

# MOODY'S

## RATINGS

### **Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Hera S.p.A.**

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04 Jul 2024

Milan, July 04, 2024 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Hera S.p.A. and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 1 July 2024 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

All ratings of Hera S.p.A. (Hera), including its Baa2 long-term issuer rating with stable outlook, remain unchanged. The Baa2 ratings are supported by the company's diversified business mix; its portfolio of low-risk domestic fully regulated activities (30% of EBITDA in 2023) with limited price and volume exposure, underpinned by supportive and transparent regulatory frameworks; the contribution from quasi-regulated activities (8% of EBITDA), which support cash flow stability; the company's strategy of growth through small and medium-sized acquisitions mainly funded with exchange of shares; and its solid liquidity and financial profiles.

The ratings are constrained by Hera's exposure to the credit profile of the Government of Italy (Baa3 stable), because the company generates all its earnings domestically; its exposure to the macroeconomic cycle and competitive pressure through its electricity and gas supply businesses and waste treatment (around 54% of EBITDA); and the exposure, although limited, of Hera's power generation (less than 1% of EBITDA) and waste businesses to volatile power prices in Italy.

Given Hera's 46% public shareholder base, including an 8% stake owned by the

municipality of Bologna, we consider Hera to be a Government-Related Issuer. However, the Baa2 rating does not incorporate any uplift from Hera's Baseline Credit Assessment (BCA) of baa2, based on our assessment of low support and moderate dependence.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Unregulated Utilities and Unregulated Power Companies published in December 2023 and Government-Related Issuers methodology published in January 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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