

# Acque Potabili gruppo

## Roadshow Presentation

*November 2007*

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### **Agenda.**

1. Offer Structure.
2. Acque Potabili.
3. Key Factors of the Business.
4. Strategy.
5. Focus ATO 1 Palermo.
6. Financial Highlights.
7. Closing Remarks.
8. Appendix.



## Offer Structure

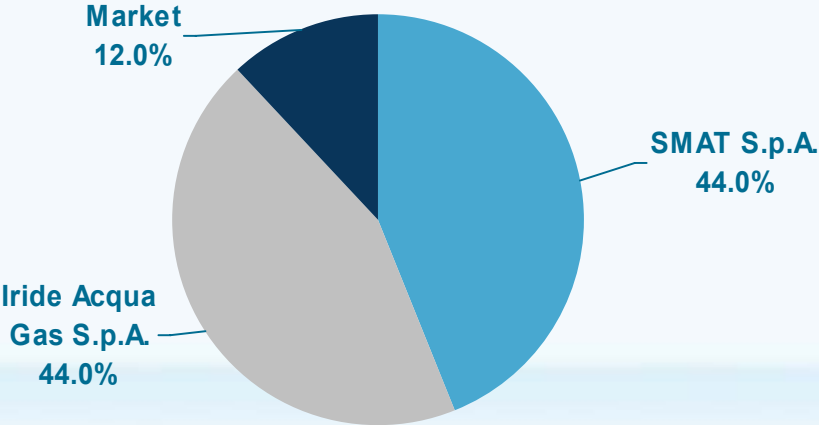
## Offer Structure.

<b>Issuer Listing</b>	Acque Potabili S.p.A. Italian Stock Exchange - Mercato Telematico Azionario
<b>Structure of the Global Offer</b>	10,250,000 primary shares
<b>Tranches</b>	Italian retail offer minimum of 3,000,000 shares (of which 50% reserved to Shareholders of the Issuer with the exception of the Reference Shareholders), and an institutional offer reserved to Institutional Investors (Reg. S).
<b>Greenshoe</b>	1,521,000 shares (roughly 15% of the Global Offer)
<b>Free-Float</b>	From 12.0% pre capital increase to 37.4% (roughly 40% post greenshoe)
<b>Lock-up</b>	180 days
<b>Maximum Price</b>	EUR 4.8 per share, equivalent to a Global Offer of EUR 49.2M
<b>Global Coordinator, Lead Manager and Bookrunner</b>	Banca IMI S.p.A.
<b>Timetable</b>	Bookbuilding: 19 - 29 November 2007 Retail Offer: 19 - 29 November 2007 Announcement of offer price and settlement: 3 and 5 December 2007

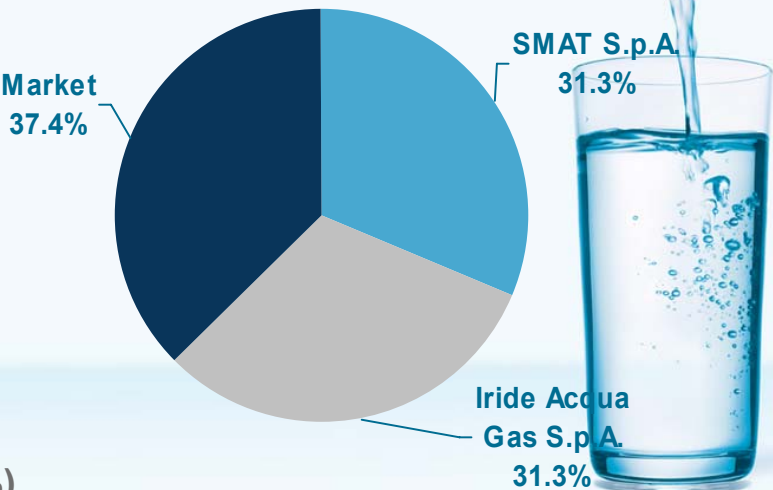
After the capital increase, there will be a more adequate free-float, guaranteeing Acque Potabili stock a greater liquidity.

## Shareholder structure pre and post capital increase.

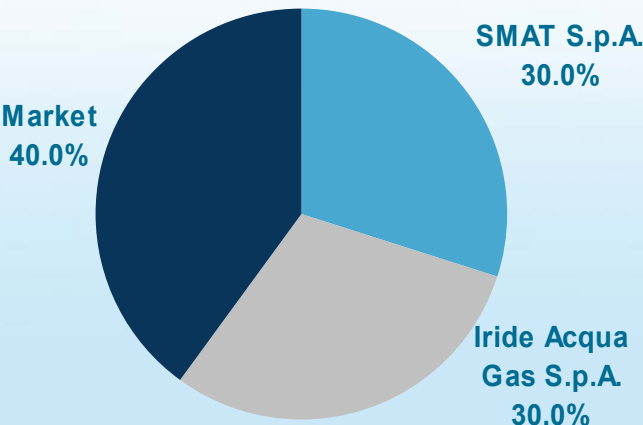
Pre Capital Increase (%)



Post Global Offer (%)



Post Greenshoe (%)

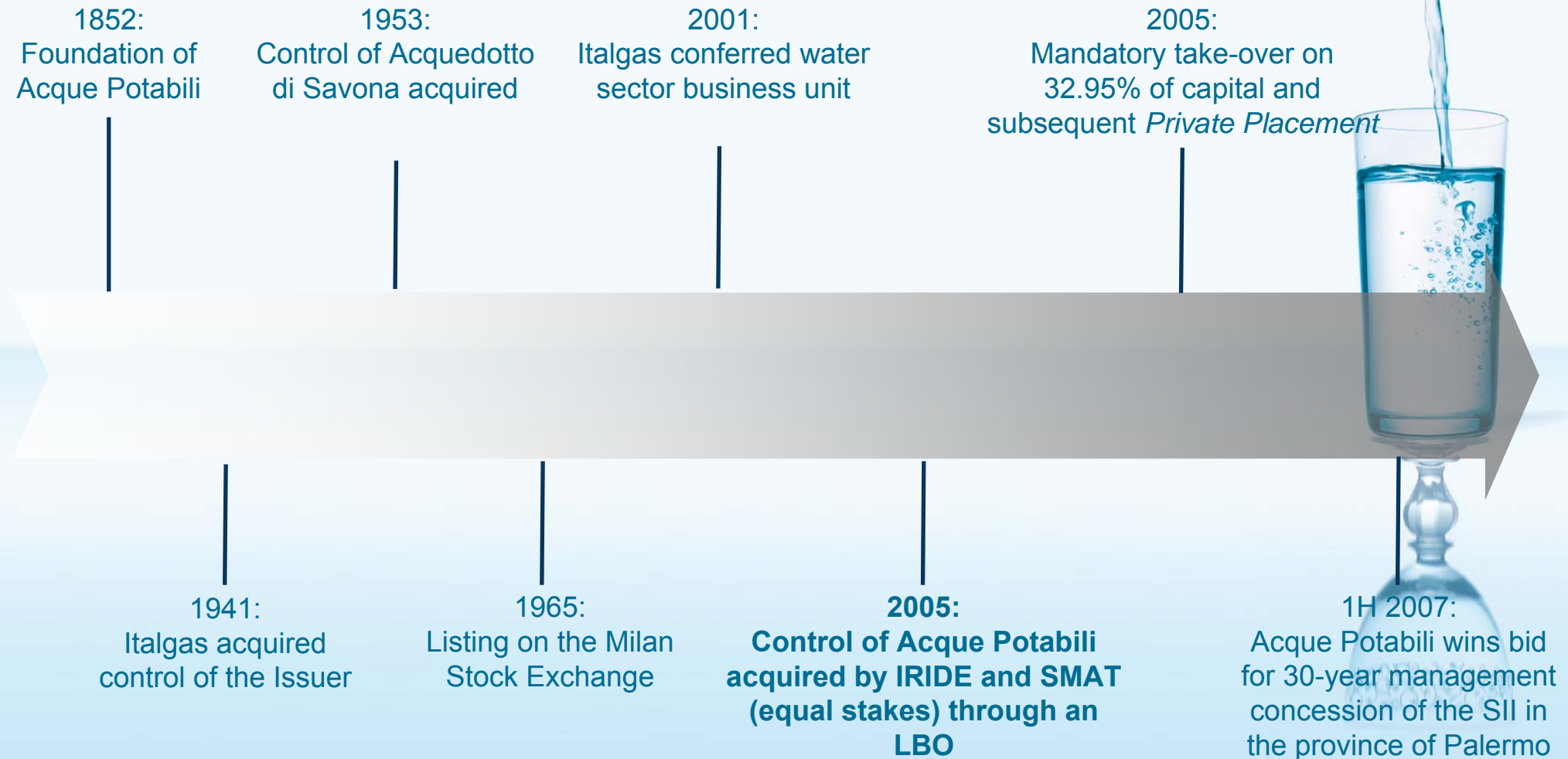


**Acque Potabili**  
gruppo

**Acque Potabili**

ATO 1 Palermo represents the recent history of the Acque Potabili Group and constitutes the main growth opportunity for the future.

## Key Milestones.





Acque Potabili Siciliane (APS), which is consolidated proportionally, is the vehicle used to manage ATO 1 of Palermo.

## Structure of the Group.

- Acque Potabili is active in water distribution, sewage disposal and water treatment.
- The Group's subsidiaries are Acquedotto di Savona, Acquedotto Monferrato and Acque Potabili Siciliane, founded on 27 February 2007 to manage ATO 1 Palermo.
- The associated companies are ABM Next and Società Canavesana Acque.
- **With Acque Potabili Siciliane, the number of customers served by the Group doubles (from approximately 260,000 to roughly 450,000).**
- ATO 1 Palermo:
  - **82 municipalities** in the Province of Palermo (including the city of Palermo);
  - **130M cubic meters** of water production in full swing;
  - Close to **1.2M of inhabitants** (including the city of Palermo).



\* Associated company;  
\*\* Participated company.

Acque Potabili, an integrated operator in the water sector active mainly in North-West Italy.

## Acque Potabili at a Glance.



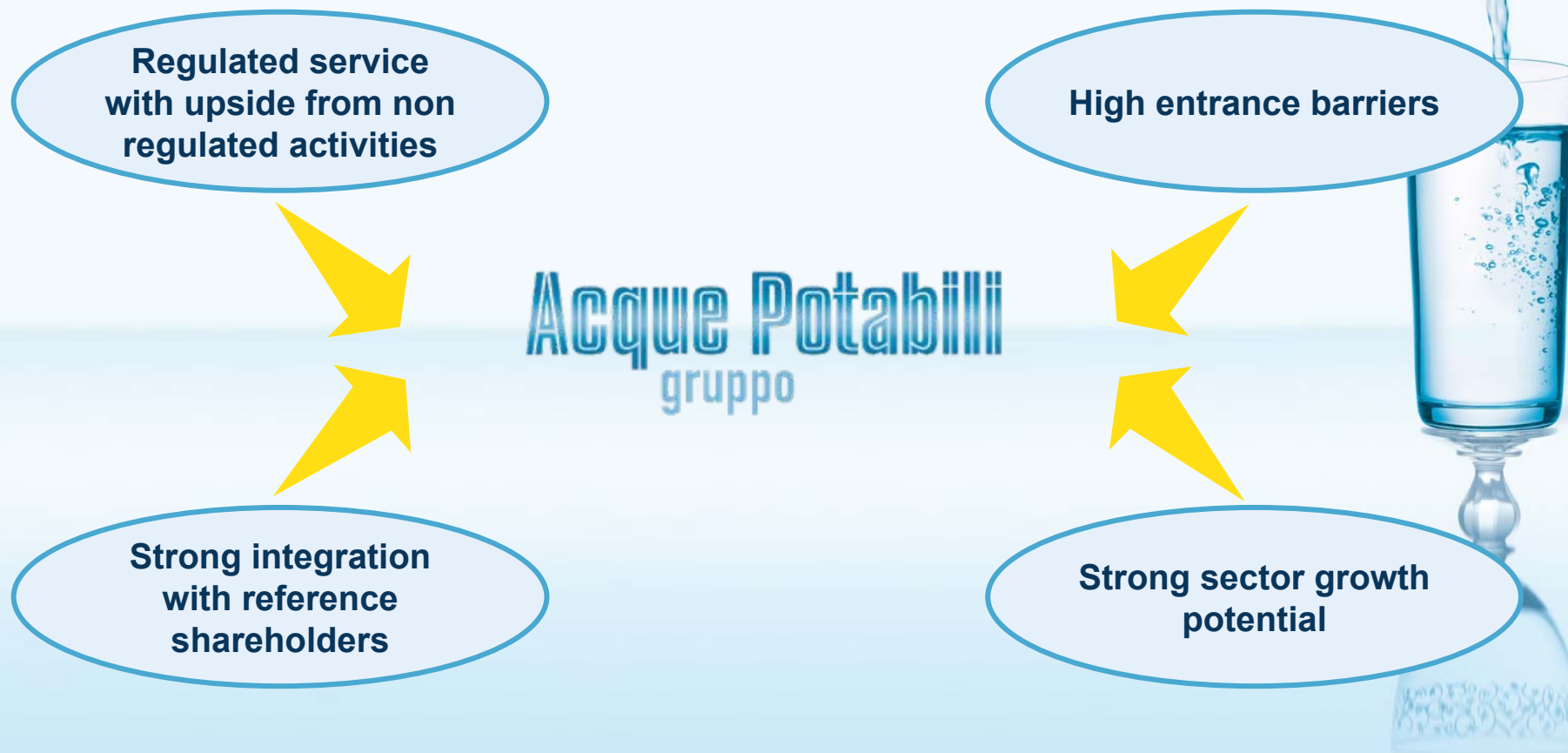
- Acque Potabili is a group that is active in the entire **water cycle** chain (water distribution, sewage disposal and water treatment services).
- 108 municipalities managed\*.
- Approximately 260 thousand customers\*.
- Roughly 823,400\*\* inhabitants served.
- Distribution network of over 5,000 km\*.
- EUR 61M of total revenues\*.
- 88.2M cubic meters of water sold\*.
- 298 employees.



\* 2006 data before assignment of ATO 1 Palermo  
\*\* Acque Potabili calculations based on 2001 Istat data.

## Key Factors of the Business

## Key Factors of the Business.



## Regulated service with *upside* from non regulated activities.

### Water Services / S.I.I. – regulated activity

- Remuneration of investments and costs coverage thanks to the tariff adjustment mechanisms established by the various competent authorities (ATO and CIPE);
- Visibility on cashflow backing company growth in respect of the financial and capital balance.

### Key profitability drivers

- Price cap method with coverage of operating costs and amortization, and which guarantees a real pre-tax return on invested capital of 7%  $[T(n) = (C+A+R)(n-1) \times (1+\Pi+K)]$  (applied in the ATO 1 of Palermo and in a few municipalities thanks to specific agreements).
- CIPE method or, in the absence of an adjustment, definition of opportune agreements provided for by the existing conventions with the granting authorities.

### Ancillary Services - non regulated activity

- Offer of high profitability services related to the investment cycle (project knowledge, project management);
- Offer of specialized services (management of project financing, risk management and support services).

### Key profitability drivers

- High profitability thanks to the high technological content.
- Strong growth potential, given that they are related to investments.

## High Entrance Barriers

**Exceptional know-how thanks to the long history of the Group**

Acque Potabili has been managing and creating infrastructures and technologies to improve water services since 1852.

**Consolidated experience in terms of operating structures**

Acque Potabili serves a catchment area of approximately 820,000 inhabitants, corresponding to some 260,000 customers (2006 data) located in various areas of Italy.

**Long-term concessions**

Acque Potabili is present in 108 municipalities based on long-term concessions, and through Acque Potabili Siciliane, it was assigned a 30-year water services management concession for the ATO 1 Palermo.

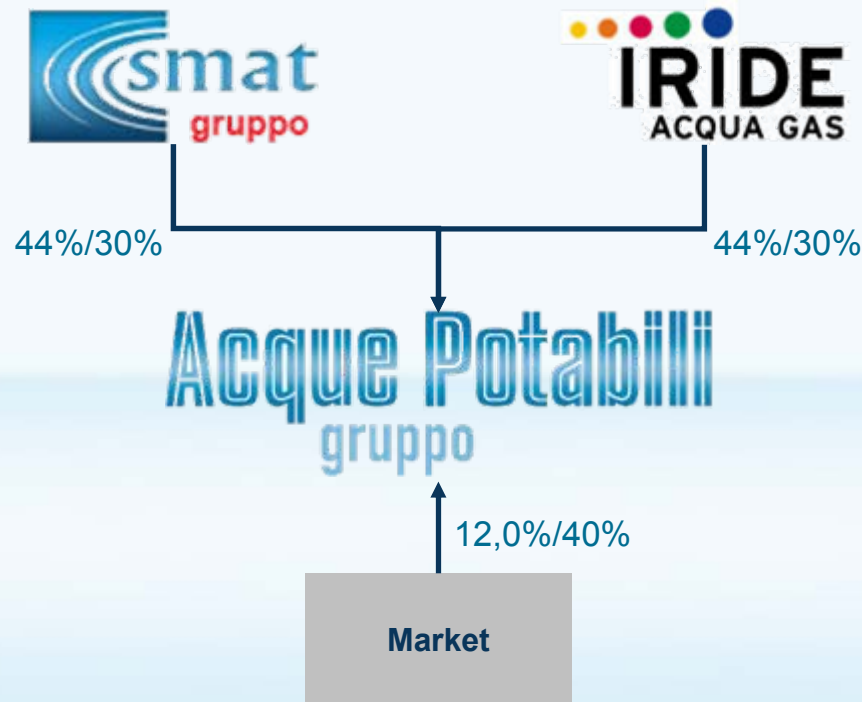
**Ownership of most of the networks managed**

Acque Potabili manages a drinking water distribution network of over 5,000 km and 440 km of sewage networks.

**The high entrance barriers that characterize the water sector and the specific skills of the Group constitute an important competitive edge for Acque Potabili.**



## Strong integration with the activities of reference shareholders.

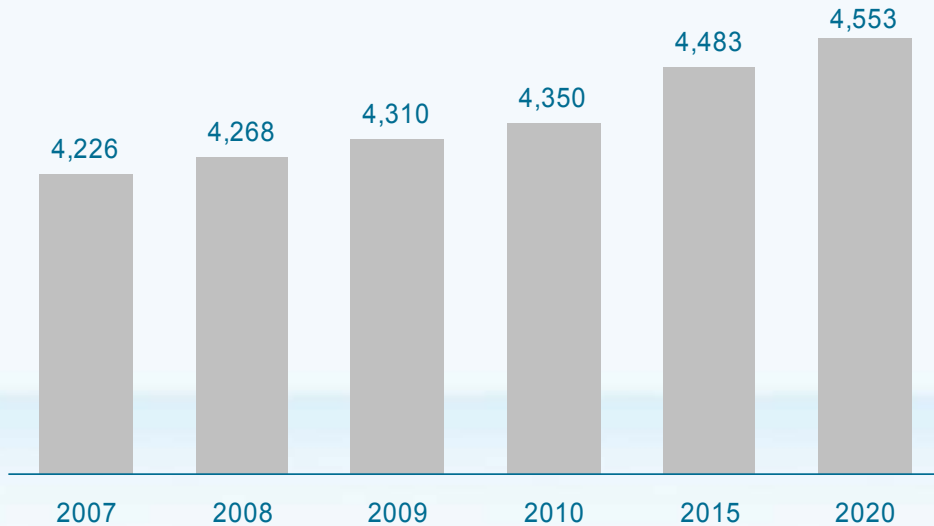


- Shareholders' agreement signed by the two reference shareholders on 14 September 2007 in order to consolidate their investment in Acque Potabili.
- Relevant economies of scale by providing services and know how (SMAT and IRIDE Acqua e Gas are the respective managers of the ATO 3 Turin and of the ATO Genoa).
- Significant support in the expansion of Acque Potabili in terms of participating in and winning bids for the management of new ATO.

**Acque Potabili is also a vehicle for the shareholders SMAT and IRIDE to expand in Italy and abroad.**

## High sector growth prospects.

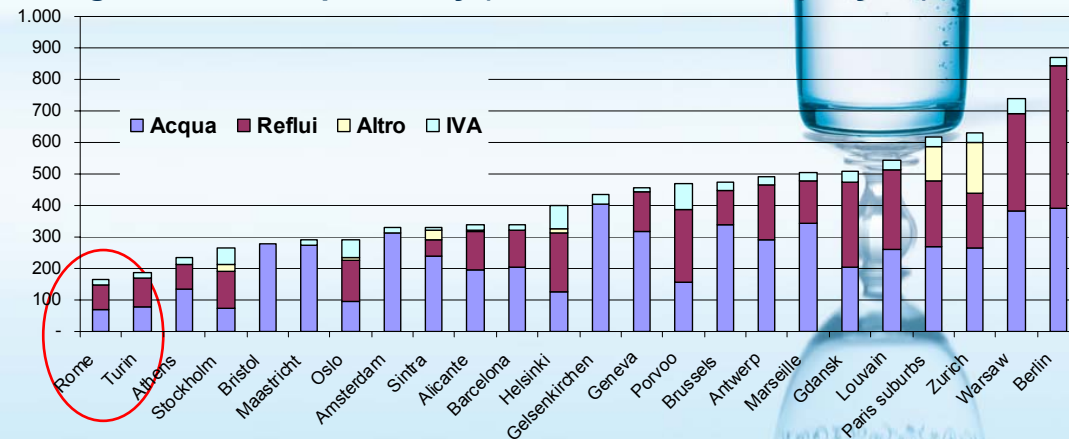
### Civil water consumption (M cubic meters)



Source: Utilitatis, Blue Book 2007 and "Annual Report to Parliament on the State of Water Services and Urban Waste Management" 2005.

- Still fragmented Italian market, with an obsolete water distribution network (37% of the population served by the water distribution network does not have water on a constant basis).
- Service tariffs and costs substantially lower than in the main European cities.

### Average annual cost per family (EUR / 200 c. meters per year)



Source: SMAT Annual International Survey.

**Constant consumption growth coupled with the lack of infrastructures can only be resolved with an investment recovery.**



**Acque Potabili**  
gruppo

**Strategy**

The background of the slide is white, featuring a collection of light blue water droplets and splashes of varying sizes. A prominent, larger splash is located in the upper-middle section, with the word 'Strategy' centered within it. Numerous smaller droplets are scattered across the lower half and right side of the slide, creating a sense of movement and freshness.

## Strategy: internal growth.

### Increase in revenues

Agreement with the Municipal administrations conceding a CIPE tariff recovery plan and/or transfer, where possible, of concessions from the CIPE system to the ATO system (North-West).

### Reduction in operating costs

Step up operating efficiency by reducing the use of third party suppliers of water and reducing network losses, workforce and geographic reorganization (disposal of non “performing” concessions in Calabria and Lazio).

### Improvement in the quality of service

Plant renovation program in order to improve the quality of service and enhance efficiency. The investments are remunerated through a tariff increase in both the area tariff regime and in the CIPE regime.



## Strategy: external growth.

### Partnership

Role of industrial partner when participating in public bids launched by the ATO Authorities and/or in providing services on behalf of new public operators.

### Acquisitions

The acquisition of 45% of ABM Next (company based in Bergamo and active in wholesale water sales) in 2006 is an example.

### Participation in bids

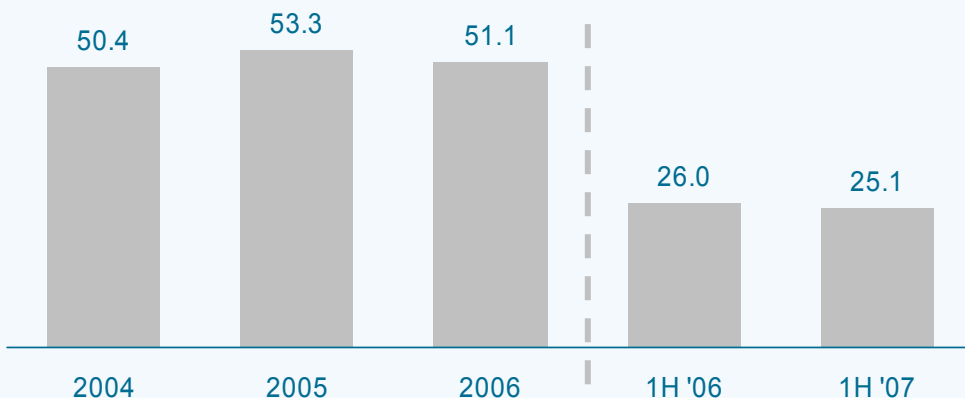
Winning the bid to manage the integrated water system in the ATO 1 of Palermo is an initial result.

**The 2007-2011 business plan provides for approximately EUR 116M of investments, net of public grants and including development of ATO 1 Palermo.**

Water distribution services are the main activity of the Acque Potabili Group (79.5% of revenues at 30 June 2007).

## Water Distribution Services.

### Revenues (EUR M)

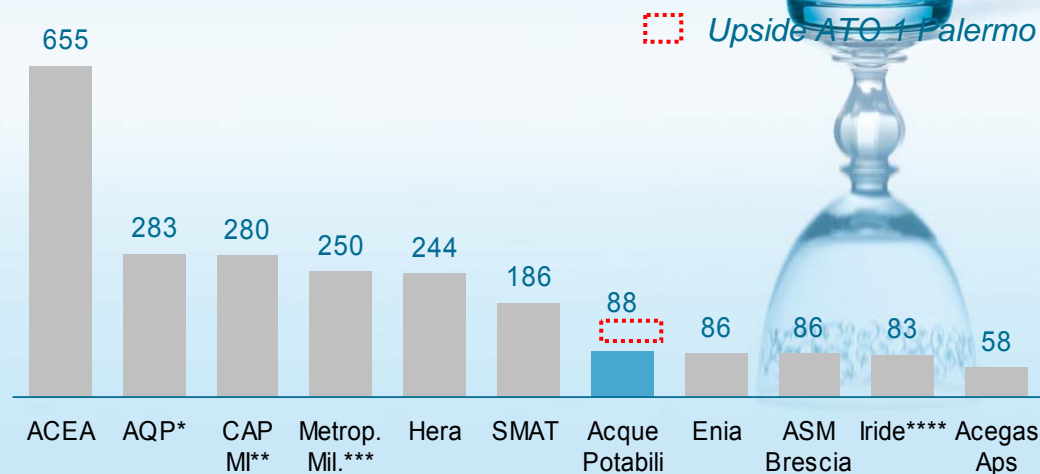


Acque Potabili Group	2004	2005	2006
Municipalities served	107	107	107
Customers	254,185	257,307	260,267
Water run into network (Mcm)	124.5	121.1	122.3
Water invoiced (Mcm)	87.2	89.2	88.2
Water not invoiced (Mcm)	37.3	31.9	34.1
Network losses (%)	30%	26%	28%

### Strategy

- Acque Potabili plans to present its role to the ATO Authority as the Operating Manager with the aim of also integrating purification and sewage services, applying the ATO tariff (ex. ATO of Genoa, ATO Spezzino, ATO Astigiano and ATO Alessandrino). Similar agreements are going to be in place with the ATO of Turin.

### Positioning (Volumes invoiced 2006 – M c. meters)



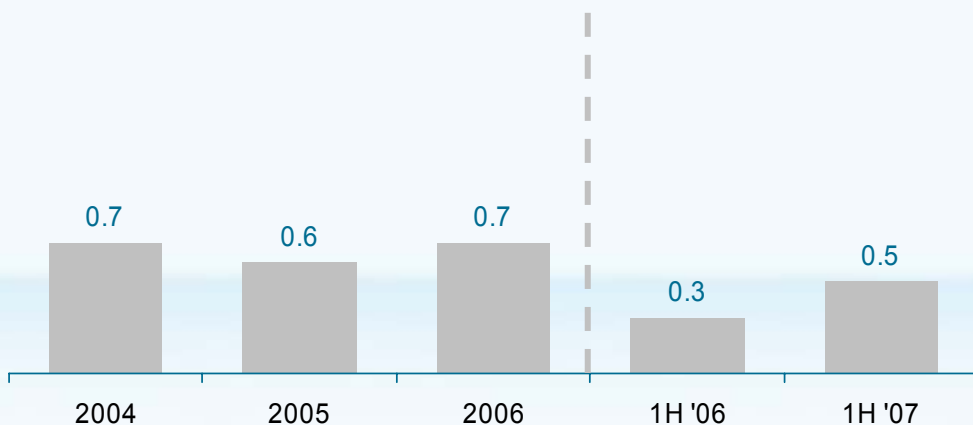
Source: Financial statements and websites of the companies.

\* 2005 figure, volumes inclusive of volumes invoiced to ATO Basilicata; \*\* 2005 figure, drinking water produced, gross of network losses; \*\*\*average water volumes delivered per year; \*\*\*\*Volumes distributed, net of volumes invoiced by Gruppo Acque Potabili, consolidated proportionally by Iride

The Group's know-how, coupled with its consolidated presence in waterworks services, offer growth potential, especially in the North-West area of the country.

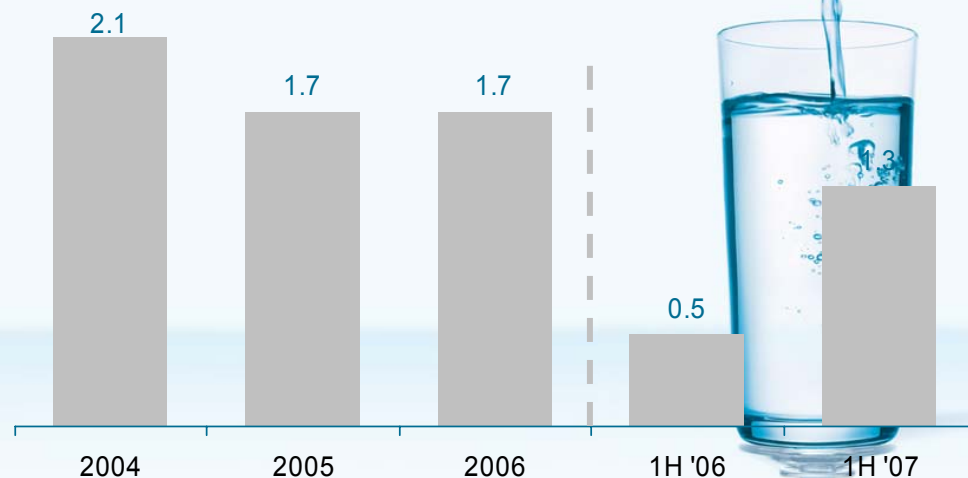
## Sewage and Purification Services.

**Sewage  
Revenues (EUR M)**



Acque Potabili Group	2004	2005	2006
Municipalities served	10	10	10
Customers	36,895	36,895	37,583
Population	99,470	99,470	100,547
Volumes transported (Mcm)	11.7	10.7	11.0

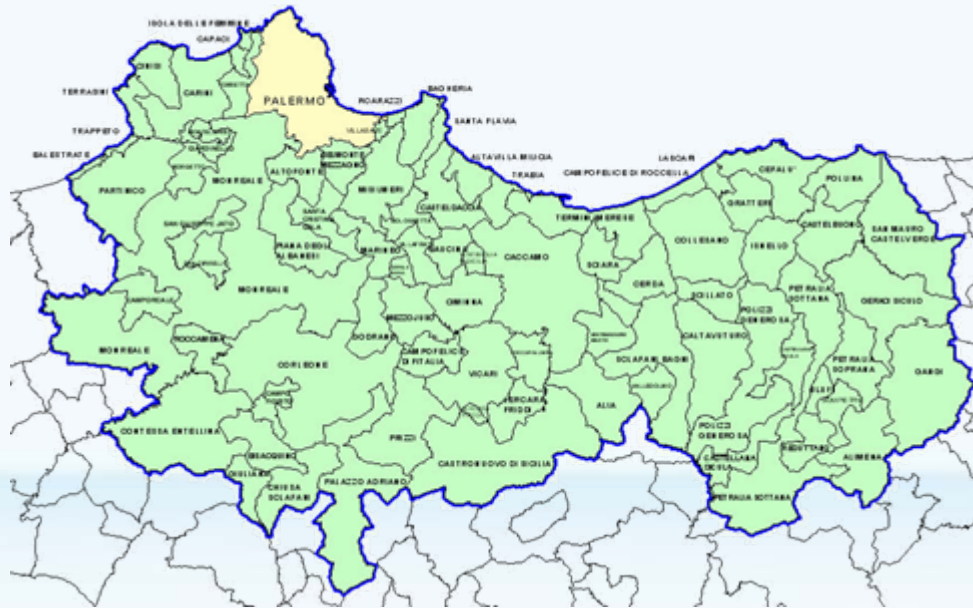
**Water Treatment  
Revenues (EUR M)**



Acque Potabili Group	2004	2005	2006
Municipalities served	13	12	12
Customers	37,266	36,496	37,001
Population	106,531	103,731	103,731
Volumes treated (Mcm)	12.0	11.1	11.5

ATO 1 Palermo will enable the size of the Acque Potabili Group to double.

## ATO 1 Palermo: a new phase of growth.



- **Doubling of the customers served by the Group (from roughly 260,000 to roughly 450,000).**
- 82 municipalities in the Province of Palermo (including the city of Palermo).
- 100Mcm of water production in the first 5 years, 130 Mcm in full swing.
- Close to 1.2M inhabitants (including the city of Palermo in which management of the integrated water system assigned to AMAP is guaranteed until 2021).
- 4,175 km of conveying and distribution networks.
- Sources: 91 wells, 133 springs and 4 diversions of surface water.
- 2,085 km of sewage network that serves some 1M inhabitants.
- 65 purification plants that serve approximately 607,000 inhabitants.

## **Focus ATO 1 Palermo**



In the month of September, management of the first municipalities began.

## **ATO 1 Palermo: growth milestones.**



*26 January 2007: Bid won for management of ATO 1 Palermo*

*27 February 2007:  
Acque Potabili Siciliane founded*

*14 June 2007: Management Agreement signed*

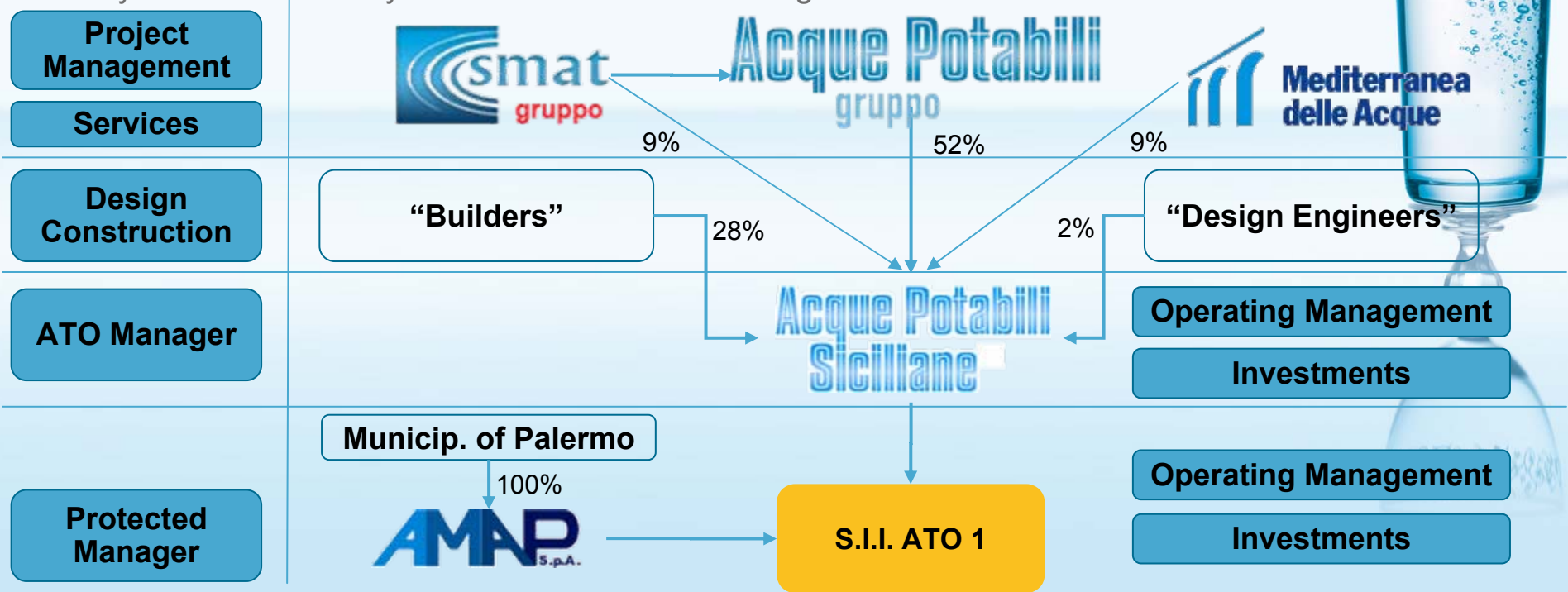
*26 September 2007: first municipalities acquired (26 x roughly 127,000 inhabitants)*





ATO 1 Palermo: Acque Potabili Siciliane and organization of the service.

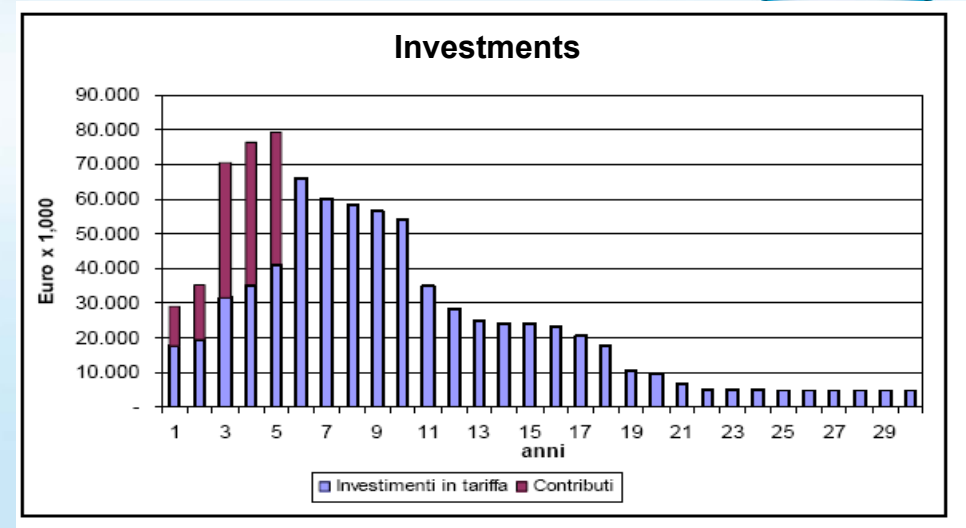
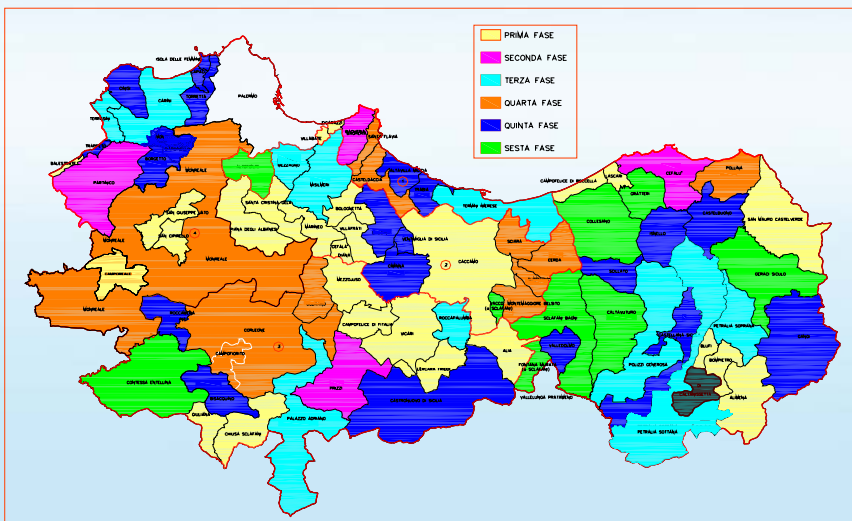
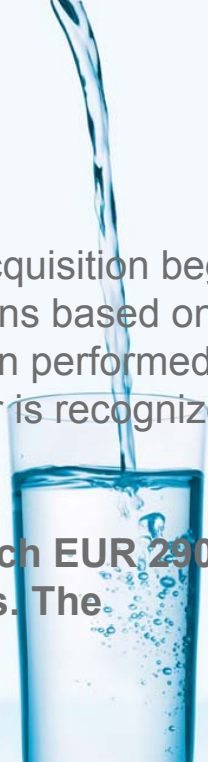
- Acque Potabili Siciliane is the Integrated Service Manager for ATO 1 Palermo, and is obligated to ensure that the intervention program based on the ATO Plan is implemented. The concession has a 30-year duration.
- AMAP, which is controlled by the municipality of Palermo, is protected until 19 October 2021, and is the Operating Manager in the city of Palermo, active in managing dealings with customers, service provision, and ordinary and extraordinary maintenance of the existing infrastructures.



Manager is recognized 50% of efficiency recoveries that beat targets.

## ATO 1 Palermo: the role of Acque Potabili Siciliane (regulated services).

- The territory managed by Acque Potabili Siciliane will be divided into Operating Areas. The acquisition began by taking over the EAS management (Phase One) and will continue per subsequent unifications based on a logic of homogenous growth over a period of close to 18 months. In occasion of the verification performed by the ATO Authority every three years in relation to the performance of operations, the Manager is recognized 50% of efficiency recoveries that exceed the targeted amounts.
- The investment plan proposed at the time of the bid is for EUR 853M in 30 years, of which EUR 290M in the first 5 years. The Plan benefits from EUR 145M of public grants in the first 5 years. The investments are guaranteed a real pre-tax return of 7%.

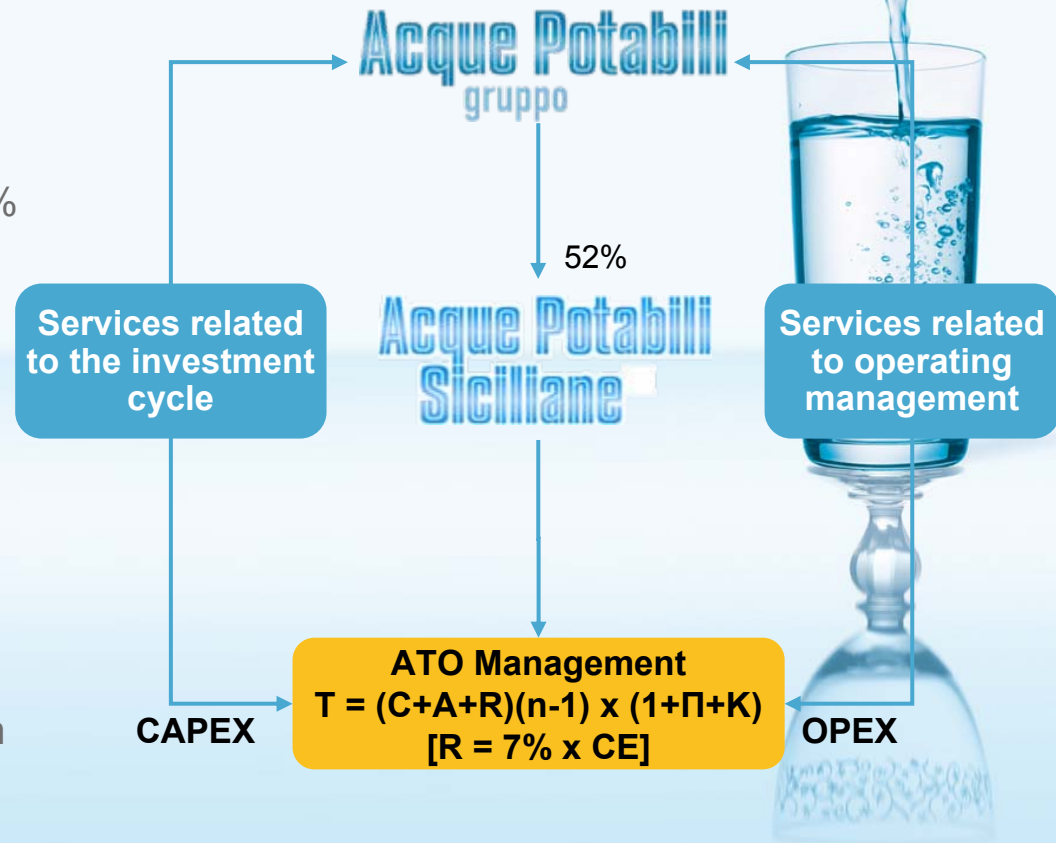


Acque Potabili will be well compensated for the design and coordination activities carried out in ATO 1 Palermo.

## ATO 1 Palermo: the role of Acque Potabili (non regulated services).

Based on the agreements with the shareholders of APS, Acque Potabili carries out the following non regulated activities:

- Coordination and project management activities remunerated by Acque Potabili Siciliane for an amount equal to 10% of the total project cost (75% Acque Potabili, 12.5% SMAT and 12.5% Mediterranea delle Acque);
- Activities relative to “Project Awareness” (EUR 22M provided for in the ATO Plan, 33% under Acque Potabili) with the aim of ascertaining the state of the infrastructures before intervening;
- Implementation and management of project financing and risk management activities, remunerated by Acque Potabili Siciliane based on the average market prices (Acque Potabili lender shareholder).



## **Financial Highlights**

Growth in the first 9 months thanks to a good revenue trend and to operating efficiencies.

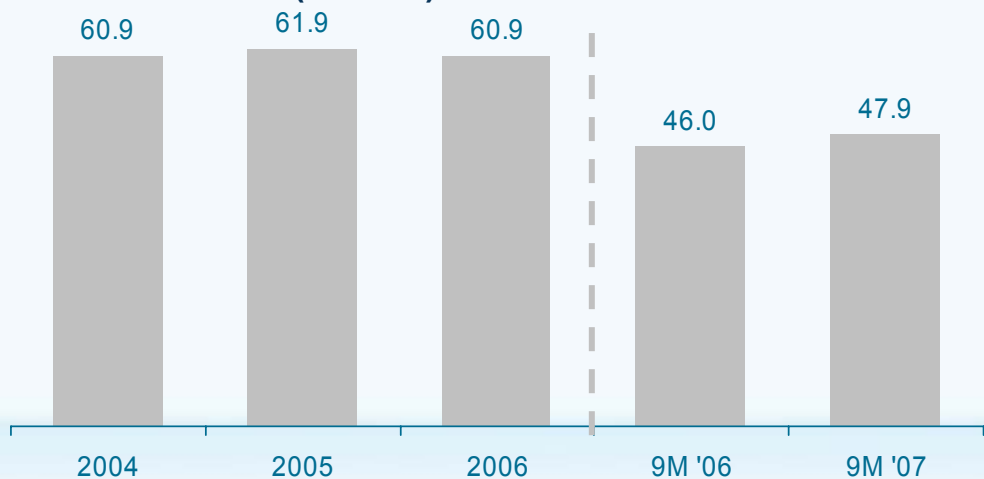
## Results at 30 September 2007.

- Results for the first 9 months of 2007 were positively impacted by the good performance of non regulated activities (EUR +1.6M) and by operating efficiencies, in particular as regards costs for “purchases, services and other costs” (EUR -0.3M) and by the cost of labour (EUR -0.3M). The comparison is not affected by non recurrent income deriving from real estate disposals.
- The income statement, on the other hand, continued to suffer from the non-arrival of a CIPE provision, as a result of which the tariffs charged by the Group are based on the last resolution, no. 131 of 2002.

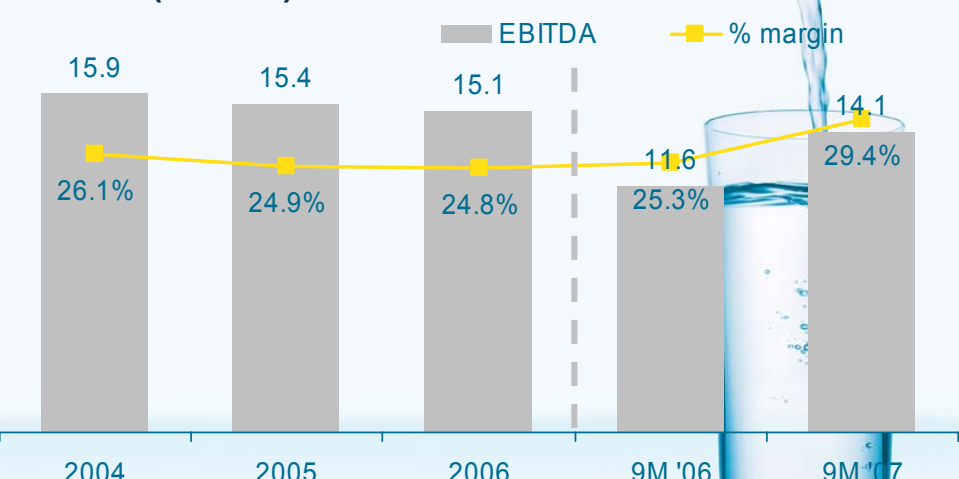
	30 Sept. 2007	30 Sept. 2006	Δ %
Total Revenues	47.9	46.0	4.2%
EBITDA	14.1	11.6	21.1%
EBIT	4.6	2.3	96.0%
Net Profit	0.1	0.0	n.m.
	30 Sept. 2007	31 Dec. 2006	Δ %
Net Financial Debt	67.1	67.0	-

Income Statement Highlights

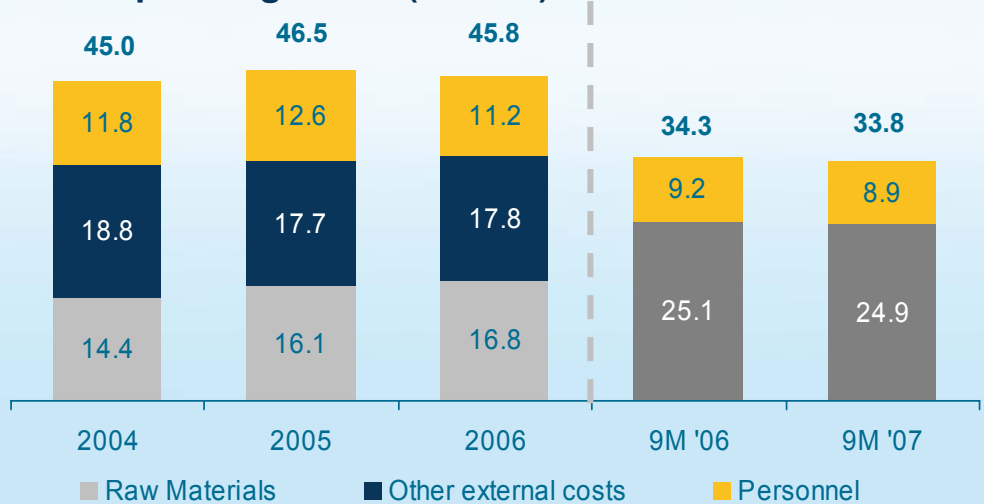
Total Revenues (EUR M)



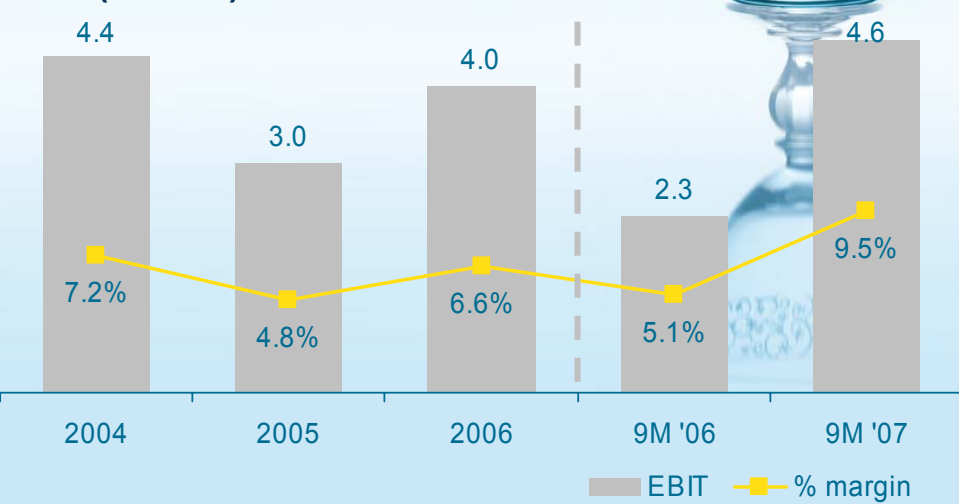
EBITDA (EUR M)



Total Operating Costs (EUR M)

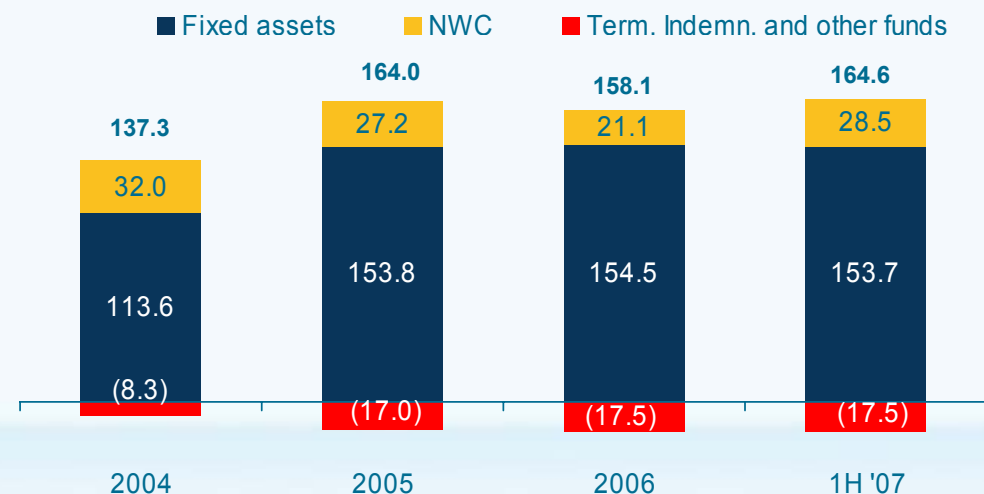


EBIT (EUR M)



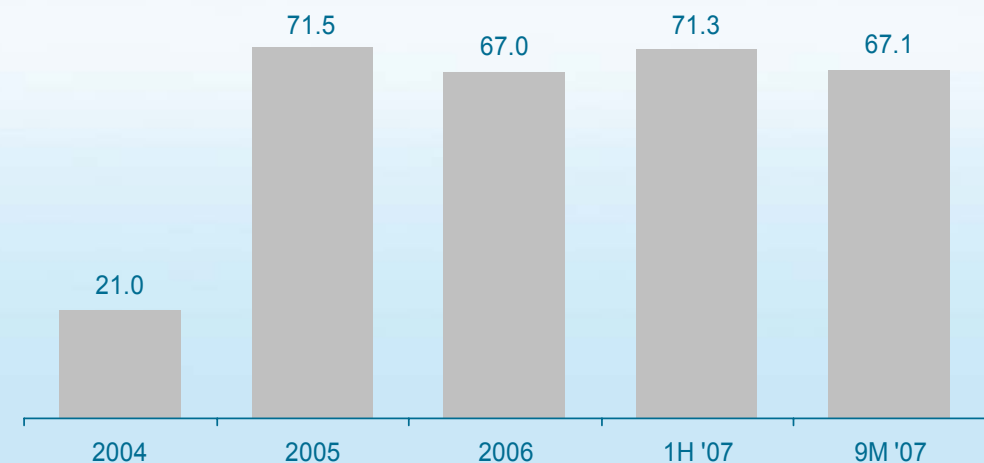
## Balance Sheet Highlights.

### Net Invested Capital (EUR M)



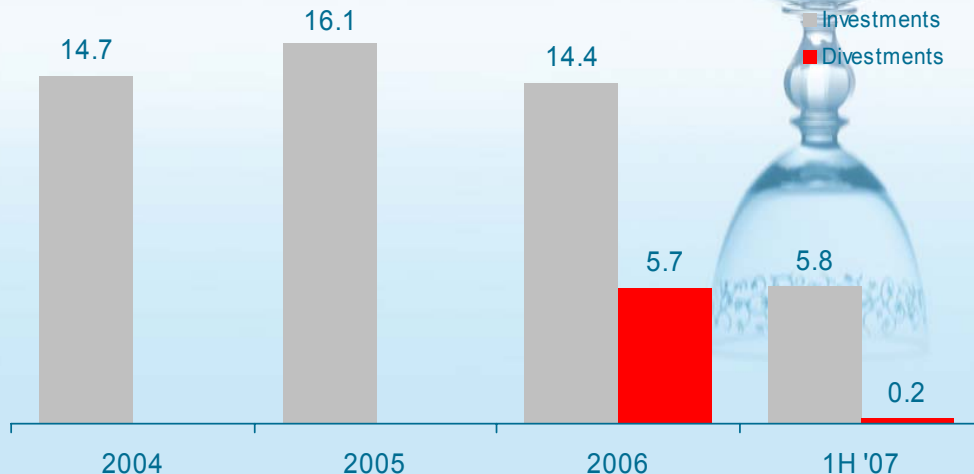
- Starting from 2005, figures were impacted by the merger of Acque Potabili and Nuova SAP.
- A real estate disposal program is underway which, coupled with operating cashflow, will help finance the investments of the Acque Potabili Group.

### Net Financial Debt (EUR M)



Note: 2005 impacted by the merger of Acque Potabili and Nuova SAP.

### CAPEX (EUR M)

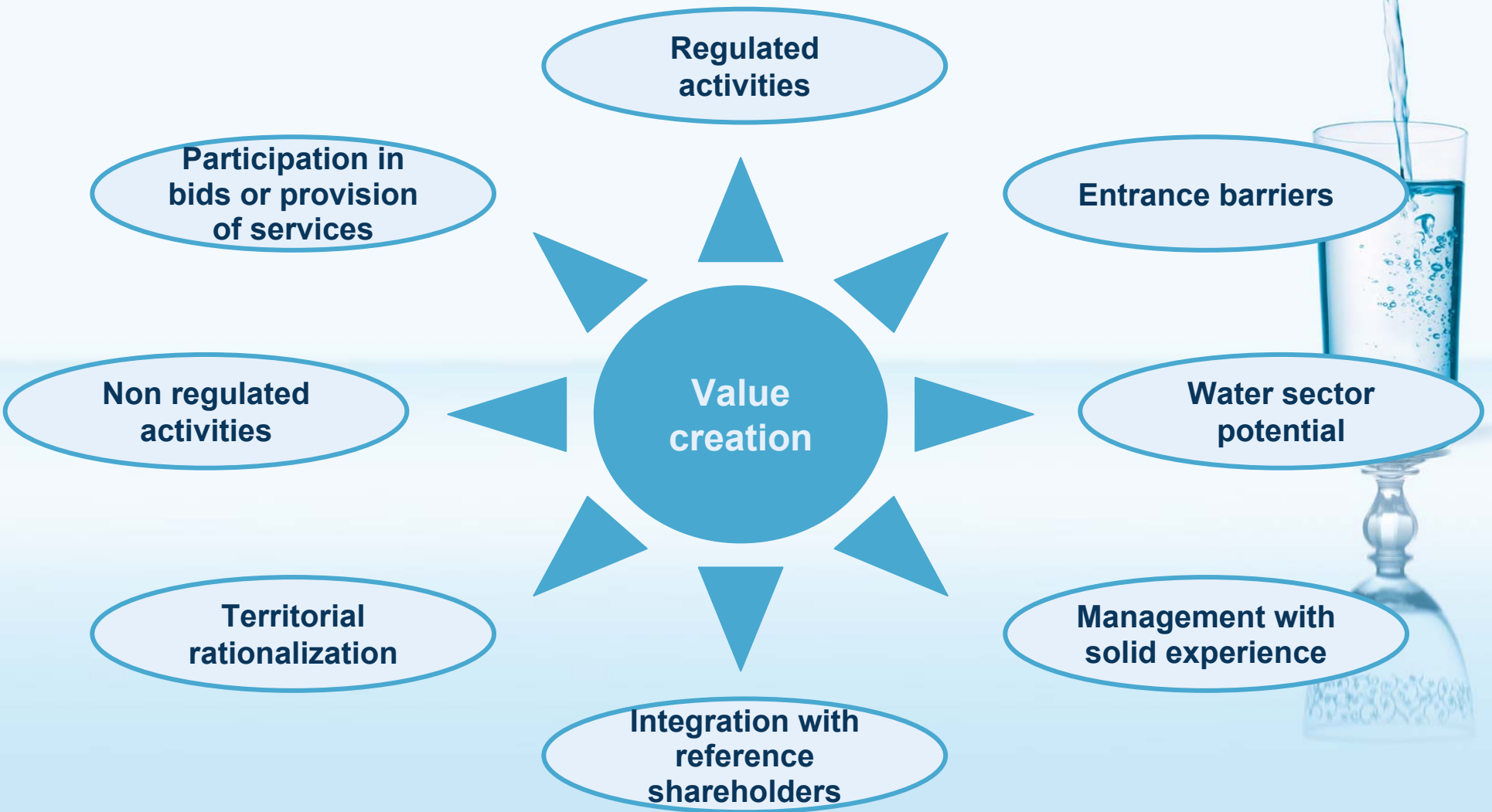




## Closing Remarks



Investment Highlights.



## Appendix

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## Board of Directors and Board of Statutory Auditors.

### Board of Directors.

Position	First and last name	Place of birth	Date of birth
Chairman	Luigi Luzzati	Genoa (GE)	29/09/1953
Deputy Chairman and managing director	Paolo Romano	Lanzo Torinese (TO)	28/05/1943
Managing director	Gianluigi Devoto	Genoa (GE)	16/08/1950
Managing director	Francesco Sava	Udine (UD)	10/01/1972
Director	Roberto Frascinelli	Turin (TO)	21/11/1947
Director	Giorgio Gilli	Turin (TO)	30/05/1947
Director	Armando Manzoni	Genoa (GE)	13/03/1948
Director	Renato Parena	Turin (TO)	11/12/1945
Director *	Alberto Eichholzer	Saluzzo (CN)	07/02/1962

\* Independent Director

### Board of Statutory Auditors.

First and last name	Position	Place and date of birth
Margherita Gardi	Chairman	Turin – 4/10/1946
Franco Giona	Auditor	Cassinelle (AL) – 15/7/1954
Maurizio Giorgi	Auditor	Turin– 6/3/1961
Renato Giorgi	Substitute auditor	Turin– 21/2/1963
Mario Zanoni	Substitute auditor	Lonato (BS) – 3/1/1947

## List of the Distribution Concessions (1/3).

	Municipality	Province	Region	Users	Expiration	Company
1	Alice Bel Colle	Al	Piemonte	507	2023	Issuer
2	Ovada	Al	Piemonte	3.459	2022	Issuer
3	Ricaldone	Al	Piemonte	409	2023	Issuer
4	Sezzadio	Al	Piemonte	680	2024	Issuer
5	Strevi	Al	Piemonte	713	2015	Issuer
6	Visone	Al	Piemonte	704	2016	Issuer
7	Canelli	At	Piemonte	1.802	2021	Issuer
8	Cantarana	At	Piemonte	395	2010	Issuer
9	Ferrere	At	Piemonte	772	2010	Issuer
10	Montafia	At	Piemonte	501	2021	Acquedotto Monferrato
11	Nizza Monferrato	At	Piemonte	1.861	2023	Issuer
12	Villafranca	At	Piemonte	864	2012	Issuer
13	Ceresole D'Alba	Cn	Piemonte	439	2026	Issuer
14	Costigliole Saluzzo	Cn	Piemonte	1.124	2020	Issuer
15	Racconigi	Cn	Piemonte	1.692	2024	Issuer
16	Sanfrè'	Cn	Piemonte	891	2028	Issuer
17	San Pietro Mosezzo	No	Piemonte	764	2023	Issuer
18	Beinasco	To	Piemonte	2.433	[1]	Issuer
19	Bruino	To	Piemonte	2.037	2011	Issuer
20	Candiolo	To	Piemonte	993	2021	Issuer
21	Carmagnola	To	Piemonte	4.817	2013	Issuer
22	Casalborgone	To	Piemonte	850	2011	Acquedotto Monferrato
23	Cascinette	To	Piemonte	501	2009	Issuer
24	Caselle	To	Piemonte	876	2008	Issuer
25	Castagnole	To	Piemonte	590	2028	Issuer
26	Chieri	To	Piemonte	5.137	2007[2]	Issuer
27	Chivasso[3]	To	Piemonte	3.720	2022	Issuer
28	Feletto	To	Piemonte	680	2021	Issuer
29	Lombriasco	To	Piemonte	422	2022	Issuer
30	Nichelino[4]	To	Piemonte	3.765	2022	Issuer
31	None	To	Piemonte	1.273	2021	Issuer
32	Piosasco	To	Piemonte	2.802	2007[5]	Issuer
33	Pralormo	To	Piemonte	682	2007[6]	Issuer
34	Riva Di Chieri	To	Piemonte	1.062	2019	Issuer
35	Rubiana	To	Piemonte	1.314	2009	Issuer
36	San Sebastiano Po	To	Piemonte	783	2022	Acquedotto Monferrato
37	San Secondo	To	Piemonte	1.236	2022	Issuer
38	Sangano	To	Piemonte	997	2006	Issuer
39	Santena	To	Piemonte	1.979	2009	Issuer
40	Torre Pellice	To	Piemonte	1.416	2010	Issuer

## List of the Distribution Concessions (2/3).

	Municipality	Province	Region	Users	Expiration	Company
41	Valdella Torre	To	Piemonte	1.638	2021	Issuer
42	Vigone	To	Piemonte	1.063	2008	Issuer
43	Villar Pellice	To	Piemonte	524	2010	Issuer
44	Villarbasse	To	Piemonte	1.045	2030	Issuer
45	Villastellone	To	Piemonte	955	2000[7]	Issuer
46	Virle	To	Piemonte	392	2010	Issuer
47	Volvera	To	Piemonte	1.543	2004[8]	Issuer
48	Lamporo	Vc	Piemonte	132	2024	Acquedotto Monferrato
49	Camogli	Ge	Liguria	4.779	2022	Issuer
50	Coreglia	Ge	Liguria	179	2023	Issuer
51	Rapallo	Ge	Liguria	9.495	2017	Issuer
52	Zoagli	Ge	Liguria	2.479	2010	Issuer
53	Camporosso	Im	Liguria	4.288	2039	Acquedotto Di Savona
54	Dolceacqua	Im	Liguria	1.725	2026	Acquedotto Di Savona
55	Isolabona	Im	Liguria	530	2027	Acquedotto Di Savona
56	Perinaldo	Im	Liguria	1.257	2032	Acquedotto Di Savona
57	San Biagio Della Cima	Im	Liguria	1.127	2008	Acquedotto Di Savona
58	Seborga	Im	Liguria	400	2035	Acquedotto Di Savona
59	Soldano	Im	Liguria	692	2032	Acquedotto Di Savona
60	Vallebona	Im	Liguria	1.092	2034	Acquedotto Di Savona
61	Vallecrosia	Im	Liguria	5.196	2024	Acquedotto Di Savona
62	Bolano	Sp	Liguria	3.947	2020	Issuer
63	Albissola Marina	Sv	Liguria	1.318	2028	Acquedotto Di Savona
64	Albissola Superiore	Sv	Liguria	2.130	2010	Acquedotto Di Savona
65	Altare	Sv	Liguria	988	2029	Acquedotto Di Savona
66	Bergeggi	Sv	Liguria	961	2029	Acquedotto Di Savona
67	Cairo Montenotte	Sv	Liguria	3.033	2027	Issuer
68	Celle Ligure	Sv	Liguria	3.851	2017	Acquedotto Di Savona
69	Cengio[9]	Sv	Liguria	2.267	2032	Acquedotto Di Savona
70	Noli	Sv	Liguria	2.861	2013	Acquedotto Di Savona
71	Quiliano	Sv	Liguria	1.894	2028	Acquedotto Di Savona
72	Savona	Sv	Liguria	17.532	2028	Acquedotto Di Savona
73	Spotorno	Sv	Liguria	2.024	2009	Acquedotto Di Savona
74	Vado ligure	Sv	Liguria	2.518	2028	Acquedotto Di Savona
75	Varazze	Sv	Liguria	7.171	2029	Acquedotto Di Savona
76	Capriolo	Bs	Lombardia	3.713	2021	Issuer
77	Padenghe sul Garda	Bs	Lombardia	3.405	2019	Issuer
78	Remedello	Bs	Lombardia	1.026	2027	Issuer
79	Rezzato	Bs	Lombardia	3.860	2021	Issuer
80	Arluno	Mi	Lombardia	2.810	2024	Issuer

## List of the Distribution Concessions (3/3).

	Municipality	Province	Region	Users	Expiration	Company
81	Gazzuolo	Mn	Lombardia	482	2022	Issuer
82	Goito	Mn	Lombardia	1.382	2009	Issuer
83	Roverbella	Mn	Lombardia	2.453	2009	Issuer
84	Viadana	Mn	Lombardia	5.248	2022	Issuer
85	Cilavegna	Pv	Lombardia	1.884	2012	Issuer
86	St. Vincent	Ao	Valle d'Aosta	1.233	2008	Issuer
87	Verres	Ao	Valle d'Aosta	1.180	2012	Issuer
88	Adria	Ro	Veneto	9.916	2020	Issuer
89	Affi	Vr	Veneto	1.259	2020	Issuer
90	Torri del Benaco	Vr	Veneto	2.889	2021	Issuer
91	Cortemaggiore	Pc	Emilia	1.553	2021	Issuer
92	Maniago	Pn	Friuli	4.357	2008	Issuer
93	Montereale Valcellina	Pn	Friuli	2.544	2022	Issuer
94	Sabaudia	Lt	Lazio	5.283	2020	Issuer
95	Canterano	Rm	Lazio	357	2024	Issuer
96	Capranica Prenestina	Rm	Lazio	814	2021	Issuer
97	Gerano	Rm	Lazio	949	2020	Issuer
98	Olevano Romano	Rm	Lazio	2.543	2022	Issuer
99	Rocca Canterano	Rm	Lazio	338	2021	Issuer
100	Rocca di Papa	Rm	Lazio	6.329	2019	Issuer
101	Aiello Calabro	Cs	Calabria	823	2021	Issuer
102	Altìlia	Cs	Calabria	431	2021	Issuer
103	Castrolibero	Cs	Calabria	2.631	2016	Issuer
104	Dipignano	Cs	Calabria	1.770	2022	Issuer
105	Luzzi	Cs	Calabria	2.827	2017	Issuer
106	Rende	Cs	Calabria	7.024	2016	Issuer
107	Falerna	Cz	Calabria	3.091	2021	Issuer
108	Crotone	Kr	Calabria	22.895	2023	Issuer

[1] Concession granted indefinitely.

[2] Concession expiring 31 December 2007.

[3] Concession granted through a bid and managed temporarily with Italgas until 13 February 2007; subsequently the concession was acquired directly by the Group.

[4] Concession granted through a bid.

[5] Concession granted for an initial period expired 2 October 2006. On the Prospectus Date, it was still managed de facto by the Group.

[6] Concession granted for an initial period expired 4 December 2006. On the Prospectus Date, it was still managed de facto by the Group.

[7] On the Prospectus Date, the concession, which had an initial expiration of January 2000 and was subsequently extended to 25 September 2005, was still managed de facto by the Group.

[8] The concession had an initial expiration of 2004. Subsequently managed de facto by the Group, the plant was returned to the granting authority on 1 January 2007.

[9] Concession granted through a bid.

# List of the Sewage Disposal and Water Treatment Concessions.

## Sewage Disposal.

	Municipality	Province	Region	Users	Expiration
1	Altilia	CS	Calabria	307	2021
2	Bolano	SP	Liguria	3.338	2020
3	Crotone	KR	Calabria	22.225	2023
4	Luzzi	CS	Calabria	2.420	2017
5	Ovada	AL	Piemonte	2.406	2022 <sup>[1]</sup>
6	Roverbella	MN	Lombardia	2.212	2009
7	Sanfrè	CN	Piemonte	796	2006
8	Torri del Benaco	VR	Veneto	2.200	2021
9	Virle Piemonte	TO	Piemonte	362	2012
10	Volvera	TO	Piemonte	1.317	2004 <sup>[2]</sup>

[1] The concession had an initial expiration of 31 January 2007. On the Prospectus Date, it had been extended until 2022.

[2] The concession had an initial expiration of 2004. Subsequently managed de facto by the Group, the plant was returned to the granting authority on 1 January 2007.

## Water Treatment.

	Municipality	Province	Region	Users	Expiration
1	Altilia	CS	Calabria	308	2021
2	Bolano	SP	Liguria	3.384	2020
3	Crotone	KR	Calabria	21.934	2023
4	Lombriasco	TO	Piemonte	397	2022
5	Luzzi	CS	Calabria	2.420	2017
6	Ovada	AL	Piemonte	2.417	2022 <sup>[1]</sup>
7	Roverbella	MN	Lombardia	2.216	2009
8	Sanfrè	CN	Piemonte	795	2006
9	Strevi	AL	Piemonte	526	2006
10	Villastellone	TO	Piemonte	933	2004 <sup>[2]</sup>
11	Virle Piemonte	TO	Piemonte	362	2012
12	Volvera	TO	Piemonte	1.309	2004 <sup>[3]</sup>

[1] The concession had an initial expiration of 31 January 2007. On the Prospectus Date, it had been extended until 2022.

[2] On the Prospectus Date, it was still managed de facto by the Group.

[3] The concession had an initial expiration of 2004. Subsequently managed de facto by the Group, it was returned to the granting authority on 1 January 2007.

## List of the ATO 1 Palermo Municipalities (1/2).

	Municipality	Resident inhabitants (ISTAT 2001)	Residents served by distribution service	Residents served by sewage service	Residents served by purification service
1	<i>Alia</i>	4.184	4.184	2.720	2.717
2	<i>Alimena</i>	2.494	2.494	2.494	2.469
3	<i>Aliminusa</i>	1.363	1.363	1.363	1.334
4	<i>Altavilla Milicia</i>	5.252	5.252	4.727	4.731
5	<i>Altofonte</i>	9.193	9.193	9.009	–
6	<i>Bagheria</i>	50.854	50.345	50.854	50.321
7	<i>Balestrate</i>	5.693	5.693	4.554	4.549
8	<i>Baucina</i>	2.031	2.031	1.828	–
9	<i>Belmonte Mezzagno</i>	10.322	10.322	10.322	–
10	<i>Bisacquino</i>	5.205	5.205	5.101	5.116
11	<i>Blufi</i>	1.208	1.208	1.087	–
12	<i>Bolognetta</i>	3.472	3.472	3.472	–
13	<i>Bompietro</i>	1.754	1.754	1.228	–
14	<i>Borgetto</i>	6.242	6.242	4.994	4.368
15	<i>Caccamo</i>	8.524	8.524	7.245	8.526
16	<i>Caltavuturo</i>	4.570	4.524	4.524	4.525
17	<i>Campofelice di Fitalia</i>	609	609	609	595
18	<i>Campofelice di Roccella</i>	5.748	5.748	5.748	5.506
19	<i>Campofiorito</i>	1.401	1.401	1.401	–
20	<i>Camporeale</i>	3.716	3.716	3.344	2.598
21	<i>Capaci</i>	10.164	10.164	4.066	–
22	<i>Carini</i>	25.730	25.730	20.584	19.572
23	<i>Castelbuono</i>	9.648	9.455	8.683	5.784
24	<i>Casteldaccia</i>	9.022	8.842	6.315	6.239
25	<i>Castellana Sicula</i>	3.833	3.833	3.756	3.752
26	<i>Castronovo di Sicilia</i>	3.419	3.419	3.419	3.409
27	<i>Cefalà Diana</i>	992	992	893	893
28	<i>Cefalù</i>	13.789	13.375	10.342	9.642
29	<i>Cerda</i>	5.377	5.377	5.323	–
30	<i>Chiusa Sclafani</i>	3.302	3.302	2.642	2.634
31	<i>Ciminna</i>	3.986	3.986	3.787	–
32	<i>Cinisi</i>	10.253	10.253	5.127	–
33	<i>Collesano</i>	4.253	4.253	4.040	4.041
34	<i>Contessa Entellina</i>	1.985	1.985	1.787	1.981
35	<i>Corleone</i>	11.393	11.393	10.937	9.625
36	<i>Ficarazzi</i>	9.418	9.230	8.476	8.473,5
37	<i>Gangi</i>	7.614	7.462	7.614	7.602
38	<i>Geraci Siculo</i>	2.105	2.105	2.105	–
39	<i>Giardinello</i>	1.900	1.805	1.615	1.607
40	<i>Giuliana</i>	2.305	2.305	2.075	2.073
41	<i>Godrano</i>	1.147	1.147	1.147	1.146





## List of the ATO 1 Palermo Municipalities (2/2).

	Municipality	Resident inhabitants (ISTAT 2001)	Residents served by distribution service	Residents served by sewage service	Residents served by purification service
42	Gratteri	1.079	1.079	1.079	–
43	Isnello	1.923	1.923	1.635	–
44	Isola delle Femmine	6.208	6.208	6.208	6.118
45	Lascari	3.132	3.132	2.819	2.813
46	Lercara Friddi	7.392	7.392	7.392	4.210
47	Marineo	6.956	6.956	5.913	5.906
48	Mezzojuso	3.058	3.058	3.058	–
49	Misilmeri	23.109	22.647	23.109	18.360
50	Monreale	31.964	31.964	28.768	21.940
51	Montelepre	6.168	6.045	6.168	6.123
52	Montemaggiore Belsito	3.866	3.866	3.866	3.866
53	Palazzo Adriano	2.530	2.530	2.479	2.527
54	Palermo	686.722	686.722	549.378	228.424
55	Partinico	31.003	31.003	27.903	27.544
56	Petralia Soprana	3.688	3.688	3.614	2.027
57	Petralia Sottana	3.311	3.311	3.311	8.612
58	Piana degli Albanesi	6.227	6.227	6.227	5.282
59	Polizzi Generosa	4.169	4.169	4.169	4.142
60	Pollina	3.120	3.058	3.058	3.060
61	Prizzi	5.711	5.711	5.711	5.711
62	Roccamena	1.793	1.793	1.255	–
63	Roccapalunba	2.842	2.842	2.785	2.786
64	San Cipirello	5.016	5.016	4.514	–
65	San Giuseppe Jato	8.349	8.266	7.932	–
66	San Mauro Castelverde	2.166	2.101	2.101	2.097
67	Santa Cristina Gela	865	865	848	733
68	Santa Flavia	9.535	9.249	6.675	–
69	Sciara	2.718	2.664	2.582	2.576
70	Scillato	706	706	706	706
71	Sclafani Bagni	506	506	506	–
72	Termini Imerese	26.958	26.419	26.958	12.356
73	Terrasini	10.686	10.686	6.412	6.326
74	Torretta	3.468	3.468	3.468	–
75	Trabia	8.252	8.252	8.252	7.870
76	Trappeto	2.770	2.715	1.939	1.940
77	Ustica	1.335	1.335	1.295	1.077
78	Valledolmo	4.147	4.064	3.732	–
79	Ventimiglia di Sicilia	2.192	2.148	1.973	1.974
80	Vicari	3.077	3.015	2.769	2.768
81	Villabate	18.371	18.371	18.371	18.372
82	Villafrati	3.365	3.365	3.365	3.364



## Income Statement.

(000/Euro)	30.06.07	% on Revenues	30.06.06	% on Revenues	2006	% on Revenues	2005	% on Revenues	2004	% on Revenues
Water distribution revenues	25.056	79,5%	25.959	85,9%	51.138	84,0%	53.265	86,1%	50.442	82,8%
Sewage services revenues	1.284	4,1%	538	1,8%	658	1,1%	578	0,9%	742	1,2%
Water treatment services revenues	477	1,5%	342	1,1%	1.733	2,8%	1.744	2,8%	2.101	3,4%
<b>Revenues</b>	<b>26.817</b>	<b>85,1%</b>	<b>26.839</b>	<b>88,8%</b>	<b>53.529</b>	<b>87,9%</b>	<b>55.587</b>	<b>89,8%</b>	<b>53.285</b>	<b>87,4%</b>
Other income	4.706	14,9%	3.381	11,2%	7.363	12,1%	6.282	10,2%	7.647	12,6%
<b>Total revenues</b>	<b>31.523</b>	<b>100,0%</b>	<b>30.219</b>	<b>100,0%</b>	<b>60.892</b>	<b>100,0%</b>	<b>61.869</b>	<b>100,0%</b>	<b>60.932</b>	<b>100,0%</b>
Raw materials and changes in inventories	(8.806)	(25,7)%	(7.920)	(26,2)%	(17.355)	(28,5)%	(16.817)	(27,2)%	(15.373)	(25,2)%
Services costs	(7.490)	(23,8)%	(7.779)	(25,7)%	(16.252)	(26,7)%	(17.053)	(27,6)%	(17.944)	(29,4)%
Personnel costs	(7.017)	(22,3)%	(7.114)	(23,5)%	(14.492)	(23,8)%	(15.226)	(24,6)%	(14.330)	(23,5)%
Rental and leasing and other operating costs	(2.471)	(7,8)%	(2.172)	(7,2)%	(4.422)	(7,3)%	(2.790)	(4,5)%	(2.893)	(4,7)%
Capitalisation of internal costs	2.977	9,4%	2.378	7,9%	6.724	11,0%	5.392	8,7%	5.528	9,1%
Total operating costs	(22.086)	(70,1)%	(22.607)	(74,8)%	(45.796)	(75,2)%	(46.494)	(75,1)%	(45.012)	(73,9)%
<b>Gross operating income</b>	<b>9.437</b>	<b>29,9%</b>	<b>7.612</b>	<b>25,2%</b>	<b>15.096</b>	<b>24,8%</b>	<b>15.375</b>	<b>24,9%</b>	<b>15.920</b>	<b>26,1%</b>
Depreciation and amortisation and impairment of non-current assets	(6.212)	(19,7)%	(6.097)	(20,2)%	(12.432)	(20,4)%	(12.114)	(19,6)%	(11.605)	(19,0)%
Gain / (losses) on disposal of non-current assets	-	-	(3)	(0,0)%	1.332	2,2%	(270)	(0,4)%	86	0,1%
<b>Operating income</b>	<b>3.225</b>	<b>10,2%</b>	<b>1.511</b>	<b>5,0%</b>	<b>3.996</b>	<b>6,6%</b>	<b>2.991</b>	<b>4,8%</b>	<b>4.401</b>	<b>7,2%</b>
Financial income /(expenses), net	(2.212)	(7,0)%	(1.461)	(4,8)%	(3.475)	(5,7)%	(1.996)	(3,2)%	(702)	(1,2)%
<b>Net income before income tax expense</b>	<b>1.014</b>	<b>3,2%</b>	<b>51</b>	<b>0,2%</b>	<b>521</b>	<b>0,9%</b>	<b>995</b>	<b>1,6%</b>	<b>3.699</b>	<b>6,1%</b>
Income tax expense and deferred taxes	(931)	(3,0)%	(10)	0,0%	(1.547)	(2,5)%	(993)	(1,6)%	(2.128)	(3,5)%
<b>Net income</b>	<b>83</b>	<b>0,3%</b>	<b>41</b>	<b>0,1%</b>	<b>(1.026)</b>	<b>(1,7)%</b>	<b>2</b>	<b>0,0%</b>	<b>1.571</b>	<b>2,6%</b>

## Balance Sheet – Assets.

ASSETS	30.06.07	31.12.06	31.12.05	31.12.04
Property, plant and equipment	126.368	126.263	126.050	110.924
Investment properties	7.639	7.720	9.780	2.138
Goodwill	17.470	17.470	17.470	-
Other intangible assets	486	580	428	433
Investments in associates	1.323	1.420	-	-
Other equity investments	99	99	99	99
Non-current financial receivables and other non-current financial assets	304	951	-	-
Other non-current receivables and other non-current assets	10.212	10.230	10.191	10.248
Deferred tax assets	-	-	72	105
<b>Total non-current assets</b>	<b>163.900</b>	<b>164.733</b>	<b>164.090</b>	<b>123.947</b>
Inventories	819	785	675	631
Trade receivables	83.133	69.706	58.875	60.613
Other current receivables and other current assets	5.827	5.972	6.216	4.046
Other investments	-	-	1.051	-
Current financial receivables and other current financial assets	741	-	-	-
Cash and cash equivalents	9.749	15.597	10.062	6.027
<b>Total current assets</b>	<b>100.269</b>	<b>92.060</b>	<b>76.879</b>	<b>71.317</b>
<b>Total assets</b>	<b>264.169</b>	<b>256.793</b>	<b>240.969</b>	<b>195.264</b>

## Balance Sheet – Equity and Liabilities.

EQUITY AND LIABILITIES	30.06.07	31.12.06	31.12.05	31.12.04
Share Capital	2.525	2.525	2.525	4.076
Reserves and retained earnings (excluding Treasury shares)	90.705	89.517	90.012	110.656
Net income/(loss) for the period	83	(1.026)	2	1.571
<b>Shareholders' equity</b>	<b>93.313</b>	<b>91.016</b>	<b>92.539</b>	<b>116.303</b>
Long –term borrowings	59.235	63.910	-	-
Employee benefit liability	4.530	4.856	4.454	3.977
Deferred tax liabilities	10.272	9.838	9.744	1.686
Provisions for risks and charges	2.705	2.839	2.758	2.590
Other non-current payables and other non-current liabilities	5.693	5.702	5.517	5.457
<b>Total non-current liabilities</b>	<b>82.434</b>	<b>87.145</b>	<b>22.473</b>	<b>13.710</b>
Short –term borrowings	22.575	18.736	82.606	27.029
Trade payables	44.564	38.275	29.850	26.290
Other current payables and other current liabilities	20.253	20.663	13.142	11.308
Tax payables	1.030	958	359	624
<b>Total current liabilities</b>	<b>88.423</b>	<b>78.632</b>	<b>125.957</b>	<b>65.251</b>
<b>Total liabilities</b>	<b>170.857</b>	<b>165.777</b>	<b>148.430</b>	<b>78.961</b>
<b>Total shareholders' equity and liabilities</b>	<b>264.169</b>	<b>256.793</b>	<b>240.969</b>	<b>195.264</b>

## Cash Flow Statement.

(000/Euro)	30.06.07	30.06.06	2006	2005	2004
Net cash provided by/ (used in) operating activities	(1.544)	(73)	16.013	19.242	(2.855)
Net cash used in investing activities	(5.682)	(6.357)	(10.021)	(17.128)	(14.728)
Net cash provided by financing activities	1.379	7.058	(457)	1.921	15.558
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(5.848)</b>	<b>774</b>	<b>5.535</b>	<b>4.035</b>	<b>(2.025)</b>
Cash and cash equivalents at the beginning of the period	15.597	10.062	10.062	6.027	8.052
<b>Cash and cash equivalents at the end of the period</b>	<b>9.749</b>	<b>10.836</b>	<b>15.597</b>	<b>10.062</b>	<b>6.027</b>