



press release

Bologna, 25 August 2011

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

EBITDA recorded growth of Euro 30.5 million (+9.7%)

Financial highlights

- Revenues at Euro 1,983.2 million (+9.8%)
- EBITDA at Euro 344.0 million (+9.7%)
- Operating result at Euro 199.4 million (+14.1%)
- Net profit after minorities at Euro 71.4 million (+14.1%)

Operating highlights

- Strong growth in electricity sales compared to the first half of 2010, with over 100,000 new customers
- Optimised procurement of energy sources, partly attributable to flexibility of the contracts portfolio
- Steady growth of regulated activities
- Waste management area benefits from consolidation of the Enomondo joint venture and commissioning of the WTE plant in Rimini

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

Revenues

Group revenues at 30 June 2011 increased to Euro 1,983.2 million, up 9.8% on the Euro 1,807.0 recorded in the same period in 2010.

EBITDA

EBITDA increased to Euro 344.0 million (+9.7% compared to the Euro 313.5 recorded in the first half of 2010), thanks to the results achieved in all the business segments in which the Group operates. Growth was largely achieved due to the Group's competitive edge in liberalised markets and to the steady and continuous growth of the regulated sectors. In this context, the positive performance of the electricity segment stands out, up to 12.3% from 10.1% in terms of its contribution to Group results.

Operating result and net profit

The operating result stands at Euro 199.4 million (+14.1%), while pre-tax profit rose to Euro 145.9 million (+21.5%). An increase in consolidated net profit was also recorded: Euro 83.2 million (+20.2%) after tax of approximately Euro 62.8 million (Group tax rate of 43%). After deduction of profits attributable to minority interests, the Parent Company recorded net profits of Euro 71.4 million (+14.1%).

Investments and net financial position

In the first six months of 2011, the Group's capital investments came to Euro 133.0 million, in line with the forecasts of the business plan after the completion of the large plants.

The net financial position stands at Euro 1,971.1 million, in line with that recorded in the first six months of the previous year.

Financial management recorded a slight improvement compared to the same period in the previous year.

Waste management

Further growth was recorded in the waste management area, a sector in which the Group retains its position as the main integrated domestic operator in terms of the volume of treated waste and the number of plants owned.

EBITDA increased to Euro 105.2 million (+8.3%). The now fully operational new waste-to-energy plant in Rimini and the 50% consolidation of Enomondo S.r.l., the joint venture with Caviro for the processing of biomass, also contributed to the results.

Volume trends saw a slight decrease of 1.1%. Municipal waste recorded a decrease of 2.9% (resulting primarily from the negative financial climate), while industrial waste recorded an increase of 0.9%, as a result of more intense sales activity.

Renewable energy from waste, which increased from 270 GWh in the first half of 2010 to 357 GWh in the first half of 2011, also contributed to the area's results.

The increase in renewable energy produced is in part due to an increase in the quantity of waste treated with low environmental impact technology such as waste-to-energy and composting plants, with a consequent saving of landfills capacity.

The result achieved in urban waste, which makes a contribution of more than Euro 7 million to the waste management area, is particularly significant.

Herambiente, an associated company of the Hera Group dedicated to waste treatment and disposal, has consolidated in the first half of the year its leading position thanks to the almost completed construction in Ravenna of a new plant for dehydration and pre-processing of special waste from industry and decontamination of polluted sites.

Waste management business accounts for 30.6% of Group EBITDA.

Water cycle

EBITDA relating to the water cycle area remains stable at Euro 67.5 million, in line with volume trends.

The constant focus on operating efficiency has allowed the Group to offset the decreased number of new customers and third party works resulting from the stagnation of the real estate industry.

Water cycle business accounts for 19.6% of Group EBITDA.

Gas

The gas area recorded increased EBITDA of Euro 120.6 million (+10.3%). Favourable raw material procurement contracts and increased distribution revenues more than compensated for reduced distribution volumes (1,351.7 million m³, -8.4%) caused by the milder winter compared to the previous year. On the other hand, sales volumes saw a slight increase (1,688.5 million m³, +0.5%), attributable also to the increase in quantities managed by the trading area.

Gas business accounts for 35.1% of Group EBITDA.

Electricity

The electricity area maintained the excellent performance recorded in the previous quarters, with EBITDA of Euro 42.2 million (+32.9%). The result is attributable to the increase in sales volumes to 4,815.0 Gw/h (+29.8%) and to the increase in the customer base to 453,000. This trend is the result of the positive performance of the sales area and the acquisition of the safeguard service ("salvaguardia") in 6 Italian regions (Lombardy, Tuscany, Lazio and Abruzzo, Molise and Puglia) for the 2011-2013 three-year period, compared to the 3 regions in the previous two-year period.

Improved results were also recorded for distribution activities.



The electricity business accounts for 12.3% of Group EBITDA.

Statement from Chairman Tommasi

"Despite the ongoing uncertainty that also affects financial markets", explains Hera Group Chairman, Tommaso Tommasi di Vignano, "the positive half-year results support our forecasts relating to the continuation of industrial development and confirm the quality of the measures taken. In addition, I consider the competitive edge that the Group is continuing to express on the liberalised markets to be particularly significant".

Statement from CEO Chiarini

"The results of the first half of 2011 record significant growth in all business areas compared to the same period in the previous year, exceeding our expectations for the current year", states Maurizio Chiarini, Hera CEO. "Investment performance is in line with forecasts and remains at levels that are consistent with the Group's functional growth and with the maintenance of a net financial position in line with expectations".

Pursuant to Article 154-bis, section 2 of the Italian Consolidated Finance Act, the Group Director of Finance Administration and Control, 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 related documents are available to the public at Borsa Italiana S.p.A. and on the www.gruppohera.it website, from 25 August 2011.

The accounting statements taken from the Interim Report on Operations as at 30 June 2011, not subject to audit, are attached.

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Profit and Loss (m€)	H1 2011	<i>Inc. %</i>	H1 2010	<i>Inc. %</i>	Ch.	Ch. %
Sales	1,983.2	100.0%	1,807.0	100.0%	+176.2	+9.8%
Other operating revenues	87.7	4.4%	101.8	5.6%	(14.1)	(13.9%)
Raw materials	(1,122.0)	(56.6%)	(1,036.4)	(57.4%)	+85.6	+8.3%
Services costs	(422.1)	(21.3%)	(405.6)	(22.4%)	+16.5	+4.1%
Other operating expenses	(17.5)	(0.9%)	(18.8)	(1.0%)	(1.3)	(6.9%)
Personnel costs	(189.7)	(9.6%)	(184.6)	(10.2%)	+5.1	+2.8%
Capitalisations	24.4	1.2%	50.3	2.8%	(25.9)	(51.5%)
EBITDA	344.0	17.3%	313.5	17.4%	+30.5	+9.7%
Depreciation and provisions	(144.6)	(7.3%)	(138.7)	(7.7%)	+5.9	+4.3%
EBIT	199.4	10.1%	174.8	9.7%	+24.6	+14.1%
Financial inc./(exp.)	(53.5)	(2.7%)	(54.8)	(3.0%)	(1.3)	(2.4%)
Pre tax Profit	145.9	7.4%	120.1	6.6%	+25.8	+21.5%
Tax	(62.8)	(3.2%)	(50.9)	(2.8%)	+11.9	+23.4%
Group Net Profit	83.2	4.2%	69.2	3.8%	+14.0	+20.2%
<i>Attributable to:</i>						
Shareholders of the Parent Company	71.4	3.6%	62.6	3.5%	+8.8	+14.1%
Minority shareholders	11.8	0.6%	6.6	0.4%	+5.2	+78.4%

Balance Sheet (m€)	H1 2011	<i>Inc. %</i>	31 Dec. 2010	<i>Inc. %</i>	Ch.	Ch. %
Net fixed assets	4,207.6	110.2%	4,142.3	111.0%	+65.2	+1.6%
Working capital	1.3	0.0%	(29.1)	(0.8%)	+30.4	(104.5%)
Gross invested capital	4,208.9	110.3%	4,113.2	110.3%	+95.7	+2.3%
(Provisions)	(391.8)	(10.3%)	(382.8)	(10.3%)	(9.0)	+2.4%
Net invested capital	3,817.1	100.0%	3,730.4	100.0%	+86.7	+2.3%
Net Equity	1,846.0	48.4%	1,870.2	50.1%	(24.2)	(1.3%)
Long term net financial debts	2,279.7	59.7%	2,292.1	61.4%	(12.4)	(0.5%)
Short term net financial debts	(308.6)	(8.1%)	(431.9)	(11.6%)	+123.3	(28.5%)
Net Financial Debts	1,971.1	51.6%	1,860.2	49.9%	+110.9	+6.0%
Net invested capital	3,817.1	100.0%	3,730.4	100.0%	+86.7	+2.3%