



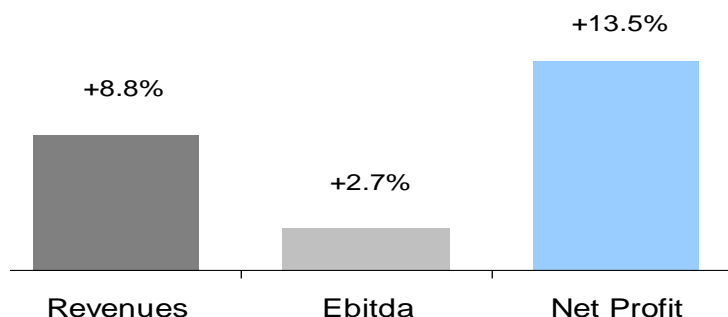
Hera Group Y2012 financial results

analyst presentation, 22nd March 2013

2012 results at a Glance

2012 YoY growth rates

(%)



2012 Macro-economic trends

(%)

Italy	Ch. '11/'10	Ch '12/'11	
GDP*	+0.5%	(2.4%)	↓
Industrial production*	(5.0%)	(6.7%)	↓
Import*	+8.9%	(5.7%)	↓
Export*	+11.4%	+3.7%	↓
Electrical consumption**	+0.6%	(2.8%)	↓
Gas consumption***	(6.3%)	(3.9%)	-

* source ISTAT

** source: Terna

*** source: Snam Rete Gas

Positive growth in operations despite recession scenario, underpinned by enhancement in gas and water.

Bottom line increased even excluding extraordinary positive effects, mainly related to tax recovery (reimbursement of IRES paid on IRAP from 2009 for 18m€).

Earthquake had impact only on Working Capital (about 25m€ following the emergency-law issued).

Regulated businesses enhanced contribution to Group results (54.5% Ebitda).

Financial soundness confirmed: Debt at 2.2b€, and D/Ebitda at 3.35x, prior normalization for M&A.

2012 performance in line with our business plan expectations highlighting resilient portfolio mix.

2012 results grew despite all



	2011	2012	Ch.%	
Increase in tariffs, and gas volumes sold/traded.				
	4,315.9	4,696.3	+8.8%	
	644.8	662.0	+2.7%	13.4m€ in accruals to provisions related to "one off" past years items.
Financial inc./exp. increased due to higher rates and debt.	<i>(233.8)</i>	<i>(239.1)</i>	+2.3%	
	<i>(76.6)</i>	<i>(87.5)</i>	+14.3%	
	334.5	335.4	+0.3%	
	<i>(106.4)</i>	<i>(118.5)</i>	+11.4%	Mainly related to Energonut restatement at fair value (acquisition executed at 50m€).
	<i>(13.1)</i>	<i>(15.6)</i>	+19.2%	
	6.3	5.4	(13.7%)	
	-	6.7		
	221.2	213.4	(3.5%)	
'12 taxes include IRES reimbursements paid on IRAP ('07-'11: +18.1m€). '12 effect of lower IRAP of about 4.4m€.	<i>(94.4)</i>	<i>(79.1)</i>	(16.3%)	
	<i>-42.7%</i>	<i>-37.0%</i>		
	126.8	134.4	+6.0%	'12 Minorities affected by the end of Bologna WTE Cip6 contract (-6.4m€).
'11 taxes affected by extraord. benefits from advanced payments of deferred taxes (~7.6m€).	<i>(22.2)</i>	<i>(15.7)</i>	(29.2%)	
	104.6	118.7	+13.5%	

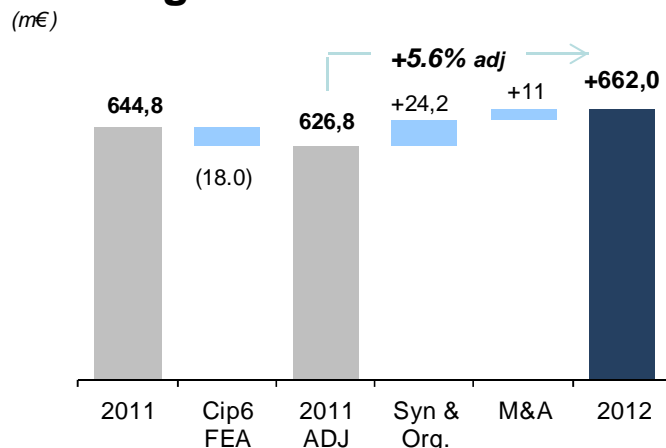
*Non cash items related to provisions

Growing results despite Cip6 contract expiry

Continuing growth through both organic drivers and M&A



Ebitda growth drivers

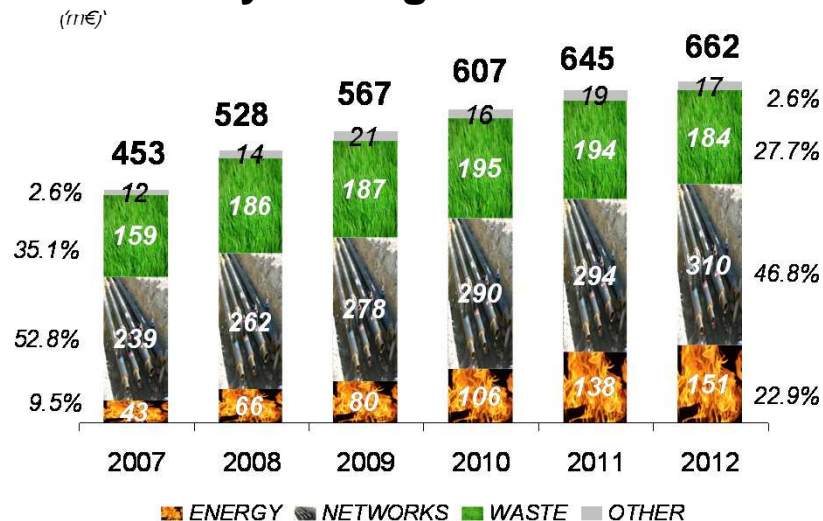


Organic Growth in line with track records.

Organic growth more than compensating the expiry of WTE BO Cip6 contract effects underpinned by tariffs, customers, cross selling and synergies.

M&A relates to 4MW PV plants, Sadori Gas merger (accounted for from 1 July '11) and Energonut (acquired in Novembre 2012).

Ebitda by strategic areas



Waste posted positive growth net of expired WTE BO Cip6 contract.

Network benefit from tariff increases and efficiency gains.

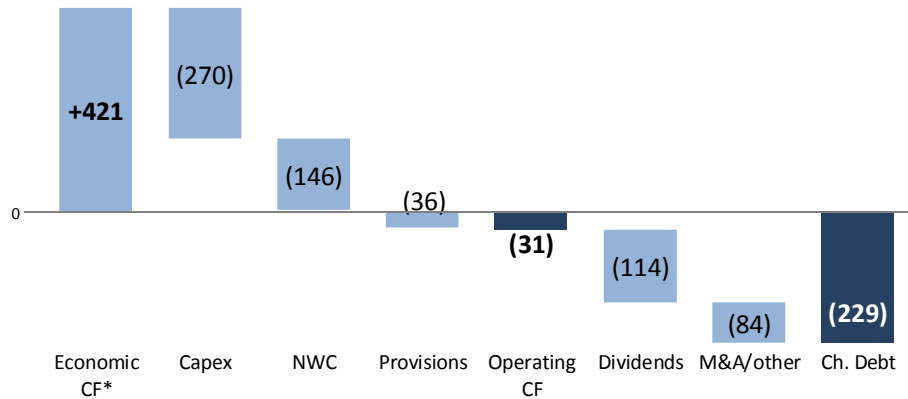
Energy activities further progress mainly in gas sales/trading activities.

Positive operating cash flows before M&A and dividends



2012 cash flows

(m€)



* Economic cash flows=Net profit + D&A+IAS interests

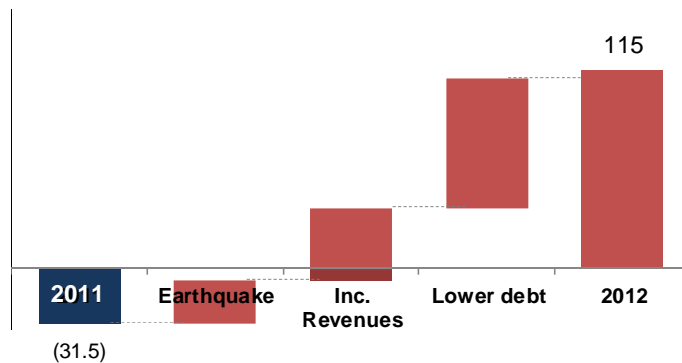
2012 free cash generation almost fully funded net capex by 270 m€ and Working Capital increase (50% related to increased receivables due to macro-scenario, earthquake impact and 50% related to decrease in payables).

Debt at 2.22b€ accounting Energonut cash-acquisition.

Issued 0.7b€ bond at 5.2% interest rate with a 15 year duration. No refinancing issues (available committed credit lines reached ~420m€ as at today).

Net working capital: +146m€ YoY

(m€)



Financial Soundness in “3D”:

D/Ebitda: 3.35x (3.27x excluding Energonut M&A)

D/Equity: 1.17x

Duration: over 8 years on avg.

WASTE: Going through the crisis substantially un-damaged

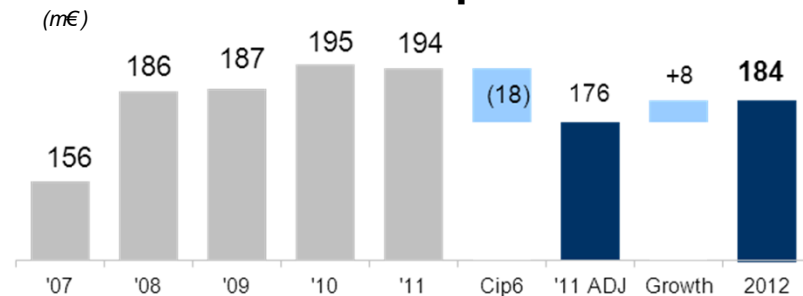
Financial highlights (m€)

	2011	2012	Ch. %
Revenues	740.1	737.8	(0.3%)
Ebitda	194.2	183.5	(5.5%)

Urban waste tariffs up by +3.4%.

Economic slow down impacts household consumption and consequently urban waste volumes.

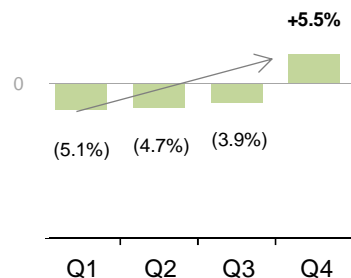
2012 Ebitda build up



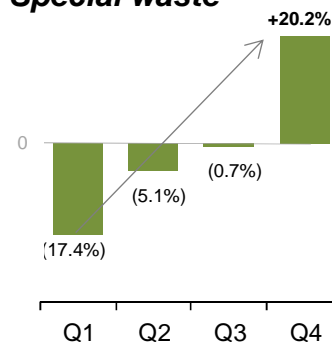
Special waste volumes significantly recovered from -17.4% of Q1 signing a positive trend in Q4 of +20.2% (after a decrease in 13 quarters in a row).

2012 Volumes by quarter (kton)

Urban waste



Special waste



Ebitda development reflects the expiry of BO WTE Cip6 contract, the efficiency in operations and consolidation of Energonut (since the closing of the deal in November '12).

Treatment mix managed to exploit green power generation capacity of WTE and biomass plants (0.7 TWh generated up by +2.2%). Sorted urban w. collection enhance to 52%.

WATER: Committed to reach proper returns



Financial highlights (m€)

	2011	2012	Ch. %
Revenues	596.7	617.1	+3.4%
Ebitda	150.2	158.3	+5.4%

Tariffs increase of +6.7% whilst volumes were lower YoY.

Ebitda reflects also efficiency improvements partially compensating higher electricity costs (300 GWh electricity consumptions in '12).

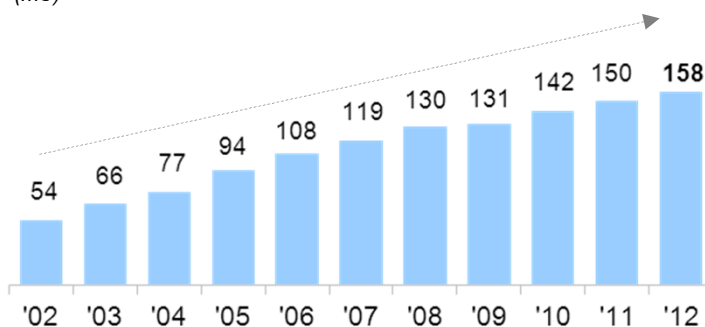
Volumes

Data	2011	2012	Ch. %
Aqueduct (mm ³)	253.7	252.7	(0.4%)
Sewerage (mm ³)	222.6	220.8	(0.8%)
Purification (mm ³)	221.4	217.0	(2.0%)

2012 tariff increases safeguarded by Ato agreements to progress toward proper returns. New regulatory system (retro-active from 1/1/2012) implies tariff increases and RAB revaluation (1.2b€ from 1b€).

Ebitda track record since 2002

(m€)



Uninterrupted resilient track record in 10 financial reports in a row.

Gas: record year due to volumes and margins



Financial highlights (m€)

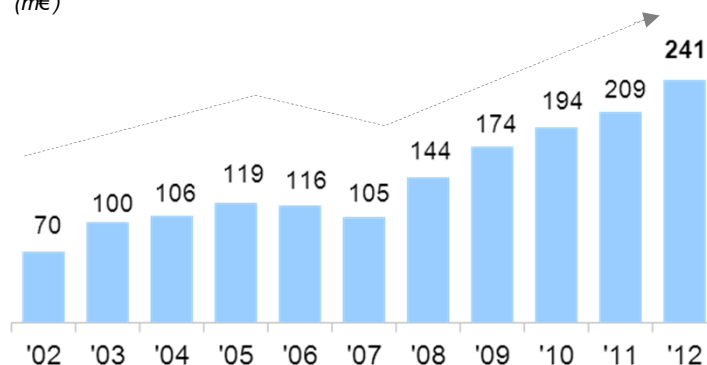
	2011	2012	Ch. %
Revenues	1,490.2	1,769.3	+18.7%
Ebitda	208.7	240.7	+15.3%

Volumes and customers

Data	2011	2012	Ch.%
Volumes distrib. (mm ³)	2,389.2	2,360.1	(1.2%)
Volumes sold (mm ³)	3,321.0	3,478.9	+4.8%
of which trading (mm ³)	1,252.6	1,396.0	+11.4%
District Heating (GWh)	499.3	526.0	+5.3%
Customers ('000)	1114.5	1116.3	+0.2%

Ebitda track record since 2002

(m€)



Revenues growth mainly driven by higher commodity prices, larger trading and sold volumes.

Cold Q1 2012 more than compensated decrease in demand (as crisis consequence).

Ebitda increase mainly driven by supply and trading activities, positive performance of regulated activities (+7m€) and customer base consolidation.

Growth in customer base through commercial expansion offsets churn in traditional reference territories.

Q4 2012 results substantially in line with Q4 2011, also as a consequence of lower volume sold (-50m cubic meters).

Electricity: market expansion still on going

Financial highlights (m€)

	2011	2012	Ch. %
Revenues	1,585.2	1,678.4	+5.9%
Ebitda	73.2	62.3	(15.0%)

Revenues growth mainly driven by higher **prices** partially compensated by slow down in demand (-4.6% volume).

Customers

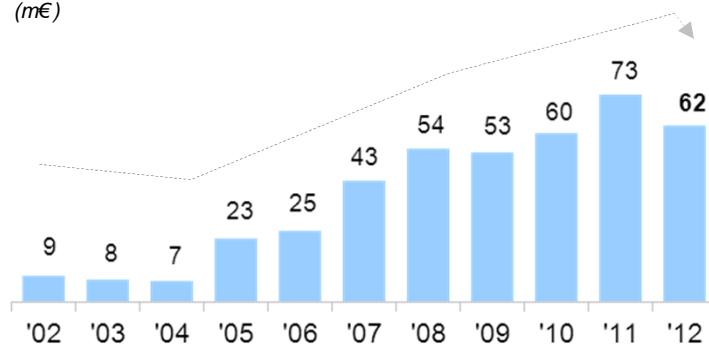
Data	2011	2012	Ch. %
Customers ('000)	482.1	541.1	+12.2%

Commercial margins and expansion (+12.2% customer base) offset poor performance of power generation assets.

Performance of distribution activities **confirmed stable** (+1m€) in line with previous year.

Ebitda track record since 2002

(m€)



Ebitda positive trend inversion caused partly by change in fair values (~10m€).

Update on Acegas Aps



2012 proforma	Acegas A2011	Acegas A2012	Hera A2012	Group Proforma 2012
Revenues	585	626	4,696	5,322
Ebitda	119	129	662	791
Ebit	53	59	335	394
Net Profit pre min.	18	26	134	160
Net Profit	18	26	118	144
Net financial debt	447	464	2,142*	2,606
NFP/Ebitda	3,8x	3.59x	3.23x	3.29x

*Excluding cash acquisition of Energonut executed in Q4 and earthquake effect .

Full merger with Acegas Aps Holding executed by year end (consolidation starting from 1/1/2013).

Acegas Aps yearly results in line with our estimates (energy activities and Water business underpinned 2012 Ebitda growth).

Public Tender Offer on going till 27th of March. As of 21st of March Hera controls slightly more than 93% of Acegas Aps share capital.

Acegas Aps management already at work with Hera's to deploy synergy potentials.

Board of Acegas Aps will be appointed next 14th of May.

Acegas Aps represents 50% of business plan Ebitda growth target

Closing remarks



'12 results in line with plan target

	Business plan target	2012
Avg synergies & Organic Growth	23m€	24m€ ✓
Waste special waste volumes	increase	Q4 positive trend ✓
Electricity customers	+60k	+60k ✓
Capex reduction (m€/Y)	288	271 ✓
Dividend policy	no decrease	Stable ✓
Financial structure soundness	progressive increase	3.3x ✓

Strong competitiveness on energy market and progression in regulated activities underpinned positive Ebitda performance.

Business portfolio resilience shown also during long crisis period. Waste treatm. of special waste highlight first inversion of a long negative trend.

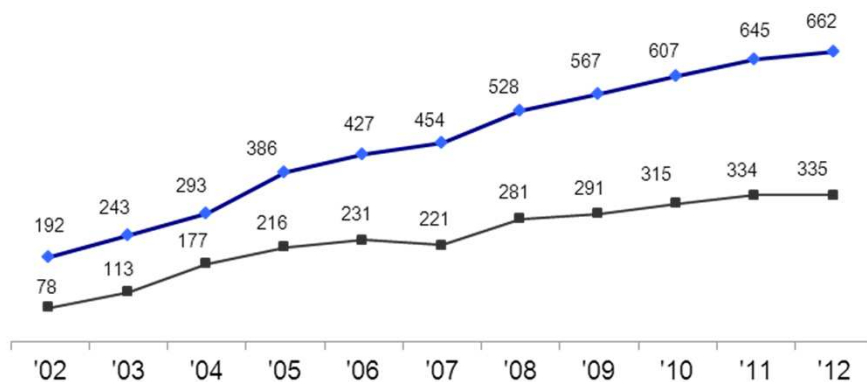
All main business plan targets achieved.

M&A strengthened Waste asset base with a new WTE plant (Energonut) and Acegas Aps.

Solid financial structure (3.35x D/Ebitda) with no refinancing issues.

DPS of 9 €c; confirmed.

Ebitda and Ebit Track records



Q&A session