



3Q2005

Hera Group presentation



Maintaining growth through internal and external development

Value of Prod. +25.1%
Mainly driven by oil prices increase

Ebitda +18.3%

Results were **achieved thanks to external and internal development**, fully off setting energy distribution tariffs reduction.

IAS had substantially a neutral impact

Ebit +18.4%

Benefits from IAS introduction (23 ml € benefit)

Pre tax Profit +7.1%

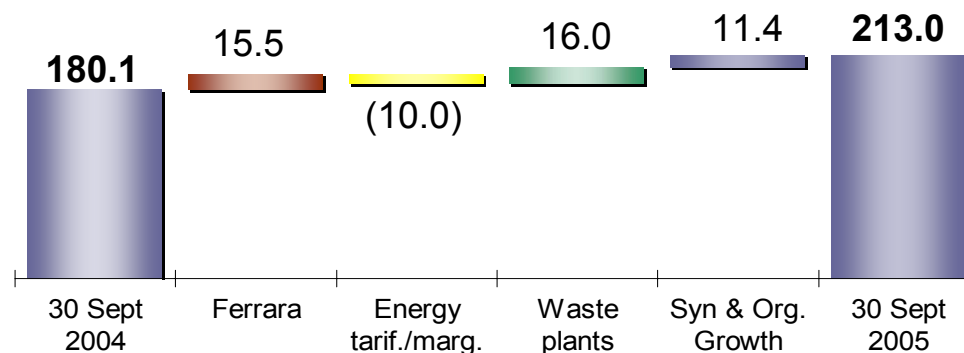
Interests expenses are affected by temporary change in NWC and IAS Adj (4 mln€)

mln euro	30 Sept 2004*	%	30 Sept 2005	%	Inc. %
Value of Prod	1,065.7	100%	1,333.7	100%	25.1%
Operating cost	(741.9)	(69.6%)	(948.2)	(71.1%)	27.8%
Personnel cost	(143.7)	(13.5%)	(172.5)	(12.9%)	20.0%
Ebitda	180.1	16.9%	213.0	16.0%	18.3%
Amm. & Depr.	(75.8)	(7.1%)	(89.5)	(6.7%)	18.1%
Ebit	104.3	9.8%	123.5	9.3%	18.4%
Interest & Adj.	19.4	(1.8%)	(32.6)	(2.4%)	68.0%
Pre tax Profit	84.9	8.0%	90.9	6.8%	7.1%

* Adjusted in accordance with IAS

Group Ebitda build up

Mln €



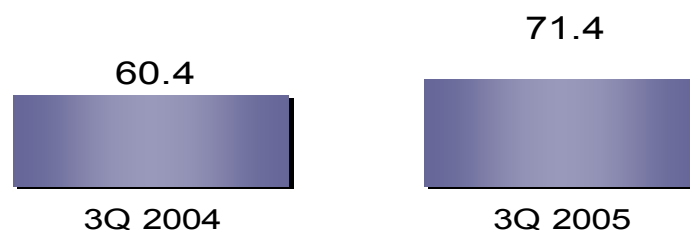
Net Working Capital better management funds 3rd Q investments

Investments +71.4 mln €

Investments realised 71.4 mln € in 3rd quarter 2005.

Financial investments of 10 mln € mainly related to energy businesses

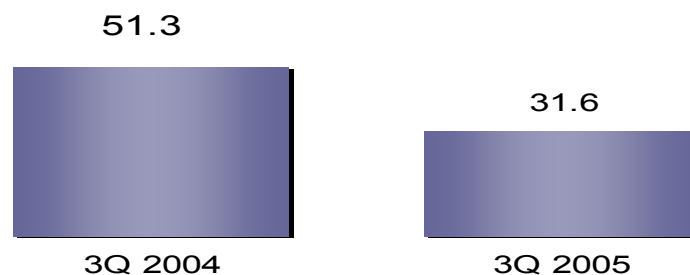
Capex & Investments in 3rd Q *Mln €*



NFP + 31.6 mln €

Net financial Position increase by 31.6 mln€ in third quarter 2005 (despite high investments) thanks to positive operating cash flows.

Net Financial Position increase in 3rd Q *Mln €*



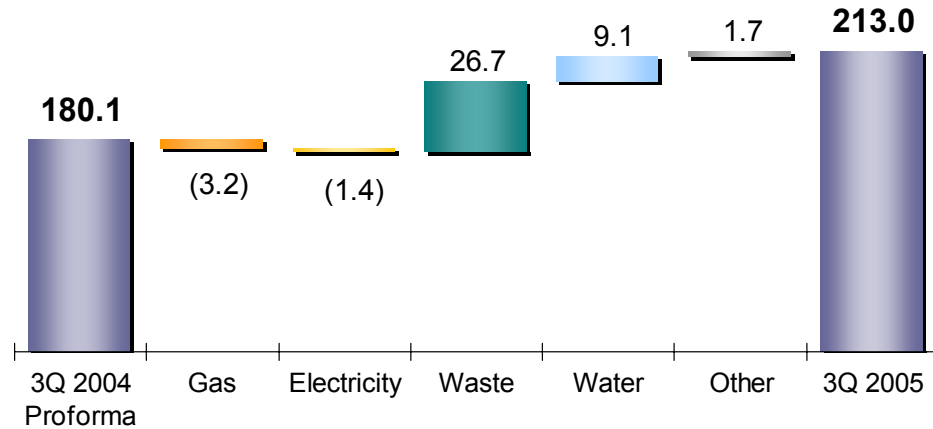
Hera Business portfolio guarantee significant growth rates

Breakdown by business

- In **Gas and Electricity** business distribution tariff reduction were partially off set by Group expansion with Ferrara merger.
- Step up in **Waste business** underpinned by new operating assets (FEA and C.E. of Ravenna WTE plants) and by Ferrara contribution.
- **Water business** performed well despite low seasonal benefits coming from a “raining summer”.

Ebitda Growth: Breakdown by business

Mln €



Waste plant strengthening and efficiency gains in Water and in Other business off set energy tariff decrease

Hera portfolio business is well balanced

Sales breakdown

Gas and Electricity sales were up mainly thanks to Oil prices

ATO tariff increase partially compensate energy tariff reduction

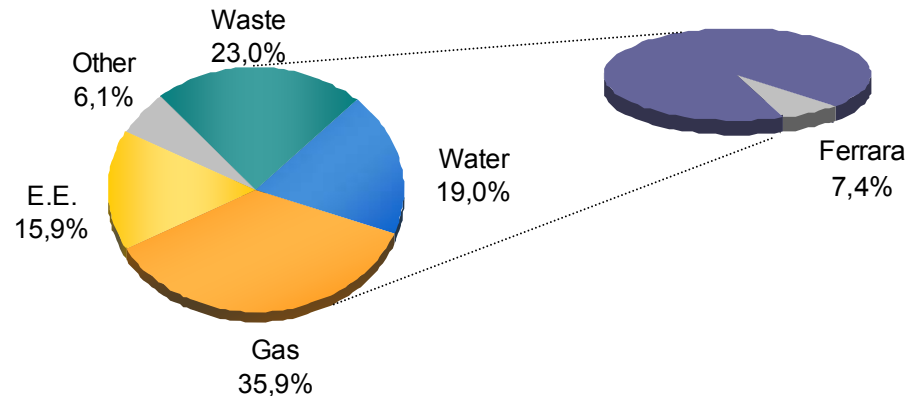
Ferrara merger contributed to all main business

Ebitda breakdown

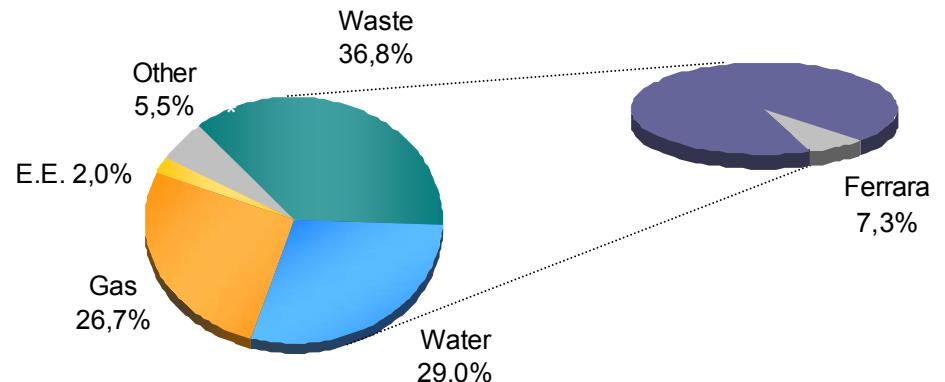
Balanced contribution to EBITDA from all main business.

Waste sector is progressively increasing its contribution to Group Ebitda, in line with business plan

Sales breakdown by business



Ebitda breakdown by business



Waste business is the best performer with +32% cagr. in 2 years

Value of prod. + 26.6 %

The expansion of plant capacity and the reorganisation of Special Waste activities allowed a major increase of turnover.

Ferrara contributed for about 21.8 mln€

Ebitda +51.6 %

Increase is mainly related to New Fea and C.E. of Ravenna plants (16 mln €)

Ferrara contributed for about 5.5 mln€

Significant increase in Ebitda margin (+ 430 bp)

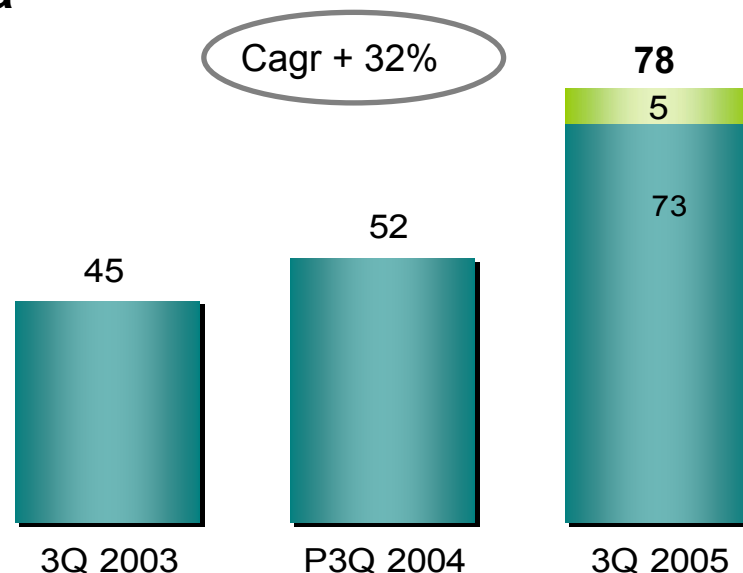
WASTE	3Q2004*	%	3Q 2005	%	Inc. %
Value of Prod	241.1	100%	305.3	100%	26.6%
Operating cost	(129.5)	(53.7%)	(153.3)	(50.2%)	18.4%
Personnel cost	(59.9)	(24.8%)	(73.6)	(24.1%)	22.9%

* Adjusted in accordance with IAS

Ebitda

Mln €

Ferrara
Hera



Well performing despite the raining summer

Value of prod. +19.7 %

Ferrara contributed for about 24.4 mln€

Organic Growth reached despite the raining summer thanks to tariff increase

WATER	3Q 2004*	%	3Q 2005	%	Inc. %
Value of Prod	247.1	100%	295.8	100%	19.7%
Operating cost	(151.9)	(61.5%)	(182.1)	(61.6%)	19.9%
Personnel cost	(42.6)	(17.2%)	(52.0)	(17.5%)	22.1%
Ebitda	52.6	21.3%	61.7	20.9%	17.3%

* Adjusted in accordance with IAS

Ebitda + 17.3%

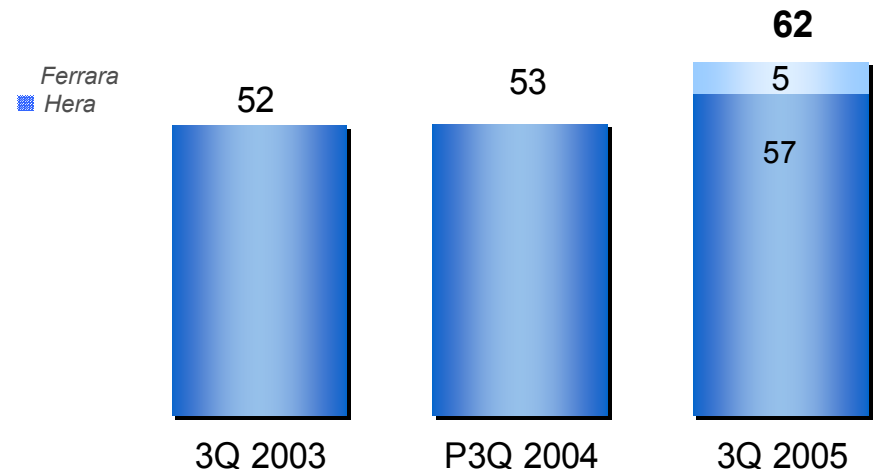
Ferrara contribute amount to 4.6 mln€

Efficiency improvements and cost cutting provides contribution

Ebitda

Mln €

Cagr + 9%



Synergies more than compensate low seasonal effect

External Growth reduces impact of distribution tariff reduction

Value of prod. **+33.6%**

The increase is mainly related to trading activities, Oil prices and Ferrara merger (which contributed for 40.3 mln€)

Distribution tariff reduction impact on revenues amount to 7.7 mln€.

GAS	3Q 2004*	%	3Q 2005	%	Inc. %
Value of Prod	362.9	100%	485.0	100%	33.6%
Operating cost	(282.9)	(78.0%)	(400.9)	(82.7%)	41.7%
Personnel cost	(20.0)	(5.5%)	(27.3)	(5.6%)	36.5%

* Adjusted in accordance with IAS

Ebitda **(5.3%)**

Distribution tariff decrease following AEEG d. 170 was partially compensated by Ferrara merger which contribution amount to 4.4 mln€

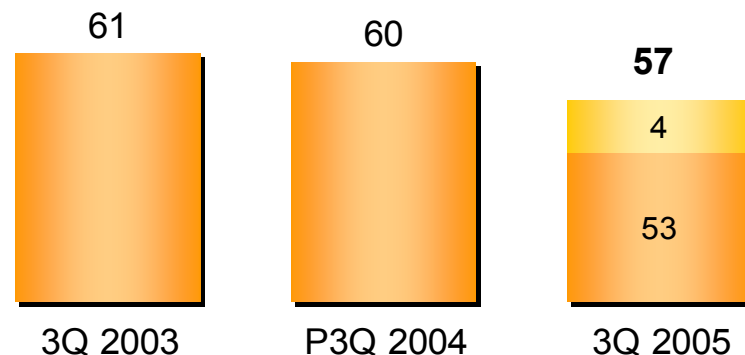
Distribution tariff reduction will not effect next quarter

Ebitda

Mln €

Cagr (3%)

Ferrara
Hera



Defending Gas customers maintaining positive results

Value of prod. **+34.0%**

The increase is mainly related to Oil prices and “*pass through*” costs included in tariff.

Dual fuel proposal yields still positive results.

ELECTRICITY	3Q 2004*	%	3Q 2005	%	Inc. %
Value of Prod	157.3	100%	210.8	100%	34.0%
Operating cost	(148.7)	(94.5%)	(204.2)	(96.9%)	37.3%
Personnel cost	(2.9)	(1.8%)	(2.3)	(1.1%)	(20.7%)

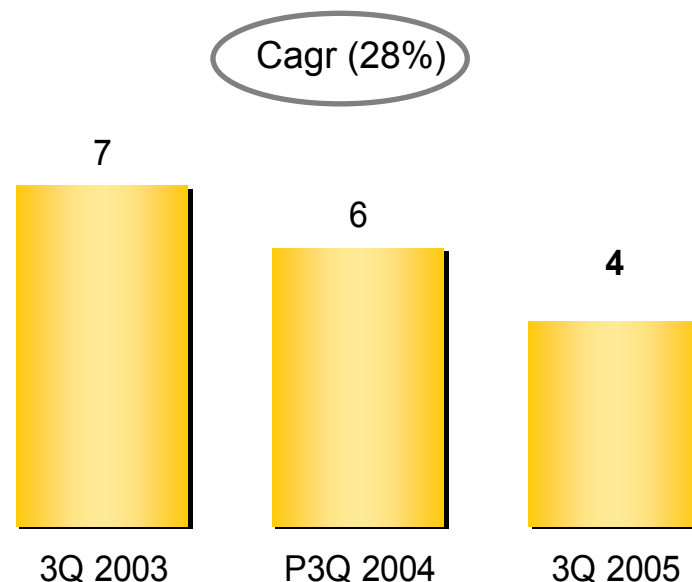
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Ebitda **(24.6%)**

Ebitda affected by change in mix (Domestic and “eligible” clients) and by lower distribution tariffs.

Ebitda

Mln €



Waiting for new plants currently under construction

Lower revenues and higher margins following rationalisation

Value of prod. (3.2%)

Ferrara contribution was 11.8 mln€

Sales reduced following the exit from low value added activities

OTHER	3Q 2004*	%	3Q 2005	%	Inc. %
Value of Prod	96.7	100%	93.6	100%	(3.2%)
Operating cost	(68.4)	(70.7%)	(64.5)	(68.9%)	(5.7%)
Personnel cost	(18.2)	(18.8%)	(17.3)	(18.5%)	(4.9%)
Ebitda	10.1	10.5%	11.8	12.6%	16.8%

* Adjusted in accordance to IAS

Ebitda +16.8%

Ferrara contributed for about 1 mln€

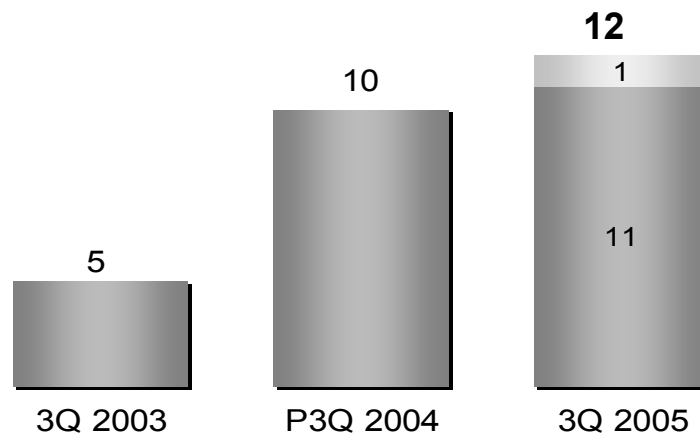
Ebitda benefit from organic growth and from synergy exploitation

Ebitda

Mln €

Cagr +52%

Ferrara
Hera



Significant increase in Ebitda margin (+210 bp)

Closing remarks

- Hera confirms “double digit” growth in first 9 month of 2005 thanks to the contribution of external and internal growth.
- Internal growth (Synergies and Organic Growth) achieved in first 9 month of 2005 was able to guarantee growing results despite the significant reduction in energy distribution tariff (which affected the sector) and lower seasonal benefit in water business due to a “raining summer”.
- Net Financial Position record low increase despite significant investments thanks to operating cash flows and better Net Working Capital management
- Hera Group new business plan is ready and will be discussed next Wednesday 16th November in Milan at 3:00 pm.

Q&A

session