

ESG world gold class*

Hera investment profile



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World Business Council for Sustainable Development



Global
Commitment



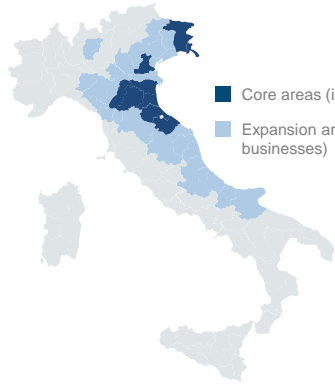
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Sustainability Indices**
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Sustainability Award
Gold Class 2021
S&P Global

* According to the 2021 Yearbook of S&P Global

Strong market positions in wealthiest part of Italy

FOOTPRINT



- Core areas (incumbent, multi-utility service)
- Expansion areas (leadership in liberalized businesses)

Focused low risk growth

WASTE

1st

6.6 mtons
Waste treated

WATER

2nd

286 mmc
Water supplied

ENERGY SUPPLY

3rd

3.4 mln
Customers

GAS DISTRIBUTION

4th

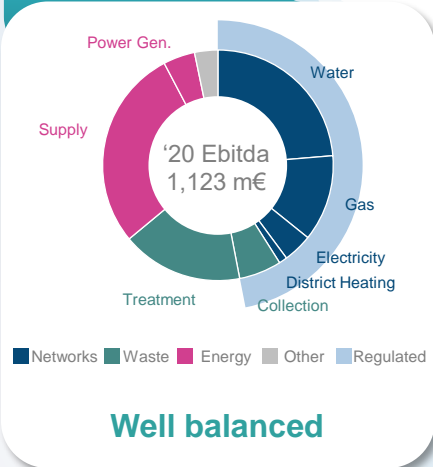
2,585 mmc
Gas distributed

Largest Italian multi-utility: about 5 b€ Mkt Cap

At a glance

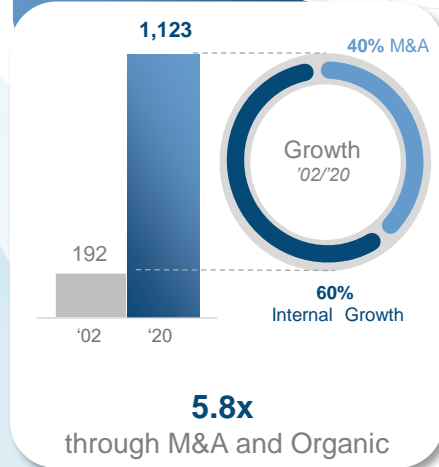
BUSINESS MIX

(m€)



EBITDA DRIVERS

(m€)



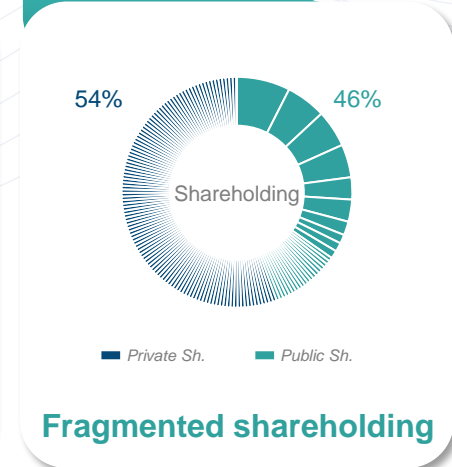
EBITDA CSV

(m€)



SHAREHOLDING

(%)

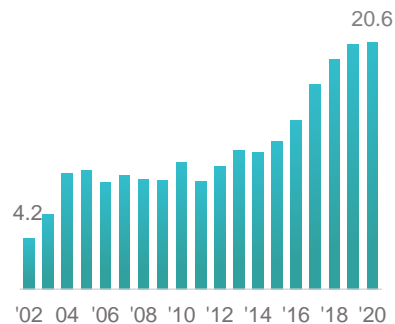


A diversified and sustainable low risk growth story

Track record

EPS GROWTH

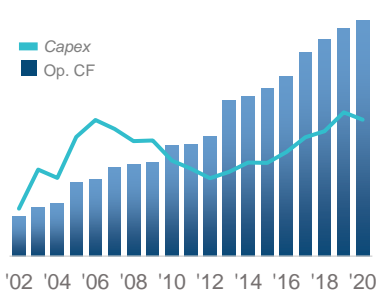
(c€)



+10% Cagr

CAPEX/CASH FLOW

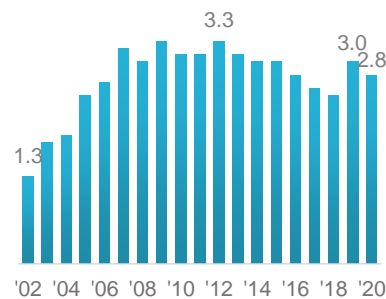
(m€)



Cash generating capex

DEBT/EBITDA

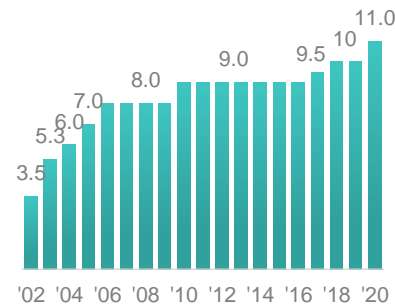
(x)



Financial flexibility

DIVIDEND

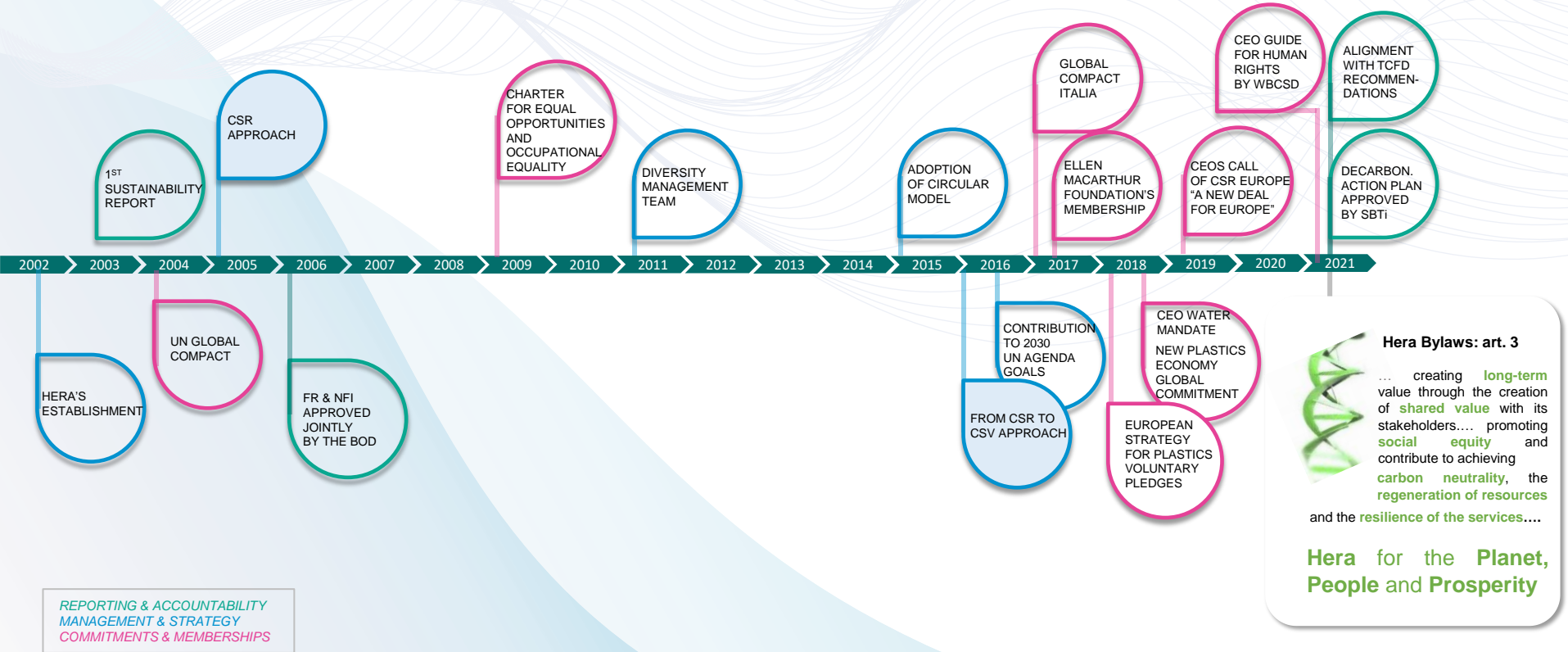
(c€)



'Aristocrat' dividend policy

Ever growing track record even in a pandemic

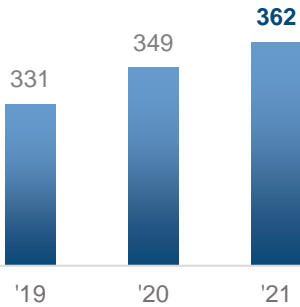
Sustainability commitment started with Co. establishment (20 years ago)



From Ethics to Creation of Shared Value

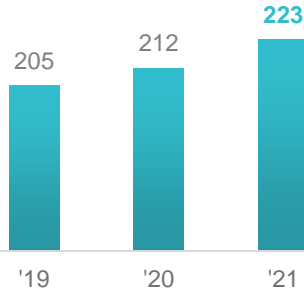
Latest results: Q1 in a snapshot

EBITDA
(m€)



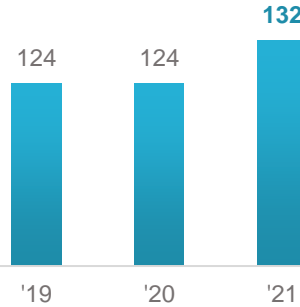
+3.7% '21 vs '20

EBIT
(m€)



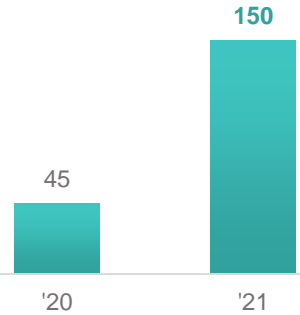
+5.4% '21 vs '20

NET PROFIT
(m€)



+6.3% '21 vs '20

FREE CASH FLOW
(m€)

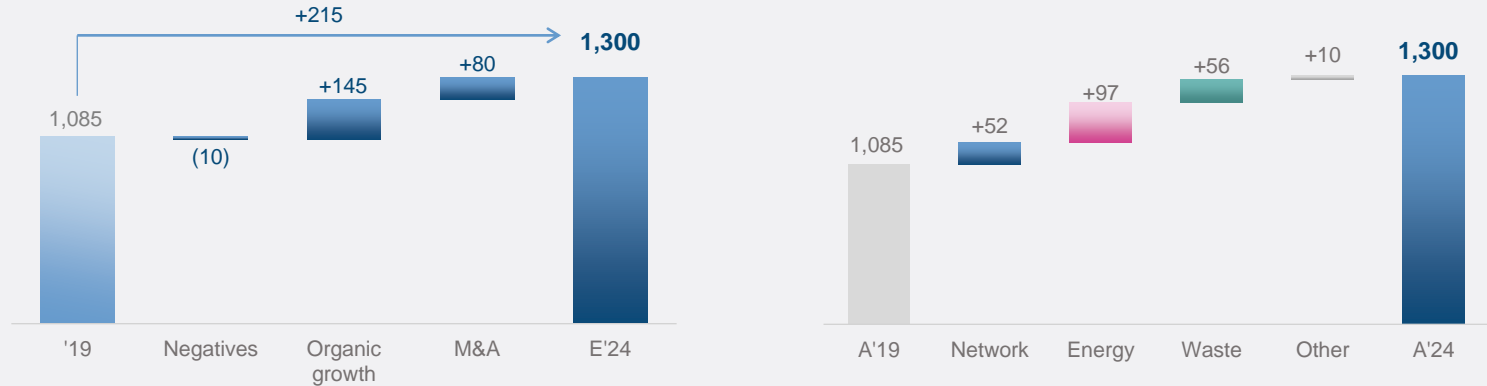


+3.3x in Q1 '21

Posting growth with strong cash flows in a normalizing environment

Ebitda to 2024: growing path confirmed

EBITDA GROWTH DRIVERS AND BY BUSINESS (m€)

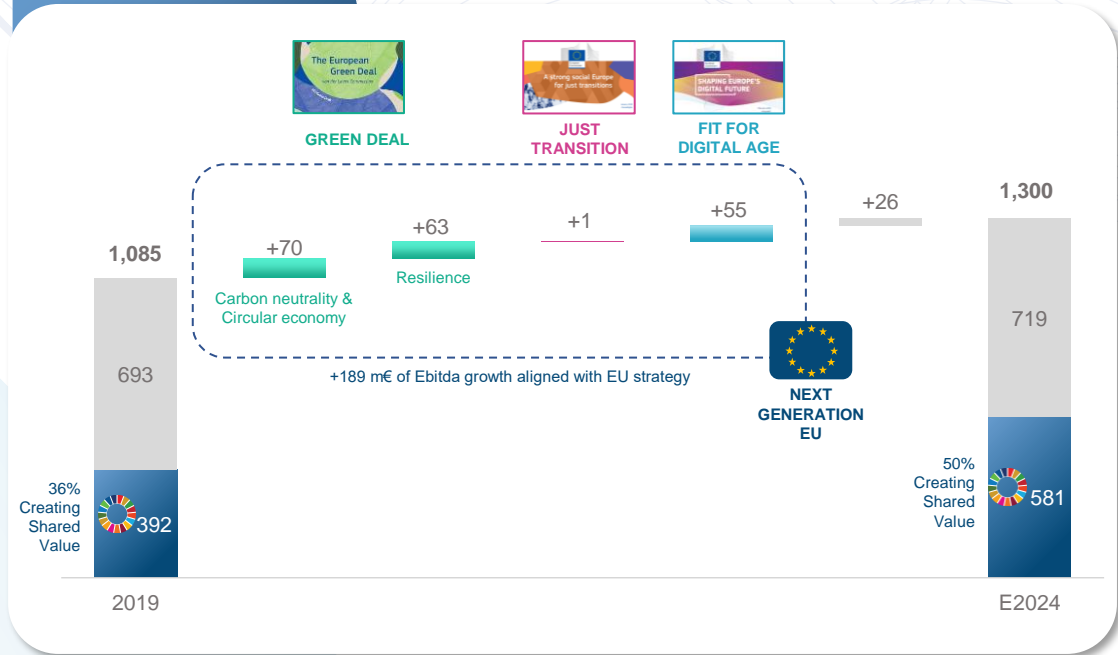


Potential opportunities and the synergies from M&A go “On Top”

Hera growth-strategy perfectly goes in EU and UN directions



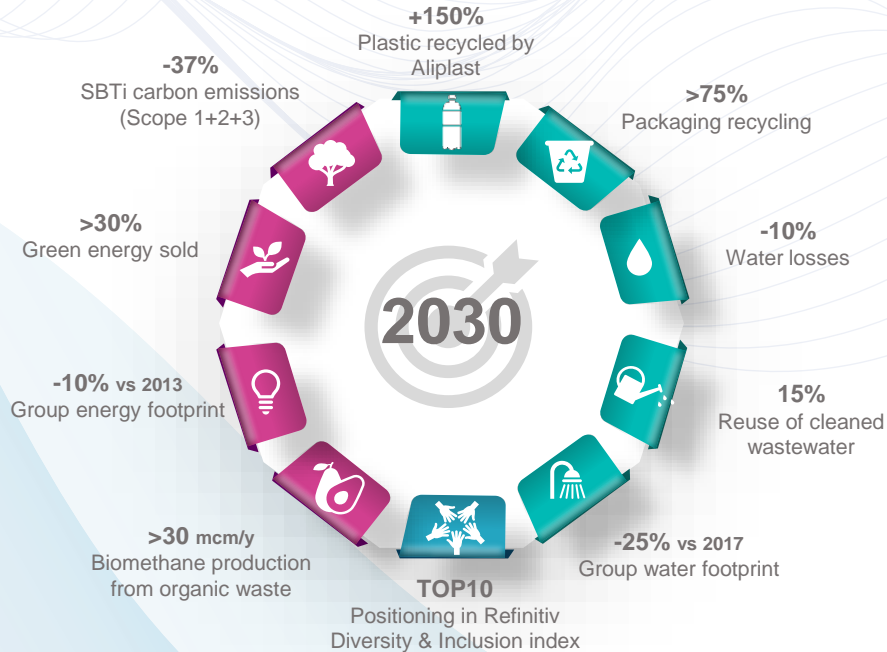
BP to '24 Ebitda Growth (m€)



88% of Ebitda growth aligned with EU strategy

Looking long term at 2030 targets

Carbon neutrality targets



Circular economy targets

With ambitious contribution to EU and UN targets



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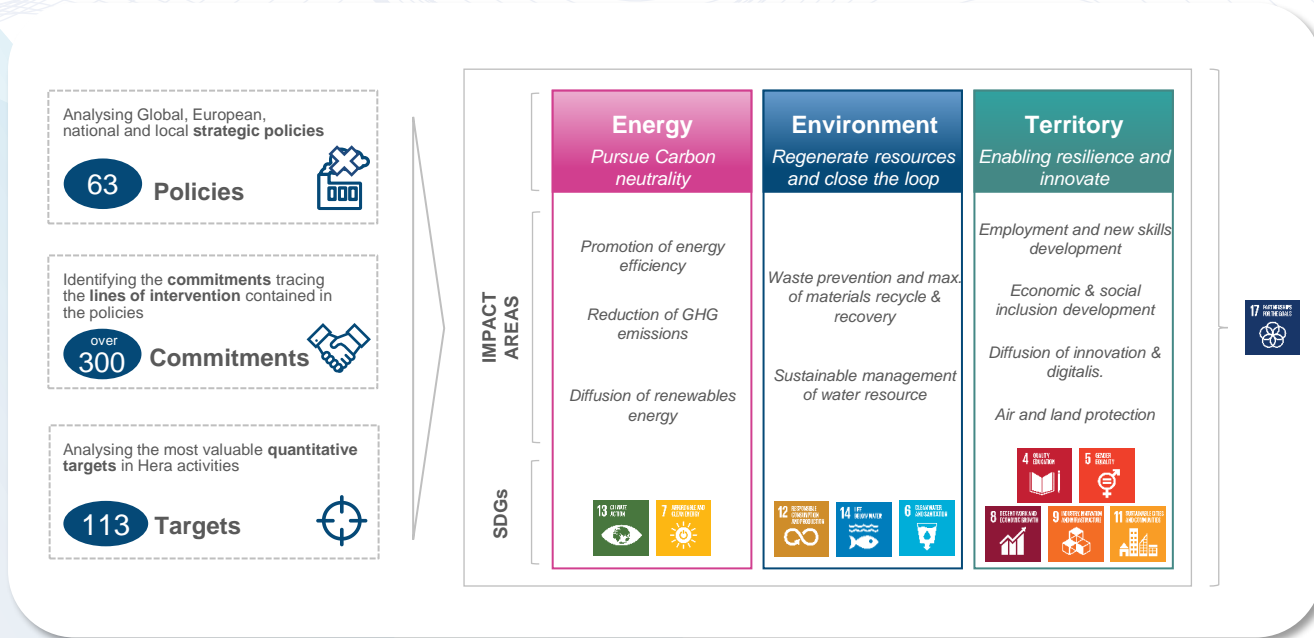
SUSTAINABLE PROFILE



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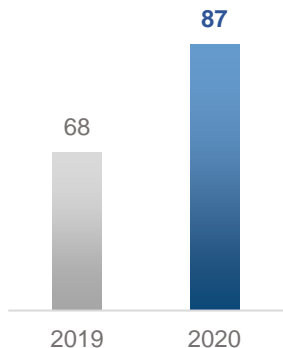
From Corporate Social Responsibility to Create Shared Value



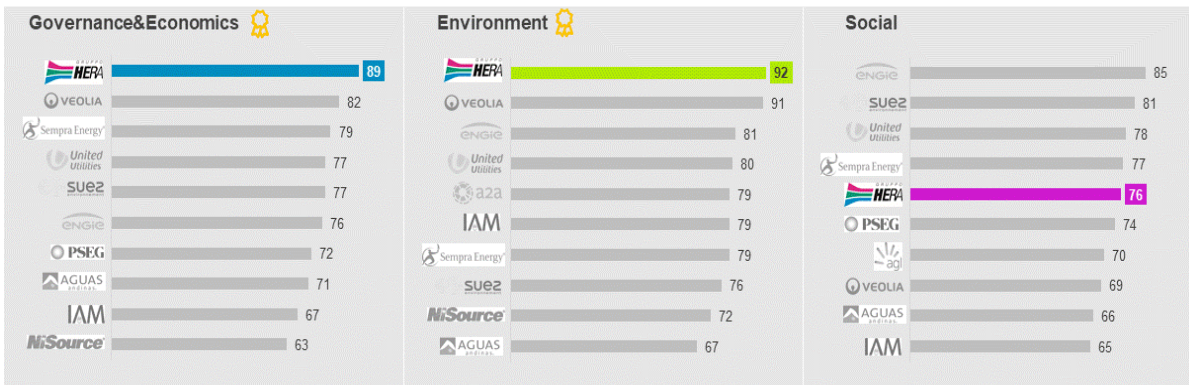
Hera fully embeds global goals in Shared Value strategy

ESG Rating: Dow Jones Sustainable Index (both World and Europe)

S&P Global

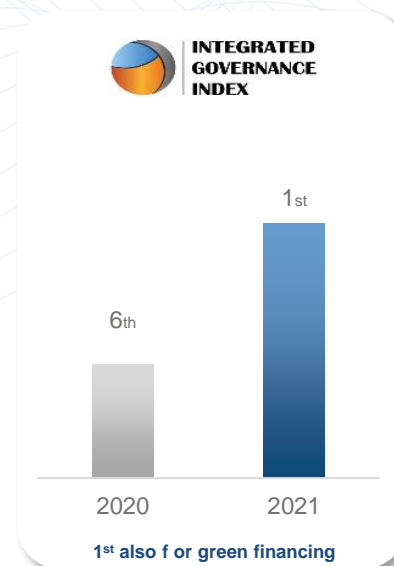
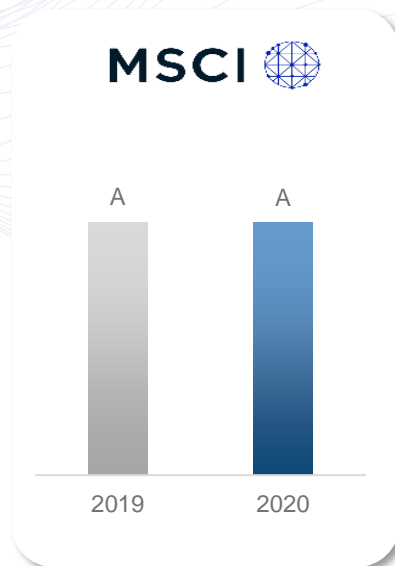
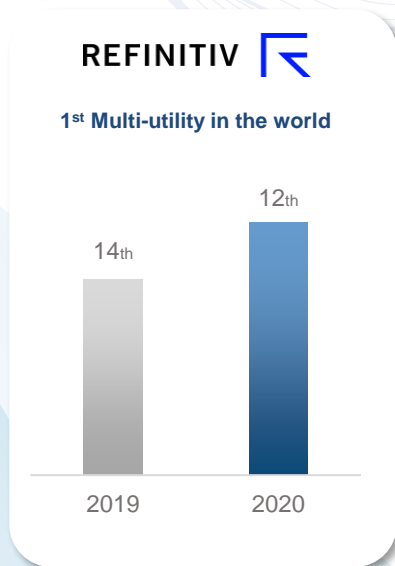
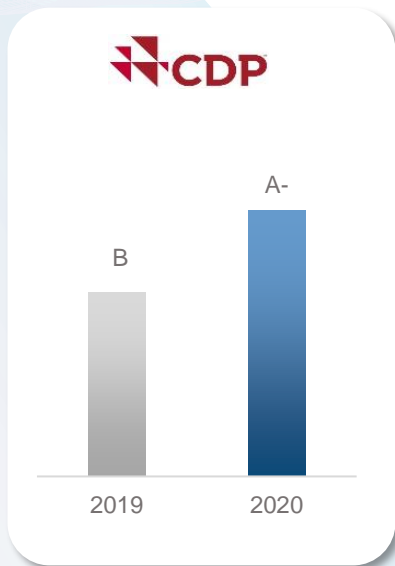


Hera is Sector Leader: Highest score in the world (better than large caps)



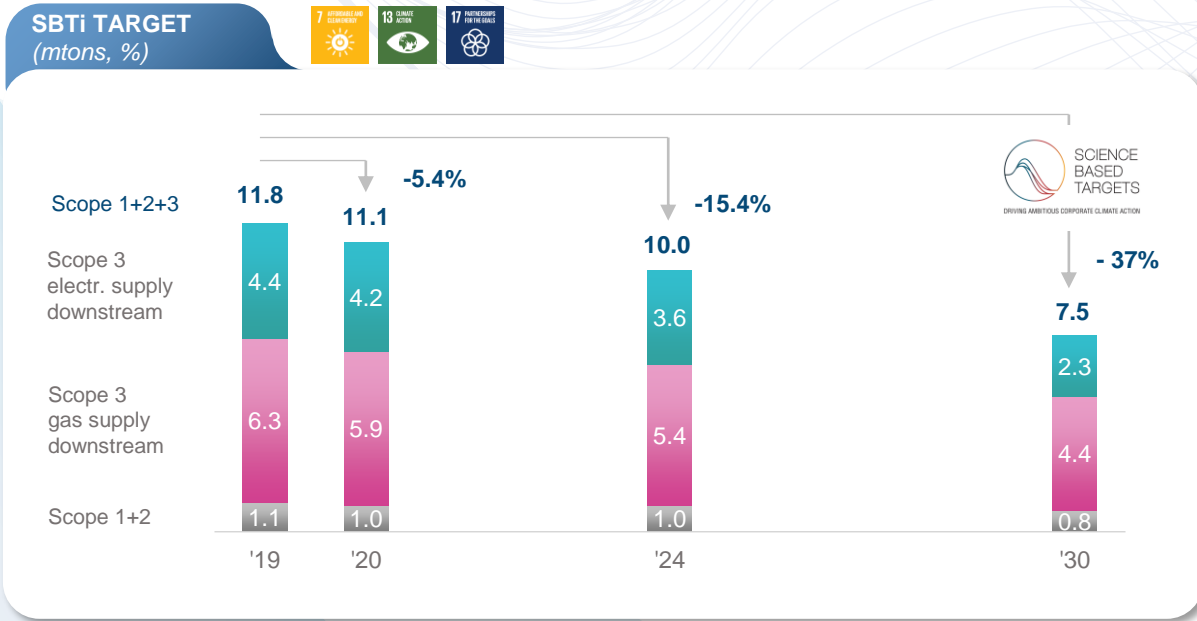
An extraordinary success reached after 2 attempts only

ESG Ratings



Further visibility on our “Sustainable Growth Equity Story”

Carbon Footprint: increased “science based” Target to 2030



Own emissions negligible, committed to lower third parties’



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ANNEX: BUSINESS PLAN TO '24



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Scenario with a rich variety of “opportunity buffers”

FRAGMENTED MKT



MERGERS

Multi-utilities:

Expanding in contiguous areas to extract synergies

ACQUISITIONS

Targeting:

Bolt-on acquisitions in a 'make or buy' logic both in Energy supply and waste treatment

TENDERS



REGULATED

Focus:

Renew our long-term concessions

LIBERALIZED

Focus:

Expanding nation-wide leveraging upon an efficient platform

EFFICIENCIES



SCALE / DIGITALIZATION

Focus:

Leveraging on larger economies of scale

PARTNERSHIPS

Focus:

Sharing knowledge and accelerate time to market

DEVELOP CAPEX



NEXT GENERATION EU



GREEN DEAL



JUST TRANSITION

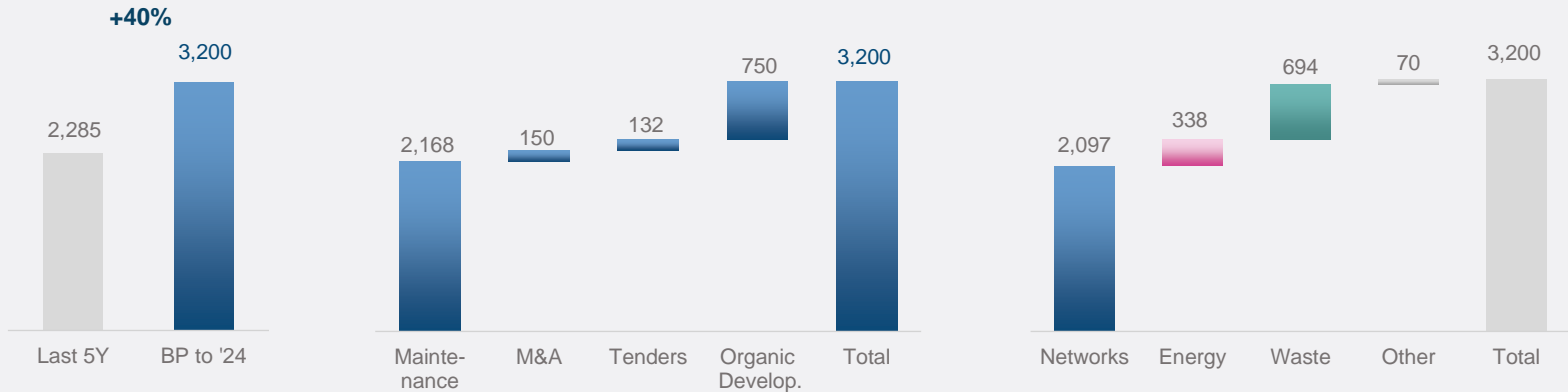


FIT FOR DIGITAL AGE

Leveraging upon distinctive competitive advantages and expertise

Capex plan: 74% devoted to regulated assets

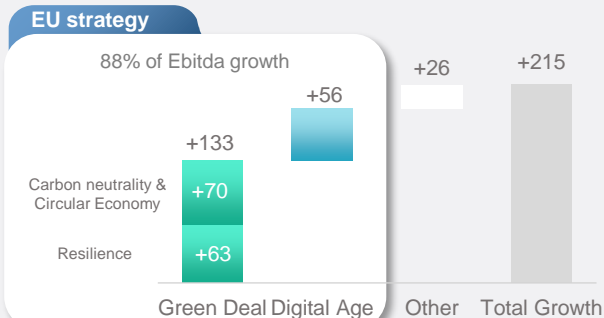
CAPEX BY DRIVER AND BY BUSINESS (m€)



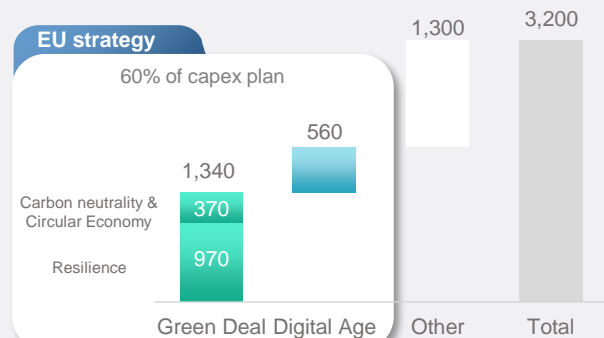
Additional capex might be allocated to catch further opportunities

Ebitda growth: 88% aligned to Next Generation EU

EBITDA GROWTH BY DRIVER (m€)



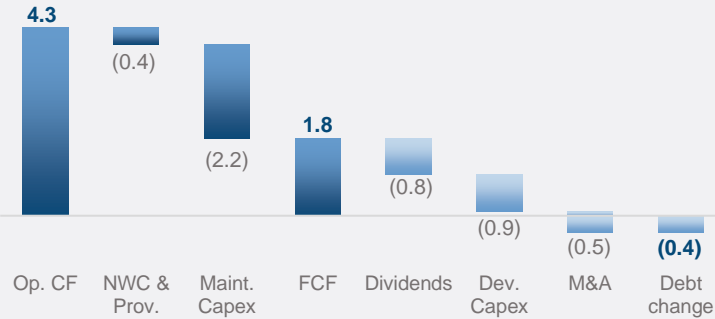
CAPEX ALIGNED WITH EU STRATEGY (m€)



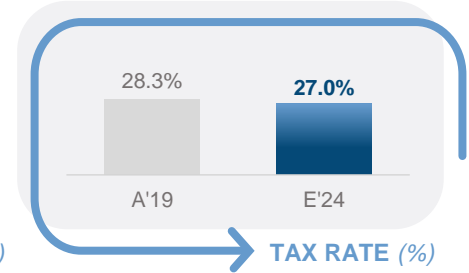
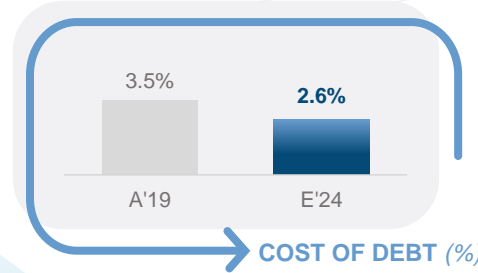
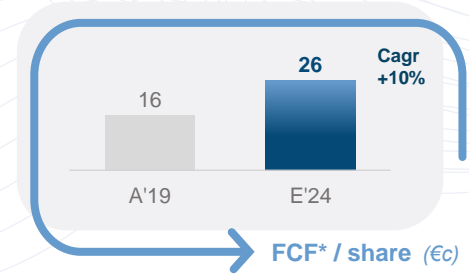
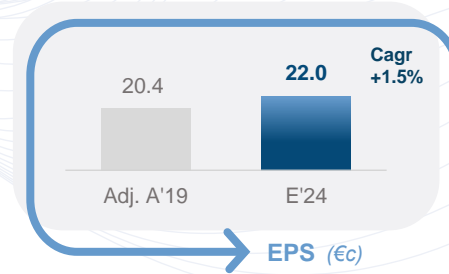
Growth underpinned by EU strategy

Beyond Ebitda and Cash flow

CASH FLOW & CAPITAL ALLOCATION (b€)



Net Debt/Ebitda down to 2.8x in 2024 (from 3.0x in 2019)



Visible cash generation reduces leverage

* Free Cash Flow calculated before M&A, Gas tenders and dividend payments



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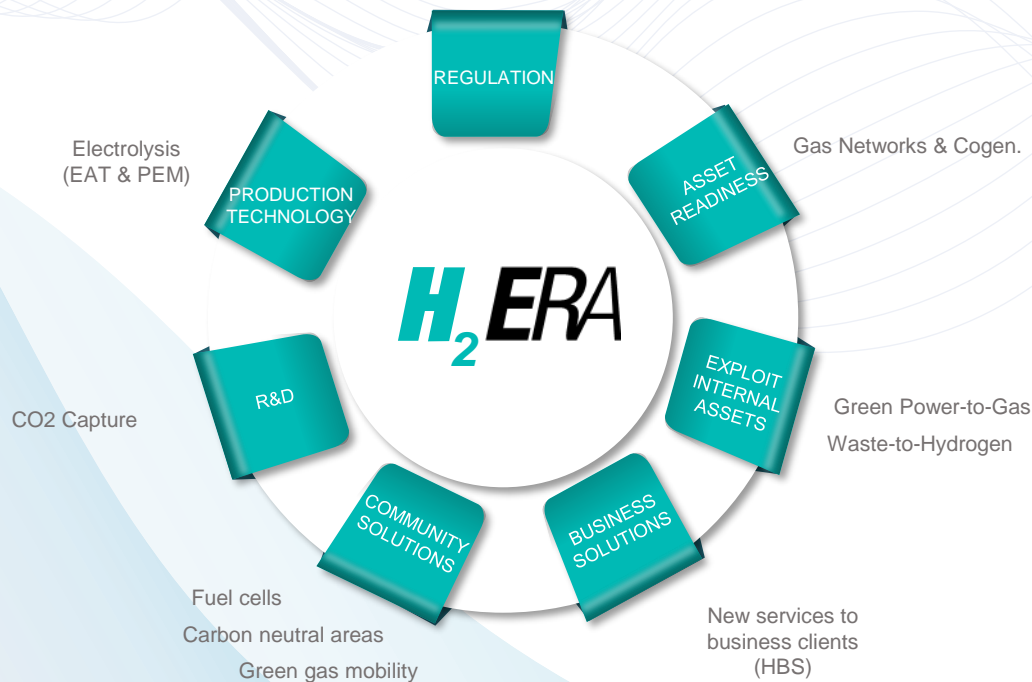
Annex: Details on '24 targets



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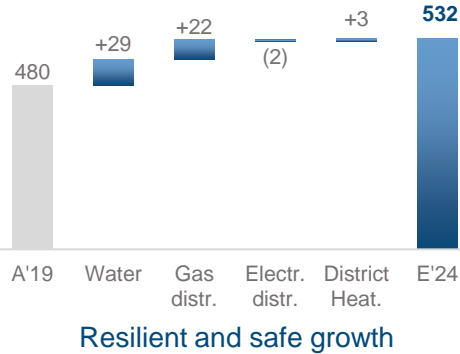
Hera Hydrogen opportunities: core areas under development



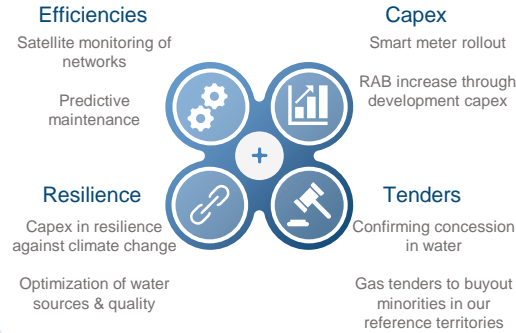
Taking advantage from our multi-utility asset base for green gas

BP to '24: Networks

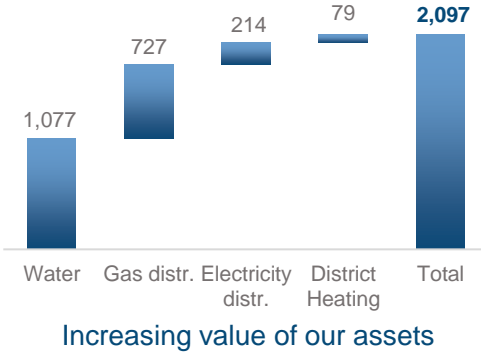
EBITDA TARGET (m€)



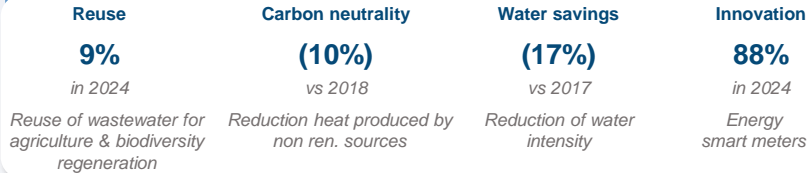
TRIGGERS



CAPEX PLAN (m€)



FOOTPRINTS TO '24



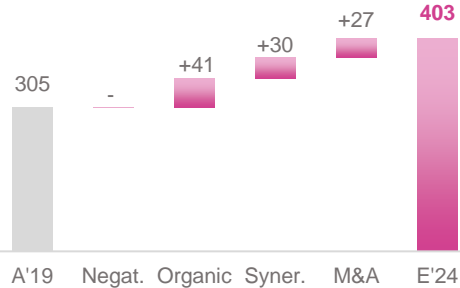
PROJECTS



Rock solid assets value

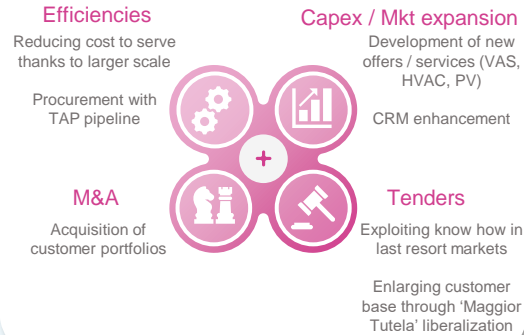
BP to '24: Energy

EBITDA TARGET (m€)

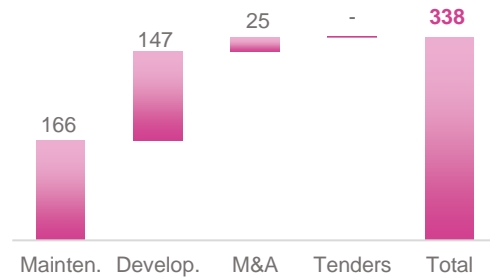


Exploiting the Ascopiave deal

TRIGGERS



CAPEX PLAN (m€)



Expanding customer base

FOOTPRINTS TO '24

Carbon neutrality	Carbon neutrality	Carbon neutrality	Carbon neutrality
(15.5%)	(7%)	17%	28%
vs 2019	vs 2013	in 2024	in 2024
Emissions under SBTi (well below 2°C) guidelines	Energy efficiency internal operations	Gas with CO2 compensation	Renewable electricity sold (100% retail)

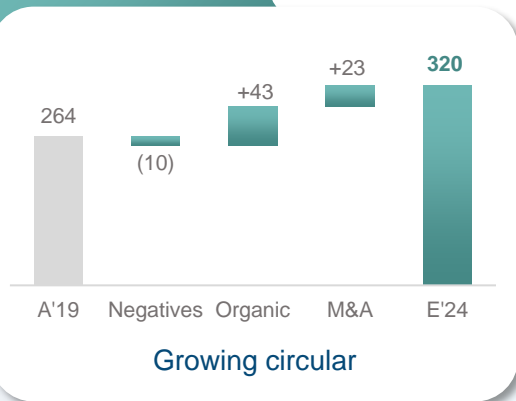
PROJECTS



Reaching 4 mln customers in 2024

BP to '24: Waste

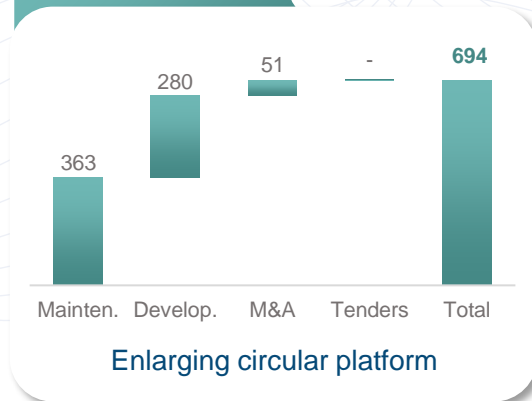
EBITDA TARGET (m€)



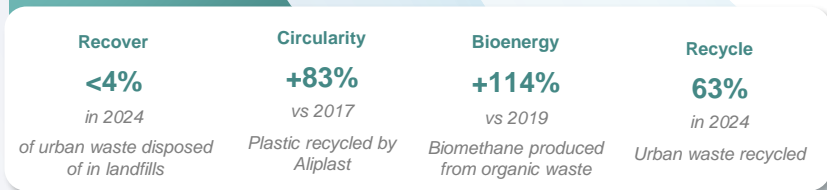
TRIGGERS



CAPEX PLAN (m€)



FOOTPRINTS TO '24



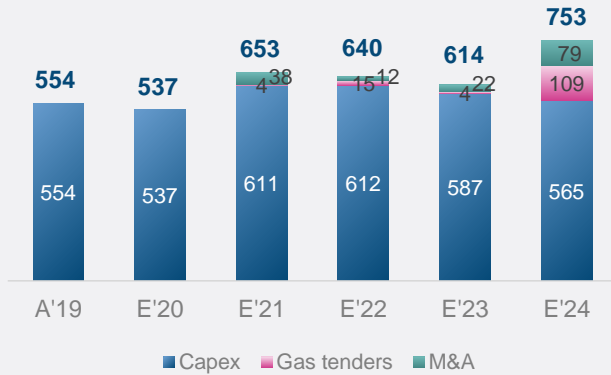
FOOTPRINTS TO '24



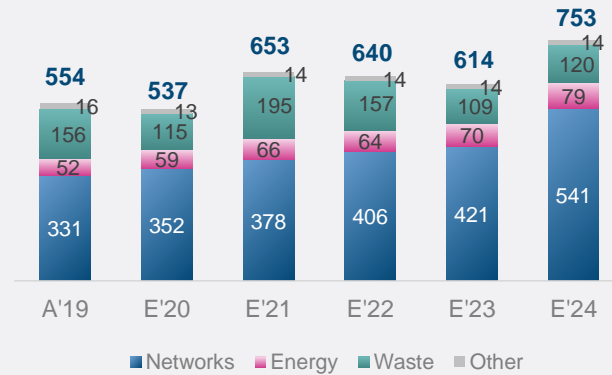
Scaling wider platform

BP to '24: Capex plan

CAPEX PLAN BY DRIVER
(m€)



CAPEX PLAN BY BUSINESS
(m€)



BP to '24: CSV capex plan

Pursue the carbon neutrality 148 m€



Diffusion of renewable energy 64 m€
Promotion of energy efficiency 84 m€

Regenerate resources and innovate 660 m€



Sustainable management of water resource 412 m€
Transition to a circular economy 186 m€
Air and soil protection 62 m€





Enabling resilience and innovate 1,033 m€


Innovation and digitalization 514 m€
Resiliency and adaption 519 m€



1.84 b€ of investments contribute to SDGs

BP to '24: Waste sustainable targets

Targets	2019C	 2024	 2030
Reduce use of landfills for urban waste (% of urban waste disposed of in landfill)	3%	<4%	<2%
Increase packaging recycling (% of packaging recycled)	72%	75%	>75%
Increase WTE ashes recovery (% of ashes recovered)	80%	89%	>90%
Increase biomethane production (mcm/year)	7	15	>30
Increase recycling rate in urban waste (% of recycled urban waste)	56%	63%	67%
Increase plastic recycled by Aliplast (% of plastic recycled)	+22% vs 2017	+83% vs 2017	+150% vs 2017

 **EU target to 2035**
65%

BP to '24: Energy sustainable targets

Targets

Reduce the Group's energy consumption
(% of energy savings from ISO 50001 interventions compared to 2013 consumption)

2019C

(5.1%)
vs 2013

 2024

(7%)
vs 2013

 2030

(10%)
vs 2013

Increase emission compensation for gas sold
(% on total gas sold)

3%

17%

>22%

Increase customers with electronic bills
(% of customers with electronic bills out of total customers)

30%

49%

66%

Increase contracts with energy efficiency services (% on total contracts)

20%

40%

>45%

Increase Green offers contracts
(% on total contracts)

22%

28%

>33%

BP to '24: Networks sustainable targets

Targets

Reduce water network losses

(linear loss reduction rate compared to 2018)

2019C

(3%)
vs 2018

 2024

(4%)
vs 2018

 2030

(10%)
vs 2018

Reduce internal water consumption

(water consumption reduction rate compared to 2017)

(5%)
vs 2017

(17%)
vs 2017

(25%)
vs 2017

Reduce the domestic water demand

(average per capita consumption reduction rate compared to 2018)

(2%)
vs 2018

(7%)
vs 2018

(15%)
vs 2018

Minimize the disposal of sewage sludge in landfills

(% of sewage sludge disposed of in landfills out of total sludge)

6%

3%

0%

Increase the reuse of wastewater

(% reusable wastewater or total wastewater)

3%

9%

15%

Reduction of thermal energy produced from non-renewable sources (%)

(5%)
vs 2018

(10%)
vs 2018

(23%)
vs 2018

BP to '24: Employees sustainable targets

Targets

% of employees involved in smart working out of total employees

% of employees with digital proficiency out of total employees

Continuous learning: % of employees who offer at least one training course per year out of total employees

Diversity & Inclusion: positioning in a significant global index of Diversity & Inclusion (today Refinitiv)

2019C

26%

44%

n.a.

14th

 2024

50%

60%

25%

12th

 2030

75%

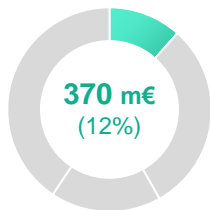
90%

50%

TOP10

BP to '24: 60% of Capex aligned with EU strategy

Carbon neutrality & Circular economy



Main capex:

- 92 m€** purification of waste water
- 78 m€** energy efficiency projects
- 52 m€** biomethane plants
- 44 m€** development of district heating
- 43 m€** production of recycled plastics

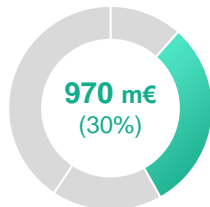
Digital age



Main capex:

- 157 m€** smart meters rollout in networks
- 154 m€** IT systems
- 44 m€** Nexmeters rollout
- 43 m€** TLC development
- 38 m€** smart dumpsters
- 7 m€** remote control development and cybersecurity

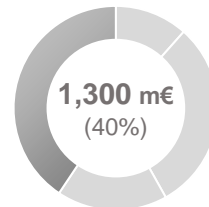
Resilience



Main capex:

- 556 m€** water networks resilience
- 186 m€** gas networks resilience
- 131 m€** waste resilience
- 60 m€** electricity networks resilience
- 24 m€** district heating and cogeneration resilience

Other investments



Main capex:

- 151 m€** M&A
- 132 m€** gas tenders
- 1,017 m€** other capex (mainly maintenance)



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ANNEX: Y2020 RESULTS

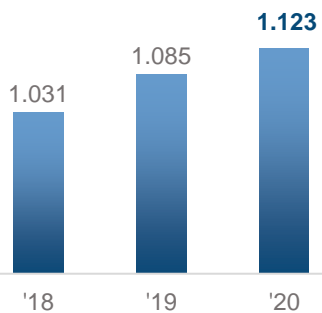


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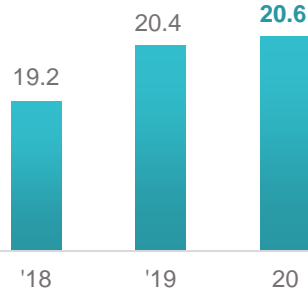
Y2020 Results at a glance

EBITDA
(m€)



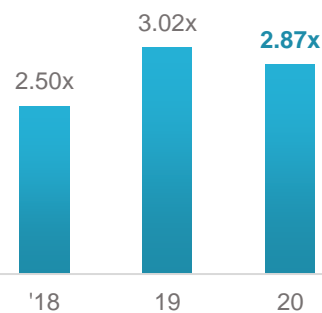
+3.5% '20 vs '19

EPS
(c€)



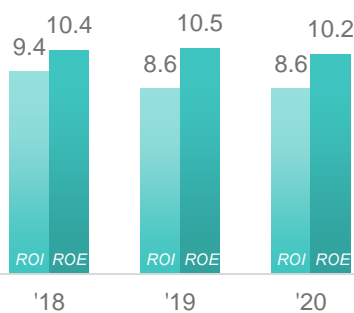
+1.0% '20 vs '19

NET DEBT / EBITDA
(x)



(4.8%) '20 vs '19

ROI and ROE
(%)



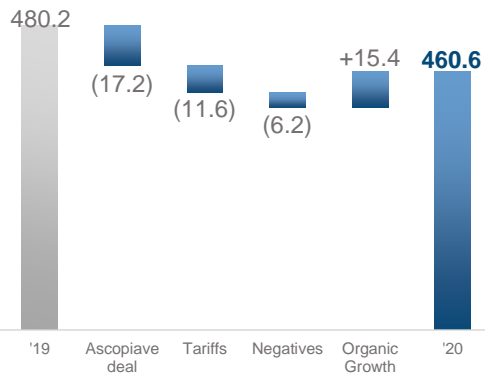
Positive value creation

Rock solid results outperforming expectations

Networks

GROWTH DRIVERS

(m€)



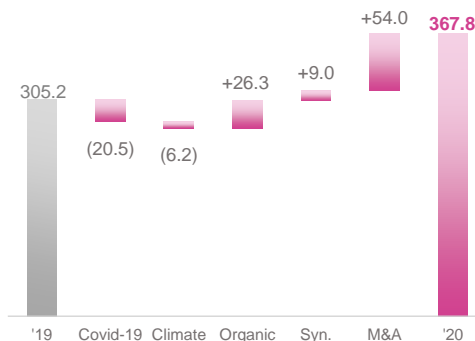
Solid organic growth

Rock solid assets value

Energy

GROWTH DRIVERS

(m€)

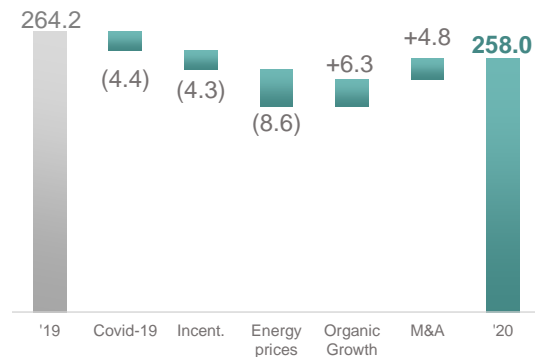


Safe cash generating business

Waste

GROWTH DRIVERS

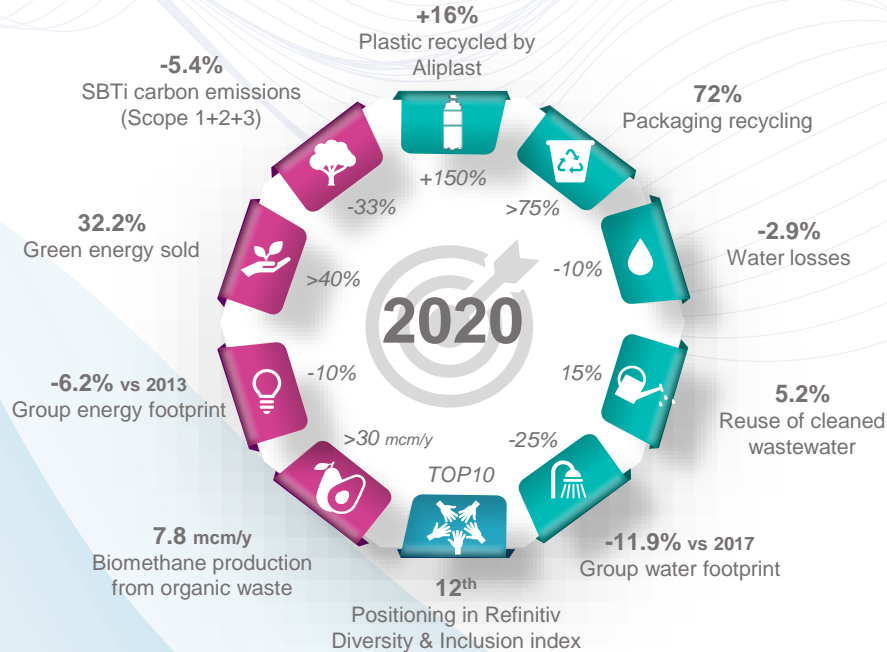
(m€)



Gaining momentum from recovery

Our path to 2030 targets: 2020 achievements

Carbon neutrality targets

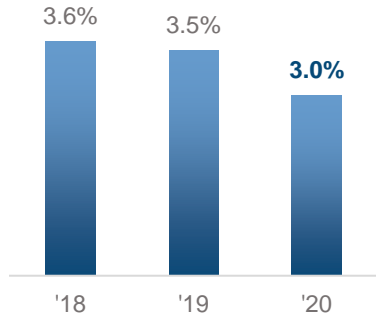


Circular economy targets

Well on track on our our ambitious targets to 2030

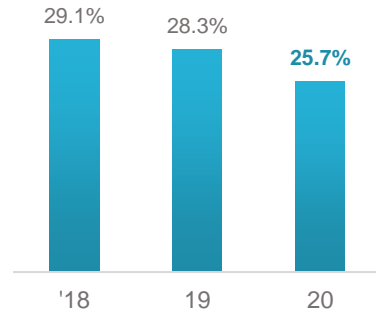
Beyond Ebitda

COST OF DEBT (%)



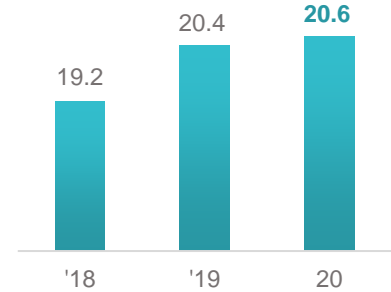
0.25% coupon last bond issued

TAX RATE (%)



Exploiting all fiscal opportunities

EPS (c€)

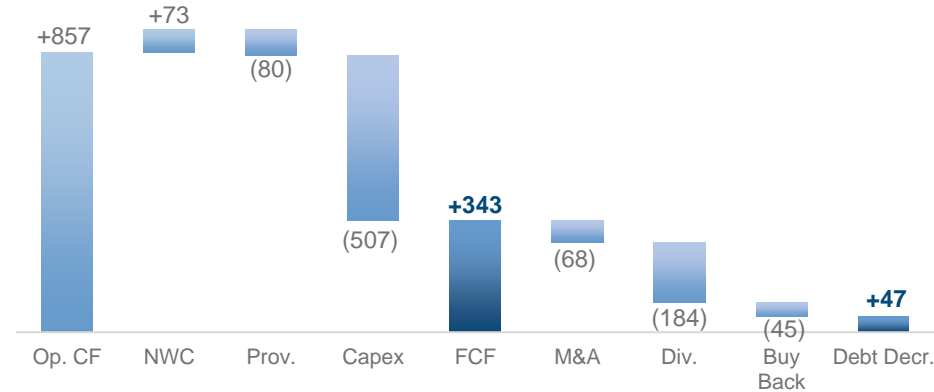


+1.0% '20 vs '19

Well performing on financial and tax management

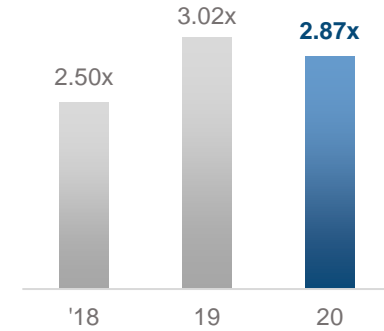
Cash flow

GROWTH DRIVERS (m€)



FCF/Sh. increased to 23.5 c€ vs 16.5 in 2019

NET DEBT / EBITDA (x)

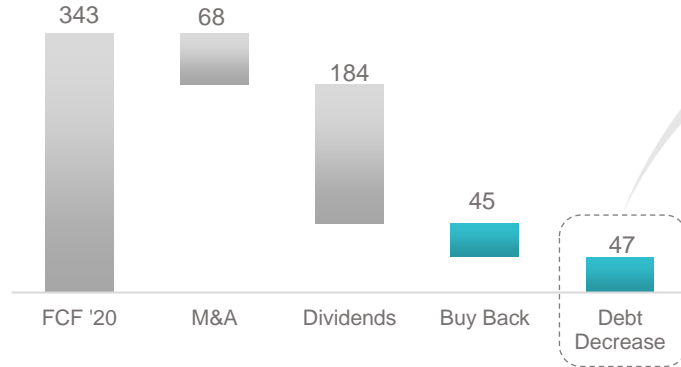


(4.8%) '20 vs '19

Strong increase in cash generation reducing leverage

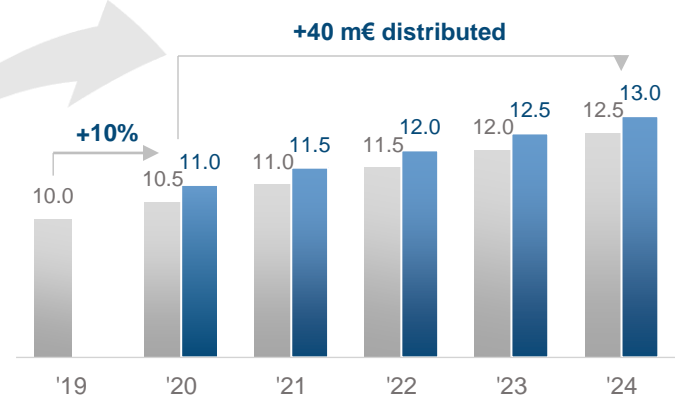
Closing remarks

FREE CASH FLOW (m€)



Counter-diluting M&A in BP to '24

DIVIDEND POLICY (c€)



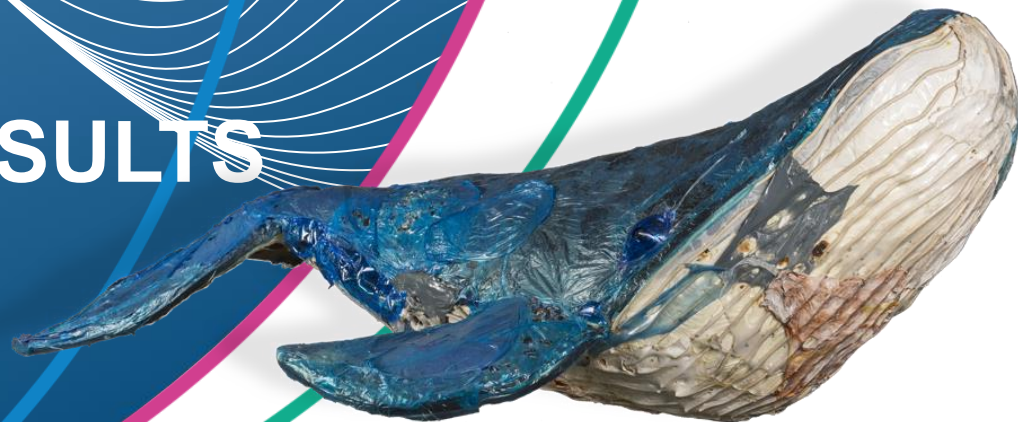
Dividend policy reviewed upward

Overperformance vs BP devoted to shareholders



SCART Progetto
Artistico
Gruppo Hera
IL LATO DELLA VITALE DEL BUSINESS

ANNEX: 1Q '21 RESULTS

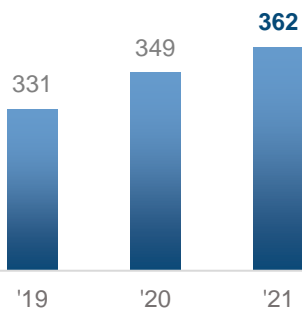


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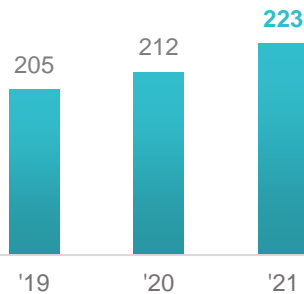
Q1 results in a snapshot

EBITDA
(m€)



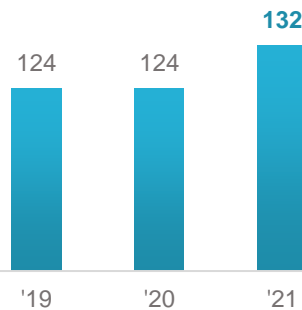
+3.7% '21 vs '20

EBIT
(m€)



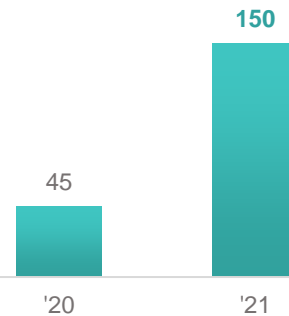
+5.4% '21 vs '20

NET PROFIT
(m€)



+6.3% '21 vs '20

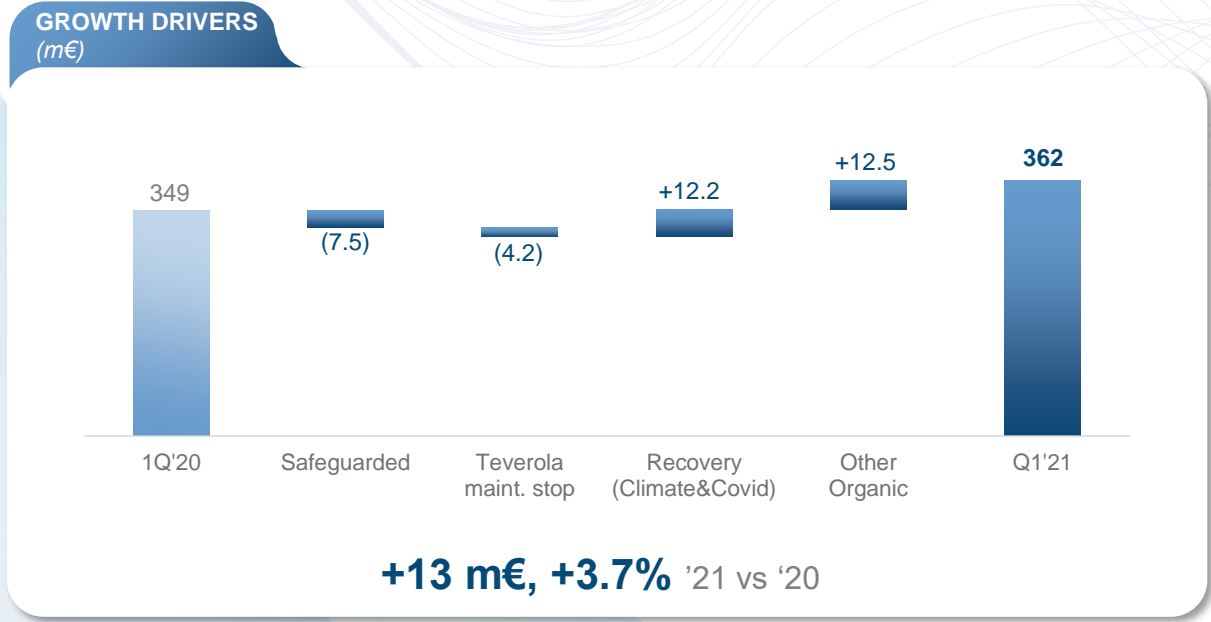
FREE CASH FLOW
(m€)



+3.3x in Q1 '21

Posting growth in a normalizing environment

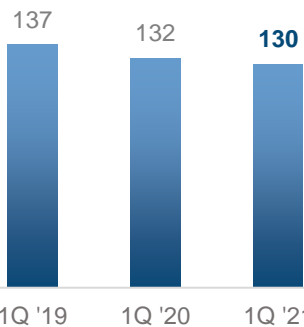
Q1 2021 Ebitda drivers



Market expansion drives growth

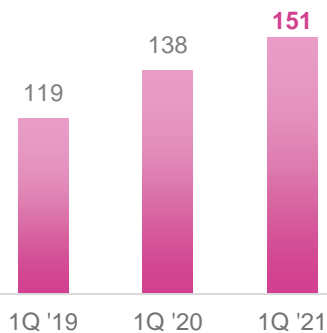
Q1 results in a snapshot by business

NETWORKS (m€)



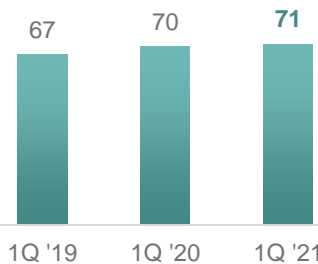
(1.6%) '21 vs '20

ENERGY (m€)



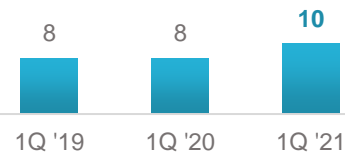
+8.8% '21 vs '20

WASTE (m€)



+0.9% '21 vs '20

OTHER (m€)



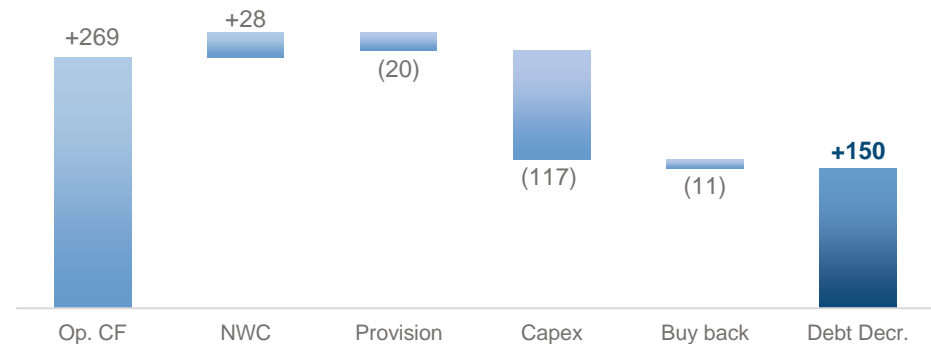
+23.8% '21 vs '20

Results reflect seasonality of energy supply business

1Q 2021 Cash flow

GROWTH DRIVERS

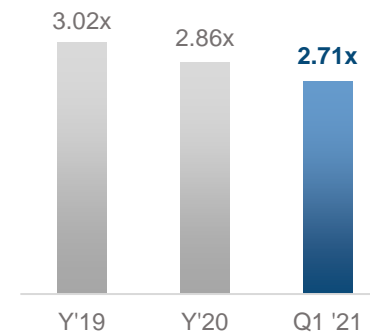
(m€)



Solid cash generation confirmed

NET DEBT / EBITDA

(x)

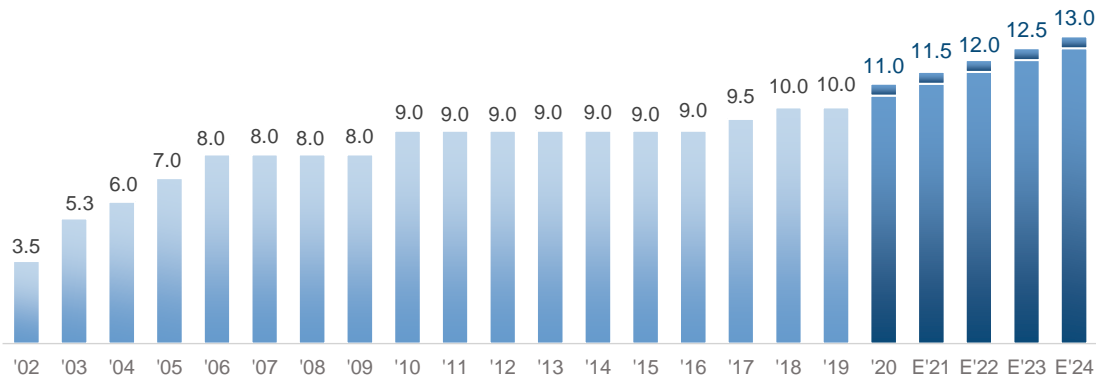


(5.2%) '21 vs '20

Standard & Poor's upgrade to BBB+/Stable

Closing remarks

DPS TRACK RECORD (c€)



DPS: ex coupon on 5th July 2021

DPS approved outperformed growth expectation