PRESS RELEASE
ACEA: BOARD APPROVES RESULTS FOR Q1 2014

The Board of Directors of Acea SpA has approved the results for the three months ended 31 March 2014 (Q1 2014). The figures show, for the fifth consecutive quarter, a progressive improvement in the Group's performance. In particular, <u>EBITDA</u> is up €166.0m (an increase of 5.7%), reflecting the contribution of all four areas of business. The period also saw strong growth in <u>EBIT</u> (up 11.9%) and <u>net profit</u> (up 20.9%). <u>Net debt</u> at 31 March 2014 (€2,323.9m) down €81.4m on 31 March 2013.
The Group invested a total of €66.4m during Q1 2014 (€63.3m in Q1 2013).

Rome, 8 May 2014 – The Board of Directors of ACEA SpA, chaired by Giancarlo Cremonesi, has approved the quarterly report for the three months ended 31 March 2014 (Q1 2014).

"Thanks to efficient management and clear prospects for growth, our Group has achieved an improved performance for the fifth consecutive quarter," commented Acea's Chairman, Giancarlo Cremonesi. "Acea's growth," he went on, "brings immediate and real benefits for our shareholders and investors, for our many partner companies and, more generally, for the communities in the areas in which we are investing. Results like these are made possible by the day-to-day commitment of management and everyone who works for Acea," concluded Cremonesi.

"Through our efforts over recent months," stated Acea's CEO, Paolo Gallo, "we have transformed Acea into an increasingly productive and effective organisation, closely focused on efficiency and the market. The results for the first quarter," continued Gallo, "again reflect improved margins across all areas of business, above all in the Energy and Water segments. Our cost efficiency drive has continued, yielding results in line with expectations. Despite the market environment remaining difficult, we have continued to keep working capital under control and, as a result, net debt. This is the direction in which we must continue to move in order to create further value for our shareholders, customers and the communities in which we work each and every day," concluded Gallo.

***

*The adoption of new accounting standards regarding control (**IFRS 10** - Consolidated Financial Statements and **IFRS 11** - Joint Arrangements) became mandatory from 1 January 2014. This essentially requires the Company to consolidate its investments in water companies in Tuscany, Umbria and Campania using the equity method (previously these were consolidated using proportionate consolidation).*
For comparative purposes, amounts in the consolidated statement of financial position at 31 December 2013 and those in the consolidated income statement and statement of financial position at and for the three months ended 31 March 2013 have been restated.
The portion of the investee company's profit or loss resulting from consolidation using the equity method is conventionally included in the components that contribute to EBITDA, namely the item "Profit/(loss) on non-financial investments", given that there have not been any events resulting in a discontinuation of control or governance structures or of the operating activities of the industrial partner.

FINANCIAL HIGHLIGHTS

(€m)	Q1 2013 (restated)*	Q1 2014	% inc./(dec.)
Consolidated revenue	823.1	**780.1**	***(5.2%)***
Profit/(loss) on investments consolidated under IFRS 11	5.4	**5.8**	***+7.4%***
- *of which: EBITDA*	*26.1*	*29.1*	*+11.5%*
- *of which: Amortisation, depreciation, provisions and impairment charges*	*(15.1)*	*(17.2)*	*+13.9%*
- *of which: Net finance income/(costs)*	*(1.7)*	*(2.3)*	*+35.3%*
- *of which: Profit/(loss) on investments*	*0.0*	*0.0*	*-*
- *of which: Income tax expense*	*(3.8)*	*(3.8)*	*-*
EBITDA	157.0	**166.0**	***+5.7%***
EBIT	89.3	**99.9**	***+11.9%***
Profit/(Loss) before tax	67.5	**77.3**	***+14.5%***
Group net profit/(loss) (before non-controlling interests)	38.9	**46.7**	***+20.1%***
Group net profit/(loss) (after non-controlling interests)	36.8	**44.5**	***+20.9%***

(€m)	31 Mar 2013 (restated)*	31 Mar 2014	% inc./(dec.)
Investment	63.3	**66.4**	*+4.9%*

(€m)	31 Mar 2013 (restated)* *(a)*	31 Dec 2013 (restated)**(b)*	31 Mar 2014 *(c)*	% inc./(dec.) *(c/a)*	% inc./(dec.) *(c/b)*
Net debt	2,405.3	2,248.6	**2,323.9**	***(3.4%)***	***+3.3%***
Equity	1,354.0	1,406.8	**1,446.6**	***+6.8%***	***+2.8%***
Invested capital	3,759.3	3,655.4	**3,770.5**	***+0.3%***	***+3.1%***

** After application of IFRS 11.*

ACEA GROUP'S RESULTS FOR Q1 2014

Consolidated EBITDA is up from the €157.0m of Q1 2013 to €166.0m in Q1 2014, marking an improvement of 5.7% thanks to the contributions from all the areas of business and effective cost control.
Contributions to total EBITDA are as follows: Water 40%, Grids 37%, Energy 15% and Environment 8%.

EBITDA BY AREA OF BUSINESS (€m)	Q1 2013 (restated)*	Q1 2014	% inc./(dec.)
ENVIRONMENT	11.2	**14.2**	***+26.8%***
ENERGY	22.3	**24.6**	***+10.3%***
Profit/(loss) on investments consolidated under IFRS 11	5.9	5.7	-3.4%
- *of which: EBITDA*	*26.5*	*29.1*	*+9.8%*
- *of which: Amortisation, depreciation, provisions and impairment charges*	*(15.1)*	*(17.3)*	*+14.6%*
- *of which: Net finance income/(costs)*	*(1.7)*	*(2.3)*	*+35.3%*
- *of which: Profit/(loss) on investments*	*0.0*	*0.0*	*-*
- *of which: Income tax expense*	*(3.8)*	*(3.8)*	*-*
WATER	61.1	**67.8**	***+11.0%***
GRIDS	58.5	**62.2**	***+6.3%***

** After application of IFRS 11.*

Consolidated EBIT of €99.9m is up 11.9% on the €89.3m of Q1 2013.

Group net profit, before non-controlling interests, is €46.7m (up 20.1% on Q1 2013).
Net profit, after non-controlling interests, is €44.5m (up 20.9% on the €36.8m of Q1 2013).
The tax rate is down from the 42.4% of Q1 2013 to 39.6% for Q1 2014.

The Group's **investment** in Q1 2014 amounts to €66.4m (€63.3m in Q1 2013). This figure breaks down as follows: Water €32.5m; Grids €26.1m; Energy €3.5m; Environment €2.0m; and the Parent Company €2.3m.

Net debt amounts to €2,323.9m at 31 March 2013, down €81.4m on 31 March 2013.

SEGMENT INFORMATION FOR Q1 2014

Environment

The Environment segment contributed EBITDA of €14.2m, up 26.8% on Q1 2013 (€11.2m).

ENVIRONMENT – operational highlights	Q1 2013	Q1 2014
Treatment and disposal ('000 tonnes)	185	**199**
WTE electricity sold (GWh)	59	**63**

Energy[1]

The Energy segments EBITDA is up 10.3% to €24.6m, reflecting optimisation of the customer base, with an increased focus on the small business segment, and an improved energy margin. In detail:

ENERGY – EBITDA (€m)	Q1 2013	Q1 2014
Energy segment	**22.3**	**24.6**
Production	*10.9*	*11.5*
Energy Management	*0.4*	*0.0*
Sales	*11.0*	*13.1*

ENERGY – operational highlights	Q1 2013	Q1 2014
Electricity production (GWh)	**145**	**158**
Hydroelectric	*143*	*152*
Thermoelectric	*2*	*6*
Electricity sold (GWh)	**3,299**	**2,846**
Enhanced protection market	*901*	*854*
Free market	*2,398*	*1,992*
Gas sold (million m^3)	**46**	**53**

Water

The Water segment's EBITDA is up 11.0% from €61.1m for Q1 2013 to €67.8m for Q1 2014, primarily thanks to the recognition of additional revenue following application of the new Water Tariff Regime introduced by the regulator (the *AEEGSI*, which regulates the electricity, gas and water sectors) in resolution 643/2013.

WATER – operational highlights	Q1 2013	Q1 2014
Water sold (million m^3)	190	**186**

Grids

EBITDA for the Grids segment is €62.2m, up €3.7m (6.3%) on the previous first quarter.

GRIDS – operational highlights	Q1 2013	Q1 2014
Electricity distributed (GWh)	2,730	**2,600**

OUTLOOK

Environment – ARIA's strategic positioning, the programmed investment in new composting and waste treatment plants included in the Business Plan for 2014-2018 and the operating environment (the need for new facilities for the recovery and disposal of waste in the Lazio region) point to positive growth prospects for the sector.

Energy – In terms of retail activities, Acea remains committed to optimising its customer base, continuing to grow its business by expanding its mass market presence through the acquisition of domestic and small business customers. The doubling of retail customer acquisitions in the free electricity and gas market over the last quarter, thanks to the deployment of new communication tools and channels, is significant in this regard.

With regard to electricity production, work is due to begin during the year on revamping the Castel Madama power plant, whilst work will continue on expansion of the urban heating network and modernisation of the Tor di Valle plants.

Water – Talks with the various concession authorities regarding the proposed new tariffs for the two-year period 2014-2015 are ongoing.

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

The following schedules are attached:

- CONSOLIDATED ACCOUNTS – STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014, INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2014; ANALYSIS OF NET DEBT AT 31 MARCH 2014 AND STATEMENT OF CHANGES IN EQUITY.

[1] *Ecogena, included in the Grids segment until 31 December 2013, has been allocated to the Energy – Generation segment from 1 January 2014.*

A conference call will be held at 5.30pm (Italian time) on Thursday, 8 May 2014 in order to present the results for the three months ended 31 March 2014. To coincide with the start of the conference call, back-up material will be made available at www.acea.it.

The Executive Responsible for Financial Reporting, Franco Balsamo, declares that, pursuant to section two of article 154 bis of the Consolidated Finance Act, the information contained in this release is consistent with the underlying accounting records.

Acea SpA

Investor Relations
Tel. +39 06 57991
investor.relations@aceaspa.it
Corporate website: www.acea.it

Press Office
Tel. +39 06 57993718/70
ufficio.stampa@aceaspa.it

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014

€000

	Q1 2014	Q1 2013 (restated)	Increase/ (Decrease)	% increase/ (decrease)
Sales and service revenues	749,084	812,134	(63,050)	(7.8%)
Other operating income	30,968	10,942	20,026	183.0%
Consolidated net revenue	**780,051**	**823,076**	**(43,024)**	**(5.2%)**
Staff costs	63,373	57,173	6,200	10.8%
Cost of materials and overheads	556,454	614,303	(57,849)	(9.4%)
Total operating costs	**619,828**	**671,476**	**(51,648)**	**(7.7%)**
Net profit/(loss) from commodity risk management	(14)	5	(19)	(382.7%)
Profit/(loss) on non-financial investments	5,787	5,410	377	7.0%
Gross operating profit	**165,997**	**157,015**	**8,982**	**5.7%**
Amortisation, depreciation, provisions and impairment charges	66,095	67,699	(1,604)	(2.4%)
Operating profit/(loss)	**99,901**	**89,316**	**10,586**	**11.9%**
Finance income	5,821	5,584	237	4.2%
Finance costs	(31,220)	(28,815)	(2,405)	8.3%
Profit/(loss) on investments	2,828	1,407	1,421	101.0%
Profit/(loss) before tax	**77,329**	**67,492**	**9,838**	**14.6%**
Income tax expense	30,594	28,568	2,026	7.1%
Net profit/(loss) from continuing operations	**46,735**	**38,924**	**7,811**	**20.1%**
Net profit/(loss) from discontinued operations	0	0	0	0.0%
Net profit/(loss)	**46,735**	**38,924**	**7,811**	**20.1%**
Net profit/(loss) attributable to non-controlling interests	*2,250*	*2,094*	*156*	*7.5%*
Net profit/(loss) attributable to owners of the Parent	**44,485**	**36,830**	**7,655**	**20.8%**
Earnings/(Loss) per share (€)				
basic	0.2089	0.1729	0.0359	
diluted	0.2089	0.1729	0.0359	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

€000

ASSETS	31 March 2014	31 December 2013 (restated)	Increase/ (Decrease)	1 January 2013 (restated)
Property, plant and equipment	2,023,291	2,006,192	17,099	2,012,319
Investment property	2,857	2,872	(15)	2,933
Goodwill	149,566	149,608	(42)	147,719
Concessions	1,334,241	1,317,286	16,955	1,243,267
Other intangible assets	71,524	68,790	2,734	64,603
Investments in subsidiaries and associates	217,115	211,952	5,163	184,347
Other investments	3,321	3,321	0	4,763
Deferred tax assets	309,515	308,969	546	326,374
Financial assets	34,103	34,788	(685)	32,283
Other assets	46,722	48,770	(2,047)	53,861
NON-CURRENT ASSETS	**4,192,254**	**4,152,547**	**39,707**	**4,072,468**
Inventories	37,263	33,754	3,509	39,126
Trade receivables	1,423,705	1,346,556	77,149	1,302,308
Other current assets	98,470	111,410	(12,940)	121,152
Current tax assets	99,898	91,984	7,914	67,191
Current financial assets	108,488	118,302	(9,814)	152,832
Cash and cash equivalents	398,781	563,066	(164,286)	405,510
CURRENT ASSETS	2,166,604	2,265,072	(98,467)	2,088,118
Non-current assets held for sale	**6,722**	**6,722**	**0**	**6,722**
TOTAL ASSETS	**6,365,580**	**6,424,340**	**(58,760)**	**6,167,308**

EQUITY AND LIABILITIES	31 March 2014	31 December 2013 (restated)	Increase/ (Decrease)	1 January 2013 (restated)
Equity				
share capital	1,098,899	1,098,899	(0)	1,098,899
legal reserve	166,396	167,353	(957)	162,190
other reserves	(485,461)	(468,673)	(16,788)	(445,730)
retained earnings/(accumulated losses)	535,611	383,115	152,497	423,518
profit/(loss) for the period	44,485	141,940	(97,454)	
Total equity attributable to owners of the Parent	**1,359,930**	**1,322,633**	**37,297**	**1,238,877**
Equity attributable to non-controlling interests	86,672	84,195	2,477	78,471
Total equity	**1,446,602**	**1,406,828**	**39,774**	**1,317,349**
Staff termination benefits and other defined-benefit obligations	106,065	106,910	(844)	118,329
Provisions for liabilities and charges	193,935	206,058	(12,123)	216,098
Borrowings and financial liabilities	2,358,406	2,360,907	(2,501)	2,032,609
Other liabilities	169,732	161,549	8,183	157,131
Deferred tax liabilities	94,077	92,964	1,112	84,257
NON-CURRENT LIABILITIES	**2,922,215**	**2,928,389**	**(6,174)**	**2,608,424**
Trade payables	1,183,096	1,207,601	(24,505)	1,130,381
Other current liabilities	249,851	239,082	10,768	230,160
Borrowings	502,875	599,869	(96,994)	822,741
Tax liabilities	59,598	41,228	18,370	56,908
CURRENT LIABILITIES	**1,995,419**	**2,087,779**	**(92,360)**	**2,240,192**
Liabilities directly associated with assets held for sale	**1,344**	**1,344**	**0**	**1,344**
TOTAL EQUITY AND LIABILITIES	**6,365,580**	**6,424,340**	**(58,760)**	**6,167,308**

STATEMENT OF CHANGES IN EQUITY

€000

	Share capital	Legal reserve	Other reserves	Net profit/ (loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2013 (restated)	**1,098,899**	**165,087**	**(71,845)**	**46,735**	**1,238,877**	**77,184**	**1,316,060**
IFRS 11 restatement		(2,897)	2,897		0	1,288	1,288
Balance at 1 January 2013 (restated)	**1,098,899**	**162,190**	**(68,948)**	**46,735**	**1,238,877**	**78,472**	**1,317,348**
Net profit/(loss) in income statement	0	0	0	141,940	141,940	11,444	153,384
Other comprehensive income/(losses)	0	0	0	13,360	13,360	158	13,518
Total comprehensive income/(loss)	*0*	*0*	*0*	*155,300*	*155,300*	*11,602*	*166,902*
Appropriation of net profit/(loss) for 2012	0	5,607	41,128	(46,735)	0	0	0
Dividends paid	0	0	(72,266)	0	(72,266)	(5,168)	(77,434)
Change in basis of consolidation	0	(444)	1,167	0	722	(711)	11
Balance at 31 December 2013 (restated)	**1,098,899**	**167,353**	**(98,920)**	**155,300**	**1,322,633**	**84,195**	**1,406,828**

	Share capital	Legal reserve	Other reserves	Net profit/ (loss) for period	Total	Non-controlling interests	Total equity
Balance at 1 January 2014 (restated)	**1,098,899**	**167,353**	**(98,920)**	**155,300**	**1,322,633**	**84,195**	**1,406,828**
Net profit/(loss) in income statement	0	0	0	44,485	44,485	2,250	46,735
Other comprehensive income/(losses)	0	0	0	(7,189)	(7,189)	485	(6,704)
Total comprehensive income/(loss)	***0***	***0***	***0***	***37,297***	***37,297***	***2,734***	***40,031***
Appropriation of net profit/(loss) for 2013	0	(957)	156,257	(155,300)	0	0	0
Dividends paid	0	0	0	0	0	(1,777)	(1,777)
Change in basis of consolidation	0	0	0	0	0	1,519	1,519
Balance at 31 March 2014	**1,098,899**	**166,396**	**57,338**	**37,297**	**1,359,930**	**86,671**	**1,446,602**

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

€000

ACEA GROUP STATEMENT OF FINANCIAL POSITION	31 March 2014	31 December 2013 (restated)	Increase/ (Decrease)	% increase/ (decrease)	31 March 2013 (restated)	Increase/ (Decrease)	% increase/ (decrease)
NON-CURRENT ASSETS AND LIABILITIES	**3,603,750**	**3,559,674**	**44,075**	**1.2%**	**3,502,741**	**101,008**	**2.9%**
Property, plant and equipment and intangible assets	3,588,200	3,551,470	36,730	1.0%	3,499,704	88,496	2.5%
Investments	220,436	215,273	5,163	2.4%	194,534	25,902	13.3%
Other non-current assets	356,237	357,738	(1,501)	(0.4%)	382,685	(26,448)	(6.9%)
Staff termination benefits and other defined-benefit obligations	(106,065)	(106,910)	844	(0.8%)	(113,920)	7,855	(6.9%)
Provisions for liabilities and charges	(191,249)	(203,383)	12,133	(6.0%)	(217,864)	26,615	(12.2%)
Other non-current liabilities	(263,809)	(254,514)	(9,295)	3.7%	(242,397)	(21,412)	8.8%
NET WORKING CAPITAL	**166,792**	**95,793**	**70,999**	**74.1%**	**256,554**	**(89,762)**	**(35.0%)**
Current receivables	1,423,705	1,346,556	77,149	5.7%	1,406,449	17,256	1.2%
Inventories	37,263	33,754	3,509	10.4%	38,784	(1,521)	(3.9%)
Other current assets	198,368	203,393	(5,026)	(2.5%)	194,710	3,658	1.9%
Current payables	(1,183,096)	(1,207,601)	24,505	(2.0%)	(1,086,659)	(96,437)	8.9%
Other current liabilities	(309,448)	(280,310)	(29,139)	10.4%	(296,731)	(12,717)	4.3%
INVESTED CAPITAL	**3,770,541**	**3,655,467**	**115,074**	**3.1%**	**3,759,295**	**11,246**	**0.3%**
NET DEBT	**(2,323,940)**	**(2,248,640)**	**(75,300)**	**3.3%**	**(2,405,287)**	**81,347**	**(3.4%)**
Medium/long-term loans and receivables	34,103	34,788	(685)	(2.0%)	31,815	2,288	7.2%
Medium/long-term borrowings	(2,358,406)	(2,360,907)	2,501	(0.1%)	(2,016,964)	(341,442)	16.9%
Short-term loans and receivables	105,802	115,626	(9,824)	(8.5%)	167,194	(61,392)	(36.7%)
Cash and cash equivalents	398,781	563,066	(164,286)	(29.2%)	163,031	235,749	144.6%
Short-term borrowings	(504,219)	(601,213)	96,994	(16.1%)	(750,363)	246,144	(32.8%)
Total equity	**(1,446,602)**	**(1,406,828)**	**(39,774)**	**2.8%**	**(1,354,009)**	**(92,593)**	**6.8%**
BALANCE OF NET DEBT AND EQUITY	**(3,770,541)**	**(3,655,467)**	**(115,074)**	**3.1%**	**(3,759,295)**	**(11,246)**	**0.3%**

ANALYSIS OF CONSOLIDATED NET DEBT AT 31 MARCH 2014

€000

	31 March 2014	31 December 2013 (restated)	Increase/ (Decrease)	31 March 2013 (restated)	Increase/ (Decrease)
Non-current financial assets/(liabilities)	1,775	2,460	(685)	1,368	407
Intercompany non-current financial assets/(liabilities)	32,328	32,328	0	30,447	1,881
Non-current borrowings and financial liabilities	(2,358,406)	(2,360,907)	2,501	(2,016,964)	(341,442)
Net medium/long-term debt	**(2,324,304)**	**(2,326,119)**	**1,816**	**(1,985,150)**	**(339,154)**
Cash and cash equivalents and securities	398,781	563,066	(164,286)	163,031	235,749
Short-term bank borrowings	(383,140)	(371,344)	(11,796)	(636,765)	253,625
Current financial assets/(liabilities)	(68,320)	(139,566)	71,246	(42,462)	(25,858)
Intercompany current financial assets/(liabilities)	53,053	25,323	27,730	96,059	(43,006)
Net short-term debt	**374**	**77,480**	**(77,106)**	**(420,137)**	**420,511**
Total net debt	**(2,323,930)**	**(2,248,640)**	**(75,290)**	**(2,405,287)**	**81,357**