

BUSINESS PLAN TO 2025



INVESTOR PRESENTATION



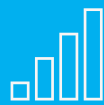
Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

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

HERA IN A SNAP SHOT



MULTI-UTILITY
BALANCED MIX



>6x
EBITDA GROWTH in 20Y

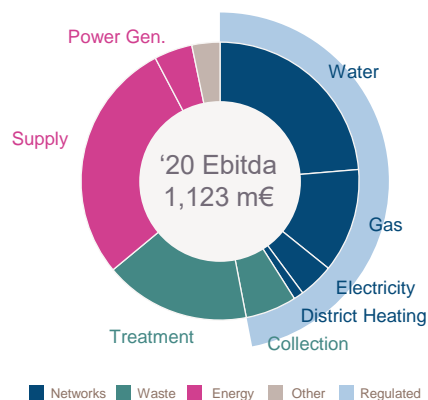


FINANCIAL
SOLID PROFILE

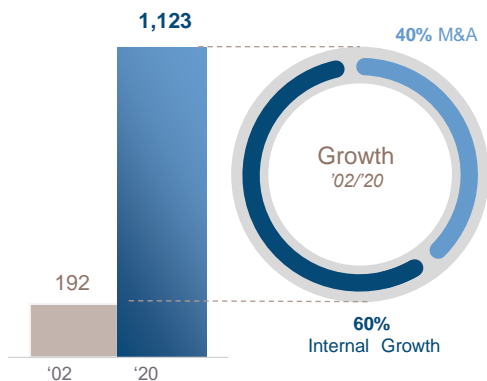


SHAREHOLDERS'
REMUNERATION

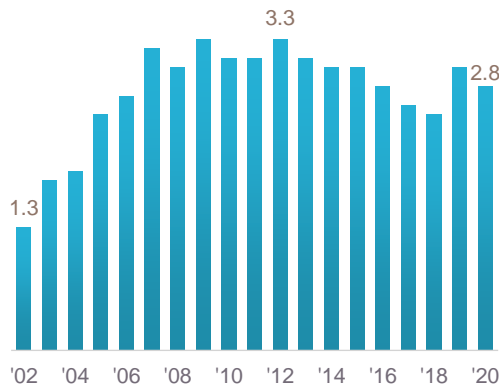
Business mix (m€)



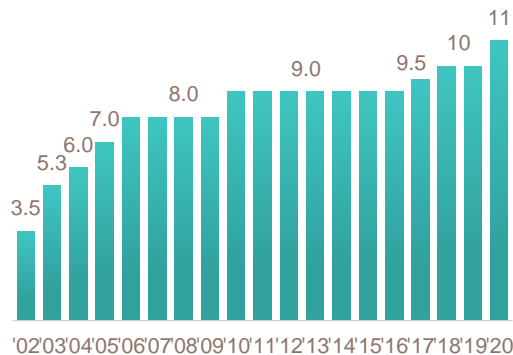
Ebitda growth driver (m€)



Debt/Ebitda (x)



DPS (c€)



Un-interrupted, balanced and solid growth underpins DPS track record

DELIVERY: TARGETS SYSTEMATICALLY OUTPERFORMED



1,220
EBITDA FORECAST 2021



+85 m€
LARGEST
OUTPERFORMANCE

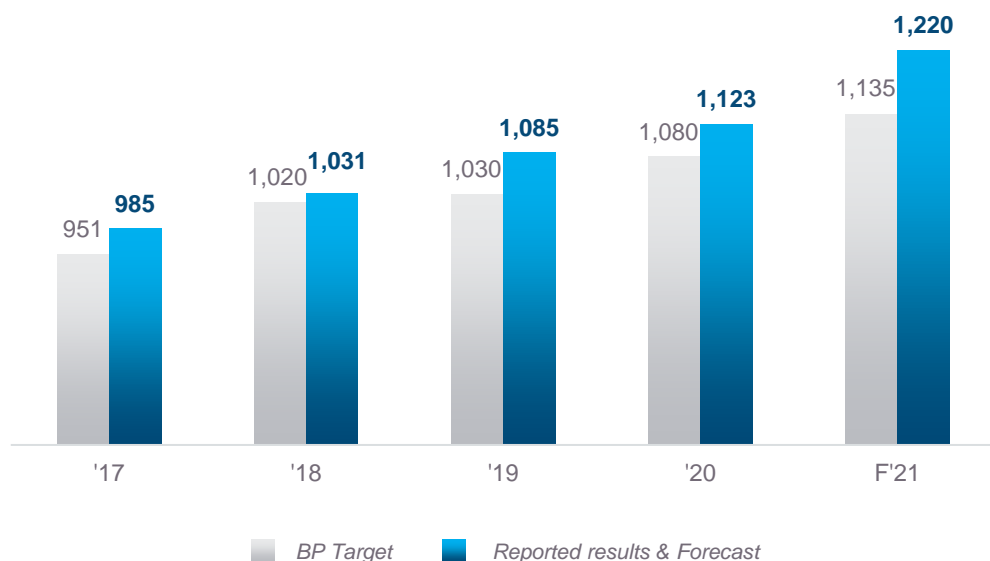


~2.7x
DEBT/EBITDA

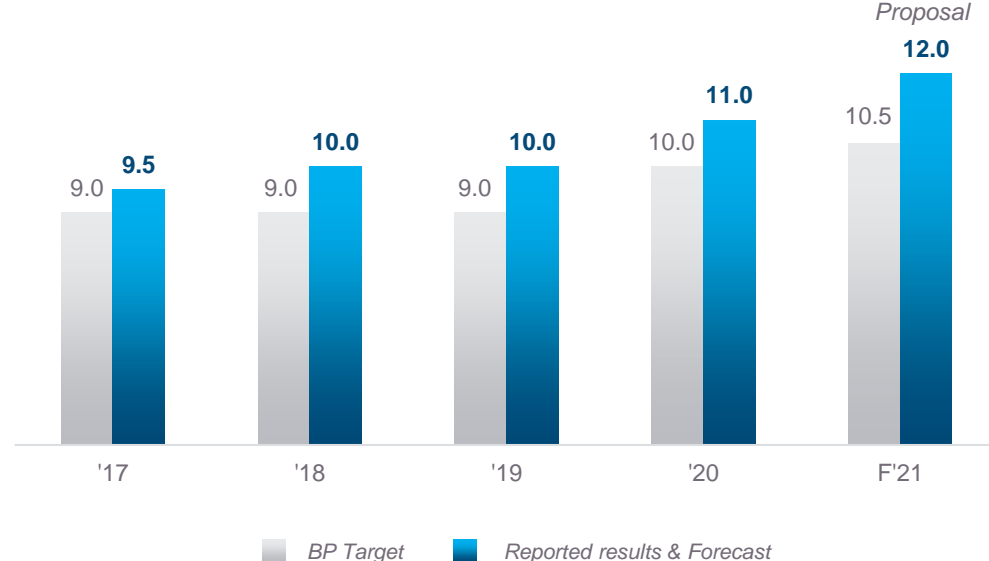


12.0 c€
DPS PROPOSAL

BP targets vs reported Ebitda (m€)



BP targets vs DPS paid (c€)



Targets outperformed leading to higher remuneration

2021: KEEP ON GROWING



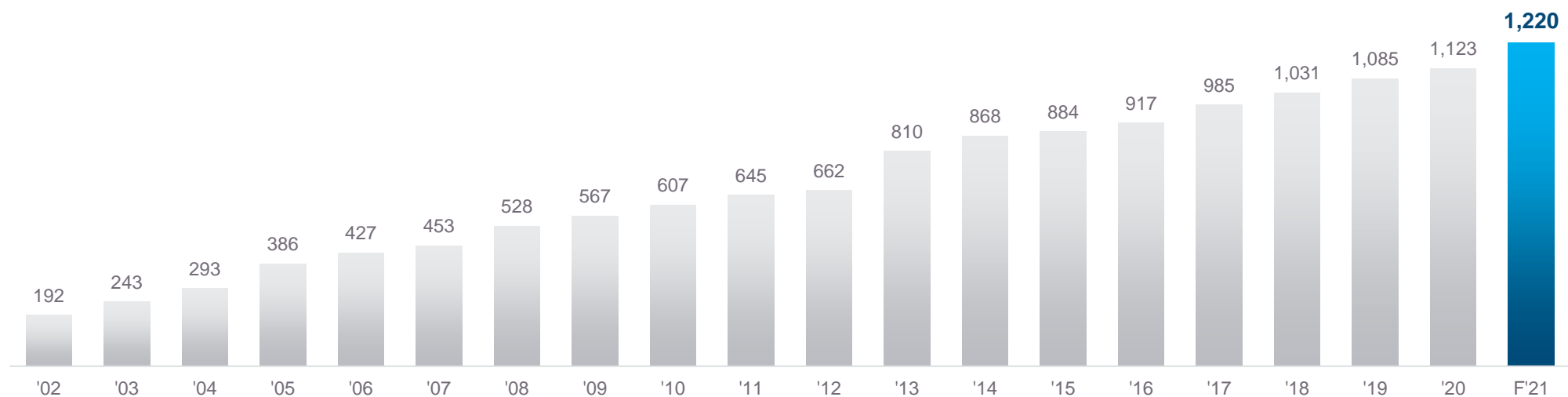
1,220
EBITDA FORECAST 2021



+97 m€
LARGEST ORG.
GROWTH IN 2021

















+10%
HISTORICAL GROWTH
CAGR



Track record and financial soundness as a distinctive asset

MARKET RESHUFFLING: KEY OPPORTUNITIES

	REGULATED BUSINESS TENDERS	ENERGY TENDERS	M&A
TRACK RECORD	<div><div><p>Water concession in Rimini awarded for the next 18 years and Ra/Ce extended to '28</p></div><div><p>Waste concessions in Ravenna/Cesena, Modena, Bologna awarded for the next 15 years</p></div><div><p>Gas distribution concession in Udine for the next 12 years</p></div></div>	<div><div><p>16 out of 27 areas nationally awarded in last two years in last resort markets (gas and electricity)</p></div><div><p>60,000 out of 200,000 customers awarded in Maggior Tutela small business tender</p></div></div>	<div><div><p>45 M&A carried out since establishment (about +400 m€ Ebitda)</p></div><div><p>4 Acquisitions completed in 2021 (about +20 m€ Ebitda at regime)</p></div></div>
POTENTIAL	<div><div><p>Last 2 tenders in waste to reconfirm all our reference territories</p></div><div><p>+115,000 additional points of delivery in gas distribution (2 tenders in reference territories during BP period)</p></div></div>	<div><div><p>28 m€ Ebitda from last resort markets assumed in BP</p></div><div><p>11 mln Maggior Tutela customers to be tendered in 2024</p></div></div>	<div><div><p>>100 Waste treatment companies</p></div><div><p>>500 Companies in Energy Supply business</p></div><div><p>>500 "Municipal" multi-utility companies</p></div></div>

Hera track record underpins positive outcomes

CAPEX PLAN: STRONG INCREASE OF ORGANIC DEVELOPMENT



3.8 b€

5Y CAPEX PLAN



+75%

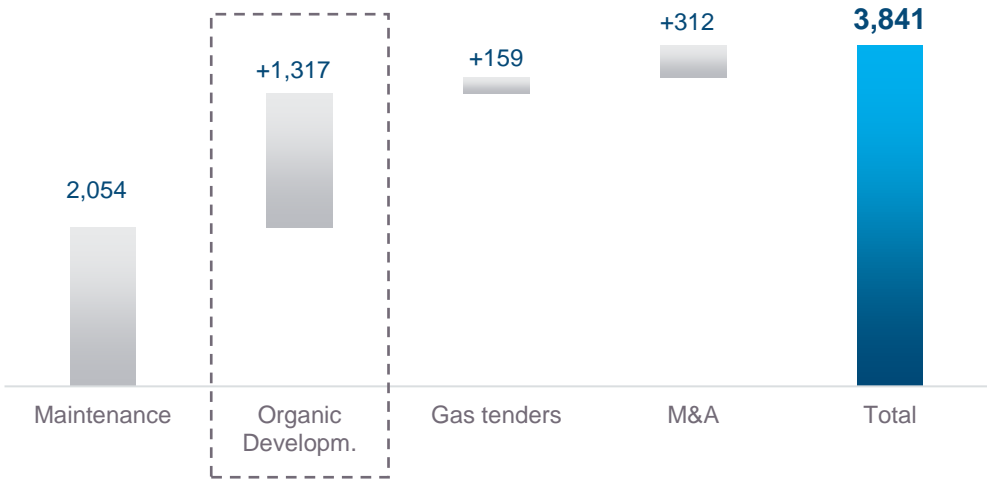
ORG. DEV. CAPEX
vs OLD BP



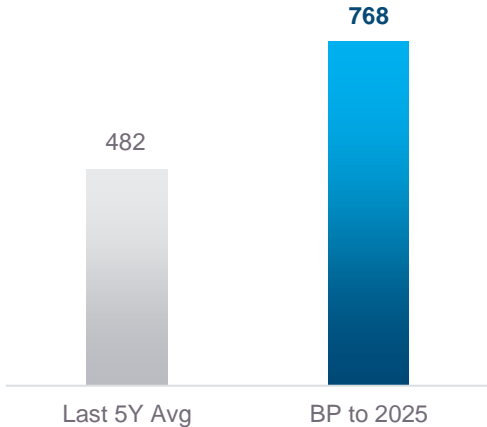
+59%

YEARLY CAPEX vs LAST 5Y

5Y Capex by driver (m€)



Yearly Capex (m€)



Capital allocation focused on different growth drivers

ROAD TO 2025



+277 m€

EBITDA GROWTH



+4.5%

EBITDA CAGR



+154 m€

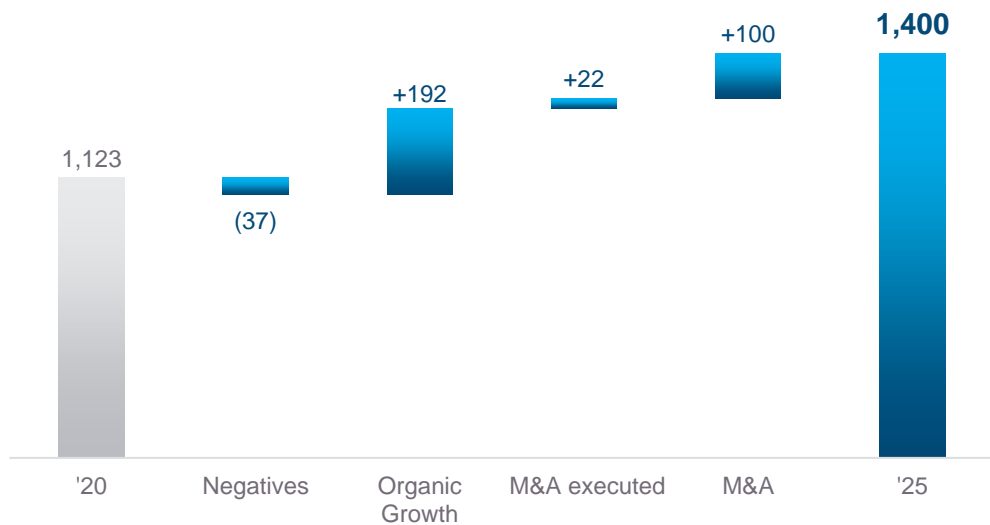
EBIT GROWTH



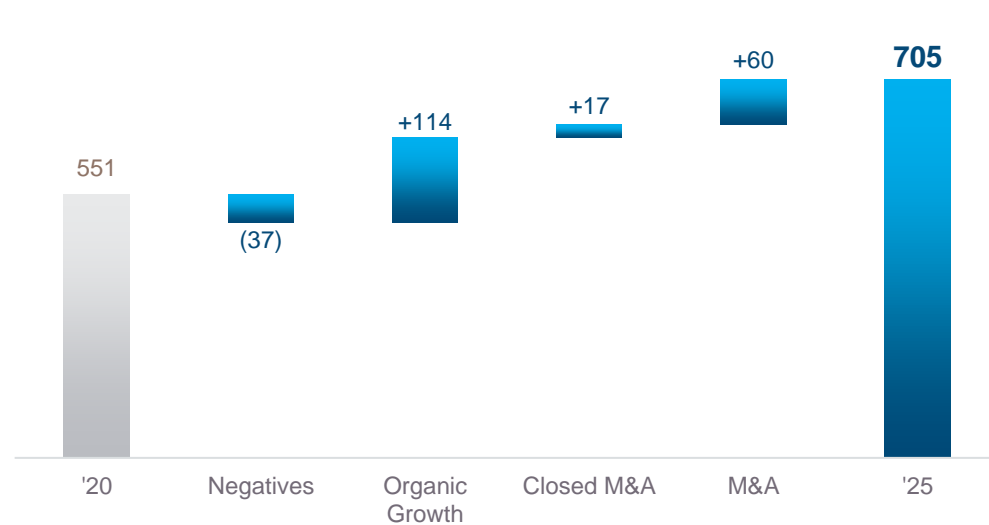
+5.0%

EBIT CAGR

Ebitda to 2025 (m€)

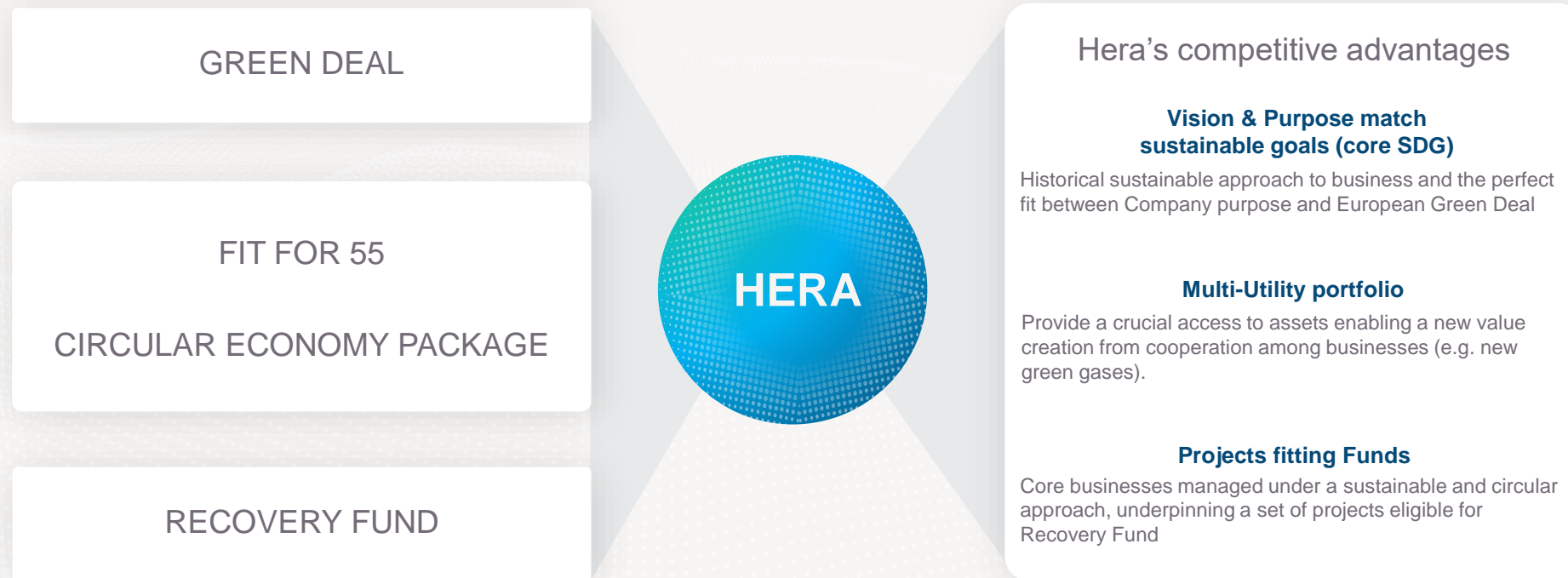


Ebit to 2025 (m€)



Higher growth and drop-through rising

MACRO TRENDS AND SECTOR DISCONTINUITIES



Seizing opportunities from Hera's positioning

CONFIRMED STRATEGIC FRAMEWORK



Focus on delivering concrete sustainable value to 2025 and 2030

CAPEX PLAN: CAPEX ALIGNED TO MACRO TRENDS



66%

CAPEX CSV



58%*

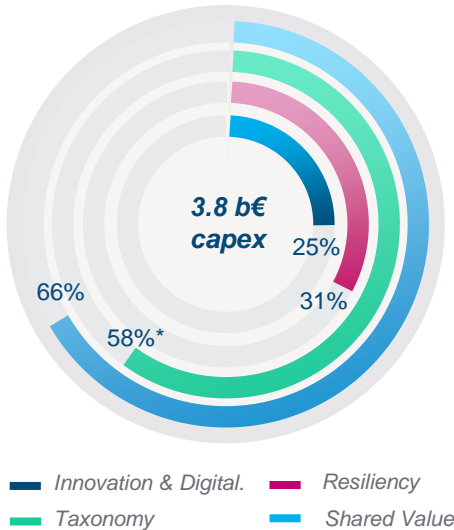
TAXONOMY ALIGNED



+310 m€

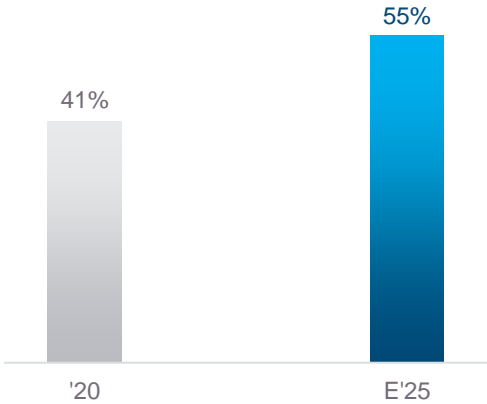
E'25 EBITDA CSV

Capex by nature (m€)




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

Ebitda CSV (m€)



Capital allocation focused on Creating Shared Value

CSV: 2025 AND 2030 TARGETS




-37%

SCOPE 1+2+3
EMISSIONS BY 2030



+150%

PLASTIC RECYCLED
BY 2030




70%

EBITDA CSV
BY 2030

Carbon Neutrality


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



SCIENCE
BASED
TARGETS

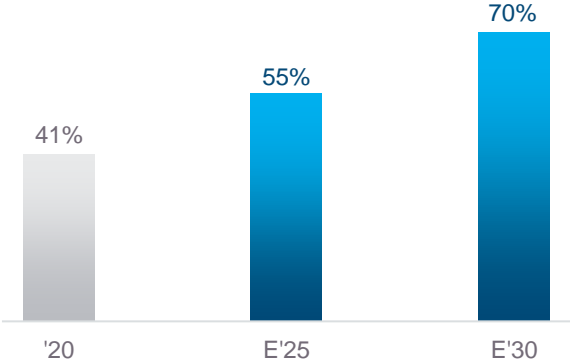
Circular Economy

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




ELLEN MACARTHUR
FOUNDATION
Member


Sustainability - Ebitda CSV (%)




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Powered by the S&P Global CSA



FTSE4Good



EURONEXT
MIB ESG



REFINITIV

TOP 100 COMPANY 2021
Diversity and Inclusion Index

Targets aiming at achieving full sustainability

ROAD TO 2025 BY BUSINESS



62%
REGULATED CAPEX



38%
LIBERALIZED CAPEX

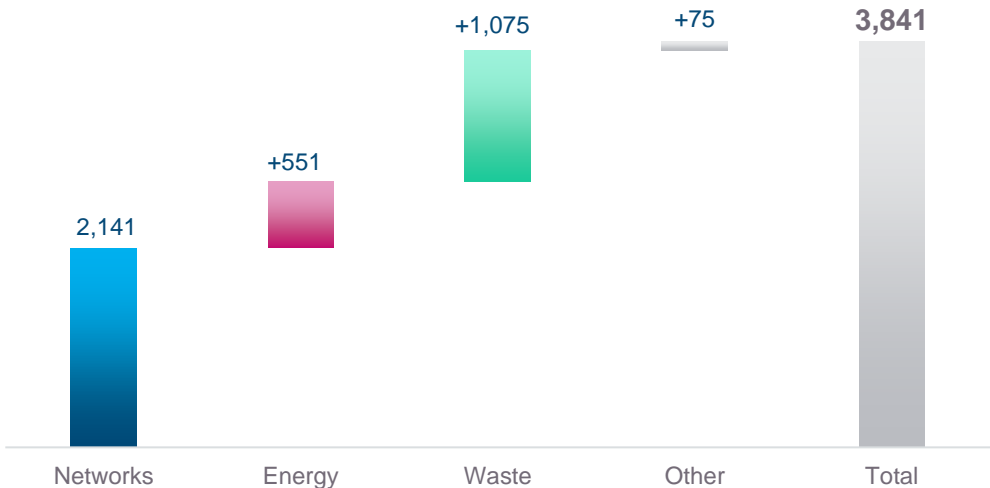


43%
REGULATED EBITDA
BY 2025

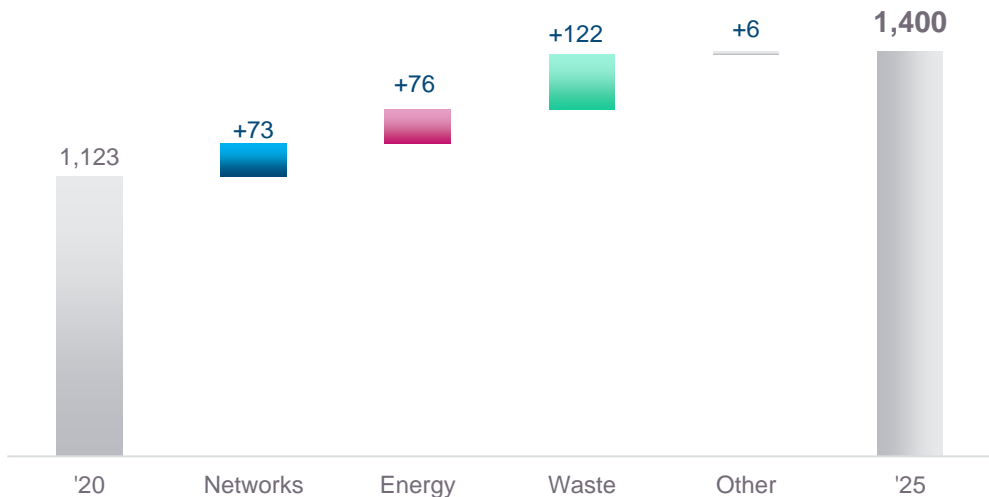


57%
LIBERALIZED EBITDA
BY 2025

Capex by business (m€)

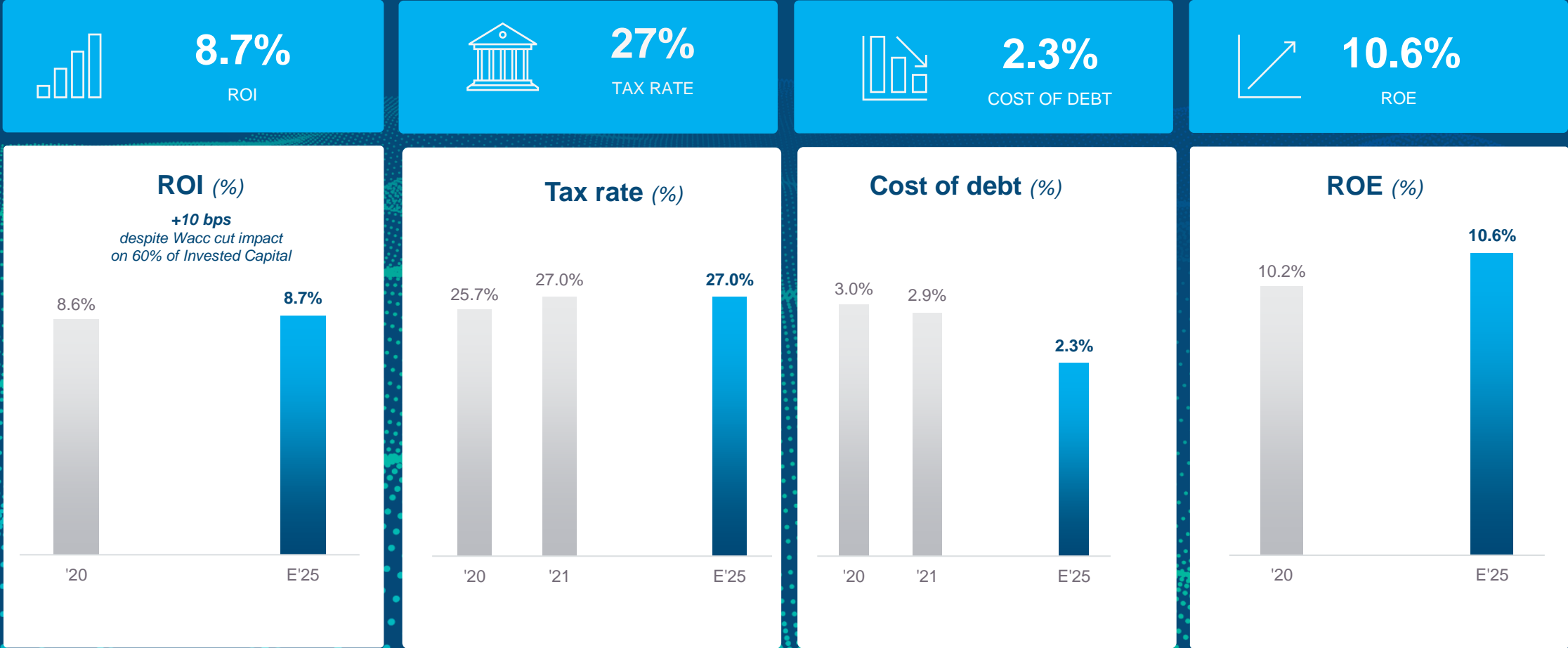


Ebitda to 2025 by business (m€)



Accelerating growth with a balanced portfolio

FINANCIAL RETURNS



Operating, financial and fiscal management enhance returns

CASH FLOW



+29%
FCF vs LAST BP



>25%
FFO/NET DEBT BY 2025

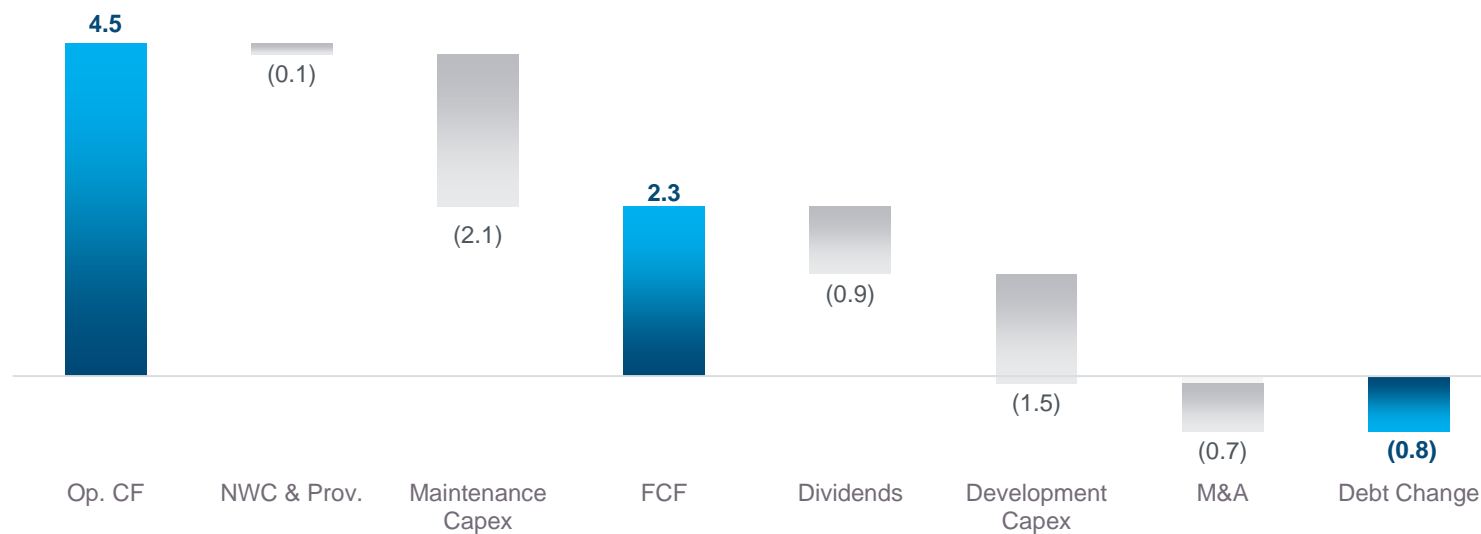


<500 m€
BONDS EXPIRATION
DURING BP PERIOD



Flexibility
ADDITIONAL FIREPOWER

Cash flow (b€)



Debt/Ebitda (x)



Growth underpins a solid cash generation

SHAREHOLDERS' REMUNERATION



+5.7%
EPS CAGR



+5.7%
DPS CAGR

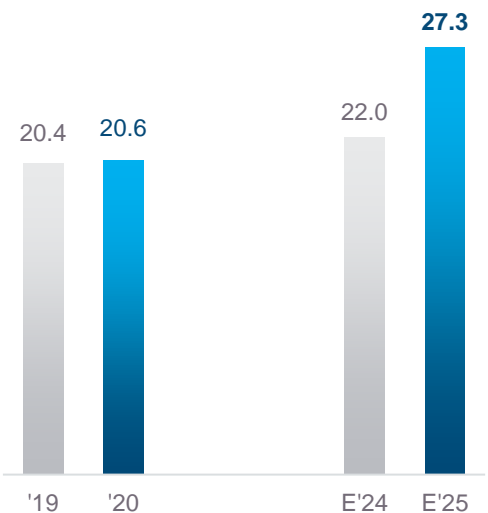


+32%
5Y DPS INCREASE

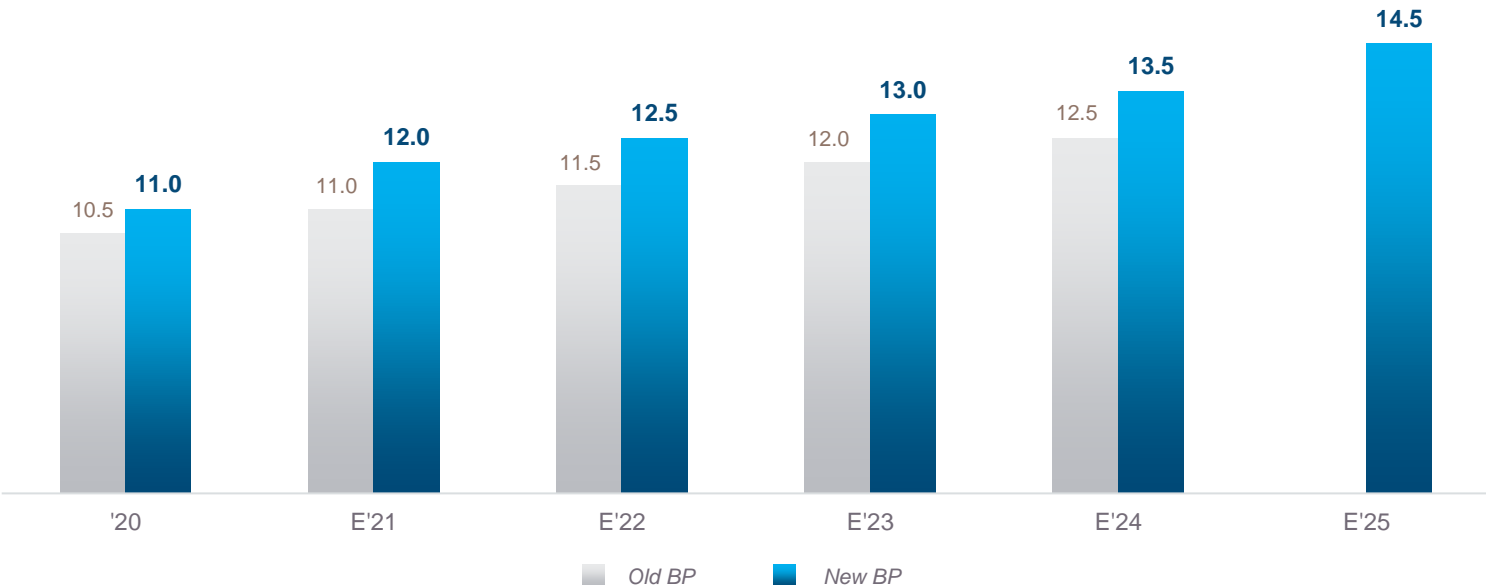


60%
AVERAGE PAYOUT

EPS (c€)



Dividend policy (c€)

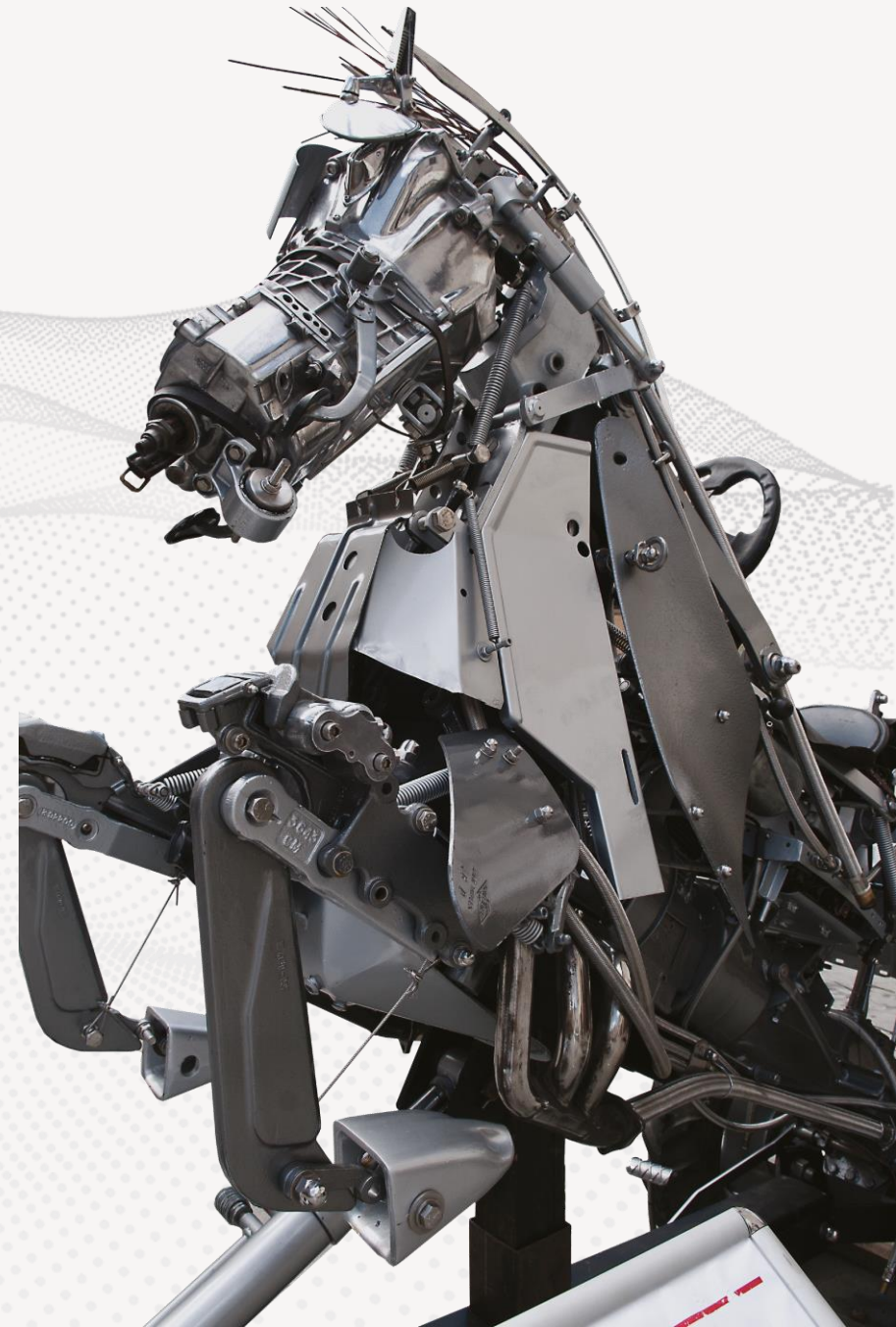


Outlook improved, floor enhanced

ANNEX

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ENHANCED EFFICIENCY PERFORMANCE



+20 k€

EBITDA / EMPLOYEE
GROWTH



+16.5%

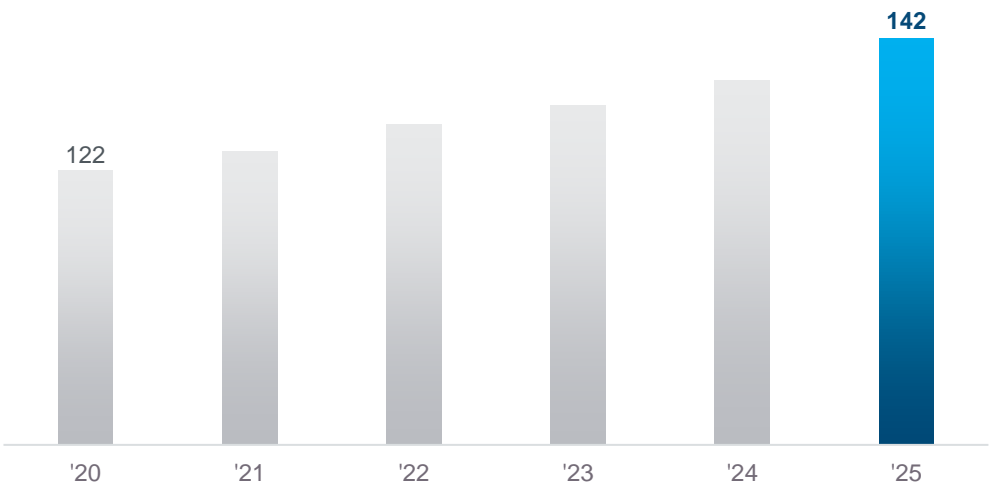
5Y GROWTH



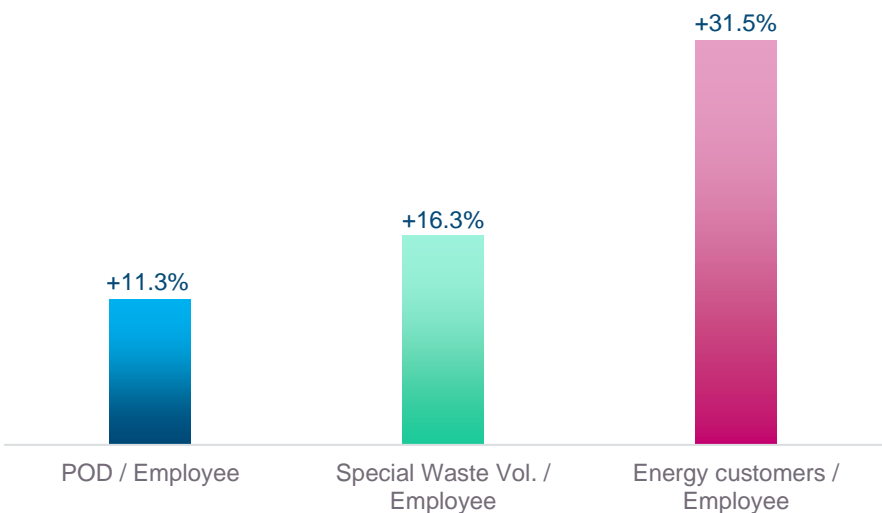
100 m€

EFFICIENCIES

Ebitda / Employee ('000 €)



Operating efficiency KPIs (%)



Further efforts on efficiency gains

WASTE: BUILDING END-to-END LEADERSHIP



Enhancing “circularity” and expanding industrial client solutions

WASTE TARGETS



+122 m€

EBITDA GROWTH



+8.1%

CAGR



+87 m€

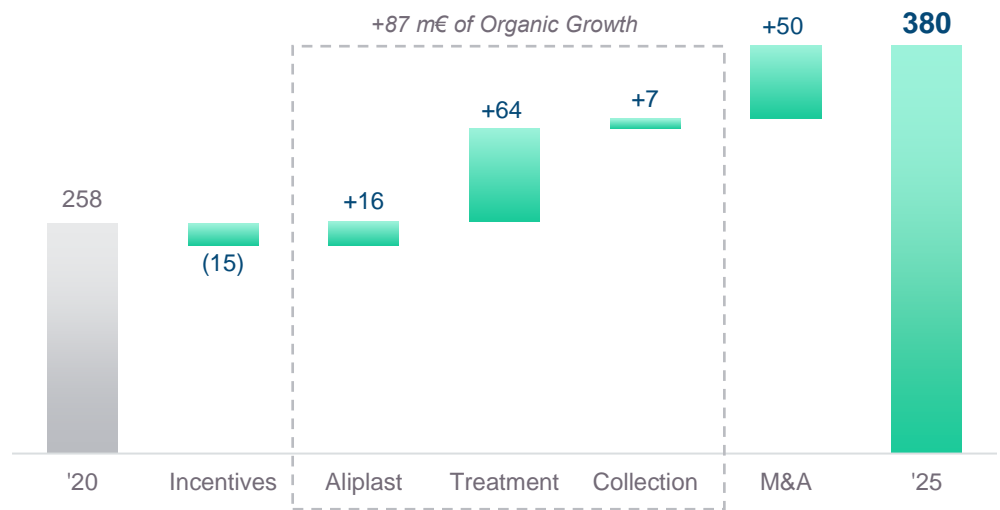
ORGANIC GROWTH



1.1 b€

CAPEX PLAN

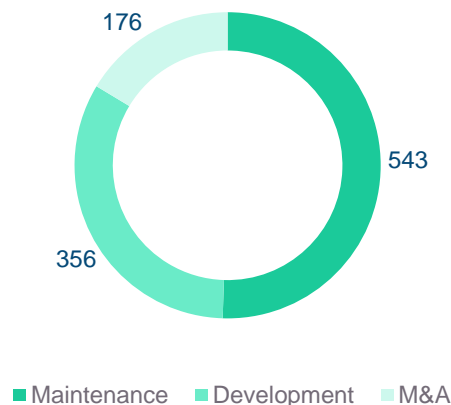
Ebitda to 2025 (m€)



Organic growth (m€)



Capex plan (m€)



Surfing increasing demand

ENERGY SUPPLY: EFFECTIVE AND SCALABLE PLATFORM



Create value by enabling our customers' energy transition

ENERGY SUPPLY TARGETS



+76 m€
EBITDA GROWTH



+3.8%
CAGR

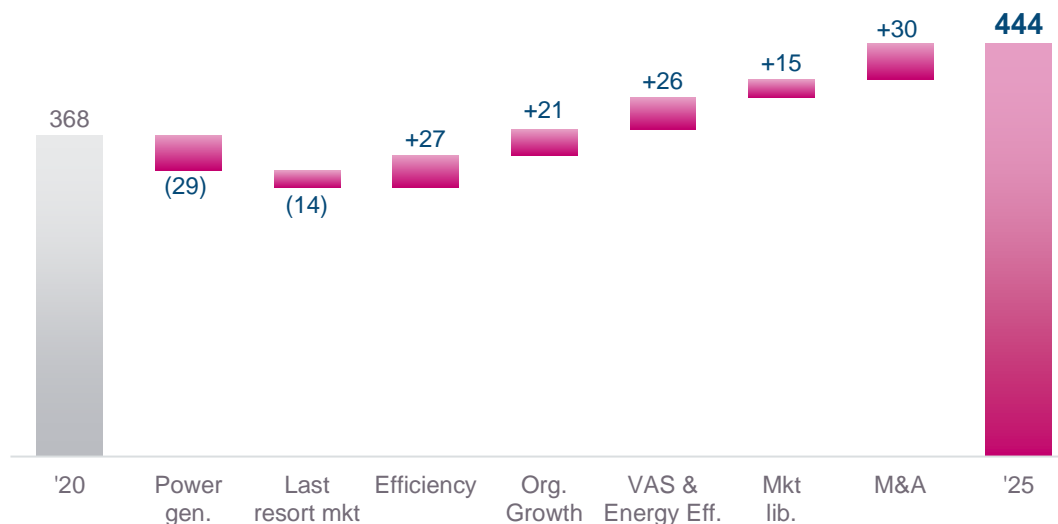


0.6 b€
CAPEX PLAN

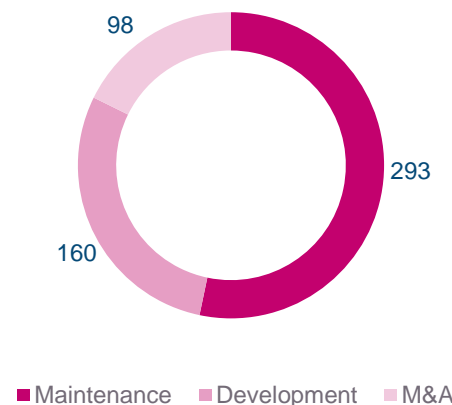


4.5 mln
CUSTOMERS BY 2025

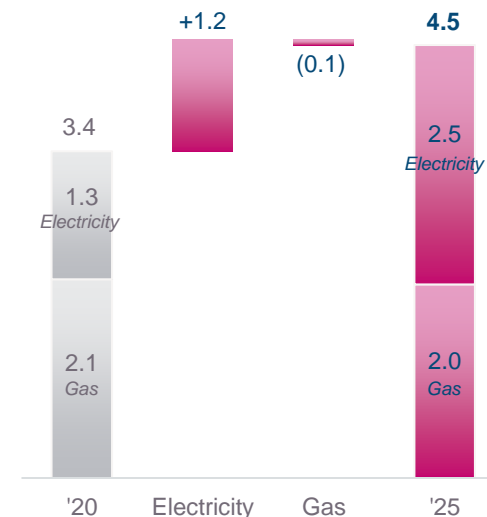
Ebitda to 2025 (m€)



Capex plan (m€)



Customer base (mln)



Creating value with the customer base

NETWORKS: FOCUS ON INNOVATION AND ASSET MGMT



Building cutting edge operating model

NETWORKS TARGETS



+73 m€
EBITDA GROWTH



+3.0%
CAGR

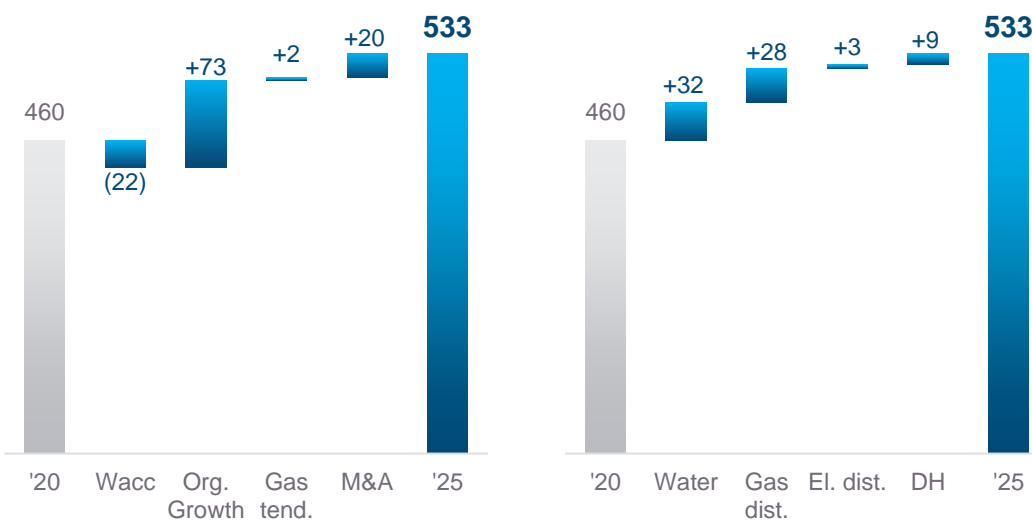


4.0 b€
RAB BY 2025

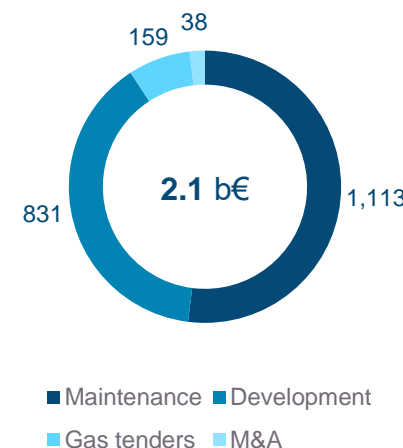


40 m€
EFFICIENCIES

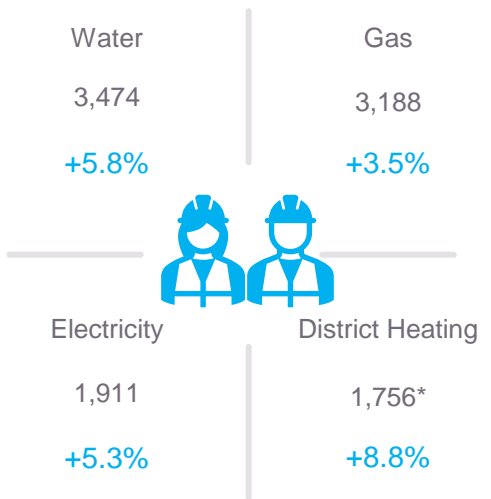
Ebitda to 2025 (m€)



Capex plan (m€)



POD/employee in '25 (n.)



* Equivalent housing units

Safe growth driven by capex and efficiencies

DEBT STRUCTURE



<500 m€

BONDS EXPIRATION
DURING BP PERIOD



>7 years

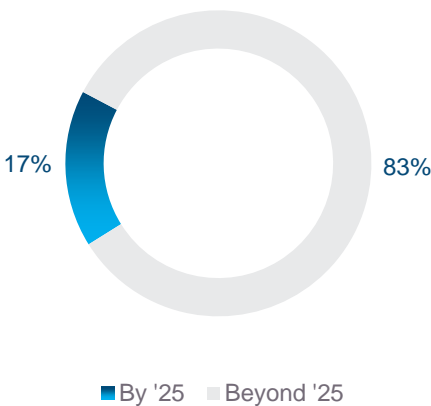
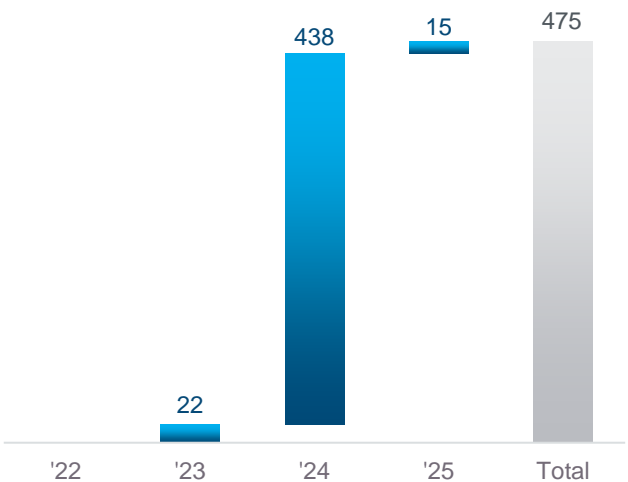
AVG DEBT DURATION



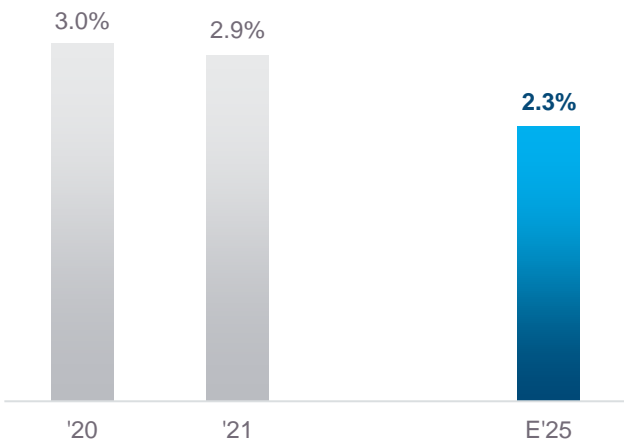
2.3%

COST OF DEBT

Bonds maturity (m€, %)



Cost of debt (%)



Financial management improvement

BUSINESS PLAN MAIN ASSUMPTIONS

	A'19	A'20	E'25
Brent <i>(Dollar/Barrel)</i>	64.1	43.2	62.9
Exchange rate <i>€/\$</i>	1.12	1.14	1.20
PUN <i>(€/MWh)</i>	52.3	38.9	79.6
Inflation <i>(%)</i>	0.5%	(0.2%)	1.5%
GRIN certificate (former Green Certificate) <i>(€/MWh)</i>	92.1	99.1	77.5
White certificates <i>(€/TEP)</i>	255.1	270.3	253.5
CO₂ certificates <i>(€/ton)</i>	24.8	32.0	60.0
Tax rate <i>(%)</i>	28.3%	25.7%	27.0%
Cost of Debt <i>(%)</i>	3.5%	3.0%	2.3%

High protection on macro scenario

GROUP STRATEGY IN PORTFOLIO ACTIVITIES



G R O W T H

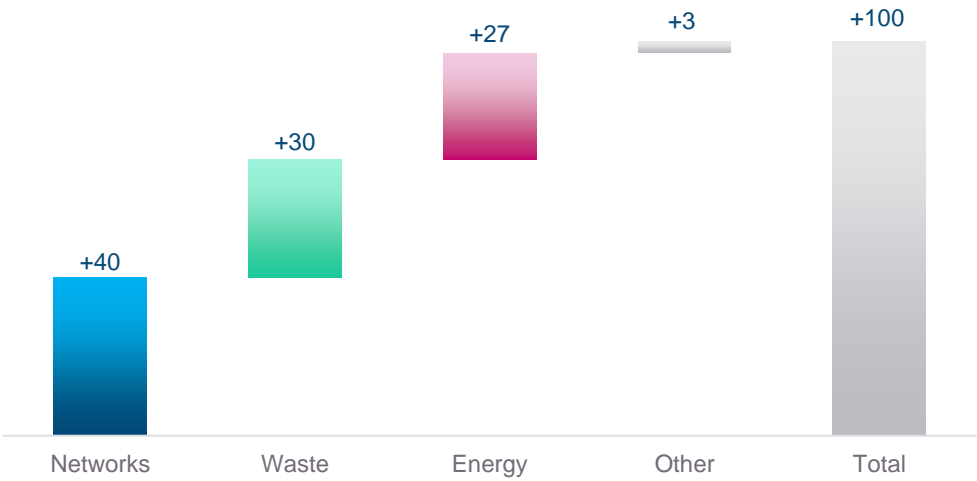
EFFICIENCY: STRONG FOCUS ON ALL ACTIVITIES



100 m€

EFFICIENCIES

Efficiency (m€)



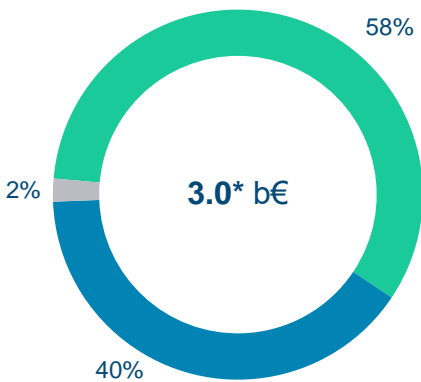
CAPEX: TAXONOMY



98%

CAPEX COMPLIANT OR NEUTRAL
WITH TAXONOMY

Capex plan* (%)



■ Compliant ■ Neutral ■ Non compliant

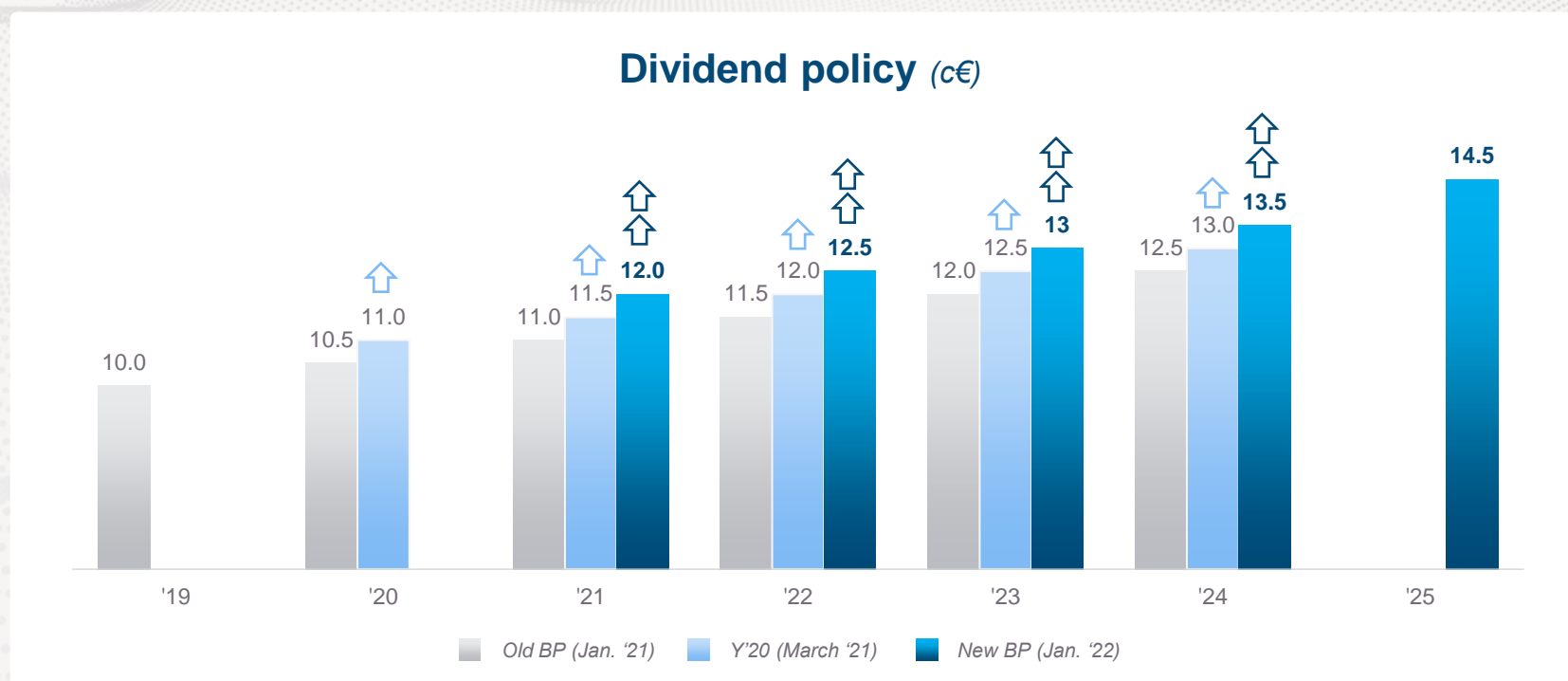
* Capex plan excluding indirect capex and financial investments

LAST 13 MONTHS DIVIDEND REVIEW



+14%

CUMULATED DPS
VS OLD BP



DPS increase above expectations

NEW PLAN VS OLD PLAN



+4.5%

EBITDA CAGR



+5.0%

EBIT CAGR



+5.7%

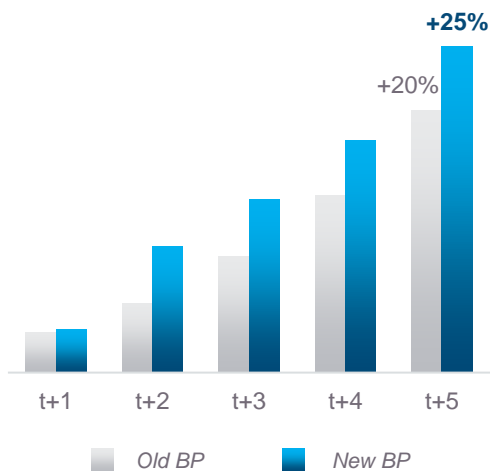
EPS CAGR



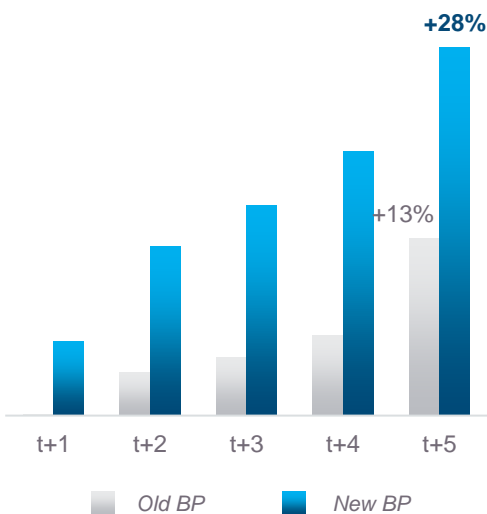
+5.7%

DPS CAGR

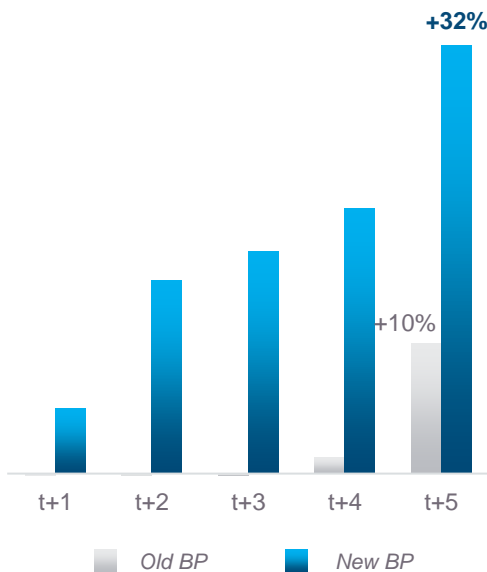
Cum. Ebitda growth (%)



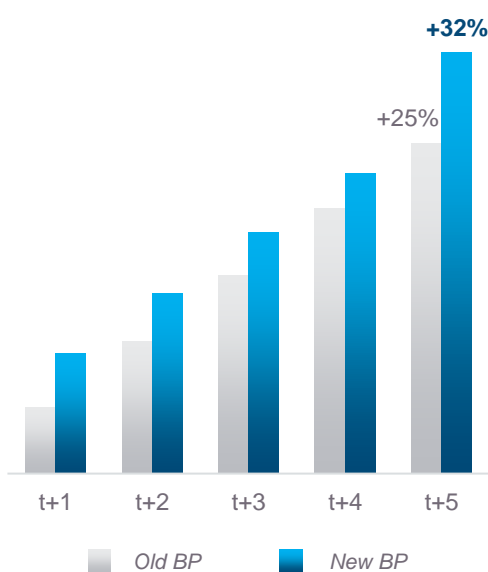
Cum. Ebit growth (%)



Cum. Net profit growth (%)



Cum. DPS growth (%)



TENDERS WON



100%

TENDERS WON



100%

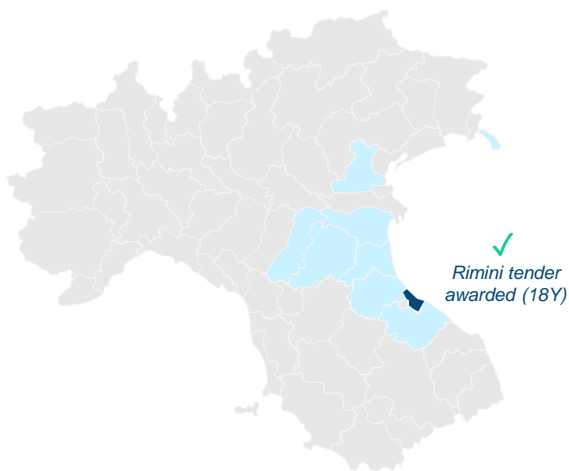
TENDERS WON



100%

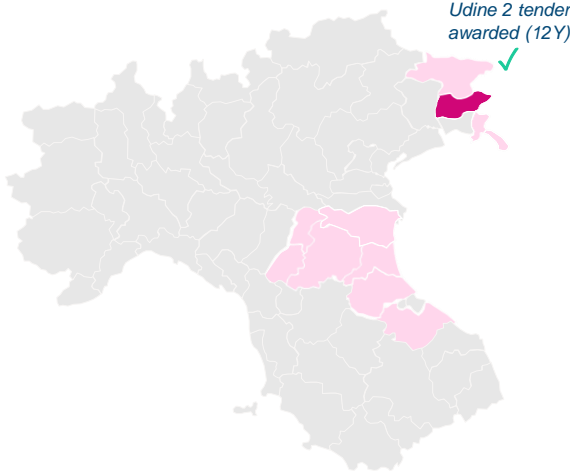
TENDERS WON

Water concessions



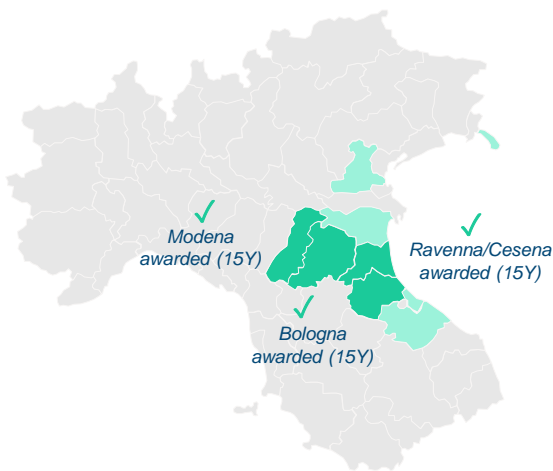
Water concessions (avg maturity in 2028) Concessions renewed

Gas concessions



Gas concessions (expired, waiting tenders) Concessions renewed

Waste concessions



Waste concessions (avg maturity in 2032) Concessions renewed

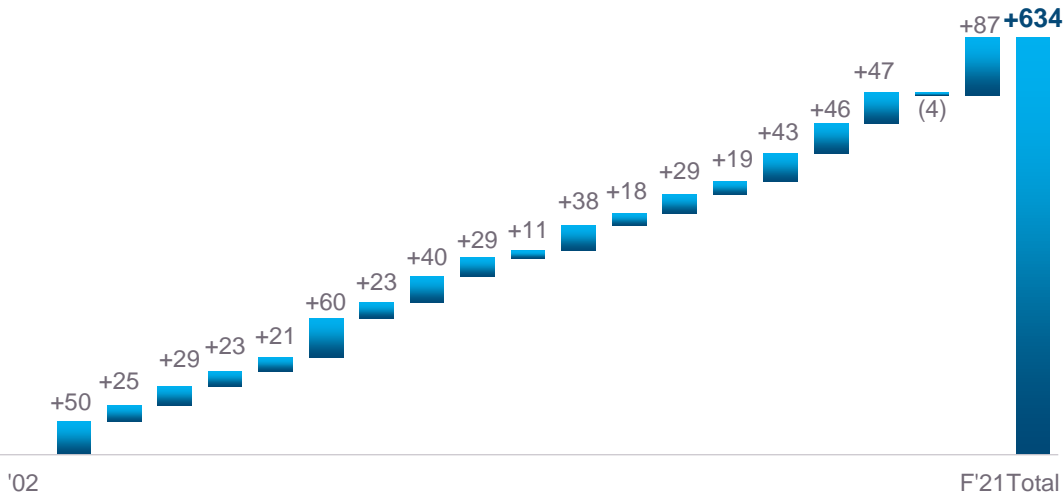
20 YEARS PERFORMANCE



60%

ORG. GROWTH CONTRIBUTION
ON TOTAL GROWTH

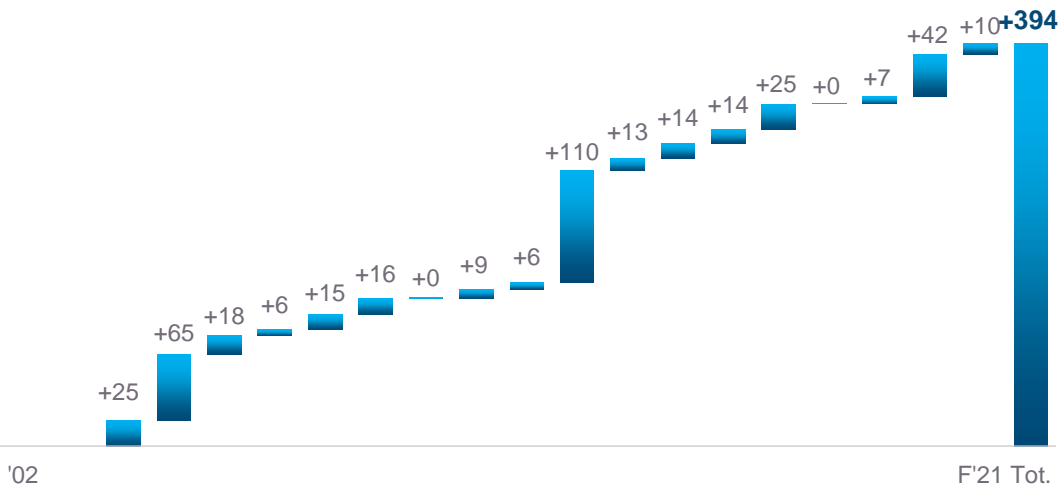
Track record Organic Growth (Ebitda m€)



40%

M&A CONTRIBUTION
ON TOTAL GROWTH

Track record M&A (Ebitda m€)



Ebitda up by 6.4x in 20 years

WATER BUSINESS



+2.3%
EBITDA CAGR



1.05 b€
CAPEX PLAN

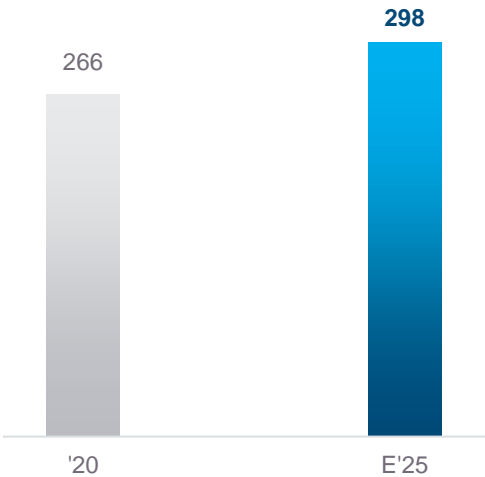


+24%
RAB INCREASE

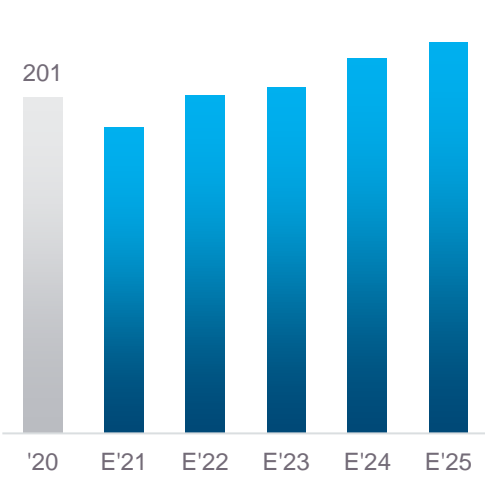


35,000
ACQUEDUCT KMs

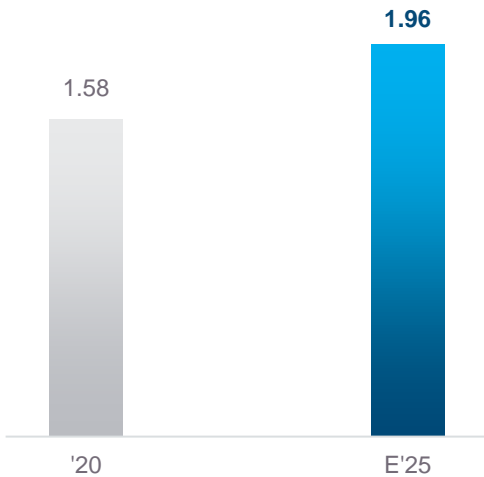
Ebitda (m€)



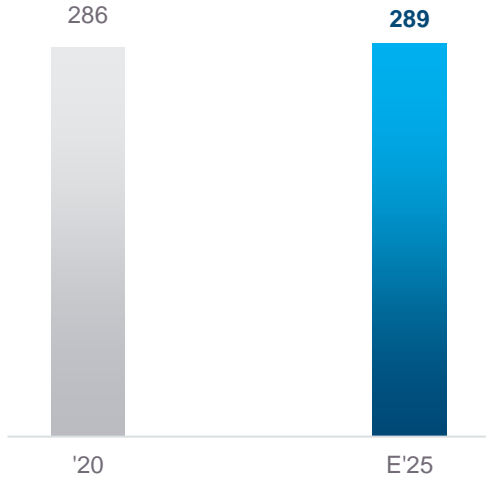
Capex (m€)



RAB* (b€)



Volumes sold* (mln m³)



* Figures exclude M&A

WASTE BUSINESS



+8.1%
EBITDA CAGR



1.08 b€
CAPEX PLAN

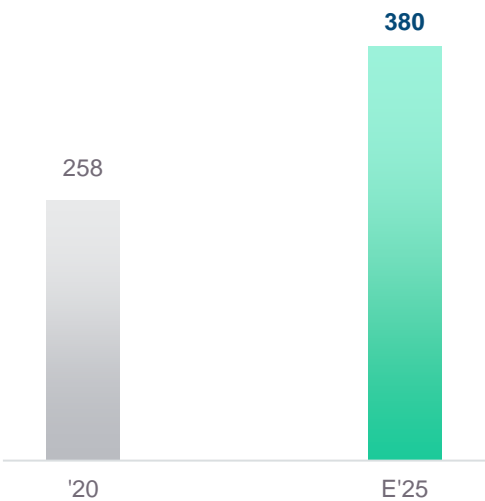


+122 m€
EBITDA INCREASE

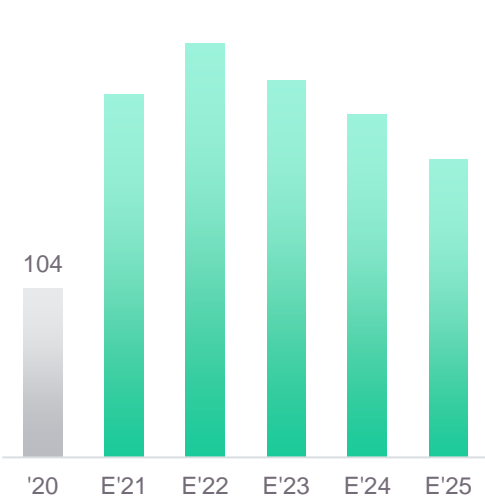


+0.6 mtons
WASTE TREATED

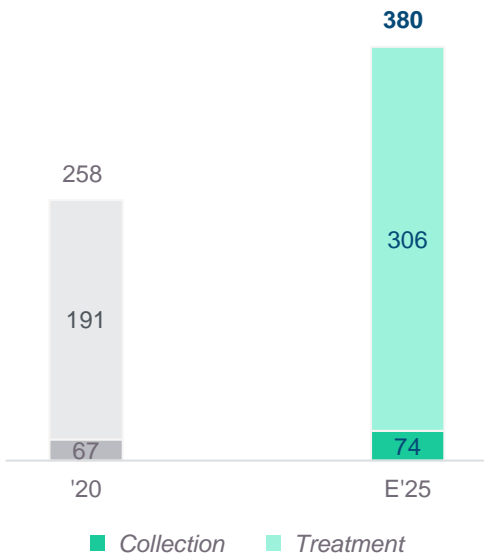
Ebitda (m€)



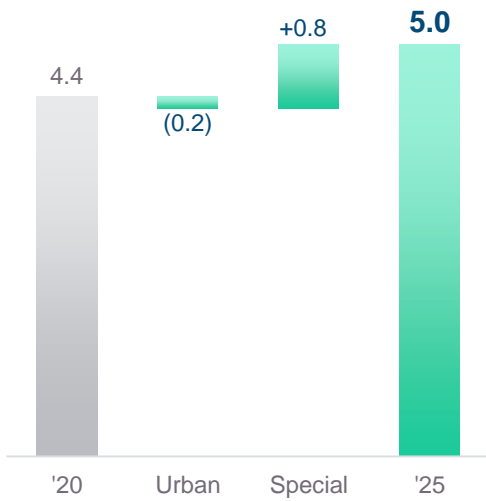
Capex (m€)



Ebitda (m€)



Volumes* (mtons)



* Figures exclude M&A

GAS BUSINESS



+3.7%
EBITDA CAGR



1.10 b€
CAPEX PLAN

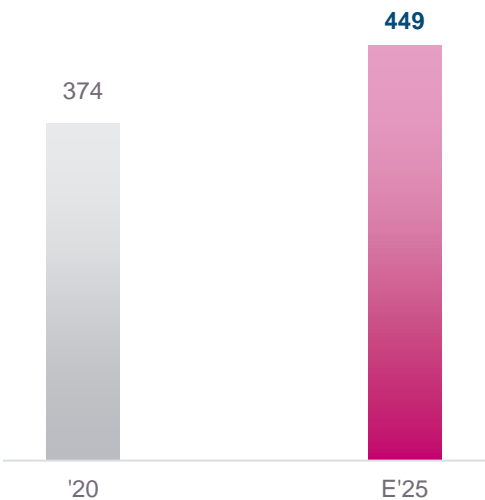


+31%
RAB INCREASE

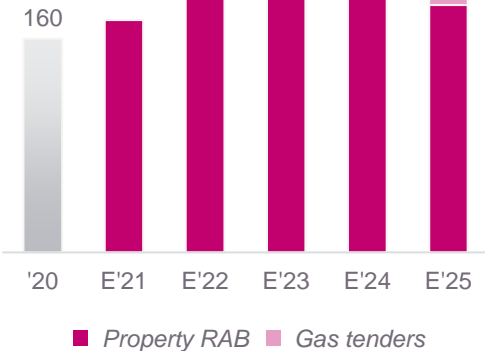


+75 m€
EBITDA INCREASE

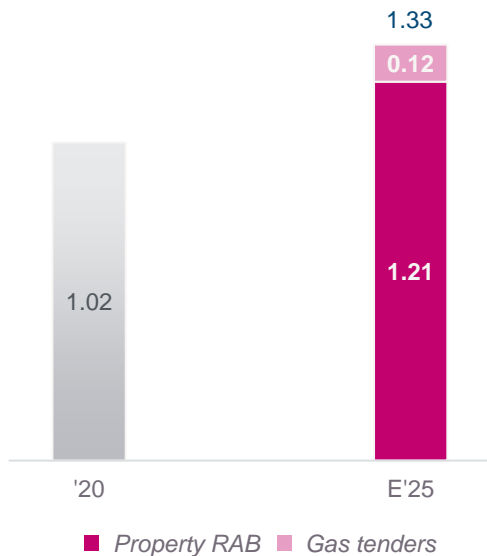
Ebitda (m€)



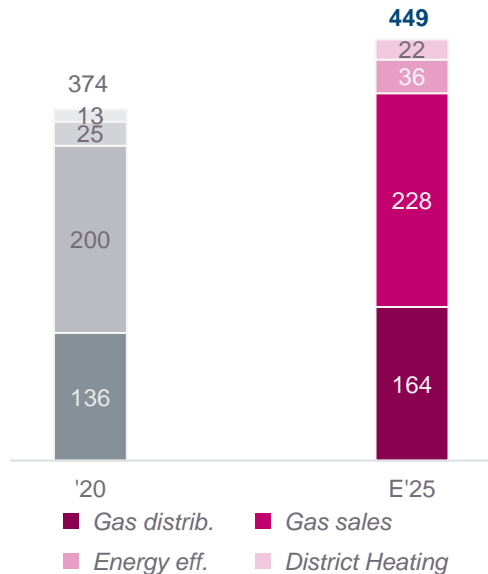
Capex (m€)



RAB* (b€)



Ebitda (m€)



* Figures exclude M&A

ELECTRICITY BUSINESS



+4.1%
EBITDA CAGR



0.5 b€
CAPEX PLAN

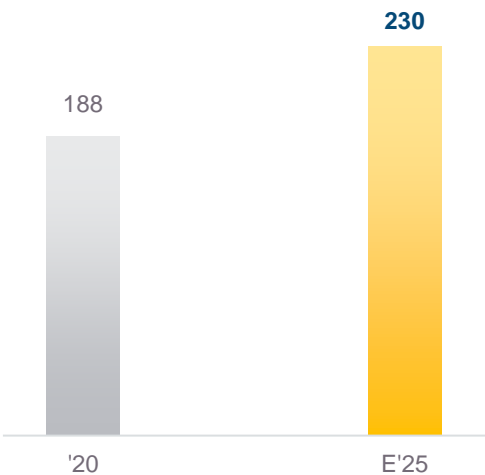


+24%
RAB INCREASE

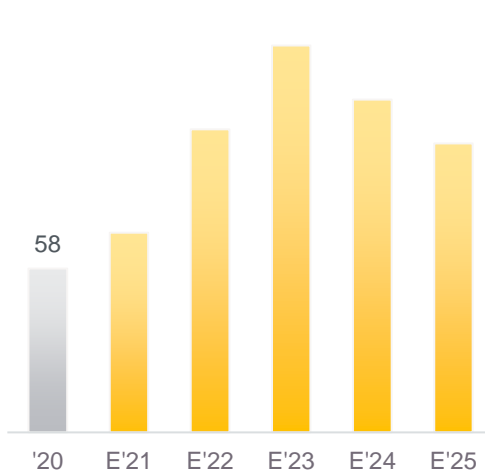


+42 m€
EBITDA INCREASE

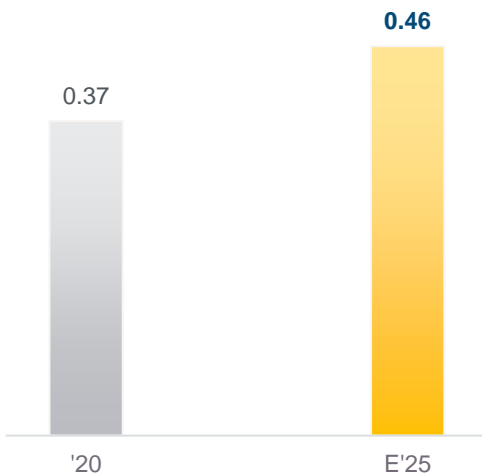
Ebitda (m€)



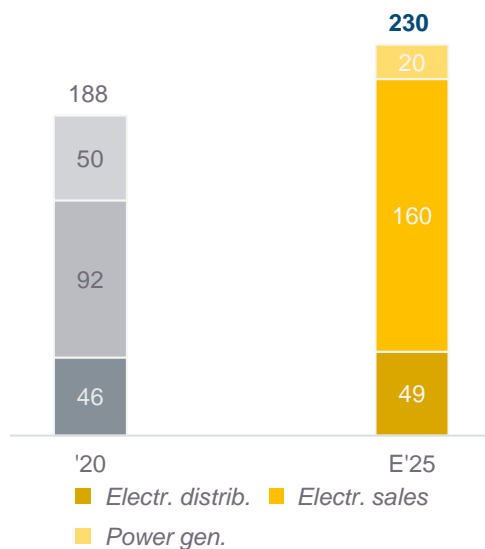
Capex (m€)



RAB* (b€)

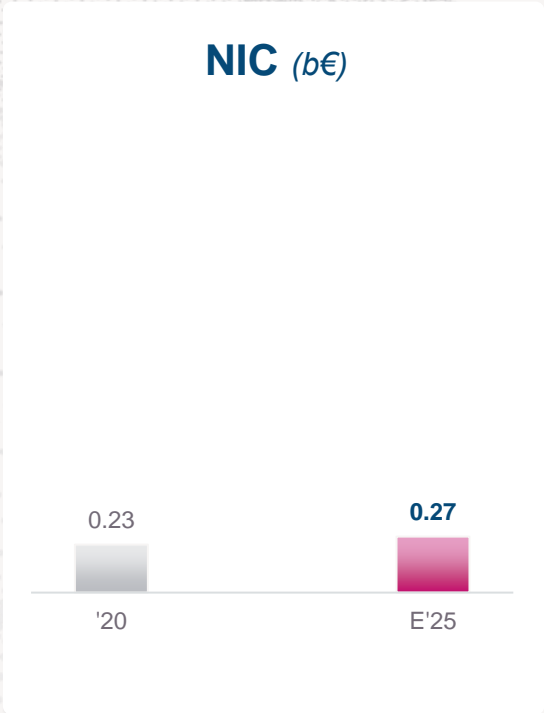
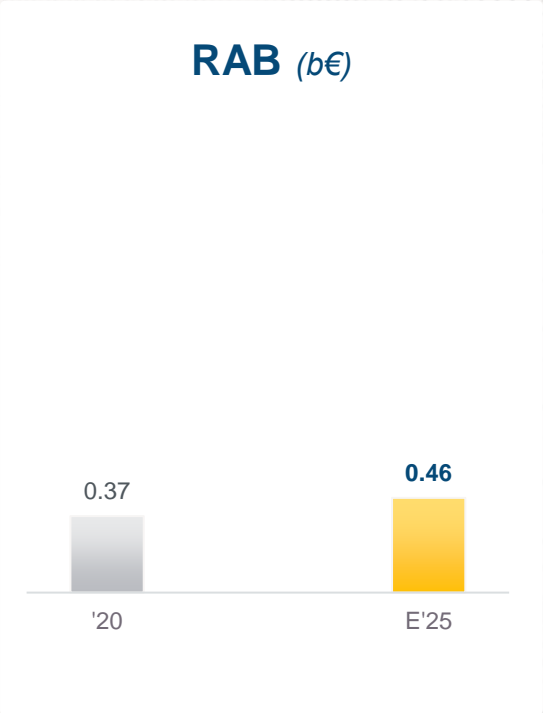
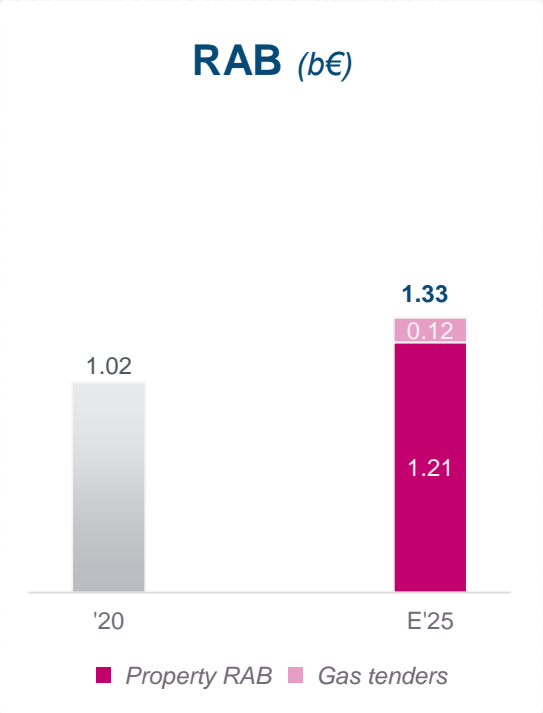
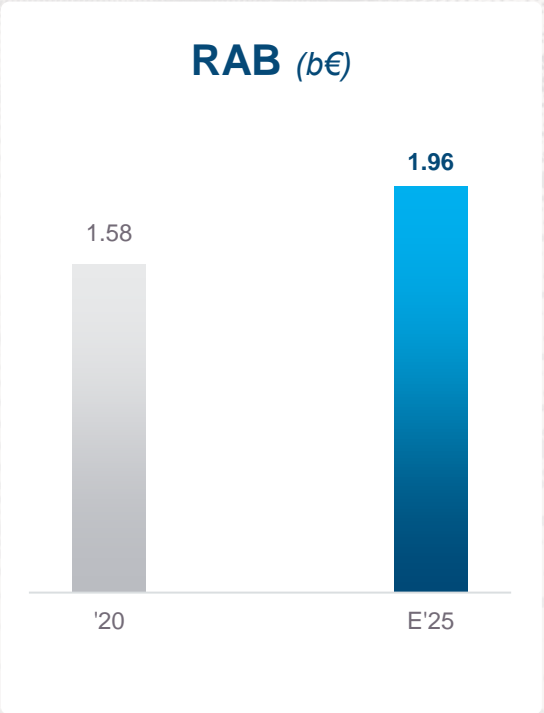


Ebitda (m€)



* Figures exclude M&A

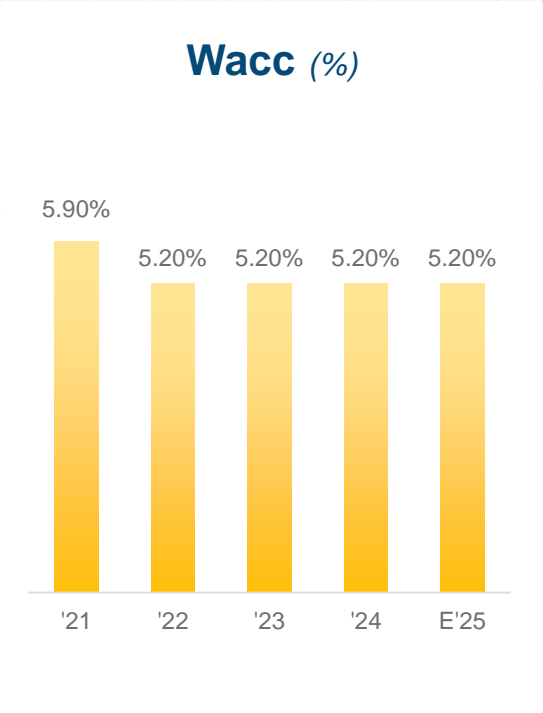
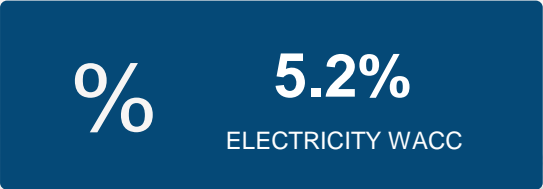
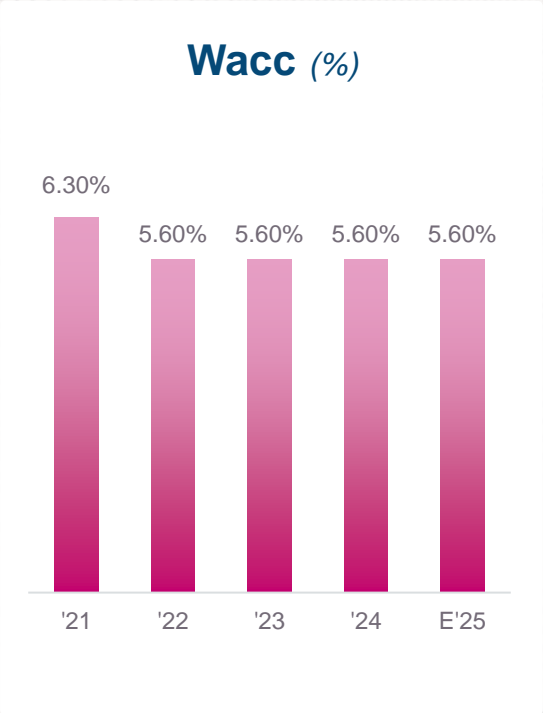
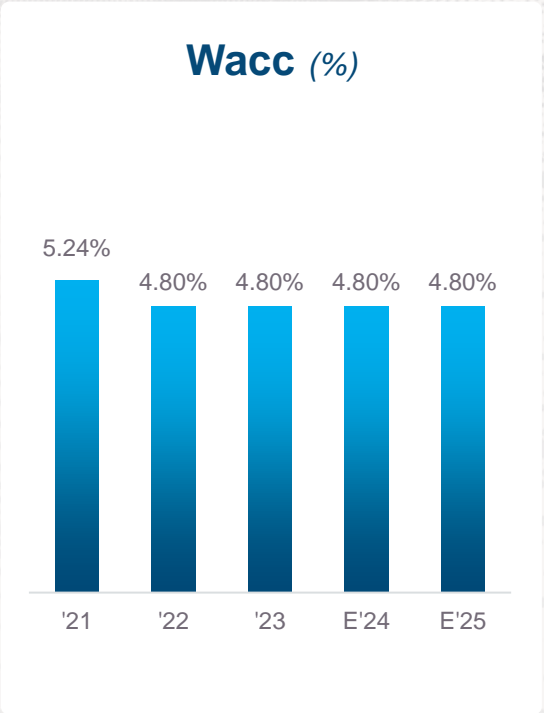
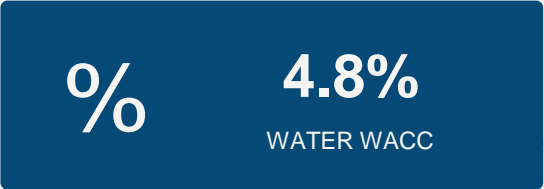
RAB*



* Figures exclude M&A

From 3.2 b€ to 4.0 b€ total RAB

REGULATED RETURNS (WACC)





WASTE SUSTAINABLE TARGETS

Targets	2020C	2025	2030
Reduce use of landfills for urban waste (% of urban waste disposed of in landfill)	3.4%	<3%	<2%
Increase packaging recycling (% of packaging recycled)	73%	76%	>80%
Increase WTE ashes recovery (% of ashes recovered)	95%	98%	>98%
Increase biomethane production (mcm/year)	8	17	>30
Increase recycling rate in urban waste (% of recycled urban waste)	55%	63%	67%
Increase plastic recycled by Aliplast (% of plastic recycled)	+15% vs 2017	+125% vs 2017	+150% vs 2017


**EU target
to 2035
65%**

ENERGY SUSTAINABLE TARGETS

Targets	2020C	 2025	 2030
Reduce the Group's energy consumption (% of energy savings from ISO 50001 interventions compared to 2013 consumption)	(5.7%) vs 2013	(8%) vs 2013	(10%) vs 2013
Increase emission compensation for gas sold (% on total gas sold)	4%	21%	27%
Increase customers with electronic bills (% of customers with electronic bills out of total customers)	34%	~50%	>65%
Increase contracts with energy efficiency services (% on total contracts)	19%	>30%	>45%
Increase renewable electricity sold (% on total electricity sold)	34%	41%	>50%

NETWORKS SUSTAINABLE TARGETS

Targets	2020C	2025	2030
Reduce water network losses (linear loss reduction rate compared to 2018)	(3%)* vs 2018	(5%) vs 2018	(10%) vs 2018
Reduce internal water consumption (water consumption reduction rate compared to 2017)	(12%) vs 2017	(20%) vs 2017	(25%) vs 2017
Minimize the disposal of sewage sludge in landfills (% of sewage sludge disposed of in landfills out of total sludge)	12%**	3%**	1.5%
Increase the reuse of wastewater (% reusable wastewater or total wastewater)	5%	9%	15%
Reduction of thermal energy produced from non-renewable sources (%)	(2%) vs 2018	(20%) vs 2018	>(20%) vs 2018

* Last update 2019

** Hera Spa; excluding extraordinary muds of Forlì and Ravenna the 2020 value would be 4%

DISCLAIMER

This presentation contains forward-looking statements regarding future events (which impact the Hera Group's future results) that are based on current expectations, estimates and opinions of management.

These forward-looking statements are subject to risks, uncertainties and events that are unpredictable and depend on circumstances that might change in future.

As a result, any expectation on Group results and estimates set out in this presentation may differ significantly depending on changes in the unpredictable circumstances on which they are based.

Therefore, any forward-looking statement made by or on behalf of the Hera Group refer on the date they are made.

The Hera Group shall not undertake to update forward-looking statements to reflect any changes in the Group's expectations or in the events, conditions or circumstances on which any such statements are based.

Nevertheless, the Hera Group has a “profit warning policy”, in accordance with Italian laws, that shall notify the market (under “price-sensitive” communication rules) regarding any “sensible change” that might occur in Group expectations on future results.



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