



Press release

Bologna, 26 August 2015

Hera's Board of Directors approves the results for the first half of 2015

The financial report for the six months ended 30 June 2015 shows improvement in all the main financial and operating figures, thanks in particular to internal growth and the effects of the consolidation of Amga Udine

Financial highlights

- Revenues of €2,213.0 million (+6.1%)
- EBITDA of €459.1 million (+2.5%)
- Net profit post minorities €107.3 million (+11.4%)
- Net debt stable at €2,655.9 million

Operational highlights

- Benefits deriving from the consolidation of Amga Udine
- Excellent performance of the gas segment, also in relation to greater volumes sold
- Good contribution of water to growth, thanks to improved efficiency
- Expanded footprint in gas and electricity as customer base exceeds 2.2 million

The Board of Directors of the Hera Group approved today unanimously the consolidated financial statements for the six months ended 30 June 2015, which show positive and growing results in all its metrics, including net profit.

Revenues up 6.1%

In the first half of 2015, revenues amounted to €2,213.0 million, up €126.3 million (+ 6.1%), compared to €2,086.7 million at 30 June 2014. This increase was due mainly to the change in the scope of consolidation (including completion of the integration of Amga Udine which began on 1 July 2014) and the good performance of all the business segments in the second quarter.

EBITDA up to €459.1 million

In the first half of 2015 EBITDA too was up, going from €448.0 million for the first half of 2014 to €459.1 million for the first half of 2015 (+ 2.5%). The contribution of both the gas segment, whose EBITDA rose by €21.5 million, and the water segment, whose EBITDA grew by €4.9 million, more than offset the decreases in other business segments, which were affected by certain non-recurring factors in 2014.

Operating profit and pre-tax profit up

Operating profit rose to €245.0 million (slightly up on €242.8 million for the first half of 2014), while pre-tax profit reached €183.7 million (+ 4% on €176.7 million at 30 June 2014), as the difference between interest expense and interest income fell to €61.3 million, or 7.3% from the comparable amount in 2014. Such improvement was due in particular to the lower average cost of debt and greater profits contributed by associated companies and joint ventures.

**Net profit €107.3 million (+11.4%)**

Thanks to a tax rate of 37.2%, reflecting an improvement over the 39.3% of the previous year, net profit post minorities rose to €107.3 million, up 11.4% on the first half of 2014 (net profit per share up 6.7%).

About €150 million in investments and improved Net Debt compared to the first half of 2014

In the first half of 2015, the Group's capital expenditure amounted to €144.8 million, in line with the projections in the business plan, and concerned mainly activities on plants, grids and infrastructure. Of this sum, €60 million went to the water business and €32.2 million to the gas area.

Net Debt at 30 June 2015 settled at €2,655.9 million, which was largely in line with the €2,640.4 million at 31 December 2014 but better than the comparable figure at 30 June 2014 (€2,730.5 million), thanks to positive cash flows from operating activities – which made it possible to pay a dividend of €0.09 per share, for a total of €142.4 million – and the effects of the integration of Amga Udine.

Gas

For the six months ended 30 June 2015, EBITDA in the gas segment - which includes distribution and sales of gas methane, LPG, district heating and heat management – stood at €172.5 million, + 14.2%, compared to €151.0 million at 30 June 2014, increasing also its contribution to the Group's EBITDA in both absolute and percentage terms, compared to a year ago. The excellent performance of the gas segment was due to greater volumes sold (it is worthy of note that the same period of the previous year was affected by the exceptionally mild weather of the early months of 2014), the consolidation of Amga Udine and the default gas contract awarded to Hera Comm for two years starting 1 October 2014 in Emilia Romagna, Friuli Venezia-Giulia, Toscana, Umbria and Marche.

The number of gas customers went up to 1.3 million, with an increase of nearly 100,000 from the comparable year-earlier period.

The segment's EBITDA accounted for 37.6% of the Group's EBITDA.

Water

In the first half of 2015, this segment – which includes aqueduct, purification and sewerage services - grew on the comparable year earlier period, both in absolute terms and in terms of contribution to the Group's EBITDA. EBITDA rose from €102.7 million in the first half of 2014 to €107.6 million for the first six months of 2015 (+ 4.7%), benefitting in particular from the coming into force of the new water tariff method set by AEEGSI for the 2014-2015 period and the efficiency improvement activities undertaken by the Group.

The segment accounted for 23.4% of the Group's EBITDA.

Waste management

EBITDA for the waste management business – which includes waste collection, treatment and disposal – went from €122.3 million for the first half of 2014 to €119.8 million for the six months ended 30 June 2015 (-2.0%), mainly due to the reduction of energy operation incentives and the concentration in the first quarter of maintenance activities on four WTE plants. In the period under review recycling and disposal activities focused on types of waste which commanded slightly rising average market prices, compared to the same period of the previous year. In particular, in the second quarter waste treatment activities returned to their normal level.

The percentage of sorted waste collection in the geographies served by the Group was up again, as it went from 53.3% for the first half of 2014 to 54.6% at 30 June 2015, thanks to the large number of projects implemented in all the areas.

The segment accounted for 26.1% of the Group's EBITDA.



Electricity

EBITDA for the electric energy segment – which includes production, distribution and sales of electric energy - went from €62.7 million for the first half of 2014 to €49.6 million for the six months ended 30 June 2015. The lower EBITDA (-20.9%) was due mainly to extraordinary items, including lower regulated revenues from the distribution service determined by the specific equalization effect occurred in the area of Gorizia in 2014. In the period under review, the electricity sales activities showed improvement on the comparable year-earlier period, thanks to a growing customer base. In fact, total customers exceeded 826,000, up 11.1%, thanks to growth in the free market and the contribution of Amga Energia & Servizi.

The segment accounted for 10.8% of the Group's EBITDA.

Statement of Executive Chairman Tomaso Tommasi di Vignano

"The results of the first half of 2015 were positive once again and show how the Group has been able to deliver solid financial and operating performance for its shareholders, which is even more remarkable in light of an economic picture that is still marked by uncertainty. The period in question benefited both from the efficiency improvement actions and the M&A activities undertaken in a balanced way and in line with the guidelines outlined in the Group's business plan".

Statement of the Managing Director Stefano Venier

"The results obtained especially in the second quarter are satisfactory. The performance of the commercial energy area was quite remarkable, as it exceeded expectations related only to a greater demand due to colder weather, in a context marked by growing competition. Further growth was posted also by regulated activities, due mainly to effective cost curbing actions, which made it possible for the waste management business to perform in line with expectations. In the first half of 2015 the quality of service improved, as shown by the environmental and sustainability indicators adopted, which is evidence to the Group's ability to set and reach excellence targets also in these regards".

Pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Finance Act, the Chief Financial Officer, Luca Moroni, declares that the information contained in this press release corresponds to the entries made in the accounting documents, ledgers and records.

The half-yearly financial statements and the respective documentation will be available to the public at the Company's headquarters and on the www.gruppohera.it website and on the authorized storage device 1Info (www.1info.it)

The unaudited financial statements, extracted from the Consolidated Interim Report as at 30 June 2015, are attached hereto.

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Profit & Loss (m€)	30/06/15	Inc. %	30/06/14	Inc. %	Ch.	Ch. %
Sales	2,213.0		2,086.7		+126.3	+6.1%
Other operating revenues	155.9	7.0%	138.8	6.6%	+17.1	+12.3%
Raw material	(1,103.9)	-49.9%	(988.3)	-47.4%	+115.6	+11.7%
Services costs	(530.7)	-24.0%	(518.3)	-24.8%	+12.4	+2.4%
Other operating expenses	(26.9)	-1.2%	(26.9)	-1.3%	+0.0	+0.0%
Personnel costs	(260.7)	-11.8%	(251.7)	-12.1%	+9.0	+3.6%
Capitalisations	12.4	0.6%	7.8	0.4%	+4.6	+58.9%
Ebitda	459.1	20.7%	448.0	21.5%	+11.1	+2.5%
Depreciation and provisions	(214.0)	-9.7%	(205.2)	-9.8%	+8.8	+4.3%
Ebit	245.0	11.1%	242.8	11.6%	+2.2	+0.9%
Financial inc./(exp.)	(61.3)	-2.8%	(66.1)	-3.2%	-4.8	-7.3%
Pre tax profit adjusted	183.7	8.3%	176.7	8.5%	+7.0	+4.0%
Tax	(68.3)	-3.1%	(69.5)	-3.3%	-1.2	-1.7%
Net profit adjusted	115.4	5.2%	107.2	5.1%	+8.2	+7.7%
Non recurrent financial items	-	0.0%	(2.5)	-0.1%	-2.5	-100.0%
Net profit	115.4	5.2%	104.7	5.0%	+10.7	+10.2%
Attributable to:						
Shareholders of the Parent Company	107.3	4.8%	96.3	4.6%	+11.0	+11.4%
Minority shareholders	8.1	0.4%	8.5	0.4%	-0.4	-4.5%

Balance sheet (m€)	30/06/15	Inc. %	31/12/14	Inc. %	Var. Ass.	Variaz. %
Net fixed assets	5,432.0	106.8%	5,445.8	106.8%	(13.8)	(0.3%)
Working capital	153.0	3.0%	153.1	3.0%	(0.1)	(0.1%)
(Provisions)	(500.0)	-9.8%	(499.5)	-9.8%	(0.5)	+0.1%
Net invested capital	5,085.0	100.0%	5,099.4	100.0%	(14.4)	(0.3%)
Net equity	(2,429.1)	47.8%	(2,459.0)	48.2%	+29.9	(1.2%)
Long term net financial debts	(2,683.6)	52.8%	(2,969.3)	58.2%	+285.7	(9.6%)
Short term net financial debts	27.7	-0.5%	328.9	-6.4%	(301.2)	(91.6%)
Net financial debts	(2,655.9)	52.2%	(2,640.4)	51.8%	(15.5)	+0.6%
Net invested capital	(5,085.0)	-100.0%	(5,099.4)	100.0%	+14.4	(0.3%)