Press Release
Bologna, 28 August 2012

The Hera Board of Directors approves the H1 2012 results

EBITDA recorded growth of €363.6 million (+5.7%) and Group net profit was €76.9 million (+7.8%). The merger project with Acegas Aps Holding was also approved and an Extraordinary Shareholders' Meeting has been called for 15 October.

Financial highlights

- **Revenues of €2,298.9 million (+15.9%)**
- **EBITDA of €363.6 million (+5.7%)**
- **Operating result of €212.1 million (+6.4%)**
- **Net profit after minorities of €76.9 million (+7.8%)**

Operating highlights

- **Significant contribution from sales and trading activities in the energy sector (especially gas)**
- **Good performance for regulated services (water, environmental hygiene)**
- **Negative impact of the macroeconomic situation, especially on electricity sales and waste treatment**
- **Continuation of development activities in the waste management sector**

The Hera Group's Board of Directors today unanimously approved the consolidated financial results for the first six months of the year, which, for the tenth consecutive year, have increased net profit. This confirms the Group's capacity to deal organically with the enduring macroeconomic crisis, affecting the industrial production and the commercial activities.

Revenues

Group revenues as at 30 June 2012 increased to €2,298.9 million, up 15.9% compared with the same period in 2011. This is a result of the greater volumes of gas sold, increased revenues from gas and electricity (as a result of the increase in the price of raw materials) and the increased revenues from the Integrated Water Service to cover services provided.

EBITDA

EBITDA rose by €19.6 million to €363.6 million (+5.7%), thanks to the good performance of the water service and sales and trading activities in the energy sector, especially gas.
Two other elements, of an extraordinary nature, have affected results: on the one hand, the capital gain of approximately €6 million recorded from the sale of a property asset, the last stage of the rationalisation process of the property portfolio in relation to the company's operational structure. On the other hand, the expiry of the CIP6 incentive for the Bologna waste to energy plant, which had a negative impact to the tune of approximately €8 million.

Operating result and net profit

The operating result stands at €212.1 million (+6.4%), while pre-tax profit rose to €150.3 million (+3.0%), minus the result of financial management, where the impact of the increase in bank spreads was contained thanks to a debt structure which, over time, has maintained a correct balance between fixed rate and

variable rate. Consolidated net profit also increased, to €83.4 million (+0.2%) after tax of around €66.8 million, which brought the Group's tax rate to 44.5% (+1.5 p.p.) as a main result of the Robin Hood Tax, only partly offset by the benefits of the measures introduced by the Monti Decree, on the deductibility of IRAP (local tax) paid on labour costs.
After minorities, the Parent Group's share of the net profit increased to €76.9 million (+7.8%), confirming the positive and continuous growth in earnings per share (EPS) over the last five years (EPS on a half-year basis +13.3% CAGR).

Investments and net financial position
In line with the forecasts of the business plan, the strategy aimed at preserving the Group's financial equilibrium continued in the half-year period. Capex stood at €121.4 million and, in spite of the impact on working capital of the moratorium on payments for those who suffered from the earthquake last May, the net financial position stood at €2,099.2 million, a increase over the €1,987.1 million at the end of 2011, caused mainly by dividend payment (9 €cent per share, equal to around €100 million), for a total amount of €114 million.
The operating cash generation, before the dividends, was positive.

Waste management
EBITDA for waste management stood at €91.6 million, a fall of 12.9% in spite of improved results for urban hygiene. The decrease was caused by both lower revenues from electricity production, due to the previously mentioned expiry of the CIP6 incentive, and by lower volumes of waste disposed of as a result of the economic recession, which fell by 7.9% overall. Special waste was affected the most by this downturn, with figures of -11.2%, while urban waste recorded a fall of 4.9%. However, it is important to point out how the fall in volumes of special waste slowed down significantly in the second quarter, going from -19.2% in the first quarter to -3.0% in the second quarter, thanks to the effectiveness of marketing action. In addition, going against the trend with regard to the total figures, volumes of dry special waste treated recorded overall growth of 3% in the half-year period.
The company Q.tHermo was established during the course of the half-year (with the Hera Group holding a 40% stake and Quadrifoglio S.p.A. a 60% stake). Its mission is to design, produce and manage the waste to energy plant serving the Florence area. The commitment to creating plants to treat the increasing quantity of separate waste collection, such as biodigester plants and selecting plants, continued. In this regard, note how the percentage of separate waste collection increased further up to 50.4% in the half-year.
The waste management area contribution to the Group's EBITDA is equal to 25.2%.

Water cycle
EBITDA for the water cycle rose to €75.2 million (+11.3%). Both the greater volumes supplied and the tariff adjustments to cover services, which partly made up for the lack of adjustments in previous years, made a positive contribution to the result. Thanks to the considerable investments in connection and control systems, it was possible, during the half-year, to continue to offer a regular water service even in the exceptional drought conditions and in certain areas affected by the above-mentioned earthquakes.
The integrated water cycle contribution to the Group's EBITDA is equal to 20.7%.

Gas
The gas area recorded a considerable increase in EBITDA of €151.1 million (+25.3%). The increase in volumes sold (+17.7%), both through the effect of the increase in volumes treated, thanks to the expansion of the wholesale portfolio and increased supplies to large points of consumption (e.g. thermoelectric power stations), and through the increase in volumes sold to residential customers, a result of sales dynamics and the acquisition of Sadori Gas (a sales company operating in Le Marche and Abruzzo) all made an important contribution to performance. There was also an increase in gas volumes distributed (+4.0%, higher than the national average of +3.7%), which was also affected by the colder weather in the first months of the year. District heating also made a positive contribution in this area, with volumes of heat supplied up 8.5%, also on account of the gradual upgrading of networks as well as the favourable weather conditions.

The gas area contribution to the Group’s EBITDA is equal to 41.6%.

Electricity

EBITDA for the electricity segment fell to €35.9 million (-15.1%) in spite of the positive sales dynamics, which saw customer base increase to 517 thousand (+14.0% compared with the first half of 2011).

The lower volumes distributed and sold as a result of the impact on consumption of the difficult macroeconomic situation had a negative effect on the result. The dynamics of EBITDA also suffered from the variation between 2011 and 2012 in the fair values of hedging contracts on commodities.

The electricity area contribution to the Group’s EBITDA is equal to 9.9%.

Commitment to sustainability

The Group’s strong commitment to sustainability continued in the half-year period.

As far as safety in the workplace is concerned, thanks to the large number of awareness and prevention projects, the number of accidents went down to 24.0 accidents per million hours worked (-12.4% over the first half of 2011).

Further progress has been made with service quality indicators. Performance in the various sectors (gas, electricity, integrated water service and district heating) has complied with AEEG (Italian Authority for Energy and Gas) quality standards in 99.6% of cases (99.1% in the first half of 2011). Thanks to incentive policies for customer care online channels, queue times at branches have also improved (going from 11.6 to 10.3 minutes) and also at call centres (down, for residential customers, from 94.6 to 90.0 seconds).

In the period under consideration, there have been further developments in the generation of energy from renewable sources.

The generation capacity at photovoltaic plants has increased to 9 MW, also courtesy of several acquisitions. In the period under consideration, the production of energy from this source has reached over 5 MWh, more than triple the figure in the first half of 2011. As far as the production of energy from the waste cycle is concerned, the figure achieved is 363.1 GWh, an increase of 1.67% over the first half of 2011, in spite of the fall in electrical production from waste to energy plants, which has, however, been more than offset by other types of generation, such as biogas from landfills and photovoltaic plants, thanks to the investments made.

Commitment to energy efficiency projects has also been very consistent. On this front, in the first half of 2012, the AEEG approved 18 efficiency projects for Hera (bringing the total to 45) with a total savings of approximately 103,500 Toe over the next five years.

The aggregation process for Hera and Acegas Aps

In line with the provisions of the framework agreement signed on 25 July 2012 by Hera and Acegas Aps Holding, announced to the public in a press release on the same day, the Board of Directors of the two companies today approved the merger projects with the relevant directors’ reports using the statement of assets and liabilities of the two companies as at 30 June 2012. The Hera Board of Directors also approved the directors’ report for the share capital increase servicing the promotion, by the company, following the merger expected in 1 January 2013, of a cash and stock tender offering for Acegas Aps S.p.A. shares for a maximum of approximately 85 million shares. The Board of Directors also approved the agenda and the other reports for an Extraordinary Shareholders’ Meeting to be called on 15 October 2012 to approve: (i) the merger by incorporation of Acegas Aps Holding into Hera and the consequent capital increase; (ii) the share capital increase servicing the cash and stock tender offering; (iii) the modification of Articles 16 and 26 of the Articles of Association; and (iv) the modification of Articles 7 and 17 of the Articles of Association and the introduction of a transitory clause as well as a meeting for: (i) the appointment of three members of the Board of Directors, of which two with effectiveness delayed to the effective date of the merger of Acegas Aps Holding S.r.l. into Hera S.p.A., and (ii) the integration of the Board of Statutory Auditors.

Notification of the merger transaction was submitted to the Antitrust Authority at the end of July.

Statement from the President, Tommasi

"These results are satisfactory and exceed market expectations, from both an economic and financial point of view", explained Tomaso Tommasi di Vignano, Hera Group Chairman. "The strategy confirmed over the ten years of Hera's existence has, today, in a macroeconomic situation which is still in crisis, made us into an organisation capable not only of continuing to invest in development initiatives, as demonstrated by the recent agreement with Acegas Aps and the various initiatives in progress in the waste management area, but also able of continuing the route of value creation, to the benefit of all shareholders".

Statement from the CEO, Chiarini

"The Group", stated Maurizio Chiarini, Hera Group CEO "is continuing along a path of virtuous development, where the capacity to serve the territory in a sustainable way, with quality and efficiency, goes hand in hand with maintaining a healthy financial equilibrium. I believe that the figures presented allow us to be optimistic about the possibility of ending 2012 on a positive note".

2012 half-year results, with evidence of performance and interactive graphs available online by clicking here:
http://halfresults.gruppohera.it

Pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Finance Act, the Director assigned to the preparation of the Company accounting documents, Luca Moroni, declares that the information contained in this press release corresponds to the entries made in accounting documents, ledgers and records.

The half-year report on operations and the related documentation are available to the public on the website www.gruppohera.it from 29 August 2012.

The financial statements taken from the Interim Report on Operations as at 30 June 2012, not subject to audit, are attached.

Investor Relations Hera S.p.A.
Jens Klint Hansen
Tel. 051-287737
Email: jens.hansen@gruppohera.it

Profit and Loss *(m€)*	H1 2012	*Inc.%*	H1 2011	*Inc.%*	Ch.	Ch.%
Sales	**2,298.9**	***100.0%***	**1,983.2**	***100.0%***	**+315.7**	**+15.9%**
Other operating revenues	91.1	*4.0%*	87.7	*4.4%*	+3.4	+3.9%
Raw materials	(1,399.8)	*(60.9%)*	(1,122.0)	*(56.6%)*	+277.8	+24.8%
Services costs	(427.5)	*(18.6%)*	(422.1)	*(21.3%)*	+5.4	+1.3%
Other operating expenses	(19.3)	*(0.8%)*	(17.5)	*(0.9%)*	+1.8	+10.3%
Personnel costs	(192.8)	*(8.4%)*	(189.7)	*(9.6%)*	+3.1	+1.6%
Capitalisations	13.1	*0.6%*	24.4	*1.2%*	(11.3)	(46.4%)
EBITDA	**363.6**	***15.8%***	**344.0**	***17.3%***	**+19.6**	**+5.7%**
Depreciation and provisions	(151.5)	*(6.6%)*	(144.6)	*(7.3%)*	+6.9	+4.8%
EBIT	**212.1**	***9.2%***	**199.4**	***10.1%***	**+12.7**	**+6.4%**
Financial inc./(exp.)	(61.8)	*(2.7%)*	(53.5)	*(2.7%)*	+8.3	+15.5%
Pre tax Profit	**150.3**	***6.5%***	**145.9**	***7.4%***	**+4.4**	**+3.0%**
Tax	(66.8)	*(2.9%)*	(62.8)	*(3.2%)*	+4.0	+6.4%
Group Net Profit	**83.4**	***3.6%***	**83.2**	***4.2%***	**+0.2**	**+0.2%**
Attributable to:						
Shareholders of the Parent Company	76.9	*3.3%*	71.4	*3.6%*	+5.5	+7.8%
Minority shareholders	6.5	*0.3%*	11.8	*0.6%*	(5.3)	(44.7%)

Balance Sheet *(m€)*	H1 2012	*Inc.%*	31 Dec. 2011	*Inc.%*	Ch.	Ch.%
Net fixed assets	4,320.7	*109.5%*	4,292.7	*111.0%*	+28.0	+0.7%
Working capital	29.0	*0.7%*	(31.5)	*(0.8%)*	+60.5	(192.1%)
Gross invested capital	4,349.7	*110.2%*	4,261.2	*110.2%*	+88.5	+2.1%
(Provisions)	(402.5)	*(10.2%)*	(394.7)	*(10.2%)*	(7.8)	+2.0%
Net invested capital	**3,947.2**	***100.0%***	**3,866.5**	***100.0%***	**+80.7**	**+2.1%**
Net Equity	1,848.0	*46.8%*	1,879.4	*48.6%*	(31.4)	(1.7%)
Long term net financial debts	*2,548.6*	*64.6%*	*2,323.1*	*60.1%*	*+225.5*	*+9.7%*
Short term net financial debts	*(449.4)*	*(11.4%)*	*(336.0)*	*(8.7%)*	*(113.4)*	*+33.8%*
Net Financial Debts	2,099.2	*53.2%*	1,987.1	*51.4%*	+112.1	+5.6%
Net invested capital	**3,947.2**	***100.0%***	**3,866.5**	***100.0%***	**+80.7**	**+2.1%**