



press release

Bologna, 14 May 2008

HERA S.p.A.: BoD approves the results for the first three months of 2008.

The growth in all businesses in line with expectations.

Revenues at Euro 1,001.3 million (+34.1%)

EBITDA at Euro 154.3 million (+14.7%)

EBIT at Euro 101.7 million (+16.8%)

Pre-tax profit at Euro 78.5 million (+12.2%)

The Board of Directors of the Hera Group today unanimously approved the consolidated financial results of the first three months of the year. Drawn up based on IAS standard, they reveal significant growth in all business sectors.

Group **Revenues** as at 31 March 2008 grew from Euro 746.7 million to Euro 1,001.3 million, 34% higher than the same period of 2007. This figure was achieved mostly thanks to the higher distributed volumes in the Electricity and Gas Segment, to increased trading in the energy sector, and extension of the scope of consolidation following the two extraordinary business operations since 1 January (incorporation of Sat Sassuolo and equity investment in Marche Multiservizi S.p.A.).

The **EBITDA** went up 14.7%, from Euro 134.5 million to 154.3 million.

EBIT increased by 16.8% compared to the first three months of last year, standing at Euro 101.7 million, and **Pre-tax profit** rose from Euro 70 million of 1Q 2007 to Euro 78.5 million, posting a 12.2% increase, notwithstanding the significant investments made.

The Group's capital expenditure and investments during the first three months of 2008 amount to Euro 88.4 million, while those in financial equity total Euro 1.7 million.

The net financial position remains basically stable with respect to 31 December 2007 (Euro 1,424.1 million), at Euro 1,485.1 million.

As for the main business segments, which all show positive results, significant growth of the Gas and Electricity Areas in terms of contribution to the EBITDA is worthy of note. Their weight increased by 4% and 1%, respectively, compared to the same period of last year.

In particular, the company continued its expansion strategy in the **Electricity** sector, and Revenues more than doubled with respect to the first quarter of 2007. EBITDA rose 32.1 % consequent to the greater volumes traded, which also benefited the increased sales capacity



at the Group's disposal after the start-up of the Teverola and Sparanise electricity production plants.

Positive performance also of the **Gas** sector: revenues were up 15.9% and EBITDA up 29.4%, thanks to the winter season which was better than that of the previous year and to the contribution of the extension of the Group's perimeter.

As for waste management services, the Group achieved a 8.5% increase in Revenues and a 6.1% increase in the EBITDA in the **Waste Management** segment, confirming Hera's role as the leading company in Europe in terms of both plant infrastructures and volumes of treated waste. This growth has been achieved together with the enhancement of sorted collection activities which has permitted to recycle above 40% of Urban Waste collected.

In the **Water** sector, the company achieved 10.1% more Revenues and an EBITDA up 7.4% and has concessions in place that confirm the expectation to reach the complete remuneration of the invested capital in next year.

Other Activities, which mainly include District Heating and Public Lighting, showed an EBITDA basically in line with that of the first quarter of last year.

"I'm satisfied with the this quarter's results," commented **Chairman Tomaso Tommasi di Vignano**. "They are in line with our expectations and denote an important recovery of the energy sector's activities, the electricity segment of which will undergo additional reinforcement with the completion and start-up of the co-generation plant in Imola. We are continuing our growth pattern as set out in the Business Plan while we await possible steps to come in our course of further consolidation."

The CEO, Maurizio Chiarini, said: "The strong commitment of the Group in infrastructural investments continues to improve the industrial profile and the quality of the services to the customers. In first quarter 2008 Hera Group increased up to above 40% of differentiated waste collection and Hera's Regional Network Control Centre was started up to oversee over 2,000 plants connected to Water, Gas and District Heating networks".

Following to the appointment of the new Board of Directors incurred in the last Shareholders' Meeting of April 29th 2008, one new Board member - Mr. Alberto Marri – informs to held indirectly 3,810,000 Hera shares.

Pursuant to article 154-bis, section 2, of the Finance Consolidation Act, the manager responsible for drafting the corporate documents, Giovanni Barberis, declares that the information contained in the present press release corresponds to the documentary results, books and accounting entries.

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Hera Group consolidated Profit & Loss Account

€/000	2008 First quarter	2007 First quarter	2007 Annual
Sales	1.001.279	746.690	2.863.298
Change in stock	2.085	3.445	-4.249
Other operating revenues	12.981	9.343	46.038
Raw material (net of chang in stock)	-636.243	-420.363	-1.613.916
Services costs	-180.730	-159.805	-724.694
Personnel costs	-85.482	-76.578	-300.912
			5.278
D&A	-52.594	-47.473	-232.797
Ohter operating expenses	-18.890	-15.246	-50.399
Capitalizations	59.256	47.062	238.212
Ebit	101.662	87.075	220.581
Income/(losses) from related companies	272	511	1.235
Financial income	4.229	4.548	28.599
Financial expenses	-27.673	-22.181	-107.875
Pre-tax Profit	78.490	69.953	142.540

Hera Group consolidated Net Financial Debt

(million Euro)	First quarter 2008	31th Dec. 2007
a Cash on hand	131,9	211,0
b Other current financial assets	7,1	10,0
Current financial debts	-117,0	-149,6
Current part of long term debts	-75,8	-86,1
Other current financial debts	-14,8	-7,6
Current asset/(liabilities) from derivatives	10,0	-0,2
Leasing contracts due within year end	-5,6	-5,6
c Current financial debts	-203,2	-249,1
d=a+b+c Current financial net debts	-64,2	-28,1
e Long term financial receivables	6,6	6,6
f Long term asset/(liabilities) from derivatives	1,0	7,8
Long term financial debts	-490,5	-475,9
Bond issued	-798,8	-798,2
Other long term debts	-124,3	-122,4
Long term leasing contracts	-15,6	-13,9
g Long term financial debts	-1.429,2	-1.410,4
h=e+f+g Long term net financial debts	-1.421,6	-1.396,0
i=d+h Net financial debts	-1.485,8	-1.424,1