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Message from the Chairman of the Board

Hera: a larger Group, showing continuous organic growth and improving operating margins



Dear Shareholders, the picture at 31 March 2013 shows the new Group dimensions, which became sizeably larger thanks to the consolidation of Acegas Aps, the most relevant M&A deal in 11 years of Hera's history. The results of the first quarter of 2013 provide us with a first proof of how the features of the multi-utility of Padua and Trieste accurately follow the structure of Hera's business portfolio. Both the previous core of Hera and the newly-integrated Company grow on a like-for-like basis, so demonstrating the effectiveness of the two business models in presenting strong resilience to negative impacts of the macroeconomic scenario: each Company, standing alone in its own pre-aggregation shape, shows improvements in the results of all the business area, despite volumes declining across all businesses, with the sole exception of the market waste volumes.

The integration that is underway let Hera benefit from the cumulative effect of the organic growth of the two Companies considered on a standalone basis; it also paved the way to the early achievements in terms of higher operating margins thanks to the integration synergies extracted. An EBITDA growing by 25.3%, while rising its weight on revenues from 16.4% to 19.4%, clearly proves that the deal, at the attractive prices at which

it has been finalised, can boost Hera's path of profitable growth.

Such early results also stem from the effective cooperation immediately built with the management coming from Acegas Aps: as they have shared the project with full commitment, they are now bringing their own competences into play.

We can therefore execute the actions envisaged in our Business Plan at a fast pace; in particular we expect to increase EBITDA by 7 million euro already in 2013 thanks to the new operating efficiencies and to the exploitation of economies of scale that, especially on the procurement side, have already proven to be sizeable.

Our commitment on the Acegas Aps deal, both in terms of energies and resources, allowed the step change we have experienced in this first quarter report; however, it did not lowered our

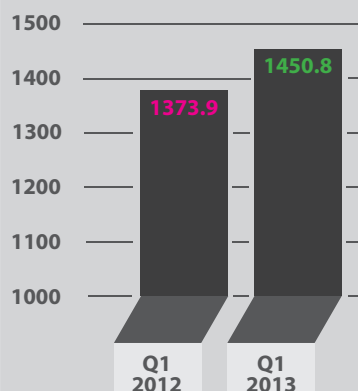
guard in the critical scenario we have – and we will still have – to face nor prevented us from providing an attractive remuneration to shareholders, in line with the Business Plan policy: on 3 June 2013 we will distribute a dividend of 9 cents, with a yield exceeding 5.5% if calculated at recent prices, which represent period highs.

Tomaso Tommasi di Vignano

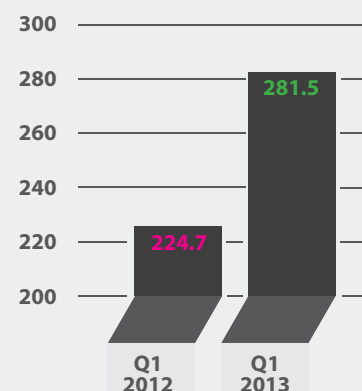
EBITDA INCREASES BY OVER 25% AND REACHES A 19.4% WEIGHT ON REVENUES: THE ACEGAS APS INTEGRATION PROVES TO BE ABLE TO GENERATE THE POSITIVE RESULTS ENVISAGED IN THE BUSINESS PLAN

All the portfolio businesses provided positive contribution to the improvement of consolidated EBITDA, despite the negative impact of the crisis on volumes.

Revenues - ml €



EBITDA - ml €





FIRST QUARTER 2013

(figures in million euro)

REVENUES

1,450.8 (+5.6%)

EBITDA

281.5 (+25.3%)

EBIT

181.8 (+20.1%)

INVESTMENTS

53.9 (-8.5%)

NET FINANCIAL DEBT

2,611.8

Focus on first quarter 2013 results

/// In a still negative economic scenario, the 25.3% increase in EBITDA reflects the health of all businesses that compose the multi-utility portfolio of the Group.

// Thanks to the Acegas Aps deal, Hera achieves record results: the integration, generating a dimensional shift, also contributes to the three percentage point improvement in the Group EBITDA margin, thanks to the process of extracting synergies that is already underway.

First quarter 2013 results of the Hera Group for the first time include Acegas Aps in the scope of consolidation, following up the merger through incorporation that is effective from 1 January 2013. The Public Cash and Tender Offer, promoted by Hera on 2 January 2013 on all the ordinary shares of Acegas Aps, ended up with the delisting of the Company on 3 May 2013. Consolidated EBITDA in the first quarter of 2013 amounts to 281.5 million euro, with a 25.3% increase over the same period of 2012, improving its weight on revenues from 16.4% to 19.4%. Such EBITDA

margin performance reflects on one hand the 5.6% growth in revenues, in a context seeing a further weakening of volumes due to the negative economic scenario, and on the other one the effective gain of new efficiencies, proven by the decline in the weight of operating costs.

EBIT rises at a pace slightly lower than the one of EBITDA (+20.1%), because of a sizeable increase in Depreciation and Provisions (+35.8%), mostly due to cautious provisions to bad debts and risk funds. Financial operations, showing a 10.6% rise, benefit from the decline in the average cost of debt for Hera on a like-for-like basis. The P&L of the first quarter of 2013 moreover presents 73.8 million euro posted as "other non-operating revenues" quantifying the higher value of Acegas Aps net assets in comparison with Hera's acquisition cost. Taxes, amounting to 60.9 million euro, weight by 27.5% on pre-tax profit of 221.4 million; nevertheless, leaving apart the effect of the "other non-recurring non-operating results", tax rate results in being equal to 41.3%.

Net profit therefore reaches the all-time high of 160.5 million euro; the increase of 90.7 million over the figure as at 31 March 2012 comes by 81.4% from the 73.8 million badwill, by 11.4% from the Acegas Aps integration and by 7.3% from the improvement in Hera's net profit on a standalone basis.

EBITDA

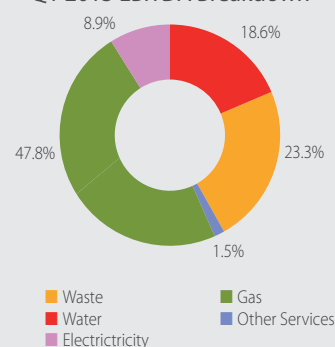
ml €	Q1 2012	Q1 2013	Change
Waste	48.0	65.7	36.9%
Water	36.1	52.2	44.8%
Gas	114.4	134.5	17.6%
Electric Energy	21.4	24.9	16.6%
Other	4.9	4.1	-16.2%
TOTAL	224.7	281.5	25.3%

*The most sizeable EBITDA improvement is the one recorded in the **Water** business (+44.8%); even though achieved in a context of falling volumes, it benefits from the application of new tariffs agreed, which allow a complete coverage of operating expenses over time. Even the dynamics of the **Waste** EBITDA prove to be sustained (+36.9%); Waste is the only business area enjoying*

*a favourable volume performance (+26.1%), besides benefitting from the contribution from the newly-acquired Energonut. The increase in the **Gas** EBITDA (+17.6%) is driven by the positive results of the gas sales business, mirroring favourable conditions for the commodity purchase and the success of the commercial policy in rationalising clients, in a context of gas sold volumes*

*declining by 13.7% and flat volumes in the remaining gas businesses. Lastly in **Electricity**, despite the 11.7% fall in volumes sold and the 1.5% decline in volumes distributed, the lower purchase costs of the commodity supported margins both in the distribution and trading activities and allowed an overall improvement of EBITDA by 16.6%.*

Q1 2013 EBITDA Breakdown



New achievements in Hera's sustainability

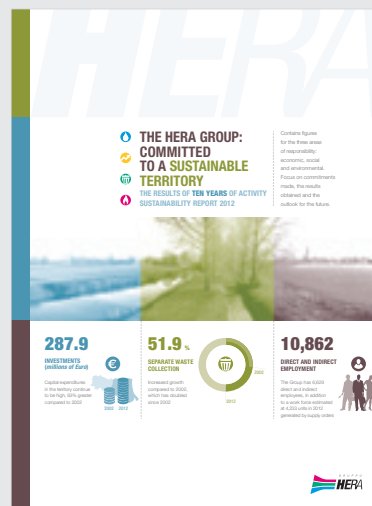
/// A+ valuation level for the 2012 Sustainability Report, i.e. the highest achievable level according to GRI standards.

As usual the 2012 Sustainability Report of Hera presents the performance articulated in the fields of economic, social and environmental responsibility, through the analysis of the commitments undertaken, results achieved and perspective targets. In this issue there is however something new: for the first time the document recalls **the path followed over the past 10 years**. An effective way of proving how the growth strategy has led to create value for any stakeholder over time, letting Hera follow a track of continuous improvement in dealing with corporate social responsibility issues. Hera pays great attention to Sustainability communications. This is why the Company provides several opportunities and channels through which learn and gain greater knowledge about the topics

presented in the 2012 Sustainability Report. Even this year, in line with the interest for the initiatives that took place one year ago, on 13 May Hera has just hold its **"BS Ch@t Day"**, opening a chat room for a couple of hours, in which stakeholders could submit questions and get responses, talking live to Hera's management about social responsibility issues.

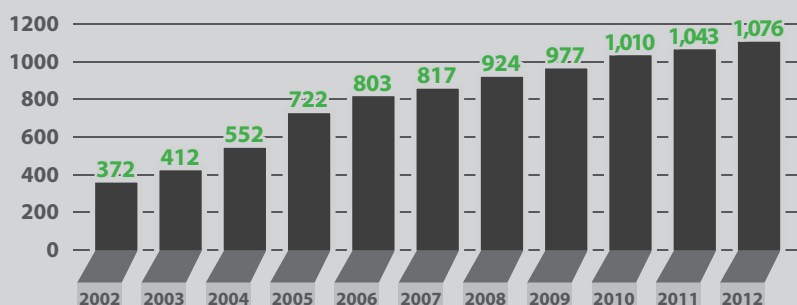
A presentation roadshow across different Italian cities is about to start. The inaugural event will take place on 21 May at the "Arena del Sole" Theatre in Bologna: the main topic will be: "Hera Group and Sustainability in the Territory". Besides Hera top management, Professor Giuseppe De Rita, Censis chairman, will take part in the event.

The 2012 Sustainability Report of Hera was drawn up in compliance with the Global



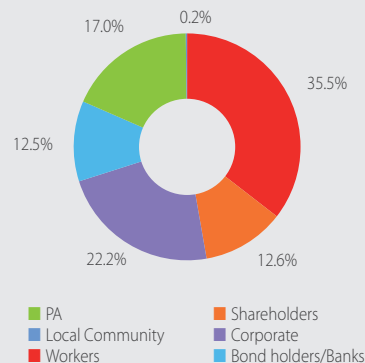
Reporting Initiative – G3.1 guidelines and audited by an independent body (DNV Business Assurance). It reached an **A+ level**, which corresponds to complete application of the requirements of the GRI guidelines. The **Gross Overall Value Added** performance calculated in the Sustainability Report presents a growth profile that is continuous and linear over time. In particular a further 3.2% increase has been achieved in 2012.

Gross Overall Value Added – ml €



Distribution of Value Added to Stakeholders indicates that shareholders benefitted from 135.1 million euro, representing 12.6% of overall Value Added achieved in 2012.

VA breakdown by stakeholder



AGM resolutions

The Hera's Shareholders' Meeting of 30 April 2013 approved the 2012 Annual Report and the distribution of a dividend per share of 9 cents, which will be paid on 6 June, after the clipping of coupon number 10 on 3 June 2012. This year 233 shareholders attended the Annual General Meeting, for a total of 1,029,438,699 shares, representing 76.8% of share capital. Financial statements for the year ended 31 December 2012 and the 2012 dividend were approved with 99.1% of votes in favour.



Management of human capital: important independent certifications achieved

For the fourth time in a row Hera has been awarded with the "Italy Top Employers" prize, thanks to the certifications received by the CRF Institute, which evaluates organisations according to five well-defined criteria: training and development, remuneration, career opportunities, work conditions and benefits, corporate culture. Integrity, transparency, personal responsibility and consistency

are the values driving the main development initiatives and laying the foundations for the Leadership Model. The activities linked to training (143,000 hours delivered in 2012), employer branding and safety prove that Hera represents one of the best Companies to work for in Italy. An organisation that matters even in terms of size. At the end of 2012 Hera presented a staff of 6,663 people, continuously growing - leaving apart the

integration of Acegas Aps - as the 418 employees hired in the last three years show. The serious commitment towards human capital is once again confirmed by the 97.0% of personnel enjoying permanent employment contracts. Thanks to the ability to translate effective policies in real practices, in March 2013 Hera succeeded in achieving the SA8000:2008 certification for social responsibilities.

Hera share

Price as of 14 May 2013: **1.62 €**

Low-High 365 dd: **0.96-1.63 €**

No. outstanding shares: **1,342,876,078**

Mkt. Cap.: **2.2 mld €**

Specialist: **Merril Lynch**

Consensus target price **1.51 €**

(source: broker research)

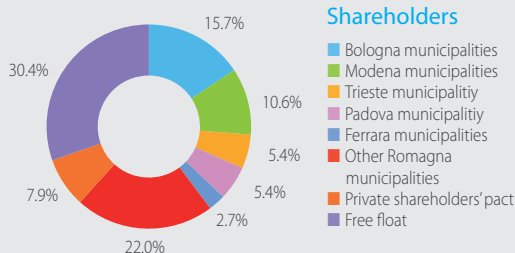
Hera's stock index membership

FTSE Italia All-Share / FTSE Italia Mid Cap / FTSE Italia Servizi Pubblici

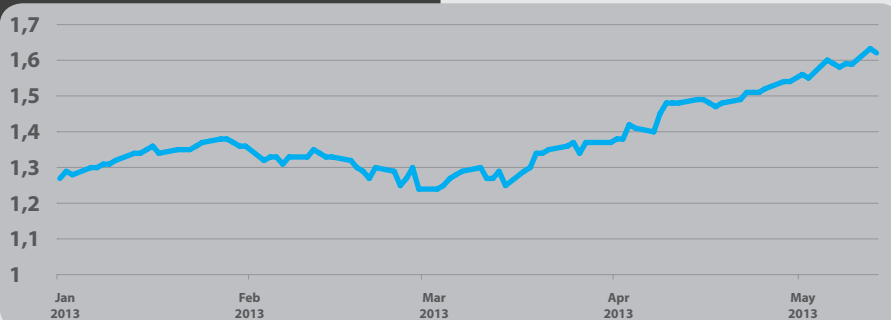
Dow Jones Stoxx 600 / Dow Jones Stoxx TMI / TMI Utility

Axia Ethical / Kempen/SNS Smaller Europe SRI Index

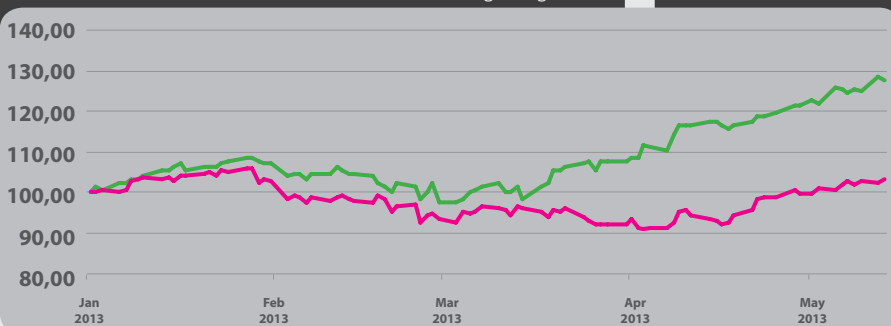
FTSE ECPI Italia SRI Benchmark / FTSE ECPI Italia SRI Leaders



Hera's stock price since beginning of 2013



Hera vs. FTSE Italia All-share Index – Performance since beginning of 2013



The Hera stock price experienced a buoyant trading in early 2013. In particular starting from mid-March, after bottoming at 1.24 euro on 3 and 4 March, the price has begun a sustained uptrend movement. Such outstanding performance has been supported by healthy Company fundamentals, which have been confirmed by the 2012 results (released on 22 March), as well as by the success of the Public Cash and Stock Tender Offer on Acegas Aps, which led to the delisting of the Company's ordinary shares on 3 May. Since the beginning of the year the stock has continuously outperformed the Italian equity market index by over 20%.

ANALYST COVERAGE

Broker	target Price €	Rating
Banca Akros	1.60	Buy
Citi	1.35	Neutral
Equita	1.52	Hold
ICBPI	1.57	Buy
Intermonte	1.40	Neutral
Kepler	1.60	Buy
Average (6 brokers)	1.51	

14 May 2013

The average target price remained unchanged in comparison with the last newsletter issue, being equal to 1.51 euro. Today the consensus is represented by 6 brokers, compared to the 11 ones covering the stock some months ago, due to cuts in research resources that took place in several banking institutes. Ratings are equally distributed between Buying and Holding recommendations. In the second half of April Hera stock price exceeded the consensus target price, proving that buy-side investors' valuations of Hera's stock are more generous than the sell-side analysts' ones.

15 May

BoD for the approval of Q1 2013 results

28 August

BoD for the approval of H1 2013 results

13 November

BoD for the approval of 9M 2013 results



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