



**Interim Report on Operations
of the ACEA Group
at 30 September 2015**



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ACEA Organisational Model

ACEA is one of the leading Italian multiutility operators and has been listed on the Stock Exchange since 1999.

ACEA's operational model is based on an organisational structure in line with the Strategic-Business Plan aiming at strengthening the governance, guidance and supervision role of the Holding Company not only by relying on the current business portfolio but also by focusing on (i) areas that create greater value and (ii) the strategic development of the Group in new business segments and areas. ACEA's macro-structure consists of corporate functions and four operating segments – Environment, Energy, Water and Networks.

The activities of each operating segment are described below.

Environment Segment

The ACEA Group is one of the leading Italian operators in the urban management of environmental services, with 774,000 tonnes of waste being treated. ACEA runs the biggest waste-to-energy plant and the biggest composting plant in the Lazio region, points of reference for regional RDF (Refuse Derived Fuel) and organic waste operators. The Group pays special attention to the development of investments in the waste-to-energy business, which is viewed as a high potential business, and in organic waste management, consistent with the strategic goal of the Group to produce energy from waste while protecting the environment.

Energy Segment

The ACEA Group is one of Italy's main players in the sale of electricity and offers innovative and flexible solutions for the supply of electricity and natural gas to consolidate its position as a dual fuel operator. It operates in all market segments, from households to major companies, with the objective of raising the quality of services offered, in particular in the web and social channels. Finally, the Group operates in the power production sector, running hydroelectric and thermoelectric plants in Lazio, Umbria and Abruzzo.

Water Segment

The ACEA Group is the biggest Italian operator in the water sector, supplying water to 8.5 million people. The Group manages the Integrated Water Service in Rome and Frosinone and in the respective provinces, as well as other parts of Lazio, and in Tuscany, Umbria and Campania. The Company completes the overall quality of services offered by sustainably managing water resources and protecting the environment. The Group has developed cutting-edge know-how in the design, construction and management of integrated water systems: from water sources and aqueducts to distribution, the sewer network and purification. Laboratory services are of particular importance.

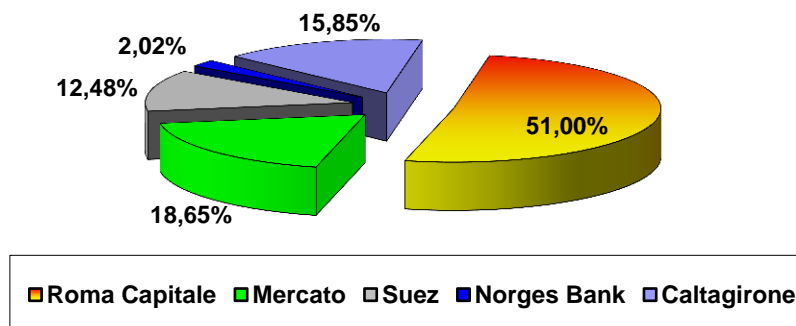
Network Segment

The ACEA Group is a major operator in Italy with over 10 TWh of electricity distributed in Rome, where the Group manages the distribution network, reaching 1.6 million delivery points. The Group also manages the public and artistic lighting of the capital, with over 189,000 lighting units, applying increasingly effective solutions with a low environmental impact. The Acea Group is committed to energy efficiency projects and the development of new technologies - such as smart grids and electric mobility - through highly innovative pilot projects.

The Group structure, in the various Operating Segments, comprises the following main companies.



At 30 September 2015, ACEA S.p.A.'s share capital was formed as follows:



* The chart only shows equity investments of more than 2%, as confirmed by CONSOB data.



Corporate bodies

Board of Directors

Catia Tomasetti	Chairman
Alberto Itrace	Chief Executive Officer
Francesco Caltagirone	Director
Massimiliano Capece Minutolo del Sasso ¹	Director
Diane D'Arras	Director
Giovanni Giani	Director
Elisabetta Maggini	Director
Roberta Neri ¹	Director
Paola Antonia Profeta	Director

Board of Statutory Auditors

Enrico Laghi	Chairman
Corrado Gatti	Statutory Auditor
Laura Raselli	Statutory Auditor
Franco Biancani	Alternate Auditor
Antonia Coppola	Alternate Auditor

Executive Responsible for Financial Reporting

Iolanda Papalini²

¹ Appointed by the Shareholders' Meeting held on 23 April 2015

² Appointed by the Board of Directors on 17 September 2015

Summary of results

Income Statement Data (€ millions)	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Consolidated revenues	2,167.7	2,280.7	(113.0)	(5.0%)
Consolidated operating costs	1,657.3	1,789.5	(132.2)	(7.4%)
Income/(Costs) from equity investments of a non-financial nature	20.5	13.8	6.8	49.4%
- of which: EBITDA	101.1	90.8	10.3	11.4%
- of which: Amortisation, depreciation and provisions	(63.3)	(60.3)	(3.0)	5.0%
- of which: Financial activities	(6.2)	(6.4)	0.2	(2.5%)
- of which: Income and costs from equity investments	0.0	0.0	0.0	0.0%
- of which: Taxes	(11.0)	(10.3)	(0.7)	6.8%
Income/(costs) from commodity risk management	0.0	0.0	(0.0)	0.0%
EBITDA	530.9	504.9	26.0	5.2%
EBIT	284.8	274.5	10.3	3.8%
Net profit/(loss)	141.7	117.7	24.1	20.4%
Profit/(loss) attributable to minority shareholders	5.1	4.9	0.3	5.2%
Net profit/(loss) attributable to the Group	136.6	112.8	23.8	21.1%

EBITDA by Operating Segment (€ millions)	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
ENVIRONMENT	40.4	39.8	0.6	1.5%
ENERGY	77.7	64.4	13.1	20.3%
Production	25.7	26.5	(0.8)	(3.2%)
Sales	51.9	37.9	14.0	36.8%
WATER:	225.4	215.1	10.4	4.8%
Overseas	3.3	2.0	1.3	62.3%
Lazio - Campania	200.2	195.1	5.1	2.6%
Tuscany - Umbria	16.3	10.7	5.6	52.4%
Engineering	5.6	7.2	(1.5)	(21.3%)
NETWORKS	187.7	184.4	3.3	1.8%
ACEA (Corporate)	(0.4)	1.1	(1.4)	(137.2%)
Total EBITDA	530.9	504.9	26.0	5.2%

Financial results (€ millions)	30/09/2015	31/12/2014	Increase/ (Decrease)	30/09/2014	Increase/ (Decrease)
Net invested capital	3,684.6	3,591.5	93.1	3,873.2	(188.6)
Net financial debt	(2,130.8)	(2,089.1)	(41.7)	(2,412.0)	281.2
Consolidated shareholders' equity	(1,553.8)	(1,502.4)	(51.4)	(1,461.2)	(92.6)

Net financial Debt by Operating Segment (€ millions)	30/09/2015	31/12/2014	Increase/ (Decrease)	30/09/2014	Increase/ (Decrease)
ENVIRONMENT	198.5	179.6	18.9	180.5	18.0
ENERGY	358.8	356.1	2.7	399.2	(40.4)
Production	137.0	134.9	2.1	146.0	(9.0)
Sales	221.8	221.2	0.6	253.2	(31.4)
WATER	582.6	488.1	94.5	681.1	(98.5)
Overseas	(3.8)	(2.0)	(1.8)	(1.5)	(2.3)
Lazio - Campania	567.5	478.2	89.3	672.2	(104.7)

Net financial Debt by Operating Segment (€ millions)	30/09/2015	31/12/2014	Increase/ (Decrease)	30/09/2014	Increase/ (Decrease)
Tuscany - Umbria	0.5	(0.6)	1.1	(1.1)	1.6
Engineering	18.3	12.5	5.9	11.4	6.9
NETWORKS	602.1	623.1	(21.0)	681.3	(79.2)
ACEA (including PL)	388.8	442.1	(53.3)	469.9	(81.1)
Total	2,130.8	2,089.1	41.7	2,412.0	(281.2)

Investments by Operating Segment (€ millions)	30/09/2015	30/09/2014	Increase/ (Decrease)
ENVIRONMENT	14.9	7.3	7.6
ENERGY	14.5	11.2	3.3
Production	6.7	7.0	(0.3)
Sales	7.9	4.2	3.7
WATER	128.3	105.4	22.9
Overseas	0.2	0.6	(0.4)
Lazio - Campania	127.6	104.4	23.2
Engineering	0.5	0.4	0.1
NETWORKS	102.4	85.3	17.0
ACEA (Corporate)	7.9	9.7	(1.8)
Acea 2.0 Project	16.7	0.0	16.7
Total	284.8	218.9	65.9

Reference context

Performance of the equity markets and the ACEA share

In the third quarter of 2015, the international stock exchanges posted a negative performance following an overall uptrend of the capital markets during the first six months of the year, partly driven by the state bond purchase programme launched by the European Central Bank (ECB) (QE, Quantitative Easing).

During the period under review, the performance of the global exchanges was affected firstly by uncertainties pertaining to the crisis in Greece and subsequently by concerns relating to the slowdown in economic growth in China and, in general, Emerging Countries.

THE ITALIAN STOCK MARKET

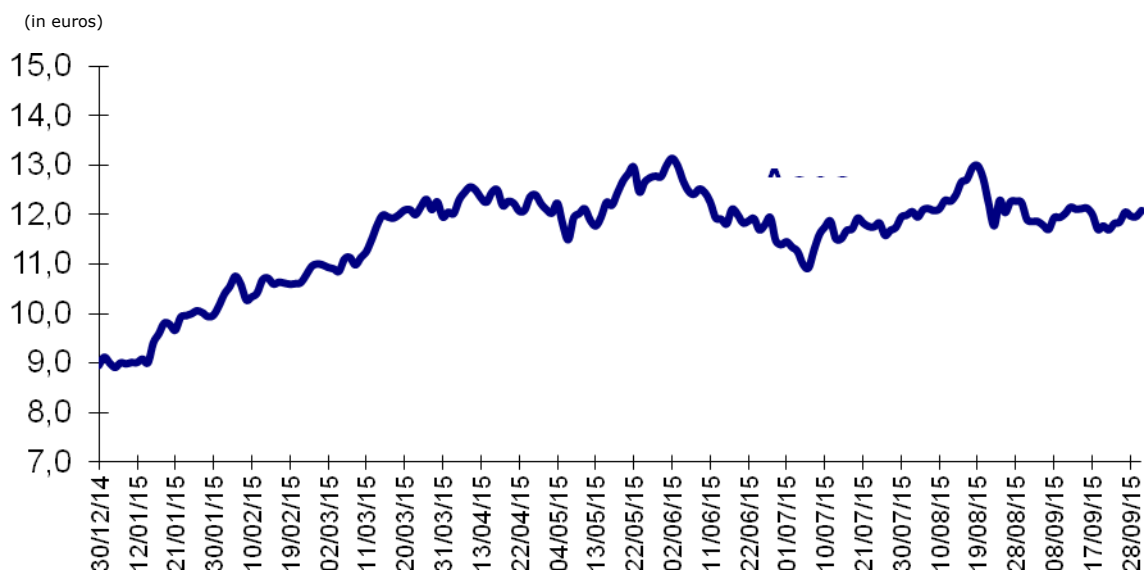
The changes in the principal indexes compared with 31 December 2014 are shown below: **FTSE MIB +12.01%**, **FTSE Italia All Share +13.44%** and **FTSE Italia Mid Cap +25.45%**.

PERFORMANCE OF THE ACEA SHARE IN THE REPORTING PERIOD

During the first nine months of 2015 the ACEA share outperformed the market in general with a gain of 35.1% (FTSE Mib +12.0%).

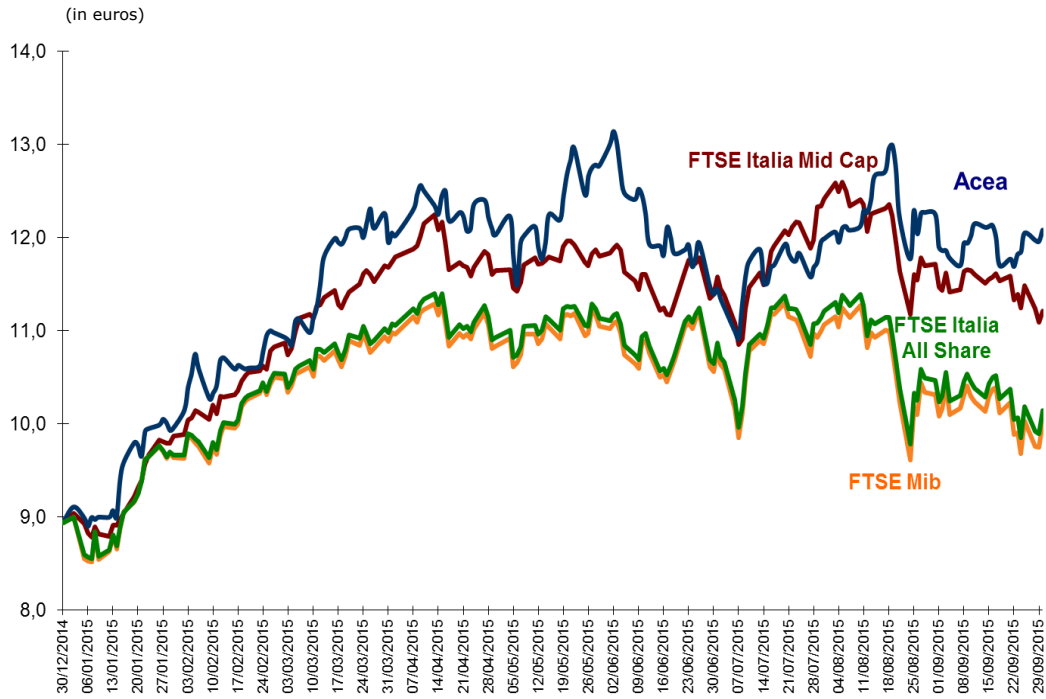
More specifically, the share price stood at 12.08 euros at 30 September 2015, with capitalisation reaching 2,572.6 million euros. In the period under review, a high of 13.14 euros was recorded on 2 June, with a low of 8.90 euros on 6 January.

Average daily traded volumes exceeded 101,000 shares (basically in line with the first nine months of 2014).



(Source: Bloomberg)

The chart below shows re-based figures relating to ACEA's share price compared with Stock Market indexes.



(Chart standardised to Acea values - Source: Bloomberg)

(Source: Bloomberg)

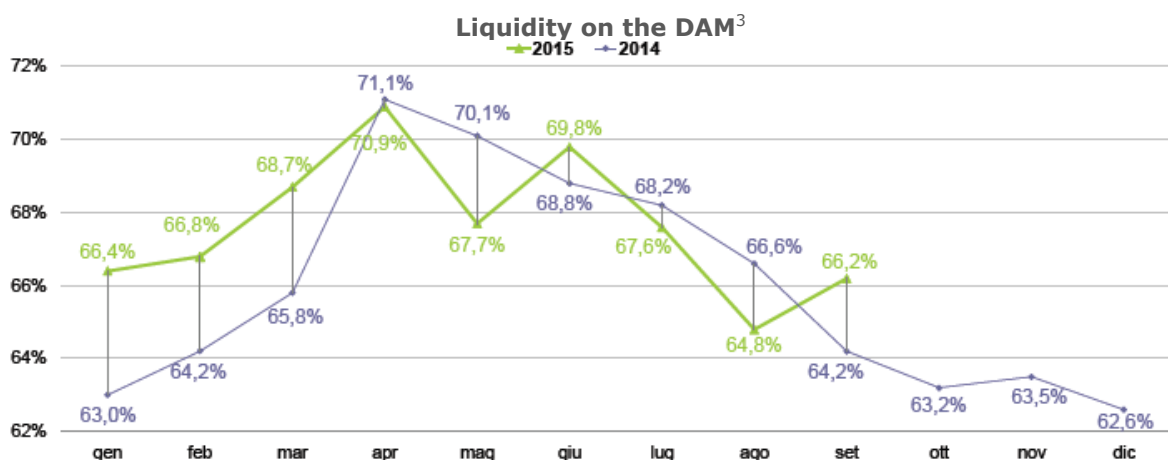
	% Increase/(Decrease) 30/09/2015 (compared with 31/12/14)
Acea	+35.12%
FTSE Italia All Share	+13.44%
FTSE Mib	+12.01%
FTSE Italia Mid Cap	+25.45%

Energy market

Electricity demand in Italy in the first nine months of 2015 (237,392 GWh) increased by 1.9% compared with the same period of the previous year (1.7% on a seasonally-adjusted basis). Electricity requirements were covered by national production to the extent of 87.2%, while the remaining 12.8% was covered by imports from abroad (balance of imports -1.8% compared with September 2014). The aforesaid electricity requirements were met by thermoelectric production (64.7%), hydroelectric sources (17.6%) and PV production and other renewable sources (17.7%).

Net national production in the first nine months of 2015 (205,799 GWh) increased by 0.9% over the same period in 2014. Except for hydroelectric power (-23.1%), all other sources of national power production increased over the previous year, with special emphasis on PV (+9.5%), thermoelectric (+8.5%), geothermal (+4.3%) and wind power (+2.5%).

GWh	30/09/2015	30/09/2014	% Increase/ (Decrease) 2015/2014
Net Production			
-Hydroelectric	36,257	47,130	(23.1%)
-Thermoelectric	133,115	122,714	8.5%
-Geothermal	4,330	4,150	4.3%
-Wind power	11,715	11,425	2.5%
-PV power	20,382	18,614	9.5%
Total net production	205,799	204,033	0.9%
Imports	36,572	32,953	11.0%
Exports	3,673	2,155	70.4%
Balance of imports	32,899	30,798	6.8%
Pumping systems consumption	1,306	1,800	(27.4%)
Electricity demand	237,392	233,031	1.9%

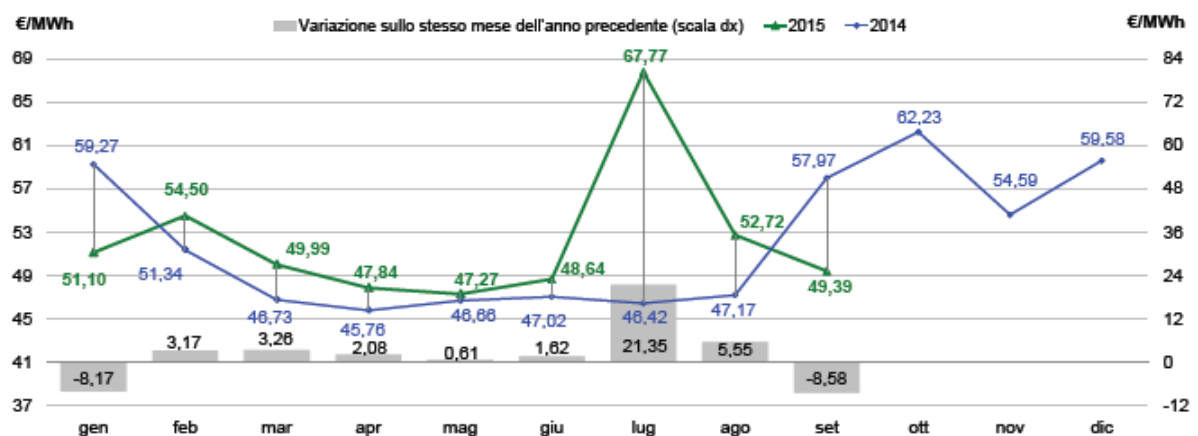


The volumes traded at the power exchange, which reached their highest value since 2010 in September, drove market liquidity to 66.2%. The average purchase price for electricity (PUN) showed a drop on an annual basis, and fell below 50 €/MWh, standing at the low levels reached

before the peak seen in July. The purchase price for electricity (PUN) continued to fall, with another decrease on an annual basis (-8.58 €/MWh; -14.8%) reaching 49.39 €/MWh. An analysis by time bands shows similar annualised reductions during both peak hours (-9.01 €/MWh; 14.1%) and off-peak hours (-8.34 €/MWh; -15.3%), with prices reaching 54.91 €/MWh and 46.19 €/MWh, respectively.

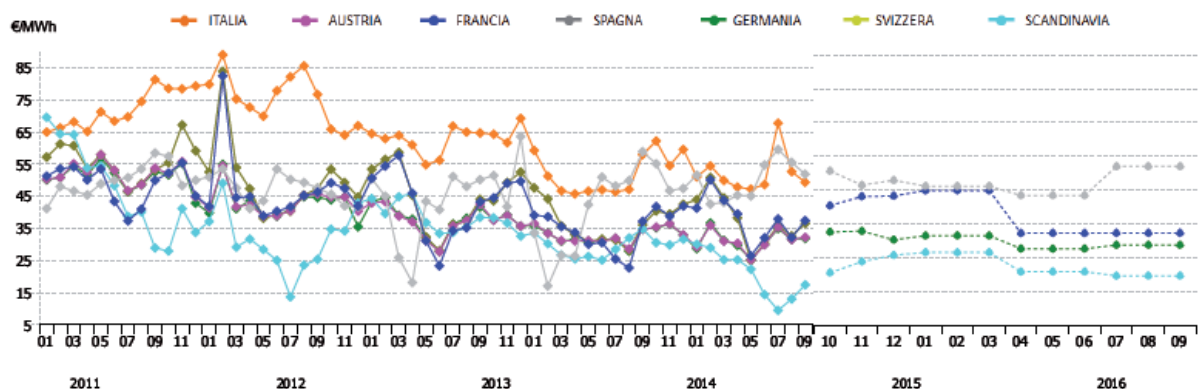
Average sale prices, such as PUN, also showed an annualised drop across all the regions, most notably in Sicily (-35.2%). Even though this region retained the highest sale price (56.84 €/MWh), its differential fell significantly compared with the other regions, as they all stood below 50 €/MWh (reaching a 46.83 €/MWh low in southern areas).

National Single Price (PUN)³



The European Power Exchanges showed mixed monthly trends. Indeed, while the PUN dropped, the prices in France and Germany showed monthly increases. The spread between Italy and France dropped to the lowest level seen in the past four months as a result of a sharp increase in the hourly convergence between the two prices. Bucking the trend seen in other European markets, the Scandinavian price appeared to have finally bottomed out after the low reached in July, showing a sharp quarterly rise.

Price on European Power Exchanges (arithmetic mean €/MWh)³



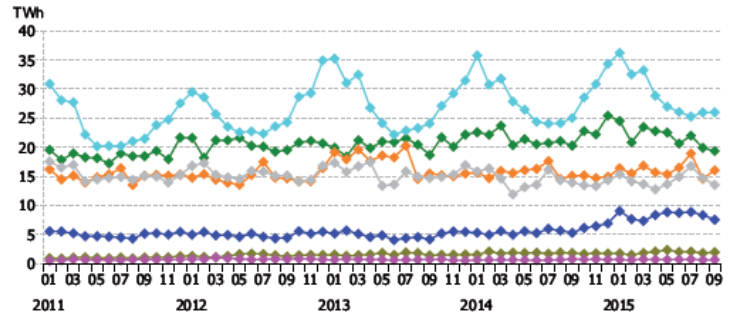
With regard to volumes traded on the Power Exchange, the annualised increase in trades operated by Epex France is noted. Nord Pool ranked second in terms of significance, ending September with 26 TWh traded on the Exchange (+ 4% over the previous year). The two Mediterranean Exchanges

³Source: GME – October 2015, GME Newsletter

showed a mixed picture, with Italy posting a 7% rise and Spain ending with a 3% fall compared with the previous year.

Annual and Monthly Volumes on European Power Exchange Spot Markets ³

Volumi a pronti (TWh)			
Area	Set 15	Var M-1 (%)	Var M-12 (%)
ITALIA	16,0	+ 10 %	+ 7 %
FRANCIA	7,5	- 9 %	+ 43 %
GERMANIA	19,3	- 3 %	- 5 %
SPAGNA	13,5	- 8 %	- 3 %
AREA SCANDINAVA	26,0	+ 0 %	+ 4 %
AUSTRIA	0,6	+ 7 %	- 12 %
SVIZZERA	1,9	+ 9 %	+ 10 %



Regulations and tariffs

The main adjustments made in the third quarter of 2015 are shown below. For more information please refer to the Interim Report on Operations at 31 March 2015, the 2015 Interim Condensed Consolidated Financial Statements and the 2014 Consolidated Financial Statements.

Evolution of environmental, water and energy efficiency legislation

Law No. 124 of 7 August 2015

Pursuant to Law No. 124 of 7 August 2015 (Official Journal No. 187 of 13 August 2015) setting forth "Government powers pertaining to the reorganisation of public administrations", a number of significant provisions applicable to environmental issues were introduced.

In particular, Chapter I of the aforesaid Law includes two important and immediately applicable streamlining actions as well as additional actions, the actual implementation of which lies within the Government's powers.

More specifically, Article 3 (immediately applicable) introduces a new article (Article 17 *bis*) in Law 241/1990 governing the so-called silence procedure among public administrations and between public administrations and public goods or utility operators. The purpose of the aforesaid regulation is to expedite administrative procedures and avoid standstills if the required opinions are not provided; it will be adopted as part of administrative procedures by the relevant administrations and public utility operators.

If authorisations, consultations, permits or similar documents need to be sought from other public administrations or public goods or utility operators in order to adopt regulatory and administrative measures, they will be deemed as being obtained upon expiry of a thirty-day deadline, even if the relevant authority or operator remains silent. The deadline may be suspended only once under the terms as expressly laid down.

The above regulations also apply if consent is to be sought from public administrations responsible for the protection of the environment, territorial landscape, cultural heritage and citizens' health, with the setting of a ninety-day deadline, unless otherwise stated in industry-specific regulations.

These provisions will not apply if express measures have to be adopted under EU legislation.

Article 6, the second immediately applicable action, introduces amendments to Law 241/1990 in respect of the exercise of the administrative self-protection right. In particular, changes were made to (i) Article 19 governing dealings between PAs and private entities pertaining to certified notification of construction works in progress (SCIA, Segnalazione Certificata di Inizio Attività), (ii) Article 21 *quater* through the introduction of a maximum time limit for the stay of execution of an administrative measure, and (iii) Article 21 *nonies* through the introduction of a maximum time limit within which the power to automatically void an illegitimate administrative action may be exercised.

Under Article 2, within twelve months of the effective date of the Law the Government is also empowered to adopt a legislative decree for the reorganisation of legislation governing the Service Conference according to principles expressly laid down.

In this regard, the relevant Government is required, among other things, to consider consent as being obtained also in relations with PAs responsible for the protection of health, historical and artistic heritage and the environment should they fail to provide/turn down such consent as required by law as well as ensuring coordination between general provisions (under Law 241/1990, including Article 7 *bis* introduced by the Madia Law) and industry regulations.

Article 4 requires regulations to be issued within 180 days of the effective date of the Madia Law, setting forth rules aimed at streamlining and expediting administrative procedures. Under these rules, the Prime Minister is vested with broad powers to expedite some procedures.

AEEGSI Water Service Activities

Consulting Document (DCO) 379/2015/R/idr – Accounting unbundling of the integrated water service or each of the services included therein. - Identification and definition of the scope of items relating to the accounting unbundling of the integrated water service.

The consulting document illustrates the lines of action the AEEGSI plans to adopt to regulate the accounting unbundling of the integrated water service. The AEEGSI identifies, and submits for consultation, the division of the water service into five "Activities" that reflect the organisation of the main stages of the water sector, namely: Aqueduct, Sewerage, Purification, Other Water Activities and Miscellaneous Activities.

Each "Activity" is to be broken down into "Departments", i.e. logical and organisational units that combine balance-sheet and financial data based on a more analytical allocation compared with "Activities". The so-called common services (SC, Servizi Comuni) and shared operating functions (FOC, Funzioni Operative Condivise) applicable to the "energy" sectors will also apply to the integrated water service, with two additional and specific FOCs being introduced: Water Supply Management Function (service supply activation, deactivation and re-activation, change of use, transfer, takeover, quotations, one-off readings, service supply management including billing, complaint and late payment management) and Water Sector Audit and Control Function (visits, inspections, sampling, results analysis and processing).

With a view to streamlining and rationalising disclosure requirements governing accounting unbundling, the AEEGSI requires that separated annual accounts are prepared and submitted only by Operators whose customer base exceeds 50,000 users and by large-sized entities that run collection, supply and purification services. Operators providing services for more than 10,000 but less than 50,000 users and local authorities are exempted from submitting separated annual accounts, while operators reaching less than 10,000 users are exempted from unbundling accounting requirements. The legal entity that is eligible for the simplified system for energy activities but must apply the ordinary system for integrated water services will also be required to apply the ordinary system for electricity and gas activities. Moreover, the AEEGSI does not require the accounting unbundling of consolidated financial statements.

The marginal activity criterion will also apply to the water sector, whereby the operator may allocate to the main activity amounts that pertain to another activity having a "marginal" economic weight in terms of costs and revenues, providing the latter do not exceed a certain threshold.

All operators that are required to prepare separated annual accounts must keep them for at least 10 years. According to the AEEGSI, the new provisions will come into force starting from financial year 2016 based on simplified terms applicable to the same financial year (ex-post accounting unbundling criteria chosen by the company).

The water tariff method (MTI, Metodo Tariffario Idrico) for the next regulatory period is expected to contain penalty and ineligibility provisions for non-compliant entities, as well as the suspension of grants/equalisations by the CCSE (Electricity Sector Equalisation Fund).

The provisions recommended for the integrated water service will complement the general regulations on the unbundling of regulated industries through a measure that the AEEGSI plans to issue by the end of November 2015.

Following the end of the consultation period on 10 September 2015, the Authority issued **DCO 515/2015/R/idr**, in which it illustrates the final guidelines governing the unbundling of the integrated water service and completes the regulatory framework regarding the accounting unbundling of the integrated water service. The consultation period will end on 20 November 2015.

DCO 406/2015/R/idr – Water tariff method for the second regulatory period (MTI – 2) – General framework and lines of actions –

The consultation document illustrates the AEEGSI's general guidelines for the purpose of outlining the system of the new regulation of the integrated water service tariff for the second regulatory period, submitting a number of proposals with the aim of(i) promoting the asymmetric and

innovative approach - which characterised the MTI in 2014 and 2015 based on a pattern-like regulation - and (ii) taking into account the framework of decisions taken by the regulatory agency (EGATO, Ente di Governo dell'Ambito).

With regard to the MTI for the first regulatory period, the measure sets out to confirm the:

- Accountability and consistency of decisions taken on a decentralised basis;
- Structure of the restriction on guaranteed revenues (VRG, Vincolo ai Ricavi Garantiti);
- Implementation of a restriction on the annual increase of the tariff multiplier;
- Measures supporting investment spending under certain circumstances;
- Valuation of cost items relating to third party fixed assets or realised with public grants.

The MTI-2 introduces the following new elements:

- Valuation, and subsequent reflection in the tariff, of decisions reached by EGATO in respect of management aggregation processes and the possible request for management restructuring and/or investment support equalisation provisions;
- A "sharing" factor to apply to the price cap based on conditions pertaining to operating costs.

With regard to EGATO's decision-making "framework" for tariff definition, the choices reviewed in the document are chiefly attributable to two dimensions:

1. Service management integration to ensure compliance with the sole operator principle;
2. Request for access to equalisation provisions.

As a result of these choices, the AEEGSI plans to have tariff regulations linked to the following systems:

- Four-year regulatory structure matrix (when equalisation is not required - or when it is not granted - and when all data required for the valuation of cost items are available);
- Specific regulation conditions (subject to access to equalisation provisions), with duration depending on the conditions (outlined in relevant AEEGSI resolutions);
- Virtual regulatory framework (in the event of combinations where (i) there is a high percentage - in terms of population reached - of service operations that in the first regulatory period are impacted by automatic tariff calculations or exclusions from tariff adjustments and (ii) no equalisation provisions are envisaged), the duration being limited to the time required for the proper valuation of the main cost items.

With regard to the introduction of the "sharing" factor, the AEEGSI plans to introduce a change to the matrix columns that will in turn introduce a subtraction factor to the price limit in relation to the gap (if any) between operating costs per inhabitant served by the operator and the average per capita opex value on a national basis. Changes to the goals and activities allocated to the operator will result in a null correction factor for 2016.

Resolution No. 432/2015/E/idr - Approval of four inspection audits on integrated water service tariffs for the first 2012–2015 regulatory period and

Resolution No. 433/2015/E/idr - Approval of six inspection audits for the definition of automatic tariffs and exclusion from tariff adjustments for the first 2012–2015 regulatory period.

The AEEGSI has approved 10 inspection visits to be conducted on integrated water service operators jointly or separately by AEEGSI personnel and the Nucleo Speciale Tutela Mercati della Guardia di Finanza (special market protection unit of the Italian tax police) by 31 March 2016. As part of such audits, the AEEGSI may also require the Area Authority or the entity responsible for each territory to provide documents and information as necessary. The main objectives of audit operations, which are carried out through procedural controls complete with checklists and review/collection of documentary evidence and information, include checking the accuracy of the amounts billed, compliance with billing transparency requirements, adequacy of the data transmitted for tariff definition purposes, compliance with repayment orders for return on invested capital for the period spanning 21 July 2011 - 31 December 2011, metering service efficiency and state of completion of planned investments.

Lombardy Regional Administrative Court judgements on actions brought by some Operators

As illustrated in greater detail in the 2014 Financial Statements, the aforesaid judgements were passed by the Panel of Judges of the Regional Administrative Court from 4 to 22 October 2014, and partly uphold the appeals lodged by Operators against Resolution No. 585/2012 (and 88/2013 - Operators' "ex Cipe" transitional method), Resolution Nos. 73/2013 and 459/2013 amending Resolution No. 585/2012 and the AEEGSI Transitional Tariff Method calculation tool.

The State Attorney General, on behalf of AEEGSI, lodged an appeal against the decisions of the Regional Administrative Court of Milan that upheld the main arguments of the operators' appeals.

In conjunction with the measure whereby AEEGSI recommended that an appeal be lodged against the judgements issued by the Lombardy Regional Administrative Court (Resolution No. 203/2014/C/idr), with Resolution No. 204/2014/R/idr the aforesaid Authority stated that the above-mentioned judgements did not cause the 2014-2015 Water Tariff Method (MTI) to become null and void considering that the provisions set forth therein were fully binding, with special reference to the timescale and dispatch of the procedures thereunder, even though they could bring about some changes to the adjustments granted for the 2012-2013 period. Therefore, for the purpose of approving the tariffs recommended for 2014 and 2015, the adjustments included in the VRG (Article 29 of Annex A to Resolution No. 643/2013) are calculated, provisionally and awaiting the settlement of pending disputes, on the basis of the tariff multipliers approved for 2012 and 2013 or, in the cases of tariff multipliers that have not been approved, within the price limits of paragraph 7.1 of Resolution No. 585/2012 and paragraph 5.1 of Resolution No. 88/2013.

In the public hearing held on 29 September 2015, the Council of State decided to stay proceedings pending the decision to be adopted in the relevant appeals (lodged primarily by Federconsumatori and Acqua Bene Comune Onlus) regarding the specific matter of return on invested capital, in respect of which the Council of State deemed it necessary to rely on the aid of an expert appointed by the court inasmuch as :

- The possible cancellation of the capital cost calculation criterion would also have an impact on the other recognised cost items which may not comply with the full cost recovery principle or, on the contrary, give rise to a surreptitious return on invested capital;
- The single tariff components will thus have to be valued on an overall and unitary basis;
- The final decision will have an *erga omnes* effect.

AEEGSI electricity and gas activities

DCO 335/2015/R/eel - Criteria for setting the recognised cost of transmission, distribution and metering electricity services for the fifth regulatory period

The document illustrates the lines of action the AEEGSI intends to develop during the process aimed at setting forth the provisions governing the fifth regulatory period effective 1 January 2016. Consistent with the general guidelines already outlined in previous documents, the AEEGSI confirms its intention to adopt a cost recognition approach based on total expenditure considered as the sum of operating expenses and investment expenditure (known as the *totex* method). In particular, considering that the development and implementation of this method will take at least a couple of years, the Authority plans to split the regulatory period into two parts:

1. from 2016 to 2018, during which the proposed solutions will be essentially in line with the current regulatory period;
2. from 2019 onward, during which the *totex* method will become effective.

The document consists of four sections and addresses several questions:

- As to the term of the regulatory period, the intention to extend it from four to six years (2016-2021) was confirmed, with mid-period adjustments. With a view to adopting a cost recognition

approach based on the totex method starting from 2019, the Authority plans to require that at the end of the first three-year term the productivity gain annual rate targets (known as the x-factor) be updated;

- As to the criteria for calculating operating costs recognised for the purpose of calculating the initial tariff levels, the Authority intends to:
 - ✓ Carry on with the approach adopted in the fourth regulatory period by referring to the costs incurred by the companies in 2014. It is also planned to ensure a symmetric allocation - between end users and companies - of the productivity gains attained by the latter during the fourth period;
 - ✓ Apply the price-cap mechanism to the annual adjustment of the operating costs recognised for the 2016-2018 three-year term, consistent with current regulations. The Authority also plans to evaluate the method of remuneration of source costs arising from the introduction of debranding provisions, providing adequate accounting evidence is provided;
- As to the criteria for calculating capital costs recognised for the purpose of calculating the initial tariff levels, the Authority:
 - ✓ Has identified - as a measure for compensating the regulatory lag regarding the distribution service - the opportunity to include in the calculation of the initial tariffs the investments that became operational in year t-1, designing equalisation mechanisms that will then make it possible to adjust revenues recognised as a function of variances between the investment values reflected in preliminary figures and those reflected in final figures by the regulated companies. In this regard, the Authority also plans to rationalise asset classes and will revise technical and economic service life cycles;
 - ✓ Has confirmed - as a criterion for recognising capital costs regarding the metering service - the national average revalued historic cost, with reference to HV and MV withdrawal points. With reference to LV withdrawal points, the Authority aims to streamline the current equalisation mechanism.

Finally, the document outlines the basis for cost recognition according to the totex method, which is essentially based on the ex-ante definition of operating cost levels and the investments required to reach certain strategic goals in the long term.

The forecasts are developed by the companies based on business plans, subject to consultation with and review by the Regulator. The comparison between the expenditure level proposed by the operator and the level set by the Authority will result in the expenditure level recognised for each year of the regulatory period (i.e. the spending track).

With **DCO 446/2015/R/eel** the Authority confirmed its intention to extend the regulatory period term to eight years (2016-2023) rather than six. With regard to the distribution service, it confirmed the current tariff system as well as the existing equalisation mechanisms, recommending a review of the current timeframes for the payment of balances.

DCO 421/2015/R/eel – Reform of price protection in the electricity and natural gas retail market. First stage of the roadmap - Non-household electricity end users

The above consultation paper reflects the Authority's guidelines regarding the definition of the reform process of the current price protection system. As mentioned, when first applied it will concern the supply of electricity to LV customers for other uses (possibly excluding very small-sized customers with an installed load up to 1.5 kW). It also outlined (i) a number of policy options aimed at promoting the gradual takeover of existing supply contracts as part of the current price protection systems, and (ii) a set of complementary actions to encourage end customers to enter into supply contracts on the free market.

In particular, it suggests the introduction of the new **Tutela SIMILE** system, whereby consumers voluntarily access electricity supplies offered by free market suppliers under pricings and conditions supervised by the Authority with regard to both the suppliers themselves and access terms.

The Authority believes that the first measure that outlines the new regulatory framework may be adopted by the end of 2015. On 30 September 2015, the ACEA Group submitted its own comments to the above consultation document.

DCO 445/2015/R/eel – Valuation of actual imbalances following judgements issued by the Lombardy Regional Administrative Court (1648/2014) and the Council of State (1532/2015)

The document ties in with the proceedings started by the AEEGSI with Resolution No. 333/2015/R/eel dated 9 July 2015 for the purpose of adopting a new regulation addressing imbalances for the period during which the urgent provisions introduced on the subject by Resolutions 342/2012/R/eel, 239/2013/R/eel, 285/2013/R/eel were applied. These resolutions were voided by the Administrative Court due to failure to state the reasons for urgent provisions and non-compliant consultation (cf. Lombardy Regional Administrative Court, Third Division, judgement No. 1648/2014 of 24 June 2014, confirmed as final by the Council of State, Sixth Division, by judgement No. 1532/2015 dated 20 March 2015).

Following the aforesaid judgement, in 2012, 2013 and 2014 - during which resolutions 342/2012/R/eel, 239/2013/R/eel and 285/2013/R/eel were effective, Terna applied the imbalance regulations in force prior to the aforesaid resolutions voided by the Administrative Court. However, following some reports by dispatching users, evidence was collected showing disproportionate situations arising from Terna's simple application of the imbalance regulations previously in force. Therefore, with Resolution No. 333/2015/R/eel of 9 July 2015 the Authority started proceedings to define a new imbalances regulation for the period of application of the aforesaid provisions. To this end, the consultation document contains two options suggested by the Authority:

1. Application of the regulations in force at the time in which the market operators were required to schedule their own inputs/outputs;
2. Application of a single set of regulations throughout the period under review resulting from the combination of the adjustments that the Authority has deemed as most suitable in order to reduce the distortions in the mechanism used to calculate imbalance prices.

DCO 509/2015/R/com - Criteria for establishing and updating the rate of return on invested capital for infrastructure adjustments of the electricity and gas sectors - Final guidelines.

At the end of consultations started through DCO 275/2015/R/com, the AEEGSI illustrated its own final guidelines regarding the overall revision of the terms for the calculation and adjustment of the rate of return on invested capital relating to the regulated services of the electricity and gas sectors (WACC, Weighted Average Cost of Capital) with a view to ensuring consistency in the calculation criteria of the two sectors and avoiding differences arising from specific conditions of the financial markets so as to fix the rate of return of risk-free operations.

More specifically, the AEEGSI seeks to introduce the concept of a regulatory period for the rate of return, lasting six years (combined with a mid-year adjustment mechanism), that is to say the period during which the levels of the WACC basic parameters will apply to all the regulated services of the electricity and gas sectors, excluding specific parameters pertaining to the individual service, as identified in parameter β and reflected in the D/E ratio, which is usually addressed and discussed when the tariff regulatory period is reviewed.

The methods suggested for calculating WACC during the first two-year term (2016-2017) of the first regulatory period and two-yearly adjustments to the rate of remuneration of equity capital are also subject to consultation.

The deadline for the submission of comments is set at 20 November.

Within the first decade of December, a final decision is expected to be reached outlining the initial levels of all parameters used to calculate the WACC as well as the criteria for the adjustment of the rate of return within the regulatory period, such levels being unified for all regulated services of the electricity and gas sectors.

DCO 514/2015/R/eel - Revision of prices and components for retail trade - Pcv and Rcv

This consultation document is part of the proceedings started with Resolution No. 670/2014 for the purpose of reviewing:

1. Methods to calculate the PCV price, updating the data pertaining to the costs incurred by an efficient retailer of the free market;
2. Costs deemed as eligible for enhanced protection market retailers through RCV and RCV_i unitary components, the purpose also being to take account of the main drivers that have an impact on operating costs and involve a potential differentiation thereof, chiefly due to the different business size and, therefore, the ability to rely on economies of scale.

The above purposes are most significant also in view of the ongoing process of reform of the current price protection systems, and indeed are the first step in that direction. In this regard, reference should be made to DCO 421/2015 as briefly illustrated above.

Trends of Operating Segments

Economic Results by Operating Segment

The results by segment are shown based on the approach used by the management to monitor Group performance during the periods being compared as well as in compliance with accounting standard IFRS 8. It should be stressed that the results of the "Other" segment reflect those arising from ACEA corporate activities as well as consolidation adjustments.

30 September 2015	Environment	Energy				Water				
€ millions		Generation	Sales	Intra-segment adjustments	Total Segment	Water Services in Italy	Overseas	Engineering	Intra-segment adjustments	Total Segment
Revenues	95	44	1,459	(25)	1,478	476	11	21	(17)	491
Costs	55	18	1,407	(25)	1,400	260	7	15	(17)	265
EBITDA	40	26	52	0	78	217	3	6	0	226
Depreciation and accumulated impairment charges	21	16	55	0	71	67	0	1	0	68
Operating profit/(loss)	19	10	(3)	0	7	150	3	4	0	157
Investments	15	7	8	0	15	128	0	0	0	128

30 September 2015	Networks					Other		Consolidated total
€ millions	Distribution	Public Lighting	PV power	Intra-segment adjustments	Total Segment	Corporate	Consolidation adjustments	
Revenues	346	50	5	(3)	398	83	(356)	2,188
Costs	166	46	1	(3)	210	83	(356)	1,657
EBITDA	180	4	4	0	188	0	0	531
Depreciation and accumulated impairment charges	70	0	0	0	70	16	0	246
Operating profit/(loss)	110	4	4	0	117	(16)	0	285
Investments	101	2	0	0	102	25	0	285

30 September 2014	Environment	Energy				Water				
€ millions		Generation	Sale	Intra-segment adjustments	Total Segment	Water Services in Italy	Overseas	Engineering	Intra-segment adjustments	Total Segment
Revenues	95	45	1,547	(25)	1,566	473	7	23	(21)	482
Costs	56	18	1,509	(25)	1,502	267	5	15	(21)	267
EBITDA	40	27	38	0	65	206	2	7	0	215
Depreciation and accumulated impairment charges	19	14	52	0	69	58	0	0	0	58
Operating profit/(loss)	21	12	(14)	0	(4)	148	2	7	0	157
Investments	7	7	4	0	11	104	1	0	0	105

30 September 2014	Networks					Other		Consolidated total
€ millions	Distribution	Public Lighting	PV power	Intra-segment adjustments	Total Segment	Corporate	Consolidation adjustments	
Revenues	371	49	5	(4)	422	87	(358)	2,294
Costs	194	46	2	(4)	238	86	(358)	1,790
EBITDA	177	4	4	0	184	1	0	505
Depreciation and accumulated impairment charges	64	0	0	0	65	20	0	230
Operating profit/(loss)	113	3	4	0	120	(19)	0	275
Investments	85	0	0	0	85	10	0	219

Environment Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2015	30/09/2014	2015-2014	%
WTE transfers	kTon	263	257	6	2.6%
Transfers to RDF production plant	kTon	0	0	0	0.0%
Electricity sold	GWh	196	183	13	7.4%
Waste going into Orvieto plants	kTon	70	72	(2)	(3.1%)
Waste Recovered/Disposed of	kTon	237	260	(23)	(9.0%)

Equity and financial results (€ millions)	30/09/2015	30/09/2014	2015-2014	%
Revenues	95.8	95.4	0.4	0.2%
Costs	55.4	55.6	(0.2)	(0.3%)
EBITDA	40.4	39.8	0.6	1.0%
Operating profit/(loss)	19.4	20.7	(1.3)	(6.0%)
Average number of staff	220	216	4	1.9%
Investments	14.9	7.3	7.6	104.5%

Financial results (€ millions)	30/09/2015	31/12/2014	Increase (decrease)	%	30/09/2014	Increase (decrease)	%
Net financial debt	198.5	179.6	18.9	10.5%	180.5	18.0	9.6%

The Segment ended the first nine months of 2015 with EBITDA standing at 40.4 million euros, showing a 0.6 million euros rise over the same period of 2014 after two semesters of downtrend. As known, this trend was mainly due to the Kyklos plant being unavailable following its seizure at the end of July 2014. Business disruption resulted in a drop in EBITDA of 2.3 million euros, which was offset by rises in ARIA's and Aquaser's financial performances of 2.2 million euros (mainly as a result of greater amounts of electricity transferred from the San Vittore del Lazio plant) and 1.4 million euros (due to more services provided to ACEA Group companies), respectively.

The average headcount at 30 September 2015 totalled 220 employees, 4 more than the same period in the previous year. This increase was mainly ascribable to ARIA and Aquaser.

The Segment's investments stood at 14.9 million euros, a 7.6 million euros rise, referring to SAO to the extent of 7.3 million euros, as the company essentially completed the revamping of the waste treatment plant in Orvieto.

The Segment's net financial debt stood at 198.5 million euros, 18.9 million euros up compared with 2014 year end (179.6 million euros). The increase was chiefly due to Aquaser (-14.7 million euros) as a result of a rise in amounts due to Group water companies.

Operating review

ARIA

Terni waste-to-energy plant (UL1)

The Terni waste-to-energy plant produces electricity from renewable sources, specifically in a pulper paper mill waste-to-energy plant.

Compared with the first nine months of 2014, the plant's electricity production fell by 0.5%, standing at 60.2 GWh vis-à-vis 60.5 GWh in 2014.

With reference to the provisioning of the pulper used in waste-to-energy processes, the company entered into an adequate number of contracts to ensure uninterrupted plant operation. New contracts were therefore executed for 2015 allowing currently authorised annual quantities to be saturated. During the period under review, transfer operations were carried out uninterruptedly.

With reference to procedures relating to the request for the issue and collection of green certificates, the company dispatched preliminary formalities on the GSE portal after completing audit procedures on the method for calculating the biodegradable fraction of waste eligible for incentives for 2013 and 2014.

On 1 September 2015, the second preliminary Service Conference was held regarding the VIA/AIA coordinated procedure, the aim of which is to broaden European Waste Catalogue codes to include waste intended for energy recovery, as per the request submitted by the company in October 2014. As part of the same Conference, the Administrations involved requested some technical explanations and additions to be provided by the company within a reasonable timeframe.

With reference to the system of continuous monitoring of air emissions of the Terni plant, it should be noted that the Terni Provincial Authorities approved the update of the SME Manual (governing the methods whereby emissions are monitored) and the related software for the management of such processes, pursuant to the ISPRA Guidelines No. 87/2013.

During the same period, the 6-month testing phase approved by Terni Provincial Authorities reached completion, the company's goal being to optimise the air emission reduction system. The first results point to a stabilisation of the technical solution tested and, therefore, it is likely that during the current year a request for authorisation will be submitted to introduce the above plant optimisation on a permanent basis.

Paliano RDF production plant (UL2)

During the period under review, the planning of renovation work was completed, with different stages being identified for the completion of restoration work of the RDF/SSF plants and the building complexes affected, to different extents, by the fire that occurred in June 2013.

Demolition work has been underway since September 2015 for the construction of the new facilities and the new RDF/SSF production plant.

The company has already completed the design and technical documents required to award such work. Environmental monitoring operations and investigations are currently underway in view of the construction of the new RDF/SSF production plant. They will provide insight into the environmental matrixes affected by the work as outlined above.

In April ARIA received the sum of 700,000 euros from the insurance company by way of a second instalment of the indemnity due as a result of the fire.

San Vittore waste-to-energy plant, Lazio (UL3)

The San Vittore waste-to-energy plant in Lazio produces electricity from renewable sources, particularly RDF. The plant has now been working at full capacity for a number of years in terms of both incoming waste and waste intended for energy recovery as well as energy produced and sold. Compared with the first nine months of 2014, the plant's electricity production rose by 11.5%, standing at 167.4 GWh vs 150.1 GWh of 2014. The amount of RDF transferred rose by 5%, standing at 176,321 tonnes at 30 September 2015.

With reference to the provisioning of RDF used in the waste-to-energy process, the Company drew up an adequate number of contracts to guarantee supplies for the continuous operation of Lines 2 and 3, at least throughout 2015.

With regard to provisions under Article 35 of Law Decree 133/2014 (known as "Sblocca Italia"), it should be further stressed that a request for the updating of the plant's integrated environmental authorisation (AIA, Autorizzazione Integrata Ambientale) was also submitted by the company to Lazio Regional Authority, the competent authority.

In June, Lazio Regional Authority updated the AIA in question, in compliance with the aforesaid Article 35.

With Resolution G103003 of 31 August 2015, Lazio Regional Authority completed preliminary proceedings for the issue of the new AIA of the plant, and the new authorisation is likely to be issued at the end of the current financial year.

With regard to the revamping of line 1, it should be stressed that the relevant work is currently underway.

SAO

SAO owns a plant complex located in the Municipality of Orvieto dealing with the treatment, recovery and disposal of urban and special waste. More specifically, the site hosts a (currently operating) landfill for non-hazardous waste and a plant for the mechanical biological treatment of unsorted waste and the management of wet fractions from sorted waste.

In July 2015 the third and final Service Conference was held, addressing the request for significant changes to the integrated environmental authorisation for the set of plants located in Orvieto, as per the project named "*Morphological upgrading of the site and optimisation of volumes and summit capping*" of the operating landfill (2nd gully), submitted by the company in August 2014. The Service Conference pertaining to the AIA proceedings ended with the unanimous approval of the matters examined. Again in July 2015, environmental impact valuation (VIA, Valutazione d'Impatto Ambientale) proceedings were started again by the relevant Regional unit, while in September 2015 the first VIA Conference Service was held, where the company illustrated the aforementioned project to the participating Authorities.

In July 2015 the last service agreements between the Company and the municipalities of the relevant territorial authority were also executed, thereby completing contractual formalities for the management of recovery and disposal operations performed by the company as part of the new integrated waste management service across the ATI4 territory.

The main works for the revamping of the Orvieto waste treatment plant reached completion. This made it possible to start the selection of unsorted municipal waste and the aerobic stabilisation section of the organic fraction from municipal solid waste under screening material. Commissioning operations are still underway on the anaerobic waste digestion section.

AQUASER Group

Aquaser

Aquaser operates in the area of ancillary services associated with the integrated water cycle, loading, transporting, recovering and disposing of sludge from biological treatment and waste produced from water treatment, treating effluent and liquid waste and providing connected services.

It currently transports and recovers treatment sludge for most of the water companies in the ACEA Group. The location of the plants is also extremely important from a strategic viewpoint, with two in Lazio, which process the sludge transferred under the contract with ACEA Ato2 and ACEA Ato5, and one in Tuscany near Grosseto, which processes the sludge transferred under the contracts with companies operating in Tuscany and Umbria, resulting in a reduction of transportation costs.

Recovery operations are carried out by spreading sludge over farmland (prior to authorisations pertaining primarily to AQUASER) or by transfer to the composting plants of subsidiaries/associated

companies or third parties, while disposal operations are carried out almost entirely at third-party treatment plants/landfills.

In previous financial years the company obtained several authorisations for the recovery of sludge used in agriculture, pursuant to Legislative Decree No. 99/92, thereby increasing the company's independence from third-party suppliers. At present, formalities are being executed to obtain additional authorisations for the recovery of sludge used in agriculture in the regions of Lazio, Tuscany and Abruzzo.

In the reporting period the company continued to consolidate its position on the market.

KYKLOS

Kyklos operates in the waste treatment sector, producing and marketing mixed compost conditioners. In particular, it operates in the locality of Campoverde in Aprilia on the basis of a Single Authorisation for special non-hazardous waste treatment and recycling plants granted by the Province of Latina, having a maximum capacity of 66,000 tonnes/year.

Following the accident that occurred on 28 July 2014, resulting in the death of two people employed with contractors in charge of the collection and transport of leachate, the plant was seized by the Judicial Authorities. Leachate is liquid non-hazardous waste obtained from the treatment of non-hazardous waste in the plant. It is collected on a daily basis (as in the case at issue) in operations performed in the open air, pumped into tankers, and then disposed of in suitable authorised plants.

As part of the criminal proceedings started as a result of the aforesaid fatality, in July the notice of completion of preliminary investigations was served, stating the charges pressed against the former Chief Executive Officer, the head of the plant and the prevention and protection officer as well as the company as per Legislative Decree No. 231/2001.

On 31 August 2015, further to a specific petition the Public Prosecutor's Office of Latina authorised the temporary release of the plant to allow extraordinary maintenance operations to be carried out on the facilities, equipment and machinery and installations ahead of the possible resumption of operations following the aforesaid release.

Following the completion of disposal operations for leachate stored in the tank and subsequent final cleaning of the tank itself, and further following the completion (including testing) of the changes made to the separated management system for wastewater coming from the scrubbers compared with the previously authorised system, as requested by the Prosecutor's Office of Latina and Latina Provincial Authority, on 18 September 2015 Kyklos filed a petition for the release from seizure of the plant.

At the end of October 2015, while the plant remained under seizure the Prosecutor's Office authorised the completion of the works proposed for the operational management of scrubber wastewater, whereby any possible form of mixing with leachate is prevented, with the installation of a hydrogen sulphide meter also being required near the point of access to the leachate collection tank. The above works will be performed under the supervision of the relevant local health authorities.

The Deputy Public Prosecutor of the Latina Court also authorised the disposal of waste produced by the plant itself, including both waste currently deposited as well as waste to be produced following the authorised maintenance operations to be performed inside the plant, in order to ensure compliance with Legislative Decree No. 152/06. It is expected that by November 2015 the aforesaid works will be completed, and the plant will be accordingly released.

As the plant is under seizure, it is impossible for Kyklos to generate revenue, while the company is required to meet the costs of ongoing commitments. The continuing seizure has resulted in a greater liquidity need that the company has asked its shareholders to meet. ACEA has provided Kyklos with the financial resources needed to pay wages (as well as social security contributions

and withholding taxes) and debts incurred for the disposal of leachate, and given the necessary support for the recouping of unpaid debts.

The extraordinary Shareholders' Meeting held on 19 June 2015 to resolve on the requirements under Section 2482 *ter* of the Civil Code of Procedure agreed to cover losses accrued through 27 May 2015 by use of the share capital and existing reserves, and to replenish the share capital through a non-divisible increase of 500,000 euros paid by both shareholders. A new extraordinary Shareholders' Meeting was called to resolve on the coverage of additional losses accrued.

The company believes that the plant may become operational again at the beginning of 2016.

Finally, it should be noted that pursuant to provisions under Legislative Decree No. 46/2014, with Resolution G08408 on 7 July 2015 the Lazio Regional Authority issued the Integrated Environmental Authorisation (AIA), which will be updated as soon as the final technical requirements of ARPA Lazio are acquired, insofar as they have yet to be formally defined. The authorisation lasts 10 years starting from the date on which the authorisation comes into force (and will therefore expire on 7 June 2025), and replaces all previous authorisations.

ISA

ISA engages in logistics and transportation operations, and is deemed to be of strategic importance in achieving market consolidation objectives. Indeed, the company was bought to strengthen group organisation and provide group services in a more independent way, not only transportation but also services relating to other activities associated with and complementary to the farmland spreading of sludge, maintenance of drying beds and automatic discharge services, which have led to a significant increase in business activities. More specifically, the fields of sludge dewatering and liquid waste transportation were significantly developed with a view to improving the service offered, and to keeping down recycling and/or disposal and transport costs, basically due to the distance of treatment plants from sludge production sites. It should be noted that the company engages almost entirely in the supply of services to associates in pursuance of Article 218 of Legislative Decree No. 163/06. In this connection, it is stressed that starting from October 2014 the company was tasked with an additional job relating to the transportation of waste produced from the SAF treatment plant in Colfelice (FR) to the ARIA WTE plant in San Vittore del Lazio (FR). Finally, it should be pointed out that the company currently has its own fleet for haulage activities.

SOLEMME AND SAMACE

The two companies operate in the waste recycling sector, composting organic waste, in particular sludge from civil wastewater treatment and production of mixed compost conditioners.

As is well known, as part of the broader project to reorganise the structure of the ACEA Group, designed in part to streamline and optimise the organisational and operational structure and settle the related credit positions, the merging of Samace and Solemme became effective on 1 July 2015.

As a result of this operation, SOLEMME consists of two Local Units hosting two plants: (i) the Monterotondo Marittimo composting plant, which is part of the Waste Plan of the Province of Grosseto; and (ii) the Sabaudia plant, where waste disposal and recovery operations are carried out pursuant to an integrated environmental authorisation issued by Lazio Regional Authorities.

With regard to the Monterotondo Marittimo plant, it should be stressed that the target market is sewer sludge produced in Tuscany, in particular within the scope of ATO6 Ombrone for the Province of Grosseto and Siena, and the treatment of waste from separate collection.

Following the pronouncements issued by the administrative court having jurisdiction, with Resolution No. 36 dated 25 November 2014 the Municipality of Monterotondo Marittimo approved the Implementing Plan; following the publication stage (ended on 28 February 2015) and submission of observations, to which the officer in charge is replying, the Plan will be adopted, thereby allowing construction site operations to begin for the completion of the new plant, subject to the issue of the building permit.



Pending the adoption of the Implementing Plan by the Municipality of Monterotondo Marittimo and for the purpose of allowing waste treatment activities to continue, the original Executive Resolution of the Grosseto Provincial Authority No. 84 dated 13 January 2009 was extended by the aforesaid Municipality through subsequent documents, the last of which (Resolution No. 1009 dated 20 April 2015) extended the term of the authorisation to operate to 14 October 2015.

Energy Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2015	30/09/2014	2015-2014	%
Energy produced	GWh	368	399	(31)	(7.7%)
Electricity sold – Free market	GWh	4,917	5,913	(996)	(16.8%)
Electricity sold – Protected market	GWh	2,283	2,269	14	0.6%
No. of electricity free market customers (POD code)	N/000	319	313	6	1.8%
No. of electricity enhanced protection market customers (POD code)	N/000	988	1,029	(41)	(4.0%)
Gas sold	Msm ³	88	68	20	29.3%
No. of gas free market customers	N/000	146	138	8	6.1%

Equity and financial results (€ millions)	30/09/2015	30/09/2014	2015-2014	%
Revenues	1,478.0	1,566.4	(88.5)	(5.6%)
Costs	1,400.3	1,501.8	(101.5)	(6.8%)
EBITDA	77.7	64.5	13.2	20.1%
Operating profit/(loss)	6.8	(4.4)	11.2	256.5%
Average number of staff	541	534	7	1.3%
Investments	14.5	11.2	3.3	29.7%

Financial results (€ millions)	30/09/2014	31/12/2014	Increase/ (Decrease)	%	30/09/2014	Increase/ (Decrease)	%
Net financial debt	358.8	356.1	2.7	0.7%	399.2	(40.4)	(10.1%)

The Segment ended the first nine months of 2015 with EBITDA standing at 77.7 million euros, showing a rise compared with the same period of 2014 (+13.1 million euros).

The increase came from the sales department ending the first nine months of 2015 with EBITDA standing at 51.9 million euros, vis-à-vis 37.6 million euros for the first nine months of 2014.

This trend was due to a rise in the energy margin on the free market (+9.3 million euros, of which the energy margin accounted for 6.5 million euros and the gas margin 2.8 million euros), an increase in the margin on the protected market (+7.0 million euros) as a result, among other things, of a rise - compared with the first nine months of 2014 - in the tariff applied to free market customers following the adjustments issued by the AEEGSI with Resolution No. 136/2014/R/eel, whereby as of 1 April 2014 the retail selling tariff was increased, and with Resolution 670/2014/R/eel, whereby towards the end of 2014 the nationwide unpaid ratio was set to 24 months. These increases were only partially offset by greater costs (+7.2 million euros), mainly referring to agent expense (+2.2 million euros) and debt collection costs (+1.3 million euros) incurred by Acea Energia.

By contrast, the Production area showed a downward trend, ending the first nine months of 2015 with EBITDA standing at 25.7 million euros vis-à-vis 26.6 million euros for the same period of 2014.

This drop was almost entirely due to a fall in the energy margin (-1.6 million euros) as a result of price patterns and a slight reduction in the amounts produced by the hydroelectric division and district heating operations, whose revenues were lower compared with the first nine months of 2014 due to the mild weather during the winter season.

With regard to workforce, the average headcount at 30 September 2015 stood at 541 employees, 7 more than the same period of the previous year, chiefly due to the recent consolidation of Cesap Vendita Gas.

The Segment's investments stood at 14.5 million euros, showing a rise over the period being compared. They referred mainly to new Acea Energia applications (+3.7 million euros).

Net financial debt for the period stood at 358.8 million euros, up by 2.7 million euros compared with 2014 year end, chiefly due to Ecogena, as a result of the increasing amounts due to the parent company.

Operating review

Energy Management

Acea Energia carries out "Energy Management" tasks required for the running of Group operations, with special reference to selling and production activities.

The company also liaises with the Energy Market Operator (GME, Gestore dei Mercati Energetici) and with TERNA. In relation to the institutional entity Terna, the company is the input Dispatch User on behalf of Acea Produzione and other companies in the ACEA Group. It performed the following main activities in the period:

- Optimisation and assignment of electricity produced by the Tor di Valle and Montemartini thermoelectric plants and by the S. Angelo hydroelectric plant;
- Negotiation of fuel procurement contracts for the power generating plants;
- Procurement of natural gas and electricity for the company selling to end customers;
- Sale of environmental certificates (green certificates, issue rights and renewable source production certificates) for Acea Energia and Acea Produzione;
- Optimisation of the supply portfolio for the procurement of electricity and management of the Energy segment companies' risk profile.

In the first nine months of 2015, Acea Energia purchased a total 6,788 GWh of electricity from the market, of which 5,589 GWh through bilateral agreements and 1,199 GWh through the Power Exchange, essentially for resale to free market end users and partly for the optimization of energy flows and the purchases portfolio.

Electricity production

The **Acea Produzione** production system comprises a series of power generating plants with a total installed capacity of 344.8 MW, including five hydroelectric plants (three in Lazio, one in Umbria and one in Abruzzi), two so-called "mini hydro" plants in Cecchina and Madonna del Rosario, two thermoelectric plants - Montemartini and Tor di Valle (the latter fitted with a combined cycle module for steam turbine extraction and an open-cycle turbogas module providing cogeneration for the district heating service in the Torrino Sud, Mostacciano and Torrino-Mezzocammino districts of Rome).

During the first nine months of 2015, the company - through its directly owned plants - achieved a production volume of 367.9 GWh of which **(i)** 357.3 GWh from hydroelectric plants, **(ii)** 1.8 GWh from mini hydro plants and **(iii)** 8.8 GWh from thermoelectric production.

In the district heating segment, Acea Produzione supplied 2,750 end users located in the Torrino Sud and Mostacciano districts (in the southern part of Rome) with 50.5 GWh of power using the Tor di Valle plant's cogeneration unit.

The hydroelectric segment reached a production of 359.1 GWh benefiting from a contribution from the Castel Madama, Mandela and Orte run-of-the-river plants that exceeded the expected ten-year historical average (+17.9%), chiefly due to the delayed shutdown of the Castel Madama plant for revamping work, which started on 30 July.

Compared with the expected ten-year average, production at the S. Angelo reservoir plant showed an upward trend (32.3%), reaching 152.4 GWh. The average input in the first nine months of 2015 from Aventino (8.5 cu m/s) and Sangro (15.0 cu m/s) rivers was up 64.4% and 34.9% respectively compared with the average for the previous 2012/2014 period. The climate during the winter season and in early spring was particularly rainy and snowy, while the second part of spring and summer was rather hot and dry. Production ran at an average rate of 23.3 MW, with Casoli and Bomba lakes reaching 242.02 and 241.99 metres ASL, respectively.

The company's thermoelectric production stood at 8.8 GWh at 30 September 2015.

The negative production trend for the combined cycle of the Tor di Valle plant, where planning and engineering operations to modernise the plant began, continued. It should be pointed out that in March 2015, Città Metropolitana di Roma Capitale issued the integrated environmental authorisation (AIA) and the Single Authorisation (A.U.) in view of the commissioning of the future thermoelectric plant.

2015 is the eighth year of operation of the Montemartini plant as a Generating Unit Essential to the Security of the National Electricity System, pursuant to AEEGSI Resolution No. 111/06, as part of the National Electricity System Security Plan – Emergency Plan for the City of Rome.

Electricity and gas sales

With regard to the sales market, efforts continued to be made to refocus **Acea Energia's** sales strategy through a more widespread and target-oriented selection of customers, placing major emphasis on the acquisition of small-size customers (households and micro-businesses).

With reference to joint ventures during the period under review, the interests held in Umbria-based **Umbria Energy** and **Cesap Vendita Gas** continued to be managed, as did the liquidation of **Voghera Energia Vendite**, the joint venture between ASM Voghera and Acea Energia. Formalities are currently being finalised for the unwinding of the aforesaid joint venture and the acquisition of sole control of VEV.

As regards **ElgaSud**, at the end of April Acea Energia acquired the interest held by Puglienergy (51%) and, as a result, the Joint Venture Agreement signed on 1 November 2006 and the rights and obligations thereunder were terminated by mutual consent.

As part of the reorganisation of equity interests of the Sin(e)rgia Group, in February 2015 Umbria Energy acquired the entire share capital of Cesap Vendita Gas (CVG) by underwriting a capital increase through an allotment in kind of an amount due to Umbria Energy from the Company.

During the first nine months of 2015, the sale of electricity on the enhanced protection market totalled 2,283 GWh, showing a 0.6% rise over the first nine months of 2014. Withdrawal points totalled 988,326 (1,029,364 at 30 September 2014). This reduction was the result of fierce competition in the Rome market from its main competitors, to which the company responded by constantly marketing its services to maintain its customer portfolio.

The sale of electricity on the free market amounted to 4,635 GWh for Acea Energia and 282 GWh for the retail joint ventures, totalling 4,917 GWh (-16.8% compared with 30 September 2014). This reduction was mainly due to customer portfolio diversification.

In addition, Acea Energia sold 88 million standard cubic metres (s.c.m.) of gas to retail customers and wholesalers, involving 146,034 points of delivery (137,676 at 30 September 2014), including those related to JVs (24,093).

The tariffs applied to the enhanced protection services during the period under review were higher compared with the first nine months of 2014, mainly due to a revision of the amount due to cover sales costs (RCV) as pursuant to Resolutions 637/2013, 136/2014 and 670/2014 issued by the AEEGSI. It should be noted that in its capacity as an operator of the enhanced protection service, the company applied for inclusion in the offsetting mechanism of end user arrearage costs as under

Resolution 670/2014/R/eel. As a result, on 29 July 2015 it received 13.6 million euros from CCSE (Electricity Sector Equalisation Fund).

Below are the significant events that occurred during the first nine months of 2015.

- On 25 February 2015, Acea Energia was notified of preliminary investigation proceedings (Ref. No. PS/9815) started by the Market and Competition Authority (AGCM, Autorità Garante della Concorrenza e del Mercato) pursuant to Article 27, paragraph 3, of Legislative Decree No. 206 of 2005 (Consumer Code) as well as Article 6 of the Regulations on preliminary investigations governing deceptive and comparative advertising, unfair commercial practices, violation of consumer rights in contracts, unfair terms and conditions, adopted by the Authority with the Resolution dated 5 June 2014. Acea Energia's alleged unfair conducts pertained to unsolicited electricity and/or gas service activations, misleading or undisclosed information and undue influence through call center agents and/or operators for the purpose of signing up customers, hindering the user's cooling-off right. On 16 April 2015, Acea Energia arranged for its law firm to submit a letter to the AGCM whereby it stated a number of observations on the subject of the proceedings and on the reports that gave rise to such proceedings and further replied to the request for information. The AGCM rejected the commitment proposal and requested supplementary information, while extending the deadline for the conclusion of the proceedings to 23 September 2015. On 3 July 2015, Acea Energia provided feedback to the notice dated 19 June 2015 and provided the AGCM with additional information regarding its commitment proposal. On 31 July 2015, the AGCM notified that the aforesaid additional commitments were ineligible inasmuch as they were submitted after the deadline had expired. The deadline by which briefs and documents may be submitted was set at 10 September 2015, and later extended to 15 September 2015. In a notice dated 31 July 2015 the AGCM notified that the deadline for the conclusion of proceedings had been extended to 7 November 2015.
- On 27 February 2015, Acea Energia appealed to the Lombardy Regional Administrative Court against the AEEGSI, requesting that Resolution No. 670/2014/R/eel be declared null and void, limited to Article 2 and relevant preambles, as well as any previous and subsequent measure, whether related or subordinate, including Resolution No. 349 of 28 December 2007, complete with the relevant technical report to the extent of the parts where it defined the remuneration of the sales costs of enhanced protection operators without contemplating offsetting mechanisms related to the number of users served by such operators. As notified to the AEEGSI in 2014 by different enhanced protection operators (including Acea Energia) and by Federutility, the reasons that led Acea Energia to file the aforesaid appeal lie in the fact that the tariff component intended to remunerate services sales costs was entirely inappropriate to guarantee an adequate coverage thereof. Despite this, in the aforesaid Resolution against which Acea Energia appealed, the Authority postponed a further revision of the tariff regulation to the issue of a subsequent resolution, thereby exposing enhanced protection operators to immediate financial losses related to this operating segment.
- With Resolution No. 111/2015/S/eel dated 19 March 2015, following *inter alia* the replies provided in 2014 by Acea Energia to the specific request for information regarding automatic compensation to low voltage end customers of the enhanced protection market, the AEEGSI started proceedings against the company to assess the violation of provisions under Articles 14, 18, 19 and 20 of the Consolidated Act on the Quality of Retail Service (TIQV, Testo Integrato Qualità dei servizi di Vendita) (Resolution No. 164/08 ARG/com) and to adopt sanctions and regulatory measures, if applicable, pursuant to Article 2, paragraph 20(c) and (d) of Law No. 481/95.
Preliminary investigations must be completed within 180 days as of the date of the decision. Upon completion of this stage, additional 90 days are granted for the AEEGSI to reach a final decision.

On 22 April, the company submitted a letter of commitments aiming at a more effective pursuit of the interests that were allegedly violated under Article 45 of Legislative Decree No. 93/2011 and Resolution 243/2012/E/com issued by the AEEGSI. On 23 July 2015, the Authority sent a letter seeking explanations regarding the commitments submitted, which was followed by an addendum to the commitments sent by Acea Energia on 7 August 2015. As at the date the addendum to the commitments was submitted, the company had completed formalities regarding the payment of indemnities due to the customers involved in the matters at issue. On 15 September 2015 a final brief was lodged where Acea Energia fully rejected the objections raised while outlining a number of actions to improve its own processes.

- On 1 July 2015, Acea Energia was notified of the start of proceedings (Ref. No. PS/9354) by the AGCM pursuant to Article 3 of Legislative Decree No. 68/2001 and Article 27, paragraph 3, of Legislative Decree No. 206/2005 (Consumer Code). On 13 July an inspection was carried out at the company's office to assess whether Articles 20, 24 and 25 of the Consumer Code had been breached. Acea Energia provided the AGCM with documents pertaining to:
 - procedures, reports, data relating to the management of complaints regarding invoices, self-readings and estimated consumption,
 - procedures, reports and data relating to the invoicing of gas and electricity consumption,
 - procedures, reports and data relating to credit management.

Acea Energia provided the Authority with the required documents. Proceedings will be completed within 150 days of the date of inspection. On 8 September 2015, the law firm hired by the company applied for an extension of the deadline by which a reply must be provided to the request for information referred to in the document notifying the start of proceedings. The application was accepted and, as a result, the deadline was extended to 2 October 2015. With the request dated 11 September 2015, a petition was filed for the documents collected by the AGCM during the inspection on 13 July 2015 to be returned and treated as confidential.

On 16 September 2015 the company submitted a commitment proposal to the AGCM in which it illustrated the ACEA 2.0 project, highlighting the positive impacts on all business processes (self-metering management, equalisations, payment by instalments, payment methods and direct debit) and, therefore, customer relations management. On 2 October 2015 the AGCM was provided with the information requested in the document notifying the start of proceedings, and preliminary defence briefs were drafted.

Cogeneration

Ecogena operating management centred mainly on two key areas: the technical and economic monitoring of operating plants and new projects under construction.

Ecogena continued to carry out construction work for the new trigeneration plant serving the "Europarco" building complex in Rome (EUR area). The date of completion of the plant was postponed due to construction work setbacks. In September 2015 the plant became partially operational, presently supplying energy to the building belonging to the Rome Provincial Authorities only. The supply for the remaining buildings currently available is expected to come on stream in November 2015. In July 2014 the energy service for the new park named "Cinecittà World" at Castel Romano was launched, albeit at a reduced capacity. The energy supply service has been contracted for a period of 15 years. At the same time, with a view to creating synergies between Group companies, an agreement was reached with Acea Produzione regarding the operation and maintenance of the plants located at Cinecittà World. Building work continued in the areas dedicated to the construction of the new "Laurentino" shopping centre, in the Laurentina/Tor Pagnotta district of Rome. Considering the delay in construction work, it was estimated that the energy service could not be launched any earlier than September 2017. The commercial campaign aimed at some major Acea Energia customers belonging mainly to the business segment continued, with a view to promoting the company's energy efficiency services in a synergic



manner. Finally, energy diagnosis activities also commenced, with the aim of completing efficiency-related operations on an ESCo (Energy Services Companies) basis.

Water Operating Segment

Operating figures, equity and financial results for the period

Operating figures*	U.M.	30/09/2015	30/09/2014	2015-2014	%
Water volumes	Mm ³	405	418	(13)	(3.1%)
Electricity consumed	GWh	423	398	25	6.3%
Sludge disposed of	kTon	156	162	(6)	(3.7%)

* Including pro-quota figures of companies operating in Tuscany, Umbria and Campania

Equity and financial results (€ millions)	30/09/2015	30/09/2014	2015-2014	%
Revenues	469.7	468.9	0.8	0.2%
Costs	265.0	267.3	(2.3)	(0.8%)
Income/(costs) from non-financial investments	20.8	13.5	7.4	54.7%
EBITDA	225.5	215.0	10.4	4.8%
Operating profit/(loss)	157.5	156.9	0.6	0.4%
Average number of staff	2,321	2,414	(93)	(3.8%)
Investments	128.3	105.4	22.9	21.8%

Financial results (€ millions)	30/09/2015	31/12/2014	Increase/ (Decrease)	%	30/09/2014	Increase/ (Decrease)	%
Net financial debt	582.6	488.1	94.5	19.4%	681.1	(98.5)	14.5%

The Segment's EBITDA at 30 September 2015 stood at 225.5 million euros, showing a 10.4 million rise over the same period of 2014 due to a growth in revenues and operating cost-effectiveness actions.

The increase was due to (i) a 7.4 million euros growth in the result achieved by the companies consolidated using the equity method, (ii) the positive contribution to EBITDA by foreign companies (1.3 million euros) and (iii) a rise posted by other companies operating in the Segment (totalling 2.0 million euros).

The positive contribution from overseas was basically due to the recognition of income totalling 1.5 million euros attributed to Aguazul Bogotà as a result of the arbitration proceedings arising from the contract between this company and Acueducto (the contract expired at the end of 2012).

The change in the Segment's revenues resulted from some extraordinary items being booked at 30 September 2014 in respect of ACEA Ato2 including: (i) some adjustment accounts (17.4 million euros) referring to 2012 and 2013 recognised by the Area Authority at the time of approval of the tariffs recommended for 2014 and 2015, and (ii) the recalculation of previous year adjustments pertaining to 2006-2011 (6.6 million euros). Net of such items, ACEA Ato2 revenues grew by 12.2 million euros as a result of tariff rises and by 7.9 million euros due to the booking of pass-through adjustments for financial year 2015.

The average headcount at 30 September 2015 decreased on a year by year basis (2,321 vis-à-vis 2,414 employees at 30 September 2014) as a result of the redundancy and early retirement policy adopted by ACEA Ato2.

The Segment's net financial debt at the end of the first nine months of 2014 stood at 582.6 million of euros, rising by 94.5 million euros over the previous year (488.1 million euros). This increase was mainly due to ACEA Ato2 (+89.5 million euros) and was affected by the performance of working capital, the distribution of dividends and a significant increase in investments for the period.

The Segment's investments amounted to 128.3 million euros, showing a rise over the first nine months of 2014 (105.4 million euros). The largest investments pertained primarily to ACEA Ato2 (+20.4 million euros) and were chiefly ascribable to investments in IT capabilities (+7.0 million euros) following the launch of the Acea 2.0 project. The rise in investments in the water network (+6.0 million euros) and in purification plants (+4.0 million euros) also proved significant.

Operating review

Lazio - Campania area

ACEA Ato2

On 1 January 2003, the Integrated Water Service in ATO Lazio Centrale - Rome was launched. The takeover of the management of services from Municipalities covered by the ATO was gradual, with 77 Municipalities currently managed out of the 112 included in the entire ATO.

It should be stressed that at the end of 2014, water abstraction and/or distribution services were acquired for the Municipalities of Capranica Prenestina, Olevano Romano, Canterano, Rocca Canterano, Gerano and Rocca di Papa (services performed previously by Società Acque Potabili under a protected category regime), with operations in the Municipality of Colferro as well as the management of the Beccaccia purification plant in the Municipality of Rocca Priora and the related underlying municipal sewage system also being taken over during the course of 2015. With regard to the Municipalities of Capranica Prenestina, Olevano Romano and Rocca di Papa - where the company already ran sewerage and water treatment services - the transfer of the water service to ACEA Ato2 completed the acquisition of the integrated water service (SII), while for the remaining five Municipalities only the water service was acquired, pending the complete transfer of the integrated water service, which may be finalised only after the upgrading of sewerage networks and wastewater treatment systems.

The company provides the full range of **drinking water distribution** services (collection, supply, retail and wholesale distribution). Water is sourced from springs on the basis of long-term concessions.

Water sources supply drinking water to approximately 3,600,000 residents in Rome and Fiumicino and over 60 Municipalities in the Lazio region, via five aqueducts and a system of pressurised pipes.

Three further supply sources provide non-drinking water used in the sprinkler system of Rome.

The sewerage service comprises a sewer network of about 6,100 km (including approximately 4,100 km of network serving the Municipality of Rome) and more than 300 km of trunk lines, without considering the extent of connections to the sewage system.

The company manages the wastewater treatment system and pumping stations that serve the network and sewage trunk lines.

During the first nine months of 2015, the main **purification plants** treated an average volume of water of approximately 397 million cubic metres; production of sludge, sand and grating relating to all plants under management during the period under review was in excess of 118,000 tonnes, about 5% down on the same period of 2014 due to extraordinary cleaning operations in Roma Est and Roma Sud plants.

The company manages a total of 563 **sewage pumping stations**, 173 of which in the Municipality of Rome, and a total of 179 purification plants, including 33 in the Municipality of Rome.

Purification activities were subject to investigation by Judicial Authorities, as a result of which an order was issued in August 2015 to seize the disposal facility of a "Colubro" purifier. Again in August 2015, the company filed a petition seeking that requirements be set forth for the re-commissioning of the disposal facility. Under the current circumstances, wastewater is removed using road tankers.

In July 2015 the Ordinary Court of Rome ordered the seizure of the "water manhole and underlying room in Via delle Acacie intersecting with Via della Saggina". The seizure - of a probatory nature - was ordered as part of the investigations started, and still ongoing, following the death of an ACEA ATO2 employee that occurred inside the aforesaid room on 28 July 2015.

The Roma Nord plant is still subject to seizure. With regard to criminal aspects related thereto, the company was notified of the completion of preliminary investigations during which, among other things, charges were also pressed against ACEA Ato2 pursuant to Legislative Decree No. 231/2001. ACEA Ato2, in conjunction with the bailees appointed pursuant to the aforesaid Decree, carried on its plant maintenance project effectively and consistently, with monitoring performed by the professionals appointed by the bailees confirming compliance with the standards under the applicable regulations governing both discharges and sludge produced. An action plan was underway to restore the plant's day-to-day running conditions. Following a complex enquiry, the authorisation to release emissions into the atmosphere and the renewal of the discharge authorisation were granted for the above plant.

Regarding **tariffs**, in 2015 the company will apply the pricing approved by the AEEGSI in Resolution 463/2014/R/idr dated 25 September 2014, contemplating a tariff multiplier of 1.251.

Following the takeover of the (i) management of the water supply and/or distribution service in six Municipalities of the relevant ATO (Canterano, Capranica Prenestina, Gerano, Olevano Romano, Rocca Canterano and Rocca di Papa) pursuant to the Deed of Acquisition (dated 29 December 2014) from previous safeguarded operator Acque Potabili, and (ii) drinking water service and the (tendered out) sewerage and purification service (business segment sale deed dated 25 May 2015) as well as the purifier of the Municipality of Rocca Priora, the Area Authority arranged its technical office to inform ACEA Ato2 and the Authority that it had quantified the impact in terms of internal operating costs arising from the change in the scope under management and the resulting increase in guaranteed revenues for 2015 (²⁰¹⁵ VRG). The notice also stressed that the impact, which was calculated in pursuance of Article 25 of Annex A of Resolution No. 643/2013 and quantified to the extent of 1,703,279 euros, did not produce any effect on the tariff multiplier (as it remained unchanged) and on the tariff applied to the users in 2015. On the other hand, it increased operator's guaranteed revenues for the year 2015 by the same amount and will be considered when calculating the adjustments to be granted to the operator in respect of the aforesaid year. This increase was taken into account for the purpose of calculating integrated water service revenues of the first nine months of 2015, totalling 374.3 million euros, including the estimated adjustments of pass-through accounts.

Finally, it should be pointed out that with regard to the takeover of water services in the Municipality of Valmontone, inspection visits were virtually completed in order to assess the conditions of networks and plants pertaining to the integrated water service of the municipality area, such visits leading up to the drafting of the formal reports required for the takeover of operations. The above inspections showed the plants to be essentially compliant with applicable environmental regulations, save for the purification plant for which the Municipality was recently granted a renewal of a discharge authorisation pending the authorisation to release emissions into the atmosphere. As the service cannot be transferred without the authorisations required by law, an agreement was reached with the Municipality and STO to proceed, as a first step, with the takeover of the water service only, suspending the takeover of the sewerage and purification service until the Municipality has obtained the authorisation to release emissions into the atmosphere for the purification plant. At the same time, procedures were drawn up for ACEA Ato2 to take over from the current water service operator through the sale of a business unit.

On 27 April 2015, the Market and Competition Authority (AGCM, Autorità Garante della Concorrenza e del Mercato) notified ACEA Ato2 of preliminary investigation proceedings (Ref. No.

PS/9916) started pursuant to Article 27, paragraph 3, of Legislative Decree No. 206 of 2005 (Consumer Code) as well as Article 6 of the Regulations on preliminary investigations governing deceptive and comparative advertising, unfair commercial practices, violation of consumer rights in contracts, unfair terms and conditions, adopted by the Authority with the Resolution dated 5 June 2014, with a request for information being submitted at the same time under Article 12, paragraph 1, of the Regulations. At the same time, it ordered that an inspection be conducted at the company's premises. ACEA Ato2 was charged with alleged unfair commercial practices adopted in the period spanning November 2012 - April 2015 with regard to the following end user agreement stages: (i) transfer and takeover of an active user agreement, (ii) consumption measurement, procedures, frequency and criteria for invoicing the services supplied, (iii) detection of hidden leakages and tariff discount, (iv) terms and timeframes for addressing complaints and refunds and terms and procedures for disconnecting supplies.

In response to the requests made, on 5 June 2015 the company's lawyers filed a formal petition stating the undertaking of four specific commitments aimed at removing the claims of unlawfulness at issue, which, however, were not upheld by the AGCM.

At its own request, the AGCM arranged for ACEA Ato2 to be heard by a technical body on 29 July 2015. The hearing was held as scheduled and resulted in a report being drafted and signed on 5 August.

Upon the company's request, on 6 August the AGCM extended the deadline for the submission of additional information and the deadline for the conclusion of proceedings to 24 September and 18 December 2015 respectively.

On 24 September the company provided the information requested by the AGCM, which the officer in charge deemed to be exhaustive.

Following the partial acceptance of the company's petitions, by 9 November the company will file a final brief. The records of proceedings will be sent to the AEEGSI for the relevant opinion, while the decision relating to the conclusion of proceedings will be adopted by the AGCM Board by 18 December.

ACEA Ato5

ACEA Ato5 operates the integrated water service according to a thirty-year agreement executed on 27 June 2003 between the company and Frosinone Provincial Authority (representing the Area Authority comprising 86 municipalities). In return for being awarded the service, ACEA Ato5 pays a fee to all the Municipalities based on the date the related services are effectively acquired.

The operation of the Integrated Water Service across the ATO 5 area, comprising Southern Lazio and Frosinone, covers a total of 85 Municipalities (operations are yet to be taken over in the Municipalities of Atina, Paliano and Cassino Centro Urbano) with an overall population of around 480,000 inhabitants, while the population reached by the service totals about 470,000 inhabitants (186,377 end user agreements). During the third quarter of 2015, the acquisition of Pozzo S. Onofrio in the Municipality of Campodimele became official, while the discontinued Patrica Castello purification plant in the Municipality of Patrica was officially returned.

The drinking water system comprises supply and distribution plants and networks that use 7 main sources, from which an equal number of aqueduct systems originate. Service coverage reaches about 97%.

The sewerage-purification system comprises a network of sewers and trunk lines connected to wastewater treatment terminals. The company manages 203 sewage pumping plants and 110 biological wastewater treatment plants, as well as 15 "Imhoff" tanks and 3 percolating filters.

Following surveys and the related census on users connected to the sewerage system (as a result of Constitutional Court Judgement No. 335/2008), it emerged that the coverage of this service is equal to approximately 68% of aqueduct users.

With reference to the **tariff**, the situation was relatively unchanged vis-à-vis that illustrated in the 2014 Consolidated Financial Statements. Indeed, in 2015 the company adjusted the tariff applied

to end users - as approved by the Mayors' Conference held on 14 July 2014 - within a 9% increase compared with 2014. As is known, the pricing relating to 2014 and 2015 adopted by the Conference and currently being reviewed by the AEEGSI together with the pricing relating to 2012 and 2013 contemplate a tariff multiplier of 1.660 for 2015, higher than the limit set by the MTI, corresponding to a tariff of 1.831€/cu m.

Revenues in the first nine months of 2015, including adjustments to the pass-through items, totalled 50.2 million euros and, as was the case in previous years, were calculated using the tariff multiplier recommended in the Operator's application approved by the Mayors' Conference on 14 July 2014.

The recovery of greater amounts between the maximum multipliers allowed and those approved by the Mayors' Conference for the 2012, 2013, 2014 and 2015, such recovery currently being reviewed by the AEEGSI pursuant to Article 7.1 of Resolution No. 585/2012 and Article 3.4 of Resolution 643/2013, entails a degree of uncertainty, and a negative outcome of the aforesaid review could significantly impact the financial position of ACEA Ato5.

On 19 February and 6 August 2015, as part of the preliminary enquiries as per paragraph 7.1 of Resolution No. 585/2012, the AEEGSI requested the Area Authority to provide information and explanations for the purpose of assessing the adequacy of the data supplied and the consistency between such data and compulsory accounting sources as well as the efficiency of the metering service in line with the aforesaid MTT (transitional tariff method) provisions applicable to cases where the tariff recommendation results in an annual change exceeding the 6.5% limit. Clarification was also requested in respect of the relevant technical and financial indicators notified as part of the 2014 and 2015 tariff setting process. The Area Authority provided the required feedback to the AEEGSI within the set deadline, upholding the report prepared by the company. On 30 September 2015, the AEEGSI summoned the company and the Area Authority to discuss and clarify a number of issues relating to the preliminary investigations underway. In this regard, it requested the Area Authority to provide its own opinion within twenty days with regard to (i) revision of operating costs of the Plan; (ii) repayment of the adjustments relating to amounts that exceed the maximum applicable tariff rise; and (iii) an opinion regarding the notice of default submitted by the company in September for the purpose of revising the zonal unpaid ratio. The Area Authority acknowledged the request by essentially referring any decision to the AEEGSI.

With reference to prior year adjustments pertaining to the 2006-2011 period, which the Acting Commissioner stated to be 75.2 million euros, it should be noted that with the decision issued on 26 June 2015 the Latina Division of the Lazio Regional Administrative Court fully rejected the appeal filed by ATO 5 for the annulment of the Order, judging it as "*devoid of any legal basis.*"

Finally, it should be stressed that the Lazio Regional Administrative Court upheld the appeal lodged by the company against the Municipalities of Cassino, Alatri and Torrice on the grounds that a mayor may not instruct a water service operator to reconnect water supply if the customer was found to be in arrears. The Administrative Court explained that a mayor may not issue an order to prohibit the water operator from interrupting supply to individual users in arrears inasmuch as it would result in "*misuse of powers*", as the Municipality "*has no bearing on operator-user dealings.*" Likewise, it may not prevent remedies at law from being sought in order to interrupt water supply to users in arrears "*whether or not such default may be due to social reasons.*"

GORI

The company operates the integrated water service throughout the entire territory of ATO No. 3 Sarnese Vesuviano in the Campania Region with a surface area of 897 sq km and a population of approximately 1.44 million inhabitants.

A total of 4,386 km of water network is currently managed consisting of a 350 km primary supply network and a 4,030 km distribution network, with a 2,300 km drainage and sewerage system. As to plants, the company currently runs 9 springs, 71 wells, 158 reservoirs, 98 water lifting stations, 156 sewage lifting stations and 11 purification plants, including small-sized plants serving small agglomerates.

Pursuant to a thirty-year agreement entered into with the Sarnese Vesuviano Area Authority on 30 September 2002, the company provides integrated water services to 76 Municipalities across the provinces of Naples and Salerno, i.e. all those included in ATO 3 of the Campania Region.

As to the issue of prior items, it should be stressed that further to the proceedings started by the AEEGSI, with Resolution 122/2015/R/idr, to identify financial equalisation provisions applicable to the water industry as well, in a joint note dated 17 April 2015 the Commissioner and the Campania Regional Authorities sought early access to the Electricity Sector Equalisation Fund with a view to obtaining funding sources that would allow such prior items to be paid by instalments within a broader timeframe compared with the one set forth in the Commissioner's Resolutions Nos. 43 and 46 of 2014.

Pending the conclusion of the proceedings started by the AEEGSI regarding the aforesaid request for access (expected by 31 December 2015), with Resolution No. 14 of 29 June 2015 the Commissioner changed the instalment payment terms of prior items to make the recovery of the amounts pertaining to each year more sustainable from a social and economic perspective. Indeed, pursuant to the above-mentioned resolution issued at the end of June, the amount of 122.5 million euros may be paid by instalments within the 2015-2018 timeframe (a one year extension compared with the previous resolution), with 10% being payable in 2015 and the remainder in the subsequent three-year term. The Commissioner further reserved the right to make an additional change to the instalment payment terms benefitting end users if the AEEGSI allowed GORI to access economic and financial equalisation measures as under Resolution No. 122/2015. As a result, with reference to the aforesaid resolution of the Extraordinary Commissioner of the Area Authority, the company issued credit notes to the users for the write-off of the amounts concerning prior items charged in respect of the first instalment payment plan.

With Resolution No. 15 dated 30 June 2015 the Extraordinary Commissioner approved again the restriction on the operator's revenues (VRG) for 2014 and 2015 complete with the relevant tariff multiplier, set at 1.445010 and 1.493518, respectively. The tariff multiplier for 2014 was determined solely for the calculation of tariff adjustments to be considered for 2016. Through the aforesaid Resolution the Commissioner also:

- ✓ confirmed the allocation of the 2014 and 2015 FoNI share to finance social-related aid;
- ✓ changed the fee structure approved by Commissioner's Resolution No. 27/2014 effective as from 1 July 2015;
- ✓ approved the criteria to establish sewerage and purification tariffs for industrial users, pending the adoption of measures by the AEEGSI governing such tariffs.

The grounds for the update of the economic and financial plan relate primarily to the implementation of the effects of Regional Law No. 16/2014⁴ approved after the tariff resolutions of March 2014. More specifically, the economic and financial plan considers the costs arising from the transfer of Regional Works starting from June 2018 and as of the same date it contemplates a

⁴ According to the aforesaid Regional Regulation, the transfer of Regional Work must be executed following a temporary management of such work for a 36-month period, with costs covered by the Regional Authority, and with an efficiency plan of such a temporary management being implemented. Upon the 36-month term expiring, the management will be definitively entrusted to the relevant Integrated Water Service operators. It should be noted that with judgement No. 117 issued on 25 June 2015, the Constitutional Court declared Campania Regional Law No. 7 dated 7 August 2014 governing water service as constitutionally illegal with reference to "Article 1, paragraph 49(a), (e), (f), (g), (i), 88, 89, 93(b), 104(a), 105 and 108(a) of Campania Regional Law No. 16 dated 7 August 2014 (Measures for relaunching and developing the regional economy and legislative and organisational measures as related to the 2014 Regional Stability Law)."

reduction in wholesale water costs and wastewater collection and purification costs by the Regional Authority of Campania. Consistent with Regional Law No. 1/2012, the plan also contemplates a ten-year rescheduling of GORI debt payable to the Regional Authority of Campania relating to the period spanning 1 January 2013 - 31 March 2015 and, on the other hand, reflects the different rescheduling of prior year items.

It should be noted that on 9 July 2015 the AEEGSI issued Resolution No. 338/2015/R/idr whereby it automatically approved the 2012-2015 regulatory period tariff multiplier for the wholesaler operating in the Campania Region (which supplies the wholesale drinking water service regionally and municipal wastewater collection and purification services to regional plants). Likewise, with Resolution No. 362/2015/R/idr it automatically set - for the same regulatory period - the tariff multiplier (0.9) for wholesaler Acqua Campania, which provides wholesale the large-scale water sale and supply service across the Campania Region.

Finally, it should be stressed that with note 30332 dated 22 April 2015, Ref. No PS/9919, the Competition and Market Authority (AGCM, Autorità Garante della Concorrenza e del Mercato) started proceedings against GORI in pursuance of Article 27, paragraph 3, of Legislative Decree No. 206 dated 6 September 2005, as amended, and Article 6 of the "*Regulations on investigation procedures for misleading and comparative advertising, unfair trade practices, violations of consumers' rights in contracts and unfair contract terms*" adopted by the Authority in its resolution of 5 June 2014, with a request for information being submitted at the same time under Article 12, paragraph 1, of the Regulations. This procedure is part of a broader action undertaken by the AGCM to supervise and assess the commercial activities carried out by IWS operators. On 29 April 2015 AGCM officers conducted a planned inspection visit at the premises of the company, which provided full support in the process. At present, the documents collected by the AGCM for the purpose of preparing defence briefs are being reviewed. The deadline was set to expire on 6 November 2015.

With judgements 4846, 4848, 4849 and 4850 dated 15 October 2015, the 1st Division of the Campania (Naples) Regional Administrative Court upheld the appeals lodged by Associazione Federconsumatori Campania, the Municipalities of Angri, Casalnuovo di Napoli and Nocera Inferiore and declared null and void Resolutions 43 of 30 June 2014 and 46 of 3 July 2014 issued by the Extraordinary Commissioner of the Sarnese Vesuviano Area Authority regarding the calculation and approval of tariff adjustments (referred to as "prior items before 2012") for the 2003/2011 period and the terms of collection.

In particular, the Administrative Court ruled that such resolutions were issued with total lack of jurisdiction considering that as from 21 July 2013 (i.e. six months after his appointment on 21 January 2013) the Extraordinary Commissioner's term of office was to expire and, as a result, starting from such date he would no longer hold power.

It should be stressed that the Court did not judge the merits of the lawfulness of tariff adjustments, rather it merely established the Commissioner's lack of powers, thereby deeming as null and void all actions performed after 21 July 2015.

An appeal is therefore being lodged with the Council of State by way of interlocutory proceedings against the judgements at issue, inasmuch as the reasons stated for the lack of the Commissioner's powers were considered as unacceptable and wrong. Moreover, a number of court decisions by another division of the same Campania (Naples) Administrative Court lead the company to believe that the Council of State may elect to review the appealed sentences and suspend the ensuing effects as early as during interlocutory proceedings.

It should be further stressed that:

- Associazione Federconsumatori Campania appealed against Resolution No. 14 of 29 June 2015 issued by the Extraordinary Commissioner of the Sarnese Vesuviano Area Authority ;

- The Municipality of Angri and 11 Municipalities within A.T.O. 3 appealed against Resolution No. 15 of 30 June 2015 issued by the Extraordinary Commissioner of the Sarnese Vesuviano Area Authority, submitting additional arguments.

Revenues for the period totalled 128.9 million euros (Group share 47.8 million euros) and were quantified based on the calculations of the Extraordinary Commissioner and with due account being taken of the changes that had an impact on the restriction on operator's revenues (VRG).

These revenues, as was the case in previous years starting from 2012, included the difference between revenues arising from the application of the rules in Resolutions Nos. 585/2012 and 643/2013 and maximum revenues allowed in the first phase.

From a financial perspective, on 23 April 2014 an agreement was executed to reschedule the loan expired in June 2011 in a long-term loan expiring on 31 December 2021. The loan involves a 6-month Euribor interest rate plus 5.5 percentage points falling due on 30 June and 31 December of each year.

GESESA

The company operates under ATO Authority no. 1 Calore Irpino, which is promoting and developing integrated water service management in Municipalities within the Provinces of Avellino and Benevento. The Authority, currently headed by an Extraordinary Commissioner as per D.G.R. No. 813/2012, has not yet chosen a Single Operator for the management of the integrated water service.

ATO no. 1 recently implemented – as part of a broader initiative for the planning and management of Water Resources in the Campania Region – the recommendations from the Mission Structure for the Planning and Management of Water Resources, aimed at facilitating the common desire of former AATO authorities to choose a Single Operator to operate under the supervision of the same Authorities, also in light of the changes made to Environmental Decree No. 155/2006 by Article 7 of Law No. 164/2014, with special reference to Articles 147 and 172 and, recently, the 2015 Stability Law. This activity was deemed to be urgent in the light of deadlines set under Article 172 aforesaid, setting 30 September 2015 as the deadline by which Area Governing Agencies must adopt final measures for choosing a Single Operator to run the service (paragraphs 1-3), and regulate the enactment of the 'first application' phase of the provision. Indeed, this activity in its phase of transition is also contemplated by Article 19, paragraph 3, of draft Regional Law 477/13 for the reorganisation of the IWS, where reference is made to the provisions under Article 172 as aforesaid. It should be noted that the company completed the assessment of the CABIB Consortium (7 Municipalities under management) for the transfer of integrated water service operations of the Municipalities that are part of the Consortium, with assignment of business lines being expected in the next quarter. In this regard, it should be pointed out that encouraged by the aforementioned regulations, which tend to introduce the principle of "unity", that is a Single Operator in ATO1, many currently self-managed Municipalities indicated that they wanted to entrust the integrated water service to Gesesa.

The company manages the integrated water service in 15 Municipalities of the Province of Benevento across a 500 sq km area, reaching a total population of about 110,000 inhabitants. The overall customer base amounts to 52,000 users approximately. The sewerage and purification service is extended to approximately 80% of the users.

Tuscany - Umbria Area

Acque

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 28 December 2001. In accordance with this agreement, the Operator took over the exclusive Integrated Water Service of ATO 2, comprising all public water collection, supply

and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 55 municipalities. Acque pays a concession fee to all the Municipalities, such fee including accumulated liabilities incurred under previous concessions awarded.

With regard to the extension of the concession to 2026, on 13 February 2015 AIT approved the company's proposal and Acque submitted a request for waiver to the Lenders so as to obtain consent for the extension and make it fully effective and valid. The Lenders required that checks be performed on the documents, tariff model and financial model of the extension by three independent advisors who were entrusted with this task in June.

By virtue of the financial ratios contained in the proposal and in the absence of any changes to the loan agreement conditions, the company was confident that the *Lenders would uphold the waiver*.

With regard to **tariffs**, as outlined in respect of other water operations, in 2015 the company will apply the pricing approved by the AEEGSI in Resolution No. 402/2014/R/idr dated 31 July 2014, contemplating a tariff multiplier of 1.251.

Based on such resolutions, revenues in the first nine months of 2015 totalled 97.2 million euros, including adjustments of pass-through items (Group share 43.8 million euros).

It should also be stressed that Resolution No. 16 dated 11 May 2015 issued by the Tuscany Water Authority changed Acque's tariff structure. In addition to pursuing a region-wide standardisation process, the new tariffs that became effective on 1 July 2015 should help comply with the restriction on the operators' revenues (VRG) (integrated water service), limiting the extent of future adjustments. It should be noted that the most significant changes pertain to the "resident household" and "productive" categories.

The loan agreement executed in 2006 totalled 255 million euros, drawn to the extent of 218 million euros. Starting from last year, the loan redemption period started with increasing semi-annual instalments according to criteria defined in the agreement itself. As a whole, in 2014 repayments made totalled 2.1 million euros, while in 2015 they totalled 8.4 million euros.

Publiacqua

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 20 December 2001. In accordance with this agreement, the Operator took over the exclusive Integrated Water Service of ATO 3, comprising all public water collection, supply and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 49 municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentina gas. In return for awarding the service, the Operator pays a concession fee to all the Municipalities, including accumulated liabilities incurred prior to award of the related contracts.

In June 2006, the operation whereby ACEA acquired a share in the company's capital through Acque Blu Fiorentina S.p.A. was completed.

With regard to **tariffs**, as outlined in respect of other water operations, in 2015 the company will apply the pricing approved by the AEEGSI with Resolution No. 402/2014/R/idr dated 31 July 2014 contemplating a tariff multiplier of 1.171.

Revenues for the first nine months of 2015 were calculated on the basis of approved tariff calculations, such revenues totalling 160.4 million euros (Group share 64.2 million euros), including adjustments of so-called pass-through items.

With regard to lending sources, on 5 May 2015 the company signed a 50 million euros loan agreement with the European Investment Bank (EIB), expiring at the end of 2020.

A number of bilateral loans were therefore repaid to the extent of 42.5 million euros. The expiry date of one of the loans was put back to 30 November 2015, while at 2 July 2015 the 20.0 million euros loan was repaid as planned.

Acquedotto del Fiora

Based on the agreement signed on 28 December 2001, Acquedotto del Fiora is to supply integrated water services on an exclusive basis in ATO6 Ombrone, consisting of public services covering the collection, supply and distribution of water for civil use, sewerage and wastewater treatment. The concession term is twenty-five years from 1 January 2002.

In August 2004, the operation whereby ACEA acquired a share in the company's capital through Ombrone S.p.A. was completed.

With regard to **tariffs**, as outlined in respect of other water operations, in 2015 the company will apply the pricing approved by the AEEGSI with Resolution No. 402/2014/R/idr dated 31 July 2014 contemplating a tariff multiplier of 1.208.

Revenues in the first nine months of 2015 totalled 69.5 million euros (Group share 27.8 million euros), including adjustments of pass-through items.

It should be noted that following judgement No. 335/2008 issued by the Constitutional Court, repayment to eligible individuals was completed on 30 September 2015.

Following further investigations and related requests from lending institutions regarding the calibration of financial flows to sustain the bankability of the Fiora project, with Resolution No. 9 dated 13 February 2015 the AIT rescheduled the investment plans, balances being equal, across a 2015-2023 timeframe.

These events, driven by the renewed general stability in the regulatory landscape and the timely cooperation of AIT, enabled the company to successfully carry on its medium/long-term loan scheduling process that was finalised on 30 June 2015.

Following the discharge of the competitive procedure, the company and the lending institutions signed the loan agreement totalling 143 million euros, which will simultaneously result in the redemption of the entire company's debt (consisting of current mortgages, bridge loan agreement and short-term credit lines maintained with different credit institutions) and finance part of the investments planned, with final expiry being set on 31 December 2025. The loan is governed by a variable interest rate and includes guarantees on the current accounts and receivables of the company as well as a pledge on the shares of Acquedotto del Fiora owned by Ombrone.

With a view to protecting itself from excessive market volatility, in line with information contained in the *term sheet* and in the light of financial risk and cost-effectiveness assessments, the company made arrangements with some of the lending institutions to have in place *plain vanilla* interest rate hedges of 70% of the "Loan" until the final expiry through interest rate swap operations, turning the current variable interest rate into a fixed rate.

Umbra Acque

On 26 November 2007, ACEA was finally awarded the tender called by the Area Authority of Perugia ATO 1 for the selection of the minority private business partner of Umbra Acque S.p.A. (concession expires on 31 December 2027). A stake in the company (40% of the shares) was acquired on 1 January 2008.

The company carries on its activities in all 38 Municipalities that make up ATOs 1 and 2.

With Resolution No. 252/R/idr passed on 29 May 2014, the AEEGSI approved the tariff proposals for 2014 and 2015 with tariff multipliers respectively equal to 1.126 and 1.195.

In its specific explanatory report, the Area Authority elected not to apply amortisation and, to the extent of its discretionary powers, wrote off the FNI^{new} tariff component for 2014. With respect to 2014, 2015 and 2016 tariffs, an adjustment was also recognised regarding 2012 (6.3 million euros) up to an overall amount of 2.1 million euros per year.

Revenues in the first nine months of 2015 totalled 46.1 million euros (Group share 18.4 million euros), including adjustments of pass-through items.

It should be stressed that in its meeting held on 20 April 2015, the Meeting of Representatives approved the amount of prior year items pertaining to the 2003-2011 period totalling 5.3 million euros.



Finally, it should be pointed out that on 28 May 2015 the company was served an injunction by the Civil Court of Perugia upon the request of the Municipality of Pietralunga for the recovery of debts payable to the latter in respect of the concession fee due for the use of IWS capabilities in 2011, 2012, 2013 and 2014. The company arranged for its lawyers to challenge the above order in pursuance of law provisions.

Network Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2015	30/09/2014	2015-2014	%
Electricity distributed	GWh	7,959	7,718	241	3.1%
Energy produced by photovoltaic plants	GWh	12	13	(1)	(7.3%)
Energy efficiency certificates sold/cancelled	No.	174,316	92,698	(81,618)	88.0%
No. of customers	N/000	1,622	1,622	0	0.0%
Network (Km)	(Km)	29,879	29,704	175	0.6%

Equity and financial results (€ millions)	30/09/2015	30/09/2014	2015-2014	%
Revenues	397.6	422.0	(24.4)	(5.8%)
Costs	209.8	237.5	(27.7)	(11.7%)
EBITDA	187.7	184.4	3.3	1.8%
Operating profit/(loss)	117.4	119.8	(2.4)	(2.0%)
Average number of staff	1,345	1,380	(35)	(2.5%)
Investments	102.4	85.3	17.0	19.9%

Financial results (€ millions)	30/09/2015	31/12/2014	Increase/ (Decrease)	%	30/09/2014	Increase/ (Decrease)	%
Net financial debt	602.1	623.1	(21)	(3.4%)	681.3	(79.2)	(11.6%)

EBITDA at 30 September 2015 stood at 187.7 million euros, a 3.3 million euros rise compared with the same period of the previous year.

The rise was due to the combined effect of an increase in margin from the public lighting business (0.5 million euros) and a rise posted by ACEA Distribuzione (3.2 million euros). The latter increase was mainly due to the combined effect of: **(i)** a drop in the electricity margin as a result of fewer equalisation effects in 2015 compared with those shown in 2014 (-1.9 million euros); **(ii)** 5.2 million euros recognised in 2014 accounts regarding the energy saving certificate portfolio. In particular, this income resulted from the reversal of provisions allocated in 2013 to hedge the purchase of the certificates needed to meet 2013 obligations); **(iii)** operational efficiency.

With reference to staff, the average headcount as at 30 September 2015 stood at 1,345 employees, 35 less compared with the same period of the previous year, mainly due to ACEA Distribuzione as a result of the redundancy and early retirement incentive policy adopted by the company.

Net financial debt at the end of the first nine months of 2015 stood at 602.1 million euros, improving significantly compared with the figure posted at 2014 year end (623.1 million euros).

The Segment's investments amounted to 102.4 million euros, up by 17.0 million euros. The rise was entirely attributable to ACEA Distribuzione, mainly due to capital expenditure in information systems and network extension operations.

Operating review

Electricity distribution

Energy report

As shown in the table below, at 30 September 2015 ACEA Distribuzione delivered 8,492.6 GWh to the grid, up 3.11% compared with the same period of the previous year.

GWh	30/09/2015	30/09/2014	% Increase/ (Decrease)
Source: A.U.	2,207.7	2,160.3	2.2%
Imports	290.9	324.2	(10.3%)
Enhanced protection market	2,498.7	2,484.5	0.6%
Free market	5,991.8	5,750.5	4.2%
Underlying distributors	2.1	1.7	21.7%
General total	8,492.6	8,236.7	3.1%

Transport service tariffs

2015 is the fourth and final year of application of the tariff structure defined by the AEEGSI for the 2012-2015 regulatory period. For more details about its composition, reference should be made to the Report on Operations of the 2014 Financial Statements.

With regard to adjustments made during the period under review, it should be noted that the AEEGSI:

- Recalculated the reference tariff for the electricity distribution service for the 2012-2014 period (Resolution No. 127/2015/R/eel of 26 March 2015);
- Updated the tariffs for electricity distribution and metering services and the financial conditions for the supply of connection services for the year 2015 (Resolution No. 610/2014 of 11 December 2014); and
- Updated the transmission tariff (Resolution No. 653/2014 of 29 December).

As is known, in the new Transport Code the AEEGSI introduced a mechanism for recognising an advance, every two months, of equalisation balances relating to the equalisation of distribution service revenues and transmission costs. In a letter from the CCSE dated 10 March 2015, ACEA Distribuzione was informed about the bi-monthly advance payments recognised for 2015 and the deadlines for the related payment. Moreover, in a letter dated 3 June 2015 details were provided in relation to the supplementary amounts pertaining to the equalisation of 2012, 2013 and 2014 distribution revenues resulting from a material error detected in the calculation procedures adopted to establish the reference tariffs. This also resulted in an adjustment being made to the bi-monthly advance payments pertaining to the equalisation of 2015 distribution revenues, as notified by a letter dated 10 March 2015.

It should be noted that on 30 April 2015 the AEEGSI, with Consultation Paper 202/2015/R/eel, recommended the introduction of a new algorithm for the calculation of the aforesaid equalisation, contemplating a territorial differentiation of commercial losses only, suggesting that it would start

considering new levels of technical losses for medium voltage as well. The algorithm will be applied starting from the current 2015 tariff year.

Pending a new review of the method for covering costs related to in-house use of electrical energy, the regulation on the equalisation of electrical energy purchased to be used in-house for transmission and distribution purposes continued to apply. The regulations governing *load profiling* require that electricity intended for the enhanced protection market is calculated on a residual basis and includes electricity consumed in-house for distribution and transmission purposes. The AEEGSI confirmed, without changes, the calculation method for equalisation of the purchase cost of electricity for distribution companies absorbed in-house for transmission and distribution purposes in accordance with the Retail Service Code.

Finally, it should be pointed out that the company was still awaiting recognition of the amount for the equalisation of metering revenues for the year 2011 and for data collection for subsequent years (2012, 2013, 2014).

Energy efficiency objectives

With DIUC Resolution No. 9/2013 the AEEGSI disclosed data pertaining to the amount of electricity and natural gas distributed nationwide by operators obliged to meet such requirements in 2012. This data is essential for determining the portion of energy efficiency objectives each single distributor must meet for 2014, reaching at least 50% by 31 May 2015.

Resolution No. 13/2014/R/efr of 23 January 2014 defined the criteria for the quantification of the tariff contribution to cover the costs borne by electricity and gas distributors for TEEs - Energy Efficiency Certificates - starting from the mandatory year 2013; the mechanism introduces elements to take account of TEE average market prices, avoiding the recognition of costs incurred by distributors by submitting an expenses report.

Resolution DMEG/EFR/13/2015 dated 29 June 2015 defined the unit value of the tariff contribution for the 2014 mandatory period (105.83 €/TEE) and the tariff contribution estimated for the 2015 mandatory period (108.13 €/TEE).

In May 2015 ACEA Distribuzione met the remaining obligation for 2013 (48,240 TEEs) and the obligation set for 2014 (174,316 TEEs), cancelling 222,556 certificates.

ACEA Distribuzione's objective for 2015 is 201,469 Energy Efficiency Certificates, while the estimate for 2016, defined on the basis of a criterion of the 2-year average energy distributed in the two previous years, is 244,502 Energy Efficiency Certificates.

AEEGSI Supervision

With regard to sanction proceedings started by the AEEGSI in pursuance of Resolutions No. 300/2013/R/eel and 62/2014/S/eel, no further disclosures need to be made in addition to information provided in the Report on Operations of the 2014 Financial Statements.

Public Lighting

On 15 March 2011, ACEA and Roma Capitale agreed on an update to the Public Lighting Service Contract.

The key points of the renegotiation include:

- Extension of the contract to 2027, in line with the Concession, and therefore extending the residual term from 4 years 5 months to 17 years;
- Review of the contractual parameters, aligning them with those of the CONSIP technical draft for the "Servizio Luce 2" tender;
- Certainty of the power to directly perform activities associated with network expansion;
- Recognition, upon expiry (including termination) of the contract, of the non-amortised amount of investments undertaken by ACEA;
- Sterilisation of the so-called "price risk" of electricity to power the public lighting system,

- The inclusion of an indemnity payable to ACEA in the event of early termination of the contract by Roma Capitale, calculated on the basis of margins discounted over the number of years to expiry (i.e. to 31 December 2027).

In the period under review, Acea Illuminazione Pubblica deployed an overall of 1,477 lighting units at the request of both Roma Capitale and third parties. Special mention must be made of the units deployed in the Tiburtina IP High Speed Tunnel (Axis 2), B1 Jonio Underground station and Underground C Lodi and for the Fori Imperiali lighting system(530 lighting units) rolled out on 21 April 2015 on the occasion of Rome's "birthday".

It should be noted that following numerous cases of theft of cables in 2014 and in the year under review, over 52 km of new cables were laid using a new type of electric cable, made from copper-plated aluminium which, by using less copper and combining it with aluminium, has the main advantage of making the two metals difficult to separate, unless industrial means and processes are used.

System improvement efforts continued, including the inspection, extraordinary maintenance and upgrading to Class II standard of light units managed on behalf of Roma Capitale.

PV power

Following the transfer of the PV business unit in December 2012, ARSE owns plants with a total power capacity of just over 13 MWp. In the first nine months of 2015 these plants recorded a total output of 11.9 GWh.

The sector in question is currently being affected by a number of legislative and regulatory initiatives that point to a likely fall in revenues generated by such plants.

Corporate

Equity and financial results for the period

Equity and financial results (€ millions)	30/09/2015	30/09/2014	2015-2014	%
Revenues	82.5	86.8	(4.3)	(4.9%)
Costs	83.0	85.7	(2.7)	(3.2%)
EBITDA	(0.4)	1.1	(1.5)	(136.4%)
Operating profit/(loss)	(16.4)	(18.5)	2.1	(11.4%)
Average number of staff	641	671	(30)	(4.5%)
Investments	7.9	9.7	(1.8)	(18.6%)
Investments in Acea 2.0	16.7	0	16.7	100%

Financial results (€ millions)	30/09/2015	31/12/2014	Increase/(Decrease)	%	30/09/2014	Increase/(Decrease)	%
Net financial debt	388.8	442.1	(53.3)	(12.1%)	469.9	(81.1)	(17.3%)

At 30 September 2015, ACEA ended with a negative EBITDA of 0.4 million euro, 1.5 million euros lower than the same period in 2014.

The average headcount at the end of the period was 641 employees, 30 fewer compared with 30 September 2014 (671).

Investments stood at 7.9 million euros, a drop of 1.8 million euros over the same period of 2014 (9.7 million euros).

Attention is also drawn to investments made as part of the Acea 2.0 project, their goal being to modernise and harmonise information systems supporting the main business processes.

Net financial debt at the end of the period under review stood at 388.8 million euros, improving by 53.3 million euros compared with 2014 year end.

This improvement was due to **(i)** dividends declared by subsidiaries net of dividends paid to shareholders (+7.3 million euros), **(ii)** public lighting service management fees falling due (+54.3 million euros), **(iii)** better foreign currency valuations and fair value of financial instruments (+6.9 million euros), and **(iii)** the requirements resulting from changes in working capital, such as the payment of amounts due to suppliers and tax payables as well as for investments made during the period.

ACEA S.p.A. business activities

In its role as a business holding, ACEA S.p.A. defines strategic objectives for the Group and subsidiaries, coordinating the relevant activities.

Within the Group, ACEA S.p.A. acts as a centralised treasurer for major subsidiaries.

Intercompany transactions, for which the centralised treasury agreement was updated as from 1 July 2015, entailed:

- Executing a medium-term revolving agreement (intercompany credit line) to cover funding needs related to working capital and to make investments. This credit line will **(i)** be operational from 1 July 2015 to 31 December 2017 and **(ii)** bear interest at a yearly adjusted rate corresponding to the arithmetic mean of "3-month Euribor" daily rates;
- Providing own credit lines for bank sureties or through the direct provision of company guarantees (guarantee line). This line will **(i)** be operational from 1 July 2015 to 31 December



2017, **(ii)** set a ceiling according to the type of guarantee and **(iii)** generate different fees depending on whether bank sureties or company guarantees are provided.

ACEA S.p.A. also provides administrative, financial, legal, logistic, management and technical services to subsidiaries and affiliated companies in order to optimise the use of existing resources within the company and to leverage the know-how in a cost-effective manner. These services are governed by specific annual service agreements.

As regards service agreements, starting from 1 January 2014 and for a three year period, ACEA (i) revised the list of services offered, (ii) aligned fees to market prices, (iii) made service agreements compliant with regulatory provisions and consistent with the Organisational, Management and Control model and (iv) introduced new SLAs (Service Level Agreements) with a view to improving the level of service provided, to be benchmarked against the relevant KPIs (Key Performance Indicators).

It should be also noted that as part of the Acea 2.0 project, specific addenda were added to the service agreement governing services provided by ACEA to the main subsidiaries. Consideration for these services was established as equal to the cost incurred.

Form, structure and scope of consolidation

General information

The Interim Report on Operations of the ACEA Group for the period ended 30 September 2015 was approved by Board of Directors' resolution on 12 November 2015.

Compliance with IAS/IFRS

This Interim Report on Operation was drafted on a consolidation basis and prepared in compliance with the international accounting standards in force on the reporting date as approved by the *International Accounting Standards Board (IASB)* and endorsed by the European Union. These standards consist of the *International Financial Reporting Standards (IFRS)* and the interpretations of the *International Financial Reporting Interpretations Committee (IFRIC)* and the *Standard Interpretations Committee (SIC)*, collectively referred to as the "IFRS". These interim accounts were prepared in compliance with IAS 34 as applicable to mid-year financial reporting and reflect the same accounting principles as those adopted for the preparation of the Consolidated Financial Statements for the year ended 31 December 2014, to which reference should be made for more detailed information. As a result, the former should be read in conjunction with the latter. This Interim Report on Operation was prepared in the format as under IAS 34.

Basis of presentation

The Interim Report on Operations consists of the Consolidated Statement of financial position, Consolidated Income Statement, Consolidated Comprehensive Income Statement, Consolidated Statement of Cash Flows and Statement of Changes in Consolidated Shareholders' Equity. The Report also includes accompanying and explanatory notes prepared under IAS 34.

It should be noted that the Income Statement is classified on the basis of the nature of expenses, the items included in the Statement of Financial Position are based on the liquidity method, with current and non-current items being separated, while the Statement of Cash Flows is presented using the indirect method.

The Interim Report on Operations was drawn up in euros (€). Figures shown in the Income Statement and Statement of Financial Position are rounded off to the nearest thousand euros, while those shown in the accompanying notes are rounded off in millions of euros.

Definition of alternative performance indicators

In line with Recommendation CESR/05-178b, the content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. The ACEA Group considers *gross operating profit* (EBITDA) as an indicator of operating performance and, as from 1 January 2014, EBITDA also includes the condensed result of investments in jointly owned entities, in respect of which the consolidation method was changed following the implementation of the new international accounting standards for financial reporting IFRS 10 and IFRS 11. *Gross operating profit* is calculated by adding together the Operating profit and "Amortisation, depreciation, provisions and impairment charges";
2. *Net financial position* is an indicator of the ACEA Group's financial structure, consisting of the sum of Non-current Borrowings and Financial Liabilities net of Non-current Financial Assets (loans and receivables and securities other than equity investments), Current Borrowings and other Current Liabilities net of current financial assets, cash and cash equivalents;
3. *Net invested capital* is defined as 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 in calculating the *net financial position*.

Use of estimates

Consistent with the IFRS, the preparation of the Interim Report on Operations requires the management to make estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date. The actual amounts may differ from such estimates. Estimates are used for the recognition of provisions for credit risk, obsolescent inventories, impairment charges incurred on assets, employee benefits, fair value of derivatives, taxes and other funds and provisions. The original estimates and assumptions are reviewed on a regular basis and the impact of any change is recognised in the income statement.

In addition, it should be noted that certain estimation processes, with special reference to the more complex ones such as the calculation of any impairment of non-current assets, are generally performed to the fullest extent only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing.

Impact of the seasonal nature of operations

The type of business the ACEA Group engages in is not affected by significant season patterns. However, some specific operating segments may be affected by differing trends throughout the year.

The Interim Report on Operations is not subject to auditing.

Consolidation standards and procedures

Consolidation standards

Subsidiaries

The basis of consolidation includes the Parent Company ACEA S.p.A. and the companies it owns directly or indirectly through a majority of the voting rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are deconsolidated from the date on which control is transferred out of the Group. Where there is loss of control of a consolidated company, the consolidated financial statements will include the results for the part of the reporting period in which the ACEA Group retained control.

Jointly owned entities

They are companies owned by the Group in conjunction with third parties (i.e., Joint Ventures) or where an agreement has been entered into 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 shareholders' equity method.

Associates

Associates include companies over which the Group exercises significant influence, but neither control or joint control, through its power to participate in the financial and operating policy decisions of each associate. The consolidated financial statements include the Group's share of the results of associates using the shareholders' equity method, unless they are stated as held for sale, from the date the Group begins to exert significant influence until the date it ceases to exert such influence.

If the Group's share of an associate's losses exceeds the carrying amount of the investment, then the latter must be written off and any additional losses must be covered by provisions to the extent that the Group is legally or implicitly required to cover losses suffered by the associate or at any rate to make payments on its behalf. Any excess of the cost of the acquisition compared with the Group's interest in the fair value of the associate's identifiable current assets, liabilities and contingent liabilities at the date of the acquisition will be recognised as goodwill. Goodwill is included in the carrying amount of the investment and subject to impairment tests together with the value of the equity interest.

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared using the same accounting standards as those adopted by the Parent Company in respect of each reporting period. Consolidation adjustments are made to align any items affected by the application of different accounting standards.

All intergroup balances and transactions, including any unrealised profits on intergroup transactions, are entirely written off. Unrealised losses are written off unless they cannot be subsequently recovered.

The book value of investments in each subsidiary is written off against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive balance must be reflected as "goodwill", while any negative balance is shown in the income statement at the acquisition date.

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 minority interest in excess of their portion of shareholders' equity are subsequently attributed to the shareholders' equity pertaining to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company in order to cover 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 stated as held for sale under IFRS 3 and are accounted for at fair value net of selling costs.

If the business combination is recognised in several phases, then the fair value of the investment previously held (in the case of equity method valuation) will be recalculated and any resulting profit or loss will be reflected in the income statement.

Any contingent consideration will be recognised by the purchaser at fair value at the date of acquisition. The change in fair value of the contingent consideration held as asset or liability is reflected as under IAS 39 in the income statement or in other comprehensive income. If the contingent consideration is held under shareholders' equity, then it need not be re-measured until settlement of the contingency is reflected within shareholders' equity.

Any excess of the cost of acquisition compared with the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as an asset and initially valued at cost. This goodwill is not amortised, but is tested for impairment. If, on the other hand, the Group's interest in the fair value of net assets exceeds the cost of business combination, then such figures need to be restated; the cost of the acquisition, then the relevant amounts will be restated. If the Group's interest in the resulting fair value of the identifiable assets, liabilities and contingent liabilities still exceeds the cost of acquisition, then any such excess will be immediately booked 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 the acquired entity's identifiable net assets.

Consolidation procedure for assets and liabilities held for sale (IFRS 5)

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

Consolidation of foreign enterprises

All the assets and liabilities of foreign enterprises denominated in a currency other than the euro were converted using the exchange rates in force at the end of the reporting period.

Revenues and costs were converted using average exchange rates for the period. Any conversion differences were recognised in a separate item of shareholders' equity until the investment was sold.

Foreign currency transactions were recognised at the exchange rate applicable on the date of the transaction. Foreign currency assets and liabilities were then converted at the exchange rate applicable at the end of the reporting period. Conversion differences and differences arising on settlement of the foreign operation are reflected in the income statement.

Basis of consolidation

The Interim Report on Operations of the ACEA Group includes the financial statements of the Parent Company ACEA as well as the financial statements of Italian and foreign subsidiaries, in respect of which the Company (i) is exposed to variability of returns arising from the shareholding relation as pursuant to IFRS 10, and (ii) holds, directly or indirectly, the majority of the voting rights at ordinary shareholders' meetings, thereby being entitled to participate in the financial and management decisions and benefit therefrom. The companies owned by the Parent Company in conjunction with other shareholders are also consolidated using the shareholders' equity method.

A) Changes in the basis of consolidation

The basis of consolidation at 30 September 2015 changed compared with that for the year ended 31 December 2014 as a result of the 100% acquisition of Cesap Vendita Gas S.r.l. by Umbria Energy S.p.A. This equity interest was previously held by Si(e)nergia S.p.A., currently being liquidated. Following this acquisition, Cesap Vendita Gas was consolidated using the shareholders' equity method.

It should be also noted that during the period under review:

- ACEA increased its shareholding in ABAB by 0.67% following the purchase of 68,148 shares from Consorzio Toscano Cooperative for an amount totalling €162,000. Its shareholding, therefore, stood at 76.48%.
- Acea Energia acquired the share held by Puglienergy (51%) in Elga Sud for 63,000 euros. As a result of the above purchase, it holds all of the ElgaSud share capital.

Finally, it should be noted that the merging between Samace and Solemme became effective on 1 July.

B) Unconsolidated investments

Tirana Acque S.c.a.r.l., in liquidation, is owned by ACEA to the extent of 40%. It was carried at cost and was neither operational or significant from a qualitative or quantitative perspective.

Consolidated Income Statement

	30/09/2015	of which with related parties	30/09/2014	of which with related parties	Increase/ (Decrease)	% Increase/ (Decrease)
Revenues from sales and services	2,114,366		2,200,000		(85,634)	(3.9%)
Other revenues and income	53,298		80,666		(27,368)	(33.9%)
Net consolidated revenues	2,167,664	101,657	2,280,666	143,068	(113,002)	(5.0%)
Staff costs	167,094		177,796		(10,702)	(6.0%)
External costs	1,490,236		1,611,733		(121,497)	(7.5%)
Consolidated operating costs	1,657,330	30,003	1,789,528	23,661	(132,198)	(7.4%)
Net income/(costs) from commodity risk management	0		(38)		38	(100.0%)
Income/(Costs) from equity investments of a non-financial nature	20,543		13,751		6,791	49.4%
EBITDA	530,877	71,653	504,851	119,407	26,026	5.2%
Amortisation, provisions and depreciation	246,030		230,327		15,704	6.8%
Operating profit/(loss)	284,847	71,653	274,524	119,407	10,322	3.8%
Financial income	15,899	335	17,917	2,804	(2,018)	(11.3%)
Financial costs	(82,945)	0	(94,588)	0	11,643	(12.3%)
Income/(costs) from equity investments	(950)		556		(1,506)	(270.7%)
Pre-tax profit/(loss)	216,851	71,989	198,410	122,211	18,441	9.3%
Income taxes	75,114		80,731		(5,617)	(7.0%)
Net profit/(loss)	141,736	71,989	117,679	122,211	24,058	20.4%
<i>Profit/(loss) attributable to minority shareholders</i>	5,132		4,879		254	5.2%
Net profit/(loss) attributable to the Group	136,604	71,989	112,800	122,211	23,804	21.1%

Amounts in thousands of euros



Consolidated Statement of Comprehensive Income

	30/09/2015	30/09/2014	Increase/ (Decrease)
Net profit/(loss)	141,736	117,679	24,058
Profit/(Loss) from translation of financial statements expressed in a foreign currency	(1,523)	3,078	(4,601)
Profit/(Loss) from the effective portion of hedging instruments	9,583	(18,944)	28,527
Actuarial profit/(loss) on defined-benefit pension plans	6,715	(4,643)	11,358
Taxation	(4,509)	6,496	(11,005)
Total comprehensive income statement gains net of tax	10,226	(14,013)	24,239
Total comprehensive income net of tax	152,002	103,665	48,337
Total comprehensive income/(loss) net of tax attributable to:			
Non-controlling interests	5,139	4,237	902
Group	146,863	99,428	47,435

Amounts in thousands of euros

Quarterly Consolidated Income Statement

	3rd quarter 2015	3rd quarter 2014	Increase/ (Decrease)	% Increase/ (Decrease)
Revenues from sales and services	708,251	747,508	(39,256)	(5.3%)
Other revenues and income	18,270	21,963	(3,693)	(16.8%)
Net consolidated revenues	726,521	769,470	(42,949)	(5.6%)
Staff costs	50,040	51,428	(1,388)	(2.7%)
External costs	506,514	549,279	(42,765)	(7.8%)
Consolidated operating costs	556,555	600,707	(44,153)	(7.4%)
Net income/(costs) from commodity risk management	0	(14)	14	(100.0%)
Income/(costs) from equity investments of a non-financial nature	7,642	5,137	2,504	48.7%
EBITDA	177,608	173,886	3,722	2.1%
Amortisation, provisions and depreciation	95,433	87,738	7,696	8.8%
Operating profit/(loss)	82,175	86,149	(3,974)	(4.6%)
Financial income	4,566	5,956	(1,391)	(23.3%)
Financial costs	(26,369)	(31,754)	5,385	(17.0%)
Income/(costs) from equity investments	(346)	(520)	174	(33.4%)
Pre-tax profit/(loss)	60,025	59,831	194	0.3%
Income taxes	21,914	25,874	(3,960)	(15.3%)
Net profit/(loss)	38,112	33,957	4,154	12.2%
<i>Profit/(loss) attributable to minority shareholders</i>	837	1,696	(859)	(50.6%)
Net profit/(loss) attributable to the Group	37,275	32,262	5,013	15.5%

Amounts in thousands of euros



Quarterly Consolidated Comprehensive Income Statement

	3rd quarter 2015	3rd quarter 2014	Increase/ (Decrease)
Net profit/(loss)	38,112	33,957	4,154
Profit/(Loss) from translation of financial statements expressed in a foreign currency	(1,008)	(81)	(927)
Profit/(Loss) from re-measurement of financial assets available for sale	0	0	0
Profit/(Loss) from the effective portion of hedging instruments	(146)	152	(298)
Actuarial profit/(loss) on defined-benefit pension plans	297	267	29
Taxation	(149)	(120)	(29)
Total comprehensive income statement gains net of tax	(1,007)	218	(1,225)
Total comprehensive income net of tax	37,105	34,176	2,929
Total comprehensive income/(loss) net of tax attributable to:			
Non-controlling interests	680	1,090	(409)
Group	36,425	33,086	3,338

Amounts in thousands of euros

Consolidated Statement of Financial Position

ASSETS	30 September 2015	of which with related parties	31 December 2014	of which with related parties	Increase/ (Decrease)
Property, plant and equipment	2,055,018		2,031,410		23,608
Investment property	2,777		2,819		(42)
Goodwill	149,392		150,772		(1,380)
Concessions	1,475,797		1,398,571		77,226
Other intangible fixed assets	104,146		85,284		18,862
Equity investments in subsidiaries and associates	237,326		224,767		12,559
Other equity investments	2,579		2,482		97
Deferred tax assets	300,342		296,224		4,118
Financial assets	35,862	33,501	34,290	32,580	1,572
Other assets	40,641		43,972		(3,332)
NON-CURRENT ASSETS	4,403,881	33,501	4,270,593	32,580	133,288
Inventories	31,230		29,229		2,001
Trade receivables	1,208,209	150,051	1,259,920	159,362	(51,711)
Other current assets	114,828		141,467		(26,639)
Current tax assets	100,608		99,843		765
Current financial assets	89,275	69,378	92,130	72,134	(2,854)
Cash and cash equivalents	595,823		1,017,967		(422,144)
CURRENT ASSETS	2,139,974	219,429	2,640,556	231,496	(500,582)
Non-current assets held for sale	497		497		0
TOTAL ASSETS	6,544,351	252,930	6,911,645	264,075	(367,294)

LIABILITIES	30 September 2015	of which with related parties	31 December 2014	of which with related parties	Increase/ (Decrease)
Shareholders' equity					
Share capital	1,098,899		1,098,899		0
Statutory reserve	87,908		83,428		4,480
Other reserves	(350,737)		(385,135)		34,397
Profit/(Loss) pertaining to previous years	508,577		470,915		37,662
Profit/(Loss) for the year	136,604		162,459		(25,855)
Total Group shareholders' equity	1,481,250	0	1,430,566	0	50,684
Minority interests	72,564		71,825		739
Total shareholders' equity	1,553,814	0	1,502,391	0	51,423
Staff termination benefits and other defined-benefit plans	111,152		118,004		(6,852)
Provision for liabilities and charges	179,458		168,644		10,814
Borrowings and financial liabilities	2,691,923		3,040,712		(348,789)
Other liabilities	187,431		177,990		9,442
Deferred tax provisions	97,490		93,284		4,206
NON-CURRENT LIABILITIES	3,267,455	0	3,598,633	0	(331,178)
Trade payables	1,191,293	150,335	1,249,366	130,872	(58,073)
Other current liabilities	276,118		287,259		(11,141)
Borrowings	157,009	37,986	189,957	8,229	(32,948)
Tax payables	98,563	0	83,941	0	14,623
CURRENT LIABILITIES	1,722,983	188,321	1,810,522	139,101	(87,539)
Liabilities directly associated with assets held for sale	99		99		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,544,351	188,321	6,911,645	139,101	(367,294)

Amounts in thousands of euros

Consolidated Statement of Cash Flows

	30/09/2015	of which with related parties	30/09/2014	of which with related parties	Increase/ (Decrease)
<i>Cash flow from operating activities</i>					
Profit before tax from continuing operations	216,851		198,410		18,441
Depreciation/amortisation	171,957		141,317		30,641
Revaluations/Impairment charges	33,403		53,064		(19,661)
Increase/(Decrease) in provisions for liabilities	10,797		(11,165)		21,962
Net increase/(decrease) in staff termination benefits	(3,391)		3,155		(6,546)
Net financial interest expense	67,046		76,671		(9,625)
Income taxes paid	(71,311)		(20,848)		(50,463)
Cash flows from operations before changes	425,352		440,603		(15,250)
Increase in receivables held under current assets	8,886	(9,310)	(176,727)	44,709	185,613
Increase/(Decrease) in payables held under current liabilities	(63,184)	19,463	(44,303)	14,110	(18,881)
Increase/(Decrease) in inventories	(2,001)		1,025		(3,027)
Increase/(Decrease) in working capital	(56,300)		(220,004)		163,705
Increase/(Decrease) in other assets/liabilities during the period	33,224		(24,515)		57,739
TOTAL CASH FLOW FROM OPERATIONS	402,277		196,083		206,194
<i>Cash flow from investment activities</i>					
Purchase/sale of property, plant and equipment	(129,654)		(95,577)		(34,078)
Purchase/sale of intangible fixed assets	(160,204)		(122,267)		(37,937)
Equity investments	6,481		10,799		(4,318)
Purchase/sale of investments in subsidiaries	1,964		(4,220)		6,184
Proceeds/payments deriving from other financial investments	2,108	(1,835)	(16,327)	46,682	18,435
Dividends received	240	240	51	51	189
Interest income received	21,328		34,707		(13,379)
TOTAL	(257,737)		(192,833)		(64,904)
<i>Cash flow from financing activities</i>					
Minority interests in subsidiaries' capital increase	(369)		(7,534)		7,165
Repayment of borrowings and long-term loans	(358,760)		(45,150)		(313,610)
Disbursement of borrowings/other medium and long-term loans	0		595,335		(595,335)
Decrease/increase in other short-term borrowings	(32,948)	29,757	(442,369)	(27,601)	409,421
Interest expenses paid	(74,397)		(95,906)		21,508
Dividends paid	(100,210)	(100,210)	(43,259)	(43,259)	(56,951)
TOTAL CASH FLOW	(566,684)		(38,883)		(528,802)
<i>Cash flows for the period</i>	(422,144)		(35,632)		(386,512)
<i>Net opening balance of cash and cash equivalents</i>	1,017,967		563,066		454,900
<i>Net closing balance of cash and cash equivalents</i>	595,823		527,434		68,389

Amounts in thousands of euros

Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Statutory reserve	Other reserves	Profit for the year	Total	Minority interests	Total shareholders' equity
Balances at 1 January 2014 Restated	1,098,899	167,353	(98,920)	155,300	1,322,633	84,195	1,406,827
Income statement gains	0	0	0	44,485	44,485	2,250	46,735
Other comprehensive income/(losses)	0	0	0	(7,189)	(7,189)	485	(6,704)
Total comprehensive income/(loss)	0	0	0	37,297	37,297	2,734	40,031
Allocation of 2013 net profit	0	(957)	156,257	(155,300)	0	0	0
Distribution of dividends	0	0	0	0	0	(1,777)	(1,777)
Increase/(Decrease) in basis of consolidation	0	0	0	0	0	1,519	1,519
Balances at 31 March 2014	1,098,899	166,396	57,338	37,297	1,359,930	86,671	1,446,601
Income statement gains	0	0	0	36,052	36,052	933	36,986
Other comprehensive income/(losses)	0	0	0	(7,008)	(7,008)	(520)	(7,528)
Total comprehensive income/(loss)	0	0	0	29,045	29,045	413	29,458
Allocation of 2013 net profit	0	5,576	(5,576)	0	0	0	0
Distribution of dividends	0	0	(36,204)	0	(36,204)	(5,278)	(41,482)
Increase/(Decrease) in basis of consolidation	0	0	2,524	0	2,524	(10,058)	(7,534)
Balances at 30 June 2014	1,098,899	171,972	18,081	66,342	1,355,294	71,748	1,427,043
Income statement gains	0	0	0	32,262	32,262	1,696	33,957
Other comprehensive income/(losses)	0	0	0	825	825	(606)	218
Total comprehensive income/(loss)	0	0	0	33,086	33,086	1,090	34,176
Restatements under IFRS 11	0	4,118	(4,118)	0	0	0	0
Balances at 30 September 2014	1,098,899	176,091	13,963	99,428	1,388,381	72,838	1,461,219

Amounts in thousands of euros

	Share capital	Statutory reserve	Other reserves	Profit for the year	Total	Minority interests	Total shareholders' equity
Balances at 1 January 2015	1,098,899	176,119	15,381	140,167	1,430,566	71,825	1,502,391
Restatements		(92,691)	92,691	0	0	0	0
Income statement gains				50,509	50,509	3,040	53,549
Other comprehensive income/(losses)				(3,507)	(3,507)	(122)	(3,629)
Total comprehensive income/(loss)	0	(92,691)	92,691	47,002	47,002	2,918	49,919
Allocation of 2014 net profit			140,167	(140,167)	0	0	0
Distribution of dividends							
Increase/(Decrease) in basis of consolidation			543		543	(156)	387
Balances at 31 March 2015	1,098,899	83,428	248,782	47,002	1,478,111	74,586	1,552,697
Income statement gains				48,820	48,820	1,256	50,076
Other comprehensive income/(losses)				14,616	14,616	285	14,902
Total comprehensive income/(loss)	0	0	0	63,436	63,436	1,541	64,978
Allocation of 2014 net profit		4,480	(4,480)		0		0
Distribution of dividends			(95,834)		(95,834)	(2,686)	(98,520)
Increase/(Decrease) in basis of consolidation			(239)		(239)	(311)	(550)
Balances at 30 June 2015	1,098,899	87,908	148,229	110,438	1,445,474	73,131	1,518,605
Income statement gains				37,275	37,275	837	38,112
Other comprehensive income/(losses)				(850)	(850)	(157)	(1,007)
Total comprehensive income/(loss)	0	0	0	36,425	36,425	680	37,105
Allocation of 2014 net profit							
Distribution of dividends			(186)		(186)	(1,503)	(1,690)
Increase/(Decrease) in basis of consolidation			(462)		(462)	256	(206)
Balances at 30 September 2015	1,098,899	87,908	147,580	147,863	1,481,250	72,564	1,553,814

Amounts in thousands of euros

Notes to the Consolidated Income Statement

Comments are provided below regarding the operating performance for the period, with data as at 30 September 2015 compared with those of the same period of the previous year. To ensure a better comparison of the results of operations, some of the items relating to the previous reporting period were restated.

Not e Ref.		30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
1	Revenues from sales and services	2,114.4	2,200.0	(85.6)	(3.9%)
2	Other revenues and income	53.3	80.7	(27.4)	(33.9%)
	Consolidated net revenues	2,167.7	2,280.7	(113.0)	(5.0%)
3	Staff costs	167.1	177.8	(10.7)	(6.0%)
4	External costs	1,490.2	1,611.7	(121.5)	(7.5%)
	Consolidated operating costs	1,657.3	1,789.5	(132.2)	(7.4%)
5	Net income/(costs) from commodity risk management	0	0	0	0.0%
6	Income/(Costs) from equity investments of a non-financial nature	20.5	13.8	6.8	49.4%
	EBITDA	530.9	504.9	26.0	5.2%
7	Amortisation, provisions and depreciation	246.0	230.3	15.7	6.8%
	Operating profit/(loss)	284.8	274.5	10.3	3.8%
8	Financial income	15.9	17.9	(2.0)	(11.3%)
9	Financial costs	(82.9)	(94.6)	11.6	(12.3%)
10	Income/(costs) from equity investments	(0.9)	0.6	(1.5)	(270.7%)
	Pre-tax profit/(loss)	216.9	198.4	18.4	9.3%
11	Income taxes	75.1	80.7	(5.6)	(7.0%)
	Net profit/(loss)	141.7	117.7	24.1	20.4%
	<i>Profit/(loss) attributable to minority shareholders</i>	<i>5.1</i>	<i>4.9</i>	<i>0.3</i>	<i>5.2%</i>
	Net profit/(loss) attributable to the Group	136.6	112.8	23.8	21.1%
12	Earnings/(Loss) per share attributable to Parent Company's shareholders				
	<i>Basic</i>	0.6414	0.5297	0.1118	
	<i>Diluted</i>	0.6414	0.5297	0.1118	

Amounts in millions of euros

Consolidated net revenues

At 30 September 2015, this item stood at 2,167.7 million euros (2,280.7 million euros at 30 September 2014), a fall of 113.0 million euros (-5.0%) compared with the same period of the previous year. Below is a breakdown of this item:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Revenues from sales and services	2,114.4	2,200.0	(85.6)	(3.9%)
Other revenues and income	53.3	80.7	(27.4)	(33.9%)
Consolidated net revenues	2,167.7	2,280.7	(113.0)	(5.0%)

1. Revenues from sales and services -2,114.4 million euros

This item fell by 85.6 million euros (-3.9%) compared with 30 September 2014 (2,200.0 million euros). This reduction was chiefly due to a decrease in revenues from electricity sales, partially offset by a rise in gas sales, as shown in the table below.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Revenues from electricity sales and services	1,488.0	1,589.6	(101.6)	(6.4%)
Revenues from integrated water service	428.4	424.8	3.6	0.9%
Revenues from services to customers	67.1	70.7	(3.6)	(5.0%)
Revenues from gas sales	57.4	40.5	16.9	41.6%
Revenues from biomass transfer and landfill management	27.6	30.6	(3.1)	(10.0%)
Connection fees	24.4	22.7	1.7	7.5%
Revenues from the sale of certificates and rights	15.8	15.4	0.4	2.3%
Revenues from overseas water services	5.7	5.7	0.0	(0.2%)
Revenues from sales and services	2,114.4	2,200.0	(85.6)	(3.9%)

Revenues from electricity sales and services

This item stood at 1,488.0 million euros. A breakdown is provided below net of consolidation adjustments:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Electricity sales	1,121.6	1,229.0	(107.3)	(8.7%)
Transport and metering of energy	301.2	298.4	2.8	0.9%
Energy sales from WTE	32.5	31.3	1.1	3.6%
Electricity and heat generation	29.2	29.0	0.3	1.0%
Cogeneration	3.1	1.6	1.5	93.2%
Energy from photovoltaic plants	0.5	0.4	0.1	22.3%
Revenues from electricity sales and services	1,488.0	1,589.6	(101.6)	(6.4%)

The 101.6 million euros fall was chiefly due to the following events:

- A decrease in revenues from electricity sales to the extent of 107.3 million euros due to lower amounts sold on the free market and price trends.
The drop in amounts sold was basically ascribable to the free market (-16.8%) following the diversification of the customer portfolio implemented by Acea Energia starting from 2014. The protected market showed a slight increase of 0.6%.
The reduction in revenues was partially offset by a rise over the first nine months of 2014 in the tariff applied to protected market customers following adjustments issued by the AEEGSI through Resolution No. 136/2014/R/eel, whereby the retail tariff was increased as from 1 April

2014, and Resolution No. 670/2014/R/eel, whereby towards the end of 2014 the nationwide unpaid ratio was set to 24 months.

- A 2.8 million euros increase in revenues from the transport and metering of energy intended for both the protected and free markets due to price trends and greater equalisation income booked.
- The rise in cogeneration revenues (1.5 million euros) resulting from greater amounts of heat sold for miscellaneous uses.

Revenues from integrated water service

These revenues were almost exclusively generated by companies managing the service in Lazio and to a lesser extent those operating in Campania.

The above proceeds totalled 428.4 million euros, rising by 3.6 million euros over the same period of the previous year (424.8 million euros).

A detailed breakdown by company is provided below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
ACEA Ato2	371.9	369.1	2.8	0.7%
ACEA Ato5	47.9	47.8	0.1	0.2%
Gesesa	5.8	5.0	0.7	14.8%
Crea Gestioni	2.8	2.8	0.0	1.3%
Revenues from the integrated water service	428.4	424.8	3.6	0.9%

The change relating to ACEA Ato2 was due to (i) a 12.2 million euros increase in the Restriction on Guaranteed Revenues (VRG, Vincolo ai Ricavi Garantiti) for 2015 compared with the previous year, (ii) a 7.9 million euros rise in pass-through items (electricity, concession fees, etc.), and (iii) the figure of 17.4 million euros being booked in the 2014 half year report in respect of some adjustments pertaining to 2012 and 2013 as a result of the pricing established for 2014 and 2015. ACEA Ato5's revenues (47.9 million euros) were in line with those posted at 30 September 2014, and were calculated in light of the AEEGSI resolutions governing the tariff calculation method and the relevant tariff recommendations for 2014 and 2015. The turnover was calculated from actual volumes delivered in respect of the 2015 tariff currently applicable (1.831 euros) distributed in brackets and by consumption types.

With regard to the electricity cost adjustment, it should be noted that the AEEGSI is yet to communicate the industry average cost which, when increased by 10%, will represent the cap to the level of deviation.

Revenues from services to customers

These revenues stood at 67.1 million euros (-3.6 million euros), and consisted of the following items:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Public Lighting in Rome	41.8	41.2	0.6	1.6%
Services requested by third parties	13.0	13.8	(0.8)	(6.2%)
Intercompany services and other revenues	4.1	4.4	(0.3)	(6.2%)
Public Lighting in Naples	3.7	5.6	(2.0)	(35.4%)
Revenues from Public Lighting management	4.6	5.7	(1.1)	(19.3%)
Revenues from services to customers	67.1	70.7	(3.7)	(5.2%)

The decrease was due to lower revenues for services requested by third parties from ACEA Ato2, lower revenues related to the Public Lighting management service and lower revenues from public lighting activities in the Municipality of Naples.

Revenues from gas sales

Revenues from gas sales rose by 16.9 million euros, due mainly to greater amounts sold by Acea Energia following a rise in the customer base of the business segment and the consolidation of the household market customer base. It should also be noted that in 2015 Acea Energia, through its subsidiary Umbria Energy, acquired Cesap Vendita Gas, a company based in Umbria.

Revenues from biomass transfer and landfill management

This item fell by 3.1 million euros. The drop was due virtually entirely to the seizure of the Kyklos plant by the Public Prosecutor's Office following the fatal accident that occurred in July 2014. A breakdown by company is provided below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
A.R.I.A.	17.5	16.6	1.0	5.80%
SAO	6.7	7.1	(0.4)	(5.9%)
Kyklos	0.0	3.1	(3.1)	(100.0%)
Aquaser	2.5	2.6	(0.2)	(6.2%)
Samace	0.0	0.7	(0.7)	(100.0%)
Solemme	0.7	0.2	0.5	309.35%
Innovazione e sostenibilità ambientale	0.2	0.3	(0.1)	(34.9%)
Revenues from biomass transfer and landfill management	27.6	30.6	(3.1)	(10.0%)

It should be stressed that the write-off of Samace's revenues and the increase shown by Solemme resulted from the merging of Samace with Solemme on 1 July 2015.

Connection fees

These rose by 1.7 million euros compared with 30 September 2014. A breakdown is provided below:

- Free and protected market: 21.1 million euros (+1.5 million euros compared with 30 September 2014);
- Water market: 3.2 million euros (+0.2 million euros compared with 30 September 2014).

Revenues from the sale of certificates and rights

Revenues from the sale of certificates and rights grew by 0.4 million euros, due chiefly to the maturity of green certificates as a result of greater amounts produced by plants. This item chiefly referred to revenues from green certificates of **(i)** Acea Produzione to the extent of 12.8 million euros (-0.1 million euros over the previous year) falling due in relation to energy produced from Salisano and Orte plants and **(ii)** A.R.I.A. to the extent of 2.9 million euros (+0.5 million euros compared with the same period of 2014) resulting from WTE plants located in Terni and San Vittore.

A breakdown is provided below by type:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Green certificates	15.7	15.4	0.3	2.0%
Co2 rights	0.0	0.0	0.0	0.0%
Energy efficiency certificates	0.1	0.0	0.1	0.0%
Revenues from the sale of certificates and rights	15.8	15.4	0.4	2.3%

Revenues from overseas water services

This item stood at 5.7 million euros, and showed no change compared with 30 September 2014.

2. Other revenues and proceeds - 53.3 million euros

This item fell by 27.4 million euros. A breakdown is provided below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Contributions from Entities for energy efficiency certificates	12.9	37.1	(24.2)	(65.3%)
Non-recurring gains and other revenues	19.7	23.2	(3.5)	(15.1%)
Refunds for damages, penalties and claims	5.1	5.9	(0.9)	(14.3%)
Feed-in tariff	3.6	4.0	(0.4)	(9.7%)
Government grant (Prime Ministerial Decree of 23 April 2004)	3.2	3.5	(0.3)	(9.2%)
Income from utility bills	2.7	1.3	1.4	107.0%
Seconded staff	1.7	1.1	0.6	50.5%
Regional grants	1.2	1.2	0.0	(1.4%)
Property income	1.2	1.3	(0.1)	(4.0%)
IFRIC 12 margin	1.0	1.0	0.0	(4.7%)
Recharging of costs for corporate offices	0.9	0.8	0.1	17.8%
Gains from asset disposal	0.0	0.2	(0.2)	(79.5%)
Other revenues and income	53.3	80.7	(27.4)	(33.9%)

The drop was essentially due to the following effects:

- (i) A 24.2 million euros decrease in cancellation contributions accrued on energy efficiency certificates following lower amounts purchased in the period under review (-108,713 certificates). In addition to this, account should be taken of (i) the release of the provisions booked in 2014 and originally allocated in 2013 (5.2 million euros) to cover the purchase of the certificates needed to meet 2013 obligations,
- (ii) Lower contingent assets to the extent of 3.5 million euros, mainly due to 6.6 million euros being booked at 30 September 2014 following the recalculation of prior adjustments due to ACEA Ato2 for the 2006-2011 period.

Consolidated operating costs

At 30 September 2015, this item stood at 1,657.3 million euros (1,789.5 million euros at 30 September 2014), a fall of 132.2 million euros (-7.4%) compared with the same period of the previous year. Below is a breakdown of this item:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Staff costs including capitalised costs	227.0	226.9	0.1	0.0%
Capitalised costs	(59.9)	(49.1)	(10.8)	22.0%
Net staff costs	167.1	177.8	(10.7)	(6.0%)
External costs	1,490.2	1,611.7	(121.5)	(7.4%)
Consolidated operating costs	1,657.3	1,789.5	(132.2)	(7.4%)

3. Staff costs - 167.1 million euros

The 0.1 million euros increase in staff costs, including capitalised costs, was mainly the result of greater staff costs in the Energy (+0.8 million euros), Environment (+0.3 million euros) and Water (+0.3 million euros) segments, only partially offset by lower costs in the Corporate (-0.9 million euros) and Network (0.4 million euros) segments.

Capitalised costs grew by 10.8 million euros as a net result of growth in all business segments. This increase was due to (i) Group employees' great commitment to the complex project of upgrading IT systems and corporate processes (Acea2.0) and (ii) changes to the internal costs capitalisation method gradually implemented from the final quarter of 2014. The effects of this change in the first nine months of 2015 were estimated at around 6.6 million euros. The difference between the two periods being compared would therefore be -4.2 million euros.

The trends by Operating Segment, net of capitalised costs, are shown in the following table:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	8.5	8.0	0.5	6.1%
Energy	20.0	19.9	0.1	0.8%
Water	62.9	60.0	2.9	4.9%
Networks	39.4	50.2	(10.9)	(21.8%)
Parent Company	36.3	39.7	(3.4)	(8.5%)
Staff costs	167.1	177.8	(10.7)	(6.0%)

The following tables show the average number of staff by Operating Segment compared with the same period of the previous year. The final headcount at the end of the third quarter of 2015 is also shown.

	Average headcount for the period		
	30/09/2015	30/09/2014	Increase/ (Decrease)
Environment	220	216	4
Energy	541	534	7
Water	2,321	2,414	(93)
<i>Lazio - Campania</i>	<i>1,798</i>	<i>1,836</i>	<i>(38)</i>
<i>Overseas</i>	<i>355</i>	<i>415</i>	<i>(60)</i>
<i>Engineering and services</i>	<i>168</i>	<i>163</i>	<i>5</i>
Networks	1,345	1,380	(36)
Parent Company	641	671	(30)
TOTAL	5,067	5,215	(148)

	Final headcount for the period		
	30/09/2015	30/09/2014	Increase/ (Decrease)
Environment	220	214	6
Energy	539	534	5
Water	2,215	2,409	(194)
<i>Lazio - Campania</i>	<i>1,794</i>	<i>1,840</i>	<i>(46)</i>
<i>Overseas</i>	<i>253</i>	<i>406</i>	<i>(153)</i>
<i>Engineering and services</i>	<i>168</i>	<i>163</i>	<i>5</i>
Networks	1,348	1,378	(30)
Parent Company	640	669	(29)
TOTAL	4,962	5,204	(242)

4. External costs - 1,490.2 million euros

This item fell overall by 121.5 million euros (-7.5%) compared with 30 September 2014 (1,611.7 million euros).

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Energy, gas and fuels	1,234.0	1,348.8	(114.8)	(8.5%)
Services and contract work	164.4	172.5	(8.1)	(4.7%)
Concession fees	31.8	32.3	(0.5)	(1.5%)
Other operating costs	22.7	20.7	2.0	9.7%
Materials	19.8	20.0	(0.2)	(0.8%)
Lease expenses	17.6	17.5	0.1	0.4%
External operating costs	1,490.2	1,611.7	(121.5)	(7.5%)

Energy, gas and fuels

This item stood at 1,234.0 million euros, a fall of 114.8 million euros.

A breakdown is provided below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Procurement	1,171.7	1,280.2	(108.5)	(8.5%)
Gas	48.9	36.7	12.2	33.1%
White certificates	12.1	31.0	(18.9)	(60.9%)
Green certificates and CO2 rights	0.7	0.8	(0.1)	(12.6%)
Other costs	0.6	0.1	0.5	370.9%
Energy, gas and fuel costs	1,234.0	1,348.8	(114.8)	(8.5%)

The change was mainly due to:

- ✓ Lower electricity procurement costs for both the protected and free market and related transport costs. This decrease resulted from the combined effect of the drop in electricity sold due to customer portfolio diversification and the different price/quantity mix in the various months and time brackets;
- ✓ A reduction in the costs of white certificates purchased by ACEA Distribuzione to meet its energy efficiency regulatory obligations as a result of smaller quantities purchased in the period under review compared with 30 September 2014 (-108,713 certificates);
- ✓ A 12.2 million euros rise (+33%) in costs for the purchase of gas on the market.

Services and contract work

They stood at 164.4 million euros and consisted of the following items:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Technical and administrative services (including consulting and freelance work)	34.8	31.6	3.2	10.1%
Contract work	29.1	34.4	(5.4)	(15.6%)
Other services	20.6	18.1	2.5	14.0%
Disposal and transport of sludge, slag, ash and waste	17.1	21.4	(4.2)	(19.9%)
Payroll services	9.8	12.1	(2.3)	(19.1%)
Insurance costs	9.3	9.8	(0.6)	(5.8%)
Intragroup services	6.3	5.5	0.7	13.5%
Postal expenses	6.3	4.5	1.7	38.4%
Internal use of electricity	5.5	5.9	(0.4)	(6.5%)
Telephone and data transmission costs	4.3	4.5	(0.3)	(6.0%)
Electricity, water and gas consumption	4.1	6.3	(2.2)	(34.6%)
Maintenance fees	3.8	3.3	0.5	14.6%
Advertising and sponsorship costs	2.9	3.0	(0.1)	(2.7%)
Cleaning, transport and portage costs	2.8	3.3	(0.5)	(14.3%)
Corporate bodies	2.4	2.9	(0.5)	(18.3%)

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Bank charges	1.8	1.6	0.2	11.9%
Meter readings	1.5	2.2	(0.7)	(31.8%)
Seconded staff	1.0	0.9	0.1	6.2%
Travel and accommodation expenses	1.0	0.9	0.0	4.4%
Printing costs	0.2	0.1	0.0	3.0%
Services and contract work	164.4	172.5	(8.1)	(4.7%)

There were falls in the following: costs incurred for contract work performed mainly by ACEA Ato2, costs for the disposal and transport of sludge, with special reference to Aquaser, payroll service costs due to a revision of the capitalisation method for external costs relating to personnel involved in changes to information systems and business processes.

Costs grew for technical and administrative services, with special reference to costs for agents and brokers.

Concession fees

Concession fees were similar to those posted in 2014, decreasing by 0.5 million euros. The following table shows a breakdown by company, compared with the previous year.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
ATO2	26.5	26.7	(0.1)	(0.5%)
ATO5	5.0	5.3	(0.4)	(6.8%)
GESEA	0.3	0.3	0.0	2.8%
Concession fees	31.8	32.3	(0.5)	(1.5%)

Other operating costs

These amounted to 22.7 million euros. A detailed breakdown is provided in the following table.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Taxes and duties	9.1	8.8	0.3	3.2%
General expenses	5.6	2.5	3.0	120.3%
Non recurring losses	3.5	5.4	(2.0)	(36.1%)
Contributions paid and membership fees	2.4	2.9	(0.6)	(19.8%)
Damages and outlays for legal disputes	2.2	0.8	1.4	168.7%
Losses on asset disposals	0.0	0.3	(0.2)	(81.0%)
Other operating costs	22.7	20.7	1.9	9.3%

Materials

Material purchasing costs stood at 19.8 million euros, making up material consumption for the period net of investment costs, as illustrated in the following table.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Purchase of materials	36.5	35.0	1.5	4.4%
Change in inventories	(1.0)	0.5	(1.5)	(288.6%)
Total	35.5	35.5	0.0	0.1%
Capitalised costs	(15.7)	(15.5)	(0.2)	1.2%
Materials	19.8	20.0	(0.2)	(0.8%)

The 0.2 million euros fall was attributable to capitalised costs.

Costs for materials incurred by Operating Segment are detailed below.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	3.8	3.7	0.0	0.9%
Energy	0.7	0.2	0.5	230.4%
Water	9.3	10.2	(1.0)	(9.3%)
Networks	5.5	5.1	0.4	8.5%
Parent Company	0.6	0.7	(0.1)	(17.0%)
Total	19.8	20.0	(0.2)	(0.8%)

Lease expenses

This item stood at 17.6 million euros, basically in line with the same period of the previous year. Changes by Operating Segment are provided in the table below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	0.5	0.8	(0.3)	(40.6%)
Energy	2.9	2.6	0.3	13.3%
Water	3.3	3.9	(0.6)	(15.5%)
Networks	3.6	3.0	0.6	19.6%
Parent Company	7.2	7.2	0.1	0.8%
Total	17.6	17.5	0.1	0.4%

This item included lease payments of 8.3 million euros and charges relating to other fees and rentals totalling 9.3 million euros.

5. Net income/(costs) from commodity risk management - € 0

At 30 September 2015 there was practically no change in the fair value measurement of financial contracts.

The portfolio of financial instruments under Hedge Accounting was the predominant component of the overall portfolio.

All information useful in describing the transactions performed, aggregated by hedged index, or providing the measurement of the hedge portfolio with an indication of the type of accounting applied is provided below.

Swap	Purpose	Purchases/Sales	Fair value in thousands of euros	Amount recognised in shareholders' equity	Amount recognised in income statement
PUN	Hedge power portfolio	electricity purchase/sale	(869)	(869)	0
CONSIP	Hedge power portfolio	electricity purchase/sale	193	193	0
			(676)	(676)	0

For further details, reference should be made to the "Additional disclosures on financial instruments and risk management policies" in the 2014 Consolidated Financial Statements.

It should be noted that the assessment of counterparty risk carried out in accordance with IFRS 13 does not affect the effectiveness tests carried out on the instruments measured under the Hedge Accounting rules.

6. Income/(Costs) from equity investments of a non-financial nature-20.5 million euros

This item represents the result consolidated according to the equity method that is reflected in the components that make up the consolidated EBITDA of companies that used to be proportionally consolidated. Below is a breakdown of this item.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
EBITDA	101.1	90.8	10.3	11.4%
Amortisation, depreciation and provisions	(63.3)	(60.3)	(3.0)	5.0%
Financial activities	(6.2)	(6.4)	0.2	(2.5%)
Taxation	(11.0)	(10.3)	(0.7)	6.8%
Total	20.5	13.8	6.8	49.4%

A breakdown of the companies' valuations is provided below.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Publiacqua	8.8	5.1	3.6	71.1%
Gruppo Acque	5.8	3.3	2.5	77.0%
Acquedotto del Fiora	1.3	2.1	(0.8)	(36.0%)
Umbra Acque	0.0	0.2	(0.2)	(98.7%)
Gori	3.1	1.5	1.7	113.1%
Nuove Acque e Intesa Aretina	0.2	0.2	0.0	(8.4%)
Agua Azul	0.8	0.6	0.2	42.2%
Voghera Energia Vendite, currently being liquidated	(0.3)	0.1	(0.4)	(374.9%)
Ingegnerie Toscane	0.7	0.5	0.3	56.4%
Ecomed, in liquidation	0.0	0.2	(0.2)	(108.0%)
Total	20.5	13.8	6.8	49.4%

The increase was mainly due to the following events:

- ✓ With regard to EBITDA, better performances shown by Publiacqua (+6.5 million euros), Gruppo Acque (+3.3 million euros) and Acquedotto del Fiora (+1.8 million euros);
- ✓ With regard to amortisation, depreciation and provisions, the effects resulting from **(i)** greater amortisation posted by Publiacqua (+2.2 million euros) and Gruppo Acque (+2.7 million euros); **(ii)** lower provisions for litigation risks totalling 0.6 million euros (Acquedotto del Fiora +2.5 million euros, Gruppo Acque -1.8 million euros and GORI -1.3 million euros); **(iii)** lower doubtful receivables totalling 2.4 million euros (of which GORI -1.5 million euros).

7. Amortisation, depreciation, provisions and impairment charges - 246.0 million euros

This item increased by 15.7 million euros compared with the previous period. A breakdown is provided below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Intangible and tangible amortisation	172.0	141.3	30.6	21.7%
Doubtful receivables	53.0	67.4	(14.4)	(21.3%)
Provisions for risks	21.1	21.6	(0.6)	(2.6%)
Total	246.0	230.3	15.7	6.8%

Intangible and tangible amortisation

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Depreciation of tangible assets	105.0	87.9	17.1	19.5%
Depreciation of intangible assets	65.6	53.5	12.1	22.6%
Impairment charges	1.4	0.0	1.4	100.0%
Total	172.0	141.3	30.6	21.7%

Depreciation of tangible assets increased by 17.1 million euros, chiefly due to a rise in investments in all Operating Segments and, with regard to the water segment, also to regulatory patterns and tariff adjustments pertaining to invested capital. The increase in depreciation of intangible assets resulted mainly from investments in Information Technology that became operational between 2014 year end and 2015. This item contains a 1.4 million euros write-down on the goodwill with indefinite useful life relating to Ecogena as a result of the impairment test conducted in accordance with the 2015-2019 Strategic Plan approved in June 2015.

Doubtful and losses on receivables

This item stood at 53.0 million euros, a 14.4 million euros drop, primarily attributable to the Water Segment (-11.3 million euros) and Energy Segment (-4.2 million euros). The fall in provisions is the result of a better debt collection performance.

A breakdown by Operating Segment is provided in the following table:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	0.4	0.0	0.4	100.0%
Energy	44.8	49.0	(4.2)	(8.6%)
Water	1.8	13.1	(11.3)	(86.4%)
Networks	3.2	3.0	0.3	9.4%
Parent Company	2.7	2.3	0.5	20.4%
Total	53.0	67.4	(14.4)	(21.3%)

Provisions

At 30 September 2015, provisions stood at 21.1 million euros. A breakdown is provided below by type:

Type of provision	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Legal	(0.2)	0.3	(0.5)	(166.7%)
Tax	1.1	0.7	0.4	64.9%
Regulatory risks	2.6	2.3	0.3	13.9%
Subsidiaries	0.0	0.1	(0.1)	(100.0%)
Contribution risks	0.0	0.3	(0.3)	(101.9%)
Early retirement and redundancy	13.0	13.9	(0.8)	(5.9%)
Contracts and supplies	0.4	0.6	(0.2)	(33.3%)
Insurance excesses	0.5	0.0	0.5	100.0%
Other liabilities and charges	0.4	0.1	0.3	380.1%
Subtotal	17.8	18.2	(0.4)	(2.0%)
Restoration charges under Ifric 12	3.3	3.5	(0.2)	(5.6%)
Provisions	21.1	21.6	(0.6)	(2.6%)

A breakdown of provisions by Operating Segment is provided in the table below:

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	0.4	1.0	(0.6)	(61.7%)
Energy	3.8	3.9	(0.1)	(3.3%)
Water	10.2	5.5	4.7	84.4%
Networks	5.6	4.0	1.6	40.2%
Parent Company	1.1	7.2	(6.1)	(84.4%)
Total	21.1	21.6	(0.6)	(2.6%)

The 0.6 million euros drop related to greater provisions for legal disputes (+2.5 million euros) and the release of provisions allocated in prior years for the dispute with SMECO (3.0 million euros) following a favourable judgement issued in August 2015, whereby the Court rejected SMECO's claims. More information is provided in the 2014 Consolidated Financial Statements.

8. Financial income - 15.9 million euros

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Interest on loans and receivables	2.8	2.1	0.7	32.9%
Bank interest income	1.2	0.9	0.3	27.5%
Interest on customer receivables	10.2	13.2	(3.0)	(22.9%)
Interest on other receivables	0.4	0.0	0.4	100.0%
Fair value hedge valuations	0.0	0.6	(0.6)	(100.0%)
Other income	1.3	1.0	0.2	22.4%
Financial income	15.9	17.9	(2.0)	(11.3%)

Financial income, amounting to 15.9 million euros, fell by 2.0 million euros compared with the same period of the previous year.

The fall was mainly attributable to the recognition of lower financial income from customers of Acea Energia (-1.9 million euros), ACEA Ato2 (-0.9 million euros) and ACEA Ato5 (-0.2 million euros).

9. Financial costs - 83.0 million euros

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Interest on bonds	49.8	49.1	0.7	1.4%
Interest on medium/long-term borrowing	19.0	22.6	(3.5)	(15.7%)
Factoring fees	6.1	8.9	(2.9)	(32.2%)
Costs/(Income) on interest rate swaps	2.1	3.0	(0.9)	(30.7%)
Default interest and interest on deferred payments	1.9	2.8	(0.9)	(31.7%)
Interest on short-term borrowing	1.2	3.2	(2.0)	(61.6%)
Interest cost net of actuarial gains and losses	1.3	2.5	(1.2)	(46.4%)
Fair value hedge valuations	0.3	0.0	0.3	100.0%
Interest on payments by instalment	0.3	0.7	(0.4)	(58.6%)
Costs from discounting to present value	0.0	1.4	(1.4)	(100.0%)
Other financial charges	0.5	0.3	0.2	53.3%
Interest payable to end users	0.6	0.2	0.3	137.8%
Foreign exchange gains/(losses)	(0.1)	(0.1)	0.0	(25.0%)
Financial costs	83.0	94.6	(11.6)	(12.3%)

Financial costs amounted to 83.0 million euros, down by 11.6 million euros compared with 30 September 2014.

The average overall “all in” cost of ACEA Group debt at 30 September 2015 stood at 3.31% compared with 3.22% in the same period of the previous year.

Net costs resulting from fair value hedge valuations totalled 0.3 million euros and pertained to a derivative contract entered into to hedge the interest rate risks of the new bonded loan (at 30 September 2014 the valuation of this derivative yielded a net income of 0.6 million euros).

With reference to financial costs relating to borrowings the following changes should be noted:

- Interest on bonded loans, compared with 30 September 2014, was up 0.7 million euros as a result of the bonds placed on the market in early July 2014 under the EMTN scheme;
- Financial costs on medium, long and short-term borrowings decreased by 5.5 million euros following the repayment of mortgages during the first half of 2015 to the extent of 300.0 million euros;
- Factoring fees fell by 2.9 million euros due to a reduction in the rate applied, in spite of the increase in factored receivables compared with 30 September 2014.

10. Income and costs from equity investments - (1.0 million euros)

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Income from investments in associates	0.6	3.3	(2.6)	(81.1%)
(Costs) from investments in associates	(1.6)	(2.7)	1.1	(42.1%)
Total	(0.9)	0.6	(1.5)	(270.7%)

The decrease was primarily attributable to the recognition in the first half of 2014 of income totalling 2.3 million euros as a result of the revised forecast for the completion of Marco Polo liquidation proceedings.

11. Taxation for the period - 75.1 million euros

The tax burden estimated for the period in compliance with IAS 34 was 75.1 million euros, compared with 80.7 million euros for the same period of the previous year.

The breakdown of this item is as follows:

- ✓ Current taxes: 78.1 million euros (82.2 million euros at 30 September 2014);
- ✓ Net deferred/(advanced) taxes: -3.0 million euros (-1.5 million euros at 30 September 2014).

The overall decrease posted for the period, amounting to 5.6 million euros, was essentially the result of (i) the write-off of the corporate income tax (IRES) surcharge and (ii) staff costs for employees hired under a permanent contract being deductible for IRAP (regional tax on business concerns) purposes.

The table below shows a breakdown of taxes for the period and the related percentage weight calculated on consolidated pre-tax profit.

€ millions	2015	%	2014	%
Pre-tax profit/(loss)	216.9		198.4	
Theoretical tax charge at 27.5% on profit before tax (A)	59.6	27.5%	54.6	27.5%
Net deferred taxation (B)	(6.7)	-2.9%	(4.8)	(2.4%)
Permanent differences (C)	1.2	0.6%	4.6	2.3%

€ millions	2015	%	2014	%
IRES (corporate income tax) for the period (D) = (A) + (B) + (C)	54.5	25.1%	54.4	27.4%
IRAP (regional income tax) (E)	17.3	8.0%	23.0	11.6%
Tax assets (F)	3.4	1.5%	3.4	1.7%
Total taxes recognised in income statement (G) = (D) + (E) + (F)	75.1	34.6%	80.7	40.7%

The tax rate for the year amounted to 34.6% (40.7% at 30 September 2014).

12. Earnings per share (EPS)

EPS was calculated in accordance with IAS 33 as shown in the table below:

	30/09/2015	30/09/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Group profit for the period (€/000)	136,604	112,800	23,804	21.1%
Group profit for the period pertaining to ordinary shares (€/000) (A)	136,604	112,800	23,804	21.1%
Weighted average shares outstanding for the purpose of calculating EPS				
- Basic (B)	212,964,900	212,964,900	0	0.0%
- Diluted (C)	212,964,900	212,964,900	0	0.0%
EPS (in €)				
- Basic (A/B)	0.6414	0.5297	0.1118	21.1%
- Diluted (A/C)	0.6414	0.5297	0.1118	21.1%

Notes to the Consolidated Statement of Financial Position

Note Ref.	ACEA GROUP STATEMENT OF FINANCIAL POSITION	30/09/2015 (a)	31/12/2014 (b)	Increase/ (Decrease) (a) - (b)	% Increase/ (Decrease)	30/09/2014 (c)	Increase/ (Decrease) (a) - (c)	% Increase/ (Decrease)
	NON-CURRENT ASSETS AND LIABILITIES	3,795.2	3,681.6	113.6	3.1%	3,640.7	154.5	4.2%
13	Property, plant and equipment/intangible assets	3,787.6	3,669.4	118.3	3.2%	3,633.2	154.5	4.3%
14	Equity investments	239.9	227.2	12.7	5.6%	221.5	18.4	8.3%
15	Other non-current assets	340.5	340.2	0.3	0.1%	359.9	(19.4)	(5.4%)
16	Staff termination benefits and other defined-benefit plans	(111.2)	(118.0)	6.9	(5.8%)	(112.6)	1.4	(1.3%)
17	Provisions for risks and charges	(176.7)	(165.9)	(10.8)	6.5%	(192.2)	15.5	(8.1%)
18	Other non-current liabilities	(284.9)	(271.3)	(13.6)	5.0%	(269.1)	(15.9)	5.9%
	NET WORKING CAPITAL	(110.6)	(90.1)	(20.5)	22.7%	232.5	(343.1)	(147.6%)
19	Current receivables	1,208.2	1,259.9	(51.7)	(4.1%)	1,459.7	(251.5)	(17.2%)
20	Inventories	31.2	29.2	2.0	6.8%	32.7	(1.5)	(4.6%)
21	Other current assets	215.9	241.3	(25.4)	(10.5%)	239.6	(23.6)	(9.9%)
22	Current payables	(1,191.3)	(1,249.4)	58.1	(4.6%)	(1,166.4)	(24.9)	2.1%
23	Other current liabilities	(374.7)	(371.2)	(3.5)	0.9%	(333.1)	(41.6)	12.5%
	INVESTED CAPITAL	3,684.6	3,591.5	93.1	2.6%	3,873.2	(188.6)	(4.9%)
24	NET FINANCIAL DEBT	(2,130.8)	(2,089.1)	(41.7)	2.0%	(2,412.0)	281.2	(11.7%)
	Medium and long-term loans receivable	35.9	34.3	1.6	4.6%	34.2	1.7	5.0%
	Medium and long-term borrowings	(2,691.9)	(3,040.7)	348.8	(11.5%)	(2,947.6)	255.6	(8.7%)
	Short-term loans receivable	86.5	89.4	(2.9)	(3.2%)	133.5	(47.0)	(35.2%)
	Cash and cash equivalents	595.8	1,018.0	(422.1)	(41.5%)	527.4	68.4	13.0%
	Short-term borrowings	(157.1)	(190.1)	32.9	(17.3%)	(159.5)	2.4	(1.5%)
25	Total shareholders' equity	(1,553.8)	(1,502.4)	(51.4)	3.4%	(1,461.2)	(92.6)	6.3%
	FUNDING	(3,684.6)	(3,591.5)	(93.1)	2.6%	(3,873.2)	188.6	(4.9%)

Amounts in millions of euros

The above statement was restated to reflect the components of invested capital and the corresponding funding.

In particular, the net carrying amounts of non-current assets and net working capital, consisting of current receivables, other receivables, inventories, current payables and the short-term portion of long-term borrowings, were added together.

The resulting invested capital amount was then compared with the corresponding amounts for shareholders' equity and net financial debt, thereby showing the weight of funding.

At 30 September 2015, the ACEA Group's financial position showed a 93.1 million euros (+2.6%) rise in invested capital compared with 31 December 2014. This rise was the net result of an increase in net fixed assets (+113.6 million euros), partially offset by a decrease in net working capital (-20.5 million euros).

Non-current assets and liabilities - 3,795.2 million euros

Compared with 31 December 2014, this item showed an overall increase of 113.6 million euros (+3.1%) as detailed below.

13. Property, plant and equipment/intangible assets - 3,787.6 million euros

This item increased by 118.3 million euros (+3.2%) compared with 2014 year end.

The rise was partly due to investments (284.8 million euros) and amortisation, depreciation and impairment charges (172.0 million euros). The increase is also attributable to further green certificates being recognised during the period to the extent of 2.4 million euros. Following the full consolidation of Cesap Vendita Gas, the balance of fixed assets rose by 0.4 million euros.

The level of investments undertaken in the first nine months of 2015 is shown in the table below by Operating Segment, and is compared with figures referring to the same period of 2014.

€ millions	30/09/2015	30/09/2014	Increase/ (Decrease)
ENVIRONMENT	14.9	7.3	7.6
ENERGY	14.5	11.2	3.3
<i>Production</i>	6.7	7.0	(0.3)
<i>Sale</i>	7.9	4.2	3.7
WATER:	128.3	105.4	22.9
<i>Overseas</i>	0.2	0.6	(0.4)
<i>Lazio - Campania</i>	127.6	104.4	23.2
<i>Engineering</i>	0.5	0.4	0.1
NETWORKS	102.4	85.3	17.0
ACEA	7.9	9.7	(1.8)
ACEA 2.0 Project	16.7	0	16.7
Total investments	284.8	218.9	65.9

The **Environment Segment** saw an increase in its level of investments (+7.6 million euros), with special reference to SAO for the revamping of the waste treatment plant;

The **Energy Segment** saw an increase of 3.3 million euros, the combined result of: **(i)** a rise in investments made by Acea Produzione (+2.9 million euros) due to work for the upgrading of hydroelectric and district heating plants, **(ii)** an increase in investments made by Acea Energia (+3.7 million euros) relating to new applications implemented and **(iii)** a decrease in investments made by Ecogena (-3.3 million euros).

Compared with the same period of the previous year, investments undertaken in the **Water Segment** rose by 22.9 million years, with special reference to ACEA Ato2.

The **Network Segment** showed a growth in investments (+17.0 million euros) as a result of expansion, renovation and upgrading operations in the HV network and M/L network as well as routine and extraordinary maintenance operations;

The **Parent Company** increased its investments (+14.9 million euros) compared with the same period of 2014 as a result of investments pertaining to the **Acea 2.0 project**, the purpose of such investments being to modernise and harmonise information systems supporting the main business processes. The ACEA Group has started a process that by 2016 will enable it to manage all of its work processes by relying on state-of-the-art mobile technologies in a truly seamless fashion, from the rollout of capabilities for the delivery of maintenance services to the management of networks, customer care activities, and so on.

14. Equity investments - 239.4 million euros

Compared with 31 December 2014, equity investments increased by 12.7 million euros, primarily reflecting the valuation of companies consolidated using the equity method pursuant to IFRS 11.

15. Other non-current assets - 340.5 million euros

The balance of this item is summarised in the table below.

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)
Deferred tax assets	299.8	296.2	3.6
Receivables from others	40.1	43.0	(2.9)
Accrued income and prepayments	0.5	1.0	(0.5)
Other non-current assets	340.5	340.2	0.3

This item remained virtually unchanged compared with 31 December 2014 (+0.3 million euros).

Provisions for **deferred tax assets** grew by 3.6 million euros compared with the previous year end, while **receivables from others** fell by 2.9 million euros, and reflect total capital spending incurred up to 31 December 2010 as part of the public lighting service agreement. These receivables were accounted for using the financial method laid down by IFRIC 12.

Accrued income and prepayments decreased by 0.5 million euros, and refer mainly to insurance premiums paid in advance, lease payments, maintenance fees and rent on public land.

16. Staff termination benefits and other defined-benefit plans -111.2 million euros

The balance at 30 September 2015 showed a drop of 6.9 million euros, chiefly the result of:

- -5.8 million euros relating to staff termination benefits,
- -3.5 million euros relating to tariff subsidies, monthly bonuses and long-term incentive plans.

In addition to provisions, which, following the reform of job termination benefits, cover employee termination benefits accrued up until 31 December 2006, the change reflected (i) uses during the period and (ii) the discount rate used for the valuation according to IAS 19 (from 1.49% of 2014 to 2.08% of the first nine months of 2015).

17. Provisions for liabilities and charges - 176.7 million euros

Compared with the previous year, this item showed an increase of 10.8 million euros, mainly due to provisions allocated for the period (21.1 million euros net of release of the redundancy fund to the extent of 3.0 million euros) net of uses and other changes (totalling 10.3 million euros).

A breakdown of provisions for risks and charges by type is provided in the table below.

Type of provisions (€ millions)	31/12/2014	Provisions 30/09/2015	Release of provisions for redundancy	USES	30/09/2015
Legal	20.1	2.8	(3.0)	(2.0)	17.9
Tax	4.6	1.1	0.0	(1.7)	3.9
Regulatory risks	46.6	2.6	0.0	(1.2)	48.0
Subsidiaries	9.7	0.0	0.0	0.0	9.6
Contribution risks	6.6	0.0	0.0	0.0	6.6
Early retirement and redundancy	2.7	13.0	0.0	(3.7)	12.0
Post mortems	23.1	0.0	0.0	(0.1)	23.0
Insurance excesses	0.3	0.5	0.0	(0.4)	0.4

Type of provisions (€ millions)	31/12/2014	Provisions 30/09/2015	Release of provisions for redundancy	USES	30/09/2015
Other risks and charges	9.2	0.8	0.0	(1.2)	8.8
Subtotal	122.8	20.8	(3.0)	(10.3)	130.3
Provisions for restoration charges	43.1	3.3	0.0	0.0	46.4
Total	165.9	24.1	(3.0)	(10.3)	176.7

The main changes referred essentially to:

- Provisions to cover charges resulting from the early retirement and redundancy plan, which rose by 9.3 million euros compared with the year ending 31 December 2014;
- Provisions for restoration risks, which rose by 3.3 million euros as a result of allocations made in 2015 in respect of the costs required to keep the water service infrastructure in good condition as part of water service management;
- Provisions for regulatory risks, which rose by 1.4 million euros mainly as a result of greater costs of the additional fee of the Montano Imbrifero Basin of the Sangro river pursuant to Law 228/2012, as well as a rise in the fees payable to the Abruzzo Regional Authorities pursuant to Regional Act No. 38 dated 22/10/2013.
- Provisions for legal disputes, which fell by 2.2 million euros, mainly due to the release thereof in ACEA to the extent of 3.0 million euros. The aforesaid release resulted from a favourable judgement issued in August 2015 whereby the Court rejected SMECO's claims. More information is provided in the 2014 Consolidated Financial Statements.

18. Other non-current liabilities -284.9 million euros

This item rose by 13.6 million euros (+5.0%) compared with 31 December 2014. A breakdown of this item is provided below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Advance payments from users and customers	115.7	102.5	13.2	12.9%
Deferred tax provisions	97.5	93.3	4.2	4.5%
Accrued liabilities and deferred income	29.8	32.6	(2.8)	(8.5%)
Water connection fees and capital grants	41.9	42.9	(1.0)	(2.4%)
Other non-current liabilities	284.9	271.3	13.6	5.0%

Advances includes: **(i)** the amount of security deposits and consumption advances subject to adjustment by the water companies with a rise attributable mainly to ACEA Ato2 to the extent of 7.6 million euros and **(ii)** the amount of advances relating to liabilities for advances on energy consumption mainly in Acea Energia to the extent of 4.3 million euros, paid by customers in the enhanced protection market, that bear interest under the terms and conditions set forth in the regulation issued by the AEEGSI (Resolution No. 204/99).

Deferred tax provisions showed an overall increase of 4.2 million euros, chiefly attributable to ACEA Distribuzione.

Accrued liabilities and deferred income, amounting to 29.8 million euros, mainly referred to grants received, recognised in the income statement to the extent of the amortisation generated by the relevant capital expenditure. In particular, this item included the contribution received by ACEA

Distribuzione for the replacement of electromechanical meters with electronic meters (AEEGSI Resolution No. 292/06).

Capital grants and **water connection** fees showed a net decrease totalling 1 million euros.

Net working capital – 110.6 million euros

This item fell by 20.5 million euros compared with the previous year end, broken down as follows:

€ millions	30/09/2015 (a)	31/12/2014 (b)	Increase/ (Decrease) (a) - (b)	30/09/2014 (c)	Increase/ (Decrease) (a-c)
Current receivables	1,208.2	1,259.9	(51.7)	1,459.7	(251.5)
- of which users/customers	1,102.9	1,163.0	(60.1)	1,345.2	(242.3)
- of which Roma Capitale	74.2	67.2	6.9	83.0	(8.8)
Inventories	31.2	29.2	2.0	32.7	(1.5)
Other current assets	215.9	241.3	(25.4)	239.6	(23.6)
Current payables	(1,191.3)	(1,249.4)	58.1	(1,166.4)	(24.9)
- of which suppliers	(1,047.5)	(1,130.2)	82.6	(1,056.6)	9.1
- of which Roma Capitale	(142.2)	(116.7)	(25.5)	(104.6)	(37.6)
Other current liabilities	(374.7)	(371.2)	(3.5)	(333.1)	(41.6)
Net working capital	(110.6)	(90.1)	(20.5)	232.5	(343.1)

19. Current receivables -1,208.2 million euros

A breakdown of this item is provided in the table below:

€ millions	30/09/2015 (a)	31/12/2014 (b)	Increase/ (Decrease) (a-b)	30/09/2014 (c)	Increase/ (Decrease) (a-c)
Trade receivables	1,102.9	1,163.0	(60.1)	1,345.2	(242.3)
Amounts due from Roma Capitale	74.2	67.2	6.9	83.0	(8.8)
Amounts due from subsidiaries and associates	31.2	29.7	1.5	31.6	(0.4)
Current receivables	1,208.2	1,259.9	(51.7)	1,459.7	(251.5)

Trade receivables

Compared with the same period of the previous year and previous year end, this item fell by 242.2 million euros and 60.1 million euros, respectively. Below are the trends by Operating Segment compared with both the same period of 2014 and 2014 year end.

€ millions	30/09/2015			31/12/2014			Increase/ (Decrease)		
	Users (a)	Customers (b)	Total	Users (c)	Customers (d)	Total	Users (a)-(c)	Customers (b)-(d)	Total
Environment	0.0	34.0	34.0	0.0	29.7	29.7	0.0	4.3	4.3
Energy	520.9	44.9	565.8	584.8	59.2	644.0	(63.9)	(14.3)	(78.2)
Water	394.4	29.8	424.2	375.0	31.3	406.3	19.3	(1.5)	17.9
Networks	8.9	35.4	44.3	6.2	37.5	43.6	2.8	(2.1)	0.7
Corporate	0.0	34.6	34.6	0.0	39.3	39.3	(0.0)	(4.7)	(4.8)
Total	924.2	178.7	1,102.9	966.0	197.0	1,163.0	(41.8)	(18.3)	(60.1)

€ millions	30/09/2015			30/09/2014			Increase/ (Decrease)		
	Users (a)	Customers (b)	Total	Users (c)	Customers (d)	Total	Users (a)-(c)	Customers (b)-(d)	Total
Environment	0.0	34.0	34.0	0.0	33.5	33.5	0.0	0.5	0.5
Energy	520.9	44.9	565.8	596.5	65.6	662.2	(75.6)	(20.7)	(96.4)
Water	394.4	29.8	424.2	496.3	33.2	529.5	(101.9)	(3.4)	(105.3)

€ millions	30/09/2015			30/09/2014			Increase/ (Decrease)		
Networks	8.9	35.4	44.3	41.6	37.9	79.5	(32.7)	(2.5)	(35.2)
Corporate	0.0	34.6	34.6	0.0	40.5	40.5	0.0	(5.9)	(5.9)
Total	924.2	178.7	1.102.9	1.134.4	210.7	1.345.2	(210.2)	(32.0)	(242.3)

The pattern seen during the period confirmed the downward trend observed at 2014 year end. It should be noted that in the first nine months of 2015 receivables were factored without recourse to an overall extent of 1,105.2 million euros. Details are provided below by Operating Segment.

€ millions	30/09/2015	of which Public Administration
Energy	379.4	12.2
Water	256.8	22.3
Network	479.5	95.4
Total	1,115.7	129.8

With reference to the main changes in trade receivables it should be stressed that:

- The **Environment Segment** increased its total receivables by € 4.3 million euros, mainly attributable ARIA (+3.3 million euros) and SAO (+1.5 million euros);
- The **Energy Segment** posted a fall in overall trade receivables, totalling 78.2 million euros compared with the amount booked at 31 December 2014, chiefly attributable to Acea Energia (-76.9 million euros) and Umbria Energy (-5.9 million euros) following lower volumes of energy sold. The full consolidation of Cesap Vendita Gas resulted in a rise of 4.4 million euros;
- Receivables in the **Water Segment** rose by 17.9 million euros. The rise, chiefly attributable to ACEA Ato2 (+12.9 million euros), was mainly the result of an increase in trade receivables yet to be invoiced;
- Receivables in the **Network Segment** remained virtually unchanged compared with the previous year end;
- The **Parent Company** posted a reduction of 4.8 million euros, chiefly ascribable to dealings with the Municipality of Naples, where public lighting services are supplied on a joint venture basis. Receivables at 30 September 2015 totalled 34.6 million euros, including receivables being disputed to the extent of 20.5 million euros, regarding the well-known dispute with the Vatican State.

Receivables were reflected net of **Provisions for doubtful receivables**, which at 30 September 2015 stood at 319.9 million euros, compared with 278.1 million euros at the end of the previous financial year and 233.9 million euros at 30 September 2014.

Amounts due from Parent Company Roma Capitale

Trade receivables due from Roma Capitale at 30 September 2015 totalled 85.8 million euros (72.9 million euros at 31 December 2014).

Receivables (including short-term and medium/long term financial receivables resulting from the public lighting contract) totalled 144.7 million euros compared with 135.3 million euros at the end of the previous year.

The table below shows a combined statement of values arising from dealings between Roma Capitale and the Acea Group with regard to both accounts receivable and accounts payable, including financial transactions.

Amounts due from Roma Capitale	30/09/2015	31/12/2014	Increase/ (Decrease)
	A)	B)	A) - B)
Utility receivables	63.8	51.3	12.5
Receivables for contract work and services	15.9	16.5	(0.6)
Other receivables: Seconded staff	0.2	0.2	0.0
Total services invoiced	79.9	68.0	11.9
Receivables for contributions	2.4	2.4	0.0
Total services requested	82.3	70.4	11.9
Receivables for invoices to be issued: Public Lighting	1.3	1.0	0.3
Receivables for invoices to be issued: other	2.3	1.5	0.7
Total receivables for services to be invoiced	3.6	2.5	1.0
Total trade receivables	85.8	72.9	13.0
Financial receivables for public lighting	58.9	62.4	(3.5)
Financial receivables for invoiced public lighting	50.5	49.7	0.7
Financial receivables for public lighting to be invoiced	8.4	12.7	(4.2)
Total receivables due within the following year (A)	144.7	135.3	9.5
Amounts due to Roma Capitale	30/09/2015	31/12/2014	Increase/ (Decrease)
Payables for additional taxes on electricity	(15.2)	(15.2)	(0.0)
Concession fees payable	(99.3)	(74.0)	(25.3)
Total trade payables	(114.5)	(89.2)	(25.3)
Total payables due within the following year (B)	(114.5)	(89.2)	(25.3)
Total (A) - (B)	30.2	46.1	(15.8)
Other financial receivables/(payables)	(1.8)	29.4	(31.2)
<i>of which financial payables (including dividends)</i>	(35.3)	(3.1)	(32.2)
<i>of which medium/long-term financial receivables for public lighting</i>	33.5	32.6	0.9
Other trade receivables/(payables)	(18.8)	(12.6)	(6.2)
Net balance	9.6	62.9	(53.3)

The change in receivables and payables was due to the natural accrual of receivables for the period and the effects arising from the offsetting completed in June 2015 and amounts collected at the end of September.

Total receivables during the period rose by 9.5 million euros compared with the previous year. This rise was mainly due to:

- An increase in receivables from water and electricity bills totalling 12.5 million euros (7.0 million euros and 5.5 million euros, respectively);
- An increase in financial receivables for public lighting amounting to 3.5 million euros resulting from accruals of payments due almost entirely at the end of September 2015 (50.4 million euros), which offset the accrual of amounts due at 30 September 2015 with respect to the Public Lighting Service Agreement (46.9 million euros).

Balances at the end of the period under review were affected by the offsetting mechanisms implemented in June totalling 19.3 million euros: utility receivables (14.7 million euros) and public lighting receivables (4.3 million euros) were offset by payables for dividends owed by ACEA.

The remaining receivables at 30 September 2015 referring to previous years (excluding the medium/long-term component) totalled 120.2 million euros, of which:

- ✓ 47.5 million euros for water and electricity utility bills,
- ✓ 53.1 million euros for the public lighting service,
- ✓ 19.6 million euros for works and services.

Payables showed an overall growth of 63.7 million euros, attributable to ACEA Ato2, basically due to the concession fee accrued during the period (+25.2 million euros) and dividends declared by ACEA and ACEA Ato2 (+32.2 million euros in all).

Finally, it should be noted that in January 2015 the Split Payment tax regulations became effective, requiring invoices to be issued to Public Administration entities (including Roma Capitale) with VAT rates based on the split payment model, with electronic invoicing becoming compulsory as of 1 April.

It should also be stressed that Acea Energia stopped supplying electricity as of 28 February 2015 (contract termination date).

Amounts due to Roma Capitale did not include the amount of 20.5 million euros pertaining to sewerage and purification fees, which the ACEA Group is not required to pay until the related receivables (of the same amount) from the Papal State have been collected. Amounts due from the Vatican City consisted of exposures of the Vatican City itself, since in its capacity as sovereign state it deems wastewater purification and disposal fees to be inapplicable. Moreover, these receivables refer to a period prior to 1998, when ACEA was entrusted with the collection of revenues from purification and sewerage services on behalf of the Municipality Authorities, such services being owned by Roma Capitale until December 1997.

Amounts due from subsidiaries and associates

The balance stood at 31.2 million euros, a rise of 1.5 million euros.

They stood at 5 million euros and 26.2 million euros, respectively, and related mainly to receivables from companies consolidated using the equity method.

20. Inventories - 31.2 million euros

This item rose by 2.0 million euros compared with 31 December 2014. A summary of the changes by Operating Segments is shown in the table below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)
Environment	3.4	3.4	0.0
Energy	1.7	1.5	0.1
Water	7.9	8.4	(0.5)
Network	18.0	15.6	2.4
Parent Company	0.3	0.3	0.0
Inventories	31.2	29.2	2.0

21. Other current assets - 215.9 million euros

Other current assets showed an overall decrease of 25.4 million euros (-10.5%) compared with the previous year. A breakdown of this item is provided below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)
Receivables from others	91.5	126.8	(35.3)
Accrued income and prepayments	23.3	14.7	8.6
Tax receivables	101.1	99.8	1.3
Other current assets	215.9	241.3	(25.4)

Receivables from others totalled 91.5 million euros, a fall of 35.3 million euros (126.8 million euros at 31 December 2014). This item consisted mainly of:

- 20.9 million euros relating to amounts due from the Energy Equalisation Fund (47.3 million euros at 31 December 2014). The 26.4 million euros drop was due to the assignment of claims arising from the general equalisation mechanism;

- 15.9 million euros relating to amounts due from the Equalisation Fund to Acea Energia ascribable to the effects arising from AEEGSI Resolution No. 670/2014/R/eel, whereby the nationwide unpaid ratio was set to 24 months;
- 10.3 million euros relating to amounts due for security deposits; the 6.7 million euros increase pertained to ACEA Distribuzione;
- 6.7 million euros relating to amounts due from the Equalisation Fund in respect of energy efficiency certificates accrued with regard to ACEA Distribuzione's purchase of such certificates to meet its regulatory obligations.

Accrued income and prepayments amounted to 23.3 million euros (14.7 million euros at 31 December 2014) and mainly referred to rent on public land, lease payments and insurance.

Tax receivables stood at 101.1 million euros (+1.3 million euros) and mainly included amounts receivable for corporate income tax (IRES) and regional tax on business concerns (IRAP), totalling 60.3 million euros.

22. Current payables - 1,191.3 million euros

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Amounts due to third-party suppliers	1,047.5	1,130.2	(82.6)	(7.3%)
Amounts due to Parent Company Roma Capitale	142.2	116.7	25.5	21.9%
Due to subsidiaries and associates	1.6	2.5	(0.9)	(36.8%)
Current payables	1,191.3	1,249.4	(58.1)	(4.6%)

Amounts due to third-party suppliers

Trade payables amounted to 1,047.5 million euros (1,130.2 million euros at 31 December 2014). A breakdown by Operating Segment is provided in the table below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	38.5	38.5	0.0	(0.1%)
Energy	387.4	471.6	(84.2)	(17.8%)
Water	234.2	247.5	(13.3)	(5.4%)
Network Segment	326.7	318.5	8.2	2.6%
Parent Company	60.7	54.0	6.7	12.4%
Total	1,047.5	1,130.2	(82.6)	(7.3%)

The reduction posted by the companies operating in the Energy Segment was essentially due to the diversification of Acea Energia's customer portfolio as well as the application of the reverse charge on commercial transactions between wholesalers effective January 2015.

Amounts due to Parent Company Roma Capitale

This item amounted to 142.2 million euros, showing a 25.5 million euros rise due basically to the concession fee for the integrated water service falling due for the first nine months of 2015.

Amounts due to subsidiaries and associates

The balance of 1.6 million euros was 0.9 million down on 31 December 2014, and consisted mainly of payables arising from the management of the public lighting service provided by associate *CitelumNapoli Pubblica Illuminazione* in the Municipality of Naples.

23. Other current liabilities -374.7 million euros

This item was up by 3.5 million euros (0.9%). The following table shows the main items making up the balance as well as changes compared with 31 December 2014:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Other current liabilities	266.6	268.7	(2.1)	(0.8%)
Tax payables	98.6	83.9	14.6	17.4%
Social security contributions	8.1	17.5	(9.4)	(53.5%)
Accrued liabilities and deferred income	0.7	0.7	0.0	(4.8%)
Payables arising from commodity derivatives	0.7	0.3	0.3	94.0%
Other current liabilities	374.7	371.2	3.5	0.9%

Other current liabilities stood at 266.6 million euros, reflecting an overall decrease of 2.1 million euros over 31 December 2014.

This item chiefly consisted of amounts due to the Equalisation Fund (71.1 million euros), payables for concession fees (55.4 million euros), amounts due to staff (35.2 million euros) and for collections subject to audit (56.4 million euros).

Tax payables stood at 98.6 million euros (83.9 million euros at 31 December 2014) and mainly included VAT tax payable for the period (23.6 million euros), dues for additional municipal and provincial taxes totalling 33,9 million euros and dues for corporate income tax (IRES) and regional income tax (IRAP) totalling 39.1 million euros.

Social security and welfare payables stood at 8.1 million euros (17.5 million euros at 31 December 2014). A breakdown is provided below by Operating Segment:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	0.4	0.7	(0.3)	(43.1%)
Energy	0.9	1.8	(0.9)	(50.7%)
Water	3.1	6.0	(2.9)	(48.7%)
Network	2.3	5.7	(3.4)	(59.0%)
Parent Company	1.4	3.3	(1.9)	(56.5%)
Total	8.1	17.5	(9.4)	(53.5%)

Payables arising from commodity derivatives included the fair value of a number of financial contracts entered into by Acea Energia. This item stood at 0.7 million euros at 30 September 2015, compared with 0.3 million euros in 2014.

Accrued liabilities and deferred income totalled 0.7 million euros, essentially in line with the previous year end.

24. Net financial debt -(2,130.8) million euros

At 30 September 2015, the Group's debt increased overall by 41.7 million euros, rising from 2,089.1 million euros at 2014 year end to 2,130.8 million euros.

The rise was mainly the result of a growth in invested capital (+93.1 million euros, +2.6%) driven by investments.

A breakdown of the relevant items is provided in the table below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	30/09/2014	Increase/ (Decrease)
Non-current financial assets/(liabilities)	2.4	1.7	0.7	1.8	0.5
Non-current financial assets/(liabilities) - Intragroup	33.5	32.6	0.9	32.3	1.2
Non-current borrowings and financial liabilities	(2,691.9)	(3,040.7)	348.8	(2,947.6)	255.6
Net medium/long-term financial debt	(2,656.1)	(3,006.4)	350.4	(2,913.4)	257.3
					0.0
Cash and cash equivalents and securities	595.8	1,018.0	(422.1)	527.4	68.4
Short-term bank borrowings	(60.5)	(58.2)	(2.3)	(63.0)	2.5
Current financial assets/(liabilities)	(36.9)	(103.9)	67.0	(63.1)	26.2
Current financial assets/(liabilities) Intragroup	26.9	61.5	(34.6)	100.1	(73.2)
Net short-term financial debt	525.2	917.3	(392.1)	501.4	23.8
Total net financial debt	(2,130.8)	(2,089.1)	(41.7)	(2,412.0)	281.2

Net medium/long-term financial debt -(2,656.1) million euros

With regard to this item it should be noted that:

- Non-current financial assets/(liabilities) showed a balance of 2.4 million euros, up by 0.7 million euros compared with 31 December 2014 (1.7 million euros).
- Intragroup financial assets/(liabilities) stood at 33.5 million euros (up 0.9 million euros compared with the end of 2014) and reflected financial receivables from Roma Capitale for upgrading works completed to ensure system compliance with safety and regulatory standards and new constructions as pursuant to the addendum to the Public Lighting contract. The above receivables referred to the long-term portion arising from the application of the financial method under IFRIC 12 concerning Concession Services,
- Non-current payables and financial liabilities totalled 2,691.9 million euros, down by 348.8 million euros compared with 31 December 2014. A breakdown is provided below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Bonds	1,890.9	1,909.1	(18.2)	(1.0%)
Medium/long-term borrowings	801.0	1,131.6	(330.6)	(29.2%)
Total	2,691.9	3,040.7	(348.8)	(30.2%)

Bonds - 1,890.9 million euros

The change compared with the previous year end totalled 18.2 million euros.

This item consisted of:

- 595.8 million euros (inclusive of accrued interest and related contract execution costs) relating to the 10-year fixed rate bond issued by ACEA in July 2014, as part of the 1.5 billion euros Euro Medium Term Notes (EMTN) scheme. Interest accrued during the period amounted to 11.8 million euros.
- 597.2 million euros (including accrued interest and fair value of the hedging instrument) related to the bond issued by ACEA in September 2013, with 5-year maturity and expiring on 12 September 2018. The fair value of derivatives on such debt was positive and stood at 0.9 million euros. Interest accrued during the period amounted to 16.8 million euros.
- 510.4 million euros (comprising accrued interest and contract-related costs) relating to the 10-year bond issued by ACEA in March 2010, expiring on 16 March 2020. Interest accrued during the period amounted to 16.8 million euros.
- 187.5 million euros (including accrued interest and fair value of the hedge) relating to the Private Placement. The fair value of this hedging instrument was negative to the extent of 38.6 million euros and was allocated to a specific equity reserve. The foreign exchange rate difference (+16.7 million euros) of the hedged instrument calculated at 30 September 2015 was allocated to an appropriate reserve. The exchange rate at the end of the year stood at

134.69 euros vis-à-vis 145.23 euros at 31 December 2014. Interest accrued during the period amounted to 2.9 million euros.

Medium/long term borrowings 801.0 million euros (including short-term portions - 851.2 million euros).

This item fell overall by 330.6 million euros compared with 1,131.6 million euros for the 2014 financial year. The drop was essentially due to the redemption of two loans with Cassa Depositi e Prestiti (200 million euros) and the EIB (100 million euros).

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

Bank loans	Total residual debt	Due by 30/09/2016	Due between 30/09/2016 and 30/09/2021	Due after 30/09/2021
fixed rate	316.1	25.2	84.0	206.9
floating rate	472.8	16.6	202.9	253.3
floating rate to fixed rate	62.3	8.5	41.4	12.5
Total	851.2	50.3	328.3	472.7

The fair value of ACEA hedging derivatives was negative to the extent of 7.4 million euros, decreasing by 1.6 million euros compared with 31 December 2014 (-9.0 million euros).

As regards medium/long-term borrowings and bonds conditions, reference should be made to the 2015 Interim Consolidated Financial Statements.

Net short-term financial debt -525.2 million euros

The short-term component was positive and showed an overall fall of 392.1 million euros over 2014 year end, chiefly attributable to a reduction in cash and cash equivalents (-422.1 million euros compared with 31 December 2014), which was partially offset by a reduction in current liabilities to the extent of 67.0 million euros. The drop in liquid assets was related to the redemption of the aforesaid medium/long-term loans.

Cash and cash equivalents totalled 595.8 million euros, showing an overall decrease of 422.1 million euros due to the change recorded in the period by the Parent Company. A breakdown by Operating Segment is provided in the table below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	1.0	1.1	(0.1)	(8.5%)
Energy	4.3	1.5	2.7	179.5%
Water	37.2	36.2	1.0	2.6%
Network	0.7	0.6	0.0	4.9%
Parent Company	552.7	978.4	(425.8)	(43.5%)
Total	595.8	1.018.0	(422.1)	(41.5%)

Short-term bank borrowings stood at 60.5 million euros, broken down as follows:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Short-term bank credit lines	10.2	11.7	(1.5)	(12.4%)
Bank mortgage loans - short-term portion	50.3	46.5	3.8	8.2%
Total	60.5	58.2	2.3	(4.2%)

A breakdown by Operating Segment is provided below:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	4.1	4.1	(0.0)	(0.7%)
Energy	6.5	7.4	(0.8)	(11.5%)
Water	1.6	3.2	(1.5)	(48.4%)
Network	23.8	19.3	4.5	23.1%
Parent Company	24.5	24.2	0.3	1.3%
Total	60.5	58.2	2.3	4.2%

It should be noted that at 30 September 2015 the Parent Company held uncommitted credit lines only, totalling 799 million euros, which were not used. No guarantees were provided to obtain these credit lines.

Committed credit lines in place at 31 December 2014 (300.0 million euros) were redeemed in March 2015.

Current financial assets (and liabilities) showed a balance at 30 September 2015 that increased debt by 36.9 million euros (103.9 million euros at 31 December 2014).

Below is a breakdown and trends in the first half by Operating Segment:

€ millions	30/09/2015	31/12/2014	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	(2.7)	(4.1)	1.4	(34.6%)
Energy	(32.0)	(56.6)	24.6	(43.4%)
Water	(11.9)	(45.1)	33.2	(73.6%)
Network	(0.2)	(8.0)	7.8	(97.3%)
Parent Company	9.9	9.9	0.0	0.3%
Total	(36.9)	(103.9)	67.0	(64.5%)

The 67.0 million euros reduction in outstanding debt reflected a decrease in amounts due to factoring companies for the reimbursement of revenues relating to claims assigned by Energy, Water and Network companies (-60.1 million euros).

Intragroup current financial assets (and liabilities) reduced borrowings by 26.9 million euros and mainly included the net exposure to Roma Capitale (23.6 million euros).

The overall change totalling 34.6 million euros chiefly resulted from amounts due for dividends payable to Roma Capitale (32.2 million euros).

25. Shareholders' equity – (1,553.8) million euros

The changes occurred during the period, amounting to 51.4 million euros, are detailed in the table below.

The change, net of profit for the period amounting to 136.6 million euros, was essentially due to (i) changes in the cash flow hedge reserve related to financial instruments totalling -6.7 million euros (net of taxation), (ii) changes in the reserve for the fair value measurement of derivative contracts of Acea Energia amounting to -0.2 million euros and (iii) the change in actuarial gains and losses amounting to -4.8 million euros. The change was also affected by the dividend distribution of 100.2 million euros.

Significant events after the reporting period

Acea 2.0: 500 million euros invested in the digital management of infrastructures and networks

In February, the first two parts of the new calls for tender drafted by ACEA to digitalise procedures for intervention and management of its water and electricity networks were published in the Official Journal of the European Union. The ACEA Group has therefore embarked on a scheme that by 2016 will allow all working processes to be managed through mobile innovative technologies in a truly seamless fashion: from the deployment of maintenance service capabilities to grid management, customer care, etc. The *Work Force Management* (WFM) - a digital IT platform built by SAP - will make this revolution possible, as it will enable all the activities of ACEA and its suppliers to be coordinated and monitored in real time.

The first two Operating Segments to be “digitalised” will be the management of water networks in Rome and Frosinone and electricity distribution in Rome, starting with the selection of suppliers, who will be required to adopt the new digital work method.

ACEA has prepared a new tender procedure that will enable it to invest around 500 million euros across the territory. There will be a significant concentration in tenders, from the current 100 tenders per year to 5 macro-tenders, so as to award strategic and long-term tender contracts (from 3 to 5 years).

Once operational, the new contracts in place will make it possible to digitally manage every working phase of the 43,000 field operations performed by ACEA every year in Rome and the Lazio region, reducing by about one third the time required for the work and services performed. After having completed each phase of their job assignment, engineers and workers, equipped with tablets and handheld devices, will be able to document their work, sending georeferenced photos. It will thus be possible to have real-time knowledge and control of works and maintenance operations, with the automatic application of penalties in the event of delays and bonuses (up to 10% of the tender value) in the event of excellent results. With this new system it will also be possible to have real-time monitoring of work performance, which will be assessed every four months based on service quality parameters elaborated and certified by an ad hoc study.

Acea S.p.A.: The Shareholders' Meeting approved the 2014 Financial Statements, the distribution of a 0.45 euros dividend per share and increase in the number of Board members from 7 to 9, and appointed 2 Board Directors.

On 23 April 2015, the ACEA Shareholders' Meeting approved the Financial Statements and presented the Consolidated Financial Statements for the year ended 31 December 2014. The Meeting also passed a resolution for the allocation of ACEA S.p.A 2014 statutory profit as well as the distribution of a dividend totalling 95,834,205.00 euros, corresponding to 0.4500 euros per share, which will be payable as of 24 June 2015, with issue of dividend coupon set on 22 June and record date on 23 June.

During the same session, the Shareholders' Meeting agreed to increase the number of Board Members from 7 to 9 and appointed Ms Roberta Neri and Mr Massimiliano Capece Minutolo del Sasso as Board Directors, who will remain in office until the end of the term of the current Board, i.e. following the approval of the 2016 Financial Statements.

Directors Roberta Neri and Massimiliano Capece Minutolo del Sasso represented that they meet the independence requirements under applicable law provisions, the Articles of Association and the Code of Conduct of listed companies.

Acea S.p.A.: Approval of the 2015 - 2019 Business Plan

On 9 June 2015, the Board of Directors of ACEA approved the Group's Business Plan for the 2015-2019 period. The plan confirmed the development strategies in place, with strong emphasis being placed on the organic growth, especially in respect of regulated activities that will continue to

generate about 75% of consolidated EBITDA. ACEA once again stressed the important commitment towards operational and organisational efficiency, innovation and service quality improvement.

Acea S.p.A.: Moody's confirmed the "Baa2" rating and "Stable" outlook

On 24 June 2015, *Moody's* confirmed ACEA's "Baa2" rating and "Stable" outlook.

Moody's decision came just a few days after the approval of the 2015-2019 Business Plan by ACEA, thereby bearing out the strategy focus on regulated businesses and allowing the Company to rely on sufficient financial flexibility.

Acea S.p.A.: Fitch Ratings confirmed the "BBB+" rating and "Stable" outlook

On 26 June 2015, *Fitch Ratings* confirmed ACEA's "Baa2" rating and "Stable" outlook.

The Agency explained that the rating and outlook were confirmed based on the recent Company's approval of the 2015-2019 Business Plan, reiterating the strategy focus on regulated activities and the commitment to keeping a solid financial structure.

Acea S.p.A.: Resignations tendered by Franco Balsamo, Chief Financial Officer and Executive Responsible for Financial Reporting of ACEA S.p.A.

On 17 September 2015, Mr Franco Balsamo, Chief Financial Officer and Executive Responsible for Financial Reporting, resigned from ACEA S.p.A, to take effect as from 1 October 2015.

Acea 2.0: Go Live ACEA Ato2

Consistent with the project roadmap, on 26 September ACEA Ato2 Operations Centre planned the first work order using SAP and on 28 September customers were welcomed at the helpdesks; enquiries were handled using the new systems.

Significant events after the reporting period

Acea 2.0: New Chief Financial Officer

Effective 1 January 2016, Mr Demetrio Mauro is the new Chief Financial Officer (CFO) of ACEA S.p.A.

Operating and financial outlook

The results achieved by the ACEA Group at 30 September 2015 were in line with forecasts.

Over the next months, the ACEA Group will continue the efforts already started in 2014 to rationalise and streamline operating processes in all business and corporate areas. These goals will also be pursued by implementing a major upgrade of information systems, enabling, by 2016, networks to be managed and services to be provided in an innovative fashion.

Moreover, increasingly greater efforts will be made to take any and every action to ensure the constant improvement of the invoicing and sales process with a view to continuing to reduce working capital and help curb the Group's debt.

The ACEA Group's financial structure is solid for years to come, considering that its entire debt position at 30 September 2015 consists of long-term maturities with an average lifespan of about 7.1 years. 71.4% of debt is fixed rate, thereby ensuring protection against any increases in interest rates as well as any financial or credit volatility.

Below are the long-term ratings assigned to ACEA by the main international rating agencies:

- Standard & Poor's "BBB-";
- Fitch "BBB+";
- Moody's "Baa2".



Statement by the Executive Responsible for Financial Reporting pursuant to provisions under Article 154-bis, second paragraph, of Legislative Decree No. 58/1998

Pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance, the Executive Responsible for Financial Reporting, Ms Iolanda Papalini, hereby states that the accounting information contained in this Interim Report on Operations at 30 September 2015 is in agreement with accounting documents, books and records.

Annex 1: List of consolidated companies

Denominazione	Sede	Capitale Sociale (in Euro)	Quota di partecipazione	Quota consolidato di Gruppo	Metodo di Consolidamento
Area Ambiente					
ARIA S.r.l.	Via G. Bruno 7- Terni	2.224.992	100,00%	100,00%	Integrale
Aquaser S.r.l.	Via dei Lecceti, 16 – Volterra (PI)	3.900.000	88,29%	100,00%	Integrale
Ecoenergie S.r.l. (in liquidazione)	Via San Francesco d'Assisi 15/C - Paliano (FR)	10.000	90,00%	100,00%	Integrale
Innovazione Sostenibilità Ambientale	Via Ravano K.m. 2,400 - Pontecorvo (FR)	91.800	51,00%	100,00%	Integrale
Kyklos S.r.l.	Via Ferriere – Nettuno n. km 15 - Latina	255.000	51,00%	100,00%	Integrale
S.A.O. S.r.l.	Loc. Pian del Vantaggio 35/B - Orvieto (TR)	7.524.400	100,00%	100,00%	Integrale
Solemme S.p.A.	Località Carboni in Monterotondo Marittimo (GR)	761.400	100,00%	100,00%	Integrale
Area Energia:					
Acea Energia S.p.A.	P.le Ostiense, 2 - Roma	10.000.000	100,00%	100,00%	Integrale
Acea Produzione S.p.A.	P.le Ostiense, 2 - Roma	5.000.000	100,00%	100,00%	Integrale
Acea8cento S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10.000	100,00%	100,00%	Integrale
Ecogena S.p.A.	P.le Ostiense, 2 - Roma	6.000.000	100,00%	100,00%	Integrale
Elga Sud S.p.A.	Via Montegrappa, 6 - Trani	250.000	100,00%	100,00%	Integrale
Parco della Mistica S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Umbria Energy S.p.A.	Via B. Capponi, 100- Terni	1.000.000	50,00%	100,00%	Integrale
Area Idrico					
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Roma	362.834.320	96,46%	100,00%	Integrale
ACEA Ato5 S.p.A.	Viale Roma -Frosinone	10.330.000	98,45%	100,00%	Integrale
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama -Santo Domingo	644.937	100,00%	100,00%	Integrale
Acea Gori Servizi S.c.a.r.l.	Via ex Aeroporto s.n.c. localita Area "Consorzio Sole" - Pomigliano d'Arno	1.000.000	69,82%	100,00%	Integrale
Acea Servizi Acqua S.r.l. (in liquidazione)	P.le Ostiense, 2 - Roma	10.000	70,00%	100,00%	Integrale
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Roma	8.000.000	76,81%	100,00%	Integrale
Acque Blu Fiorentine S.p.A.	P.le Ostiense, 2 - Roma	15.153.400	75,01%	100,00%	Integrale
Aguaazul Bogotà S.A.	Calle 82 n. 19º-34 - Bogotà- Colombia	1.482.921	51,00%	100,00%	Integrale
Crea Gestioni S.r.l.	P.le Ostiense, 2 - Roma	100.000	100,00%	100,00%	Integrale
CREA S.p.A. (in liquidazione)	P.le Ostiense, 2 - Roma	2.678.958	100,00%	100,00%	Integrale
Gesesa S.p.A.	Z.I. Pezzapiana lotto 11/12 - Benevento	520.632	59,52%	100,00%	Integrale
Lunigiana S.p.A. (in liquidazione)	Via Nazionale 173/175 - Massa Carrara	750.000	95,79%	100,00%	Integrale
Ombrone S.p.A.	P.le Ostiense, 2 - Roma	6.500.000	99,51%	100,00%	Integrale
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Roma	100.000	99,16%	100,00%	Integrale
ACEA Elabori S.p.A.	Via Vitorchiano - Roma	2.444.000	100,00%	100,00%	Integrale
Area Reti					
ACEA Distribuzione S.p.A.	P.le Ostiense, 2 - Roma	345.000.000	100,00%	100,00%	Integrale
Acea Illuminazione Pubblica S.p.A.	P.le Ostiense, 2 - Roma	1.120.000	100,00%	100,00%	Integrale
Acea Reti e Servizi dell'Energia S.p.A.	P.le Ostiense, 2 - Roma	300.120.000	100,00%	100,00%	Integrale

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

Denominazione	Sede	Capitale Sociale (in Euro)	Quota di partecipazione	Quota consolidato di Gruppo	Metodo di Consolidamento
Area Ambiente					
Ecomed S.r.l.	P.le Ostiense, 2 - Roma	10.000	50,00%	50,00%	Patrimonio Netto
Area Energia					
Voghera Energia Vendita S.p.A. (in liquidazione)	Largo Toscanini n.5 - Voghera (PV)	250.000	50,00%	50,00%	Patrimonio Netto
Area Idrico					
Acque S.p.A.	Via Gariogliano,1- Empoli	9.953.116	45,00%	45,00%	Patrimonio Netto
Acque Industriali S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	100.000	100,00%	45,00%	Patrimonio Netto
Acque Servizi S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	400.000	100,00%	45,00%	Patrimonio Netto
Acquedotto del Fiora S.p.A.	Via Mameli,10 Grosseto	1.730.520	40,00%	40,00%	Patrimonio Netto
Consorzio Agua Azul S.A.	Calle Amador Merino Reina 307 - Lima - Perù	17.379.190	25,50%	25,50%	Patrimonio Netto
GORI S.p.A.	Via Trentola, 211 - Ercolano (NA)	44.999.971	37,05%	37,05%	Patrimonio Netto
Ingegnerie Toscane S.r.l.	Via di Villamagna 90/c - Firenze	100.000	43,01%	43,01%	Patrimonio Netto
Intesa Aretina S.c.a.r.l.	Via B.Crespi, 57 - Milano	18.112.000	35,00%	35,00%	Patrimonio Netto
Nuove Acque S.p.A.	Loc.Cuculo - Arezzo	34.450.389	46,16%	16,16%	Patrimonio Netto
Publiacqua S.p.A.	Via Villamagna - Firenze	150.280.057	40,00%	40,00%	Patrimonio Netto
Umbra Acque S.p.A.	Via G. Benucci, 162 - Ponte San Giovanni (PG)	15.549.889	40,00%	40,00%	Patrimonio Netto

The following companies are also consolidated using the equity method:

Denominazione	Sede	Capitale Sociale (in Euro)	Quota di partecipazione
Area Ambiente			
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1.689.000	33,00%
Arkesia S.p.A. (in liquidazione)	Via S. Francesco D'Assisi, 17 - Paliano (FR)	170.827	33,00%
Coema	P.le Ostiense, 2 - Roma	10.000	33,50%
Area Idrico			
Azga Nord S.p.A. (in liquidazione)	Piazza Repubblica Palazzo Comunale - Pontremoli (MS)	217.500	49,00%
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1.450.000	28,80%
Sogea S.p.A.	Via Mercatanti, 8 - Rieti	260.000	49,00%
Aguas de San Pedro S.A.	Las Palmas, 3 - San Pedro (Honduras)	6.162.657	31,00%
Umbriadue Servizi Idrici S.c.a.r.l.	Strada Sabbione zona ind. A72 - Terni	100.000	34,00%
Le Soluzioni	Via Gariqliano,1 - Empoli	250.678	30,50%
Area Reti			
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	Via Monteverdi Claudio, 11 - Milano	90.000	32,18%
Eur power S.r.l. (in liquidazione)	Largo Virgilio Testa, 23 - Roma	4.100.000	32,99%
Sienergia S.p.A. (in liquidazione)	Via Fratelli Cairoli, 24 - Perugia	132.000	42,08%
Sinergetica S.r.l.	Via Fratelli Cairoli, 24 - Perugia	10.000	21,46%
Sinergetica Gubbio S.r.l.	Via Fratelli Cairoli, 24 - Perugia	15.000	35,77%
Sienergy Project S.r.l.	Via Fratelli Cairoli, 24 - Perugia	40.000	23,85%
Sienergygas Distribuzione S.r.l.	Via Fratelli Cairoli, 24 - Perugia	20.000	42,08%
Umbria Distribuzione Gas S.p.A.	Via Bruno Capponi 100 - Terni	2.120.000	15,00%
Altro			
Marco Polo Srl (in liquidazione)	Via delle Cave Ardeatine, 40 - Roma	10.000	33,00%

Annex 2: Segment information

The following information is provided to ensure a better understanding of the unbundling criteria adopted:

- Generation and sales refer to the Energy Segment which, from an organisational perspective, is responsible for the following companies: Acea Energia, Umbria Energy, Voghera Energia Vendite in liquidation, Elga Sud, Acea Produzione, Ecogena, Parco della Mistica and Cesap Vendita Gas;
- Distribution, public lighting (Rome and Naples) and PV systems refer to the Network Segment which, from an organisational perspective, is responsible for ACEA Distribuzione, ARSE and Acea Illuminazione Pubblica;
- Analysis and research services refer to the Engineering and Services Department, which, from an organisational perspective, is responsible for Laboratori S.p.A.;
- Overseas Water Services refer to the Water Segment which, from an organisational perspective, is also responsible for the water companies operating abroad;
- Water Operations in Italy refer to the Water Segment which, from an organisational perspective, is responsible for the water companies operating in Lazio, Campania, Tuscany and Umbria as well as for AceaGori Servizi;
- Environment refers to the Environment Segment which, from an organisational perspective, is responsible for the companies of the ARIA Group, Aquaser Group as well as for Solemme.



2014 Statement of financial position

	Generation	Distribution	Sales	Public Lighting	Water operations in Italy	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Consolidated total
Investments	11,590	121,404	8,142	747	146,839	590	1,499	14,159	13,341	262	318,574	0	318,574
Operating Segments' assets													
Property, plant and equipment	172,035	1,407,170	1,744	765	14,073	2,571	3,008	160,971	243,855	32,699	2,038,890	(4,671)	2,034,219
Intangible assets	6,504	41,908	128,545	2,407	1,809,739	153	206	14,344	26,085	0	2,029,890	(395,252)	1,634,638
Non-current financial assets measured at equity		0	0								2,079,897	(1,855,130)	224,767
Non-current financial assets													2,482
Other non-current trading assets													340,196
Other non-current financial assets													34,290
Inventories	1,515	9,175	0	6,505	8,096	324	0	0	3,410	204	29,229	0	29,229
Trade receivables from third parties	19,434	102,859	707,666	15,598	404,976	1,818	32,244	25,753	53,475	22,819	1,386,641	(223,668)	1,162,973
Trade receivables from Parent Company	469	1,514	37,538	4,533	31,389	5	15	591	88	0	76,141	(8,910)	67,231
Trade receivables from subsidiaries and associates	0	0	16,784	0	8,452	16	0	36,850	317	0	62,419	(32,702)	29,716
Other current trading assets													241,310
Other current financial assets													92,130
Cash and cash equivalents													1,017,967
Non-current assets held for sale										497	497		497
Total assets													6,911,645

Amounts in thousands of euros



2014 Statement of Financial Position

	Generation	Distribution	Sales	Public Lighting	Water operations in Italy	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Consolidated total
Operating Segments' liabilities													
Trade payables to third parties	14,493	311,857	532,559	14,043	364,908	725	3,500	49,868	41,526	2,468	1,335,947	(205,789)	1,130,158
Trade payables to Parent Company	3,059	8,082	16,897	100	98,636	0	214	20,523	1,107	0	148,618	(31,941)	116,678
Trade payables to subsidiaries and associates	0	32	5,215	3,282	650	232	0	7,050	29	0	16,489	(13,959)	2,531
Other current trading liabilities													371,199
Other current financial liabilities													189,957
Staff termination benefits and other defined-benefit plans	2,592	38,724	4,672	3,036	31,419	203	3,266	30,685	3,419	0	118,016	(12)	118,004
Other provisions	5,418	8,170	10,502	411	56,954	0	745	35,073	27,613	2,379	147,264	21,380	168,644
Provisions for deferred taxes													93,284
Other non-current trading liabilities													177,990
Other non-current financial liabilities													3,040,712
Liabilities directly associated with assets held for sale										99	99		99
Shareholders' equity													1,502,391
Total liabilities and shareholders' equity													6,911,645

Amounts in thousands of euros



Income Statement at 30 September 2014

	Generati on	Distributi on	Sales	Public Lighting	Water operatio ns in Italy	Overseas	Engineeri ng	Environm ent	PV power	Corporat e	Group total	Consolid ation adjustme nts	Consolid ated total
Revenues	44,948	371,189	1,546,471	49,174	460,469	6,407	22,538	95,205	5,267	86,799	2,688,468	(407,793)	2,280,666
Staff costs	4,227	44,095	15,855	5,714	64,797	2,149	7,538	8,048	256	40,635	193,314	(15,518)	177,796
Energy purchase	3,637	91,606	1,432,140	0	99	0	0	2,493	0	156	1,530,132	(181,308)	1,348,824
Sundry external costs	10,508	58,406	60,607	39,820	202,584	2,819	7,844	45,023	1,305	44,934	473,848	(210,892)	262,956
Income/(costs) from equity investments of a non-financial nature	0	0	93	0	12,865	592	0	201	0	0	13,751	0	13,751
EBITDA	26,576	177,082	37,962	3,641	205,853	2,032	7,156	39,841	3,707	1,074	504,925	(74)	504,851
Depreciation/amortisation	14,108	64,169	54,802	454	57,527	196	385	19,181	0	19,579	230,400	(74)	230,327
Operating profit/(loss)	12,468	112,913	(13,839)	3,187	148,326	1,836	6,771	20,661	3,707	(18,505)	274,524	0	274,524
Financial income/(costs)													(76,671)
Income/(Costs) from equity investments	0	(1,139)	(264)	0	19	573	0	0	0	1,368	556	0	556
Profit/(Loss) before tax													198,410
Taxation													80,731
Net profit/(loss)													117,679

Amounts in thousands of euros



Statement of Financial Position at 30 September 2015

	Generatio n	Distributio n	Sales	Public Lighting	Water operations in Italy	Overseas	Engineeri ng	Corporate	Environme nt	PV power	Group total	Consoli dation adjust ments	Consolidat ed total
Investments	6,655	100,630	7,880	1,661	127,598	219	499	24,651	14,928	78	284,801	0	284,801
Operating Segments' assets													
Property, plant and equipment	166,469	1,446,992	1,682	1,823	15,927	2,158	2,842	155,745	239,310	31,072	2,064,021	(6,236)	2,057,785
Intangible assets	4,525	45,387	128,115	2,921	1,882,633	340	526	32,147	28,005	0	2,124,598	(395,252)	1,729,346
Non-current financial assets measured at equity		0	0								2,087,103	(1,849,777)	237,326
Non-current financial assets													2,579
Other non-current trading assets													340,474
Other non-current financial assets													35,862
Inventories	1,654	9,714	0	8,409	7,686	221	0	0	3,373	174	31,230	0	31,230
Trade receivables from third parties	22,208	93,624	627,664	12,666	421,902	1,697	31,903	25,237	65,639	23,751	1,326,292	(223,424)	1,102,868
Trade receivables from Parent Company	4,072	1,843	49,084	2,267	38,477	0	81	504	126	0	96,455	(22,288)	74,166
Trade receivables from subsidiaries and associates	0	0	15,641	0	9,414	17	0	40,111	531	977	66,691	(35,516)	31,175
Other current trading assets													215,946
Other current financial assets													89,275
Cash and cash equivalents													595,823
Non-current assets held for sale										497	497		497
Total assets													6,544,351

Amounts in thousands of euros



Statement of Financial Position at 30 September 2015

	Generati on	Distributi on	Sales	Public Lighting	Water operation s in Italy	Overseas	Engineeri ng	Corporat e	Environm ent	PV power	Group total	Consolid ation adjustme nts	Consolidat ed total
Operating Segments' liabilities													
Trade payables to third parties	7,707	319,543	444,871	10,166	359,485	1,963	2,562	59,507	42,469	1,939	1,250,212	(202,705)	1,047,508
Trade payables to Parent Company	655	11,526	17,127	99	126,950	0	567	20,516	1,669	0	179,108	(36,922)	142,186
Trade payables to subsidiaries and associates	0	32	3,496	6,292	614	470	0	3,811	181	281	15,177	(13,578)	1,599
Other current trading liabilities													374,681
Other current financial liabilities													157,009
Staff termination benefits and other defined-benefit plans	2,436	36,879	4,598	2,991	29,663	206	3,266	28,200	2,924	0	111,164	(12)	111,152
Other provisions	7,297	9,314	9,902	536	65,082	16	1,005	33,835	27,431	3,617	158,034	21,425	179,458
Provisions for deferred taxes													97,490
Other non-current trading liabilities													187,431
Other non-current financial liabilities													2,691,923
Liabilities directly associated with assets held for sale										99	99		99
Shareholders' equity													1,553,814
Total liabilities and shareholders' equity													6,544,351

Amounts in thousands of euros



Income Statement at 30 September 2015

	Generation	Distribution	Sales	Public Lighting	Water operations in Italy	Overseas	Engineering	Environment	PV power	Corporate	Group total	Consolidation adjustments	Consolidated total
Revenues	44,065	346,347	1,459,038	49,511	456,091	9,686	21,006	95,831	4,558	82,549	2,568,681	(401,017)	2,167,664
Staff costs	3,917	33,862	16,324	5,489	61,102	2,246	9,770	8,542	0	39,157	180,409	(13,314)	167,094
Energy purchase	3,440	80,006	1,323,021	171	2,468	0	66	2,146	0	822	1,412,141	(178,740)	1,233,401
Sundry external costs	10,969	52,542	67,521	39,612	195,972	4,983	5,538	44,693	1,014	42,986	465,832	(208,997)	256,835
Income/(costs) from equity investments of a non-financial nature			(257)	0	19,973	842	0	(16)	0	0	20,543	0	20,543
EBITDA	25,739	179,936	51,914	4,238	216,522	3,298	5,632	40,434	3,544	(415)	530,842	35	530,877
Depreciation/amortisation	15,619	69,864	55,194	431	66,679	128	1,142	21,023	0	15,950	246,030	0	246,030
Operating profit/(loss)	10,119	110,072	(3,280)	3,808	149,843	3,170	4,490	19,411	3,544	(16,366)	284,812	35	284,847
Financial income/(costs)													(67,046)
Income/(Costs) from equity investments		(1,387)	(40)		205	400		(8)		(121)	(950)		(950)
Profit/(Loss) before tax													216,851
Taxation													75,114
Net profit/(loss)													141,736

Amounts in thousands of euros