



**Q3 2011 Results
&
BP 2011-2015**

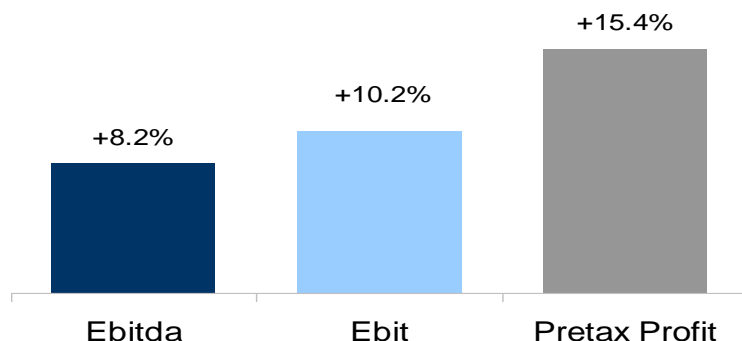
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Q3 2011 results at a glance

First 9 month 2011 results confirm solid platform

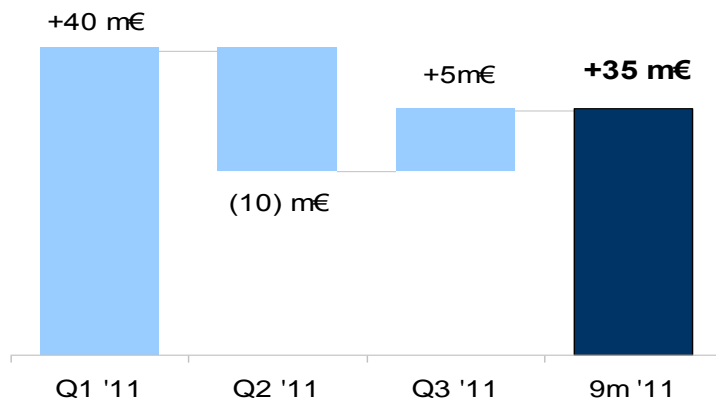
9m '11 growth rates



Strong set of achievements in first 9 months despite summer period within Q3.

Growth underpinned by all businesses, and particularly by **Energy activities** with commercial development and procurement position more than offsetting volatility and first half lower consumptions.

2011 quarters growth



M&A progressed through acquisition of Sadori Gas.

Positive results in all businesses driving **Ebitda up by +35.3m€** confirming business plan targets.

Debt at 2.06 b€ confirming D/Ebitda ratio. Confirmed credit ratings by S&Ps and Moodys.

9m 2011 posted a growth

(m€)	9m '10	9m '11	Ch.	Ch. %
(1) Revenues*	2,732.9	3,039.7	+306.8	+11.2%
Ebitda	431.4	466.7	+35.3	+8.2%
(2) Ebit	218.2	240.5	+22.3	+10.2%
(3) Pre tax Profit	135.4	156.2	+20.8	+15.4%
(4) Tax	(56.3)	(72.2)	(15.9)	+28.2%
Net Profit	79.1	84.0	+4.9	+6.3%
Minorities	(10.7)	(16.4)	(5.6)	+52.5%
Hera Profit	68.4	67.7	(0.7)	(1.0%)

(1) Tariffs, commodity prices and market expansion

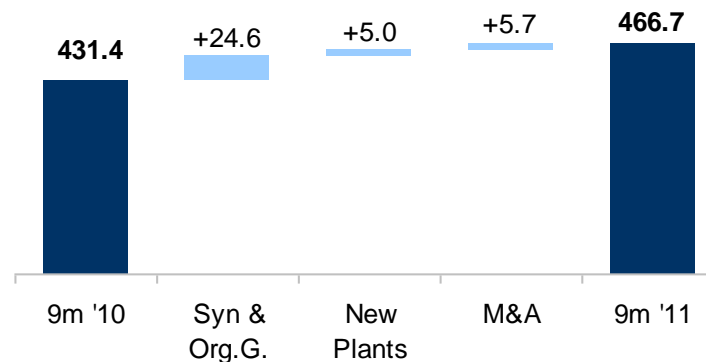
(2) Higher accruals to Bad Debt and provisions

(3) Substantially stable interest charges

(4) Higher incidence of IRAP and additional Robin Tax (~2m€ effect).

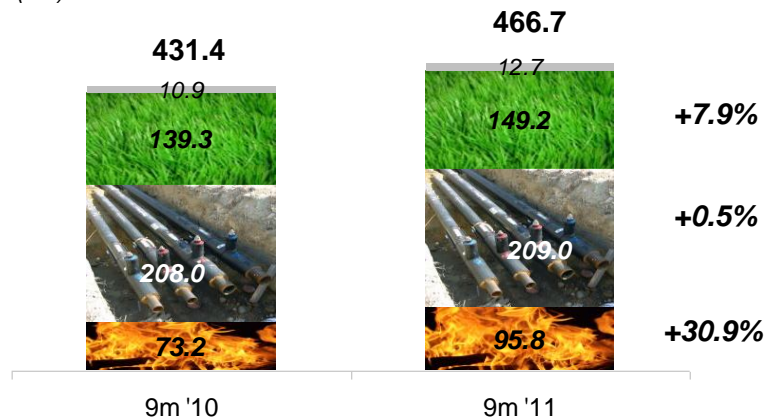
Ebitda growth Drivers

(m€)



Ebitda by strategic area

(m€)



ENERGY NETWORKS WASTE OTHER

* Revenues include sales, change in stock and other revenues

First 9 month 2011: WASTE & WATER results

Waste increase margins despite lower volumes

9 months results (m€)

M €	9m '10	9m '11	Ch. %
Revenues	531.7	550.2	+3.5%
Operat. Costs	(298.0)	(299.6)	+0.6%
Personnel	(113.1)	(112.5)	(0.6%)
Capitaliz.	18.7	11.1	(40.3%)
Ebitda	139.3	149.2	+7.1%

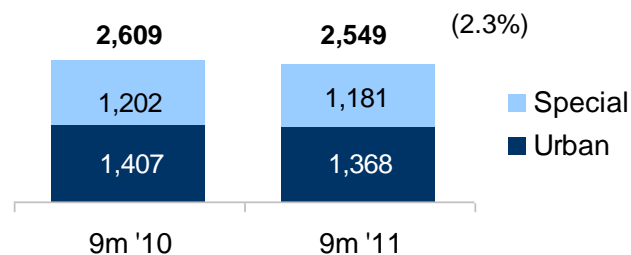
Water shows enhanced volumes and tariffs

9 months results (m€)

M €	9m '10	9m '11	Ch. %
Revenues	433.2	439.2	+1.4%
Operat. Costs	(253.7)	(253.8)	+0.0%
Personnel	(79.0)	(79.3)	+0.4%
Capitaliz.	9.8	5.5	(43.8%)
Ebitda	110.2	111.6	+1.3%

9 months waste from third parties

(k ton)



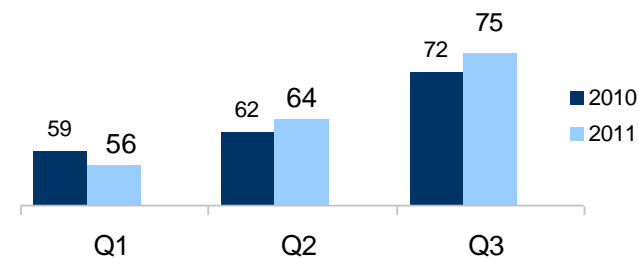
Revenues growth underpinned by tariff increase (+3%) and higher electricity production (from 400 to 490 GWh).

Ebitda benefit from Enomondo biomass plant contribution (+5m€) and from enhanced WTE electricity production (mainly related to Rimini WTE). Posted lower treatment cost thanks also to better weather conditions.

Sorted collection reached 49.2% of urban waste.

Fresh water volumes

(m cubic meter)



Revenues growth underpinned by tariff increase (+2.8%) and higher volumes related to the dry summer season.

Still stagnant the works for third parties.

Ebitda benefit from operating efficiencies rebalancing higher electricity costs.

Ebitda incidence on revenues confirmed at 25.4%.

First 9 month 2011: GAS & ELECTRICITY results

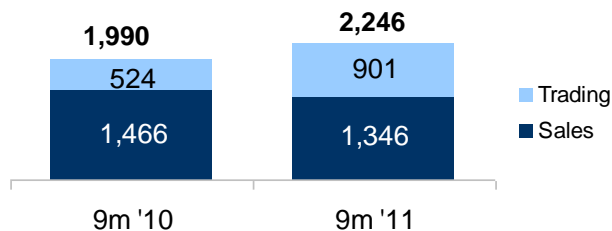
Gas growth despite lower volume sold

9 months results (m€)

M €	9m '10	9m '11	Ch. %
Revenues	840.3	977.2	+16.3%
Operat. Costs	(684.3)	(798.8)	+16.7%
Personnel	(46.1)	(50.1)	+8.7%
Capitaliz.	20.8	9.4	(55.0%)
Ebitda	130.7	137.7	+5.4%

Gas Volumes

(m cubic meter)



Revenues growth mainly driven by higher commodity prices, higher distribution revenues, expanded customer base (+3.5% in 9m) and increased trading activities. These positive contributions offset **lower volumes** (gas and district heating) related to mild winter season.

Ebitda increase mainly driven by enhanced margins in supply activities and optimisation in logistic/ procurement costs.

Trading activities yield positive growth in volumes at lower margins vs extraordinary 9 months 2010 performance.

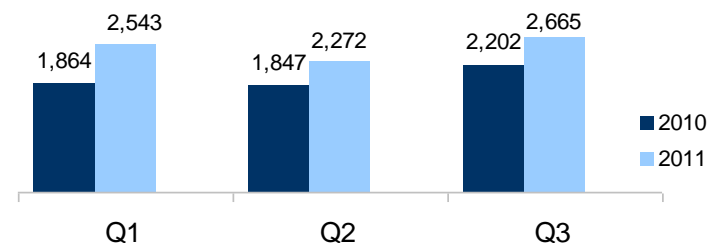
Electricity factoring in market expansion

9 months results (m€)

M €	9m '10	9m '11	Ch. %
Revenues	999.2	1,136.3	+13.7%
Operat. Costs	(952.1)	(1,069.3)	+12.3%
Personnel	(17.1)	(20.4)	+19.6%
Capitaliz.	10.3	8.9	(14.1%)
Ebitda	40.4	55.5	+37.6%

Electricity sold

(TWh)



Revenues growth mainly driven by higher **volumes** (+31% 9m/9m) related to increased “salvaguardia” services and market expansion (+22.7% customers in 9m).

Optimisation of asset management.

Ebitda margin up by 90 bps.

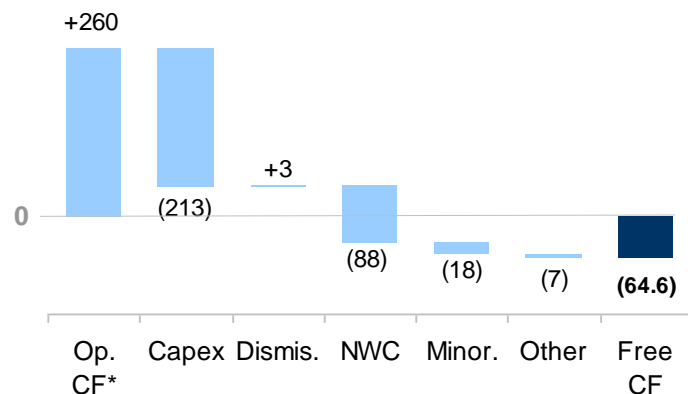
Capital Exp. & Investments

M €	9m '10	9m '11
Waste	70.0	44.8
Water	67.3	69.4
Gas	33.3	34.3
Electricity	31.4	20.2
Other	10.1	10.4
Holding	32.5	34.0
Investments	2.5	0.0
Capex	247.1	213.1

Capex declined following completion on waste treatment assets (WTE).

Net Working Capital increased by 88 m€ mainly due to higher gas in storage and expanded commercial activity (+300m€ revenues).

9m 2011 free cash flows^



Debt come in at 2.06b€ confirming D/Ebitda ratio of Q3 '10.

Moody's and S&P's **confirmed Hera rating**

^Before dividends and M&A

*Op.CF=Net profit + D&A + ch. provisions

Strong set of achievements in first 9 months despite summer period within Q3.

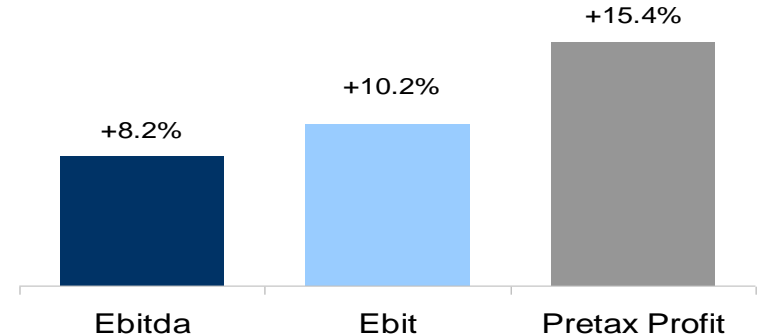
Growth underpinned by all businesses even in slow increasing economic environment and negative impact of climate conditions.

M&A is progressing well; with Aimag negotiations ongoing.

Hera obtained the preliminary assignment for the new WTE in Florence. Authorisation process will soon start (to obtain "VIA").

Financial structure is sound as confirmed by rating agencies.

Q3 '11 growth rates



Solid platform to reach year end & Business plan targets

Business plan 2011-2015

Challenging scenario opens up opportunities for Hera platform

Business issues

Energy upstream over-capacity

Competition in Energy downstream

Waste infrastructure shortage

Gas distribution tenders

Water referendum

Financial issues

EPS downward revision

Financial rebalancing

Portfolio rationalisation

Hera platform

Flexible Energy upstream position

Platform for cross selling and expansion

Unique & integrated asset base / expertise

Strong market share in all catchment area

ATO tariff agreement up to end 2012

Multiutility model with low risk exposure

Financial soundness/flexibility

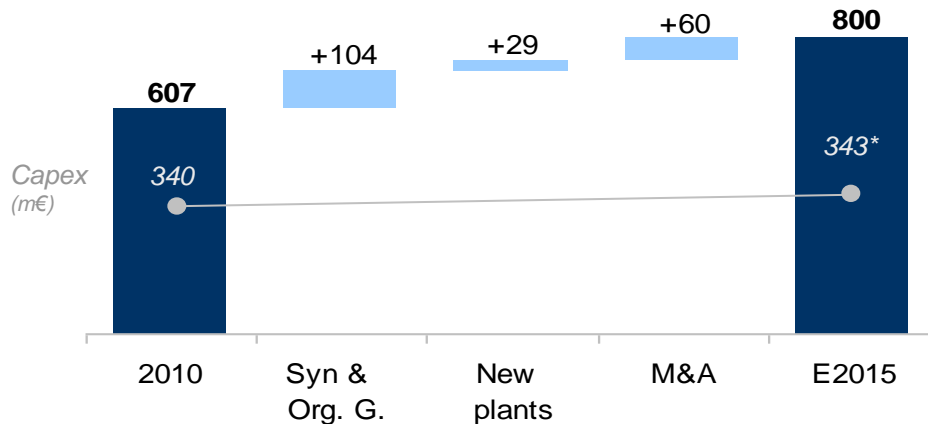
Presence limited to core areas

HERA STRATEGIC PRIORITIES

1	Downstream expansion	From 1.8 to 2.0 m customers 2.5 contracts per customer
2	Organic growth	Confirm gas distrib. in territory Extract further efficiency gains
3	External growth opportunities	Aimag consolidation Gas distribution tenders
4	Selective asset development	Focus on “sustainable” developm. New opportunities in WTE (FI)
5	Enhance Returns and credit standing	EBITDA +5.6% Cagr “A grade” ratios

Consistent growth leveraging upon “all” drivers

Next 5Y Ebitda Target



Synergies & Organic growth

Market expansion in energy and waste areas (+40m€).
 Tariff adjustments in Networks (+20m€).
 Cost to serve and cost per POD reduction (15m€).

New Plants

Biomass (Enomondo) project, desorption and sorting plants, and Bio digesters (+12m€).
 Other plants to complete the value chain (+15m€).

M&A

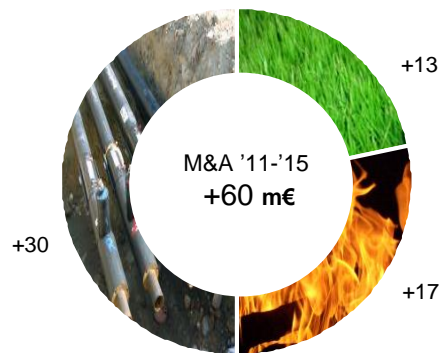
Development strategy continue to focus on core business areas and on strengthening Hera presence in reference and surrounding territories starting from Aimag consolidation.

* Including Aimag capex

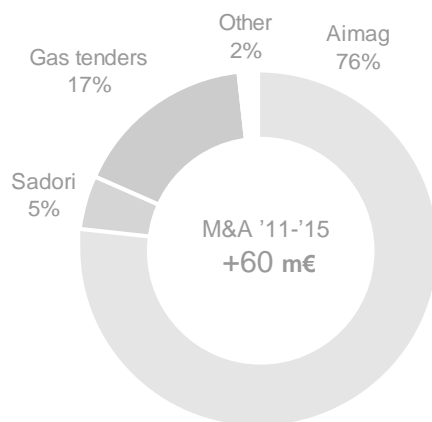
M&A strategy focused on “traditional core dimensions”

Ebitda growth from M&A

(m€)



■ Waste ■ Energy ■ Networks ■ Other



GAS TENDERS

Tender calendar under way

Hera aims at winning bids for current concessions which imply coverage completion of catchment areas (~110m€ capex-RAB development).

Hera strengths

- Coverage in territory
- 4th national player
- Quality of service

Other national players

F2I	4%
Edison	3%

SADORI: Gas supply activity

Active in northern part of Marche region (Pesaro & Ancona).

34K gas clients.

Ebitda ~3m€

AIMAG: Territorial expansion

Active in northern part of MO province.

Targeting a majority stake moving from current 25% (bought for 35m€ in '09).

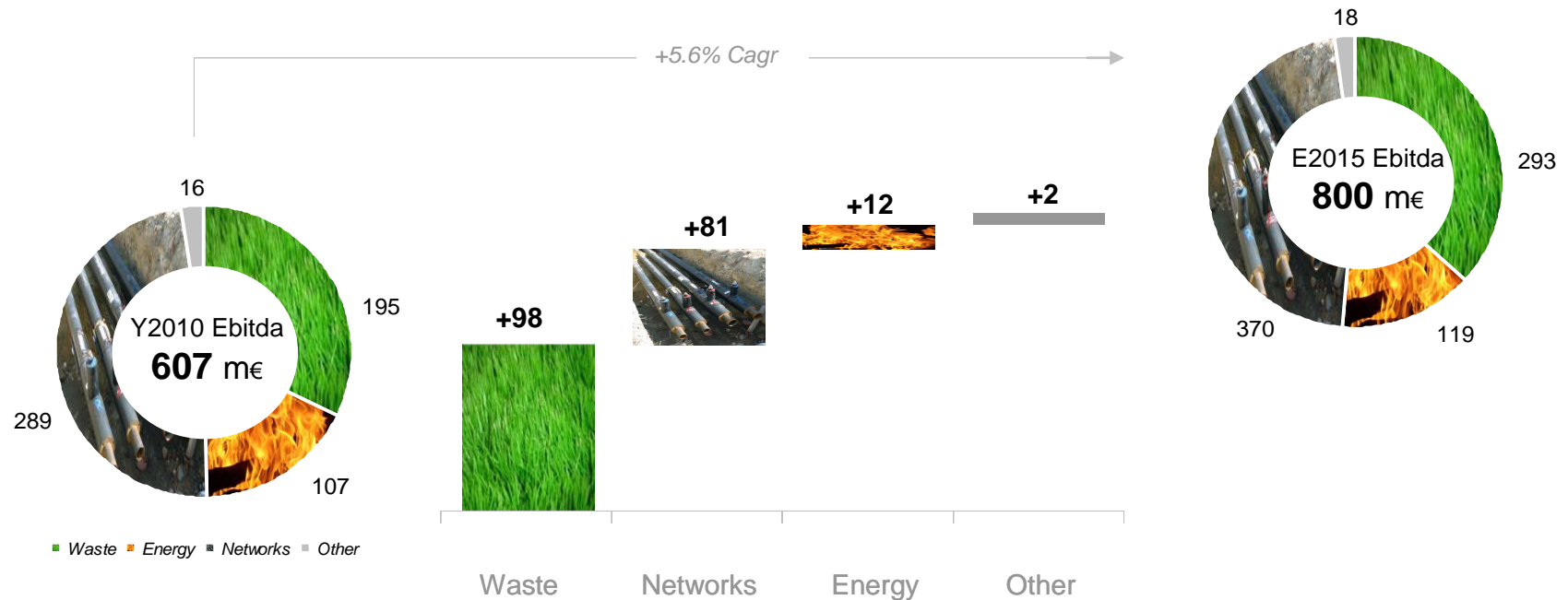
Negotiations in progress to pursue a share swap acquisition.

New opportunities might come from sector conditions/reforms

Overview on Ebitda growth by strategic areas

Ebitda growth

(m€)



Strategy in Waste

1. Consolidate leadership
2. Increase energy/material recovery
3. Reach proper return in Urban Coll.

Strategy in Networks

1. Win tenders/expand gas distribution
2. Tariffs to guarantee proper return
3. Efficiency/Innovation to enhanced return

Strategy in Energy

1. Expansion and cross selling
2. Diversify procur. mix and trading
3. Optimize cost to serve

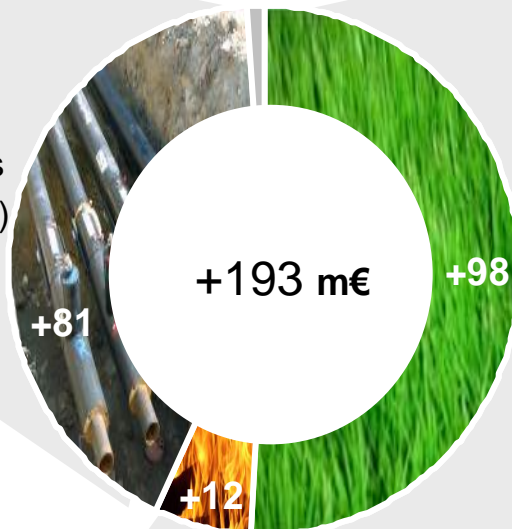
Targets by business areas

'10-'15 Ebitda growth split by business

(m€)

Networks

- Tariffs increase (avg +2% yearly on all regulated businesses)
- -150 bp leakage in water nets
- +10k km network exp. (+14%)
- +30% #POD per employee
- +30% District Heating volumes



Waste

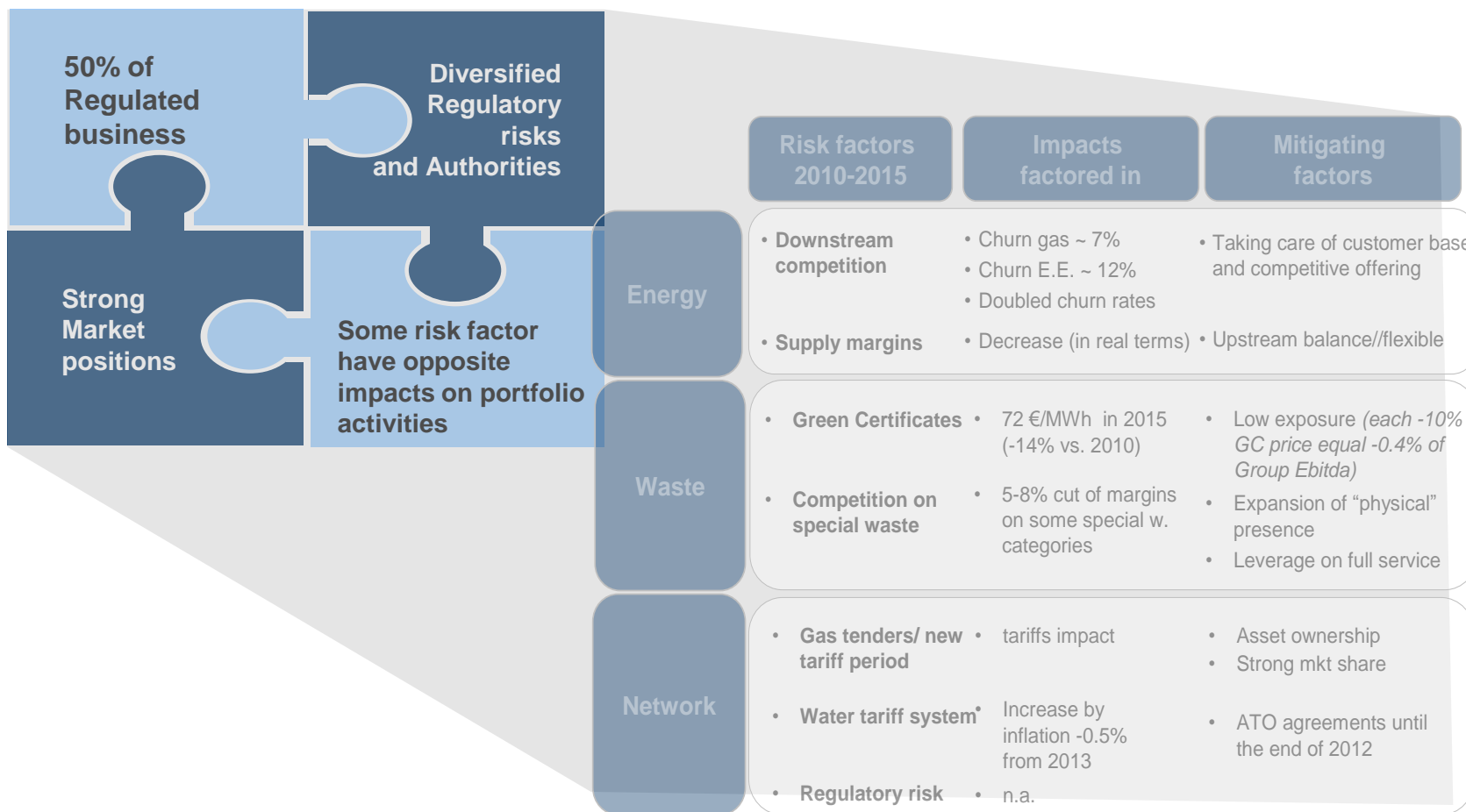
- 60% sorted collection (+12% vs 2010) and > 90% recycle/recovery
- + 1,5 mln ton (+43%) waste treated (excluding Hera production)
- Reduction of waste disposed in landfills (from 25% to 18%)
- + 250 GWh energy production awarded with Green Certificates
- Additional 9 new assets

Energy

- +350,000 gas clients and +240,000 electricity clients
- + 0.6 bcm of Gas and +2.6 TWh of electricity sold
- 7% reduction of Cost to serve
- +43 MW renewable energy (installed capacity)

Business risk exposure

Risk sensitivity by business

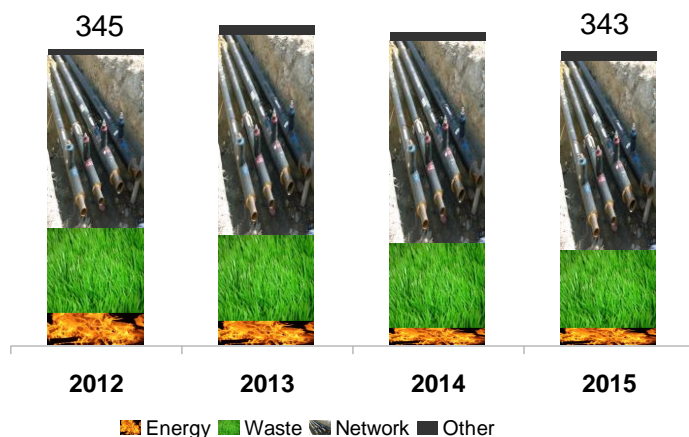


Still retaining some Capex flexibility

Capital discipline and enhanced financial structure

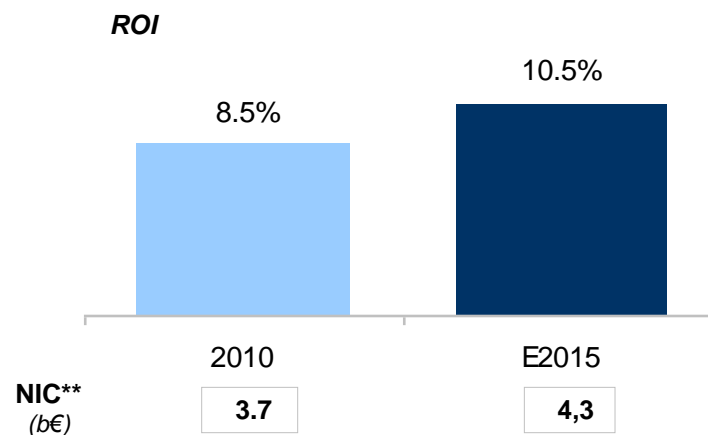
Capex plan*

(m€)



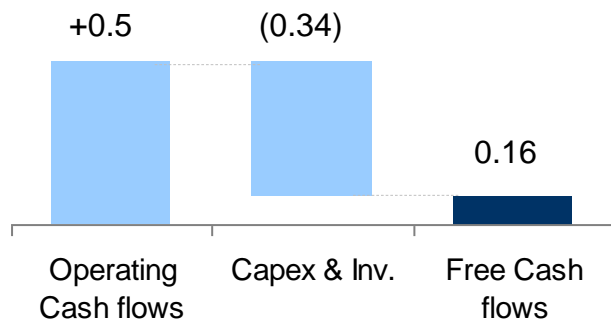
Returns

(%)



E2015 Cash flows

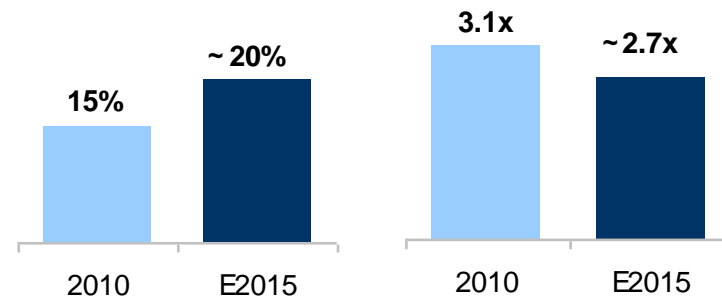
(b€)



Financial ratios

FFO/Debt

Debt/Ebitda



* Including Aimag capex **Net invested capital

...reliable and resilient company story

~800 m€ EBITDA (+~200 m€) with marginal risks

**~340/350* m€/year of capex, down by ~78 m€/year vs past 5Y,
>60% on regulated activities**

Free cash flow of all businesses in “positive” zone

Net Debt/EBITDA to 2.7 by 2015**

Confirming equity story

** Including contribution from AIMAG*

*** Accounting conversion of convertible bond*

ANNEX: Business plan 2011-2015

WASTE *(further details by strategic area)*

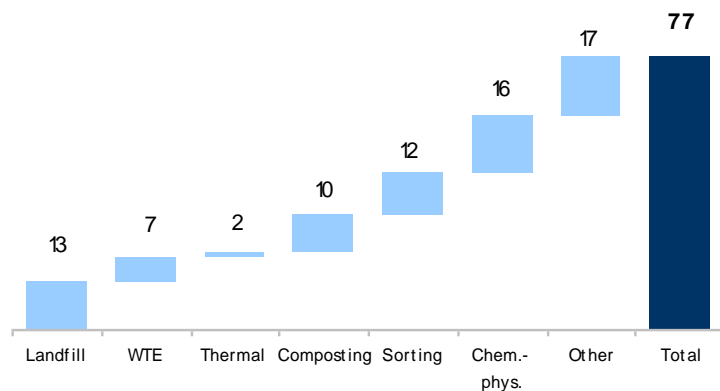
Waste business track records

Hera waste mgmt track record

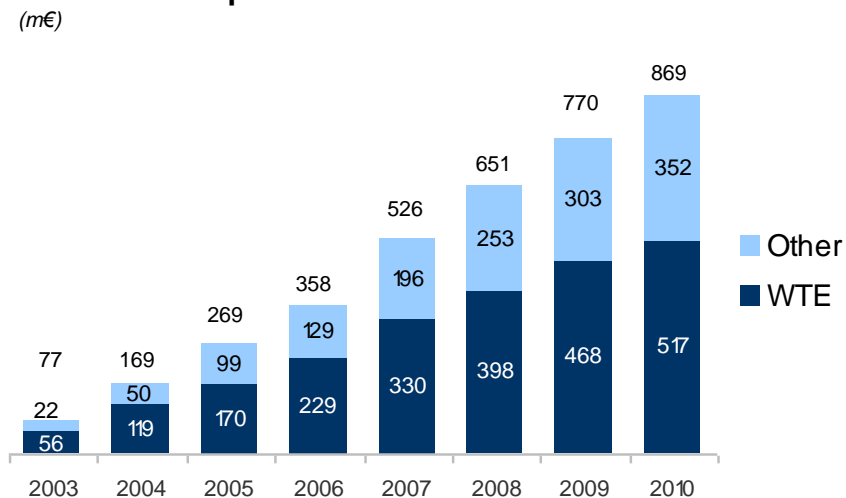
Financial track records (m€)

M €	2003	2004	2005	2006	2007	2008	2009	2010	Cagr
Revenues	285	362	482	540	554	632	642	701	+14%
Ebitda	62	86	131	151	156	186	187	195	+18%

Enhanced Hera's fully integrated asset base (n. of plants)



Cumulated capex '02-'10 (m€)



Changed business organization in 2010

- Spin-off waste treatment activities/assets into a new legal entity.
- Opened up share capital (25% stake) to Eiser.
- Achieved further financial flexibility in the Holding Hera SpA.

Hera growth strategy and waste market expansion

Market Expansion

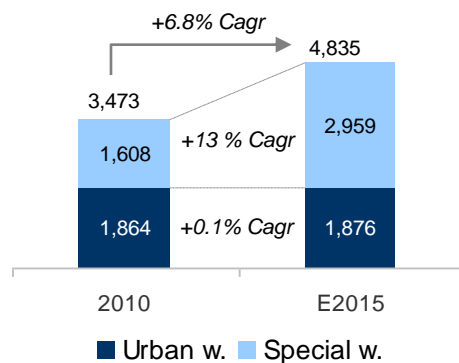
Focus on value added treatments

Expand geographical scope

Increase "full service" contracts

Hera sales volumes

(kton)

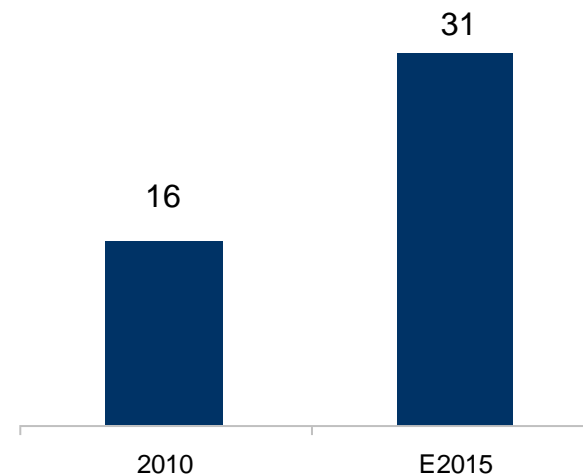


Leverage upon domestic plant shortage
 Identified key target MKT areas
 Competitive commercial offers (full service)

Physiological market growth
 Match volume growth/efficient treatments
 (urban w. landfill treatments down to 20%)
 Increase sorted collection from 45% to 54%

Green certificates from Waste

(m€)



GC quantity (GWh)

181

434

GC price (€/ MWh)

86

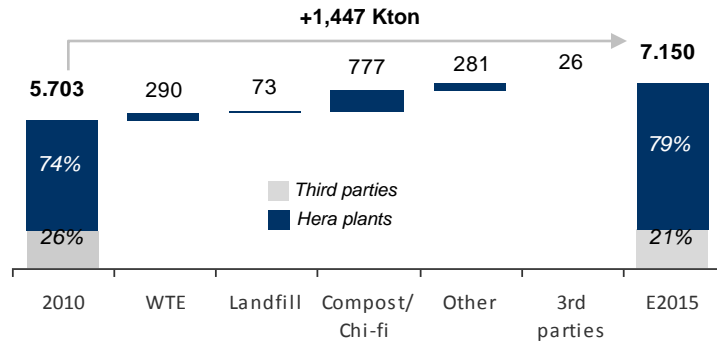
72

Waste treatment capacity and energy generation enhancement

Fully integrate value chain

Hera Treatment capacity

(k ton)



New Plants contribution to growth

Leadership linked to the selective integration of asset base.



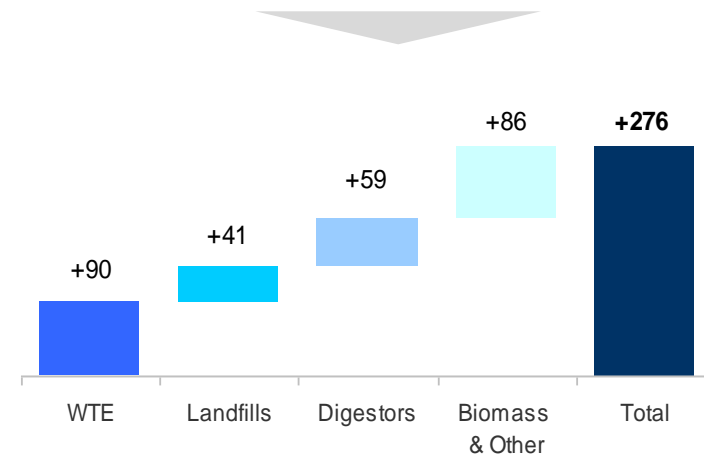
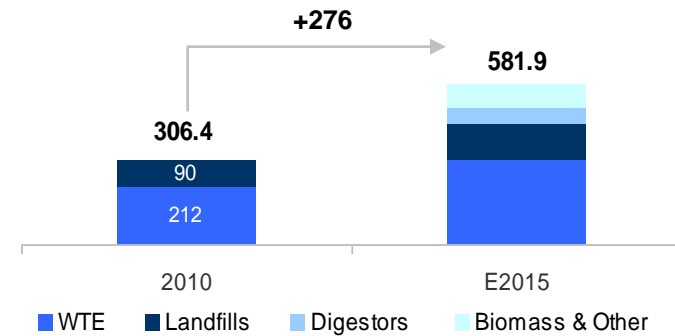
Ebitda contribution E2015

Digestors:	+6.0 m€
Biomass:	+5.5 m€
Desorption p:	+4.4 m€
Selection p:	+1.5 m€
Other plants:	+11.6 m€
Total	+29.0 m€

Energy production sustains growth

Renewable Power generation

(GWh)

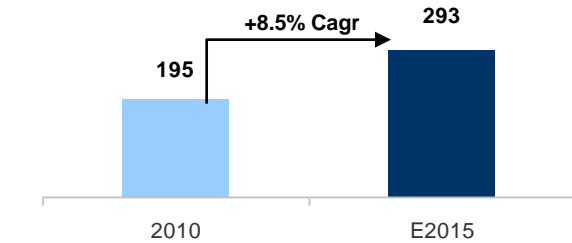


Waste targets

Full contribution from all new and started up plants

'11-'15 Ebitda growth

(m€)



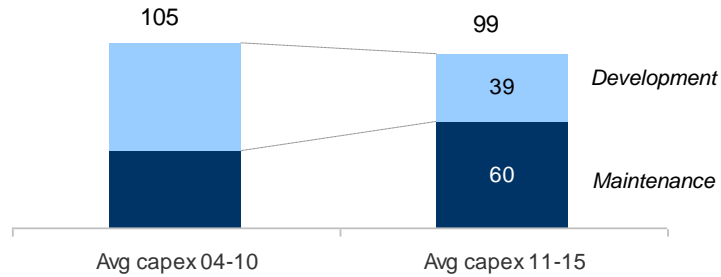
ROI

8.1%

14.7%

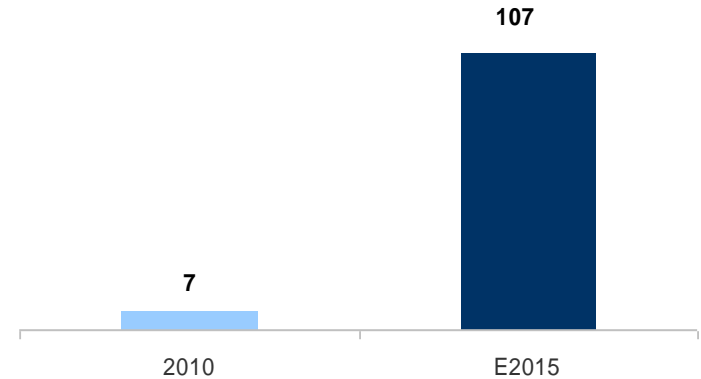
Capex plan*

(m€)



Cash Flow significant

progression (m€)



*Including a portion of Hera Indirect Capex

ANNEX: Business plan 2011-2015

NETWORKS *(further details by strategic area)*

Networks track records

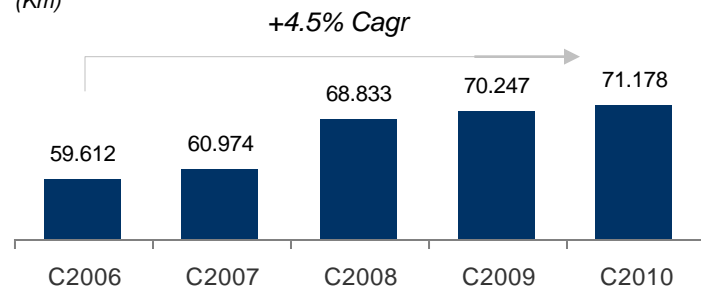
Hera track record

Networks track record (m€)

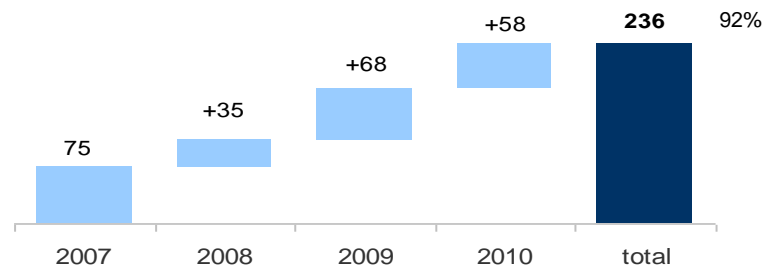
	C2004	C2005	C2006	C2007	C2008	C2009	C2010	Cagr.% 04-10
Revenues	452.2	592.4	662.8	763.8	769.2	924.2	893.2	+12.0%
Ebitda	146.2	199.9	216.3	239.4	262.4	278.1	288.8	+12.0%

Total networks length

(Km)



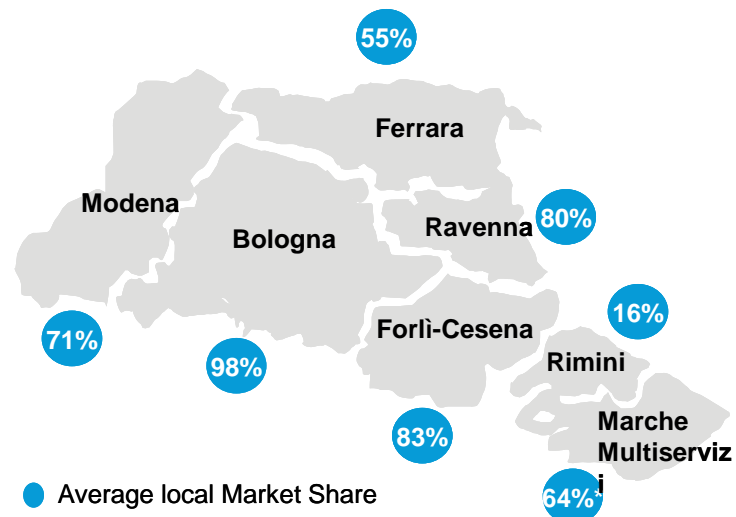
92% electricity net with electronic metering



Hera Market share in gas distribution

Incumbent in reference territories

(% of customers)

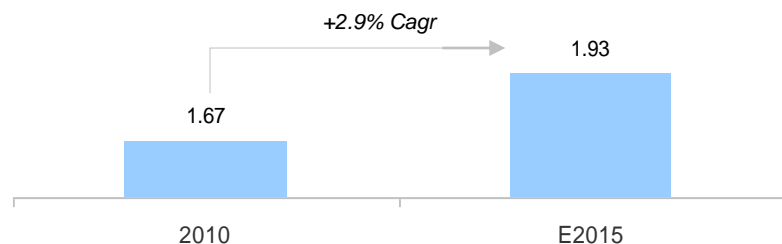


Potentials to win tenders inside the reference territory and in surroundings

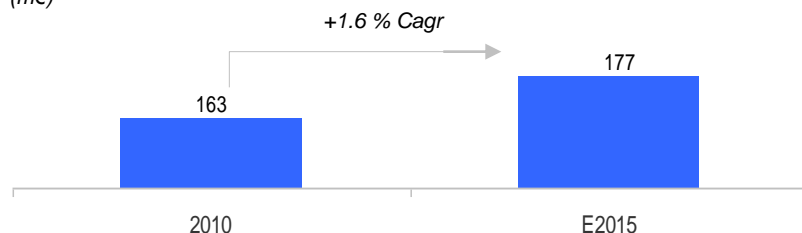
Networks internal growth drivers (1)

Visible and safe tariff enhancement

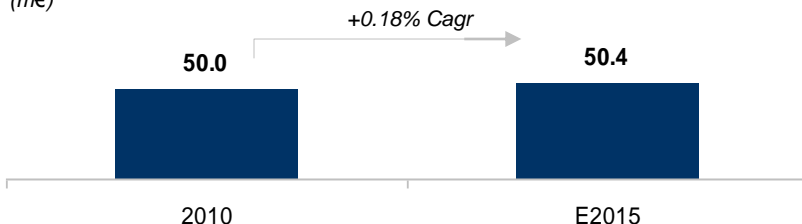
Avg. revenue per m³ of water distributed
(€/m³)



Total gas revenues
(m€)

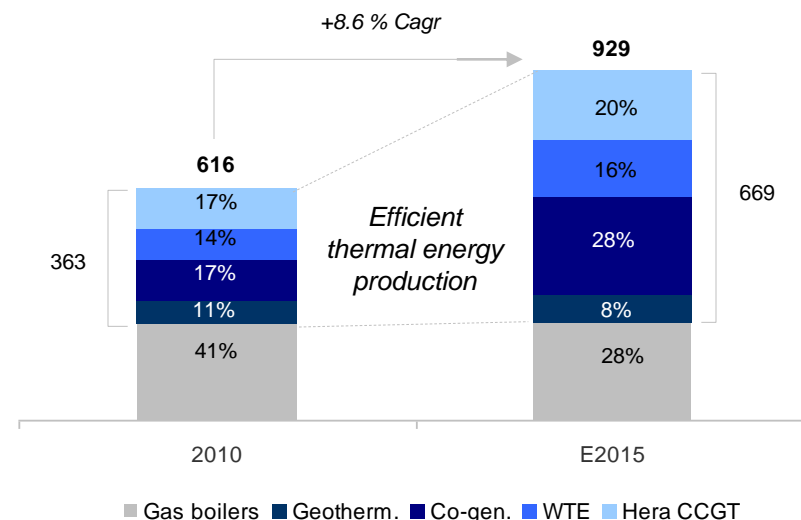


Total electricity revenues
(m€)



Benefitting from new asset base

Hera heating production sources
(GWh)



Hera heating production sources

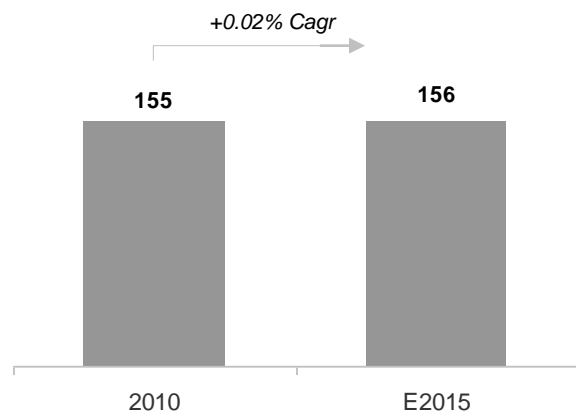
- Increase volume sold to new customer (new urbanization)
- Efficient sources for heat production
- Waste contribution to increase heat gen.
- Increase of margins/environmental perf.

Networks internal growth drivers (2)

Economies of scale in networks management

Average Cost per POD

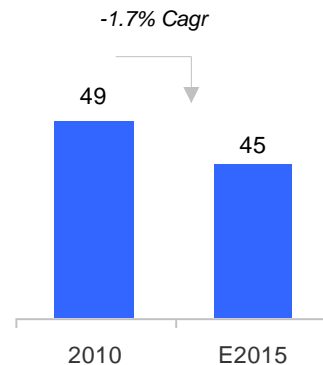
(€/POD)



- smart metering and smart grid
- workforce management
- network remote control
- network layout optimization

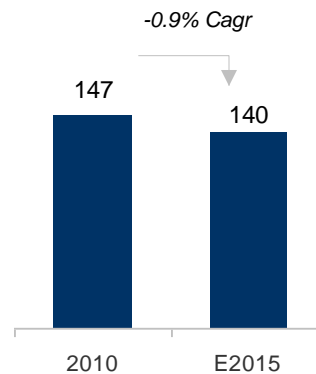
Gas

(€/POD)



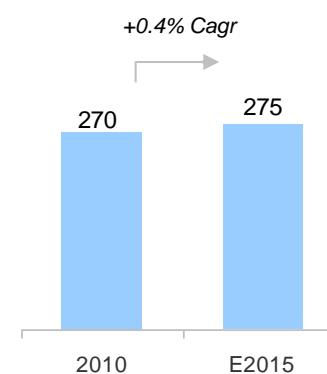
Electricity

(€/POD)



Water

(€/POD)

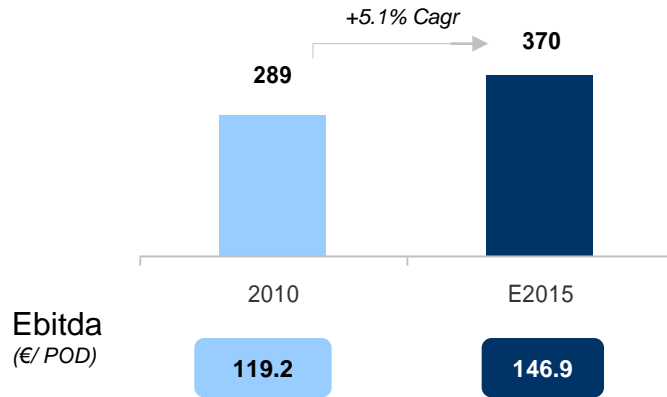


Networks targets

Capital discipline and efficiency gains turn cash flows to positive

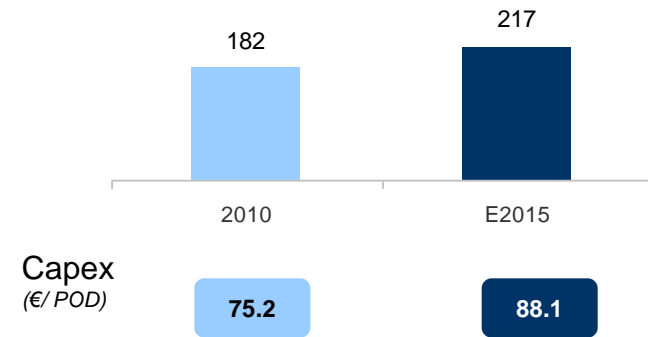
Ebitda

(m€)



Capex

(m€)



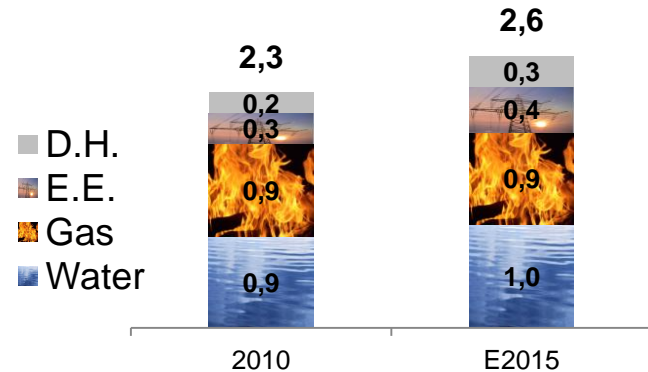
Cash Flow

(m€)



RAB/ NIC*

(b€)



(*) = Regulated Asset Base for Gas & Water; Net Invested Capital (Fixed Asset, Working Capital less provisions) for E.E. & D.H

ANNEX: Business plan 2011-2015

ENERGY *(further details by strategic area)*

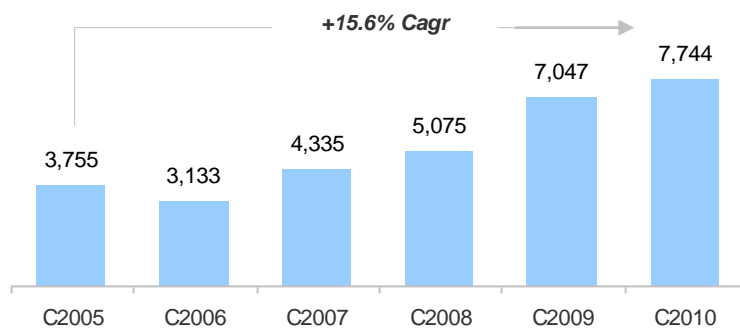
Energy track record

Hera track record

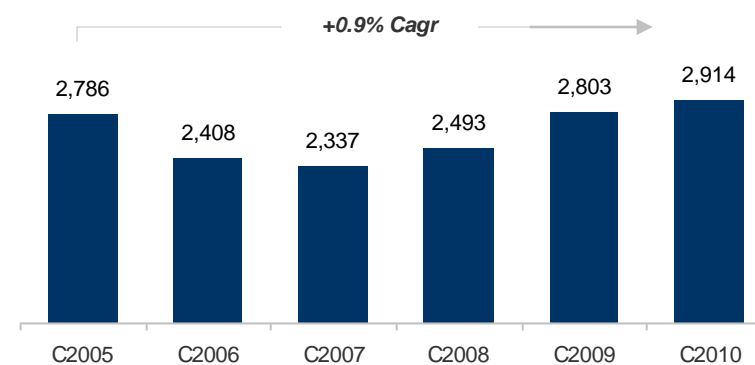
Financial Highlights

	C2004	C2005	C2006	C2007	C2008	C2009	C2010	Cagr.% 04-10
Revenues	652,4	1.089,7	1.192,3	1.630,6	2.474,1	2.958,6	2.392,1	+24,2%
Ebitda	52,9	42,7	44,7	43,0	66,1	80,8	106,9	+12,4%

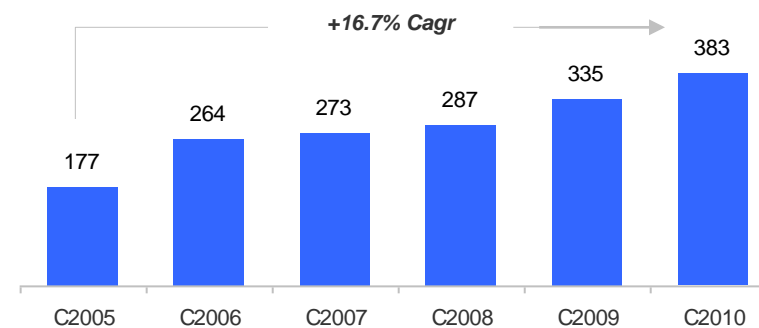
Electricity volumes sold (GWh)



Gas volumes sold (ml m³)



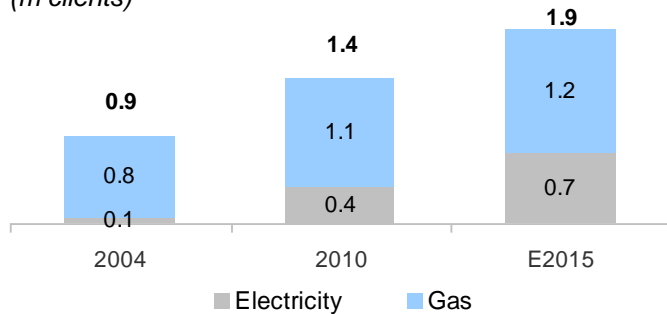
Electricity customers ('000)



Keeping a balanced and effective energy upstream strategy

Sales expansion

Evolution of Hera Energy clients
(m clients)

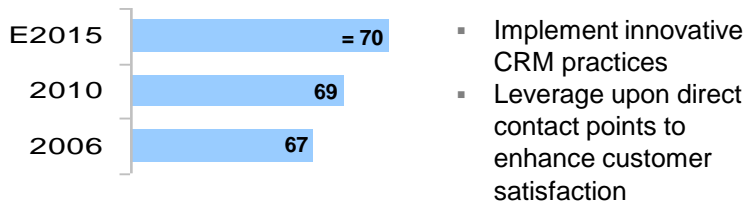


Hera commercial strategy

- Keep in focusing on residential and SoHo
- Further penetrate surrounding Regions
- Keep on leveraging on “salvaguardia” customer base (Tuscany and Umbria)
- Focus on cross selling through a multiservice offer
- Provide key industrial clients trigen solutions

Hera customer satisfaction Indexes

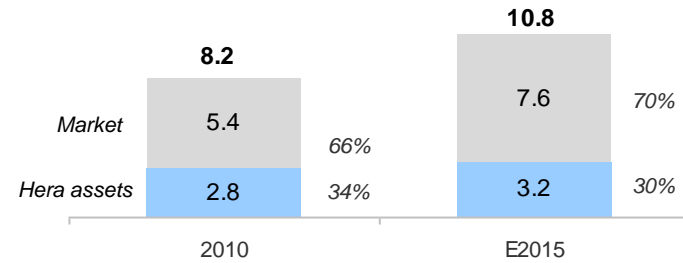
(60 correspond to satisfied, 70 to delighted)



- Implement innovative CRM practices
- Leverage upon direct contact points to enhance customer satisfaction

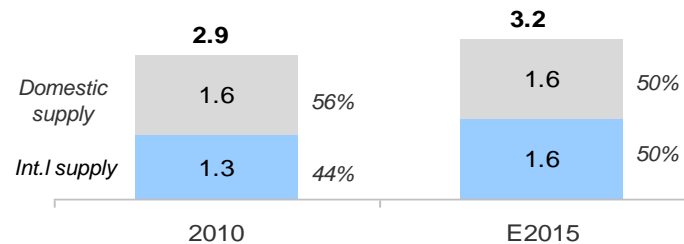
Sales coverage

Hera Electricity provisioning mix (TWh)



- Exploit trading and procurement capabilities
- Reach flexibility with current asset base
- Identify opportunities on new leading edge projects in the M/L term

Gas provisioning mix (bcm)



- Exploit market position
- Consolidate relationship with key player
- Leverage on procurement trading capabilities
- Exploit capacity available on international pipelines
- Expand trading strengths
- Identify infrastructure opportunities

Energy targets

Growing results and decreasing capex turn cash flow to positive

Cost to serve

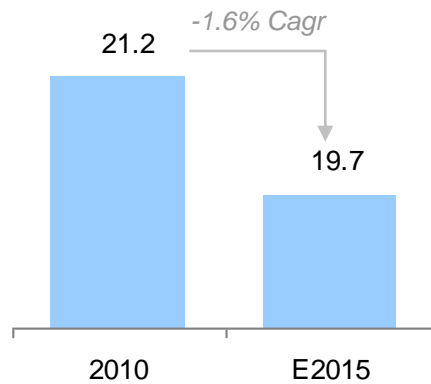
(€/contract)

Multi-utility approach to exploit economies of scale

Sales channels tailored on clients' segment

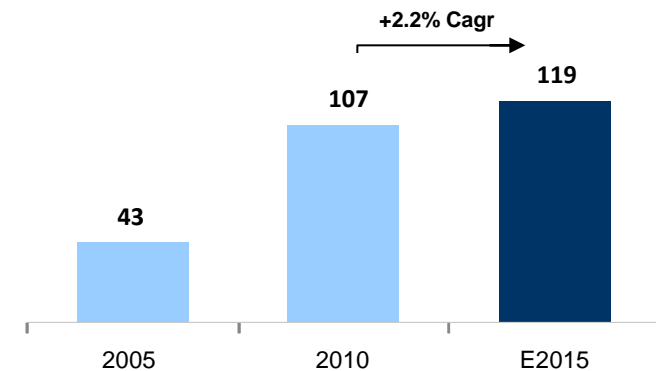
Online services and electronic invoices

Optimisation of customer operations



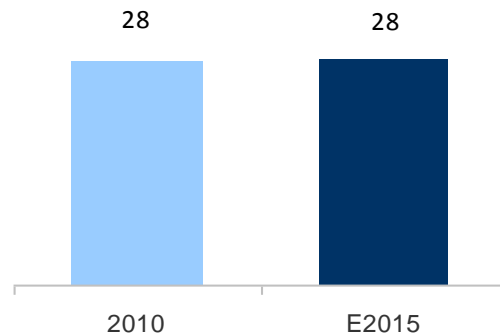
Ebitda growth

(m€)



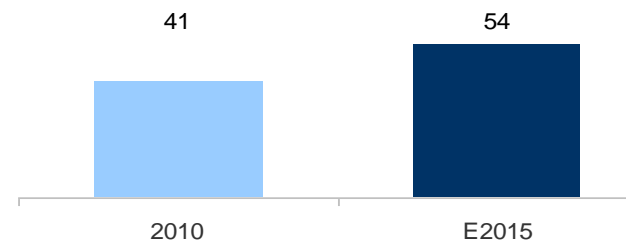
Capex

(m€)



Cash Flow

(m€)



Cash Flow per customer (€)

27

ANNEX: Business Plan 2011-2015

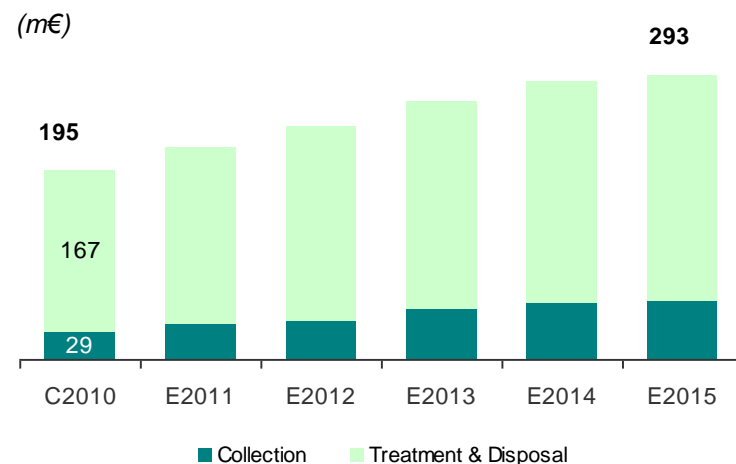
(by business)

Waste business

Economics

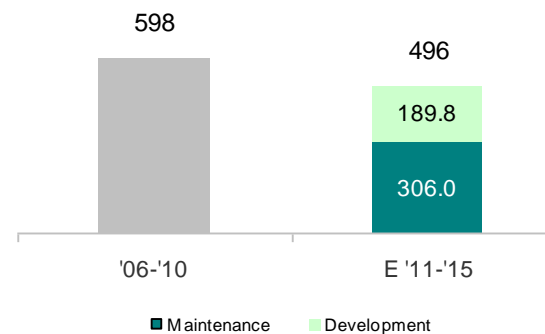
M €	2010	E2015	Cagr.
Revenues	703.1	977.8	+6.8%
Operat. costs	(386.0)	(512.1)	+5.8%
Personnel	(147.2)	(173.6)	+3.4%
Capitaliz.	25.3	0.9	(48.7%)
Ebitda	195.1	293.0	+8.5%

Ebitda breakdown



Capex '11-'15: 496m€

(m€)



Highlights

	2010	E2015
Tariffs (€/ton)	213.8	268.7
Volume treated		
Urban (kton)	1,864	1,876
Special (kton)	1,608	2,959
Hera prod. (kton)	2,230	2,316

Water business

Economics

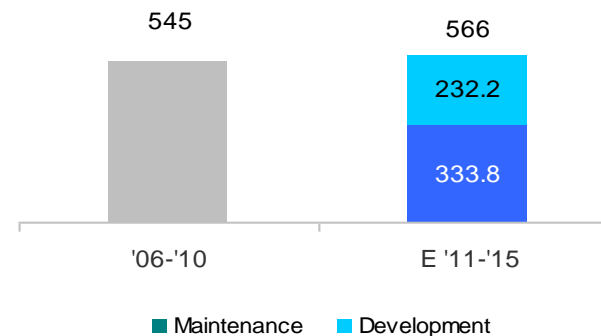
M €	2010	E2015	Cagr.
Revenues	579,2	570,8	(0,3%)
Operat. costs	(344,7)	(287,6)	(3,6%)
Personnel	(105,2)	(117,3)	+2,2%
Capitaliz.	12,8	27,3	+16,4%
Ebitda	142,0	193,1	+6,3%

Volume sold & n. of contracts

	2010	E2015
Volumes (mm ³)	251	251
Contracts (m)	1.18	1.24

Capex '11-'15: 566m€

(m€)



Highlights

	2010	E2015
Leakage	26.0%	25.3%
RAB (b€)	0.9	1.0
Tariff (€/m ³)	1.7	1.9

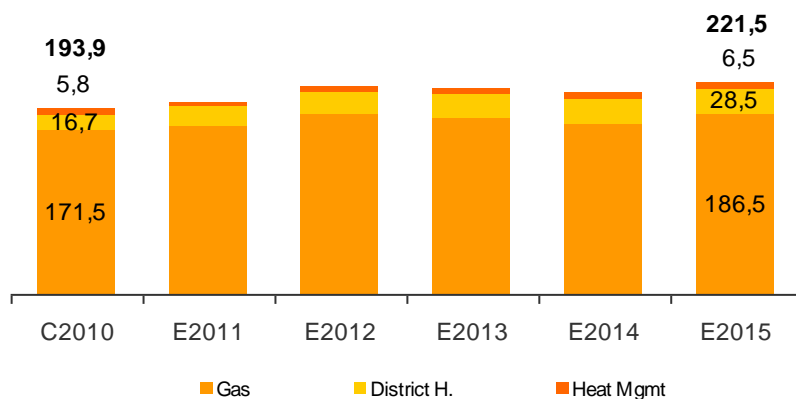
Gas business

Economics

M €	2010	E2015	Cagr.
Revenues	1.237,1	1.593,7	+5,2%
Operat. costs	(1.003,3)	(1.308,2)	+5,5%
Personnel	(66,9)	(75,9)	+2,5%
Capitaliz.	27,0	11,8	(15,2%)
Ebitda	193,9	221,5	+2,7%

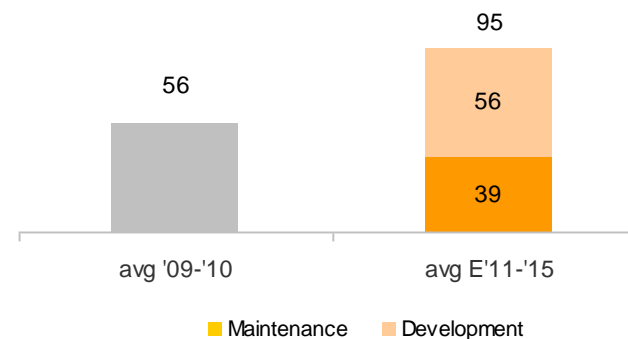
Ebitda breakdown

(m€)



Capex '11-'15: 476m€

(m€)



Highlights

	2010	E2015
RAB (b€)	0.9	0.9
Networks (kKm)	13.5	15.7
Tariffs (€/m ³)	6.5	6.9

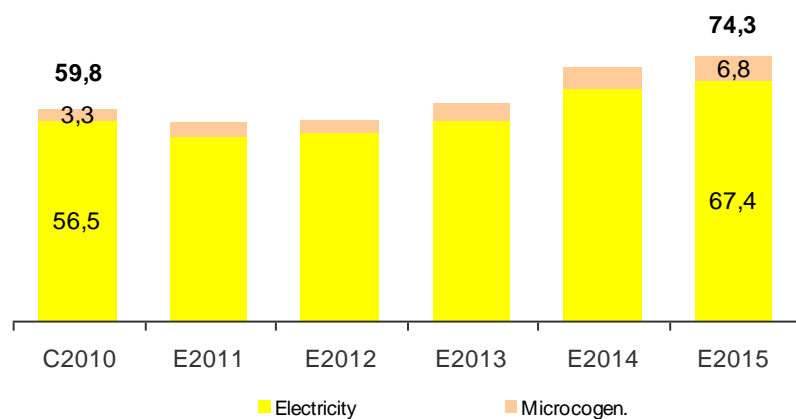
Electricity business

Economics

M €	2010	E2015	Cagr.
Revenues	1.468,3	1.744,9	+3,5%
Operat. costs	(1.399,2)	(1.652,6)	+3,4%
Personnel	(23,8)	(29,3)	+4,2%
Capitaliz.	14,5	11,2	(5,0%)
Ebitda	59,8	74,2	+4,4%

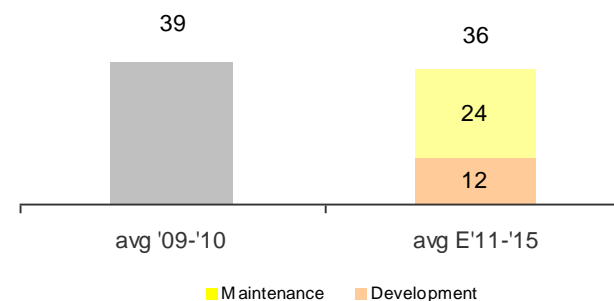
Ebitda breakdown

(m€)



Capex '11-'15: 182m€

(m€)



Highlights

	2010	E2015
E. sold (TWh)	7.7	10.1
E. distr. (TWh)	2.2	2.3
E. contracts (k)	383	704
E. tariffs (€/KWh)	2.3	2.2

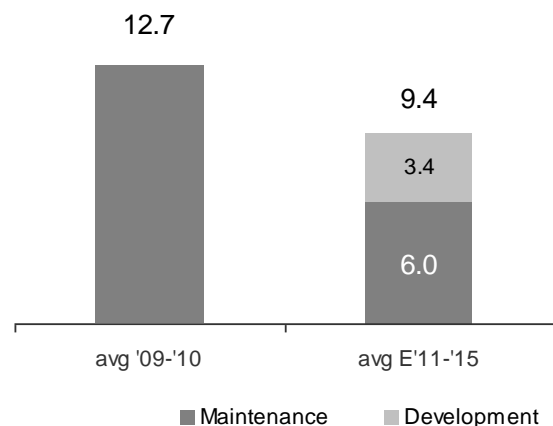
Other business

Economics

M €	2010	E2015	Cagr.
Revenues	99,4	84,5	(3,2%)
Operat. costs	(66,5)	(48,2)	(6,9%)
Personnel	(18,7)	(18,1)	(0,7%)
Capitaliz.	2,3	0,0	
Ebitda	16,4	18,2	+2,1%

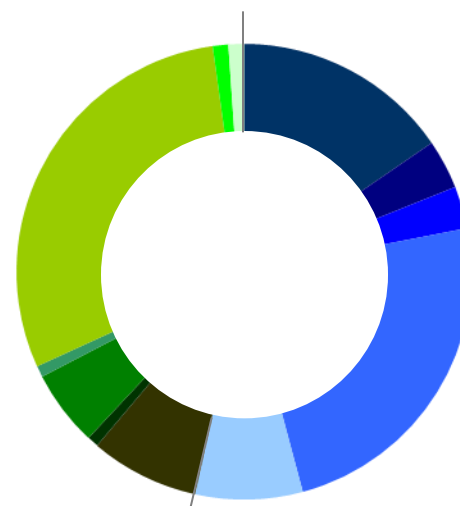
Capex '11-'15: 47m€

(m€)



Business Portfolio breakdown

Liberalized 47%



Regulated 53%

- Gas Distr.
- EE Distrib.
- Collection
- Heat Mgmt
- Microcogen.
- Publ. Light.
- District H.
- Water
- Gas Sales
- EE Sales
- Treatment & Disposal
- TLC & other

This presentation contains forward-looking statements regarding future events (which impact the Hera Group's future results) that are based on current expectations, estimates and opinions of management.

These forward-looking statements are subject to risks, uncertainties and events that are unpredictable and depend on circumstances that might change in future.

As a result, any expectation on Group results and estimates set out in this presentation may differ significantly depending on changes in the unpredictable circumstances on which they are based.

Therefore, any forward -looking statement made by or on behalf of the Hera Group refer on the date they are made.

The Hera Group shall not undertake to update forward-looking statements to reflect any changes in the Group's expectations or in the events, conditions or circumstances on which any such statements are based.

Nevertheless, the Hera Group has a "profit warning policy" , in accordance with Italian laws, that shall notify the market (under "price-sensitive" communication rules) regarding any "sensible change" that might occur in Group expectations on future results.