



Investor Presentation

November 2020



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Agenda

1. Company Overview
2. Sustainable Strategy and Covid 19



1. Company Overview



Hera Group profile and mission



SDGs implemented in our strategy

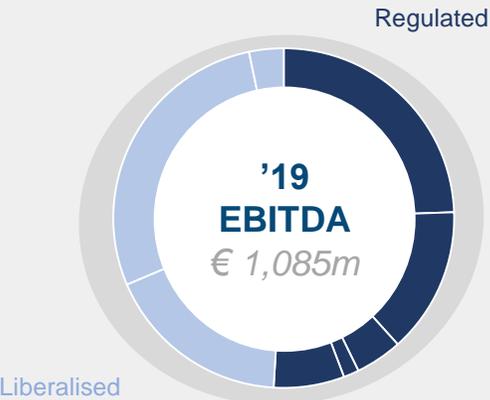


Leading and innovative multiutility with a resilient business model

“Hera's goal is to be the best multiutility in Italy for its customers, workforce and shareholders. It aims to achieve this through further development of an original corporate model capable of innovation and of forging strong links with the areas in which it operates by respecting the local environment”

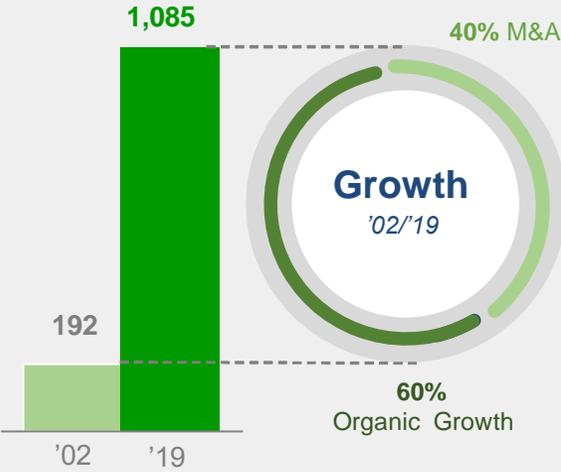
*According to various analysts' reports on the Italian local utilities sector and Hera's internal research and data

Hera distinctive features



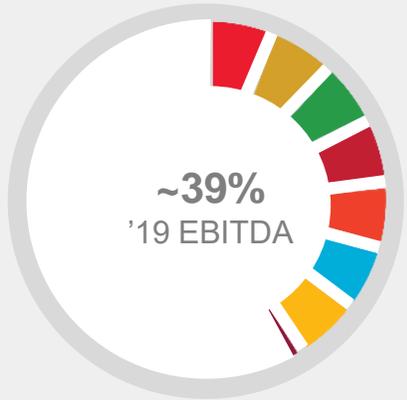
A "full" set of activities

51% regulated



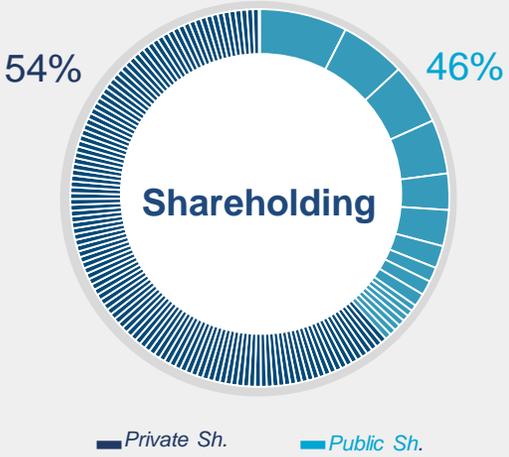
EBITDA Growth drivers

5.7x through both M&A and organic growth



EBITDA Creating Shared Value (m€)

UN goals targeted



Fragmented sh. capital

Sector unique "public company"

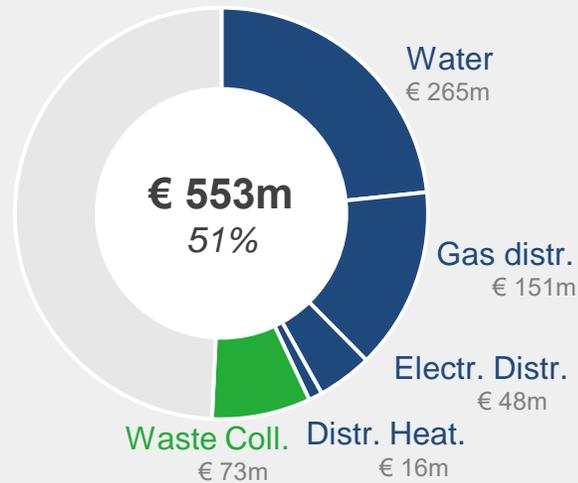
Largest Italian Multi-utility: ca. € 4.5 bn Mkt Cap.*

*As of 24.11.2020

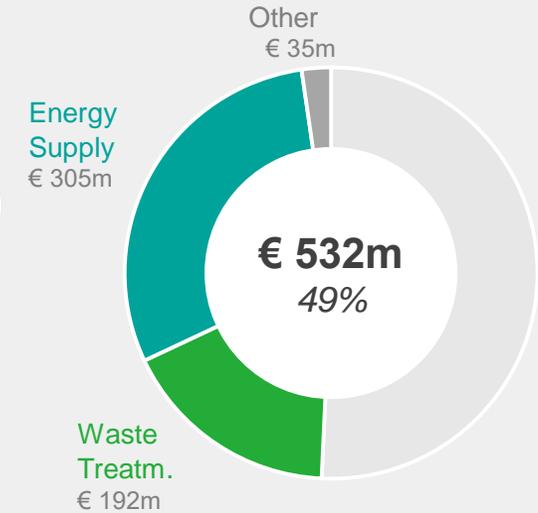
Business mix: 51% regulated and 49% liberalised

'19 regulated
EBITDA

€ 3.4bn RAB



'19 liberalised
EBITDA



Main KPIs

| Value drivers | Water | Gas distr. | Electr. distr. | Waste coll. |
|----------------------------------|-------|------------|----------------|-------------|
| RAB (€ bn) | 1.55 | 1.10 | 0.37 | 0.4 |
| Return (real pre-tax) | 5.3%* | 6.3%* | 5.9%* | 6.3%* |
| Concession length | ~2024 | - | 2030 | - |
| Tenders | - | Ongoing | - | Ongoing |
| Independent Authority (national) | ARERA | ARERA | ARERA | ARERA |

(*) data as at 31 December 2019, based on real Hera Wacc

Risk protection



Inflation



Spread



Demand cyclicality

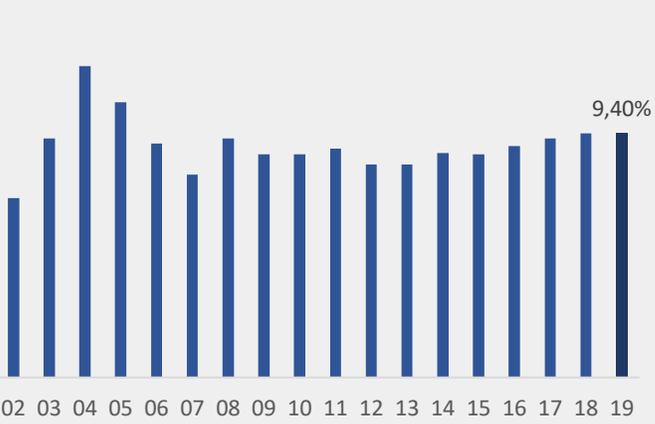
Waste treatment:

- **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 a infrastructural gap

Energy supply:

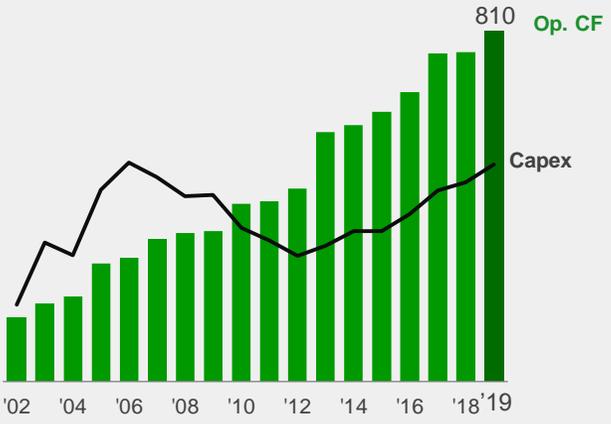
- **Customer base** of 3.3m clients
- **Fastest growing customer base** (in the last 5 years)
- **Lowest churn rate** in Italy
- No exposure to **energy price** fluctuation (negligible power generation, procurement and supply contracts **100% hedged**)

Hera track record



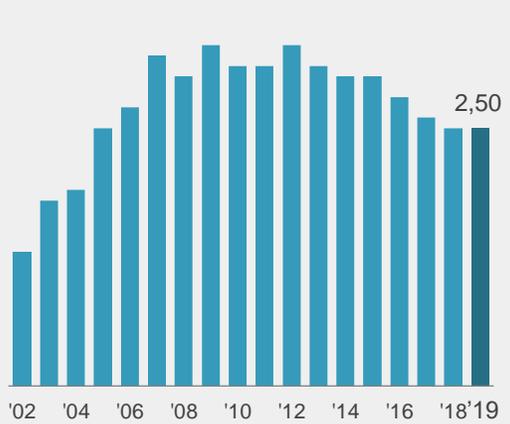
Adjusted ROI (%)

+1,8 % CAGR
constant growth



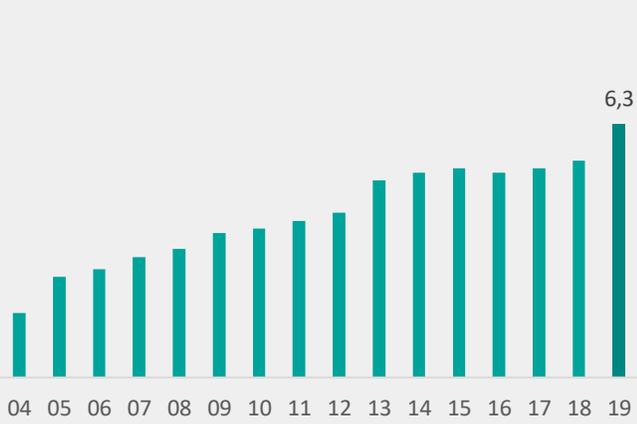
Cash-generating capex (€m)

Almost € 7bn capex
Concentrated in '02-'19



Adjusted Net Financial Debt / EBITDA (x)

2.5x both through
M&A and Organic



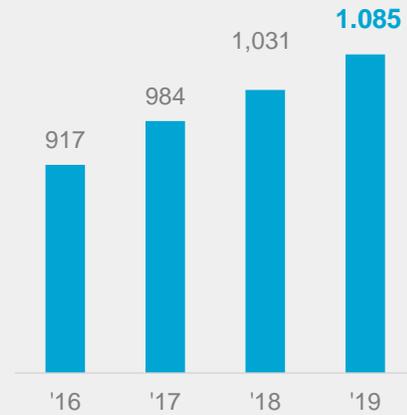
Net Invested Capital* (€bn)

€ 6.3bn of Net Invested
Capital in 2019

Resilient and constant growth over the years

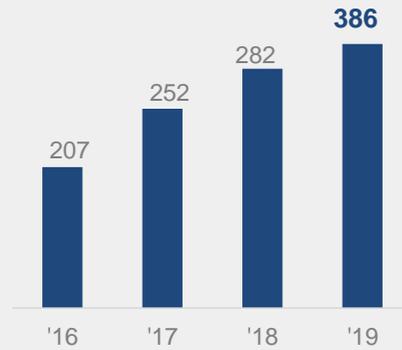
*Including Ascopiave contribution

2019 results in a snapshot



EBITDA (€m)

+5.2%
'19/'18



Net Profit* (€m)

+36.8%
'19/'18



Adjusted Net Financial Debt / EBITDA (x)

(1.2%)
'19/'18

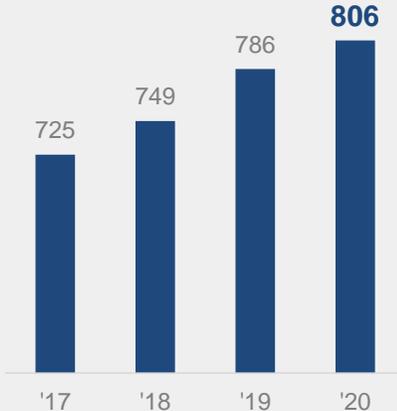


FFO / Adjusted Net Financial Debt

+6%
'19/'18

Growth path exceeding expectations

2020 first 9 months results



EBITDA (€m)

+2.6%
'20/'19



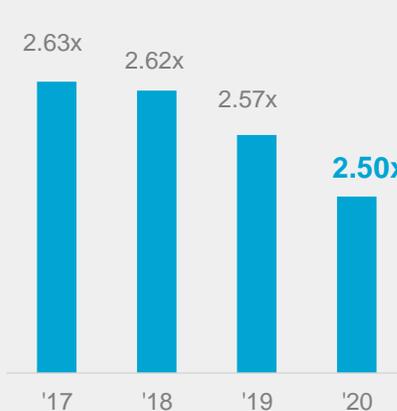
EBIT (€m)

+2.3%
'20/'19



Net Profit* (€m)

+1.0%
'20/'19



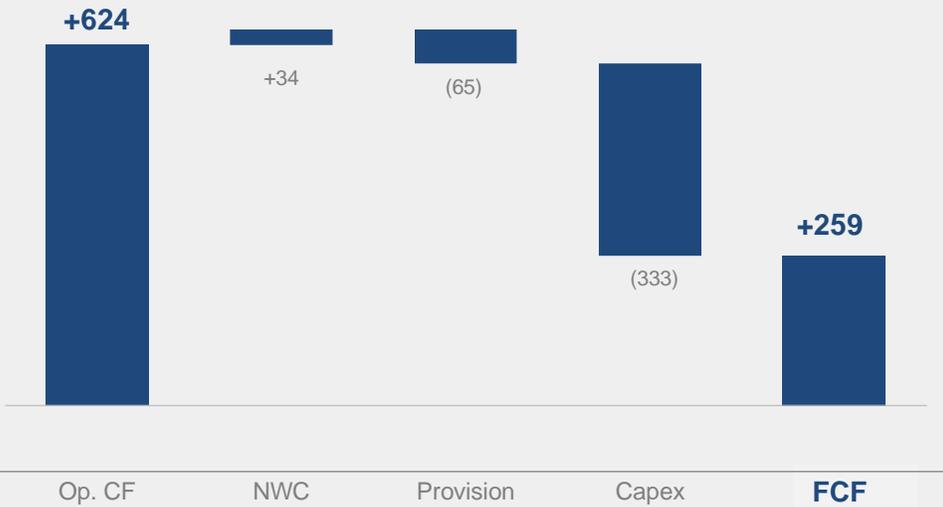
Adjusted Net Financial Debt / EBITDA (x) Rolling

Deleveraging

Positive growth & better leverage “as usual”

* Net profit post minorities

2020 first 9 months cash generation



Free Cash Generation
(€m)

+259 €m

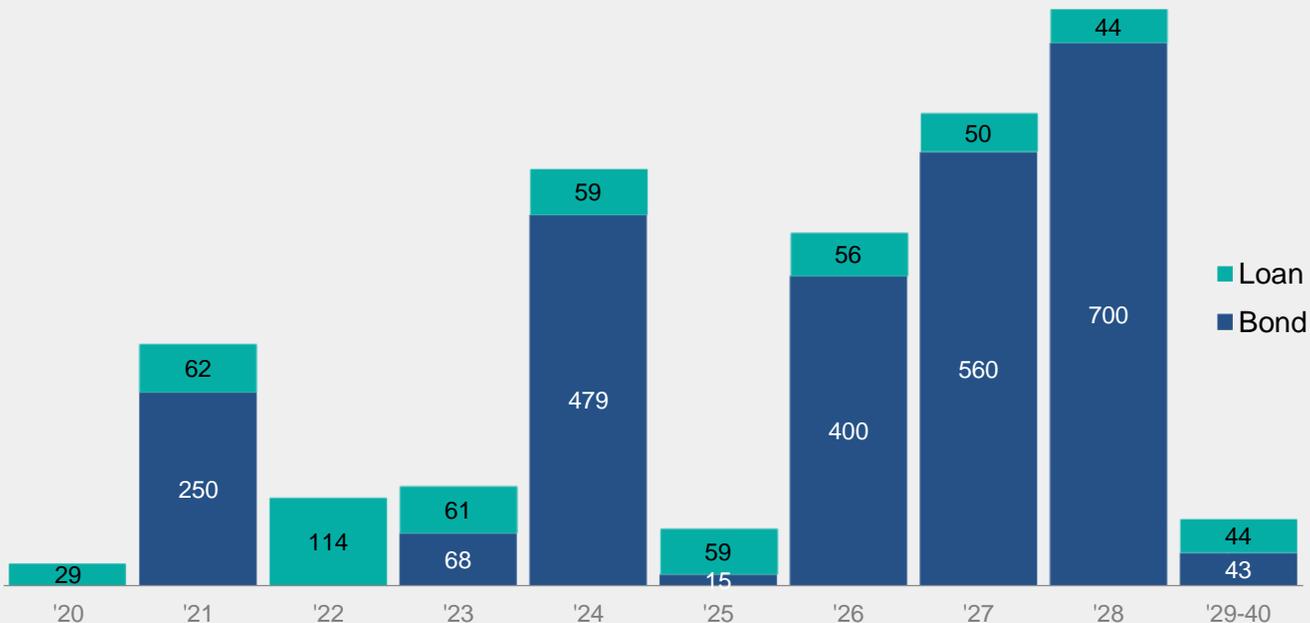


Free Cash allocation
(€m)

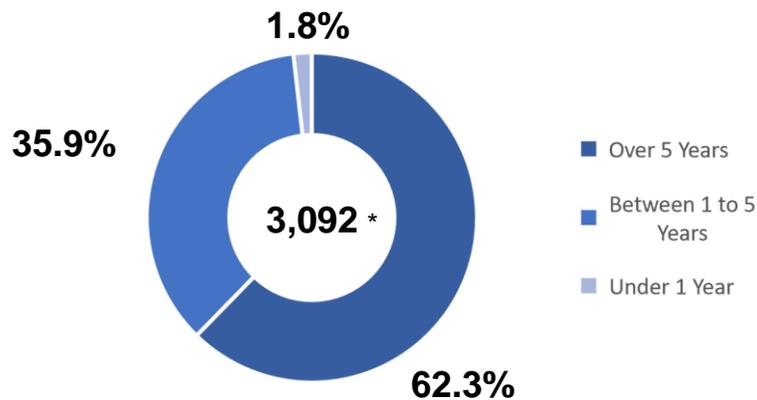
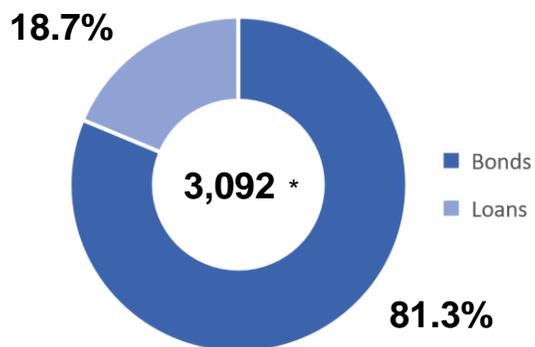
Dividends & Development

Stable debt at € 3.3bn & reduced leverage

H1 2020 Hera debt structure



- Net Financial Debt: € 3,083.6m
- Committed Credit Lines: € 650m
- Cash Available: € 705.5m



STANDARD & POOR'S
 Rating: **BBB**
 Outlook: **Positive**

MOODY'S
 Rating: **Baa2**
 Outlook: **Stable**

* Debt nominal value in €m

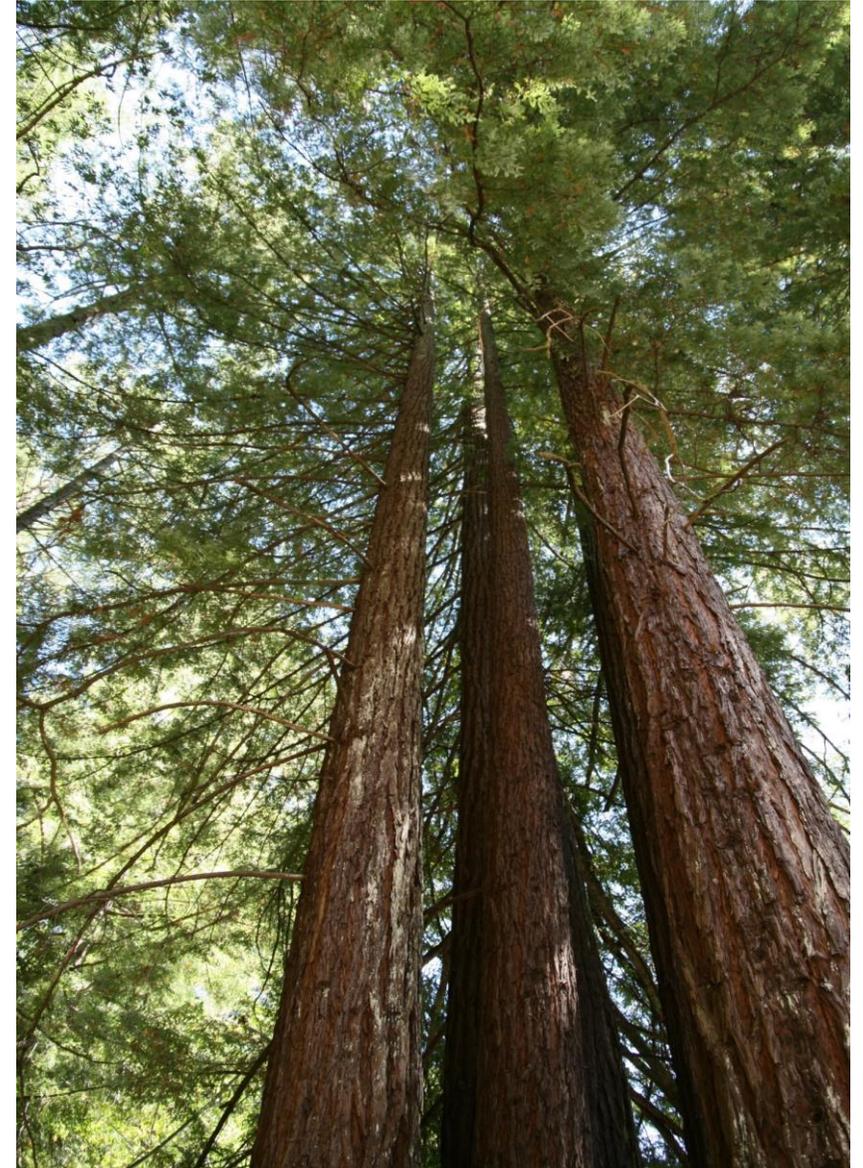


2. Sustainable Strategy and Covid 19

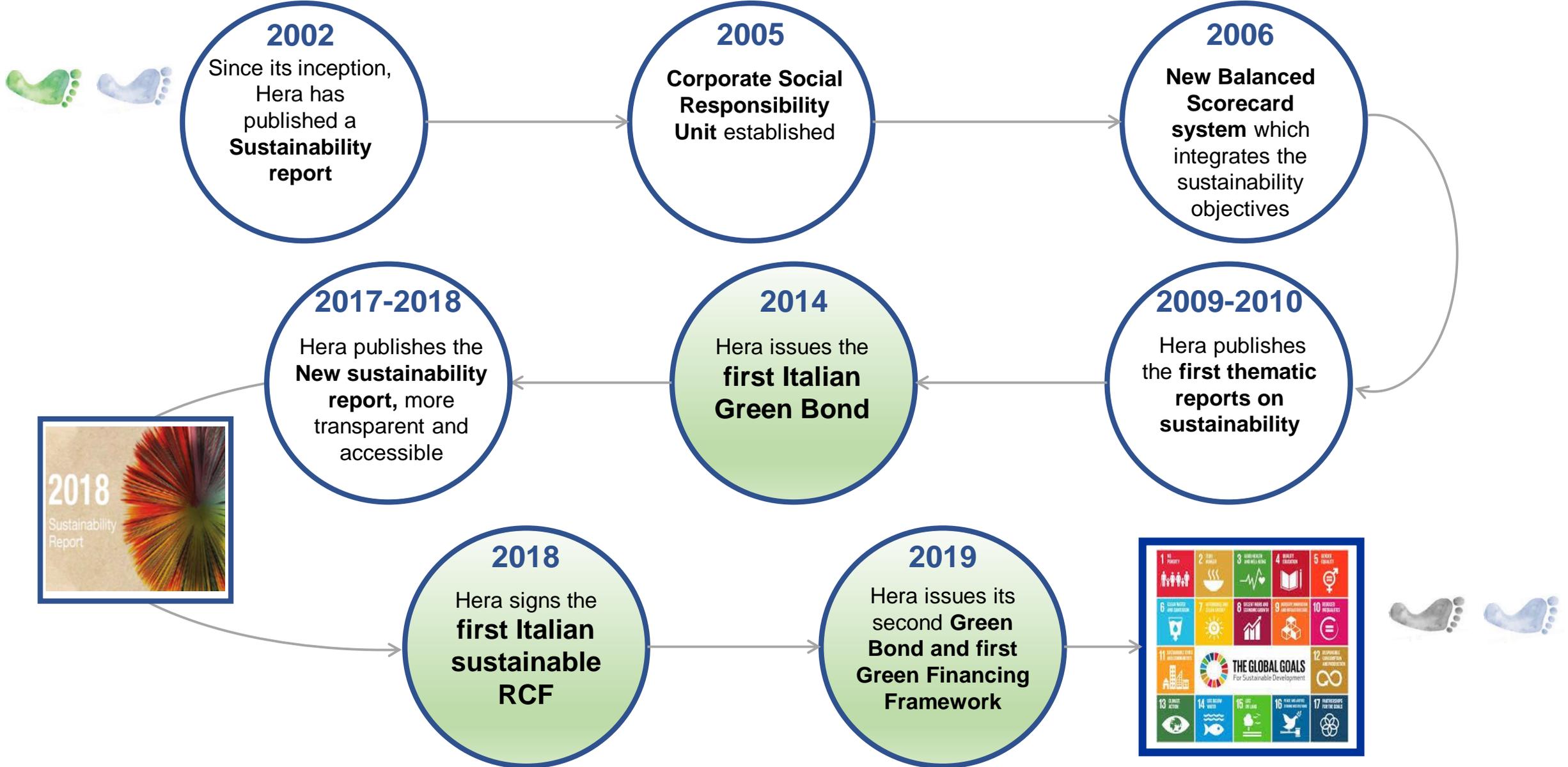


Sustainability in Hera in pills

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



ESG Achievements



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

FTSE4Good

ISS-ekom ▶ Rated Prime



Ranked 1st in "Green" Finance and 6th (5th in 2018) overall in the Italian IGI Index

MSCI  Rated A



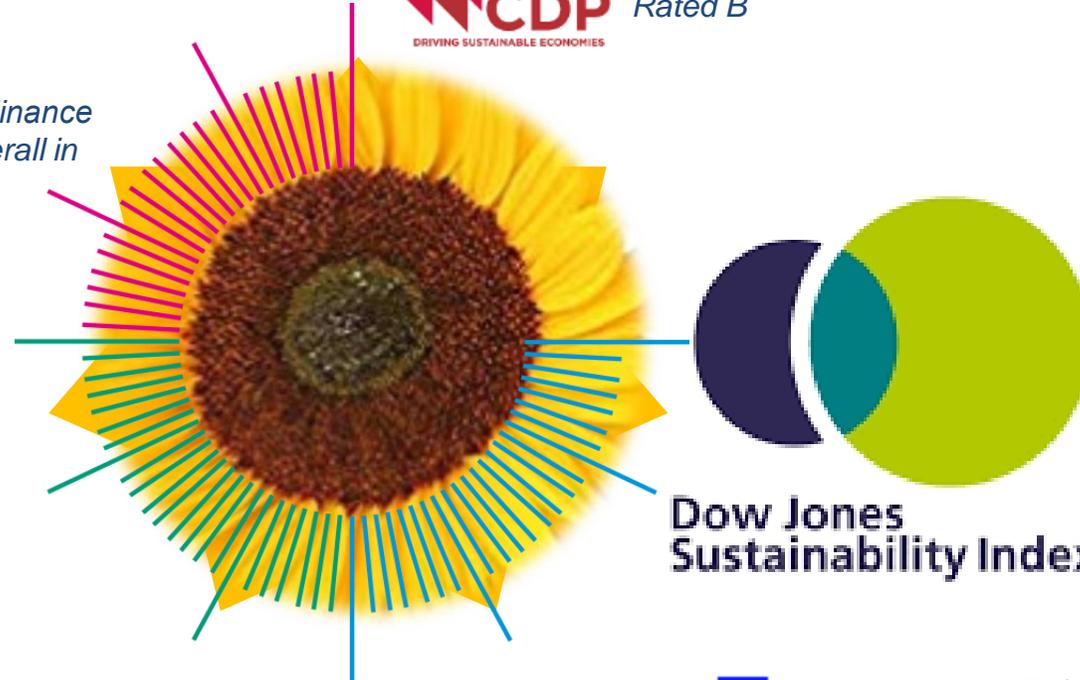
Included in the Bloomberg GEI index



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



Rated B



Dow Jones Sustainability Indexes

Hera first multiutility in the Dow Jones Sustainability Index as "Industry Leader" (November 13, 2020)



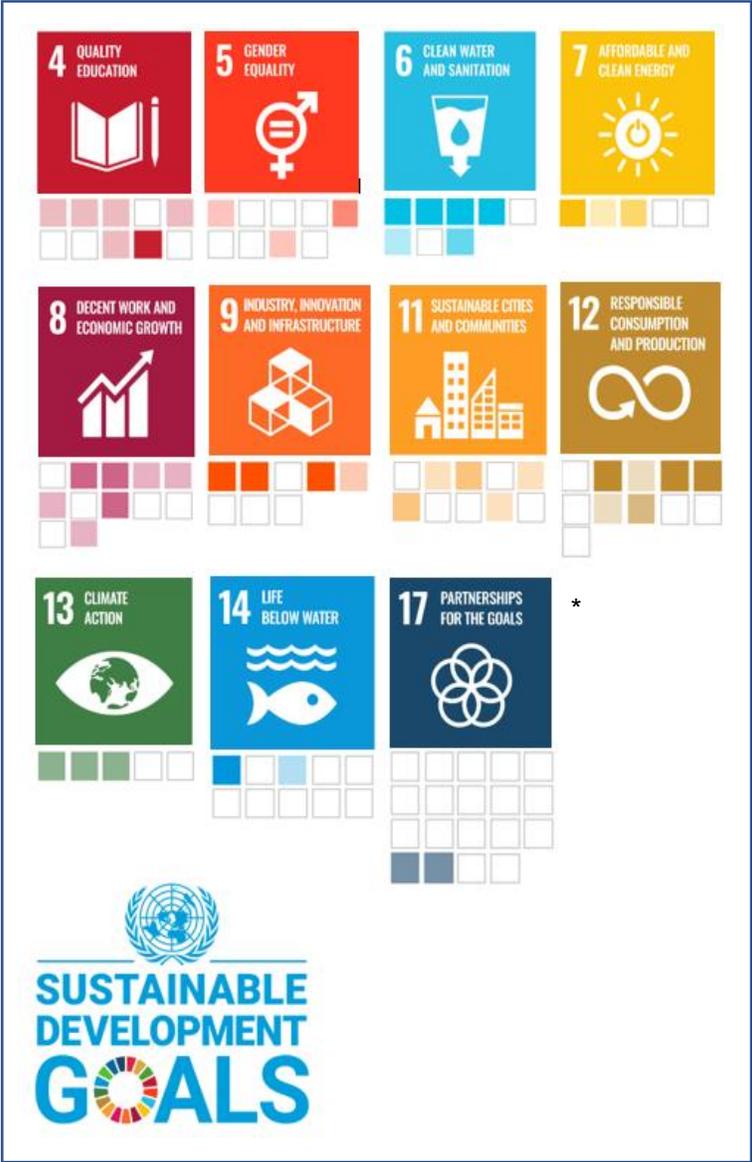
TOP 100 COMPANY 2020
Diversity and Inclusion Index

Included in the Refinitiv D&I INDEX, ranking 12 (ranked 14th in 2019) worldwide and first in the industry (multi-utility)



For the 11th year in a row, Hera is among the best Italian companies on quality standards of working conditions

Hera's impact on ONU SDG Agenda



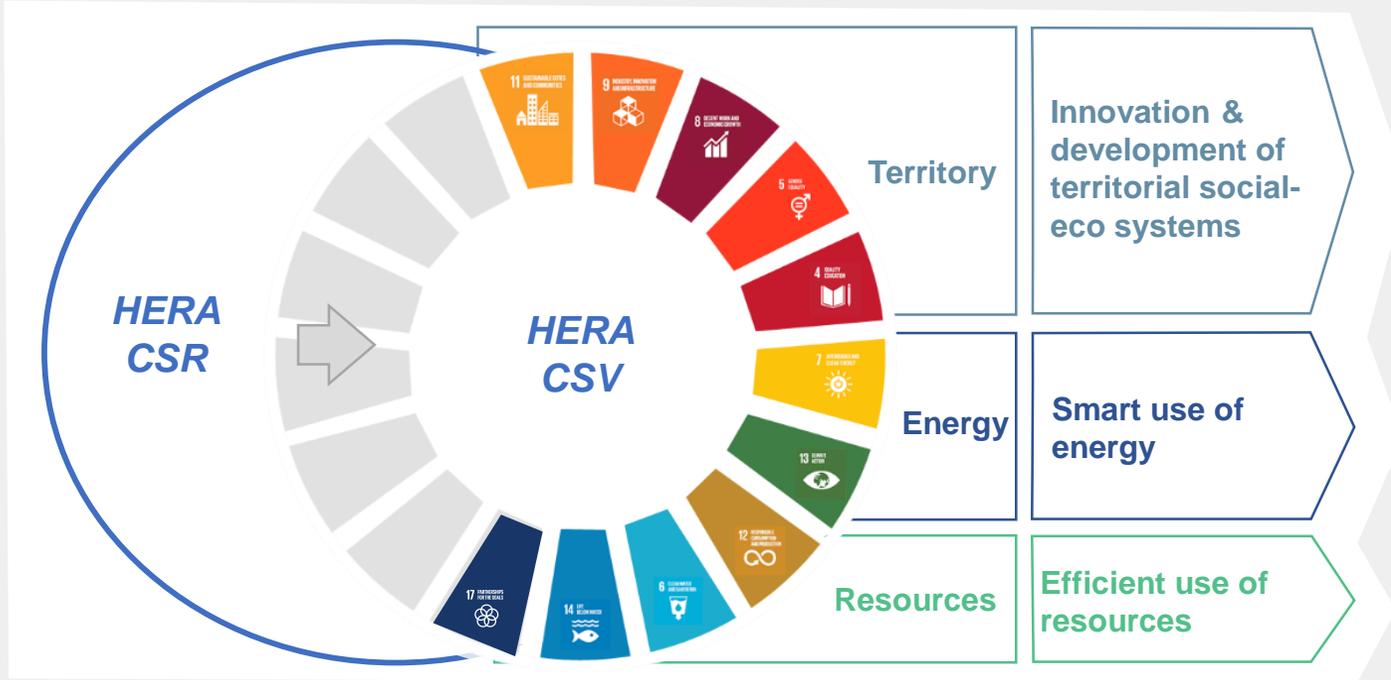
* Little squares under each goal represent the company contribution intensity

- Hera has identified activities, projects and company policies that generate a significant **Creating Shared Value** positive impact and are functional to the achievement of the targets in the areas which Hera operates.
- The **current SDG contribution is classified how high, medium or low** with a range from 1 to 5. For those core business activities Hera committed to achieve a medium-high target (best practices).
- Taking into consideration only the ONU goals with at least medium or high target, **we confirmed the 11 goals pictured left.**

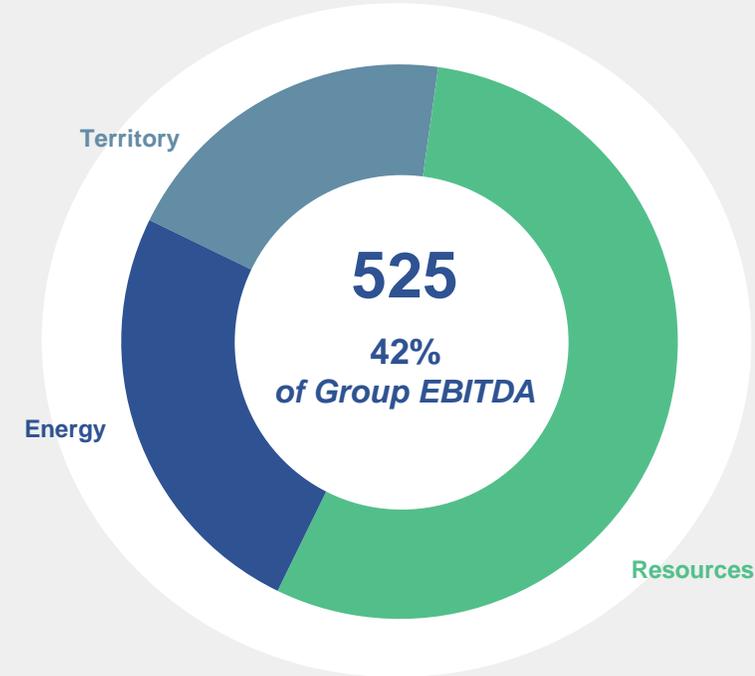


REGENERATIVE, RESILIENT, SMART

Concretely acting with a climate change strategy



Global goals addressed



Creating Shared Value EBITDA '23 (€m)

70% of EBITDA growth to 2023 enhance CSV

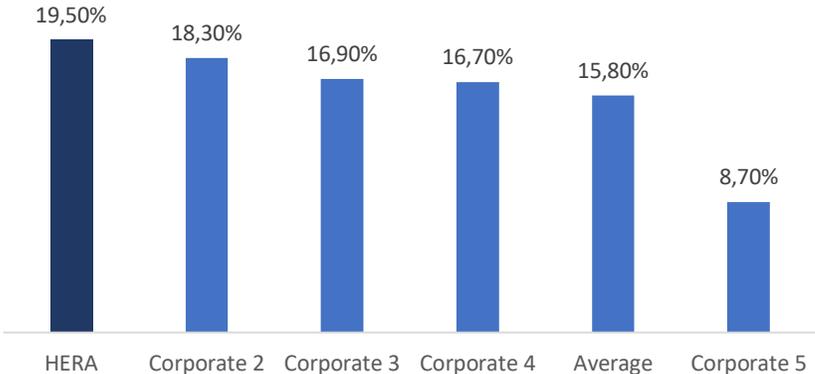
Diversity Management

Gender, cultural and origin differences are now universally recognised as values and must therefore be managed in the best possible way, bearing in mind that the management of diversity must always go hand in hand with the pursuit of equality.

In 2011, in order to facilitate the development and dissemination of our policy on equal opportunities and workplace equality was created the **Diversity Management** that has different target:

- **Disseminating the culture of inclusion among the public, private and civil society, sharing best practices with institutions and companies in the area**
- **Supporting the management and appreciation of plurality in the company**
- **Strengthening the role of the Hera Group in the development of a culture that values difference.**

Female Managers (2018)*



REFINITIV[®] 
TOP 100 COMPANY 2020
Diversity and Inclusion Index



A company that adopts a D&I-oriented policy obtains benefits from both an economic and social point of view

*data included in the Sustainability Report

Sustainable target to 2030

Even more sustainable, maximizing the positive impact we have on all our stakeholders and minimizing our negative impact developing innovative projects



New goals looking beyond the BP horizon

NFD: Hera has adapted its reporting to the new perspective

2016 From a stakeholder perspective...

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2019 ...to a view for drivers of change required by global agenda

Introduzione

- Un anno di sostenibilità
- Chi siamo
- Sostenibilità per il Gruppo Hera

Il valore condiviso

- Una nuova cultura energetica
- Una intelligente delle risorse
- Innovazione e contributo allo sviluppo

Le basi e le leve organizzative su cui stiamo costruendo il business del futuro

- Governance e creazione di valore
- Qualità, costo e sicurezza del servizio per i clienti
- Partners
- Gestione del territorio

Smart use of energy

Efficient use of resources

Innovation development of territory

2020



First steps for alignment with the recommendations of the Task Force on Climate-related Financial Disclosure



Internal working group already in the analysis phase

Since 2017 Sustainability Report ... completely renewed

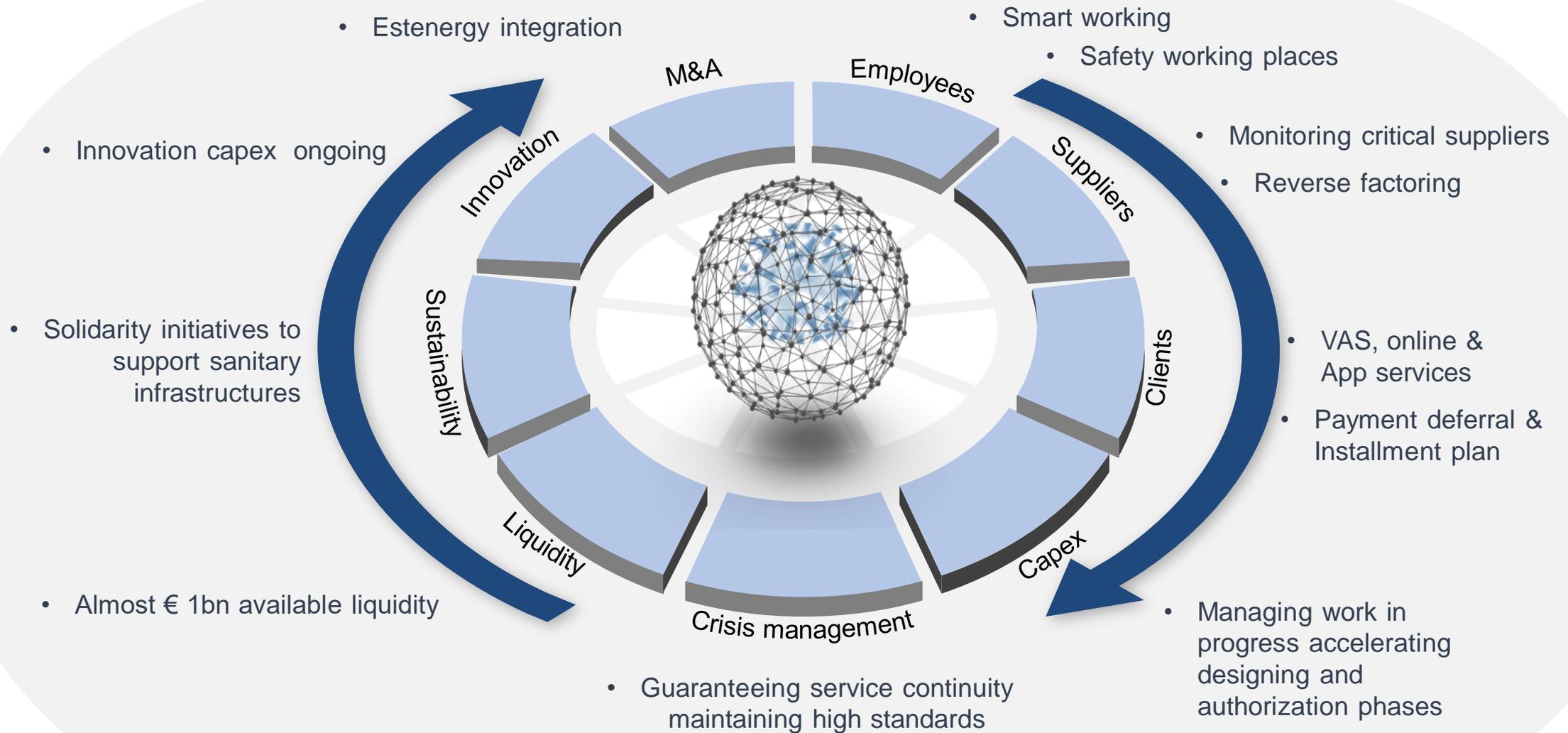
For each of the 9 impact areas of the 3 CSV drivers: the scenario and our answers

Cover flap that guides reading

Summary of the international scenario (targets defined by policies and scenario KPIs)

The Hera Group's responses to change (results, initiatives and objectives for the future)

Facing Covid-19 effects with a multi-stakeholders approach



Proactively contrasting Covid 19 at 360°

Hera on the territory to help and protect customers and employees



Protection and proactive aid for Hera workers

- The **Crisis Committee** has been working 7/7 and will be active till the end of the emergency. This working group has identified specific hygiene regulations and a set of behaviors necessary for the Group's employees and stakeholders. This was also combined with an efficient communication plan and specific help desk. Thanks to extensive use of smart working, and a reinforcement of flexible online work options, social distancing was guaranteed and the risk of physical contact deeply reduced.



A close collaboration between the Hera Group and Civil Protection

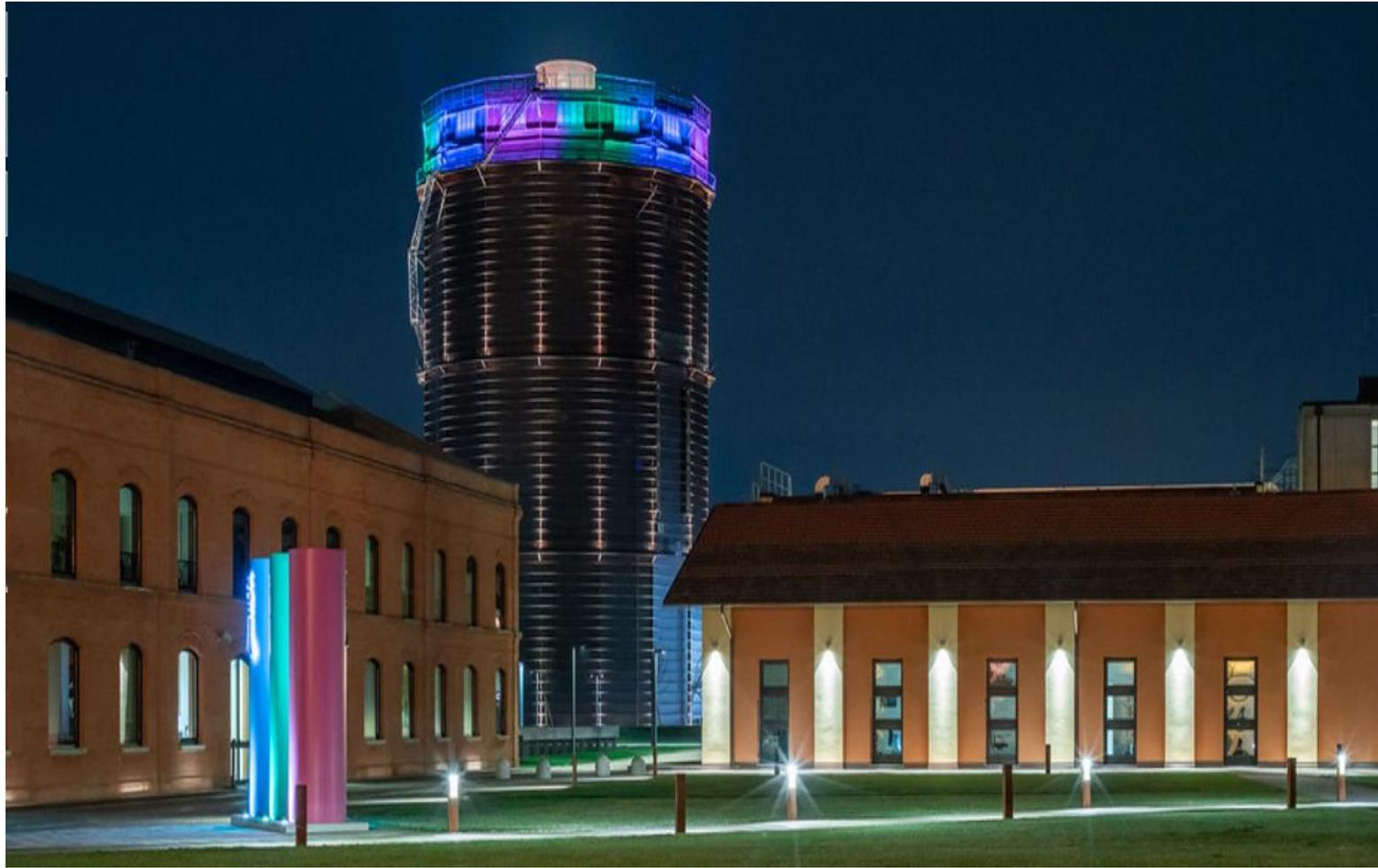
- During the pandemic emergency, a wide collaboration was activated with great effectiveness and on various fronts, one of these saw our company make available its skills and assets for a general interest of the collectivity.



Benefits for domestic customers, unemployed, self-employed and layoff workers

- For customers in difficulty, it has been possible to request the postponement of the payment deadline without interests applied on concession on top of government package.

Thank you



Contacts

Chief Financial Officer:

Luca Moroni

Mail: luca.moroni@gruppohera.it

Head of Investor Relations:

Jens Klint Hansen

Mail: jens.hansen@gruppohera.it

Corporate information

HERA S.p.A.

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

VAT NUMBER: 03819031208

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

SOCIAL NETWORK:



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Useful Links & Materials

INVESTOR RELATIONS: https://eng.gruppohera.it/group/investor_relations/

FINANCIAL OVERVIEW: https://eng.gruppohera.it/group/investor_relations/hera_overview/

DEBT AND FUNDING INFORMATION: https://eng.gruppohera.it/group/investor_relations/financial_profile/

2019 FINANCIAL REPORTS:

https://eng.gruppohera.it/group/investor_relations/financial_results_presentations/archive/-2019/

2020 FINANCIAL REPORTS: https://eng.gruppohera.it/group/investor_relations/financial_results_presentations/archive/-2020/

SUSTAINABILITY REPORT: https://eng.gruppohera.it/group/social_responsibility/

THEMATIC REPORTS: https://eng.gruppohera.it/group/social_responsibility/thematic_reports/

Value to Energy: https://eng.gruppohera.it/group/business_activities/business_energy/report_value_energy/

In Good Water: https://eng.gruppohera.it/group/social_responsibility/thematic_reports/report_good_waters/

Tracking Waste: https://eng.gruppohera.it/group/business_activities/business_environment/separated_collection/

1000 Faces of Service: https://eng.gruppohera.it/group/social_responsibility/thematic_reports/multi_dimensional_service/