

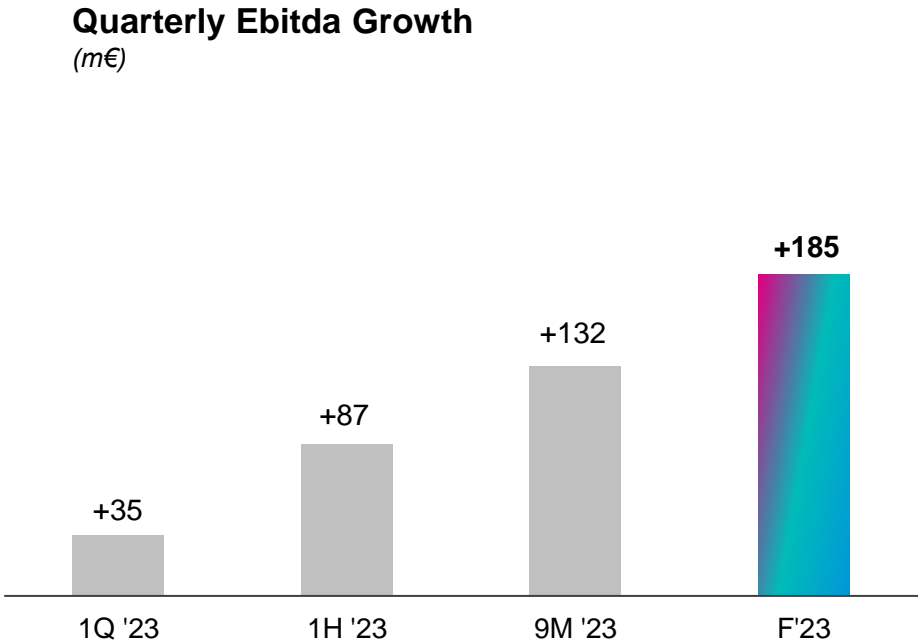
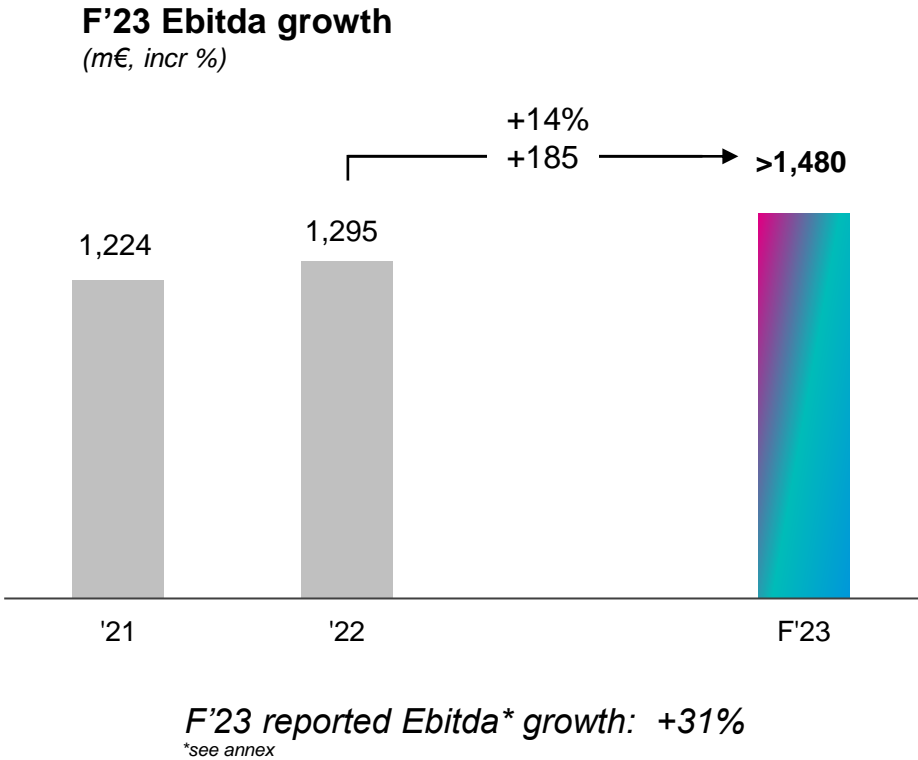
2023-2027

BUSINESS PLAN

Solid infrastructures for a long-term sustainable strategy

Photo by Silvia Camporesi: construction phase of the biomethane plant of Sant'Agata Bolognese

2023 forecast: outperforming results

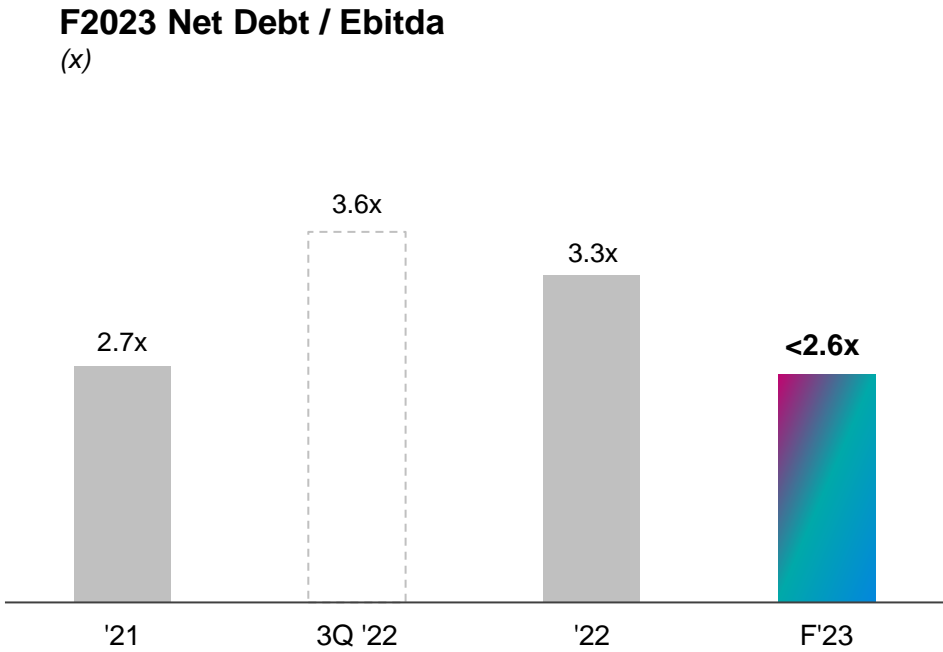


F'23 is **best ever growth**

2023 forecast: Cash flow drivers

Deleveraging drivers

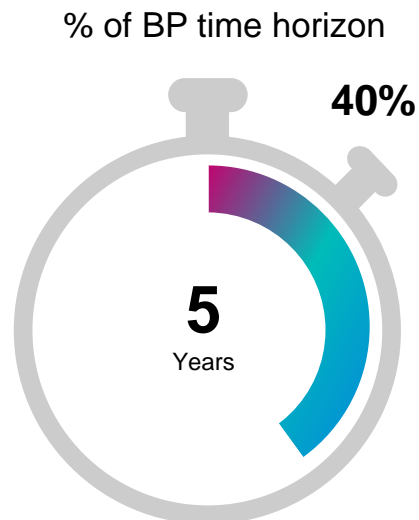
Sound Balance sheet <i>Reduced NWC</i>	Reduction of gas stocked (emergency provision)
	Positive impact of commodity price reduced amount of receivables
Solid profitability <i>Outperform</i>	Ebitda Growth



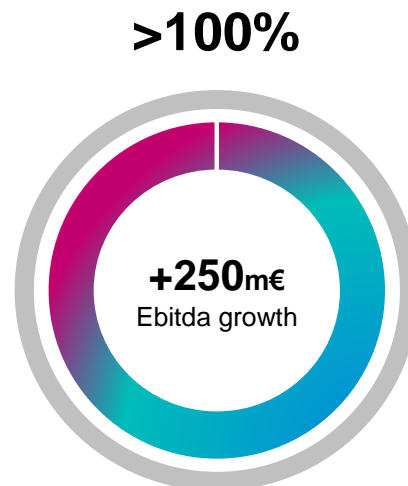
Underpinning the promised **deleverage**

Achievements of 5Y Business plan to 2026 targets in 2 years

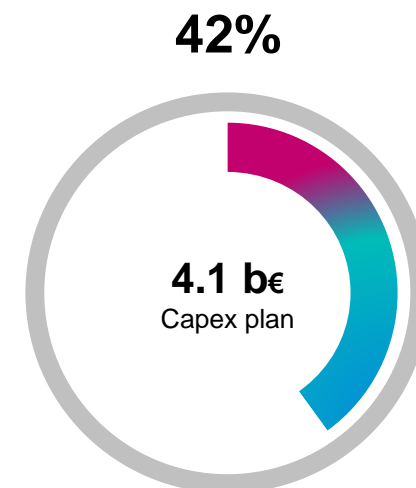
Plan execution in 2022-F2023 (% vs 5 years targets)



Ebitda growth target (% of forecast achievement as at 2023 end)



Capex & Investment plan (% of forecast achievement as at 2023 end)



Outperforming **value creation** for shareholders

Group strategic framework confirms full coherence and continuity



Create “shared” value maintaining a resilient profile

Create Value

Accretive capital discipline

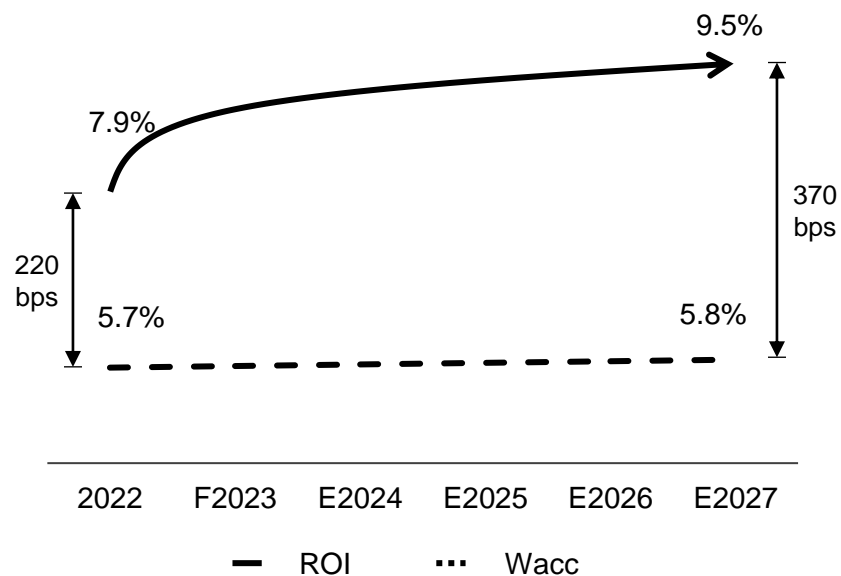
Market development

Efficiency gains

Enhance risk/return profile

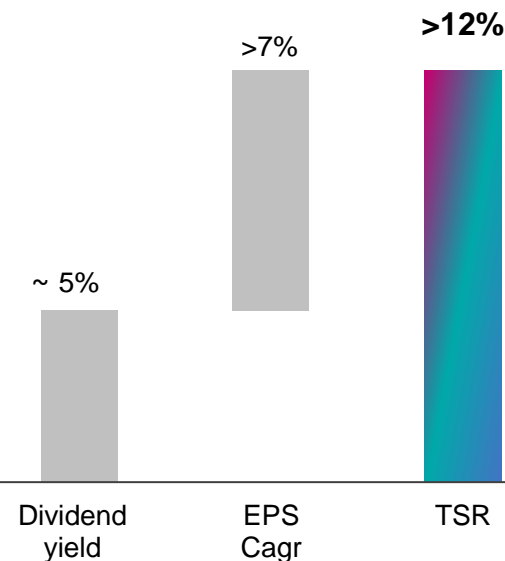
Value creation

(YE shareholders ROI % – YE sector WACC)



Yearly average TSR '23-'27

(%)






Double digit Total shareholders' return

Be Sustainable

98% capex taxonomy compliant*

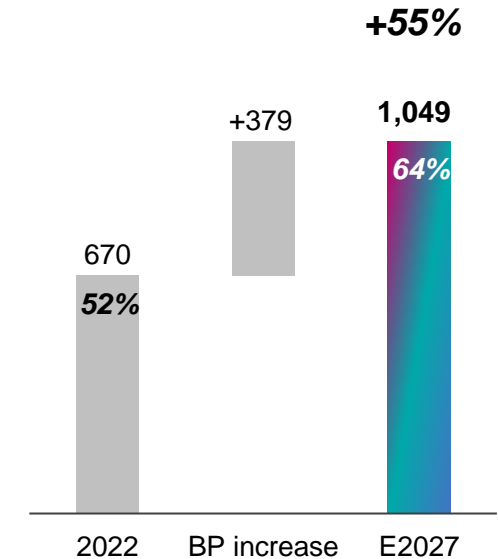
Sustainable approach to management

Innovation to tackle with climate change

CAPEX PLAN	MAIN TARGETS	2022	E2027	GOAL
 Carbon neutrality 31%	 Renewable electricity sold	41%	56%	 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION Reduction of CO ₂ emissions in 2027 vs 2019 -29%
	 Biomethane from organic waste (mcm)	8	16	
	 Hydrogen production (tons/y)	-	770	
	 Clients with decarbonisation VAS contracts (%)	27%	35%	
 Circular Economy 39%	 Sorting urban waste collection	68%	78%	 ELLEN MACARTHUR FOUNDATION Plastic recycled in 2027 +122%
	 Packaging recycling	66%	72%	
	 Plastic recycled by Aliplast (vs 2017)	+33%	+122%	
	 Water reuse	7%	14%	
 Resilience & Innovation 40%	 Predictive maintenance water (km)	13,925	29,700	Resilience and reliability of our asset
	 Sensors for monitoring landslide events (n.)	10	130	
	 Robotized Elect. secondary cabins (n.)	1,038	1,260	
	 Linear water losses (cm/km/day)	9.5**	8.9	

**2021 figure

CSV Ebitda
(m€, % of Group Ebitda)



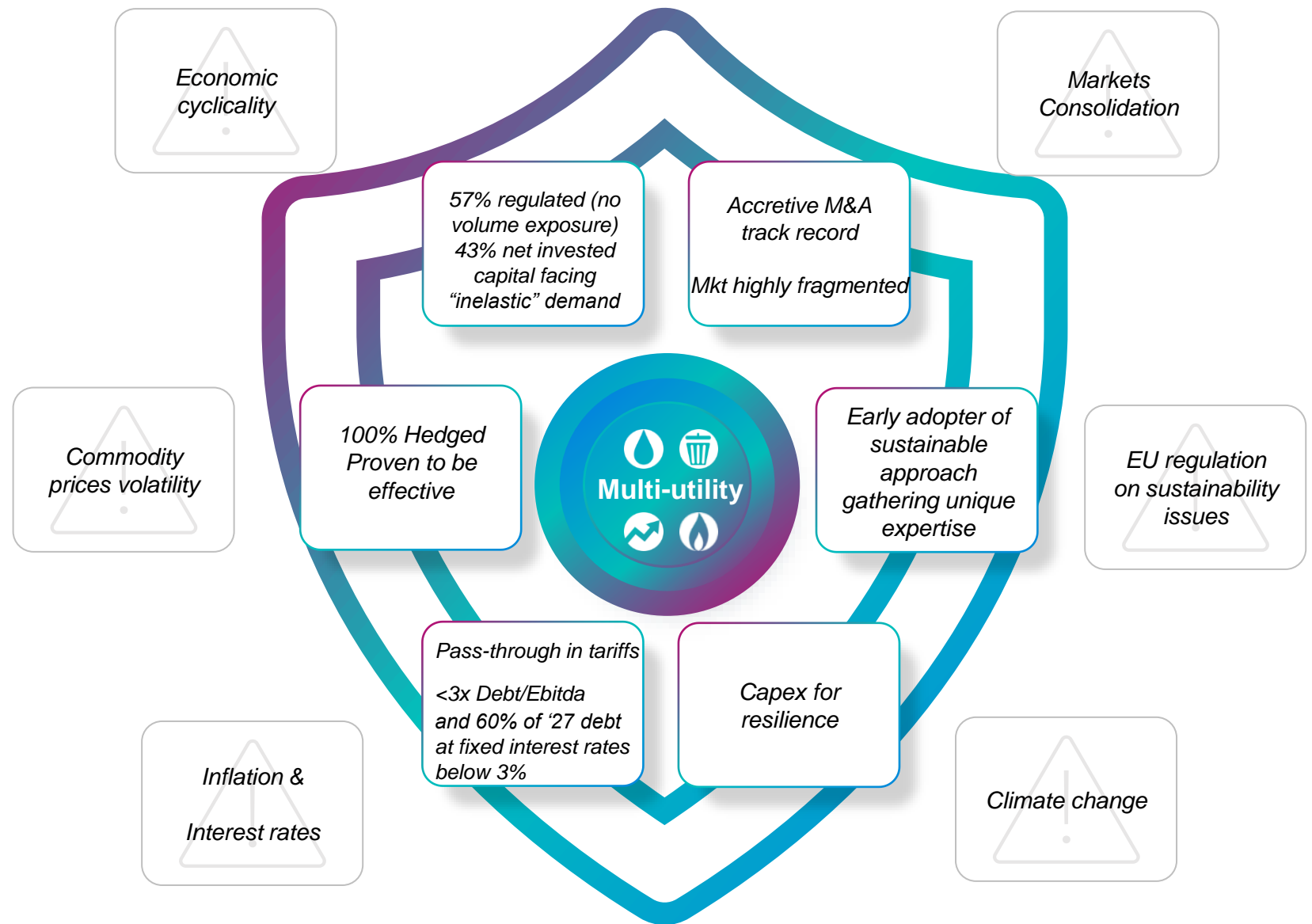
On track to meet 2030 commitments

Enhance Resilience

Multi-utility formula

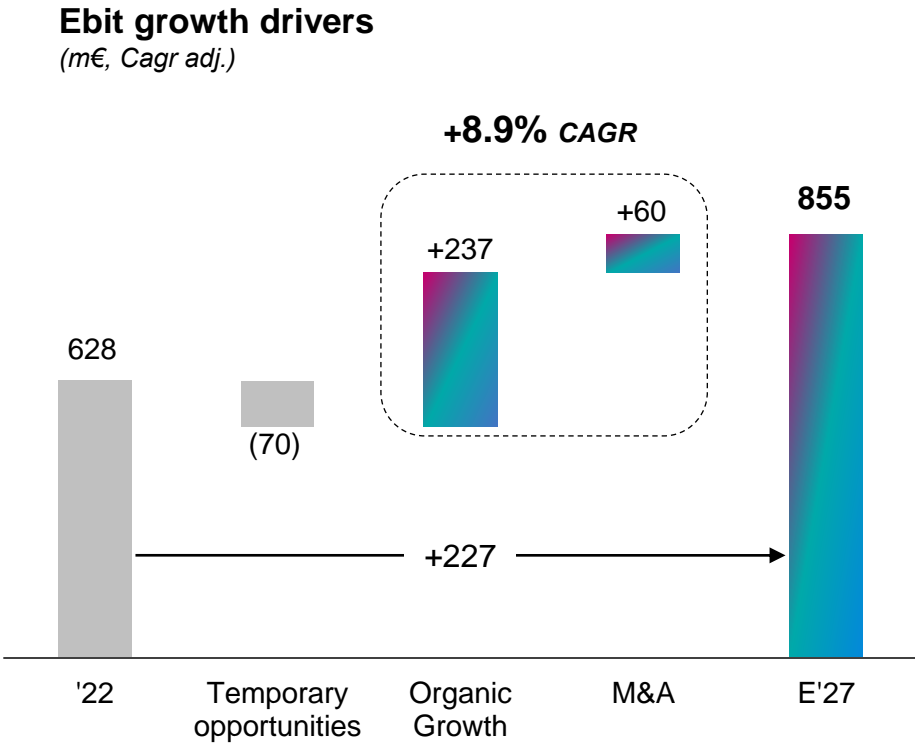
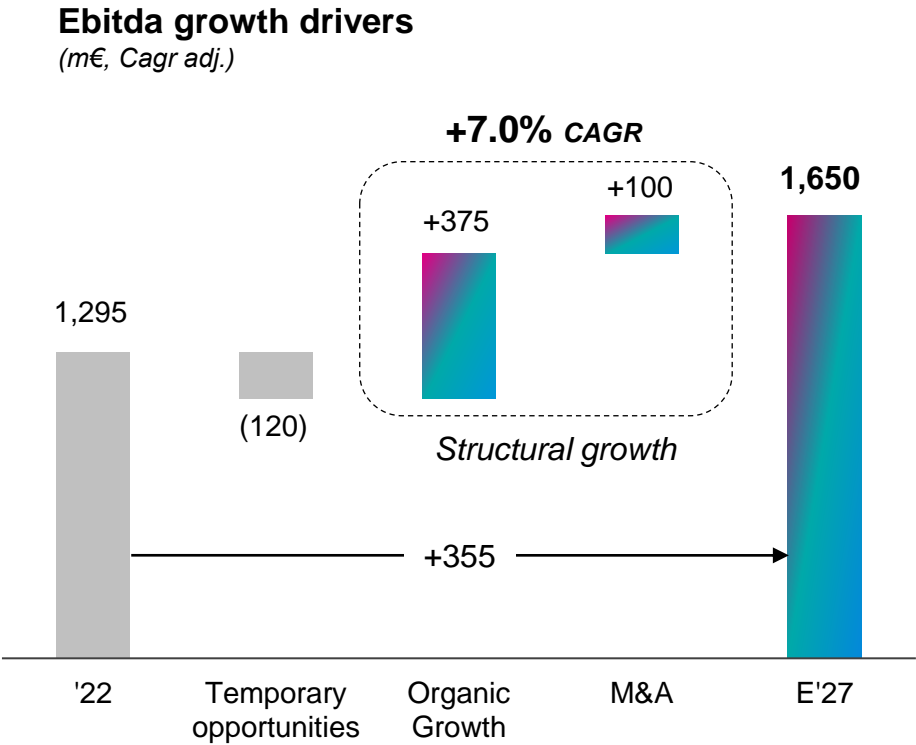
Business policies to neutralize risks

Maintain low financial leverage



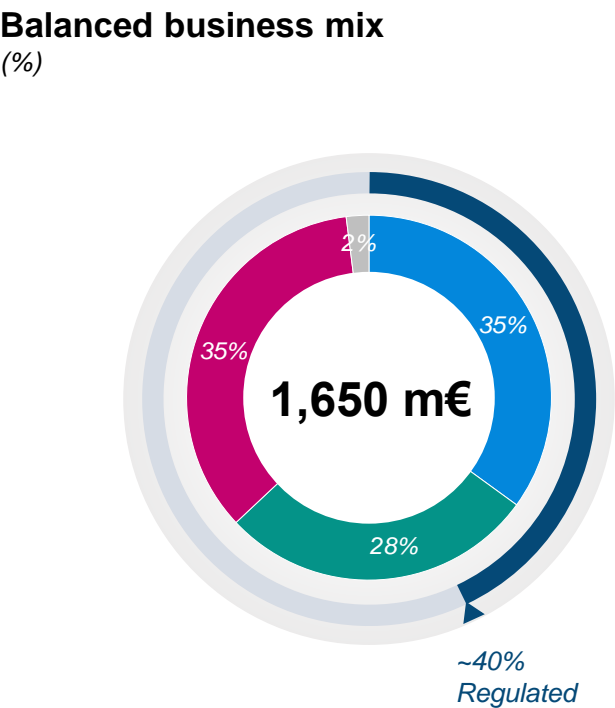
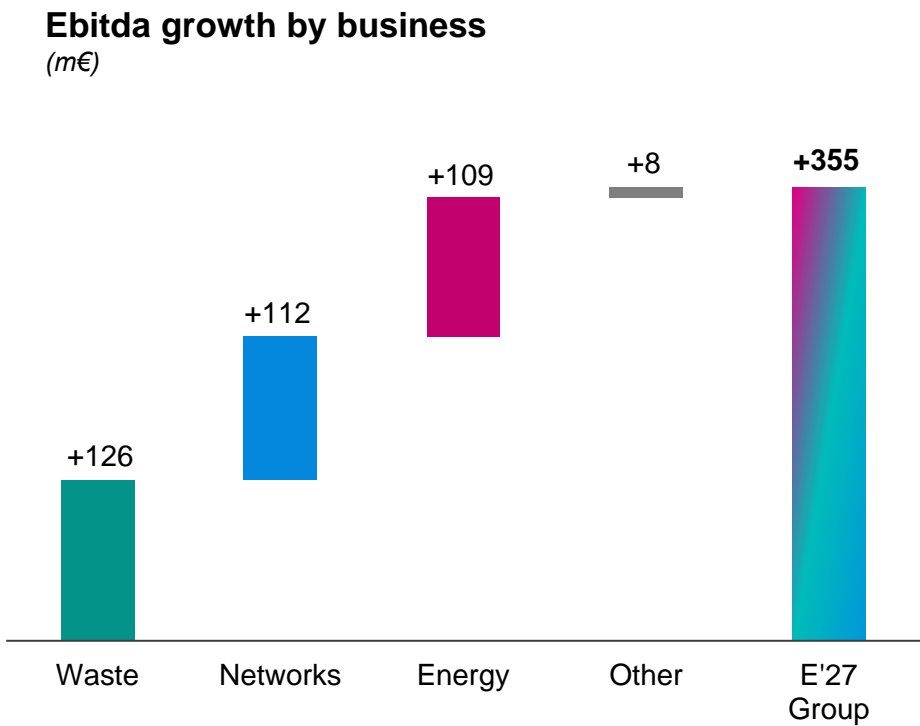
Proven low risk profile

Ebitda growth targets



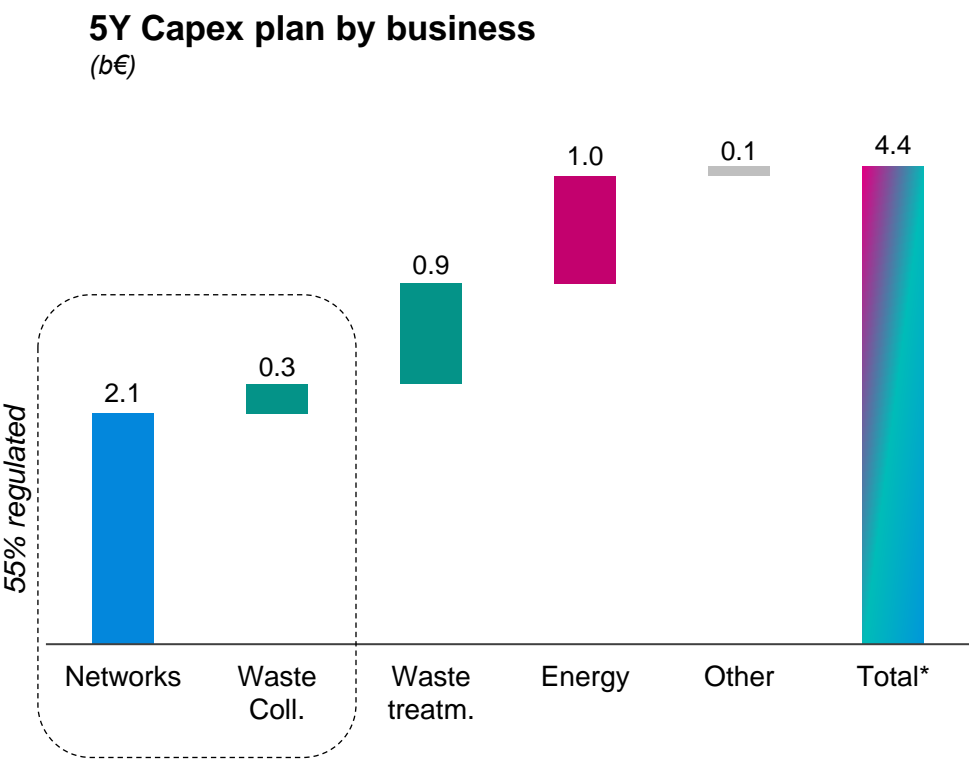
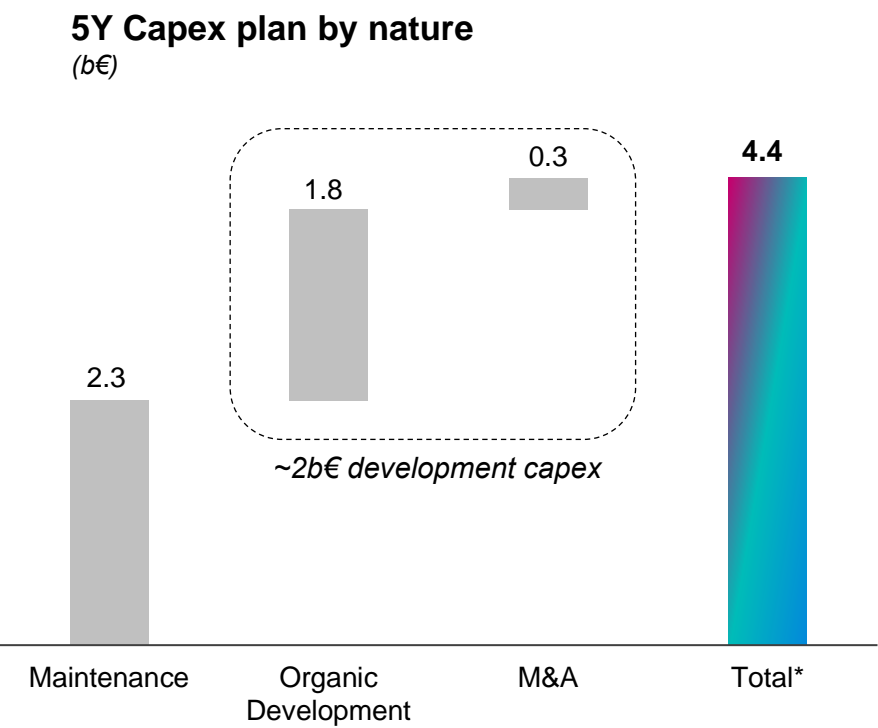
Stronger growth transferred down to Ebit

Ebitda growth by business



Increasing 5Y Ebitda growth with a **balanced mix**

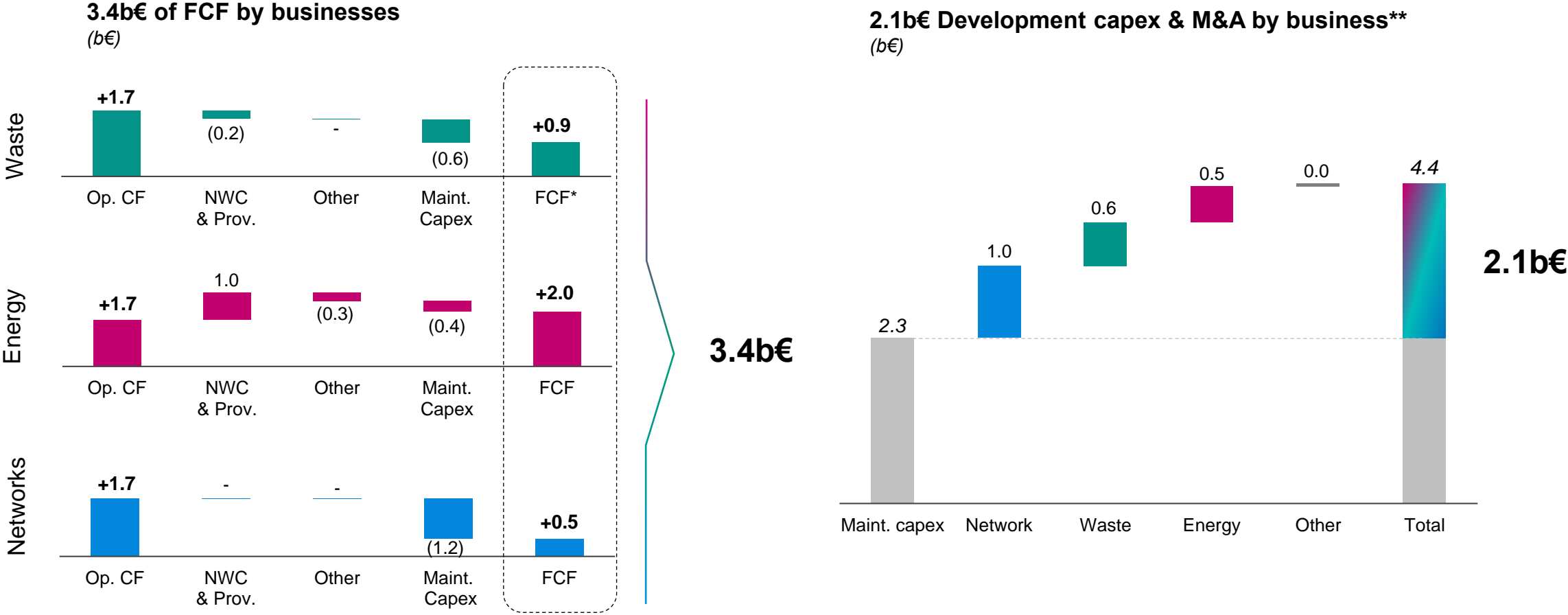
Capital allocation to 2027



Confirmed **focus on development**

*Non including 200m€ capex funded by PNRR

5Y Capex plan fully funded by cash flows of all businesses

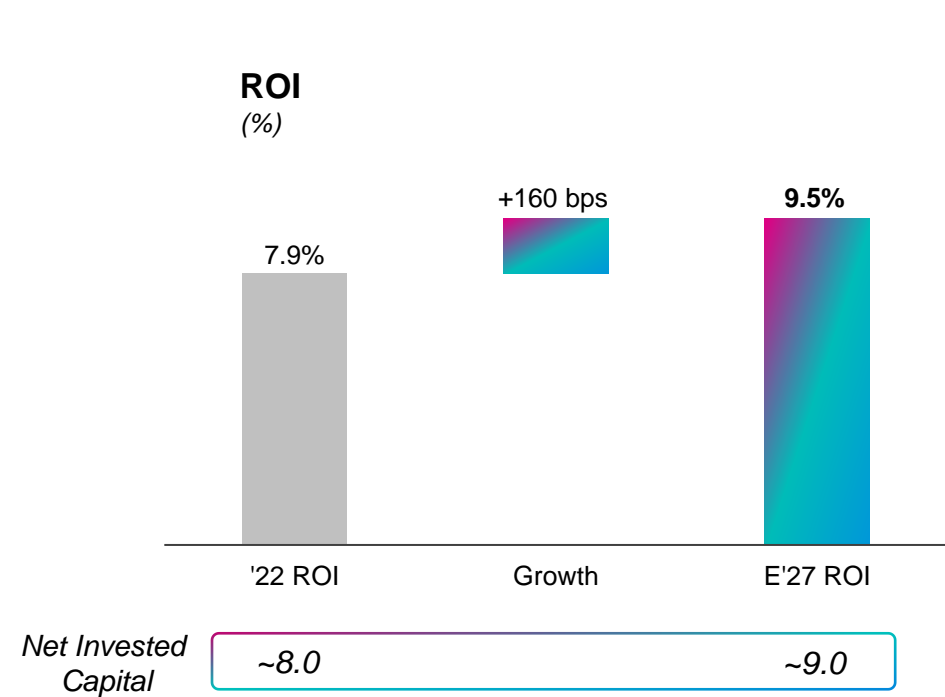


Diversified and visible FCF will fully fund development capex and M&A

* Fully funds development capex, EV M&A and Minorities

** Development capex include M&A Equity investment (cash out)

Capital allocation E2023-E2027 driver to enhance value creation

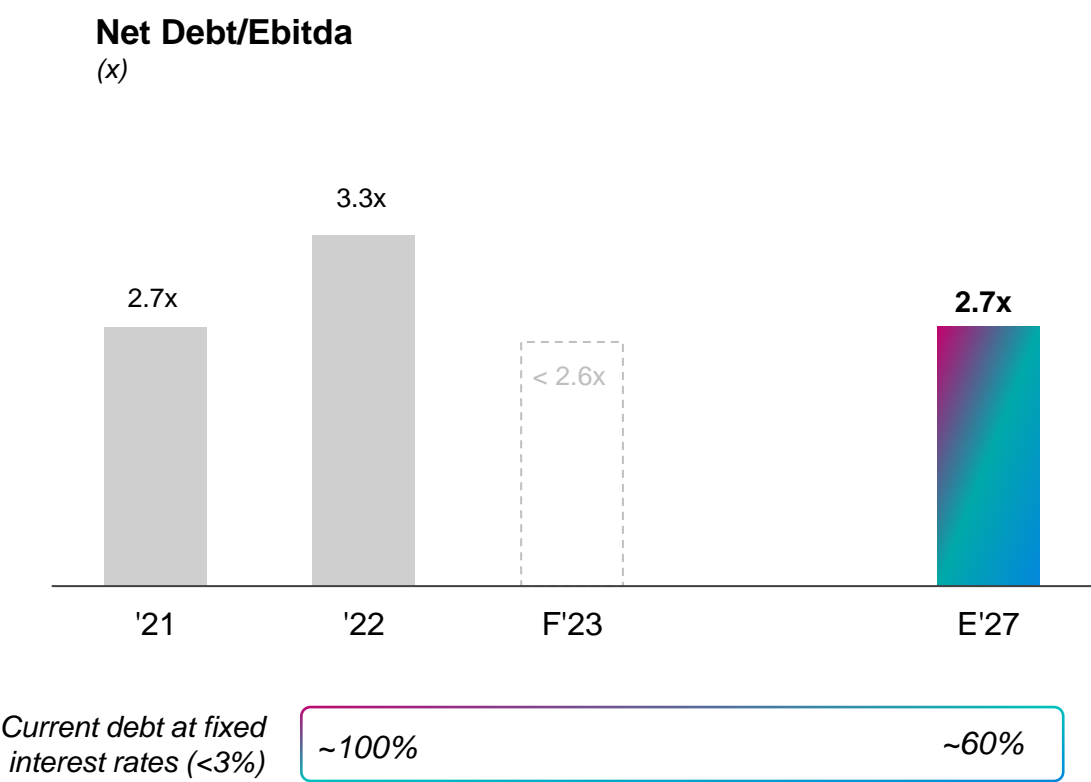
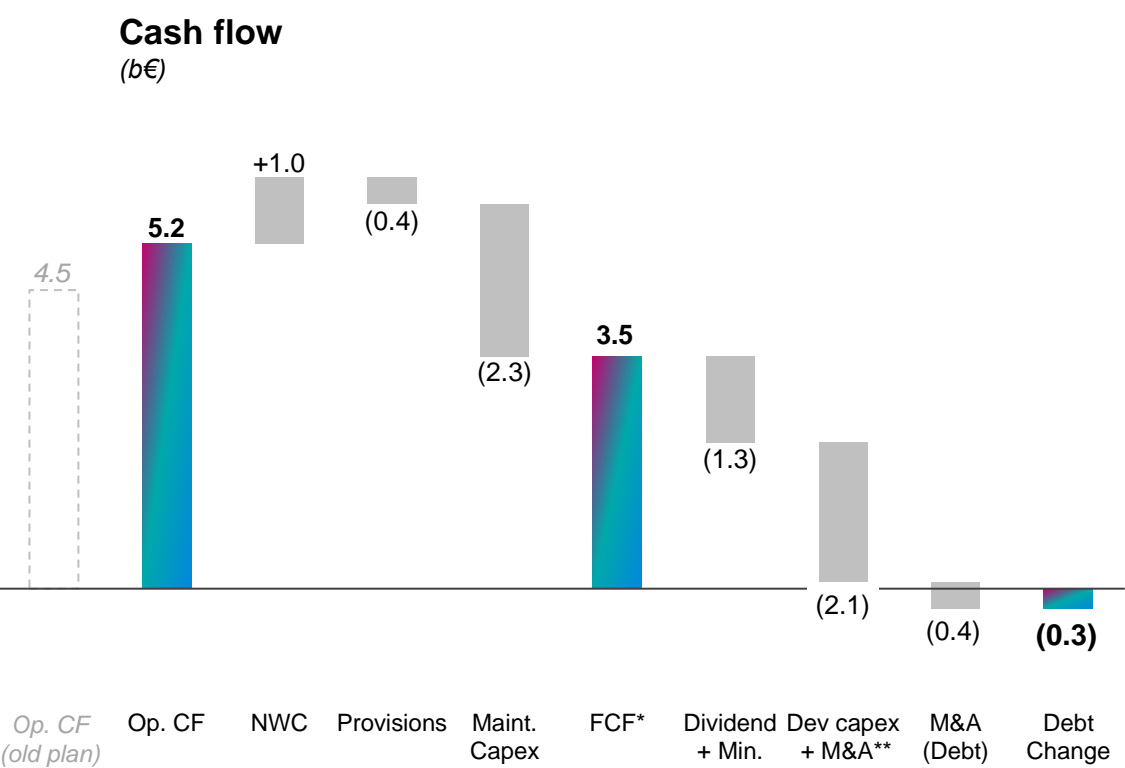


ROI	2022	E2027	Risk
NETWORKS*	5.1%	6.2% ↗	Low
WASTE COLLECTION.*	5.6%	6.3% ↗	Low
WASTE TREATMENT	12.6%	13.1% ↗	Free competition
ENERGY	10.6%	18.2% ↗	Free competition
GROUP	7.9%	9.5% ↗	Conservative

* Regulated Wacc

Returns increase all across portfolio business

Cash flows E2023-E2027 and leverage



Strong cash generation and solid deleveraging

*Including also FCF of Other businesses
**Equity investments in M&A (cash out) of about 0.3b€

A close-up photograph of a person wearing a blue shirt, black pants, and black gloves, kneeling on a roof and using a screwdriver to install a solar panel. The solar panel is dark blue with a grid of silver lines. The background shows a clear sky and some trees in the distance.

ENERGY SUPPLY Industrial strategy

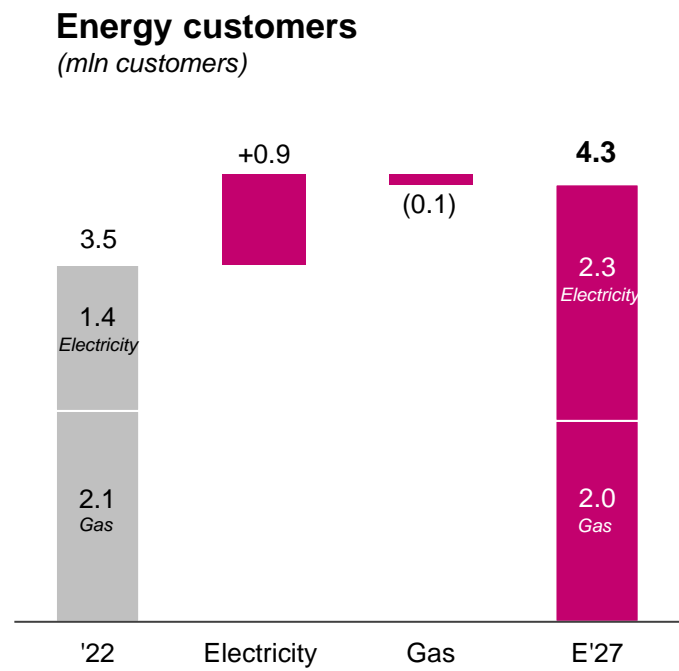
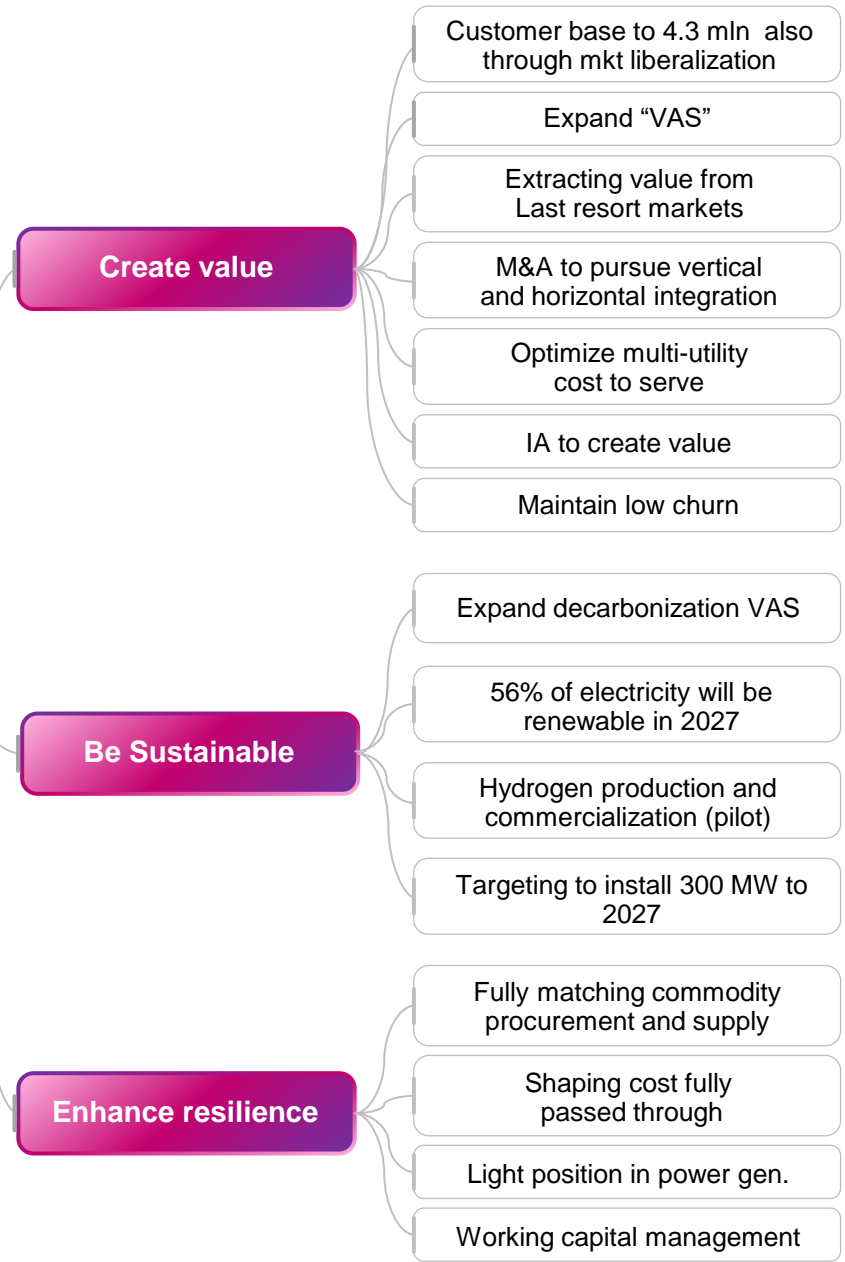
Energy supply strategic priorities

Expand customers

Develop VAS

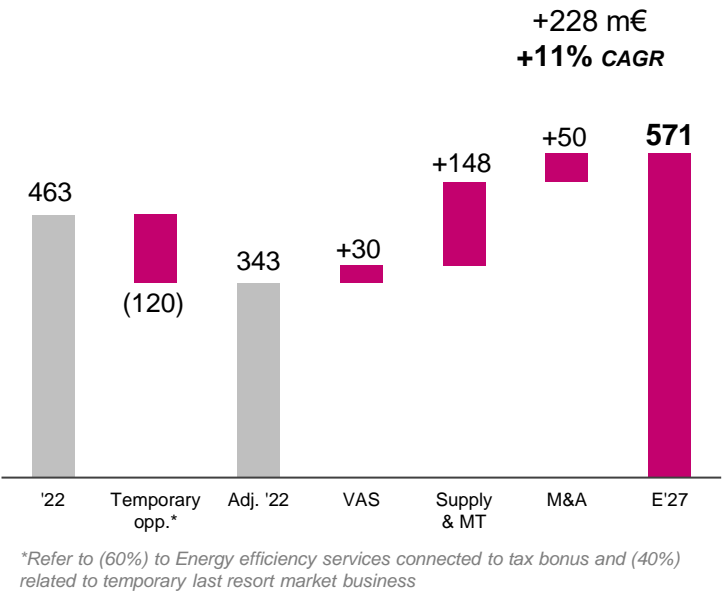
Enabling decarb.

Hedging risks



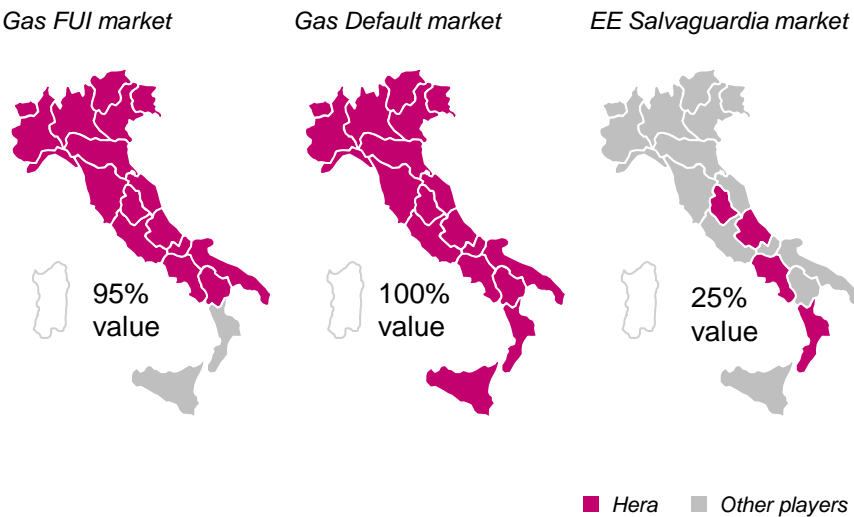
Energy growth drivers

Ebitda growth drivers (m€, Cagr adj.)



Expected a year-by-year positive Ebitda growth

Last resort customers till '24-'25 (Tenders are held every 2 years)



Leader in gas last resort market segment

Permanent assignment MT customers

- +1.1 mln customers (with no future tenders) at **no investment upfront** (won 7/26 lots)
- Expected annual growth** more than compensate temporary and marginally MT lower margins
- Value creation granted by **IRR > 20%** (with conservative assumptions)
- Synergies on **cost to serve** thanks to strong focus on reference territory (overlap in customer base)
- Expected savings on **cost to acquire**, focus on switching from MT rather than acquire liberalized
- Leap in size to allow **economies of scale** (marketing costs)
- Increase loyalty** on existing "gas" customer base
- Cross selling** opportunities of gas supply and VAS contracts

Co-leading mkt liberalization to create value

Expansion in all market segments leveraging upon strong expertise

A photograph of children participating in a recycling activity. One child is pouring water from a clear plastic bottle into a clear plastic bin. Another child is holding a black plastic tray. The scene is set indoors, possibly in a classroom or community center, with a focus on environmental education and waste management.

WASTE industrial strategy

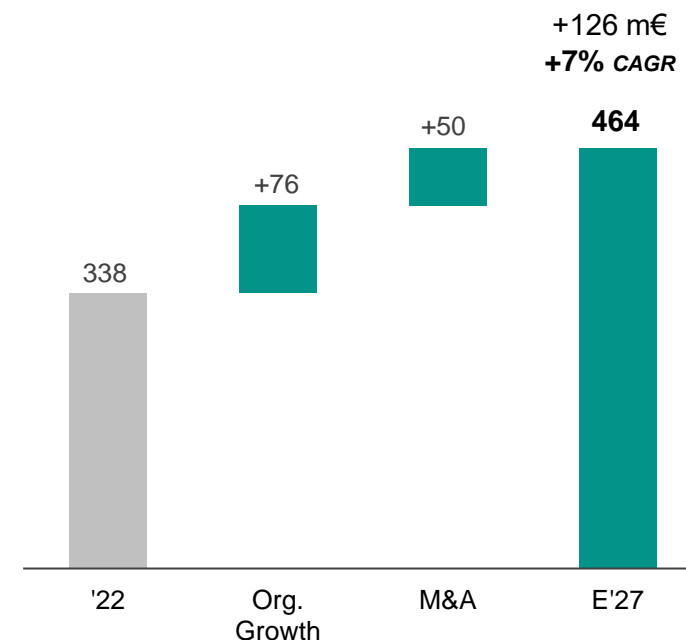
WASTE

Waste strategic priorities

Investing to **exploit market advantages and trends**, strengthening leadership



Ebitda growth drivers
(m€, Cagr)

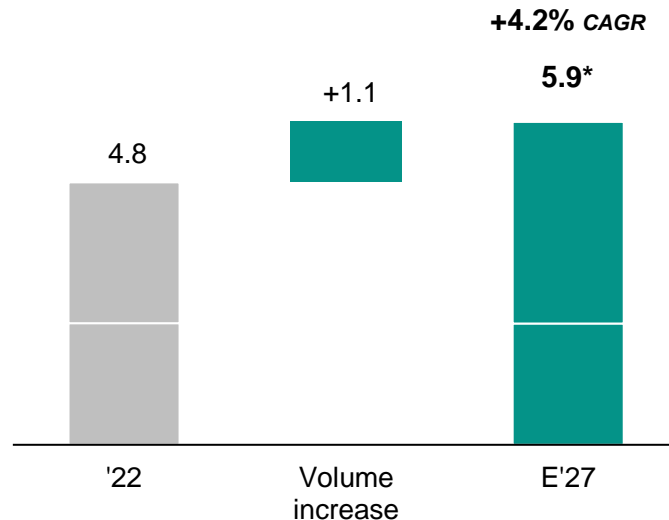


Waste further strengthen our leadership and the sustainable asset base

New plants & revamping



Volumes from 3rd customers (mtons)



Expected increase in soil remediation +45% Cagr, moving from 36 ktons to 225 ktons in 2027

Hera market position in Italy

National largest asset platform
~100 plants in 2023

Leader by waste volume treated
Targeting to reach 8.8m tons in 2027

9 Waste To Energy plants: ~20% mkt share
Revamping underway on Padua WTE

Hazardous Waste Management ~10% mkt share

Sales of regenerated PE, PET ~20% mkt share
Expected to expand capacity by +60% to 2027

Leader in site remediation in Italy
Strengthened following ACR Reggiani merger

Increasing market share backed by plant development

* Waste volume treated amount to 8.8m adding 2.9mton of by products

A close-up photograph of a person's hands being washed under a stream of water from a public outdoor faucet. The water is splashing, creating a sense of freshness and hygiene. The background is a soft-focus green, suggesting an outdoor setting like a park or public square. The overall tone is clean and positive.

NETWORKS industrial strategy

Networks strategic priorities

*Upfront, low
risk and
sustainable
value creation*

Aiming at best practice

NETWORKS

Create Value

- Development capex enhancing RAB and ROI
- Predictive maintenance, smart mgmt., digital twin to increase efficiency gains
- Regulated premiums to improve regulated extra returns

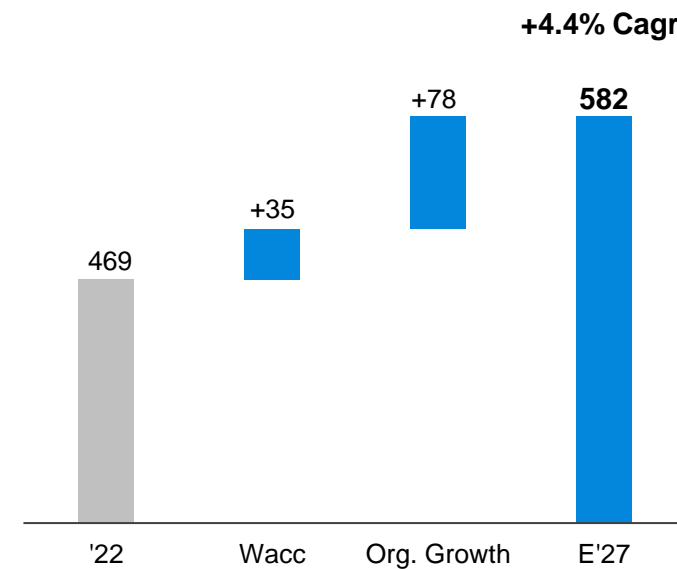
Be Sustainable

- Reducing leakages
- Circular model in reusing water and transforming waste into biomethane
- Develop asset readiness, paving the way for hydrogen
- Promote a “just” transition

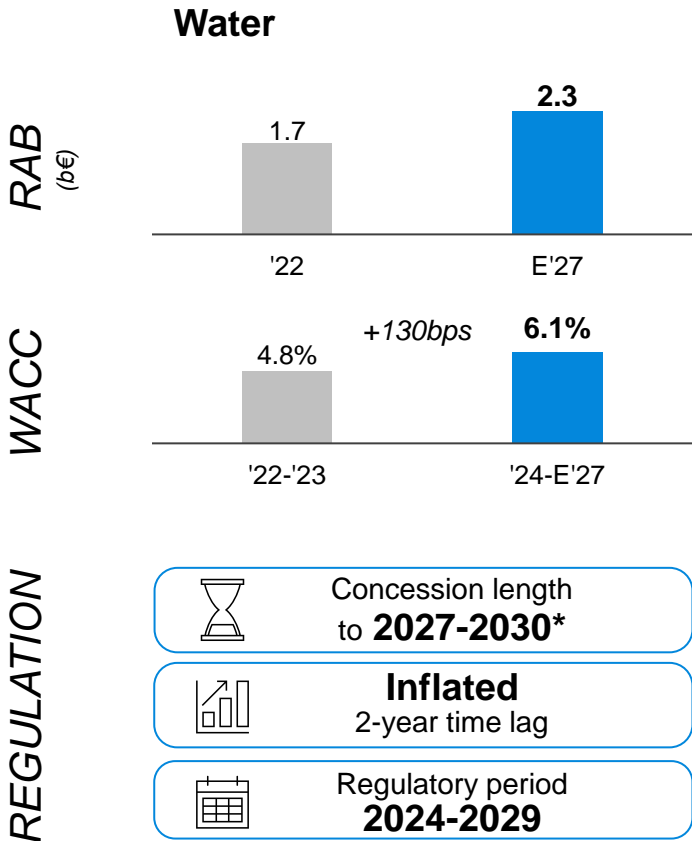
Enhance resilience

- Investments in resilience tackling climate change potential impact
- Digitalizing the networks, enlarge remote control and cybersecurity
- Improve training in safeguarding and reduce risks related to commuting

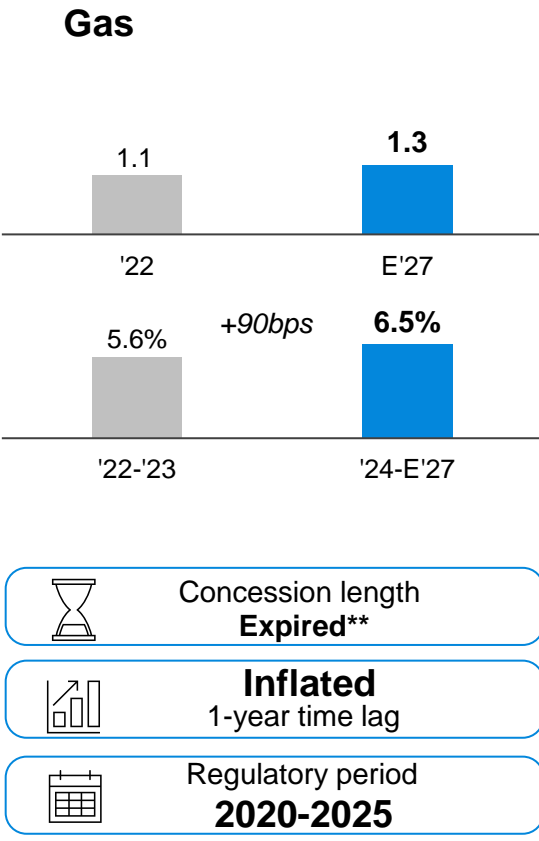
Ebitda growth drivers (m€)



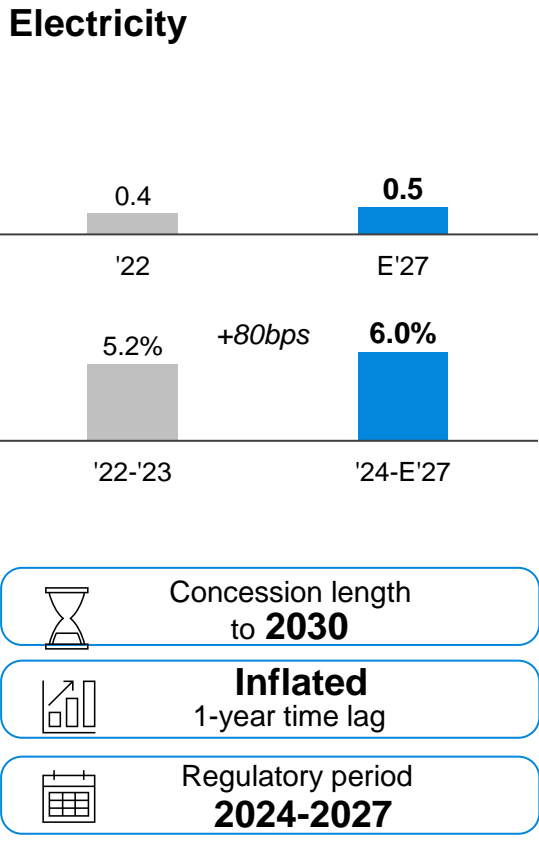
Networks key data



* only Rimini expires in 2039



** only Udine expires in 2035

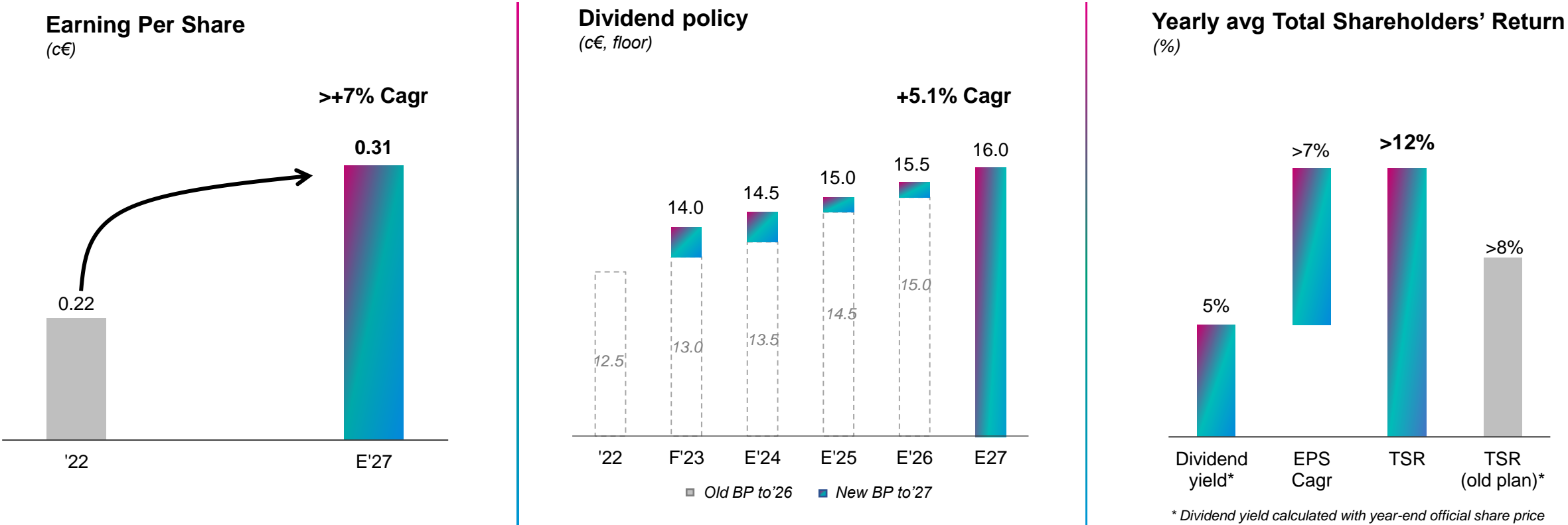


Visible and solid asset base

A man with a beard, wearing a tan long-sleeved shirt, is leaning over a kitchen counter, pointing at something with his right hand. A young boy with dark hair is looking up at him. On the counter, there is a white toaster, a bowl, and some other kitchen items. The background shows a kitchen with white cabinets and a window.

CLOSING REMARKS

Bottom line and shareholders' return



Enhancing “upfront” EPS, dividends and value creation

Closing remarks

Strong growth to improve value creation for stakeholders at a low risk profile



1,650 m€ Ebitda to 2027

+7% structural CAGR



Return on Invested Capital

In all liberalised activities



2.7x Debt/Ebitda

(vs 2.8x old plan) financial flexibility to go for further opportunities



+7% EPS growth CAGR '22-'27

Vs ~3% of old plan



16.0 c€ Dividend floor

DPS of 14c€ in June '24 (+12% with a 5% yield)



12% Total shareholders return

Value creation to stakeholders: 65% of Ebitda CSV

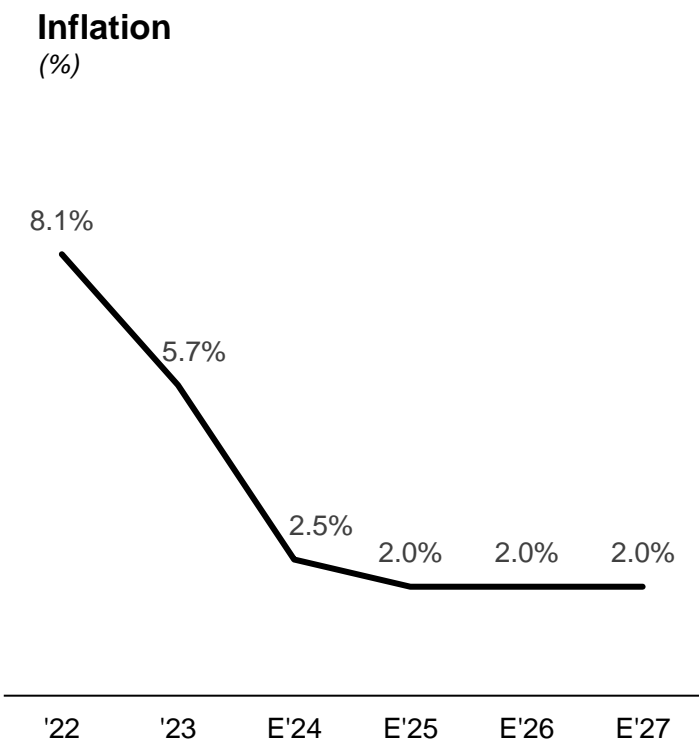
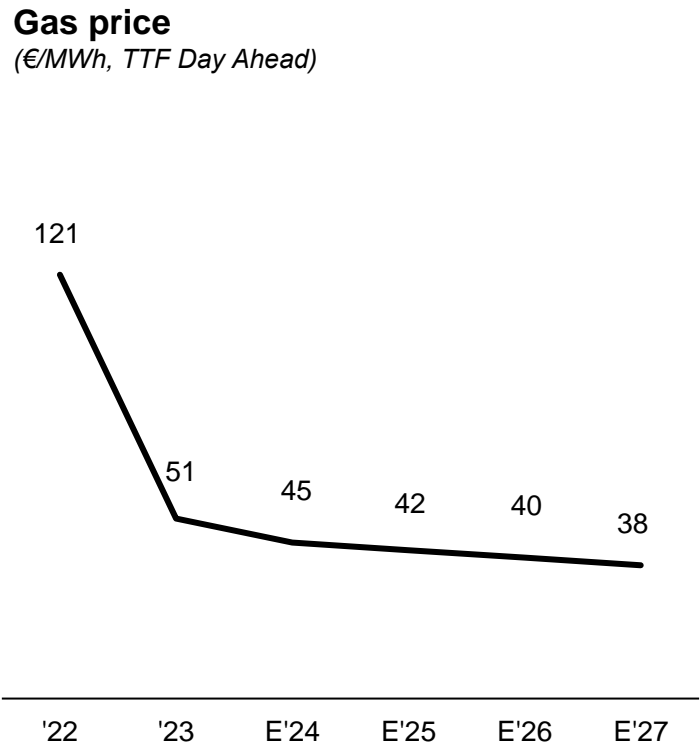
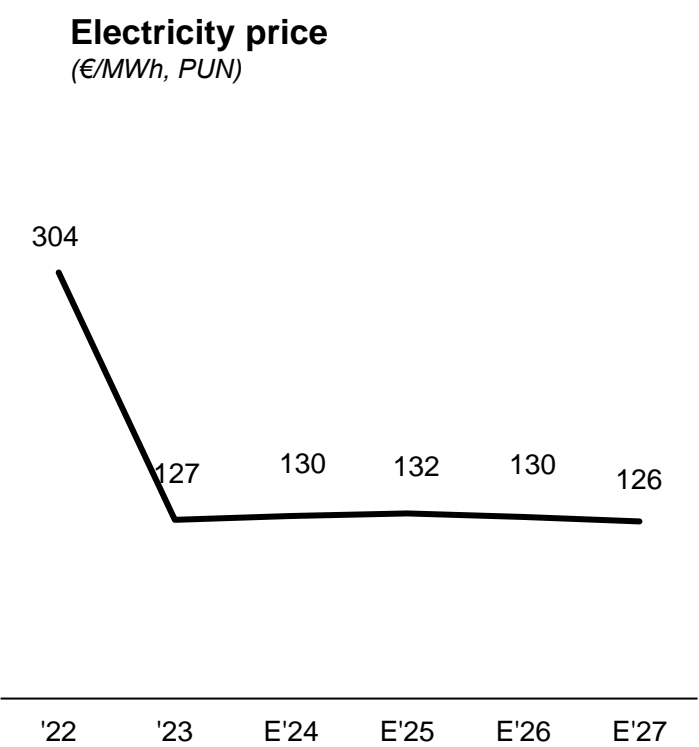


ANNEX

New plan vs old plan

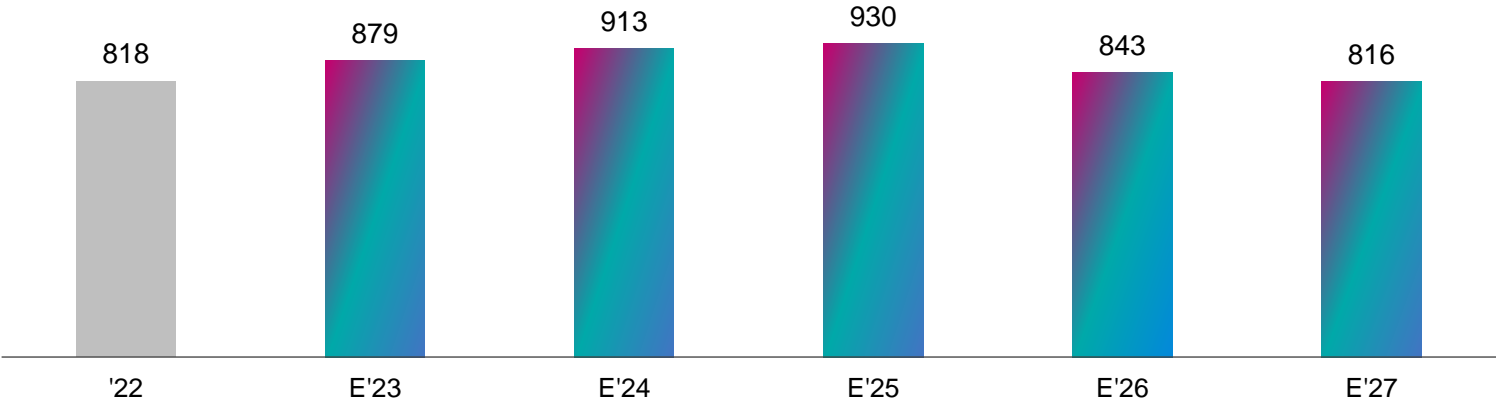
Figure	Old plan	New plan	
Structural Ebitda growth (m€)	+291	+475	↗
Structural Ebitda growth (% cagr)	+4.5%	+7.0%	↗
Structural Ebit growth (m€)	+183	+297	↗
Structural Ebit growth (% cagr)	+5.7%	+8.9%	↗
EPS growth (% cagr)	>+3%	>+7%	↗
2023 DPS growth (%)	+4.0%	+12.0%	↗
Development Capex plan (b€)	1.9	2.1	↗
Operating Cash flow (b€)	4.5	5.2	↗
Change in Net debt (b€)	+0.6	+0.3	↘
Net Debt / Ebitda (x)	2.8x	2.7x	↘

Business Plan main assumptions



Capex plan by year

Capex plan
(m€)

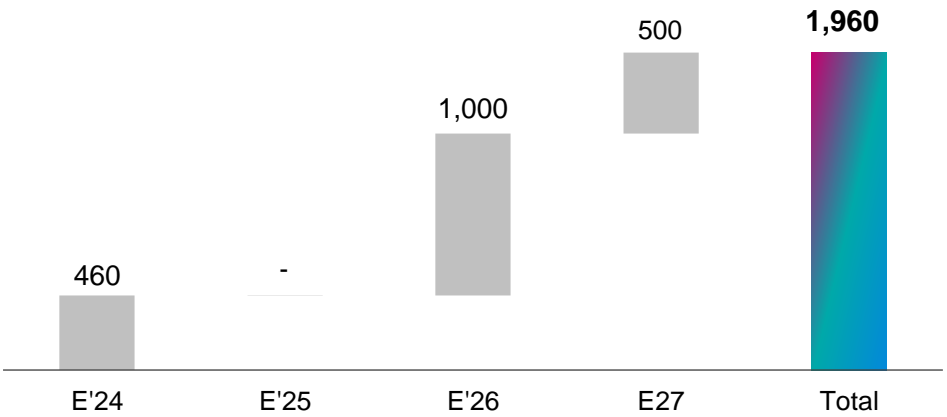


Financials

Cost of debt
(%)

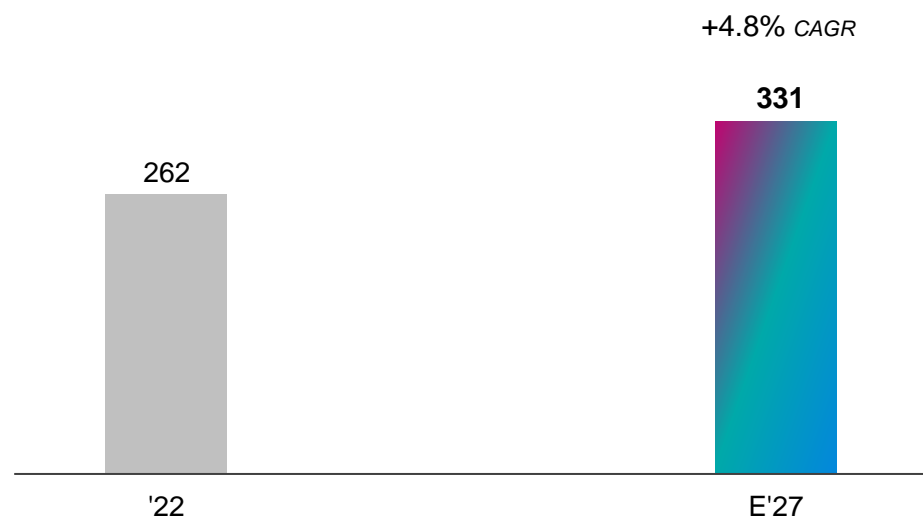


Refinancing needs
(m€)

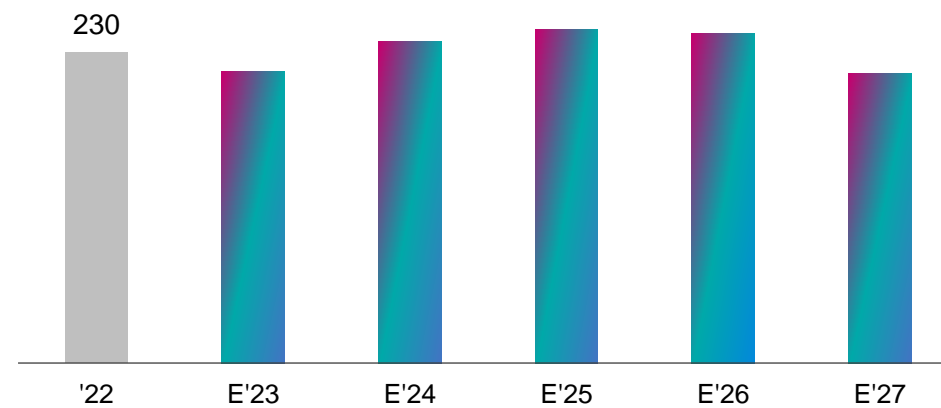


Water targets

Ebitda growth
(m€)

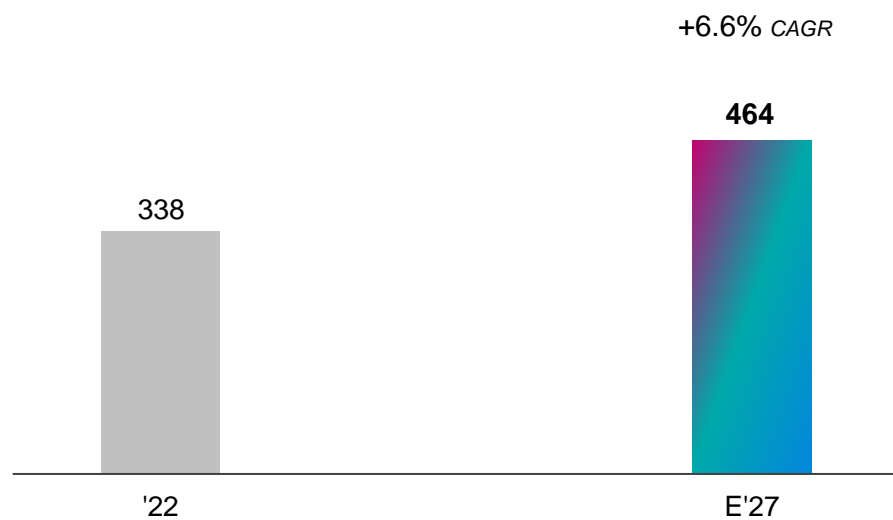


Capex: 1.2 b€
(m€)

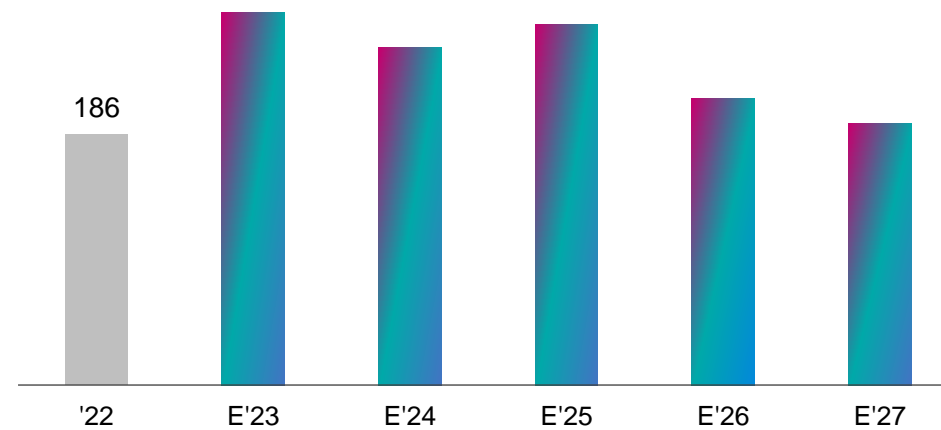


Waste targets

Ebitda growth
(m€)

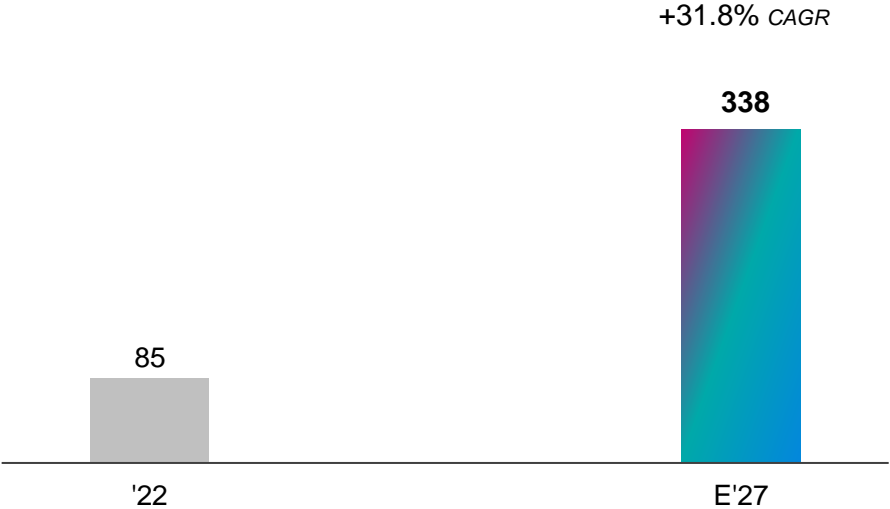


Capex: 1.2 b€
(m€)

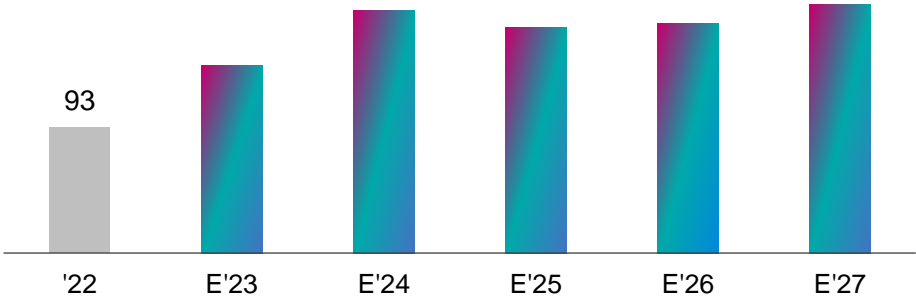


Electricity targets

Ebitda growth
(m€)

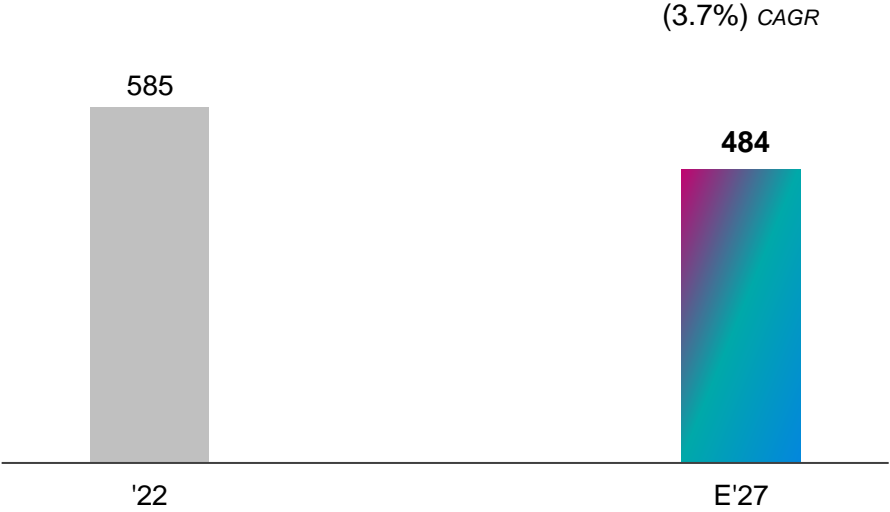


Capex: 0.8 b€
(m€)

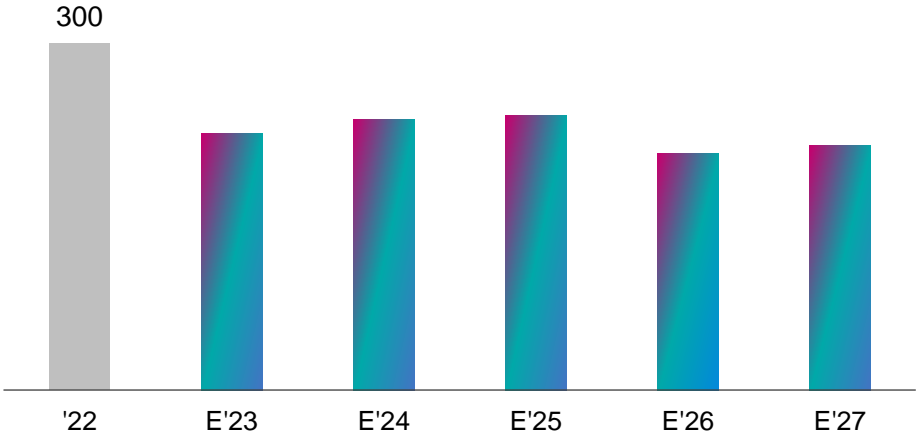


Gas targets

Ebitda growth
(m€)



Capex: 1.1 b€
(m€)



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.