


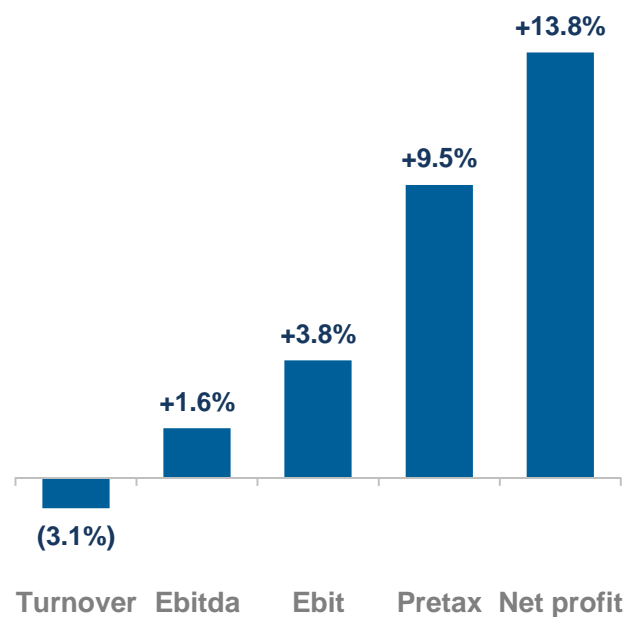


Q3 2016 Financial Results

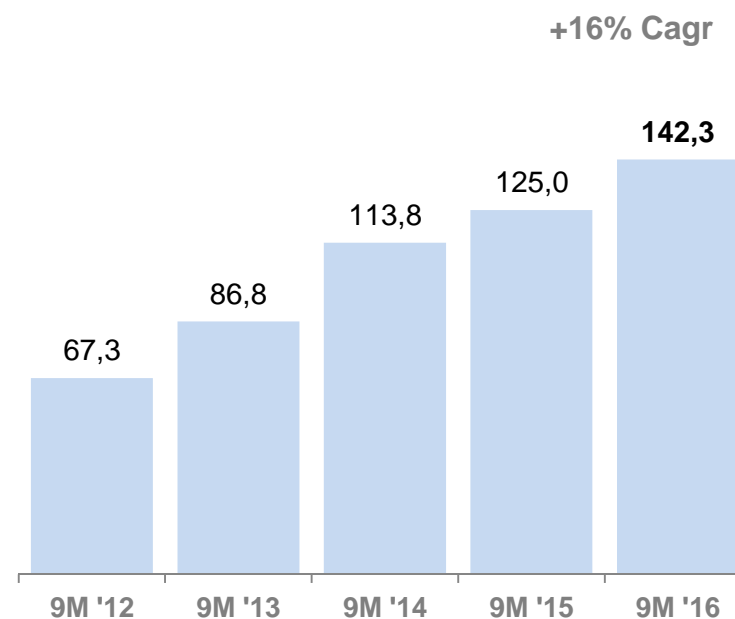
9 November 2016

The positive performance in first 9 months 2016

 **9M 2016 positive growth**
(growth rates %)



 **Doubling 9M Net Profit in 5Y**
(m€)



Boost on value creation for shareholders

Solid operating, financial and tax performances



9M RESULT HIGHLIGHTS

(M€)

	9M '15	9M '16	
Turnover	3,472.4	3,364.8	(3.1%)
EBITDA	640.2	650.6	+1.6%
<i>Ebitda margin</i>	<i>18.4%</i>	<i>19.3%</i>	
Depreciations	(250.3)	(252.1)	
Provisions	(72.7)	(69.2)	
EBIT	317.3	329.2	+3.8%
Cost of Debt	(92.2)	(84.0)	(2.5%)
Figurative interests (IAS)	(12.7)	(14.2)	
Income from Associates & J.V.	6.1	8.0	
PRETAX PROFIT	218.4	239.1	+9.5%
Tax	(83.5)	(87.2)	
<i>Tax rate</i>	<i>38.2%</i>	<i>36.5%</i>	
Minorities	(9.9)	(9.6)	
NET PROFIT POST MINORITIES	125.0	142.3	+13.8%

- **Revenues** affected by WACC cut and lower energy commodity prices.
- **Ebitda margin** affected by lower gas import and benefit from lower energy commodity prices.
- **Ebit** benefit from lower provisions to landfills.
- **Financial expenses** reduced following to lower debt and financial costs.
- **Tax rate** further decreased exploiting “patent box” and “maxi” depreciation tax benefits.
- **Minorities** benefit by increased minority stakes.

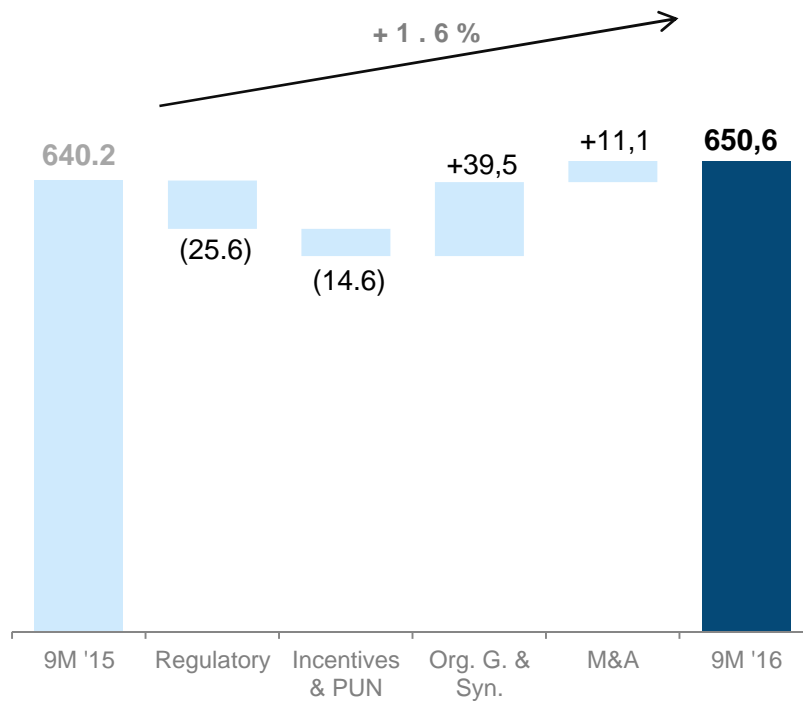
Results on track with expectations

9M Ebitda underpinned signed positive growth despite all



9M EBITDA growth drivers

(M€)

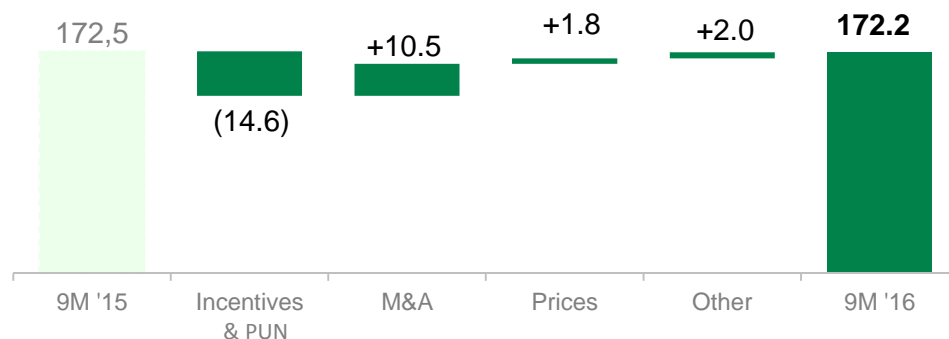


- **9M Ebitda organic growth almost offsets** WACC cut, other regulatory, lower incentives and PUN negative impacts.
- **Organic growth highlights:**
 - **Energy supply margins confirmed and customer** based expanded by 43k clients in 12 months.
 - **Waste first positive quarter** underpinned by Ravenna landfill expansion (starting from August).
 - **Other regulatory negative effects** affected organic growth.
- **M&A contribution** relates to **Geo Nova**, **Waste Recycling** and **Julia Servizi Più**.

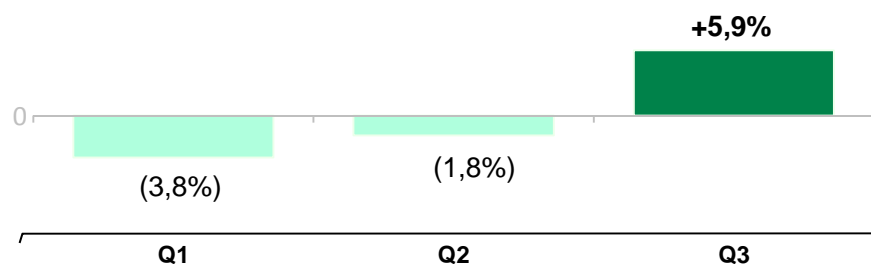
All value drivers at work across portfolio activities

WASTE: Stable results although lower incentives and landfill capacity

9M Waste Ebitda (M€)



Waste Ebitda growth by quarters (M€)



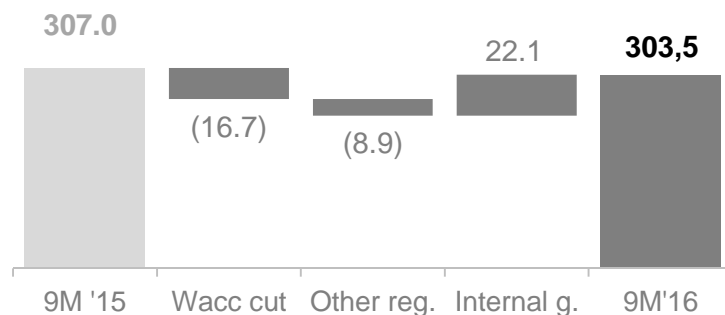
- **Incentives expiry** (Cip6) together with **green certificates** and **PUN reduction** affected results.
- **Waste Recycling** and **Geo Nova performed** in line with expectations.
- **Positive trends** in Special Waste **prices/demand** confirmed; Special Waste up by +271k ton whereas Urban waste volumes stable.
- **Landfill** contribution, **benefits from Ravenna landfill enlargement** by 1m tons (entered into operations in august).

Q3 Ebitda growth fully offsets H1 landfill negative effect

NETWORKS: tackling with regulatory impacts



9M Networks Ebitda (M€)

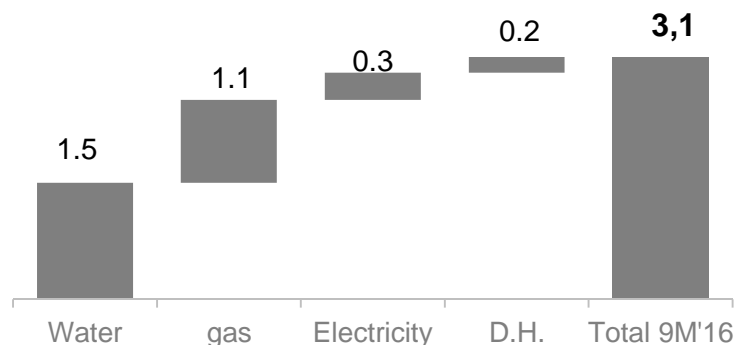


- **Ebitda substantially in line with 9M '15** being all negatives almost offset by internal growth drivers only.

- **Wacc cut** by 80 bps across all Network businesses on avg.



9M RAB by business (B€)

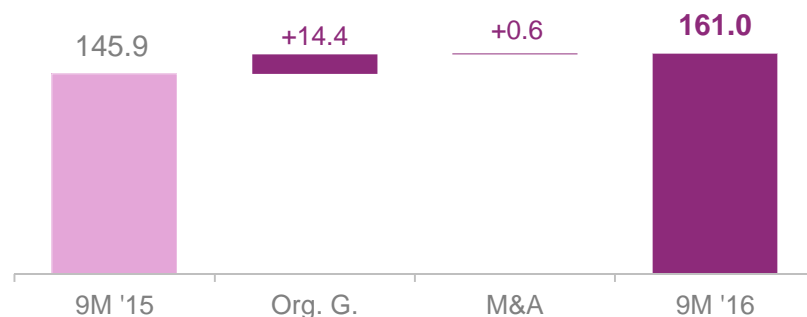


- **Water** benefit from efficiency improvements while expecting “**quality standards**” to be applied soon.
- **InRete** (spin off all Hera Spa energy networks) **established** 1st July. Reorganizations and means already in place to face gas tenders.

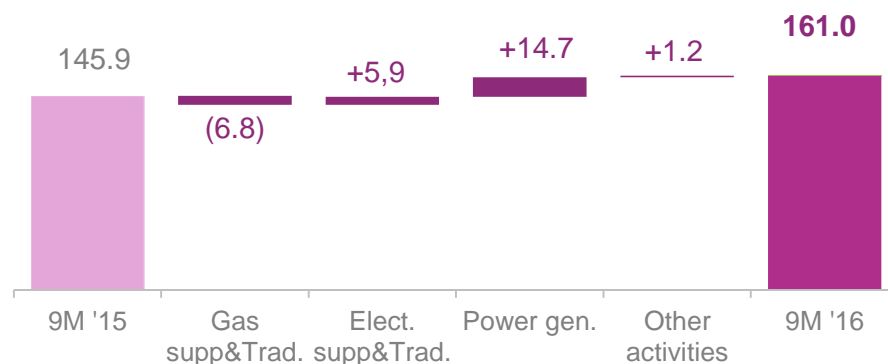
Efficiency remains management focus

ENERGY: Better and better

9M Energy Ebitda (M€)



9M Ebitda by business (M€)



- **Energy Ebitda margin** enhanced to ~9% (from ~7%) also benefitting from Power gen. positive contribution.
- **Power prices reduction** and higher **competitive pressure** has **not affected margins** (with sole exception for gas import activities).
- **Julia Servizi Più** started to **contribute to results** since April (Gran Sasso will contribute starting from Q4).

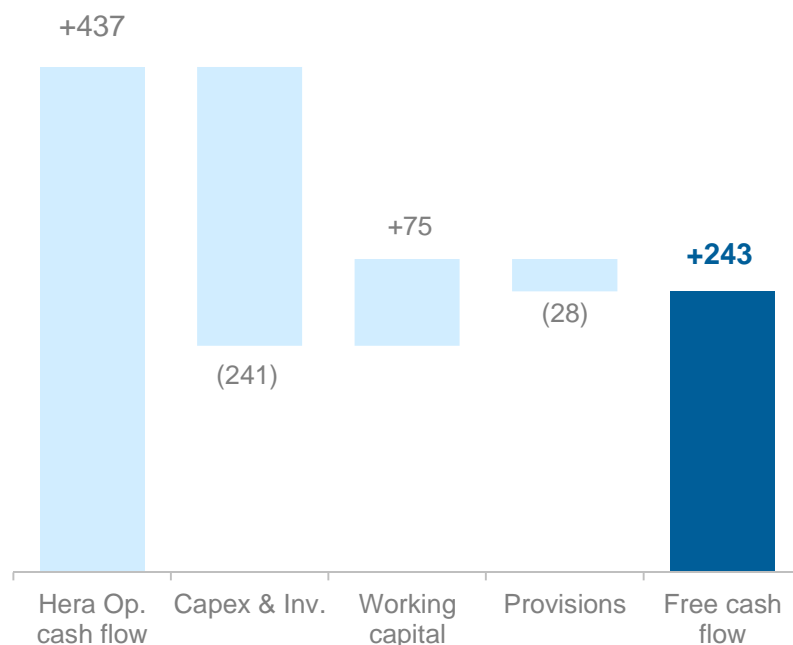
Growing through all levers

Free cash flows increase



9M cash flows

(M€)



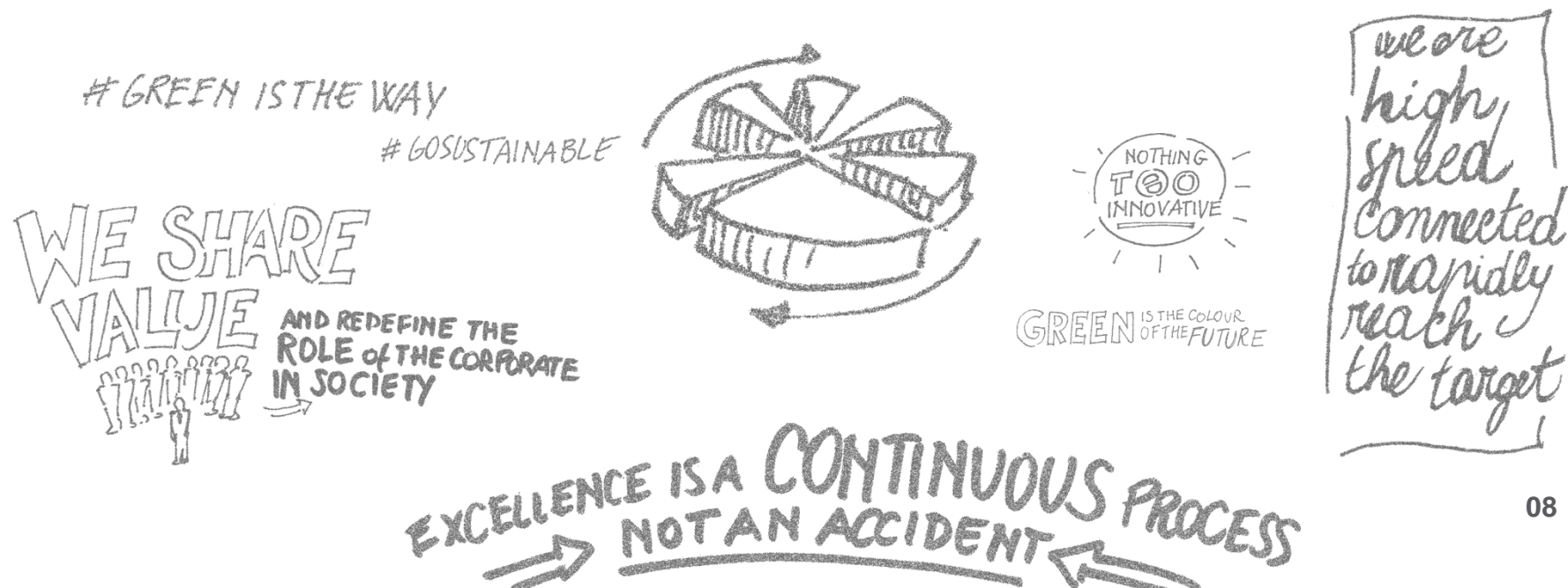
- **Enhanced Free cash generation (243m€ vs ~175m€ of 9M '15) in excess of dividend payments, and Acquisitions.**
- **Cash flows highlight capex for 241 m€ (+9% 9M/9M).**
- **Good performance on working capital management.**
- **Debt reduced to 2,567m€ (from 2,652 m€ as of 31st December 2015).**
- **Cost of debt at ~3.7%.**
- **LM executed in Oct. for 400m€ (10Y Bond at a interest rate below 1%).**

Enhanced financial structure

Closing remarks – Q&A session

- Enhanced value creation to shareholders through all levers
- M&A process contributed to growth and value creation once again
- Enhanced cash generation in excess of Capex, M&A and dividend payments
- Further liability management strengthened our financial structure

On track and the new business plan underway





Annex

With further information

Investor Relations

IR@gruppohera.it



Waste: financial highlights breakdown

Q3 highlights the resolution of landfill issue

(m€)	Q1 2015	Q1 2016	Ch. %
Revenues	214.7	235.4	+9.6%
Ebitda	64.9	62.4	(3.8%)
<i>Ebitda margin</i>	<i>30.2%</i>	<i>26.5%</i>	

(m€)	Q2 2015	Q2 2016	Ch. %
Revenues	215.4	256.0	+18.8%
Ebitda	54.9	54.0	(1.6%)
<i>Ebitda margin</i>	<i>25.5%</i>	<i>21.1%</i>	

(m€)	Q3 2015	Q3 2016	Ch. %
Revenues	249.1	236.2	(5.2%)
Ebitda	52.7	55.8	+5.9%
<i>Ebitda margin</i>	<i>21.1%</i>	<i>23.6%</i>	

(m€)	9M 2015	9M 2016	Ch. %
Revenues	679.3	727.6	+7.1%
Ebitda	172.5	172.2	(0.1%)
<i>Ebitda margin</i>	<i>25.4%</i>	<i>23.7%</i>	

Volumes

Data	Q1 2015	Q1 2016	Ch. %	Q2 2015	Q2 2016	Ch. %	Q3 2015	Q3 2016	Ch. %
Urban W. Volumes (Kton)	470.1	471.0	+0.2%	548.7	536.6	(2.2%)	514.2	525.8	(0.3%)
Special W. Volumes (Kton)	468.7	581.0	+24.0%	512.5	597.1	+16.5%	495.0	569.5	+16.8%
Waste from third parties	938.8	1,052.0	+12.1%	1,061.1	1,133.8	+6.8%	1,009.2	1,095.2	+7.9%
Internal W. Volumes (Kton)	647.2	625.7	(3.3%)	604.2	650.6	+7.7%	465.8	593.6	+14.8%
Total Volumes Treated	1,586.0	1,677.7	+5.8%	1,665.4	1,784.4	+7.1%	1,475.0	1,688.8	+10.2%

Water: financial highlights breakdown

Tackling with WACC cut exploiting efficiencies improvement

(m€)	Q1 2015	Q1 2016	Ch. %
Revenues	182.6	179.4	(1.7%)
Ebitda	50.5	49.8	(1.3%)
<i>Ebitda margin</i>	<i>27.7%</i>	<i>27.8%</i>	

(m€)	Q2 2015	Q2 2016	Ch. %
Revenues	194.8	194.7	(0.1%)
Ebitda	57.1	56.8	(0.5%)
<i>Ebitda margin</i>	<i>29.3%</i>	<i>29.2%</i>	

(m€)	Q3 2015	Q3 2016	Ch. %
Revenues	221.7	220.3	(0.7%)
Ebitda	67.0	67.0	(0.0%)
<i>Ebitda margin</i>	<i>30.2%</i>	<i>30.4%</i>	

(m€)	9M 2015	9M 2016	Ch. %
Revenues	599.1	594.4	(0.8%)
Ebitda	174.7	173.7	(0.6%)
<i>Ebitda margin</i>	<i>29.2%</i>	<i>29.2%</i>	

Volumes

Data	Q1 2015	Q1 2016	Ch. %	Q2 2015	Q2 2016	Ch. %	Q3 2015	Q3 2016	Ch. %
Aqueduct (mm3)	69.3	69.8	+0.7%	74.1	73.2	(1.3%)	87.5	85.1	+7.6%
Sewerage (mm3)	56.9	57.3	+0.8%	61.0	60.8	(0.3%)	72.3	70.5	+7.0%
Purification (mm3)	56.4	56.8	+0.6%	60.5	60.3	(0.3%)	71.6	69.9	+7.0%

Gas: financial highlights breakdown



Results account WACC cut and lower trading margins

(m€)	Q1 2015	Q1 2016	Ch. %
Revenues	632.1	557.9	(11.7%)
Ebitda	128.4	128.7	+0.2%
<i>Ebitda margin</i>	<i>20.3%</i>	<i>23.1%</i>	

(m€)	Q2 2015	Q2 2016	Ch. %
Revenues	259.4	235.9	(9.1%)
Ebitda	44.0	33.4	(24.2%)
<i>Ebitda margin</i>	<i>17.0%</i>	<i>14.1%</i>	

(m€)	Q3 2015	Q3 2016	Ch. %
Revenues	225.9	238.5	+5.6%
Ebitda	31.2	24.5	(21.5%)
<i>Ebitda margin</i>	<i>13.8%</i>	<i>10.3%</i>	

(m€)	9M 2015	9M 2016	Ch. %
Revenues	1,117.3	1,032.2	(7.6%)
Ebitda	203.6	186.5	(8.4%)
<i>Ebitda margin</i>	<i>18.2%</i>	<i>18.1%</i>	

Volumes

Data	Q1 2015	Q1 2016	Ch. %	Q2 2015	Q2 2016	Ch. %	Q3 2015	Q3 2016	Ch. %
Volumes distrib. (mm3)	1,358.3	1,313.3	(3.3%)	370.8	361.6	(2.5%)	243.3	243.5	(5.7%)
Volumes sold (mm3)	1,362.3	1,261.2	(7.4%)	481.6	701.8	+45.7%	442.4	563.4	+85.0%
of which trading (mm3)	356.5	324.0	(9.1%)	233.5	416.2	+78.2%	272.0	361.2	+217.6%
District Heating (GWht)	253.8	238.9	(5.9%)	45.7	44.6	(2.4%)	25.3	26.3	(8.6%)
Clients ('000 unit)	1,315.4	1,327.1	+0.9%				1,314.7	1,338.4	+1.8%

Electricity: financial highlights breakdown



Electricity: regulatory changes and better Power gen. management

(m€)	Q1 2015	Q1 2016	Ch. %
Revenues	391.4	362.9	(7.3%)
Ebitda	29.3	33.2	+13.3%
<i>Ebitda margin</i>	<i>7.5%</i>	<i>9.1%</i>	

(m€)	Q2 2015	Q2 2016	Ch. %
Revenues	326.7	334.8	+2.5%
Ebitda	20.3	43.1	+112.3%
<i>Ebitda margin</i>	<i>6.2%</i>	<i>12.9%</i>	

(m€)	Q3 2015	Q3 2016	Ch. %
Revenues	439.7	377.8	(14.1%)
Ebitda	25.1	28.0	+11.6%
<i>Ebitda margin</i>	<i>5.7%</i>	<i>7.4%</i>	

(m€)	9M 2015	9M 2016	Ch. %
Revenues	1,157.8	1,075.5	(7.1%)
Ebitda	74.7	104.3	+39.7%
<i>Ebitda margin</i>	<i>6.4%</i>	<i>9.7%</i>	

Volumes

Data	Q1 2015	Q1 2016	Ch. %	Q2 2015	Q2 2016	Ch. %	Q3 2015	Q3 2016	Ch. %
Volumes sold (GWh)	2,377.9	2,524.2	+6.2%	1,263.9	1,142.6	(9.6%)	2,036.7	1,869.7	+112.1%
of which Salvaguardia (GWh)	510.4	656.5	+28.6%	472.4	520.3	+10.1%			
Volumes distrib. (GWh)	756.5	862.6	+14.0%	715.6	584.3	(18.3%)	825.6	768.9	+4.1%
Clients ('000 unit)	808.2	862.6	+6.7%	18.1	(7.0)	(138.7%)	844.4	863.8	+2.3%