



Press release

Bologna, 13 May 2010

HERA S.p.A.: BoD approves interim results for the first three months of 2010

Growth of operating results driven by Waste Management and by Energy business

Revenues: Euro 1,053.2 million (-18.2%)

EBITDA: Euro 185.1 million (+11.1%)

EBIT: Euro 117.6 million (+5.7%)

Net profit: Euro 52.6 million (+7.8%)

Today the Board of Directors of the Hera Group unanimously approved IFRS-compliant consolidated economic results for the first three months of the year, which **confirmed good performance of all business areas**.

Group **Revenues** as up to 31 March 2010 moved from Euro 1,287 million to Euro 1,053.2 million, with an -18.2% decrease over the same period in 2009. This was mainly due to reduction of electricity trading business and to the decrease in commodity prices.

Double-digit growth for **EBITDA**, which **grew by 11.1%**, rising from Euro 166.6 million to Euro 185.1 million, mainly thanks to successful expansion of liberalized markets and to improvement of the results of regulated business. Another point to note is that EBITDA increased by 4.6 basis points from 12.9% in the first quarter of 2009 to 17.9% in the same period of 2010.

EBIT grew by 5.6% compared with the first three months of last year, rising to Euro 117.6 million, while **Pre-Tax Profit** rose from Euro 83.7 million to Euro 91.6 million, increasing by 9.4%.

Consolidated **Net Profit rose to Euro 52.6 million, increasing by 7.8%** vs. Euro 48.8 million in the same period of last year, while Net Profit post minorities rose to Euro 47.7 million, up by 5.8% vs. Euro 45.1 million in the previous year.

In the first three months of 2010 the Group's capital expenditures and investments amounted to Euro 63.8 million, as a consequence of gradual completion of major plants and in line with the business plan.

The Net Financial Position remained in line with 2009 year-end, standing at Euro -1,919.7 million vs. Euro -1,891.8 million as at 31 December 2009, thanks to cash generation that almost totally absorbed the seasonal increase in working capital.

As regards the business areas, a highlight to note was the significant growth of the **Waste Management Area**, a segment where the Group continues to be the largest integrated operator at national level in terms of waste disposal volume and the number of plants owned. EBITDA featured a major increase to Euro 52.2 million, up by +24.3% over the first quarter of 2009. This was primarily due to the increase of market share, made possible by upgrading of waste-treatment plant capacity with the start of operation of the new WTE plants.

It is specifically highlighted that the increase in industrial waste treated featured growth at a rate of +12.8%. The quantities treated totalled 1,432 ktons, of which 421 ktons of urban waste (+4.3%) and 328 ktons from the market (+12.8%).

The **Integrated Water Cycle Area** also showed improvement of results compared with the same period in the previous year, with EBITDA growing by +2.9% to Euro 31.7 million, thanks to the volumes growth by +2.3%, despite the negative impact of real estate crisis on new connections.

The good performance of the **Gas Area** - which featured a result up by +5.9% compared with the first three months, with EBITDA growing from Euro 77.3 million to Euro 81.9 million, stemmed from gas and district heating volume sold and distributed, also because of the colder weather conditions in the first quarter of 2010, and from full application of the new tariff system for distribution activities.

The **Electricity Area** showed EBITDA growth of +2.9%, thanks to the increase of volume sold following the good performance of commercial activity developed in 2009.

"The first three months of 2010" – commented the **Chairman Tomaso Tommasi di Vigano** - "confirm the signs of recovery that emerged towards the end of last year and that the Group has been able to exploit thanks to the initiatives concerning plant and commercial set-ups completed last year".

The **Managing Director Maurizio Chiarini** added "The results of this first quarter of 2010 show that all indicators feature margin growth, which is the benefit of completion of an investment plan undertaken in the various business segments - that today enables us to count on greater overall operating capacity and on high levels of service efficiency, which help to enlarge our customer base and to improve the Group's profit."



Pursuant to article 154-bis, paragraph 2, of the Italian Consolidated Finance Act, the manager responsible for drafting the corporate documents, Luca Moroni, declares that the disclosure contained in this press release corresponds to the documentary results, books and accounting entries.

The quarterly report on operations and related documentation are available to the public at Borsa Italiana S.p.A. and on the website www.gruppohera.it as of 13 May 2010.

The financial statements taken from the Interim Report on Operations as at 31 March 2010, not subject to legal audit, are attached.

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Profit & Loss (mln€)	31/03/2009	%	31/03/2010	%	Var. Ass.	Var. %
Sales	1,287.0		1,053.2		(233.8)	(18.2%)
Change in Stock	0.9	0.1%	16.9	1.6%	+16.0	+1788.5%
Other operating revenues	14.4	1.1%	15.3	1.5%	+0.9	+6.3%
Raw material	(909.9)	(70.7%)	(643.3)	(61.1%)	(266.6)	(29.3%)
Services costs	(177.4)	(13.8%)	(171.0)	(16.2%)	(6.4)	(3.6%)
Other operating expenses	(7.8)	(0.6%)	(9.1)	(0.9%)	+1.3	+16.7%
Personnel costs	(87.3)	(6.8%)	(92.1)	(8.7%)	+4.8	+5.5%
Capitalisations	46.6	3.6%	15.2	1.4%	(31.4)	(67.3%)
EBITDA	166.6	12.9%	185.1	17.6%	+18.5	+11.1%
Depreciation and provisions	(55.3)	(4.3%)	(67.4)	(6.4%)	+12.1	+21.9%
EBIT	111.3	8.6%	117.6	11.2%	+6.3	+5.7%
Financial inc./(exp.)	(24.8)	(1.9%)	(26.0)	(2.5%)	+1.2	+4.8%
Other non operating costs	(2.7)	(0.2%)	0.0	0.0%	(2.7)	(98.9%)
Pre tax Profit	83.7	6.5%	91.6	8.7%	+7.9	+9.4%
Tax	(34.9)	(2.7%)	(39.0)	(3.7%)	+4.1	+11.7%
Net Profit	48.8	3.8%	52.6	5.0%	+3.8	+7.8%
<i>Attributable to:</i>						
Shareholders of the Parent Company	45.1	3.5%	47.7	4.5%	+2.6	+5.8%
Minority shareholders	3.7	0.3%	4.9	0.5%	+1.2	+31.2%

Net Financial Position (mln€)	31/12/2009	%	31/03/2010	%
Cash on hand	350.3		320.8	
Other current loans	20.7		26.8	
Current financial indebtedness	(119.1)		(120.4)	
Current net financial indebtedness	251.9	(13.3%)	227.2	(11.8%)
Non current loans	10.1		10.4	
Non current financial indebtedness	(2,153.8)		(2,157.2)	
Non current net financial indebtedness	(2,143.7)	113.3%	(2,146.8)	111.8%
Net financial indebtedness	(1,891.8)	100.0%	(1,919.7)	100.0%