

ESG world gold class^{*}

Hera investment profile

Sustainability Day 2022
September 6th



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



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



CEO WATER MANDATE



World Business Council for Sustainable Development



Global Commitment



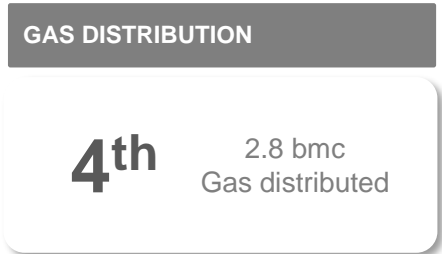
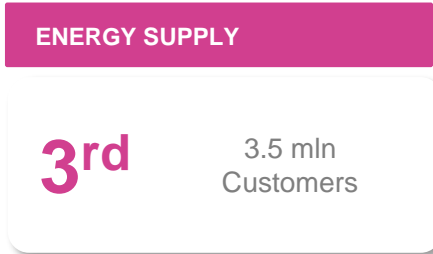
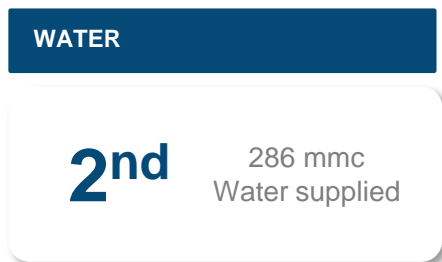
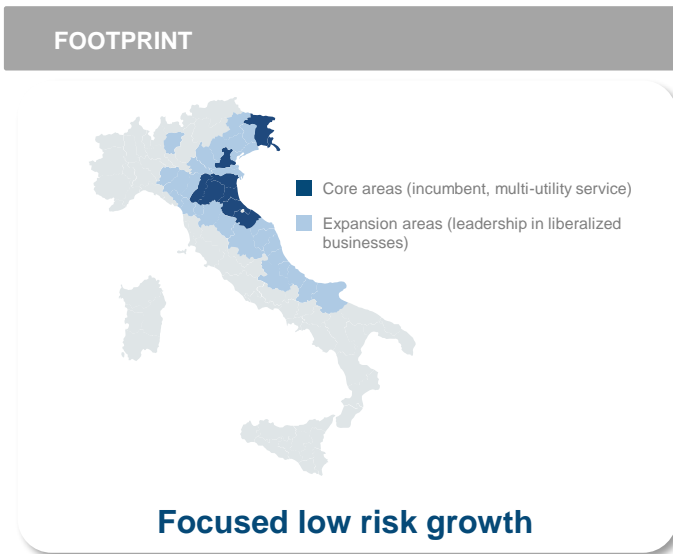
SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCART | Progetto Ambiente | Strategie Future

^{*}According to the 2021 Yearbook of S&P Global

Strong market positions in wealthiest part of Italy



Largest Italian multi-utility: about 5 b€ Mkt Cap

HERA IN A SNAP SHOT



MULTI-UTILITY
BALANCED MIX



>6x

EBITDA GROWTH in 20Y

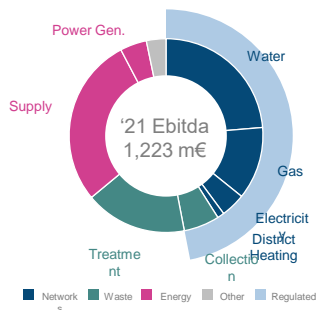


SUSTAINABILITY
SOLID PROFILE

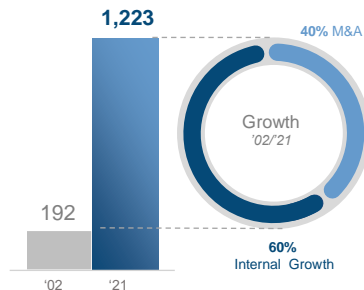


SHAREHOLDING
FRAGMENTED & DIVERSIFIED

Business mix (m€)



Ebitda growth driver (m€)



ESG Ratings

S&P Global Leader in World*

MSCI «A» Class

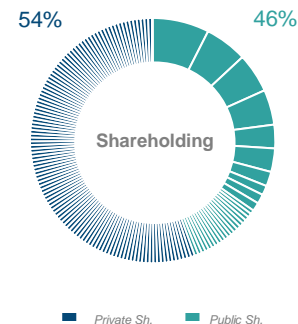
CDP «A-» Class

REFINITIV Leader in World*

INTEGRATED GOVERNANCE INDEX Leader in Italy



1.5 b ordinary shares

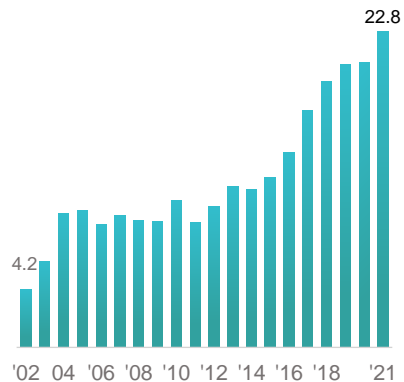


Un-interrupted, balanced and solid growth underpins DPS track record

DELIVERY: TARGETS SISTEMATICALLY OUTPERFORMED



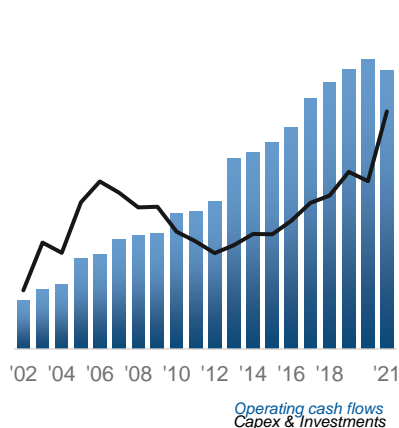
EPS
SOLID PROFILE



+10% Cagr



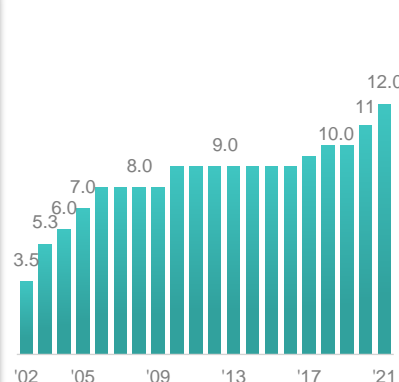
CASH FLOWS
GOOD CAPEX ALLOCATION



Cash generating capex



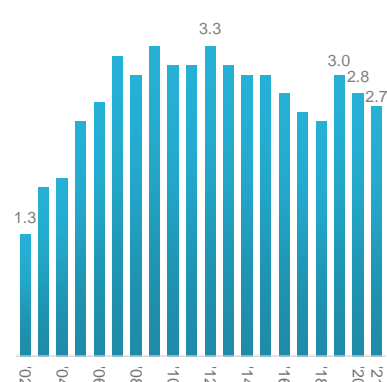
DIVIDENDS
RELIABLE POLICY



'Aristocratic' DPS policy



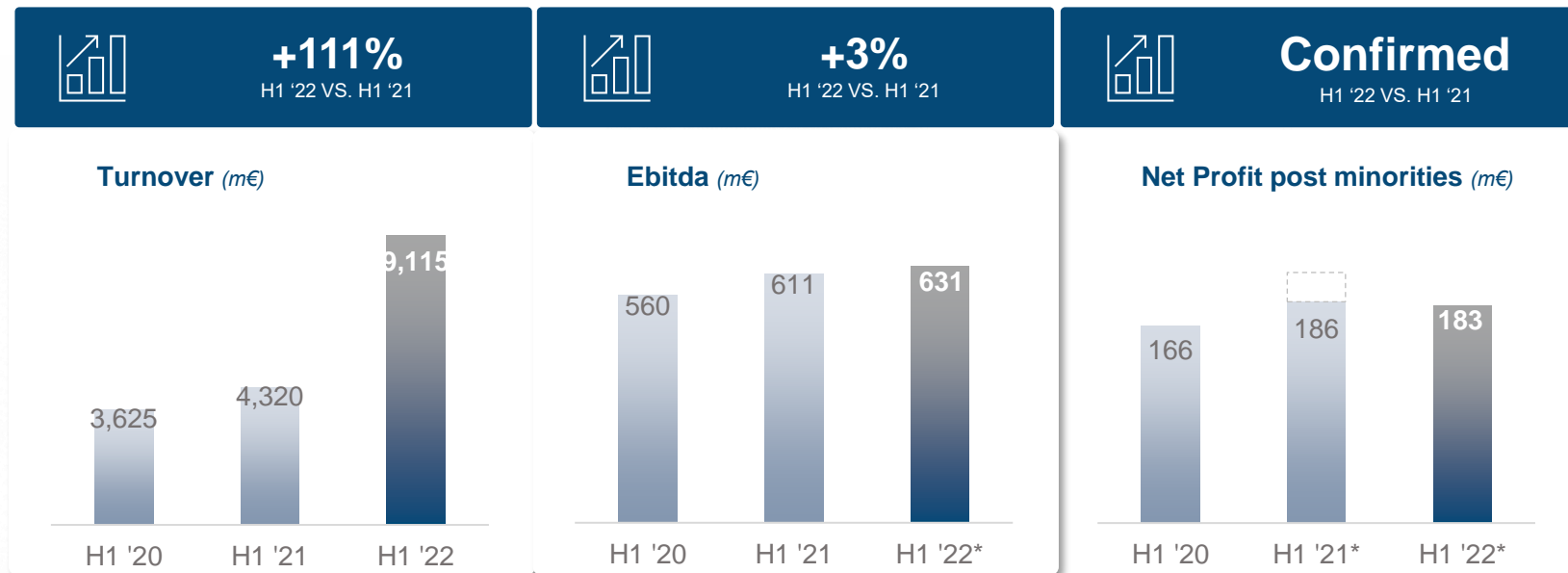
SHAREHOLDING
PUBLIC COMPANY



Financial flexibility

Constantly performing

H1 '22 RESULTS AT A GLANCE (1)

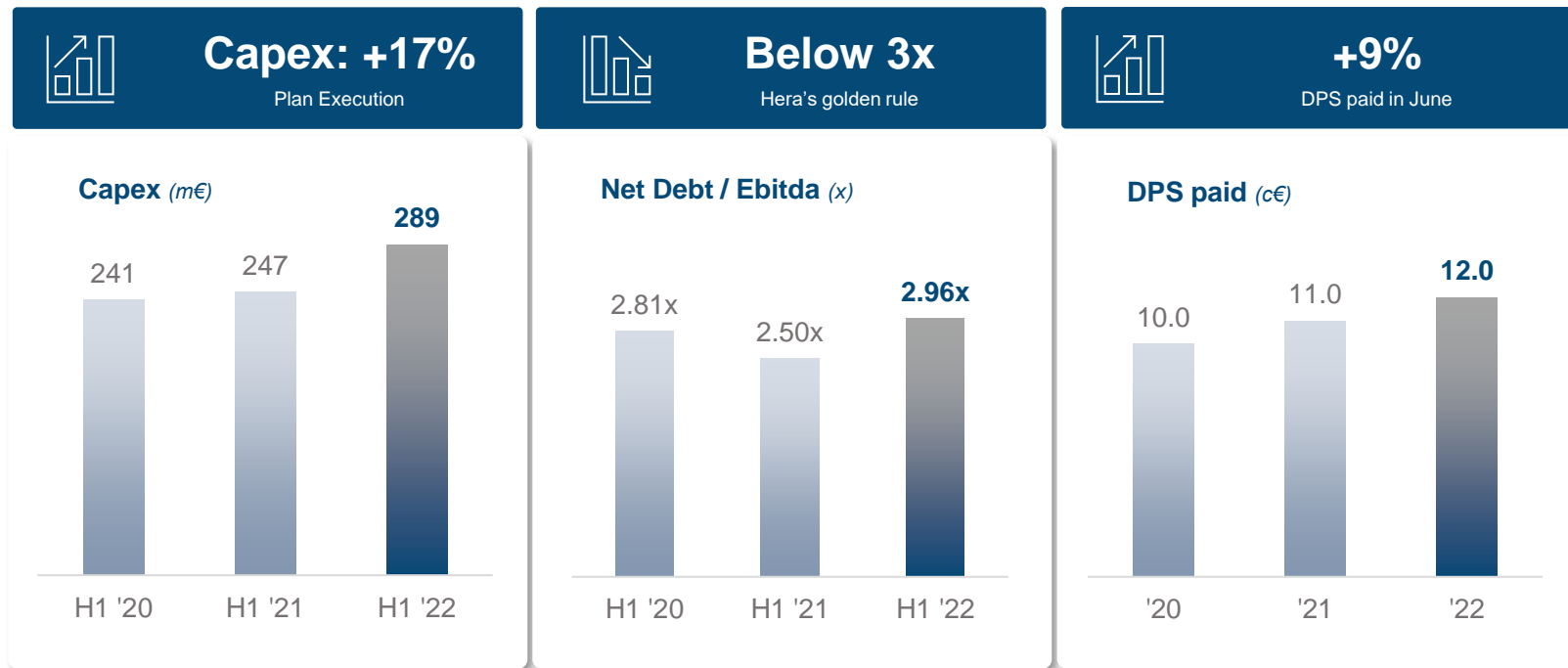


*Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices); this difference will progressively disappear as the Stock is emptied. Adjustments on Ebitda is -7m€ in H1'21 and +88.3m€ in H1'22

☐ Positive one-off "Special Items" of 24.7m€ were adjusted for
*Temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices) were adjusted for: -5.1m€ in H1'21 and +62.7m€ in H1'22.

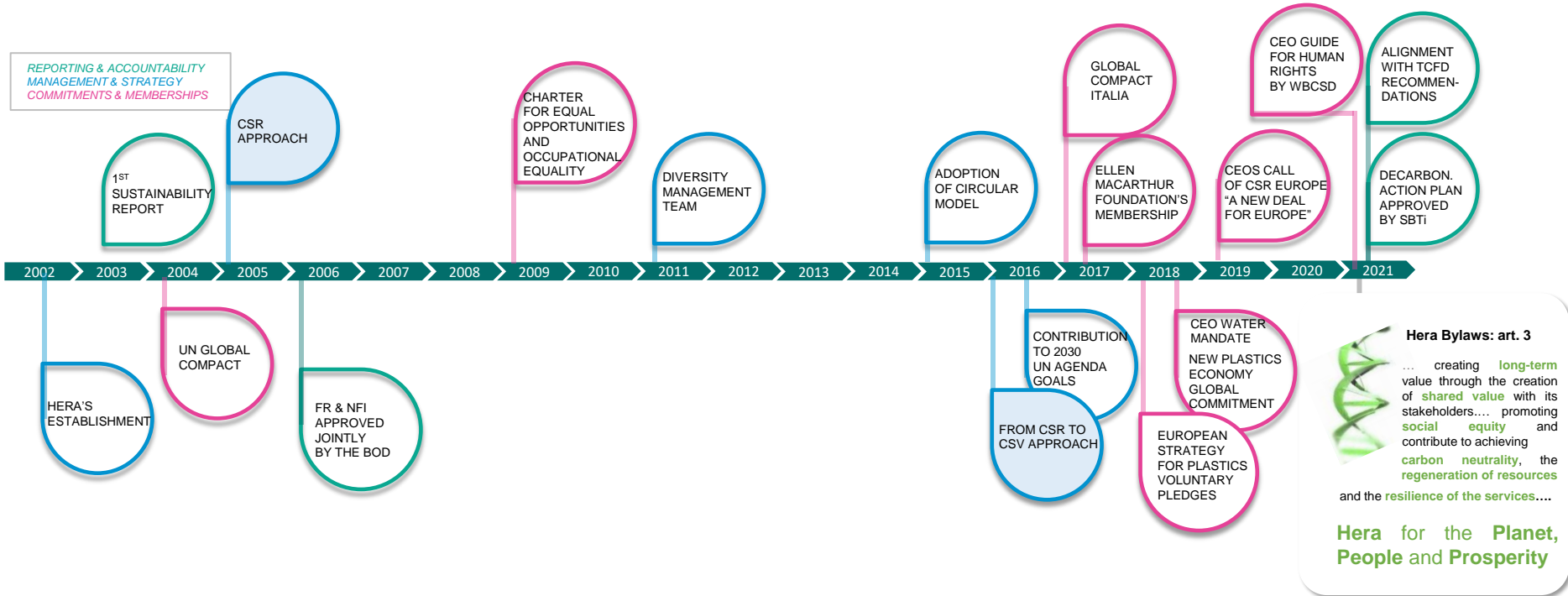
Resilient growth fuels prudent provisioning

H1 '22 RESULTS AT A GLANCE (2)



Financial strength to face tough scenario

Sustainability commitment started with Co. establishment (20 years ago)



From Ethics to Creation of Shared Value

MACRO TRENDS AND SECTOR DISCONTINUITIES



Seizing opportunities from Hera's positioning

CAPEX PLAN: CAPEX ALIGNED TO MACRO TRENDS



66%

CAPEX CSV



58%*

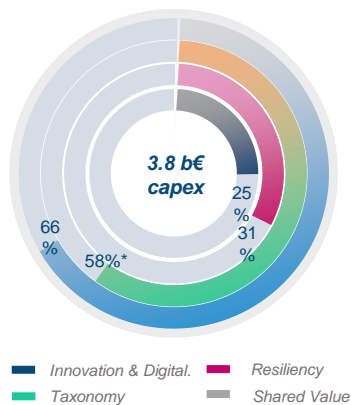
TAXONOMY ALIGNED



+310 m€

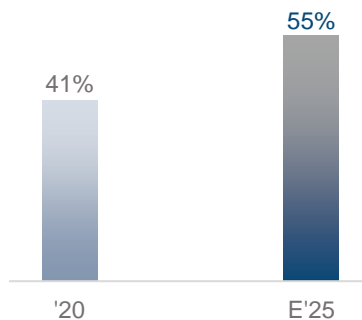
E'25 EBITDA CSV

Capex by nature (m€)



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

Ebitda CSV (m€)



Capital allocation focused on Creating Shared Value

ROAD TO 2025



+277 m€
EBITDA GROWTH



+4.5%
EBITDA CAGR

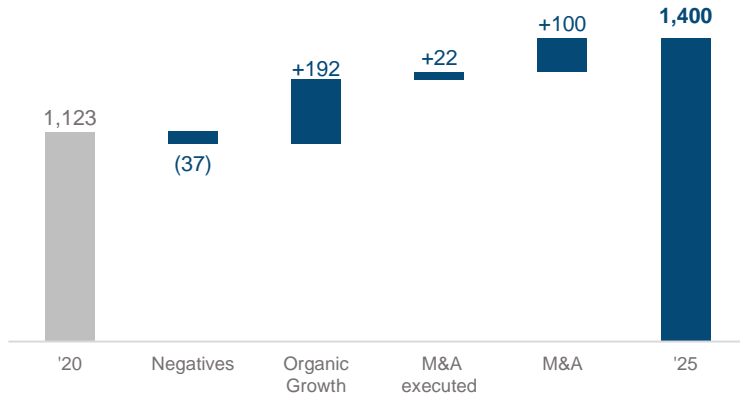


+154 m€
EBIT GROWTH

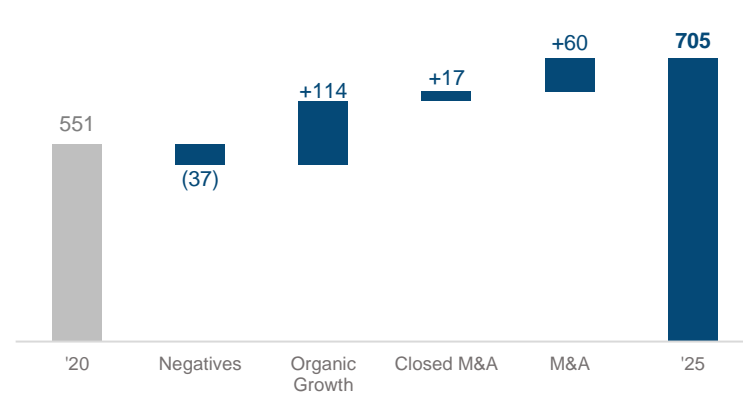


+5.0%
EBIT CAGR

Ebitda to 2025 (m€)

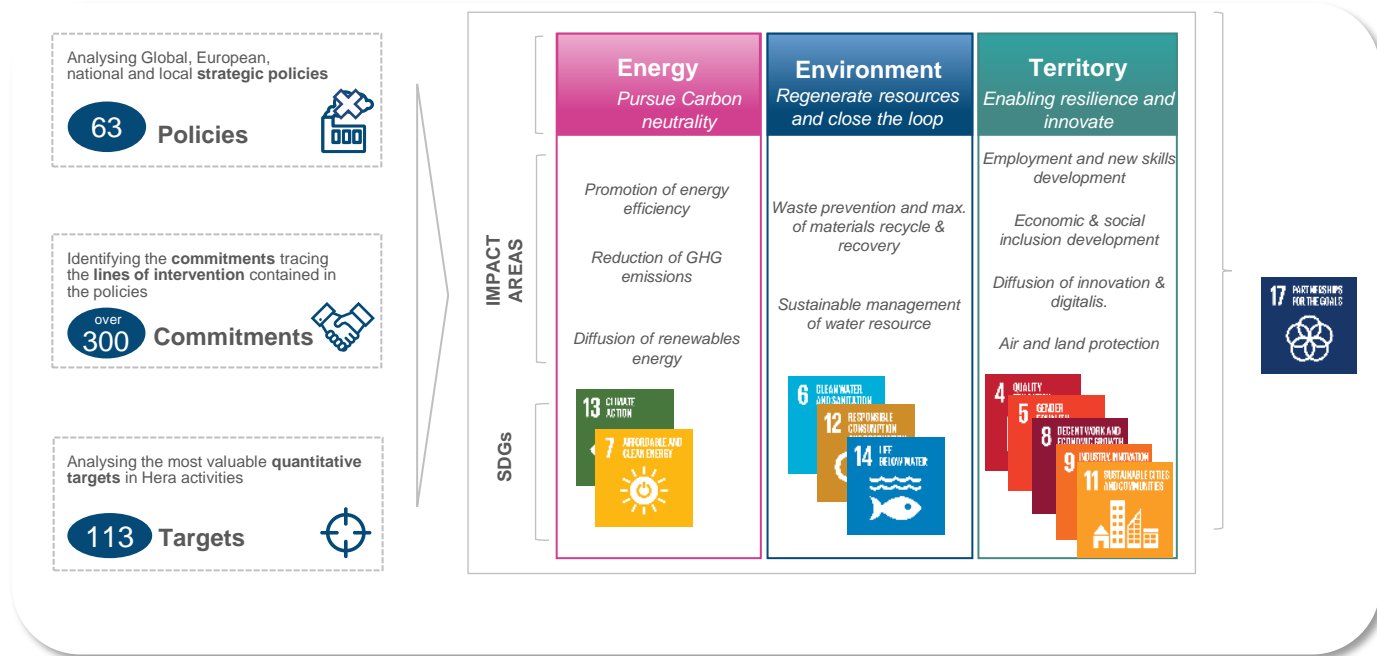


Ebit to 2025 (m€)



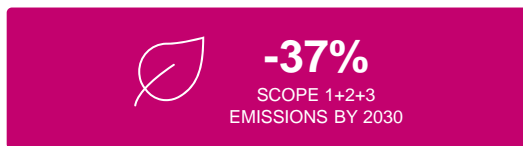
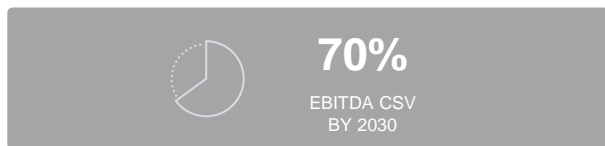
Higher growth and drop-through rising

From Corporate Social Responsibility to Create Shared Value (since 2016)

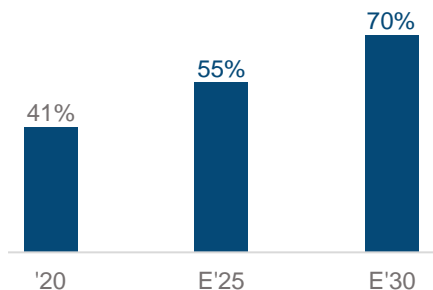


Hera fully embeds global goals in Shared Value strategy

CSV: 2025 AND 2030 TARGETS



Sustainability - Ebitda CSV (%)



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Sustainability Indices
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REFINITIV 
TOP 100 COMPANY 2021
Diversity and Inclusion Index

Carbon Neutrality

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



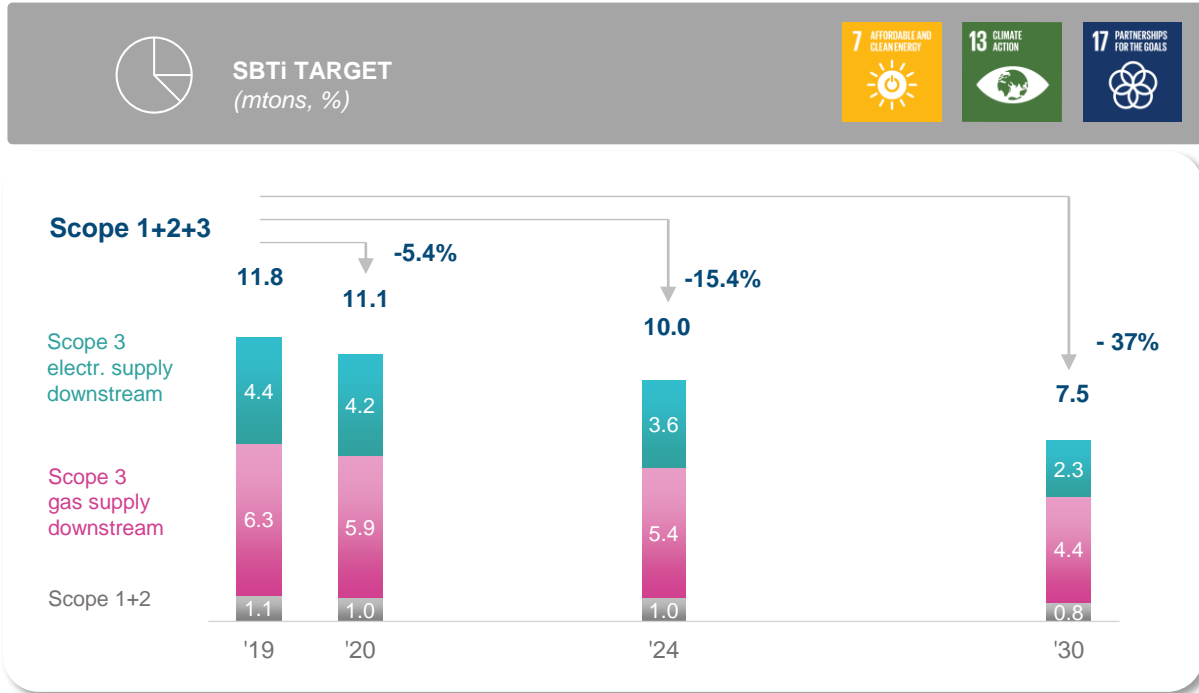
Circular Economy

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



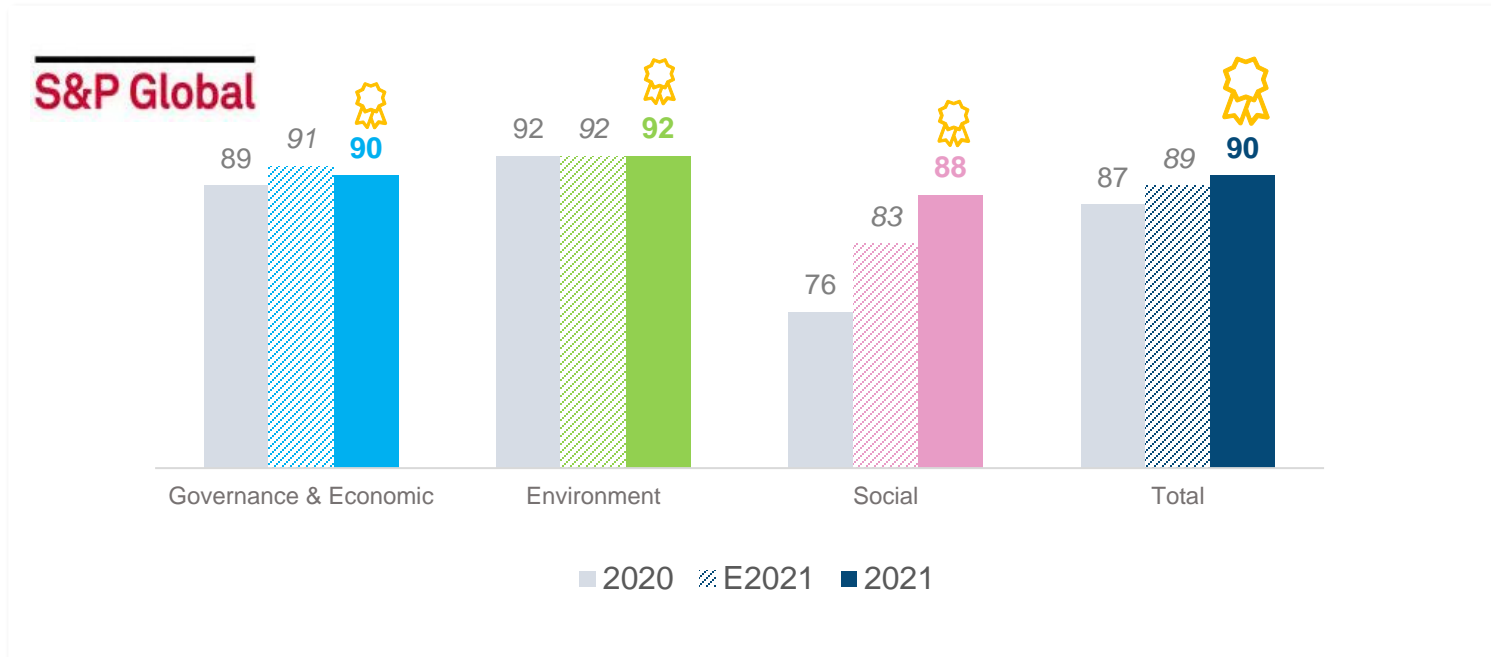
Targets aiming at achieving full sustainability

Carbon Footprint: increased “science based” Target to 2030



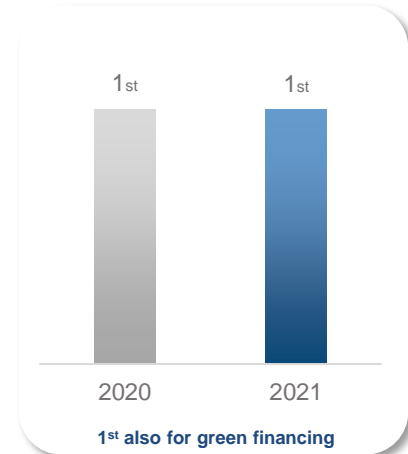
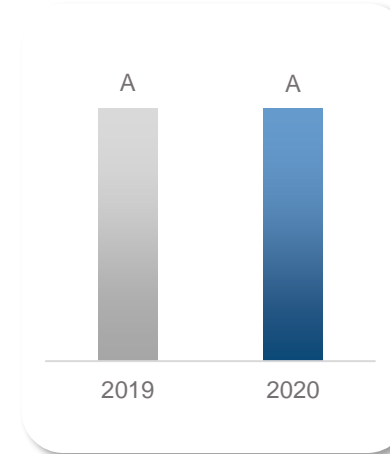
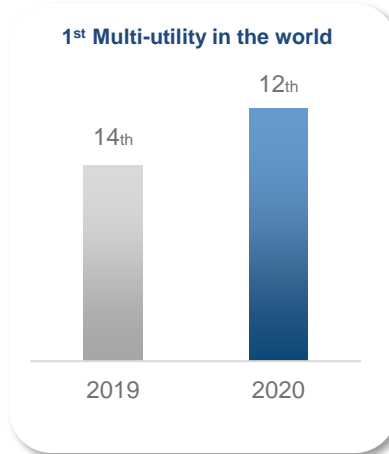
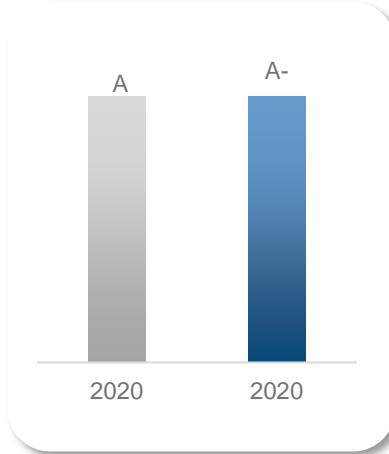
Own emissions negligible, committed to lower third parties'

2021: Top score further enhanced in Dow Jones Sust. Index



Beyond expectations

Other main ESG Ratings



Further visibility on our “Sustainable Growth Equity Story”

ANNEX: BP to 2025

CAPEX PLAN: STRONG INCREASE OF ORGANIC DEVELOPMENT



3.8 b€

5Y CAPEX PLAN



+75%

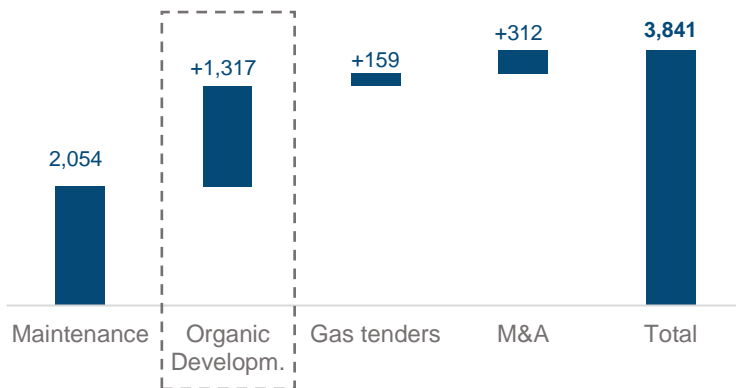
ORG. DEV. CAPEX
vs OLD BP



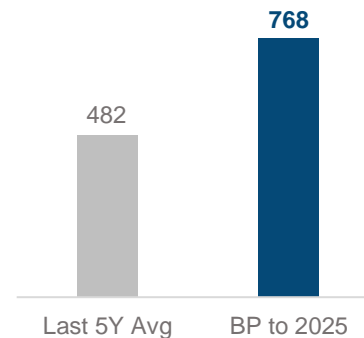
+59%

YEARLY CAPEX vs LAST 5Y

5Y Capex by driver (m€)

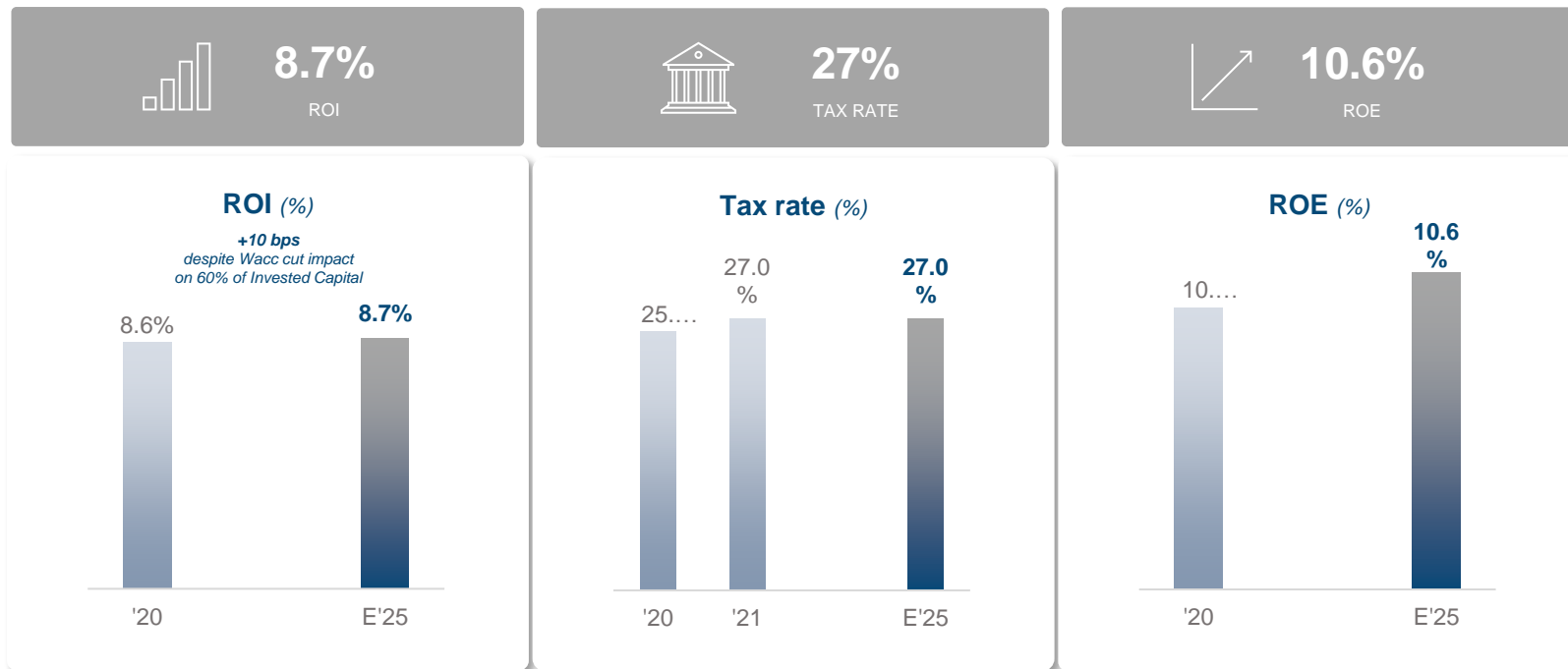


Yearly Capex (m€)



Capital allocation focused on different growth drivers

FINANCIAL RETURNS



Operating, financial and fiscal management enhance returns

DEBT STRUCTURE



<500 m€

BONDS EXPIRATION
DURING BP PERIOD



>7 years

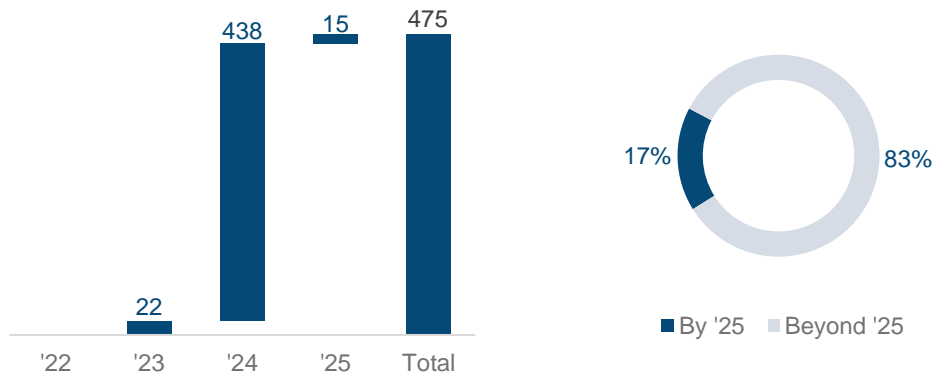
AVG DEBT DURATION



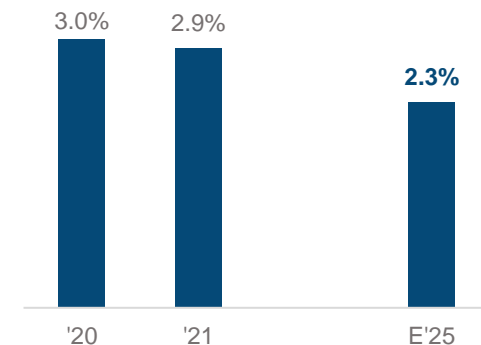
2.3%

COST OF DEBT

Bonds maturity (m€, %)



Cost of debt (%)



Financial management improvement

CASH FLOW



+29%

FCF vs LAST BP



>25%

FFO/NET DEBT BY 2025



28.5 c€

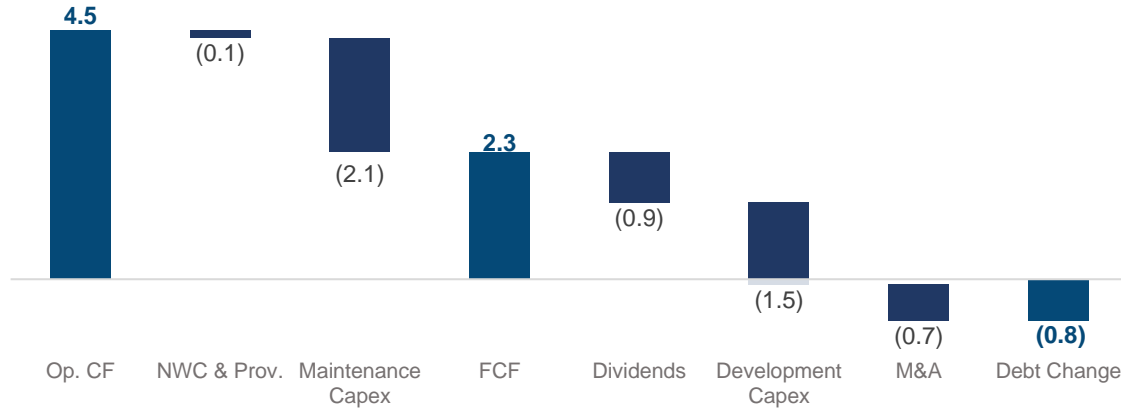
FCF/SHARE +3.9% CAGR



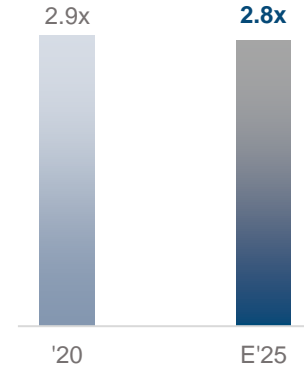
Flexibility

ADDITIONAL FIREPOWER

Cash flow (b€)



Debt/Ebitda (x)



Growth underpins a solid cash generation

SHAREHOLDERS' REMUNERATION



+5.7%

EPS CAGR



+5.7%

DPS CAGR



+32%

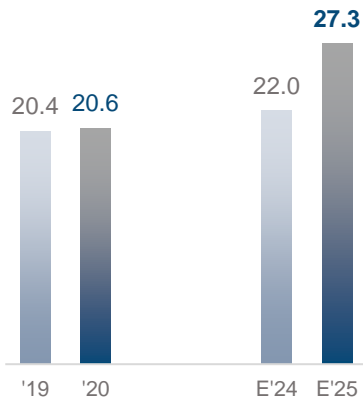
5Y DPS INCREASE



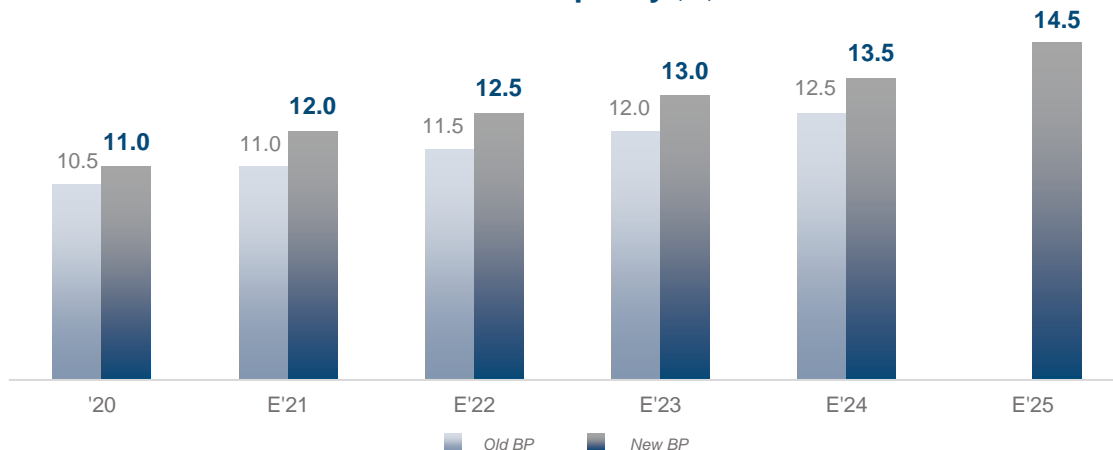
60%

AVERAGE PAYOUT

EPS (c€)



Dividend policy (c€)



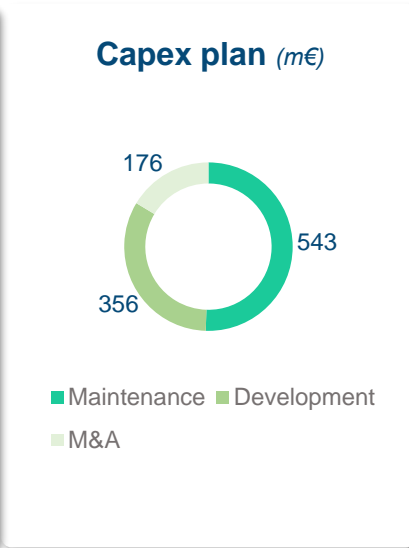
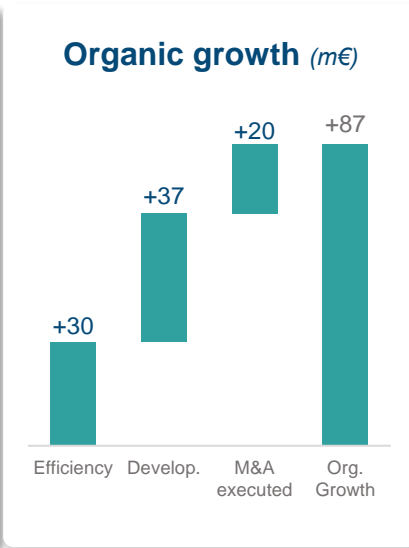
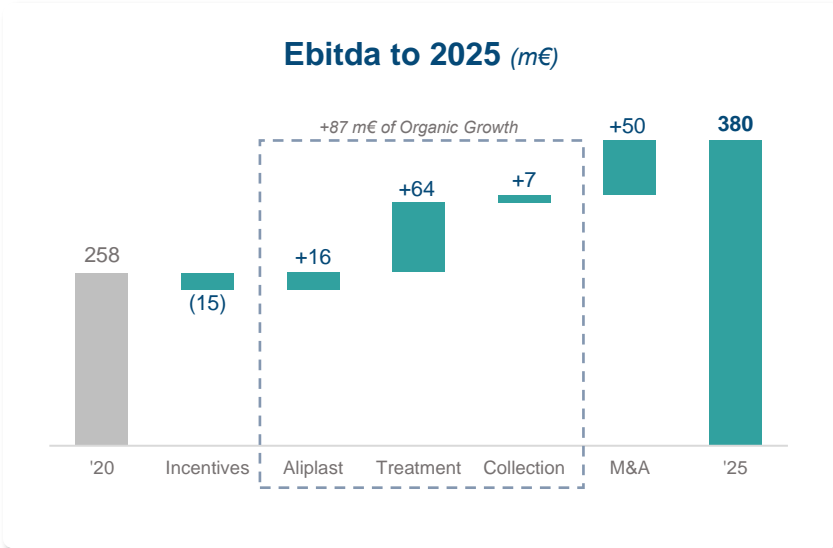
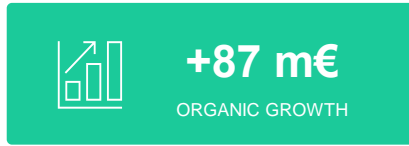
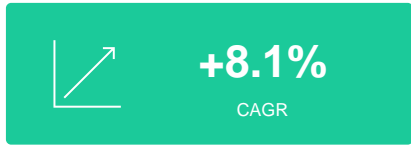
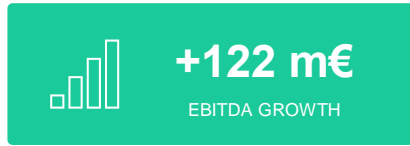
Outlook improved, floor enhanced

WASTE: BUILDING END-to-END LEADERSHIP



Enhancing “circularity” and expanding industrial client solutions

WASTE TARGETS



Surfing increasing demand

ENERGY SUPPLY: EFFECTIVE AND SCALABLE PLATFORM



Create value by enabling our customers' energy transition

ENERGY SUPPLY TARGETS



+76 m€

EBITDA GROWTH



+3.8%

CAGR



0.6 b€

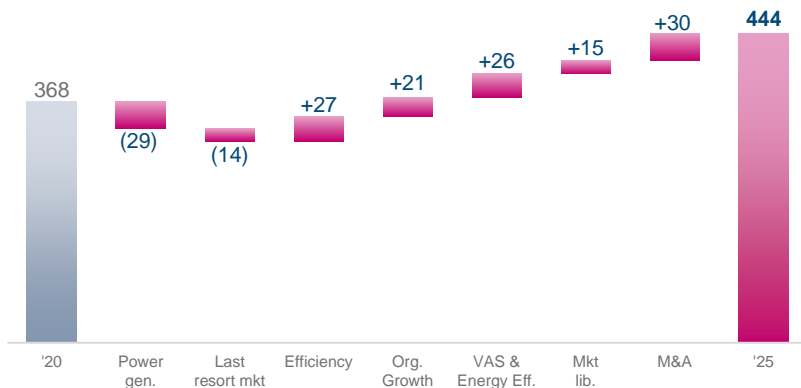
CAPEX PLAN



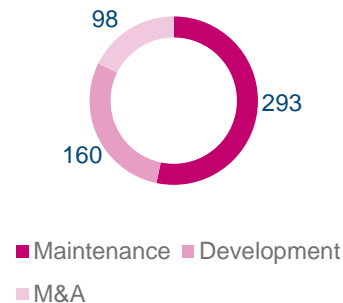
4.5 mln

CUSTOMERS BY 2025

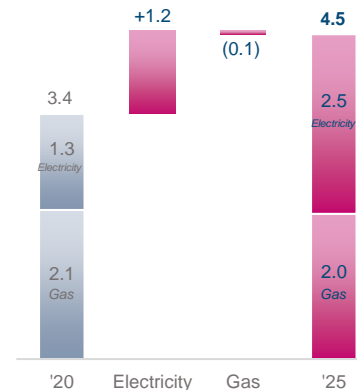
Ebitda to 2025 (m€)



Capex plan (m€)



Customer base (mln)



Creating value with the customer base

NETWORKS: FOCUS ON INNOVATION AND ASSET MGMT

- Climate resilient infrastructure**
- Build redundancies on electric network
 - Develop districtized water network
 - Predict maintenance & water availability
 - Reduce carbon & water footprint
 - Use of advanced control systems for hydrogeological instability

- Digital Analytics & AI**
- Expand control room for network field sensors (Digital Dome)
 - Design operating model from data analytics
 - Use advanced analytics for energy efficiency
 - Accelerate AI for network mgmt and maintenance



- Smart meters**
- Ready for biomethane, green gas and hydrogen
 - Licensing of Nexmeter
 - Deploy of 2G electronic meters
 - Share wireless infrastructure meter reading

- Green gas & Renewables**
- Build Power-to-Gas
 - Network for Green gas blending (including H2)
 - Enhance electric network to cope with distributed generation

Building cutting edge operating model

NETWORKS TARGETS



+73 m€

EBITDA GROWTH



+3.0%

CAGR



4.0 b€

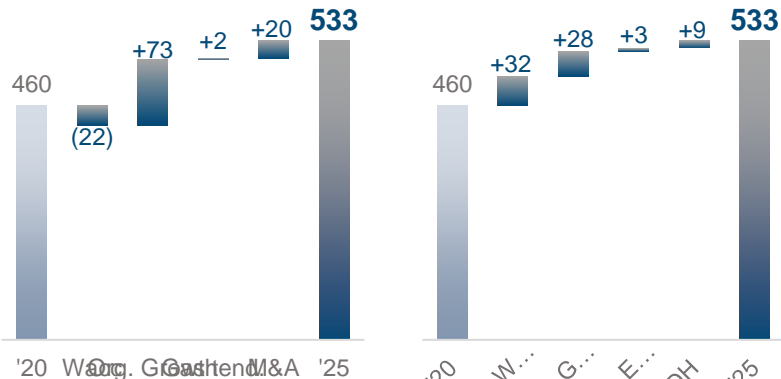
RAB BY 2025



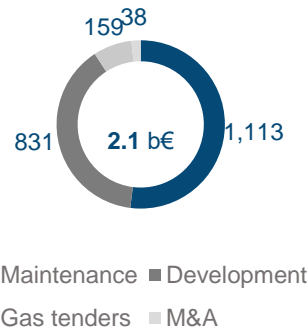
40 m€

EFFICIENCIES

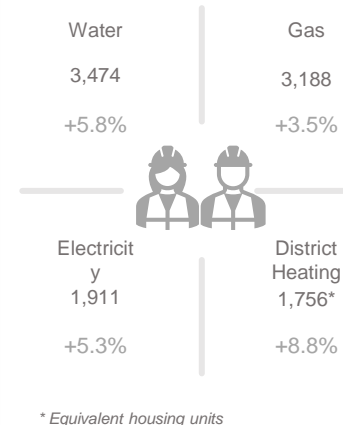
Ebitda to 2025 (m€)



Capex plan (m€)



POD/employee in '25 (n.)



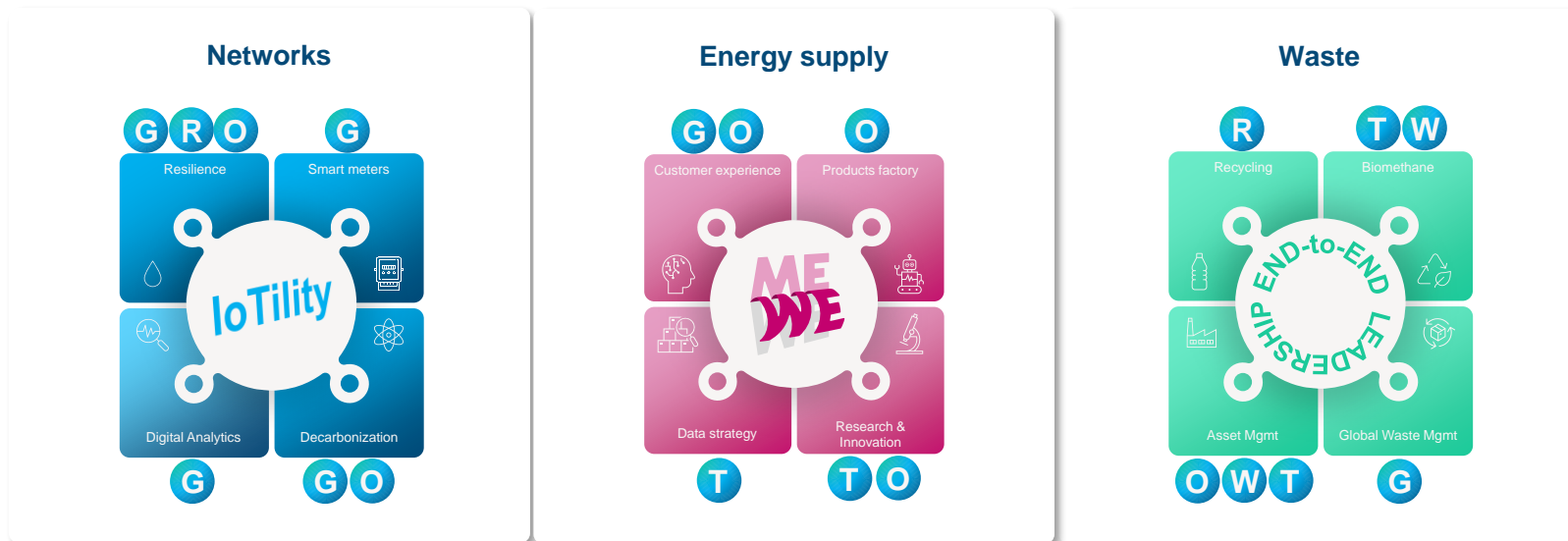
Safe growth driven by capex and efficiencies

BUSINESS PLAN MAIN ASSUMPTIONS

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

High protection on macro scenario

GROUP STRATEGY IN PORTFOLIO ACTIVITIES



G R O W T H

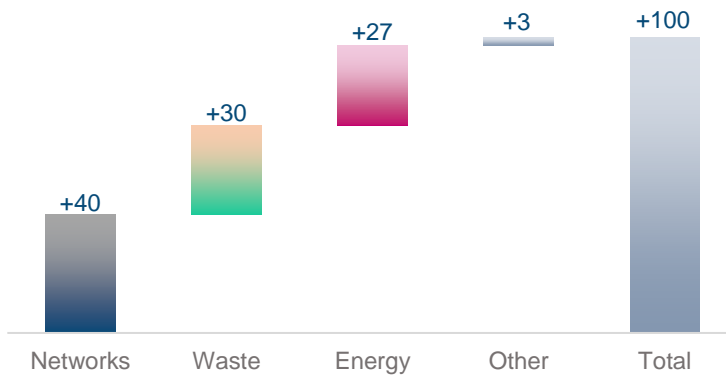
EFFICIENCY: STRONG FOCUS ON ALL ACTIVITIES



100 m€

EFFICIENCIES

Efficiency (m€)



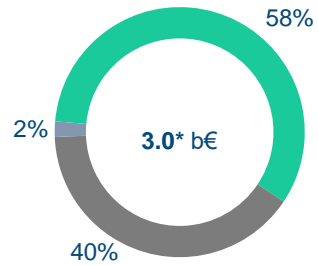
CAPEX: TAXONOMY



98%

CAPEX COMPLAINT OR NEUTRAL
WITH TAXONOMY

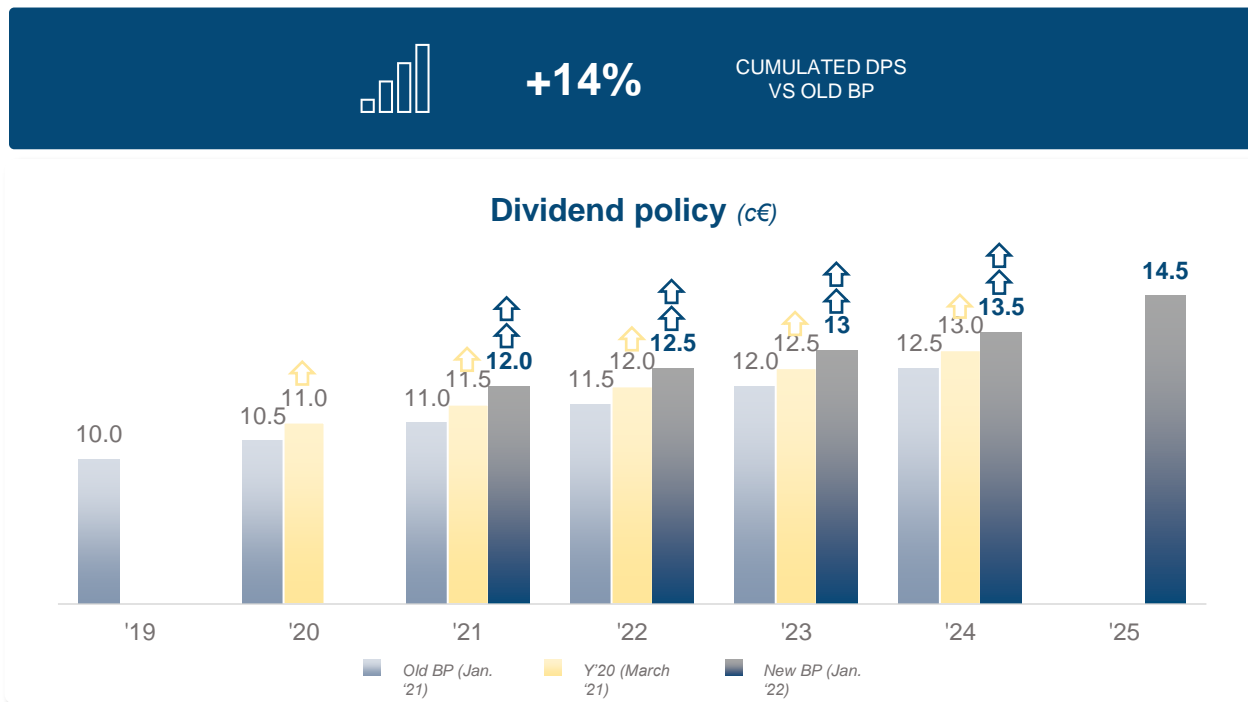
Capex plan* (%)



■ Complaint ■ Neutral ■ Non complaint

* Capex plan excluding indirect capex and financial investments

LAST 13 MONTHS DIVIDEND REVIEW



DPS increase above expectations

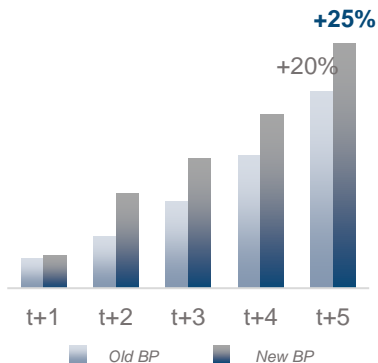
NEW PLAN VS OLD PLAN



+4.5%

EBITDA CAGR

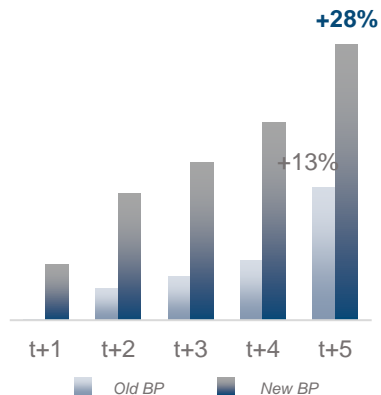
Cum. Ebitda growth (%)



+5.0%

EBIT CAGR

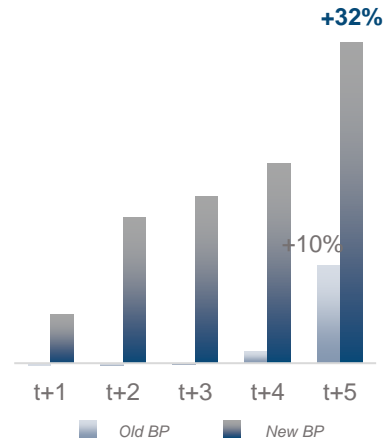
Cum. Ebit growth (%)



+5.7%

EPS CAGR

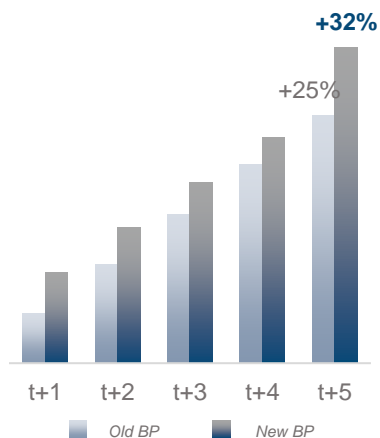
Cum. Net profit growth (%)



+5.7%

DPS CAGR

Cum. DPS growth (%)



TENDERS WON



100%
TENDERS WON

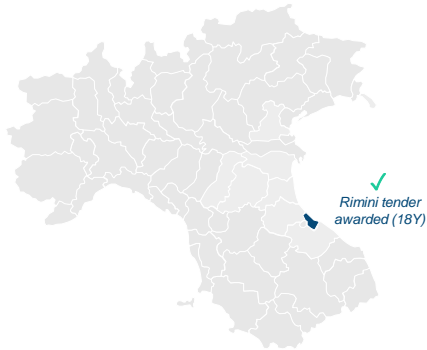


100%
TENDERS WON



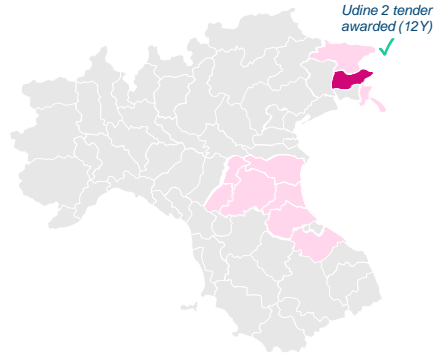
100%
TENDERS WON

Water concessions



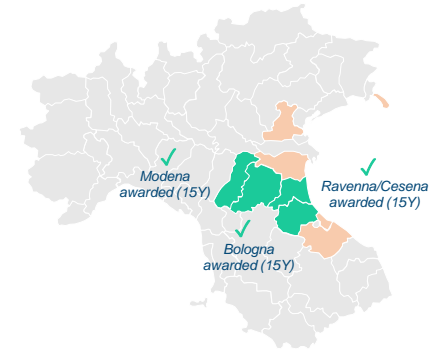
Water concessions (avg maturity in 2028) Concessions renewed

Gas concessions



Gas concessions (expired, waiting tenders) Concessions renewed

Waste concessions



Waste concessions (avg maturity in 2032) Concessions renewed

20 YEARS PERFORMANCE



60%

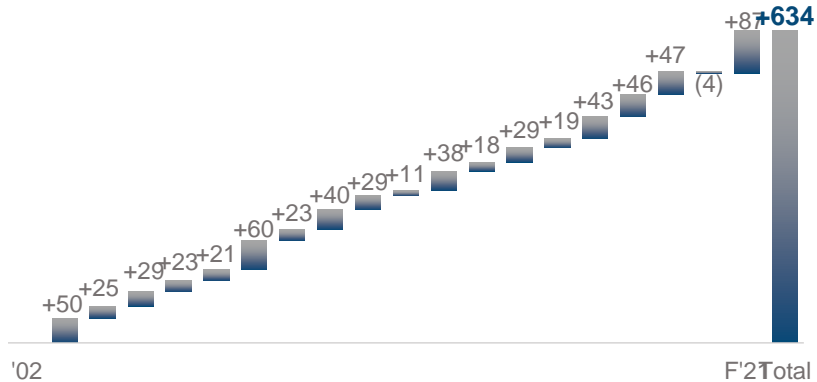
ORG. GROWTH CONTRIBUTION
ON TOTAL GROWTH



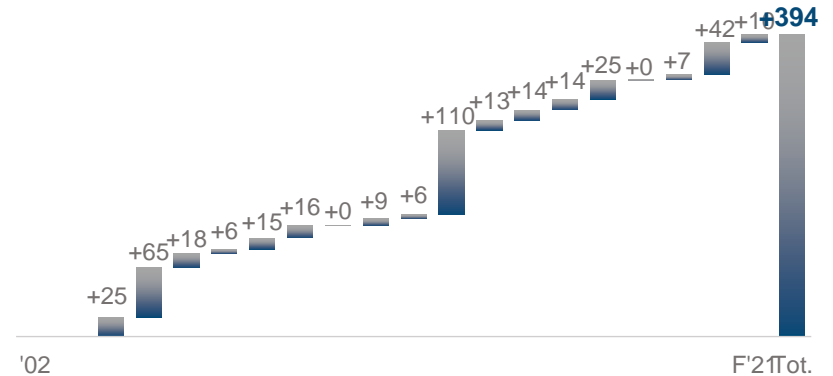
40%

M&A CONTRIBUTION
ON TOTAL GROWTH

Track record Organic Growth (Ebitda
m€)



Track record M&A (Ebitda m€)



Ebitda up by 6.4x in 20 years

WATER BUSINESS



+2.3%
EBITDA CAGR



1.05 b€
CAPEX PLAN

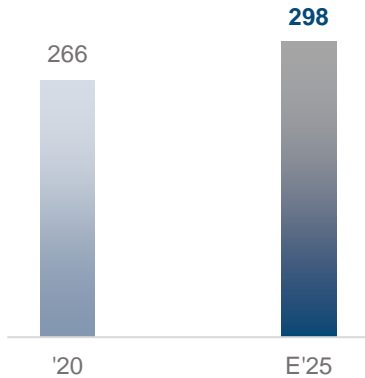


+24%
RAB INCREASE



35,000
ACQUEDUCT KMs

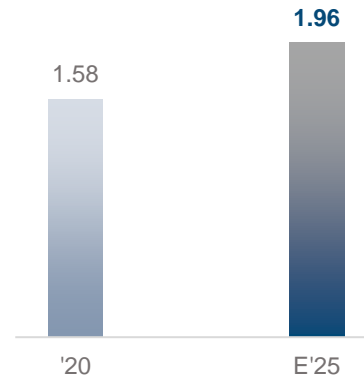
Ebitda (m€)



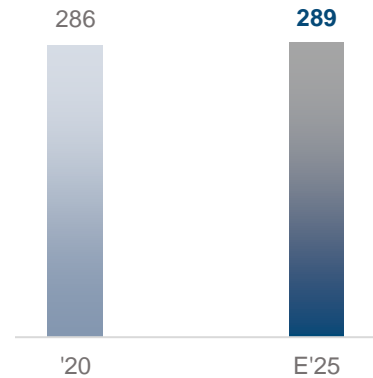
Capex (m€)



RAB* (b€)



Volumes sold* (mIn m³)



* Numbers exclude M&A

WASTE BUSINESS



+8.1%
EBITDA CAGR



1.08 b€
CAPEX PLAN

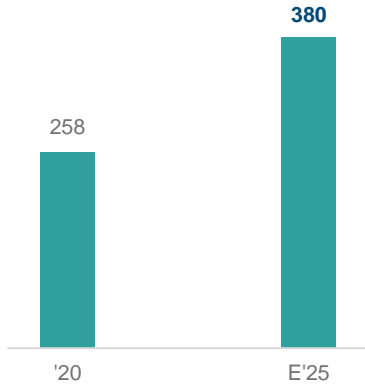


+122 m€
EBITDA INCREASE

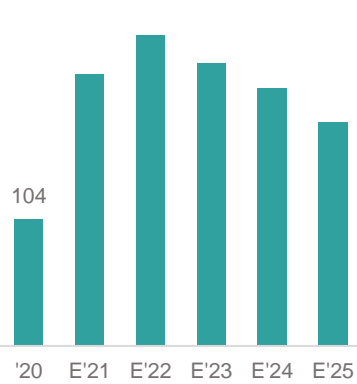


+0.6 mtons
WASTE TREATED

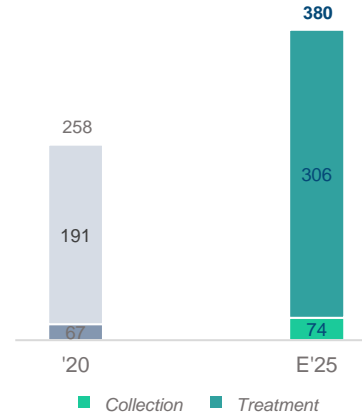
Ebitda (m€)



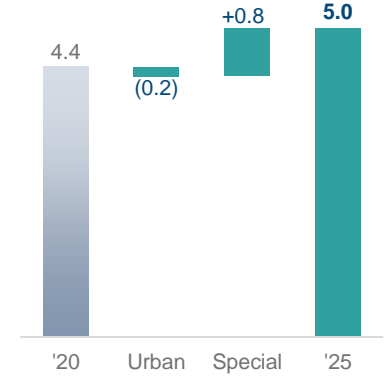
Capex (m€)



Ebitda (m€)



Volumes* (mtons)



* Numbers exclude M&A

GAS BUSINESS



+3.7%

EBITDA CAGR



1.10 b€

CAPEX PLAN



+31%

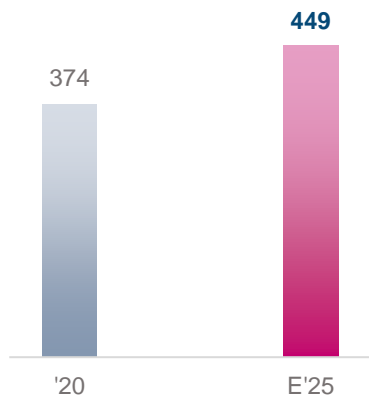
RAB INCREASE



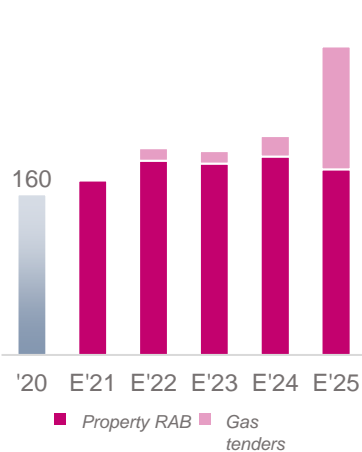
+75 m€

EBITDA INCREASE

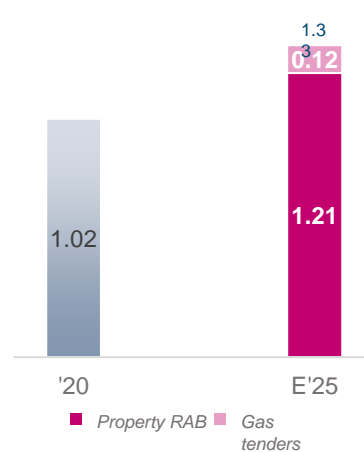
Ebitda (m€)



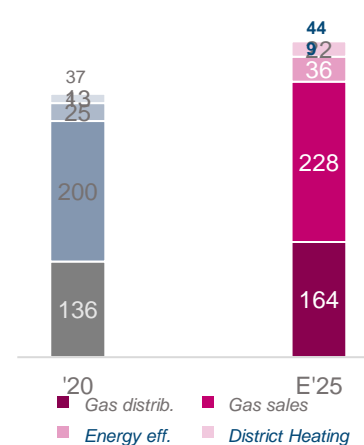
Capex (m€)



RAB* (b€)



Ebitda (m€)



* Numbers exclude M&A

ELECTRICITY BUSINESS



+4.1%

EBITDA CAGR



0.5 b€

CAPEX PLAN



+24%

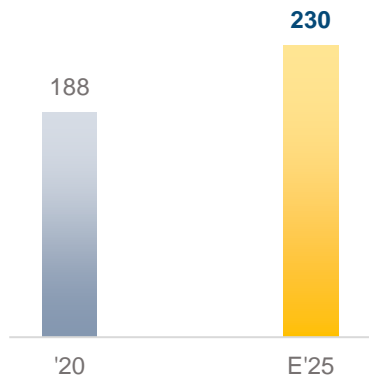
RAB INCREASE



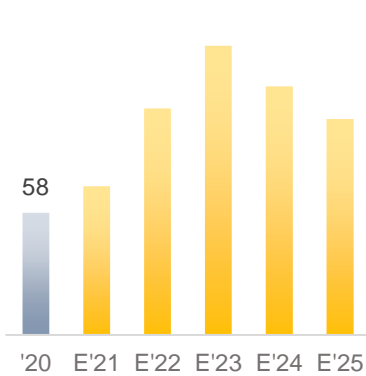
+42 m€

EBITDA INCREASE

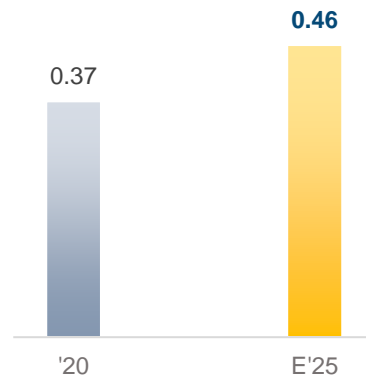
Ebitda (m€)



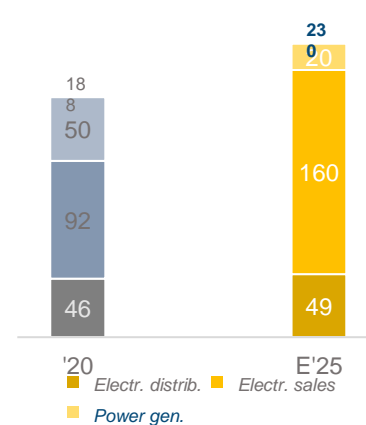
Capex (m€)



RAB* (b€)



Ebitda (m€)



* Numbers exclude M&A

RAB*



+24%

WATER RAB INCREASE



+31%

GAS RAB INCREASE



+24%

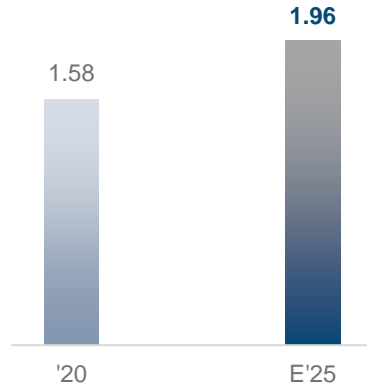
ELECTRICITY
RAB INCREASE



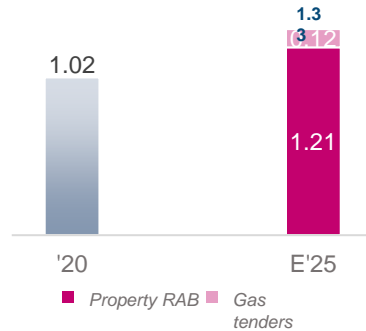
+17%

DISTRICT HEATING
NIC INCREASE

RAB (b€)



RAB (b€)



RAB (b€)



NIC (b€)



* Numbers exclude M&A

From 3.2 b€ to 4.0 b€ total RAB

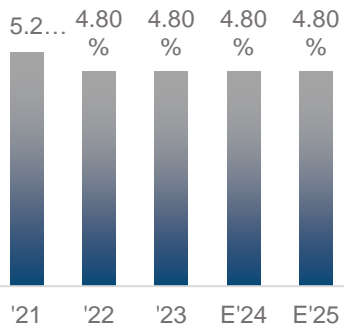
REGULATED RETURNS (WACC)

%

4.8%

WATER WACC

Wacc (%)

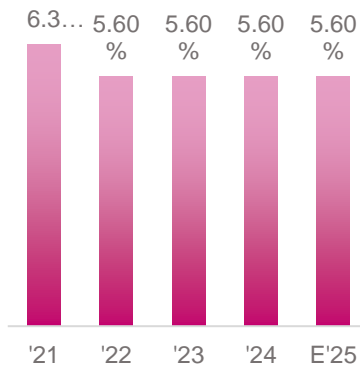


%

5.6%

GAS WACC

Wacc (%)

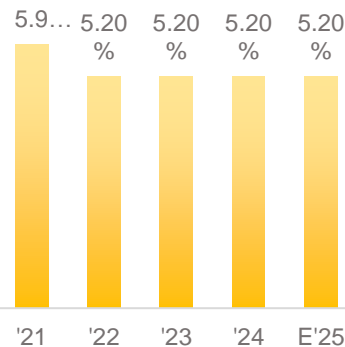


%

5.2%

ELECTRICITY WACC

Wacc (%)

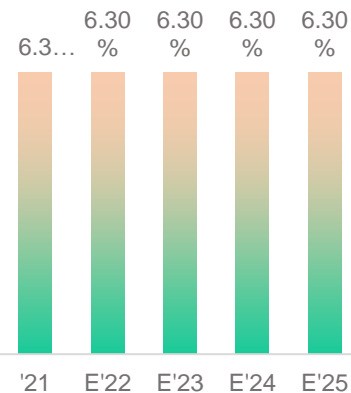


%

6.3%

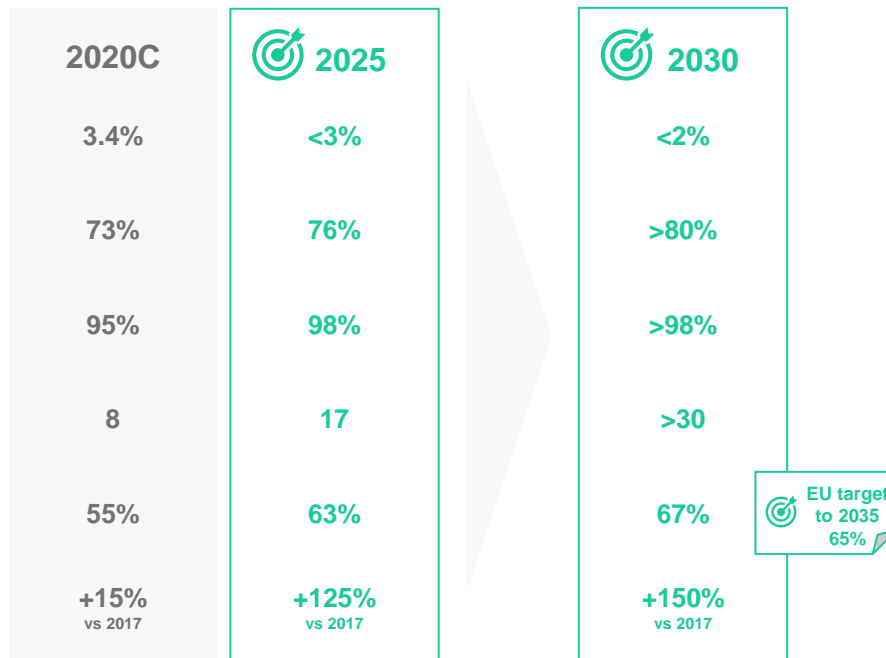
WASTE WACC

Wacc (%)





WASTE SUSTAINABLE TARGETS

Targets
Reduce use of landfills for urban waste (% of urban waste disposed of in landfill)
Increase packaging recycling (% of packaging recycled)
Increase WTE ashes recovery (% of ashes recovered)
Increase biomethane production (mcm/year)
Increase recycling rate in urban waste (% of recycled urban waste)
Increase plastic recycled by Aliplast (% of plastic recycled)





ENERGY SUSTAINABLE TARGETS

Targets
Reduce the Group's energy consumption (% of energy savings from ISO 50001 interventions compared to 2013 consumption)
Increase emission compensation for gas sold (% on total gas sold)
Increase customers with electronic bills (% of customers with electronic bills out of total customers)
Increase contracts with energy efficiency services (% on total contracts)
Increase renewable electricity sold (% on total electricity sold)

2020C	 2025	 2030
(5.7%) vs 2013	(8%) vs 2013	(10%) vs 2013
4%	21%	27%
34%	~50%	>65%
19%	>30%	>45%
34%	41%	>50%

NETWORKS SUSTAINABLE TARGETS

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

* Last update 2019

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

ANNEX: Annual 2021 results

ANNEX: P&L Y2021

	Y '20	Y '21	
REVENUES	7,546.8	10,955.4	+45.2%
EBITDA	1,123.0	1,223.9	+9.0%
<i>Ebitda margin</i>	14.9%	11.2%	
Depreciation and provisions	(571.7)	(612.1)	
EBIT	551.3	611.7	+11.0%
Financial costs	(80.6)	(96.7)	
Figurative interests (IAS)	(44.3)	(33.3)	
Income from Associates & J.V.	8.2	13.2	
PRETAX PROFIT	434.6	491.9	+13.2%
Tax	(111.8)	(131.8)	
<i>Tax rate</i>	25.7%	26.8%	
Minorities	(20.1)	(39.1)	
Special items	0.0	12.6	
NET PROFIT POST MINORITIES	302.7	333.5	+10.2%

ANNEX: Networks, Energy and Waste Y2021



Networks

Ebitda (m€)	Y 2020	Y 2021	Ch.
Networks	460.6	472.2	+11.6
District Heating	12.9	17.0	+4.1
Gas distribution	136.0	143.5	+7.5
Electricity distribution	45.9	49.3	+3.3
Water	265.8	262.4	(3.3)
<hr/>			
Volumes	Y 2020	Y 2021	Ch.
Water (mm3)	285.9	291.5	+5.7
Gas Distribution (mm3)	2,585.3	2,831.1	+245.9
Electricity Distribution (GWh)	2,752.3	2,861.8	+109.5
District Heating (GWht)	460.4	516.5	+56.1



Energy

Ebitda (m€)	Y 2020	Y 2021	Ch.
Energy	367.8	422.6	+54.8
Gas supply	200.0	259.9	+59.8
Electricity supply	92.4	54.1	(38.3)
Power generation	49.9	41.3	(8.6)
Energy efficiency	25.5	67.3	+41.8
<hr/>			
Customers ('000)	Y 2020	Y 2021	Ch.
Gas customers	2,076.2	2,072.7	(3.6)
Electricity customers	1,333.6	1,400.9	+67.3
Energy customers	3,409.8	3,473.6	+63.7



Waste

Ebitda (m€)	Y 2020	Y 2021	Ch.
Waste	258.0	291.7	+33.8
Treatment	191.1	222.5	+31.4
Collection	66.9	69.2	+2.3
<hr/>			
Volumes (kton)	Y 2020	Y 2021	Ch.
Urban W. Volumes	2,219	2,241.8	+22.7
Special W. Volumes	2,188	2,334.3	+146.8
Waste from third parties	4,407	4,576.1	+169.4
Internal W. Volumes	2,203	2,200.5	(2.7)
Total Volumes Treated	6,610	6,776.6	+166.8

ANNEX: H1 '22 results

CURRENT EXTRAORDINARY SCENARIO

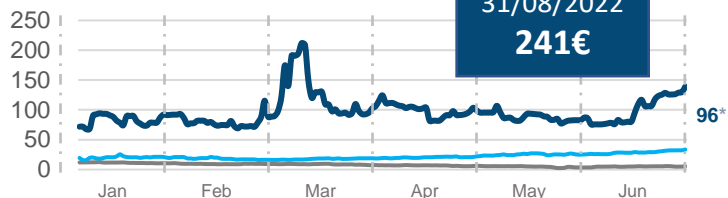


Tensions on energy commodity

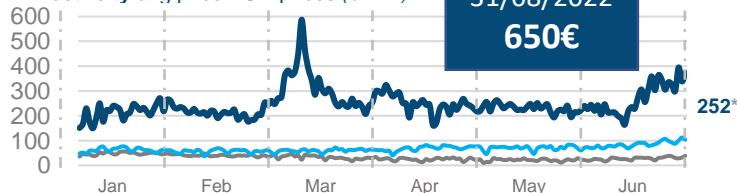
Last 6 months 2022 vs 2021 and 2020

ENERGY PRICES (€/Mwh)

Gas prices on TTF (€/Mwh)



Electricity avg price PUN prices (€/Mwh)



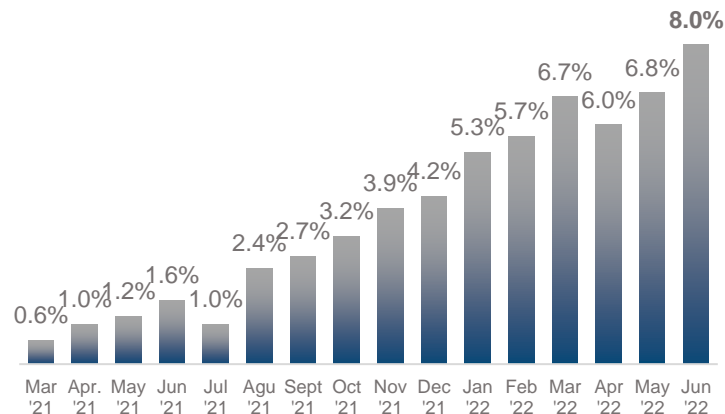
* H1 average



Extraordinary inflation

Last 16 months

ITALIAN INFLATION RATE (%)



Extraordinary energy prices, inflations rates and uncertainty

EBITDA GROWTH ON TRACK



+20.3 m€

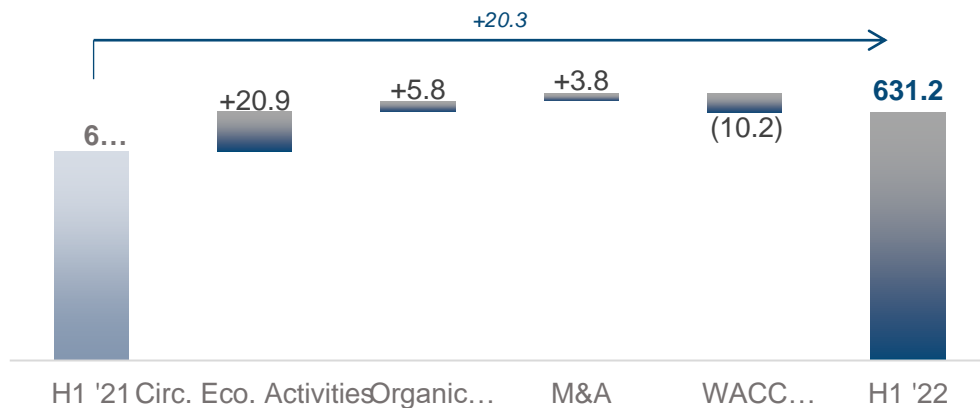
EBITDA GROWTH BY +3.3%



All drivers at work

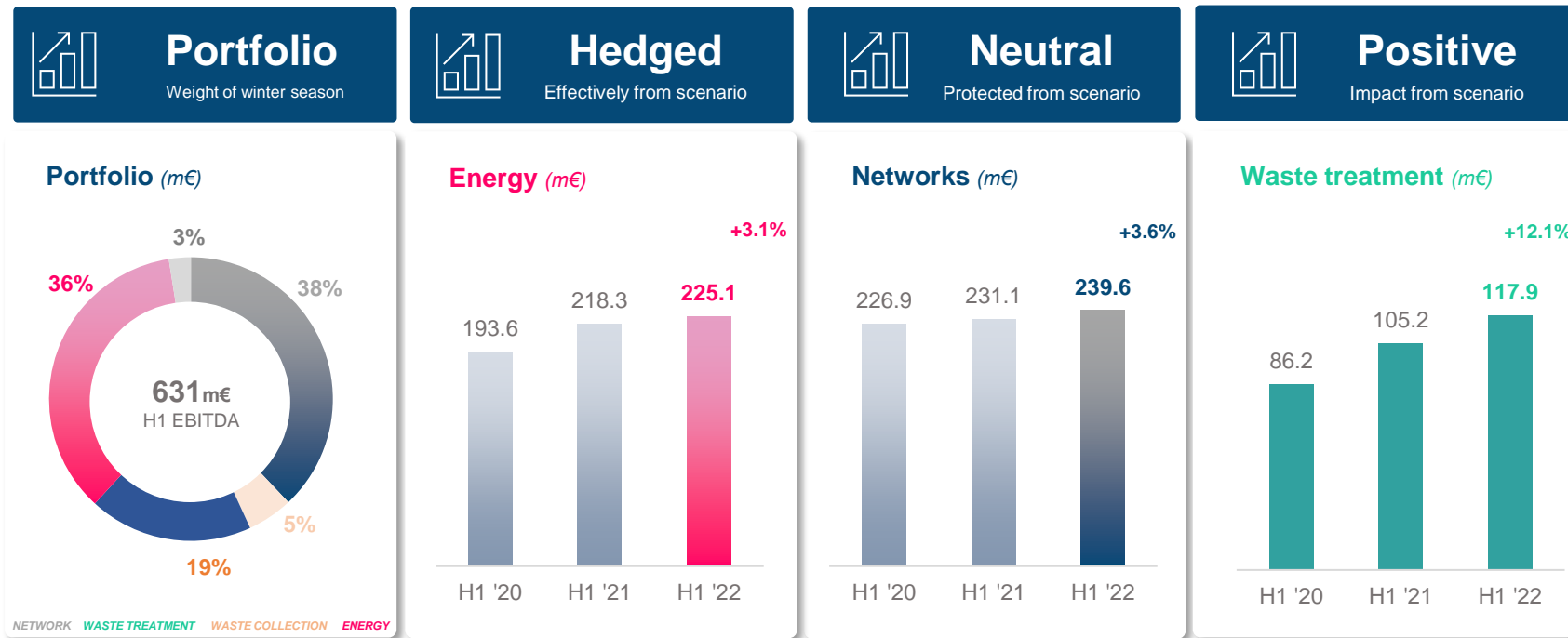
FULLY OFFSETTING WACC REVIEW

Ebitda by driver (m€)



All our diversified growth drivers at work

H1 '22 EFFECTIVE RISK MANAGEMENT OF PORTFOLIO



All businesses performed well

WASTE TREATMENT



+12.7 m€

WASTE TREATMENT GROWTH



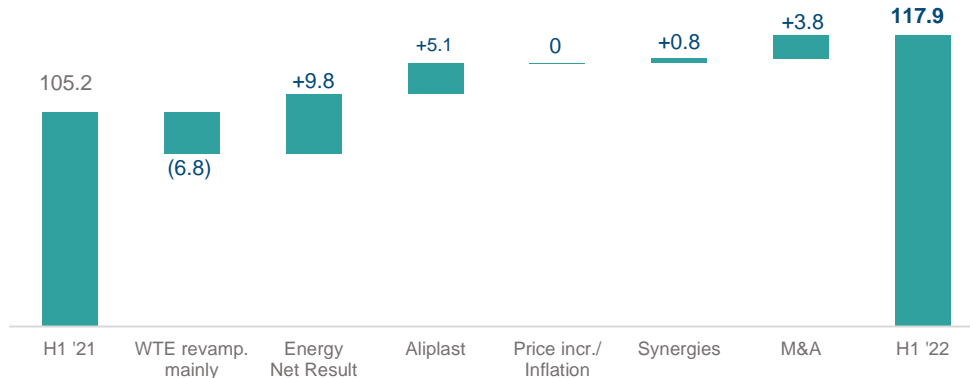
+12.1%

WASTE TREATMENT EBITDA GROWTH



Highlights

Ebitda growth drivers (m€)



- **WTE** in Trieste and in Ravenna (F3) stop for revamping
- **Energy production** from WTE more than offset the higher energy costs
- **Aliplast** still benefits from persistently high oil prices
- **Inflation fully passed through**
- **M&A** refers to Vallortigara, Macero Maceratese and synergies exploitation is progressing

Regulated Collection signed **-4.6m€** in Ebitda, due to discounts offered in the tenders to gather a valuable extension of our concessions (+13 years).

Several drivers at work underpinning a solid growth

ENERGY



+6.8 m€

ENERGY EBITDA GROWTH



+3.1%

ENERGY EBITDA GROWTH



Highlights

Ebitda growth drivers (m€)



- **Ancillary services** (“MSD”) normalized vs extraordinary results of 1H '21.
- **Eco-Efficiency services** performed well leveraging upon expertise and financial strength
- **Supply activities** benefit from full hedging policy
- **Gas Stock** temporary accounting difference between “weighted avg. cost” criteria and “current market value” have been adjusted.

Focus on gas procurement for next thermal season

NETWORKS



+8.5 m€

NETWORKS EBITDA GROWTH



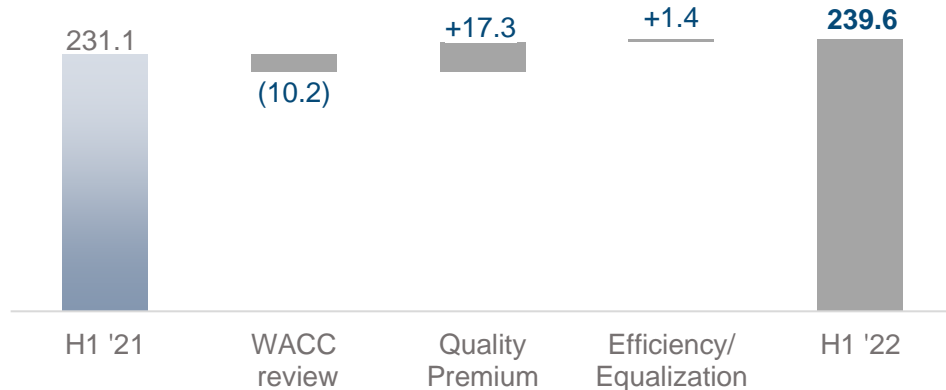
+3.6%

NETWORKS EBITDA GROWTH



Highlights

Ebitda growth drivers (m€)



- **WACC** review implied 70bps reduction on return from all regulated network activities
- **Quality Premiums** achieved both in Water (+16.6m€) and Gas (+0.7m€) activities
- **Efficiencies and Equalization** does mainly include a positive result in District Heating due to a cold winter season

Exploiting all levers to offset WACC cut

BEYOND EBITDA



-20 bps

AVG. INTEREST RATE ON DEBT

Cost of debt (%)

3.2%



H1 '20

2.8%



H1 '21

2.6%



H1 '22



Confirmed

AVG. CORPORATE TAX RATE

Tax rates (%)

27.0%



H1 '20

26.7%



H1 '21

29.0%



H1 '22

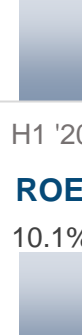


ROI & ROE

AFFECTED BY RECENT INVESTMENTS

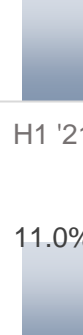
ROI (%)

9.0%



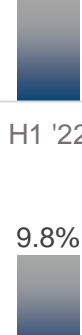
H1 '20

9.5%



H1 '21

8.5%



H1 '22

ROE (%)

10.1%



H1 '20

11.0%



H1 '21

9.8%

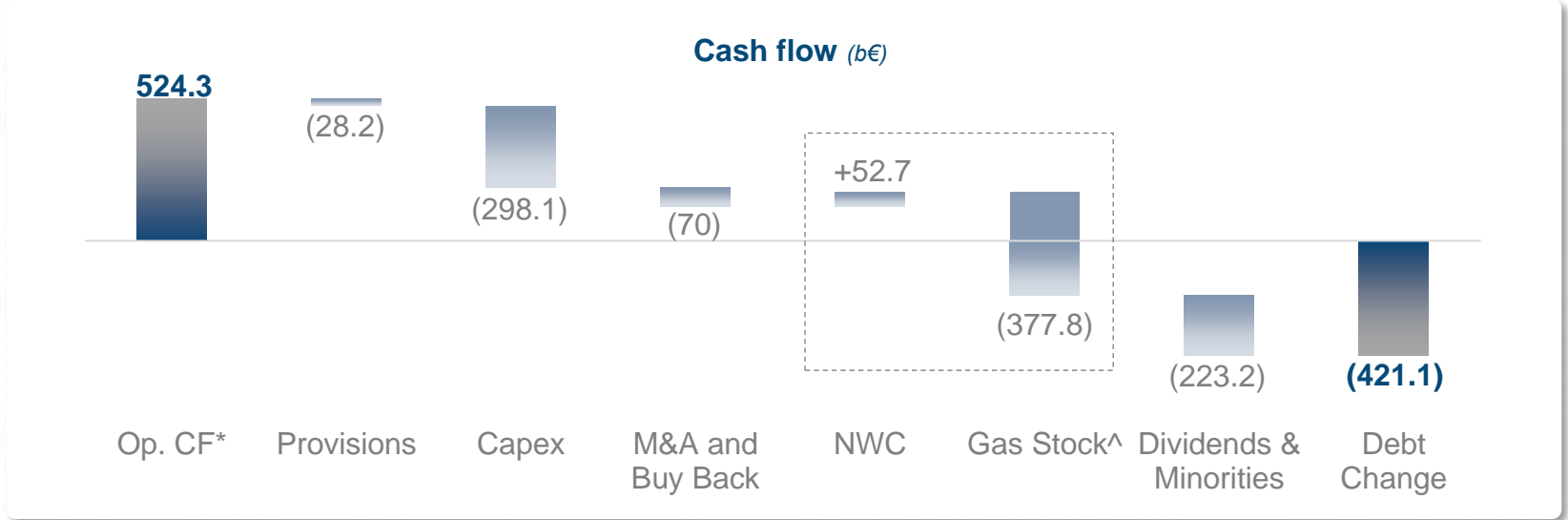


H1 '22

Visible value creation with ratios reflecting strong investments

CASH FLOW

 <p>3.682 m€ H1 '22 NET DEBT</p>	 <p>2.96x NET DEBT / EBITDA</p>	 <p>7 Years AVG DURATION</p>
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Higher investments to minimize extraordinary scenario impact

* Include +88.3m€ of adjustment of the temporary account difference in gas stock valuation (difference between avg historical cost and avg acquiring cost)

^ 377.8m€ refers to the avg acquiring cost of the gas stocked (88.3m€ higher than the accounting value at avg historical cost)

H1 2022: CLOSING REMARKS



+9%

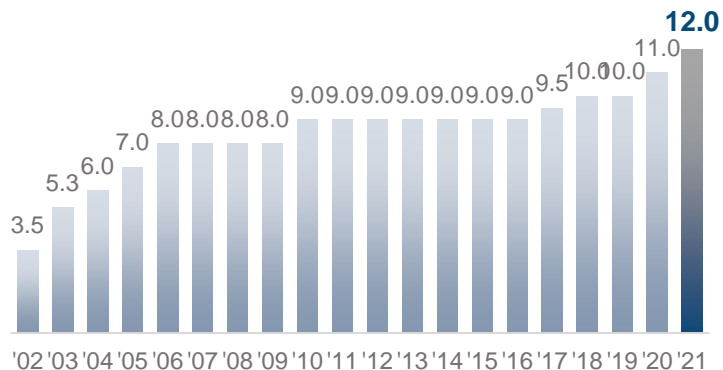
DPS INCREASE '21 vs '20



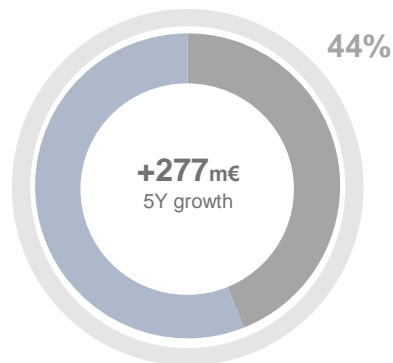
Well on track

PLAN EXECUTION IN TERM OF EBITDA GROWTH

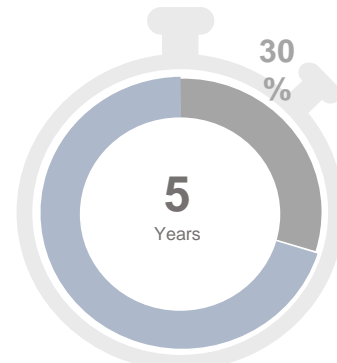
DPS (c€)



**% OF ACHIEVEMENT ON
EBITDA GROWTH
TARGET**



**% OF BP TIME
HORIZON**



Commitments to grow fully confirmed