



**Interim Report on Operations
of the ACEA Group
at 31 March 2015**



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ACEA's Organisational Model

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

ACEA's operational model is based on an organisational structure in line with the Strategic-Business Industrial Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. ACEA's macro-structure is broken down into corporate functions and four industrial segments – Environment, Energy, Water and Networks. The activities of each business segment are described below.

Environment segment

The ACEA Group is a major Italian operator in the urban management of environmental services. 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. In particular, the Group develops investments in the waste to energy business, considered to be a high-potential field, and organic waste management, in accordance with the strategic goal of the Group to produce energy from waste and protect the environment.

Energy segment

The ACEA Group is a major operator in Italy 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. Acea operates in all market segments, offering its services to families and major companies alike, 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 generation 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 inhabitants. 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.

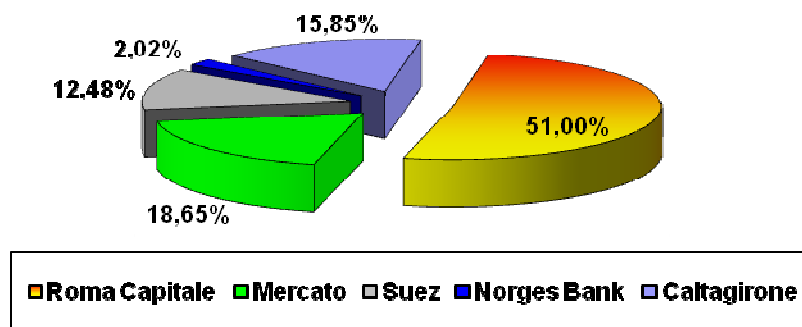
Networks Segment

The ACEA Group is a major operator in Italy with approximately 11 TWh of electricity distributed in Rome, where the Group manages the distribution network, serving 1.6 million delivery points. The Group also manages the public and artistic lighting of the capital, with over 189,000 light points, applying solutions that seek to continually raise efficiency and reduce 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 particularly innovative pilot projects.

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



At 31 March 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 Irace	CEO
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

Franco Balsamo

¹ Appointed by the Shareholders' Meeting of 23 April 2015

Summary of results

Economic Data (€ millions)	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Consolidated net revenue	761.6	780.1	(18.5)	(2.4%)
Consolidated operating costs	589.9	619.8	(30.0)	(4.8%)
Income/(Costs) from equity investments of a non-financial nature	5.7	5.8	(0.1)	(1.5%)
- of which: EBITDA	33.7	29.1	4.6	15.7%
- of which: Amortisation, depreciation, impairment charges and provisions	(22.6)	(17.2)	(5.3)	31.0%
- of which: Financing Activities	(2.1)	(2.3)	0.2	(7.5%)
- of which: Costs from equity investments	0.0	0.0	0.0	0.0%
- of which: Taxation	(3.3)	(3.8)	0.5	(13.4%)
Net income/(costs) from commodity risk management	0.0	0.0	0.0	0.0%
EBITDA	177.4	166.0	11.4	6.9%
EBIT	104.1	99.9	4.2	4.2%
Profit/(loss) before tax	53.5	46.7	6.8	14.6%
Profit/(Loss) attributable to non-controlling interests	3.0	2.2	0.8	35.1%
Net profit/(loss) attributable to the Group	50.5	44.5	6.0	13.5%

EBITDA by Industrial Area (€ millions)	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
ENVIRONMENT	12.8	14.2	(1.4)	(10.0%)
ENERGY	31.5	24.7	6.9	27.9%
Production	10.7	11.5	(0.8)	(7.0%)
Sales	20.8	13.1	7.7	58.4%
WATER:	74.4	67.8	6.6	9.8%
Overseas	3.2	0.5	2.7	566.6%
Lazio - Campania	63.0	60.5	2.6	4.2%
Tuscany - Umbria	6.6	5.0	1.6	32.6%
Engineering	1.5	1.8	(0.3)	(16.2%)
NETWORKS	60.0	62.2	(2.2)	(3.5%)
ACEA (Corporate)	(1.3)	(2.8)	1.5	(52.9%)
Total EBITDA	177.4	166.0	11.4	6.9%

Consolidated balance sheet data (€ millions)	31/03/2015	31/12/2014	Increase/ Decrease	31/03/2014	Increase/ Decrease
Net Invested Capital	3,692.3	3,591.5	100.8	3,770.5	(78.2)
Net debt	(2,139.6)	(2,089.1)	(50.5)	(2,323.9)	184.3
Consolidated Shareholders' Equity	(1,552.7)	(1,502.4)	(50.3)	(1,446.6)	(106.1)

Net debt by Industrial Area (€ millions)	31/03/2015	31/12/2014	Increase/ Decrease	31/03/2014	Increase/ Decrease
ENVIRONMENT	185.7	179.6	6.0	182.9	2.8
ENERGY	397.8	356.1	41.6	373.9	23.9
Production	136.1	134.9	1.2	136.6	(0.5)
Sales	261.7	221.2	40.5	237.3	24.4
WATER	495.1	488.1	6.9	626.1	(131.0)
Overseas	(5.1)	(2.0)	(3.1)	(5.7)	0.6



Net debt by Industrial Area (€ millions)	31/03/2015	31/12/2014	Increase/ Decrease	31/03/2014	Increase/ Decrease
Lazio - Campania	496.7	478.2	18.5	631.0	(134.3)
Tuscany - Umbria	(6.1)	(0.6)	(5.5)	(4.4)	(1.7)
Engineering	9.5	12.5	(2.9)	5.2	4.3
NETWORKS	631.5	623.1	8.4	662.2	(30.7)
ACEA (includes also public lighting)	429.6	442.1	(12.5)	478.8	(49.2)
Total	2,139.6	2,089.1	50.5	2,323.9	(184.3)

Capex by Industrial Area (€ millions)	31/03/2015	31/03/2014	Increase/ Decrease
ENVIRONMENT	0.9	2.0	(1.1)
ENERGY	5.4	3.5	1.9
Production	2.5	2.7	(0.2)
Sales	2.9	0.8	2.1
WATER	32.0	32.5	(0.5)
Overseas	0.0	0.0	0.0
Lazio - Campania	31.9	32.5	(0.6)
Tuscany - Umbria	0.0	0.0	0.0
Engineering	0.1	0.0	0.1
NETWORKS	29.9	26.1	3.8
ACEA (Corporate)	3.8	2.3	1.5
Total	71.9	66.4	5.6

Reference context

Performance of the equity markets and the ACEA share

In the first quarter of 2015 international stock markets posted positive trends, with European markets “outperforming” American stocks.

The period under review was marked by the start-up on 9 March of a programme for the European Central Bank to purchase State securities (*Quantitative Easing – QE*) to the tune of 60 billion euros a month. Markets reacted positively to the programme.

ITALIAN STOCK MARKET

Changes in the principal indexes: **FTSE MIB +21.8%, FTSE Italia All Share +22.8%, FTSE Italia Mid Cap +30.7%.**

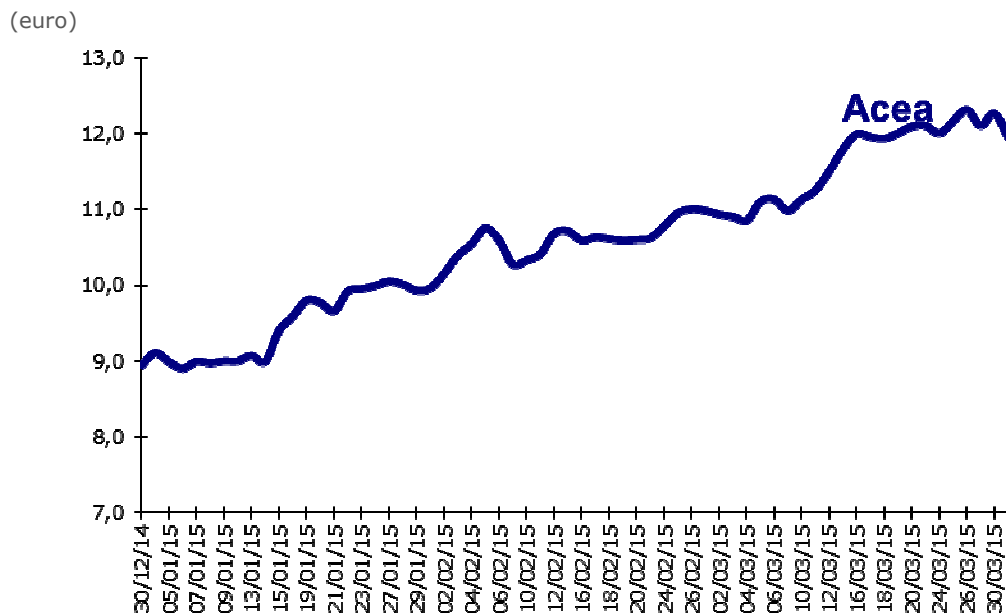
PERFORMANCE OF ACEA SHARE IN REFERENCE PERIOD

In the first quarter of 2015 the Acea share performed better than the market average, with a gain of 33.7%.

ACEA's share price stood at 11.95 euros at 31 March 2015, corresponding to a capitalisation of 2,545.0 million euros. In the first three months of 2015 a high of 12.31 euros was recorded (26 March), with a low of 8.90 euros on 6 January.

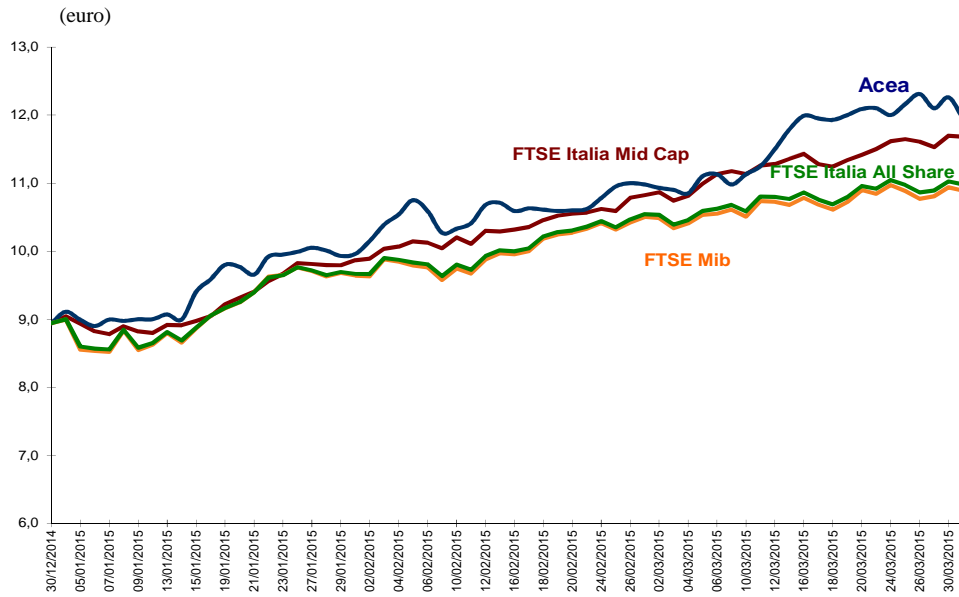
Average daily traded volumes exceeded 106,000 (slightly below values recorded in the first quarter of 2014).

In the first quarter of 2015 over 30 studies/notes on the ACEA stock were published.



(Source: Bloomberg)

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



(chart adjusted to Acea values – Source: Bloomberg)

	% Increase/Decrease 31/03/2015 (compared to 31/12/14)
ACEA	+33.7%
FTSE Italia All Share	+22.8%
FTSE Mib	+21.8%
FTSE Italia Mid Cap	+30.7%

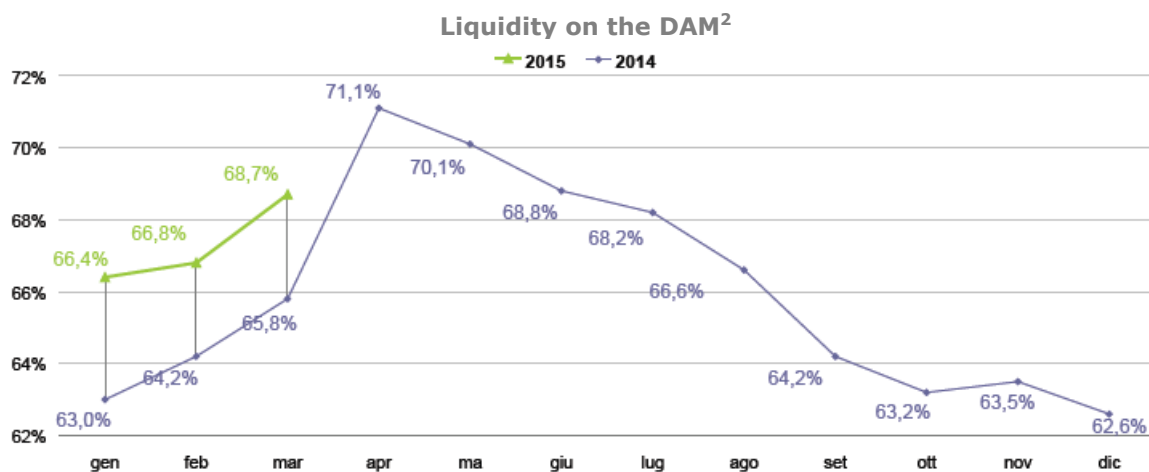
(Source: Bloomberg)

Energy market

In the first three months of 2015 electricity demand in Italy (78,117 GWh) fell by 0.1% compared to the same period in the previous year; in non-calendar terms the change was +0.2%. 83.3% of energy requirements were covered by national production, the rest by foreign imports. 59.9% of electricity requirements were covered by thermoelectric production, 22.8% by hydroelectric production and 17.3% by PV production and other renewable sources.

In this context, net national output in the first three months of 2015 (65,063 GWh) fell by 0.7% vis-à-vis the same period of 2014. With the exception of hydroelectric production (-26.1%) all national production sources posted an increase vis-à-vis the previous year, in particular: wind power (+12.9%), PV (+10.0%), geothermal (+7.4%) and thermoelectric (+4.2%).

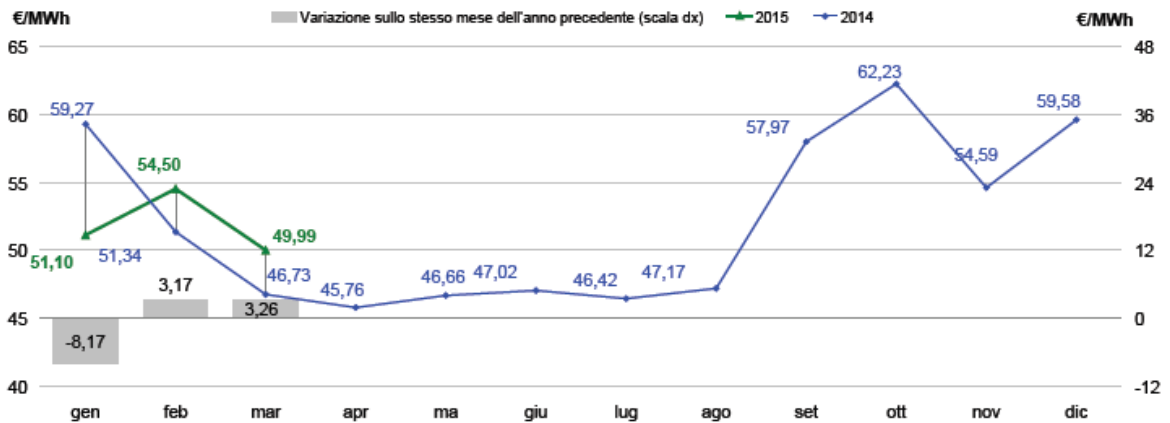
GWh	31.03.2015	31.03.2014	% Increase/ decrease % 2015/2014
Net Production			
-Hydroelectric	9,459	12,806	(26.1%)
-Thermoelectric	44,484	42,709	4.2%
-Geothermal	1,438	1,339	7.4%
-Wind power	5,214	4,620	12.9%
-PV power	4,468	4,064	10.0%
Total Net Production	65,063	65,537	(0.7%)
Imports	14,631	13,667	7.1%
Exports	1,127	275	309.8%
Balance of imports	13,504	13,392	0.8%
Pumping systems consumption	450	736	(38.9%)
Electricity demand	78,117	78,193	(0.1%)



The purchase price for electricity (PUN) continued to dip, with a fresh decrease over the month of February (- 8.3%), reaching 49.99 €/MWh, the lowest point since September 2014. It was however higher than in March 2014 (+7.0%) when the PUN was close to its all-time low. An analysis by time band shows that the rise came in off-peak times (+4.79 €/MWh; +11.5%), with a price of 46.40 €/MWh. This was in any case the lowest value of the last eight months. In peak hours the price of 56.49 €/MWh was basically unchanged (- 0.22 €/MWh; - 0.4%).

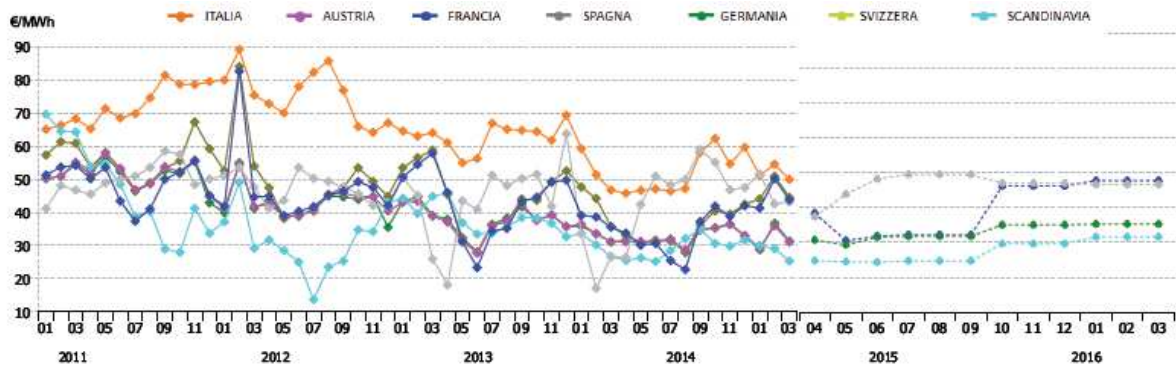
Average sale prices followed a similar trend in all areas, with the exception of Sicily, where prices rose slightly vis-à-vis February. The price (56.14 €/MWh) was in any case higher than that for the North (51.72 €/MWh) and for all other areas, where the price was below 47 €/MWh. The lowest price was recorded in the South, with 45.34 €/MWh.

National Single Price (PUN) ²



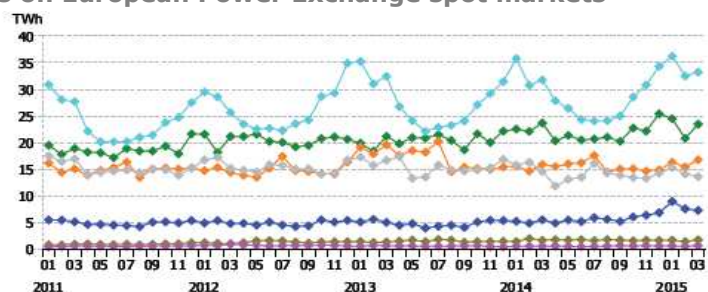
The downward trend continued for European Power Exchanges, in keeping with the lower prices of raw materials, although prices in March were higher than those posted one year previously. The Italian price was, as usual, above that of other European power exchanges, and a bit further from the French price as the latter fell in value (44 €/MWh; +23%).

Price on European Energy Exchanges (arithmetic mean €/MWh) ²



Annual and Monthly Volumes on European Power Exchange spot markets ²

Volumi a pronti (TWh)			
Area	Mar 15	Var M-1 (%)	Var M-12 (%)
ITALIA	16,8	+ 8 %	+ 5 %
FRANCIA	7,3	- 4 %	+ 31 %
GERMANIA	23,5	+ 13 %	- 1 %
SPAGNA	13,7	- 3 %	- 7 %
AREA SCANDINAVA	33,2	+ 2 %	+ 5 %
AUSTRIA	0,7	+ 25 %	+ 13 %
SVIZZERA	1,8	+ 20 %	+ 4 %



² Source: GME – April 2015, GME Newsletter



In Italy total natural gas consumption rose for the third month in succession (compared to the previous year) (+ 14.3% vis-à-vis March 2014), pulled along by the thermoelectric sector (+ 20.1%), with the continuing decline of renewable sources, and by the civil sector (+ 15.5%), offset by a slight drop in consumption in the industrial sector. There was also a substantial growth in exports (+ 52.6%).

Regulations and tariffs

Compared to the Consolidated Financial Statements for the period ending 31 December 2014 (available for consultation), below are the main changes that took place in the reference period.

The evolution of environmental, water and energy efficiency legislation

[Regulation providing criteria for the definition of environmental cost and resource cost for sectors in which water is used – Decree 39 of 24 February 2015](#)

Decree 39 of the Ministry of the Environment, Land and Sea of 24 February 2015 (Official Journal no. 81 of 8 April 2015) has defined the “*Regulation providing criteria for the definition of the environmental cost and resource cost for the various sectors in which water is used*”, implementing the provisions of directive 2000/60/EC, establishing a “framework for Community action in the field of water policy”.

This decree defines criteria for assessing the environmental cost and resource cost for the various sectors in which water is used, given in Annex A, and puts forward a “Method for reporting economic aspects” as per Technical Annex no. 1.

The same decree concludes, in art. 2, with transitional and final provisions, including in particular the following: “*without prejudice to the observance of provisions in article 4 of directive 2000/60/EC of the European Parliament and Council of 23 October 2000, amended by article 3 of directive 2013/64/EU, and by articles 5 and 9 of the same directive, for the 2015-2021 plan the methods governed by this decree shall apply progressively to those cases in which the Authorities already use methods that help to produce equivalent results*”.

Annex A is split up into three sections, concerning:

- (1) the definitions needed to identify ERCs,
- (2) a method for estimating ERCs,
- (3) the selection of a general approach for internalising ERCs.

Uniform criteria for determining ERC (Environmental and Resource Costs) pursuant to art. 1, paragraph 1 letter d) of the D.P.C.M. of 20 July 2012 shall be considered for ERCs.

The purpose of Annex A is “*to provide a technical guide for Administrations responsible for ascertaining ERCs already internalised in existing cost recovery instruments, and identifying ERCs to be internalised and residual ERCs*”.

The Technical Annex provides a method for reporting economic aspects, starting with the main economic components for which substantial integrations and updates are necessary, and illustrates the expected results of the economic analysis of water use. A way of organising data and information is proposed in four tables.

[Guidelines for Screening for environmental impact assessments \(EIA\) – Decree of Ministry of Environment, Land and Sea of 30 March 2015](#)

With the Decree of 30 March 2015 (Official Journal no. 84 of 11 April 2015, further to the provisions of art. 15 of Law Decree 91 of 24 June 2014, converted with amendments into Law 116 of 11 August 2014, guidelines have been issued for screening the need for an Environment Impact Assessment (EIA) for projects coming under the jurisdiction of Regions and Provinces.

These Guidelines set out to provide Regions and Autonomous Provinces, as well as business operators, with a reference framework and clear guidelines for the performance of the EIA procedure, in compliance with the European directive on this subject.

According to art. 4 of the Decree, the Guidelines come into effect on the fifteenth day after the date of publication in the Italian Official Journal, and apply directly all over the country until the legal systems of regions and autonomous provinces are updated.

The guidelines will apply not only to “new” projects but to all projects for which the EIA screening procedure or authorisation procedure is under way on the date on which the decree comes into force.

In greater detail, these Guidelines have:

- a) supplemented technical, dimensional and placement criteria used to establish the thresholds already set in annex IV to the second part of legislative decree 152/2006 for the various project categories,
- b) identified additional criteria contained in annex V to Leg. Dec. 152/2006, deemed to be relevant and pertinent for the purposes of identifying projects that need to be screened for the EIA requirement.

With the application of the above criteria, there will be a percentage reduction in the dimensional thresholds already fixed in annex IV, if present, with a consequent extension of the scope of provisions on the subject of EIA to projects that are potentially capable of having significant negative effects on the environment.

In introducing the Guidelines in their own legal systems, Regions and the Autonomous Provinces of Trento and Bolzano must in any case take into account environmental and territorial specificities, ensuring consistency with the guidelines and with the provisions of directive 2011/92/EU.

In this respect, where deemed necessary and providing grounds for the choices made, the same Authorities may:

- provide a definition and identify sensitive areas as per paragraph 4 of the guidelines according to specific territorial situations, regional regulations, plans and programmes, as well as available environmental and territorial databases;
- define criteria concerning the set of projects undertaken, broken down by project type;
- further reduce the dimensional thresholds as per annex IV of the second part of legislative decree 152/2006 or establish criteria and conditions to directly implement the EIA procedure for given project categories or in particular environmental and territorial situations deemed to be worthy of special protection by regional planning and programming instruments.

Water service activities of the Electricity and Gas Authority (AEEGSI)

Resolution no. 3/2015/A – Strategic framework of the Electricity, Gas and Water Authority for the period 2015-2018

The Strategic Framework 2015-2018, adopted by AEEGSI with the aforementioned resolution, is split up into two levels, a first level referring to “Strategic lines of action”, containing a global strategy of intervention with reference to the current scenario and medium-term national outlook (and European where pertinent), and a second level concerning “Strategic objectives”, briefly describing (point by point) the content of each Line. For the **water sector** the following three strategic lines are defined and developed into subsequent objectives.

1. *Stability and clarity of regulatory framework to encourage investments in infrastructures*

The transfer of regulatory and supervisory powers to AEEGSI in the sphere of water services has not been accompanied by the necessary wholesale reorganisation of legislation pertaining to the sector³, thus the first strategic line set by AEEGSI, divided into three objectives, seeks to do everything possible to overcome these problems. In particular:

- *Development of a new governance context and rationalisation of the set of business operators*

³ The regulatory framework is still marked by the excessive fragmentation of powers and public functions and by further entropies, both technical and industrial (de-integrated chain, fragmented operators), and operational in nature (different entities, private undertakings, institutions). There are also some limits in the ability to identify, choose and implement the most effective ways of modernising the sector.

This objective will be pursued by simplifying the institutional set-up in the sector, clarifying and improving powers assigned at various levels and rationalising relative planning. With regard to set-ups in the sector, the mapping and reconstruction of data on entities present in different sectors and territories will be completed so as to have an accurate picture of the number of service operators and a more coherent definition of regulations in the sector. Default situations will also be identified, and management bodies will if necessary be promoted to support (over a broad area for suitable lengths of time) non-deferrable actions to remedy such situations.

- Development of measures for the regulation and control of Plans of Action (PA) to fund water infrastructures

AEEGSI will act primarily to assess PAs, so as to ensure the achievement of objectives set by Community and national legislation and, at the same time, to ensure the diffusion, usability and quality of the service to users all over the country in a uniform manner. To this end, AEEGSI deems it necessary to define general criteria and priorities as well as performance indicators for the service in order to guide Area Authorities with the drafting of PAs. It will also be necessary to gauge the correspondence between criticalities identified in the territory and proposed technical-economic plans.

This strategic objective also defines the development of an incentive-based approach, based on the quantification of benefits that single actions can make to the system, so as to supplement tariff measures already adopted. New financial options will also be developed, in part through talks already initiated with some institutional investors, for example *hydrobonds* (bonds for the financing of investment plans in the sector), equalisation funds (national or local) and water efficiency securities.

- Adoption of further measures to encourage the convergence of water regulation

In this respect, action will be aimed at developing regulatory measures to resolve some relevant territorial imbalances and rationalise the system of regulatory options in light of criticalities detected during the start-up of investments in water infrastructures. Coordination with other infrastructural sectors will also be promoted, partly with a view to limiting possible distortions bound up with investors' decisions.

2. Promotion of management efficiency and sustainability of water consumption

The strategic line is divided into the following two objectives:

- Completion of the set of tariff rules for the recognition of efficient costs for water services and application of the "polluter pays" principle

Adequate operating efficiency parameters will be defined through the adoption of directives for accounting transparency and for the accounting and administrative separation of operators, ensuring the correct breakdown of costs and revenues by function, geographic area and user category and evaluating the costs of single services, also for the purposes of making comparisons.

- Development of mechanisms to enhance water efficiency and measure consumption

Action will be aimed at promoting water efficiency measures and implementing strategies for determining prices to encourage the efficient use of water. To this end actions will be taken to spread the use of efficient metering systems throughout the country, with adequate mechanisms to incentivise a reduction in leaks.

3. Safeguarding users and reducing arrears

The strategic line is divided into the following two objectives:

- Social tariff for the integrated water service

The creation of a social tariff is designed to guarantee low-income domestic users access to water needed to satisfy fundamental needs under special conditions. The intention is also to define the necessary changes to tariffs by consumption band and use, and to draft criteria and procedures for the recognition of subventions for users suffering economic hardship.

- Regulation of contractual quality and reduction of arrears

AEEGSI intends to introduce contractual instruments to safeguard users, such as billing frequency and methods, procedures for paying bills in instalments, procedures and time frames for managing complaints, automatic indemnities in favour of users if rules are breached, and possible penalties for operators. Measures designed to guarantee minimum levels of water supplies to users not up-to-date with payments will be reviewed, and ad hoc procedures will be identified to limit the presence of arrears and ensure effective measures to combat this phenomenon, minimising the costs falling due to regularly-paying customers.

AEEGSI's strategic framework also analyses the question of *enforcement* which, although not specifically aimed at the water service, applies to all regulated sectors. The three strategic lines identified by AEEGSI refer to i) the "Reorganisation and development of instruments providing assistance to final customers and users", with special reference to the question of out-of-court settlements of disputes, ii) "Promotion of regulatory compliance" for the use of instruments that supplement existing penalty procedures and seek to limit infringements "at source" or to identify any criticalities that they might produce, and iii) "Mitigating fuel poverty", relating to the review and simplification of the electricity and gas bonus and development of other horizontal social policy instruments.

Resolution 6/2015/R/idr – Start of procedure for definition of Water Tariff Method for second regulatory period, merging with the procedure as per resolution 374/2014/r/idr and choosing a single deadline for the conclusion of the procedure

AEEGSI deems it necessary to initiate a procedure for defining the water tariff method for the second regulatory period, merging the procedure with that initiated with resolution 374/2014/R/idr concerning the promotion of production efficiency of the Integrated Water Service and choosing as single deadline for its conclusion the date of 31 December 2015.

In defining the next method AEEGSI sets out to:

- guarantee the stability and coherence of the regulatory framework, supplementing and developing the asymmetric and innovative regulation already adopted;
- promote measures to simplify and rationalise operations, reviewing conditions that permit exceptions to tariff updates;
- ensure the efficient financial sustainability of operations, adopting regulatory instruments to achieve economic-financial balancing in different territorial contexts;
- enhance the selective approach for objectives and actions required of competent administrations;
- implement suitable measures for promoting efficiency in the production of services;
- define criteria and procedures for the development of mechanisms to raise water efficiency and measure consumption;
- raise the level of effectiveness in resorting to the lending system;
- seek gradual convergence among the various areas of the country, paying great attention to the social sustainability of tariffs paid by end users.

Resolution 7/2015/R/idr – Start of procedure for the sharing of the tariff and of collection expenses among the various operators if the integrated water service is managed separately

With this procedure AEEGSI deems it necessary to define and align criteria for the collection and sharing of the tariff among the various operators if the Integrated Water Service is managed separately, including the management of information flows among operators of the aqueduct, sewerage and/or water treatment services, with special reference to volumes billed for different services. The procedure follows on from the provisions of law decree no. 133/2014 ("Unlock Italy" decree) which, amending art. 156 of the so-called Environment Code, requires, if the Integration Water Service is managed separately, the operator of the aqueduct service to collect the tariff and share it out among the various operators according to provisions set forth by AEEGSI. Relations

among the various operators for the sharing of collection expenses will be defined in an ad hoc Agreement, to be checked by AEEGSI.

Resolution 8/2015/R/idr – Start of procedure for the definition of criteria for the tariff structure applied to water service users

AEEGSI believes it necessary to initiate a procedure to harmonise and rationalise applied tariff structure systems as well as existing subsidy and social tariff systems. With this measure AEEGSI seeks to define criteria and methods to apply the tariff structure to users of water services, completing the already started process to simplify and rationalise the payment structure and providing recommendations about efficiency in terms of preservation of the resource and of the environment, as well as uniform recommendations in the sphere of social and economic sustainability.

Resolution 122/2015/R/idr – Start of procedure for the introduction of economic and financial equalisation systems in the integrated water service

AEEGSI deems it necessary to initiate a procedure to introduce social equalisation measures among different optimal territorial areas (ATOs) present in the various Regions, and to establish conditions for their application. It will be necessary to identify specific and binding commitments and adopt measures to resolve the criticalities underlying the requests for access to equalisation instruments, in well-defined time frames and at the risk of having disbursements suspended, excluded or recovered. This is to protect users (particularly less well-off members of society) and to achieve gradual convergence among the various areas of the country having extremely different operational and service level situations.

In the short term, the introduction of general criteria and conditions for the implementation on a national scale of said equalisation system has the goal of allowing the undertaking of investments deemed to be priorities by competent authorities, and of tackling the urgent financial criticalities, with the balancing of difficult economic-financial situations, especially when faced by the risk of default. Procedures will conclude by 31 December 2015.

Decision 4/2015 – DSID - Definition of data collection procedures for the purposes of monitoring of credit lines of the Integrated Water Service and the participation of Local Authorities in the Area Regulatory Agency, and for the purposes of updating data and tariff parameters for the year 2015 and stating of the component covering environmental and resource costs

With this measure the Director AEEGSI's water systems department (DSID) is to commence the collection of data to be sent to AEEGSI by 30 April 2015 for the following ends:

1. to acquire information on the attribution of powers for the IWS and the participation of local authorities in Area Regulatory Agencies (obligations laid down by art. 7 of LD 133/14, so-called "Unlock Italy" decree);
2. to update data already supplied by competent bodies to determine tariffs for the years 2014 and 2015 based on 2013 financial statements, in particular to check the consistency of tariff parameters in relation to the average cost of electricity and the average cost of operating costs of the Regulatory Agency. AEEGSI specifies that changes to the allowed VRG determined by the updating of the item "average cost of electricity supplies" will be considered when adjusting relative figures. Regulatory Agencies will be allowed to file, within 20 days of the sending of data, a specific and grounded request for the updating of tariffs for 2015 if there are significant deviations – only for data relating to the cost of electricity, operating costs of the Regulatory Agency and other operating costs - in accordance with articles 26 and 28 of Annex A to resolution 643/2013;
3. to start data collection for the acquisition of decisions taken on the quantification of ERCs²⁰¹⁵ already included in the operator's guaranteed income, keeping the latter and the consequent tariff multiplier unchanged. To this end, Regulatory Agencies are required to provide an

accompanying note containing the reasons why some cost items have been considered as pertaining to environmental costs;

4. to collect further information on the structure and dynamics of operators' costs, also with a view to implementing measures to promote efficiency in the production of services.

Lombardy Regional Administrative Court judgments on actions brought by some Operators

As illustrated in greater detail in the 2014 Consolidated financial statements, the cited 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), Resolutions 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.

At the same time as the appeal against the judgements of the Regional Administrative Court of Lombardy (resolution 203/2014/C/Idr), the same Authority stated, in Resolution No. 204/2014/R/Idr, that the above-mentioned sentences do not have any temporary effect on the Water Tariff Method (MTI) for 2014 and 2015, the provisions of which are compulsory, with particular reference to time frames and implementation of the procedures therein, while there may be some changes to adjustments for 2012 and 2013. Therefore, in order to approve the tariff proposals for 2014 and 2015, the adjustments to the Guaranteed Income Restriction (art. 29 of Annex A to resolution 643/2013) are calculated, provisionally and while waiting for the settlement of pending disputes, on the basis of the tariff multipliers approved for 2012 and 2013, in other words, in those cases in which tariff multipliers have not been approved, within the price limits of paragraph 7.1 of Resolution No. 585/2012 and paragraph 5.1 of Resolution 88/2013.

Finally, it is noted that the State Council set a public hearing for the discussion of the appeals on 29 September 2015.

AEEGSI activities in the area of electricity and gas

Resolution no. 3/2015/A – Strategic framework of the Electricity, Gas and Water Authority for the period 2015-2018

In addition to what has already been illustrated regarding the water segment, AEEGSI defines the following strategic lines and related objectives for the **energy and gas segments**.

1. Safer, more efficient and integrated electricity markets

The basic objectives are for the Authority's action to be aimed at removing every form of discrimination among potential service providers in the dispatching services market, making the most of the contribution of all plant types. This will make it necessary to better define the dispatching services required by Terna and to organise the subject in an integrated dispatching Consolidated Law in keeping with European dispatching plans and the evolution towards real-time energy markets. With regard to the integration of the Italian market with other markets, AEEGSI believes it is important for Italy to carry on taking part in European pilot projects in order to reach a Europe-wide agreement on the definition of the draft balancing market.

2. Greater competition in retail markets, in part thanks to more knowing and active demand

With regard to the sales market AEEGSI sets out to perform actions allowing a gradual evolution of the market towards full and effective competition (i.e. full operation of the Integrated Information System, rules on *debranding* and arrears) in part through a reform of existing price restrictions, which will have to be set by customer type, considering the level of maturity of each segment.

With this strategic line the Authority will:

- deal with the question of adjustment invoices, encouraging billing based on actual consumption or self-readings;
- carry on developing the Integrated Information System, with special reference to the management of contract transfers and processes regarding the aggregation of measures for the electricity sector;
- develop actions to ensure that the vendor can have a more effective management and protection of credit, with clear rules for all operators involved in procedures. This will give final customers greater protection against improper vendor actions;
- develop actions regarding the definition of the network code, including aspects relating to billing and guarantees (amounts and allowed forms).

DCO 5/2015/R/eel - Criteria for regulating tariffs and the quality of electricity transmission, distribution and metering services in the fifth regulatory period.

The document illustrates the actions that AEEGSI intends to develop as part of the procedure for the drafting of measures for the fifth regulatory period, due to begin on 1 January 2016.

Things to be considered for the **regulation of tariffs**:

- length of regulatory period: proposed change from four to six years (with infra-period updates);
- logic behind the recognition of costs: AEEGSI intends to consider the possibility of introducing cost recognition logic based on global spending (operating costs + investments);
- productivity recovery objectives: AEEGSI intends to evaluate, through specific productivity analyses, the margins for setting further productivity recoveries in relation to those already obtained by undertakings in the fourth regulatory period.

With regard to the **regulation of quality**, the document considers:

- service continuity: for the duration of cut-outs, AEEGSI intends to confirm existing objective levels and introduce a penalty-only mechanism if objectives are not achieved. Long-term objectives are expected to be put back to 2021 due to their number. AEEGSI has also announced a survey on *force majeure* cut-outs and prior-notice cut-outs;
- voltage quality: AEEGSI intends to carry on focusing on voltage dips for the MV network, with individual and specific regulation, and on slow voltage variations with regard to LV networks with the introduction of obligations to gradually reduce percentages;
- commercial quality: further forms of corporate accountability will be evaluated in respect of connection times;
- quality of metering service: the Authority intends to borrow from the gas segment the idea of a comparative publication of distributors' performance.

The deadline for the presentation of observations and proposals from stakeholders is 15 February 2015.

DCO 34/2015/R/eel – Reform of network tariffs and tariff components to cover system overheads for domestic electricity customers.

The document is part of the procedure commenced for the drafting of measures for the fifth regulatory period on the subject of tariffs for the supply of electricity transmission, distribution and metering services (so-called network tariffs) for domestic LV users, and for the review of the structure of tariff components designed to cover system overheads.

The general aims of the reform relate to the alignment of network tariffs with costs actually incurred by undertakings performing the services, the rational use of resources and promotion of energy-saving initiatives and development of renewable sources.

In the text, the Authority presents four options, chosen to implement the reform, and offers an initial analysis of the impact that each option would have on stakeholders, so that they can have all the elements needed for detailed evaluations and/or putting forward alternative proposals.

The provisions put forward require the relevant Ministry to check and propose new parameters for the awarding of the social bonus, through the identification of mechanisms that can act as a partial buffer to the likely rise in energy costs for customers suffering economic hardship.

The deadline for the presentation of observations and proposals from stakeholders is 16 March 2015.

DCO 48/2015/R/eel - Criteria for the quality of electricity transmission, distribution and metering services in the fifth regulatory period.

The document examines possible technical actions to regulate the quality of services, starting with a quantitative analysis of results obtained up to the present time and proposing some changes to the regulation for the next period. The considerations made are chiefly aimed at:

- confirming, for the fifth period, the current regulation on the duration of cut-outs in relation to long-term objective levels fixed for 2015;
- putting back to 2021 long-term objectives for the number of cut-outs, as well as the possibility of introducing special incentives for areas having the most cut-outs (as has been done for duration, in the current period);
- weighing up the introduction of new forms of regulation, including incentives, aimed at reducing force majeure cut-outs and prior notice cut-outs;
- introducing innovative regulatory elements on the subject of voltage quality, with special reference to voltage dips and temporary cut-outs in the MV network, and to slow voltage variations in the LV network;
- updating the commercial quality regulation (e.g. including new rapid quote services and reducing time limits for the performance of some services);
- introducing, on the subject of metering service quality, publications comparing the performance of operators, and at a later time introducing penalties for less virtuous operators.

After the publication of the next DCO (due in the second quarter of 2015), a qualitative-quantitative opinion poll will be conducted on LV and MV customers (domestic and otherwise) to gauge the level of knowledge and perception of aspects pertaining to service quality regulation and to highlight the possible introduction of improvements.

The deadline for the presentation of observations and proposals from stakeholders is 24 March 2015.

DCO 77/2015/R/eel – Reform of functional separation obligations for the electricity and natural gas sectors

The document illustrates final considerations on the subject of the reform of functional separation obligations for operators in the electricity and gas sectors.

The main considerations illustrated in the document relate to:

- [the definition of a vertically integrated undertaking](#). The Authority is inclined to adapt the definition of integrated vertically undertaking and controlling undertaking in the electricity and gas sector to the definition contained in directives 2009/72/EC and 2009/73/EC and in Leg. Dec. 93/11, including therein cases in which control is also exerted by individuals or by public bodies, including non-economic organisations;
- [the creation of a single information system for the collection of compulsory notifications](#). The document suggests the possibility of creating a single information system for the collection of notifications from undertakings obliged to follow the certification procedure and from undertakings subject to new functional separation obligations, replacing existing channels. The new information-gathering system will seek to be simpler and easier to use for end users, and to guarantee adequate levels of information security and confidentiality;
- [greater obligations for functionally separate companies](#) (appointment of an Infrastructure Manager whose independence requirements are extended to the whole Group and no longer

just to the vertically integrated undertaking) and the introduction of new obligations (appointment of a compliance officer responsible for ensuring that the Programme of obligations is implemented);

- [separation of communication policy and branding](#). The provisions of DCO 346/2014/R/com are confirmed, namely the obligation of separating branding from communication policies (including the company name) of distribution enterprises in respect of sales enterprises and, in the electricity sector, separating sales in the free market and the enhanced protection service. The document suggests a period of eighteen months for undertakings to complete the process of separating branding (so that the new regulation would apply from 1 January 2017). On the subject of branding separation, the Authority has confirmed its inclination to allow undertakings to decide which segment – distribution or sales – is to modify branding and communication policies, with a view to respecting business decisions and ensuring as little economic impact as possible in relation to the commercial values of brands. Finally, on the subject of separating communication policies, the document requires the independent manager to ensure that commercial activities relating to distribution activity, in particular interfacing with final customers, are performed through the use of information channels, physical spaces and personnel other than those used for electricity or natural gas sales activity. The same idea of separation applies to undertakings performing sales activity with customers in the electricity free market in respect of those in the enhanced protection segment;
- [processing of commercially sensitive information](#). It is proposed that for all distributors, regardless of size, the obligation of having a physical separation of databases be replaced by the obligation of logical separation, providing the single database is exclusively available to the operator, which would remain responsible for its management and maintenance.

The deadline for operators to submit observations on the above is 13 April 2015, with the Authority intending to publish the final provision by the autumn of 2015.

Resolution 127/2015/R/eel – Re-calculating tariffs of reference for the electricity distribution service, for the years 2012, 2013 e 2014, for the company ACEA Distribuzione S.p.A.

The document re-calculates tariffs of reference for ACEA Distribuzione for the years 2012, 2013 and 2014, in order to correct a material error in the algorithm used by AEEGSI. This variation has led to an increase in revenue for the distribution service for the above years.

Resolution 136/2015/R/eel – Urgent provisions on the subject of *switching* for final customers owning pick-up points for the operation of the integrated water service affected by the termination of the electricity transmission contract as from 1 April 2015

With resolution 602/2014/R/eel, AEEGSI adopted special rules on the subject of *switching*, with specific exceptions to the current regulation in this sphere, in order to limit the cases of temporary activation of the safeguarded service solely for those final customers that are operators of the Integrated Water Service⁴. According to the time schedules for *switching* set forth in resolution ARG/elt 42/08⁵, the safeguarded service can be activated even in situations in which the final customer (owning pick-up points) has already chosen a new vendor; in particular, this happens upon a communication from the outgoing dispatching user, in the event of termination of the sales contract due to default, when there has not been the time for the new vendor to file the relative

⁴ With resolution 602/14 AEEGSI introduced:

- specific time frames for switching when requested by a new vendor, when non-execution entails the temporary activation of the safeguarded service;
- ad hoc information obligations on the part of the incoming vendor, necessary for the purposes of identifying pick-up points held by an operator of the Integrated Water Service;
- specific time frames for communicating the termination of the contract due to default of the final customer.

⁵ Resolution ARG/elt 42/08 "Regulation of dispatching service and transmission service (electricity transmission, distribution and metering) when a dispatching user is replaced by another at the same active withdrawal point or a dispatching user is assigned to a new or previously deactivated pick-up point (switching)"

switching request within the established time limit. In such cases, the distributor is required to activate the safeguarded service for a single month (switching will come into effect from the following month). Some operators of the Integrated Water Service have informed AEEGSI of the occurrence of single-month activations which, although temporary, have a significant impact on tariffs applied to final users due to the weight of the energy cost on the operator's operating costs and to the recognition methods for the tariff⁶. The payments applied to each pick-up point served by the safeguarded service are on average higher than conditions offered in the free market, in line with the ends of the safeguarded service, being temporary in nature. These payments are such as to cause customers using the safeguarded service to seek a new vendor in the free market. After the issue of resolution 602/14 AEEGSI received some reports from final customers operating the Integrated Water Service that despite the special rules on *switching*, as from 1 April 2015 they were still subject to the safeguarded service. Enel Distribuzione did not communicate (or did so beyond the date established for the *switching* request) that it had terminated a transmission contract with one of its (defaulting) users, which lost its right to effect withdrawals from its pick-up points as from 1 April 2015. Final customers, operators of the Integrated Water Service, therefore found it materially impossible to obtain the physical execution of the supply contract with a new vendor in the free market from 1 April 2015. AEEGSI therefore deemed it necessary to adopt specific measures serving as an exception to the *switching* regulation as per resolutions ARG/elt 42/08 and 602/2014/R/eel, which allow customers – operators of the Integrated Water Service – affected by the termination of the transmission contract as per above, to obtain the rapid execution of a new supply contract in the free market and, where this was not possible, to minimise the length of the safeguarded service. The resolution establishes that, in exceptional circumstances, *switching* can be requested in very short times and, if the safeguarded service is activated, extraordinary procedures for the supply of the safeguarded service as well as obligations for the distributor regarding the reading and providing of metering data and information, to be provided by operators of the Integrated Water Service and distributors for the settlement of economic items of the dispatching service.

Resolution 146/2015/R/eel – Calculating tariffs of reference for the electricity distribution service for 2015

AEEGSI has published the tariffs of reference for the electricity distribution service for 2015. Both the parameters used to quantify the revenue allocated to each distributor for the electricity distribution service (specific corporate tariffs) and the parameters for covering marketing costs, for the electricity distribution service (national single tariff) have been revised.

For ACEA Distribuzione the tariff of reference for 2015 for the electricity distribution service is basically in line with that for 2014, while the national tariff of reference for the marketing of the electricity distribution service for 2015 has risen vis-à-vis the same tariff fixed for 2014.

⁶ The MTI adopted with resolution 643/2013 provides for recognition in the tariff of costs for the supply of electricity incurred in the two years prior to the tariff being determined, up to the maximum value of the sector average plus 10% and the relative rate of inflation of each year. In the same decision AEEGSI regulated methods for recovering the difference between the above value and that actually incurred by each operator and, in order to discourage the supply of electricity under the safeguarded system, excluded from the calculation of the actual average cost for the sector the annual costs of operators that have purchased electricity for more than 4 months in that market.

Trends of operating segments

Economic results by segment

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the periods being compared and in compliance with IFRS 8 accounting standards. It should be noted that the results shown under "Other" include those deriving from ACEA corporate activities as well as intra-segment adjustments.

31 March 2015	Environment	Energy					Water				
€/m		Generation	Sale	Energy Management	Intra-segment adjustments	Total Area	Domestic Water Services	Overseas	Engineering	Intra-segment adjustments	Total Area
Revenues	31	18	532	0	(11)	539	154	6	6	(5)	161
Costs	18	7	511	0	(11)	507	84	3	4	(5)	86
Gross operating profit	13	11	21	0	0	32	70	3	2	0	74
Depreciation and amortisation	7	5	15	0	0	20	21	0	0	0	21
Operating profit/(loss)	6	6	6	0	0	12	49	3	1	0	54
Capex	1	2	3	0	0	5	32	0	0	0	32

31 March 2015	Networks						Other		Consolidated total
€/m	Distribution	Public Lighting	PV power	Intra-segment adjustments	Total Area	Corporate	Consolidation adjustments		
Revenues	113	17	1	(1)	130	27	(119)	767	
Costs	55	15	0	(1)	70	28	(119)	590	
Gross operating profit	58	2	1	0	60	(1)	0	177	
Depreciation and amortisation	21	0	0	0	21	5	0	73	
Operating profit/(loss)	37	2	1	0	39	(6)	0	104	
Capex	30	0	0	0	30	4	0	72	

31 March 2014	Environment	Energy					Water				
€/m		Generation	Sale	Energy Management	Intra-segment adjustments	Total Area	Domestic Water Services	Overseas	Engineering	Intra-segment adjustments	Total Area
Revenues	32	20	535	0	(11)	544	152	2	7	(7)	154
Costs	18	8	522	0	(11)	519	87	2	5	(7)	87
Gross operating profit	14	12	13	0	0	25	65	0	2	0	68
Depreciation and amortisation	7	4	11	0	0	16	19	0	0	0	19
Operating profit/(loss)	8	7	2	0	0	9	46	0	2	0	49
Capex	2	3	1	0	0	4	32	0	0	0	32

31 March 2014	Networks						Other		Consolidated total
€/m	Distribution	Public Lighting	PV power	Intra-segment adjustments	Total Area	Corporate	Consolidation adjustments		
Revenues	128	17	1	(1)	146	27	(117)	786	
Costs	69	15	1	(1)	83	30	(117)	620	
Gross operating profit	60	2	1	0	62	(3)	0	166	
Depreciation and amortisation	20	0	0	0	21	4	0	66	
Operating profit/(loss)	46	1	1	0	42	(7)	0	100	
Capex	26	0	0	0	26	2	0	66	

Environment Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	31/03/2015	31/03/2014	2015-2014	%
WTE conferment	kTon	84.9	84.8	0.1	0.1%
RDF production plant conferment	kTon	0.0	0.0	0.0	0.0%
Electricity transferred	GWh	63.5	63.0	0.5	0.8%
Waste going into Orvieto plants	kTon	22.0	22.9	(0.9)	(3.9%)
Waste Recovered/Disposed of	kTon	79.2	91.3	(12.2)	(13.3%)

Equity and financial results (€/m)	31/03/2015	31/03/2014	2014-2013	%
Revenues	30.7	32.1	(1.4)	(4.5%)
Costs	17.9	18.0	(0.0)	(0.1%)
Gross operating profit	12.8	14.2	(1.4)	(10.0%)
Operating profit/(loss)	5.7	7.6	(1.8)	(24.2%)
Average number of staff	221	214	7	2.9%
Capex	0.9	2.0	(1.1)	(57.5%)

Financial results (€/m)	31/03/2015	31/12/2014	Increase/ (Decrease)	%	31/03/2014	Increase/ (Decrease)	%
Net debt	185.7	179.6	(6.0)	(3.3%)	183.0	2.7	1.5%

The segment ended first quarter 2015 with an EBITDA of 12.8 million euros, showing a year-over-year drop of 1.4 million euros, mainly due to poorer results reported by (i) ARIA (-0.5 million euros) following a drop in the selling prices of energy produced and (ii) Kyklos (-1.0 million euros) as a result of the plant being seized following a fatality occurred in July 2014.

The average number of staff at 31 March 2015 stood at 221, up by 7 employees year over year. The increase was chiefly attributable to ARIA (+3) and Aquaser (+3).

The segment capital expenditures came in at 0.9 million euros, showing a year-over-year drop due to the revamping operations of ARIA plants being completed in 2014.

Net debt of the segment amounted to 185.7 million euros, rising by 6.0 million euros compared to 2014 year end (179.6 million euros). The change was mainly attributable to the Aquaser (-8.9 million euros) due to a rise in receivables from Group water companies. On the other hand, ARIA's net debt improved, standing at 4.7 million euros.

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.

During the period under review, the plant operated as scheduled, performing as expected with regard to both waste input and electricity produced and fed into the grid. Compared to first quarter 2014, the plant showed a 2.6% increase in electricity produced, standing at 20.3 GWh versus 19.8 GWh in 2014.

With regard to the authorisation status of the WTE plant located in Terni, it should be stressed that in the light of the new regulations introduced by Legislative Decree No. 46/14 governing renewals and reviews of environmental integrated authorisations for existing plants and further considering the subsequent clarification provided on the matter by the Ministry for Environment, the Provincial Authorities of Terni issued an adjustment measure in respect of such authorisation documents whereby the relevant expiry dates were extended. As to the plant located in Terni, the above measure resulted in the current AIA (integrated environmental authorisation) certificate being extended until December 2024.

Paliano RDF production plant (UL2)

In the period under review, the planning of improvement works was completed, outlining the different stages in which works will be carried out to restore RDF/SSF production plants and the buildings affected, to different degrees, by the fire occurred in June 2013.

The above works started in early April and will carry on throughout 2015 and for most of 2016.

In April, ARIA cashed in 0.7 million euros from the insurance company by way of second downpayment of the compensation 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 been fully operating for some years with regard to both waste input and intended for energy recovery as well as electricity produced and sold. Thanks to engineering expertise and in-depth knowledge of the processes adopted, the results achieved in first quarter 2015 allowed the regular operations of the two lines currently working to be combined with operating cost-effectiveness, environmental and electricity production conditions being equal. Compared to first quarter 2014, electricity generated by the plant increased by 1.2%, reaching 52.6 GWh versus 52.0 GWh in 2014. Conversely, the amounts of RDF delivered showed a 5% drop, standing at 57,419 tonnes as at 31 March 2015.

Again, during the first quarter the Company completed the planning for revamping operations to be performed on Line 1, approving variation operations and the executive design.

SAO

The company owns a plant complex located in the Municipality of Orvieto for the treatment, recovery and disposal of urban and special waste. More specifically, the site also hosts a currently operational landfill for non-hazardous waste and a plant for the biological and mechanical treatment of unsorted waste and the extraction of "wet" waste arising from waste sorting.

With respect to this plant, works for improvement started in 2014 continued during the first quarter consistent with the approved time schedule.

On 23 March and 2 April 2015, the second and third Service Conferences were held respectively at the premises of Terni provincial authorities to discuss the request for material changes to the Integrated Environmental Authorisation of Orvieto plants pertaining to the project for the "Morphological adaptation of the site and optimization of volumes and summit capping" of the operating landfill (2nd gully) submitted by SAO in August 2014. During the above sessions, audits continued to be performed on the processes and methods for reviewing the documents submitted.

AQUASER Group

Aquaser

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

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. The sludge is recovered through delivery to composting plants, mostly third party, and by spreading sludge on farmland according to largely third party authorisation. 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 under a Single Authorisation for special non-hazardous waste treatment and recycling plants granted by the Provincial Authorities of Latina, having a maximum capacity of 66,000 tonnes/year.

Following an accident occurred on 28 July 2014 resulting in the death of two workers employed with the contractors responsible for collecting and transporting leachate, the plant was seized by the Judicial Authorities.

From a criminal perspective, preliminary investigations are still underway, while from an administrative viewpoint on 25 March 2015 the Provincial Authorities of Latina issued Resolution No. 16146 superseding the injunction order with provisions dated 24 November 2014: the company is awaiting a decision from the Judicial Authorities to start works on the wastewater line and for the removal of solid waste within the plant.

As the plant is under seizure, it is impossible for Kyklos to produce revenues, while the Company is called upon to cover the costs of commitments undertaken. The ongoing seizure resulted in a greater liquidity need the company appealed to its shareholders to meet such a need. 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. All actions will naturally be carried out to ensure the resumption of business operations during the course of 2015.

ISA

ISA engages logistics and transportation and is deemed to be of strategic importance in achieving market consolidation objectives. Indeed, the Company was bought to strengthen its organisation and provide 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. In particular, the sludge dewatering and liquid waste transportation business was developed with a view to improving the service offered, while 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 currently has its own fleet for haulage activities.

SOLEMME and SAMACE

The two Companies engage in waste recycling by composting organic waste, in particular sludge from civil waste water treatment, and producing fertilising mixed compost.

As known, as part of the broader project to reorganise the structure of the ACEA Group designed, among other things, to streamline the organisational and operational structure and settle the relevant credit positions, as of 2014 year-end the two companies are wholly owned by ACEA, who purchased equity interests held by Aquaser.

The operations conducted in first quarter 2015 by both companies were not marked by significant events. The actual filing of the SAMACE-Solemme merger project is worth mentioning, with the relevant accounting and tax-related effects starting as of 1 January 2015, subject however to expiry of the time limits laid down by law.

Energy Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	31/03/2015	31/03/2014	2015-2014	% Change
Energy produced	GWh	153	158	(5)	(3.4%)
Electricity sold – Free market	GWh	1,680	1,992	(312)	(15.7%)
Electricity sold – Enhanced protection market	GWh	821	854	(33)	(3.8%)
Electricity # Free market customers (P.O.D.)	N/000	339	275	64	23.3%
Electricity # Enhanced protection market customers (P.O.D.)	N/000	1,014	1,052	(38)	(3.6%)
Gas sold	Msm ³	62	53	9	17.0%
Gas # Free market customers	N/000	156	118	38	33.0%

Equity and financial results (€/m)	31/03/2015	31/03/2014	2015-2014	Change %
Revenues	538.8	543.1	(4.3)	(0.8%)
Costs	507.2	518.7	(11.4)	(2.2%)
Gross operating profit	31.6	24.6	7.1	28.9%
Operating profit/(loss)	11.7	9.0	2.7	29.4%
Average number of staff	531	534	(3)	0.5%
Capex	5.4	3.5	1.9	55.4%

Financial results (€/m)	31/03/2015	31/12/2014	Increase/ (Decrease)	%	31/03/2014	Increase/ (Decrease)	%
Net debt	397.8	356.1	(41.7)	(11.7%)	348	(49.8)	(14.3)

This segment ended first quarter 2015 with EBITDA standing at 31.6 million euros, showing a year-over-year uptrend (+7.1 million euros).

The rise was determined by the sales segment, which ended the first three months of 2015 with EBITDA standing at euros 20.8 million euros, as opposed to 13.1 million euros in first quarter 2014.

This trend resulted from a higher energy margin on the free market (+7.1 million euros, of which 5.2 million euros and 1.9 million euros accounting for energy and gas margin, respectively) and a higher margin on the enhanced protection market (+2.8 million euros) driven, among other things, by a year-over-year increase in the price applied to enhanced protection market customers following the updates issued by the AEEGSI by Resolution 136/2014/R/eel, whereby the retail marketing price was increased as of 1 April 2014, and Resolution 670/2014/R/eel, which towards the end of 2014 set the unpaid ratio to 24 months nation-wide. These uptrends were only partly offset by greater costs (+3.9 million euros) chiefly pertaining to agent and debt collection costs incurred by Acea Energia.

On the downside, the Production segment ended first quarter 2015 with an EBITDA standing at 10.7 million euros, compared to 11.5 million euros posted in the same period of fiscal year 2014.

This drop was almost entirely due to a decrease in the energy margin (-1.6 million euros) resulting from price patterns and a slight decrease in the amounts produced by the hydroelectric business and district heating operations, whose revenues were lower compared to first quarter 2014 due to mild weather conditions during the winter season. The above changes were partly offset by a decrease in service costs (-0.6 million euros).

With regard to workforce, the average number of staff at 31 March 2015 stood at 531, 3 employees less compared to the same period of the previous year.

Segment Capex stood at 5.4 million euros and mainly pertained to the new applications implemented on Acea Energia (+2.1 million euros).

Net debt for the period came in at 397.8 million euros, showing a 41.6 million euros increase over 2014 year-end, all of which was attributable to Acea Energia (40.6 million euros) following a growth in net working capital.

Operating review

Energy Management

Acea Energia engages in "Energy Management" activities, as these are necessary for Group operations, with special reference to sales and production operations.

The Company also liaises with the Energy Market Operator and with TERNA. In relation to the institutional entity TERNA, the Company acts as 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:

- Optimization 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 power generating plants;
- Procurement of natural gas and electricity for the companies 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 portfolio for the procurement of electricity and management of the risk profile for companies engaging in the Energy Business Area .

During the first quarter of 2015, Acea Energia purchased a total 2,649 GWh of electricity from the market, of which 1,866 GWh through bilateral agreements and 763 GWh through the Energy Exchange, essentially for resale to free market end users and partly for the optimization of energy flows and purchase portfolio.

Electricity production

The **Acea Produzione** production system comprises a set 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 in 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 in the Torrino Sud, Mostacciano and Torrino-Mezzocammino districts of Rome). Through its directly owned plants, in first quarter 2015 the Company achieved a production volume of 152.6 GWh of which **(i)** 144.7 GWh from hydroelectric plants, **(ii)** 0.5 GWh from mini hydro plants and **(iii)** 7.4 GWh from thermoelectric production.

In the district heating segment, through the Tor di Valle plant's cogeneration unit, Acea Produzione reached 2,694 end users located in the Torrino Sud and Mostacciano districts (located in the southern part of Rome) with 35.6 GWh of power.

The hydroelectric segment reached a production of 145.2 GWh, benefiting from a contribution higher than the expected ten-year historical average (+19.9%) from Castel Madama, Mandela and Orte run-of-river plants (+10.6%) as a result of greater water supplies for the Tiber basin stations (Aniene and Nera rivers).

The production of S. Angelo reservoir-station increased compared to expected ten-year averages (+42.6%), yielding 70.6 GWh. Average supplies in first quarter 2015 from Aventino (12.6 cu m/s) and Sangro (32.1 cu m/s) rivers increased by 100% and 70%, respectively, compared to the

previous 2012-2014 three-year term. The winter season was particularly rainy and marked by considerable snowfall, ensuring production at an average power output of 32.7 MW and allowing Casoli and Bomba lakes to end the quarter at 253.05 and 255.12 metres ASL, respectively.

The Company's thermoelectric production stood at 7,4 GWh as at 31 March 2015.

The above figure bears out the production downtrend for the combined cycle of the Tor di Valle plant, where planning and engineering operations to modernise the plant began. It should be pointed out that in March Città Metropolitana di Roma Capitale issued the Environmental Integrated Authorisation (AIA) for the purpose of operating the future thermoelectric plant.

2015 is the eighth year of operation of the Montemartini plant as a generating unit essential to the safety of the National Electricity System, pursuant to AEEGSI Resolution No. 111/06, as part of the National Electricity System Safety Plan – Emergency Plan for the City of Rome.

Electricity and gas sales

As for the sales market, the refocusing of Acea Energia's sales strategy continued in the period with a more in-depth and careful selection of customers aimed at favouring contracts with small-sized customers (residential customers and microbusinesses).

With regard to joint ventures, endeavours continued in the period under review for the management of the interest held in **Umbria Energy**, operating in Umbria, and liquidation of **Voghera Energia Vendite**, a joint venture between ASM Voghera and Acea Energia.

With regard to **Elga Sud**, at the end of April Acea Energia purchased the interest held by Puglienergy (51%) and, as a result, the Joint Venture Agreement executed on 1 November 2006 was mutually terminated, together with the rights and obligations thereunder.

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

During the first quarter of 2015, the sale of electricity in the enhanced protection market totalled 821 GWh, 3.9% down on the previous year. The number of withdrawal points totalled 1,014,006 (1,052,269 as at 31 March 2014): this reduction derives from fierce competition in the Rome market from its main competitors, which the company responds to through the constant marketing of its services to maintain its customer portfolio.

Sale of electricity on the Free Market amounted to 1,583 GWh for Acea Energia and 97 GWh for the retail Joint Venture, totalling 1,680 GWh, down 15.7% compared to 31 March 2014. This drop was essentially due to customer base diversification.

In addition, Acea Energia sold 62 million standard cubic metres of gas to retail customers and wholesalers involving 155,367 delivery points, including those pertaining to JVs, i.e. 24,794 (117,572 as at 31 March 2014).

The prices applied for the enhanced protection service during the period under review proved higher compared to first quarter 2014 chiefly due to a revision of the amount of the fee covering marketing costs (RCV) as under Resolutions 637/2013, 136/2014 and 670/2014 issued by the AEEGSI.

Below are the highlights for the period.

- On 25 February 2015, Acea Energia was notified of the start of preliminary investigations (Ref. No. PS/9815) by the competition Authority (AGCM, Autorità Garante della Concorrenza e del Mercato) as under Article 27, paragraph 3, of Legislative Decree No. 206 of 2005 (Consumer Code) as well as Article 6 of the Regulations adopted by the Authority by Resolution dated 5 June 2014 governing preliminary investigating procedures on misleading and comparative advertising, unfair trade practices, violation of consumers' rights in agreements and unfair contract terms. Alleged unfair practices Acea Energia is charged with include unsolicited

electricity and/or gas service activations, misleading or incomplete information provided through agents and/or call centre operators and undue influence to sign contracts, preventing customers from exercising their right of withdrawal. On 16 April 2015, Acea Energia arranged for its counsels to submit a letter to the AGCM containing some observations on the subject of the Proceedings and on the reports that gave rise to such Proceedings, while responding to the Request for Information as appropriate. The Proceedings being referred to will be completed within 150 days as from 25 February 2015, in pursuance to Article 7 of the Regulations.

- On 27 February 2015, Acea Energia filed an appeal with the Lombardy Regional Administrative Court against the AEEGSI to seek waiver of Resolution 670/2014/R/eel in respect of Article 2 and related preambles as well as any other previous and subsequent measure, whether related or subordinate, including Resolution 349/2007 as well as the relevant technical report only with regard to the sections where it defines the remuneration of marketing costs for enhanced protection operators without requiring any compensation mechanisms related to the number of users served by such operators. The reasons that led Acea Energia to file the aforesaid appeal lie in the fact that price element designed to remunerate the service marketing costs was totally inappropriate to ensure the actual coverage thereof, as reported to the AEEGSI during 2014 by several enhanced protection market operators (including Acea Energia) and by Federutility. Notwithstanding the foregoing, pursuant to the aforesaid resolution - against which Acea Energia appealed - the Authority postponed a further revision of the price regulation to a subsequent resolution, thereby exposing enhanced protection market operators to immediate financial losses relating to this business segment.
- By Resolution 111/2015/S/eel dated 19 March 2015, the AEEGSI, based *inter alia* on the answers provided during 2014 by Acea Energia to the specific request for information regarding automatic compensation granted to low voltage enhanced protection end users, started proceedings against the Company to ascertain violation of provisions under Articles 14, 18, 19 and 20 of the TIQV (Uniform Code Governing the Quality of Sales Services) (Resolution 164/08 ARG/com) and inflict sanctions and adopt prescriptive measures as appropriate under Article 2, paragraph 20(c) and (d) of Law 481/95.
Preliminary investigations are expected to be completed within 180 days following notification of the decision. Upon such phase reaching completion, the AEEGSI is required to adopt a final decision within 90 days.
Acea Energia is completing the payment of indemnities due to customers and activities are expected to be completed within 30 days of the proceedings being notified, by which time commitments ensuring a more effective pursuit of the interests that are deemed as violated may be submitted. Moreover, on 22 April 2015 Acea Energia submitted a proposal to the AEEGSI regarding the commitments undertaken under Article 45 of Legislative Decree 93/2011 and Resolution 243/2012/E/com issued by the AEEGSI.

Cogeneration

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

Ecogena proceeded with the construction of a new trigeneration plant for the EUR "Europarco" complex located in the EUR area of Rome. The commercial launch of the plants and service is expected to take place in the first half of 2015, subject to the outcome of the tests conducted on the plants. In July of the previous year, energy services were first provided for the new "Cinecittà World" theme park in Castel Romano. The service will be provided at a reduced rate until the middle of 2015, when the plant is expected to become fully operational. The energy supply service has been contracted for a period of 15 years. At the same time, with a view to creating synergies Ecogena is making all necessary arrangements to ensure that operation, management and



maintenance for the plants located in Cinecittà World are performed by an Acea Produzione dedicated team as early as the second half of 2015. Building work continued in the areas dedicated to the construction of the new "Laurentino" shopping centre, in the Laurentina/Tor Pagnotta district of Rome. In view of the delays to building work, the energy service will not be operational before June 2017. A marketing campaign is continuing with Acea Energia customers, chiefly from the business segment, to promote the Company's energy-saving services in a synergic fashion. Finally, it is noted that subsidiary company EurPower was wound up in November 2014.

Water Operating Segment

Operating figures, equity and financial results for the period

Operating figures*	U.M.	31/03/2015	31/03/2014	2015-2014	%
Water Volumes	MCM	134.9	138.1	(3.2)	(2.3%)
Electricity consumed	GWh	138.9	132.1	6.8	5.1%
Sludge disposed of	kTon	49.9	53.3	(3.4)	(6.4%)

* Include pro-quota data of water companies operating in Tuscany, Umbria and Campania

Equity and financial results (€/m)	31/03/2015	31/03/2014	2015-2014	%
Revenues	155.1	148.8	6.3	4.2%
Costs	86.4	86.9	(0.5)	(0.6%)
Income/(Charges) from investments of a non financial nature	5.7	5.7	0.0	0.7%
Gross operating profit	74.4	67.8	6.6	9.8%
Operating profit/(loss)	53.5	48.6	4.9	10.2%
Average number of staff	2.396	2.416	(20)	(0.8%)
Capex	32.4	32.5	(0.1)	(0.3%)

Financial results (€/m)	31/03/2015	31/12/2014	Increase/(Decrease)	%	31/03/2014	Increase/(Decrease)	%
Net debt	495.1	488.1	(6.9)	(1.4%)	626.0	130.9	20.9%

The segment's EBITDA as at 31 March 2015 stood at 74.4 million euros, showing a 6.6 million euros increase year-over-year.

The rise was due to a growth in revenues from the integrated water service (3.1 million euros) and 2.5 million euros proceeds granted to Aguazul Bogotá following the award issued as part of the agreement entered into between the latter and its client Acueducto. The above agreement expired at the end of December 2012. Operating costs and labour costs were virtually unchanged compared to first quarter 2014.

It should be noted that ACEA Ato2's revenues pertaining to first quarter 2014 included 2.5 million euros, with 1.5 million euros accounting for adjustment of local costs pertaining to 2012 and 1 million euros accounting for interest payable on previous adjustments pertaining to 2006-2011. The first item results from a different interpretation gained from regulatory developments, while the second item is based on the price-related resolutions issued by the Mayors' Conference held on 17 April 2012, superseded by the decisions reached by the Area Authority following the issue of AEEGSI Resolution No. 643/2013.

The average number of staff at 31 March 2015 decreased year-over-year (2,396 employees versus 2,416 employees as at 31 March 2014) as a result of the early retirement and redundancy policy adopted by water companies in the Lazio area.

Net debt in the segment at the end of first quarter 2015 stood at 495.1 million euros, up by 6.9 million euros compared to the previous year (488.1 million euros).

The increase was mainly attributable to ACEA Ato2 (+17.0 million euros) and was affected by working capital patterns.

Capex came in at 32.4 million euros and was virtually in line with first quarter 2014 (32.5 million euros).

Operating review

Lazio - Campania area

ACEA Ato2

The Integrated Water Service in ATO 2 Central Lazio - Rome started on 1 January 2003. The services were taken over from the ATO Municipalities on a gradual basis, with 75 of the 112 services in the entire ATO currently being run, showing no change compared to 31 December 2014. It should be noted that at the end of 2014 the 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 were supplied previously by Società Acque Potabili under an enhanced protection scheme). For the Municipalities of Capranica Prenestina and Olevano Romano, for which the company was already supplying sewerage and water treatment services, the transfer to ACEA Ato2 of the complete water service finalised the acquisition of the Integrated Water Service (I.I.S.), while for the remaining four Municipalities only the water service was acquired pending the complete transfer of the IIS, which can only happen after the upgrading of sewerage networks and wastewater treatment systems.

Operations started for the acquisition of the integrated water service in the Municipality of Colferro.

The Company provides the full range of **drinking water distribution** services (collection, abstraction, retail and wholesale distribution). Water is abstracted from sources on the basis of long-term concessions.

Water sources supply approximately 3,600,000 residents in Rome and Fiumicino, as well as more than 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 6,084 km (including approximately 4,088 km of network serving the municipality of Rome) and more than 300 km of trunk lines, without counting the 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 quarter of 2015, the main **wastewater treatment plants** dealt with an average water volume of 138 MCM. Sludge, sand and grating production for all managed plants in the period under review exceeded 44,000 tonnes, showing a year-over-year 2% increase attributable to extraordinary cleaning operations carried out in Roma Est and Roma Sud plants.

The Company managed a total of 541 sewerage lifting plants, including 173 in the Municipality of Rome, and a total of 174 wastewater treatment plants, including 33 in the Municipality of Rome.

With reference to the issue concerning the seizure of wastewater treatment plants, in March 2015 the relevant Judicial Authority, upon specific request of the Company, ordered that the Roma Est treatment plant be released from seizure and returned to the Company, such plant being previously subject to preventive seizure by the Ordinary Court of Rome on 5 February 2014 for alleged violation of Articles 81, second paragraph, 110 of the penal code, Article 256, paragraphs 1 and 2, of Legislative Decree No. 152/2006.

ACEA Ato2, in conjunction with the bailees appointed under the aforesaid decree, carried on its own project to ensure effective and regular maintenance of the plant. Monitoring activities conducted by the professionals appointed by the bailees confirmed compliance with the standards set forth by the applicable regulations with regard to both discharges and sludge produced. An action plan is currently being implemented to have the plant resume operations as usual. With regard to this plant, an authorisation for air emissions and an extension of the discharge authorisation were issued following the outcome of complex preliminary investigations.

With regard to **pricing**, in 2015 the Company applied the pricing approved by the AEEGSI by Resolution No. 463/2014/R/idr dated 25 September 2014, where the price multiplier is set at 1.251.

Based on the above calculations, first quarter 2015 revenues totalled 121.7 million euros, including the estimate of adjustments of pass-through items.

On 27 April 2015, the competition Authority (AGCM, Autorità Garante della Concorrenza e del Mercato) notified to ACEA Ato2 the start of preliminary investigations (Ref. No. PS/9916) as under Article 27, paragraph 3, of Legislative Decree No. 206 of 2005 (Consumer Code) as well as Article 6 of the Regulations adopted by the Authority by Resolution dated 5 June 2014 governing preliminary investigating procedures on misleading and comparative advertising, unfair trade practices, violation of consumers' rights in agreements and unfair contract terms, requesting at the same time information pursuant to Article 12, paragraph 1, of the Regulations. At the same time, the Authority ordered an inspection to be conducted at the Company premises. Charges laid against ACEA Ato2 pertained to alleged unfair trade practices committed in the period spanning November 2012 April 2013 regarding the following stages of service provision: (i) transfer and takeover of an active contract; (ii) consumption measurement, procedures, service billing criteria and frequency; (iii) detection of hidden losses and price adjustment; (iv) terms and turnaround time for processing complaints and refunds as well as terms and procedures for service supply disconnection. The Proceedings being referred to will be completed within 150 days as from 22 April 2015, in pursuance to Article 7 of the Regulations.

ACEA Ato5

The Company provides integrated water services on the basis of a thirty-year agreement signed on 27 June 2003 by the Company and Frosinone Provincial Authorities (representing the Authority for the ATO comprising 86 municipalities). In return for being awarded the concession, ACEA Ato5 pays a fee to all the Municipalities based on the date the related services are effectively acquired. The management of the integrated water service across the territory of ATO 5 Southern Lazio-Frosinone involves a total of 85 Municipalities (management still to be taken over for the Municipalities of Atina, Paliano and Cassino Centro Urbano), comprising a total population of around 480,000 inhabitants, with about 470,000 inhabitants being served and end users standing at 187,101. During the first quarter of 2015, no new acquisitions were formalised.

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. The coverage of this service amounts to about 97%.

The sewerage-purification system comprises a network of sewers and trunk lines connected to wastewater treatment terminals. The Company manages 199 sewerage lifting plants and 110 biological wastewater treatment plants, as well as 15 Imhoff septic tanks and 3 percolating filters. Following the recognition and related assessment of users connected to the sewerage system (as a result of Constitutional Court Sentence No. 335/2008), it emerged that the coverage of this service is equal to approximately 68% of aqueduct users.

With regard to **pricing**, the situation was stable compared to that illustrated in the 2014 Consolidated Financial Statements. In this connection, with respect to 2015 the Company adjusted prices applied to users to the extent as approved by the Mayors' Conference held on 14 July 2014, within the limits of the 9% increase compared to 2014. As known, according to the 2014 and 2015 pricing established by the Conference and currently being reviewed by the AEEGSI together with the 2012 and 2013 pricing, the price multiplier is set at 1.660, exceeding the threshold set by the MTI (water pricing method), under which a price of €/cu m 1.831 would apply.

The recovery of the greater amounts between the maximum permitted multipliers and those approved by the Mayors' Conference for 2012, 2013, 2014 and 2015 (such recovery being

currently reviewed by the AEEGSI under Article 7.1 of Resolution No. 585/2012 and Article 3.4 of Resolution No. 643/2013) appears somehow uncertain. Moreover, a negative outcome of the aforesaid review could have a significant impact on the state of affairs and profit or loss of ACEA Ato5.

On 19 February 2015, as part of the additional investigations as under paragraph 7.1 of Resolution No. 585/2012, the AEEGSI requested the Area Authority to provide clarifications and information by 6 March 2015 for the purpose of checking (i) the accuracy of the data supplied and whether such data is in agreement with statutory accounting sources, and (ii) the effectiveness of the measurement service consistent with the provisions under the aforesaid MTT (transitional pricing method) applicable to the cases in which the recommended price results in a yearly change exceeding the 6.5% limit. In the same communication, clarifications were also sought to ascertain the technical and economic reference performance notified as part of the pricing process pertaining to 2014 and 2015. The Area Authority replied to AEEGSI's enquiries within the specified timeframe, upholding the report prepared by the Company.

Revenues in first quarter 2015, including adjustments to the pass-through items, totalled 16.9 million euros, calculated, as was the case in previous years, using the price multiplier recommended in the Operator's application approved by the Mayors' Conference on 14 July 2014.

With reference to prior adjustments for the 2006-2011 period which the appointed Commissioner set at 75.2 million euros, starting from July 2014 the Company arranged for invoices to be issued for an overall amount of 10.7 million euros, of which 6.6 million euros in first quarter 2015. It should be noted that, as required by Resolution No. 643/2013, the adjustments will be billed in twelve constant quarterly instalments in full observance of recovery terms set forth by the AEEGSI.

GORI

The Company manages the Integrated Water Service throughout the entire territory of ATO 3 Sarnese Vesuviano in the Campania Region, covering an area of 897 square kilometres and a population of approximately 1.44 million inhabitants.

A total 4,386 km of water network is currently managed consisting of a 350 km primary abstraction network and a 4,030 km distribution network, with a 2,300 km drainage and sewerage system.

The Company provides integrated water services on the basis of a thirty-year agreement entered into on 30 September 2002 between the company and the Sarnese Vesuviano Area Authority covering 76 Municipalities across the provinces of Naples and Salerno, that is all those falling under the jurisdiction of ATO 3 of the Campania Region.

As known, pursuant to provisions set forth in AEEGSI Resolution No. 643/2013/R/idr, by Resolution dated 27 March 2014 the extraordinary Commissioner of the Sarnese Vesuviano Area Authority updated the Economic and Financial Plan, forwarding this Plan and the Action Plan to the AEEGSI, and further set the Guaranteed Revenue Limits and price multipliers for 2014 and 2015.

Following the approval of the Economic and Financial Plan, in pursuance of Articles 31 and 32 of Attachment A to the aforesaid Resolution No. 643, the Commissioner - by resolution No. 43 dated 30 June 2014 as amended by Resolution No. 46 dated 3 July 2014, quantified and approved the price adjustments pertaining to prior items referring to the 2003-2011 period to the extent of 122.5 million euros (Group share 45.3 million euros), according to a four-year rescheduling plan (2014-2017). Actions undertaken by GORI to recover these prior items led the Mayors of ATO 3 Municipalities and other Agencies and Consumer Associations to file several complaints and requests for clarification relating to the nature of such items and the criticalities connected to the social sustainability of such charges. In the light of the foregoing, in order to prevent a widespread dispute from arising the ATO3 extraordinary Commissioner, in conjunction with the Campania Regional Authorities and GORI, undertook to define a number of measures aimed at ensuring

greater social sustainability for the users by extending price adjustment payment deadlines and, pending the definition of such measures, on 9 April 2015 the Commissioner finally requested the Operator to suspend collection procedures until 9 May 2015.

In this connection, preliminary meetings promoted by the AEEGSI were held with the local and regional authorities and the main operators in "Napoli Volturno" and "Sarnese Vesuviano" ATOs even prior to the measures issued by the AEEGSI by Resolution No. 122/2015/R/idr dated 19 March 2015. The purpose of these meetings was to gain a deeper understanding of the interactions that influenced the pricing of the different players involved for the 2012-2015 regulatory period, and pursue the common goal of keeping, pursuant to current regulations, price growth within the limits set by the AEEGSI so as to ensure social sustainability thereof and a debt rescheduling consistent with price containment.

A technical committee was also set up comprising the Campania Regional Authorities, the extraordinary Commissioner and GORI to define the methods of payment of fees pertaining to wastewater catchment and treatment and wholesale water services, in compliance with the pricing set by the AEEGSI and the resulting required update of the Economic and Financial Plan, the purpose being to ensure economic and financial equilibrium of operations, a price growth within the limits set by the AEEGSI and therefore social sustainability of prices.

By the aforesaid Resolution No. 122/2015 the AEEGSI started a general procedure for the introduction of economic and financial equalisation systems applicable to the integrated water services, which is expected to reach completion by 31 December 2015, "*without prejudice to critical urgent cases requiring a prompt adoption of financial equalisation measures*", in respect of which the aforesaid procedure may be completed within a shorter timeframe. In view of the aforesaid Regulation and upon deeming urgent criticalities to exist, the ATO3 extraordinary Commissioner, the Campania Regional Authorities and GORI took action to have the AEEGSI start an enquiry aimed at reducing the financial impacts arising from the rescheduling of GORI prior items.

Prior adjustments yet to be invoiced at the end of the period under review stood at 79.4 million euros (Group share 29.4 million euros).

For the purpose of establishing the guaranteed income restriction (*VRG, Vincolo ai Ricavi Garantiti*), reference was made to the assumptions and methods of calculation underlying the Economic and Financial Plan approved by the Commissioner by Resolution 27/2014, with due account being taken of the (i) new elements introduced meanwhile regarding the postponement of Regional Works (presumably to 2018) and (ii) change in the operating scope following the acquisition of the management of Scafati treatment plant at the end of 2012. Revenues as at 31 March 2015 therefore stood at 42.0 million euros (Group share 15.6 million euros).

These revenues, as was the case in 2012, 2013 and 2014 financial years, included the difference between revenues from the application of the rules in Resolutions 585/2012 and 643/2013 and the maximum allowed in the first phase.

From a financial perspective, an agreement was signed on 23 April 2014 for the loan expired in June 2011 to be rescheduled to a multiannual loan expiring on 31 December 2021. An interest rate of EURIBOR plus 5.5 percentage points will be applied to this loan.

Regarding the situation of significant uncertainty surrounding GORI operations and the impacts it may have on the Company's business continuity, reference should be made to the "*Information on concession services*" section in the 2014 Consolidated Financial Statements.



GESESA

The Company operates under ATO Authority 1 Calore Irpino, which is promoting and developing IIS 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 IIS.

ATO 1 has 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 across the territory that reports to the same Authorities. Driving the above activity were also the changes, introduced by Law 164/2014 Article 7, to Environmental Decree No. 152/2006, with special reference to Articles 147 and 172, and more recently by the 2015 Stability Law. This activity is deemed to be an urgent need by virtue of the deadlines laid down by Article 172 of the aforesaid Decree 152/2006, 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. In the transition phase, this activity is also contemplated by Article 19, paragraph 3, of Regional Draft Law No. 477/13 for the reorganisation of the IIS, where reference is made to the provisions of the aforesaid Article 172.

The Company manages the IIS in 12 Municipalities of the Province of Benevento, serving a total population of about 95,000 inhabitants over an area of 451 square kilometres. There are about 45,000 served users. The sewerage and water treatment service is supplied to around 80% of users.

The Company is currently engaged in the acquisition of the CABIB Consortium, consisting of seven Municipalities.

Moreover, encouraged by the aforesaid regulations aiming at introducing the principle of "oneness", that is a Sole Operator in ATO1, many Municipalities running the service on an economy basis have expressed their interest in entrusting the IIS management to Gesea. In this regard, exploratory work, technical and administrative appraisals have been launched and are underway, especially in the municipalities of Sant'Agata dei Goti, Casalduni and San Salvatore Telesino, the management of which is expected to be acquired in June.

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 such agreement, the Operator took over the exclusive integrated water service of ATO 2, comprising all public water collection, abstraction and distribution services for civil use, sewerage and wastewater treatment. The Area includes 55 municipalities. Acque pays a fee to all the Municipalities for the concession, including accumulated liabilities incurred under previous concessions awarded.

On the subject of extending the concession to 2026, on 13 February 2015 the AIT approved the Company's proposal and Acque submitted a request for waiver to the lenders to seek approval of the extension and thereby making it fully effective.

With reference to **pricing**, as described earlier for the other water operations, for the 2015 period the Company will apply the pricing approved by the AEEGSI by Resolution No. 402/2014/R/idr dated 31 July 2014, where the price multiplier is set at 1.251.

Based on the above calculations, first quarter 2015 revenues totalled 32.3 million euros (Group share 14.5 million euros), including adjustments of pass-through items.

The loan underwritten in 2006 totals 255 million euros, with 218 million euros being drawn; the loan repayment schedule started in 2014, with six-monthly instalments increasing according to the profile defined for the loan.

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 such agreement, the Operator took over the exclusive integrated water service of ATO 3, comprising all public water collection, abstraction and distribution services for civil use, sewerage and wastewater treatment. The Area includes 49 municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentinagas. In return for awarding the concession, the Operator pays a fee to all the Municipalities, including accumulated liabilities incurred prior to award of the related contracts.

In June 2006, ACEA - via the vehicle Acque Blu Fiorentina S.p.A. - completed its acquisition of an interest in the company.

With reference to **pricing**, as described earlier for the other water operations, for the 2015 period the Company will apply the pricing approved by the AEEGSI by Resolution No. 402/2014/R/idr dated 31 July 2014, where the price multiplier is set at 1.171.

Revenues in first quarter 2015 were calculated on the basis of approved price calculations and totalled, 53.3 million euros (Group share 21.3 million euros), including adjustments of so-called pass-through items.

With regard to funding sources, following final expiry of the bridge loan on 30 November 2014 the Company underwrote bilateral loans totalling 92.5 million euros expiring (i) on 30 June to the extent of 55 million euros and (ii) 27 November 2015 to the extent of 37.5 million euros.

The Company is also in talks with leading lending banks to jointly assess the best way of financing the Economic and Financial Plan 2015-2021.

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 ATO 6 Ombrone, consisting of public services covering the collection, abstraction 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, ACEA - via the vehicle Ombrone S.p.A. - completed its acquisition of an interest in the company.

With reference to **pricing**, as described earlier for the other water operations, for the 2015 period the Company will apply the pricing approved by the AEEGSI by Resolution No. 402/2014/R/idr dated 31 July 2014, where the price multiplier is set at 1.208.

first quarter 2015 revenues totalled 22.9 million euros (Group share 14.5 million euros), including adjustments of pass-through items.

On the financial front, the Company requested the lending banks to provide a further technical extension of the 105.0 million euros (Group share 42.0 million euros) bridge loan in order to complete the medium/long-term funding, which will also prove instrumental in refinancing the bridge loan.

Umbra Acque

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



During the period, the company performed its activities in all 38 Municipalities constituting ATOs 1 and 2.

By Resolution 252/R/idr dated 29 May 2014, the AEEGSI approved the price proposals for 2014 and 2015 with price multipliers of 1.126 and 1.195, respectively.

In its explanatory report the Area Authority specified that it chose not to apply amortisations and, to the extent of its discretionary powers, wrote off the FNI^{new} price component pertaining to 2014. An adjustment pertaining to year 2012 of 6.3 million euros was also applied to 2014, 2015 and 2016 prices, for a total amount up to 2.1 million euros p.a.

First quarter 2015 revenues totalled 15.1 million euros (Group share 6.1 million euros), including adjustments of pass-through items.

The Meeting of representatives held on 20 April 2015 approved the amount of prior items pertaining to the 2003-2011 fiscal period totalling 5.3 million euros.

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Network Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	31/03/2015	31/03/2014	2015-2014	%
Electricity distributed	GWh	2,618	2,600	18	0.7%
Energy produced by photovoltaic plants	GWh	2	2	0	0.0%
Energy efficiency certificates sold/cancelled	No.	0	0	0	0.0%
# Customers	N/000	1,626	1,622	4	0.3%
Network (Km)	Km	29,774	29,521	253	0.9%

Equity and financial results (€/m)	31/03/2015	31/03/2014	2015-2014	%
Revenues	129.8	145.6	(15.8)	(10.9%)
Costs	69.8	83.4	(12.7)	(16.4%)
Gross operating profit	60.0	62.2	(2.2)	(3.5%)
Operating profit/(loss)	37.8	41.6	(3.9)	(9.3%)
Average number of staff	1,344	1,381	(37)	(2.7%)
Capex	29.9	26.1	3.8	14.4%

Financial results (€/m)	31/03/2015	31/12/2014	Increase/ (Decrease)	%	31/03/2014	Increase/ (Decrease)	%
Net debt	631.5	623.1	(8.4)	(1.3%)	662.0	30.5	4.6%

EBITDA as at 31 March 2015 stood at 60.0 million euros, falling 2.2 million euros year-over-year. The above drop was due to the combined effect of (i) a 0.2 million euros reduction in public lighting, (ii) a 0.2 million euros drop in PV business margins, and (iii) a 1.8 million euros decrease posted by Acea Distribuzione due to an amount of 5.6 million euros being reflected in first quarter 2014 pertaining to the energy efficiency certificate portfolio. More specifically, these proceeds resulted from a reversal of the provisions allocated in 2013 to cover the purchase of certificates required to meet 2013 obligations.

Excluding these items, the operating segment EBITDA would have risen by 7.8 million euros.

With regard to workforce, the average number of staff at 31 March 2015 stood at 1,344, 37 employees less than the same period of the previous year, mainly due to ACEA Distribuzione as a result of the early retirement and redundancy policy adopted by the Company.

Net debt stood at 631.5 million euros at the end of first quarter 2015, showing a 8.4 million euros increase compared to fiscal year 2014. The increase was mainly attributable to Acea Illuminazione Pubblica (+5.3 million euros) following a rise in amounts due from the Parent Company for services provided to Roma Capitale as part of the public lighting contract.

Capex amounted to 29.9 million euros (+3.8 million euros). The change is entirely attributable to ACEA Distribuzione, mainly due to capital expenditure in information systems and extension of its network.

Operating review

Electricity distribution

Energy report

As shown in the table below, as at 31 March 2015 ACEA Distribuzione delivered to the grid 2,799.30 GWh, showing a 0.66% increase year over year.

GWh	31/03/2015	31/03/2014	% Increase/ (Decrease)
Source A.U.	802.7	828.1	(3.1%)
Imports	95.9	106.4	(9.8%)
Enhanced protection market	898.6	934.5	(3.8%)
Free market	1,900.1	1,845.9	2.9%
Underlying distributors	0.6	0.5	24.2%
Grand total	2,799.3	2,780.9	0.7%

Transport service prices

2014 represents the fourth year in which the new pricing defined by the AEEGSI for the 2012-2015 regulatory period is applied. For a detailed breakdown reference should be made to the 2014 Annual Report.

With regard to updates made during the period under review, it should be pointed out that:

- By Resolution 127/2015/R/eel dated 26 March 2015 the AEEGSI established the reference price for the electricity distribution service during the 2012-2014 period;
- By Resolution 607/2013 the AEEGSI updated the prices for electricity distribution and metering services and financial conditions for the provision of connection services for the year 2015, and
- By Resolution No. 653/2014 the AEEGSI updated the transmission price.

As known, in the new Transport Code, the AEEGSI included a mechanism for recognising an advance, every two months, of equalisation balances relating to the equalisation of distribution service revenues and transmission costs. By 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.

Energy efficiency objectives

By Resolution DIUC 9/2013 the AEEGSI disclosed data pertaining to the amount of electricity and natural gas distributed across the national territory by the relevant providers during 2012. The above data will be instrumental in establishing the portion of energy efficiency targets pertaining to each distribution company in 2014, such targets to be achieved by 31 May 2015 to an extent no lower than 50%.

Resolution 13/2014/R/efr of 23 January 2014 defined the criteria for the quantification of the price contribution to cover the costs borne by electricity and gas distributors concerning TEEs (Energy Efficiency Certificates) starting from 2013; the mechanism introduces elements allowing TEE

average market prices to be taken into account, avoiding recognition of expenses borne by distributors by submitting an expense account.

In 2014, ACEA Distribuzione aimed at gaining 174,316 Energy Efficiency Certificates, while in 2015 and 2016 such certificates are estimated at 199,154 and 244,502, respectively, such estimate being based on a criterion of the 2-year average energy distributed in the two previous years.

By Resolution DMEG/Efr/9/2014 the AEEGSI announced an estimated price contribution for 2014 of 110.39 €/TEE.

AEEGSI Supervision

With regard to sanctioning proceedings started by the AEEGSI pursuant to Resolutions 300/2013/R/eel and 62/2014/S/eel, no updates are available in addition to the information provided in the 2014 Annual Report.

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 provisions, thereby extending the residual term from 4 years and 5 months to 17 years;
- Review of the contractual parameters, aligning them with those of the CONSIP specifications for "Servizio Luce 2" tender;
- Full entitlement to carry out activities connected with network expansion;
- Recognition, on expiry or earlier termination of the contract, of the non-amortised value of investments made by ACEA;
- Sterilisation of the "price risk" of electricity to power the public lighting system;
- ACEA being entitled to indemnity in the event of early termination of the contract by Roma Capitale, such indemnity to be calculated based on the margins discounted over the number of years to expiry (i.e. to 31 December 2027).

During the first quarter of 2015, Acea Illuminazione Pubblica deployed a total of 228 lighting units on request of Roma Capitale as well as third party customers. Emphasis is placed on units deployed in the Tiburtina IP High Speed Tunnel (Axis 2) and B1 Jonio e C Lodi underground stations.

It should be stressed that following several thefts of cables during 2014, in the period under review over 35 km of new cables were laid using a new type of electric cable, made from copper-plated aluminium. By using less copper combined with aluminium, the main advantage afforded by this cable is that it makes the two metals difficult to separate, unless industrial means and processes are used.

PV power

Following the sale of the PV business unit in December 2012, ARSE owns plants with a total power capacity of just over 13 MWp. In the first quarter of 2015, these plants showed a total output of 22.55 GWh.

This area is currently being affected by a number of legislative and regulatory initiatives that are likely to cause a fall in revenues generated by such plants.

Corporate

Equity and financial results for the period

Equity and financial results (€/m)	31/03/2015	31/03/2014	2015-2014	%
Revenues	26.7	27.1	(0.4)	(1.7%)
Costs	28.0	29.9	(1.8)	(6.2%)
Gross operating profit	(1.3)	(2.8)	1.4	(50.9%)
Operating profit/(loss)	(5.9)	(7.0)	1.1	(16.1%)
Average number of staff	654	670	16	(2.4%)
Capex	3.8	2.3	1.5	65.2%

Financial results (€/m)	31/03/2015	31/12/2014	Increase/ (Decrease)	%	31/03/2014	Increase/ (Decrease)	%
Net debt	429,6	442,1	(12,5)	(2,8%)	479,0	(49,4)	(10,3%)

ACEA ended first quarter 2015 with a negative EBITDA of 1.3 million euros, showing a 1.4 million euros increase year over year, essentially due to (i) a reduction in external costs (1.8 million euros) following the adoption of general cost-saving policies, (ii) a decrease in labour costs (0.7 million euros) as a result, among other things, of greater capitalisations of the internal resources allocated to the ACEA 2.0 Project, both of which were partly offset by a reduction in revenues for services provided on behalf of Group companies (-0.7 million euros).

The average number of staff at 31 March 2015 stood at 654, showing a year-over-year decrease (670 as at 31 March 2014).

Capex stood at 3.8 million euros, showing a rise of 1.5 million euros over the same period in 2014 (2.3 million euros).

Net debt at the end of the year under review stood at 429.6 million euros, showing a 12.5 million euros increase compared to 2014 year end.

The above increase was due to the net effects of **(i)** the financial settlement of payments due from subsidiaries as part of treasury contracts, **(ii)** fees for public lighting system operation falling due (15.1 million euros), **(iii)** a worsening in exchange evaluations and fair value of financial instruments (5.6 million euros) and **(iii)** the requirements generated by working capital changes, such as the payment of amounts due to suppliers and tax dues as well as investments made during the first quarter.

ACEA S.p.A. operations

In its role as industrial holding, ACEA S.p.A. outlines the strategic objectives of the Group and subsidiaries, coordinating the relevant activities.

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

Intercompany dealings, pending the review of existing treasury agreements expired on 31 December 2013 and then extended to 30 June 2015, include:

- Opening a medium/long-term fixed-amount credit line to cover funding needs generated by investments;
- this credit line (i) has a three-year term from 1 January 2011, (ii) yields interest at a yearly adjusted rate corresponding to the 3-year IRS plus a spread aligned with that of a BBB rated

bond issued on the capital market and (iii) is subject to an annual credit fee calculated on the ceiling credit;

- Opening a general purpose line for the Companies' current needs.

This credit line (i) has a three-year term from 1 January 2011, (ii) yields interest payable at a yearly adjusted rate corresponding to the 3-year IRS plus a spread aligned with that of a BBB rated bond issued on the capital market and a lending rate calculated on the arithmetic mean of intraday 3M EURIBOR rates for each calendar quarter less a 5 bp annual spread and (iii) is subject to an annual credit fees calculated on the ceiling credit.

ACEA also stands surety for the Group companies: in this regard, the contract that governs the general purpose line sets a ceiling for guarantees and separate costing for bank guarantees and corporate guarantees.

ACEA further provides administrative, financial, legal, logistic, executive and technical services to subsidiaries and affiliated companies with a view to maximising available resources while using the existing know-how to its fullest potential from a cost-effectiveness perspective. These services are governed by specific annual service agreements.

As regards service agreements, effective 1 January 2014 and for a three year period, ACEA revised the list of services offered, aligned fees to market prices, made service agreements compliant with regulations and the Organisational, Management and Control Model, and introduced new SLAs (Service Level Agreements) with a view to improving the level of service offered, to be benchmarked against the relevant KPIs (Key Performance Indicators).

It should also be 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.

The consideration set for these services matched the cost incurred.

Form, structure and scope of consolidation

General information

The Quarterly Report on Operations of the ACEA S.p.A. for the period ended 31 March 2015 was approved by Board of Directors' resolution dated 14 April 2015.

Compliance with IAS/IFRS

This Quarterly Report on Operations was drafted on a consolidation basis and prepared in compliance with the International Accounting Standards effective at the end of the reporting period, as approved by the *International Accounting Standards Board (IASB)* and endorsed by the European Union, consisting of the *International Financial Reporting Standards (IFRS)* and the interpretations of the *International Financial Reporting Interpretations Committee (IFRIC)* and the *Standing 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 disclosures 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 Quarterly Report on Operations was prepared in the form as under IAS 34.

Basis of presentation

The Quarterly Report on Operations consists of the consolidated statement of financial position, consolidated income statement, consolidated comprehensive income statement, consolidated statement of cash flows and the 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 Quarterly Report on Operations was prepared in euros (€). Income statement and balance sheet amounts are rounded off to the nearest thousand euros, while those shown in the accompanying notes are rounded off in millions of euros.

Accounting standards and estimation techniques

The estimation and recognition techniques adopted for the preparation of the Quarterly Report on Operations are those adopted for the preparation of the Consolidated Financial Statements for the year ended 31 December 2014, to which reference should be made for a description of the most significant techniques.

Alternative performance indicators

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

1. ACEA Group considers the *gross operating profit* (or EBITDA) as an indicator of operating performance and, effective 1 January 2014, EBITDA also includes the condensed result of investments in jointly owned entities, in respect of which the consolidation method has been modified following the implementation of the new international accounting standards for financial reporting IFRS 10 and IFRS 11. The *gross operating profit* is calculated by adding together the Operating profit and "Amortisation, depreciation, provisions and impairment charges";

2. The *net financial position* is an indicator of the ACEA Group's financial structure. It is obtained by adding together non-current borrowings and financial liabilities net of non-current financial assets (financial 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 Quarterly Report on Operations requires management to make estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities as well as the disclosure of contingent assets and liabilities as 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 estimates and assumptions are reviewed on a regular basis and the impact of any change is reflected 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.

Taxes for the period represent the sum of current and deferred taxes calculated based on the tax rates expected for the current year.

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 business areas may be affected by differing trends throughout the year.

The Interim Report on Operations is not subject to auditing.

Consolidation standards and procedures

Consolidations 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.

Affiliated companies

Affiliated companies 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 the affiliated company. The consolidated financial statements include the Group's share of the results of affiliated companies using the shareholders' equity method, unless they are classified 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 affiliated company's losses exceeds the carrying amount of the investment, then shareholding 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 affiliated company or at any rate to make payments on its behalf. Any excess of the cost of the acquisition compared to the Group's interest in the fair value of the affiliated company's current assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and subject to impairment tests.

Consolidation procedure

General procedure

The financial statements of the Group's subsidiaries, affiliated companies and joint ventures are prepared using the same accounting standards as those adopted by the Parent Company. 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 costs 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" and any negative balance is entered in the income statement at the acquisition date.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to 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 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 on 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 remeasured until settlement of the contingency is reflected within shareholders' equity.

Goodwill on acquisition is recognised as an asset and initially valued at cost, represented by the excess of the cost of the acquisition compared to the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This goodwill is not amortised, but is tested for impairment. If, on the other hand, the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities exceeds 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 the acquisition, then the difference 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 net identifiable assets.



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

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

Consolidation of foreign enterprises

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

Revenues and costs are translated using average exchange rates for the period. Any translation differences are recognised in a separate item of shareholders' equity until the investment is sold.

At the time the IFRS were first adopted, accumulated translation differences deriving from the consolidation of foreign companies were eliminated. Therefore, the reserve reflected in the consolidated financial statements only includes gains or losses generated from 1 January 2004.

Foreign currency transactions were recognised at the exchange rate applicable on the date of the transaction. Foreign currency assets and liabilities were then translated at the exchange rate applicable at the end of the reporting period. Translation differences and those arising on settlement of the foreign operation were reflected in the income statement (i.e., under financial transactions).

Basis of consolidation

The Quarterly 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 whose majority of the voting rights at ordinary shareholders' meetings are held by the Company, thereby entitling the latter 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.

The Group's basis of consolidation is divided into areas:

A) Changes in the basis of consolidation

The basis of consolidation as at 31 March 2015 underwent changes with respect to 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 investment was previously held by Si(e)nergia S.p.A. in liquidation and was therefore consolidated using the shareholders' equity method. Following this acquisition, Cesap Vendita Gas was fully consolidated.

In addition to the consolidation method, the share held by the Group changed from 42.08% (through Sin(ergia) to 50% (through Umbria Energy).

It should also be 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 stood at 76.48%.

B) Unconsolidated investments

Tirana Acque S.c.a.r.l. in liquidation (40% owned by ACEA) was not included in the above consolidation and shareholders' equity methods and was therefore held at cost. The exclusion of this company from the basis of consolidation did not involve any significant effects with respect to the equity, profit and loss and financial position of the Group.

Consolidated Income Statement

	31/03/2015	of which with related parties	31/03/2014	of which with related parties	Increase/ Decrease	% Increase/ Decrease
Revenues from sales and services	744,967		749,084		(4,902)	(0.7%)
Other revenues and proceeds	16,615		30,968		(13,568)	(45.0%)
Consolidated revenues	761,582	38,902	780,051	35,921	(18,470)	(2.4%)
Labour costs	58,829		63,373		(4,545)	(7.2%)
External costs	531,043		556,454		(25,411)	(4.6%)
Consolidated operating costs	589,872	9,498	619,828	7,106	(29,956)	(4.8%)
Net income/(charges) from commodity risk management	0		(14)		14	(100.0%)
Income/(charges) from equity investments of a non-financial nature	5,701		5,787		(87)	(1.5%)
Gross operating profit	177,411	29,404	165,997	28,815	11,414	6.9%
Amortisation, depreciation, provisions and impairment charges	73,279		66,095		7,184	10.9%
Operating profit/(loss)	104,131	29,404	99,901	28,815	4,230	4.2%
Financial income	5,491	86	5,821	1	(330)	(5.7%)
Financial charges	(29,301)	0	(31,220)	0	1,919	(6.1%)
Income/(Charges) from investments	(67)		2,828		(2,894)	(102.4%)
Pre-tax profit/(loss)	80,254	29,490	77,329	28,816	2,925	3.8%
Income taxes	26,706		30,594		(3,888)	(12.7%)
Net profit/(loss)	53,549	29,490	46,735	28,816	6,813	14.6%
<i>Profit/(loss) pertaining to minority shareholders</i>	3,040		2,250		790	35.1%
Net profit/(loss) attributable to the Group	50,509	29,490	44,485	28,816	6,024	13.5%

Amounts in €/thousand



Consolidated Statement of Comprehensive Income

	31/03/2015	31/03/2014	Increase/ Decrease
Net profit/(loss)	53,549	46,735	6,813
Profit/(loss) deriving from the translation of financial statements expressed in a foreign currency	511	332	179
Profit/(loss) deriving from the remeasurement of financial assets available for sale	0	0	0
Profit/(loss) deriving from the effective portion of hedging instruments	(6,538)	(10,350)	3,812
Actuarial profit/(loss) on defined benefit pension plans	824	683	140
Taxation	1,574	2,631	(1,057)
<i>Total comprehensive income statement profit net of tax</i>	<i>(3,629)</i>	<i>(6,704)</i>	<i>3,075</i>
Total comprehensive profit net of tax	49,919	40,031	9,888
Total comprehensive income statement profit/(loss) net of tax attributable to:			
Third parties	2,918	2,734	183
Group	47,002	37,297	9,705

Amounts in €/thousand

Consolidated statement of financial position

ASSETS	31/03/2015	of which with related parties	31/12/2014	of which with related parties	Increase/Decrease
Property, plant and equipment	2,032,913		2,031,410		1,503
Real investments	2,804		2,819		(15)
Goodwill	150,756		150,772		(16)
Concessions	1,419,700		1,398,571		21,129
Other intangible assets	84,490		85,284		(795)
Equity investments in subsidiaries and affiliated companies	224,203		224,767		(564)
Other investments	2,424		2,482		(58)
Deferred tax assets	292,811		296,224		(3,413)
Financial assets	35,109	32,580	34,290	32,580	819
Other assets	43,059		43,972		(913)
NON-CURRENT ASSETS	4,288,269	32,580	4,270,593	32,580	17,676
Inventories	31,878		29,229		2,650
Trade receivables	1,291,428	152,910	1,259,920	159,362	31,508
Other current assets	123,640		141,467		(17,827)
Current tax assets	85,804	0	99,843	0	(14,039)
Current financial assets	112,616	92,793	92,130	72,134	20,486
Cash and cash equivalents	891,642		1,017,967		(126,324)
CURRENT ASSETS	2,537,009	245,703	2,640,556	231,496	(103,546)
Non-current assets held for sale	497		497		0
TOTAL ASSETS	6,825,775	278,282	6,911,645	264,075	(85,870)

LIABILITIES	31/03/2015	of which with related parties	31/12/2014	of which with related parties	Increase/Decrease
Shareholders' equity					
Share capital	1,098,899		1,098,899		0
Statutory reserve	83,428		176,119		(92,691)
Other reserves	(378,997)		(477,826)		98,829
Profit/(loss) pertaining to previous years	624,272		470,915		153,357
Profit/(loss) for the year	50,509		162,459		(111,950)
Total Group Shareholders' equity	1,478,111	0	1,430,566	0	47,545
Minority interests	74,586		71,825		2,762
Total shareholders' equity	1,552,697	0	1,502,391	0	50,307
Severance indemnities and other defined benefit plans	116,714		118,004		(1,290)
Provision for liabilities and charges	168,691		168,644		47
Borrowings and financial liabilities	2,929,680		3,040,712		(111,032)
Other liabilities	178,864		177,990		874
Provisions for deferred taxation	89,641		93,284		(3,643)
NON-CURRENT LIABILITIES	3,483,589	0	3,598,633	0	(115,044)
Trade payables	1,167,334	128,801	1,249,366	130,872	(82,032)
Other current liabilities	272,539		287,259		(14,719)
Borrowings	246,454	4,315	189,957	8,229	56,497
Tax payables	103,062	0	83,941		19,122
CURRENT LIABILITIES	1,789,389	133,116	1,810,522	139,101	(21,133)
Liabilities directly associated with assets held for sale	99		99		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,825,775	133,116	6,911,645	139,101	(85,870)

Amounts in €/thousand

Consolidated statement of cash flows

	31.03.2015	Related parties	31.03.2014	Related parties	Increase/Decrease
<i>Cash flow from operating activities</i>					
Profit before tax from continuing operations	80,254		77,329		2,925
Profit before tax from discontinued operations	0		0		0
Depreciation / amortisation	52,226		47,691		4,534
Revaluations/Impairment charges	12,779		7,402		5,377
Increase/(Decrease) in provisions for liabilities	(5,888)		(12,123)		11,535
Net increase/(Decrease) in severance indemnities	(1,204)		(1,009)		(195)
Net financial interest expense	23,811		25,400		(1,589)
Income taxes paid	0		0		0
Cash flows from operations before changes	167,277		144,690		22,587
Increase in receivables held under current assets	(44,115)	(6,452)	(91,567)	5,515	47,452
increase/decrease in payables held under current liabilities	(87,472)	(2,072)	(27,613)	(5,717)	(59,859)
Increase/(Decrease) in inventories	(2,650)		(3,509)		860
<i>Increase/(Decrease) in working capital</i>	(134,237)		(122,690)		(11,547)
Increase/(Decrease) in other assets/liabilities during the period	12,938		10,022		2,916
TOTAL CASH FLOW FROM OPERATIONS	45,978		32,022		13,956
<i>Cash flow from investment activities</i>					
Purchase/sale of property, plant and equipment	(32,192)		(39,746)		7,554
Purchase/sale of intangible fixed assets	(41,457)		(36,948)		(4,509)
Equity interests	5,605		6,004		(398)
Purchase/sale of investments in subsidiaries	0		(2,220)		2,220
Proceeds/payments deriving from other financial investments	(20,480)	20,659	11,445	24,319	(31,925)
Dividends received	0		0		0
Interest income received	9,154		12,288		(3,135)
TOTAL	(79,370)		(49,177)		(30,193)
<i>Cash flow from financing activities</i>					
Minority interests in subsidiaries' capital increase	0		0		0
Repayment of borrowings and long-term loans	(136,035)		(34,264)		(101,771)
Disbursement of borrowings/other medium and long-term loans	0		0		0
Decrease/increase in other short-term borrowings	56,497	(3,913)	(97,679)	(3,421)	154,176
Interest expenses paid	(13,394)		(13,411)		17
Dividends paid	0		(1,777)		1,777
TOTAL CASH FLOW	(92,932)		(147,130)		54,198
<i>Changes in shareholders' equity net of profit</i>	0		0		0
<i>Cash flows for the period</i>	(126,324)		(164,286)		37,961
<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>	891,642		398,780		492,862

Amounts in €/thousand



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				162,459	162,459	6,460	168,919
Other comprehensive gains/(losses)				(22,292)	(22,292)	(1,200)	(23,492)
Total comprehensive profit/(loss)	0	0	0	140,167	140,167	5,260	145,427
Allocation of 2013 net profit		4,619	150,681	(155,300)	0	0	0
Distribution of dividends			(36,204)		(36,204)	(7,648)	(43,852)
Increase/(Decrease) in basis of consolidation		4,147	(177)		3,970	(9,982)	(6,012)
Balances at 31 December 2014	1,098,899	176,119	15,381	140,167	1,430,566	71,825	1,502,391

Amounts in €/thousand

	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
Income statement gains				50,509	50,509	3,040	53,549
Other comprehensive gains/(losses)				(3,507)	(3,507)	(122)	(3,629)
Total comprehensive profit/(loss)	0	0	0	47,002	47,002	2,918	49,919
Allocation of 2014 net profit			140,167	(140,167)			
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

Amounts in €/thousand

Notes to the Consolidated Income Statement

Note ref.		31/03/2015	31/03/2014	Increase/Decrease	% Increase/Decrease
1	Revenues from sales and services	745.0	749.9	(4.9)	(0.7%)
2	Other revenues and proceeds	16.6	30.2	(13.6)	(45.0%)
	Consolidated revenues	761.6	780.1	(18.5)	(2.4%)
3	Labour costs	58.8	63.4	(4.5)	(7.2%)
4	External costs	531.0	556.5	(25.4)	(4.6%)
	Consolidated operating costs	589.9	619.8	(30.0)	(4.8%)
5	Net income/(charges) from commodity risk management	0.0	0.0	0.0	0.0%
6	Income/(charges) from equity investments of a non-financial nature	5.7	5.8	(0.1)	(1.5%)
	Gross operating profit	177.4	166.0	11.4	6.9%
7	Amortisation, depreciation, provisions and impairment charges	73.3	66.1	7.2	10.9%
	Operating profit/(loss)	104.1	99.9	4.2	4.2%
8	Financial income	5.5	5.8	(0.3)	(5.7%)
9	Financial charges	(29.3)	(31.2)	1.9	(6.1%)
10	Income/(Charges) from equity investments	(0.1)	2.8	(2.9)	(102.4%)
	Pre-tax profit/(loss)	80.2	77.3	2.9	3.8%
11	Income taxes	26.7	30.6	(3.9)	(12.7%)
	Net profit/(loss) from continuing operations	53.5	46.7	6.8	14.6%
	Net profit/(loss) from discontinued operations	0.0	0.0	0.0	0.0%
	Net profit/(loss)	53.5	46.7	6.8	14.6%
	<i>Profit/(loss) pertaining to minority shareholders</i>	3.0	2.2	0.8	35.1%
	Net profit/(loss) attributable to the Group	50.5	44.5	6.0	13.5%

Amounts in €/thousand

Consolidated revenues

As at 31 March 2015 this item stood at 761.6 million euros (780.1 million euros as at 31 March 2014), showing a decrease of 18.5 million euros (-2.4%) compared to the same period in the previous year. Below is a breakdown of this item:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Revenues from sales and services	745.0	749.9	(4.9)	(0.7%)
Other revenues and proceeds	16.6	30.2	(13.6)	(45.0%)
Consolidated revenues	761.6	780.1	(18.5)	(2.4%)

1. Revenues from sales and services - 745.0 million euros

This item showed an overall decrease of 4.9 million (-0.7%) compared to 31 March 2014, which ended with an amount of 749.9 million euros.

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

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Revenues from electricity sales and services	525.0	535.5	(10.5)	(2.0%)
Revenues from gas sales	34.0	27.8	6.2	22.3%
Revenues from the sale of certificates and rights	5.9	5.6	0.3	5.4%
Revenues from Integrated Water Service	139.8	136.7	3.1	2.3%
Revenues from overseas water services	2.2	1.8	0.4	27.8%
Revenues from biomass transfer and landfill management	8.9	10.6	(1.7)	(17.0%)
Revenues from services to customers	21.8	25.5	(3.7)	(14.9%)
Connection fees	7.4	6.4	1.0	17.2%
Revenues from sales and services	745.0	749.9	(4.9)	(0.7%)

Revenues from electricity sales and services

This item stood at 525.0 million euros and, excluding intergroup eliminations, it mainly consisted of the following entries:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Electricity sales	462.1	474.3	(12.2)	(2.6%)
Transport and metering of energy	47.2	44.3	2.9	6.5%
Energy sales from WTE	10.7	11.2	(0.5)	(4.5%)
Electricity and heat generation	4.0	4.8	(0.8)	(16.7%)
Cogeneration	0.9	0.8	0.1	12.5%
Energy from photovoltaic plants	0.1	0.1	0.0	0.0%
Revenues from electricity sales and services	525.0	535.5	(10.5)	(2.0%)

The major changes referred to:

- ✓ A decrease in revenues from sale of electricity to the extent of 12.2 million euros due to less amounts sold and in view of price patterns.

The drop in amounts sold was essentially due to the free market (-15.7%) following a customer base diversification implemented by Acea Energia during 2014. The enhanced protection market also showed a downtrend of 3.9% due to the strong competition on the Rome market. The drop in revenues caused by the amounts of sales was offset by a rise, over first quarter 2014, in the price applied to enhanced protection customers following the updates issued by the AEEGSI by Resolution No. 136/2014/R/eel, which increased the price of retail sales effective 1 April 2014, and Resolution No. 670/2014/R/eel, which towards the end of 2014 set the unpaid ratio to 24 months.

- ✓ The decrease in revenues from electricity and heat generation (-0.8 million euros) was due to a slight drop in the amounts produced by the hydroelectric area (about 7 GWh) and a drop in market prices. Remote heating also generated lower revenues compared to first quarter 2014 due to mild weather conditions during the winter (-10.7 GWht), chiefly from remote heating.
- ✓ An increase in revenues from transport and metering operations pertaining to energy supplied to enhanced protection and free markets totalling 2.9 million euros, due to price-related patterns.

Revenues from gas sales

This item stood at 34.0 million euros, showing a 6.2 million euros increase over 31 March 2014 (27.8 million euros), chiefly due to greater amounts sold by Acea Energia following an increase in the business customer base and consolidation of the domestic customer base growth.

Revenues from the sale of certificates and rights

This item amounted to 5.9 million euros and showed a 0.3 million euros rise over the same period in the previous year. This item primarily referred to revenues from green certificates of: **i)** Acea Produzione totalling 4.9 million euros (+0.1 million euros over the same period in the previous year) accrued in respect of energy generated by Salisano and Orte plants and **ii)** of A.R.I.A. totalling 1.0 million euros (+0.2 million euros over the same period in 2014) following a renewable sources incentive scheme for the WTE plants located in Terni and San Vittore.

Revenues from Integrated Water Service

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

The above proceeds totalled 139.8 million euros, showing an increase of 3.1 million euros (+2.3%) compared to the same period in the previous year (136.7 million euros).

A detailed breakdown by company is provided below:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
ACEA Ato2	120.9	119.8	1.1	0.9%
ACEA Ato5	16.2	14.4	1.8	12.7%
Gesesa	1.8	1.6	0.2	14.8%
Crea Gestioni	1.0	0.9	0.1	1.8%
Revenues from Water Integrate Service sales	139.8	136.7	3.1	2.3%

The quantification of GIRs (Garanteed Income Restrictions) of ACEA Ato2 was decided pursuant to AEEGSI Resolution dated 25 September 2014 whereby the 2014-2015 prices recommended by the Mayors' Conference of ATO2 Lazio Centrale – Rome were approved. Likewise, ACEA Ato5's GIR was established based on price resolutions issued by the Mayors' Conference during the meeting held on 14 July 2014 considering a 1.660 price multiplier.

It should be noted that ACEA Ato2's revenues pertaining to first quarter 2014 included 2.5 million euros, with 1.5 million euros accounting for adjustment of local costs pertaining to 2012 and 1 million euros accounting for interest payable on previous adjustments pertaining to 2006-2011.

The first item results from a different interpretation gained from regulatory developments, while the second item is based on the price-related resolutions issued by the Mayors' Conference held on 17 April 2012, superseded by the decisions reached by the Area Authority following the issue of AEEGSI Resolution No. 643/2013.

Revenues from overseas water services

This item stood at 2.2 million euros, up 0.4 million euros compared to the previous year (1.8 million euros). The change was chiefly due to the operations carried out by Aguazul Bogotá, as the company, through the Conazul Trujillo Consortium, won a contract to carry on commercial operations in the drinking water and sewerage sectors at Trujillo, Peru.

Revenues from biomass transfer and landfill management

This item amounted to 8.9 million euros, showing a decrease of 1.7 million euros compared to the same period in the previous year (10.6 million euros). A breakdown by company is provided below:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
A.R.I.A.	5.7	5.7	0.0	0.0%
SAO	2.1	2.4	(0.3)	(12.5%)
Kyklos	0.0	1.4	(1.4)	(100.0%)
Aquaser	0.8	0.8	0.0	0.0%
Samace	0.2	0.2	0.0	0.0%
Solemme	0.0	0.0	0.0	0.0%
Innovazione e sostenibilità ambientale	0.1	0.1	0.0	0.0%
Revenues from biomass transfer and landfill management	8.9	10.6	(1.7)	(17.0%)

The change was almost entirely due to the seizure of the Kyklos plant by the Public Prosecutor's Office following a fatality occurred in July 2014.

Revenues from services to customers

This item stood at 21.8 million euros (25.5 million euros as at 31 March 2014), showing a 3.7 million euros drop.

Below is a breakdown of this item.

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Public Lighting in Rome	14.1	13.9	(0.2)	(1.4%)
Services requested by third parties	3.1	6.0	(2.9)	(47.8%)
Public Lighting Naples	1.5	1.9	(0.4)	(21.1%)
GIP revenues	1.5	1.8	(0.3)	(16.7%)
Intercompany services	1.5	1.6	(0.1)	(6.3%)
PV power	0.1	0.2	(0.1)	(50.0%)
Revenues from services to customers	21.8	25.5	(3.7)	(14.5%)

The main change in services required by third parties pertained to (i) ACEA Ato2 due to a decrease in secondment-related operations (-0.8 million euros) and (ii) Ecogena (-0.8 million euros) due to lower contributions received during first quarter 2014.

Connection fees

This item stood at 7.4 million euros, up 1.0 million euros. Below is a breakdown of this item:

- Free and protected market: 6,3 million euros (+ 0.0 million euros),
- Water market: 1.1 million euros (1.0 million euros as at 31 March 2014).

2. Other revenues and proceeds – 16.7 million euros

This item dropped by 14.4 million euros (-46.3%) compared to 31 March 2014 (31.0 million euros).

The change was chiefly due to:

- A 7.7 million euros drop in cancellation contributions accrued on energy efficiency certificates following lower amounts purchased during first quarter 2015 (-71,572 certificates). In addition to the above reduction, provisions allocated in 2014 (8.4 million euros) to cover the purchase of certificates required to meet 2013 obligations were reversed.
- Greater contingent assets to the extent of 1.1 million euros resulting primarily from extraordinary proceeds totalling 2.5 million euros being reflected in Aguazul Bogotà's financial statements in respect of the settlement of the ongoing dispute with municipal authorities.

A breakdown of this item is provided in the table below compared to 31 March 2014.

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Contributions from Agencies for energy efficiency certificates	3.7	19.8	(16.1)
Contingent assets	7.5	6.4	1.1
Damages, penalties and claims	1.5	1.3	0.2
Energy account	0.7	0.8	(0.1)
Government grant under Prime Minister's Decree 23/04/04	1.1	1.0	0.1
Income from end users	0.7	0.6	0.1
Property income	0.4	0.4	0.0
Staff seconded	0.4	0.3	0.1
IFRIC 12 margin	0.3	0.2	0.1
Recharged cost for company officers	0.2	0.2	0.0
Other revenues and proceeds	16.6	31.0	(14.4)

Consolidated operating costs

As at 31 March 2015, consolidated operating costs stood at 589.9 million euros (619.8 million euros as at 31 March 2014), showing a decrease of 29.9 million euros (-4.8%) compared to the same period in the previous year. Below is a breakdown of this item:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Labour costs	58.8	63.4	(4.6)	(7.2%)
External costs	531.0	556.5	(25.4)	(4.6%)
Consolidated operating costs	589.9	619.8	(29.9)	(4.8%)

3. Labour costs - 58.8 million euros

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Labour costs gross of capitalised costs	77.9	78.2	(0.3)	(0.4%)
Capitalised costs	(19.1)	(14.8)	(4.3)	28.8%
Labour costs	58.8	63.4	(4.6)	(7.2%)

The decrease in labour costs, gross of capitalised costs, stood at 0.3 million euros and was mainly affected by lower labour costs in the Water Area (-0.5 million euros) following a fall in labour costs at ACEA Ato2 (-0.9 million euros) and an increase in foreign companies (+0.3 million euros). The drop was impacted as a whole by a reduction in headcount and wage patterns.

As to capitalised costs, this item rose by 4.3 million euros, driven primarily by ACEA Distribuzione and the Parent Company. This increase was due to the strong commitment shown by the Group employees towards the complex corporate process and information system change project (Acea2.0) as well as a revision of the methods of capitalisation of internal costs completed in the last quarter of 2014 in respect of the entire financial year: the effects of this revision, ascribable to the first quarter of 2014, were estimated in the region of 2.5 million euros. The decrease between the two quarters being compared would therefore stand at 2.1 million euros.

The following tables show the average number of staff by operating segment compared to the previous year. The actual headcount at the end of first quarter 2015 is also shown.

	Average headcount for the period		
	31.03.2015	31.03.2014	Δ
Environment	221	215	6
Energy	531	534	(3)
Water	2,396	2,416	(20)
<i>Lazio-Campania</i>	1,799	1,831	(32)
<i>Toscana-Umbria</i>	0	0	0
<i>Overseas</i>	430	423	7
<i>Engineering and Services</i>	167	162	5
Networks	1,344	1,381	(37)
Parent company	655	670	(15)
TOTAL	5,147	5,216	(69)

	Final headcount for the period		
	31.03.2015	31.03.2014	Δ
Environment	220	218	2
Energy	530	531	(1)
Water	2,444	2,413	31
<i>Lazio-Campania</i>	1,799	1,789	10
<i>Toscana-Umbria</i>	0	0	0
<i>Overseas</i>	478	420	58
<i>Engineering and Services</i>	167	204	(37)
Networks	1,344	1,381	(37)
Parent company	654	672	(18)
TOTAL	5,192	5,215	(23)

4. External costs - 531.0 million euros

This item showed an overall drop of 25.4 million euros (-4.6%) (565.5 million euros as at 31 December 2014).

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Energy, gas and fuels	446.1	468.0	(21.9)	(4.7%)
Materials	5.6	5.7	(0.1)	(1.8%)
Services and contracts	57.1	58.8	(1.8)	(3.1%)
Concession fees	10.5	10.6	(0.1)	(0.9%)
Cost of leased assets	6.1	6.2	(0.1)	(1.6%)
Other operating costs	5.6	7.1	(1.5)	(21.1%)
External costs	531.0	556.5	(25.5)	(4.6%)

Energy, gas and fuels

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Purchase of electricity	284.5	301.2	(16.7)
Transport of electricity and gas	147.3	145.2	2.2
Purchase of gas	10.9	7.7	3.2
White certificates (energy efficiency certificates)	3.2	13.7	(10.5)
Green certificates and CO2 rights	0.2	0.3	(0.1)
Energy, gas and fuels	446.1	468.0	(21.9)

The change was mainly due to: **(i)** lower costs relating to the procurement of electricity for the enhanced protection and free markets and the related transportation costs. The above reduction was due to the combined effect of the lower amount of electricity sold resulting from customer base diversification and the different price/quantity mix in the various months and time brackets, these effects being partially offset by greater purchase costs on the gas market (+17%); **(ii)** a reduction in costs for the purchase of white certificates by ACEA Distribuzione to meet energy efficiency regulatory obligations following lower amounts purchased in the period under review compared to first quarter 2014 (-71,572 certificates).

Materials

Costs for materials amounted to 5.6 million euros and were virtually in line with first quarter 2014. They represent material consumption during the period net of costs allocated to investments, as outlined in the following table.

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Purchase of materials	12.0	12.6	(0.6)	(4.1%)
Change in inventory	(2.4)	(1.9)	(0.5)	28.6%
Total	9.6	10.7	(1.1)	(9.8%)
Capitalised costs	(4.0)	(5.0)	1.0	(18.5%)
TOTAL MATERIALS	5.6	5.7	(0.1)	(28.3%)

Capitalised costs showed a decrease of 1.0 million euros, essentially attributable to ACEA Distribuzione (-0.9 million euros).

The costs for materials incurred by the operating segment are detailed below.

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Environment segment	1.1	1.2	(0.1)	(8.3%)
Energy segment	0.2	0.1	0.1	100.0%
Water segment	2.4	2.9	(0.5)	(17.2%)
Networks segment	1.7	1.4	0.3	21.4%
ACEA	0.2	0.1	0.1	100.0%
Costs of materials	5.6	5.7	(0.1)	(1.8%)

Services and contracts

This item came in at 57.1 million, showing a 1.7 million euros drop compared to first quarter 2014 (58.8 million euros). Below is a breakdown of this item:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Technical and administrative services (including consulting services and freelance work)	12.7	9.9	2,8	28.0%
Contract work	9.7	12.6	(2.9)	(23.0%)
Other services	7.1	6.1	1,0	16.5%
Disposal and transport of sludge, slag, ash and waste	5.9	7.4	(1.5)	(20.1%)
Payroll services	3.9	4.1	(0.1)	(2.9%)
Insurance costs	3.3	3.5	(0.2)	(5.7%)
Electricity, water and gas consumption	2.2	2.5	(0.3)	(12.0%)
Intergroup services	2.0	1.9	0,1	7.6%
Internal use of electricity	1.8	2.0	(0.2)	(9.8%)
Telephones and data transmission costs	1.4	1.5	(0.0)	(1.8%)
Advertising and sponsorship expenses	1.1	1.1	(0.1)	(4.8%)
Postal expenses	1.1	1.4	(0.4)	(25.2%)
Cleaning, transport and portorage	1.0	1.1	(0.1)	(9.0%)
Maintenance fees	1.0	0.7	0.3	35.1%
Bank charges	1.0	0.4	0.5	124.8%
Corporate bodies	0.8	1.1	(0.4)	(31.8%)
Meter readings	0.6	0.8	(0.2)	(24.0%)
Staff seconded	0.3	0.3	(0.0)	(2.9%)
Travel and accommodation expenses	0.2	0.3	(0.1)	(23.3%)
Printing costs	0.0	0.0	0,0	0.0%
Services and contracts	57.1	58.8	(1.7)	(2.9%)

The increase in technical and administrative services is attributable to Acea Energia and Acea800 due to greater charges pertaining to agents, court-based and out-of-court services, debt recovery as well as call centre activities.

Concession fees

The overall amount of 10.5 million euros (10.6 million euros as at 31 March 2014) pertained to licensee companies that manage certain areas of Lazio and Campania.

The following table shows a breakdown by company compared to the previous year.

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Acea Ato2	8.7	8,8	(0.1)	(1.1%)
Acea Ato5	1.7	1.7	0.0	0.0%
Gesesa	0.1	0.1	0.0	0.0%
Concession fees	10.5	10.6	(0.1)	(1.1%)

Other operating costs

This item stood at 5.6 million euros as at 31 March 2015, showing a 1.5 million euros drop. The following table provides details of this item by type:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Taxes and duties	2.9	2.8	0.1	4.3%
Contingent liabilities	1.1	2.6	(1.5)	(58.9%)
Contributions paid and membership fees	0.5	0.7	(0.2)	(29.2%)
General expenses	0.7	0.7	0.0	(6.3%)
Damages and outlays for legal disputes	0.5	0.3	0.2	86.3%
Capital losses on asset disposals	0.0	0.1	(0.1)	(90.5%)
Other operating costs	5.6	7.1	(1.5)	(4.2%)

Cost of leased assets

This item stood at 6.1 million euros and was virtually in line with the same period in the previous year. This item comprised rental expense totalling 3.1 million euros and charges pertaining to other fees and rents to the extent of 3.0 million euros.

The following table illustrates the changes by operating segment:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Environment segment	0.2	0.4	(0.2)	(50.0%)
Energy segment	0.9	1.3	(0.4)	(30.8%)
Water segment	1.2	1.1	0.1	9.1%
Networks segment	1.2	1.1	0.1	9.1%
ACEA	2.6	2.3	0.3	13.0%
Cost of leased assets	6.1	6.2	(0.1)	(1.6%)

5. Net income/(Charges) from commodity risk management - 0.0 million euros

As at 31 March 2015, the change in the fair value measurement of financial contracts was virtually 0.0 million euros.

The portfolio of financial instruments under hedge accounting was the predominant component of the overall portfolio.

The following sections contain all useful information describing the operations carried out combined by hedge index, i.e. an assessment of the hedge portfolio is provided, with the type of accounting also being shown.

€'000s	Purpose	Purchases/Sales	Fair value	Amount booked to shareholders' equity	Amount booked to income statement
Single National Price (PUN)	Hedge power portfolio	Purchase/sale of electricity	(842)	(842)	0
CONSIP	Hedge power portfolio	Purchase/sale of electricity	421	421	0
			(421)	(421)	0

For more information, reference should be made to "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 test carried out on the instruments measured under hedge accounting criteria.

6. Income/(Charges) from equity investments of a non-financial nature - 5,7 million euros

This item represents the result consolidated according to the equity method that is included among the items that contribute to forming the consolidated EBITDA of companies previously consolidated using the proportional method. A breakdown of this item is provided below:

€/m	31/03/2015	31/03/2014	Increase/Decrease
EBITDA	33.7	29.1	4.6
Amortisation, depreciation, impairment charges and provisions	(22.6)	(17.2)	(5.3)
Financial transactions	(2.1)	(2.3)	0.2
Taxation	(3.3)	(3.8)	0.5
Income from equity investments of a non-financial nature	5.7	5.8	(0.1)

The amount was virtually in line with that of the same period in the previous financial year. The EBITDA increase, posted essentially by Tuscan water companies, was offset by the effects arising from GORI's conservative depreciation policies (+1.5 million euros provisions) and greater amortisation booked by Publiacqua (+1.2 million euros).

The details of the assessments of the companies are shown below.

€/m	31/03/2015	31/03/2014	Increase/Decrease
Publiacqua	3.3	2.6	0.7
Gruppo Acque	2.0	1.1	0.8
Acquedotto del Fiora	1.0	0.7	0.3
Umbra Acque	0.1	0.5	(0.4)
Gori	(1.3)	0.3	(1.6)
Nuove Acque and Intesa Aretina	0.1	0.2	(0.1)
Agua Azul	0.3	0.2	0.1
Voghera Energia Vendite in liquidation	0.0	0.1	(0.1)
Ingegnerie Toscane	0.2	0.1	0.1

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Ecomed in liquidation	0.0	0.0	0.0
Total	5.7	5.8	(0.1)

7. Amortisation, depreciation, provisions and impairment charges - 73.3 million euros

This item increased by 7.8 million euros over the same period in the previous financial year (66.1 million euros). A breakdown of this item is provided below:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Amortisation and depreciation of tangible and intangible assets	52.2	47.7	4.5	9.4%
Doubtful receivables	18.4	16.0	2.4	15.0%
Provision for liabilities and charges	2.6	2.4	0.2	8.3%
Amortisation, depreciation, provisions and impairment charges	73.3	66.1	7.8	10.9%

Amortisation and depreciation of tangible and intangible assets

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Depreciation of tangible assets	30.7	29.4	1.3	4.6%
Depreciation of intangible assets	21.5	18.3	3.2	17.4%
Total	52.2	47.7	4.5	9.5%

This item increased as a result of both a growth in invested capital as well as depreciation of Information Technology intangible assets that became operational in last quarter of 2014 and first quarter of 2015 (totalling 2.2 million euros).

Doubtful and losses on receivables

This item amounted to 18.4 million euros, showing a 2.4 million euros increase essentially due to a 2.8 million euros increase posted by Acea Energia. The following table provides a breakdown by operating segment:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Environment segment	0.2	0.0	0.2	100.0%
Energy segment	12.7	9.9	2.8	28.3%
Water segment	4.1	4.7	(0.6)	(12.8%)
Networks segment	0.8	0.8	0.0	0.0%
ACEA	0.6	0.6	0.0	0.0%
Total	18.4	16.0	2.4	15.0%

Provisions

Provisions as at 31 March 2015 stood at 2.6 million euros and were virtually in line with the amounts shown in the first quarterly report of 2014. The following table provides details of this item by type:

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Legal	0.2	0.1	0.1
Tax	0.0	0.1	(0.1)
Regulatory risks	0.7	0.3	0.4
Contributory risks	0.1	0.2	(0.1)
Early retirement and redundancies	0.6	0.5	0.1
Total	1.5	1.2	0.3
Restoration charges IFRIC 12	1.1	1.2	(0.1)
Total	2.6	2.4	0.2

A breakdown of provisions by operating segment is provided in the following table:

€/m	31/03/2015	31/03/2014	Increase/ Decrease	% Increase/ Decrease
Environment segment	0.0	0.5	(0.5)	(100.0%)
Energy segment	0.7	0.4	0.3	75.0%
Water segment	1.6	0.5	1.1	220.0%
Networks segment	0.4	0.3	0.1	33.3%
ACEA	0.0	0.7	(0.7)	(100.0%)
Provisions	2.6	2.4	0.2	12.5%

8. Financial income - 5.5 million euros

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Interests on financial receivables	0.6	0.6	0.0
Bank interests receivable	0.8	0.6	0.2
Interests on trade receivables	3.3	4.2	(0.9)
Other income	0.8	0.4	0.4
Financial income	5.5	5.8	(0.3)

The change was mainly due to lower financial income from ACEA Ato2 customers (-0.9 million euros).

9. Financial charges - 29.3 million euros

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Charges (Income) on Interest Rate Swap	0.7	1.0	(0.3)
Interest on bonds	17.3	15.9	1.4
Interest on medium/long-term borrowings	6.8	7.6	(0.8)
Interest on short-term borrowings	0.8	1.1	(0.3)
Default interest and interest on deferred payments	0.6	0.9	(0.3)
Interest cost net of actuarial gains and losses	0.5	0.8	(0.3)
Factoring fees	2.3	3.5	(1.2)
Interest payable on instalments	0.1	0.2	(0.1)
Other financial charges	0.1	0.1	0.0
Interest payable to end users	0.1	0.1	0.0
Financial charges	29.3	31.2	1.9

With respect to financial charges pertaining to borrowings, the following changes are pointed out:

- Interest on bonds increased by 1.4 million euros compared to 31 March 2014, mainly due to the portion of the placement costs of the bond issued at the end of July 2014 as part of the EMTN project totalling 600 million euros, such portion being calculated based on the amortised cost criterion. Excluding the above effect, charges accrued in first quarter 2015 were virtually in line with those accrued in first quarter 2014, although exposure as at 31 March 2015 was higher (300 million euros) compared to the previous reporting period. Indeed, in July 2014 the 300 million euros bond placed in 2014 was repaid.
- Financial charges on medium and long-term borrowings decreased by 0.8 million euros due to a change in rates and amortisation schedules.
- Short-term financial charges decreased by 0.3 million euros.
- Factoring fees dropped by 1.2 million euros as a result of a reduction in the rate applied.

As at 31 March 2015, the all-in overall average cost of ACEA Group borrowings stood at 3.00% compared to 3.12% as at 31 December 2014 (3.42% as at 31 March 2014).

10. Income and charges from equity investments - (0.1 million) euros

€/m	31/03/2015	31/03/2014	Increase/ Decrease
Income from investments in affiliated companies	0.4	2.9	(2.5)
(Charges) from investments in affiliated companies	(0.5)	(0.1)	(0.4)
(Charges) and income from investments	(0.1)	2.8	(2.9)

The drop was essentially due to 2.3 million euros proceeds being booked as at 31 March 2014 following a revision of the estimated settlement of Marco Polo liquidation.

11. Taxation for the period - 26.7 million euros

The tax burden for the period totalled 26.7 million euros as opposed to 30.6 million euros of the same period in the previous fiscal year. It mainly consisted of the following items:

- ✓ Current taxes: 25.9 million euros (26.9 million euros as at 31 March 2014).
- ✓ Deferred/(advance) taxes (net): 0.8 million euros (3.7 million euros as at 31 March 2014).

The overall decrease shown for the period (3.9 million euros) was essentially due to (i) the write-off of the corporate income tax surcharge following sentence No. 10/2015 issued by the Constitutional Court, and (ii) deductibility of labour costs for IRAP (regional tax) purposes regarding employees hired under a permanent contract.

The following table shows a breakdown of taxation for the period and the relevant percentage weight calculated on the consolidated pre-tax profit.

€/m	31.03.2015	%	31.03.2014	%
Pre-tax profit/(loss)	80.3		77.3	
Theoretical tax charge at 27.5% on pre-tax profit (A)	22.1	27.5%	21.3	27.5%
Net deferred taxation (B)	(0.9)	(1.1%)	2.0	2.5%



€/m	31.03.2015	%	31.03.2014	%
Permanent differences (C)	(2.2)	(2.8%)	(2.1)	(2.7%)
IRES (corporate income tax) for the period (D) = (A) + (B) + (C)	19.0	23.7%	21.2	27.4%
Tax asset (E)	1.7	2.1%	1.7	2.2%
IRAP(F)	6.0	7.5%	7.7	10.0%
Total taxes booked to income statement (G) = (D) + (E) + (F)	26.7	33.3%	30.6	39.6%

The *tax rate* for the period stood at 33.3% (compared to 39.6% in first quarter 2014).

Earnings/(losses) per share

€'000s	31.03.2015	31.03.2014	Increase/ Decrease
Earnings for the year attributable to the Group (€'000s)	50,509	44,485	6,024
Earnings attributable to ordinary equity holders of the Group (€'000s) (A)	50,509	44,485	6,024
Weighted average number of ordinary shares outstanding for the purpose of determining earnings per share (EPS)			
- basic (B)	212,964,900	212,964,900	0
- diluted (C)	212,964,900	212,964,900	0
EPS (in €)			
- basic (A/B)	0.2372	0.2089	0.0283
- diluted (A/C)	0.2372	0.2089	0.0283

Notes to the Consolidated Statement of Financial Position

Not e ref.	GRUPPO ACEA STATEMENT OF FINANCIAL POSITION (figures shown in €/m)	31.03.2015 (a)	31.12.2014 (b)	Increase/ Decrease (a)-(b)	% Increase/ Decrease
	NON-CURRENT ASSETS AND LIABILITIES	3,702.5	3,681.6	20.9	0.6%
12	Intangible/tangible assets	3,691.2	3,669.4	21.8	0.6%
13	Equity interests	226.6	227.2	(0.6)	(0.3%)
14	Other non-current assets	335.9	340.2	(4.3)	(1.3%)
15	Severance indemnities and other defined benefit plans	(116.7)	(118.0)	1.3	(1.1%)
16	Provisions for liabilities and charges	(166.0)	(165.9)	(0.1)	0.0%
17	Other non-current liabilities	(268.5)	(271.3)	2.8	(1.0%)
	NET WORKING CAPITAL	(10.2)	(90.1)	79.9	(88.7%)
18	Current receivables	1,291.4	1,259.9	31.5	2.5%
19	Inventories	31.9	29.2	2.6	9.1%
20	Other current assets	209.4	241.3	(31.9)	(13.2%)
21	Current payables	(1,167.3)	(1,249.4)	82.0	(6.6%)
22	Other current liabilities	(375.6)	(371.2)	(4.4)	1.2%
	INVESTED CAPITAL	3,692.3	3,591.5	100.8	2.8%
23	NET DEBT	(2,139.6)	(2,089.1)	(50.5)	2.4%
	Medium and long-term financial receivables	35.1	34.3	0.8	2.4%
	Medium and long-term financial payables	(2,929.7)	(3,040.7)	111.0	(3.7%)
	Short-term financial receivables	109.9	89.4	20.5	22.9%
	Cash and cash equivalents	891.6	1,018.0	(126.3)	(12.4%)
	Short-term financial payables	(246.6)	(190.1)	(56.5)	29.7%
24	Total shareholders' equity	(1,552.7)	(1,502.4)	(50.3)	3.3%
	HEDGING	(3,692.3)	(3,591.5)	(100.8)	2.8%

Amounts in €/thousand

The above statement of financial position was restated to show 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 figure obtained for invested capital is then compared with the corresponding amounts for shareholders' equity and net debt, thereby showing the weight of funding.

As at 31 March 2015, the ACEA Group's financial position showed a 100.8 million euros (+2.8%) increase compared to 31 December 2014. This change was the net result of an increase in net fixed assets (+20.9 million euros) as well as a rise in net working capital (+79.9 million euros).

Non-current assets and liabilities - 3,702.5 million euros

Compared to 31 December 2014, this item showed an overall increase of 20.9 million euros, standing at 3,702.5 million euros. A breakdown of this item is shown below.

12. Tangible/intangible assets - 3,691.2 million euros

This item increased by 21.8 million euros (+0.6%) compared to the previous year end.

The change reflected investments standing at 71.9 million euros and amortisation, depreciation and impairments totalling 52.2 million euros.

The table below shows the level of CAPEX undertaken in first quarter 2015 by operating segment compared to those for the same period of 2014.

€/m	31/03/2015	31/03/2014	Increase/ Decrease
ENVIRONMENT	0.9	2.0	(1.1)
ENERGY	5.4	3.5	1.9
<i>Generation</i>	2.5	2.7	(0.2)
<i>Sales and Energy Management</i>	2.9	0.8	2.1
WATER:	32.0	32.5	(0.5)
<i>Lazio - Campania</i>	31.9	32.5	(0.6)
<i>Engineering</i>	0.1	0.0	0.1
NETWORKS	29.9	26.1	3.8
ACEA (Corporate)	3.8	2.3	1.5
Total investments	71.9	66.4	5.6

The **Environment segment** reduced its investments (-1.1 million euros), with special reference to ARIA.

The **Energy segment** showed a 1.9 million euros increase mainly attributable to Acea Energia as a result of efforts made to improve IT performance (+2.1 million euros). The increase was however offset by the net effect produced on the one hand by greater investments made by Acea Produzione (+1.5 million euros) and a decrease in Ecogena (-1.7 million euros) on the other hand.

The **Water segment** showed a slight decrease compared to first quarter 2014.

Investments were up by 3.8 million euros in the **Network segment** as a result of the expansion of the HV network and renovation of the LV and MV network.

The **Parent Company** increased investments by 1.5 million euros compared to investments made in the same period in the previous financial year, mainly as part of the Acea 2.0. project.

13. Equity investments - 226.6 million euros

This item was essentially in line with 31 December 2014 data, with the balance consisting mainly of the assessments of companies consolidated according to the shareholders' equity method, in compliance with IFRS 11.

14. Other non-current assets - 335.9 million euros

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

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Deferred tax assets	292.8	296.2	(3.4)

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Receivables from others	42.4	43.0	(0.6)
Accrued income and prepayments	0.6	1.0	(0.3)
Total non-current assets	335.9	340.2	(4.3)

This item showed a fall of 4.3 million euros (-1.3%) compared to 31 December 2014, chiefly due to lower provisions for **deferred tax assets** compared with the previous year end (-3.4 million euros). This drop was chiefly due to uses pertaining to doubtful receivables.

Receivables from others amounted to 42.4 million euros (-0.6 million euros) and represent the total capital spending incurred up to 31 December 2010 as part of the public lighting service agreement: these receivables were recognised using the financial asset model in application of IFRIC 12.

Prepayments and accrued income decreased by 0.3 million euros and mainly refer to insurance premiums paid in advance, lease payments, maintenance fees and rent on public land.

15. Severance indemnities and other defined benefit plans - 116.7 million euros

Stock as at 31 March 2015 showed a 1.3 million euros drop, mainly as a result of:

- -0.5 million euros pertaining to severance indemnities,
- -0.8 million euros relating to tariff subsidies, monthly bonuses and long-term incentive plans.

The above change was affected by provisions - which following the Severance Indemnity Reform accounts for employee severance indemnities until 31 December 2006 - as well as uses during the period and the rate applied for the assessment pursuant to IAS 19 (from 1.49% in 2014 to 1.14% in first quarter 2015).

16. Provisions for liabilities and charges - 166.0 million euros

Provisions for liabilities and charges increased by 0.1 million euros compared to the previous year, mainly due to provisions allocated for the period (2.7 million euros), net of uses and other changes (totalling 2.6 million euros).

The following table provides a breakdown by type of provision for liabilities and charges.

Type of fund	31/12/2014	Provisions	Utilisations	31/03/2015
Regulatory risks	46.6	0.7	(0.7)	46.6
Post-operational	23.1	0.0	0.0	23.1
Legal	20.4	0.2	(0.6)	20.0
Subsidiaries	9.7	0.0	0.1	9.7
Other risks and charges	9.2	0.0	0.2	9.4
Contributory risks	6.6	0.0	(0.0)	6.6
Tax	4.6	0.0	0.0	4.6
Early retirement and redundancies	2.7	0.6	(1.5)	1.8
TOTAL	122.8	1.5	(2.6)	121.7
Provision for restoration charges	43.1	1.1	0.0	44.2
TOTAL PROVISIONS	165.9	2.7	(2.6)	166.0

The main changes refer to:

- Provisions for early retirement and redundancies, which dropped by 1.5 million euros mainly due to exits of employees of the Parent Company (0.6 million euros), ACEA Ato2 (0.2 million euros) and ACEA Distribuzione (0.5 million euros).

- Provisions for legal disputes, decreasing by 0.4 million euros as a result of provisions set aside during the year, offset by uses totalling 0.6 million euros.

17. Other non-current liabilities - 268.5 million euros

Compared to 31 December 2014, this item dropped by 2.8 million euros (-0.5%). Below is a breakdown of this item:

€/m	31/03/2015	31/12/2014	Increase/Decrease
Advance payments from users and customers	104.4	102.5	1.9
Provisions for deferred taxation	89.6	93.3	(3.6)
Accrued liabilities and deferred income	31.9	32.6	(0.7)
Water connection fees	24.5	24.7	(0.2)
Capital grants	18.1	18.3	(0.2)
TOTAL	268.5	271.3	(2.8)

Advances includes: (i) the amount of security deposits and consumption advances subject to adjustment by the water companies; and (ii) the amount of advances relating to liabilities for advances on energy consumption paid by customers in the enhanced protection market, bearing interest as pursuant to the regulation issued by AEEGSI (Resolution No. 204/99).

The 1.9 million euros change was chiefly attributable to the Energy Area.

Provisions for deferred taxation showed an overall decrease of 3.6 million euros compared to 31 December 2014, chiefly due to deferred taxation on the evaluation at the then exchange rate of the *Private Placement* bond issued by the Parent Company.

Accrued liabilities and deferred income came in at 31.9 million euros and mainly refer to grants received reflected in the income statement to the extent of the depreciation generated by the associated capital expenditure. More specifically, 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 grants** showed a net decrease totalling 0.4 million euros compared to 2014 year end.

Net working capital – (10.2 million) euros

This item fell by 79.9 million euros compared with 31 December 2014. A breakdown is provided below.

€/m	31/03/2015	31/12/2014	Increase/Decrease
Current receivables	1,291.4	1,259.9	31.5
- of which users/customers	1,186.9	1,163.0	23.9
- of which Roma Capitale	74.8	67.2	7.6
Inventories	31.9	29.2	2.6
Other current assets	209.4	241.3	(31.9)
Current payables	(1,167.3)	(1,249.4)	82.0
- of which Suppliers	(1,044.4)	(1,130.2)	85.7
- of which Roma Capitale	(119.0)	(116.7)	(2.3)
Other current liabilities	(375.6)	(371.2)	(4.4)
Total	(10.2)	(90.1)	79.9

18. Current receivables - 1,291.4 million euros

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

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Receivables from users and customers	1,186.9	1,163.0	23.9
Receivables from Roma Capitale	74.8	67.2	7.6
Receivables from affiliated and jointly owned companies	29.7	29.7	0.0
Total trade receivables	1,291.4	1,259.9	31.5

Receivables from users and customers

Compared to the previous year end, receivables grew by 23.9 million euros. Below is the trend by operating segment compared to 2014 year end:

€/m	31/03/2015			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	31.5	31.5	0.0	29.7	29.7	0.0	1.8	1.8
Energy	569.3	85.7	655.1	584.8	59.2	644.0	(15.4)	26.6	11.1
Water	389.5	31.6	421.1	375.0	31.3	406.3	14.4	0.3	14.8
Networks	10.6	34.0	44.6	6.2	37.5	43.6	4.5	(3.4)	1.0
Corporate	0.0	34.5	34.5	0.0	39.3	39.3	0.0	(4.8)	(4.8)
Total	969.5	217.4	1.186.9	966.0	197.0	1.163.0	3.5	20.4	23.9

It should be noted that during first quarter 2015, receivables assigned without recourse totalled 324.4 million euros. Below are the details by operating segment:

€/m	31/03/2015	of which Public Administration
Energy segment	129.8	4.1
Water segment	24.2	0.0
Network segment	170.4	52.8
Total	324.4	56.9

With reference to the main changes in receivables from users and customers, it should be noted that:

- The Environment segment increased its total receivables by 1.8 million euros, mainly attributable to companies ARIA and SAO
- The Energy segment showed an increase in receivables from users and customers totalling 11.1 million euros compared to the amount booked as at 31 December 2014, such increase being attributable to Acea Energia (5.6 million euros) and Umbria Energy (1.4 million euros), which was partly offset by a fall posted by Elga Sud (-1.7 million euros). It should be pointed out that as of first quarter 2015 the Energy Area also reflects receivables (5.5 million euros) of Cesap Vendita Gas, which was acquired from Umbria Energy.
- The Water segment showed an increase of 14.8 million euros, chiefly attributable to ACEA Ato2 (+14.7 million euros).
- The Network segment contributed to the growth in receivable to the extent of 1.0 million euros, almost entirely attributable to the change posted by Acea Illuminazione Pubblica.
- The Parent Company posted a reduction in receivables of 4.8 million euros, chiefly ascribable to dealings with the Municipality of Naples, where the public lighting service is operated on a joint venture basis.

As at 31 March 2015, doubtful receivables stood at 295.2 million euros (278.2 million euros as at 31 December 2014), of which 271 million euros referring to the Energy and Water Areas.

Receivables from Parent Company Roma Capitale

Trade receivables from Roma Capitale totalled 74.8 million euros as at 31 March 2015 (67.2 million euros as at 31 December 2014).

The total amount of receivables (including short-term and medium/long term financial receivables resulting from the public lighting contract) was 184,9 million euros compared to 162.2 euros million at the end of the previous year.

The table below provides a combined statement of values resulting from dealings between the ACEA Group and Roma Capitale with regard to both credit as well as debt exposure, including financial transactions.

Receivables from Roma Capitale	31/03/2015	31/12/2014	Increase/ Decrease
Receivables from users	59.0	51.3	7.7
Receivables for work and services	16.3	15.9	0.4
Receivables for services supplied to Rome Municipality	0.6	0.6	(0.0)
Sundry receivables: staff seconded	0.2	0.2	0.0
Total services invoiced	76.0	68.0	8.1
Receivables for grants	2.4	2.4	0.0
Total services requested	78.4	70.4	8.1
Receivables for invoices to be issued: Public Lighting	1.2	1.0	0.2
Receivables for invoices to be issued: other receivables	1.4	1.5	(0.1)
Total receivables for services to be invoiced	2.6	2.5	0.1
Advance payments	0.0	0.0	0.0
Total trade receivables	81.0	72.9	8.2
Financial receivables for public lighting	77.5	62.4	15.1
Total amounts receivable within the following year (A)	158.5	135.3	23.2

Amounts due to Roma Capitale	31/03/2015	31/12/2014	Increase/ Decrease
Payables for electricity surcharges	(15.2)	(15.2)	0.0
Payables for concession fees	(79.4)	(74.0)	(5.3)
Total trade payables	(94.5)	(89.2)	(5.3)
Total amounts payable within the following year (B)	(94.5)	(89.2)	(5.3)

Total (A) - (B)	64.0	46.1	17.9
Other financial receivables/(payables)	29.4	29.4	0.0
Payables for dividends	(3.1)	(3.1)	0.0
Medium and long-term financial receivables for public lighting	32.6	32.6	0.0
Other financial receivables/(payables)	(10.2)	(12.6)	2.4
Net balance	83.2	62.9	20.3

The change in receivables and payables was due entirely to the period falling due, inasmuch as no offsetting transactions were completed during first quarter 2015.

In this connection, amounts receivable within the following year increased by 23.2 million euros compared to the previous year, showing in particular:

- A 7.7 million euros rise in receivables from users, referring chiefly to ACEA Ato2 (+6.5 million euros);
- An increase in financial receivables for public lighting totalling 15.1 million euros as a result of fees due for the period being reflected in the accounts.

Other receivables as at 31 March 2015 pertaining to previous years (not including the medium-long-term component) totalled 119.7 million euros, of which:

- 51 million euros for water and electricity utilities
- 57.3 million euros for the public lighting service
- 17.0 million euros for works and services.

Amounts due to Roma Capitale showed a rise totalling 5.3 million euros attributable to ACEA Ato2 as a result of the concession fee portion accrued during the period.

Finally, it should be noted that in January 2015 the split payment tax regulations came into force, whereby invoices issued to public authorities (including Roma Capitale) must include VAT rates under the split payment system.

The application of the above regulations caused a delay in invoicing utility services supplied to customers. It should be also stressed that Acea Energia disrupted electricity supply as of 28 February 2015 (date of contract termination).

Receivables from affiliated and jointly owned companies

This item stood at 29.7 million euros and was virtually unchanged compared to the previous financial year end. It relates to receivables from companies consolidated using the shareholders' equity method.

19. Inventories - 31.9 million euros

This item increased by 2.7 million euros compared to 31 December 2014, with the table below showing the changes by operating segment:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Environment segment	3.5	3.4	0.0
Energy segment	1.8	1.5	0.3
Water segment	8.0	8.4	(0.4)
Network segment	18.3	15.6	2.7
ACEA	0.3	0.3	0.0
Total	31.9	29.2	2.6

The main change pertained to the Network Area and, more precisely, ACEA Distribuzione.

20. Other current assets - 209.4 million euros

This item fell by 31.9 million euros (13.2% over the previous year), with a breakdown being provided below:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Receivables from others	102.1	126.8	(24.7)
Accrued income and prepayments	21.6	14.7	6.9

Taxes receivable	85.8	99.8	(14.0)
Other current assets	209.4	241.3	(31.9)

Receivables from others totalled 102.1 million euros, showing a 24.7 million euros drop. A breakdown of this item and changes compared to the previous year are outlined in the table below:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Other receivables from Equalisation Fund	22.1	17.7	4.4
Receivables from Equalisation Fund for cancellation contributions	21.7	18.5	3.2
Receivables from Equalisation Fund for energy equalisation	12.4	47.3	(34.9)
Financial receivables from Trifoglio property company	10.3	10.3	0.0
Other minor receivables	5.8	3.8	2.0
Receivables from INPS under Article 41, paragraph 2(A) of Law 488/1999	6.0	6.2	(0.2)
Regional grants due	4.9	6.5	(1.6)
Receivables from Citelum	4.7	0.5	4.2
Security deposits	4.0	3.6	0.4
Receivables from Equitalia	3.3	4.2	(0.8)
Suppliers' advances	2.8	1.7	1.1
Receivables from individual assignments	2.4	2.5	(0.0)
Amounts due from social security institutions	1.7	3.3	(1.6)
Receivables for insurance settlement	0.7	0.7	0.0
Total	102.1	126.8	(24.7)

The decrease of 24.7 million euros compared to 2014 year end was chiefly the result of:

- A reduction in receivables from equalisation fund totalling 34.9 million euros due to the assignment of claims resulting from general equalisation;
- A 3.2 million euros increase relating to receivables from Equalisation Fund for Energy Efficiency Certificates accrued in relation to ACEA Distribuzione's purchase of energy efficiency certificates to meet the relevant regulatory obligation;
- A 4.2 million euros rise in receivables from Citelum, who acted as JV agent and was therefore required to return the proceeds received by the Municipality of Naples to the extent of the share pertaining to ACEA.

Accrued income and prepayments amounted to 21.6 million euros (14.7 million euros as at 31 December 2014) and mainly refer to rent on public land, lease payments and insurance.

Tax receivables stood at 85.8 million euros (-14.0 million euros) and mainly included VAT receivables totalling 36.8 million euros.

21. Current payables - 1,167.3 million euros

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Amounts due to third-party suppliers	1,044.4	1,130.2	(85.7)
Due to Parent Company Roma Capitale	119.0	116.7	2.3
Due to affiliated and jointly owned companies	3.9	2.5	1.4
TOTAL	1,167.3	1,249.4	(82.0)

Amounts due to third-party suppliers

Trade payables amounted to 1,044.4 million euros (1,130.2 million euros as at 31 December 2014). A breakdown by operating segment is provided in the following table:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Environment segment	34.1	38.5	(4.4)
Energy segment	426.8	471.6	(44.8)
Water segment	229.3	247.5	(18.3)
Network segment	297.4	318.5	(21.1)
ACEA	56.9	54.0	2.8
Total	1,044.4	1,130.2	(85.7)

The decrease shown by Energy Area companies was mainly due to Acea Energia customer base diversification as well as the application of the reverse charge, as of January 2015, on commercial transactions between wholesalers.

Due to Parent Company Roma Capitale

This item came in at 119.0 million euros, showing a rise of 2.3 million euros essentially due to the concession fee for the integrated water service falling due for the period under review.

Due to affiliated and jointly owned companies

The balance of 3.9 million euros increased by 1.3 million euros compared to 31 December 2014 and mainly refers to payables arising from the management of the public lighting service provided by affiliated company Citelum Napoli Pubblica Illuminazione in the Municipality of Naples.

22. Other current liabilities - 375.6 million euros

These were up by 44.4 million euros (1.2%). The following table shows the main items making up the balance and the change compared to 31 December 2014.

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Other liabilities	264.2	268.7	(4.5)
Tax payables	103.1	83.9	19.2
Social security contributions	6.6	17.5	(10.8)
Liabilities from commodity derivatives	0.4	0.3	0.1
Accrued liabilities and deferred income	1.3	0.7	0.6
Other current liabilities	375.6	371.2	4.4

Other liabilities stood at 264.2 million euros and proved lower compared to 31 December 2014 to the extent of 4.5 million euros. The following table shows a breakdown of this item and changes compared to the previous year.

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Payables to Equalisation Fund	70.5	78.1	(4.5)
Payables to municipalities for concession fees	53.3	51.8	1.5
Payables for collections subject to verification	52.2	43.3	8.9
Amounts due to employees	43.9	45.3	(1.4)
Other payables	13.8	15.4	(1.6)
Payables to Equitalia	10.6	11.1	(0.4)
Other payables to Municipalities	9.7	14.3	(4.6)
Solidarity contribution payables	9.4	8.4	1.1

Payables for environmental premium under Article 10 of ATI4 Agreement dated 13/08/2007	1.3	1.1	0.2
Other liabilities	264.2	268.7	(4.5)

Tax payables amounted to 103.1 million euros (83.9 million euros as at 31 December 2014) and mainly included the VAT tax payable for the period (47.9 million euros), amounts due for corporate income tax (30.1 million euros) and additional municipal and provincial tax payables (29.3 million euros).

Social security and welfare payables stood at 6.6 million euros, showing a decrease of 10.8 million euros.

A breakdown by operating segment is provided in the table below:

€/m	31/03/2015	31/12/2014	Increase/Decrease
Environment segment	0.3	0.7	(0.4)
Energy segment	0.7	1.8	(1.1)
Water segment	2.4	6.0	(3.6)
Network segment	1.8	5.7	(3.9)
ACEA	1.4	3.3	(1.9)
Total	6.6	17.5	(10.8)

Payables arising from commodity derivatives included the fair value of a number of financial contracts entered into by Acea Energia. This item came in at 0.4 million euros as at 31 March 2015, compared to 0.3 million euros in fiscal year 2014.

Accrued liabilities and deferred income amounted to 1.3 million euros, rising by 0.6 million euros over the previous year end.

23. Net debt - (2,139.6) million euros

During the first quarter of 2015, the Group debt showed a total growth of 50.5 million euros, increasing from 2,089.1 million euros at 2014 year end to 2,139,6 million euros.

The above change was due to the effects caused by the growth in invested capital (+100.8 million euros, i.e., a 2.8% rise) driven by both investments made as early as from the last quarter of the previous year and a rise in working capital.

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

€/m	31/03/2015	31/12/2014	Increase/Decrease
Non-current assets/(liabilities)	2.5	1.7	0.8
Non-current financial assets/(liabilities) - intergroup	32.6	32.6	0.0
Non-current borrowings and financial liabilities	(2,929.7)	(3,040.7)	111.0
Net medium/long-term debt	(2,894.6)	(3,006.4)	111.9
Cash and cash equivalents and securities	891.6	1,018.0	(126.3)
Short-term bank borrowings	(160.9)	(58.2)	(102.7)
Current financial assets/(liabilities)	(58.5)	(103.9)	45.5
Current financial assets/(liabilities) intergroup	82.7	61.5	21.2
Net short-term debt	755.0	917.3	(162.3)
Total net debt	(2,139.6)	(2,089.1)	(50.5)

Net medium/long-term debt - (2,894.6) million euros

With regard to this item it should be noted that:

- Intergroup financial assets/(liabilities) stood at 32.6 million euros (no change compared to 2014 year end) and included financial receivables from Roma Capitale for upgrading works completed to adapt systems to safety and regulatory standards and new constructions as required under the addendum to the Public Lighting contract. The above assets pertained to the long-term portion resulting from the application of the financial method under IFRIC 12 governing service concession arrangements and were in line with the previous year end.
- Non-current payables and financial liabilities totalled 2,929.7 million euros, down 111.0 million euros compared to 31 December 2014. A breakdown of this item is provided below:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Bonds	1,904.1	1,909.1	(5.0)
Medium/long-term borrowings	1,025.5	1,131.6	(106.1)
Total	2,929.7	3,040.7	(111.0)

Bonds - 1,904.1 million euros

The change compared to the previous year was mainly due to the effect resulting from **(i)** the payment of interests accrued on the bond issued by ACEA on 16 March 2010, which was partly offset, and **(ii)** the fair value evaluation of the Private Placement hedging instrument.

This item therefore consists of:

- 603.5 million euros (inclusive of accrued interest and the contract related 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 3.9 million euros,
- 608.9 million euros (including accrued interest and fair value of the hedge) related to the bond issued by ACEA in September 2013, with 5 year maturity and expiring on 12 September 2018. The fair value of hedging derivatives on this debt was positive, totalling 1.2 million euros. Interest accrued during the period amounted to 5.5 million euros,
- 498.9 million euros (including accrued interest and contract execution 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 5.5 million euros,
- 193.2 million euros (including accrued interest and fair value of the hedging instrument) relating to the Private Placement. The fair value of the hedging instrument was negative to the extent of 43.4 million euros and was allocated to a specific equity reserve. The foreign exchange rate difference pertaining to the hedged instrument calculated as at 31 March 2015 was allocated to a special reserve, such difference being positive (10.1 million euros). The exchange rate at the end of the period was 128.90 versus 145.23 as at 31 December 2014. Interest accrued during the period amounted to 1.0 million euros.

Medium/long term borrowings 1,025.5 million euros - (including short-term portions - 1,176.0 million euros).

They showed an overall decrease of 2.0 million euros compared to 1.178.1 million euros in fiscal year 2014. This change was due to the effect resulting from interests accrued during the period under review.

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 31 March 2016	from 31 March 2016 to 31 March 2020	Due after 31 March 2020
Fixed rate	326.3	24.5	83.7	218.1
Floating rate	781.9	117.5	395.2	269.2
Floating rate to fixed rate	67.9	8.5	46.9	12.5
Total	1,176.0	150.5	525.8	499.7

The fair value of ACEA hedging derivatives was negative to the extent of 8.7 million euros, showing a 0.3 million euros drop compared to 31 December 2014 (-9.0 million euros).

As regards the conditions governing medium/long-term borrowings and bonds, reference should be made to the 2014 Consolidated Financial Statements.

Net short-term debt - 755.0 million euros

The short-term component is positive and compared to the end of fiscal year 2014 shows a decrease totalling 162.3 million euros, mainly due to a drop in cash and cash equivalents (-€126.3 million euros compared to 31 December 2014) and a rise in short-term portion of medium/long-term borrowings (+102.7 million euros) as a result of the early redemption (April 2015) of a 100 million euros loan provided in July 2013.

Cash and cash equivalents totalled 891.6 million euros, showing an overall drop of 126.3 million euros due to the change posted by the Parent Company in the period. A breakdown by operating segment is provided below:

€/m	31/03/2015	31/12/2014	Increase/Decrease
Environment segment	1.7	1.1	0.5
Energy segment	2.3	1.5	0.8
Water segment	35.9	36.2	(0.3)
Network segment	0.7	0.6	0.0
ACEA	851.1	978.4	(127.3)
Total	891.6	1.018.0	(126.3)

Short-term bank borrowings totalled 160.9 million euros (+102.7 million euros), broken down as follows:

€/m	31/03/2015	31/12/2014	Increase/Decrease
Amounts due to banks for short-term credit lines	10.4	11.7	(1.3)
Short-term amounts due to banks for mortgages	150.5	46.5	104.0
Total	160.9	58.2	102.7

Below is a breakdown by operating segment:

€/m	31/03/2015	31/12/2014	Increase/Decrease
Environment segment	4.1	4.1	0.0
Energy segment	6.7	7.4	(0.7)
Water segment	1.6	3.2	(1.6)
Network segment	23.0	19.3	3.7
ACEA	125.5	24.2	101.3
Total	160.9	58.2	102.7

As at 31 March 2015, the Parent Company held uncommitted credit lines only to the extent of 799 million euros, which were not used. No guarantees were issued to obtain these credit lines. Committed credit lines held as at 31 December 2014 (totalling 300 million euros) were written off in March 2015.

Current financial assets and (liabilities) reported a balance as at 31 December 2014 that increased debt by 58.5 million euros (103.9 million euros as at 31 December 2014). Below is a breakdown by operating segment:

€/m	31/03/2015	31/12/2014	Increase/ Decrease
Environment segment	(4.0)	(4.1)	0.1
Energy segment	(42.1)	(56.6)	14.5
Water segment	(8.5)	(45.1)	36.7
Network segment	(13.8)	(8.0)	(5.8)
ACEA	9.9	9.9	0.0
Total	(58.5)	(103.9)	45.5

The 45.5 million euros reduction in outstanding debt reflects a reduction in amounts due to factoring companies for the reimbursement of proceeds from the assignment of claims by Energy, Water and Network companies (-46.5 million euros), partly offset by the change pertaining to the Network Segment (+5.8 million euros).

Intergroup current financial assets and (liabilities) reduced borrowings by 82.7 million euros and mainly included the net exposure to Roma Capitale (74.4 million euros).

The overall change of 21.2 million euros was mainly due to a growth in financial receivables (+15.1 million euros) resulting from the service agreement entered into for the management of the public lighting system across Rome.

24. Shareholders' equity – (1,552.7) million euros

The changes occurred during the period, amounting to 50.3 million euros, are detailed in the table below.

The change, net of profit for the period amounting to 50.5 million euros, was essentially due to (i) changes in the cash flow hedge reserve related to financial instruments of -4.0 million euros (net of deferred taxation), (ii) changes in the reserve for the fair value measurement of derivative contracts of ACEA Energia, amounting to -0.3 million euros, and (iii) the change in actuarial gains and losses, amounting to -3.4 million euros.

Significant events during and after the period

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

In February, the first two parts of the new calls for tender drafted by ACEA to digitalise procedures for operating and maintaining its water and electricity networks were published in the Official Journal of the European Union. The ACEA Group has embarked on a project that will enable it to manage all its work processes using innovative mobile technologies in a perfectly integrated manner, from the deployment of capabilities and maintenance services to the management of networks, customer care, and so on. This groundbreaking project, which is expected to bear fruit in 2016, will be driven by the Work Force Management (WFM) system, a digital platform built by multinational company SAP allowing all the activities performed by 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 obliged 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, implementing 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 technical operations performed by ACEA every year in Rome and the Lazio region, reducing turnaround time by about one third. After having completed each phase of their job assignment, engineers and workers, equipped with tablets and palmtops, 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.: Shareholders' Meeting Convened on 23 April 2015

On 24 March 2015, a Shareholders' Meeting was convened to discuss and approve the draft financial statements and pass resolutions on increasing the number of Board Directors from seven to nine, their appointment and the relevant emoluments.

ACEA S.p.A.: The Shareholders' Meeting approved the 2014 financial statements, the distribution of a dividend of €0.45 per share and the increase of Board Directors from 7 to 9 members, appointing 2 board members.

Rome, 23 April 2015 - The Shareholders' Meeting of ACEA S.p.A. met today on first call to approve the financial statements and present the consolidated financial statements for the year ended 31 December 2014, showing a €162.5 million net profit after attributions to minority interests.

The Meeting resolved to allocate ACEA S.p.A.'s statutory profit pertaining to the year ended 31 December 2014 totalling €89,601,433.50 as follows:

- €4,480,071.67 (i.e., 5% of profit) to the legal reserve;
- €85,100,774.04 to Shareholders, corresponding to a unit dividend of €0.3996;
- €20,587.78 as profit carried forward.

The Meeting is also resolved that €10,733,430.96, corresponding to a unit dividend of €0.0504, be allocated to Shareholders by using the reserve of earnings retained from previous years. The overall dividend (coupon No. 16) of €95,834,205.00, corresponding to €0.4500 per share, shall be paid beginning on 24 June 2015 with ex date set on 22 June and record date on 23 June.

The Shareholders' Meeting approved the increase in the number of Board Directors from 7 to 9 members and appointed Ms Roberta Neri and Mr Massimiliano Capece Minutolo del Sasso as directors, who will remain in office until the term of the current Board expires, that is upon the 2016 financial statements being approved.

Directors Roberta and Massimiliano Capece Minutolo del Sasso represented that they meet the independence requirements as laid down by law, the Articles of Association and the Corporate Governance Code for Listed Companies.

Operating and financial position outlook

The results achieved by the ACEA Group as at 31 March 2015 were in line with expectations.

During the following months, the ACEA Group will continue the efforts it started in 2014 aimed at rationalising and streamlining the operating processes in all business and corporate areas. These goals will also be pursued through a major development of IT systems, which will allow networks to be operated and services to be provided in an innovative manner by 2016.

Efforts will continue to be stepped up to undertake all the necessary actions aimed at constantly improving the billing and sales process in order to limit the growth of working capital and help curb the Group's debt.

The ACEA Group's financial structure is solid for years to come, as its entire indebtedness as at 31 March 2015 is set on long-term maturities with an average lifespan of about 7.4 years. 64.3% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility.

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

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



Statement of the officer responsible for drafting corporate accounting documents as under Article 154(a), paragraph 2, of Legislative Decree No. 58/1998.

Pursuant to Article 154(a), paragraph 2, of the Consolidated Text on Finance, the officer responsible for drafting corporate accounting documents, Mr Franco Balsamo, certifies that the disclosures contained in this Quarterly Report on Operations as at 31 March 2015 are in agreement with documentary evidence and the books of account.

Annex 1: List of consolidated companies

Name	Registered Office	Share capital (in euros)	% interest	Group's consolidated interest	Method of consolidation
Environment:					
ARIA S.r.l.	Via G. Bruno 7- Terni	2,224,992	100.00%	100.00%	Line-by-line
Aquaser S.r.l.	Via dei Lecceti, 16 - Volterra (PI)	9,050,000	88.29%	100.00%	Line-by-line
Ecoenergie S.r.l. (in liquidation)	Via San Francesco d'Assisi 15/C - Paliano (FR)	10,000	90.00%	100.00%	Line-by-line
Innovazione Sostenibilità Ambientale S.r.l.	Via Ravano K.m. 2,400 - Pontecorvo (FR)	91,800	51.00%	100.00%	Line-by-line
Kyklos S.r.l.	Via Ferriere - Nettuno n. km 15 - Latina	500,000	51.00%	100.00%	Line-by-line
S.A.M.A.CE. S.r.l.	Via Lungo Sisto, 60 - Sabaudia (LT)	38,480	100.00%	100.00%	Line-by-line
S.A.O. S.r.l.	Loc. Pian del Vantaggio 35/B - Orvieto (TR)	7,524,400	100.00%	100.00%	Line-by-line
Solemme S.p.A.	Località Carboni in Monterotondo Marittimo (GR)	761,400	100.00%	100.00%	Line-by-line
Energy:					
Acea Energia S.p.A.	P.le Ostiense, 2 - Roma	10,000,000	100.00%	100.00%	Line-by-line
Acea Produzione S.p.A.	P.le Ostiense, 2 - Roma	5,000,000	100.00%	100.00%	Line-by-line
Acea8cento S.r.l.	P.le Ostiense, 2 - Roma	10,000	100.00%	100.00%	Line-by-line
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10,000	100.00%	100.00%	Line-by-line
Ecogena S.p.A.	P.le Ostiense, 2 - Roma	6,000,000	100.00%	100.00%	Line-by-line
Elga Sud S.p.A.	Via Montegrappa, 6 - Trani	250,000	49.00%	100.00%	Line-by-line
Parco della Mistica S.r.l.	P.le Ostiense, 2 - Roma	10,000	100.00%	100.00%	Line-by-line
Umbria Energy S.p.A.	Via B. Capponi, 100- Terni	1,000,000	50.00%	100.00%	Line-by-line
Waters:					
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Roma	362,834,320	96.46%	100.00%	Line-by-line
ACEA Ato5 S.p.A.	Viale Roma -Frosinone	10,330,000	98.45%	100.00%	Line-by-line
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644,937	100.00%	100.00%	Line-by-line
Acea Gori Servizi S.c.a.r.l.	Via ex Aeroporto s.n.c. località Area "Consorzio Sole" - Pomigliano d'Arco	1,000,000	69.82%	100.00%	Line-by-line
Acea Servizi Acqua S.r.l. (in liquidation)	P.le Ostiense, 2 - Roma	10,000	70.00%	100.00%	Line-by-line
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Roma	8,000,000	76.81%	100.00%	Line-by-line
Acque Blu Fiorentine S.p.A.	P.le Ostiense, 2 - Roma	15,153,400	75.01%	100.00%	Line-by-line
Aguaazul Bogotá S.A.	Calle 82 n. 19°-34 - Bogotá-Colombia	1,482,921	51.00%	100.00%	Line-by-line
Crea Gestioni S.r.l.	P.le Ostiense, 2 - Roma	100,000	100.00%	100.00%	Line-by-line
CREA S.p.A. (in liquidation)	P.le Ostiense, 2 - Roma	2,678,958	100.00%	100.00%	Line-by-line
Gesesa S.p.A.	Z.I. Pezzapiana lotto 11/12 - Benevento	520,632	59.52%	100.00%	Line-by-line
Lunigiana S.p.A. (in liquidation)	Via Nazionale 173/175 - Massa Carrara	750,000	95.79%	100.00%	Line-by-line
Ombrone S.p.A.	P.le Ostiense, 2 - Roma	6,500,000	99.51%	100.00%	Line-by-line
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Roma	100,000	99.16%	100.00%	Line-by-line
LaboratoRI S.p.A.	Via Vitorchiano - Roma	2,444,000	100.00%	100.00%	Line-by-line
Networks:					
ACEA Distribuzione S.p.A.	P.le Ostiense, 2 - Roma	345,000,000	100.00%	100.00%	Line-by-line
Acea Illuminazione Pubblica S.p.A.	P.le Ostiense, 2 - Roma	1,120,000	100.00%	100.00%	Line-by-line
Acea Reti e Servizi dell'Energia S.p.A.	P.le Ostiense, 2 - Roma	300,120,000	100.00%	100.00%	Line-by-line

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

Name	Registered Office	Share capital (in euros)	% interest	Group's consolidated interest	Method of consolidation
Environment:					
Ecomed S.r.l.	P.le Ostiense, 2 - Roma	10,000	50.00%	50.00%	Shareholders' equity
Energy:					
Voghera Energia Vendita S.p.A. (in liquidation)	Largo Toscanini n.5 - Voghera (PV)	250,000	50.00%	50.00%	Shareholders' equity
Water					
Acque S.p.A.	Via Garigliano,1- Empoli	9,953,116	45.00%	45.00%	Shareholders' equity
Acque Industriali S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	100,000	100.00%	45.00%	Shareholders' equity
Acque Servizi S.r.l.	Via Bellatalla,1 - Ospedaletto (Pisa)	400,000	100.00%	45.00%	Shareholders' equity
Acquedotto del Fiora S.p.A.	Via Mameli,10 Grosseto	1,730,520	40.00%	40.00%	Shareholders' equity
Consorcio Agua Azul S.A.	Calle Amador Merino Reina 307 - Lima - Perù	17,379,190	25.50%	25.50%	Shareholders' equity
GORI S.p.A.	Via Trentola, 211 - Ercolano (NA)	44,999,971	37.05%	37.05%	Shareholders' equity
Ingegnerie Toscane S.r.l.	Via di Villamagna 90/c - Firenze	100,000	43.01%	43.01%	Shareholders' equity
Intesa Aretina S.c.a.r.l.	Via B.Crespi, 57 - Milano	18,112,000	35.00%	35.00%	Shareholders' equity
Nuove Acque S.p.A.	Loc.Cuculo - Arezzo	34,450,389	46.16%	16.16%	Shareholders' equity
Publiacqua S.p.A.	Via Villamagna - Firenze	150,280,057	40.00%	40.00%	Shareholders' equity
Umbra Acque S.p.A.	Via G. Benucci, 162 - Ponte San Giovanni (PG)	15,549,889	40.00%	40.00%	Shareholders' equity

The following companies are consolidated using the equity method:

Name	Registered Office	Share Capital (in euros)	% interest
Area Ambiente			
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33.00%
Arkesia S.p.A. (in liquidation)	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 liquidation)	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%
Agua 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 Garigliano,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 liquidation)	Largo Virgilio Testa, 23 - Roma	4,100,000	32.99%
Sienergia S.p.A. (in liquidation)	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%
Sienergias 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 liquidation)	Via delle Cave Ardeatine, 40 - Roma	10,000	33.00%

Annex 2: Segment Information

Please note the following for a greater understanding of this section:

- generation, trading/energy management and sales refer to the Energy segment which, from an organizational standpoint, is responsible for the companies Acea Energia, Umbria Energy, Cesap Vendita Gas, Voghera Energia Vendita in liquidation, Elga Sud, Acea Produzione, Ecogena and Parco della Mistica,
- distribution, public lighting (Rome and Naples) and PV systems refer to the Networks segment which, from an organizational standpoint, is responsible for ACEA Distribuzione, ARSE and Acea Illuminazione Pubblica,
- analysis and research services refer to the Engineering and Services Department, which, from an organizational standpoint, is responsible for Laboratori S.p.A.,
- Overseas Water Services refer to the Water segment which, from an organizational standpoint, is also responsible for the water companies operating abroad,
- Italian Water Services refer to the Water segment which, from an organizational standpoint, is responsible for the water companies operating in Lazio, Campania, Tuscany and Umbria, and for AceaGori Servizi,
- environment refer to the Environment segment which, from an organizational standpoint, is responsible for the companies of the ARIA Group, Aquaser Group and for Solemme and Samace.



2014 Statement of financial position

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
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													
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 €/thousand



2014 statement of financial position

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
Segment 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
Provision 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 €/thousand



Income Statement as at 31 March 2014

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Environment	PV power	Corporate	Group total	Consolidation adjustments	Total Consolidated
Revenues	19,792	128,405	534,851	16,941	146,680	1.803	7,022	32,142	1,167	27,101	915,905	(135,821)	780,084
Staff costs	1,483	16,433	5,406	1,989	22,394	693	2,599	2,699	88	14,468	68,253	(4,879)	63,373
Energy purchase	2,457	33,371	497,485	0	23	0	0	828	0	23	534,187	(66,197)	467,990
Sundry materials and overheads	4,333	18,885	18,901	27,794	64,296	836	2,594	14,425	439	15,361	167,865	(79,354)	88,511
Income/(Charges) from equity investments of a non-financial nature			91		5,486	211		0			5,787	0	5,787
EBITDA	11,518	59,716	13,151	1,809	65,452	485	1,829	14,190	640	(2,751)	166,039	(42)	165,997
Depreciation/amortisation	4,162	20,087	11,383	440	19,003	31	134	6,612	0	4,242	66,095	0	66,095
EBIT	7,356	39,629	1,767	1,369	46,448	454	1,695	7,578	640	(6,993)	99,944	(42)	99,901
Finance (costs)/income													(25,400)
(Costs)/Income from investments		(100)	10		406	220				2,291	2,828		2,828
Profit/(loss) before tax													77,329
Taxation													30,594
Net profit (loss)													46,735

Amounts in €/thousand



Statement of financial position as at 31 March 2015

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
Investments	2,493	29,737	2,945	103	31,894	0	101	3,776	851	15	71,914	0	71,914
Operating Segments													
Property, plant and equipment	169,906	1,418,310	1,753	854	13,758	2,683	2,950	159,733	238,281	32,149	2,040,378	(4,671)	2,035,707
Intangible Assets	7,363	41,175	129,309	2,407	1,827,324	239	205	15,457	26,729	0	2,050,208	(395,252)	1,654,956
Non-current financial assets measured at equity		0	0								2,079,407	(1,855,204)	224,203
Non current financial assets													2,424
Other non-current trading assets													335,870
Other non-current financial assets													35,109
Inventories	1,797	11,843	0	6,529	7,678	371	0	0	3,456	204	31,878	0	31,878
Trade receivables from third parties	19,766	108,197	716,752	12,133	419,472	2,295	29,962	24,835	63,448	23,390	1,420,249	(233,329)	1,186,920
Trade receivables from Parent Company	556	1,700	38,236	4,892	38,151	10	30	504	118	0	84,197	(9,386)	74,811
Trade receivables from subsidiaries and associates	0	0	18,092	0	8,467	5	0	35,589	354	0	62,506	(32,809)	29,697
Other current trading assets													209,444
Other current financial assets													112,616
Cash and cash equivalents													891,642
Non-current assets held for sale										497	497		497
Total assets													6,825,775

Amounts in €/thousand



Statement of financial position as at 31 March 2015

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
Segment liabilities													
Trade payables to third parties	12,487	292,076	492,914	9,834	350,868	1,572	3,168	55,919	37,672	2,113	1,258,623	(214,176)	1,044,447
Trade payables to Parent Company	3,039	5,738	16,808	120	103,618	0	323	20,516	1,225	0	151,386	(32,388)	118,998
Trade payables to subsidiaries and associates	0	32	6,296	6,522	520	478	0	3,146	484	0	17,478	(13,589)	3,889
Other current trading liabilities													375,601
Other current financial liabilities													246,454
Staff termination benefits and other defined-benefit plans	2,576	38,324	4,746	3,099	30,499	222	3,316	30,381	3,566	0	116,727	(12)	116,714
Other provisions	6,088	7,793	10,272	414	57,849	17	744	34,268	27,473	2,394	147,311	21,380	168,691
Provision for deferred taxes													89,641
Other non-current trading liabilities													178,864
Other non-current financial liabilities													2,929,680
Liabilities directly associated with assets held for sale										99	99		99
Shareholders' equity													1,552,697
Total liabilities and shareholders' equity													6,825,775

Amounts in €/thousand



Income Statement as at 31 March 2015

	Generation	Distribution	Sales	Public Lighting	Italian water services	Overseas	Engineering	Environment	PV power	Corporate	Group total	Consolidation adjustments	Total Consolidated
Revenues	17,892	112,946	531,937	16,805	148,278	5,652	6,013	30,711	961	26,654	897,849	(136,267)	761,582
Staff costs	1,158	12,678	5,742	1,991	20,502	918	2,840	2,766	0	13,728	62,323	(3,494)	58,829
Energy purchase	2,537	25,083	483,158	22	12	0	20	747	0	324	511,904	(65,829)	446,075
Sundry materials and overheads	3,486	17,451	22,170	13,209	63,568	1,795	1,619	14,425	267	13,952	151,941	(66,974)	84,968
Income/(Charges) from equity investments of a non-financial nature			(27)	0	5,440	294	0	(6)	0	0	5,701	0	5,701
EBITDA	10,711	57,734	20,839	1,583	69,635	3,233	1,533	12,768	694	(1,350)	177,381	29	177,410
Depreciation/amortisation	4,628	20,935	15,233	79	20,663	45	160	7,020	0	4,515	73,279	0	73,279
EBIT	6,083	36,799	5,606	1,504	48,972	3,188	1,374	5,747	694	(5,865)	104,102	29	104,131
Finance (costs)/income													(23,811)
(Costs)/Income from investments		(286)	(33)		245	238		0		(231)	(67)		(67)
Profit/(loss) before tax													80,254
Taxation													26,706
Net profit (loss)													53,548

Amounts in €/thousand