

**Press release**

Bologna, 11 November 2015

## Hera's Board of Directors approves the results for the third quarter of 2015

*The financial report as of 30 September 2015 shows improvement in all the main indicators, thanks to internal growth, external growth and the synergies deriving from integration M&A*

### Financial highlights

- **Revenues of € 3,246.4 million (+8.5%)**
- **EBITDA of € 640.2 million (+2.2%)**
- **Net profit post minorities at € 125.0 million (+12.3%)**
- **Net debt stable at € 2,638.6 million**

### Operational highlights

- **Benefits deriving from the consolidation of Amga Udine**
- **Excellent performance of the gas business, also in relation to greater volumes sold**
- **Good contribution of the water business to growth**

The Board of Directors of the Hera Group approved today unanimously the consolidated financial statements as of 30 September 2015, which show positive and growing results in all its figures, including net profit, thanks to the good performance of the Hera perimeter alone, external growth with the merger of Amga Udine (dated 1 July 2014) and the extraction of synergies from integration activities, thus contributing to improve the Group's financial strength.

### Revenues up 8.5%

In the first nine months 2015, revenues amounted to € 3,246.4 million, reflecting an increase of € 254.2 million (+8.5%) compared to € 2,992.2 million for the same period of last year. Growth was driven mainly by the greater volumes of gas and electricity sold and the more intense trading activities, thanks to more favourable weather conditions, compared to the same period of 2014, and the constant gains in market shares, especially in the electricity area.

### EBITDA up to € 640.2 million

At 30 September 2015, consolidated EBITDA was € 640.2 million, up from € 626.7 million, or 2.2%, from the comparable period in 2014 thanks in particular to the gas business, which rose by € 21.4 million, and the integrated water cycle, which was up € 9.5 million. This performance was in line with the first half of the year.

### Operating profit and pre-tax profit up

Operating profit rose to € 317.3 million (+1.4%) while pre-tax profit amounted to € 218.4 million (+3.9% on € 210.2 million at 30 September 2014), thanks also to a decline in financial expenses. In fact, at 30 September 2015 financial income and expenses was € 98.8 million, down from € 102.7 million at 30 September 2014 (-3.8%), owing the lower cost of average debt and greater profits contributed by associated companies and joint ventures.

### Net profit post minorities of € 125 million (+12.3%)

Thanks to a tax rate of 38.2%, which was significantly better than the comparable rate for 2014 (41.1%) as a result of the elimination of the Robin Tax and the reduction of IRAP, net profit post minorities rose to € 125.0 million, up 12.3% on the € 111.3 million posted at 30 September 2014 (with net profit per share up 9%), thanks also to the effect of the acquisition of 100% of certain subsidiaries (Akron).

### Over € 230 million in investments and improved net debt

In the first nine months of 2015, the Group's capital expenditure amounted to € 230.0 million, in line with the forecast of the business plan, which was used mostly for plants, grid and infrastructures. Of this sum, about € 92 million was deployed in the integrated water cycle and € 56 million in the gas business.

At 30 September 2015, net debt settled at € 2,638.6 million, reflecting an improvement with respect to the € 2,640.4 million at 31 December 2014 and the € 2,700.9 million at 30 September 2014, thanks to cash flows that covered capital expenditure in full and the € 142.4 million annual dividends paid last June.

#### **Gas**

For the period ended 30 September 2015, EBITDA in the gas business - which includes distribution and sales of gas methane, LPG, district heating and heat management – stood at € 203.6 million, +11.8%, compared to € 182.2 million at 30 September 2014. The excellent performance of the gas business was due to greater volumes sold, the consolidation of Amga Udine and the default gas contract awarded to Hera Comm for two years starting 1 October 2014 in Emilia Romagna, Friuli Venezia-Giulia, Toscana, Umbria and Marche.

The segment accounted for 31.8% of the Group's EBITDA, reflecting an increase on the comparable period of 2014.

#### **Water**

In the first nine months of 2015, this segment – which includes aqueduct, purification and sewerage services - grew on the comparable year earlier period, both in absolute terms and in terms of contribution to the Group's EBITDA. EBITDA rose from € 165.2 million at 30 September 2014 to € 174.7 million at 30 September 2015 (+5.7%), benefitting in particular from the coming into force of the new water tariff method set by AEEGSI for the 2014-2015 period and the efficiency improvement activities undertaken by the Group.

The segment accounted for 27.3% of the Group's EBITDA.

#### **Waste management**

EBITDA for the waste management business – which includes waste collection, treatment and disposal – went from € 176.5 million for the period ended 30 September 2014 to € 172.5 million for the period ended 30 September 2015 (-2.3%). This decline, which reflects a slight improvement on the comparable figure for the first quarter 2015, was due mainly to the lower number of landfills available, which had an impact on volumes processed; this effect was partly offset by positive trends in the waste treatment market prices and the improved efficiency of waste collection.

The percentage of sorted waste collection in the geographies served by the Group was up again, as it went from 52.8% for the first nine months of 2014 to 54.9% at 30 September 2015, thanks to the large number of projects implemented in the different areas.

The segment accounted for 26.9% of the Group's EBITDA.

#### **Electricity**

EBITDA for the electric energy business – which includes production, distribution and sales of electricity - went from € 87.3 million for the first nine months of 2014 to € 74.7 million for the nine months ended 30 June 2015. The lower EBITDA (-14.5%) was due mainly to non-recurring effects, such as lower extraordinary revenues from the regulated distribution business determined by the specific equalization effect occurred in the area of Gorizia in 2014. In the first nine months of 2015, volumes of electricity sold rose thanks to a larger marketing effort and higher consumption, especially in the summer months. Margins in commercial activities improved while the contribution from the market for dispatching services was down.

The segment accounted for 11.7% of the Group's EBITDA.

*Pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Finance Act, the Chief Financial Officer, Luca Moroni, declares that the information contained in this press release corresponds to the entries made in the accounting documents, ledgers and records.*

*The quarterly financial statements and the respective documentation will be available to the public at the Company's headquarters and on the [www.gruppohera.it](http://www.gruppohera.it) website and on the authorized storage device Info ([www.1info.it](http://www.1info.it)).*

*The unaudited financial statements, extracted from the Consolidated Interim Report as at 30 September 2015, are attached hereto.*

<b>Profit &amp; Loss (m€)</b>	<b>30/09/2015</b>	<b>Inc.%</b>	<b>30/09/2014(*)</b>	<b>Inc.%</b>	<b>Ch.</b>	<b>Ch. %</b>
Sales	3,246.4		2,992.2		+254.2	+8.5%
Other operating revenues	226.0	7.0%	218.6	7.3%	+7.4	+3.4%
Raw material	(1,613.2)	-49.7%	(1,365.5)	-45.6%	+247.7	+18.1%
Services costs	(815.4)	-25.1%	(819.7)	-27.4%	-4.3	-0.5%
Other operating expenses	(40.9)	-1.3%	(40.8)	-1.4%	+0.1	+0.2%
Personnel costs	(380.5)	-11.7%	(369.9)	-12.4%	+10.6	+2.9%
Capitalisations	17.9	0.6%	11.9	0.4%	+6.0	+50.5%
<b>Ebitda</b>	<b>640.2</b>	<b>19.7%</b>	<b>626.7</b>	<b>20.9%</b>	<b>+13.5</b>	<b>+2.2%</b>
Depreciation and provisions	(323.0)	-9.9%	(313.8)	-10.5%	+9.2	+2.9%
<b>Ebit</b>	<b>317.3</b>	<b>9.8%</b>	<b>312.9</b>	<b>10.5%</b>	<b>+4.4</b>	<b>+1.4%</b>
Financial inc./(exp.)	(98.8)	-3.0%	(102.7)	-3.4%	-3.9	-3.8%
<b>Pre tax profit adjusted</b>	<b>218.4</b>	<b>6.7%</b>	<b>210.2</b>	<b>7.0%</b>	<b>+8.2</b>	<b>+3.9%</b>
Tax	(83.5)	-2.6%	(85.4)	-2.9%	-1.9	-2.2%
<b>Net profit adjusted</b>	<b>134.9</b>	<b>4.2%</b>	<b>124.8</b>	<b>4.2%</b>	<b>+10.1</b>	<b>+8.1%</b>
Non recurrent financial items	-	0.0%	(2.5)	-0.1%	-2.5	+101.7%
<b>Net profit</b>	<b>134.9</b>	<b>4.2%</b>	<b>122.4</b>	<b>4.1%</b>	<b>+12.5</b>	<b>+10.2%</b>
Attributable to:						
<b>Shareholders of the Parent Company</b>	<b>125.0</b>	<b>3.9%</b>	<b>111.3</b>	<b>3.7%</b>	<b>+13.7</b>	<b>+12.3%</b>
Minority shareholders	9.9	0.3%	11.0	0.4%	-1.2	-10.5%
<b>Balance Sheet (mln €)</b>	<b>30/09/2015</b>	<b>Inc.%</b>	<b>31/12/2014</b>	<b>Inc.%</b>	<b>Ch.</b>	<b>Ch. %</b>
Net fixed assets	5,432.9	107.0%	5,445.8	106.8%	-12.9	-0.2%
Working capital	139.7	2.8%	153.1	3.0%	-13.4	-8.8%
(Provisions)	(495.8)	-9.8%	(499.5)	-9.8%	+3.7	-0.7%
<b>Net invested capital</b>	<b>5,076.8</b>	<b>100.0%</b>	<b>5,099.4</b>	<b>100.0%</b>	<b>-22.6</b>	<b>-0.4%</b>
Net equity	2,438.2	48.0%	2,459.0	48.2%	-20.8	-0.8%
Long term net financial debts	2,679.6	52.8%	2,969.3	58.2%	-289.7	-9.8%
Short term net financial debts	(41.0)	-0.8%	(328.9)	-6.4%	+287.9	-87.5%
Net financial debts	2,638.6	52.0%	2,640.4	51.8%	-1.8	-0.1%
<b>Net invested capital</b>	<b>5,076.8</b>	<b>100.0%</b>	<b>5,099.4</b>	<b>100.0%</b>	<b>-22.6</b>	<b>-0.4%</b>

(\*) For a better comparison with figure as of 30 September 2015, the same period in 2014 was adjusted by lowering revenues from "fondo fughe" (leakages fund) by 3.6 mln €, consistently with the related figure in the provision line, whereas revenues for funds reassessment, standing at 2.4 mln €, were included in the provisions' reduction, with no effect on Ebit.