

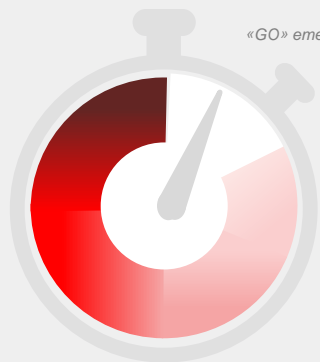
# Y 2019 FINANCIAL RESULTS

“ 2019: a  
record year,,



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

# Coronavirus issue



«GO» emergency plan



Start 21<sup>st</sup> 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

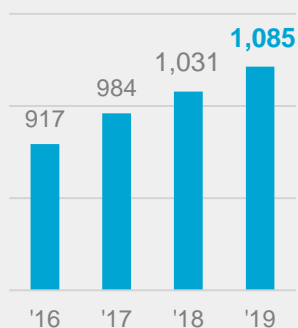
- **Waste Recycling** integration in Hasi
- 2° **Green Bond** issued
- **Pistoia Ambiente** acquisition
- Worldwide multiutility leader in diversity and inclusion (TR)

## Q4 Ascopiave deal

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

**Outperforming execution grasping all growth opportunities**

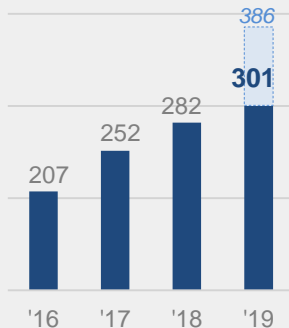
# 2019 results in a snapshot



Ebitda (M€)

**+5.2%**

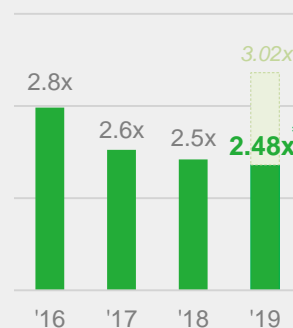
'19/'18



Net Profit (M€)

**+6.7%**

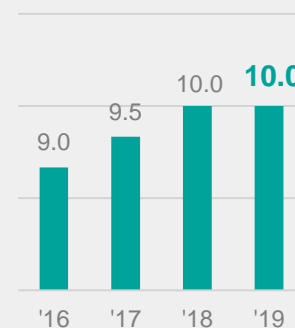
'19/'18



Net Debt/Ebitda (x)

**(1.2%)**

'19/'18



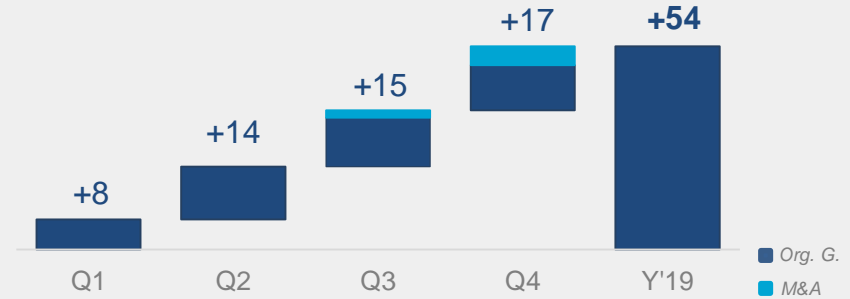
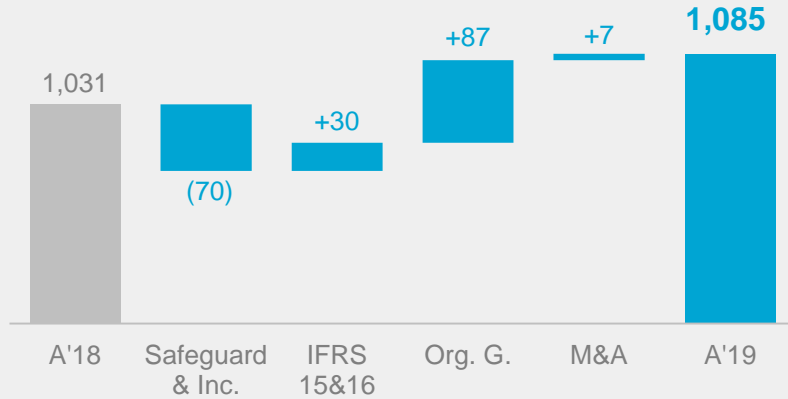
Dividend (c€)

**Confirmed**  
plan expectations

**Growth path exceeding expectations**

\*Not accounting for Ascopiave deal

# 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 ”



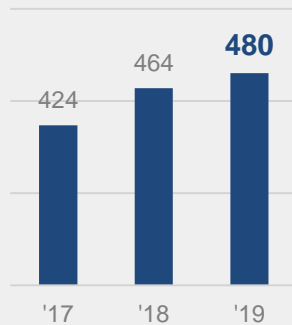
**51%**

EBITDA  
From regulated  
activities

# 2019 results by business in a snapshot



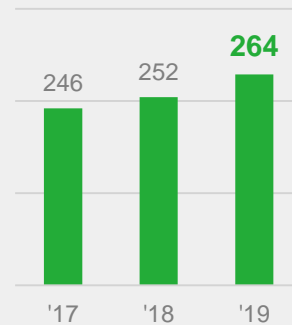
■ Liberalized ■ Regulated



Networks (M€)

**+3.5%**

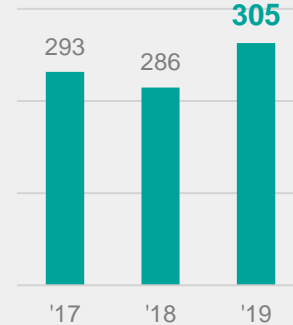
'19/'18



Waste (M€)

**+4.8%**

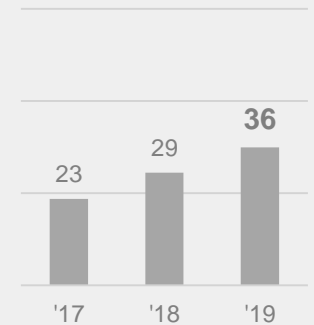
'19/'18



Energy (M€)

**+6.7%**

'19/'18



Other (M€)

**+21.1%**

'19/'18

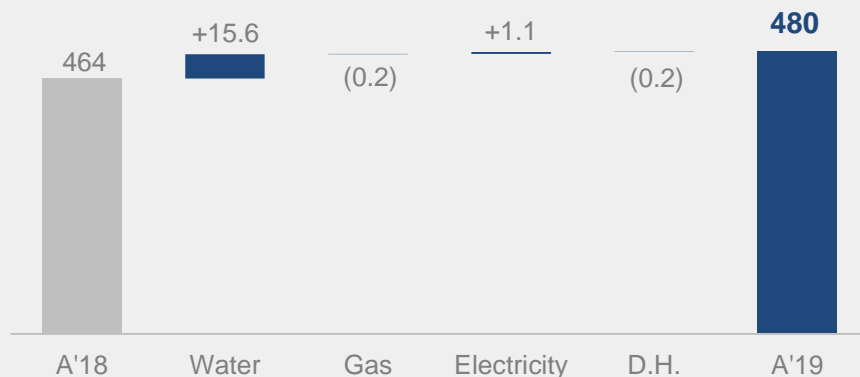
Business mix

**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€)

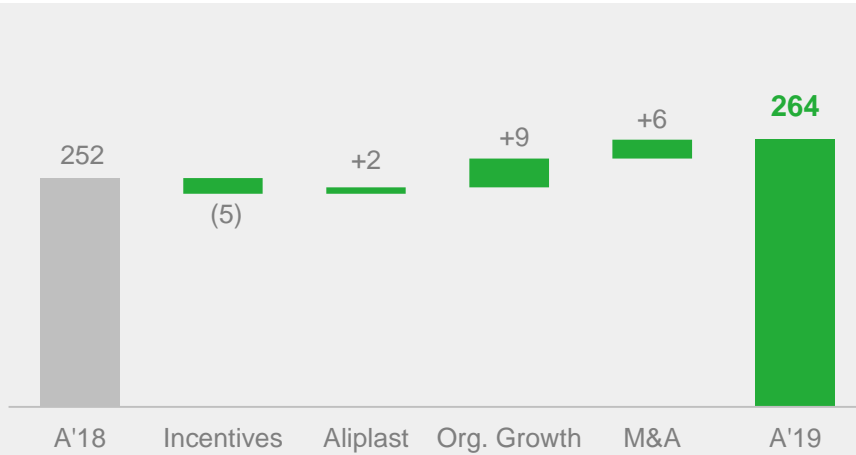
**+16.3M€**

+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%**

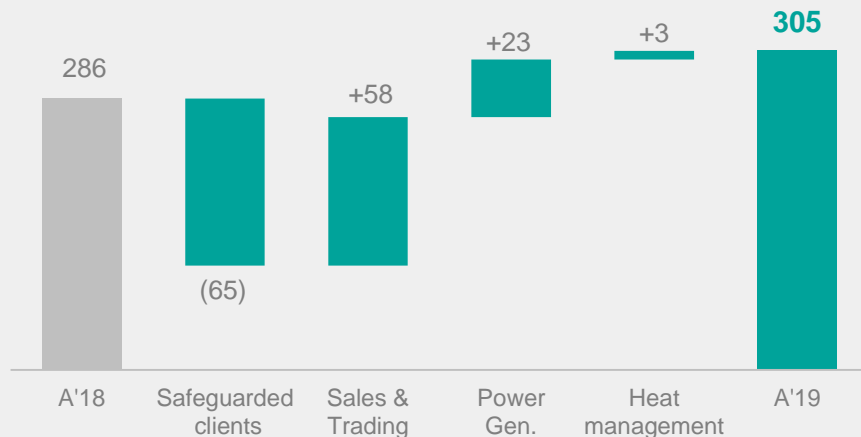
## New Bio-methane plant & Pistoia

- 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€)

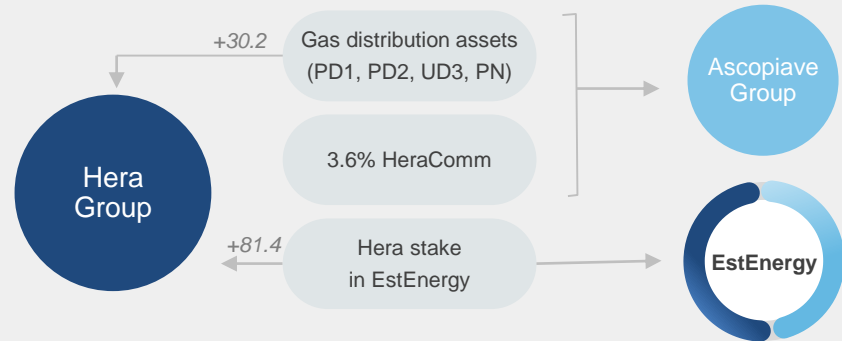
**+19.3m€**

+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)
<b>Total «one-off» effects</b>	<b>+84.9</b>



Special Items  
(M€)

**+85 M€**

Ascopiave deal

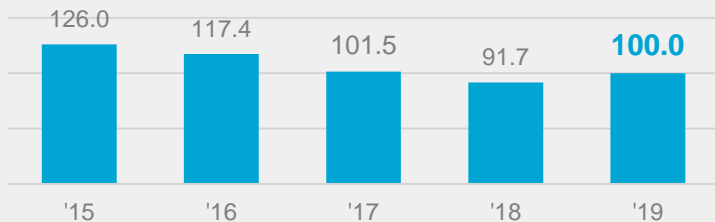
**Integration**

*in progress*

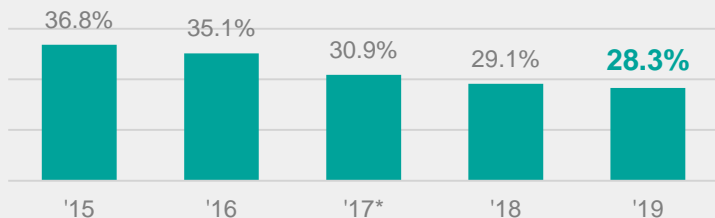
**Contributing to 2020 “growth” from 1<sup>st</sup> January**

# Below Ebitda

Fin. expenses (M€)

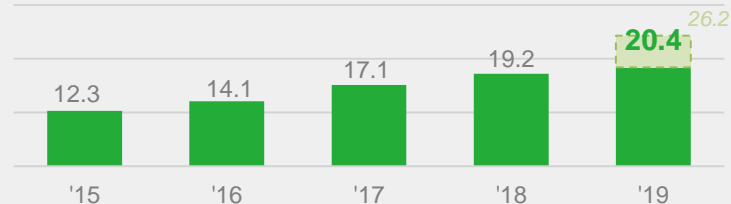


Tax rate (%)

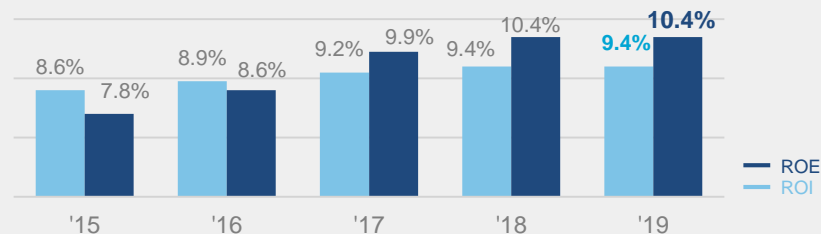


\*Adjusted

EPS (c€)

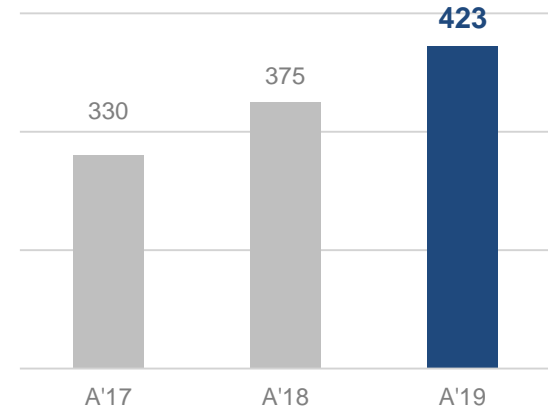
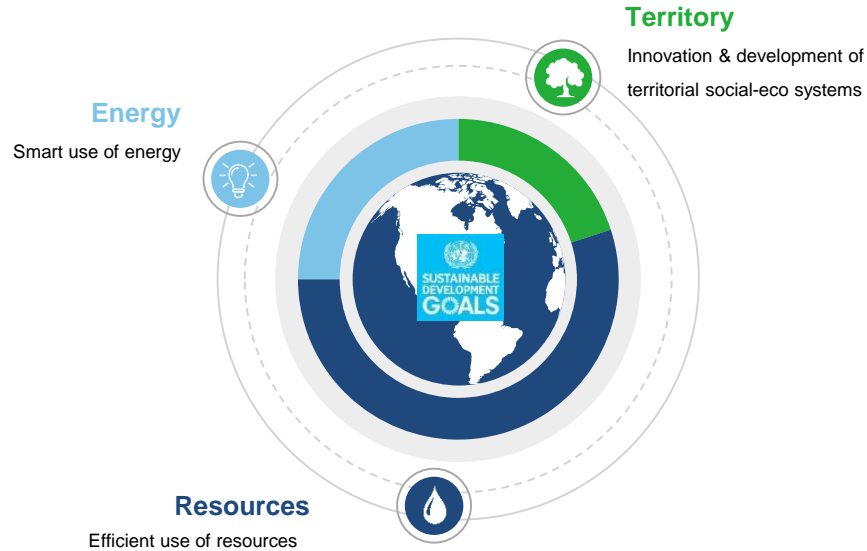


ROI & ROE (%)



## 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.

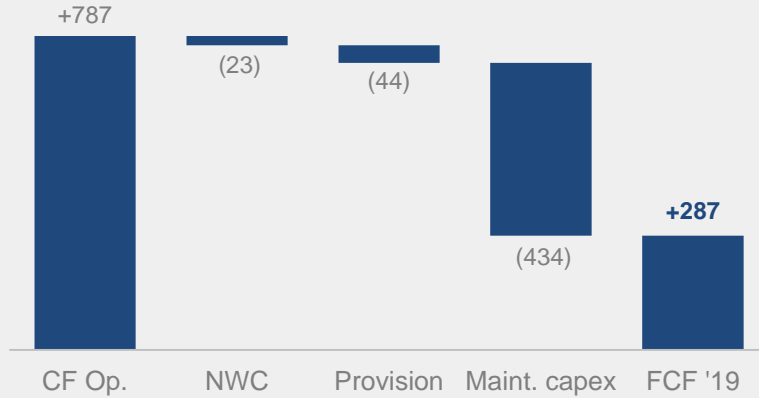
”



2.48x

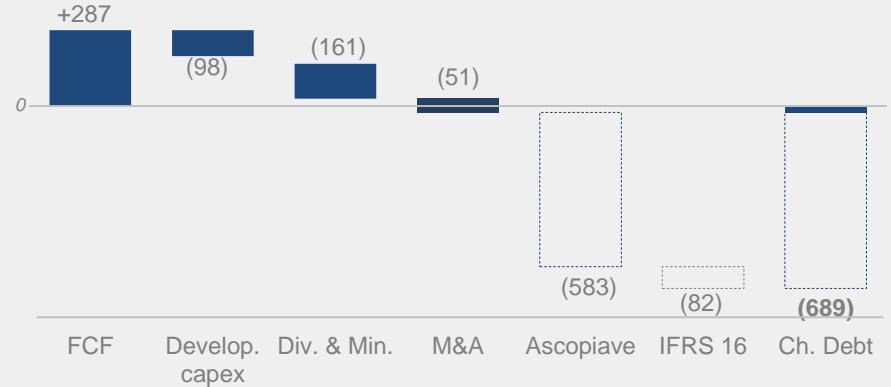
NET DEBT / EBITDA

# Cash flows



Free Cash Flow  
(M€)

**+40%**  
'19/'18

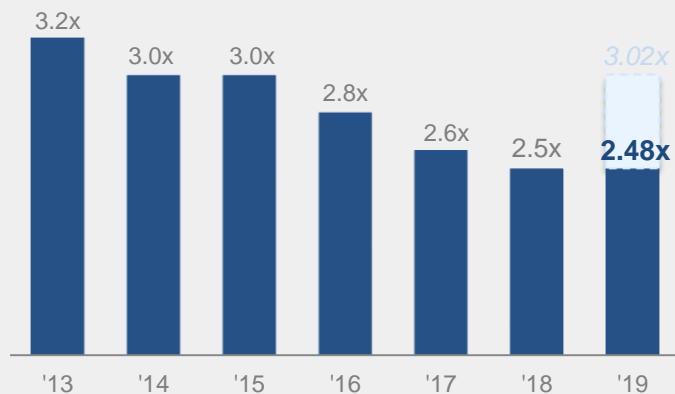


Cap. allocation & Ch. Debt  
(M€)

**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	
<b>REVENUES</b>	<b>6,626.4</b>	<b>7,443.6</b>	<b>+12.3%</b>
<b>EBITDA</b>	<b>1,031.1</b>	<b>1,085.1</b>	<b>+5.2%</b>
<i>Ebitda margin</i>	<i>15.6%</i>	<i>14.6%</i>	
Depreciation and provisions	(521.0)	(542.6)	
<b>EBIT</b>	<b>510.1</b>	<b>542.5</b>	<b>+6.4%</b>
Financial costs	(87.1)	(91.6)	
Figurative interests (IAS)	(19.5)	(21.8)	
Income from Associates & J.V.	14.9	13.4	
<b>PRETAX PROFIT</b>	<b>418.4</b>	<b>442.5</b>	<b>+5.7%</b>
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)	
<b>NET PROFIT POST MINORITIES</b>	<b>281.9</b>	<b>385.7</b>	<b>+36.8%</b>

\* 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
<b>Ebitda</b>	<b>252.0</b>	<b>264.2</b>	<b>+12.2</b>

## 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
<b>Waste from third parties</b>	<b>4,491</b>	<b>4,558.9</b>	<b>+68.1</b>
Internal W. Volumes (Kton)	2,802	2,616.2	(186.0)
<b>Total Volumes Treated</b>	<b>7,293</b>	<b>7,175.1</b>	<b>(117.9)</b>

## Water: Profit & Loss

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

## Water: KPIs

Data	Y 2018	Y 2019	Ch.
<b>Aqueduct (mm3)</b>	<b>291.1</b>	<b>289.3</b>	<b>(1.8)</b>
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
<b>Ebitda</b>	<b>316.5</b>	<b>341.6</b>	<b>+25.1</b>

## 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>	3,822.7	7,547.4	+3,724.8
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
<b>Ebitda</b>	<b>183.5</b>	<b>178.5</b>	<b>(5.0)</b>

## 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>	2,398.3	2,632.9	+234.6
Volumes distrib. (GWh)	3,078.7	3,051.7	(27.0)
Clients ('000 unit)	1,068.7	1,252.9	+184.2