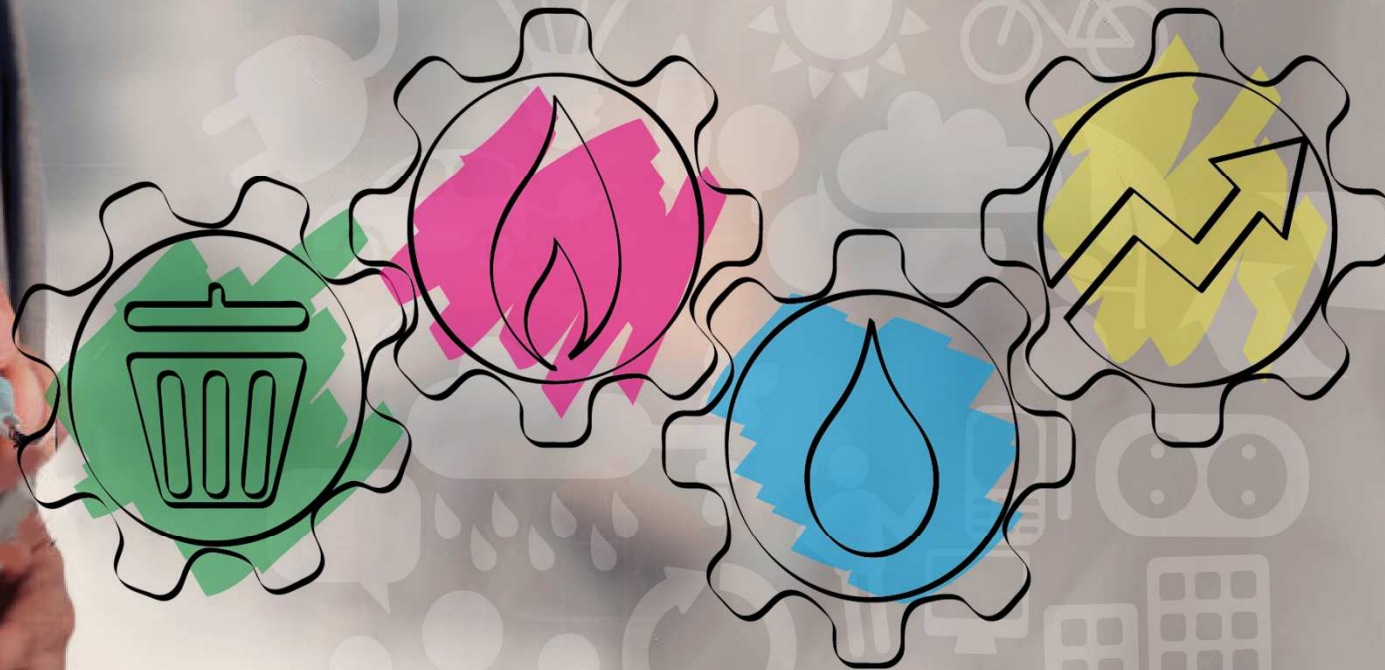


Hera Group

2015 annual results

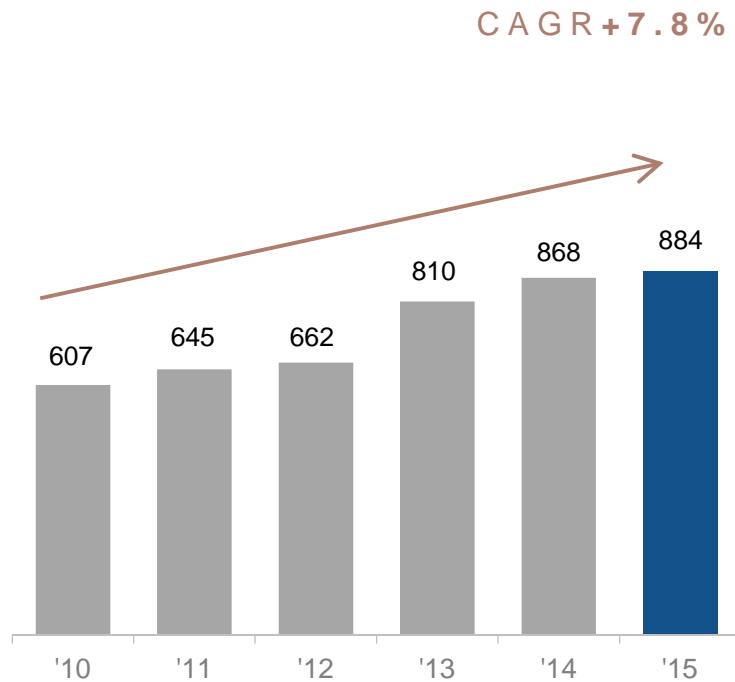


Bologna, March 22 2016

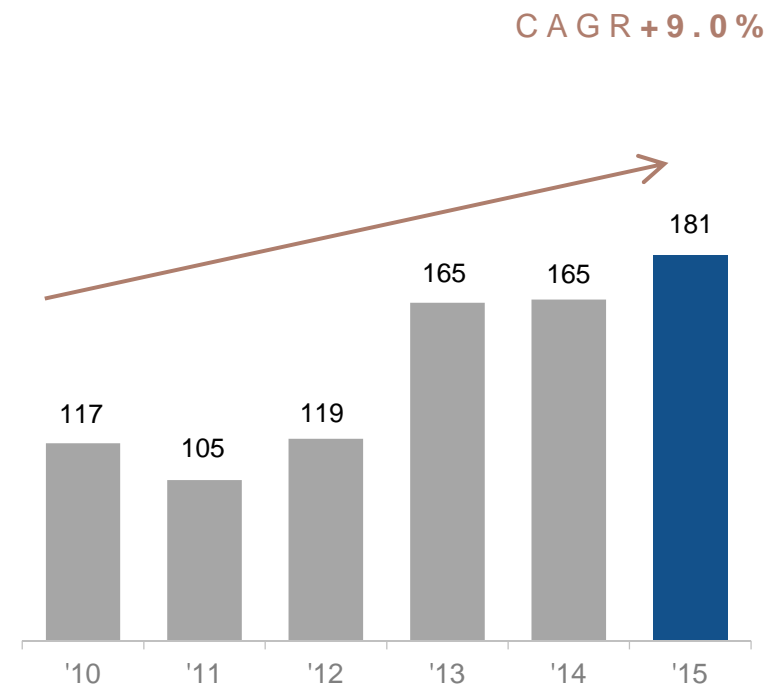


Reliable *growth model* consistent in last 5 years

+ *Ebitda*
(M€)



+ *Net profit*
(M€)



Highest growth rate in net profit

Another year of sound growth

+ HIGHLIGHTS (M€)

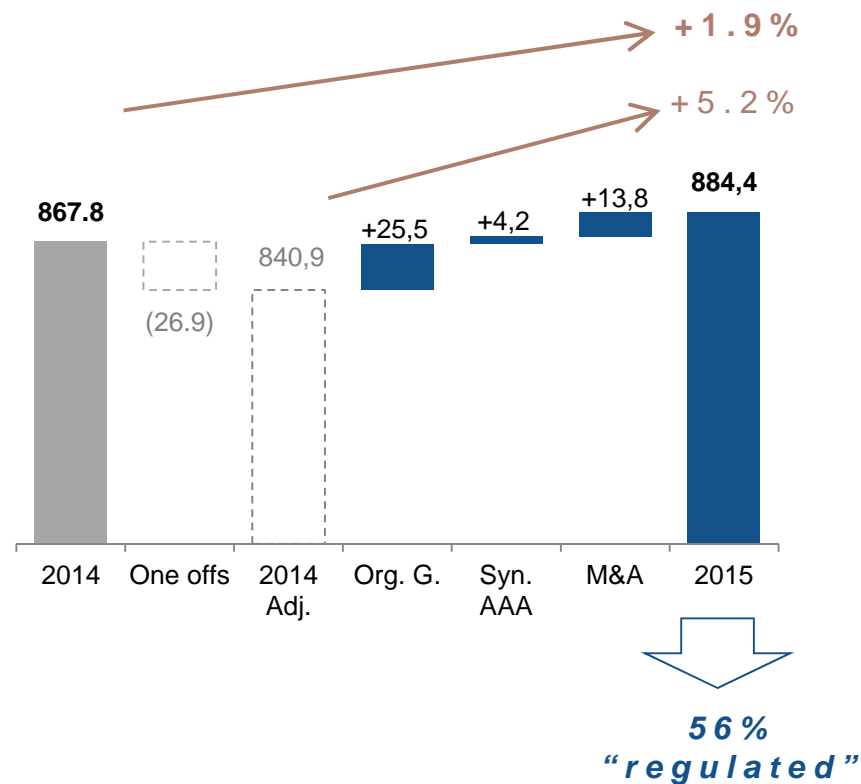
	2014	2015	
Revenues	4,513.6	4817.8	+6.7%
EBITDA	867.8	884.4	+1.9%
Depr. & Prov.	(426.6)	(442.2)	
EBIT	441.2	442.2	+0.2%
Financial Inc/(Exp.)	(145.7)	(137.9)	
Income from Associates & J.V.	7.7	11.8	
PRETAX PROFIT Adj.	303.2	316.1	+4.3%
Tax	(122.0)	(113.5)	
<i>Tax rate</i>	<i>(40.2%)</i>	<i>(35.9%)</i>	
Minorities	(17.6)	(13.9)	
NET PROFIT Adj.	163.6	188.7	+15.4%
Net Extraord. Financial income	(8.1)	(8.2)	
<i>Non recurrent tax items</i>	9.3	0.0	
Net profit reported	164.8	180.5	

- Colder winter pushed revenues.
- D&A and provision increase mainly relates to change in perimeter (+11.3m€).
- Bad Debt provision increase coherent with turnover progression.
- Cost of debt still reducing.
- Income from associates up.
- Tax rate down to 35.9% benefiting from cancelled Robin Tax and review of IRAP.
- Minorities reduced due to full acquisition of Romagna compost and Akron (effective from 1/1/'15).

Progressive increase of growth rates down to bottom line

The *two pillar model* underpins Hera growth

+ *EBITDA growth drivers* (M€)

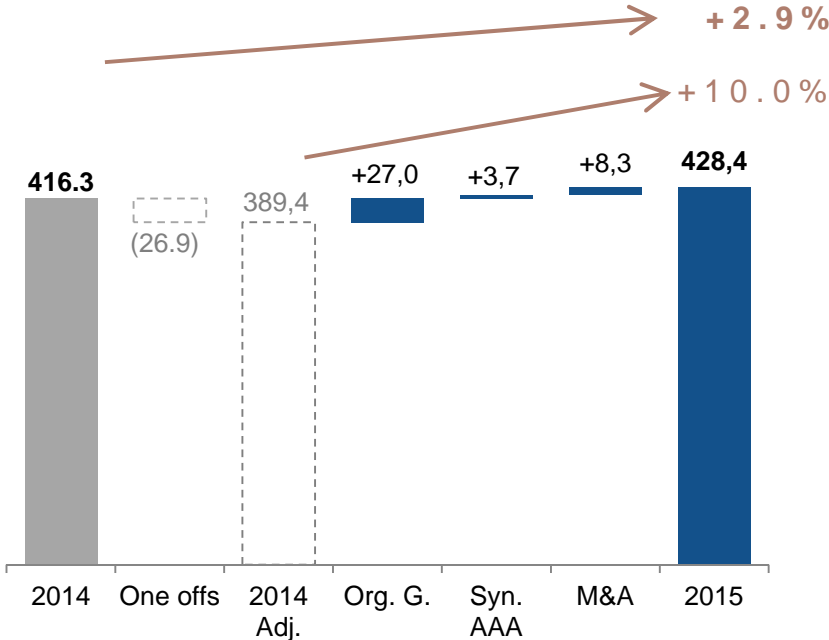


- **Positive organic Growth** mainly relates to market expansion in **Energy** supply (+73k clients) and volumes (better winter season) and positive performance in **Network** activities (efficiency and optimization).
- **AcegasApsAmga synergy extraction still on track.**
- **M&A** relates to 6 month results of **AMGA Udine** merger (effective from 1/7/'14) , and the acquisitions of **Alento Gas, Geo Nova, Waste Recycling.**

Confirmed safe portfolio mix

Networks: portfolio's best

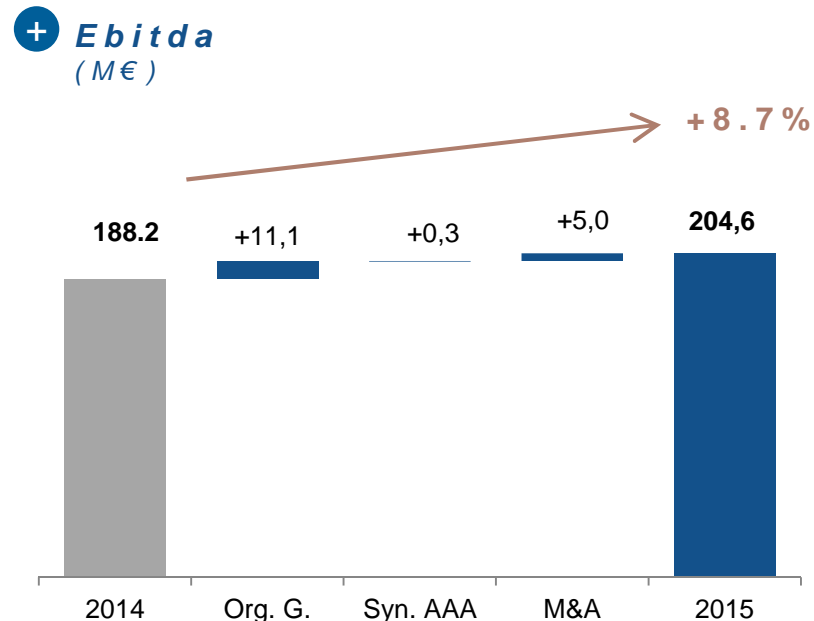
+ Ebitda
(M€)



- **Visible growth** underpinned by new **Water tariffs** and **efficiency improvements**.
- Results benefit also from **one off revenue recovery of prior years** (water).
- **M&A** relates to **AMGA Udine Gas distribution activities**.
- **District Heating** benefit from colder winter.

Further enhancing efficiency standards

Energy: *hot* results in *cold* winter

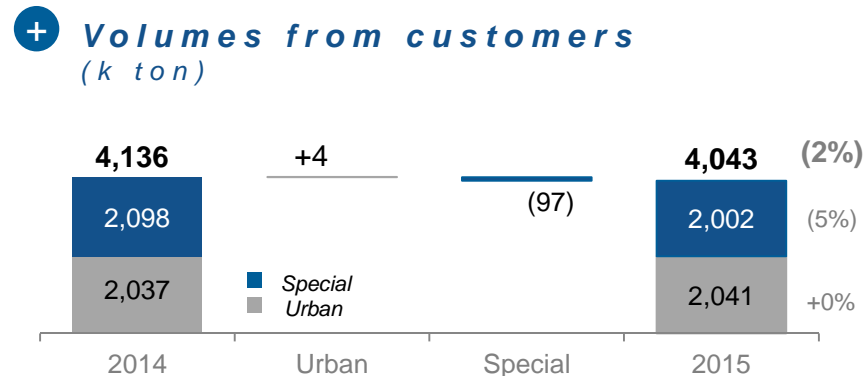
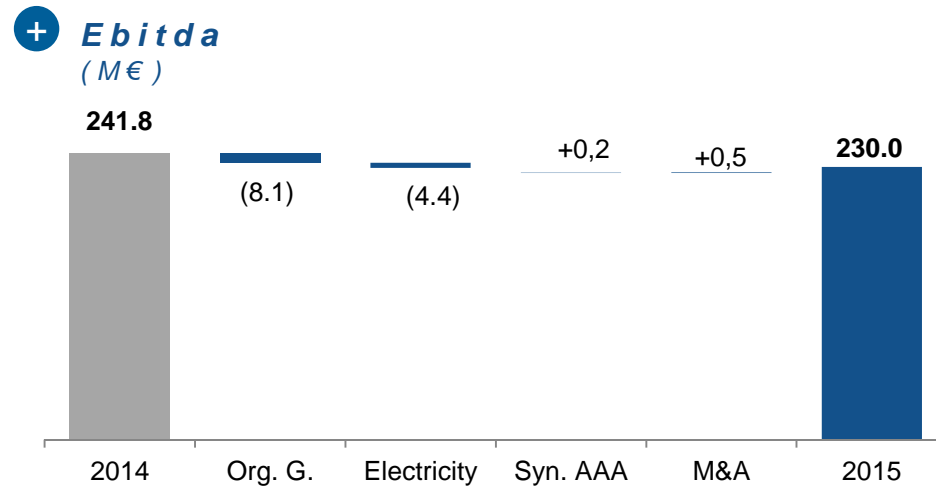


Volume sold	2014	2015	Ch. %
Gas sales (bcm)	1.809	2,141	+18.4%
Gas trading (bcm)	0.807	1.242	+53.9%
Electricity sales (TWh)	9.136	9.626	+5.4%

- **HERACOMM expansion continues** highlighting solid competitive advantages.
 - **+73k** customers in 12 months, reaching a customer base in Electricity of ~860k clients (including *safeguarded clients*) and about 1,330k gas customers.
- **Gas sales and trading increased** on the back of the colder winter as well as **Electricity volume sold** underpinned by demand recovery.
- **Enhanced margins in Electricity and Gas.**
- **Results affected by lower “ancillary services” to Terna (-10m€ “MSD”).**
- **M&A executed includes Alento Gas (+15K customers). In March ‘16 a further acquisition of Julia Servizi Più enlarged customer base by +15k.**

+73k clients confirms, once again, Group market strength

Waste treatment: ready to *surf* the market trends

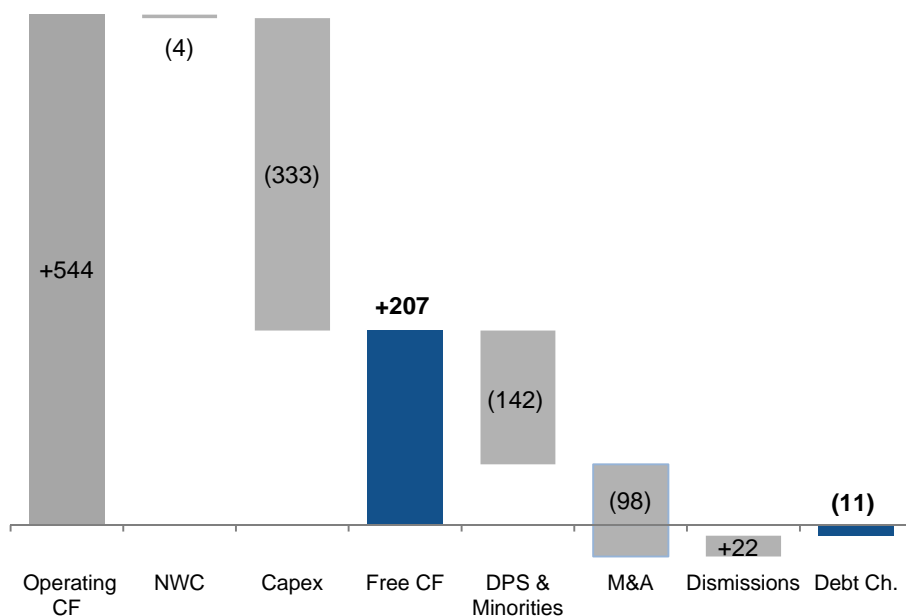


- **2015 “temporary” shortage on landfill capacity** lowered margins and possibility to fully benefit from positive market trends.
- **Landfill capacity expansion is already in progress:**
 - Acquisition of landfills in Veneto
 - +900k ton in Ravenna landfill (expected to be fulfilled within H1 ‘16)
 - Further authorisations to widen other Group’s landfills are underway.
- **2015 M&A built up a platform to expand** (+520k ton/Y capacity and 12m€/Y Ebitda) **in new strategic markets** (affecting ‘15 results for less than 1 month).
 - Geo Nova in Veneto region;
 - Waste Recycling in Tuscany region.
- **Enhanced efficiency** in Waste Collection and improved **sorted collection at 55.4%**.

Expanding leadership in new markets

Self financing Group's expansion

+ Cash flows (M€)



- Capex primarily in Water (115m€) and Gas (87m€).
- Positive Operating cash flows exceed 200m€ after capex and change in NWC.
- DPS paid 9 eurocents in line confirmed 13 years track record.
- Free cash flows almost fully funded acquisitions of Geo Nova and Waste Recycling (60m€) and minority stakes of Akron, Romagna Compost.
- Net debt stood at 2.65b€ (2.64b€ in '14).
- Debt/Ebitda reduced to 3.0x (3.04x in '14).
 - Debt avg duration above 8 years
 - Avg. cost of Gross Debt around 3.85%
 - 83% fixed interest rates.
 - FFO/Net Debt at 20.5%

Enhancing a sound financial structure

In the spotlight: closing remarks

- **Positive results and enhanced financial soundness underpin, once again, Group's long and continuous track record in both organic growth and M&A activities.**
- 2015 results did not fully benefit from M&A (in Waste sector) and discounted the shortage in landfill which are already under expansion in Ravenna.
- **Sector consolidation still highlights “value creation”** through synergy extraction (+20m€ in last 3 years since AcegasAps merger) **and further merger opportunities are “in the pipeline”**.
- **2015 acquisitions were self-financed** with cash generation, strengthening financial structure.
- **DPS** proposal of **9c€** confirming Hera policy.

Solid premises to face future challenges

Q & A SESSION

A p p e n d i x

Financial highlights: breakdown by business



Waste

(m€)	Y 2014	Y 2015	Ch. %
Revenues	910.4	894.3	(1.8%)
Ebitda	241.8	230.0	(4.9%)

Data	Y 2014	Y 2015	Ch. %
Urban W. Volumes (Kton)	2,036.9	2,040.7	+0.2%
Special W. Volumes (Kton)	2,098.7	2,002.1	(4.6%)
Waste from third parties	4,135.6	4,042.8	(2.2%)
Internal W. Volumes (Kton)	2,290.2	2,182.9	(4.7%)
Total Volumes Treated	6,425.8	6,225.7	(3.1%)

Treatments of which:

Landfills	1,137.3	918.5	(19.2%)
WTE	1,393.9	1,390.3	(0.3%)
Sorting plants	445.6	432.7	(2.9%)
Composting plants	478.3	455.3	(4.8%)
Inheritisation & Chi-Fi. plants	1,182.3	1,141.6	(3.4%)
Other plants	1,788.4	1,887.2	+5.5%
Total Volumes Treated	6,425.8	6,225.7	(3.1%)



Water

(m€)	Y 2014	Y 2015	Ch. %
Revenues	780.2	796.2	+2.1%
Ebitda	217.1	232.5	+7.1%

Data	Y 2014	Y 2015	Ch. %
Aqueduct (mm3)	294.6	300.0	+1.8%
Sewerage (mm3)	244.8	247.3	+1.0%
Purification (mm3)	242.7	245.5	+1.2%

Financial highlights: breakdown by business



Gas

(m€)	Y 2014	Y 2015	Ch. %
Revenues	1,481.0	1,618.7	+9.3%
Ebitda	276.0	295.8	+7.2%

Data	Y 2014	Y 2015	Ch. %
Volumes distrib. (mm3)	2,582.2	2,965.9	+14.9%
Volumes sold (mm3)	2,616.1	3,382.9	+29.3%
<i>of which trading (mm3)</i>	<i>807.0</i>	<i>1,241.7</i>	<i>+53.9%</i>
District Heating (GWht)	424.4	497.0	+17.1%



Electricity

(m€)	Y 2014	Y 2015	Ch. %
Revenues	1,442.3	1,614.8	+12.0%
Ebitda	111.4	104.7	(6.1%)

Data	Y 2014	Y 2015	Ch. %
Volumes sold (GWh)	9,136.4	9,626.0	+5.4%
Volumes distrib. (GWh)	2,944.4	3,054.5	+3.7%
Clients ('000 unit)	795.2	856.8	+7.7%