Consolidated quarterly report as at 30 September 2013

GRUPPO HERA

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Mission

"Hera's goal is to be the best multi-utility in Italy for its customers, workforce and shareholders. It aims to achieve this through further development of an original corporate model capable of innovation and of forging strong links with the areas in which it operates by respecting the local environment".

"For Hera to be the best means to represent a reason for pride and trust for: customers, who receive, thanks to Hera's constant responsiveness to their needs, quality services that satisfy their expectations. **The women and men who work at Hera,** whose skills, engagement and passion are the foundation of the company's success; **shareholders**, confident that the economic value of the company will continue to be generated in full respect of the principles of social responsibility**; the reference areas,** because economic, social and environmental health represent the promise of a sustainable future; and **suppliers,** key elements in the value chain and partners for growth".

Governance bodies and officier

Board of Directors	
Chairman	Tomaso Tommasi di Vignano
Vice-Chairman	Giorgio Razzoli
CEO	Maurizio Chiarini
Director	Mara Bernardini
Director	Filippo Brandolini
Director	Marco Cammelli
Director	Luigi Castagna
Director	Pier Giuseppe Dolcini
Director	Valeriano Fantini*
Director	Enrico Giovannetti
Director	Fabio Giuliani
Director	Luca Mandrioli
Director	Daniele Montroni**
Director	Stefano Manara****
Director	Mauro Roda
Director	Roberto Sacchetti
Director	Rossella Saoncella
Director	Bruno Tani
Director	Giancarlo Tonelli
Director	Giovanni Perissinotto
Director	Cesare Pillon
Board of Statutory Auditors	
Chairman	Sergio Santi
Standing Auditor	Antonio Venturini
Standing Auditor	Elis Dall'Olio
Internal and Risk Control Commitee	
Chairman	Giorgio Razzoli
Member	Fabio Giuliani
Member	Luca Mandrioli
Member	Rossella Saoncella
Remuneration Commitee	
Chairman	Giorgio Razzoli
Member	Marco Cammelli
Member	Daniele Montroni**
Member	Stefano Manara****
Member	Bruno Tani
Executive Commitee	
Chairman	Tomaso Tommasi di Vignano
Vice-Chairman	Giorgio Razzoli
Member	Maurizio Chiarini
Member	Giovanni Perissinotto***
Ethics Commitee	
Chairman	Giorgio Razzoli
Member	Filippo Bocchi
Member	Mario Viviani
Indipendent auditing firm	
	PricewaterhouseCoopers

** Died 18 March 2013*

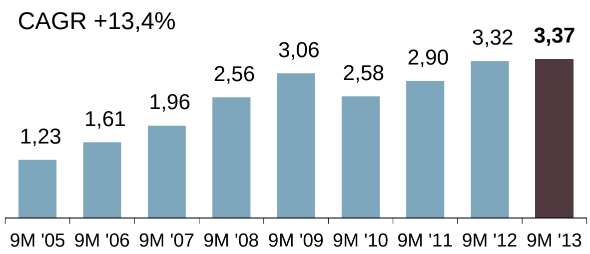
*** Resigned 14 March 2013*

**** In office since 24 January2013*

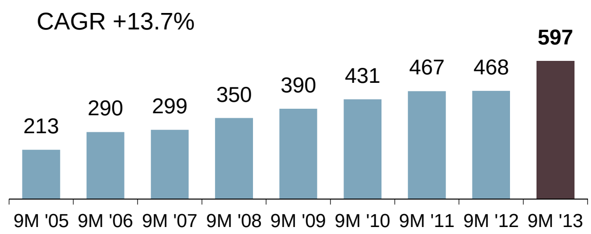
***** In office since 28 August 2013*

Key financial data

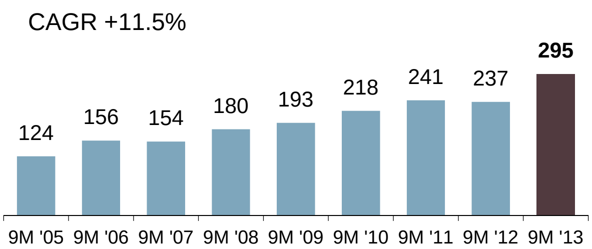
Revenues (b€)



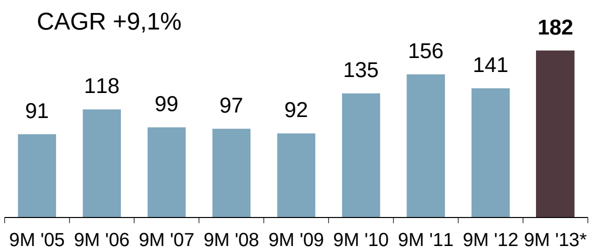
Ebitda (m€)



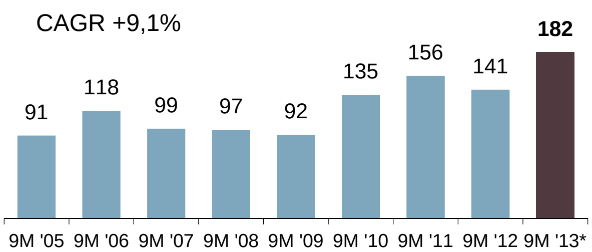
Ebit (m€)



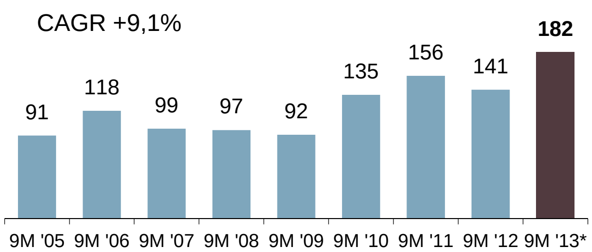
Pretax profit adjusted (m€)



Pretax profit adjusted (m€)



Pretax profit adjusted (m€)



*adjusted by 74,8 million Euro, due to Acegas Aps consolidation

Introduction

The financial statements for the first nine months of 2013 once again confirm growing economic-financial results, with a further improvement with respect to the increase in operational revenue seen in the first two quarters. These results corroborate the strategic multi-utility structure with a long-term multi-stakeholder perspective pursued by the Group. Since its establishment, Hera has in fact consistently proved to be capable of achieving growth even in crisis scenarios such as the current one.

The macro context continues to show unfavourable conditions, even though the strongly negative trend seems to have passed and the political situation appears to be entering a phase of greater stability. The broader sovereign debt crisis, which led Italy's credibility to reach a historical low during the course of 2012 (the Italian spread with respect to the German Bund was briefly over 520 basis points), showed continual improvement in 2013, as is recorded by the slow but accentuated decrease of the spread, which has withdrawn to around 250 basis points. Nevertheless, the macro-economic data still reflect a difficult current scenario, although an improvement has been forecast for the end of the calendar year. The foreseen Gross Domestic Product (GDP) shows a -1.8% fall, compared to -2.4% in 2012. Italian industrial production showed a negative trend of -4.0%, with respect to -6.7% in 2012. This context also contributed to the decline in energy consumption, down -8.9% (compared to -3.9% in 2012) for gas and a deceleration in the demand for electricity (-3.8% compared to -2.8% in 2012), led by the significant contraction that came about in the thermoelectric sector (-24%).

Within this difficult context, the results achieved by the Group are even more appreciable: the figures pertaining to the first nine months of 2013 reflect the positive contribution coming from all organic growth factors, as well as the contribution of the aggregation with Acegas Aps, which became part of the Hera Group at the beginning of the year.

Liberalised market strategies continued to sustain customer growth in the electricity sector, confirming the efficiency of the Group's sales force in an increasingly competitive market and controlling the effect of reduced consumption, which is still influenced by the country's negative macro-economic situation. The impact of the crisis was in fact particularly visible during the period in question, with volumes decreasing by over 7% across Hera's area of reference. This drop was partially compensated by the consolidation of the Acegas Aps data. Notwithstanding this, the Group achieved better results with respect to the preceding year, thanks to more selective marketing policies that also allowed wider margins to be obtained, as well as growth in economic results.

On the gas market, the Group reported sales volumes substantially in line with the corresponding period of the previous financial year, while trading activities suffered from the regulatory amendment introduced on the protected market on 1 April 2013, which brought about a significant reduction in sales volumes and induced a slight contraction of the results in the business area.

The waste collection business witnessed a further recovery of volume, that had already been seen in the initial part of the financial year. This data reflects household consumption levels that are still influenced by Italy's negative economic situation, which was however more than compensated for by market expansion created by efficient marketing policies. This allowed for a positive increase in volumes handled of over 6%, which was influenced both by the integrations carried out by the company. Activities managed by concession in energy distribution, urban waste collection and integrated water services, that represent roughly 58% of the Group's EBITDA, account for approximately 70% of the growth seen in the results of the first nine months of 2013, including the investments made and the tariff adjustments recognised by the Authorities.

The financial statements for the period show a major increase in net profits, which is partially due to the contribution deriving from the positive differential between the consolidated net asset value of Acegas Aps and the value paid for the aggregation with the Hera Group. The results, in any event, show positive growth even with respect to the 2012 adjusted figures and without the positive contribution of the non-recurring effects of the aggregation with Acegas Aps. The final results from Acegas Aps in the period show clear progress with respect to the first nine months of the preceding year, prevalently as an effect of the positive synergies created by the aggregation and of the industrial growth anticipated by the Group's business plans.

From a financial point of view, net debt levels consistent with the those of the first semester 2013 (increase of 1%), or roughly €2.78 billion, were recorded; this is principally due to the integration of Acegas Aps' debt.

Strategic approach and business plan

Hera's main strategic objective has always consisted in the creation of value from a multi-stakeholder perspective in the medium-and long-term, by competing autonomously and **efficaciously** in liberalised markets. The objective is to replicate a "unique" business model intended to expand the Group and **manage primary services** in an **increasingly efficient manner** in order to **satisfy the main stakeholders**. Since 2002, this strategy has continued to sustain uninterrupted growth in results through all of the main levers available. The **strategy is based on the Group's strong points**, which consist in an "open" organisational model that is able to provide for an efficient increase in size through external lines, national leadership in the waste sector, and an extensive, loyal customer base concentrated in the reference area.

The Group's strategic imperative is to preserve its customer base, giving a great deal of attention to service quality, after-sales support service and an integrated offer of a complete set of primary services. Furthermore, development strategies aimed at maintaining a balance between the various activities have been set into place, in order to conserve a low variability/risk profile as regards the Group's results.

Hera's strategic plan has been articulated into five key priorities, which have guided the Group's management along a continuous and linear path for over a decade:

1) Pursuing a process of **extracting synergies** through corporate aggregations, in a complete integration of the companies incorporated within Hera;
2) Implementing the plan for **large plant construction** and developing networks, balancing the growth of all businesses involved and increasing the efficiency and the quality of the services;
3) **Preserving a solid, low-risk economic-financial profile**, capable of satisfying stakeholders through a sustainable approach in the medium to long-term;
4) Pursuing **merger and acquisition opportunities in liberalised sectors** (waste processing, energy sales and generation), both to consolidate its leadership in the environmental sector and to expand, in a defensive perspective, its offer to customers with electricity services;
5) **Applying Hera's innovative aggregation model for multi-utility businesses** in neighbouring areas, according to a rationale of territorial continuity, focusing on compatible activities and economic-financial profiles capable of maintaining the Group's financial solidity.

To ensure greater efficiency in the exploitation of scale economies, **mergers** were integrated in the original model based on an industrial holding company. At the same time, "direct operational supervision" of all local territories was ensured, to preserve the crucial competitive advantages deriving from customer proximity and local roots. A business reorganisation was implemented as of 1st January 2013, through a corporate structure consisting of vertical units capable of further improving the management of the businesses with respect to the preceding organisation, that turned to a territorial model. This new organisational model based on vertical units was conceived in order to establish organisational structures dedicated to territorial relations and to reinforce the solid ties that have always represented one of the Group's main competitive advantages.

The strategy of focusing on core activities has led to a rationalisation of the portfolio, with the consequent disposal of minor businesses and the sale of assets held to be non-strategic, as well as a corporate rationalisation involving a much lighter organisation, which currently responds better to the Group's management rationale.

The Group's development strategies in energy businesses have always aimed at consolidating its significant position in core sectors (gas distribution and sales) across its reference area, both by improving distribution networks and service quality and by boosting after-sales service support. The dual-fuel strategy was designed so as to complete the offer of electricity services mainly to existing customers, and was supported by a **prudent upstream strategy** of self-generation development, complementary to the market procurement sources. All of this has made it possible to maintain low risk-exposure profile in a sector in which the Group has now become one of Italy's first five operators.

In the waste disposal market, of which Hera is **the leader in Italy,** strategies have been aimed at strengthening plant structures so as to guarantee sustainable operations and respect for the environment. In a sector featuring seriously underdeveloped infrastructures, the Group's goal was to develop a fully integrated plant system, capable of reusing discarded materials and extracting energy from waste, through an ambitious investment policy involving efficiency improvement and rationalisation of operational activities.

In its regulated businesses, Hera has adopted a strategy for ensuring greater efficiency and development of its plants, by creating infrastructures in all reference areas and improving its levels of efficiency with a view to gaining contracts when the present concessions expire and are put to tender.

These underlying strategies represent the backbone of the **2013-2017 business plan**, approved by the Company's Board of Directors at the end of September. The Group fully expects to continue in its positive growth (roughly +7.5% average annual growth of the MOL and roughly +5% average annual growth of earnings per share) through levers of external growth mainly consisting in the integration of Acegas Aps and Energonut, who have fully contributed to these results since the beginning of the current financial year. Organic growth constitutes another important source of prospective growth, and is based on a reconfirmation of contracts for gas distribution that will be put to tender in the next few years (and that will bring about a slight increase in results, following the increased area conceded by the Authority), a research of synergies from increased economies of scale, and a continued expansion of the markets of electric energy retail and waste disposal. Growth through internal lines should be more than sufficient to compensate for the effects of the revisions imposed by the Authority on regulated activities.

Business sectors

Hera is the leading domestic operator in the **environment sector** by quantity of waste collected and treated. Waste collection, regulated by concession contracts, has expanded over the years through a series of subsequent corporate mergers, and now covers all of the areas from Trieste to Pesaro-Urbino. Thanks to both a constant rise in customer awareness and the support of local institutions, Hera's waste collection system is now based on recycling the majority (over 50%) of waste materials (glass, paper, plastic, metals and biomasses) and on the valorisation of the energy content of the remaining part, using waste-to-energy production and biogas extraction.
This efficient system has made a considerable contribution to decreasing the amount of urban waste disposed of directly in landfills, thereby reducing soil pollution.

Waste treatment and disposal activities have benefited over time from a significant expansion and renovation of the asset base. A multi-year plan for modernising 7 WTE plants was completed in 2011. In 2013, the plant base is being enriched with 3 additional WTEs: one in Trieste, one in Padua (with the aggregation of Acegas Aps) and one WTE in Molise (Energonut, acquired from Veolia during the course of the previous financial year). Hera's asset base has also been enriched and completed by other types of plants for biomass treatment and selection of material coming from separate waste collection. Today's asset of over 80 plants (excluding the contribution of Acegas Aps), which is able to satisfy requests for treatment and optimisation of any kind of waste, represents one of the Group's points of excellence on a national scale, and has supported the considerable expansion in volume of activity over the decade, satisfying complex needs concerning disposal and decontamination of production sites.
With its generation of almost 1 TWh per year, the Group has became one of the leading operators committed to the recovery of electricity from waste.
In order to best rationalise its activities, in 2010 Hera established Herambiente, to which all liberalised waste disposal, treatment and recovery operations were transferred. In the same year, the Group opened the shareholding structure of Herambiente to the Eiser infrastructure investment fund, thus ensuring financial support for future development. The integration with Acegas Aps and the acquisition of Energonut further reinforced the Group's leadership in the sector with an expansion of its range of action, given that the bases situated in the North-East and in the central part of the country give Hera greater competitive strength in those markets, as is shown by the increase in volume that appears in the interim financial statements published in 2013.

Since its establishment, Hera has operated in **integrated water service** management, from network distribution of drinking water to collection and purification of waste water, and has the exclusive right to these services in seven provinces in Emilia-Romagna and in the northern Marche, on the basis of long-term concessions (on average until 2023).

Following the mergers that have taken place since its establishment, the physiological development of its activities and the considerable investments made, the Group, excluding the contribution of Acegas Aps, has practically doubled the number of its customers, strengthened its purification plants, expanded its distribution and drainage system networks by roughly 10 thousand linear km, and increased its business volume. The water network, like all Group networks, is currently controlled by a single remote control system created in 2007 and held to be one of the most advanced in Europe. Remote monitoring of networks has made it possible to optimise maintenance and supervision processes, ensuring greater efficiency and lower running costs. Thanks to these systems and to the modernisation of the networks, the Group's recorded performance (in terms of average leaks per kilometre of network) has been counted among the nation's most efficient.

The entire system of environmental control, from the analysis of water before distribution to the collection and purification systems for waste water, has shown major progress and guaranteed high service quality and maximum customer safety.
The Group is the second largest operator in Italy by volume of sales, with a continuous and extensive presence in the reference market. Following the aggregation with Acegas Aps, Hera reached 1.44 million users in the sector.
At the end of the financial year, the Authority for regulation of Electricity and Gas, AEEG, responsible for defining the new regulation system of the CCI, defined a transitory tariff system for 2012-2013 (later protracted for all of 2014) that put an end to the regulatory uncertainty of the last 18 months. The fundamental principles of the tariff system allow the plant modernisation and activity development plan to continue with greater ease.

The Group covers the reference territory almost completely in the **gas sector** as well. This includes services in distribution and in methane gas sales and trading, as well as district heating management. Hera is currently among the leading “local” firms, and one of the first nationally in terms of volume distributed. In spite of the liberalisation of the sales market, the Group has developed its original customer base, reaching 1.12 million users, in other words almost doubling it in ten years, thanks to a series of corporate mergers. The contribution of Acegas Aps permits the customer base to be widened to a significant degree.
The distribution network, developed through direct investment and the acquisition of companies, has reached 14 thousand km. Acegas Aps also brings an important contribution of asset bases that allow the Group to look optimistically towards future tenders for gas distribution concessions in all reference areas.
The unstable situation of energy markets has led the Group to follow prudent and flexible procurement policies, seizing the opportunities that derive from the slow process of initiating and developing both the possibility of importing raw materials and the Italian and international wholesale market. Hera has a multi-year capacity of gas importation that reaches almost 500 million cubic metres per annum, through the TAG gas pipeline (Russian gas). It has also gradually diversified internal (domestic) sources, striving for maximum flexibility through annual agreements. Lastly, an organisational redistribution has been implemented that has led to the establishment of a sales company (Heracomm) and a trading company (Heratrading), thanks to which Hera has launched its own direct operations on a number of European hubs. This asset of Hera’s supply portfolio has protected it from the risks derived from “pre-determinate” material purchase commitments many years in advance.
The volume of sales relating to district heating has also almost doubled in the last 10 years; as is well known, this is a way of transforming energy into heat more efficiently and with less impact on the environment than is the case with independent home heating systems.
The district heating network has been developed in various urban areas across the territory, including those near the large waste-to-energy and cogeneration plants built in the last ten years, thereby exploiting heat sources that would otherwise not be used.

The “dual fuel" commercial strategy has allowed **the electricity market** to be developed at a sustained rate of growth, both by way of cross-selling to existing customers and through expansion into new markets. This strategy has proven able to defend existing customers in the gas sector, as previously shown (and to achieve notable domestic market shares), with annual sales of roughly 10 TWh, on a base - that has increased tenfold - of over 560 thousand customers, above and beyond those provided by Acegas Aps.

Commercial development in the electricity sector has been accompanied by a parallel and cautious development in electricity generation, for a sustainable management of customer demand.

A 80 MW gas cogeneration plant was completed in the Imola area in 2008, which ensures self-sufficiency for the province in the event of a national network blackout. Lastly, Hera's generation equipment saw the development of over 110MW of clean energy from incineration plants, to which the energy produced in Acegas Aps' two plants must be added, a further 13 MW from biomass waste-to-energy plants, as well as the capacity derived from recent development of small biogas and photovoltaic generation plants, which complete the diversified portfolio of the Group's renewable and assimilated sources.

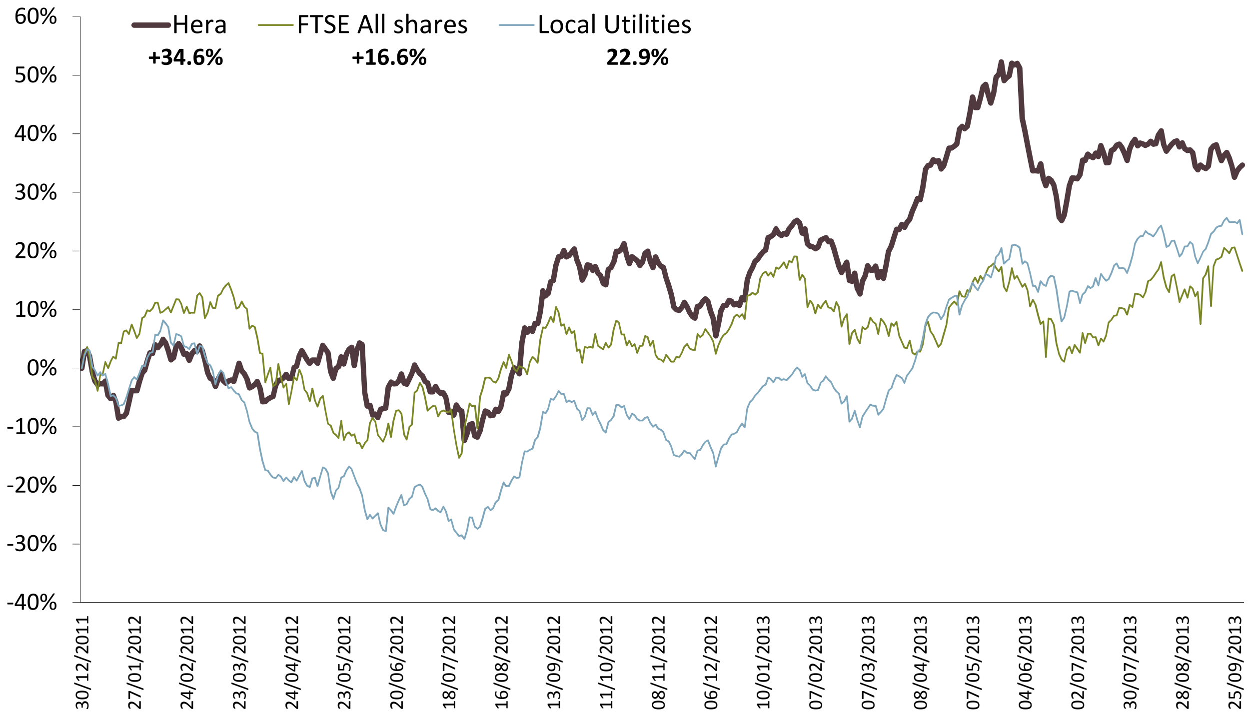
Hera continues to be an operator with a relatively limited presence in generation activities; the greater part of the demand for electricity from end customers is in fact prevalently covered by an amply diversified portfolio of bilateral supply contracts and activities in market trading.

Electricity distribution had seen major development ever since Hera's establishment; the merger with the Modena multi-utility Meta Spa in 2005, and the acquisition of Enel's electrical network in the province of Modena, contributed to the expansion of the grid until it reached a dimension of almost 10 thousand kilometres that, thanks to the investments made, is completely equipped with electronic meters and managed remotely by a single technologically advanced remote control centre. The contribution resulting from the Acegas Aps aggregation is important in this sector as well, in particular for the commercial development potentiality that these markets can offer to the integrated status of the dimensions of the new Group.

Share performance on the Stock Exchange and shareholder relations

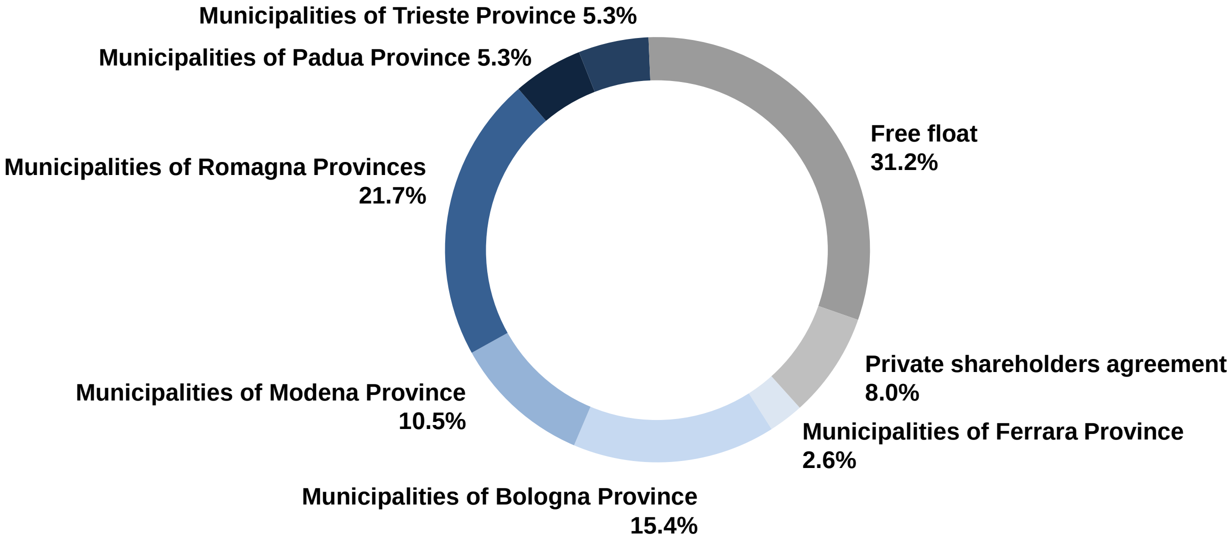
During the first nine months of 2013 the stock continued along the upward trend that began in 2012, with a performance of +34.6% (passing from €1.10 at the end of 2011 to €1.48 at 30 September 2013), exceeding both the equity market (+16.6%) and the Italian local-utilities index (+22.9%). In particular, Hera's stock trend showed greater stability than the Italian local-utilities index, which went through a period of highly volatility. Hera in fact succeeded initially in defending itself from the downward trend that the market encountered in the first half of 2012, and later in replicating the excellent performance of the entire sector.

Performance of Hera share as at 30th September 2013



Despite the persistence of both political and financial macro-economic difficulties, the Hera stock, supported by both a revaluation of the local utilities sector and by the good interim results published during the financial year, maintained a positive performance in the first part of the year. This superior performance also coincided with the good outcome of the OPAS on Acegas Aps, which allowed the company to be delisted.

Today, public shareholders are represented by 189 reference area Municipalities holding 61.0% of Hera's ordinary share capital, made up of 1,342,876,078 ordinary shares. The number of shares increased during the first semester of 2013 by 227,862,324 shares, among which 143,380,765 assigned to the Municipalities of Trieste and Padua, against the merger with Acegas Aps Holding S.r.l., with effect from 1 January 2013. The remainder (84,481,673 shares) was assigned to Acegas Aps private shareholders who endorsed the OPAS. Following these non-recurring transactions, the Hera Group gained complete control of Acegas Aps ordinary shares.



Since 2006, Hera has conducted a buyback programme of treasury shares with a maximum of 15 million shares, for a total amount of €60 million. This programme is aimed at financing opportunities to buy small companies and at rectifying any unusual movements in the Group's share price with respect to its major domestic competitors.
The Shareholders' Meeting held on 30 April 2013 renewed the treasury share purchase plan for 18 further months, for a maximum overall amount of €40 million and a total of 25 million shares. As at 30 September 2013 Hera held approximately 11.7 million treasury shares in its portfolio.
Over the course of the last ten years, **shareholders remuneration** has always shown constant or increasing dividends, even during the most delicate moments related to the recent macro-economic crisis. In 2013 as well, a dividend of 9 euro cents per share has been paid, in line with the preceding financial year.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dividends approved (ml€)	27.6	42.0	48.2	71.2	81.3	82.5	82.5	88.9	99.9	100.4	100.4
DPS (€)	0.035	0.053	0.057	0.070	0.080	0.080	0.080	0.080	0.090	0.090	0.090

From the moment in which it was listed, the Group has promoted and increased relations with **financial analysts** to ensure that investors have a wide range of independent opinions. Over time, this coverage increased reaching 15 studies, with international brokers such as Citigroup and Merrill Lynch. The financial crisis of recent years has caused many banking institutions to be profoundly restructured, bringing the number of the Hera stock studies to 7 (in the last 2 years the studies of Banca Aletti, Banca IMI, Centrobanca, Deutsche Bank, Exane, Merrill Lynch, Mediobanca, Sogen and Unicredit have been interrupted); despite this, Hera still enjoys a "coverage" that is among the broadest in the local-utilities sector: Alpha Value, Banca Akros, Citi, Equita, ICBPI, Intermonte and KeplerCheuvreux. At the end of the semester, Hera can boast an largely positive set of evaluations, with one third of the analysts conferring a "Buy"/"Outperform" rating, two thirds a "Hold/Neutral" rating, and no negative opinions. As at 30 September 2013, the 12-18 month average stock target price expressed by analyst evaluations is around €1.61 per share.

Hera stocks are included in many “SRI” indices, and have been part of the “Kempen SNS Smaller Europe SRI Index” for years. In 2008, they were also included in the “ECPI Euro Ethical Index”. In 2009, they were included in the “ECPI EMU Ethical Index”, consisting of 150 companies with sustainability characteristics consistent with the “ECPI SRI” methodology and listed on the European Union economic/monetary market.

The Group’s main means of communication with its shareholders and stakeholders is its website **www.gruppohera.it.** During the last ten years, the section dedicated to shareholders/financial operators (“Investor Relations” section) has undergone continuous improvement. For the fourth consecutive year, Hera’s on-line financial communication rose to the podium of the national Webranking classification, created by KWD, relating to the major domestic listed companies: in 2012, the Group's site gained the second place, positioning itself ahead of many larger Italian concerns, and was judged to be the best communication tool among Italian utilities.

Since its establishment in 2002, Hera has placed special emphasis on direct communication with investors, by organising Road Shows that present the stock in Italy and abroad (United Kingdom, France, Switzerland, the Netherlands, Germany, Austria, Scandinavian countries, Belgium, Luxembourg and the United States). In the first nine months of 2013, Hera organised meetings with European investors, maintaining a number of contacts in line with previous years. Timely reports and transparent communication have also been maintained in the 2013 financial year, as a response to the growing sense of uncertainty perceived by stakeholders in this time of profound systemic discontinuity that our country continues to undergo.

CHAPTER 1

Directors' report

1.01 Group performance for the nine months ended 30 September 2013:

Group key consolidated data:

(millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% var.
Revenues	**3,322.0**		**3,374.9**		**+52.9**	**+1.6%**
EBITDA	**467.9**	**14.1%**	**597.2**	**17.7%**	**+129.3**	**+27.6%**
Operating profit	236.9	7.1%	294.5	8.7%	+57.6	+24.3%
Net profit	**76.8**	**2.3%**	**172.8**	**5.1%**	**+96.0**	**+124.9%**

1.01.01 Operating and financial results

The Hera Group's results for the nine months ended 30 September 2013 were higher than those for the comparable period in 2012. This was due both to the excellent performance of the Hera Group companies and to the consolidation of the AcegasAps Group.

Following the business combination, the Hera Group is now the largest domestic operator in terms of waste treated, the second in integrated water management; the third in gas distribution and the fifth in the sale of electric energy to final customers.

The period under review was characterized by the following corporate actions:

- On 1 August 2013 the Group sold its investment in Hera Servizi Cimiteriali, consolidating this company's results until that date.
- On 30 September 2013 AcegasAps S.p.A. acquired an additional equity interest in Isontina Reti Gas, a company engaged in gas distribution services in the province of Gorizia, raising its stake from 30% to 50%. Further information on the transaction is available in the chapter "Subsequent events".

As already indicated in previous years, the consolidated income statement reflects the application of IFRIC 12 "Service Concession Arrangements", which changed the accounting treatment of transactions entered into by companies that operate under specific concession arrangements. While the application of this standard did not have any impact on results, it did require the recognition in the income statement of capital expenditure, but only on network services. Therefore, the income statement shows an increase in other operating income of €104.4 million (AcegasAps's input was €23.1 million) for the first nine months of 2013 and an increase of €85.8 million for the same period of 2012 as well as increased operating costs for services, materials and other operating costs for €82.4 million (AcegasAps's input was €23.1 million) in 2013 and €62.0 million for the first nine months of 2012.

Hereinafter, for simplicity's sake, the AcegasAps Group will be referred to as "AcegasAps" and the heritage Hera Group as "Hera".

The table below contains the operating results of 2012 and 2013; the adjustments described below were made to the first nine months of 2012:

1) Starting 1 January 2013 the Hera Group applied IAS 19 revised, which called for the termination of the so-called "corridor method" to account for actuarial gains and losses. This resulted in a reduction in personnel costs for €920 thousand, inclusive of the related tax effect recognized under "income taxes for the period" for €437 thousand.
2) In addition, the income statement for the first nine months of 2012 was restated to take into account the aborted sale of the Berti Pichat area. This transaction had entailed the recognition of a gain among "other operating income" for €6,625 thousand. In particular, in light of the restatement, "other operating income" decreased by the same amount, which caused net profit for the first nine months of 2012 to drop by €3,282 thousand, after the tax effect of €3,343 thousand accounted for as "income taxes for the period".

Further details are available in the paragraph "Reclassification summary" in the "Explanatory notes" section of the accounts for the nine months ended 30 September 2013.

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	3,322.0	0.0%	3,374.9	0.0%	+52.9	+1.6%
Other operating revenues	129.0	3.9%	173.7	5.1%	+44.7	+34.6%
Raw materials and other materials	(2,027.3)	-61.0%	(1,799.7)	-53.3%	-227.6	-11.2%
Service costs	(664.1)	-20.0%	(765.6)	-22.7%	+101.5	+15.3%
Other operating costs	(29.0)	-0.9%	(38.8)	-1.2%	+9.8	+33.7%
Personnel costs	(283.4)	-8.5%	(358.9)	-10.6%	+75.5	+26.6%
Capitalised costs	20.7	0.6%	11.6	0.3%	-9.1	-44.0%
EBITDA	**467.9**	**14.1%**	**597.2**	**17.7%**	**+129.3**	**+27.6%**
Depreciation, Amortisation and Provisions	(231.0)	-7.0%	(302.6)	-9.0%	+71.6	+31.0%
Operating profit	**236.9**	**7.1%**	**294.5**	**8.7%**	**+57.6**	**+24.3%**
Financial income (expense), net	(95.5)	-2.9%	(112.2)	-3.3%	+16.7	+17.5%
Other non-operating revenue	-	0.0%	74.8	2.2%	+74.8	+100.0%
Pre-tax profit	**141.4**	**4.3%**	**257.2**	**7.6%**	**+115.8**	**+81.9%**
Tax	(64.5)	-1.9%	(84.3)	-2.5%	+19.8	+30.7%
Net profit for the period	**76.8**	**2.3%**	**172.8**	**5.1%**	**+96.0**	**+124.9%**
Attributable to:						
Shareholders of the Parent Company	**67.3**	**2.0%**	**161.6**	**4.8%**	**+94.3**	**+140.0%**
Non-controlling interests	9.5	0.3%	11.2	0.3%	+1.7	+17.5%

EBITDA rose from €467.9 million for the first nine months of 2012 to €597.2 million for the first nine months of 2013 (up 129.3%); EBIT rose from €236.9 million to €294.5 million; pre-tax profit went up by 81.9%, from €141.4 million to €257.2 million; net profit increased from €76.8 million at the end of the first nine months of 2012 to €172.8 million at the end of the first nine months of 2013, up 124.9%.

Revenues increased by €52.9 million, up 1.6%, going from €3,322.0 million for the nine months ended 30 September 2012 to €3,374.9 million for the first nine months of 2013, due to the combined effects of:
(a) the contribution of AcegasAps for €374.5 million;
(b) a decrease of €321.6 million in Hera's revenues due mainly to lower gas volumes traded and lower sales of electricity.

Other revenues grew by €44.7 million, due mainly to AcegasAps's contribution for €41.6 million.

The decrease in Costs of raw and other materials, amounting to €227.6 million, compared with 2012, was due to the combined effects of:
(a) the increase of €132.3 million determined by the business combination with AcegasAps;
(b) a decrease of €359.9 million due to lower gas trading activities and lower electricity purchase costs, as a result of a decline in volumes sold.

Other operating costs (Costs for services went up by €101.5 million and Other operating costs by €9.8 million) increased overall by €111.3 million (up 16.1%).Such increase was due nearly entirely to the effect of the business combination with AcegasAps amounted for €111.3 million.

Personnel costs rose by 26.6%, from €283.4 million in the first nine months of 2012 to €358.9 million in the first nine months of 2013. Of this increase, €70.9 million was attributable to AcegasAps while the remainder was due to pay raises linked to the national labour agreement, partly offset by a lower average headcount and changes under the terms of the labour agreement.

The decrease in Capitalised costs, which went from €20.7 million to €11.6 million, was mainly connected to the decrease in work on plants and works by Group companies.

Group consolidated EBITDA for the first nine months of 2013 amounted to €597.2 million, compared with €467.9 million in the first nine months of 2012, reflecting an increase of €129.3 million (up 27.6%).This increase was accounted for by the business combination with AcegasAps for €101.6 million and organic growth by Hera for €27.7 million (up 5.9%). Details are provided in the relevant sections of this report.

Depreciation, amortisation and provisions increased by €71.6 million (up 31.0%), going from €231.0 million for the first nine months of 2012 to €302.6 million for the same period in 2013. The business combination with AcegasAps determined an increase of €50.7 million (up 21.9%). Hera showed an increase of €20.7 million due to: i) the depreciation of new investments and for the expansion of the WTE capacity at the Pozzilli plant; ii) greater provisions made for bad debts; iii) greater depreciation and provisions due to the increase in the depreciation rates of certain capital assets related to the gas concessions.

EBIT in the first nine months of 2013 amounted to €294.5 million, up 24.3% on the comparable period in 2012, for the reasons described above. The effect of the business combination with AcegasAps at 30 September 2013 was €50.9 million.

In the first nine months of 2013, financial expense exceeded financial income by €112.2 million, compared with €95.5 million in the first nine months of 2012. Continuing the trend shown in the first half of 2013, the inclusion of AcegasAps in the scope of consolidation accounted for an increase in net financial expense of approximately €12.5 million.
The difference between financial expense and financial income, which was largely in line with the comparable year-earlier period, went up as a result of an increase in average indebtedness and, to a limited extent, to the disposal of the funeral and cemetery assets.

The acquisition of the AcegasAps Group, which took effect as of 1 January 2013, resulted in the recognition of a gain from a bargain purchase of €74.8 million under other non-recurring non-operating income. This amount, which is only temporary, resulted from the difference between the purchase price and the fair value of the acquiree’s net assets. As permitted by IFRS 3, the valuation process is still under way. This means that there might be further adjustments to the acquired assets and liabilities, which will be recognized retrospectively at a later stage through profit or loss, with a possible change in the above gain

In light of the above, pre-tax profit went from €141.4 million in the first nine months of 2012 to €257.2 million in the first nine months of 2013, reflecting an 81.9% increase.

Income tax attributable to the nine months under review amounted to €84.3 million, compared to €64.5 million in 2012. The tax rate was 46.2%, as calculated without considering the extraordinary effects of the AcegasAps business combination which was accounted for under “Other non-recurring non-operating income”, compared to 45.6% in the first nine months of 2012.

Net profit for the first nine months of 2013 amounted to €172.8 million, reflecting an increase on the €76.8 million for the nine months ended 3o September 2012. The increase in net profit (up €96.0 million) was due to: (i) the recognition of a gain from a bargain purchase of €74.8 million; (ii) the business combination with AcegasAps for €21.1 million and (iii) a €0.1 million increase in Hera’s net profit (up 0.1%).

The amount attributable to the shareholders of the Parent Company amounted to €161.6 million, compared to €67.3 million for the comparable period in 2012.

The table below provides operating highlights of Hera’s growth, AcegasAps acquisition and the effect on net profit of the bargain purchase.

Key operating results (millions of euro)	Hera at 30/09/2012	Hera at 30/09/2013	Var. Abs. Hera	AcegasAps at 30/09/2103	Group at 30/09/2013	Group Abs. Var.	Group % Var.
EBITDA	**467.9**	**495.6**	**+27.7**	**101.6**	**597.2**	**+129.3**	**+27.6%**
Operating profit	**236.9**	**243.7**	**+6.8**	**50.9**	**294.5**	**+57.6**	**+24.3%**
Adjusted pre-tax profit	**141.4**	**144.0**	**+2.6**	**38.4**	**182.4**	**+41.0**	**+29.0%**
Adjusted net profit	**76.8**	**76.9**	**+0.1**	**21.1**	**98.0**	**+21.2**	**+27.6%**
Other non-operating income (bargain purchase)	-	74.8	+74.8	-	74.8	+74.8	+100.0%
Net profit for the period	**76.8**	**151.7**	**+74.9**	**21.1**	**172.8**	**+96.0**	**+124.9%**

Investing activities

Group investments, including those of the AcegasAps Group, amounted to €194.6 million.

Hera's capital expenditure amounted to €163.1 million, compared to €183.8 million in the first nine months of the previous year while its equity investments amounted to €0.4 million.
In the period under review AcegasAps made equity investments for €31.1 million.

The table below lists the investments before disposals, for the reference period, by business sector:

Total Investments (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	%Var.
Gas segment	27.2	33.6	+6.4	+23.5%
Electricity segment	13.1	14.2	+1.1	+8.4%
Integrated water cycle segment	60.5	68.1	+7.6	+12.6%
Waste management segment	31.6	32.7	+1.1	+3.5%
Other services segment	8.6	13.7	+5.1	+59.3%
Central structure	42.9	31.9	-11.0	-25.6%
Total capital expenditure	**183.8**	**194.2**	**+10.4**	**+5.7%**
Total financial investments	0.0	0.4	+0.4	+0.0%
Total	**183.8**	**194.6**	**+10.8**	**+5.9%**

Investments in the gas segment amounted to €33.6 million, including €9.6million by AcegasAps.

Gas (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Networks	20.1	28.4	+8.3	+41.3%
District heating/Heat management	7.0	5.2	-1.8	-25.7%
Other	0.1	0.0	-0.1	-100.0%
Total Gas	**27.2**	**33.6**	**+6.4**	**+23.5%**

Hera's investments fell by €3.2 million compared to the first nine months of 2012,mainly due to the completion of important works on the gas distribution service: i) the Cabin I° salto Borgo Masotti Ravenna, (ii) refurbishment of the district cabin in viale Berti Pichat, Bologna, and iii) GRF in piazza Garibaldi in Ravenna, and the decrease in works to expand the grid.

District heating saw the reduction of investments for €1.5 million, following a decrease in non-routine maintenance, mostly on district heating systems in Bologna and Ferrara, as well as the work scheduled to take place in the last quarter of 2013 to complete the Bufalini plant in Cesena and the TLR system in Castelmaggiore. Upgrading work under law 155/08 (massive meter replacement) featured a stepped up pace, with an increase of 1.2 million on the comparable period of 2012. The continuing effect of the overall economic conditions caused new connections in gas to fall by €0.4 million and in district heating to decline by €0.3 million.

AcegasAps invested €9.6 million in the gas area, mostly to comply with the new regulations calling for the replacement, on the grid, of the pig iron pipelines in Trieste for e6.3 million, as well as connections for €1.6 million and investments in the Bulgarian subsidiary, RilaGas.

Investments in the electricity segment amounted to e14.2 million, of which €4.5 million by AcegasAps.

Electricity (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Networks	9.7	13.5	+3.8	+39.2%
Heat production plant Imola	3.1	0.0	-3.1	-100.0%
Industrial cogeneration	0.2	0.7	+0.5	+250.0%
Total Electricity	**13.1**	**14.2**	**+1.1**	**+8.4%**

Hera's investments, amounting to €9.7 million, concerned the extension of the service, extraordinary maintenance on distribution networks and plants around Modena and Imola, and network support services. They fell by €3.4 million, compared with the same period in the previous year, due mainly to the activities conducted in electricity and heat production plants (CCGT Imola) in 2012, to the slowdown of new connections (down €1.0 million) and for the completion of the massive meter replacement with the new electronic meters. Lastly, a significant activity began on the new AT-MT station in via Selice in Imola.

AcegasAps Group invested a total of €4.5 million, concerning mainly the grid for €2.0 million, technological equipment for €1.9 million, as well as new connections.

With respect to the Integrated Water Cycle, investments related mainly to extensions, remediation and upgrading of networks and plants as well as regulatory compliance, particularly for purification and sewerage systems. Overall, total investments in the Water Cycle amounted to €68.1 million, of which €9.7 million by AcegasAps.

Integrated water cycle (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Mains water	31.0	37.3	+6.3	+20.3%
Purification	15.5	11.9	-3.6	-23.2%
Sewerage	13.9	18.8	+4.9	+35.3%
Total Integrated Water Cycle	**60.5**	**68.1**	**+7.6**	**+12.6%**

The €2.1 million decrease recorded by Hera, compared to the corresponding period of 2012, concerned: i) the purification sector, which was down €0.4 million, mainly due to a change in the investment schedule; ii) the water main sector, which was up €0.7 million, even though the adverse weather conditions in the first half of the year caused several delays in work activities; iii) the sewerage sector, which was up €1.6 million, where works were performed to upgrade the sewers as per Legislative Decree no. 152/2006, after the designs had been completed in 2012. In addition, the continuing crisis in the real estate sector continued to determine fewer connection applications.

AcegasAps invested €9.7 million in the Integrated Water Cycle area - including €5.7 million in water mains, €3.3 million in sewerage and €0.7 million in purification. These investments concerned grid maintenance, plant investments and over 2.2 million new connections.

Investments in waste management, to maintain and upgrade existing plants, amounted to €32.7 million, of which €1.5 million by AcegasAps.

Waste management (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Waste composting/Digesters	10.1	5.3	-4.8	-47.5%
Landfills	5.8	7.5	+1.7	+29.3%
WTE	5.8	8.8	+3.0	+51.7%
Special Waste plants	4.1	2.3	-1.8	-43.9%
Market	0.6	0.3	-0.3	-50.0%
Drop-off point and collecting equipment	3.2	2.4	-0.8	-25.0%
Transshipment, screening and other equipment	2.1	6.1	+4.0	+190.5%
Total Waste Management	**31.6**	**32.7**	**+1.1**	**+3.5%**

In particular, concerning Hera's investments in the various businesses in this segment attention is called to: the decrease in investments in composting and digestion (down €4.8 million), including the construction of dry-fermentation plants in Rimini and Lugo, which are close to completion; the increase in investments in landfills (up €1.7 million), where completion of the 7th sector of the Ravenna landfill and completion of the rainwater collection tanks replaced the waterproofing, preparation and road construction for the landfills of Tre Monti and Pago in 2012; the increase of investments in the WTE sector (up €2.0 million), reflecting the expansion of the plant base, with the Pozzilli plant, and a reduction of other investments mainly due to the revamping of the pre-screening plant in Forlì, which in 2013 is nearing completion; the reduction of investments in special waste plants (down €1.8 million), mainly due to the construction of the mud dehydration plant in Ravenna, which is nearing completion, and the maintenance and upgrading for regulatory compliance carried out in 2012; greater investments in the screening plants (up €4.0 million) for the revamping of the plant in Modena and ground-breaking for the construction of the plant in Bologna, both managed by Akron.

In this area, AcegasAps invested a total of €1.5 million, of which €1.0 million in the WTE sector and €0.5 million in collection equipment.

Investments in Other services amounted to €13.7 million, of which €5.7 million made by AcegasAps.

Hera invested €6.8 million in the area of Telecommunications, consisting of investments in networks, TLC and IDC, while "Other" in the previous year included investments in cemetery services.

AcegasAps invested €5.7 million, which concerned mainly the investments of the Sinergie subsidiaries.

Other services (millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
TLC	6.3	6.8	+0.5	+7.9%
Public Lighting and Traffic lights	0.9	1.2	+0.3	+33.3%
Other	1.4	5.7	+4.3	+307.1%
Total Other services	**8.6**	**13.7**	**+5.1**	**+59.3%**

Investments by corporate headquarters - which concerned construction of new premises upgrading of information systems and maintenance of the fleet - have decreased overall, compared with the first nine months of 2012. Other investments include work on the completion of laboratories of remote-monitoring units.

Corporate structure (millions in euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Property	23.6	13.4	-10.2	-43.2%
Information systems	10.4	9.6	-0.8	-7.7%
Fleets	7.3	7.3	+0.0	+0.0%
Other investments	1.5	1.6	+0.1	+6.7%
Total Corporate Structure	**42.9**	**31.9**	**-11.0**	**-25.6%**

1.03 Analysis by business segment

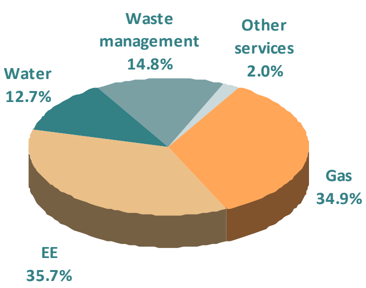
A breakdown of the operating results achieved in the business segments in which the Group operates is given below: (i) the Gas segment, which includes methane gas and LPG distribution and sales services, district heating and heat management; (ii) the Electricity segment, which includes electricity production, distribution and sales services; (iii) the Integrated Water Cycle segment, which includes water mains, purification and sewage services; (iv) the Waste Management segment, which includes waste collection, treatment and disposal services; and (v) the Other Services segment, which includes Public Lighting, Telecommunications and other minor services.

In the light of the above, the breakdown and the development of Revenues and EBITDA over the years are shown in the graphs below:

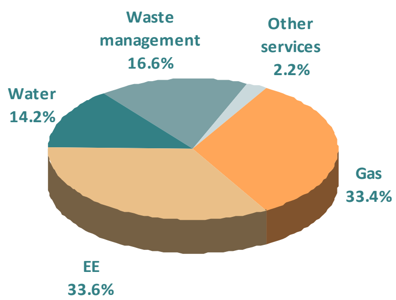
Breakdown of Hera's business portfolio

REVENUES

30 September 2012

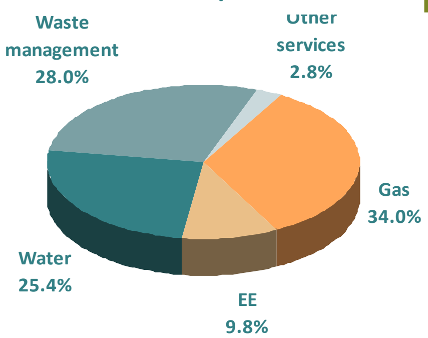


30 September 2013

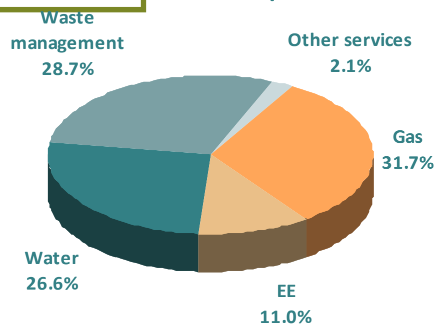


EBITDA

30 September 2012



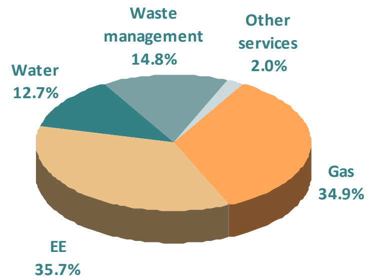
30 September 2013



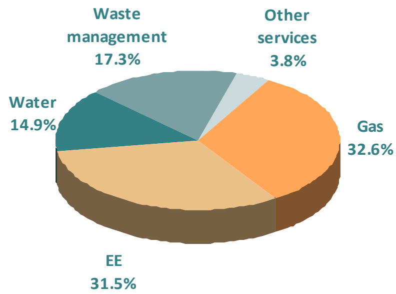
Breakdown of the Group's business portfolio

REVENUES

30 September 2012

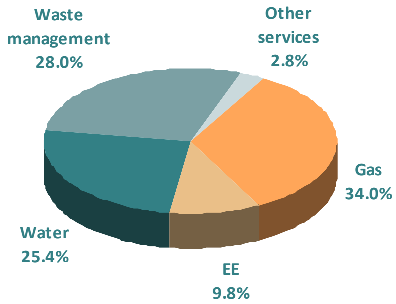


30 September 2013

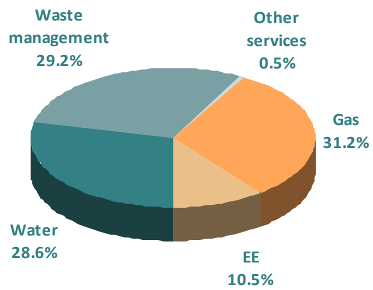


EBITDA

30 September 2012



30 September 2013



The following sections present the operating results by business segment. Hera' income statement includes overhead costs, comprising intercompany transactions carried out at arm's length. To ensure greater transparency with respect to AcegasAps, use has been made of the same business segment breakdown. For simplicity's sake, the "Corporate structure" has been accounted for in the area "Other services".

In 2013 the merger of AcegasAps will be completed and the presentation of the business segments will be adjusted accordingly.

The analysis by business segment takes into consideration the value of the increased revenues and increased costs, without an impact on EBITDA, relating to the application of IFRIC 12, as explained in the Group's Consolidated Income Statement. The business sectors affected by the application of the above principle are: methane gas distribution services, electricity distribution services, all integrated water cycle services and public lighting services.

Following the adjustments made to the income statement for the nine months ended 30 September 2012 shown above, also the income statements of the business segments were adjusted accordingly.

1.03.01 Gas segment

In the first nine months of 2013, the Gas segment showed an increase on the comparable period in 2012 in terms of absolute contribution to the Group's EBITDA. The business combination with AcegasAps determined a decrease of 2.8% of the gas segment's share of total EBITDA. Without the effects of the business combination, the share of the gas segment, in percentage terms, would be 2.3% lower

(millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Hera EBITDA	159.3	157.0	-2.3	-1.5%
AcegasAps EBITDA	-	29.3	+29.3	+100.0%
Group's EBITDA	**159.3**	**186.3**	**+27.0**	**+17.0%**
Consolidated EBITDA	467.9	597.2	+129.3	+27.6%
Percentage weight	34.0%	31.2%	-2.8 p.p.	

The following table contains the main quantitative indicators for the segment:

Quantitative data	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Volumes of gas distributed (millions of cubic metres)	1,569.6	1,951.5	+381.9	+24.3%
Volumes of gas sold (millions of cubic metres)	2,551.8	2,256.7	-295.1	-11.6%
- of which trading volumes	*1,141.8*	*695.6*	*-446.2*	*-39.1%*
Volumes of heat supplied (Gwht)	357.3	360.0	+2.7	+0.8%

Distributed volumes went from 1,569.8 million cubic metres for the first nine months of 2012 to 1,951.5 million cubic metres in the nine months ending 30 September 2013, reflecting an increase of 381 million cubic metres (up 24.3%); such increase was due to the contribution of AcegasAps for 373.8 million cubic metres and a rise of 8 million cubic metres in Hera's distributed volumes, which was slightly down compared to the national distribution average (up 3.0% on September 2012).

Gas sales volumes went from 2,551.8 million cubic metres in the first nine months of 2012 to 2,256.7 million cubic metres in the period under review, with a drop of €295.1 million cubic metres (down 11.6%). This was due to the combined effects of:

a) the business combination with AcegasAps for 143.0 million cubic metres;
b) a substantial decline in trading volumes (down 39.1%), due to lower volumes for the thermoelectric market and the progressive alignment of prices at the virtual trading point (VTP) with those at the northern European hubs in the wholesale market;
c) slight increase in volumes sold by Hera to final customers (up 8.1 million cubic metres, up 0.6%).

Volumes of heat supplied went from 357.3 GWht in the first nine months of 2012 to 360.0 GWht for the nine months ended 30 September 2013 (up 0.8%). The business combination with AcegasAps accounted for 4.7 GWht while Hera's share was slightly down for the previous year (down 2.0; down 0.5%).

Operating results for the segment are summarized below:

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	1,254.2		1,194.4		-59.8	-4.8%
Operating costs	(1,045.2)	-83.3%	(941.2)	-78.8%	-104.0	-10.0%
Personnel costs	(55.2)	-4.4%	(69.8)	-5.8%	+14.6	+26.5%
Capitalised costs	5.4	0.4%	3.0	0.3%	-2.4	-44.2%
EBITDA	**159.3**	**12.7%**	**186.3**	**15.6%**	**+27.0**	**+17.0%**

Group revenues, which were down from €1,254.2 million in the first nine months of 2012 to €1,194.4 million for the nine months ended 30 September 2013 decreased by €59.8 million (down 4.8%), due mainly to:

a) integration of AcegasAps for €112.8 million;
b) lower revenues linked to the trading activity for €180.2 million due to the aforementioned decrease in volumes;
c) higher revenues for sales to end customers both for the higher volumes sold;
d) lower revenues from connections.

The aforementioned lower Trading operations are also reflected in the lower operating costs, despite the integration of AcegasAps, which contributed a change of €73.5 million: in fact, Hera's operating costs fell by €177.5 million, in line with revenues.

Hera’s EBITDA decreased by €2.3 million (down 1.5%), from €159.3 million to €157.0 million, due to : (i) lower revenues from connections; (ii) lower trading margins; (iii) lower margins due to the different regulatory and market context for Energy Efficiency Certificates. These events were partly offset by higher selling margins, due to greater sales volumes, and higher district heating margins, due to savings achieved on purchases of heat production gas and heat.

For the first nine months of 2013, integration with AcegasAps contributed to the EBITDA of the Group's Gas segment for €29.3 million.

Compared to the same period in 2012, AcegasAps showed an increase of €0.6 million (up 2.2%), mainly due to the positive contribution of the Gas sales business, thanks to better purchase conditions for raw materials, despite a decrease in the distribution service due to certain extraordinary items attributable to previous fiscal years.

The overall volumes sold by the AcegasAps group amounted to 143.0 million cubic metres compared to 148.1 million in the first nine months of 2012; the reduction in 5.1 million cubic metres (down 3.5%) can be attributed to the loss of some big customers that were no longer considered profitable and the milder weather conditions, in the reference territory, compared to the same period of 2012. The volumes distributed by AcegasAps rose by 5.9%, from €352.9 million cubic metres to 373.8 million cubic metres, due to the mentioned increase of the equity investment in the Gorizia company.

EBITDA in the Group's total Gas segment therefore increased by €27.0 million (up 17.0%), from €159.3 million to €186.3 million.

1.03.02 Electricity segment

At the end of the first nine months of 2013, the Electricity Segment showed improvement compared to the same period in 2012, both for Hera and for the integration of AcegasAps, as shown in the table below:

(millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Hera EBITDA	46.0	54.3	+8.3	+18.0%
AcegasAps EBITDA	-	8.5	+8.5	+100.0%
Group's EBITDA	**46.0**	**62.8**	**+16.8**	**+36.5%**
Consolidated EBITDA	467.9	597.2	+129.3	+27.6%
Percentage weight	9.8%	10.5%	+0.7 p.p.	

The quantitative data for this business, which do not include trading volumes, are shown in the table below:

Quantitative data	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Volumes sod (Gw/h)	7,301.1	7,136.5	-164.6	-2.3%
Volumes distributed (Gw/h)	1,672.5	2,207.1	+534.6	+32.0%

The volumes sold by the Electricity Segment were down from 7,301.1 GWh in the first nine months of 2012 to
7,136.5 for the nine months ended 30 September 2013, with a 2.3% decrease. The integration of AcegasAps, equal to 370.2 Gwh offset in part Hera's decrease (down 534.8 GWh; down 7.3%), due to the permanent low level of demand for electricity in Italy (-3.7%), despite an improvement in the number of customers (up 9.0%)
compared to the same period the previous year.

The distributed volumes were up by 32.0%; AcegasAps' contribution is equal to 582.9 GWh while Hera showed a decrease of 48.3 Gwh (down 2.9%) due to the aforementioned slowdown in consumption.

The main results of the segment are given below:

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	1,282.3		1,151.6		-130.7	-10.2%
Operating costs	(1,223.6)	-95.4%	(1,069.6)	-92.9%	-154.0	-12.6%
Personnel costs	(18.5)	-1.4%	(23.7)	-2.1%	+5.2	+28.1%
Capitalised costs	5.8	0.5%	4.6	0.4%	-1.2	-20.6%
EBITDA	**46.0**	**3.6%**	**62.8**	**5.5%**	**+16.8**	**+36.5%**

Revenues were down from €1,282.3 million in the first nine months of 2012 to €1,151.6 million in the same period of 2013, with a 10.2% decrease, due mainly to:

a) integration of AcegasAps for €65.6 million;
b) lower revenues linked to trading operations and lower revenues for sales to end customers both due to lower volumes sold and the decrease in the price of raw materials for a total of €185.6 million;
c) Lower revenues in relation to the production of electricity.

Net of the share relating to AcegasAps for €51.8 million, Hera's operating costs decreased by €205.7 million (down 16.8%), more than offsetting the lower revenues for sales to end customers and trading.

Hera's EBITDA increased by €8.3 million (up 18.0%), increasing from €46.0 million to €54.3 million thanks to greater margins on sales and trading operations, which offset the lower margins for the electricity production.

AcegasAps contributed €8.5 million to the segment’s EBITDA for the first nine months of 2013. Compared to the first nine months of 2012, AcegasAps fell by €1.4 million (down 14.5%), due mainly to fewer connection applications and lower revenues from electricity distribution.

The quantities sold by the AcegasAps Group fell compared to the first nine months of 2012, decreasing from 666.9 GWh to 370.2 GWh, following both the loss of clients from the CEV consortium (municipalities of the Veneto consortium, with about 32,000 users) and the decrease in demand. The distributed volumes confirmed the reduction trend shown previously, decreasing from 609.6 Gwh to 582.9 GWh (down 4.4%)

EBITDA for the Group went from €46.0 million on 30 September 2012 to €62.8 million for the nine months ended 30 September 2013, with an increase of €16.8 million (up 36.5%).

1.03.03 Integrated water cycle segment

For the nine months ended 31 March 2013, this segment showed an increase on the comparable period of the previous year, due both to the business combination with AcegasAps and Hera's organic growth:

(millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Hera EBITDA	118.7	131.9	+13.2	+11.1%
AcegasAps EBITDA	-	38.7	+38.7	+100.0%
Group's EBITDA	**118.7**	**170.6**	**+51.9**	**+43.7%**
Consolidated EBITDA	467.9	597.2	+129.3	+27.6%
Percentage weight	25.4%	28.6%	+3.2 p.p.	

An analysis of the operating results in the segment is given below:

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	457.3		543.8		+86.5	+18.9%
Operating costs	(259.9)	-56.8%	(281.9)	-51.8%	+22.0	+8.5%
Personnel costs	(81.3)	-17.8%	(92.6)	-17.0%	+11.3	+13.9%
Capitalised costs	2.7	0.6%	1.2	0.2%	-1.5	-56.3%
EBITDA	**118.7**	**26.0%**	**170.6**	**31.4%**	**+51.9**	**+43.7%**

Group revenues rose by €86.5 million (up 18.9%), due to the integration of AcegasAps, which accounted for €83.8 million, and to an increase in Hera's revenues of €2.8 million (up 0.6%) due to: lower revenues from connections, owing to the on-going crisis in the construction sector; (ii) lower revenues determined by the application of IFRIC 12 in the amount of €2.9 million; and (iii) greater revenues from sales due to the application of the tariffs agreed upon with the local authorities which are expected to be raised in such a way as to cover costs fully.

Hera's operating costs fell by 4.8% from the comparable amount in 2012 due to the lower costs resulting from the application of IFRIC 12 and lower extraordinary costs, compared to the water shortage in the summer of 2012. Integration with AcegasAps produced costs for €34.4 million and therefore the group's operating costs were equal to €281.9 million euros, an 8.5% increase compared to 30 September 2012.

The following table shows the main quantitative indicators for the segment.

Quantitative data	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Volumes sold (millions of cubic metres)				
Mains water	195.7	226.8	+31.1	+15.9%
Sewerage	169.7	190.5	+20.8	+12.3%
Purification	168.3	188.3	+20.0	+11.9%

The Group's volumes increased thanks to the integration of AcegasAps with its 42.7 million cubic metres of Water mains, 28.7 cubic metres of sewerage and 28.6 cubic metres of purification; net of this change, Hera's water volumes decreased by 5.9%, its sewerage volumes by 4.6% and purification volumes by 5.1% both due to the higher level of rainfall in the first half of 2013 and the decrease in consumption.

Hera's EBITDA increased by €13.2 million (up 11.1%), from €118.7 million to €131.9 million thanks to higher revenues, following the application of agreed tariffs that provide for convergence towards full coverage of operating costs, despite the lower revenues from connections.

For the first six months of 2013, AcegasAps contributed to the EBITDA of the Group's Gas segment for €38.7 million.
Compared to the same period of 2012, AcegasAps had an increase of €7.3 million (up 23.4%) benefiting from the planned tariff revisions and greater operating efficiencies.

The quantities sold in the first nine months of 2013 were down by 1.0 million cubic metres, compared to the same period in 2012, going from 43.7 million cubic metres to 42.7 million cubic metres.

Therefore, the Group's EBITDA was €170.6 million for the nine months ended 30 September 2013, compared to €118.7 million the previous year, with an increase of €51.9 million (up 43.7%).

1.03.04 Waste management segment

This segment reported an improved EBITDA margin, as shown in the table below, due both the effect of the business combination with AcegasAps and Hera's organic growth:

(millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Hera EBITDA	130.8	142.0	+11.2	+8.6%
AcegasAps EBITDA	-	32.6	+32.6	+100.0%
Group's EBITDA	**130.8**	**174.6**	**+43.8**	**+33.5%**
Consolidated EBITDA	467.9	597.2	+129.3	+27.6%
Percentage weight	28.0%	29.2%	+1.2 p.p.	

The Group is an integrated operator in the entire waste cycle, with facilities that include 81 urban and special waste treatment and disposal plants operated by Herambiente, 3 plants operated by the Marche Multiservizi Group and the two WTE plants obtained with the merger with AcegasAps. In October 2012, the Herambiente Group expanded its WTE operations by adding a WTE plant in the municipality of Pizzoli, in the province of Isernia.

Analysis of the operating results achieved in the Waste Management segment is shown below:

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	531.7		633.8		+102.1	+19.2%
Operating costs	(290.8)	-54.7%	(324.9)	-51.3%	+34.1	+11.7%
Personnel costs	(115.4)	-21.7%	(136.6)	-21.5%	+21.2	+18.4%
Capitalised costs	5.3	1.0%	2.2	0.4%	-3.1	-58.7%
EBITDA	**130.8**	**24.6%**	**174.6**	**27.5%**	**+43.8**	**+33.5%**

The Group' revenues for the nine months ended 30 September 2013 showed a €102.1 million increase (up 19.2%) compared with the same period of the previous year, going from €531.7 million to €633.8 million, with the AcegasAps accounting for €96.6 million. Without considering the effects of the business combination, Hera's increase was due to: (i) increase in the number of plants; (ii) greater quantities handled; and (iii) lower average waste disposal prices due to the fierce competition in the market for industrial waste.

Hera saw its sorted waste collection rise as a percentage share of total volumes collected from 50.1% in the first nine months of 2012 to 53.0% in the nine months ended 30 September 2013. AcegasAps share of sorted waste collection at 30 September 2013 was 42.5%, compared to 41.3% for the same period of 2012.

Below is a breakdown on the volumes marketed and treated by Hera in the first nine months of 2013, compared with the same period in 2012:

Quantitative data (thousands of tonnes)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Urban waste	1,306.1	37.4%	1,502.0	32.6%	+195.9	+15.0%
Market waste	1,086.6	31.1%	1,377.1	29.9%	+290.5	+26.7%
Waste marketed	**2,392.7**	**68.5%**	**2,879.1**	**62.4%**	**+486.4**	**+20.3%**
Plant by-products	1,101.2	31.5%	1,733.6	37.6%	+632.4	+57.4%
Waste treated by type	**3,493.9**	**100.0%**	**4,612.7**	**100.0%**	**+1,118.8**	**+32.0%**
Landfills	882.2	25.2%	907.1	19.7%	+24.9	+2.8%
Waste-to-energy plants	697.2	20.0%	1,048.2	22.7%	+351.0	+50.3%
Selecting plant and other	233.5	6.7%	279.2	6.1%	+45.7	+19.6%
Composting and stabilisation plants	354.3	10.1%	370.4	8.0%	+16.1	+4.5%
Stabilisation and chemical-physical plants	538.8	15.4%	826.1	17.9%	+287.3	+53.3%
Other plants	787.9	22.6%	1,181.8	25.6%	+393.9	+50.0%
Waste treated by plant	**3,493.9**	**100.0%**	**4,612.7**	**100.0%**	**+1,118.8**	**+32.0%**

Analysis of the quantitative data shows a 20.3% increase in waste marketed by the Group; integration with AcegasAps contributed 347.0 thousand tonnes, thanks to 189.5 thousand tonnes of urban waste and 157.5 thousand tonnes of market waste. The 139.4 thousand tonne increase in Hera waste can be attributed to greater urban waste (6.3 thousand tonnes; up 0.5%) and to greater quantities from the market (133.0 thousand tonnes; up 12.2%) thanks to strong marketing effort and a widening of the plant base. The increase in by-products from plants, on the other hand, was affected by the weather conditions: specifically, the greater rainfall in the first quarter of 2013 compared with the same period in the previous year caused a greater production of leachate.
As to waste disposal by plant, the waste increase had an impact on all the sectors, particularly the WTE one – which rose by 253.6 thousand tonnes due 6to the two WTE plants owned by AcegasAps - and the waste sorting area, following the increase in sorted waste collection, as well as on the inertization plants, for the increase in the production of by-products and the merger with AcegasAps.

Hera's EBITDA increased by €11.2 million (up 8.6%), from €130.8 million to €142.0 million in the first nine months of 2013, mainly thanks to an increase in the plant perimeter and greater revenues from waste disposal activities.

For the first nine months of 2013, integration with AcegasAps contributed to EBITDA of the Group's Waste Management segment for €32.6 million.
Compared to the same period in 2012, AcegasAps increased by €3.3 million (up 11.2%) both thanks to increased rates for the waste collection and disposal service, negotiated with local public bodies, and the lower operating costs for WTE plants and the higher quantities of disposed of waste.
Waste marketed by AcegasAps increased by 3.0 thousand tonnes, going from 344.0 thousand tonnes to 347.0 thousand tonnes, showing a decrease in urban waste (down 4.3 thousand tonnes) and an increase in market waste (up 7.3 thousand tonnes).

The Group's EBITDA therefore increased by €43.8 million (up 33.5%) on the comparable amount at 31 September 2012, going from €130.8 million euros to €174.6 million in 2013.

1.03.05 Other services segment

At the end of the first nine months of 2013, the result for the Other Services segment showed a decrease compared with the same period in the previous year, with EBITDA going from €13.1 million to €2.8 million.
It is worthy of note that the segment "Other services" of AcegasAps reflects – in addition to public lighting, telecommunications and cemetery services - also the allocation of corporate management costs.

(millions of euro)	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Hera EBITDA	13.1	10.5	-2.6	-19.9%
AcegasAps EBITDA	-	(7.6)	-7.6	+100.0%
Group's EBITDA	**13.1**	**2.8**	**-10.3**	**-78.3%**
Consolidated EBITDA	467.9	597.2	+129.3	+27.6%
Percentage weight	2.8%	0.5%	-2.3 p.p.	

The table below summarizes the main operating figures for the segment:

Income statement (millions of euro)	30-Sep-12	% Inc.	30-Sep-13	% Inc.	Abs. Var.	% Var.
Revenues	71.3		137.7		+66.4	+93.1%
Operating costs	(46.7)	-65.5%	(99.2)	-72.1%	+52.5	+112.4%
Personnel costs	(13.0)	-18.3%	(36.3)	-26.3%	+23.3	+178.7%
Capitalised costs	1.5	2.1%	0.7	0.5%	-0.8	-54.3%
EBITDA	**13.1**	**18.3%**	**2.8**	**2.1%**	**-10.3**	**-78.3%**

The Group's revenues increased by €66.4 million. This was due to the combined effect of a €67.4 million increase contributed by AcegasAps and Hera's €1.0 million decrease in revenues. Concerning Hera, in particular, the greater revenues for telecommunications offset the lower revenues of the public lighting service and cemetery services, due to the sale of the companies devoted to these activities.

The increase in operating and staff costs of €75.8 million is due to the integration of AcegasAps for €75.1 million and for €0.7 million to Hera.

Hera's 1.6 million euro fall in margins was due mainly to the public lighting Business, which suffered from the termination of some service supply contracts and lower awards for work due to pressures on municipal budgets and the mentioned disposal of the cemetery business.

The Group's main operating indicators, contained in the table below, show an increase of 145.7 thousand lighting points for 61 served municipalities, mainly for the integration of AcegasAps (174.9 thousand lighting points for 65 served municipalities), despite the loss of some Hera municipalities compared to the first nine months of 2012.

Quantitative data of Hera	30-Sep-12	30-Sep-13	Abs. Var.	% Var.
Public lighting				
Lighting points (thousands)	295.8	441.5	+145.7	+49.3%
Municipalities served	58.0	119.0	+61.0	+105.2%

For the first nine months of 2013, integration with AcegasAps consolidated a loss of €7.6 million regarding the Other Services area, due to the sum of own margin for Other Services of €9.3 million and the allocation of management costs for €16.9 million.

It should be mentioned that the result for the AcegasAps segment, compared to the same period in 2012, has improved by €3.3 million mainly thanks to the cost efficiencies in operational activities and a reduction in staff costs.

Therefore, the Group's EBITDA was €2.8 million for the nine months ended 30 September 2013, compared to €13.1 million the previous year, with a reduction of €10.3 million.

1.04 Analysis of net borrowings

The table below provides details of the composition of, and changes in, net borrowings:

	millions of euros	30 September 2013	31 December 2012
a	**Cash**	**484.9**	**424.2**
b	**Other current financial receivables**	**62.5**	**47.3**
	Current bank debt	(378.7)	(74.7)
	Current portion of bank debt	(291.5)	(225.7)
	Other current financial liabilities	(81.4)	(17.1)
	Finance lease payables due within 12 months	(2.6)	(3.8)
c	**Current financial debt**	**(754.2)**	**(321.3)**
d=a+b+c	**Net current financial debt**	**(206.8)**	**150.2**
e	**Non-current financial receivables**	**46.4**	**17.6**
	Non-current bank debt and bonds issued	(2,593.3)	(2,371.0)
	Other non-current financial liabilities	(9.9)	0
	Finance lease payables due after 12 months	(12.8)	(13.4)
f	**Non-current financial debt**	**(2,616.0)**	**(2,384.4)**
g=e+f	**Net non-current financial debt**	**(2,569.6)**	**(2,366.8)**
h=d+g	**Net financial debt**	**(2,776.4)**	**(2,216.6)**

At 30 September 2013 net borrowings amounted to €2,776.4 million, compared to €2,216 million at 31 December 2012. The increase in net borrowings was due to the inclusion of the AcegasAps Group in Hera's scope of consolidation.

The indebtedness was mainly made up of medium/long-term borrowings, which account for approximately 78% of total debt, thus matching the long-term nature of the Group's assets, which include mostly property, plant and equipment.

The Group's financial structure changed after 30 September 2013.
In fact, on 1 October 2013 The convertible "€140,000,000 1.75 per cent. Equity Linked Bonds due 2013" was repaid while a new €500 million bond was issued on 4 October 2013. On 30 September 2013 a €200 million loan was received from the European Investment Bank (EIB) to support the investment plan. (Reference is made to paragraph 1.06 for further details of subsequent events).

Hera Spa has long-term rating of "Baa1" by Moody's, with negative outlook, and "BBB" by Standard & Poor's, with stable outlook.

1.05 Human resources

	31-Dec-12	30-Sep-13	Var.
Senior managers	133	155	22
Middle managers	363	460	97
Office workers	3,397	4,235	838
Manual workers	2,646	3,429	783
Total	**6,539**	**8,279**	**1,740**

Work force as at 31 December 2012	6,539
Joined	89
Left	-61
Net flows	28
Variation in the scope of consolidation (Acegas-Aps, Hera Servizi Cimiteriali/Hera Servizi Funerari)	1,712
Work force as at 30 September 2013	**8,279**

1.06 Subsequent events

Rights issue for up to 78,466,539 ordinary Hera shares.

A rights issue is currently under way, following the resolution adopted by Hera S.p.A.'s Board of Directors, under the authority granted by the body of shareholders in the General Meeting held on 15 October 2012.
On 24 October 2013, Hera S.p.A.'s Board of Directors - following clearance for publication of the Prospectus related to the capital increase by Consob on 23 October 2013 - set the final terms and conditions of the rights offer.
Consequently, considering the subscription price and the maximum number of shares that can be issued – i.e. up to 78,466,539 – the capital increase should amount up to €98,083,173.75, inclusive of a share premium of Euro 19,616,634.75.
Thus, based on the Board of Directors' resolution, on 28 October 2013 the offer period began and rights could be exercised until 19 November while rights trading in the stock market ended on 12 November 2013.
The final results of the offer period will be disclosed within five days, together with the terms and conditions whereby the Company will offer all the unopted rights for at least five trading days.
Pursuant to the agreement between Hera and Fondo Strategico Italiano S.p.A., this Fund undertook to make an offer for all the rights attributable to shareholders selected by Hera and to subscribe directly to all the shares corresponding to all unopted rights at the end of the stock market offer at the same offer price

Transactions related to the companies in the Gorizia area
On 30 September 2013, AcegasAps and ENI S.p.A. signed (i) an agreement whereby ENI S.p.A. would sell to AcegasAps 20% of Isontina Reti Gas, in a transaction that has already been described in this quarterly report, (see paragraph 1.01.01 on operating and financial results) and (ii) a framework agreement concerning the reorganization of the Group's investee companies operating in the Province of Gorizia. This agreement calls for ENI S.p.A. to purchase the 30% of Est Più S.p.A. held by AcegasAps, which in turn will buy the 70% of Est Reti Elettriche S.p.A. held by ENI S.p.A.. Considering the prices of the assets involved, AcegasAps will pay a cash balance of approximately €8 million. These agreements will take effect subject to antitrust approval. Upon completion of both transactions, each of AcegasAps ad ENI S.p.A. will hold 50% of Isontina Reti Gas; on the other hand, AcegasAps will hold 100% of Est Reti Elettriche S.p.A. while ENI S.p.A. will hold 100% of Est Più S.p.A.
The framework agreement provides also for ENI S.p.A.'s option, to be exercised by 31 December 2013, to sell its 50% stake in Isontina to Italgas S.p.A.. In the event that such a sale does not materialize by 31 December 2013, AcegasAps may purchase the 50% stake in Isontina by no later than 30 April 2014. The exercise price of AcegasAps's call option will be equal to the net asset value, plus an additional sum if the call option is exercised after 28 February 2014. The overall purchase price, including the option price, once it is completed, will be approximately €30 million.

Investment in Energia Italiana
With reference to Energia Italiana S.p.A. (a vehicle through which 50% of Tirreno Power S.p.A. is held) - of which the Hera Group owns 11%, for a total amount of €13.2 million – it is worthy of note that the unfavourable market conditions for electricity generation in Italy prompted management to start a test on the recoverable amount of the investment in Tirreno Power S.p.A.. As of this writing, no detailed information is available. For this reason Hera S.p.A.'s management feels that it does not have enough information to calculate any impairment charges for this investment. Consequently, no adjustments were made to the carrying amount of the investment.

Convertible bond

On 1 October 2013, the convertible "€140,000,000 1.75 per cent. Equity Linked Bonds due 2013" was repaid.

Note issue

On 4 October 2013, the Hera Group approved the issue of Notes for the principal amount of €500 million under the existing Euro Medium term Notes program as follows: maturity October 2021, 3.25% coupon and 3.337% annual yield, with listing on the Luxembourg stock exchange.

EIB loan

On 30 September 2013, the Hera Group signed a loan agreement with the European Investment Bank (EIB) for a total of €200 million, to fund its investment plans.

This loan has a 15-year tenor, with an early repayment date on 15 October 2017, maturity in October 2028 and an interest rate of 0.79% over 6-month Euribor.

CHAPTER 2

Hera Group Consolidated Financial Statements

2.01 Consolidated financial statement

2.01.01 Consolidated income statement

thousands of euros	30-set-2013 (9 months)	30-set-2012 (9 months) adjusted*	3rd quarter 2013 (3 months)	3rd quarter 2012 (3 months) adjusted *
Revenue	3.374.868	3.321.981	945.455	1.023.064
Other operating revenues	173.710	129.042	66.249	44.597
Use of raw materials and consumables	(1.799.678)	(2.027.277)	(468.856)	(627.471)
Service costs	(765.572)	(664.149)	(268.798)	(236.646)
Personnel costs	(358.946)	(283.377)	(112.501)	(91.193)
Amortisation, depreciation, provisions	(302.633)	(230.977)	(103.969)	(79.427)
Other operating costs	(38.846)	(29.038)	(13.554)	(9.701)
Capitalised costs	11.625	20.685	3.861	7.628
Operating profit	**294.528**	**236.890**	**47.887**	**30.851**
Portion of profits (loss) pertaining to associated companies	3.147	3.378	47	481
Financial income	73.050	66.895	8.532	21.295
Financial expense	(188.364)	(165.796)	(49.886)	(55.528)
Total financial income (expense), net	**(112.167)**	**(95.523)**	**(41.307)**	**(33.752)**
Other non-recurring non-operating income	74.806			
Pre-tax profit	**257.167**	**141.367**	**6.580**	**-2.901**
Income taxes for the period	(84.347)	(64.524)	(6.635)	(561)
Net profit for the period	**172.820**	**76.843**	**-55**	**-3.462**
Attributable to:				
Shareholders of the Parent Company	161.650	67.341	(3.549)	(6.441)
Non-controlling interests	11.170	9.502	3.494	2.979
Earnings per share				
basic	**0,122**	**0,061**		
diluted	**0,116**	**0,059**		

2.01.02 Consolidated comprehensive income statement

thousands of euros	*30 September 2013* 9 months	*30 September 2012* 9 months
Net profit / (loss) for the period	**172,820**	**76,843**
Items reclassifiable to the income statement		
Change in the fair value of derivatives for the period	4,607	2,831
Tax effect related to the other reclassifiable items of the comprehensive income statement	(1,353)	(726)
Change in the fair value of derivatives for the period for companies measured with the equity method	127	84
Items not reclassifiable to the income statement		
Actuarial gains/(losses) post-employment benefits	1,672	(6,338)
Tax effect related to the other not reclassifiable items of the comprehensive income statement	(296)	1,498
Total comprehensive income/(loss) for the period	**177,577**	**74,192**
Attributable to:		
Shareholders of the Parent Company	165,267	65,431
Non-controlling interests	12,310	8,761

2.01.03 Earnings per share

thousands of euro	*30 September 2013*	*30 September 2012*
Profit (loss) for the period attributable to the shareholders of the parent company (A)	161,650	67,341
Interest expense related to the liability component of the convertible bonds	1,824	1,824
Adjusted profit (loss) for the period attributable to the shareholders of the parent company (B)	163,474	69,165
Weighted average number of shares outstanding for the purposes of calculating earnings (loss) per share:		
- basic (C)	1,330,423,983	1,104,914,769
- diluted (D)	1,413,821,850	1,181,250,647
Earnings (losses) per share (in euro)		
- basic (A/C)	**0.122**	**0.061**
- diluted (B/D)	**0.116**	**0.059**

2.01.04 Consolidated statement of financial position

thousands of euros	*30 September 2013*	*31 December 2012 as adjusted*
ASSETS		
Non-current assets		
Property,plant and equipment	2,124,860	1,947,597
Intangible assets	2,508,646	1,855,966
Property investments	3,026	0
Goodwill	378,565	378,391
Non-controlling interests	147,818	139,730
Financial assets	46,425	17,557
Deferred tax assets	138,967	111,451
Financial instruments - derivatives	58,596	88,568
Total non-current assets	**5,406,903**	**4,539,260**
Current assets		
Inventories	88,750	71,822
Trade receivables	1,409,420	1,307,961
Contract work in progress	23,551	20,635
Financial assets	62,527	47,286
Financial instruments - derivatives	14,738	34,199
Current tax assets	68,263	30,882
Other current assets	330,381	209,108
Cash and cash equivalents	484,917	424,162
Total current assets	**2,482,547**	**2,146,055**
Non-current assets held for sale	**5,866**	**14,154**
TOTAL ASSETS	**7,895,316**	**6,699,469**

thousands of euros	*30 September 2013*	*31 December 2012 as adjusted*
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	1,342,876	1,115,014
- Reserve treasury shares nominal value	(12,452)	(13,813)
- Expenses related to capital increase	(135)	0
Reserves	574,079	523,481
- Reserve treasury shares -amount exceeding nominal value	(3,426)	(4,181)
- Reserves for derivative instruments recognised at fair value	(3,767)	(5,993)
Retained earnings (accumulated deficit)	2,061	2,061
Profit / (loss) for the period	161,650	119,417
Group equity	**2,060,886**	**1,735,986**
Non-controlling interests	140,949	141,355
Total equity	**2,201,835**	**1,877,341**
Non-current liabilities		
Borrowings – maturing beyond 12 months	2,648,086	2,440,994
Post-employment benefits	132,848	112,963
Provisions for risks and charges	274,721	251,897
Deferrred tax liabilities	75,593	74,038
Finance lease payments - maturing beyond 12 months	12,851	13,356
Financial instruments - derivatives	23,354	32,963
Total non-current liabilities	**3,167,453**	**2,926,211**
Current liabilities		
Banks and other borrowings – maturing within 12 months	751,637	317,560
Finance lease payments - maturing within 12 months	2,599	3,767
Trade payables	1,119,834	1,165,838
Current tax liabilities	92,735	20,463
Other current liabilities	539,987	350,060
Financial instruments - derivatives	19,236	38,229
Total current liabilities	**2,526,028**	**1,895,917**
Non-current assets held for sale		**0**
TOTAL LIABILITIES	**5,693,481**	**4,822,128**
TOTAL EQUITY AND LIABILITIES	**7,895,316**	**6,699,469**

2.01.05 Consolidated cash flow statement

thousands of euros	30 September 2013	30 September as ajusted
Pre-tax profit	**257,166**	**141,367**
Adjustments to reconcile net profit to the cashflow from operating activities:		
Amortisation and impairment of property, plant and equipment	121,087	100,066
Amortisation and impairment of intangible assets	107,952	75,100
Effect of valuation using the equity method	(3,147)	(3,378)
Allocations to provisions	73,829	56,133
Financial expense / (Income)	115,314	98,901
Bargain purchases	(74,806)	0
(Capital gains) / Losses and other non-monetary elements (including valuation of commodity derivatives)	(3,882)	(23,420)
Change in provisions for risks and charges	(37,129)	(16,947)
Change in provisions for employee benefits	(3,806)	(4,855)
Total cash flow before changes in net working capital	**552,578**	**422,967**
(Increase) / Decrease in inventories	(9,464)	(13,539)
(Increase) / Decrease in trade receivables	102,065	88,655
Increase / (Decrease) in trade payables	(230,621)	(211,012)
(Increase) / Decrease in other current assets/ liabilities	(1,993)	45,537
Change in working capitals	**(140,013)**	**(90,359)**
Dividends collected	1,918	3,923
Interests income and other financial income collected	16,006	14,665
Interests expense and other financial charges paid	(91,248)	(98,007)
Taxes paid	(52,517)	(61,684)
Cash flow from (for) operating activities (a)	**286,724**	**191,505**
Investments in property, plant and development	(75,983)	(86,439)
Investments in intangible fixed assets	(119,086)	(99,268)
Investments in companies and business units net of cash and cash	13,278	(1,854)
Sale price of property,plant and equipment and intangible assets (including lease-back transations)	2,128	6,293
Divestments of investments	(280)	(1,916)
(Increase) / Decrease in other investment activities	(6,223)	(4,061)
Cash flow from (for) investing activities (b)	**(186,166)**	**(187,245)**
New issues of long-term bonds	46,683	250,310
Repayments and other net changes in borrowings	48,348	(60,639)
Lease finance payments	(3,368)	(2,551)
Investments in consolidated companies	(5,000)	0
Dividends paid out to Hera shareholders and non-controlling interests	(129,104)	(116,785)
Change in treasury shares	2,853	360
Other minor changes	(215)	0
Cash flow from (for) financing activities (c)	**(39,803)**	**70,695**
Effect of change in exchange rates on cash and cash equivalents (d)	**0**	**0**
Increase / (Decrease) in cash and cash equivalents (a+b+c+d)	**60,755**	**74,955**
Cash and cash equivalents at the beginning of the year	424,162	415,189
Cash and cash equivalents at the end of the year	484,917	490,144

2.01.06 Statement of changes in consolidated equity

thousands of euros	Share capital	Reserves	Reserves for derivative instruments recognised at fair value	Profit for the year	Equity	Non-controlling interests	Total
Balance at 31 December 2011	**1,105,340**	**535,591**	**-8,606**	**104,590**	**1,736,915**	**142,431**	**1,879,346**
Retrospective application IAS 19 *revised*		-3,165		403		-560	
Balance at 31 December 2011 (*as ajusted*)	**1,105,340**	**532,426**	**-8,606**	**104,993**	**1,734,153**	**141,871**	**1,876,024**
Profit for the year				67,341	**67,341**	9,502	**76,843**
Other components of comprehensive income at 30 September 2012:							
Fair value of derivatives, change in the year			2,359		**2,359**	-254	**2,105**
Change in the fair value of derivatives for the year for companies measured with the equity method		84			**84**		**84**
Actuarial gains/(losses) post-employment benefits		-4,353			**-4,353**	-487	**-4,840**
Total comprehensive income for the year		**-4,269**	**2,359**	**67,341**	**65,431**	**8,761**	**74,192**
Change in treasury shares	-425	785			**360**		**360**
Change in scope of consolidation		80			**80**	703	**783**
Other movements		-3			**-3**		**-3**
Allocation of 2011 profit:							
- dividends paid out		-16,925		-82,397	**-99,322**	-14,642	**-113,964**
- allocation to other reserves		5,823		-5,823	**0**		**0**
- undistributed profits to retained earnings		16,773		-16,773	**0**		**0**
Balance at 30 September 2012	**1,104,915**	**534,690**	**-6,247**	**67,341**	**1,700,699**	**136,693**	**1,837,392**
Balance at 31 December 2012 (*as ajusted*)	**1,101,201**	**521,361**	**-5,993**	**119,417**	**1,735,986**	**141,355**	**1,877,341**
Profit for the year				161,650	**161,650**	11,170	**172,820**
Other components of comprehensive income at 30 June 2013:							
Fair value of derivatives, change in the year			2,226		**2,226**	1,028	**3,254**
Change in the fair value of derivatives for the year for companies measured with the equity method		127			**127**		**127**
Actuarial gains/(losses) post-employment benefits		1,264			**1,264**	112	**1,376**
Total comprehensive income for the year		**1,391**	**2,226**	**161,650**	**165,267**	**12,310**	**177,577**
Change in treasury shares	1,361	755			**2,116**		**2,116**
Acquisition AcegasAps Group	227,727	51,725			**279,452**	-15	**279,437**
Change in equity investments		-2,153			**-2,153**	-2,847	**-5,000**
Change in scope of consolidation					**0**	863	**863**
Other movements		30			**30**	-33	**-3**
Allocation of 2012 profit:							
- dividends paid out		-10,430		-109,382	**-119,812**	-10,684	**-130,496**
- allocation to other reserves		7,548		-7,548	**0**		**0**
- undistributed profits to retained earnings		2,487		-2,487	**0**		**0**
Balance at 30 September 2013	**1,330,289**	**572,714**	**-3,767**	**161,650**	**2,060,886**	**140,949**	**2,201,835**

2.02 Explanatory notes

Accounting policies and significant accounting estimates

The consolidated quarterly report for the three months to 30 September 2013 was prepared in accordance with Article 154-*ter* of Legislative Decree 58/1998 and Article 82 of Consob's Regulation on Issuers. This report has not been audited.

This interim report was not prepared in accordance with IAS 34 - Interim Financial Reporting. However, the accounting standards adopted for this report are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2012, to which reference is made for further information.

The preparation of this interim report requires estimates and assumptions to be made concerning the value of revenues, costs, assets and liabilities and disclosures relating to contingent assets and liabilities at the reporting date. If, in future, such estimates and assumptions, which are based on the management's best judgment, should differ from actual events, they will be adjusted accordingly in order to give a true representation of the results of operations.

It should also be noted that some measurement methods, particularly the more complex methods, such as detecting any impairment of non-current assets, are generally applied only during the preparation of the annual financial statements, unless there are indications of impairment which require an immediate impairment test.

Income taxes are recognised based on the best estimate of the weighted average rate for the entire financial year.

The disclosures contained in this interim report are comparable with those for prior periods.
When comparing the individual items in the income statement and the statement of financial position, account should be taken of the change in the scope of consolidation and the reclassification summaries described in those sections.

Notes related to the business combination with the AcegasAps Group

On 25 July 2012 Hera S.p.A. and AcegasAps Holding S.r.l., the company that owned 62.691% of AcegasAps S.p.A., a listed multi-utility operating in Italy's North-east entered into a master agreement to achieve a business combination between the two Groups.
Pursuant to this agreement, effective 1 January 2013 AcegasAps Holding S.p.A. merged with and into Hera S.p.A., which resulted in Hera S.p.A.'s acquisition of 62.691% of AcegasAps S.p.A.. On 2 January 2013 Hera S.p.A. launched a mandatory offer to buy and exchange for all the ordinary shares of AcegasAps that it did not own, with the objective to delist the company.
On 3 May 2013, the offer's closing date, Hera S.p.A. became the sole shareholder of AcegasAps S.p.A., raising its stake in this company from 62.691% to 99.784%, the rest being treasury shares.

This business combination is accounted for in accordance with IFRS 3, effective 1 January 2013, the date on which the Hera Group acquired control over the AcegasAps Group. In particular, the AcegasAps Group's

assets and liabilities will be recognized at their fair value and the acquiree's accounting policies will be aligned with those of the Hera Group.
It is worthy of note that, as of the end of the quarter under review, the allocation of the acquisition price was still under way, even though the process has generated, to date, an extraordinary gain recognized as "Other operating income" for €74.8 million.

Financial statements

The financial statements used are the same as those used for the consolidated financial statements at 31 December 2012. Specifically, the income statement is presented in vertical format, with the individual items analysed by nature. This presentation, also used by the company's major competitors, is considered consistent with international practice and is the one that best represents the company's performance.

The statement of financial position shows the distinction between current and non-current assets and liabilities.

The comprehensive income statement reports separately income and expenses arising from transactions with "non-shareholders". All changes in question (in our case, the value of the effective portion of gains and losses on cash flow hedge instruments) are reported separately. These changes are also reported separately in the
statement of changes in consolidated equity.

The cash flows statement has been prepared using the indirect method, in accordance with IAS 7.

Unless otherwise stated, the financial statements contained in this interim report are all expressed in thousands of Euros.

Scope of consolidation

This interim report includes the financial statements of the Parent Company, Hera Spa, and its subsidiaries. It also includes the financial statements of the companies in which the Group has joint control with other shareholders. Control is obtained when the Parent Company has the power to determine the financial and operating policies of a company in such a way as to benefit from its activities.

Subsidiary companies which are not significant in size and those in which voting rights are subject to severe long-term restrictions are excluded from the scope of line-by-line consolidation and are carried at cost.

Equity interests representing long-term investments in associates which are significant in size are accounted for with the equity method.

Companies held for sale are excluded from consolidation and measured at the lower of cost and fair value. These investments are recorded as separate items.

Joint ventures in which the Hera Group exercises joint control with other companies are consolidated proportionately, with line-by-line recognition of assets, liabilities, revenues and costs in proportion to the Group's share.

Changes in the scope of consolidation in the first three months of 2013, compared with the situation at 31 December 2012 are shown below:

Subsidiaries

Consolidated companies	Deconsolidated companies	Notes
Acegas-Aps SpA		Consolidated on a line-by-line basis
AcegasAps Service Srl		Consolidated on a line-by-line basis
CST Srl		Consolidated on a line-by-line basis
	Famula on line in liquidazione SpA	Wound up
	Energonut SpA	Merged into Herambiente
	Hera Servizi Cimiteriali Srl	Sold
	Hera Servizi Funerari Srl	Sold
Iniziative Ambientali Srl		Consolidated on a line-by-line basis
Insigna Srl		Consolidated on a line-by-line basis
Modena Network SpA		Consolidated on a line-by-line basis
NestAmbiente Srl		Consolidated on a line-by-line basis
Rila Gas AD		Consolidated on a line-by-line basis
SiGas d.o.o		Consolidated on a line-by-line basis
Sinergie SpA		Consolidated on a line-by-line basis
Società Italiana Lining Srl		Consolidated on a line-by-line basis
Trieste Onoranze e Trasp. Funebri Srl		Consolidated on a line-by-line basis
Tri-Generazione Srl		Consolidated on a line-by-line basis

Associated companies

New companies accounted for with the equity method	*Companies no more accounted for with the equity method*	*Notes*
Elettrogorizia SpA		Accounted for with the equity method
	Modena Network	Consolidated on a line-by-line basis
	Refri Srl	Sold

Joint ventures

Consolidated companies	*Deconsolidated companies*	*Notes*
Aristea Scarl		Consolidated proportionately
Estenergy Spa		Consolidated proportionately
Est Reti Elettriche Spa		Consolidated proportionately
Estpiù Spa		Consolidated proportionately
Isontina Reti Gas Spa		Consolidated proportionately

The main changes in the scope of consolidation were due entirely to the business combination with the AcegasAps Group.

Effective 1 January 2013, Hera Spa acquired the assets of Famula On-Line Spa, a company engaged in organization, planning, production sales and consulting in the areas of information technology, computer services and data processing. On the same date, liquidation proceedings began for Famula On-Line S.p.A. On 13 June 2013 the shareholders approved the liquidation accounts and the relevant distribution plan. As such, this company is no longer consolidated. On 25 June 2013, the company was cancelled from the Companies Register.

On 19 April 2013 Acantho S.p.A. purchased an additional 10% of Modena Network S.p.A. from Sorgea S.r.l., thereby increasing its equity stake to 40%. The company, which was previously recognized with the equity method, is now consolidated on a line-by-line basis, given that the Group exercises control over it, thanks to a 14% investment by Hera S.p.A. and a 28% equity interest held by Aimag S.p.A.

On 19 June 2013 Herambiente S.p.A. sold its investment in Refri S.r.L. to Unieco Costruzioni Meccaniche Srl.

On 1 July 2013 wholly-owned subsidiary Energonut S.p.A. was merged with and into Herambiente S.p.A..

On 1 August 2013 the parent company, Hera S.p.A., sold to the Municipality of Bologna Hera Servizi Cimiteriali S.r.l.. Following this disposal, Hera Servizi Cimiteriali S.r.l. is no longer consolidated.

The list of companies included in the scope of consolidation is shown at the end of these notes.

Changes in equity investments

On 19 June 2013 Herambiente S.p.A. purchased from Unieco Costruzioni Meccaniche S.r.l. the entire non-controlling interest (49% of share capital) in Nuova Geovis S.p.A., thereby becoming sole shareholder, for €4,500 thousand. In addition, on 5 August 2013, Herambiente S.p.A. acquired the equity interests of the Municipalities of Galliera and Barighella (for a total equity interest of 40%) in Gal.A. S.p.A., thereby becoming the company's sole shareholder, for €500 thousand. In both cases the difference between the adjustment of the non-controlling interests and the fair value of the price paid was recognized directly in equity and attributed to the shareholders of the parent company.

On 30 September 2013 AcegasAps S.p.A. purchased from ENI S.p.A. 20% of Isontina Reti Gas S.p.A., a company controlled jointly by both. Following this transaction, Isontina Reti Gas S.p.A. is now equally held by AcegasAps S.p.A. and ENI S.p.A.. In the absence of changes in the governance structure, control remains joint.

Reclassification summary

As of 1 January 2013, the Hera Group applied IAS 19 revised, which calls for the termination of the "corridor method" to account for actuarial gains and losses. Therefore, it was necessary to reclassify the statement of financial position at 31 December 2012, as this standard requires the retrospective application of such changes.

In addition, the income statement for the first nine months of 2012 was restated to take into account the aborted sale, for reasons beyond the company's control, of the Berti Pichat area

Below, the restated income statement for the nine months ended 30 September 2012 and the statement of financial position as of 31 December 2012 are shown:

Restated income statement for the nine months ended 30 September 2012

thousands of euros	*30 September 2012 reported*	*Adjustment ias19R*	*Adjustment including area berti*	*30 September 2012 adjusted**	*3rd quarter2012 (3 months) reported*	*3rd quarter2012 (3 months) adjusted **
Revenue	3,321,981			3,321,981	1,023,064	1,023,064
Other operating revenues	135,667		(6,625)	129,042	44,597	44,597
of which non-recurrent	*6,625*		*(6,625)*	0	0	0
Use of raw materials and consumables	(2,027,277)			(2,027,277)	(627,471)	(627,471)
Service costs	(664,149)			(664,149)	(236,646)	(236,646)
Personnel costs	(284,297)	920		(283,377)	(91,500)	(91,193)
Amortisation, depreciation, provisions	(230,977)			(230,977)	(79,427)	(79,427)
Other operating costs	(29,038)			(29,038)	(9,701)	(9,701)
Capitalised costs	20,685			20,685	7,628	7,628
Operating profit	**242,595**	**920**	**(6,625)**	**236,890**	**30,544**	**30,851**
Portion of profits (loss) pertaining to associated companies	3,378			3,378	481	481
Financial income	66,895			66,895	21,295	21,295
Financial expense	(165,796)			(165,796)	(55,528)	(55,528)
Total financial operations	**(95,523)**			**(95,523)**	**(33,752)**	**(33,752)**
Pre-tax profit	**147,072**	**920**	**(6,625)**	**141,367**	**(3,208)**	**(2,901)**
Taxes for the period	(67,430)	(437)	3,343	(64,524)	(597)	(561)
Net profit for the period	**79,642**	**483**	**(3,282)**	**76,843**	**(3,805)**	**(3,462)**
Attributable to:						
Shareholders of the Parent Company	70,169	454	(3,282)	67,341	(6,774)	(6,441)
Non-controlling interests	9,473	29	0	9,502	2,969	2,979
Earnings per share						
basic	**0.064**			**0.061**		
diluted	**0.061**			**0.059**		

* The comparative data have been adjusted to reflect the changes indicated in the "Reclassification summary" in the notes.

Restated statement of financial position at 31 December 2012

thousands of euros	31/12/2012 reported	ias 19R	31December 2012 as adjusted *
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	1,115,014		1,115,014
- Reserve treasury shares - nominal value	(13,813)		(13,813)
- Expenses related to capital increase	0.00		0
Reserves	540,138	-16,657	523,481
- Reserve treasury shares -amount exceeding nominal value	(4,181)		(4,181)
- Reserves for derivative instruments recognised at fair value	(5,993)		(5,993)
Retained earnings (accumulated deficit)	2,061		2,061
Profit / (loss) for the period	118,658	759	119,417
Group equity	**1,751,884**	**-15,898**	**1,735,986**
Non-controlling interests	142,978	(1,623)	141,355
Total equity	**1,894,862**	**(17,521)**	**1,877,341**
Non-current liabilities			
Borrowings – maturing beyond 12 months	2,440,994		2,440,994
Post-employment benefits	91,366	21,597	112,963
Provisions for risks and charges	251,897		251,897
Deferrred tax liabilities	78,114	(4,076)	74,038
Finance lease payments - maturing beyond 12 months	13,356		13,356
Financial instruments - derivatives	32,963		32,963
Total non-current liabilities	**2,908,690**	**17,521**	**2,926,211**
Current liabilities			
Banks and other borrowings – maturing within 12 months	317,560		317,560
Finance lease payments - maturing within 12 months	3,767		3,767
Trade payables	1,165,838		1,165,838
Current tax liabilities	20,463		20,463
Other current liabilities	350,060		350,060
Financial instruments - derivatives	38,229		38,229
Total current liabilities	**1,895,917**		**1,895,917**
Non-current assets held for sale	**0**		**0**
TOTAL LIABILITIES	**4,804,607**	**17,521**	**4,822,128**
TOTAL EQUITY AND LIABILITIES	**6,699,469**	**0**	**6,699,469**

Other information

These interim financial statements as of and for the nine months ended 30 September 2013 have been prepared by the Board of Directors and approved by it on 13 November 2013.

2.03 Consolidated net borrowings

millions of euros		30 September 2013	31 December 2012
a	**Cash**	**484.9**	**424.2**
b	**Other current financial receivables**	**62.5**	**47.3**
	Current bank debt	(378.7)	(74.7)
	Current portion of bank debt	(291.5)	(225.7)
	Other current financial liabilities	(81.4)	(17.1)
	Finance lease payables due within 12 months	(2.6)	(3.8)
c	**Current financial debt**	**(754.2)**	**(321.3)**
d=a+b+c	**Net current financial debt**	**(206.8)**	**150.2**
e	**Non-current financial receivables**	**46.4**	**17.6**
	Non-current bank debt and bonds issued	(2,593.3)	(2,371.0)
	Other non-current financial liabilities	(9.9)	0
	Finance lease payables due after 12 months	(12.8)	(13.4)
f	**Non-current financial debt**	**(2,616.0)**	**(2,384.4)**
g=e+f	**Net non-current financial debt**	**(2,569.6)**	**(2,366.8)**
h=d+g	**Net financial debt**	**(2,776.4)**	**(2,216.6)**

2.04 Equity investments

Subsidiaries

Name	Registered office	Share capital	% held direct	% held indirect	Total equity investment
Parent company: Hera Spa	**Bologna**	**1,342,876,078**			
Acantho Spa	Imola (BO)	22,500,000	79.94%		79.94%
Acegas-Aps Spa	Trieste	283,690,763	100.00%		100.00%
AcegasAps Service Srl	Padova	1,480,400		100.00%	100.00%
Akron Spa	Imola (BO)	1,152,940		43.13%	43.13%
ASA Scpa	Castelmaggiore (BO)	1,820,000		38.25%	38.25%
Consorzio Akhea Fondo Consortile	Bologna	200,000		59.38%	59.38%
CST Srl	Pordenone	104,000		100.00%	100.00%
Eris Scrl	Ravenna	300,000		51.00%	51.00%
Feronia Srl	Finale Emilia (MO)	2,430,000		52.50%	52.50%
Frullo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Gal.A. Spa	Bologna	300,000		75.00%	75.00%
HeraAmbiente Spa	Bologna	271,148,000	75.00%		75.00%
Hera Comm Srl	Imola (BO)	53,136,987	100.00%		100.00%
Hera Comm Marche Srl	Urbino (PU)	1,977,332		70.54%	70.54%
Hera Energie Srl	Bologna	926,000		51.00%	51.00%
Hera Energie Rinnovabili Spa	Bologna	1,832,000	100.00%		100.00%
Hera Luce Srl	San Mauro Pascoli (FC)	1,000,000	89.58%		89.58%
Herasocrem Srl	Bologna	100,000	51.00%		51.00%
Hera Trading Srl	Trieste	22,600,000	100.00%		100.00%
Iniziative Ambientali Srl	Padova	110,000		100.00%	100.00%
Insigna Srl	Padova	10,000		100.00%	100.00%
Marche Multiservizi Spa	Pesaro	13,484,242	44.62%		44.62%
Medea Spa	Sassari	4,500,000	100.00%		100.00%
MMS Ecologica Srl	Pesaro	95,000		44.62%	44.62%
Modena Network Spa	Modena	3,000,000	14.00%	31.97%	45.97%
Naturambiente Srl	Pesaro	50,000		44.62%	44.62%
NestAmbiente Srl	Padova	1,748,472		100.00%	100.00%
Nuova Geovis Spa	Sant'Agata Bolognese (BO)	2,205,000		75.00%	75.00%
Rila Gas AD	Sofia (Bulgaria)	33.337lev/000		100.00%	100.00%
Romagna Compost Srl	Cesena	3,560,002		45.00%	45.00%
SiGas d.o.o	Pozega (Serbia)	162.260.057,70 din		95.78%	95.78%
Sinergia Srl	Forlì	579,600		59.00%	59.00%
Sinergie Spa	Padova	11,168,284		100.00%	100.00%
Società Italiana Lining Srl	Padova	90,000		100.00%	100.00%
Sotris Spa	Ravenna	2,340,000	5.00%	52.50%	57.50%
Sviluppo Ambiente Toscana Srl	Bologna	10,000	95.00%	3.75%	98.75%
Trieste Onoranze e Trasporti Funebri Srl	Trieste	50,000		100.00%	100.00%
Tri-Generazione Srl*	Padova	100,000		70.00%	70.00%
Uniflotte Srl	Bologna	2,254,177	97.00%		97.00%

* Trigenerazione Srl's paid-in share capital amounts to €25,000

Joint ventures

Name	Registered office	Share capital	% held direct	% held indirect	Total equity investment
Aristea Sinergie Illuminazione Scarl*	Padova	10,000		50.00%	50.00%
Enomondo Srl	Faenza (RA)	14,000,000		37.50%	37.50%
Estenergy Spa	Trieste	1,718,096		51.00%	51.00%
Est Reti Elettriche Spa	Gorizia	17,450,000		30.00%	30.00%
Estpiù Spa	Gorizia	7,100,000		30.00%	30.00%
Isontina Reti Gas Spa	Gradisca D'Isonzo (GO)	17,450,000		50.00%	50.00%

* Aristea Sinergie Illuminazione Scarl's paid-in share capital amounts to €2,500

Associated companies

Name	Registered office	Share capital	% held direct	% held indirect	Total equity investment
Aimag Spa*	Mirandola (MO)	78,027,681	25.00%		25.00%
Elettrogorizia Spa	Trieste	5,600,000		33.00%	33.00%
FlameEnergy Trading Gmbh	Vienna	3,000,000		50.00%	50.00%
Ghirlandina Solare Srl	Concordia Sulla Secchia (MO)	60,000		33.00%	33.00%
Q.Thermo Srl	Firenze	10,000		39.50%	39.50%
Set Spa	Milano	120,000	39.00%		39.00%
So.Sel Spa	Modena	240,240		26.00%	26.00%
Sgr Servizi Spa	Rimini	5,982,262		29.61%	29.61%
Tamarete Energia Srl	Ortona (CH)	3,600,000	32.00%		32.00%

* Aimag's share capital consists of ordinary shares for €67,577,681 and tracking shares for €10,450,000