PRESS RELEASE
BOARD APPROVES SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2013, BUSINESS PLAN FOR 2014-2018 AND EURO MEDIUM TERM NOTE PROGRAMME

- **RESULTS FOR 2013:**
  EBITDA up to €766m (up 10.2%), driven by contributions from all four areas of business and the Parent Company. EBIT sees strong growth (up 30.6%), as does net profit (up 83.3%).
  Net debt at 31 December 2013 (€2,468m) is down €27m on 2012 and €69m compared with 30 September 2013.
  Ratio of net debt to EBITDA down from 3.6x at the end of 2012 to 3.2x at the end of 2013.
  Payment of a dividend for 2013 of €0.42 per share (a payout of 63%) will be proposed to the AGM, including the interim dividend of €0.25 already paid.

- **BUSINESS PLAN FOR 2014-2018**
  The Business Plan for the period 2014-2018 envisages capex of over €2.4bn. Acea aims to become number three in Italy in the industrial treatment of waste, with 1.5m tonnes treated (including 75% in the Lazio region), investing €246m. In the Energy sector, the Company intends to further improve the quality of the services it provides to customers by investing in technological innovation. The Company also plans to create a major cogeneration facility in the city of Rome. As regards Water, the Plan envisages investment of €1.3bn, with the largest part to be spent on modernising the network, expanding treatment capacity and on the introduction of new technologies. The Group will also invest €642m in Grids in order to modernise the network by adopting smart technology, expand the public lighting network and progressively replace existing lamps with LED lighting.
  The Plan forecasts average annual EBITDA growth, in the period 2014-2018, of 5.2% and a ratio of net debt to EBITDA of 2.4x in 2018, maintaining an adequate dividend payout.

- **The Board has also approved a Euro Medium Term Note Programme of up to €1.5bn, with the aim of further reducing borrowing costs and lengthening the average term to maturity of the Company's debt.**

Rome, 10 March 2014 – Today's meeting of the Board of Directors of ACEA SpA, chaired by Giancarlo Cremonesi, has approved the separate and consolidated financial statements for the year ended 31 December 2013. The Board also examined a number of issues of strategic importance:

i. customer service –efforts over the last 12 months to improve the service provided to customers has begun to produce appreciable results; in January 2014 less than 1% of Acea's customers had experienced delays with regard to billing; the Board has, moreover, already approved investment of more than €55m in information systems to standardize and simplify the Group's IT architecture;
ii. sustainability of the capex envisaged in the Plan – all capex planned for the next 5 years will be financed in full from the Group's own resources thanks to our sustainable approach to growth, efficient and rigorous management of working capital and close attention to cost control.

"*I am very pleased with the Group's results for 2013,*" commented Giancarlo Cremonesi, Chairman of Acea, *"which are all the more impressive given the difficult economic backdrop. Acea has confirmed its role as a driver of growth and competitiveness in the areas in which it operates, investing significant resources in order to achieve structural improvements in the services offered to its customers and the public, who represent our Company's core value. We are continuing to work with commitment and pride in order to create value for Rome, its citizens and all our shareholders"* concluded Cremonesi.

"*2013 saw the Acea Group achieve an extremely positive performance,*" emphasised Paolo Gallo, Acea's CEO, "*beating previous guidance. Thanks to efficient and rigorous management of working capital and close attention to cost control, over the next 5 years we will be able to invest €2.4bn in the integrated water system, environment, smart networks and energy. This will have a positive impact on the local area, above all Rome and the Lazio region as a whole, in terms of job creation and* *economic growth. We are focusing great attention on improving the quality of the services offered to our customers and on technological innovation. Our solid and balanced financial structure, combined with the efficiency improvements achieved, will enable us to finance the Business Plan from our own resources, whilst maintaining an adequate dividend payout"* concluded Gallo.

RESULTS FOR 2013

FINANCIAL HIGHLIGHTS

(€m)	2012	2013	% inc./(dec.)
Consolidated revenue	3,612.7	**3,570.6**	*-1.2%*
EBITDA	695.2	**766.1**	*+10.2%*
EBIT	293.8	**383.8**	*+30.6%*
Profit/(Loss) before tax	174.1	**281.6**	*+61.7%*
Net profit/(loss) (before non-controlling interests)	85.3	**153.3**	*+79.7%*
Group net profit/(loss)	77.4	**141.9**	*+83.3%*
DPS (€)	0.30	**0.42**	*+40.0%*

The above amounts do not take account of the reclassifications required by IFRS 5 and therefore include the 2012 results of the photovoltaic unit sold at the end of 2012.

(€m)	2012	2013	% inc./(dec.)
Investment	399.0*	**342.1**	*-14.3%*

(€m)	2012 *(restated)***	2013	% inc./(dec.)
Net debt	2,495.5	**2,468.2**	*-1.1%*
Equity	1,316.1	**1,405.4**	*+6.8%*
Invested capital	3,811.6	**3,873.6**	*+1.6%*

(*) This figure does not include the purchase of the headquarters premises.
(**) Entry into effect of amendments to IAS 19.

ACEA GROUP'S RESULTS FOR 2013

Consolidated revenue of €3,570.6m in 2013 is substantially in line with 2012 (€3,612.7m).

Consolidated EBITDA, totalling €766.1m, is significantly up on the €695.2m of 2012 (up 10.2%), primarily reflecting improvements in operating efficiency at the Parent Company and in all areas of business.
Contributions to total EBITDA are as follows:

- Environment 6% - EBITDA from this business in substantially unchanged with respect to 2012, at €48.4m.
- Energy 12% - this segment's EBITDA is up 48.7% to €90.7m, thanks to improved margins, increased revenue from Green Certificates and the greater quantity of energy produced.
- Water 48% - the comparison of EBITDA (which is up 9.4% to €372.5m) for the two periods reflects, among other things, recognition in 2013 of the FNI component (designed to fund new investment) already approved by a number of Concession Authorities and relating to 2012 and 2013.
- Grids 34% - EBITDA from this business is slightly down, having decreased from €260.7m in 2012 to €257.3m in 2013, despite the sale of the Group's photovoltaic plants.

The Parent Company's negative EBITDA of €2.8m, marking a significant improvement on 2012 (a negative €16.5m), reflects ongoing implementation of cost saving initiatives.

Consolidated **EBIT** of €383.8m is significantly up (30.6%) on the €293.8m of 2012, following the improvement in EBITDA.

Net profit, before non-controlling interests, is up 79.7% to €153.3m, partly thanks to reductions in finance costs and in the tax rate (45.6%).

The Group **invested** a total of €342.1m in 2013 (€399m in 2012, not including the cost of purchasing the Company's headquarters premises). The reduction was most pronounced in the Environment and Energy segments following the completion of repowering projects.

Net debt at 31 December 2013, amounting to €2,468.2m, is down €27.3m compared with 31 December 2012 and €68.5m compared with 30 September 2013, confirming the focus on reining in debt and in management of working capital.
The **ratio of net debt to EBITDA** is down from the 3.6x of 2012 to 3.2x at the end of 2013.
The Acea Group continues to have an extremely strong financial structure, as its entire debt is long-term in nature (an average term to maturity of 7 years), with 62% being fixed rate at an average overall cost of 3.41%.

In view of the positive results for 2013 and the Group's strong financial structure, the Board of Directors intends to propose payment of an ordinary dividend of €0.42 per share, with €0.25 per share already paid in December 2013 in the form of an interim dividend. This represents a payout of 63%, based on consolidated net profit after non-controlling interests.

EVENTS AFTER 31 DECEMBER 2013

18 February 2014 – Moody's announced that it had upgraded Acea's outlook from "Negative" to "Stable", confirming its "Baa2" rating. The Agency explained that the upgrade was due to the Company's positive results, in terms of improvements in the financial structure and liquidity profile, and positive developments in the regulatory framework for the water sector. The revision follows Moody's recent decision to upgrade the outlook for Italy's sovereign debt.

BUSINESS PLAN 2014-2018

The Acea Group's Business Plan for the period 2014-2018 focuses on the following points:
- ✓ boosting earnings across all areas of business, with particular focus on the regulated businesses that contribute around 80% of consolidated EBITDA;
- ✓ selectively developing our businesses through careful management of capex;
- ✓ dedicating close attention to operating and organisational efficiency;
- ✓ improving the quality of the services offered to customers through the expansion of communication channels, technological innovation and new billing processes;
- ✓ containing and reducing working capital;
- ✓ maintaining a solid and competitive financial structure.

Based on the above guidelines, the Acea Group's Plan has set the following targets:
- ✓ **Capex 2014-2018: €2.4bn**
  - the need to modernise grids and plants;
  - profitability.
- ✓ **EBITDA CAGR for the period 2014-2018: +5.2%**
- ✓ **Pre-tax ROIC in 2018: 12.5%**
- ✓ **Net invested capital in 2018: €4,238m**

ACEA GROUP (€m)	**2013** (actual)	**2016*** Plan	**2018*** Plan
Consolidated revenue	3,570.6	**3,563**	**3,913**
EBITDA	766.1	**857**	**988**
(of which from companies consolidated using the proportionate method)		***(121)***	***(134)***
Net profit (before non-controlling interests)	153.3	**210**	**238**
Net debt	2,468.2	2,551	2,469
(of which from companies consolidated using the proportionate method)		***(251)***	***(228)***
Net debt/EBITDA	3.2x	**3.0x**	**2.4x**

** The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies currently consolidated using the proportionate method.*

PLAN 2014-2018 OBJECTIVES BY AREA OF BUSINESS

Environment – Acea currently ranks number 5 in the Italian market for the industrial treatment of waste (by volume of waste).

The Plan aims to boost Acea's position to number 3 in the Italian market by volume of waste treated by 2018 (of which 75% in the Lazio region), producing around 600 GWh of WTE per year, sufficient to supply approximately 200,000 households.

Capex 2014-2018: €246m
EBITDA CAGR for the period 2013-2018: +16.0%
Pre-tax ROIC in 2018: 20.0%
Net invested capital in 2018: €307m

In this business, the growth strategy will focus on:

- upgrading energy recovery plant facilities;
- consolidating the Group's position in the regions in which it is present by upgrading/building new plants;
- potential for M&A to achieve/consolidate growth in other regions in central and northern Italy.

ENVIRONMENT – financial highlights (€m)	2013	2016 Plan	2018 Plan
Revenue	115	**168**	**207**
EBITDA	48	**81**	**101**
Net debt	185	**243**	**263**

AMBIENTE – operational highlights	2013	2016 Plan	2018 Plan
Treatment and disposal ('000 tonnes)	726	**1,040**	**1,421**

Energy – In this segment, Acea is one of the leading energy retailers in Italy with around 13 TWh of electricity sold.

Capex 2014-2018: €159m
EBITDA CAGR for the period 2013-2018: +5.0%
Pre-tax ROIC in 2018: 10.1%
Net invested capital in 2018: €609m

The main focus of the Business Plan is improving the quality of the services provided and customer relations, confirming the Group's role as the most dependable electricity and natural gas supplier. To this end, the principal actions planned are: implementation of a new CRM system, the launch of a social platform, the development of new functions for self-service channels and the improvement of billing processes and systems.

ENERGIA – financial highlights (€m)	2013	2016 Plan	2018 Plan
Revenue	2,387	**2,203**	**2,312**
EBITDA	91	**100**	**116**
Production	*38*	***39***	***49***
Energy management	*2*		
Retail	*51*	***60***	***67***
Net debt	297	**387**	**335**

ENERGIA – operational highlights	2013	2016 Plan	2018 Plan
Electricity production (GWh)	500	**463**	**599**
Electricity sold (GWh)	12,616	**9,908**	**10,017**
Gas sold (million m^3)	100	**123**	**143**

Water – The Plan aims to consolidate the Group's leadership in the Italian water market and invest in modernisation of the network and in improving water treatment. The Group currently provides integrated water services for Rome and Frosinone and the respective provinces and in other areas of Lazio, Tuscany, Umbria and Campania.

Capex 2014-2018: €1,290m (of which €755m in the Province of Rome)
EBITDA CAGR for the period 2013-2018: +5.3%
Pre-tax ROIC in 2018: 10.5%
Net invested capital in 2018: €2,284m

WATER – financial highlights (€m)	2013	2016* Plan	2018* Plan
Revenue	886	**1,002**	**1,189**
EBITDA ***(of which from companies consolidated using the proportionate method)***	373	**408** ***(121)***	**484** ***(134)***
Net debt ***(of which from companies consolidated using the proportionate method)***	833	**802** ***(251)***	**910** ***(228)***

WATER – operational highlights	2013	2016 Plan	2018 Plan
Water sold (million m^3)°	565	**565**	**601**

° *Pro-rata basis*

** The financial projections have been calculated using accounting standards that are consistent with those applied at 31 December 2013 and showing the contributions from the companies currently consolidated using the proportionate method.*

<u>Grids</u> – The Company's Grids business ranks number 2 in Italy, distributing approximately 11 TWh of energy in the city of Rome, where it also manages public lighting and floodlighting. Acea is committed to energy efficiency projects and the development of new technologies.
Capex 2014-2018: €642m (of which €66m in "smart" projects)
EBITDA CAGR for the period 2013-2018: +1.1%
Pre-tax ROIC in 2018: 11.3%
Net invested capital in 2018: €1,539m
Growth in the Grids business will focus on:
- ✓ continuing modernisation of the distribution network in Rome as part of a "Smart City" approach;
- ✓ modernisation and expansion of the public lighting network and the launch of the "Roma LED" project.

GRIDS – financial highlights (€m)	2013	2016 Plan	2018 Plan
Revenue	543	**533**	**558**
EBITDA	257	**253**	**272**
Net debt	688	**825**	**831**

GRIDS – operational highlights	2013	2016 Plan	2018 Plan
Electricity distributed (GWh)	10,784	**10,791**	**10,808**

<u>Corporate</u> – Implementation of a "lean organisation" and ongoing cost containment measures will enable us to improve the Parent Company's EBITDA (assumed to be zero throughout the period of the Plan). Capex over the next five years will amount to €75m.

EURO MEDIUM TERM NOTE PROGRAMME

The Board of Directors has also approved the launch of a Euro Medium Term Note Programme of up to €1.5bn with a duration of five years.
The EMTN will be used to refinance certain bonds and borrowings nearing maturity as part of a drive to reduce borrowing costs and lengthen the average term to maturity of the Group's debt.

The following schedules are attached:
CONSOLIDATED ACCOUNTS: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013, INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013, ANALYSIS OF NET DEBT AT 31 DECEMBER 2013 AND STATEMENT OF CHANGES IN EQUITY.

A conference call will be held at 9.30am (Italian time) on Tuesday, 11 March 2014 in order to present the results for the year ended 31 December 2013 and the Business Plan 2014-2018. To coincide with the start of the conference call, back-up material will be made available at www.acea.it.

The Executive Responsible for Financial Reporting, Franco Balsamo, 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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RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

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ACEA GROUP STATEMENT OF FINANCIAL POSITION	31 December 2013 (a)	31 December 2012 (restated) (b)	Increase/ (Decrease) (a) - (b)	% increase/ (decrease)
NON-CURRENT ASSETS AND LIABILITIES	**3,737.0**	**3,699.3**	**37.7**	**1.0%**
Property. plant and equipment and intangible assets	4,125.9	4,031.5	94.4	2.3%
Investments	14.7	21.1	(6.4)	(30.5%)
Other non-current assets	429.9	420.1	9.8	2.3%
Staff termination benefits and other defined-benefit obligations	(117.4)	(128.7)	11.4	(8.8%)
Provisions for liabilities and charges	(259.9)	(272.4)	12.5	(4.6%)
Other non-current liabilities	(456.2)	(372.3)	(83.9)	22.5%
NET WORKING CAPITAL	**136.6**	**112.2**	**24.4**	**21.8%**
Current receivables	1,500.7	1,477.2	23.5	1.6%
Inventories	37.3	42.0	(4.6)	(11.1%)
Other current assets	237.3	221.3	16.0	7.2%
Current payables	(1,306.9)	(1,267.2)	(39.7)	3.1%
Other current liabilities	(331.9)	(361.2)	29.3	(8.1%)
INVESTED CAPITAL	**3,873.6**	**3,811.5**	**62.1**	**1.6%**
NET DEBT	**(2,468.2)**	**(2,495.5)**	**27.3**	**(1.1%)**
Medium/long-term loans and receivables	34.8	33.0	1.8	5.5%
Medium/long-term borrowings	(2,507.6)	(2,211.6)	(296.0)	13.4%
Short-term loans and receivables	114.6	152.2	(37.6)	(24.7%)
Cash and cash equivalents	589.5	423.7	165.8	39.1%
Short-term borrowings	(699.4)	(892.8)	193.3	(21.7%)
Total equity	**(1,405.4)**	**(1,316.1)**	**(89.4)**	**6.8%**
BALANCE OF NET DEBT AND EQUITY	**(3,873.6)**	**(3,811.5)**	**(62.1)**	**1.6%**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

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	2013	*from related party transactions*	2012	*from related party transactions*	Increase/ (Decrease)
Sales and service revenues	3,473,429		3,526,264		(52,834)
Other operating income	97,154		86,475		10,679
Consolidated net revenue	**3,570,583**	**209,482**	**3,612,739**	**214,205**	**(42,155)**
Staff costs	279,516		282,046		(2,530)
Cost of materials and overheads	2,525,043		2,635,271		(110,229)
Total operating costs	**2,804,559**	**26,998**	**2,917,317**	**92,175**	**(112,759)**
Net profit/(loss) from commodity risk management	**67**		**(232)**		**300**
Gross operating profit	**766,092**	**182,485**	**695,189**	**122,030**	**70,903**
Amortisation, depreciation, provisions and impairment charges	382,296		401,419		(19,123)
Operating profit/(loss)	**383,796**	**182,485**	**293,770**	**122,030**	**90,026**
Finance income	40,297	3	28,119	1	12,178
Finance costs	(137,724)		(148,673)		10,949
Profit/(loss) on investments	(4,762)		862		(5,623)
Profit/(loss) before tax	**281,607**	**182,488**	**174,078**	**122,031**	**107,529**
Income tax expense	128,324		88,778		39,546
Net profit/(loss) from continuing operations	**153,284**	**182,488**	**85,300**	**122,031**	**67,984**
Net profit/(loss) from discontinued operations	0		0		0
Net profit/(loss)	**153,284**	**182,488**	**85,300**	**122,031**	**67,984**
Net profit/(loss) attributable to non-controlling interests	*11,344*		*7,917*		*3,427*
Net profit/(loss) attributable to owners of the Parent	**141,940**	**182,488**	**77,383**	**122,031**	**64,557**

Amounts in the above statement for 2012 do NOT reflect the reclassifications applied in accordance with IFRS 5 in relation to Acea RSE’s photovoltaic unit,

ANALYSIS OF CONSOLIDATED NET DEBT AT 31 DECEMBER 2013

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	31 December 2013	31 December 2012	Increase/ (Decrease)
Non-current financial assets/(liabilities)	2,461	2,060	401
Intercompany non-current financial assets/(liabilities)	32,328	30,899	1,429
Non-current borrowings and financial liabilities	(2,507,623)	(2,211,609)	(296,014)
Net medium/long-term debt	**(2,472,834)**	**(2,178,650)**	**(294,184)**
Cash and cash equivalents and securities	589,483	423,771	165,711
Short-term bank borrowings	(466,245)	(753,850)	287,605
Current financial assets/(liabilities)	(141,455)	(56,898)	(84,557)
Intercompany current financial assets/(liabilities)	22,860	70,149	(47,289)
Net short-term debt	**4,643**	**(316,828)**	**321,471**
Total net debt	**(2,468,192)**	**(2,495,478)**	**27,286**

STATEMENT OF CHANGES IN EQUITY

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€000	Share capital	Legal reserve	Other reserves	Net profit/ (loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2012 (restated)	**1,098,899**	**113,731**	**(47,599)**	**71,764**	**1,236,795**	**74,662**	**1,311,457**
IAS 19 restatement	0	0	(1,519)	0	(1,519)	6	(1,513)
Balance at 1 January 2012 (restated)	**1,098,899**	**113,731**	**(49,118)**	**71,764**	**1,235,277**	**74,667**	**1,309,944**
Net profit/(loss) in income statement				77,383	77,383	7,917	85,300
Other comprehensive income/(losses)				(30,648)	(30,648)	(637)	(31,286)
Total comprehensive income/(loss)	***0***	***0***	***0***	***46,735***	***46,735***	***7,279***	***54,014***
Appropriation of net profit/(loss) for 2011		51,428	20,336	(71,764)	0	0	0
Dividends paid		0	(44,635)	0	(44,635)	(3,178)	(47,813)
Change in basis of consolidation		(72)	1,572	0	1,500	(1,585)	(85)
Balance at 31 December 2012 (restated)	**1,098,899**	**165,087**	**(71,845)**	**46,735**	**1,238,877**	**77,184**	**1,316,060**

€000	Share capital	Legal reserve	Other reserves	Net profit/ (loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2013 (restated)	**1,098,899**	**165,088**	**(71,845)**	**46,735**	**1,238,877**	**77,184**	**1,316,060**
Net profit/(loss) in income statement	0	0	0	141,940	141,940	11,344	153,284
Other comprehensive income/(losses)	0	0	0	13,360	13,360	158	13,518
Total comprehensive income/(loss)	*0*	*0*	*0*	*155,300*	*155,300*	*11,502*	*166,802*
Appropriation of net profit/(loss) for 2012	0	5,607	41,128	(46,735)	0	0	0
Dividends paid	0	0	(72,266)	0	(72,266)	(5,168)	(77,434)
Change in basis of consolidation	0	12	711	0	722	(711)	11
Balance at 31 December 2013	**1,098,899**	**170,707**	**(102,273)**	**155,300**	**1,322,633**	**82,806**	**1,405,439**