

PRESS RELEASE

ACEA'S BOARD OF DIRECTORS APPROVE RESULTS FOR Q1 2022

- ✓ **Revenue €1,193m** (up 28% versus Q1 2021)
- ✓ **EBITDA €318m** (up 2% versus Q1 2021)
- ✓ **EBIT €154m** (down 1% versus Q1 2021)
- ✓ **Group net profit €99m** (up 20% versus Q1 2021, mainly reflecting the impact of deconsolidation of photovoltaic companies)
- ✓ **Capex¹ €222m** (down 3% versus Q1 2021)
- ✓ **Net debt €3,890m** (€3,988m at 31 December 2021)

2022 guidance confirmed:

- ✓ **EBITDA growth of between 2% and 4% versus 2021**
- ✓ **capex broadly in line with 2021**
- ✓ **net debt within range of €4.2bn and €4.3bn**

On 26 April 2022, ARERA approved Resolution 183/2022 setting out, for the first time, the incentive mechanism for technical quality in the integrated water service for the years 2018 and 2019. The water companies fully consolidated in the ACEA Group are eligible for rewards totalling approximately €26m

Rome, 11 May 2022 – The Board of Directors of ACEA, chaired by Michaela Castelli, has approved the interim report for the three months ended 31 March 2022 ("Q1 2022").

FINANCIAL HIGHLIGHTS

(€m)	Q1 2022	Q1 2021	% change
Consolidated revenue	1,193	930	+28%
EBITDA	318	312	+2%
EBIT	154	156	-1%
Group net profit (after non-controlling interests)	99	83	+20%

(€m)	Q1 2022	Q1 2021	% change
Capex¹	222	229	-3%

(€m)	31 Mar 2022	31 Dec 2021	% change
Net debt	3,890	3,988	-3%

"In a scenario marked by significant uncertainty over the prospects for the country's economy and growth, primarily linked to current international tensions, our recent operating performance confirms that the ACEA Group is on track to meet expectations and guidance for the current year" said Giuseppe Gola, ACEA's Chief Executive Officer.

¹ Net of grant-funded investment

ACEA GROUP'S RESULTS FOR Q1 2022

Consolidated revenue of €1,192.5m is up 28.2% compared with Q1 2021, primarily due to an increase in revenue from the sale of electricity as a result of higher prices.

Consolidated EBITDA grows 2.1% to €318.2m (€311.5m in Q1 2021), reflecting positive performances from the Water, Generation and Environment segments, partially offset by the negative impact of the reduction in the allowed WACC for electricity distribution. Net of this effect, EBITDA would be up by over 4%.

The contribution of the operating segments to consolidated EBITDA are as follows: Water 52%; Energy Infrastructure 27%; Generation 9%; Commercial & Trading 5%; Environment 7%. The contribution to EBITDA from the Overseas and Engineering & Services segments and from the Holding Company is broadly neutral.

Over 79% of EBITDA is generated by regulated businesses.

- **WATER** – EBITDA reaches €165.2m, an increase of 1.3% compared with the same period of 2021. The growth is driven mainly by the performance of ACEA ATO2, thanks to higher investments and improved operating efficiency. The contribution to EBITDA from the water companies accounted for using the equity method totals €6.7m.
- **ENERGY INFRASTRUCTURE** – This segment's EBITDA, amounting to €86.5m, is down 3.6%, due to a 70-basis point reduction in the WACC allowed by the regulator, reduced to 5.2% (ARERA Resolution 614/2021). This decline was partially offset by operating costs efficiencies.

OPERATIONAL HIGHLIGHTS (GWh)	Q1 2022	Q1 2021	% change
Electricity distributed	2,317	2,197	+5.5%

- **GENERATION** – EBITDA has seen strong growth, rising 56.5% to €27.7m, on the back of rising energy prices (up €144.8 per MWh) and despite a reduction in hydroelectricity produced as a result of low rainfall during the quarter. The contribution from photovoltaic production totals €4.5m. At the end of March 2022, ACEA closed the sale to Equitix of a majority stake in the holding company set up by the ACEA Group to control its existing photovoltaic assets and those in the process of being connected to the Italian national grid.

OPERATIONAL HIGHLIGHTS (GWh)	Q1 2022	Q1 2021	% change
Hydro + thermo + cogeneration	188	230	-18.3%
Photovoltaic production	21	14	+50.0%
Total electricity production	209	244	-14.3%

COMMERCIAL & TRADING – EBITDA from this segment is down from €24.7m in Q1 2021 to €17.5m in Q1 2022. The performance reflects a reduction in margins on the free and enhanced protection markets, and a general decline in electricity consumption due to the higher proportion of consumers in the customer mix.

	Q1 2022	Q1 2021	% change
OPERATIONAL HIGHLIGHTS			
<i>Free market</i>	1,489	1,591	-6.4%
<i>Enhanced protection market</i>	396	519	-23.7%
Electricity sold (GWh)	1,885	2,110	-10.7%
Gas sold (million m³)	96	90	+6.7%
NUMBER OF CUSTOMERS ('000s)			
<i>Free market</i>	489	476	+2.7%
<i>Enhanced protection market</i>	689	739	-6.8%
Total electricity customers ('000s)	1,178	1,215	-3.0%
Total gas customers ('000s)	229	223	+2.7%

- **ENVIRONMENT** – EBITDA reaches €21.9m, an increase of 46.0% compared with the same period of 2021. The performance reflects the stronger margins on the electricity produced due to higher prices, partly offset by lower volumes and increased costs incurred by Demap due to the plant stoppage in December 2021. The plant started operating again in February 2022.

The change in the scope of consolidation (the acquisition of Meg and Deco in late 2021 and S.E.R.Plast at the beginning of 2022) contributes €3.5m.

OPERATIONAL HIGHLIGHTS	Q1 2022	Q1 2021	% change
Treatment and disposal ('000 tonnes)	525	428	+22.7%
WTE electricity sold (GWh)	83	83	0%

- **Other businesses and Holding Company** – The contribution to EBITDA from the Overseas and Engineering & Services segments and from the Holding Company is broadly neutral.

EBIT of €153.8m is slightly down compared with the €155.5m of Q1 2021. The result reflects an increase in depreciation and amortisation (up 7.9%), partly due to the increased scope of consolidation.

Net finance costs are €0.7m lower reaching €21.9m. At 31 March 2022, the ACEA Group's all-in cost of debt is 1.40% (1.44% at 31 March 2021 and 1.42% at 31 December 2021).

Group net profit of €99.4m is up 19.6% compared with the previous year (€83.1m). The result benefits from recognition of a capital gain of €20.7m on the sale of a majority stake in ACEA's photovoltaic assets.

The tax rate at 31 March 2022 is 30%, in line with the same period of the previous year.

The Group has **invested** a total of €222.4m in the first three months of 2022, marking a slight reduction (2.8%) compared with the €228.7m of the previous year. Capital expenditure breakdown is as follows: Water €119.4 (net of grant-funded investments), Energy Infrastructure €68.7m, Generation €8.4m, Commercial & Trading €10.7m, Environment €8.5m, other businesses and the Holding Company €6.7m. Approximately 85% of the total amount spent was invested in regulated assets.

The Group's **net debt** declines €98.1m from €3,988.4m at 31 December 2021 to €3,890.3m at 31 March 2022 thanks to the sale of a majority stake in ACEA's photovoltaic assets (approximately €150m) and an improvement in working capital.

At 31 March 2021, the net debt to EBITDA LTM ratio is 3.1x (compared with 3.2x at 31 December 2021). 86% of medium/long-term debt is fixed rate and has an average maturity of 4.8 years, protecting the Group from the impact of interest rate rises.

KEY EVENTS DURING THE PERIOD AND AFTER THE END OF Q1 2022

12 January 2022: Gaia Rating assigned ACEA a score of 82 out of 100 following an assessment of the Company's overall ESG performance. ACEA's score has improved for four years in a row, confirming its position as one of best-performing companies in terms of sustainability.

26 January 2022: ACEA improved its ranking in the Bloomberg Gender-Equality Index (GEI) 2022, obtaining a score of 80.67, more than ten points higher than in 2021 and ranking well above the average for the utilities sector (71.21) and the survey sample (71.11).

22 March 2022: Acea closed the agreement with the UK investment fund, Equitix, for the sale of a majority interest in its photovoltaic holding company to which ACEA's photovoltaic assets were transferred. Following the closing of the transaction, the newly established company, AE Sun Capital Srl, 60% owned by Equitix and 40% owned by ACEA Produzione SpA, has acquired a portfolio of photovoltaic plants with total installed capacity of 105 MW, including 46 MW qualifying for various feed-in tariffs and 59 MW represented by newly built plants already connected or in the process of being connected to the national grid.

1 April 2022: The Consortium established by Ascopiave, ACEA and Iren closed the agreement with the A2A Group for acquisition of a number of assets relating to **natural gas distribution** concessions.



The assets involved in the transaction include approximately 157 thousand end users across 8 Italian regions, forming part of 24 *ATEM* (minimum concession areas) and consisting of approximately 2,800 km of network.

26 April 2022: ARERA approved Resolution 183/2022/R/IDR "Application of the incentive mechanism for regulating the technical quality of the integrated water service for the years 2018 and 2019. Final outcomes". The water companies consolidated on a line-by-line basis by the ACEA Group received approximately €26m, including €24m attributable to ACEA ATO2.

27 April 2022: The **Annual General Meeting of ACEA SpA's** shareholders approved the separate financial statements and presented the consolidated financial statements for the year ended 31 December 2021 and the Consolidated Non-financial Statement, prepared in accordance with Legislative Decree 254/2016 (the 2021 Sustainability Report).

The Meeting also elected the new Board of Statutory Auditors and, as proposed by the shareholder Suez International SAS, the Director, Francesca Menabuoni.

OUTLOOK

The results for the first quarter of 2022 are in line with expectations and enable us to confirm the guidance for 2022.

ACEA confirms its vocation as an infrastructure operator through the deployment of material investments in infrastructure, with a positive impact on the Group's operating and financial performance, whilst preserving the Group's strong financial structure.

GUIDANCE FOR 2022

- EBITDA growth of between 2% and 4% versus 2021
- capex broadly in line with 2021
- net debt within range of €4.2bn and €4.3bn

The prolonged conflict in Ukraine could potentially adversely affect Italian growth prospects due to increases in the prices of energy and of raw materials in general.

The Group does not have operations in Russia, Ukraine or in countries that are politically aligned with Russia and does not have direct relations with Russian and Ukraine-registered companies affected by the conflict. With regard to the Group's retail companies, direct commodity price and volume risk are managed in accordance with Acea's commodity risk management policy. However, should the current crisis continue, it cannot be excluded that further tensions in the electricity market could drive energy prices even higher, above all in the enhanced protection market exposed to spot market price movements. This could potentially result in a deterioration in receivables collection for companies in general.

Management is currently monitoring the situation on international markets and, in particular, regarding gas supplies. Over the coming months, Acea will continue to keep a close eye on commodity price trends and on the performance of receivables, which at this time are not an issue.

In terms of commodities, in addition to monitoring the outlook for fixed and variable price trends, the Group companies only engage with counterparties of the highest standing that meet the requirements of the Group's commodity and counterparty risk management policies.

Further to the announcement of 27 April 2022, today's meeting of the Board of Directors took note of the results of the assessment conducted by the Board of Statutory Auditors in relation to the independence of its members, including with regard to statutory requirements and Recommendation 9 in the Corporate Governance Code. The assessment was based on statements from the persons concerned and information available to the Company.

With regard to the above, all the members of the Board of Statutory Auditors meet the independence requirements provided for by law and in the Corporate Governance Code.

As part of the activities provided for in Recommendations 6 and 7 in the Corporate Governance Code, the Board of Directors also noted that the Director, Francesca Menabuoni, has not declared that she meets the independence requirements provided for in the applicable legislation and the Corporate Governance Code.



The results for the three months ended 31 March 2022 will be presented during a conference call with analysts and investors to be held at 5.00pm today (Italian time), 11 May. The call will also be available via a webcast in "listen-only" mode in the Investors section of the website at www.gruppo.aceea.it, where the presentation will also be made available at the start of the conference call.

The Executive Responsible for Financial Reporting, Fabio Paris, 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.

The following schedules are attached:

The consolidated income statement for the three months ended 31 March 2022, the statement of financial position at 31 March 2022, the statement of changes in equity, the reclassified statement of financial position at 31 March 2022, the analysis of net debt at 31 March 2022 and the statement of cash flows for the three months ended 31 March 2022.

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CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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	31 March 2022	31 March 2021	Increase/ (Decrease)
Sales and service revenues	1,167,168	892,035	275,133
Other operating income	25,341	37,830	(12,489)
Consolidated net revenue	1,192,509	929,865	262,644
Staff costs	74,730	74,817	(87)
Cost of materials and overheads	806,866	549,113	257,753
Consolidated operating costs	881,596	623,930	257,666
Net profit/(loss) from commodity risk management	0	0	0
Profit/(loss) on non-financial investments	7,288	5,579	1,709
Gross operating profit	318,201	311,514	6,687
Net impairment losses/(reversals of impairment losses) on trade receivables	21,869	23,432	(1,563)
Amortisation, depreciation and provisions	142,505	132,562	9,943
Operating profit/(loss)	153,828	155,520	(1,692)
Finance income	3,316	858	2,458
Finance costs	(25,201)	(23,486)	(1,715)
Profit/(loss) on investments	20,747	36	20,710
Profit/(loss) before tax	152,689	132,928	19,761
Income tax expense	45,807	39,879	5,928
Net profit/(loss)	106,883	93,050	13,833
Net profit/(loss) from discontinued operations			
Net profit/(loss)	106,883	93,050	13,833
Net profit/(loss) attributable to non-controlling interests	7,465	9,986	(2,521)
Net profit/(loss) attributable to owners of the Parent	99,418	83,064	16,353
Earnings/(Loss) per share attributable to owners of the Parent			
<i>Basic</i>	<i>0.46683</i>	<i>0.39004</i>	<i>0.07679</i>
<i>Diluted</i>	<i>0.46683</i>	<i>0.39004</i>	<i>0.07679</i>
Earnings/(Loss) per share attributable to owners of the Parent net of treasury shares			
<i>Basic</i>	<i>0.46774</i>	<i>0.39080</i>	<i>0.07694</i>
<i>Diluted</i>	<i>0.46774</i>	<i>0.39080</i>	<i>0.07694</i>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

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ASSETS	31 March 2022	31 December 2021	Increase/ (Decrease)
Property, plant and equipment	2,979,484	2,938,530	40,953
Investment property	2,299	2,314	(15)
Goodwill	256,239	251,477	4,762
Concessions and infrastructure rights	3,110,755	3,048,190	62,565
Intangible assets	399,359	411,607	(12,247)
Right-of-use assets	53,081	53,096	(15)
Investments in unconsolidated subsidiaries and associates	305,062	292,239	12,823
Other investments	2,992	2,980	12
Deferred tax assets	204,420	202,606	1,814
Financial assets	20,945	22,549	(1,603)
Other assets	594,355	576,065	18,290
Non-current assets	7,928,992	7,801,652	127,340
Inventories	94,457	86,406	8,051
Trade receivables	1,187,949	1,071,644	116,306
Other current assets	373,884	387,813	(13,929)
Current tax assets	15,048	24,183	(9,135)
Current financial assets	503,994	407,944	96,050
Cash and cash equivalents	694,063	680,820	13,244
Current assets	2,869,396	2,658,809	210,587
Non-current assets held for sale	6,241	168,425	(162,185)
TOTAL ASSETS	10,804,628	10,628,886	175,742
EQUITY AND LIABILITIES	31 March 2022	31 December 2021	Increase/ (Decrease)
Share capital	1,098,899	1,098,899	0
Legal reserve	138,649	138,649	0
Other reserves	(100,436)	(123,433)	22,997
Retained earnings/(accumulated losses)	979,084	696,547	282,537
Net profit/(loss) for the period	99,418	313,309	(213,892)
Total equity attributable to owners of the Parent	2,215,613	2,123,971	91,642
Equity attributable to non-controlling interests	401,988	392,449	9,539
Total equity	2,617,602	2,516,420	101,181
Staff termination benefits and other defined-benefit obligations	114,785	120,150	(5,365)
Provisions for liabilities and charges	231,166	193,318	37,848
Borrowings and financial liabilities	4,484,574	4,791,979	(307,405)
Other non-current liabilities	407,715	409,064	(1,348)
Non-current liabilities	5,238,240	5,514,512	(276,271)
Borrowings	603,744	285,222	318,523
Trade payables	1,777,424	1,706,363	71,061
Tax liabilities	15,894	18,962	(3,068)
Other current liabilities	551,468	540,005	11,462
Current liabilities	2,948,531	2,550,553	397,978
Liabilities related to assets held for sale	256	47,402	(47,146)
TOTAL EQUITY AND LIABILITIES	10,804,628	10,628,886	175,742

STATEMENT OF CHANGES IN EQUITY

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	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	1,098,899	138,649	573,114	313,309	2,123,971	392,449	2,516,420
Net profit/(loss) in income statement	0	0	0	99,418	99,418	7,465	106,883
Other comprehensive income/(losses)	0	0	0	1,847	1,847	2,415	4,262
Total comprehensive income/(loss)	0	0	0	101,265	101,265	9,880	111,145
Appropriation of net profit/(loss) for 2021	0	0	313,309	(313,309)	0	0	0
Dividends paid	0	0	0	0	0	(1,201)	(1,201)
Change in basis of consolidation	0	0	(10,801)	0	(10,801)	271	(10,530)
Other changes	0	0	1,178	0	1,178	590	1,768
Balance at 31 March 2022	1,098,899	138,649	876,801	101,265	2,215,613	401,988	2,617,602

	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258
Net profit/(loss) in income statement	0	0	0	83,064	83,064	9,986	93,050
Other comprehensive income/(losses)	0	0	0	4,028	4,028	757	4,785
Total comprehensive income/(loss)	0	0	0	87,093	87,093	10,742	97,835
Appropriation of net profit/(loss) for 2020	0	0	282,446	(282,446)	0	0	0
Dividends paid	0	0	0	0	0	(880)	(880)
Change in basis of consolidation	0	0	0	0	0	(7,799)	(7,799)
Other changes	0	0	1,370	0	1,370	1,346	2,716
Balance at 31 March 2021	1,098,899	129,761	737,540	87,093	2,053,292	361,838	2,415,130
Net profit/(loss) in income statement	0	0	0	230,245	230,245	29,045	259,290
Other comprehensive income/(losses)	0	0	0	25,527	25,527	1,325	26,852
Total comprehensive income/(loss)	0	0	0	255,772	255,772	30,369	286,141
Appropriation of net profit/(loss) for 2020	0	8,888	(8,888)	0	0	0	0
Dividends paid	0	0	(170,038)	0	(170,038)	(12,726)	(182,764)
Change in basis of consolidation	0	0	0	0	0	(1,227)	(1,227)
Other changes	0	0	(15,055)	0	(15,055)	14,195	(860)
Balance at 31 December 2021	1,098,899	138,649	543,559	342,865	2,123,971	392,449	2,516,420



RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

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Financial position	31 March 2022	31 December 2021	Increase/ (Decrease)	% increase/ (decrease)
Non-current assets and liabilities	7,181,311	7,200,143	(18,832)	(0.3%)
Net working capital	(673,448)	(695,285)	21,838	(3.1%)
Net invested capital	6,507,863	6,504,858	3,005	0.0%
Net debt	(3,890,261)	(3,988,438)	98,176	(2.5%)
Total equity	(2,617,602)	(2,516,420)	(101,181)	4.0%

ANALYSIS OF NET DEBT AT 31 MARCH 2022

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	31 March 2022	31 December 2021	Increase/ (Decrease)	% increase/ (decrease)
A) Cash	694,063	680,820	13,244	1.9%
B) Cash equivalents	0	0	0	n/s
C) Other current financial assets	503,994	407,944	96,050	23.5%
D) Liquidity (A + B + C)	1,198,057	1,088,764	109,294	10.0%
E) Current financial debt	(177,484)	(173,606)	(3,878)	2.2%
F) Current portion of non-current financial debt	(426,260)	(111,616)	(314,644)	n/s
G) Current debt (E + F)	(603,744)	(285,222)	(318,523)	111.7%
H) Current net debt (G + D)	594,313	803,542	(209,229)	(26.0%)
I) Non-current financial debt	(4,484,574)	(4,791,979)	307,405	(6.4%)
J) Debt instruments	0	0	0	n/s
K) Trade payables and other non-current payables	0	0	0	n/s
L) Non-current net debt (I + J + K)	(4,484,574)	(4,791,979)	307,405	(6.4%)
Total debt (H + L)	(3,890,261)	(3,988,438)	98,176	(2.5%)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

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	Q1 2022	Q1 2021	Increase/ (Decrease)
CASH FLOW FROM/(FOR) OPERATING ACTIVITIES			
Profit before tax	152,689	132,928	19,761
Amortisation, depreciation and impairment losses	140,690	130,359	10,331
Reversals of impairment losses/Impairment losses	(6,166)	17,817	(23,983)
Change in provisions	(4)	(4,379)	4,375
Net change in staff termination benefits	(3,805)	(3,663)	(142)
Net interest expense	21,885	22,628	(743)
Income tax paid	(47)	0	(47)
Cash flows from operating activities before changes in working capital	305,244	295,691	9,553
Increase/Decrease in receivables included in current assets	(137,393)	(126,663)	(10,730)
Increase/Decrease in payables included in current liabilities	73,975	(13,432)	87,407
Increase/Decrease in inventories	(7,575)	5,693	(13,267)
Change in working capital	(70,992)	(134,403)	63,411
Change in other operating assets/liabilities	(34,820)	20,445	(55,266)
<i>Cash flows from operating activities attributable to disposal groups/assets held for sale</i>	0	0	0
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	199,431	181,733	17,698
CASH FLOW FROM/(FOR) INVESTING ACTIVITIES			
Purchase/Sale of property, plant and equipment	(93,714)	(40,554)	(53,159)
Purchase/Sale of intangible assets	(131,036)	(189,824)	58,788
Investments	142,560	(8,435)	150,995
Amounts received from/paid for other financial investments	(94,437)	(45,113)	(49,323)
Dividends received	0	0	0
Interest received	4,226	1,529	2,697
<i>Cash flows from investing activities attributable to disposal groups/assets held for sale</i>	0	0	0
TOTAL CASH FLOW FOR INVESTING ACTIVITIES	(172,400)	(282,397)	109,997
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES			
Repayments of loans and long-term borrowings	0	(783)	783
New borrowings/other medium/long-term liabilities	0	902,500	(902,500)
Reduction/Increase in other short-term borrowings	11,020	(143,293)	154,313
Interest paid	(25,811)	(24,320)	(1,491)
Dividends paid	0	0	0
<i>Cash flows from financing activities attributable to disposal groups/assets held for sale</i>	0	0	0
TOTAL CASH FLOW FOR FINANCING ACTIVITIES	(14,791)	734,104	(748,895)
CASH FLOW FOR THE PERIOD	12,240	633,441	(621,201)
Net cash and cash equivalents at beginning of period	680,820	642,209	38,611
Cash and cash equivalents from acquisitions	1,004	2,193	(1,190)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	694,063	1,277,843	(583,780)
<i>Cash and cash equivalents at the end of the period attributable to disposal groups/assets held for sale</i>	16	0	16
<i>Cash and cash equivalents at the end of the period attributable to continuing operations</i>	694,048	1,277,843	(583,795)