press release

Bologna, 26 March 2009

Hera: The Board of Directors approves the results as at 31 December 2008 Profits all up and coupon confirmed

Revenues at Euro 3,716.3 million (+29.8%)
EBITDA at Euro 528.3 million (+16.5%)
Operating income at Euro 280.7 million (+27.3%)
Pre-tax profit at Euro 188.9 million (+32.5%)
Dividend of Euro 8 cents

Today the Board of Directors of the Hera Group, chaired by Tomaso Tommasi di Vignano, unanimously approved the 2008 Consolidated Financial Statements. The report highlights definitively the positive results based on organic growth.
Revenues increased by 29.8% to Euro 3,716 million in 2008 compared to Euro 2,863.3 million in 2007. All sectors of activity contributed to this increase, and the Electricity area in particular showing strong growth with a 17% increase in volumes sold and traded. This went to confirm the growth path that this sector has followed since the establishment of the Group.

The consolidated Group **EBITDA** showed double figure growth in all its main business areas at the end of 2008 and was up 16.5%, increasing to Euro 528.3 million from Euro 453.4 million in 2007. This increase is the highest growth (on a like for like basis) that the Group has ever achieved and reflects the results of the construction of large plants that have started to contribute on a steady basis. The increase also reflects the continued efforts taken towards improving efficiency. Likewise, the Group has continued in its consolidation activities in the sector, with the addition of SAT (a multi-utility company from Sassuolo) and expansion into the Marches region where Marche Multiservizi was established.

The Waste Management Area gave the most significant contribution to the EBITDA (35.3%), closing the year at Euro 186.3 million. This was up 19.2% over the previous year thanks to the contribution of the waste-to-energy plants in Ferrara (started up at the end of 2007), Forlì (started up in the third quarter of 2008) and completion of the plant at Modena. The Hera Group therefore maintains its status as the most important integrated operator in this area at a national level as it has 74 treatment and disposal plants for municipal and special waste. A position that it also holds in the separate waste collection area as the company is at the top in terms of national performance, with a percentage of 42%.

The contribution of the **Gas area** has also increased over last year. It contributed 24.2% and closed the year at Euro 127.8 million, up 22.0%. This area benefited from more favourable weather conditions, higher volumes and new customers as a result of the aforesaid additional areas of operation and from the increase of direct procurement activities.

The **Electricity area,** which contributed 9.7%, continues to grow in terms of margins, with a significant EBITDA increase of Euro 51.4 million (+20.3%) and sales of up to 5.1 Twh: this result was achieved through trading and the contribution provided by the holdings in Tirreno

Power and in the Sparanise and Teverola plants started up in 2007. Added to this was the 80 MW cogeneration plant at Imola started up at year-end.

The **Water Cycle area** contributed 24.6% to the margins and showed improved results over the previous year, closing at Euro 130.2 million, up about 10%.

The pre-tax profit stands at Euro 188.9 million. This is an increase of over 32% thanks to the positive results returned by all Group companies. The **Net Profit** was up to Euro **110.3 million**, even though 2007 profits had benefited from about Euro 33 million of extraordinary tax benefits.

The **operational investments** made during 2008 are in line with the industrial plan as they amounted to **Euro 419.7 million** in accordance with the programme of progressive reduction and also due to the imminent completion of the new plant development plan that had been pursued since the company was listed.

The fully-consolidated net financial position of the Group in the medium to long term stands at Euro 1,571.5 million compared to Euro 1,431.7 million in 2007. This confirms the strength of the asset structure which has a ratio of net debt to shareholders' equity of less than one and net debt three times less than the EBITDA.

In view of the financial structure and the strengthened competitive structure of the Group, the Board of Directors propose that the Ordinary Shareholders' Meeting distribute a **dividend of Euro 8 cents per share** to the shareholders, **in line with the 2007 dividend**. The coupon will be detached on 1 June and payments will start from 4 June.

Approval from the shareholders' meeting will also be requested for renewal of the authorisation **to purchase treasury shares for up to Euro 60 million** for a further 18 months.

The Board of Directors also launched the 2009-2011 Industrial Plan which confirms the expected development of the company. **The EBITDA is expected to grow to Euro 670 million**, increasing by about Euro 140 million over 2008.

This significant growth will be underpinned also by the contribution of the new plants started up in 2008 together with the prosecution of market expansion strategies and of the efficiency improvement procedures carried out for some time now. These target do not include any contributions from further expansion of Group perimeter through sector consolidation and M&A.

Business plan is also based upon tariffs increases in water and waste businesses already agreed with local Authorities.

Plants generating electricity from renewable resources will be expanded over the next three years in addition to other plants in the waste management and energy areas. This will permit further strengthening of the upstream activities and ensure that supplies will be priced more competitively.

These initiatives are considered essential to consolidate gas customer base above 1.1 million, the electricity customer base to up to 400,000, and to be able to treat 6 million tons of waste.
The waste management area accounts for about 40% of the overall result, and will therefore contribute the most, benefitting from the contribution of the new plants and of other initiatives of treatments and energy recovery. The energy sector (Gas and Electricity) will contribute almost 29% of Group Ebitda target thanks to the continuation of the sales policies in effect and higher availability due to the greater generation capacity that the company has, including from the Imola plant and from the enhancement of procurement and trading activities.

Investment commitments will be entirely self-financed in the period, through increasing generation of cash flows, already started as of this year. This will mean that the solid asset base can be further strengthned up to 2011 and that the industrial position will be strengthened.

Tomaso Tommasi di Vignano, Chairman of the Hera Group, commented as follows "the Group grew at an unprecedented rate in 2008, confirming the validity of the strategies pursued by Hera since it was listed and its ability to achieve the goals that it set out at the time.
Starting from this solid base – continued Tommasi – we confirm development perspectives for the next 3 years, relying on the consolidated growth factors and the consequent expectation to generate positive cash flows and reward the shareholders."

The CEO, Maurizio Chiarini, said "The excellent 2008 financial statements' results further confirm the investment plan to 2011 of more than Euro 1 billion and its related effects on reference areas. For the Hera Group, the strong relationship with the area translates into a competitive advantage, also with regard to the further opening of the markets. As usual for our company, today the Board of Directors approved both the Financial Statements and the Sustainability Report, which is fully integrated into the Group's management system".

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Profit and Loss (m€)	31/12/2007	Inc.%	31/12/2008	Inc.%	Ch. (m€)	Ch.%
Sales	2,863.3		3,716.3		+853.0	+29.8%
Change in Stock	(4.2)	(0.1%)	2.6	0.1%	+6.8	(158.9%)
Other operating revenues	46.0	1.6%	73.1	2.0%	+27.1	+59.0%
Raw material	(1,613.9)	(56.4%)	(2,421.4)	(65.2%)	+807.5	+50.0%
Services costs	(724.7)	(25.3%)	(716.0)	(19.3%)	(8.7)	(1.2%)
Other operating expenses	(50.4)	(1.8%)	(43.7)	(1.2%)	(6.7)	(13.3%)
Personnel costs	(300.9)	(10.5%)	(331.1)	(8.9%)	+30.2	+10.0%
Capitalisations	238.2	8.3%	248.5	6.7%	+10.3	+4.3%
EBITDA	**453.4**	**15.8%**	**528.3**	**14.2%**	**+74.9**	**+16.5%**
Depreciation and provisions	(232.8)	(8.1%)	(247.6)	(6.7%)	+14.8	+6.3%
EBIT	**220.6**	**7.7%**	**280.7**	**7.6%**	**+60.2**	**+27.3%**
Financial inc./(exp.)	(78.0)	(2.7%)	(91.9)	(2.5%)	+13.8	+17.7%
Pre tax Profit	**142.5**	**5.0%**	**188.9**	**5.1%**	**+46.3**	**+32.5%**
Tax	(32.6)	(1.1%)	(78.6)	(2.1%)	+46.0	+140.8%
Net Profit	**109.9**	**3.8%**	**110.3**	**3.0%**	**+0.4**	**+0.3%**

Balance Sheet (m€)	31/12/2007	Inc.%	31/12/2008	Inc.%	Ch. (m€)	Ch.%
Net fixed assets	3,256.6	109.6%	3,594.5	114.1%	337.9	+10.4%
Working capital	119.6	4.0%	(22.9)	(0.7%)	(142.5)	(119.1%)
Gross invested capital	3,376.3	113.7%	3,571.6	113.4%	195.3	+5.8%
(Provisions)	(406.0)	(13.7%)	(421.0)	(13.4%)	(15.0)	+3.7%
Net invested capital	**2,970.3**	**100.0%**	**3,150.6**	**100.0%**	**180.3**	**+6.1%**
Net Equity	1,538.6	51.8%	1,579.1	50.1%	40.5	+2.6%
Long term net financial debts	1,403.8	47.3%	1,563.2	49.6%	159.4	+11.4%
Short term net financial debts	27.9	0.9%	8.3	0.3%	(19.6)	(70.4%)
Net Financial Debts	1,431.7	48.2%	1,571.5	49.9%	139.8	+9.8%
Net invested capital	**2,970.3**	**100.0%**	**3,150.6**	**100.0%**	**180.3**	**+6.1%**