

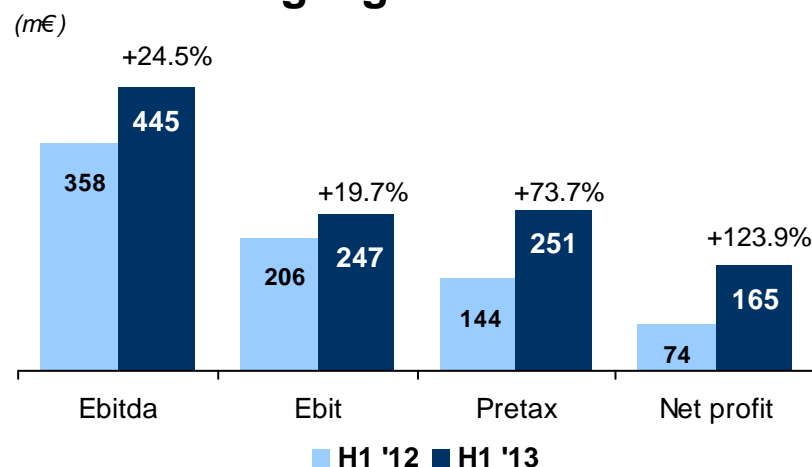


Shoving off Hera Group H1 results

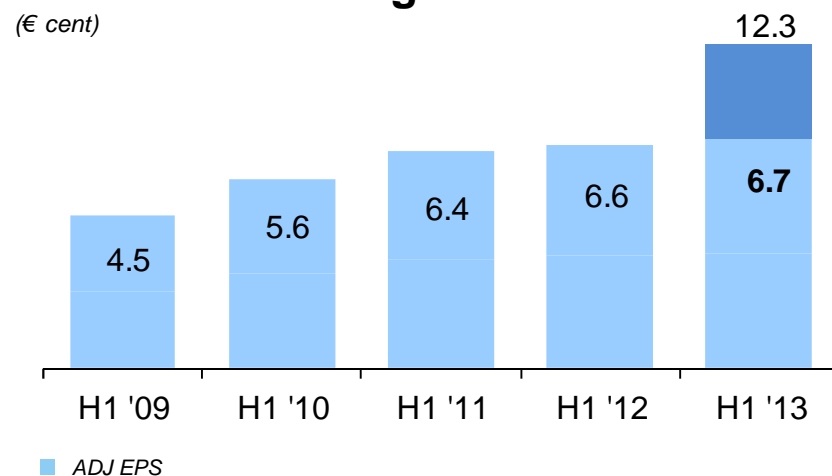
Analyst presentation
28th August 2013

H1 '13: positive growth and first synergies underpin results

H1 Result Highlights



H1 EPS constant growth



H1 '13 strong growth in all main financial targets driven by the **Acegas Aps consolidation** and by **merger synergies**.

Positive performance in all businesses even on “proforma basis” (+6.6% “like for like” ‘13 Group Ebitda). Pretax profit benefits from 74.8m€ extraordinary earnings for IAS accounting related to Acegas Aps merger (as reported in Q1 ‘13).

Market expansion (Energy and Waste) **confirmed to be effective** in spite of a still difficult macro scenario.

Positive cash generation contributed to 120.5m€ capex and dividend payments.

Net Financial debts slightly increased to 2.75m€ from 2,69m€ (combined as at 30/06/‘13 and 31/12/‘12 respectively).

H1 '13: still strong growth even on “proforma” basis

(m€)	H1 '12 **	%	H1 '13	%	Ch.%
Revenues*	2,383.4	100.0%	2,536.9	100.0%	+6.4%
Operat. Costs	(1,820.5)	(76.4%)	(1,852.9)	(73.0%)	+1.8%
Personnel	(192.2)	(8.1%)	(246.4)	(9.7%)	+28.2%
Capitaliz.	13.1	0.5%	7.8	0.3%	(40.5%)
Ebitda	357.6	15.0%	445.3	17.6%	+24.5%
D&A	(151.5)	(6.4%)	(198.7)	(7.8%)	+31.1%
Ebit	206.0	8.6%	246.6	9.7%	+19.7%
Financial Inc./(Exp.)	(64.7)		(74.0)		+14.4%
Other non oper. Inc./(Exp.)	2.9	0.1%	77.9	3.1%	
Pre tax Profit	144.3	6.1%	250.6	9.9%	+73.7%
Tax	(64.0)	(2.7%)	(77.7)	(3.1%)	+21.4%
Group Net Profit	80.3	3.4%	172.9	6.8%	+115.3%
Minorities	(6.5)	(0.3%)	(7.7)	(0.3%)	+17.7%
Net Profit post min.	73.8	3.1%	165.2	6.5%	+123.9%

Financial charges increased mainly due to Acegas Aps merger (8.1m€).

Normalised H1 '13 tax rate ~44%.

Reduced trading activity and efficiency gains underpin lower operating cost (from 76.4% to 73% on revenues).

Booked difference between Acegas Aps net equity value and price paid (IAS principles) of about 74.8m€.

ADJ Proforma	H1 '12*	H1 '13^	Ch.%
Revenues*	2,700.0	2,536.9	(6.0%)
Ebitda	417.8	445.3	+6.6%
Ebit	234.4	246.6	+19.7%
Pre tax Profit	163.9	175.8	+7.2%
Group Net Profit	90.5	98.1	+8.4%
Net Profit post min.	84.0	90.4	+7.6%

* Revenues include change in stock and other operating revenues.

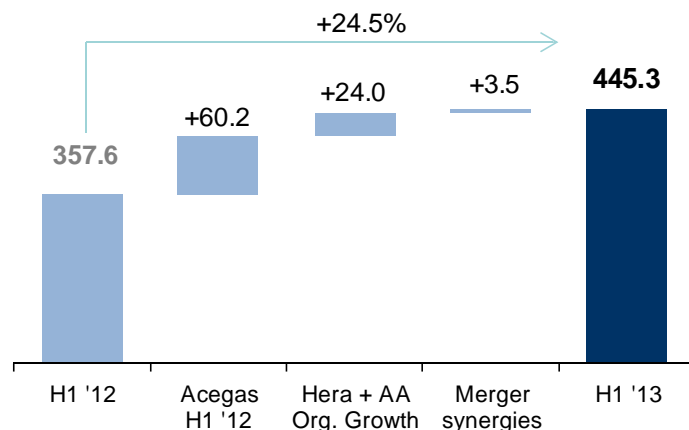
**H1 2012 figure are restated on the basis of «IAS 19 revised» and adjusted for a delay of a dismissal of real estate asset still in progress. Review of 6m€ of 2012 revenues

^H1 2013 figure are adjusted not considering extraordinary earnings of 74.8m€ related to the difference between net equity and price paid for Acegas Aps

Ebitda growth both in Hera and Acegas Aps

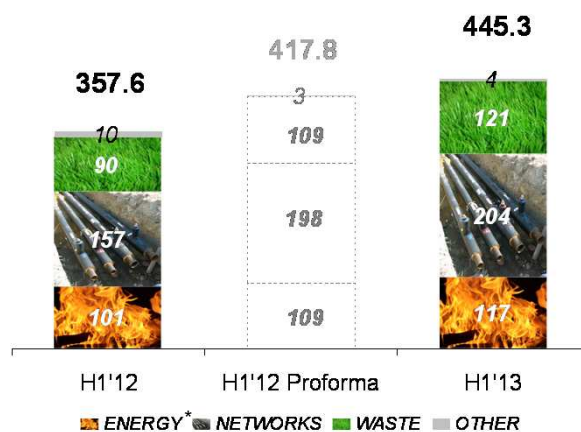
Ebitda growth

(m€)



Ebitda by strategic area

(m€)



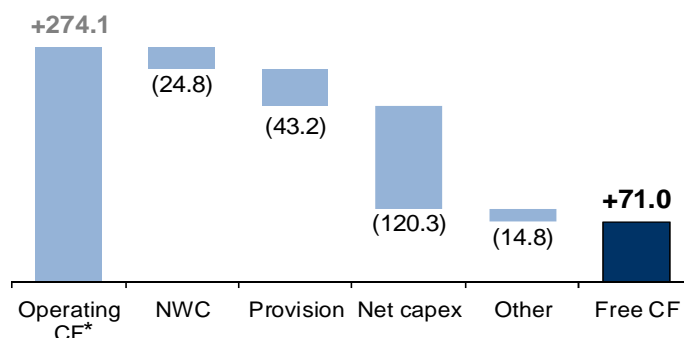
*"Energy" includes 51% of Est Energy

- **H1 Ebitda perc. margin up to 17.6% (from 15.5%)** underpinned by reduced trading activity on commodities.
- **Both liberalised and regulated activities** performed positive Ebitda growth.
- **Acegas Aps Ebitda increased** in all core activities underpinned also by **synergy** exploitation from the merger (**+3.5m€**).
- **Market expansion progressed:** special waste volumes from third parties increased by +85k tons and electricity customers enhanced to 692K clients ("2013 like for like").
- **All main strategic areas posted positive growth**
- Water best performer among regulated activities.
- Balanced portfolio mix confirmed (54% Ebitda from regulated).

Positive operating cash flows

H1 2013 Free cash flows

(m€)



* Net profit+depreciations and provisioning+adjust. for non cash items (such as "Extraordinary income" and IAS fig. interests)

Net Capex

(m€)

	H1 '12	H1 '13
Waste	20.2	20.2
Water	39.7	40.8
Gas	16.0	19.0
Electricity	9.6	7.8
Other	6.1	10.3
Holding	29.8	22.0
Capex	121.4	120.1
Invest/Dism.	0.0	0.2
Capex & Inv.	121.4	120.3

H1 Free cash generation reached 71m€.

Financial debt stood almost stable (2.75 b€ vs proforma 2.69 b€ as at 31/12/'12).

New bonds issued (700m€ with 15Y duration + 100m€ with ~11Y duration, both have fixed rates) consolidating debt average duration of 8 years.

Committed credit lines available increased to 540m€.

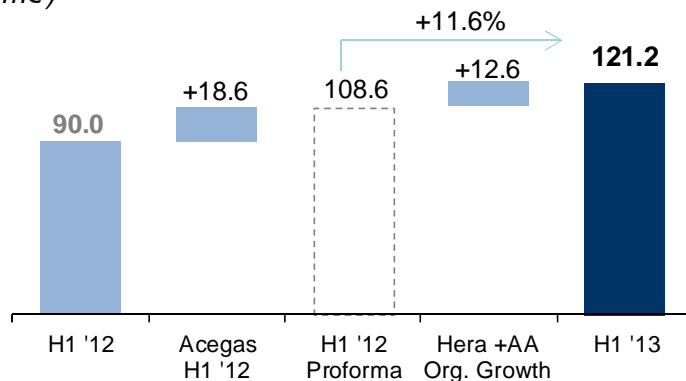
Acegas Aps debt remained flat in Q2 at 490.5 m€.

Net capex stood at 120.3m€ despite Acegas consolidation (20.5m€ Acegas Aps capex).

Waste: recovery in Special waste volumes speeds up

Ebitda growth

(m€)



Consolidated data

	H1 '12	H1 '13	Ch.%
Urban W. Volumes (Kton)	859.9	1,040.8	+21.0%
Special W. Volumes (Kton)	725.8	862.7	+18.9%
Waste from third parties	1,585.7	1,903.5	+20.0%
<i>Treatments of which:</i>			
Landfills	572.7	574.5	+0.3%
WTE	474.3	736.5	+55.3%
Sorting plants	154.7	183.8	+18.8%

Group Ebitda records double digit growth rates on like for like basis.

Higher special waste volumes +85K tons (plus 53K tons from Acegas Aps) and **increased renewable electricity** gen. (+70 GWh exceeding 0.5 TWh generated) fully **compensate lower pricing** (in some high-competitive market segments), **lower CIP6 incentives*** and **negative** impact of an exhausted **landfill** (2.5m€ from “Cagli” in Marche region).

WTE treatment capacity was exploited at full capacity (+55% WTE treatment increase due to Acegas) and sorted collection increased to 53.7% (from 50% H1 '12). **New bio-digesters** capacity fully on stream in Q2 '13 (2MW installed).

Urban waste increased due to Acegas merger (volumes remained flat on a proforma basis due to negative macro scenario still affecting consumptions that decreased by 5% in H1 2012).

Energonut produced 47 GWh and was merged into Herambiente (effective starting from 1 July '13)

*Change in incentives CIP6 (Nov. 2012; June 2013)

Water: tariff framework underpinned results



Financial highlights

(m€)	H1 '12	H1 '13	Ch. %
Revenues	286.4	336.1	+17.4%
Ebitda	74.0	102.4	+38.5%
<i>of which Acegas Aps</i>		<i>24.2</i>	

Consolidated data

Data	H1 '12	H1 '13	Ch.%
Aqueduct (mm³)	121.0	144.3	+19.3%
Sewerage (mm ³)	105.2	119.6	+13.7%
Purification (mm ³)	104.3	118.8	+13.9%

Group Ebitda increase underpinned by new tariff framework and M&A.

Volumes (-5% on like for like basis) and **new connections** still affected by negative macro scenario and drought weather conditions.

New transitory tariff system (2012-2013) progressively entering at regime along with cost efficiencies provided an Ebitda growth of about 8m€ (on a like for like basis). Awaiting Authority tariffs for next regulatory period ('14 - '18).

Full cost structure under tight control also thanks to the new divisional organisation.

Gas: good performance in spite of lower whole sale trading



Financial highlights

(m€)	H1 '12	H1 '13	Ch. %
Revenues	994.0	987.8	(0.6%)
Ebitda	148.7	174.2	+17.2%
<i>of which Acegas Aps</i>		22.2	

Consolidated data

Data	H1 '12	H1 '13	Ch.%
Volumes distrib. (mm ³)	1,406.0	1,700.8	+21.0%
Volumes sold (mm ³)*	1,988.0	1,813.0	(8.8%)
<i>of which trading (mm³)</i>	729.8	431.9	(40.8%)
District Heating (GWht)	321.3	327.0	+1.8%

*includes 51% Est Energy

Revenues reflect reduced trading volumes due to fall in demand of CCGT plants.

Volumes sold to final clients slightly increased (outperforming national demand negative trends) underpinned by favourable winter season weather conditions.

Customer base: **1,224k** (from 1,116k of '12) accounting Acegas Aps contribution (51% of EstEnergy).

Ebitda increase mainly driven by Gas supply (mainly achieved in Q1) and District Heating (+2m€). Distribution activities slightly suffered due to lower works for third parties and new connections.

Electricity: market expansion continues

Financial highlights

(m€)	H1 '12	H1 '13	Ch. %
Revenues	812.2	772.3	(4.9%)
Ebitda	35.3	43.7	+23.9%
<i>of which Acegas Aps</i>		5.6	

Revenues affected by lower sales as a consequence of the negative macro scenario (-3.9% domestic demand) and Hera selective commercial policy.

Customer base further increased by +50k to **above 692k** clients considering Acegas contribution (~125K).

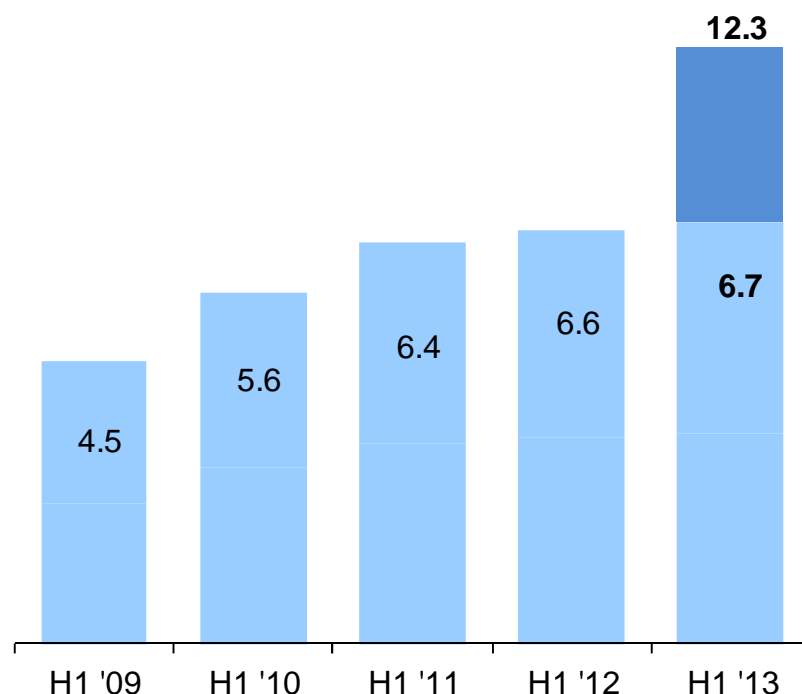
Consolidated data

Data	H1 '12	H1 '13	Ch.%
Volumes sold (GWh)	4,712.8	4,701.8	(0.2%)
Volumes distrib. (GWh)	1,088.9	1,443.9	+32.6%

EBITDA reflects good performance of commercial activities more than compensating a further decrease of power generation margins (low impact due to Hera short position).

H1 EPS* track record

(€ cents)



■ ADJ EPS*

In difficult scenario, **proactive marketing approach and M&A contributed** to enhance value creation (**normalised EPS 5 year CAGR** about 10.7%).

Acegas Aps aggregation activities progress on track yielding good results in terms of **synergy** exploitation (confirmed target of +7m€ synergies to year end).

DPS of 9€c paid at beginning of June. Enhancement of free cash generation well on track to meet commitments.

Next step relates to share capital increase with the involvement of FSI.

Update of Business plan is in progress

*H1 2013 EPS calculated on Net Profit adjusted by 74.8m€ extraordinary income

Q&A session



Proforma Profit and Loss accounts



Proforma P&L H1 2012 and 2013

(m€)

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