

HERA GROUP | Analyst's comments on Q1 2025 financial results

INSTITUTE	COMMENT	EN
BANCA AKROS	"The company's net profit was up 7.4% y/y in Q1 25 mainly because of a lower cost of debt. The main issue in the short and mid-term is the supply business. In this respect we highlight that the comparison base is going to ease after Q2 (the customers "acquired" after the gradual protection tender started contributing in Q3 24). Finally, we highlight a much lower than expected cost of debt which included some one-off items stemming from associates."	
BANCA INTESA SANPAOLO	"Ebitda was flat yoy at 0.42 Bn€, but of higher quality as the company is transitioning a portion of figures from temporary gains (i.e. energy efficiency bonus, last resort markets) to structural contributions. We see Hera's 1Q25 results as overall aligned with our expectations, with a small beat at the bottom line mostly attributable to the lower net financial expenses reported in the period. We believe these results confirm management's indications, with Ebitda transitioning to a more structural and high-quality base and EPS growing in a solid way."	
EQUITA SIM	"1Q25 better than expected in terms of net profit and Debt. In our view, the most positive contributions come from financial management, which was significantly better than expected. We are therefore raising our Group net profit estimate by around 5% on average for the 2025–2028 period and increasing our target price to €4/share (+9.5%), incorporating a higher valuation for the Waste and Water businesses. We maintain our Neutral view. Hera is trading at 12.3x P/E and 6.4x EV/Ebitda on 2026 estimates, with a 4% yield and a Net Debt/Ebitda ratio of 2.7x, which we consider appropriate given the company's growth profile."	
INTERMONTE	"1Q25 results broadly in line. We continue to believe that the group is very well placed to benefit from its leadership in the Waste business and further growth in its retail customer base. Moreover, Hera's financial flexibility (over Eu1.0bn) enables it to continue to seize growth opportunities in its core markets, which are still highly fragmented. The stock does not look expensive (at 6.5x 2025E EV/Ebitda, a multiple broadly in line with the sector average) but the limited upside to our target price, the relatively low DY, and the lack of clear catalysts in the ST, make us confirm our recommendation."	
KEPLER CHEUVREUX	"The Q1 release was almost in line with our estimates: Ebitda was flat YOY while net profit was higher than expected thanks to far lower financial charges. We confirm our Buy rating. The financial structure leaves room for acquisitions or organic capex acceleration. Assuming the threshold of 3x for net debt/EBITDA, there is room for at least EUR700m of potential releveraging. The stock is trading at appealing multiples (c. 6.8x EV/Ebitda 2025/26E and c. 12x P/E), lower than its historical average (c. 7x EV/Ebitda and c. 14x P/E)."	
MEDIOBANCA	"Solid balance sheet offers ample opportunities: we maintain our estimates and €4.50/share TP unchanged. We continue to believe that Hera has a solid business model, exposed to the circular economy thanks to its consolidated position in the waste and water segments. Furthermore, its solid Balance Sheet (<2.5x leverage) gives to the company options to accelerate on external growth opportunities. Our numbers point to +7% CAGR to '23/28 which, while higher than Hera latest BP's +6%, this is significantly lower than the company's last 15Y EPS CAGR of +10%. We also highlight that its DPS policy is based on an arguably modest 50% pay-out. Outperform."	