



press release

Bologna, 12 November 2009

The Hera Group continues to grow: BoD approves the results for the first nine months of 2009

Revenues at Euro 3,064.9 million (+19.9%)

EBITDA at Euro 390.1 million (+11.3%)

EBIT at Euro 193.3 million (+7.4%)

The Board of Directors of the Hera Group met today in Bologna and unanimously approved the consolidated economic results of the first nine months of the year, drawn up based on IAS criteria.

The results confirm the Group's constant growth, which compensated for the effects of the economic slowdown, particularly as a result of the expansion of activities in the liberalised markets and the significant contribution from the gas sector.

Group Revenues as at 30 September 2009 grew by 19.9%, rising from 2,556.5 Euro million in the same period of the previous year to Euro 3,064.9 million, mainly due to an increase in volumes traded in the Electricity and Gas Areas.

The EBITDA increased by about Euro 40 million, at a growth rate of 11.3%, reaching Euro 390.1 million in the first nine months of 2009 from Euro 350.4 million in 2008.

In a context of falling consumption, this result is particularly significant, because it was achieved due to the expansion of energy sales and trading on liberalised markets, as well as the contribution from regulated businesses, in addition to the non-recurring effects of about Euro 15 million related to the modifications to the ownership structures in the gas network sector.

EBIT for the first nine months of the year grew by 7.4%, reaching Euro 193.3 million from Euro 180 million in 2008, while Pre-tax Profit dropped by 5.3% to Euro 91.8 million, as a result of the non-recurring negative effect of the charges related to the "tax moratorium", amounting to a total of Euro 28.3 million over the year.

Group net profit came in at Euro 42 million; the result adjusted for the above mentioned non-recurring charge would have amounted to Euro 65 million, signing an increase of 19% compared to the adjusted result of previous year.

The Net Financial Position as at 30 September 2009 stands at Euro 1,896.9 million, compared to Euro 1,788.4 million as at 30 June 2009, recording an increase in line with third quarter 2008 even though the less favourable position on "accise" debts recorded in this quarter.



As for the business areas, **the Waste Management Area confirmed its relevant contribution to the EBITDA (33.1%), recording an EBITDA virtually in line with that of the previous year (- 0.8%).**

The contribution of the new waste-to-energy plants, including the Modena plant (20 megawatts) which came on stream during the period in question, had a positive impact on results, and offset the decrease in volumes of waste disposed of due to the economic crisis.

The impact of the **Gas Area** on the Group's margins grew sharply on the previous year, increasing by around 7 basis points.

The EBITDA rose from Euro 79.5 million to Euro 115.6 million, an increase of +45.3% benefitting from new tariff system and from cost reduction together with the release of provision accrued related to Gas distribution and District Heating networks that will soon be conferred to Hera Group.

The **Electricity Area** accounted for 8.4% of total Group margins, with an EBITDA decreasing from Euro 34.8 million in the first nine months of 2008 to Euro 32.6 million in 2009. This result highlights the significant increase in volumes sold (+40%), which significantly offset the lower volumes distributed, due to the reduction in general average consumption.

In the first nine months of 2009, the **Integrated Water Cycle** Area showed improvement in results compared to the same period of the previous year, with an EBITDA increasing from Euro 94.9 million to Euro 96.7 million. A substantial stability in consumption was also noted, which shows signs of recovery compared to the figure for the first half of the year.

The **Other Services Area**, which was focused exclusively on Public Lighting and Telecommunications services following reorganisation of the Group's activities, also recorded a increase in EBITDA, rising from Euro 10.9 million in the first nine months of 2008 to Euro 16 million in the first nine months of 2009.

In view of the favourable market conditions, the Board of Directors also resolved the **upcoming issue of an additional bond loan for Euro 500 million at a fixed rate** at the same meeting.

The Board has further more examined the **plan for merger between Hera Comm Marche and Aspes Gas**, established in accordance with the Marche Multiservizi shareholders. This will give rise to one of the leading operators in the Marche region, which is a strategic area in terms of development, counting over 80,000 customers.



“The positive results of the first nine months of 2009 achieved in all business areas mean that we can confidently look forward to completing the year. These results also serve to confirm the success of the Group’s growth strategy by both internal and external lines” emphasises **the Chairman Tomaso Tommasi di Vignano**. “To this end, note that we recently finalised the purchase of 25% of AIMAG, a group that operates in the Provinces of Modena and Mantua, and that we will further consolidate our presence in the Marche region with the merger of Aspes Gas into Hera Comm Marche by the end of the year ” continued the Chairman.

Managing Director, Maurizio Chiarini added, “We are looking at important results that were achieved in a very difficult period. They confirm the Group’s ability to pursue its drive towards efficiency, achieved in part through organisational and company rationalisation, in a context of concentration on growth of the customer base and the territory, translating into investments and increasingly high quality standards.

The imminent Eurobond emission of Euro 500 million – continued Chiarini – aims at extending further debt maturity and taking benefit from current favourable market conditions”.

The consolidated quarterly report of the Hera Group as at 30 September 2009 was drafted in compliance with the IAS standards as provided for listed companies pursuant to article 81 bis of the Issuers’ Regulations 11971/1999, amended by Consob resolution 14990 of 14 April 2005. The information therefore complies with International Accounting Standard 34 regarding interim financial reporting. The Hera Group adopted the international accounting standards (IAS/IFRS) starting from the 2006 quarterly results.

Pursuant to article 154-bis, section 2, of the Finance Consolidation Act, the manager responsible for drafting the corporate documents, Sergio Marzo, declares that the information contained in the present press release corresponds to the documentary results, books and accounting entries.

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Profit and Loss (mln/€)	30/09/2008	Inc.%	30/09/2009	Inc.%	Ch.	Ch.%
Sales	2,556.5		3,064.9		+508.4	+19.9%
Change in Stock	7.0	0.3%	1.8	0.1%	(5.2)	(74.3%)
Other operating revenues	39.5	1.5%	54.3	1.8%	+14.8	+37.3%
Raw material	(1,616.8)	(63.2%)	(2,041.0)	(66.6%)	+424.2	+26.2%
Services costs	(530.4)	(20.7%)	(560.7)	(18.3%)	+30.3	+5.7%
Other operating expenses	(29.5)	(1.2%)	(25.6)	(0.8%)	(3.9)	(13.2%)
Personnel costs	(250.5)	(9.8%)	(261.1)	(8.5%)	+10.6	+4.2%
Capitalisations	174.5	6.8%	157.6	5.1%	(16.9)	(9.7%)
EBITDA	350.4	13.7%	390.1	12.7%	+39.7	+11.3%
Depreciation and provisions	(170.4)	(6.7%)	(196.8)	(6.4%)	+26.4	+15.5%
EBIT	180.0	7.0%	193.3	6.3%	+13.3	+7.4%
Financial operations	(77.4)	(3.0%)	(85.8)	(2.8%)	+8.4	+10.9%
Other non operating costs	(5.6)	(0.2%)	(15.7)	(0.5%)	+10.1	+179.9%
Pre tax Profit	96.9	3.8%	91.8	3.0%	(5.1)	(5.3%)
Tax	(40.4)	(1.6%)	(42.5)	(1.4%)	+2.1	+5.2%
Net Profit	56.5	2.2%	49.3	1.6%	(7.2)	(12.8%)
Attributable to:						
Shareholders of Parent Company	46.2	1.8%	42.0	1.4%	(4.1)	(8.9%)
Minority shareholders	10.4	0.4%	7.2	0.2%	(3.1)	(30.3%)

Net Financial Position (mln/€)	30/09/2009	Inc. %	30/06/2009	Inc. %
Cash on hand	148.6		157.6	
Other current loans	18.6		11.5	
Current financial indebtedness	(368.1)		(403.1)	
Current net financial indebtedness	(200.9)	10.6%	(234.0)	13.1%
Non current loans	8.9		8.6	
Non current financial indebtedness	(1,705.0)		(1,563.0)	
Non current net financial indebtedness	(1,696.0)	89.4%	(1,554.4)	86.9%
Net financial indebtedness	(1,896.9)	100.0%	(1,788.4)	100.0%