



PRESS RELEASE

ACEA: BOARD APPROVES RESULTS FOR Q1 2010

Acea Group results:

- **Consolidated revenue: 830.2 million euros (up 6.0%)**
- **EBITDA: 154.2 million euros (up 21.6%)**
- **EBIT: 86.1 million euros (up 34.5%)**
- **Net profit: 38.8 million euros (up 17.6%)**

Rome, 12 May 2010 – The Board of Directors of ACEA SpA, chaired by Giancarlo Cremonesi, has approved the quarterly report for the three months ended 31 March 2010 (Q1 2010).

The results for Q1 2010 show that the Group is on track to hit its growth targets, with significant improvements in revenue and EBITDA and positive trends for other performance indicators, in line with expectations and the Business Plan.

All areas of business have contributed to the results, with the Energy segment reversing the performance of Q1 2009, when it was particularly hard hit by the global economic crisis.

(€m)	Q1 2009 (restated)* (A)	Q1 2010 (B)	% inc./.(dec.) (B/A)
Consolidated revenue	783.5	830.2	+6.0%
EBITDA	126.8	154.2	+21.6%
EBIT	64.0	86.1	+34.5%
Profit/(Loss) before tax	46.2	66.9	+44.8%
Net profit/(loss) from continuing operations	34.6	40.6	+17.3%
Group net profit/(loss) (after minority interests)	33.0	38.8	+17.6%

(€m)	Q1 2009	Q1 2010
Investment	79.4	79.4

(€m)	31 Mar 2009	31 Dec 2009 (restated)*	31 Mar 2010
Net debt	1,878.8	2,177.0	2,294.4
Shareholders' equity	1,473.4	1,289.0	1,315.1
Invested capital	3,352.2	3,466.0	3,609.5

* Retrospective application of IFRIC 12, governing the accounting treatment of service concession arrangements, from 1 January 2010.

RESULTS FOR Q1 2010

Consolidated revenue of 830.2 million euros is up 46.7 million euros (6.0%) on the 783.5 million euros of the first three months of 2009, thanks to positive contributions from all operating segments and, above all, growth in the volume of electricity sold.

Staff costs of 70.8 million euros are down 8.4 million euros on the 79.2 million euros of Q1 2009. The figure for Q1 2009 was influenced by payouts to members of the previous management team on leaving the Group (6.8 million euros).

Consolidated **EBITDA** is up 21.6% to 154.2 million euros, compared with 126.8 million euros for Q1 2009. This was achieved thanks to an increase in the volume of electricity sold and a strong performance from the Group's water companies. This reflects the first-time consolidation of Nuove



Acque, an increase in the margin on electricity and gas sales by AceaElectrabel Trading and in the margin on free market sales, and the shutdown of the San Vittore plant.

Contributions to EBITDA are as follows:

- Water: 42% (44% in Q1 2009);
- Networks: 36% (41% in Q1 2009);
- Energy: 18% (10% in Q1 2009);
- Environment and Energy: 4% (5% in Q1 2009).

Consolidated **EBIT** of 86.1 million euros compares with 64.0 million euros in Q1 2009, marking an improvement of 34.5%.

Consolidated net profit, after minority interests, is up from the 33.0 million euros of Q1 2009 to 38.8 million euros in Q1 2010 (up 17.6%).

The tax rate for the period is 39.3%, compared with 42.3% in the first quarter of 2009.

The Group's **investment** in Q1 2010 amounts to 79.4 million euros, in line with the same period of 2009. This item breaks down as follows:

- Water: 36.2 million euros (46% of the total);
- Networks: 29.6 million euros (37%);
- Environment and Energy: 8.6 million euros (11%);
- Energy: 3.9 million euros (5%);
- Parent Company: 1.1 million euros (1%).

Net debt at 31 March 2010 stands at 2,294,4 million euros (2,177,0 million euros at the end of 2009), with the Group's gearing (the ratio of net debt to invested capital) at 63.6% (62.8% at the end of 2009). The increase in net debt reflects, among other things, growth in working capital (up 95.6 million euros), reflecting above all the reduction in trade payables, and the need to finance investment during the period (79.4 million euros), essentially regarding construction of the second and third line at the San Vittore waste to energy plant.

SEGMENT INFORMATION FOR Q1 2010

Water

The Water segment reports EBITDA up 8.3% to 67.7 million euros.

The volumes of water billed by ATO2 – Central Lazio amount to 111 million cubic metres (112 million in Q1 2009), whilst the other areas of operation report a figure of 77 million cubic metres (80 million in Q1 2009).

Networks

EBITDA for the Networks segment is up 1.8% to 58.0 million euros.

The amount of electricity injected into the network totals 2,991 GWh (2,977 GWh in Q1 2009), broken down as follows:

- enhanced protection market: 1,225 GWh (1,350 GWh in Q1 2009);
- free and safeguarded electricity markets: 1,766 GWh (1,627 GWh in Q1 2009).

Energy

The Energy segment reports EBITDA of 29.4 million euros, marking a significant increase (up 111.5%), essentially due to the improvement in the margin on electricity and gas sales by AceaElectrabel Trading and an increase in the margin on free market sales. The figure breaks down as follows:

- Generation: EBITDA of 16.8 million euros (20.4 million euros in Q1 2009).



Electricity output amounts to 4,555 GWh (including 234 GWh from hydroelectric plants, 4,294 GWh from thermoelectric plants and 27 GWh from wind farms), compared with 3,708 GWh in Q1 2009.

• **Sales:** EBITDA of 12.6 million euros (negative EBITDA 6.5 million euros in Q1 2009).

Electricity sales amount to 4,739 GWh (up 10.5% on the 4,287 GWh of Q1 2009), broken down as follows:

- enhanced protection market: 1,125 GWh (1,242 GWh in Q1 2009);
- free and safeguarded electricity markets: 3,614 GWh (3,045 GWh in Q1 2009).

Environment and Energy

The Environment and Energy segment contributed 7.2 million euros to the Group's EBITDA (in line with the result for Q1 2009, totalling 7.4 million euros). The San Vittore plant had to be shut down for repairs in the first three months of 2010. The San Vittore and Terni plants sold 33,751 MWh of electricity (35,955 MWh in Q1 2009).

EVENTS AFTER 31 MARCH 2010 AND OUTLOOK

On 29 April Acea SpA's Annual General Meeting also elected the new Board of Directors and the new Board of Statutory Auditors. The members of the new Board of Directors are as follows: Giancarlo Cremonesi (re-elected Chairman), Paolo Giorgio Bassi, Marco Staderini, Luigi Pelaggi, Andrea Peruzzy, Francesco Caltagirone, Paolo di Benedetto, Jean-Louis Chaussade and Aldo Chiarini. The members of the new Board of Statutory Auditors are: Enrico Laghi (elected Chairman), Alberto Romano, Corrado Gatti (standing Auditors), Leonardo Quagliata and Gianluca Marini (alternate Auditors).

On 3 May the Board of Directors confirmed Marco Staderini's appointment as the Company's CEO and elected the members of the Internal Audit Committee and the Remuneration Committee. During the same meeting, Giovanni Barberis, the Company's Chief Financial Officer, was appointed as the Executive Responsible for Financial Reporting.

The Company has not reached an entirely satisfactory agreement with GdF Suez. As a result the decision to go to international arbitration has been confirmed.

The Company confirms its intention to take part in the approaching auction of the concession for the gas distribution network in Rome, which could lead to significant operating synergies and a resulting improvement in overall margins.

The following schedules are attached:

CONSOLIDATED ACCOUNTS – STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2010, INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010, STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2010, CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010, ANALYSIS OF NET DEBT AT 31 MARCH 2010 AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.

A conference call will be held at 10.00am (Italian time) on Thursday, 13 May 2010 in order to illustrate the results for the three months ended 31 March 2010.

To coincide with the start of the conference call, back-up material will be made available at www.aceait.

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2010

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ACEA GROUP			
STATEMENT OF FINANCIAL POSITION	31 Mar 2010	31 Dec 2009 <i>(restated)</i>	Increase/ (Decrease)
NET WORKING CAPITAL	267,440	171,823	95,617
Current receivables	1,272,502	1,234,173	38,330
- <i>due from end users and customers</i>	1,089,832	1,055,351	34,481
- <i>due from the Comune di Roma</i>	144,710	134,585	10,124
Inventories	52,153	66,437	(14,284)
Other current assets	219,397	230,226	(10,829)
Current payables	(907,016)	(1,028,661)	121,645
- <i>trade</i>	(769,149)	(862,476)	93,327
- <i>due to the Comune di Roma</i>	(112,841)	(139,631)	26,790
Other current liabilities	(369,597)	(330,351)	(39,246)
NON-CURRENT ASSETS/(LIABILITIES)	3,342,062	3,294,195	47,867
Property, plant and equipment and intangible assets	3,661,372	3,638,959	22,413
Investments	35,161	34,399	761
Other non-current assets	267,998	250,670	17,328
Staff termination benefits and other defined-benefit obligations	(119,622)	(123,297)	3,675
Provisions for liabilities and charges	(204,701)	(211,232)	6,531
Other non-current liabilities	(298,147)	(295,304)	(2,842)
INVESTED CAPITAL	3,609,502	3,466,018	143,483
NET DEBT	(2,294,409)	(2,177,000)	(117,409)
Medium/long-term loans and receivables	22,288	20,244	2,044
Medium/long-term borrowings	(2,521,604)	(1,853,672)	(667,932)
Short-term loans and receivables	259,279	342,779	(83,500)
Cash and cash equivalents	658,013	102,258	555,755
Short-term borrowings	(712,385)	(788,610)	76,225
Total shareholders' equity	(1,315,093)	(1,289,018)	(26,075)
BALANCE OF NET DEBT AND SHAREHOLDERS' EQUITY	(3,609,502)	(3,466,018)	(143,483)



CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010

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	Q1 2010	Q1 2009 (restated)	Increase/ (Decrease)
Sales and service revenues	818,423	772,855	45,568
Other operating income	11,734	10,662	1,072
Consolidated net revenue	830,157	783,517	46,640
Staff costs	70,801	79,192	(8,390)
Cost of materials and overheads	608,444	580,700	27,745
Total operating costs	679,246	659,891	19,354
Net profit/(loss) from commodity risk management	3,256	3,214	42
Gross operating profit	154,167	126,839	27,328
Amortisation, depreciation, provisions and impairment charges	68,035	62,830	5,205
Operating profit/(loss)	86,133	64,010	22,123
Finance (costs)/income	(19,929)	(18,269)	(1,661)
Ordinary finance (costs)/income	(19,929)	(18,269)	(1,661)
Exceptional finance (costs)/income	0	0	0
Profit/(loss) on investments	711	452	259
Profit/(loss) before tax	66,915	46,193	20,721
Taxation	26,298	11,638	14,660
Net profit/(loss) from continuing operations	40,617	34,555	6,061
Net profit/(loss) from discontinued operations	0	0	0
Net profit/(loss) for the period	40,617	34,555	6,061
<i>Net profit/(loss) attributable to minority interests</i>	<i>1,841</i>	<i>1,566</i>	<i>276</i>
Net profit/(loss) attributable to shareholders of the Parent	38,776	32,990	5,786



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

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€000	Q1 2010	Q1 2009 (restated)	Increase/ (Decrease)
Net profit/(loss)	40,617	34,555	6,061
Gains/(Losses) from translation of financial statements of foreign operations	(651)	(308)	(343)
Gains/(Losses) from measurement of available-for-sale financial assets	0	0	0
Gains/(Losses) from effective portion of hedging instruments	(21,259)	(8,234)	(13,025)
Actuarial gains/(losses) on provisions for defined-benefit pension plans	0		0
Taxation	6,966	2,968	3,997
Total after-tax comprehensive income/(loss)	25,673	28,982	(3,309)
Total after-tax comprehensive income/(loss) attributable to:			
minority interests	1,551	1,319	232
shareholders of the Parent	24,121	27,663	(3,541)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

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€000	Q1 2010	Q1 2009 (restated)	Increase/ (Decrease)
<u>Cash and cash equivalents at beginning of period</u>	102,258	212,060	(109,802)
Cash flows from operating activities before movements in working capital	140,378	92,985	47,394
<u>Movement in current assets/liabilities</u>	(159,523)	(238,192)	78,668
<u>Cash flow from/(for) operating activities</u>	(19,145)	(145,207)	126,062
<u>Cash flow from/(for) investing activities</u>	6,157	(135,758)	141,914
<u>Cash flow from/(for) financing activities</u>	568,743	222,070	346,673
<u>Net increase/(decrease) in cash and cash equivalents</u>	555,754	(58,895)	614,650
<u>Cash and cash equivalents at end of period</u>	658,013	153,165	504,848

ANALYSIS OF NET DEBT AT 31 MARCH 2010

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€000	31 Mar 2010	31 Dec 2009	Increase/ (Decrease)
Non-current financial assets/(liabilities)	18,485	15,469	3,015
Intercompany non-current financial assets/(liabilities)	3,804	4,775	(971)
Non-current borrowings and financial liabilities	(2,521,604)	(1,853,672)	(667,932)
Net medium/long-term debt	(2,499,316)	(1,833,428)	(665,889)
Cash and cash equivalents and securities	658,208	102,343	555,865
Short-term bank borrowings	(504,220)	(651,202)	146,983
Current financial assets/(liabilities)	(106,959)	77,743	(184,702)
Intercompany current financial assets/(liabilities)	157,878	127,544	30,334
Net short-term debt	204,907	(343,573)	548,480
Total net debt	(2,294,409)	(2,177,000)	(117,409)



STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit for the period	Total	Minority interests	Total shareholders' equity
Balance at 31 December 2009 (restated)	1,098,899	107,096	32,881	(21,827)	1,217,049	71,969	1,289,018
Dividends paid							
Other reserves /Retained earnings			(21,827)	21,827	0	402	402
Change in basis of consolidation					0		0
Net profit/(loss) in income statement				38,776	38,776	1,841	40,617
Gains/(Losses) on cash flow hedges in statement of comprehensive income				(14,003)	(14,003)	(290)	(14,293)
Gains/(Losses) from translation of financial statements of foreign operations in statement of comprehensive income				(651)	(651)		(651)
Total comprehensive income/(loss)	0	0	(21,827)	24,121	24,121	1,953	26,075
Balance at 31 March 2010	1,098,899	107,096	11,054	24,121	1,241,171	73,922	1,315,093