,500</b>

Amounts in € thousand

LIABILITIES	30/09/2019	of which with related parties	31/12/2018	of which with related parties	Change
Shareholders' Equity					
Share capital	1,098,899		1,098,899		0
Legal reserve	119,336		111,948		7,389
Other reserves	(202,795)		(285,728)		82,933
Retained earnings/(losses)	547,721		533,522		14,200
Profit (loss) for the year	218,896		270,999		(52,103)
<b>Total Group shareholders' equity</b>	<b>1,782,057</b>		<b>1,729,638</b>		<b>52,419</b>
Non-controlling interests	193,733		173,853		19,880
<b>Total shareholders' equity</b>	<b>1,975,790</b>		<b>1,903,491</b>		<b>72,298</b>
Employee severance indemnity and other defined-benefit plans	103,526		103,930		(404)
Provision for risks and charges	214,514		136,651		77,863
Borrowings and financial liabilities	3,498,306		3,374,134		124,172
Other liabilities	328,845		348,148		(19,304)
Deferred tax provision					0
<b>NON-CURRENT LIABILITIES</b>	<b>4,145,191</b>		<b>3,962,864</b>		<b>182,327</b>
Payables to suppliers	1,514,478	136,352	1,524,876	124,499	(10,398)
Other current liabilities	394,534		329,369		65,165
Financial Payables	644,405	81,527	408,675	627	235,730
Tax Payables	10,164		27,750		(17,586)
<b>CURRENT LIABILITIES</b>	<b>2,563,580</b>	<b>223,572</b>	<b>2,290,670</b>	<b>125,126</b>	<b>272,911</b>
Liabilities directly associated with assets held for sale	0		37		(37)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,684,561</b>	<b>223,572</b>	<b>8,157,061</b>	<b>125,126</b>	<b>527,500</b>

Amounts in € thousand

## Consolidated Statement of Cash Flows

	30.09.2019	Related parties	30.09.2018	Related parties	Change
<b>Cash flow from operating activities</b>					
Profit before tax from continuing operations	340,568		324,556		16,012
Depreciation/amortisation	306,726		251,796		54,929
Write-ups/write-downs	19,546		37,249		(17,703)
Change in provisions for risks	(17,012)		(43,390)		26,378
Change in employee severance indemnities	(7,139)		(1,932)		(5,207)
Net financial debt interest	65,498		65,901		(403)
Income taxes paid	(58,081)		(19,167)		(38,914)
<b>Financial flows generated by operating activities before changes</b>	<b>650,104</b>	<b>0</b>	<b>615,013</b>	<b>0</b>	<b>35,091</b>
Increases in receivables included in the working capital	(192,124)	(39,774)	(35,116)	(7,135)	(157,007)
Increase/decrease in payables included in the working capital	(6,779)	(11,853)	(122,735)	(26,564)	115,956
Increase/(decrease) in inventories	(2,051)		(13,300)		11,249
<b>Change in working capital</b>	<b>(200,955)</b>	<b>(51,628)</b>	<b>(171,152)</b>	<b>(33,699)</b>	<b>(29,803)</b>
Change in other assets/liabilities during the period	48,112		(57,743)		105,854
<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>497,261</b>	<b>(51,628)</b>	<b>386,118</b>	<b>(33,699)</b>	<b>111,143</b>
			0		
<b>Cash flow from investment activities</b>					
Purchase/sale of tangible fixed assets	(415,364)		(166,204)		(249,161)
Purchase/sale of intangible fixed assets	(113,613)		(247,736)		134,123
Purchase/sale of equity investments in subsidiaries	(37,691)		(189)		(37,503)
Collections/payments deriving from other financial investments	(46,084)	(28,036)	(81,116)	(18,729)	35,033
Collected dividends	13,886	13,886	0	0	13,886
Interest income collected	14,279		12,634		1,644
<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(584,588)</b>	<b>(14,551)</b>	<b>(482,610)</b>	<b>(18,729)</b>	<b>(101,978)</b>
<b>Cash flow from financing activities</b>					
Repayment of mortgages and long-term loans	(281,680)		(325,022)		43,342
Provision of mortgages/other debts and medium to long term	500,000		983,976		(483,976)
Decrease/increase in other short-term borrowings	(46,993)	(80,900)	(111,471)	(529)	64,478
Interest expense paid	(78,917)		(82,680)		3,763
Dividends paid	(73,795)	(73,795)	(120,258)	(120,258)	46,463
<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>18,616</b>	<b>(154,695)</b>	<b>344,545</b>	<b>(120,787)</b>	<b>(325,929)</b>
<b>Cash flow for the period</b>	<b>(68,711)</b>	<b>(168,846)</b>	<b>248,053</b>	<b>(173,214)</b>	<b>(316,764)</b>
Net opening balance of cash and cash equivalents	1,068,138		680,641		387,497
Net closing balance of cash and cash equivalents	999,427		928,694		70,733

Amounts in € thousand

## Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholder's equity
Balances as at 31 December 2017	1,098,899	100,619	337,435	180,673	1,717,626	93,580	1,811,206
FTA reserve	0	0	(158,569)	0	(158,569)	(3,847)	(162,416)
Balances as at 01 January 2018	1,098,899	100,619	178,867	180,673	1,559,057	89,733	1,648,790
Income statement profit	0	0	0	214,774	214,774	11,007	225,781
Other comprehensive income (losses)	0	0	0	13,249	13,249	129	13,377
Total comprehensive income (loss)	0	0	0	228,022	228,022	11,136	239,158
Allocation of result for 2017	0	11,329	169,344	(180,673)	0	0	0
Distribution of dividends	0	0	(133,905)	0	(133,905)	(5,066)	(138,971)
Change in scope of consolidation	0	0	0	0	0	0	0
Other Changes	0	0	10,561	0	10,561	(2,974)	7,587
Balances as at 30 September 2018	1,098,899	111,948	224,867	228,022	1,663,736	92,829	1,756,564
Income statement profit	0	0	0	56,225	56,225	2,693	58,918
Other comprehensive income (losses)	0	0	0	(1,352)	(1,352)	399	(953)
Total comprehensive income (loss)	0	0	0	54,873	54,873	3,092	57,965
Allocation of result for 2017	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	(1,454)	(1,454)
Change in scope of consolidation	0	0	0	0	0	84,374	84,374
Other Changes	0	0	11,030	0	11,030	(4,989)	6,041
Balances as at 31 December 2018	1,098,899	111,948	235,897	282,895	1,729,638	173,853	1,903,491

Amounts in € thousand

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholder's equity
Balances as at 01 January 2019	1,098,899	111,948	235,897	282,895	1,729,638	173,853	1,903,491
Income statement profit	0	0	0	218,896	218,896	19,399	238,295
Other comprehensive income (losses)	0	0	0	(6,722)	(6,722)	125	(6,598)
Total comprehensive income (loss)	0	0	0	212,174	212,174	19,524	231,698
Allocation of result for 2018	0	7,389	275,506	(282,895)	0	0	0
Distribution of dividends	0	0	(150,909)	0	(150,909)	(6,546)	(157,455)
Change in scope of consolidation	0	0	(5,289)	0	(5,289)	7,299	2,010
Other Changes	0	0	(3,557)	0	(3,557)	(397)	(3,954)
Balances as at 30 September 2019	1,098,899	119,336	351,648	212,174	1,782,057	193,733	1,975,790

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 30 September 2019, corresponds to results of the documents, books and accounting entries.