



INVESTOR PRESENTATION

MAY 2022



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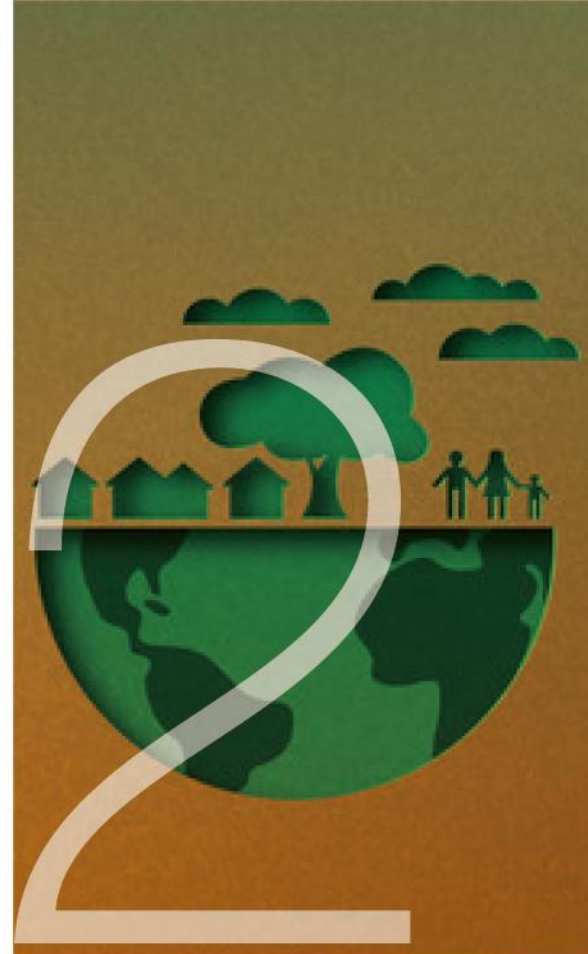
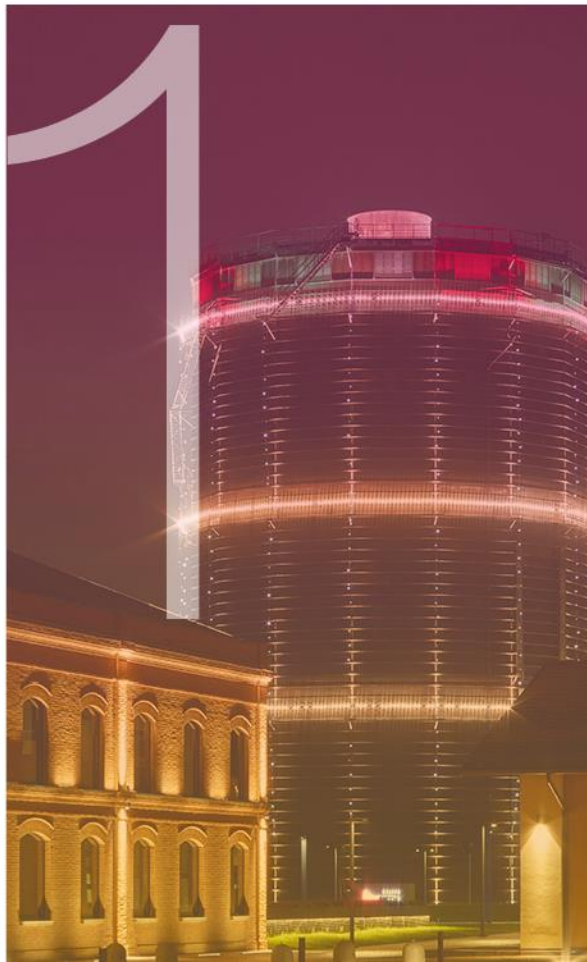
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The base prospectus dated 7 October 2021 and the supplement dated 17 May 2022 are available at the Issuer’s website https://eng.gruppohera.it/group_eng/investor-relations/debt-and-rating/bond-issuances

This disclaimer applies, *mutatis mutandis*, also with respect to the green financing framework, the related second party opinion and any documents incorporated by reference into the base prospectus and the supplement.

AGENDA

company
overview



sustainable
strategy

Hera's Green
Financing
Framework and SPO

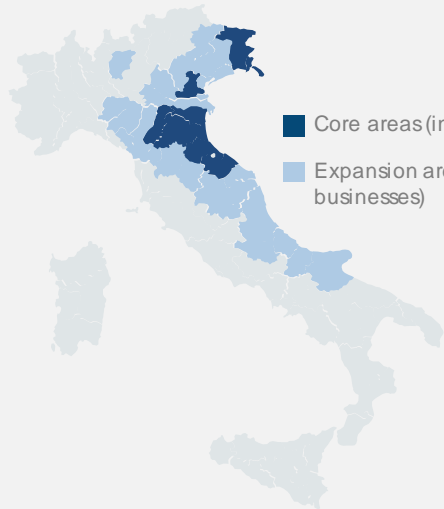




company
overview

◇ STRONG MARKET POSITIONS IN WEALTHIEST PART OF ITALY

FOOTPRINT



Focused low risk growth

WASTE

1st

6.8 mln tons
Waste treated

WATER

2nd

292 mln m³
Water supplied

ENERGY SUPPLY

3rd

3.5 mln
Customers

GAS DISTRIBUTION

4th

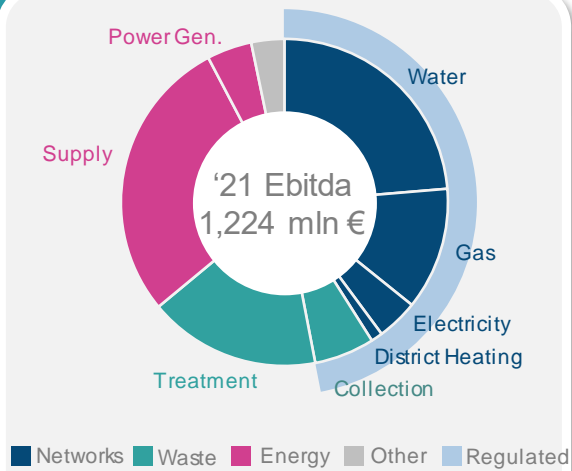
2.8 mln m³
Gas distributed

LARGEST ITALIAN MULTI-UTILITY: ABOUT 5.3 BN € MKT CAP

HERA'S FY 2021 HIGHLIGHTS

BUSINESS MIX

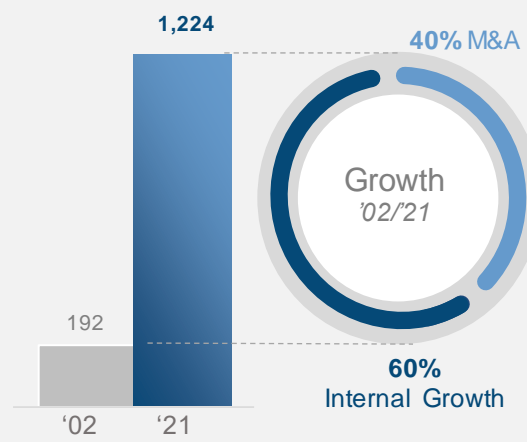
(mln €)



Well balanced

EBITDA DRIVERS

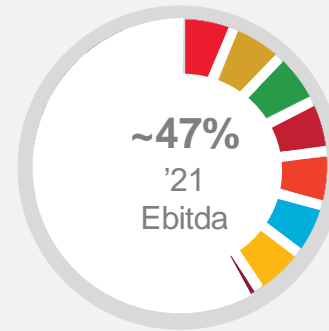
(mln €)



6.4x
through M&A and Organic

EBITDA CSV

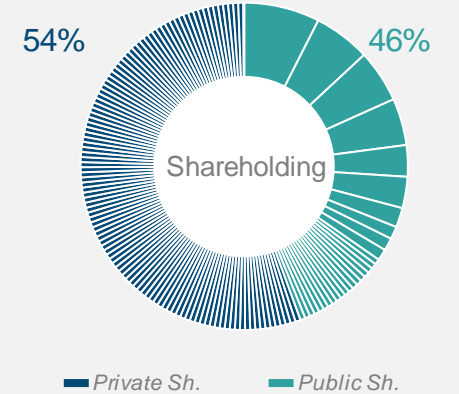
(mln €)



UN Goals targeted

SHAREHOLDING

(%)



Fragmented shareholding

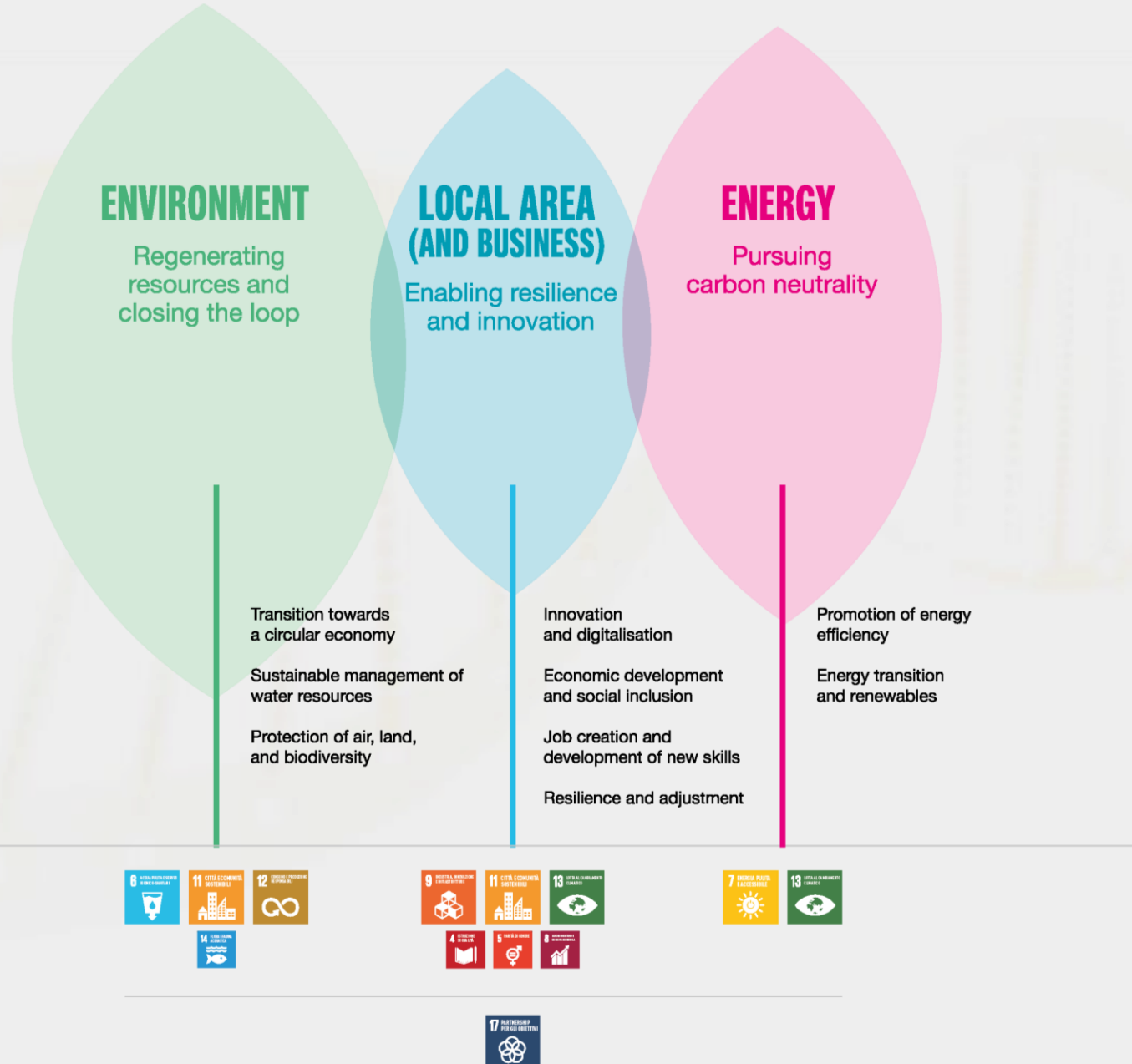
A DIVERSIFIED AND SUSTAINABLE LOW RISK GROWTH STORY

HERA'S SUSTAINABILITY STRATEGY FULLY ALIGNED WITH UN SDG AGENDA

DRIVERS
OF CHANGE

IMPACT AREAS

SDGs
OF SIGNIFICANCE



Hera has identified activities, projects and company policies that generate a significant **Shared Value**

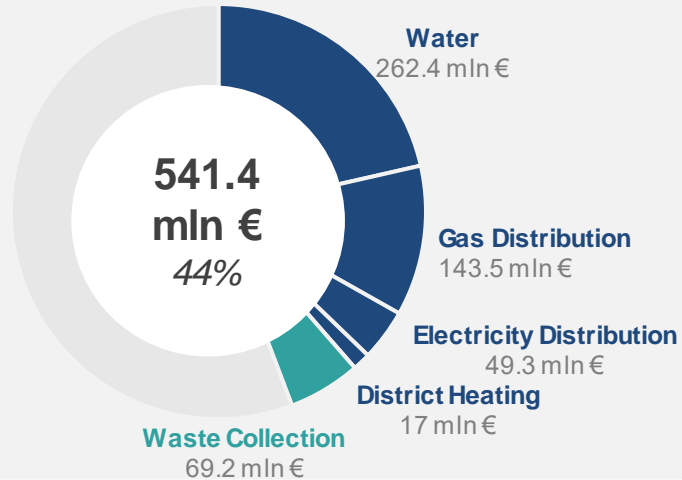
The areas for Creation of Shared Value for Hera:

- *Environment*
- *Local Area*
- *Energy*

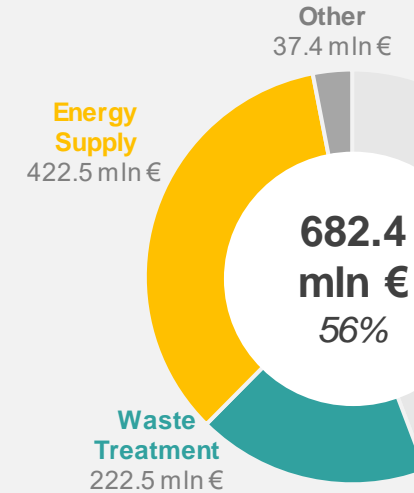
◇ BUSINESS MIX: 44% REGULATED AND 56% LIBERALIZED

'21 regulated EBITDA

3.45 bn € RAB



'21 liberalized EBITDA



Main KPIs

Value drivers	Water	Gas distribution	Electricity distribution	Waste collection
RAB (bn €)	1.64	1.04	0.37	0.4
Return (real pre-tax)	5.2%*	6.3%*	5.9*	6.3%*

(*) data as at 31 December 2021, based on real Hera Wacc

Risk Protection



Inflation



Spread



Demand cyclical

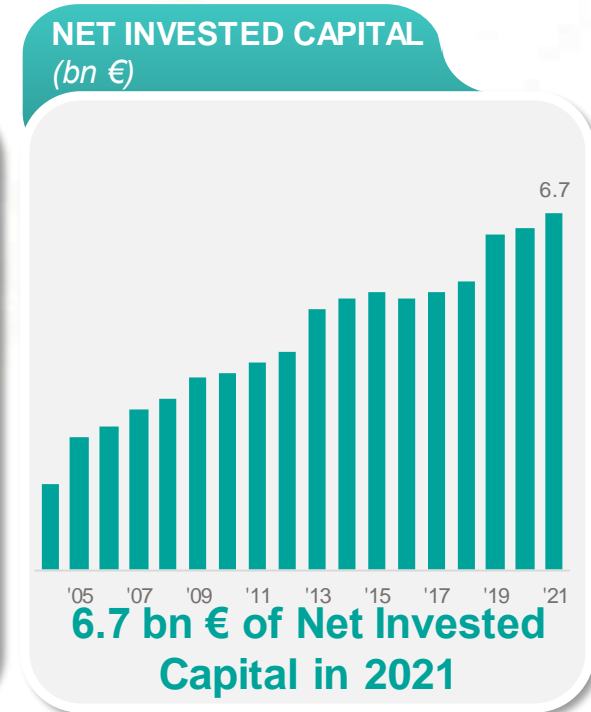
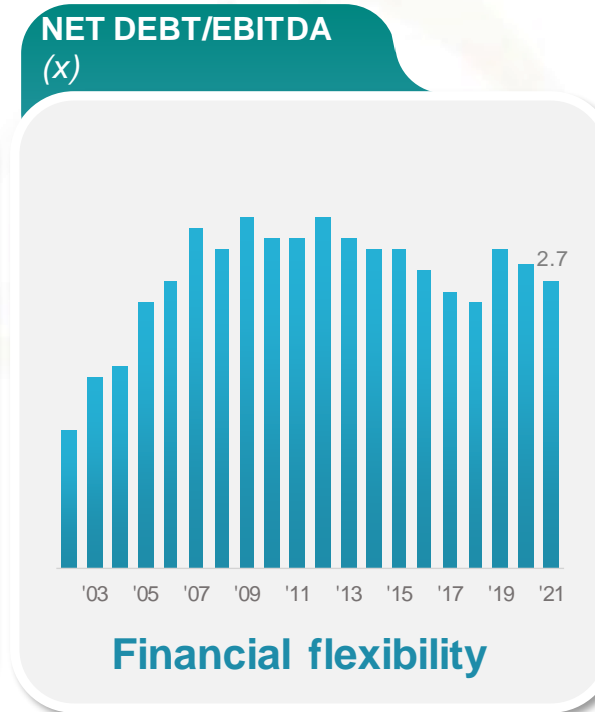
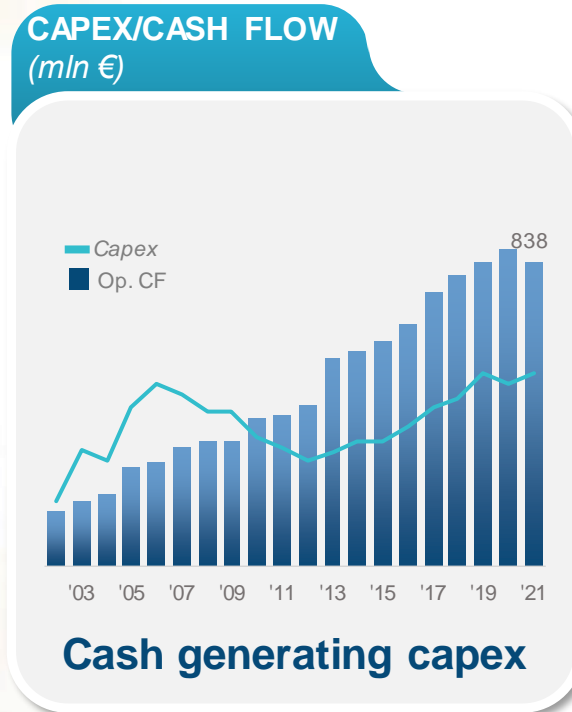
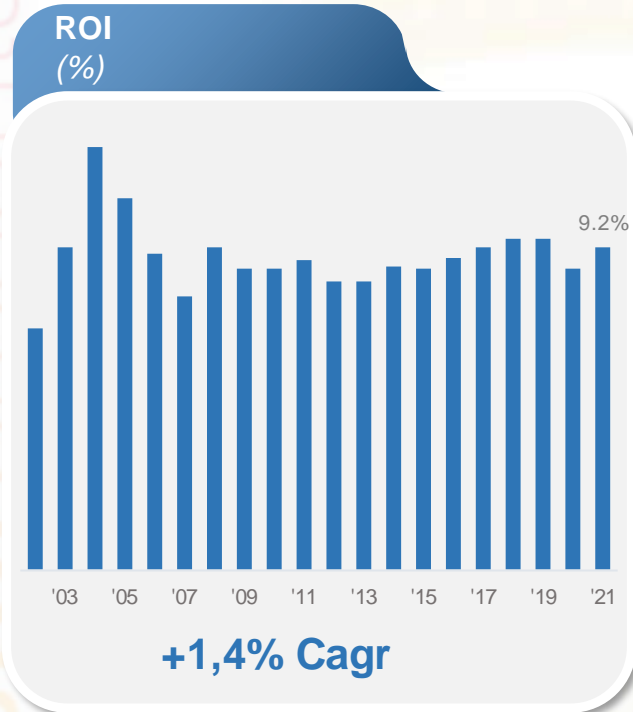
Waste treatment:

- **Largest asset base** in Italy, Hera is benefitting from the Italian infrastructural gap vs all main EU countries
- **Fast growing treatment prices** in the last 4 years due to an infrastructural gap

Energy supply:

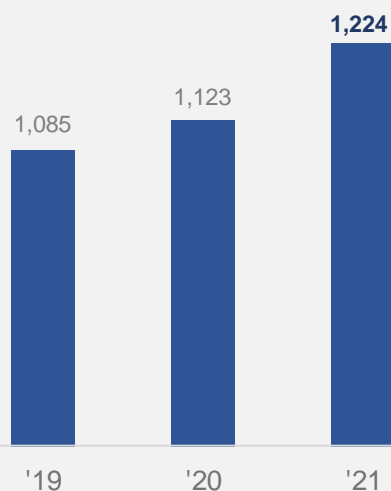
- **Customer base** of 3.5 mln clients
- **Fastest growing** customer base (in the last 5 years)
- **Lowest churn rate** in Italy
- Limited exposure to **energy price** fluctuation (negligible power generation, procurement and supply contracts substantially **fully hedged**)

HERA TRACK RECORD



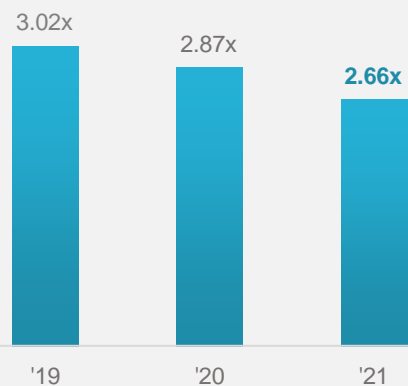
2021 RESULTS IN A SNAPSHOT

EBITDA
(mln €)



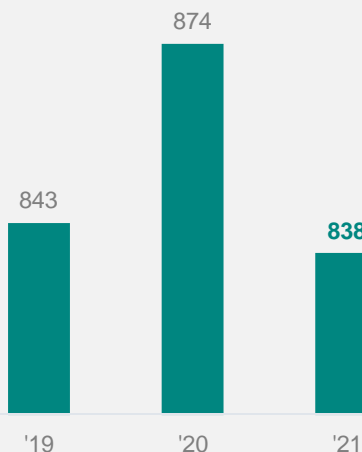
+9.0% '21 vs '20

NET DEBT / EBITDA
(x)



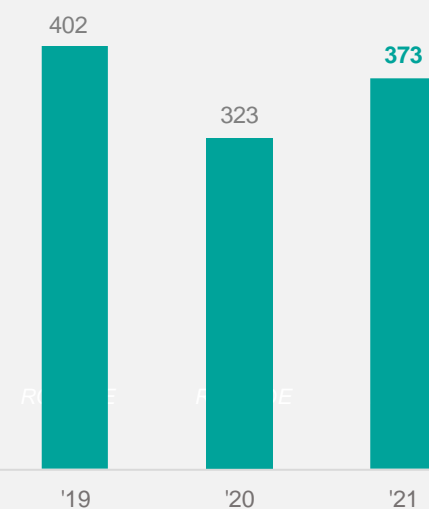
(7.3)% '21 vs '20

CASH FLOW
(mln €)



(4.1)% '21 vs '20

NET RESULT
(mln €)

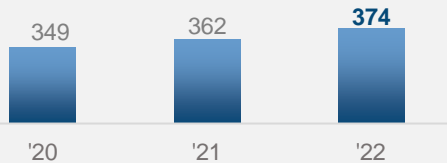


+15.1% '21 vs '20

VERY SOLID RESULTS OUTPERFORMING EXPECTATIONS

Q1 2022 RESULTS IN A SNAPSHOT

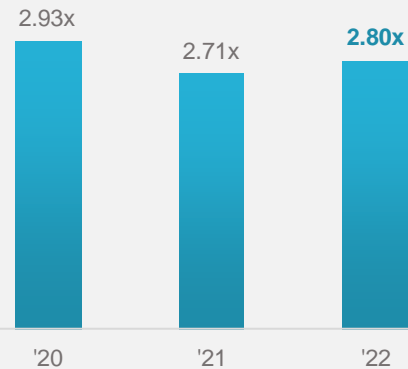
EBITDA (mln €)



+3.3% '22 vs '21

+7.2% '22 vs '20

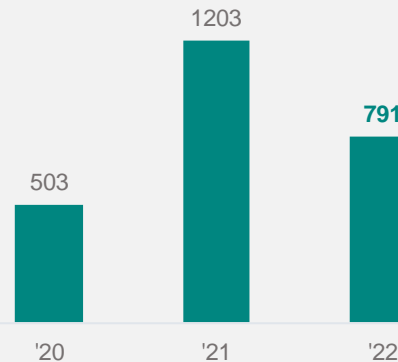
NET DEBT / EBITDA (x)



+9% '22 vs '21

(13)% '22 vs '20

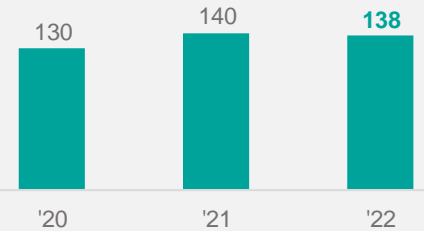
CASH FLOW (mln €)



(34.2)% '22 vs '21

+57.2% '22 vs '20

NET RESULT (mln €)



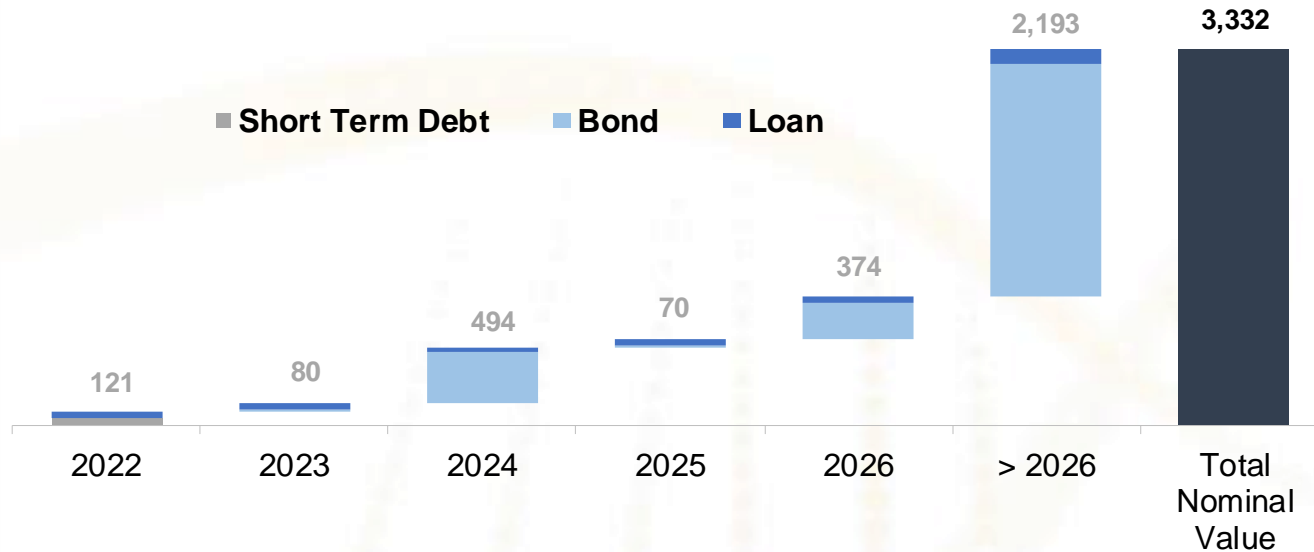
(1.8)% '22 vs '21

+5.8% '22 vs '20

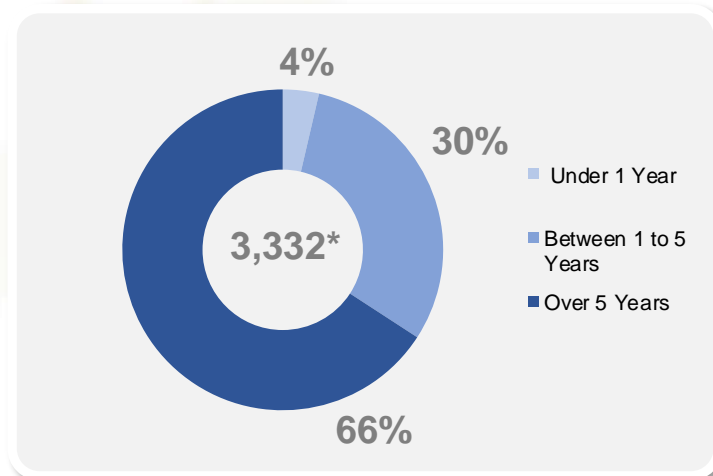
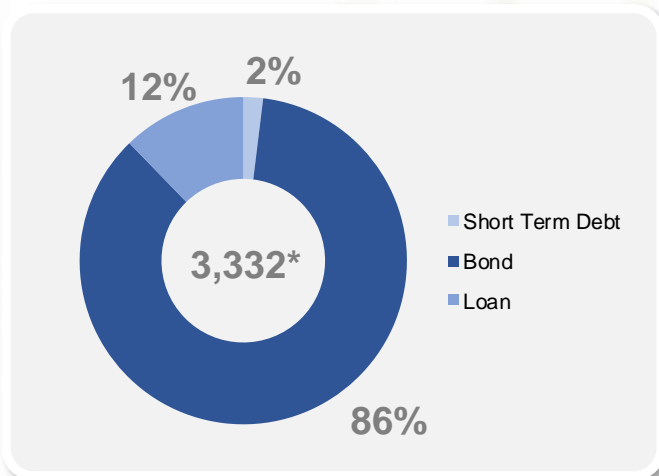
IMPORTANT RESULTS TO UNDERPIN FURTHER GROWTH

HERA DEBT STRUCTURE AS OF 31/12/2021

Debt maturity profile (nominal value, € mln)



- **Net Financial Debt: € 3,261.3 mln**
- **Committed Credit Lines: € 450 mln**
- **Cash Available: € 885.6 mln**



**STANDARD
& POOR'S**

Rating: BBB+
Outlook: Stable

MOODY'S

Rating: Baa2
Outlook: Stable

* Debt nominal value in € mln



sustainable
strategy

SUSTAINABILITY IN HERA IN PILLS

1

Embedding sustainability in top management strategy and corporate communication

2

Moving from linear to Circular Economy

3

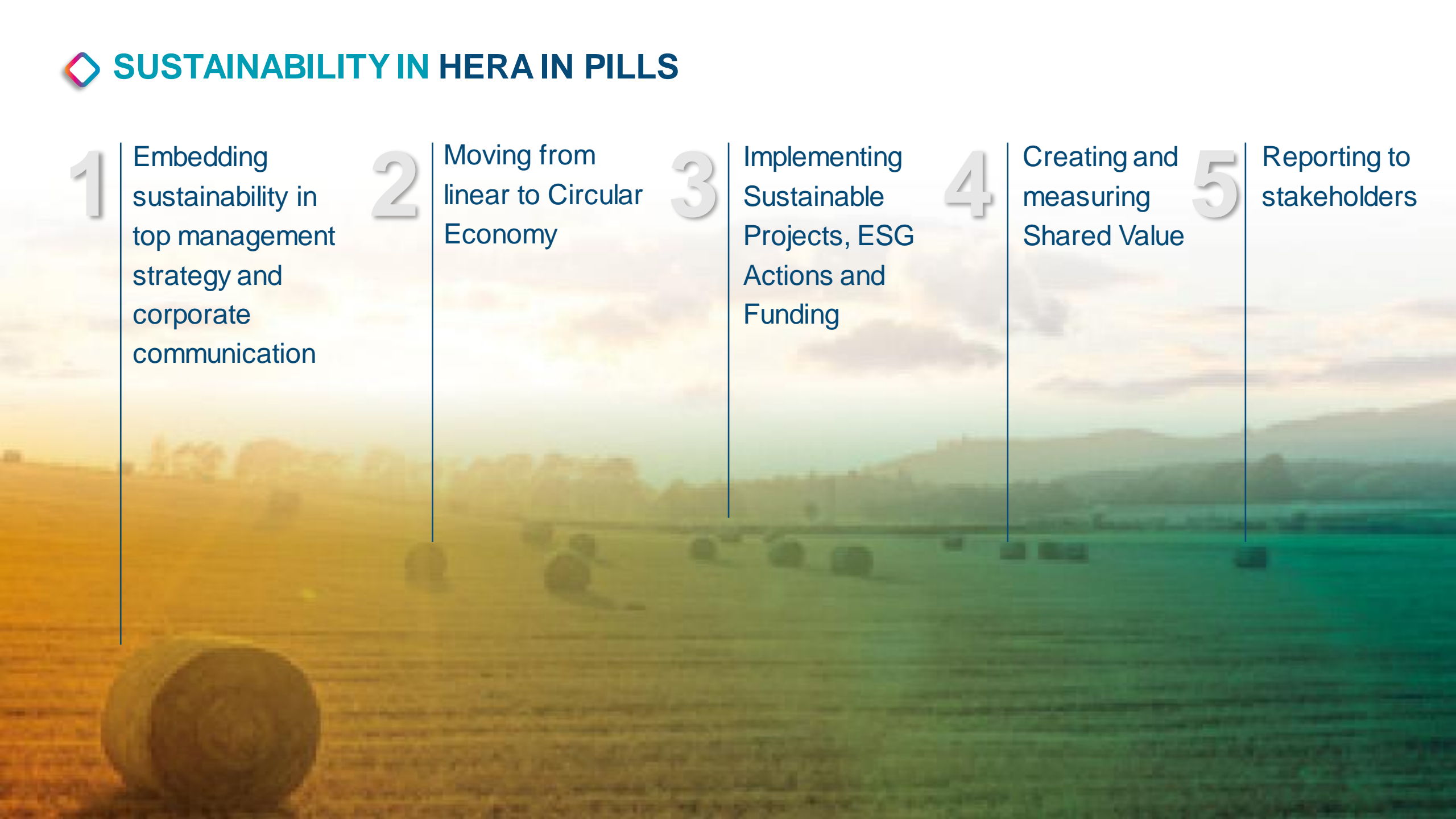
Implementing Sustainable Projects, ESG Actions and Funding

4

Creating and measuring Shared Value

5

Reporting to stakeholders



◇ PAST, PRESENT AND FUTURE WITH A SUSTAINABLE DNA

2002

Since its inception, Hera has published a **Sustainability Report**

2005

Corporate Social Responsibility Unit established

2006

New Balanced Scorecard System which integrates the sustainability objectives

2009-2010

Hera publishes the **first thematic reports on sustainability**

2014

Hera issues the **first Italian Green Bond**

2017-2018

Hera publishes the **new Sustainability Report**, more transparent and accessible

2018

Hera signs the **first Italian Sustainable RCF**



2019

Hera issues its second **Green Bond** and its **Green Financing Framework**

2021

Hera issues its **Sustainability-Linked Financing Framework**

2021

Hera obtains **SBTi validation** of its emissions reduction target

2022

Hera updates its **Green Financing Framework - EU Taxonomy compliant**

INCOMPARABLE LEADERSHIP IN ESG PERFORMANCE

ESG Indexes



Hera is now part of the FTSE4Good Index Series, in recognition of the Group's attention towards sustainability



Ranked 1st in "Green" Finance and 1st place globally



Hera is the first multiutility in the Dow Jones Sustainability Index ranked as "Industry Leader" for the second year in a row with an overall score of 90/100



Hera was confirmed in the Bloomberg index on gender diversity with a score better than the industry average (80/100)



Included in the Refinitiv D&I INDEX, among the best 100 companies worldwide and second multi-utility

Ratings & scores



Consistently rated A since 2017



Consistently ranked "Prime" in the top 20% of multi-utilities



Hera is the first Italian multiutility with ESG Evaluation by S&P



Rated 2 (2nd Best score) in Environment and 3 (3rd Best score) in Social



Rating unchanged from 2020



For the 13th year in a row, Hera is among the best Italian companies on quality standards of working conditions

◇ BUSINESS PLAN TO '25: AMBITIOUS ESG CAPEX PLAN

Pursue the carbon neutrality



Diffusion of renewable energy
Promotion of energy efficiency

Enabling resilience and innovate



Innovation and digitalization
Resiliency and adaption

Regenerate resources and innovate



Sustainable management of water resource
Transition to a circular economy
Air and soil protection

SDGs implemented in our strategy



2.5 BN€ OF INVESTMENTS CONTRIBUTE TO SDGS

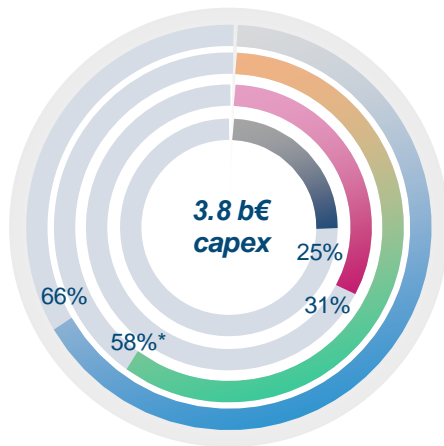
CAPEX PLAN: CAPEX ALIGNED TO MACRO TRENDS



66%

CAPEX CSV

Capex by nature (mln€)



— Innovation & Digital. — Resiliency
— Taxonomy — Shared Value

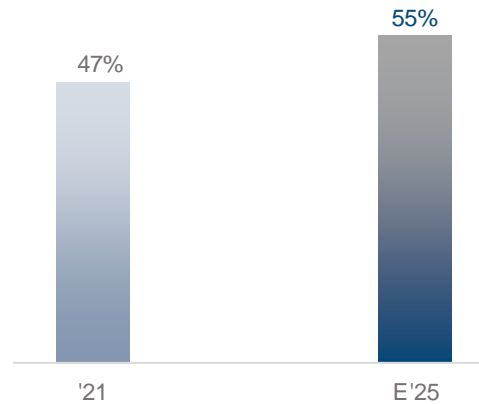
* Calculated on 3.0 b€ of capex, excluding indirect capex and financial investments



+310 (mln€)

E25 EBITDA CSV

Ebitda CSV (mln€)



58% OF CAPEX ARE EU TAXONOMY ALIGNED

CSV AND 2030 TARGETS



-37%
SCOPE 1+2+3
EMISSIONS TO 2030

Carbon Neutrality

	2025	2030
SBTi emissions (Scope 1+2+3)	-26%	-37%
Renewable electricity sold	41%	>50%
Group energy consumptions	-8% vs 2013	-10% vs 2013
Biomethane produced	17 mln m3	30 mln m3



+150%
PLASTIC RECYCLED
BY 2030

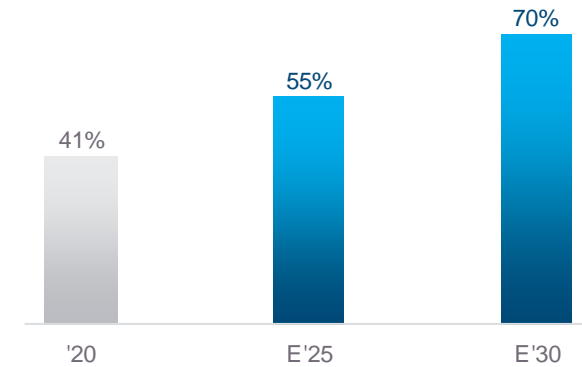
Circular Economy

	2025	2030
Plastic recycled	+125%	+150%
Packaging recycled	76%	>80%
Non-invoiced water	10 mc/km/day	9.4 mc/km/day
Water reuse	8.5%	15%
Internal water consumption	-20% vs 2017	-25% vs 2017



70%
EBITDA CSV
BY 2030

Sustainability - Ebitda CSV (%)



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



TARGETS AIMING AT ACHIEVING FULL SUSTAINABILITY

Hera's Green Financing Framework and SPO



Hera's Green Financing
Framework and SPO

◇ HERA'S NEW GREEN FINANCING FRAMEWORK – Rationale

- **Hera has updated its Green Financing Framework to align it with the European Taxonomy and best market practices**

- **Sustainalytics** confirmed the alignment of Hera's updated Green

Financing Framework with:

- ✓ the EU Taxonomy
- ✓ the four components of the 2021 Green Bond/Loan Principles
- ✓ Climate Transition Finance Handbook



- **With this updated Framework, Hera further strengthens its commitment to Sustainable Finance**

- This update comes after Hera has been the **first company to issue a Green Bond in Italy in 2014** and has published a **Sustainability-Linked Framework** in 2021.
- Hera Group's objective with this Framework is to showcase the need of its financial instruments to reflect its sustainability strategy and commitments in line with the **UN's 2030 Agenda** and the **Paris Agreement**.

HERA'S NEW GREEN FINANCING FRAMEWORK – Overview



1. Use of Proceeds

- An amount equal to the net proceeds from the issuance of Green Financing Instruments will be used by Hera exclusively to (re)finance, in whole or in part, new and existing green projects ("Eligible Green Projects") in the following categories:
 - **Sustainable water and wastewater management**
 - **Circular Economy & Pollution prevention and control**
 - **Energy efficiency and infrastructure**
- All Eligible Green Projects will be aligned with the EU Taxonomy and will contribute to climate change mitigation.

✓ The eligible categories for the use of proceeds are **aligned with those recognized by the GBP / GLP**

2. Process for project evaluation and selection

- Hera has **an internal procedure** for the management of a Green Financing process
- The Eligible Green Projects are evaluated and selected following a detailed procedure including assessment of their **alignment with the EU Taxonomy's** criteria and **Hera's ERM policy**

✓ The risk management systems is **adequate** and the project selection process is **in line with market practice**

3. Management of Proceeds

- An amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as selected according the internal procedure
- Hera will intend to allocate the proceeds **no later than 24 months following issuance**; and to **substitute any Green Projects** in the case of divestment or if no longer eligible

✓ **This is in line with market practice**










4. Reporting

Hera will provide a Green Financing Reporting on an annual basis composed of an:

- **Allocation Report:** It will disclose the aggregated amount of Green Financing instruments issued by type
- **Impact Report:** It will evaluate and provide the environmental impact of each eligible categories with quantitative and qualitative performance indicators (i.e. metrics)

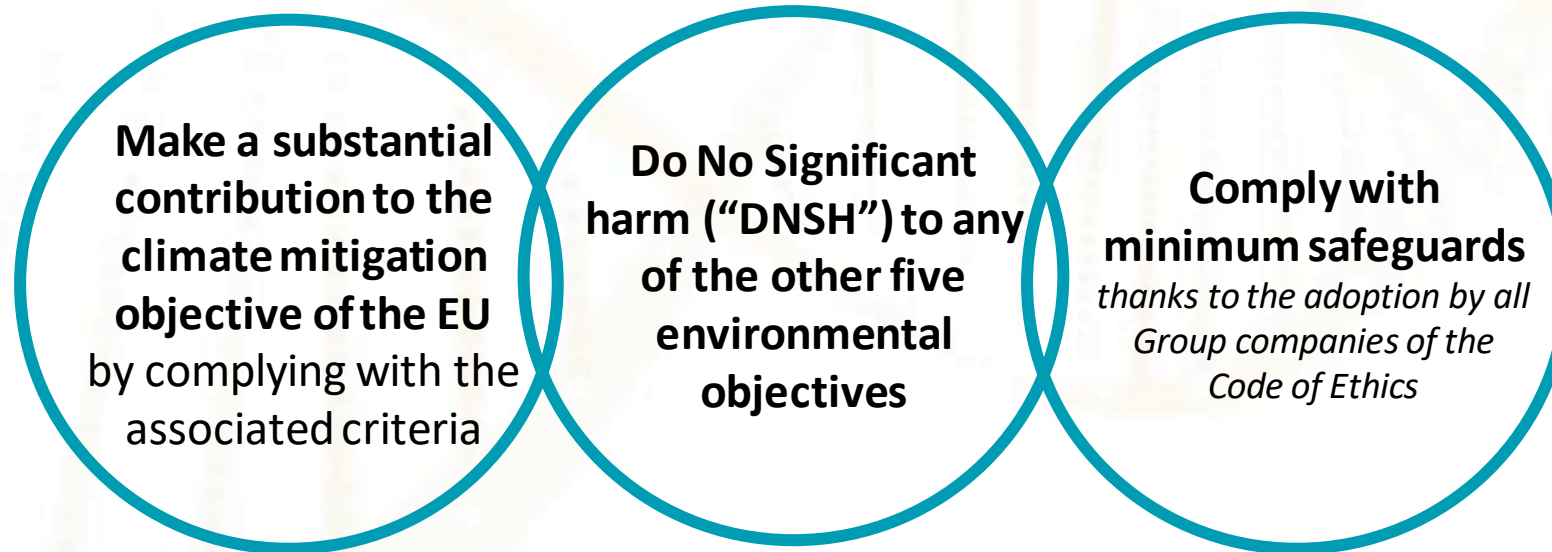
✓ Hera Group's allocation & impact reporting is **aligned with market practice**

HERA'S NEW GREEN FINANCING FRAMEWORK – Eligible Categories

ICMA Green Categories	EU economic activities (as mapped in the EU Taxonomy)	KPI for reporting	SDGs
Sustainable water & wastewater management	5.1 Construction, extension and operation of water collection, treatment and supply systems 5.3 Construction, extension and operation of waste water collection and treatment	<ul style="list-style-type: none"> Served citizens (n) Annual volume of wastewater treated (mc) Water fed in the network by source (mc) Reduction rate of internal water consumption compared to 2017 (%) Quality of the waste-water in compliance with regulatory limits (%) Urban areas compliant with law regarding waste-water treatment (%) 	  
Circular Economy & Pollution prevention and control	3.17 Manufacture of plastics in primary form 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids 5.5 Collection and transport of non-hazardous waste in source segregated fractions 5.7 Anaerobic digestion of bio-waste 5.8 Composting of bio-waste 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	<ul style="list-style-type: none"> Recycled plastic sold (ton) GHG emission avoided (tCO₂ e) Separated/Sorted collection of waste (%) Waste sent for the recovery of material (%) Reusable treated waste water (% of total treated waste water) 	  
Energy efficiency & infrastructure	4.1 Electricity generation using solar photovoltaic technology 4.9/14 Transmission and Distribution of Electricity / Networks for renewable and low-carbon gases 4.15 District Heating/Cooling distribution 4.22 Production of heat/cool and power from geothermal energy 7.3/5/6 Installation, maintenance and repair of Energy efficiency equipment / Instruments and devices for measuring, regulation and controlling energy performance of buildings / Renewable energy technologies	<ul style="list-style-type: none"> Energy saved (toe) GHG emission avoided (tCO₂ e) Reduction in CO₂ emissions compared to 2019 with SBTi calculation method (%) Number of events of interruption by client (n) Installed Smart meters (n) Served Citizens/Points of grid distribution (POD, PDR) Biomethane produced by OFMSW (million m³) 	  

◇ HERA'S NEW GREEN FINANCING FRAMEWORK – EU Taxonomy Alignment










- Hera's Green Financing Framework is targeting at financing **16 economic activities** aligned with the EU Taxonomy (e.g., composting of bio-waste, district heating/cooling distribution). Alignment is ensured by the fact that these targeted activities:



Sustainalytics has confirmed the alignment of Hera's Framework with technical screening criteria for the corresponding 16 eligible economic activities and the associated 48 DNSH. It is also of the opinion that the EU Taxonomy's Minimum Safeguards requirements are met.



HERA'S NEW GREEN FINANCING FRAMEWORK – Green Bonds assets' allocation

SDGs	Categories of Eligible Green Projects	EU Economic Activities	ACTUAL 2021	EXPECTED 2022	Shares
  	Sustainable water and wastewater management	5.1 Construction, extension and operation of water collection, treatment and supply systems	88,500	95,000	36.7%
		5.3 Construction, extension and operation of waste water collection and treatment	52,000	57,000	21.8%
		Sustainable water and wastewater management's Total	140,500	152,000	58.5%
  	Circular Economy & Pollution prevention and control	3.17 Manufacture of plastics in primary form	4,400	7,000	2.3%
		4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	800	600	0.3%
		5.5 Collection and transport of non-hazardous waste in source segregated fractions	20,000	35,000	11.0%
		5.7 Anaerobic digestion of bio-waste	600	1,000	0.3%
		5.8 Composting of bio-waste	300	800	0.2%
		6.5 Transport by motorbikes, passenger cars and light commercial vehicles	-	-	0.0%
		Circular Economy & Pollution prevention and control's Total	26,100	44,400	14.1%
  	Energy Efficiency and Energy Infrastructure	4.1 Electricity generation using solar photovoltaic technology	-	6,000	1.2%
		4.9 Transmission and distribution of electricity	32,000	46,400	15.7%
		4.14 Transmission and distribution networks for renewable and low-carbon gases	-	-	0.0%
		4.15 District heating/cooling distribution	4,000	2,000	1.2%
		4.22 Production of heat/cool from geothermal energy	200	-	0.0%
		7.3 Installation, maintenance and repair of energy efficiency equipment	1,000	1,000	0.4%
		7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	19,000	24,000	8.6%
		7.6 Installation, maintenance and repair of renewable energy technologies	400	1,000	0.3%
		Energy Efficiency and Energy Infrastructure's Total	56,600	80,400	27.4%
	Total		223,200	276,800	500,000
	Green Projects timeline		45%	55%	100%

Data in K Eur

investor presentation

THANK
YOU



CONTACTS

Chief Financial Officer

Luca Moroni

Mail: luca.moroni@gruppohera.it

Head of Investor Relations

Jens Klint Hansen

Mail: jens.hansen@gruppohera.it

Corporate information

HERA S.p.A.

Headquarter: *Viale Berti Pichat, 2/4, Bologna, Italy*

VAT NUMBER: 03819031208

WEBSITE: <https://eng.gruppohera.it/group/>

Social Network:



@gruppohera



@gruppohera



@gruppohera

USEFUL LINKS & MATERIALS

HERA'S OVERVIEW: [Hera Overview - Hera Group \(gruppohera.it\)](https://www.gruppohera.it)

GREEN FINANCING FRAMEWORK: [abaece92-838e-0532-b793-5f60dd4f73e0 \(gruppohera.it\)](https://www.gruppohera.it/abaece92-838e-0532-b793-5f60dd4f73e0)

SECOND PARTY OPINION: [18e542a6-665a-46f3-7785-a91968e781fd \(gruppohera.it\)](https://www.gruppohera.it/18e542a6-665a-46f3-7785-a91968e781fd)

RESULTS AND PRESENTATIONS: [Results and Presentations - Hera Group \(gruppohera.it\)](https://www.gruppohera.it)

DEBT AND RATING INFORMATION: [Debt and rating - Hera Group \(gruppohera.it\)](https://www.gruppohera.it)

2021 1Y FINANCIAL REPORTS: [18c3ea2c-1298-7807-8a93-07445e5d8c7c \(gruppohera.it\)](https://www.gruppohera.it/18c3ea2c-1298-7807-8a93-07445e5d8c7c)

2021 SUSTAINABILITY REPORT: [3e255d06-7a98-556d-8bd3-f6e27bd8da82 \(gruppohera.it\)](https://www.gruppohera.it/3e255d06-7a98-556d-8bd3-f6e27bd8da82)

2022 1Q FINANCIAL REPORTS: [102f94d7-2398-6438-97ce-ef84e2428e5a \(gruppohera.it\)](https://www.gruppohera.it/102f94d7-2398-6438-97ce-ef84e2428e5a)

THEMATIC REPORTS: [Thematic reports \(gruppohera.it\)](https://www.gruppohera.it)

Energy Solutions for the Climate: [Energy Solutions for the Climate \(gruppohera.it\)](https://www.gruppohera.it)

In Good Water: [In good waters \(gruppohera.it\)](https://www.gruppohera.it)

Tracking Waste: [Tracking Waste \(gruppohera.it\)](https://www.gruppohera.it)

Building the future together: [Building the future together \(gruppohera.it\)](https://www.gruppohera.it)