

## PRESS RELEASE

### ACEA: BOARD APPROVES RESULTS FOR Q1 2017

- **EBITDA** €214.4m (up 3.5% on €207.2m of Q1 2016; up 16.1% on adjusted figure for 2016).
- **EBIT** €117.2m (down 5.2% on €123.6m of Q1 2016; up 15.9% on adjusted figure for 2016)
- **Net profit** €65.7m (down 1.8% on €66.9m of Q1 2016; up 27.1% on adjusted figure for 2016)
- **Net debt** €2,234.8m (€2,126.9m at 31 December 2016)
- **Investment** €126.4m (up 30.3% on €97.0m of Q1 2016)

Rome, 26 April 2017 – The Board of Directors of Acea SpA, chaired by Catia Tomasetti, has approved the quarterly report for the three months ended 31 March 2017 (Q1 2017).

#### FINANCIAL HIGHLIGHTS

| (€m)                                                              | Q1 2016<br>(a) | Q1 2016<br>adjusted* (b) | Q1 2017<br>(c) | % inc./ (dec.)<br>(c/a) | % inc./ (dec.)<br>(c/b) |
|-------------------------------------------------------------------|----------------|--------------------------|----------------|-------------------------|-------------------------|
| <b>Consolidated revenue</b>                                       | 713.7          | 691.2                    | <b>725.5</b>   | <b>+1.7%</b>            | <b>+5.0%</b>            |
| <b>EBITDA</b>                                                     | 207.2          | 184.7                    | <b>214.4</b>   | <b>+3.5%</b>            | <b>+16.1%</b>           |
| <b>EBIT</b>                                                       | 123.6          | 101.1                    | <b>117.2</b>   | <b>-5.2%</b>            | <b>+15.9%</b>           |
| <b>Profit/(Loss) before tax</b>                                   | 103.0          | 80.5                     | <b>98.3</b>    | <b>-4.6%</b>            | <b>+22.1%</b>           |
| <b>Group net profit/(loss) (before non-controlling interests)</b> | 69.2           | 54.0                     | <b>68.5</b>    | <b>-1.0%</b>            | <b>+26.9%</b>           |
| <b>Group net profit/(loss) (after non-controlling interests)</b>  | 66.9           | 51.7                     | <b>65.7</b>    | <b>-1.8%</b>            | <b>+27.1%</b>           |

\* Adjusted amounts for Q1 2016 do not include the positive impact of elimination of the 'regulatory lag' (€22.5m pre-tax)

| (€m)              | Q1 2016 | Q1 2017      | % inc./ (dec.) |
|-------------------|---------|--------------|----------------|
| <b>Investment</b> | 97.0    | <b>126.4</b> | <b>+30.3</b>   |

  

| (€m)                    | 31 Mar 2016<br>(a) | 31 Dec 2016<br>(b) | 31 Mar 2017<br>(c) | % inc./ (dec.)<br>(c/a) | % inc./ (dec.)<br>(c/b) |
|-------------------------|--------------------|--------------------|--------------------|-------------------------|-------------------------|
| <b>Net debt</b>         | 2,173.9            | 2,126.9            | <b>2,234.8</b>     | <b>+2.8%</b>            | <b>+5.1%</b>            |
| <b>Equity</b>           | 1,656.4            | 1,757.9            | <b>1,838.2</b>     | <b>+11.0%</b>           | <b>+4.6%</b>            |
| <b>Invested capital</b> | 3,830.3            | 3,884.8            | <b>4,073.0</b>     | <b>+6.3%</b>            | <b>+4.8%</b>            |

### ACEA GROUP'S RESULTS FOR Q1 2017

**Revenue** of €725.5m is up approximately 2% compared with the same period of the previous year. The performance benefitted from the change in the scope of consolidation described below and an increase in revenue from the integrated water service, reflecting the revised tariffs introduced from the second half of 2016. These components have more than offset the reduction in revenue from the sale and transport of electricity, resulting from a reduction in the quantity sold on the free market and changes in tariffs connected with the fifth regulatory cycle.

**Consolidated EBITDA** is up from the €207.2m in Q1 2016 to €214.4m in Q1 2017, marking an increase of 3.5%. After stripping out the positive impact of elimination of the regulatory lag in the Grids segment (€22.5m) from the figure for Q1 2016, EBITDA is up 16.1%, thanks above all to the contribution of the Water segment.

In addition, the following transactions have taken place during the first three months of 2017, resulting in a change in the scope of consolidation with respect to Q1 2016 and contributing approximately €3m to consolidated EBITDA:

- the acquisition of 51% of Acque Industriali (Environment segment) from Acque (with effect from 1 January 2017, consolidated on a line-by-line basis);
- completion of the transfer of the shares in GEAL (Water segment) held by Veolia Eaux Compagnie Generale Des Eaux. Following this acquisition, the Group owns 48% of GEAL (with effect from 8 February 2017, consolidated using the equity method);
- acquisition of TWS (Technologies for Water Services, Water segment) from Severn Trent Luxembourg Overseas (with effect from 23 February 2017, consolidated on a line-by-line basis).

The change in the scope of consolidation also reflects the acquisition, occurred in Q4 2016, of 29.65% of Aguas de San Pedro, which adds to the 31% already held (consolidated on a line-by-line basis), and the consolidation of AguaAzul Bogotá using the equity method.

**Consolidated EBIT** of €117.2m is down 5.2% on the €123.6m of Q1 2016 (up 15.9% on adjusted Q1 2016). The change reflects increased depreciation linked to greater capital expenditure and takes into account the go-live of the Acea 2.0 technology platform at the Group's principal companies.

**Net finance costs**, equal to €18.7m, are down €2.3m thanks to reduced interest on medium/long-term debt, partly due to the liability management transaction completed in October 2016.

**Net profit**, after non-controlling interests, is €65.7m, down 1.8% on Q1 2016 (up 27.1% on adjusted Q1 2016). The tax rate is down from the 32.9% of Q1 2016 to 30.4% for Q1 2017, following a reduction in IRES from 1 January 2017.

The Group **invested** €126.4m in Q1 2017 (€97.0m in Q1 2016), with 86% of this relating to our regulated businesses. Investment breaks down as follows: Water €57.8m; Grids €50.6m; Energy €9.1m; Environment €5.5m; Parent Company €3.4m. The Group's investment in Project Acea 2.0 amounts to €11.3m.

**Net debt** at 31 March 2017, amounting to €2,234.8m, is up €107.9m on the figure for the end of 2016 and €60.9m compared with 31 March 2016. The performance of net debt partly reflects increased investment and the change in the scope of consolidation.

## **SEGMENT INFORMATION FOR Q1 2017**

### **Environment**

The Environment segment contributed EBITDA of €14.5m (up 9.0%), compared with €13.3m for Q1 2016. The performance benefitted from the greater quantity of electricity sold by the Terni and San Vittore plants.

| <b>ENVIRONMENT – operational highlights</b>  | <b>Q1 2016</b> | <b>Q1 2017</b> |
|----------------------------------------------|----------------|----------------|
| <b>Treatment and disposal</b> ('000 tonnes)* | 197            | 274            |
| <b>WTE electricity sold</b> (GWh)            | 66             | 82             |

\* includes ash disposed of

### **Energy**

The Energy segment's EBITDA is up 9.8% to €35.8m. The improvement reflects growth in the quantity of electricity produced.

| <b>ENERGY – EBITDA (€m)</b>               | <b>Q1 2016</b> | <b>Q1 2017</b> |
|-------------------------------------------|----------------|----------------|
| <b>Energy segment</b>                     | <b>32.6</b>    | <b>35.8</b>    |
| Production                                | 9              | 13             |
| Sales                                     | 23             | 23             |
| <b>ENERGY – operational highlights</b>    | <b>Q1 2016</b> | <b>Q1 2017</b> |
| <b>Electricity production</b> (GWh)       | <b>108</b>     | <b>131</b>     |
| <b>Electricity sold</b> (GWh)             | <b>2,171</b>   | <b>1,813</b>   |
| Enhanced protection market                | 737            | 730            |
| Free market                               | 1,434          | 1,083          |
| <b>Gas sold</b> (million m <sup>3</sup> ) | <b>55</b>      | <b>51</b>      |

### **Water**

The Water segment's EBITDA is €95.9m, up €15.2m (18.8%) on Q1 2016. The increase essentially reflects revised tariffs introduced from the second half of 2016, including those relating to the quality of services. In this latter regard, the best estimate of Acea ATO2's quality award for Q1 2017, amounting to €6.9m, has been recognised.

### **Grids**

EBITDA for the Grids segment amounts to €70.6m, reflecting changes in tariffs connected with the fifth regulatory cycle. EBITDA is up 21.5% compared with the adjusted figure for Q1 2016 (€58.1m after the positive impact of regulatory accounting).

| <b>GRIDS – operational highlights</b> | <b>Q1 2016</b> | <b>Q1 2017</b> |
|---------------------------------------|----------------|----------------|
| <b>Electricity distributed</b> (GWh)  | 2,536          | 2,509          |



### **Parent Company**

The Parent Company reports negative EBITDA of €2.4m for Q1 2017.

### **MATERIAL EVENTS DURING THE FIRST QUARTER AND AFTER 31 MARCH 2017**

On 20 February 2017, Acea Illuminazione Pubblica presented a binding offer as part of the auction, organised by Infratel Italia SpA, on behalf of the Ministry for Economic Development, in order to support the development of superfast broadband in so-called “white areas” in the regions of Marche and Umbria (Lot 3) and Lazio (Lot 4). The aim of the auction is to award a fixed-term concession to design, build, maintain and operate publicly owned passive superfast broadband infrastructure and to provide passive and active access on a wholesale basis. The Company had prequalified for the auction and was invited to take part on 5 December 2016.

On 4 April 2017, Acea announced that the lists of candidates for election to the Board of Directors – accompanied by the related documentation required by statute and filed by shareholders within the relevant deadline, in preparation for the Annual General Meeting called for 27 April and 4 May 2017, in first and second call, respectively – are available for inspection at the Company’s registered office, in the appropriate section of its website ([www.acea.it](http://www.acea.it), 2017 Shareholders’ Meeting) and in the authorised storage mechanism managed by Info and available at [www.linfo.it](http://www.linfo.it).

### **OUTLOOK**

The Acea Group’s results for Q1 2017 enable the confirmation of EBITDA guidance for 2017.

The Group is continuing to pursue its commitment to rationalising and streamlining operational processes in all its areas of business and at the Parent Company.

Work will also continue on improving the billing and sales process to reduce working capital and contain the Group’s debt.

The following schedules are attached:

- CONSOLIDATED ACCOUNTS: INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2017, STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017, STATEMENT OF CHANGES IN EQUITY, ANALYSIS OF NET DEBT AT 31 MARCH 2017 AND THE STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2017.

A conference call will be held at 5.45pm (Italian time) today, 26 April 2017, in order to present the results for the three months ended 31 March 2017. To coincide with the start of the conference call, back-up material will be made available at [www.acea.it](http://www.acea.it).

The Executive Responsible for Financial Reporting, Demetrio Mauro, 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.

#### **Acea SpA**

Investor Relations  
Tel. +39 06 57991

[investor.relations@aceaspa.it](mailto:investor.relations@aceaspa.it)  
Corporate website: [www.acea.it](http://www.acea.it)

#### **Press Office**

Tel. +39 06 57993718/70

[ufficio.stampa@aceaspa.it](mailto:ufficio.stampa@aceaspa.it)

## CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2017

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|                                                                                                 | Q1 2017        | Q1 2016        | Increase/<br>(Decrease) | % increase/<br>(decrease) |
|-------------------------------------------------------------------------------------------------|----------------|----------------|-------------------------|---------------------------|
| Sales and service revenues                                                                      | 707,122        | 704,115        | 3,007                   | 0.4%                      |
| Other operating income                                                                          | 18,440         | 9,560          | 8,880                   | 92.9%                     |
| <b>Consolidated net revenue</b>                                                                 | <b>725,561</b> | <b>713,675</b> | <b>11,887</b>           | <b>1.7%</b>               |
| Staff costs                                                                                     | 52,926         | 55,912         | (2,986)                 | (5.3%)                    |
| Cost of materials and overheads                                                                 | 463,450        | 457,479        | 5,972                   | 1.3%                      |
| <b>Consolidated operating costs</b>                                                             | <b>516,376</b> | <b>513,390</b> | <b>2,986</b>            | <b>0.6%</b>               |
| Net profit/(loss) from commodity risk management                                                | 0              | 0              | 0                       | 0.0%                      |
| Profit/(loss) on non-financial investments                                                      | 5,238          | 6,890          | (1,652)                 | (24.0%)                   |
| <b>Gross operating profit</b>                                                                   | <b>214,423</b> | <b>207,174</b> | <b>7,249</b>            | <b>3.5%</b>               |
| Amortisation, depreciation, provisions and impairment losses                                    | 97,270         | 83,584         | 13,685                  | 16.4%                     |
| <b>Operating profit/(loss)</b>                                                                  | <b>117,154</b> | <b>123,589</b> | <b>(6,436)</b>          | <b>(5.2%)</b>             |
| Finance income                                                                                  | 3,173          | 3,787          | (614)                   | (16.2%)                   |
| Finance costs                                                                                   | (21,848)       | (24,806)       | 2,958                   | (11.9%)                   |
| Profit/(loss) on investments                                                                    | (176)          | 473            | (649)                   | (137.3%)                  |
| <b>Profit/(loss) before tax</b>                                                                 | <b>98,303</b>  | <b>103,043</b> | <b>(4,741)</b>          | <b>(4.6%)</b>             |
| Income tax expense                                                                              | 29,841         | 33,884         | (4,043)                 | (11.9%)                   |
| <b>Net profit/(loss)</b>                                                                        | <b>68,462</b>  | <b>69,160</b>  | <b>(698)</b>            | <b>(1.0%)</b>             |
| Net profit/(loss) attributable to non-controlling interests                                     | 2,727          | 2,281          | 446                     | 19.5%                     |
| <b>Net profit/(loss) attributable to owners of the Parent</b>                                   | <b>65,735</b>  | <b>66,878</b>  | <b>(1,144)</b>          | <b>(1.7%)</b>             |
| <b>Earnings/(Loss) per share attributable to owners of the Parent (€)</b>                       |                |                |                         |                           |
| Basic                                                                                           | 0.3087         | 0.3140         | (0.0054)                | (1.7%)                    |
| Diluted                                                                                         | 0.3087         | 0.3140         | (0.0054)                | (1.7%)                    |
| <b>Earnings/(Loss) per share attributable to owners of the Parent after treasury shares (€)</b> |                |                |                         |                           |
| Basic                                                                                           | 0.3093         | 0.3147         | (0.0054)                | (1.7%)                    |
| Diluted                                                                                         | 0.3093         | 0.3147         | (0.0054)                | (1.7%)                    |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

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| ASSETS                                     | 31 March 2017    | 31 December 2016 | Increase/(Decrease) |
|--------------------------------------------|------------------|------------------|---------------------|
| Property, plant and equipment              | 2,232,494        | 2,210,338        | 22,156              |
| Investment property                        | 2,591            | 2,606            | (15)                |
| Goodwill                                   | 150,054          | 149,825          | 229                 |
| Concessions                                | 1,695,341        | 1,662,727        | 32,613              |
| Other intangible assets                    | 163,634          | 158,080          | 5,555               |
| Investments in subsidiaries and associates | 268,033          | 260,877          | 7,156               |
| Other investments                          | 2,613            | 2,579            | 34                  |
| Deferred tax assets                        | 265,341          | 262,241          | 3,100               |
| Financial assets                           | 42,965           | 27,745           | 15,220              |
| Other assets                               | 33,047           | 34,216           | (1,169)             |
| <b>NON-CURRENT ASSETS</b>                  | <b>4,856,116</b> | <b>4,771,235</b> | <b>84,880</b>       |
| Inventories                                | 46,176           | 31,726           | 14,450              |
| Trade receivables                          | 1,223,212        | 1,097,441        | 125,770             |
| Other current assets                       | 163,500          | 132,508          | 30,992              |
| Current tax assets                         | 73,165           | 74,497           | (1,332)             |
| Current financial assets                   | 150,411          | 131,275          | 19,136              |
| Cash and cash equivalents                  | 531,167          | 665,533          | (134,365)           |
| <b>CURRENT ASSETS</b>                      | <b>2,187,632</b> | <b>2,132,981</b> | <b>54,651</b>       |
| Non-current assets held for sale           | 497              | 497              | 0                   |
| <b>TOTAL ASSETS</b>                        | <b>7,044,244</b> | <b>6,904,713</b> | <b>139,531</b>      |

  

| EQUITY AND LIABILITIES                                           | 31 March 2017    | 31 December 2016 | Increase/(Decrease) |
|------------------------------------------------------------------|------------------|------------------|---------------------|
| <b>Equity</b>                                                    |                  |                  |                     |
| Share capital                                                    | 1,098,899        | 1,098,899        | 0                   |
| Legal reserve                                                    | 95,188           | 95,188           | 0                   |
| Other reserves                                                   | (332,304)        | (351,090)        | 18,785              |
| Retained earnings/(accumulated losses)                           | 820,112          | 565,792          | 254,320             |
| Net profit/(loss) for period                                     | 65,735           | 262,347          | (196,612)           |
| <b>Total equity attributable to owners of the Parent</b>         | <b>1,747,629</b> | <b>1,671,136</b> | <b>76,493</b>       |
| Equity attributable to non-controlling interests                 | 90,556           | 86,807           | 3,749               |
| <b>Total equity</b>                                              | <b>1,838,185</b> | <b>1,757,943</b> | <b>80,242</b>       |
| Staff termination benefits and other defined-benefit obligations | 111,339          | 109,550          | 1,790               |
| Provisions for liabilities and charges                           | 213,018          | 202,122          | 10,896              |
| Borrowings and financial liabilities                             | 2,785,581        | 2,797,106        | (11,526)            |
| Other liabilities                                                | 185,549          | 185,524          | 25                  |
| Deferred tax liabilities                                         | 88,822           | 88,158           | 664                 |
| <b>NON-CURRENT LIABILITIES</b>                                   | <b>3,384,309</b> | <b>3,382,460</b> | <b>1,850</b>        |
| Trade payables                                                   | 1,300,372        | 1,292,590        | 7,782               |
| Other current liabilities                                        | 282,774          | 273,782          | 8,993               |
| Borrowings                                                       | 170,895          | 151,478          | 19,417              |
| Tax liabilities                                                  | 67,609           | 46,361           | 21,248              |
| <b>CURRENT LIABILITIES</b>                                       | <b>1,821,650</b> | <b>1,764,211</b> | <b>57,440</b>       |
| Liabilities directly associated with assets held for sale        | 99               | 99               | 0                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                              | <b>7,044,244</b> | <b>6,904,713</b> | <b>139,531</b>      |

## 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     |
|---------------------------------------------|------------------|---------------|----------------|------------------------------|------------------|---------------------------|------------------|
| <b>Balance at 1 January 2016</b>            | <b>1,098,899</b> | <b>87,908</b> | <b>155,533</b> | <b>181,584</b>               | <b>1,523,924</b> | <b>72,128</b>             | <b>1,596,053</b> |
| Net profit/(loss) in income statement       |                  |               |                | 66,878                       | 66,878           | 2,281                     | 69,160           |
| Other comprehensive income/(losses)         |                  |               |                | (8,600)                      | (8,600)          | (69)                      | (8,669)          |
| <b>Total comprehensive income/(loss)</b>    | <b>0</b>         | <b>0</b>      | <b>0</b>       | <b>58,278</b>                | <b>58,278</b>    | <b>2,212</b>              | <b>60,491</b>    |
| Appropriation of net profit/(loss) for 2015 |                  |               | 181,585        | (181,584)                    |                  | 0                         | 0                |
| Dividends paid                              |                  |               |                |                              |                  |                           |                  |
| Change in basis of consolidation            |                  |               | (908)          |                              | (908)            | 734                       | (175)            |
| Other changes                               |                  |               |                |                              |                  |                           |                  |
| <b>Balance at 31 March 2016</b>             | <b>1,098,899</b> | <b>87,908</b> | <b>336,209</b> | <b>58,278</b>                | <b>1,581,295</b> | <b>75,075</b>             | <b>1,656,369</b> |

|                                             | Share capital    | Legal reserve | Other reserves | Net profit/(loss) for period | Total            | Non-controlling interests | Total equity     |
|---------------------------------------------|------------------|---------------|----------------|------------------------------|------------------|---------------------------|------------------|
| <b>Balance at 1 January 2017</b>            | <b>1,098,899</b> | <b>95,188</b> | <b>218,040</b> | <b>259,009</b>               | <b>1,671,136</b> | <b>86,807</b>             | <b>1,757,943</b> |
| Net profit/(loss) in income statement       |                  |               |                | 65,735                       | 65,735           | 2,727                     | 68,462           |
| Other comprehensive income/(losses)         |                  |               |                | 1,489                        | 1,489            | (98)                      | 1,391            |
| <b>Total comprehensive income/(loss)</b>    | <b>0</b>         | <b>0</b>      | <b>0</b>       | <b>67,224</b>                | <b>67,224</b>    | <b>2,629</b>              | <b>69,853</b>    |
| Appropriation of net profit/(loss) for 2016 |                  |               | 259,009        | (259,009)                    | 0                | 0                         | 0                |
| Dividends paid                              |                  |               |                |                              | 0                |                           | 0                |
| Change in basis of consolidation            |                  |               | 9,269          |                              | 9,269            | 1,120                     | 10,389           |
| Other changes                               |                  |               |                |                              | 0                |                           | 0                |
| <b>Balance at 31 March 2017</b>             | <b>1,098,899</b> | <b>95,188</b> | <b>486,318</b> | <b>67,224</b>                | <b>1,747,629</b> | <b>90,556</b>             | <b>1,838,185</b> |

**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2017**

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| Financial position                    | 31 March<br>2017 | 31 December<br>2016 | Increase/<br>(Decrease) | % increase/<br>(decrease) | 31 March<br>2016 | Increase/<br>(Decrease) | % increase/<br>(decrease) |
|---------------------------------------|------------------|---------------------|-------------------------|---------------------------|------------------|-------------------------|---------------------------|
| Non-current assets and liabilities    | 4,217,714        | 4,161,430           | 56,284                  | 1.4%                      | 3,901,343        | 316,371                 | 8.1%                      |
| Net working capital                   | (144,702)        | (276,560)           | 131,858                 | (47.7%)                   | (71,123)         | (73,579)                | 103.5%                    |
| Invested capital                      | 4,073,012        | 3,884,871           | 188,141                 | 4.8%                      | 3,830,220        | 242,792                 | 6.3%                      |
| Net debt                              | (2,234,827)      | (2,126,927)         | (107,900)               | 5.1%                      | (2,173,851)      | (60,976)                | 2.8%                      |
| Total equity                          | (1,838,185)      | (1,757,943)         | (80,242)                | 4.6%                      | (1,656,369)      | (181,816)               | 11.0%                     |
| <b>Balance of net debt and equity</b> | <b>4,073,012</b> | <b>3,884,871</b>    | <b>188,141</b>          | <b>4.8%</b>               | <b>3,830,220</b> | <b>242,792</b>          | <b>6.3%</b>               |

## ANALYSIS OF CONSOLIDATED NET DEBT AT 31 MARCH 2017

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|                                                                          | 31 March 2017      | 31 December 2016   | Increase/<br>(Decrease) | 31 March 2016      | Increase/<br>(Decrease) |
|--------------------------------------------------------------------------|--------------------|--------------------|-------------------------|--------------------|-------------------------|
| Non-current financial assets/(liabilities)                               | 2,697              | 2,074              | 623                     | 3,035              | (338)                   |
| Non-current financial assets/(liabilities) due from/to parent            | 40,268             | 25,671             | 14,597                  | 29,144             | 11,124                  |
| Non-current borrowings and financial liabilities                         | (2,785,581)        | (2,797,106)        | 11,526                  | (2,680,972)        | (104,609)               |
| <b>Net medium/long-term debt</b>                                         | <b>(2,742,616)</b> | <b>(2,769,361)</b> | <b>26,746</b>           | <b>(2,648,793)</b> | <b>(93,823)</b>         |
| Cash and cash equivalents and securities                                 | 531,167            | 665,533            | (134,365)               | 557,312            | (26,145)                |
| Short-term bank borrowings                                               | (91,294)           | (52,960)           | (38,334)                | (59,411)           | (31,883)                |
| Current financial assets/(liabilities)                                   | (59,090)           | (78,130)           | 19,040                  | (76,694)           | 17,604                  |
| Current financial assets/(liabilities) due from/to parent and associates | 127,005            | 107,991            | 19,013                  | 53,735             | 73,270                  |
| <b>Net short-term debt</b>                                               | <b>507,789</b>     | <b>642,434</b>     | <b>(134,646)</b>        | <b>474,942</b>     | <b>32,846</b>           |
| <b>Total debt</b>                                                        | <b>(2,234,827)</b> | <b>(2,126,927)</b> | <b>(107,900)</b>        | <b>(2,173,851)</b> | <b>(60,976)</b>         |

## STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2017

|                                                                               | Q1 2017          | Q1 2016          | Increase/(Decrease) |
|-------------------------------------------------------------------------------|------------------|------------------|---------------------|
| <b><i>Cash flow from/(for) operating activities</i></b>                       |                  |                  |                     |
| Profit before tax from continuing operations                                  | 98,303           | 103,043          | (4,741)             |
| Amortisation and depreciation                                                 | 68,783           | 58,590           | 10,193              |
| Impairment losses/Reversals of impairment losses                              | 13,614           | 5,855            | 7,759               |
| Change in provisions                                                          | 10,896           | 8,060            | 2,836               |
| Net change in staff termination benefits                                      | 2,748            | (84)             | 2,832               |
| Net interest expense                                                          | 18,675           | 21,019           | (2,344)             |
| <b>Cash flows from operating activities before changes in working capital</b> | <b>213,018</b>   | <b>196,483</b>   | <b>16,536</b>       |
| Increase in receivables included in current assets                            | (142,839)        | (83,037)         | (59,801)            |
| Increase/Decrease in payables included in current liabilities                 | 7,782            | (103,481)        | 111,263             |
| Increase/(Decrease) in inventories                                            | (14,450)         | (2,914)          | (11,536)            |
| <b>Change in working capital</b>                                              | <b>(149,507)</b> | <b>(189,433)</b> | <b>39,926</b>       |
| <b>Change in other operating assets/liabilities</b>                           | <b>(31,132)</b>  | <b>(51,482)</b>  | <b>20,349</b>       |
| <b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>                              | <b>32,379</b>    | <b>(44,432)</b>  | <b>76,811</b>       |
| <b><i>Cash flow from/(for) investing activities</i></b>                       |                  |                  |                     |
| Purchase/Sale of property, plant and equipment                                | (53,204)         | (42,754)         | (10,450)            |
| Purchase/Sale of intangible assets                                            | (76,118)         | (51,171)         | (24,947)            |
| Investments                                                                   | 7,746            | 597              | 7,149               |
| Amounts received from/paid for other financial investments                    | (34,356)         | (16,651)         | (17,705)            |
| Interest received                                                             | 4,582            | 6,400            | (1,818)             |
| <b>TOTAL</b>                                                                  | <b>(151,350)</b> | <b>(103,578)</b> | <b>(47,771)</b>     |
| <b><i>Cash flow from/(for) financing activities</i></b>                       |                  |                  |                     |
| Non-controlling interests in capital increase at subsidiaries                 | 177              | (175)            | 352                 |
| Repayments of loans and long-term borrowings                                  | (11,117)         | (31,693)         | 20,577              |
| Reduction/Increase in other short-term borrowings                             | 19,417           | (69,331)         | 88,748              |
| Interest paid                                                                 | (23,872)         | (8,132)          | (15,740)            |
| <b>TOTAL</b>                                                                  | <b>(15,395)</b>  | <b>(109,331)</b> | <b>93,937</b>       |
| <b>Changes in equity after net profit</b>                                     | <b>0</b>         | <b>0</b>         | <b>0</b>            |
| <b><i>Increase/(Decrease) in cash and cash equivalents</i></b>                | <b>(134,365)</b> | <b>(257,341)</b> | <b>122,976</b>      |
| <b><i>Net cash and cash equivalents at beginning of period</i></b>            | <b>665,533</b>   | <b>814,653</b>   | <b>(149,120)</b>    |
| <b><i>Net cash and cash equivalents at end of period</i></b>                  | <b>531,167</b>   | <b>557,312</b>   | <b>(26,144)</b>     |