Interim Report on Operations as at 31 March 2019

Report on Operations

Consolidated Financial Statements

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 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 macrostructure is based around the corporate functions and six industrial areas - Environment, Commercial and Trading, Water, Energy Infrastructures, Engineering and Services and Overseas.
The activities of each business segment are described below.

Environment
The Acea Group is one of the leading national players with more than 1 million tonnes of waste processed each year. It manages the main waste-to-energy plant and the largest composting plant in Lazio. In particular, the Group develops investments in the waste to energy business, considered high potential, in accordance with the strategic goal of producing energy from waste and protecting the environment.

Commercial and Trading
The Acea Group is a major operator in Italy in the sale of electrical energy and offers innovative and flexible solutions for the supply of electricity and natural gas to consolidate its position as a dual fuel operator. Acea operates in the market segments of medium-sized businesses and families, striving to improve the quality of its services in particular as far as web and social channels are concerned. It supervises the Group's energy management policies.

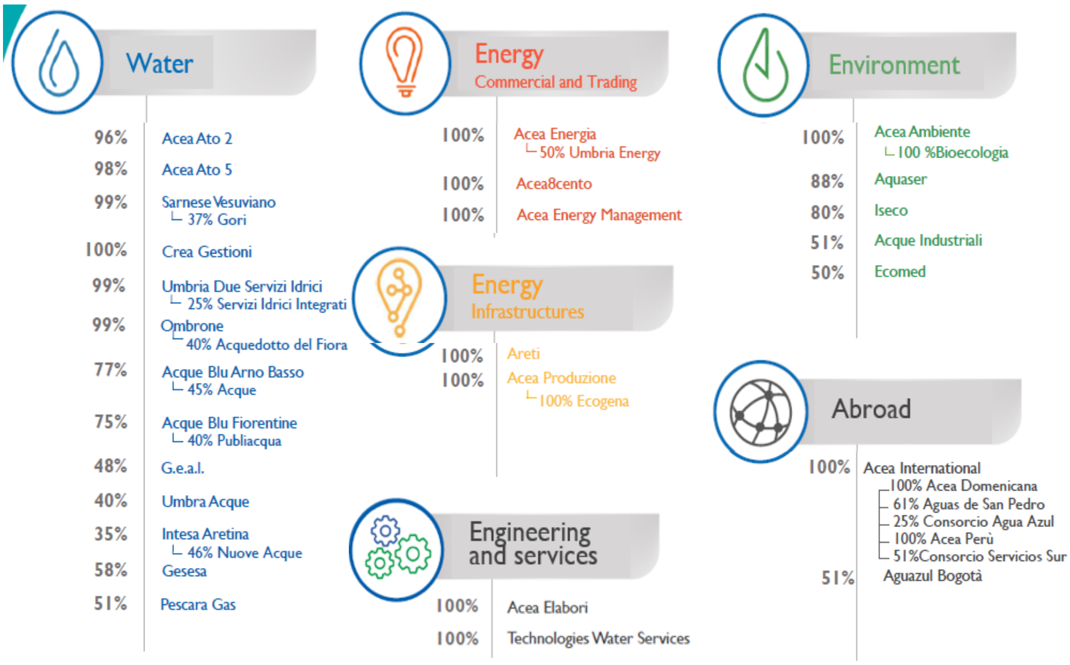
Water
The Acea Group is the top Italian operator in the water sector serving 9 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria and Campania.

Energy Infrastructure
The Acea Group is a major operator in Italy with about 10 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of 224,000 light bulbs. 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.

Engineering and Services
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. It develops applied research projects aimed at technological innovation in the water, environmental and energy sectors. Laboratory services are of particular importance.

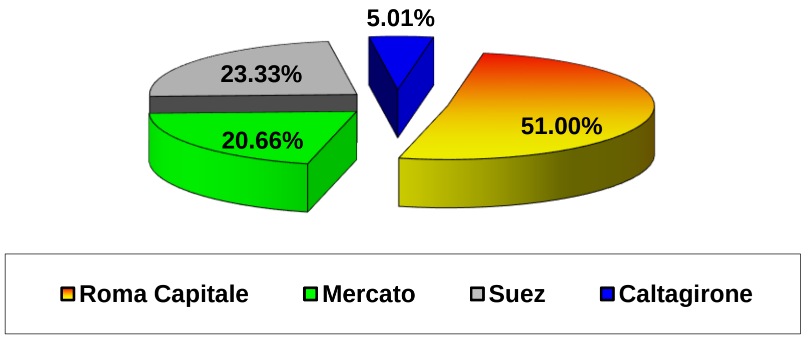
Overseas
With this Segment, the Acea Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy.
It is present in Honduras, Dominican Republic, Colombia and Peru, serving approximately 4 million people. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

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



No change compared to the end of 2018

The share capital of Acea S.p.A. at 31 March 2019 is broken down as follows:



**The above chart only shows equity investments of more than 3%, as confirmed by CONSOB data.*

Corporate bodies

Board of Directors

Michaela Castelli	Chairwoman
Stefano Antonio Donnarumma	CEO
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo del Sasso	Director
Gabriella Chiellino	Director
Giovanni Giani	Director
Liliana Godino	Director
Maria Verbena Sterpetti [1]	Director
Fabrice Rossignol	Director

Board of Statutory Auditors [1]

Maurizio Lauri	Chairman
Pina Murè	Standing Auditor
Maria Francesca Talamonti	Standing Auditor
Maria Federica Izzo	Alternate Auditor
Mario Venezia	Alternate Auditor

Executive responsible

Giuseppe Gola

[1] Appointed by the Shareholders' Meeting on 17 April 2019

Summary of Results

Income Statement Data (€ million)	31/03/2019	31/03/2018	Change	% Change
Consolidated revenues	**823.3**	**745.5**	**77.8**	**10.4%**
Consolidated operating costs	**583.2**	**524.6**	**58.7**	**11.2%**
Income from equity investments of a non-financial nature	**7.7**	**8.3**	**(0.6)**	**(6.7%)**
EBITDA	**247.9**	**229.2**	**18.6**	**8.1%**
EBIT	**132.8**	**127.4**	**5.4**	**4.2%**
Net profit/(loss)	**81.5**	**80.6**	**0.9**	**1.1%**
Profit attributable to minority interests	**6.0**	**3.2**	**2.8**	**86.9%**
Net profit/(loss) attributable to the Group	**75.5**	**77.4**	**(1.9)**	**(2.4%)**

EBITDA per operating segment (€ million)	31/03/2019	31/03/2018	Change	% Change
ENVIRONMENT	**16.9**	**14.1**	**2.8**	**20.2%**
COMMERCIAL AND TRADING	**16.4**	**23.4**	**(6.9)**	**(29.7%)**
OVERSEAS	**3.8**	**3.0**	**0.8**	**25.2%**
WATER	**121.6**	**96.4**	**25.2**	**26.2%**
Integrated water service	***121.3***	***96.7***	***24.7***	***25.5%***
Lazio - Campania	114.8	89.6	25.2	28.2%
Tuscany - Umbria	6.5	7.1	(0.6)	(8.1%)
Others	***0.3***	***(0.3)***	***0.6***	***(184.5%)***
ENERGY INFRASTRUCTURES	**95.5**	**94.4**	**1.1**	**1.2%**
Distribution	81.8	80.7	1.1	1.4%
Generation	14.9	14.0	1.0	7.0%
Public Lighting	(1.2)	(0.2)	(1.0)	n.s.
ENGINEERING AND SERVICES	**2.0**	**2.2**	**(0.2)**	**(10.3%)**
ACEA (Corporate)	**(8.4)**	**(4.2)**	**(4.2)**	**99.3%**
Total EBITDA	**247.9**	**229.2**	**18.6**	**8.1%**

Consolidated balance sheet data (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Net Invested Capital	4,655.0	4,471.5	183.5	4.1%	4,197.0	458.0	10.9%
Net Debt	(2,675.7)	(2,568.0)	(107.7)	4.2%	(2,482.1)	(193.7)	7.8%
Consolidated Shareholders' Equity	(1,979.3)	(1,903.5)	(75.8)	4.0%	(1,715.0)	(264.3)	15.4%

Net debt per Operating Segment (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
ENVIRONMENT	**189.8**	**203.6**	**(13.8)**	**(6.8%)**	**203.4**	**(13.7)**	**(6.7%)**
COMMERCIAL AND TRADING	**(9.4)**	**(23.7)**	**14.4**	**(60.6%)**	**25.0**	**(34.4)**	**(137.4%)**
OVERSEAS	**3.1**	**4.1**	**(1.1)**	**(26.3%)**	**6.1**	**(3.1)**	**(50.3%)**
WATER	**1,098.1**	**1,039.0**	**59.0**	**5.7%**	**946.1**	**152.0**	**16.1%**
Integrated water service	***1,098.4***	***1,048.4***	***50.1***	***4.8%***	***954.0***	***144.5***	***15.1%***
Lazio - Campania	1,107.5	1,058.7	48.8	4.6%	962.8	144.7	15.0%
Tuscany - Umbria	(9.1)	(10.3)	1.2	(12.0%)	(8.9)	(0.2)	2.4%
Others	***(0.4)***	***(9.3)***	***8.9***	***(96.0%)***	***(7.9)***	***7.5***	***(95.2%)***
ENERGY INFRASTRUCTURES	**1,141.8**	**1,121.9**	**19.9**	**1.8%**	**1,024.8**	**117.0**	**11.4%**
Distribution	1,030.8	1,010.3	20.5	2.0%	900.1	130.6	14.5%
Generation	111.0	112.4	(1.4)	(1.2%)	118.7	(7.7)	(6.5%)
Public Lighting	0.0	(0.8)	0.8	(100.0%)	5.9	(5.9)	(100.0%)
ENGINEERING AND SERVICES	**(5.9)**	**(13.3)**	**7.4**	**(55.4%)**	**(4.6)**	**(1.3)**	**28.6%**
ACEA (Corporate)	**258.4**	**236.4**	**22.0**	**9.3%**	**281.2**	**(22.8)**	**(8.1%)**
	2,675.7	**2,568.0**	**107.7**	**4.2%**	**2,482.1**	**193.7**	**7.8%**

Investments per operating segment (€ million)	31/03/2019	31/03/2018	Change	% Change
ENVIRONMENT	**3.1**	**4.6**	**(1.5)**	**(32.4%)**
COMMERCIAL AND TRADING	**6.1**	**4.1**	**2.0**	**48.9%**
OVERSEAS	**1.5**	**0.8**	**0.7**	**96.9%**
WATER	**73.1**	**67.3**	**5.8**	**8.6%**
ENERGY INFRASTRUCTURES	**63.7**	**54.4**	**9.3**	**17.1%**
ENGINEERING AND SERVICES	**0.3**	**0.3**	**(0.1)**	**(18.3%)**
ACEA (Corporate)	**3.5**	**1.5**	**1.9**	**126.3%**
TOTAL	**151.2**	**133.0**	**18.2**	**13.7%**

Summary of operations and income, equity and financial performance of the Group

Definition of alternative performance indicators

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance indicators which replace, as of 3 July 2016, CESR/05-178b recommendations. This orientation was acknowledged in our system in CONSOB Communication no. 0092543 dated 3 December 2015. 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 international accounting standards for financial reporting IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main *non-cash items*;
2. the net financial position is an indicator of the Acea Group's financial structure, the sum of Non-current borrowings and Financial liabilities net of Non-current financial assets (financial receivables excluding a part of receivables related to Acea S.p.A.'s IFRIC 12 and securities other than equity investments), Current borrowings and Other current financial 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;
4. net working capital is the sum of current receivables, inventories, the net balance of other current assets and liabilities and current payables, excluding the items considered in determining the net financial position.

Summary of Results: performance of economic results

Income Statement Data (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenue from sales and services	794.5	727.7	66.8	9.2%
Other revenue and proceeds	28.8	17.8	11.1	62.3%
Costs of materials and overheads	519.1	470.4	48.7	10.4%
Personnel costs	64.1	54.1	10.0	18.4%
Income/(Costs) from equity investments of a non-financial	7.7	8.3	(0.6)	(6.7%)
Gross Operating Profit	**247.9**	**229.2**	**18.6**	**8.1%**
Amortisation, depreciation, provisions and impairment charges	115.1	101.8	13.2	13.0%
Operating profit/(loss)	**132.8**	**127.4**	**5.4**	**4.2%**
Financial items	(20.0)	(20.1)	0.0	(0.2%)
Equity investments	2.9	8.5	(5.6)	(65.6%)
Profit/(loss) before tax	**115.7**	**115.8**	**(0.1)**	**(0.1%)**
Taxes	34.2	35.2	(1.0)	(2.9%)
Net profit/(loss)	**81.5**	**80.6**	**0.9**	**1.1%**
Profit/(loss) attributable to minority interests	6.0	3.2	2.8	86.9%
Net profit/(loss) attributable to the Group	**75.5**	**77.4**	**(1.9)**	**(2.4%)**

Revenues from sales and services totalled € 794.5 million up from € 66.8 million

As at 31 March 2019, revenues from sales and services come to € 794.5 million, up € 66.8 million (+ 9.2%) on those of the three months of 2018, mainly due to the increase in revenues from the increase in revenues from the integrated water service (+ € 56.6 million). This change is mainly due to: **i)** the full consolidation of Gori for € 44.3 million (in the first quarter of 2018 the Company was consolidated using the equity method), **ii)** ACEA Ato2 (+ € 10.8 million) as a result of the growth in the VRG approved in the meeting of 13 November 2018 compared to the previous year and the higher adjustments deriving from pass-through items (electricity, concession fees) for a total of € 2.1 million.

Also contributing to the change were: **i)** the increase in revenues from the transfer of waste and landfill management (+ € 5.0 million) following the higher transfer from the pulper to the WTE plants as well as the tariff effect; **ii)** the increase in revenues from gas sales for € 5.6 million attributable to Acea Energia; **iii)** the revenues of the foreign companies due to both the change in the scope of consolidation following the acquisition of Consorcio CSUR (for € 1.2 million) and the better performance of Aguas de san Pedro (+ 17.6% compared to the first quarter of 2018); **iv)** the decrease in revenues of the Parent Company from Roma Capitale (- € 1.2 million) mainly with reference to the LED Plan.

Other revenues amounting to € 28.8 million

Other revenues show an increase of € 11.1 million (+ 62.3%) compared to the same period of the previous year. The increase is mainly due to the increase in the IFRIC 12 margin (a total of € 3.6 million following the revision of its method of calculation) and the recognition of € 8.4 million for contributions accrued on white certificates (TEE) in the portfolio, up by € 2.6 million compared to the same period of 2018. Revenues from TEEs are offset by the costs incurred to purchase them. Finally, Gori's other revenues contributed € 1.6 million.

External costs for € 519.1 million, an increase compared to the first three months of 2018

This item shows an overall increase of € 48.7 million (+ 10.4%). The change is due for € 22.3 million from the full consolidation of Gori and for the remaining part mainly:

- ✓ the greater costs for the supply of electricity both on the regulated and deregulated market (+ € 22.6 million overall) mainly due to the increase in prices;
- ✓ the increased purchase costs of the white certificates by *areti* (2.1 million euros) for the fulfilment of the regulatory obligation concerning energy efficiency;
- ✓ the increase in the mandatory management costs for the costs related to the mandatory Agreement for the water management of the Peschiera - Le Capore aqueduct system (ATO3 interference);
- ✓ an increase in material costs, mainly attributable to ACEA Ato2 (+ € 1.7 million);
- ✓ the decrease in other operating expenses essentially due to the effect of contingent liabilities (- € 2.1 million) and for compensation for damages (- € 1.6 million).

Staff costs up by 18.4%

The cost of labour amounted to € 64.1 million, an increase of € 10.0 million compared to the same period of the previous year. Gori's contribution is equal to € 6.2 million.

The average number of employees was 6,623 and increased by 1,087 compared to the same period of 2018, mainly due to the new consolidation of Gori (+ 812 units), Consorcio Servicio Sur (+ 210 units) and Pescara Distribuzione Gas (+ 14 units).

€ million	31/03/2019	31/03/2018	Change	% Change
Staff costs including capitalised costs	100.0	86.0	14.0	16.2%
Costs capitalised	(35.9)	(31.9)	(4.0)	12.5%
Personnel costs	**64.1**	**54.1**	**10.0**	**18.4%**

The TUCS are in line with March 2018

The income from non-financial equity investments represent the consolidated result according to the equity method included among the components forming the consolidated Gross Operating Profit. The following table is a breakdown of its composition, while the performance by company is given in the comments on the Water Operating Segment and the Engineering and Services Segment.

€ million	31/03/2019	31/03/2018	Change	% Change
EBITDA	38.2	39.5	(1.2)	(3.1%)
Amortisation, depreciation, impairment charges and provisions	(21.5)	(26.1)	4.6	(17.6%)
Total profit/(loss) on equity investments	0.0	0.1	(0.1)	(103.3%)
Financial items	(5.5)	(1.0)	(4.4)	n.s.
Taxes	(3.5)	(4.2)	0.6	(15.3%)
Income from equity investments of a non-financial nature	**7.7**	**8.3**	**(0.6)**	**(6.7%)**

EBITDA at € 247.9 million, up 8.1%

EBITDA goes from € 229.2 million in the first three months of 2018 to € 247.9 million as at 31 March 2019, recording growth of € 18.6 million equal to 8.1%. The increase is mainly due to the Water Segment (+ € 25.2 million), with Gori accounting for € 17.3 million and the Environment Segment (+ € 2.8 million), while the Commercial and Trading Segment recorded a reduction of € 6.9 million mainly due to the lower margin achieved on the protected market, primarily because of the reduction in tariffs and the revision of the mechanism for compensating late payments. The Parent Company also recorded a decrease of € 4.2 million due to an increase in IT costs, facility management costs and personnel costs.

EBIT € 132.8 million (+ € 5.4 million)

EBIT grows by € 5.4 million on the same period of 2018. The increase in EBITDA was mitigated by the growth in amortisation and depreciation (+ € 17.7 million compared to the first quarter of 2018), which mainly concerned the Water Segment (+ € 13.7 million compared to Q1 2018). Gori contributed € 5.5 million to the increase. Below are details of the items influencing EBIT.

€ million	31/03/2019	31/03/2018	Change	% Change
Amortisation and depreciation	95.2	77.5	17.7	22.9%
Provision for doubtful accounts	18.6	21.1	(2.5)	(12.0%)
Provision for risks and charges	1.4	3.3	(2.0)	(59.1%)
Amortisation, depreciation, impairment charges and provisions	**115.1**	**101.8**	**13.2**	**13.0%**

The increase change in **depreciation** is mainly linked to investments during the year in all areas of business and also takes account of technological developments related to the technological platform common to the Acea Group.

Provisions decreased by € 2.0 million mainly due to the reduction in the provision for restoration costs made last year and the lower provisions made to cover the risks of subsidiaries (- € 1.2 million).

The decrease in the **write-down of receivables** is mainly due to the companies in the Water Segment (€ 1.0 million) and to the Parent Company (€ 1.1 million).

Financial items reduced the pre-tax total by 20.0 million euros

The result of financial management was negative by € 20.0, in line with the first quarter of 2018. At 31 March 2019, the average all-in cost of the Acea Group's debt stood at 2.19%, compared with 2.27% in the same period of the previous year.

Management of equity investments decreased by € 5.6 million

The decrease in the management of equity investments was mainly due to the recognition in Q1 2018 of the income from the closure of the Business Combination (€ 8.9 million) relating to the acquisition of the TWS Group.

Tax rate of 29.6%, a reduction of 0.8 percentage points

The estimate of the fiscal charges amounted to 34.2 million euros, compared to 35.2 million euros for the same period last year. The overall decrease recorded in the period amounts to € 1.0 million and was partly due to the lower result for the period. The tax rate for the period was 29.6% (30.4% at 31 March 2018)

Net result down by 2.4%

The Group's net income amounted to € 75.5 million, marking a decrease of € 1.9 million compared to the same period of 2018.

Summary of results: trends in financial position and cash flows

Consolidated balance sheet data (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
NON-CURRENT ASSETS AND LIABILITIES	**5,259.7**	**5,114.2**	**145.4**	**2.8%**	**4,613.3**	**646.4**	**14.0%**
NET WORKING CAPITAL	**(604.6)**	**(642.7)**	**38.1**	**(5.9%)**	**(416.2)**	**(188.4)**	**45.3%**
INVESTED CAPITAL	**4,655.0**	**4,471.5**	**183.5**	**4.1%**	**4,197.0**	**458.0**	**10.9%**
NET DEBT	**(2,675.7)**	**(2,568.0)**	**(107.7)**	**4.2%**	**(2,482.1)**	**(193.7)**	**7.8%**
Total shareholders' equity	**(1,979.3)**	**(1,903.5)**	**(75.8)**	**4.0%**	**(1,715.0)**	**(264.3)**	**15.4%**
Total sources of financing	**4,655.0**	**4,471.5**	**183.5**	**4.1%**	**4,197.0**	**458.0**	**10.9%**

The non-current assets and liabilities increased by 2.8% thanks to the investments in the period

The non-current assets and liabilities increased by 145.4 million euros (+ 2.8%) compared to 31 December 2018, mainly due to the increase in intangible fixed assets (+ 126.4 million euros).

€ million	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Tangible/intangible fixed assets	4,917.1	4,790.7	126.4	2.6%	4,388.6	528.6	12.0%
Equity investments	294.3	281.7	12.6	4.5%	290.7	3.7	1.3%
Other non-current assets	669.9	630.6	39.4	6.2%	466.5	203.5	43.6%
Employee severance indemnity and other defined benefit plans	(104.2)	(103.9)	(0.2)	0.2%	(107.9)	3.7	(3.4%)
Provisions for risks and charges	(168.6)	(136.7)	(32.0)	23.4%	(204.9)	36.3	(17.7%)
Other non-current liabilities	(349.0)	(348.2)	(0.8)	0.2%	(219.7)	(129.3)	58.9%
Non-current assets and liabilities	**5,259.7**	**5,114.2**	**145.4**	**2.8%**	**4,613.3**	**646.4**	**14.0%**

The change in intangible fixed assets is due to the investments, which reached 151.2 million euros, and amortisations and value reductions, totalling 95.2 million euros. The application of IFRS 16 (application of the new standard from 1 January 2019) contributed to the change in the period, with the recognition of fixed assets of € 54.8 million.

See the following table as regards the investments made in each Operating Segment.

Investments per operating segment (€ million)	31/03/2019	31/03/2018	Change	% Change
ENVIRONMENT	**3.1**	**4.6**	**(1.5)**	**(32.4%)**
COMMERCIAL AND TRADING	**6.1**	**4.1**	**2.0**	**48.9%**
OVERSEAS	**1.5**	**0.8**	**0.7**	**96.9%**
WATER	**73.1**	**67.3**	**5.8**	**8.6%**
Integrated water service	***73.1***	***67.3***	***5.8***	***8.6%***
Lazio - Campania	*73.1*	*67.3*	*5.8*	*8.6%*
ENERGY INFRASTRUCTURES	**63.7**	**54.4**	**9.3**	**17.1%**
Distribution	*60.1*	*52.5*	*7.6*	*14.5%*
Generation	*2.7*	*1.9*	*0.8*	*45.0%*
Public Lighting	*0.8*	*0.0*	*0.8*	*n.s.*
ENGINEERING AND SERVICES	**0.3**	**0.3**	**(0.1)**	**(18.3%)**
ACEA (Corporate)	**3.5**	**1.5**	**1.9**	**126.3%**
TOTAL	**151.2**	**133.0**	**18.2**	**13.7%**

Investments increased by € 18.2 million (+ 13.7%)

The investments in the **Environment Segment** dropped € 1.5 million compared to 31 March 2018 and refer mainly to the investments made by Acea Ambiente for: **(i)** the revamping works of the Monterotondo Marittimo plant, **(ii)** the works carried out at the WTE plants in Terni and San Vittore, **(iii)** the works for the extension of the landfill located in Orvieto.

The **Sales and Trading Segment** recorded an increase of € 2.0 million to be attributed to Acea Energia for investments in IT systems and for the recognition of the contract asset in accordance with the IFRS 15 international accounting standard.

Investments in the **Overseas Segment** increased by € 0.7 million compared to the same period of last year mainly due to higher investments by Aguas de San Pedro.

The **Water Segment** invested a total of € 73.1 million, an increase of € 5.8 million, mainly due to the consolidation of Gori (+ € 8.2 million), partly offset by lower investments by ACEA Ato5 (- € 2.5 million). The investments in the segment mainly refer to the reclamation and expansion of the water and sewer pipes of the various municipalities, the extraordinary maintenance of the water centres, the work on the purifiers and the transport systems (connectors and feeders).

The **Energy Infrastructure Segment** recorded an increase in investments of € 9.3 million, mainly due to investments in *a*reti (+ € 7.6 million) and refer mainly to the renewal and upgrading of the HV, MV and LV networks, works on primary and secondary stations and on meters; intangible investments refer to projects for the re-engineering of information and commercial systems. This year the so-called "Resilience Plan" was implemented, which consists of interventions on substations and on the MV and LV networks. The investments made by Acea Produzione mainly relate to the Tor di Valle power plant.

The investments of the **Engineering and Services Segment** refer mainly to the purchase of software by Acea Elabori.

The **Corporate Segment** made investments in hardware and software as part of the various IT projects and maintenance work on the sites used for business activities.

Group investments concerning shared IT infrastructure totalled € 6.7 million.

The **Equity Investments** increased by €12.6 million compared to 31 December 2018. The change is mainly linked to the evaluation of the companies consolidated using the equity method as a result of the application of IFRS 11 and OCI effects.

The stock of **Staff termination benefits and other defined benefit plans** reported a decrease of €0.2 million, mainly due to the effect of the decrease in the rate used (from 1.57% at 31 December 2018 to 1.05% at 31 March 2019).

Provisions for risks and charges increased by € 32.0 million mainly as a result of the reclassification of the provision for interim taxes from 2019.

€ million	31/12/2018	Uses	Provisions	Payment of Redundancy Funds	Reclassifications/Other changes	31/03/2019
Legal	13.2	(0.4)	0.4	(0.1)	0.0	13.1
Tax Office	10.7	0.0	0.0	0.0	0.0	10.7
Regulatory risks	26.6	0.0	0.4	0.0	0.0	27.0
Investees	7.7	0.0	0.0	0.0	(0.3)	7.5
Contributory risks	1.1	0.0	0.0	0.0	0.0	1.1
Insurance excess	9.6	(0.6)	0.5	0.0	0.0	9.5
Other risks and charges	23.5	(0.4)	0.3	(0.2)	(1.4)	21.8
Total Provision for Risks	**92.3**	**(1.5)**	**1.6**	**(0.3)**	**(1.6)**	**90.6**
Early retirements and redundancies	25.7	(1.6)	0.0	0.0	1.5	25.6
Post mortem	16.7	0.0	0.0	0.0	(0.2)	16.5
Provision for Settlement Charges	0.3	(0.1)	0.0	0.0	0.0	0.2
Provision for Charges of others	1.7	0.0	0.0	0.0	0.3	2.0
Provision for interim taxes	0.0	1.6	0.0	0.0	32.2	33.8
Total Provision for Charges	**44.3**	**(0.1)**	**0.0**	**0.0**	**33.8**	**78.0**
Total Provisions for Risks and Charges	**136.7**	**(1.5)**	**1.7**	**(0.3)**	**32.1**	**168.6**

The net working capital was a loss of € 604.6 million and decreased by € 38.1 million compared with the end of 2018

The change in net working capital compared to 31 December 2018 can be attributed mainly to opposing phenomena like the increase in receivables from users and customers for € 99.5 million and the decrease in other current assets (- € 53.0 million) and trade payables (- € 11.5 million).

€ million	31/03/2019	31/12/2018	Change	31/03/2018	Change
Current receivables	**1,036.0**	**927.8**	**108.2**	**924.8**	**111.2**
- due from end users/customers	962.7	863.2	99.5	816.5	146.3
- due to Roma Capitale	62.0	52.5	9.5	62.1	(0.1)
Inventories	**52.5**	**48.8**	**3.7**	**41.8**	**10.7**
Other current assets	**209.6**	**262.6**	**(53.0)**	**196.0**	**13.6**
Current payables	**(1,542.2)**	**(1,524.9)**	**(17.3)**	**(1,200.9)**	**(341.3)**
- due to Suppliers	(1,425.5)	(1,413.9)	(11.5)	(1,085.6)	(339.8)
- due to Roma Capitale	(113.0)	(107.6)	(5.3)	(110.8)	(2.2)
Other current liabilities	**(360.6)**	**(357.1)**	**(3.5)**	**(378.0)**	**17.3**
Net working capital	**(604.6)**	**(642.7)**	**38.1**	**(416.2)**	**(188.4)**

Receivables from users and customers gross of the Provision for impairment of receivables decreased by 117.9 million euros compared to the end of 2018. More specifically, we note: **(i)** a decrease in the receivables of the Energy Infrastructure Segment which derives from the combined effect of the recognition of the proceeds deriving from the elimination of the so-called regulatory lag, which amounted to € 58.3 million at the end of the observation period (- € 17.2 million compared to the end of 2018), and from the improvement in collections on the other. The non-current portion relating to regulatory accounting, amounting to € 107.1 million, is included in the fixed assets and, **(ii)** an increase in the Commercial and Trading Segment receivables for € 58.3 million and **(iii)** an increase in Water segment receivables of € 47.6 million mainly attributable to ACEA Ato2 and Gori.
The impact of the consolidation of Pescara Distribuzione Gas on receivables is € 3.1 million.
Receivables from customers are shown net of the Provision for impairment of receivables, amounted to 712.6 million euros compared to 694.2 million euros at the end of 2018.
In the first half of 2019, receivables totalling 342.5 million euros were transferred pro-soluto, 62.5 million euros to Public Administrations.

Roma Capitale: net balance is positive for € 63.2 million

As regards the **Relations with Roma Capitale**, the net balance at 31 March 2019 was 63.2 million euros receivable by the Group, a reduction compared to 31 December 2018. The change in receivables and payables results from items accrued in the period, there not having been any payments/collections or offsets.

In Q1 2019, the stock of trade receivables recorded growth of € 9.5 million as at 31 December 2018, mainly due to the increase in receivables for water accounts.

As regards financial receivables, growth of € 10.8 million was recorded compared to the previous year, to be attributed to the accrual during the period of receivables relative to the public lighting service agreement, to the modernisation of security, to extraordinary maintenance, to the LED plan agreement and to the works relating to the public lighting service.
Compared to the previous year there was an overall increase in payables of € 5.1 million; the main changes referring to:

- ✓ the registration of the portion accrued for the concession fee of ACEA Ato2 for Q1 of € 6.5 million;
- ✓ registration of the COSAP accrued for Q1 by the subsidiary *areti* for € 0.4 million;
- ✓ a reduction in payables relating to authorisations for excavations defined as new road cables regulations for € 1.7 million.

Following a number of disputes raised by Roma Capitale for the period 2008-2018 with regard to public lighting and integrated water services and, as part of the preparatory activities for the 1st Consolidated Financial Statements of Roma Capitale, a technical panel composed of representatives from Roma Capitale and Acea was set up in April 2019 to define the reciprocal receivable and payable positions.

The following table presents an analysis of receivables and payables, including those of a financial nature, between Acea Group and Roma Capitale, as regards both credit exposure and debt exposure, including financial items.

Amounts due from Roma Capitale	31/03/2019	31/12/2018	Change	31/03/2018	Change
	A)	B)	A) - B)	C)	A) - C)
(€ million)					
Account receivables	64.7	55.6	9.1	52.7	12.0
Provisions for write-downs	(9.1)	(9.3)	0.2	(0.2)	(8.9)
Total receivables from users	**55.6**	**46.3**	**9.3**	**52.6**	**3.0**
Receivables for water works and services	3.3	3.3	0.0	4.6	(1.3)
Receivables for water works and services to be invoiced	1.6	1.5	0.1	1.4	0.2
Contributions	0.0	0.0	0.0	2.4	(2.4)
Provisions for write-downs	(1.9)	(1.9)	0.0	0.0	(1.9)
Receivables for electrical works and services	3.7	3.6	0.2	1.2	2.5
Provisions for write-downs	(0.3)	(0.3)	0.0	0.0	(0.3)
Total receivables for works	**6.4**	**6.2**	**0.3**	**9.6**	**(3.2)**
Total trade receivables	**62.1**	**52.5**	**9.6**	**62.2**	**(0.1)**
Financial receivables for Public lighting services billed	107.0	99.1	7.9	126.2	(19.2)
Provisions for write-downs	(30.2)	(30.2)	0.0	(12.5)	(17.7)
Financial receivables for Public lighting services to be billed	30.2	25.7	4.5	23.6	6.6
Provisions for write-downs	(10.6)	(9.8)	(0.8)	(6.8)	(3.8)
M/L term financial receivables for Public lighting services	17.8	18.7	(0.9)	21.3	(3.5)
Total public lighting receivables	**114.3**	**103.5**	**10.8**	**151.8**	**(37.5)**
Total Receivables	**176.3**	**156.0**	**20.3**	**214.0**	**(37.7)**

Payables due to Roma Capitale	31/03/2019	31/12/2018	Change	31/03/2018	Change
Electricity surtax payable	(15.3)	(15.3)	0.0	(15.3)	0.0
Concession fees payable	(86.4)	(79.8)	(6.5)	(86.7)	0.3
Other payables	(11.6)	(13.0)	1.4	(9.5)	(2.1)
Dividend payables	0.0	0.0	0.0	(2.2)	2.2
Total payables	**(113.2)**	**(108.1)**	**(5.1)**	**(113.6)**	**0.4**
Net balance receivables payables	**63.2**	**47.9**	**15.2**	**100.4**	**(37.3)**

Current payables increased by 1.1%

Current payables increased by € 17.3 million compared to the end of 2018 due to the increase in the stock of trade payables (+ € 11.5 million): the change in the scope of consolidation following the acquisition of Pescara Distribuzione Gas accounted for € 3.0 million.

The **Other Current Assets and Liabilities** recorded a total decrease of 53.0 million euros and 3.5 million euros respectively compared to the end of the last year.
In detail, other assets increased as a result of the contrasting effect of the increase in prepaid expenses mainly relating to ACEA Ato2 and *areti* for a total of € 7.6 million and the reduction in receivables from the cash balance for energy equalisation for € 43.9 million and tax receivables for € 6.3 million.

As regards the increase in other current liabilities, there was an increase in payables to municipalities (+ € 7.3 million) and deferred income (+ € 1.0 million) for concession and sewerage fees, partially offset by a decrease in payables to social security institutions (- € 4.8 million).

Shareholders' equity amounted to € 1.98 billion

The **net shareholders' equity** amounted to € 1,979.3 million. The changes, amounting to 75.8 million euros, are analytically described in the relevant table and are basically due to the accrual of period profits, the change in the area of consolidation and the change in the cash flow hedge reserves and those of actuarial profits and losses.

Net financial debt increased by € 107.7 million compared to the end of 2018

Group **debt** recorded an overall increase of € 107.7 million, going from € 2,568.0 million at the end of 2018 to € 2,675.7 million at 31 March 2019. This change is a direct result of investments in the period, including those of a technological nature. The negative change is due to the recognition of the financial liability relating to the application of IFRS 16 from 1 January 2019 for € 54.9 million and to the new consolidation of Pescara Distribuzione Gas for € 11.8 million, of which € 4.1 million for the acquisition of 51% of the investment.

€ million	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Non-current financial assets/(liabilities)	1.6	1.8	(0.2)	(9.7%)	2.4	(0.7)	(31.3%)
Parent company, subsidiaries and associates current financial assets/(liabilities)	30.0	30.9	(0.9)	(2.8%)	34.7	(4.7)	(13.4%)
Non-current borrowings and financial liabilities	(3,011.3)	(3,374.1)	362.8	(10.8%)	(3,577.3)	566.0	(15.8%)
Net medium/long-term debt	**(2,979.6)**	**(3,341.4)**	**361.8**	**(10.8%)**	**(3,540.2)**	**560.6**	**(15.8%)**
Cash and cash equivalents and securities	910.6	1,068.1	(157.5)	(14.7%)	1,492.7	(582.0)	(39.0%)
Short-term debt	(677.6)	(351.8)	(325.7)	92.6%	(637.6)	(39.9)	6.3%
Current financial assets/(liabilities)	(26.2)	(29.0)	2.8	(9.5%)	74.8	(101.0)	(135.0%)
Parent company and associates current financial assets/(liabilities)	97.1	86.1	11.0	12.8%	128.3	(31.2)	(24.3%)
Net short-term debt	**303.9**	**773.4**	**(469.5)**	**(60.7%)**	**1,058.2**	**(754.2)**	**(71.3%)**
Total net financial position	**(2,675.7)**	**(2,568.0)**	**(107.7)**	**4.2%**	**(2,482.1)**	**(193.7)**	**7.8%**

The net medium/long-term debt increased by € 361.8 million

As regards the **medium/long-term component**, the reduction of € 361.8 million compared to the end of 2018 refers for € 418.6 million to the reduction in bonds offset for € 53.7 million by the recognition of the financial liability relating to the application of IFRS 16. The non-current borrowings and financial liabilities are broken down as in the following table:

€ million	31/03/2019	31/12/2018	Change	Change %	31/03/2018	Change	Change %
Bonds	2,259.8	2,678.4	(418.6)	(15.6%)	2,678.5	(418.7)	(15.6%)
Medium/long-term borrowings	751.5	695.7	55.7	8.0%	898.8	(147.3)	(16.4%)
Medium/long-term borrowings	**3,011.3**	**3,374.1**	**(362.8)**	**(10.8%)**	**3,577.3**	**(566.0)**	**(15.8%)**

Bonds of € 2,259.8 million decreased by a total of € 418.6 million due mainly to the reclassification of the short-term portion of the bond issued by Acea and maturing on 15 March 2020.
Medium/long-term loans amounted to € 751.5 million, an overall increase of € 55.7 million. This change is almost exclusively due to the application of the new IFRS 16 international standard for € 53.7 million.
The following table shows medium/long–term and short-term borrowings (excluding the portion applied for the IFRS 16) by term to maturity and type of interest rate:
The fair value of Acea hedging derivatives was a negative € 1.8 million, decreasing by € 0.3 million compared to 31 December 2018 (was a negative € 2.1 million).

Bank Loans:	Total Residual Debt	By 31.03.2020	Due from 31.03.2020 to 31.03.2024	After 31.03.2024
fixed rate	399.5	176.3	103.1	120.1
floating rate	498.8	42.6	196.6	259.6
floating rate to fixed rate	27.1	8.7	18.5	0.0
Total	**925.4**	**227.6**	**318.1**	**379.7**

The short-term component is a positive €303.9 million and has reduced by €469.4 million

The **short-term** component is positive for € 304.0 million and, compared to the end of 2018, shows a reduction of € 469.4 million, of which € 422.7 million due to the reclassification of the bond issue maturing on 15 March 2020.
At 31 March 2019 the Parent Company held unused uncommitted credit lines totalling € 669 million, of which € 519 million unused. No guarantees were issued to obtain these credit lines.

The Acea rating

The long-term ratings assigned to Acea by international rating agencies are as follows:

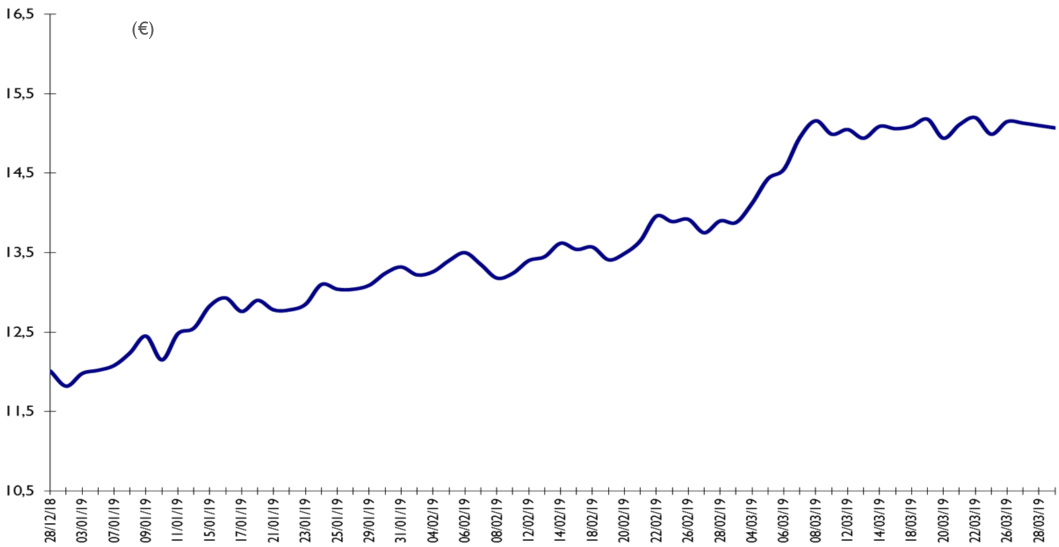
- Fitch's 'BBB+'
- Moody's "Baa2.

Reference context

Performance of the equity markets and the Acea share

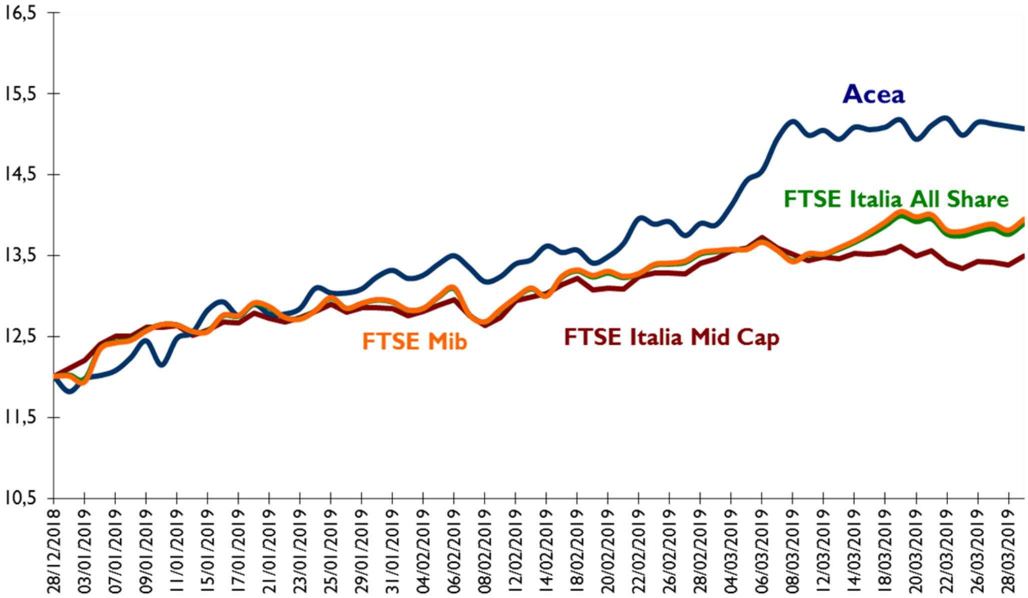
In Q1 2019 the international equity markets were up. The main indices of the Italian Stock Exchange have shown the following changes: FTSE MIB + 16.2%; FTSE Italia All Share + 15.7%; FTSE Italia Mid Cap + 12.4%.

During the period under review, Acea's share price increased by 25.5%, outperforming the market in general. On 29 March 2019 (last session of the stock exchange during the first quarter), the share had a closing price of 15.07 euros (capitalisation: € 3,209 million). The maximum value of 15.20 euros was reached on 22 March, while the minimum value of 11.82 euros was reached on 2 January. During Q1 2019, average daily volumes were around 143,000 shares, slightly higher than the approximately 125,000 in the same period of 2018.



(Source: Bloomberg)

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



(Chart normalised to Acea values - Source: Bloomberg)

	% Change at 31/03/2019 (compared to 31/12/2018)
Acea	**+ 25.5%**
FTSE Mib	+ 16.2%
FTSE Italia All Share	+ 15.7%
FTSE Italia Mid Cap	+ 12.4%

Over 30 reports/notes were published on Acea shares in the first quarter of the year.

Trend of Operating segments

Economic results by segment

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the financial years 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 inter-sectoral adjustments.

€ million					Energy Infrastructure						Other		
31.03.2019	Environment	Commercial and Trading	Overseas	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Total
Revenues	48	448	11	248	25	139	11	-	175	16	30	(141)	834
Costs	31	431	7	126	10	57	12	-	79	14	38	(141)	586
EBITDA	**17**	**16**	**4**	**122**	**15**	**82**	**(1)**	**0**	**96**	**2**	**(8)**	**0**	**248**
Depreciation/amortisation and impairment charges	7	14	2	55	4	29	0	0	33	0	4	0	115
Operating profit/loss	**10**	**2**	**2**	**67**	**11**	**53**	**(1)**	**0**	**63**	**2**	**(12)**	**0**	**133**
Capex	3	6	2	73	3	60	1	0	64	0	3	0	151

€ million					Energy Infrastructure						Other		
31.03.2018	Environment	Commercial and Trading	Overseas	Water	Generation	Distribution	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Total
Revenues	39	441	8	189	22	133	11	0	166	16	30	(136)	754
Costs	25	418	5	93	8	52	12	0	71	14	34	(136)	525
EBITDA	**14**	**23**	**3**	**96**	**14**	**81**	**0**	**0**	**94**	**2**	**(4)**	**0**	**229**
Depreciation/amortisation and impairment charges	8	13	2	42	5	25	0	0	30	0	7	0	102
Operating profit/loss	**6**	**11**	**1**	**54**	**9**	**56**	**0**	**0**	**65**	**2**	**(11)**	**0**	**127**
Capex	5	4	1	67	2	53	0	0	55	0	2	0	133

Revenues from the Water, Engineering and Services Segment include the summary results of investments (of a non-financial nature) consolidated using the equity method.

Industrial Segments

Acea's macro structure is organised in corporate functions and six operating segments: Water, Energy Infrastructure, Commercial and Trading, Foreign and Engineering and Services.

Environment Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	31/03/2019	31/03/2018	Change	% Change
WTE conferment	kTon	114	115	(1)	(0.4%)
Net Electrical Energy transferred	GWh	85	89	(4)	(4.9%)
Waste coming into Orvieto plants	kTon	23	21	2	7.5%
Waste Recovered/Disposed of	kTon	167	118	49	41.8%
of which					
Incoming waste composting plants, sludge and liquids disposed of	*kt*	*149*	*97*	*52*	*53.1%*
Slag and Ash produced by WTE	*kt*	*19*	*21*	*(2)*	*(11.1%)*

Operating results and financial position (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenues	48.4	38.9	9.4	24.2%
Costs	31.5	24.9	6.6	26.5%
EBITDA	16.9	14.1	2.8	20.2%
Operating profit/(loss) (EBIT)	9.5	5.7	3.8	66.8%
Average number of personnel	372	361	11	3.0%

Operating results and financial position (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Investments	3.1	20.0	(16.9)	(84.5%)	4.6	(1.5)	(32.4%)
Net financial debt	189.8	203.6	(13.8)	(6.8%)	203.4	(13.7)	(6.7%)

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018	Change	% Change
Gross operating profit (EBITDA) ENVIRONMENT Area	16.9	14.1	2.8	20.2%
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	6.8%	6.1%	0.7 p.p.	

The Segment closed Q1 2019 with an EBITDA of 16.9 million euros (+ 2.8 million euros). This performance is due to the improved results of **Acea Ambiente** (+ € 2.6 million), thanks to higher waste deliveries and higher tariffs on energy sold, and **Aquaser** (+ € 0.5 million), partly offset by **Acque Industriali** (- € 0.3 million).

The average number of staff as at 31 March 2019 was 372, 11 more than the same period of the previous year. The growth is mainly due to the consolidation of **Bioecologia** (+ 9 units), **Acea Ambiente** (+ 8 units) and **Iseco** (+ 3 units), offset by **Aquaser** (- 9 units).

Investments in the area amounted to € 3.1 million, down from 31 March 2018 (- € 1.5 million). Investments in the first quarter of 2019 mainly refer to: **(i)** revamping works of the Monterotondo Marittimo plant, **(ii)** works carried out at the WTE plants in Terni and San Vittore, **(iii)** works for the extension of the landfill located in Orvieto.

The financial indebtedness of the Segment stood at € 189.8 million, having improved by € 13.7 million compared to 31 March 2018 and by € 13.8 million compared to 31 December 2018. This trend is mainly due to the dynamics of the operating cash flow, while the first application of IFRS 16 contributed to the worsening of the financial debt by € 1.6 million.

Significant and subsequent events

No significant events are reported during the period observed.

Commercial and Trading Operating Segment

Operating figures, equity and financial results for the period

Operating figures	U.M.	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Electrical Energy sold - Free	GWh	1,047	930	117	12.6%
Electrical Energy sold - Protected	GWh	599	663	(64)	(9.7%)
Electrical Energy - No. Free Market Customers (P.O.D.)	N/000	342	324	18	5.5%
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/000	831	880	(49)	(5.6%)
Gas Sold	Msm^3	64	57	7	12.7%
Gas - No. Free Market Customers	N/000	177	140	37	26.0%

Operating results and financial position (€ million)	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Revenues	447.7	440.9	6.7	1.5%
Costs	431.2	417.5	13.7	3.3%
EBITDA	16.4	23.4	(6.9)	(29.7%)
Operating profit/(loss) (EBIT)	2.3	10.7	(8.4)	(78.4%)
Average number of personnel	469	467	2	0.4%

Operating results and financial position (€ million)	31/03/2019	31/12/2018 Pro Forma	Change	% Change	31/03/2018 Pro Forma	Change	% Change
Investments	6.1	24.6	(18.6)	(75.4%)	4.1	2.0	48.9%
Net financial debt	(9.4)	(23.7)	14.4	(60.6%)	25.0	(34.4)	(137.4%)

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Gross operating profit (EBITDA) Commercial and Trading Segment	16.4	23.4	(6.9)	(29.7%)
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	6.6%	10.2%	(3.6 p.p.)	

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed Q1 2019 with an EBITDA of € 16.4 million, down compared to the same period in 2018 by € 6.9 million.
The decrease is entirely attributable to **Acea Energia** (- € 7.0 million compared to the same period of 2018), mainly due to the effects relating to the energy primary gross margin. In detail, there were decreases in the margins of the **free market** (- € 1.3 million), the **protected market** (- € 4.4 million) and the **gas market** (- € 1.9 million). The energy margin relating to the **optimisation** of energy flows was also down by € 0.5 million, mainly due to the reduction in the customer portfolio. The margin relate to optimisation also includes the new activities of buying, selling, exchanging and trading electricity, heat, natural gas, methane and other fuels and energy carriers, from any source produced or acquired, for own use or for third parties. The reduction in the margin of the **free market** is mainly due to the lower margins in the mass market segment. The reduction in the margin of the **protected market** is mainly linked to the reduction in tariffs and the revision of the mechanism for offsetting arrears. The reduction in the margin of the **gas market** derives from higher sourcing costs.

With reference to the workforce, the average number at 31 March 2019 stood at 469 employees; this number was fundamentally unchanged from the same period of the previous year.

Investments in the Segment amounted to approximately € 6.1 million, an increase of € 2.0 million compared to 31 March 2018, as a result of the increase in investments in IT and the recognition of contract assets in accordance with the IFRS 15 international accounting principle.

Net financial debt in the first quarter of 2019 stood at - € 9.4 million, an improvement of € 34.4 million compared to 31 March 2018 and a worsening of € 14.4 million compared to 31 December 2018. The drop compared to 31 December 20108 derived from the dynamics of the operating cash flow influenced by the worsening of collections and by higher trade payables for the purchase of energy.

Significant and subsequent events

With regard to the proceedings started by the Antitrust Authority, the main updates are described below:

Proceeding A513 of the AGCM for abuse of dominant position

In March 2019, a consultant was assigned the task of drawing up a sworn report on the data contained in the reports acquired and relating to the customer base, to be filed as part of the appeal to the Lazio Regional Administrative Court. On 22 March said report was filed with the Regional Administrative Court.

On 27 March 2019, the Council Chamber was held to discuss the application for interim measures, and at that meeting the outside lawyer asked for the merits of the application for interim measures to be combined with those of the application for interim measures and, on 28 March 2019, filed a request for relief in order to ask the Regional Administrative Court to set up a hearing on the merits as soon as possible.

Overseas Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2019	31/03/2018	Change	% Change
Water Volumes	Mm^3	11	10	1	6.7%

Operating results and financial position (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenues	11.0	8.3	2.7	32.7%
Costs	7.2	5.3	2.0	36.9%
EBITDA	3.8	3.0	0.8	25.2%
Operating profit/(loss) (EBIT)	1.8	1.0	0.8	81.2%
Average number of personnel	815	604	210	34.8%

Operating results and financial position (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Investments	1.5	6.6	(5.1)	(77.0%)	0.8	0.7	96.9%
Net financial debt	3.1	4.1	(1.1)	(26.3%)	6.1	(3.1)	(50.3%)

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018	Change	% Change
Gross operating profit (EBITDA) Overseas Segment	3.8	3.0	0.8	25.2%
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	1.5%	1.3%	0.2 p.p.	

The Area currently includes the water companies that manage the water service in Latin America. Specifically:

- Aguas de San Pedro (Honduras), 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic) wholly owned by the Group, provides the service to the local municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- AguaAzul Bogotà (Colombia) of which the Group holds 51% is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors;
- Consorcio Agua Azul (Peru) is controlled by the Group which owns 25.5% and provides the water and discharge service in the city of Lima.
- Acea Perù, wholly owned by Acea International (established on 28 June 2018), not yet operational. This company was established with the specific intent to manage the aqueduct service in the city of Lima.
- Consorcio Servicio Sur controlled by Acea International (50%), ACEA Ato2 (1%) and by local partners Conhydra, Valio and India (total 49%). The Consorcio was established on 5 July 2018 with the specific aim of managing the corrective maintenance service for the drinking water and sewerage systems of the Directorate of Services Sur of Lima (Peru).

This Segment closed the first quarter of 2019 with EBITDA of € 3.8 million, up € 0.8 million on the same period of the previous year, mainly attributable to **Agua de San Pedro**.

The average number of employees as at 31 March 2019 was 815, an increase of 210 compared to 31 March 2018: this change is due to the consolidation of **Consorcio Servicio Sur**.

Investments for the period increased by € 0.7 million compared to 31 March 2018 and are mainly attributable to **Aguas de San Pedro**.

Net financial debt as at 31 March 2019 is € 3.1 million and improves on the same period of 2018 by 3.1 million euros mainly due to **Agua de San Pedro** (- € 2.0 million), **Acea International** (- € 1.2 million) and in part offset by the decrease of **Consorcio Servicio Sur** (+ € 0.3 million).

Significant and subsequent events

No significant events are reported during the period observed.

Water Operating Segment

Operating figures and financial results for the period

Operating figures*	U.M.	31/03/2019	31/03/2018	Change	% Change
Water Volumes	Mm³	125	127	(2)	(1.8%)
Electrical Energy Consumed	GWh	135	137	(3)	(1.8%)
Sludge Disposed of	kTon	20	19	1	2.7%

** The figures refer to companies consolidated on a line-by-line basis*

Operating results and financial position (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenues	247.7	189.4	58.3	30.8%
Costs	126.1	93.0	33.1	35.6%
EBITDA	121.6	96.4	25.2	26.2%
Operating profit/(loss) (EBIT)	66.9	54.3	12.5	23.0%
Average number of personnel	2,647	1,789	858	48.0%

Operating results and financial position (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Investments	73.1	329.7	(256.5)	(77.8%)	67.3	5.8	8.6%
Net financial debt	1,098.1	1,039.0	59.0	5.7%	946.1	151.9	16.1%

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018	Change	% Change
Gross operating profit (EBITDA) Water Segment	121.6	96.4	25.2	26.2%
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	49.1%	42.0%	7.0 p.p.	

EBITDA for the Segment stood at € 121.6 million at 31 March 2019, an increase of € 25.2 million compared to the same period of 2018 (+ 26.2%). The increase is mainly due to the tariff dynamics of the water sector. Specifically, performance in the Segment is influenced by: **(i) ACEA Ato2** and **ACEA Ato5**, which respectively recorded increases of € 5.7 million and € 2.7 million, also as a result of the updating of the criteria for determining the recognition of revenues deriving from the IFRIC 12 margin; **(ii)** an increase of € 17.3 million following the full consolidation of **GORI** which, as from 8 November 2018, is fully consolidated (previously assessed using the equity method); **(iii)** a decrease in the contribution to EBITDA by water companies measured using the equity method of € 0.9 million, as shown below:

(€ million)	31/03/2019	31/03/2018	Change	% Change
Publiacqua	3.9	2.4	1.5	62.5%
Gruppo Acque	0.4	3.1	(2.7)	(87.1%)
Acquedotto del Fiora	1.4	1.4	0.0	0.0%
Umbra Acque	0.7	0.0	0.7	n.s.
Gori	0.0	0.6	(0.6)	n.s.
Nuove Acque and Intesa Aretina	0.3	0.1	0.2	n.s.
GEAL	0.3	0.3	0.0	n.s.
Total	**7.0**	**7.9**	**(0.9)**	**(11.4%)**

The period revenue was valued on the basis of the determinations by the EGA and/or ARERA; as usual, it includes the estimate of the adjustment concerning the passing costs. As is known, as of the second regulatory period, the tariffs can also include the components concerning commercial quality. Under specific conditions, the Managers may be recognised, alternatively, the Opex$_{qc}$ component or the "contractual quality" award. The "contractual quality" award is given to the Manager if the indicators identified for metering and monitoring (as of 1 July 2016) exceed the thresholds established in ARERA resolution 655/2015. Therefore the revenues of **ACEA Ato2** include € 7.6 million, which is the best estimate of the period quality premium. It should also be noted that the penalties for commercial quality amount to € 0.2 million.

Below is a table summarising the status of the tariff proposals.

The average number of employees at 31 March 2019 increased by 858, due mainly to the consolidation of **Gori** (+ 812 employees) and **Pescara Distribuzione Gas** (+ 14 employees) and increases in **ACEA Ato2** (+ 18 employees) and **ACEA Ato 5** (+ 9 employees).

The operating result was mainly affected by the growth in amortisation and depreciation (+ € 13.7 million) in line with the trend in investments and the entry into operation of the new programmes relating to investments in technological infrastructure.

Capital expenditures in the Segment totalled € 73.1 million, an increase of € 5.8 million, mainly due to the consolidation of **Gori** (+ € 8.2 million), offset in part by lower expenditures by **ACEA Ato5** (- € 2.5 million). The main investments in the period include those relating to the work carried out for the reclamation and expansion of the water and sewage pipes of the various municipalities, the extraordinary maintenance of the water centres, the interventions on the treatment plants, works to reduce water leaks and improve relationships with users and the local region and on IT applications.

The financial indebtedness of the Area stood at € 1,089.1 million at 31 March 2019, having worsened by € 151.9 million compared to 31 March 2018 and by € 59.0 million compared to 31 December 2018. The decrease compared to last year is primarily due to: **(i)** ACEA Ato2, substantially due to the lower liquidity resulting from a reduction in the company's liquid assets primarily used to finance the investments made in the period; **(ii)** to ACEA Ato5 as a result of a worsening of debt exposure to the parent company; **(iii)** to the first consolidation of Pescara Distribuzione Gas for € 7.7 million. The first application of IFRS 16 contributed to the worsening of financial debt by € 23.8 million.

Significant and subsequent events

Revenue from the Integrated Water Service

The table below indicates for the main companies in the Water Segment the amount of revenue in the first three months of 2019, valued on the basis of the tariff decisions made by the respective EGAs or by the ARERA. The data includes the adjustment of passing items, the Fo.NI. component, the Opex$_{qc}$ or the award as per art. 32.1, subsection a) of resolution 664/2015/R/idr.

Company	Revenue from the IWS (million €)	Details (million €)
ACEA Ato2	149.7	FNI = 5.1 AMM_{FoNI} = 2.2 Award = 7.7
ACEA Ato5	19.5	FNI = 1.8 AMM_{FoNI} = 0.9
GORI	42.7	AMM_{FoNI} = 0.0
Acque*	18.3	AMM_{FoNI} = 1.1
Publiacqua*	25.1	AMM_{FoNI} = 3.0
Acquedotto del Fiora*	11.1	AMM_{FoNI} = 1.0
Gesesa	2.9	FNI = 0.1
Geal*	2.3	FNI = 0.3 AMM_{FoNI} = 0.1
Umbra Acque*	7.8	FNI = 0.6 AMM_{FoNI} = 0.4

**Pro quota values*

Progress of the procedure for approving the tariffs

The progress of the procedure for approving tariffs and the approval of the two-year update (2018 - 2019) of the IWS tariff provisions for the main Group companies is shown below.

Company	Approval status (up to water tariff method MTI2 "2016 - 2019")	Biennial update status (2018 - 2019)
ACEA Ato2	On 27 July 2016, the EGA approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. The ARERA then approved them in Resolution 674/2016/R/idr, with some changes compared to the EGA proposal; quality bonus confirmed.	The Mayors' Conference approved the tariff update on 15 October 2018, and at the same time postponed the approval of the new tariff breakdown based on criteria of the TICSI (Integrated text on water fees) setting out the criteria for the rate structure to be applied. On 13 November 2018, the ARERA approved the 2018-2019 tariff update with Resolution 572.
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the $Opex_{qc}$. ARERA warned the EGA on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the $Opex_{qc}$. Approval by the ARERA is awaited.	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. Currently approval by the ARERA is awaited.
GORI	On 1 September 2016, the Extraordinary Commissioner of the EGA approved the tariff with Opx_{qc} as of 2017. Approval by the ARERA is awaited.	On 17 July 2018 the Extraordinary Commissioner of the EGA approved the 2018-2019 tariff update.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the $Opex_{qc}$.	On 22 June 2018 the AIT Board of Directors approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With resolution 502 of 9 October 2018, the ARERA approved the 2018-2019 tariff update.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. With resolution 687/2017/R/idr, on 12 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession, i.e. until 31 December 2024. Currently approval by the ARERA is awaited.
Acquedotto del Fiora	On 05 October 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. With resolution 687/2017/R/idr, on 12 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Currently approval by the ARERA is awaited.
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. With resolution 726/2017/R/idr, on 26 October 2017 ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	On 30 May 2018 the Board of Directors of AIT approved the 2018-2019 tariff update. On 12 July 2018 the ARERA approved the 2018-2019 tariff update proposed by the AIT.
Crea Gestioni	Following Resolution 664/2015/R/idr, as neither the Municipalities where the service is provided nor the Area Authorities of reference had any tariff proposal for the 2016-2019 regulatory period, the Company submitted its own tariff proposals. Today approval by the ARERA is awaited.	The Company has submitted the data to the competent parties/EGA in order to update the tariff. Considering the substantial inertia of the persons in charge, the Company submitted the request to the Municipalities on 21 December 2018, with a request sent to ARERA on 11 January 2019 and request for a warning to the EGA on 18 January 2019.
Gesesa	On 29 March 2017 with resolution no. 8 of the Extraordinary Commissioner the AATO1 approved the tariffs for the years 2016-2019. Today approval by the ARERA is awaited.	The Company sent the documentation relating to the 2018-2019 tariff review to the Area Authority and the EGA approval procedure is ongoing with the expectation of receiving its approval of the tariffs by May 2019.
Nuove Acque	On 22 June 2018, the AIT Board of Directors approved the rates	On 22 June 2018 the Board of Directors of AIT approved the 2018-2019 tariff update. On 16 October 2018 with Resolution 520 the ARERA approved the 2018-2019 tariff update.
Umbra Acque	On 30 June 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. The ARERA then approved them in Resolution 764/2016/R/idr	In its session of 27 July 2018, the AURI Meeting approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with resolution no. 489 of 27 September 2018

Energy Infrastructures Operating Segment

Operating figures and financial results for the period

Operating figures	U.M.	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Energy Produced (hydro + thermal)	GWh	164	153	11	7.3%
Energy Produced (photovoltaic)	GWh	2	2	1	25.7%
Electrical Energy distributed	GWh	2,454	2,469	(14)	(0.6%)
No. Customers	N/000	1,630	1,626	4	0.2%
Km of Network	Km	30,638	30,440	198	0.7%

Operating results and financial position (€ million)	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Revenues	174.8	165.8	9.0	5.4%
Costs	79.3	71.5	7.8	11.0%
EBITDA	95.5	94.4	1.1	1.2%
Operating profit/(loss) (EBIT)	62.8	64.7	(1.9)	(2.9%)
Average number of personnel	1,378	1,380	(2)	(0.2%)

Operating results and financial position (€ million)	31/03/2019	31/12/2018 Pro Forma	Change	% Change	31/03/2018 Pro Forma	Change	% Change
Investments	63.7	238.3	(174.7)	(73.3%)	54.4	9.3	17.1%
Net financial debt	1,141.8	1,121.9	19.9	1.8%	1,024.8	117.0	11.4%

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018 Pro Forma	Change	% Change
Gross operating profit (EBITDA) Energy Infrastructures Segment	95.5	94.4	1.1	1.2%
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	38.5%	41.2%	(2.6 p.p.)	

EBITDA at 31 March 2019 was € 95.5 million, an increase of € 1.1 million compared to 31 March 2018. This change is mainly attributable to ***areti*** (+ 1.1 million euros compared to 31 March 2018) as a consequence of the annual tariff updates in the scope of the fifth regulatory cycle (tariff variation effect between the two periods being compared) as per ARERA resolution no. 175/2018/R/eel of 29 March 2018. With reference to the energy balance, as at 31 March 2019 *areti* injected 2,454 GWh into the grid, in line with the amount injected in the same period of the previous year.

Acea Produzione contributed to the increase in EBITDA of € 0.9 million, while the EBITDA of the **public lighting** sector was negative for € 1.2 million, down by € 1.0 million compared to 31 March 2018 (- € 0.2 million). The change is caused by the margins deriving from the LED plan launched end June 2016 on the basis of an agreement with Roma Capitale.

During Q1 2019 the transformation of functional light points required by the agreement will be completed, the activity having slowed down – as shared with Roma Capitale – due to the revision of the colour temperature and colour rendering index, thus rescheduling the transformations of artistic and ornamental fixtures mainly located in the city's historic centre.
It should be noted that during the first three months of the year 8,551 light fixtures were replaced (in addition to the 172,402 already replaced up to the end of 2018).

The average number of employees was 1,378, substantially in line with the same period of the previous year.

The operating result was mainly affected by the increase in amortisation and depreciation for the period of € 3.7 million.

Investments stood at € 63.7 million, up by € 9.3 million, mainly relating to ***areti*** (+ € 7.6 million). The investments of the period in the renewal and enhancement of the HV, MV and LV network, work on the primary and secondary substations and meters; intangible investments refer to projects for the re-engineering of information and commercial systems. This year the so-called "Resilience Plan" was implemented, which consists of interventions on substations and on the MV and LV networks. The investments made by **Acea Produzione** mainly relate to the Tor di Valle power plant.

Net financial debt stood at 1,141.8 million euros as at 31 March 2019, showing an increase of 117.0 million euros compared to 31 March 2018 and an increase of 19.9 million euros compared to 31 December 2018. The effects are mainly due to the increasing volume of investments, the increase in pay-outs and the dynamics of operating cash flow. The first-time adoption of IFRS 16 contributed to the increase of € 18.5 million.

Significant and subsequent events

GALA

With resolution no. 583 of 20 November 2018, ARERA rejected the complaint presented by Gala Power S.r.l., a company of the Gala Group, regarding *a*reti's refusal to stipulate a transport contract with it given the established existence of a single decision-making centre subsisting between Gala Power and its parent company Gala, in light of the significant debt exposure accrued by the latter with respect to *a*reti

Finally, it should be noted that with sentence no. 270 of 6 February 2019 the Lombardy Regional Administrative Court fully rejected the appeal filed by Gala S.p.A. against ARERA Resolution no. 109/201/R/EEL of 6 March 2017 concerning guarantees for the collection of general electricity system costs.

Engineering and Services Operating Segment

Operating figures, equity and financial results for the year

Operating data	U.M.	31/03/2019	31/03/2018	Change	% Change
Technical-professional verification	Number of firms	231	130	101	77.7%
Worksite inspections	Number of inspections	3,933	2,367	1,566	66.2%
Safety Coordination	CSE Number	43	54	(11)	(20.4%)

Operating results and financial position (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenues	15.7	16.0	(0.3)	(1.9%)
Costs	13.7	13.8	(0.1)	(0.6%)
EBITDA	2.0	2.2	(0.2)	(10.3%)
Operating profit/(loss) (EBIT)	1.7	1.8	(0.1)	(5.2%)
Average number of personnel	276	270	6	2.1%

Operating results and financial position (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Investments	0.3	1.6	(1.3)	(84.0%)	0.3	(0.1)	(18.3%)
Net financial debt	(5.9)	(13.3)	7.4	(55.4%)	(4.6)	(1.3)	28.6%

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018	Change	% Change
Gross operating profit (EBITDA) Engineering and Services Segment	2.0	2.2	(0.2)	(10.3%)
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	0.8%	1.0%	(0.2 p.p.)	

The Segment closed the first quarter of 2019 with EBITDA of € 2.0 million, slightly down on the same period of the previous year (- € 0.2 million). This change is mainly attributable to **Acea Elabori** (- €0.8 million), offset by the increases in **Ingegnerie Toscane** (+ €0.4 million) and **TWS** (+ €0.2 million).

The average number of employees at 31 March 2019 was 276, a slight increase compared to 31 March 2018 (270).

Investments amounted to € 0.3 million and mainly refer to IT developments.

Net financial debt at 31 March 2019 was equal to 5.9 million euros and showed an improvement compared to the closing of the corresponding period in 2018 of 1.3 million euros, and a decrease compared to 31 December 2018 due partly to the increase in requirements generated by changes in working capital, with particular reference to intragroup relations.

Significant and subsequent events

No significant events are reported during the period observed.

Corporate

Equity and financial results for the period

Operating results and financial position (€ million)	31/03/2019	31/03/2018	Change	% Change
Revenues	29.6	29.9	(0.3)	(1.2%)
Costs	37.9	34.1	3.8	11.2%
EBITDA	(8.4)	(4.2)	(4.2)	99.3%
Operating profit/(loss) (EBIT)	(15.5)	(10.9)	(4.6)	42.2%
Average number of personnel	667	664	3	0.5%

Operating results and financial position (€ million)	31/03/2019	31/12/2018	Change	% Change	31/03/2018	Change	% Change
Investments	3.5	10.0	(6.6)	(65.4%)	1.5	1.9	126.3%
Net financial debt	258.4	236.4	22.0	9.3%	281.2	(22.8)	(8.1%)

Gross operating profit (EBITDA) (€ million)	31/03/2019	31/03/2018	Change	% Change
Gross operating profit (EBITDA) Corporate Segment	(8.4)	(4.2)	(4.2)	99.3%
GROUP EBITDA	247.9	229.2	18.6	8.1%
Percentage weight	(3.4%)	(1.8%)	(1.5 p.p.)	

The Corporate Division closed the first quarter of 2019 with a negative EBITDA equal to € 8.4 million (compared to a negative € 4.2 million at 31 March 2018), as a result of an increase in IT costs, facility management costs and personnel costs.

The average number of staff at 31 March 2019 was 667, a slight increase compared to the same period in the previous year (664).

Investments amounted to € 3.5 million and increased by € 1.9 million compared to the same period of the previous financial year. Investments mainly refer to IT developments and investments in the company offices.

Net debt at 31 March 2019 amounted to 258.4 million euros, a drop of 22.0 million euros compared to the closure of 2018. This change derives from the Group and Acea needs generated by changes in working capital. The first application of IFRS 16 contributed to the worsening of financial debt by € 11.7 million.

Significant and subsequent events

Acea and the companies Alma C.I.S. S.r.l. and Mediterranea Energia Soc. Cons.a.r.l., having obtained approval from the Municipality of Pescara, on 18 March 2019, completed Acea's acquisition of 51% of the share capital of the company Pescara Distribuzione Gas S.r.l., a business engaged in the distribution of methane gas in the Municipality of Pescara.

Significant events during the period and beyond

Acea S.p.A. AGCM Antitrust Authority Order - Proceeding no. A 513

On 8 January 2019, the Acea Group was notified of an order of the Italian Antitrust Authority with an administrative fine of € 16,199,879.09 against Acea S.p.A., Acea Energia S.p.A. and *a*reti S.p.A., jointly and severally among them, with reference to proceeding no. A 513 for abuse of a dominant position in the electricity sales market, which the Acea Group challenged at the Lazio administrative court.

Acea S.p.A. Completion of the acquisition of 51% of the share capital of the company - Pescara Distribuzione Gas

On 18 March 2019 Acea S.p.A. and the companies Alma C.I.S. S.r.l. and Mediterranea Energia Soc. Cons.a.r.l., having obtained approval from the Municipality of Pescara, completed Acea's acquisition of 51% of the share capital of the company Pescara Distribuzione Gas S.r.l., a business engaged in the distribution of methane gas in the Municipality of Pescara.

Acea S.p.A. The Board of Directors approves the 2019-2022 Business Plan

On 2 April the Board of Directors approved the 2019-2022 Business Plan. The objectives of the Plan can be summarised as follows:

- Average annual EBITDA growth equal to 8%, € 1.1 billion in 2020 and € 1.3 billion in 2022, thus recording an overall increase of 36% by the end of the plan;
- € 4 billion of investments in the period 2018-2022, up by about € 900 million compared to the previous Plan;
- Control of the Group's indebtedness with a NFP/EBITDA ratio lower than 3x at 2022;
- Dividends of € 800 million in the period 2018-2022, up € 100 million on the previous plan (DPS ≥ € 0.75 per share).

Acea S.p.A. The Shareholders' Meeting of Acea approves the Financial Statements as at 31 December 2018 and approves the payment of a dividend of € 0.71 per share. Appointment of the Board of Statutory Auditors and a Director

On 17 April 2019 the Acea S.p.A. Shareholders' Meeting approved the Financial statements and presented the Consolidated financial statements at 31 December 2018.

The Shareholders' Meeting also appointed the new Board of Statutory Auditors, defining the fees of the same. The members of the new Board of Statutory Auditors are Maurizio Lauri, Chairman and Pina Murè and Maria Francesca Talamonti as standing auditors.

The Shareholders' Meeting also appointed the lawyer Maria Verbena Sterpetti to the Board of Directors.

Acea S.p.A. The Board of Directors authorises the issue of bonds

On 6 May 2019, taking into account market conditions and under its EMTN Programme (Euro Medium Term Notes), the Board of Directors of Acea S.p.A. authorised the possible issue of one or more unsubordinated bond issues by 31 December 2019 for a total nominal value of up to € 500 million, to be placed with Italian and foreign institutional investors (excluding the United States, pursuant to the U.S. Securities Act of 1933) and listed on the Luxembourg Stock Exchange.

Operating outlook

The results achieved by the Acea Group at 31 March 2019 are in line with the forecasts and confirm the guidance already communicated to the market, namely:

- ✓ an increase in EBITDA between 5% and 6% compared to 2018;
- ✓ an increase in investments up by over 10% compared to 2018;
- ✓ a net financial debt at the end of the year between € 2.85 and € 2.95 billion.

The Group is determined to make major investments in infrastructure that, while maintaining the solidity of its consolidated financial structure, have a positive impact on the Group's operating and economic performance.

The Group's financial structure is solid for the years to come. At 31 March 2019, 78.0% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 31 March 2019 the average duration of medium/long-term debt stood at 5.5 years. Note that the reduction of the average cost went from 2.21% of 31 December 2018 to 2.19% of 31 March 2019.

Form and Structure

General information

The Interim Report on Operations as at 31 March 2019 of the Acea Group were approved by Board of Directors on 15 May 2019. The Parent Company, Acea S.p.A. is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange.

Compliance with IAS/IFRS

This Interim Report on Operations, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of the regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.
The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "**IFRS**".
In preparing this interim report, in compliance with IAS 34, applicable to interim financial reporting, the same accounting principles were applied as those for the preparation of the Consolidated Financial Statements at 31 December 2018, which see for a complete description, and must therefore be read together with the latter.

Basis of presentation

The Interim Report on Operations consists of the consolidated statement of financial position, consolidated income statement, statement of consolidated comprehensive income, consolidated statement of cash flows and the statement of changes in consolidated shareholders' equity. The Report also includes illustrative and supplementary notes prepared under the IAS/IFRS currently in effect.
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 presented in euros and all amounts are rounded off to the nearest thousand euros unless otherwise indicated.
The figures in this Management Interim Report are comparable with those of the previous period.

Alternative performance indicators

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance indicators which replace, as of 3 July 2016, CESR/05-178b recommendations. This orientation was acknowledged in our system in CONSOB Communication no. 0092543 dated 3 December 2015. 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 international accounting standards for financial reporting IFRS 10 and IFRS 11 came into force. *EBITDA* is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main *non-cash items*;
2. the *net financial position* is an indicator of the Acea Group's financial structure, the sum of Non-current borrowings and Financial liabilities net of Non-current financial assets (financial receivables excluding a part of receivables related to Acea S.p.A.'s IFRIC 12 and securities other than equity investments), Current borrowings and Other current financial 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*;
4. *net working capital* is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the *net financial position*.

Use of estimates

In application of IFRS, preparation of the Interim Report on Operations requires 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 main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.
The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are immediately recorded in the financial statements.
The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.
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. For more information on the methods in question, please refer to the following paragraphs.

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.

The Interim Report on Operations is not audited.

Consolidation policies, procedures and scope

Consolidation policies

Subsidiaries

The scope of consolidation includes the Parent Company Acea S.p.A. and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.

According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.

In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.

The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. 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.

According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

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.
In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.
The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant 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 test together with the value of the investment.

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 positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.
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 IFRS 3 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 IFRS 5 and accounted for at fair value net of costs to sell.
If the business combination is achieved in stages, the fair value of the investment previously held has to be re-measured and any resulting gain or loss is recognised in profit or loss.
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 recognised according to the provisions included in IFRS 9, in the income statement or among the other components of the comprehensive income statement.
The costs directly attributable to the acquisition are included in the income statement.
The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at

fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, 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 (IFRS 5)
Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS 5.

Consolidation of foreign companies
The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company Acea, are converted into Euros by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.
The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the euro are recognised directly in equity and are shown separately in a specific reserve of; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

- without loss of control, the share of the exchange differences relating to the shareholding sold is attributed to the shareholders' equity pertaining to minority interests;
- without loss of joint control or significant influence, the portion of exchange differences relating to the shareholding sold is recognised in the income statement.

Basis of consolidation

The Acea Group's Consolidated Financial Statements include the financial statements of the Parent Company, Acea, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

Changes in basis of consolidation

With regard to the scope of consolidation, as at 31 March 2019 it should be noted that:

- the full consolidation of GORI S.p.A. starting from 8 November 2018 following the long-term industrial agreement with the Campania Region and the Campania Water Authority;
- the consolidation of two foreign companies, Consorcio Servicios Sur and Acea Perù;
- the consolidation of the company Bioecologia S.r.l., which is part of the Environmental Industrial Segment;
- the consolidation of the company Pescara Distribuzione Gas S.r.l., which is part of the Water Industrial Segment.

It should also be noted that the company Acea Illuminazione Pubblica S.p.A. place in liquidation on 13 December 2018 approved the Final Financial Statements of the liquidation and the related allotment plan on 7 February 2019.

A) Unconsolidated investments

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by Acea, is recognised at cost. The subsidiary, entirely devalued, is excluded from the scope of consolidation as it is not operational and its relevance in qualitative and quantitative terms is not significant.

B) List of consolidated companies

Company name	Registered Office	Share Capital (in €)	Shareholding	Group consolidation share	Method of Consolidation
Environment Segment					
Acea Ambiente S.r.l.	Via G. Bruno 7- Terni	2,224,992	100.00%	100.00%	Full
Aquaser S.r.l.	P.le Ostiense 2 - Rome	3,900,000	93.06%	100.00%	Full
Bioecologia S.r.l.	Via Simone Martini 57 - 53100 Siena	2,382,428	100.00%	100.00%	Full
Iseco S.p.A.	Loc. Surpian n. 10 - 11020 Saint-Marcel (AO)	110,000	80.00%	100.00%	Full
Acque Industriali S.r.l.	Via Bellatalla 1 - Ospedaletto (Pisa)	100,000	73.05%	100.00%	Full

Commercial and Trading Segment					
Acea Energia S.p.A.	P.le Ostiense 2 - Rome	10,000,000	100.00%	100.00%	Full
Acea8cento S.r.l.	P.le Ostiense 2 - Rome	10,000	100.00%	100.00%	Full
Cesap Vendita Gas S.r.l.	Via del Teatro 9 - Bastia Umbra (PG)	10,000	100.00%	100.00%	Full
Umbria Energy S.p.A.	Via B. Capponi 100 - Terni	1,000,000	50.00%	100.00%	Full
Acea Energy Management S.r.l.	P.le Ostiense 2 Rome	50,000	100.00%	100.00%	Full
Parco della Mistica S.r.l.	P.le Ostiense 2 Rome	10,000	100.00%	100.00%	Full
Overseas					
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644,937	100.00%	100.00%	Full
Aguas de San Pedro S.A.	Las Palmas, 3 Avenida, 20 y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.65%	100.00%	Full
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	8,850,604	99.99%	100.00%	Full
Acea Perù S.A.C.	Cal. Amador Merino Reyna, 307 MIRAFLORES - LIMA	1,000	100.00%	100.00%	Full
Consorcio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Masoneria - Ens. Ozama	67,253	100.00%	100.00%	Full
Consorcio Servicios Sur	Calle Amador Merino Reyna - San Isidro	233,566	51.00%	100.00%	Full
Water Segment					
ACEA Ato2 S.p.A.	P.le Ostiense 2 - Rome	362,834,320	96.46%	100.00%	Full
ACEA Ato5 S.p.A.	Viale Roma snc - Frosinone	10,330,000	98.45%	100.00%	Full
Acque Blu Arno Basso S.p.A.	P.le Ostiense 2 - Rome	8,000,000	76.67%	100.00%	Full
Acque Blu Fiorentine S.p.A.	P.le Ostiense 2 - Rome	15,153,400	75.01%	100.00%	Full
Crea Gestioni S.r.l.	P.le Ostiense 2 - Rome	100,000	100.00%	100.00%	Full
CREA S.p.A. (in liquidation)	P.le Ostiense 2 - Rome	2,678,958	100.00%	100.00%	Full
Gesesa S.p.A.	Corso Garibaldi 8 – Benevento	534,991	57.93%	100.00%	Full
GORI S.p.A.	Via Trentola 211 - Ercolano (NA)	44,999,971	37.05%	100.00%	Full
Lunigiana S.p.A. (in liquidation)	Via Nazionale 173/175 - Massa Carrara	750,000	95.79%	100.00%	Full
Ombrone S.p.A.	P.le Ostiense 2 - Rome	6,500,000	99.51%	100.00%	Full
Pescara Distribuzione Gas S.r.l.	Via G. Carducci 83 Pescara	120,000	51.00%	100.00%	Full
Sarnese Vesuviano S.r.l.	P.le Ostiense 2 - Rome	100,000	99.16%	100.00%	Full
Umbriadue Servizi Idrici S.c.a.r.l.	Strada Sabbione zona ind. A72 - Terni	100,000	99.20%	100.00%	Full
Energy Infrastructure Segment					
areti S.p.A.	P.le Ostiense 2 - Rome	345,000,000	100.00%	100.00%	Full
Acea Produzione S.p.A.	P.le Ostiense 2 - Rome	5,000,000	100.00%	100.00%	Full
Acea Liquidation and Litigation s.r.l.	P.le Ostiense 2 - Rome	10,000	100.00%	100.00%	Full
Ecogena S.r.l.	P.le Ostiense 2 Rome	1,669,457	100.00%	100.00%	Full
Engineering and Services Segment					
Acea Elabori S.p.A.	Via Vitorchiano - Rome	2,444,000	100.00%	100.00%	Full
Technologies For Water Services SPA	Via Ticino 9 - 25015 Desenzano Del Garda (BS)	11,164,000	100.00%	100.00%	Full

Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11

Company name	Registered Office	Share Capital (in €)	Shareholding	Group consolidation share	Method of Consolidation
Environment Segment					
Ecomed S.r.l.	P.le Ostiense 2 - Rome	10,000	50.00%	50.00%	Shareholders' Equity
Overseas					
Consorcio Agua Azul S.A.	Calle Amador Merino Reina 307 - Lima - Peru	17,371,834	25.50%	25.50%	Shareholders' Equity
Water Segment					
Acque S.p.A.	Via Garigliano 1- Empoli	9,953,116	45.00%	45.00%	Shareholders' Equity
Acque Servizi S.r.l.	Via Bellatalla 1 - Ospedaletto (Pisa)	400,000	100.00%	45.00%	Shareholders' Equity
Acquedotto del Fiora S.p.A.	Via Mameli 10 Grosseto	1,730,520	40.00%	40.00%	Shareholders' Equity
Geal S.p.A.	Viale Luporini 1348 - Lucca	1,450,000	48.00%	48.00%	Shareholders' Equity
Intesa Aretina S.c.a.r.l.	Via B. Crespi 57 - Milan	18,112,000	35.00%	35.00%	Shareholders' Equity
Nuove Acque S.p.A.	Patrignone Loc. Cuculo - Arezzo	34,450,389	46.16%	16.16%	Shareholders' Equity
Publiacqua S.p.A.	Via Villamagna - Florence	150,280,057	40.00%	40.00%	Shareholders' Equity
Umbra Acque S.p.A.	Via G. Benucci 162 - Ponte San Giovanni (PG)	15,549,889	40.00%	40.00%	Shareholders' Equity

The following companies are also consolidated using the equity method:

Company name	Registered Office	Share Capital (in €)	Shareholding	Group consolidation share	Method of Consolidation
Environment Segment					
Amea S.p.A.	**Via San Francesco d'Assisi 15C - Paliano (FR)**	**1,689,000**	**33.00%**	**33.00%**	**Shareholders' Equity**
Coema	**P.le Ostiense 2 - Rome**	**10,000**	**33.50%**	**33.50%**	**Shareholders' Equity**
Overseas					
Aguaazul Bogotà S.A.	**Calle 82 no. 19°-34 - Bogotà Colombia**	**1,162,872**	**51.00%**	**51.00%**	**Shareholders' Equity**
Water Segment					
Azga Nord S.p.A. *(in liquidation)*	**Piazza Repubblica Palazzo Comunale - Pontremoli (MS)**	**217,500**	**49.00%**	**49.00%**	**Shareholders' Equity**
Sogea S.p.A.	**Via Mercatanti 8 - Rieti**	**260,000**	**49.00%**	**49.00%**	**Shareholders' Equity**
Le Soluzioni Scarl	**Via Garigliano 1- Empoli**	**250,678**	**34.32%**	**24.62%**	**Shareholders' Equity**
Servizi idrici Integrati ScPA	**Via I Maggio 65 - Terni**	**19,536,000**	**25.00%**	**24.80%**	**Shareholders' Equity**
Energy Infrastructure Segment					
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	**Via Monteverdi Claudio 11- Milan**	**90,000**	**32.18%**	**32.18%**	**Shareholders' Equity**
Sienergia S.p.A. *(in liquidation)*	**Via Fratelli Cairoli 24 - Perugia**	**132,000**	**42.08%**	**42.08%**	**Shareholders' Equity**
Umbria Distribuzione Gas S.p.A.	**Via Bruno Capponi 100 - Terni**	**2,120,000**	**15.00%**	**15.00%**	**Shareholders' Equity**
Other					
Marco Polo Srl *(in liquidation)*	**Via delle Cave Ardeatine 40 - Rome**	**10,000**	**33.00%**	**33.00%**	**Shareholders' Equity**

Consolidated Income Statement

€ thousand	31/03/2019	*Of which related party transactions*	31/03/2018	*Of which related party transactions*	Change
Revenue from sales and services	794,506		727,732		66,773
Other revenue and proceeds	28,829		17,767		11,062
Consolidated net revenues	**823,335**	**26,093**	**745,499**	**32,358**	**77,835**
Personnel costs	64,090		54,119		9,972
Costs of materials and overheads	519,131		470,438		48,693
Consolidated Operating Costs	**583,221**	**9,687**	**524,556**	**17,810**	**58,665**
Net income/(costs) from commodity risk management	**26**		**0**		**26**
Income/(Costs) from equity investments of a non-financial nature	**7,711**		**8,268**		**(557)**
Gross Operating Profit	**247,850**	**16,406**	**229,211**	**14,547**	**18,640**
Amortisation, depreciation, provisions and impairment charges	115,074		101,843		13,231
Operating profit/(loss)	**132,776**	**16,406**	**127,368**	**14,547**	**5,409**
Financial income	3,741	1,125	4,029	1,144	(289)
Financial costs	(23,772)	0	(24,099)		327
Income/(Costs) from equity investments	2,917		8,478		(5,561)
Profit/(loss) before tax	**115,663**	**17,531**	**115,776**	**15,691**	**(113)**
Taxes	34,180		35,186		(1,007)
Net result	**81,483**	**17,531**	**80,590**	**15,691**	**893**
Net profit/(loss) from discontinued operations					
Net result	**81,483**	**17,531**	**80,590**	**15,691**	**893**
Profit/(loss) attributable to minority interests	5,965		3,192		2,773
Net profit/(loss) attributable to the Group	**75,518**		**77,397**		**(1,879)**
Earnings (loss) per share attributable to Parent Company's shareholders					
Basic	0.35460		0.36343		(0.00882)
Diluted	0.35460		0.36343		(0.00882)
Earnings (loss) per share attributable to Parent Company's shareholders, net of Treasury Shares					
Basic	0.35530		0.36414		(0.00884)
Diluted	0.35530		0.36414		(0.00884)

Comprehensive Consolidated Income Statement

€ thousand	31/03/2019	31/03/2018	Change
Net income for the period	**81,483**	**80,590**	**893**
Profit/Loss from conversion of financial statements expressed in foreign currency	**761**	**(1,012)**	**1,773**
Reserve for exchange differences	(1,892)	(4,865)	2,973
Tax reserve for exchange differences	(454)	1,168	(1,622)
Gains/losses from exchange rate difference	**(2,346)**	**(3,698)**	**1,352**
Effective portion of profits/(losses) on hedging instruments ("cash flow hedges")	(6,052)	6,372	(12,424)
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	1,858	(1,421)	3,279
Profit/Loss From the Effective Portion on Hedging Instruments net of tax effect	**(4,194)**	**4,951**	**(9,145)**
Actuarial gains/(losses) on employee benefits recognised in equity	(1,300)	1,039	(2,340)
Tax effect of other actuarial gains/ (losses) on employee benefits	324	(302)	626
Actuarial Profit/(Loss) on defined benefit pension plans net of tax effect	**(977)**	**737**	**(1,713)**
Total components of other comprehensive income, net of tax effect	**(6,755)**	**978**	**(7,733)**
Total comprehensive income/loss	**74,728**	**81,568**	**(6,840)**
Total comprehensive income (loss) attributable to:			
Group	68,175	78,298	(10,122)
Minority interests	6,553	3,270	3,282

Consolidated Statement of Financial Position

ASSETS	31/03/2019	*of which with related parties*	31/12/2018	*of which with related parties*	Change
Tangible Fixed Assets	2,444,531		2,365,019		79,511
Real Estate Investments	2,474		2,489		(15)
Goodwill	149,856		149,886		(30)
Concessions	2,170,726		2,126,120		44,606
Other intangible fixed assets	149,377		147,229		2,148
Equity investments in unconsolidated subsidiaries and associates	291,733		279,085		12,648
Other equity investments	2,616		2,614		2
Deferred tax assets	229,089		227,362		1,727
Financial assets	53,673	*29,980*	55,831	*30,880*	(2,159)
Other assets	418,832		379,878		38,954
NON-CURRENT ASSETS	**5,912,906**	**29,980**	**5,735,514**	**30,880**	**177,392**
Inventories	52,537		48,789		3,748
Trade receivables	1,036,002	*103,215*	927,834	*89,446*	108,168
Other current assets	206,020		252,888		(46,868)
Current tax assets	3,593		9,756		(6,162)
Current Financial Assets	126,227	*97,879*	113,960	*86,612*	12,267
Cash and cash equivalents	910,611		1,068,138		(157,527)
CURRENT ASSETS	**2,334,991**	**201,093**	**2,421,364**	**176,057**	**(86,374)**
Non-current assets held for sale	183		183		0
TOTAL ASSETS	**8,248,080**	**231,073**	**8,157,061**	**206,937**	**91,018**

Amounts in € thousand

LIABILITIES	31/03/2019	*of which with related parties*	31/12/2018	*of which with related parties*	Change
Shareholders' Equity					
Share capital	1,098,899		1,098,899		0
Legal reserve	111,948		111,948		0
Other reserves	(235,526)		(285,728)		50,202
Retained earnings/(losses)	744,217		533,522		210,695
Profit (loss) for the year	75,518		270,999		(195,481)
Total Group shareholders' equity	**1,795,056**		**1,729,638**		**65,417**
Non-controlling interests	184,233		173,853		10,380
Total shareholders' equity	**1,979,289**		**1,903,491**		**75,797**
Employee severance indemnity and other defined-benefit plans	104,164		103,930		234
Provision for risks and charges	168,607		136,651		31,956
Borrowings and financial liabilities	3,011,289		3,374,134		(362,846)
Other liabilities	349,002		348,148		854
Deferred tax provision	0		0		0
NON-CURRENT LIABILITIES	**3,633,062**		**3,962,864**		**(329,802)**
Payables to suppliers	1,542,154	*119,625*	1,524,876	*124,499*	17,278
Other current liabilities	341,283		329,369		11,914
Financial debt	732,892	*238*	408,675	*627*	324,217
Tax Payables	19,364		27,750		(8,386)
CURRENT LIABILITIES	**2,635,692**	**119,863**	**2,290,670**	**125,126**	**345,023**
Liabilities directly associated with assets held for sale	37		37		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,248,080**	**119,863**	**8,157,061**	**125,126**	**91,018**

Amounts in € thousand

Consolidated Statement of Cash Flows

€ thousand	31/03/2019	Related parties	31/03/2018	Related parties	Change
Cash flow from operating activities					
Profit before tax from continuing operations	115,663		115,776		(113)
Profit before tax from discontinued operations	0		0		0
Depreciation/amortisation	95,158		77,451		17,707
Revaluations/impairment charges	7,933		4,335		3,598
Change in provisions for risks	(1,861)		(4,563)		2,701
Change in employee severance indemnities	626		95		532
Gains on disposals	0		0		0
Net financial debt interest	20,031		20,070		(39)
Income taxes paid	0		0		0
Financial flows generated by operating activities before changes	**237,549**	**0**	**213,163**	**0**	**24,386**
Increases in current receivables included in the working capital	(105,711)	19,233	(107,676)	16,146	1,965
Increase/decrease in current payables included in the working capital	17,278	(4,874)	(36,944)	(15,100)	54,222
Increase/(decrease) in inventories	(3,748)		(1,592)		(2,156)
Change in working capital	**(92,181)**	**14,360**	**(146,212)**	**1,046**	**54,031**
Change in other assets/liabilities during the period	(23,040)		10,551		(33,590)
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**122,328**	**14,360**	**77,502**	**1,046**	**44,826**
			0		
Cash flow from investment activities					
Purchase/sale of tangible fixed assets	(151,211)		(59,976)		(91,235)
Purchase/sale of intangible fixed assets	0		(74,187)		74,187
Equity investments	0		9,702		(9,702)
Purchase/sale of equity investments in subsidiaries	(4,118)		0		(4,118)
Proceeds/payments deriving from other financial investments	(10,111)	10,367	(15,017)	8,880	4,906
Collected dividends	0	0	(0)		0
Interest income collected	3,426		4,784		(1,358)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(162,015)**	**10,367**	**(134,693)**	**8,880**	**(27,322)**
Cash flow from financing activities					
Non-controlling interests in subsidiaries' capital increase	0		0		0
Repayment of borrowings and long-term loans	(91,951)		839,815		(931,766)
Disbursement of borrowings/other medium/long-term loans	0		0		0
Decrease / increase in other short-term financial debts	(1,526)	(389)	55,319	(107)	(56,845)
Interest expense paid	(24,363)		(26,207)		1,844
Dividends paid	0	0	280	0	(280)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	**(117,840)**	**(389)**	**869,208**		**(987,048)**
Cash flows for the period	**(157,527)**	**24,337**	**812,017**	**9,926**	**(969,543)**
Net opening balance of cash and cash equivalents	1,068,138		680,641		387,497
Net closing balance of cash and cash equivalents	**910,611**		**1,492,657**		**(582,046)**

Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholders' equity
Balance as at 01 January 2018*	**1,098,899**	**100,619**	**178,867**	**180,673**	**1,559,057**	**89,733**	1,648,790
Income statement profit	0	0	0	77,397	**77,397**	3,192	**80,590**
Other comprehensive income (losses)	0	0	0	900	**900**	78	**978**
Total comprehensive income (loss)	0	0	0	**78,297**	**78,297**	**3,270**	**81,568**
Allocation of result for 2017	0	0	180,673	(180,673)	**0**	0	**0**
Distribution of dividends	0	0	280	0	**280**	0	**280**
Change in basis of consolidation	0	0	0	0	**0**	0	**0**
Other Changes	0	0	(14,222)	0	**(14,222)**	(1,464)	**(15,686)**
Balance as at 31 March 2018	**1,098,899**	**100,619**	**345,598**	**78,297**	**1,623,413**	**91,539**	**1,714,952**
Income statement profit	0	0	0	193,601	**193,601**	10,508	**204,109**
Other comprehensive income (losses)	0	0	0	10,996	**10,996**	450	**11,446**
Total comprehensive income (loss)	**0**	**0**	**0**	**204,598**	**204,598**	**10,958**	**215,555**
Allocation of result for 2017	0	11,329	(11,329)	0	**0**	0	**0**
Distribution of dividends	0	0	(134,186)	0	**(134,186)**	(6,519)	**(140,705)**
Change in basis of consolidation	0	0	0	0	**0**	84,374	**84,374**
Other Changes	0	0	35,813	0	**35,813**	(6,499)	**29,314**
Balance as at 31 December 2018	**1,098,899**	**111,948**	**235,897**	**282,895**	**1,729,638**	**173,853**	**1,903,491**

** The reopening balances for 2018 include the effects deriving from the first-time adoption of the international accounting standards IFRS 15 and IFRS 9.*

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Non-controlling interests	Total shareholders' equity
Balance as at 01 January 2019	**1,098,899**	**111,948**	**235,897**	**282,895**	**1,729,638**	**173,853**	**1,903,491**
Income statement profit	0	0	0	75,518	**75,518**	5,965	**81,483**
Other comprehensive income (losses)	0	0	0	(7,343)	**(7,343)**	588	**(6,755)**
Total comprehensive income (loss)	**0**	**0**	**0**	**68,175**	**68,175**	**6,553**	**74,728**
Allocation of result for 2018	0	0	282,895	(282,895)	**0**	0	**0**
Distribution of dividends	0	0	0	0	**0**	0	**0**
Change in basis of consolidation	0	0	(3,628)	0	**(3,628)**	3,267	**(362)**
Other Changes	0	0	870	0	**870**	561	**1,431**
Balance as at 31 March 2019	**1,098,899**	**111,948**	**516,034**	**68,175**	**1,795,056**	**184,233**	**1,979,289**

Declaration by the Manager Appointed to Prepare the Company Accounting Documents in accordance with the provisions of Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998

The Manager appointed to prepare the company accounting documents, Giuseppe Gola, declares in accordance with paragraph 154-bis, paragraph 2 of the Consolidated Finance Law, that the information contained in this Interim Report on Operations as at 31 March 2019, corresponds to results of the documents, books and accounting entries.