



press release

Bologna, 13 November 2013

Hera Board of Directors approves the 2013 Q3 results

The financial statements at 30 September show improved figures in all areas, thanks partly to the consolidation of AcegasAps.

Financial highlights

- Revenues of **€3,374.9 million (+1.6%)**
- EBITDA of **€597.2 million (+27.6%)**
- Adjusted net profit of **€98.0 million (+27.6%)**
- Net financial debt of **€2,776.4 million**

Operational highlights

- **Good performance in the electricity liberalised market, thanks to further commercial expansion and improvements in margins, which more than offset the effect of the fall in sales volumes on account of the economic situation.**
- **Continued recovery in the volumes of special waste, confirmation of the effectiveness of the commercial policy on business clients**
- **Strong contribution to the growth in the water service, thanks to efficiency improvements and the gradual increase of tariffs.**

The Hera Group Board of Directors today unanimously approved the consolidated financial results as at 30 September 2013.

FINANCIAL STATEMENTS AS AT 30/09/13

The financial statements presented include the contribution made by AcegasAps, which was incorporated into the Hera Group on 1 January 2013. The figures show growth in all results compared with the same period in 2012, due not only to the consolidation of AcegasAps, but also the good results achieved by Hera alone.

Revenues

Revenues increased by **€52.9 million (+1.6%)**, going from **€3,322.0 million** in the first nine months of 2012 to **€3,374.9 million** in the first nine months of 2013. The lower Hera revenues (**-€321.6 million**), due mainly to the falls recorded in gas intermediation volumes and in the sale of electricity were balanced by the positive contribution from the merger with AcegasAps (**+€374.5 million**).

EBITDA

EBITDA rose to **€597.2 million (+27.6%** compared with the figure of **€467.9 million** at 30/09/2012). The **€129.3 million** increase was attributable to both the incorporation of AcegasAps (in the amount of **€101.6 million**), and the Hera stand alone results, which had a positive impact on performance to the tune of **€27.7 million (+5.9%)**.

Operating result and pre-tax profit

The Group's operating profit rose by +24.3% to stand at €294.5 million. The cost of financial management rose from €95.5 to €112.2 million (+17.5%), mainly due to the incorporation of AcegasAps to the scope of consolidation. In line with what has already been seen in the first six months of 2013, the Group also recorded non-operating income of €74.8 million in relation to the difference between the net value of the consolidated assets of AcegasAps and the market value of the incorporation of said company into the Hera Group. Taking account of the above, pre-tax profit amounts to €257.2 million (+81.9%).

Net profit

Net profit for the period totalled €172.8 million (+124.9% compared with the €76.8 million of 30/09/2012), given that the tax rate, exclusive of the effect of other non-operating income, was 46.2%.

Excluding the result from the non-operating income mentioned above, the adjusted net profit would amount to €98 million (+27.6% compared with €76.8 million at 30/09/2012). The net profit post minorities was €161.6 million (+140.0%).

Investments and net financial position

The Group's gross investments in the first nine months of 2013, net of disposals (taking into account the consolidation of AcegasAps), totalled €194.6 million, in line with the business plan. Of this amount, more than one third (€68.1 million) was invested in water business.

The net financial position remains essentially stable at €2,776.4 million compared with €2,745.8 million for the first half of 2013.

Once again, the Group' debts were largely made up of medium-/long term debts, which cover approximately 78% of the total debt.

Waste Management

EBITDA of the waste management business, which includes waste collection, treatment and disposal services, stood at €174.6 million (+33.5% compared with the €130.8 million recorded at 30/09/2012).

This good performance is attributable primarily to the significant recovery in special waste volumes, due to both the strong commercial commitment, and the expansion of the asset base due to the consolidation of the Energonut company, purchased in October 2012 and absorbed into Herambiente from 01/07/2013.

With reference to Herambiente only, special waste treated went from 1,086 thousand tonnes at 30/09/2012 to 1,291.7 thousand tonnes at 30/09/2013, an increase of 133.0 thousand tonnes. As far as urban waste is concerned and always with reference to Herambiente only, the figures went from 1,306.1 thousand tonnes at 30/09/2012 to 1,312.4 thousand tonnes at 30/09/2013 (+6.3 thousand tonnes). The contribution of AcegasAps in terms of volumes stood at 157.4 thousand tonnes of special waste and 189.5 thousand tonnes of urban waste.

Even excluding the €32.6 million contribution from AcegasAps, the EBITDA of the waste management area rose by 8.6% to €142.0 million.

The waste management area contribution to the Group's EBITDA is equal to 29.2%.

Water

EBITDA of the water business, which includes mains water, purification and sewerage services, stood at €170.6 million, up +43.7% compared with the €118.7 million at 30/09/2012.

The volumes sold, which totalled 605.6 million m³, increased thanks to the incorporation of AcegasAps. Excluding the contribution from AcegasAps (100.0 million m³), Hera's volumes (505.6 million m³) fell due to lower consumption and higher rainfall in the first half of the year. The segment's EBITDA did benefit, however, from further gains in operating efficiency and the gradual introduction of the new rate system (currently in a transitional phase), which provides for tariffs to approach full cost coverage. AcegasAps contributed €38.7 million to the segment's EBITDA. Excluding this contribution, EBITDA stood at €131.9 million, up by 11.1%.

The water business contribution to the Group's EBITDA is equal to 28.6%.



Gas

EBITDA of the gas business, which includes methane gas and LPG distribution and sales services, district heating and heat management, increased to €186.3 million (+17.0% compared with €159.3 million at 30/09/2012). This positive performance was also due to the positive contribution of the integration of AcegasAps, which added €29.3 million. Hera alone recorded a drop in margins of €2.3 million (-1.5%). Higher sales margins to end users and district heating service made a positive contribution to this figure. Lower connection fees, lower trading margins (which continue to be affected by a fall in volumes, -39.1%, due to lower demand in the thermoelectric sector and the gradual alignment between VTP prices and wholesale market North European HUB prices) and lower margins because of the different regulatory and market context of energy efficiency credits had a negative impact.

Specifically, volumes of gas distributed went from 1,569.6 million m³ at 30/09/2012 to 1,951.5 million m³ at 30/09/2013, an increase of 381.9 million m³, due for 373.8 million m³ to AcegasAps and for 8.0 million m³ to Hera. Volumes of gas sold, on the other hand, went from 2,551.8 million m³ at 30/09/2012 to 2,256.7 million m³ at 30/09/2013 (-295.1 million m³).

The gas area contribution to the Group's EBITDA is equal to 31.2%.

Electricity

EBITDA of the electricity business, whose services include the production, distribution and sale of electricity, stood at €62.8 million (+36.5% compared with €46.0 million at 30/09/2012).

Volumes sold, 7,136.5 Gw/h, fell slightly (-164.6 Gw/h compared with 30/09/2012) in spite of the positive contribution of AcegasAps of 370.2 Gw/h. The decrease in volumes due to Hera alone was caused by the permanently weak demand for electricity in Italy, which the Group tried to combat through a further expansion of its customer base, which increased by approximately 50,000 new customers.

Volumes distributed increased to 2,207.1 Gw/h (+534.6 Gw/h compared with 30/09/2012). The contribution of AcegasAps was 582.9 Gw/h, while Hera stand alone, because of the previously mentioned low consumption levels, recorded a fall of 48.3 Gw/h.

The contribution of AcegasAps to EBITDA for the area was 8.5 million. Excluding this contribution, EBITDA for the area was 54.3 million, up by 18.0%.

The electricity area contribution to the Group's EBITDA is equal to 10.5%.

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 Consolidated Quarterly Report and the related documentation are available to the public at Borsa Italiana S.p.A. and on the website www.gruppohera.it, from 13 November 2013.

The financial statements, extracted from the Consolidated Interim Report as at 30 September 2013, not subject to audit, are attached.

www.gruppohera.it

Head of Investor Relations Hera S.p.A.

Jens Klint Hansen

tel. +39 051-28 77 37

e.mail: jens.hansen@gruppohera.it

Profit & Loss (mln €)	30/09/2013	<i>Inc. %</i>	30/09/2012	<i>Inc. %</i>	Ch.	Ch. %
Sales	3,374.9	100.0%	3,322.0	100.0%	+52.9	+1.6%
Other operating revenues	173.7	5.1%	129.0	3.9%	+44.7	+34.6%
Raw materials	(1,799.7)	-53.3%	(2,027.3)	-61.0%	-227.6	-11.2%
Services costs	(765.6)	-22.7%	(664.1)	-20.0%	+101.5	+15.3%
Other operating expenses	(38.8)	-1.2%	(29.0)	-0.9%	+9.8	+33.7%
Personnel costs	(358.9)	-10.6%	(283.4)	-8.5%	+75.5	+26.6%
Capitalisations	11.6	0.3%	20.7	0.6%	-9.1	-44.0%
Ebitda	597.2	17.7%	467.9	14.1%	+129.3	+27.6%
Depreciation and provisions	(302.6)	-9.0%	(231.0)	-7.0%	+71.6	+31.0%
Ebit	294.5	8.7%	236.9	7.1%	+57.6	+24.3%
Financial inc./(exp.)	(112.2)	-3.3%	(95.5)	-2.9%	+16.7	+17.5%
Other non operating revenues	74.8	2.2%	-	0.0%	+74.8	+100.0%
Pre tax profit	257.2	7.6%	141.4	4.3%	+115.8	+81.9%
Tax	(84.3)	-2.5%	(64.5)	-1.9%	+19.8	+30.7%
Net profit	172.8	5.1%	76.8	2.3%	+96.0	+124.9%
<i>Attributable to:</i>						
Shareholders of the Parent Company	161.6	4.8%	67.3	2.0%	+94.3	+140.0%
Minority shareholders	11.2	0.3%	9.5	0.3%	+1.7	+17.5%
Net financial position (mln €)	30/09/2013	<i>Inc. %</i>	31/12/2012	<i>Inc. %</i>	Ch.	Ch. %
Cash on hand	484.9		424.2		+60.7	+14.3%
Other current loans	62.5		47.3		+15.2	+32.1%
Current financial indebtedness	(754.2)		(321.3)		+432.9	+134.7%
Current net financial indebtedness	(206.8)	7.4%	150.2	-6.8%	+357.0	+237.7%
Non current loans	46.4		17.6		+28.8	+163.6%
Non current financial indebtedness	(2,616.0)		(2,384.4)		+231.6	+9.7%
Non current net financial indebtedness	(2,569.6)	92.6%	(2,366.8)	106.8%	+202.8	+8.6%
Net financial indebtedness	(2,776.4)	100.0%	(2,216.6)	100.0%	+559.8	+25.3%