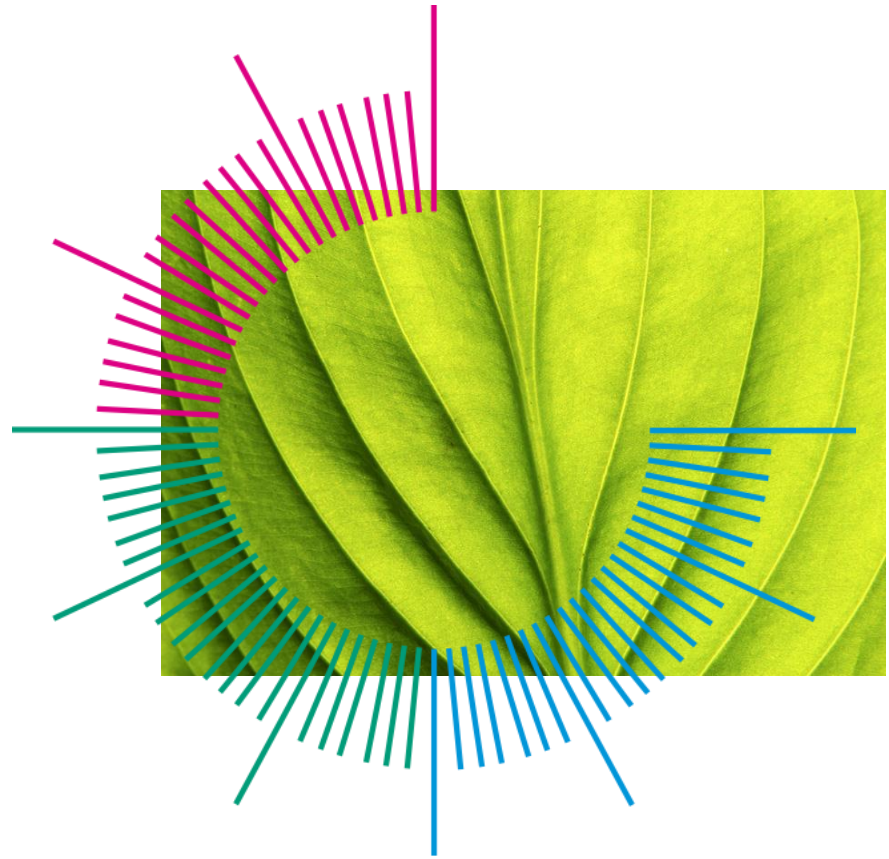


HERA GROUP Investment Case SUSTAINABILITY DAY

“Growth focused
on ‘Shared value’”



A quick update



12 MONTHS HIGHLIGHTS INCLUDE SUSTAINABLE MILE STONES

Q2 '19

Delivering

- Cosea Ambiente acquisition
- Bio-methane plant full operation
- DPS distribution
- Green Bond issue

Q3 '19

Waste treatment strengthening

- Pistoia landfill acquisition
- Investing of Network resilience to climate change

Q4 '19

Reaching 3.3m Energy clients

- EstEnergy (partnership with Ascopiave) signed
- Widening our "Zero footprint" to 12% of Clients

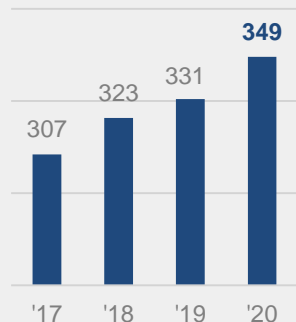
Q1 '20

Growth in all P&L lines

- Covid'19 emergency
- Executives confirms in AGM
- 100% full operations
- Strong commitment towards stakeholders

Green coloured growth path

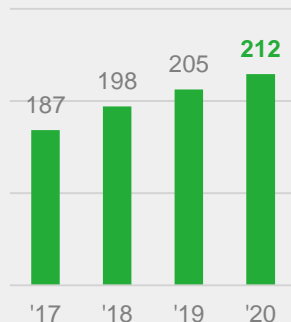
LATEST RESULTS IN A SNAPSHOT: Q1 2020



Ebitda (M€)

+5.6%

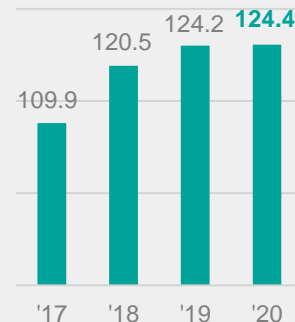
'20/'19



Ebit (M€)

+3.3%

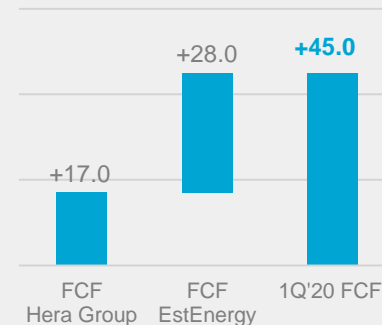
'20/'19



Net Profit (M€)

+0.2%

'20/'19



1Q Free C.F. (M€)

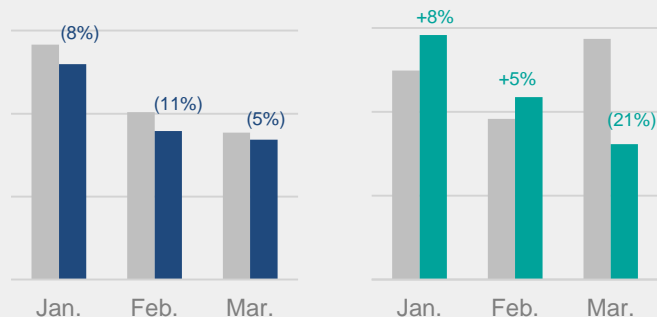
2.44x*

Debt/Ebitda

Resilient growth leveraging upon a solid platform

*Debt/Ebitda exclude figurative debt emerging from Ascopiave deal: Debt/Ebitda, including Ascopiave deal, is 2.93x

COVID '19 and CLIMATE impacts



Gas volumes*

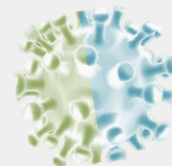
(8%)

Q1 '20/'19

Electricity volumes*

(4%)

Q1 '20/'19



(9.5)

80% in Energy business

70

Better than expected[^]

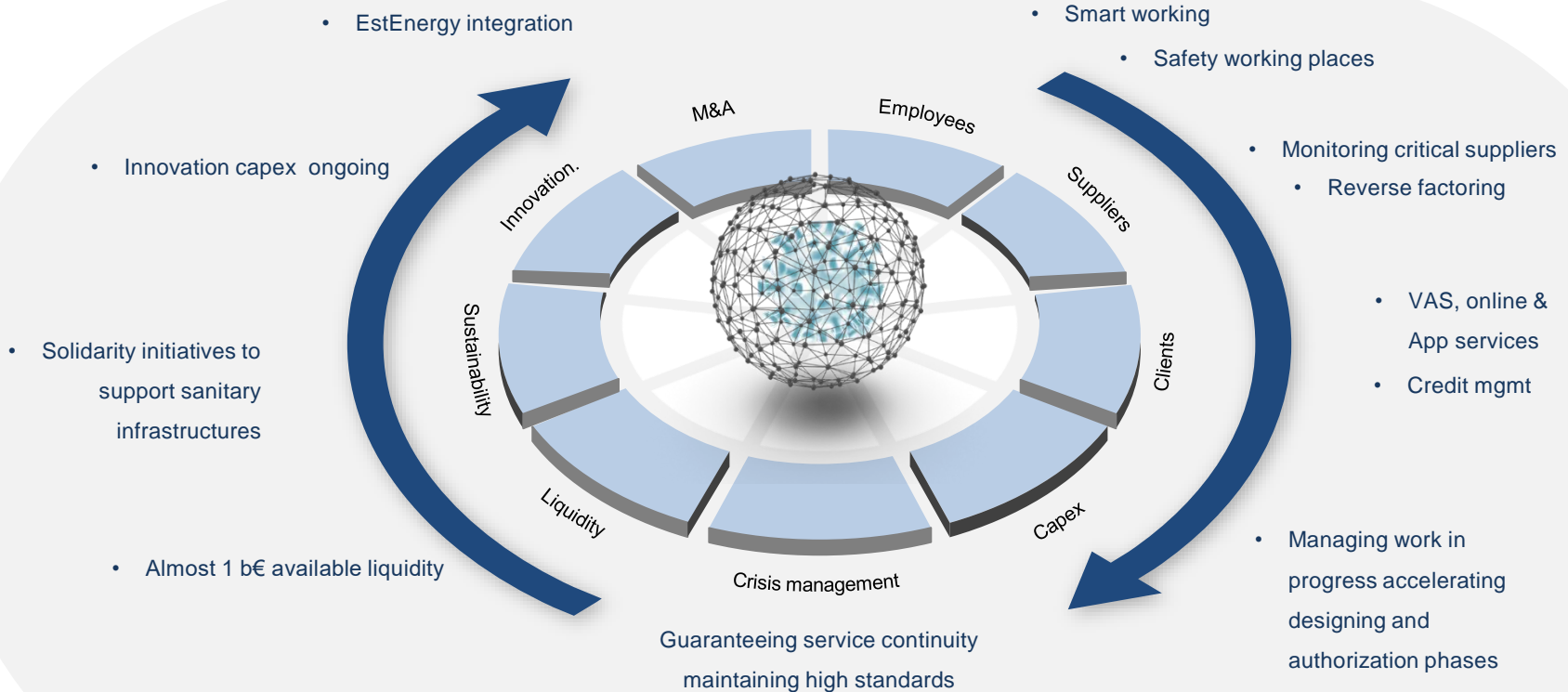
Covid 19 effect
(Q1 Ebitda impact M€)

Financial Impact
(up to date in M€)

Effects mainly related to Energy supply business

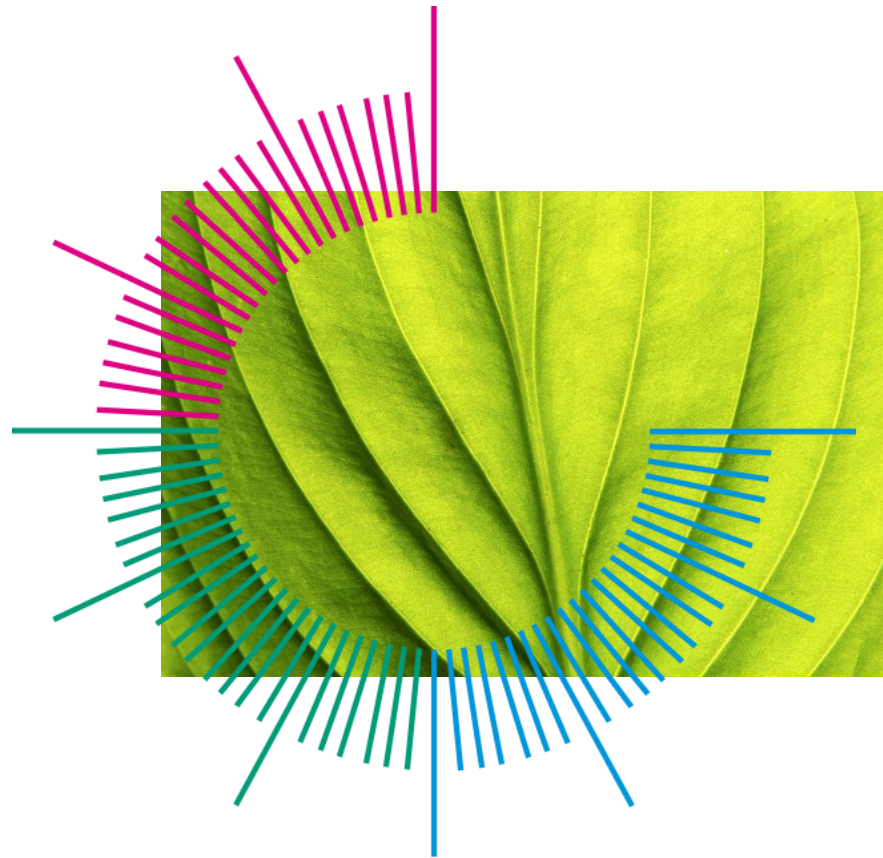
*1Q supply volume excluding change in perimeter
[^] Hera expectations set out in Annual financial report 2019

Facing Covid-19 effects with a multi-stakeholders approach



Proactively contrasting Covid '19 at 360°

Hera Strategy

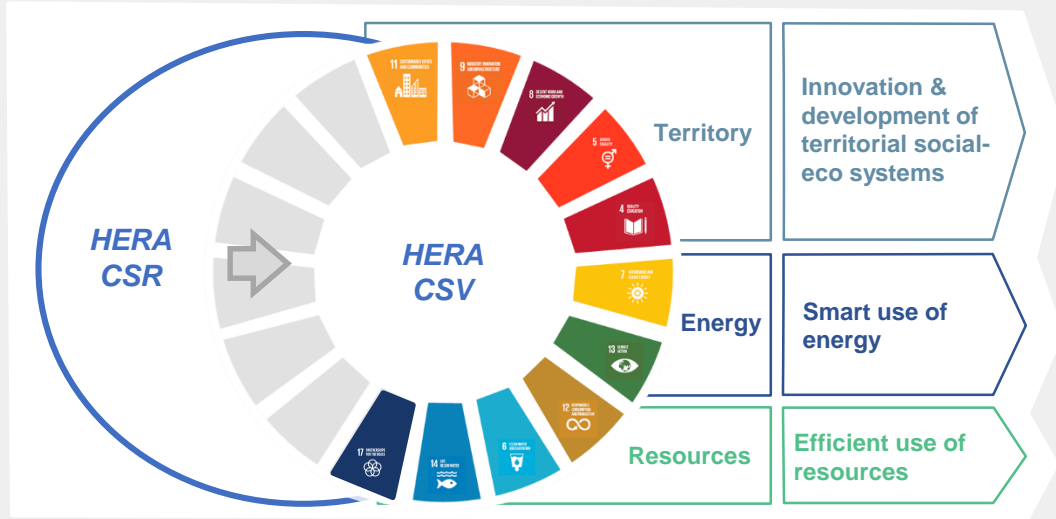


THE CLIMATE IS CHANGING FAST AND OUR PLANET IS SUFFERING

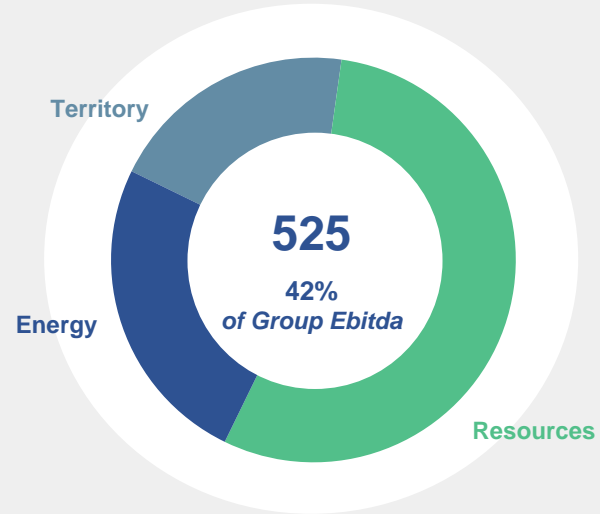


Move from linear to **circular economy** to preserve the planet

CONCRETELY ACTING WITH A CLIMATE CHANGE STRATEGY



Global goals addressed



CSV Ebitda '23
(M €)

70% of Ebitda growth to 2023 enhance CSV

NEW BUSINESS PLAN TO 2023: EBITDA GROWTH & CAPEX



Ebitda growth drivers (m€)

+219 m€

Ebitda growth: CSV share (%)

+155 m€

70% of growth is «Shared »

New capex plan (b€)

30% capex

Devoted to «green» initiatives

Growth perspectives strong focused on “Shared Value”

Sustainable target to 2030

Even more sustainable, maximizing the positive impact we have on all our stakeholders and minimizing our negative impact developing innovative projects



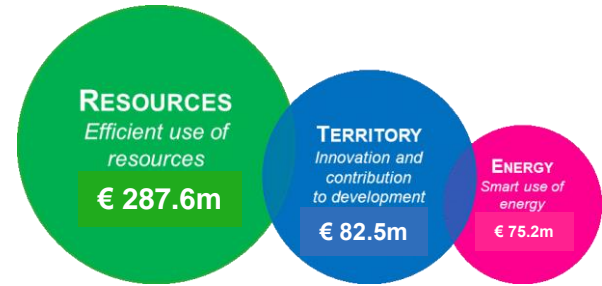
New goals looking beyond the BP horizon

HERA STRATEGY EXECUTION INTO THREE MAIN DRIVERS



REGENERATIVE, RESILIENT, SMART

BUILDING BLOCKS OF SHARED VALUE 2019 EBITDA



€ 423m CSV
(39% of '19 Group Ebitda)

Enhancing CSV in all three dimensions in 2019

ACCOUNTABILITY OF OUR SUSTAINABILITY HIGHLIGHTS STRONG RESILIENCE



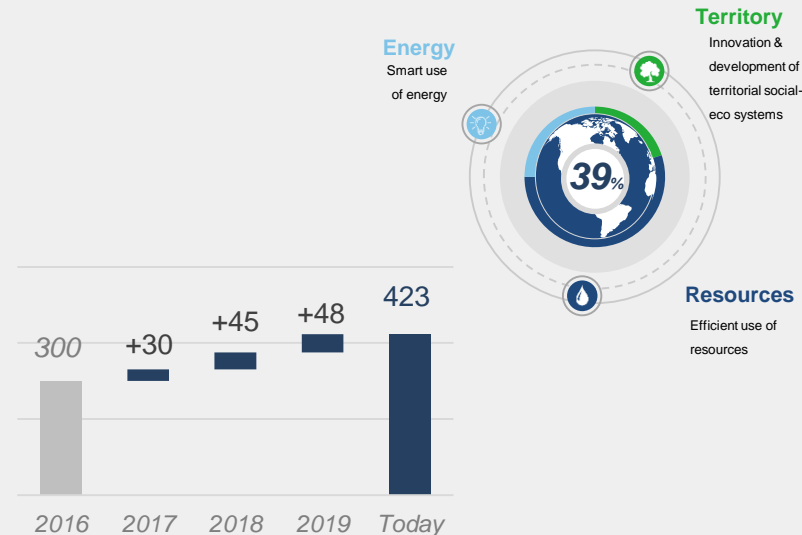
<i>Ebitda Target</i>	
BP 2012-2017:	950 m€
BP 2013-2018:	1,020 m€
BP 2014-2019:	1,030 m€

<i>Actual figures</i>	
985 m€	<i>Outperform</i>
1,031 m€	<i>Outperform</i>
1,085 m€	<i>Outperform</i>

<i>Debt/Ebitda Target</i>	
BP 2012-2017:	2.9x
BP 2013-2018:	2.8x
BP 2014-2019:	2.9x

<i>Actual figures</i>	
2.6x	<i>Outperform</i>
2.5x	<i>Outperform</i>
2.5x*	<i>Outperform</i>

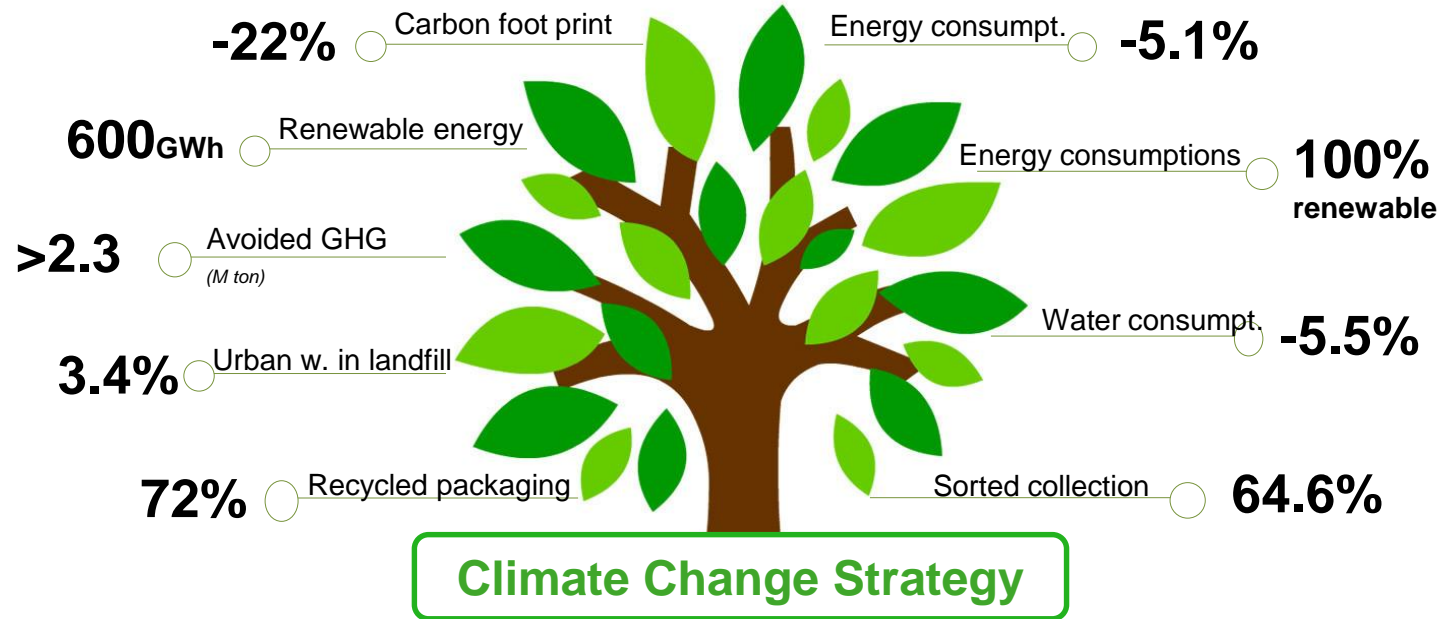
Plan Targets & Achievements



CSV EBITDA: from 33% to 39%
(M€, % on total Group Ebitda)

CONCRETELY ENHANCE “SHARED” VALUE CREATION

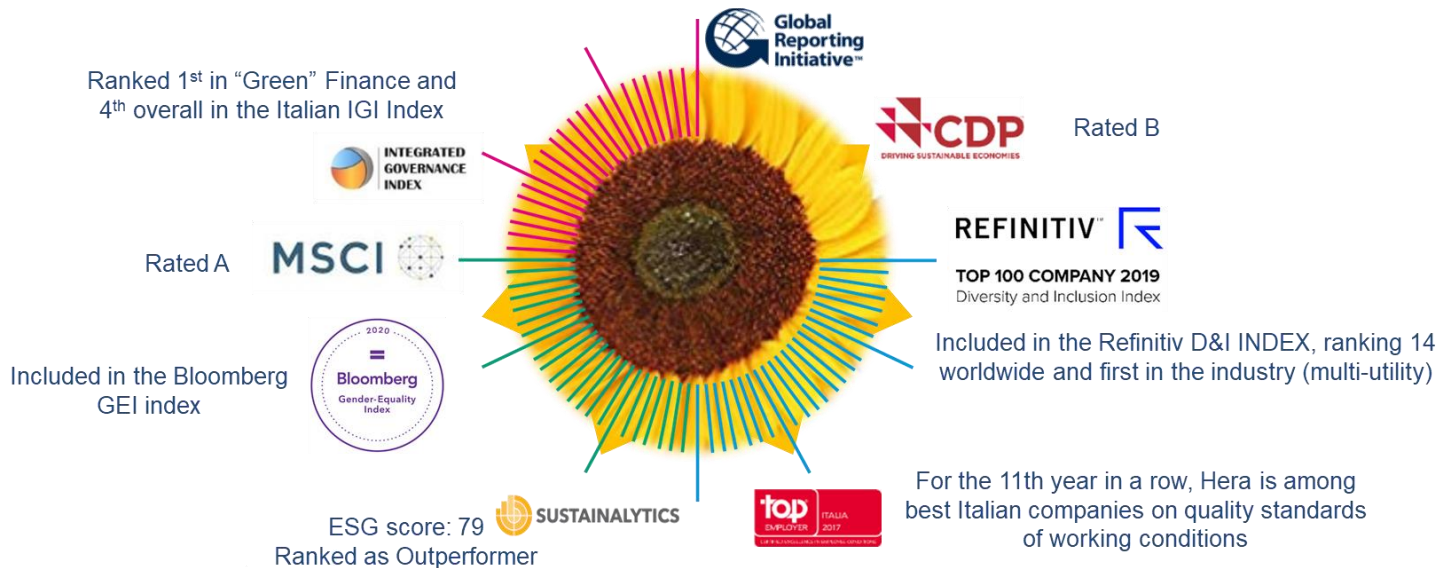
HERA STRATEGY MAIN ACHIEVEMENTS ON KPIS IN 2019



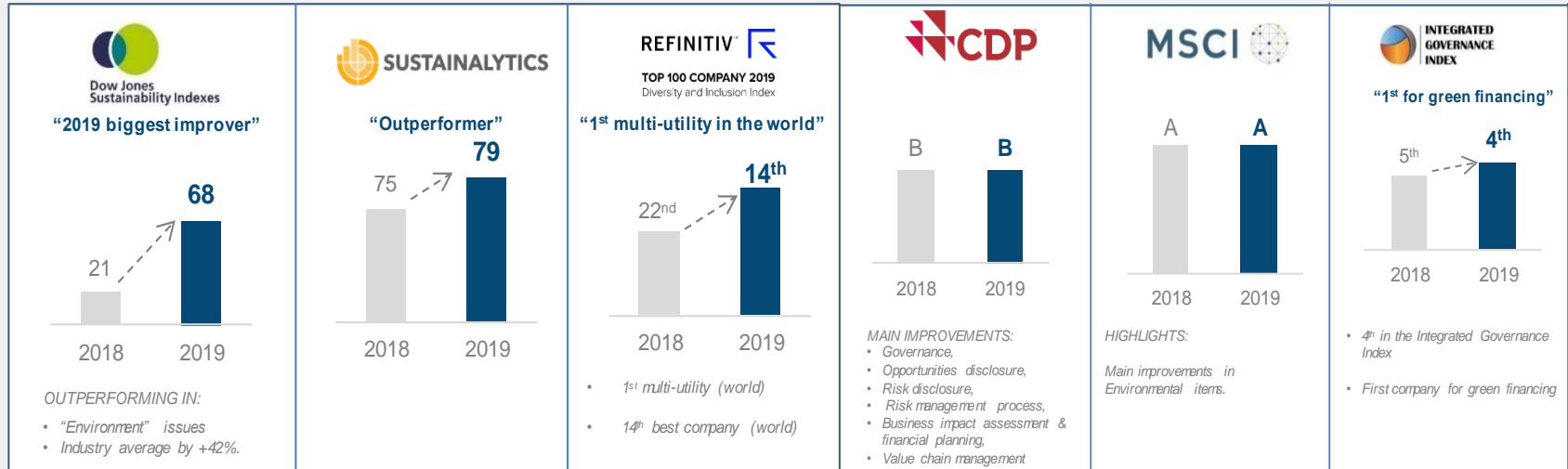
Providing cost efficiency and top line growth

OUR RATING

Published since 2002 and approved by the Board of Directors
It is Verified by a third party (Audirevi) in accordance to international guidelines:
GRI standard (In accordance with Core option)

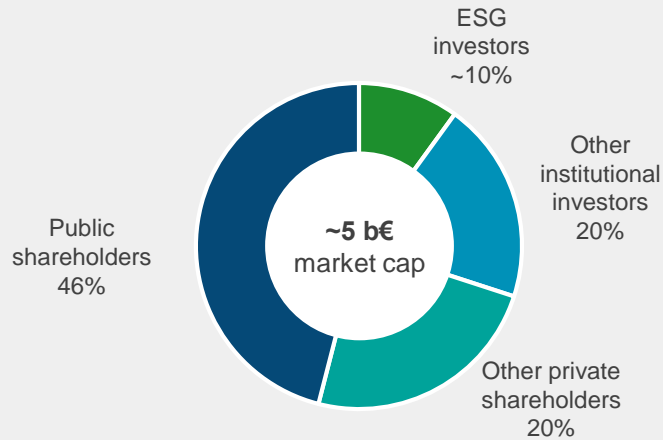


RATING IMPROVEMENT 2019

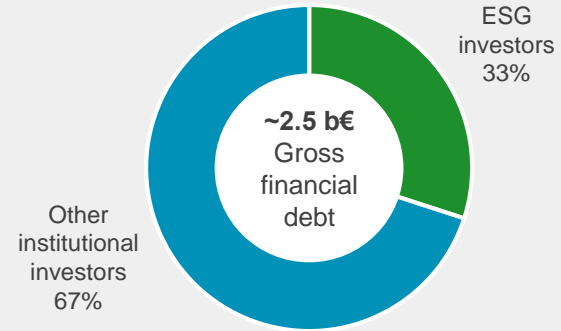


Spending effort to "make it visible"

ESG investors in Hera



Equity investors

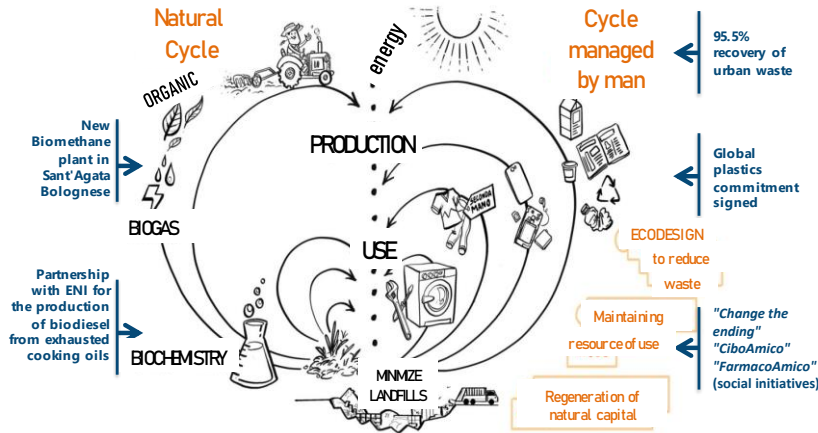


Fixed income investors

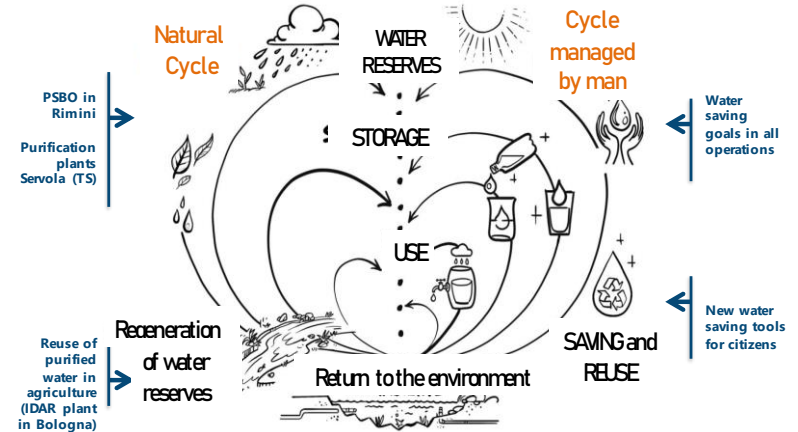
Growing presence of ESG investors

HERA STRATEGY FOCUS ON CIRCULAR ECONOMY MODELS

Circularity applied to the environmental sector

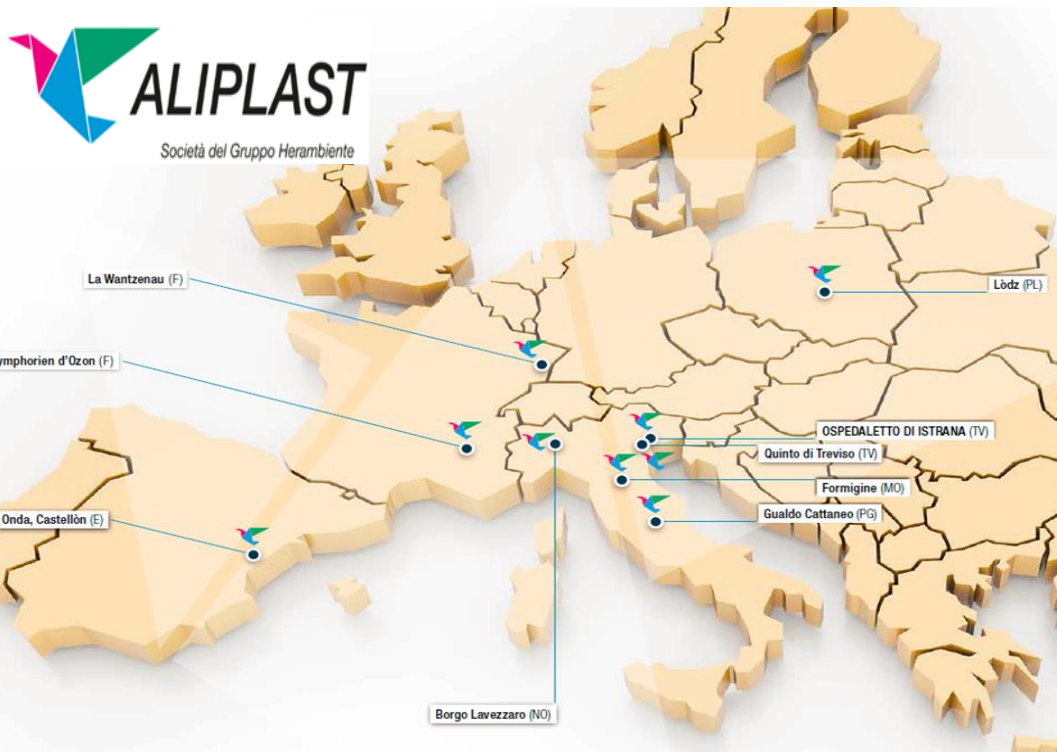


Circularity applied to the water sector



Aiming at eliminating environmental impact of activities

1ST CONCRETE EXAMPLE: ALIPLAST GROUP LEADER IN PLASTIC RECYCLING



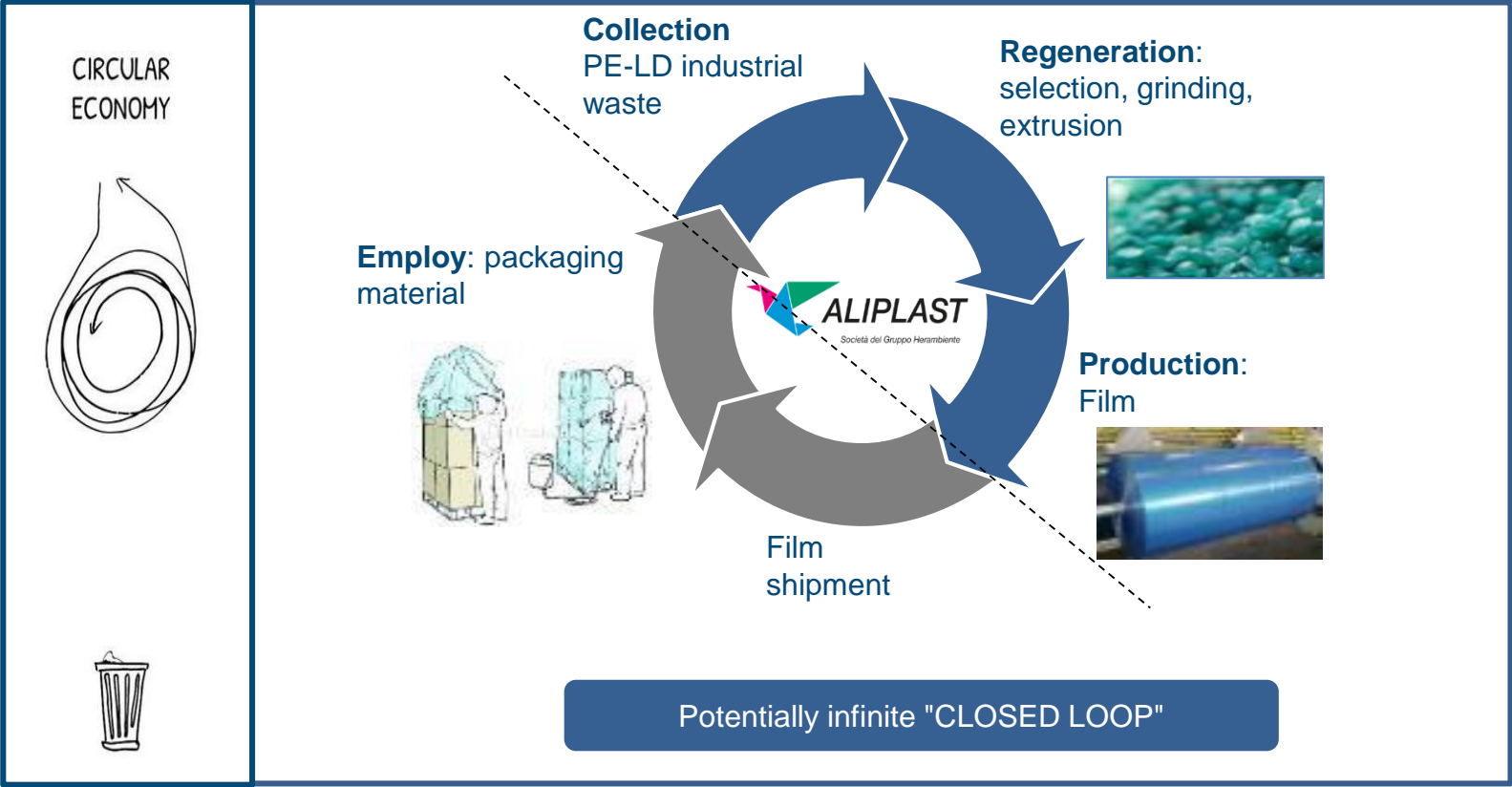
>90% 
Of the incoming plastic processed each year

90.100 t 
Of incoming plastic, processed each year

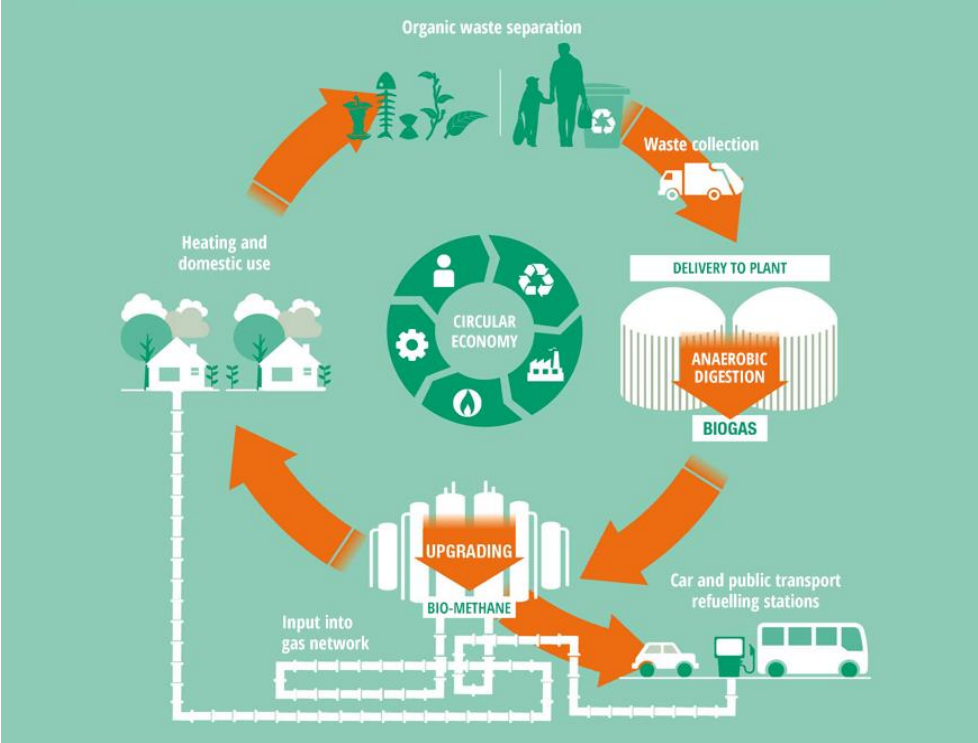
80.400 t 
Outgoing finished products/regenerated
Polymers each year, including PE film,
PET sheets and granules/flakes

>1000  
customers

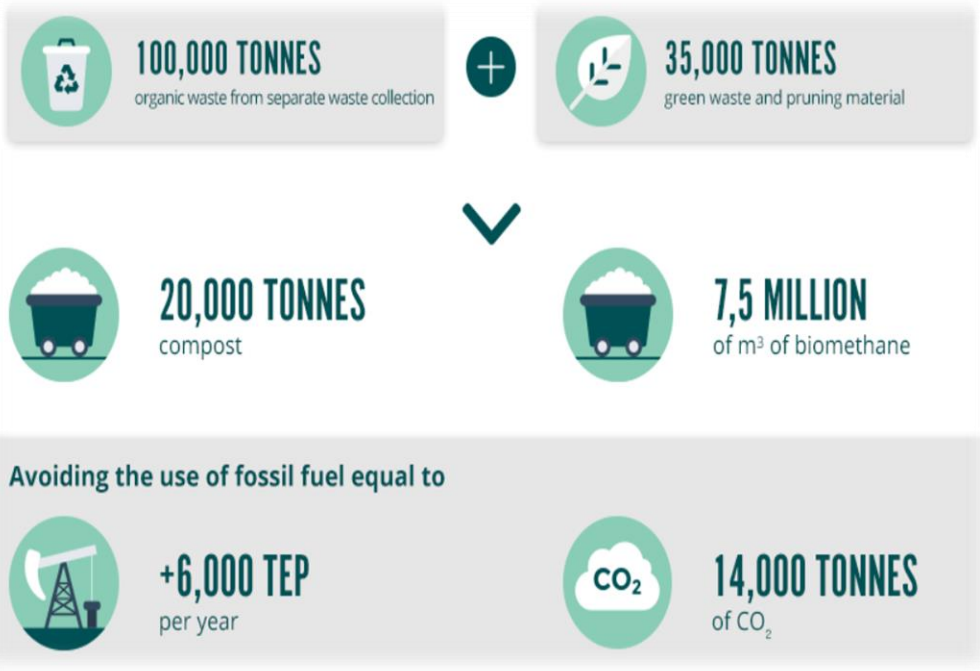
ALIPLAST CIRCULARITY: PE-LD FILM FOR INDUSTRIAL PACKAGING



2ND CONCRETE EXAMPLE: SANT'AGATA BOLOGNESE'S BIOMETHANE PLANT



THE NUMBERS OF THE NEW BIOMETHANE PLANT



From waste...

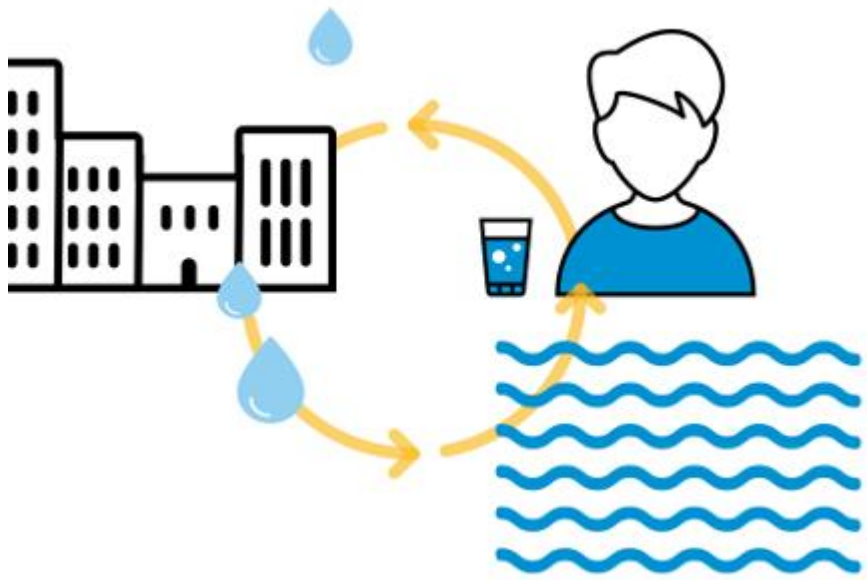
...to fuel




3RD EXAMPLE: SERVOLA'S WASTEWATER PLANT IN TRIESTE




SERVOLA'S WASTEWATER PLANT TALKS TO THE SEA




 **300**
people involved
in the operations

 **0**
incident

 **52,5**
millions of
investments

 **190 thousand**
equivalent inhabitants
served

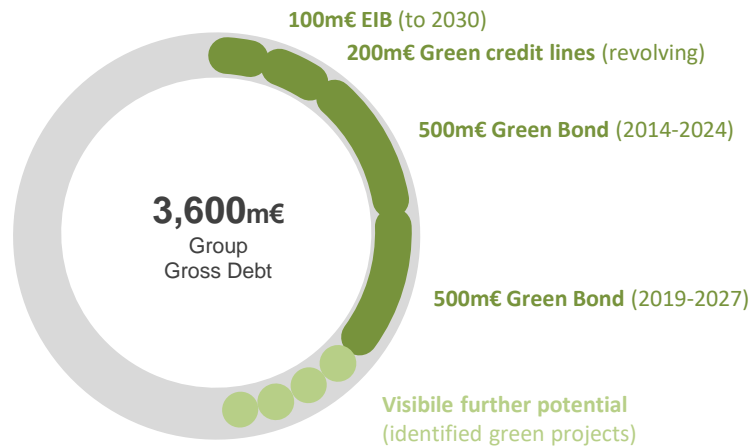
 **80/100 '000m³**
per day of treated
wastewater

Real time treatment adjustments based on sea conditions

CLOSING REMARKS (1): GREEN FUNDING COHERENT TO SUSTAINABLE PROFILE

Green financing

- **36%** debt underpinned by green financing investments almost already executed.
- **Transparent** use of proceeds and reporting on investments' KPIs.
- **Green financing framework** in place
- Further visible projects could enhance green financing up to **above 50%**.
- **Safe** and **long term** financing



More than 1/3rd of debt (and of Equity) is “GREEN”

CLOSING REMARKS (2)



Clear **climate change strategy** moves towards circular economy in Hera



“Flag ship” **projects** are **completed & ready** to create (shared) value



Project to align of report with **TCFD recommendations**



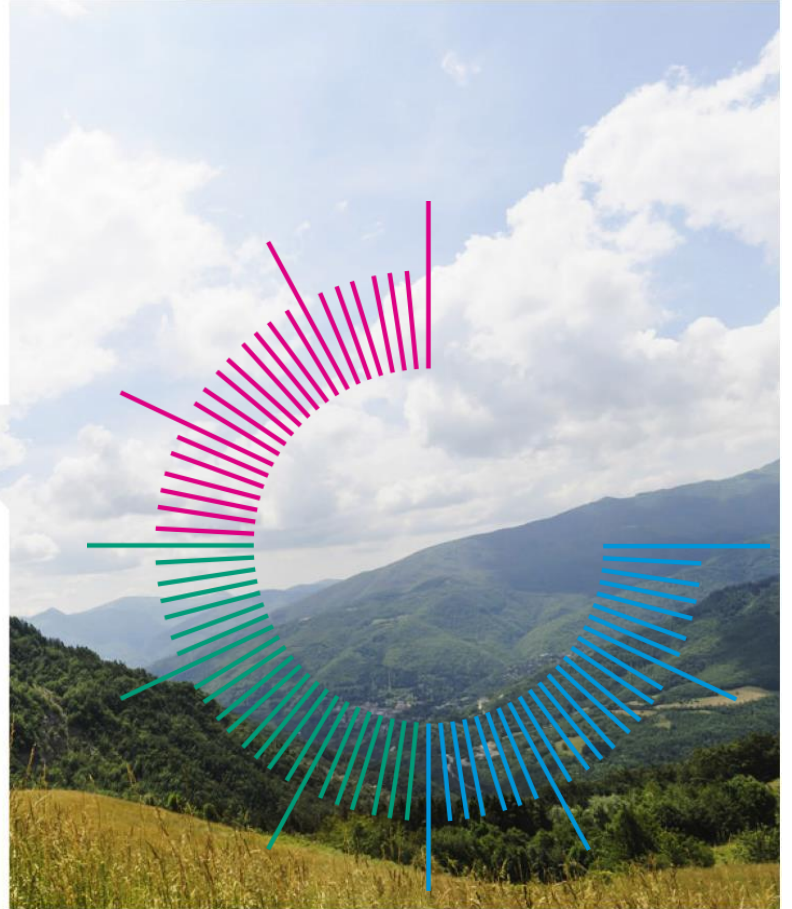
Business **plan execution** well on track despite COVID '19



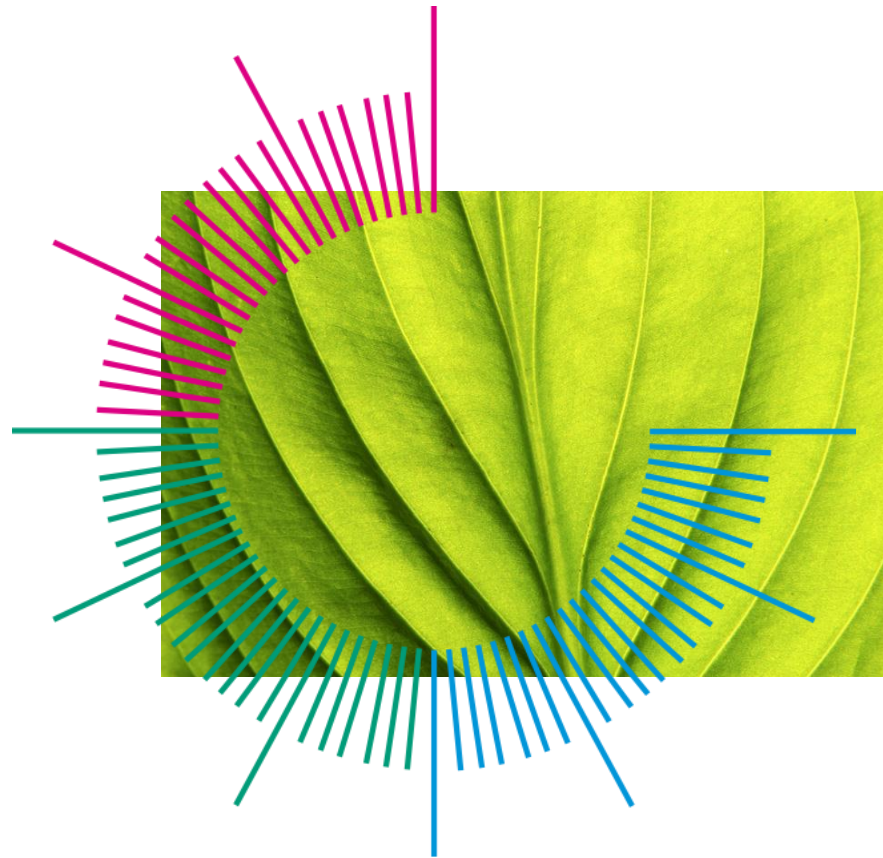
Green and safe **growth** expected **also in 2020**, confirming un-interrupted growth track record since 2002

Very well on track

ANNEX

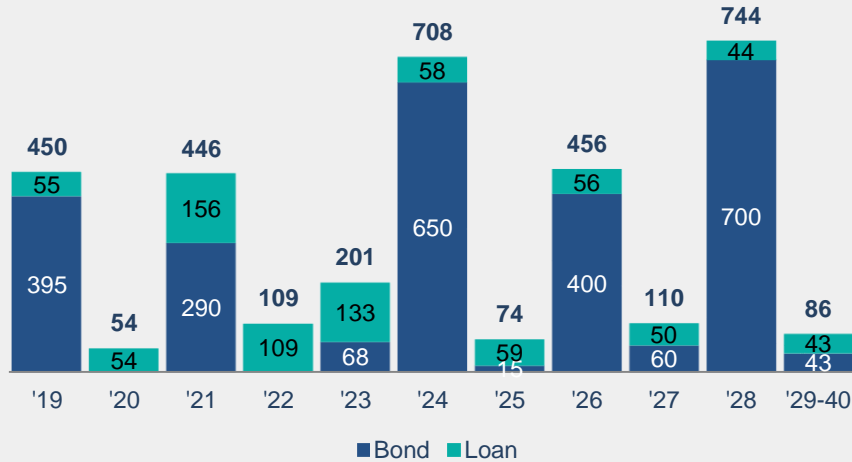


Green Bond



HERA DEBT STRUCTURE AS 31 MARCH 2019

Debt maturity profile



Cash Available: ~€ 660m

Duration: ~6.3Y

Fixed interest rates

Portion of debt at fixed rates: 82%

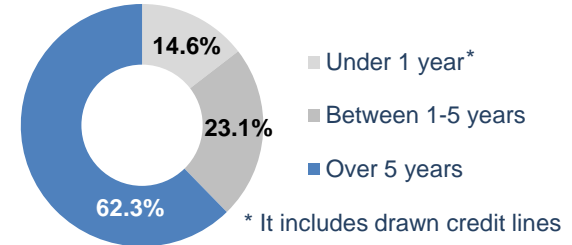
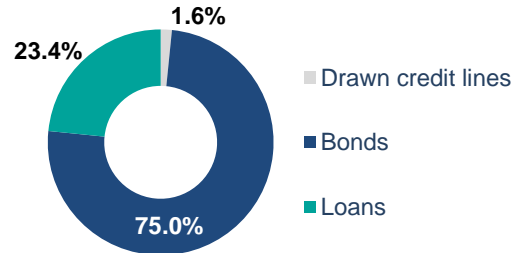
Committed credit lines: € 300m

Refinancing needs end '19

€ 395m of 10y bond is due in Dec-19

€ 350m bank loans signed at an average rate: <1%

Gross Debt	€ 3,436.8bn
Net Debt	€ 2,622.0bn



Actions towards Global agenda goals

Energy

Smart use of energy



-4,4% energy consumption reduction compared to 2013
-5,3% including projects already in the works

Renewable energy



100% renewable energy for activities managed by Hera Spa, AcegasApsAmga and Marche Multiservizi

Reduction of greenhouse gas emissions



-16% carbon footprint for energy production compared to 2015
-23% carbon footprint by 2022

Resources

Transition towards a circular economy



93% waste recovered, the amount of sorted waste recuperated
70% level of packaging recycled

Sustainable management of water



95% of urban areas brought in line with purification regulations
99,7% purified water analysis in compliance with the law

Managing skills and training



973 workers hired under open-ended contracts on 2016-18
29,8 hours of training per capita

Local area

Innovation and digitalization



22 projects in smart city, circular Economy, data analytics and customer experience

Economic development and social inclusion



8.120 workers the induced employment
816 people facing hardship included thanks to supplies from social cooperatives

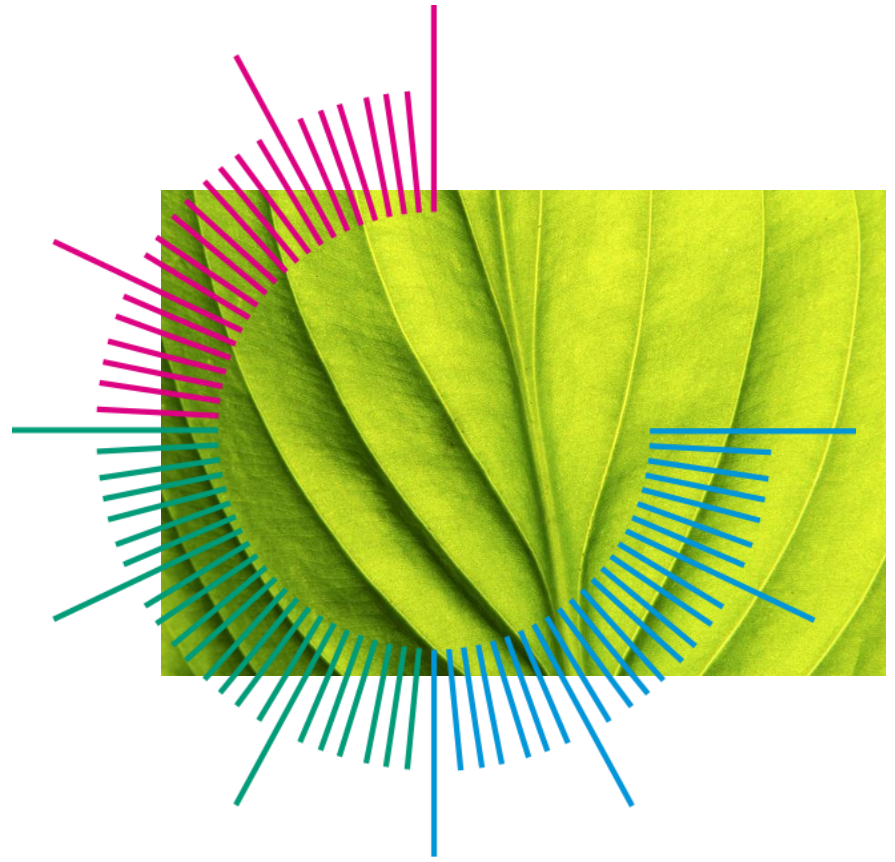
Air and soil protection



-86,2% legal limits on emissions from waste-to-energy plants



Green Financing Framework



HERA GREEN FINANCING FRAMEWORK: ALIGNED WITH BEST MARKET PRACTICES



- Framework designed has an umbrella platform allowing HERA to issue various Green Financing instruments such as Green Bonds, Green Loans or any other instrument aiming at financing Eligible projects as defined in the “Use of Proceeds” section
- An amount equal to the net proceeds from the issuance of Green Financings to be used by Hera to finance and/or refinance, in whole or in part, new and existing Eligible Green Projects, carried out directly and/or indirectly through Hera’s subsidiaries
- Each Eligible Green Project can be allocated to one or several Green Financing instruments. Allocation will be monitored through HERA’s internal tracking system to avoid double counting

Use of proceeds

- HERA’s eligible categories are the following:
 - Energy efficiency and infrastructure
 - Circular economy and sustainable waste management
 - Water infrastructure

Projects selection process

- HERA has an internal procedure for the management of a Green Financing process and its related projects that involves the internal Ethics and Sustainability Committee
- Annual reporting of investments will be examined by the Ethics and Sustainability Committee

Management of proceeds

- The net proceeds to be deposited in HERA’s general account and an equal amount will be earmarked for Eligible Green Projects’ allocation
- The balance of net proceeds of the issuance not already allocated to Eligible Green Projects to be reduced by amounts matching disbursements made to Eligible Green Projects
- Hera will use its best efforts to substitute any Green Projects in the case of divestment or if no longer eligible, as soon as practical once an appropriate substitution option has been identified

Reporting

- HERA’s annual Green Financing report to be composed by both an allocation and impact reporting

Allocation reporting

- It will disclose the aggregated amount of Green Financing instruments issued by type. Furthermore, it will detail :
 - The aggregated amount of allocation of the net proceeds to the projects at category level
 - The balance of any unallocated proceeds invested in cash or other liquid marketable instruments
 - The proportion of net proceeds used for financing versus refinancing

Impact reporting






- It will evaluate the environmental impact of each eligible categories with relevant metrics associated

External review

- HERA’s Green Financing Framework was reviewed externally by ISS-oekom
- According to ISS-oekom, HERA’s Framework evaluation as well as sustainability quality of the asset pool are positive

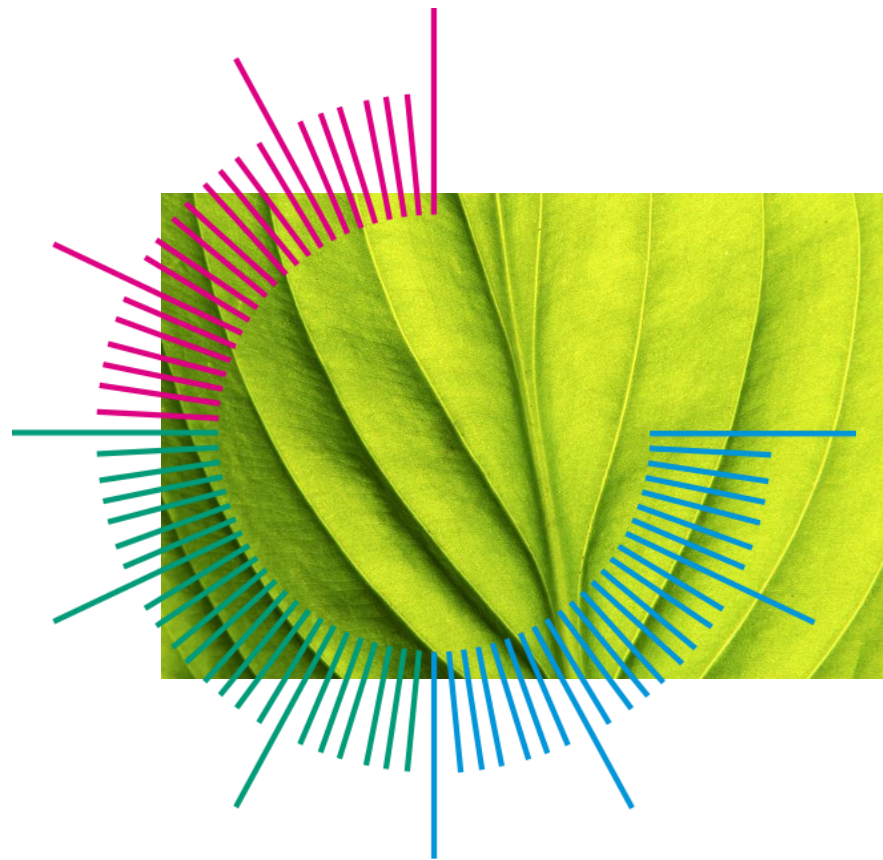


HERA'S GREEN BOND: POTENTIAL PROJECT ALLOCATION

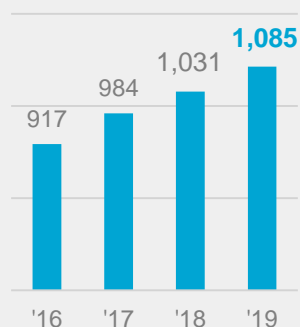
Potential Bond Allocation - Data in KEur						
SDGs	Hera's Eligible categories	2017	2018	2019	Total	Shares
 	Wastewater Sewage	44.277	33.980	66.920	145.177	29,0%
	Water infrastructure for resources and climate change adaption	4.273	35.843		40.116	8,0%
	Total Water infrastructure	48.549	69.824	66.920	185.293	37,1%
	Urban Waste Collection Systems: Community recycling depot, Dumpsters and containers for sorted waste collection, Pay as You Throw projects, Vehicles for urban waste collection	10.545	8.279	13.729	32.553	6,5%
	Facilities & Plants for recycling of materials including Plastic, Glass, and Raw Materials recycling and recovery and/or further re-use into production process and Waste Selection improvements	91.726	3.765	5.268	100.759	20,2%
	Waste to energy plants	5.168	5.087	6.090	16.345	3,3%
	Biological and Chemical Treatment and other waste treatment plants	14.533	17.185	9.148	40.866	8,2%
	Total Circular Economy & Sustainable Waste Management	121.972	34.316	34.235	190.523	38,1%
 	Smart metering for GAS related activities	11.825	11.990	10.935	34.750	6,9%
	Smart grids for distributed generation and for climate change adaptation for GAS related activities	10.250			10.250	2,1%
	Total Energy Efficiency and Energy Infrastructure - GAS	22.075	11.990	10.935	45.000	9,0%
	Smart grids for distributed generation and for climate change adaptation	12.165	10.572	14.274	37.010	7,4%
	Smart metering	229	628	228	1.084	0,2%
	District heating grids	5.051	4.102	6.618	15.771	3,2%
	Public Lighting & Smart Cities	1.745	10.799	12.754	25.298	5,1%
	Charging stations	14	7	-	20	0,0%
	Total Energy Efficiency and Energy Infrastructure - EE	19.203	26.107	33.873	79.184	15,8%
Total per year / Grand Total	42%	28%	29%	500.000	100%	

Note: figures and percentages have been calculated assuming net issuance proceeds of € 500m

Annual results 2019



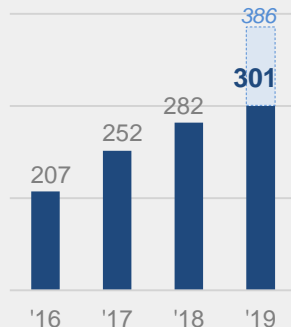
LATEST ANNUAL RESULTS IN A SNAPSHOT



Ebitda (M€)

+5.2%

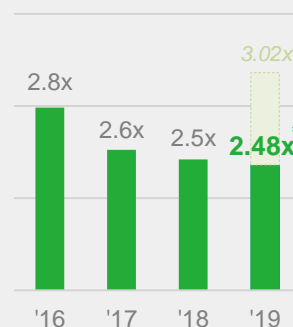
'19/'18



Net Profit (M€)

+6.7%

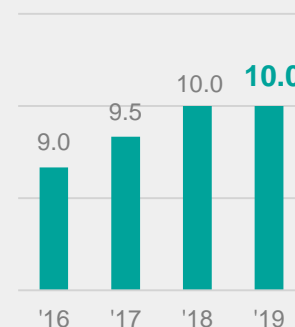
'19/'18



Net Debt/Ebitda (x)

(1.2%)

'19/'18

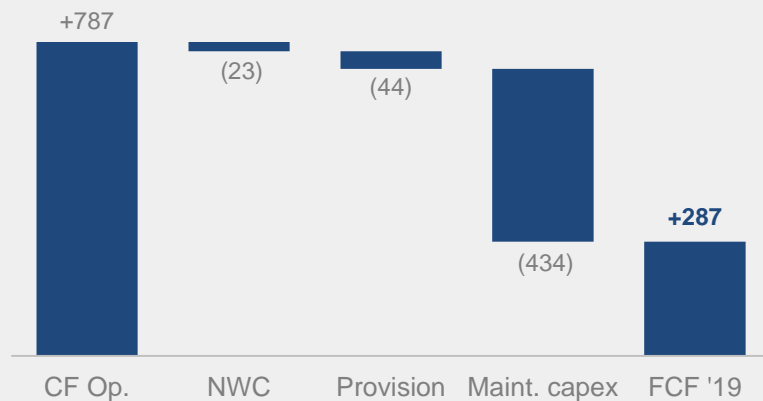


Dividend (c€)

Confirmed
plan expectations

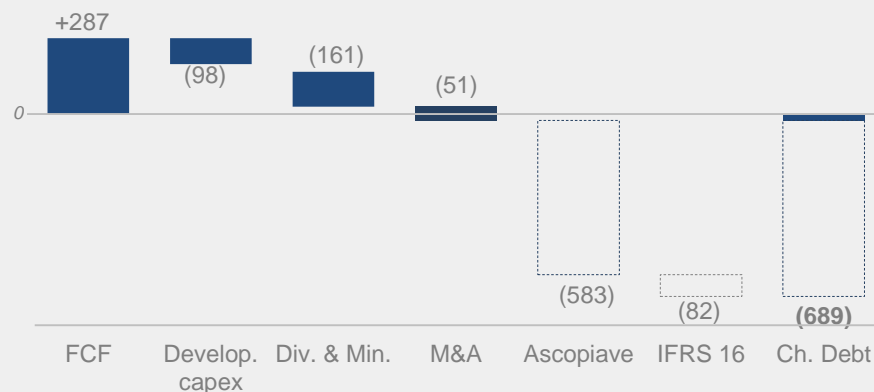
Growth path exceeding expectations

2019 annual Cash flows



Free Cash Flow
(M€)

+40%
'19/'18



Cap. allocation & Ch. Debt
(M€)

Steady real debt

Enhanced free cash generation funded further development