More growth at lower risk.
Outperforming with all growth drivers

Target: 3.3m energy clients within ‘22 (mclients)

Expand plant capacity within ‘22 (mtons)

Forecast 2019: Ebitda drivers

Gruppo Hera

Outperforming with all growth drivers

^ Annual capacity
* Total plant capacity
** BP to ‘22 target vs ‘19 forecast (not including Ascopiave deal)
New Business plan leverage upon achievements

Underpinning extra CF

Ebitda growth: Old BP vs achievements

Boosting our expansion potentials
We addressed the evolution of our activities to enhance the quality and resilience of our services to customers. Targeting to execute infrastructural development and the evolution of services to further embrace the key goals for a new (sustainable) delivery model.

Business targets to 2023

Further increase of Ebitda to 2023
New business plan scenario

Visible regulation
New regulation in waste and updated regulation in water and energy distribution

Fragmented competition
In all reference markets competition is still highly fragmented and sector consolidation trends are visible

Gas distribution discontinuity
Tenders in regulated activities offers consolidation opportunities

Energy market discontinuity
Maggior Tutela customer’s, the main part of Electricity supply market, will go through a liberalization process

Improved visibility vs last BP
Scenario: discontinuities ahead

M&A contribution expected (m€, average per year)

<table>
<thead>
<tr>
<th>16y track record</th>
<th>New BP</th>
</tr>
</thead>
<tbody>
<tr>
<td>+21</td>
<td>+21</td>
</tr>
</tbody>
</table>

Fragmented markets

Continuing to act as sector consolidator

Opportunities to leverage upon competitive advantages

Gas distribution tenders

Hera aims at least to confirm current ATEMs

Electricity market liberalization

Facing liberalization from a strong mkt position

Tenders targeted to start within 2023

<table>
<thead>
<tr>
<th>&gt;50%</th>
<th>&lt;50%</th>
<th>Total</th>
<th>Avg. RAB in target ATEMs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,47</td>
<td>0,03</td>
<td>1,50</td>
<td>81%</td>
</tr>
</tbody>
</table>

Electricity supply Market share (%)

- Incumbent
- Free market
- Hera
- Player 2
- Player 4
- Player 5
- Player 6
- Player 7
- Player 8
- Player 9
- Other

20m clients to be re-distributed among players

Other

Incumbent

Free market

Maggior Tutela

25%

50%

75%

100%
Capex Plan ‘19–’23

New capex plan (b€)

2.86 b€
In 2019-2023

Capex plan (b€)

73%
In RAB

Organic development capex increased by about +30%
Ebitda target to 2023

Ebitda growth drivers (m€)

+219 m€
+3.9% Cagr

Ebitda growth: CSV share (%)

+155 m€

CSV growth

Solid & sustainable growth perspectives

Efficiencies & Synergy: +105m€
Drivers & target to 2023

Well balanced business mix along with a coherent and risk adverse strategy, underpins a fast, uninterrupted and resilient growth. A solid base to create value for all our main stakeholders.

2.9€
Capex 2019-2023
Macro-trends of strategic planning across businesses

Towards sustainable ambitious targets to 2030
Ebitda by business

Ebitda growth ($m€)

Mix fifty-fifty
reg./lib. in 2023

Ebitda CSV ($m€)
530 m€
in 2023

Efficiencies by business ($m€)

More, balanced and sustainable growth from all activities
Core priorities

Customer base (mln)

Marketing strategy

Offsetting negatives with a wide range of initiatives
Ascopiave deal: Synergies potentials ahead

Squeezing value from our largest intangible asset
Energy supply

Visible growth on the back of Ascopiave deal

Ebitda drivers (m€)

+77 m€
+4.9% cagr

Capex plan (m€)

295 m€
In ‘19-'23

Footprints to ‘23 (%)

Carbon CO₂
(26%)
vs 2015
Carbon intensity in energy produced

Resource
58%
vs 2023
of clients with green contract

Resource
45%
in 2023
of clients with electronic invoicing

Resource
500k
in 2023
clients with consumption report

286
+54
+28
(19)
+14
363

A’18
Ascopiave
Syn.
Ascopiave
Org.
Growth
M&A
E’23
Visible returns enhancing our sustainable footprints
**Networks**

**Ebitda drivers (m€)**

- **+73 m€**
- **+3.0% cagr**

**Capex plan (m€)**

- **1,874 m€**
- In ‘19-’23

**Footprints to ‘23 (%)**

**Water savings**

- **(2.0%)** vs 2018
- Reduction of water network losses

**Resource**

- **9%** in 2023
- Reusable wastewater

**Water savings**

- **(15%)** vs 2018
- Internal use of water

**Resource**

- **<4%** in 2023
- Sludges disposed off in landfill

---

*Net of distribution networks involved in Ascopiave “asset swap” deal*
Core priorities

INDUSTRIAL GROWTH
Renew UW concessions, leveraging on innovative solutions

RISK MANAGEMENT
Strengthen asset base and commercial approach to underpin industrial waste development and circular solutions

CIRCULARITY
Expand plastic recycling by polymer and by technology

Treatment prices of waste treatment

Hera tenders of waste collection in E-R

Surfing market trends leveraging upon strong assets
Promoting further growth

**Ebitda drivers (m€)**

+55 m€

+4.0% cagr

**Capex plan (m€)**

618 m€

In ‘19-’23

**Footprints to ‘23 (%)**

Resource

81%

of urban waste recovered from selection

Resource

+27%

vs 2018 Biomethane from organic waste

Resource

+62%

vs 2017 Plastic recycled by Aliplast

Resource

>70%

in 2023 Packaging recycling

---

* Green Certificate expiry in Ferrara and Forlì WTEs. CEC incentive expiry in Bologna and Trieste WTEs
Beyond Ebitda: Increased operating cash flows

Fully funding capex and dividends & confirming flexibility

Cumulated cash flows driver ‘19-’23 (m€)

+0.5 b€ FCF
vs Old BP

3.2% Cost of Debt vs 3.5% Old BP
28% tax rate vs 30% Old BP

+0.15 Org. Capex vs Old BP lower risk
+0.5 FCF vs Old BP opportunities
+0.03 Dividends vs Old BP remuneration

- Capex and Debt from expected M&A
*Actual value of potential acquisition of minority stake (48% in ’26) in EstEnergy from Ascopiave and cumulated dividends of Ascopiave related to EstEnergy (about 600m€)
“We confirm our full transparency with the investors, adding visibility on capital allocation and dividend policies, for a complete view of our value creation plans.”

Targets to 2023

+20% DIVIDEND GROWTH to 2023
Closing remarks (1): Dividend policy

Speeding up DPS growth

Dividend policy
(c€ per share)

+20%
vs 2018

already paid in '19
Closing remarks (2): key messages

- **Better shareh. remuneration**: Fast growth of dividends
  - DPS up by +20% in 5 years

- **Lower risk exposure**: Higher visibility on regulation
  - Lower exposure to external variables, org. growth “upfront”
  - Further increase of sustainability profile (to 2030)

- **Solid platform from achievements**: Anticipated strategic projects permit to enhance growth perspectives and maintain firing power to go for scenario opportunities

Enhanced visibility & growth perspectives
Annex
## Business Plan main assumptions

### Main assumptions

<table>
<thead>
<tr>
<th></th>
<th>A’17</th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brent (Dollar/Barrel)</strong></td>
<td>54.8</td>
<td>71.5</td>
<td>70.0</td>
</tr>
<tr>
<td><strong>Exchange rate €/$</strong></td>
<td>1.13</td>
<td>1.18</td>
<td>1.21</td>
</tr>
<tr>
<td><strong>PUN (€/MWh)</strong></td>
<td>53.9</td>
<td>61.3</td>
<td>61.9</td>
</tr>
<tr>
<td><strong>Inflation (%)</strong></td>
<td>1.2%</td>
<td>1.1%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>GRIN certificate (former Green Certificate) (€/MWh)</strong></td>
<td>107.3</td>
<td>99.0</td>
<td>90.3</td>
</tr>
<tr>
<td><strong>White certificates (€/TEP)</strong></td>
<td>311.5</td>
<td>248.9</td>
<td>265.0</td>
</tr>
<tr>
<td><strong>CO₂ certificates (€/ton)</strong></td>
<td>8.1</td>
<td>24.6</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Tax rate (%)</strong></td>
<td>29.6%</td>
<td>29.1%</td>
<td>28.0%</td>
</tr>
<tr>
<td><strong>Cost of Debt (%)</strong></td>
<td>3.7%</td>
<td>3.7%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>
Consolidated Group Ebit target

Ebit by strategic area (m€)

- Energy 200
- Waste 96
- Other 12
- Networks 202

Ebit A’18 510 m€

+18%

Ebit by strategic area (m€)

- Energy 227
- Waste 122
- Other 22
- Networks 230

Ebit E’23 602 m€

vs 2018
Financial Debt

Gross debt maturities as of 30/09/2019* (m€)

- '19: 503.8
- '20: 54.5
- '21: 307.0
- '22: 110.0
- '23: 126.7
- Post: 1,102.0
- Gross Debt: 3,608.8

Interest rate breakdown in 2023 (%)

- Variable: 61%
- Fixed: 39%

* Excluding short term credit facilities
### Waste business

**Economics (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>252.0</td>
<td>306.5</td>
</tr>
</tbody>
</table>

**Ebitda breakdown (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>252.0</td>
<td>306.5</td>
</tr>
</tbody>
</table>

**Volumes treated (Mtons)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste treated</td>
<td>7,293</td>
<td>8,561</td>
</tr>
<tr>
<td>Urban</td>
<td>2,348</td>
<td>2,260</td>
</tr>
<tr>
<td>Special</td>
<td>2,143</td>
<td>3,099</td>
</tr>
<tr>
<td>by products</td>
<td>2,802</td>
<td>3,201</td>
</tr>
</tbody>
</table>

*Excluding volumes from M&A

**Capex E’19-E’23: 618 M€ (M€)**

- A’18
- E’19
- E’20
- E’21
- E’22
- E’23

- **Capex E’19-E’23:** 618 M€
Water business

**Economics (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A'18</th>
<th>E'23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>249.7</td>
<td>293.0</td>
</tr>
</tbody>
</table>

**Volumes sold (Mmc)**

<table>
<thead>
<tr>
<th></th>
<th>A'18</th>
<th>E'23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>291</td>
<td>288*</td>
</tr>
</tbody>
</table>

*Numbers exclude M&A

**Capex E’19-E’23: 867 m€ (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A'18</th>
<th>E'19</th>
<th>E'20</th>
<th>E'21</th>
<th>E'22</th>
<th>E'23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RAB (B€)**

<table>
<thead>
<tr>
<th></th>
<th>A'18</th>
<th>E’23*</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAB*</td>
<td>1,49</td>
<td>1,69</td>
</tr>
</tbody>
</table>
**Gas business**

**Economics (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>316.5</td>
<td>404.8</td>
</tr>
</tbody>
</table>

**Ebitda breakdown (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>316.5</td>
<td>404.8</td>
</tr>
</tbody>
</table>

**Capex E’19-E’23: 1,005 m€ (M€)**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’20</th>
<th>E’21</th>
<th>E’22</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas tenders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Highlights**

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Sales &amp; Trading (Mcm)</td>
<td>6,168</td>
<td>5,873</td>
</tr>
<tr>
<td>RAB (B€)</td>
<td>1,07</td>
<td>1,25</td>
</tr>
</tbody>
</table>

*Numbers exclude M&A, Ascopiave deal (only in volumes sold) and third parties RAB.*
Electricity business

### Economics (M€)

<table>
<thead>
<tr>
<th></th>
<th>A’18</th>
<th>E’23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>183.5</td>
<td>201.8</td>
</tr>
</tbody>
</table>

### EBITDA breakdown (M€)

- A’18: 183.5
- E’23: 201.8

### Highlights

- **Volume Sold (TWh):**
  - A’18: 11.9
  - E’23*: 11.6

- **RAB (B€):**
  - A’18: 0.37
  - E’23*: 0.38

*Numbers exclude M&A and Ascopiave deal

### Capex E’19-E’23: 297 m€ (M€)

- A’18
- E’19
- E’20
- E’21
- E’22
- E’23
## Operational efficiency

**Gas**

<table>
<thead>
<tr>
<th>POD/employee* (n.)</th>
<th>Network length/employee* (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2023</td>
</tr>
<tr>
<td>2,752</td>
<td>34.1</td>
</tr>
<tr>
<td>2,844</td>
<td>34.9</td>
</tr>
</tbody>
</table>

* Excluding Gas tenders

**Electricity**

<table>
<thead>
<tr>
<th>POD/employee (n.)</th>
<th>Network length/employee (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2023</td>
</tr>
<tr>
<td>1,498</td>
<td>44.5</td>
</tr>
<tr>
<td>1,564</td>
<td>46.9</td>
</tr>
</tbody>
</table>

**Water**

<table>
<thead>
<tr>
<th>POD/employee (n.)</th>
<th>Network length/employee (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2023</td>
</tr>
<tr>
<td>3,344</td>
<td>44.1</td>
</tr>
<tr>
<td>3,411</td>
<td>44.7</td>
</tr>
</tbody>
</table>

**District Heating**

<table>
<thead>
<tr>
<th>POD/employee (n.)</th>
<th>Network length/employee (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2023</td>
</tr>
<tr>
<td>218</td>
<td>4.7</td>
</tr>
<tr>
<td>228</td>
<td>5.0</td>
</tr>
</tbody>
</table>

---

* GRUPPO HERA
RAB and Wacc

Regulated Asset Base* (m€)

**3.8 b€ in 2023**

vs 3.4 in 2018

* Excluding M&A
Capex plan

2.9 b€ in 2019-2023

Capex plan by driver (m€)

Capex plan by business (m€)

2.9 b€ in 2019-2023

Organic development capex:
- Waste: 222 m€
- Networks: 154 m€
- Energy: 166 m€
- Total: 542 m€
CSV capex plan

955 m€ of investments contribute to SDGs

Energy 118 m€
- Smart use of energy
  - Diffusion of renewable energy 26 m€
  - Promotion of energy efficiency 92 m€

Resources 410 m€
- Efficient use of resources
  - Sustainable management of water resource 269 m€
  - Transition to a circular economy 141 m€

Territory 427 m€
- Innovation & development of territorial social-eco systems
- Innovation and digitalization 368 m€
- Air and land protection 59 m€
## Waste sustainable targets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018C</th>
<th>2023</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce use of landfills for urban waste</td>
<td>4.5%</td>
<td>&lt;5%</td>
<td>&lt;5%</td>
</tr>
<tr>
<td>Increase packaging recycling</td>
<td>72%</td>
<td>&gt;70%</td>
<td>&gt;75%</td>
</tr>
<tr>
<td>Increase WTE ashes recovery</td>
<td>83%</td>
<td>98%</td>
<td>&gt;98%</td>
</tr>
<tr>
<td>Increase material and energy recovery from waste treated in selection plant</td>
<td>77.2%</td>
<td>81%</td>
<td>85%</td>
</tr>
<tr>
<td>Increase recycling rate in urban waste</td>
<td>53%</td>
<td>62%</td>
<td>67%</td>
</tr>
<tr>
<td>Increase plastic recycled by Aliplast</td>
<td>+7% vs 2017</td>
<td>+62% vs 2017</td>
<td>+150% vs 2017</td>
</tr>
</tbody>
</table>

**EU target to 2035:** 65%

**Carbon footprint**

**Water footprint**

**Resource footprint**
Energy sustainable targets

- **Reduce the Group’s energy consumption** (% of energy savings from ISO 50001 interventions compared to 2013 consumption)
  - 2018C: (4.4%) vs 2013
  - 2023: (6.5%) vs 2013
  - 2030: (10%) vs 2013

- **Reduce the carbon footprint in energy production** (kgCO2/MWh)
  - 2018C: (17%) vs 2013
  - 2023: (26%) vs 2013
  - 2030: (35%) vs 2013

- **Increase customers with electronic bills** (% of customers with electronic bills out of total customers)
  - 2018C: 23.7%
  - 2023: 45%
  - 2030: 60%

- **Increase electricity contracts with energy efficiency services** (% on total electricity contracts)
  - 2018C: 18.8%
  - 2023: 21%
  - 2030: >25%

- **Increase gas contracts with energy efficiency services** (% on total gas contracts)
  - 2018C: 11.7%
  - 2023: 16%
  - 2030: >20%

- **Increase Green offers contracts** (% on total contracts)
  - 2018C: 5%
  - 2023: 58%
  - 2030: >60%
Networks sustainable targets

- **Reduce water network losses** (linear loss reduction rate compared to 2018)
- **Reduce internal water consumption** (water consumption reduction rate compared to 2018)
- **Reduce the domestic water demand** (average per capita consumption reduction rate compared to 2018)
- **Minimize the disposal of sewage sludge in landfills** (% of sewage sludge disposed of in landfills out of total sludge)
- **Increase the reuse of wastewater** (% reusable wastewater or total wastewater)
- **Increase the % of soil already used by our infrastructures in design** (both surface occupation and reuse of excavated materials)
- **Reduction of thermal energy produced from non-renewable sources** (%)

### Targets Comparison

<table>
<thead>
<tr>
<th></th>
<th>2018C</th>
<th>2023</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baseline year</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reduce water network losses</strong></td>
<td>(2%) vs 2018</td>
<td>(7%) vs 2018</td>
<td></td>
</tr>
<tr>
<td><strong>Reduce internal water consumption</strong></td>
<td>(15%) vs 2018</td>
<td>(25%) vs 2018</td>
<td></td>
</tr>
<tr>
<td><strong>Reduce the domestic water demand</strong></td>
<td>(5%) vs 2018</td>
<td>(15%) vs 2018</td>
<td></td>
</tr>
<tr>
<td><strong>Minimize the disposal of sewage sludge in landfills</strong></td>
<td>7% vs 2018</td>
<td>3.6% vs 2018</td>
<td>1.5% vs 2018</td>
</tr>
<tr>
<td><strong>Increase the reuse of wastewater</strong></td>
<td>1% vs 2018</td>
<td>9% vs 2018</td>
<td>15% vs 2018</td>
</tr>
<tr>
<td><strong>Increase the % of soil already used by our infrastructures in design</strong></td>
<td>68% vs 2018</td>
<td>73% vs 2018</td>
<td>&gt;80% vs 2018</td>
</tr>
<tr>
<td><strong>Reduction of thermal energy produced from non-renewable sources</strong></td>
<td>(1%) vs 2018</td>
<td>(15%) vs 2018</td>
<td></td>
</tr>
</tbody>
</table>
## Employees sustainable targets

<table>
<thead>
<tr>
<th>Category</th>
<th>2018C</th>
<th>2023</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of employees involved in smart working out of total employees</td>
<td>8%</td>
<td>50%</td>
<td>75%</td>
</tr>
<tr>
<td>% of employees with digital readiness out of total employees</td>
<td>23%</td>
<td>50%</td>
<td>90%</td>
</tr>
<tr>
<td>Organizational agility: average number of employees by organizational structure</td>
<td>7</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Continuous learning: % of employees who offer at least one training course per year out of total employees</td>
<td>n.a.</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>Internal mobility: % of employees who change roles or organizational structure in one year out of total employees</td>
<td>20%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion: positioning in a significant global index of Diversity &amp; Inclusion (today Refinitiv)</td>
<td>14°</td>
<td>TOP15</td>
<td>TOP10</td>
</tr>
</tbody>
</table>
Disclaimer

This presentation contains forward-looking statements regarding future events (which impact the Hera Group’s future results) that are based on current expectations, estimates and opinions of management.

These forward-looking statements are subject to risks, uncertainties and events that are unpredictable and depend on circumstances that might change in future.

As a result, any expectation on Group results and estimates set out in this presentation may differ significantly depending on changes in the unpredictable circumstances on which they are based.

Therefore, any forward-looking statement made by or on behalf of the Hera Group refer on the date they are made.

The Hera Group shall not undertake to update forward-looking statements to reflect any changes in the Group’s expectations or in the events, conditions or circumstances on which any such statements are based.

Nevertheless, the Hera Group has a “profit warning policy”, in accordance with Italian laws, that shall notify the market (under “price-sensitive” communication rules) regarding any “sensible change” that might occur in Group expectations on future results.