



Press release

Bologna, 15 May 2013

The Hera Board of Directors approves the 2013 Q1 results

The first report since the consolidation of AcegasAps posts growth in all areas of business, on top of the impact of the consolidation of the new company

Financial Highlights

- Revenues of €1,450.8 million (+5.6%)
- EBITDA of €281.5 million (+25.3%)
- Adjusted net profit of €66.7 million (+24.2%)
- Net financial position of €2,611.8 million (including the net financial position of AcegasAps)

Operational Highlights

- Strong commercial performance on liberalised energy markets, despite the drop in volumes sold due to the macroeconomic negative scenario
- Upturn in special-waste volumes in the Waste Management
- Significant contribution to the growth in regulated services, thanks partly to improved efficiency

Today, the Hera Group Board of Directors unanimously approved the consolidated financial results for the first three months of the year. This was the first set of results to include the contribution made by AcegasAps S.p.A., which joined the Hera Group on 1 January 2013. The integration of the company was completed with the positive conclusion of the share and cash buyout offer (and consequent delisting of AcegasAps on 3 May) and the replacement of its corporate bodies, which took place at the AcegasAps shareholders' meeting yesterday. The figures reported show significant growth, due not only to the consolidation of the multi-utility from Padua-Trieste, but also to the organic growth achieved within Hera in all its areas of business.

Revenues

Revenues rose by €76.9 million (+5.6%), from €1,373.9 million in the first quarter of 2012 to €1,450.8 million as at 31 March 2013. On aggregate, the contribution resulting from the integration of AcegasAps (€162.8 million) was recorded, and the reduction in operating revenues was caused by the fall in volumes with regard to gas intermediation and electricity sales.

EBITDA

EBITDA rose to €281.5 million (+25.3% compared with the €224.7 million recorded on 31 March 2012), due partly to the reduction in the cost of raw materials and other materials, which was more than

proportional to the fall in revenues caused by the afore-mentioned drop in volumes. The absolute change of €56.8 million was attributable not only to the incorporation of AcegasAps (€41.9 million), but also to the balanced growth achieved in all Hera's areas of business, which had a positive impact on the group's performance of €14.9 million, or +6.6%, compared with a year earlier.

Operating profit and pre-tax profit

Operating profit rose to €181.8 million (+20.1%). Financial charges rose from €31.0 million to €34.3 million (+10.6%), taking into account the incorporation of AcegasAps, which resulted in an increase of €4.3 million in charges. This was offset, however, by an improvement in Hera's financial charges thanks to a reduction in the average interest rates on its debt. The group also recorded non-operating income of €73.8 million resulting from the excess of the net value of the consolidated assets of AcegasAps over the amount paid to incorporate the company into Hera Group. Taking this into account, the pre-tax profit stands at €221.4 million (+84%).

Net profit

Net profit for the period rose to €160.5 million (+130% compared with the €69.8 million recorded on 31 March 2012), due to the application of a tax rate that excluded the impact of "other non-operating income", equal to 41.3%. The absolute increase in net profit, equal to €90.7 million, was due to Hera's stand-alone growth of €6.6 million (+9.5%), the contribution of AcegasAps (€10.3 million) and the afore-mentioned positive impact of €73.8 million. Excluding this last item, net profit amounts to €86.7 million (+24.2% compared with €69.8 million on 31 March 2012).

The Group net profit post minorities is €154.6 million (+136.8%).

Investments and net financial position

In the first three months of 2013, the Group's gross investments totalled €53.9 million, in line with the Business Plan. Of this amount, €18 million was invested in the integrated water cycle.

The net financial position is €2,611.8 million, compared with €2,216.6 million as at 31 December 2012. The increase is due mainly to the absorption of the debt of AcegasAps, while the portion pertaining to Hera fell by €95 million, to €2,121.6 million, thanks partly to the positive cash flows generated in the first quarter.

Waste Management segment

The EBITDA of the Waste Management segment, which includes waste collection, treatment and disposal services, stood at €65.7 million (+36.9% compared with €48.0 million as at 31 March 2012). This strong performance is attributable mainly to the significant increase in special-waste volumes (+12.2%, compared with a drop of 1.7% in urban-waste volumes), despite the ongoing difficult macroeconomic situation, due partly to the consolidation of Energonut and partly to commercial growth, which resulted in an increase in market share. The strong performance of the plants and the launch of two new biodigester plants also made a positive contribution to the margins and boosted revenues from electricity generation. Excluding the impact of the integration of AcegasAps, which contributed €11.4 million to the EBITDA, the Waste Management segment's EBITDA stands at €54.3 million, up by 13.0%.

The contribution of the Waste Management segment to Group EBITDA was 23.3%.

Water Cycle segment

The Water Cycle segment, which includes mains water, purification and sewerage services, produced EBITDA of €52.2 million (+44.8% compared with €36.1 million as at 31 March 2012). The result was negatively affected by both the significant fall in volumes supplied (-5.7% for mains water, -3.4% for

sewerage and -4.8% for purification) and the lower revenues from connection services, due to the ongoing crisis in the property sector. On the other hand, the margin was positively affected by both improved operating efficiency and the gradual entry into force of the new tariff system in its transitional phase, which provides for convergence towards full cost coverage. The contribution to the segment's EBITDA made by AcegasAps was €12.3 million. Without this contribution, EBITDA would have totalled €39.9 million, up by 10.6%.

The contribution of the Integrated Water Cycle segment to Group EBITDA was 18.6%.

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 €134.5 million (+17.6% compared to €114.4 million as at 31 March 2012). The segment recorded this positive performance in spite of a fall in sales volumes, particularly for trading activities (which reached a notable peak in the first quarter of 2012), caused by a smaller number of technical exchanges tied to the expected developments in gas market regulations. However, the strong customer base (over 1.25 million customers, including those of AcegasAps) and volumes distributed, together with good purchasing and intermediation conditions for raw materials, enabled the segment to increase its margins.

The contribution of AcegasAps to the segment was €15.3 million, without which EBITDA would have totalled €119.2 million, up by 4.3%.

The contribution of the Gas segment to Group EBITDA was 47.8%.

Electricity segment

The EBITDA of the Electricity segment, which includes electricity production, distribution and sales services, amounted to €24.9 million (+16.6% compared with €21.4 million as at 31 March 2012). The decline in volumes sold and, to a lesser extent, volumes distributed, due to current economic conditions, was more than offset by the positive impact of a flexible upstream policy, the strong performance of trading and distribution activities, and the ongoing expansion of the customer base. The customer base increased by around 50,000 compared with the first quarter of 2012, to over 550,000 customers, with the addition of the 120,000 customers of AcegasAps.

The incorporation of AcegasAps added €2.7 million to the segment's EBITDA. Excluding this contribution, EBITDA stands at €22.2 million, up by 3.9%.

The Tamarete Energia 100 MW turbogas power station in Ortona (CH), of which Hera Group owns 32%, began operations during the quarter.

The contribution of the Electricity segment to Group EBITDA was 8.9%.

Other services

The Other Services segment, which mainly comprises public lighting and telecommunications services, produced EBITDA of €4.1 million (-16.2% compared with €4.9 million as at 31 March 2012). The decrease was due to public lighting services, which were affected by the termination of some service supply contracts, while telecommunications activities performed in line with the corresponding period of the previous year. The contribution of AcegasAps to the segment was €0.1 million.

Chairman Tomaso Tommasi di Vignano states:

"The results achieved in the first quarter definitely confirm the expectations set out in the Business Plan disclosed in October", said Tomaso Tommasi di Vignano, Hera's Chairman. "They are proof that the incorporation of AcegasAps, which will account for around half our planned growth by 2016, is moving in



the right direction, thanks partly to the efforts of the joint working groups tasked with making the synergies we have identified a reality. I also believe that the commercial strength shown by the Group on liberalised markets is extremely significant and has enabled us to offset the fall in consumption and industrial production, whilst acquiring new customers and improving our margins."

CEO Maurizio Chiarini states:

"This quarter's results confirm the Group's continued growth, even excluding the contribution made by AcegasAps, in all its areas of business, whether in regulated activities or on liberalised markets. The reduction in the net financial position since the end of 2012 proves that the Group is paying special attention to keeping its debt indicators under control", said Maurizio Chiarini, Hera's CEO. "One of the most important aspects of this quarter has been the launch of a drive to improve efficiency within the Group resulting from the implementation of a new organisational structure within the General Operations Department. This will bring considerable improvements to the efficiency and effectiveness of our services."

The Director in charge of the preparation of the Company accounting documents, Luca Moroni, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this document corresponds to the records available and to the accounting ledgers and registers.

The Consolidated Quarterly Report and the related documentation are available to the public at Borsa Italiana S.p.A. and on the website, www.gruppohera.it, from 15 May 2013.

The financial statements, extracted from the Consolidated Interim Report as at 31 March 2013, not subject to audit, are attached.

www.gruppohera.it

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Profit & Loss (m€)	31/03/2013	<i>Inc. %</i>	31/03/2012	<i>Inc. %</i>	Ch.	Ch.%
Sales	1,450.8	<i>100.0%</i>	1,373.9	<i>100.0%</i>	+76.9	+5.6%
Other operating revenues	48.6	3.3%	40.9	3.0%	+7.7	+18.8%
Raw material	(834.5)	(57.5%)	(874.4)	(63.6%)	(39.9)	(4.6%)
Services costs	(251.0)	(17.3%)	(214.7)	(15.6%)	+36.3	+16.9%
Other operating expenses	(11.4)	(0.8%)	(8.9)	(0.6%)	+2.5	+28.2%
Personnel costs	(124.1)	(8.6%)	(96.9)	(7.1%)	+27.2	+28.1%
Capitalisations	3.1	0.2%	4.9	0.4%	(1.8)	(36.7%)
Ebitda	281.5	<i>19.4%</i>	224.7	<i>16.4%</i>	+56.8	+25.3%
Depreciation and provisions	(99.7)	(6.9%)	(73.4)	(5.3%)	+26.3	+35.8%
Ebit	181.8	<i>12.5%</i>	151.4	<i>11.0%</i>	+30.4	+20.1%
Financial inc./(exp.)	(34.3)	(2.4%)	(31.0)	(2.3%)	+3.3	+10.6%
Other non operating revenues	73.8	5.1%	0.0	0.0%	+73.8	+100.0%
Pre tax profit	221.4	<i>15.3%</i>	120.3	<i>8.8%</i>	+101.1	+84.0%
Tax	(60.9)	(4.2%)	(50.6)	(3.7%)	+10.3	+20.4%
Net profit	160.5	<i>11.1%</i>	69.8	<i>5.1%</i>	+90.7	+130.0%
<i>Attributable to:</i>						
Shareholders of the Parent Company	154.6	10.7%	65.3	4.8%	+89.3	+136.8%
Minority shareholders	5.9	0.4%	4.5	0.3%	+1.4	+31.8%

Balance sheet (m€)	31/03/2013	<i>Inc. %</i>	31/12/2012	<i>Inc. %</i>	Ch.	Ch.%
Net fixed assets	5,301.8	107.5%	4,418.7	107.5%	+883.1	+20.0%
Working capital	120.5	2.4%	114.2	2.8%	+6.4	+5.6%
(Provisions)	(489.6)	(9.9%)	(421.4)	(10.2%)	(68.3)	(16.2%)
Net invested capital	4,932.7	<i>100.0%</i>	4,111.5	<i>100.0%</i>	+821.2	+20.0%
Net equity	2,320.9	47.1%	1,894.9	46.1%	+426.1	+22.5%
Long term net financial debts	2,624.0	53.2%	2,366.8	57.6%	+257.2	+10.9%
Short term net financial debts	(12.2)	(0.2%)	(150.2)	(3.7%)	(138.0)	(91.9%)
Net financial debts	2,611.8	52.9%	2,216.6	53.9%	+395.2	+17.8%
Net invested capital	4,932.7	<i>100.0%</i>	4,111.5	<i>100.0%</i>	+821.3	+20.0%