Resilient through the storm
Hera Group 9M 2012 results

Analyst presentation
13th November 2012

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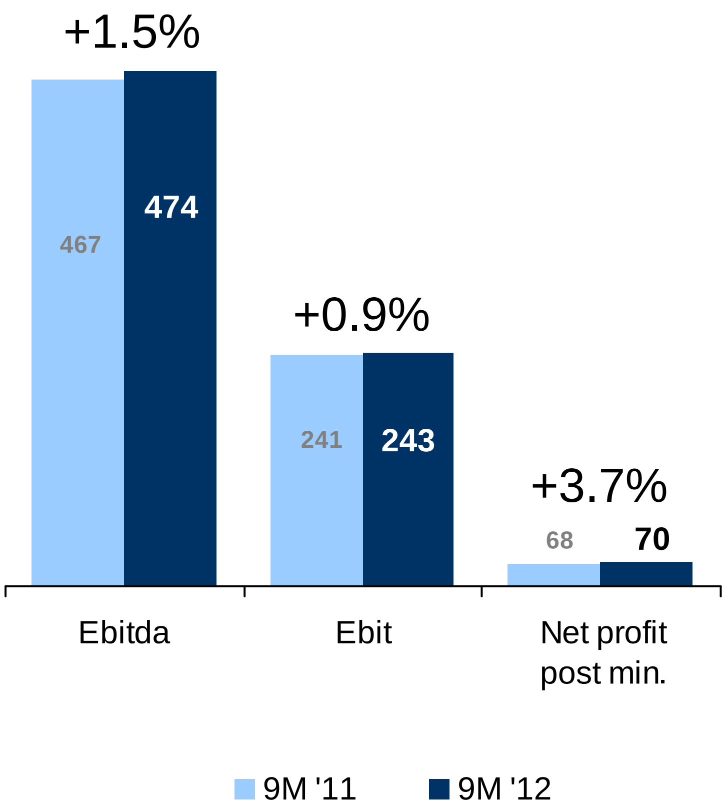
Sound and growing results despite difficult environment



Business mix allows EPS up by +3.7% in 9 months despite persistent difficult macro environment.

Energy and Network underpin **growth** more than **compensating Waste** performance affected by Cip6 incentive expired in 2011 on Bologna WTE and by negative effects of contracted manufacturing production.

Cash generation fully funding capex and change in working capital.

Net debt at 2,115m€ following Group's dividend payments.

Q3 less performing of H1 because of change in fair values and seasonal lower contribution from Energy due to summer period.

Confirming bottom line positive growth

All up: Tariffs, volumes, energy prices, customers.

(m€)	9M '11	9M '12	Ch.%
Revenues*	3,039.7	3,457.6	+13.8%
Ebitda	**466.7**	**473.6**	**+1.5%**
D&A	(170.0)	(175.1)	+3.0%
Provision	(56.1)	(55.9)	(0.4%)
Ebit	**240.5**	**242.6**	**+0.9%**
Financials	*(77.9)*	*(88.3)*	*+13.3%*
Figurative interests (IAS)	*(11.1)*	*(10.6)*	*(4.5%)*
Profit/dividends	*4.7*	*3.4*	*(27.7%)*
Pre tax Profit	**156.2**	**147.1**	**(5.8%)**
Tax	(72.2)	(67.4)	(6.6%)
Net Profit	**84.0**	**79.6**	**(5.2%)**
Minorities	(16.3)	(9.5)	(41.9%)
Hera Profit	**67.7**	**70.2**	**+3.7%**

** Revenues include sales, change in stock and other revenues*

Ebitda growth not accounting effect of Cip6 expiry: +4.0% .

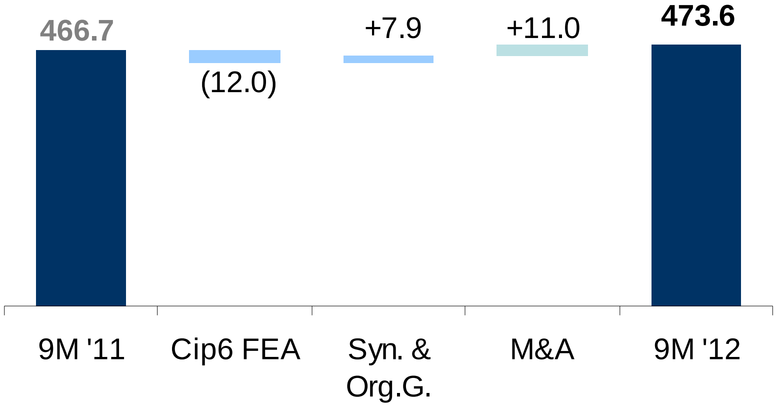
Financial charges reflect change in debt and credit spreads.

Avg. tax rate 45.9% (vs 46.2% in 9m '11)

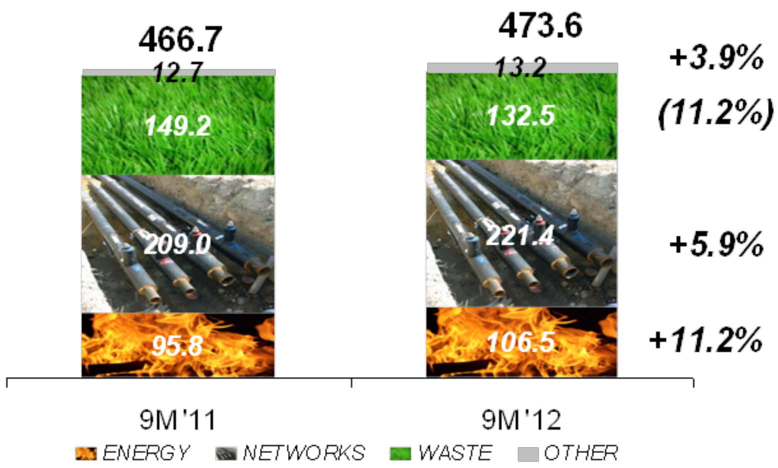
End of Cip6 incentive on FEA WTE (Bologna).

Ebitda still posting a positive growth

Ebitda growth drivers



Ebitda by strategic area



Ebitda further enhance despite all

- **Organic growth** driven by gas supply and water tariff increase.
- **Market expansion progressed,** reaching 535k costumers in electricity and 1.12m in gas.
- **M&A** relates to Sadori Gas (July 2011), 4MW FV acquisition (Feb. 2012) and a plus on real estate sale (6m€).

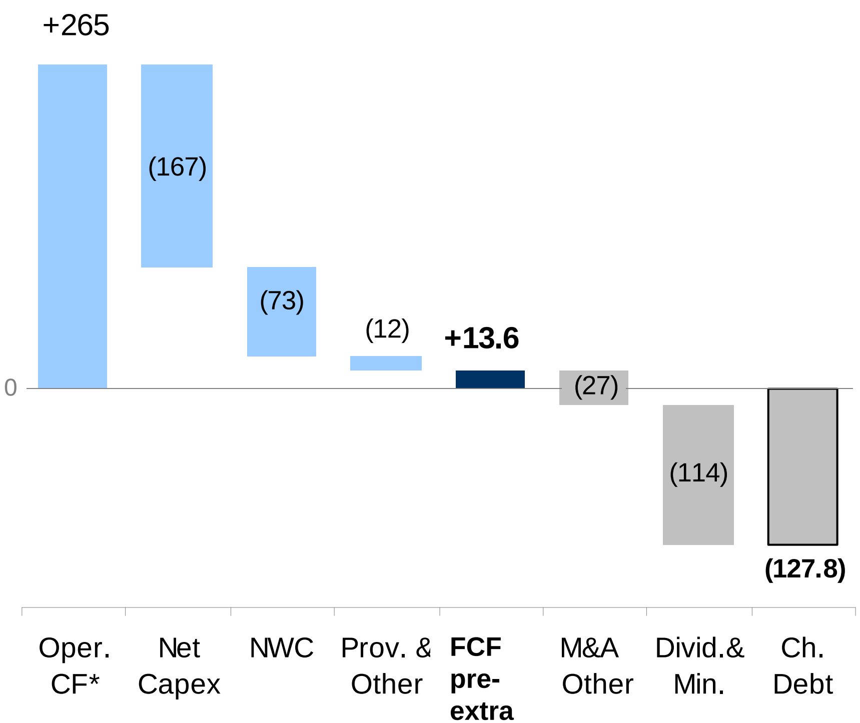
Balanced mix offsets recession impact

- **Waste** affected by recession impact and by Cip6 expiry. Q3 highlights a slow down in special waste negative volume trend (-0.7% in Q/Q).
- **Network** Ebitda increase relates to tariff enhancements and efficiency gains, mainly in water services.
- **Energy** posted positive contribution, despite negative impact of change in fair values, benefitting from trading margins, volumes delivered and customer expansion.

Cash flows in line with expectation

9M 2012 cash flows

(m€)



9M '12 cash generation fully funded change in working capital and capex *(net of 17 m€ dismissions)* confirming positive free cash flows *(excluding dividends and M&A)*

M&A mainly relates to acquisition of 4 solar plants and the majority stake in a landfill in Modena (Feronia).

Net debts at 2,115 m€ following dividend payments *(vs. 1,987m€ as at 31/12/2011)* substantially confirming H1 levels.

Solid financial debt profile confirmed:

Fixed Rate:	62.5%
Maturities by the end of 2013:	258m€
Committed credit lines:	420m€

** Net profit pre-minorities+Depreciations+ IAS non cash interest expenses*

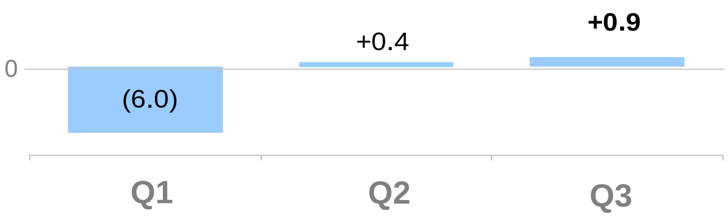
Waste: proactive mgmt progressively curb Q1 negative trends

Financial highlights

M €	9M '11	9M '12	Ch. %
Revenues	550.2	533.7	*(3.0%)*
Ebitda	149.2	**132.5**	***(11.2%)***

Ebitda trend by 2012 quarters (m€)

(excluding effect of Cip6 incentive expiry)



Sales & volume treated

Data	9M '11	9M '12	Ch.%
Urban W. Volumes (Kton)	1,368.4	1,306.1	(4.6%)
Special W. Volumes (Kton)	1,180.6	1,086.6	(8.0%)
Waste from third parties	**2,549.0**	**2,392.7**	**(6.1%)**
of which:			
Landfill treatm.	*967.1*	*882.2*	*(8.8%)*
WTE treatm.	*691.5*	*697.2*	*+0.8%*
Sorting plants treatm.	*224.5*	*233.5*	*+4.0%*

Revenues mainly affected by change in energy incentives (Cip6 expiry of about -12m€).

EBITDA highlight a progressive enhancement since Q1*.

Green energy production posted a slight increase (from 520 to around 540 Gwh).

Sorted collection confirmed at 50% of urban waste.

Two new dry fermentation plants under construction planned on stream by year end.

Q3 volume of special waste confirmed stable around 361k tons (vs. 365k ton in Q3 2011).

**In Q1 2012 extraordinary snowfall effects, lower capitalisation of costs and fewer green certificates were booked*

Water: strong results

Financial highlights

M €	9M '11	9M '12	Ch. %
Revenues	439.2	**458.9**	*+4.5%*
Ebitda	**111.6**	**120.1**	***+7.6%***

Volumes

Data	9M '11	9M '12	Ch.%
Aqueduct (mm^3)	**195.6**	**195.7**	**+0.0%**
Sewerage (mm^3)	167.9	169.7	+1.1%
Purification (mm^3)	166.6	168.3	+1.0%

Revenues growth, mainly driven by **tariffs increase.**

Third parties works/new connections still affected by **weak real estate industry** (-2.6m€ Ebitda vs 2011).

ATO contracts in force until the end of the year on ~100% of areas served. New tariff framework expected to be released by AEEG within year end.

EBITDA increase, mainly driven by revenue growth**, despite higher costs** (+2.4% vs 2011) of **electricity**, of **fresh water** (+1.4m€ Ebitda vs 2011) and **extraordinary one-off costs** related to the **drought summer.**

Gas: still benefitting from competitive positioning

Financial highlights

M €	9M '11	9M '12	Ch. %
Revenues	977.2	**1,256.4**	*+28.6%*
Ebitda	137.7	**161.2**	***+17.0%***

Volumes

Data	9M '11	9M '12	Ch.%
Volumes distrib. (mm^3)	1,522.9	1,569.6	+3.1%
Volumes sold (mm^3)	2,246.1	2,551.8	+13.6%
of which trading (mm^3)	*900.5*	*1,141.8*	+26.8%
District Heating (GWht)	331.1	357.3	+7.9%

Revenues growth mainly driven by higher commodity prices, favourable climate conditions and additional trading volumes.

Trading activities still expanding thanks to the activity in *"mercato di bilanciamento"* and additional sales to power generation plants.

Gas distribution activities posted positive contribution (+3m€ Ebitda vs 2011) following network expansion and favourable climate conditions.

Results affected by change in fair values

Procurement contracts 2012-2013 thermal season provide room to further enhance results in Q4.

Electricity: business fundamentals still reasonably sound

Financial highlights

M €	9M '11	9M '12	Ch. %
Revenues	1,136.3	**1,282.9**	*+12.9%*
Ebitda	55.5	**46.6**	*(16.1%)*

Volumes

Data	9M '11	9M '12	Ch.%
Volumes sold (GWh)	7,480.4	7,301.1	(2.4%)
Volumes distrib. (GWh)	1,723.0	1,672.5	(2.9%)

Revenues growth mainly driven by higher commodity prices. Volumes sold reflecting recession effects (-2.3% electricity consumptions in Italy*).

Good commercial performance brought a net increase of cutomer base by (+53K reaching 534K clients).

EBITDA comparison with 2011 biased by the positive contribution from **fair values** of hedging derivatives accounted as at 30/09/2011.

Positive contribution came from distribution activities and from solar power gen.

**Data released by Terna*

In summary

Energy sales & trading activities and **Water** posting **sound results.**

Waste confirmed **positive trend** of results **in last two quarter** (when excluding effect of Cip6 expiry) and **marked** a progressive **reduction of negative trends in volumes.**

Economic downturn not tangibly affecting financial structure (confirmed in line with H1 2012).

Energonut acquisition executed in November the 5th and **Acegas APS merger project** is progressing as scheduled.

9M 2012 in line with management expectations.

Q&A session