AcegasAps

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Approval of Interim Management Report at 30 September 2009

- Growth of all operating margins:
  - EBITDA = € 67.4 million (€ +1.2 million, i.e. +1.7% vs. first nine months of 2008
  - EBIT = € 31.3 million (€ +1.9 million, i.e. +6.5% vs. first nine months of 2008)
- The € 8.9-million impact of the "tax moratorium" reduces the net profit attributable to equity holders of the parent company to € 3.2 million (€ -7.5 million vs. 2008). Without this one-off effect, profit would have been € 12.0 million (€ +1.9 million, i.e. + 18.7% vs. first nine months of 2008)

Trieste, 11 November 2009: Today the Board of Directors of AcegasAps, under the chairmanship of Massimo Paniccia, reviewed and approved the Group's results in the first nine months of 2009 (9M09).
In 9M09 the AcegasAps Group's **net revenues increased** by € 10.1 million (mn) (+3.0%), rising from € 337.2 mn in the same period in 2008 (9M08) to € 347.4 mn in 9M09. Underpinning this growth we point out the significant growth of revenues in the Gas Division, with a total increase of € 10 mn, involving both sales and distribution activities. As regards the latter, growth – totalling € +5.5 mn – was mainly due to the new tariff structure introduced by the Italian Electricity & Gas Authority's resolution ARG/gas 159/08.

EBITDA grew from € 66.2 mn to € 67.4 mn, thus increasing by 1.7% YoY. Going into greater detail, EBITDA for the **Waste Management Division** ended 9M09 with an increase of € 0.4 mn (from € 25.6 mn to € 26.0 mn). The increase was primarily attributable to the Padua WTE (waste-to-energy) plant, which in 9M09 reduced the number of maintenance stoppage days and increased its electricity output by 15% vs. 9M08.

The **Power Division** suffered a decrease of € 1.1 mn in EBITDA, which was down from € 9.9 mn in 9M08 to € 8.8 mn in 9M09. The main cause of this reduction was due to a decrease in generation operations (€ -0.6 mn) and, in particular, to the significant reduction of volume generated by the Elettrogorizia power station (50 GWh in 9M09 vs. 60 GWh in 9M08). This in turn was due to shrinkage of electricity demand at sufficiently remunerative prices. Sales activity was down (€ -0.4 mn) mainly because of decreasing volume (588 GWh in 9M09 vs. 630 GWh in 9M08).

EBITDA of the **Gas Division** grew from € 15.6 mn to € 21.9 mn, with an increase of € 6.3 mn. The increase was due both to the distribution segment (€ +5.2 mn) and to free-market activities (€ +1.8 mn). More specifically, the increase of distribution revenues related to application of the new tariff structure (resolution ARG/Gas 159/08). If the tariff system previously in force had been applied, revenues would have been aligned with those of 9M08. As regards volume, the quantities distributed decreased overall from 314 Mcm (million cubic metres) to 293 Mcm (-6.9%), while quantities sold decreased from 284 Mcm to 266 Mcm (-6.2%) mainly because of lower consumption in the industrial sector.

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EBITDA of the **Services Division** increased by € 0.4 mn, rising from € 9.4 mn to € 9.8 mn. The Sinergie subsidiary progressed slightly (€ +0.1 mn) while the other services remained flat or grew slightly.

Lastly, EBITDA of the **Integrated Water Management Division** was down, declining from € 24.2 mn to € 22.7 mn, with a decrease of € 1.4 mn caused by the combined effect of a volume downturn (40.5 Mcm distributed in 9M09 vs. 41.5 Mcm in 9M08) and higher operating and overhead costs.

Net **provisions** in 9M09 amounted to € 0.8 mn. Among the main effects justifying this change, it has to stated that, in the period in question, € 3 mn of the provision relating to any controversies concerning the Ponte San Nicolò landfill site was released while € 0.5 mn of this provision was used to pay what was owed to the parties in the suit who had accepted the transaction settlements proposed. In addition, provisions of € 2.7 mn were made mainly relating to disputes concerning the ordinary and extraordinary subsidised temporary lay-off system. **Depreciation & amortisation and write-downs** increased by € 0.6 mn, rising from € 36.3 mn to € 36.9 mn, because of higher depreciation stemming from investments made.

EBIT in 9M09 amounted to € 31.3 mn vs. € 29.4 mn in 9M08. There was thus an increase of € 1.9 mn (+6.5%). There was also improvement in the Group's operating efficiency, which in 9M09 operated with an EBIT margin on sales of 9.0% vs. 8.7% in 9M08.

Financial costs decreased from € 15.2 mn in 9M08 to € 12.8 mn in 9M09 (of which € 4.1 mn attributable to the tax moratorium. The major reduction was mainly due to the Group's financial structure, 92% of which is variable-rate, and to the tangible decrease of base interest rates

Income taxes increased, rising from € 5.6 mn in 9M08 to € 15.6 mn in 9M09 (€ +10.1 mn), of which € 5.9 mn ascribable to the effect of clawback of the so-called "tax moratorium". It should also be pointed out that the period of comparison, i.e. 9M08, benefited from discharge of € 2.3 mn of deferred taxes.

Net profit attributable to equity holders of the parent company amounted to € 3.2 mn vs. € 10.7 mn in 9M08. Without the non-recurring impact of the so-called "tax moratorium", net profit would have totalled € 12.0mn, corresponding to growth of € 1.9 mn (+18.7%) vs. 9M08.

As regards **investments**, in 9M09 the parent company undertook capital expenditure of € 77.8 mn vs. € 54.5 mn in 9M08. The most significant investment consisted of the third line of the Padua WTE plant, which has reached a cumulative total of € 66.3 mn out of the projected total of € 99.8 mn. The trend of the **net financial position** reflects the increase in financial requirements caused by the major entity of investments undertaken by the Group. As at 30 September 2009 the net financial position showed net debt of € -408.6 mn, with an increase of € 93.2 mn vs. 31 December 2008.

Events after 30 September 2009

In October AcegasAps received the notifications of tax assessments issued by the Italian Inland Revenue department concerning tax years 1997-1999 following the coming into force of Italian Decree Law 135/2009 concerning "government aid", declared incompatible with the common market in the EC Commission's decision of June 2002. AcegasAps has paid the assessments relating to the years 1997, 1998 and 1999 which, between principal and interest, amounted to a total of € 10 mn

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On 4 November 2009, having successfully completed the checks required concerning the need to obtain any approvals pursuant to Bulgarian law, AcegasAps SpA completed purchase of the remaining 48% of RilaGas AD, a company based in Sofia (Bulgaria), already 52% owned by AcegasAps and founded in 2006 to perform works for the creation of a natural gas network in the Zapad region in Bulgaria. The deal was completed for a total amount of € 5.3 mn. It is expected that RilaGas, which benefits from a 35-year concession, when fully on-stream will generate EBITDA of approximately € 12 mn set against total investments of approximately € 120 mn.

In November two committed lines of credit were agreed with leading banks for a total amount of € 40 mn.

Business outlook

The first months of 2009 featured a second quarter affected by the very recessionary climate and a third quarter showing significant recovery. From a business standpoint the results achieved were in line with our expectations and – as regards the whole of 2009 – operating margins are expected to be in line with those of 2008. Net profit, however, will be tangibly lower due to the effect of the one-off impact produced by the so-called “tax moratorium” which has an impact on the Group’s income statement of € 8.9 mn.

More generally, among significant factors that may affect the Group’s possible evolution, we must point out the changing legislative framework – particularly as regards Italian Decree Law 135/2009, currently under discussion in Parliament. This envisages maintenance of so-called in-house providing, on condition that the public-administration stake is gradually reduced to a level not exceeding 30%. Other factors are the adverse macroeconomic conditions, which, notwithstanding some signs of recovery, will inevitably have consequences also on heavily regulated activities.

On the investment front, AcegasAps is undertaking a challenging investment plan, which, during 2009, has weighed down the Group’s net financial position. In this situation, management has taken some measures that, together with (a) cash flows generated by the start of full operation of investments made in the last two years (in particular the third line of the Padua WTE plant and the foreign assets) and (b) the benefits of some measures taken to rationalise and curb overhead costs, are designed to optimise the Group’s financial structure and exposure.

Co-opting of director

We also inform the public that, during its meeting today, the Board of Directors of AcegasAps co-opted, according to the approach established in the company by-laws, Paolo Polidori to replace Santi Terranova, who resigned from office in October due to the onset of personal commitments.

The Corporate Financial Reporting Manager, Massimo Forliti, herewith declares that the financial disclosure contained in this press release matches documentary evidence, corporate books, and accounting records.

The following pages show the income statement, balance sheet, net financial position and cash flow statement of the AcegasAps Group.

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CONSOLIDATED INCOME STATEMENT	9M09 €/000	%	9M08 (€/000)	%	Change (€/000)	%
Sales	318.325	91,6	308.814	91,6	+9.511	+3,08
Other income	29.053	8,4	28.431	8,4	+622	+2,19
Total net income	347.378	100,0	337.245	100,0	+10.133	+3,00
Materials & services bought	(213.095)	- 61,3	(208.570)	- 61,8	-4.525	+2,17
Other operating costs	(3.717)	- 1,1	(3.011)	- 0,9	-706	+23,45
Employee costs	(63.161)	- 18,2	(59.414)	- 17,6	-3.747	+6,31
Ebitda	67.405	19,4	66.250	19,6	+1.155	+1,74
Provisions	770	0,2	(599)	- 0,2	+1.369	-228,55
Amortisation and write-downs	(36.884)	- 10,6	(36.267)	- 10,8	-617	+1,70
Ebit	31.291	9,0	29.384	8,7	+1.907	+6,49
Financial income	1.071	0,3	2.030	0,6	-959	-47,24
Financial costs	(12.814)	- 3,7	(15.217)	- 4,5	+2.403	-15,79
Share of associates	156	0,0	77	0,0	+79	+102,60
Share of associates accounted by the equity method	(909)	- 0,3	(37)	- 0,0	-872	+2.356,76
Other income and expenditure	21	0,0	29	0,0	-8	-27,59
Pre-tax profit	18.816	5,4	16.266	4,8	+2.550	+15,68
Tax	(15.617)	- 4,5	(5.552)	- 1,6	-10.065	+181,29
Net income from trading	3.199	0,9	10.714	3,2	-7.515	-70,14
Income/Outcome from activities (to be) sold	---	---	---		---	---
Net profit for the period	3.199	0,9	10.714	3,2	-7.515	-70,14
Minorities	48	0,0	568	0,2	-520	-91,55
Group profit/loss	3.151	0,9	10.146	3,0	-6.995	-68,94

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CONSOLIDATED BALANCE SHEET	30.09.09 (€/000)	31.12.08 (€/000)	Change (€/000)	%
ASSETS				
Non-current assets				
Intangible assets	166.764	168.254	-1.490	-0,89
Goodwill	6.856	6.857	-1	-0,01
Investment in plant & machinery	536.869	486.118	+50.751	+10,44
Property investments	3.457	3.538	-81	-2,29
Tax reserve	14.259	13.840	+419	+3,03
Associates	14.241	15.073	-832	-5,52
Non-current financial assets	794	868	-74	-8,53
Other non-current assets	4.601	5.084	-483	-9,50
Total non-current assets	747.841	699.632	+48.209	+6,89
Current assets				
Cash	12.297	33.665	-21.368	-63,47
Stocks	10.572	10.565	+7	+0,07
Account receivables	192.161	206.357	-14.196	-6,88
Work in progress against orders	115	201	-86	-42,79
Current financial assets	6.712	13.874	-7.162	-51,62
Other current assets	36.549	26.720	+9.829	+36,79
Total current assets	258.406	291.382	-32.976	-11,32
Assets held for sale	---	---	---	---
Total assets	1.006.247	991.014	+15.233	+1,54
LIABILITIES				
Net assets				
Share capital	283.691	283.691	---	---
Share premium reserve	6.643	6.643	---	---
Other reserves	46.083	42.301	+3.782	+8,94
Profit/Loss carried forward	(3.102)	3.632	-6.734	-185,41
Profit/Loss for the period	3.151	13.876	-10.725	-77,29
Group net assets	336.466	350.143	-13.677	-3,91
Minorities	420	11.846	-11.426	-96,45
Total net assets	336.886	361.989	-25.103	-6,93
Non-current liabilities				
Employee funds	27.239	27.500	-261	-0,95
Provisions	17.074	19.136	-2.062	-10,78
Medium/Long term financing	257.247	263.287	-6.040	-2,29
Non-current financial liabilities	13.083	14.036	-953	-6,79
Liability for deferred tax	10.361	1.415	+8.946	+632,23
Other non-current liabilities	24.470	24.560	-90	-0,37
Total non-current liabilities	349.474	349.934	-460	-0,13
Current liabilities				
Account payables	106.459	137.325	-30.866	-22,48
Short-term financing	124.030	67.092	+56.938	+84,87
Share of current financing	15.320	12.316	+3.004	+24,39
Current financial libilities	15.541	4.268	+11.273	+264,13
Tax liabilities	29.222	29.433	-211	-0,72
Other current liabilities	29.315	28.657	+658	+2,30
Total current liabilities	319.887	279.091	+40.796	+14,62
Total liabilities	1.006.247	991.014	+15.233	+1,54

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CASH FLOW STATEMENT	9M09 €/000	9M08 €/000	Change €/000	%
A) Cash & cash equivalents at start of period	**(33.427)**	**(1.140)**	**-32.287**	
Total profit before minority interest	**+3.199**	**+10.714**	**-7.515**	-70,1
Depreciation, amortisation and write-downs	+36.884	+36.272	+612	+1,7
Net change in provisions	-770	+213	-983	-461,5
Net change in provisions for employee benefit obligations	-261	-11	-250	-2.272,7
Change in other current assets/liabilities	-2.057	-4.722	+2.665	+56,4
Change in working capital	-17.818	+20.588	-38.406	-186,5
Dividends received from companies not consolidated	---	+948	-948	-100,0
Share of results of associates booked at equity	+909	+37	+872	+2.356,8
B) Cash flow from operations	**+20.086**	**+64.039**	**-43.953**	**-68,6**
Net investments in:				
- Property, plant, and equipment	-79.016	-53.197	-25.819	-48,5
- Intangible assets	-5.900	-5.445	-455	-8,4
- Equity interests	-19.967	-262	-19.705	-7.521,0
C) Cash flow generated (absorbed) by investment activities	**-104.883**	**-58.904**	**-45.979**	**-78,1**
New borrowing	+2.609	+6.052	-3.443	-56,9
Loan repayments	-5.072	-4.475	-597	-13,3
Changhe in other financial assets/liabilities	+17.201	-11.411	+28.612	+250,7
Dividend distribution	-8.247	-17.028	+8.781	+51,6
D) Cash flow generated (absorbed) by financing activities	**+6.491**	**-26.862**	**+33.353**	**+124,2**
E) Total cash flow (B+C+D)	**-78.306**	**-21.727**	**-56.579**	**-260,4**
F) Cash & cash equivalents at end of period (A+E)	**-111.733**	**-22.867**	**-88.866**	

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