

9 M financial results

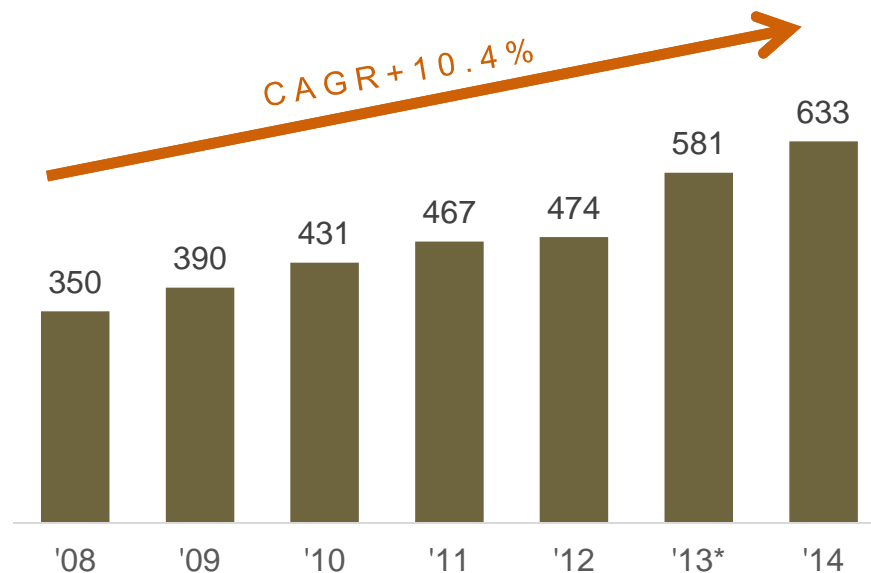
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Outstanding results

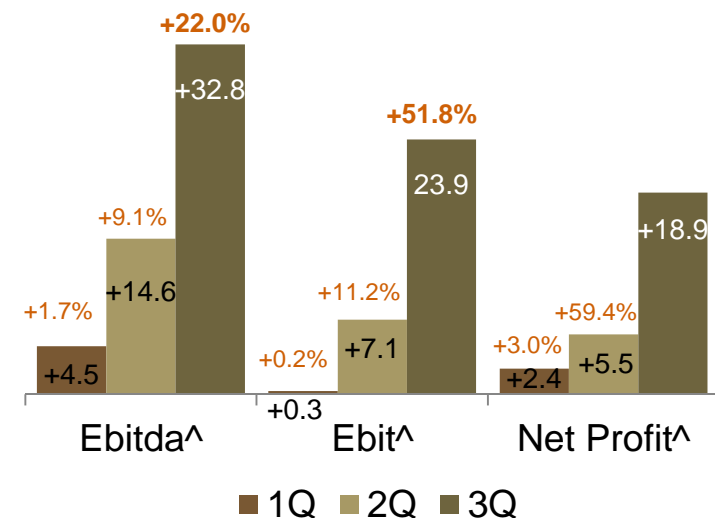


Solid 3Q brings 9M accounts back on consistent growth track

 **9M Ebitda growth track record**
(M€)



 **Progressing growth Q by Q**
(M€ and % Q/Q)



Overcoming 1Q mild winter climate impact with a remarkable growth path

*Restated 2013 figures applying IFRS11 criteria in force starting from 1/1/2014

^2013 figures restated accounting IFRS 11 and adjusted by extraordinary income (AcegasAps merger).

Bottom line double digit growth rate despite “mild winter” impact



	9M '13*	9M '14	
REVENUES	3,452.8	3,216.8	(6.8%)
EBITDA	580.8	632.7	+8.9%
<i>Ebitda margin</i>	<i>16.8%</i>	<i>19.7%</i>	
Depreciation and provisions	(299.1)	(319.8)	
EBIT	281.7	312.9	+11.1%
Cost of Debt	(102.1)	(99.8)	
Figurative interests (IAS)	(10.4)	(10.1)	
Income from Associates & J.V.	8.3	7.3	
PRETAX PROFIT	177.5	210.2	
Tax	(79.5)	(85.4)	
Minorities	(11.2)	(11.0)	
NET PROFIT POST MINORITIES ADJ.	86.8	113.8	+31.1%
Extraordinary income	43.7	(2.5)	
Net profit & Extraord. income	130.5	111.3	



Revenues affected by 1Q mild winter.



Better margins (+300 bps) as a consequence of lower commodity sales, market expansion, enhanced efficiencies, and higher regulated revenues.



Income from associates & J.V. affected by mild winter primarily on Est Energy.



Taxes benefit from lower Robin tax.

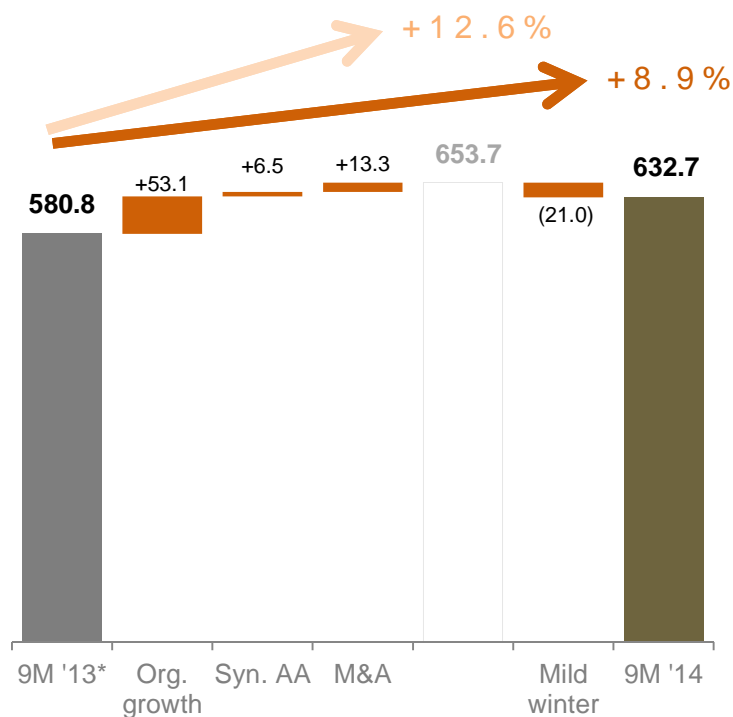
Outperforming expectations

*Restated accounting IFRS 11. Details set out in appendix

All drivers at work assuring Ebitda growth



9M EBITDA growth drivers (M€)



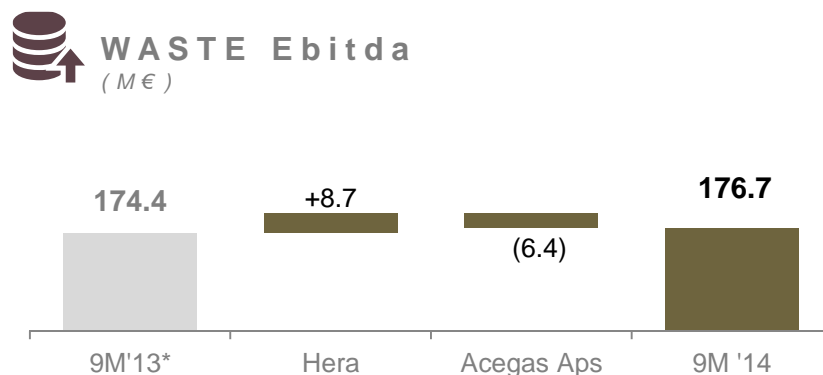
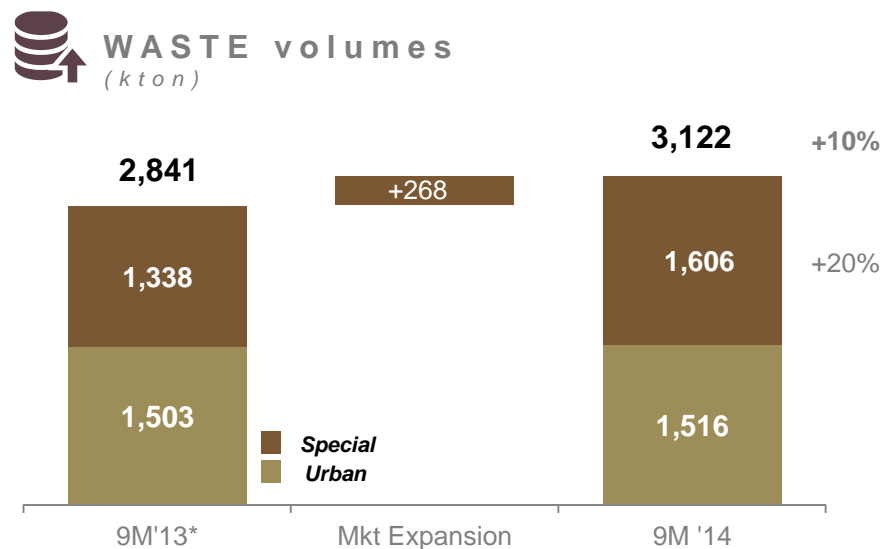
- Mild winter impact fully offset by organic growth
- Growth mainly relates to market expansion in Electricity (including Salvaguardia) and positive performance in Network activities
- Synergies with AcegasAps[^] on track despite a weak waste performance for Acegas Aps (G.C. '13 "one off")
- M&A relates to Gorizia and Amga Udine energy activities (Amga Udine merger effective from 1/7/'14)

Without "one off" mild winter effect, Ebitda growth rate would be double digit

*Restated accounting IFRS 11. Details set out in appendix

[^]AcegasAps renamed AcegasApsAmga since July the 1st.

The green light: Special Waste expansion in all “green” technologies



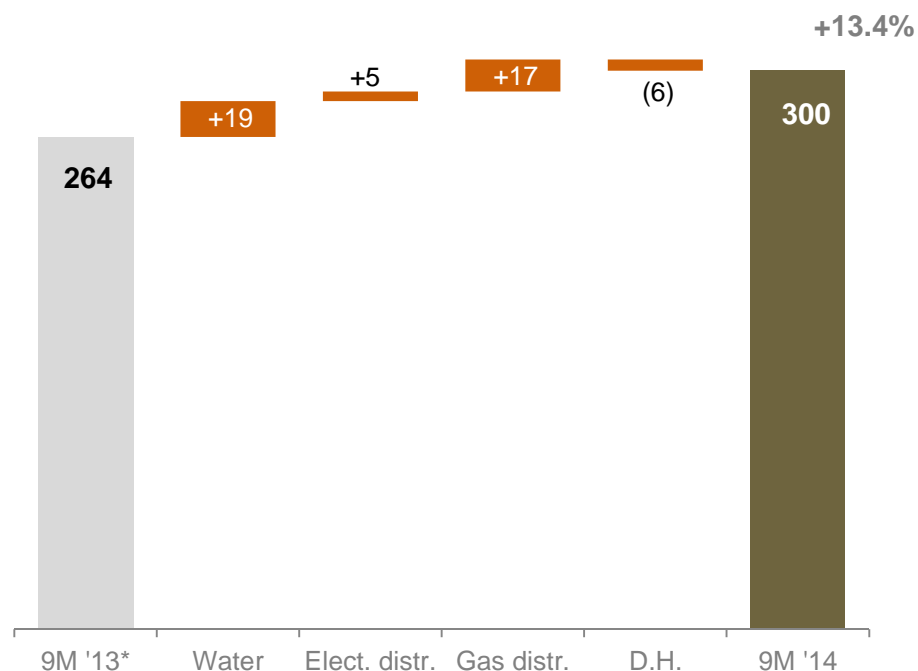
- Commercial expansion leveraging upon the widespread asset base.
- Existing capacity exploited in all main “Green” plants.
- Recycled urban waste enhanced to 53%;
- ~0,72 TWh electricity produced;
- Increased volumes in sorting, WTE, bio-digestion and selection plants.
- Market expansion offset negative contribution to Ebitda from AcegasApsAmga.
- In Q3 Ecoenergy acquisition was executed.

Ebitda growth in line with year end targets

NETWORKS posted the best increase



NETWORKS Ebitda
(M€)



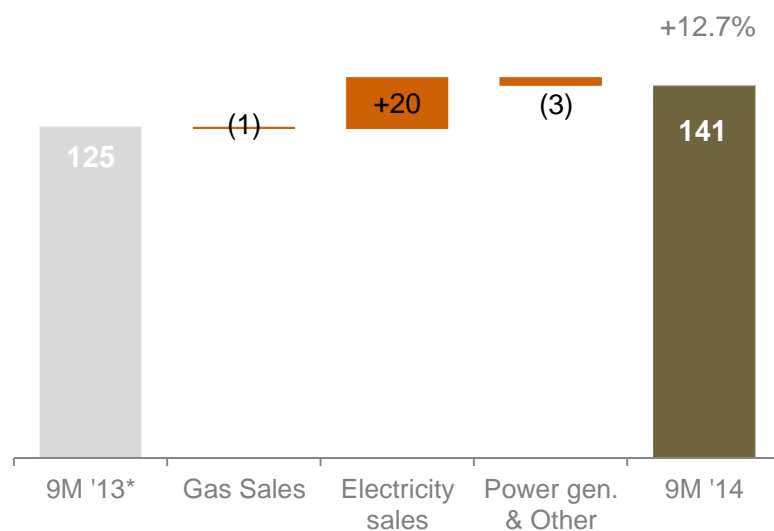
- Visible growth underpinned by new tariffs and efficiency improvements
- Tariff increase benefit also from 2012 revenue recovery
- M&A relates to Isontina, Est Reti and Amga Udine (13.3 m€ including *perequazione*)
- Energy distr. also benefit from one off events (*perequazione* and White Certificate in Est Reti as highlighted in 1Q)
- District Heating impacted by the mild winter

Good infrastructures fully protected by volume fluctuation risks

Market expansion continues benefitting also from Amga Udine merger



ENERGY Ebitda
(M €)



- Mild winter impact -21m€ was significantly offset by positive impact of change in fair values.

- Tariff review on gas fully deployed its effect

- HERACOMM expansion continues highlighting solid competitive advantages in Electricity

- +73k electricity customers (in 12 months) reaching a customer base in electricity of 783k clients (also thanks to Amga Udine merger and the new tender won to serve "Safeguarded" customers).

- +91k gas customers (in 12 months) reaching a customer base in gas of 1.31m clients (mainly thanks to Amga Udine merger).

- Volumes still affected by lower consumptions

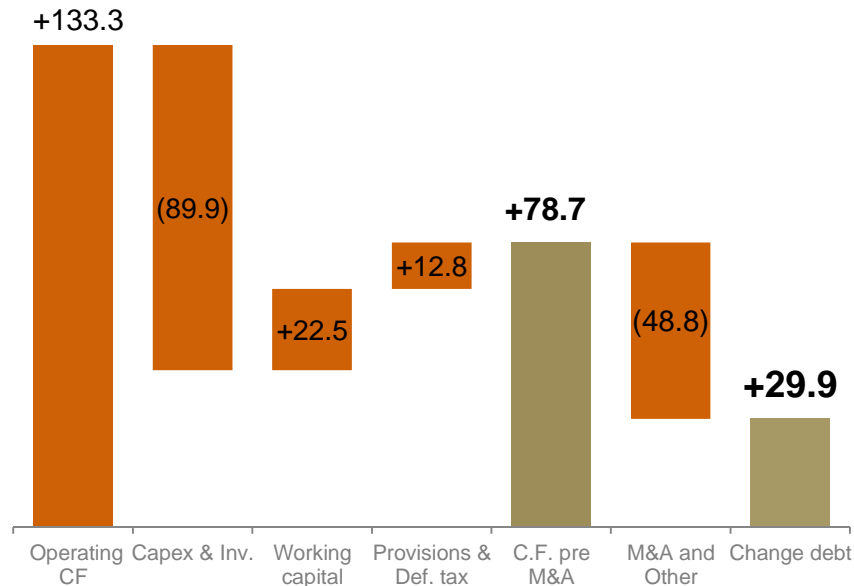
- Electricity sales benefit from *Salvaguardia*

Energy division fully neutralise mild winter effect in gas activities

3rd quarter positive FCF after M&A and higher capex commitments



+ 3Q cash flows (M€)



Cash flows funded higher capex



Extraordinary/seasonal **working capital** increase of first half (mainly due to Accise advanced payments) **slightly reduced** in 3rd Q.

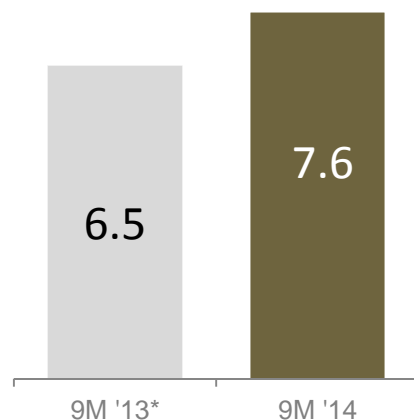


Cash flows generated fully funded M&A activities (Amga Udine) and **slightly reduced Net debt to 2.7** (from 2.73b€ of 1H'14).

Working capital expected to further normalise in next 12 months

Closing remarks

 **9 M EPS**
(c €)






- Results highlight Hera strong market standing, solid organic growth potentials (despite negative external effects) of the balanced portfolio mix.
- Main contribution to growth underpinned by regulated network activities confirming the low risk profile of Hera Group.
- Financial and tax management provided visible benefits to bottom line.
- Amga Udine merger effective starting from 1st July (executed through the issue of 69 million new ordinary shares) and integration activities already in progress.
- Value creation for shareholders of the strategy pursued reflected in EPS (fully diluted) growth by +18%.

Well on track to achieve year end targets

*Restated accounting IFRS 11 and adjusted by extraordinary income/expenses. EPS calculated on 1.343 million shares in '13 and on 1,490 million shares in '14.

Q & A SESSION

Appendix


-  IFRS 11 restatement
-  IFRS 11 and overheads new allocation criteria by Division and by Business
-  Ebitda by Business


Catch up soon...

9M 2013 restatement on “like for like” basis accounting IFRS 11

9M Profit and Loss restatement (M €)

	9M '13	IFRS	9M '13 Restated
Revenues	3.548,6	(95,8)	3.452,8
Operat. Costs	(2.604,1)	76,2	(2.527,9)
Personnel	(358,9)	3,2	(355,7)
Capitaliz.	11,6	0,0	11,6
Ebitda	597,2	(16,4)	580,8
D&A + Prov.	(302,6)	3,5	(299,1)
Ebit	294,5	(12,9)	281,7
Financials	(105,0)	2,9	(102,1)
Figurative interests (IAS)	(10,4)	(0,0)	(10,4)
Associates	3,1	5,2	8,3
Other non oper. exp.	74,8	(31,1)	43,7
Pre tax Profit	257,167	(36,0)	221,2
Tax	(84,3)	4,9	(79,5)
Minorities	(11,2)	0,0	(11,2)
Hera Profit	161,7	(31,1)	130,5
Other non oper. Inc./ (Exp.)	(74,8)	31,1	(43,7)
Net profit post min. adj.	86,8	0,0	86,8

 IFRS 11 relates to J.V. in **Enomondo** (biomass thermo-electric plant) and **EstEnergy**

 IFRS 3 affects only Extraordinary income

* Revenues include sales, change in stock and other revenues

9M 2013 EBITDA with overheads new allocation criteria and IFRS 11 impact



9M 2013 EBITDA by DIVISION (M €)

	9m '13	IFRS	Re-alloc.	9m '13 Restated
Networks	298,4	(2,4)	(31,6)	264,4
Waste	174,6	(3,4)	3,2	174,4
Energy	121,4	(11,2)	14,7	124,9
Other	2,8	0,6	13,7	17,1
Group	597,2	(16,4)	0,0	580,8



9M 2013 EBITDA by BUSINESS (M €)

	9M '13	IFRS	Re-alloc.	9M '13 Restated
Waste	174,6	(3,4)	3,2	174,4
Water	170,6	0,0	(20,9)	149,7
Gas	186,3	(12,7)	1,0	174,6
Electricity	62,8	(0,9)	3,0	65,0
Other	2,8	0,6	13,7	17,1
Group	597,2	(16,4)	0,0	580,8

Financial highlights breakdown



Strong market Expansion

M €	9M '13	9M '14	Ch. %
	Restated		
Revenues	637,2	651,1	+2,2%
Ebitda	174,4	176,7	+1,3%

Data	9M '13	9M '14	Ch.%
	Restated		
Urban W. Volumes (Kton)	1.503,3	1.516,6	+0,9%
Special W. Volumes (Kton)	1.338,0	1.605,8	+20,0%
Waste from third parties	2.841,3	3.122,4	+9,9%
Internal W. Volumes (Kton)	1.718,8	1.767,0	+2,8%
Total Volumes Treated	4.560,1	4.889,3	+7,2%
of which:			
Landfill treatm.	907,1	914,1	+0,8%
WTE treatm.	1.015,4	1.041,4	+2,6%
Sorting plants treatm.	279,2	340,6	+22,0%
Composting plants	368,1	366,7	(0,4%)
Inhertisation & Chi-Fi. plants	826,1	906,5	+9,7%
Other plants	1.164,3	1.320,1	+13,4%
Total Volumes Treated	4.560,1	4.889,3	+7,2%



Tariffs underpinned a solid growth

M €	9M '13	9M '14	Ch. %
	Restated		
Revenues	550,9	587,6	+6,7%
Ebitda	149,7	169,0	+12,9%

Data	9M '13	9M '14	Ch.%
	Restated		
Aqueduct (mm³)	233,7	224,4	(4,0%)
Sewerage (mm ³)	190,5	184,9	(2,9%)
Purification (mm ³)	188,3	183,4	(2,6%)

 Water

 Waste

Financial highlights breakdown



Climate impact fully offset

M €	9M '13	9M '14	Ch. %
	Restated		
Revenues	1.166,2	1.003,3	(14,0%)
Ebitda	174,6	184,1	+5,4%

Data	9M '13	9M '14	Ch.%
	Restated		
Volumes distrib. (mm ³)	1.951,4	1.633,8	(16,3%)
Volumes sold (mm ³)	2.237,4	1.683,7	(24,7%)
of which trading (mm ³)	695,6	491,2	(29,4%)
District Heating (GWht)	360,0	288,2	(19,9%)



Commercial expansion speeds up

M €	9M '13	9M '14	Ch. %
	Restated		
Revenues	1.140,6	1.043,8	(8,5%)
Ebitda	65,0	87,4	+34,5%

Data	9M '13	9M '14	Ch.%
	Restated		
Volumes sold (GWh)	7.108,6	6.809,5	(4,2%)
Volumes distrib. (GWh)	2.207,1	2.193,1	(0,6%)

Gas

Electricity

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