



PRESS RELEASE

ACEA: BOARD APPROVES RESULTS FOR Q1 2016

- **EBITDA €207.2m (up 16.8% on €177.4m of Q1 2015)**
- **EBIT €123.6m (up 18.7% on €104.1m of Q1 2015)**
- **Net profit €66.9m (up 32.5% on €50.5m of Q1 2015)**
- **Net debt €2,173.9m (up 8.1% on €2,010.1m of 31 December 2015)**
- **Investment €97.0m (up 34.7% on €72.0m of Q1 2015)**

Rome, 12 May 2016 – The Board of Directors of Acea SpA, chaired by Catia Tomasetti, has approved the quarterly report for the three months ended 31 March 2016 (Q1 2016).

"I believe the large increase in investment is significant," commented Acea's Chairwoman, Catia Tomasetti, "providing further proof of the Company's firm commitment to improving the quality of the services we supply and of our desire to continue creating shareholder value, whilst at the same time securing the Group's sustainable long-term growth."

"We are proceeding with implementation of our Business Plan," stated Acea's CEO, Alberto Irace, "which entails focusing on organic growth, thanks to a major programme of investment, above all in our regulated businesses. This is accompanied by a commitment to complete the turnaround of our operating systems and implement a new digital model that will make Acea a best in class among European utilities."

FINANCIAL HIGHLIGHTS

(€m)	Q1 2015	Q1 2016	% inc./ (dec.)
Consolidated revenue	761.6	713.7	-6.3%
EBITDA	177.4	207.2	+16.8%
EBIT	104.1	123.6	+18.7%
Profit/(Loss) before tax	80.3	103.0	+28.3%
Group net profit/(loss) (before non-controlling interests)	53.5	69.2	+29.3%
Group net profit/(loss) (after non-controlling interests)	50.5	66.9	+32.5%

(€m)	Q1 2015	Q1 2016	% inc./ (dec.)
Investment	72.0	97.0	+34.7%

(€m)	31 Mar 2015 (a)	31 Dec 2015 (b)	31 Mar 2016 (c)	% inc./ (dec.) (c-a)	% inc./ (dec.) (c-b)
Net debt	2,139.6	2,010.1	2,173.9	34.3	163.8
Equity	1,552.7	1,596.1	1,656.4	103.7	60.3
Invested capital	3,692.3	3,606.2	3,830.3	138.0	224.1

ACEA GROUP'S RESULTS FOR Q1 2016

Revenue of €713.7m is down 6.3% on the same period of the previous year. The reduction primarily reflects the decision to take a more selective approach to our energy customer base, as borne out by the improvement in the quality of receivables.

Consolidated EBITDA is up from the €177.4m of Q1 2015 to €207.2m for Q1 2016, marking an increase of 16.8%. The change reflects the significant increase in earnings from the Grids segment, linked to the regulatory change introduced by AEEGSI Resolution 654/2015, which has eliminated the so-called regulatory lag. Based on this change, distributors acquire the right to recognise the costs linked to capital expenditure, from an accounting viewpoint, at the same time as the expenditure is carried out and depreciation begins. This has resulted in recognition of non-recurring income of €90m for the year. The amount attributable to Q1 2016 is €22.5m, including €19.8m relating to capital



expenditure in previous years. After stripping out this component, EBITDA is up 4.1%, thanks to the steps taken to boost operational efficiency through the re-engineering of operating processes.

Consolidated EBIT of €123.6m is up 18.7% on the €104.1m of Q1 2015.

Finance costs are down from €29.3m in Q1 2015 to €24.8m in Q1 2016 (a reduction of 15.4%).

Net profit, after non-controlling interests, of €66.9m is up 32.5% on the €50.5m of Q1 2015. The tax rate is down from the 33.3% of Q1 2015 to 32.9% for Q1 2016.

The Group's **investment** in Q1 2016 amounts to €97.0m (€72.0m in Q1 2015), with 84% of this relating to our regulated businesses. Investment breaks down as follows: Water €41.7m; Grids €39.6m; Energy €11.8m; Environment €1.6m; Parent Company €2.3m.

Net debt amounts to €2,173.9m at 31 March 2016, marking an increase of €34.3m compared with 31 March of the previous year and an increase of €163.8m with respect to the end of 2015. In addition to a rise in capital expenditure, partly relating to Project Acea 2.0, the increase reflects the rise in working capital due to season factors and, above all, the change in operating and payment processes resulting from migration to a new IT platform. The performance of net debt also reflects the timing of approval of the new water tariffs, expected by the end of May. The peak in working capital registered in Q1 2016 will be reversed during the second quarter of the year.

SEGMENT INFORMATION FOR Q1 2016

Environment

The Environment segment contributed EBITDA of €13.3m, up 3.9% compared with the €12.8m of Q1 2015. The improvement reflects positive performances from ARIA and SAO, thanks to the greater quantity of energy produced and the entry into service of the new waste treatment plant in Orvieto.

ENVIRONMENT – operational highlights	Q1 2015	Q1 2016
Treatment and disposal ('000 tonnes)	186	197
WTE electricity sold (GWh)	63	66

Energy

The Energy segment's EBITDA is up 3.5% to €32.6m. The improvement reflects growth in the energy margin on enhanced protection market sales, thanks to an increase in the sale price. The effect of this has more than offset the reduction in the margin on free market sales, due to a decrease in volumes. EBITDA from production reflects falling energy prices and a decline in the volume of energy produced.

ENERGY – EBITDA (€m)	Q1 2015	Q1 2016
Area Energia	31.5	32.6
<i>Production</i>	10.7	9.3
<i>Sales</i>	20.8	23.3
ENERGY – operational highlights	Q1 2015	Q1 2016
Electricity production (GWh)	153	108
Electricity sold (GWh)	2,501	2,171
<i>Enhanced protection market</i>	821	737
<i>Free market</i>	1,680	1,434
Gas sold (million m ³)	62	55

Water

The Water segment's EBITDA is €80.7m, up €6.3m (8.5%) on Q1 2015. The change primarily reflects the positive contribution from Acea ATO2.

Grids

EBITDA for the Grids segment is up from the €60.0m of Q1 2015 to €80.6m for Q1 2016, an increase of 34.3%. The increase reflects recognition of the above non-recurring income linked to the regulatory change introduced by AEEGSI Resolution 654/2015, which has eliminated the so-called regulatory lag.

GRIDS – operational highlights	Q1 2015	Q1 2016
Electricity distributed (GWh)	2,618	2,536



Parent Company

The Parent Company has reached EBITDA breakeven in Q1 2016, marking an improvement of €1.3m compared with the same period of 2015, thanks to cost cutting.

EVENTS AFTER 31 MARCH 2016

On 27 April, Standard & Poor's – at Acea's request – withdrew its ratings of the Company and of any outstanding bond issues, after reiterating its "BBB-" rating of Acea's long-term debt and "A-3" rating of its short-term debt, with a "Stable" outlook.

The Annual General Meeting of shareholders, held on 28 April, elected the new Board of Statutory Auditors that will remain in office for three financial years, with its term expiring on approval of the 2018 financial statements.

The members of the new Board of Statutory Auditors are as follows:

- standing Auditors: Enrico Laghi (Chairman), Corrado Gatti and Rosina Cichello;
- alternate Auditors: Lucia Di Giuseppe and Carlo Schiavone.

INDEPENDENCE OF THE BOARD OF STATUTORY AUDITORS

The Board of Directors has noted the checks conducted by the Board of Statutory Auditors regarding its members' compliance with the independence requirements provided for by law and the Corporate Governance Code for listed companies.

OUTLOOK

The Acea Group's results for Q1 2016 are ahead of expectations. We therefore reiterate our earlier guidance for 2016, after taking into account the above regulatory positive impact regarding the method of accounting applicable to the distribution business. Updated guidance will be provided in June, following actual application – in the water sector – of the new tariff components relating to "quality".

Over the coming months, the Group will continue to pursue its commitment to rationalising and streamlining operating processes, involving major changes to information systems.

The following schedules are attached:

- CONSOLIDATED ACCOUNTS – STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016, INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2016; ANALYSIS OF NET DEBT AT 31 MARCH 2016 AND STATEMENT OF CHANGES IN EQUITY.

A conference call will be held at 5.30pm (Italian time) today, 12 May 2016, in order to present the results for the three months ended 31 March 2016. To coincide with the start of the conference call, back-up material will be made available at www.aceaspa.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 THREE MONTHS ENDED 31 MARCH 2016**

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	Q1 2016	Q1 2015	Increase/ (Decrease)	% increase/ (decrease)
Sales and service revenues	704,115	744,967	(40,852)	(5.5%)
Other operating income	9,560	16,615	(7,055)	(42.5%)
Consolidated net revenue	713,675	761,582	(47,907)	(6.3%)
Staff costs	55,912	58,829	(2,917)	(5.0%)
Cost of materials and overheads	457,479	531,043	(73,565)	(13.9%)
Consolidated operating costs	513,390	589,872	(76,482)	(13.0%)
Net profit/(loss) from commodity risk management	0	0	0	0.0%
Profit/(loss) on non-financial investments	6,890	5,701	1,189	20.9%
Gross operating profit	207,174	177,410	29,764	16.8%
Amortisation, depreciation, provisions and impairment losses	83,584	73,279	10,305	14.1%
Operating profit/(loss)	123,589	104,131	19,458	18.7%
Finance income	3,787	5,491	(1,703)	(31.0%)
Finance costs	(24,806)	(29,301)	4,495	(15.3%)
Profit/(loss) on investments	473	(67)	539	(809.2%)
Profit/(loss) before tax	103,043	80,254	22,789	28.4%
Income tax expense	33,884	26,706	7,178	26.9%
Net profit/(loss)	69,160	53,548	15,611	29.2%
Net profit/(loss) attributable to non-controlling interests	2,281	3,040	(758)	(24.9%)
Net profit/(loss) attributable to owners of the Parent	66,878	50,509	16,370	32.4%
Earnings/(Loss) per share attributable to owners of the Parent (€)				
basic	0.3140	0.2372	0.0768	
diluted	0.3140	0.2372	0.0768	



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

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ASSETS	31 March 2016	31 December 2015	Increase/ (Decrease)
Property, plant and equipment	2,098,500	2,087,324	11,176
Investment property	2,682	2,697	(15)
Goodwill	155,374	155,381	(6)
Concessions	1,542,186	1,520,304	21,882
Other intangible assets	106,994	104,696	2,298
Investments in subsidiaries and associates	254,089	247,490	6,599
Other investments	2,644	2,750	(105)
Deferred tax assets	279,425	274,577	4,848
Financial assets	32,179	31,464	715
Other assets	38,627	39,764	(1,136)
NON-CURRENT ASSETS	4,512,703	4,466,446	46,257
Inventories	29,537	26,623	2,914
Trade receivables	1,169,804	1,098,674	71,130
Other current assets	154,484	130,675	23,809
Current tax assets	62,809	75,176	(12,367)
Current financial assets	110,164	94,228	15,936
Cash and cash equivalents	557,312	814,653	(257,341)
CURRENT ASSETS	2,084,111	2,240,030	(155,919)
Non-current assets held for sale	497	497	0
TOTAL ASSETS	6,597,310	6,706,972	(109,662)

EQUITY AND LIABILITIES	31 March 2016	31 December 2015	Increase/ (Decrease)
Equity			
share capital	1,098,899	1,098,899	0
legal reserve	87,908	87,908	(0)
other reserves	(347,688)	(350,255)	2,567
retained earnings/(accumulated losses)	675,298	512,381	162,917
profit/(loss) for the period	66,878	174,992	(108,113)
Total equity attributable to owners of the Parent	1,581,295	1,523,924	57,370
Equity attributable to non-controlling interests	75,075	72,128	2,946
Total equity	1,656,369	1,596,053	60,316
Staff termination benefits and other defined-benefit obligations	110,438	108,630	1,808
Provisions for liabilities and charges	197,916	189,856	8,060
Borrowings and financial liabilities	2,680,972	2,688,435	(7,463)
Other liabilities	186,582	184,100	2,482
Deferred tax liabilities	87,374	87,059	316
NON-CURRENT LIABILITIES	3,263,282	3,258,079	5,204
Trade payables	1,141,776	1,245,257	(103,481)
Other current liabilities	267,727	306,052	(38,325)
Borrowings	189,756	259,087	(69,331)
Tax liabilities	78,301	42,346	35,955
CURRENT LIABILITIES	1,677,560	1,852,741	(175,182)
Liabilities directly associated with assets held for sale	99	99	0
TOTAL EQUITY AND LIABILITIES	6,597,310	6,706,972	(109,662)



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	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 2016	1,098,899	87,908	155,533	181,584	1,523,924	72,128	1,596,053
Net profit/(loss) in income statement				66,878	66,878	2,281	69,160
Other comprehensive income/(losses)				(8,600)	(8,600)	(69)	(8,669)
Total comprehensive income/(loss)	0	0	0	58,278	58,278	2,212	60,491
Appropriation of net profit/(loss) for 2015			181,585	(181,584)		0	0
Dividends paid							
Change in basis of consolidation			(908)		(908)	734	(175)
Other changes							
Balance at 31 March 2016	1,098,899	87,908	336,209	58,278	1,581,295	75,075	1,656,369



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

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ACEA GROUP STATEMENT OF FINANCIAL POSITION	31 March 2016	31 December 2015	Increase/ (Decrease)	% increase/ (decrease)	31 March 2015	Increase/ (Decrease)	% increase/ (decrease)
NON-CURRENT ASSETS AND LIABILITIES	3,901,343	3,868,612	32,730	0.8%	3,702,466	198,877	28.3%
Property, plant and equipment and intangible assets	3,905,737	3,870,899	34,838	0.9%	3,691,160	214,577	5.8%
Investments	257,230	250,239	6,991	2.8%	226,627	30,603	13.5%
Other non-current assets	318,007	314,341	3,666	1.2%	335,870	(17,863)	(5.3%)
Staff termination benefits and other defined-benefit obligations	(110,438)	(108,630)	(1,808)	1.7%	(116,714)	6,276	(5.4%)
Provisions for liabilities and charges	(195,138)	(187,078)	(8,060)	4.3%	(165,972)	(29,166)	17.6%
Other non-current liabilities	(274,056)	(271,159)	(2,897)	1.1%	(268,505)	(5,551)	2.1%
NET WORKING CAPITAL	(71,123)	(262,505)	191,383	(72.9%)	(10,184)	(60,938)	(23.1%)
Current receivables	1,169,804	1,098,674	71,130	6.5%	1,291,428	(121,624)	(9.4%)
Inventories	29,537	26,623	2,914	10.9%	31,878	(2,341)	(7.3%)
Other current assets	217,339	205,852	11,487	5.6%	209,444	7,895	3.8%
Current payables	(1,141,776)	(1,245,257)	103,481	(8.3%)	(1,167,334)	25,559	(2.2%)
Other current liabilities	(346,028)	(348,397)	2,369	(0.7%)	(375,601)	29,574	(7.9%)
INVESTED CAPITAL	3,830,220	3,606,107	224,113	6.2%	3,692,282	137,938	5.2%
NET DEBT	(2,173,851)	(2,010,054)	(163,797)	8.1%	(2,139,585)	(34,266)	(79.7%)
Medium/long-term loans and receivables	32,179	31,464	715	2.3%	35,109	(2,930)	(8.3%)
Medium/long-term borrowings	(2,680,972)	(2,688,435)	7,463	(0.3%)	(2,929,680)	248,708	(8.5%)
Short-term loans and receivables	107,386	91,450	15,936	17.4%	109,897	(2,511)	(2.3%)
Cash and cash equivalents	557,312	814,653	(257,341)	(31.6%)	891,642	(334,330)	(37.5%)
Short-term borrowings	(189,756)	(259,187)	69,431	(26.8%)	(246,553)	56,797	(23.0%)
Total equity	(1,656,369)	(1,596,053)	(60,316)	3.8%	(1,552,697)	(103,672)	6.7%
BALANCE OF NET DEBT AND EQUITY	(3,830,220)	(3,606,107)	(224,113)	6.2%	(3,692,282)	(137,938)	(73.0%)



ANALYSIS OF CONSOLIDATED NET DEBT AT 31 MARCH 2016

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	31 March 2016	31 December 2015	Increase/ (Decrease)	31 March 2015	Increase/ (Decrease)
Non-current financial assets/(liabilities)	3,035	2,355	680	2,530	505
Intercompany non-current financial assets/(liabilities)	29,144	29,109	35	32,580	(3,435)
Non-current borrowings and financial liabilities	(2,680,972)	(2,688,435)	7,463	(2,929,680)	248,708
Net medium/long-term debt	(2,648,793)	(2,656,971)	8,178	(2,894,570)	245,778
Cash and cash equivalents and securities	557,312	814,603	(257,291)	891,642	(334,330)
Short-term bank borrowings	(59,411)	(58,718)	(693)	(160,861)	101,450
Current financial assets/(liabilities)	(76,694)	(147,696)	71,002	(58,484)	(18,210)
Intercompany current financial assets/(liabilities)	53,735	38,727	15,008	82,689	(28,954)
Net short-term debt	474,942	646,916	(171,975)	754,986	(280,044)
Total net debt	(2,173,851)	(2,010,054)	(163,797)	(2,139,585)	(34,266)