



PRESS RELEASE
ACEA'S BOARD APPROVES RESULTS FOR 9M 2014

EBITDA rises 4.2% to €504.9m. Had EBITDA been determined on the basis of the accounting standards applied until 31 December 2013, the figure would have been €581.9m, up 6.7% on 9M 2013).

EBIT of €274.5m up 2.0% and **net profit** of €112.8m up 7.9%.

Net debt at 30 September 2014 totals €2,412.0m.

The Group's **capex** totalled €218.9m in 9M 2014 (€197.1m in 9M 2013).

Rome, 10 November 2014 – The Board of Directors of Acea SpA, chaired by Catia Tomasetti, has approved the report for the nine months ended 30 September 2014 (9M 2014).

*"We are working day in, day out to boost the efficiency of Acea's operations and improve the quality of its services," commented the Company's Chairwoman, **Catia Tomasetti**. "Major industrial companies such as Acea, above all in this challenging environment, are required to play an even more important role in the areas in which they operate, bringing their know-how and capabilities to bear in the effort to develop and simplify public services. These positive quarterly results and the progressive increase in investment show that Acea is on the right track and just how seriously we take our role as an industry leader," concluded Tomasetti."*

*"The positive contributions from all areas of business and our ongoing efficiency drive," commented Acea's CEO, **Alberto Irace**, "have enabled us to extend our positive performance into the first nine months of 2014, despite ongoing difficulties in the economy. We are on track to deliver on our Business Plan for 2014-2018 and are working hard on its implementation. We are also introducing structural changes to the way we work in order to modernise the Group and make it more competitive. In the last quarter of the year, we will continue with our efforts to improve operating efficiency and optimise our financial structure and can, therefore, confirm our earlier guidance regarding growth in 2014," concluded Irace.*

*The adoption of new accounting standards regarding control (**IFRS 10** - Consolidated Financial Statements and **IFRS 11** - Joint Arrangements) became mandatory from 1 January 2014. This essentially requires the Company to consolidate its investments in water companies in Tuscany, Umbria and Campania using the equity method (previously these were consolidated using proportionate consolidation).*

For comparative purposes, amounts in the consolidated statement of financial position at 31 December 2013 and those in the income statement for the nine months ended 30 September 2013 have been restated.

The portion of the investee company's profit or loss resulting from consolidation using the equity method is conventionally included in the components that contribute to EBITDA, namely the item "Profit/(loss) on non-financial investments", given that there have not been any events resulting in a discontinuation of control or governance structures or of the operating activities of the industrial partner.



FINANCIAL HIGHLIGHTS

(€m)	9M 2013 (restated)*	9M 2014	% inc./.(dec.)	9M 2013	9M 2014 (adjusted)**	% inc./.(dec.)
Consolidated revenue	2,410.3	2,280.7	-5.4%			
Profit/(loss) on investments consolidated under IFRS 11	31.8	13.8	-56.6%			
- of which: EBITDA	93.2	90.8	-2.6%			
- of which: Amortisation, depreciation, impairment charges and provisions	(51.2)	(60.3)	+17.8%			
- of which: Net finance income/(costs)	9.4	(6.4)	-168.1%			
- of which: Income tax expense	(19.5)	(10.3)	-47.2%			
EBITDA	484.4	504.9	+4.2%	545.4	581.9	+6.7%
EBIT	269.0	274.5	+2.0%	279.1	291.2	+4.3%
Profit/(Loss) before tax	191.7	198.4	+3.5%	211.1	208.7	-1.1%
Group net profit/(loss) (before non-controlling interests)	113.5	117.7	+3.7%	113.4	117.7	+3.8%
Group net profit/(loss) (after non-controlling interests)	104.5	112.8	+7.9%	104.6	112.8	+7.8%

(€m)	9M 2013 (restated)*	9M 2014	% inc./.(dec.)
Investment	197.1	218.9	+11.1%

(€m)	30 Sept 2013 (restated)*	31 Dec 2013 (restated)*(a)	30 Sept 2014 (b)	% inc./.(dec.) (b/a)
Net debt	2,318.5	2,248.6	2,412.0	+7.3%
Equity	1,415.6	1,406.8	1,461.2	+3.9%
Invested capital	3,734.1	3,655.4	3,873.2	+6.0%

* After application of IFRS 11.

** Based on the accounting standards applied until 31 December 2013

Consolidated EBITDA for 9M 2014 amounts to €504.9m, up €20.5m (4.2%) on 9M 2013. The improvement was achieved despite the continuing weakness of the Italian economy and thanks to the contributions of all areas of business and the cost efficiency measures implemented.

The reduction in the "profit on investments consolidated under IFRS 11" – included among the components that make up EBITDA – from €31.8m to €13.8m is substantially due to the recognition in 9M 2013: 1) of finance income following the discounting to present value of the amounts payable by Gori to Campania Regional Authority (approximately €11m after tax); 2) the FNI component (designed to fund new investment) of the water tariff due for 2012 and 2013, amounting to €19.2m (including €7.1m attributable to 2012) after tax.

Contributions to total EBITDA are as follows: Water 43%, Grids 36%, Energy 13% and Environment 8%.

Consolidated EBIT for the period is up from the €269.0m of 9M 2013 to €274.5m for 9M 2014, an increase of 2.0%.

Group net profit, before non-controlling interests, is €117.7m (up 3.7% on 9M 2013), whilst the figure after non-controlling interests is €112.8m (up 7.9% on 9M 2013).

The tax rate for the period is 40.7% (40.8% for 9M 2013).

The Group **invested** a total of €218.9m in 9M 2014 (€197.1m in 9M 2013). This figure includes €9.7m invested by the Parent Company, whilst the remainder breaks down as follows: Water €105.4m; Grids €85.3m; Energy €11.2m; Environment €7.3m.

Net debt amounts to €2,412.0m at 30 September 2014 (up €163.4m on 31 December 2013), marking an improved trend in the third quarter of the current year, as evidenced by a reduced increase with respect to 30 June 2014. In any event, the debt performance reflects working capital movements linked to difficulties in collecting amounts due from the Public Sector and customers in general, as a result of the ongoing economic downturn.

SEGMENT INFORMATION FOR 9M 2014

Environment

The Environment segment contributed EBITDA of €39.8m, up 8.7% on 9M 2013 (€36.6m), reflecting improved results at ARIA, due above all to the increase in operations following the revamp of the Terni plant.



ENVIRONMENT – operational highlights	9M 2013	9M 2014
Treatment and disposal ('000 tonnes)	566	589
WTE electricity sold (GWh)	177	183

Energy¹

The Energy segment's EBITDA is up 5.9% to €64.5m. The improvement primarily reflects a rise in the margin on sales, thanks to a better customer mix. In detail:

ENERGY – EBITDA (€m)	9M 2013	9M 2014
Energy segment	60.9	64.5
Production	28.0	26.6
Sales	32.2	37.9
Energy Management	0.7	-
ENERGY – operational highlights	9M 2013	9M 2014
Electricity production (GWh)	383	399
Hydroelectric	378	392
Thermoelectric	5	7
Electricity sold (GWh)	9,444	8,182
Enhanced protection market	2,411	2,269
Free market	7,033	5,913
Gas sold (million m ³)	72	68

Water

EBITDA for the Water segment is up from €199.2m for 9M 2013 to €215.1m for 9M 2014 (an increase of 8.0%). The figure for 9M 2013 also includes the FNI tariff component (providing funding for new investment) for 2012 and 2013 and finance income following the discounting to present value of the amounts payable by Gori to Campania Regional Authority, both offset in full by increased revenue from application of the new Water Tariff Regime introduced by the regulator (the AEEGSI, which regulates the electricity, gas and water sectors) in resolution 643/2013 and by the billing of a portion of the adjustments for 2012 and 2013.

WATER – operational highlights	9M 2013	9M 2014
Water sold (million m ³)*	425	418

* includes the Group's share of water sold by the water companies operating in Tuscany, Umbria and Campania.

Grids

EBITDA for the Grids segment is substantially stable at €184.4m.

GRIDS – operational highlights	9M 2013	9M 2014
Electricity distributed (GWh)	8,028	7,718

Parent Company

The Parent Company reports EBITDA of €1.1m (€3.1m for 9M 2013). The figure for 9M 2013 reflected recognition of a non-recurring item.

OUTLOOK

The ACEA Group confirms its strong commitment to rationalising and streamlining its operating processes across all areas of business and corporate activities. Pursuit of these goals will also involve major changes to information systems, particularly those related to billing, and the introduction of Workforce Management, already successfully implemented in a number of areas in Tuscany.

Environment – ARIA's strategic positioning and the operating environment (the need for new facilities for the recovery and disposal of waste in the Lazio region) offer attractive growth opportunities. The Business Plan for 2014-2018 envisages new investment to boost the capacity of the Group's RDF, waste to energy and composting plants, with the aim of becoming the number three operator in the Italian market for the industrial treatment of waste.

With regard to the seizure of the Kyklos plant, following the accident that took place last July, the Group is making every possible effort to ensure that the plant can begin operating again in 2015.

¹ Ecogena has been consolidated on a line-by-line basis and allocated to the Energy – Generation segment from 1 January 2014, after being included in the Grids segment until 31 December 2013.



Energy – In terms of retail activities, Acea remains committed to optimising its customer base, continuing to grow its business by expanding its mass market presence through the acquisition of domestic and small business customers. The Group reiterates its continuous, ongoing commitment to improving the billing process, in part with a view to containing working capital. With regard to electricity production, work is due to start at the beginning of next year on revamping the Castel Madama power plant, whilst work will continue on expansion of the urban heating network and modernisation of the Tor di Valle plants.

Water – The main objectives in this segment are the resolution of continuing tariff-related issues affecting a number of minor concessions and the implementation of initiatives designed to contain working capital.

Grids – The main area of focus will continue to be the optimisation of business processes and improvements to operating efficiency.

The following schedules are attached:

- CONSOLIDATED ACCOUNTS: STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014, INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014, ANALYSIS OF NET DEBT AT 30 SEPTEMBER 2014 AND STATEMENT OF CHANGES IN EQUITY.

A conference call will be held at 4.30pm (Italian time) on Tuesday, 11 November 2014 in order to present the results for the nine months ended 30 September 2014. 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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CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

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	9M 2014	9M 2013 (restated)	Increase/ (Decrease)	% increase/ (decrease)
Sales and service revenues	2,200,000	2,374,010	(174,009)	(7.3%)
Other operating income	80,666	36,266	44,400	122.4%
Consolidated net revenue	2,280,666	2,410,276	(129,609)	(5.4%)
Staff costs	177,796	179,301	(1,505)	(0.8%)
Cost of materials and overheads	1,611,733	1,778,495	(166,763)	(9.4%)
Total operating costs	1,789,528	1,957,796	(168,268)	(8.6%)
Net profit/(loss) from commodity risk management	(38)	62	(100)	(162.2%)
Profit/(loss) on non-financial investments	13,751	31,816	(18,064)	(56.8%)
Gross operating profit	504,851	484,357	20,494	4.2%
Amortisation, depreciation, provisions and impairment charges	230,327	215,333	14,993	7.0%
Operating profit/(loss)	274,524	269,024	5,501	2.0%
Finance income	17,917	16,999	918	5.4%
Finance costs	(94,588)	(91,844)	(2,744)	3.0%
Profit/(loss) on investments	556	(2,506)	3,063	(122.2%)
Profit/(loss) before tax	198,410	191,672	6,738	3.5%
Income tax expense	80,731	78,213	2,518	3.2%
Net profit/(loss)	117,679	113,459	4,220	3.7%
Net profit/(loss) attributable to non-controlling interests	4,879	8,988	(4,110)	(45.7%)
Net profit/(loss) attributable to owners of the Parent	112,800	104,471	8,329	8.0%
Earnings/(Loss) per share (C)				
basic	0,5297	0,4906	0,0391	
diluted	0,5297	0,4906	0,0391	



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

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ASSETS	30 September 2014	31 December 2013 (restated)	Increase/ (Decrease)	1 January 2013 (restated)
Property, plant and equipment	2,025,952	2,006,192	19,760	2,012,319
Investment property	3,241	2,872	370	2,933
Goodwill	149,024	149,608	(583)	147,719
Concessions	1,367,885	1,317,286	50,599	1,243,267
Other intangible assets	86,576	68,790	17,786	64,603
Investments in subsidiaries and associates	219,007	211,952	7,055	184,347
Other investments	2,483	3,321	(838)	4,763
Deferred tax assets	314,383	308,969	5,414	326,374
Financial assets	34,162	34,788	(626)	32,283
Other assets	45,522	48,770	(3,248)	53,861
NON-CURRENT ASSETS	4,248,235	4,152,547	95,688	4,072,468
Inventories	32,729	33,754	(1,025)	39,126
Trade receivables	1,459,718	1,346,556	113,161	1,302,308
Other current assets	135,324	111,410	23,914	121,152
Current tax assets	104,229	91,984	12,245	67,191
Current financial assets	136,201	118,302	17,899	152,832
Cash and cash equivalents	527,434	563,066	(35,632)	405,510
CURRENT ASSETS	2,395,634	2,265,072	130,562	2,088,118
Non-current assets held for sale	497	6,722	(6,225)	6,722
TOTAL ASSETS	6,644,366	6,424,340	220,025	6,167,308

EQUITY AND LIABILITIES	30 September 2014	31 December 2013 (restated)	Increase/ (Decrease)	1 January 2013 (restated)
Equity				
share capital	1,098,899	1,098,899	0	1,098,899
legal reserve	176,091	167,353	8,738	162,190
other reserves	(461,759)	(468,673)	6,915	(445,730)
retained earnings/(accumulated losses)	462,350	383,115	79,235	423,518
profit/(loss) for the period	112,800	141,940	(29,140)	
Total equity attributable to owners of the Parent	1,388,381	1,322,633	65,748	1,238,877
Equity attributable to non-controlling interests	72,838	84,195	(11,357)	78,471
Total equity	1,461,219	1,406,828	54,391	1,317,349
Staff termination benefits and other defined-benefit obligations	112,574	106,910	5,664	118,329
Provisions for liabilities and charges	194,892	206,058	(11,166)	216,098
Borrowings and financial liabilities	2,947,571	2,360,907	586,664	2,032,609
Other liabilities	170,453	161,549	8,904	157,131
Deferred tax liabilities	98,618	92,964	5,654	84,257
NON-CURRENT LIABILITIES	3,524,109	2,928,389	595,719	2,608,424
Trade payables	1,166,407	1,207,601	(41,194)	1,130,381
Other current liabilities	252,833	239,082	13,751	230,160
Borrowings	159,429	599,869	(440,439)	822,741
Tax liabilities	80,269	41,228	39,041	56,908
CURRENT LIABILITIES	1,658,939	2,087,779	(428,840)	2,240,192
Liabilities directly associated with assets held for sale	99	1,344	(1,245)	1,344
TOTAL EQUITY AND LIABILITIES	6,644,366	6,424,340	220,025	6,167,308



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 2013 (restated)	1,098,899	165,087	(71,845)	46,735	1,238,877	77,184	1,316,060
IFRS 11 restatement		(2,897)	2,897		0	1,288	1,288
Balance at 1 January 2013 (restated)	1,098,899	162,190	(68,948)	46,735	1,238,877	78,472	1,317,348
Net profit/(loss) in income statement	0	0	0	141,940	141,940	11,444	153,384
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	11,602	166,902
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	(444)	1,167	0	722	(711)	11
Balance at 31 December 2013 (restated)	1,098,899	167,353	(98,920)	155,300	1,322,633	84,195	1,406,827

	Share capital	Legal reserve	Other reserves	Net profit/(loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2014 (restated)	1,098,899	167,353	(98,920)	155,300	1,322,633	84,195	1,406,827
Net profit/(loss) in income statement	0	0	0	44,485	44,485	2,250	46,735
Other comprehensive income/(losses)	0	0	0	(7,189)	(7,189)	485	(6,704)
Total comprehensive income/(loss)	0	0	0	37,297	37,297	2,734	40,031
Appropriation of net profit/(loss) for 2013	0	(957)	156,257	(155,300)	0	0	0
Dividends paid	0	0	0	0	0	(1,777)	(1,777)
Change in basis of consolidation	0	0	0	0	0	1,519	1,519
Balance at 31 March 2014	1,098,899	166,396	57,338	37,297	1,359,930	86,671	1,446,601
Net profit/(loss) in income statement	0	0	0	36,052	36,052	933	36,986
Other comprehensive income/(losses)	0	0	0	(7,008)	(7,008)	(520)	(7,528)
Total comprehensive income/(loss)	0	0	0	29,045	29,045	413	29,458
Appropriation of net profit/(loss) for 2013	0	5,576	(5,576)	0	0	0	0
Dividends paid	0	0	(36,204)	0	(36,204)	(5,278)	(41,482)
Change in basis of consolidation	0	0	2,524	0	2,524	(10,058)	(7,534)
Balance at 30 June 2014	1,098,899	171,972	18,081	66,342	1,355,294	71,748	1,427,043
Net profit/(loss) in income statement	0	0	0	32,262	32,262	1,696	33,957
Other comprehensive income/(losses)	0	0	0	825	825	(606)	218
Total comprehensive income/(loss)	0	0	0	33,086	33,086	1,090	34,176
IFRS1 reclassification	0	4,118	(4,118)	0	0	0	0
Balance at 30 September 2014	1,098,899	176,091	13,963	99,428	1,388,381	72,838	1,461,219



RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

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STATEMENT OF FINANCIAL POSITION	30 September 2014	31 December 2013 (restated)	Increase/ (Decrease)	Increase/ (Decrease)	30 September 2013 (restated)	Increase/ (Decrease)	Increase/ (Decrease)
	(a)	(b)	(a) - (b)	%	(c)	(a) - (c)	%
NET WORKING CAPITAL	232,489	95,793	136,697	142.7%	150,793	81,697	54.2%
Current receivables	1,459,718	1,346,556	113,161	8.4%	1,326,879	132,838	10.0%
- due from end users /customers	1,345,155	1,244,371	100,785	8.1%	1,208,717	136,438	11.3%
- due from Comune di Roma	82,997	69,650	13,347	19.2%	84,120	(1,123)	(1.3%)
Inventories	32,729	33,754	(1,025)	(3.0%)	37,902	(5,174)	(13.7%)
Other current assets	239,553	203,393	36,159	17.8%	196,666	42,887	21.8%
Current payables	(1,166,407)	(1,207,601)	41,194	(3.4%)	(1,067,570)	(98,837)	9.3%
- due to suppliers	(1,056,582)	(1,114,064)	57,482	(5.2%)	(977,665)	(78,917)	8.1%
- due to Comune di Roma	(104,564)	(85,615)	(18,949)	22.1%	(77,007)	(27,557)	35.8%
Other current liabilities	(333,103)	(280,310)	(52,793)	18.8%	(343,085)	9,983	(2.9%)
NON-CURRENT ASSETS AND LIABILITIES	3,640,728	3,559,674	81,053	2.3%	3,583,373	57,354	1.6%
Property, plant and equipment and intangible assets	3,633,176	3,551,470	81,706	2.3%	3,542,419	90,757	2.6%
Investments	221,489	215,273	6,217	2.9%	216,106	5,384	2.5%
Other non-current assets	359,904	357,738	2,166	0.6%	388,477	(28,573)	(7.4%)
Staff termination benefits and other defined-benefit obligations	(112,574)	(106,910)	(5,664)	5.3%	(112,364)	(210)	0.2%
Provisions for liabilities and charges	(192,197)	(203,383)	11,186	(5.5%)	(201,134)	8,937	(4.4%)
Other non-current liabilities	(269,071)	(254,514)	(14,558)	5.7%	(250,132)	(18,940)	7.6%
INVESTED CAPITAL	3,873,217	3,655,467	217,750	6.0%	3,734,166	139,051	3.7%
NET DEBT	(2,411,998)	(2,248,640)	(163,358)	7.3%	(2,318,543)	(93,455)	4.0%
Medium/long-term loans and receivables	34,162	34,788	(626)	(1.8%)	34,508	(347)	(1.0%)
Medium/long-term borrowings	(2,947,571)	(2,360,907)	(586,664)	24.8%	(2,379,169)	(568,402)	23.9%
Short-term loans and receivables	133,505	115,626	17,879	15.5%	143,412	(9,907)	(6.9%)
Cash and cash equivalents	527,434	563,066	(35,632)	(6.3%)	360,945	166,490	46.1%
Short-term borrowings	(159,529)	(601,213)	441,684	(73.5%)	(478,239)	318,710	(66.6%)
Total equity	(1,461,219)	(1,406,828)	(54,391)	3.9%	(1,415,623)	(45,596)	3.2%
BALANCE OF NET DEBT AND EQUITY	(3,873,217)	(3,655,467)	(217,750)	6.0%	(3,734,166)	(139,051)	3.7%



ANALYSIS OF CONSOLIDATED NET DEBT AT 30 SEPTEMBER 2014

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	30 September 2014	31 December 2013 (restated)	Increase/ (Decrease)	30 September 2013 (restated)	Increase/ (Decrease)
Non-current financial assets/(liabilities)	1,834	2,460	(626)	1,678	156
Intercompany non-current financial assets/(liabilities)	32,328	32,328	0	32,830	(503)
Non-current borrowings and financial liabilities	(2,947,571)	(2,360,907)	(586,664)	(2,379,169)	(568,402)
Net medium/long-term debt	(2,913,409)	(2,326,119)	(587,290)	(2,344,661)	(568,748)
Cash and cash equivalents and securities	527,434	563,066	(35,632)	360,945	166,490
Short-term bank borrowings	(62,993)	(371,344)	308,351	(388,282)	325,289
Current financial assets/(liabilities)	(63,120)	(139,566)	76,446	(29,165)	(33,955)
Intercompany current financial assets/(liabilities)	100,090	25,323	74,767	82,621	17,470
Net short-term debt	501,411	77,480	423,932	26,118	475,293
Total net debt	(2,411,998)	(2,248,640)	(163,358)	(2,318,543)	(93,455)