

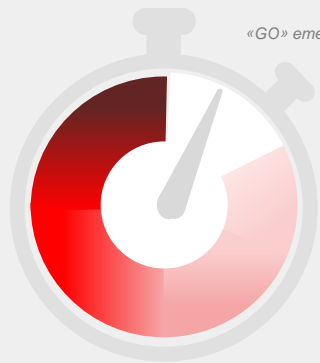
Y 2019 FINANCIAL RESULTS

“ 2019: a
record year,,



SCART | Progetto
Artistico
Gruppo Hera
IL LATO BELLO E UTILE DEL RIFIUTO

Coronavirus issue



«GO» emergency plan



Start 21st February

Virus-free zone
in our territories



100%
active

Crisis management

Up to date
quite effective

Today business operations

Services
are all guaranteed

Properly guaranteeing all stakeholders

2019 main highlights of the diversified set of growth levers at work

Q1 Bolt-on acquisitions

- **CMV** acquisition and **ATR** integration
- **Minority** buy-out (0.5%) of **Marche Multiservizi**
- **Bio-Methane plant Start-up**
- **Business plan** to 2022
- **Road show**
- **FTSE Mib** inclusion

Q2 Focus M&A and SRI

- M&A: **Ascopiave** deal (MoU)
- M&A: **Cosea** acquisition
- **Acantho Minority** buy-out (3.28%)
- **Cordenons** landfill start
- Dividend payment (0.10c€)
- Integrated Governance Index award

Q3 M&A and Organic Growth

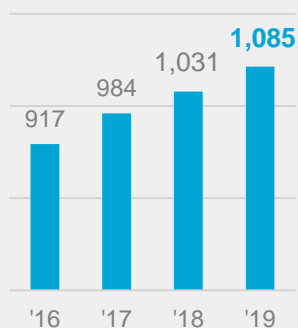
- **Waste Recycling** integration in Hasi
- 2° **Green Bond** issued
- **Pistoia Ambiente** acquisition
- Worldwide multiutility leader in diversity and inclusion (TR)

Q4 Ascopiave deal

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

Outperforming execution grasping all growth opportunities

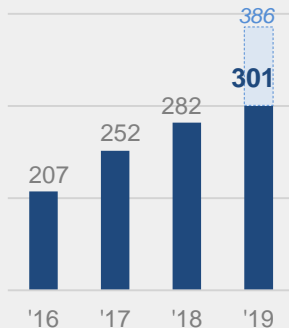
2019 results in a snapshot



Ebitda (M€)

+5.2%

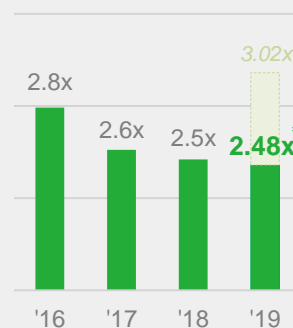
'19/'18



Net Profit (M€)

+6.7%

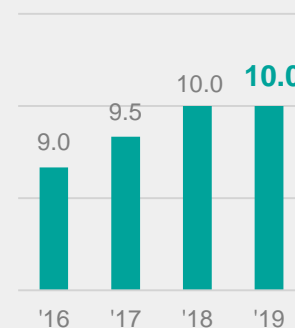
'19/'18



Net Debt/Ebitda (x)

(1.2%)

'19/'18

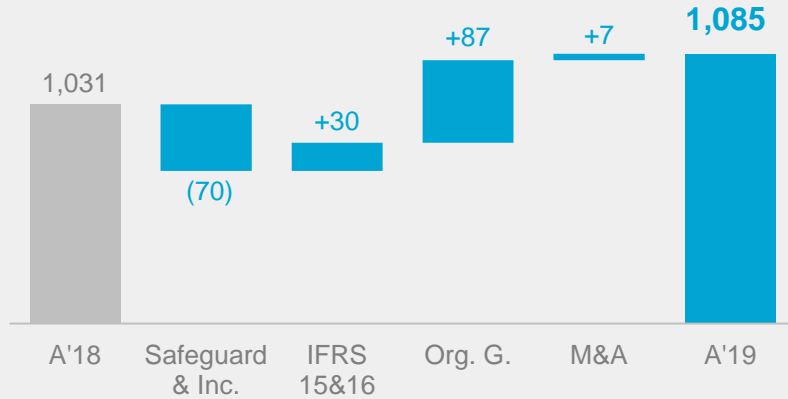


Dividend (c€)

Confirmed
plan expectations

Growth path exceeding expectations

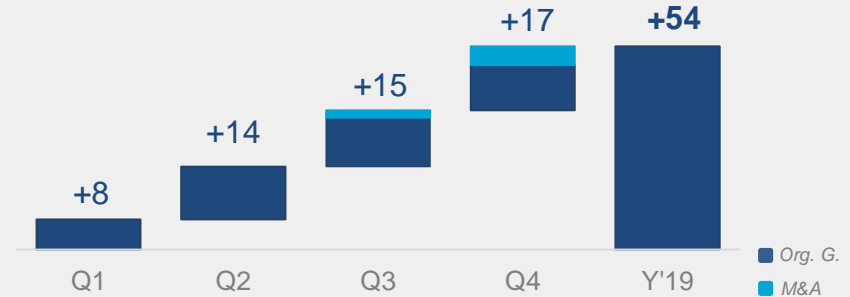
2019 Ebitda growth in all core activities



Ebitda growth by drivers
(M€)

+54 M€

Outperform



Growth by Quarters

Well ahead

of Business Plan

Increasing growth quarter by quarter

Balance growth, same mix

“ The Group portfolio shows a multi-business industrial approach, balanced between regulated and free-market activities, which offers visible competitive advantages and underpins the value creation achieved ”



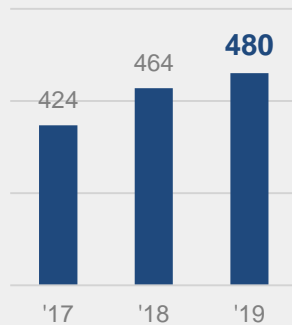
51%

EBITDA
From regulated
activities

2019 results by business in a snapshot



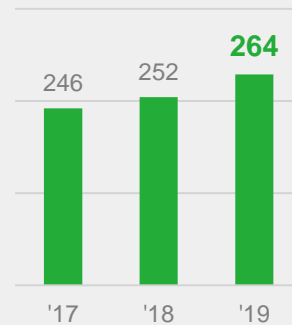
■ Liberalized ■ Regulated



Networks (M€)

+3.5%

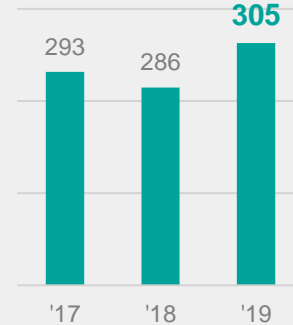
'19/'18



Waste (M€)

+4.8%

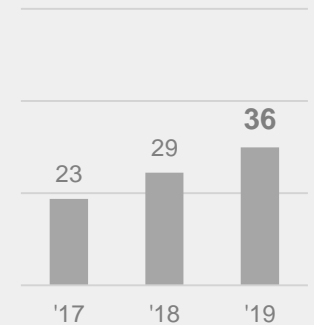
'19/'18



Energy (M€)

+6.7%

'19/'18



Other (M€)

+21.1%

'19/'18

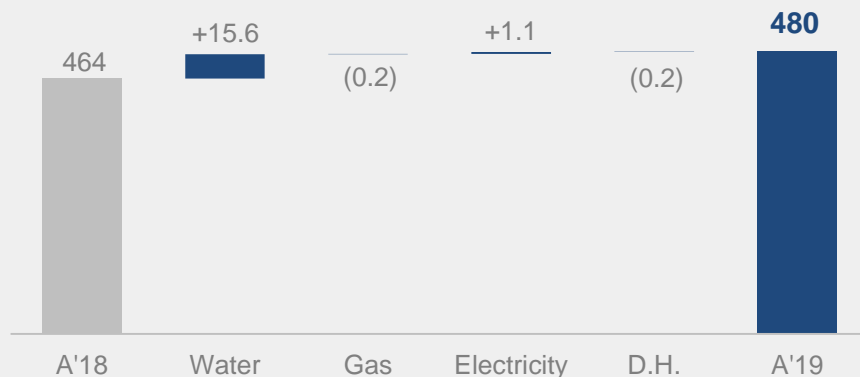
Business mix

51%

regulated

Safe and balanced business-mix works just fine

Networks



RAB

3.2b€

- Solid and diversified among three businesses: +2.9%

Premium

+2m€

- Quality premium in Water business

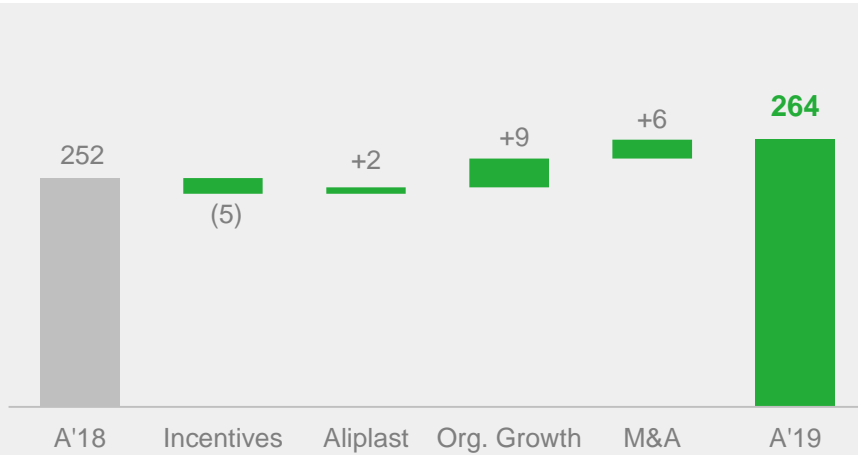
Ebitda growth
(M€)

+16.3M€

+3.5%

Quality above Authorities standards

Waste



Ebitda growth
(M€)

+12.2 M€

+4.8%

Prices

- Increase in all type of special waste: above

+15%

Recycling

- Sorted Urban waste collection up from 62.5% to:
- Enhanced recycling and re-use activities (WTE, selection and bio-digestion and compost)

64.6%

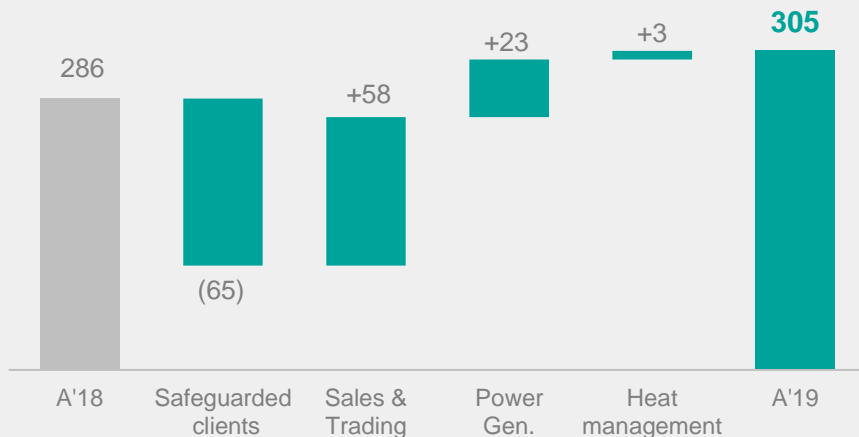
New Bio-methane plant & Pistoia

- Pistoia landfill acquired in July 2019 and Bio-methane plant started in March

+10m€

Surfing market shortage with enlarged capacity and circularity

Energy



Customer base

- Organic market expansion

+64k

Ascopiave deal

- Customer base added: above

+700k

Safeguarded clients

- Lower margins

(65m€)

Ebitda growth
(M€)

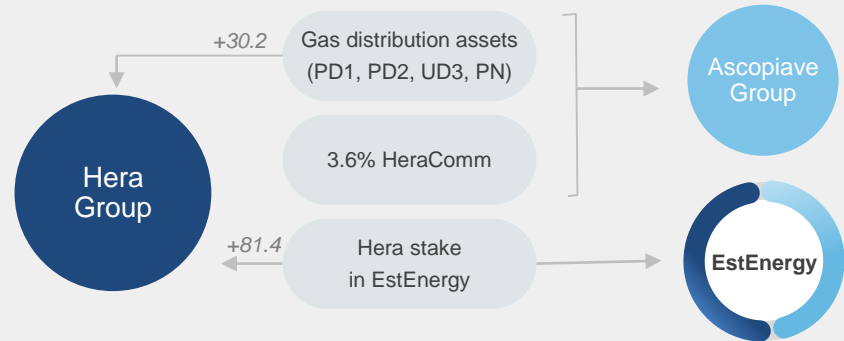
+19.3m€

+6.7%

Third player of Italian market with 3.3 million clients

Ascopiave deal impact on 2019 annual accounts

Special Items	M€
Cap gain Gas Networks	+30.2
Revaluation EstEnergy stake	+81.4
Write off investments	(26.0)
Fiscal effects	(0.7)
Total «one-off» effects	+84.9



Special Items
(M€)

+85 M€

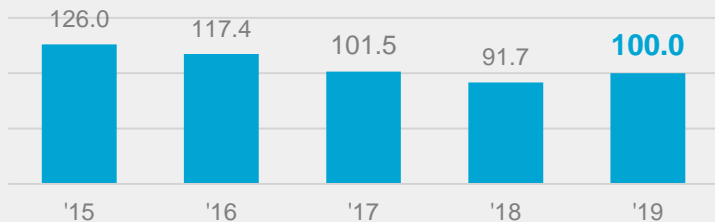
Ascopiave deal

Integration
in progress

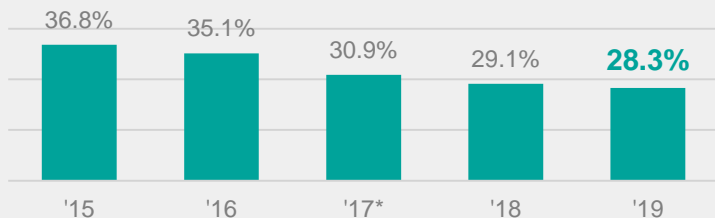
Contributing to 2020 “growth” from 1st January

Below Ebitda

Fin. expenses (M€)

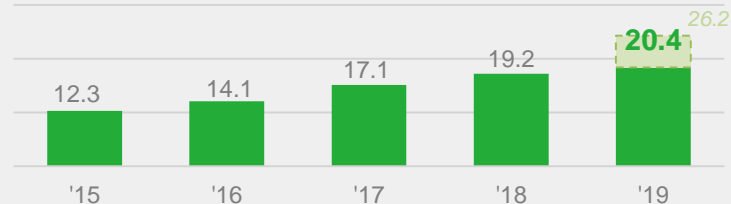


Tax rate (%)

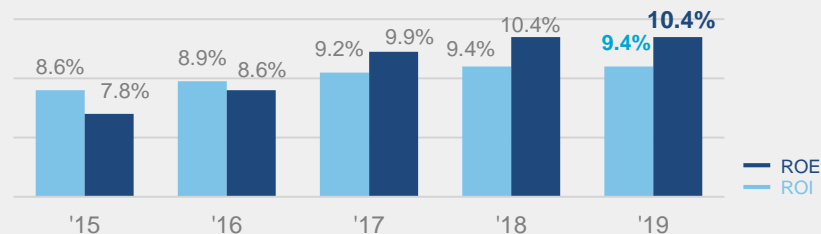


*Adjusted

EPS (c€)

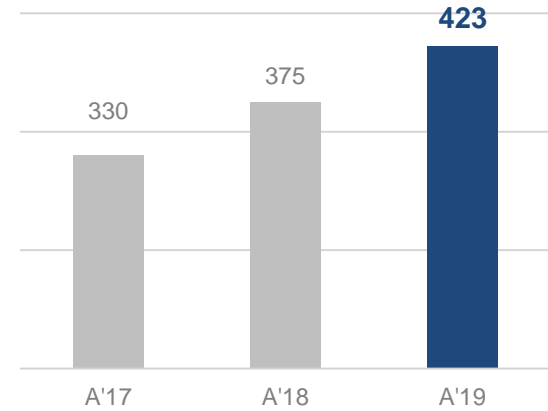
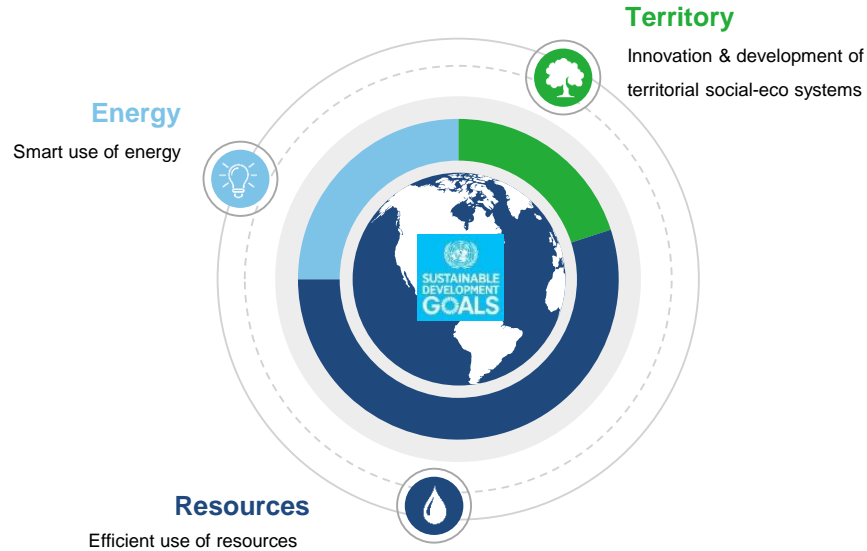


ROI & ROE (%)



Progressively enhanced profitability & returns

Creating Shared Value



CSV track record (M€)

+13% '19/'18 **39%** Of Group Ebitda

39% of 2019 Ebitda growth is “Shared Value”

Better financial profile

“

A positive free cash generation covering dividends, capex and M&A, assured a further reduction of the financial leverage enhancing potential further expansion plans.

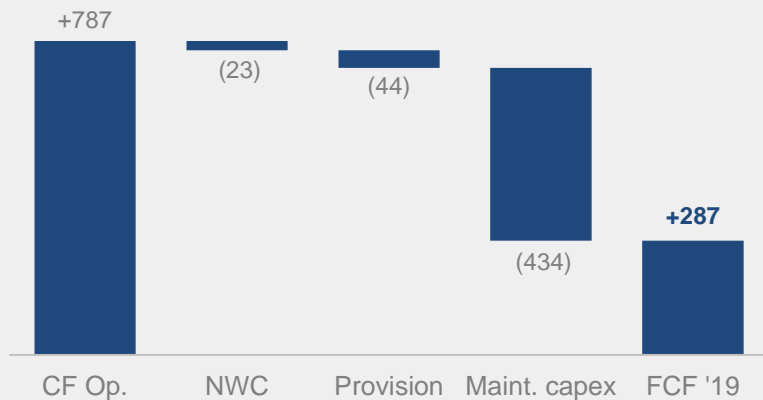
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2.48x

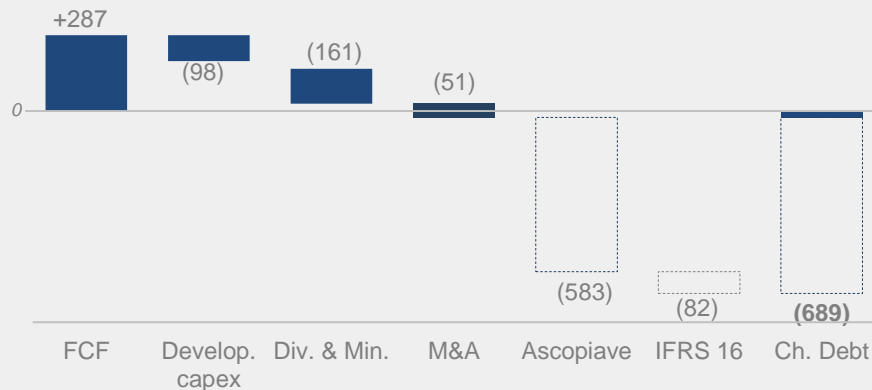
NET DEBT / EBITDA

Cash flows



Free Cash Flow
(M€)

+40%
'19/'18

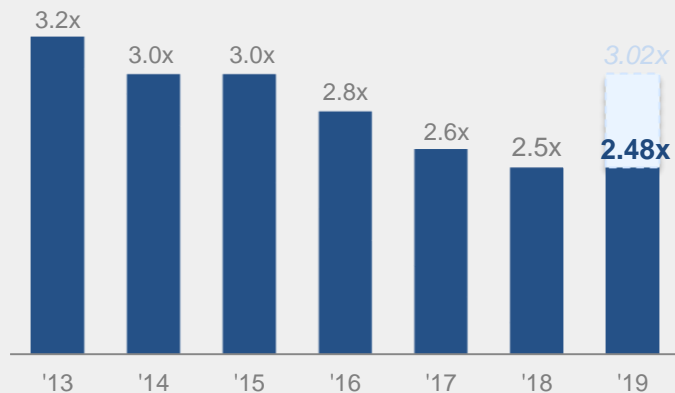


Cap. allocation & Ch. Debt
(M€)

Steady real debt

Enhanced free cash generation funded further development

Financial profile



Debt/Ebitda
(x)

FFO/Net Debt

29%

Duration

~6Y

Fixed interest rates

87%

Portion of debt at fixed rates

Credit lines committed

600m€

Refinancing needs end '20

5%

175 million Euro with an incidence on Net debt

Solid profile to face future challenge

Closing remarks

“ Positive growth underpinned by operating, financial and tax management combined with enhancement of returns on invested capital allow to pursue a sustainable capital allocation balanced between “development” and “remuneration” to shareholders. ”



Closing remarks



Economics

- Economic performances highlighted growth once again
- Confirmed ROE and ROI close to 10%

Balance sheet

- Growing cash generation underpins deleverage
- DPS proposed at 10c€ as promised

Corona-virus

- Crisis management effective so far
- Low exposure to macros (GDP, Commodities)

E2020

2020 started benefitting from **Ascopiave deal** and **results are in line** with expectations

Q&A and Appendix

“ Further details on 2019 annual results are available in this section. ”



Annex: P&L

Profit & Loss

(M€)

	Y '18	Y '19	
REVENUES	6,626.4	7,443.6	+12.3%
EBITDA	1,031.1	1,085.1	+5.2%
<i>Ebitda margin</i>	<i>15.6%</i>	<i>14.6%</i>	
Depreciation and provisions	(521.0)	(542.6)	
EBIT	510.1	542.5	+6.4%
Financial costs	(87.1)	(91.6)	
Figurative interests (IAS)	(19.5)	(21.8)	
Income from Associates & J.V.	14.9	13.4	
PRETAX PROFIT	418.4	442.5	+5.7%
Tax	(121.8)	(125.4)	
<i>Tax rate</i>	<i>29.1%</i>	<i>28.3%</i>	
Special items*	0.0	84.9	
Minorities	(14.7)	(16.3)	
NET PROFIT POST MINORITIES	281.9	385.7	+36.8%

* See page 9 for Special items details

Annex: Waste and Water

Waste: Profit & Loss

(m€)	Y 2018	Y 2019	Ch.
Revenues	1,123.7	1,190.5	+66.9
Ebitda	252.0	264.2	+12.2

Waste: KPIs

Data	Y 2018	Y 2019	Ch.
Urban W. Volumes (Kton)	2,348	2,347.8	(0.2)
Special W. Volumes (Kton)	2,143	2,211.1	+68.3
Waste from third parties	4,491	4,558.9	+68.1
Internal W. Volumes (Kton)	2,802	2,616.2	(186.0)
Total Volumes Treated	7,293	7,175.1	(117.9)

Water: Profit & Loss

(m€)	Y 2018	Y 2019	Ch.
Revenues	878.6	911.9	+33.3
Ebitda	249.7	265.3	+15.6

Water: KPIs

Data	Y 2018	Y 2019	Ch.
Aqueduct (mm3)	291.1	289.3	(1.8)
Sewerage (mm3)	246.0	246.3	+0.4
Purification (mm3)	244.0	241.0	(3.0)

Annex: Gas and Electricity

Gas: Profit & Loss

(m€)	Y 2018	Y 2019	Ch.
Revenues	2,371.0	2,971.9	+600.8
Ebitda	316.5	341.6	+25.1

Gas: KPIs

Data	Y 2018	Y 2019	Ch.
Volumes distrib. (mm3)	3,066.8	2,982.9	+400.8
Volumes sold (mm3)	6,168.2	9,850.7	+3,682.5
<i>of which trading (mm3)</i>	<i>3,822.7</i>	<i>7,547.4</i>	<i>+3,724.8</i>
District Heating (GWht)	507.5	487.8	(19.7)
Final retail volumes (mm3)	2,345.5	2,303.2	(42.3)
Clients ('000 unit)	1,455.9	2,049.5	+593.6

Electricity: Profit & Loss

(m€)	Y 2018	Y 2019	Ch.
Revenues	2,462.1	2,590.4	+128.3
Ebitda	183.5	178.5	(5.0)

Electricity: KPIs

Data	Y 2018	Y 2019	Ch.
Volumes sold (GWh)	11,854.1	12,830.4	+976.2
<i>of which Salvaguardia (GWh)</i>	<i>2,398.3</i>	<i>2,632.9</i>	<i>+234.6</i>
Volumes distrib. (GWh)	3,078.7	3,051.7	(27.0)
Clients ('000 unit)	1,068.7	1,252.9	+184.2