Consolidate quarterly report

as at 30 September 2019

GRUPPO HERA

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Introduction

Governance and control bodies

Board of Directors	
Chairman	Tomaso Tommasi di Vignano
CEO	Stefano Venier
Vice Chairman	Giovanni Basile
Director	Francesca Fiore
Director	Giorgia Gagliardi
Director	Massimo Giusti
Director	Sara Lorenzon
Director	Stefano Manara
Director	Danilo Manfredi
Director	Alessandro Melcarne
Director	Erwin P.W. Rauhe
Director	Duccio Regoli
Director	Federica Seganti
Director	Marina Vignola
Director	Giovanni Xilo
Board of Statutory Auditors	
Chairman	Myriam Amato
Standing Auditor	Antonio Gaiani
Standing Auditor	Marianna Girolomini
Control and Risk Committee	
Chairman	Giovanni Basile
Member	Erwin Paul Walter Rauhe
Member	Duccio Regoli
Member	Sara Lorenzon
Remuneration Committee	
Chairman	Giovanni Basile
Member	Francesca Fiore
Member	Massimo Giusti
Member	Stefano Manara
Executive Committee	
Chairman	Tomaso Tommasi di Vignano
Vice Chairman	Giovanni Basile
Member	Stefano Venier
Member	Alessandro Melcarne
Ethics and Sustainability Committee	
Chairman	Massimo Giusti
Member	Federica Seganti
Member	Mario Viviani
Member	Filippo Maria Bocchi
Independent auditing firm	
	Deloitte&Touche Spa

Mission

Hera aims at being the best multi-utility in Italy for its customers, workforce and shareholders. It intends to achieve this through further development of an original corporate model capable of innovating and forging strong links with the areas served by respecting the local environment.

For Hera, being the best is a way of creating pride and trust for: customers, who receive, thanks to Hera's constant responsiveness to their needs, quality services that satisfy their expectations; the women and men who work at Hera, whose skills, engagement and passion are the foundation of the company's success; shareholders, confident that the economic value of the company will continue to be generated in full respect of the principles of social responsibility; the reference area, because economic, social and environmental wealth represent the promise of a sustainable future; and suppliers, key elements in the value chain and partners for growth.

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Directors' Report

1.01
Overview of Group management performance and definition of alternative performance measures

Operating APMs and investments (mn€)	Sept 19	Sept 18	Abs. change	% change
Revenues	**5,063.2**	**4,348.4**	**+714.8**	**+16.4%**
Ebitda	**785.8**	**748.6**	**+37.2**	**+5.0%**
Ebitda/revenues	15.5%	17.2%	-1.7 p.p.	
Ebit	**405.5**	**376.5**	**+29.0**	**+7.7%**
Ebit/revenues	8.0%	8.7%	-0.7 p.p.	
Net profit	**242.0**	**220.7**	**+21.3**	**+9.7%**
Net profit/revenues	4.8%	5.1%	-0.3 p.p.	
Net investments *	**331.0**	**287.3**	**+43.7**	**+15.2%**

*** for the data used in calculating net investments, see notes 13, 14, 15 and 16 of the explanatory notes and paragraph 1.01.02 of the Overview of Group management performance.**

Operating APMs and investments

Financial APMs

Financial APMs (mn€)	Sept 19	Dec 18	Abs. change	% change
Net non-current assets	6,151.2	5,905.1	+246.1	+4.2%
Net working capital	109.6	115.4	-5.8	-5.0%
Provisions	(610.0)	(588.2)	+21.8	+3.7%
Net ivnested capital	5,650.8	5,432.3	+218.5	+4.0%
Net debt	**(2,740.7)**	**(2,585.6)**	**+155.1**	**+6.0%**

Alternative performance measures (APMs)

The Hera Group uses alternative performance measures (APMs) to convey as effectively as possible information concerning trends in the profitability of the businesses in which it operates, as well as its equity and financial situation. In accordance with the guidelines published on 5 October 2015 by the European securities and markets authority (Esma/2015/1415) and in keeping with the provisions of Consob communication no. 92543 of 3 December 2015, the content of and the criteria used in defining the APMs used in this financial statement are explained below.

Ebitda is a measure of operating performance and is calculated as the sum of "Operating income" and "Depreciation, amortization and write-downs." This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is a useful measure in evaluating the operating performance of the Group (as a whole, and within each business unit), also allowing for a comparison between operating profits of the reporting period with those of previous periods. In this way it is possible to analyze trends and compare the efficiencies achieved in different periods.

Operating APMs and investments

Ebit is a measure of operating performance and is calculated by subtracting operating costs from operating revenues. Among operating costs, amortisations and provisions are deducted from the special operating items which, if present, are described in the detailed table at the end of this paragraph. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is a useful measure in evaluating the operating performance of the Group (as a whole, and within each business unit), also allowing for a comparison between operating profits of the reporting period with those of previous periods. In this way it is possible to analyze trends and compare the efficiencies achieved in different periods.

Pre-tax results are calculated by subtracting the financial activities shown in the balance sheets from Ebit, as described above, net of special financial items which, if present, are described in the detailed table at the end of this paragraph.

Net results are calculated by subtracting from pre-tax results, as described above, the taxes shown in the balance sheets minus special fiscal items which, if present, are described in the detailed table at the end of this paragraph.

Results from special items (if present in the current report) are an APM aimed at drawing attention to the result of the special item entries which, if present, are described in the detailed table at the end of this paragraph. In the Overview of Group management, this measure is placed between net results and net income for the period in question, thus allowing the performance of the Group's characteristic management to be read more clearly.

Ebitda on revenues, Ebit on revenues and net income on revenues are used as financial targets in internal documents (business plans) and external presentations (to analysts and investors), and measure the Group's operating performance through a proportion, expressed as a percentage, of Ebitda, Ebit and net income divided by the value of revenues.

Financial APMs

Net investments are the sum of investments in tangible fixed assets, intangible assets and equity investments net of capital grants. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is useful in evaluating spending capacity for the Group's investments in maintenance and development (as a whole and within each business unit), also allowing for a comparison with previous periods. This measure makes it possible to analyze trends.

Net fixed assets are calculated as the sum of: tangible fixed assets; intangible assets and goodwill; equity investments; deferred tax assets and liabilities. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is useful in evaluating the Group's net assets as a whole, also allowing for a comparison with previous periods. In this way it is possible to analyze trends and compare the efficiencies achieved in different periods.

Net working capital is made up of the sum of: inventories; trade receivables and payables; current tax receivables and payables; other assets and other current liabilities; the current portion of assets and liabilities for financial derivatives on commodities. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is useful in evaluating the Group's ability to generate cash flow through operating activities over a period of 12 months, in addition to comparisons with previous periods. In this way it is possible to analyze trends and compare the efficiencies achieved in different periods.

Provisions includes the sum of the items "employee severance indemnities and other benefits" and "provisions for risks and charges". This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is a useful measure in evaluating the Group's ability to deal with possible future liabilities, also allowing for a comparison with previous periods. This indicator makes it possible to analyse trends and compare the efficiencies achieved in different periods.

Net invested capital is defined by calculating the sum of "net fixed assets", "net working capital" and "provisions". This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is useful in evaluating all of the Group's current and non-current operating assets and liabilities, as specified above.

Net financial debt (at times referred to below as Net debt) is a measure of the company's financial structure determined in accordance with Consob communication 15519/2006, adding the value of non-current financial assets. This measure is therefore calculated by adding together the following items: current and non-current financial assets; cash and cash equivalents; current and non-current financial liabilities; current and non-current portions of assets and liabilities for derivative financial instruments on interest and exchange rates. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors), and is a useful measure in evaluating the Group's financial debt, also allowing for a comparison with prior periods. In this way it is possible to analyze trends and compare the efficiencies achieved in different periods.

Sources of financing are obtained by adding "net financial debt" and "net equity". This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and represents the breakdown of sources of financing, distinguishing between the company's own equity and that of third parties. It is a measure of the Group's financial autonomy and solidity.

Operating-financial APMs

The Net debt to Ebitda ratio, expressed as a multiple of Ebitda, is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and represents a measure of the operating management's ability to pay back its net financial debt.

Funds from operations (Ffo) are calculated beginning with Ebitda, subtracting provisions for doubtful accounts, financial charges, uses of provisions for risks (net of releases from provisions and increases due to changes in assumptions on future outlays following revised estimates on current landfills) and severance pay and taxes, net of the special items which, if present, are described in the detailed table at the end of this paragraph. This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and represents an indicator of the operating management's ability to generate cash.

The Ffo/Net debt indicator, expressed as a percentage, is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and represents an indicator of the operating management's ability to pay back its net financial debt.

Roi, return on net invested capital, is defined as the ratio between Ebit, as described above, and net invested capital. Expressed as a percentage, this measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and is intended to indicate the ability to produce wealth through operating management, thus remunerating equity and capital pertaining to third parties.

Roe, return on equity, is defined as the ratio between net profits and net equity. Expressed as a percentage, this measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and is intended to indicate the profitability obtained by investors, recompensing risk.

Cash flow is defined as operating cash flow, net of dividends paid. Operating cash flow is calculated as Ebit (as previously described and net of special items, if present), to which the following are added:

- amortisation, depreciation and provisions for the period, not including provisions for doubtful debts;
- changes in net working capital;
- provisions for the risk fund (net of releases from provisions);
- use of severance pay reserves;
- the difference between changes in taxes paid in advance and deferred taxes;
- operating and financial investments;
- financial charges and financial income (*);
- divestitures;
- current taxes.

(*) minus the effects of updating deriving from the application of accounting standards Ias 37 and Ias 19 and the profits coming from associated companies and joint ventures, plus the dividends received from the latter.

This measure is used as a financial target in internal documents (business plans) and external presentations (to analysts and investors) and is intended to indicate the company's ability to generate cash flow and therefore its ability to finance itself.

Special item / balance sheet reconciliation

Special financial items	Sept 19	Sept 18
Financial operations from financial statements		(60.7)
Total financial operations from special items	-	(4.8)
Financial operations	-	(65.5)

Result from special items	-	4.8

1.01.01
Operating and financial results

Constant growth in all indicators

At the end of the first nine months of 2019, the Hera Group achieved operating results that increased over the same period in the previous year. Ebitda came to 785.8 million euro, showing a 5.0% rise, Ebit totalled 405.5 million euro, up 7.7%, and net profits reached 242.0 million euro, up 9.7%.

The strategy pursued by the Hera Group, balanced between regulated and free market activities, with attention given to sustainability and the principles of a circular economy, was responsible for the results reached in the first nine months of 2019. The main drivers consisted in both internal growth, thanks to developments in marketing and organisational simplification, and the opportunities offered by the market, through external development and participation in public tenders pertinent to the activities in which the Group is involved.

The main corporate and business transactions which had an effect on the first half of 2019 are as follows:

- On 26 November 2018, Hera Comm Srl acquired the remaining 51% of Sangroservizi Srl, a gas, electricity and other energy product sales company with approximately 7,000 gas customers served in the Province of Chieti.

- Hera Comm Srl was awarded, in the tenders valid for the period 1 October 2018 – 30 September 2019, 5 portions of the last resort gas service (for customers in public services and those without a supplier) and 7 portions of the default gas distribution service (for customers in arrears), covering all regions of Italy with the exception of Lombardy, Trentino Alto Adige and Veneto.

- Hera Comm Srl was awarded 7 portions out of 10 in tenders for safeguarded electricity services for the 2019-2020 two-year period, called by the Single Purchaser. More specifically, 15 regions were assigned (Liguria, Piedmont, Valle d'Aosta, Trentino Alto Adige, Lombardy, Veneto, Emilia Romagna, Friuli Venezia Giulia, Sardinia, Lazio, Campania, Abruzzo, Apulia, Molise).

- The companies Inrete Spa and Hera Comm Srl, with a document registered on 17 December 2018, transferred to the third-party company Butan Gas Spa their respective corporate branches involved in LPG distribution and sales. The transfers were effective as of 1 January 2019.

- On 1 February 2019, after winning a public auction, Hera Spa acquired lo 0.5% of Marche Multiservizi Spa from shareholder Unione Montana Alta Valle del Metauro, thus increasing its shareholding from 46.2% to 46.7%.

- On 1 March 2019, the Hera Group merged the natural gas distribution services provided by CMV Servizi, acting through the company A Tutta Rete Srl, and the energy sales activities carried out by CMV Energia e Impianti Srl. The two companies were owned by the Municipalities of Cento, Vigarano Mainarda, Bondeno, Poggio Renatico, Terre del Reno and Goro. The transaction concerned roughly 25,000 customers (21,300 in gas and 3,500 in electricity) and roughly 30,000 delivery points (26,500 in the Ferrara area and over 3,100 in the Bologna area) for natural gas distribution.

- On 23 April Hera Spa acquired 3.28% of the share capital of Acantho Spa from Aimag Spa, thus increasing its shareholding from 77.36% to 80.64%.

- On 9 May 2019, Hera Spa was definitively awarded the tender for acquiring 100% of the shares of Cosea Ambiente Spa, a company that manages urban and similar waste services mainly in the province of Bologna. Cosea Ambiente Spa is consolidated as of June 2019 with financial effects backdated to 1 January 2019. Furthermore, a Deed of Concession was stipulated between Cosea Consorzio Servizi Ambientali and Herambiente Spa, setting out the terms for the concession of the urban, similar and non-dangerous special waste disposal plant located in Gaggio Montano to Herambiente Spa.

- Effective as of 1 July 2019 and with accounting effects backdated to 1 January 2019, the company Waste Recycling Spa was merged by incorporation into Herambiente Servizi Industriali Srl. This transaction, aimed at simplifying and generally improving operating efficiency, led to the creation of Italy's largest industrial waste management company.

- On 17 July 2019, Herambiente Spa acquired the entire holding of the company Pistoia Ambiente Srl, responsible for managing the special waste disposal site located municipality of Serravalle Pistoiese. The company is consolidated with operating and financial effects as of 1 July 2019.

The acquisitions of Sangroservizi Srl, CMV and ATR Srl in the energy sector and Cosea Ambiente Spa, Pistoia Ambiente Srl and the Gaggio Montano plant in the waste management sector are considered as changes in the Group's scope of operations in the remainder of this report.

As of 2019, accounting standard Ifrs 16 leases comes into effect, which provides a new definition of leases and introduces a criterion based on an asset's right of use to distinguish leasing contracts from service contracts. Put briefly, what this standard entails for the Hera Group, in the first adoption phase, are lower costs for services but higher amortisation and financial charges in the income statement. From a financial point of view, higher non-current assets and higher financial debt are expected.

As foreseen by accounting standard Ifrs 15, these incremental costs, amounting to roughly 10 million euro and mainly consisting in commissions paid to agents, have been recorded as assets and are amortised according to the churn rate for the customers acquired.

The following table shows operating results at 30 September 2019 and 2018:

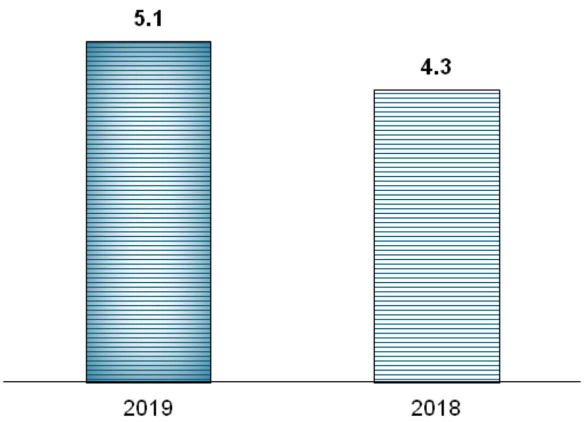
Growing results

Income statement (mn€)	Sept 19	% Inc.	Sept 18	% Inc.	Abs. change	% change
Revenues	5,063.2		4,348.4		+714.8	+16.4%
Other operating revenues	366.7	7.2%	321.1	7.4%	+45.6	+14.2%
Raw and other materials	(2,504.9)	-49.5%	(1,966.6)	-45.2%	+538.3	+27.4%
Service costs	(1,698.4)	-33.5%	(1,529.2)	-35.2%	+169.2	+11.1%
Other operating costs	(45.6)	-0.9%	(42.9)	-1.0%	+2.7	+6.3%
Personnel costs	(418.7)	-8.3%	(410.1)	-9.4%	+8.6	+2.1%
Capitalised costs	23.5	0.5%	28.0	0.6%	-4.5	-16.1%
Ebitda	**785.8**	**15.5%**	**748.6**	**17.2%**	**+37.2**	**+5.0%**
Amortisation, depreciation and provisions	(380.3)	-7.5%	(372.2)	-8.6%	+8.1	+2.2%
Ebit	**405.5**	**8.0%**	**376.5**	**8.7%**	**+29.0**	**+7.7%**
Financial operations	(67.1)	-1.3%	(65.5)	-1.5%	+1.6	+2.4%
Pre-tax result	**338.4**	**6.7%**	**311.0**	**7.2%**	**+27.4**	**+8.8%**
Taxes	(96.4)	-1.9%	(95.1)	-2.2%	+1.3	+1.4%
Net result	**242.0**	**4.8%**	**215.9**	**5.0%**	**+26.1**	**+12.1%**
Result from special items	-	0.0%	4.8	0.1%	-4.8	-100.0%
Net profit for the period	**242.0**	**4.8%**	**220.7**	**5.1%**	**+21.3**	**+9.7%**
Attributable to:						
Parent company shareholders	**230.8**	**4.6%**	**208.7**	**4.8%**	**+22.1**	**+10.6%**
Non-controlling interests	11.2	0.2%	11.9	0.3%	-0.7	-6.0%

Revenues came to 5,063.2 million euro, up 714.8 million euro or 16.4% over the 4,348.4 million euro seen in the same period in 2018. This growth in revenues came from trading, coming to roughly 386 million euro, higher revenues for gas and electricity sales, owing to the higher price for commodities, amounting to roughly 63 million euro, and higher volumes of gas and electricity sold, amounting to roughly 66 million euro. The remainder came from higher revenues in electricity generation, coming to roughly 27 million euro, higher revenues from water supply coming to 8.1 million euro and, lastly, higher revenues from waste treatment. Changes in the scope of operations accounted for an overall increase in revenues coming to roughly 18.1 million euro. A 116 million euro increase was also seen in pass-through revenues for volumes transmitted and system charges.

For further details, see the analyses of each single business area.

Revenues (bn€)



5.1
billion euro in revenues (+16.4%)

Other operating revenues increased over the same period in the previous year by 45.6 million euro or 14.2%. This growth is mainly due to higher revenues for Ifric 12 commissions coming to 39 million euro, higher reimbursements and various contributions amounting to roughly 4 million euro and higher contributions for sorted waste totalling roughly 3.0 million euro.

A rise in costs for raw materials linked to higher revenues

Costs for raw and other materials rose by 538.3 million euro or 27.4% over 30 September 2018. This increase, not including changes in the scope of operations, which accounted for roughly 2.5 million euro, is due to a larger amount of trading, a rise in the price of raw materials and higher volumes of gas and electricity sold.

Other operating costs rose by 171.9 million euro overall (higher costs for services coming to 169.2 million euro and higher operating expenses amounting to 2.7 million euro). Not including changes in the scope of operations, which accounted for roughly 8.5 million euro, note the higher pass-through costs for service charges and volumes transmitted coming to roughly 116 million euro, higher costs for Ifric 12 commissions coming to roughly 21.0 million euro and roughly 47.0 million euro in higher costs in the activities of the waste management area. These higher costs were only partially offset by lower costs for leasing, following the application of accounting standard IFRS 16, amounting to roughly 13.0 million euro, and lower costs in the income statement owing to the acquisition of energy customers which are recorded as indicated above.

+2.1% growth in the cost of personnel

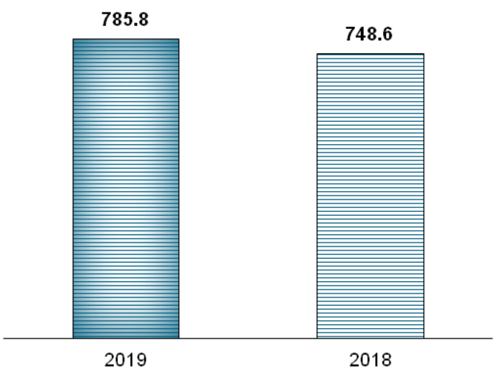
The cost of personnel rose by 8.6 million euro or 2.1%. This increase is partially due to changes in the scope of operations, amounting to 5.1 million euro, while the remainder results from the increases in remuneration foreseen by the National labour contract, offset by reductions in INAIL tariffs.

Capitalised costs at 30 September 2019 fell by 4.5 million euro or 16.1% compared to the same period of the previous year, due to a lower amount of interventions on plants and work on Group assets.

Ebitda settled at 785.8 million euro, up 37.2 million euro or 5.0% compared to September 2018. This growth in Ebitda can be traced to the good performances seen in almost all business areas. The energy areas grew by 13.5 million euro overall, thanks to the good performance in the gas area, whose results increased by 17.6 million euro, offsetting the trend seen in the electricity area which fell by 4.1 million euro. The water cycle area contributed to growth with 13.8 million euro, other services with 6.1 million euro and, lastly, the waste management area showed growth coming to 3.8 million euro.

For further details, see the analyses of each single business area.

Ebitda (mn€)



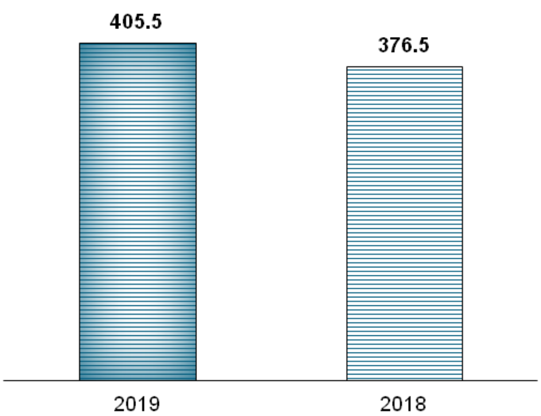
785.8
million euro
MoI (+5.0%)

At 30 September 2019, Amortisation, depreciation and provisions rose by 8.1 million euro over the previous year, going from 372.2 million euro to 380.3 million euro. Amortisation rose on account of new investments in operations and by way of the application of accounting standard IFRS16, partially offset by reductions, in the Herambiente Group, caused by lower disposals in landfills and an adjustment in the quotas for the useful life of the plant owned by the company FEA. Allocations to the doubtful debt provision dropped, in particular in sales companies.

Higher amortisation due to both the application of IFRS 16 and operating investments

At 30 September 2019, Ebit came to 405.5 million euro, up 29.0 million euro or 7.7% over the 376.5 million euro seen at the same date in 2018.

Ebit (mn€)



405.5
million euro Ebit
(+7.7%)

The result of financial operations came to 67.1 million euro at the end of the first nine months of 2019, up 1.6 million euro or 2.4% compared to 30 September 2018. This increase is mainly due to the lower income received compared to the previous year

Financial operations increase

from the subsidiary Veneta Sanitaria Finanza di Progetto, amounting to roughly 2.0 million euro, and the application of international accounting standard IFRS16 on operating leases, which had a roughly 2.7 million euro impact on charges. The increase was largely offset by higher income for late payment fees paid by customers for overdue receivables.

Pre-tax results increased by 27.4 million euro, going from 311.0 million euro at 30 September 2018 to 338.4 million euro for the first nine months of 2019.

Tax rate falls

Taxes for the first nine months of 2019 amounted to 96.4 million euro, as against 95.1 for the same period in 2018. The tax rate dropped sharply, going from 30.1% for the first nine months of 2018 to 28.5% in 2019. This improvement is due to the continuous commitment shown by the Group in sustaining investments in instrumental goods serving a technological and digital transformation along the lines of industry 4.0, which carry benefits in terms of large and extremely large amortisations, alongside the other incentives and tax credits that the Group always seeks to grasp.

The net result increased by 12.0%, corresponding to 26.0 million euro, going from 215.9 million euro in September 2018 to 241.9 million euro in September 2019.

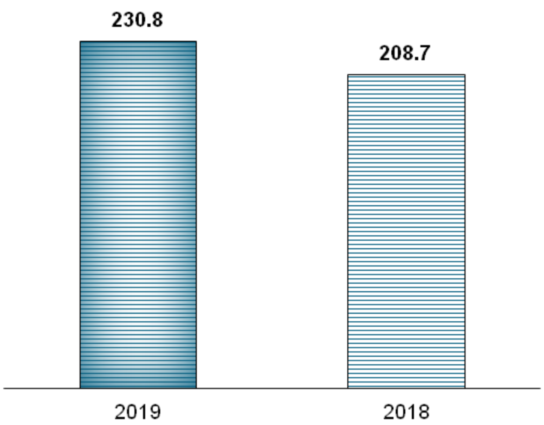
The first nine months of 2018 saw a result from special financial items coming to 4.8 million euro, involving the capital gain for the transfer of the company Medea to third parties.

+9.6%
Net profits

Net profits thus rose by 9.6% or 21.1 million euro, going from 220.7 million euro in 2018 to 241.9 million euro in September 2019.

Profits pertaining to the Group amounted to 230.8 million euro, up 22.1 million euro over the amount seen at 30 September 2018.

Net profit post minorities (mn€)



230.8
million euro
net profit post
minorities (+10.6%)

1.01.02
Analysis of the Group's financial structure and investments

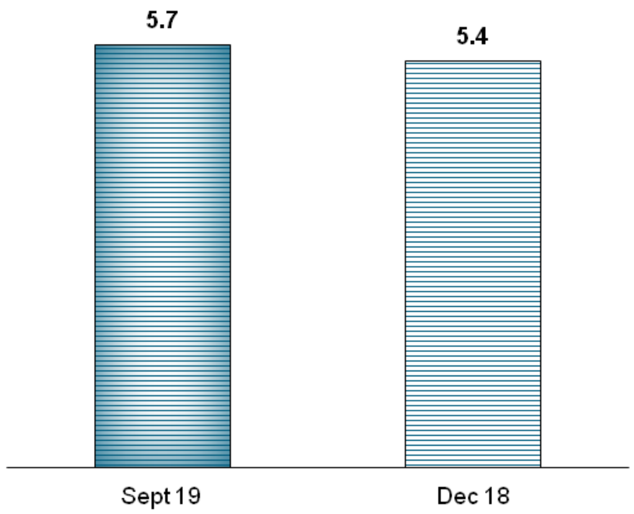
What follows in an analysis of trends in the Group's net invested capital and sources of financing at 30 September 2019.

The Group's solidity increases

Invested capital and sources of financing (mn€)	30 Sept 19	Inc%	31 Dec 18	Inc.%	Abs. change	% change
Net non-current assets	6,151.2	108.9%	5,905.1	108.7%	+246.1	+4.2%
Net working capital	109.6	1.9%	115.4	2.1%	-5.8	-5.0%
(Provisions)	(610.0)	-10.8%	(588.2)	-10.8%	-21.8	-3.7%
Net invested capital	**5,650.8**	**100.0%**	**5,432.3**	**100.0%**	**+218.5**	**+4.0%**
Equity	(2,910.1)	51.5%	(2,846.7)	52.4%	-63.4	-2.2%
Long-term borrowings	(2,846.5)	50.4%	(2,558.8)	47.1%	-287.7	-11.2%
Net current financial debt	105.8	-1.9%	(26.8)	0.5%	+132.6	-494.8%
Net debt	(2,740.7)	48.5%	(2,585.6)	47.6%	-155.1	-6.0%
Total sources of financing	**(5,650.8)**	**100.0%**	**(5,432.3)**	**100.0%**	**-218.5**	**-4.0%**

At 30 September 2019, net invested capital (NIC) amounted to 5,650.8 million euro, showing a 4.0% increase over the 5,432.3 million euro seen in December 2018. This higher amount is due to a rise in net non-current assets, mainly resulting from the application of accounting standard IFRS16 on operating leases, which led the right of use to be recorded, corresponding to 102.2 million euro at 30 September 2019. The increase in NIC also felt the effects of the acquisition of Pistoia Ambiente Srl by Herambiente Spa and, while to a lesser degree.

Net invested capital (bn€)



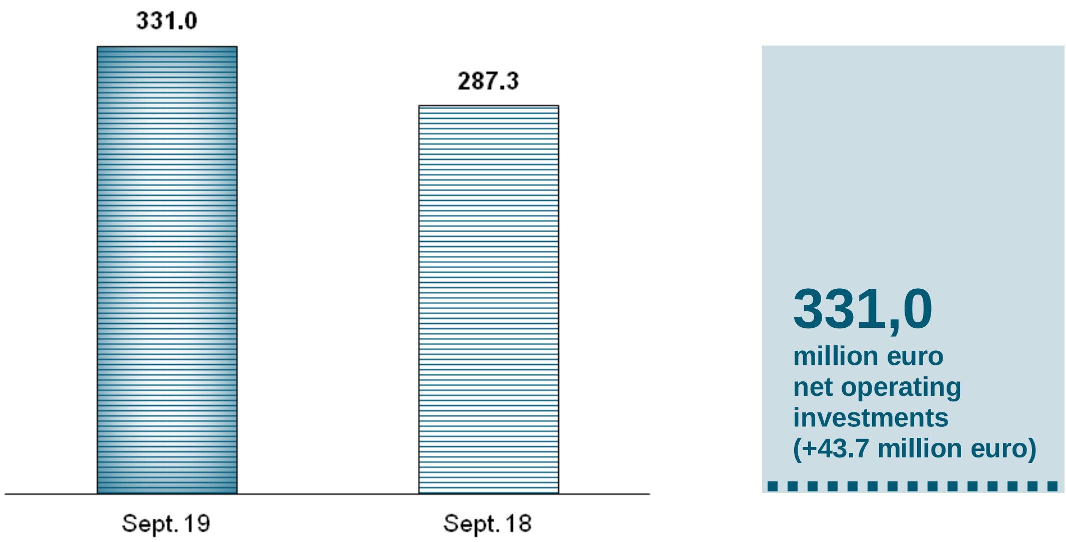
5.7
billion euro
net invested capital

In the third quarter of 2019, Group investments amounted to 331,0 million euro, rising by 43.7 million euro compared to the same period of the previous year, which included 1.7 million euro in financial holdings in the company Sangroservizi Srl, which then became part of the scope of consolidation within 2018.

Net investments rise to 331.0 million euro, up 43.7 million euro

Capital grants totalled 12.2 million euro, 10.1 million of which consisted in FoNI investments, as foreseen by the tariff method for the integrated water service, up 1.2 million euro overall compared to the previous year. Including capital grants, Group investments came to 343.2 million euro.

Total net operating investments (mn€)



The following table shows a breakdown by business area, with separate mention of capital grants:

Total investments (mn€)	Sept. 19	Sept. 18	Abs. Change	% change
Gas area	88.0	70.2	+17.8	+25.4%
Electricity area	28.8	15.2	+13.6	+89.5%
Integrated water cycle area	119.4	107.2	+12.2	+11.4%
Waste management area	52.2	45.1	+7.1	+15.7%
Other services area	10.2	11.5	-1.3	-11.3%
Headquarters	44.6	47.4	-2.8	-5.9%
Total operating investments	**343.1**	**296.6**	**+46.5**	**+15.7%**
Total financial investments	0.1	1.7	-1.6	-94.1%
Total gross investments	**343.2**	**298.3**	**+44.9**	**+15.1%**
Capital grants	12.2	11.0	+1.2	+10.9%
of which FoNI (New Investments Fund)	10.1	6.4	+3.7	+57.8%
Total net investments	**331.0**	**287.3**	**+43.7**	**+15.2%**

Strong commitment continues to be seen in operating investments in plants and infrastructures

The Group's operating investments came to 343.1 million euro, up 46.5 million euro over the previous year, and mainly involved interventions on plants, networks and infrastructures, in addition to regulatory upgrading involving above all gas

distribution, with a large-scale metre substitution, and the purification and sewerage areas.
Remarks on investments in each single area are included in the analyses by business area.
At Group headquarters, investments concerned interventions on corporate buildings, IT systems and the vehicle fleet, as well as laboratories and remote control structures. Overall, investments in structures decreased by 2.8 million euro compared to the previous year, mainly due to lesser work done on buildings and substitutions in the vehicle fleet.

In the third quarter of 2019, provisions amounted to 610.0 million euro, showing a slight increase over the figure seen at the end of the previous year. This result is mainly a consequence of the companies Pistoia Ambiente Srl and Cosea Ambiente Spa's entry within the Hera Group's consolidated scope.

610.0 million euro provisions

Equity rose from 2,846.7 million euro in 2018 to 2,910.1 million euro in September 2019. This change is a result of the positive results seen in the period, which came to 241.9 million euro, which covered 160.5 million euro in dividends paid.

2.9 billion euro equity

1.01.03
Analysis of net cash (net borrowings)

An analysis of net financial debt is shown in the following table:

A solid financial position

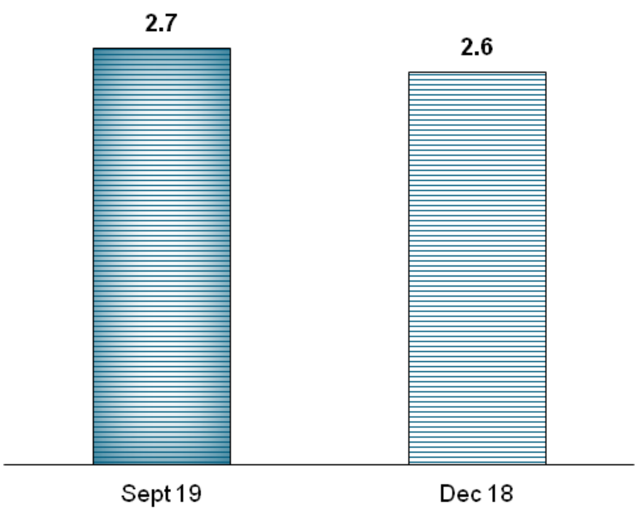
mn€		Sept 19	Dec 18
a	**Cash and cash equivalents**	**736.5**	**535.5**
b	**Other current financial receivables**	**47.3**	**37.3**
	Current bank debt	(85.1)	(70.3)
	Current part of bank borrowings	(439.5)	(451.5)
	Other current financial liabilities	(135.9)	(76.1)
	Financial lease payments maturing within the following period	(17.5)	(1.7)
c	**Current financial debt**	**(678.0)**	**(599.6)**
d=a+b+c	**Net current financial debt**	**105.8**	**(26.8)**
	Non-current bank debt and bonds issued	(2,864.2)	(2,644.3)
	Other non-current financial liabilities	(20.3)	(20.7)
	Financial lease payments maturing beyond the following period	(92.7)	(12.2)
e	**Non-current financial debt**	**(2,977.2)**	**(2,677.2)**
f=d+e	**Net financial position - Consob communication 15519/2006**	**(2,871.4)**	**(2,704.0)**
g	**Non-current financial receivables**	**130.7**	**118.4**
h=f+g	**Net debt**	**(2,740.7)**	**(2,585.6)**

The overall amount of net financial debt came to 2,740.7 million euro. The Group's financial structure at 30 September 2019 shows current debt coming to 678.0 million

euro, of which 54.4 million euro in bank loans reaching maturity within the year, 394.6 million euro in bonds maturing on 3 December 2019 and 85.1 million euro in current bank debt. The latter consists of usage of current credit lines coming to roughly 26.5 million euro and accruals for passive interest on financing coming to 58.6 million euro. The amount of non-current bank debt and bonds issued increased over the previous year, after a Green Bond was issued to refinance the Bond maturing in December 2019. The Green Bond, issued in June and maturing in July 2027, for an overall amount of 500 million euro, has a 0.875% coupon and return comes to 1.084%. This issuance, which is part of a Liability Management operation, furthermore entails an early repayment of the Bond maturing in 2021, coming to roughly 40.0 million, and an early repayment of the Bond maturing in 2024 coming to roughly 170.6 million, and allowed the Group to attain a particularly favourable interest rate, given that the scenario now sees negative rates even on long-term borrowings. As a result, available cash rose by 200 million over December 2018.
At 30 September 2019, medium- and long-term debt was largely made up of bonds issued on the European market and listed on the Luxembourg Stock Exchange (80.6% of the total), with repayment at maturity. The total debt shows an average time to maturity of 6 years and 3 months, with 55.4% maturing after more than five years.

Net financial debt went from 2,585.6 million euro in 2018 to 2,740.7 million euro in September 2019. This increase is mainly due to the application of accounting standard IFRS16 on operating leases and, to a lesser degree, the M&A transactions carried out in 2019, the most significant of which were the acquisition of Pistoia Ambiente Srl by Herambiente Spa and the incorporation of CMV Servizi, CMV Energia e Impianti and Cosea Ambiente.

Net financial debt (bn€)



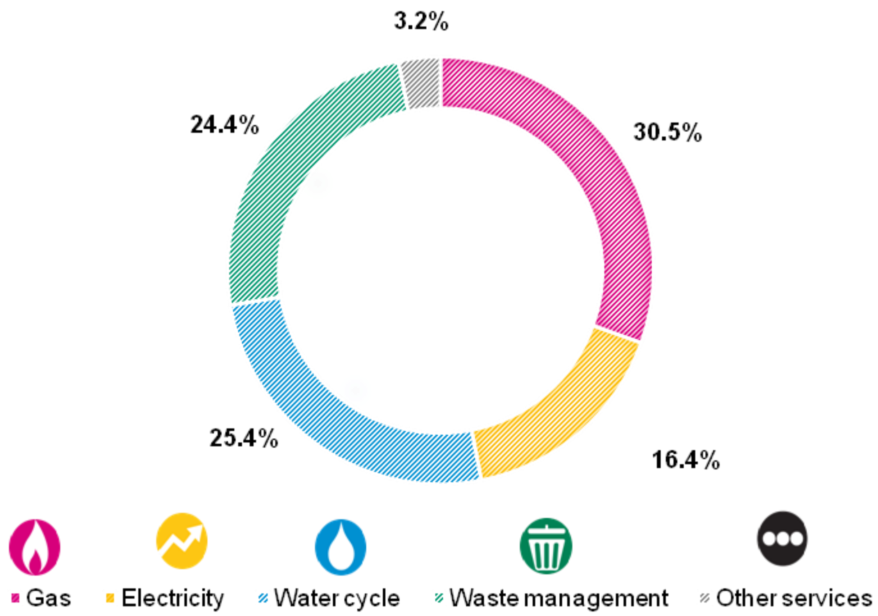
2.74
billion euro
net financial debt

1.02
Analysis by business area

An analysis of the operating results achieved in the Group's various business areas is provided below, including: the gas area, which covers services in natural gas and LPG distribution and sales, district heating and heat management; the electricity area, which covers services in electricity generation, distribution and sales; the integrated water cycle area, which covers aqueduct, purification and sewerage services; the waste management area, which covers services in waste collection, treatment and recovery; the other services area, which covers services in public lighting and telecommunications, as well as other minor services.

A multi-business strategy

Ebitda September 2019



The contribution given to Group Ebitda by its various business areas shows a balanced mix that reflects its multi-business strategy

The Group's income statements include corporate headquarter costs and account for intercompany transactions at arm's length.

The following analyses of the single business areas take into account all increased revenues and costs, having no impact on Ebitda, related to the application of Ifric 12. The business areas affected by this accounting principle are: natural gas distribution services, electricity distribution services, all integrated water cycle services and public lighting services.

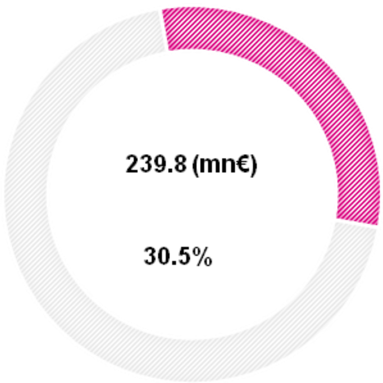
In all business areas, as in the income statements, accounting standard IFRS 16 on operating leases has been applied.

1.02.01
Gas

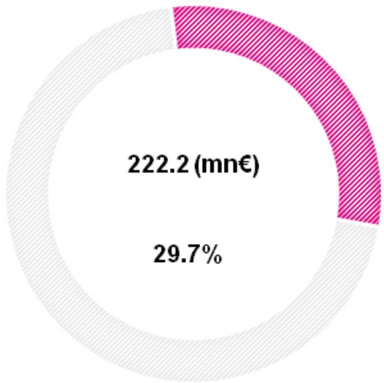
Ebitda increases

The first three quarters of 2019 showed growth over the same period of the previous year, in terms of both Ebitda and volumes sold. This result was reached thanks to a larger amount of trading and higher earnings in the default and last resort services, owing to the tenders awarded for the period between 1 October 2018 and 30 September 2019.

Ebitda gas area 2019



Ebitda gas area 2018



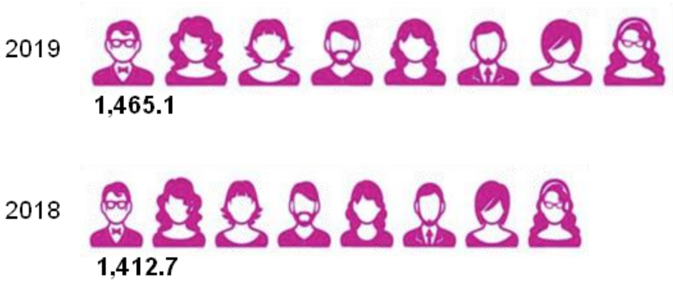
The following table shows the changes occurred in terms of Ebitda:

Growth in Ebitda: +7.9%

(mn€)	Sept 19	Sept 18	Abs. change	% change
Area Ebitda	**239.8**	**222.2**	**+17.6**	**+7.9%**
Group Ebitda	785.8	748.6	+37.2	+5.0%
Percentage weight	30.5%	29.7%	+0.8 p.p.	

The number of gas customers rose by 52.4 thousand or 3.7% over 30 September 2018. The entrance within the consolidated scope of the companies Sangroservizi Srl and Cmv Energia e Impianti Srl introduced 27.2 thousand customers, while the remaining growth can be traced to both new customers in the last resort and default markets and marketing initiatives aimed at maintaining and developing the customer base.

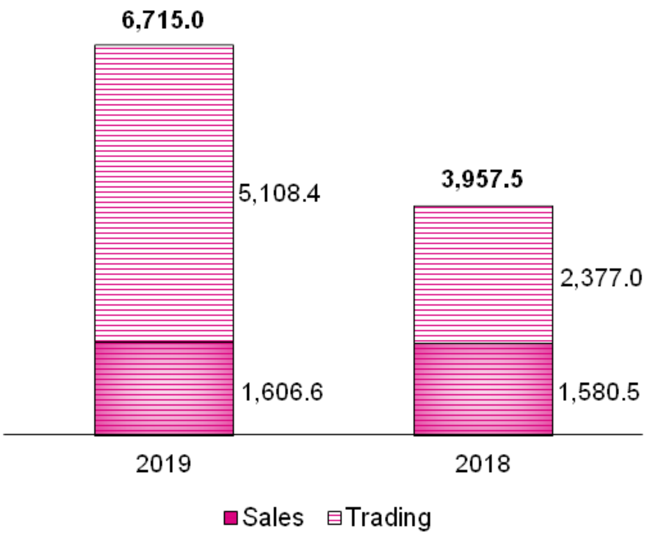
Customers (k)



1.5
million
gas customers

The overall volume of gas sold rose by 2,757.4 million m^3 or 69.7%, going from 3,957.5 million m^3 in September 2018 to 6,715.0 million m^3 at 30 September 2019. Trading volumes showed growth coming to 2,731.4 million m^3 or 69.0% of total volumes, due to higher trading abroad. Volumes sold to end customers increased by 26,1 million m^3 or 0.7% of total volumes, thanks to the increase in last resort markets and changes in the scope of consolidation.

Volumes sold (mn m^3)



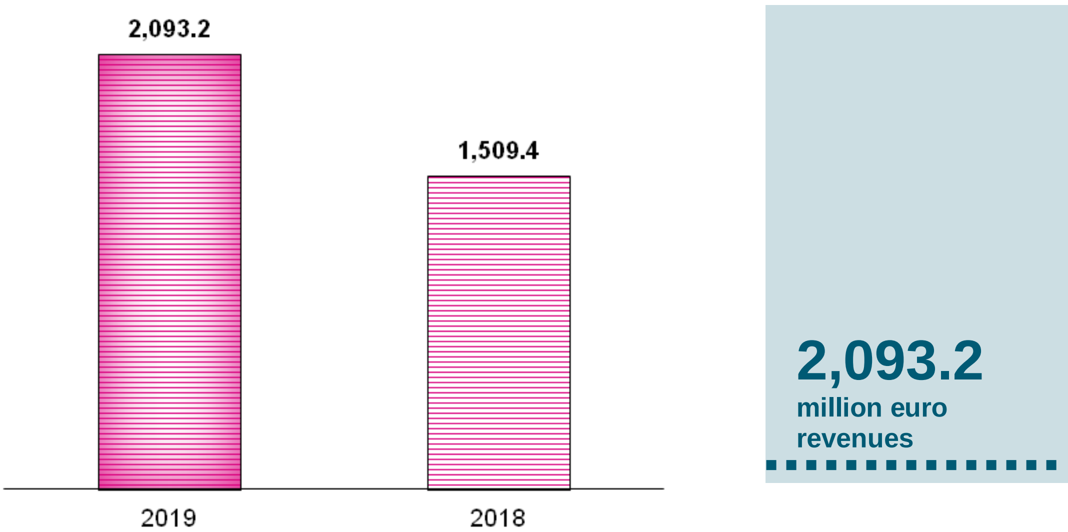
+69.7%
growth in volumes sold

The following table summarises operating results for the gas area:

Income statement (mn€)	Sept 19	Inc. %	Sept 18	Inc. %	Abs. change	% change
Revenues	2,093.2		1,509.4		+583.8	+38.7%
Operating costs	(1,777.1)	-84.9%	(1,212.0)	-80.3%	+565.1	+46.6%
Personnel costs	(84.5)	-4.0%	(82.9)	-5.5%	+1.6	+1.9%
Capitalised costs	8.2	0.4%	7.7	0.5%	+0.5	+6.6%
Ebitda	**239.8**	**11.5%**	**222.2**	**14.7%**	**+17.6**	**+7.9%**

Revenues went from 1,509.4 million euro in September 2018 to 2,093.2 million euro at 30 September 2019, with growth coming to 583.8 million euro or 38.7%. The main reasons for this increase are related to higher revenues from intensified trading operations, coming to roughly 463 million euro, the higher price of the raw material gas, amounting to roughly 65 million euro, higher volumes of gas distributed, coming to roughly 20 million euro, higher volumes of gas sold, coming to roughly 8 million euro, and the acquisition of Sangroservizi Srl, amounting to 2.4 million euro.
Increases were also seen in revenues for companies operating abroad, in Bulgaria, thanks to higher commercial activities, coming to 5.4 million euro, as did regulated revenues for gas distribution, by 5.2 million euro, and revenues from long-term commissions and subcontracts, by 14.3 million euro, with an equivalent effect on operating costs.

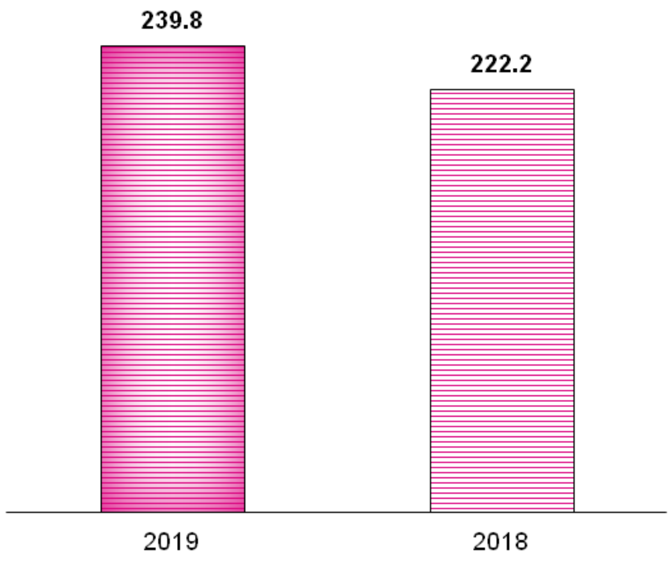
Revenues (mn€)



This growth in revenues was reflected by an increase in operating costs, which went from 1,212.0 million euro in September 2018 to 1,777.1 million euro in the same period in 2019, thus showing an overall growth coming to 565.1 million euro. This trend is largely due to a higher amount of trading, higher volumes sold and the higher cost of raw materials. Lastly, the application of accounting standard Ifrs 16 reduced costs by roughly 1.2 million euro.

Ebitda increased by 17.6 million euro or 7.9%, going from 222.2 million euro in the first three quarters of 2018 to 239.8 million euro at 30 September 2019. This was due to the new portions of the last resort and default markets, higher regulated revenues, the effects of accounting standard Ifrs 16, lower costs for acquiring energy customers, which no longer appear in the income statement, as mentioned in paragraph 1.01.01, but under investments, and a larger amount of trading.

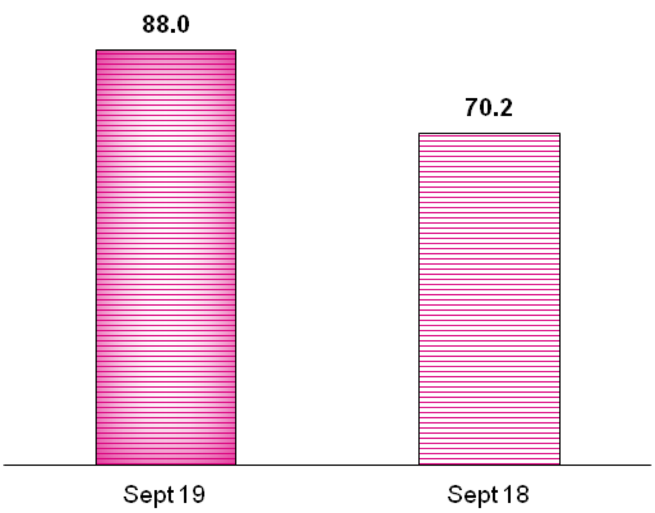
Ebitda (mn€)



239.8
million euro
Ebitda

Net investments in the gas area amounted to 88.0 million euro, up 17.8 million euro over the previous year. A 12.4 million euro increase was seen in gas distribution, mainly due to work done on a large-scale metre substitution (Del. 554) and higher non-recurring maintenance on networks and plants. Requests for new connections also increased in the third quarter of 2019 compared to the previous year. Investments totalling 5.8 million euro were seen in gas sales, for activities involved in acquiring new customers. Investments in heat management, with the activities of the companies Hera Servizi Energia Srl and AcegasApsAmga Servizi Energetici Spa, showed a slight drop compared to the previous year, while investments remained essentially constant in district heating, where new connections rose over the previous year.

Net investments gas (mn€)



88.0
million euro
net investments
gas (+17.8 mn€)

Details of operating investments in the gas area are as follows:

Gas (mn€)	Sept 19	Sept 18	Abs. change	% change
Networks and plants	68.1	55.7	+12.4	+22.3%
Acquisition gas customers	5.8	0.2	+5.6	+2800.0%
RH/Heat management	14.0	14.3	-0.3	-2.1%
Total gas gross	**88.0**	**70.2**	**+17.8**	**+25.4%**
Capital grants	0.0	0.0	+0.0	+0.0%
Total gas net	**88.0**	**70.2**	**+17.8**	**+25.4%**

1.02.02
Electricity

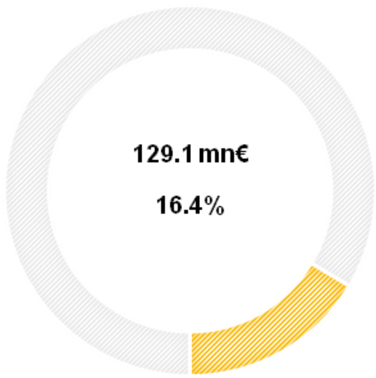
At the end of the first three quarters of 2019, Ebitda for the electricity area fell compared to the previous year. The positive contribution coming from electricity generation was not able to offset the negative effects of the new tender for safeguarded services, for the 2019-2020 two-year period, in which a high degree of competiveness led to lower prices compared to the previous tender.

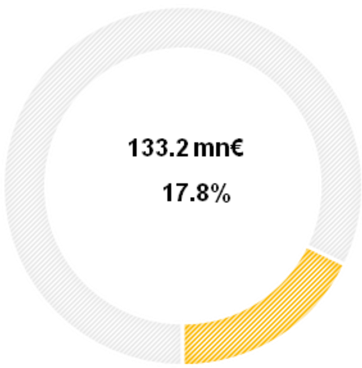
Ebitda drops

Ebitda electricity area 2019

Ebitda electricity area 2018

-3.1%
Decrease in Ebitda



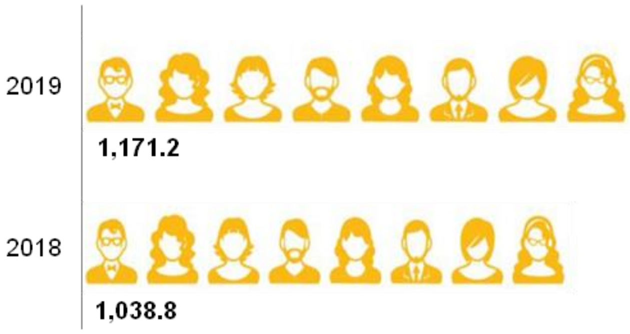


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Sept 19	Sept 18	Abs. change	% change
Area Ebitda	**129.1**	**133.2**	**-4.1**	**-3.1%**
Group Ebitda	785.8	748.6	+37.2	+5.0%
Percentage weight	16.4%	17.8%	-1.4 p.p.	

The number of electricity customers settled at 1.2 million supply points, up 12.7% or 132.4 thousand supply points over 30 September 2018. The most significant increase was seen in the free market, which accounted for 15.3% of total growth, owing to the reinforced marketing initiatives introduced, above all in areas of central Italy, and the entry within the Group's consolidated scope of the company Cmv Energia e Impianti Srl, which contributed with roughly 3.7 thousand customers. This growth partially offset the fall in protected customers.

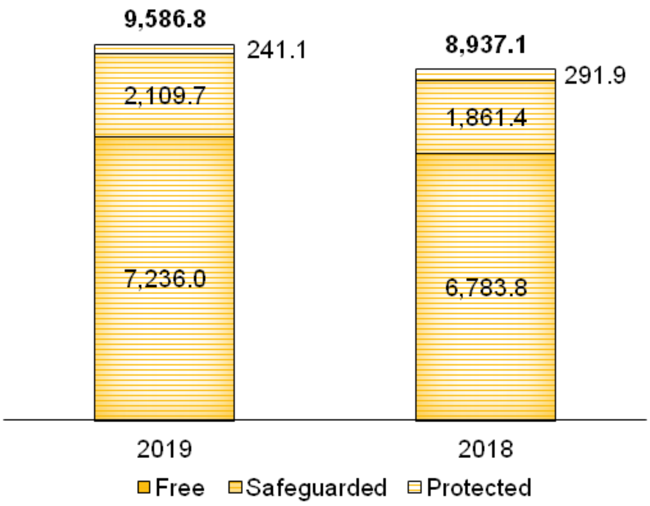
Customers (k)



1.2
million electricity customers

Volumes of electricity sold went from 8,937.1 GWh in the first three quarters of 2018 to 9,586.8 GWh at 30 September 2019, with an overall increase of 7.3% or 649.7 GWh. Volumes sold on the free market rose by 5.1% of the total, while safeguarded volumes increased by 2.8% of the total, thanks to the new portions obtained.

Volumes sold (GWh)



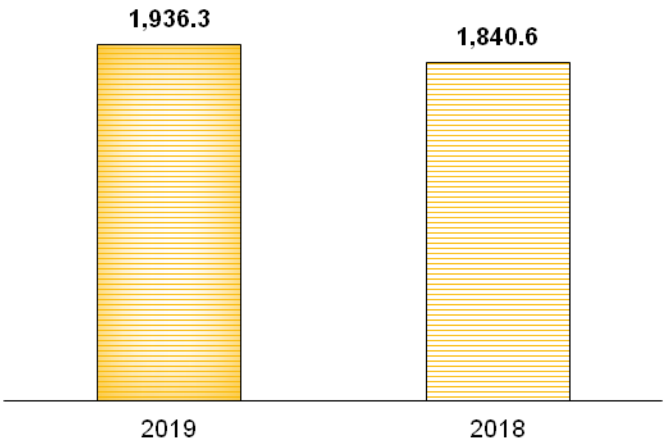
9.6
TWh sold

The following table summarises operating results for the area:

Income statement (mn€)	Sept 19	Inc. %	Sept 18	Inc. %	Abs. change	% change
Revenues	1,936.3		1,840.6		+95.7	+5.2%
Operating costs	(1,779.5)	-91.9%	(1,682.4)	-91.4%	+97.1	+5.8%
Personnel costs	(33.6)	-1.7%	(33.1)	-1.8%	+0.5	+1.5%
Capitalised costs	5.9	0.3%	8.1	0.4%	-2.2	-27.0%
Ebitda	**129.1**	**6.7%**	**133.2**	**7.2%**	**-4.1**	**-3.1%**

Revenues rose by 5.2%, going from 1,840.6 million euro in September 2018 to 1,936.3 million euro in the same period of 2019, with a 95.7 million euro increase. The main reasons underlying this growth are the increase in volumes sold, which created higher revenues amounting to roughly 58 million euro, higher revenues for electricity generation coming to roughly 27.0 million euro and for transmission outside the grid totalling roughly 82 million euro, with no change in costs. This trend was countered by lower revenues for trading, amounting to 77.0 million euro. Lastly, regulated revenues increased by 1.0 million euro and revenues for long-term commissions and subcontracted works rose by 1.4 million euro, with an equal effect on operating costs.

Revenues (mn€)



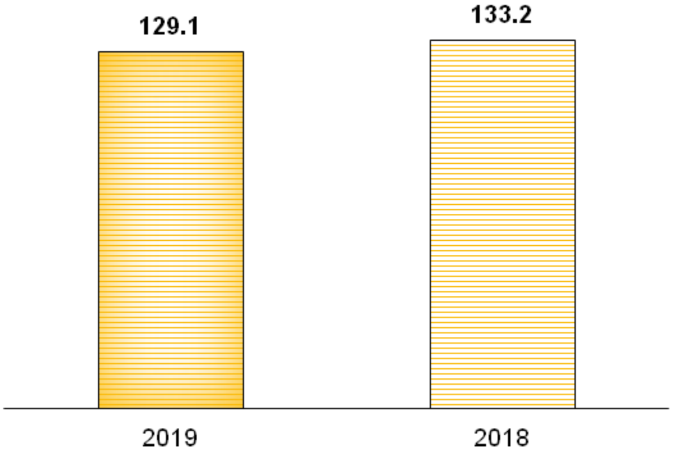
1,936.3
million euro
revenues

This increase in revenues was reflected to an equal degree by a rise in operating costs, which went from 1,682.4 million euro in September 2018 to 1,779.5 million euro in the same period in 2019, thus showing an overall increase of 97.1 million euro. This trend is mainly due to higher volumes sold and a higher amount of electricity generation. Lastly, the application of accounting standard Ifrs 16 reduced costs by roughly 0.3 million euro.

Ebitda falls by 4.1 million euro

At 30 September 2019, Ebitda dropped by 4.1 million euro or 3.1%, going from 133.2 million euro in 2018 to 129.1 million euro in the same period of 2019, owing to lower margins coming from the different mix of safeguarded portions managed. This decrease was offset by higher margins coming from electricity generation in the transmission service market, higher volumes sold and lower costs in acquiring energy customers, that no longer appear in the income statement.

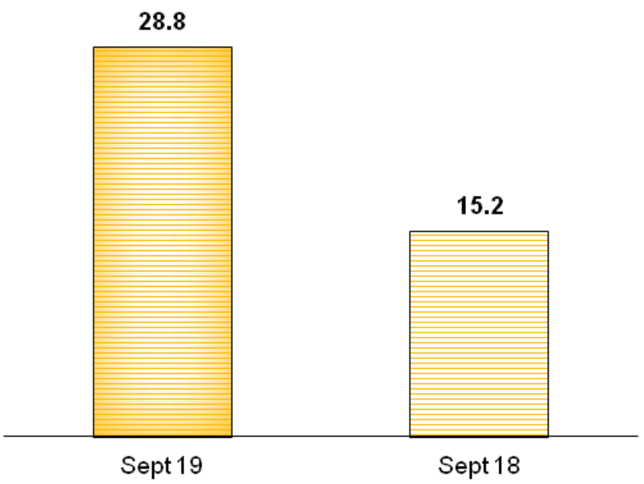
Ebitda (mn€)



129.1
million euro
Ebitda

Investments in the electricity area amounted to 28.8 million euro in the first three quarters of 2019, up 13.6 million euro compared to the previous year.
The interventions mainly concerned non-recurring maintenance on plants and distribution networks in the Modena, Imola, Trieste and Gorizia areas.
Compared to the first half of the previous year, a 2.2 million euro increase was seen in distribution, mainly concerning interventions on plants and networks in the Trieste area. Growth reached 11.6 million euro in energy sales, related to the acquisition of new customers. Requests for new connections rose compared to the previous year.

Net investments electricity (mn€)



28.8
million euro
net investments
electricity

Details of operating investments in the electricity area are as follows:

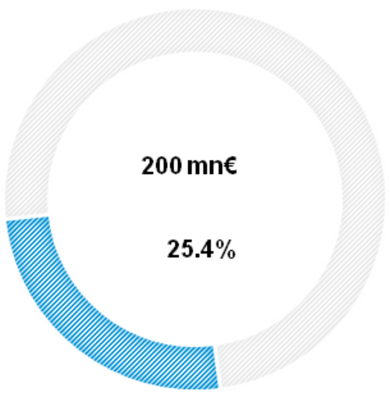
Electricity (mn€)	Sept 19	Sept 18	Abs. change	% change
Networks and plants	17.3	15.1	+2.2	+14.6%
Acquisition electricity customers	11.6	0.0	+11.6	+100.0%
Total electricity gross	**28.8**	**15.2**	**+13.6**	**+89.5%**
Capital grants	0.0	0.0	+0.0	+0.0%
Total electricity net	**28.8**	**15.2**	**+13.6**	**+89.5%**

1.02.03
Integrated water cycle

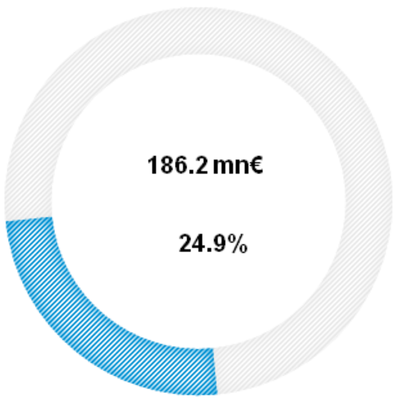
At the end of the first three quarters of 2019, the integrated water cycle area showed growth in Ebitda coming to 13.8 million euro, equivalent to a 7.4% increase. As regards regulations, note that 2019 is the last year in which the tariffary method defined by the Authority for the period 2016-2019 is applied (resolution 664/2015).

Growing results

Water cycle area Ebitda 2019



Water cycle area Ebitda 2018



The following table shows the changes occurred in terms of Ebitda:

(mln/euro)	set-19	set-18	Var. Ass.	Var. %
Margine operativo lordo area	**200.0**	**186.2**	**+13.8**	**+7.4%**
Margine operativo lordo Gruppo	785.8	748.6	+37.2	+5.0%
Peso percentuale	25.4%	24.9%	+0.5 p.p.	

+7.4%
Ebitda increases

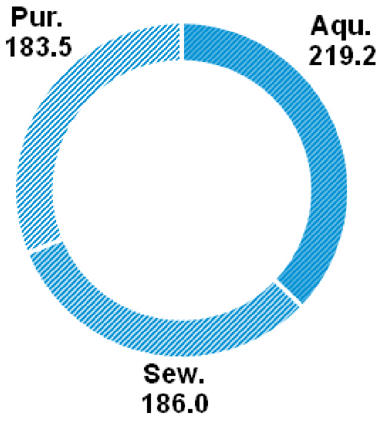
The number of water customers settled at 1.5 million, rising by 4.3 thousand or 0.3% compared to September 2018, confirming the moderate trend of internal growth in the areas served by the Group, mainly in the Emilia-Romagna region, managed by Hera Spa.

Customers (k)

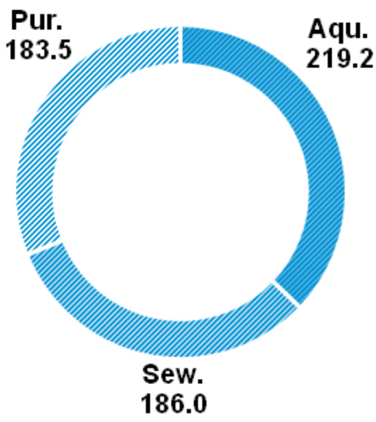
1.5
million customers integrated water cycle

The main quantitative indicators for the area are as follows:

Quantity managed 2019 (mn m^3)



Quantity managed 2018 (mn m^3)



219.2 million m^3 managed in the aqueduct

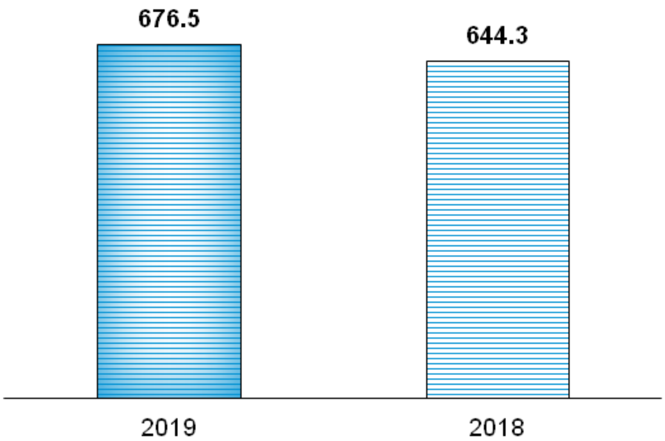
Volumes dispensed through the aqueduct showed a slight drop, falling by 1.2 million m^3 or 0.5% compared to September 2018. Furthermore, a slight decrease was seen in the amount managed in sewerage (coming to roughly 0.1%) and purification (amounting to roughly 0.6%) compared to the first three quarters of the previous year. The volumes dispensed, following the Authority's resolution 664/2015, are an indicator of activity in the areas in which the Group operates and are subject to equalisation owing to legislation that calls for regulated revenues to be recognised independently from volumes distributed.

An overview of operating results for the water area is provided in the table below:

Income statement (mn€)	Sept 19	Inc. %	Sept 18	Inc. %	Abs. change	% change
Revenues	676.5		644.3		+32.2	+5.0%
Operating costs	(345.0)	-51.0%	(329.7)	-51.2%	+15.3	+4.6%
Personnel costs	(134.9)	-19.9%	(133.1)	-20.7%	+1.8	+1.4%
Capitalised costs	3.4	0.5%	4.6	0.7%	(1.2)	(26.3%)
Ebitda	**200.0**	**29.6%**	**186.2**	**28.9%**	**+13.8**	**+7.4%**

In September 2019, revenues in the water cycle area showed a 32.2 million euro or 5.0% increase, going from 644.3 million euro in September 2018 to 675.5 million euro. This trend is due to higher revenues involving subcontracted works and works financed and commissioned by third parties over the first three quarters of 2019 amounting to roughly 18.0 million euro, higher revenues from connections coming to roughly 1.6 million euro and, lastly, higher other revenues mainly linked to contributions received coming to 3.0 million euro, of which roughly 1 million aimed at covering non-recurring costs for the 2017 water emergency. Revenues from dispensing reflected the overall result of the tariffs introduced by the Authority for 2016-2019 and the recognition of bonuses for contract quality in the first three quarters of 2019, which grew by 8.1 million euro.

Revenues (mn€)

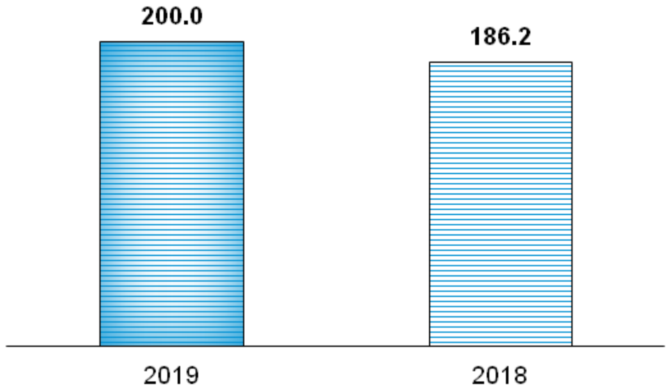


676.5
million euro revenues integrated water cycle

Operating costs saw a 15.3 million euro or 4.6% increase, going from 329.7 million euro in the first nine months of 2018 to 345.0 million euro in the same period of 2019. This trend is mainly due to the higher costs involved in the larger amount of works carried out, as described above among revenues, for a total of 18.0 million euro, partially offset by the lower cost ensuing from the application of Ifrs 16, amounting to roughly 3.0 million euro.

Ebitda grew by 13.8 million euro or 7.4%, going from 186.2 million euro in September 2018 to 200.0 million euro in the same period in 2019, largely thanks to higher revenues from dispensing, higher revenues from connections and, lastly, the effects of applying Ifrs 16.

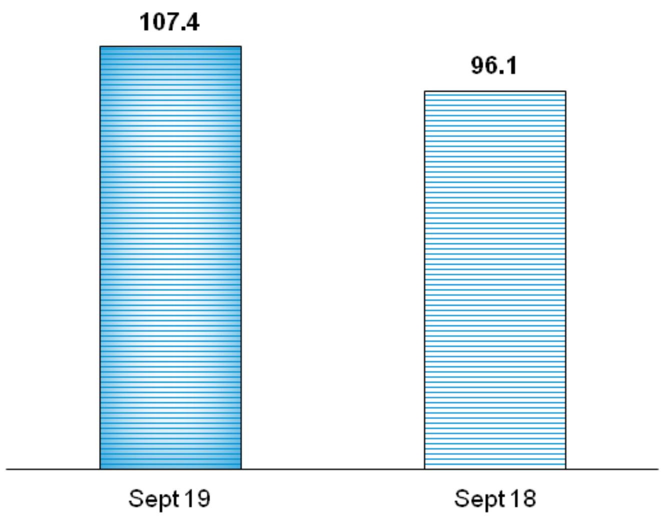
Ebitda (mn€)



200.0
million euro Ebitda integrated water cycle

In the third quarter of 2019, net investments in the integrated water cycle area amounted to 107.4 million euro, up 11.3 million euro over the same period of the previous year. Not including the capital grants received, the investments made increased by 12.2 million euro and came to 119.4 million euro, compared to the 107.2 million euro seen one year earlier.
Investments mainly involved extensions, reclamations and network and plant upgrading, in addition to regulatory upgrades involving above all purification and sewerage.
Investments were made coming to 70.0 million euro in the aqueduct, 32.4 million euro in sewerage and 16.9 million euro in purification.

Net investments water cycle (mn€)



107.4
million euro net investments water cycle (+11.3 million euro)

The more significant works include: in the aqueduct, the increased activity in network improvement linked to Arera resolution 917/2017 on the regulation of the technical quality of integrated water management, upgrading interconnections in the Modena

area water system, and interventions aimed at introducing district-based networks; in sewerage, continued progress was made in the important works for the Rimini seawater protection plan, in addition to redevelopment of the sewerage network in other areas, including cui Budrio, Argenta and East Modena as well as, in the areas served by the company AcegasApsAmga, Padua and Trieste; in purification, creating the second line and the first rainwater reservoir in the Sasso Marconi purifier, in addition to work in the area served by the AcegasApsAmga Group, in particular the Cà Nordio plant.
Requests for new water and sewerage connections increased over the previous year. Capital grants amounting to 11.9 million euro included 10.1 million euro deriving from the tariff component called for by the New Investments Fund (FoNI) tariff method and rose by 0.9 million euro compared to the previous year.

Details of operating investments in the integrated water cycle area are as follows:

Integrated water cycle (mn€)	Sept 19	Sept 18	Abs. change	% change
Aqueduct	70.0	55.0	+15.0	+27.3%
Purification	16.9	17.1	-0.2	-1.2%
Sewerage	32.4	35.1	-2.7	-7.7%
Total integrated water cycle gross	**119.4**	**107.2**	**+12.2**	**+11.4%**
Capital grants	11.9	11.0	+0.9	+8.2%
of which FoNI (New Investments Fund)	*10.1*	*6.4*	+3.7	+57.8%
Total integrated water cycle net	**107.4**	**96.1**	**+11.3**	**+11.8%**

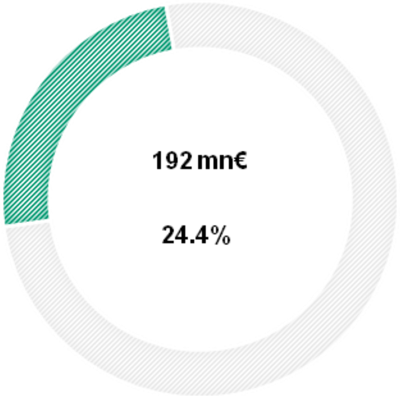
Significant operating investments in the aqueduct, sewerage and purification

1.02.04
Waste management

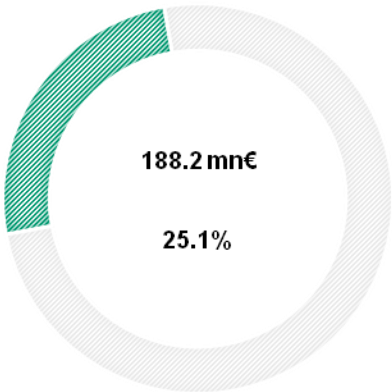
Ebitda grows

In September 2019, the waste management area accounted for 24.4% of the Hera Group's overall Ebitda, with area Ebitda increasing over the same period in 2018. As regards waste treatment and recovery, in the first three quarters of 2019 the Hera Group consolidated its national leadership by making complete and integrated marketing offers, shaping commercial partnerships with the sector's main players and remaining constantly present in calls for tenders, in addition to maintaining a complete and avant-garde set of plants able to offer effective and sustainable solutions that support a circular economy. As examples of the latter point, note the reinforcement of Aliplast Spa's outstanding activity in plastic recycling, and the contribution coming from the Sant'Agata Bolognese biomethane production plant. This new asset creates a virtuous cycle that begins with households, through the sorted collection of organic waste, and goes back to the area served, by way of the gas produced being introduced into the network, to fuel private vehicles or public transportation, or again for household use, with an immediate benefit on air quality. Note, lastly, that the simplification and general improvement in operating efficiency ensuing from the merger of Waste Recycling into Herambiente Servizi Industriali in the third quarter of 2019, with the latter becoming Italy's largest company dedicated to managing industrial waste. As regards the urban waste management services, the Hera Group offers this service to 190 Municipalities; compared to September 2018, note the entry within the Group's scope of operations of Cosea Ambiente, a company that manages waste collection and street sweeping services in 20 Municipalities mainly in the province of Bologna. Environmental resource protection was confirmed as a priority goal in the first three quarters of 2019 as well, along with optimising reuse, as is demonstrated by the Group's particular focus on promoting sorted waste in all areas served.

Ebitda waste management area 2019



Ebitda waste management area 2018



The following table shows the changes occurred in terms of Ebitda:

Growth in Ebitda: +2.0%

(mn€)	Sept 19	Sept 18	Abs. change	% change
Area Ebitda	**192.0**	**188.2**	**+3.8**	**+2.0%**
Group Ebitda	785.8	748.6	+37.2	+5.0%
Percentage weight	24.4%	25.1%	-0.7 p.p.	

Volumes marketed and treated by the Group in the first half of 2019 are as follows:

Quantity (k/t)	Sept 19	Sept 18	Abs. change	% change
Urban waste	1,751.4	1,758.8	-7.4	-0.4%
Commercial waste	1,620.1	1,641.7	-21.6	-1.3%
Waste marketed	**3,371.5**	**3,400.5**	**-29.0**	**-0.9%**
Plant by-products	1,855.3	2,204.0	-348.7	-15.8%
Waste treated by type	**5,226.8**	**5,604.6**	**-377.8**	**-6.7%**

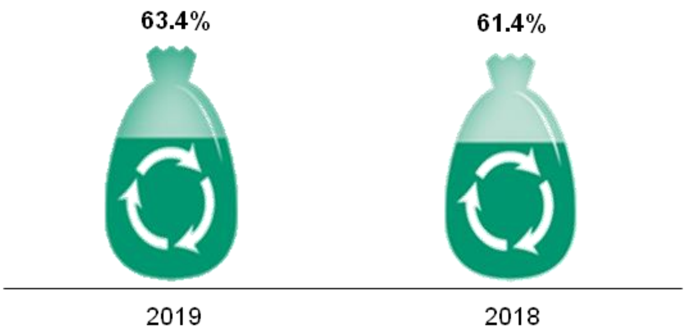
Commercial waste -1.3%

An analysis of this data shows little change compared to September 2018, with a slight drop in waste marketed, down 0.9%. Commercial waste remained essentially in line with September 2018, despite the lower amount of plant capacity available, thanks to higher figures seen in intermediation. Trends in urban waste showed the effects of a lower amount of non-sorted waste, which fell by 7.5%, in spite of the higher amount of sorted waste, which rose by 7.0%.

Plant by-products dropped thanks to a lower production of leachate in landfills, due to the lower amount of rainfall seen in the first three quarters of 2019 compared to the same period in the previous year.

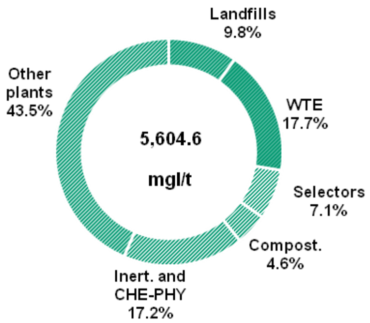
Sorted urban waste showed further progress, going from 61.4% in the first nine months of 2018 to 63.4% in the same period of the current year. In September 2019, sorted waste increased by 2.2%, in the areas served by Hera Spa, by 0.6% in the areas served by Marche Multiservizi Spa, while in the Triveneto region growth settled at 1.7%.

Sorted waste (%)

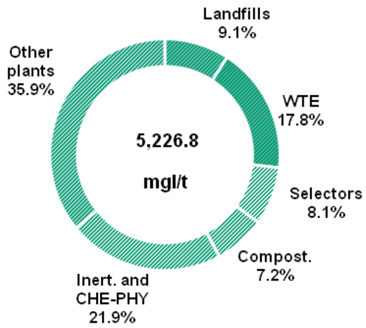


+2.0 p.p.
sorted waste

Waste disposed of September 2019



Waste disposed of September 2018



Use of landfills decreases

Dati quantitativi (mgl/t)	Sept 19	Sept 18	Var. Ass.	Var. %
Landfills	473.7	550.9	-77.2	-14.0%
WTE	928.0	993.9	-65.9	-6.6%
Selecting plants and other	425.9	398.4	+27.5	+6.9%
Composting and stabilisation plants	377.0	256.7	+120.3	+46.9%
Inertisation and chemical-physical	1,143.6	965.3	+178.3	+18.5%
Other plants	1,878.7	2,439.4	-560.7	-23.0%
Waste treated by plant	**5,226.8**	**5,604.6**	**-377.8**	**-6.7%**

The Hera Group operates in the entire waste cycle, with 95 plants used for municipal and special waste treatment and plastic material regeneration. The most important of these include: 10 waste to energy plants, 12 composters/digesters and 15 selecting plants.

The path of growth pursued in the industrial waste treatment and environmental services for businesses sector benefitted in September 2019 from the acquisition of Pistoia Ambiente, which manages the Serravalle Pistoiese landfill. Furthermore, the second part of the year saw the inauguration of the new Cordenons non-dangerous waste treatment plant, in the province of Pordenone, and the management of the Gaggio Montano urban waste and non-dangerous special waste plant.

Waste treatment showed a 6.7% drop compared to September 2018. Note in particular the lower quantity in landfills, while in the chain of waste-to-energy plants the decrease in waste treated compared to the same period in 2018 is mainly due to changes in scheduled shut-downs and planned maintenance. The increase in quantity in selection plants is mainly due to a different classification of a few plants in the subcontracted/ other plants sector. The higher amount treated in composters and stabilisers is mainly due to the higher volumes treated in the Sant'Agata plants and the new line in Ostellato. The higher quantity in stabilisation and chemical-physical plants can be traced to the different classification of a few plants in the subcontracted/ other plants sector, in spite of the decrease in landfill leachate due to lesser rainfall. Lastly, the decrease in subcontracted and other plants is mainly due to a lower amount of by-products, mainly waste water, treated in subcontracted plants, and the different representation in other categories of a few plants (as mentioned above), despite the higher volumes created by the entry of Cosea Ambiente.

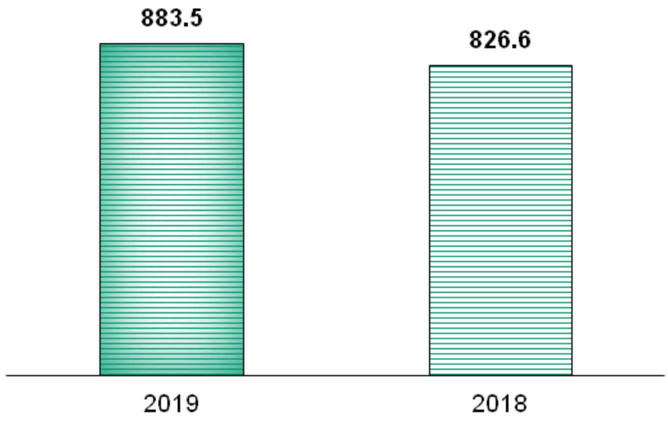
The table below summarises the area's operating results:

Ebitda increases

Income statement (mn€)	Sept 19	Inc. %	Sept 18	Inc. %	Abs. change	% change
Revenues	883.5		826.6		+56.9	+6.9%
Operating costs	(545.2)	-61.7%	(498.0)	-60.2%	+47.2	+9.5%
Personnel costs	(150.8)	-17.1%	(146.3)	-17.7%	+4.5	+3.1%
Capitalised costs	4.5	0.5%	5.8	0.7%	-1.3	-22.4%
Ebitda	**192.0**	**21.7%**	**188.2**	**22.8%**	**+3.8**	**+2.0%**

In September 2019, revenues rose by 6.9% or 56.9 million, going from 826.6 million euro at 30 September 2018 to 883.5 million euro at the same date in 2019. Not including the changes in scope of operations due to the entry of Cosea Ambiente, Ambiente and the Gaggio Montano plant (hereinafter, changes in scope of operations), which contributed with roughly 14.0 million euro, the waste management area saw revenues grow by roughly 43 million euro over the previous year. This trend is linked to the positive direction taken by the price of special waste, the contribution coming from the Sant'Agata biomethane plant, operational as of late 2018, and the contribution coming from Aliplast Spa, for the higher quantity managed and sold as well as the incentives received as a company with strong energy consumption. These positive effects, along with the higher revenues coming from the development of sorted waste in urban waste services, were only partially offset by the lower volumes treated and the lower revenues coming from electricity generation.

Revenues (mn€)



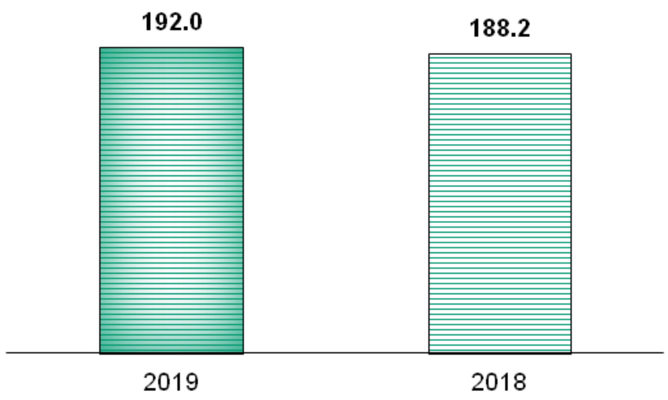
883.5
million euro revenues waste management

In the first three quarters of 2019, operating costs rose by 9.5% or 47.2 million euro, going from 498.0 million euro in September 2018 to 545.2 million euro in 2019. Not including the change in scope of operations, which accounted for 7.4 million euro, higher costs coming to 39.8 million euro were seen. In the waste treatment business, note the higher costs involved in marketing development and upgrading activities, in spite of lower costs for transportation and by-product treatment; furthermore, note the higher costs involved in planned maintenance on some Group plants. Linked to the increase in revenues mentioned above, note the increase in purchasing costs on the PET sustained by Aliplast Spa. As regards municipal waste, note the higher costs involved in developing new projects for sorted waste. Lastly, note the lower costs caused by the application of accounting standard Ifrs 16, coming to roughly 5.1 million euro.

The increase in the cost of personnel, not including the changes in scope of operations mentioned above, which amounted to roughly 3.2 million euro, came to 0.2%.

Ebitda went from 188.2 million euro in September 2018 to 192.0 million euro in the same period in 2019, showing growth amounting to 3.8 million euro or 2.0%. This change was sustained by higher prices for special and industrial waste treatment, higher revenues from electricity generation, lower costs traceable to the application of accounting standard Ifrs 16, the contribution coming from Aliplast Spa and the changes in the scope of operations. These positive factors were able to more than offset the lower revenues ensuing from the fall in volumes treated.

Ebitda (mn€)

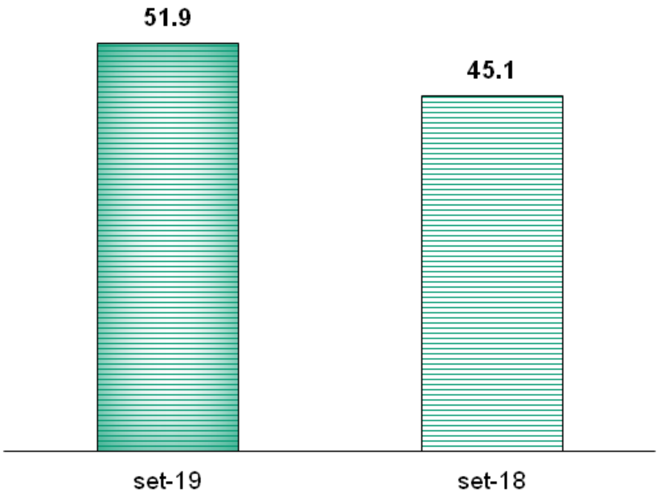


192.0
million euro waste management Ebitda

Net investments in the waste management area concerned treatment plant maintenance and upgrading and amounted to 51.9 million euro, up 6.8 million euro over the previous year.
The composter/digester sector dropped by 12.0 million euro, due to the significant interventions carried out one year earlier on the Sant'Agata Bolognese composter in creating the biomethane plant, in addition to other interventions including upgrading the Tre Monti mechanical biological treatment plant.
Investments in landfills rose by 7.9 million euro mainly due to interventions on the Cordenons plant and the tenth sector of the Ravenna landfill.
The WTE plants sector saw a 2.6 million euro increase in investments, mainly involving non-recurring maintenance done on the Bologna and Trieste plants.
Investments in the special waste plants sector were in line with the previous year, since the more significant maintenance interventions on the Ravenna plants, including a revamping of plant F3, carried out the previous year, were essentially compensated by compartmentalisation interventions in the Disidrat storage areas, begun in 2019.
The ecological islands and collection equipment sector showed higher investments coming to 2.4 million euro, while the selection and recovery plants sector saw higher investments amounting to 6.1 million euro. The latter mainly involved the

interventions carried out on the mobile Soil Washing plant in Chioggia, the installation of the PE extruder and higher non-recurring maintenance in companies belonging to the Aliplast Group.

Net investments waste management (mn€)



51.9
million euro net investments waste management (+6.8 million euro)

Details of operating investments in the waste management area are as follows:

Waste management (mn€)	Sept 19	Sept 18	Abs. change	% change
Composting/digestors	5.8	17.8	-12.0	-67.4%
Landfills	13.3	5.4	+7.9	+146.3%
WTE	9.4	6.8	+2.6	+38.2%
RS plants	2.0	2.0	+0.0	+0.0%
Ecological areas and collection equipment	7.6	5.2	+2.4	+46.2%
Transshipment, selection and other plants	14.1	8.0	+6.1	+76.3%
Total waste management gross	**52.2**	**45.1**	**+7.1**	**+15.7%**
Capital grants	0.2	0.0	+0.2	+100.0%
Total waste management net	**51.9**	**45.1**	**+6.8**	**+15.1%**

Operating investments increase

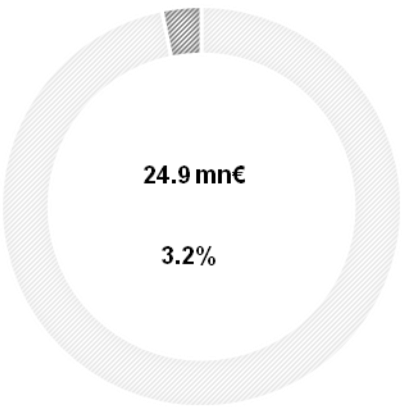
1.02.05

Other services

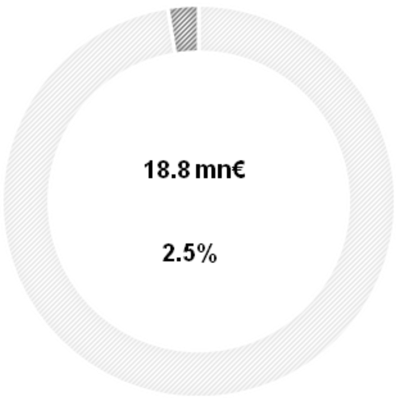
Ebitda grows

The other services area covers all minor businesses managed by the Group, including public lighting, telecommunications and cemetery services. In the first three quarters of 2019, this area's results showed a 32.4% increase over same period in the previous year, with Ebitda going from 18.8 million euro in September 2018 to 24.9 million euro in 2019.

Other services Ebitda 2019



Other services Ebitda 2018



The changes occurred in terms of Ebitda are as follows:

(mn€)	Sept 19	Sept 18	Abs. change	% change
Area Ebitda	**24.9**	**18.8**	**+6.1**	**+32.4%**
Group Ebitda	785.8	748.6	+37.2	+5.0%
Percentage weight	3.2%	2.5%	+0.7 p.p.	

The following table shows the area's main indicators as regards public lighting:

549.3 thousand lighting points

Quantity	Sept 19	Sept 18	Abs. change	% change
Public lighting				
Lighting points (k)	549.3	532.8	+16.5	+3.1%
of which led	22.2%	14.6%	+7.6 p.p.	
Municipalities served	182.0	169.0	+13.0	+7.7%

An analysis of the data regarding public lighting shows a growth of 16.5 thousand lighting points and the acquisition of 13 new municipalities served. The Hera Group, over the first nine months of 2019, acquired roughly 29 thousand lighting points in 18 new municipalities. The most significant of these were: roughly 2 thousand lighting points in Lazio, roughly 9.0 thousand lighting points in Lombardy, roughly 8.0 lighting points in Emilia-Romagna, roughly 5 thousand lighting points in the Triveneto area, and roughly 4 thousand lighting points in the areas managed by Marche Multiservizi.

These increases fully offset the loss of roughly 12 thousand lighting points and 5 municipalities managed in the provinces of Bologna, Ravenna, Forlì, Rimini and Padua. The percentage of lighting points using led light bulbs also increased in the first nine months of 2019, settling at 22.2%, up 7.6 percentage points. This trend reflects the constant attention shown by the Group towards an increasingly efficient and sustainable management of public lighting.

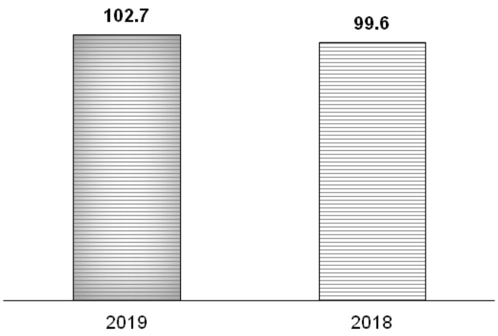
The area's operating results are provided in the table below:

Area grows

Income statement (mn€)	Sept 19	Inc. %	Sept 18	Inc. %	Abs. change	% change
Revenues	102.7		99.6		+3.1	+3.1%
Operating costs	(64.3)	-62.6%	(67.8)	-68.1%	-3.5	-5.2%
Personnel costs	(15.0)	-14.6%	(14.8)	-14.8%	+0.2	+1.4%
Capitalised costs	1.5	1.5%	1.8	1.8%	-0.3	-16.4%
Ebitda	**24.9**	**24.3%**	**18.8**	**18.9%**	**+6.1**	**+32.4%**

Area revenues rose compared to September 2018 by 3.1 million euro, going from 99.6 million euro to 102.7 million euro in September 2019. This trend is mainly due to higher revenues in the public lighting business, owing to the positive results achieved in public tenders.

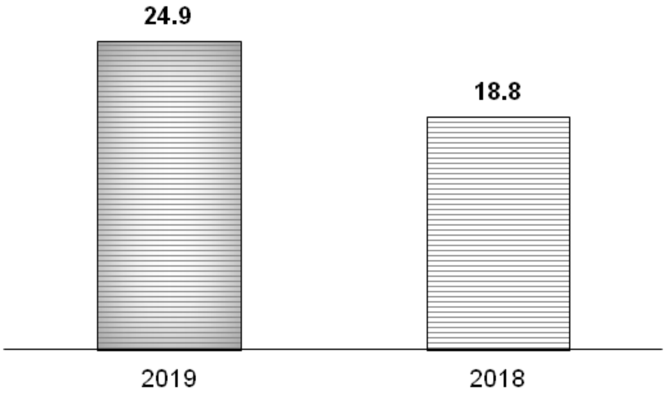
Revenues (mn€)



102.7
million euro revenues other services

Ebitda showed growth coming to 6.1 million euro over September 2018. This trend is due to higher income in public lighting and telecommunications services, as well as the application of Ifrs 16, which accounted for roughly 3.0 million euro.

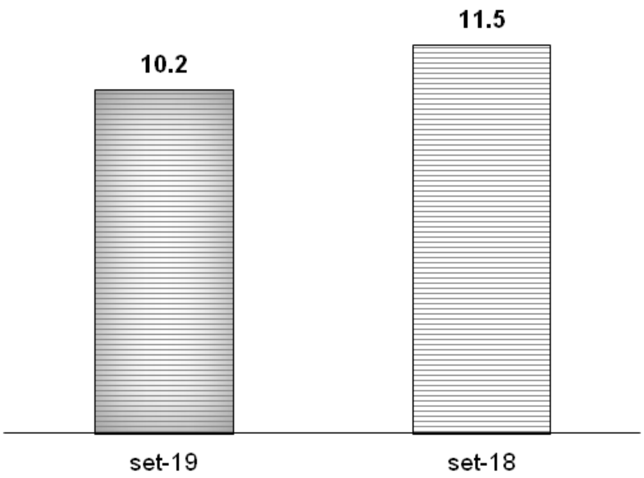
Ebitda (mn€)



24.9
million euro other services Ebitda

Investments in the other services area came to 10.2 million euro, down compared to the third quarter of the previous year.
Investments coming to 6.5 million euro were made in telecommunications, involving networks and Tlc and Idc (Internet data centre) services, in line with the previous year. In the public lighting service, investments totalling 3.6 million euro concerned maintaining, upgrading and modernising lampposts in the areas served, with a drop compared to the previous year coming to 1.4 million euro owing to the works done one year earlier in the municipality of Pesaro by the company Marche Multiservizi.

Net investments other services (mn€)



10.2
million euro net investments other services

Details of operating investments in the other services area are as follows:

Other services (mn€)	Sept 19	Sept 18	Abs. change	% change
Tlc	6.5	6.5	+0.0	+0.0%
Lighting and street lights	3.6	5.0	-1.4	-28.0%
Total other services gross	**10.2**	**11.5**	**-1.3**	**-11.3%**
Capital grants	0.0	0.0	+0.0	+0.0%
Total other services net	**10.2**	**11.5**	**-1.3**	**-11.3%**

1.03
Share performance and investor relations

In the first nine months of 2019, positive trends were seen in all of the world's main stock indexes, driven by the optimism shown once again by financial operators, after the negative performances witnessed in 2018. Despite signs of an economic slowdown and the ongoing trade war between the United States and China, investors regained confidence thanks to the decision made by central banks (the Fed and the

European Central Bank) to prolong, and if necessary reinforce, expansive monetary policies, thus changing their orientation compared to previous expectations for a gradual withdrawal from this sort of stimulus. More accommodating and patient central banks, and the prospect of a final deal between the United States and China, were thus at the root of a return to the tendency to invest in the period in question.

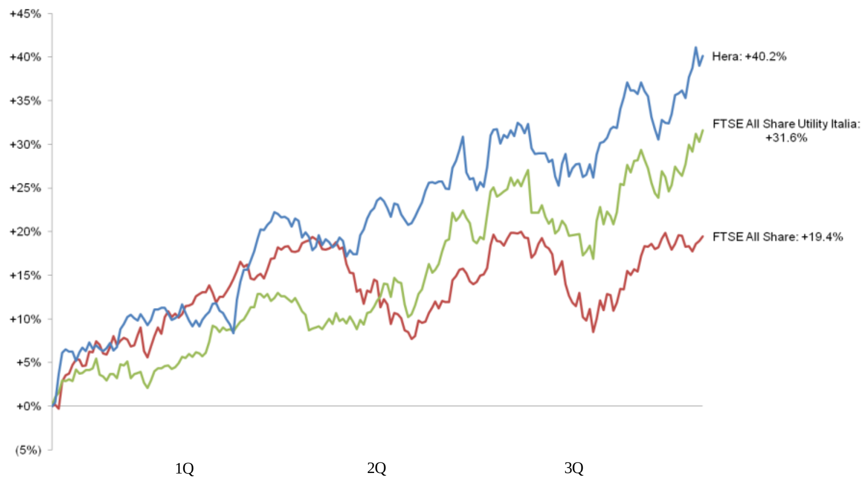
Global stock markets rise in the first three quarters of 2019: the Italian market also benefits from the confident atmosphere

The Italian market benefitted from this context, and the spread between Italian and German bonds dropped, partially owing to the formation of a new government that avoided the beginning of a phase of political instability. The combination of a sluggish economic growth and a reduction in the return on bonds led investors to move towards sectors considered safe, such as utilities, which showed a positive and resilient trend.

In the period in question, Hera stock, which over 2018 had suffered on account of political tension and the country's higher risk, became part of the Ftse Mib index as of 18 March and outperformed both the Italian stock exchange and its reference sector, rising by +40.2% and reaching an official price of 3.747 euro. The trend seen in the price of Hera shares reflects the strategy, clearly geared towards growth, contained in the Business plan to 2022, the Group's valid fundamentals as confirmed by its year-end and quarterly results, and its announcement of a transaction aimed at external growth by reinforcing its partnership with Ascopiave Spa in the energy sales sector.

Positive trend in the utility sector: Hera stock is included in the FTSE Mib and outperforms the market and its sector

3Q-2019 Hera stock, utility sector and Italian market performance comparison



On 24 June 2019, respecting the indications contained in the Business plan, Hera paid a dividend amounting to 10.0 cents per share, the seventeenth in a series of uninterrupted growth since being listed.

10.0 cent dividend paid

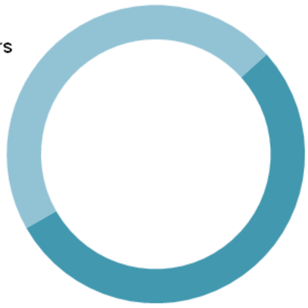
euro	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2018**
Dps	0.035	0.053	0.06	0.07	0.08	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.095	0.10

+306% total shareholders' return since the Ipo

The joint effect of continuously remunerating shareholders through dividends and a rise in the price of the stock led the total shareholders' return accumulated since it was initially listed to remain consistently positive and to settle, at the end of the period in question, at over +306.0%.

The financial analysts covering the company (Banca Akros, Banca IMI, Equita Sim, Fidentiis, Intermonte, Kepler Cheuvreux, MainFirst and Mediobanca) expressed a prevalence of positive opinions, with almost all recommendations defined as buy/outperform. At the end of the period, the consensus target price came to 3.75 euro, higher than the 3.28 euro recommended at the end of 2018.

Shareholder breakdown at 30 September 2019



At 30 September, the shareholder breakdown showed 46.6% of the shares belonging to 111 public shareholders located across the areas served and brought together by a stockholders' agreement (signed on 26 June 2018 and valid for three years) and a 53.4% free float. On 26 September, 8 municipalities sold, through a rapid and transparent process, roughly 1% of the share capital, receiving purchasing requests from institutional investors coming to over twice the amount offered and with a 2.1% discount, one of the lowest seen on the Italian market in the last ten years within similar procedures involving Accelerated Bookbuilding, ABB.

46.6%
share capital held by a public shareholders agreement

Since 2006, Hera has adopted a share buyback program, renewed by the Shareholders Meeting held on 30 April 2019 for 18 further months, for an overall maximum amount of € 200 million. This plan is aimed at financing M&A opportunities involving smaller companies, and smoothing out any anomalous market price fluctuations vis-à-vis those of the main comparable Italian companies. At the end of the period in question, Hera held 15.3 million treasury shares.

After publishing the new 2018-2022 business plan, Hera's Chairman of the Board of Directors and its CEO took part in a roadshow covering Europe and North America's main financial hubs, to illustrate the Group's growth targets to investors. This timely activity in communication, which was followed up by participation in sector conferences, led institutional investors to show keen interest, and was rewarded by the stock's performance over the period in question.

Communication with the market as an intangible asset

The dedication shown by the Group towards dialoguing with investors contributed to reinforcing its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

1.04
Reference scenario and Group strategy

The utility sector and the Authority: rationalising the industry and liberalising the market

The public utilities sector plays a leading role within the Italian economy, accounting for approximately 7% of the country's Gross domestic product (GDP; source: Top Utility report drafted by Althesys). This result, however, is reached through levels of service and efficiency that differ greatly across the country on account of the high level of fragmentation among variously sized operators. The most recent census, carried out by the government in 2014, counted no less than 1,500 of the latter, a figure which is quite distant from the standards seen in other European Union countries. With the goal of improving the efficiency and transparency of these services, over time the government and the national Authority have therefore pursued actions aimed at rationalising the sector.

In gas distribution, for example, tenders for renewing grants are foreseen within the next five years across the entire country. These competitive procedures have been designed to promote greater consolidation among operators, while at the same time favouring the more efficient ones and those able to sustain the widest-reaching investment plans. The areas concerned by the tenders have in fact been geographically widened, now covering provinces instead of municipalities. It follows that, according to estimates made by sector professionals, a reduction should be seen in the number of companies, from over two hundred to no more than twenty or thirty.

In the regulated waste management sector, the Regulatory authority for energy, networks and the environment (Arera, Autorità di regolazione per energia reti e ambiente), has begun preparations for a new definition of the tariff system, which will come into effect as of 2020 and cover a period of four years. After establishing a higher degree of uniformity in tariffs and service quality nationwide, expectations are that higher efficiency will be achieved and the sector will be rationalised, turning to means including a definition of the mechanisms used in tenders for granting concessions for urban waste collection and street cleaning.

In the sector of (free market) waste treatment, the period that has just come to a close confirmed the country's persistent undercapacity in the area of plants. This situation has become even more critical by various foreign factors, such as China's import ban on low-quality plastic waste (plastic mix) and an increase in waste exports from the United Kingdom, with the effect of saturating the continent's treatment plants, towards which a significant amount of Italy's waste was sent. In this scenario, considering the continual difficulties in building new plants over the short term, prices for waste disposal continued to increase, going to the advantage of operators owning plant capacity.

In the energy sales business, the government's objective is to promote a higher level of market competition, to the advantage of end consumers. To this intent, a prediction for the complete liberalisation of the electricity market as of 1 July 2020 was confirmed by the Milleproroghe Law 91/2018. At present, roughly 20 million users have not yet chosen a free market energy supplier. Launching this process thus represents an opportunity to stimulate competition and give space to companies with the best service levels and the largest scale economies.

An effective model for growth

The scenario seen in the sector is therefore marked by factors pointing towards a higher industrialisation, to be achieved through increasing investment plans and also involving a consolidation of smaller businesses. In this context, Hera operates with its usual development model that is geared towards making the most of scale economies and synergies (internal growth) and expanding the geographical extent of its own operations (external growth), by integrating sector enterprises. This strategy has been coherently pursued by the Group since its establishment, and its effectiveness has been proven: over the past sixteen years, its size has been quintupled and a position of national leadership has been reached in all areas of activity (Hera is the country's leading operator in the waste management sector, second in the integrated water service, third in gas distribution and in energy sales to end customers).

Hera grows in more than one direction

The results for the first three quarters of 2019 as well are the fruit of this strategic approach. All activities managed contributed to this positive result, confirming the validity and effectiveness of the Group's perfect balance between regulated and free market activities that allows it to maintain a high level of risk diversification. The portfolio's balanced mix, that combines areas with a low return but no risk (in regulated businesses) and areas with a higher return but also risks from which the Group is protected thanks to competitive assets with an unquestionable standing (in free market businesses), makes it possible to obtain an overall return capable of creating value; that is, this portfolio leads to rates of return that exceed the average cost of the financial resources used.

External growth in the waste management sector

As regards external growth, the period that has just come to a close gave early evidence of new initiatives in development. In the waste sector, in late June, a new non-dangerous waste treatment plant with a capacity of 700,000 tons was inaugurated in Cordenons, in the province of Pordenone. The Group's strategy of expanding in the North-East, already seen in 2016 with the acquisition of Geo Nova's environmental assets, thus took concrete shape. Equally important was the acquisition, in the month of July, of Pistoia Ambiente, the company that manages the Serravalle Pistoiese landfill, with a residual capacity of over 1 million cubic metres of waste. This acquisition, foreseen by the Business plan, enlarged the Group's scope of operations in Tuscany, within an area rich in production plants. These transactions, along with the acquisition in May of shares in Cosea Ambiente, an urban and similar waste management company operating in twenty municipalities in the province of Bologna, will further reinforce the Group's national leadership in the waste management sector. As of 1 July, lastly, the merger by incorporation of Waste Recycling Spa into Herambiente Servizi Industriali Srl was completed, confirming the Group's constant commitment towards organisational reinforcement in order to better grasp market opportunities.

External growth in the energy sector

In the energy sector, March saw the beginning of a project aimed at integrating Cmv Servizi and Cmv Energia e Impianti within the Hera Group, respectively going to Inrete Distribuzione Energia for natural gas distribution activities and Hera Comm for energy sales activities. The transaction involved roughly 25,000 customers and approximately 30,000 delivery points for natural gas distribution, and will allow a solid industrial project to be developed in the Ferrara area as well. In June, Hera and Ascopiave signed a binding term sheet, confirmed in late July by the approval of a framework agreement, whose goal is to develop a leading entity involved in energy sales in North-East Italy. The cornerstone of the transaction is a reinforcement of EstEnergy Spa, the joint venture through which Hera and Ascopiave already collaborate in managing 223 thousand customers, by bringing together 256 thousand customers of Hera Comm Srl concentrated in the Triveneto area and 581 thousand customers of Ascopiave Spa concentrated in the same area and in Lombardy. EstEnergy Spa will thus become the leading actor in the North-East, with over one million customers in its portfolio, while the Hera Group as a whole will reach 3.2 million, ranking third nationally and surpassing years in advance the target of 3 million set down in the Business plan to 2022.

The new Business plan to 2022

The new business plan to 2022 was presented in early January 2019. Based on the Group's strong position and acquired leadership, and on the positive implementation of the 2014-2018 five-year plan, whose targets were exceeded, it is aimed at grasping the opportunities arising within the reference scenario and continuing along the Group's path of uninterrupted growth. Ebitda is expected to increase by 200 million euro, reaching the goal of 1.185 billion euro by the end of the period in question, a target which is higher than the one set in the previous plan.

Relying on the Group's current market position and the availability of its accumulated financial resources, growth will also be fuelled by an ambitious investment program coming to roughly 3.1 billion euro, increasing by 260 million over the previous plan. The Group will be able to meet this objective thanks to one of the most solid sets of assets seen in the sector and its visibly growing cash generation (+30% Cagr over the last five years).

Investments amounting to 1.1 billion euro will be exclusively dedicated to growth: new plants and network modernisation, tenders for renewing gas concessions and M&A operations. This strategy calls for an efficient allocation of capital, conserving the Group's current low risk profile, and confirms its objective of maintaining financial solidity, with a net debt/Ebitda target set at 2.9 that leaves further room to finance the growth opportunities not included in the plan.

Three quarters of the investments will go to regulated activities: approximately 70% will go towards networks and approximately 6% to urban waste collection. It follows that most of the growth foreseen by the plan will fall into these areas, whose overall weight will increase from 51% to 55%. The balanced aspect of this mix will be guaranteed by factors including growth in free market activities. In the waste management sector, the Group – Italy's leading operator in this field – can rely on a wide and diversified set of plants, within the context of a market whose prices are continually growing due to the country's structural lack of disposal capacity. In the energy sector, the Group – which ranks third in the country – counts on expanding its customer base, making the most of both the liberalisation expected in the protected electricity market and initiatives in cross selling its services. In late 2018, tenders were also held for renewing concessions in safeguarded electricity and default gas services, and the Group confirmed its status as Italy's foremost operator for the upcoming two years, gaining roughly 70% of the market.

The new plan also expects dividends to increase (from 9.5 cents in 2018 to 11 cents paid in 2023), showing uniform growth over the five years in question and testifying to a transparent dividend policy, benefitting all shareholders. The Group's multi-business model, indeed, allows it to give a significant visibility to cash generation, since it offers protection from external market factors, as is amply shown by the resilient growth constituting its track record.

Creating shared value

The plan includes targets and projects that the Group intends to pursue in a sustainable way, creating value for all stakeholders. Its strategy has identified lines of development oriented towards pursuing the targets set out in the UN Agenda that can be applied to the activities in which it is involved (covering at least 10 of the 17 goals indicated): almost 3/4 of the growth expected over the five years covered by the plan will be sustained by projects that respond to these ten "calls to action", thus bringing shared value Ebitda to reach over 470 million euro (40% of overall Ebitda) by 2022.

1.05
Personnel structure

Hera Group's employees with open-ended contracts as of September 30th 2019 number 8,733 (consolidated scope) and are distributed by role as:
executive managers (151), middle managers (541), office clerks (4,711), and workers (3,330). This organization was determined by the following moves: new hires (295) and dismissals (327) as well as the change in the scope due to the entrance of Sangro Servizi (3), CMV Energia e Impianti Srl (23), ATR Srl (19), COSEA Ambiente Spa (67), COSEA Consorzio (21), and Pistoiambiente Srl (10).

	Sept-30th-19	Dec-31st-18	change
executive managers	151	149	2
middle managers	541	536	5
office clerks	4,711	4,648	63
workers	3,330	3,289	41
Total	**8,733**	**8,622**	**111**

Specifically, the effective moves are as follows:

Long-term contracts	
Workforce at December 31st 2018	**8,622**
New hires	295
dismissals	-327
Net Flow	**-32**
Group change in the period, Entries (*)	143
Total	**8,733**
(*) Sangro Servizi, CMV Energia e Impianti S.r.l., ATR S.r.l., COSEAAmbiente S.p.A, COSEA Consorzio, Pistoiambiente S.r.l.	

The changes for the period are mainly due to:
- the consolidation of contracts, from short-term to long-term contracts
- the addition of new professional positions not previously found in the Group

2

Consolidated Financial Statements of the Hera Group

2.01
Financial statement formats

2.01.01

Income statement

mn€	Sept-30th-2019 (9 months)	Sept-30th-2018 (9 months)
Revenues	5,063.2	4,348.4
Other operating revenues	366.7	321.1
Use of raw materials and consumables	(2,504.9)	(1,966.6)
Service costs	(1,698.4)	(1,529.2)
Personnel costs	(418.7)	(410.1)
Other operating costs	(45.6)	(42.9)
Capitalized costs	23.5	28.0
Amortisation, depreciation and provisions	(380.3)	(372.2)
Operating revenues	**405.5**	**376.5**
Share of profits (losses) pertaining to associated companies	9.3	9.7
Financial income	98.0	73.6
Financial expenses	(174.4)	(144.0)
Financial operations	**(67.1)**	**(60.7)**
Earnings before taxes	**338.4**	**315.8**
Taxes	(96.4)	(95.1)
Net revenues for the period	**242.0**	**220.7**
To attribute to:		
Parent company shareholders	230.8	208.7
minority shareholders	11.2	12.0
Earnings per share		
basic	**0.157**	**0.142**
diluted	**0.157**	**0.142**

2.01.02

Statement of financial position

mn€	Sept-30th-2019	Dec-31st-2018
ASSETS		
Non-current assets		
Property, plant and equipment	2,026.1	2,003.7
Rights of use	112.4	
Intangible assets	3,365.1	3,254.9
Goodwill	381.6	381.3
Equity investments	145.4	149.1
Current and non-current financial assets	130.7	118.4
Deferred tax assets	177.0	159.2
Derivative financial instruments	60.7	45.3
Total non-current assets	**6,399.0**	**6,111.9**
Current assets		
Inventories	182.0	157.3
Trade receivables	1,738.8	1,842.2
Current financial assets	47.3	37.3
Current tax assets	75.2	34.3
Other current assets	328.1	281.2
Derivative financial instruments	55.5	111.9
Cash and cash equivalents	736.5	535.5
Total current assets	**3,163.4**	**2,999.7**
TOTAL ASSETS	**9,562.4**	**9,111.6**

mn€	Sept-30th-2019	Dec-31st-2018
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	1,473.5	1,465.3
Reserves	1,011.3	913.5
Profit (losses) for the period	230.8	281.9
Group net equity	**2,715.6**	**2,660.7**
Non-controlling interests	194.5	186.0
Total net equity	**2,910.1**	**2,846.7**
Non-current liabilities		
Non-current financial liabilities	2,878.5	2,672.4
Non-current liabilities	92.7	12.2
Post-employment and other benefits	127.0	129.5
Provisions for risks and charges	483.0	458.6
Deferred tax liabilities	56.3	43.1
Derivative financial instruments	66.7	37.9
Total non-current liabilities	**3,704.2**	**3,353.7**
Current liabilities		
Current financial liabilities	672.6	609.9
Non-current liabilities for leases	17.5	1.7
Trade payables	1,206.4	1,360.4
Current tax liabilities	101.8	6.0
Other current liabilities	898.9	866.9
Derivative financial instruments	50.9	66.3
Total current liabilities	**2,948.1**	**2,911.2**
TOTAL LIABILITIES	**6,652.3**	**6,264.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,562.4**	**9,111.6**

2.01.03
Cash flow statement

mn€	Sept-30th-2019	Sept-30th-2018
Earnings before taxes	**338.4**	**315.8**
Adjustments to reconcile net profit to the cashflow from operating activities		
Amortization and impairment of assets	302.5	281.7
Allocation to provisions	77.8	90.5
Effects from valuation using the equity method	(9.3)	(9.7)
Financial (income) expenses	76.4	70.4
(Capital gains) losses and other non-monetary elements (including valuation of commodity derivatives)	(4.7)	(35.1)
Change in provision for risks and charges	(20.3)	(19.7)
Change in provision for employee benefits	(8.4)	(8.7)
Total cash flow before changes in net working capital	**752.4**	**685.2**
(Increase) decrease in inventories	(24.9)	(71.2)
(Increase) decrease in trade receivables	61.7	64.6
Increase (decrease) in trade payables	(173.3)	(258.0)
Increase/decrease in other current assets/liabilities	(14.3)	67.0
Changes in working capital	**(150.8)**	**(197.6)**
Dividends collected	13.3	15.2
Interest income and other financial income collected	37.7	33.2
Interest expenses and other financial charges paid	(81.2)	(80.1)
Taxes paid	(47.7)	(91.4)
Cash flow from operating activities (a)	**523.7**	**364.5**
Investments in property, plant and equipment	(97.4)	(100.1)
Investments in intangible assets	(245.6)	(198.8)
Investments in companies and business units net of cash and cash equivalents	(45.2)	(8.3)
Sale price of property, plant and equipment	2.4	3.7
Divestments in consolidated companies and contingent consideration	-	15.9
(Increase) decrease in other investment activities	(6.7)	9.4
Cash flow from (for) investing activities (b)	**(392.5)**	**(278.2)**
New issue of long-term binds	552.6	118.7
Repayments and other net changes in financial payables	(333.4)	38.0
Lease payments	(14.5)	(1.8)
Proceeds from the sale of shares without loss of control	-	1.8
Acquisition of Interests in consolidated companies	(2.3)	(11.1)
Dividends paid out to Hera shareholders and non-controlling interests	(158.6)	(147.0)
Changes in treasury share	26.0	(17.0)
Cash flow from (for) financing activities (c)	**69.8**	**(18.4)**
Effect of change in exchange rates on cash and cash equivalents (d)	**-**	**-**
Increase (decrease) in cash and cash equivalents (a+b+c+d)	**201.0**	**67.9**
Cash and cash equivalents at the beginning of the period	535.5	450.5
Cash and cash equivalents at the end of the period	736.5	518.4

2.01.04

Statement of changes in net equity

mn€	Share capital	Reserves	Reserves derivatives valued at fair value	Reserves actuarial income/(losses) post-employment benefits	Revenu
Balance as of Dec-31st-17	**1,473.6**	**847.8**	**4.1**	**(31.7)**	
Adoption of IFRS 9		(19.3)			
Balance as of Jan-1st-18	**1,473.6**	**828.5**	**4.1**	**(31.7)**	
Revenues for the period					
Other components of comprehensive income:					
fair value of derivatives, change for the period			38.8		
Actuarial income/(losses) post-employment benefits				(0.5)	
Overall revenues for the period	**-**	**-**	**38.8**	**(0.5)**	
Changes in treasury share	(5.9)	(11.1)			
payments of non-controlling shares					
Changes in equity investments		(4.4)			
Changes in the scope of consolidation		6.7		0.1	
Allocation of revenues:					
Dividends paid out					
allocation to reserves		110.5			
Balance as of Sept-30th-18	**1,467.7**	**930.2**	**42.9**	**(32.1)**	
Balance as of Dec-31st-18	**1,465.3**	**926.8**	**16.5**	**(29.8)**	
Adoption of IFRS 16		(4.5)			
Balance as of Jan-1st-19	**1,465.3**	**922.3**	**16.5**	**(29.8)**	
Revenues for the period					
Other components of comprehensive income:					
fair value of derivatives, change for the period			(46.3)		
Actuarial income/(losses) post-employment benefits				(2.1)	
Overall revenues for the period	**-**	**-**	**(46.3)**	**(2.1)**	
Changes in treasury share	8.2	18.6			
payments of non-controlling shares					
Changes in equity investments		(0.7)			
Changes in the scope of consolidation					
Allocation of revenues:					
Dividends paid out					
allocation to reserves		132.8			
Balance as of Sept-30th-19	**1,473.5**	**1,073.0**	**(29.8)**	**(31.9)**	

2.01.05

SYNTHETIC EXPLANATORY NOTES

Accounting policies

As set forth in article 82-ter "Informazioni finanziarie periodiche aggiuntive" (additional periodic financial information) of the Issuers' Regulation, the Hera Group has voluntarily decided to publish the consolidated three-month report as of September 30th 2019. It should be noted that, although this consolidated quarterly report adopts the same principles and criteria applied in the previous year (taking into account the new accounting standards issued subsequently), it has not been prepared in accordance with the accounting standard concerning interim financial information (IAS 34 "Interim Financial Reporting").

The preparation of this quarterly report required estimates and assumptions to be made that affect the reported amounts of revenues, expenses, assets and liabilities as of the reporting date. If, in future, such estimates and assumptions, which are based on the management's best judgment, should differ from actual events, they will be adjusted accordingly in order to give an accurate representation of management operations. It is also noted that certain valuation processes, specifically the more complex ones such as establishing any impairment of non-current assets, are generally carried out fully only for the preparation of the annual financial statements, except in cases where there are impairment indicators that require an immediate impairment test.

Income taxes are reported on the basis of the best estimate of the weighted average tax rate anticipated for the full financial year.

The figures in this consolidated three-month report are comparable to those of previous periods, taking into account the provisions of the following paragraph "Adoption of IFRS 16".

Financial statement formats

The formats used are the same as those used for the consolidated financial statements as of December 31st 2018, except for the additional items "Rights of use" as well as current and non-current "Lease payables" of the Statement of financial position, introduced resulting from the adoption of the international accounting standard IFRS 16 beginning January 1st 2019. A vertical format has been used for the income statement, with individual items analysed by type. We believe that this type of presentation, which is also used by our major competitors and is in line with international practice, best represents company results. The other components of comprehensive income are shown separately in the statement of changes in equity. The Statement of financial position makes the distinction between current and non-current assets and liabilities. The cash-flow statement has been prepared using the indirect method. In the financial statements any non-recurring costs and revenues are indicated separately.

The financial statements contained in this consolidated three-month report are expressed in millions of Euros through a decimal, unless otherwise indicated.

Adoption of IFRS 16

The new standard IFRS 16 - Leases (Regulation 2017/1986), effective beginning January 2019, was published by the IASB on January 13th 2016, to replace the IAS 17 principle "Leases", as well as the IFRIC 4 interpretations "Determining whether an agreement contains a lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the substance of transactions in the legal form of a lease ".
This standard provides a new definition of leases and introduces a criterion based on the right of use of an asset to distinguish lease contracts from service contracts, identifying discriminating factors such as: the identification of the property, the right to replace it, the right to obtain essentially all the economic benefits deriving from the use of the property and the right to manage the use of the property named in the contract.
This standard establishes a single model for the reporting and valuation of leasing contracts for lessees, which provides for the entry of leased goods including operating leases among assets, with a financial liability as a balancing entry, while also providing the possibility of not applying this model to contracts

relating to low-value assets and leases with a contract duration of 12 months or less (short-term leases). In contrast, the new standard does not include significant changes for lessors.
The Group has completed its project of assessing the impact of the introduction of the new standard as of the date of first application (January 1st 2019. This process was divided into several phases, including a complete mapping of the contracts potentially suitable for containing a lease and the analysis of these contracts in order to understand the main clauses that are pertinent for the purposes of IFRS 16.
The Group took advantage of the device provided for in paragraph C3, which allows it to use past results calculated on the basis of IFRIC 4 and IAS 17 to qualify operating leases for a specific contract. This device was applied to all contracts, as provided for in paragraph C4.
The process of adopting the standard also involved introducing specific IT applications for the accounting management of the standard itself and aligning administrative processes and controls to monitor the critical areas on which the standard focuses.
Finally, the Group chose to apply this standard retrospectively but to record the aggregate effect of applying the standard in net shareholders' equity as at January 1st 2019, in accordance with paragraphs C7-C13. In particular, with regard to the lease contracts previously classified as operating leases, the Group accounted for:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using for each contract the marginal loan rate applicable at the transition date;
- a right of use equal to the net carrying amount that it would have had if the standard had been applied from the beginning of the contract, using the discount rate established at the transition date.

Only for a limited number of contracts for which recovering historical information in a timely manner was not possible, the right of use was set equal to the value of the financial liability at the date of transition, net of any accruals and deferrals relating to the lease and recorded in the balance sheet at the closing date of these financial statements.

The following table shows the impacts that the adoption of IFRS 16 involved at the transition date:

mn€	Impact at the transition date Jan - 1st - 19
Non-current assets	
Right of use land and buildings	67.3
Right of use plants and machinery	4.2
Right of use other moveable assets	19.5
Deferred tax assets	0.7
Current assets	
Other current assets	(0.2)
Total	**91.5**
Non-current liabilities	
Non-current liabilities	82.7
Current liabilities	
Non-current liabilities for leases	13.9
Total	**96.6**
Retained earnings	**(5.1)**

In adopting IFRS 16, the Group availed itself of the exemption granted in paragraph 5 a) in relation to leases with a duration of less than 12 months and in particular for certain contracts for the rental of vehicles, as well as the exemption granted in paragraph 5 b) in relation to leasing contracts for which the underlying assets are low-value, that is, when the assets underlying the leasing contract have a replacement value of 5,000 euro or less. The contracts for which the exemption has been applied fall mainly into the following categories:

- electronic devices;
- furnishings.

For these contracts, the introduction of IFRS 16 did not entail recording the financial liability of the lease and the related right of use. Lease payments will therefore be entered in the income statement on a straight-line basis for the duration of the respective contracts. Moreover, as of September 30th 2019 the amount of the instalments paid for these types of contract was not significant.

In addition, with reference to the transition rules, the Group made use of the following devices:

- used the assessment made as at December 31st 2018 in accordance with the rules of IAS 37 "Provisions, liabilities and contingent assets" when accounting for interest-bearing contracts as an alternative to applying the impairment test on the value of the right of use as at January 1st 2019;
- classified contracts expiring within 12 months of the transition date as short-term leases. For these contracts, the lease fees are recorded to the income statement on a linear base.
- excluded initial direct costs from the measurement of the right of use on January 1st 2019;
- used the information available at the transition date to determine the duration of the contract, with particular reference to extension and early closure options.

Scope of consolidation

The consolidated financial statements as at September 30th 2019 include the financial statements of the Parent Company Hera S.p.A. and those of its subsidiaries. Control is obtained when the Parent Company has the power to determine the financial and operational policies of a company, by way of currently valid rights, in such a way as to obtain benefits from the company's activity. Investments in joint ventures, in which the Group exercises joint control with other shareholders, and companies over which it exercises significant influence, are consolidated using the equity method. Subsidiaries whose size is immaterial and those for which no recent financial information is available are excluded from consolidation and measured at fair value through other comprehensive income components.

The lists of the companies included in the scope of consolidation are shown at the end of these notes.

Changes in the scope of consolidation

With effect from March 1st 2019, Hera Comm Srl gained control over the gas and electricity sales activities of CMV Energia&Impianti Srl. The transaction was carried out by means of a partial proportional demerger: each shareholder of the demerged company was assigned an equity interest in the beneficiary company. As a consequence of this operation, Hera Comm Srl's interest in the company decreased to 99.89%.

With effect from March 1st 2019, Hera Comm Srl gained control over the gas distribution activity of CMV Servizi Srl, including the whole equity investment in A Tutta Rete Srl by Inrete Distribuzione Energia Spa. The transaction was carried out by means of a partial proportional demerger: each shareholder of the demerged company was assigned an equity interest in the beneficiary company. As a consequence of this operation, Hera Comm Srl's interest in Inrete Distribuzione Energia Spa decreased to 99.09%.

On May 9th 2019, Hera Spa was definitively awarded the tender for the acquisition of 100% of the shares of Cosea Ambiente Spa, a company that manages waste services in several municipalities in the Bolognese Apennines. It should also be noted that, given that no interim situation of reference was available at the acquisition date, the revenues and costs of Cosea Ambiente Spa were consolidated as of January 1st 2019. The effects resulting from this simplification are not considered significant for the income statement, including with reference to the marginality indicators.

On July 17th 2019, Herambiente Spa acquired all the shares in Pistoia Ambiente Srl, a company that manages the special waste landfill located in the municipality of Serravalle Pistoiese. The acquisition cost was 45 million euros. Activities are still ongoing to analyse the fair value of assets, liabilities and contingent liabilities on the basis of information concerning facts and events available at the date of acquisition.

With effect beginning January 1st 2019, Inrete Distribuzione Energia Spa and Hera Comm Srl sold their LPG distribution and sales businesses. From both a financial and an economic point of view, the transaction had a marginal impact.

Changes in equity investments

On February 1st 2019, after having won the public auction, Hera Spa purchased from the shareholder Unione Montana Alta Valle del Metauro a number of shares equal to 0.5% of Marche Multiservizi Spa share capital, thus increasing its stake from 46.2% to 46.7%.

On April 23rd, Hera Spa acquired 3.28% of the share capital of Acantho Spa from Aimag spa, thus increasing its stake from 77.36% to 80.64%.

The difference between the adjustment of these minority stakes and the fair value of the equivalent amount received was reported directly in net equity and attributed to the parent company's shareholders.

Other corporate operations

With effect from January 1st 2019, Umbro Plast Srl, Cerplast Srl and Variplst Srl was merged by incorporation into Aliplast Spa.

Earnings per share

The following is a statement of earnings per share, calculated in relation to profit or loss attributable to holders of ordinary shares of the parent company.

	Sept-30th-2019 (9 months)	Sept-30th-2018 (9 months)
Profit or loss for the period attributable to holders of ordinary shares of the parent entity (A)	230.8	208.7
Weighted average number of shares outstanding for the purposes of calculation of earnings (loss) per share		
base (B)	1,471,523,759	1,468,644,863
diluted (C)	1,471,523,759	1,468,644,863
Earnings (loss) per share (in euros)		
base (A/B)	**0.157**	**0.142**
diluted (A/C)	**0.157**	**0.142**

Other information

This abbreviated consolidated biannual financial statement as at September 30th 2019 was drawn up by the Board of Directors and approved by the same at the meeting held on November 13th 2019.

2.02
LIST OF CONSOLIDATED COMPANIES

Subsidiaries

Registered name	Registered office	Share capital (euros) where not otherwise specified	Percentage held		Total interest
			direct	indirect	
Parent company: Hera Spa	Bologna	1,489,538,745			
Acantho Spa	Imola (BO)	23,573,079	80.64%		80.64%
AcegasApsAmga Spa	Trieste	284,677,324	100.00%		100.00%
AcegasApsAmga Servizi Energetici Spa	Udine	11,168,284		100.00%	100.00%
Alimpet Srl	Borgolavezzaro (NO)	50,000		75.00%	75.00%
Aliplast Spa	Istrana (TV)	5,000,000		75.00%	75.00%
Aliplast France Recyclage Sarl	La Wantzenau (France)	25.000		75.00%	75.00%
Aliplast Iberia SL	Calle Castilla -Leon (Spain)	815,000		75.00%	75.00%
Aliplast Polska Spoo	Zgierz (Poland)	1,200,000 PLN		75.00%	75.00%
AresGas Ead	Sofia (Bulgaria)	22,572,241 Lev		100.00%	100.00%
Aresenergy Eood	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Asa Scpa	Castelmaggiore (BO)	1,820,000		38.25%	38.25%
A Tutta Rete Srl	Cento (FE)	100.000		100.00%	100.00%
Black Sea Gas Company Eood	Varna (Bulgaria)	5.000 Lev		100.00%	100.00%
Blu Ranton Srl	Pescara	100.000		84.00%	84.00%
Cosea Ambiente Spa	Castel di Casio (BO)	477,526	100.00%		100.00%
EnergiaBaseTrieste Srl	Trieste	180,000		100.00%	100.00%
Feronia Srl	Finale Emilia (MO)	100.000		52.50%	52.50%
Frullo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Herambiente Spa	Bologna	271,648,000	75.00%		75.00%
Herambiente Servizi Industriali Srl	Bologna	1,748,472		75.00%	75.00%
Hera Comm Srl	Imola (BO)	53,595,899	100.00%		100.00%
Hera Comm Marche Srl	Urbino (PU)	1,977,332		84.00%	84.00%
Hera Luce Srl	Cesena	1,000,000		100.00%	100.00%
Hera Servizi Energia Srl	Forlì	1,110,430		57.89%	57.89%
Heratech Srl	Bologna	2,000,000	100.00%		100.00%
Hera Trading Srl	Trieste	22,600,000	100.00%		100.00%
HestAmbiente Srl	Trieste	1,010,000		82.50%	82.50%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
Marche Multiservizi Spa	Pesaro	16,388,535	46.70%		46.70%
Marche Multiservizi Falconara Srl	Falconara Marittima (AN)	100.000		46.70%	46.70%
Pistoia Ambiente Srl	Serravalle Pistoiese (PT)	1,000,000		75.00%	75.00%
Sangroservizi Srl	Atessa (CH)	10,000		100.00%	100.00%
Sviluppo Ambiente Toscana Srl	Bologna	10,000	95.00%	3.75%	98.75%
Tri-Generazione Scarl	Padua	100.000		70.00%	70.00%

Uniflotte Srl	Bologna	2,254,177	97.00%		97.00%

Jointly controlled entities

Registered name	Registered office	Share capital (euros)	Percentage held		Total interest
			direct	indirect	
Enomondo Srl	Faenza (RA)	14,000,000		37.50%	37.50%
EstEnergy Spa	Trieste	1,718,096		51.00%	51.00%

Associated companies

Registered name	Registered office	Share capital (euros)	Percentage held		Total interest
			direct	indirect	
Aimag Spa*	Mirandola (MO)	78,027,681	25.00%		25.00%
Q.tHermo Srl	Florence	10,000		39.50%	39.50%
Set Spa	Milan	120,000	39.00%		39.00%
Sgr Servizi Spa	Rimini	5,982,262		29.61%	29.61%
Tamarete Energia Srl	Ortona (CH)	3,600,000	40.00%		40.00%

**The company's share capital consists of 67,577,681 euros of ordinary shares and 10,450,000 euros of related shares.

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