



PRESS RELEASE

ACEA: BOARD APPROVES SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2016

RECORD RESULTS ACHIEVED IN 2016:

- **EBITDA €896.3m (up 22.4% on €732.0m of 2015)**
- *Pro-forma EBITDA after adjusting for regulatory impact on Grids segment: €785m (up 7.2% on 2015)*
- **EBIT €525.9m (up 36.1% on €386.5m of 2015)**
- **Net profit €262.3m (up 49.9% on €175.0m of 2015)**
- **Investment €530.7m (up 23.7% on €428.9m of 2015)**
- **Net debt/EBITDA at 31 December 2016 2.4x (2.7x adjusted on 2.7x at 31 December 2015)**

Payment of a dividend for 2016 of €0.62 per share to be proposed to the AGM (a payout ratio of 50%, based on consolidated net profit, after non-controlling interests), up 24% on the figure for 2015.

Rome, 13 March 2017 – The Board of Directors of Acea SpA, chaired by Catia Tomasetti, has approved the separate and consolidated financial statements for the year ended 31 December 2016 and the Sustainability Report for 2016.

The Annual General Meeting (AGM) of shareholders will be held on 27 April and 4 May 2017, in first and second call, respectively, in order, among other things, to approve the financial statements and vote on the appropriation of profit for the year.

The documentation regarding approval of the financial statements for 2016 and reports on the other Agenda items, required by the regulations in force, will be made available for inspection within the deadline established by law.

"These results show how it is possible to achieve challenging objectives, increasing investment and improving service quality," commented Acea's Chairwoman, Catia Tomasetti, "through a process of digital transformation that, by involving all areas of operation, has led to the creation of a new and more efficient operating model. The Group has confirmed its ability to create significant value growth."

Alberto Irace, Acea's CEO, stressed that "The results have been achieved after three years of hard work, and major commitment from everybody at the Company, and the complete digital transformation and re-engineering of processes. This has enabled us to radically change the Group, creating an agile organisation capable of taking its place among with best in Europe. We have built a solid base from which to speed up sustainable growth for the benefit of all our stakeholders."

RESULTS FOR 2016

FINANCIAL HIGHLIGHTS

(€m)	2015	2016	% inc./ (dec.)
Consolidated revenue	2,917.3	2,832.4	-2.9%
EBITDA	732.0	896.3	+22.4%
EBIT	386.5	525.9	+36.1%
Profit/(Loss) before tax	296.4	416.1	+40.4%
Group net profit/(loss) (before non-controlling interests)	181.5	272.5	+50.1%
Group net profit/(loss) (after non-controlling interests)	175.0	262.3	+49.9%
DPS (€)	0.50	0.62	+24.0%

(€m)	2015	2016	% inc./ (dec.)
Investment	428.9	530.7	+23.7%

(€m)	31 Dec 2015 (a)	30 Sept 2016 (c)	31 Dec 2016 (b)	% inc./ (dec.) (b/a)	% inc./ (dec.) (b/c)
Net debt	2,010.1	2,138.7	2,126.9	+5.8%	-0.6%
Equity	1,596.1	1,682.1	1,757.9	+10.1%	+4.5%
Invested capital	3,606.2	3,820.8	3,884.8	+7.7%	+1.7%



ACEA GROUP'S RESULTS FOR 2016

Consolidated EBITDA amounts to €896.3m, a significant increase of 22.4% compared with 2015. This marks a record performance, achieved above all thanks to the contributions of the Water and Energy businesses, the plan to rationalise the Group and implementation of Project Acea 2.0, with the rollout of the Work Force Management (WFM) and new ISU Billing systems that have enabled us to achieve efficiencies beyond expectations. After stripping out the effect of the regulatory change (elimination of the so-called "regulatory lag"), EBITDA records strong growth in excess of 7%.

Contributions to total EBITDA are as follows:

- **Environment 6%** - the segment contributed EBITDA of €57.2m, broadly in line with the figure for 2015 (€57.4m). The result for 2015 benefitted from the insurance proceeds (€3.2m) recognised by Acea Ambiente following the fire that hit the Paliano plant. The margin reflects the entry into service of Line 1 at the San Vittore plant in October 2016 and the contribution of the Orvieto waste treatment plant.

ENVIRONMENT – operational highlights	2015	2016
Treatment and disposal ('000 tonnes)*	765	820
WTE electricity produced (GWh)	265	283

* includes ash disposed of

- **Energy 14%** - this segment's EBITDA is up 20.5% to €130.0m, reflecting a range of contrasting factors, such as: a reduction in the cost of billing and sales; a decrease in the margins on sales and production; an excellent performance from the energy management division.

ENERGY – operational highlights	2015	2016
Electricity production (GWh)	470	410
Electricity sold (GWh)	9,419	8,316
Enhanced protection market	2,951	2,757
Free market	6,468	5,559
Gas sold (million m ³)	126	107

- **Water 40%** - this segment's EBITDA amounts to €355.0m, an increase of €44.2m (14.2%). The improvement primarily reflects tariff trends and includes recognition of the quality award (recognised from 1 July 2016) for Acea ATO2, totalling approximately €23.1m.
- **Grids 40%** - EBITDA is up 39.3% to €356.3m. The increase reflects recognition of the above income linked to the regulatory change introduced by AEEGSI Resolution 654/2015, which has eliminated the so-called "regulatory lag". After stripping out this income, EBITDA is down by approximately €11m due to the impact of the fifth regulatory cycle.

GRIDS – operational highlights	2015	2016
Electricity distributed (GWh)	10,557	10,009

EBIT of €525.9m is up 36.1%.

Finance costs are up to €111.6m, reflecting the partial buyback of two bond issues in the market, which resulted in a total cost of €32.1m.

Net profit, after non-controlling interests amounts to €262.3m, up 49.9% on 2015. The tax rate for 2016 is 34.5% (38.7% in 2015).

Acea **invested** a total of €530.7m in 2016 (up 23.7% compared with 2015). Investment, over 80% of which relates to our regulated businesses, breaks down as follows: Water €230.4m; Grids €197.9m; Energy €55.3m; Environment €34.0m; Parent Company €13.1m.

The Group's **net debt** at 31 December 2016 amounts to €2,126.9m, slightly down on the figure for 30 September 2016 and up €116.8m compared with 31 December 2015. This is largely due to the need to finance the large-scale investment that has taken place.

The ratio of net debt to EBITDA is down from the 2.7x of 2015 to 2.4x at the end of 2016.

In view of the results achieved in 2016, Acea's Board of Directors has decided to propose that the AGM approve payment of an ordinary dividend of €0.62 per share (representing a payout of 50% based on consolidated net profit, after non-controlling interests).



EVENTS AFTER 31 DECEMBER 2016

On 20 February 2017, Acea Illuminazione Pubblica presented a binding offer as part of the auction, organised by Infratel Italia SpA, on behalf of the Ministry for Economic Development, in order to support the development of superfast broadband in so-called "white areas" in the regions of Marche and Umbria (Lot 3) and Lazio (Lot 4). The aim of the auction is to award a fixed-term concession to design, build, maintain and operate publicly owned passive superfast broadband infrastructure and to provide passive and active access on a wholesale basis. The Company had prequalified for the auction and was invited to take part on 5 December 2016.

GUIDANCE FOR 2017

On a like-for-like basis, Acea expects the following performance in the current year:

- EBITDA growth of between 4% and 6% compared with adjusted EBITDA for 2016 (€785m).
- Investment in line with 2016 (€530m).
- Net debt at the end of the year between €2.3bn and €2.4bn.

CALL TO THE AGM

The Annual General Meeting of shareholders will be held in first call on 27 April 2017 and in second call on 4 May 2017, to approve the financial statements for the year ended 31 December 2016 and acknowledge the consolidated financial statements and attached reports. The AGM will also be asked to elect the new Board of Directors and appoint independent auditors.

As previously noted, the Board of Directors intends to propose payment of a dividend of €0.62 per share. The dividend (coupon no. 18) will be paid from 21 June 2017. The ex-dividend date is 19 June and the record date 20 June.

The following schedules are attached:

- CONSOLIDATED ACCOUNTS: INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016, STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016, STATEMENT OF CHANGES IN EQUITY AND ANALYSIS OF NET DEBT AT 31 DECEMBER 2016.

A conference call will be held today at 5.30pm (Italian time) in order to present the results for the year ended 31 December 2016. To coincide with the start of the conference call, back-up material will be made available at www.aceea.it.

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

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016	2015	Increase/ (Decrease)
Sales and service revenues	2,708,646	2,800,570	(91,925)
Other operating income	123,772	116,748	7,024
Consolidated net revenue	2,832,417	2,917,318	(84,901)
Staff costs	199,206	211,157	(11,950)
Cost of materials and overheads	1,766,209	2,002,709	(236,499)
Consolidated operating costs	1,965,415	2,213,865	(248,450)
Net profit/(loss) from commodity risk management	0	0	0
Profit/(loss) on non-financial investments	29,345	28,501	843
Gross operating profit	896,347	731,954	164,392
Amortisation, depreciation, provisions and impairment losses	370,403	345,489	24,914
Operating profit/(loss)	525,944	386,465	139,479
Finance income	17,258	20,163	(2,904)
Finance costs	(128,822)	(111,246)	(17,576)
Profit/(loss) on investments	1,707	1,010	696
Profit/(loss) before tax	416,087	296,392	119,694
Income tax expense	143,548	114,847	28,701
Net profit/(loss)	272,539	181,545	90,994
<i>Net profit/(loss) attributable to non-controlling interests</i>	10,192	6,553	3,639
Net profit/(loss) attributable to owners of the Parent	262,347	174,992	87,355
Earnings/(Loss) per share attributable to owners of the Parent			
Basic	1,2319	0,8217	0,4102
Diluted	1,2319	0,8217	0,4102
Earnings/(Loss) per share attributable to owners of the Parent after treasury shares (C)			
Basic	1,2343	0,8233	0,4110
Diluted	1,2343	0,8233	0,4110



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

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ASSETS	31 December 2016	31 December 2015	Increase/ (Decrease)
Property, plant and equipment	2,210,338	2,087,324	123,014
Investment property	2,606	2,697	(91)
Goodwill	149,825	155,381	(5,555)
Concessions	1,662,727	1,520,304	142,423
Other intangible assets	158,080	104,696	53,384
Investments in subsidiaries and associates	260,877	247,490	13,387
Other investments	2,579	2,750	(170)
Deferred tax assets	262,241	274,577	(12,336)
Financial assets	27,745	31,464	(3,719)
Other assets	34,216	39,764	(5,547)
NON-CURRENT ASSETS	4,771,235	4,466,446	304,790
Inventories	31,726	26,623	5,103
Trade receivables	1,097,441	1,098,674	(1,232)
Other current assets	132,508	130,675	1,833
Current tax assets	74,497	75,177	(680)
Current financial assets	131,275	94,228	37,047
Cash and cash equivalents	665,533	814,653	(149,120)
CURRENT ASSETS	2,132,981	2,240,030	(107,049)
Non-current assets held for sale	497	497	0
TOTAL ASSETS	6,904,713	6,706,972	197,741

EQUITY AND LIABILITIES	31 December 2016	31 December 2015	Increase/ (Decrease)
Equity			
Share capital	1,098,899	1,098,899	0
Legal reserve	95,188	87,908	7,280
Other reserves	(351,090)	(350,255)	(835)
Retained earnings/(accumulated losses)	565,792	512,381	53,411
Profit/(loss) for the period	262,347	174,992	87,355
Total equity attributable to owners of the Parent	1,671,136	1,523,924	147,211
Equity attributable to non-controlling interests	86,807	72,128	14,679
Total equity	1,757,943	1,596,053	161,890
Staff termination benefits and other defined-benefit obligations	109,550	108,630	920
Provisions for liabilities and charges	202,122	189,856	12,266
Borrowings and financial liabilities	2,797,106	2,688,435	108,672
Other liabilities	185,524	184,100	1,425
Deferred tax liabilities	88,158	87,059	1,099
NON-CURRENT LIABILITIES	3,382,460	3,258,079	124,381
Trade payables	1,292,590	1,245,257	47,334
Other current liabilities	273,782	306,052	(32,270)
Borrowings	151,478	259,087	(107,609)
Tax liabilities	46,361	42,346	4,015
CURRENT LIABILITIES	1,764,211	1,852,741	(88,531)
Liabilities directly associated with assets held for sale	99	99	0
TOTAL EQUITY AND LIABILITIES	6,904,713	6,706,972	197,741



STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	1,098,899	176,119	15,381	140,167	1,430,566	71,825	1,502,391
Net profit/(loss) in income statement				174,992	174,992	6,553	181,545
Other comprehensive income/(losses)				6,592	6,592	1,236	7,829
Total comprehensive income/(loss)	0	0	0	181,584	181,584	7,789	189,374
Appropriation of net profit/(loss) for 2014			140,167	(140,167)	0	0	0
Dividends paid			(95,647)		(95,647)	(5,477)	(101,123)
Change in basis of consolidation			7,421		7,421	(2,009)	5,412
Other changes		(88,211)	88,211		0		0
Balance at 31 December 2015	1,098,899	87,908	155,533	181,584	1,523,924	72,128	1,596,053

	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	1,098,899	87,908	155,533	181,584	1,523,924	72,128	1,596,053
Net profit/(loss) in income statement				262,347	262,347	10,192	272,539
Other comprehensive income/(losses)				(3,338)	(3,338)	240	(3,098)
Total comprehensive income/(loss)	0	0	0	259,009	259,009	10,432	269,441
Appropriation of net profit/(loss) for 2014	0	7,280	174,304	(181,584)	0	0	0
Dividends paid	0	0	(106,274)	0	(106,274)	(4,405)	(110,679)
Change in basis of consolidation	0	0	(5,524)	0	(5,524)	8,652	3,129
Other changes	0	0	0	0	0	0	0
Balance at 31 December 2015	1,098,899	95,188	218,040	259,009	1,671,136	86,807	1,757,943



**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016**

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STATEMENT OF FINANCIAL POSITION	31 December 2016	31 December 2015	Increase/ (Decrease)
NON-CURRENT ASSETS AND LIABILITIES	4,161,430	3,868,612	292,818
Property, plant and equipment and intangible assets	4,184,073	3,870,899	313,174
Investments	263,456	250,239	13,217
Other non-current assets	296,458	314,341	(17,883)
Staff termination benefits and other defined-benefit obligations	(109,550)	(108,630)	(920)
Provisions for liabilities and charges	(199,325)	(187,078)	(12,247)
Other non-current liabilities	(273,682)	(271,159)	(2,523)
NET WORKING CAPITAL	(276,560)	(262,505)	(14,054)
Current receivables	1,097,441	1,098,674	(1,232)
Inventories	31,726	26,623	5,103
Other current assets	207,005	205,852	1,154
Current payables	(1,292,590)	(1,245,257)	(47,334)
Other current liabilities	(320,142)	(348,397)	28,255
INVESTED CAPITAL	3,884,871	3,606,107	278,763
NET DEBT	(2,126,927)	(2,010,054)	(116,873)
Medium/long-term loans and receivables	27,745	31,464	(3,719)
Medium/long-term borrowings	(2,797,106)	(2,688,435)	(108,672)
Short-term loans and receivables	128,479	91,450	37,028
Cash and cash equivalents	665,533	814,653	(149,120)
Short-term borrowings	(151,577)	(259,187)	107,609
Total equity	(1,757,943)	(1,596,053)	(161,890)
BALANCE OF NET DEBT AND EQUITY	(3,884,871)	(3,606,107)	(278,763)



ANALYSIS OF CONSOLIDATED NET DEBT AT 31 DECEMBER 2016

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	31 December 2016	31 December 2015	Increase/ (Decrease)
Non-current financial assets/(liabilities)	2,074	2,355	(281)
Non-current financial assets/(liabilities) due from/to parent	25,671	29,109	(3,438)
Non-current borrowings and financial liabilities	(2,797,106)	(2,688,435)	(108,672)
Net medium/long-term debt	(2,769,361)	(2,656,971)	(112,391)
Cash and cash equivalents and securities	665,533	814,653	(149,120)
Short-term bank borrowings	(52,960)	(58,718)	5,758
Current financial assets/(liabilities)	(78,130)	(147,696)	69,566
Current financial assets/(liabilities) due from/to parent and associates	107,991	38,677	69,314
Net short-term debt	642,434	646,916	(4,483)
Total debt	(2,126,927)	(2,010,054)	(116,873)