



Q1 financial results

Growing in soundness

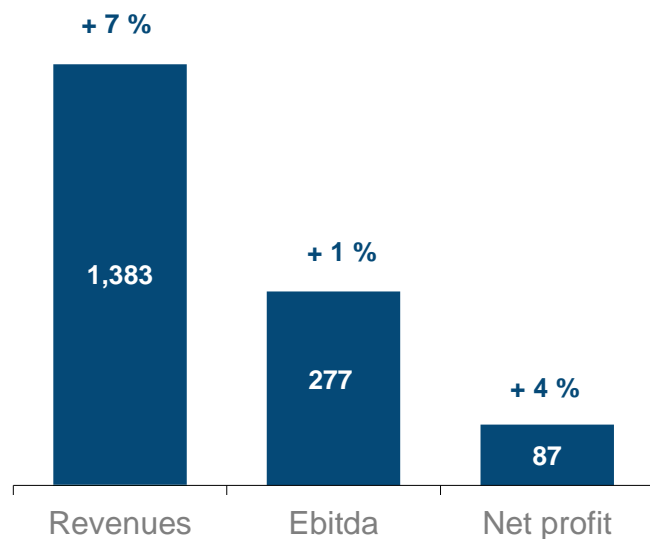
13 May 2015 – Analyst Presentation



Trends once again confirmed in Q1 '15

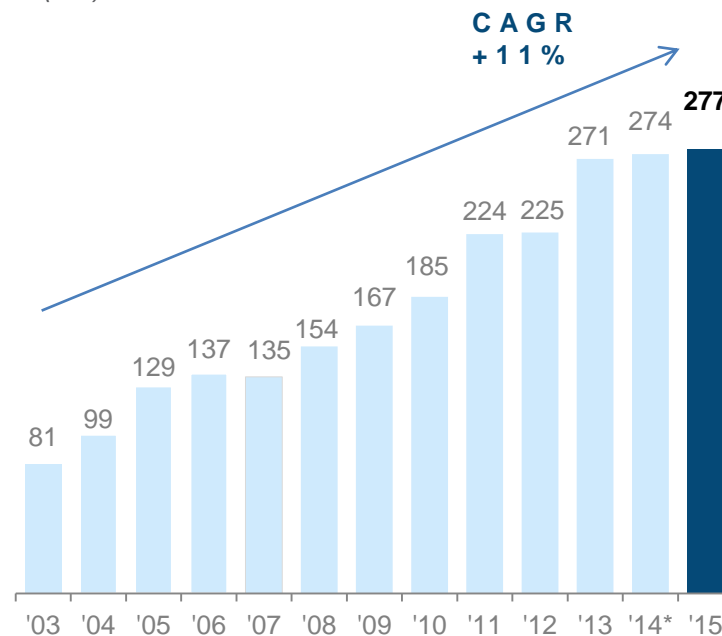
Positive Q1 growth

(M€)



Q1 Ebitda track record

(M€)



Hera highlights low risk exposure of the balanced portfolio mix

Q1 '15 figures in a snapshot

Q1 Profit & Loss

(M€)

	Q1 '14*	Q1 '15	
REVENUES	1,294.9	1,383.3	+7.1%
EBITDA	274.3	277.2	+1.1%
Depreciation and provisions	(101.4)	(107.1)	
EBIT	172.9	170.1	
Cost of Debt	(31.4)	(31.0)	
Figurative interests (IAS)	(3.2)	(3.4)	
Income from Associates & J.V.	2.1	4.9	
PRETAX PROFIT	140.5	140.7	
Tax	(51.3)	(48.2)	
Tax rate	36.5%	34.3%	
Minorities	(5.9)	(5.9)	
NET PROFIT POST MINORITIES	83.2	86.6	+4.1%

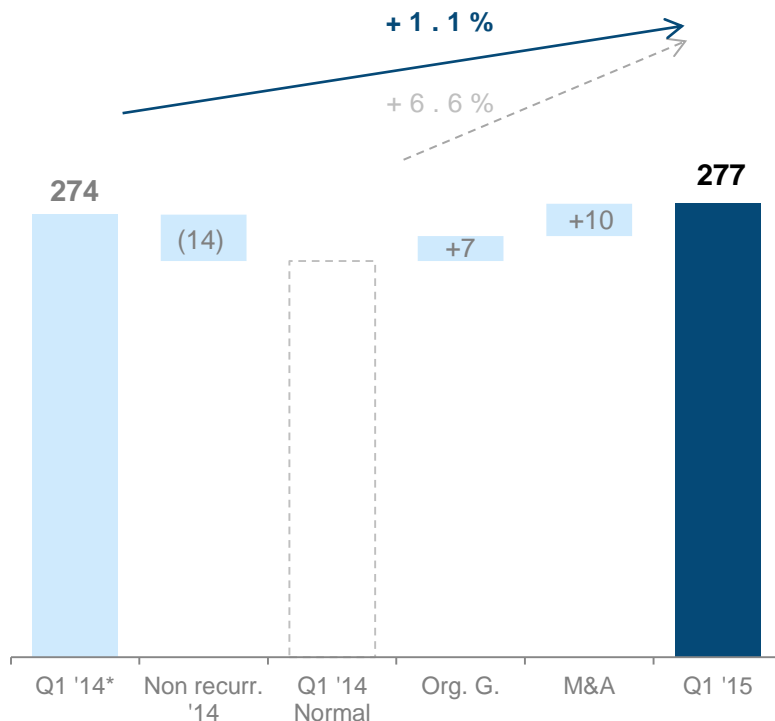
- **Q1'15 Revenues partially recovered '14 mild winter effects.**
- **M&A and organic growth fully compensate '14 positive one offs.**
- **Income from associates & J.V. doubled** mainly due to better winter climate.
- **Taxes** benefit from cancellation of Robin tax and lower IRAP.

Results underpinned by positive economic, financial and tax performance

Ebitda positive growth overcoming '14 one offs

Q1 EBITDA growth drivers

(M€)



- **2014 mild winter impact partially recovered.**
- **Growth mainly relates to Electricity market expansion and positive performance in Gas supply activities** (60% mild winter impact recovered).
- **AMGA Udine** and well proven integration model continues to contribute to growth.
- **HerAmbiente** will incorporate WTEs of Trieste and Padova and increase from 58% to 100% the stake held in Akron.

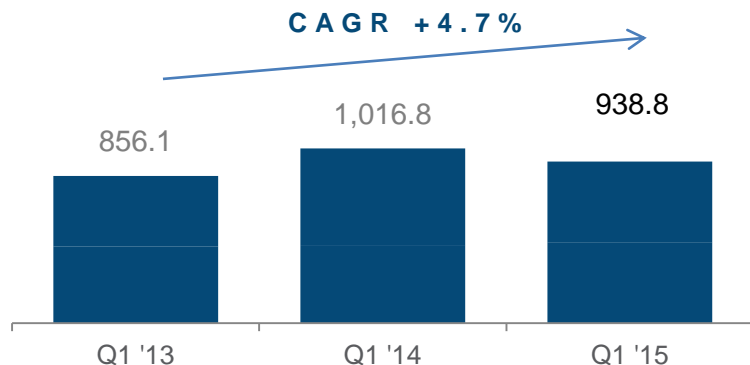
Business mix confirms resilient results

WASTE: Plants anticipated maintenance offset positive price trends

Positive trend in prices

	Q1 '14	Q1 '15
Total Revenues waste (m€)	222.7	214.7
Total volume waste (kton)	1,016.8	938.8
<i>Average Revenues</i> (€/ton)	219	229 +4.4%

Volume increase since Acegas merger (kton)



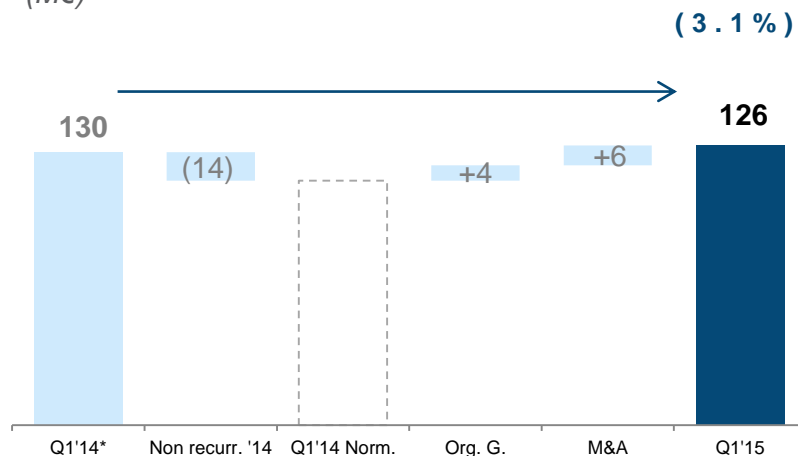
- **Q1 Ebitda moved from 69.8m€ to 64.9m€ due to:**
 - Programmed closure of exhausted landfills;
 - Temporarily interruption of 4 WTE (Bologna, Ravenna, Rimini and Pozzilli) due to maintenance activities;
 - Regulated tariffs still not fully covering increased sorted collection activities;
 - Lower energy prices (Cip6 and CEC).
- **Positive trends in market prices** and **focus on high-value-added special waste** become more and more visible.
- **Customer expansion of HASI.**

Ebitda margins in Special waste keep on moving up

NETWORKS: Visible contribution from AMGA Udine

NETWORKS Ebitda

(M€)



- **2014 results** were affected by non recurrent positive items (White certif. and “perequazione specifica”).
- **Organic growth** mainly refers to capex plan underpinning slight increase in tariffs.
- **Water** regulated revenues mainly driven by tariff increases.

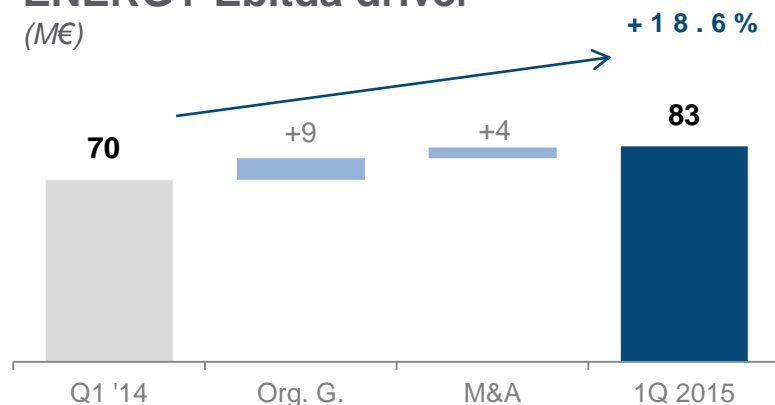
Regulated revenues	Q1 '14	Q1 '15	
Gas distribution	78.8	84.1	+6.8%
(plus non recurrent items)	7.6	1.5	
Electricity distribution	21.4	22.0	+2.5%
(plus non recurrent items)	6.5	0	
Water distribution	134.6	139.5	+3.6%

Portfolio's activities sign slightly positive tariff growth

Better winter climate and market expansion

ENERGY Ebitda driver

(M€)

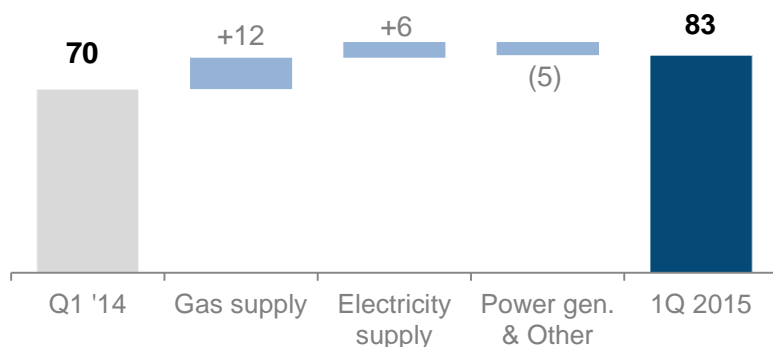


- **Better winter climate** underpins gas sales and trading volumes +23.7% increase (still not back to 2013 levels).

- **HERACOMM expansion** in electricity markets continues (+13K customers in Q1'15) highlighting solid competitive advantages.

ENERGY Ebitda by business

(M€)



- **Gas customer** base stands at 1.3m clients.

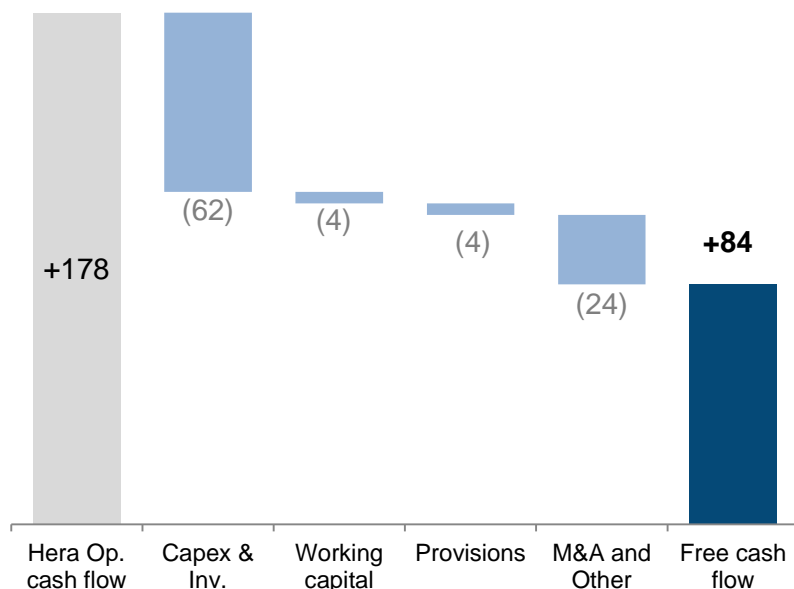
- **Asset management results** affected by lower MSD provided to Terna (-4.6m€).

Electricity customers base exceed 800k clients

Positive cash flows

Q1 cash flows

(M€)



- **Working capital flat notwithstanding seasonality** thanks to cash-in of Salvaguardia receivables and W.C. proactive management.
- **Positive cash generation** reduced net debt from **2,640** to **2,557m€** in first 3 months '15.
- **Average interest rate** on l/t debt reduced (Q/Q).
- **Balanced Debt structure** (54% fixed and 46% variable).
- **Debt / Equity** down to **1.0x**.

Further strengthening outstanding financial soundness

Closing remarks – Q&A session

- Results highlight positive trends in waste prices/margins, expansion in electricity markets and recovery of gas sales volumes.
- Amga Udine merger delivered expected contribution
- Dividend confirmed by AGM

Planned targets and strategies confirmed



Annex

Ebitda by Business



Financial highlights breakdown

Special waste margins “up”



M €	Q1 '14	Q1 '15	Ch. %
Revenues	222.7	214.7	(3.6%)
Group Ebitda	69.8	64.9	(7.0%)

Volume	Q1 '14	Q1 '15	Ch. %
Urban Waste	454.9	470.1	+3.3%
Special Waste	561.9	468.7	(16.6%)
Waste from market	1,016.8	938.8	(7.7%)
Internal W. Volumes	671.9	647.2	(3.7%)
Total Volume Treated	1,688.7	1,586.0	(6.1%)

Tariffs underpinned a solid growth



M €	Q1 '14*	Q1 '15	Ch. %
Revenues	169.1	182.6	+8.0%
Group Ebitda	47.3	50.5	+6.8%

Volumes	Q1 '14	Q1 '15	Ch. %
Aqueduct (mm³)	69.5	69.3	(0.3%)
Sewerage (mm ³)	56.5	56.9	+0.7%
Purification (mm ³)	56.1	56.4	+0.5%

Financial highlights breakdown

Climate impact partially recovered



M €	Q1 '14	Q1 '15	Ch. %
Revenues	561.9	632.1	+12.5%
Group Ebitda	116.6	128.4	+10.2%

Volumes	Q1 '14	Q1 '15	Ch. %
Sales (mm ³)	1,101.7	1,362.3	+23.7%
Trading	311.7	356.5	+14.4%
sales to final customers	790.0	1,005.8	+27.3%

Commercial expansion and Networks



M €	Q1 '14	Q1 '15	Ch. %
Revenues	372.0	391.4	+5.2%
Group Ebitda	36.2	29.3	(19.1%)

Volumes	Q1 '14	Q1 '15	Ch. %
Volume sold (GWh)	2,315.5	2377.9	+2.7%