

Investor presentation



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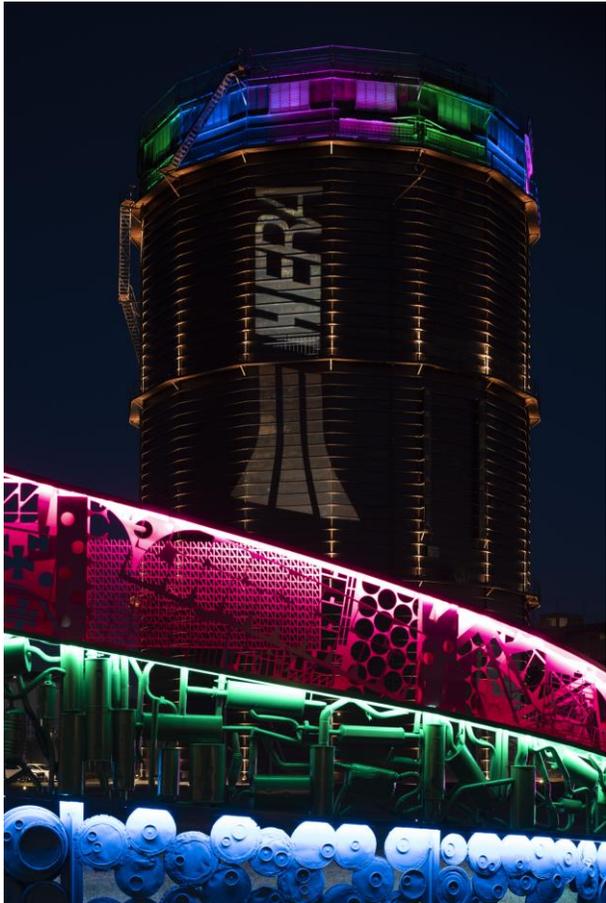
This document is not intended to be and should not be construed as providing legal, financial or technical advice. Each recipient of this document shall be taken to have made their own investigation and appraisal of the condition (financial or otherwise) of Hera based upon advice from such financial, legal and tax advisers as they have deemed necessary.

The base prospectus dated 12 April 2023 is available at the Issuer’s website https://eng.gruppohera.it/group_eng/investor-relations/debt-and-rating/bond-issuances

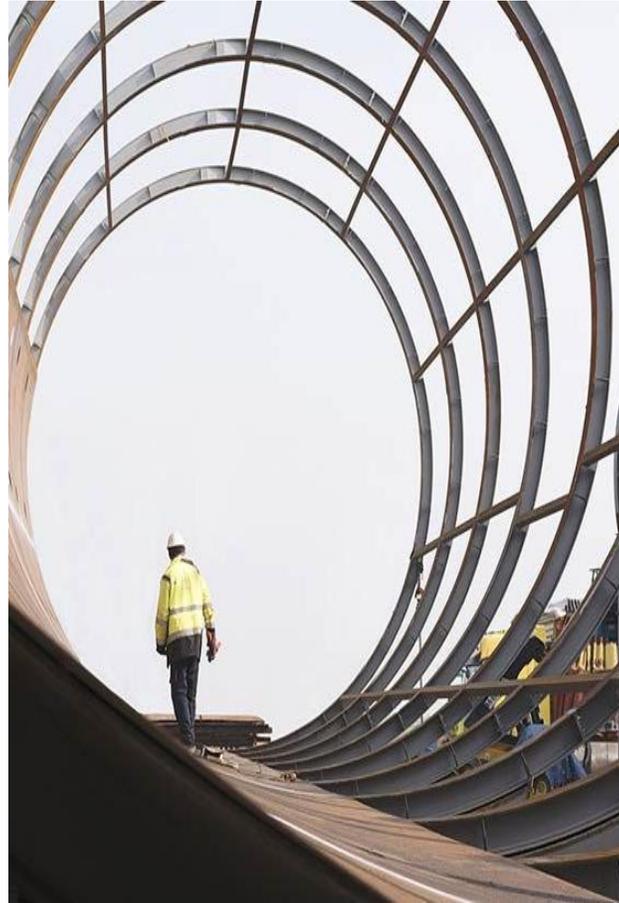
This disclaimer applies, *mutatis mutandis*, also with respect to the sustainability-linked financing framework, the related second party opinion, any documents incorporated by reference into the base prospectus and any oral presentation and any question-and-answer session.

Agenda

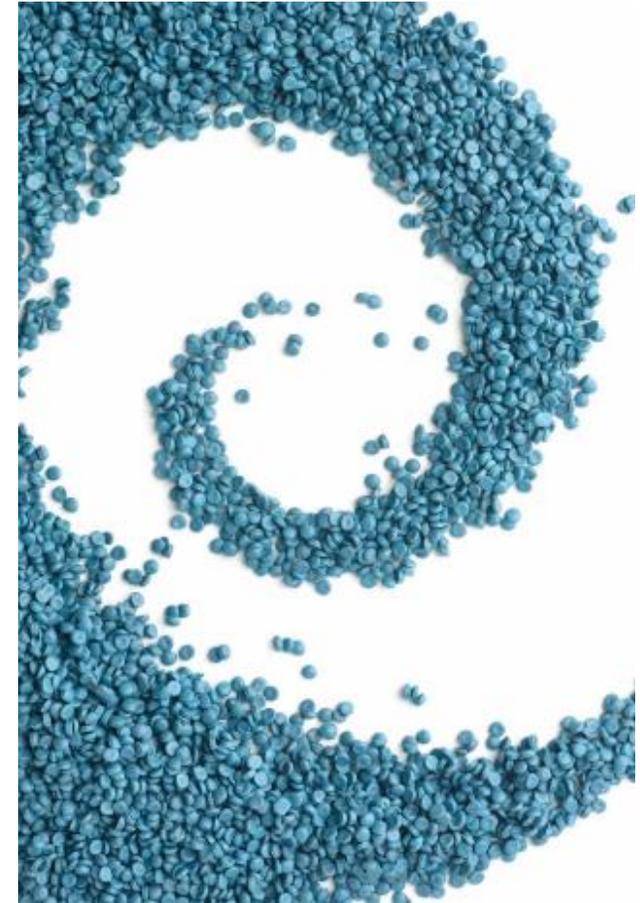
1 Company overview



2 Hera Sustainability strategy



3 Hera's Sustainability-Linked Financing Framework



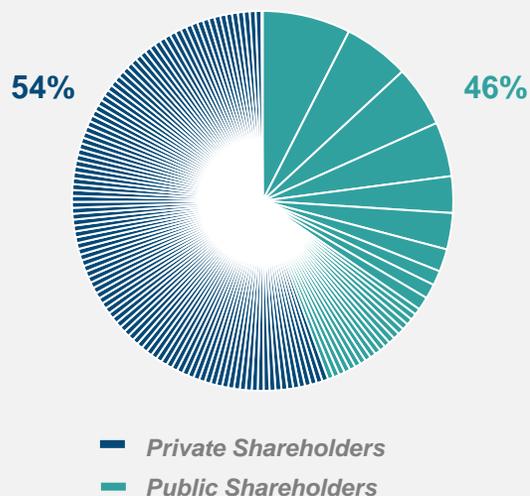


1 - Company overview



Hera in a snapshot: a multiutility with strong market positions in the wealthiest part of Italy

SHAREHOLDERS



GEOGRAPHICAL FOOTPRINT



WASTE

1st 6.9 mln tons
Waste treated

WATER

2nd 289.3 mln m³
Water supplied

ENERGY SUPPLY

3rd 3.5 mln
Customers

GAS DISTRIBUTION

4th 2.4 mln m³
Gas distributed

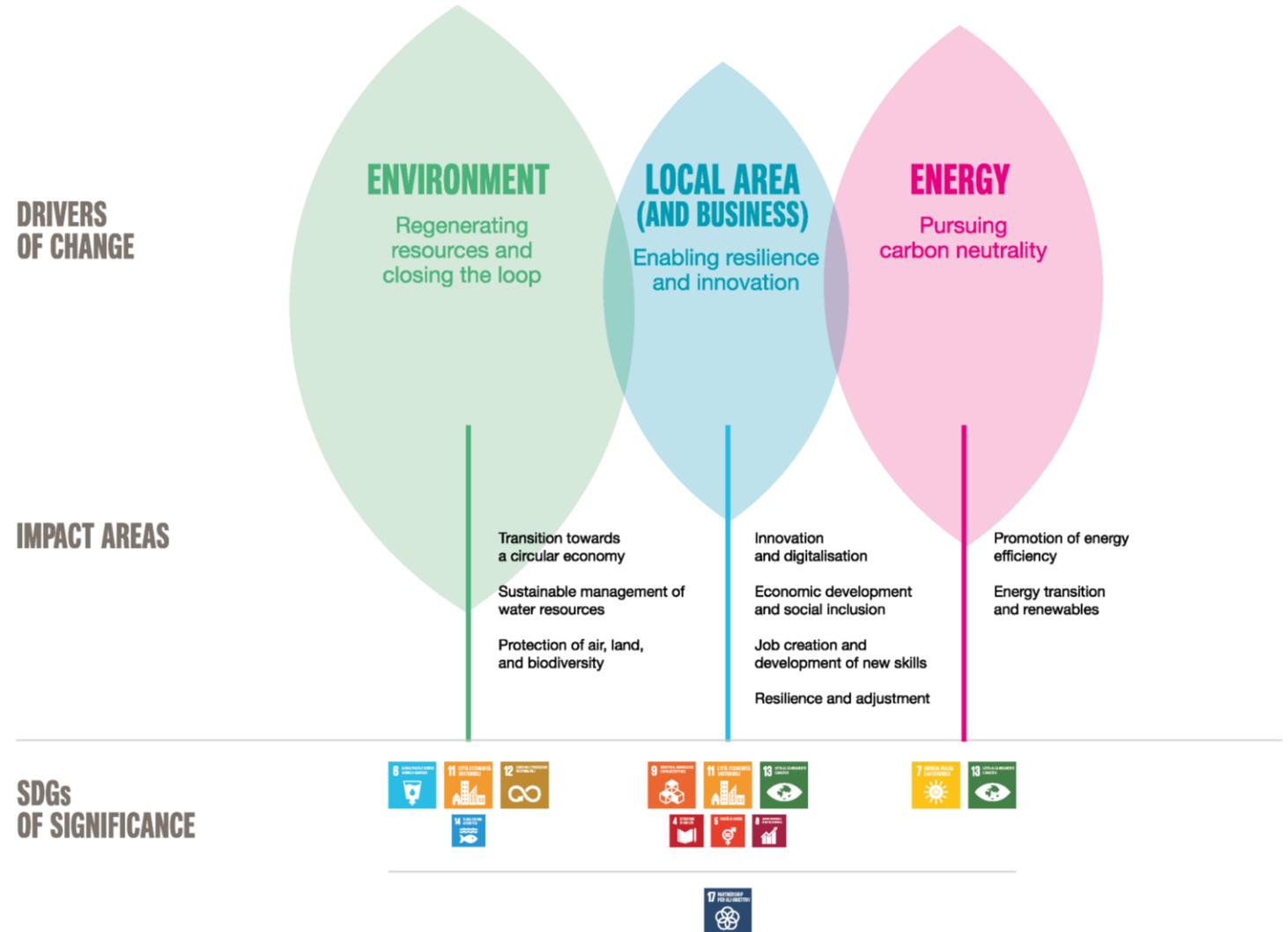
One of the largest Italian multi-utility: about 3.9 bln € mkt cap

◇ Hera's sustainability strategy is fully aligned with UN SDG Agenda

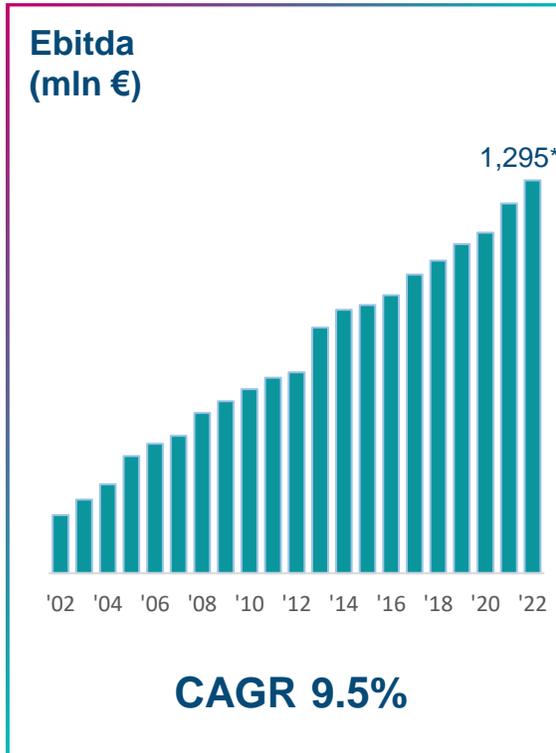
Hera has progressively identified **activities, projects and company policies** that generate a significant and increasing **Shared Value**

The areas for creation of Shared Value for Hera are:

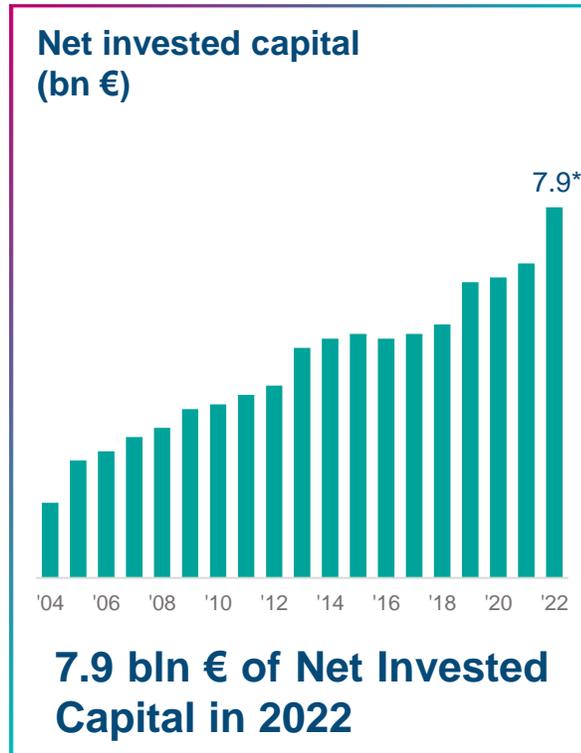
- **Environment**
- **Local Area**
- **Energy**



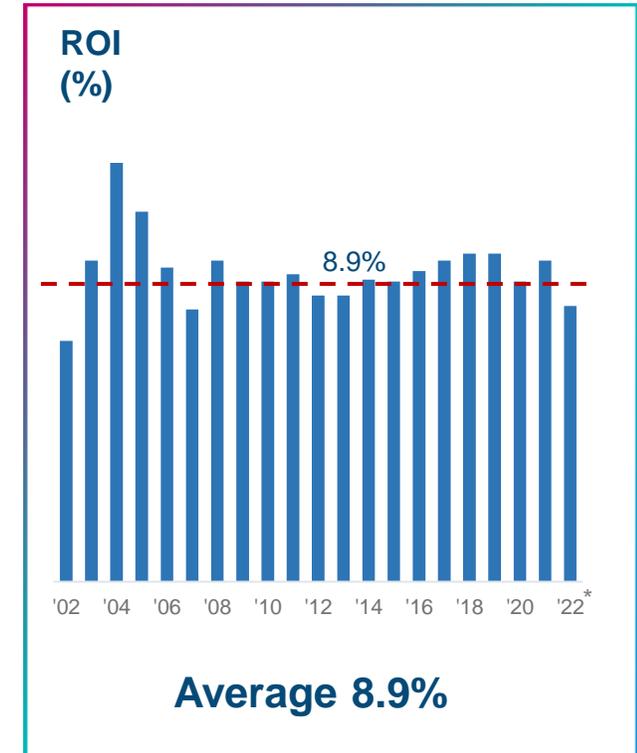
Hera's economic and financial track record



*The 2022 Ebitda referred to in this graph is the Adjusted Ebitda



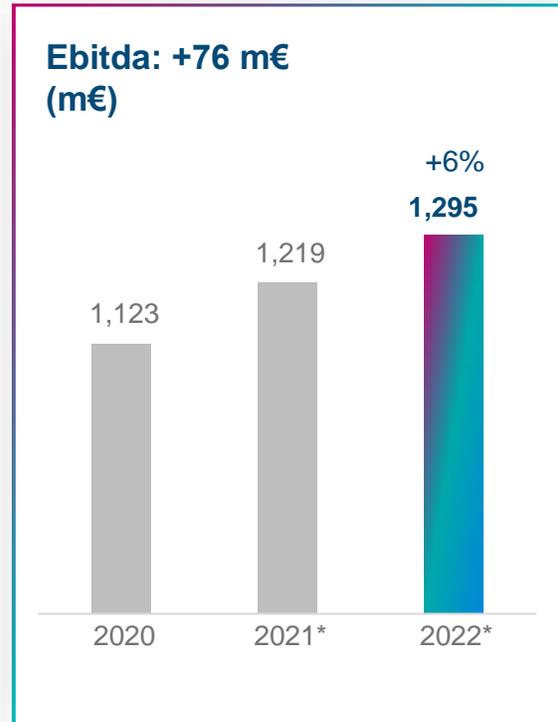
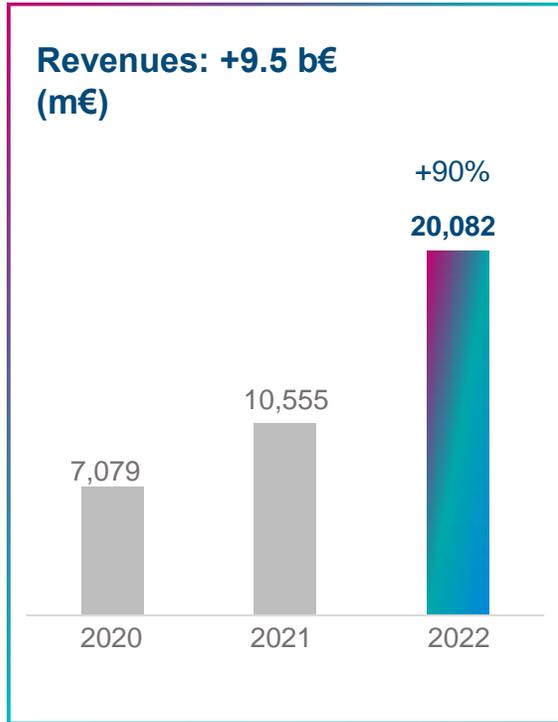
*The 2022 Net Invested Capital referred to in this graph is Adjusted



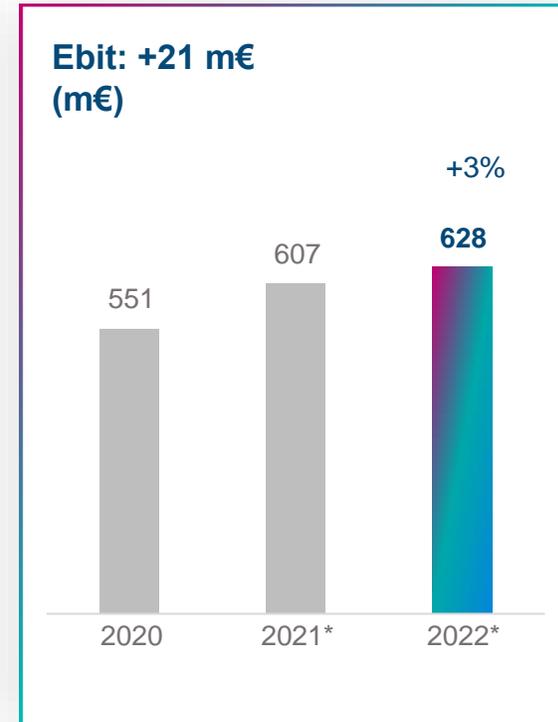
*The 2022 ROI referred to in this graph is Adjusted

Over 20 years of uninterrupted and resilient growth

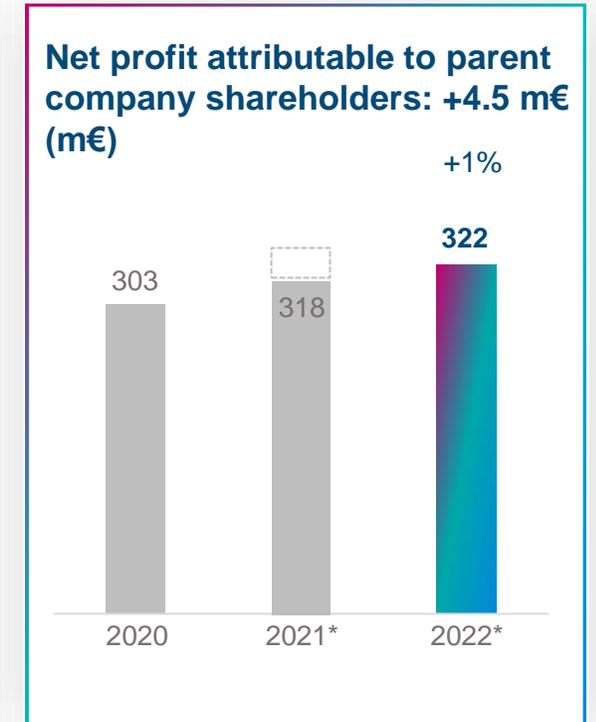
2022 results: above expectation even in a complex scenario



* Ebitda is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices); this difference will progressively disappear in Q1 2023. Adjustments on Ebitda is -4.4m€ in Y'21 and +94.1m€ in Y'22



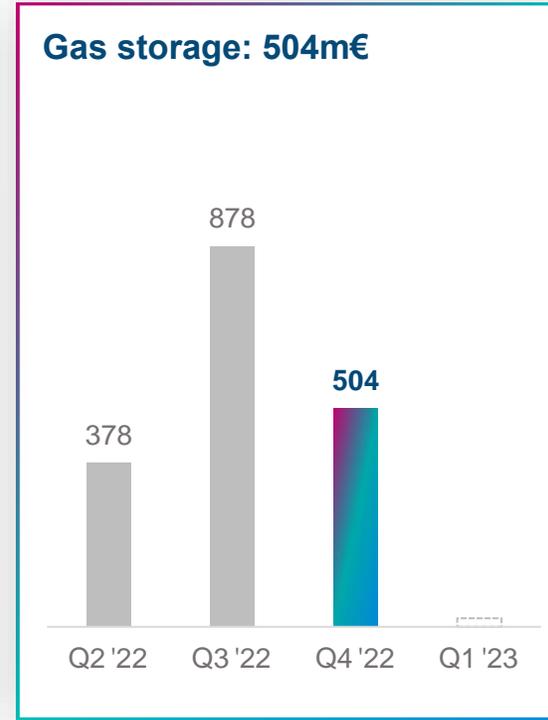
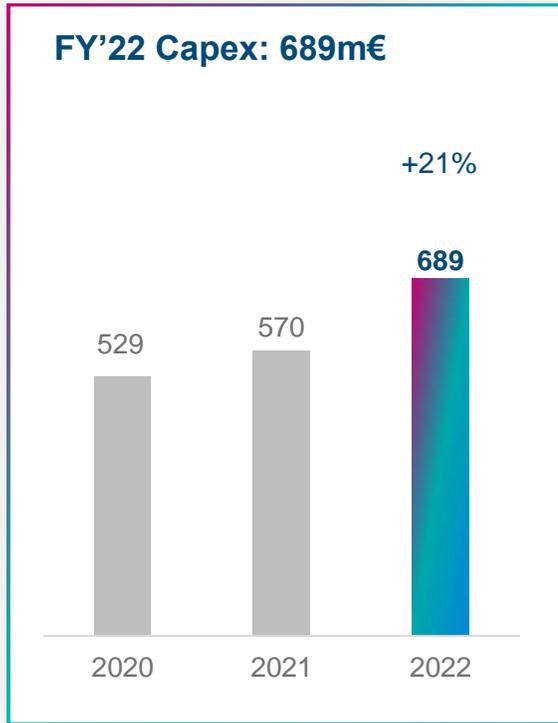
* Ebit is adjusted for a temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices); this difference will progressively disappear in Q1 2023. Adjustments on Ebit is -4.4m€ in Y'21 and +94.1m€ in Y'22



Positive one-off "Special Items" of 12.6m€ were adjusted for
 * Temporary accounting difference in gas stock valuation (avg historical cost vs. avg procurement prices) were adjusted for: -3.2m€ in Y'21 and +67.0m€ in Y'22.

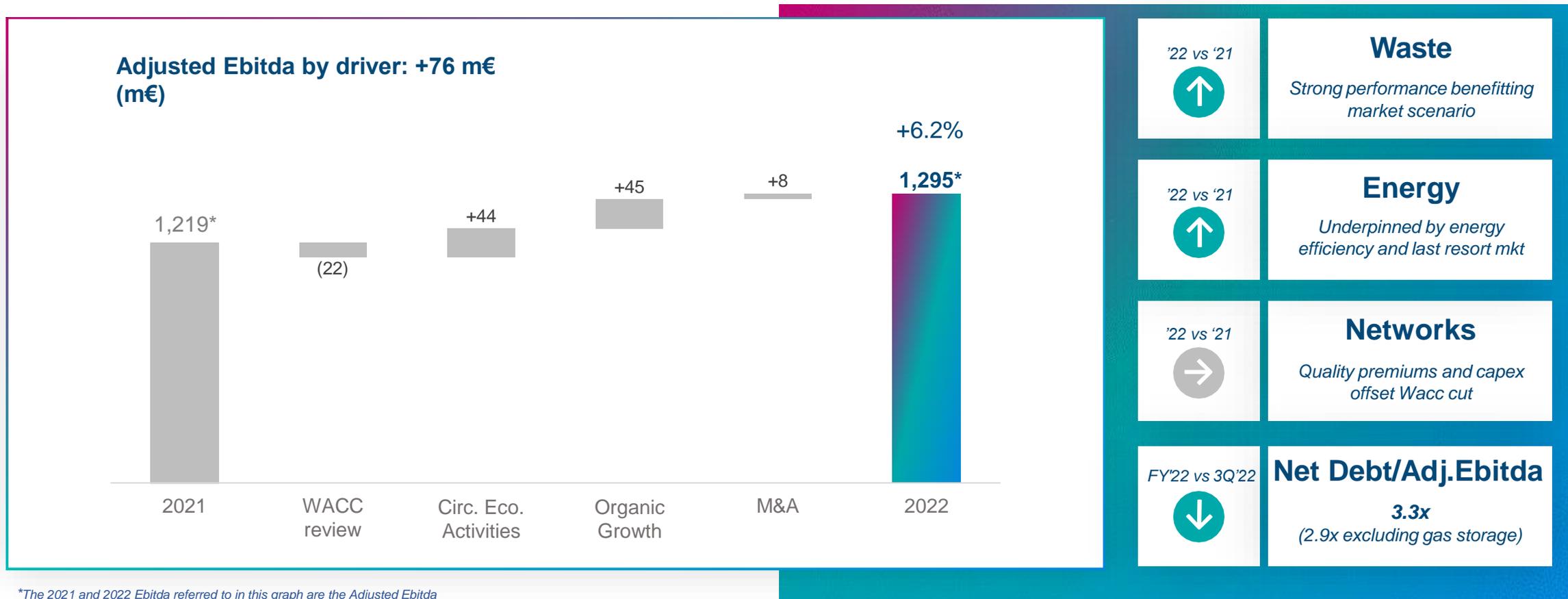
Another prove of extraordinary resilience of the business model

2022 results: investments and financial capabilities to support growth in the short term and for future years



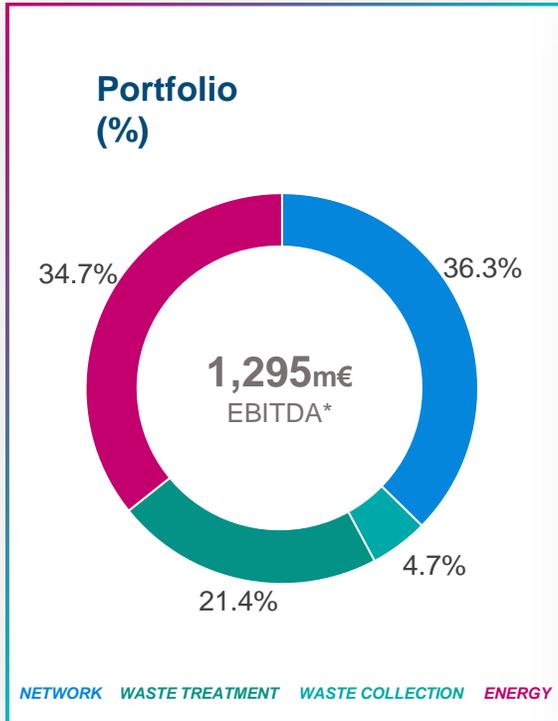
Organic growth, M&A and working capital strategic management at work

2022 results: above expectation even in a complex scenario

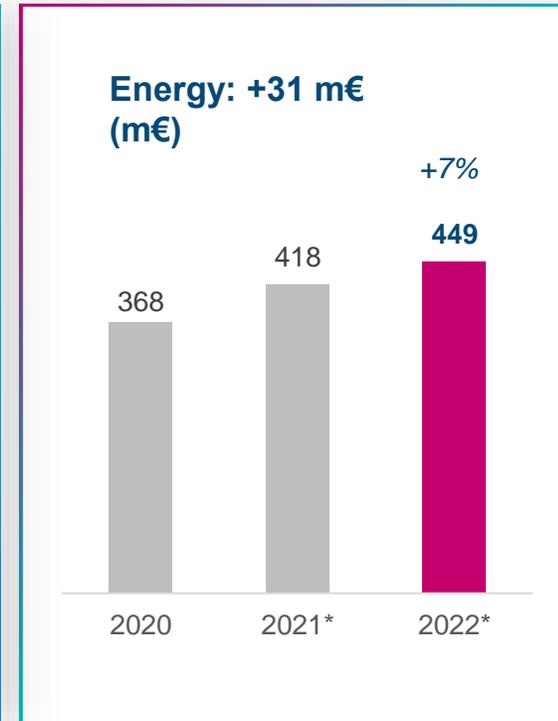
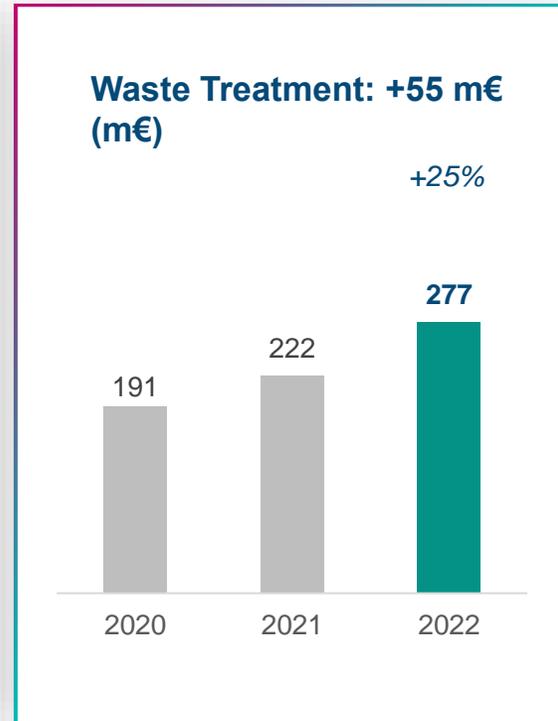


All growth drivers contributed to achieve a new record in Ebitda

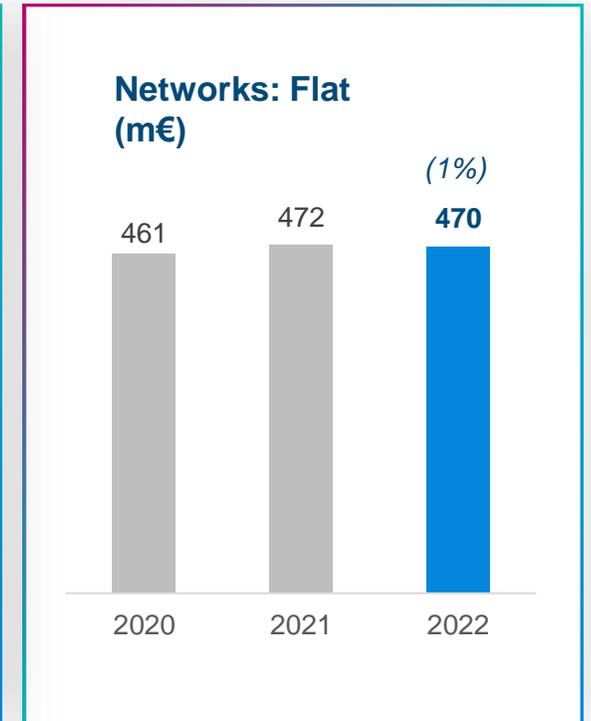
A well balanced Business Portfolio to ensure overall constant growth and risk mitigation



*The 2022 Ebitda referred to in this graph is the Adjusted Ebitda

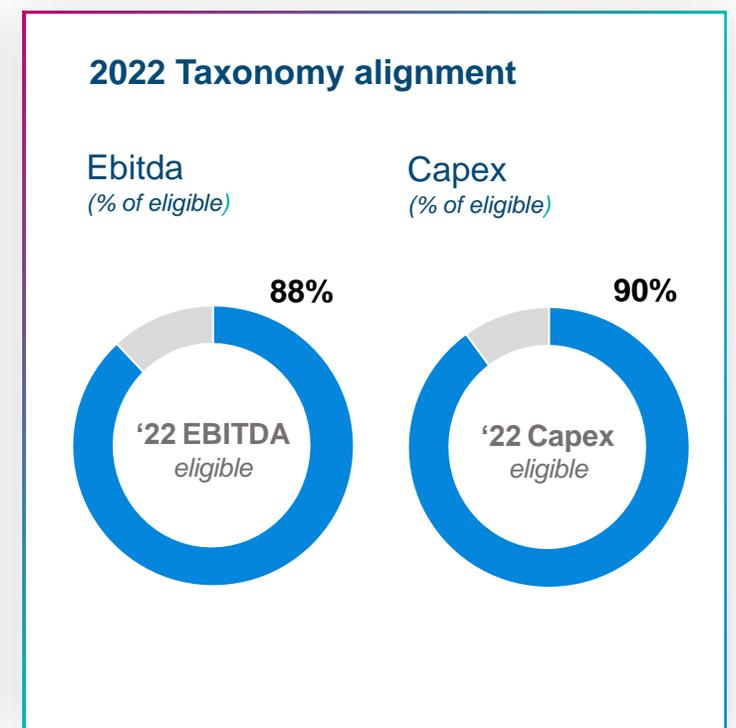
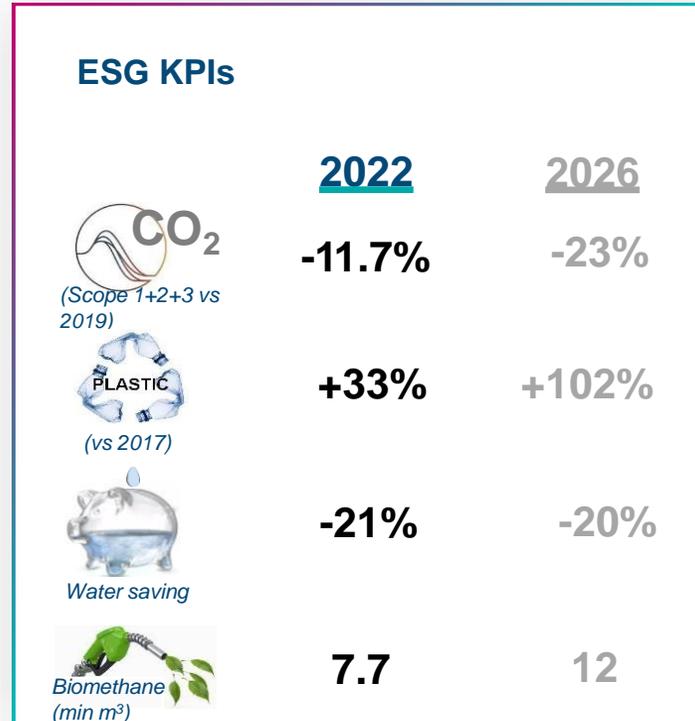
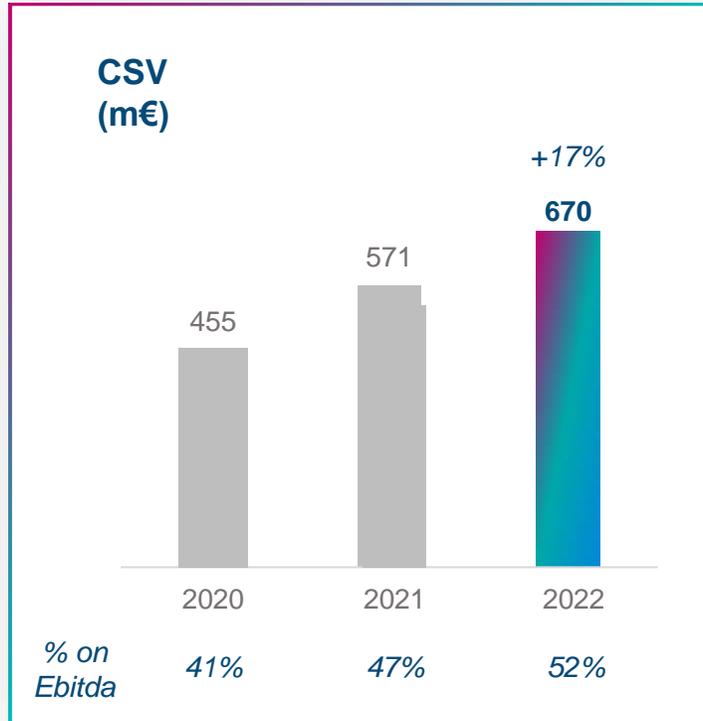


* Adjusted for temporary accounting difference in gas stock evaluation



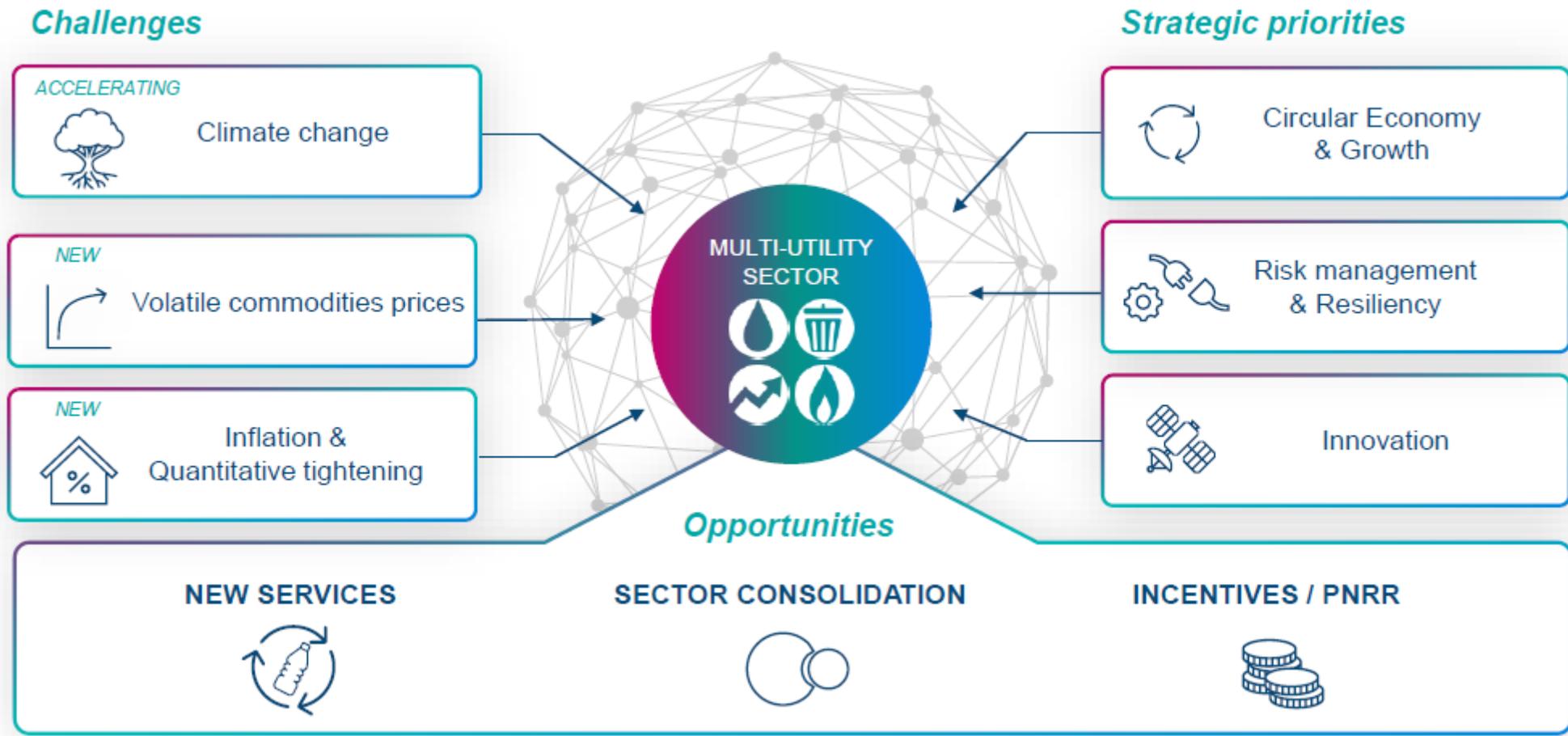
Business Mix: 41% Regulated and 59% Liberalized and 3.4 bln RAB

Focus on SDGs 2022-2026



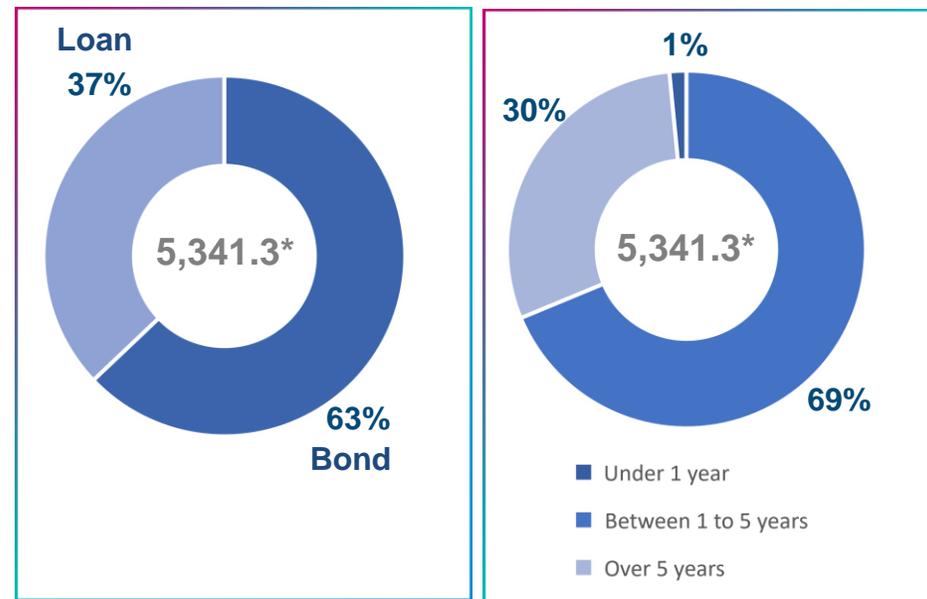
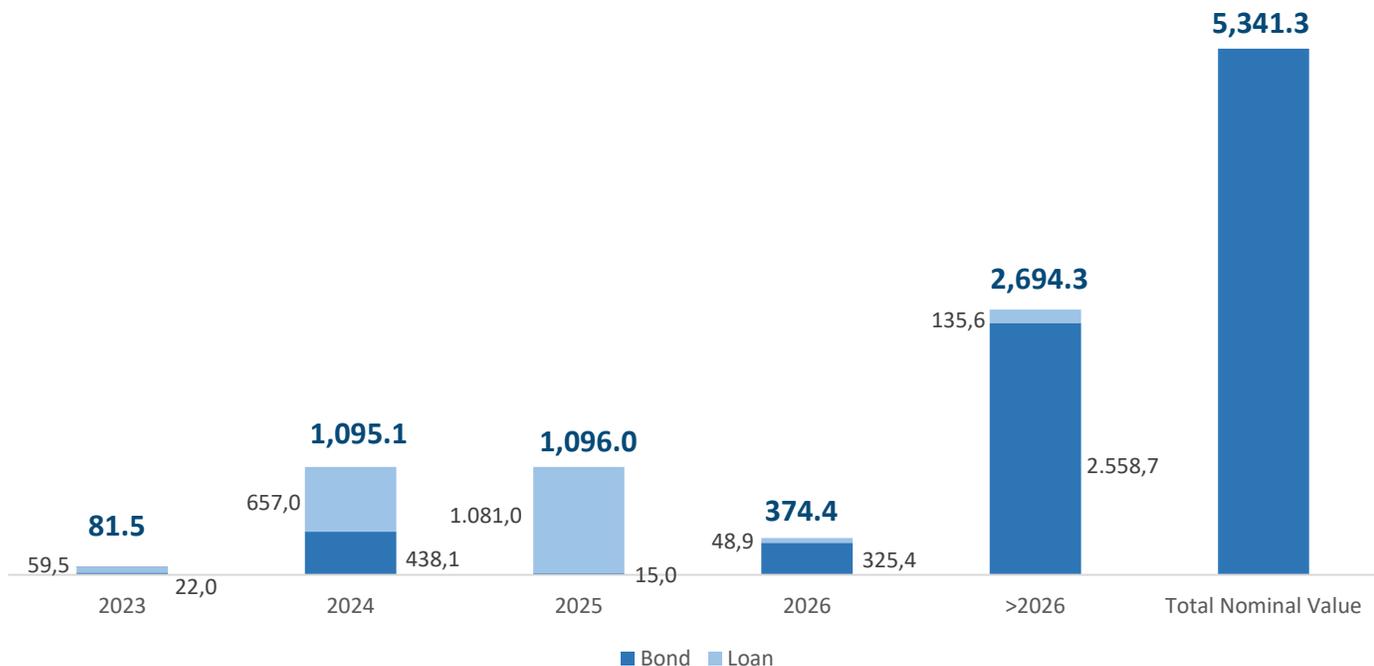
Constant increase in Corporate Shared Value, ESG targets and Taxonomy

◇ The future: challenges to face, strategic priorities to pursue and opportunities to ride



Solid and a flexible debt structure in line with growth objectives

Debt maturity profile (nominal value, € mln)



* Debt nominal value in €mln

* Debt nominal value in €mln

- Net Financial Debt: 4,249.8 m€
- Committed Credit Lines undrawn: 480 m€
- Cash Available: 1,942.4 m€

**STANDARD
& POOR'S**

**Rating: BBB+
Outlook: Stable**

MOODY'S

**Rating: Baa2
Outlook: Negative**



2 - Hera Sustainability strategy

◆ Sustainability at Hera in pills

1 Embedding sustainability in top management strategy and corporate communication

2 Moving from linear to Circular Economy

3 Implementing Sustainable Projects, ESG Actions and Funding

4 Creating and measuring Shared Value

5 Reporting to stakeholders

◇ Past, present and future with a sustainable DNA

2002

Since its inception, Hera has published a **Sustainability Report**

2005

Corporate Social Responsibility Unit established

2006

New Balanced Scorecard System which integrates the sustainability objectives

2009-2010

Hera publishes the **first thematic reports on sustainability**

2014

Hera issues the **first Italian Green Bond**

2017-2018

Hera publishes the **new Sustainability Report**, more transparent and accessible

2018

Hera signs the **first Italian Sustainable RCF**



2019

Hera issues its second **Green Bond** and its **Green Financing Framework**

2021

Hera issues its **Sustainability-Linked Financing Framework**

2021

Hera obtains **SBTi validation** of its emissions reduction target

2022

Hera updates its **Green Financing Framework - EU Taxonomy compliant** and issues its **Green Bond Taxonomy compliant**

Excellent leadership in ESG performance

ESG Indexes



FTSE4Good

Hera is now part of the FTSE4Good Index Series, in recognition of the Group's attention towards sustainability



INTEGRATED
GOVERNANCE
INDEX

Ranked 1st in “Green” Finance and 1st place globally For the second year in a row



Dow Jones
Sustainability Indexes

Hera is the first multiutility in the Dow Jones Sustainability Index ranked as “Industry Leader” for the second year in a row with an overall score of 90/100



Bloomberg
Gender-Equality
Index
2023

Hera was confirmed in the Bloomberg index on gender diversity with a score better than the industry average (80/100)



REFINITIV®
TOP 100 COMPANY 2022
Diversity and Inclusion Index

Included in the Refinitiv D&I INDEX, among the best 100 companies worldwide and first multi-utility

Ratings & scores

MSCI



A

Consistently rated A since 2017

ISS ESG



B- / 50.73

Consistently ranked “Prime” in the top 20% of multi-utilities

S&P Global

81/100

Hera is the first Italian multiutility With ESG Evaluation by S&P

VE MOODY'S ESG

Advanced

Ranking necessary to enter in MIB ESG Index (Borsa Italiana)

SUSTAINALYTICS

18.2 Low Risk

Best multi-utility in Europe +0,6% from '21

CDP
DRIVING SUSTAINABLE ECONOMIES

B

Better than average global rating (C)

top EMPLOYER
ITALIA ITALY
2023
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

For the 14th year in a row, Hera is among the best Italian companies on quality standards of working conditions

Business Plan To '26: Ambitious Esg Capex Plan

Pursue the carbon neutrality



Diffusion of renewable energy

Promotion of energy efficiency

Enabling resilience and innovate



Innovation and digitalization

Resiliency and adaption

Regenerate resources and innovate

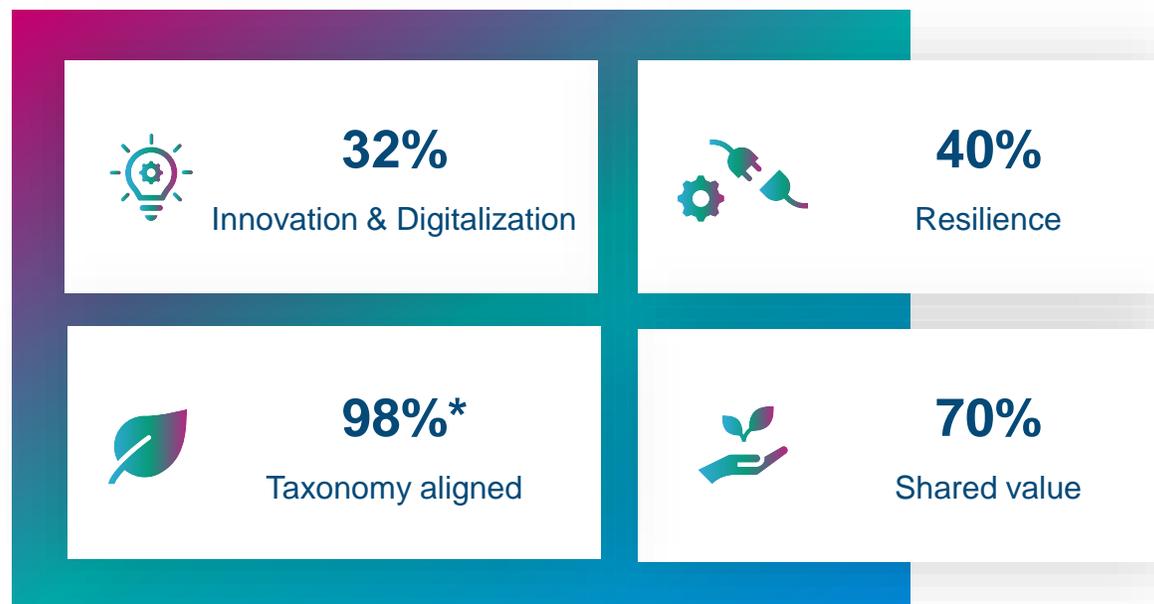


Sustainable management of water resource

Transition to a circular economy

Air and soil protection

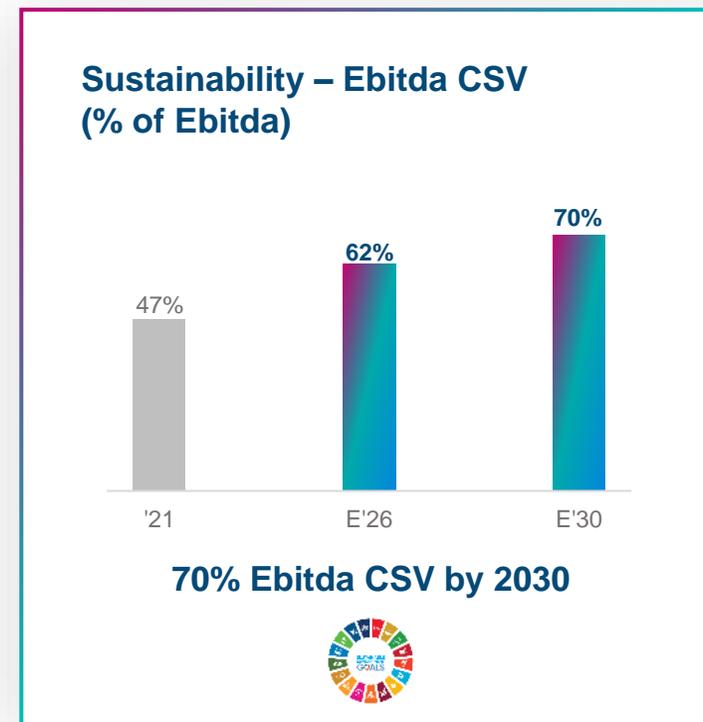
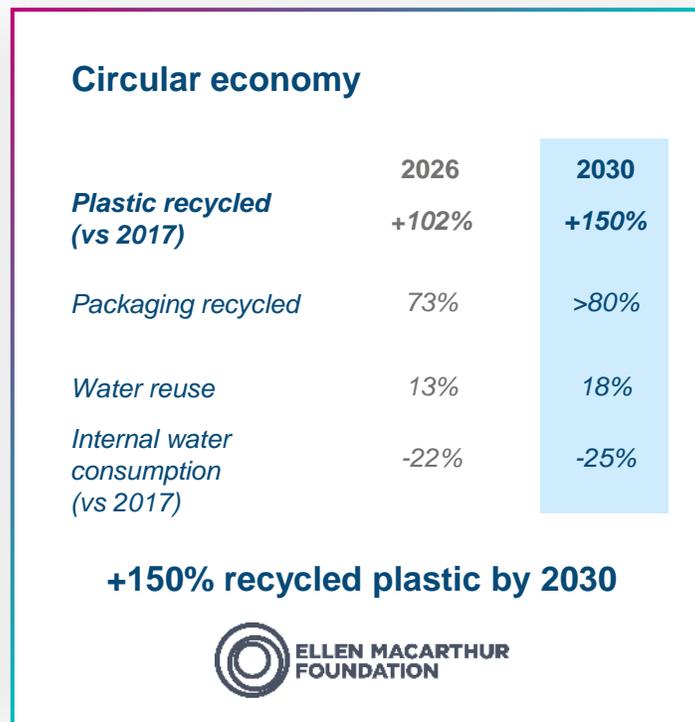
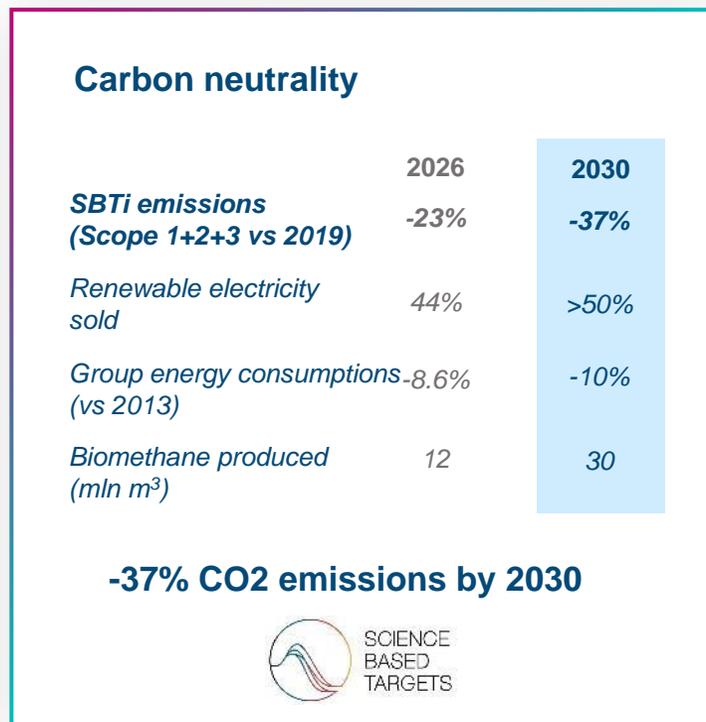
4.1 bln € Capex plan by nature



* Capex, within Taxonomy scope

Capital allocation focused on sustainability

Sustainable targets and CSV – 2030 Agenda



Targets aiming at achieving full sustainability



3 – Hera's Sustainability-Linked Financing Framework

Hera's Sustainability-linked Financing Framework – In A Nutshell

Our ambition, our plan

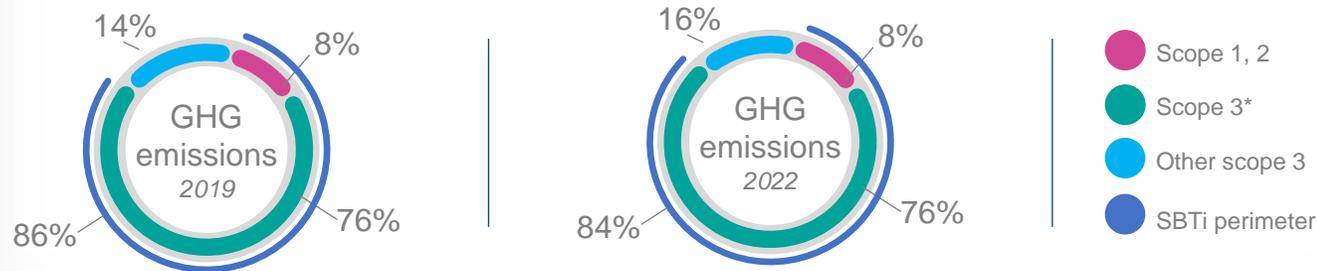
Hera's ambition is to fight climate change by taking action and investing in its energy transition, as clearly outlined in its 2026 Business Plan

Rationale of our Sustainability-Linked Financing Framework

By incorporating Sustainability linked instruments within its funding policy, Hera aims at broadening its commitment to drive the effort to fight global warming as one of the leading multiutility companies in Italy

Selection of KPIs

Hera's GHG emissions by source



* from the sale of electricity and the downstream sale of natural gas

Financial Characteristics

Failure to achieve one or both SPTs at the target observation date will trigger a penalty

The SPTs will be assessed independently of each other
Hera reserves the right to use one or both SPTs for any issuance

Reporting

Hera commits to report on an annual basis on its performance on the KPIs

Calibration of SPTs

SPT 1: Reduction of GHG emissions by 15.4% by 2024 and by 36.7% by 2030 compared to a 2019 baseline



SPT 2: +68% of plastic recycled (equivalent to 100.0 kton/year) by 2025 and +150% (equivalent to 148.9 kton/year) by 2030 compared to a 2017 baseline

Verification

Hera commits to an annual external verification of the published KPI performance figures at the SPT deadline

Hera's Sustainability Performance Targets (#KPI 1 - GHG)

Our commitment to climate change

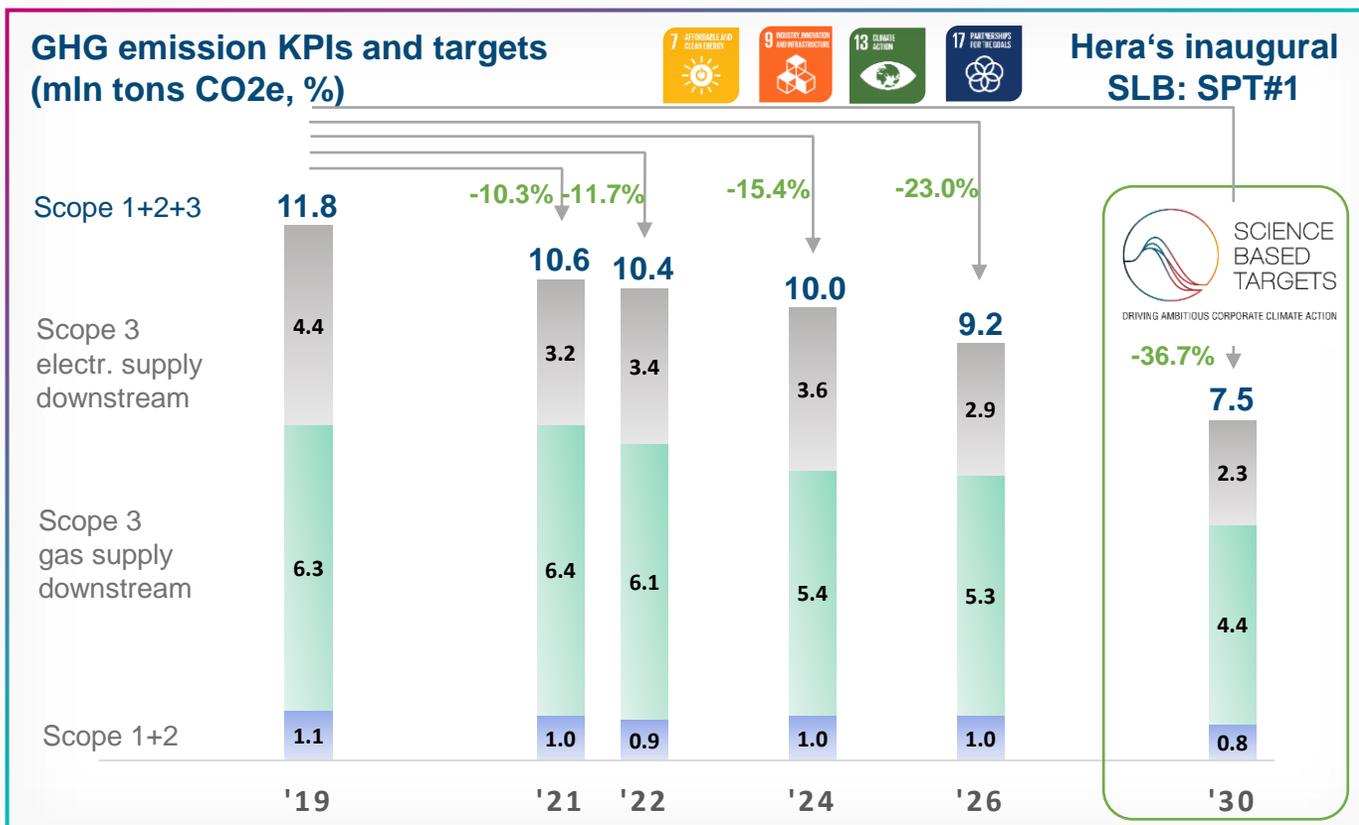
Climate change is the biggest environmental challenge the world faces, impacting both Hera Group's own operations and its entire value chain.

Hera Group is conscious that gradually reducing its carbon footprint is key to support the Group's path towards carbon neutrality.

Our targets are "science based" in line with best market practices



Our long-term target is certified according to Science Based criteria in line with market best practices. Hera has developed an ambitious, holistic target which incorporates both scope 1,2 and scope 3 which is in line with a well below 2°C scenario



Key steps of our strategy

- Energy transition at Hera:**
 - Optimizing and reducing energy consumption
 - Increasing the consumption of renewable electricity
 - Launching initiatives to develop hydrogen as an energy carrier
- Energy transition for our clients:**
 - Further developing district heating
 - Promoting energy efficiency services for residential customers
- Hera's GHG footprint:**
 - Optimizing the search process of leakages from gas distribution network
 - Using lower-impact vehicles
 - Developing energy efficiency services for buildings
 - Increasing the sales of electricity from renewable sources

Hera's sustainability performance targets (#KPI 2 – recycled plastic)

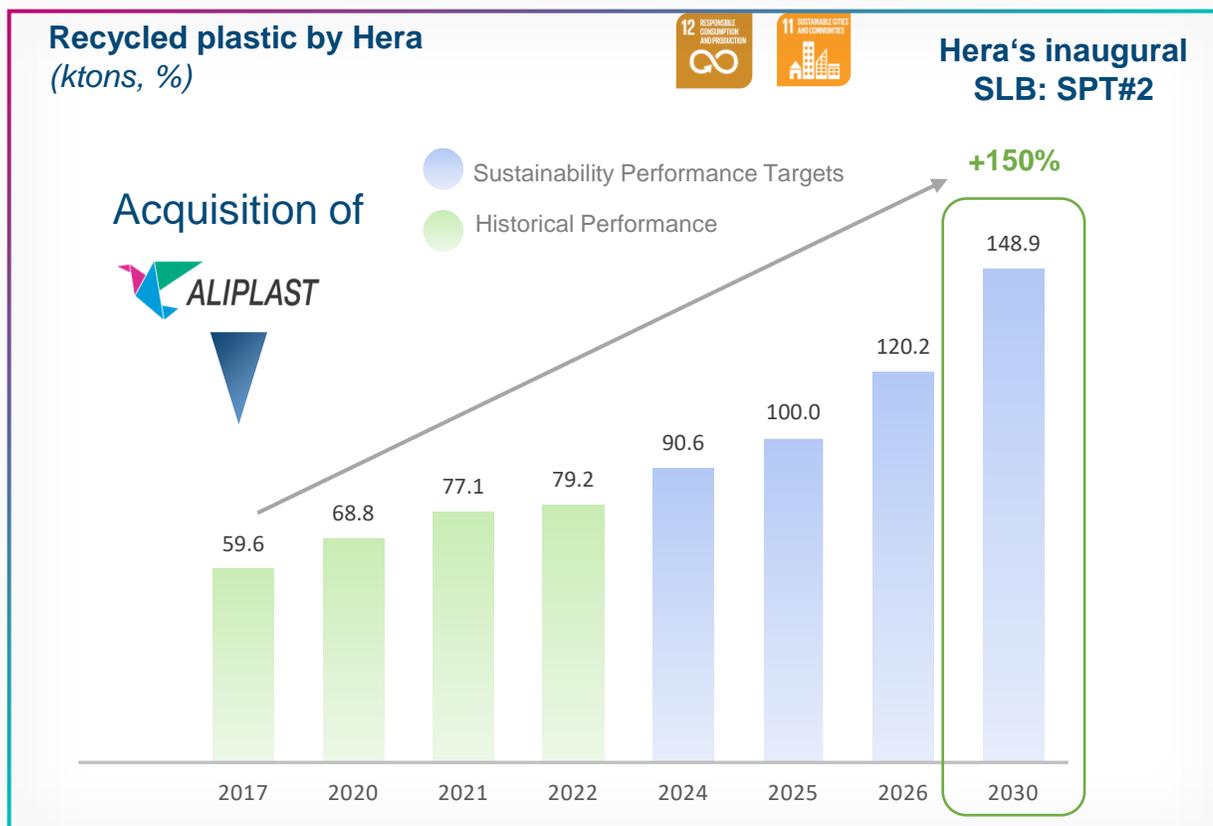
Circular economy is in our DNA

Circular economy is one of the sustainability priorities for Hera Group. To achieve its ambitious plastic recycling targets, Hera's subsidiary Aliplast aims at increasing its volume of recycled plastic by +150% by 2030

Our ambitions drive our commitment



Hera is the only Italian multi-utility company and one of the 250 signatories worldwide of the Ellen MacArthur Foundation's "New Plastics Economy Global Commitment"



Key steps of our strategy

- ❑ Development of commercial partnerships and multi-year contracts with the main global players and medium-sized companies for the sale of recycled material
- ❑ Cross selling on Hera's customers list leveraging on the different markets (example: customer of energy sector who seeks solutions for waste management)
- ❑ Increase market share outside Italy
- ❑ Revamping PET recycling line in Novara Plant, and it will be look for other Revamping and new facilities
- ❑ Revamping 2 PE-LD extruders and will continue the revamping of other plants as well as new plants
- ❑ Increase the opening hours of most of recycling lines reaching 24/7
- ❑ Look for M&A and JVs

Key features of the sustainability-linked financing framework

Second-Party Opinion
**Hera Group's Sustainability-Linked
 Financing Framework**



Sustainalytics is of the opinion that Hera's Framework is **aligned** with the Sustainability-Linked Loan Principles (SLLP) 2021 and the **Sustainability-Linked Bond Principles (SLBP) 2020**



Selection of KPIs

Absolute greenhouse gas (GHG) emissions (in t CO2e)  Very Strong

Quantity of recycled plastics (in Ktons)  Strong



Calibration of SPTs

Absolute greenhouse gas (GHG) emissions (in t CO2e)  Ambitious

Quantity of recycled plastics (in Ktons)  Ambitious



Bond/ Loan Characteristics

Alignment of Bond / Loan characteristics with the SLBP and SLL  Aligned



Reporting

Alignment of Bond / Loan characteristics with the SLBP and SLL  Aligned



Verification

Alignment of Bond / Loan characteristics with the SLBP and SLL  Aligned

PARTNERSHIP

GREEN GAS

LOYAL CUSTOMER BASE

MEGA TREND

TAXONOMY

FOOTPRINT

PNRR

RESILIENCE

RISK MANAGEMENT

INVESTMENTS

QUALITY

VOLATILITY

CULTURE

REPUTATION

SERVICE

CLIMATE CHANGE

STAKEHOLDER MANAGEMENT

WELFARE

CYBERSECURITY



Thank you

Useful Links & Materials

HERA'S OVERVIEW: [Hera Overview - Hera Group \(gruppohera.it\)](https://www.gruppohera.it/it/chi-siamo/overview)

SUSTAINABILITY-LINKED FINANCING FRAMEWORK: [47b7b353-8d41-6d38-d422-525b354ed05d \(gruppohera.it\)](https://www.gruppohera.it/it/finanziamento/linked-financing-framework)

SECOND PARTY OPINION: [6780ece3-f53a-ea47-19bb-84dd144d66e7 \(gruppohera.it\)](https://www.gruppohera.it/it/finanziamento/second-party-opinion)

RESULTS AND PRESENTATIONS:

DEBT AND RATING INFORMATIONS: [Debt and rating - Hera Group \(gruppohera.it\)](https://www.gruppohera.it/it/finanziamento/debt-and-rating)

2022 FY FINANCIAL REPORTS: <https://eng.gruppohera.it/documents/1514726/0/Financial+report+as+at+31+December+2022.pdf/83a5424f-e5d9-651b-8316-a8e715d58df8?t=1680691679258>

2022 SUSTAINABILITY REPORT: [c6e8bee1-d288-4a9d-0828-61ead6f0e496 \(gruppohera.it\)](https://www.gruppohera.it/it/finanziamento/2022-sustainability-report)

THEMATIC REPORTS:

In Good Water: https://eng.gruppohera.it/group_eng/sustainability/thematic-reports/in-good-waters

Tracking Waste: https://eng.gruppohera.it/group_eng/sustainability/thematic-reports/tracking-waste

Energy Solutions for the Climate: https://eng.gruppohera.it/group_eng/sustainability/thematic-reports/energy-solutions-for-the-climate

Energy Building the future together: https://eng.gruppohera.it/group_eng/sustainability/thematic-reports/building-the-future-together

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Social Network:  @gruppohera



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