



Y'08 results and Business plan to 2011

**2009**

## Introduction – 2008 achievements

- > The most remarkable year in the Hera's history in term of economic and industrial development, on organic basis, fully off-setting economic impact of down-turn (till Dec. '08).
- > +75m€ of Ebitda and +46m€ of Pretax profit, in spite of some “one off costs”, with enhanced ROI (8.9%).
- > 3 new plants completed consistently with planning, with additional initiatives to further strengthen upstream position in Energy and Waste businesses.
- > Visibility achieved on regulated activities (Energy, Waste and Water).
- > Focus maintained on efficiency and service effectiveness.

Reached a solid competitive platform to keep on growing

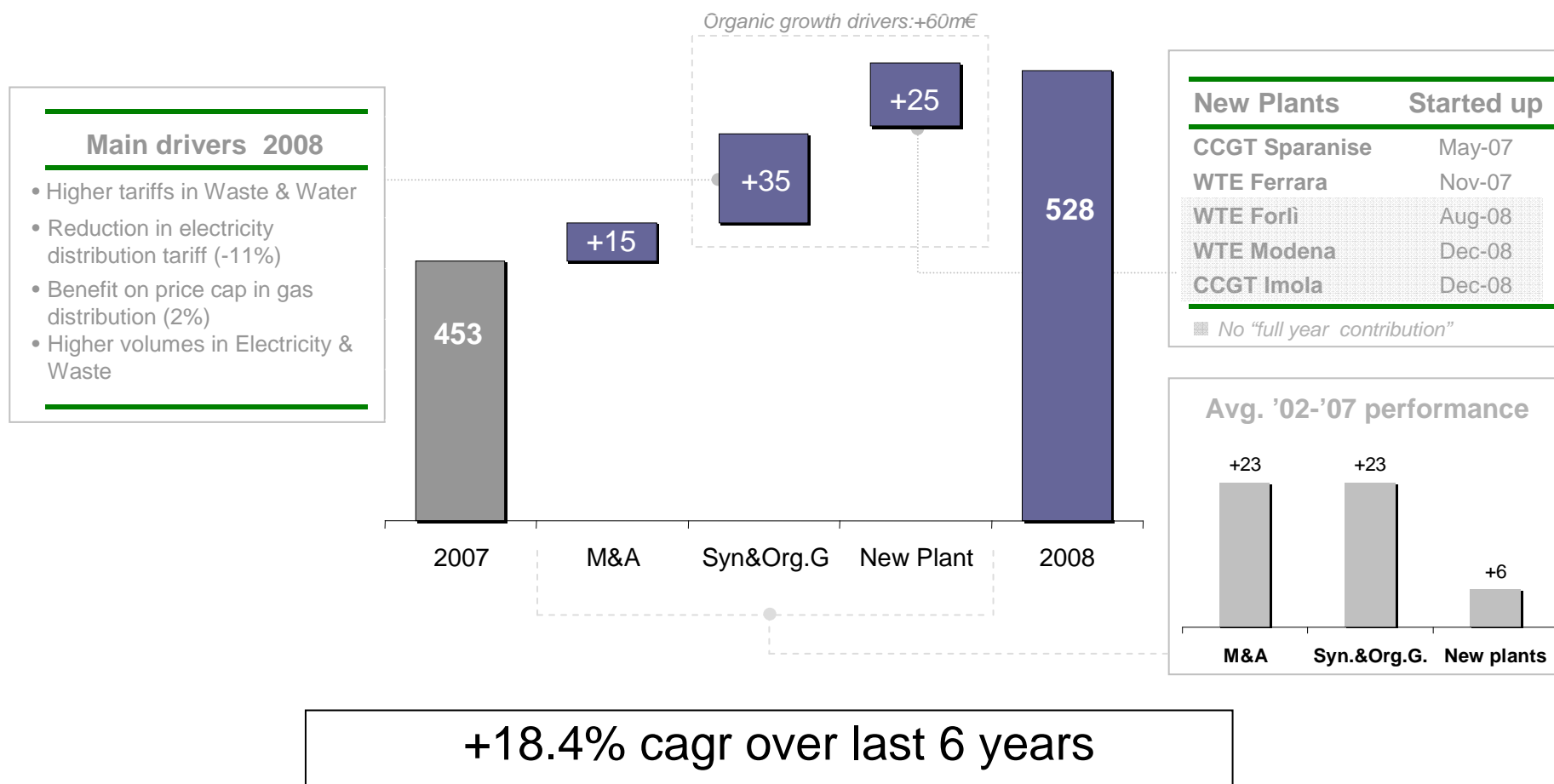
## Y2008 in a nutshell

	Regulation	Asset develop. & Upstream	Market Development	Trading	Business Development	
Electricity	New tariffs up to '11	1 New CCGT cogen	5.1 TWh sold (+17%) 314K customers* (+15%)	20 TWh Traded 4.8 TWh displaced (+24%)	SA and Megas	Megas Trade
Gas	New tariff system '09-'12	0.25 bcm new capacity on TAG from '09	2.5 bcm sold (+7%) 1.1 m customer (+5%)	927 mcm procured (+13%)		Tamarete
Waste	New tariffs up to '12	2 New WTE and 1 under construction	5.2 mton managed (+17%)			
Water	New tariffs up to '12	Remote control progressive roll out	257 mcm sold (+ 4%)			
	Visibility	Stronger competitiveness	Increase market share		Industrial development	

In '08 Hera has added strategic building blocks in all businesses

\* Including contracted at Dec. 31 2008 and activated from Jan./Feb. 2009

## “Organic” growth drove performance

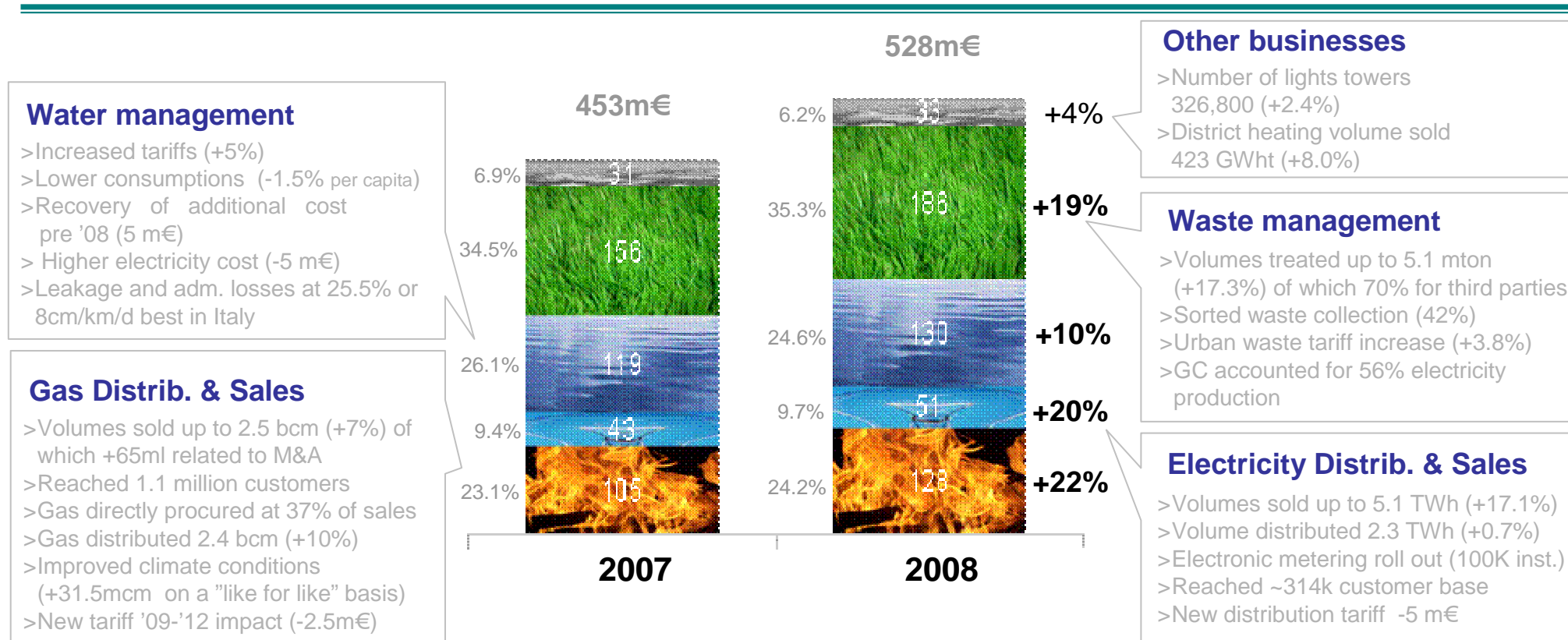


## Remarkable economic achievements – Best in track record

	M €	2007	2008	Inc. %	
Development related to energy supply/trading and higher revenues in regulated Water and Waste activities.	<b>Revenues</b>	<b>2905.1</b>	<b>3792.0</b>	<b>+30.5%</b>	HC reduction of 120 units on a "like for like basis". Net cost increase by 2.2%
	Oper.cost	(2,389.0)	(3,181.2)	+33.2%	
	Personnel	(300.9)	(331.1)	+10.0%	
	Capitaliz.	238.2	248.5	+4.3%	+18.4% cagr over last 6 years
	<b>Ebitda</b>	<b>453.3</b>	<b>528.3</b>	<b>+16.5%</b>	
	D&A	(176.2)	(196.8)	+11.7%	
'07 Tax +24.6m€ "one off" tax savings ("imposta sostitutiva").	Provisions	(56.6)	(50.8)	(10.4%)	'08 Fin. exp. include "one off" (-3.0m€) fiscal Moratoria
	<b>Ebit</b>	<b>220.6</b>	<b>280.7</b>	<b>+27.3%</b>	
	Financial inc/(exp)	(78.0)	(91.9)	+17.7%	'08 Tax includes 1.8m€ Robin tax.
	<b>Pre tax Profit</b>	<b>142.5</b>	<b>188.9</b>	<b>+32.5%</b>	
	Tax	(32.6)	(78.6)	+140.8%	
	<b>Net Profit</b>	<b>109.9</b>	<b>110.3</b>	<b>+0.3%</b>	
	<i>of which Minorities</i>	(13.7)	(15.5)	+13.5%	

Double digit growth of operating activities

## Double digit growth achieved in all main businesses



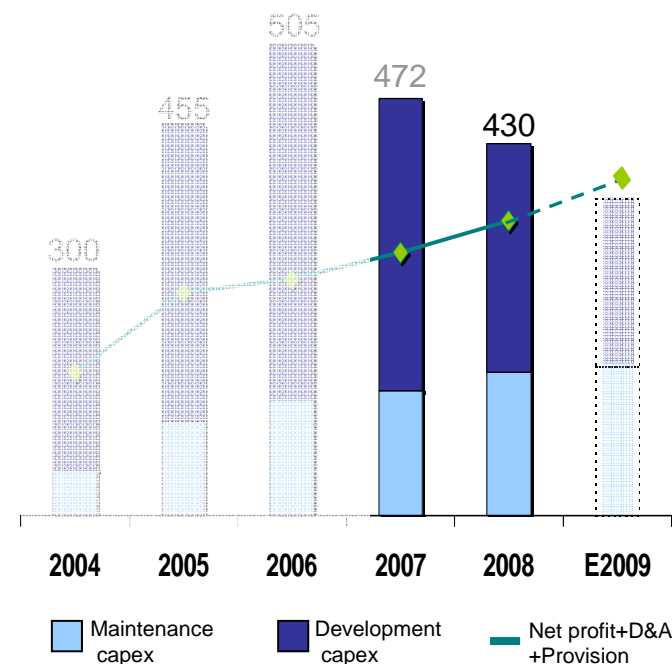
Stronger market positions on liberalised activities  
and visibility on regulated businesses

## Declining capex and increasing cash flows

Capex (M€)	2006	2007	2008
Waste	88.8	166.2	125.2
Water	100.2	131.4	114.1
Gas	39.9	34.0	37.7
Electricity	132.2	50.6	51.5
Other	35.4	35.0	38.7
Holding	56.4	50.4	57.5
Financial*	51.8	4.2	4.9
<b>Capex '08</b>	<b>504.7</b>	<b>471.7</b>	<b>429.7</b>

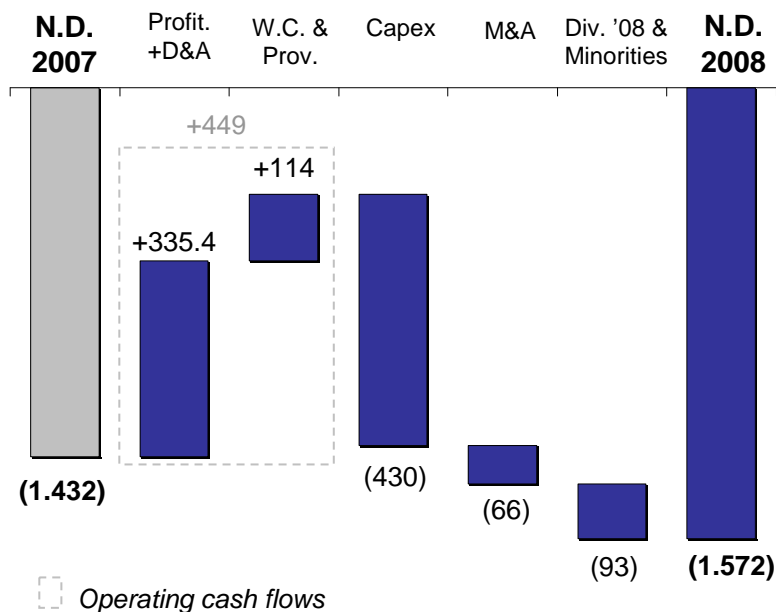
*\*'06 Financial investment has been reclassified among businesses*

'08 Capex mainly relates to development (of which 100 m€ in new plants)



Peak of development capex behind and positive FCF planned for 2009

## Comfortable financial structure confirmed



Operating cash flows  
reached 449 m€

2008	
D/E	1.0
D/Ebitda	3.0
Avg Duration (years)	7
Fixed int. rates*	100%
Committed credit lines	350
100% maturity coverage	mid 2011
Covenants	none
Moody's rating	I/t A1/stable
S&P's rating	s/t A-1/negative
	I/t A/negative

\* variable rates have been fixed through swaps

"A" rated financial structure  
with no short term  
refinancing needs



## Highlights on 2008 results

### > '08 remarkable achievements:

- > Record organic development
- > Significant industrial milestones achieved
- > Sound balance sheet (D/E 1x and D/Ebitda 3x) and ROI from 7.4% to 8.9%

### > Prepared to tackle with economic crisis:

- > Lower impact on volumes in E-R region/Hera customer base
- > Reduction of capex (-25% vs Budget in first 2 month '09)
- > No short term refinancing need (2009-2010)

### > New 2011 targets in line with 2008 organic development

8 €c per share dividend paid in June

#### Share data

N. Shares	1,032.7
Nominal value	1.0 €
Share market price	1.275 €
Net Equity	1,579.1 €
Mkt Capitalisation	1,316.7 €
Mkt Cap./N. Equity	0.83x

Consensus TP*	2.5 €
Upside potential	+96%

EV/Ebitda '08	5.5x
Adj P/E '08	11.2x
Proposed DPS (€c)	8.0
Div. Yield	6.3%
Pay out	87%

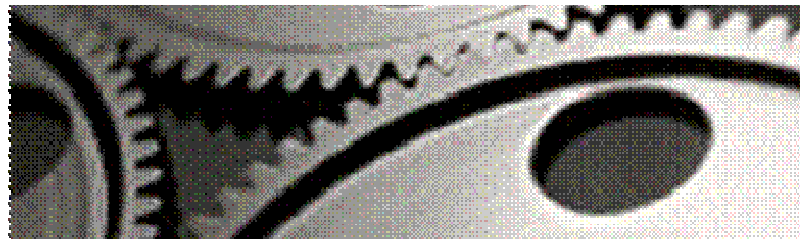
D/E	1x
S&P rating	A
Moody's	A1

\*As at 25th March '09

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Business plan to 2011

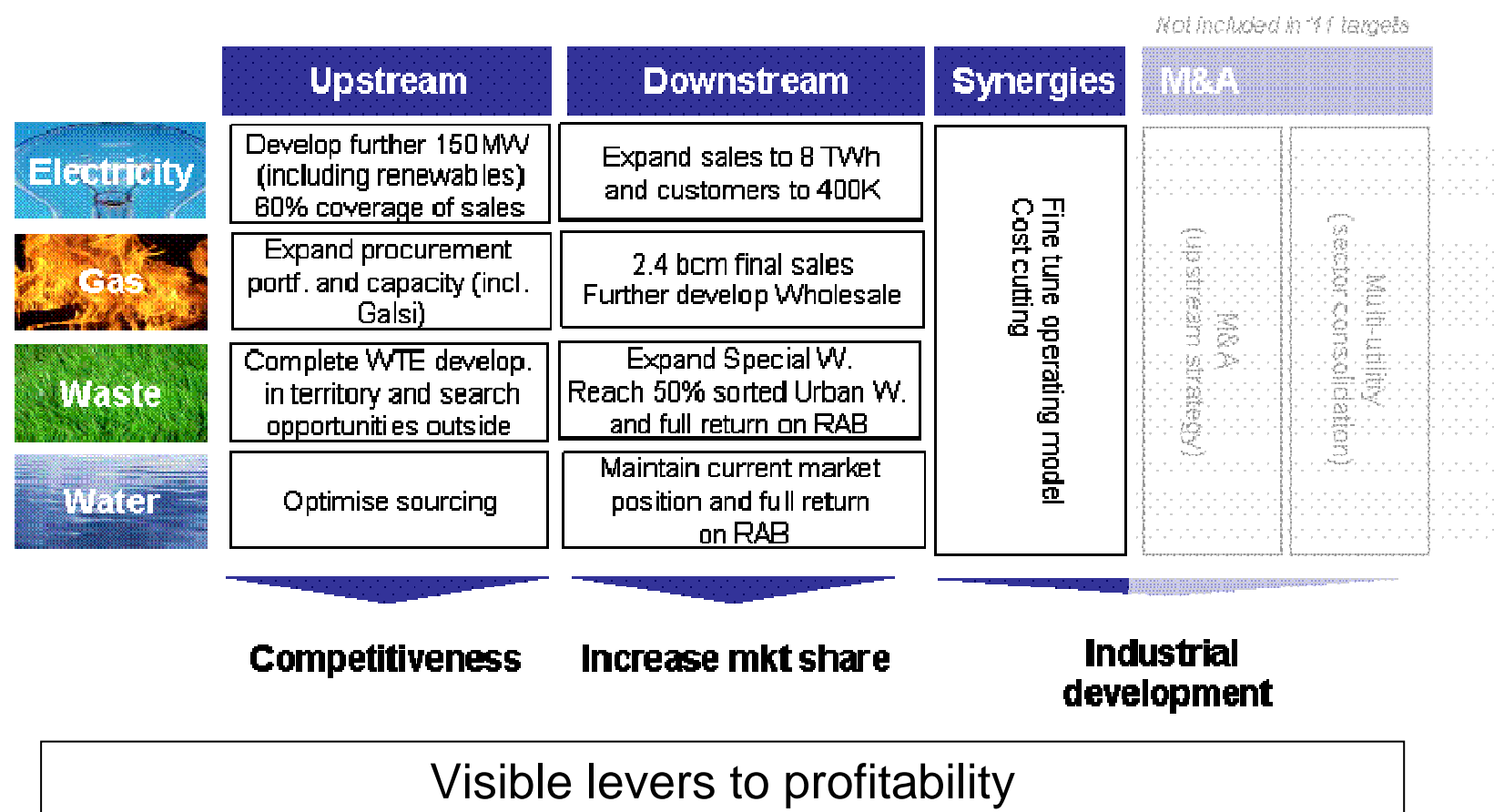


## Key strategic targets

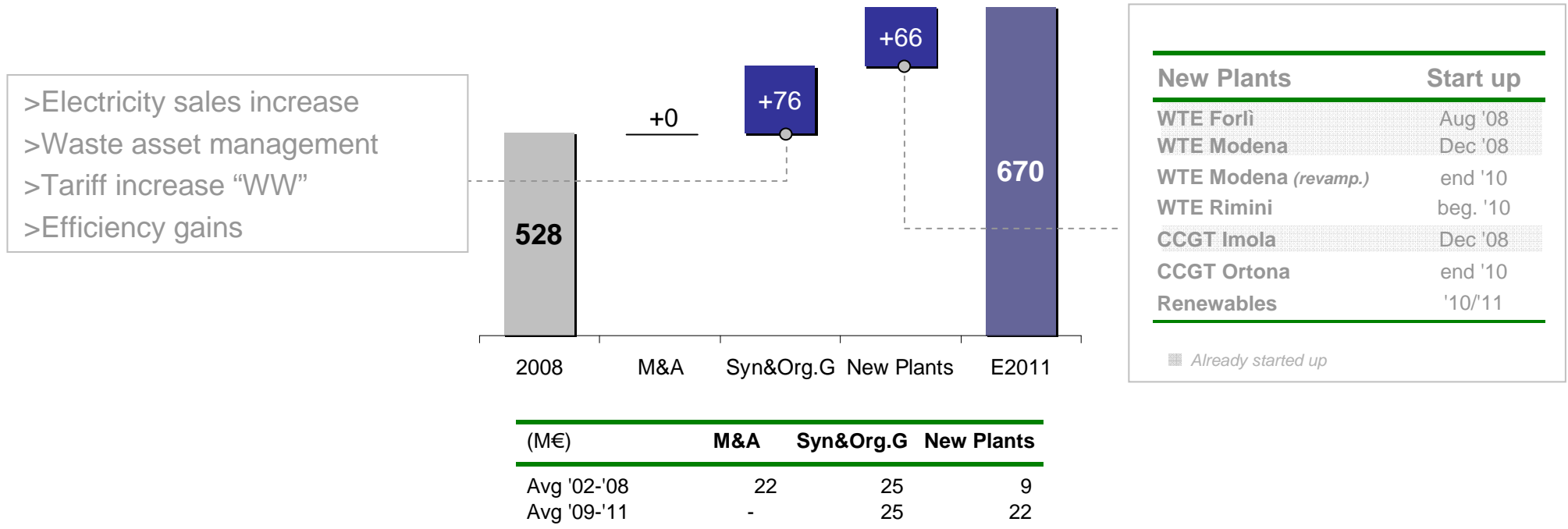
### Hera next 3Y priorities

- > Pursue industrial strengthening through upstream integration and leveraging upon expertise in WTE.
- > Maintain positive cash flows and sound financial structure.
- > Increase return ratios and “bottom line”.
- > Enhance visibility of waste business (Hera Ambiente).
- > Keep on searching external growth opportunities.

## Key strategic targets



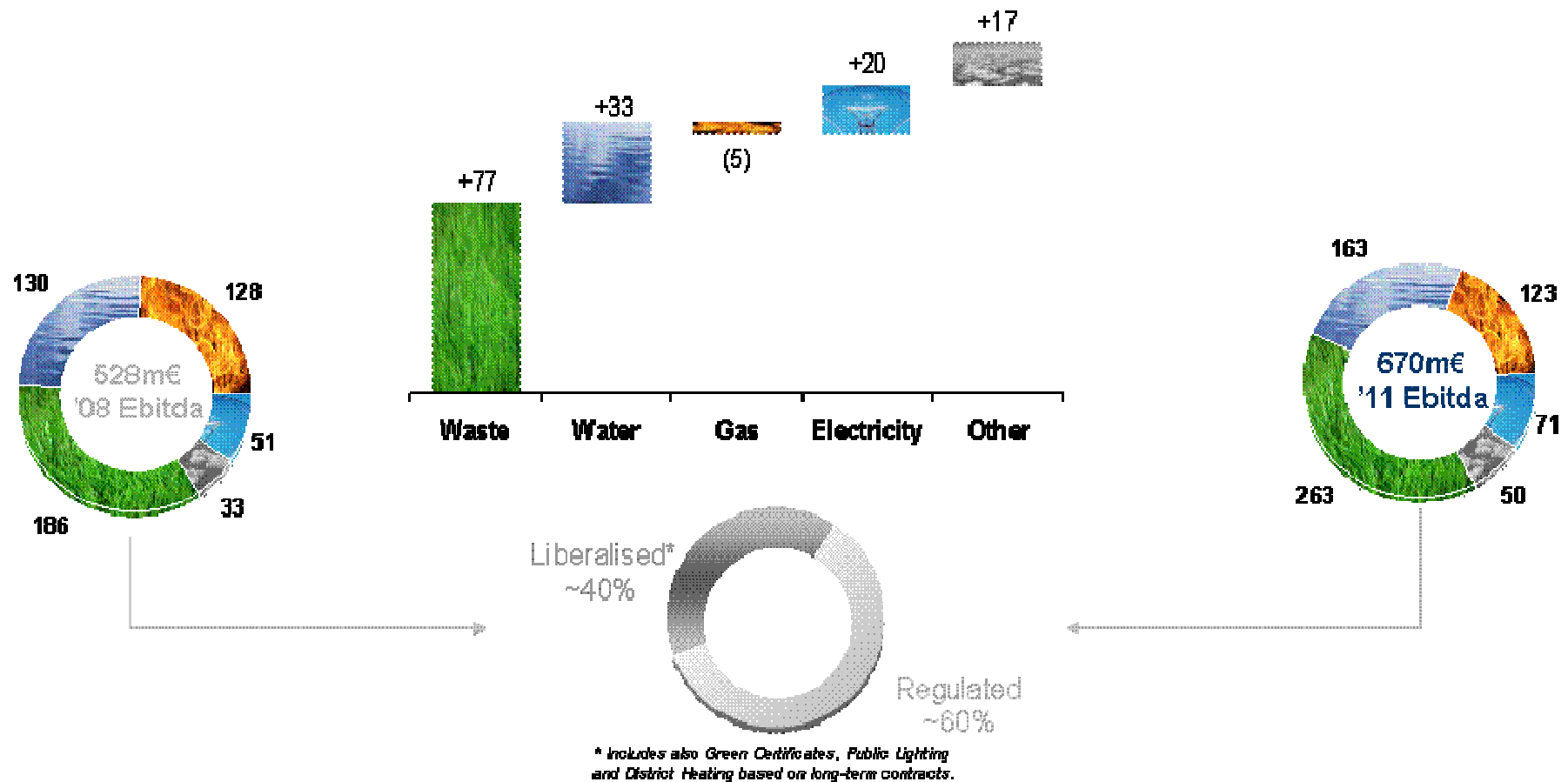
## 670m€ Ebitda target underpinned by visible “organic” drivers



Almost all building blocks became visible in '08

## Targeting same balancing and low risk portfolio

### Contribution to 2011 growth



Business plan to '11

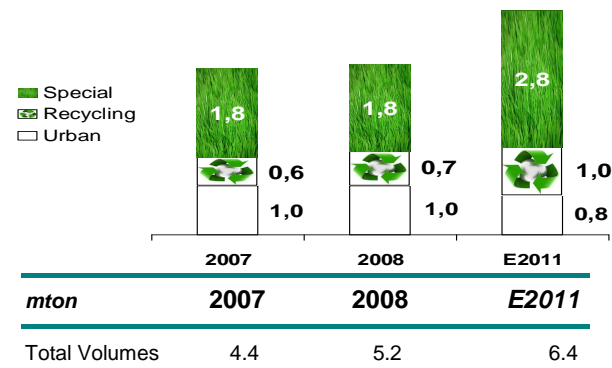
## Waste: Capitalize on leadership in a “short market”

### WTE expansion almost accomplished

Developed WTE	MW installed	Treatm. Capacity	Constr./acquisit. process (year of start up)	
Old WTE plants	17	113	2003	Still operating
C. E. Ravenna	4	39	2004	Acquired
WTE FEA	22	220	2005	Completed
WTE Ferrara	14	130	2007	Completed
WTE Forlì	12	120	2008	Completed
WTE Modena	30	180	2008	Completed
WTE Rimini	12	120		15%
WTE Modena (rev.)	7	45		5%
<b>Total</b>	<b>118</b>	<b>967</b>		

- > Complete Rimini and Modena (revamping) plants.
- > Develop landfills to maintain capacity (2.5 mton).
- > New technologies for waste & soil treatment (e.g. indirect thermal desorption).
- > Energy recovery through dry and wet fermentation, biomass combustion.
- > Leverage upon engineering expertise to provide services and join new WTE initiatives.

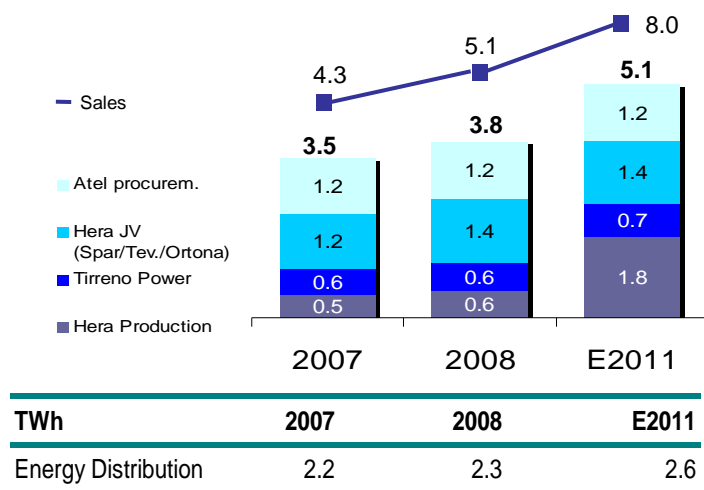
### Third parties Waste treatments



Spin off activities into a new “legal entity” Hera Ambiente

## Electricity: Exploit visible market opportunities

### Upstream\* and Sales expansion



\* Includes I/t contract with Atel

### Power Gen. expansion program

Power Gen.	MW	Avail. Hera	Constr./acquisit. proc.	
Tirreno Power	3,000	169	2003	Acquired
Atel contract (VPP)	160	160	2005	Contracted
Sparanise	800	120	2007	Completed
Teverola	400	156	2007	Completed
Imola (cogen.)	80	80	2008	Completed
Ortona	105	27		5%
Other & Renew.		127		75%
WTE		111		80%
<b>Total</b>		<b>950</b>		

'08 produc. (Twh)	12.6
Revenues (m€)	1.500
Ebitda (m€)	323
Net Profit (m€)	100
Add capacity post '08:	
• CCGT (MW)	+400
• Coal (MW)	+460

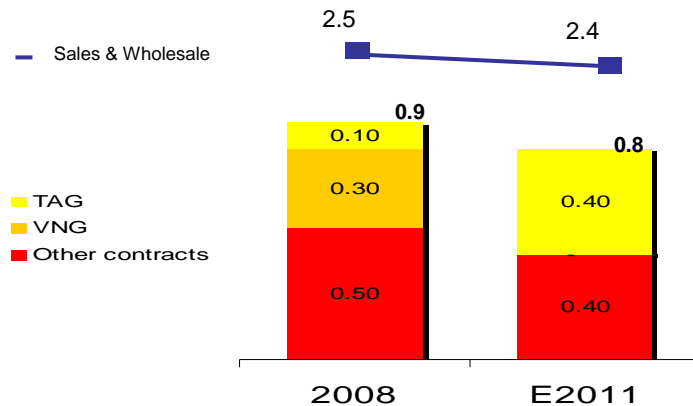
- > +150 MW capacity by 2011.
- > Further develop current portfolio in renewables targeting 2.0 TWh (70% elect./30% thermal) from 0.6 TWh.
- > Focus on solar (+4MW installed), biomass and wind.

- > 65% coverage of sales with own production.
- > +8 TWh sales and 400K clients (balanced portfolio of clients).
- > 60% of sales growth targets achieved with '09 commercial campaign (December 2008).

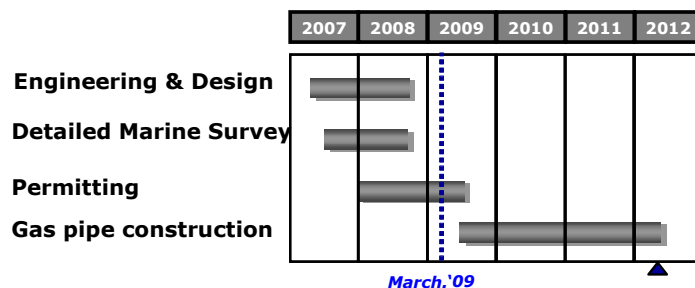


## Gas: Move upward for full balancing

### Direct Gas import Hera



### Galsi Project time table



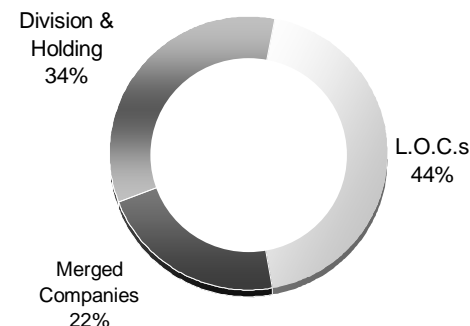
- > Substantially maintain sales volume offsetting physiologic churn rate and maintain 80% sales to residential clients & SME.
- > Flexible on upstream to take advantage from a more “liquid” domestic market.
- > Galsi (10.4% stake) will further increase by 1 bcm from '13 the direct procurement.
- > LNG, Storage and relations with large players are further options under valuation to structure the portfolio.
- > Maintain position in reference market (92% mkt share in reference territory).
- > Leverage upon 30% stake in SGR Servizi (RN).

'08 Clients (k unit)	181
'08 Volumes (mcm)	295
Revenues (m€)	144
Ebitda (m€)	8
Net Profit (m€)	4

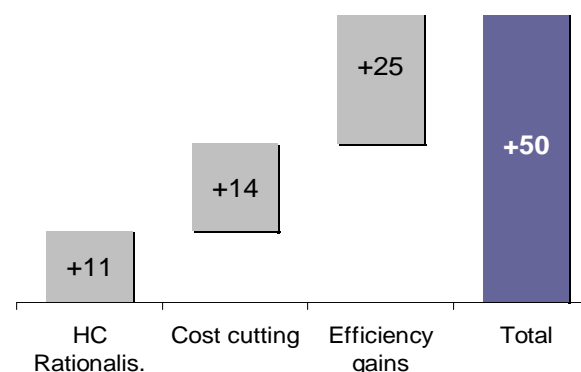
## Extracting value from current Group operations

- > Exploit embedded value in:
    - > Waste through Hera Ambiente
    - > Renewables leveraging upon existing production
    - > Public Lighting
    - > Energy services.
- } leveraging upon business size  
(above 20 m€ '11 Ebitda)
- > Rationalize ownership of network asset base.
  - > Fine tune of operating model for Regulated activities:
    - > Reorganise scope of territorial operations to target additional cost savings.
    - > Leverage upon innovation for service management (eg. Electronic metering, remote control).
  - > Enhance service quality through customer management infrastructures and 3 services per client.

### Synergy '09-'11 in Hera Group

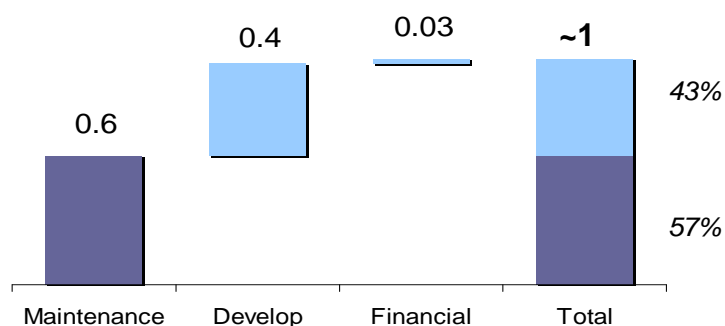


### Synergies 2009-2011 (m€)



## Decreasing capex and positive cash flows from '09

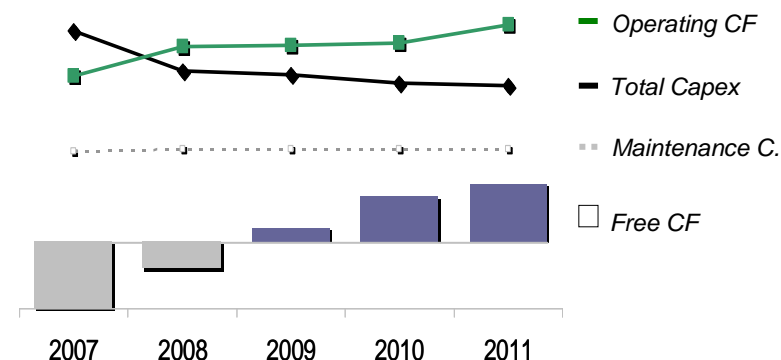
### Capex plan



### Capex '09-'11

Waste	295
Water	377
Gas	130
EE	154
Other	110
<b>Total net capex</b>	<b>1,066</b>

### Positive Cash Flows from 2009



	2008	E2011
Net invested Capital (m €)	3,151	3,466
ROI	8.9%	11.8%
ROE	7.0%	11.1%
D/E	1.00x	0.95x
NFD/Ebitda	3.0x	2.5x

## M&A: Still in the radar screen

Rational to pursue development through M&A	Timeline perspective	What Hera can offer
<ul style="list-style-type: none"> <li>&gt; <b>Need to enlarge presence in core businesses</b></li> <li>&gt; <b>Extract additional value</b></li> </ul>	<div>Core business acquisition</div> <ul style="list-style-type: none"> <li>&gt; Energy</li> <li>&gt; Waste</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Remarkable sized and industry position.</li> </ul>
<ul style="list-style-type: none"> <li>&gt; <b>Sale mean to achieve sizeable grow ups</b></li> </ul>	<div>Aggregation with small-mid sized multi-utilities</div> <ul style="list-style-type: none"> <li>&gt; In E-R region</li> <li>&gt; Surroundings</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Credibility on integration and territorial services</li> <li>&gt; Indirect listing</li> </ul>
<ul style="list-style-type: none"> <li>&gt; <b>First mover</b></li> </ul>	<div>Agreements with large multi -utilities or Industrial partners</div>	<ul style="list-style-type: none"> <li>&gt; Leading position in the sector</li> <li>&gt; Large customer base</li> <li>&gt; Know how</li> <li>&gt; Balanced portfolio</li> </ul>

## Low risk, positive cash flows and dividend growth

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Already set in place the main premises for future Ebitda growth for about +142m€, not including potential M&A.

Growth in all core regulated and liberalised activities, confirm balanced business mix (60% regulated activities).

Free cash flows become positive starting from current year.

Bettering current sound financial structure and grow dividends.

On track with the mid term target of 2 million clients,  
1 billion Ebitda and a sound financial structure

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Q&A

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## Waste

M €	2007	%	2008	%	Inc. %
<b>Revenues</b>	<b>553.6</b>	<b>100.0%</b>	<b>632.1</b>	<b>100.0%</b>	<b>+14.2%</b>
oper.cost	(289.4)	(52.3%)	(328.0)	(51.9%)	+13.3%
personnel	(129.1)	(23.3%)	(142.1)	(22.5%)	+10.1%
Capitaliz.	21.3	3.8%	24.2	3.8%	+13.2%
<b>Ebitda</b>	<b>156.3</b>	<b>28.2%</b>	<b>186.3</b>	<b>29.5%</b>	<b>+19.2%</b>

Better tariff (+3.8%) and new plants underpin sales growth.

Green certificates were conservatively considered on 56% (1.1 GC on 51% of energy produced) of WTE production.

Waste volume up due to mergers and “by product” increase.

Ebitda benefits also from new plants (Ferrara and Forlì WTE contributed for about 23m€).

Data	2007	2008	Inc. %
Urban W. Volume (Kton)	1,666.5	1,762.5	+5.8%
Special W. Volume (Kton)	1,770.3	1,801.7	+1.8%
Internal W. Volumes (Kton)	961.5	1,594.0	+65.8%
<b>Total Volume Treated</b>	<b>4,398.2</b>	<b>5,158.2</b>	<b>+17.3%</b>

## Water

M €	2007	%	2008	%	Inc. %
<b>Revenues</b>	<b>407.6</b>	<b>100.0%</b>	<b>459.0</b>	<b>100.0%</b>	<b>+12.6%</b>
Oper.cost	(342.0)	(83.9%)	(359.0)	(78.2%)	+5.0%
Personnel	(89.8)	(22.0%)	(100.8)	(22.0%)	+12.3%
Capitaliz.	142.7	35.0%	131.0	28.5%	(8.2%)
<b>Ebitda</b>	<b>118.5</b>	<b>29.1%</b>	<b>130.2</b>	<b>28.4%</b>	<b>+9.8%</b>

Tariff increase by +5% and M&A more than offset slightly lower per capita consumptions (-1.0/1.5%) and lower revenues from new connections (slowdown of real estate industry).

Ebitda increase benefit also from the recovery of additional costs sustained in prior regulatory period (5m€) offsetting higher '08 energy costs.

Remote control roll out continue on networks.

Data	2007	2008	Inc. %
Regulated Revenues	344	389	+13.2%
<b>Revenue (€/m³)</b>	<b>142.5</b>	<b>151.4</b>	<b>+6.2%</b>
<b>N. customers (K unit)</b>	<b>1,015.0</b>	<b>1,153.9</b>	<b>+13.7%</b>
Aqueduct (m m³)	241.1	257.0	+6.6%



## Gas

M €	2007	%	2008	%	Inc. %
<b>Revenues</b>	<b>922.0</b>	<b>100.0%</b>	<b>1,130.3</b>	<b>100.0%</b>	<b>+22.6%</b>
oper.cost	(810.5)	(87.9%)	(997.4)	(88.2%)	+23.1%
personnel	(39.5)	(4.3%)	(46.6)	(4.1%)	+18.1%
Capitaliz.	32.7	3.5%	41.6	3.7%	+27.3%
<b>Ebitda</b>	<b>104.7</b>	<b>11.4%</b>	<b>127.8</b>	<b>11.3%</b>	<b>+22.0%</b>

Colder winter season and M&A more than offset tariff decrease (-2.1%).

Customer base increase mainly due to M&A: Megas contributed for 40K clients (sales and distribution) and SAT with further 60K clients (distribution)

Ebitda benefits also from efficiency gains (lower costs and economies of scale) and discount - 2.5m€ related to tariff revision.

Data	2007	2008	Inc. %
Distrib. Revenues	124.5	134.3	+7.9%
Volume distrib. (mm <sup>3</sup> )	2,150	2,370	+10.2%
Revenue (€/m <sup>3</sup> )	5.79	5.67	(2.1)%
<b>N. customers (K unit)</b>	<b>1,018.7</b>	<b>1,065.7</b>	<b>+4.6%</b>
Volume Sold (mm <sup>3</sup> )	2,337.0	2,493.1	+6.7%
of which trading (mm <sup>3</sup> )	223.2	294.8	+32.1%

## Electricity

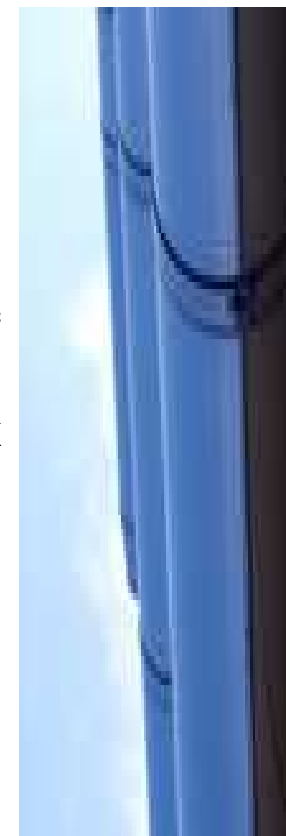
M €	2007	%	2008	%	Inc. %
<b>Revenues</b>	<b>989.2</b>	<b>100.0%</b>	<b>1,555.0</b>	<b>100.0%</b>	<b>+57.2%</b>
Oper.cost	(945.1)	(95.5%)	(1,506.5)	(96.9%)	+59.4%
Personnel	(20.0)	(2.0%)	(22.0)	(1.4%)	+10.5%
Capitaliz.	18.6	1.9%	24.9	1.6%	+33.9%
<b>Ebitda</b>	<b>42.7</b>	<b>4.3%</b>	<b>51.4</b>	<b>3.3%</b>	<b>+20.3%</b>

Market expansion and trading activities more than offset lower consumptions and distribution tariff reduction of about 8.9%.

Customer base increased to 287K clients (314K including contracted at Dec. '08 and activated in Jan./Feb. '09)

Ebitda benefits also from upstream integration.

Data	2007	2008	Inc. %
Distrib. Revenues	50.5	45.3	(10.3)%
Volume distrib. (b M <sup>3</sup> )	2,248	2,263	+0.7%
<b>Revenue (€/m<sup>3</sup>)</b>	<b>2.2</b>	<b>2.0</b>	<b>(10.9)%</b>
N. customers (K unit)	273.2	286.9	+5.0%
Volume Sold (GWh)	4,335	5,075	+17.1%





## Other Businesses

M €	2007	%	2008	%	Inc. %
<b>Revenues</b>	<b>160.4</b>	<b>100.0%</b>	<b>164.2</b>	<b>100.0%</b>	<b>+2.3%</b>
oper.cost	(129.6)	(80.8%)	(138.7)	(84.5%)	+7.1%
personnel	(22.6)	(14.1%)	(19.7)	(12.0%)	(13.0%)
Capitaliz.	23.0	14.4%	26.8	16.3%	+16.2%
<b>Ebitda</b>	<b>31.2</b>	<b>19.5%</b>	<b>32.6</b>	<b>19.8%</b>	<b>+4.4%</b>

Revenues increase underpinned by growth in all activities offsetting reduction related to dismissions of non-core activities.

District Heating benefit from cold winter season and Public Lighting market expanded in 4 Municipalities.

Ebitda benefits also from efficiency gains and mini-cogen. units started.

Data	2007	2008	Inc. %
District Heating (Gwh)	391.5	422.6	+8.0%
Public Lighting (K unit)	319.1	326.8	+2.4%

## Portfolio mix

Liberalised\*  
~40%



Regulated  
~60%

\* Includes also Green Certificates, Public Lighting and District Heating based on long-term contracts.

### Hera regulated businesses

	Urban Waste Coll.	Water mgmt.	Gas Distrib.	Elect. Distrib.
Concession Length	2012	2024	2010	2030
Return on RAB	6.0%	7.0%*	7.6%	7.0%
'05-'08 avg tariff (Rev./vol.)	+7.3%	+5.5%	+2.3%	+1.7%
Regulatory period	'08-'12		'09-'12	'08-'11
Authority	7 ATO (local)		AEEG (National)	

\*7.2% on new investments



## Business plan assumptions

Macro-scenario assumptions	Prior plan E2010	New plan E2010	New Plan E2011
Inflation	2%	2%	2%
\$/B Brent	50.00	73.00	70.00
Exchange rate \$/€	0.76	0.71	0.71
avg Electricity price €/MWh	62.30	72.90	71.00
Green Certificates (€/Mwh)	120.00	80.00	80.00
CO2 (€/ton)	18.00	23.00	24.00



# Waste & Water

## Waste

M €	2008	%	E2011	%	Cagr.%
<b>Revenues</b>	<b>632.1</b>	<b>100.0%</b>	<b>783.8</b>	<b>100%</b>	<b>+7.4%</b>
Oper.cost	(328.0)	(51.9%)	(373.1)	(47.6%)	+4.4%
Personnel	(142.1)	(22.5%)	(150.7)	(19.2%)	+2.0%
Capitaliz.	24.2	3.8%	4.0	0.5%	(45.2%)
<b>Ebitda</b>	<b>186.3</b>	<b>29.5%</b>	<b>263.9</b>	<b>33.7%</b>	<b>+12.3%</b>

**Revenues** +7.4%

Urban w. tariff +2.3% cagr

Urban w. volumes: +2.0% cagr

Tariff increase up to 2012 already agreed with local authorities. Green certificates conservatively considered on 51% of energy produced and 1.1 certificate per GWh.

Special waste volume expansion (double digit) leverage upon new plant capacity.

**Ebitda** +12.3%

Mainly underpinned by the new WTE plants contribution (3 new plant already into started up, 1 new in construction in Rimini and 1 refurbishment in Modena),

## Water

M €	2008	%	E2011	%	Cagr.%
<b>Revenues</b>	<b>459.0</b>	<b>100.0%</b>	<b>498.1</b>	<b>100%</b>	<b>+2.8%</b>
Oper.cost	(359.0)	(78.2%)	(336.2)	(67.5%)	(2.2%)
Personnel	(100.8)	(22.0%)	(112.8)	(22.6%)	+3.8%
Capitaliz.	131.0	28.5%	114.1	22.9%	(4.5%)
<b>Ebitda</b>	<b>130.2</b>	<b>28.4%</b>	<b>163.2</b>	<b>32.8%</b>	<b>+7.8%</b>

**Revenues** +2.7%

Tariff growth: +4.5% cagr

Regulated water tariff increase underpin revenue growth.

Tariff increase up to 2012 already agreed with local authorities. Volumes estimated flat.

**Ebitda** +7.8%

Mainly underpinned by tariff increases and efficiency gains pursued in network management (remote control of 100% network).



# Gas & Electricity

## Gas

M €	2008	%	E2011	%	Cagr.%
<b>Revenues</b>	<b>1,130.3</b>	<b>100.0%</b>	<b>1,124.0</b>	<b>100%</b>	<b>(0.2%)</b>
Oper.cost	(997.4)	(88.2%)	(972.2)	(86.5%)	(0.9%)
Personnel	(46.6)	(4.1%)	(55.0)	(4.9%)	+5.7%
Capitaliz.	41.6	3.7%	25.8	2.3%	(14.7%)
<b>Ebitda</b>	<b>127.8</b>	<b>11.3%</b>	<b>122.6</b>	<b>10.9%</b>	<b>(1.4%)</b>

Revenues (0.2%)

Gas distr. tariff (1.1%) cagr

Gas sales volumes: (1.0%) cagr

Sales volumes assumptions are based upon "normal" winter seasons. Gas sales prices based upon assumption of 70\$ per oil barrel (fx \$/€ 0.71).

Ebitda (1.4%)

Ebitda reflects tariff decrease.

## Electricity

M €	2008	%	E2011	%	Cagr.%
<b>Revenues</b>	<b>1,555.0</b>	<b>100.0%</b>	<b>1,853.6</b>	<b>100%</b>	<b>+6.0%</b>
Oper.cost	(1,506.5)	(96.9%)	(1,776.2)	(95.8%)	+5.6%
Personnel	(22.0)	(1.4%)	(23.3)	(1.3%)	+1.9%
Capitaliz.	24.9	1.6%	17.3	0.9%	(11.4%)
<b>Ebitda</b>	<b>51.4</b>	<b>3.3%</b>	<b>71.3</b>	<b>3.8%</b>	<b>+11.6%</b>

Revenues +6.0%

Elect. distr. tariff (1.0)% cagr

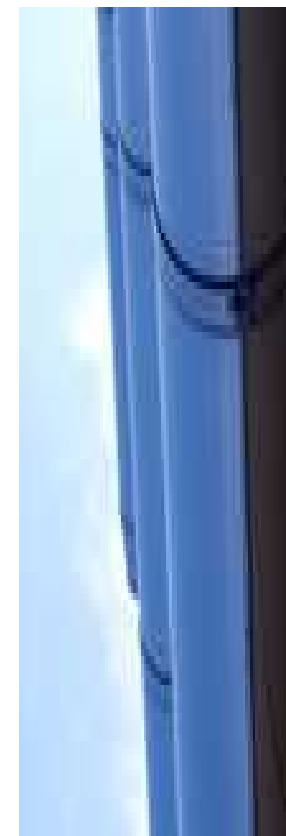
Elect. distr. Volumes +4.3% cagr

Elect. sales volumes: +16.4% cagr

Market expansion (1/3 of already contracted in Dec. '08) is mainly driven by cross selling on gas customer base (mainly Soho/SME and residential customers).

Ebitda +11.6%

Mainly underpinned by upstream in power generation and market expansion.



# Other Businesses & Portfolio Mix

## Other Businesses

M €	2008	%	E2011	%	Cagr.%
<b>Revenues</b>	<b>164.2</b>	<b>100.0%</b>	<b>154.9</b>	<b>100%</b>	<b>(1.9%)</b>
Oper.cost	(138.7)	(84.5%)	(108.1)	(69.8%)	(8.0%)
Personnel	(19.7)	(12.0%)	(19.1)	(12.3%)	(0.9%)
Capitaliz.	26.8	16.3%	21.4	13.8%	(7.2%)
<b>Ebitda</b>	<b>32.6</b>	<b>19.8%</b>	<b>49.1</b>	<b>31.7%</b>	<b>+14.7%</b>

Revenues (1.9%)

### District Heating

Thermal e.: from 423 to 675 Gwht

Power gen. from 70 to 106 GWhe

### Public Lighting

Lighting towers. from 327k to 349k

Sales expected reduction relates to non-core activities dismissions partially compensated by increase of District Heating and Public Lighting revenues.

Ebitda +14.7%

Mainly underpinned by efficiency gains and development of District Heating and Public Lighting activities. Ebitda margin expected to increase significantly.

## Portfolio Mix

Liberalised\*  
~40%









Regulated  
~60%

\* Includes also Green Certificates, Public Lighting and District Heating based on long-term contracts.

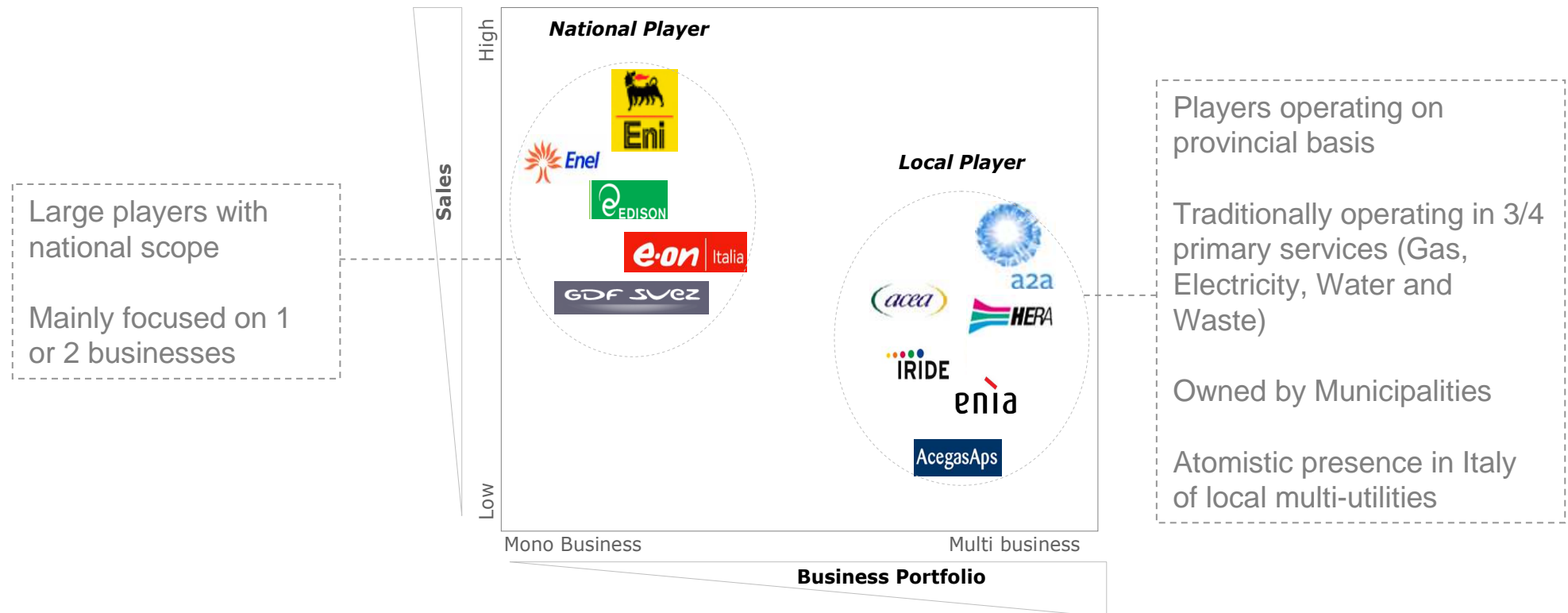


## Sustainability

- > **Hera strategic planning sets targets for all main KPIs.**
- > Strategic planning in Hera is a **“Bottom-Up” process renewed every year** to define a 3-years business plan.
- > **Targets are analytically defined in a Balanced Score Card system** extended to all senior and middle management.
- > **Top management remuneration** (disclosed in the financial statements) **is 50% linked to target achievements.**
- > **Senior and middle management remuneration** system is also linked **(15%-20%) to the achievements of targets set in the BSC.**

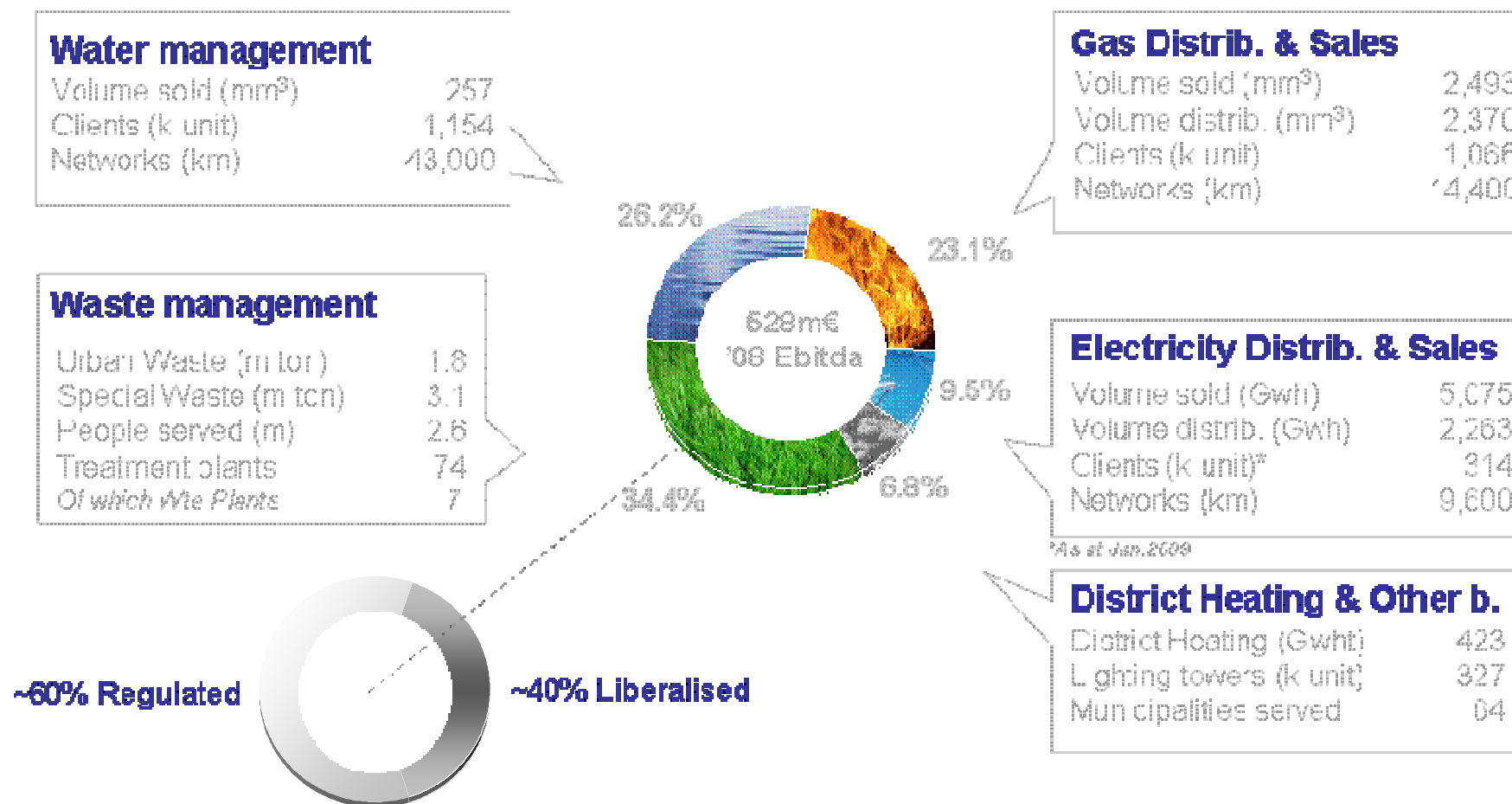
Personnel	E2010	E2011	Incr/(decr.)
Training (K h./capita)	130	130	-
Incidents on Job*	42	39	+7.1% 
Gravity of damage**	0.9	0.9	-
Customers	E2010	E2011	Incr/(decr.)
Interruptions in e.e. service	17 min.	13 min.	+23.5% 
Respect of Aeeg std	100%	100%	-
Avg waiting time in shops	20 min.	15 min.	+25.0% 
Avg waiting time call centres	27,5 sec.	30 sec.	(9.0)% 
Energy from renewables (Gwh and Gwht)	E2010	E2011	Incr/(decr.)
Cogeneration (incl. thermal)	1,270	1,327	+4.5%
WTE (incl. thermal)	383	409	+6.8%
Geothermal	83	84	+1.2%
Hydro	116	121	+4.3%
Biogas (incl. thermal)	14	17	+21.4%
Other	56	102	+82.1%
<b>Total</b>	<b>1,922</b>	<b>2,060</b>	<b>+7.2%</b> 
Environment	E2010	E2011	Incr/(decr.)
Sorted Waste collection	50%	50%	-
Collected Urban Waste to landfill	15%	15%	-
Water leakage (incl. Administrative I.)	21%	21%	-
Respect Kyoto Standards (Co2)	>100%	>100%	-
% WTE emission of law limits	-	21%	-
White Certificates (K Tep)	88	65	(26.1)% 

## Italian utility sector overview



Sector consolidation process currently still ongoing in Italy

## Hera activity: well balanced complementary core activities





## First standing market position in liberalised businesses

> Regulatory framework and tariff definition recently set for all the businesses.

> Waste and Water tariffs below EU avg.

	Urban Waste Coll.	Water mgmt.	Gas Distrib.	Elect. Distrib.
Concession Length	2012	2024	2010	2030
Return on RAB	6.0%	7.0%*	7.6%	7.0%
'05-'08 avg tariff ( <i>Rev./vol.</i> )	+7.3%	+5.5%	+2.3%	+1.7%
Regulatory period	'08-'12		'09-'12	'08-'11
Authority	7 ATO (local)		AEEG (National)	

\* 7.2% on new investments

> Leader in Waste treatments

> 3rd in Gas (dominant position in reference territory with ~91% mkt share).

> 8th Electricity sales, (+36% cagr. since 2002) through cross-selling.

	Special Waste (m ton)	Gas Sales (bcm)	Elect. Sales (TWh)
Volume	3.3957	2.4931	4.3
N. clients ( <i>k unit</i> )		1,066	274
<b>Ranks in Italy</b>	<b>1st</b>	<b>3rd</b>	<b>top 10</b>
Mkt share in Italy	3.2%	3.0%	1.3%

## Unique and effective governance

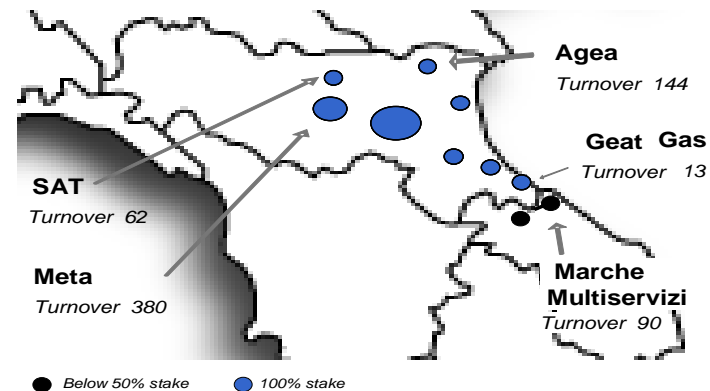
In 2002 established (through the first consolidation involving 11 companies)

Year by year continued to merge companies in surrounding areas

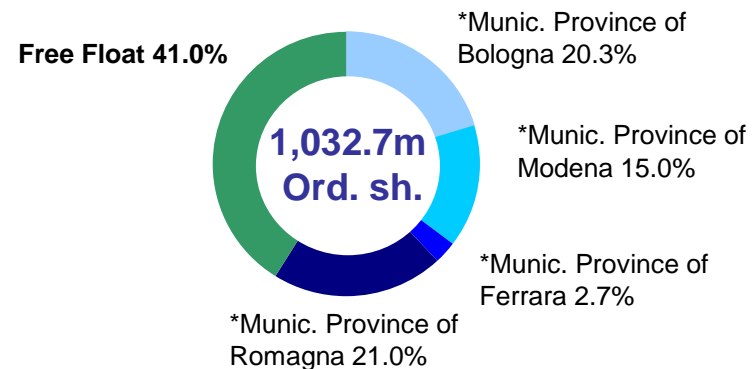
Public Shareholdings become consequently highly fragmented (Munic. of Bologna has the largest share of 15%)

Free float include more than 150 institutional shareholders

### Hera mergers



### Shareholdings



\*Municipality shareholders amount to about 180 Municipalities

## Strong track record outperforming IPO targets

Ebitda more than doubled

Net profit tripled

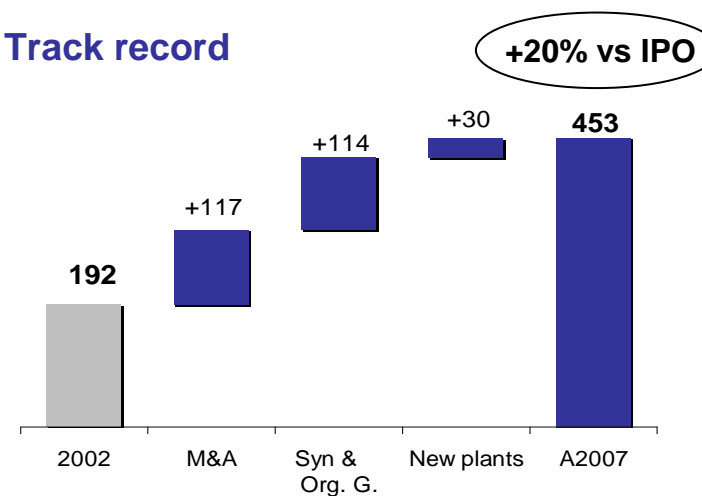
Dividends more than doubled

Sound capital structure:

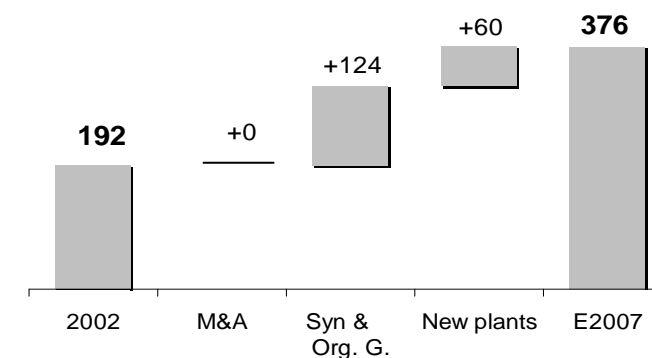
*D/E below 1 and 8 years debt duration, 90% fixed interest rates and 350m€ committed credit lines covering maturities up to year 2011.*

M €	2002	2003	2004	2005	2006	2007	2008	Cagr %
Revenues	1.099	1.241	1.529	2.148	2.364	2.905	3.792	+22,9%
Ebitda	192	242	292	386	427	453	528	+18,4%
Net Profit	37	53	87	109	100	110	110	+20,0%
D/E (%)	29	50	53	65	77	93	100	+22,8%
DPS (C€)	3,5	5,3	6,0	7,0	8,0	8,0	8,0	+14,8%
ROI (%)	6,9	8,4	10,9	8,8	8,6	7,4	8,9	+4,4%

### Track record

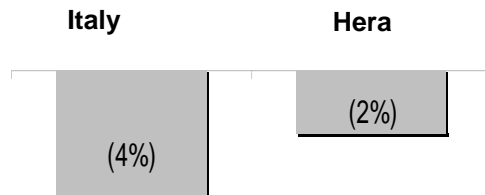


### IPO BP (2003)

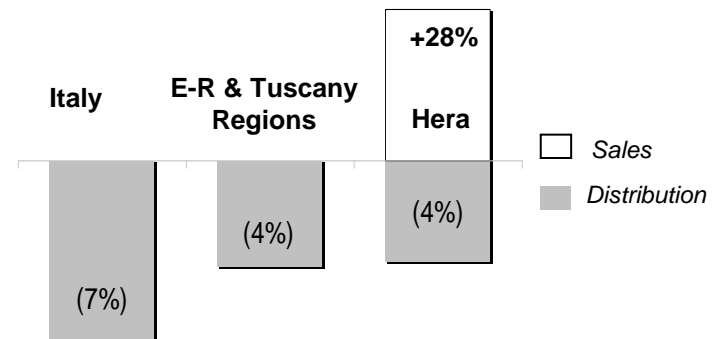


## Updating on macro-scenario impact on Hera first 2 month results

### Gas demand performance in first 2 months '09 vs '08



### Electricity demand performance in first 2 months '09 vs '08 (normalised)



> **Impact below national average** on energy distribution businesses.

> **Energy Distribution business** tariff systems protect from volume reductions.

### Water business

> **Water sales -4% vs '08.**

> **Tariff increase offset volume reduction**

### Waste businesses

> **Urban waste treated -2% vs '08**

> **Special Waste volumes treated -10%**