



INVESTOR PRESENTATION

Kepler Cheuvreux ESG Conference
1st June 2023



Member of
**Dow Jones
Sustainability Indices**

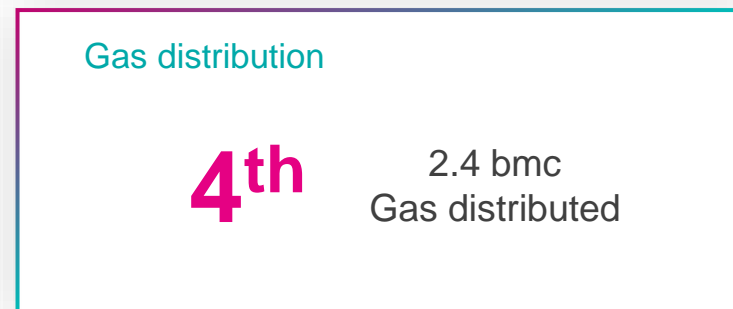
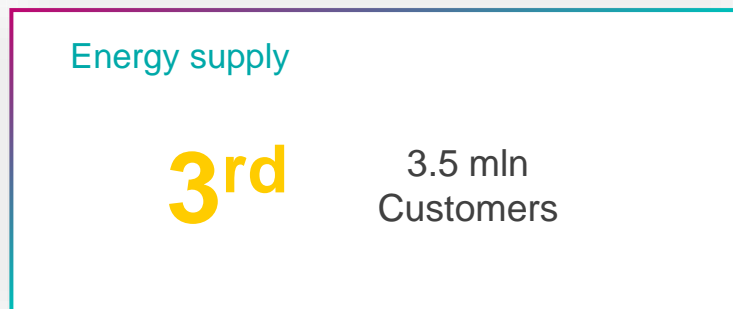
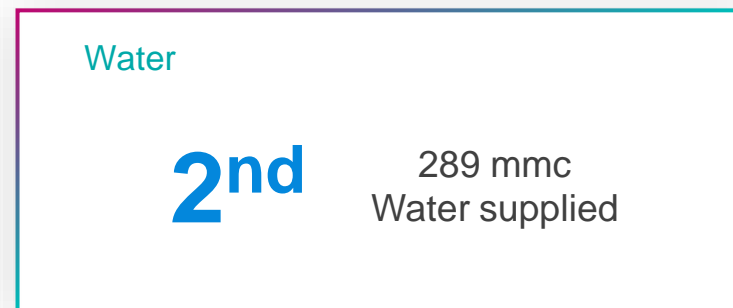
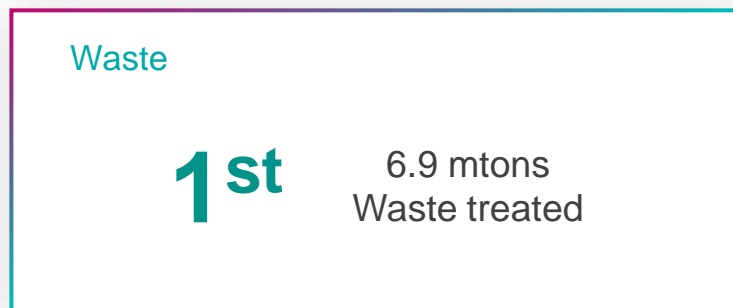
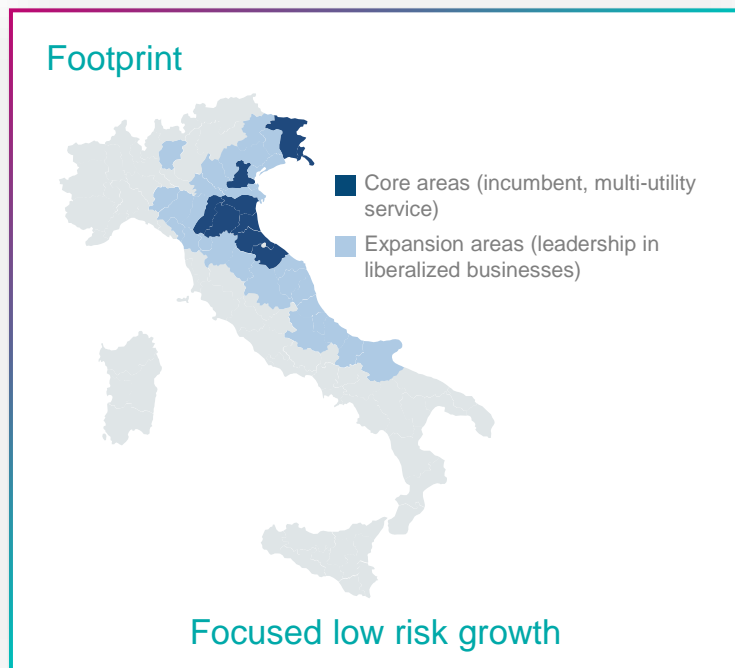
Powered by the S&P Global CSA



HERA20

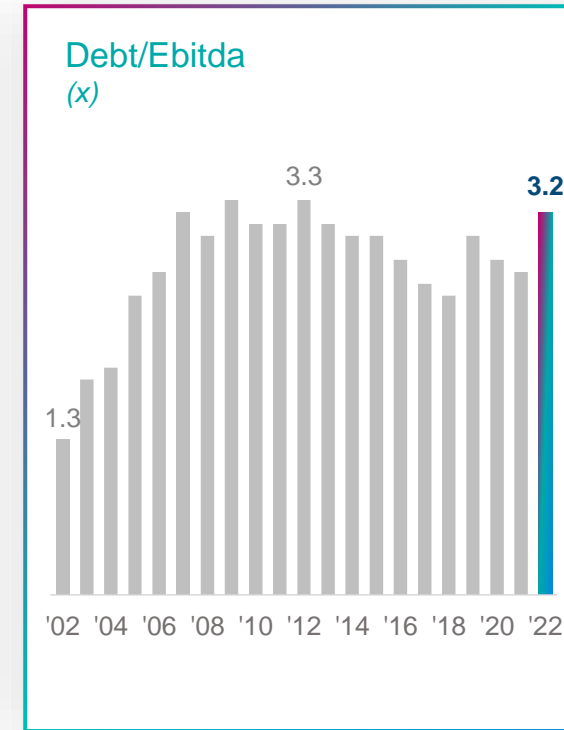
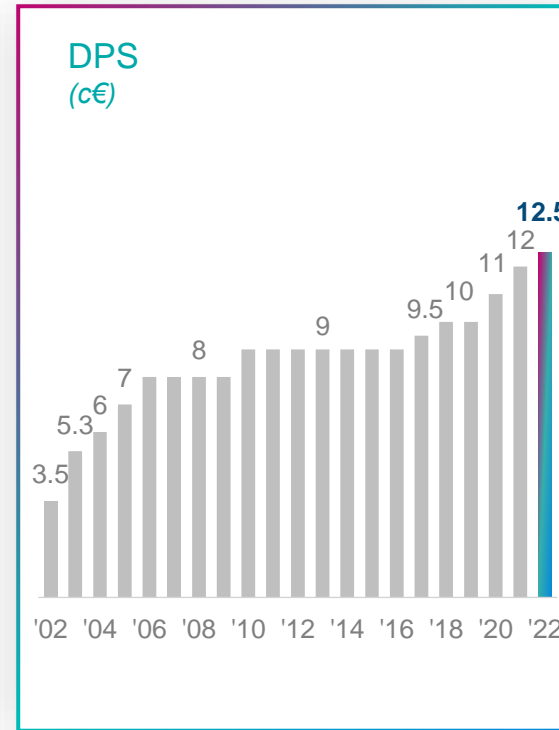
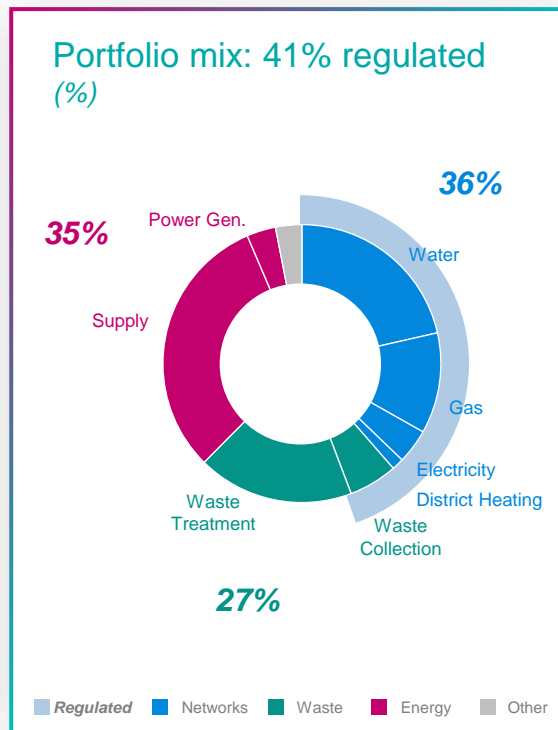
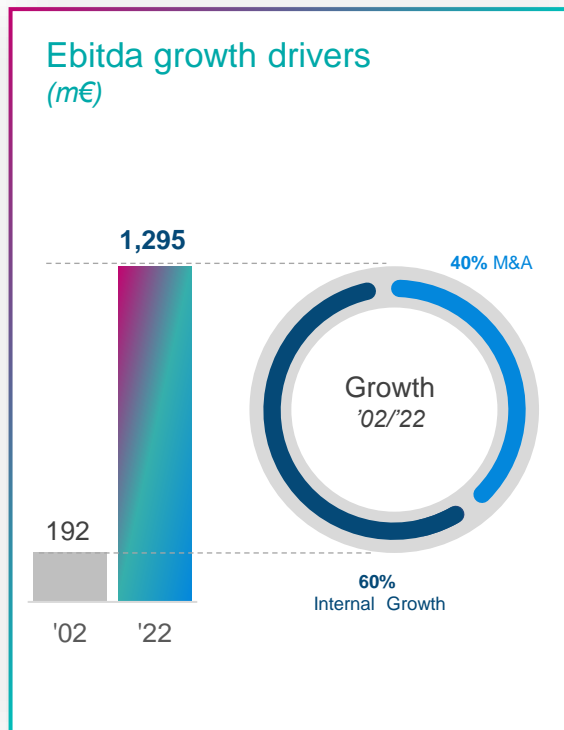
INTRODUCTION TO HERA GROUP

Strong market positions



Leading multi-utility portfolio

Key highlights



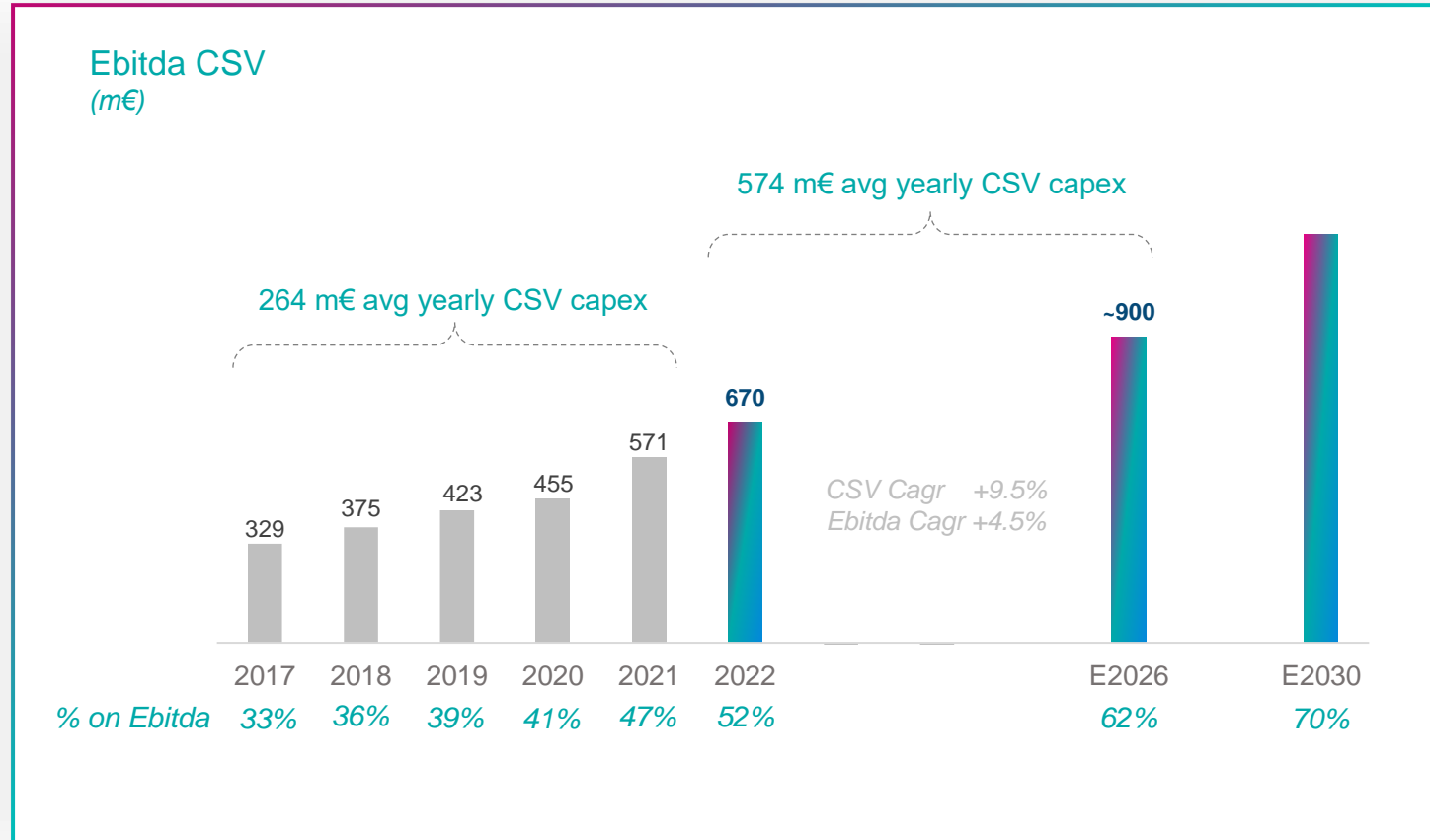
Balanced mix and growth drivers underpin DPS track record



HERA20

INTEGRATED ESG STRATEGY

Integrated ESG strategy



Hera's purpose in bylaw

Art. 3
...creating **long-term** value through the creation of **shared value** with its stakeholders...promoting **social equity** and contribute to achieving **carbon neutrality**, the **regeneration** of **resources** and the **resilience** of the **services**...

Hera for the Planet, People and Prosperity

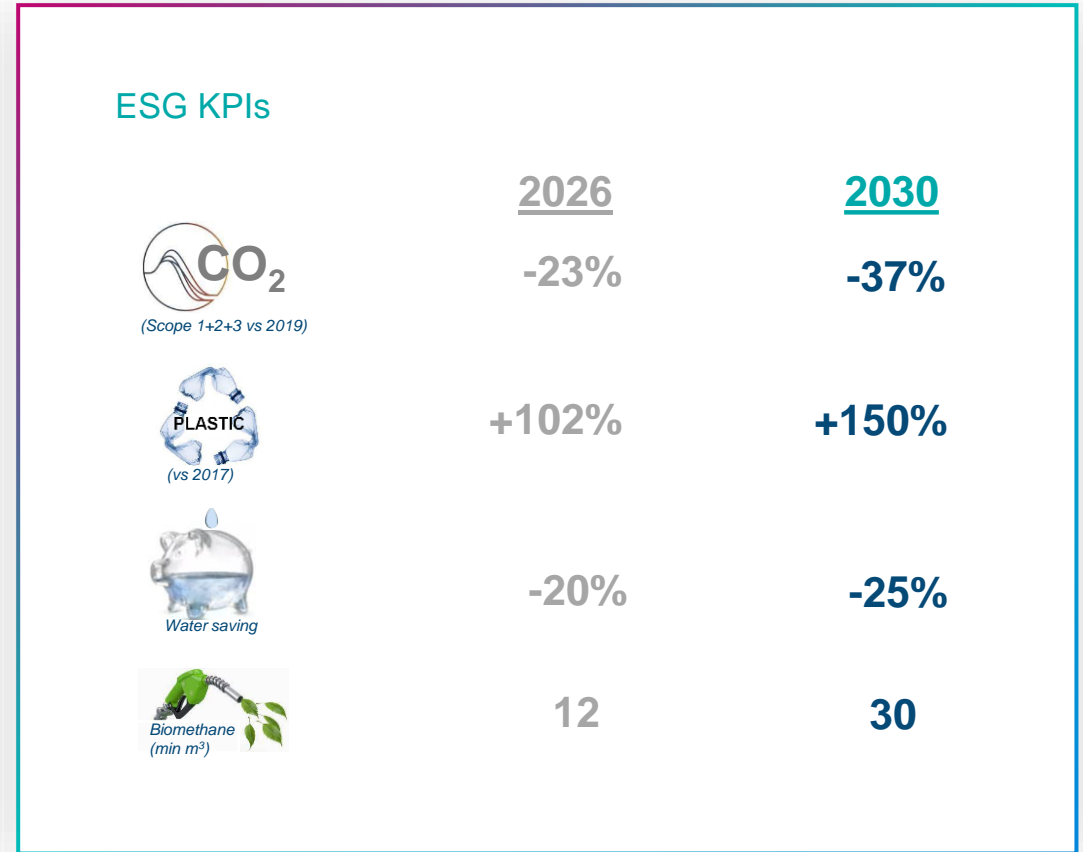
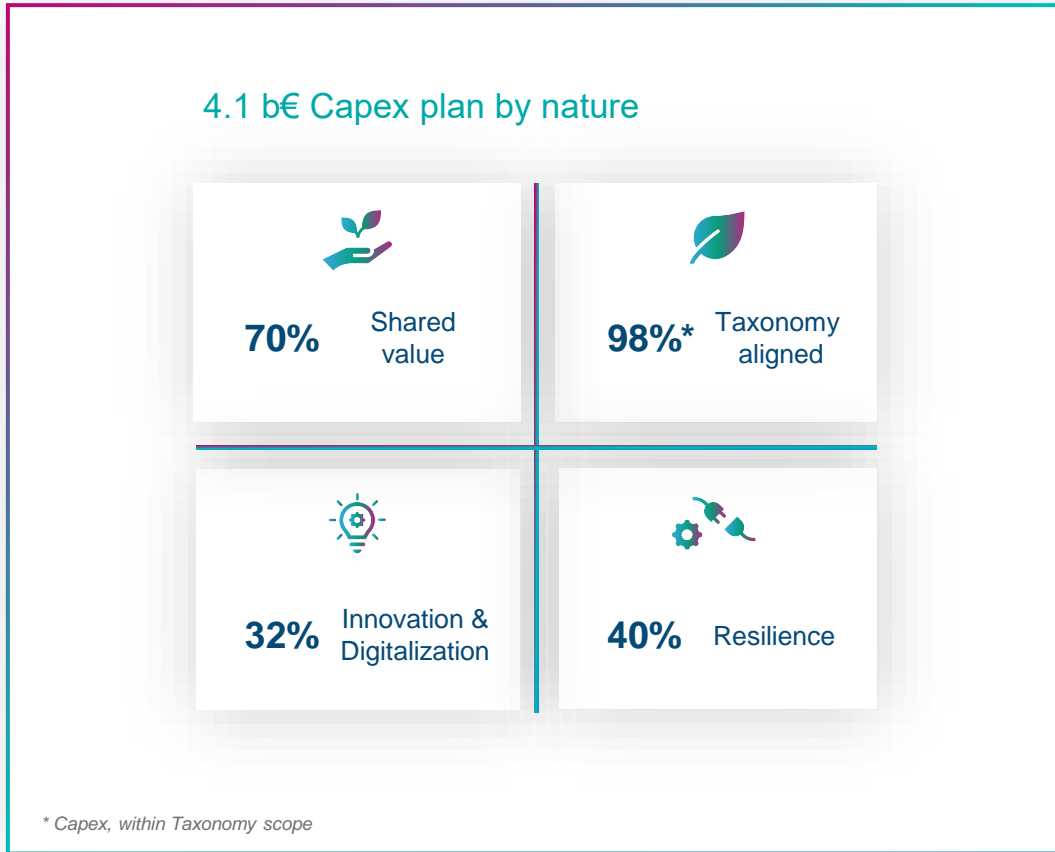
Management remuneration

20% of short term remuneration incentives linked to CSV

33% of long term remuneration incentives linked to CSV

Strong acceleration in CSV growth

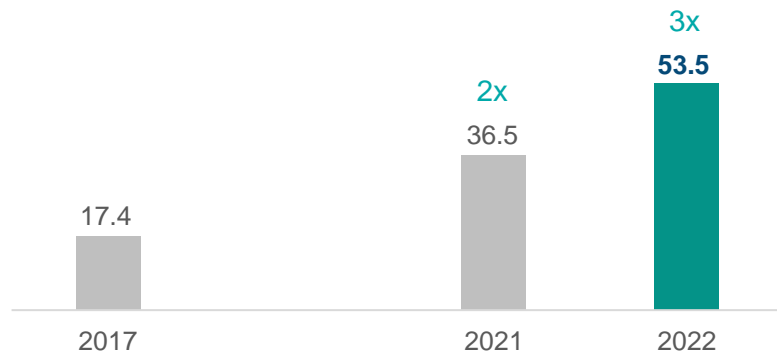
Business plan Capex plan



Funding concrete projects to improve all KPIs

CSV pillar: Circular Economy *(regenerating resources and closing the circle)*

Ebitda Aliplast
(m€)



Acquired in 2017, Aliplast is the European leader in its reference market

What we are focusing on:

A new plant to recycle 30,000 tons of rigid plastic



A new plant to recycle carbon fiber in a promising area



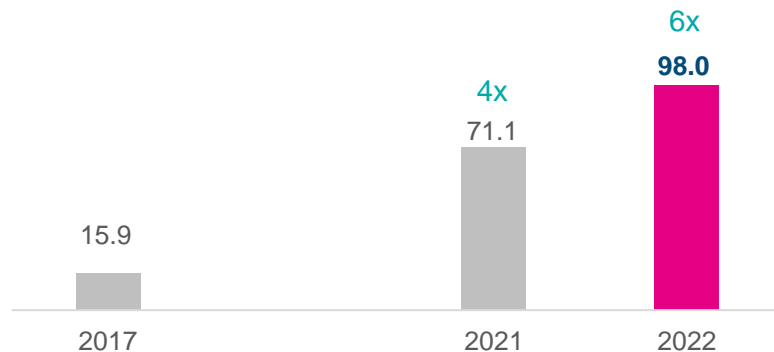
Some of the main players of the 'Motor Valley' in our reference territory that are potential clients of recycled carbon fiber



Expanding material recycling

CSV pillar: Carbon Neutrality *(pursuing carbon neutrality)*

Ebitda Value Added Services
(m€)



Surfing growing demand for energy efficiency services (boosted by tax benefits)

What we are focusing on:

Developing Energy Communities



Enabling our customers to become prosumers



Providing sustainable equipment and green offers



Carbon Neutrality enabler

CSV pillar: Resilience *(enabling resilience and innovating)*

National ranking for technical quality
(released by Arera in 2022)



2018 Ranking

1° Peer
2° Hera Group
3° Hera Group
4° Hera Group
5° Hera Group
...
...
334° Peer

2019 Ranking

1° Hera Group
2° Hera Group
3° Hera Group
4° Hera Group
5° Peer
...
...
334° Peer

+18 m€

Technical quality premiums

Some milestones

Rimini water
deputation plant
(biggest Italian project in this field)



Trieste water
deputation plant
(the plant that talks to the sea)



1st Italian trial using
hydrogen in gas
distribution network



Sustainable capex underpinned extra remuneration in Networks

Solutions underpinned by public funding



Projects	Awarded (m€)	Awaiting (m€)	Total potential (m€)	Benefits
Circular Economy	52	-	101	New plants, recovering new materials
Energy transition	60	-	60	Smarter grids lead more efficiency
Energy efficiency	50	-	50	Increased sustainability on District Heating
Territory - Water	20	35	55	Improve productivity
Total	182	35	266	

Leveraging on our multi-business platform

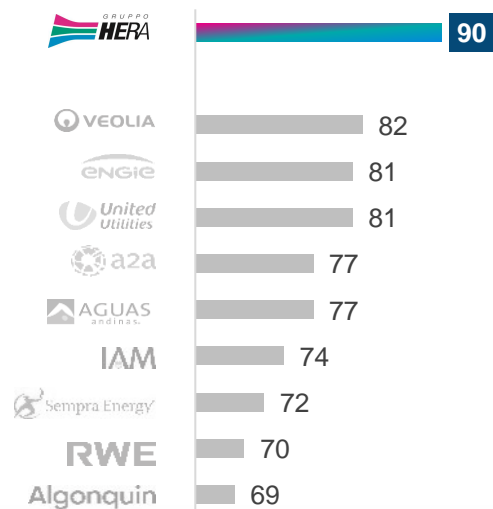


SUSTAINABLE PROFILE

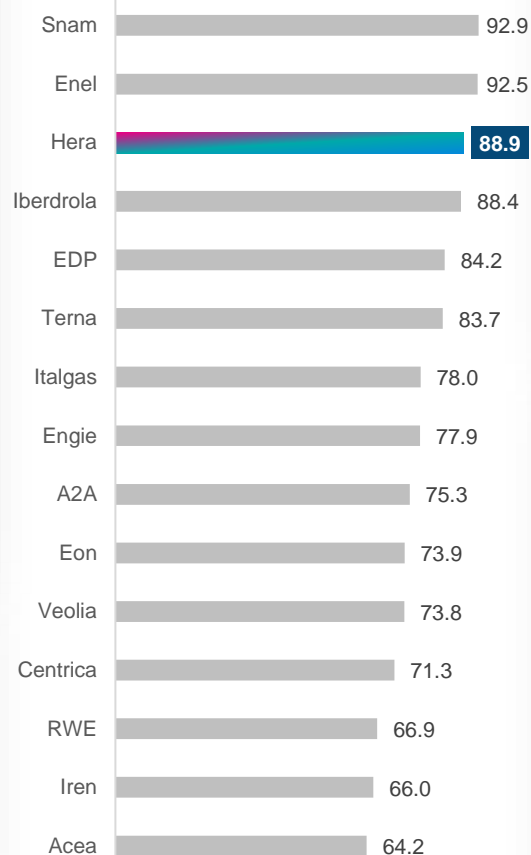
ESG ratings

DOW JONES SUST. INDEX

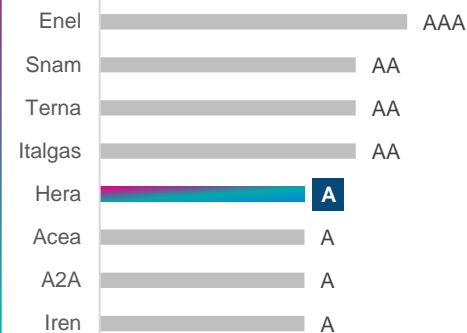
Per il 3° anno consecutivo



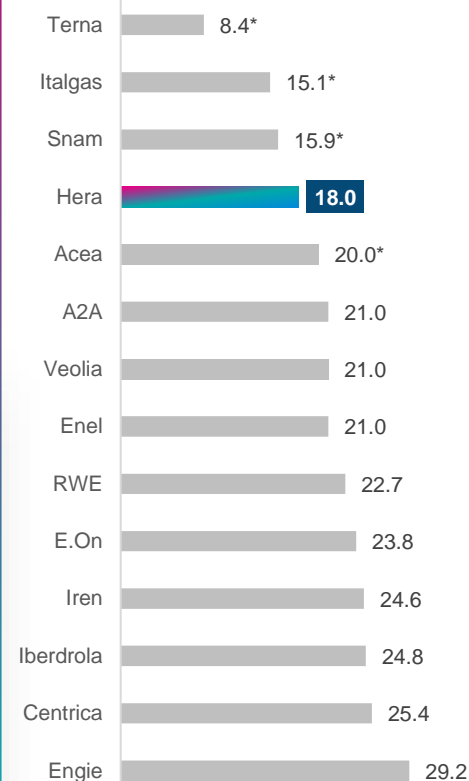
REFINITIV



MSCI



SUSTAINALYTICS



* Regulated utilities

REFINITIV DIVERSITY

TOP 10
1° Multi-utility worldwide

ETICA News

2° year in a row
best Italian
company for
Sustainable
Governance



Further visibility on our “Sustainable Growth Equity Story”



1

2

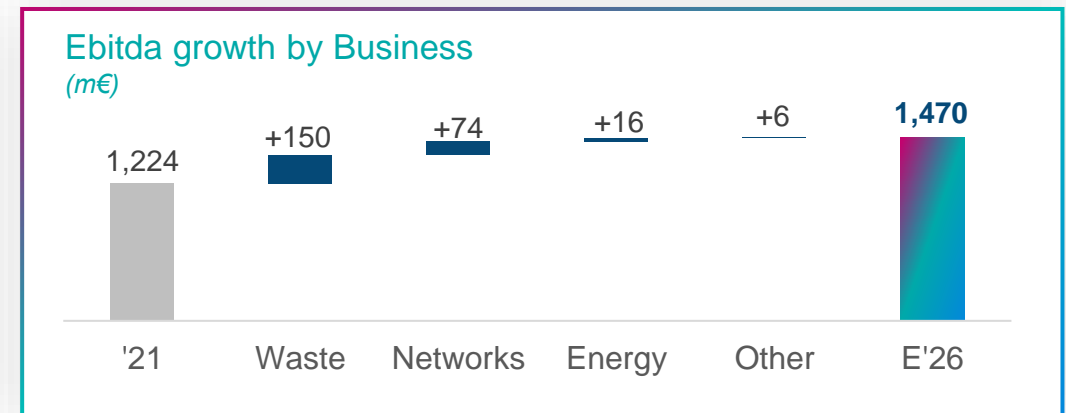
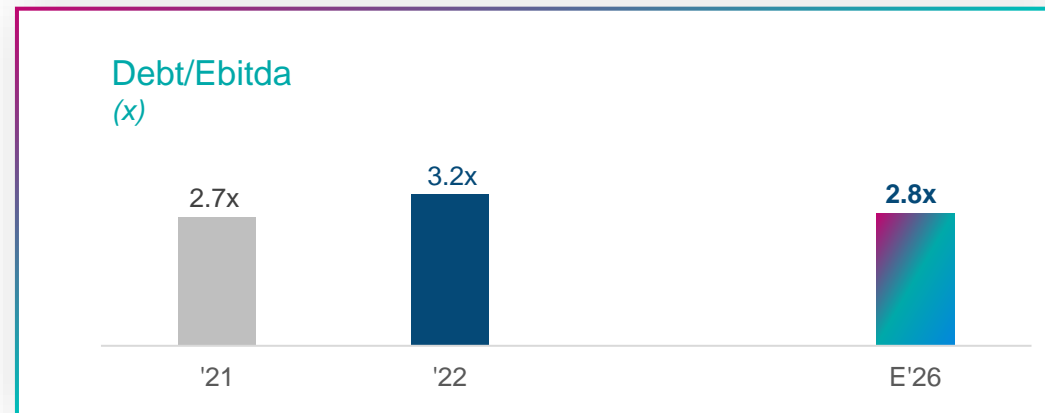
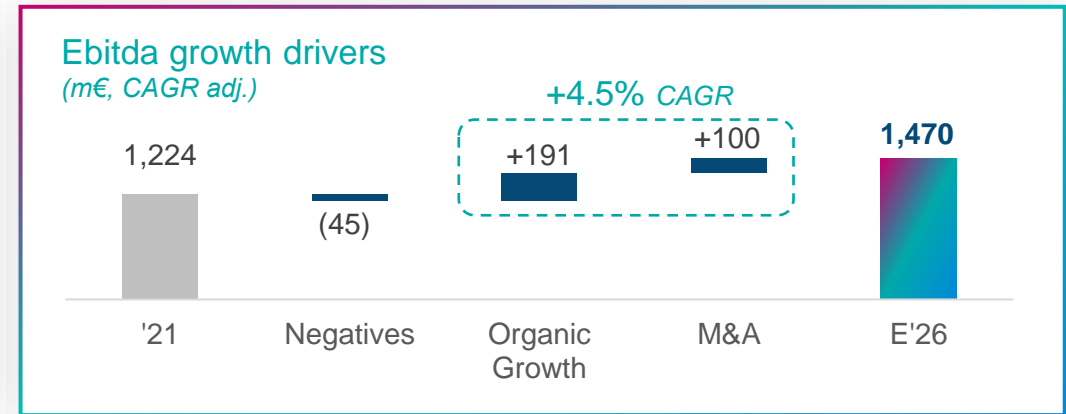
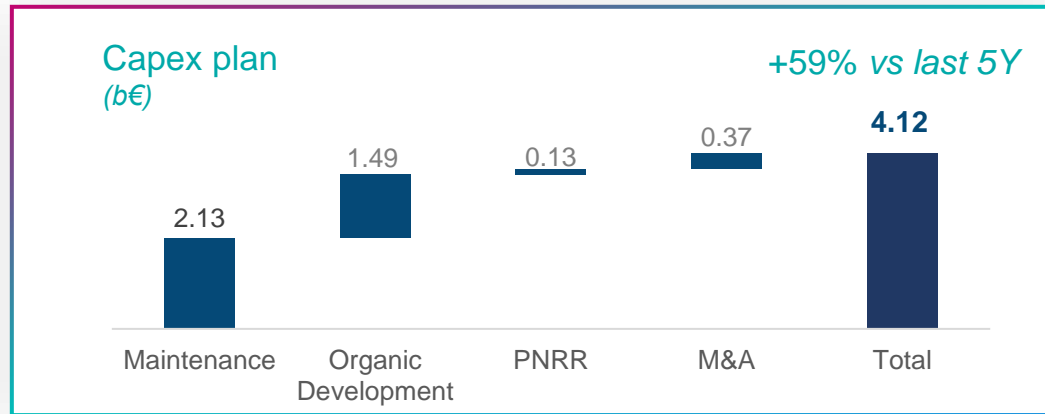
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3
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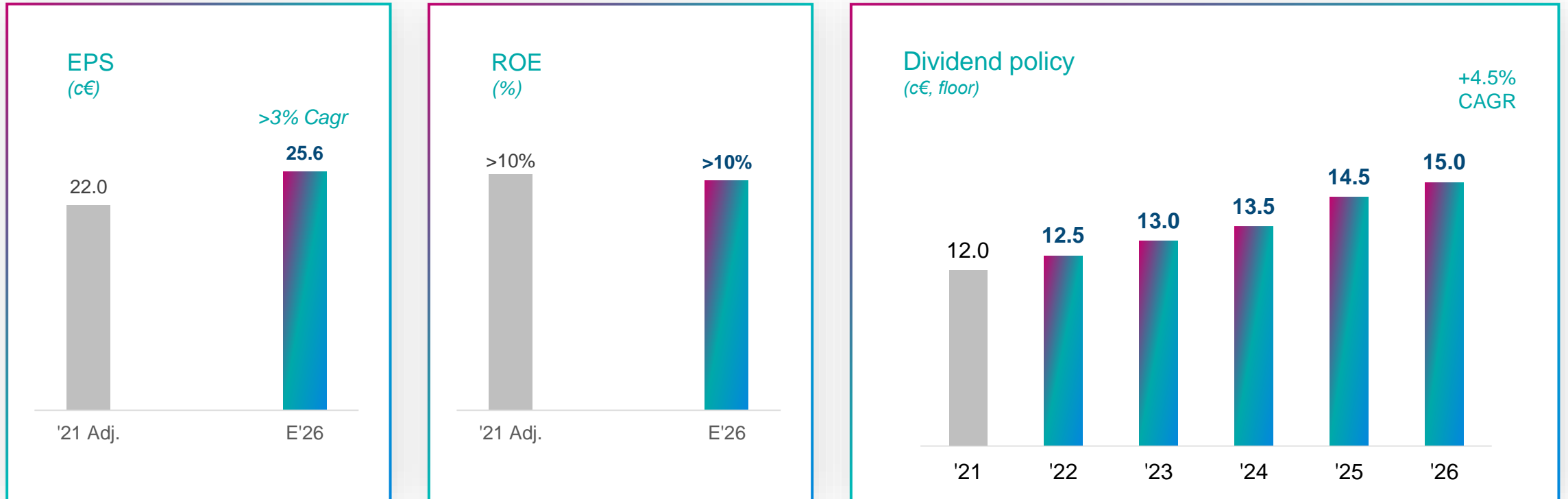
BUSINESS PLAN TO 2026

Business plan main business targets



Growing by increasing capex and lowering the leverage

Business plan main remuneration targets

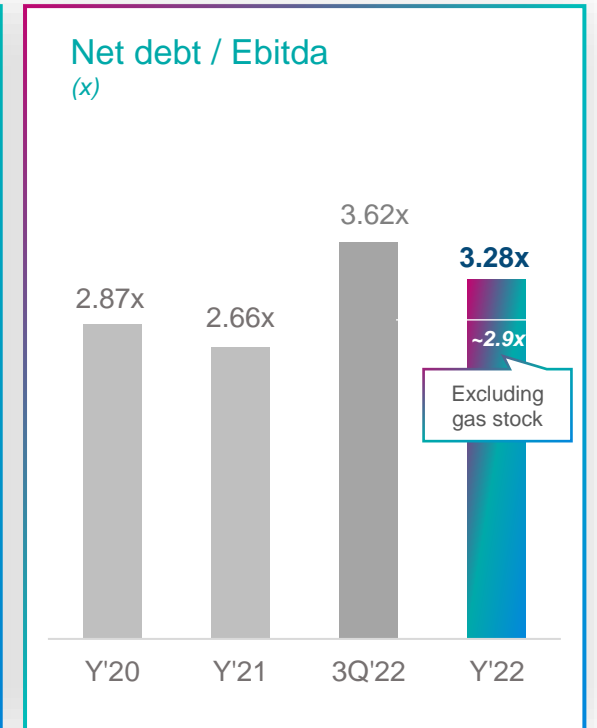
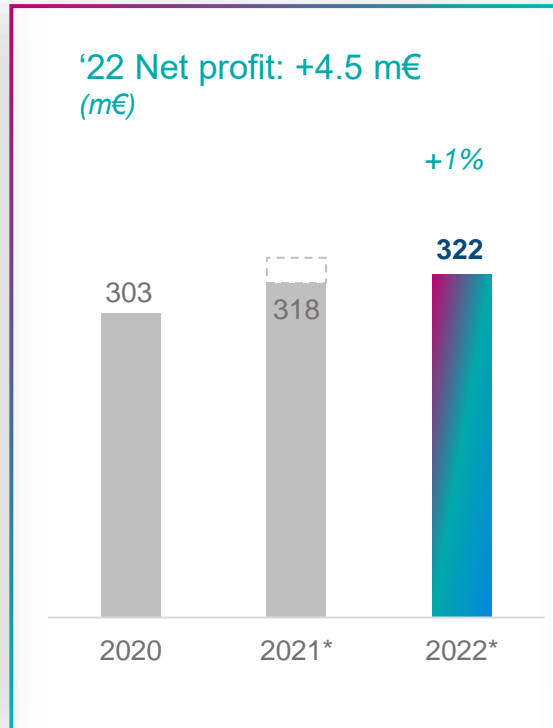
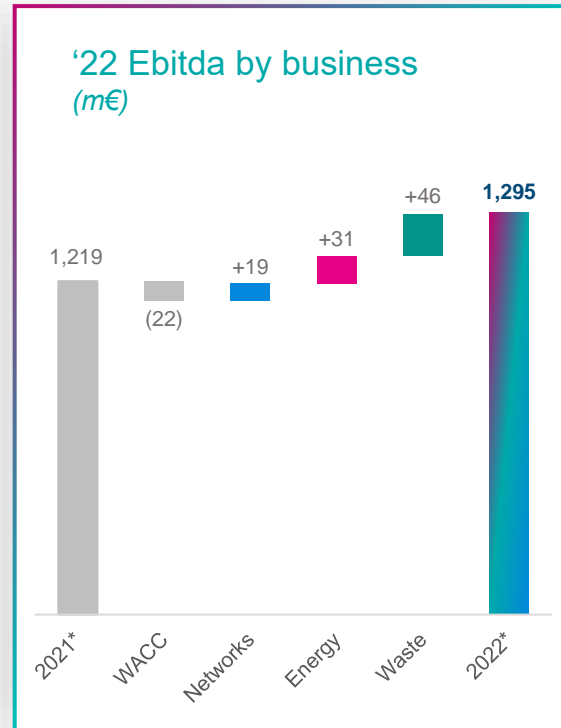
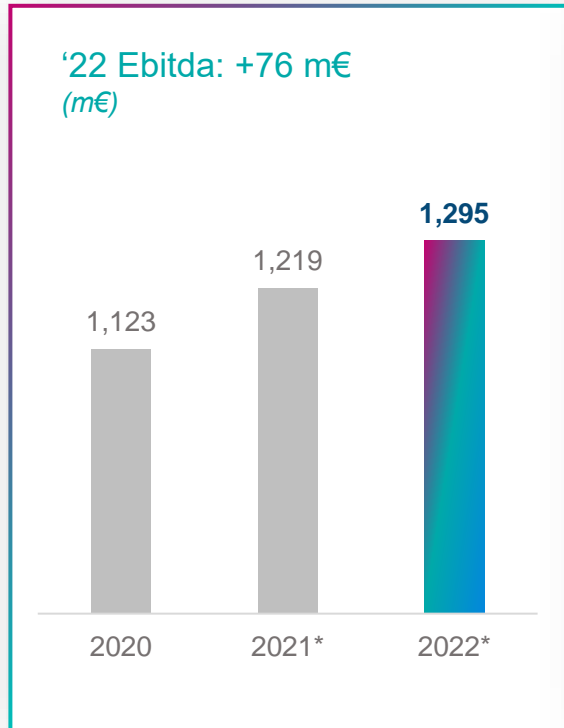


Value creation distributed with growing DPS



Y2022 & Q1 2023 RESULTS

2022 annual results: the first year of the business plan



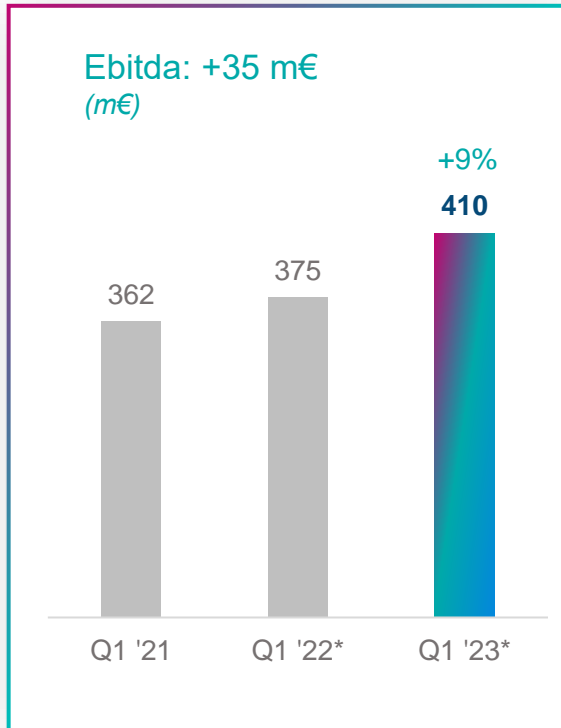
* Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices); this difference will progressively disappear in Q1 2023. Adjustments on Ebitda is -4.4m€ in Y'21 and +94.1m€ in Y'22

Positive one-off "Special Items" of 12.6m€ were adjusted for

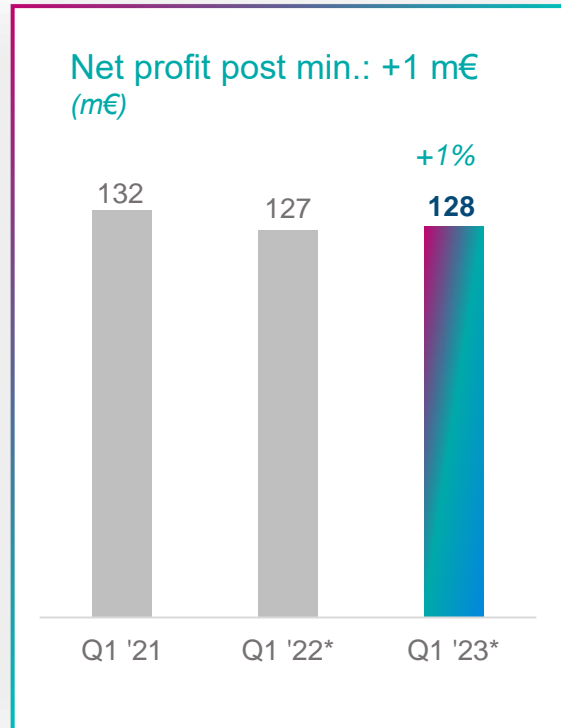
* Temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices) were adjusted for: -3.2m€ in Y'21 and +67.0m€ in Y'22.

Above expectations

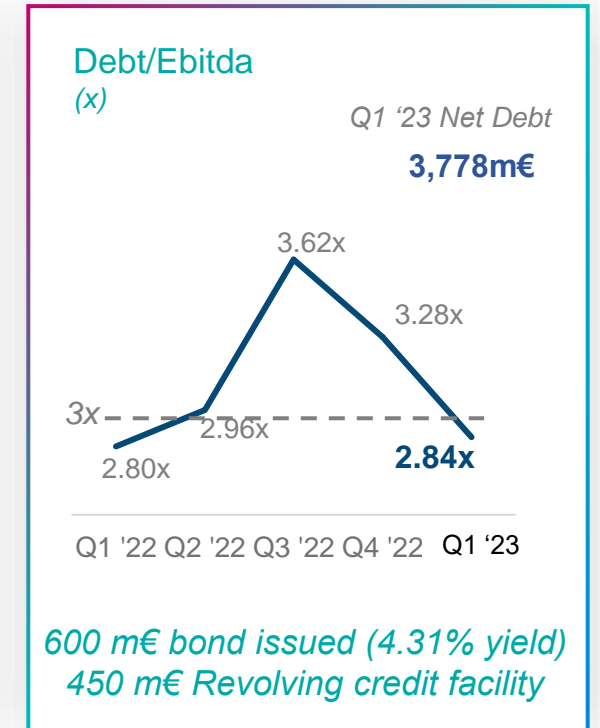
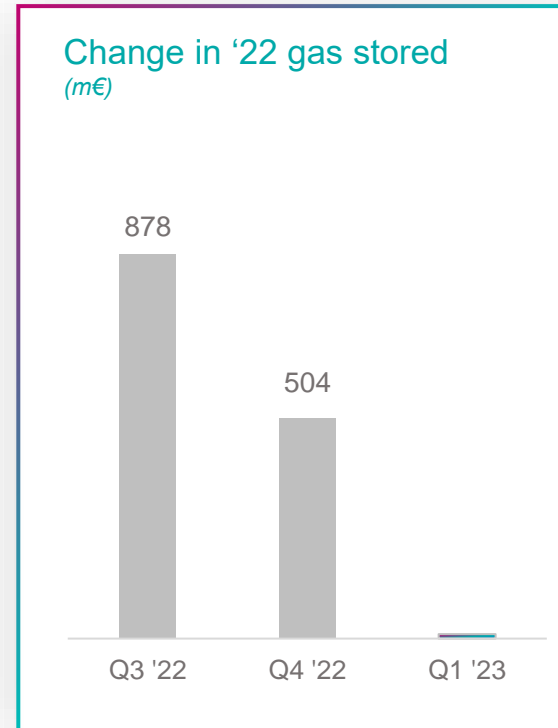
1Q '23 results at a glance (1)



* Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices). Adjustments on Ebitda is +1.1m€ in Q1'22 and -93.0m€ in Q1'23

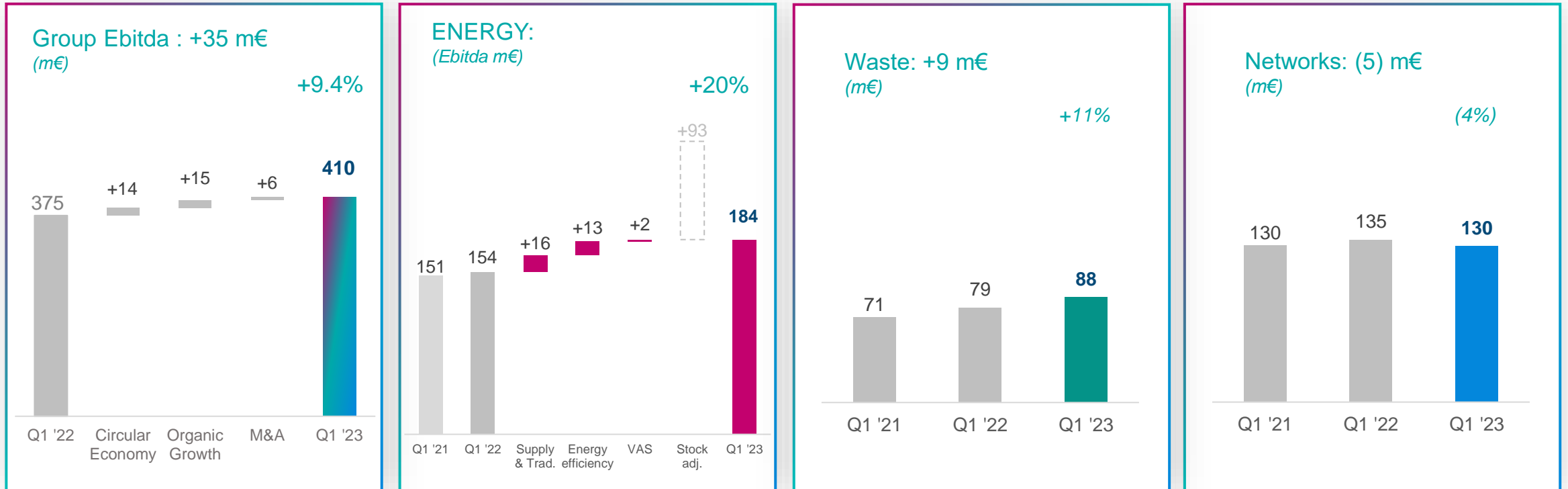


* Temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices) were adjusted for: +0.8m€ in Q1'22 and -66.2m€ in Q1'23.



Positive results down to bottom line and regained fin. flexibility

1Q '23 Ebitda by business



Liberalized activities posted a good growth



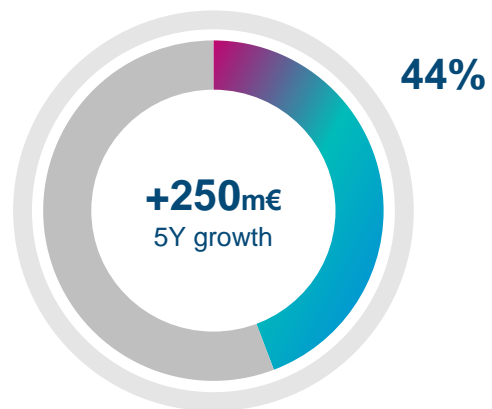
CLOSING REMARKS



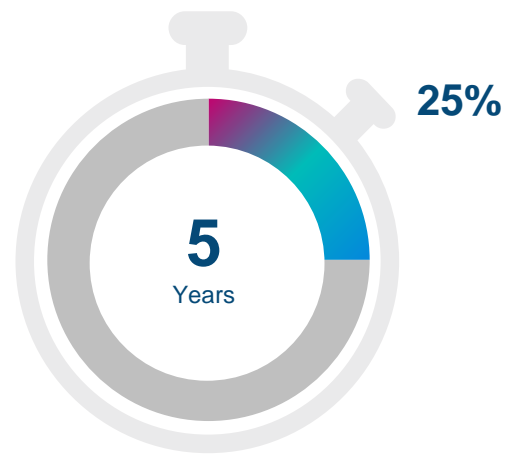
Closing remarks

Plan execution in terms of Ebitda growth (%)

% of achievement on Ebitda growth target



% of BP time horizon



Ebitda

Organic growth and M&A



Leverage

Conservative 2.84x



BP2026

Solid Plan execution

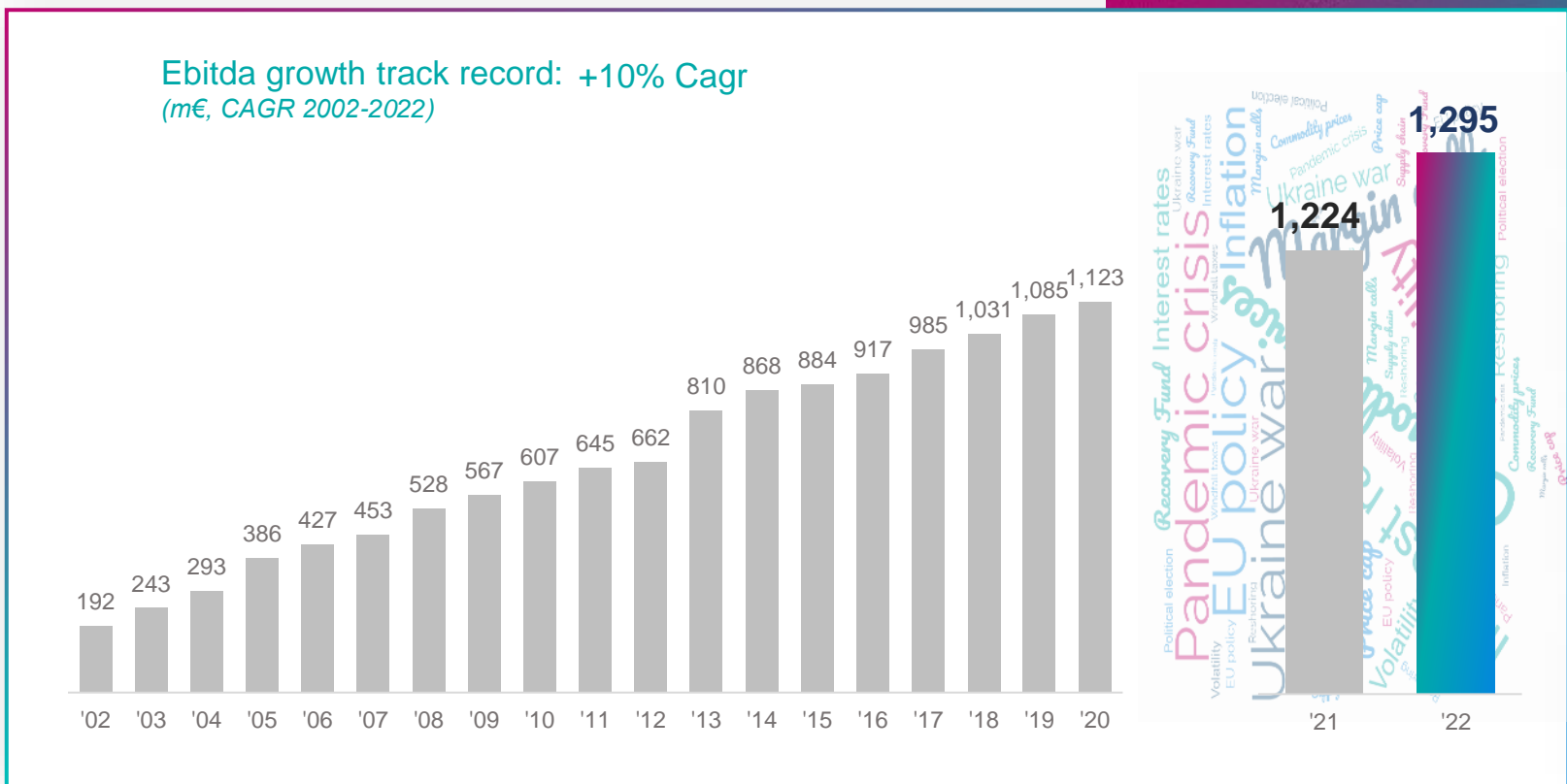
Well ahead of targets



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ANNEX

Un-interrupted growth since foundation

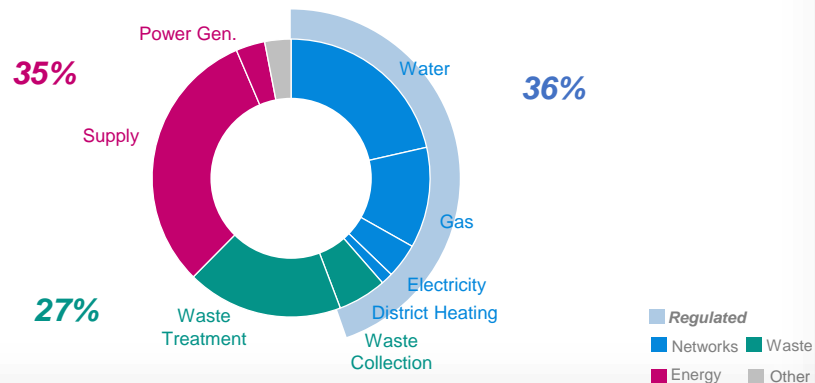


'22 vs '21 ↑	Waste <i>Strong performance benefitting from market scenario</i>
'22 vs '21 ↑	Networks <i>Quality premiums and capex more than offset Wacc cut</i>
'22 vs '21 ↑	Energy <i>Underpinned by energy efficiency and last resort mkt</i>
'22 vs '21 =	ROI & ROE <i>Around 9%</i>

Resilient even in 2022 posting second best growth ever achieved

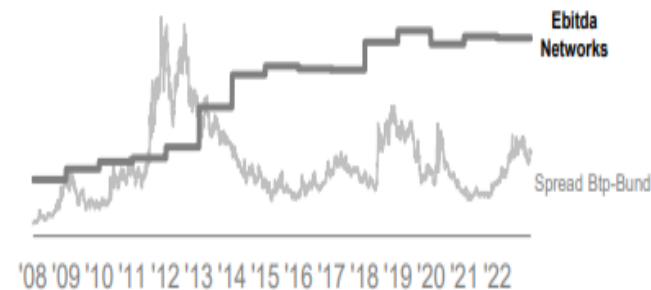
Portfolio key highlights

'22 Ebitda: 41% regulated (%)



NETWORKS: 2nd in Water, 3rd in Gas Distribution in Italy

- o RAB inflated
- o Neutral to spread
- o Neutral to demand cyclical



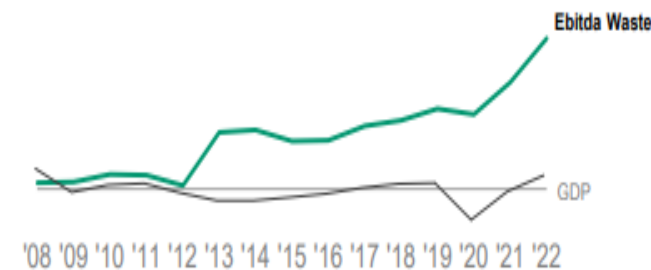
ENERGY: TOP 4 in Italy

- o Negligible power generation
- o Procurement / supply contracts are matched to fully hedge commodity prices fluctuation



WASTE TREATMENT: Leader in Italy

- o Low competition (treatment plant scarcity in Italy)
- o GDP affects primarily waste exported and only subsequently the domestic treatments of waste



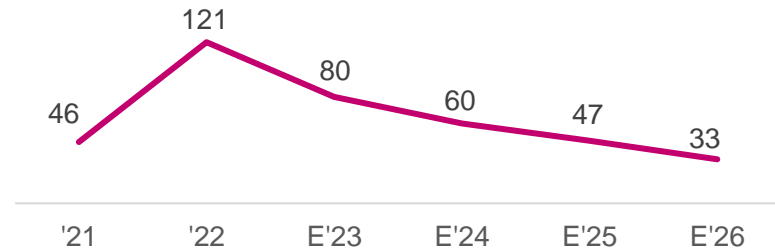
Resilient and constant GROWTH

Business plan main assumptions

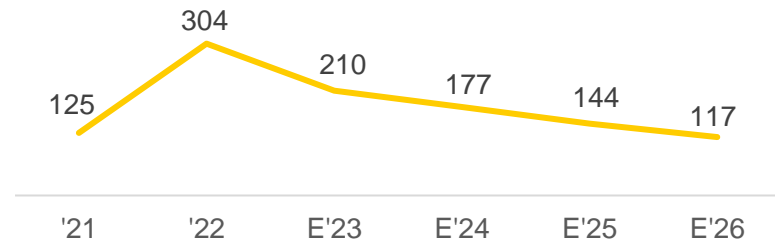
BP targets vs reported Ebitda (m€)

	A'21	E'26
Brent (Dollar/Barrel)	70.7	73.3
Exchange rate €/\$	1.18	1.13
Inflation (%)	1.9%	1.5%
GRIN certificate (former Green Certificate) (€/MWh)	109.4	29.2
White certificates (€/TEP)	260.0	256.0
CO₂ certificates (€/ton)	79.5	90.0
Tax rate (%)	26.8%	27.9%
Cost of Debt (%)	2.9%	3.6%

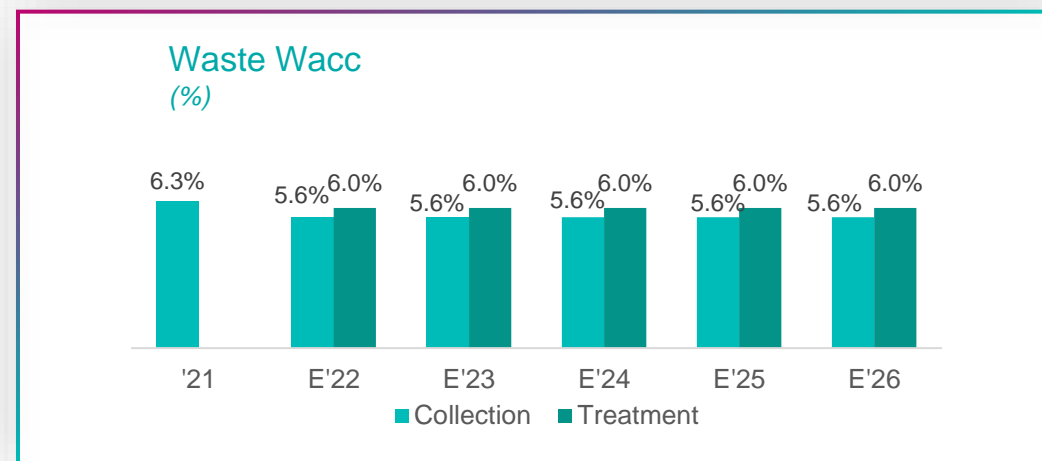
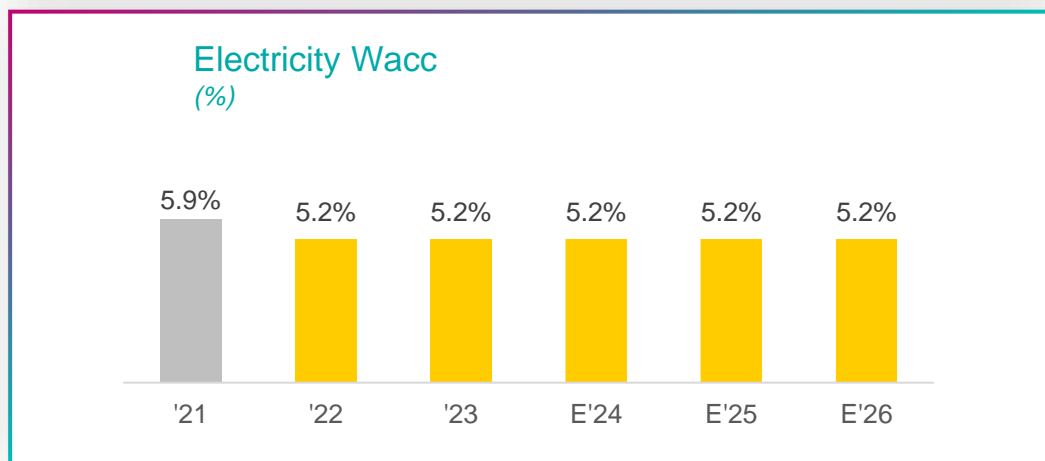
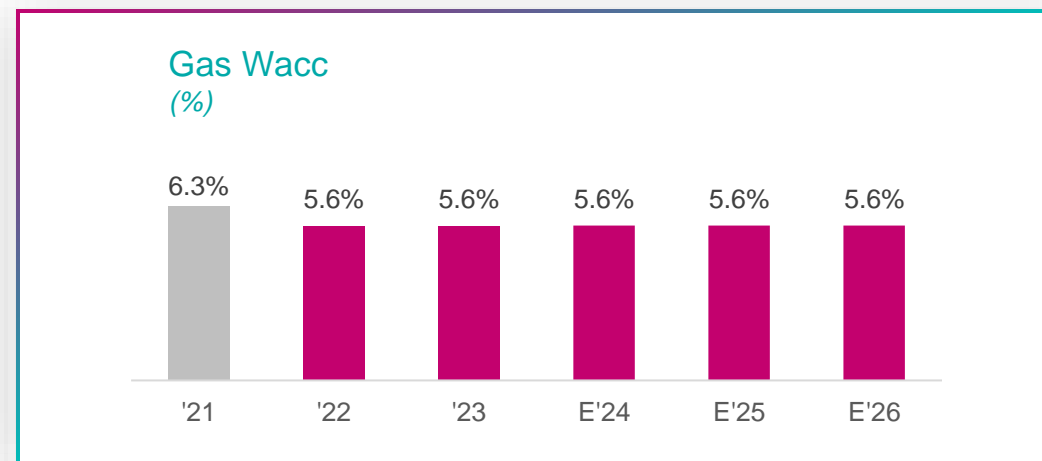
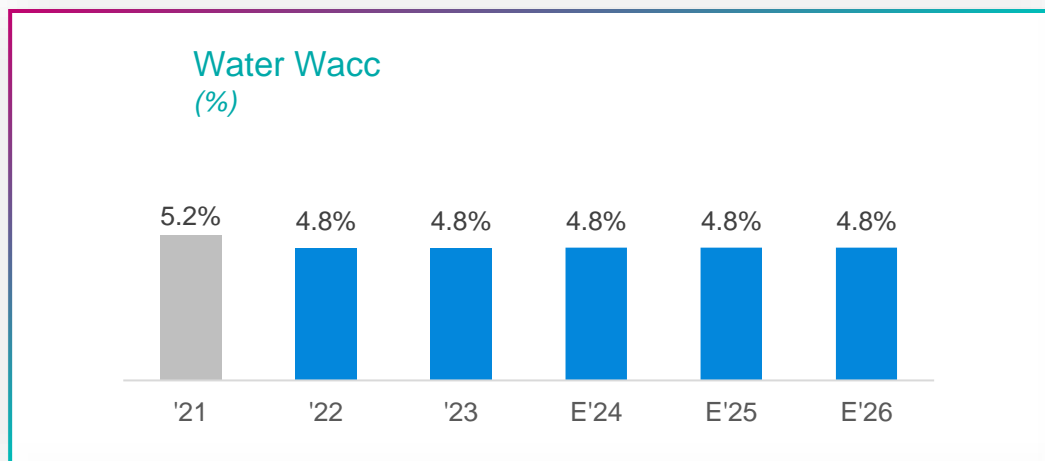
Gas (€/MWh, TTF Day ahead)



Electricity (€/MWh, PUN)

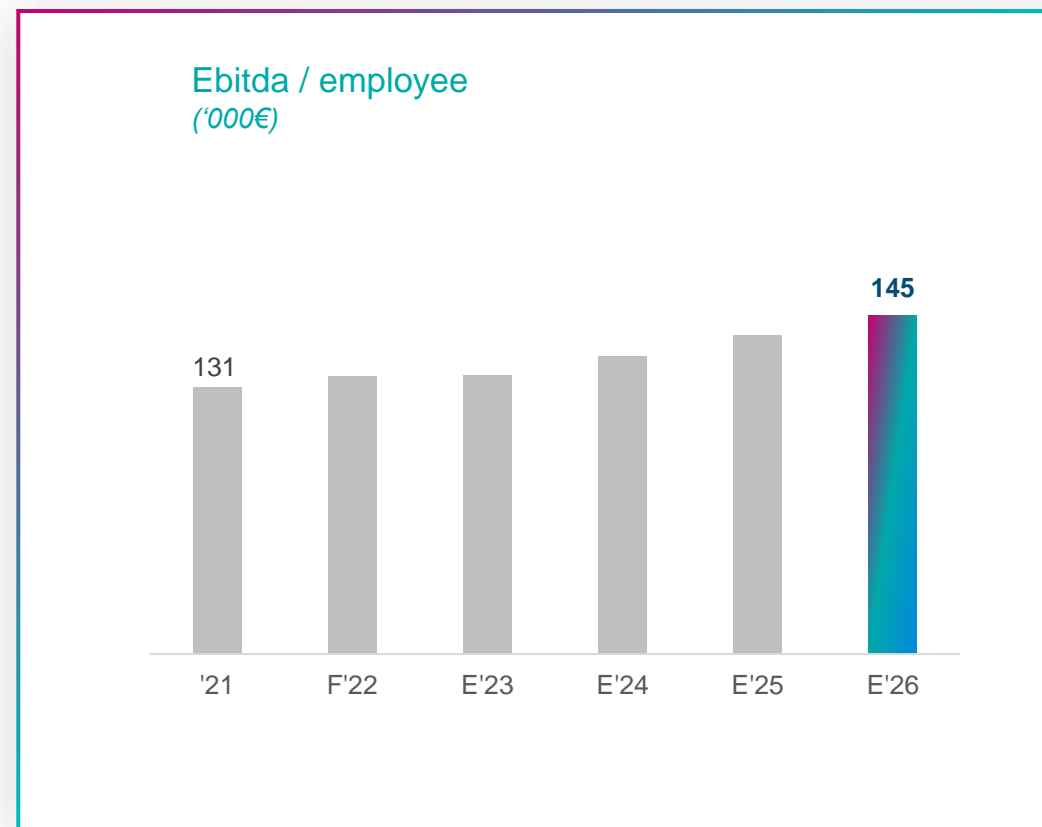
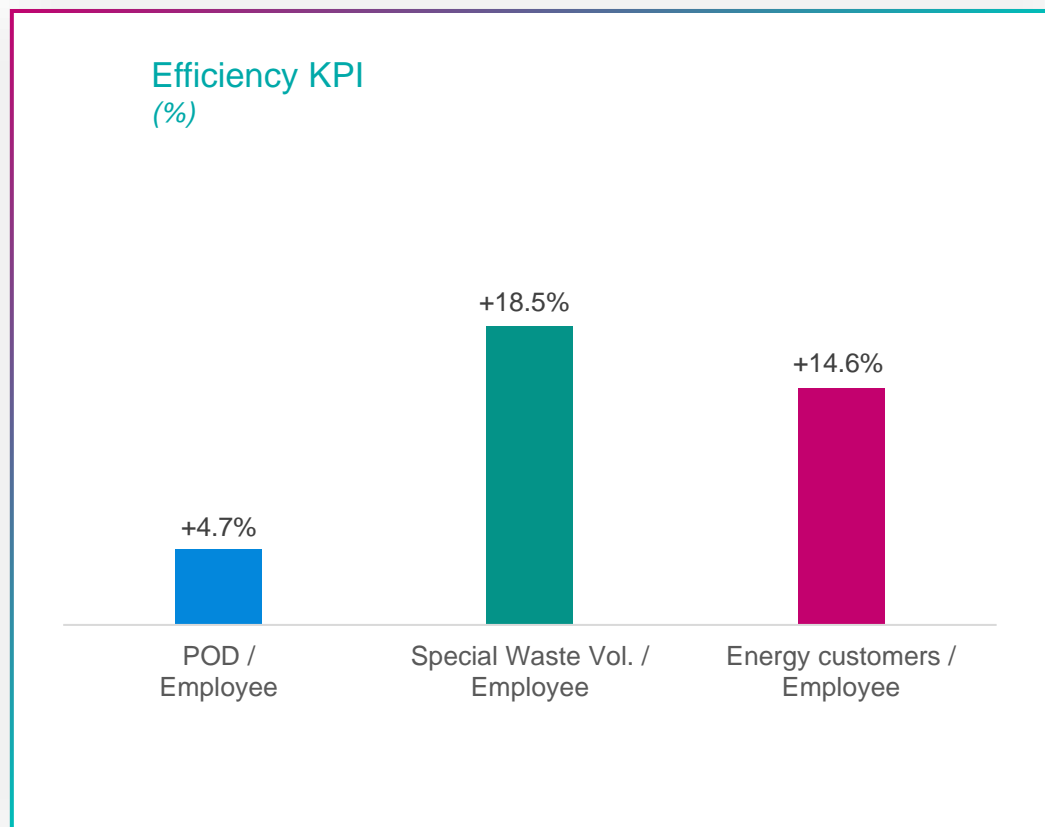


Regulated returns (Wacc)



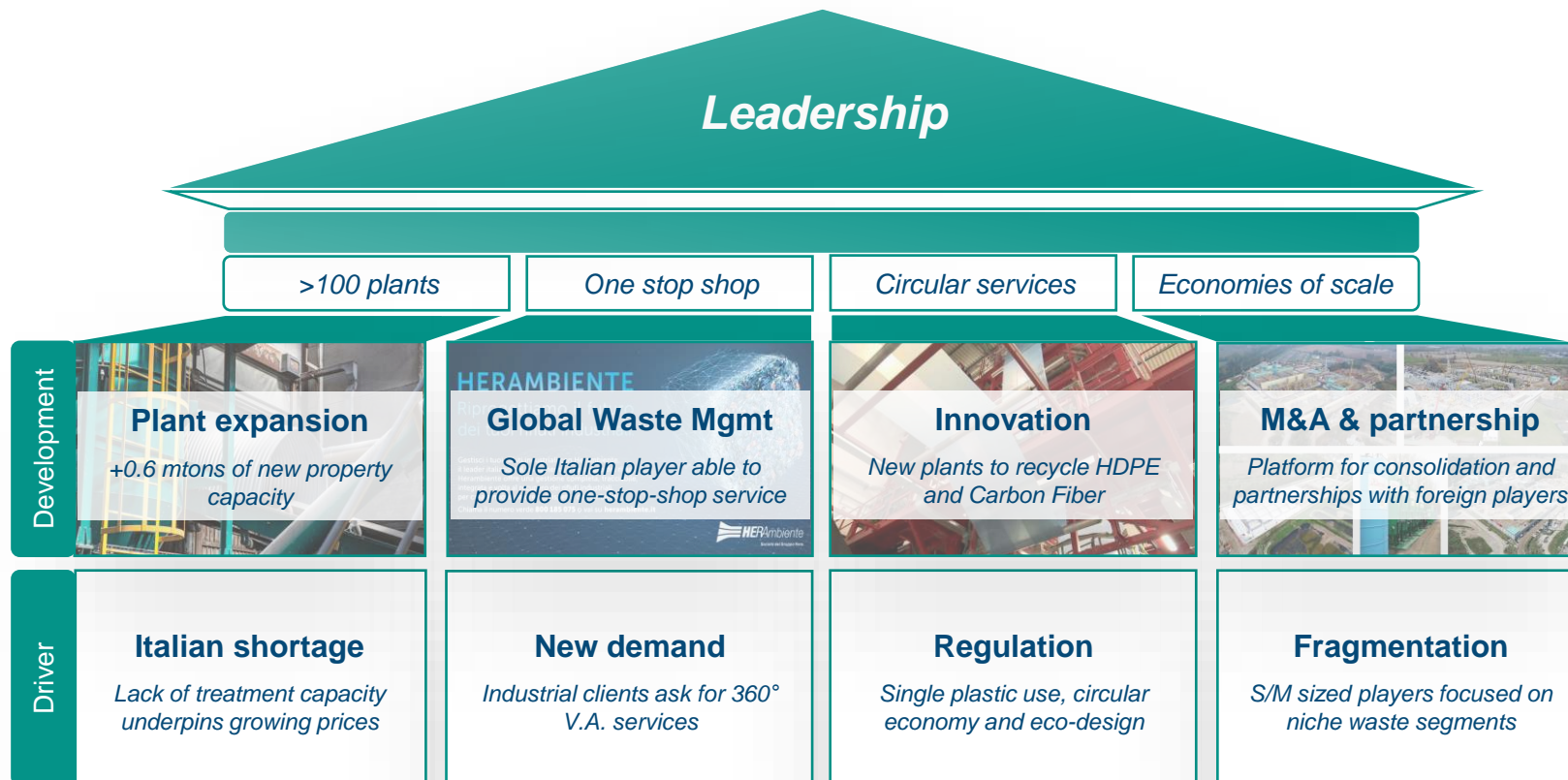
* Numbers exclude M&A

Enhanced efficiency



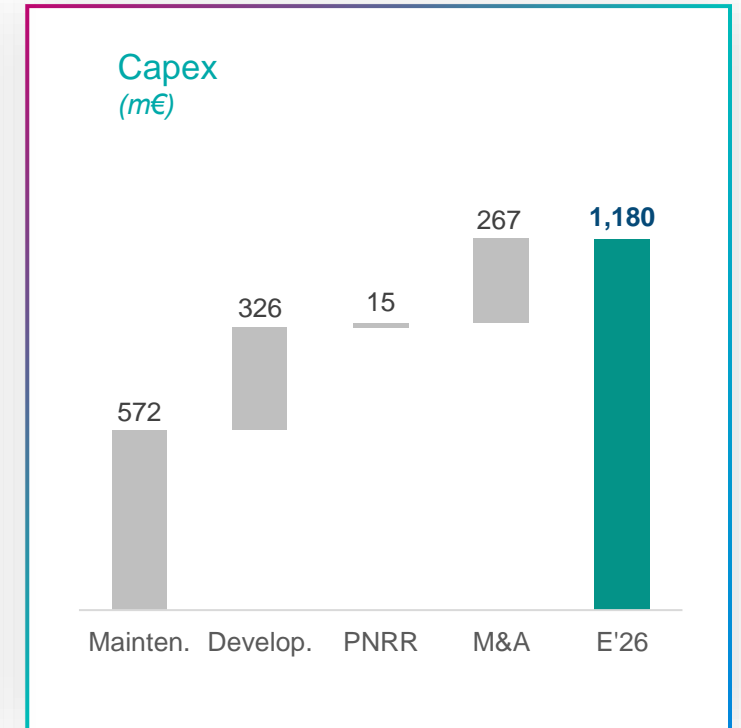
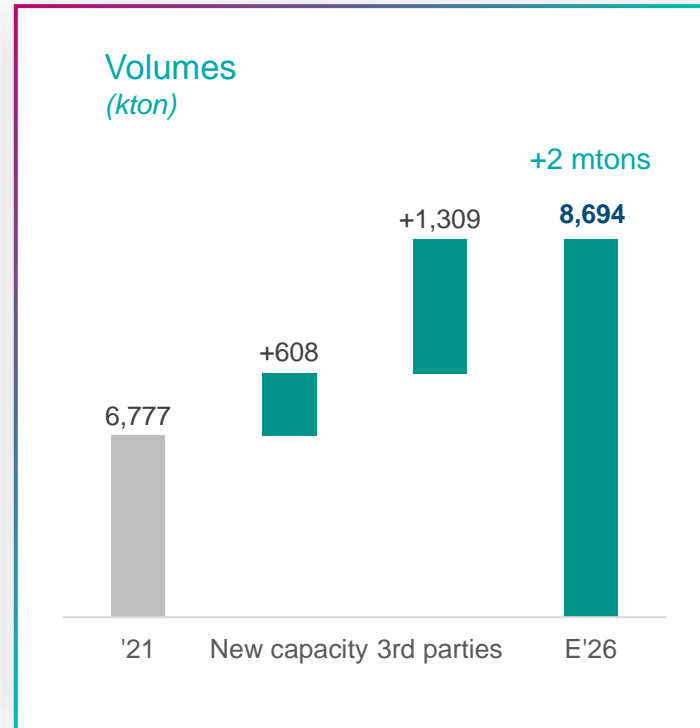
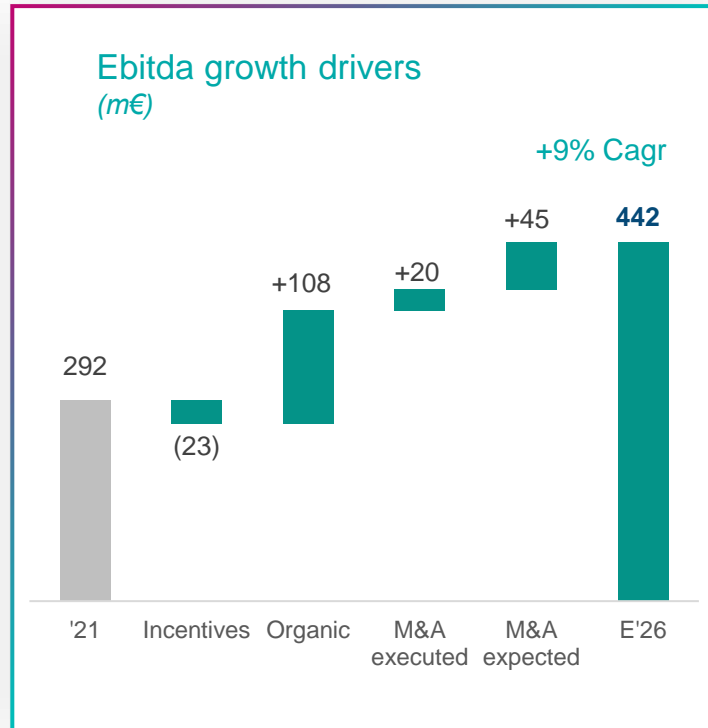
Further efforts on efficiency gains

Waste: main contributor to Group's growth



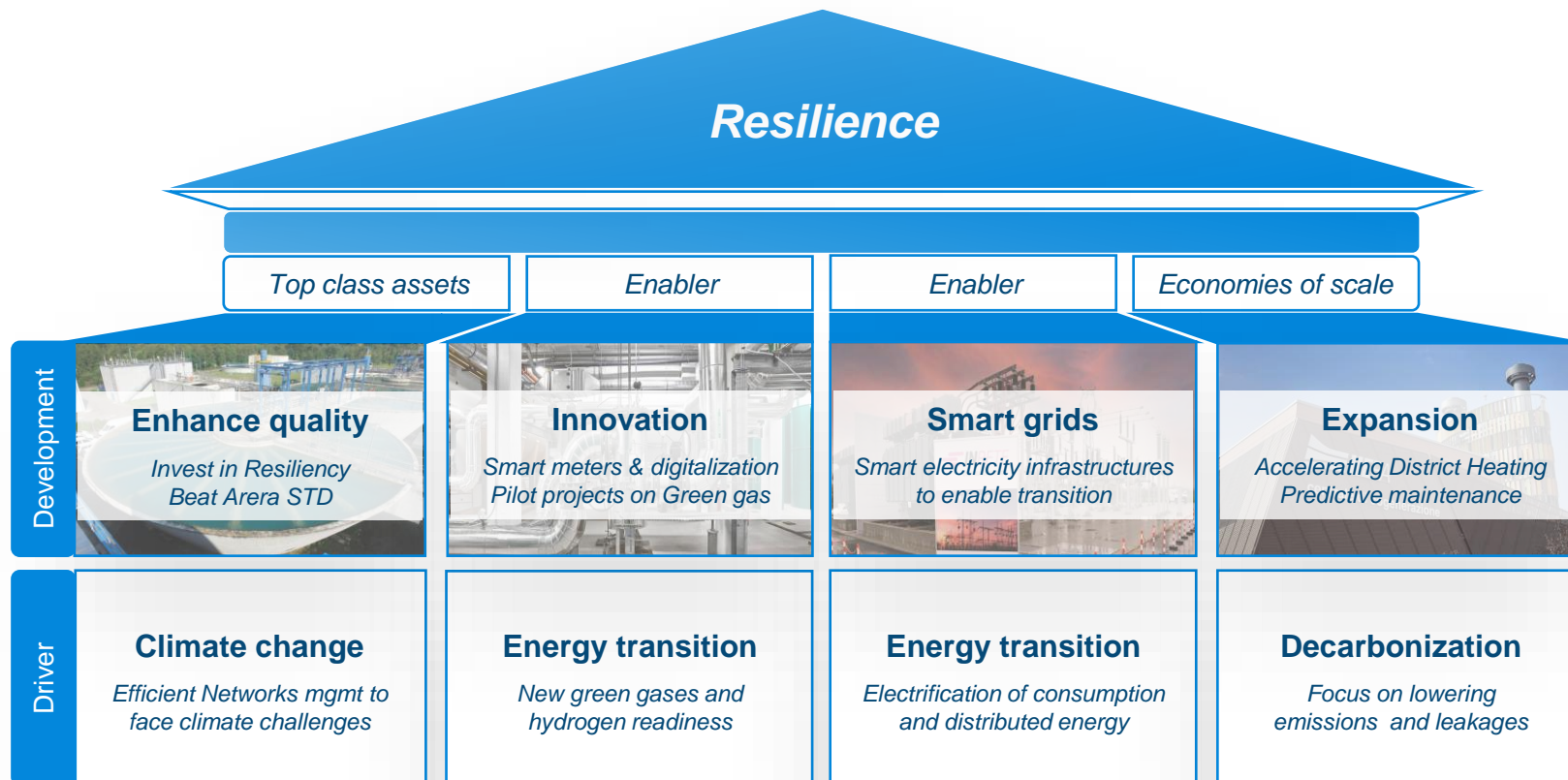
Surfing growing demand leveraging on distinctive know how

Waste targets



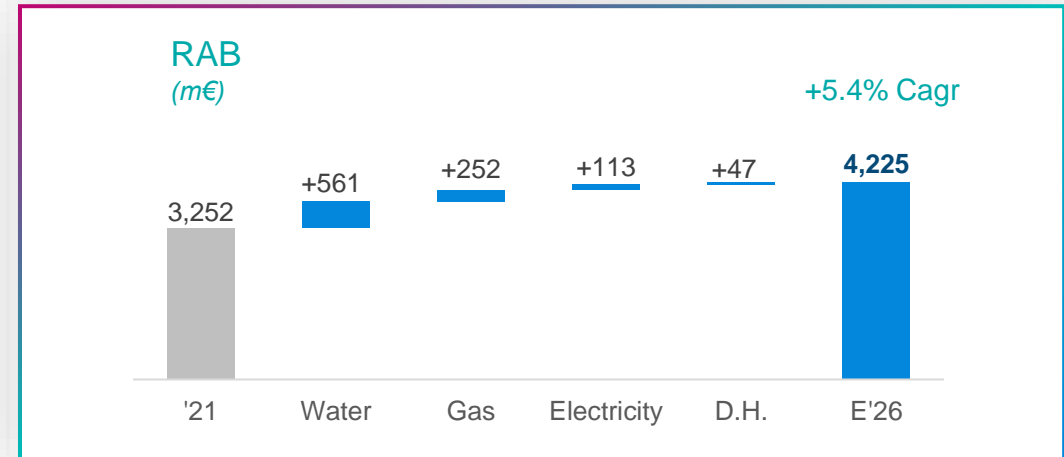
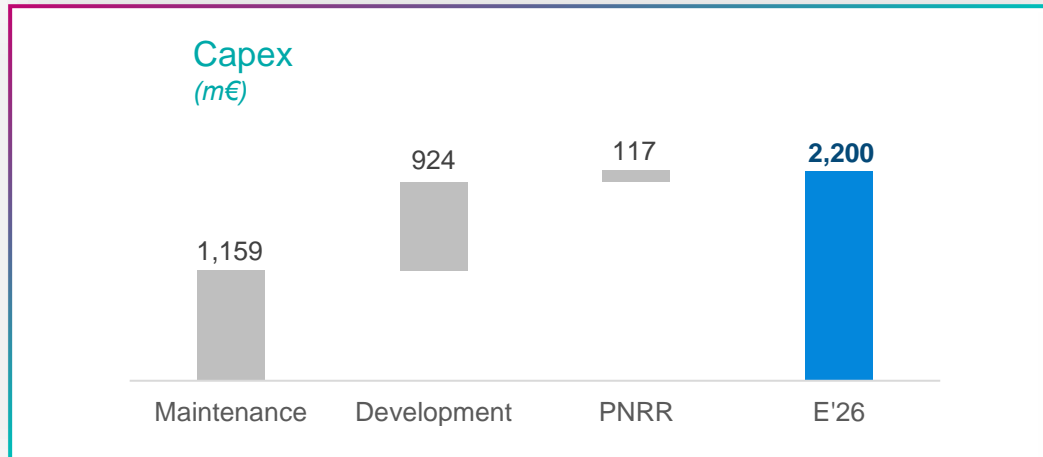
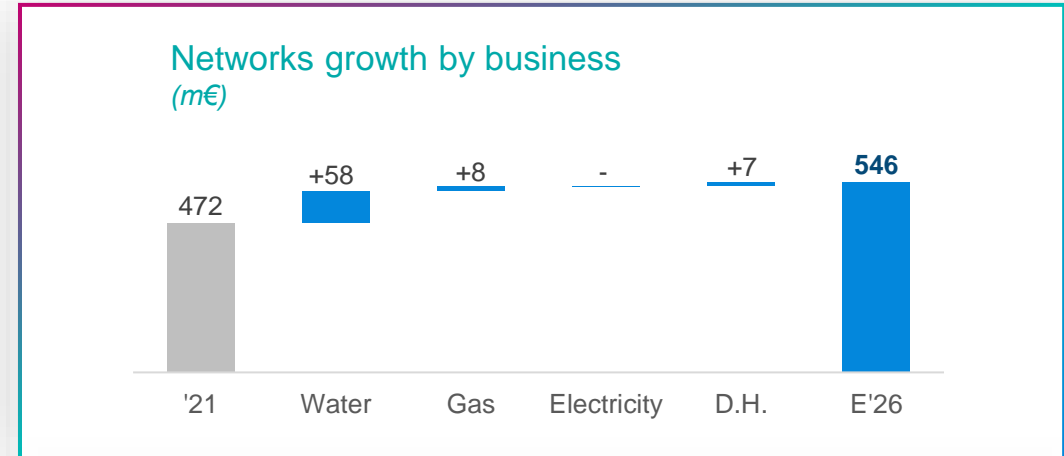
Gaining momentum supported from 360° growth potentials

Networks for transition



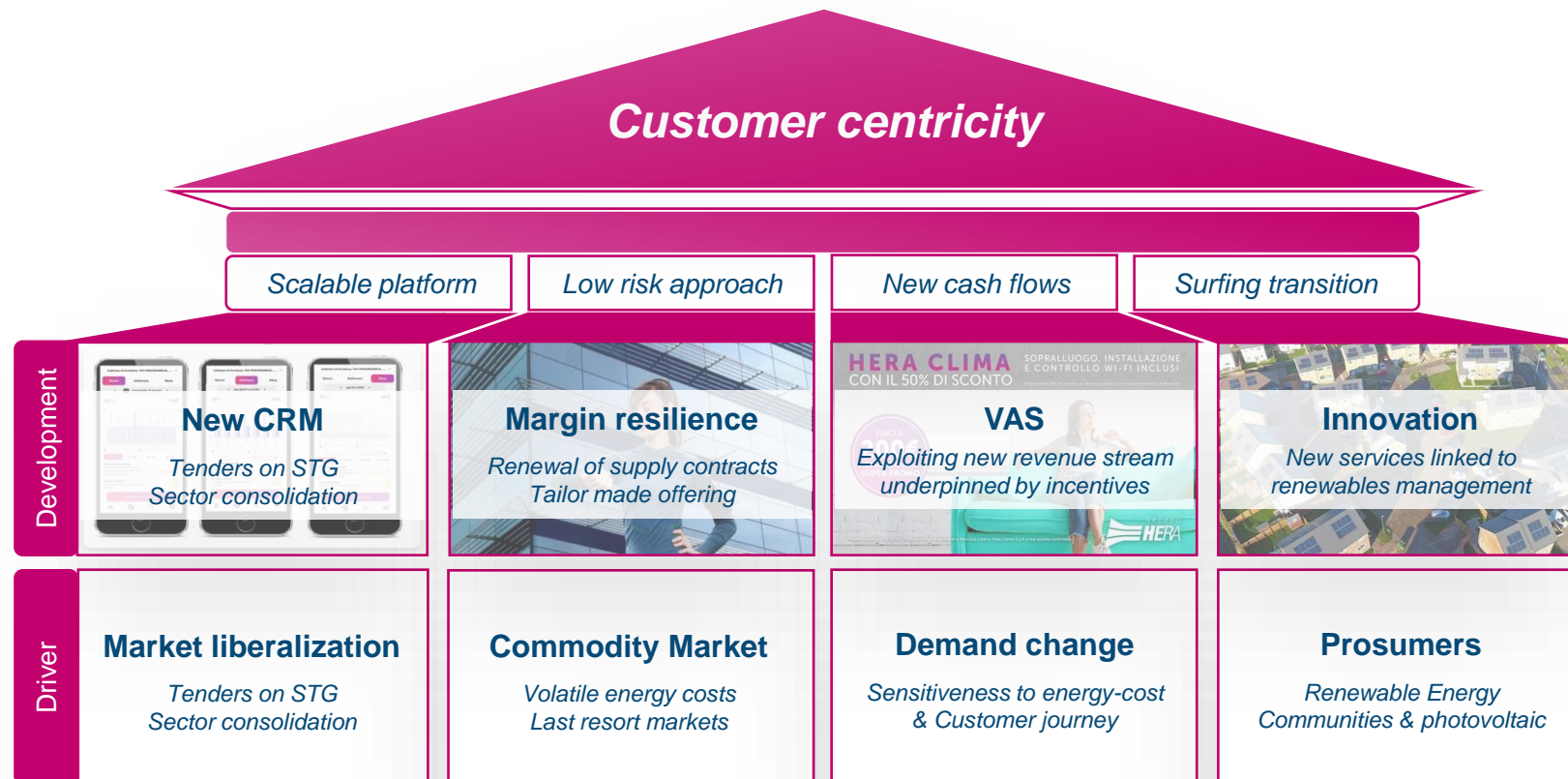
Asset readiness through innovation to enhance resilience

Networks targets



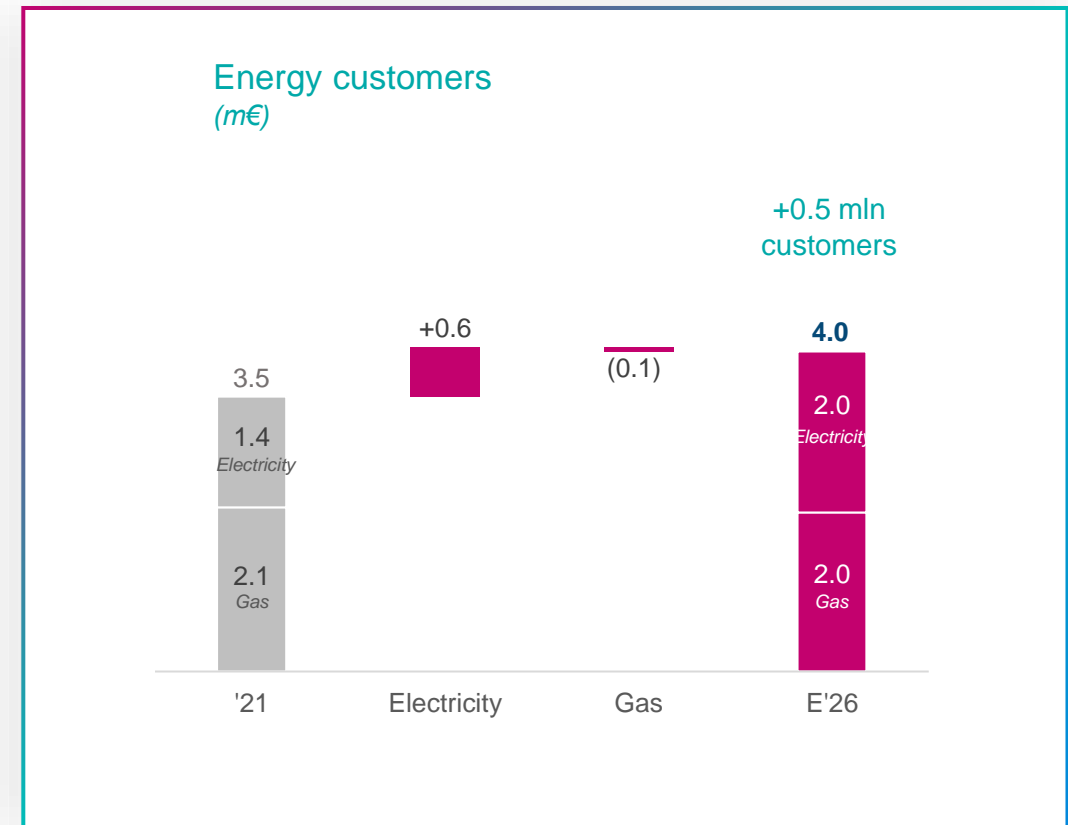
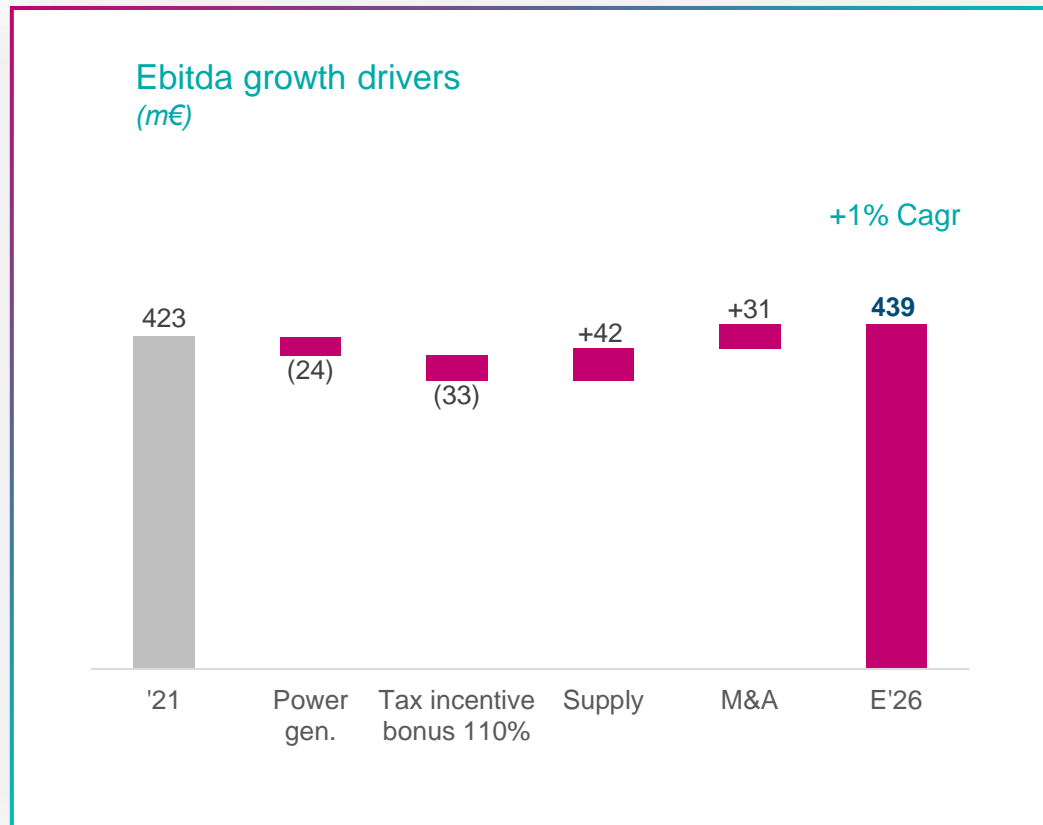
Growth fueled by capex, efficiencies and return protection

Energy: disruptive changes ahead



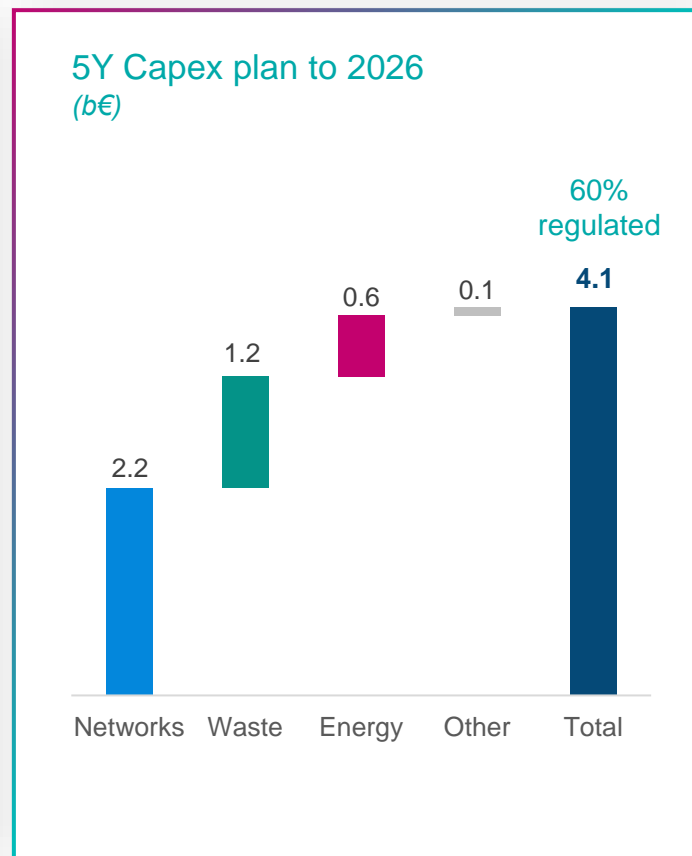
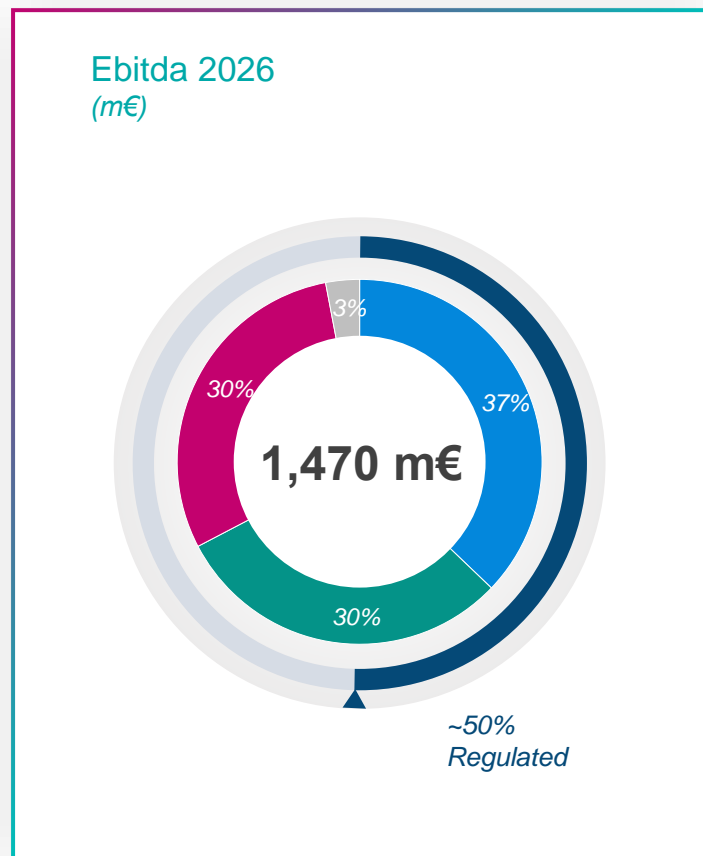
Creating value from our most valuable intangible

Energy targets



Protect margins, normalizing NWC

Capex strengthen unique integrated infrastructures



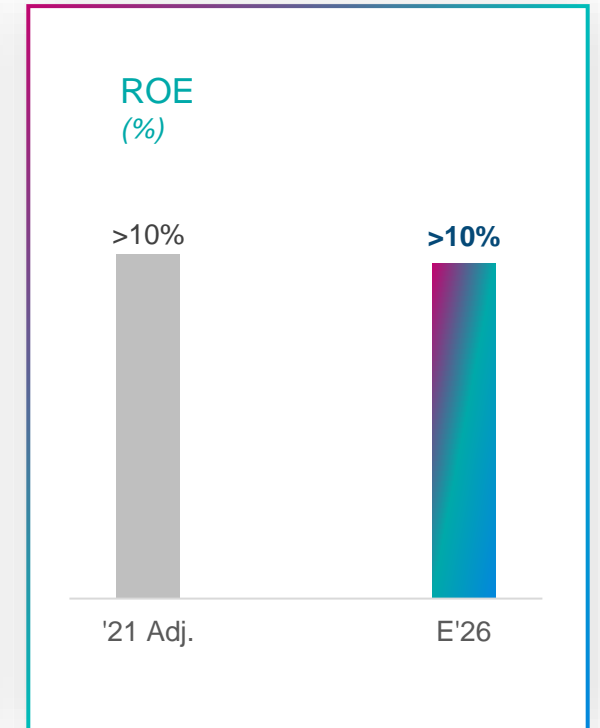
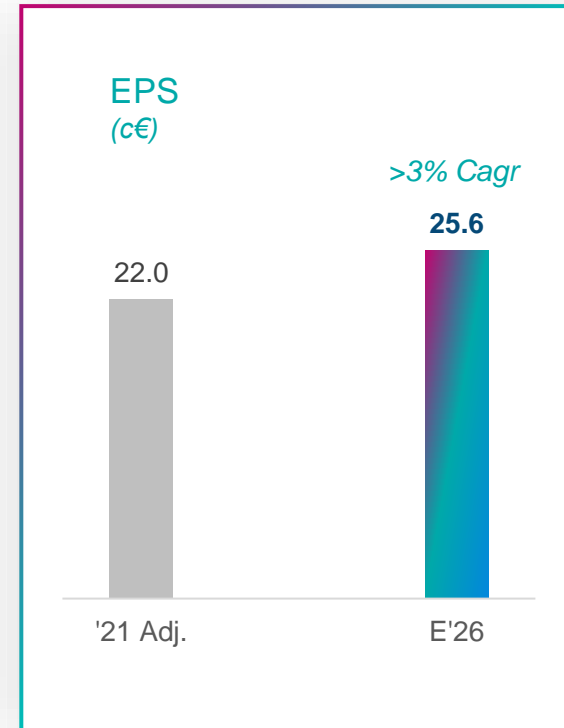
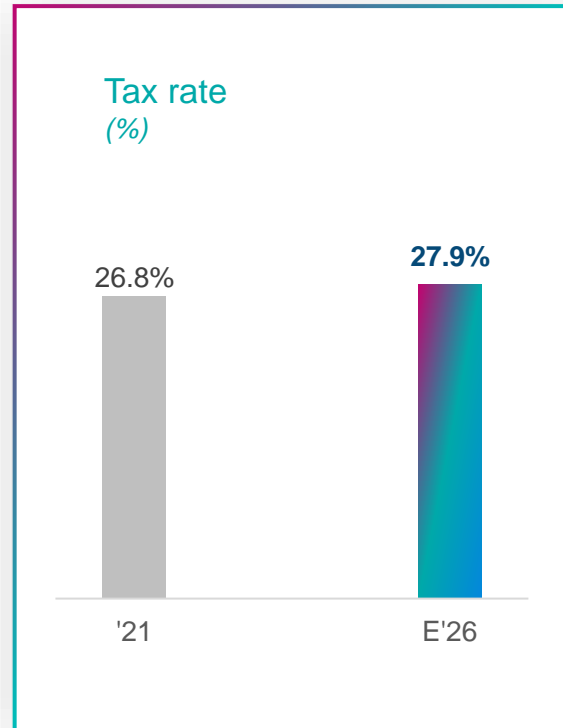
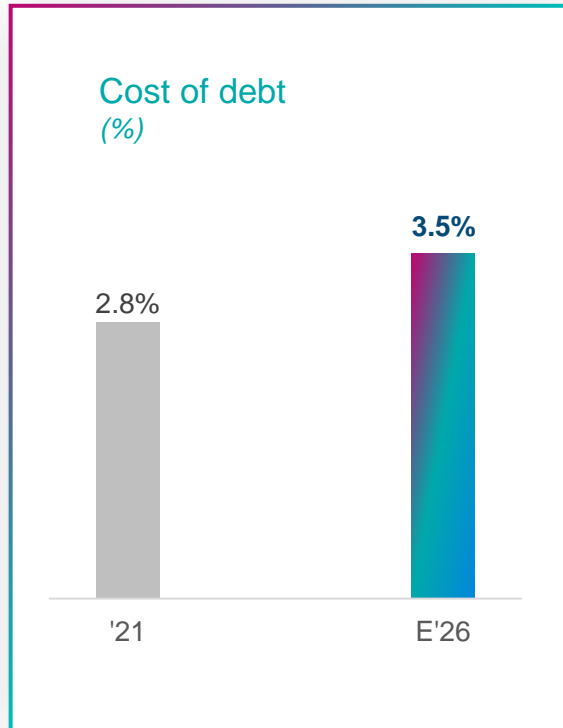
ROI

	2021	2026
Networks	5.3%	→*
Waste Collect.	5.4%	→*
Waste Treatm.	9.0%	↗
Energy Supply	20.7%	→
Total avg	9.2%	stable

(*) Positive trigger on Wacc review (due to ECB tightening) not embedded in Business plan

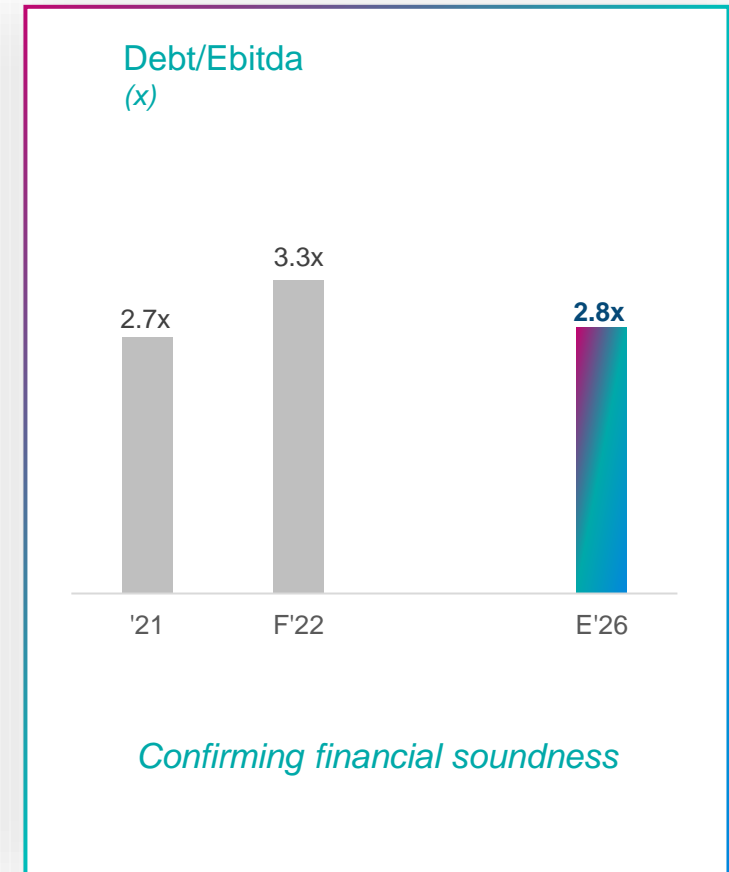
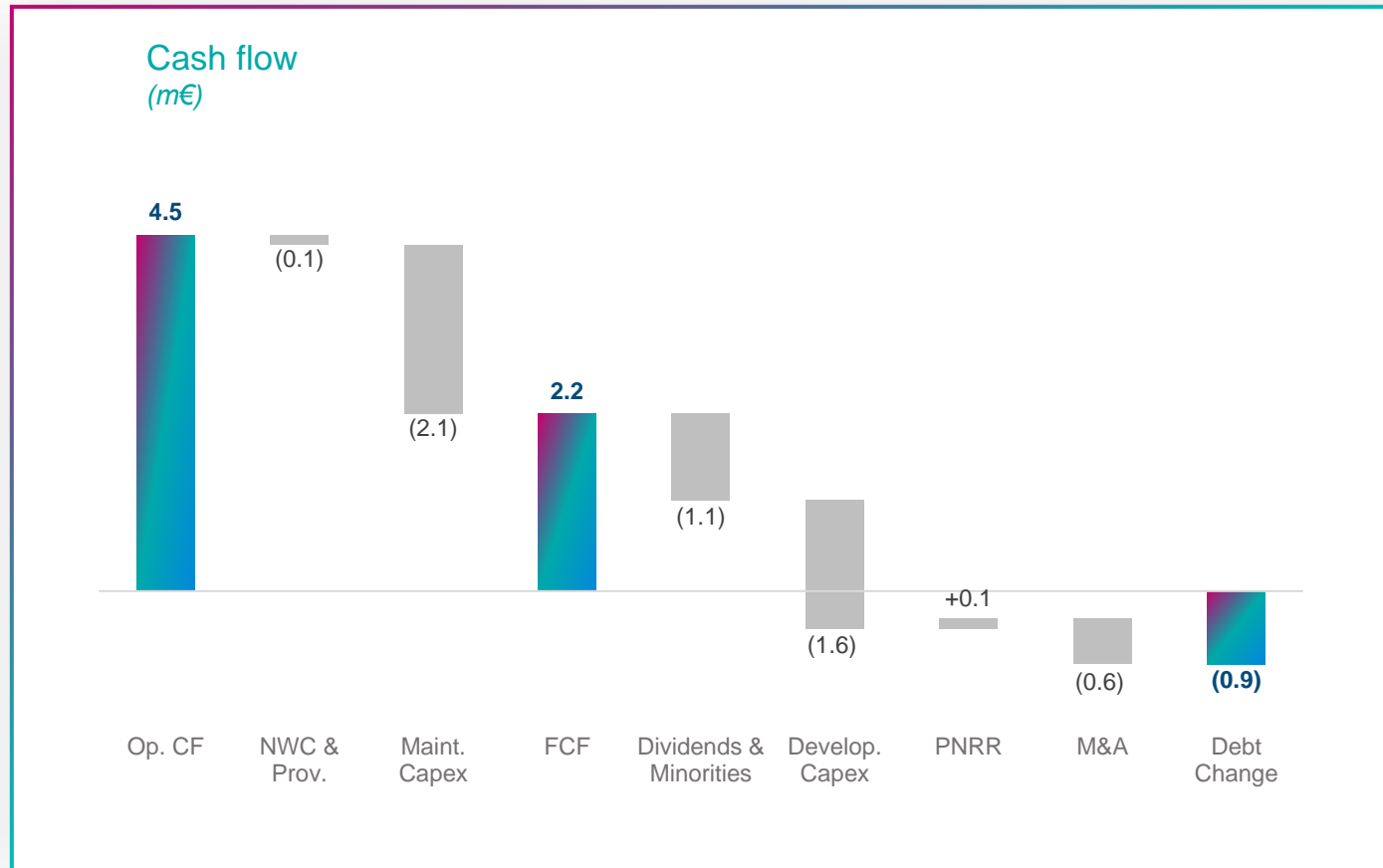
Growing assets with lower risk

Below Ebit



ROE confirmed above 10%

Cash flow and leverage

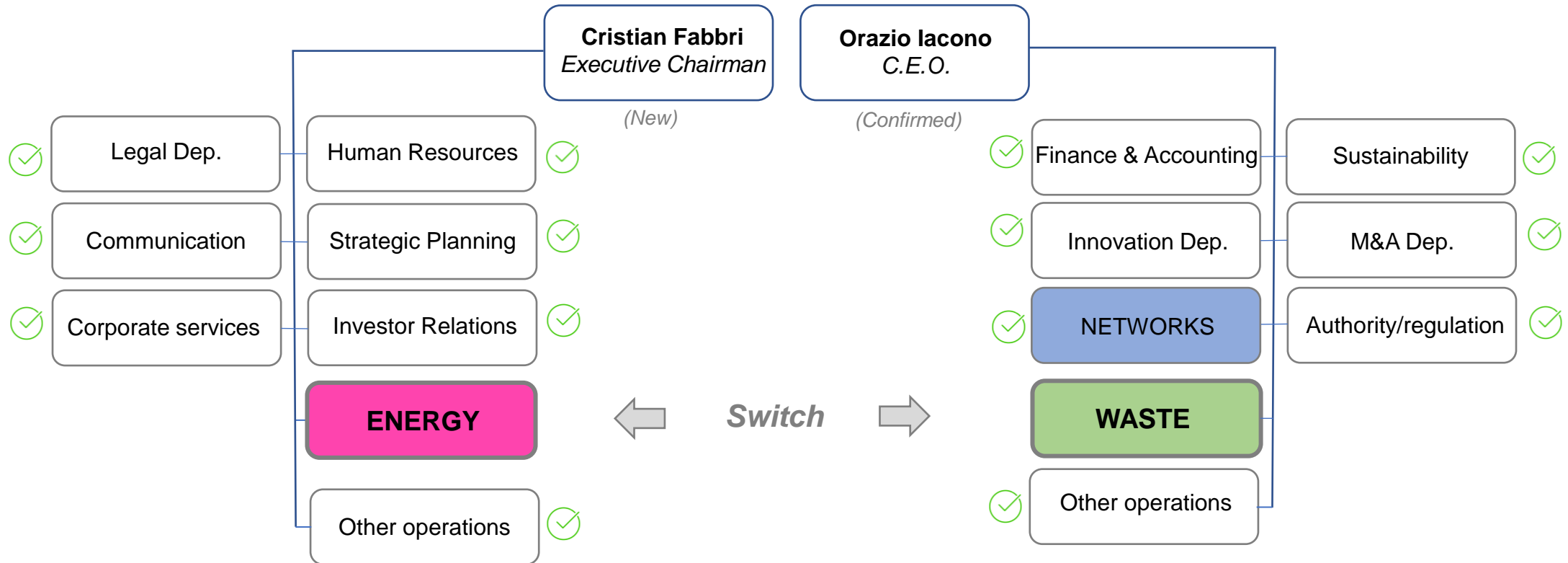


Strong cash generation to fund growth



LATEST NEWS

New executive team assigned by last AGM



Negligible changes in governance to guarantee continuity

✓ Same balanced distribution of powers in place during prior BoD mandate

Annual results 2022: P&L

	Y '21	Y '22	
REVENUES	10,955.4	20,630.2	+88.3%
EBITDA*	1,219.4	1,295.0	+6.2%
<i>Ebitda margin</i>	11.1%	6.3%	
Depreciation and provisions	(612.1)	(667.1)	
EBIT*	607.3	627.9	+3.4%
Financial costs	(96.7)	(104.1)	
Figurative interests (IAS)	(36.4)	(30.9)	
Income from Associates & J.V.	13.2	10.0	
PRETAX PROFIT*	487.4	502.9	+3.2%
Tax	(131.8)	(130.6)	
<i>Tax rate</i>	26.8%	26.0%	
Minorities	(39.1)	(50.1)	
NET PROFIT POST MINORITIES ADJ.*	317.7	322.2	+1.4%
Special items	12.6	0.0	
NET PROFIT POST MINORITIES^	330.3	322.2	

*Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg acquiring prices) as this difference will progressively disappear as the Stock is emptied. Adjustments on Ebitda is -4.4m€ in Y'21 and +94.1m€ in Y'22

^ Temporary accounting difference in gas stock valuation (avg historical cost vs. avg acquiring prices) accounts on Net profit for -3.2 m€ in Y'21 and +67.0 m€ in Y'22

2022 Ebitda by business

Networks (m€)

Ebitda (m€)	Y 2021	Y 2022	Ch.
Networks	472.2	469.5	(2.7)
District Heating	17.0	24.8	+7.8
Gas distribution	143.5	138.9	(4.6)
Electricity distribution	49.3	43.9	(5.4)
Water	262.4	261.9	(0.6)
<hr/>			
Volumes	Y 2021	Y 2022	Ch.
Water (mm3)	291.5	289.3	(2.2)
Gas Distribution (mm3)	2,831.1	2,429.2	(402.0)
Electricity Distribution (GWh)	2,861.8	2,945.3	+83.5
District Heating (GWht)	516.5	470.3	(46.2)

Energy (m€)

Ebitda (m€)	Y 2021	Y 2022	Ch.
Energy	418.1	449.1	+31.0
Gas supply	255.4	335.7	+80.2
Electricity supply	54.1	2.2	(51.9)
Power generation	41.3	25.5	(15.8)
Energy efficiency	67.3	85.8	+18.5
<hr/>			
Customers ('000)	Y 2021	Y 2022	Ch.
Gas customers	2,072.7	2,094.1	+21.4
Electricity customers	1,400.9	1,448.9	+48.0
Energy customers	3,473.6	3,543.0	+69.4

Waste (m€)

Ebitda (m€)	Y 2021	Y 2022	Ch.
Waste	291.7	338.0	+46.3
Treatment	222.5	277.5	+55.0
Collection	69.2	60.6	(8.7)
<hr/>			
Volumes (kton)	Y 2021	Y 2022	Ch.
Urban W. Volumes	2,242	2,207.1	(34.7)
Special W. Volumes	2,334	2,554.2	+219.8
Waste from third parties	4,576	4,761.2	+185.1
Internal W. Volumes	2,201	2,161.7	(38.8)
Total Volumes Treated	6,777	6,922.9	+146.3

1Q P&L

	Q1 '22	Q1 '23	
REVENUES	5,412.7	5,750.1	+6.2%
EBITDA*	375.1	410.2	+9.4%
<i>Ebitda margin</i>	7.1%	8.8%	
Depreciation and provisions	(153.9)	(174.1)	
EBIT*	221.2	236.1	+6.7%
Financial costs	(23.1)	(38.5)	
Figurative interests (IAS)	(9.3)	(8.6)	
Income from Associates & J.V.	2.9	2.7	
PRETAX PROFIT*	191.7	191.7	+0.0%
Tax	(53.1)	(51.4)	
<i>Tax rate</i>	27.7%	26.8%	
Minorities	(11.3)	(12.1)	
NET PROFIT POST MINORITIES ADJ.*	127.3	128.2	+0.7%

**Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg acquiring prices) as this difference disappeared at the end of Q1 2023. Adjustments on Ebitda is +1.1m€ in Q1'22 and -93.0m€ in Q1'23. Adjustments on Net profit is +0.8 m€ in Q1'22 and -66.2 m€ in Q1'23*

1Q '23 Ebitda by business

Networks (m€)

Ebitda (m€)	Q1 2022	Q1 2023	Ch.
Networks	134.9	129.5	(5.3)
District Heating	11.9	10.1	(1.8)
Gas distribution	56.9	55.2	(1.7)
Electricity distribution	10.5	8.7	(1.9)
Water	55.5	55.6	+0.1
<hr/>			
Volumes	Q1 2022	Q1 2023	Ch.
Water (mm3)	66.9	66.1	(0.8)
Gas Distribution (mm3)	1,177.9	940.7	(237.2)
Electricity Distribution (GWh)	697.4	716.8	+19.5
District Heating (GWht)	246.5	205.9	(40.5)

Energy (m€)

Ebitda (m€)	Q1 2022	Q1 2023	Ch.
Energy	153.6	184.4	+30.8
Gas supply	115.9	97.6	(18.3)
Electricity supply	17.2	52.9	35.8
Power generation	2.7	2.9	0.2
Energy efficiency	17.8	30.9	13.2
<hr/>			
Customers ('000)	Y 2021	Y 2022	Ch.
Gas customers	2,072.7	2,094.1	+21.4
Electricity customers	1,400.9	1,448.9	+48.0
Energy customers	3,473.6	3,543.0	+69.4

Waste (m€)

Ebitda (m€)	Q1 2022	Q1 2023	Ch.
Waste	78.9	87.6	+8.7
Treatment	61.0	72.4	11.4
Collection	17.9	15.1	(2.7)
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Volumes (kton)	Q1 2022	Q1 2023	Ch.
Urban W. Volumes	514.5	527.5	+13.0
Special W. Volumes	644.2	819.3	+175.0
Waste from third parties	1,158.7	1,346.8	+188.1
Internal W. Volumes	556.3	698.4	+142.0
Total Volumes Treated	1,715.1	2,045.1	+330.1

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.

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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.