



press release

Bologna, 12 May 2011

Hera's Board of Directors approves the results for the first quarter of 2011

EBITDA recorded growth of Euro 39.2 million (+21.2%). Net profit after minorities stands at Euro 66.8 million

Financial highlights

- Revenues at Euro 1,126.2 million (+6.9%)
- EBITDA at Euro 224.3 million (+21.2%)
- Operating result at Euro 151.3 million (+28.6%)
- Net profit post-minorities at Euro 66.8 million (+40.1%)
- Net financial position at Euro 1,846.4 million, down for the third quarter in a row

Operating highlights

- Significant commercial expansion in the electricity area, up to 430,000 customers
- Confirmed of a flexible energy resources procurement policy
- Volumes growing in the waste management area (+1.9%) and falling, due to the weather, in the sale of gas and water
- Enomondo joint venture in the waste management sector in full operation

The Hera Group's Board of Directors today unanimously approved the consolidated economic results for the first three months of the year, which confirm good performance in all business areas.

Revenues

The Group's revenues as at 31 March 2011 increased to Euro 1,126.2 million, an increase of 6.9% compared to Euro 1,053.2 for the same period in 2010, mainly thanks to expansion in liberalised markets (gas and electricity).

EBITDA

EBITDA increased to Euro 224.3 million (+21.2% compared with Euro 185.1 million for the first quarter of 2010), posting the highest growth ever for this period of the year since the establishment of Hera. This excellent result, in addition to the previously mentioned commercial performance, is also due to the flexible energy procurement policy and the operational efficiencies.

Operating result and Net profit

The operating result stands at Euro 151.3 million (+28.6%), whilst pre-tax profit rose to Euro 123.1 million (+34.4%).

Consolidated net profit also increased to Euro 74.5 million (+41.6%).

Net profit post-minorities increased to Euro 66.8 million (+40.1% compared with Euro 47.7 million in the first quarter of 2010).

Investments and net financial position

In the first three months of 2011, the Group's capital expenditures and investments came to Euro 59.8 million, in line with the forecasts of the business plan after the completion of the large plants.

The net financial position continued to decrease for the third consecutive quarter, to Euro 1,846.4 million, thanks to cash generation that absorbed the seasonal increase in working capital and improved financial soundness indicators still further.

Waste management

The waste management, the area in which the Group remains the largest domestic player in volume of waste treatments of and in the number of plants owned, recorded further growth.

EBITDA increased to Euro 58.0 million (+11.1%), mainly thanks to the expansion of market share in industrial waste, made possible by the expansion of waste treatment plant capacity. The new Rimini waste-to-energy-plant, which is now fully operational, also contributed to this result.

The increase in volumes (+1.9% of both industrial and urban waste), together with improved asset base (as a result of investments in recent years), led to a further increase in renewable energy obtained from waste, which went from 130 GWh in the first quarter of 2010 to 172 GWh in the first quarter of 2011.

Also worthy of mention is the positive contribution made by the joint venture with Caviro in Enomondo, for the production of renewable energy from biomass.

The waste management contribution to the Group's EBITDA is equal to 25.9%.

Water cycle

In spite of the decrease in volumes (-4.1%), EBITDA also showed an improvement. It stands at Euro 33.4 million, an increase of 5.4% due mainly to the synergies achieved.

The business contribution to the Group's EBITDA is equal to 14.9%.

Gas

The gas business recorded considerable growth, with EBITDA increasing to Euro 99.1 million (+21.0%). The procurement contracts and the increase in the customer base, in effect, more than offset the reduction in volumes sold as a result of the milder winter compared with the previous year.

The gas business contribution to the Group's EBITDA is equal to 44.2%.

Electricity

The electricity business EBITDA doubled, increasing to Euro 28.5 million (+99.4%). This excellent performance is attributable to the increase in volumes sold, the result of the positive increase in commercial penetration, which brought the customer base to more than 430 thousand units, and to the purchase of the "safeguard" services in 6 Italian regions.

The electricity area contribution to the Group's EBITDA is equal to 12.7%.

Statement from the President, Tommasi

"The first three months of 2011 denote very positive performance in all areas of activity, further confirming the capacity for organic growth that the Group has always displayed", explains Tomaso Tommasi di Vignano, the Executive Chairman of Hera. "The trend confirms the validity of the strategies defined in the industrial plan and is encouraging with regard to reaching the goals set in the document. In view of the expected change in the competitive situation in gas distribution and in the management of urban hygiene services, I believe that the Group's ability for recovering efficiency and maintaining adequate levels of investment and service are particularly important".

Statement from the CEO, Chiarini

"The Hera Group continues to demonstrate a real capacity to combine growth with good economic-financial fundamentals", states Maurizio Chiarini, Hera CEO. "Specifically, the further reduction in the net financial position, which fell, for the third consecutive quarter, to Euro 1,846 million, should be

applauded. We trust that this virtuous path, compared with the continuous growth of EBITDA gives us confidence that the NFP/EBITDA ratio will be in line with the stated goals.”

Share ownership and independence of directors

Following the renewal of the Hera S.p.A. corporate bodies in office, which took place during the Shareholders' Meeting on 29 April 2011, it should be noted that the following directors and appointed auditors declared that they owned shares in Hera S.p.A.:

Directors

Tomaso Tommasi di Vignano	20,000 held indirectly
Maurizio Chiarini	15,000 held indirectly
Mara Bernardini	17,400
Luigi Castagna	54,000 held of which 1,950 held indirectly
Piergiuseppe Dolcini	2,750
Valeriano Fantini	5,000
Nicodemo Montanari	43,500 held of which 30,000 held indirectly
Bruno Tani	35,000

Statutory Auditors

Sergio Santi	20,000
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It should also be noted that the Board of Directors has expressed its judgement on the independence of the directors, believing the non-executive directors to be independent.

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

The quarterly report on operations and its documents are available to the public at Borsa Italiana S.p.A. and on the website www.gruppohera.it as of 12.05.11.

The accounting statements taken from the Interim Report on Operations as at 31 March 2011, not subject to audit, are attached.

The 2010 figures have been reclassified for the application of the IFRIC 12 principles

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Profit & Loss (mln €)	31/03/2010	<i>Inc. %</i>	31/03/2011	<i>Inc. %</i>	Ch.	Ch. %
Sales	1,053.2	100.0%	1,126.2	100.0%	+73.0	+6.9%
Change in Stock	3.7	0.4%	0.6	0.1%	(3.1)	(83.9%)
Other operating revenues	41.7	4.0%	41.6	3.7%	(0.1)	(0.2%)
Raw material	(643.9)	(61.1%)	(656.0)	(58.2%)	+12.1	+1.9%
Services costs	(192.6)	(18.3%)	(198.4)	(17.6%)	+5.8	+3.0%
Other operating expenses	(9.2)	(0.9%)	(7.5)	(0.7%)	(1.7)	(18.5%)
Personnel costs	(92.1)	(8.7%)	(94.0)	(8.3%)	+1.9	+2.1%
Capitalisations	24.3	2.3%	11.7	1.0%	(12.6)	(51.9%)
Ebitda	185.1	17.6%	224.3	19.9%	+39.2	+21.2%
Depreciation and provisions	(67.4)	(6.4%)	(73.0)	(6.5%)	+5.6	+8.3%
Ebit	117.6	11.2%	151.3	13.4%	+33.7	+28.6%
Financial inc./(exp.)	(26.0)	(2.5%)	(28.2)	(2.5%)	+2.2	+8.4%
Pre tax profit	91.6	8.7%	123.1	10.9%	+31.5	+34.4%
Tax	(39.0)	(3.7%)	(48.6)	(4.3%)	+9.6	+24.6%
Net profit	52.6	5.0%	74.5	6.6%	+21.9	+41.6%
<i>Attributable to:</i>		0.0%		0.0%		
Shareholders of the Parent Company	47.7	4.5%	66.8	5.9%	+19.1	+40.1%
Minority shareholders	4.9	0.5%	7.7	0.7%	+2.8	+57.2%

2010 data have been reclassified in accordance with IFRIC 12 principle

Net financial position (mln €)	31/12/2010	<i>Inc. %</i>	31/03/2011	<i>Inc. %</i>	Ch.	Ch. %
Cash on hand	538.2		537.0		(1.2)	(0.2%)
Other current loans	44.3		36.9		(7.4)	(16.7%)
Current financial indebtedness	(150.7)		(121.8)		+28.9	(19.2%)
Current net financial indebtedness	431.8	(23.2%)	452.1	(24.5%)	+20.3	+4.7%
Non current loans	10.3		10.5		+0.2	+1.9%
Non current financial indebtedness	(2,302.3)		(2,309.0)		(6.7)	+0.3%
Non current net financial indebtedness	(2,292.0)	123.2%	(2,298.5)	124.5%	(6.5)	+0.3%
Net financial indebtedness	(1,860.2)	100.0%	(1,846.4)	100.0%	+13.8	(0.7%)