



Analyst Presentation
Interim results at Sept. 30th 2010



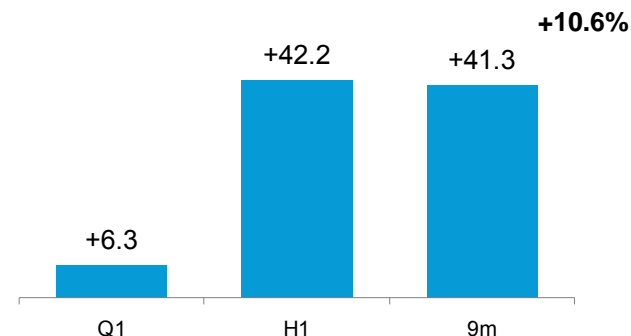
Hera Group	
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9m '10 Net profit up by +62.6% underpinned by organic growth.

- > **All businesses positively contributed to Ebitda growth (+10.6%).**
- > **Net profit at 79.1 m€ (+30% on adjusted basis*)**
- > **Capex reduction by 40 m€**
- > **Positive free cash flows** either in Q3 and cumulated 9 months.
- > **Eiser Global Infrastructure exercised 5% option to raise stake up to 25% of Herambiente. Execution by year end.**

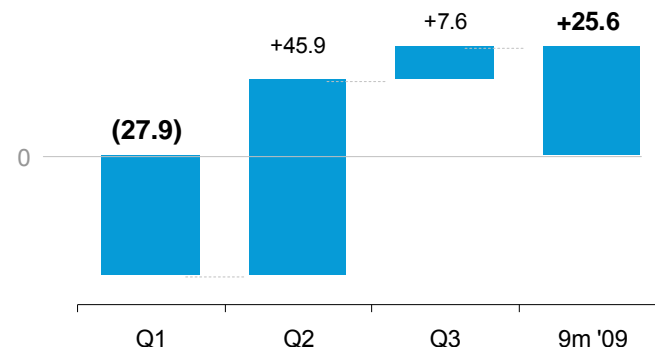
2010 Ebitda growth

(m€)



2010 Free cash flows

(m€)



*Adjustments relate to fiscal moratoria (28m€) and positive one off provision release effect (16m€)

Profit and Loss

(m€)

M €	9m '09	%	9m '10	%	Ch.%
Revenues*	3,121.0	100.0%	2,581.5	100.0%	(17.3%)
Ebitda	390.1	12.5%	431.4	16.7%	+10.6%
D&A	(196.8)	(6.3%)	(213.2)	(8.3%)	+8.3%
Ebit	193.3	6.2%	218.2	8.5%	+12.9%
Financials	(85.8)	(2.7%)	(82.8)	(3.2%)	(3.4%)
Other non oper. exp.	(15.7)	(0.5%)	0.0	0.0%	(100.0%)
Pre tax Profit	91.8	2.9%	135.4	5.2%	+47.5%
Tax	(42.5)	(1.4%)	(56.3)	(2.2%)	+32.3%
Tax rate	-46.3%		-41.6%		
Group Net Profit	49.3	1.6%	79.1	3.1%	+60.6%
Minorities	(7.2)	(0.2%)	(10.7)	(0.4%)	+48.9%
Hera Net Profit	42.0	1.3%	68.4	1.4%	+62.6%
<i>ADJ Net profit (one off[^])</i>	<i>52.5</i>	<i>1.7%</i>	<i>68.4</i>	<i>2.6%</i>	<i>+30.1%</i>

* Revenues include sales, change in stock and other operating revenues

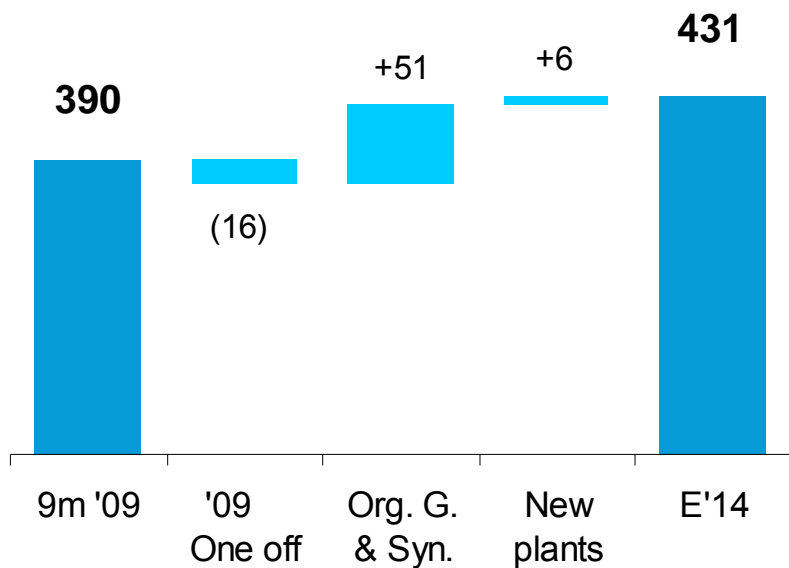
[^] Fiscal moratoria (-28m€) and one off effect of networks acquisition (+16m€)

Strong profit growth even on an adjusted basis

Organic growth achieved in all main businesses

Ebitda Drivers

(m€)

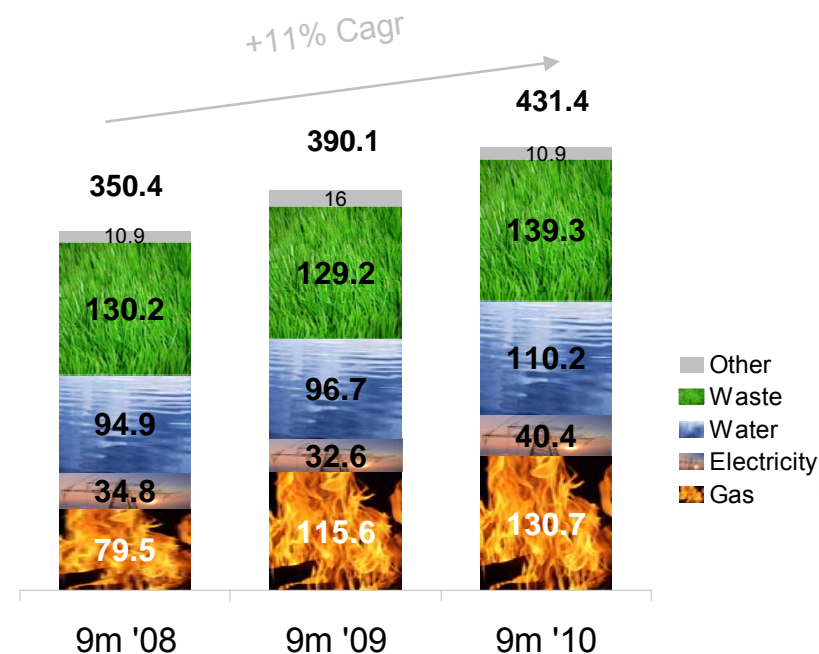


9m '09 Ebitda benefit from a provision release following the acquisition of third parties assets

Profitability in Energy sector, Water and Waste tariff increases and efficiency gains

Ebitda breakdown by business

(m€)



Gas & Electricity contribution enhanced by organic development and optimizations

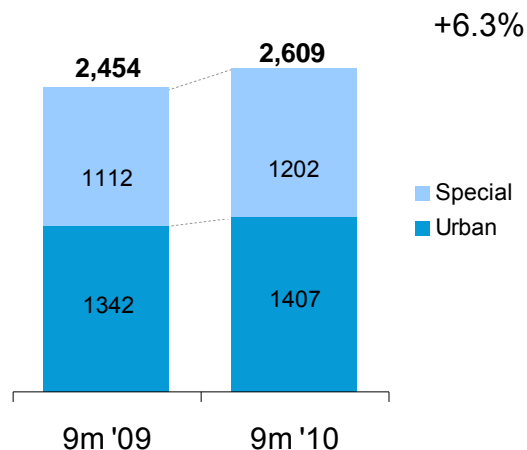
9 months results

(m€)

	9m '09	%	9m '10	%	Ch. %
Revenues	480.3	100.0%	533.3	100.0%	+11.0%
Operat. costs	(257.0)	(53.5%)	(289.3)	(54.2%)	+12.5%
Personnel	(106.6)	(22.2%)	(113.1)	(21.2%)	+6.1%
Capitaliz.	12.5	2.6%	8.3	1.6%	(33.5%)
Ebitda	129.2	26.9%	139.3	26.1%	+7.8%

Waste disposal from third parties

(K ton)



Volume treated increased by +6.3%.

Rimini WTE started mid of June (contributing to Q3 only on waste disposal side).

Increase of regulated tariffs by +2.3%

Increased sorted collection to 47%.

Electricity produced achieved **+6.5%** (to 398 GWh).

9 months results

(m€)

M €	9m '09	%	9m '10	%	Ch. %
Revenues	356.3	100.0%	365.9	100.0%	+2.7%
Operat. costs	(263.8)	(74.0%)	(195.0)	(53.3%)	(26.1%)
Personnel	(79.4)	(22.3%)	(79.0)	(21.6%)	(0.5%)
Capitaliz.	83.6	23.5%	18.3	5.0%	(78.1%)
Ebitda	96.7	27.1%	110.2	30.1%	+14.0%

Volume sold decreased by 1.4%.

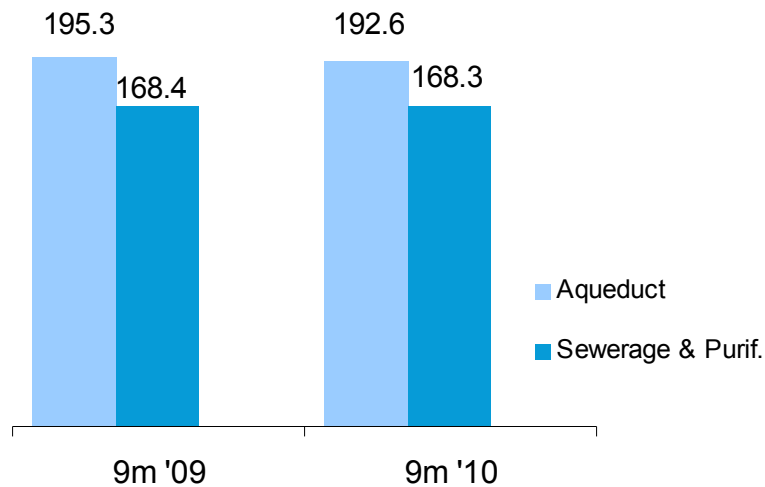
Increase of regulated tariffs by +2.8%

Efficiency gains and tariff increase underpin Ebitda growth by 13m€

Ebitda margin up to 30.1%

Volumes

(m m³)



9 months results

(m€)

M €	9m '09	%	9m '10	%	Ch. %
Revenues	907.8	100.0%	822.0	100.0%	(9.5%)
Operat. costs	(788.4)	(86.9%)	(664.1)	(80.8%)	(15.8%)
Personnel	(45.6)	(5.0%)	(46.1)	(5.6%)	+1.2%
Capitaliz.	41.8	4.6%	18.9	2.3%	(54.8%)
Ebitda	115.6	12.7%	130.7	15.9%	+13.1%

Volumes

(m m³)

Data	9m '09	9m '10	Ch. %
Volumes distrib. (mm ³)	1,517.0	1,650.5	+8.8%
Volumes sold (mm ³)	1,868.9	1,990.1	+6.5%
of which trading (mm ³)	461.2	524.1	+13.6%
District Heating (GWht)	301.8	355.0	+17.6%

Lower commodity prices partially off set by sales volume increase (+6.5%).

Positive contribution of trading and sales with higher volumes (+4.1% end customers and +13.6% wholesale)

Better sales and trading margins achieved thanks to flexible procurement strategy (Ebitda margin up by 320 basis points).

District heating benefit from new 80 MW Imola cogeneration plant (+17.6% volumes).

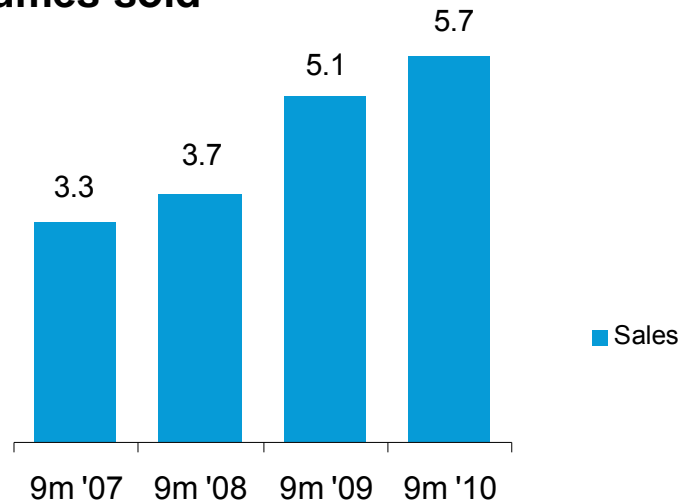
9 months results

(m€)

M €	9m '09	%	9m '10	%	Ch. %
Revenues	1,457.9	100.0%	996.2	100.0%	(31.7%)
Operat. costs	(1,425.3)	(97.8%)	(947.7)	(95.1%)	(33.5%)
Personnel	(16.9)	(1.2%)	(17.1)	(1.7%)	+0.7%
Capitaliz.	17.0	1.2%	8.9	0.9%	(47.5%)
Ebitda	32.6	2.2%	40.4	4.1%	+23.8%

Volumes sold

(Twh)



Trading revenues more than halved (from 0.9 to 0.4 b€).

Market expansion progressing (+11.8% volumes and +39k clients)

Better margins from sales and trading more than off set lower contribution from own power gen.

Ebitda margin up by 190 basis points.

9 months Capex

(m€)

M €	9m '09	9m '10
Waste	86.2	67.3
Water	81.5	67.3
Gas	48.8	33.3
Electricity	27.7	31.4
Other	9.2	10.1
Holding	30.2	32.5
Investments	1.2	2.5
Capex	284.9	244.4

20% capex related to new plants

Declining capex (-40m€, in line with budget).

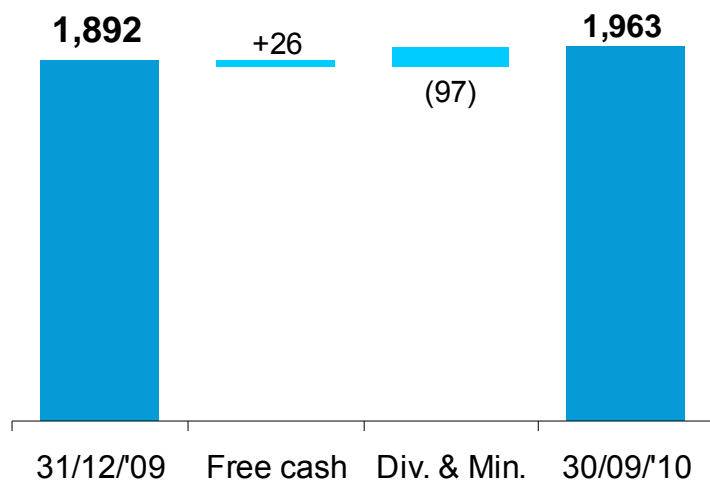
Waste: 35m€ related to new WTE.

Electricity: 10m€ related to new plants (Tamarete and industrial cogeneration).

Net Financial Debts

(m€)

Net Debts	30 Sept. '10
As of Jun. 30 '10	(1,970.7)
Q3 change	+7.7
As of 30 Sept. '10	(1,963.0)
<i>of which:</i>	
Short term Debt	162.3
Long term Debt	(2,125.3)



Positive Q2 and Q3 free cash flows

Debt structure 33% variable, 67% fixed rate.

Debt/Ebitda '09 around 3.3x

Cumulated maturities within '14: ~200 m€

Convertible bond placement

Amount:	130m€
Over-Allotment option:	10m€ <i>(up to 11/18/10)</i>
Duration:	about 3 year
Interest rate:	1.75% fixed
Interest payments:	Semi-annual
Conversion price:	1.834€/share <i>(premium on mkt price of 23.5%)</i>
Placement:	over 65 investors <i>(>85% outright)</i>
Book oversubscription:	4.7x

Convertible rational

Gain further financial flexibility

**Strengthen balance sheet structure
enhancing ratios**

Lowering average cost of debt

Increase free float up to 45% (in 2013)

Well on track toward end year targets

431 m€ EBITDA (+ 41 m€) and Net Profit up +62.6%

244 m€/year of Capex down 40 m€/year vs 9m '09,

Positive Q3 Free Cash Flow

Convertible successfully placed to gain further flexibility to pursue the general corporate purposes and growth opportunities

Q&A

