



Bologna, 21 May 2018

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Introduction to Hera **I**

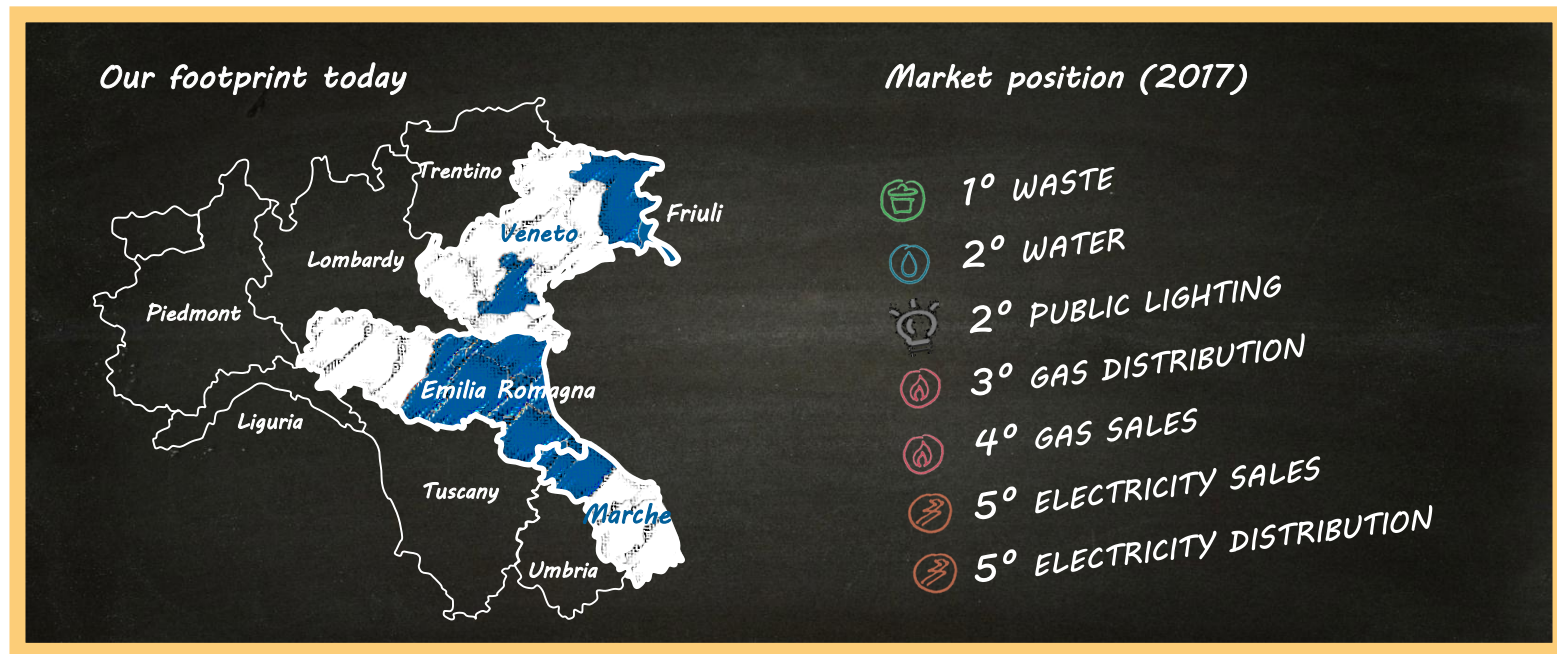
Hera Business plan to 2020 **01**

Closing remarks **13**

Annex **14**

- *A'17 Results Ebitda Growth drivers*
- *Q1 '18 results*
- *Details on business plan to 2021*

Who we are



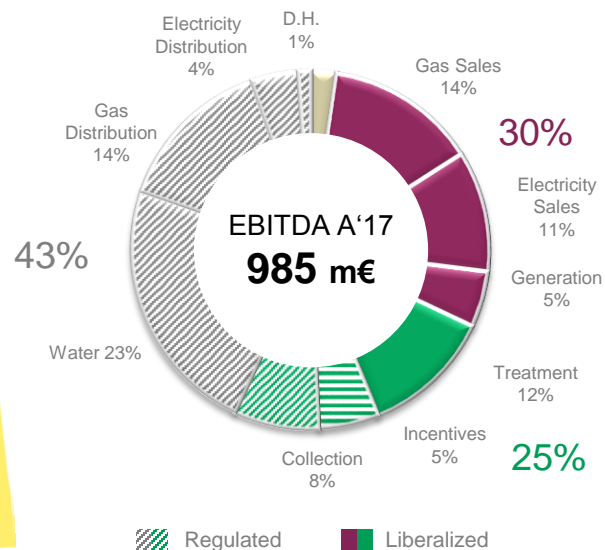
Among largest players in Italy

A synergic multi-utility portfolio

NETWORKS *(Fully regulated)*

- 100% protected by I/t concessions
- Tariffs set for the next 3 years
- Strong contiguity in geographical scope

About 56% of HERA's Ebitda is Regulated



ENERGY *(Fully liberalised)*

- Positive growth 9 years in a row
- Loyal customer base (>2.2 mln)
- Marginal exposure to commodity prices

WASTE *(of which 8% regulated)*

- Market Leader both in Urban and Special
- Leading waste mgmt change
- Largest integrated platform

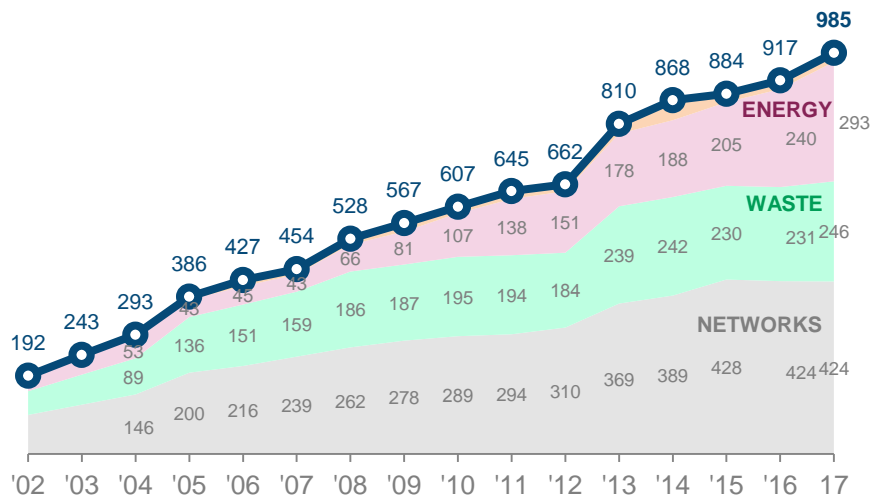
Guaranteeing resilient results since establishment

An uninterrupted growth

Ever growing results since establishment

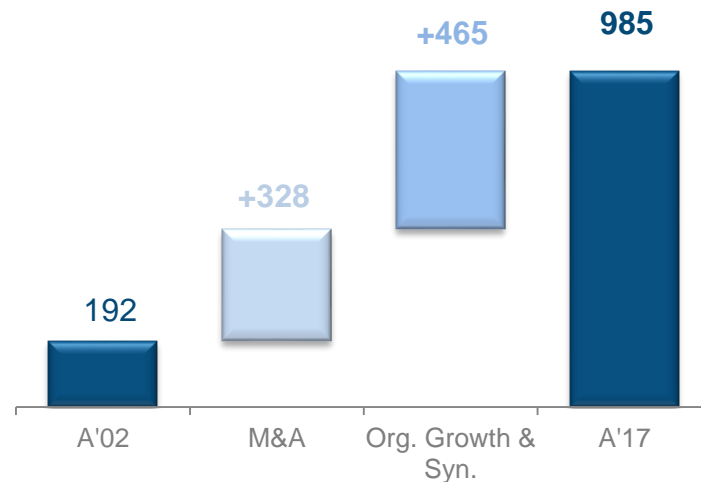
(M€)

GDP almost steady through out the period



Ebitda grown by 5.1 times since 2002

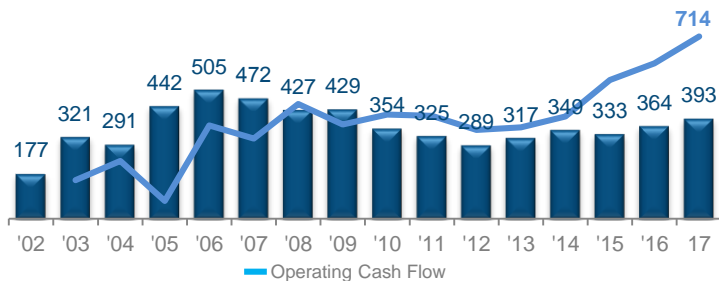
(M€)



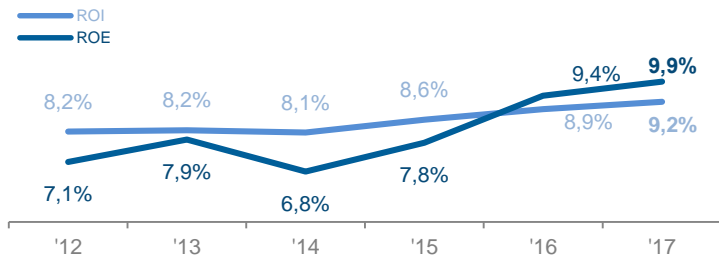
EPS Cagr ~16% thanks to peculiar business model

Our ID

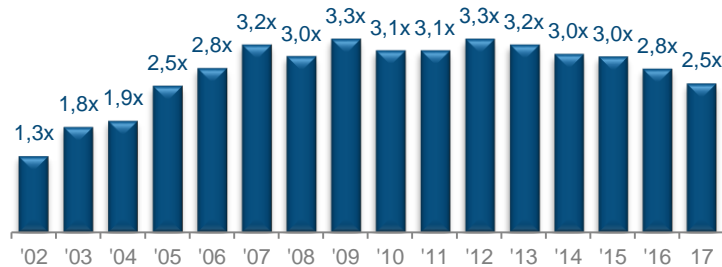
5.8b€ operating capex funded by Operating C.F. (M€)



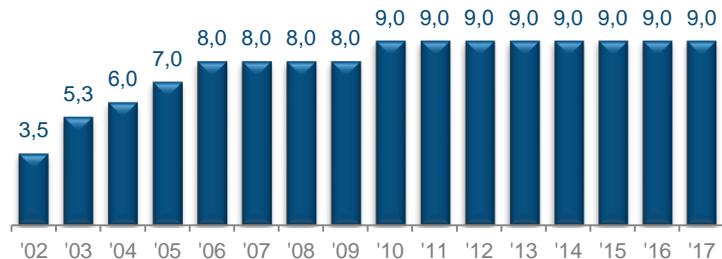
Growing profitability in last 5y (%)



Maintaining always a sound Debt/Ebitda (x)



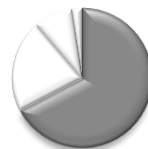
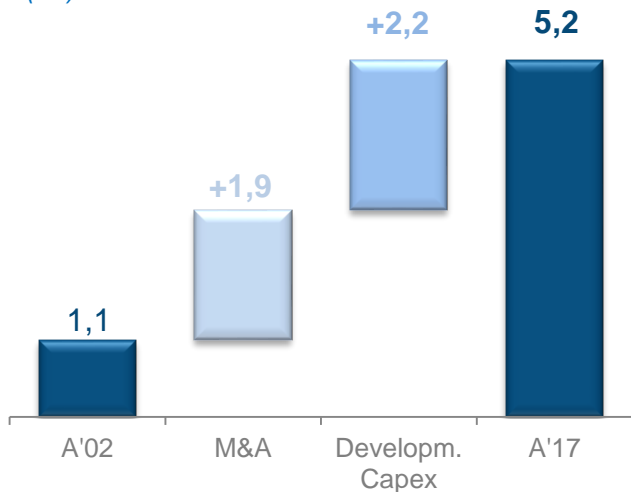
Always delivering a progressing DPS (c€, yield%)



Constantly growing although turbulent period

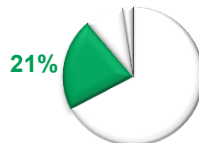
Our infrastructures

Net invested capital growth (B€)



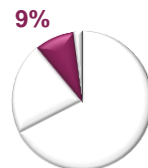
NETWORKS

- ~3.3 b€ regulated RAB
- More than 60,000 km of networks and 3.5 people served
- Most efficient water networks in Italy



WASTE

- 92 treatment plants
- 10 WTEs (20% of Italian market share)
- Largest platform in Italy (leading circularity)



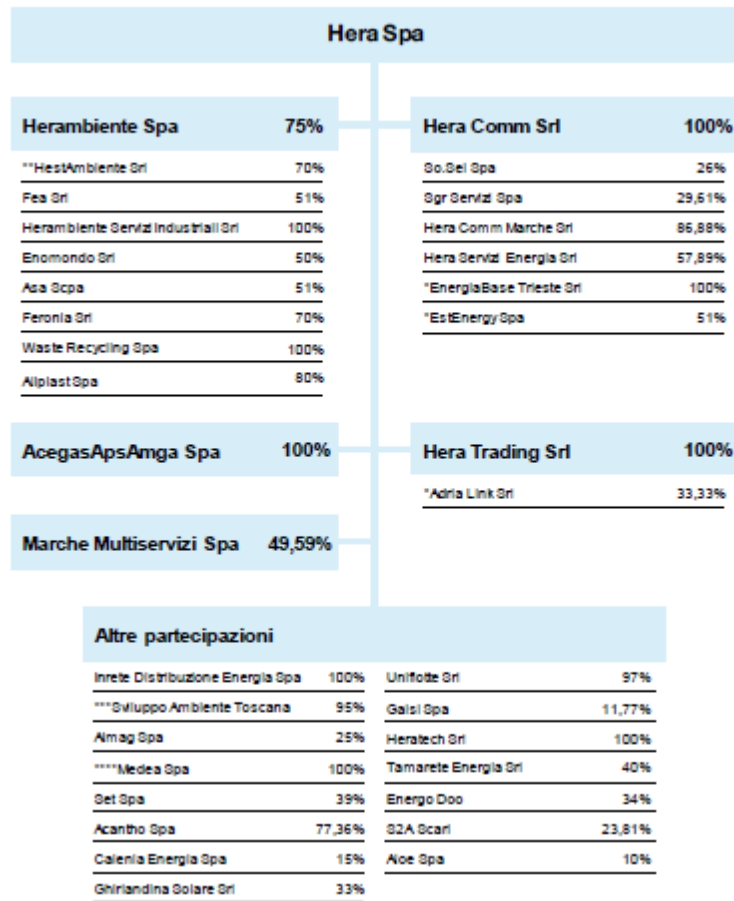
ENERGY

- ~2.4 million customers served
- Limited presence on power generation
- Customer base is largest Hera 'intangible'

Solid and efficient infrastructures

Our Group Structure

- **Hera SpA** is the Industrial Holding floated on the Italian Stock Exchange (reuters ticker: HRA.MI) mainly engaged in Water business and Waste collection (**regulated businesses**) in **Emilia-Romagna region**. InRete (engaged in regulated gas and electricity distribution businesses in Emilia-Romagna) is held by 100%.
- The Group includes 2 industrial holding engaged mainly in regulated activities focused in different geographical regions:
 - **AcegasApsAmga** is focused on Network businesses and waste collection (regulated activities) in Triveneto regions
 - **Marche Multi-servizi** is focused on Network businesses and waste collection (regulated activities) in Marche region
- **HerAmbiente SpA** is concentrating the Waste Treatment business (25% held by 3i) which is a liberalised business
- **HeraComm** and **Hera Trading** are focused on sales and trading of commodities which are liberalised businesses



Committed management on CSV (beyond CSR)

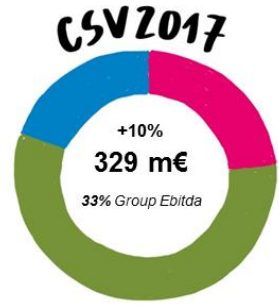
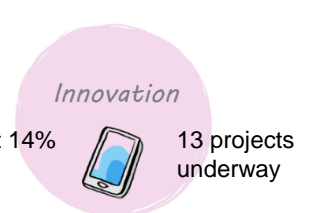
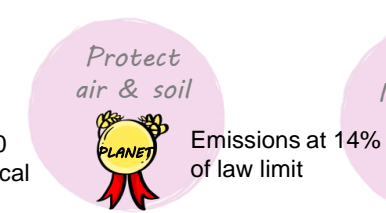
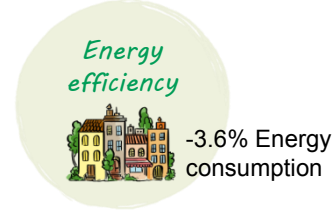
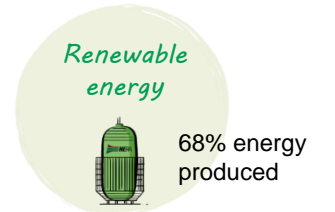
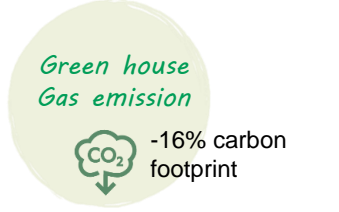
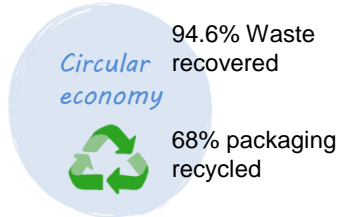
Smart use of energy



Sustainable use of resources

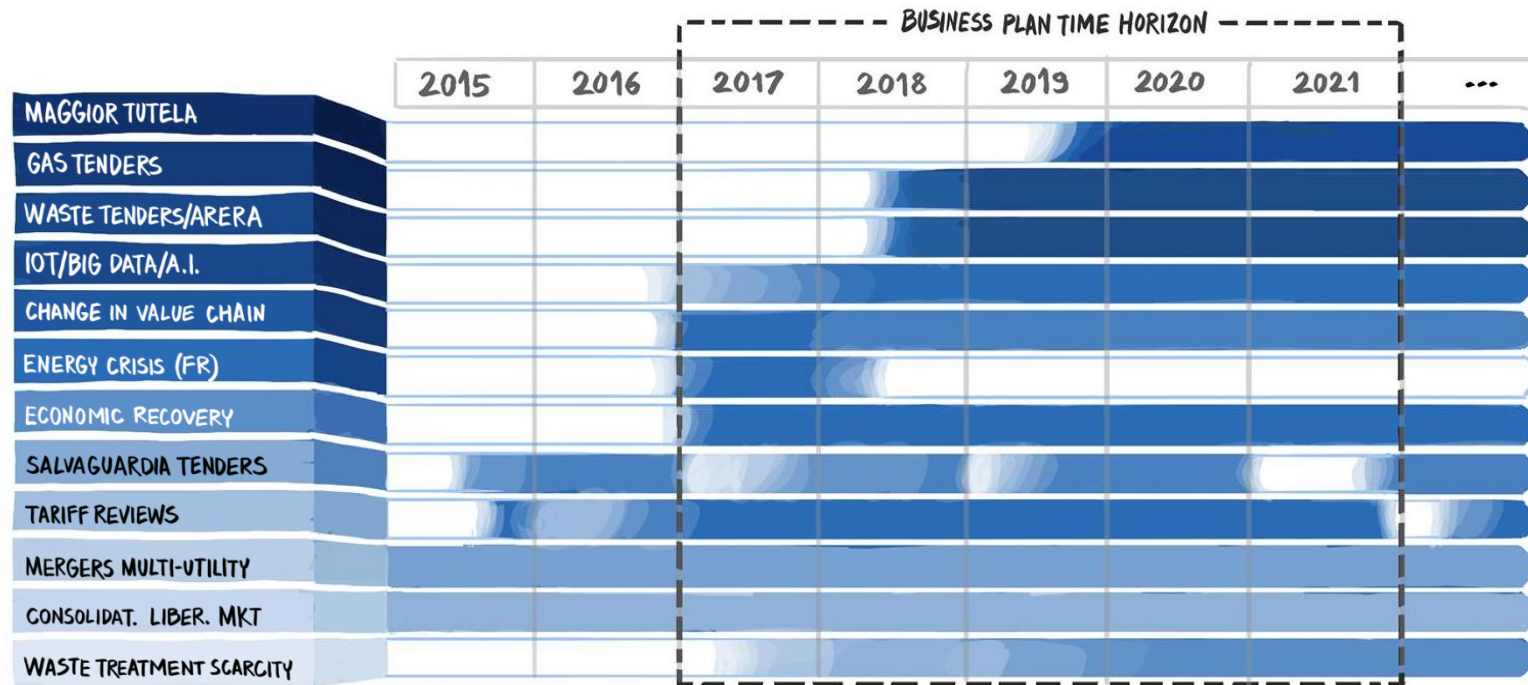


Innovation & G...local development



100% of white collar's variable rem. linked to KPIs

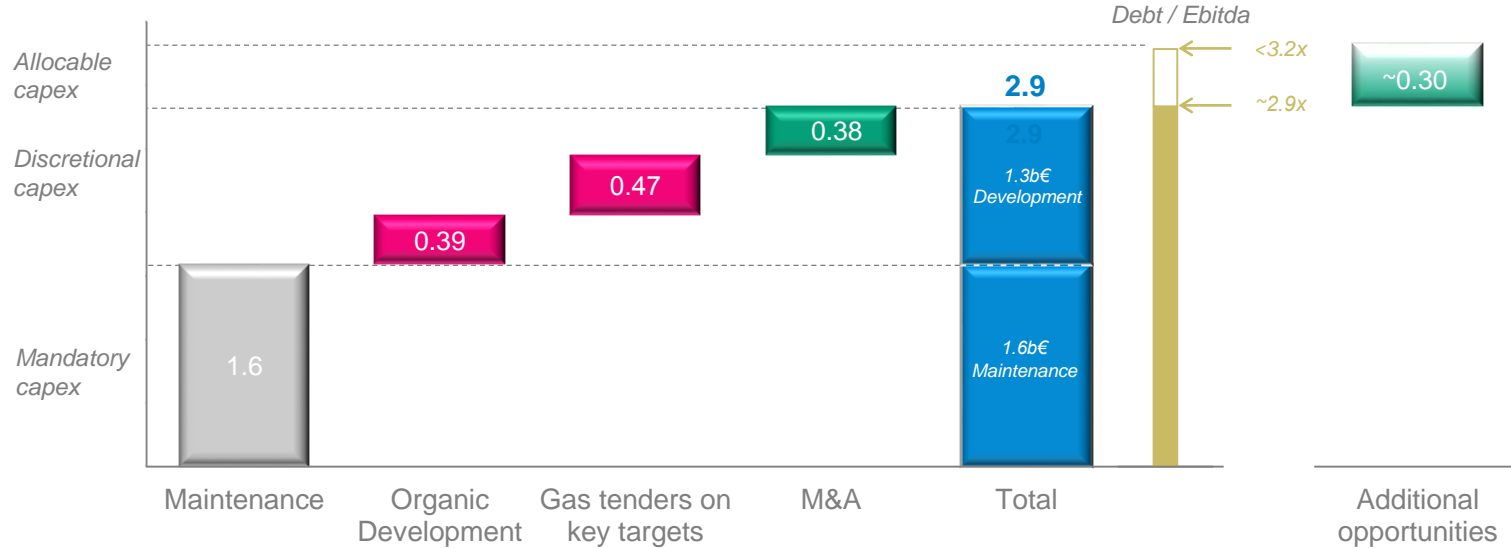
Scenario of next future



A high concentration of opportunities

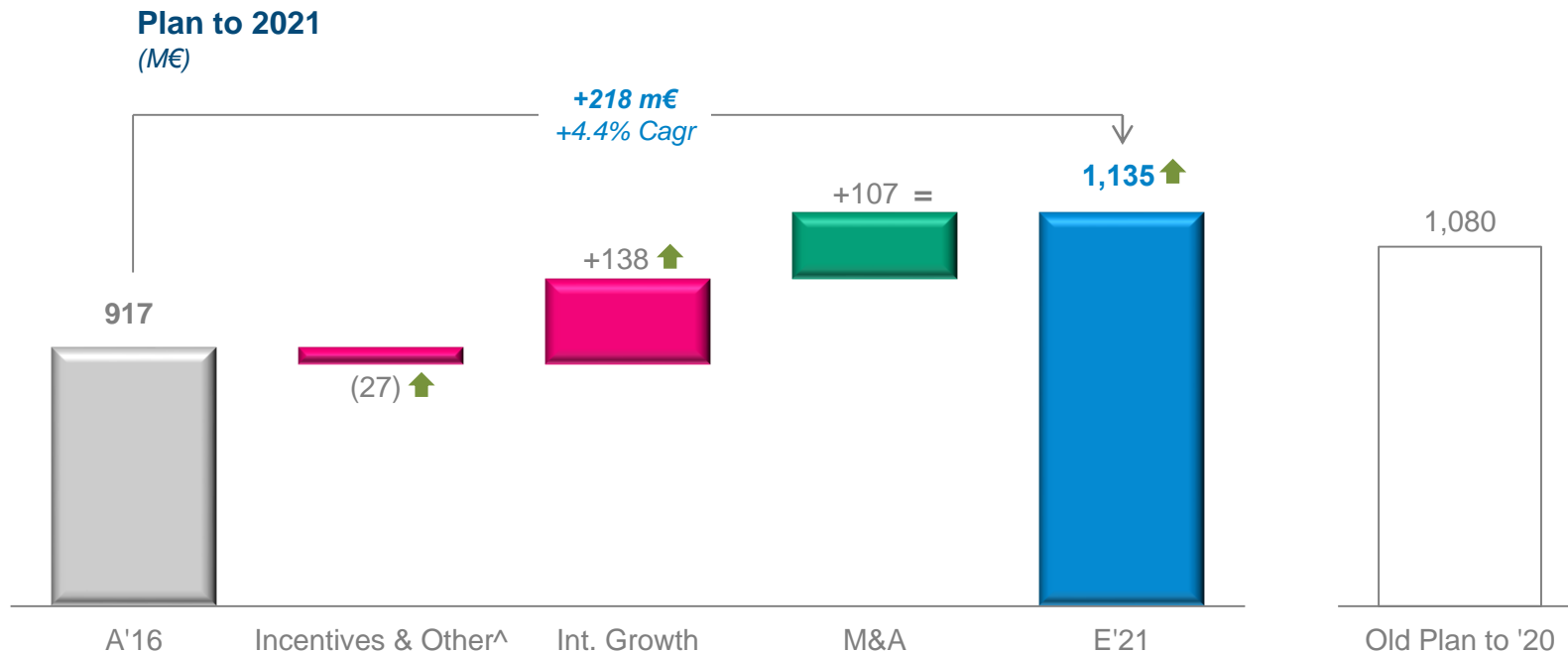
Our capital allocation: 2.9 b€ in '17-'21 plan

5 years capex plan by destination (B€)



+62% increase vs capex of last 5 years

2021 Ebitda target



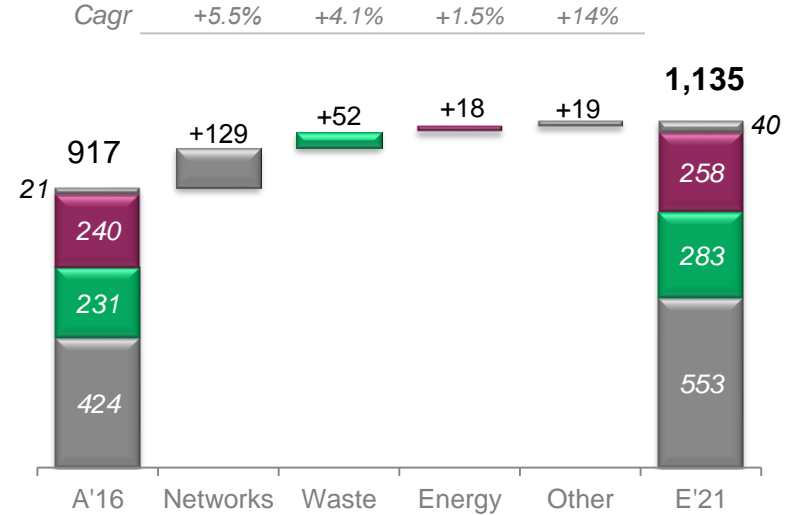
Balanced growth contribution

Business plan target to 2021

Ebitda growth to 2020
(M€)



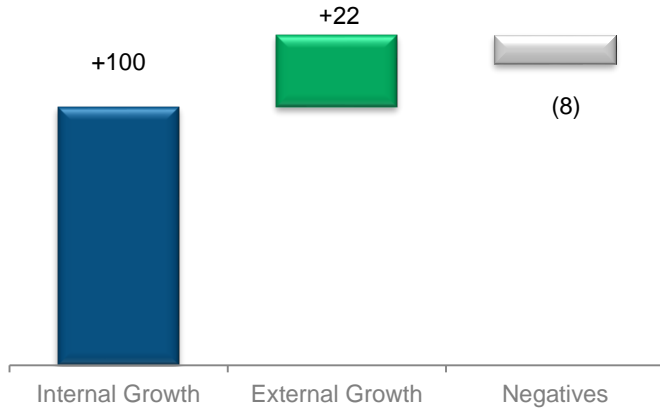
Ebitda growth by ASA
(M€)



Further growth ahead

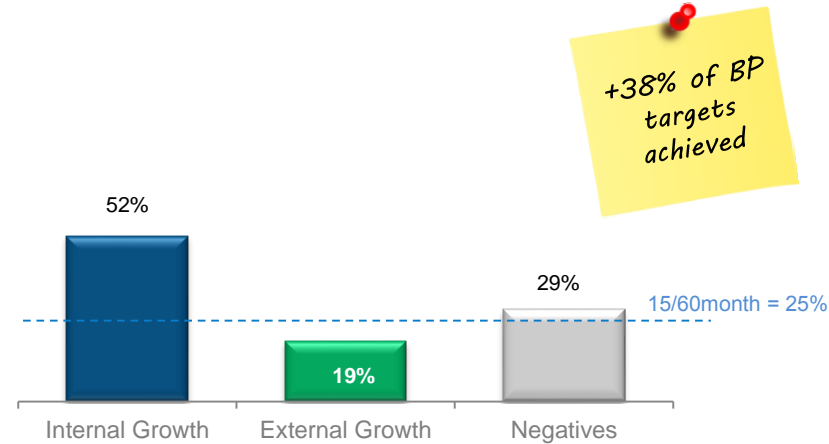
Plan Execution in 18 months (25% of plan time horizon)

First BP 18 months Ebitda growth drivers
(M€)



+84m€

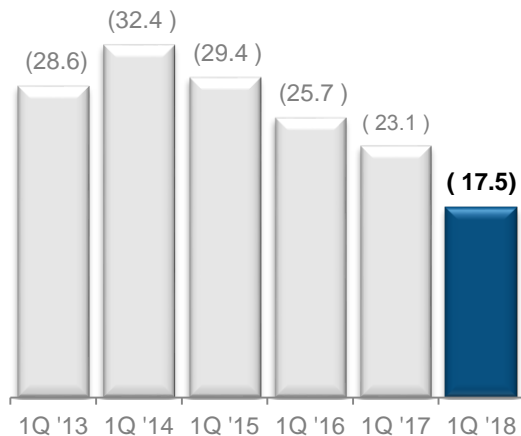
38% growth target achieved in 25% of time horizon
(%)



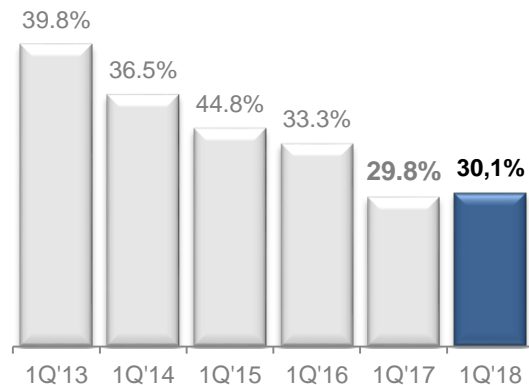
Well on track

Enhanced both financial and tax profile

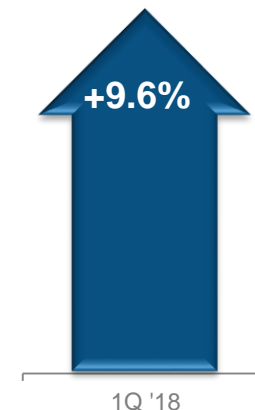
Financial (expenses)/income
(M€)



Tax rate
(%)



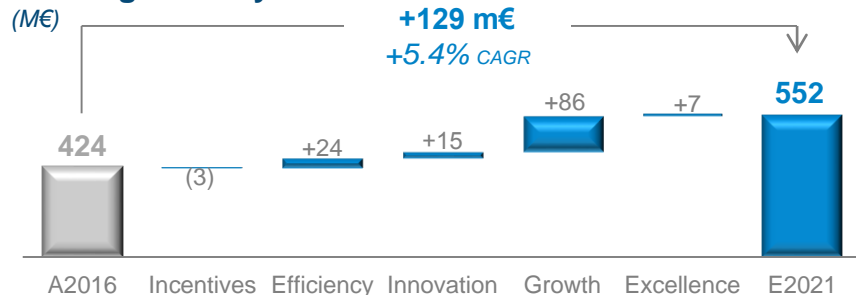
1Q 2018 Net profit growth
(%)



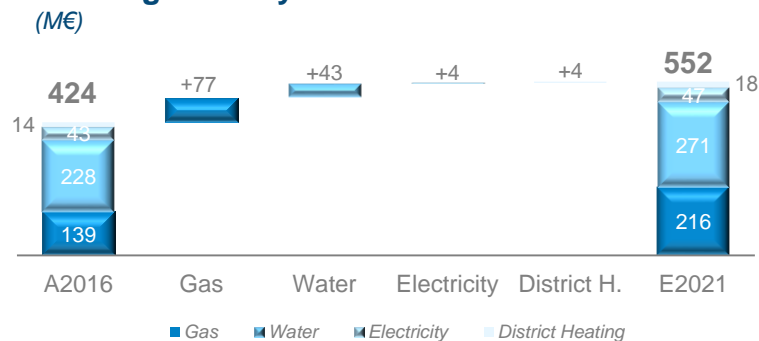
Persistent net profit growth

Networks: targets to 2021

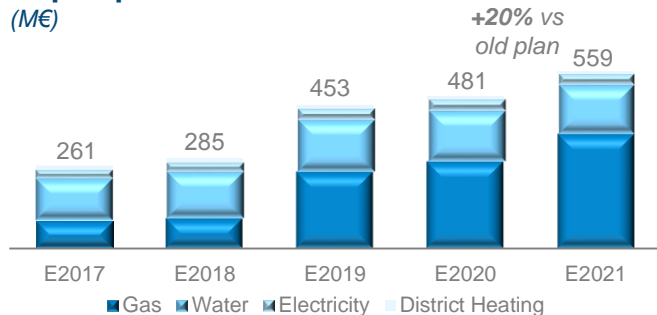
Ebitda growth by levers



Ebitda growth by business



Capex plan '17-'21: 2.0 b€



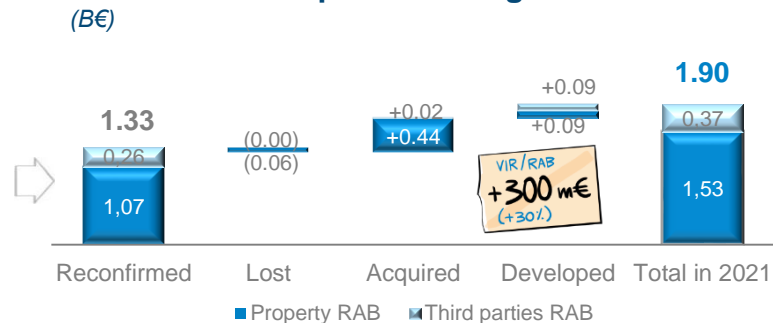
Total RAB ~+760 m€

Electricity RAB ~+30 m€

Water RAB ~+160 m€

Gas RAB ~+570 m€

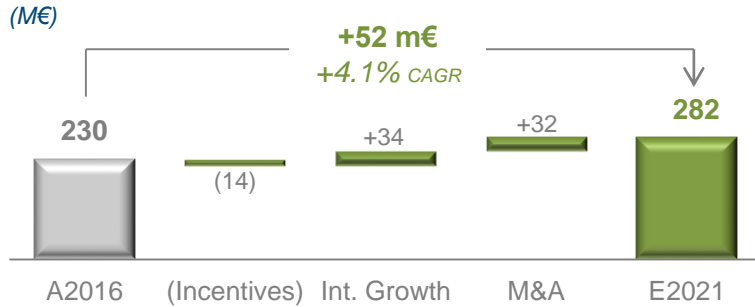
Gas RAB development through tenders*



Stable and visible returns are a solid platform

Waste: targets to 2021

Ebitda Growth

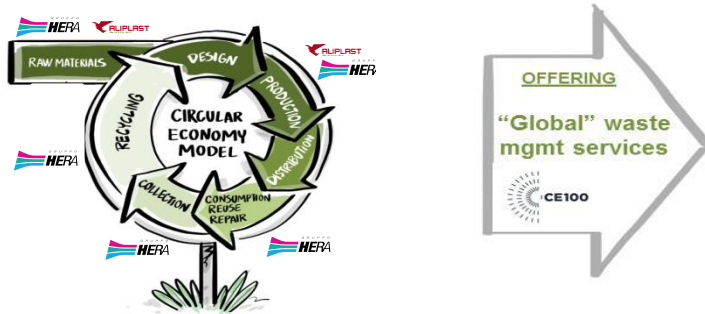


Capex plan '17-'21: 0.6 b€*

(M€)

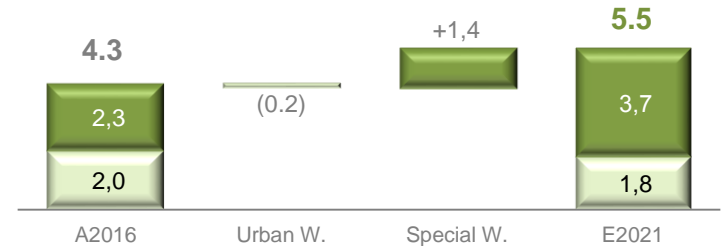


“Our” circular waste mgmt



E2021 treatment volumes from third parties

(Mtons)

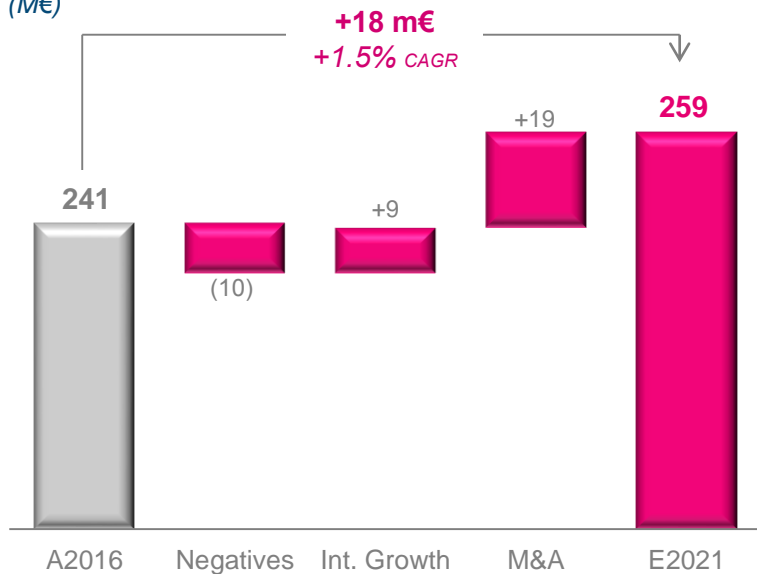


Balanced growth drivers from existing platform & M&A

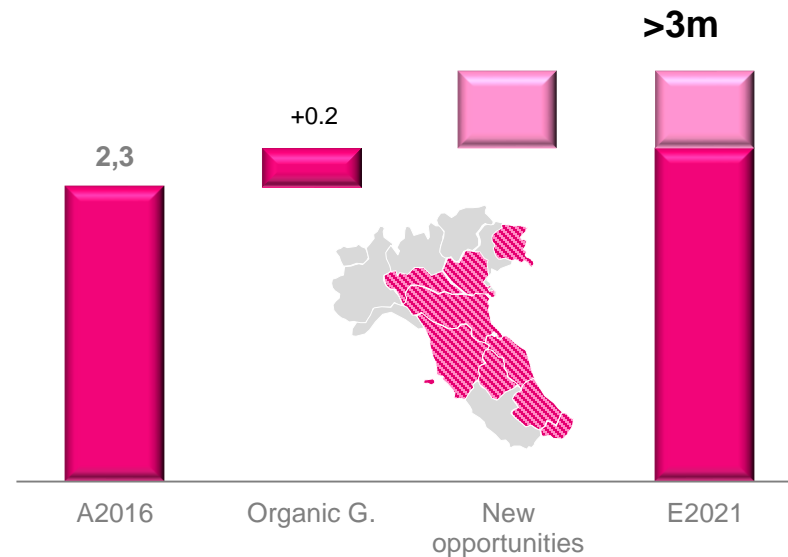
* Include cash acquisition of Aliplast

ENERGY: targets to 2021

Ebitda Growth
(M€)



Customer base evolution
(M clients)



All levers at work to continue expansion

From CSR to Creating Shared Value

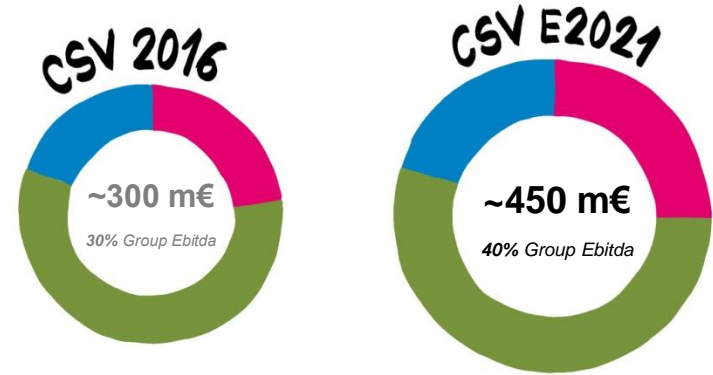
Intelligent use of energy



Efficient use of resources



Innovation & Territorial development

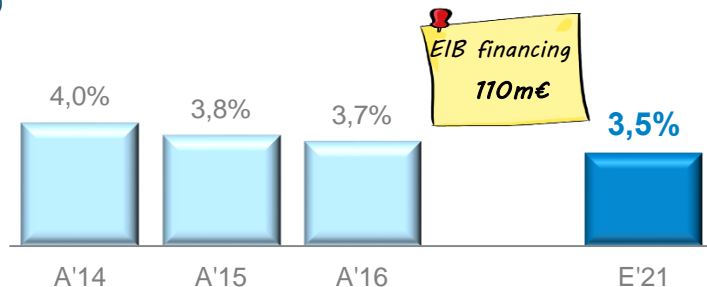


2/3rd of growth to 2021 comes from shared value

2021 financial targets

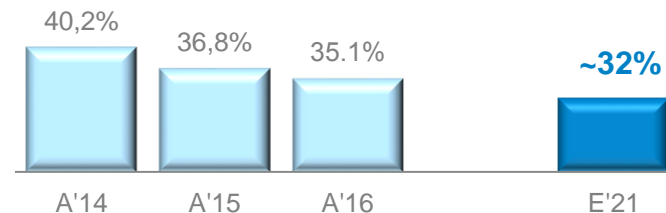
Cost of Debt

(%)



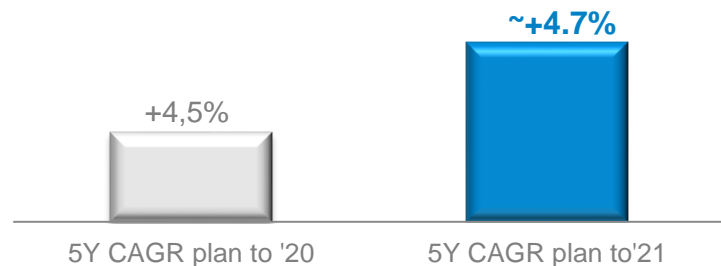
Tax rate

(%)



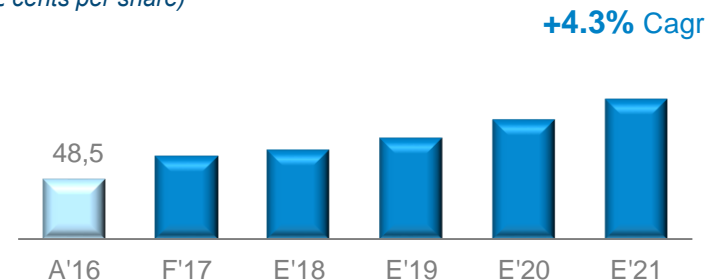
EPS 5Y CAGR

(CAGR %)



Cash Flow per share

(€ cents per share)

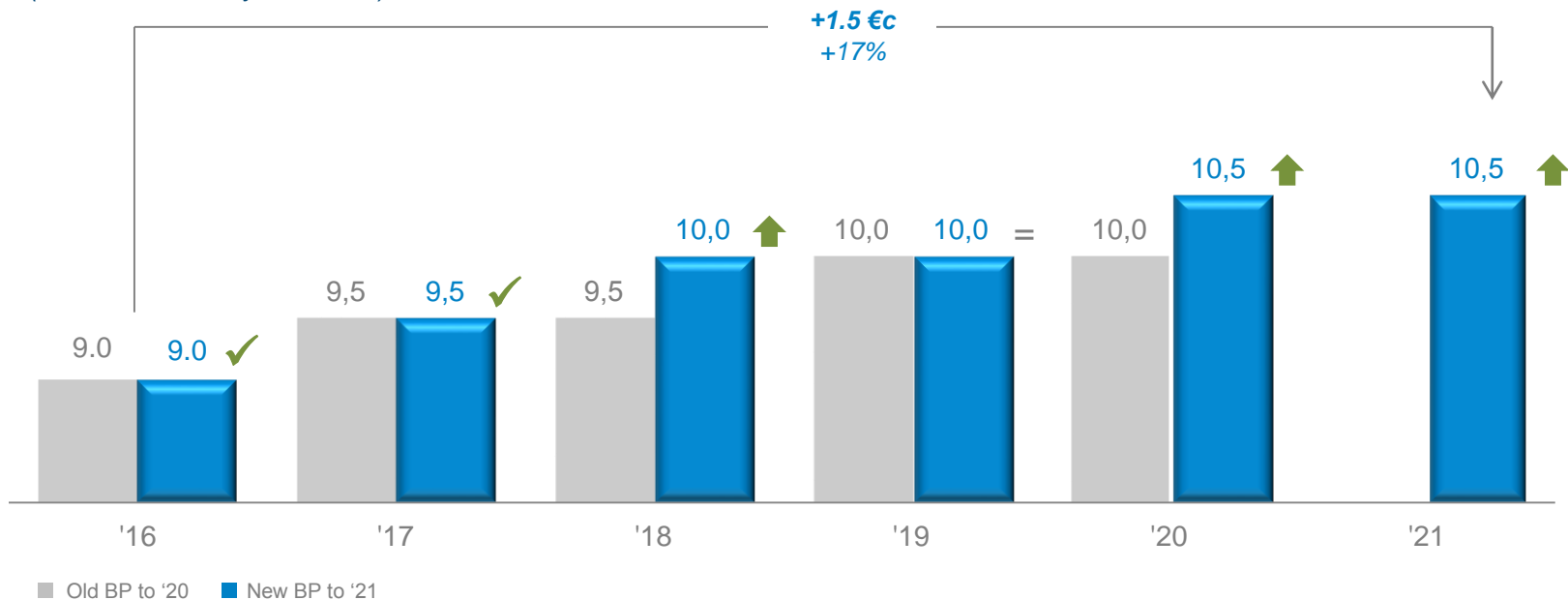


Enhancing EPS and cash flows per share

Dividend policy uprise

DPS

(€c matured in the year/incr. %)



Pay out above 60% throughout BP period

Closing remarks



Growing **efficiency & cash generation** underpin further **expansion** and **dividend increase**



Maintaining a **low risk profile**



Enhancing **quality** of assets through **innovation**



Circular economy approach further enhanced

Aiming at increasing returns

Annex

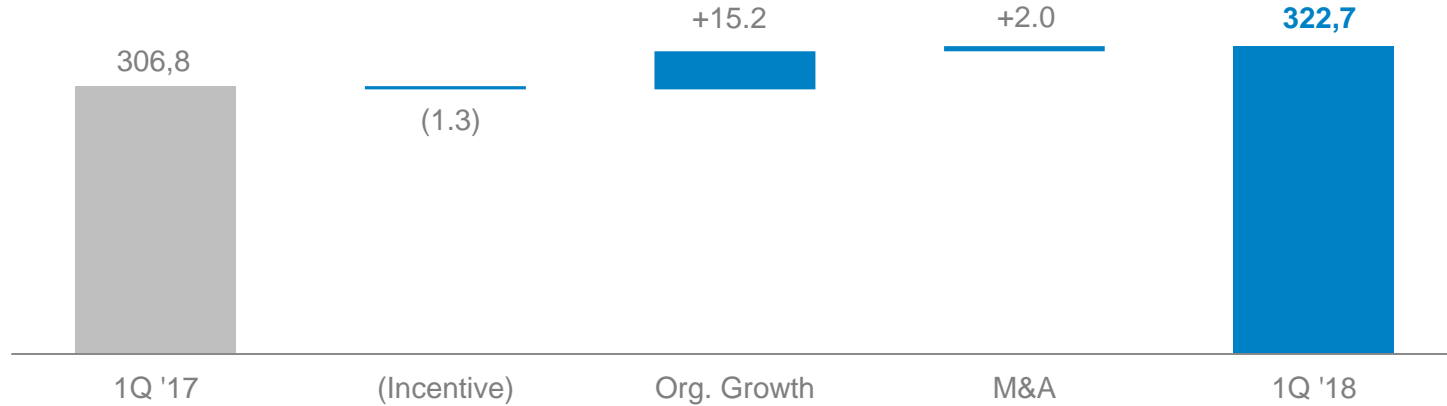
- **BP '17-'21**
- **A'17 Results**
- **Q1'17 Results**



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Tel.+39 051 287737

Q1 2018 EBITDA growth drivers

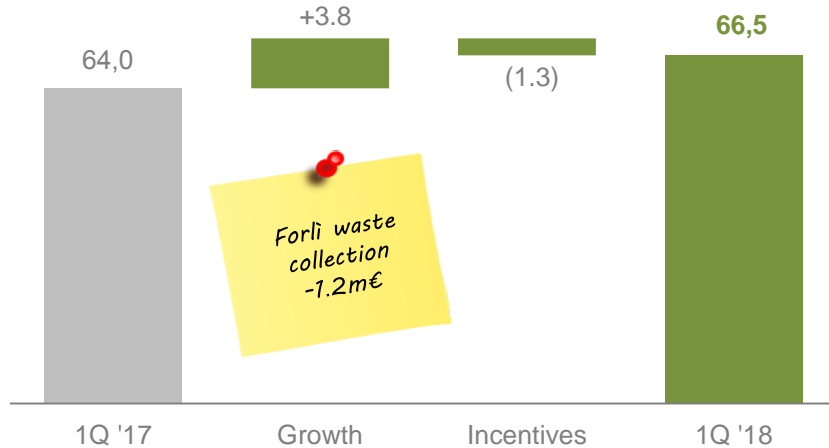
Ebitda growth drivers
(M€)



All Strategic areas show growth

1Q WASTE: prosecuting growth

1Q Ebitda growth (M€)



Bio-methane plant construction on schedule

Time schedule 2018

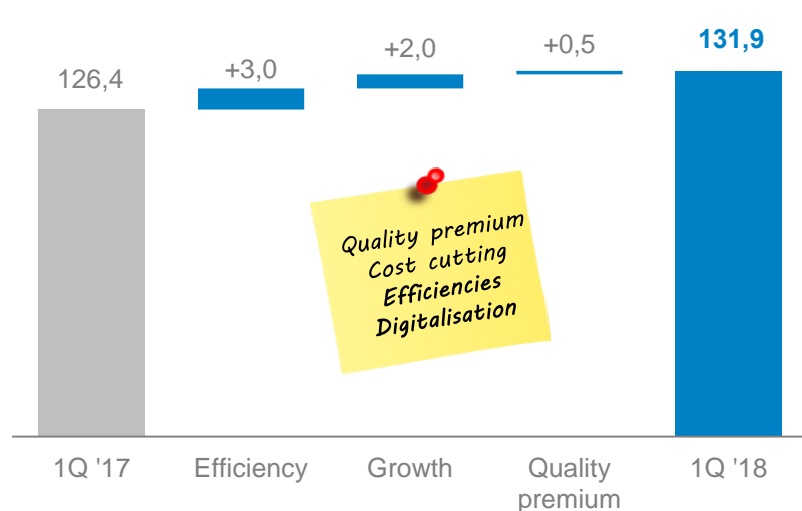


KPIs	Annual basis
Ebitda	6 m€
Capacity	135k tons
Methane gas	7.5 mcm

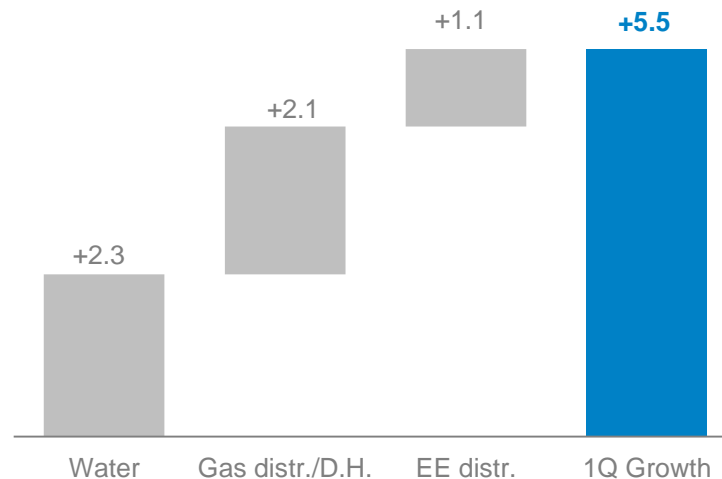
Strengthening circularity

1Q NETWORKS: tariffs and cost savings progressing

1Q Ebitda growth drivers
(M€)



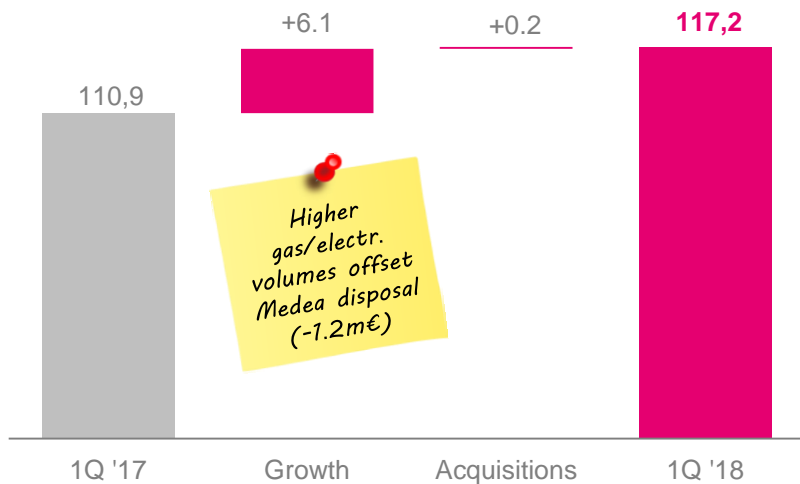
1Q Ebitda Growth breakdown
(M€)



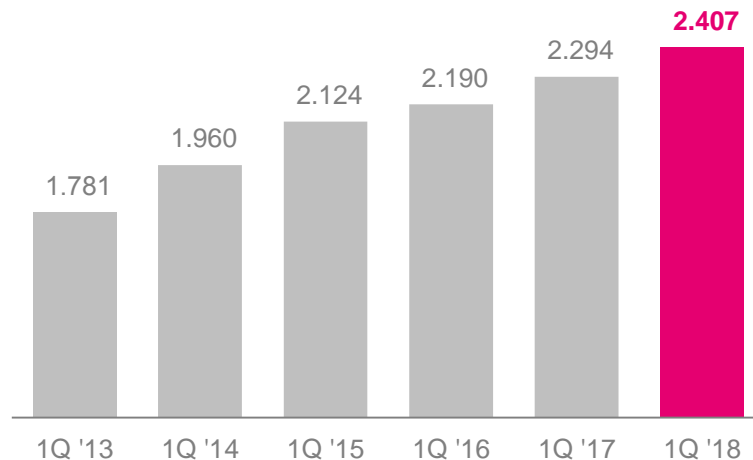
Innovation contributed to growth

1Q ENERGY: cold winter underpin growth

1Q Ebitda growth drivers
(M€)



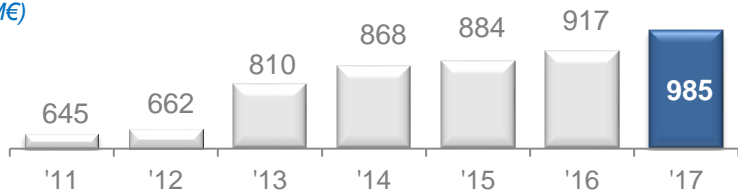
Customer base 5Y CAGR: +6.2%



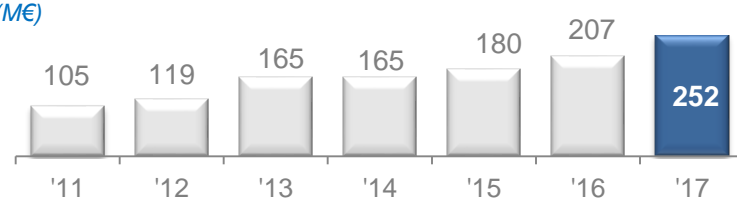
Growing our intangible asset

FY 2017: All drivers at work to maintain our “un-interrupted” growth

EBITDA growth at +7.3% CAGR
(M€)



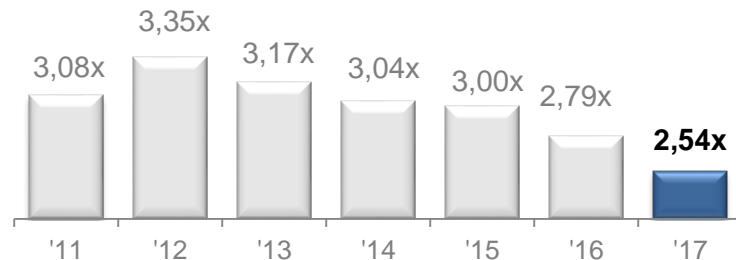
Net profit growth at +14.7% CAGR
(M€)



M&A track record: 13 deals since '11

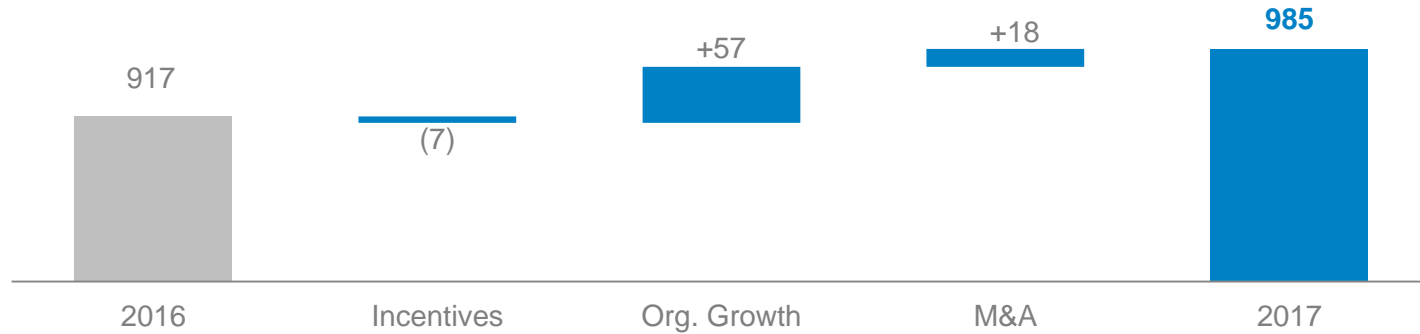
Multi-utility / Reg.	Energy sales	Waste treatm.
Acegas Aps ('13)	Sadori ('11)	Energonut ('12)
Est Reti Elettriche ('13)	Alento Gas ('15)	Geo Nova ('15)
Isontina Reti Gas ('14)	Julia Servizi ('16)	Waste Recycling ('15)
Amga ('14)	Gran Sasso ('16)	Aliplast + Teseco ('17)
	Verducci Serv. ('17)	
	Gran sasso ('17)	
	Sangro+Gorizia ('17)	

DEBT/EBITDA enhanced
(x)



Sizeably outperforming expectations on '17Y

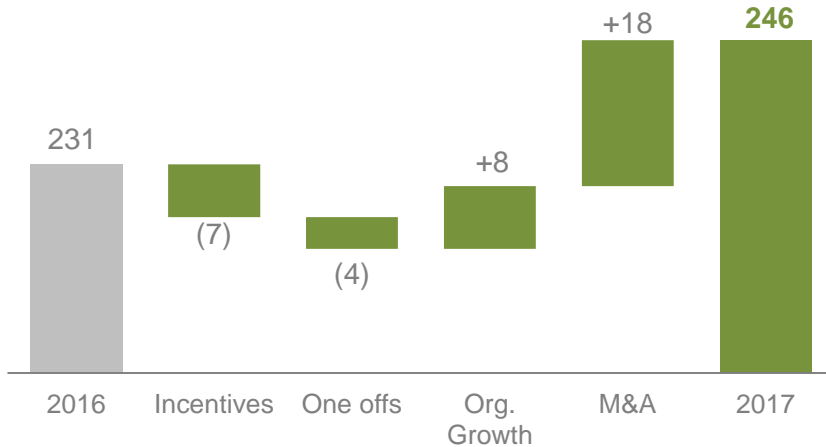
Y2017 EBITDA growth drivers



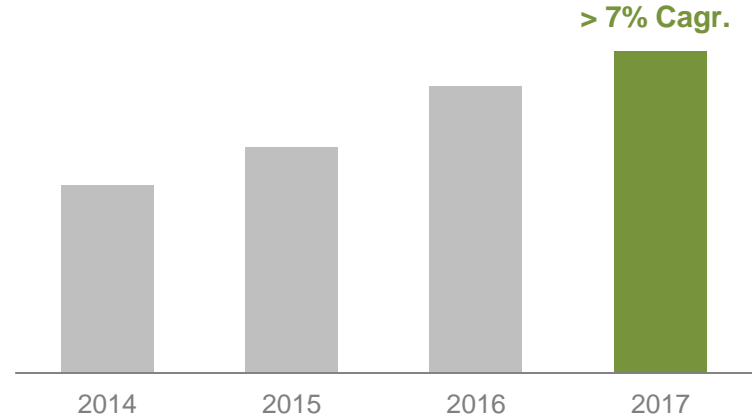
More in everything

2017 WASTE: growing demand, higher results

Ebitda growth drivers
(M€)



Special waste price trend
(%, dry waste)

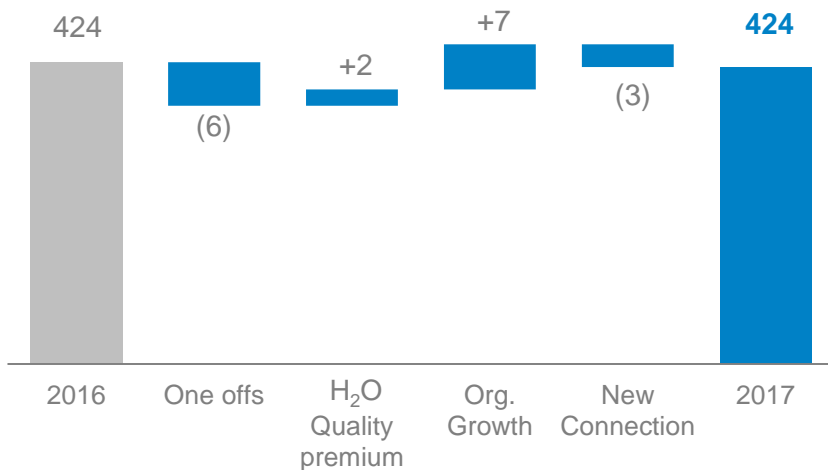


Bio-methane plant on stream in Q4 18

2017 NETWORKS: quality pays

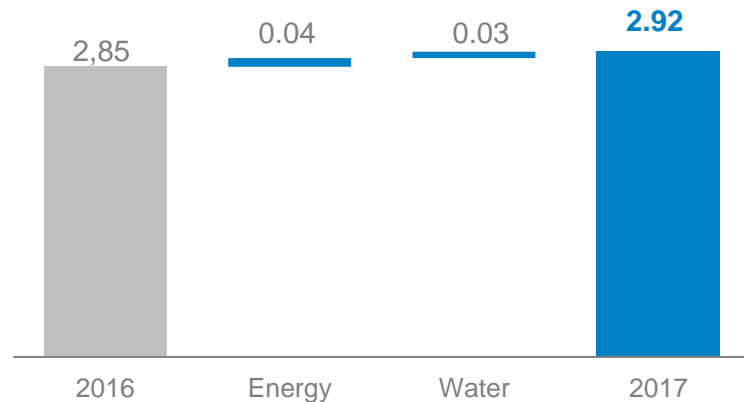
Ebitda growth drivers

(M€)



RAB breakdown

(B€)



Resilient in the period

2017 ENERGY: lighting up growth

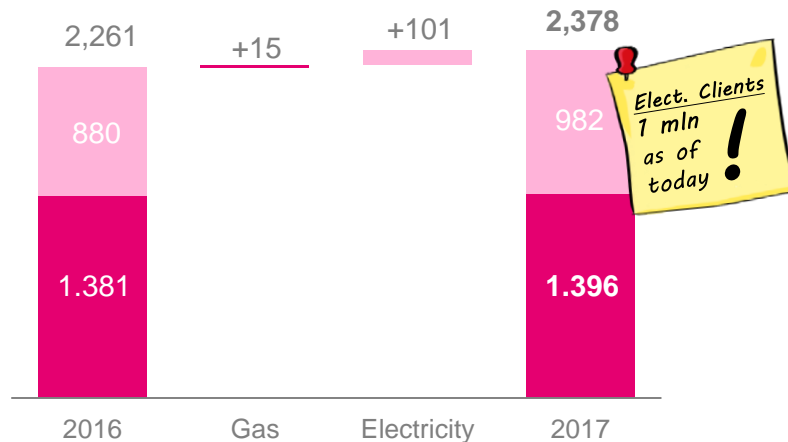
Ebitda growth drivers

(M€)



Customer base growth

(K unit)

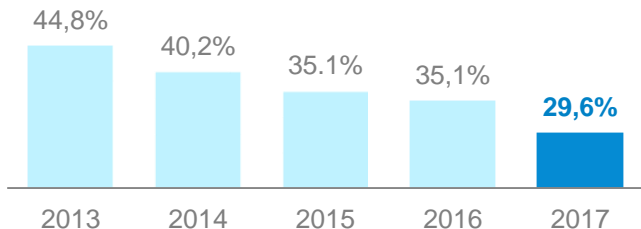


Safeguarded clients underpin results

2017 Growth even below Ebitda

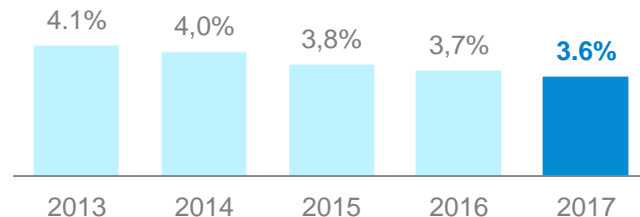
Tax rate

(%)



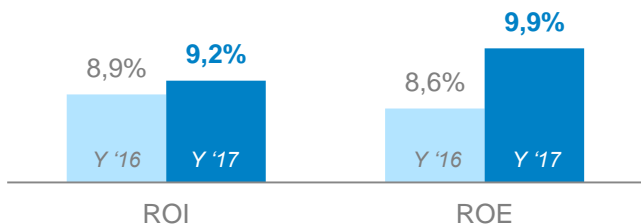
Cost of Debt

(%)



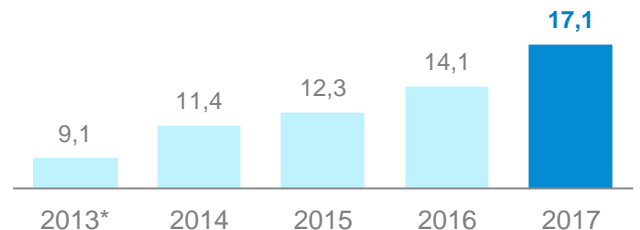
ROI & ROE

(%)



EPS

(c€)

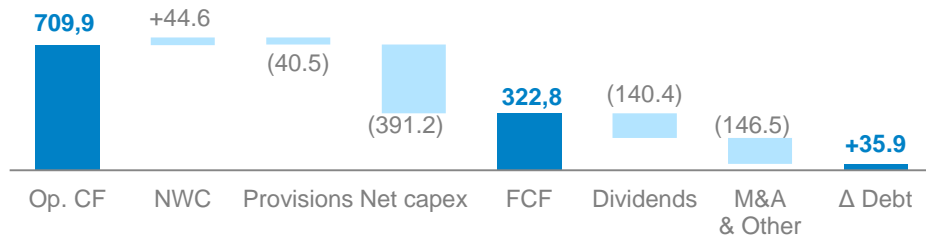


Continuing to pursue all optimization potentials

2017 Cash flow: un-interrupted improvements

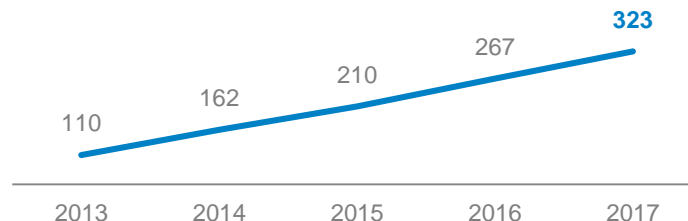
2017 Cash Flow

(M€)



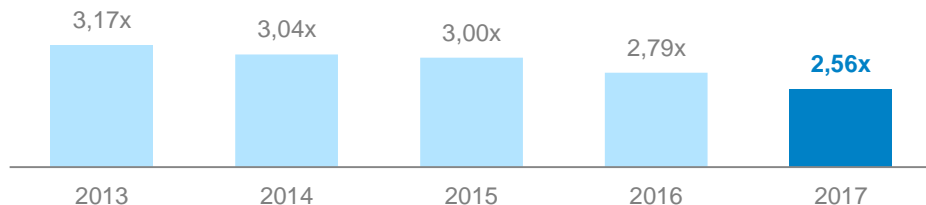
5 year FCF: +31% Cagr

(M€)



5 year Debt/Ebitda

(x)

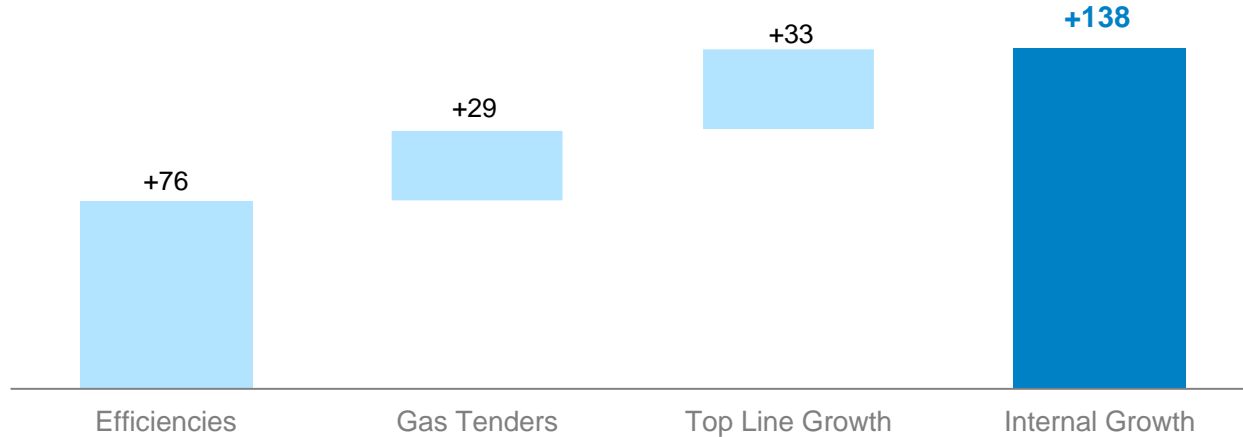


- NWC benefits from enhanced macro scenario and more effective collection procedures (>12 month old receivables of energy retail below 1%)
- Duration above 7 years
- Interest rates: 86% fixed, 14% variable

S&P's changed outlook to Positive

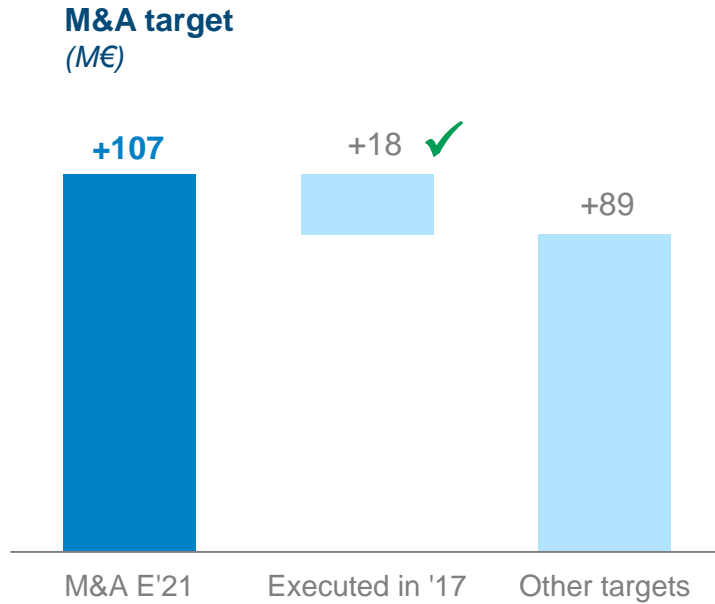
Internal Growth to 2021: +138 m€

2021 Internal Growth target by levers
(M€)

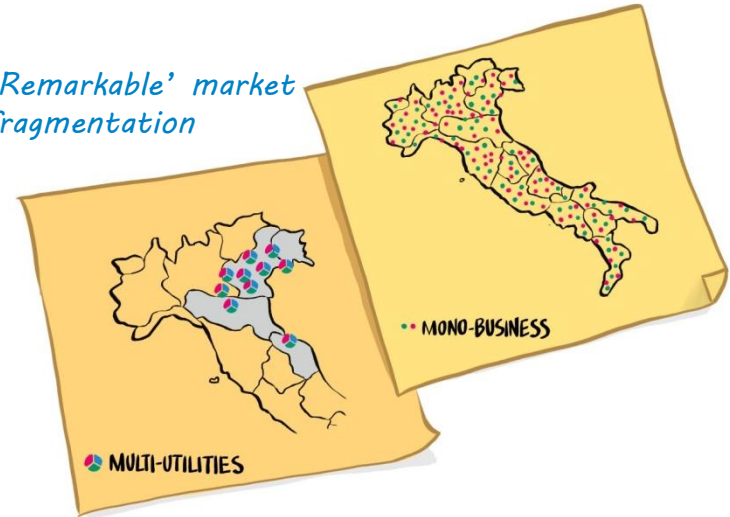


Wide range of levers to grow organically

External growth drivers to 2021: M&A of +107 m€



'Remarkable' market fragmentation



Focused on strengthening business position