



Press release

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The Hera Group presents its new 2006/2008 Industrial Plan

Doubled EBITDA guaranteed by growth, synergies and plant development

A solid Group, that following the integration of Meta is one of the top national utilities: every year 2.4 billion cubic meters of gas are sold; 3 million tons of waste are treated; 230 million cubic meters of water are distributed, serving more than 2.2 million individuals: these are the foundations of Hera's new industrial plan.

In less than three years the company has become a key player in the development of one of the Italian economy's most important sectors.

Today the Group forecasts that EBITDA will double, to reach around €600 million versus the €300 million in 2004 through organic growth, synergies and further integration.

External growth is guaranteed by the merger with Meta as well as other operations that will contribute around €77 million in the three year period, cost synergies, and the ever more pervasive commercial penetration of liberalised businesses that will produce a contribution of over €140 million, while €83 million will come from plant development.

In terms of thermal waste treatment, revamping of four plants should be completed by 2008. Two of these plants, currently near completion, will be able to treat 330,000 additional tons of waste and will help to consolidate leadership in the national environmental sector with the treatment of approximately one million tons.

Hera intends to continue its "dual fuel" policy with important objectives for additional growth in the sale of energy: 2.7 billion cubic meters of gas by 2008 and 900,00 customers (becoming number three on a national level), and 8.5 Tw/h of electricity with 250,000 customers.

In terms of generation, the Group counts on adding a productive capacity of around 360 MW to its portfolio, thanks to the plant in Imola that has already been authorized as well as an additional two plants in partnership, currently under construction; one in Sparanise with a capacity of 800 MW and one in Teverola with a capacity of 400 MW.

The electricity generated by these new plants and the contribution of the stake in Tirreno Power will allow for coverage of 70% of Hera's sales. The Group is also evaluating other projects involving wind power, biomass production and solar energy in order to meet at least 30% of its needs with renewable sources.



The Group expects to invest €1.1 billion to support these objectives, in addition to €300 million in external growth, which will be amply covered by operating results and guarantee a return on invested capital of 15%, among the highest in the sector.

The development will be guaranteed by the prospected balance of financial flows, that will also allow the group to maintain its dividend policy as well as its financial soundness, recently confirmed by Standard & Poor's At rating.

In this regard the Chairman Tomaso Tommasi di Vignano wanted to stress that "the Group's ambitious goals for development are supported by the solid balance that exists between the different areas of activity, its limited risk profile that leaves financial capacity intact which will make it possible to take advantage of additional growth opportunities that may develop as the sector evolves."

The CEO Maurizio Chiarini added: "The merger with Meta, completed in record time, is additional confirmation of Hera's winning strategy that has given life to a reality that should reach a turnover of €2.7 billion in 2008 and that will be the number one national local utility in terms of size".