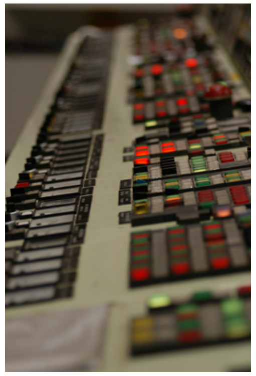
First Quarter results

2007

Growth of all drivers significantly offset the “mild winter”



Hera continues to focus on efficiency improvement of operations and on the fine tuning of the operating model exploiting “Synergies” in line with business plan.

“Q1 2007 Organic Growth” underpinned by tariff increase (in Water, Urban Waste and Gas Distribution) and Market expansion (in Electricity, Special Waste and Other businesses) were consistent with planned development targets.

2006 “M&A” activities also contributed to Q1 2007 Ebitda.

Synergies, Organic Growth and M&A achieved in all main businesses allowed to offset majority of the extraordinary effects on Gas and District Heating related to mild winter.

Excluding “mild winter effects” Ebitda growth was about +12% in line with planned targets.

"Mild winter" effects almost neutralised by continuous strong growth

Revenues +2.4%

Growth, mainly driven by Electricity market expansion and tariff increase (Water, Waste), was significantly offset by gas volumes reduction following the extraordinary warm winter (-68 m€).

Ebitda (1.9%)

Synergy exploitation, tariff increases and M&A contribution provided expected results in all main businesses.

Gas business and District Heating suffered for lower volume sold (-200m m^3) and cut on regulated prices (D. 134 AEEG).

Ebit (8.9%)

Affected by higher depreciation charges, related to the capex plan and to merged companies.

2006 Group Results

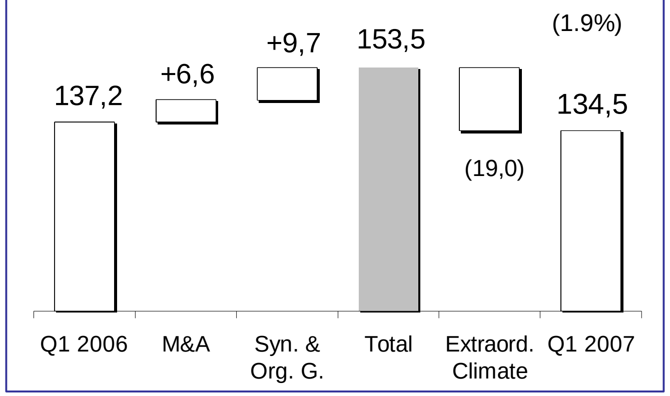
M€	Q1 2006	%	Q1 2007	%	*Inc. %*
Revenues	741,7	100,0%	759,4	100,0%	*+2,4%*
operat. costs	(568,6)	(76,7%)	(595,4)	(78,4%)	*+4,7%*
personnel	(71,4)	(9,6%)	(76,6)	(10,1%)	*+7,2%*
capitaliz.	35,4	4,8%	47,1	6,2%	*+33,1%*
Ebitda	137,2	18,5%	134,5	17,7%	*(1,9%)*
D&A	(41,7)	(5,6%)	(47,5)	(6,2%)	*+13,9%*
Ebit	95,5	12,9%	87,1	11,5%	*(8,9%)*
Financials	(13,0)	(1,7%)	(17,1)	(2,2%)	*+32,2%*
Pre tax Profit	82,6	11,1%	70,0	9,2%	*(15,2%)*

Pre-tax Profit (15.3%)

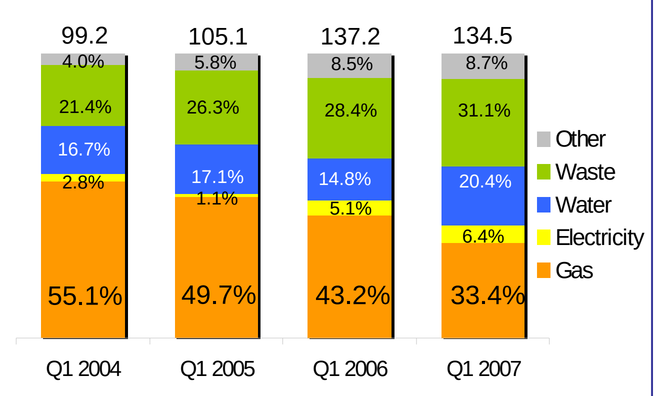
Affected by financial expenses which reflect expected increase in financial debt.

Strong Growth in all business except for Gas

Q1 2007 Ebitda Drivers (M€)



Q1 2007 Ebitda Breakdown (M€)



Internal and external growth largely offset the extraordinary mild winter effects

Tariff increase, Synergies, Organic growth and M&A activities enhanced results of all businesses (reaching +16.3 m€ Ebitda equal to +12%)

Extraordinary Climatic conditions affected Gas and District Heating by -19m m€.

Business Mix confirms low risk profile

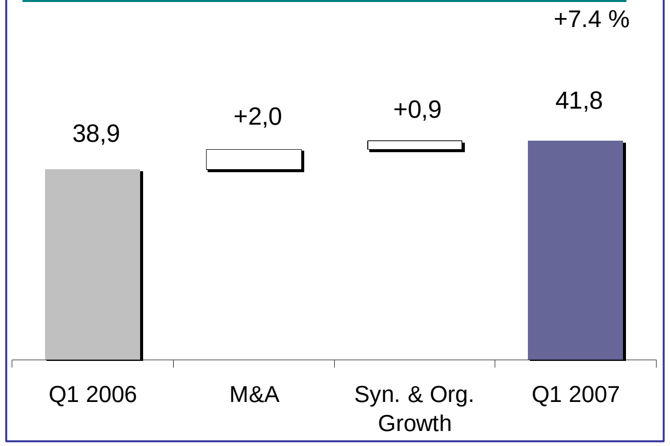
In line with track records and strategic guidelines, portfolio mix moved toward a more balanced contribution from all core activities reducing risk profile and seasonality effect (mainly related to Gas activities) of overall Group results.

Waste: Progressive and sustainable growth

Q1 2007 Ebitda

M€	Q1 2006	%	Q1 2007	%	Inc. %
Revenues	122,4	100,0%	137,0	100,0%	+11,9%
operat. cost	(55,3)	(45,2%)	(64,2)	(46,9%)	+16,1%
personnel	(29,8)	(24,3%)	(32,5)	(23,7%)	+8,9%
capitaliz.	1,6	1,3%	1,5	1,1%	(6,3%)
Ebitda	38,9	31,8%	41,8	30,5%	+7,4%

Q1 2007 Ebitda Drivers (M€)



Revenues increase

Revenues increased by 11.9%: +7% relates to higher volumes (mainly energy from WTE) and Urban Waste tariffs.

M&A: Aspes' contribution

Aspes' contribution (+6.1 m€ revenues) mainly related to Urban Waste.

Synergies & Organic Growth

Positive results achieved thanks to tariff increase.

"Sustainability Group profile" enhanced by more focus on recycling (in line with business targets).

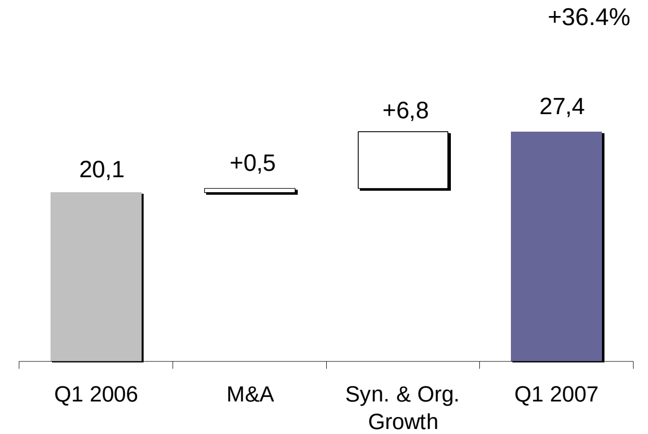
Waste confirm growing results in Q1 waiting for the new WTE plants (2 on stream by next 6 month).

Water: Step up on Ebitda driven by internal growth

Q1 2007 Ebitda

M€	Q1 2006	%	Q1 2007	%	*Inc. %*
Revenues	82,6	100,0%	94,7	100,0%	*+14,6%*
operat. cost	(63,5)	(76,9%)	(76,0)	(80,3%)	*+19,7%*
personnel	(19,1)	(23,1%)	(21,7)	(22,9%)	*+13,6%*
capitaliz.	20,1	24,3%	30,4	32,1%	*+51,2%*
Ebitda	20,1	24,3%	27,4	28,9%	*+36,4%*

Q1 2007 Ebitda Drivers (M€)



Tariff increase

Revenues increased by +14.6% (+7.6 m€ internal growth and +4.5 m€ Aspes).

Volume increase

Volume increased by +6.9% mainly related to Aspes merger (+4 m m^3).

Synergies & Organic Growth

Higher tariffs and cost savings were the main driver of Ebitda growth. Benefits were related to better procurement mix.

Costs (net of capitalisations) increased only by +7.7% against +14.6% revenues.

Capex to develop and optimise assets

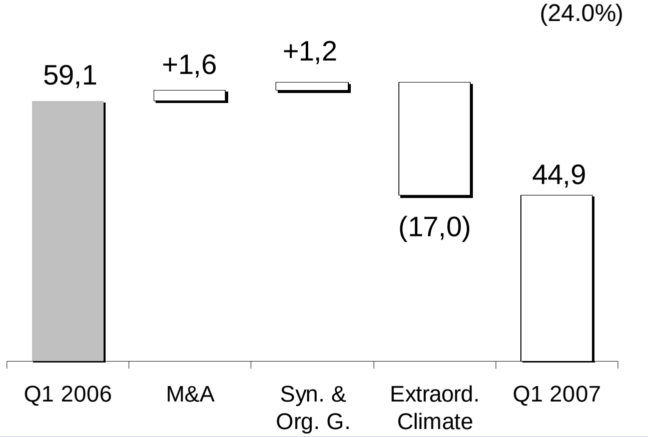
Capex plan continued in Q1 in order to enhance network quality (to reduce leakages) and extension in line with agreements signed with local Authorities.

Gas: Mild winter affected Q1 results as expected

Q1 2007 Ebitda

M€	Q1 2006	%	Q1 2007	%	Inc. %
Revenues	425,6	100,0%	365,5	100,0%	(14,1%)
operat. cost	(357,9)	(84,1%)	(315,4)	(86,3%)	(11,9%)
personnel	(13,6)	(3,2%)	(11,5)	(3,1%)	(15,4%)
capitaliz.	5,0	1,2%	6,3	1,7%	+26,9%
Ebitda	59,1	13,9%	44,9	12,3%	(24,0%)

Q1 2007 Ebitda Drivers (M€)



Revenues

Revenues decrease related to lower volume sold (by ~200m m^3); effect was mitigated thanks to distribution tariff structure.

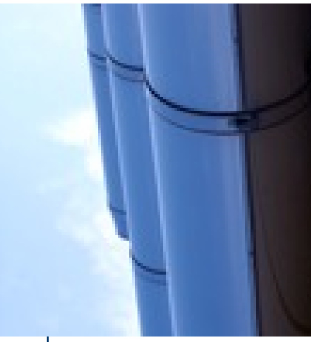
“Mild winter” effect on distribution revenues (about -9 m€) is expected to be recovered over next 2 years.

Synergies & Organic Growth

Improved distribution tariffs and lower overheads charges (mainly related to commercial activities) more than offset regulated prices adjustment due to D.134 AEEG.

M&A: Aspes and Geat contribution

About 9.6 m€ revenues and 1.6 m€ of Ebitda. Aspes and Geat contributed for 34m m^3 (volume sold and distributed).

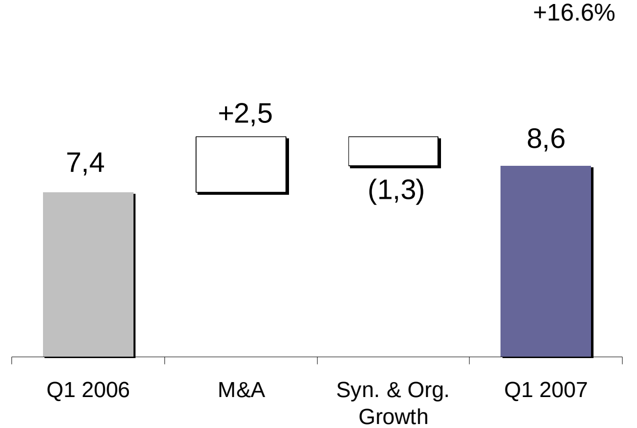


Electricity: Solid asset platform underpin market development

Q1 2007 Ebitda

M€	Q1 2006	%	Q1 2007	%	Inc. %
Revenues	94,1	100,0%	152,9	100,0%	+62,5%
operat. cost	(86,2)	(91,6%)	(143,2)	(93,7%)	+66,2%
personnel	(2,1)	(2,3%)	(4,8)	(3,1%)	+123,9%
capitaliz.	1,7	1,8%	3,8	2,5%	+125,7%
Ebitda	7,4	7,9%	8,6	5,6%	+16,6%

Q1 2007 Ebitda Drivers (M€)



Revenues

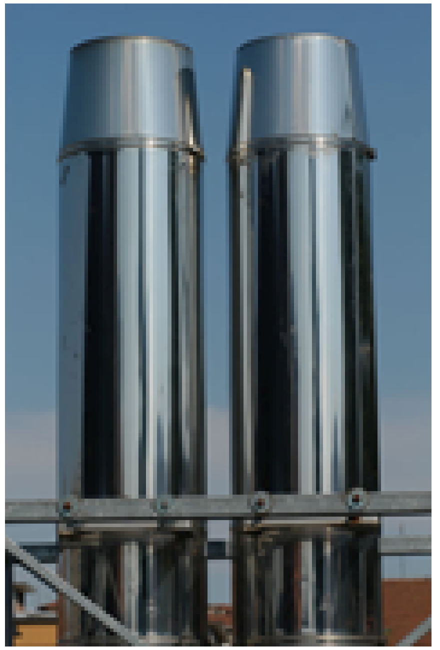
Increase mainly driven by +43.7% in volumes (from 716 to 1,029 Gwh) thanks to market expansion on household and business clients.

Synergies & Organic Growth

Higher commercial and personnel costs relate to Ex-Enel Network and higher overhead charges (mainly referred to commercial activities). Teverola plant (400 MW CCGT) contributed to Q1 results.

M&A

Ex-Enel Network in Modena province contributed to increase customer base up to 264,000 clients.

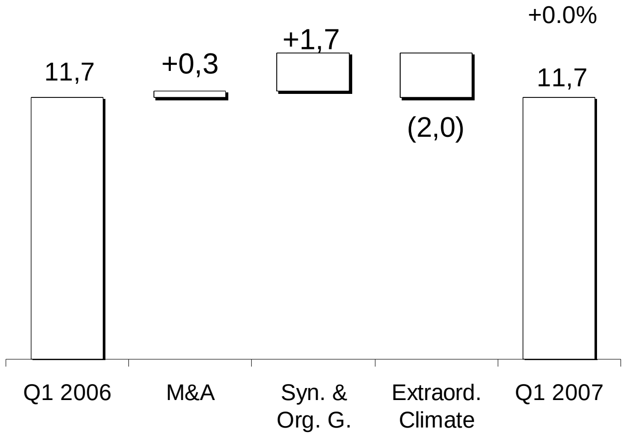


Growth and rationalisation offset mild winter effects

Q1 2007 Ebitda

M€	Q1 2006	%	Q1 2007	%	*Inc. %*
Revenues	44,0	100,0%	47,7	100,0%	*+8,5%*
operat. cost	(28,8)	(65,4%)	(35,0)	(73,4%)	*+21,5%*
personnel	(6,8)	(15,5%)	(6,1)	(12,8%)	*(10,2%)*
capitaliz.	3,2	7,4%	5,0	10,5%	*+55,1%*
Ebitda	11,7	26,6%	11,7	24,6%	*+0,0%*

Q1 2007 Ebitda Drivers (M€)



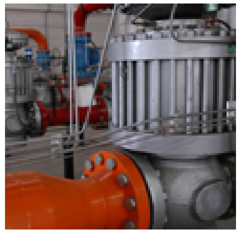
Revenues

Revenues increased despite reduction in District Heating sales (by -24.6% volume reduction) thanks to expansion of Public Lighting market share (+4.1% of lighting towers) and Heat management activities.

Synergies & Organic Growth and M&A

Positive effect of efficiency gain (reached also through past disposal of non core activities) and market development offset extraordinary warm winter on District Heating sales reduction.

2007 still focused on development capex



Q1 2007 Operating capex

M €	Q1 2006	Q1 2007
Waste	16,8	21,9
Water	20,1	29,3
Gas	5,4	5,5
Electricity	1,8	6,0
Other	4,5	5,7
Holding	9,9	6,4
Capex & Inv.	58,5	74,7

Q1 2007 Net Financial Debts

M€	31-12-'06	Q1 2007
Short Term Debts	224,5	202,2
Long Term Debts	948,7	1.120,2
Net Financial Debts	1.173,3	1.322,4

Operating Capex

Capex plan fully on track. Capex increase by +27.7% mainly relates to Water assets expansion (agreed with Authorities and remunerated through tariff increase) and to new plant constructions.

Electricity capex increase mainly relates to Imola CCGT plant construction.

Waste capex relate by 70% to new WTE plants.

Net Financial Debts

Net Financial Debts increased in Q1 by +12.7% mainly due to expected increase in Net Working Capital ("NWC") of about 100 m€ due to new SAP billing system implementation in Hera Modena and to seasonality effects.

NWC will normalise within year end.

3. Closing Remarks

Closing remarks

Q1 2007 value drivers records since beginning growth performance maintaining a double digit development path in line with track records and business plan targets.

These performances almost offset the “one off” mild winter effects in Gas and District Heating businesses. Gas distribution tariff structure allows to recover part of these effects in future.

Development capex plan on track enhances visibility of solid asset base underpinning expected profitability growth.

M&A activities progressing with negotiations with new small sized companies in surrounds areas (pursuing a further Group external growth within 2007 end).

Upstream Strategy in Gas pursued through signing a short term procurement contract with Gazprom, taking part to tender on new Gas Release.

New Business plan is in progress and will be disclosed in September together with 1H results.