

## 2010 FIRST QUARTER RESULTS

- **Net profit attributable to equity holders of parent company up by 13.2%: € 6.9 million in first quarter of 2010 vs. € 6.1 million in 2009**
  - Net revenues = € 140.8 million (vs. € 151.5 million in first quarter of 2009, -7.0%)
  - EBITDA = € 26.3 million (vs. € 30.2 million in 2009, -12.8%)
  - EBIT = € 13.8 million (vs. 17.6 million in 2009, -21.1%)
- **Net financial position: € -432.2 million**
- **Cesare Pillon confirmed as Managing Director**

**Trieste, 11 May 2010** - Today, under the chairmanship of Massimo Paniccia, the Board of Directors of AcegasAps met to review and approve the Interim Management Statement for the quarter ended on 31 March 2010.

### CONSOLIDATED INCOME STATEMENT

The Group's **net revenues** amounted to € 140.8 million (mn), down by -7.0%, i.e. € 10.7 mn, vs. the same period in € 10.7 mn. The shrinkage of revenues was mainly due to the effect produced on gas sale activities by contraction of the raw material cost and by application of the new tariff structure introduced by the Italian Electricity & Gas Authority's resolution ARG/Gas 159/08. The latter triggered a temporary effect on the first quarter of 2010 (1Q10) – as it will be absorbed during the rest of the year – of € 3.8 mn.

In 1Q10 results were achieved in line with expectations. In a phase of general economic and financial uncertainty, the Group was able to count not only on its traditional regulated services but also on constant improvement of its free-market business. Both Estenergy and Sinergie delivered constantly growing performance.

Generally speaking, the **Services** division's revenues grew (€ +1.9 mn) underpinned by the development of Sinergie's business turnover (€ +2.3 mn of revenues). The revenues of the **Integrated Water Management** division also grew, thanks to the increased volume distributed, in particular in the Padua area. There was also slight growth of the **Waste Management** division's revenues (€ +0.4 mn), which benefited from the increase of collection and street-cleaning activities, as well as of landfill disposal. As stated, revenues relating to the **Gas** division were down (by € -12.2 mn) mainly because of activities relating to sale (€ -8.3 mn) and also distribution (€ -3.9 mn) due to the factors, already mentioned, concerning tariffs and raw material prices. Lastly, the **Electricity** division ended 1Q10 with sales down by about -3%, which was mainly due to the decrease of distribution revenues, i.e. € -1.9 mn.

**EBITDA** in 1Q10 amounted to € 26.3 mn, down by € 3.9 mn vs. € 30.2 mn in the first quarter of 2009 (1Q09). Going into the detail of individual lines of business, we point out the contraction of the **Gas** division, which featured a € 3.7 mn decrease in EBITDA. This shrinkage was concentrated in distribution activities (€ 4.4 mn), which were affected by the temporary economic effect, already mentioned, arising from the new tariff structure introduced by the Authority's resolution ARG/Gas 159/08. We highlight the fact that, apart from this result, which will be recouped during the rest of the year, in 1Q10 the gas distribution business featured gas volume showing significant growth - 240 million cubic m. vs. 214 million cubic m., i.e. +12.2% YoY. The growth of distribution activities was also matched by sale activities, which achieved an 11.3% increase of volume sold and EBITDA up by € 0.7 mn.

EBITDA of the **Waste Management** division was down (€ -1.6 mn), affected by the slowdown of the Padua WTE (waste-to-energy) plant, which is coming to grips with start-up of the third production line. During 1Q09 the plant featured volume of waste treated and electricity produced down by -10.9% and -20.8% respectively. As instead regards the Trieste plant, heat treatment of waste increased (37 thousand tones, +3.1% vs. 1Q09)

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gollowed by a 0.6% increase in electricity produced (22 GWh in 1Q10). Waste collection, street-cleaning and waste disposal activities grew, achieving EBITDA up ty € 0.6 mn.

As regards the **Electricity** division, 1Q10 EBITDA was substantially in line with that of 1Q09, with a decrease of € - 0.1 mn. All volumes managed grew. The volume generated by the Elettrogorizia power station grew, rising from 10 GWh in 1Q09 to 16 GWh in 1Q10 (+51.3%), as did that distributed by AcegasAps, rising from 199 GWh in 1Q09 to 208 GWh in 1Q10 (+4.3%), and that sold by AcegasAps Service, which in total rose from 84 GWh in 1Q09 to 87 GWh in 1Q10 (+2.9%). And, above all, there was growth of the volume of electricity sold by Estenergy, which in 1Q10 reached a level of 140 GWh.

The **Integrated Water Management** division featured a € 0.5-mn EBITDA increase, mainly driven by activities managed in the Padua area (€ +0.3 mn of EBITDA), where the quantity of water distributed grew by 4.5%. In general, the volume of water sold by AcegasAps grew by 3.1%, increasing from 12.5 mn cubic m. in 1Q09 to 12.9 mn cubic m. in 1Q10.

The **Services** division's EBITDA grew by € 0.7 mn also thanks to the positive effect of improvement of Sinergie's performance (€ +0.8 mn).

As regards Corporate facilities and services, there was a reduction of G&A costs in the region of 5%, which helped to support the growth of Group EBITDA with a contribution of € 0.3 mn.

**EBIT** ended the quarter at € 13.7 mn, down by € 3.7 mn, in line with the EBITDA trend.

As regards **provisions**, in 1Q10 they decreased by € 0.6 mn vs. 1Q09. Provisions of € 0.3 mn had been made in 1Q09 for possible controversies. In addition, in 1Q10 provisions of € 0.3 mn were released.

**Depreciation & amortization and write-downs** increased by € 0.4 mn because of higher depreciation stemming from investments made.

**Net financial costs** decreased from € 4.1 mn to € 1.7 mn, with a saving of € 2.4 mn, which was a consequent of the ongoing across-the-board decline of interest rates on the financial markets.

**Income taxes** decreased vs. 1Q09, going down from € 6.7 mn to € 5.2 mn (€ -1.5 mn). Compared with 1Q09 the tax rate decreased from 49.5% to 42.8%. The change in tax rate was mainly due to the effect on 1Q09 of clawback of the so-called tax moratorium and to the different impact of regional business tax (Italian acronym = IRAP) on pre-tax profit

**Net profit attributable to equity holders of the parent company** ended the quarter at € 6.9 mn, growing by 13.2% vs. € 6.1 mn in 1Q09. This growth was positively affected by the acquisition of 100% of Sinergie SpA completed in the second half of 2009.

## BALANCE SHEET

Compared with 2009 year-end data, the balance sheet shows a 4.2% increase of invested capital, i.e. € +31.7 mn. This increase was mainly driven by the increase of working capital (€ +29.0 mn), which in turn was chiefly due to the growth of trade receivables (€ +47.2 mn) and, in particular – as is usual in this period – to the accumulation of receivables relating to gas sales.

Shareholders' equity grew by € 6.9 mn, while the net financial position ended the period at € -432.3 mn.

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## EVENTS AFTER 31 MARCH 2010 AND BUSINESS OUTLOOK

In February 2010 ENI SpA and AcegasAps SpA made a joint bid to acquire the energy branches (gas and electricity) put up for sale via a public auction by Iris Gorizia. In April a new bid was presented as part of exclusive negotiations granted by the seller. The process is well advanced and could already be concluded by the end of May.

On 29 December 2009 AcegasAps signed a letter of intent with Linea Group Holding with the aim of defining a process for business and legal-entity merger of the two groups. During 1Q10 due diligence activities were initiated, with the related economic and capital evaluations of the two groups.

As regards the business outlook, the foreign companies – Rilagas in Bulgaria and Sigas in Serbia – are expected to develop their commercial business during the current financial year.

As far as investments are concerned, the third line of the Padua WTE plant has started provisional operation and is scheduled to start full operation by the end of May. This major investment is expected to contribute about € 12 mn/year to EBITDA growth.

The improvement of the tariff frameworks, mostly of regulated segments (in particular gas and water), will permit further improvement of the Group's profitability profile. Given this, growing operating margins are expected for 2010.

Apart from the possible effects of the extraordinary deals, already mentioned, in which the Group may be involved, it is expected that the reduction of investment needs – due to completion of the investment process relating to the third line of the Padua WTE plant – and expected improvement of the working-capital cycle will lead to significant reduction of the increase in the Group's net financial position.

## APPOINTMENTS

During the same meeting the Board of Directors appointed Cesare Pillon as Managing Director and Deputy Chairman of AcegasAps. The Board of Directors also confirmed Aldo Fontana as the Independent Infrastructures Manager [as required by unbundling regulations in Italy] and set up the Internal Control Committee, formed by the directors Fulvio Beltrame, as President, Massimo Malaguti and Paolo Polidori. It also set up the Remuneration Committee, formed by the directors Vincenzo Milanesi, as President, Franco Ferrarese and Aldo Minucci.

*The Chief Financial Officer, Massimo Forliti, herewith declares, pursuant to paragraph 2, Article 154-bis, of the Italian Consolidated Finance Act, 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 and cash flow statement of the AcegasAps Group.*

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## Consolidated income statement

|  | 1st Quarter 2010 |              | 1st Quarter 2009 |              | Change          |              |
|--|------------------|--------------|------------------|--------------|-----------------|--------------|
|  |                  | %            |                  | %            |                 | %            |
|  |                  |              |                  |              |                 |              |
| Sales  | 131.369          | 93,3         | 141.405          | 93,3         | (10.036)        | -7,1         |
| Other income                                       | 9.477            | 6,7          | 10.094           | 6,7          | (617)           | -6,1         |
| <b>Total net income</b>                            | <b>140.846</b>   | <b>100,0</b> | <b>151.499</b>   | <b>100,0</b> | <b>(10.653)</b> | <b>-7,0</b>  |
| Materials & services bought                        | (92.021)         | -65,3        | (98.752)         | -65,2        | 6.731           | -6,8         |
| Other operating costs                              | (932)            | -0,7         | (1.100)          | -0,7         | 168             | -15,3        |
| Employee costs                                     | (21.589)         | -15,3        | (21.475)         | -14,2        | (114)           | 0,5          |
| <b>Ebitda</b>                                      | <b>26.304</b>    | <b>18,7</b>  | <b>30.172</b>    | <b>19,9</b>  | <b>(3.868)</b>  | <b>-12,8</b> |
| Provisions   | (135)            | -0,1         | (692)            | -0,5         | 557             | -80,5        |
| Amortisation and write-downs                       | (12.324)         | -8,7         | (11.925)         | -7,9         | (399)           | 3,3          |
| <b>Ebit</b>  | <b>13.845</b>    | <b>9,8</b>   | <b>17.555</b>    | <b>11,6</b>  | <b>(3.710)</b>  | <b>-21,1</b> |
| Financial income                                   | 264              | 0,2          | 479              | 0,3          | (215)           | -44,9        |
| Financial costs                                    | (2.210)          | -1,6         | (4.004)          | -2,6         | 1.794           | -44,8        |
| Share of associates                                | ---              | 0,0          | ---              | 0,0          | ---             | 0,0          |
| Share of associates accounted by the equity method | 140              | 0,1          | (566)            | -0,4         | 706             | -124,7       |
| Other income and expenditure                       | 87               | 0,1          | 16               | 0,0          | 71              | 443,8        |
| <b>Pre-tax profit</b>                              | <b>12.126</b>    | <b>8,6</b>   | <b>13.480</b>    | <b>8,9</b>   | <b>(1.354)</b>  | <b>-10,0</b> |
| Tax  | (5.189)          | -3,7         | (6.677)          | -4,4         | 1.488           | -22,3        |
| <b>Net income from trading</b>                     | <b>6.937</b>     | <b>4,9</b>   | <b>6.803</b>     | <b>4,5</b>   | <b>134</b>      | <b>2,0</b>   |
| Income/Outcome from activities (to be) sold        | ---              | 0,0          | ---              | 0,0          | ---             | 0,0          |
| <b>Net profit for the period</b>                   | <b>6.937</b>     | <b>4,9</b>   | <b>6.803</b>     | <b>4,5</b>   | <b>134</b>      | <b>2,0</b>   |
| Attribuibile a:                                    |                  |              |                  |              |                 |              |
| <b>Minorities</b>                                  | <b>19</b>        | <b>0,0</b>   | <b>691</b>       | <b>0,5</b>   | <b>(672)</b>    | <b>-97,3</b> |
| <b>Group profit/loss</b>                           | <b>6.918</b>     | <b>4,9</b>   | <b>6.112</b>     | <b>4,0</b>   | <b>806</b>      | <b>13,2</b>  |

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## Balance Sheet

|                                      | €/000          |                |                |              |
|--------------------------------------|----------------|----------------|----------------|--------------|
|                                      | 31/03/2010     | 31/12/2009     | Change         | %            |
| <b>CAPITAL EMPLOYED</b>              |                |                |                |              |
| Account receivables                  | 249.949        | 202.776        | +47.173        | +23,3        |
| (Account payables)                   | (124.323)      | (122.147)      | -2.176         | +1,8         |
| Stocks                               | 10.537         | 9.946          | +591           | +5,9         |
| Other current assets/liabilities     | (49.806)       | (33.179)       | -16.627        | +50,1        |
| <b>NET WORKING CAPITAL</b>           | <b>86.357</b>  | <b>57.396</b>  | <b>+28.961</b> | <b>+50,5</b> |
| Tangible and intangible assets       | 743.404        | 738.863        | +4.541         | +0,6         |
| Financial assets                     | 14.104         | 14.292         | -188           | -1,3         |
| Employee funds                       | (26.522)       | (26.969)       | +447           | -1,7         |
| Provisions                           | (17.943)       | (18.536)       | +593           | -3,2         |
| Other non-current assets/liabilities | (15.391)       | (12.771)       | -2.620         | +20,5        |
| <b>TOTAL NON CURRENT ASSETS</b>      | <b>697.652</b> | <b>694.879</b> | <b>+2.773</b>  | <b>+0,4</b>  |
| <b>CAPITAL EMPLOYED</b>              | <b>784.009</b> | <b>752.275</b> | <b>+31.734</b> | <b>+4,2</b>  |
| <b>SOURCES AND FUNDS</b>             |                |                |                |              |
| Share capital                        | 283.691        | 283.691        | ---            | ---          |
| Reserves                             | 60.741         | 50.014         | +10.727        | +21,4        |
| Profit/Loss for the period           | 6.918          | 10.743         | -3.825         | -35,6        |
| Minorities                           | 409            | 392            | +17            | +4,3         |
| <b>TOTAL NET ASSETS</b>              | <b>351.759</b> | <b>344.840</b> | <b>+6.919</b>  | <b>+2,0</b>  |
| Medium/long term financial debt      | 296.605        | 269.179        | +27.426        | +10,2        |
| Short-term financial debt            | 135.645        | 138.256        | -2.611         | -1,9         |
| <b>NET FINANCIAL POSITION</b>        | <b>432.250</b> | <b>407.435</b> | <b>+24.815</b> | <b>+6,1</b>  |
| <b>TOTAL SOURCES AND FUNDS</b>       | <b>784.009</b> | <b>752.275</b> | <b>+31.734</b> | <b>+4,2</b>  |

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## CASH FLOW STATEMENT

€/000

|   | 1st Quarter<br>2010 | 1st Quarter<br>2009 |
|---|---------------------|---------------------|
| <b>Cash &amp; cash equivalents at start of period in the balance sheet</b>          | <b>(119.386)</b>    | <b>(33.427)</b>     |
| <b>Cash &amp; cash equivalents at start of period</b>                               | <b>(119.386)</b>    | <b>(33.427)</b>     |
| Total profit/loss before minority interest  | 6.937               | 6.803               |
| Depreciation, amortisation, write-downs   | 12.324              | 11.925              |
| Net change in provisions  | 135                 | 236                 |
| Share of results of associates booked at equity                                     | (140)               | 566                 |
| Dividends received from companies not consolidated                                  | -                   | -                   |
| Change in working capital   | (447)               | (118)               |
| Change in working capital   | (28.633)            | (31.329)            |
| Change in other current assets/liabilities  | 1.892               | 721                 |
| <b>Cash flow from operations</b>  | <b>(7.932)</b>      | <b>(11.196)</b>     |
| Property, plant and equipment   | (15.431)            | (24.730)            |
| Intangible assets   | (1.434)             | (2.115)             |
| assets generated/absorbed by grants related assets                                  | -                   | -                   |
| Equity interests  | -                   | (96)                |
| <b>Cash flow generated (absorbed) by investment activities</b>                      | <b>(16.865)</b>     | <b>(26.941)</b>     |
| New borrowing   | 32.846              | -                   |
| Loan repayments   | (1.131)             | (4.252)             |
| Change in other financial assets/liabilities  | 3.684               | -                   |
| assets generated/absorbed by equity pertaining to the Group                         | -                   | -                   |
| Net liquid assets generated/absorbed by own shares                                  | -                   | -                   |
| Dividends paid  | -                   | -                   |
| <b>Cash flow generated (absorbed) by financing activities</b>                       | <b>35.399</b>       | <b>(4.252)</b>      |
| <b>Change in cash and cash equivalents due to changes in scope of consolidation</b> |                     |                     |
| <b>Change in cash and cash equivalents due to exchange rate movements</b>           | <b>(18)</b>         | <b>-</b>            |
| <b>Cash flows from (used in) from discontinued operations</b>                       |                     |                     |
| <b>Total cash flow</b>  | <b>10.584</b>       | <b>(42.389)</b>     |
| <b>Cash &amp; cash equivalents at end of period</b>                                 | <b>(108.802)</b>    | <b>(75.816)</b>     |
| Cash and cash equivalents included in non current asset held for sale               |                     |                     |
| <b>Cash &amp; cash equivalents at the end of period in the balance sheet</b>        | <b>(108.802)</b>    | <b>(75.816)</b>     |

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