

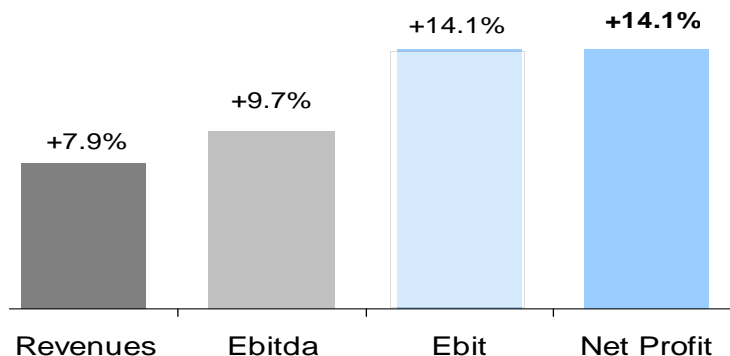
Hera Group H1 results

Analyst presentation
25th August 2011

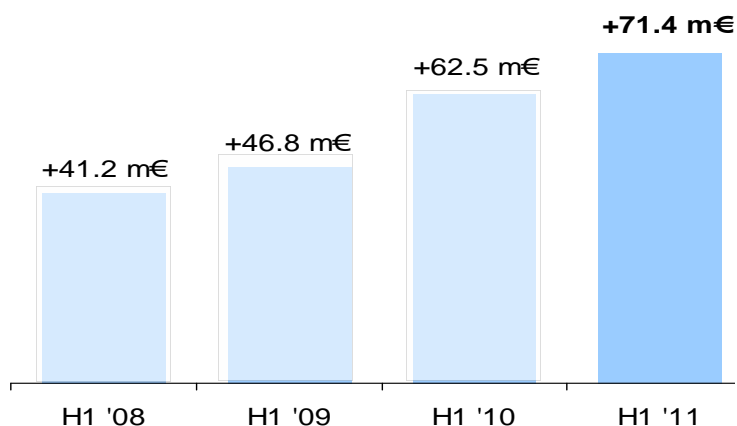


Strong results despite all

H1 '11 growth rates



H1 net profits



Strong set of achievements in H1 contributing to bottom line.

Growth underpinned by all businesses, and particularly by **Energy activities** with commercial development and procurement position more than offsetting mild winter effects.

M&A progressed through acquisition of Sadori Gas and 50% JV Enomondo.

Positive free cash flows accounting 139m€ of capex. **Debt** at 1.97 b€ in line with H1 '10 level.

Positive results in all businesses driving **Ebitda up by +30.4 m€** confirming business plan targets.

Limited impact of additional Robin tax (not accounted for in H1 2011).

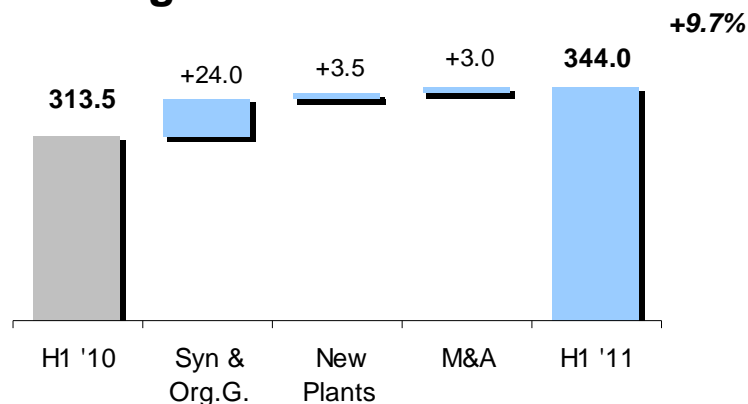
H1 '11 results confirm fast growth path despite crisis

	M€	H1 '10	H1 '11	Ch.%	
Enhancement of tariffs, energy prices and volumes sold	Revenues*	1,919.3	2,070.9	+7.9%	Contribution from all businesses and drivers
	Ebitda	313.5	344.0	+9.7%	
Lower interest charges thanks to lower avg debt exposure	D&A	(138.7)	(144.6)	+4.3%	Bad debt provisioning reflects persisting difficult economic conditions
	Ebit	174.8	199.4	+14.1%	
Affected by additional IRAP and not including increased Robin tax (impact of +3.1% on tax charges)	Financials	(47.6)	(46.1)	(2.7%)	
	Figurative interests (IAS)	(6.9)	(7.1)	+2.8%	
	Leasings	(0.3)	(0.3)	+0.0%	
	Pre tax Profit	120.1	145.9	+21.5%	
	Tax	(50.9)	(62.8)	+23.4%	
	Group Net Profit	69.2	83.2	+20.2%	
	Minorities	(6.6)	(11.8)	+78.4%	
	Net Profit post min.	62.6	71.4	+14.1%	

* Revenues include sales, change in stock and other revenues

All value drivers and portfolio activities contributed to growth

Ebitda growth Drivers



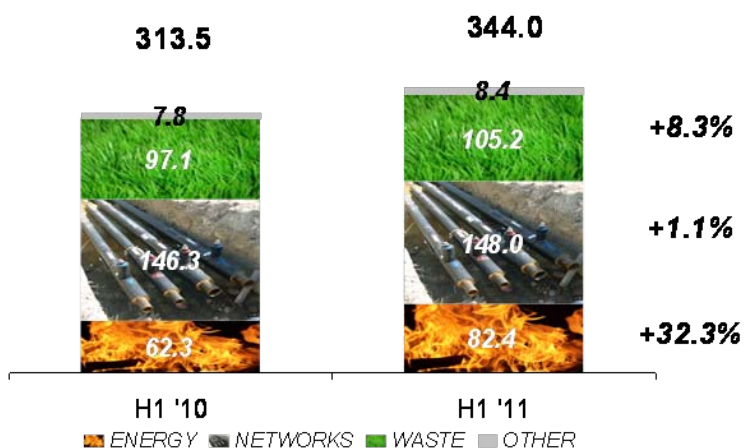
Organic Growth fuelled by gas and electricity supply (Ebitda from 62 to 82 m€).

Increase in tariffs, customers, cross selling and synergies.

New plants: WTE Rimini (started the new power gen. turbine in March).

M&A relates to JV Enomondo (Sadori Gas will be accounted for in H2).

Ebitda by strategic area



Waste management increase underpinned by new plants, M&A and regulated activities.

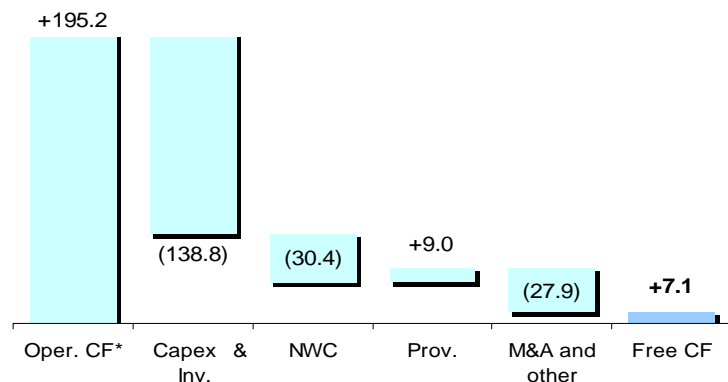
Networks increase partially offset by District Heating results (-2m€ due to mild winter).

Energy strongly increased contribution thanks to supply activities and asset optimisation.

All regulated and liberalised activities confirmed positive growth.

Positive OpCF and sound financial structure confirmed

H1 Free cash flows



H1 '11 free cash generation fully funded working capital (up by 30.4 m€), capex by 138.8 m€ and M&A effects (consolidation of 50% JV Enomondo and Sadori acquisition).

Stable financial debt over last 12 month.

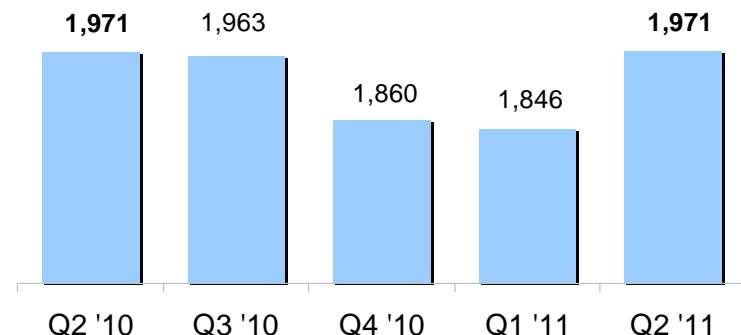
Financial soundness further enhanced:

D/E: better by 15% (H1/H1)

D/Ebitda: enhanced by 9% (H1/H1)

Duration: 9y (75% exceed 5y)

Change in net financial debt



* Operating cash flows=Group net profit + Depreciations

Waste: harvesting from new asset base

Financial highlights

M €	H1 '10	H1 '11	Ch. %
Revenues	347.3	370.4	+6.7%
Ebitda	97.1	105.2	+8.3%

+6.7% revenues mainly driven by special waste volumes (+0.9%) and electricity production (+22%) offsetting slow down of Urban waste collected (-2.9% H1 '11 vs. +6.1% H1 '10).

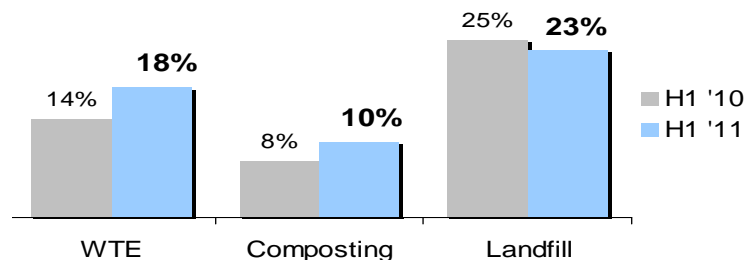
Industrial figures

	H1 '10	H1 '11	Ch. %
Urban W. Volumes (Kton)	930.8	904.1	(2.9%)
Special W. Volumes (Kton)	810.1	817.1	+0.9%
Waste from third parties	1,740.8	1,721.2	(1.1%)

Urban waste tariffs up by +3.5%.

Ebitda underpinned by WTE performance (mainly related to new WTE in Rimini).

Waste treatments



Financials benefit from consolidation of 50% of Enomondo (+3m€).

Recovery and recycling contributed to reduce use of landfills.

Sorted collection reached almost 50% of total urban waste collection.

Water: tackling with real estate industry slowdown

Financial highlights

M€	H1 '10	H1 '11	Ch. %
Revenues	274.9	273.3	(0.6%)
Ebitda	67.5	67.5	+0.0%

Tariffs increase of **+2.7%** was offset by lower new connections/works to third parties.

Ebitda stable with positive **synergies and tariff effect offsetting** higher **electricity costs** and **lower revenues of non regulated activities** (due to negative trend of real estate industry).

Volumes

Data	H1 '10	H1 '11	Ch. %
Aqueduct (mm³)	120.7	120.7	+0.0%
Sewerage (mm ³)	105.5	104.1	(1.3%)
Purification (mm ³)	105.8	104.2	(1.5%)

Referendum of 13th June confirm **original concession length** (up to 2022 on avg).

Tariff increases safeguarded by Ato agreements (effective up to 2012 end).

Financial highlights

M€	H1 '10	H1 '11	Ch. %
Revenues	686.7	731.5	+6.5%
Ebitda	109.3	120.6	+10.3%

Revenues growth mainly driven by higher commodity prices partially balanced by **lower volumes** (gas and district heating) related to mild winter season.

Volumes

Data	H1 '10	H1 '11	Ch.%
Volumes distrib. (mm ³)	1,475.6	1,351.7	(8.4%)
Volumes sold (mm ³)	1,680.2	1,688.5	+0.5%
of which trading (mm ³)	368.6	503.0	+36.5%
District Heating (GWht)	313.9	296.1	(5.7%)
Clients (000 unit)	1,069.5	1,067.0	(0.2%)

Ebitda increase mainly driven by enhanced margins in supply activities and optimisation in logistic/ procurement costs.

Trading activities yield positive growth in volumes (+36.5%) whilst European commodity trading offered less opportunities than a year ago.

Electricity: performance led by market expansion

Financial highlights

M €	H1 '10	H1 '11	Ch. %
Revenues	652.7	741.5	+13.6%
Ebitda	31.8	42.2	+32.9%

Revenues growth mainly driven by higher **volumes** related to “salvaguardia” services and market expansion (+30k and +40k customers in H1 respectively and +100k on yearly basis).

Procurement and supply **portfolio benefit** from **commodity price development**.

Optimisation of asset management.

Enhanced performance of distribution activities (+2m€).

Ebitda margin up by 82 bp.

Volumes

Data	H1 '10	H1 '11	Ch. %
Volumes sold (GWh)	3,710.6	4,815.0	+29.8%
Volumes distrib. (GWh)	1,077.8	1,132.9	+5.1%
Clients (000 unit)	351.9	453.5	+28.9%

Capital expenditure in line with long term sustainability

Capital Exp. & Investments

Capex (m€)	H1 '10	H1 '11
Waste	53.9	29.3
Water	44.3	43.7
Gas	21.6	20.6
Electricity	24.0	13.0
Other	3.8	6.7
Holding	21.6	19.8
Capex	169.1	133.0
Investments	1.0	5.8
Capex & Inv.	170.2	138.8

Capex further decreased in 2011 mainly due to the completion of WTE plants.

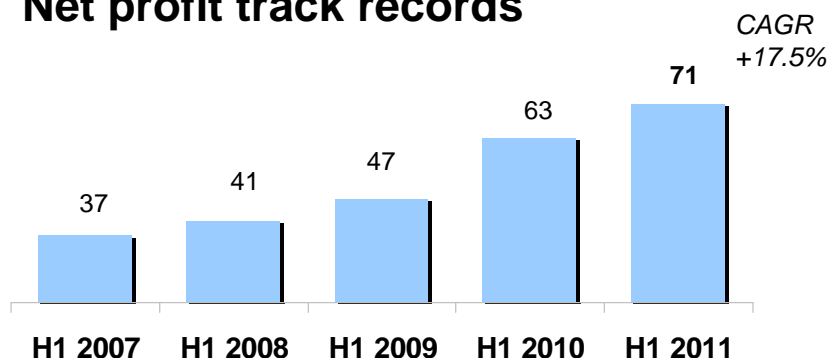
H1 '11 maintenance capex about 80% of total expenditure.

Waste capex reduced due to completion of WTE plants.

Investments mainly relates to Sadori (gas supply in Marche region).

Closing remarks

Net profit track records

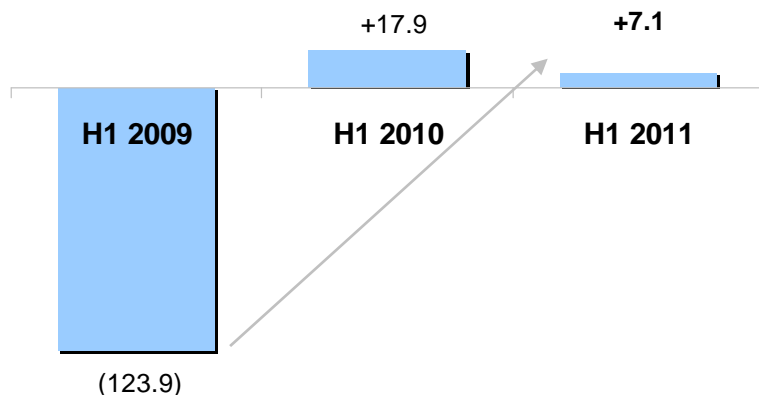


Strong competitiveness on energy market underpinned positive performance.

Developed asset base almost fully contributed to results.

Portfolio business resilience shown by last 5Y track record.

Free CF track record



Cash generation combined with lower capex underpin financial structure enhancement (positive trend of free CF).

M&A strengthened Waste asset base with a new biomass plant. Sadori Gas (signed in April) will start to contribute from H2 results.

DPS of 9 € (+12.5%) paid on the 9th June.

Q&A session

