

“
Resilient and
sustainable growth”
”



Latest results

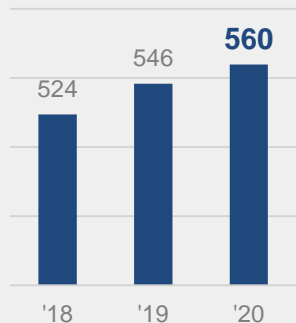
H1 2020 results



Positive growth in all main
lines of H1 '20 P&L



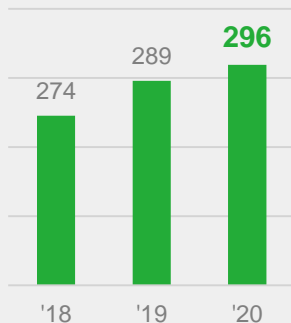
Latest results: H1 2020



Ebitda (M€)

+2.5%

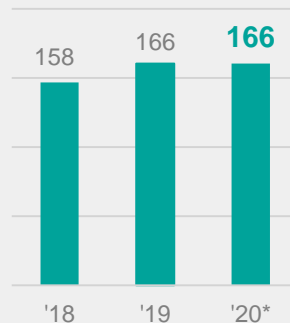
1H '19/'20



Ebit (M€)

+2.4%

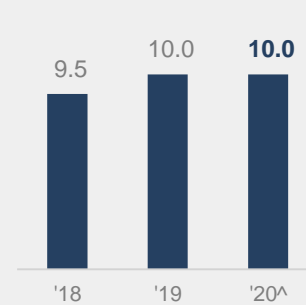
1H '19/'20



Net Profit (M€)

Confirmed

1H '19/'20



DPS
(€c)

As promised

Solid growth despite Covid '19 “lock down”

* H1 2020 Net profit post minorities is affected by -11.3m€ of «non cash» financial expenses and -9.0m€ of tax-deductible goodwill amortisation related to EstEnergy merger.
^ Paid at the beginning of July 2020.

COVID '19 and CLIMATE impacts



(29.8m€)

80% in Energy business

Covid 19 effect
Ebitda impact M€

Confirming expectations

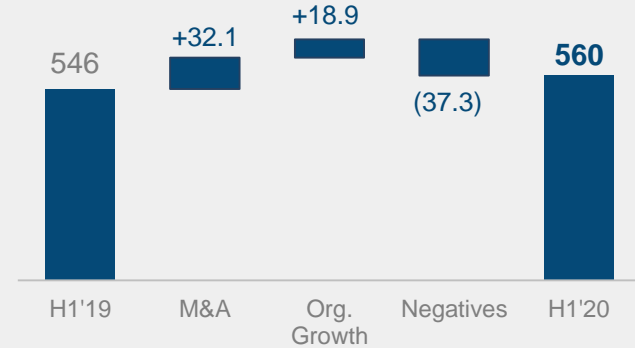


(7.5m€)

100% in Energy business

Mild winter effect
(Ebitda impact M€)

Unexpected

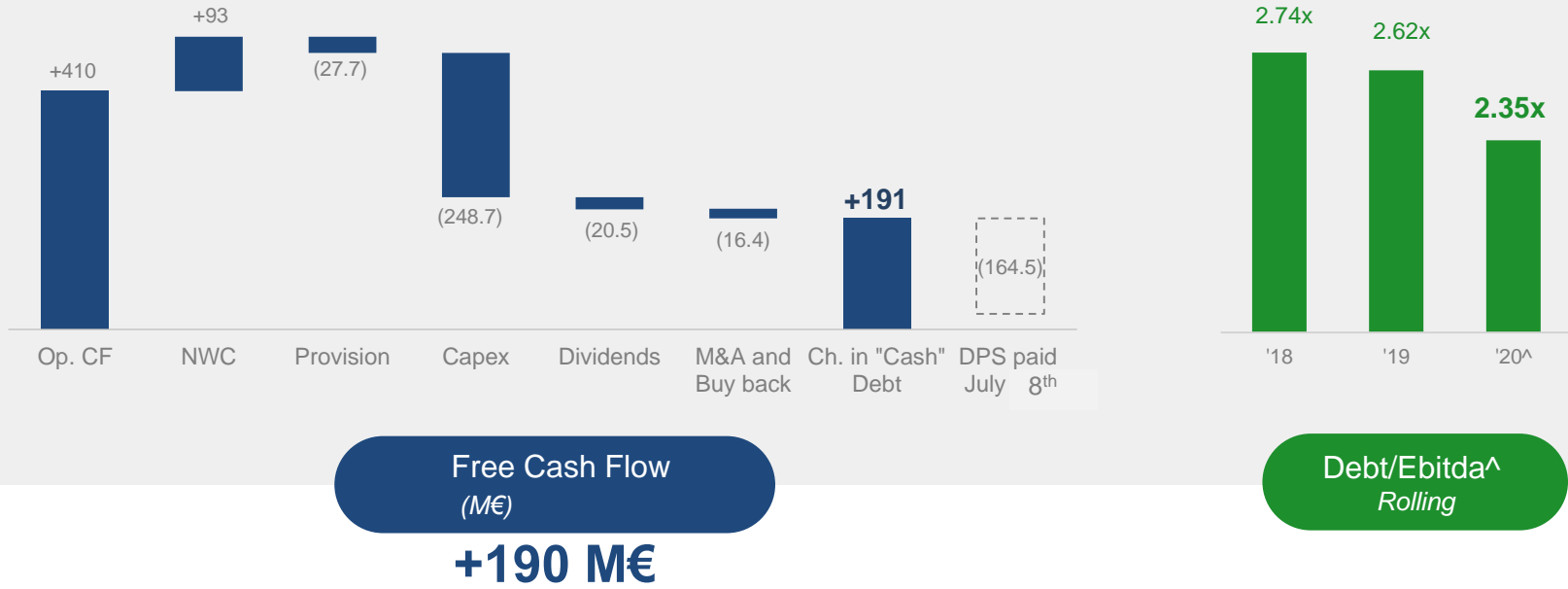


Ebitda growth drivers
(M€)

+14 M€ +2.5%

Effects mainly related to Energy supply business

H1 cash generation funds increased capex and reduced leverage



Covid '19 did not affect our financial strength

^ On like for like basis, not including about 600m€ figurative debt related to put option of EstEnergy deal. From the beginning of year 2020, Debt/Ebitda changed from 3,02x to 2,81x (including Ascopiave deal)

Capex plan & Ebitda target to 2023: aligned to our track record



Visible expectations aligned to the long track record

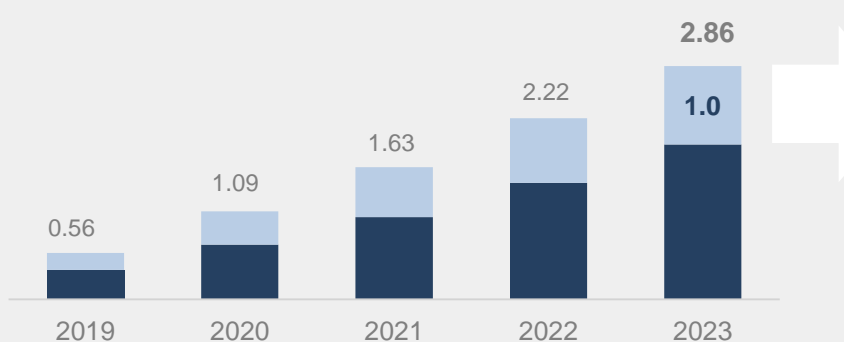
Sustainable profile of BP to 2023

70%

Organic growth to 2023



Capex plan of 3B€: 1 b€ to promote “Shared Value creation”



Cum. “CSV” capex
(b€)

2.86b€

1/3 capex underpin CSV

■ Capex funding «shared value» projects



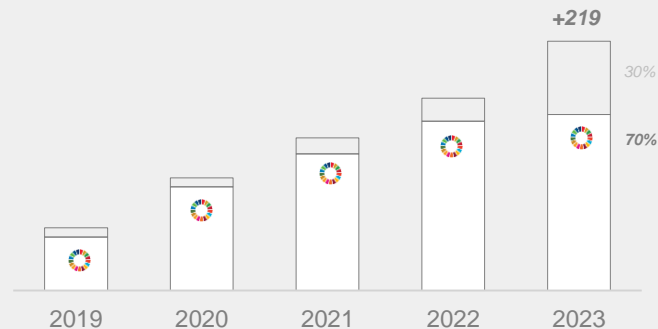
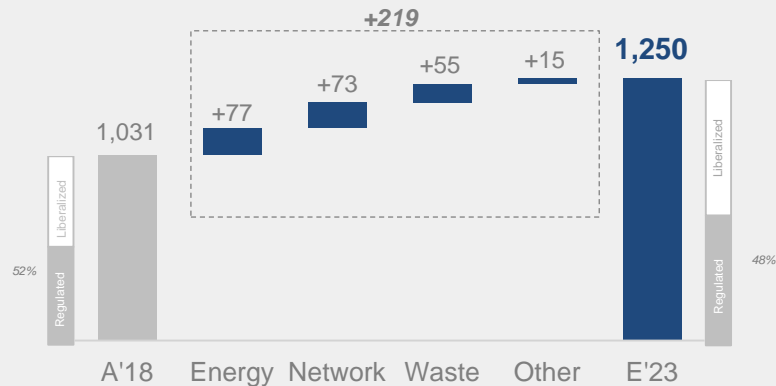
“CSV capex” break down
(m€)

1b€ invested in

a large number of projects

Next generation EU might speed up “CSV” capex and Ebitda

2023 Ebitda targets by businesses and Sustainability



Ebitda growth (m€)

+219 m€

Balanced mix & +3.9% Cagr

Cum. "CSV" Ebitda growth (m€)

+155 m€

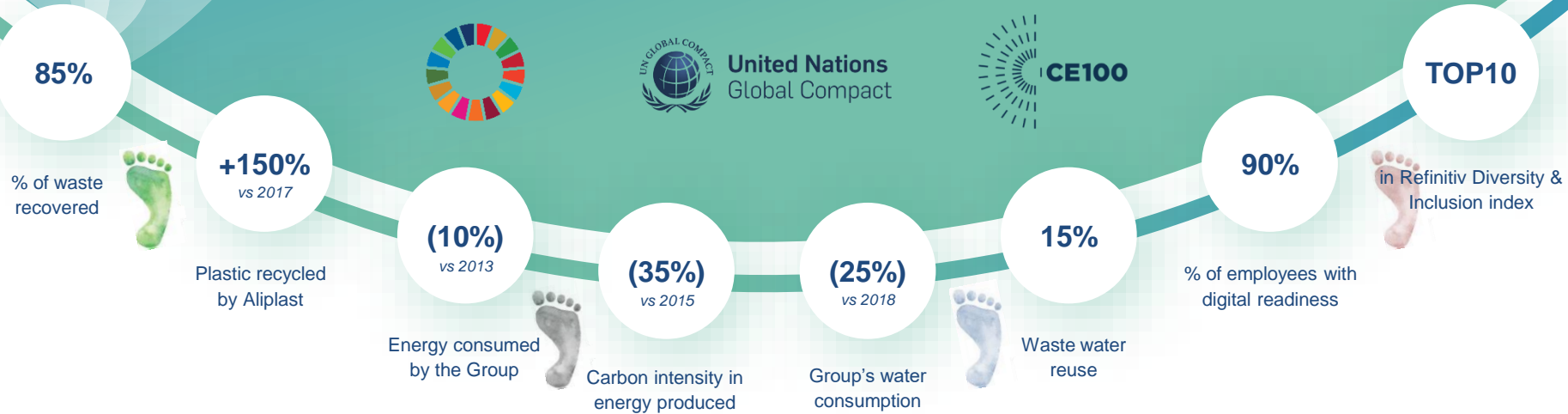
+7.0% Cagr & 70% of total

EBITDA growth of «CSV» projects

Balanced contribution from all activities focused on "CSV"

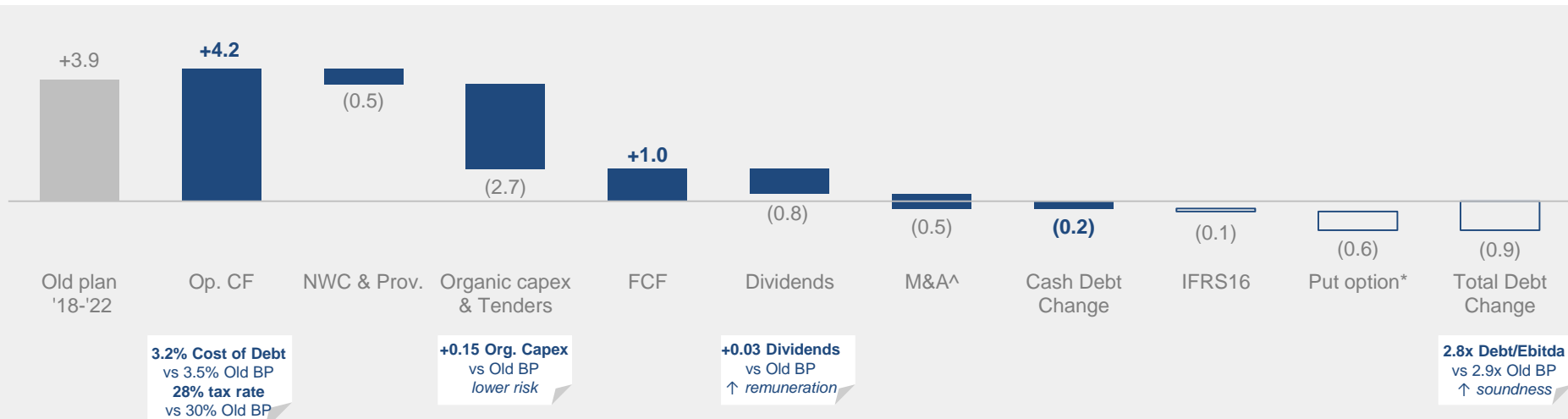
Sustainable target to 2030

Even more sustainable, maximizing the positive impact we have on all our stakeholders and minimizing our negative impact developing innovative projects



New goals looking beyond the BP horizon

Expected cumulated cash flows to 2023



Cumulated cash flows driver '19-'23 (m€)

+0.5 b€ FCF

vs Old BP

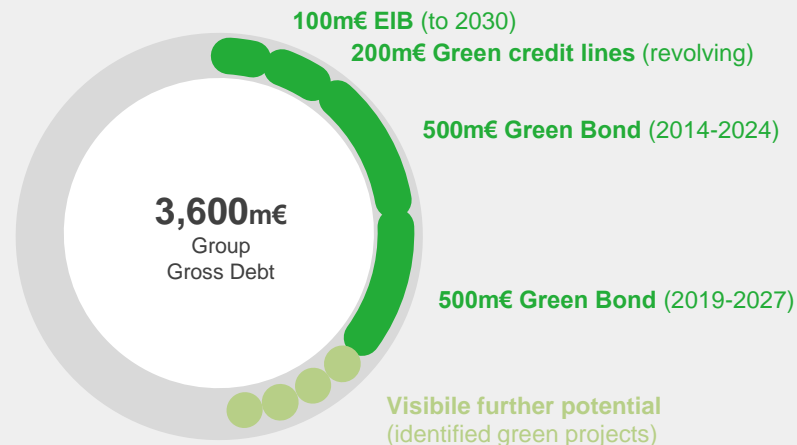
Fully funding capex and dividends & confirming flexibility

^ Capex and Debt from expected M&A

*Actual value of potential acquisition of minority stake (48% in '26) in EstEnergy from Ascopiave and cumulated dividends of Ascopiave related to EstEnergy (about 600m€)

Green Finance

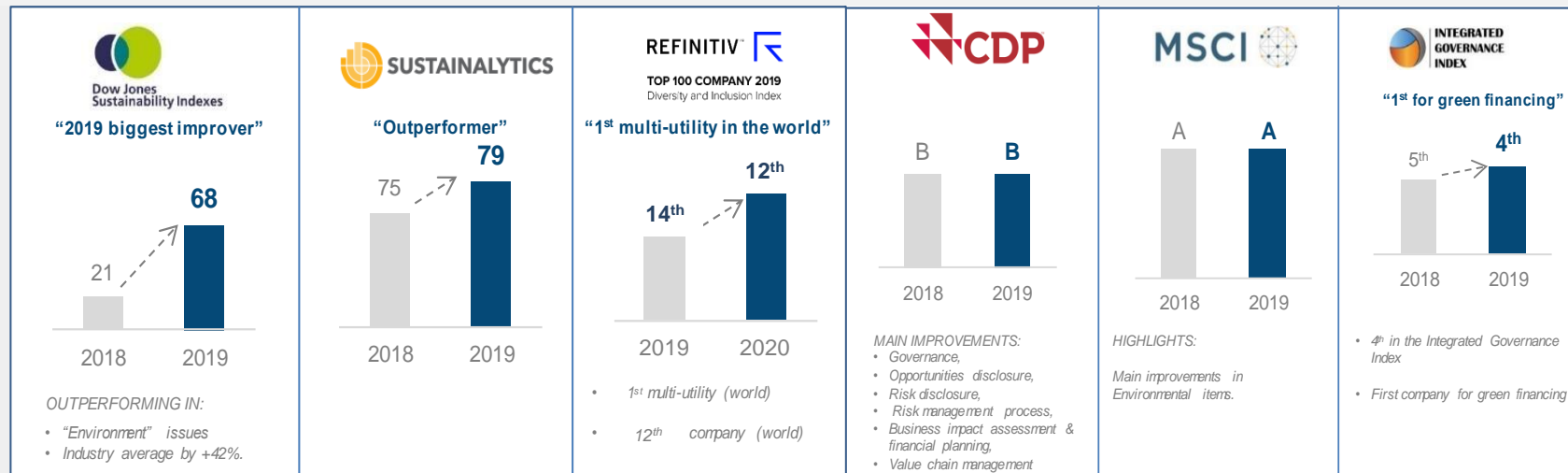
- **36%** debt underpinned by green financing investments almost already executed.
- **Transparent** use of proceeds and reporting on investments' KPIs.
- **Green financing framework** in place
- Further visible projects could enhance green financing up to **above 50%**.
- **Safe** and **long term** financing



Green financing

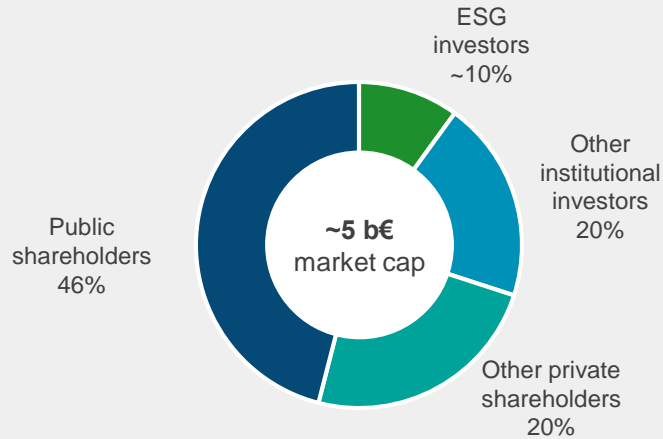
More than **1/3rd** of Debt (and of Equity) is “GREEN”

Valuation of our ESG profile

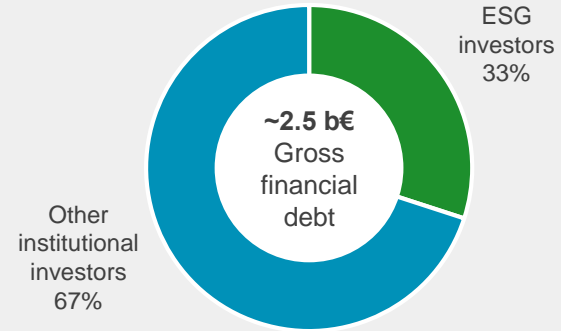


Spending effort to "make it visible"

ESG investors in Hera



Equity investors



Fixed income investors

Growing presence of ESG investors

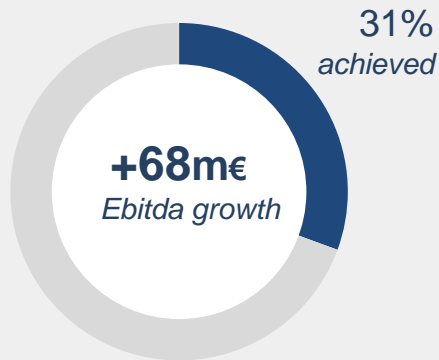
Closing remarks



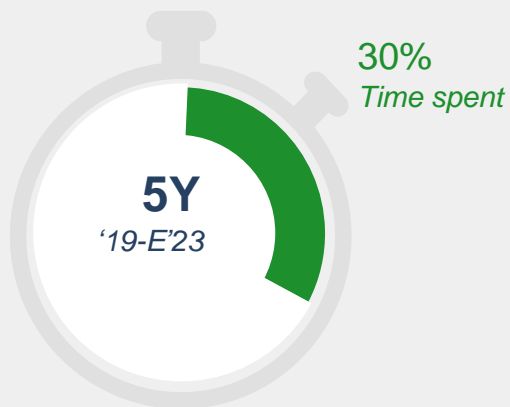
On track

on BP to '23

Closing remarks: First 18 months growth aligned to 5Y plan targets



+68m€ Ebitda growth
out of +219m€ target to '23



18 month spent
Year '19 + H1 '20



Next steps

Confirming our positive track record

Q&A and Appendix

Further details on HERA results are
available in this section

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H1 2020 details



Last 4 quarters milestones

Q3 '19

M&A and Org. Growth

- Waste Recycling integration in Hasi
- 2° Green Bond issued
- Pistoia Ambiente acquisition
- Worldwide multiutility leader in diversity and inclusion (TR)

Q4 '19

Ascopiave deal Closing

- Ascopiave deal guaranteed +700K energy clients and positive one off results in '19

Q1 '20

“+” in all P&L lines

- EstEnergy integration
- New business plan '23
- 2.5% stake of Ascopiave
- Warm winter climate
- 1 month of “lock down”

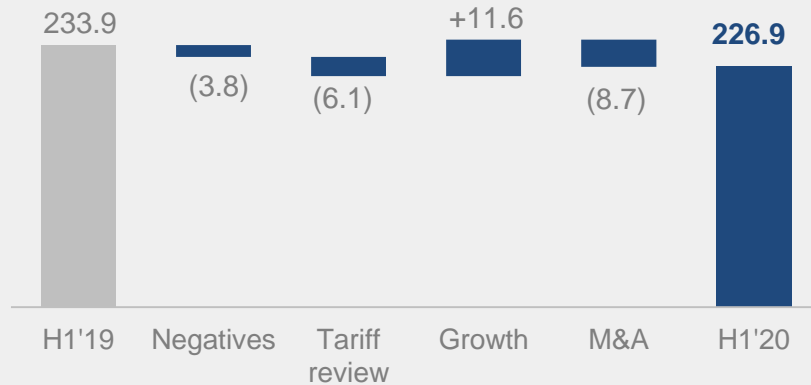
Q2 '20

active at 100%, tackling with “lock down”

- AGM confirmed DPS 10c€
- AGM confirmed Governance
- +2% stake of Ascopiave
- 2 months of “lock down”

Confirming all commitments and tackling with “lock down”

H1 '20 Networks



Ebitda growth
(M€)

(7) M€

Lock down & Climate impact

- Mainly affecting new connections in gas distribution and District Heating

Tariff review

- Mainly related to Gas Distrib. (Opex) and water (Wacc)

Growth

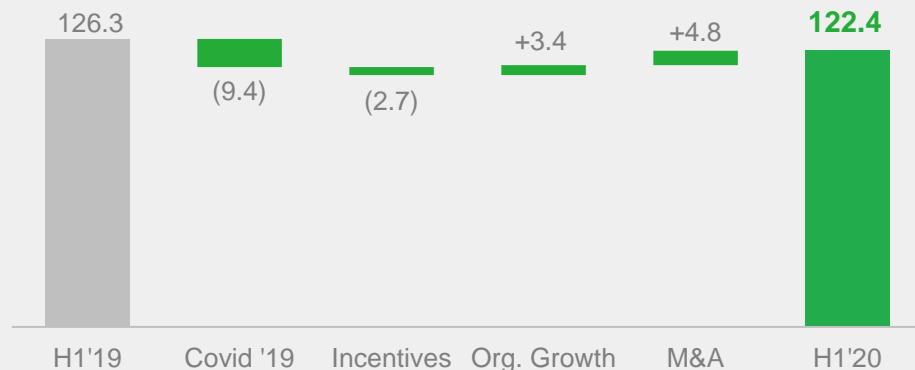
- Efficiency gains and other positives

Spin off gas distribution

- (12.4) m€ following spin off of swapped assets in Ascopiave deal

Spin off Gas distribution (Ascopiave deal) partially compensated

H1 '20 Waste



Ebitda growth
(M€)

(3.9) M€

Covid '19

- Impacts on special waste volumes and electricity prices

Incentives

- Expired in Ferrara WTE

Organic Growth

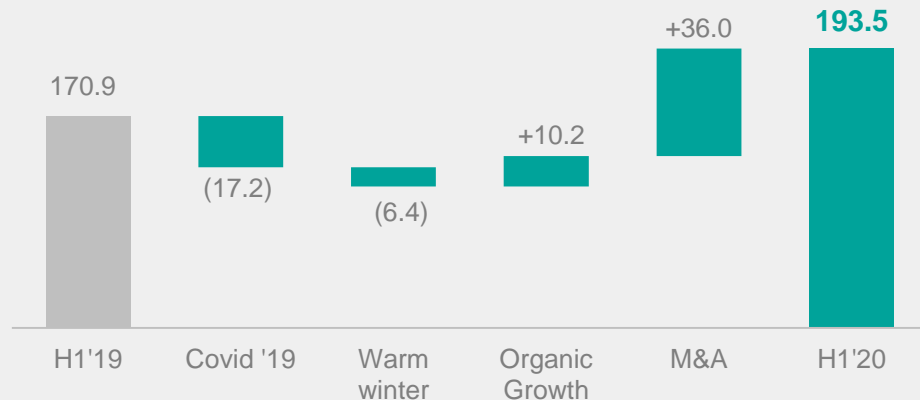
- “**Special**” waste **prices** trend and confirmed volumes 1H/1H **fully offset** 100k tons reduction shortcome in “urban” waste volumes

M&A

- Pistoia Ambiente plant (acquired in H2'19).

Benefitting from a wide asset platform in a short market

H1 '20 Energy



Ebitda growth
(M€)

+22.6 M€

Covid'19

- Negative impact was significantly reduced from the increase of Ancillary services ("MSD").

Warm winter

- Impacted during winter season (1Q)

Organic growth

- Underpinned by Electricity customer base expansion (+55.7k in 1H '20) and synergies

M&A

- Slight increase in Q2 due to low seasonality (80% gas supply clients).

Well on track on EstEnergy integration

Drivers & target to 2023

“

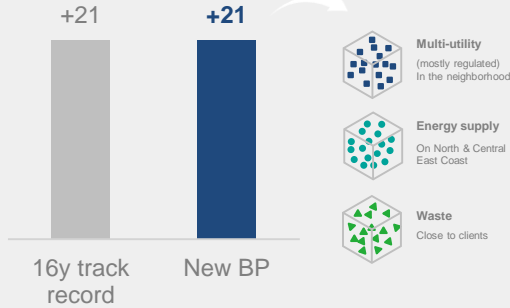
Well balanced business mix along with a coherent and risk adverse strategy, underpins a fast, uninterrupted and resilient growth. A solid base to create value for all our main stakeholders.

”



Scenario: discontinuities ahead

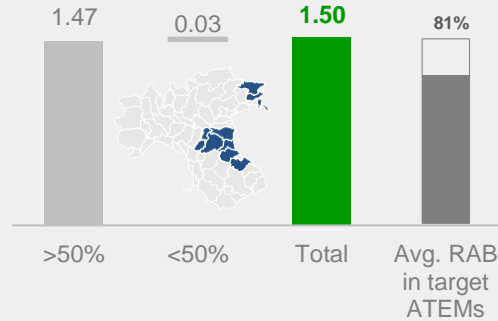
M&A contribution expected
(m€, average per year)



Fragmented markets

Continuing to act as sector consolidator

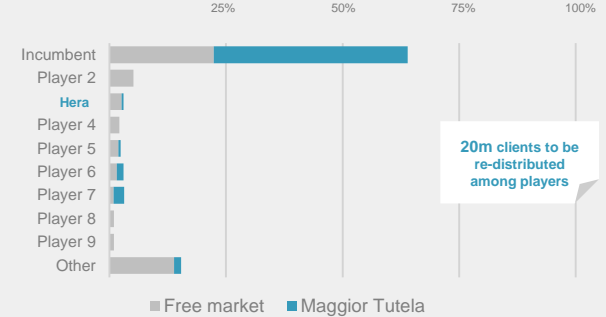
Tenders targeted to start within 2023



Gas distribution tenders

Hera aims at least to confirm current ATEMs

Electricity supply Market share (%)

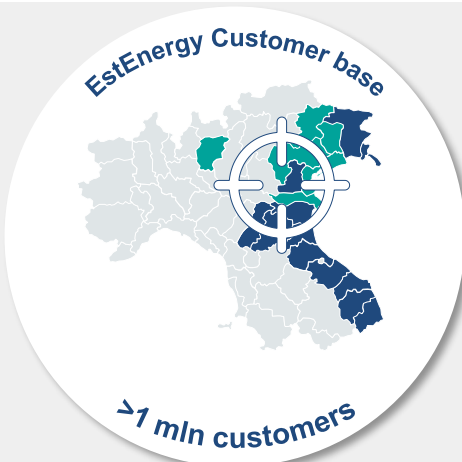
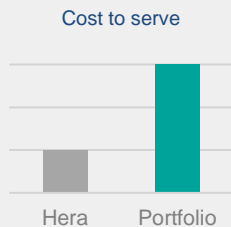
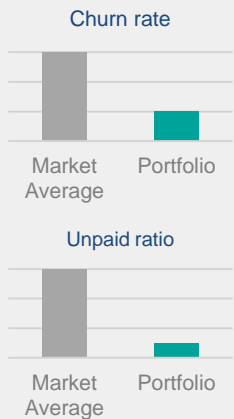


Electricity market liberalization

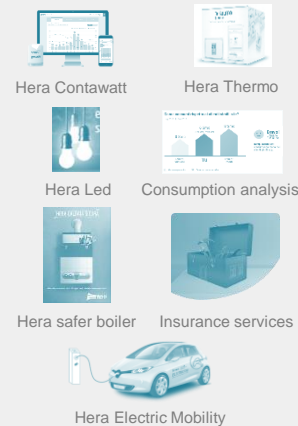
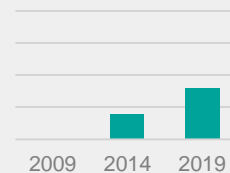
Facing liberalization from a strong mkt position

Opportunities to leverage upon competitive advantages

Ascopiave deal: Synergies potentials ahead



Hera cross selling track record



Above average quality

Efficiency potential

FOOTPRINT

Cross selling opportunities

Value Added Services

Squeezing value from our largest intangible asset

Business plan: Energy



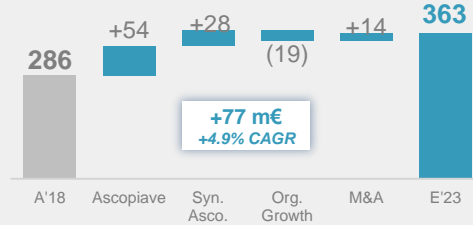
Strategic Priorities



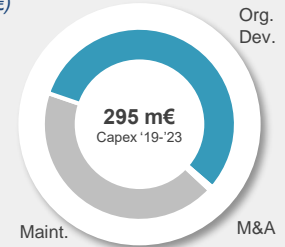
- INDUSTRIAL GROWTH**
Extract value from Ascopiave, expanding cross selling & customer spending (VAS)
- RISK MANAGEMENT**
Manage margins, churn and customer experience
- CIRCULARITY**
Promote "green" and energy efficiency offering

Ebitda & Capex

Ebitda drivers (m€)



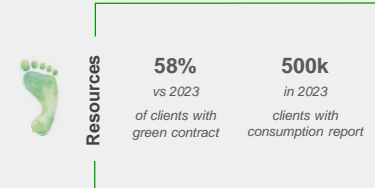
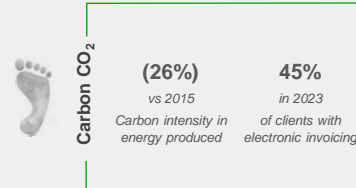
Capex plan (m€)



Marketing strategy



Footprints to '23

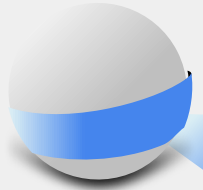


Offsetting negatives with a wide range of initiatives

Business plan: Networks

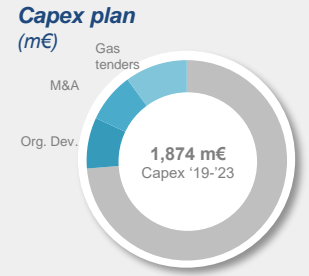
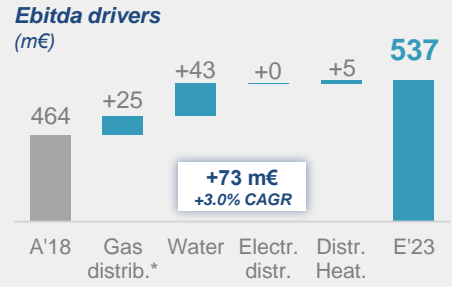


Strategic Priorities



- INDUSTRIAL GROWTH**
Reconfirm concessions and pursue potential new opportunities
- RISK MANAGEMENT**
Enhance business continuity through focused capex on innovative equipment and AI/Smart network solutions
- CIRCULARITY**
Regenerate and reduce use of resources through reuse and exploitation of by-products

Ebitda & Capex



New tariff schemes

Water Cycle

- Sharing mechanism for efficiencies
- Sharing mech. for sustainable players
- Incentives to reduce water losses
- New premium system on quality

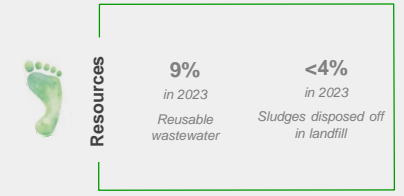
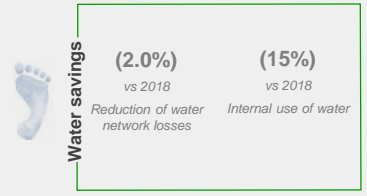
Gas distribution

- Continuity in tariffs framework
- "Nexmeter" rollout
- Cost efficiency promotion
- Consolidation incentives

Electricity distribution

- Continuity in tariffs framework
- 2G smart metering rollout
- Capex for resilience
- Towards "totex" mechanism

Footprints to '23



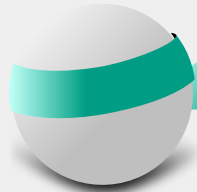
Visible returns enhancing our sustainable footprints

*Net of distribution networks involved in Ascopiave "asset swap" deal

Business plan: Waste



Strategic Priorities



INDUSTRIAL GROWTH

Renew Urban Waste concessions, leveraging on innovative solutions

RISK MANAGEMENT

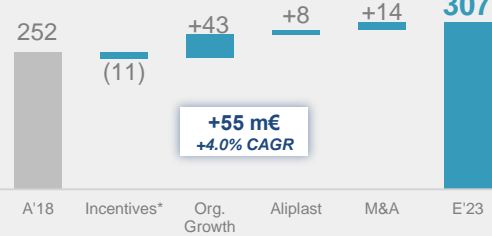
Strengthen asset base and commercial approach to underpin industrial waste development and circular solutions

CIRCULARITY

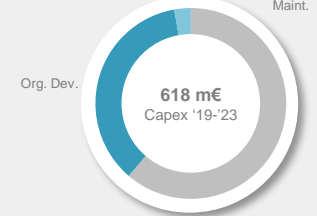
Expand plastic recycling by polymer and by technology

Ebitda & Capex

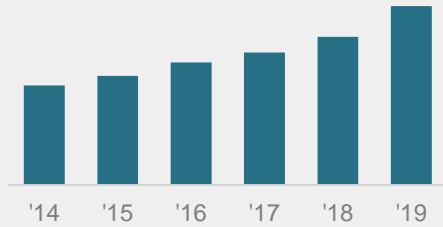
Ebitda drivers (m€)



Capex plan (m€)



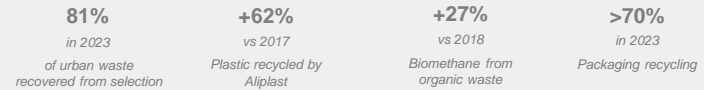
Treatm. price trends



Footprints to '23



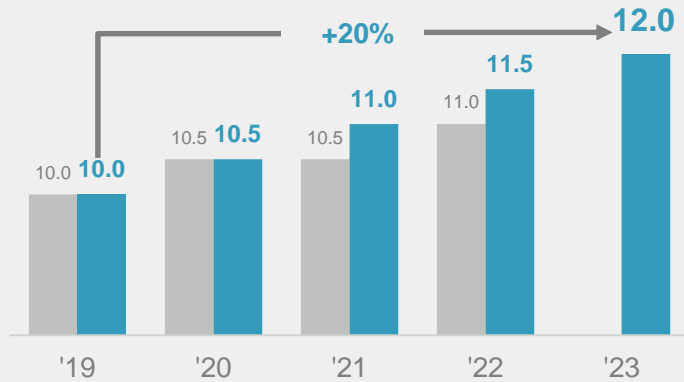
Resources



Surfing market trends leveraging upon strong assets

* Green Certificate expiry in Ferrara and Forlì WTEs, CEC incentive expiry in Bologna and Trieste WTEs

Dividends 2020-2023



Dividend policy
(c€ per share)



Better shareh. remuneration

Fast growth of dividends
DPS up by +20% in 5 years



Lower risk exposure

Higher visibility on regulation
Lower exposure to external variables, org. growth "upfront"
Further increase of sustainability profile (to 2030)



Solid platform from achievements

Anticipated strategic projects permit to enhance growth perspectives and maintain firing power to go for scenario opportunities

Key messages

DPS growth backed by enhanced visibility and growth

A quick introduction

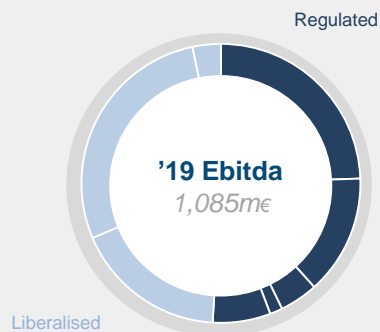
“ An uninterrupted story of growth ”



5.7x

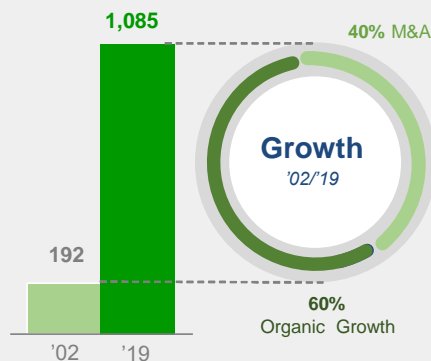
Ebitda increase in 17 years

Hera distinctive features



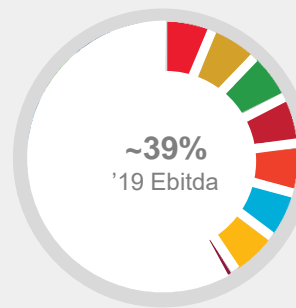
A “full” set of activities

50% regulated



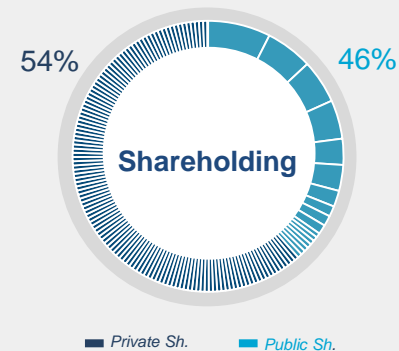
Ebitda Growth drivers

5.7x through both M&A and organic growth



Ebitda CSV (m€)

UN goals targeted

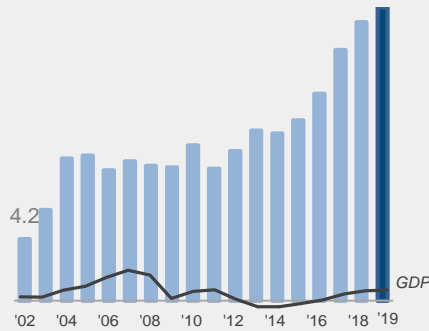


Fragmented sh. capital

Sector unique
“public company”

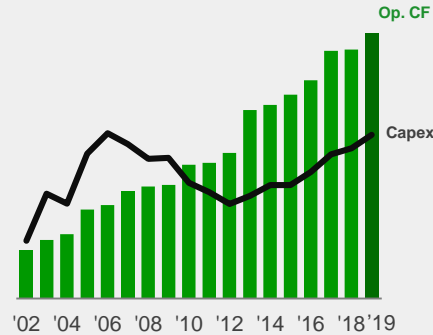
Largest Italian Multi-utility: about 5b€ Mkt Cap.

Hera track record



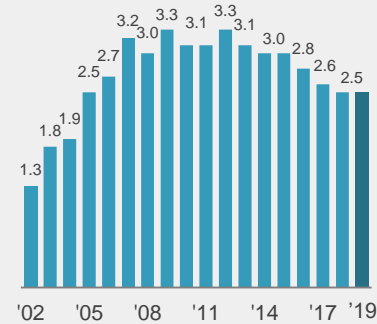
Earnings per share
(€ cents)

+10 % cagr
uninterrupted growth



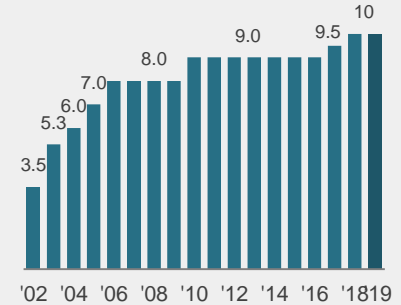
Cash-generating capex

Almost 7b€ capex
Concentrated in '02-'10



Debt/Ebitda
(x)

2.5x both through
M&A and Organic

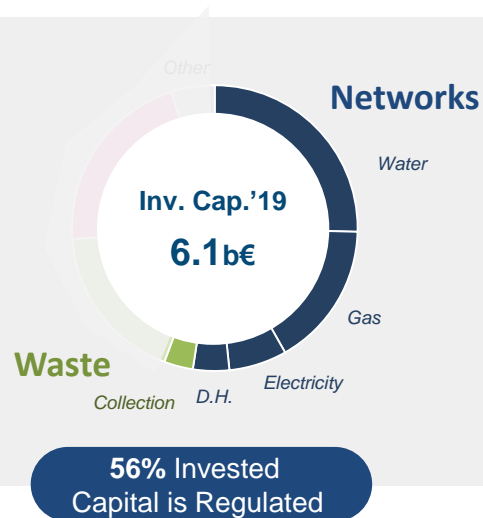


Visible DPS policy
(€ cents)

Never decreased
in 17 years

Total shareholders' return CAGR +9.5% since IPO ('03-'19)

56% of capital invested on “regulated activities”



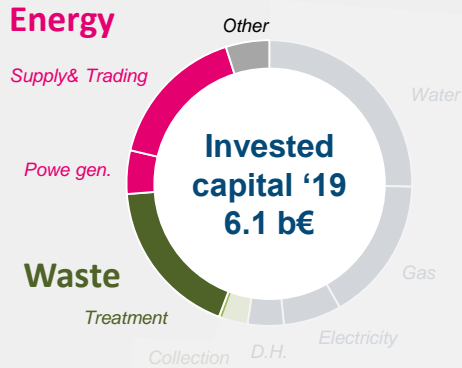
	RAB* (b€)	Return (%)	Infl. risk	Country risk	Volume risk	Regulatory period
Water	1.49	5.24%	✓	✓	✓	to '23
Gas	1.0	6.3%	✓	✓	✓	to '25
Electricity	0.37	5.9%	✓	✓	✓	to '23
Waste	0.25	6.3%	✓	✓	✓	to '21

Regulated returns

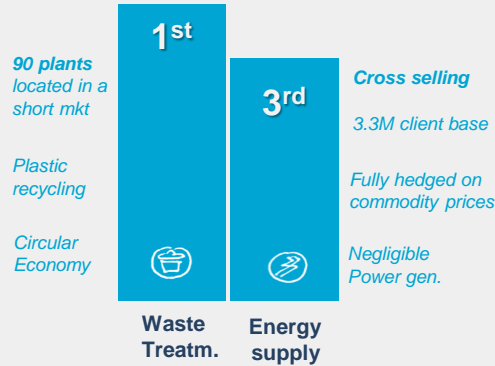
Efficient infrastructures with high visibility on returns

* RAB reach 3.2b€ Including District Heating Net Invested Capital

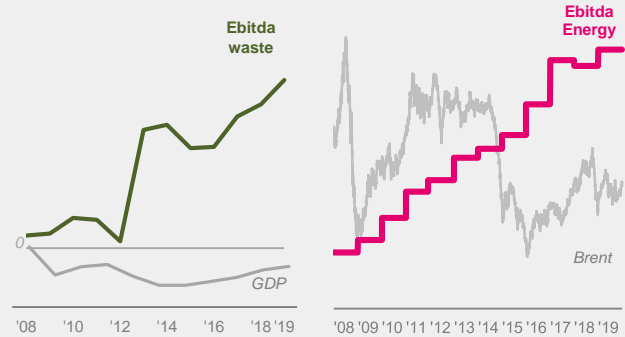
44% of capital invested on “liberalised activities”



44% Invested Capital on liberalised



National Ranking & Features



Last 10Y track record

Strong competitive advantages underpin constant growth