Interim Report on Operations as at 31 March 2020

Report on Operations

Consolidated Financial Statements

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Acea Organisational Model

Acea is one of the major Italian multiutilities, and has been quoted on the stock exchange since 1999.

Acea adopts an operational model based on an organisational layout in line with the Strategic Business Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. Acea's macrostructure is based around the corporate functions and six industrial areas – Environment, Commercial and Trading, Water, Energy Infrastructure, Engineering and Services and Overseas.
The activities of each business segment are described below.

Environment
The Acea Group is one of the leading national players with more than 1 million tonnes of waste processed each year. It manages the main waste-to-energy plant and the largest composting plant in Lazio. In particular, the Group develops investments in the waste-to-energy business, considered high potential, in accordance with the strategic goal of producing energy from waste and protecting the environment.

Commercial and Trading
The Acea Group is a major operator in Italy in the sale of electrical energy and offers innovative and flexible solutions for the supply of electricity and natural gas to consolidate its position as a dual fuel operator. Acea operates in the market segments of medium-sized businesses and families, striving to improve the quality of its services in particular as far as web and social channels are concerned. It supervises the Group's energy management policies.

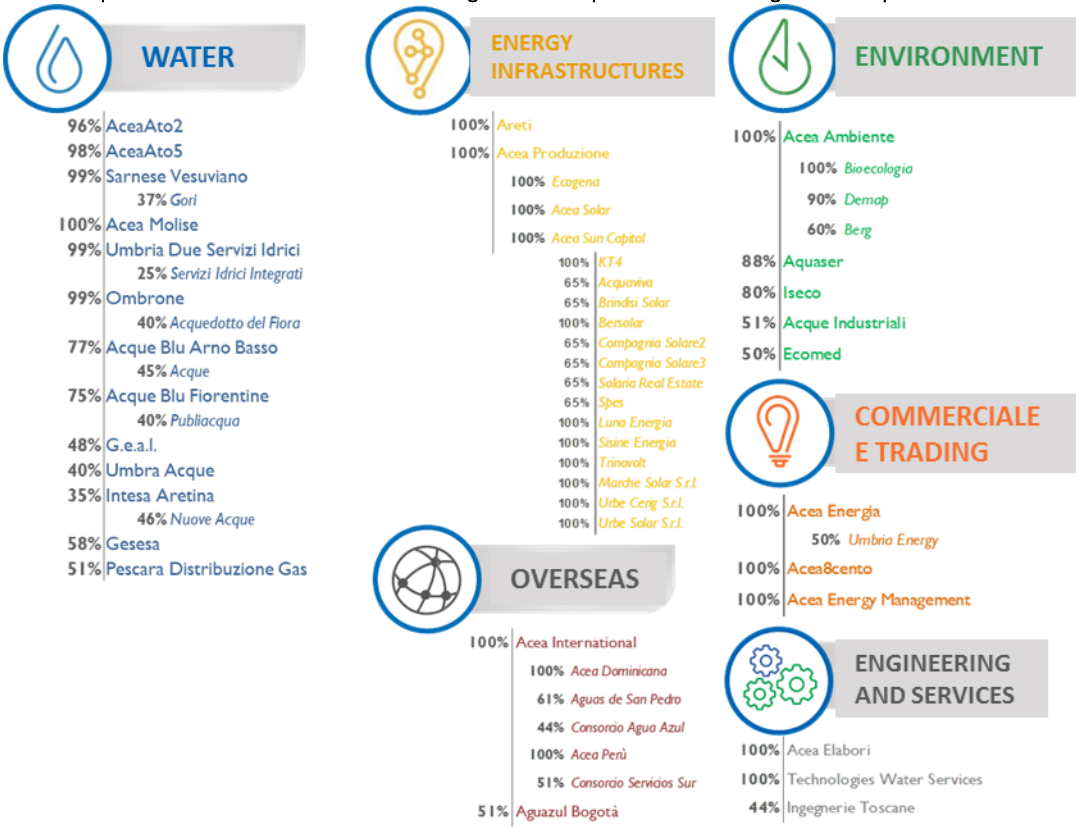
Water
The Acea Group is the top Italian operator in the water sector serving 9 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria and Campania.

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

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

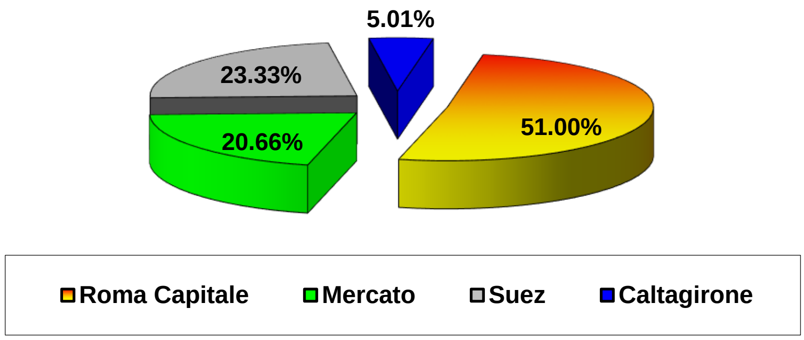
Overseas
Through this Area, the Acea Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy.
It is present in Honduras, Dominican Republic, Colombia and Peru, serving approximately 4 million people. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

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



No change compared to the end of 2019

The share capital of Acea S.p.A. at 31 March 2020 is broken down as follows:



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

Corporate bodies

Board of Directors

Michaela Castelli	Chairwoman
Stefano Antonio Donnarumma	CEO
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Gabriella Chiellino	Director
Diane Galbe	Director
Giovanni Giani	Director
Liliana Godino	Director
Maria Verbena Sterpetti	Director

Board of Statutory Auditors

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

Executive Responsible

Giuseppe Gola

Summary of Results

Income Statement Data (€ million)	31/03/2020	31/03/2019	Change	% Change
Consolidated revenues	833.5	823.3	10.1	1.2 %
Consolidated operating costs	564.3	583.2	(18.9)	(3.2) % %
Fair value (negative) from commodities	0.1	0.0	0.1	n.s.
Income/(Costs) from equity investments of a non-financial nature	7.2	7.7	(0.5)	(6.9) %
EBITDA	276.4	247.9	28.6	11.5 %
EBIT	136.8	132.8	4.1	3.1 %
Net profit/(loss)	80.1	81.5	(1.4)	(1.8) %
Profit/(loss) attributable to minority interests	9.4	6.0	3.5	58.0 %
Net Group result	**70.6**	**75.5**	**(4.9)**	**(6.5) %**

EBITDA per operating segment (€ million)	31/03/2020	31/03/2019	Change	% Change
Environment	**12.5**	**16.9**	**(4.4)**	**(26.0) %**
Commercial and Trading	**17.1**	**16.4**	**0.7**	**4.4 %**
Overseas	**7.2**	**3.8**	**3.5**	**91.9 %**
Water	**145.3**	**121.6**	**23.7**	**19.5 %**
Integrated Water Service	***144.8***	***121.6***	***23.2***	***19.1 %***
Other	***0.5***	***0.0***	***0.5***	***n.s.***
Energy infrastructure	**101.4**	**95.5**	**5.9**	**6.1 %**
Distribution	*91.0*	*81.8*	*9.2*	*11.2 %*
Generation	*11.0*	*14.9*	*(4.0)*	*(26.4) %*
Public Lighting	*(0.6)*	*(1.2)*	*0.7*	*(53.7) %*
Engineering and Services	**1.5**	**2.0**	**(0.5)**	**(26.1) %**
Acea (Corporate)	**(8.6)**	**(8.4)**	**(0.2)**	**2.6 %**
Total EBITDA	**276.4**	**247.9**	**28.6**	**11.5 %**

Consolidated balance sheet data (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Net Invested Capital	5,390.5	5,169.5	220.9	4.3 %	4,655.0	735.4	15.8 %
Net Debt	(3,184.4)	(3,062.8)	(121.6)	4.0 %	(2,675.7)	(508.7)	19.0 %
Consolidated Shareholders' Equity	(2,206.1)	(2,106.7)	(99.3)	4.7 %	(1,979.3)	(226.8)	11.5 %

Investments per operating segment (€ million)	31/03/2020	31/03/2019	Change	% Change
Environment	**3.9**	**3.1**	**0.8**	**27.0 %**
Commercial and Trading	**9.0**	**6.1**	**2.9**	**48.2 %**
Overseas	**0.8**	**1.5**	**(0.7)**	**(48.5) %**
Water	**104.0**	**73.1**	**30.9**	**42.3 %**
Integrated Water Service	***103.7***	***73.1***	***30.6***	***41.8 %***
Other	***0.3***	***0.0***	***0.3***	***n.s.***
Energy infrastructure	**66.2**	**63.7**	**2.6**	**4.0 %**
Distribution	*61.9*	*60.1*	*1.8*	*3.0 %*
Generation	*3.5*	*2.7*	*0.8*	*28.5 %*
Public Lighting	*0.8*	*0.8*	*0.0*	*0.8 %*
Engineering and Services	**1.0**	**0.3**	**0.8**	**n.s.**
Acea (Corporate)	**5.0**	**3.5**	**1.5**	**44.0 %**
TOTAL	**190.0**	**151.2**	**38.8**	**25.7 %**

Net debt per Operating Segment (million euros)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
ENVIRONMENT	**268.9**	**256.5**	**12.4**	**4.8 %**	**189.8**	**79.1**	**41.7 %**
COMMERCIAL AND TRADING	**(34.4)**	**(53.2)**	**18.8**	**(35.4) %**	**(9.4)**	**(25.0)**	**n.s.**
OVERSEAS	**(6.2)**	**(4.5)**	**(1.7)**	**37.7 %**	**3.1**	**(9.3)**	**n.s.**
WATER	**1,330.6**	**1,286.5**	**44.1**	**3.4 %**	**1,098.1**	**232.5**	**21.2 %**
Integrated water service	***1,324.4***	***1,279.4***	***45.0***	***3.5 %***	***1,090.4***	***234.1***	***21.5 %***
Others	***6.1***	***7.1***	***(1.0)***	***(13.6) %***	***7.7***	***(1.5)***	***(20.1) %***
ENERGY INFRASTRUCTURE	**1,369.1**	**1,320.5**	**48.6**	**3.7 %**	**1,141.8**	**227.4**	**19.9 %**
Distribution	***1,184.9***	***1,141.7***	***43.2***	***3.8 %***	***1,030.8***	***154.1***	***14.9 %***
Generation	***184.3***	***178.8***	***5.5***	***3.0 %***	***111.0***	***73.3***	***66.0 %***
Public Lighting	***0.0***	***0.0***	***0.0***	***n.s.***	***0.0***	***0.0***	***n.s.***
ENGINEERING AND SERVICES	**(3.0)**	**6.7**	**(9.7)**	**(145.0) %**	**(5.9)**	**2.9**	**(49.0) %**
Acea (Corporate)	**259.5**	**250.4**	**9.1**	**3.6 %**	**258.4**	**1.1**	**0.4 %**
TOTAL	**3,184.4**	**3,062.8**	**121.6**	**4.0 %**	**2,675.7**	**508.7**	**19.0 %**

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

Definition of alternative performance indicators

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance indicators which replace, as of 3 July 2016, the CESR/05-178b recommendations. This orientation was acknowledged in our system in CONSOB Communication no. 0092543 dated 3 December 2015. The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. For the Acea Group, the EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when international accounting standards for financial reporting IFRS 10 and IFRS 11 came into force. *EBITDA* is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;
2. The *net financial position* is an indicator of the Acea Group's financial structure, the sum of Non-current borrowings and Financial liabilities (excluding payables arising as a result of certain acquisitions during the year 2019) net of Non-current financial assets (excluding a part of receivables related to Acea SpA's IFRIC 12 and securities other than equity investments), Current borrowings and Other current financial liabilities net of current financial assets (including receivables for the repayment requested from the AGCM), cash and cash equivalents;
3. *net invested capital* is the sum of "Current assets", "Non-current assets" and Assets and Liabilities held for sale, less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the net financial position;
4. *net working capital* is the sum of current receivables, inventories, the net balance of other current assets and liabilities and current payables, excluding the items considered in determining the net financial position.

Summary of Results: performance of economic results

Income Statement Data (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenue from sales and services	809.6	794.5	15.1	1.9 %
Other revenue and proceeds	23.8	28.8	(5.0)	(17.3) %
Costs of materials and overheads	491.5	519.1	(27.6)	(5.3) %
Personnel costs	72.7	64.1	8.6	13.5 %
Net income/(Costs) from commodity risk management	0.1	0.0	0.1	215.0 %
Income/(Costs) from equity investments of a non-financial nature	7.2	7.7	(0.5)	(6.9) %
EBITDA	**276.4**	**247.9**	**28.6**	**11.5 %**
Amortisation, depreciation, provisions and impairment charges	139.6	115.1	24.5	21.3 %
Operating profit/(loss)	**136.8**	**132.8**	**4.0**	**3.1 %**
Financial items	(22.4)	(20.0)	(2.4)	12.0 %
Equity investments	0.0	2.9	(2.9)	(100.0) %
Profit/(loss) before tax	**114.4**	**115.7**	**(1.3)**	**(1.1) %**
Income taxes	34.3	34.2	0.1	0.4 %
Net profit/(loss)	**80.1**	**81.5**	**(1.4)**	**(1.8) %**
Profit/(loss) attributable to minority interests	9.4	6.0	3.5	58.0 %
Net profit/(loss) attributable to the Group	**70.6**	**75.5**	**(4.9)**	**(6.5) %**

At 31 March 2020, changes in the scope of consolidation took place compared to 31 March 2019. Specifically:

- ✓ On 13 January 2020 Acea International acquired from Impregilo the shares corresponding to 14.5% of the capital of the Agua Azul Consortium, thus reaching a total of 44% and exercising exclusive control over the company, thus consolidating it in full.
- ✓ On 29 February 2020 Acea Sun Capital continued its acquisition of photovoltaic systems, taking over 100% of Bersolar.

With regard to 2019, please note that:

- ✓ on 18 March Acea acquired 51% of the company Pescara Distribuzione Gas,
- ✓ on 30 April the companies Acea Solar and Acea Sun Capital were established; the latter includes the acquisitions of photovoltaic plants for a total of 28 MWp made during the second half of 2019,
- ✓ on 25 June Acea S.p.A. set up the company Acea Innovation, operating in the field of Technological Innovation,
- ✓ on 4 July Acea Ambiente acquired 90% of Demap, a company operating in Piedmont in the field of plastics recycling, and on 18 October acquired 60% of Berg, a waste management company in the Municipality of Frosinone,
- ✓ with effect from 7 October, AdF is fully consolidated following the amendment of the shareholders' agreements that allowed Acea to exercise control over the company in accordance with IFRS 10.

For more details, see the paragraph "Criteria, procedures and area of consolidation".
The table below shows the main impact of the change in the scope of consolidation at 31 March 2020.

€ million	Consorcio Agua Azul	Pescara Distribuzione Gas	AdF	Demap	Berg	Photovoltaic company
Revenues	3.4	2.2	28.6	2.4	1.7	2.8
EBITDA	2.5	0.5	13.8	1.2	0.8	2.3
EBIT	1.9	0.3	6.3	1.0	0.6	0.5
EBIT	2.2	0.2	5.3	1.0	0.5	0.3
NP	1.4	0.2	3.3	0.7	0.4	0.3

Revenues from sales and services totalled € 809.6 million up from € 15.1 million

As at 31 March 2020, revenues from sales and services come to € 809.6 million, up € 15.1 million (+ 1.9%) on those of Q1 2019, mainly due to the increase in revenues from the increase in revenues from the integrated water service (+ € 43.4 million). This change derives mainly from: i) Acea Ato 2 (+ € 9.7 million) due to the tariff increase determined as a result of ARERA Resolution no. 580/2019/R/IDR - MTI-3, which for the year 2020 marks the beginning of the third regulatory period (four years 2020-2023) (+ € 17.5 million), partially offset by the non-recognition of the contractual quality bonus that is zero compared to the same period last year (when it was € 7.7 million), while the adjustments deriving from pass-through items (electricity, system change costs, etc.) are substantially in line between the two periods compared and ii) the full consolidation of AdF for € 27.5 million (in the first quarter of 2019 the Company was consolidated using equity).

The following also contributed to the change: i) the increase in revenues from waste disposal and landfill management (+ € 5.7 million) mainly due to higher volumes processed; ii) the increase in revenues from gas sales for € 3.6 million mainly due to Acea Energia (+ 4.3 million scm) and iii) the revenues of foreign companies + € 7.3 million due to the full consolidation of Consorcio Agua Azul, whose contribution amounted to € 3.4 million and the better performance of Acea Peru, which recorded higher revenues for € 3.4 million.
Sale of electricity on the Free Market amounted to 1,138 GWh for Acea Energia and 125 GWh for Umbria Energy for a total 1,263 GWh, with an increase compared to the same period last year of 20.6% relating mainly to the B2B segment. These increases were partially offset by the reduction in revenues from the sale of electricity of € 46.7 million due to the revision of the value recognised for the mechanism for compensating for arrears (ARERA Resolution no. 100/2020) and for the remainder to minor customers served in the standard market and the updating of the tariff components for remuneration for sales established by ARERA Resolution no. 576/2019. The total sale of electricity in the standard market in the period January-March 2020 was 532 GWh, a decrease of 11.2% on a trend basis.

Finally, it should be noted that the item in question also includes the higher revenues (+ € 2.8 million) from the sale of photovoltaic energy deriving from the new companies acquired. These revenues represent the incentive contribution recognised by the GSE for the production of energy from photovoltaic plants.

Other revenues amounting to € 23.8 million

Other revenues show a decrease of € 5.0 million (- 17.3%) compared to the same period of the previous year. The change is mainly due to: i) the decrease in contingent assets deriving from items relating to previous years and other revenues of € 3.3 million and ii) the reduction of € 1.5 million in contributions accrued on white certificates (EECs) in portfolio. Note that revenues from EECs are offset by a similar amount recorded among the costs incurred to purchase them.

External costs for € 491.5 million, down € 27.6 million on 2019

This item shows an overall decrease of € 27.6 million (- 5.3%) compared to 31 March 2019. The change in the scope of consolidation accounted for € 10.2 million, of which € 7.6 million attributable to the full consolidation of AdF. The following opposite effects are also noted:

- ✓ Lower costs related to the supply of electricity, transport and metering (- € 40.4 million) in line with the trend recorded in revenues;
- ✓ Lower purchase costs of the white certificates by *areti* (- € 1.8 million) for the fulfilment of the regulatory obligation concerning energy efficiency;
- ✓ Lower costs for services from third parties (- € 1.1 million);
- ✓ Higher costs for services (+ € 12.7 million), mainly for an increase in costs contracted for € 6.4 million and for disposal and transport of sludge for companies in the environment segment (+ € 2.3 million) as a direct result of the increase in volumes processed.

Personnel costs, net of the change in the scope of consolidation, increased by € 3.0 million

Labour costs increased by € 8.6 million compared to the same period of the previous year. The change in the scope of consolidation (+ € 5.6 million) was mainly influenced by the full consolidation of AdF, which contributed an increase of € 4.7 million.
The average number of employees was 7,706 and increased by 1,098 compared to the same period of the previous year, mainly due to the effect of the change in the scope of consolidation.

€ million	31/03/2020	31/03/2019	Change	% Change
Staff costs including capitalised costs	111.2	100.0	11.2	11.2 %
Costs capitalised	(38.5)	(35.9)	(2.6)	7.1 %
Personnel costs	**72.7**	**64.1**	**8.6**	**13.5 %**

Non-financial investment income decreased by € 0.5 million

The income from non-financial equity investments represent the consolidated result according to the equity method included among the components forming the consolidated EBITDA of the strategic companies. The following table also includes the results of AdF consolidated in equity until 7 October 2019 equal to € 1.4 million.

€ million	31/03/2020	31/03/2019	Change	% Change
EBITDA	30.7	38.2	(7.5)	(19.6) %
Amortisation, depreciation, impairment charges and provisions	(19.3)	(21.5)	2.2	(10.2) %
Total profit/(loss) on equity investments	0.0	0.0	0.0	n.s.
Financial items	(0.7)	(5.5)	4.8	(87.1) %
Taxes	(3.5)	(3.5)	0.0	0.8 %
Income from equity investments of a non-financial nature	**7.2**	**7.7**	**(0.5)**	**(6) %**

EBITDA at € 276.4 million up by 11.5%

EBITDA rose from € 247.9 million at 31 March 2019 to € 276.4 million at 31 March 2020, recording an increase of € 28.6 million or 11.5%. The increase is due to the change in the scope of consolidation of € 21.1 million (AdF contributed € 13.8 million). Given the same scope, the growth of EBITDA mainly derived from the tariff dynamics of the water sector (+ € 11.3 million), primarily as a result of the tariff increase determined following ARERA Resolution no. 580/2019/R/IDR - MTI-3 recorded by ACEA Ato2. This was followed by the increase in margins of the distribution sector (+ € 9.2 million) deriving from the positive effect of the energy balance, mainly as a result of the equalisation effects, as well as for the reduction of network losses. The Environment Segment had a negative impact of € 4.4 million, mainly as a result of lower revenues relating to CIP 6 which ended on 31 July 2019, partially mitigated by the effects of the consolidation of Demap and Berg (+ €1.8 million). Also the generation sector, given the same scope, showed a decrease in EBITDA of € 6.2 million mainly due to the effects of the drastic reduction in prices on the energy markets also following the COVID-19 emergency (the Day-Ahead Market price of Q1 2019 was 58.65 €/MWh compared to 40.33 €/MWh for Q1 2020) due to the effects of the reduction in volumes produced consequent to the decrease in water inputs (- 30 GWh compared to the same period of 2019). In contrast, the new photovoltaic companies generated an EBITDA of € 2.3 million.

EBIT of € 136.8 million (+ 3.1%)

EBIT grew by € 4.1 million on the same period of last year.
The increase in EBIT was mitigated by the growth in amortisation and depreciation (+ € 22.0 million compared to the Q1 2019), which mainly concerned the Water Segment (+ € 9.2 million compared to 31 March 2019). The consolidation of AdF contributed to the increase by € 6.3 million. Below are details of the items influencing EBIT.

€ million	31/03/2020	31/03/2019	Change	% Change
Amortisation / depreciation of intangible and tangible assets and write-downs	117.1	95.2	22.0	23.1 %
Provision for doubtful accounts	19.9	18.6	1.3	7.2 %
Provision for risks and charges	2.6	1.4	1.2	91.0 %
Amortisation, depreciation, impairment charges and provisions	**139.6**	**115.1**	**24.5**	**21.3 %**

Net of changes in scope, the increase change in depreciation is mainly linked to investments during the period in all areas of business and also takes account of technological developments related to the technological platform common to the Acea Group.
The increase in the item Write-down of receivables is mainly due to Gori (+ € 1.9 million) and AdF (+ € 0.6 million).
Provisions increased by € 1.2 million, of which € 0.5 million deriving from the full consolidation of AdF. The remaining part derives mainly i) from higher tax and legal provisions for € 0.2 million and ii) from higher provisions for risks on contracts and supplies and insurance deductibles for a total of € 0.3 million.

Financial management declines by € 2.4 million

The result of financial operations showed net charges of € 22.4 million and an increase in charges of a total of € 2.4 million compared to the same period in 2019, partly due to the consolidation of AdF and partly due to the increase in the Group's indebtedness. Note that at 31 March 2020 the average all-in global cost of the Acea Group's debt stood at 1.93% compared to 2.19% in the same period of the previous year.

Tax rate at 30% up by 0.4 p.p.

The estimate of the fiscal charges amounted to € 34.3 million, compared to € 34.2 million for last year. The overall decrease of € 0.1 million is mainly due to the effects of the recalculation of deferred taxes. The tax rate for 31 March 2020 was 30.0% (29.6% at 31 March 2019).

Net result down by 6.5%

The Group's net income amounted to € 70.6 million, marking a decrease of € 4.9 million compared to the same period of the previous year attributable to the effects of the reduction in prices on the energy market as well as to two events of 2019 that specifically concern the conclusion of the CIP6 incentive and the valuation of the foreign subsidiary Agua Azul Bogotà.

Summary of Results: trends in financial position and cash flows

Consolidated balance sheet data (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
NON-CURRENT ASSETS AND LIABILITIES	**5,832.6**	**5,825.8**	**6.9**	**0.1 %**	**5,259.7**	**573.0**	**10.9 %**
NET WORKING CAPITAL	**(442.2)**	**(656.2)**	**214.1**	**(32.6) %**	**(604.6)**	**162.5**	**(26.9) %**
INVESTED CAPITAL	**5,390.5**	**5,169.5**	**220.9**	**4.3 %**	**4,655.0**	**735.4**	**15.8 %**
NET DEBT	**(3,184.4)**	**(3,062.8)**	**(121.6)**	**4.0 %**	**(2,675.7)**	**(508.7)**	**19.0 %**
Shareholders' Equity	**(2,206.1)**	**(2,106.7)**	**(99.3)**	**4.7 %**	**(1,979.3)**	**(226.8)**	**11.5 %**
Total sources of financing	**5,390.5**	**5,169.5**	**220.9**	**4.3 %**	**4,655.0**	**735.4**	**15.8 %**

The non-current assets and liabilities increased by € 6.9 million (+ 0.1%) compared to 31 March 2019, mainly due to the increase in intangible fixed assets (+ € 88.0 million).

€ million	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Tangible/intangible fixed assets	5,653.0	5,565.1	88.0	1.6 %	4,917.1	735.9	15.0 %
Equity investments	281.4	270.8	10.5	3.9 %	294.3	(13.0)	(4.4) %
Other non-current assets	567.0	637.0	(70.1)	(11.0) %	669.9	(103.0)	(15.4) %
Employee severance indemnity and other defined benefit plans	(102.8)	(104.6)	1.8	(1.7) %	(104.2)	1.3	(1.3) %
Provisions for risks and charges	(183.6)	(151.4)	(32.1)	21.2 %	(168.6)	(14.9)	8.9 %
Other non-current liabilities	(382.3)	(391.1)	8.8	(2.2) %	(349.0)	(33.3)	9.5 %
Non-current assets and liabilities	**5,832.6**	**5,825.8**	**6.9**	**0.1 %**	**5,259.7**	**573.0**	**10.9 %**

The change in intangible fixed assets is due to the investments, which reached € 190.0 million, and amortisations and value reductions, totalling € 117.1 million.

The non-current assets and liabilities increased by € 6.9 million thanks to the investments in the period (+ 25.7%)

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

Capex per operating segment (million euros)	31/03/2020	31/03/2019	Change	% Change
Environment	**3.9**	**3.1**	**0.8**	**27.0 %**
Commercial and Trading	**9.0**	**6.1**	**2.9**	**48.2 %**
Overseas	**0.8**	**1.5**	**(0.7)**	**(48.5) %**
Water	**104.0**	**73.1**	**30.9**	**42.3 %**
Integrated Water Service	***103.7***	***73.1***	***30.6***	***41.8 %***
Other	***0.3***	***0.0***	***0.3***	***n.s.***
Energy infrastructure	**66.2**	**63.7**	**2.6**	**4.0 %**
Distribution	*61.9*	*60.1*	*1.8*	*3.0 %*
Generation	*3.5*	*2.7*	*0.8*	*28.5 %*
Public Lighting	*0.8*	*0.8*	*0.0*	*0.8 %*
Engineering and Services	**1.0**	**0.3**	**0.8**	**n.s.**
Acea (Corporate)	**5.0**	**3.5**	**1.5**	**44.0 %**
TOTAL	**190.0**	**151.2**	**38.8**	**25.7 %**

Investments increased by € 38.8 million (+ 25.7%)

The **Environment Segment** has made increased investments of € 0.8 million compared to 31 March 2019 and refer mainly to the investments made by Acea Ambiente for: i) plant improvements and purchase of instrumental vehicles for the Monterotondo Marittimo plant; ii) works carried out in the plants in Aprilia, San Vittore and Sabaudia and iii) works at the landfill in Orvieto.

The **Sales and Trading Segment** recorded investments for € 9.0 million (+ € 2.9 million compared to Q1 2019) and mainly related to € 5.2 million to the cost of acquiring new customers in accordance with IFRS 15, for € 2.7 million to IT implementation projects and for € 0.4 million related to cloud licences on which the new CRM (Customer Relationship Management) is being designed.

The **Overseas Segment** recorded a decrease of € 0.7 million compared to the same period of last year, mainly due to lower water investments in Aguas de San Pedro.

The **Water Segment** invested a total of € 104.0 million, an increase of € 30.9 million due to the consolidation of AdF (+ € 6.7 million), higher investments by Acea Ato 2 (+ € 13.1 million), Gori (+ € 7.5 million) and Acea Ato 5 (+ € 3.3 million). The investments in the Segment mainly refer to the reclamation and expansion of the water and sewer pipes of the various municipalities, the extraordinary maintenance of the water centres, the work on the purifiers and the transport systems (connectors and feeders).

The **Energy Infrastructure Segment** recorded an increase in investments of € 2.6 million, mainly relating to *a*reti (+ € 1.8 million). Investments by *a*reti refer mainly to the renewal and upgrading of the HV, MV and LV grids, work on the primary stations, secondary substations and meters, metering groups and remote control equipment. Intangible investments refer to projects for the re-engineering of information and commercial systems. Investments made by Acea Produzione mainly concern the works of the Orte, Sant'Angelo and Salisano hydroelectric plants and the Tor di Valle and Montemartini thermoelectric plants. The investments made by Acea Solar refer to the preparatory activities for the construction of plants.

The **Engineering and Services Segment** recorded investments mainly related to the purchase of equipment for the Grottarossa laboratory and investments in IT systems.

The **Corporate Segment** made investments in hardware and software as part of various IT projects, including to make teleworking possible for all employees.

Group investments concerning shared IT infrastructure totalled € 11.7 million.

Equity investments increased by € 10.5 million compared to 31 December 2019. The change is mainly due to the valuation of companies consolidated using the equity method for a total of € 7.1 million;

The stock of **Staff termination benefits and other defined benefit plans** reported a decrease of € 1.8 million, notwithstanding the increase in the rate used (from 0.77% at 31 December 2019 to 1.4% at 31 March 2020). **Provisions for risks and charges** increased by 21.2% compared to the previous year mainly as a result of the provision for interim taxes.

€ million	31/12/2019	Uses	Provisions	Payment of Redundancy Funds	Reclassifications/Other changes	31/03/2020
Legal	16.2	(0.6)	0.4	0.0	0.1	16.1
Taxes	9.3	(0.1)	0.0	0.0	0.0	9.2
Regulatory risks	27.6	0.0	0.4	0.0	0.1	28.0
Investees	7.5	0.0	0.0	0.0	0.0	7.5
Contributory risks	1.4	(0.3)	0.0	0.0	0.0	1.1
Insurance excess	10.3	(0.6)	0.6	0.0	0.0	10.3
Other risks and charges	25.2	(0.1)	1.1	0.0	1.2	27.4
Total Provision for Risks	**97.5**	**(1.7)**	**2.5**	**0.0**	**1.4**	**99.7**
Early retirements and redundancies	29.1	(0.9)	0.0	0.0	0.2	28.4
VAT Variation Notes	0.0	0.0	0.0	0.0	0.0	0.0
Post mortem	17.1	0.0	0.0	0.0	0.1	17.2
Provision for Settlement Charges	0.1	0.0	0.0	0.0	0.0	0.1
Provision for Charges of others	7.6	(0.4)	0.0	0.0	0.0	7.2
Provision for interim taxes	0.0	0.0	30.9	0.0	0.1	30.9
Total Provision for Charges	**53.9**	**(1.4)**	**30.9**	**0.0**	**0.4**	**83.9**
Total Provisions for Risks and Charges	**151.4**	**(3.1)**	**33.4**	**0.0**	**1.8**	**183.6**

The change in net working capital compared to 31 December 2019 is mainly due to the increase in receivables from users and customers for € 194.7 million and the decrease in both current payables for € 49.3 million and other current assets for € 17.3 million.

€ million	31/03/2020	31/12/2019	Change	31/03/2019	Change
Current receivables	**1,219.5**	**1,035.5**	**184.0**	**1,036.0**	**183.5**
- due from end users and customers	1,129.8	935.1	194.7	962.7	167.1
- due to Roma Capitale	74.5	86.7	(12.2)	62.1	12.5
Inventories	**59.0**	**57.3**	**1.7**	**52.5**	**6.5**
Other current assets	**208.0**	**225.3**	**(17.3)**	**209.6**	**(1.6)**
Current payables	**(1,551.0)**	**(1,600.3)**	**49.3**	**(1,542.2)**	**(8.8)**
- due to Suppliers	(1,436.7)	(1,472.8)	36.1	(1,425.5)	(11.3)
- due to Roma Capitale	(108.6)	(121.7)	13.0	(113.0)	4.3
Other current liabilities	**(377.8)**	**(374.1)**	**(3.7)**	**(360.6)**	**(17.1)**
Net working capital	**(442.2)**	**(656.2)**	**214.1**	**(604.6)**	**162.5**

The net working capital was a loss of € 442.2 million and is up by € 214.1 million compared with the end of 2019

Receivables from users and customers net of the provision for doubtful receivables increased by € 194.7 million compared to the end of 2019. Items of note include: i) an increase of € 133.3 million in receivables in the Water Segment, mainly due to Acea Ato 5, Acea Ato 2 and Gori; ii) an increase in receivables from the Energy Infrastructure Segment for € 7.4 million, mainly due to the recognition of the income deriving from the elimination of the regulatory lag, whose amount at the end of the observation period was € 88.4 million (+ € 0.8 million) for the short-term portion, while the non-current portion included in fixed assets was € 107.1 million; iii) the increase in receivables from the Environment Segment for € 8.3 million; and iv) the increase in receivables from the Commercial and Trading Segment for € 42.7 million, mainly due to Acea Energia.
Receivables from customers are shown net of the Provision for impairment of receivables, amounted to 676.4 million euros compared to 649.6 million euros at the end of 2019.
In Q1 2020, receivables totalling € 323.9 million were transferred pro-soluto, € 62.7 million to the Public Administration.

Roma Capitale: net balance is positive for € 46.1 million

As regards the **relations with Roma Capitale**, the net balance at 31 March 2020 was € 46.1 million receivable by the Group, an increase compared to 31 December 2019. The change in receivables and payables is due to the accrual of the period and the effects of compensations.

In the period the stock of trade receivables recorded a decrease of € 12.2 million compared to the previous year mainly due to the offsets that occurred in the period and which are detailed below. The following offsets were made in the early months of 2020:

- ✓ February 2020: receivables for Public Lighting for € 10.5 million referring to 2018 and 2016-2018 pro-rata amounts in exchange for Acea's share dividends for the year 2018;
- ✓ March 2020: receivables for € 20.4 million relating to water services for the years 2017-2018 in exchange for the Acea Ato 2 concession fee.

As regards financial receivables, growth of € 1.2 million was recorded compared to the previous year, to be attributed to the combined effect of: i) compensation of financial receivables in February, and ii) accrual during the period of receivables relative to the Public Lighting service agreement, to the modernisation of security, to extraordinary maintenance, to the led plan agreement and to the works relating to the Public Lighting service.
Payables decreased by a total of € 23.5 million in the first quarter. The main changes are listed below:

- ✓ Registration of the portion accrued in the period for the concession fee of Acea Ato 2 for € 6.6 million;
- ✓ Recording of the payable relating to authorisations for excavations defined as new road cables regulations for € 0.4 million;
- ✓ Recording of the portion accrued for the debt of Cosap of € 0.4 million;
- ✓ Decrease in the Acea Ato 2 concession fee for 2016 for € 20.4 million following payment through compensation;
- ✓ Decrease in the payable for Acea's share dividends for 2019 of € 10.5 million following the payment made through compensation in February.

As described in the Consolidated Financial Statements as at 31 December 2019 as part of the activities required for the first consolidation of the Acea Group in the 2018 Financial Statements of Roma Capitale, a round table was launched to reconcile the Roma Capitale Receivables and Payables. After several meetings and communications, on 22 February 2019 the technical department of the Municipality in charge of the management of the contracts with the Acea Group communicated several objections relating to the supply of both works and services for the period 2008-2018. These objections were fully rejected by the Group.

In order to find a complete resolution of the divergences during 2019, a Joint Technical Committee was established with the Acea Group to resolve the mutual claims.
Following several meetings, on 18 October 2019 the Joint Technical Committee drew up a report on the closure of the work, highlighting the results that emerged and proposing a favourable restart of the ordinary execution of the mutual obligations between the Acea Group and Roma Capitale. As a first step after the completion of the work, the parties took steps to implement the results that emerged from the discussions, restarting the payment of their respective receivables and payables.

The following table presents an analysis of receivables and payables, including those of a financial nature, between Acea Group and Roma Capitale, as regards both net credit exposure and debt exposure, including financial items.

Amounts due from Roma Capitale	31/03/2020	31/12/2019	Change
	A)	A)	A) - C)
Utility receivables	78.2	90.6	(12.3)
Provisions for write-downs	(9.3)	(9.3)	0.0
Total receivables from users	**68.9**	**81.2**	**(12.3)**
Receivables for water works and services	2.5	2.5	0.0
Receivables for water works and services to be invoiced	1.6	1.5	0.1
Contributions	0.0	0.0	0.0
Provisions for write-downs	(1.9)	(1.9)	0.0
Receivables for electrical works and services	3.8	3.8	0.0
Provisions for write-downs	(0.3)	(0.3)	0.0
Total receivables for works	**5.6**	**5.5**	**0.1**
Total trade receivables	**74.5**	**86.7**	**(12.2)**
Financial receivables for Public Lighting services billed	133.6	138.8	(5.3)
Provisions for write-downs	(30.2)	(30.2)	0.0
Financial receivables for Public Lighting services to be billed	48.1	39.2	8.9
Provisions for write-downs	(16.6)	(15.0)	(1.6)
M/L term financial receivables for Public Lighting services	14.4	15.2	(0.9)
Total Public Lighting receivables	**149.3**	**148.2**	**1.2**
Total Receivables	**223.8**	**234.9**	**(11.1)**

Payables due to Roma Capitale	31/03/2020	31/12/2019	Change
Electricity surtax payable	(15.3)	(15.3)	0.0
Concession fees payable	(82.6)	(96.4)	13.8
Other payables	(10.9)	(10.1)	(0.8)
Dividend payables	(69.0)	(79.5)	10.5
Total payables	**(177.8)**	**(201.2)**	**23.5**
Net balance receivables payables	**46.1**	**33.7**	**12.4**

Current payables decreased by € 49.3 million

Current payables decreased by € 49.3 million compared to the end of 2019 due to the decrease in the stock of trade payables (- € 36.1 million). This reduction was found in particular among the companies in the Energy Infrastructure Segment.

The **Other Current Assets and Liabilities** recorded a decrease of € 17.3 million and an increase of € 3.7 million respectively compared to 31 December 2019. More specifically, other assets decreased as a result of the reduction in receivables from the energy equalisation compensation fund (- € 19.3 million) as well as the reduction in VAT receivables (- € 17.1 million) and are only partially offset by the increase in accrued income and prepaid expenses (+ € 11.2 million). As regards the increase in other current liabilities, there was an increase in payables to social security institutions (+ € 8.6 million) and in other payables (+ € 4.3 million), offset by a decrease in accrued expenses and deferred income (- € 11.0 million).

Shareholders' equity amounted to € 2.2 billion

The **net shareholders' equity** amounted to € 2,206.1 million. The changes, amounting to € 99.3 million, are detailed in the relevant table and are basically due to the accrual of Q1 2020 profits, the change in the cash flow hedge reserves and those formed by actuarial profits and losses.

Net financial debt increased by € 121.6 million compared to the end of 2019

Group **debt** recorded an overall increase of € 121.6 million, going from € 2,675.7 million in the same period of 2019 to € 3,062.8 million at the end of 2019 to € 3,184.4 million at 31 March 2020. This change is a direct consequence of the investments made, including those of a technological nature, and of the dynamics of the operating cash flow. In addition, the direct effect related to the COVID-19 emergency contributed to an increase in debt, resulting in a deferral of receipts from customers between € 40.0 million and € 50.0 million.

€ million	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Non-current financial assets/(liabilities)	2.4	2.4	0.0	0.3 %	1.6	0.7	43.8 %
Parent company, subsidiaries and associates current financial assets/(liabilities)	25.3	26.2	(0.9)	(3.3) %	30.0	(4.7)	(15.7) %
Non-current borrowings and financial liabilities	(4,054.1)	(3,551.9)	(502.2)	14.1 %	(3,011.3)	(1,042.8)	34.6 %
Net medium/long-term debt	**(4,026.5)**	**(3,523.4)**	**(503.1)**	**14.3 %**	**(2,979.6)**	**(1,046.8)**	**35.1 %**
Cash and cash equivalents and	819.5	835.7	(16.2)	(1.9) %	910.6	(91.1)	(10.0) %
Short-term debt	(157.4)	(541.9)	384.5	(71.0) %	(677.6)	520.2	(76.8) %
Current financial assets/(liabilities)	112.6	111.5	1.1	1.0 %	(26.2)	138.8	n.s.
Parent Company and Associates non-current financial assets/(liabilities)	67.3	55.3	12.1	21.8 %	97.1	(29.7)	(30.6) %
Short-term financial position	**842.1**	**460.5**	**381.5**	**82.8 %**	**303.9**	**538.2**	**177.1 %**
Total net financial position	**(3,184.4)**	**(3,062.8)**	**(121.6)**	**4.0 %**	**(2,675.7)**	**(508.7)**	**19.0 %**

As regards the **medium/long-term component**, the increase of € 503.1 million compared to the end of 2019 refers to the increase in non-current payables and financial liabilities (€ 502.2 million). This change derives from the increase in bonds for € 493.8 million and in the increase in non-current financial payables and liabilities for € 8.4 million, as shown in the following table:

€ million	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Bonds	3,248.1	2,754.3	493.8	17.9 %	2,259.8	988.3	43.7 %
Medium/long-term borrowings	806.0	797.6	8.4	1.1 %	751.5	54.5	7.3 %
Medium/long-term debt	**4,054.1**	**3,551.9**	**502.2**	**14.1 %**	**3,011.3**	**1,042.8**	**34.6 %**

Bonds of € 3,248.1 million increased by a total of € 493.8 million mainly due to the placement of the bond issued in January 2020 by the Parent Company under the *Euro Medium Term Notes* (EMTN) programme. The amount of € 494.9 million includes the long-term portion and the stipulation costs.

Medium/long-term loans of € 806.0 million increased by € 8.4 million, mainly due to AdF (+ € 9.4 million), which from the current year obtained the modification of the repayment plan of the structured loan that it signed in 2015 with a pool of banks and for € 1.7 million at the consolidation of Bersolar.

The following table shows medium/long–term and short-term borrowings (excluding the portion applied for the IFRS 16) by term to maturity and type of interest rate:

Bank Loans:	Total Residual Debt	By 31/03/2021	from 31/03/2021 to 31/03/2025	After 31/03/2025
fixed rate	228.8	27.5	137.2	64.0
floating rate	581.6	38.3	242.5	300.9
floating rate to fixed rate	17.7	8.6	9.2	0.0
Total	**828.1**	**74.4**	**388.8**	**364.9**

The fair value of Acea hedging derivatives was a negative € 1.3 million, decreasing by € 0.8 million compared to 31 December 2019 (was negative for € 2.1 million), while the fair value of AdF hedging derivatives was a negative € 4.1 million, in line with what was found at the end of the previous year.

The short-term component was positive for € 842.1 million, an increase of € 381.5 million

The **short-term** component is positive for € 842.1 million and, compared to the end of 2019, shows an increase of € 381.5 million due for € 422.8 million to the repayment of the bond maturing in March 2020.
It must be noted that at 31 March 2020, the Parent Company had unused uncommitted lines for € 628 million, of which € 578 million was unused. No guarantees were granted in obtaining these lines.

The Acea rating

The long-term ratings assigned to Acea by international rating agencies are as follows:
- Fitch "BBB+"
- Moody's "Baa2"

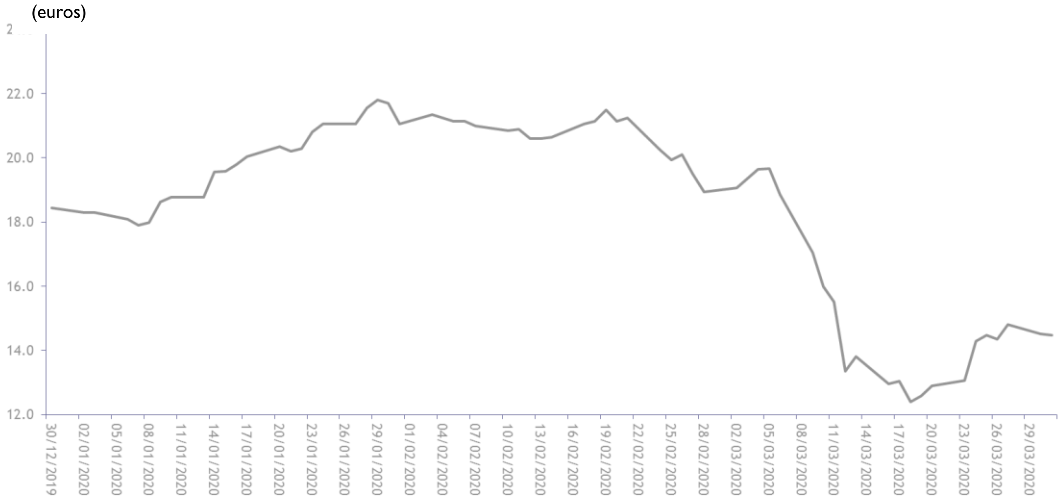
Reference context

Performance of the equity markets and the Acea share

In Q1 2020 the international equity markets performed negatively overall, with the last few weeks cancelling out the gains of the first sessions of the year due to the spread of the COVID-19 virus and the resulting fears about the resilience of the global economy and those of individual countries.

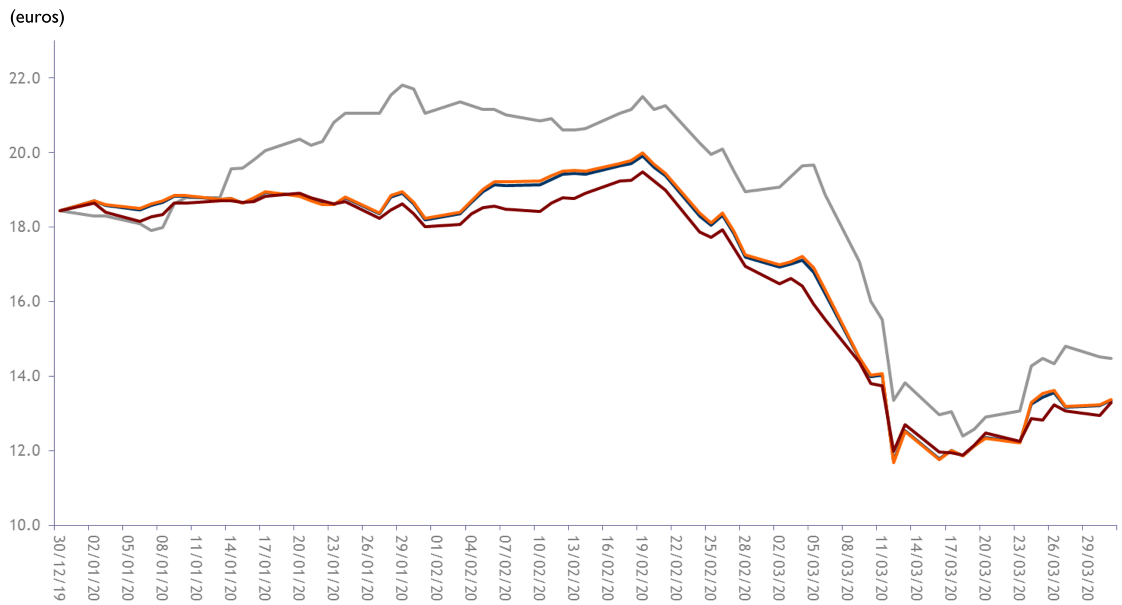
The main indices of the Italian Stock Exchange have shown the following changes: FTSE MIB -27.5%; FTSE Italia All Share -27.5%; FTSE Italia Mid Cap -27.9%.

During the period under review, Acea lost 21.5% compared to a 27.5% decline in the FTSE Italia All Share. The share price stood at € 14.48 at 31 March (capitalisation: € 3,084 million). The maximum value of € 21.80 was reached on 29 January, while the minimum value of € 12.40 was reached on 18 March. During the quarter, average daily volumes were around 166,000, higher than the same period of 2019.



(Source: Bloomberg)

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



(grafico normalizzato ai valori di Acea – Fonte Bloomberg)

	% Change at 31/03/2020 (compared to 31/12/2019)
Acea	**-21.5%**
FTSE Mib	-27.5%
FTSE Italia All Share	-27.5%
FTSE Italia Mid Cap	-27.9%

In the first three months of the year 35 studies/notes on Acea were published.

Trend of Operating segments

Economic results by segment

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the financial years compared in observance of IFRS 8 accounting standards. Note that the results of the "Other" segment include those deriving from Acea corporate activities as well as inter-sectoral adjustments.

					Energy Infrastructure						Other		
€ Million 31.03.2020	**Environment**	**Commercial and Trading**	**Overseas**	**Water**	**Generation**	**Distribution**	**IP**	**Adjustments**	**Total**	**Engineering and Services**	**Corporate**	**Consolidation adjustments**	**Consolidated Total**
Revenues	47	408	18	291	21	143	12	(9)	166	13	29	(190)	783
Costs	34	391	11	146	10	52	12	(9)	65	16	38	(190)	511
EBITDA	**13**	**17**	**7**	**145**	**11**	**91**	**(1)**	**0**	**101**	**1**	**(9)**	**0**	**276**
Depreciation/amortisation and impairment charges	8	13	3	69	6	33	1	0	40	0	6	0	140
Operating profit/loss	**5**	**4**	**4**	**76**	**5**	**58**	**(1)**	**0**	**61**	**1**	**(14)**	**0**	**137**
Investments	4	9	1	104	3	62	1	0	66	1	5	0	190

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

					Energy Infrastructure						Other		
€ Million 31.03.2019	**Environment**	**Commercial and Trading**	**Overseas**	**Water**	**Generation**	**Distribution**	**IP**	**Adjustments**	**Total**	**Engineering and Services**	**Corporate**	**Consolidation adjustments**	**Consolidated Total**
Revenues	48	448	11	248	25	139	11	0	175	16	30	(141)	834
Costs	31	431	7	126	10	57	12	0	79	14	38	(141)	586
EBITDA	**17**	**16**	**4**	**122**	**15**	**82**	**(1)**	**0**	**96**	**2**	**(8)**	**0**	**248**
Depreciation/amortisation and impairment	7	14	2	55	4	29	0	0	33	0	4	0	115
Operating profit/loss	**10**	**2**	**2**	**67**	**11**	**53**	**(1)**	**0**	**63**	**2**	**(12)**	**0**	**133**
Investments	3	6	2	73	3	60	1	0	64	0	3	0	151

Industrial Segments

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

Environment Operating Segment
Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
WTE conferment	KTon	113.9	114.3	(0.4)	(0.3) %
Landfilled waste	KTon	8.5	9.3	(0.8)	(8.3) %
Contributions to composting plants	KTon	41.0	13.2	27.8	n.s.
Contributions to Selection Plants	KTon	15.9		15.9	n.s.
Intermediated waste	KTon	46.6	66.1	(19.5)	(29.5) %
Liquids treated at Plants	KTon	125.8	69.3	56.4	81.4 %
Net Electrical Energy transferred	GWh	87.4	84.5	2.9	3.4 %
Waste produced	KTon	32.0	31.8	0.2	0.7 %

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	46.8	48.4	(1.6)	(3.3) %
Costs	34.2	31.5	2.8	8.9 %
EBITDA	12.5	16.9	(4.4)	(26.0) %
Operating profit/(loss) (EBIT)	4.6	9.5	(4.9)	(52.0) %
Average headcount	426.7	371.7	55.0	14.8 %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	3.9	51.9	(47.9)	(92.4) %	3.1	0.8	27.0 %
Net financial debt	268.9	256.5	12.4	4.8 %	189.8	79.1	41.7 %

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Environment Segment	12.5	16.9	(4.4)	(26.0) %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	4.5 %	6.8 %	(2.3 p.p.)	

The Segment closed Q1 2020 with an EBITDA of € 12.5 million (- 26.0%). This performance is mainly attributable to **Acea Ambiente** (- € 5.8 million) as a result of lower revenues from CIP 6 tariffs in 2019 (specifically, the scheme had been extended until 31 July 2019), partially offset by the increase in electricity sales to the market, higher fees for the contribution to landfills and the change in scope due to the consolidation of **Demap** (+ € 1.2 million) and **Berg** (+ € 0.6 million).

The average number of staff at 31 March 2020 was 427, an increase of 55 compared to the same period in the previous year. The growth is mainly due to the consolidation of Demap (+ 15 units) and Berg (+ 18 units) and Acea Ambiente (+ 19 units).

Investments in the Segment amounted to € 3.9 million, up by € 0.8 million compared to the same period of the previous year, and mainly refer to: **(i)** plant improvements and the purchase of instrumental vehicles for the Monterotondo Marittimo plant; **(ii)** works carried out at the Aprilia, San Vittore and Sabaudia plants; **(iii)** works at the landfill in Orvieto.

The financial indebtedness of the Segment stood at € 268.9 million, having worsened by € 12.4 million compared to 31 December 2019 and by € 79.1 million compared to 31 March 2019. This trend is mainly due to the dynamics of the operating cash flow with reference to the end of the previous year and to new acquisitions with reference to 31 March 2019.

Significant and subsequent events

It should be noted that on 22 April 2020, in line with the provisions of the multi-annual plan and with the aim of further consolidating its position as leader in the field of waste treatment and management, Acea Ambiente concluded the following acquisitions:

- Ferrocart S.r.l.: engaged in the waste storage, treatment and selection sector. The holding amounts to 60%;
- Cavallari S.r.l.: operating in the field of plastic treatment and selection, as well as owner of a waste fuel production plant. The holding amounts to 60%;

- Multi Green S.r.l.: acquired through the control of Cavallari S.r.l., owns a plastic sorting system and a waste sorting platform. The holding amounts to 100%.

Commercial and Trading Operating Segment

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
Electrical Energy sold - Free	GWh	1,263.1	1,046.9	216.2	20.6 %
Electrical Energy sold - Protected	GWh	531.8	599.0	(67.2)	(11.2) %
Electricity - Free market customers (P.O.D.)	N/1000	414.1	341.9	72.2	21.1 %
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/1000	774.5	830.6	(56.0)	(6.7) %
Gas Sold	MSmc	68.0	63.7	4.3	6.7 %
Gas - No. Free Market Customers	N/1000	194.9	176.8	18.1	10.2 %

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	408.2	447.7	(39.5)	(8.8) %
Costs	391.0	431.2	(40.2)	(9.3) %
EBITDA	17.1	16.4	0.7	4.4 %
Operating profit/(loss) (EBIT)	4.2	2.3	1.9	82.5 %
Average headcount	465.7	469.0	(3.3)	(0.7) %

Operating results and financial position	31/03/2020	31/12/2019	Change	% Change %	31/03/2019	Change	% Change %
Investments	9.0	42.5	(33.5)	(78.9) %	6.1	2.9	48.2 %
Net financial debt	(34.4)	(53.2)	18.8	(35.4) %	(9.4)	(25.0)	n.s.

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Commercial and Trading Segment	17.1	16.4	0.7	4.4 %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	6.2 %	6.6 %	(0.4 p.p.)	

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed Q1 2020 with an EBITDA of € 17.1 million, up compared to 31 March 2019 by € 0.7 million. The increase is mainly attributable to **Acea Energia** (+ € 0.5 million) and **Umbria Energy** (+ € 0.2 million).

With regard to the effects on the primary energy margin, the increase recorded by **Acea Energia** derives from opposing effects. In detail, the energy margin related to the **free market** recorded an improvement of € 2.1 million compared to 31 March 2019, mainly due to the largest customers managed in the mass market segment. It should be noted that the negative impact recorded during the month of March derives from the COVID-19 health emergency, which resulted in a significant reduction in the consumption of Business customers (micro, large and top) and higher imbalance charges. The **gas market** increased by € 0.7 million compared to 31 March 2019 due to the combined effect of a higher number of customers managed and higher margins in the mass market segment. The energy margin concerning the **optimisation** of energy flows has increased compared to the same period of the previous year (+ € 0.6 million). This margin also includes the new activities of buying, selling, exchanging and trading electricity, heat, natural gas, methane and other fuels and energy carriers, from any source produced or acquired, for own use or for third parties. Conversely, the energy margin relating to the **standard market** decreased by € 2.2 million compared to 31 March 2019, mainly due to the revision of the value recognised for the mechanism for offsetting arrears as defined by ARERA Resolution no. 100/2020 of 26 March 2020 (- € 1.2 million), and for the remainder both for minor customers served and for the updating of the tariff components for the remuneration of sales established by ARERA Resolution no. 576/2019 of 27 December 2019.

Operating income increased by € 1.9 million compared to EBITDA by € 1.2 million mainly due to the lower write-downs on receivables made by **Acea Energia** (- € 1.7 million), only partially offset by the higher provisions primarily attributable to supplementary and performance indemnities to be paid to agents (+ € 0.2 million).

With reference to the workforce, the average number at 31 March 2020 was 466 units, down compared to the same period last year by 3 units. Primary contributors to this change are **Acea Energia** (+ 17 units) compensated by **Acea8cento** (- 20 units).

Investments in the Segment amounted to € 9.0 million, an increase of € 2.9 million compared to 31 March 2019, and mainly refer to € 5.2 million for the cost of acquiring new customers in accordance with IFRS 15, € 2.7 million for IT implementation projects and € 0.4 million related to cloud licences on which the new CRM (Customer Relationship Management) is being designed.

Net financial debt at 31 March 2020 stood at € 34.4 million, improving by € 25.0 million compared to 31 March 2019 and down € 18.2 million on 31 December 2019 as a result of the dynamics of operating cash flow as well as the effects of the COVID-19 emergency.

Significant and subsequent events

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

AGCM proceeding PS9815 for unsolicited activations: on 28 February 2020 Acea Energia received a communication informing it that the Lazio Regional Administrative Court set a public hearing for 20 July 2020 at which Acea Energia's appeal for the annulment of the fine will be discussed.

AGCM proceeding A513 for abuse of a dominant position: on 14 February 2020 the external law firm assigned filed the cross appeal with the restatement of the grounds of appeal that were taken up by the judgement of first instance. More specifically, in the first part the appeal focuses on the sole ground of appeal rejected by the Lazio Regional Administrative Court concerning the lack of investigation regarding the definition of the relevant market; in the second part, it proposes – thus covering them in full – the fourth to seventh grounds of the appeal that the Regional Administrative Court declared “absorbed”, having considered sufficient the acceptance of the second and third grounds of the appeal for the annulment of the fine.

ARERA Determination DSAI/5/2020/eel. Fact-finding investigation into the financial items relating to electricity destined to the countries located within the Italian state: ARERA initiated two sanction proceedings against Acea Energia and *a*reti to ascertain possible violations of the regulation of the financial items relating to electricity destined for Vatican City State. Acea Energia intends to submit commitments pursuant to resolution 243/2012/E/com, pursuant to which the approval of the commitments closes the sanction procedure without establishing an infringement. Due to the COVID-19 emergency and due to resolution 74/2020/S/com, the deadline for the submission of commitments initially set for 27 March 2020 was postponed to 9 June 2020.

Overseas Operating Segment
Operating figures, equity and financial results for the year

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
Water Volumes	Mm3	10.3	10.7	(0.4)	(3.6) %
Volumes injected into the network	Mm3	20.1	20.0	0.0	0.2 %
Number of customers (accounts served)	N/1000	120,436.0	119,725.0	711.0	0.6 %

Operating results and financial position	31/03/2020	31/03/2019	Change	% Change
Revenues	18.1	11.0	7.1	64.3 %
Costs	10.9	7.2	3.6	50.1 %
EBITDA	7.2	3.8	3.5	91.9 %
Operating profit/(loss) (EBIT)	4.1	1.8	2.3	126.6 %
Average headcount	1,288.0	815.0	474.0	58.1 %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	0.8	7.0	(6.2)	(88.9) %	1.5	(0.7)	(48.5) %
Net financial debt	(6.2)	(4.5)	(1.7)	37.7 %	3.1	(9.3)	n.s.

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Overseas Segment	7.2	3.8	3.5	91.9 %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	2.6 %	1.5 %	1.1 p.p.	

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

- Aguas de San Pedro (Honduras), 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic) wholly owned by the Group, provides the service to the local Municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- Agua Azul Bogotà (Colombia) of which the Group holds 51% is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors;
- Consorcio Agua Azul (Peru) is controlled by the Group which owns 44% and provides the water and discharge service in the city of Lima. Control of the company was taken by virtue of the amendment of the shareholders' agreements and the purchase on 13 January 2020 of additional shares in the company from the outgoing shareholder Impregilo International Infrastructures N.V., which increased the Group's shareholding from 25.5% to 44.0% (+ 18.5%);
- Acea Perù, wholly owned by Acea International (established on 28 June 2018), not yet operational. This company was established with the specific intent to manage the aqueduct service in the city of Lima.
- Consorcio Servicio Sur controlled by Acea International (50%), Acea Ato 2 (1%) and by local partners Conhydra, Valio and India overall equal to 49%. The Consorcio was established on 5 July 2018 with the specific aim of managing the corrective maintenance service for the drinking water and sewerage systems of the Directorate of Services Sur of Lima (Peru).

This segment closed Q1 2020 with EBITDA of € 7.2 million, up € 3.5 million on the same period of the previous year, mainly as a result of **Agua Azul Consortium**'s full consolidation (+ € 2.4 million). It should also be noted that **Acea Peru** (+ € 0.5 million) increased due to the temporary management of the Lima Nord contract, **Agua de San Pedro** (+ € 0.3 million) and **Consorcio Servicio Sur** due to operating activities.

The average headcount at 31 March 2020 stood at 1,288.0 units and was up by 474 compared to 31 March 2019, mainly due to the consolidation of **Acea Peru** (+ 499 units) and **Consorcio Agua Azul** (+ 32 units) offset in part by **Consorcio Servicio Sur** (- 26 units) and **Agua de San Pedro** (- 13 units).

Investments in Q1 2019 amounted to € 0.8 million, down by € 0.7 million compared to 31 March 2019, mainly due to lower water investments in **Aguas de San Pedro**.

Net financial debt at 31 March 2020 was € 6.2 million, an improvement of € 9.3 million compared to 31 March 2019 and € 1.7 million compared to 31 December 2019. The changes are affected by the purchase of shares in Consorcio Agua Azul.

Significant and subsequent events

No significant events are reported during the period observed.

Water Operating Segment
Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
Water Volumes	Mm3	177.7	124.9	52.9	42.4 %
Electrical Energy Consumed	GWh	240.3	134.9	105.35	78.1 %
Sludge disposed of	KTon	61.8	19.8	41.98	n.s.

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	291.4	247.7	43.7	17.7 %
Costs	145.8	126.1	19.7	15.6 %
EBITDA	145.3	121.6	23.7	19.5 %
Operating profit/(loss) (EBIT)	76.0	66.9	9.2	13.7 %
Average headcount	3,189.3	2,633.3	556.0	21.1 %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	104.0	380.1	(276.0)	(72.6) %	73.1	30.9	42.3 %
Net financial debt	1,330.6	1,286.5	44.1	3.4 %	1,098.1	232.5	21.2 %

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Water Segment	145.3	121.6	23.7	19.5 %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	52.6 %	49.1 %	3.5 p.p.	

The EBITDA for the Segment stood at € 145.3 million at 31 March 2020, an increase of € 23.7 million compared to 31 March 2019 (+ 19.5%).

The increase is largely due to the tariff dynamics of the **Acea Ato 2** water sector, which recorded an increase of € 9.9 million mainly due to the effects related to the tariff increase determined following the ARERA Resolution no. 580/2019/R/IDR - MTI-3, which for 2020 marks the beginning of the third regulatory period (four years 2020-2023) (+ € 17.5 million) offset in part by the eliminated effects of the commercial quality bonus (- € 7.7 million) compared to the same period of last year. The year 2020 marks the beginning of the third regulatory period (four-year period 2020-2023), also marked by the elimination of the bonus for contractual quality, since this year significant provisions of ARERA issued in previous years will apply, with particular reference to the regulation of contractual and technical quality as well as late payments. Also noteworthy are the effects of the consolidation of AdF (previously the investment was valued using the equity method) and Pescara Distribuzione Gas (acquired during the month of March 2019), which accounted for € 13.8 million and € 0.5 million respectively. Also noteworthy are the decreases recorded by **Acea Ato 5** for € 1.2 million attributable to lower income from the IWS and higher maintenance and those recorded by **Gori** for € 1.0 million. Finally, the contribution to EBITDA of water companies valued at equity amounting to € 6.8 million is in line with the previous year, although the contribution of AdF (now fully consolidated) has ceased. In fact, remember that the result of the Water Group last year had been negatively influenced by the unwinding of the loan. The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

(€ million)	2020	2019	Change	% Change
Publiacqua	2.3	3.9	1.6	(40.0) %
Acque Group	3.2	0.4	(2.8)	ns
AdF	0.0	1.4	1.4	(100.0) %
Umbra Acque	0.8	0.7	(0.1)	14.9 %
Nuove Acque and Intesa Aretina	0.3	0.3	(0.0)	10.2 %
Geal	0.2	0.3	0.1	(20.8) %
IWS	0.2	0.0	0.2	100.0 %
Total	**6.9**	**6.9**	**0.1**	**(1.5) %**

The quantification of revenues for the year deriving from the integrated water service is valued on the basis of the determinations made by the area governing bodies (AGBs) and ARERA. The item includes the estimate of the tariff adjustments relating to the so-called carry-over items for the year that will be invoiced as from 2021.
The following two tables summarise on the one hand the status of the procedures for approving tariff proposals and on the other hand revenues from the IWS, broken down by company and component.
The Operating Result was mainly affected by the growth in amortisation and depreciation (+ € 39.5 million), of which € 18.5 million was due to the line-by-line consolidation of **Gori** and the remainder to the higher amortisation and depreciation recorded by **Acea Ato 2**, also due to the entry into operation of the new programmes relating to investments in technological infrastructure (+ € 18.8 million).

The average headcount at 31 March 2020 increased by 556.0 employees, mainly attributable to the consolidation of **AdF** (+ 399 employees) and **Pescara Distribuzione Gas** (+ 13 employees), while **Gori** also increased by 113 employees.
Investments in the area amounted to € 104.0 million, an increase of 30.9 million due to the consolidation of **AdF** (+ € 6.7 million), in addition to higher investments by **Acea Ato 2** (+ € 13.1 million), **Gori** (+ € 7.5 million) and **Acea Ato 5** (+ € 3.3 million). The investments in the segment mainly refer to the reclamation and expansion of the water and sewer pipes of the various municipalities, the extraordinary maintenance of the water centres, the work on the purifiers and the transport systems (connectors and feeders).

The financial indebtedness of the Segment stood at € 1,330.6 million at 31 March 2020, having worsened by € 44.1 million compared to 31 December 2019 and by € 232.5 million compared to 31 March 2019, the latter figure mainly due to: (i) **Acea Ato 2** mainly due to the lower liquidity resulting from a reduction in the company's cash and cash equivalents, mostly destined to finance the investments made during the period; (ii) the consolidation of **AdF**, which contributed to a worsening in financial debt by € 88.8 million and of **Pescara Distribuzione Gas**, which contributed to an improvement by € 1.5 million.

Significant and subsequent events

Progress of the procedure for approving the water tariffs

With Resolution 580/2019/R/Idr, ARERA approved the tariff method for the third regulatory period 2020-2023 (MTI-3) setting 30 April 2020 as the deadline by which the area governing body or other competent entity is required to submit the relevant regulatory scheme containing the tariff for approval by the Authority. The same Resolution also defines the methods and timing of the application of fees to users related to the tariff approval process.

It should be noted that the deadline of 30 April 2020 set in Resolution 580/2020 was postponed to 30 June 2020 as a result of the COVID-19 emergency situation, which prompted the Authority to defer several deadlines envisaged by the regulation for sectors regulated both in tariff matters and in others (Resolution 59/2020/R/COM).

However, pending the tariff update implementing the new MTI-3 tariff method, the tariffs calculated on the basis of the tariff multiplier resulting from the economic and financial plan already approved under the current tariff provisions remain valid for the year 2020 (i.e. the plan relating to the two-year update 2018-2019 approved by ARERA, or, as such approval has not yet taken place, the plan approved by the AGBs or competent entities).

With a specific communication of 5 February 2020 to operators, ARERA noted that the checks relating to the proposals for the bi-annual update of the tariff arrangements for the years 2018 and 2019 submitted by AGBs pursuant to Resolutions 917/2017/R/idr and 918/2017/R/idr and not yet specifically approved by the Authority will be completed as part of the checks on the specific regulatory schemes proposed for the third regulatory period (2020-2023), in compliance with the water tariff method MTI-3 referred to in Resolution 580/2019/R/idr. In the same statement, ARERA also specified that for the two-year period 2018-2019 the tariff determinations adopted by the competent entities remain valid, which will be assessed as part of the quantification of the adjustment components referred to in article 27 of MTI-3 when approving the new regulatory scheme.

The following table shows the situation updated to Q1 2020. The progress of the procedure for approving tariffs and the approval of the two-year update (2018 - 2019) of the IWS tariff provisions for the Group companies is shown below.

Company	Approval status (MTI2 "2016 - 2019")	Biennial update status (2018 - 2019)
Acea Ato 2	On 27 July 2016, the AGB approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed.	The Conference of Mayors approved the tariff update on 15 October 2018. On 13 November 2018, ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/idr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA resolution.

Company	Approval status (MTI2 "2016 - 2019")	Biennial update status (2018 - 2019)
Acea Ato 5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the $Opex_{qc}$. ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the $Opex_{qc}$. Approval by the ARERA is awaited.	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. ARERA has not yet given its approval.
Gori	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with $Opex_{qc}$ as of 2017. Approval by the ARERA is awaited.	On 17 July 2018 the Extraordinary Commissioner of the AGB approved the 2018-2019 tariff update. ARERA has not yet given its approval.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the $Opex_{qc}$. Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Board of Directors approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With resolution 502 of 9 October 2018, the ARERA approved the 2018-2019 tariff update.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. With resolution 687/2017/R/IDR, on 12 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. ARERA has not yet given its approval.
AdF	On 5 October 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. On 12 October 2017, with resolution 687/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Board of Directors on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its resolution of July 2018. ARERA approved the two-yearly update (with a small correction of the recognised OpexQC) and the extension of the concession with Resolution no. 465 of 12 November 2019.
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. With resolution 726/2017/R/IDR, on 26 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	On 12 July 2018 ARERA approved the 2018-2019 tariff update proposed by AIT.
Acea Molise (formerly Crea Gestioni)	Following Resolution no. 664/2015/R/IDR, both for the Municipality of Campagnano di Roma (RM) and the Municipality of Termoli (CB), Municipalities where Crea Gestioni offers the IWS, neither the Granting Body nor the Area Authority of reference submitted a tariff proposal for the regulatory period 2016-2019, so the Company independently submitted tariff proposals. Currently approval by the ARERA is still pending.	The Company has submitted the data to the competent parties/AGB in order to update the 2018-2019 tariff. For the management of the IWS in the Municipality of Campagnano di Roma (RM), given the inaction of the designated parties the Company filed an application with ARERA in early January 2019 for a tariff adjustment in 2018-2019, also revising the 2016-2019 proposal. ARERA has not yet pronounced or issued a warning to the AGB and/or to the competent parties. For the management of the IWS in the Municipality of Termoli (CB), with a resolution dated 17 December 2019 the Municipal Council of Termoli approved the alignment of the pre-existing Agreement to the Agreement template, extending its expiry to 31 December 2021, and confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for 2018 and 2019, also revising the 2016-2019 proposal. ARERA has not yet given its approval.
Gesesa	On 29 March 2017 with resolution no. 8 of the Extraordinary Commissioner the AATO 1 approved the tariffs for the years 2016-2019. Currently approval by the ARERA is still pending.	The Company submitted the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation by the technical offices of the competent AGB (EIC-Ente Idrico Campano) was completed at the end of February 2020. The final approval of the EIC Executive Committee has not yet been given.
Nuove Acque	On 22 June 2018, the AIT Board of Directors approved the rates	On 16 October 2018 with Resolution 520 the ARERA approved the 2018-2019 tariff update proposed by the AIT.
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the $Opex_{qc}$. The ARERA then approved them in Resolution 764/2016/R/IDR dated 15 December 2016.	In its session of 27 July 2018, the AURI Meeting approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with resolution no. 489 of 27 September 2018

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

Revenues from the Integrated Water System

The table below indicates for each company in the Water Segment the amount of revenue in the first three months of 2020, valued on the basis of the tariff decisions made by the respective AGBs or by the ARERA. The data include the adjustments of passing items, the Fo.NI component and the $Opex_{qc}$.

Company	Revenue from the IWS (pro quota values in € million)	FONI/Bonus (pro quota values in € million)
Acea Ato 2	167.2	FNI = 10.1 AMM_{FoNI} = 2.7
Acea Ato 5	19.7	FNI = 0.2 AMM_{FoNI} = 0.4
Gori	49.8	AMM_{FoNI} = 0.8
Acque	18.2	AMM_{FoNI} = 1.0
Publiacqua	25.1	AMM_{FoNI} = 2.1
AdF	27.6	AMM_{FoNI} = 2.5
Gesesa	3.2	FNI = 0.1
Geal	2.0	FNI = 0.1 AMM_{FoNI} = 0.1
Acea Molise (formerly Crea Gestioni)	2.8	
Umbra Acque	7.8	FNI = 0.2 AMM_{FoNI} = 0.5

Energy Infrastructure Operating Segment
Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
Energy Produced	GWh	102.6	130.6	(28.0)	(21.4) %
Thermal Energy produced	GWh	32.2	33.6	(1.4)	(4.2) %
Photovoltaic energy produced	GWh	11.0	2.3	8.7	n.s.
Electricity distributed	GWh	2,308.3	2,454.4	(146.1)	(6.0) %
No. of Customers	N/1000	1,635.5	1,630.4	5.1	0.3 %
Km of Network	km	30.7	30.6	0.0	0.1 %

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	175.2	174.8	0.4	0.2 %
Costs	73.8	79.3	(5.5)	(7.0) %
EBITDA	101.4	95.5	5.9	6.1 %
Operating profit/(loss) (EBIT)	61.1	62.8	(1.6)	(2.6) %
Average headcount	1,359.0	1,377.3	(18.0)	(1.3) %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	66.2	287.8	(221.5)	(77.0) %	63.7	2.6	4.0 %
Net financial debt	1,369.1	1,320.5	48.6	3.7 %	1,141.8	227.4	19.9 %

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Energy Infrastructure Segment*	101.4	95.5	5.9	6.1 %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	36.7 %	38.5 %	(1.9 p.p.)	

The EBITDA at 31 March 2020 was € 101.4 million, an increase of € 5.9 million compared to 31 March 2019. The change in EBITDA is mainly attributable to ***areti*** (+ € 9.2 million) as a consequence of the annual tariff updates in the scope of the fifth regulatory cycle (tariff variation effect between the two periods being compared) as per ARERA resolution 568/2019/R/eel of 27 December 2019 (+ € 3.0 million) for regulatory accounting (+ € 3.3 million) and for the positive effects of the Resilience Plan.

The EBITDA for **Public Lighting** is negative for € 0.6 million, an increase of € 0.7 million compared to 31 March 2019 (was negative for € 1.2 million), especially with regard to new developments.

It should be noted that extraordinary maintenance and modernisation and safety activities agreed to with Roma Capitale continued regularly, thus creating new lighting points as part of the lighting re-engineering and development projects.

Acea Produzione recorded a decrease in EBITDA of € 5.7 million mainly as a result of a decrease in the energy margin of the hydroelectric generation sector, which recorded a decrease of € 3.0 million.

The EBITDA was also affected by the change in the scope of consolidation for the acquisition of the photovoltaic companies during H2 2019. This positive change amounted to € 2.3 million.

The average workforce decreased by 18 units, primarily in ***areti*****.** Please note that the new photovoltaic companies do not have employees.

The operating result was mainly affected by higher amortisation and depreciation and write-downs recorded in the period.

Net financial debt stood at € 1,369.1 million as at 31 March 2020, showing an increase of € 227.4 million compared to 31 March 2019 and an increase of € 48.6 million compared to 31 December 2019. This trend is mainly due to the dynamics of the operating cash flow with reference to the end of the previous year and to new acquisitions with reference to 31 March 2019.

Investments amounted to € 66.2 million, with those of ***areti*** (for a total of € 61.8 million) pertaining to the renovation and expansion of the HV, MV and LV networks, works on primary and secondary cabins and on meters, while intangible investments refer to projects for the re-engineering of information and commercial systems. Starting from the current year the so-called "Resilience Plan" was implemented, which consists of works on substations and on the MV and LV grids and projects aimed at limiting the probability of disconnection resulting from the grid's main accident risk factors.

Investments made by **Acea Produzione** amount to € 1.3 million mainly for the extraordinary maintenance of the Orte, Sant'Angelo and Salisano hydroelectric plants and the Tor di Valle and Montemartini thermoelectric plants.

Also worth noting are the investments made by Acea Solar for the activities preparatory to the construction of photovoltaic plants amounting to € 1.9 million.

Significant and subsequent events

GALA

With Resolution 50/2018/R/eel of 1 February 2018, the Authority approved a mechanism for recognising charges otherwise not recoverable due to the failure to collect general system charges.

At 31 March 2020 the total receivables accrued by *a*reti was € 73.6 million, including interest. Such interest was excluded from the mechanism for the reinstatement of general charges by Resolution 300/2019/R/EEL and subsequently readmitted to the mechanism by Resolution 495/2019/R/EEL. On 30 March 2020, these portions were reimbursed for a total amount of € 2.9 million.
With Circular no. 2/2020/ELT of 30 January 2020, CSEA prepared a method for adding the applications already submitted in order to also include the portion relating to interest on arrears invoiced in accordance with the initial provisions of art. 1.4, letter a), number iv) of Resolution 50/2018//R/EEL. On 18 February 2020, we formally submitted a request to participate in the mechanism for reimbursing the default interest billed and the amount requested was received on 30 March 2020.
On 27 December 2019 Resolution 568/2019/R/EEL was also issued, which provides for the recovery of the portion relating to network tariffs similar to the model for the recognition of uncollected general system charges. In particular, taking into account the comments received during the consultation, it confirms access to the mechanism each year n if the amount of non-collectable receivables relating to network tariffs not yet covered – calculated considering the cumulative amount in the years 2016, 2017 and 2018 – exceeds 0.75% of the revenues allowed in 2018, with the application of a deductible equal to 10% of the total amount of non-collectable receivables. The first application of the mechanism is scheduled for 2020 with a request to be submitted during the year according to a method to be defined, and with a subsequent measure to be adopted by 30 April 2020. The share amounted to € 11 million.
It should also be noted that with Resolution no. 583 of 20 November 2018, the ARERA rejected the complaint presented by Gala Power S.r.l., a company of the Gala Group, regarding *a*reti's refusal to stipulate a transport contract with it given the established existence of a single decision-making centre subsisting between Gala Power and its parent company Gala, in light of the significant debt exposure accrued by the latter with respect to *a*reti. Gala Power appealed against the Authority's decision before the Lombardy - Milan Regional Administrative Court, Section I, judgement no. 1936 published on 2 September 2019 and not served. This judgement was appealed before the Council of State on 29 November 2019.
It should also be noted that with Resolution no. 181 of 14 May 2019 ARERA rejected the complaint submitted by EEMS Italia S.p.A., also a Gala Group company, against *a*reti's refusal to enter into a transport contract with that company, deeming the claim made by the complainant unfounded on the grounds that since it had not established any direct or indirect relationship with at least one end customer, it did not meet the mandatory condition laid down in the regulation for the validity of the transport contract. On 27 August 2019 EEMS Italia again requested to enter into a transport contract. In response to the request for clarification sent by the Company, EEMS Italia S.p.A. filed a new complaint with ARERA on 5 December 2019.

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

New Photovoltaic acquisitions

It should be noted that during the period and in line with the Business Plan, the Acea Group continued with the acquisition of photovoltaic plants and at the end of February proceeded with the acquisition of Bersolar.

Engineering and Services Operating Segment

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2020	31/03/2019	Change	% Change
Total number of analyses	No.	276,301	272,717	3,584	1.3 %
Total number of samples	No.	8,830	8,847	(17)	(0.2) %
Worksite inspections	No.	3,217	3,933	(716)	(18.2) %
Safety Coordination	#	27	43	(16)	(37.2) %

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	13.2	15.7	(2.5)	(16.1) %
Costs	16.5	13.7	2.7	20.0 %
EBITDA	1.5	2.0	(0.5)	(26.1) %
Operating profit/(loss) (EBIT)	1.1	1.7	(0.7)	(38.3) %
Average headcount	289.7	275.7	14.0	5.1 %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	1.0	1.8	(0.8)	(42.6) %	0.3	0.8	n.s.
Net financial debt	(3.0)	6.7	(9.7)	(145.0) %	(5.9)	2.9	(49.0) %

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Engineering and Services Segment	1.5	2.0	(0.5)	(26.1) %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	0.5 %	0.8 %	(0.3 pp)	

The Segment closed the first quarter of 2020 with EBITDA of € 1.5 million, slightly down on the same period of the previous year (- € 0.5 million). In addition to **Acea Elabori**, the Segment also includes **Ingegnerie Toscane**, an engineering company that provides technical support services in the water-environmental sector, and **TWS**, a company that operates mainly in the construction and renovation of works instrumental to the operation of the Integrated Water Service, and in particular of water treatment plants – drinking water and wastewater – as well as design and engineering services as they relate to plant construction. These companies recorded EBITDA of € 1.3 million and € 0.3 million respectively.
The average number of employees at 31 March 2020 was 290, an increase compared to 31 March 2019. The increase is attributable to **Acea Elabori** (+ 26 units), partly offset by **TWS** (- 11 units).

Investments amounted to € 1.0 million and mainly refer to the purchase of equipment for the Grottarossa laboratory by **Acea Elabori** and for investments in IT systems.

Net financial debt at 31 March 2020 stood at € 3.0 million, improving by € 2.9 million compared to 31 March 2019 and down € 9.0 million on 31 December 2019.

Significant and subsequent events

No significant events are reported during the period observed.

Corporate

Equity and financial results for the period

Operating results and financial position (€ million)	31/03/2020	31/03/2019	Change	% Change
Revenues	29.4	29.6	(0.1)	(0.5) %
Costs	38.0	37.9	0.1	0.2 %
EBITDA	(8.6)	(8.4)	(0.2)	2.6 %
Operating profit/(loss) (EBIT)	(14.3)	(12.2)	(2.1)	17.4 %
Average headcount	687.3	666.7	20.6	3.1 %

Operating results and financial position (€ million)	31/03/2020	31/12/2019	Change	% Change	31/03/2019	Change	% Change
Investments	5.0	21.7	(16.7)	(77.0) %	3.5	1.5	44.0 %
Net financial debt	259.5	250.4	9.1	3.6 %	258.4	1.1	0.4 %

EBITDA (€ million)	31/03/2020	31/03/2019	Change	% Change
EBITDA Corporate Segment	(8.6)	(8.4)	(0.2)	2.6 %
EBITDA Group	276.4	247.9	28.6	11.5 %
Percentage weight	(3.1) %	(3.4) %	0.3 p.p.	

Corporate closed Q1 2020 with a negative EBITDA of € 8.6 million (- € 0.2 million compared to 31 March 2019). The change is due to the combined effect of several phenomena, such as lower IT costs offset by higher costs for the COVID emergency.

The average number of staff at 31 March 2020 was 687, an increase of 20 people compared to the same period in the previous year (667).

Investments amounted to € 5.0 million and, compared to 31 March 2019 increased by € 1.5 million. Investments mainly refer to IT developments and investments in the company offices.

Net debt at 31 March 2020 amounted to € 259.5 million, a worsening of € 9.1 million compared to the closure of 2019 but essentially aligned with the same period of 2019. This change derives from the Group and Acea needs generated by changes in working capital.

Significant and subsequent events

No significant events are reported during the period observed.

Significant events during the period and afterwards

Acea S.p.A. Successfully placed a nine-year € 500 million bond issued under the EMTN Programme

Following the Board of Directors' resolution of 22 January 2020 and the completion of bookbuilding, on 29 January 2020 it successfully completed the placement of a non-convertible bond loan for a total principal amount of € 500 million, maturing on 6 April 2029 and at a rate of 0.50%, under the € 4 billion Euro Medium Term Notes (EMTN) programme, with the Base Prospectus as last updated on 15 July 2019 and subsequently supplemented on 27 January 2020 (the "Bonds").

The Bonds are intended exclusively for institutional investors in the Euromarket. The issue was successful, receiving requests equal to about 3 times the amount of the Bonds offered, by investors of primary rank and representative of many geographical areas.

The Bonds have a minimum unit denomination of € 100,000 and have been placed at an issue price of 99.20%, which implies a yield of 0.59%. The Bonds are governed by English law. The settlement date was set at 6 February 2020. From that date the Bonds will be listed on the regulated market of the Luxembourg Stock Exchange, where the prospectus was filed.

The proceeds from the issue of the Bonds will be used to finance the Company's ordinary activities, as well as to support the investments envisaged in the business plan for the three-year period 2020-2022.

Acea S.p.A. Growth in the gas distribution sector

On 10 March Acea signed an agreement with the companies Alma CIS S.r.l. and Mediterranea Energia Soc. Cons.a.r.l. for the acquisition of 51% of the share capital held by them in the company Alto Sangro Distribuzione Gas S.r.l., engaged in the distribution of methane gas.

Alto Sangro Distribuzione Gas is present in 24 municipalities of the province of L'Aquila belonging mainly to Atem Aquila 3, and owns almost all of the gas distribution infrastructure, consisting of 537 km of network and about 34,000 grid points.

The financial value of the transaction in terms of enterprise value for 100% of the company is € 40 million, compared to a 2019 operator RAB of about € 38 million. Following the transaction, the company will be fully consolidated by Acea. The closing of the agreement is expected by mid-year.

COVID-19

The international health emergency caused by COVID-19, commonly referred to as "Coronavirus", emerged suddenly after 31 December 2019 and only recently the World Health Organisation has declared the existence of an international emergency.

This has led the Italian government in particular to put in place a series of provisions that are both restrictive and of an emergency economic nature, the duration of which is impossible to predict at this time. In view of the circumstances, it is impossible to calculate the real impact these measures will have on the economy and the Group itself.

However, in view of the fact that the characteristics of the businesses managed by the Acea Group, 81% of whose EBITDA is generated by regulated activities, and in light of the chronology of events and news after the balance sheet date, the regulatory areas governing the Acea Group's businesses have not changed significantly due to the aforementioned health emergency.

However, it is believed that cash inflows may decline in the short and medium term, although it is hoped that equalisation mechanisms will be put in place to support the customer segments most exposed to the effects of the emergency.

With regard to the financial impact both in the short and medium term, there are no significant uncertainties for the Acea Group in dealing with the "Coronavirus" emergency and the effects that this could reasonably cause, also because of the company's ability to continue to operate as a going concern thanks to the Group's solid financial structure as at 31 March 2020, cash and cash equivalents of approximately € 820 million plus credit lines granted and unused of approximately € 578 million and the possibility of issuing a further € 0.9 billion of corporate bonds under the EMTN programme.

Changes in the context following the COVID-19 health emergency

The international health emergency caused by COVID-19, commonly referred to as "Coronavirus", emerged suddenly after 31 December 2019 and only recently the World Health Organisation has declared the existence of a pandemic. This has led the Italian government in particular to put in place a series of provisions that are both restrictive and of an emergency economic nature, the duration of which is impossible to predict at this time, entailing a substantial change in both the internal and external context.

The Acea Group immediately implemented a series of actions to protect all stakeholders.

Employees and Workers

Committee for the management of preventive measures against COVID-19

As early as 24 February, the Management Committee for the management of preventive measures against the COVID-19 virus was established as an extraordinary Group Body having the purpose of monitoring the

epidemiological situation and the evolution of the emergency, specifying the most appropriate actions to be taken to protect the health of all Acea Group employees.
In particular, the Committee has the following objectives:

- Constantly monitor the spread of the epidemic and the increase in cases of contagion;
- Propose the necessary preventive and precautionary measures;
- Issue behavioural guidance for the company's employees;
- Supervise the proper implementation of the measures adopted and the effectiveness of the guidance given, identifying any critical issues that have emerged and evaluating the implementation of corrective and improvement actions.

Coronavirus Advisory Committee
The sharing and involvement of the social partners in dealing with the emergency makes it possible to identify and analyse any critical issues that are otherwise difficult to respond to. On 3 March 2020 the first meeting of the Coronavirus Advisory Committee was held, consisting of the heads of the prevention and protection service of Acea S.p.A. and the Group operating companies, the head of industrial relations of Acea S.p.A., the company's coordinating physician, the head of the assets and facilities management unit of Acea S.p.A. and a representative of each trade union. The Committee will meet weekly until the end of the emergency, and the objectives are identified as follows:

- Report on the progress of activities that the company is putting in place to address the spread of the Coronavirus;
- Report on epidemiological progress as provided by the coordinating physician;
- Note the needs and suggestions of all parties involved;
- Identify any issues of the operating companies and share their solutions.

Worker health and safety
The Acea Group, which has always been attentive to the health and safety of its employees and all external workers along the entire value chain, implemented prevention and protective measures to manage the COVID-19 emergency at the beginning of February.
For the activities carried out by Acea Group Companies, exposure to Coronavirus does not pose a professional risk as employees perform tasks that do not increase their risk compared to the rest of the population.
However, since working is an activity that may result in people coming into contact with others exposed to the virus, it is necessary to plan a protection strategy aimed at limiting the impact on the organisation based on a risk assessment
The main measures implemented are as follows:

- Internal Circulars and Guidelines for Group companies in order to ensure a coordinated response to the emergency;
- Application of formal procedures for the periodic assessment of the effectiveness of the measures undertaken;
- Creation of communication channels dedicated to the emergency (intranet section, email address, signage);
- Installation of devices for the sanitisation of hands;
- Information on the correct behaviour to be followed for the prevention of contagion;
- Information about the risk of the Coronavirus;
- Specific health protocols drawn up by the company physicians;
- Intensification of shifts for cleaning and sanitisation of workplaces, including scheduling periodic sanitisation activities as an additional preventive measure;
- Measures for the protection of the personnel of contractors;
- Procurement of significant quantities of personal protective equipment (PPE) able to meet the needs of all operating companies;
- Information and training on the correct use of the PPE;
- Large-scale teleworking for administrative staff and others who can work remotely;
- Protection of personnel who are particularly fragile or with current or existing disease;
- Suspension of all activities that involve groups, preferring the use of videoconferencing tools and software;
- Procedures for entering and exiting company premises;
- Requirement to maintain an interpersonal safety distance and obligation to wear adequate protective devices;
- Strengthen all strategic activities to ensure the continuity of services, such as Operating Rooms and Dispatcher Rooms;
- Reorganisation of activities related to the operating world:
    - Splitting of Control Rooms;
    - Contingent operation of operating personnel in the plants;
    - Departure from home of all operators;
    - Splitting into non-overlapping shifts and/or fixed pairs;
    - Where possible, postponement of activities requiring entry into the homes/offices of users;
    - Regulation of the relationship with suppliers to exclude direct contacts;

- Specific measures for the management of all common areas;
- Installation of devices for measuring body temperature at site entrances;
- Blood testing campaign for employees who will gradually return from teleworking, with analysis and data processing performed with the advice of an expert in virology.

Teleworking – keeping people connected, close, active

Acting responsively, being resilient, managing uncertainty and recognising opportunities: these are all characteristics included in the Acea Group Leadership Model. The same traits that over the years have made it possible to promptly manage emergencies and crises that are not infrequent in our business, the COVID-19 emergency being only the latest addition to the list.

Since 2018, with the launch of the Smart People project, a new managerial and organisational mindset has been developed, and in the meantime most employees have been equipped with agile work tools and sharing platforms.

This has made it possible to respond positively to an unprecedented stress test of remote working forced by the current health emergency, enabling more than 85% of the company's population to work from home.

The immediate implementation of teleworking was also made possible thanks to the rapid preparation of connectivity infrastructure and the completion of personal IT equipment by the Innovation, Technology & Solutions Function.

This has allowed the Acea Group to continue to work effectively on all business processes, including those related to the journey typical of people management: selection, welcoming, training, bonuses and development.

This critical moment has become a new opportunity to experiment with innovative ways of working, rethink work organisation, streamline processes, plan activities differently, identify new skills and roles in the company, activate training and development/self-development paths linked to new needs.

To deal with feelings of isolation, loss and difficulty in maintaining high levels of concentration and performance while dealing with critical circumstances and the need for social separation, efforts were made to create a sense of community and sharing and the employees responded quickly, showing a sense of team, an ability to share objectives, full autonomy and a strong sense of responsibility.

Supplementary policy

To better protect and safeguard the health and safety of its workers, the Acea Group has put in place special insurance coverage at no cost to employees (including temps, interns and contractors in general) both for them and their family members who may have tested positive for COVID-19.

Aside from providing financial support and assistance services in the event of contagion and hospitalisation due to COVID-19, the policy also includes an array of services that can be activated and used even in the absence of contagion and hospitalisation. In fact, it is undeniable that the anxieties and fears generated by the current circumstances are not necessarily linked to actual contagion and contraction of the disease, and sometimes can themselves constitute a real emergency to be dealt with.

Industrial Relations and Welfare

On 3 March an Advisory Committee was established consisting of the trade unions, RLS, RSPP and the company physician with the responsibility of providing advice on measures to combat and contain the spread of the COVID-19 virus in workplaces, in line with the provisions of the Protocol signed between the government and the trade unions.

On 3 April 2020, a Memorandum of Understanding was signed between the unions and Acea concerning measures to combat and contain the spread of the virus.

Confirming the suitability and effectiveness of the measures already put in place by the Company, the agreement introduces further organisational initiatives (training, collective closures and use of individual entitlements) and alternatives to the use of social shock absorbers in order to limit the economic and social impacts of COVID-19.

In the area of welfare, a series of initiatives were implemented to provide psychological support to people who are in a state of fragility and isolation due to the spread of COVID-19.

Moreover, webinars for Acea Group staff were scheduled to offer employees and their families information and advice on how to deal with events of this nature through resilience and the ability to transform limits into resources, with a specific reference to the adoption of new lifestyles and work such as agile work at home and teleschooling.

Investors

In the early months of 2020, the health emergency led to a strong global financial and economic crisis negatively affecting international stock exchanges. From the end of February 2020 until 27 March 2020, European indices on average lost 28%, the Italian market 32% and the American stock exchange about 25%. In the same period, Acea's share price dropped about 30%.

Analysts estimate that the COVID-19 emergency and the measures taken by governments to contain the spread of the virus could lead to a drop in GDP in various countries around the world between 5% and 10%. In this context, central banks are adopting policies to address the severe economic crisis.

Shareholders and lenders

In view of the fact that the characteristics of the businesses managed by the Acea Group, 81% of whose EBITDA is generated by regulated activities, and in light of the chronology of events and news after the balance sheet date, the regulatory areas governing the Acea Group's businesses have not changed significantly due to the aforementioned health emergency.
However, it is believed that cash inflows may decline in the short and medium term, although it is hoped that equalisation mechanisms will be put in place to support the customer segments most exposed to the effects of the emergency.
With regard to the financial impact both in the short and medium term, there are no significant uncertainties for the Acea Group in dealing with the "coronavirus" emergency and the effects that this could reasonably cause, also because of the company's ability to continue to operate as a going concern thanks to the Group's solid financial structure.

Customers and the market

Environment Segment

The companies of the Environment Segment provide essential public services, and therefore are exempted from the suspension of production established by the Italian ministerial decrees issued over time to combat the epidemiological spread of COVID-19.
At present, without prejudice to the reduction of some special waste delivered to some liquid waste treatment platforms due to the shutdown of manufacturers, all plants are operating at substantially the same productivity expected before the spread of the epidemic.
Specific regional ordinances have also identified the treatment plants of San Vittore del Lazio (UL3) and Orvieto (UL4) as facilities for the destination of undifferentiated waste produced by the infected or quarantined persons in their respective regions (Lazio and Umbria).
Almost all regions have issued ordinances halting separate collection for infected and quarantined persons, with impacts on the type and quantity of municipal waste entering the Segment's facilities.
At the moment, given the current small number of those infected in the territory the Environment Segment operates in, this impact can be considered rather small, but an increase in this number of infections will result in an increase in the supply of undifferentiated waste at the San Vittore del Lazio waste-to-energy plant and the Orvieto landfill, and a simultaneous reduction in the supply of differentiated waste at the other plants (which treat waste produced by separate collection).

Water segment

Market context

Despite the need to stay at home or in any case to limit travel, water consumption has not changed and has remained almost constant due to the combined effect of the reduction in consumption of non-domestic users (industrial, commercial, etc.) and the increase in consumption of domestic users. In large cities there has been a reduction due to the blocking of tourism.
The restrictions on manufacturing implemented by the regulations have resulted in some modest changes to normal activity, including:

- A reduction in receipts;
- A slowdown in the implementation of investments.

Market forecasts will be substantially affected:

- By the persistence of the current widespread and serious health emergency, which has increased the likelihood of a sharp slowdown in the economy;
- By the uncertainty of the evolution of the health emergency, with particular regard to the timing of the resumption of activities, which are expected to be gradual and strongly influenced by the necessary precautions aimed at avoiding a return of the contagion. The economy has suffered a critical stoppage, in particular with regard to transportation, tourism, consumption and industrial production of non-essential goods;
- By national and regulatory legislation that must guarantee both the protection of users and the continuity and availability of the service in a necessarily comprehensive perspective, as also underscored by ARERA itself in recent resolution no. 117/2020/R/com.

Community and users

In compliance with the provisions of the regulations pertaining to the COVID-19 health emergency, as well as in compliance with the resolutions of ARERA, the main preventive and precautionary measures taken by the IWS operators of the Acea Group to ensure continuity and availability of the service in conditions that are safe for the public and operators concerned entail, among other things:

- Raising awareness of the use of alternatives to physical branches – web, apps, toll-free numbers, emails through which it is possible to carry out any type of activity – following the closure of physical branches in order to prevent groups of people;

- The suspension – from before the provisions of ARERA – of debt recovery activities, in particular service disconnections, as well as the opportunity for users in financial difficulty to request the deferment of the payment terms of expired or expiring bills;
- The division into instalments of bills due, issued, or with consumption dating to the emergency period.

Energy Infrastructure Segment

The COVID emergency period and the subsequent lockdown imposed by the government inevitably affected national energy needs (both electricity and gas), providing a measure of the impact of the epidemic on the real economy. At a national level the decline in electricity demand in recent weeks stands at about 20% lower than the average for the same period of 2015-2019.
The reduction in electricity consumption, combined with the sharp decline in gas and CO2 prices, mainly driven by a slowdown in the world economy, also pushed down electricity prices.
With regard to the distribution of electricity around Rome, it should be noted that the legislative interventions related to the Coronavirus emergency, which have forced the closure of numerous commercial and industrial activities, have led to a significant reduction in the energy distributed through the grid managed by *a*reti S.p.A., essentially in line with what is happening nationally. In March 2020 there was a decrease of about 12% compared to March 2019, while in the first week of April consumption dropped 20%, trending towards an increase.
With regard to measures to support the users of essential services, in line with the provisions of ARERA *a*reti suspended disconnections of families and companies due to arrears in all the territories served. Consequently, any electricity service suspended, limited or deactivated after 10 March 2020 was switched on again.
With specific reference to electricity distribution companies, ARERA put in place a mechanism to mitigate their risk of financial exposure consisting in the right to pay CSEA and GSE the greater of 80% of the monthly turnover for general system charges due in the period 1-30 April and the portion actually collected of that same turnover instead of the amounts envisaged by the current regulation.
With regard to energy production, Acea Produzione sells the energy produced by its plants on the wholesale markets, which are currently seeing prices more than 30% lower than before the Coronavirus emergency. Some of these negative effects are mitigated by the lower purchase cost of commodity gas and CO_2 used in thermal power generation as well as by the presence in the portfolio of plants from incentivised renewable sources (these plants mainly have a regulated revenue structure and therefore only partly dependent on wholesale energy prices).
A further impact on Acea Produzione's activities is the slowdown in certain investments caused by the suspension of the projects under way. Most of these activities are expected to be continued in the course of the year and some have already been restarted. Only the continuation of the lockdown could lead to the rescheduling of certain investments to next year.

Commercial and Trading Segment

Specific health and safety measures

In addition to applying the provisions established by the Group, using a poster in the building di Piazzale Ostiense and the Ostia branches open to the public Acea Energia has widely disseminated informative materials such as the guide of the Ministry of Health, the correct procedure for washing hands and the provisions relating to social separation. Hand sanitising gel distributors were installed in these same spaces.
As the main preventive measure, from 10 March the employers decided to implement mass use of teleworking for Acea Energia and Acea8cento personnel who could work remotely and for employees at the Ostia branch, closed on that same date. The staff of the Ostiense branch were equipped with adequate protective devices until the closure to the public on 16 March, the employees then shifting to teleworking.
Acea8cento's call centre now operates remotely, with the transition of all staff to teleworking from 18 March.

Relations with the public and customers

Until the closure of the Ostiense branch, customers were advised of the possibility of managing their accounts via telephone, chat systems, customer areas in the websites and apps on smartphones. Similar information has been published on the websites www.acea.it (free market), www.servizioelettricoroma.it (standard market) and on the social networks of the free market (Acea Energia Facebook page), with the tagline “We remain close to you, even from afar” and the hashtag #iorestoacasa (#imstayinghome).
Emails were also sent to customers in the open and standard markets to encourage the use of the customer area on the website.
Specifically:

- Standard Market: sent to about 199,000 customers
- Free Market: sent to about 166,000 customers

Acea Energia will thus be able to verify the effectiveness of these tools on the ground and assess further developments of virtual channels and services.
The contact centre is still active, and for the entire duration of the lockdown will guarantee a performance that is qualitatively and quantitatively in line with the service offered before the health emergency.
Furthermore, in compliance with the legal provisions for the prevention of the spread of COVID-19, throughout the lockdown Acea Energia suspended door-to-door sales and closed the Acea Shops. On the other hand, the toll-free number 800.130.333 for commercial offers remains active and telemarketing continues.
All customer management back office activities, including the response to written requests for information and complaints, are guaranteed by teleworking staff.
The closure of the branches allowed those employees to be deployed to back office services, further improving service performance.

Customer-support measures and the overall impact of the emergency

In compliance with the provisions of ARERA, Acea Energia has blocked disconnections due to the late payment of electricity and gas bills. The Company has also voluntarily taken extraordinary measures with respect to its customers throughout the country both in relation to payments and to ensure the management of commercial or care requests, reinforcing the back office units in the operations area. More specifically, all debt collections were halted along with the stoppage of suspensions due to arrears, and exceptional instalment payments were introduced during the emergency period, which is still ongoing.

The overall impacts of the emergency on the sector are being assessed by all stakeholders in the electricity and gas supply chain, starting with the ARERA Regulatory Authority. Of particular relevance are the effects of the lockdown on the consumption of the business segment (both for large and industrial customers and for small and micro customers, such as professional firms and commercial activities).

The Commercial and Trading Segment is performing assessments relating to the different scenarios for phase two of the emergency and estimates of the overall impacts, as part of the activities being carried out for forecasting 2020 and updating the multi-annual plan.

Local community

Sustainable Development Goals (SDGs)

The COVID-19 crisis affects multiple dimensions of sustainability. Initially a limited health emergency, due to the speed and aggressiveness of its spread it immediately had repercussions on the economic, productive, social and environmental dimensions of existence on a global level.

To date, a first attempt at a qualitative analysis of the impacts of COVID-19 has been proposed by ASVIS (Italian Sustainable Development Alliance) focusing on various consequences – some negative but some also positive – of the effects on the Sustainable Development Goals (SDGs).

The emergency that we are experiencing has, at various levels, triggered a general reflection on current development models, forcing an integrated approach to the analysis of the socio-environmental dimensions.

Consider, for example, the worrying projections on the rise in the level of poverty resulting from the suspension of some production processes, with consequences throughout the supply chain, the related need to strengthen systems for protecting the population and businesses, as well as the risks to the transition plans envisaged by the European Union with the Green Deal.

Today more than ever environmental, social and economic scenarios confirm the need for long-term visions, capable of strategically identifying and analysing risks and opportunities.

Environmental and energy impacts

With resolution no. 117/2020/R/com, ARERA granted the electronic transmission of bills in the period from 10 March to 13 April in response to the issue raised by Poste Italiane that for the period from 23 to 27 March it could not guarantee the acceptance of correspondence sent through the business acceptance centres (so-called large customer acceptance centres), also noting that this critical situation could persist even longer.

By sending the bill electronically, IWS operators can also promote the use of automatic payment methods such as direct debit, postal payments or credit card.

For ARERA, the implementation of electronic transmission and the push for the automatic payment of bills is a choice that

- allows a quick response to change;
- helps to limit the financial impact generated by the issues being dealt with by Poste Italiane.

It should be noted that the adoption of "web bills" is, among other things, one of the targets included in the 2018-2022 Sustainability Plan. In fact, electronic billing saves tonnes of paper, reduces CO_2 emissions, water use and fuel consumption.

Local initiatives

Acea helps local authorities that are working on the front lines to deal with the health emergency by offering technical and financial support. In fact, the Committee responsible for Sponsorships and Donations has approved a series of appropriations for the structures included in the COVID-19 network, including:

- Agostino Gemelli Hospital in Rome: contribution for the preparation of a new department in the Columbus clinic;
- San Pio Hospital in Benevento: contribution to the purchase of instruments for intensive care at the only city hub receiving patients suffering seriously from COVID-19;
- Salvo D'Acquisto barracks in Rome: free supply of electricity to supply the mobile hospital set up by the Palidoro Mobile and Specialised Carabinieri Unit Command;
- INMI Lazzaro Spallanzani of Rome: donation following the internal fundraising promoted by Acea that involved employees and the CRA;
- Istituto Dermopatico dell'Immacolata (IDI) in Rome: financial contribution for the preparation of a new intensive care department.

Furthermore, a contribution was made to the Community of Sant'Egidio in Rome for the urgent purchase of food and sanitary equipment (sanitising gels, detergents, masks) to be distributed to the homeless and the less well-off.

Institutions

Granting the requests received from the major institutions – the Presidency of the Republic, the Presidency of the Council of Ministers, the Constitutional Court and the Capitol – wanting to send a strong signal to Italians and to express a sign of solidarity and hope in this difficult and dramatic period, the Acea Group illuminated their respective institutional buildings with the Italian colours.

The supply chain

Considering the impact of the ongoing health emergency on the economy and the restrictive measures adopted by the Italian government to contain the contagion, given the need to ensure the continuity of supplies the Acea Group has carried out an analysis of the supply market, with particular reference to strategic suppliers/contractors that may be in a situation of contingent difficulty in order to adopt any necessary corrective/preventive actions.

Moreover, with regard to the ongoing selective procedures, given the need to reconcile the needs for the continuation of essential public services with the measures adopted by the government regarding the epidemiological emergency, specific initiatives have been put in place with regard to tenders falling within the scope of Legislative Decree no. 50/2016:

- At the end of March, a statement was published both in the Supplier News section of the Acea website and in correspondence with the individual tenders in progress, specifying that the tenders are held in order to ensure the continuity of public utility services, but that any requests for extensions proposed by economic operators for proven reasons attributable to art. 103 of Legislative Decree 18/2020 will be taken into consideration;
- The deadlines for the submission of tenders following the issuance of Legislative Decree 18/2020 have been postponed by at least 15 days;
- Streamlining actions have been taken to facilitate the electronic receipt of documents relating to the fulfilment of the requirements and supporting documents for analysis of compliance.

Limited to the emergency health period, no guarantees are required to accompany the offers and the obligation of a preliminary inspection for the submission of a bid has been abolished.

Regulatory authorities and legislation

ARERA initiatives

In response to the COVID-19 emergency, ARERA immediately urged all regulated operators to ensure the continuity of services, announcing that it would issue specific measures to postpone deadlines, make exceptions for some aspects of the regulation and study specific support measures in favour of consumers and users (Communication to operators dated 11 March 2020).

Below are the main actions taken so far that concern many of the activities managed by the Group (IWS, Electricity Service for the standard market, Sale of energy and gas on the free market, Energy Production, Waste Management, Electricity Distribution) aimed at mitigating the financial impact of the current emergency.

Resolution 59/2020/R/com excluded the obligation to pay automatic compensation for "force majeure" for non-compliance with both specific and general quality standards.

Resolution 60/2020/R/com ordered:

- The **blocking of disconnections due to arrears** for the supply of electricity, natural gas and water, even for bills expired before 10 March 2020, as well as the obligation to immediately **reactivate any supplies** that had been **suspended** after 10 March 2020. The suspension of disconnections concerned: for electricity all low-voltage customers, for gas domestic and non-domestic customers with consumption not exceeding 200,000 cubic metres/year and for the water sector all users (domestic and non-domestic);
- The establishment of a new extraordinary management account with the Cassa per i Servizi Energetici e Ambientali (CSEA) with the aim of supporting the immediate availability of financial resources for the actions that the Authority may order in favour of end customers in the electricity, gas and water sector.

On the same subject, with **Resolution 117/2020/R/com** the Authority ordered that the operators (of the standard market, holders of PLACET contracts and the integrated water service):

- Provide for payment by **instalment** without interest for bills due issued during the lockdown period or that include consumption in that time;
- The obligation to **communicate** to the customer/user the **possibility of payment by instalment** in the notice of arrears;
- The right to **send bills even in electronic format** to those customers/users who have made their email or mobile phone number available;
- The obligation to **remind the customer** that **payment** can also be made through **automatic methods** (direct debit, postal bill or credit card) and that they can request to **receive the bill in electronic format** instead of on paper.

In addition, for the water sector, upon notification by the competent AGB (Area Governing Body) of extraordinarily significant **financial critical situations**, ARERA may use the **new extraordinary management account** envisaged in resolution 60/2020 (see above).

It should be noted that, consistent with the extension adopted by the government with Ministerial Decree of 10 April 2020, the Authority extended until 3 May both the measures relating to the suspension of credit protection for non-performance of payment obligations (delinquency) envisaged in Resolution 60/20 (“disconnections halt”) and the additional protection measures envisaged with Resolution 117/20 on instalments and billing.

Resolution 74/2020/S/com provides for the **suspension** until 31 May 2020 of **sanctioning procedures** that have already been initiated or are yet to be initiated.

Resolution 75/2020/R/com provided for the **temporary suspension** until 30 April of **payments for electricity, gas, water and municipal waste** for the **11 municipalities of the so-called red zone**.

Resolution **86/2020/R/EEL postponed** by six months the date for the **submission of the documentation** necessary for attesting to and certifying the conformity of devices installed at **new production and/or consumption plants**, to be produced to certify **compliance with CEI Standards** (CEI Standard 0-16 – 2019 Edition or CEI Standard 0-21 – 2019 Edition).

With resolution 102/2020, following the Cura Italia decree law postponing payment of Tari 2019 until 30 June, it requested all useful information from **local authorities and urban waste managers** to adopt measures aimed at mitigating the **effects of the emergency situation** on the economic/financial balance of the services, in order to

ensure their continuity. The useful information includes: additional charges, impacted activities, tariff management, users most deserving of protection.
With **resolution 116/2020/R/COM** ARERA intervened by deciding on temporary exceptions due to possible delays in payments or partial payments of the sellers to the distributors:

- For the sellers, it **defers the actions** envisaged to **protect the receivables** of the distributors;
- For distributors, it establishes that they may **pay CSEA and GSE general system charges to the extent of at least 80%** of the invoiced charges or to a greater extent if the amount collected from the sellers has been greater.

For both, after acquiring and analysing the performance of the volumes of service provided in March 2020, the Authority reserved the right to assess the opportunity to intervene with a further measure to ensure the sustainability of the financial effects of the provisions introduced by this measure on network operators, also in light of the ongoing contraction in the volumes of service provided.

Legislative actions

Among the aforementioned laws, the provisions contained in the Cura Italia Decree (Decree-Law no. 18 of 17 March 2020) and the Liquidity Decree (Decree-Law no. 23 of 8 April 2020) that affect the timing and operation of administrative, civil, criminal and related judgements, the timing of the action of the Public Administration in administrative proceedings and the validity of the measures issued by the various Authorities are of particular importance for businesses managed by the Acea Group Companies.
The Cura Italia Decree also introduced emergency measures that affect the Code of Public Contracts. With regard to the same subject, the Official Journal of the European Union C108I of 1 April 2020 published the Commission Communication on the "Guidelines of the European Commission on the use of the framework in the field of public procurement in the emergency situation related to the COVID-19 crisis" with which the possible options and room for manoeuvre for the purchase of supplies, services and works necessary to cope with the crisis are explained.

Acea S.p.A. further consolidates its position in the field of waste management and treatment

On 22 April Acea finalised an agreement for the acquisition of 60% of the capital of the companies Ferrocart S.r.l. and Cavallari S.r.l. (which holds 100% of Multigreen S.r.l.), engaged in the storage, treatment and selection of waste.
The three companies, which own a total of four plants with a total authorised capacity of over 145,000 tonnes per year, operate in the provinces of Terni and Ancona, carrying out sorting and recovery of paper, iron, timber, plastics and metals. They are also active in the management of the separate collection of production and packaging waste as well as in the disposal of waste, mainly on behalf of Corepla ("National Consortium for the Collection, Recycling and Recovery of Plastic Packaging").
The economic value of the transaction, in terms of enterprise value for 100% of the two companies, is about € 25 million. The companies will be fully consolidated by Acea, with an expected annual contribution to EBITDA of approximately € 4.5 million.

Acea S.p.A. grows in the design and construction of plants for the environment and water treatment

On 7 May Acea finalised an agreement for the acquisition of 70% of the capital of Simam S.p.A. (Servizi Industriali Manageriali Ambientali), a leading company in the design, construction and management of water and waste treatment plants, in environmental works and reclamation, with integrated solutions featuring high technological content.
The economic value of the transaction, in terms of enterprise value for 100% of the company, is equal to € 30 million. The agreement envisages the possibility of acquiring additional shares of up to 100% of the company from 2023.
The company will be fully consolidated by Acea, with an expected annual contribution to EBITDA of approximately € 7 million.
With the acquisition of Simam, Acea vertically integrates its areas of expertise, strengthening its capacity in the construction of infrastructure, ensuring efficiency and flexibility in the operational management of industrial activities, in particular in the circular economy. The operation also allows Acea to consolidate and expand its know-how in the management of its assets, including by creating value through the application of new technologies in the field of Design and Project Management.

Operating (and financial) outlook

The results achieved by the Acea Group at 31 March 2020 are in line with the forecasts and confirm the guidance already communicated to the market, namely:

- ✓ an increase in EBITDA between 6% and 8% compared to 2019 in line with the CAGR of the 2019-2022 Business Plan;
- ✓ investments substantially in line with 2019 and the 2019-2022 Business Plan;
- ✓ a net financial debt at the end of 2020 between € 3.45 and € 3.55 billion.

The Group is determined to make major investments in infrastructure that, while maintaining the solidity of its consolidated financial structure, have a positive impact on the Group's operating and economic performance.
The Group's financial structure is solid for the years to come. At 31 March 2020, 81% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 31 March 2020 the average duration of medium/long-term debt stood at 6.16 years. Note that the reduction of the average cost went from 2.15% of 31 December 2019 to 1.93% of 31 March 2020.

With regard to the COVID-19 state of emergency, as better described in the section "COVID-19 Information", the Acea Group has developed guidelines aimed at preventing and/or mitigating the effects of contagion in the workplace and at the same time ensuring business continuity. Thanks to its business model and a solid financial structure, as well as a level of digitisation that ensures the continuity of operations with the same level of service, there is currently no evidence of significant impacts on the Group resulting from the current state of emergency. However, the impacts that this state of emergency may have on business performance are being monitored in order to have the best estimate of potential affects in real time and to allow for timely mitigation.

General information

The Interim Report on Operations as at 31 March 2020 of the Acea Group were approved by Board of Directors on 13 May 2020. The Parent Company, Acea S.p.A. is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange.

Compliance with IAS/IFRS

This Interim Report on Operations, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of the regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.
The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "**IFRS**".
In preparing this interim report, in compliance with IAS 34, applicable to interim financial reporting, the same accounting principles were applied as those for the preparation of the Consolidated Financial Statements at 31 December 2018, which see for a complete description, and must therefore be read together with the latter.

Basis of presentation

The Interim Report on Operations consists of the consolidated statement of financial position, consolidated income statement, statement of consolidated comprehensive income, consolidated statement of cash flows and the statement of changes in consolidated shareholders' equity. The Report also includes illustrative and supplementary notes prepared under the IAS/IFRS currently in effect.
The Income Statement is classified according to the nature of the costs, the items of the Statement of Financial Position according to the criterion of liquidity, with the items classified as current and non-current, while the Statement of Cash flows is presented using the indirect method.

The Interim Management Report is presented in euros and all amounts are rounded off to the nearest thousand euros unless otherwise indicated.
The figures in this Management Interim Report are comparable with those of the previous period.

Use of estimates and assumptions

In application of IFRS, preparation of the Interim Report on Operations requires management to make estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date. The main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.
The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are immediately recorded in the financial statements.
The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.
In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing. For more information on the methods in question, please refer to the following paragraphs.

Effects of the seasonality of transactions

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

Consolidation policies, procedures and scope

Subsidiaries

The scope of consolidation includes the Parent Company Acea S.p.A. and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.
Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.
According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence

its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.
The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.
In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.
The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the Acea Group had control.

Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.
According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

Associates

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.
In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.
The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.
When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment.

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.
All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.
The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.
The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS 5 and accounted for at fair value net of costs to sell.
If the business combination is achieved in stages, the fair value of the investment previously held has to be re-measured and any resulting gain or loss is recognised in profit or loss.
The purchaser has to recognise any contingent consideration at fair value, on the date of acquisition. The change in fair value of the contingent consideration classified as asset or liability is recognised according to the provisions included in IFRS 9, in the income statement or among the other components of the comprehensive income statement.
The costs directly attributable to the acquisition are included in the income statement.
The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, in the Income Statement.
For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.

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

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

Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company Acea, are converted into Euros by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.
The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the Euro are recognised directly in equity and are shown separately in a specific reserve thereof; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

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

Scope of consolidation

The Acea Group's Consolidated Financial Statements include the financial statements of the Parent Company, Acea, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS 10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

A) Changes in the scope of consolidation

With regard to the scope of consolidation, as at 31 March 2020 it should be noted that:

- The line-by-line consolidation of the companies Acea Solar and Acea Sun Capital established on 30 April 2019 (subsidiaries of Acea Produzione). The latter has the function of accommodating acquisitions of photovoltaic systems. The first acquisition took place on 27 June 2019 through the acquisition of 100% of KT4. During the months of July and August, Belenergia acquired 65% of the following companies: Acquaviva, Compagnia Solare 2, Compagnia Solare 3, SPES, Solaria Real Estate, Brindisi Solar; on 26 September 2019 the acquisitions of Sisine Energia and Luna Energia were completed; on 10 October 2019 the purchase of Marche Solar was completed, on 12 November 2019 the companies Urbe Solar and Urbe Cerig were acquired and finally in December the purchase of Trinovolt was completed. On 29 February 2020 Acea Sun Capital continued its acquisition of photovoltaic systems, taking over 100% of Bersolar;
- The line-by-line consolidation of the companies acquired by Acea Ambiente: 90% Demap, a company operating in Piedmont in the field of plastics recycling, acquired on 4 July 2019, and 60% Berg, a company performing waste management in the Municipality of Frosinone, acquired on 18 October 2019;
- The full consolidation of the newly formed Acea Innovation, operating in the field of Technological Innovation, as of 25 June 2019;

- The line-by-line consolidation of AdF effective 7 October 2019 following the amendment of the shareholders' agreements that allowed Acea to exercise control over the company in accordance with IFRS 10;
- The line-by-line consolidation of Consorcio Agua Azul effective 13 January 2020 by virtue of the amendment of the shareholders' agreements and the purchase by Acea International on 13 January 2020 of additional shares in the company from the outgoing shareholder Impregilo International Infrastructures N.V., which increased the Group's shareholding from 25.5% to 44.0% (+ 18.5%).

Finally, it should be noted that Lunigiana Acque, placed in liquidation on 28 July 2011, was eliminated from the Company Register on 20 December 2019.

B) Unconsolidated investments

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by Acea, is recognised at cost. The subsidiary, entirely devalued, is excluded from the scope of consolidation as it is not operational and its relevance in qualitative and quantitative terms is not significant.

C) List of consolidated companies

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

Company name	Registered Office	Share Capital (in €)	Shareholding	Group	Method of
Environment Segment					
Acea Ambiente S.r.l.	Via G. Bruno 7- Terni	2,224,992	100.00%	100.00%	100%
Aquaser S.r.l.	P.le Ostiense 2 - Rome	3,900,000	93.06%	100.00%	100%
Bioecologia S.r.l.	Via Simone Martini 57 - Siena	2,382,428	100.00%	100.00%	100%
Iseco S.p.A.	Loc. Surpian n. 10 - 11020 Saint-Marcel (AO)	110,000	80.00%	100.00%	100%
Berg	Via delle Industrie 38 - Frosinone (FR)	844,000	60.00%	100.00%	100%
Demap S.r.l.	Via Giotto 13 - Beinasco (TO)	119,015	90.00%	100.00%	100%
Acque Industriali S.r.l.	Via Bellatalla 1 - Ospedaletto (Pisa)	100,000	73.05%	100.00%	100%
Commercial and Trading Segment					
Acea Energia S.p.A.	Piazzale Ostiense 2 - Rome	10,000,000	100.00%	100.00%	100%
Acea8cento S.r.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Cesap Vendita Gas S.r.l.	Via del Teatro 9 - Bastia Umbra (PG)	10,000	100.00%	100.00%	100%
Umbria Energy S.p.A.	Via B. Capponi 100 - Terni	1,000,000	50.00%	100.00%	100%
Acea Energy Management S.r.l.	Piazzale Ostiense 2 - Rome	50,000	100.00%	100.00%	100%
Parco della Mistica S.r.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Overseas					
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama -Santo Domingo	644,937	100.00%	100.00%	100%
Aguas de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.65%	100.00%	100%
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	8,850,604	99.99%	100.00%	100%
Acea Perù S.A.C.	Cal. Amador Merino Reyna 307 MIRAFLORES - LIMA	1,000	100.00%	100.00%	100%
Consorcio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Masoneria - Ens. Ozama	67,253	100.00%	100.00%	100%
Consorcio Servicios Sur	Calle Amador Merino Reyna - San Isidro	233,566	51.00%	100.00%	100%
Consorcio Agua Azul S.A.	Calle Amador Merino Reina 307 - Lima - Peru	17,371,834	44.00%	44.00%	100%
Water Segment					
Acea Ato 2 S.p.A.	Piazzale Ostiense 2 - Rome	362,834,320	96.46%	100.00%	100%
Acea Ato 5 S.p.A.	Viale Roma snc - Frosinone	10,330,000	98.45%	100.00%	100%
Acque Blu Arno Basso S.p.A.	Piazzale Ostiense 2 - Rome	8,000,000	76.67%	100.00%	100%
Acque Blu Fiorentine S.p.A.	Piazzale Ostiense 2 - Rome	15,153,400	75.01%	100.00%	100%
Crea Gestioni S.r.l.	Piazzale Ostiense 2 - Rome	100,000	100.00%	100.00%	100%
CREA S.p.A. *(in liquidation)*	Piazzale Ostiense 2 - Rome	2,678,958	100.00%	100.00%	100%
Acquedotto del Fiora S.p.A.	Via Mameli 10 - Grosseto	1,730,520	40.00%	40.00%	100%
Gesesa S.p.A.	Corso Garibaldi 8 - Benevento	534,991	57.93%	100.00%	100%
Gori S.p.A.	Via Trentola 211 - Ercolano (NA)	44,999,971	37.05%	100.00%	100%
Lunigiana S.p.A. *(in liquidation)*	Via Nazionale 173/175 - Massa Carrara	750,000	95.79%	100.00%	100%
Ombrone S.p.A.	Piazzale Ostiense 2 - Rome	6,500,000	99.51%	100.00%	100%
Pescara Distribuzione Gas S.r.l.	Via G. Carducci 83 - Pescara	120,000	51.00%	100.00%	100%
Sarnese Vesuviano S.r.l.	Piazzale Ostiense 2 - Rome	100,000	99.16%	100.00%	100%
Umbriadue Servizi Idrici S.c.a.r.l.	Strada Sabbione zona ind. A72 - Terni	100,000	99.20%	100.00%	100%
Energy Infrastructure Segment					
a reti S.p.A.	Piazzale Ostiense 2 - Rome	345,000,000	100.00%	100.00%	100%
Acea Produzione S.p.A.	Piazzale Ostiense 2 - Rome	5,000,000	100.00%	100.00%	100%
Acea Liquidation and Litigation S.r.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Ecogena S.r.l.	Piazzale Ostiense 2 - Rome	1,669,457	100.00%	100.00%	100%
KT 4 S.r.l.	Viale SS Pietro e Paolo 50 - Rome	110,000	100.00%	100.00%	100%
Brindisi Solar S.r.l.	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Solaria Real Estate S.r.l.	Via Paolo da Cannobio 33 - Milan	176,085	65.00%	100.00%	100%
Compagnia Solare 2	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Compagnia Solare 3	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
SPES S.r.l.	Via Paolo da Cannobio 33 - Milan	457,426	65.00%	100.00%	100%
Acquaviva S.r.l.	Via Paolo da Cannobio 33 - Milan	10,000	65.00%	100.00%	100%
Luna Energia S.r.l.	Strada degli Alberi 7 - Galliera Veneta (PD)	10,000	100.00%	100.00%	100%
Sisine Energia S.r.l.	Strada degli Alberi 7 - Galliera Veneta (PD)	10,000	100.00%	100.00%	100%
Acea Solar S.r.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Acea Sun Capital S.r.l.	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%
Trinovolt	Viale Tommaso Columbo 31/D - Bari (BA)	10,000	100.00%	100.00%	100%
Marche Solar S.r.l.	Via Achille Grandi 39 - Concordia sulla Secchia (MO)	10,000	100.00%	100.00%	100%
Urbe Cerig S.r.l.	Via Cardinale Agostino Ciasca 9 - Bari	10,000	100.00%	100.00%	100%
Urbe Solar S.r.l.	Via Cardinale Agostino Ciasca 9 - Bari	10,000	100.00%	100.00%	100%
Bersolar S.r.l.	Piazzale Ostiense 2 - 00154 Rome	100,000	100.00%	100.00%	100%
Engineering and Services Segment					
Acea Elabori S.p.A.	Via Vitorchiano - Rome	2,444,000	100.00%	100.00%	100%
Technologies For Water Services SPA	Via Ticino 9 - 25015 Desenzano Del Garda (BS)	11,164,000	100.00%	100.00%	100%
Corporate					
Acea Innovation	Piazzale Ostiense 2 - Rome	10,000	100.00%	100.00%	100%

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

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

Company name	Registered Office	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
Environment Segment					
Ecomed S.r.l.	Piazzale Ostiense 2 - Rome	10,000	50.00%	50.00%	Shareholders' Equity
Water Segment					
Acque S.p.A.	Via Garigliano 1 - Empoli	9,953,116	45.00%	45.00%	Shareholders' Equity
Acque Servizi S.r.l.	Via Bellatalla 1 - Ospedaletto (Pisa)	400,000	100.00%	45.00%	Shareholders' Equity
Geal S.p.A.	Viale Luporini 1348 - Lucca	1,450,000	48.00%	48.00%	Shareholders' Equity
Intesa Aretina S.c.a.r.l.	Via B. Crespi 57 - Milan	18,112,000	35.00%	35.00%	Shareholders' Equity
Nuove Acque S.p.A.	Patrignone Loc. Cuculo - Arezzo	34,450,389	46.16%	16.16%	Shareholders' Equity
Publiacqua S.p.A.	Via Villamagna - Florence	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
Engineering and Services Segment					
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis 49 - Florence	100,000	42.52%	42.52%	Shareholders' Equity
Visano S.c.a.r.l.	Via Lamarmora 230 - 25124 Brescia	25,000	40.00%	40.00%	Shareholders' Equity

The following companies are also consolidated using the equity method:

Consolidated with the equity method under EBITDA

Company name	Registered Office	Share Capital (in €)	Shareholding	Group consolidation quota	Method of Consolidation
Environment Segment					
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33.00%	33.00%	Shareholders' Equity
Coema	Piazzale Ostiense 2 - Rome	10,000	33.50%	33.50%	Shareholders' Equity
Overseas					
Aguaazul Bogotà S.A.	Calle 82 19°-34 - Bogotà- Colombia	1,162,872	51.00%	51.00%	Shareholders' Equity
Water Segment					
Azga Nord S.p.A. *(in liquidation)*	Piazza Repubblica Palazzo Comunale - Pontremoli (MS)	217,500	49.00%	49.00%	Shareholders' Equity
Sogea S.p.A.	Via Mercatanti 8 - Rieti	260,000	49.00%	49.00%	Shareholders' Equity
Le Soluzioni Scarl	Via Garigliano 1 - Empoli	250,678	34.32%	24.62%	Shareholders' Equity
Umbria Distribuzione Gas S.p.A.	Via Bruno Capponi 100 - Terni	2,120,000	15.00%	15.00%	Shareholders' Equity
Servizi idrici Integrati ScPA	Via I Maggio 65 - Terni	19,536,000	25.00%	24.80%	Shareholders' Equity
Energy Infrastructure Segment					
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	Via Monteverdi Claudio 11 - Milan	90,000	32.18%	32.18%	Shareholders' Equity
Sienergia S.p.A. *(in liquidation)*	Via Fratelli Cairoli 24 - Perugia	132,000	42.08%	42.08%	Shareholders' Equity
Other					
Marco Polo Srl *(in liquidation)*	Via delle Cave Ardeatine 40 - Rome	10,000	33.00%	33.00%	Shareholders' Equity

Accounting standards and measurement criteria

Measurement criteria

The accounting standards and the recognition and measurement criteria used in the presentation of the Interim Management Report are those used in preparation of the Consolidated Financial Statements for the year 2019, to which reference should be made for a description of those most important, without prejudice to that specified hereafter.

Accounting standards, amendments, interpretations and improvements applied as of 1 January 2020

"Amendments to IFRS 3 – Business Combination"

Issued on 22 October 2018 to resolve interpretative difficulties that arise when an entity needs to determine whether it has acquired a business or a group of businesses. The amendments are effective for business combinations for which the acquisition date is after 1 January 2020.

“Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform”

Issued on 26 September 2019, it explains the changes contained in the document "*Reform of the reference indices for the determination of interest rates*” aimed at providing temporary exemptions from the application of certain provisions on hedge accounting for all hedging relationships directly impacted by the reform of benchmark interest rates. Amendments are effective from the financial years beginning on or after 1 January 2020.

"Amendments to IAS 1 and IAS 8"

Issued on 31 October 2018 to clarify the definition of "material" and in order to align the definition used in the Conceptual Framework and in the standards themselves. The amendments are effective for periods beginning on or after 1 January 2020. Earlier application is permitted.

Accounting standards, amendments and interpretations applicable after closure of the year and not adopted in advance by the Group

“IFRS 17 Insurance Contracts”

On 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts” which defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which supersede those currently envisaged in IFRS 4 "Insurance contracts”, are effective from the financial years beginning on or after 1 January 2021.

“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”

Issued on 23 January 2020, it provides clarifications on the classification of liabilities as current or non-current. Amendments to IAS 1 are effective from the financial years beginning on or after 1 January 2022.

The Acea Group is analysing the above amendments and principles and assessing whether their adoption will have a significant impact on the financial statements.

Consolidated Income Statement

€ thousand	31/03/2020	*Of which related party transactions*	31/03/2019	*Of which related party transactions*	Change
Revenue from sales and services	809,614		794,506		15,108
Other revenue and proceeds	23,846		28,829		(4,983)
Consolidated net revenues	**833,460**	**20,559**	**823,335**	**26,093**	**10,125**
Personnel costs	72,731		64,090		8,641
Costs of materials and overheads	491,543		519,131		(27,588)
Consolidated Operating Costs	**564,274**	**20,570**	**583,221**	**9,687**	**(18,947)**
Net income/(costs) from commodity risk management	**82**		**26**		**56**
Income/(Costs) from equity investments of a non-financial nature	**7,177**		**7,711**		**(533)**
EBITDA	**276,445**	**(11)**	**247,850**	**16,406**	**28,595**
Net write-downs (write-backs) of trade receivables	19,894		18,561		1,333
Depreciation, amortisation and provisions	119,710		96,513		23,197
Operating profit/(loss)	**136,841**	**(11)**	**132,776**	**16,406**	**4,064**
Financial income	4,036	1,658	3,741	1,125	295
Financial costs	(26,474)	190	(23,772)	0	(2,702)
Income/(Costs) from equity investments	(38)		2,917		(2,956)
Profit/(loss) before tax	**114,365**	**1,837**	**115,663**	**17,531**	**(1,298)**
Income taxes	34,309		34,180		130
Net profit/(loss)	**80,055**	**1,837**	**81,483**	**17,531**	**(1,428)**
Net profit/(loss) from discontinued operations					
Net profit/(loss)	**80,055**	**1,837**	**81,483**	**17,531**	**(1,428)**
Profit/(loss) attributable to minority interests	9,425		5,965		3,460
Net profit/(loss) attributable to the Group	**70,630**		**75,518**		**(4,888)**
Profit (loss) per share attributable to Parent Company's shareholders					
Basic	0.33165		0.35460		(0.02295)
Diluted	0.33165		0.35460		(0.02295)

Comprehensive Consolidated Income Statement

€ thousand	31/03/2020	31/03/2019	Change	% Change
Net income for the period	**80,055**	**81,483**	**(1,428)**	**(1.8) %**
Profit/Loss from conversion of financial statements expressed in foreign currency	**644**	**761**	**(117)**	**(15.3) %**
Reserve for exchange differences	(4,333)	(1,892)	(2,441)	129.1 %
Tax reserve for exchange differences	1,040	(454)	1,494	(329.1) %
Profit/Losses from exchange rate difference	**(3,293)**	**(2,346)**	**(947)**	**40.4 %**
Effective portion of profits/(losses) on hedging instruments ("cash flow hedges")	2,534	(6,052)	8,586	(141.9) %
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(587)	1,858	(2,445)	(131.6) %
Profit/Loss from the Effective Portion on Hedging Instruments net of tax effect	**1,947**	**(4,194)**	**6,141**	**(146.4) %**
Actuarial gains/(losses) on employee benefits recognised in equity	1,575	(1,300)	2,875	(221.1) %
Tax effect on the other actuarial profit/(loss) on staff benefit plans	(320)	324	(644)	(198.9) %
Actuarial Profit/(Loss) on defined benefit pension plans net of tax effect	**1,255**	**(977)**	**2,231**	**(228.5) %**
Total components of other comprehensive income, net of tax effect	**553**	**(6,755)**	**7,308**	**(108.2) %**
Total comprehensive profit/loss	**80,608**	**74,728**	**5,880**	**7.9 %**
Total comprehensive income (loss) attributable to:				
Group	71,482	68,175	3,307	4.9 %
Minority interests	9,126	6,553	2,573	39.3 %

Consolidated Statement of Financial Position

ASSETS	31/03/2020	of which with related parties	31/12/2019	of which with related parties	Change
Tangible Fixed Assets	2,630,782		2,609,485		21,297
Real estate investments	2,416		2,431		(15)
Goodwill	183,385		182,902		482
Concessions	2,527,130		2,484,483		42,648
Intangible Fixed Assets	247,033		222,358		24,675
Right of use	62,290		63,397		(1,108)
Investments in subsidiaries and affiliate companies	278,304		268,039		10,265
Other equity investments	3,050		2,772		278
Deferred tax assets	241,534		237,693		3,840
Financial assets	45,356	*25,276*	47,202	26,144	(1,846)
Other assets	307,736		380,666		(72,930)
NON-CURRENT ASSETS	**6,529,016**	***25,276***	**6,501,429**	***26,144***	**27,587**
Inventories	59,049		57,335		1,714
Trade receivables	1,219,508	89,469	1,035,462	99,798	184,045
Other current assets	193,057		212,956		(19,900)
Current tax assets	14,975		12,328		2,647
Current Financial Assets	300,463	*124,023*	299,212	*121,968*	1,251
Cash and cash equivalents	819,508		835,693		(16,185)
CURRENT ASSETS	**2,606,559**	***213,492***	**2,452,987**	***221,766***	**153,573**
Non-current assets held for sale	0		0		0
TOTAL ASSETS	**9,135,575**	**238,769**	**8,954,416**	**247,910**	**181,160**

Amounts in € thousand

LIABILITIES	31/03/2020	of which with related parties	31/12/2019	of which with related parties	Change
Shareholders' Equity					
Share capital	1,098,899		1,098,899		0
Legal reserve	119,336		119,336		(0)
Other reserves	(190,749)		(209,562)		18,813
Retained profits/(losses)	829,326		562,413		266,913
Profit (loss) for the year	70,630		283,686		(213,056)
Total Group shareholders' equity	**1,927,442**		**1,854,772**		**72,671**
Minority interests	278,612		251,938		26,674
Total shareholders' equity	**2,206,054**		**2,106,710**		**99,344**
Employee severance indemnity and other defined-benefit plans	102,843		104,613		(1,770)
Provision for risks and charges	183,556		151,418		32,138
Borrowings and financial liabilities	4,054,137		3,551,889		502,248
Other liabilities	382,327		391,100		(8,773)
NON-CURRENT LIABILITIES	**4,722,863**		**4,199,020**		**523,842**
Financial Payables	277,908	*64,409*	674,364	*79,616*	(396,456)
Payables to suppliers	1,550,959	*98,609*	1,600,263	*111,319*	(49,304)
Tax Payables	17,486		11,977		5,509
Other current liabilities	360,305		362,082		(1,776)
CURRENT LIABILITIES	**2,206,659**	**163,018**	**2,648,685**	**190,935**	**(442,027)**
Liabilities directly associated with assets held for sale	0		0		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,135,575**	**163,018**	**8,954,416**	**190,935**	**181,160**

Amounts in € thousand

Consolidated Cash Flow statement

€ thousand	31/03/2020	Related parties	31/03/2019	Related parties	Change
Cash flow from operating activities					
Profit before tax from continuing operations	**114,365**		**115,663**		**(1,298)**
Depreciation/amortisation	117,122		95,158		21,964
Write-ups/write-downs	12,755		7,933		4,822
Change in the provision for employee benefits	1,202		(1,861)		3,064
Change in employee severance indemnities	(8,301)		626		(8,927)
Net financial debt interest	22,437		20,031		2,406
Financial flows generated by operating activities before changes	**259,581**	**0**	**237,549**	**0**	**22,032**
Increases in receivables included in the working capital	(203,819)	10,329	(105,711)	19,233	(98,108)
Increase/decrease in payables included in the working capital	(49,268)	(12,710)	17,278	(4,874)	(66,546)
Increase/(decrease) in inventories	(1,714)		(3,748)		2,034
Change in working capital	**(254,801)**	**(2,380)**	**(92,181)**	**14,360**	**(162,620)**
Change in other assets/liabilities during the period	84,460		(23,040)		107,500
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**89,240**	**(2,380)**	**122,328**	**14,360**	**(33,088)**
			0		
Cash flow from investment activities					
Purchase/sale of tangible fixed assets	(108,514)		(66,230)		(42,283)
Purchase/sale of intangible fixed assets	(81,502)		(84,981)		3,479
Purchase of equity investments in subsidiaries	0		(4,118)		4,118
Collections/payments deriving from other financial investments	317	(1,188)	(10,111)	10,367	10,428
Interest income collected	5,090		3,426		1,664
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES	**(184,609)**	**(1,188)**	**(162,015)**	**10,367**	**(22,595)**
Cash flow from financing activities					
Repayment of mortgages and long-term loans	(422,800)		(91,951)		(330,848)
Provision of mortgages/other debts and medium to long term	500,000		0		500,000
Decrease/Increase in other financial debts	38,834	(15,207)	(1,526)	(389)	40,360
Interest expense paid	(27,286)		(24,363)		(2,924)
Dividends paid	(9,646)	(9,646)	0	0	(9,646)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	**79,101**	**(24,854)**	**(117,840)**	**(389)**	**196,941**
Cash flow for the period	**(16,268)**	**(26,042)**	**(157,527)**	**24,337**	**141,258**
Net opening balance of cash and cash equivalents	835,693		1,068,138		(232,445)
Cash availability from acquisition	83		0		83
Net closing balance of cash and cash equivalents	**819,508**		**910,611**		**(91,103)**

Amounts in € thousand

Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Minority interests	Total shareholders' equity
Balance as at 1 January 2020	1,098,899	119,336	363,605	272,932	1,854,772	251,938	2,106,710
Income statement profit	0	0	0	70,630	70,630	9,425	80,055
Other comprehensive profit (loss)	0	0	0	852	852	(299)	553
Total comprehensive profit (loss)	0	0	0	71,482	71,482	9,126	80,608
Allocation of result for 2019	0	0	272,932	(272,932)	0	0	0
Distribution of dividends	0	0	0	0	0	(3,275)	(3,275)
Change in scope of consolidation	0	0	0	0	0	20,753	20,753
Other changes	0	0	1,188	0	1,188	70	1,258
Balance as at 31 March 2020	1,098,899	119,336	637,725	71,482	1,927,442	278,612	2,206,054

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Minority interests	Total shareholders' equity
Balance as at 1 January 2019	1,098,899	111,948	235,897	282,895	1,729,638	173,853	1,903,491
Income statement profit	0	0	0	75,518	75,518	5,965	81,483
Other comprehensive profit (loss)	0	0	0	(7,343)	(7,343)	588	(6,755)
Total comprehensive profit (loss)	0	0	0	68,175	68,175	6,553	74,728
Allocation of result for 2018	0	0	282,895	(282,895)	0	0	0
Distribution of dividends	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	(3,628)	0	(3,628)	3,267	(362)
Other changes	0	0	870	0	870	561	1,431
Balance as at 31 March 2019	1,098,899	111,948	516,034	68,175	1,795,056	184,233	1,979,289
Income statement profit	0	0	0	208,168	208,168	17,526	225,694
Other comprehensive profit (loss)	0	0	0	(3,411)	(3,411)	(244)	(3,655)
Total comprehensive profit (loss)	0	0	0	204,757	204,757	17,282	222,038
Allocation of result for 2018	0	7,389	(7,389)	0	0	0	0
Distribution of dividends	0	0	(150,909)	0	(150,909)	(7,990)	(158,899)
Change in scope of consolidation	0	0	7,364	0	7,364	59,469	66,834
Other changes	0	0	(1,496)	0	(1,496)	(1,055)	(2,551)
Balance as at 31 December 2019	1,098,899	119,336	363,605	272,932	1,854,772	251,938	2,106,710

Declaration by the Manager Appointed to Prepare the Company Accounting Documents in accordance with the provisions of Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998

The Manager appointed to prepare the company accounting documents, Giuseppe Gola, declares in accordance with paragraph 154-bis, paragraph 2 of the Consolidated Finance Law, that the information contained in this Interim Report on Operations as at 31 March 2020, corresponds to results of the documents, books and accounting entries.