

A person is holding a large, vibrant green heart-shaped leaf against their chest. The person's hands are visible, and they are wearing a light-colored, textured shirt. The background is a dark, solid color.

INVESTOR PRESENTATION

OCTOBER 2021

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The base prospectus is available at the Issuer’s website https://eng.gruppohera.it/group_eng/investor-relations/debit-and-rates/bond-issuancespohera.it

The foregoing applies, *mutatis mutandis*, also with respect to the green financing framework, the sustainability financing framework, the second party opinions and any documents incorporated by reference into the base prospectus.

1

company
overview



2

sustainable
strategy

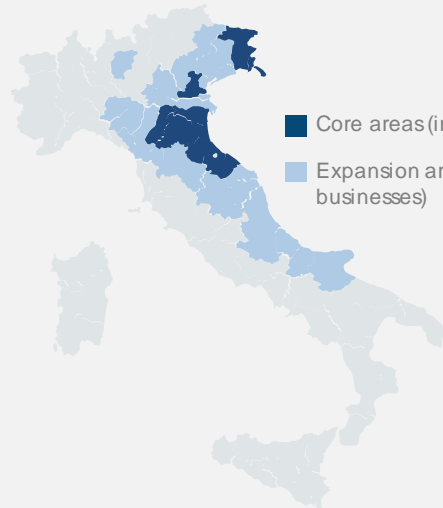




company
overview

◇ STRONG MARKET POSITIONS IN WEALTHIEST PART OF ITALY

FOOTPRINT



Focused low risk growth

WASTE

1st

6.6 mln tons
Waste treated

WATER

2nd

286 mln m³
Water supplied

ENERGY SUPPLY

3rd

3.4 mln
Customers

GAS DISTRIBUTION

4th

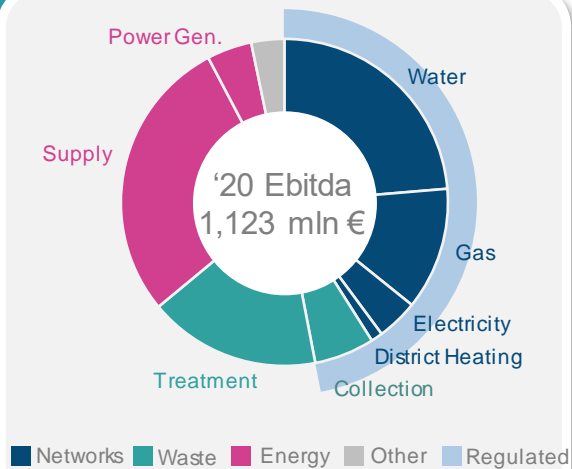
2,585 mln m³
Gas distributed

LARGEST ITALIAN MULTI-UTILITY: ABOUT 5 BN € MKT CAP

HERA'S HIGHLIGHTS

BUSINESS MIX

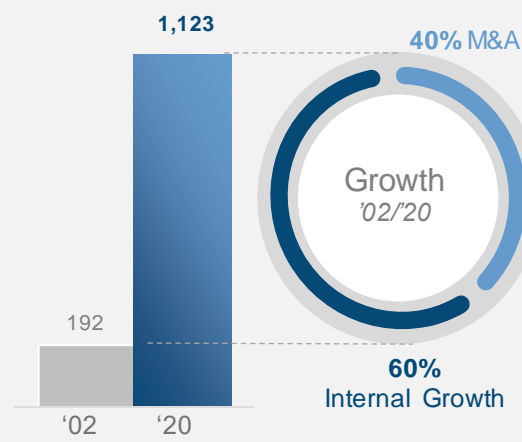
(mln €)



Well balanced

EBITDA DRIVERS

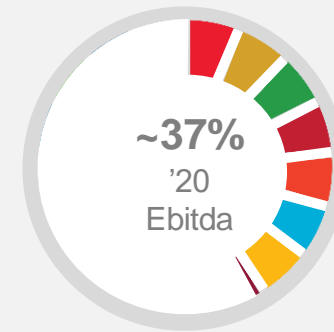
(mln €)



5.8x
through M&A and Organic

EBITDA CSV

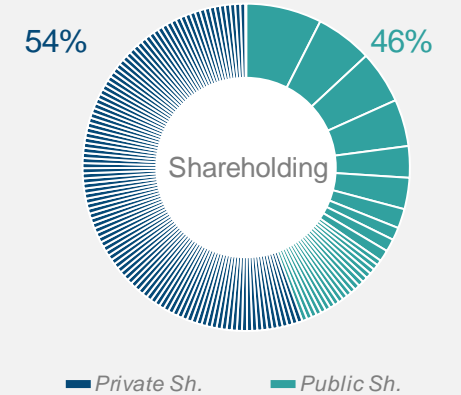
(mln €)



UN Goals targeted

SHAREHOLDING

(%)



Fragmented shareholding

A DIVERSIFIED AND SUSTAINABLE LOW RISK GROWTH STORY

HERA'S SUSTAINABILITY STRATEGY FULLY ALIGNED WITH UN SDG AGENDA

DRIVERS
OF CHANGE

IMPACT AREAS

SDGs
OF SIGNIFICANCE



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

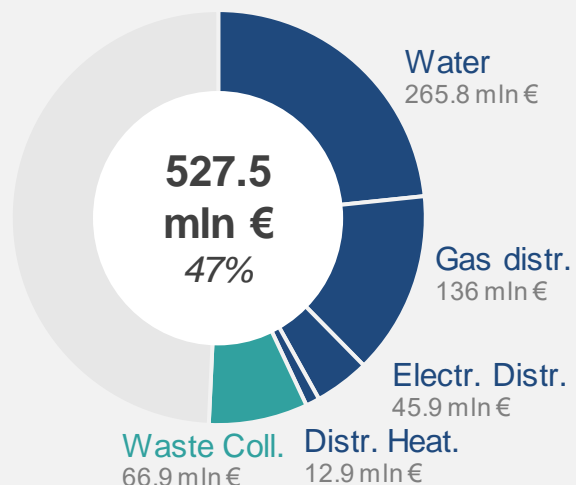
The areas for Creation of Shared Value for Hera:

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

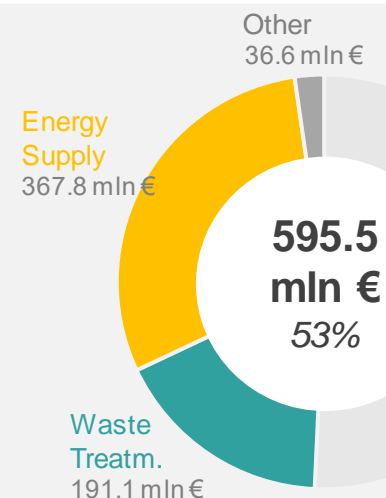
◇ BUSINESS MIX: 47% REGULATED AND 53% LIBERALIZED

'20 regulated EBITDA

3.4 bn € RAB



'20 liberalized EBITDA



Main KPIs

Value drivers	Water	Gas distr.	Electr. distr.	Waste coll.
RAB (bn €)	1.60	1.01	0.37	0.4
Return (real pre-tax)	5.3%*	6.3%*	5.9%*	6.3%*

(*) data as at 31 December 2020, based on real Hera Wacc

Risk Protection



Inflation



Spread



Demand cyclical

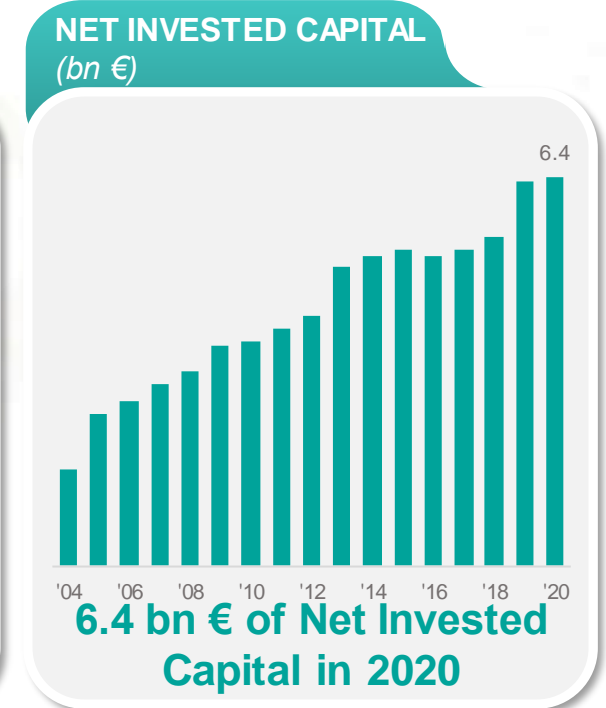
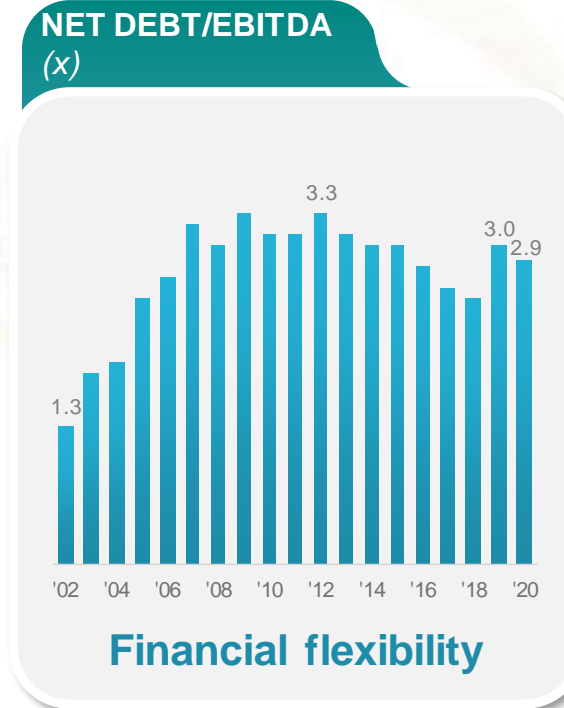
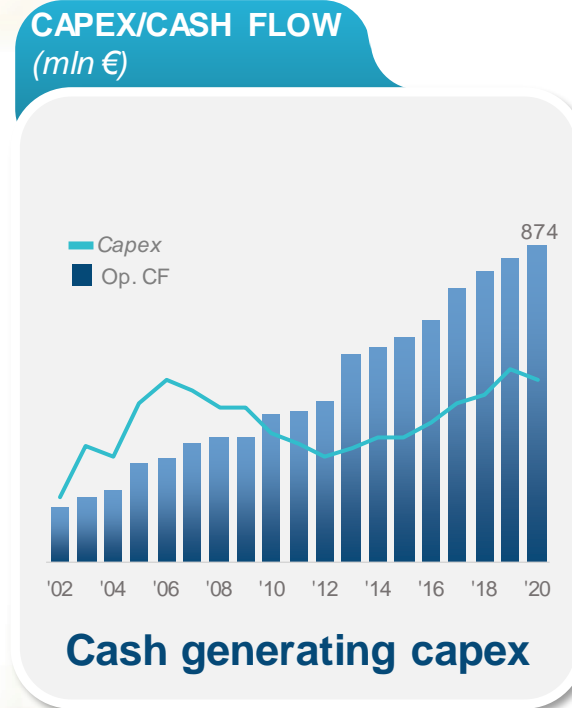
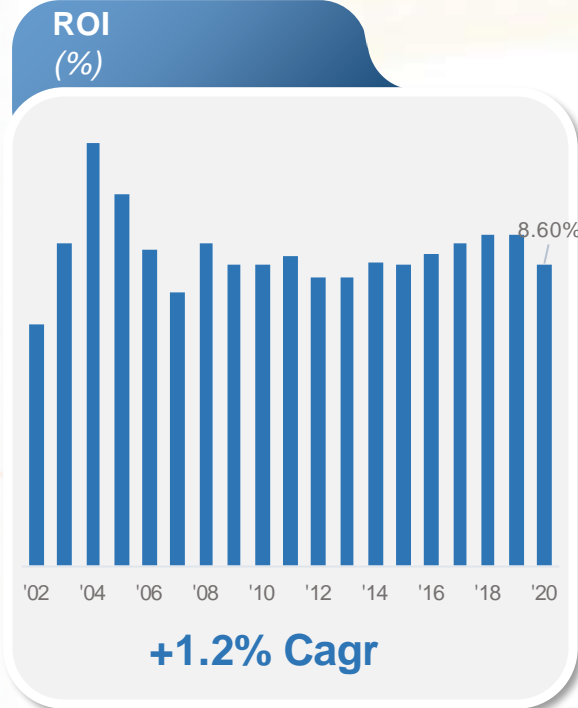
Waste treatment:

- **Largest asset base** in Italy, Hera is benefitting from the Italian infrastructural gap vs all main EU countries
- **Fast growing treatment prices** in the last 4 years due to an infrastructural gap

Energy supply:

- **Customer base** of 3.4 mln clients
- **Fastest growing** customer base (in the last 5 years)
- **Lowest churn rate** in Italy
- No exposure to **energy price** fluctuation (negligible power generation, procurement and supply contracts **100% hedged**)

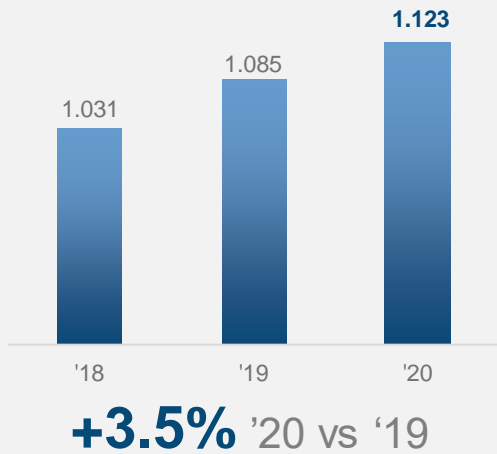
HERA TRACK RECORD



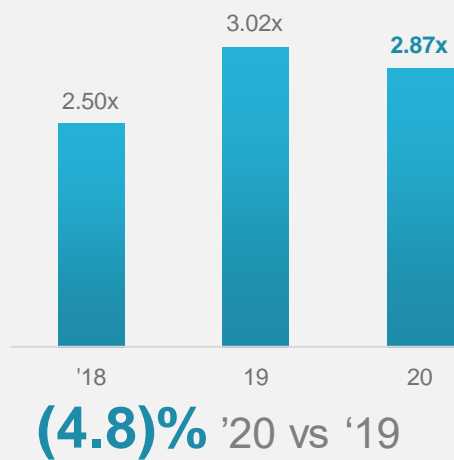
EVER GROWING TRACK RECORD EVEN IN A PANDEMIC

2020 RESULTS IN A SNAPSHOT

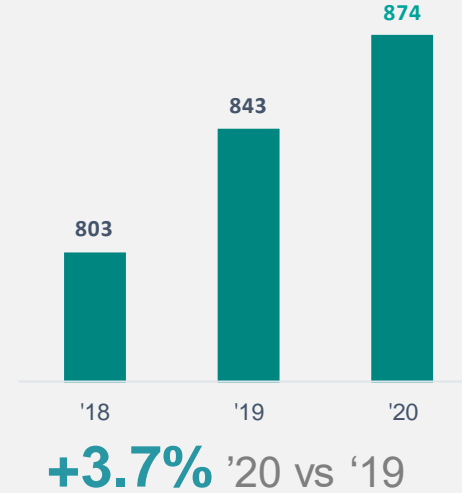
EBITDA (mln €)



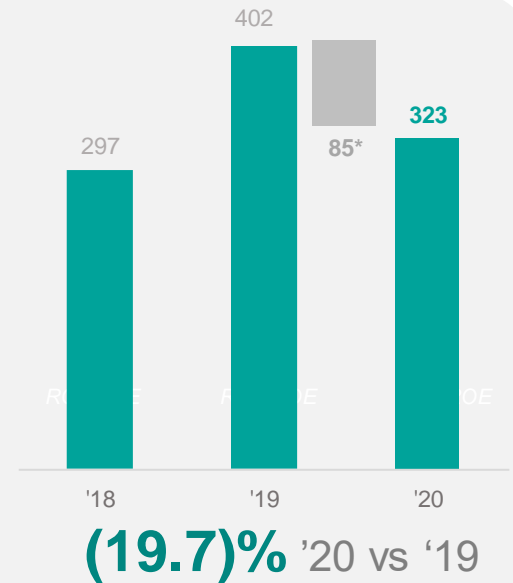
NET DEBT / EBITDA (x)



CASH FLOW (mln €)



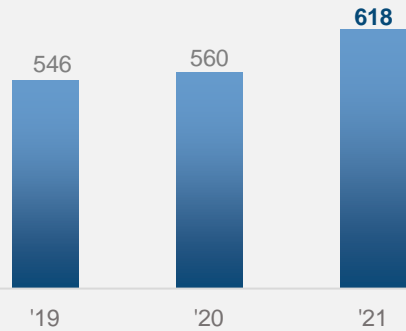
NET RESULT (mln €)



VERY SOLID RESULTS OUTPERFORMING EXPECTATIONS

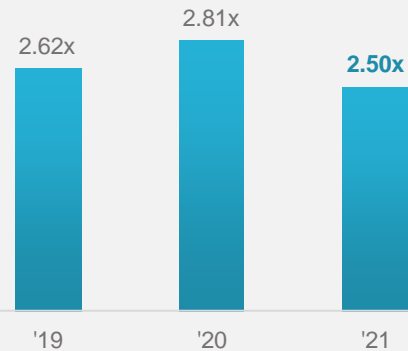
◇ H1 2021 RESULTS IN A SNAPSHOT

EBITDA (mln €)



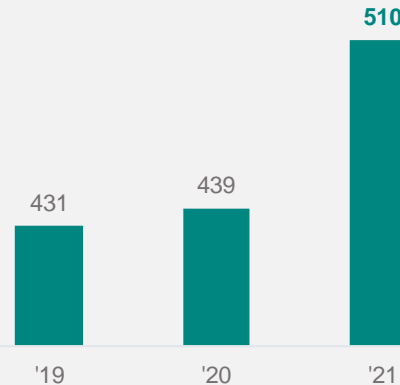
+10.4% '21 vs '20
+13.2% '21 vs '19

NET DEBT / EBITDA (x)



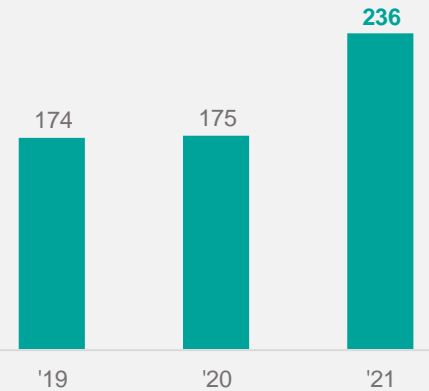
(11.0)% '21 vs '20
(4.6)% '21 vs '19

CASH FLOW (mln €)



+16.3% '21 vs '20
+18.4% '21 vs '19

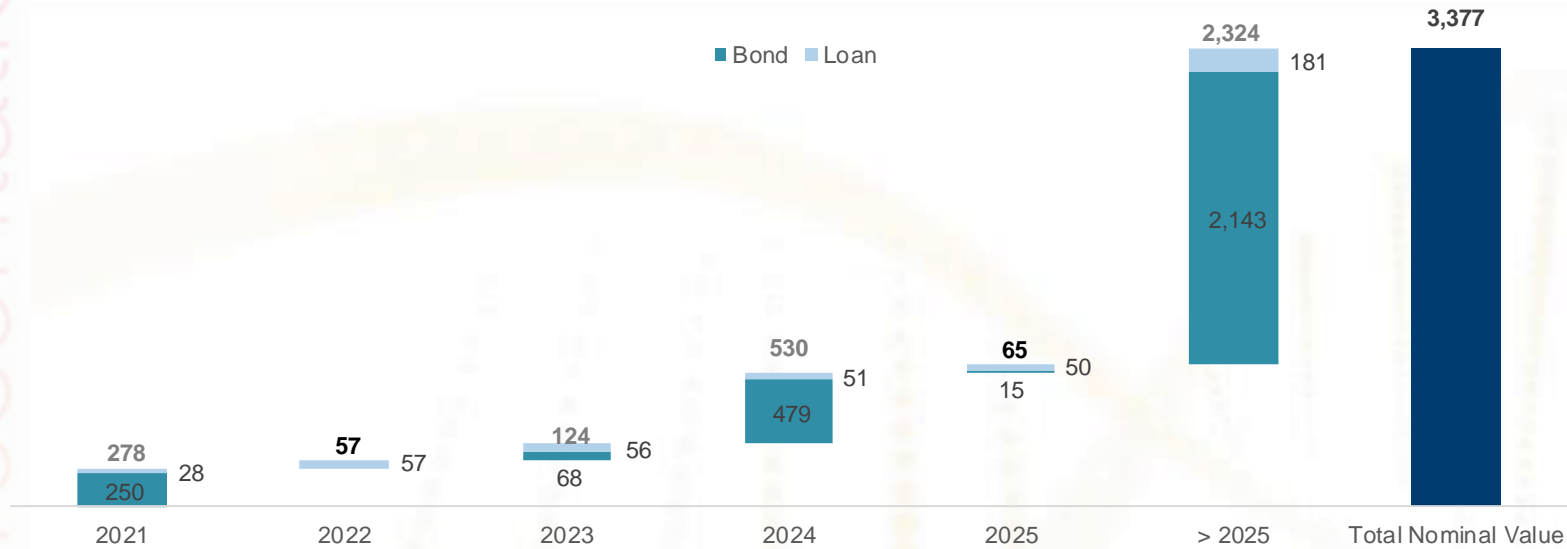
NET RESULT (mln €)



+35.0% '21 vs '20
+35.8% '21 vs '19

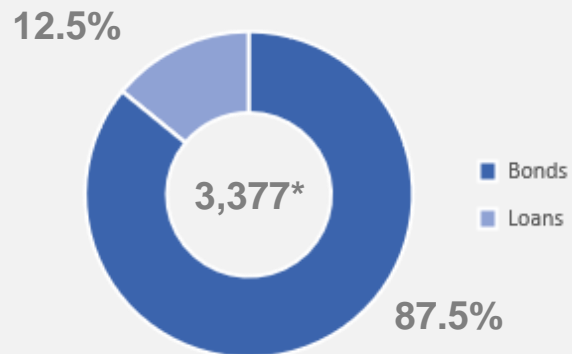
SOLID RESULTS TO UNDERPIN FURTHER GROWTH

H1 2021 HERA DEBT STRUCTURE

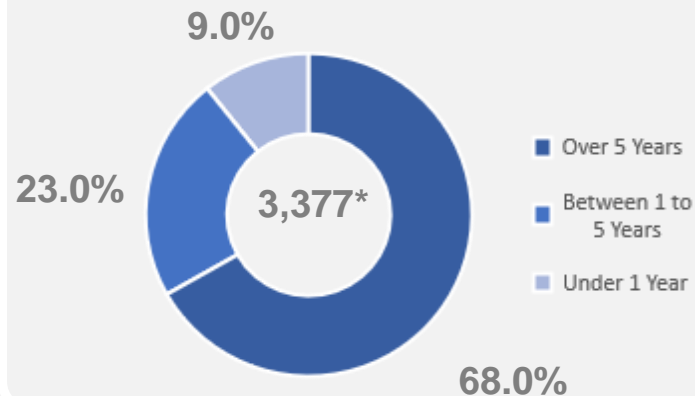


- **Net Financial Debt: € 2,956.7 mln**
- **Committed Credit Lines: € 450 mln**
- **Cash Available: € 1,040.6 mln**

Debt split by type



Debt split by tenor



On 7 May 2021, S&P's upgraded Hera's rating to BBB+ with a stable outlook, in recognition of the path of growth achieved over the years.

**STANDARD
& POOR'S**

Rating: BBB+
Outlook: Stable

MOODY'S

Rating: Baa2
Outlook: Stable

* Debt nominal value in €m



sustainable
strategy

SUSTAINABILITY IN 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**

INCOMPARABLE LEADERSHIP IN ESG PERFORMANCE

ESG Indexes



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



Ranked 1st in "Green" Finance and 1st (6th in 2019) overall in the Italian IGI Index



Hera is the first multiutility in the Dow Jones Sustainability Index as "Industry Leader"



Included in the Bloomberg Gender Equality index



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

Ratings & scores



A

Consistently rated A since 2017



B- / 50.73

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

NEW



81/100

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



20.9 Medium risk

Rated 2 (2nd Best score) in Environment and 3 (3rd Best score) in Social



A-

Climate change 2020



For the 12th year in a row, Hera is among the best Italian companies on quality standards of working conditions

◇ BUSINESS PLAN TO '24: 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



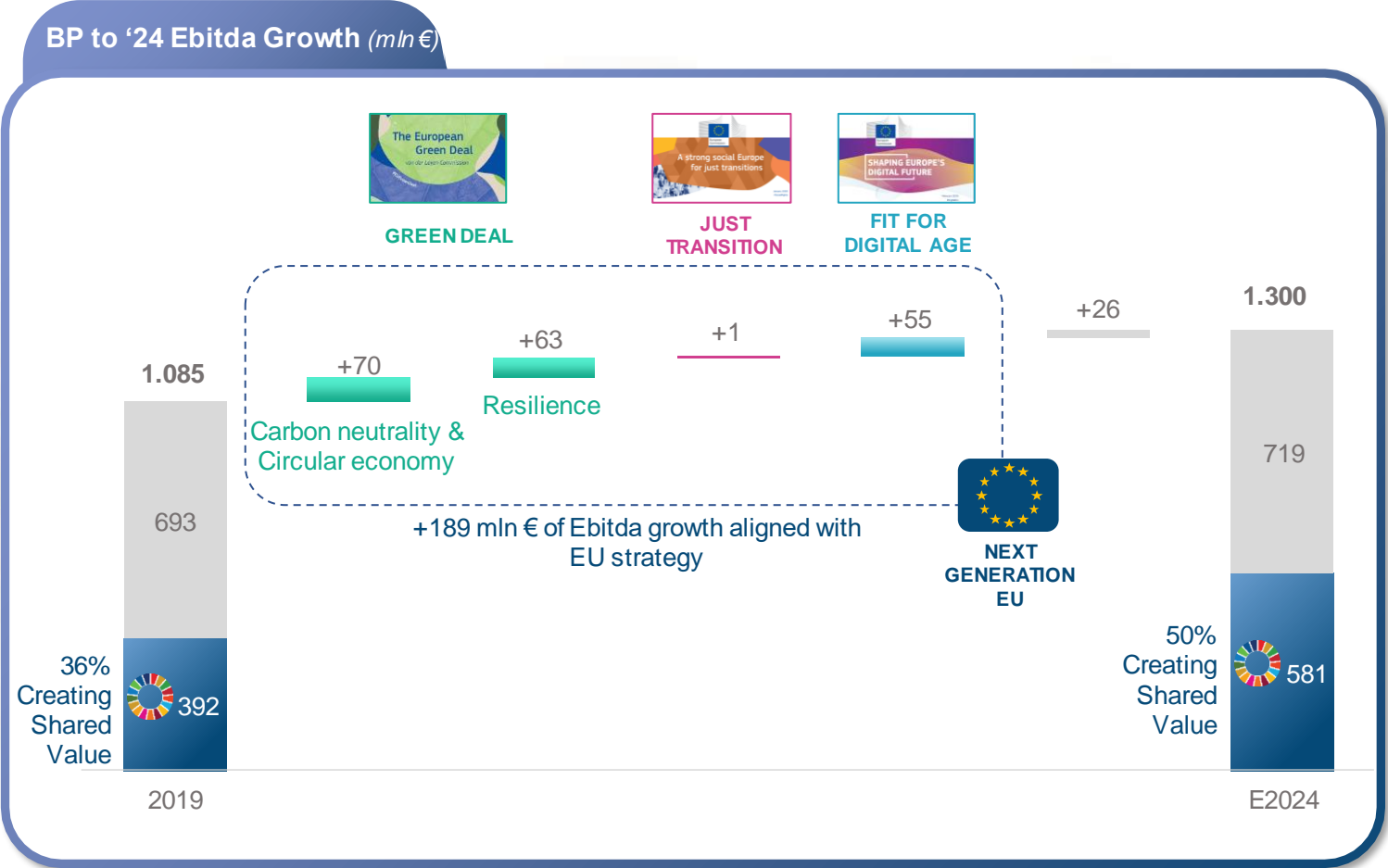
Sustainable management of water resource
Transition to a circular economy
Air and soil protection

SDGs implemented in our strategy



1.84 BN€ OF INVESTMENTS CONTRIBUTE TO SDGS

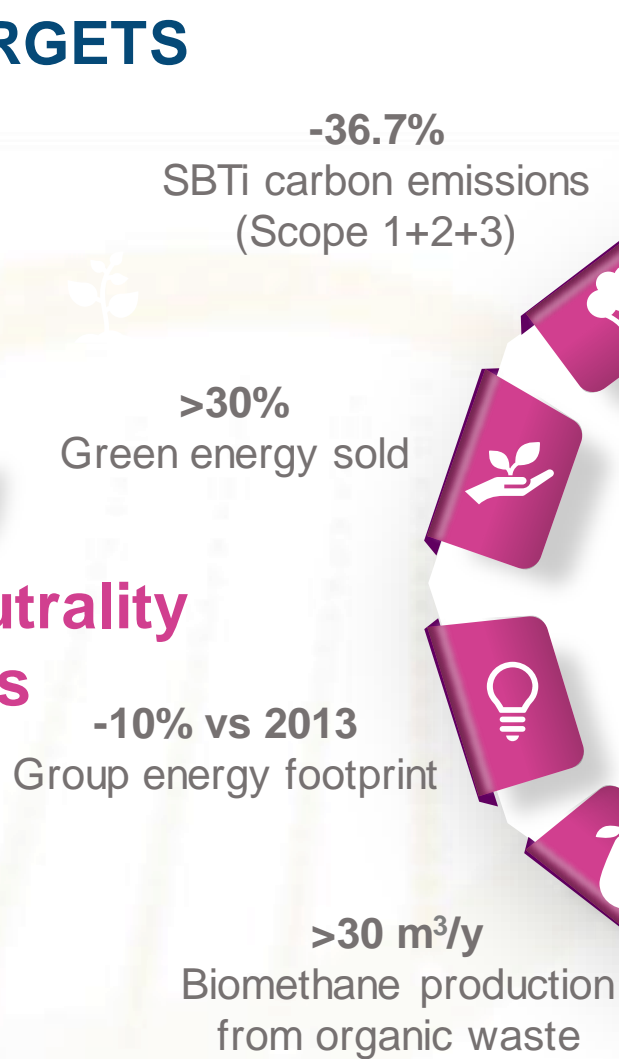
HERA GROWTH-STRATEGY MATCHES WITH EU AND UN DIRECTIONS



88% OF EBITDA GROWTH ALIGNED WITH EU STRATEGY

2030 TARGETS

Carbon neutrality targets



TOP10
Positioning in Refinitiv
Diversity & Inclusion index

AMBITIOUS CONTRIBUTION TO EU AND UN STRATEGIES

Circular economy targets

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 2024 Business Plan

Rationale of our Sustainability-Linked Financing Framework

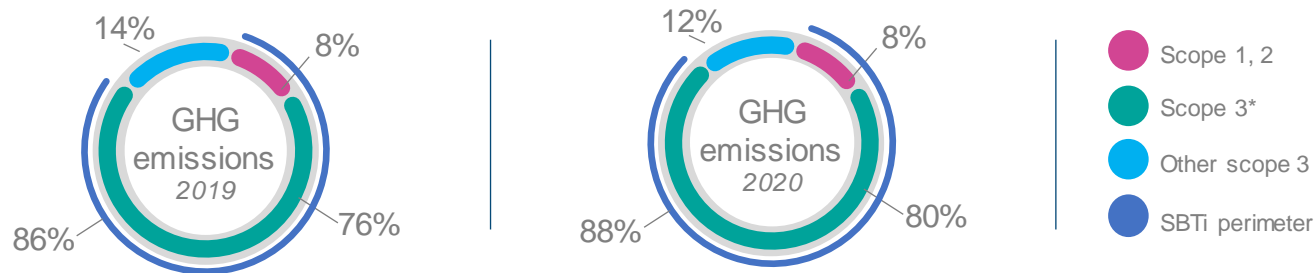
By incorporating Sustainability linked instruments within its funding policy, Hera aims at broadening its commitment to drive the effort to fight global warming as one of the leading multiutility companies in Italy

Selection of KPIs

KPI 1: Absolute GHG emissions reduction – ktons CO₂e *Scopes 1, 2 & 3**

KPI 2: Recycled Plastic by Hera Group – ktons

Hera's GHG emissions by source



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

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

Verification

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

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

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

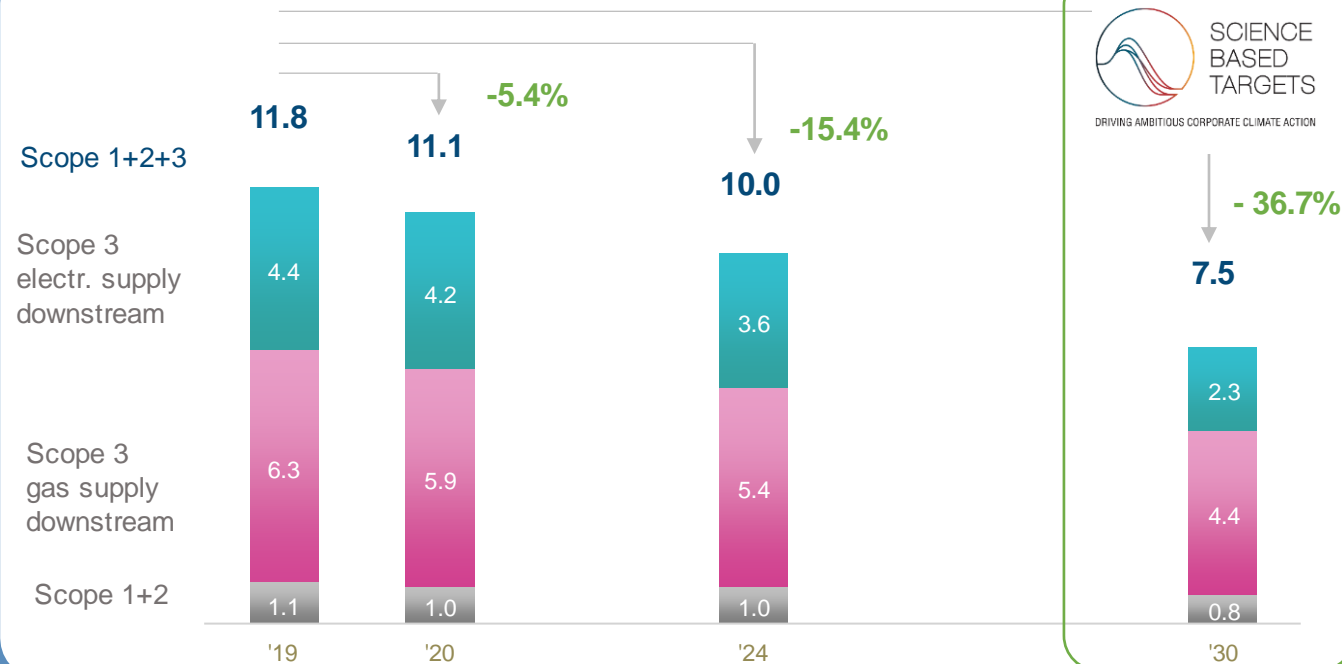


Our long-term target is certified according to Science Based criteria in line with market best practices. Hera has developed an ambitious, holistic target which incorporates both scope 1,2 and scope 3 which is in line with a well below 2°C scenario

GHG emission Kpis and targets (mln tons CO₂e, %)



Hera's inaugural
SLB: SPT#1



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



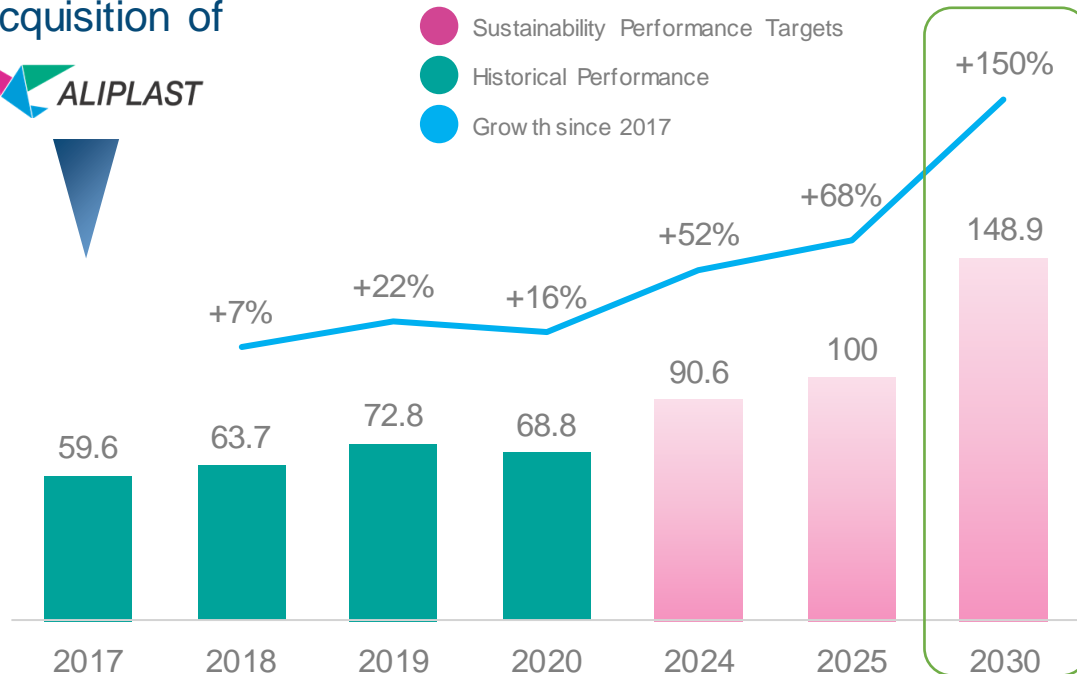
Hera is the only Italian multi-utility company and one of the 250 signatories worldwide of the Ellen MacArthur Foundation's "New Plastics Economy Global Commitment"

Recycled plastic by Hera (ktons, %)



Hera's inaugural
SLB: SPT#2

Acquisition of



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**



Sustainability Linked
Loan Principles



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

investor presentation

THANK
YOU



CONTACTS

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Head of Investor Relations

Jens Klint Hansen

Mail: jens.hansen@gruppohera.it

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Headquarter: *Viale Berti Pichat, 2/4, Bologna, Italy*

VAT NUMBER: 03819031208

WEBSITE: <https://eng.gruppohera.it/group/>

Social Network:



@gruppohera



@gruppohera



@gruppohera

USEFUL LINKS & MATERIALS

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

SUSTAINABILITY-LINKED FINACING FRAMEWORK AND SECOND PARTY OPINION:
[Sustainability-Linked Financing Framework and opinion \(gruppohera.it\)](https://www.gruppohera.it)

RESULTS AND PRESENTATIONS: [Results and Presentations - Hera Group \(gruppohera.it\)](https://www.gruppohera.it)

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

2020 1Y FINANCIAL REPORTS: [Online report Y2020 \(gruppohera.it\)](https://www.gruppohera.it)

2020 SUSTAINABILITY REPORT: [Sustainability Report - Hera Group \(gruppohera.it\)](https://www.gruppohera.it)

2021 1H FINANCIAL REPORTS: [62e5706b-0673-ba68-ca5f-7757be225880 \(gruppohera.it\)](https://www.gruppohera.it)

THEMATIC REPORTS: [Thematic reports \(gruppohera.it\)](https://www.gruppohera.it)

Energy Solutions for the Climate: [Energy Solutions for the Climate \(gruppohera.it\)](https://www.gruppohera.it)

In Good Water: [In good waters \(gruppohera.it\)](https://www.gruppohera.it)

Tracking Waste: [Tracking Waste \(gruppohera.it\)](https://www.gruppohera.it)

Building the future together: [Building the future together \(gruppohera.it\)](https://www.gruppohera.it)

ANNEX

TRANSACTION DETAILS

	Hera SpA – Inaugural SLB	
Issuer:	Hera S.p.A.	
Issuer Ratings (M/S):	Baa2 (stable) /BBB+ (stable)	
Exp. Issue Ratings (M/S):	Baa2/BBB+	
Format:	Senior, Unsecured, RegS bearer, NGN (TEFRA D rules apply)	
Tenor:	12.5 years	
Amount:	€ 500m will not grow	
Coupon:	Fixed (Annual, Act/Act)	
Use of Proceeds	General Corporate Purposes	
Step Up Event	Absolute GHG Emissions	Quantity of Recycled Plastics
Threshold	-36.7%	+150%
Observation date	31 Dec 2030	
Step-up Margin	20bps	15bps
Documentation	EMTN Programme dated 7 October 2021 / English Law / Euronext Dublin	
Denomination	€100k x €1k	
Call/Put	3m Par Call / MWC / Clean-Up Call @80% CoC / Concession Event / Asset Sale puts @100%	
ESG Structuring Advisors	BNP Paribas, Mediobanca, UniCredit	
Joint Bookrunners	BNP Paribas, Credit Agricole CIB, IMI-Intesa Sanpaolo, Mediobanca, Santander, UniCredit	

	Hera SpA – Tender offer
Target Notes	<ul style="list-style-type: none"> XS1084043451 € 329m 2.375% Jul-2024 XS1504194173 € 400m 0.875% Oct-2026 XS2020608548 € 500m 0.875% Jul-2027 XS0880764435 € 641m 5.200% Jan-2028
Target Amount	Final Acceptance amount € 300m in nominal amount
Dealer Managers	BNP Paribas, Credit Agricole CIB, IMI-Intesa Sanpaolo, Mediobanca, Santander, UniCredit
Tender Agent	Lucid

	Tender Offer Expected Timeline
11 Oct	Launch
18 Oct	Expiration date (@ 5.00pm CET)
19 Oct	Indicative Results, Pricing and Final Results
20 Oct	Offer Settlement