

press release

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Hera Shareholders Meeting: 2017 financial statements and dividends rising to 9.5 cent/share approved

Improvement seen in all operating-financial and sustainability indicators, with results exceeding expectations and a renewed commitment to creating shared value. Appointment of Alessandro Melcarne, co-opted last November as member of the Board of Directors, confirmed

Hera's Ordinary Shareholders Meeting called to approve the 2017 financial statements was held in Bologna this morning. Furthermore, the 2017 sustainability report (a consolidated non-financial statement drafted pursuant to legislative decree 254/2016) was presented and the appointment of Alessandro Melcarne, priorly co-opted as member of the Board of Directors during the session held on 8 November 2017, was confirmed.

Approval of the financial statements and a dividend rising to 9.5 cent/share

In the Ordinary session, the Shareholders Meeting approved the balance sheets pertaining to 2017, which showed improvement in all operating-financial indicators, with results exceeding expectations: turnover reached € 6,136.9 million, up 10.3% over the previous year, Ebitda came to € 984.6 million (+7.4%) and net profits amounted to € 266.8 million (+21.1%).

In 2017, overall Group investments, including capital grants, came to € 440.5 million (+14% compared to 2016). Net debt improved, amounting to € 2,523 million and the net debt/EBITDA ratio saw a further decrease compared to the previous year, settling at 2.56, thanks to growth in operating results and the reduction in net debt.

These results are particularly positive, and confirm the validity of the Group's multi-business strategy, which allows the company to successfully balance regulated and free-market activities in addition to maintaining a sustainable risk profile. The combination of two fundamental levers, internal growth and external development, moreover allowed the Group to continue expanding, owing to factors including its ability to anticipate and grasp the best opportunities seen within an increasingly challenging regulated and market scenario, whose development models are progressively evolving.

These results, in line with the content of the Business Plan to 2021, are the crowning achievement of the multi-utility's 15 years of activity, which have seen it reach significant goals: from a quintupled Ebitda to net profits that have grown by almost 8 times compared to 2002, without counting the 25 acquisitions completed, producing remarkable synergies.

The Meeting then approved the Board of Directors' proposal to pay a 9.5 cent/share dividend, showing an increase over the past and in line with what had previously been announced in the Business Plan to 2021. The ex coupon date has been set at 18 June 2018, with payment beginning on 20 June 2018. The dividend paid, based on the price of Hera stock at 31/12/2017, corresponds to an annual return of over 3%.

This confirms once again the Group's high degree of attention towards the creation of shared value, as indicated in the recent Business Plan, which calls for a policy of rising dividends compared to the

Group's historical trend, with a further increase foreseen reaching 10 cent/share in 2018 and 2019, and coming to 10.5 cents in 2020 and 2021.

The results achieved, the business model's resilience and the solid bases of the Business Plan, it is worthwhile noting, all recently allowed the Hera Group to obtain a revision of the company's outlook rating from Standard & Poor's, going from stable to positive.

An entirely renewed sustainability report, with shared value Ebitda coming to € 329 million

The 2017 sustainability report was also presented during the Meeting: entirely renewed from every angle, regarding both editorial criteria and content, it brings to light an increasingly strong attention towards the creation of shared value. This is accomplished by recording business activities that, in addition to generating operating income for the company, are also in line with the drivers for sustainable growth set out in the UN Agenda.

More specifically, the Hera Group's shared value Ebitda amounted to € 329 million, up 10% over the previous year. This result perfectly matches the path marked by the Business Plan, which expects this value to reach 40% by 2021. Furthermore, in 2017 the Group also invested roughly € 200 million (approximately 41% of total investments) in the development of shared value.

A rise was also seen in the overall wealth distributed in local areas, benefiting workers, shareholders, financiers, banking institutions, public administrations, local communities and suppliers. This wealth came close to 2 billion euro in 2017, showing a 6.5% growth over 2016, with positive consequences for local economies and employment rates.

The main interventions involved producing biomethane from the organic portion of waste, developing waste recycling, upgrading the wastewater purification service and digitalising services in a move towards utility 4.0.

With sorted waste rising to 57.7% of the total, the Hera Group has continued reducing the use of landfills, which decreased to 7% as compared to the European target of 10% within 2035. An excellent performance was moreover seen in packaging recycling, which reached 68%, already over the European target of 65% by 2025. The strategic companies in recovering materials were Waste Recycling and Aliplast: in 2017 alone, the latter's plants in fact produced roughly 103 thousand tonnes of recycled plastic.

The Group continues to show commitment to decarbonisation, with a 16% reduction in the carbon footprint in energy production compared to 2015. In the area of energy efficiency, the interventions implemented allowed the company to decrease its own energy consumption by 3.6% compared to 2013, surpassing the target of 3% and approaching the 5% set for 2020. Furthermore, for all the activities it manages in the Emilia-Romagna region, as of 2017 Hera has been using exclusively renewable energy, a choice made this year by AcegasApsAmga and Marche Multiservizi as well. Moreover, 67.5% of the energy produced by the Group itself comes in turn from renewable sources and cogeneration.

Other resolutions approved

The Meeting approved the renewal of its authorisation for the Board of Directors to purchase treasury shares (and arrangements for their disposal), for a maximum amount of € 200 million over 18 months, at the same time annulling the unimplemented part of the prior resolution, dating to the previous year. This renewal of authorisation was requested to pursue the aims provided for by current regulations and accepted market practices, including investment opportunities entailing the use of treasury shares to increase the creation of value, any acquisitions of holdings that may involve equity trading, and

transactions involving financial instrument issuance. The Meeting furthermore approved the remuneration policy report, in line with international best practices. Lastly, the report on corporate governance was presented to the Meeting.

The appointment of Alessandro Melcarne as member of the BoD confirmed

The meeting lastly confirmed the appointment of Alessandro Melcarne as member of the Board of Directors of Hera S.p.A. Melcarne had previously been appointed by cooptation during the Board of Directors meeting held on 8 November 2017, substituting the resigning Aldo Luciano, and will remain in office until the date set for the appointment of the next Board of Directors, i.e. until the Meeting called to approve the financial statements for 2019.

Director Melcarne confirmed that he meets the independence requisites foreseen by law and does not hold any shares in Hera S.p.A.

His CV can be consulted on the website www.gruppohera.it, within the Corporate Governance/BoD section.

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