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Net profit increase derives from greater effectiveness in all management areas

Dear shareholders,
First-quarter results approved today by the BoD prove Hera's focus on the P&L bottom line. Against an EBITDA growing by 1.1%, net profit improves by 3.8%, with all management areas – namely the operating, financial and fiscal one – decisively contributing to net result.

In Q1 2015, we experienced lower temperatures than the abnormally mild ones recorded in the first quarter of last year; that has allowed the Gas area to drive the growth of consolidated EBITDA. The second area whose operating performance played a role in leading Group results is Water; a well-balanced weight of regulated business in a portfolio can therefore prove to be rewarding, as long as a Company has an effective control on operating costs and is ready to invest bearing long-term vision and quality in mind.

First quarter results also provide the umpteenth proof that the 'Hera model' for the integration of newly-acquired companies produces results going beyond the expansion of the consolidation scope, given the synergies that we succeed in generating.

Over the coming years, it is up to us to capitalise on the size and efficiency that we have achieved so far, even considering the opportunities from the utilities' consolidation process underway, in which we are effectively

geared to play a key role.

In the meantime, following the amendments approved at the last Shareholders' Meeting, our governance evolved. Thanks to the double voting right, even loyal minority shareholders will take part to decisions making on specific medium-long term issues. Hera is a utility service operator; that means it operates in businesses characterised by multi-year concessions and wide-breath investment cycles; with the aim of pursuing the strategic goal of value creation, our Company needs a shareholding base with a stable profile, being in a position to share and support its medium-long term targets.

Hera's governance emerges stronger from the last AGM also considering the increase, from 3 to 4 members, in the number of Directors that will be elected by the minorities starting

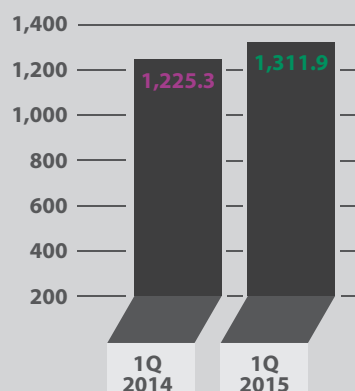
from 2017, while the BoD will move from 14 to 15 members. The present picture therefore portrays a well-structured Hera, in terms of business portfolio, functional organisation and governance rules, in sight of the next growth phase. A good premise to exploit at our best the opportunities that a demand recovery and the push to a more efficient sector consolidation may provide.

Tomaso Tommasi di Vignano

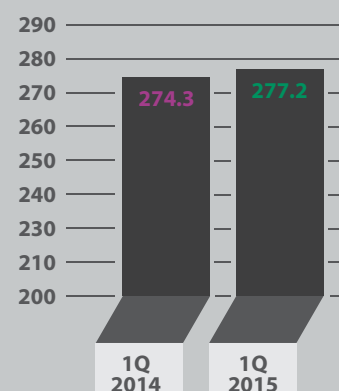


THE 7.1% INCREASE IN GROUP REVENUES HAS BEEN DRIVEN BY THE WIDER SCOPE OF CONSOLIDATION AND A RECOVERY IN GAS VOLUMES.

Revenues m€



EBITDA m€



Q1 2015 results combine benefits from recent acquisitions with healthy organic growth.



Q1 2015

(figures in million euro)

REVENUES

1,311.9 (+7.1%)

EBITDA

277.2 (+1.1%)

EBIT

170.1 (-1.6%)

INVESTMENTS

62.2 (+16.3%)

NET FINANCIAL DEBT

2,556.7

Focus on Q1 2015 results

/// Q1 results confirm that both the contribution from last acquisitions (in that case thanks to the inclusion of Amga Udine in the scope of consolidation) and organic growth drive consolidated growth.

/// In a context presenting lower winter temperatures than Q1 2014, the EBITDA generated in the Gas business provided a substantial contribution to Group operating performance. The sound result in the regulated Water business has played a significant role, too.

/// Q1 2015 P&L clearly shows that even the finance and fiscal management areas are key to value creation.

In Q1 2015 Hera consolidated Revenues sizably increased (+7.1%); growth, which reflects the wider consolidation scope (in particular due to the Amga Udine integration, effective from 1 July 2014), also mirrors sound performances in the Gas area. EBITDA reaches 277.2 million euro, showing a 1.1% rise, supported by good results in the Gas and Water areas. Depreciation & Provisions present a 5.6% growth, mainly due to the new perimeter; EBIT therefore presents a light decrease (-1.6%).

Substantial progress achieved in the finance area (+9.2%, with financial operations amounting to -29.4 million euro) benefit from a decline in the average cost of debt and higher equity income. Taxes, equal to 48.2 million euro, decrease by 6.0% vs. Q1 2014 thanks to the elimination of the Robin Hood Tax, which affected

the Group's energy companies.

Net Profit hence amounts to 92.5 million euro, achieving a 3.8% progress over the same period of 2014.

EBITDA

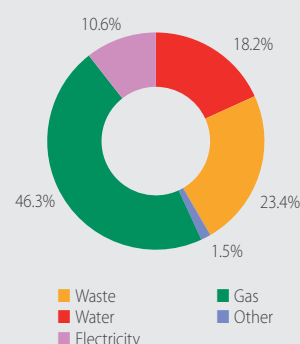
m€	Q1 2014	Q1 2015	Change
Waste	69.8	64.9	-7.0%
Water	47.3	50.5	+6.9%
Gas	116.6	128.4	+10.2%
Electricity	36.2	29.3	-19.1%
Other	4.5	4.1	-10.0%
TOTAL	274.3	277.2	+1.1%

The 1.1% progress of consolidated EBITDA reflects the positive contribution provided by the operating performance of both Gas (+10.2%) and Water (+6.9%). Gas EBITDA has been supported by higher volumes sold (+23.7%), due to temperatures lower than in Q1 2014 and to the Amga Udine integration; the default gas service, which Hera Comm has won for a two-year period in 5 Italian regions, has played a relevant role, too. The positive dynamics of Water EBITDA reflects the benefits from new

tariffs set by the Authority for the 2014-2015 period, in addition to higher income from works, commissioned orders and projects on behalf of third parties. The Waste area presents a 7.0% EBITDA decrease, mainly due to reduced contribution of energy production and to anticipation of annual maintenance works, affecting 4 out of 10 WTE plants in Hera's portfolio. In Q1 2015 waste collection and disposal activities have focused on added-value typologies, with average market prices slightly increasing vs. Q1 2014. The

percentage of sorted waste on the territory served by Hera strongly improves, moving from 52% in Q1 2014 up to 55.2%. The Electricity business presents a 19.1% EBITDA decrease, substantially linked to extraordinary factors, such as lower distribution regulated revenues, due to equalisation amounts referring to Q1 2014 in the Gorizia area. The expansion (+9.3%) of the client base (808,200 as at 31 March 2015) on the contrary continues to be encouraging, also as a consequence of the Amga Energia & Servizi consolidation.

Q1 2015 EBITDA Breakdown



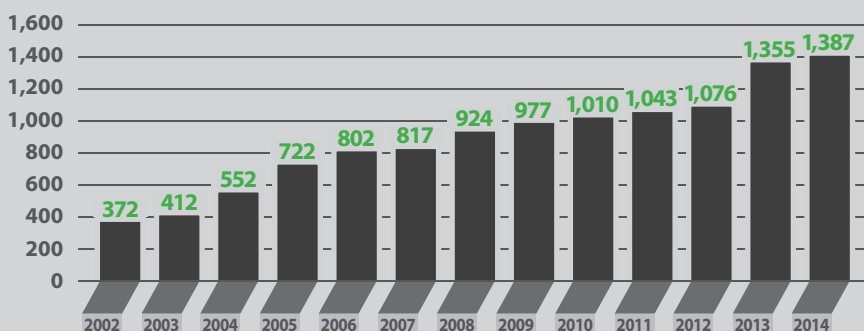
2014 Sustainability report: an ever more transparent tool

/// Hera distributes to its own shareholders 145.4 million euro, representing 10.5% of the Added Value generated in 2014 as a whole.

The 2014 Sustainability Report has been drafted in accordance with the **GBS** and **GRI-G4** guidelines. Hera adopted the Global Reporting Initiative standards following the **Comprehensive** option (complete application of requirements), as audited by a third-party assurance company, DNV Italy.

For the 12th year in a row, the Hera Sustainability Report presents an increase in the Gross Overall Added Value. After the substantial jump of the last year, reflecting the inclusion of AcegasAps in the Group consolidation scope, in 2014 a further improvement has been achieved, to the extent of 32.4 million euro (+2.4%).

Gross Overall Added Value – million euro

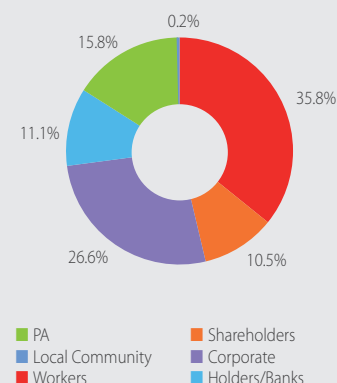


The breakdown of Added Value to Stakeholders indicates that **shareholders** benefitted from **145.4 million euro**, representing 10.5% of overall Added Value achieved in 2014.

In the Sustainability Report, the chapter dedicated to **Shareholders and Investors** highlights the progresses having an impact on that specific stakeholder profile. Among the most significant achievements presented, the **Total Shareholder Return**, which has reached **125%**

since the listing in 2003, the membership of the Hera share in **3 SRI indices** and the placement of the 500 million euro **green bond**, at a 2.375% rate; Hera has been the first Italian company to successfully bring to market such innovative financing tool.

Added Value breakdown by stakeholder



ANNUAL GENERAL MEETING RESOLUTIONS

• The Ordinary Meeting approved the 2014 Financial Statements and the earnings' distribution

On 28 April 2015, at the Annual General Meeting, shareholders approved the 2014 Financial Statements, the 2014 Sustainability Report and the distribution of a 0.09 euro dividend per share, unchanged vs. the previous fiscal year and in line with the BoD proposal.

The 2014 dividend will be paid on 24 June 2015.

The AGM presented an increased shareholder attendance in comparison with the previous year. 345 shareholders (in person or by proxy) attended the General Meeting (vs. the 275 shareholders attending the 2014 AGM), totalling 1.115.666.523 shares, i.e. 74.8% of share capital (vs. 73.6% in 2014).

• The Extraordinary Meeting moreover resolved upon certain amendments to the Articles of Association.

1. Introduction of the prevalence of voting rights of Public-sector Shareholders

The amendment to article 7 introduced the prevalence of voting

rights of Public-sector Shareholders; despite the removal of the 51% minimum stake that the Articles of Association envisaged to be owned by public shareholders, therefore there will be no change in this feature of the Company's governance.

2. Introduction of double voting rights

The amendment to article 6 introduced the so-called double voting right, which makes possible to attribute up to two votes to each share. Double voting applies to shares held by the same shareholder (public or private-sector investor) for at least 24 months. At Hera, double voting will be applied only for the appointment and/or termination of the Board of Directors and the Board of Statutory Auditors, for the change of shareholding limits and the amendment of the article that has introduced the double vote.

3. An additional seat on the board for minorities

Starting from 2017 the number of members of the Board of Directors will increase from 14 to 15. Among them, 4 Directors (instead of 3 as it was in the past) will be elected from the slates of candidates submitted by minority shareholders. The amendment aims to provide a better governance balance between the voting rights of Public-sector Shareholders, on one side, and voting rights of private shareholders on the other one.

The M&A Award won for the Amga Udine acquisition highlights the effectiveness of Hera's growth model

In April 2015 Hera has received the **M&A Award**, born from the idea of KPMG and Fineurop Soditic, which has reached the XI edition. The prize aims to promote growth culture and entrepreneurial courage, by appraising the value of industrial investments carried out through M&A deals. **Hera has been awarded for the Amga Udine acquisition.**

The jury has recognised that Hera continues to pursue consolidation and value creation, positioning itself increasingly as a «multi-utility hub» in Northern Italy, capable of providing integrated multi-service solutions in local communities. In this sense, Hera's M&A experience is an interesting model for the industry as a whole in Italy.

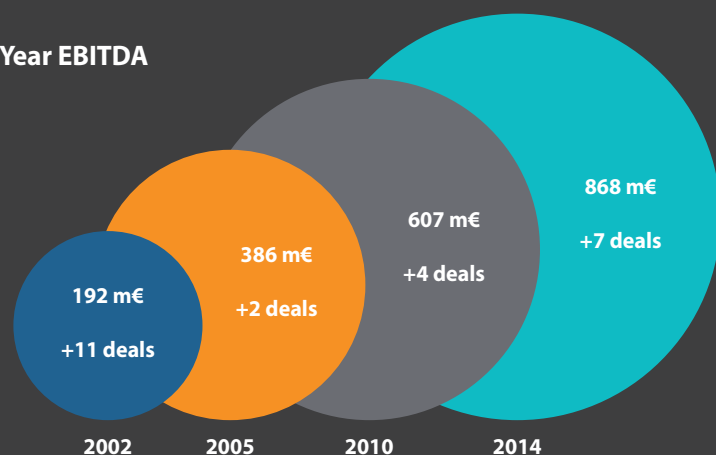


The Executive Chairman, Mr. Tomaso Tommasi di Vignano, and the CEO, Mr. Stefano Venier, receive the M&A Award

Since its inception, in 2002, Hera has established a **multi-utility** by aggregating 11 municipality-owned companies in Emilia Romagna. During the following 12 years it has taken over around ten companies, expanding in neighbouring areas: when it comes to activities mainly based on grids (either gas, water and electricity grids), the closer the interconnectedness the greater the synergies. **Amga Udine sets an example effectively representing the 22 integrations carried out over time.** Hera's Strategic Plan forecasts that from

the controlled company AcegasApsAmga, leading operator in the Triveneto area, around 35 million euro in terms of synergies can be extracted; an amount that exceeds by more than 20% the cumulated EBITDA of the three pre-merger companies. Significant synergies that emerged over time from the M&A deals reflect a **consolidated aggregation model**, based on a **thorough assessment** of potential synergies at a first stage, **when scouting** the most suitable operators to target and, later on, strict execution of the **integration** process.

Year EBITDA



2002



2014



THE INNOVATION AND THE EXCELLENCE AWARD AT ACEGASAPSAMGA

Integration takes place also through deep sharing of strategic priorities

The 2014-2018 Hera's Strategic Plan has presented the 4 priorities that are key to value creation: **excellence, growth, innovation and efficiency**. Such guidelines can generate shareholder value provided that they turn into operating projects within the Group. The **two awards established within AcegasApsAmga** effectively prove that integrations take place by sharing strategy.

The **Innovation Award**, involving the whole Company's staff, is about: innovations in processes and services; organisation, operating and IT innovations; innovations in supporting activities, in the management and development of HR; innovations in internal and external relations.

The **Excellence Awards** addressed all business units inside the Company and is about: implementation of procedures aimed to

AcegasApsAmga
Società del Gruppo Hera

achieve the structural excellence in services; execution of excellent actions towards internal and external clients; identification of «non-excellent» behaviours and the proposals to improve them; identification of excellence tools within software equipment. Each initiative will be assessed by a jury composed of managers from different departments. People winning the prize, either individuals or teams, will have their own project implemented and will be granted with high-profile training.

Hera share

Price as at 12 May 2015: **2.37 €**

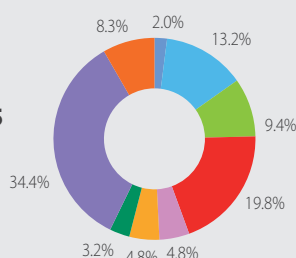
High-Low 365 dd: **2.37-1.85 €**

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

Mkt. Cap.: **3.53 bn €**

Consensus target price: **2.63 €**

(source: broker research)



Shareholders

- Bologna municipalities
- Modena municipalities
- Trieste municipalities
- Padova municipalities
- Ferrara municipalities
- Udine municipalities
- Other Romagna municipalities
- Private shareholders' pact
- Free float

Hera's stock index membership

FTSE Italia | All-Share Capped + All-Share+ Mid Cap + Servizi Pubblici

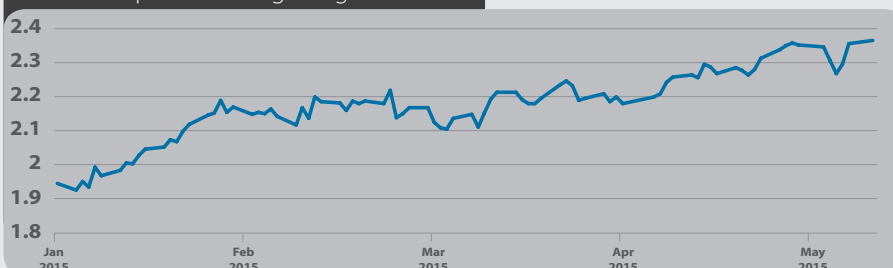
STOXX | Total Market Index+Europe+Europe ex-UK+Italy

STOXX | TMI+Europe nei segmenti: Utilities, Gas-Water & Multiutilities, Value

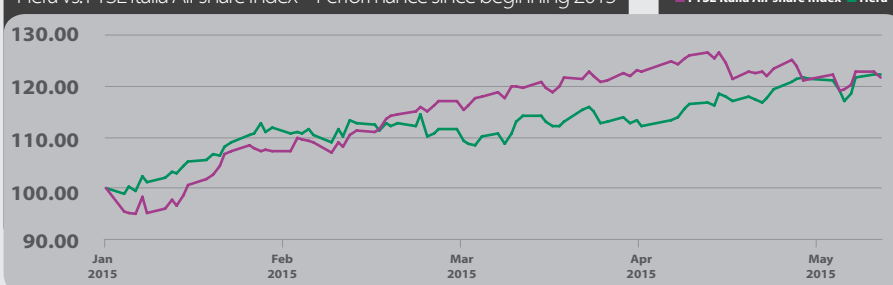
Axia Ethical / Kempen SNS Smaller Europe SRI Index

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



Since the beginning of the year, the Hera stock presents a strong performance. While in the first weeks of 2015 the price increase has been mostly driven by the expectations and – later on – by the actual ECB announcement of a QE program, the second phase, from April onwards, has been fuelled by investors welcoming the Y 2014 results that have been released on 24 March and by the following valuation improvements. The coming distribution of a 0.09 euro dividend per share (payment on 24 June), as approved by the AGM, is a further element providing continuous support to share price dynamics. Moreover, several analysts consider Hera one of the better-positioned players as a beneficiary of an acceleration in the consolidation process of the Italian utility industry.

ANALYST COVERAGE

Broker	Target price €	Rating
Banca Akros	2.60	Buy
Banca IMI	2.70	Buy
Equita	2.40	Buy
Fidentis Equities	2.65	Buy
Goldman Sachs	3.00	Buy
Intermonte	2.40	Neutral
Kepler Cheuvreux	2.55	Buy
Mediobanca	2.70	Outperform
Average 8 brokers	2.63	

Following the Y2014 results' presentation, the average target price, representing the consensus of the 8 analysts covering the Hera stock, improved from 2.54 to 2.63 euro. Noticeable impact on year financial results coming from the Amga Udine consolidation, effective from 1 July 2014, and proven ability in extracting synergies from acquisitions have led brokers to review their earnings estimates for the following years and, consequently, to improve their valuations. The ratings' consensus remains positively geared, with seven buying recommendations (6 Buys and 1 Outperform namely) and a neutral rating, while no analyst recommends to sell. The Hera stock is included in the Conviction Buy List as well as in the Director of Research Focus List of Goldman Sachs, besides being one among the favourite mid-caps of Mediobanca.

13 May 2015

BoD for the approval of Q1 2015 results

26 August 2015

BoD for the approval of H1 2015 results

11 November 2015

BoD for the approval of 9M 2015 results



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