

# ***Sound through the storm***

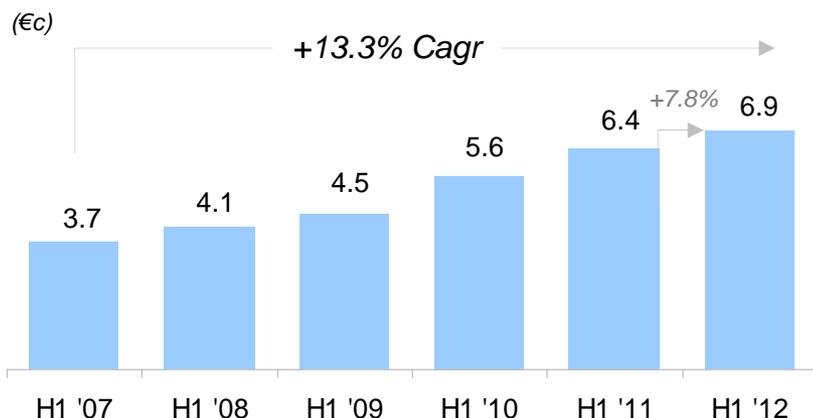
## **Hera Group H1 results**

**Analyst presentation**  
**28<sup>th</sup> August 2012**



# Consistently growing

## H1 EPS almost doubled in 5Y



**Business mix allows EPS up** by +13.3% on avg in last 5 years despite persistent difficult scenario.

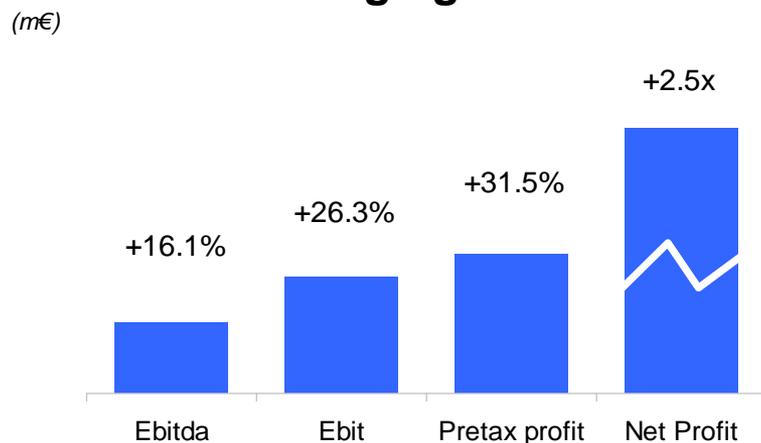
**Energy and Network** underpin **growth** more than **compensating** economic effects on **waste** activities.

**Q2 double digit growth rates down to bottom line** (following a steady Q1) despite end of Cip6 incentive on Bologna WTE and higher spreads & tax rates.

**Positive cash generation** fully funding capex, change in working capital and M&A on solar plants.

**Net debt at 2,099m€** following Group's dividends pay out.

## Q2 '12 double digit growth rates



## Adding value to shareholders

M €	H1 '11	H1 '12	Ch. %
<b>Revenues*</b>	<b>2,070.9</b>	<b>2,390.0</b>	<b>+15.4%</b>
<b>Ebitda</b>	<b>344.0</b>	<b>363.6</b>	<b>+5.7%</b>
D&A	(144.6)	(151.5)	+4.8%
<b>Ebit</b>	<b>199.4</b>	<b>212.1</b>	<b>+6.4%</b>
Financials	(50.8)	(57.7)	+13.6%
Figurative interests (IAS)	(7.1)	(6.9)	(2.8%)
Leasings	(0.3)	(0.1)	(63.8%)
Other non oper. exp.	4.7	2.9	(38.3%)
<b>Pre tax Profit</b>	<b>145.9</b>	<b>150.3</b>	<b>+3.0%</b>
Tax	(62.8)	(66.8)	+6.4%
<b>Group Net Profit</b>	<b>83.2</b>	<b>83.4</b>	<b>+0.3%</b>
Minorities	(11.8)	(6.5)	(44.7%)
<b>Net Profit post min.</b>	<b>71.4</b>	<b>76.9</b>	<b>+7.8%</b>

All up: tariffs, volumes, energy prices, customers

Financial charges reflect change in net debt and credit spreads

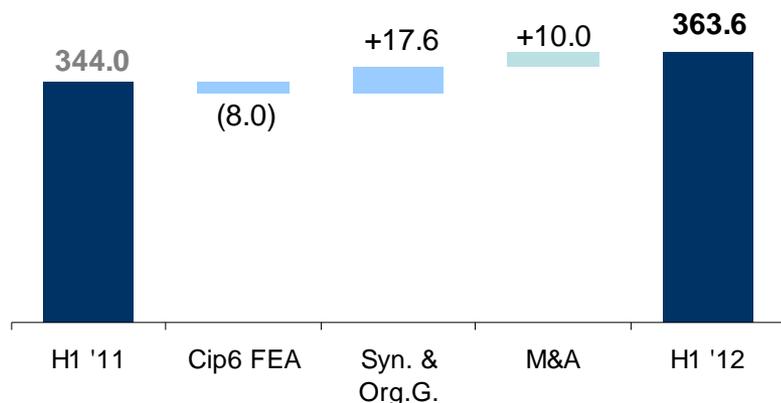
Avg. tax rate increased by higher profits from energy activities

End of Cip6 incentive on WTE FEA (Bologna)

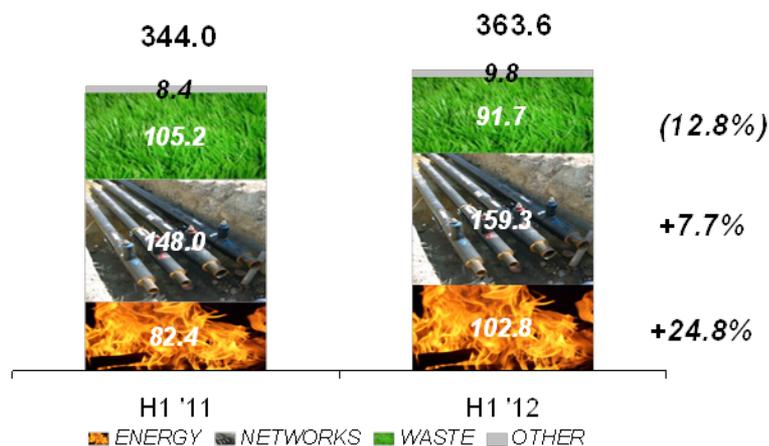
\* Revenues include sales, change in stock and other revenues

# Solid organic Ebitda growth

## Ebitda growth drivers



## Ebitda by strategic area



## Ebitda ahead of 2011 outstanding results

- **Growth** fuelled by gas supply.
- **Market expansion progressed**, reaching 517k costumers in electricity and 1.2m in gas.
- **M&A** relates to Sadori Gas (July 2011), 4MW solar plants (Feb. 2012) and a plus on real estate sale (6m€).

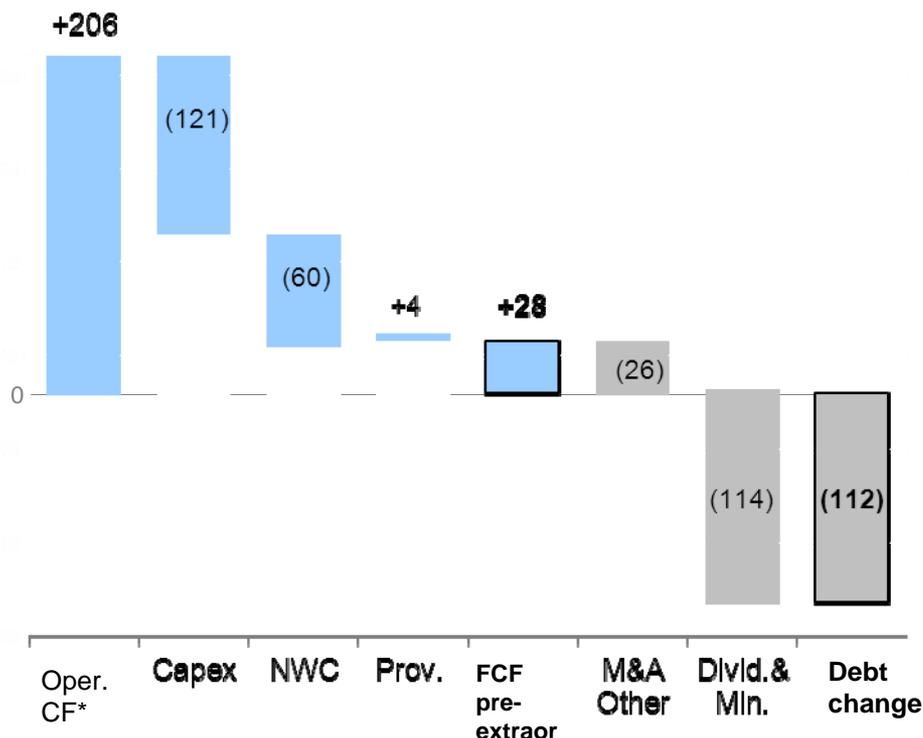
## Strong mix absorbs recession impact

- **Waste** affected by recession impacts and by Cip6 expiry. Q2 performance and values reflects market expansion in Special Waste, that slowed down negative trend recorded in Q1.
- **Network** increased Ebitda relates to tariffs enhancements and efficiency gains.
- **Energy** increased contribution benefitting from trading margins, volumes delivered and customer expansion.

# Cash flows in line with expectation

## H1 2012 cash flows

(m€)



**H1 2012 cash generation** fully funded change in working capital (partly affected by local earthquake) and capex (121m€ against 133m€ of H1 2011).

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

**Net debts at 2,099.2 m€ following dividend payments** (vs. 1,987m€ as at 31/12/2011).

### Solid financial debt profile confirmed:

Fixed Rate:	63%
Maturities by the end of 2014:	326m€
Committed credit lines:	420m€

\* Net profit+Depreciations

## Waste: proactive mgmt curbs Q1 negative trends

### Financial highlights

M €	H1 '11	H1 '12	Ch. %
Revenues	370.4	350.8	(5.3%)
<b>Ebitda</b>	<b>105.2</b>	<b>91.6</b>	<b>(12.9%)</b>

### Industrial figures

	H1 '11	H1 '12	Ch. %
Urban W. Volumes (Kton)	904.1	859.9	(4.9%)
Special W. Volumes (Kton)	817.1	725.8	(11.2%)
<b>Waste from third parties</b>	<b>1.721.2</b>	<b>1.585.7</b>	<b>(7.9%)</b>
<i>Internal W. Volumes (Kton)</i>	<i>1,000.9</i>	<i>763.8</i>	<i>(23.7%)</i>
<b>Total Volumes Treated</b>	<b>2.722.1</b>	<b>2.349.5</b>	<b>(13.7%)</b>
<i>Treatments of which:</i>			
Landfills	632.5	572.7	(9.5%)
WTE	489.6	474.3	(3.1%)
Sorting plants	151.2	154.7	+2.3%

**Revenues** mainly affected by change in energy incentives (Cip6 expiry and Green certificates: -9.4m€), recession impacting volumes and extraordinary climate conditions (snowfalls in February and drought in the summer).

**Q2 EBITDA** reflects initial outcomes from more extensive commercial initiatives on special waste (from -19% in Q1 to -3% in Q2 vs 2011) slowing down negative trend.

**Green energy production confirmed** around 360 Gwh.

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

## Financial highlights

M €	H1 '11	H1 '12	Ch. %
Revenues	273.3	287.7	+5.3%
<b>Ebitda</b>	<b>67.5</b>	<b>75.2</b>	<b>+11.3%</b>

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

**ATO contracts in force** until the end of the year on ~50% of areas served and until 2014/2015 in the remaining part (Bologna and Modena provinces).

## Volumes

Data	H1 '11	H1 '12	Ch.%
Aqueduct (mm <sup>3</sup> )	120.7	121.0	+0.2%
Sewerage (mm <sup>3</sup> )	104.1	105.2	+1.1%
Purification (mm <sup>3</sup> )	104.2	104.3	+0.1%

**EBITDA increase**, mainly driven by revenue growth, **despite higher costs of electricity**, of **fresh water** and **lower revenues from new connections** related to poor real estate activity.

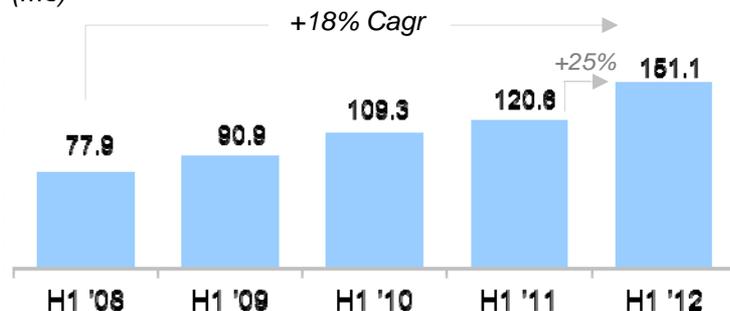
# Gas: still benefiting from competitive positioning

## Financial highlights

M €	H1 '11	H1 '12	Ch. %
Revenues	731.5	996.7	+36.3%
Ebitda	120.6	151.1	+25.3%

## Ebitda

(m€)



## Volumes

Data	H1 '11	H1 '12	Ch.%
Volumes distrib. (mm <sup>3</sup> )	1,351.7	1,406.0	+4.0%
Volumes sold (mm <sup>3</sup> )	1,688.5	1,988.0	+17.7%
of which trading (mm <sup>3</sup> )	503.0	729.8	+45.1%
District Heating (GWht)	296.1	321.3	+8.5%
Clients (000 unit)	1,067.0	1,116.3	+4.6%

**Revenues growth** mainly driven by higher commodity prices and additional volumes traded.

**Volumes sold to final clients** went up thanks to increased customer base and freezing February (+26% sales to final customers in Q2).

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

District heating accounted positive contribution in Q1 and Q2 as well.

**EBITDA** soaring on margins in commercial activities, enhanced distribution performance and merger of Sadori Gas (July 2011).

# Electricity: business fundamentals still reasonably sound

## Financial highlights

M €	H1 '11	H1 '12	Ch. %
Revenues	741.5	812.8	+9.6%
Ebitda	42.2	35.9	(15.1%)

## Volumes

Data	H1 '11	H1 '12	Ch. %
Volumes sold (GWh)	4,815.0	4,712.8	(2.1%)
Volumes distrib. (GWh)	1,132.9	1,088.9	(3.9%)
Clients (000 unit)	453.5	516.8	+14.0%

**Revenues** growth mainly driven by higher commodity prices. Volumes sold reflecting recession effects (-2.8% electricity consumptions in Italy).

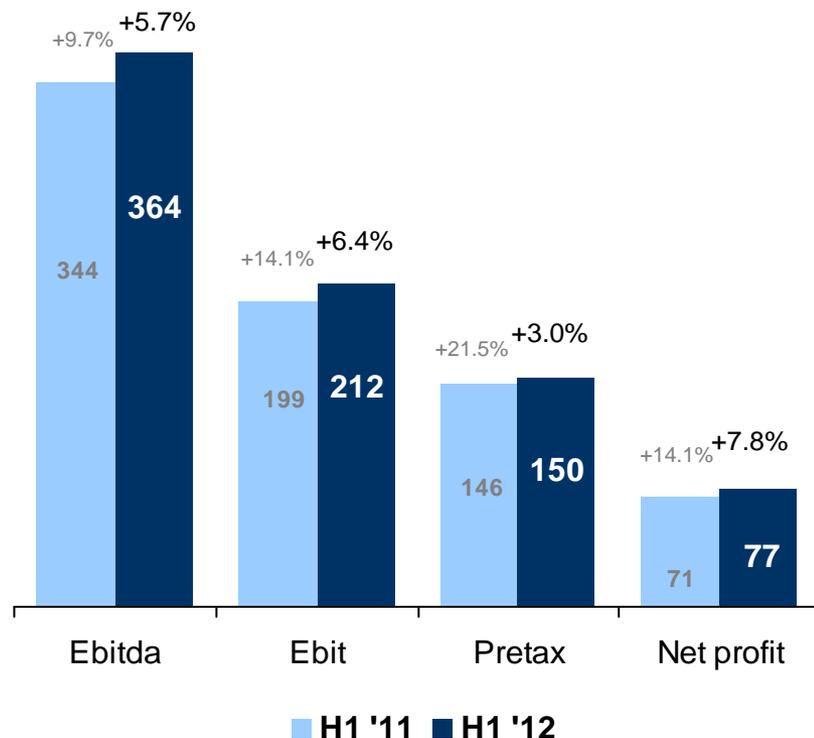
**Good commercial performance** also in **Le Marche region**.

**Group customer base** slightly exceeded 517k units (+35k costumers in first 6 months 2012).

**EBITDA** comparison with 2011 biased by the positive contribution from **fair values** of hedging derivatives accounted as at 30/06/2011.

# H1 2012 above expectations

## H1 Results Highlights



**Strong set of results in H1, thanks to overperforming Q2.**

**Energy and Water posting a very strong performance.**

**Good visibility to end of the year.**

**Economic downturn not tangibly affecting financial structure.**

**Waste marking a change with respect to last quarters volume trends.**

**BoD call the AGM to approve the share capital increase to execute Acegas APS aggregation (merger with Acegas APS Holding and Public tender Offering).**

## Q&A session

