

Press Release

Bologna, 15 May 2012

The Hera Board of Directors approves the 2012 Q1 results

Revenues of €1,373.9 million (+21.9%) and EBITDA of €224.7 million in line with the good 2011 first quarter result

Financial Highlights

- Revenues of €1,373.9 million (+21.9%)
- EBITDA of €224.7 million (+0.2%)
- Net profit, after minorities, of €65.3 million (-2.3%; adjusted +0.1%)
- Net financial position of €2,006.4 million, essentially unchanged compared to €1,987.1 million at the end of 2011

Operational Highlights

- Significant expansion in electricity sales, exceeding 500,000 customers
- Reduction in volumes of waste treated due to the negative economic situation
- Notable growth in the gas segment, thanks to higher margins and larger volumes
- Significant contribution to the increase in EBITDA (€4 million) for regulated services

Today, the Hera Group Board of Directors unanimously approved the consolidated financial results for the first three months of the year. They were basically in line with the 2011 first quarter performance, which featured a particularly positive performance in an economic situation which was not as bad as the one we are currently faced with.

Revenues

Group revenues as at 31 March 2012 rose to €1,373.9 million, an increase of 21.9% compared to €1,126.9 million in the same period of 2011, mainly due to higher earnings and gas distribution and sales volumes, a greater quantity of electricity sold and increased revenues from integrated water services, covering the services provided.

EBITDA

EBITDA stands at €224.7 million, slightly up (+0.2%) compared with first quarter of 2011, when Hera's highest level of growth, since its establishment, was recorded for that period of the year (€40 million, equal to +21.4%). The first quarter 2012 result was impacted by the negative effects of about €5 million related to the end of the CIP6 incentive of Bologna waste to energy plant and by the change in fair value of hedging compared with 31 December 2011 by -€7.8 million (whereas in 2011 this change resulted in a positive contribution).

Operating profit and net profit

Operating profit stood at €151.4 million (well in line with €151.3 million in 2011). Pre-tax profit totalled €120.3 million, slightly down (-2.3%) compared to the same period of 2011, mainly due to increased financial charges, owing, in part, to a modest increase in medium-term debt and, in part, to an increase in spreads.

Net profit for the period stood at €69.8 million (-6.3%), because of a 2.5% increase in the tax rate which reached 42%, caused by the increase in the Robin Hood Tax and IRAP (regional income tax) applied to utility suppliers. Having deducted minority interests, net profit after minorities came to €65.3 million (-2.3%). Net of the effect of the CIP6 incentive, there would have been a positive variation in profit after minorities of +0.1%.

Investments and net financial position

In the first three months of 2012 the Group's gross investments came to €58.9 million, in line with what was anticipated in the Business Plan and in line with the same period of 2011. Of this amount, €20.3 million (+10.3%) was related to the integrated water cycle. Investments in the Waste Management Segment, however, fell after the WTE plant at Rimini was completed.

Net financial position stood at €2,006.4 million, basically stable (+1%) compared to €1,987.1 million at 31 December 2011, in spite of the seasonal increase in net working capital.

Waste Management segment

EBITDA in the Waste Management Segment stood at €48.0 million, down 17.2% compared to the same period of 2011. This drop, in spite of better urban sanitation results, was due, to a great extent, to the previously mentioned end of the CIP6 incentive at the Bologna waste to energy plant, which caused lower revenues from electricity production. Net of this impact, area EBITDA would have stood at €53 million (-9.6%). This area was also affected by smaller volumes treated, both urban and industrial, (-11.2% in total), correlated with the economic situation. The lower volumes were also affected by the difficult weather conditions recorded in February, which slowed down waste collection and treatment activities.

The contribution of the Waste Management segment to Group EBITDA was 21.4%.

Water Cycle segment

The Integrated Water Cycle segment closed the quarter with EBITDA of €36.1 million, up by 8.1%. This was due to the greater volumes supplied (+3.4% mains water, +1.8% sewerage, +1.6% purification) and in spite of the increased electricity costs (more than €2 million) also resulting from greater system expenses.

The contribution of the Integrated Water Cycle segment to Group EBITDA was 16.1%.

Gas segment

The Gas segment recorded notable growth with EBITDA rising to €114.4 million (+15.4%).

This result was due to greater sales margins, increased revenues from distribution and greater amounts of heat supplied, where consumption in the district heating segment recorded a recovery.

The incorporation of Sadori Gas (a gas sales company working in Marche and Abruzzo) in July 2011 had a positive effect on results in this segment.

The contribution of the Gas segment to Group EBITDA was 50.9%.

Electricity segment

The Electricity segment recorded EBITDA of €21.4 million, down by 25.1% compared to 2011, even though sales were excellent, exceeding 500,000 customers at the end of March. The decrease in the result was due to the different performance of fair values for purchasing hedging contracts compared with the first quarter of 2011.

There was also a reduction in consumption due to the economic situation, which had a negative impact on margins in this segment.

During the quarter, the Group also further increased its photovoltaic generation capacity, rising to about 9 MW thanks to the acquisition of 4 MW.

The contribution of the Electricity segment to Group EBITDA was 9.5%.

Chairman Tomaso Tommasi di Vignano states:

“Having matched the excellent results achieved in the same quarter of last year should be seen as something incredibly positive”, explained Tomaso Tommasi Vignano, Hera Chairman. “In spite of the increasingly difficult economic climate, the Group has in fact once again shown its commercial strength and its capacity to operate efficiently in all of the services offered; this makes us confident that we will achieve our growth targets set in the 2015 Business Plan”.

CEO Maurizio Chiarini states:

“The Group's financial profile has proved to be absolutely solid and balanced, also in relation to other comparable companies in the industry”, affirms Maurizio Chiarini, Hera CEO. “The substantial stability of the net financial position comes as a consequence of the careful policy of investment selection and rigorous management of working capital”.

The Director assigned to 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 2012.

The financial statements, extracted from the Consolidated Interim Report as at 31 March 2012, not subject to audit, are attached.

www.gruppohera.it

Investor Relations Hera S.p.A.

Jens K. Hansen

tel. +39 051 28 77 37

e.mail: jens.hansen@gruppohera.it

website: www.gruppohera.it

Profit & Loss (mln €)	31/03/2012	<i>Inc. %</i>	31/03/2011	<i>Inc. %</i>	Ch.	Ch. %
Sales	1,373.9	100.0%	1,126.9	100.0%	+247.0	+21.9%
Other operating revenues	40.9	3.0%	41.6	3.7%	(0.7)	(1.7%)
Raw material	(874.4)	(63.6%)	(656.0)	(58.2%)	+218.4	+33.3%
Services costs	(214.7)	(15.6%)	(198.4)	(17.6%)	+16.3	+8.2%
Other operating expenses	(8.9)	(0.6%)	(7.5)	(0.7%)	+1.4	+18.6%
Personnel costs	(96.9)	(7.1%)	(94.0)	(8.3%)	+2.9	+3.1%
Capitalisations	4.9	0.4%	11.7	1.0%	(6.8)	(58.2%)
Ebitda	224.7	16.4%	224.3	19.9%	+0.4	+0.2%
Depreciation and provisions	(73.4)	(5.3%)	(73.0)	(6.5%)	+0.4	+0.5%
Ebit	151.4	11.0%	151.3	13.4%	+0.1	+0.1%
Financial inc./(exp.)	(31.0)	(2.3%)	(28.2)	(2.5%)	+2.8	+9.9%
Pre tax profit	120.3	8.8%	123.1	10.9%	(2.8)	(2.3%)
Tax	(50.6)	(3.7%)	(48.6)	(4.3%)	+2.0	+4.1%
Net profit	69.8	5.1%	74.5	6.6%	(4.7)	(6.3%)
<i>Attributable to:</i>						
Shareholders of the Parent Company	65.3	4.8%	66.8	5.9%	(1.5)	(2.3%)
Minority shareholders	4.5	0.3%	7.7	0.7%	(3.2)	(42.0%)

Net financial position (mln €)	31/03/2012	<i>Inc. %</i>	31/12/2011	<i>Inc. %</i>	Ch.	Ch. %
Cash on hand	436.5		415.2		+21.3	+5.1%
Other current loans	89.7		39.1		+50.6	+129.4%
Current financial indebtedness	(212.3)		(118.3)		+94.0	+79.5%
Current net financial indebtedness	313.9	(15.6%)	336.0	(16.9%)	(22.1)	(6.6%)
Non current loans	13.2		10.9		+2.3	+21.1%
Non current financial indebtedness	(2,333.5)		(2,334.0)		(0.5)	(0.0%)
Non current net financial indebtedness	(2,320.3)	115.6%	(2,323.1)	116.9%	(2.8)	(0.1%)
Net financial indebtedness	(2,006.4)	100.0%	(1,987.1)	100.0%	+19.3	+1.0%