



press release

Bologna, 19 October 2010

Hera Group: new 2010-2014 business plan

Targets include growth in Ebitda (+32% to €750 million), positive cash flow and an increase in financial stability, with ROE to exceed 9% and the environmental sector to play a key role.

Macro-objectives for 2010-2014

To establish the Hera Group as a streamlined, expanding organisation that serves the community and is able to seize opportunities in a constantly changing industry: this is the fundamental aim of the new 2010-2014 business plan which will be unveiled to the financial community today.

The business plan envisages an Ebitda of €750 million (+32% on 2009) in 2014, with Return on Equity above 9% (5.0% in 2009) and a Debt to Ebitda ratio below 2.8 (3.3 in 2009), underpinned by positive free cash flow generation.

All business segments will make a positive contribution to the group's projected growth.

Environmental sector

The waste collection, treatment and disposal segment (in which the Hera Group is market leader in Italy) will contribute by 60% to Ebitda growth also thanks to the completion of the plant expansion program. Total treatment capacity will exceed 6.3 million tonnes per year, a rise of 1.2 million tonnes compared with 2009 (+23.9%). Installed capacity for energy recovery will also grow in parallel, from 113 MW in 2009 to 153 MW in 2014, with over 930 GWh of energy generated from renewable sources. Prospected growth is also supported by material recovery initiatives and recycling of various streams of waste, including those from collection activities.

Energy Sector

The energy sector will be responsible for 8% of overall Group Ebitda growth, thanks to the market expansion policies. The business plan envisages maintaining a flexible position in the procurement of energy commodities, balancing trading and proprietary assets, that allows to exploit market opportunities and to respond swiftly to any sudden changes in commodity markets.

Specifically, growth in commercial operations is expected to continue, reaching a customer base of 2 million, mainly due to the increase in cross selling of electricity to gas customer base. The group targets to reach 2.2 billion cubic metres of gas sold to end customers and to increase electricity sales volumes by 23% (7 TWh to 8.6 TWh per year) by expanding customer base by 250,000 new clients in line with past 5 years track records.



Networks

In this sector the strategy continues to focus on streamlining and innovation; all activities (electricity and gas distribution, district heating and water management) will reach an Ebitda of €346 million contributing to overall Group Ebitda growth by approximately 32%.

Particular attention will be paid to improving efficiency and quality of services, to benefiting from tariff increases in order to reach returns guaranteed by law and to reach positive cash flows across all services, these being the key to further consolidation and expansion in selected territories.

Investments and cash flows

Capital expenditures are expected around €340 million per year on average, over the half of which will be related to regulated activities. Capital expenditures will be fully self-financed from 2010 also thanks to the advanced stage of completion of the plant expansion program. These positive effects on cash flows will be seen for the entire duration of the business plan. All business segments will achieve positive cash flows and, thanks to strict investment policy discipline, group ROI will exceed 10%.

Statement from Group President Tomaso Tommasi di Vignano

"The business plan portrays a group able to look to the future with peace of mind and optimism, largely due to the industrial achievements of the past and of future targets which point to significant growth across all financial targets. This growth will be accompanied by a constant focus on asset building, essential to supporting future development prospects", explained Group President Tomaso Tommasi di Vignano. "The group will carry on serving customers maintaining the same focus on sustainability and at the same time will be able to react swiftly to any development opportunities in line with group mission".



Investor Relations Hera S.p.A.

Jens K. Hansen

tel. +39 051 28 77 37

e.mail: jens.hansen@gruppohera.it

website: www.gruppohera.it