

Gruppo Hera

Leading a new consolidation wave?

Hera and AcegasAps agreed integration



***Analyst presentation
Bologna, 2012 July 26th***

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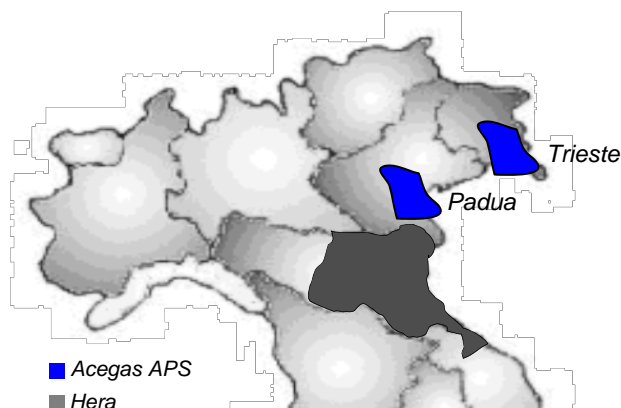
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Strategic rational

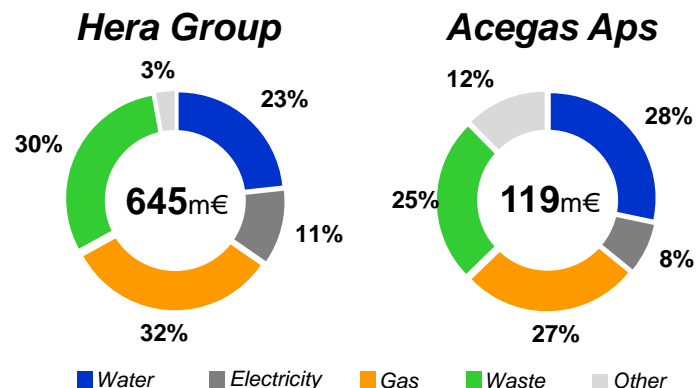
AcegasAps fits with Hera's industrial platform

Just across the regional borders



- AcegasAps reference **territory is close to Hera's**. Padua is located **40 km from Emilia-Romagna**.
- Both companies come from **similar M&A background**.
- Acegas Aps **regional territories have similar industrial development as Emilia-Romagna**.

Perfect match of business mix ('11 Ebitda)

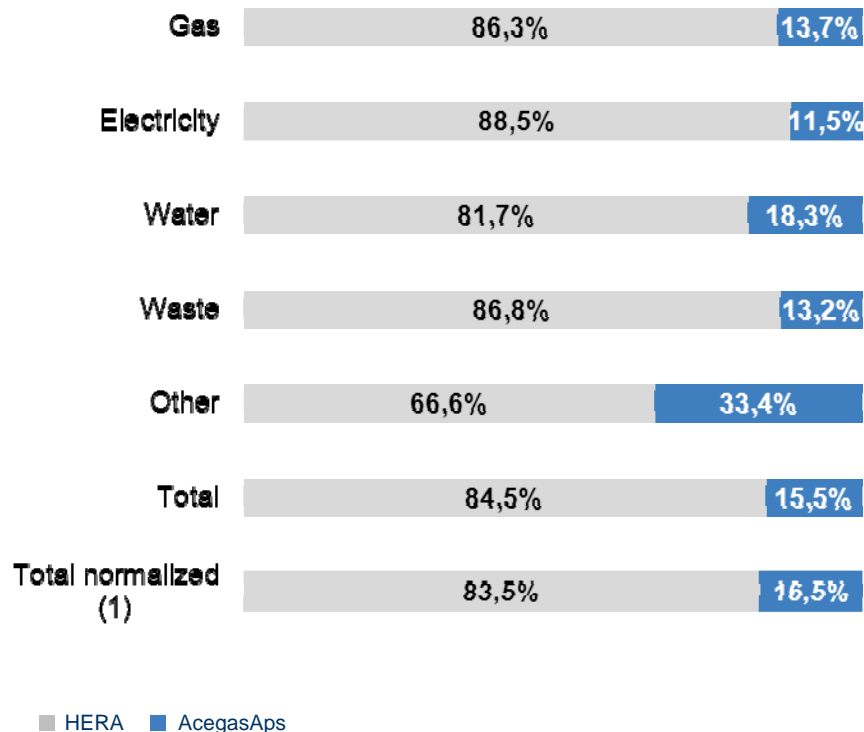


- **Same business portfolio**.
- **Business combination** confirms the **balance between regulated and liberalised activities**.
- **Strong positioning** in Waste, Energy and Water.

Enlarged platform to tackle with business opportunities

The business contribution

Business contribution (2011 EBITDA)







Business indicators (2011)

	AcegasAps	COMBINED	HERA
Gas clients (#)	260k ⁽²⁾ 19%	1.374k	1.114k 81%
Gas RAB (€m)	~200 19%	~1,050	~850 81%
Electricity clients (#)	142k 23%	624k	482k 77%
Water clients (#)	253k 18%	1.437k	1.184k 82%
Volumes treated (Ton) ⁽³⁾	331k 9%	3.713k	3.382k 91%

(1): Proforma realigning consolidation criteria
 (2): EstEnergy (51% AcegasAps, 49% Ascopiave);
 (3): Third parties volumes

Strengthening leading position in different industries

	Combined entity	National Mkt position	Qualifying aspects
 Waste	5.4 Million tons treated <i>(3.7 from third parties)</i> ~3.3 Million inhabitants served	Leader	<ul style="list-style-type: none"> 9 WTE in 3 regions Enlarged catchment area Largest player in waste collection
 Water	300 Million m ³ 1.4 Million clients	Second largest	<ul style="list-style-type: none"> Good visibility on tariff agreements (<i>similar tariff levels</i>) Strong and efficient asset base
 Gas	~1.5 Million Pod 2.9 bcm gas distributed 2.5 bcm gas sold to final clients ~ 1.4 Million clients	3rd distribution 7th sales	<ul style="list-style-type: none"> Strong mkt shares in gas distrib. Good opportunities for the upcoming gas distribution tenders Opportunities on trading/procurement Large customer base
 Electricity	~11 TWh sold ~ 624k clients	5th	<ul style="list-style-type: none"> Procurement optimization Cross selling (dual fuel)
International	35Y gas distribution concessions (Bulgaria) ¹		

Strong platform to create value with limited integration risks

¹ see annex

Sizable increase of economics

AcegasAps	2007	2008	2009	2010	2011
Revenues	443	481	477	506	585
Ebitda	81	91	95	108	119
Ebit	31	42	44	49	53
Net Profit pre min.	43	15	11	22	18
Net Profit	42	14	11	22	18
<i>Net financial debt</i>	296	315	407	439	447
NFP/Ebitda	3.7x	3.5x	4.3x	4.1x	3.8x
Market cap.^					203

HERA	2007	2008	2009	2010	2011
Revenues	2,863	3,716	4,204	3,667	4,106
Ebitda	453	528	567	607	645
Ebit	221	281	291	315	334
Net Profit pre min.	110	110	85	142	127
Net Profit	96	95	71	117	105
<i>Net financial debt</i>	1,432	1,571	1,892	1,860	1,987
NFP/Ebitda	3.2x	3.0x	3.3x	3.1x	3.1x
Market cap.^					1,132

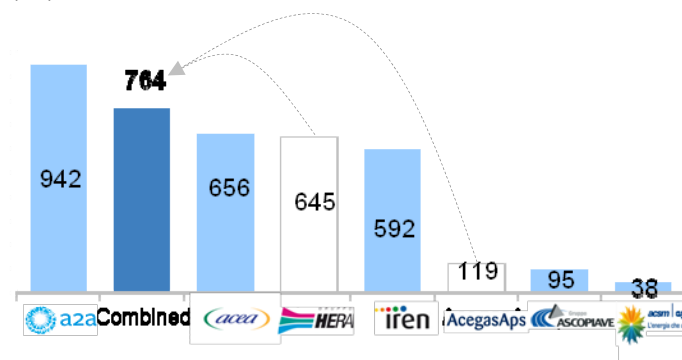
^ As of July 25th 2012 in million Euro

Combined*	2010	2011
Revenues	4,173	4,691
Ebitda	715	764
Ebit	364	387
Net Profit pre min.	164	145
Net Profit	139	123
<i>Net financial debt</i>	2,299	2,434
NFP/Ebitda	3.22x	3.19x
Market cap		1,336

* proforma.

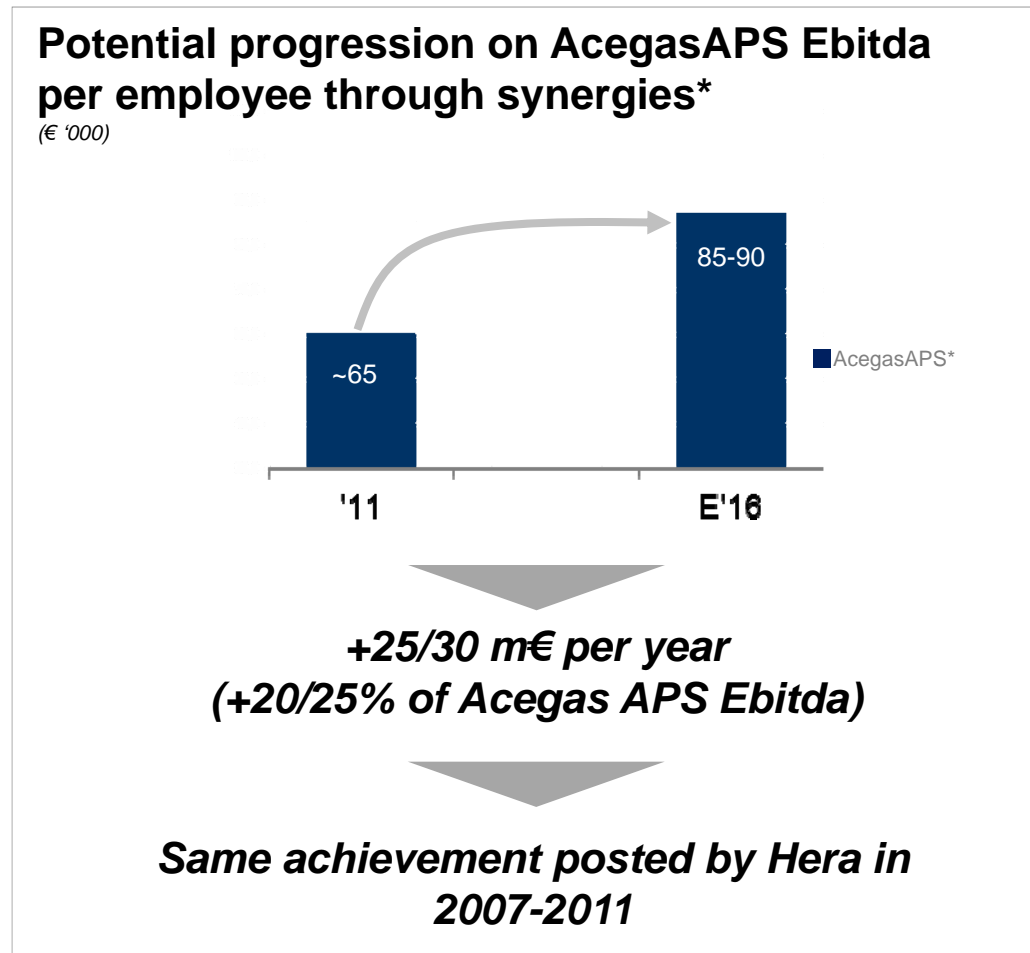
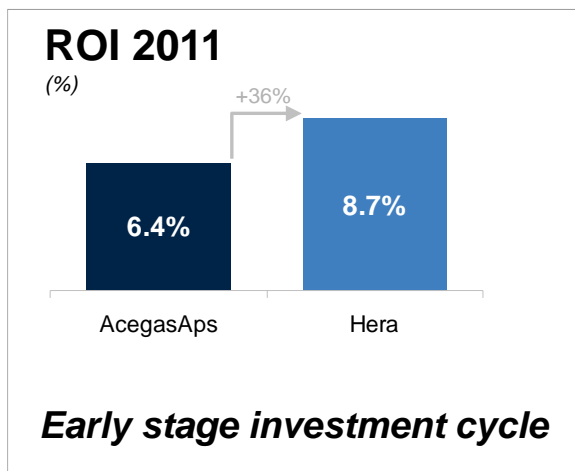
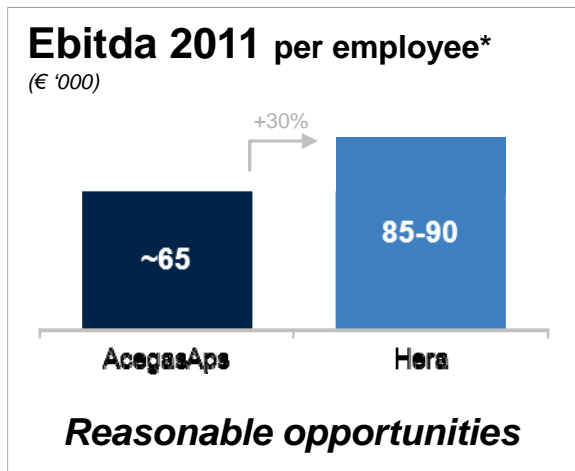
2011 Ebitda ranking

(m€)



Combined entity maintains Hera strong financial structure

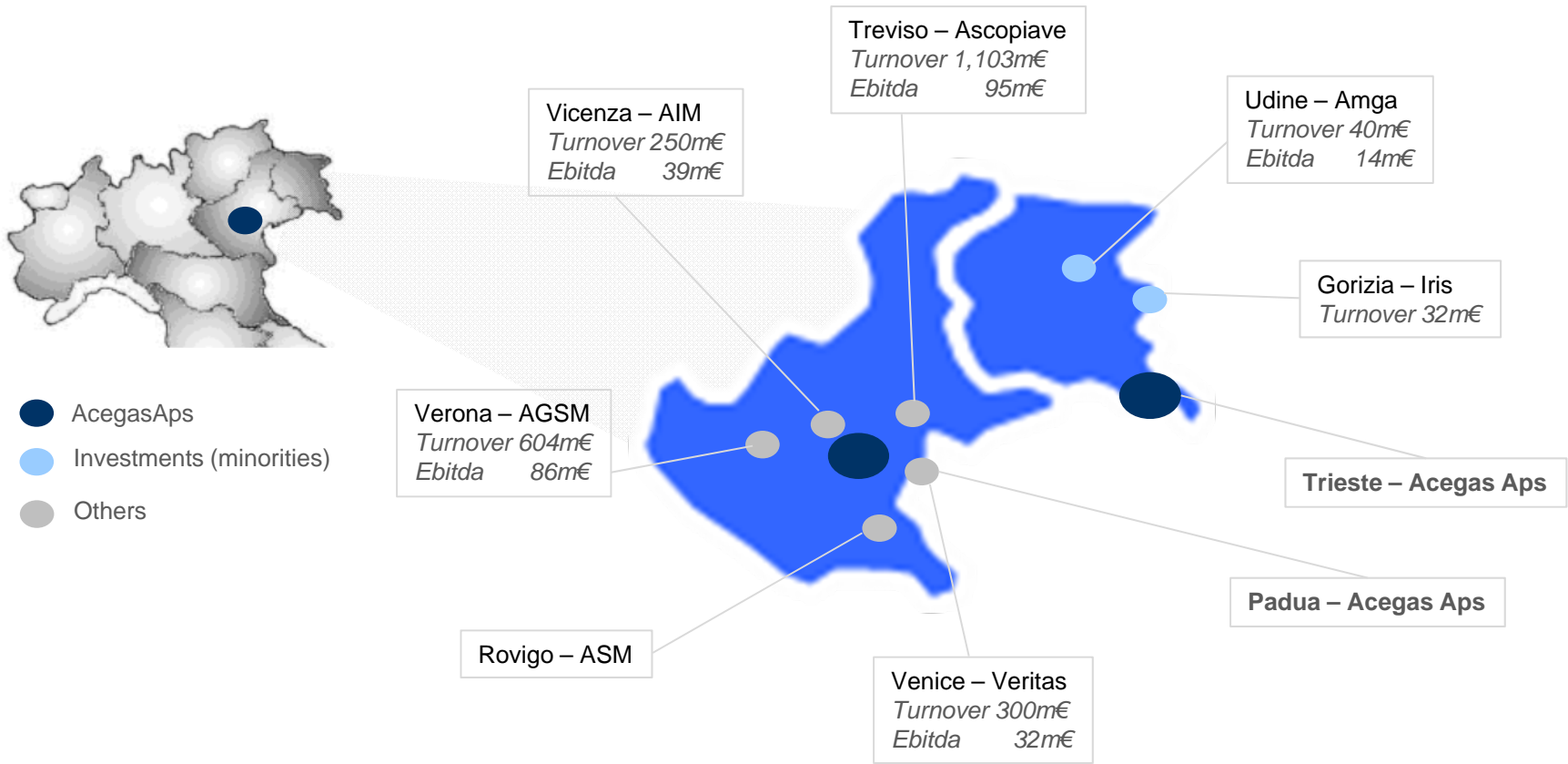
Deploying proven integration model to extract synergies



Implying EPS increase by 8%-11% of combined entity

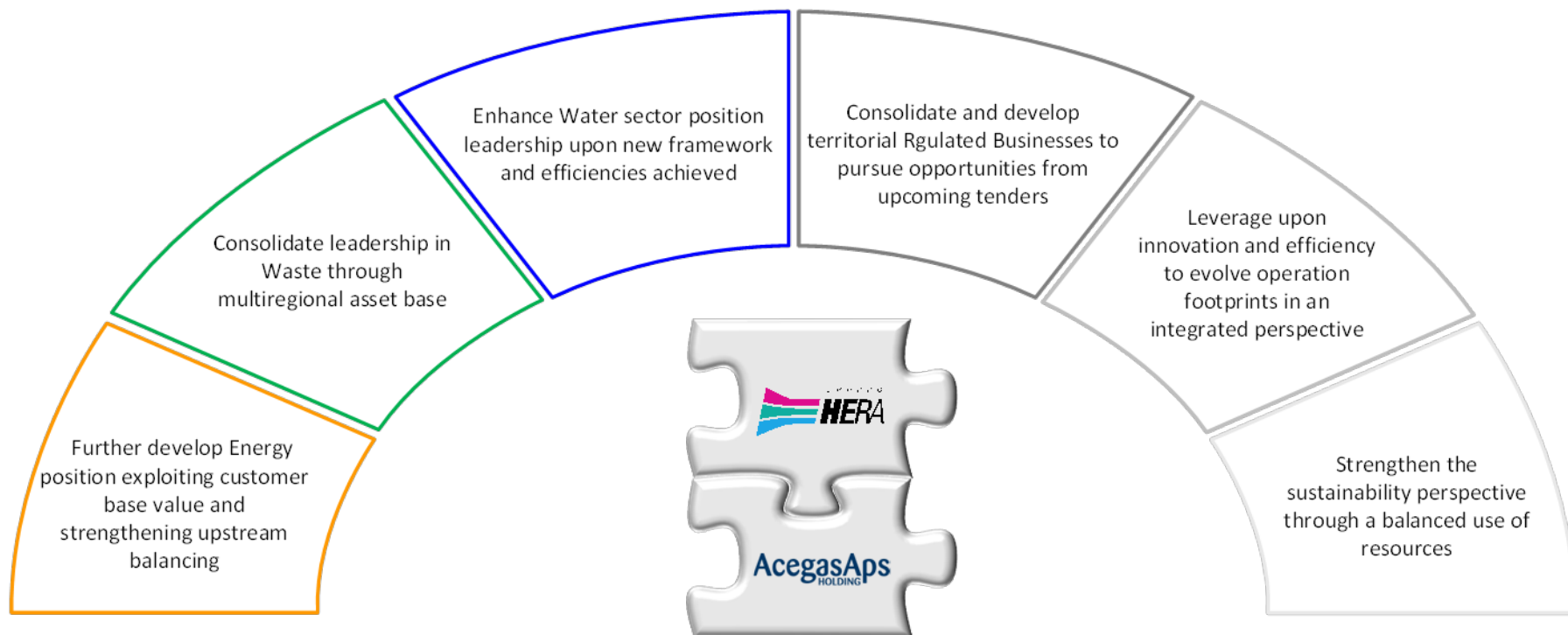
*excluding commercial margins. Considered 51% of EstEnergy employees and 30% of EstPiù employees

Opening up further expansion opportunities



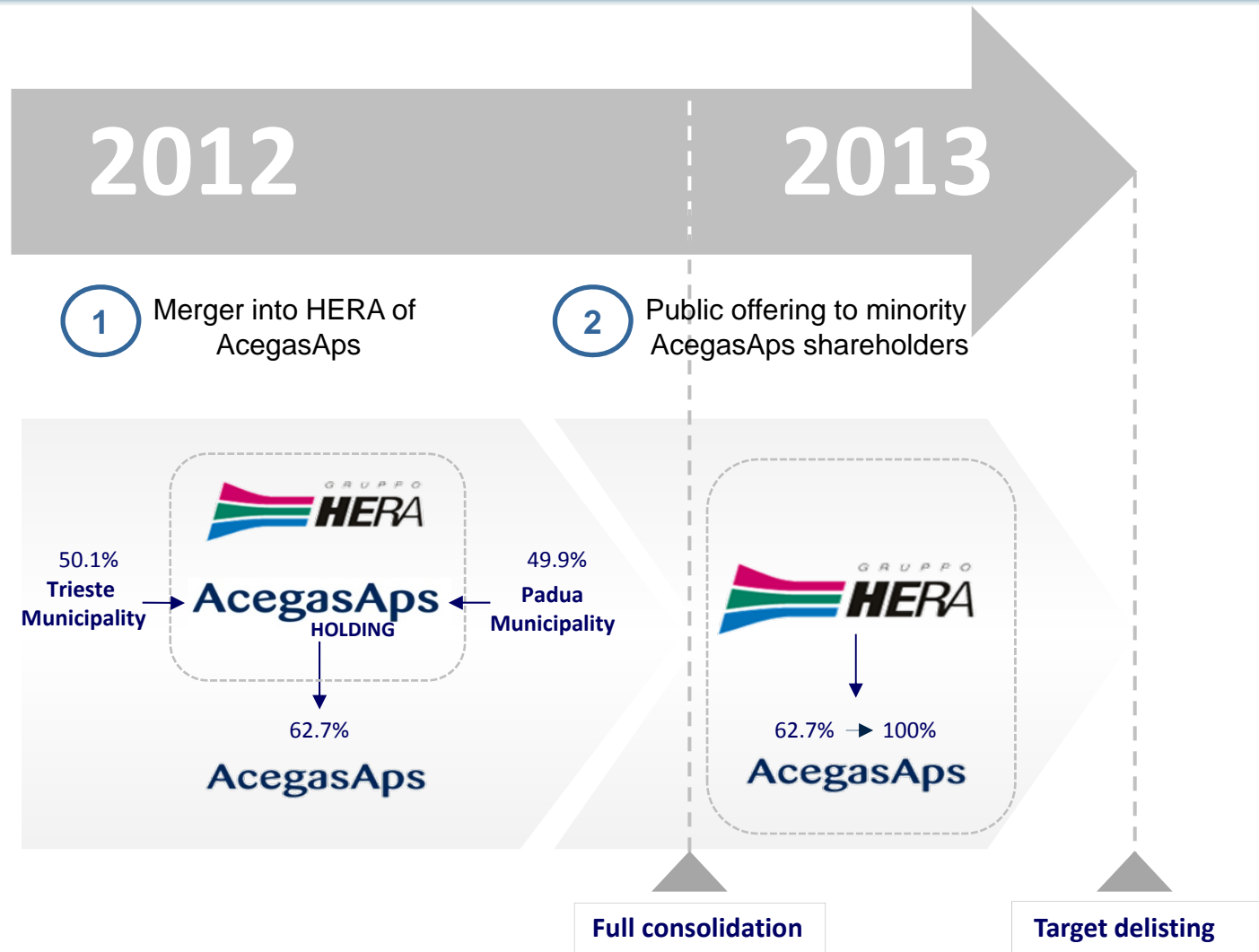
New area matches with the 3S: Several, Sizable and Synergic

Main strategic guidelines



Enhancing value for shareholders

Deal description



Aiming at integrating into “one” Group

AcegasAps
HOLDING

Share capital: 188m€
NFP 06/30/12: 6m€

62.7% ↓ 34,466,941
(AcegasAps shares)

AcegasAps

Own Shares : 118,883

37.2% ↑ 20,393,006
(AcegasAps shares)

**Other
shareholders**

1 Merger into HERA of AcegasAps

Swap ratio: 0.763x

New issued Hera shares: 143,38m

Cash proceeds: 3.4m€

2 Public offer to minority AcegasAps shareholders

Swap ratio: 4.16x

New issued Hera shares: 84.83m

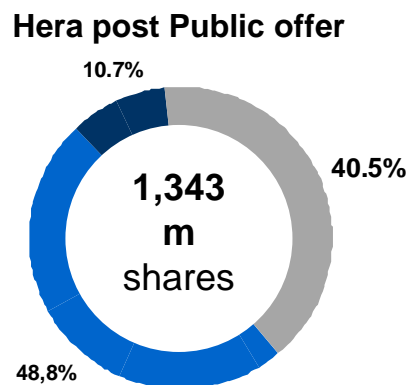
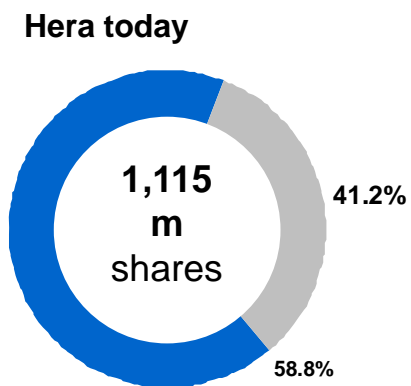
Cash proceeds: 5.6m€

Total new issued Hera shares: 228,214,477
Total Cash proceeds: 9.0 m€

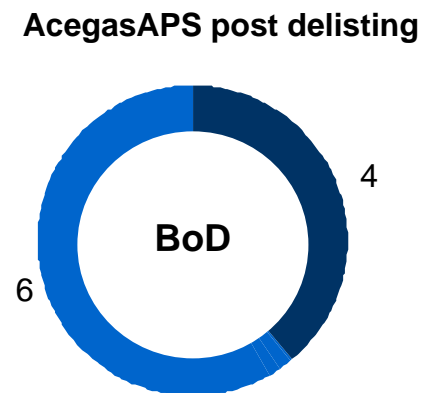
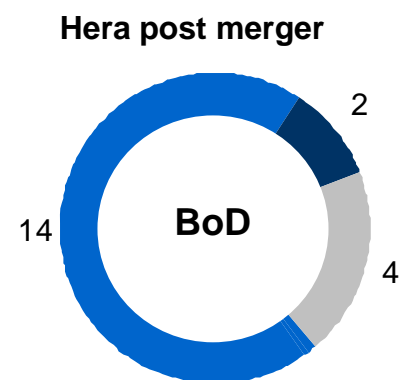
- Companies **valuation based on business fundamentals, accounting perspective returns on recent investments/capex** (i.e. 40m€ RAB in Bulgaria).
- **The deal doesn't affect Hera sound financial structure.**
- Almost neutral on '11 EPS upfront, **accretive on EPS by 8%-11% post synergies.**
- Implied 2012 Ebitda multiple ~6x (~5.5x net of Bulgarian assets)
- **Further upside** driven by the new business opportunities (including potential M&A).

Preserved shareholding and governance structure

Share capital development



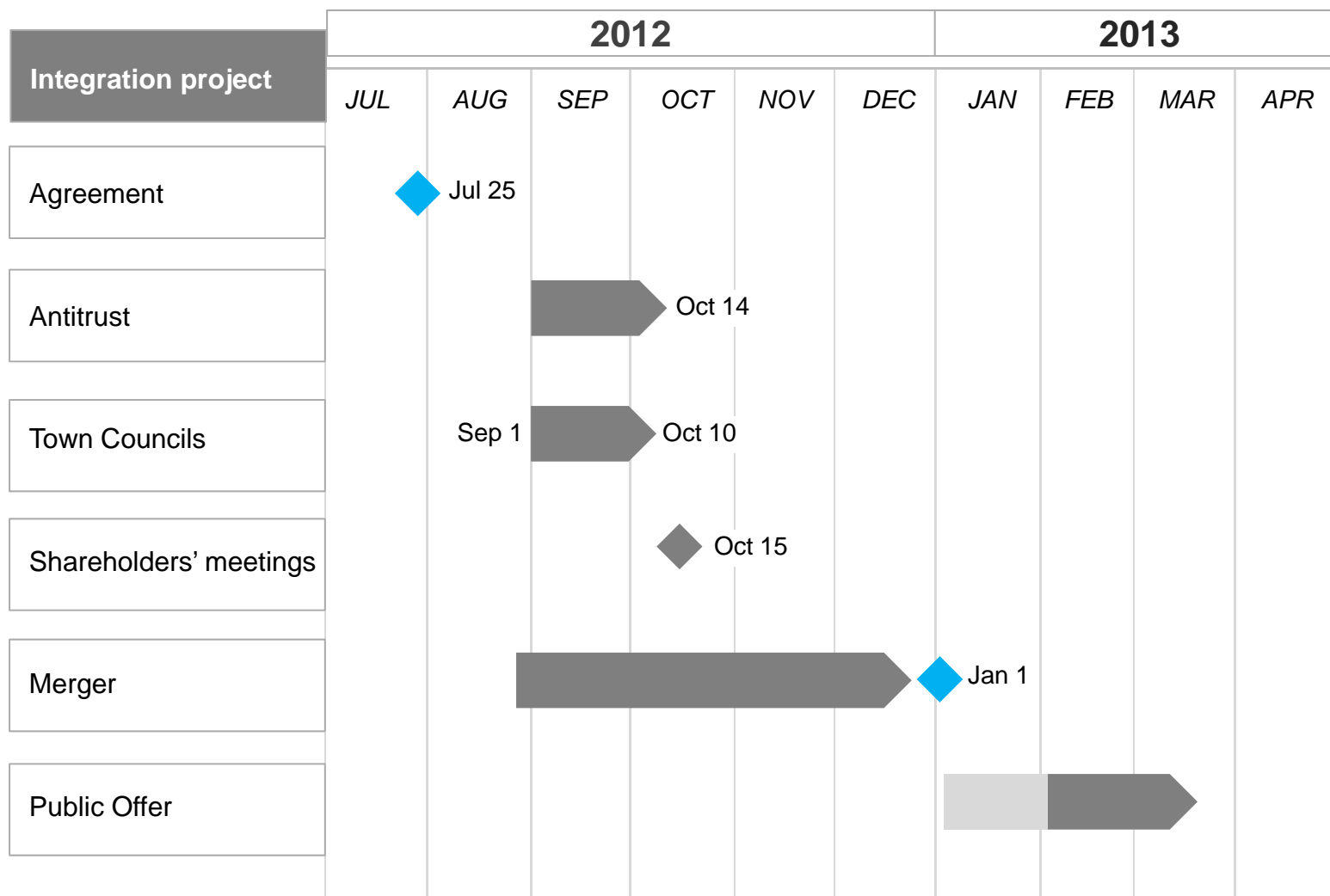
Governance of Hera and AcegasAPS



■ Hera municipalities ■ Other shareholders ■ Acegas Aps municipalities

Stability on governance and control

Preliminary timetable of the execution



Closing remarks

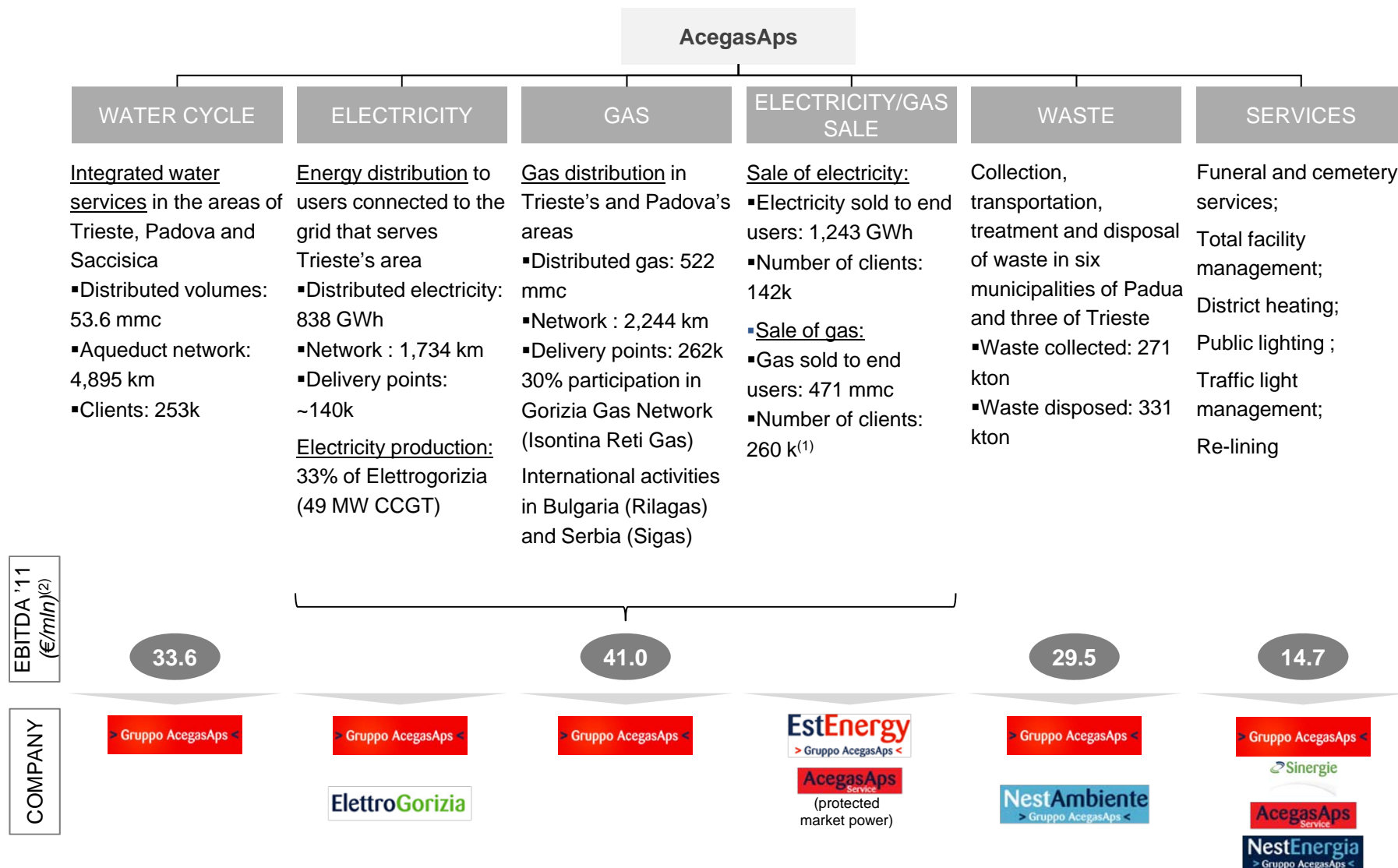
AcegasAPS deal:

- Is the **largest M&A** performed by Hera with **strong industrial/strategic background**
- Has visible **premises to extract synergies** enhancing value creation potentials for stakeholders **of about 8%-11%** (in term of EPS)
- Strengthens and further **diversify shareholding structure** and **business footprint**
- **Balance sheet intact, governance preserved**
- Allows to **reach top market positions** / **30th largest Italian** market cap
- Opens up to **further M&A potential**

Next step: August 28th the BoD for calling of the shareholder's meeting

Annex

AcegasAps overview



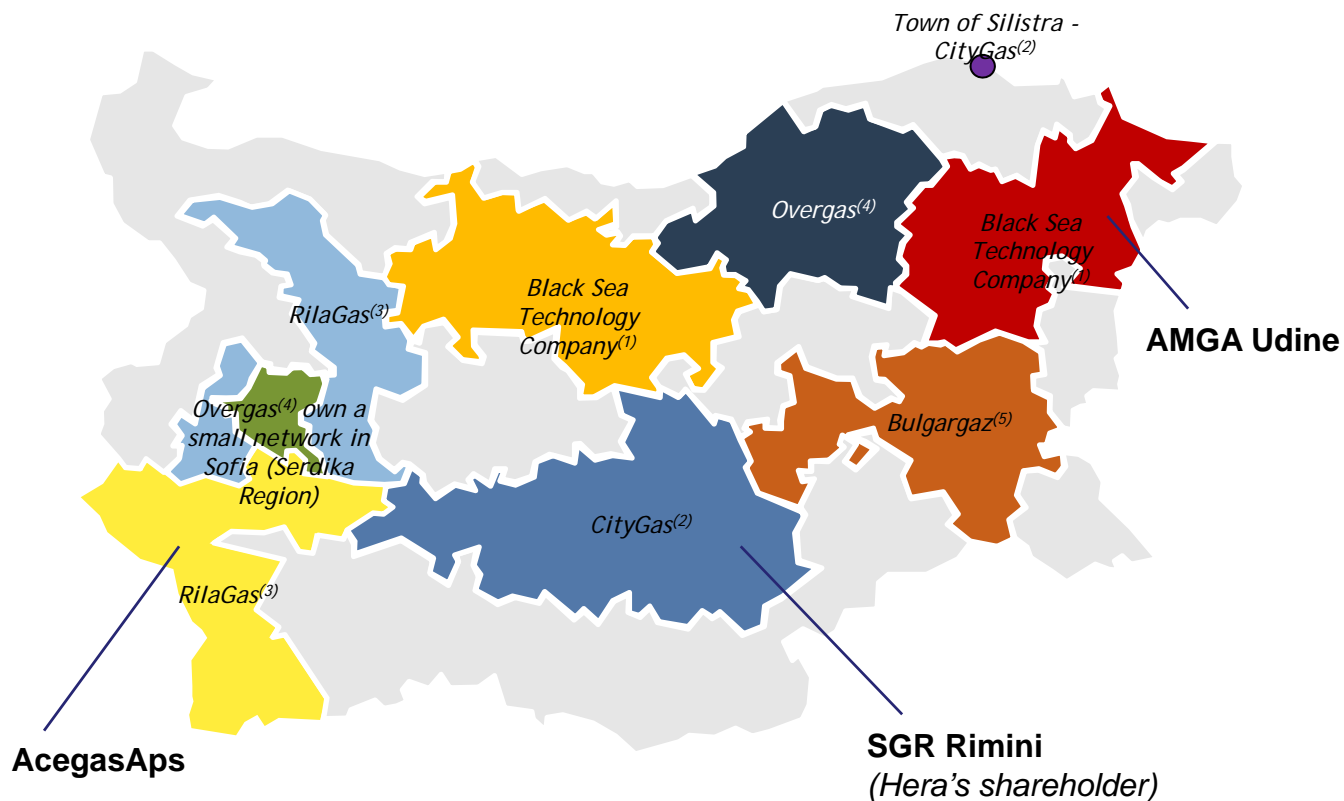
Note: EstEnergy is owned 51% by AcegasAps and 49% by Ascopiave and proportionately consolidated

(1) 51% AcegasAps, 49% Ascopiave

(2) Excluding corporate eliminations

Source: Acegas-APS 2011 Annual Report

Bulgarian gas market: Overview of Gas distribution by regions



Rilagas

- Population: 324k
- Cities: 7
- Network completed (km): ~1,000 km
- RAB: ~€ 40 mln
- Concession: ~35 y

Source: Raiffeisen Research

(1) Owned by Italian company AMGA (Azienda Multiservizi Spa Udine)

(2) Owned by Italian company SGR (Gruppo Societa Gas Rimini)

(3) Owned by Italian company AcegasAps

(4) Owned by Gazprom (50%) and Overgas Holding (50%)

(5) Owned by Government of Bulgaria

■ No network