



## press release

Bologna, 14 November 2008

### Hera Group: BoD approves the results for the first nine months of 2008

**All main financials highlight growth:  
Revenues at Euro 2,556.5 million (+30.7%)  
EBITDA at Euro 350.4 million (+17.1%)  
EBIT at Euro 180.0 million (+16.8%)**

Today in Bologna the Board of Directors of the Hera Group unanimously approved the consolidated financial results for the first nine months of the year, drawn up based on IAS standards.

**The results confirm the Group's past growth path**, also thanks to its multi-service structure that benefited from the increase in turnover for all Areas and from the merger of Sat Sassuolo and the expansion of the Group's scope in the Marche area through Marche Multiservizi.

**Revenues of the Group as at 30 September 2008 grew by 30.7%**, up from Euro 1,956.3 million to Euro 2,556.5 million in the same period of the previous year, primarily thanks to the increase in the Electricity and the Gas Areas.

**EBITDA rose by over Euro 50 million, with a growth rate of 17.1%**, passing to Euro 350.4 million in the first nine months of 2008 from Euro 299.2 million in 2007.

This result is particularly significant taking into account the weather trend, with average temperatures higher than the historical trend, and is underpinned by the positive effect of a constant attention to costs reduction and the contribution of new businesses and services.

**EBIT for the first nine months of the year increased by 16.8%**, to Euro 180 million from Euro 154.1 million in 2007, while Pre-Tax Profit was substantially in line with the previous year, amounting to Euro 96.9 million (Euro 98.5 million in 2007) due to the non-recurring negative effect of the charges linked to the "tax moratorium" of about Euro 11.2 million.

The Net Financial Position as at 30 September 2008 amounted to Euro 1,597.9 million, compared to Euro 1,424.1 million as at 30 September 2007, as a consequence of the increased turnover, the expanded Group perimeter and of the capital expenditures.

As regards business areas, **the Waste Management Area confirmed its significant contribution** to the EBITDA, with a share of 37.2%, the contribution of the Energy Area (Gas



and Electricity) improved, with a share of 29.4% compared to 26.6% in the previous year, and the contribution of the Water Cycle Area dropped from 28.9% to 27.1%.

**The Waste Management Area outperformed previous year growth** recording an EBITDA of Euro 130.2 million, **up 13.5%** compared to the same period of the previous year, also as a result of the contribution of the new waste-to-energy plants in Ferrara and Forlì, which started operations during the period under examination.

Compared to the same period of last year, **the Gas Area achieved significant growth**, with an EBITDA increasing to Euro 69.8 million from Euro 51.4 million, **up by +35.8%**. This result was also impacted by the expansion of the scope of the Group's business through Marche Multiservizi and the integration of Sat Sassuolo.

In the **Electricity Area**, the Group achieved an EBITDA of Euro 33.3 million, **up 18.2%** compared to Euro 28.2 million in the first nine months of 2007, also as a result of the increased commercial operations, which more than offset the effect of the decreased distribution tariffs. The results achieved do not yet include the contribution of the 80 MW cogeneration plant in Imola, which is currently nearing final completion.

With regard to the **Integrated Water Cycle**, in the first nine months of 2008, the Group achieved an EBITDA of Euro 94.9 million, **an increase of about 10%** compared to the same period of 2007.

In the **Other Activities Area** – which mainly includes District Heating and Public Lighting – the Group achieved an EBITDA of Euro 22.2 million, **up 20.7%** compared to the same period of last year.

“The positive results achieved in all business areas for the first nine months of 2008 enable us to look toward year end with confidence and confirm the Group's targets for growth and profitability” pointed out Chairman Tomaso Tommasi di Vignano.

Managing Director Maurizio Chiarini added, “Specifically, these first nine months fully confirmed the Hera Group's capacity to invest in the design, construction and start up of large waste-to-energy plants and energy production plants while protecting the Group's sound capital structure.”

*The consolidated quarterly report of the Hera Group as at 30 September 2008 was drawn up in compliance with the IAS standards, as established for listed companies by Article 81 bis of Issuer Regulations no. 11971/1999, as amended by Consob Resolution no. 14990 of 14 April 2005. Figures are therefore compliant with the international accounting standard 34 regarding infra-annual reporting. The Hera Group adopted the international accounting standards (IAS/IFRS) starting from the 2006 quarterly results.*

*The Manager in charge of the preparation of corporate accounting documents, Giovanni Barberis, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Finance Act, that the information contained in this press release is consistent with the corporate documents, accounting books and entries.*

**Investor Relations Hera S.p.A.**

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<b>Profit and Loss (m€)</b>	<b>3Q 2007</b>	<b>Inc.%</b>	<b>3Q 2008</b>	<b>Inc.%</b>	<b>Ch.%</b>
Sales	1,956.3	100.0%	2,556.5	100.0%	30.7%
Change in Stock	(1.0)	(0.1%)	7.0	0.3%	(775.1%)
Other operating revenues	32.5	1.7%	39.5	1.5%	21.5%
Raw material	(1,073.7)	(54.9%)	(1,616.8)	(63.2%)	50.6%
Services costs	(509.9)	(26.1%)	(530.4)	(20.7%)	4.0%
Other operating expenses	(36.5)	(1.5%)	(29.5)	(1.2%)	(19.3%)
Personnel costs	(222.8)	(11.4%)	(250.5)	(9.8%)	12.4%
Capitalisations	154.3	7.9%	174.5	6.8%	13.1%
<b>EBITDA</b>	<b>299.2</b>	<b>15.3%</b>	<b>350.4</b>	<b>13.7%</b>	<b>17.1%</b>
Depreciation and provisions	(145.0)	(7.4%)	(170.4)	(6.7%)	17.5%
<b>EBIT</b>	<b>154.1</b>	<b>7.9%</b>	<b>180.0</b>	<b>7.0%</b>	<b>16.8%</b>
Financial operations	(55.7)	(2.8%)	(77.4)	(3.0%)	39.0%
Other non operating costs	0.0	0.0%	(5.6)	(0.2%)	0.0%
<b>Pre tax Profit</b>	<b>98.5</b>	<b>5.0%</b>	<b>96.9</b>	<b>3.8%</b>	<b>(1.6%)</b>

<b>Net Financial Position (ml€)</b>	<b>31/12/2007</b>	<b>3Q 2008</b>
Cash and cash equivalents	211.0	136.7
Other current loans	10.0	7.6
Current financial indebtedness	(249.1)	(356.9)
<b>Current net financial indebtedness</b>	<b>(28.1)</b>	<b>(212.6)</b>
Non current loans	6.6	8.2
Non current financial assets/liabilities from derivative instruments	7.8	2.3
Non current financial indebtedness	(1,410.4)	(1,395.8)
<b>Net non current financial indebtedness</b>	<b>(1,396.0)</b>	<b>(1,385.3)</b>
<b>Net financial indebtedness</b>	<b>(1,424.1)</b>	<b>(1,597.9)</b>