



D. Raonodi

INDEX

02 Focus on
FY 2012 results.

03 Aggregation with AcegasAps successfully completed.
Placement of a 700 million euro bond issue.
Italian KWD Webranking: Hera awarded for the fourth time in a row.

04 Hera and the Stock Exchange.
Financial Calendar.
Analyst Coverage.

01 message from the chairman of the board

2012 achievements: a P&L presenting record results and successfully completion of the AcegasAps aggregation project

Dear Shareholders,
Year 2012 has been remarkably demanding on two different sides: on one hand we had to carefully manage our business portfolio while the macroeconomic environment – negative since 2008 – further worsened; on the other hand, we dealt with projecting and executing the aggregation with AcegasAps, which will provide new fuel to the path of profitable growth that has characterised Hera over the last decade and will see our consistent commitment even in the coming years. On both sides the achieved results reward for the great effort that Hera's people have made in the past months. Figures of the 2012 P&L are really meaningful: we reached levels that represent our all-time high, either in terms of revenues, EBITDA and net profit, leveraging as usual on a well-balanced mix of regulated and liberalised businesses. We moreover succeeded in counterbalancing the unavoidable impacts of consumptions' fall, due to the economic recession, thanks to the effectiveness of the marketing and procurement activities. The aggregation with the North-East multi-utility, as you will see more in detail on page 3, was completed on 27 February 2013, with the successful conclusion of the Public Offer that we had launched on the AcegasAps shares. Starting from 1 January 2013, we

can therefore consolidate an operator presenting significant figures, thus achieving a remarkable size increase. Furthermore, thanks to the complete success of the Offer, even our Strategic Plan targets gain higher visibility, since approximately 50% of the EBITDA cumulated growth in the four-year period stems from this aggregation. In light of the sound results achieved in 2012 and in line with the earnings distribution policy presented in the Strategic Plan, the Board of Directors of Hera propose to the Shareholders' Meeting to approve a dividend of 9 euro cents for 2012. Even from this perspective, the equity story of Hera is therefore confirmed: our shareholders can expect an attractive yield, equal to 7.3% if calculated on the year-end share price of 1.22 euro.

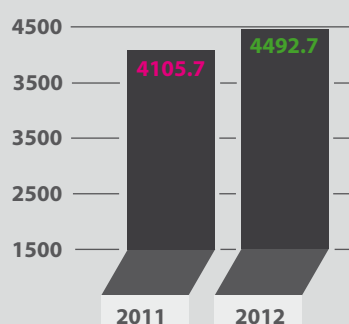
Tomaso Tommasi di Vignano



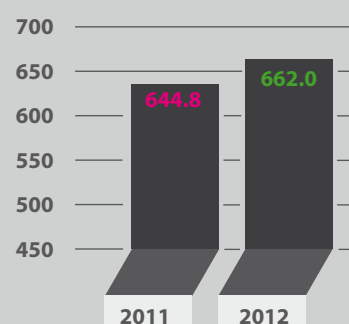
THE PROPOSED DIVIDEND,
EQUAL TO 9 CENTS PER
SHARE, INDICATES AN
ATTRACTIVE YIELD: 7.3%
ON THE 2012 YEAR-END
SHARE PRICE

Even in 2012, despite a worsening crisis, Hera has achieved record results in terms of revenues, EBITDA and net profit

Revenues - ml €



EBITDA - ml €





FISCAL YEAR 2012

(figures in million euro)

REVENUES

4,492.7 (+9.4%)

EBITDA

662.0 (+2.7%)

EBIT

335.4 (+0.3%)

INVESTMENTS

289.3**(o/w 287.9 operating)**

NET FINANCIAL DEBT

2,216.6 (+11.5%)

Focus on year 2012 financial results

/// The P&L of 2012 presents growing results even though the negative economic environment penalised consumptions and the CIP6 incentive of the FEA plant in Bologna expired.

The results of fiscal year 2012 present an improvement in all main items of the P&L account, in comparison with the 2011 figures. Revenues grow by 9.4%, up to 4.5 billion euro, driven in particular by the good dynamics of volumes of Gas sold, by higher revenues in the Gas and Electricity sectors due to the commodity price increase and, lastly, by the positive performance of the Water revenues. It should also be noted the absence of some 18 million euro linked to the expiry of the CIP6 incentive on the FEA WTE plant in Bologna.

EBITDA

mI €	2011	2012	Change
Waste	194.2	183.5	-5.5%
Water	150.2	158.3	+5.4%
Gas	208.7	240.7	+15.3%
Electricity	73.2	62.3	-15.0%
Other services	18.5	17.3	-6.9%
TOTAL	644.8	662.0	+2.7%

*Driven by the strong expansion in volumes of **Gas** sold (4.8%), the Gas business reaches the highest growth (+15.3%) among the EBITDA of different areas, providing the larger contribution to the Group EBITDA, with a weight of 36.4%. Even the **Water** EBITDA (+5.4%) presents an improvement compared to 2011, thanks to the new tariffs applied: they allowed both to fully cover operating expenses and to offset the reduction in distributed volumes (-0.4%) reflecting the weak economic*

*environment. The **Waste** EBITDA (-5.5%) has been penalised by the expiry of the CIP6 incentive on the Bologna WTE plant, with a negative impact of around 18 million, while volumes of waste treated were experiencing a decline because of negative economic context and unfavourable weather conditions. The fourth quarter of 2012 anyway presents a clear improvement if compared to the picture of the previous quarters, both for the decelerated decrease in volumes*

/// Moreover 2012 margins show the impact of some one-off factors: pre-tax profit (-3.5%) discounts, besides higher net financial charges, even a badwill on the Energonut acquisition, while net profit benefits from a lighter tax rate thanks to the IRES reimbursement.

EBITDA reaches 662.0 million euro, with a growth rate that is lower than the one of revenues (+2.7%), mainly because of the rise in commodity prices.

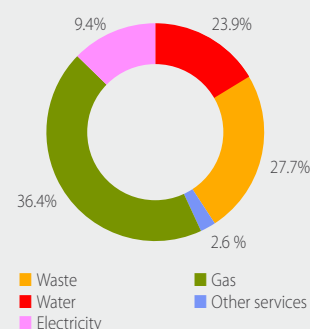
EBIT shows a slight increase, to the extent of 0.3%, after the absorption of higher depreciation linked to new plants and of cautious risk fund provisions.

Pre-tax profit decreases by 3.5%, reaching 213.4 million, after the absorption of net financial charges growing by 13.7% up to 128.7 million, due to the higher average indebtedness over the period. Net financial debt moved from 1,987.1 million at the end of 2011 to 2,216.6 million (2012 year-end). The pre-tax profit performance also reflects the impact of the acquisition of Energonut SpA and four photovoltaic companies, which resulted into a badwill of 6.7 million euro, due to the difference between the acquisition value and the fair value of the purchased assets. Net profit amounts to 134.4 million euro, increasing by 6.0% vs. 2011. Tax rate declined from the 42% level of 2011 to 37% in 2012, mainly thanks to a non-recurring benefit of 18.2 million concerning the IRES reimbursement and to the 2012 IRAP deductions. Net profit adjusted by the extraordinary tax impacts, in order to provide a homogeneous comparison with 2011, would in any case present an increase.

and for the positive contribution of the newly-consolidated Energonut, which amounts to 6.4 million euro.

*In spite of a 12.2% expansion in the client base, the **Electricity** EBITDA presents a 15.0% decline: besides the drop in volumes sold (-4.6%) and distributed (-3.1%), which mirrors a still negative economic cycle, such a decline is mainly attributable to the negative change in fair value of the hedging contracts on energy sales linked to the 2012 oil prices.*

2012 EBITDA Breakdown





Aggregation with AcegasAps successfully completed

Positive outcome for the Offer. Hera is the second largest Italian group among Local Utilities in terms of EBITDA.

/// From 1 January 2013 the aggregation with Acegas Aps is effective. Hera therefore becomes a Group boasting an even stronger position in the liberalised markets in which it operates: absolute leader in Waste, third player in Gas and fifth in Electricity. It also remarkably enhances its presence in regulated markets.

The Offer (Public Cash and Stock Tender Offer) that took place from 7 to 27 February 2013 has attracted subscriptions for 16,511,517 AcegasAps SpA shares, representing 80.97% of the shares involved in the Offer and around 30.03% of the share capital of AcegasAps SpA. Hera, which was already holding 34,466,941 AcegasAps shares, excluding the 118,883 treasury shares directly held by AcegasAps, hence holds a total of 50,978,458 AcegasAps shares, representing approximately 92.72% of the share capital of the Company. Since Hera exceeded the 90% threshold, the delisting of Acegas Aps shares becomes the next step. Hera is moreover obliged to purchase the shares that were not attracted by the Public Cash and Stock Tender Offer from the AcegasAps

shareholders that will make request over the 7-27 March 2013 time period. Following the completion of the Public Cash and Stock Tender Offer, at present Hera's share capital amounts to 1,327,081,442 euro and is divided into 1,327,081,442 shares, each with a nominal value of 1 euro.

The deal led Hera to be awarded by industry observers

On the back of the positive impact that the aggregation with the Padua and Trieste multi-utility produces at system level, on 1 March 2013 the Hera Chairman has received the prize "2012 Utility Manager", in the Local Utilities section, from the Utility Management Magazine, which includes outstanding personalities in its Honour and Scientific Committees.



From the left: Mr. P. Romano, SMAT CEO; Mr. T. Tommasi di Vignano, Hera Chairman; Mr. S. Venier, Hera General Manager.

Following the completion of the Public Cash and Stock Tender Offer launched by Hera on a maximum of 20,393,006 AcegasAps shares, starting from 6 March 2013 Hera's share capital amounts to 1,327,081,442 euro and is divided into 1,327,081,442 shares, each with a nominal value of 1 euro.

Relevant achievements even on the financing side

/// Placement of a 700 million euro bond issue

On 23 January 2013 Hera has issued a new bond under its ETMN (Euro Medium Term Notes) programme for a sizeable amount, equal to 700 million euro, which it has placed with institutional shareholders, with a 5.2% coupon. The size of the bond and its maturity (15 years) provide adequate coverage to the financing needs of Hera in the coming years, allowing the Company to maintain well-balanced levels of leverage (Debt to Equity) and of Debt to EBITDA ratio.

KWD

Italian KWD Webranking: Hera awarded for the fourth time in a row

With a score of 85.8, Hera succeeded in ranking second in the 2012 Italian Webranking by KWD, which monitors the quality of online communications of listed companies. The score achieved by Hera (85.8) comes just after the one of Telecom Italia (87.5) and is followed behind by the one of Eni (83.5), two companies respectively ranking first and second in the European

Webranking, an arena in which Hera cannot compete so far due to the minimum capitalisation levels required. Hera's commitment to a transparent and effective communication towards its stakeholders therefore allows the Company to match against blue chips that can rely on huge resources to be invested in communications and stand out even on the international scene.

Hera share

Price as of 21 March 2013: **1.34 €**

Low-High 365 dd: **0.96-1.38 €**

No. outstanding shares: **1,327,081,442**

Mkt. Cap.: **1.77 bn €**

Corporate broker: **Merril Lynch**

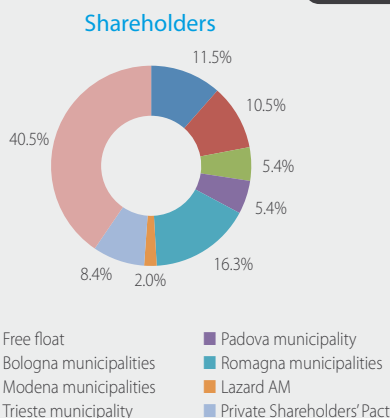
Consensus target price **1.51 €**
(source: broker research)

Hera's stock index membership

FTSE Italia Mid Cap / Dow Jones Stoxx TMI

TMI Utility / Axia Ethical / Kempen/SNS Smaller

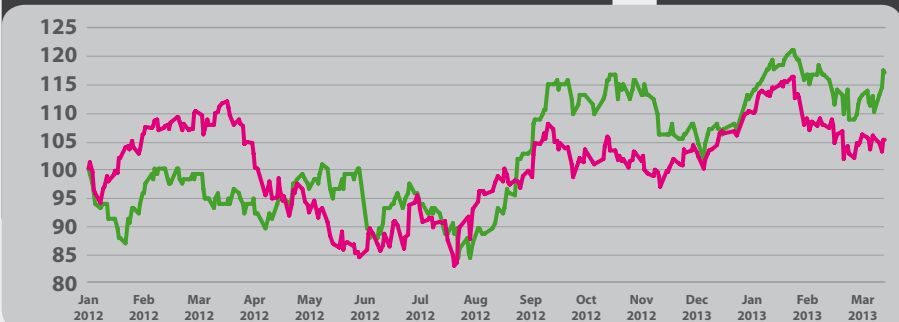
Europe SRI Index / Dow Jones Stoxx 600



Hera's stock price - 6-month absolute performance



Hera vs. FTSE Italia All-share Index performance since beginning 2012



Since the end of August 2012 to date Hera stock price has continuously outperformed the Italian equity market index, following the news of the Fondo Strategico Italiano entry in Hera share capital, thanks both to sound fundamentals and to the appreciation for the AcegasAps aggregation, whose effects, in terms of future growth and profitability, have been included in the 2012-2016 Business Plan presented at the end of October. After bottoming at 1.16 euro on 10 December, while the BTP-Bund spread was peaking, and the worries on the Italy-risk were rising, Hera share price showed a rally that has lasted for the remaining part of December and for the whole month of January 2013, up till the high of 1.38 euro on 29 January. From that level Hera has then retraced roughly half of the previous upside movement, nonetheless continuing to boast a performance that is far better than the one of the Italian stock market index.

ANALYST COVERAGE

The consensus target price of the brokers covering the stock continues to improve: from 1.41 euro at the end of August 2012, it increased to 1.48 euro at mid-November 2012; it presently equals 1.51 euro, a level still indicating significant room for revaluation (15 to 20%) considered recent share prices. In light of this sizeable gap between target price and current share price, most brokers (6 out of 11) suggest to buy the stock, while the remaining brokers have neutral ratings. No analysts present selling recommendations.

Broker	target Price €	Rating	Broker	target Price €	Rating
Banca Akros	1.6	Buy	Deutsche Bank	1.8	Buy
Banca Aletti	1.4	In line	Equita	1.45	Hold
Banca IMI	1.42	Hold	ICBPI	1.57	Buy
CAI Cheuvreux	1.55	Outperform	Intermonte	1.4	Neutral
Centrobanca	1.5	Buy	Kepler	1.9	Buy
Citi	1.35	Neutral	Average	1.51	

21 March 2013

22 March 2013
BoD for FY 2012 results

30 April 2013
Annual Shareholders' Meeting

15 May 2013
BoD for the approval of Q1 2013 results

28 August 2013
BoD for the approval of H1 2013 results

13 November 2013
BoD for the approval of 9M 2014 results



CONTACTS
Head of Investor Relations
Jens K. Hansen
T.+39 051 287737
jens.hansen@gruppohera.it

The next issue of this newsletter will be on 15 May 2013.

HeraNews
Managed by
Jens K. Hansen
Concept and editorial contents
Blue Arrow, Milano
Graphics
moma Studio, Milan