



SCART | Progetto
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Gruppo Hera
IL LATO BELLO E STILE DEL BUSINESS

Growing solid, sustainably and safe



3Q 2021 Financial results

Nov. 10th, 2021

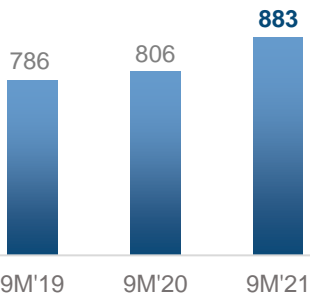


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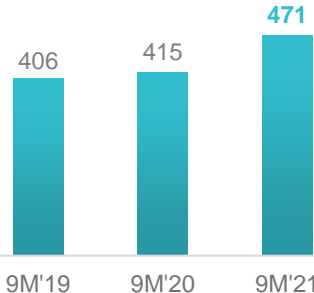
9 months 2021 results in a snapshot

EBITDA (m€)



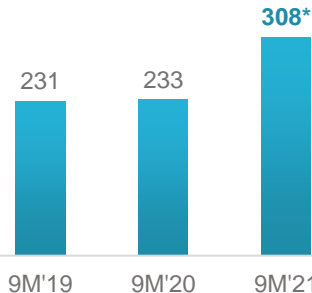
+9.6% 9M'21/9M'20

EBIT (m€)



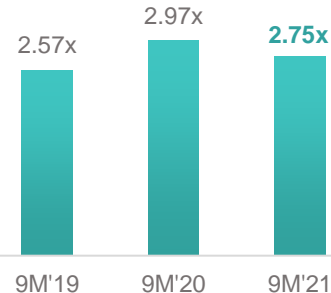
+13.5% 9M'21/9M'20

NET PROFIT (m€)



+32.3% 9M'21/9M'20

FREE CASH FLOW (m€)



Solid leverage

Strong growth & solid financial structure

*Including 56m€ of «one off» special items

More growth driver at work

Sector Consolidation

3 M&A (*Recycla*, *Valortigara* and *Sea*) to strengthen industrial **waste** platform on ref. territory.

2 M&A further expanding of **energy** (*Ecogas* with 20k customers and *Wolmann* Photovoltaic retail market).

Enterprise Value of 126m€

Ebitda (of full integration): **21m€**

Plant Capacity: **236kton/Y**

EV/Ebitda: **6.1x**

Organic Growth

Increased **capex** by **+13%** to expand infrastructures

Market share increase in Energy and Waste treatment liberalised activities

Synergy extraction of merged companies (EstEnergy)

Innovation and digitalization enhance **efficiency** and **tax benefits**

Tenders in all sectors

Gas Distribution concession in Udine re-gained (12Y)

Water concession (18Y) in Rimini re-gained

Maggior Tutela Tenders: 3 out of 9 assigned to Hera (3Y)

MUI (Default and FUI of 2Y from Q4 '21) and **Consip** (2Y '22-'24) tenders promoting further growth going forward

Italian recovery

Eco-bonus 110% tax incentive enhance appeal of Hera Energy Services

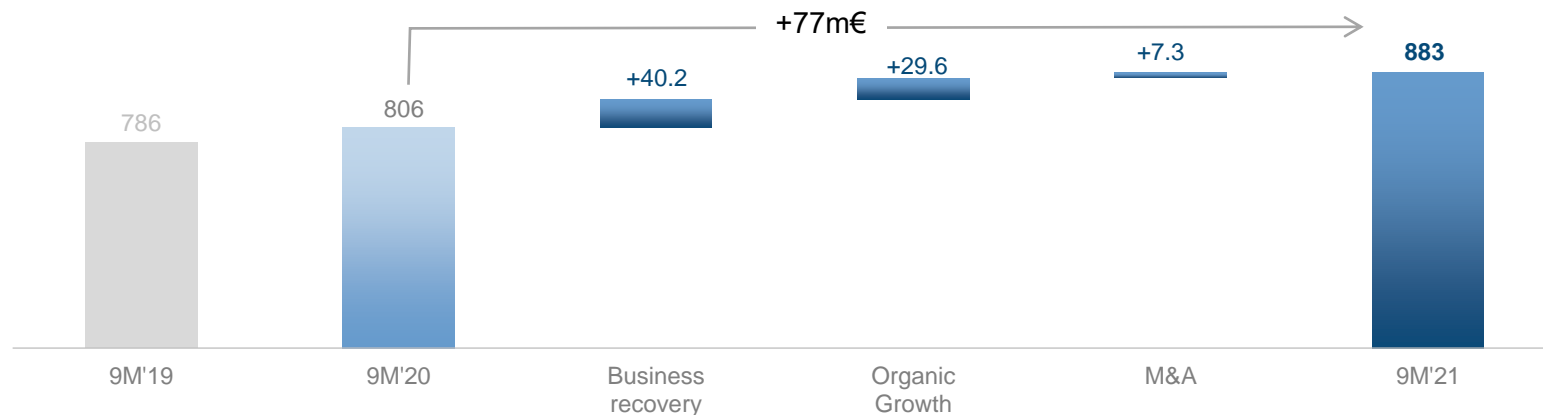
Aliplast is developing fast market share in 2021 promoting sustainable regenerated plastic

Waste treatment services are **highly elastic to GDP**

Acting fast at 360 degrees

9 months 2021 Ebitda drivers

GROWTH DRIVERS (m€)



+77.1m€, +9.6% 9M'21 vs 9M'20

Strong growth rate underpinned by all activities

Business and financial results



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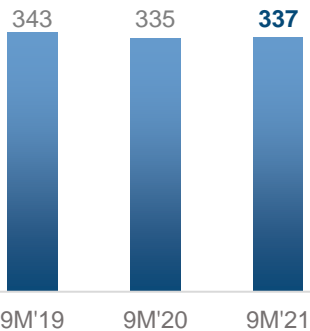
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9M results in a snapshot by business

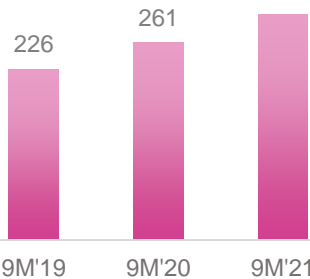
NETWORKS

(m€)



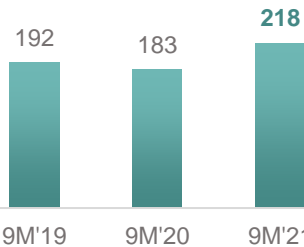
ENERGY

(m€)



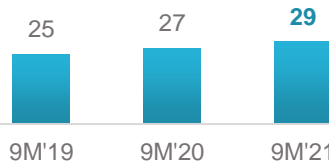
WASTE

(m€)



OTHER

(m€)

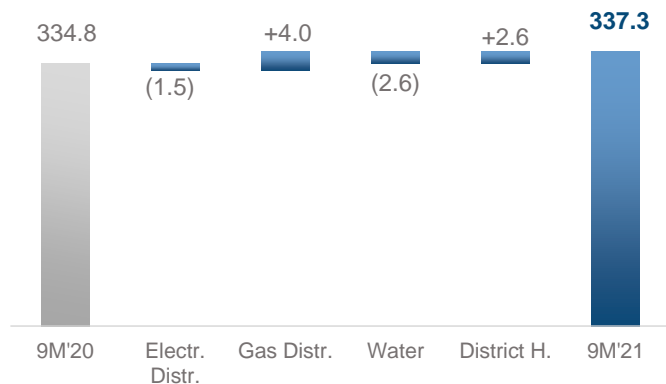


All businesses reported robust results

Networks

GROWTH DRIVERS

(m€)



+0.7% 9M'21 vs 9M'20

INSIGHTS

White Certificates

- +5.4m€ growth related to regulatory pricing

New Connections

- Positive growth of new connections (+2.4m€) underpinned by real estate/industry re-start

Energy and other costs

- Energy intensive water business has a tariff which will guarantee the pass through of energy costs
- Rise in other raw material costs

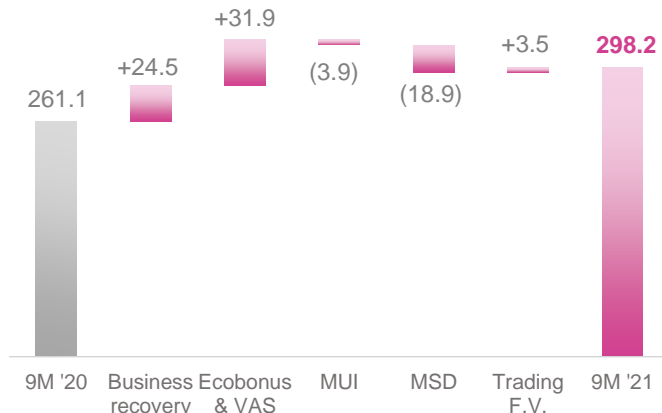
District Heating

- Increase in volumes & operating efficiency

Full protection from energy prices volatility

GROWTH DRIVERS

(m€)



+14.2% 9M'21 vs 9M'20

INSIGHTS

Customer base above 3.4 million

Increased by +90k customers:

- (+19k Gas
- +71k Electricity (of which 58k STG)

Services related to Ecobonus and VAS

- The progression continues on the back of incentives (proposal to extend Ecobonus till '25 in a draft law)

Last resort markets (MUI)

- Default and FUI tenders won in Gas supply (+22.2m€) almost offset reduction of Safeguarded segment in Electricity supply.

Ancillary services (MSD)

- Full normalization of extraordinary '20 Ancillary services

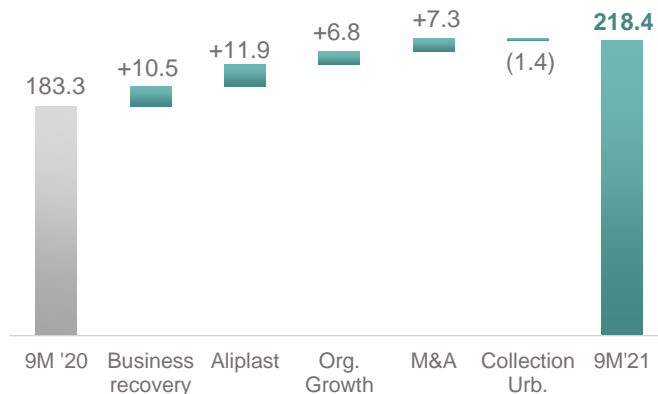
Trading margins & Fair Values

- Commodity prices fluctuation cause changes in fair values and had a negligible "net" impact on accounts

Surfing the strong demand of “Eco” services

GROWTH DRIVERS

(m€)



+19.1% 9M'21 vs 9M'20

INSIGHTS

One off '20

- Full normalization of '20 impacts of energy prices and volume treated

Aliplast

- Aliplast boost, underpinned by more competitive re-generated plastics against original polymers

Organic Growth

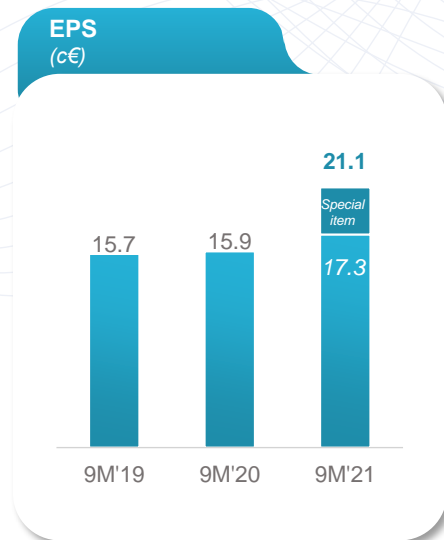
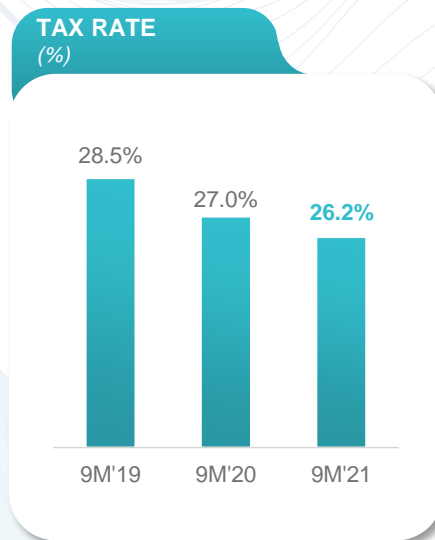
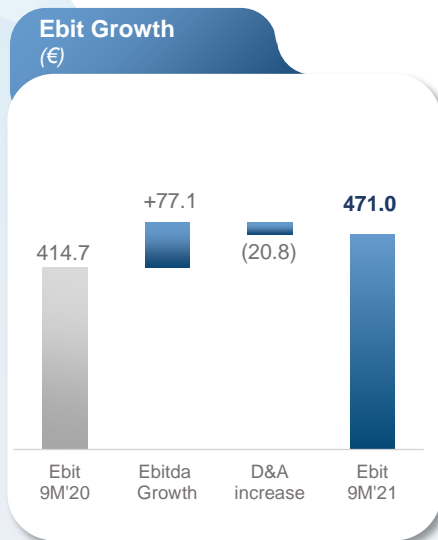
- Economic recovery positive impact due to high elasticity of demand for waste treatment services

M&A: Recycla and Vallortigara

- Consolidated since Jan. 1st (Recycla) and Jul. 1st (Vallortigara)
- Waste disposals in landfill: 3% (beating UE targets)

Strong pro-cyclical growth

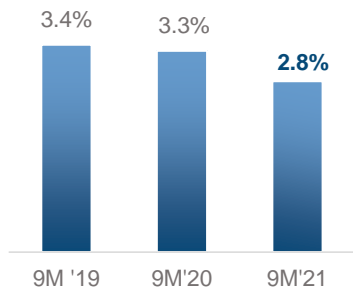
Beyond Ebitda



Growth down to bottom line

Change in cost of debt: 2021 liability management

COST OF DEBT (%)



Further reduction expected
following liability
management of Q4

LIABILITY MGMT (m€)

Bond tender offer - May 2021

Bond 2028, 5.2%	59.5 m€
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Total repurchased	59.5 m€
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Net saving 2021	2.4 m€
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Net saving 2022	3.1 m€
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Bond tender offer - October 2021

Bond 2028, 5.2%	41.5 m€
Bond 2024, 2.375%	41.1 m€
Bond 2027, 0.875%	142.8 m€
Bond 2026, 0.875%	74.3 m€
Priv. Plac. 2023, 3.375%	46.0 m€

Total repurchased	346 m€
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Net saving 2021	2.0 m€
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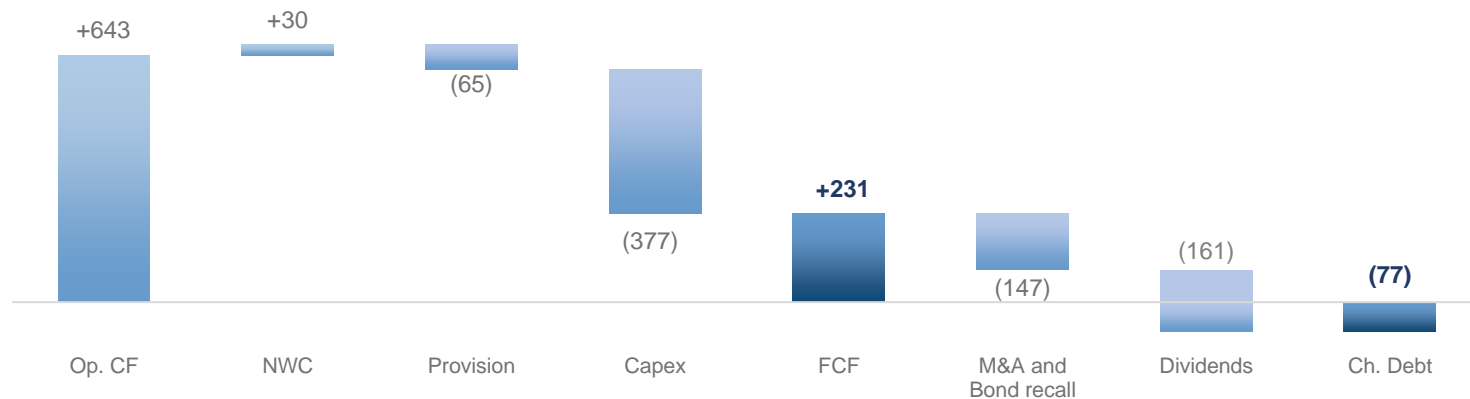
Net saving 2022	7.6 m€
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~10 m€ cumulated savings in 2022

Average debt duration from 6 years to 7.2 years

9M 2021 Cash flow

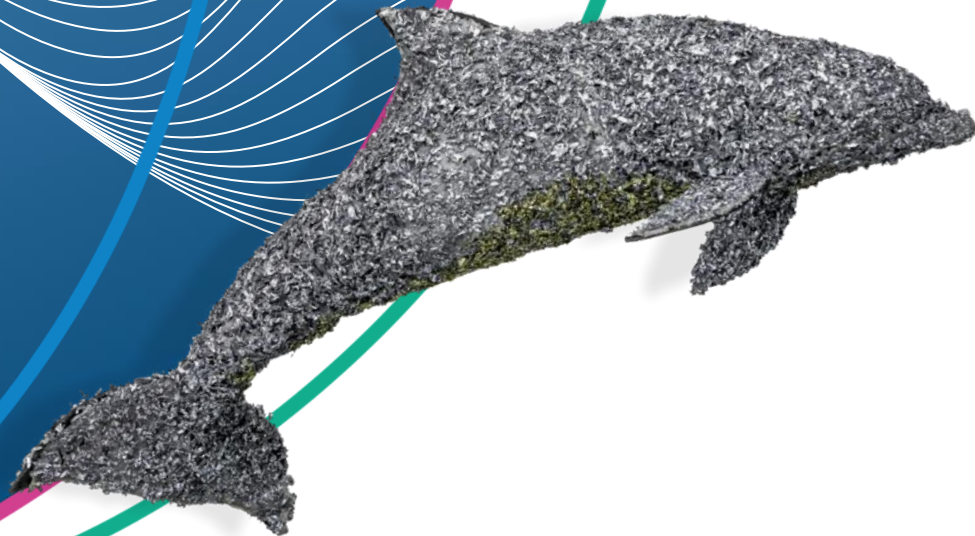
9M CASH FLOW (m€)



Debt substantially stable at 3.3b€ (vs 3.2b€ as of 1/1/'21)

Solid cash generation

Closing Remarks



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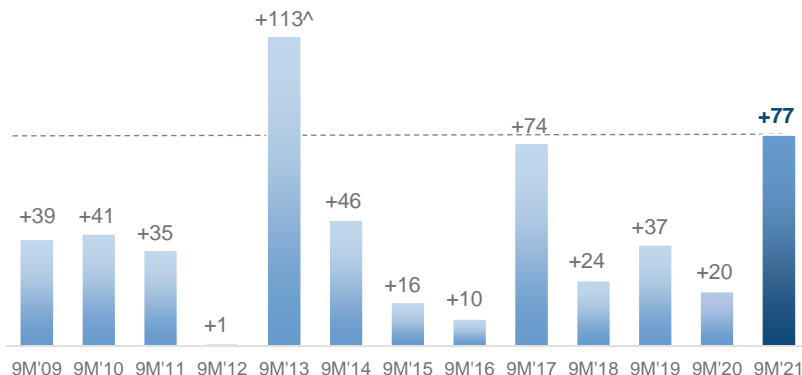


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Closing remarks

Among strongest
Ebitda growth in 9M



[^]Merger with AcegasAps

Growth, well on track
(Ebitda Growth vs 5y targets)

54% of 5Y Ebitda growth
target achieved...

... in only 35% of
the **time** horizon.



A constant, strong and safe growth profile

Annex



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Annex: P&L

	9M '20	9M '21	
REVENUES	5,261.6	6,667.9	
EBITDA	806.2	883.3	+9.6%
<i>Ebitda margin</i>	<i>15.3%</i>	<i>13.2%</i>	
Depreciation and provisions	(391.5)	(412.3)	
EBIT	414.7	471.0	+13.5%
Financial costs	(50.8)	(65.7)	
Figurative interests (IAS)	(34.2)	(28.6)	
Income from Associates & J.V.	5.5	8.9	
PRETAX PROFIT	335.2	385.6	
Tax	(90.5)	(101.0)	
<i>Tax rate</i>	<i>27.0%</i>	<i>26.2%</i>	
Minorities	(11.6)	(32.2)	
Special Items^		56.2	
NET PROFIT POST MINORITIES	233.1	308.4	+32.3%

^ Mainly related to tax exemptions («Afrancamenti»)

Annex: Networks, Energy and Waste

NETWORKS

Ebitda (m€)	9M 2020	9M 2021	Ch.
Networks	334.7	337.3	+2.6
District Heating	7.3	9.9	+2.6
Gas distribution	93.3	97.3	+4.0
Electricity distribution	33.1	31.6	(1.5)
Water	201.1	198.5	(2.6)

Volumes	9M 2020	9M 2021	Ch.
Water (mm3)	215.9	218.5	+2.6
Gas Distribution (mm3)	1,688.9	1,878.8	+189.9
Electricity Distribution (GWh)	2,048.7	2,079.8	+31.1
District Heating (GWht)	284.4	324.6	+40.2

ENERGY

Ebitda (m€)	9M 2020	9M 2021	Ch.
Energy	261.1	298.1	+37.0
Gas supply	142.2	187.5	+45.3
Electricity supply	71.1	50.3	(20.8)
Power generation	40.6	21.7	(18.9)
Energy efficiency	7.2	38.7	+31.4

Customers ('000)	9M 2020	9M 2021	Ch.
Gas customers	2,019.2	2,038.9	+19.7
Electricity customers	1,319.2	1,390.3	+71.2
Energy customers	3,338.4	3,429.3	+90.9

WASTE

Ebitda (m€)	9M 2020	9M 2021	Ch.
Waste	183.3	218.4	+35.1
Treatment	131.0	167.5	+36.5
Collection	52.3	50.9	(1.4)

Volumes (kton)	9M 2020	9M 2021	Ch.
Urban W. Volumes	1,644.7	1,677.9	+33.2
Special W. Volumes	1,591.4	1,714.8	+123.5
Waste from third parties	3,236.0	3,392.7	+156.7
Internal W. Volumes	1,614.5	1,608.1	(6.4)
Total Volumes Treated	4,850.5	5,000.9	+150.3

Annex: Water and Waste

WATER

(m€)	9M 2020	9M 2021	Ch.
Revenues	655.9	696.5	+40.6
Ebitda	201.1	198.5	(2.6)

Data	9M 2020	9M 2021	Ch.
Aqueduct (mm3)	215.9	218.5	+2.6
Sewerage (mm3)	183.5	184.1	+0.6
Purification (mm3)	180.3	181.7	+1.4

WASTE

(m€)	9M 2020	9M 2021	Ch.
Revenues	863.8	974.4	+110.5
Ebitda	183.3	218.4	+35.1

Data	9M 2020	9M 2021	Ch.
Urban W. Volumes (Kton)	1,644.7	1,677.9	+33.2
Special W. Volumes (Kton)	1,591.4	1,714.8	+123.5
Waste from third parties	3,236.0	3,392.7	+156.7
Internal W. Volumes (Kton)	1,614.5	1,608.1	(6.4)
Total Volumes Treated	4,850.5	5,000.9	+150.3

Annex: Gas and Electricity

GAS

(m€)	9M 2020	9M 2021	Ch.
Revenues	2,184.7	3,278.5	+1,093.8
Ebitda	249.9	333.4	+83.5

Data	9M 2020	9M 2021	Ch.
Volumes distrib. (mm3)	1,688.9	1,878.8	+189.9
Volumes sold (mm3)	8,775.0	11,473.1	+2,698.1
<i>of which trading (mm3)</i>	<i>6,740.4</i>	<i>9,223.6</i>	<i>+2,483.2</i>
District Heating (GWht)	284.4	324.6	+40.2
Final retail volumes (mm3)	2,034.6	2,249.5	+214.9
Clients ('000 unit)	2,019.2	2,038.9	+19.7

ELECTRICITY

(m€)	9M 2020	9M 2021	Ch.
Revenues	1,702.0	1,760.2	+58.2
Ebitda	144.8	103.5	(41.3)

Data	9M 2020	9M 2021	Ch.
Volumes sold (GWh)	9,477.7	8,719.4	(758.3)
<i>of which Salvaguardia (GWh)</i>	<i>1,656.3</i>	<i>477.2</i>	<i>(1,179.1)</i>
Volumes distrib. (GWh)	2,048.7	2,079.8	+31.1
Clients ('000 unit)	1,319.2	1,390.3	+71.2

9M2021: M&A executed in Waste, adding 3.3k clients

3 ACQUISITIONS

Strengthening industrial waste platform on ref. territory borders to further expand.

Syn. exp.: +25% Ebitda

Enterprise Value of 123 m€

Ebitda: 20m€
Plant Capacity: 236 kton/Y

6.1x EV/Ebitda

Recycla



Operating in **Veneto** and E-R region and treats solid and liquid industrial waste to be recycled.
Landfill disposal is **limited to 3%**

Ebitda: 7.9 m€
Plant Capacity: 40 kton/Y

Strengthening platform

Sea



Operating in **Marche** region and treats solid and liquid, hazardous and non hazardous industrial waste
Expandible stocking facilities of **V.A. hazardous** liquid waste.

Ebitda: 7.7 m€
Plant Capacity: 46 kton/Y

V.A. industrial waste

Vallortigara



Operating in **Veneto** and E-R to treat solid and liquid industrial waste.
Stocking, selection, recovery and disposal capacity is **expandible**.

Ebitda: 5.8 m€
Plant Capacity: 150 kton/Y

Expansion opportunities

Gathering synergy potentials and further plant expansion potentials