



**Interim Report on Operations
of the ACEA Group
at 30 September 2014**



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ACEA Organisational Model

ACEA is one of the major Italian multiutility operators, and has been quoted on the stock exchange since 1999.

ACEA adopts an operational model based on an organisational layout in line with the Strategic-Business Industrial Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. ACEA's macro structure is organised in corporate functions and four operating segments – Environment, Energy, Water and Networks.

The activities of each business segment is described below.

Environment segment

The ACEA Group is a major Italian operator in the urban management of environmental services. It runs waste-to-energy plants and composting plants to recover waste and turn the same into compost. In particular, the Group develops investments in the waste to energy business, and organic waste management, in accordance with the strategic goal of the Group aimed at producing energy from waste and protecting the environment.

Energy segment

The ACEA Group is a major operator in Italy in the sale of electricity and offers innovative and flexible solutions for the supply of electricity and natural gas. Acea operates in all market segments, offering its services to families and major companies alike. Finally, the Group operates in the energy generation sector, running hydroelectric and thermoelectric plants in Lazio, Umbria and Abruzzo.

Water Segment

The ACEA Group is the biggest Italian operator in the water sector supplying water to 8.5 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria and Campania. The Company completes the quality of the services offered with the sustainable management of water resources and respect of the environment. The Group has developed know how at the forefront in the design, construction and management of integrated water systems: from the source to the aqueducts, from distribution to the sewer network, and treatment. Laboratory services are of particular importance.

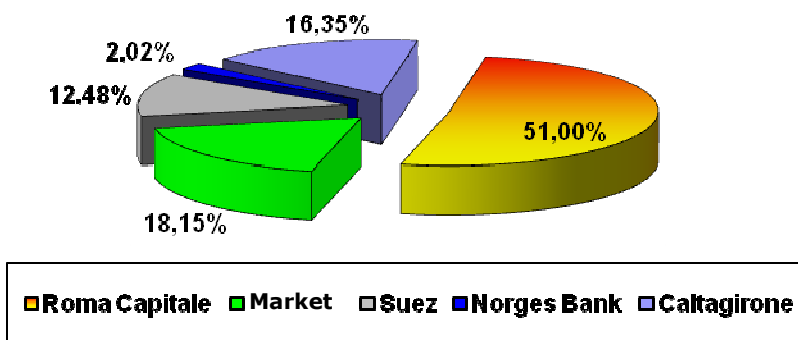
Networks Segment

The ACEA Group is a major operator in Italy with over 11 TWh of electricity distributed in Rome, where the Group manages the distribution network providing services for 2.7 million people. The Group also manages the public and artistic lighting of the capital, applying solutions that strive to become more and more efficient with a lower environmental impact every year. The ACEA Group is committed to energy efficiency projects and the development of new technologies, such as smart grids and electric mobility, through particularly innovative pilot projects.

The Group structure, in the various business segments, comprises the following main companies.



The share capital of ACEA S.p.A. at 30 September 2014 is broken down as follows:



* The above chart only shows equity investments of more than 2%, as confirmed by CONSOB data.



Corporate bodies

Board of Directors

Catia Tomasetti	Chairman
Alberto Irace	CEO
Francesco Caltagirone	Director
Diane D'Arras	Director
Giovanni Giani	Director
Elisabetta Maggini	Director
Paola Antonia Profeta	Director

Board Of Statutory Auditors

Enrico Laghi	Chairman
Corrado Gatti	Statutory Auditor
Laura Raselli	Statutory Auditor
Franco Biancani	Alternate Auditor
Antonia Coppola	Alternate Auditor

Executive Responsible for Financial Reporting

Franco Balsamo

Effects deriving from the application of IFRS10 (Consolidated Financial Statements) and IFRS11 (Joint control agreements)

From 1 January 2014 it is obligatory to adopt new international accounting standards for financial reporting.

In particular, these standards are IFRS10 (Consolidated Financial Statements) and IFRS11 (Joint control agreements)

As described in greater detail in the Consolidated Financial Statements, in order to verify whether the new concept of control will mean changes in the consolidation method used by some Companies, the Group analysed corporate deeds and documents (by-laws, shareholders' agreements, contracts, ...).

As well as this on the paper analysis, the effective and concrete dynamics of corporate governance were analysed, also taking into account the shareholders' identity, the aim of their respective equity investments and the contribution of each party to the development of business.

This analysis involved several investments in the Acea Group with particular reference to the investments in the water companies in Tuscany, Umbria and Campania that under the existing provisions of the by-laws or shareholders' agreements on ownership structure and governance are consolidated using the proportionate method.

Despite the fact that ACEA represents the Industrial Partner in the Companies in question, and through the Chief Executive Officer with partial designation rights, has ample administrative powers over all operating segments, the result of the analysis confirmed the investments in the Water companies in Tuscany, Umbria and Campania are conventionally considered within the scope of application of IFRS 11 so, from 1 January 2014, the only consolidation method allowed is the equity method.

The list of the legal entities affected by said change are shown in the following table

Operating segment	Company	Consolidation method until 31/12/2013	Consolidation method as of 01/01/2014
Environment	Comed	Proportionate	Equity method
Energy	Umbria Energy	Proportionate	Line-by-line
	Elga Sud	Proportionate	Line-by-line
	Voghera Energia Vendita S.p.A. in liquidation	Proportionate	Equity method
Water	Consorzio Agua Azul	Proportionate	Equity method
	Acque and subsidiaries	Proportionate	Equity method
	Publiacqua and subsidiaries	Proportionate	Equity method
	Umbra Acque	Proportionate	Equity method
	Acquedotto del Fiora	Proportionate	Equity method
	GORI	Proportionate	Equity method
	Intesa Aretina and Nuove Acque	Proportionate	Equity method
Networks			
	Ecogena	Proportionate	Note ¹

¹ The Company Ecogena is consolidated in full from 1 January 2014 by effect of the changes to the corporate structure. For more information, refer to paragraph "Basis of consolidation".



Said change has a significant impact on the representation of the income statement items and statement of financial position items of the Group as, instead of using a line-by-line method on the basis of the percentage held by each company, the following has become obligatory:

- ✚ in the income statement, show only the condensed results of said companies obtained substantially from the change in net equity and
- ✚ in the statement of financial position show only the item Equity Investments, which is increased or decreased by the condensed result of the period.

As the above-mentioned standards have retrospective effect, the statement of financial position items of the Consolidated Financial Statements at 31 December 2013 and the income statement items of the Interim Report on Operations at 30 September 2013 were restated and represented for merely comparative purposes.

The following tables show the changes in the consolidated income statement at 30 September 2013 and the consolidated statement of financial position at 31 December 2013.

Condensed income statement (€ millions)	30/09/13	Effects IFRS10 and IFRS11	30/09/13 Restated
Consolidated net revenue	2,627.0	(216.8)	2,410.3
Consolidated operating costs	2,081.6	(123.8)	1,957.8
Income/(Costs) from equity investments of a non-financial nature	0.0	31.8	31.8
Net income/(costs) from <i>commodity</i> risk management	0.1	0.0	0.1
EBITDA	545.4	(61.0)	484.4
Amortisation, depreciation, impairment charges and provisions	266.3	(51.0)	215.3
EBIT	279.1	(10.1)	269.0
Finance income/(costs)	(65.5)	(9.3)	(74.8)
Income/(Costs) from equity investments	(2.5)	0.0	(2.5)
Profit/(loss) before tax	211.1	(19.4)	191.7
Taxation	97.6	(19.4)	78.2
Net profit (loss)	113.4	0.1	113.5
Profit/(loss) attributable to non-controlling interests	8.9	0.1	9.0
Net profit/(loss) attributable to the Group	104.6	0.1	104.5

As can be seen in the above statement, the condensed result deriving from consolidation using the equity method is included in the components of the Consolidated Gross operating profit (EBITDA), in the item **(Costs)/Income from equity investments of a non-financial nature**, as no events occurred leading to a change in the provisions of the by-laws or the shareholders' agreements and the managerial activities of the industrial partners.

Condensed Statement of Financial Position (€ millions)	31/12/2013	Effects IFRS10 and IFRS11	31/12/2013 Restated
Property, plant and equipment and intangible assets	3,970.2	(575.1)	3,395.1
Goodwill	149.0	0.6	149.6
Equity investments	14.7	200.6	215.3
Other non-current assets	464.7	(72.2)	392.5



Condensed Statement of Financial Position (€ millions)	31/12/2013	Effects IFRS10 and IFRS11	31/12/2013 Restated
Non-current assets	4,598.5	(446.0)	4,152.5
Inventories	37.3	(3.6)	33.8
Trade receivables	1,500.7	(154.1)	1,346.6
Cash and cash equivalents	589.5	(26.4)	563.1
Other current assets	354.6	(32.9)	321.7
Current assets	2,482.1	(217.0)	2,265.1
Assets held for sale	6.7	0.0	6.7
Total assets	7,087.4	(663.1)	6,424.3
Group Shareholders' Equity	1,322.6	0.0	1,322.6
Non-controlling interests	82.8	1.4	84.2
Equity Method	1,405.4	1.4	1,406.8
Staff termination benefits and other defined benefit plans	117.4	(10.5)	106.9
Borrowings and financial liabilities	2,507.6	(146.7)	2,360.9
Provision for liabilities and charges	262.5	(56.5)	206.1
Other non-current liabilities	456.2	(201.7)	254.5
Non-current liabilities	3,343.8	(415.4)	2,928.4
Trade payables	1,306.9	(99.3)	1,207.6
Borrowings	698.1	(98.2)	599.9
Other current liabilities	331.8	(51.5)	280.3
Current liabilities	2,336.8	(249.0)	2,087.8
Liabilities directly associated with assets held for sale	1.3	0.0	1.3
Total Liabilities and Shareholders' Equity	7,087.4	(663.1)	6,424.3



Application of IFRS 10 and 11: 2013 restatement

Income Statement

	At 31/03/2013 <i>Restated</i>	At 30/06/2013 <i>Restated</i>	At 30/09/2013 <i>Restated</i>	At 31/12/2013 <i>Restated</i>
Revenue from sales and services	812.1	1,616.5	2,374.0	3,203.6
Other revenue and proceeds	10.9	25.7	36.3	85.4
Consolidated net revenue	823.1	1,642.2	2,410.3	3,289.0
Staff costs	57.2	118.7	179.3	238.3
Costs of materials and overheads	614.3	1,218.9	1,778.5	2,405.7
Consolidated operating costs	671.5	1,337.6	1,957.8	2,644.0
Net income/(costs) from commodity risk management	0.0	0.0	0.1	0.1
Income/(Costs) from equity investments of a non-financial nature	5.4	26.2	31.8	30.3
Gross Operating Profit	157.0	330.8	484.4	675.4
Amortisation, depreciation, provisions and impairment charges	67.7	149.1	215.3	312.2
Operating profit/(loss)	89.3	181.8	269.0	363.2
Financial income	5.6	10.0	17.0	27.1
Financial costs	(28.8)	(61.3)	(91.8)	(126.4)
Income/(Costs) from investments	1.4	(1.8)	(2.5)	(4.8)
Profit/(loss) before tax	67.5	128.6	191.7	259.2
Taxation	28.6	51.6	78.2	105.8
Net profit/(loss)	38.9	77.1	113.5	153.4
<i>Profit/(loss) attributable to non-controlling interests</i>	<i>2.1</i>	<i>6.4</i>	<i>8.9</i>	<i>11.4</i>
Net profit/(loss) attributable to the Group	36.8	70.6	104.6	141.9
Earnings (loss) per share (€)				
basic	0.1729	0.3316	0.4909	0.6665
diluted	0.1729	0.3316	0.4909	0.6665

Amount € millions



Balance Sheet

ASSETS	At 31/03/2013 <i>Restated</i>	At 30/06/2013 <i>Restated</i>	At 30/09/2013 <i>Restated</i>	At 31/12/2013 <i>Restated</i>
Property, plant and equipment	2,008.0	2,012.0	2,012.3	2,006.2
Investment property	2.9	2.9	2.9	2.9
Goodwill	147.7	147.7	149.8	149.6
Concessions	1,263.2	1,285.9	1,302.9	1,317.3
Other intangible fixed assets	71.2	63.9	67.9	68.8
Equity investments in subsidiaries and associates	189.8	208.2	211.4	212.0
Other equity investments	4.8	4.7	4.7	3.3
Deferred tax assets	330.3	332.5	338.5	309.0
Financial assets	31.8	34.2	34.5	34.8
Other assets	52.3	51.3	50.0	48.8
NON-CURRENT ASSETS	4,102.0	4,143.4	4,174.8	4,152.5
Inventories	38.8	37.9	37.9	33.8
Trade receivables	1,406.4	1,342.6	1,326.9	1,346.6
Other current assets	129.4	104.3	95.5	111.4
Current tax assets	65.3	58.2	101.1	92.0
Current financial assets	167.2	126.4	143.4	118.3
Cash and cash equivalents	163.0	281.8	360.9	563.1
CURRENT ASSETS	1,970.2	1,951.2	2,065.8	2,265.1
Non-current assets held for sale	6.7	6.7	6.7	6.7
TOTAL ASSETS	6,078.9	6,101.3	6,247.3	6,424.3
LIABILITIES	At 31/03/2013 <i>Restated</i>	At 30/06/2013 <i>Restated</i>	At 30/09/2013 <i>Restated</i>	At 31/12/2013 <i>Restated</i>
Shareholders' equity				
share capital	1,098.9	1,098.9	1,098.9	1,098.9
statutory reserve	162.2	167.2	167.2	167.4
other reserves	(446.5)	(439.8)	(435.2)	(468.7)
retained earnings/ (losses)	422.9	398.1	396.1	383.1
profit (loss) for the year	36.8	70.6	104.6	141.9
Total Group Shareholders' Equity	1,274.3	1,295.0	1,331.5	1,322.6
Non-controlling interests	79.7	81.9	84.1	84.2
Total shareholders' equity	1,354.0	1,376.9	1,415.6	1,406.8
Staff termination benefits and other defined benefit plans	113.9	115.5	112.4	106.9
Provision for liabilities and charges	217.9	204.2	201.1	206.1
Borrowings and financial liabilities	2,017.0	1,998.5	2,379.2	2,360.9
Other liabilities	157.1	156.8	158.1	161.5
Provision for deferred taxes	85.3	88.6	92.1	93.0
NON-CURRENT LIABILITIES	2,591.1	2,563.5	2,942.8	2,928.4
Trade payables	1,086.7	1,121.5	1,067.6	1,207.6
Other current liabilities	227.7	241.7	229.4	239.1
Borrowings	749.0	699.0	476.9	599.9
Tax Payables	69.0	97.4	113.6	41.2
CURRENT LIABILITIES	2,132.4	2,159.6	1,888.9	2,087.8
Liabilities directly associated with assets held for sale	1.3	1.3	1.3	1.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,078.9	6,101.3	6,247.3	6,424.3

Amount € millions

Summary of Results

As described in the previous paragraph, due to the effect of international accounting standards IFRS10 and IFRS11 coming into force, the economic data at 30 September 2013 and the consolidated balance sheet data at 31 December 2013 were restated and are shown for merely comparative reasons.

Income Statement Data (million euros)	30/09/2014	30/09/2013 <i>restated</i>	Increase/ (Decrease)	% Increase/ (Decrease)
Consolidated net revenue	2,280.7	2,410.3	(129.6)	(5.4%)
Consolidated operating costs	1,789.5	1,957.8	(168.3)	(8.6%)
Income/(Costs) from equity investments of a non-financial nature	13.8	31.8	(18.1)	(56.8%)
- of which: EBITDA	90.8	93.2	(2.4)	(2.6%)
- of which: Amortisation, depreciation, impairment charges and provisions	(60.3)	(51.2)	(9.1)	17.8%
- of which: Financing activities	(6.4)	9.4	(15.7)	(168.1%)
- of which: (Profit)/ loss on investments	0.0	0.0	0.0	0.0%
- of which: Taxation	(10.3)	(19.5)	9.2	(47.2%)
Net income/(costs) from <i>commodity</i> risk management	(0.0)	0.1	(0.1)	0.0%
EBITDA	504.9	484.4	20.5	4.2%
EBIT	274.5	269.0	5.5	2.0%
Net profit (loss)	117.7	113.5	4.2	3.7%
Profit/(loss) attributable to minority interests	4.9	9.0	(4.1)	(45.7%)
Net profit/(loss) attributable to the Group	112.8	104.5	8.3	8.0%

EBITDA per Operating Segment (million euros)	30/09/2014	30/09/2013 <i>restated</i>	Increase/ (Decrease)	% Increase/ (Decrease)
ENVIRONMENT	39.8	36.6	3.2	8.7%
ENERGY	64.4	60.9	3.5	5.7%
Production	26.5	28.0	(1.5)	(5.4%)
Energy Management	0.0	0.7	(0.7)	(100.0%)
Sales	37.9	32.2	5.7	17.7%
WATER:	215.1	199.2	15.9	8.0%
Overseas	2.0	2.9	(0.9)	(31.0%)
Lazio - Campania	195.1	171.8	23.3	13.6%
Tuscany - Umbria	10.7	19.1	(8.4)	(44.0%)
Engineering	7.2	5.4	1.8	33.3%
NETWORKS	184.4	184.2	0.2	0.1%
ACEA (Corporate)	1.1	3.4	(2.3)	(67.6%)
Total EBITDA	504.9	484.4	20.5	4.2%

Consolidated balance sheet data (million euros)	30/09/2014	31/12/2013 <i>restated</i>	Increase/(Decrease)	30/09/2013 <i>restated</i>	Increase/(Decrease)
Net Invested Capital	3,873.2	3,655.5	217.7	3,734.2	139.0
Net Debt	(2,412.0)	(2,248.6)	(163.4)	(2,318.5)	(93.5)
Consolidated Shareholders' Equity	(1,461.2)	(1,406.8)	(54.4)	(1,415.6)	(45.6)

Net Debt per Operating Segment (million euros)	30/09/2014	31/12/2013 restated	Increase/ (Decrease)	30/09/2013 restated	Increase/ (Decrease)
ENVIRONMENT	180.5	184.6	(4.2)	186.6	(6.1)
ENERGY	399.2	302.6	96.6	348.0	51.2
Production	146.0	140.7	5.4	156.5	(10.5)
Sales	253.2	162.0	91.2	191.5	61.7
WATER	681.1	610.8	70.3	610.0	70.9
Overseas	(1.5)	(9.6)	8.2	(10.3)	8.9
Lazio - Campania	672.2	617.7	54.5	616.1	56.1
Tuscany - Umbria	(1.1)	(0.2)	(0.8)	0.1	(1.1)
Engineering	11.4	2.9	8.5	4.2	7.2
NETWORKS	681.3	683.5	(2.3)	748.8	(67.6)
ACEA (includes also public lighting)	469.9	467.0	2.9	425.0	44.9
Total	2,412.0	2,248.6	163.4	2,318.5	93.5

Investments per Operating Segment (million euros)	30/09/2014	30/09/2013 restated	Increase/ (Decrease)
ENVIRONMENT	7.3	6.8	0.5
ENERGY	11.2	8.1	3.1
Production	7.0	4.1	2.9
Energy Management	0.0	0.0	0.0
Sales	4.2	4.1	0.1
WATER	105.4	99.5	5.9
Overseas	0.6	0.0	0.6
Lazio - Campania	104.4	99.3	5.1
Tuscany - Umbria	0.0	0.0	0.0
Engineering	0.4	0.2	0.2
NETWORKS	85.3	75.1	10.2
ACEA (Corporate)	9.7	7.6	2.1
Total	218.9	197.2	21.7

If the Group continued to apply the accounting standards used up to 31 December 2013, the main economic/financial and consolidated balance sheet data would be as shown in the following tables.

Economic Data (million euros)	30/09/2014 adjusted	30/09/2013	Increase/ (Decrease)	% Increase/ (Decrease)
EBITDA	581.9	545.4	36.4	6.7%
EBIT	291.2	279.1	12.1	4.3%
Net profit (loss)	117.7	113.4	4.3	3.8%

Income Statement Data (million euros)	30/09/2014	adjusted	30/09/2014 adjusted	30/09/2013	Increase/ (Decrease)	% Increase/ (Decrease)
EBITDA	504.9	77.0	581.9	545.4	36.4	6.7%
- Amortisation, depreciation, impairment charges and provisions	230.3	60.3	290.6	266.3	24.3	9.1%
EBIT	274.5	16.7	291.2	279.1	12.1	4.3%



Income Statement Data (million euros)	30/09/2014	adjusted	30/09/2014 adjusted	30/09/2013	Increase/ (Decrease)	% Increase/ (Decrease)
- Financing activities	(76.7)	(6.4)	(83.1)	(65.5)	(17.5)	26.7%
- (Costs)/Income from investments	0.6	0.0	0.6	(2.5)	3.1	(122.2%)
Profit/(loss) before tax	198.4	10.3	208.7	211.1	(2.3)	(1.1%)
- Taxation	80.7	10.3	91.0	97.6	(6.6)	(6.8%)
Net profit (loss)	117.7	0.0	117.7	113.4	4.3	3.8%
Profit/(loss) attributable to minority interests	4.9	0.0	4.9	8.9	(4.0)	(45.0%)
Net profit/(loss) attributable to the Group	112.8	0.0	112.8	104.6	8.2	7.9%

Consolidated balance sheet data (million euros)	30/09/2014 adjusted	30/09/2013	Increase/ (Decrease)	% Increase/ (Decrease)
Capex	271.2	245.9	25.3	10.3%
Net Debt	(2,645.3)	(2,536.7)	108.6	4.3%

Consolidated balance sheet data (million euros)	30/09/2014 adjusted	31/12/2013	Increase/ (Decrease)	% Increase/ (Decrease)
Net Debt	(2,645.3)	(2,468.2)	177.1	7.2%

Reference context

Performance of the equity markets and the ACEA share

In the first nine months of 2014, the performance of the international stock markets was diverging and highly volatile.

ITALIAN STOCK EXCHANGE

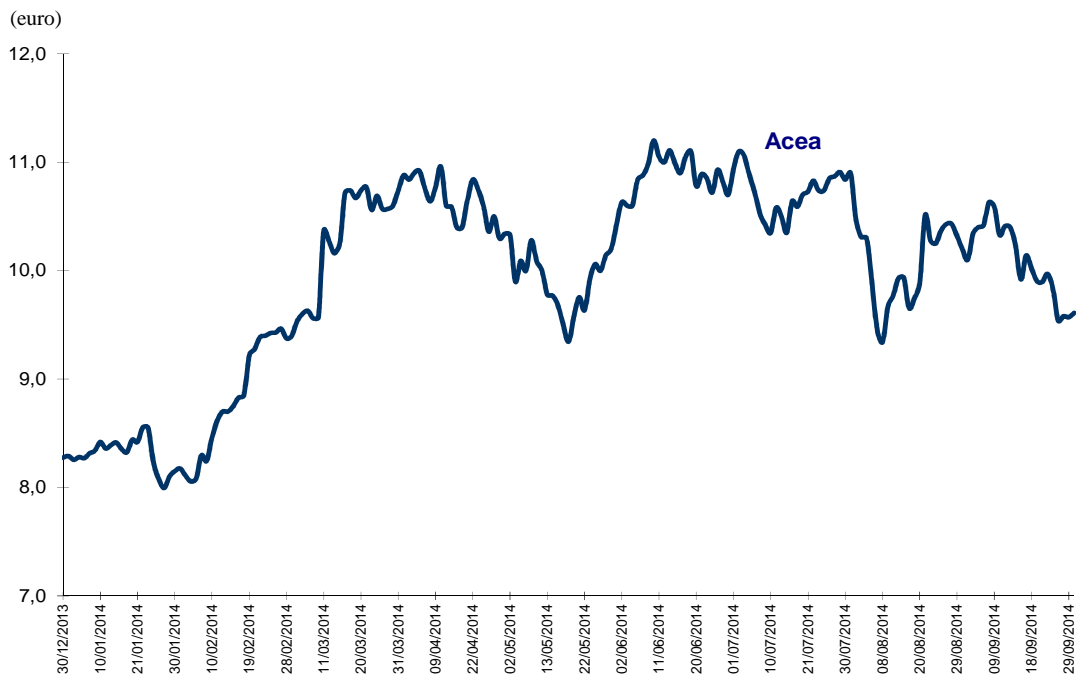
The changes in the principal indexes are shown below: **FTSE MIB +10.15%, FTSE Italia All Share +9.04% and FTSE Italia Mid Cap -1.37%.**

PERFORMANCE OF THE ACEA SHARE IN THE PERIOD OF REFERENCE

In the first nine months of 2014, the ACEA share “out-performed” the market in general with a gain of 16.13% compared to a 1.37% drop of the FTSE Italia Mid Cap.

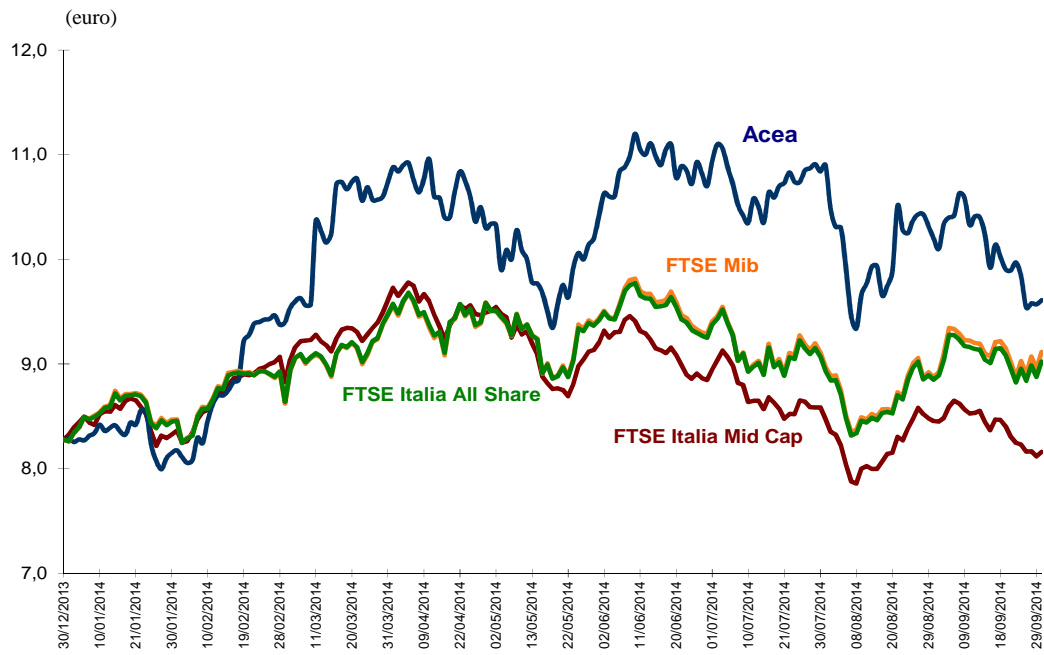
ACEA's share price stood at 9.61 euros at 30 September 2014, corresponding to a capitalisation of 2,046.6 million euros. In the first nine months of 2014 a high of 11.20 euros was recorded on 10 June with a low of 7.995 euros on 28 January.

The average daily traded volumes amounted to 115,000 (substantially in line with those recorded in the first nine months of 2013).



(Source: Bloomberg)

The following graph shows re-based figures for ACEA's share price, compared to Stock Market indexes.



(grafico normalizzato ai valori di Acea – Fonte Bloomberg)

graph normalized to Acea values – Source Bloomberg

	% increase/decrease 30/09/2014 (compared to 31/12/2013)
Acea	+16.13%
FTSE Italia All Share	+9.04%
FTSE Mib	+10.15%
FTSE Italia Mid Cap	-1.37%

(Source: Bloomberg)

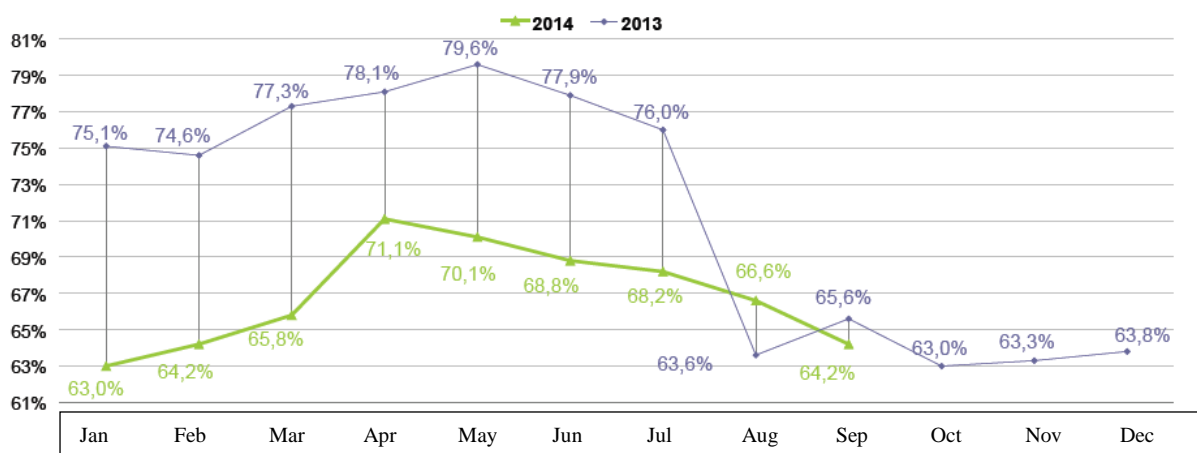
Energy market

Electricity demand in Italy in the first nine months of 2014 (231,797 GWh) decreased by 3.0% compared to the same period in the previous year. In non-calendar terms the decrease was -2.9%. 87.4% of electricity requirements were covered by national production and the remaining 12.6% by imports from abroad (balance of imports +2.3% compared to September 2013). 59.9% of the same electricity requirements were covered by thermoelectric production, 22.8% by hydroelectric production, and 17.3% by PV production and other renewable sources.

In this context, net national production in the first nine months of 2014 (202,694 GWh) decreased by 3.8% compared to the same period in 2013. Except for wind power (-1.0%) and thermoelectric power (-10.2%), there was an increase in all Italian production on the previous year, in particular: PV (+8.9%), hydroelectric (+10.0%) and geothermal production (+3.9%).

GWh	30/09/2014	30/09/2013	increase/decrease % 2014/2013
Net Production			
- Hydroelectric	46,210	42,012	10.0%
- Thermoelectric	121,391	135,251	(10.2%)
- Geothermal	4,132	3,975	3.9%
- Wind power	11,316	11,433	(1.0%)
- PV Power	19,645	18,033	8.9%
Total Net Production	202,694	210,704	(3.8%)
Imports	32,936	31,853	3.4%
Exports	2,149	1,761	22.0%
Balance of Imports	30,787	30,092	2.3%
Pumping systems consumption	1,684	1,792	(6.0%)
Electricity Demand	231,797	239,004	(3.0%)

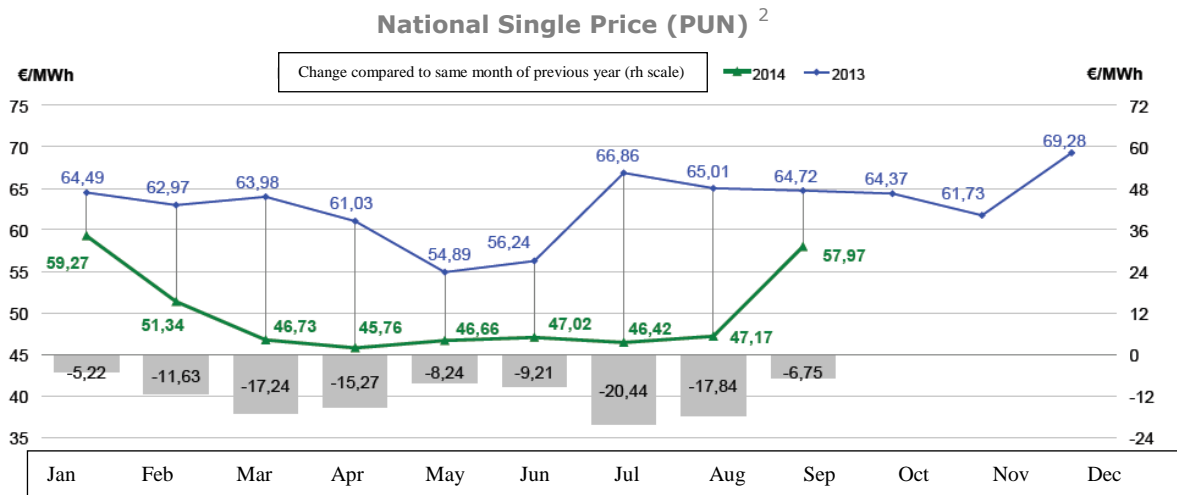
Liquidity on the DAM ²



The purchase price for electricity (PUN) continued to drop with a new decrease on an annual basis (- 6.75 €/MWh; - 10.4%) reaching 57.97 €/MWh. An analysis by time bands shows a similar situation: at peak times the PUN reached 63.92 €/MWh with the downward trend at the beginning

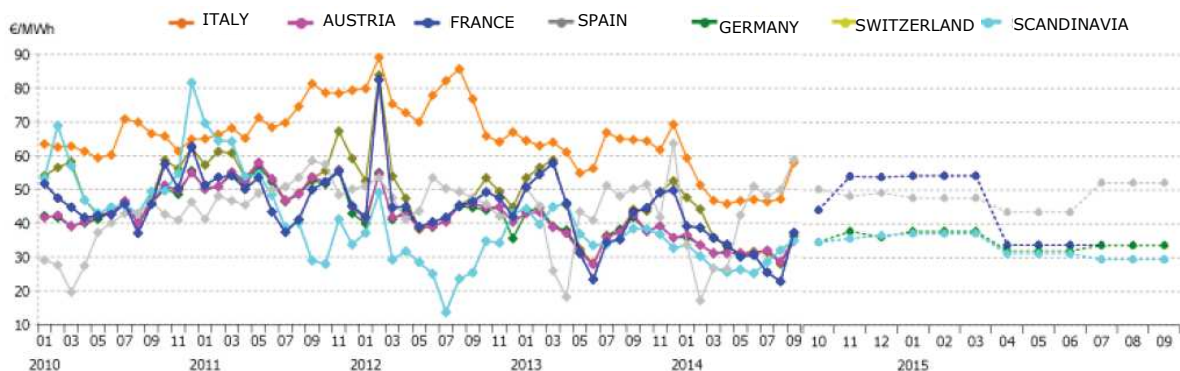
of the year slowing (- 4.49€/MWh; - 6.6%), while the maximum annual off-peak price was 54.53 €/MWh (- 8.21 €/MWh); - 13.1% on an annual basis).

The average sale prices dropped in a downtrend in all areas (although less than in the previous six months) and, except in the two island zones, reached figures which were on average higher than those of previous months. In Central Italy and Sardinia, where hourly sale prices sometimes drop to the minimum 0 €/MWh, the monthly average remained below 54 €/MWh. In Sicily the sale price reached 87.68 €/MWh.



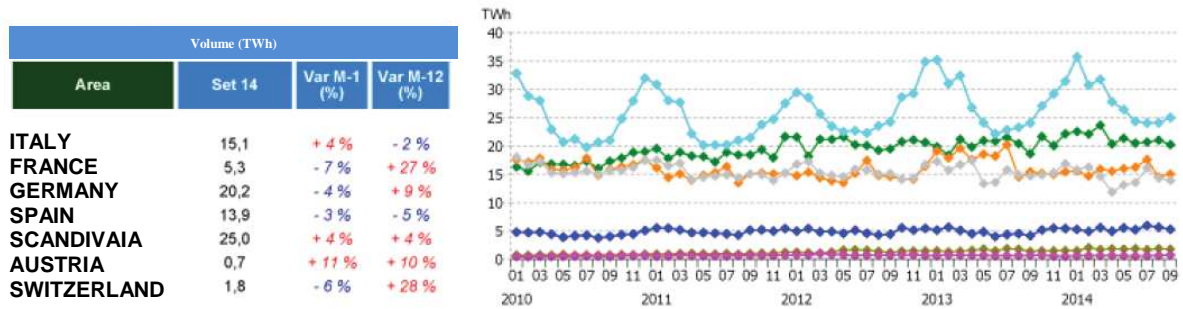
The downtrend on the European Power Exchanges continued although prices increased slightly in September 2014 on the short-term with the French price (37 €/MWh; + 64% compared to the previous month) higher than the German price (35 €/MWh; + 25% compared to the previous month). In this context the Italian price in September 2014 reached 58 €/MWh (+ 23% compared to the previous month) as was also the case at the beginning of 2014. The Spanish price (59 €/MWh; +18%), is the only price which increased compared to 2013 (+ 17%), and remains in line with the Italian price.

Price on the European Power Exchanges (arithmetic mean €/MWh) ²



² Source: Energy Market Operator (GME) - October 2014, GME Newsletter

Annual and Monthly Volumes on European Power Exchange spot markets ²



In Italy, total natural gas consumption fell compared to the previous thermal year (- 8.8%), due to both the drop in consumption in the thermoelectric sector (- 11.6%) penalized by the competition of renewable sources and the continuing economic crisis, and by the most significant drop in recent years in the civil sector (- 11.1%). Consumption in the industrial sector (+ 1.3%) represents a contrasting trend compared to the previous two thermal years.

Regulations and tariffs

The main updates in the third quarter of 2014 are shown below; for more information, please refer to the 2014 Interim Condensed Consolidated Financial Statements and the 2013 Consolidated Financial Statements.

Incentive schemes for the production of energy from renewable sources

Changes to the feed-in tariffs for electricity produced from photovoltaic systems - Legislative Decree No. 91 of 24 June 2014

Decree Law 91/2014, converted into Law No. 116 - 11 August 2014, provides for a restructuring of the feed-in tariff for electricity generated by photovoltaic plants with a nominal output of over 200 kW, with effect from 1 January 2015.

From 1 January 2015, the feed-in tariff for the energy produced by these plants is restructured, on the operator's choice, on the basis of one of the following options to be reported to the GSE by 30 November 2014:

- a) according to a percentage of between 25% and 17%, depending on the residual number of years of incentive for each plant and is paid for a period of 24 years beginning from when the plant goes into service.
- b) without prejudice to the 20-year disbursement period, the tariff is restructured with an initial period of use at a lower incentive compared to the current one with a second period of use of an incentive increased by the same amount. The restructuring percentages are established by Ministry of Economic Development decree, after consulting the AEEGSI, so that if all those with a right to an option adhere, there will be savings of at least 600 million euro per year for the 2015-2019 period, compared to the disbursement with the tariffs currently in force;
- c) without prejudice to the 20-year disbursement, the tariff is reduced by the percentage share of the incentive valid when the decree comes into effect, for the rest of the incentive period, according to the following amounts:
 - (1) 6% for plants with a nominal output of over 200 kW up to a nominal output of 500 kW;
 - (2) 7% for plants with a nominal output of over 500 kW up to a nominal output of 900 kW;
 - (3) 8% for plants with a nominal output of over 900 kW.

If no notification is received from the operator, the GSE will apply the option in letter c).

The same reductions also apply to the incentive component of the all-inclusive tariffs paid pursuant to the Decree of the Minister of Economic Development of 5 July 2012.

The beneficiary of the feed-in-tariff subject to the above provisions, can access bank loans for a maximum amount equal to the difference between the incentive already accrued at 31 December 2014 and the restructured incentive as described above. These loans may benefit from dedicated funding or a guarantee granted by Cassa Depositi e Prestiti (CDP), either cumulatively or alternatively on the basis of specific agreements with the banking system; these apply to funds referred to in Article 5, paragraph 7, letter a) of Decree-Law No. 269 of 30 September 2003, converted with amendments by Law No. 236 of 24 November 2003. CDP exposure is guaranteed by the Italian Government pursuant to Article 1, paragraph 47 of Law No. 147 of 27 December 2013, according to the criteria and procedures established by a non-regulatory decree of the Minister of Economy and Finance.

In addition, the validity period of the permits issued for the construction and operation of the photovoltaic plants in question is adjusted to the duration of the restructured incentive, as described above.

Note that Decree-Law No. 91/14 acknowledges the possibility of transferring, through specific bidding procedures, a share of up to 80% of the incentives for the production of electrical energy from renewable sources (not just PV) to purchasers selected from amongst major European financial operators. Within 90 days of when the above converted law decree comes into force, the

AEEGSI must take the necessary steps to regulate every aspect of the bidding to transfer the shares of incentives and the purchaser selection procedure to maximize participation. Said mechanism however, is subject to verification of the compatibility of the effects of the operation with the balance of public funds, by the Minister of Economy and Finance.

The above-mentioned decree also provides for the adoption of additional measures, including specifically: (i) the cost of the GSE's activity concerning the mechanisms for providing incentives and support to enterprises for renewable energy and energy efficiency will be paid by the beneficiaries of the same activity, and will no longer be considered a general A3 component charged to consumers, firms and households and (ii) starting from 1 July 2014, the AEEGSI must exclude the charges for the employee discount provided by the national collective agreement for the electricity industry from the applied tariffs.

The evolution of environmental, water and energy efficiency legislation

[Transposition of EU Directive 2010/75 on industrial emissions: changes and new provisions introduced in Chapter II of Italian Legislative Decree No. 152/06 and subsequent amendments of Italian Legislative Decree No. 46/2014.](#)

Legislative Decree No. 46 - 4 March 2014 "Implementation of EU Directive 2010/75 on industrial emissions (Integrated Pollution Prevention and Control)", introduces significant changes and amendments to Italian Legislative Decree No. 152 - 3 April 2006 in particular concerning authorization procedures, sanctioning control and profiles, for activities with a high pollution potential that come within the scope of EC Directive 2008/1 also known as the "IPPC Directive" and the following EU Directive 2010/75.

Particular attention must be paid to the reformulation of Annex VIII in Part II of Italian Legislative Decree No. 152/2006, which specifies new activities subject to Integrated Environmental Authorisation.

For these activities, subject "ex novo" to Integrated Environmental Authorisation regulations, by 7 September 2014 the applicant must present an application for adjustment to the requirements of Chapter III-bis in Part II of Legislative Decree 152/2006.

The requirements were fulfilled for plants that come under the above-mentioned regulations.

[Legislative Decree No. 102 - 4 July 2014: implementation of EU Directive 2012/27 on energy efficiency](#)

Legislative Decree No. 102 - 4 July 2014, which came into force on 19 July 2014, implemented European Directive 2012/27/EU on energy efficiency. In particular, measures are envisaged to increase end users' awareness of energy consumption by on the one hand, promoting systems so end users can gain access to their own consumption figures (including complementary information on past consumption) and real time energy use, and on the other through more precise invoicing based on real consumption at least once a year. Furthermore, the AEEGSI must guarantee processing end users' archives using independent structures not linked to any subject with specific interests in the energy sector or with a potential conflict of interest. On a gradual basis the AEEGSI must also adjust the electricity tariff components of domestic customers with the aim of going beyond the progressive structure of consumption and adjust the above components to the cost of the relevant service, to encourage virtuous behaviour by citizens. The AEEGSI also acquires competence in the promotion of the development of the district heating and district cooling service, on the basis of Minister of Economic Development guidelines. Furthermore, specific obligations for performing periodic energy diagnostics are envisaged for major companies and energy-intensive enterprises starting 5 December 2015. The new obligations come with a complex system of sanctions which, on the basis of the specific violation, envisages the application of penalties by various subjects (the Minister of Economic Development, the Regional Authorities or the Authority).

Decree Law No. 133 of 12 September 2014, the so-called "Sblocca Italia" (Unlock Italy) implementing "Urgent measures to open construction sites, proceed with public works, promote digitalization in Italy, simplify the bureaucratic machine, deal with emerging hydrogeological disruption and for a resumption of productive activities"

Article 7 of the "Unlock Italy" Law Decree introduces a series of changes and integrations to Legislative Decree No. 152/06 (so-called Consolidated Environment Act). In particular, the new regulations on the one hand concern the institutional and organizational layout of the sector and on the other, the quality of the environment and the service provided for end users, also in relation to observing European standards, through the promotion of action at an infrastructural level in the sector. Concerning "governance" Law Decree 133/14 continues the process of reordering the same, requiring **local authorities participate as part of the regulatory agency**, which replaces the Area Authority, identified by regional competence for each ATO and to which the competences of the same are transferred concerning the management of water resources, including planning sector infrastructures. In the case of non-adherence of the regulatory agency within 60 days from when Law Decree 133/14 comes into effect, the latter attributes powers of substitution to the President of the Regional Government or, in the case of inactivity, to the President of the Council of Ministers, on AEEGSI's request.

On the question of operators, the principle of the **sole area operator** is reintroduced instead of the unitary criterion previously envisaged. Furthermore, if the ATO is the same Regional Authority, there is the possibility of approving assignments for territorial authorities of the same size as provinces or metropolitan cities.

In consideration of the result of the June 2014 referendum, and in order to avoid any doubts related to the same, Law Decree 133/14 clarifies the allocation of the service, which is the sole prerogative of the regulatory agency, in the ways and using the procedures in European legislation in accordance with national laws on the organization of local public services in a network of economic relevance and on the basis of the sole operator principle. In order to guarantee the efficiency, effectiveness and continuity of the IIS, the regulatory agency appoints the sole area operator at least six months before the end of the previous concession.

As the relations between the regulatory agency and the operator are governed by a uniform agreement drawn up by the regulatory agency on the basis of the agreements adopted by the AEEGSI, the following are included in the minimum content of the same agreements: the duration of the concession (no longer than thirty years), the possibility of **sub concession** subject to the specific approval of the regulatory agency; the **instruments to guarantee economic-financial balance in management will be maintained** (as well as the obligation to reach the same), the regulation of the consequences deriving from the termination in advance of the concession, and the criteria and procedure for **evaluating the residual value** of the investments made by the outgoing operator. Furthermore, it is obligatory to update any existing agreements so they are in line with new uniform agreements using AEEGSI procedures.

The regulation obliges local authority owners to transfer the management of IIS infrastructures to the regulatory agency within six months of the date on which the decree came into force or from the date on which the concession was granted if it is a new one. After the above times, powers of substitution are attributed to the Regional Authorities. In the case of **new concessions** the new operator must **"take over the guarantees and obligations deriving from the financing contract in force or discharge the same, and pay the outgoing operator a refund on the basis of criteria established"** by the AEEGSI. The AEEGSI acquires competence in all situations in which several operators in the same territory, operating in various sector segments, require agreements to be signed to divide tariff revenues. Concerning **existing concessions** Law Decree 133/14 rewrites Article 172 of the environmental decree in full, introducing the deadline of **one year** from the date on which the regulation came into force, to grant the service concession to a sole operator with the consequent termination of concessions that are not conform to the pro tempore regulation in force. This provision introduces a **departure**, with reference to cases in which current operators, other than the area contractor, provide the service *"on the basis of a concession contract approved*

in accordance with the pro tempore regulation in force and not declared to be legally terminated". In relation to these cases, the provision in question requires that "the integrated water services operator will take over" not on the date on which Law Decree 133/14 comes into force, but "on the expiry date in the service contract or other acts regulating the relations." This is basically a clause protecting current concessions.

On first application, the sole area operator will be granted the concession at the end of one or more (conform) concessions in the territorial area providing services to at least 25% of the population in the ATO. In order to allocate the service to a sole area operator as soon as possible, pending the above 25% being reached, the competent authority, on expiry of existing concessions who provide services to less than 25% of the population in the ATO, will grant the concession for the relevant service for a time in any case no longer than that required to reach said threshold, in other words for a period no longer than the residual term of the above-mentioned existing concessions, the expiry of which falls chronologically before the others, and the territorial area, added to that of the concessions subject to contract, contains at least 25% of the population in the ATO. Also concerning the above requirements, if the regulatory agency does not act within the specified times, the President of the Regional Government will exercise powers of substitution, and the relevant charges will be paid by the defaulting party. In this case, the operating costs of the regulatory agency recognized in the tariff will be equal to zero for as long as the powers of substitution are exercised.

At the end of the concession period, or in the case of rescission in advance of a current concession, **the plants and property of the outgoing integrated water service operator will be transferred directly to the local authority granting the concession** within the limits and on the basis of the procedures in the agreement.

On the question of investments, Law Decree 133/14 simplifies **authorisation** giving the regulatory agency all the powers for all authorisation procedures, to approve projects drawn up for obtaining authorisation, including powers of expropriation which, within the scope of the service agreement, may be delegated to the area operator. In order to promote infrastructure actions in the sector, the regulation also gives the Ministry for the Protection of the Environment, Land and Sea powers to set up a specific **Fund for said projects** concerning water resources. The Fund is financed through cancellation of the resources allocated by CIPE Resolution No. 60/2012 for waste water treatment projects for which, on 30 September 2014, no legally binding acts have been approved and for which, following the specific technical checks performed by the ISPRA, there are objective technical-planning or town planning problems that stopped the project.

AEEGSI water services activities

Resolution 380/2014/E/Idr - Implementation of proceedings to apply penalties and prescriptive procedures for violations concerning the regulation of the integrated water service.

In April 2014, the AEEGSI, in collaboration with the Italian Financial Police performed an audit on G.O.R.I. S.p.A. The audit concerned integrated water service tariffs for the years 2012 and 2013 and the return of invested capital for the period 21 July 2011 – 31 December 2011.

As a consequence of the audit and after analysing the additional documentation produced by the operator, AEEGSI holds that G.O.R.I. may have committed the following violations: incorrect data on the basis of a comparison between the accounting documentation examined and the values in the forms sent, incorrect information sent and breach of form completion procedures.

In particular, with reference to the **obligations concerning tariff calculation** and the procedure for gathering data on the integrated water service in accordance with Decision 2/2012TQI, the AEEGSI reports the following possible violations:

- G.O.R.I. entered a different amount (at current currency value) of the 2013 mortgage instalment repaid to the Local authority for use of its structures, rather than the value

approved by the Area Authority before 28 December 2012 (as required by Resolution No. 585/2012);

- G.O.R.I. included the amounts for paying the instalments of the mortgage taken out with the Area Authority to guarantee the capitalization of the same Company and not the amounts paid to the owners for using their water services infrastructures in the charges paid to owners for the use of their infrastructures;
- on the basis of the analysis performed during the audit, it appears that G.O.R.I. indicated an Accumulated depreciation equal to zero for some assets, whereas vice versa, amortisation is obligatory;
- the operator calculated some assets acquired from Acquedotto Vesuviano (in specific years) including also the economic and financial revaluations prohibited by the Transitional Tariff Method.

Concerning the **portion of the tariff for the waste water treatment service** the AEEGSI reports that the operator, in violation of art. 9.1 of Resolution No. 585/2012, may have applied part of the waste water treatment service prices to users who were not connected to the relevant system.

On the basis of the above, the AEEGSI has opened proceedings to apply penalties and prescriptive procedures in accordance with art. 2, paragraph 20, letters c) and d) of Law 481/95 against G.O.R.I. S.p.A.

Resolution 465/2014/R/Idr - Renewal of the procedure implemented by Authority Resolution No. 412/2013/R/Idr, to prepare for one or more Uniform agreements for the regulation of relations between awarding parties and operators for the Integrated Water Service.

With this resolution, the AEEGSI integrates and renews the procedure which was implemented in September 2013 with Resolution No. 412/2013/R/Idr (followed by DCO 171/2014). This ruling envisages that the procedure for preparing one or more Uniform agreements “considers the provisions introduced by the Unlock Italy decree” and it must be concluded by June 2015. The regulatory framework of reference on the basis of which the AEEGSI began defining the Uniform Agreement procedures is influenced greatly by the provisions of article 7 of the Unlock Italy Decree, the conversion bill of which is currently being reviewed by Parliament. It amends the pre-existing provisions of Legislative Decree 152/2006 concerning the territorial organization and awarding the Integrated Water Service, relations between Regulatory agencies and operators, infrastructures used by the latter and the regulation of existing concessions. In fact, if the content of the Unlock Italy decree is confirmed, this would have a considerable impact on the precepts of Uniform Agreement procedures and in particular on the aspects of the legal position chosen for the management of the service, the subject of the contract, the scope of the activity performed, the obligations of the parties, the obligations and procedures for consigning assets and plants, takeover procedures including the definition of criteria and the methods used to calculate the residual value of investments made by the outgoing operator.

Resolutions approving specific regulatory procedures, with tariff proposals for the years 2014 and 2015, proposed by ATI 1 and 2 Umbria, ATI 3 Umbria and ATI 4 Umbria, the Tuscany Water Authority and the Mayors' Conference of ATO2 - Central Lazio Roma

With Resolution No. 643/2013/R/Idr, the AEEGSI introduced the Water Tariff Method (MTI) for 2014 and 2015, after the transitional logic and the first 4-year regulatory period (2012-2015). With Resolution No. 203/2014/C/Idr the AEEGSI appealed against the recent sentences passed by Section II of the Regional Administrative Court of Lombardy cancelling some of the provisions in Resolutions Nos. 585/2012/R/Idr, 88/2013/R/Idr and 459/2013/R/Idr concerning the Transitional Tariff Method (MTT) valid for 2012-2013. At the same time, in Resolution No. 204/2014/R/Idr, the

AEEGSI stated that the above-mentioned sentences do not have any transitory effect on the Water Tariff Method (MTI) for 2014 and 2015, the provisions of which are compulsory, with particular reference to the times and implementation of the procedures in the same, while there may be some changes to adjustments for 2012 and 2013. Therefore, in order to **approve the tariff proposals for 2014 and 2015**, the adjustments in the Restriction on guaranteed revenues (art. 29 of Annex A of Resolution No. 643/2013) are calculated, provisionally and while waiting for the definition of pending disputes, on the basis of the tariff multipliers approved for 2012 and 2013, in other words, in the cases of the tariff that have not been approved, within the price limits of paragraph 7.1 of Resolution No. 585/2012 and paragraph 5.1 of Resolution No. 88/2013

All the areas affected by the above provisions sent the AEEGSI the specific regulatory procedures with tariff proposals for 2014 and 2015 concerning the single concessions operating in their territory, as well as the other elements required, to conclude the tariff approval process. The documents sent, as required by Decision No. 3/2014 – DSID, reveal a series of critical elements in the territory of various areas that the same Authorities intend to solve with priority actions to reach specific planning goals. These actions and goals, described in detail in the documentation sent, constitute the basis on which the competent Authority proposes to position the management of the relative area of the matrix of regulatory procedures (in accordance with article 12 of Annex A of Resolution No. 643/2013/R/Idr) which will specify the value of the tariff multiplier *theta* as well as other parameters.

AEEGSI electricity activities

Resolution 231/2014/R/com - Accounting unbundling 2014

By Resolution 231/2014/R/com on 22 May 2014, the Authority approved the new Consolidated Accounting Unbundling Regulation (Annex A - TIUC), which replaces the previous provisions contained in the TIU (Consolidated Unbundling Regulation - Annex A to Resolution no. 11/07). Annex A to the resolution states that:

- TIUC provisions shall be applicable as of the year 2014;
- a technical committee with operators and trade associations is to be established to draw up a regulatory accounting manual containing detailed technical specifications for the preparation of annual unbundled accounts pursuant to the TIUC;
- the regulatory accounting manual (i) has to establish specific techniques that are useful for the preparation of the annual unbundled accounts, (ii) must ensure consistency between the changes in fixed assets communicated for the purposes of unbundling and those communicated to the Authority during data collection for the purpose of determining the tariff, (iii) has to define uniform rules for the construction of drivers used to chargeback items of common services and shared operational functions and to value transactions within the corporate group;
- the simplification of mandatory disclosures, when such information is already collected through other means by the AEEGSI, is to be defined through accounting schedules relating to future unbundled annual accounts to be published by the Offices of the AEEGSI.

On 13 October the AEEGSI called the first meeting of the above-mentioned technical committee which, as well as dealing with the above subjects concerning changes in fixed assets and the construction of drivers, also dealt with the following themes:

- method for calculating inter-group transactions with the possible application of OCSE guidelines;
- balance sheet and income statement items accounting criteria used to calculate recognised cost (with particular reference to operating costs and the capitalisation of assets) infrastructural services and prices covering sales costs;
- problems concerning the delimitation of activities and segments subject to accounting unbundling;
- content of the items in accounting schedules of unbundled annual accounts;



- criteria for unbundling accounting items in the consolidated financial statements.

Trend of operating segments

Income of the industrial areas

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the reporting periods compared in observance of IFRS 8 accounting standards. Note that the results of the "Other" segment include those deriving from ACEA corporate activities as well as intersectorial adjustments.

30 September 2014	Environment	Energy					Water				
Million euros		Generation	Sales	Energy Management	Intra segment eliminations	Segment Total	Italian Water Services	Overseas	Engineering	Intra segment eliminations	Segment Total
Revenue	95	45	1,547	0	(25)	1,566	473	7	23	(21)	482
Costs	56	18	1,509	0	(25)	1,502	267	5	15	(21)	267
Gross operating profit	40	27	38	0	0	65	206	2	7	0	215
Depreciation and accumulated impairment charges	19	14	52	0	0	69	58	0	0	0	58
Operating profit/(loss)	21	12	(14)	0	0	(4)	148	2	7	0	157
Investments	7	7	4	0	0	11	104	1	0	0	105

30 September 2014	Networks					Other		Consolidated Total
Million euros	Distribution	Public Lighting	PV power	Intra segment eliminations	Segment Total	Corporate	Consolidation adjustments	
Revenue	371	49	5	(4)	422	87	(358)	2,294
Costs	194	46	2	(4)	238	86	(358)	1,790
Gross operating profit	177	4	4	0	184	1	0	505
Depreciation and accumulated impairment charges	64	0	0	0	65	20	0	230
Operating profit/(loss)	113	3	4	0	120	(19)	0	275
Investments	85	0	0	0	85	10	0	219

30 September 2013 Restated	Environment	Energy					Water				
Million euros		Generation	Sales	Energy Management	Intra segment eliminations	Segment Total	Italian Water Services	Overseas	Engineering	Intra segment eliminations	Segment Total
Revenue	86	45	1,684	661	(30)	2,360	448	9	18	(15)	460
Costs	50	17	1,652	660	(30)	2,299	257	6	12	(15)	261
Gross operating profit	37	28	32	1	0	61	191	3	5	0	199
Depreciation and accumulated impairment charges	20	8	49	1	0	58	57	0	1	0	58
Operating profit/(loss)	16	20	(16)	0	0	3	134	3	5	0	141
Investments	7	4	4	0	0	8	99	0	0	0	100

30 September 2013 Restated	Networks					Other		Consolidated Total
Million euros	Distribution	Public Lighting	PV power	Intra segment eliminations	Segment Total	Corporate	Consolidation adjustments	
Revenue	338	52	7	(2)	395	84	(943)	2,442
Costs	164	46	2	(2)	210	81	(943)	1,958
Gross operating profit	174	5	5	0	184	3	0	484
Depreciation and accumulated impairment charges	65	1	0	0	66	15	(1)	215
Operating profit/(loss)	109	5	5	0	118	(12)	1	269
Investments	75	0	0	0	75	8	0	197

Note that, from 1 January 2014, Ecogena was allocated under the Energy – Generation Segment, while until 31 December 2013 the Company was part of the Networks Segment. Note that, as of 2014, Ecogena is consolidated on the basis of the line-by-line method due to changes in the ownership structure. The revenue in the above table include the condensed result of equity investments (of a non-financial nature) consolidated using the equity method.

Environment Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	30/09/2014	30/09/2013	2014-2013	%
WTE conferment	kTon	257	227	29	12.8%
RDF production plant conferment	kTon	0	20	(20)	(100.0%)
Electrical Energy transferred	GWh	183	177	5	2.9%
Waste coming into Orvieto plants	kTon	72	91	(18)	(20.2%)
Waste Recovered/Disposed of	kTon	260	228	33	14.4%

Equity and financial results (millions of euros)	30/09/2014	30/09/2013 <i>restated</i>	2014-2013	%
Revenue	95	86	9	10.6%
Costs	56	50	6	11.9%
Gross operating profit	40	36	4	9.0%
Operating profit/(loss)	21	16	4	25.8%
Average number of staff	216	218	(2)	(0.8%)
Capex	7	7	0	0.0%

Balance sheet data (million euros)	30/09/2014	31/12/2013 <i>restated</i>	Increase/ (Decrease)	%	30/09/2013 <i>restated</i>	Increase/ (Decrease)	%
Net debt	181	185	(4)	(2.1%)	187	(6.0)	(3.3%)

This Segment closed the first nine months of 2014 with EBITDA of 39.9 million euros, an increase of 3.2 million euros compared to the same period of 2013; this was mainly due to improved results reported by ARIA (+ 3.4 million euros), especially in the Terni plant that increased operations after revamping. There was an 0.8 million euros decrease in the Aquaser Group's Gross Operating Profit mainly due to Kyklos following the seizure of the plant as described below.

The average number of staff on 30 September 2014 was 216, two less than the same period last year. The reduction mainly refers to ISA.

Segment capital expenditures amounted to 7.0 million euros, substantially in line with the same period of the previous year.

Net debt in the Segment amounted to 180.5 million euros, improving 4.2 million euros on the end of 2013 (when it was 184.6 million euros). The change is mainly attributable to the Aquaser Group (- 8.1 million euros), due to higher revenues. In contrast, debt generated from payments to suppliers that completed the new Terni and San Vittore lines worsened.

Operating review

ARIA

ARIA's activities were concentrated on the direct management of assets of the subsidiaries Terni En.A., E.A.L.L., Enercombustibili and Ergo En.A., incorporated during the 2011 financial year. The company was involved in marketing electrical energy with Acea Energia, which performs market operator activities, to which it transfers volumes of energy produced by the two new lines of the



San Vittore plant over and above that withdrawn by the national grid operator under the CIP 6/92 regime.

Terni waste-to-energy plant (UL1)

The Terni waste-to-energy plant produces electricity from renewable sources, specifically in a pulper paper mill waste-to-energy plant.

The regular operation of various sections of the plant, and the turbo generator in particular, made it possible for the testers to start testing the revamped plant. The final test certificates should be issued sometime this year. Furthermore, contracts for the conferment of pulper waste guaranteed 2014 plant fuel requirements.

With reference to the national grid operator's inspections carried out by RSE starting last December, the joint control of the method used to determine the biodegradable fraction of the waste subject to incentives was concluded with the publishing of the results on 2013 operations.

Again with reference to the Terni plant, an application was presented to make non-substantial modifications to the current Integrated Environmental Permit, to update the regulatory framework provided for in the authorisation of the Terni Provincial Authority issued in March 2010.

In fact, over one year after completing the total revamping and the subsequent management of the waste-to-energy plant, the Company could verify the operating conditions of the waste management process and electricity production, noting that an update of the current Integrated Environmental Authorisation technical specifications is needed.

The preliminary investigation was concluded favourably with the consequent update of the authorisation.

Paliano RDF production plant (UL2)

The Paliano RDF production plant possesses a single authorisation for the production of RDF, expiring on 30 June 2018.

As is known, in June 2013 part of the plant was destroyed by a major fire, and the facility was subsequently seized by the judicial authorities for evidentiary purposes. The technical inspections for evidentiary purposes ordered by the Frosinone Public Prosecutor's Office ended with an inspection on 28 November 2013 and in February 2014 the fire was considered to be a case of arson perpetrated by third parties.

In relation to the above, without prejudice to further investigation requirements of the Prosecutor's Office, the company began preliminary controls to start removing the debris left by the fire and restore the site to put the plant back into service and implement a plan of action for the complete replacement and reconstruction of the RDF production plant.

The Company thus appointed a major firm in the industry to perform the required technical inspections and prepared the characterization and safety plan of the areas, the waste management plan and the demolition plan, all of which were submitted to the Provincial Authority of Frosinone for approval. The whole procedure will be carried out in consultation with the relevant Entities and Authorities, and with the technicians appointed by the insurance companies already involved in relation to the various risks associated with and resulting from the event. The technical checks performed to verify the state of the site and structures after the fire were completed, and work started on the site to rebuild the plant.

Therefore, at the date of today, it is still impossible to estimate the extent of the damage to the plant and property, although the RDF plant will certainly not go back into production in 2014. The insurance settlement will be calculated on the basis of the cost of reconstructing the new plant which, on the basis of the contractual clauses, will be reduced by 20% as the fire is considered to be a case of arson perpetrated by third parties. Lastly, accepting the requests submitted by the company, the insurance company granted an advance compensation of 1.3 million euros for the damage suffered.

On 5 September 2014 the Company presented a new application to obtain the Integrated Environmental Permit, in accordance with the provisions of part two of the Consolidated Environment Act, in observance of the dimensioning and capacities currently authorized.

San Vittore waste-to-energy plant, Lazio (UL3)

The San Vittore waste-to-energy plant in Lazio produces electricity from renewable sources, particularly RDF. In the reporting period, lines 2 and 3 of the plant guaranteed regular service, both in terms of the electricity produced and in terms of RDF used for energy recovery.

With reference to the investigation phase of the process for renewing the Integrated Environmental Authorization, in September 2014 another decision-making Conference of Services meeting was held to discuss the verification of the findings and technical updates required by ARPA (Lazio Regional Environmental Agency). ARPA's requests should be corroborated in October 2014, bringing the administrative procedure to a close. Pending the conclusion of said procedure, the Company will continue to operate on the basis of the previous authorization.

With reference to the provisioning of the RDF used in the waste-to-energy process, the Company drew up a number of contracts to guarantee supply for the two Lines for which definitive solutions had not been found. Initial verification to plan conferment for 2015 to saturate currently authorised annual quantities for Lines 2 and 3 is underway.

SAO

The company owns the waste dump located in the municipality of Orvieto and manages municipal and special waste.

The Company collaborated with Umbria ATI4 to revise and update the Economic-Financial Plan for the Orvieto plants. This Plan was approved by ATI4 in Resolutions Nos. 2 and 3 on 21/01/2014; said resolutions also contain the new tariffs and various biomass transfer components in force from 1 January 2014.

In March 2014 the company notified the competent local authorities that, in accordance with the authorisations issued, it had called a public tender for the Orvieto waste treatment plant revamping contract and, as a consequence, in observance of the area plans and the above authorisations, waste transfer to this plant would stop, as it actually stopped, on 30 April 2014. The company also stated that, from 1 May 2014 non-separated solid urban waste would be treated in an alternative way for subsequent placement in landfill, as authorised by the Terni Provincial Authority. On 6 June 2014, the Province of Terni authorized the alternative treatment and subsequent placement in landfill as long as there is no dedicated plant available in the Umbria ATI4 area.

On 19 June 2014, the company informed the relevant authorities that on 23 June 2014 it would begin construction of the *frontal capping* for the reclamation of layer No. 8 of the Orvieto landfill; work is currently underway and therefore the alternative management system for processing municipal waste from the Area of reference is operational.

In August 2014, the company filed an Integrated Environmental Authorization application to make substantial modifications to the Orvieto plants with a project for the "Morphological adaptation of the site and optimization of volumes and summit capping" of the open landfill (2nd gully). In particular, this project involves: the implementation of another berm, the remodelling of berm 10, the optimisation of the summit capping and the use of a new landfill management system. The main goals and effects of the project are as follows: (i) an increase in the net capacity of the landfill in quantitative terms of waste that can be conferred on site, (ii) extension of the useful life of the landfill guaranteeing continuity of the essential public service for the municipal waste processed, (iii) coverage of the area planning and the possibility of handling inter ATI mutual support required by current Regional Legislation and the Area Plan, (iv) control of the tariff for the disposal of waste in the landfill for the benefit of the Municipalities using the same, (v) savings in natural resources to use as technical materials.

The authorisation procedure includes a phase for Assessing Environmental Impact by the Umbria Regional Authority, and the substantial modification of the current Integrated Environmental Authorization by the Terni Provincial Authority.

The Umbria Regional Authority declared the application feasible from an administrative point of view, while the Terni Provincial Authority has already held the first preliminary services conference, where the processes and assessment procedures of the documentation presented were verified.

Aquaser Group

Aquaser

Aquaser was set up to manage ancillary services associated with the integrated water cycle, recovering and disposing of sludge from biological treatment and waste produced from water treatment, treating effluent and liquid waste and providing the services connected thereto.

It currently transports and recovers treatment sludge for most of the water companies in the ACEA Group. The location of the plants is also extremely important from a strategic viewpoint, with two in Lazio, which process the sludge transferred under the contract with ACEA Ato2 and ACEA Ato5, and one in Tuscany near Grosseto, which processes the sludge transferred under the contracts with companies operating in Tuscany and Umbria. This has resulted in a reduction of transportation costs.

The sludge is recovered through delivery to composting plants, mostly third party, and by spreading sludge on farmland according to largely third party authorisation.

In the reporting period the company continued to consolidate its position on the market.

KYKLOS

Kyklos operates in the waste treatment sector. It produces and markets mixed compost conditioners; in particular it operates in the areas of Campoverde in Aprilia on the basis of a Single Authorisation for special non-hazardous waste treatment and recycling plants obtained from the Province of Latina with a maximum capacity of 66,000 tonnes/year.

On 8 June 2010, the authorisation procedure was started for the adjustment of the current plant and the enlargement of its capacity up to 120,000 tonnes/year through the construction of a biogas plant with recovery of electricity and heat energy.

Note that the Provincial Authorities of Latina, on 28 March 2013, issued a single authorisation for a substantial variation in the waste treatment and recovery plant and for the production of energy. The authorised intervention to bring the compostable waste treatment capacity up to 120,000 t/year is to guarantee organic waste recovery requirements are met, in particular considering the current waste emergency at a regional level, avoiding dumping, and consolidating the leading role of Kyklos in the territory of reference.

As a result of the appeal for cancellation filed by the Municipality of Nettuno, subject to effective suspension of the above authorisation and the appeal filed by Kyklos for the cancellation of some parts of the same authorisation, on 25 February 2014 the Company presented a request for suspension of the term for the start of work (within twelve months of issue) until the Latina Regional Administrative Court passes sentence on the above. The request was approved by the Latina Provincial Authority on April 2014.

An accident occurred on 28 July 2014 in the company's composting plant. Two people working for one of the external contractors collecting and transporting the leachate produced in the plant, classified CER 190703, died.

Leachate is liquid, non-hazardous waste, obtained from the treatment of non-hazardous waste in the plant, it is collected on a daily basis in operations performed in the open air, pumped into tankers, to be disposed of in suitable, authorized plants.

On 28 July the Judge ordered the tractors and semi-trailers driven by the two dead workers be seized to clarify the cause of death.

Furthermore, on 30 July, the Deputy Public Prosecutor's Office of the Latina Law Court ordered "the urgent preventive seizure of the Kyklos composting plant, authorizing from this moment only activities for processing material already on site in accordance with the provisions of the Local Health Authorities, the supervisory authority for the authorised activity."

It is also important to mention that, since the composting plant opened it has been continuously inspected, without any of the inspections reporting critical elements concerning ordinary plant management.

As the plant is under seizure, it is impossible for Kyklos to produce revenue, while the Company is obliged to pay the costs of its commitments. The continuing seizure results in a greater liquidity need the company has asked the shareholders to meet.

SOLEMME

Solemme operates in the waste recycling sector, composting organic waste, in particular sludge from civil waste water treatment and producing mixed compost conditioners. The composting plant is included in the Grosseto Provincial Authorities' Waste management plan.

Solemme's market of reference is represented by residential sludge produced in Tuscany, and in particular within the scope of ATO6 Ombrone, for the Province of Grosseto and Siena and from the treatment of waste from separate collection.

The current capacity of the plant is insufficient to guarantee recovering the amount currently produced and an increase in production is expected considering the increase in residential waste treatment.

The difficulties in developing an integrated WTE solution for this sludge led to the start of the decision-making procedure to upgrade the existing plant.

The composting plant has been the subject of discussion with the municipality of Monterotondo Marittimo for some time, concerning its development and industrial typology.

The Municipal Authority filed an appeal with the Regional Administrative Court against the authorisation issued by the Grosseto Provincial Authorities concerning the proposal for the new biogas and composting plant presented by Solemme with a capacity of 70,000 T/year.

This authorisation for plant development requires the approval of the Monterotondo Marittimo Municipal Authority for the plan of implementation presented by the company, which the Municipal Administration refuses to give after passing a town council resolution on 26 March 2013. The parties involved met in February 2014 to attempt to clarify all the technical aspects and find a solution to obtain the authorisations which are still required.

On 11 April 2014 the Grosseto Provincial Authority extended the plant operating authorisation until 14 April 2015. During the month of June a meeting was held with the new administration to overcome the pending litigation and approve the preparatory implementation plan prior to construction of the new plant, which should be approved this year.

The Company is calling a tender for the construction of the new plant.

ISA

Isa operates in the logistics and transportation sector and was held to be of strategic importance to reach market consolidation objectives. In fact, the Company was bought up to strengthen group organisation and provide group services in a more independent way, not only transportation but also services relating to other activities associated with and complementary to the farmland spreading of sludge, the maintenance of the drying beds and automatic discharge services, which have led in fact to a significant increase in business activities. In particular, the fields of sludge dewatering and liquid waste transportation were significantly developed.

Note that the company currently has its own fleet for haulage activities.

SAMACE

The Company was taken over by Aquaser on 5 July 2013.



It operates in the waste recovery sector, producing and selling compost conditioners. The Company operates in Sabaudia with a Single Authorisation for special non-hazardous waste treatment and recycling plants obtained from the Province of Latina.

Energy Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	30/09/2014	30/09/2013	2014-2013	%
Energy Produced	GWh	399	383	16	4.2%
Electrical Energy sold - Free	GWh	5,913	7,033	(1,120)	(15.9%)
Electrical Energy sold - Protected	GWh	2,269	2,411	(142)	(5.9%)
Electrical Energy - No. Free Market Customers (P.O.D.)	N/000	313	304	9,451	3.1%
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/000	1,029	1,073	(44)	(4.1%)
Gas Sold	Msm ³	68	72	(4)	(5.4%)
Gas - No. Free Market Customers	N/000	138	99	38	38.4%

Equity and financial results (millions of euros)	30/09/2014	30/09/2013 restated	2014-2013	%
Revenue	1,566	2,360	(794)	(33.6%)
Costs	1,502	2,299	(797)	(34.7%)
Gross operating profit	65	61	4	5.1%
Operating profit/(loss)	(4)	3	(8)	(230.0%)
Average number of staff	534	547	(12)	(2.3%)
Capex	11	8	3	37.8%

Balance sheet data (million euros)	30/09/2014	31/12/2013 restated	Increase/ (Decrease)	%	30/09/2013 restated	Increase/ (Decrease)	%
Net debt	399	303	97	32.0%	348	51	14.7%

As described above, from 1 January 2014, Ecogena was allocated under the Energy Segment. The Segment closed the first nine months of 2014 with EBITDA at 64.5 million euros, an increase of 3.6 million euros on the same period last year

The Sales sector recorded a positive change, closing the first nine months of 2014 with an EBITDA of 38.0 million euros compared to 32.9 million euros in the first nine months of 2013; the increase depends mainly on the improved energy margin (+ 6.4 million euros), partly offset by higher costs (+ 1.8 million euros) which mainly refer to the cost of agents in the third quarter of 2014 for Acea Energia.

The Production sector recorded a negative change, closing the first nine months of 2014 with an EBITDA of 26.6 million euros compared to 28.0 million euros in the same period of 2013; the change is almost entirely due to a decrease in the energy margin (- 2.1 million euros) due to lower prices (even though more energy was produced) only partially offset by a decrease in the costs for services (- 0.4 million euros).

In terms of staff, at 30 September 2014 the average number of employees was 534, 12 less than the same period of the previous year.

Segment capital expenditures stood at 11.2 million euros (of which 3.8 million euros by Ecogena), an increase of 3.1 million euros.

Net debt in the period increased to 399.2 million euros, 96.6 million euros higher than the figure at the end of 2013. This increase is primarily attributable to (i) the sales sector (91.3 million euros),

essentially due to the increase in net working capital which resulted in greater liquidity need and a worsening financial position and **(ii)** the production sector (- 5.4 million euros) mainly in relation to the 5.6 million euros debt reported by Ecogena which, in the first nine months of 2013 was consolidated using the equity method.

Operating review

Energy Management

From 1 January 2014, the merger of Acea Energia Holding in **Acea Energia** came into effect; the latter performs also “Energy Management” activities, as these are necessary for Group operations, sale and production in particular.

The Company also liaises with the Energy Market Operator and with TERNA. In relation to the institutional entity Terna, the Company is the input Dispatch User for Acea Produzione and other companies in the ACEA Group. It performed the following main activities in the period:

- the optimization and assignment of electricity produced by the Tor di Valle and Montemartini thermoelectric plants and by the S. Angelo hydroelectric plant,
- the negotiation of fuel procurement contracts for the power generating plants,
- the procurement of natural gas and electricity for the sales company to sell to end customers,
- the sale of environmental certificates (green certificates, issue rights and renewable source production certificates) for Acea Energia and Acea Produzione,
- the optimisation of the supply portfolio for the procurement of electricity and management of the Energy segment companies’ risk profile.

In the first nine months of 2014, Acea Energia purchased a total 6,836 Gwh electricity from the market, of which 5,752 Gwh through bilateral agreements and 1,084 Gwh through the Power Exchange, essentially for resale to free market end users and partly residual for the optimization of energy flows and purchases portfolio.

Electricity production

The **Acea Produzione** production system comprises a series of power generating plants with a total installed capacity of 344.8 MW, including five hydroelectric plants (three in Lazio, one in Umbria and one in Abruzzi), two so-called “mini hydro” plants in Cecchina and Madonna del Rosario, two thermoelectric plants - Montemartini and Tor di Valle (the latter fitted with a combined cycle module for steam turbine extraction and an open-cycle turbogas module providing cogeneration for the district heating in the Torrino Sud, Mostacciano and Torrino-Mezzocammino districts of Rome).

Through its directly owned plants, in the first nine months of 2014 the company achieved a production volume of 398.7 GWh of which **(i)** 390.2 GWh from hydroelectric plants, **(ii)** 1.5 GWh from mini hydro plants and **(iii)** 7.0 GWh from thermoelectric production.

In the district heating segment, through the Tor di Valle plant’s cogeneration unit, Acea Produzione supplied 2,648 end users located in the Torrino Sud, and Mostacciano districts (located in the southern part of Rome) with 54.5 GWh.

The **hydroelectric segment** recorded production of 391.7 GWh benefiting from the contribution of the run-of-river Salisano drinking water plant, in line with the ten-year historic average (+2.2%). Production at the Castel Madama, Mandela and Orte run-of-river plants was significantly higher (+ 21.8%) than the ten-year average due to an increase in the level of water input for plants on the Tiber basin (Aniene and Nera rivers).

An increase in production was recorded compared to the ten-year average by the S. Angelo plant (+27.4%) with 158.8 GWh. The average water inputs of the Aventino river (7.1 m³/s) and Sangro river (13.4 m³/s), were respectively +47% and +23% compared to the average in the three

previous years 2011/2013. The weather trend was particularly rainy and this meant a significant water input from the rivers with an average power output of 24.3 MW.

The company's [thermoelectric production](#) stood at 7.0 GWh at 30 September 2014.

The negative production trend for the combined cycle of the Tor di Valle plant is confirmed, for which planning and engineering to modernize the plant began in 2013. In addition, particularly low market prices have also affected cogeneration, which recorded a further drop in production compared to the past.

2014 was the seventh year of operation of the Montemartini plant as a generating unit essential to the security of the National Electricity System, pursuant to AEEGSI Resolution No. 111/06, as part of the National Electricity System Security Plan – Emergency Plan for the City of Rome.

Electricity and gas sales

As for the sales market, the refocusing of **Acea Energia's** sales strategy continued in the period with a more capillary and attentive selection of customers with a plan in two parts. The first tends to favour contracting small customers (residential and microbusiness) while the second consists of maintaining the current joint ventures when deep-rooted in the territory if they can guarantee adequate profitability.

Investment management continued in the period for **Umbria Energy** and **Elga Sud** operating respectively in Umbria and Puglia, in line with the above. The Tax Authorities (BAT Provincial Office) started an assessment on 15 October into Elga Sud for the 2010 tax period.

The liquidation of **Voghera Energia Vendite**, the joint venture between ASM Voghera and Acea Energia, is still underway. This year the Customs Office proceeded:

- with the nullification by internal review for 2009, 2010, 2011 and 2012, of the notice of payment and application of penalties amounting to approximately 10 million euros plus the penalties notified in February 2014 (for a total of 25 million euros);
- for 2008 the company paid 124 thousand euros in taxes, penalties and interest.
- on 9 September, a new assessment was started concerning excise duties on electricity for the 2009 tax period.

With reference to the tariffs applied to the protected categories service:

- In terms of distribution tariffs, compulsory distribution tariffs, updated quarterly in accordance with Annex A of the Authority's Transport Code, have been applied to end users on the protected categories market and are valid for all of 2014.
- With regard to connection fees and flat rate charges the parameters used were those defined by the Authority in Resolution 348/2007, Annex B (the Connection Code) and are valid for all of 2014.

During the period, the sale of electricity on the Protected Categories market was equal to 2,269 GWh, a reduction of 5.9% compared to 30 September 2013. The number of withdrawal points totalled 1,029,364 (1,072,890 at 30 September 2013): this reduction derives from fierce competition on the Rome market by the main competitors which the company responds to through the constant marketing of its services to maintain its customer portfolio.

Sale of electricity on the Free Market amounted to 5,506 GWh for Acea Energia and 407 GWh for the retail Joint Venture, for a total 5,913 GWh, a decrease of 16% on 30 September 2013.

In addition, Acea Energia sold 68.3 million standard cubic metres of gas to final customers and wholesalers. The number of customers totalled 137,676 (99,445 at 30 September 2013).

Concerning the penalty proceedings that were implemented on 8 November 2012 against Acea Energia with Resolution No. 462/2012/S/eel, as a result of the dispute in 2013 with the Company, AEEGSI Resolution No. 540/2013/S/eel on 28 November 2013 declared the commitment proposal presented on 25 October 2013 to be admissible and approved the same for publication. On 19 February 2014, the AEEGSI published comments, presented after the deadline, by

Federconsumatori the Italian consumers and users federation, to which Acea Energia replied in March 2014 confirming its position specified in published commitments.

With Resolution No. 174/2014/S/eel of 17 April 2014, the AEEGSI approved the commitments proposed by Acea Energia making them obligatory, closing the proceedings opened against the same in Resolution No. 462/2012/S/eel. In summary:

- the commitment concerning the elimination of the so-called "billing code", in other words for customers not subject to additional safeguards, waiving the right to bill consumption estimated by the retailer with reference to the period from the date of metering (effective metering by the distributor or a more recent figure somewhere between the distributor's estimate and the customer's automatic reading) and the date of issue of the bill to the end user, must be implemented starting from the first 2-monthly billing cycle following the date on which AEEGSI notifies Acea Energia of said commitments;
- the commitment concerning payment of indemnity for customers subject to additional safeguards affected by billing blocked at 31 December 2012, formulated on the basis of the duration of the disservice, must be implemented no later than after the second 2-monthly billing cycle following the date on which AEEGSI notifies Acea Energia of said commitments;
- Acea Energia must provide adequate notification of its commitments to end users;
- Acea Energia must send the Authority, within 240 days of the notification of commitments, documented proof of the full implementation of the same as well as notification of the costs borne for implementing said commitments, providing reference in the notes to unbundle annual accounts (unbundling);
- if Acea Energia fails to meet its commitments, AEEGSI can recommence penalty proceedings and apply a penalty of up to double the amount which would have been applied in the absence of commitments.

Cogeneration

In the period, the operating management also focused on two key areas: the technical and economic monitoring of operating plants and new projects under construction.

Ecogena proceeded with the construction of a new trigeneration plant for the EUR "Europarco" complex; energy services were first provided for the new "Cinecittà World" theme park in Castel Romano in July 2014. The service will be provided at a reduced rate until the middle of next year when the plant should go into full production. The energy supply service has been contracted for a period of 15 years. Finally, building work continued in the areas dedicated to the construction of the new "Laurentino" shopping centre, in the Laurentina/Tor Pagnotta district of Rome. Lastly, a marketing campaign targeted at some of Acea Energia's major customers, mainly in the business segment continues, to promote the Company's energy efficiency services.

Water Operating Segment

Operating figures and financial results for the period

Operating figures*	U.M.	30/09/2014	30/09/2013	2014-2013	%
Water Volumes	Mm ³	418	425	(7)	(1.6%)
Electrical Energy Consumed	GWh	398	402	(3)	(0.7%)
Sludge Disposed of	kTon	162	142	10	7.0%

* Includes pro-rata values for the water companies of Tuscany, Umbria and Campania

Financial results (millions of euros)	30/09/2014	30/09/2013 restated	2014-2013	%
Revenue	469	428	41	9.6%
Costs	267	261	6	2.4%
Income/(Costs) from equity investments of a non-financial nature	13	33	(19)	(58.7%)
Gross operating profit	215	199	16	8.0%
Operating profit/(loss)	157	141	15	10.9%
Average number of staff	2,414	2,426	(13)	(0.5%)
Capex	105	100	5	5.9%

Balance sheet data (million euros)	30/09/2014	31/12/2013 restated	Increase/ (Decrease)	%	30/09/2013 restated	Increase/ (Decrease)	%
Net debt	681	611	70	11.5%	610	71	11.6%

The Segment's EBITDA at 30 September 2014 totalled 215.0 million euros, up 15.9 million euros on 2013.

The change was influenced

- positively by the recognition of higher revenues following the application of the Water Tariff Method (MTI) passed by AEEGSI in Resolution no. 643/2013: the most significant movements were for ACEA Ato2 (+ 28.3 million euros) and ACEA Ato5 (+ 6.1 million euros); part of the increase was the result of recognition of adjustments of so-called pass-through items in other words the inclusion in the tariff of some types of costs for 2012 and 2013 including covering costs borne for the environmental emergency and other cost components (i.e. electricity and local charges) as well as inflation in accordance with the regulation in force;
- negatively by non-recurring events in the first half of 2013, concerning (i) the FNI component due for 2012 and 2013 as part of the tariff determination process for 2012 and 2013 set out in Article 6 of the above mentioned resolution; (ii) the discounting to present value of Gori's payable to the Campania Region which generated income (15.0 million euros), currently being re-determined and rescheduled on the basis of the Agreement signed in June between GORI, the Region and the Area Authority. The Agreement includes a twenty-year repayment plan subject to the payment of legal interest (at 2.5%) only from the eleventh year.

In addition, EBITDA of the Companies operating abroad decreased, also due to the termination of the Aguazul Bogotà management contract at the end of 2012.

With reference to operating costs, there was an overall increase of 6.3 million euros. This increase is mainly attributable to Acea Ato2, mainly due to higher costs from the service agreement with the Parent Company (+ 3.6 million euros), an increase in the license fee (+ 1.3 million euros) and for the disposal of sludge by Aquaser (+ 2.7 million euros).

The following also contributed to the change (i) Laboratories + 2.6 million euros for increases in the cost of staff seconded by Acea Ato2 (+ 1.7 million euros) and employed in the maintenance of

the water network, in technical administrative activities for the management of water licenses and other costs for services provided to the same; (ii) Acea Ato5 due to an increase in other operating expenses, especially due to the adjustment of consumption for previous years. These increases were partially offset by lower operating costs incurred by the other companies, in particular: Agua Azul Bogota (- 1.0 million euros) and Lunigiana (- 0.6 million euros) due to termination of activities.

Staff costs, net of capitalised costs, amounted to 74.5 million euros, an increase of 0.8 million euros compared to 30 September 2013.

The average headcount of the Segment at 30 September 2014 dropped slightly compared to that of 2013 (2,414 at 30 September 2014 and 2,426 at 30 September 2013).

Net debt in the Segment at the end of this third quarter amounted to 681 million euros, up 70.1 million euros on the end of the previous year (when it amounted to 610.8 million euros).

This increase was mainly generated by ACEA Ato2 (+ 52.9 million euros) and is affected by changes in working capital and dividend distribution.

Segment investments amounted to 105.4 million euros, an increase compared to the first nine months of 2013 (99.5 million euros). Higher investments by ACEA Ato2 amounted to 3.4 million euros and by ACEA Ato5 to 1.5 million euros.

Operating review

Lazio - Campania area

ACEA Ato2

The Integrated Water Service in ATO 2 Central Lazio - Rome started on 1 January 2003. The ATO gradually took over services from the Municipalities and on 30 September 2014, 73 of the total 112 services in the ATO are currently run by the Municipalities at 31 December 2013.

The Company provides the full range of drinking water distribution services (collection, abstraction, retail and wholesale distribution). Water is abstracted from sources on the basis of long-term concessions.

Water sources supply approximately 3,000,000 residents in Rome and Fiumicino, as well as more than 60 Municipalities in the Lazio region, via four aqueducts and a hierarchical system of pressurised pipes.

Three further sources of supply provide non-drinking water used in the sprinkler system of Rome.

The sewerage service comprises a sewer network of about 6,069 km (including approximately 4,072 km of network serving the municipality of Rome) and more than 300 km of trunk lines, without counting the connections to the sewage system.

The company manages the waste water treatment system and pumping stations that serve the network and sewage trunk lines.

In the first nine months of 2014, the main waste water treatment plants handled 420 million cubic metres, an increase of around 4% compared with the same period of the previous year. Sludge, sand and grating production for all managed plants in the reporting period was equal to 123.7 thousand tonnes, an increase of around 14% on the first nine months of 2013.

At 30 September 2014, the Company manages a total of 524 sewage pumping stations, including 177 in the municipality of Rome, and a total of 173 waste water treatment plants, including 33 in the municipality of Rome.

With reference to the issue concerning the seizure of wastewater treatment plants, at the end of October 2014, six treatment plants and five untreated waste discharges are under seizure. Seizure was lifted on four waste treatment plants in 2014.

As for the **tariff**, in Resolution No. 141/2014/R/idr on 27 March 2014, the AEEGSI approved the tariff multiplier values for 2012 (equal to 1.025) and 2013 (equal to 1.053) proposed by the Mayors' Conference on 4 March 2014.

With reference to the 2014 – 2015 tariff update, in Resolution No. 463/2014/R/idr on 25 September 2014 the AEEGSI approved the 2014 and 2015 tariff proposal and the relative tariff multipliers submitted to the 10 July 2014 Mayors' Conference; the tariff multipliers, equal to respectively 1.148 and 1.251, include an annual increase of 9% for both tariff years subject to approval.

In the above-mentioned resolution, the Authority made the following principal comments:

- non recognition of costs borne for the water emergencies concerning the themes of the suitability for drinking water of supply sources equal to approximately 240 thousand euros;
- provisional acceptance of other costs borne for environmental emergencies (9.6 million euros) pending further in-depth assessment and the result of legal proceedings;
- acceptance with the obligation to maintain the iso-revenue, on the basis of 2013 volumes effectively measured, of the changes to the tariff structure approved by the Area Authority without prejudice to AEEGSI's right to check the criteria established by art. 39 of Resolution No. 643/2013 is observed at the time of application.

Furthermore, as required by Resolution No. 141/2014/R/idr approving the 2012 and 2013 tariffs of Rome ATO 2, the Conference, within the scope of implementation of the Water Tariff Method (MTI), completed further in-depth assessment required for the dimensioning of the "FoNI" component, in relation to the acknowledgement of planned operating costs, in accordance with the Operator's guaranteed income. This assessment led to the consequent adjustment, approved by the AEEGSI, of the value of the FoNI component for 2013, while confirming the guaranteed income (VRG) and tariff multiplier approved for the 2-year period 2012 and 2013 and resetting the 2013 FNI_{FoNI} component.

In order to reduce annual tariff increases, the Area Authority, in accordance with the operator, reallocated the adjustments for 2012 and 2013, forecasting the subsequent recovery in 2015 of approximately 19 million euros.

As a consequence, revenues for the first nine months of 2014 based on the tariff calculations set for 2014, amounted to 371.7 million euros inclusive of estimated adjustments of pass-through items and the portion of adjustments for water and environmental emergencies not recognised in 2012.

ACEA Ato5

ACEA Ato5 provides integrated water services on the basis of a thirty-year agreement signed on 27 June 2003 by the company and Frosinone Provincial Authority (representing the Authority for the ATO comprising 86 municipalities). In return for being awarded the concession, ACEA Ato5 pays a fee to all the municipalities based on the date the related services are effectively acquired.

The management of the integrated water service in the territory of ATO 5 Lazio-Frosinone involves a total of 85 municipalities (management still must be surveyed for the municipalities of Atina, Paliano and Cassino Centro Urbano as regards water services only) for a total population of around 480,000 inhabitants, about 460,000 inhabitants supplied and a number of end users equal to around 187,645. No new acquisitions were formalised in the first nine months of 2014.

The drinking water system comprises supply and distribution plants and networks that use 7 main sources from which an equal number of aqueduct systems originate. The coverage of this service amounts to about 97%.

The sewerage-purification system comprises a network of sewers and trunk lines connected to waste water treatment terminals. The company manages 199 sewage pumping plants and 111 biological waste water treatment plants, as well as 16 Imhoff tanks and 3 percolating filters.

Following the recognition and related assessment of users connected to the sewerage system (as a result of Constitutional Court Sentence No. 335/2008), it emerged that the coverage of this service is equal to approximately 68% of aqueduct users.

With reference to the **tariff** for 2012 and 2013 that was approved by the Mayors' Conference of 5 March 2014, the Company started billing the corresponding tariff using the highest allowed tariff multiplier in accordance with AEEGSI Resolution No. 585/2012.

With reference to the 2014 – 2015 tariff update and the related economic – financial plan, the Company submitted a specific application to the Area Authority and AEEGSI on 29 April 2014. The tariff multiplier in the application is equal to 1.669 for 2014 and 1.660 for 2015, therefore 9% higher than the required one, subject to enquiry by the AEEGSI.

Following the notice given by the AEEGSI to the Area Authority, on 14 July 2014 the Mayors' Conference approved the maximum 2014 and 2015 tariff multiplier provided for provisionally in the temporary tariff method (respectively 1.090 for 2014 to be applied to the 2013 tariffs and 1.090 for 2015 to be applied to the 2014 tariffs), resulting in temporary tariffs of 1.680 €/m³ for 2014 and 1.831 €/m³ for 2015, "provided that with respect to the *theta* values proposed by the operator resulting in tariff changes in absolute terms exceeding the MTN limit, an investigation shall be ordered by the AEEGSI."

Furthermore, a resolution was passed on the new tariff structure, which on the basis of art. 39 of Annex A to Resolution No. 643/2013/R/idr, obliges the Area Authorities or competent subjects to abolish the minimum consumption commitment for domestic users.

The Mayor's Conference also decided to "send the resolution to the AEEGSI, along with the documentation on the agenda for the consequent investigation, in observance of the AEEGSI notice given 16 June 2014, in accordance with art. 5 paragraph 5.6 of Resolution No. 643/2013/R/idr". The Mayor's Conference resolution was published at the end of September 2014.

As a consequence, revenues in the first nine months of 2014, including adjustments to the pass-through items, totalled 49.5 million euros, calculated, as in 2012 and 2013, using the tariff multiplier proposed in the Operator's application approved by the Mayors' Conference on 14 July 2014.

With reference to prior adjustments for the period 2006 – 2011, quantified by the appointed Commissioner as equal to 75.2 million euros, from July 2014 ACEA Ato5 began billing users. As required by Resolution No. 643/2013, the adjustments will be billed over three years in full observance of the methods and times for recovery.

GORI

The Company manages the Integrated Water Service throughout the entire territory of ATO No. 3 Sarnese Vesuviano in the Campania Region with a surface area of 897 Km² and a population of approximately 1.44 million inhabitants.

A total 4,388 Km of water network is currently managed consisting of 360 Km of primary abstraction network and 4,028 Km of distribution network, and a 2,298 Km drainage system.

The Company provides integrated water services on the basis of a thirty-year agreement signed on 30 September 2002 by the company and the Sarnese Vesuviano Area Authority.

As for the **tariffs**, the Extraordinary Commissioner of the Sarnese Vesuviano Area Authority in Resolutions No. 26 and No. 27 of 31 March 2014 revised the Economic-Financial Plan transmitting it to the AEEGSI with the Plan of Action and set the Guaranteed revenue Restriction Limits and the tariff multipliers for 2014 and 2015.

The Guaranteed revenue restriction limits and the tariff multipliers allow for the hypothesis that there will be a change in the system due to the transfer of regional works, in accordance with Campania Regional Authority Resolution No. 172/2013 of 03 June 2013. GORI considered the method of transferring the works specified in Resolution No. 172/2013 to be prejudicial, appealing against the same before the Campania – Naples Regional Administrative Court which suspended

the effects of the same until the hearing on 12 March 2014, for which the parties lodged a joint petition for adjournment, in this way obtaining a further suspension of the effects until 17 December 2014, when the hearing will be held.

In consideration of the above, to determine the tariffs for 2014-2015, the possible hypothesis has been put forward that the transfer of regional works will produce effects only from December 2014, meaning higher costs for just one month in 2014.

Revenue for the first nine months of 2014 was calculated on the basis of Extraordinary Commissioner's figures Revenue amounts to a total 126.9 million euros (Group portion 47.1 million euros).

These revenues, as in 2012 and 2013, include the difference between the revenue derived from the application of the rules in Resolutions Nos. 585/2012 and 643/2013 and the maximum allowed in the first phase: said difference amounts to a total 39 million euros (Group share 14.4 million euros).

Prior adjustments accrued at 31 December 2011 amount to a total 99.2 million euros (Group share 36.7 million euros), initially 122.5 million euros (Group share 45.3 million euros). These adjustments were approved, in accordance with Article 31 of Annex A of Resolution No. 643/2013, by the Extraordinary Commissioner of the Area Authority in Resolution No. 43 on 30 June 2014. The resolution also established billing times as four years for the same amount. The decrease derives from the first billing in September 2014.

With reference to the procedure for adopting penalties, implemented by the AEEGSI in Resolution No. 380/2014, on 3 October 2014 the Company submitted briefs, documents and arguments in accordance with articles 13 and 14 of Annex A to Resolution No. 242/2012/E/com.

As for the 40 million euros bridge loan that matured 30 June 2011, in April 2014 a contract was signed converting the bridge loan into a multi-year loan with maturity 31 December 2021. This contract regularized the Company's debt position with the consequent positive effects in terms of improvement in its rating and access to bank loans.

Tuscany - Umbria Area

Acque

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 28 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of ATO 2, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of waste water. The Area includes 55 municipalities. Acque pays a fee to all the municipalities for the concession, including accumulated liabilities incurred under previous concessions awarded.

With reference to the 2014 and 2015 tariff proposal approval process, on 3 April 2014 the Territorial Conference of the Lower Valdarno ATO2 approved the guaranteed Revenue restriction limits and the *theta* for 2014 and 2015.

Compared to the previous year the *theta* is equal to 6.5% for both 2014 and 2015. In order to maintain the tariff increase to this level, the tariff recovery of the 2012 adjustments repayment component was postponed to 2016.

On 24 April 2014 the Company sent the tariff update request in accordance with Resolution No. 643/2013/R/idr and the methods required by AEEGSI. On the same date the Meeting of the Tuscany Water Authority approved the tariff proposal as formulated by the Territorial Conference.

The data and evaluations in the update request presented by the Company differ from the calculations approved by the Meeting of the Tuscany Water Authority on the formula used to calculate the tariff multiplier as the Company holds the formulation adopted by the Tuscany Water Authority to be incorrect, failing to respect the principle of full cost recovery.

In brief, the Company's tariff proposal differs to that approved by the Tuscany Water Authority in the amount of the portion of 2012 adjustments postponed to 2016 and, ultimately, in the total guaranteed tariff revenues.

In Resolution No. 402/2014/R/idr, the AEEGSI approved the 2014 and 2015 tariff multipliers respectively equal to 1.134 and 1.208; these multipliers, considering the amount of the investments planned, are based on a shorter useful asset life compared to regulatory life as a consequence of Tuscany Water Authority's right to adopt financial amortization.

2011 prior adjustments were approved by the Tuscany Water Authority on 30 June 2014 by Resolution No. 35 and amount to 3.8 million euros (Group share 1.7 million euros).

On 31 July 2014 in Resolution No. 402/2014 the AEEGSI approved "the tariff proposals reported to the Authority pending further preliminary investigation by the Tuscany Water Authority, concerning the comments made by Acque S.p.A. the results of which may be considered as an adjustment." The Tuscany Water Authority approved the Company's comments and intends to include them as adjustments in the next Economic-Financial Plan.

Revenues in the first nine months of 2014 amounted to a total of 93.7 million euros, including adjustments of pass-through items (Group share 42.2 million euros).

As is known, in October 2006, Acque signed a contract with a pool of banks which provides for a total loan of 255.0 million euros to cover the financial needs of the investment plan from 2005 to 2021 estimated at around 670.0 million euros. The actual drawdown at 30 June 2014 was 218.0 million euros. The period for repayment of the loan starts in 2014 with six-monthly instalments increasing according to the profile defined for the loan. The first principal instalment equal to 1.2 million euros was paid on 30 June.

Publiacqua

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 20 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of ATO 3, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of waste water. The Area includes 49 municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentinagas. In return for awarding the concession, the Operator pays a fee to all the Municipalities, including accumulated liabilities incurred prior to award of the related contracts.

In June 2006, ACEA - via the vehicle Acque Blu Fiorentina S.p.A. - completed its acquisition - of an interest in the company.

With reference to the 2014 and 2015 tariff proposal approval process, on 18 April of this year Territorial Conference No. 3 Middle Valdarno of the Tuscan Water Authority approved the new tariff development and the Economic-Financial Plan for 2014-2021, approved also by the Meeting of the Tuscany Water Authority on 24 April 2014. Compared to the previous year the *theta* is equal to 3.4% for 2014 and 6.4% for 2015.

In Resolution No. 402/2014/R/idr, the AEEGSI approved the 2014 and 2015 tariff multipliers respectively equal to 1.101 and 1.171; these multipliers, considering the amount of the investments planned, are based on a shorter useful asset life compared to regulatory life as a consequence of the Tuscany Water Authority's right to adopt financial amortization. Furthermore the Guaranteed Income (VRG) includes the valorisation of the FNI^{new} component calculated on the basis of parameter ψ equal to 0.4.

Revenues for the first nine months of 2014 were calculated on the basis of approved tariff calculations, and amount to a total, including adjustments of so-called pass-through items of 151.4 million euros (Group share 60.6 million euros).

The Tuscan Water Authority, in a letter dated 27 September 2013, implemented the 4th tariff review relevant to costs, announcing it wished to apply it to the years 2010-2011, excluding 2012 therefore, the year in which the Transitional Tariff Method came into force. The review concluded

with the approval of Resolution No. 36 - 30 June 2014: the Tuscan Water Authority calculated an adjustment of 8.9 million euros (Group share 3.6 million euros).

In terms of financing sources, on 29 November 2012, the company took out a new bridge loan with a duration of 18 months minus one day, until 23 May 2014 for a total of 75 million euros, of which a total of 60 million euros was disbursed on the subscription date.

On 15 May 2014, the company submitted a request to the Agent Bank for an extension of the Loan Final Maturity until 30 November 2014. The request was approved by the Banks and the necessary changes were made to the Loan Agreement.

At the same time, the company began structuring a medium/long-term loan with the current lenders, with some banks that are particularly active in the infrastructure sector and other banks interested in expanding their activities to the water sector.

Acquedotto del Fiora

Based on the agreement signed on 28 December 2001, Acquedotto del Fiora is to supply integrated water services on an exclusive basis in ATO 6, consisting of public services covering the collection, abstraction and distribution of water for civil use, sewerage and waste water treatment.

The concession term is twenty-five years from 1 January 2002.

In August 2004, ACEA – via the vehicle Ombrone SpA – completed its acquisition of an interest in the Company.

With reference to the 2014 and 2015 tariff proposal approval process, on 8 April the Territorial Conference No. 6 Ombrone of the Tuscan Water Authority approved the new tariff development and the Economic-Financial Plan for 2014-2021, approved also by the Meeting of the Tuscany Water Authority on 24 April 2014. Compared to the previous year the *theta* is equal to 6.5% for both 2014 and 2015. On 31 July 2014 the AEEGSI confirmed the above in Resolution No. 402/2014/R/idr, approving the 2014 and 2015 tariff multipliers respectively equal to 1.134 and 1.208; these multipliers, considering the amount of the investments planned, are based on a shorter useful asset life compared to regulatory life as a consequence of Tuscany Water Authority's right to adopt financial amortization. Furthermore the Guaranteed Income (VRG) includes the valorisation of the FNI^{new} component calculated on the basis of parameter ψ equal to 0.5.

In order to reduce annual tariff increases, the Area Authority, in accordance with the operator, reallocated the adjustments for 2012 and 2013, forecasting the subsequent recovery in 2015 of approximately 3.7 million euros (Group share 1.5 million euros).

2011 prior adjustments were approved by the Tuscany Water Authority on 30 June 2014 by Resolution No. 38 and amount to 4.2 million euros (Group share 1.7 million euros).

Revenues in the first nine months of 2014 amounted to a total of 68.2 million euros, including adjustments of pass-through items (Group share 27.3 million euros).

In financial terms, on 5 March 2012 the company signed an extension to the bridge loan agreement for a further 18 months, i.e. to September 2013, which increased from 80 million euros to 92.8 million euros after disbursement of a further 12.8 million euros. Finally, on 5 September 2013 a further extension of the Bridge was agreed up to 105.0 million euros (Group share 42.0 million euros) expiring 30 September 2014 required to cover the remaining new investments in 2013 and a significant portion of the investments listed in the Plan for 2014. The procedures which would hopefully have made it possible to consolidate the current loan in a medium/long-term financial structure by the date of maturity of the Bridge loan, and cover the moderate financial requirements still needed to complete the Plan of Action, were at an advanced stage.

At the same time, considering new regulations, and following the Tuscany Water Authority's resolution on the new Water Tariff Method, the Company sent letters of invitation for the selection procedure to select one or more Banks interested in the project, with 31 July 2014 set as the deadline for presentation of the offers, extended to 15 October 2014 on request of the same banks. In consideration of the above extension of the deadline for the presentation of offers for a medium/long-term loan, as the same is also required to refinance the existing Bridge loan, the 30

September 2014 maturity of the same "Bridge" loan is no longer coherent and for these reasons in August the Company quickly requested an extension to the Bridge maturity date, suggesting 31 March 2015 as the new maturity date. The procedure is currently being studied by the legal and financial advisors who reported their decision-making bodies approved the extension.

Umbra Acque

On 26 November 2007 ACEA was definitively awarded the tender called by the Area Authority of Perugia ATO 1 for selection of the minority private business partner of Umbra Acque S.p.A. (concession expiry 31 December 2027). A stake in the company (40% of the shares) was acquired on 1 January 2008.

During the period, the company exercised its activities in all 38 Municipalities constituting ATOs 1 and 2.

With Resolution 252/R/idr passed on 29 May 2014 the AEEGSI approved the tariff proposals for 2014 and 2015 with tariff multipliers respectively equal to 1.126 and 1.195.

In its report, the Area Authority specified that it opted for the non-application of financial amortization and, exercising its right, reset the FNI^{new} tariff component for 2014. An adjustment of 6.3 million euros was also approved for 2012, equal to a maximum of 2.1 million euros per year to be added to the 2014, 2015 and 2016 tariffs.

Revenues in the first nine months of 2014 amounted to a total of 45.2 million euros, including adjustments of pass-through items (Group share 18.1 million euros).

Networks operating segment

Operating figures and financial results for the period

Operating figures	U.M.	30/09/2014	30/09/2013	2014-2013	%
Electrical Energy distributed	GWh	7,718	8,028	(310)	(3.9%)
Energy produced by photovoltaic plants	GWh	13	15	(2)	(12.2%)
Energy Efficiency Bonds sold/cancelled	No.	92,698	3,655	(89,043)	n.a.
No. Customers	N/000	1,622	1,622	0	0.0%
Km of Network	Km	29,704	29,387	317	1.1%

Equity and financial results (millions of euros)	30/09/2014	30/09/2013	2014-2013	%
Revenue	422	395	27	7.0%
Costs	238	210	27	13.0%
Gross operating profit	184	184	0	0.1%
Operating profit/(loss)	120	118	(1)	1.1%
Average number of staff	1,380	1,402	(22)	(1.5%)
Capex	85	75	10	13.6%

Balance sheet data (million euros)	30/09/2014	31/12/2013 restated	Increase/ (Decrease)	%	30/09/2013 restated	Increase/ (Decrease)	%
Net debt	681	683	(2)	(0.3%)	749	(68)	(9.0%)

EBITDA at 30 September 2014 was 184.4 million euros, an increase of 0.2 million euros, compared to the same period in the previous year.

The increase is a combination (i) of a 1.8 million euros decrease in public lighting substantially due to the effect of allocation on 30 September 2013 of revenue from previous years for the construction of public lighting systems and (ii) a 1.1 million euros reduction in PV business unit margins, (iii) a 3.2 million euros increase for Distribution.

In terms of staff, as of 30 September 2014 the average number of employees was 1,380, 22 less than the same period of the previous year, mainly attributable to ACEA Distribuzione.

Net debt at the end of the third quarter of 2014 was 681.3 million euros, essentially in line with that at the end of the previous period (was 683.5 million euros). This change is the result of opposing effects: on the one hand there was a 22.3 million euros increase in ACEA Distribuzione's debt while on the other there was a 27.6 million euros improvement in ARSE's borrowings as a consequence of a consistent reduction in trade receivables.

Segment capital expenditure stood at 85.3 million euros, an increase of 10.2 million euros. The change is entirely attributable to ACEA Distribuzione, mainly due to capital expenditure in information systems and extension of its HV, MV and LV networks.

Operating review

Electricity distribution

Energy report

As shown in the following table, at 30 September 2014 ACEA Distribuzione injected 8,236.71 GWh into the network with a 3.79% drop on the same period of the previous year.

GWh	30/09/2014	30/09/2013	% Increase/ (Decrease)
Source A.U.	2,160.3	2,331.5	(7.3%)
Imports	324.2	322.7	0.5%
Market subject to additional safeguards	2,484.5	2,654.1	(6.4%)
Free market	5,750.5	5,905.3	(2.6%)
Underlying distributors	1.7	1.6	6.6%
General total	8,236.7	8,561.1	(3.8%)

Transport service tariffs

2014 represents the third year of application of the new tariff structure defined by the AEEGSI for the 2012-2015 regulatory period.

The regulatory provisions are divided into Three Consolidated Regulations, and for the distribution service the AEEGSI confirmed unbundling of the tariff applied to end customers (the compulsory tariff) from the reference tariff to determine the permitted restriction on revenue for each company (the reference tariff).

The main new element introduced since the previous regulatory period (2008-2011) is the reference tariff of the distribution service for business, which replaces the previous mechanism for calculating permitted revenue, based on the national average tariff integrated with general equalisations on HV, HV/MV and LV distribution and specific corporate equalisation.

For the fourth regulatory period the new tariff recognises the following for each company:

- net invested capital of the MV and LV sector reapplied to 2007 using a parameterised criterion and actual invested capital from 2008;
- actual net invested capital at 2010 for the HV sector and for HV-MV transformation.

AEEGSI Resolution No. 607/2013/R/eel of 19 December 2013 set the rate of return on net invested capital (*wacc*) for 2014 at 6.4%.

In terms of operating costs, the new company-based tariff covers the specific costs by means of a national average cost adjustment coefficient, calculated by the AEEGSI on the basis of actual company costs, recorded in unbundled annual accounts and recognised in the specific corporate equalisation for 2010, and on the basis of scale variables referred to 2010.

These costs, when calculating the company-based tariff for 2014, according to the definitions of Resolution No. 607/2013, are supplemented by flat rate connection contributions acknowledged throughout Italy, and will be considered as other grants and no longer deducted from operating costs.

Furthermore, the flat rate connection contributions of each company are deducted directly from the invested capital considering them as equal to MV/LV assets with an acknowledged regulatory useful life of 30 years.

In an official notification on 29 September 2014, the AEEGSI recalculated the tariff of reference for the electricity distribution service (Resolution No. 154/2014 passed on 3 April) for 2012-2014: specifically, the 2012 and 2013 tariffs will be increased by 0.4% and 2014 tariffs by 0.55%. The College of the Authority will follow-up on this notification by 30 March 2015 when communicating the tariff of reference for 2015.

In Resolution No. 607/2013 of 19 December 2013, the AEEGSI updated the tariffs for electricity transmission, distribution and metering services and the economic conditions for the provision of connection services for the year 2014 and with Resolution No. 154/2014 on 3 April, published the company-based tariff for 2014.

Updating of the distribution reference tariff after the first year will be individual and based on financial increases reported by the companies on the RAB databases. The updating criterion envisages that:

- the portion of the tariff covering operating costs is updated using the price cap mechanism (with a productivity recovery target of 2.8%);
- the part intended to provide a return on invested capital will be updated on the basis of the gross fixed investment deflator, movements in the volume of services provided, gross investments started up and differentiated according to the voltage level and the rate of variation linked to increased returns designed to provide incentives for investments;
- the part intended to cover depreciation has been updated, using the gross fixed investment deflator, movements in the volume of services provided and the rate of variation linked to the reduction in gross invested capital as a result of disposal, discontinuation and end of life and the rate of variation associated with gross investments that have become operational.

Introduction of the company tariff simplifies the equalisation system as the new tariff encompasses part of general and specific corporate equalisations.

The AEEGSI confirms the mechanism - already introduced in the third regulatory cycle - of a higher return on certain investment categories, expanding the cases concerned and, in addition to smart grid projects, envisages a higher return on renewal and upgrading of the MV networks in historical centres.

The tariff covering sales costs is based on standard national costs, differentiated according to provision of the sales service subject to additional safeguards in integrated format or as a separate distribution service. The AEEGSI eliminated the equalisation for sales activities and envisaged the zeroing out of productivity recoverable on sales costs. The coverage of investments made is indirectly guaranteed by a two-year time lag for investments made from 2012 onwards.

With regard to the transmission tariff, the AEEGSI established the introduction of a binomial tariff (capacity and consumption) for HV customers, and changes to the cost tariff structure for the transmission service to Terna (CTR), also introducing a binomial price. The review of the two tariffs has led to the introduction of a new equalisation mechanism.

The general equalisation mechanisms for distribution costs and revenue for the new regulatory cycle are:

- equalisation of distribution service revenue;
- equalisation of revenue from the supply of electricity to domestic customers;
- equalisation of transmission costs;
- equalisation of the difference between actual and standard losses.

On 10 April 2014 the AEEGSI passed Resolution No. 169/2014 to extend the algorithm for calculating equalisation on network losses for 2013 (Resolution No. 608/2013) also to 2014 pending conclusion of the electricity networks study. This algorithm includes a 75% surplus restitution portion for companies, and limits the restitution to companies showing a deficit.

However, the procedure for processing the equalisation items for years before 2013 is still unclear.

On 20 May of this year, A2A Reti Elettriche S.p.A. filed an appeal to the Administrative Court of Lombardy requesting and obtaining the annulment of a series of resolutions which, starting from Resolution 559/2012, have revised the standard loss factors and modified the calculation algorithms for offsetting excess losses. By Resolution 269/2014, the AEEGSI appealed to the Regional Administrative Court of Lombardy. However, this situation may lead to a revision of published resolutions and an analysis of network losses still to be defined; as a result the amounts of such economic equalization recognised since the year 2012 may change.

Pending a new review of the method for covering costs related to in-house use of electrical energy, the regulation on the equalisation of electrical energy purchased to be used in-house for transmission and distribution purposes continues to apply. The regulation governing load profiling requires electricity for customers in the protected categories market to be quantified on a residual basis, and to also include electricity consumed in-house for distribution and transmission purposes. The AEEGSI also confirmed, without changes, the calculation method for equalisation of the purchase cost of electrical energy for distribution companies absorbed in-house for transmission and distribution purposes in accordance with the Retail Service Code.

In the new Transport Code, the AEEGSI envisaged a mechanism for recognising an advance, every two months, of equalisation balances relating to the equalisation of distribution service revenue and transmission costs. In a letter from the CCSE dated 21 February 2014, ACEA Distribuzione was informed about the bi-monthly advance payments recognised for 2014 and the deadlines for the related payment.

The Metering Code (TIME) governs tariffs for the metering service, divided into meter installation and maintenance, taking meter readings, and confirming and recording readings. The Consolidated Code envisages transfer to Terna of the meter reading, confirmation and recording service for interconnection points between distribution company networks and the national grid. This change will become operative through later regulatory provisions, and therefore at present the distribution company is still responsible for the entire metering service.

The price structure remains unchanged from the previous cycle except for the introduction of a tariff component to cover the residual non-depreciated value of the electromechanical meters replaced prior to the end of their useful lives with electronic meters, or MIS (RES), to be billed to LV end users.

With resolution 607/2013, the portion of parameters relative to revenue equalisation for the metering service regarding the year 2014 was updated.

The tariffs covering the metering service are updated, as for the distribution service, by price cap mechanisms for the part covering operating costs (with a productivity recovery target of 7.1%) and by the deflator, change in invested capital and rate of change in volumes for the part covering invested capital and depreciation. The rate of return on metering capital is equivalent to that of the distribution service.

On 19 December 2013, the AEEGSI published Resolution No. 607/2013 indicating the methods for calculating an optional equalisation of revenues from flat rate connection contributions for 2013. In order to adhere to the revenue supplement mechanism, each distributor presented a specific application to AEEGSI within the final deadline 31 March 2014. ACEA Distribuzione sent a request for adhesion to said mechanism on 12 March 2014. The AEEGSI has not extended said mechanism to 2014.

The "AEEG Consolidated Code on economic terms for the provision of connection services (TIC)", Annex C to Resolution No. ARG/Elt/199/11, governs the economic terms for the provision of connection services and specific services (transfers of network equipment requested by users, contract transfers, disconnections, etc.) to paying users, essentially in line with the previous regulatory period.

Energy efficiency objectives

AEEGSI Decision No. DIUC 9/2013 disclosed data on the quantity of electricity and natural gas distributed in Italy by operators obliged to meet such requirements in 2012. This data is essential to determine the portion of energy efficiency objectives each single distributor must meet for 2014, reaching at least 50% by 31 May 2015.

Resolution No. 13/2014/R/efr of 23 January 2014 defined the criteria for the quantification of the tariff contribution to cover the costs borne by electricity and gas distributors concerning EEB - Energy Efficiency Bonds from the compulsory year 2013; the mechanism introduces elements allowing for EEB average market prices, avoiding recognition of expenses borne by distributors on submitting an expense account.

ACEA Distribuzione's objective for 2014 is 174,316 Energy Efficiency Bonds and the estimate of the same for 2015 and 2016, defined on the basis of a criterion of the 2-year average energy distributed in the two previous years, is equal to respectively 199,154 and 244,502 Energy Efficiency Bonds.

As regards the target for 2013 - amounting to 140,938 EEB - by communication submitted to the National Grid Operator on 30 May 2014, ACEA Distribuzione "cancelled" 92,698 EEB equal to 65% of the target. Concerning the valuation of cancelled EEB, in Decision DMEG/Efr/9/2014 on 30 June 2014 the AEEGSI announced a tariff contribution of 110.27 €/EEB and an estimated tariff contribution for the year 2014 of 110.39 €/EEB. The remaining portion of the target imposed on ACEA Distribuzione for 2013 will be recovered in the next two-year period 2014-2015.

AEEGSI Supervision

In consideration of the urgent measures set forth in Provision No. 300/2013/R/eel, on 08 July 2013 AEEGSI opened penalty proceedings against ACEA Distribuzione to verify metering aggregation violations.

This derives from the fact that the Company had not fulfilled metering aggregation requirements, essential for determining the physical and economic items of the dispatching service.

There is objective evidence of the breach in the form of discrepancy, in terms of the threshold allowed by regulations, between electricity metered and electricity invoiced for transport to the utilities of dispatching users (vendors) operating in the Rome area in 2011 and 2012.

ACEA Distribuzione, in accordance with resolution 243/2012/E/com, on 17 August 2013 presented commitments for the pursuit of the interests protected by the provisions which are assumed to have been violated.

In particular, these commitments mainly consist in remedying financial costs acknowledged by the system to the above dispatching users, to prevent the socialization of a cost which would otherwise be payable by the end users.

The same commitments provide for a way to make up for prejudicial behaviour - represented by the discrepancy between metering figures and invoiced amounts for 2011 and 2012 charges - by the month of October 2013, and the objective proof of the system - with reference to the 2013 charges - for the final settlement of the problems in the process that caused said discrepancies.

On 17 June 2014 the AEEGSI sent ACEA Distribuzione a request for clarification on the proposed commitments. At present, as regards 2011 and 2012, there are still residual discrepancies, while for 2013 the value falls again within the thresholds established by the AEEGSI.

AEEGSI Resolution No. 512/2013/S/eel, which refers to VIS 60/11, applies a penalty against the Company for violation in the recording of outages. This violation concerns the obligation, introduced by the TIQE, to keep a specific list of all calls received reporting faults, even if there is no outage (article 13, paragraph 2, letter c). The penalty is equal to 517 thousand euros.

ACEA Distribuzione paid the penalty, but nevertheless filed an appeal with the Regional Administrative Courts.

Finally, on 20 February 2014 AEEGSI Resolution No. 62/2014/S/eel opened proceedings to apply penalty and prescriptive procedures against the Company for violations concerning putting low voltage electricity meters into service and reading the same. With this resolution, the AEEGSI opened an enquiry into the violation of art. 8 bis, in Annex A of Resolution No. 292/06 setting a term of 150 days for the duration of the enquiry.

On 14 April 2014, ACEA Distribuzione presented a request for access to the records and on 6 May submitted a written memorandum (within the deadline of 60 days from notification of the proceedings opening the enquiry on 7 March). We are currently waiting for the AEEGSI to send a formal reply to the Company's comments on reaching the target of 95% by 2014 (termination of improper conduct).

Finally, on 16 and 17 September of this year, the AEEGSI, in collaboration with the Italian Financial Police performed an audit on ACEA Distribuzione concerning the electricity metering service in accordance with Resolution No. 239/2014/R/eel. This audit is part of the study conducted on the metering service implemented by Resolution No. 475/2013/R/eel which finished on 18 June, concerning:

- the operation of the system for collecting metering data on end user electricity consumption, and data on the electricity generated and injected into the network by power stations;
- the methods used to validate, record and make metering figures available both to vendors and the national grid operator (in the second case the figures are required to provide the incentives for power stations using renewable energy sources);
- the methods used to reconstruct missing metering data;
- the operation of the system metering electricity traded with other networks connected to our own network;
- information on withdrawal points without meters, other than public lighting;
- request for clarification on some figures provided for the study of 18 June of this year;
- the reasons why part of the metering figures for 2007 - 1st quarter 2014 concerning PV plants eligible for incentives were not sent to the national grid operator, as indicated in the Operator's report of 3 June 2014.

Following the audit, the AEEGSI made no formal comment on ACEA Distribuzione's management of the metering process; in any case, a series of electronic documents were sent, which the competent bodies of the AEEGSI reserve the right to examine. On the question of metering figures which have still not been sent to the national grid operator, the Company produced documentation certifying the malfunction of the national grid operator's Portal which could not acquire the data sent by ACEA Distribuzione, and persistent misalignment in the details of the production plants between the Company database and the GSE database which prevents the Operator from acquiring the metering figures sent by ACEA Distribuzione. Furthermore, in cases in which there are no metering figures available, the Company reported criticalities concerning the remote acquisition of metering figures from meters installed near inverters. To solve these problems, ACEA Distribuzione began replacing Lennt type meters installed and not connected to the system, with more evolved technological meters.

Finally, as many metering figures were not sent to the national grid operator, the Company agreed to continue its activities to solve these problems.

Public Lighting

On 15 March 2011 ACEA and Roma Capitale agreed on an adjustment to the Public Lighting Service Contract.

The key points of the renegotiation are:

- extension of the contract to 2027, in line with the Concession, and therefore lengthening the residual duration from 4 years 5 months to 17 years,

- review of the contractual parameters, aligning them with those of the CONSIP technical draft for the “Servizio Luce 2” tender,
- the certainty of the power to directly perform activities associated with network expansion,
- recognition on expiry of the contract, natural or otherwise, of the non-amortised value of investments made by ACEA,
- sterilisation of the “price risk” of electricity to power the public lighting system,
- the inclusion of an indemnity in favour of ACEA in the event of early termination of the contract by Roma Capitale, calculated on the basis of margins discounted over the number of years to expiry (i.e. to 31 December 2027).

In the first nine months of 2014, 733 lighting points were installed for Roma Capitale and 345 for third party customers including Metro C and RFI.

From 1 May 2013 public lighting is managed by Acea Illuminazione Pubblica which, through a spin-off, took over the ACEA Distribuzione business unit.

Photovoltaic power, energy saving and cogeneration

PV power

Following the transfer of the PV business unit in December 2012, ARSE owns plants with a total power capacity of just over 13 MWp.

On 23 December 2013 Law Decree No. 145 (“Destination Italy”) was passed, and in accordance with art. 1, paragraph 2 starting from 1 January 2014, the Minimum Guaranteed Prices defined by AEEGSI to apply the dedicated withdrawal service indicated in Resolution No. 280/07, for each plant are equal to the hourly zonal price in the case in which the energy withdrawn is produced by plants benefitting from electricity tariff incentives.

Energy saving

Currently the initiatives of the national grid operator to acknowledge Energy Efficiency Bonds for the Group are above all for energy efficiency interventions in line with the development programmes of each single company, such as for example, the activities related to interventions in the treatment sector. Furthermore, energy efficiency interventions in the public lighting sector are being evaluated using LEDs in third party structures.

Corporate

Equity and financial results for the period

Equity and financial results (millions of euros)	30/09/2014	30/09/2013	2014-2013	%
Revenue	87	84	3	3.6%
Costs	86	81	5	6.3%
Gross operating profit	1	3	(2)	(65.6%)
Operating profit/(loss)	(19)	(12)	(7)	57.2%
Average number of staff	671	680	(9)	(1.3%)
Capex	10	8	2	27.4%

Balance sheet data (million euros)	30/09/2014	31/12/2013	Increase/ (Decrease)	%	30/09/2013	Increase/ (Decrease)	%
Net debt	470	467	3	0.6%	425	45	10.6%

ACEA closes the first nine months of 2014 with an EBITDA of 1.1 million euros, a deterioration compared to 30 September 2013 of 2.0 million euros essentially due to the effect **(i)** of an increase in external costs equal to 1.1 million euros and **(ii)** an increase in staff costs equal to 4.6 million euros. 2013 however did benefit from the partial release of 4.9 million euros in provisions set aside for the second round of the medium - long term Incentive Scheme and those set aside for senior and middle managers' MBO, as the objectives assigned were only partially achieved.

The average number of staff at 30 September 2014 was 671, slightly less than the same period in the previous year (was 680).

Investments amounted to 9.7 million euros, an increase of 2.1 million euros compared to the same period in 2013 (was 7.6 million euros).

Net debt at the end of the reporting period increased by 2.9 million euros to 469.9 million euros, compared to the figure at the end of 2013.

This increase was the result of the net effects of **(i)** payment of the service agreements and of the fees due from the subsidiaries under the treasury agreements in place, **(ii)** recognition of dividends for 2013 approved by the subsidiaries, **(iii)** release of a portion of the escrow account established to guarantee the photovoltaic plants sold in 2012 to RTR for 4.9 million euros.

The above was offset by **(i)** distribution of the final dividend for 2013 approved by the shareholders' meeting on 5 June 2014, **(ii)** deterioration in foreign currency valuations and fair value measurement of financial instruments (15.7 million euros), and **(iii)** liquidity needs generated by changes in working capital, including the payment of trade payables and tax liabilities, and by the capital expenditures made during the reporting period.

ACEA S.p.A. business activities

In its role as a business holding, ACEA S.p.A. defines strategic objectives at Group and subsidiaries' level and coordinates the activities.

Within the Group, ACEA S.p.A. acts as a centralised treasurer for the major subsidiaries.

Inter-company transactions, pending the review of existing treasury agreements expired on 31 December 2013, consist of:

- set up of a medium/long-term credit line of a pre-established amount to cover funding needs generated by investments;

- the credit line (i) has a three-year term from 1 January 2011, (ii) produces interest, at a yearly adjusted rate corresponding to the 3-year IRS plus a spread aligned with that of a BBB rated bond issued on the capital market and (iii) provides for an annual credit fee calculated on the credit limit;
- set up of a general purpose line for the companies' current needs.
Credit line (i) has a three-year term from 1 January 2011, (ii) produces interest payable at a yearly adjusted rate corresponding to the 3-year IRS plus a spread aligned with that of a BBB rated bond issued on the capital market and a lending rate calculated on the arithmetic mean of intraday 3M Euribor rates for each calendar quarter less a 5 bp annual spread and (iii) provides for an annual credit fees calculated on the credit limit.

ACEA S.p.A. also acts as guarantor for the Group companies: in this regard the contract that governs the general purpose line sets a limit for guarantees and separate costing for bank guarantees and corporate guarantees.

ACEA S.p.A. also provides administrative, financial, legal, logistic, management and technical services to subsidiaries and associates in order to optimise the use of existing resources and know-how in an economically advantageous manner. These services are governed by specific annual service agreements.

The previous agreements in force applied to the 2011 - 2013 period and were based on contract prices and actually delivered quantities.

As regards service agreements, with effect from 1 January 2014 and for a three year period, during the first part of the year, ACEA S.p.A. completed activities aimed at **(i)** revising the list of services offered, **(ii)** aligning fees to market prices, **(iii)** making the service agreements compliant for regulatory purposes and under the Organisational, management and Control model and **(iv)** introducing new SLAs (Service Level Agreement) with a view to improving the level of service offered, to be compared to the related KPI (Key Performance Indicator).

The new tariffs essentially determine a decrease of total fees for almost all companies. During the third quarter of 2014, the Board of Directors meetings of most Group companies approved the service contracts.

Basis of presentation and consolidation

General information

The Interim Report on Operations at 30 September 2014 was approved by the Board of Directors' resolution on 10 November 2014.

Compliance with IAS/IFRS

This Interim Report on Operations has been prepared in compliance with international accounting standards in force on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Union. The standards consist of the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), collectively referred to as the "IFRS". In preparing these interim financial statements, in compliance with IAS 34 on interim financial reporting, the same standards were adopted as for preparation of the Consolidated Financial Statements as at 31 December 2013, to which reference should be made for a more complete understanding of these statements. This Interim Report on Operations was drawn up in the format envisaged in IAS 34.

Basis of presentation

The Interim Report on Operations consists of the Consolidated Statement of Financial Position, Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and changes in Consolidated Equity, accompanied by the notes to the consolidated financial statements prepared according to IAS 34.

The Income Statement is classified on the basis of the nature of expenses, the Statement of Financial Position is based on the liquidity method by dividing between current and non-current items, whilst the Statement of Cash Flows is presented using the indirect method.

The Interim Report on Operations is drawn up in euro; the figures in the income statement and statement of financial position were rounded off to the nearest thousand euros while those in the notes were rounded off to the nearest million euros.

Accounting standards and measurement criteria

The accounting standards and measurement criteria adopted in the presentation of the Interim Report on Operations are those used in preparation of the Consolidated Financial Statements as at 31 December 2013, to which reference should be made for a description of the most significant elements.

International accounting standards IFRS10 (Consolidated Financial Statements), IFRS11 (Joint control agreements) and IFRS12 (Investments in Other Companies) as well as the consequent changes to IAS27 (Separate financial statements) and IAS28 (Investments in associates and joint ventures) apply from 1 January 2014.

These new standards change the consolidation method for consolidated equity investments on the basis of the proportional method up to 31 December 2013. In particular, the analyses confirmed that the investments in the water companies in Tuscany, Umbria and Campania fall within the scope of IFRS11 according to which, from 1 January 2014, the only permitted consolidation method is the equity method. Despite this, ACEA is the Industrial Partner of the companies in question with extensive management powers over current operations in all segments of activity, through the Chief Executive Officer with partial rights of designation.

Accordingly, the condensed results from consolidation according to the equity method of such investments shall be included in the Group's EBITDA **under item No. 6 Income/(Costs) from**

equity investments of a non-financial nature, as no events occurred leading to a change in the provisions of the By-laws or the shareholders' agreements in place or in the management activity carried out by the industrial partner.

Alternative performance indicators

In line with Recommendation CESR/05-178b, the content and meaning of the *non-GAAP* measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. for the ACEA Group, the gross operating profit (or EBITDA) is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when new international accounting standards for financial reporting IFRS10 and IFRS11 came into force. The gross operating profit is calculated by adding the item "Amortisation, depreciation, provisions and impairment charges" to the Operating profit;
2. net financial position is an indicator of the ACEA Group's financial structure, obtained by adding together Non-current borrowings and financial liabilities net of Non-current financial assets (loans and receivables and securities other than equity investments), Current borrowings and other Current liabilities net of Current financial assets, cash and cash equivalents;
3. net invested capital is the sum of "Current assets", "Non-current assets" and Assets and Liabilities held for sale, less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the net financial position.

Use of estimates

In application of IFRS, preparation of the Interim Report on Operations required management to make estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date. The actual amounts may differ from such estimates. Estimates are used for the recognition of provisions for credit risk, obsolescent inventories, impairment charges incurred on assets, employee benefits, fair value of derivatives, taxes and other provisions. The original estimates and assumptions are periodically reviewed and the impact of any change is recognised in the income statement.

In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing.

Taxes for the period are the sum of current and deferred taxes and calculations are based on expected tax rates for the current year.

Effects of the seasonality of transactions

For the type of business in which it operates, the ACEA Group is not subject to significant seasonality. Some specific operating segments, however, can be affected by uneven trends that span an entire year.

Changes to comparative data

As a consequence of the compulsory adoption from 1 January 2014 of international accounting standards IFRS10 and IFRS11, which have retrospective effect, the statement of financial position items of the Consolidated Financial Statements at 31 December 2013 and the income statement items of the Interim Report on Operations at 30 September 2013 were restated and represented for merely comparative purposes. For more information, refer to the paragraph "Effects deriving from the application of IFRS10 (Consolidated Financial Statements) and IFRS11 (Joint control agreements)".



The Interim Report on Operations is not subject to auditing.

Consolidation policies and procedures

Consolidation policies

Subsidiaries

The basis of consolidation includes the Parent Company ACEA S.p.A., and the companies over which it directly or indirectly exercises control via a majority of the voting rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are deconsolidated from the date on which control is transferred out of the Group. Where there is loss of control of a consolidated company, the consolidated financial statements include the results for the part of the reporting period in which the ACEA Group had control.

Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The consolidated financial statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.

Associates

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The consolidated financial statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.

When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment tests.

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and Joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.

All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.

The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any difference must be treated as positive or negative "goodwill" and recognised as such pursuant to IFRS 3.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS3 and accounted for at fair value net of costs to sell.

If the business combination is recognised in several phases, the fair value of the investment previously held (in the case of Equity Method valuation) or the group of net assets attributable to the subsidiary (in case of consolidation according to the proportional method) is recalculated and any resulting profit or loss is recognised in the income statement.

The purchaser has to recognise any contingent consideration at fair value, on the date of acquisition. The change in fair value of the contingent consideration classified as asset or liability is recognized according to the provisions included in IAS 39, in the income statement or in other comprehensive income. If the contingent consideration is classified in equity, its value is not remeasured until its extinction is booked against equity.

Goodwill on acquisition is recognised as an asset and initially valued at cost, represented by the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This goodwill is not amortised, but is tested for impairment. If, on the other hand, the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the relevant amounts are re-determined. If the Group's interest in the resulting fair value of the identifiable assets, liabilities and contingent liabilities still exceeds the cost of the acquisition, the difference is immediately recognised in the income statement.

For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.



Consolidation procedure for assets and liabilities held for sale (IFRS5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS5.

Consolidation of foreign operations

All the assets and liabilities of foreign operations denominated in a currency other than the euro are translated using the exchange rates at the end of the reporting period.

Revenue and costs are translated using average exchange rates for the period. Any translation differences are recognised in a separate component of Shareholders' equity until the investment is sold.

On initial application of IFRS, accumulated translation differences deriving from the consolidation of foreign operations were reduced to zero. The reserve accounted for in the consolidated financial statements only includes gains or losses generated from 1 January 2004.

Foreign currency transactions are initially recognised at the spot rate on the date of the transaction. Foreign currency assets and liabilities are translated at the exchange rate at the end of the reporting period. Translation differences and those arising on disposal of the foreign operation are recognised under financial management in the income statement.

Basis of consolidation

The Interim Report on Operations of the ACEA Group includes the financial statements of the Parent Company ACEA and those of its Italian and foreign subsidiaries in which it has a direct or indirect holding of the majority of exercisable voting rights at ordinary shareholders' meetings, and therefore the power to govern financial and operating decisions and thereby achieve the related benefits. Entities that the Parent Company jointly controls with other parties are accounted for using the equity method.

The Group's basis of consolidation is divided into areas:

A) Changes in basis of consolidation

There were changes in the basis of consolidation as at 30 September 2014

- in relation to the Interim Report on Operations as at 30 September 2013 and the 2013 Consolidated Financial Statements as a result of the increase in the investment in Ecogena which resulted in the exclusive control over the company and, accordingly, the consolidation thereof.

Note that, on 4 April 2014, ACEA purchased a share of the investment held by Monte Paschi Siena in Acque Blu Fiorentina (ABF), Acque Blu Arno Basso (ABAB) and Ombrone. In particular ACEA purchased:

- 910,848 ABF shares for € 4,213,582.85; with a percentage share of 75.0102%,
- 545,185 ABAB shares for €1,368,414.35; with a percentage share of 75.8148%,
- 970,818 Ombrone shares for €1,953,285.82; with a percentage share of 99.5103%,

B) Unconsolidated investments

During application of the above methods of consolidation and of the equity method, Tirana Acque S.c.a.r.l. in liquidation, which is accounted for at cost, was excluded. It was possible to resort to this applied simplification by taking into account the fact that this investee is inoperative and insignificant based on qualitative and quantitative factors.



Consolidated Income Statement

	30/09/2014	of which with related parties	30/09/2013 Restated	of which with related parties	Increase/(Decrease)	% Increase/(Decrease)
Revenue from sales and services	2,200,000		2,374,010		(174,009)	(7.3%)
Other revenue and proceeds	80,666		36,266		44,400	122.4%
Consolidated net revenue	2,280,666	143,068	2,410,276	96,832	(129,609)	(5.4%)
Staff costs	177,796		179,301		(1,505)	(0.8%)
Costs of materials and overheads	1,611,733		1,778,495		(166,763)	(9.4%)
Consolidated operating costs	1,789,528	23,661	1,957,796	15,068	(168,268)	(8.6%)
Net income/(costs) from commodity risk management	(38)		62		(100)	(162.2%)
Income/(Costs) from equity investments of a non-financial nature	13,751		31,816		(18,064)	(56.8%)
Gross Operating Profit	504,851	119,407	484,357	81,764	20,494	4.2%
Amortisation, depreciation, provisions and impairment charges	230,327		215,333		14,993	7.0%
Operating profit/(loss)	274,524	119,407	269,024	81,764	5,501	2.0%
Financial income	17,917	2,804	16,999	72	918	5.4%
Financial costs	(94,588)	0	(91,844)	66	(2,744)	3.0%
Income/(Costs) from Equity Investments	556		(2,506)		3,063	(122.2%)
Profit/(loss) before tax	198,410	122,211	191,672	81,902	6,738	3.5%
Taxation	80,731		78,213		2,518	3.2%
Net profit/(loss)	117,679	122,211	113,459	81,902	4,220	3.7%
<i>Profit/(loss) attributable to non-controlling interests</i>	<i>4,879</i>		<i>8,988</i>		<i>(4,110)</i>	<i>(45.7%)</i>
Net profit/(loss) attributable to the Group	112,800	122,211	104,471	81,902	8,329	8.0%

Amounts in €/thousand



Consolidated Statement of Comprehensive Income

	30/09/2014	30/09/2013 <i>Restated</i>	Increase/(Decrease)
Net profit/(loss)	117,679	113,459	4,220
Profit/(Loss) from translation of financial statements expressed in a foreign currency	3,078	(1,495)	4,573
Profit/(Loss) from remeasurement of financial assets available for sale	0	0	0
Profit/(Loss) from the effective portion of hedging instruments	(18,944)	11,411	(30,355)
Actuarial Profit/(Loss) on defined benefit pension plans	(4,643)	1,809	(6,453)
Taxation	6,496	(4,311)	10,807
<i>Total Comprehensive Income Net of Tax</i>	(14,013)	7,415	(21,428)
Total comprehensive income net of tax	103,665	120,874	(17,208)
Total comprehensive income (loss) net of tax attributable to:			
Non-controlling interests	4,237	9,341	(5,104)
Group	99,428	111,532	(12,104)

Amounts in €/thousand



Quarterly Consolidated Income Statement

€ / thousand	3rd quarter 2014	3rd quarter 2013 Restated	Increase / (Decrease)	% Increase / (Decrease)
Revenue from sales and services	747,508	757,509	(10,001)	(1.3%)
Other revenue and proceeds	21,963	10,541	11,422	108.4%
Consolidated net revenue	769,470	768,050	1,420	0.2%
Staff costs	51,428	60,557	(9,129)	(15.1%)
Costs of materials and overheads	549,279	559,635	(10,356)	(1.9%)
Consolidated operating costs	600,707	620,192	(19,485)	(3.1%)
Net income / (costs) from commodity risk management	(14)	58	(72)	(123.5%)
Income / (Costs) from equity investments of a non-financial nature	5,137	5,593	(456)	(8.2%)
Gross Operating Profit	173,886	153,509	20,378	13.3%
Amortisation, depreciation, provisions and impairment charges	87,738	66,271	21,466	32.4%
Operating profit / (loss)	86,149	87,238	(1,089)	1.2%
Financial income	5,956	7,018	(1,062)	(15.1%)
Financial costs	(31,754)	(30,527)	(1,227)	4.0%
Income / (Costs) from Equity Investments	(520)	(681)	161	(23.7%)
Profit / (loss) before tax	59,831	63,048	(3,217)	(5.1%)
Taxation	25,874	26,655	(781)	(2.9%)
Net profit / (loss)	36,132	36,393	(2,435)	(6.7%)
<i>Profit / (loss) attributable to non-controlling interests</i>	<i>1,696</i>	<i>2,541</i>	<i>(846)</i>	<i>(33.3%)</i>
Net profit / (loss) attributable to the Group	32,262	33,851	(1,590)	(4.7%)

Amounts in € / thousand



Quarterly Consolidated Statement of Comprehensive Income

	3rd quarter 2014 (a)	3rd quarter 2013 Restated (b)	Increase/(Decrease)
Net profit/(loss)	33,957	33,851	106
Profit/(Loss) from translation of financial statements expressed in a foreign currency	(81)	(274)	193
Profit/(Loss) from remeasurement of financial assets available for sale	0	0	0
Profit/(Loss) from the effective portion of hedging instruments	152	2,063	(1,910)
Actuarial Profit/(Loss) on defined benefit pension plans	267	2,452	(2,185)
Taxation	(120)	(1,905)	1,785
Total Comprehensive Income Net of Tax	218	2,335	(2,117)
Total comprehensive income net of tax	34,176	36,187	(2,011)
Total comprehensive income (loss) net of tax attributable to:			
Non-controlling interests	1,090	2,368	(1,279)
Group	33,086	33,818	(732)

Amounts in €/thousand



Consolidated Statement of Financial Position

ASSETS	30 September 2014	of which with related parties	31 December 2013 Restated	of which with related parties	Increase / (Decrease)	01 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 fixed assets	86,576		68,790		17,786	64,603
Equity investments in subsidiaries and associates	219,007		211,952		7,055	184,347
Other equity investments	2,483		3,321		(838)	4,763
Deferred tax assets	314,383		308,969		5,414	326,374
Financial assets	34,162	32,328	34,788	32,328	(626)	32,283
Other assets	45,522		48,770		(3,248)	53,861
NON-CURRENT ASSETS	4,248,235	32,328	4,152,547	32,328	95,688	4,072,468
Inventories	32,729		33,754		(1,025)	39,126
Trade receivables	1,459,718	201,601	1,346,556	156,892	113,161	1,302,308
Other current assets	135,324		111,410		23,914	121,152
Current tax assets	104,229	0	91,984	0	12,245	67,191
Current financial assets	136,201	107,665	118,302	60,983	17,899	152,832
Cash and cash equivalents	527,434		563,066		(35,632)	405,510
CURRENT ASSETS	2,395,634	309,266	2,265,072	217,875	130,562	2,088,118
Non-current assets held for sale	497		6,722		(6,225)	6,722
TOTAL ASSETS	6,644,366	341,594	6,424,340	250,203	220,025	6,167,308

LIABILITIES	30 September 2014	of which with related parties	31 December 2013 Restated	of which with related parties	Increase / (Decrease)	01 January 2013 Restated
Shareholders' equity						
share capital	1,098,899		1,098,899		0	1,098,899
statutory reserve	176,091		167,353		8,738	162,190
other reserves	(461,759)		(468,673)		6,915	(445,730)
retained earnings/ (losses)	462,350		383,115		79,235	423,518
profit (loss) for the year	112,800		141,940		(29,140)	
Total Group shareholders' equity	1,388,381	0	1,322,633	0	65,748	1,238,877
Non-controlling interests	72,838		84,195		(11,357)	78,471
Total shareholders' equity	1,461,219	0	1,406,828	0	54,391	1,317,349
Staff termination benefits and other defined benefit plans	112,574		106,910		5,664	118,329
Provision 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
Provision for deferred taxes	98,618		92,964		5,654	84,257
NON-CURRENT LIABILITIES	3,524,109	0	2,928,389	0	595,719	2,608,424
Trade payables	1,166,407	119,931	1,207,601	105,821	(41,194)	1,130,381
Other current liabilities	252,833		239,082		13,751	230,160
Borrowings	159,429	5,383	599,869	32,984	(440,439)	822,741
Tax Payables	80,269	0	41,228	0	39,041	56,908
CURRENT LIABILITIES	1,658,939	125,314	2,087,779	138,805	(428,840)	2,240,192
Liabilities directly associated with assets held for sale	99		1,344		(1,245)	1,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,644,366	125,314	6,424,340	138,805	220,025	6,167,308

Amounts in €/thousand



Consolidated Statement of Cash Flows

	30/09/2014	Related parties	30/09/2013 Restated	Related parties	Increase/(Decrease)
<i>Cash flow from operating activities</i>					
Profit before tax from continuing operations	198,410		191,672		6,738
Profit before tax from discontinued operations	0		0		0
Depreciation/amortisation	141,317		138,897		2,420
Revaluations/impairment charges	53,064		23,960		29,104
Increase/(decrease) in provisions for liabilities	(11,165)		(14,964)		3,799
Net increase/(decrease) in staff termination benefits	3,155		(10,295)		13,450
Net financial interest expense	76,671		74,846		1,825
Income taxes paid	(20,848)		(30,226)		9,378
Cash flow generated by operating activities before changes in working capital	440,603		373,890		66,713
Increase in current receivables	(176,727)	44,709	(56,795)	(11,592)	(119,932)
Increase/decrease in current payables	(44,303)	14,110	(62,915)	6,933	18,613
Increase/(decrease) in inventories	1,025		1,224		(199)
Change in working capital	(220,004)		(118,486)		(101,518)
Change in other assets/liabilities during the period	(24,515)		(13,095)		(11,420)
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	196,083		242,308		(46,225)
<i>Cash flow from investment activities</i>					
Purchase/sale of property, plant and equipment	(95,577)		(81,174)		(14,402)
Purchase/sale of intangible fixed assets	(122,267)		(116,909)		(5,358)
Equity investments	10,799		(1,181)		11,980
Purchase/sale of investments in subsidiaries	(4,220)		5,454		(9,674)
Proceeds/payments deriving from other financial investments	(16,327)	46,682	7,223	7,223	(23,550)
Dividends received	51	51	0		51
Interest income received	34,707		4,054		30,654
TOTAL	(192,833)		(182,534)		(10,299)
<i>Cash flow from financing activities</i>					
Non-controlling interests in subsidiaries' capital increase	(7,534)		19		(7,553)
Repayment of borrowings and long-term loans	(45,150)		(352,336)		307,186
Disbursement of borrowings/other medium/long-term loans	595,335		695,391		(100,056)
Decrease/increase in other short-term borrowings	(442,369)	(27,601)	(346,086)	4,196	(96,283)
Interest expense paid	(95,906)		(78,709)		(17,197)
Dividends paid	(43,259)	(43,259)	(22,618)	(22,618)	(20,640)
TOTAL CASH FLOW	(38,883)		(104,339)		65,456
Cash flows for the period	(35,632)		(44,564)		8,933
<i>Net opening balance of cash and cash equivalents</i>	563,066		405,510		157,556
<i>Net closing balance of cash and cash equivalents</i>	527,434		360,946		166,488

Amounts in €/thousand



Consolidated Statement of Changes in Shareholders' Equity

€ thousand	Share capital	Statutory reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholders' equity
Balances as at 01 January 2013 Restated	1,098,899	165,087	(71,845)	46,735	1,238,877	77,184	1,316,060
Restated IAS 19					0		
Restated IFRS11		(2,897)	2,897		0	1,288	1,288
Balances as at 01 January 2013 Restated	1,098,899	162,190	(68,948)	46,735	1,238,877	78,472	1,317,348
Net profit (loss)	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
<i>Total comprehensive income (loss)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>155,300</i>	<i>155,300</i>	<i>11,602</i>	<i>166,902</i>
Allocation of 2012 net profit	0	5,607	41,128	(46,735)	0	0	0
Distribution of dividends	0	0	(72,266)	0	(72,266)	(5,168)	(77,434)
Change in basis of consolidation	0	(444)	1,167	0	722	(711)	11
Balances as at 31 December 2013 Restated	1,098,899	167,353	(98,920)	155,300	1,322,633	84,195	1,406,827

Amounts in €/thousand

€ thousand	Share capital	Statutory reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholders' equity
Balances as at 01 January 2014 Restated	1,098,899	167,353	(98,920)	155,300	1,322,633	84,195	1,406,827
Net profit (loss)	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)
<i>Total comprehensive income (loss)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>37,297</i>	<i>37,297</i>	<i>2,734</i>	<i>40,031</i>
Allocation of 2013 net profit	0	(957)	156,257	(155,300)	0	0	0
Distribution of dividends	0	0	0	0	0	(1,777)	(1,777)
Change in basis of consolidation	0	0	0	0	0	1,519	1,519
Balances as at 31 March 2014	1,098,899	166,396	57,338	37,297	1,359,930	86,671	1,446,601
Net profit (loss)	0	0	0	36,052	36,052	933	36,986
Other comprehensive income (losses)	0	0	0	(7,008)	(7,008)	(520)	(7,528)
<i>Total comprehensive income (loss)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>29,045</i>	<i>29,045</i>	<i>413</i>	<i>29,458</i>
Allocation of 2013 net profit	0	5,576	(5,576)	0	0	0	0
Distribution of dividends	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)
Balances as at 30 June 2014	1,098,899	171,972	18,081	66,342	1,355,294	71,748	1,427,043
Net profit (loss)	0	0	0	32,262	32,262	1,696	33,957
Other comprehensive income (losses)	0	0	0	825	825	(606)	218
<i>Total comprehensive income (loss)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>33,086</i>	<i>33,086</i>	<i>1,090</i>	<i>34,176</i>
Reclassification IFRS 11	0	4,118	(4,118)	0	0	0	0
Balances as at 30 September 2014	1,098,899	176,091	13,963	99,428	1,388,381	72,838	1,461,219

Amounts in €/thousand

Notes to the Consolidated Income Statement

The following is a comment to the performance of the period; data as at 30 September 2014 are compared with those for the same period of the previous year appropriately "restated" as fully described in the section "Effects from adoption of IFRS10 (Consolidated Financial Statements) and IFRS11 (Joint control arrangements)" in this document.

		30/09/2014	30/09/2013 Restated	Increase/(De crease)	Increase/(De crease) %
1	Revenue from sales and services	2,200,000	2,374,010	(174,009)	(7.3%)
2	Other revenue and proceeds	80,666	36,266	44,400	122.4%
	Consolidated net revenue	2,280,666	2,410,276	(129,609)	(5.4%)
3	Staff costs	177,796	179,301	(1,505)	(0.8%)
4	Costs of materials and overheads	1,611,733	1,778,495	(166,763)	(9.4%)
	Consolidated operating costs	1,789,528	1,957,796	(168,268)	(8.6%)
5	Net income/(costs) from commodity risk management	(38)	62	(100)	(162.2%)
6	Income/(Costs) from equity investments of a non-financial nature	13,751	31,816	(18,064)	(56.8%)
	Gross Operating Profit	504,851	484,357	20,494	4.2%
7	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%
8	Financial income	17,917	16,999	918	5.4%
9	Financial costs	(94,588)	(91,844)	(2,744)	3.0%
10	Income/(Costs) from Equity Investments	556	(2,506)	3,063	(122.2%)
	Profit/(loss) before tax	198,410	191,672	6,738	3.5%
11	Taxation	80,731	78,213	2,518	3.2%
	Net profit/(loss)	117,679	113,459	4,220	3.7%
	<i>Profit/(loss) attributable to non-controlling interests</i>	<i>4,879</i>	<i>8,988</i>	<i>(4,110)</i>	<i>(45.7%)</i>
	Net profit/(loss) attributable to the Group	112,800	104,471	8,329	8.0%
12	Earnings (loss) per share (€)				
	Basic	0.5297	0.4906	0.0391	
	Diluted	0.5297	0.4906	0.0391	

Amounts in €/thousand

Consolidated net revenue

As at 30 September 2014 these amounted to 2,280.7 million euros (2,410.3 million euros at 30 September 2013), recording a decrease of 129.6 million euros (-5.4%) over the previous year, and are broken down as follows.

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Revenue from sales and services	2,200.0	2,374.0	(174.0)	(7.3%)
Other revenue and proceeds	80.7	36.3	44.4	122.4%
Consolidated net revenue	2,280.7	2,410.3	(129.6)	(5.4%)

1. Revenue from sales and services - 2,200.0 million euros

This item reported an overall decrease of 174.0 million euros (-7.3%) compared to 30 September 2013, which closed with a total of 2,374.0 million euros.

The breakdown of this item is provided in the following table.

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Revenue from electricity sales and services	1,589.6	1,790.8	(201.2)	(11.2%)
Revenue from gas sales	40.5	45.6	(5.1)	(11.2%)
Revenue from the sale of certificates and rights	15.4	12.3	3.1	25.2%
Revenue from the Integrated Water Service	429.4	397.5	31.9	8.0%
Revenue from Overseas Water Services	5.7	8.0	(2.3)	(28.3%)
Revenue from biomass transfer and landfill management	30.6	28.1	2.5	8.9%
Revenue from services to customers	66.1	70.4	(4.3)	(6.2%)
Connection fees	22.7	21.3	1.4	6.5%
Revenue from sales and services	2,200.0	2,374.0	(174.0)	(7.3%)

Revenue from electricity sales and services

Revenue from electricity sales and services amounted to 1,589.6 million euros and, excluding intercompany eliminations, essentially included the following items:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Electricity sales	1,229.0	1,420.1	(191.2)	(13.5%)
Transport and metering of energy	298.4	303.1	(4.7)	(1.6%)
Energy sales from WTE	31.3	34.4	(3.1)	(8.9%)
Electricity and heat generation	29.0	32.2	(3.3)	(10.2%)
Cogeneration	1.6	0.0	1.6	100.0%
Energy from photovoltaic plants	0.4	0.9	(0.5)	(55.6%)
Revenue from electricity sales and services	1,589.6	1,790.8	(201.2)	(11.2%)

The major changes refer to:

- ✓ A 191.2 million euros reduction in revenue from the sale of electrical energy as a result of lower quantities sold and changes in prices. The sale of electricity on the Protected Categories market was equal to 2,269 GWh, a reduction of 5.9% year on year. The number of withdrawal

points totalled 1,029,364 (1,072,890 at 30 September 2013). The reduction is due to the strong competition brought on the Rome market by Acea's main competitors (ENI, ENEL, EDISON), and the Company's ongoing commercial activity designed to promote the transition of its clients from the Protected Categories market to the free market. The sale of electricity on the Free Market amounted to 5,506 GWh for Acea Energia and 407 GWh for the retail Joint Ventures, for a total 5,913 GWh, a decrease of around 15.9% on 30 September 2013. The reduction concerned the business to business segment and was largely attributable to the continuation of the strategy towards diversification of the customer portfolio. Growth in the small business and mass market segment continued both in terms of unit sales and number of customers served;

- ✓ the decrease in revenues from electricity generation (- 3.3 million euros) mainly derived from district heating. Following a drop in market prices to below the expected minimum, production in the combined cycle section of the Tor di Valle plant was suspended;
- ✓ Decrease of 4.7 million euros in revenue from the transport and metering of energy in the Protected Categories and free market, mainly due to the different value attributed to the tariff parameters, as well as the combined effect of the reduced electricity fed into the grid and lower volumes.

Revenue from gas sales

Revenue from gas sales amounted to 40.5 million euros, a decrease of 5.1 million euros compared to 30 September 2013 (they were 45.6 million euros), mainly due to lower volumes sold by the company Umbria Energia, which chiefly reflected the decrease of customers in the "business" segment and the consolidation of customers' growth in the domestic market. Acea Energia sold 68.3 million standard cubic metres of gas to final customers and wholesalers (including retail joint ventures) corresponding to 137,676 redelivery points at 30 September 2014 (was 99,445 at 30 September 2013).

Revenue from the sale of certificates and rights

Revenue from the sale of certificates and rights amounted to 15.4 million euros, up 3.1 million euros compared to the same period of the previous year. This item mainly refers to revenue from green certificates: **i)** of Acea Produzione (13.0 million euros) accruing in relation to energy produced at the Salisano and Orte plants after the repowering operations completed in 2012 and **ii)** A.R.I.A. (2.4 million euros) resulting from an incentive system for renewable energy sources for the WTE plants in Terni and San Vittore.

The breakdown of this item by type is as follows:

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	% Increase/ (Decrease)
Green certificates	15.4	11.6	3.8	32.8%
CO2 rights	0	0.4	(0.4)	(100.0%)
EEB	0	0.3	(0.3)	(100.0%)
Revenue from the sale of certificates and rights	15.4	12.3	3.1	25.2%

Revenue from the Integrated Water Service

As mentioned in the paragraph to which reference is made for more detailed explanations, Revenue from the Integrated Water Service is almost exclusively generated by the companies managing the service in Lazio and to a lesser extent those operating in Campania.

These revenues amounted to 429.4 million euros, up 31.9 million euros (+8.0%) compared to the same period of the previous year (397.5 million euros).

Details of the breakdown by company are given below.

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
ATO2	373.8	349.4	24.4	7.0%
ATO5	47.8	40.4	7.4	18.4%
GESESA	5.0	4.8	0.3	6.0%
CREA GESTIONI SRL	2.8	3.0	(0.2)	(6.0%)
Revenue from the Integrated Water Service	429.4	397.5	31.9	8.0%

The increase is mainly due to the updating of the 2014 tariffs of Acea Ato 2 and Acea Ato 5. The VRG (Guaranteed Revenue Restriction) for Acea Ato 2 was calculated on the basis of AEEGSI Resolution of 25 September 2014, which approved the 2014-2015 tariffs proposed by the Mayors' Conference of ATO 2 Central Lazio - Rome. This positive change was also due to the adjustments of "pass-through items", i.e. the taking into account in the tariff of some types of costs related to 2012 and 2013. More specifically, for Acea Ato2 these adjustments contributed 17.5 million euros to revenue growth for the period and included coverage of the costs incurred to address the environmental emergency and other elements of cost (i.e. electricity and local charges) as well as inflation as envisaged in the regulation in force.

Revenue from Overseas Water Services

Revenue from Overseas Water Services amounted to 5.7 million euros, down 2.3 million euros compared to 30 September 2013 (8.0 million euros). The change was mainly due to a decrease in Aguazul Bogotá activities.

Revenue from biomass transfer and landfill management

Revenue from biomass transfer and landfill management amounted to 30.6 million euros, up 2.5 million euros compared to the same period of the previous year (28.1 million euros).

The breakdown by company is provided below:

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	% Increase/ (Decrease)
A.R.I.A.	16.6	13.7	2.9	21.1%
SAO	7.1	7.6	(0.5)	(6.2%)
Kyklos	3.1	3.6	(0.5)	(12.8%)
Aquaser	2.6	2.8	(0.2)	(4.8%)
Samace	0.7	0.2	0.5	250.0%
Solemme	0.2	0.2	0.0	0.0%
Innovation and environmental sustainability	0.3	0.0	0.3	100.0%
Revenue from biomass transfer and landfill management	30.6	28.1	2.5	8.9%

The change was influenced both by an increase in transferred quantities, especially from agriculture and composting, and average price.

Revenue from services to customers

Revenue from services to customers amounted to 66.1 million euros (70.4 million euros at 30 September 2013) recording a decrease of 4.3 million euros.

This item consists of:

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Public Lighting - Rome	41.2	42.4	(1.2)	(2.9%)

Revenue from services requested by third parties	9.2	12.8	(3.6)	(28.4%)
Public Lighting - Naples	5.6	4.9	0.8	15.4%
GIP revenue	5.7	5.6	0.1	1.8%
Intercompany services and other revenues	4.4	4.7	(0.3)	(6.4%)
Revenue from services to customers	66.1	70.4	(4.3)	(6.1%)

Connection fees

Connection fees amounted to 22.7 million euros recording an increase of 1.4 million euros. These fees are broken down as follows:

- free and protected markets: 19.6 million euros (+ 1.6 million euros),
- water market: 3.0 million euros (3.2 million euros as at 30 September 2013).

2. Other revenue and proceeds - 80.7 million euros

This item increased by 44.4 million euros (+122.4%) compared to 30 September 2013, which closed with a total of 36.3 million euros.

The change was mainly due to the following effects:

(i) revenues recognized for 36.7 million euros resulting from recognition of white certificates, of which 28.3 million euros refer to the estimated tariff contribution due to ACEA Distribuzione in relation to its meeting the 2013 and 2014 obligation and 8.4 million euros refer to the release of the provision for risks and charges allocated in 2013 to cover the costs for purchasing the certificates during the reporting period in order to meet the aforementioned regulatory energy efficiency requirement;

(ii) the recognition of an extraordinary revenue of 6.6 million euros arising from the recalculation of tariff adjustments by the STO for the 2006-2011 period, as a result of the implementation of Resolution 643/2013 which enables the ATO2 to bill prior adjustments in a minimum period of six months (from July to December), replacing the initial provision of billing in 6 years (tariff review in April 2012);

(iii) 3.5 million euros increase in the contribution granted by the Italian Government to supplement income deriving from the services supplied to the Vatican State. The change is due to the different treatment of the grant in determining the Guaranteed Revenue Restriction (VRG) of ACEA Ato2.

A breakdown of this item, compared to 30 September 2013, is provided in the table below.

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Contributions from Entities for Energy Efficiency Certificates	38.3	1.4	36.9
Non-recurring gains and other revenues	23.2	19.1	4.1
Reimbursement for damages, penalties and charge-backs	5.9	5.4	0.5
Feed-in-tariff	4.0	4.4	(0.4)
Government grant (Prime Ministerial Decree of 23/04/04)	3.5	0.0	3.5
Income from end users	1.3	1.1	0.2
Property income	1.3	1.2	0.0
Seconded staff	1.1	1.7	(0.6)
IFRIC 12 margin	1.0	0.8	0.3
Recharged cost for company officers	0.8	1.1	(0.4)
Gains on asset disposals	0.2	0.1	0.2
Other revenue and proceeds	80.7	36.3	44.4

Consolidated operating costs

As at 30 September 2014 these amounted to 1,789.5 million euros (1,957.8 thousand euros at 30 September 2013), recording a decrease of 168.3 million euros (-8.6%) over the same period of the previous year.

The breakdown is as follows:

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Staff costs	177.8	179.3	(1.5)	(0.8%)
Costs of materials and overheads	1,611.7	1,778.5	(166.8)	(9.4%)
Consolidated operating costs	1,789.5	1,957.8	(168.3)	(8.6%)

3. Staff costs - 177.8 million euros

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Staff costs including capitalised costs	226.9	223.1	3.8	1.7%
Release of provision allocated in 2012 for MBO and Bonuses	0.0	(6.2)	6.2	(100.0%)
Total	226.9	216.9	10.0	4.6%
Capitalised costs	(49.1)	(37.6)	(11.5)	30.6%
Staff costs	177.8	179.3	(1.5)	(0.8%)

The increase in staff costs, inclusive of capitalised costs, amounted to 10.0 million euros and was influenced by the partial release in the first quarter of 2013 of provisions allocated for MBO and Bonuses to be paid to Executives and Middle Managers as the objectives were only partially achieved.

The change was also affected by the wage increase resulting from contract renewals in 2013.

With regard to capitalised costs, they posted an increase of 11.5 million euros, mainly attributable to the water companies.

The following tables show the average number of staff by operating sector compared to same period of the previous year. The figure for the end of the third quarter of 2014 is also shown.

	Average number of employees		
	30/09/2014	30/09/2013 <i>Restated</i>	Δ
Environment	216	218	(2)
Energy	534	547	(12)
Water	2,414	2,426	(13)
<i>Lazio-Campania</i>	1,836	1,875	(39)
<i>Tuscany-Umbria</i>	0	0	0
<i>Overseas</i>	415	394	21
<i>Engineering and services</i>	163	157	5
Networks	1,380	1,402	(22)
Parent Company	671	680	(9)
TOTAL	5,215	5,272	(57)

	End-of-period number of employees		
	30/09/2014	30/09/2013 <i>Restated</i>	Δ
Environment	214	218	(4)

Energy	534	548	(14)
Water	2,409	2,419	(10)
<i>Lazio-Campania</i>	1,840	1,867	(27)
<i>Tuscany-Umbria</i>	0	0	0
<i>Overseas</i>	406	391	15
<i>Engineering and services</i>	163	161	2
Networks	1,378	1,396	(18)
Parent Company	669	679	(10)
TOTAL	5,204	5,260	(56)

4. Cost of materials and overheads- 1,611.7 million euros

This item reported a total decrease of 166.8 million euros (- 9.4%) (1,778.5 million euros at 30 September 2013).

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Electricity, gas and fuel	1,348.8	1,517.0	(168.2)	(11.1%)
Services and contract work	172.5	169.9	2.5	1.5%
Concession fees	32.3	30.9	1.4	4.5%
Materials	20.0	21.4	(1.4)	(6.4%)
Other operating costs	20.7	21.7	(1.0)	(4.7%)
Cost of leased assets	17.5	17.6	(0.1)	(0.5%)
Costs of materials and overheads	1,611.7	1,778.5	(166.8)	(9.4%)

Electricity, gas and fuel

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)
Procurement	1,266.7	1,468.9	(202.2)
Gas	32.2	40.1	(7.9)
Other costs	18.8	8.0	10.8
Green certificates and CO2 rights	0.1	0.0	0.1
White certificates	31.0	0.0	31.0
Electricity, gas and fuel	1,348.8	1,517.0	(168.2)

The change was mainly due to: i) lower costs relating to the procurement of electricity for both the protected and free market and the related transportation costs; this decrease resulted from the combined effect of the lower amount of electricity distributed and sold and the different price/quantity mix in the various months and time brackets; ii) the recognition of the cost for the purchase of white certificates by Acea Distribuzione in order to meet its obligations for 2013 and 2014.

Services and contract work

Services and contract work amounted to 172.5 million euros, up 2.5 million euros compared to the third quarter of 2013 (169.9 million euros). The breakdown was as follows:

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	% Increase/ (Decrease)
Contract work	34.4	37.1	(2.7)	(7.2%)
Technical and administrative services (including consulting and freelance work)	31.6	27.9	3.7	13.4%
Disposal and transport of sludge, slag, ash and waste	21.4	20.8	0.6	2.7%
Other services	18.1	16.9	1.2	7.1%

Payroll services	12.1	12.2	(0.2)	(1.3%)
Insurance costs	9.8	10.1	(0.2)	(2.4%)
Electricity, water and gas consumption	6.3	8.2	(1.8)	(22.5%)
Internal use of electricity	5.9	5.8	0.1	1.5%
Intragroup services	5.5	2.6	2.9	112.8%
Telephone and data transmission costs	4.5	5.8	(1.2)	(21.1%)
Postal expenses	4.5	4.3	0.2	4.5%
Cleaning, transport and portorage	3.3	3.5	(0.2)	(6.7%)
Maintenance fees	3.3	2.6	0.7	25.4%
Advertising and sponsorship costs	3.0	3.7	(0.7)	(18.8%)
Corporate bodies	2.9	3.6	(0.7)	(19.0%)
Meter readings	2.2	1.5	0.7	47.1%
Bank charges	1.6	2.0	(0.4)	(20.4%)
Seconded staff	0.9	0.5	0.4	75.2%
Travel and accommodation expenses	0.9	0.7	0.2	34.1%
Printing costs	0.1	0.2	(0.1)	(50.0%)
Services and contract work	172.5	169.9	2.5	1.5%

Concession fees

Concession fees totalled 32.3 million euros (30.9 million euros as at 30 September 2013) and referred to companies that manage Area Authorities under concession in Lazio and Campania. The following table shows a breakdown by Company, compared to the previous year.

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
ATO2	26.7	25.4	1.3	5.0%
ATO5	5.3	5.2	0.1	1.5%
GESESA	0.3	0.2	0.1	50.0%
Concession fees	32.3	30.9	1.4	4.5%

Materials

The cost of materials amounted to 20.0 million euros and represents the cost of materials used during the period net of capital expenditures, as shown in the table below.

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Purchase of materials	35.0	40.3	(5.4)	(13.3%)
Change in inventories	0.5	(1.0)	1.5	(150.0%)
Total	35.5	39.4	(3.9)	(9.9%)
Capitalised costs	(15.5)	(18.0)	2.5	(13.9%)
TOTAL MATERIALS	20.0	21.4	(1.4)	(6.4%)

Capitalised costs posted a decrease of 2.5 million euros mainly attributable to ACEA Distribuzione (- 1.8 million euros) and Acea Ato 2 (- 0.4 million euros).

The costs for materials incurred by the operating segments are detailed below.

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)	Increase/ (Decrease) %
Environment	3.7	3.7	0.1	0.1%
Energy	0.2	0.8	(0.6)	(75.5%)
Water	10.2	10.2	0.0	0.0%
Networks	5.1	5.8	(0.7)	(12.4%)
Parent Company	0.7	0.8	(0.1)	(12.2%)

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	Increase/ (Decrease) %
Costs for materials	20.0	21.4	(1.4)	(6.4%)

Other operating costs

Other operating costs amounted to 20.7 million euros as at 30 September 2014, recording a decrease of 1.0 million euros.

The table below provides details of this item by type:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Taxes and duties	8.8	8.3	0.5	6.0%
Non recurring losses	5.4	4.9	0.5	10.2%
Contributions paid and membership fees	2.9	3.1	(0.2)	(6.5%)
General and administrative expenses	2.5	4.0	(1.5)	(37.5%)
Damages and outlays for legal disputes	0.8	1.1	(0.3)	(27.3%)
Losses on asset disposals	0.3	0.2	0.1	50.0%
Other operating costs	20.7	21.7	(1.0)	(4.6%)

Cost of leased assets

This item amounted to 17.5 million euros, substantially in line with the same period of the previous year.

The following table illustrates the changes by operating segment:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	0.8	1.2	(0.4)	(34.7%)
Energy	2.6	2.6	0.0	0.0%
Water	3.9	3.4	0.6	16.4%
Networks	3.0	3.6	(0.6)	(15.5%)
Parent Company	7.2	6.8	0.3	4.9%
Cost of leased assets	17.5	17.6	(0.1)	(0.5%)

This item includes lease payments of 8.4 million euros and charges relating to other fees and rentals for 9.1 million euros.

5. Net income/(costs) from commodity risk management - (0.0) million euros

At 30 September 2014 the change in the Fair Value measurement of financial contracts was approximately 0 million euros.

The portfolio of financial instruments under Hedge Accounting was the predominant component of the overall portfolio.

All information useful in describing the transactions performed, aggregated by hedged index or providing the measurement of the hedge portfolio with an indication of the type of accounting applied is provided below.

€ thousand	Purpose	Purchases/Sales	Fair Value in € thousand	Amount recognised in shareholders' equity	Amount recognised in income statement
ITRemix	Hedge power portfolio	electricity purchase/sale	(21)	(21)	0
GRP911	Hedge power portfolio	electricity purchase/sale	(221)	(221)	0

GRP913	Hedge power portfolio	electricity purchase/sale	(12)	(12)	0
ITEC	Hedge power portfolio	electricity purchase/sale	(1)	(1)	0
ITEC 12	Hedge power portfolio	electricity purchase/sale	41	41	0
PUN	Hedge power portfolio	electricity purchase/sale	(592)	(590)	(2)
IPE_BRENT	Hedge power portfolio	electricity purchase/sale	11	0	11
EEX	Hedge power portfolio	electricity purchase/sale	(140)	(140)	0
CONSIP	Hedge power portfolio	electricity purchase/sale	7	7	0
AC_PFOR_u	Hedge power portfolio	gas purchase/sale	0	0	0
			(927)	(936)	9

For further details please refer to the section "Additional disclosures on financial instruments and risk management policies" in the 2013 Consolidated Financial Statements.

Please note that the assessment of counterparty risk carried out in accordance with IFRS 13 does not affect the effectiveness test carried out on the instruments measured under Hedge Accounting rules.

6. Income/(Costs) from equity investments of a non-financial nature - 13.8 million euros

As described in the section "Effects from adoption of IFRS10 (Consolidated Financial Statements) and IFRS11 (joint control arrangements)" in this document, this item is the consolidated result according to the equity method that is included among the components of the consolidated EBITDA. The breakdown of this item is detailed below:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Gross Operating Profit	90.8	93.2	(2.4)
Amortisation, depreciation, impairment charges and provisions	(60.3)	(51.2)	(9.1)
Financing activities	(6.4)	9.4	(15.7)
Taxation	(10.3)	(19.5)	9.2
Income from equity investments of a non-financial nature	13.8	31.8	(18.0)

The decrease compared to 30 September 2013 was principally due to:

- ✓ with regard to Gross Operating Profit, recognition in 2013 of higher revenues (12.8 million euros) pertaining to the 2012 financial year, with specific reference to the FNI (New Investments Fund) component approved by the Area Authorities in 2013;
- ✓ with regard to financing activities, recognition in 2013 of financial income of 14.4 million euros, arising from the discounting to present value of GORI's payable to the Campania Region; it is recalled that in June 2013 GORI, the Area Authority and the Campania Region signed an agreement that, inter alia, set the payable related to water purchases at 212 million euros (Group share 78.6 million euros) and established a twenty-year repayment plan with interest payable as of the eleventh year.

Excluding the effects of these extraordinary items, performance for the period was broadly in line with that of the first nine months of 2013.

The companies' valuation is detailed below:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Publiacqua	5.1	16.2	(11.1)
Acque Group	3.3	1.1	2.2
Acquedotto del Fiora	2.1	2.4	(0.3)
Umbra Acque	0.2	0.4	(0.2)
Gori	1.5	12.0	(10.5)
Nuove Acque and Intesa Aretina	0.2	0.1	0.1
Agua Azul	0.6	0.4	0.2
Voghera Energia Vendita S.p.A. in liquidation	0.1	(0.2)	0.3
Ingegnerie Toscane	0.5	0.0	0.5
Ecomed in liquidation	0.2	(0.4)	0.6
Ecogena	0.0	(0.1)	0.1
Apice (in liquidation)	0.0	0.0	0.0
Total	13.8	31.8	(18.0)

7. Amortisation, depreciation, provisions and impairment charges - 230.3 million euros

This item increased 15.0 million euros compared to the same period of the previous year (215.3 million euros).

The breakdown is as follows:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	Increase/ (Decrease) %
Amortisation and depreciation	141.3	138.9	2.4	1.7%
Provision for impairment of receivables	67.4	53.3	14.1	26.4%
Provision for liabilities and charges	21.6	23.2	(1.5)	(6.6%)
Amortisation, depreciation, provisions and impairment charges	230.3	215.3	15.0	7.0%

Amortisation and depreciation

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	Increase/ (Decrease) %
Depreciation of tangible assets	87.9	84.0	3.9	4.6%
Amortisation of intangible assets	53.5	53.6	(0.1)	(0.2%)
Impairment charges	0.0	1.3	(1.3)	(100.0%)
Total	141.3	138.9	2.4	1.7%

The decrease in depreciation and amortisation resulted from the combined effects listed below:

- ✚ higher depreciation of 1.2 million euros in ACEA Distribuzione;
- ✚ higher depreciation of 3.3 million euros in Acea Produzione due to the reduction in the useful life of the Tor di Valle plant as a result of a technical-engineering analysis of the entire production site which led to a reassessment of the useful lives of certain components.
- ✚ lower depreciation of 1.3 million euros in the companies in the Energy Sale segment.

Impairment charges and losses on receivables

This item amounted to 67.4 million euros, an increase of 14.1 million euros, due mainly to the increase of 4.3 million euros in Acea Ato 5, 7.0 million euros in ACEA Energia and 2.1 million euros in the parent company.

The breakdown by Operating Segment is provided below:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	Increase/ (Decrease) %
Environment	0.0	0.0	0.0	0.0%
Energy	49.0	41.7	7.4	17.7%
Water	13.1	8.6	4.5	52.2%
Networks	3.0	2.8	0.2	7.1%
Parent Company	2.3	0.2	2.1	1,050.0%
Total	67.4	53.3	14.1	26.5%

Provisions

At 30 September 2014 provisions amounted to 21.6 million euros; their breakdown by type is as follows:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Legal	0.3	2.2	(1.9)
Tax	0.7	0.2	0.4
Regulatory risks	2.3	1.1	1.2
Investees	0.1	0.0	0.1
Contributory risks	0.3	1.8	(1.5)
Early retirements and redundancies	13.9	14.4	(0.6)
Contracts and supplies	0.6	0.0	0.5
Insurance excess	0.0	0.1	(0.1)
Other liabilities and charges	0.1	0.0	0.1
Total	18.2	19.8	(1.6)
Ifric 12 restoration charges	3.5	3.4	0.1
Total	21.6	23.2	(1.4)

The breakdown of provisions by operating segment is shown in the following table:

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)	% Increase/ (Decrease)
Environment	1.0	0.0	0.9	0.0%
Energy	3.9	2.4	1.5	62.5%
Water	5.5	10.0	(4.5)	(44.9%)
Networks	4.0	5.4	(1.4)	(26.3%)
Parent Company	7.2	5.3	2.0	37.8%
Provisions	21.6	23.2	(1.5)	(6.6%)

8. Financial income - 17.9 million euros

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Interest on loans and receivables	2.1	0.3	1.9
Bank interest income	0.9	0.7	0.3
Interest on trade receivables	13.2	11.9	1.4
Financial income from discounting to present value	0.8	1.5	(0.7)
Fair Value Hedge assessments	0.6	0.9	(0.3)
Other income	0.2	1.8	(1.6)
Financial income	17.9	17.0	0.9

Financial income amounted to 17.9 million euros, up 0.9 million euros compared to the same period of the previous year.

The change is mainly attributable to the recognition of financial income to Roma Capitale (+ 1.8 million euros).

Net income from valuation of fair value hedges amounted to 0.6 million euros and refer to the derivative instrument entered into to hedge the interest rate risk on the bond issue.

9. Financial cost - 94.6 million euros

€ millions	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Expenses from <i>Interest Rate Swaps</i>	3.0	5.6	(2.6)
Interest on bonds	49.1	32.2	17.0
Interest on medium/long-term borrowings	22.6	21.5	1.1
Interest on short-term borrowings	3.2	10.4	(7.2)
Default interest and interest on deferred payments	2.8	3.2	(0.5)
Interest cost net of actuarial gains and losses	2.5	2.4	0.1
Factoring fees	8.9	13.8	(4.8)
Interest on payments by instalment	0.7	1.2	(0.5)
Costs from discounting to present value	1.4	0.1	1.3
Other financial charges	0.3	0.9	(0.6)
Interest payable to end users	0.2	0.6	(0.3)
Foreign exchange gains (losses)	(0.1)	0.0	(0.1)
Financial costs	94.6	91.8	2.7

With regard to financial costs related to borrowings, the following changes should be noted:

- ✚ interest on bonds was up 17.0 million euros compared to 30 September 2013 as a result of the bond placed on the market at the beginning of September 2013; and the effect of the bond issued by ACEA in July 2014 as part of the EMTN programme.
- ✚ financial cost on medium and long term borrowings increased by 1.1 million euros reflecting changes in interest rates and repayment plans;
- ✚ short-term borrowing costs decreased by 7.2 million euros as a result of the substantial elimination of short-term debt following the placement of the bond issue of 600 million euros;
- ✚ factoring fees decreased 4.8 million euros for the cumulative effect of a reduction in the rate applied and a reduction in the amount of factored receivables.

The average overall "All in" cost of the ACEA Group's debt at 30 September 2014 stood at 3.218% against 3.259% in the same period of 2013.

10. Income and costs from Equity Investments - 0.6 million euros

€ millions	30/09/2014	30/09/2013 restated	Increase/ (Decrease)
Income from investments in associates	3.3	2.7	0.6
(Costs) from investments in associates	(2.7)	(5.2)	2.5
(Costs)/Income from investments	0.6	(2.5)	3.1

Losses on equity investments refer to the consolidation of certain Group companies according to the equity method (mainly the Sienergia Group for 1.1 million euros, Azga Nord for 0.3 million euros and Eur Power for 0.2 million euros).

Income from investments mainly refer to Marco Polo in liquidation for 2.3 million euros, Agua de San Pedro for 0.5 million euros, GEAL for 0.4 million euros.

11. Taxation for the period - 80.7 million euros

The tax charge for the period amounted to 80.7 million euros compared to 78.2 million euros in the corresponding period of the previous year, and is essentially composed as follows:

- ✓ Current taxes: 82.2 million euros (84.4 million euros as at 30 September 2013),
- ✓ Net deferred/(prepaid) taxes: 1.5 million euros (-6.3 million euros as at 30 September 2013).

The overall increase in the period, amounting to 2.5 million euros, was mainly due to the increase in pre-tax profit; it should be noted that as of 1 January 2014, the corporate income tax (IRES) surcharge is equal to 6.5% as against 10.5 % applicable to the tax year 2013.

The table below shows the breakdown of taxes for the period and the correlated percentage weight calculated on consolidated pre-tax profit:

€ millions	30/09/2014	%	30/09/2013 Restated	%
Profit/(loss) before tax	198.4		191.7	
Theoretical tax charge at 27.5% on pre-tax profit (A)	54.6	27.5%	52.7	27.5%
Net deferred taxation (B)	(4.8)	(2.4%)	(9.6)	(5.0%)
Permanent differences (C)	4.6	2.3%	7.8	4.1%
IRES (corporate income tax) for the period (D) = (A) + (B) + (C)	54.4	27.4%	50.9	26.5%
Tax Assets (E)	3.4	1.7%	3.4	1.8%
IRAP (F)	23.0	11.6%	24.0	12.5%
Total taxes recognised in Income statement (G) = (D) + (E) + (F)	80.7	40.7%	78.2	40.8%

The tax rate for the period was 40.7% (40.8% the restated tax rate for the first nine months of 2013).

12. Earnings per share

€ thousand	30/09/2014	30/09/2013 Restated	Increase/ (Decrease)
Net profit attributable to the Group (€/000)	112,800	104,471	8,329
Net profit attributable to ordinary equity holders of the Group (€/000) (A)	112,800	104,471	8,329
Weighted average number of ordinary shares outstanding for the purpose of determining earnings per share			
- basic (B)	212,964,900	212,964,900	0
- diluted (C)	212,964,900	212,964,900	0
Earnings per share (€)			
- basic (A/B)	0.5297	0.4906	0.0391
- diluted (A/C)	0.5297	0.4906	0.0391

Notes to the Consolidated Statement of Financial Position

Ref Note	ACEA GROUP STATEMENT OF FINANCIAL POSITION (in millions of euros)	30/09/2014 (a)	31/12/2013 Restated (b)	Increase/d ecrease (a) - (b)	% Increase/(Decrease)	30/09/2013 Restated (c)	Increase/d ecrease (a) - (c)	% Increase/(Decrease)
	NON-CURRENT ASSETS AND LIABILITIES	3,640.7	3,559.7	81.1	2.3%	3,583.4	57.4	1.6%
13	Property, plant and equipment and intangible assets	3,633.2	3,551.5	81.7	2.3%	3,542.4	90.8	2.6%
14	Equity investments	221.5	215.3	6.2	2.9%	216.1	5.4	2.5%
15	Other non-current assets	359.9	357.7	2.2	0.6%	388.5	(24.6)	(7.4%)
16	Staff termination benefits and other defined benefit plans	(112.6)	(106.9)	(5.7)	5.3%	(112.4)	(0.2)	0.2%
17	Provisions for liabilities and charges	(192.2)	(203.4)	11.2	(5.5%)	(201.1)	8.9	(4.4%)
18	Other non-current liabilities	(269.1)	(254.5)	(14.6)	5.7%	(250.1)	(18.9)	7.6%
	NET WORKING CAPITAL	232.5	95.8	136.7	142.7%	150.8	81.7	54.2%
19	Current receivables	1,459.7	1,346.6	113.2	8.4%	1,326.9	132.8	10.0%
20	Inventories	32.7	33.8	(1.0)	(3.0%)	37.9	(5.2)	(13.7%)
21	Other current assets	239.6	203.4	36.2	17.8%	196.7	42.9	21.8%
22	Current payables	(1,166.4)	(1,207.6)	41.2	(3.4%)	(1,067.6)	(98.8)	9.3%
23	Other current liabilities	(333.1)	(280.3)	(52.8)	18.8%	(343.1)	10.0	(2.9%)
	INVESTED CAPITAL	3,873.2	3,655.5	217.7	6.0%	3,734.2	139.1	3.7%
24	NET DEBT	(2,412.0)	(2,248.6)	(163.4)	7.3%	(2,318.5)	(93.5)	4.0%
	Medium/long-term loans and receivables	34.2	34.8	(0.6)	(1.8%)	34.5	(0.3)	(1.0%)
	Medium/long-term borrowings	(2,947.6)	(2,360.9)	(586.7)	24.8%	(2,379.2)	(568.4)	23.9%
	Short-term loans and receivables	133.5	115.6	17.9	15.5%	143.4	(9.9)	(6.9%)
	Cash and cash equivalents	527.4	563.1	(35.6)	(6.3%)	360.9	166.5	46.1%
	Short-term borrowings	(159.5)	(601.2)	441.7	(73.5%)	(478.2)	318.7	(66.6%)
25	Total shareholders' equity	(1,461.2)	(1,406.8)	(54.4)	3.9%	(1,415.6)	(45.6)	3.2%
	FUNDING	(3,873.2)	(3,655.5)	(217.7)	6.0%	(3,734.2)	(139.1)	3.7%

The above statement of financial position has been reclassified to show the components of invested capital and the corresponding funding.

In particular, the net carrying amounts of non-current assets and net working capital, consisting of current receivables, other receivables, inventories, current payables and the short-term portion of long-term borrowings have been added together.

The figure obtained for invested capital is then compared with the corresponding amounts for shareholders' equity and net debt, thereby showing the weight of funding.

As at 30 September 2014, the ACEA Group's statement of financial position recorded an increase in invested capital of 217.7 million euros (+6.0%) compared to 31 December 2013. This is the result of the increase in net fixed assets (+ 81.1 million euros) and in net working capital (+ 136.7 million euros).

Non-current assets and liabilities - 3,640.7 million euros

Compared to 31 December 2013, this item showed an overall increase of 81.1 million euros (+ 2.3%); a breakdown of the item is shown below.

13. Property, plant and equipment/intangible assets - 3,633.2 million euros

This item increased by 81.7 million euros (+ 2.3%) compared to the end of the previous year.

The change reflects capital expenditures amounting to 218.9 million euros and amortisation, depreciation and impairments amounting to 141.3 million euros; in addition, due to the line-by-line consolidation of Ecogena, following the acquisition of an additional stake in the capital of this Company, fixed assets increased by 13.7 million euros as a result of the change in the consolidation basis. The residual part is due to the recognition of additional green certificates during the period, corresponding to 11.5 million euros. Fixed assets decreased by 13.8 million euros as a result of decisions taken by the Mayors' Conference of AATO2 in the session of 10 July concerning the tariffs for 2014, which provide for the advance settlement of Acea Ato 2 obligations arising from Resolution no. 7 of 17 April 2012. The mentioned resolution provided that, in lieu of the MALL penalty, the Operator would assume the obligation to make capital expenditures at its own expense of 3.5 million euros per year for a period of six years. The decrease in fixed assets led to the cancellation of the Provision for Contractual Commitments established for this purpose in 2012.

The table below shows the level of capex made in the first nine months of 2014 by Operating Segment, compared to those for the same period of 2013.

€ millions	30/09/2014	30/09/2013 <i>Restated</i>	Increase/ (Decrease)
ENVIRONMENT	7.3	6.8	0.5
ENERGY	11.2	8.1	3.1
<i>Production</i>	<i>7.0</i>	<i>4.1</i>	<i>3.0</i>
<i>Energy Management</i>	<i>0.0</i>	<i>0.1</i>	<i>(0.1)</i>
<i>Sales</i>	<i>4.2</i>	<i>4.0</i>	<i>0.2</i>
WATER:	105.4	99.5	5.8
<i>Overseas</i>	<i>0.6</i>	<i>0.0</i>	<i>0.6</i>
<i>Lazio - Campania</i>	<i>104.4</i>	<i>99.3</i>	<i>5.0</i>
<i>Engineering</i>	<i>0.4</i>	<i>0.2</i>	<i>0.2</i>
NETWORKS	85.3	75.1	10.2
ACEA	9.7	7.6	2.1
Total Capital Expenditures	218.9	197.2	21.7

Capex in the **Environment Segment** was up (+ 0.5 million euros), with particular reference to ARIA.

The **Energy segment** recorded a 3.1 million euros increase attributable to the net effect of the reduction in Capex by Acea Produzione (- 0.8 million euros) offset by Capex by Ecogena (3.8 million euros), which was consolidated on a line-by-line basis as of 1 January 2014.

Compared to the same period of the previous year, Capex in the **Water Segment** was up by 5.8 million euros.

Capex for the **Networks Segment** recorded an increase (+10.2 million euros), as a result of the expansion of the HV network and the renovation of the LV and MV network.

The **Parent Company** increased the level of Capex by 2.1 million euros compared to the same period of 2013.

14. Equity investments - 221.5 million euros

Compared to 31 December 2013, equity investments increased 6.2 million euros primarily reflecting the valuation of companies consolidated using the equity method as from 1 January 2014, following the application of IFRS 11.

The increase was also affected by the valuation of the company Marco Polo (+ 2.3 million euros) for which a successful outcome of the liquidation procedure is expected.

15. Other non-current assets - 359.9 million euros

The balance of this item is summarised in the table below.

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Deferred tax assets	314.4	309.0	5.4
Receivables from others	44.2	46.9	(2.8)
Accrued income and prepayments	1.4	1.8	(0.5)
Other non-current assets	359.9	357.7	2.2

This item recorded a 2.2 million euros increase (+ 0.6%) compared to 31 December 2013.

Deferred tax assets grew compared to the end of the previous year by 5.4 million euros.

Receivables from others amounted to 44.2 million euros (- 2.8 million euros) and represent the total capital spending incurred up to 31 December 2010 as part of the public lighting service agreement: these receivables were recognised using the financial asset model in application of IFRIC 12.

Prepayments and accrued income decreased by 0.5 million euros and mainly refer to insurance premiums paid in advance, lease payments, maintenance fees and rent on public land.

16. Staff termination benefits and other defined-benefit plans - 112.6 million euros

As at 30 September 2014, the provision increased by 5.7 million euros, mainly due to:

- +2.7 million euros relating to staff termination benefits,
- + 2.4 million euros relating to the Pegaso Fund,
- + 0.6 million euros relating to tariff subsidies, monthly bonuses and long-term incentive plans.

In addition to the provision which, pursuant to the revised legislation on Termination Benefits, consists of the employee termination benefits accrued until 31 December 2006, the change reflects the revised discount rate used for the valuation according to IAS 19; this led to an increase in the provision due to the restatement of actuarial gains and losses (4.6 million euros) recognized in "Other Comprehensive Income" (OCI).

17. Provisions for liabilities and charges - 192.2 million euros

Provisions for liabilities and charges recorded a decrease of 11.2 million euros compared to the previous year, mainly due to provisions allocated for the period (21.6 million euros), net of uses and other changes (totalling 32.8 million euros).

The following table provides a breakdown by type of provision for liabilities and charges.

Type of provision	31/12/2013 Restated	Provisions	Utilisations	30/09/2014
Legal	17.7	0.3	(2.0)	16.1
Tax	2.7	0.7	(0.5)	2.9
Regulatory risks	65.8	2.3	(4.6)	63.5

Investees	9.3	0.1	(0.3)	9.1
Contributory risks	6.6	0.3	(0.1)	6.8
Early retirements and redundancies	2.0	13.9	(3.1)	12.8
Post mortem	26.4	0.0	0.0	26.4
Concession fees	0.0	0.0	0.0	0.0
Other liabilities and charges	21.8	0.7	(9.8)	12.6
TOTAL	152.3	18.2	(20.3)	150.2
Provisions for restoration charges	38.6	3.5	0.0	42.0
Contractual commitments	12.5	0.0	(12.5)	0.0
Provisions for liabilities and charges	203.4	21.6	(32.8)	192.2

The main changes refer to:

- write-off of the Contractual Commitments Fund, allocated by ACEA Ato 2 in 2012 to cope with the MALL penalty obligation, as a result of decisions taken by the Mayors' Conference of AATO2 in the meeting of 10 July 2014 concerning tariffs for 2014. The tariff proposal drawn up by the Operating Technical Secretariat provides for a reduction in fixed assets additions for 2012 (on which the 2014 tariffs are based) by the amount of capital expenditures the Operator is required to make at its own expense, thereby fulfilling in advance its obligations under Resolution No. 7 of 17 April 2012,
- the full utilisation (8.4 million euros) of the provision set aside in 2013 in relation to the estimated burden arising from the purchase and/or production of energy efficiency certificates required to meet the objective assigned to ACEA Distribuzione, as a result of certificates being purchased in sufficient number to fulfil the obligation,
- the provision for regulatory risks decreasing by 2.3 million euros, mainly due to the settlement, pursuant to Resolution No. 163/2014/R/idr on 3 April 2014, of ACEA Ato2 liability to its users concerning the repayment of the 2011 return on invested capital,
- the provision for legal disputes decreasing by 1.7 million euros, as a result of the disputes settled in the financial year,
- the provision set aside to deal with the charges arising from the voluntary redundancy and early retirement procedure increasing by 10.8 million euros compared to 31 December 2013,
- the provision for restoration costs increasing by 3.5 million euros, as a result of allocations made in 2014 related to the costs required to keep the water service infrastructure in good condition.

18. Other non-current liabilities - 269.1 million euros

This item recorded an increase of 14.6 million euros (+ 5.7%) compared to 31 December 2013.

This item consists of:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase /(Decrease)
Advances from end users and customers	96.1	91.4	4.7
Capital grants	18.4	16.8	1.7
Water connection fees	24.8	25.3	(0.5)
Provision for deferred taxes	98.6	93.0	5.7
Accrued liabilities and deferred income	31.0	28.0	3.0
Other non-current liabilities	269.1	254.5	14.6

Advances includes: **i)** the amount of security deposits and consumption advances subject to adjustment by the water companies; **ii)** the amount of advances relating to liabilities for advances on energy consumption, paid by customers in the Protected Categories market, that bear interest at the conditions set by the regulation issued by AEEGSI (Resolution No. 204/99).

Capital grants and those for **Water connection** showed a net overall increase of 1.2 million euros.

The deferred tax provision recorded an overall increase of 5.7 million euros mainly attributable to ACEA Distribuzione.

Accrued liabilities and deferred income, amounting to 31.0 million euros, mainly refer to grants received, recognised in the income statement by an amount equal to the depreciation generated by the associated capital expenditure. In particular, this item includes the contribution received by ACEA Distribuzione for the replacement of electromechanical meters with electronic meters (AEEGSI Resolution No. 292/06).

Net working capital - 232.5 million euros

This item increased by 136.7 million euros compared to the end of the previous financial year; its breakdown is as follows.

€ millions	30/09/2014 (a)	31/12/2013 Restated (b)	Increase/ (Decrease) (a-b)	30/09/2013 Restated (c)	Increase/ (Decrease) (a-c)
Current receivables	1,459.7	1,346.6	113.2	1,326.9	132.8
- due from end users/customers	1,345.2	1,244.4	100.8	1,208.7	136.5
- due from Roma Capitale	83.0	69.6	13.3	84.1	(1.1)
Inventories	32.7	33.8	(1.0)	37.9	(5.2)
Other current assets	239.6	203.4	36.2	196.7	42.9
Current payables	(1,166.4)	(1,207.6)	41.2	(1,067.6)	(98.8)
- due to Suppliers	(1,056.6)	(1,114.1)	57.5	(977.7)	(78.9)
- due to Roma Capitale	(104.6)	(85.6)	(18.9)	(77.0)	(27.6)
Other current liabilities	(333.1)	(280.3)	(52.8)	(343.1)	10.0
Net working capital	232.5	95.8	136.7	150.8	81.7

19. Current receivables - 1,459.7 million euros

The breakdown is shown in the following table:

€ millions	30/09/2014 (a)	31/12/2013 Restated (b)	Increase/ (Decrease) (a-b)	30/09/2013 Restated (c)	Increase/ (Decrease) (a-c)
Trade receivables	1,345.2	1,244.4	100.8	1,208.7	136.5
Amounts due from Roma Capitale	83.0	69.6	13.3	84.1	(1.1)
Amounts due from subsidiaries and associates	31.6	32.5	(1.0)	34.0	(2.5)
Current receivables	1,459.7	1,346.6	113.2	1,326.9	132.8

Receivables from end users and customers

This item increased by 100.8 million euros compared to the previous year. The table below shows the changes by Operating Segment compared to the end of 2013:

€ millions	30/09/2014			31/12/2013 Restated			Increase/(Decrease)		
	End users (a)	Customer s (b)	Total	End users (c)	Customer s (d)	Total	End users (a) - (c)	Customer s (b) - (d)	Total
Environment	0.0	33.5	33.5	0.0	27.6	27.6	0.0	5.9	5.9
Energy	596.5	65.6	662.2	570.2	57.3	627.5	26.4	8.3	34.7
Water	496.3	33.2	529.5	417.5	38.7	456.2	78.8	(5.5)	73.3

€ millions	30/09/2014			31/12/2013 Restated			Increase/(Decrease)		
Networks	41.6	37.9	79.5	39.9	49.2	89.1	1.7	(11.4)	(9.6)
Corporate	0.0	40.5	40.5	0.0	44.0	44.0	0.0	(3.5)	(3.4)
Total	1,134.5	210.7	1,345.2	1,027.6	216.8	1,244.4	106.9	(6.1)	100.8

Please note that in the first nine months of 2014 receivables were sold without recourse for a total amount of 971.8 million euros. The breakdown by Operating Segment is provided below:

€ millions	30/09/2014	Public Administration
Energy segment	460.7	13.9
Water Segment	209.3	24.7
Networks Segment	301.8	75.6
Total	971.8	114.2

With reference to the main changes in receivables from end users or customers:

- ✚ the Environment Segment increased its total receivables by 5.9 million euros mainly attributable to the companies ARIA and SAO,
- ✚ the Energy segment recorded an increase in receivables from both users and customers totalling 34.7 million euros compared to the figure recorded at 31 December 2013, of which 26.3 million euros attributable to Acea Energia and 8.1 million euros to Acea Produzione; the overall change was also influenced by Ecogena (+ 2.4 million euros) due to its consolidation using the line-by-line method as from 1 January 2014,
- ✚ In the Water Segment total receivables increased by 73.3 million euros. The change is essentially attributable to the increase in receivables for bills to be issued resulting from the application of the MTT (transitional tariff method) and the MTI (water tariff method) rules.
- ✚ In the Networks Segment total receivables decreased 9.6 million euros; the change was attributable to the net effect of the reduction recorded by ARSE of 11.1 million euros, partially offset by the increase in receivables in ACEA Illuminazione Pubblica of 0.9 million euros and in ACEA Distribuzione of 0.6 million euros,
- ✚ the Parent Company recorded a reduction of 3.4 million euros, mainly attributable to its relations with the Naples municipality, in which the public lighting service is provided as ATI (Temporary Grouping of Companies). Receivables at 30 September 2014 totalled 41 million euros, including disputed receivables for 20.5 million euros concerning the well-known dispute with the State of Vatican City.

Receivables from the Parent Company Roma Capitale

Trade receivables due from Roma Capitale totalled 83.0 million euros at 30 September 2014 (69.6 million euros at 31 December 2013).

The total amount of receivables as at 30 September 2014 (including short-term and medium/long term financial receivables resulting from the public lighting contract) was 211.4 million euros compared to 154.0 million euros at the end of the previous year.

The following table presents an analysis of the ACEA Group's relations with Roma Capitale regarding both receivables and payables, including those of a financial nature.

Amounts due from Roma Capitale	30/09/2014	31/12/2013 Restated	Increase/(Decrease)
Utility receivables	58.2	42.5	15.7
Contract work	16.3	19.3	(2.9)
Services	2.6	1.4	1.2
Other receivables	0.1	0.3	(0.2)
Total services billed	77.2	63.5	13.8
Grants receivable	2.4	2.4	0.0

Surcharge receivable	0.0	0.0	0.0
Total services requested	79.6	65.9	13.8
Total services to be billed	7.7	7.1	0.5
Advances	0.0	0.8	(0.8)
Total trade receivables	87.3	73.8	13.5
Public lighting loans and receivables	96.0	50.1	45.9
Total receivables due within one year (A)	183.3	123.9	59.4

Amounts due to Roma Capitale	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Electricity surtax payable	(15.1)	(14.8)	(0.3)
Concession fees payable	(64.2)	(48.9)	(15.3)
Total trade payables	(79.3)	(63.7)	(15.6)
Total payables due within one year (B)	(79.3)	(63.7)	(15.6)

Total (A) - (B)	104.0	60.2	43.7
Other financial receivables/(payables)	29.2	(0.7)	29.8
of which: Financial liabilities (including dividends)	(3.1)	(33.0)	29.8
of which: medium/long-term loans and receivables for public lighting	32.3	32.3	0.0
Other trade receivables/(payables)	(9.0)	(5.5)	(3.5)
Net balance	124.1	54.0	70.1

During the reporting period there was an increase in trade receivables billed (+ 13.8 million euros), with specific reference to receivables from electricity users of 15.7 million euros.

There was also an increase in financial receivables with regard to the contract for public lighting service, amounting to 45.9 million euros and resulting from the billing of fees accrued up to 28 February 2014 in addition to the interest accrued on public lighting fees as at 31 December 2013.

In addition, payables linked to the concession fee for the integrated water services accrued in the period increased by 15.3 million euros.

Payables in the third quarter reflected the recognition of an overall amount of 20.6 million euros as balance due on the dividend for 2013 by ACEA S.p.A. and Acea Ato 2, of 18.5 million euros and 2.2 million euros respectively. This increase was offset by an overall decrease of 32.1 million euros for dividends recognized as at 31 December 2013 and an 18.4 million euros decrease for dividends recognized in June 2014, all of which were offset with an equivalent amount of Group receivables during the period.

In addition to the payables in the above table, there were payables related to water treatment and sewerage fees arising from the services provided to the Vatican State which cannot be claimed by Roma Capitale as the Vatican State payables have still not been paid.

Offsetting in the reporting period concerned trade receivables of 43.2 million euros and financial receivables of 10.5 million euros.

The main types of receivables subject to offsetting are as follows:

- 26.9 million euros for water users;
- 13.0 million euros for electricity users;
- 1.1 million euros for bills referring to ACEA Ato2's 2008 water service contract;
- 1.7 million euros for ACEA's construction of public lighting installations.

Offset financial payables refer to the payment of the October and November 2013 public lighting contract.

With reference to Group relations with Roma Capitale's related parties, the Group receivables due from AMA and ATAC, which are included in trade receivables, totalled 46.4 million euros.

Due from associates

These receivables amounted to 7.6 million euros and were substantially in line with the previous year (7.3 million euros).

Receivables from subsidiaries

These amounted to 24.0 million euros (25.2 million euros at 31 December 2013), down 1.2 million euros. They relate to receivables from companies consolidated using the equity method as a result of the application of IFRS 11.

20. Inventories - 32.7 million euros

This item decreased by 1.1 million euros compared to 31 December 2013. The changes by operating segment are shown in the following table:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase/(Decrease)
Environment segment	3.6	3.5	0.1
Energy segment	1.8	1.8	0.0
Water Segment	8.8	9.9	(1.1)
Networks Segment	18.3	18.3	0.0
ACEA	0.3	0.3	0.0
Total	32.7	33.8	(1.1)

21. Other current assets - 239.6 million euros

There was an overall increase of 36.2 million euros, or 17.8%, compared to the previous year, as follows:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase/(Decrease)
Receivables from others	111.4	101.2	10.2
Accrued income and prepayments	23.9	10.1	13.8
Tax receivables	104.2	92.0	12.2
Other current assets	239.6	203.4	36.2

Receivables from others totalled 111.4 million euros, down 10.2 million euros, as shown in the following table with the breakdown and changes occurred compared to the previous year:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase/ (Decrease)
Receivables due from the Equalisation Fund	26.5	41.1	(14.6)
Receivables from Equalisation Fund for Tariff Contribution from meeting the targets	18.5	0.4	18.1
Receivables due from Authority for Tariff adjustments	17.9	17.9	0.0
Receivables due from Trifoglio property company	10.3	10.3	0.0
Receivables due from INPS for welfare contributions in accordance with article 41, paragraph 2, letter A of Act 488/1999	6.4	7.1	(0.6)
Regional grants receivable	6.5	4.3	2.2

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Security deposits	5.7	4.1	1.5
Receivables from Equitalia	4.1	4.1	0.0
Receivables from Citelum for Naples Municipality collections	3.1	0.0	3.2
Receivables from social security institutions	2.8	3.7	(0.9)
Suppliers' advances	2.6	2.2	0.4
Receivable from individual transfers	2.5	2.5	0.0
Other receivables from Equalisation Fund	2.1	1.2	0.9
Other minor receivables	2.4	2.4	0.0
Receivables from others	111.4	101.2	10.2

The increase of 10.2 million euros compared to 31 December 2013 was mainly attributable to the following factors:

- Increase of 18.1 million euros related to receivables recorded by ACEA Distribuzione, due from the Equalisation Fund for Energy Efficiency Bonds corresponding to the energy saving target assigned by the Authority for 2013 and 2014,
- Decrease of 14.6 million euros recorded by ACEA Distribuzione relating to the sale of receivables arising from the general equalisation for 2010 and 2013. These sales amounted to 65.4 million euros overall.

Accrued income and prepayments amounted to 23.9 million euros (10.1 million euros at 31 December 2013) and mainly refer to rent on public land, lease payments and insurance.

Tax receivables, amounted to 104.2 million euros (+ 12.2 million euros) and mainly include VAT receivables for 80.6 million euros.

22. Current payables - 1,166.4 million euros

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Amounts due to third-party suppliers	1,056.6	1,114.1	(57.5)
Due to the Parent Company Roma Capitale	104.6	85.6	18.9
Due to subsidiaries and associates	5.3	7.9	(2.7)
Current payables	1,166.4	1,207.6	(41.2)

Amounts due to third-party suppliers

Trade payables amounted to 1,056.6 million euros (1,114.1 million euros at 31 December 2013). The following table provides the breakdown by operating segment:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Environment segment	34.8	33.4	1.4
Energy segment	434.3	488.9	(54.6)
Water Segment	214.1	210.6	3.5
Networks Segment	316.6	314.7	1.9
ACEA	56.8	66.5	(9.7)
Total	1,056.6	1,114.1	(57.5)

There was a reduction in all operating segments and in the Energy Segment in particular (- 54.6 million euros).

Amounts due to Parent Company Roma Capitale

These amounted to 104.6 million euros and the 18.9 million euros increase was essentially due to the concession fee for the integrated water services accrued in the reporting period.

Amounts due to subsidiaries and associates

The balance of 5.3 million euros was 2.7 million euros less than that at 31 December 2013 and mainly refers to payables arising from the management of the public lighting service provided by the associate Citelum Napoli Pubblica Illuminazione in the Municipality of Naples.

23. Other current liabilities - 333.1 million euros

These posted an increase of 52.8 million euros (or 18.8%). The following table shows the main items making up the balance and the change compared to 31 December 2013.

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Other current liabilities	238.5	217.1	21.4
Tax Payables	80.3	41.2	39.0
Social security contributions	8.4	17.5	(9.1)
Liabilities deriving from Fair Value evaluation of commodities	0.9	0.5	0.4
Amounts due to end users for tariff restrictions	1.0	1.2	(0.2)
Accrued liabilities and deferred income	4.0	2.8	1.2
Other current liabilities	333.1	280.3	52.8

Other current liabilities amounted to 238.5 million euros, with an overall increase of 21.4 million euros compared to 31 December 2013, when they amounted to 217.1 million euros. The following table shows the composition and changes compared to the previous year:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Payables to municipalities for concession fees	54.9	48.6	6.3
Payables for collections subject to verification	54.2	41.9	12.2
Payables to Equalisation Fund	52.2	31.8	20.4
Amounts due to staff	34.8	37.4	(2.6)
Other payables to Municipalities	13.7	14.5	(0.9)
Payables to Equitalia	11.6	12.8	(1.2)
Other payables	7.5	9.3	(1.7)
Welfare contribution payables	6.8	12.0	(5.2)
Payables to INPS, due in instalments	1.4	7.4	(6.1)
Payables for environmental premium Art. 10 of AT14 agreement of 13/08/2007	1.3	1.3	0.0
Amounts due to end users for refund of Tariff Component as per referendum outcome	0.1	0.0	0.1
Other current liabilities	238.5	217.1	21.4

Payables to the Equalisation Fund recorded an increase, as did payables to the municipalities for concession fees, with specific reference to those accrued by ACEA Ato 2 and ACEA Ato 5; these were partially offset by a reduction in payables to the STO, for the Solidarity contribution intended to provide tariff subsidies to low income families, and the decrease of installments payable to INPS, due to the instalments paid during the period. The increase in payables for collections subject to verification of 12.2 million euros should also be noted.

Tax payables amounted to 80.3 million euros (41.2 million euros at 31 December 2013) and mainly included the VAT tax payable for the period of 44.5 million euros and additional municipal and provincial tax payables of 21 million euros.

Social security and welfare payables amounted to 8.4 million euros (17.5 million euros at December 2013); their breakdown by Operating Segment was as follows:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Environment segment	0.4	0.6	(0.2)
Energy segment	0.8	1.8	(1.0)
Water Segment	3.3	6.0	(2.7)
Networks Segment	2.3	5.9	(3.6)
ACEA	1.5	3.2	(1.7)
Total	8.4	17.5	(9.1)

Payables from commodity derivatives included the fair value of a number of financial contracts entered into by Acea Energia. At 30 September 2014 this value was 0.9 million euros.

Payables to end users for tariff restrictions amounted to 1.0 million euros at 30 September 2014 and have not changed since the end of last year.

Accrued liabilities and deferred income amounted to 4.0 million euros and resulted from the combined effect of +3.6 million euros related to Acea Produzione, which deferred the contributions granted by the Lazio Region following the agreement that extends the district heating network to Torrino Mezzocammino, partially offset by the reduction in ACEA Distribuzione.

24. Net debt - (2,412.0) million euros

Group debt at 30 September 2014 recorded an overall increase of 163.4 million euros, up to 2,412 million euros from 2,248.6 million euros at the end of 2013.

The following table provides the breakdown of the items concerned:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)	30/09/2013 Restated	Increase/ (Decrease)
Non-current financial assets/(liabilities)	1.8	2.5	(0.7)	1.7	0.2
Non-current financial assets/(liabilities) - intragroup	32.3	32.3	0.0	32.8	(0.5)
Non-current borrowings and financial liabilities	(2,947.6)	(2,360.9)	(586.6)	(2,379.2)	(568.4)
Net medium/long-term debt	(2,913.4)	(2,326.1)	(587.3)	(2,344.7)	(568.7)
Cash and cash equivalents and securities	527.4	563.1	(35.6)	360.9	166.5
Short-term bank borrowings	(63.0)	(371.3)	308.3	(388.3)	325.3
Current financial assets/(liabilities)	(63.1)	(139.6)	76.4	(29.2)	(34.0)
Current financial assets/(liabilities) intragroup	100.1	25.3	74.8	82.6	17.5
Net short-term debt	501.4	77.5	423.9	26.1	475.3
Total net debt	(2,412.0)	(2,248.6)	(163.4)	(2,318.5)	(93.5)

Net medium - long term debt - (2,913.4) million euros

With regard to this component it should be noted that:

- non-current financial assets/(liabilities) recorded a balance of 1.8 million euros, down by 0.7 million euros compared to 31 December 2013 (2.5 million euros),

- Intragroup financial assets/(liabilities) stood at 32.3 million euros and include financial receivables from Roma Capitale for upgrading works completed to adapt systems to safety and regulatory standards and new constructions as envisaged in the *addendum* to the Public Lighting contract. This receivable refers to the long-term portion due following application of the financial asset model as envisaged in IFRIC 12 on Service Concession Agreements and was in line with the figure at 31 December 2013.
- non-current payables and financial liabilities totalled 2,947.6 million euros, up 586.6 million euros from 31 December 2013 and can be broken down as follows:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase/ (Decrease)
Bonds	1,891.6	1,290.8	600.8
Medium/long-term borrowings	1,055.9	1,070.1	(14.2)
Total	2,947.5	2,360.9	586.6

Bonds - 1,891.6 million euros

The change compared to the end of the previous year, mainly derives from the 10 year maturity bond issued on 8 July 2014 of 600 million euros, as part of the EMTN programme of 1.5 billion euros approved by the Board of Directors on 10 March 2014; the issue was co-arranged by *Banca IMI, BNP Paribas and UniCredit Bank*.

The item is broken down as follows:

- 595.3 million euros (inclusive of accrued interest and the contract related costs) relating to the 10-year fixed rate bond issued by ACEA in July 2014, as part of the Euro Medium Term Notes (EMTN) programme of 1.5 billion euros. Interest accrued during the period amounted to 8.1 million euros,
- 595.9 million euros (including accrued interest and fair value of the hedge) related to the bond issued by ACEA in September 2013, with 5 year maturity and expiring on 12 September 2018. The fair value of hedging derivatives on this debt was positive and equal to 1.4 million euros. Interest accrued during the period amounted to 16.8 million euros,
- 509.9 million euros (including accrued interest and fair value of the hedge) related to the bond issued by ACEA in March 2010, with 10 year maturity and expiring on 16 March 2020. Interest accrued during the period amounted to 16.8 million euros,
- 190.5 million euros (including accrued interest and fair value of the hedge) relating to the Private Placement. The fair value of this hedge was a negative 45.3 million euros and was allocated to a specific equity reserve. The exchange rate difference - positive by 20.3 million euros - calculated at 30 September 2014 on the hedged instrument, was allocated to a translation reserve. The exchange rate at 30 September 2014 was 138.11 euros compared to 144.72 euros at 31 December 2013. Interest accrued during the period amounted to 2.7 million euros.

Medium/long term borrowings (including short-term portions) - 1,107.4 million euros

They recorded an overall decrease of 13.1 million euros, compared to 1,120.5 million euros in 2013, reflecting the payment of the principal instalments due, net of interest accrued in the period. The following table shows medium/long-term and short-term borrowings by term to maturity and type of interest rate:

Bank Loans:	Total Residual Debt	Due by 30.09.2015	falling due between 30.09.2015 and 30.09.2019	Due after 30.09.2019
fixed rate	336.5	24.5	81.1	230.9

floating rate	698.1	18.5	404.0	275.7
floating rate to fixed rate	72.7	8.5	43.4	20.8
Total	1,107.4	51.5	528.4	527.5

The fair value of ACEA hedging derivatives was a negative 9.4 million euros, increasing 0.7 million euros compared to 31 December 2013 (negative 8.7 million euros).

As regards medium/long-term borrowings and bonds conditions, please refer to the 2013 Consolidated Financial Statements.

Net short-term debt - 501.4 million euros

The short-term component was a positive 501.4 million euros. Compared to the end of 2013, there was an overall improvement of 423.9 million euros, mainly due to the reimbursement of a 300 million euros bond in July, the reduction in the current financial exposure to third parties and to Group companies (+ 151.2 million euros), partially offset by the decrease in cash and cash equivalents (- 35.6 million euros).

Cash and cash equivalents amounted to 527.4 million euros and decreased by 35.6 million euros, mainly due to the change recorded in the period by the Parent Company. The following table provides the breakdown by operating segment:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Environment segment	1.6	2.3	(0.8)
Energy segment	4.1	1.1	3.0
Water Segment	14.8	18.1	(3.3)
Networks Segment	0.0	0.0	0.0
ACEA	507.0	541.5	(34.6)
Total	527.4	563.1	(35.6)

Short-term bank borrowings totalled 63.0 million euros, broken down as follows:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Short-term bonds	0.0	306.3	(306.3)
Short-term bank credit lines	11.5	14.6	(3.0)
Bank mortgage loans - short term portion	51.5	50.4	1.1
Total	63.0	371.3	(308.3)

The breakdown by Operating Segment is provided below:

€ millions	30/09/2014	31/12/2013 Restated	Increase/ (Decrease)
Environment segment	3.8	4.0	(0.2)
Energy segment	6.7	7.7	(1.0)
Water Segment	3.9	5.4	(1.4)
Networks Segment	23.1	19.8	3.3
ACEA	25.4	334.4	(309.0)
Total	63.0	371.3	(308.3)

The change in the period (- 308.3 million euros) mainly reflects the repayment of the 300 million euros bond maturing on 22 July 2014.

At 30 September 2014 the Parent Company held uncommitted and committed credit lines totalling 799 million euros and 600 million euros respectively, neither of which is used. No guarantees were

issued to obtain these credit lines.

The committed credit is revolving with a contractual term of three years from the date of signing. Regarding the availability of these lines (i) 100 million euros shall mature in 2014, (ii) 300 million euros in 2015 and (iii) the remaining 200 million euros in 2017. The contracts entered into provide for the payment of a commitment fee plus an up-front fee paid at the time the credit lines were opened.

Current financial assets and (liabilities) reported a balance at 30 September 2014 that increases debt by 63.1 million euros (139.6 million euros at 31 December 2013).

The breakdown by Operating Segment and the changes occurred during the first nine months are provided below:

€ millions	30/09/2014	31/12/2013 <i>Restated</i>	Increase/ (Decrease)
Environment segment	(3.2)	(3.3)	0.2
Energy segment	(52.5)	(78.0)	25.5
Water Segment	(11.2)	(22.2)	11.0
Networks Segment	(11.3)	(20.2)	8.9
ACEA	15.1	(15.9)	31.0
Total	(63.1)	(139.6)	76.4

The reduction in outstanding debt by 76.4 million euros reflects the reduced exposure to the factoring companies for the reimbursement of collections from the receivables sold by the Energy, Water and Networks companies (61.6 million euros) and the payment of the interim dividend for 2013, approved on 18 December 2013 by the Board of Directors of ACEA (26.0 million euros), payable to the market.

It should be noted that, with reference to the sale of the photovoltaic business to RTR Capital at the end of 2012, an escrow account had been set up, for an amount equal to the value of some plants that had to undergo formal checks by the seller; following the successful results of the checks carried out on the main plant, the escrow account was partially released at the end of June, for 4.9 million euros.

Intragroup current financial assets and (liabilities) reduced borrowings by 100.1 million euros and mainly include the net exposure to Roma Capitale (92.8 million euros).

The overall change of 74.8 million euros, primarily derives from the increase in financial receivables (+45.9 million euros) arising from the service agreement for the management of public lighting in the Rome area, and the decrease in the residual dividend payable, recognised in accordance with the Board of Directors' resolution of 18 December 2013. This reduction, amounting to 29.8 million euros, results from offsetting made in the period with the trade receivables held by the Group *vis à vis* Roma Capitale.

25. Shareholders' equity - (1,461.2) million euros

The changes occurred during the period, amounting to 54.4 million euros, are detailed in the table below.

The change, net of profit for the period amounting to 117.7 million euros, was essentially due to (i) changes in the cash flow hedge reserve related to financial instruments of -13.4 million euros (net of taxation), (ii) changes in the reserve for the fair value measurement of derivative contracts of ACEA Energia of -0.3 million euros and (iii) the change in actuarial gains and losses amounting to -3.4 million euros. The change was also affected by the dividend distribution of 43.3 million euros.

Significant events during the period

Moody's changes ACEA's outlook from "Negative" to "Stable"

On 18 February 2014 Moody's reported that it had changed Acea SpA's outlook from "Negative" to "Stable" confirming a "Baa2" rating.

The rating review followed the modification of the outlook on the sovereign debt of the Government of the Republic of Italy, on the basis of a decision recently taken by Moody's.

The change in outlook is also due to: **(i)** the Company's results in the second half of 2013 in terms of improvements to the financial structure and liquidity profile, as well as the issue on 5 September 2013 of a 600.0 million euros bond; **(ii)** the positive developments of the water regulatory framework.

Bond issue program

On 10 March 2014, the Board of Directors approved the adoption of a bond issues programme (Euro Medium Term Note Programme) up to a maximum amount of 1.5 billion euros over a five-year term. The EMTN adoption is aimed at refinancing a number of maturing bonds and loans, with a view to reduce financial costs and lengthen the average maturity of debt.

Ficht Ratings changes Acea SpA's outlook from "Negative" to "Stable" confirming a "BBB+" rating

On 29 May 2014, Fitch Ratings announced that it had changed ACEA's outlook from "Negative" to "Stable", confirming the "BBB+" for the Long-Term Issuer Default Rating (IDR) and the Senior unsecured rating and the "F2" for the Short-Term IDR.

The agency explained the revised outlook as follows: **(i)** positive evolution of the water regulatory framework, **(ii)** results achieved by the Company over the last twelve months, **(iii)** increased long-term visibility on the development of the businesses, the dividend policy and the Group financial goals, following the approval of the 2014-2018 Strategic Plan.

ACEA S.p.A. - Shareholders' Meeting

On 5 June 2014 the shareholders' meeting approved the 2013 financial statements and the distribution of a dividend of 0.42 euros per share of which 0.25 euros were already distributed as interim dividend.

With regard to the composition of the Board of Directors, the shareholders' meeting set the number of members at seven, appointed the new Board that will remain in office for three years, until approval of the financial statements for 2016, and defined the Directors' remuneration.

ACEA S.p.A. Appointment of the Chief Executive Officer

On 9 June 2014, the Board of Directors appointed Alberto Irace as Chief Executive Officer of the Company. The Board of Directors also approved the powers assigned to the various roles; the Chairman Catia Tomasetti was assigned the institutional duty of representing the Company, convening and presiding over the Board of Directors' meetings, as well as responsibility for the External Relations and Communication, Institutional Affairs, Audit and Secretary Office functions.

In line with the previous system, the CEO was granted all the powers related to the ordinary management of the Company and the Group.

The Board of Directors also confirmed Franco Balsamo as Executive Responsible for Financial Reporting.

ACEA S.p.A. - Appointment of Internal Committees Members

On 2 July 2014, the Board of Directors of ACEA S.p.A., chaired by Catia Tomasetti, appointed the members of the following internal committees:

- Audit and Risk Committee (Elisabetta Maggini, Paola Antonia Profeta, Giovanni Giani)

- Related Party Transactions Committee (Diane d'Arras, Elisabetta Maggini, Paola Antonia Profeta)
- Appointment and Remuneration Committee (Elisabetta Maggini, Paola Antonia Profeta, Giovanni Giani)
- Ethics Committee (Paola Antonia Profeta, Francesco Caltagirone, Elisabetta Maggini).

Placement of 600 million euros bond issued under the EMTN programme

On 8 July 2014, ACEA completed the placement of a fixed rate bond issue for a total amount of 600 million euros, with 10 year maturity under the Euro Medium Term Notes (EMTN) programme of 1.5 billion euros approved by the Board of Directors on 10 March 2014.

The bond issue is aimed at refinancing a number of maturing bonds and loans, with a view to reduce financial costs and lengthen the average maturity of debt.

The bond issue is intended solely for institutional investors in the Euromarket.

Approval of tariff proposals 2014 - 2015

On 10 and 14 July 2014, the Mayors' Conference of ATO2 - "Central Lazio Roma" and ATO5 - "Southern Lazio Frosinone" respectively approved the proposed tariffs for the years 2014 and 2015.

Pursuant to the provisions of art. 6.1 b) and art. 6.2 of Resolution 643/2013/R/idr and following the above-mentioned approvals, Acea Ato2 and Acea Ato5 shall apply a 9% increase over the 2013 tariffs and shall bill users such higher tariff on volumes sold on or after 1 January 2014. Any additional increases, where envisaged (as in the case of ATO5) will be applicable following the final approval of the tariff multiplier by AEEGSI.

Acea: 200 million euros from the European Investment Bank (EIB) to boost the water service in Rome and Lazio. Total planned investments of 680 million euros

On 4 August 2014, ACEA and the EIB signed an agreement providing for a 200 million euros loan intended to cover a significant portion of ACEA's planned investments over the next four years - totalling 680 million euros - which are aimed at boosting and strengthening the infrastructure of the integrated water service of the Ato2 Central Lazio (Rome and province of Rome). The list of projects financed by the EIB - approximately 30 large and small projects - includes in particular the construction of new plants or the renovation of existing ones for the extraction and treatment of water, the protection of water sources, the construction and upgrading of reservoirs, the strengthening of the interconnection between water systems, the improvement of water resources' quality and safety, the expansion or renovation of the water and sewer networks, the upgrading and renovation of wastewater treatment plants.



Significant events after the end of the reporting period

No significant events occurred after 1 October until the date of approval of the Interim Report on Operations at 30 September 2014.

Operating and financial outlook

The ACEA Group's results at 30 September 2014 are in line with forecasts.

In the **environment sector**, the overall positioning of ARIA, the owner, either directly or through its subsidiary SAO, of important waste-to-energy plant infrastructure, allows for a favourable assessment of the short and medium-term business outlook. This is also in consideration of the development of the energy recovery plant infrastructures which the Group intends to perform at the San Vittore waste-to-energy plant where the interventions already authorised by the Lazio Regional Authority will be implemented. The waste disposal situation of the Lazio Regional territory remains indeed critical; this is made particularly evident by the establishment of an administration under a government-appointed Commissioner, introduced by decree of the Ministry of Environment and Protection of the Sea on 3 January 2013, pursuant to the provisions of art. 1, paragraphs 358 and 359 of Law 228/2012 and aimed at addressing the critical situation in the management of municipal waste in the Province of Rome. In this respect, new capital expenditures are envisaged in the Business Plan to further strengthen not only RDF production and incineration capacity but also composting capacity with the goal of becoming the third national operator in industrial waste treatment. With reference to the seizure of the Kyklos plant as a result of the fatal accident occurred on 28 July, all the necessary actions will be put in place to ensure the resumption of activities during 2015.

In the **electricity generation** sector, at the beginning of next year structural work will be started to repair the Castel Madama power station (settling of the feeder tunnels) and current industrial projects will continue with particular reference to the extension of the district heating network; this project will last at last 3 years and will be serving the Torrino-Mezzocammino south district in Rome. Furthermore, in order to increase the production efficiency of the Tor di Valle plants, the planning, design and management of the authorisation procedure for modernization of the site will be completed and the implementation stage will commence.

In the **water services** sector, the primary goal will be to resolve tariff-related issues, which still characterise some areas of the ATOs, as well as the implementation of the necessary steps to contain working capital.

As regards the **networks** sector, AEEGSI Resolution No. 157/2012 of 26 April, which approved ACEA Distribuzione reference tariff, eliminated the uncertainty arising from the provisional tariff, albeit some uncertainty remains, associated with the still undefined equalisation items related to the third regulatory period. To these regulatory uncertainties, one should add the difficulties in the operating environment that affect the ability to comply with technical and management standards. The main actions to be taken shall continue to focus on capital expenditure, processes and organization.

In the **electrical energy trade** market, there will be all the more focus on the careful selection of customers, especially in terms of solvency, and business growth will continue to be pursued in terms of expansion in the mass market targeted to the acquisition of domestic and small business customers.

The selling companies' established goal is to implement all the necessary measures aimed at constantly improving the billing and sales process in order to contain working capital growth and help curb the Group's debt.

ACEA Group will continue its efforts aimed at rationalizing and increasing the efficiency of both corporate processes and operational processes in all business area. These objectives will also be pursued through a major development in information systems, especially focussing on billing, and

the introduction of the work force management approach, already successfully developed in some local areas in Tuscany.

The ACEA Group's financial structure is solid for years to come, as, at 30 September, the entire debt is characterised by long-term maturities with an average lifespan of about 7.5 years. 66.4% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility.

As of today, ACEA has committed and uncommitted credit lines totalling approximately 1.4 billion euros, of which 500 million euros shall mature after 2014.

The long-term ratings assigned to ACEA by the three main international rating agencies are as follows:

- Standard & Poor's: "BBB-";
- Fitch's 'BBB+'
- Moody's "Baa2".



Statement by the Executive responsible for financial reporting in accordance with the provisions of Article 154-bis, paragraph 2, of Legislative Decree. 58/1998

Pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance, the Executive responsible for financial reporting, Mr. Franco Balsamo, hereby states that the accounting information contained in this Interim Report on Operations at 30 September 2014 corresponds to the accounting documents, books and records.

Annex 1: List of consolidated companies

Name	Registered Office	Share capital (in Euro)	% interest	Group's consolidated interest	Method of Consolidation
ACEA Distribuzione S.p.A.	P.le Ostiense, 2 - Rome	345,000,000	100.00%	100.00%	Line-by-line
Acea Reti e Servizi Energetici S.p.A.	P.le Ostiense, 2 - Rome	300,120,000	100.00%	100.00%	Line-by-line
Acea Illuminazione Pubblica S.p.A.	P.le Ostiense, 2 - Rome	1,120,000	100.00%	100.00%	Line-by-line
ARIA S.r.l.	Via g. Bruno 7- Terni	2,224,992	100.00%	100.00%	Line-by-line
S.A.O. S.r.l.	Loc. Pian del Vantaggio 35/b - Orvieto	7,524,400	100.00%	100.00%	Line-by-line
Aquaser S.r.l.	Via dei Lecceti, 16 - Volterra (PI)	9,050,000	88.29%	100.00%	Line-by-line
Ecoenergie S.r.l. (In liquidation)	Via San Francesco d'Assisi 15 C - Paliano (FR)	10,000	90.00%	100.00%	Line-by-line
Innovazione Sostenibilità Ambientale S.r.l.	Via Ravano K.m. 2.400 - Pontecorvo (FR)	91,800	51.00%	100.00%	Line-by-line
Kyklos S.r.L	Via Ferriere - Nettuno n. km 15 Aprilia (LT)	500,000	51.00%	100.00%	Line-by-line
Solemme S.p.A.	Località Carboni in Monterotondo Marittimo (GR)	761,400	100.00%	100.00%	Line-by-line
S.A.M.A.C.E. S.r.l.	Via Lungo Sisto, 60 Sabaudia (LT)	38,480	100.00%	100.00%	Line-by-line
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Rome	362,834,320	96.46%	100.00%	Line-by-line
ACEA Ato5 S.p.A.	Viale Roma -Frosinone	120,000	94.48%	100.00%	Line-by-line
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Rome	8,000,000	75.81%	100.00%	Line-by-line
Acque Blu Fiorentina S.p.A.	P.le Ostiense, 2 - Rome	15,153,400	75.01%	100.00%	Line-by-line
Acea Gori Servizi Scarl	Via ex Aeroporto s.n.c. Località Area "Consorzio Sole" - Pomigliano d'Arco	1,000,000	69.82%	100.00%	Line-by-line
Acea Servizi Acqua S.r.l. (In liquidation)	P.le Ostiense, 2 - Rome	10,000	70.00%	100.00%	Line-by-line
CREA S.p.A. (In liquidation)	P.le Ostiense, 2 - Rome	2,678,958	100.00%	100.00%	Line-by-line
Crea Gestioni S.r.l.	P.le Ostiense, 2 - Rome	100,000	100.00%	100.00%	Line-by-line
Gesesa S.p.A.	Industrial Zone Pezzapiana - Benevento	520,632	59.52%	100.00%	Line-by-line
LaboratoRI S.p.A.	Via Vitorchiano - Rome	2,444,000	100.00%	100.00%	Line-by-line
Lunigiana S.p.A. (In liquidation)	Via Nazionale 173/A - Aulla (MS)	750,000	95.79%	100.00%	Line-by-line
Ombrone S.p.A.	P.le Ostiense, 2 - Rome	6,500,000	99.51%	100.00%	Line-by-line
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Rome	100,000	99.16%	100.00%	Line-by-line
Aguaazul Bogotá S.A. Esp	Bogotá- Colombia	1,482,921	51.00%	100.00%	Line-by-line
Acea Dominicana	Santo Domingo	644,937	100.00%	100.00%	Line-by-line
Acea Energia S.p.A.	P.le Ostiense, 2 - Rome	10,000,000	100.00%	100.00%	Line-by-line
Acea Produzione S.p.A.	P.le Ostiense, 2 - Rome	5,000,000	100.00%	100.00%	Line-by-line
Acea8cento S.r.l.	P.le Ostiense, 2 - Rome	10,000	100.00%	100.00%	Line-by-line
Ecogena S.p.A.	P.le Ostiense, 2 - Rome	6,000,000	67.33%	100.00%	Line-by-line
Elga Sud S.p.A.	Via Montegrappa, 6 - Trani	250,000	49.00%	100.00%	Line-by-line
Umbria Energy S.p.A.	Via B. Capponi, 100 - Terni	1,000,000	50.00%	100.00%	Line-by-line

Companies accounted for using the equity method as from 1 January 2014 in accordance IFRS11

Name	Registered Office	Share capital	% interest	Group's consolidated interest	Method of Consolidation
		(in Euro)			
Acque S.p.A.	Via Garigliano, 1 - Empoli	9,953,116	45.00%	45.00%	Shareholders' equity
Acque Industriali S.r.l.	Via Garigliano, 1 - Empoli	100,000	100.00%	45.00%	Shareholders' equity
Acque Servizi S.r.l.	Via Garigliano, 1 - Empoli	400,000	100.00%	45.00% ⁴	Shareholders' equity
Acquedotto del Fiora S.p.A.	Via Mameli, 10 Grosseto	1,730,520	40.00%	40.00%	Shareholders' equity
Consorzio Agua Azul	Los Pinos 399 - 27 Lima - Perù	17,379,190	25.50%	25.50%	Shareholders' equity
GORI S.p.A.	Via Trentola, 211 - Ercolano	44,999,971	37.05%	37.05%	Shareholders' equity
Intesa Aretina Scarl.	Via B. Crespi, 57 - Milan	18,112,000	35.00%	35.00%	Shareholders' equity
Nuove Acque S.p.A.	Cuculo - Arezzo	34,450,389	46.16%	16.16%	Shareholders' equity
Ingegnerie Toscane S.r.l.	Via Bellatalla, 1 - Florence	100,000	43.01%	43.01%	Shareholders' equity
Publiacqua S.p.A.	Via Villamagna 90/c - Florence	150,280,057	40.00%	40.00%	Shareholders' equity
UmbrA Acque S.p.A.	Via G. Benucci, 162	15,549,889	40.00%	40.00%	Shareholders' equity

Name	Registered Office	Share capital	% interest	Group's consolidated interest	Method of Consolidation
		(in Euro)			
	(PG)				
Voghera Energia Vendita S.p.A. (In liquidation)	Largo Toscanini, 5 - Voghera (PV)	250,000	50.00%	50.00% ⁵	Shareholders' equity
Ecomed S.r.l.	P.le Ostiense, 2 - Rome	50,094	50.00%	50.00%	Shareholders' equity

The following companies are also consolidated using the equity method:

Name	Registered Office	Share capital	% interest
		(in Euro)	
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 Bastia Umbra (PG)	80,000	42.08%
Azga Nord S.p.A. (In liquidation)	P.zza Repubblica - Pontremoli (Massa Carrara)	217,500	49.00%
Geal S.p.A.	Viale Leporini, 1348 - LUCCA	1,450,000	28.80%
Sogea S.p.A.	Via Mercatanti, 8 - RIETI	260,000	49.00%
Aguas De San Pedro SA	Las Palmas, 3 - San Pedro (Honduras)	6,162,657	31.00%
Umbriadue Servizi Idrici scarl	Strada Sabbione Industrial Zone A72 - TERNI	100,000	34.00%
Coema	P.le Ostiense, 2 - Rome	10,000	33.50%
Amea S.p.A.	Via San Francesco d'Assisi 15 C - Frosinone	1,689,000	33.00%
Arkesia S.p.A. (In liquidation)	Via Garibaldi 7/E -Paliano (FR)	170,827	33.00%
Citelum Napoli Pubblica Illuminazione scarl	Via Monteverdi, 11 - Milan	90,000	32.18%
Eur power S.r.l.	Largo Virgilio Testa, 23 - Rome	4,100,000	32.99%
Le Soluzioni	Via Garigliano, 1- Empoli	250,678	30.50%
SI(E)NERGIA S.p.A. in liquidation	Via Fratelli Cairoli, 24 - Perugia	132,000	42.08%
Sinergetica Srl	Via Fratelli Cairoli, 24 - Perugia	10,000	21.46%
Sinergetica Gubbio Srl	Via Fratelli Cairoli, 24 - Perugia	15,000	35.77%
Sinergetica Project Srl	Via Fratelli Cairoli, 24 - Perugia	40,000	23.85%
Sienerg Distribuzione S.r.l.	Via Fratelli Cairoli, 24 - Perugia	20,000	42.08%
Marco Polo Srl (in liquidation)	Via Marco Polo, 31 - Rome	10,000	33.00%

Annex 2: Segment reporting

Please note the following for a better understanding of the breakdown provided:

- ✚ generation, energy management and sales refer to the Energy Segment which, from an organizational standpoint, is responsible for the companies Acea Energia, Umbria Energy, Voghera Energia Vendite in liquidation, Elga Sud, Acea Produzione, Acea8cento and Ecogena,
- ✚ distribution, public lighting (Rome and Naples) and PV systems refer to the Networks segment which, from an organisational standpoint, is responsible for ACEA Distribuzione, ARSE and Acea Illuminazione Pubblica,
- ✚ analysis and research services refer to the Engineering and Services Department, which, from an organizational standpoint, is responsible for LaboratoRI,
- ✚ Overseas Water Services refer to the Water segment which, from an organizational standpoint, is also responsible for the water companies operating abroad,
- ✚ Italian Water Services refer to the Water segment which, from an organizational standpoint, is responsible for the water companies operating in Lazio, Campania, Tuscany and Umbria, and for AceaGori Servizi,
- ✚ environment refers to the Operating Segment of the same name which, from an organisational standpoint, is responsible for the Companies in the A.R.I.A. Group and the Aquaser Group.

Please note that the total revenue shown in the following table differs from the consolidated net revenue recognised in the consolidated income statement due to the inclusion of fair value income deriving from commodity risk management.

The statements of financial position as at 30 September 2014 and 31 December 2013 and the income statements as at 30 September 2014 and 30 September 2013 are shown below.



Statement of Financial Position - Restated 2013

	Generation	Distribution	Sales	Energy Management	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
Investments	5,230	102,510	5,987	177	289	129,266	211	485	11,874	12,137	435	268,601	0	268,601
Operating Segments														
Property, plant and equipment	162,398	1,373,538	360	1,507	459	14,074	977	2,156	166,508	255,532	29,992	2,007,500	1,554	2,009,054
Intangible Assets	8,274	31,244	93,518	(383)	2,073	1,727,767	4	87	10,494	(11,202)	0	1,861,876	(326,181)	1,535,694
Non-current financial assets measured at equity		0	0									2,189,346	(1,977,394)	211,952
Non-current financial assets														3,321
Other non-current trading assets														357,738
Other non-current financial assets														34,788
Inventories	1,830	11,944	0	0	6,451	9,689	183	0	(0)	3,448	209	33,754	0	33,754
Trade receivables from third parties	3,898	163,238	623,757	64,459	18,305	453,579	2,182	19,279	26,603	46,890	35,215	1,457,404	(213,034)	1,244,371
Trade receivables from Parent Company	6,057	1,151	43,023	0	61,824	28,354	0	21	771	307	0	141,509	(71,859)	69,650
Trade receivables from subsidiaries and associates	0	0	16,036	69,665	0	8,957	77	0	37,575	109	0	132,419	(99,883)	32,536
Other current trading assets														203,393
Other current financial assets														118,302
Cash and cash equivalents														563,066
Non-current assets held for sale											6,722	6,722		6,722
Total assets														6,424,340

Amounts in €/thousand



Statement of Financial Position - Restated 2013

	Generation	Distribution	Sales	Energy Management	Public Lighting	Italian water services	Overseas	Engineering	Corporate	Environment	PV power	Group total	Consolidation adjustments	Total Consolidated
Segment liabilities														
Trade payables to third parties	5,409	305,823	381,412	201,284	11,915	292,091	1,148	3,015	64,773	37,792	5,296	1,309,958	(195,894)	1,114,064
Trade payables to Parent Company	1,655	5,646	84,288	67	2,704	69,953	0	198	20,521	881	1	185,915	(100,300)	85,615
Trade payables to subsidiaries and associates	0	33	0	16,923	60,441	1,441	491	0	4,260	17	24	83,631	(75,710)	7,921
Other current trading liabilities														280,310
Other current financial liabilities														599,869
Staff termination benefits and other defined-benefit plans	2,259	34,545	3,937	298	2,719	28,651	200	2,839	28,787	2,688	0	106,922	(12)	106,910
Other provisions	3,254	14,754	9,726	44	337	89,144	304	2,262	31,593	30,499	2,695	184,611	21,448	206,058
Provision for deferred taxes														92,964
Other non-current trading liabilities														161,549
Other non-current financial liabilities														2,360,907
Liabilities directly associated with assets held for sale											1,344	1,344		1,344
Shareholders' equity														1,406,828
Total liabilities and shareholders' equity														6,424,340

Amounts in €/thousand



Income Statement as at 30 September 2013 - Restated

	Generati on	Distributio n	Sales	Energy Managem ent	Public Lighting	Italian water services	Overseas	Engineeri ng	Environm ent	PV power	Corporate	Group total	Consolida tion adjustme nts	Total Consolida ted
Revenue	45,630	338,323	1,684,068	660,811	51,786	416,076	8,586	17,708	86,642	6,727	83,743	3,400,100	(989,803)	2,410,297
Staff costs	3,953	47,040	14,325	929	6,537	64,171	2,382	7,082	7,315	350	36,002	190,087	(10,786)	179,301
Energy purchase	4,288	59,401	1,579,121	655,851	0	35	0	0	2,803	0	42	2,301,542	(784,535)	1,517,007
Sundry materials and overheads	9,212	57,953	58,154	3,335	39,791	193,179	3,661	5,255	39,537	1,521	44,579	456,177	(194,730)	261,447
Income/(Costs) from equity investments of a non-financial nature	(136)		(222)			32,188	374		(389)			31,816		31,816
EBITDA	28,041	173,929	32,245	696	5,458	190,879	2,917	5,371	36,598	4,855	3,120	484,109	248	484,357
Depreciation/amortisation	8,089	65,024	48,602	923	724	56,971	177	544	20,175	0	14,896	216,124	(791)	215,333
EBIT	19,952	108,905	(16,357)	(227)	4,734	133,908	2,740	4,827	16,423	4,855	(11,775)	267,985	1,039	269,024
Financial (costs)/income														(74,846)
(Costs)/Income from investments			(107)			0	1,394				(3,793)	(2,506)		(2,506)
Profit/(loss) before tax														191,672
Taxation														78,213
Net profit (loss)														113,459

Amounts in €/thousand



Statement of financial position as at 30 September 2014

	Generatio n	Distributio n	Sales	Public Lighting	Italian water services	Overseas	Engineerin g	Corporate	Environme nt	PV power	Group total	Consolidatio n adjustments	Total Consolidate d
Investments	7,002	84,813	4,208	313	104,351	606	429	9,667	7,300	218	218,906	0	218,906
Operating Segments													
Property, plant and equipment	171,474	1,396,346	1,776	436	15,300	2,917	2,246	162,776	246,184	34,399	2,033,854	(4,671)	2,029,183
Intangible Assets	14,282	37,282	130,156	2,321	1,778,855	137	66	13,812	(10,071)	0	1,966,840	(363,343)	1,603,496
Non-current financial assets measured at equity		0	0								2,055,371	(1,836,364)	219,007
Non current financial assets													2,483
Other non-current trading assets													359,904
Other non-current financial assets													34,162
Inventories	1,772	11,805	0	6,563	8,621	137	0	0	3,625	204	32,729	0	32,729
Trade receivables from third parties	20,097	175,006	719,407	16,379	528,093	2,592	28,754	25,524	54,217	23,750	1,593,820	(248,665)	1,345,155
Trade receivables from Parent Company	1,397	2,824	52,413	11,341	26,494	2	214	504	463	0	95,652	(12,655)	82,997
Trade receivables from subsidiaries and associates	0	0	16,339	0	9,781	16	0	46,412	104	0	72,652	(41,087)	31,565
Other current trading assets													239,553
Other current financial assets													136,201
Cash and cash equivalents													527,434
Non-current assets held for sale										497	497		497
Total assets													6,644,366

Amounts in €/thousand



Statement of financial position as at 30 September 2014

	Generatio n	Distributio n	Sales	Public Lighting	Italian water services	Overseas	Engineerin g	Corporate	Environm ent	PV power	Group total	Consolidat ion adjustmen ts	Total Consolidate d
Segment liabilities													
Trade payables to third parties	11,830	307,360	529,306	12,181	320,255	973	3,932	56,251	37,994	3,248	1,283,330	(226,748)	1,056,582
Trade payables to Parent Company	2,488	13,207	20,411	59	86,113	0	370	20,523	2,613	0	145,784	(41,220)	104,564
Trade payables to subsidiaries and associates	0	33	7,041	7,409	618	239	0	5,277	53	0	20,671	(15,410)	5,261
Other current trading liabilities													333,103
Other current financial liabilities													159,429
Staff termination benefits and other defined-benefit plans	2,520	36,994	4,590	2,930	29,908	190	3,050	29,185	3,220	0	112,586	(12)	112,574
Other provisions	4,673	9,445	10,363	489	77,645	4	2,287	35,508	30,219	2,879	173,513	21,380	194,892
Provision for deferred taxes													98,618
Other non-current trading liabilities													170,453
Other non-current financial liabilities													2,947,571
Liabilities directly associated with assets held for sale										99	99		99
Shareholders' equity													1,461,219
Total liabilities and shareholders' equity													6,644,366

Amounts in €/thousand



Income Statement as at 30 September 2014

	Generatio n	Distributio n	Sales	Public Lighting	Italian water services	Overseas	Engineerin g	Environme nt	PV power	Corporate	Group total	Consolidat ion adjustmen ts	Total Consolidat ed
Revenue	44,948	371,189	1,546,471	49,174	460,469	6,407	22,538	95,205	5,267	86,799	2,688,468	(407,793)	2,280,675
Staff costs	4,227	44,095	15,855	5,714	64,797	2,149	7,538	8,048	256	40,635	193,314	(15,518)	177,796
Energy purchase	3,637	91,606	1,432,140	0	99	0	0	2,493	0	156	1,530,132	(181,308)	1,348,824
Sundry materials and overheads	10,508	58,406	60,607	39,820	202,584	2,819	7,844	45,023	1,305	44,934	473,848	(210,892)	262,956
Income/(Costs) from equity investments of a non-financial nature			93	0	12,865	592	0	201	0	0	13,751	0	13,751
EBITDA	26,576	177,082	37,962	3,641	205,853	2,032	7,156	39,841	3,707	1,074	504,925	(74)	504,851
Depreciation/amortisation	14,108	64,169	54,802	454	57,527	196	385	19,181	0	19,579	230,400	(74)	230,327
EBIT	12,468	112,913	(13,839)	3,187	148,326	1,836	6,771	20,661	3,707	(18,505)	274,524	0	274,524
Financial (costs)/income													(76,671)
(Costs)/Income from investments		(1,139)	(264)		19	573				1,368	556		556
Profit/(loss) before tax													198,410
Taxation													80,731
Net profit (loss)													117,679

Amounts in €/thousand