



Press release

Bologna 14/11/2005

HERA S.p.A.: BoD approves results for third quarter 2005.

The Group's growth continues thanks to effective strategies for expansion and creation of new synergies.

**Consolidated value of production: €1,333.7 million (+25.1%),
EBITDA: equals €213 million (+18.3%),
EBIT: €123.5 million (+ 18.4%)
Pre-tax profit: €90.9 million (+7.1%).**

The Hera Group's Board of Directors approved the consolidated results for third quarter 2005 prepared in accordance with International Accounting Standards (IAS). The results show significant growth that reflect the synergies achieved and the merger of Ferrara's multi-utility company at the end of 2004.

Group value of production has grown from the €1,065.7 million in the third quarter of 2004 to €1,333.7 million; about 60% of this growth, equal to +25.1%, was related to the development of the core business sectors and to the increase of energy commodities, and about 40% related to the consolidation of Ferrara's activities.

EBITDA increased by €32.9 million from €180.1 million at 30 September 2004 to €213 million of which €15.5 million is attributable to Ferrara operations.

The improvement was in line with other areas of business with the exception of energy that was negatively impacted by cuts in distribution rates.

EBIT is up 18.3%, compared to the same period in 2004, increasing from €104.3 million in 2004 to €123.5 million in 2005.

Pre tax profit shows an increase of 7.1% increasing from €84.9 million in third quarter 2004 to €90.9 million in 2005.

The net financial position comes in at €778.4 million; this figure reflects a temporary increase in investments made during the period and delays in billing tied to a new customer billing system. Any negative effects were, however, limited by the positive operating performance and rigorous control of net working capital.

The Energy business accounts for 28.7% of consolidated EBITDA, Water 29%, Environmental business 36.8% and other services 5.6%.

The Group's Energy business (that includes the sale and distribution of gas and electric energy) reported an EBITDA of €61.1 million in third quarter 2005 that was down compared



to the same period of the previous year by about €4.6 million after having absorbed the impact of distribution rate cuts.

The Group's Integrated Water business billed almost 155 million cubic meters of water, with an EBITDA of €61.7 million in third quarter 2005, an increase of 17.4%. The normal rate increases agreed upon with local authorities for the three year period 2005-2007 and the integration of Ferrara's activities contributed to this result.

The largest increase came from the Environmental business: EBITDA in third quarter 2005 came in at €78.4 million, an increase of more than 50% versus the same period last year. This growth is primarily due to the new incinerators (belonging to Bologna and Ecologia Ambiente) and the integration of Ferrara. Overall margins in the area improved from 21.4% to 25.7%.

The Group's Other Services, that include primarily district heating and public lighting, reported EBITDA of €11.8 million, an increase of 15.5% over the same period of the previous year.

"The third quarter 2005 results – commented the Chairman Presidente Tomaso Tommasi di Vignano – reflect continued improvement when compared with the solid performance of the first half despite the somewhat gloomy scenario (increase in oil prices and the drop in rates) and certain seasonal factors (decrease in summer tourism in the area) that influenced operations in the period."

"The Hera model – the CEO Maurizio Chiarini stressed – has proven once again to be a winner and in the short term will benefit from the Meta Modena synergies. The new post merger company will have a capitalization of over €2.3 billion and will be the number one national local utility in terms of size".

The Hera Group's Consolidated Quarterly report at 30 September 2005 was prepared in accordance with IAS criteria as provided for Italian listed companies as per Art. 81 bis of the Regulations for Listed Companies n. 11971/1999, amended by Consob resolution n. 14990 dated 14 April 2005. The figures, therefore, comply with IAS 34 on interim financial reporting. The Hera Group has adopted international accounting and financial reporting standards (IAS/IFRRS), as of 1H 2005 results.

Riclassified Consolidated Balance Sheet

	30/09/20 05	30/09/20 04	3° Trim. '05	3° Trim. '04	31/12/2004
	€/000	€/000 (rettificato)	€/000	€/000 (rettificato))*	€/000 (rettificato)*
Revenues	1.233.629	966.505	351.925	275.207	1.492.511
Change in inventories of finished and semi-finished products	1.467	6.975	1.648	2.119	9.111
Other operating income	21.876	15.622	7.006	4.672	27.111
Other raw materials and consumables (net change in inventories of raw materials and warehouse)	-560.176	-413.490	-142.904	-103.394	-622.011
Costs for services	-310.352	-268.660	-108.785	-91.327	-416.911
Personnel costs	-172.494	-143.359	-55.121	-45.658	-215.811
Ammortamenti e accantonamenti	-89.444	-75.776	-29.600	-26.038	-115.211
Other operating expenses	-77.841	-60.104	-24.203	-21.034	-92.111
Capitalized expenses	76.853	76.610	28.512	26.568	110.511
EBIT	123.518	104.323	28.478	21.116	177.211
Share of profit (loss) from subsidiaries, affiliates	-159	-2.070	155	-814	-3.011
Financial income	5.707	4.144	2.485	2.257	6.011
Financial charges	-38.137	-21.467	-12.065	-6.775	-32.711
Pre-tax profit	90.929	84.930	19.053	15.784	147.511

* figures adjusted and reclassified as per IFRS

Consolidated Net Financial Position

euro million

	31 Dec. 2004	30 Jun. 2005	30 Sept. 2005
Long term investments and other financial assets	18,9		18,7
Financial debts/long term mortgages	-517,7	-571,7	-599,8
Leasings - long term		-35,6	-22,6
Financial assets	34,5	38,5	16,5
Derivatives - long term			
Long term financial debts	-464,3	-568,7	-587,2
Leasings - short term		-10,9	-9,6
Other short term financial asset and liabilities	1,4	2,2	0,3
Financial debts/long term mortgages	-270,7	-334,0	-354,9
Cash on hand	172,4	182,4	185,0
Short term financial assets			4,9
Derivatives - short term		-17,8	-16,9
Short term financial debts	-96,9	-178,0	-191,2
Total financial debts	-561,2	-746,8	-778,4

(*) al 31 dicembre 2004 ricompresi nella voce debiti verso banche/mutui