

HERA  
Utilities

Weak 4Q08, but business plan in line. BUY confirmed

On March 27 Hera presented its 4Q08 results and 2009-11 business plan. After a weak 4Q08, the plan confirmed Hera's multi-business strategy focused on waste and water and came in line with our expectations with a FY11 EBITDA target of €670m, after €1.1bn of FY2009-11e cumulated capex. We confirm our €2.1 target price and BUY rating in view of the >+60% potential upside and the limited downside risk of the regulated businesses.

**We underline that Hera is the only Italian local utility without governance problems.** The next catalysts should be the June election of the Mayor of Bologna (the Municipality is Hera's main shareholder with a 15% stake) and the next business plan presentation in September.