



press release

Bologna, 11 November 2010

Third quarter growth figures for the Hera Group. The BoD approves the results at 30/09/2010

Revenues at Euro 2,574.5 million (-16.0%)

EBITDA at Euro 431.4 million (+10.6%)

EBIT at Euro 218.2 million (+12.9%)

The Board of Directors of the Hera Group met late yesterday evening and unanimously approved the consolidated economic results at 30 September 2010.

Economic indicators and growth rate

During the reference period the Group consolidated the growth already achieved at the end of the first half-year period, with all economic indicators showing an increase. The main operating data also increased compared with the same period in the previous year. In particular, greater volumes of gas and electricity were sold and distributed, more district heating was supplied and more waste was collected and disposed of.

Revenue dynamics

Revenues decreased to Euro 2,574.5 million (-16.0% compared with 30/09/2009) mainly as a result of two factors: the decrease in trading activities for electricity and the consistent fall in the price of the raw material (linked to the price of oil) for the sale of methane gas. These effects were partly compensated for by the increased sales in the energy areas (gas and electricity) and environmental services.

The EBITDA increased by 10.6%

Thanks to the positive combination of all the Group's business areas, EBITDA grew to Euro 431.4 million, an increase of 10.6% compared with the figure of Euro 390.1 million at 30/09/09.

The first nine months of 2010 showed an EBIT of Euro 218.2 million (+12.9% compared with 30/09/2009). Pretax Profit reached €135.4 million (+47.5% compared with 30/09/2009).

Net profit post minorities came in at Euro 68.4 million (+62.6% compared with Euro 42.0 million for 30/09/2009).

The Net Financial Position at 30/09/2010 was Euro 1,963.0 million, compared with Euro 1,891.8 million at 31/12/2009.

Waste Management Area

The Waste Management Area, which accounts for 32.3% of the Group's EBITDA and includes waste collection, treatment and disposal services, recorded an EBITDA of Euro 139.3 million (+7.8% compared with 30/09/2009). This growth is linked to costs cutting,



increased special waste volumes disposed of by 8.1% (underpinning overall volume growth from third parties by +6.3%) and, to a lower extent, increased urban waste revenue mainly linked to the tariff adjustments made to the major services requested.

Gas Area

The Gas Area, which contributes 30.3% of the Group's EBITDA and includes the distribution and sale of methane gas and LPG, district heating and heat management, had an area EBITDA of Euro 130.7 million (+13.1% compared with 30/09/2009).

This result is the consequence of three main factors already seen in the previous quarters: a) increased volumes of heat supplied (355.0 GWh; +17.6%) and a lower average cost for the procurement of raw materials linked to the heat production of the new Imola co-generation plant for district heating; b) the increased revenues from gas distribution linked to regulatory business aspects; c) the increased gas sales volumes (1,990.1 million m³; +6.5%), as well as improved trading performance.

Electricity Area

The Electricity Area, which accounts of 9.4% of the Group's EBITDA and includes the production, distribution and sale of Electricity, showed an area EBITDA of Euro 40.4 million (+23.9% compared with 30/09/2009), the result of increased sales volumes (5.7 TWh; +11.8%) and the improved margin both in sales and trading activities.

Integrated Water Cycle Area

The Integrated Water Cycle Area, which accounts for 25.5% of the Group's EBITDA and includes water system services, sewerage and waste treatment services, posted an EBITDA of Euro 110.2 million (+14.0% compared with 30/09/2009), primarily the result of containing operating costs and tariff adjustments, which more than compensated a slight fall in volumes connected to weather conditions in the third quarter.

Other Services Area

The Other Services Area, which accounts for 2.5% of the Group's EBITDA and mainly includes Public Lighting and Telecommunication services, showed an area EBITDA of Euro 10.9 million.

Statements of the Chairman and Managing Director

"These results, in line with the forecasts in the Business Plan, confirm the good progress already made during the course of the year," explains Tomaso Tommasi di Vignano, Executive Chairman of the Group. "The Group is showing balanced growth in all areas of the business, with positive cash flow confirmed in this quarter as well. This support the preview to propose a dividend of Euro 9 cents per share to the Shareholders' Meeting that will approve the 2010 Financial Statement".

"This relevant growth supported by a balanced contribution of regulated and liberalised businesses", confirmed Hera CEO Maurizio Chiarini, "is the main highlight of the financial report approved by the board. The phase of intense infrastructural investment has now been completed and today we record the positive contribution both in term of margins affecting



positively bottom line and in term of cash generation. Stable financial debts and working capital enhancement further emphasize the soundness of the growing results.”

The exercise of the 5% option by Eiser for the Herambiente sharecapital

The Board also noted the formal request, expressed by the Eiser Global Infrastructure Fund (via the “Ambiente Arancione”), to exercise the option already set out in the agreement of the 27 July last, to purchase a further 5% of Herambiente, thereby owning 25% of the total sharecapital of the company active in the waste disposal and treatment industry. Execution will take place within 31/12/2010.

Pursuant to article 154-bis, section 2, of the Finance Consolidation Act, the manager responsible for drafting the corporate documents, Dr. Luca Moroni, 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€)	30/09/2010	Inc.%	30/09/2009	Inc.%	Ch.	Ch.%
Sales	2,574.5	100.0%	3,064.9	100.0%	(490.4)	(16.0%)
Change in Stock	7.0	0.3%	1.8	0.1%	+5.2	+287.4%
Other operating revenues	156.3	6.1%	197.0	6.4%	(40.7)	(20.7%)
Raw material	(1,463.6)	(56.8%)	(2,041.0)	(66.6%)	(577.4)	(28.3%)
Services costs	(577.0)	(22.4%)	(664.6)	(21.7%)	(87.6)	(13.2%)
Other operating expenses	(26.5)	(1.0%)	(25.6)	(0.8%)	+0.9	+3.5%
Personnel costs	(270.0)	(10.5%)	(261.1)	(8.5%)	(8.9)	+3.4%
Capitalisations	30.8	1.2%	118.8	3.9%	(88.0)	(74.1%)
EBITDA	431.4	16.8%	390.1	12.7%	+41.3	+10.6%
Depreciation and provisions	(213.2)	(8.3%)	(196.8)	(6.4%)	+16.4	+8.3%
EBIT	218.2	8.5%	193.3	6.3%	+24.9	+12.9%
Financial operations	(82.8)	(3.2%)	(85.8)	(2.8%)	+3.0	(3.5%)
Other non operating costs	0.0	0.0%	(15.7)	(0.5%)	(15.7)	(100.0%)
Pre tax Profit	135.4	5.3%	91.8	3.0%	+43.6	+47.5%
Tax	(56.3)	(2.2%)	(42.5)	(1.4%)	+13.8	+32.4%
Net Profit	79.1	3.1%	49.3	1.6%	+29.8	+60.5%
Attributable to:						
Shareholders of Parent Company	68.4	2.7%	42.0	1.4%	+26.3	+62.6%
Minority shareholders	10.7	0.4%	7.2	0.2%	+3.5	+48.9%

Net Financial Position (mln€)	30/09/2010	Inc. %	31/12/2009	Inc. %
Cash on hand	262.4		350.3	
Other current loans	29.7		20.7	
Current financial indebtedness	(129.8)		(119.1)	
Current net financial indebtedness	162.3	(8.3%)	251.9	(13.3%)
Non current loans	10.0		10.1	
Non current financial indebtedness	(2,135.3)		(2,153.8)	
Non current net financial indebtedness	(2,125.3)	108.3%	(2,143.7)	113.3%
Net financial indebtedness	(1,963.0)	100.0%	(1,891.8)	100.0%