



INDEX

02 Focus on H1 2015 results

03 Excellence projects at Hera Group

04 Hera and the Stock Exchange Shareholder Base Analyst Coverage

01 Message from the Executive Chairman of the Board

Half-year results confirm that Hera is on track, along the planned path, for both growth and efficiency



Dear Shareholders,
The 2015 Interim Report allows Hera to present a comforting set of results, proving that the levers moved have actually produced growth and efficiency, creating value.

I would like first to point out that the external environment in which we had to operate in the first half of 2015 has not provided very beneficial factors. The Italian GDP growth is still weak and erratic; the overcapacity of the Energy sector continues to put margins of liberalised businesses under pressure, while the high fragmentation of local utilities continues, despite the latest Government initiatives favouring the aggregation process. On the other hand, we could benefit from winter temperatures that in 2015 have been lower than in 2014, even though they have not come back so far to levels in line with the average indicated by historical series.

Within such a context, in the first half of 2015 Hera has reached an EBITDA of 459.1 million euro, with the 2.5% growth supported by a sound increase in the EBITDA of the Gas business (+14.2%). Such a performance also stems from the successful execution of well-defined strategic priorities and management policies. As you will see in detail on page 2, among the achievements of the first half, further progresses in the commercial activities of the

Energy businesses are noticeable; their outcome have allowed Hera to record growth rates that exceed both the effect of more "normal" winter temperatures and the pace in the recovery of the Italian economy. Our energy clients – a real asset for Hera – reached 2.1 million, thanks to the combination of the Amga Udine consolidation and successful marketing and loyalty programmes of Hera Comm.

The well-balanced structure of our activities' portfolio proved to be rewarding even for the satisfactory results in regulated business, as in Water - to set an example - where effective cost control and best management have supported the 4.7% increase in EBITDA, making us ready for the 2016 tariff reviews.

Improvements achieved in the finance area and a lower fiscal burden have allowed us to translate operating results down to the bottom

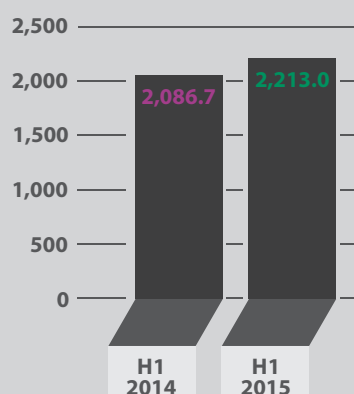
line to a greater extent than in the past, as the 11.4% rise in net profit proves. We feel confident, on the back of interim results, to be well on track with planned growth; therefore, we are already working hard to prepare the new Strategic Plan that we will present next autumn. We will thus provide further visibility to the actions through which we will execute our commitment to offer interesting and sustainable returns to shareholders.

Tomaso Tommasi di Vignano

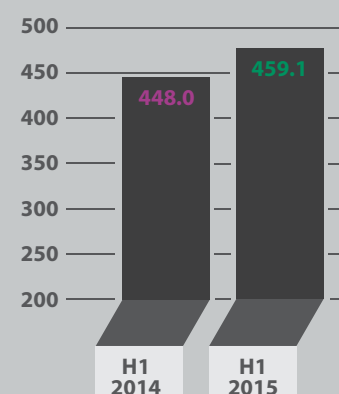
BOTH ORGANIC GROWTH AND M&A CONTINUE TO PLAY A KEY ROLE IN GROUP EXPANSION, AS PROVEN BY THE 6.1% INCREASE IN HALF-YEAR REVENUES.

Strong performance in the Gas area (+14.2%) has led H1 2015 EBITDA growth.

Revenues m €



EBITDA m €





FIRST HALF 2015

(figures in million euro)

REVENUES

2,213.0 (+6.1%)

EBITDA

459.1 (+2.5%)

EBIT

245.0 (+0.9%)

NET OPERATING INVESTMENTS

139.5 (+6.2%)

NET FINANCIAL DEBT

2,655.9

Focus on H1 2015 results

/// First-half 2015 results present noteworthy growth rates both at headline and at bottom line, thus confirming that all value creation areas – namely at operating, financial and fiscal level – provided a positive contribution.

/// Net financial debt amounted to 2.66 billion euro, once operating cash flow has fully covered the dividends' payment.

/// The Gas business, the main driver of consolidated EBITDA growth, reached a 37.6% weight on Group EBITDA. Waste and Electric Energy reflect the impact of extraordinary negative factors.

In the first half of 2015 Hera Group Revenues increased by 6.1%; in addition to the incremental contribution from Amga Udine (included in the scope of consolidation starting from 1st July 2014), also the strong performances in the Gas and Trading areas have driven revenues. In H1 2015 EBITDA improved by 2.5%, reaching 459.1 million euro, essentially because of the growth achieved in Gas and Water. Depreciation and Provisions grew by 4.3%, mainly reflecting the new consolidation perimeter; EBIT, which at the end of Q1 2015 recorded a 1.6% decrease vs. the same period of 2014, at the end of H1 2015 changed its direction, showing a 0.9% increase vs. H1 2014. The finance area presents strong performance, with financial operations amounting to -61.3 million euro, with a 4.8 million decline vs H1 2014 (-7.3%) due to higher equity income and lower average cost of debt. Even taxes decline, moving from -69.5 million euro in H1 2014 to -68.3 million euro (-1.7%), while tax rate decreases from 39.3% to 37.2%, as a consequence of the Robin Hood Tax cancellation and lower IRAP (Regional Tax on Production Activities).

In H1 2014 moreover Hera posted 2.5 million euro of non-recurring financial charges, due to equity holdings' write offs. There was no similar item charged in the Profit & Loss Account of H1 2015. Net profit of the Hera Group therefore amounts to 107.3 million euro, showing an 11.4% increase vs. the same period of 2014

EBITDA

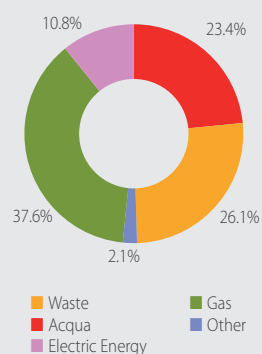
| m € | H1 2014 | H1 2015 | Change |
|-----------------|--------------|--------------|--------------|
| Waste | 122.3 | 119.8 | -2.0% |
| Water | 102.7 | 107.6 | +4.7% |
| Gas | 151.0 | 172.5 | +14.2% |
| Electric Energy | 62.7 | 49.6 | -20.9% |
| Other | 9.3 | 9.6 | +3.5% |
| TOTAL | 448.0 | 459.1 | +2.5% |

Consolidated EBITDA presents a sound overall performance (+2.5%), which synthesises the average of differentiated results in different business areas. The improvement recorded in the EBITDA of Gas (+14.2%, a 21.5 million euro increase) and Water (+4.7%, a 4.9 million euro increase) have offset the lower contribution from the EBITDA of Electric Energy (-20.9%, a 13.1 million euro decrease) and Waste (-2.0%, a 2.5 million euro decrease). The Gas area benefitted from the strong expansion of volumes sold (+33.7%), thanks to the

Amga Udine integration, the default gas service won by Hera Comm in 5 Italian regions and lower temperatures compared to those exceptionally mild in H1 2014. The 4.7% growth in the Water EBITDA reflects the positive impact of the new 2015 tariffs set by the Authority and higher income from works. The EBITDA of the Waste area shows a 2.0% decrease, in line with that of revenues (-2.2%). The decline was essentially due to annual maintenance activities concentrated in Q1 2015, involving four WTE plants that have been again

fully operational in Q2 2015, when the EBITDA of the Waste business resumed growth. Moreover, the improvement in sorted urban waste continues, with a weight rising to 54.6% from 53.3% in H1 2014. The 20.9% fall in the Electric Energy EBITDA reflects a relevant extraordinary component, i.e. the equalisation amounts referring to H1 2014 in the Gorizia area (9.2 million). Still very supportive both the 11.1% expansion in the number of clients (826,300 as at 30 June 2015) and the increase in volumes sold (+3.6%).

H1 2015 EBITDA Breakdown



Hera Group excellence projects

/// One strategic priority for Hera is to achieve excellence in the process management of operational activities. Both projects described in this newsletter are good examples of this strategy.

New Trieste sewage disposal plant

/// Servola (Trieste) pilot-project aims to innovate the purification process by minimizing energy usage.

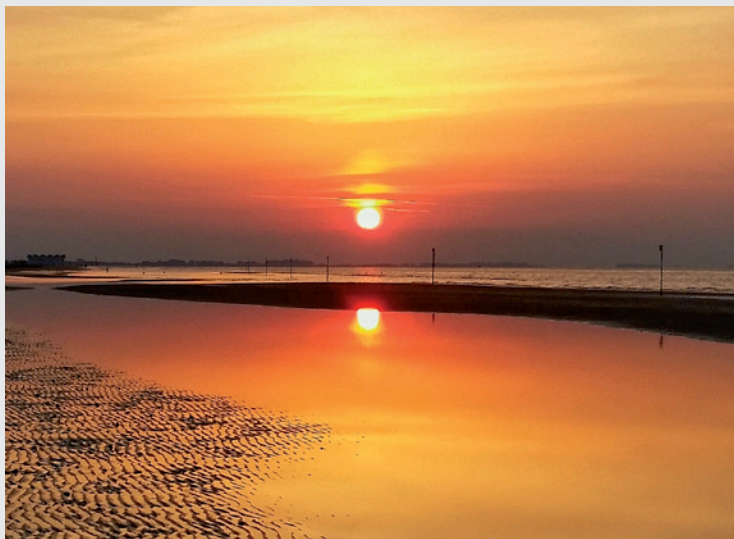
The present sewage disposal plant for the Trieste urban area, located in Servola, is involved in a pilot-project aimed to improve the purification process through the minimisation of energy usage.

Hera expects substantial benefits, both in terms of environmental impact and of financial returns achievable via Energy Efficiency Certificates (EEC or White Certificates). Thanks to the process innovation, the Trieste plant will release to sea properly purified water through a 7 km long underwater pipeline.

SCHEDULED MILESTONES FOR THE PROJECT:

- October 2015: works' start
- January 2017: start of site biological treatment
- March 2018: works' completion

Upon completion, new Trieste plant will be the first sewage treatment plant able to adjust its purification performance to the conditions of the receiving body of water.



Continuous improvements at the Hera Remote Control System

/// "Expert system" integration is close to give a new boost to the functionality of the Main Remote Control System in Forlì.

Hera centralises the remote control of both plants and technological networks in a single site located in Forlì, together with the technical call center. The system allows the management of the full Group operational process by uniform behaviours and decision-making procedures, at the same time cutting operational costs and assuring high and standardised quality as well as efficiency levels. At the Forlì site there is also a Tele-control Laboratory employing a technical staff dedicated to the development of new System functionalities and to the testing of new field RTUs (Remote Terminal Units). The current Remote Control System has

the highest levels of reliability, safety (five levels of redundancy) and performance; it includes a separated Remote Control System dedicated to auto-diagnosis and monitoring of the Main System. The Hera Remote Control System already presents highly efficient standards both in design and in utilisation patterns. Aspiration to excellence and to setting new edges drives of the new project, which will integrate an "expert system" in the current Scada remote control system, in order to support the site technicians by providing them with the best alternatives in procedures obtained by the analysis of plants' status.

FORLÌ REMOTE CONTROL SYSTEM AND CALL CENTER KEY FIGURES



358 Townships served by Hera

4.4 million Clients served by Hera

1,000+ calls/day received by the call center

6,000 field peripherals (RTUs and cathodic protection)

3,890 remotely controlled installations

8+ million acquired information by the system daily

7,090 plants' synoptics internally managed

346,000 points continuously monitored through sensors

114,000 /yr work orders directly generated by SAP CRM

Hera share

Price as at 25 August 2015: **2.22 €**

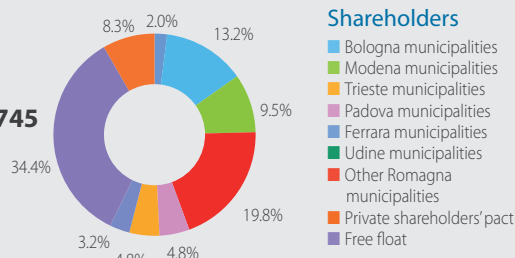
High-Low 365 dd: **2.44-1.85 €**

No. outstanding shares: **1,489,538,745**

Mkt. Cap.: **3.31 bn €**

Consensus target price: **2.64 €**

(source: broker research)



Hera's stock index membership

FTSE Italia | All-Share Capped + All-Share+ Mid Cap + Public Services

STOXX | Total Market Index+Europe+Europe ex-UK+Italy

STOXX | TMI+Europe in the segments: Utilities, Gas-Water & Multiutilities, Value

Axia Ethical

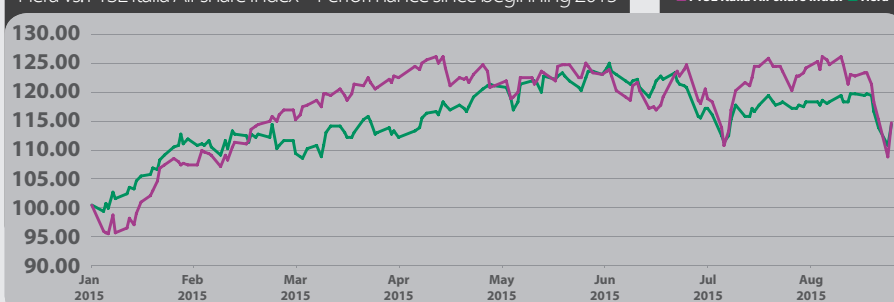
Kempen SNS Smaller Europe SRI Index

FTSE ECPI | Italia SRI Benchmark + Italia SRI Leaders + Ethical Index EMU

Hera's stock price since beginning 2015



Hera vs. FTSE Italia All-share Index – Performance since beginning 2015



After the release of Q1 2015 results, which took place on 13 May, the Hera stock price has reached the year-high of 2.44 euro on 3 June, in the wake of sound fundamentals. During the following weeks, the stock price has reflected the uncertainty about the outcome of the Greek debt crisis, which has generated rapid corrections on all stock markets, while leading Hera price to a period low of 2.16 euro on 7 July. Later on, the arising solution to avoid the exit of Greece from Eurozone and the recovery signs coming from real economy indicators have fuelled an uptrend of the stock, which has fast regained the 2.3 euro level, thus consolidating a 20% increase over the 2014 year-end price. Hera has moreover shown a lower volatility than the Italian stock market even during the August trading days dominated by the uncertainties about the devaluation currency policy adopted by the Chinese monetary authorities.

On top of the substantial price performance achieved to date, in the meantime Hera shareholders have also benefitted from the distribution of a 9 euro cent dividend, paid on 24 June, which presents a 4.63% yield on the 2014 year-end price (1.95 euro).

ANALYST COVERAGE

| Broker | Target price € | Rating |
|--------------------------|----------------|------------|
| Banca Akros | 2.60 | Buy |
| Banca IMI | 2.70 | Buy |
| Equita | 2.56 | Hold |
| Fidentiis Equities | 2.65 | Buy |
| Goldman Sachs | 2.95 | Buy |
| Intermonte | 2.40 | Neutral |
| KeplerCheuvreux | 2.55 | Buy |
| Mediobanca | 2.70 | Outperform |
| Average 8 brokers | 2.64 | |

25 August 2015

Hera's consensus target price is 2.64 euro, slightly above the 2.63 euro level recorded at the date of the last newsletter. At current prices, the stock potential room for revaluation exceeds 15%, when compared to the average target price indicated by the analyst coverage.

The picture of brokers' recommendations remains very favourable, with six buying suggestions and two neutral ratings. Moreover, Hera continues to be a component of the Conviction Buy List of Goldman Sachs.

26 August 2015

BoD for the approval of H1 2015 results

11 November 2015

BoD for the approval of 9M 2015 results



CONTACTS

Head of Investor Relations

Jens K. Hansen

T.+39 051 287737

jens.hansen@gruppohera.it

The next issue of this newsletter will be on 11 November 2015.

HeraNews

Managed by

Jens K. Hansen

Concept and editorial contents

Blue Arrow, Milano

Graphics

moma Studio, Milan