

press release

Bologna, 26 June 2019

Hera: new 500 m€ green bond

Strong interest shown by international investors for the multi-utility's second "green" bond, which will finance environmental sustainability projects in 3 areas: energy efficiency, circular economy and sustainable water resource management. Subscriptions have reached seven times the amount offered

The Hera Group aims to continue in its role as a reference point for sustainable finance in Italy and, five years after issuing the country's first "green" bond, it is now launching its second. The bond is being announced at the end of a road show in Europe's main financial centres, aimed at illustrating the structure of the transaction to investors and analysts, in addition to the way in which the resources will be allocated, i.e. by investing in environmental sustainability projects in the waste, water and energy sectors.

Considering that it also launched Italy's first ESG-linked revolving line of credit last year, Hera is carrying on with its activity in identifying and implementing innovative instruments. The latter are indeed able to valorise the company's commitment and the results it has reached hereto in this area, along with its future investment policies, thus meeting the market's growing attention towards this sort of endeavour.

The characteristics of the new green bond and the projects financed

The second green bond issued by the Hera Group (Moody's rating Baa2 with stable outlook and Standard & Poor's rating BBB with positive outlook) amounts to 500 million euro overall, repayable over 8 years with a 0.875% coupon and a 1.084% return. The date of payment for the newly issued bond has been set at 5 July 2019. Furthermore, the new green bond is expected to have the same rating as the Hera Group.

A strong demand, coming to seven times the amount offered, and the quality of the orders received have allowed the price to be fixed at an excellent level. The transaction has seen significant participation from international investors (France, Germany, United Kingdom and Holland), most of whom follow green and sustainable criteria.

The bond is expected to be listed on the Irish Stock Exchange and the Luxembourg Stock Exchange's regulated markets, and on Borsa Italiana's ExtraMOT PRO.

The funds will be used to finance or refinance numerous projects, already implemented or included in the Business plan to 2022, that pursue one or more of the goals in the UN's 2030 Agenda. These projects have been subdivided into 3 areas:

1. energy efficiency (in line with SDGs 7 and 13): from installing smart metres to developing district heating networks and projects in the area of public lighting;
2. circular economy and sustainable waste management (responding to SDG 12): innovative projects in the waste collection systems, further use of unit pricing, creating plants and structures for recycling, recovering and reusing materials, plants for biological/chemical waste treatment and plants for transforming waste into energy, similar to the Sant'Agata Bolognese (BO) biomethane production plant;
3. water infrastructures (meeting SDGs 6 and 14): waste water management projects, sewerage and water infrastructures furthering resilience and adaptation to climate change.



In order to guarantee that the funds are correctly and transparently allocated, Hera has introduced a monitoring and reporting process. The amount actually dedicated to each intervention will be published in the Group's Sustainability Report, along with data concerning the environmental performances reached.

“Green Financing Framework”: Hera transparent in sustainability as well

The Hera Group, furthermore, is among the first companies in Europe to have provided itself with a “Green Financing Framework” (GFF). The GFF is a particularly innovative programming document, in line with “Green Bond Principles”, that covers not only aspects linked to issuing the green bond, but also sustainable loans and other ESG instruments on the market. The GFF is accompanied by a “Second Party Opinion”, drafted by ISS-oekom, which ranked Hera “Prime” in terms of ESG performance (sixth in a panel of 43 worldwide companies), in particular giving an excellent opinion of Hera's contribution to the water sector.

Hera's partners in the transaction

The Hera green bond issue was coordinated by BNP Paribas, Credit Agricole CIB, Mediobanca and UniCredit, acting as Joint Bookrunners, and BBVA, acting as Bookrunner. The law firm Legance provided Hera with assistance, while the law firm Linklaters assisted the Bookrunners.

ISS-oekom is the world's leading rating firm in the field of responsible investment. Based in Rockville (US), it has branches in 30 countries, with over 2,000 institutional clients and 1,800 consultants.

Statement by CEO Stefano Venier

“Green, or ESG financial instruments are a fundamental lever used to sustain the Hera Group's commitment towards acting on a business model that is increasingly regenerative and resilient. Able to meet the goals contained in the UN's 2030 Agenda, this model will also respond to the many challenges currently facing us, first and foremost climate change, that require innovative solutions and long-term investments. The green bond we are issuing today fully respects these standards and aims”.