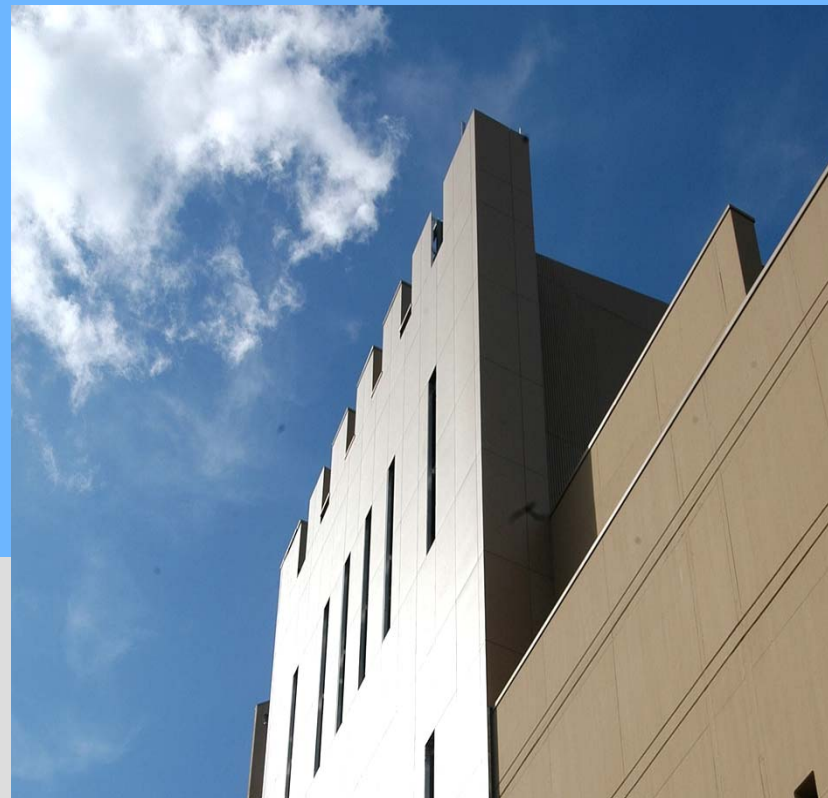




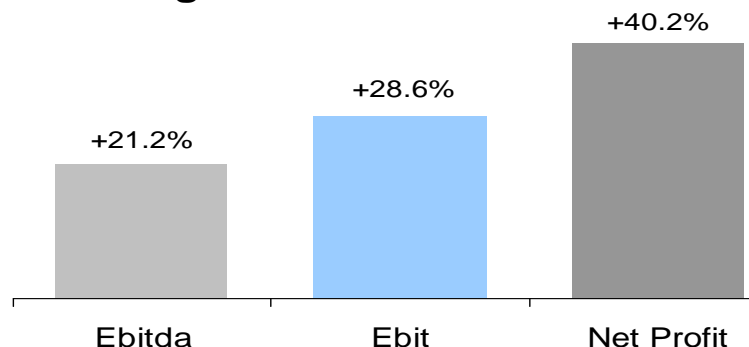
Hera Group Q1 results

Analyst presentation
12th May 2011



Strong results outperforming track records

Q1 '11 growth rates

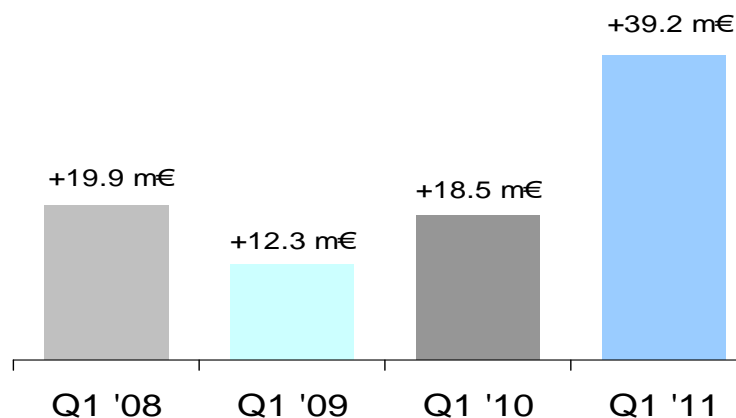


Strong set of achievements in Q1 down to bottom line.

Results underpinned by Energy activities outstanding performance driven by commercial development and procurement position.

M&A contributed to results (4.1% of Ebitda growth) through 50% JV Enomondo.

Q1 track record



Cash generation further reduced net debt enhancing financial ratios thanks to better working capital mgmt and capex profile.

Positive results in all businesses driving **Ebitda up by +39.2 m€ (+21% Q/Q), highest growth ever reached in Q1 since 2003.**

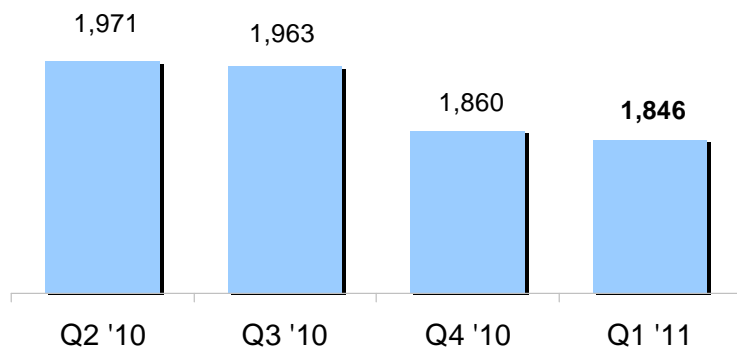
Q1 '11: bottom line grows +40%

Q1 2011 posted a growth in line with full year 2010

	Q1 '10	Q1 '11	Ch. %		
Tariffs, energy prices and market expansion	Revenues	1,098.6	1,168.4	+6.4%	Contribution from all businesses and drivers
	Ebitda	185.1	224.3	+21.2%	
	D&A	(67.4)	(73.0)	+8.3%	
	Ebit	117.6	151.3	+28.7%	
	<i>Financial charges</i>	(26.9)	(25.9)	(3.7%)	
	<i>IAS (figurative)</i>	(3.5)	(3.8)	+8.6%	
	<i>Financial income</i>	4.3	1.5	(65.1%)	
Lower incidence of IRAP	Pre tax Profit	91.5	123.1	+34.4%	Less dividend from associates by 2.8m€
	Tax	(39.0)	(48.6)	+24.7%	
	<i>Tax rate</i>	-42.6%	-39.5%		
	Net income	52.6	74.5	+41.6%	
	<i>Minorities</i>	(4.9)	(7.7)	+57.2%	
	Net profit	47.7	66.8	+40.1%	

Growth offsets seasonal working capital increase

Change in net financial debt

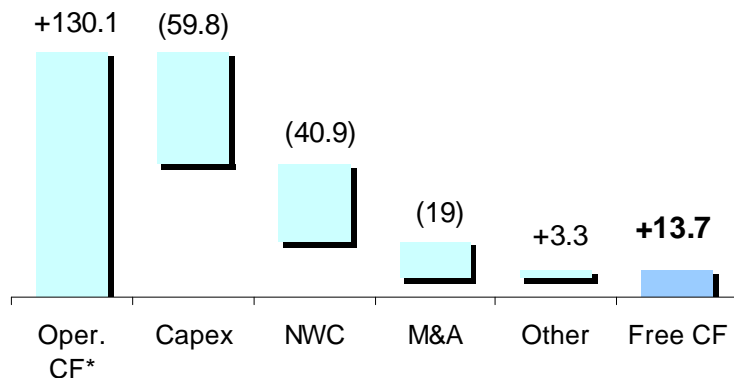


Financial debt towards proper balancing.

Positive free cash flows for the third quarter in a row.

Q1 '11 cash generation fully offset seasonal increase in working capital (up by 40.9 m€) and consolidation of 50% JV Enomondo.

Cash Flows



Further enhancement of financial soundness:

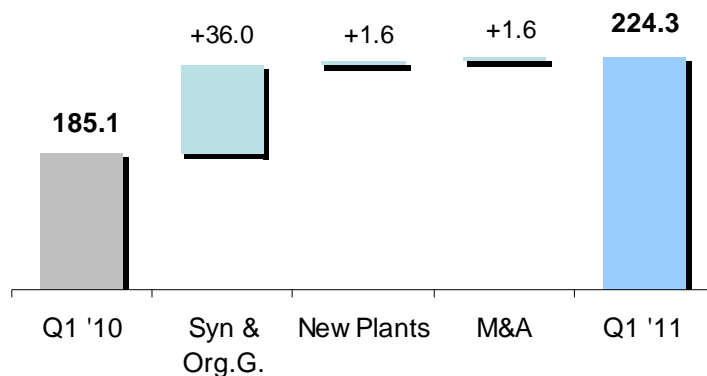
D/E from 0.99x to 0.94x

D/Ebitda enhanced by 20% (Q/Q).

* Net profit+Depreciations

Strong Ebitda growth almost fully organic

Ebitda growth Drivers



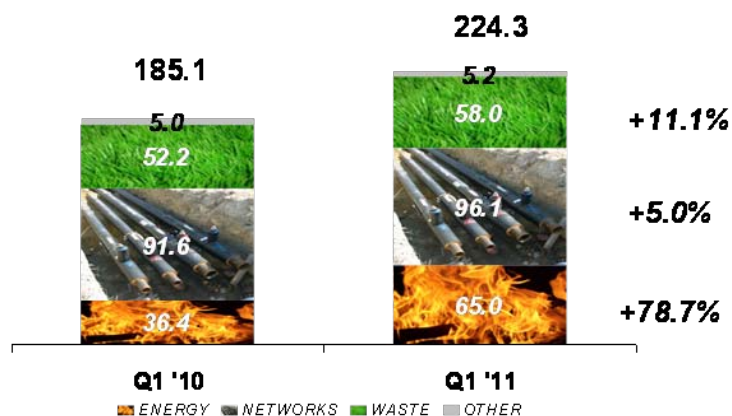
Organic Growth fuelled by gas supply (Ebitda from 26 to 41 m€) and by electricity supply (Ebitda from 9 to 20 m€).

Increase in tariffs, customers, cross selling and synergies.

New plants: WTE Rimini (started up new turbine in March) and Imola Cogen.

M&A relates to JV Enomondo and other marginal perimeter changes.

Ebitda by strategic area



Positive growth in all businesses.

Waste management increased both material recovery and market positioning.

Networks in line with tariff and efficiency development achieved in 2010 (+4.1%).

Energy strongly increased contribution thanks to supply activities and commodities price development.

Waste: harvesting from asset base

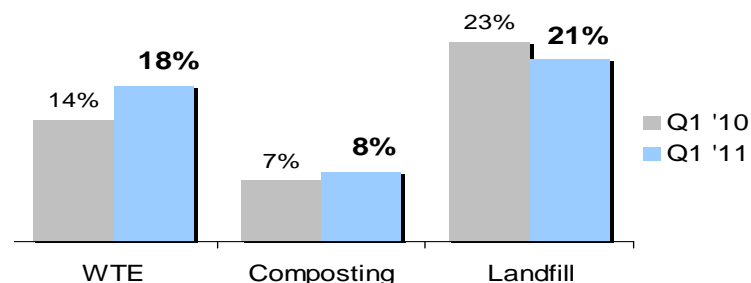
Financial highlights

M €	Q1 '10	Q1 '11	Ch. %
Revenues	165.6	180.1	+8.8%
Ebitda	52.2	58.0	+11.1%

Industrial figures

Waste volume	Q1 '10	Q1 '11	Ch. %
Special W. (Kton)	381.8	404.6	+6.0%
Urban W. (Kton)	421.0	413.6	(1.8%)
Energy production	129.3	171.5	+32.6%

Waste treatments



Sales growth mainly driven by +6% in special waste volumes, in spite of slow recovery of manufacturing activities (+1.3%) and energy production.

Ebitda underpinned in WTE performance (mainly related to new WTE in Rimini).

Financials benefit from consolidation of 50% JV in biomass plant (Enomondo).

Higher margins (+70bp) reflect also the electricity price increase in Q1.

Sorted collection reached 49.3% of total urban waste.

Water: efficiency and tariff enhancements offset bad weather

Financial highlights

M €	Q1 '10	Q1 '11	Ch. %
Revenues	125.8	127.5	+1.4%
Ebitda	31.7	33.4	+5.4%

Revenues growth mainly driven by **tariffs increase** partially offset by **lower volumes** related to weather conditions.

Volumes

Data	Q1 '10	Q1 '11	Ch. %
Aqueduct (mm ³)	58.8	56.4	(4.1%)
Sewerage (mm ³)	51.3	48.8	(4.9%)
Purification (mm ³)	51.4	48.9	(4.9%)

Ebitda increase driven by **synergies and tariff** that **offset** higher **electricity prices** and **lower volumes**.

New connections continue to highlight **negative** trend of **real estate industry**.

Ebitda margin up by 100 bp.

Gas: better procurement offsets mild winter season effects

Financial highlights

M €	Q1 '10	Q1 '11	Ch. %
Revenues	499.4	510.8	+2.3%
Ebitda	81.9	99.1	+21.0%

Volumes

Volumes	Q1 '10	Q1 '11	Ch. %
Distribution (mm ³)	1,186.4	1,115.8	(6.0%)
Sales (mm ³)	1,074.5	977.0	(9.1%)
Trading	218.5	242.5	+11.0%
District Heating (Gwht)	260.7	253.1	(2.9%)

Revenues growth mainly driven by higher commodity prices partially offset by **lower volumes** (gas and district heating) related to mild winter season.

Ebitda increase mainly driven by enhanced margins in procurement and supply activities.

Trading activities continued to yield positive growth (+11% volumes).

Ebitda margin up by 300 bp.

Electricity: performance led by market expansion

Financial highlights

M €	Q1 '10	Q1 '11	Ch. %
Revenues	335.8	375.1	+11.7%
Ebitda	14.3	28.5	+99.4%

Volumes

Volumes	Q1 '10	Q1 '11	Ch. %
Volume sold (GWh)	1,863.5	2,542.9	+36.5%
Volume distrib. (GWh)	550.5	583.2	+5.9%
Customers (k unit)	341.1	433.9	+27.2%
<i>Customers Y2010 (k unit)</i>	382.5		+13.4%

Revenues growth mainly driven by higher **volumes** related to “salvaguardia” services and market expansion (+51k customers in Q1).

Trading activities continued to yield positive growth.

Procurement and supply **portfolio benefit** from **commodity price development**.

Ebitda margin up by 300 bp.

Capital expenditure under control

Capital Exp. & Investments

M €	Q1 '10	Q1 '11
Waste	25.3	13.6
Water	19.2	18.4
Gas	10.6	10.0
Electricity	9.8	8.0
Other	1.6	3.1
Holding	9.5	6.7
Capex	75.9	59.8
Investments	1.0	0.0
Capex & Inv.	77.0	59.8

Capex further decrease in 2011 mainly due to the completion of WTE plants while in line with schedule.

Q1 '11 capex mainly relates to **maintenance**.

Waste capex reduced due to completion of WTE plants (6.9 m€ relates to WTE in Rimini)

Capex of other business areas are substantially **in line with Q1 '10**.

Closing remarks

Financial highlights

	Q1 '10	Q1 '11	Ch. %
Ebitda	185.1	224.3	+21.2%
Ebit	117.6	151.3	+28.7%
Net profit post min.	47.7	66.8	+40.1%

Market expansion and better margins enhance profitability.

Waste mgmt **commercial approach is contributing in tackling with slow recovery in Italian economy.**

Developed asset base almost fully contributed to results.

Energy is benefitting from past strategic choices (market expansion and procurement approach)

Cash generation combined with lower capex reduce debt for the third quarter in a row.

M&A strengthened Waste asset base with a new biomass plant. Sadori Gas (signed in April) will start to contribute from Q2 results.

DPS of 9 € approved by AGM and will be paid on the 9th June.

Q&A session

