



Press Release

Bologna, 11th May 2006

HERA: Positive performance of first quarter 2006 approved by Board of Directors

In the first three months of 2006 highlight Revenues increased by 39,8% (from 523,7 to 731,9 million euro), EBITDA improved by 29,3% (from 106,1 to 137,2 million euro); EBIT increased by 21,2% (from 78,8 to 95,5 million euro); Pre tax Profit was up by 22% (from 67,7 to 82,6 million euro).

The Board of Directors of Hera Group approved the consolidated financial results of first quarter 2006 which highlight significant growths in all main figures compared to same period of last year.

Sales moved from 523,7 million euro of first quarter 2005 to 731,9 million euro of first quarter 2006 increasing by 39,8% .

Group Ebitda was up by 29,3%, moving from 106,1 million euro of first quarter 2005 to 137,2 million euro, mainly thanks to Meta merger and the growth achieved in Waste and Water businesses.

Group EBIT increase by 21,2% up to 95,5 million of 2006 from 78,8 million euro of 2005.

First quarter 2006 closed with a Pre-tax Profit equal to 82,6 million euro signing an increase of 22% compared to same period of last year.

Meta Modena - executed at 2005 year end - has significantly contributed to the growth of this first quarter results. Hera Group has signed a positive growth in this first quarter 2006, even comparing first quarter 2006 to same period pro-forma 2005 figures (including the contribution of Meta Modena merger). First quarter EBITDA 2006 have increased by 6,3% moving from 2005 pro-forma 129,1 million euro to 137,2 million euro.

Net financial Debts as at 31 March 2006 of 934.4 Million € was reduced by 39.6 million euro since the beginning of the year.

In Gas Business first quarter 2006 revenues increased from 295 to 425 million euro (increase of 44.4%). The growth is underpinned by Meta contribution and commodity prices increase;

Ebitda margins decreased as a consequence also of last year extraordinary benefits on procurement activities.

Electricity business highlights a significant increase in scale thanks to Meta Modena contribution and to the increase of activity margins. In first quarter 2006 the Electricity business Ebitda reached 7.4 million euro more than three times higher compared to same period of last year.

In Water business revenues increased by 19% and Ebitda moved to 20,1 million euro with an improvement of 35,5%. It should be point out that Ebitda margins increased to 24.3% (up by 200 basis points).

First quarter results confirms the Waste Business as portfolio best performer. First quarter 2006 revenues record an increase of 34.5% and Ebitda reached 38.9 million euro with an increase of 40.4%.

Capital expenditure sustained in the first three month equals to 58,5 million euro of which 60% related to extraordinary maintenance on depuration plants and distribution networks.

“The positive results achieved in the first quarter– Chairman Mr. Tomaso Tommasi di Vignano said– are even more significant considering that no new plants contributed to the growth. Achievements reached confirm the Group capacity to create synergies and give more visibility on business plan target”.

“Meta integration process – CEO Mr. Maurizio Chiarini said– is on track giving a further confirmation of Hera business model solidity.”

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First Quarter 2006 Consolidated Profit and Loss Accounts

Income Statement (€/m)	31-Mar-05	% Inc.	31-Mar-06	% Inc.	Change	% Chng.
Revenues	523.7		731.9		+208.3	+39.8%
Change in finished prod.s and work in prog.	4.4	0.8%	1.3	0.2%	-3.1	-69.5%
Other operating revenues	5.1	1.0%	8.5	1.2%	+3.4	+66.5%
Raw materials and supplies	(270.6)	-51.7%	(419.0)	-57.2%	-148.4	+54.9%
Service costs	(91.7)	-17.5%	(121.3)	-16.6%	-29.7	+32.4%
Other operating costs	(24.0)	-4.6%	(28.3)	-3.9%	-4.3	+17.9%
Personnel costs	(58.9)	-11.3%	(71.4)	-9.8%	-12.5	+21.3%
Capitalised costs	18.1	3.4%	35.4	4.8%	+17.4	+96.4%
EBITDA	106.1	20.3%	137.2	18.7%	+31.1	+29.3%
Amort, depr. and prov.	(27.3)	-4.3%	(41.7)	-5.7%	-14.4	+52.5%
EBIT	78.8	15.1%	95.5	13.1%	+16.7	+21.2%
Portion of profit (loss) of associated companies	0.1	0.0%	0.2	0.0%	+0.1	+92.8%
Financial charges/income	(11.2)	-2.1%	(13.1)	-1.8%	-1.9	+17.3%
Pre-tax profit	67.7	12.9%	82.6	11.3%	+14.9	+22.0%

Proforma First Quarter 2006 Consolidated Profit and Loss Accounts

Income Statement (€/m)	Pro-forma 31-Mar-05	% Inc.	31-Mar-06	% Inc.	Chng.	% Chng.
Revenues	635.8		731.9		+96.2	+15.1%
Change in finished prod.s and work in prog.	4.4	0.7%	1.3	0.2%	-3.1	-69.5%
Other operating revenues	7.7	1.2%	8.5	1.2%	+0.8	+10.7%
Raw materials and supplies	(333.7)	-52.5%	(419.0)	-57.2%	-85.3	+25.6%
Service costs	(105.8)	-16.6%	(121.3)	-16.6%	-15.5	+14.7%
Other operating costs	(27.7)	-4.4%	(28.3)	-3.9%	-0.5	+1.9%
Personnel costs	(70.6)	-11.1%	(71.4)	-9.8%	-0.9	+1.2%
Capitalised costs	19.0	3.0%	35.4	4.8%	+16.5	+86.9%
EBITDA	129.1	20.3%	137.2	18.7%	+8.2	+6.3%
Amort, depr. and prov.	(35.0)	-5.5%	(41.7)	-5.7%	-6.7	+19.2%
EBIT	94.1	14.8%	95.5	13.1%	+1.5	+1.5%
Portion of profit (loss) of ass. companies	0.1	0.0%	0.2	0.0%	+0.1	+92.8%
Financial charges/income	(11.3)	-1.8%	(13.1)	-1.8%	-1.8	+16.4%
Pre-tax profit	82.9	13.0%	82.6	11.3%	-0.3	-0.4%

Net Financial Debts as at 31 March 2006

(€/m)	31-Dec-05	% Incr.	31-Mar-06	% Incr.	% Change
Net financial position					
medium/long-term	523.7	53.8%	1.011.9	108.3%	93.2%
short-term	450.3	46.2%	(77.5)	-8.3%	-117.2%
Total NFP	974.0	100.0%	934.4	100.0%	-4.1%