Press Release
Bologna, 28 August 2013

Hera Board of Directors approves H1 2013 results and resolves on €80 million optional capital increase

The financial statements at 30 June show improved figures in all areas, thanks partly to the consolidation of AcegasAps on 1 January. The optional capital increase will enable FSI to acquire Hera shares.

Financial highlights

- **Revenues of €2,429.4 million (+5.7%)**
- **EBITDA of €445.3 million (+24.5%)**
- **Adjusted net profit of €98.1 million (+22.2%)**
- **Net financial debt of €2,745.8 million**

Operational highlights

- **Excellent progress with the operating integration of AcegasAps**
- **Growth on liberalised energy markets thanks to market expansion and improved margins, which more than offset the fall in volumes sold due to economic conditions**
- **Further expansion of the Group's share of the special-waste market, confirming its position as national leader in the waste management sector**
- **Strong contribution to the growth in regulated services thanks to efficiency improvements and the gradual increase in rates with a view to fully covering costs**

The Hera Group's Board of Directors today unanimously approved the consolidated results for the first six months of 2013. It also resolved, pursuant to the shareholders' proxy of 15th October 2012, to launch a capital increase worth up to €80 million to enable Fondo Strategico Italiano (FSI) to acquire Hera shares, as previously announced to the market.

FINANCIAL STATEMENTS AS AT 30 JUNE 2013

Unlike in the corresponding period of the previous year, the financial statements at 30 June 2013 included the contribution made by AcegasAps, which was incorporated into the Hera Group on 1 January 2013. The operating integration of AcegasAps (following the success of the cash and stock tender offering and subsequent delisting of the company on 3 May) is proceeding rapidly and positively, thanks in part to the new organisational structure implemented in May. The figures reported show a considerable increase, due not only to the consolidation of AcegasAps, but also to the organic growth achieved by Hera in all its areas of activity.

Revenues
Revenues rose by €130.5 million (+5.7%), from €2,298.9 million in the first half of 2012 to €2,429.4 million in the same period of 2013. This increase was due to the net effect of the positive contribution from the incorporation of AcegasAps (+€267.4 million) and the reduction in Hera revenues caused by the fall in volumes of gas traded and of electricity sold (-€136.9 million).

EBITDA
EBITDA amounted to €445.3 million, up +24.5% compared with the €357.6 million recorded in the first half of 2012. The €87.7 million increase was attributable to both the incorporation of AcegasAps (in the amount of €71.0 million) and the improved results of all Hera's main areas of activity, particularly the Gas, Water Cycle and Waste Management segments, which contributed €16.7 million to the Group's performance (+4.7%).

Operating profit and pre-tax profit
The Group's operating profit rose by +19.7% to stand at €246.6 million. The cost of financial management rose from €61.8 million to €70.9 million (+14.7%), due mainly to the consolidation of AcegasAps. The Group also recorded non-operating income of €74.8 million in relation to the difference between the net value of the consolidated assets of AcegasAps and the market value of the incorporation of said company into the Hera Group. Taking account of the above, pre-tax profit amounts to €250.6 million (+73.7%).

Net profit
Net profit for the period totalled €172.9 million (+115.3% compared with the €80.3 million recorded in the first half of 2012), given that the tax rate, exclusive of the effect of other non-operating income, was 44.21%. The increase of €92.6 million in net profit was due to Hera's stand-alone performance in the amount of €1.6 million (+2.0%), to the incorporation of AcegasAps in the amount of €16.2 million, and to the aforementioned non-operating income of €74.8 million. Excluding this last item from the result, adjusted net profit was €98.1 million (+22.2% compared with the €80.3 million recorded in the first half of 2012).
The Group share of net profit was €165.2 million (+123.9%).

Investments and net financial debt
The Group's gross investments in the first half of the year, net of disposals (taking into account the consolidation of AcegasAps), totalled €120.5 million, in line with the business plan. Of this amount, around one third (€40.8 million) was invested in the integrated water cycle.
The Group's net financial debt was €2,745.8 million, compared with €2,216.6 million as at 31 December 2012. The €529.2 million increase was due mainly to the consolidation of the debt of AcegasAps.
Once again, the Group’s debts were largely made up of medium-/long-term debts (around 79% of the total), perfectly balancing the Group’s capital structure, which is characterised by a high level of fixed assets.

Waste Management segment
The EBITDA of the Waste Management segment, which includes waste collection, treatment and disposal services, stood at €121.2 million (+34.7% compared with the €90.0 million recorded in the first half of 2012). This excellent performance was attributable primarily to the sharp increase in special-waste volumes, due to both a strong focus on this area of activity and the broadening of the Group's plant base through the consolidation of Energonut, which was acquired in October 2012 and incorporated into Herambiente with effect from 1 July 2013. Herambiente alone treated 810 thousand tonnes of special waste in the first half of the year (compared with 725.8 thousand a year earlier), an increase of 84.2 thousand tonnes. The volume of urban waste treated by Herambiente rose from 859.9 thousand tonnes in the first half of 2012 to 862.2 thousand tonnes in the first half of 2013, an increase of 2.3 thousand tonnes. AcegasAps also made a significant contribution, treating 231.3 thousand tonnes of waste, including 178.6 thousand tonnes of urban waste and 52.7 thousand tonnes of special waste.
Even excluding the €23.3 million contribution from AcegasAps, the EBITDA of the Waste Management segment rose by 8.8% to €97.8 million.
The contribution of the Waste Management segment to Group EBITDA was 27.2%.

Water segment

The EBITDA of the Water Cycle segment, which includes mains water, purification and sewerage services, stood at €102.4 million, up 38.5% compared with the €74.0 million recorded in the first half of 2012.

The volumes sold, which totalled 382.7 million cubic metres, increased thanks to the incorporation of AcegasAps. Excluding the contribution from AcegasAps, Hera's volumes fell due to lower consumption and higher rainfall during the period. The segment's EBITDA did benefit, however, from further gains in operating efficiency and the gradual introduction of the new tariff system (currently in a transitional phase), which provides for tariffs to approach full cost coverage. AcegasAps contributed €24.2 million to the segment's EBITDA. Excluding this contribution, EBITDA stood at €78.2 million, up by 5.8%.

The contribution of the Integrated Water Cycle segment to Group EBITDA was 23.0%.

Gas segment

The EBITDA of the Gas segment, which includes methane gas and LPG distribution and sales services, district heating and heat management, increased to €174.2 million (+17.2% compared with €148.7 million in the first half of 2012). This EBITDA growth took place despite a fall in sales volumes, particularly in relation to trading activities (-40.8%, due to both lower volumes for the thermoelectric market and the gradual convergence between Virtual Trading Point (VTP) prices and northern European hub prices on the wholesale market), thanks to a strong customer base (of over 1.2 million), an increase in volumes distributed (due to the incorporation of AcegasAps), and higher sales margins and volumes for the district heating service. Specifically, gas volumes distributed rose from 1,406.0 million cubic metres in the first half of 2012 to 1,700.8 million cubic metres in the same period of 2013, an increase of 294.8 million cubic metres (with AcegasAps accounting for 289.3 million cubic metres of this and Hera 5.5 million), despite the overall fall of 5.7% in domestic demand for gas. The volume of gas sold fell from 1,988.0 million cubic metres in the first half of 2012 to 1,813.0 million cubic metres in the first six months of 2013 (-175.0 million cubic metres).

AcegasAps contributed €22.2 million to the segment, excluding which EBITDA stood at €152.1 million, up by 2.3%.

The contribution of the Gas segment to Group EBITDA was 39.1%.

Electricity segment

The EBITDA of the Electricity segment, whose services include the production, distribution and sale of electricity, stood at €43.7 million (+23.9% compared with €35.3 million in the first half of 2012).

Volumes sold remained more or less stable, at 4,701.8 GW/h (-11.0 GW/h compared with the first half of 2012), while volumes distributed, at 1,443.9 GW/h, rose by 355.0 GW/h year on year. Both these figures benefited from the incorporation of AcegasAps, which contributed 255.3 GW/h of electricity sold and 383.0 GW/h of electricity distributed. This offset the fall in Hera's volumes, which was due essentially to continuing weak demand for electricity in Italy (-3.9%), despite a strong commercial performance that saw the customer base rise to over 690,000, a year-on-year increase of 9.5% excluding the contribution of AcegasAps.

The incorporation of AcegasAps added €5.6 million to the segment's EBITDA. Excluding this contribution, EBITDA for the segment was €38.1 million, up by 7.9%.

The contribution of the Electricity segment to Group EBITDA was 9.8%.

CAPITAL INCREASE

Terms of the capital increase
By way of implementation of the mandate conferred by the Extraordinary Shareholders' Meeting of 15 October 2012, Hera's Board of Directors today resolved to increase the share capital, for cash consideration and in one or more tranches, by a nominal maximum amount of €80 million through the issuance of up to 80,000,000 ordinary shares, each with a nominal value of €1.00, with regular dividend rights and the same characteristics as those in circulation, to be offered on an optional basis to eligible persons pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code (Capital Increase). The share issue price (including any premium), the number of new ordinary shares to be issued, the option ratio, the exact value of the capital increase and all other conditions will be determined by the Board of Directors shortly before the operation is carried out. The Board of Directors has announced that the capital increase will not be launched before 1 October 2013, when the convertible bonds known as "*EUR 140,000,000 1.75 per cent. Equity-Linked Bonds due 2013*" are due to mature.

More information on this agreement can be found in the press release issued by Hera on 5 July 2013 and enclosed herewith.

Objectives of the capital increase
The capital increase is part of a plan to boost the Hera Group's capital and financial structure and to support any direct or indirect costs that may be incurred as a result of further development or other transactions carried out to consolidate the Group's strategic position and value creation prospects.

APPOINTMENT TO THE BOARD

Following the resignation of Daniele Montroni, the Hera S.p.A. Board of Directors today unanimously appointed Stefano Manara as an independent director.
Mr Manara's biography can be found on Hera's website, www.gruppohera.it.

STATEMENTS

Chairman Tomaso Tommasi di Vignano
"In addition to the excellent results achieved in the first six months of the year, I am delighted at the speed and ease with which the Hera Group is incorporating AcegasAps, which is already bringing considerable benefits to the Group and will continue to do so for the rest of the year. Our performance in the first half as a whole reinforced the strong performance of the first quarter, proving that the Group is capable of dealing with tough macroeconomic conditions by expanding its markets and seeking greater efficiency. Our positive results therefore enabled us to keep our dividend policy unchanged this year, despite the ongoing difficult economic situation. We are also working to prepare for FSI's acquisition of shares in Hera, with the capital increase resolved upon today by the Board of Directors laying the foundations for a major operation in the local utilities market".

CEO Maurizio Chiarini
"The Group has continued to achieve balanced growth in all areas of activity, even excluding the incorporation of AcegasAps. The net financial debt, which has increased since the end of 2012 due largely to the incorporation of AcegasAps, is in line with the estimates made as part of the assessment carried out prior to the merger, thereby enabling the Group to maintain one of the best debt-to-EBITDA ratios in the sector".

*Pursuant to Article 154-*bis*, paragraph 2 of the Italian Consolidated Finance Act, the Chief Financial Officer, Luca Moroni, declares that the information contained in this press release corresponds to the entries made in the accounting documents, ledgers and records.*

The half-year report on operations and the related documentation are available to the public from Borsa Italiana S.p.A. and on the website, www.gruppohera.it, from 28 August 2013.

The unaudited financial statements, extracted from the Interim Report as at 30 June 2013 (annex 1) and above mentioned press release of 5 July 2013 are attached.

This communication does not constitute an offer or an invitation to subscribe for or purchase any securities. The securities referred to herein have not been registered and will not be registered in the United States under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would require the approval of local authorities or otherwise be unlawful. The securities may not be offered or sold in the United States or to U.S. persons unless such securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. Copies of this announcement are not being made and may not be distributed or sent into the United States, Canada, Australia or Japan.

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Annex 1

Profit and Loss *(m€)*	**H1 2013**	*Inc.%*	**H1 2012**	*Inc.%*	**Ch.**	**Ch.%**
Sales	**2,429.4**	*100.0%*	**2,298.9**	*100.0%*	**+130.5**	**+5.7%**
Other operating revenues	107.5	*4.4%*	84.4	*3.7%*	+23.1	+27.3%
Raw materials	(1,330.8)	*(54.8%)*	(1,399.8)	*(60.9%)*	(69.0)	(4.9%)
Services costs	(496.8)	*(20.4%)*	(427.5)	*(18.6%)*	+69.3	+16.2%
Other operating expenses	(25.3)	*(1.0%)*	(19.3)	*(0.8%)*	+6.0	+31.0%
Personnel costs	(246.4)	*(10.1%)*	(192.2)	*(8.4%)*	+54.2	+28.2%
Capitalisations	7.8	*0.3%*	13.1	*0.6%*	(5.3)	(40.6%)
EBITDA	**445.3**	*18.3%*	**357.6**	*15.6%*	**+87.7**	**+24.5%**
Depreciation and provisions	(198.7)	*(8.2%)*	(151.5)	*(6.6%)*	+47.2	+31.1%
EBIT	**246.6**	*10.2%*	**206.0**	*9.0%*	**+40.6**	**+19.7%**
Financial inc./(exp.)	(70.9)	*(2.9%)*	(61.8)	*(2.7%)*	+9.1	+14.7%
Other non operating revenues	74.8	*3.1%*	0.0	*0.0%*	+74.8	
Pre tax Profit	**250.6**	*10.3%*	**144.3**	*6.3%*	**+106.3**	**+73.7%**
Tax	(77.7)	*(3.2%)*	(64.0)	*(2.8%)*	+13.7	+21.4%
Group Net Profit	**172.9**	*7.1%*	**80.3**	*3.5%*	**+92.6**	**+115.3%**
Attributable to:						
Shareholders of the Parent Company	165.2	*6.8%*	73.8	*3.2%*	+91.4	+123.9%
Minority shareholders	7.7	*0.3%*	6.5	*0.3%*	+1.2	+17.7%

Balance Sheet *(m€)*	**H1 2013**	*Inc.%*	**31 Dec. 2012**	*Inc.%*	**Ch.**	**Ch.%**
Net fixed assets	5,290.1	*107.0%*	4,418.7	*107.9%*	+871.5	+19.7%
Working capital	137.2	*2.8%*	114.2	*2.8%*	+23.0	+20.1%
Gross invested capital	5,427.3	*109.7%*	4,532.9	*110.7%*	+894.5	+19.7%
(Provisions)	(481.9)	*(9.7%)*	(438.9)	*(10.7%)*	+43.0	+9.8%
Net invested capital	**4,945.4**	*100.0%*	**4,094.0**	*100.0%*	**+851.5**	**+20.8%**
Net Equity	2,199.6	*44.5%*	1,877.4	*45.9%*	+322.2	+17.2%
Long term net financial debts	*2,574.3*	*52.1%*	*2,366.8*	*57.8%*	*+207.5*	*+8.8%*
Short term net financial debts	*171.5*	*3.5%*	*(150.2)*	*(3.7%)*	*+321.7*	*+214.2%*
Net Financial Debts	2,745.8	*55.5%*	2,216.6	*54.1%*	+529.2	+23.9%
Net invested capital	**4,945.4**	*100.0%*	**4,094.0**	*100.0%*	**+851.4**	**+20.8%**

Annex 2

press release
Bologna, 05 June 2013

Hera: agreement signed with FSI which updates the agreements of September 2012

Hera and FSI have agreed on several amendments to the original agreements of 3 September 2012

Hera S.p.A. and Fondo Strategico Italiano S.p.A. (FSI) today signed a new agreement which, in reflecting the events which took place following the signing of the investment agreement of 3 September 2012, including the delisting of Acegas-Aps S.p.A. and merger into the Hera Group, changes the original agreement.

On the one side it regulates the fulfilment of some conditions precedent in the 2012 agreement because they had been fulfilled in the meantime and, on the other, it reformulates some other clauses in order to account for the changes occurring in the context.

Specifically, the agreement includes a commitment by FSI to make an offer to the main Hera shareholders for the purchase of the option rights, at Euro 0.10, resulting from the optional share capital increase pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code, which can be approved by the Hera Board of Directors, by exercising the mandate conferred by the extraordinary shareholders' meeting of 15 October 2012, up to a nominal maximum amount of Euro 80 million, plus any premiums.

The inclusion of FSI as a Hera shareholder is consequently related to the existence of rights not subscribed and/or the acceptance of the FSI offer by the main Hera shareholders.

Pursuant to today's agreement, conditional to the approval of the share capital increase, this confirms the mutual commitment of FSI to subscribe and of Hera to offer the subscription of any option rights not subscribed at a subscription price of Euro 1.25 or, alternatively, where the arithmetic average of official Borsa Italiana for ordinary Hera shares calculated for the thirty calendar days prior to the date of determining the issue price of the shares ("Average Price") is equal to or less than Euro 1.25, then the subscription price must be equal to the Average Price with a discount of Euro 0.05 per share. If the Average Price is equal to or greater than Euro 1.55, Hera is entitled to postpone the capital increase until 31 March 2014 or not to proceed with it.

Following the amendments made to the agreement of 3 September 2012, the implementation of the agreement depends on certain conditions precedent being fulfilled, specifically: (i) if Hera intends to convene a shareholders' meeting, the agenda, on the request of FSI, includes the expansion of the board of directors through the appointment of a director, pursuant to Article 16 of the Hera articles of association, as revised by the shareholders' meeting of 30April 2013; (ii) no significant negative events occur affecting prevailing normal business and market conditions; (iii) authorisation is granted for the publication of the prospectus.

Lastly, also today, Hera and FSI signed an inalienability agreement covering the Hera shares that FSI will hold after the capital increase has been resolved and has taken place. FSI agrees to this lock-up commitment with effect from the date of subscription to the share capital increase and up until the 24th month after the closing date of the public offering, provided that FSI's quota is not less than 3% of the Hera share capital after the operation.