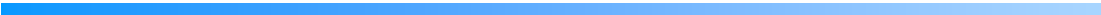
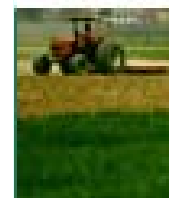
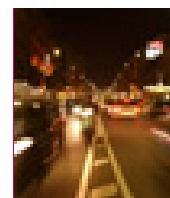




Third Quarter 2004 Results



- The first 9 month of 2004 highlight a positive growth in all main figures; well on track to reach year end targets.
- Water, Waste and “Other business” recorded positive Ebitda growth, Gas has not signed any decrease in Ebitda and in Electricity business (which have a small incidence on Group results) a small reduction due to fierce price competition.
- 2004 3rd Q Ebitda reached the outperforming results of last year despite:
 1. less favourable climate conditions;
 2. less treatment of “imported waste”.
- These achievements were guaranteed by Internal Growth only (Organic growth and synergy exploitation). Starting from 4th Q 2004, Group results will benefit from:
 - Agea consolidation;
 - Centro Ecologico of Ravenna acquisition;
 - Italgestioni minority stake dismissal.
- In the third quarter the New WTE of Bologna ended positively all main start up procedures. The new plant will affect results only starting from October 2004.

Sales +12.8%

PHYSIOLOGICAL GROWTH EXCLUSIVELY...

- In volumes (+45.2 in electricity)
- In tariffs (of water and waste)

... MORE THAN COMPENSATE 2004 ENERGY TARIFF DECREASE

Ebitda + 7.3%

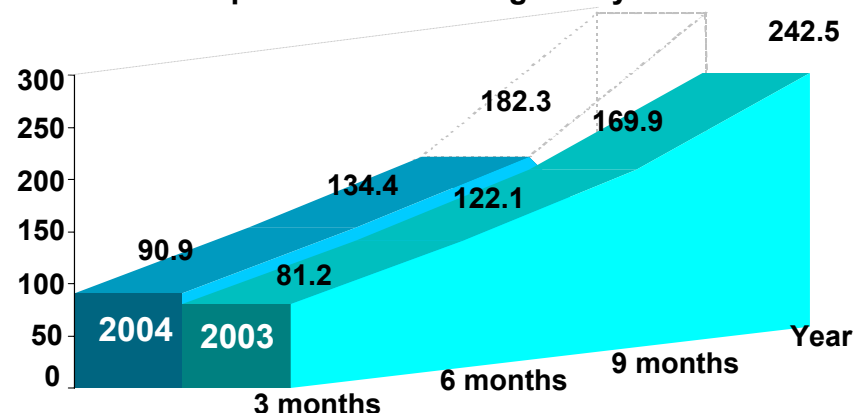
- **Growth in Water, Waste** and “**Other**” business. **Gas** business defend Ebitda despite the significant tariff reduction.
- In **Electricity** business more than 60 mln procurement and transportation costs sustained sales expansion.
- Synergies and market expansion together with head count reduction are the growth drivers

Ebit +14.5%

HERA GROUP	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	872.9	989.1	12.8%	233.4	287.3	17.8%
Turnover	925.2	1,065.7	100.0%	265.7	309.8	100.0%
Operating cost	(609.1)	(737.0)	21.0%	(168.5)	(215.7)	28.0%
Personnel costs	(146.2)	(146.4)	0.1%	(49.3)	(46.2)	(6.3)%
EBITDA	169.9	182.3	7.3%	47.9	47.9	-
Ebitda/Sales	19.4%	18.4%		18.0%	15.5%	
Amm. & Depr.	(97.5)	(99.4)	1.9%	(33.5)	(34.4)	2.7%
EBIT	72.4	82.9	14.5%	14.4	13.5	(6.2)%
Financial results	(13.7)	(15.0)	9.5%	(4.1)	(3.9)	(4.9)%
Extraordinary inc./(exp.)	0.4	(2.9)	-	3.7*	(0.5)	-
Pre Tax Profit	59.1	65.0	10.0%	14.0	9.1	(35.0)%

*3rd Q Extraordinary Inc./(Exp.) comparison are affected by incomes which were off set by expenses at year end. The balance was equal to (3,0) mln € as at 31-Dec.-2003.

Ebitda performance through the year



Capex 121.0

- Waste Capex reduced as FEA plant entered into operations ...
- IT capex increased due to implementation of SAP/ISU already in full Operation in Hera Rimini (procedures to implement it in all other L.O.C. are on track)

Net Financial Position 455.1

- Net financial position as at 30-Sept-2004 increased slightly on year end figure mainly following high capex and dividend payment (85% pay out ratio confirmed also for 2004).

Capex and Investments were almost covered by Operating Cashflows

HERA GROUP 30/09/2003 30/09/2004

Business Waste	55.8	20.0
Business Water	35.5	41.7
Business Gas	11.9	12.1
Business Electricity	1.7	2.2
Business Other	14.7	15.4
Staff & IT	17.7	29.6

Capex 137.3 121.0

Financial investments	25.2	15.0
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Total 162.5 136.0
HERA GROUP 31/12/2003 30/09/2004
Net Financial Position 444.3 455.1
D/E 0.5 0.5

Business portfolio

Sales

- The Energy business increase its incidence by 1% on Group Sales thanks to the development of Electricity sales.

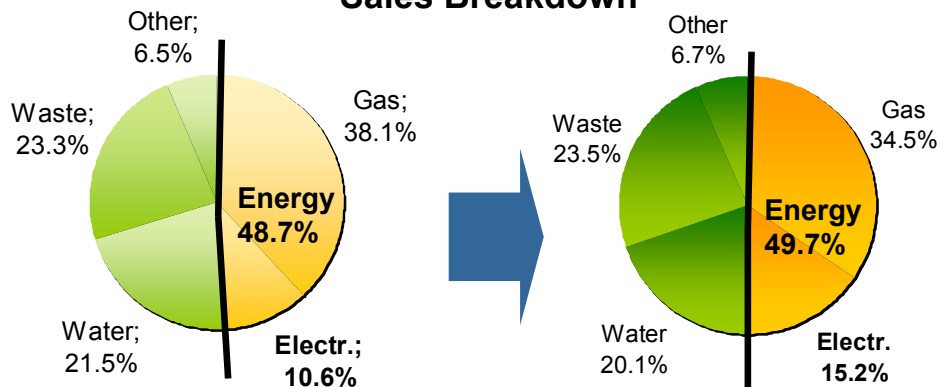
Ebitda

- Energy business Ebitda decrease its incidence on Group margin due to the development of sales in the electricity services

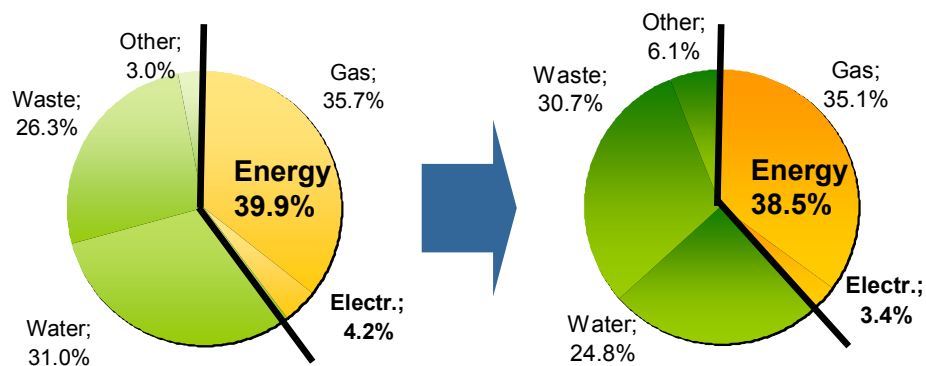
30th September 2003

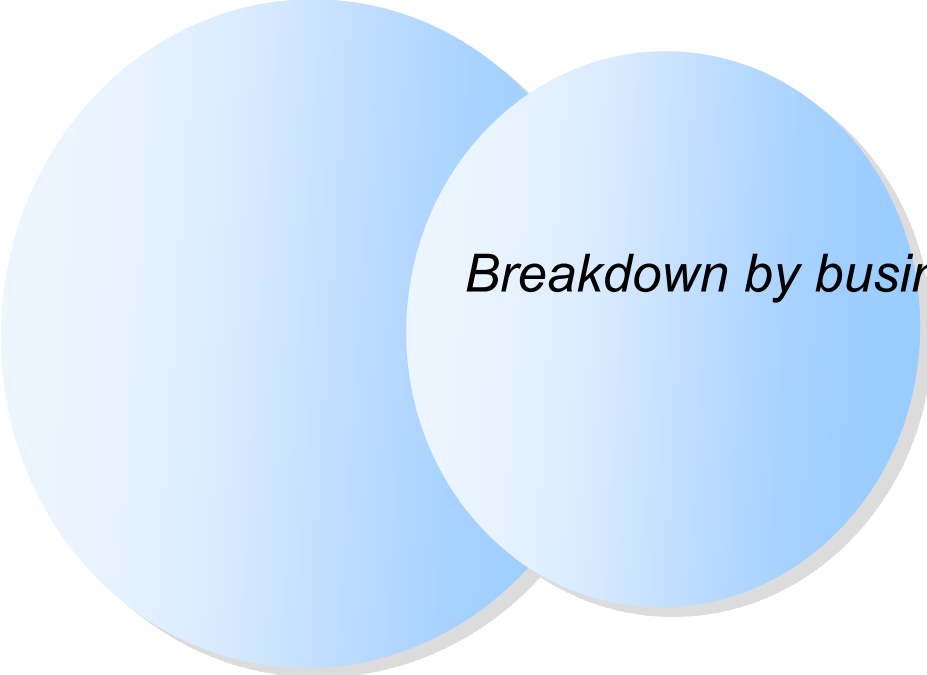
30th September 2004

Sales Breakdown



Ebitda Breakdown





Breakdown by business

Sales +15.3%

- Sales growth connected to change in sales mix and tariff and price change.
- Value added treatments increased volumes:
 - WTE activities increased by +6%
 - Composting increased by +26,9%

Ebitda +17.0%

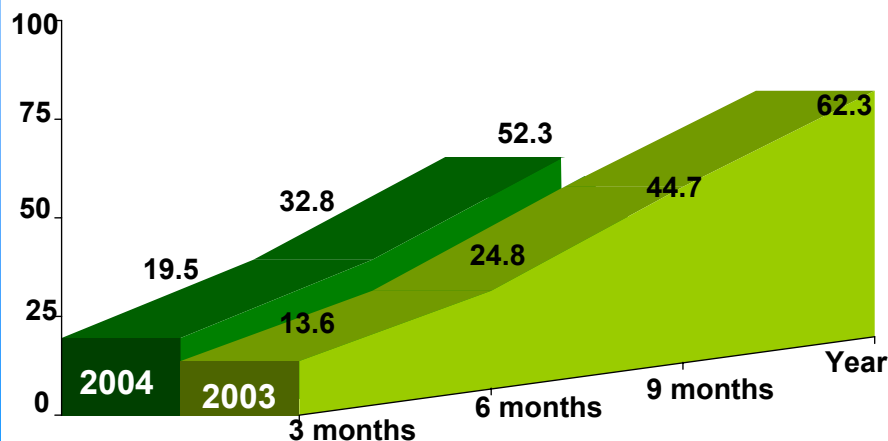
- Personnel cost lower incidence is the main driver for Ebitda margin increase of 300 basis points.
- 3rd Q 2004 did not benefit from waste importation as 2004 but benefit from increase of other high value added activities (and less low value added treatments).

FEA ended start up procedures in September and will give contribution to results starting from 1st October.

On the 19th December 2004, ATO will approve the new tariff scheme.

WASTE	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	204.9	236.3	15.3%	73.0	80.6	10.4%
Other operating cost	(103.6)	(124.4)	20.1%	(31.7)	(42.7)	34.7%
Personnel costs	(56.6)	(59.6)	5.3%	(21.4)	(18.3)	(14.5%)
Ebitda	44.7	52.3	17.0%	19.9	19.6	(1.5%)
Ebitda/Sales	21.8%	22.1%		27.3%	24.3%	

Ebitda performance through the year



Sales +6.0%

- Customers expansion, other services increase and a slightly higher tariffs more than compensate 4.2% 3rd Q volume decrease (2003 extraordinary climate conditions).

Ebitda +1.7%

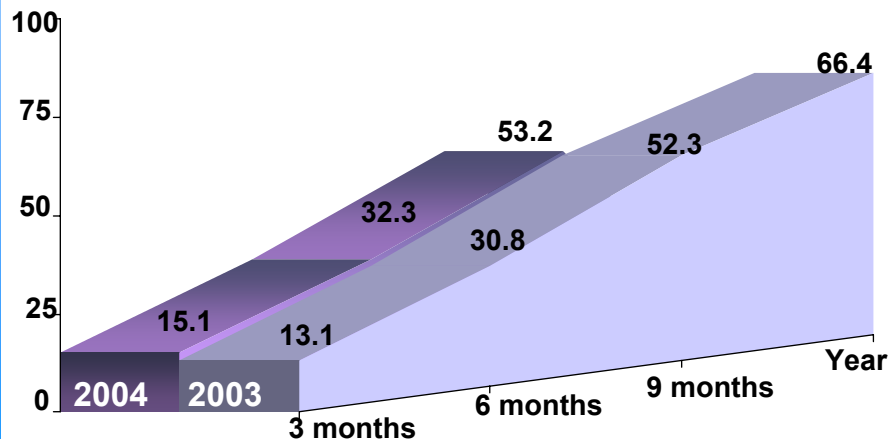
- Organic growth and the ongoing process of efficiency improvement guarantee growth.
- Lower personnel cost thanks to head count reduction

On the 19th December 2004, ATO will approve the new tariff scheme.

4thQ will benefit from "take or Pay" new contract with the water supplier

WATER	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	188.8	200.1	6.0%	70.9	73.6	3.8%
Other operating cost	(99.7)	(111.0)	11.3%	(38.5)	(41.9)	8.8%
Personnel costs	(36.8)	(35.9)	(2.4%)	(10.9)	(10.8)	(0.9%)
Ebitda	52.3	53.2	1.7%	21.5	20.9	(2.8%)
<i>Ebitda/Sales</i>	<i>27.7%</i>	<i>26.6%</i>		<i>30.3%</i>	<i>28.4%</i>	

Ebitda performance through the year



Sales **+3.5%**

- +9.1% increased volumes sold more than off set tariff reduction incurred in 2004
- +56.5% 3Q sales increase mainly related to 17.8 mln€ sales to "Traders".

Ebitda **"confirmed 2003 results"**

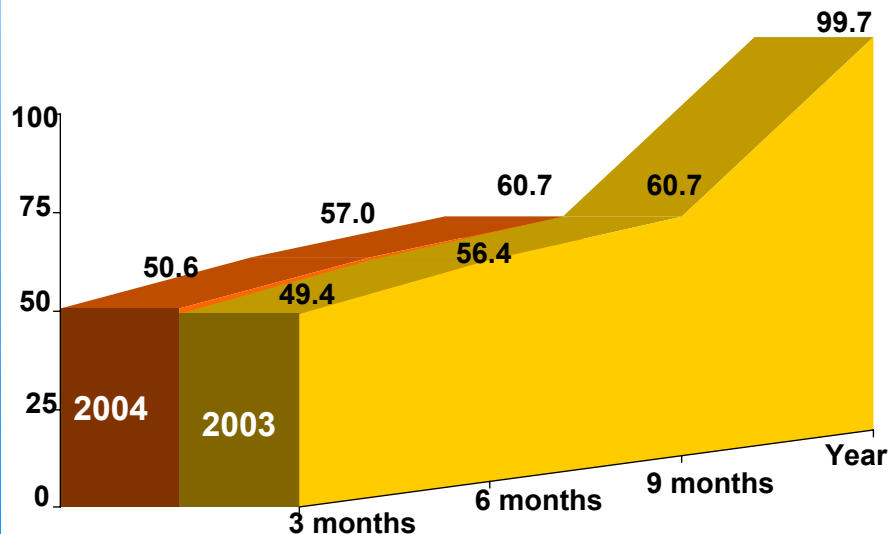
- Confirmed 2003 good results despite 2004 tariff reduction thanks to:
 - Organic growth of customers
 - Efficiency enhancement
 - Lower personnel costs

Higher volumes of Gas import might slightly affect year end results

Winter climate conditions "normalised" since the 6th November

GAS	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	335.5	347.3	3.5%	36.1	56.5	56.5%
Other operating cost	(255.4)	(268.7)	5.2%	(26.5)	(48.1)	81.5%
Personnel costs	(19.4)	(17.9)	(7.7)%	(5.3)	(4.8)	(9.4)%
Ebitda	60.7	60.7	0.0%	4.3	3.6	(16.3%)
<i>Ebitda/Sales</i>	<i>18.1%</i>	<i>17.5%</i>		<i>11.9%</i>	<i>6.4%</i>	

Ebitda performance through the year



Sales **+66.7%**

- Dual Fuel policy increase volume sold (+45.2% of volumes sold).
- A lower “eligibility threshold” changed customer mix (volume sold to “eligible” clients 91% vs. 85% as at 30 Sept. 2003)

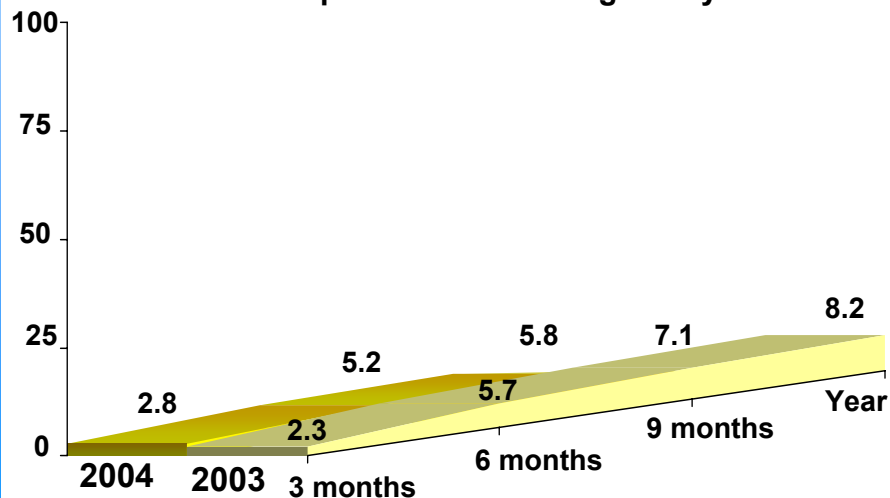
Ebitda **(18.3%)**

- Price competition reduce commercial margins
- Light cost structure permit positive results even with low and decreasing margins of sales activity
- Electricity obtained by Tirreno Power at convenient procurement cost was up to 7.4% (expected to reach 20% next year)

***Dual Fuel success defend Gas results
Vertical integrate into Electricity production
will guarantee higher margins***

ELECTRICITY	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	93.0	155.0	66.7%	36.4	51.5	41.5%
Other operating cost	(82.5)	(146.5)	77.6%	(33.6)	(50.0)	48.8%
Personnel costs	(3.4)	(2.7)	(20.6%)	(1.4)	(0.9)	(35.7%)
Ebitda	7.1	5.8	(18.3%)	1.4	0.6	(57.1%)
<i>Ebitda/Sales</i>	<i>7.6%</i>	<i>3.7%</i>		<i>3.8%</i>	<i>1.2%</i>	

Ebitda performance through the year



Sales +32.4%

- Market development focus has provided increase in Public Lighting (currently 2nd best in Italy) through internal growth only

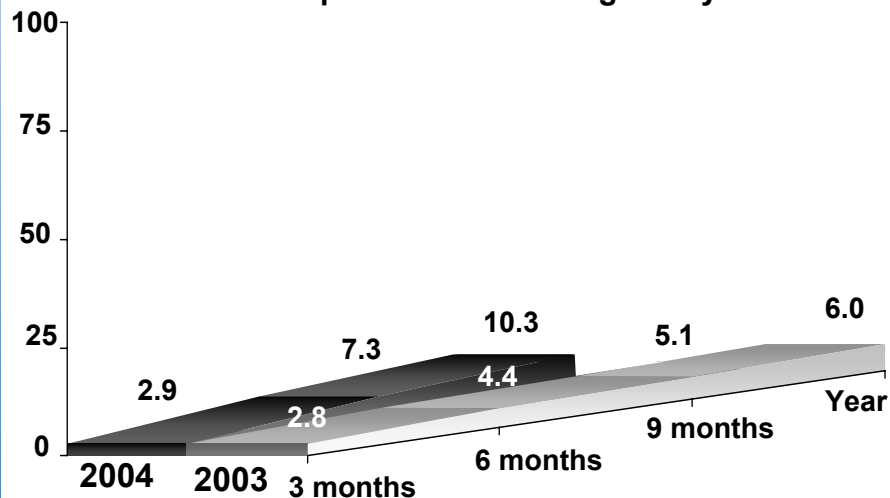
Ebitda “more than doubled”

- The economies of scale reached permit efficiency improvements
- 3rd Q 2004 evidence benefits from the on going efficiency progress

Expected higher contribution of District Heating business in 4th Q

OTHERS	30-09 2003	30-09 2004	Incr. %	3rd Q 2003	3rd Q 2004	Incr. %
Sales	57.4	76.0	32.4%	14.9	21.0	40.9%
Other operating cost	(38.3)	(51.0)	33.2%	(9.4)	(13.5)	43.6%
Personnel costs	(14.0)	(14.6)	4.3%	(4.8)	(4.4)	(8.3%)
Ebitda	5.1	10.4	103.9%	0.7	3.1	342.9%
<i>Ebitda/Sales</i>	<i>8.9%</i>	<i>13.7%</i>		<i>4.7%</i>	<i>14.8%</i>	

Ebitda performance through the year



- The first 9 month of 2004 highlight a positive growth in all main figures through internal Growth only.
- D/E ratio maintained around 0,5 thanks to cashflow covering capex and dividends.
- 4th quarter will be affected from results of:
 - Sector consolidation activities (Agea)
 - M&A operations (acquisition of Centro Ecologico)
 - New FEA plant start up.
- Further more, main changes in tariff scheme within year end:
 - Revised **waste and water** tariff schemes (Authority decision expected within year end)
 - District Heating and Heat management (eligible for white certificates recently approved by Marzano Decree)
 - Revised **gas** distribution tariffs (effective from 1st October 2004)
- Year end Ebitda target announced to the market is still about 300 mln€