

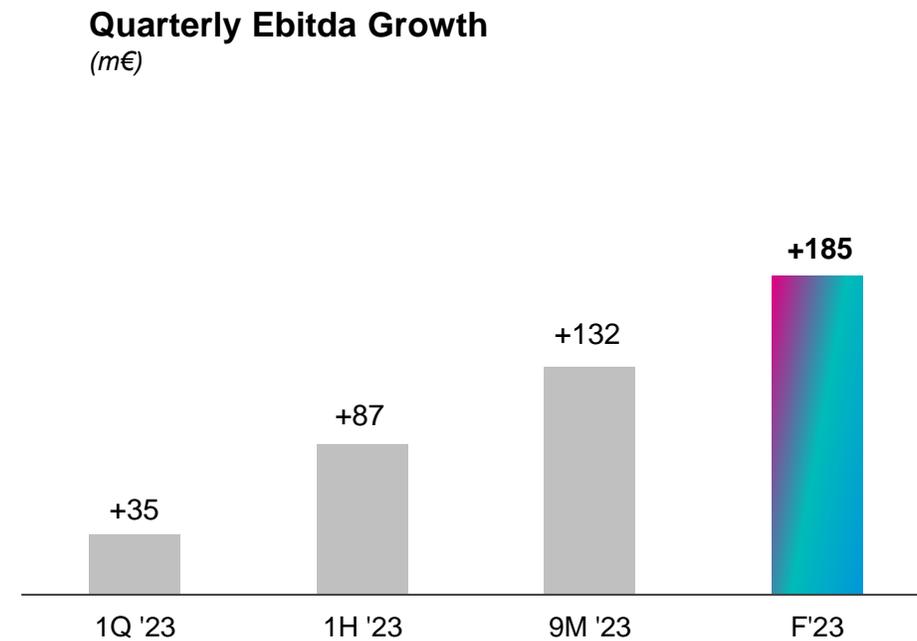
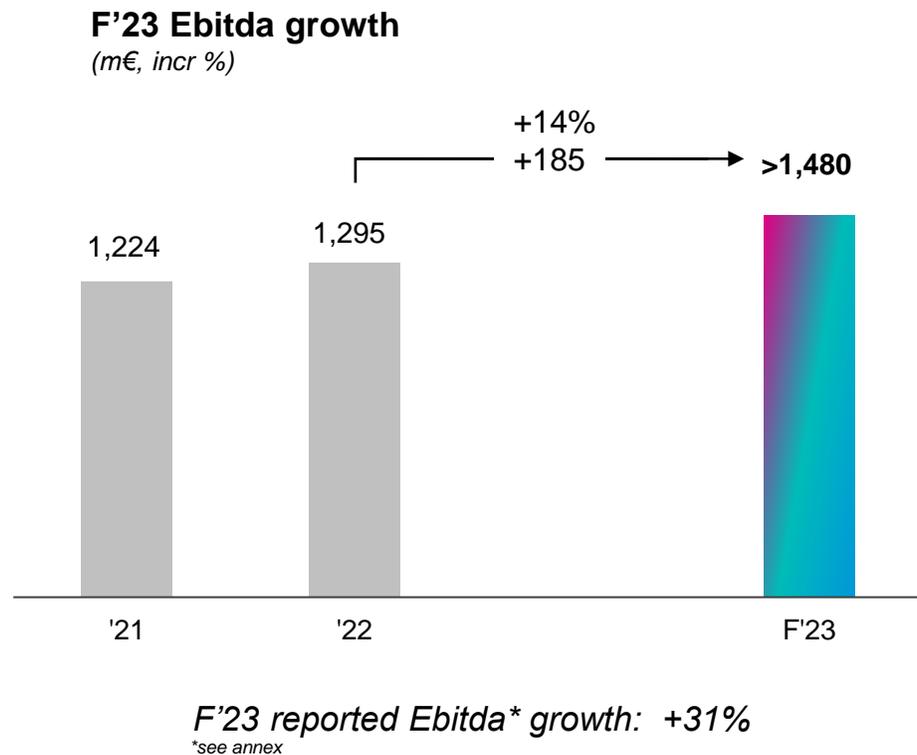
# 2023-2027

BUSINESS PLAN

*Solid infrastructures for a long-term sustainable strategy*

*Photo by Silvia Camporesi: construction phase of the biomethane plant of Sant'Agata Bolognese*

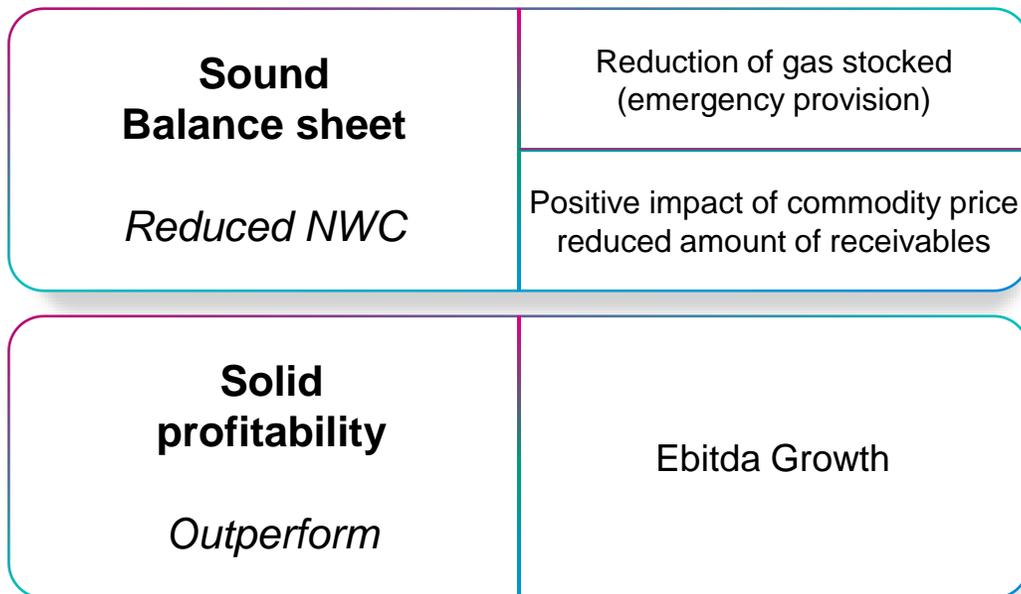
# 2023 forecast: outperforming results



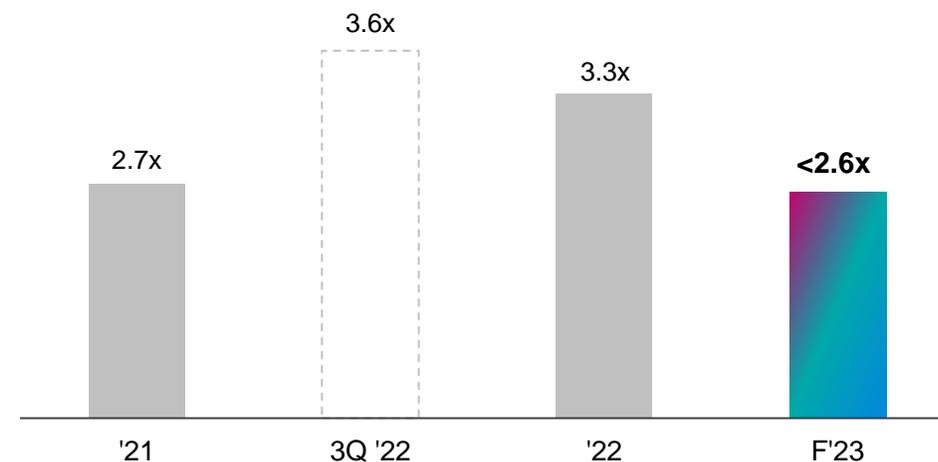
**F'23 is best ever growth**

# 2023 forecast: Cash flow drivers

## Deleveraging drivers



## F2023 Net Debt / Ebitda (x)



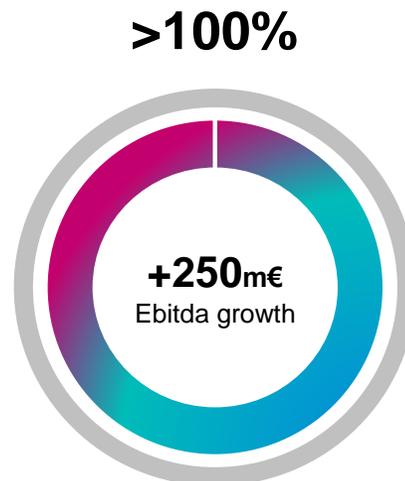
Underpinning the promised **deleverage**

# Achievements of 5Y Business plan to 2026 targets in 2 years

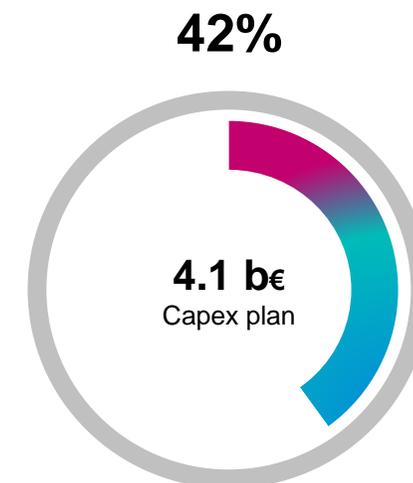
**Plan execution in 2022-F2023**  
(% vs 5 years targets)



**Ebitda growth target**  
(% of forecast achievement as at 2023 end)



**Capex & Investment plan**  
(% of forecast achievement as at 2023 end)



Outperforming **value creation** for shareholders

# Group strategic framework confirms full coherence and continuity



**Create “shared” value maintaining a resilient profile**

# Create Value

Accretive capital discipline

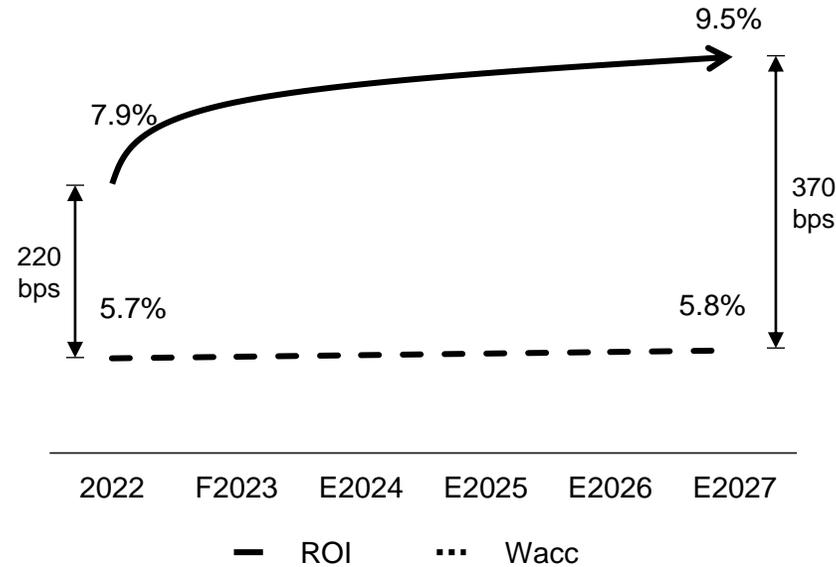
Market development

Efficiency gains

Enhance risk/return profile

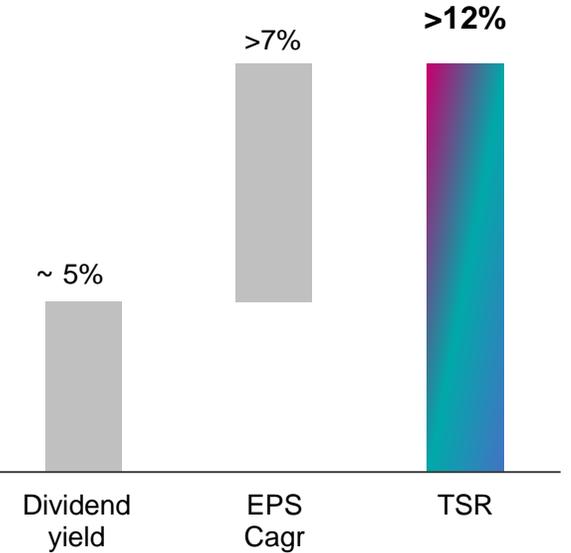
## Value creation

(YE shareholders ROI % – YE sector WACC)



## Yearly average TSR '23-'27

(%)



## Double digit Total shareholders' return

# Be Sustainable

98% capex taxonomy compliant\*

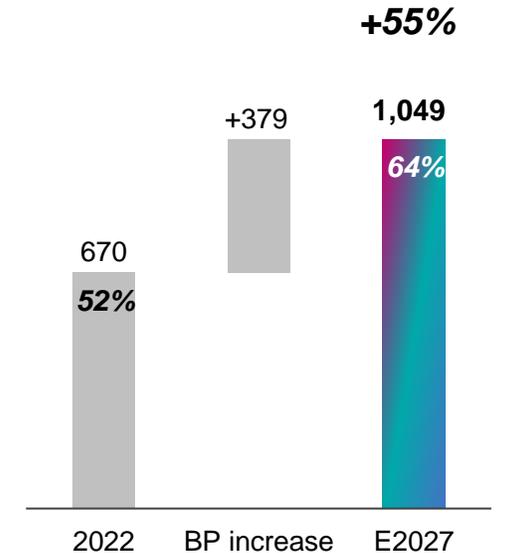
Sustainable approach to management

Innovation to tackle with climate change

CAPEX PLAN	MAIN TARGETS	2022	E2027	GOAL
 <p>Carbon neutrality <b>31%</b></p>	 Renewable electricity sold	41%	56%	 <p>Reduction of CO<sub>2</sub> emissions in 2027 vs 2019 <b>-29%</b></p>
	 Biomethane from organic waste (mcm)	8	16	
	 Hydrogen production (tons/y)	-	770	
	 Clients with decarbonisation VAS contracts (%)	27%	35%	
 <p>Circular Economy <b>39%</b></p>	 Sorting urban waste collection	68%	78%	 <p>Plastic recycled in 2027 <b>+122%</b></p>
	 Packaging recycling	66%	72%	
	 Plastic recycled by Aliplast (vs 2017)	+33%	+122%	
	 Water reuse	7%	14%	
	 <p>Resilience &amp; Innovation <b>40%</b></p>	 Predictive maintenance water (km)	13,925	
 Sensors for monitoring landslide events (n.)	10	130		
 Robotized Elect. secondary cabins (n.)	1,038	1,260		
 Linear water losses (cm/km/day)	9.5**	8.9		

\*\*2021 figure

CSV Ebitda  
(m€, % of Group Ebitda)



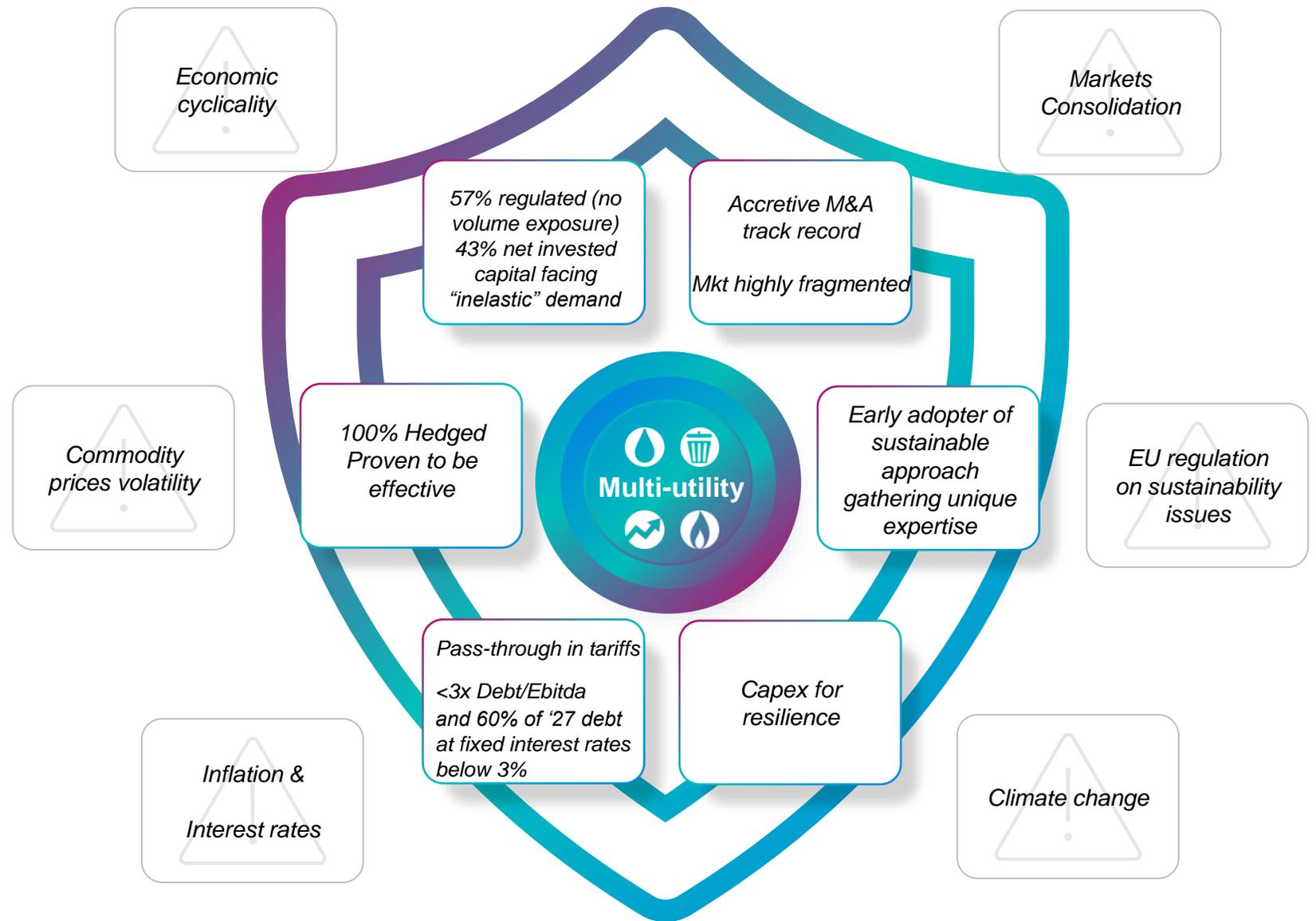
**On track to meet 2030 commitments**

# Enhance Resilience

Multi-utility formula

Business policies to neutralize risks

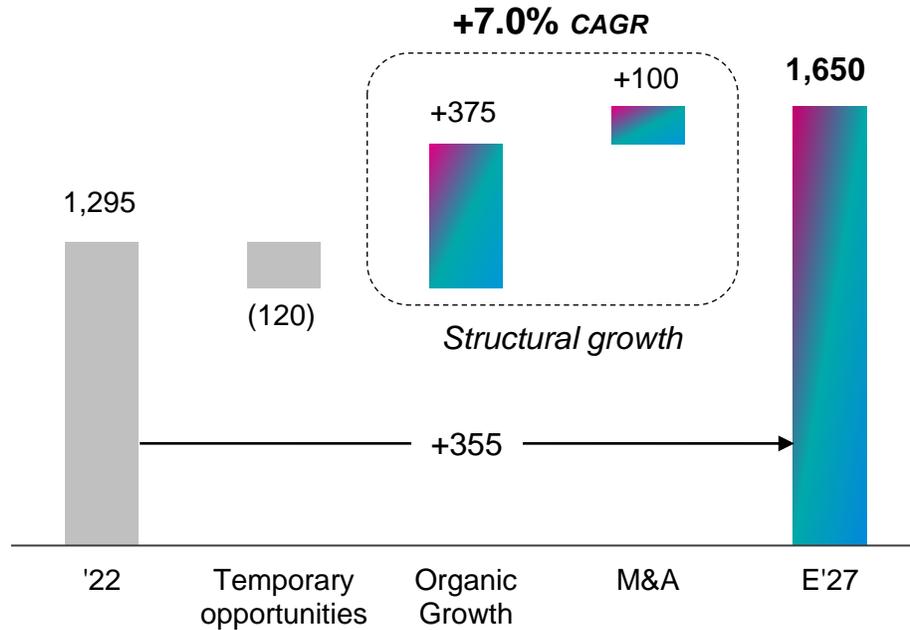
Maintain low financial leverage



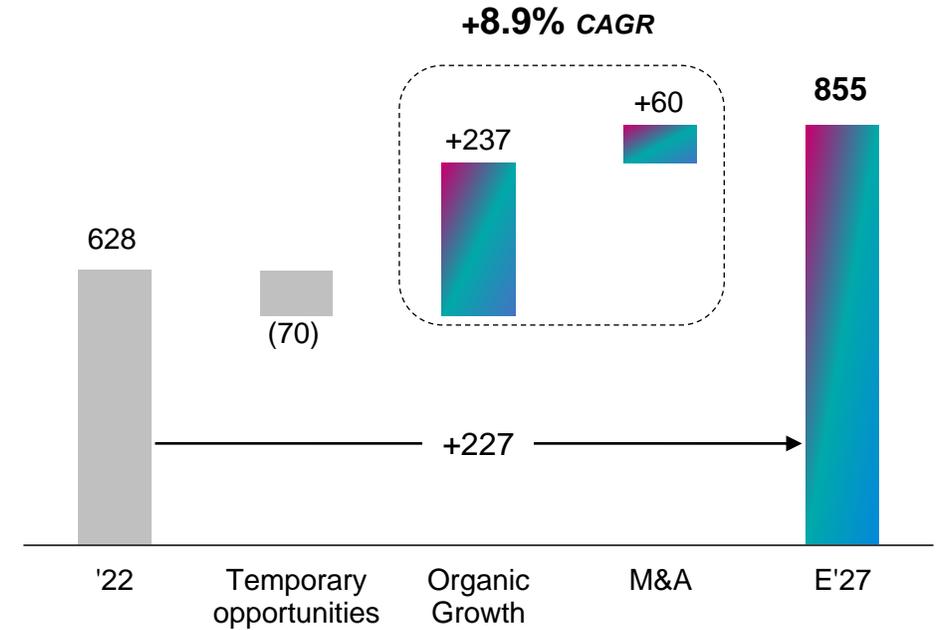
## Proven low risk profile

# Ebitda growth targets

**Ebitda growth drivers**  
(m€, Cagr adj.)

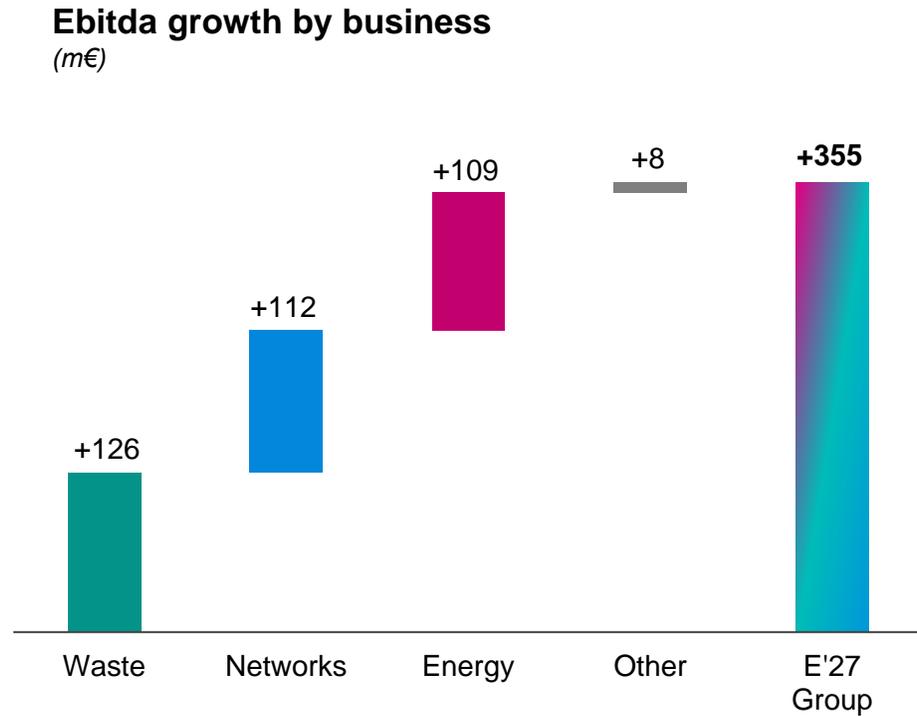


**Ebit growth drivers**  
(m€, Cagr adj.)

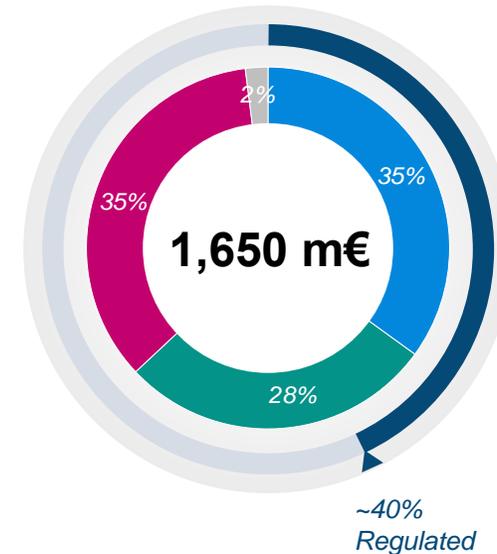


**Stronger growth transferred down to Ebit**

# Ebitda growth by business



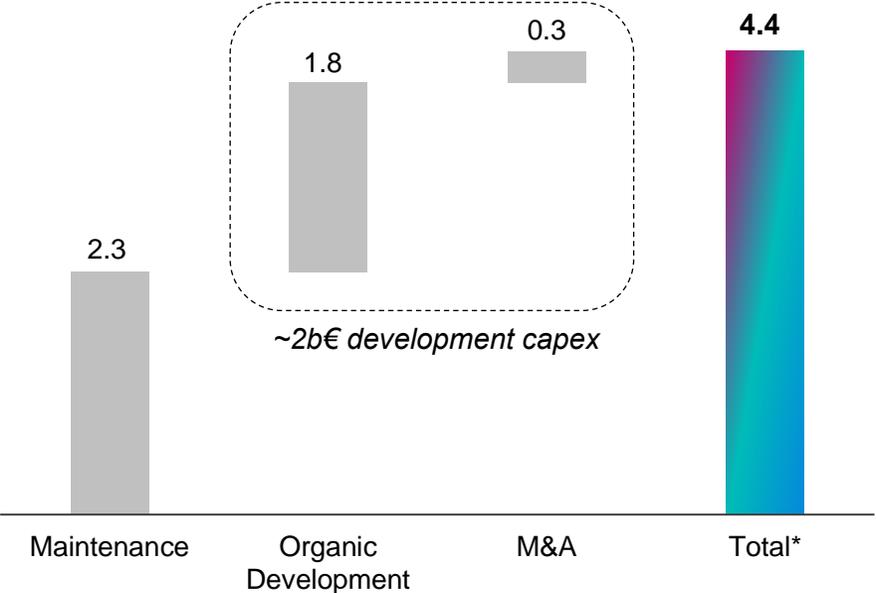
**Balanced business mix**  
(%)



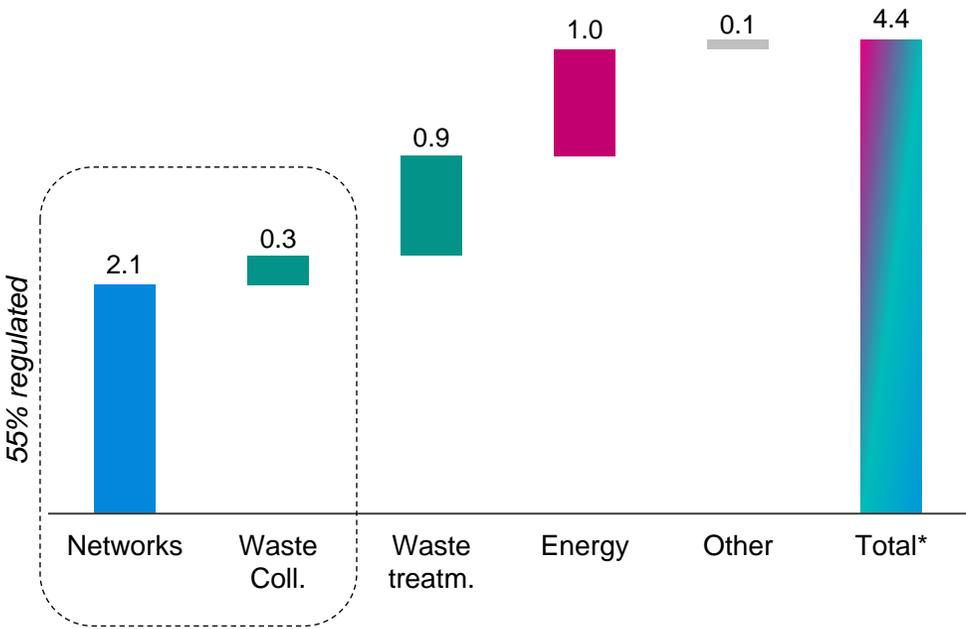
**Increasing 5Y Ebitda growth with a balanced mix**

# Capital allocation to 2027

5Y Capex plan by nature (b€)



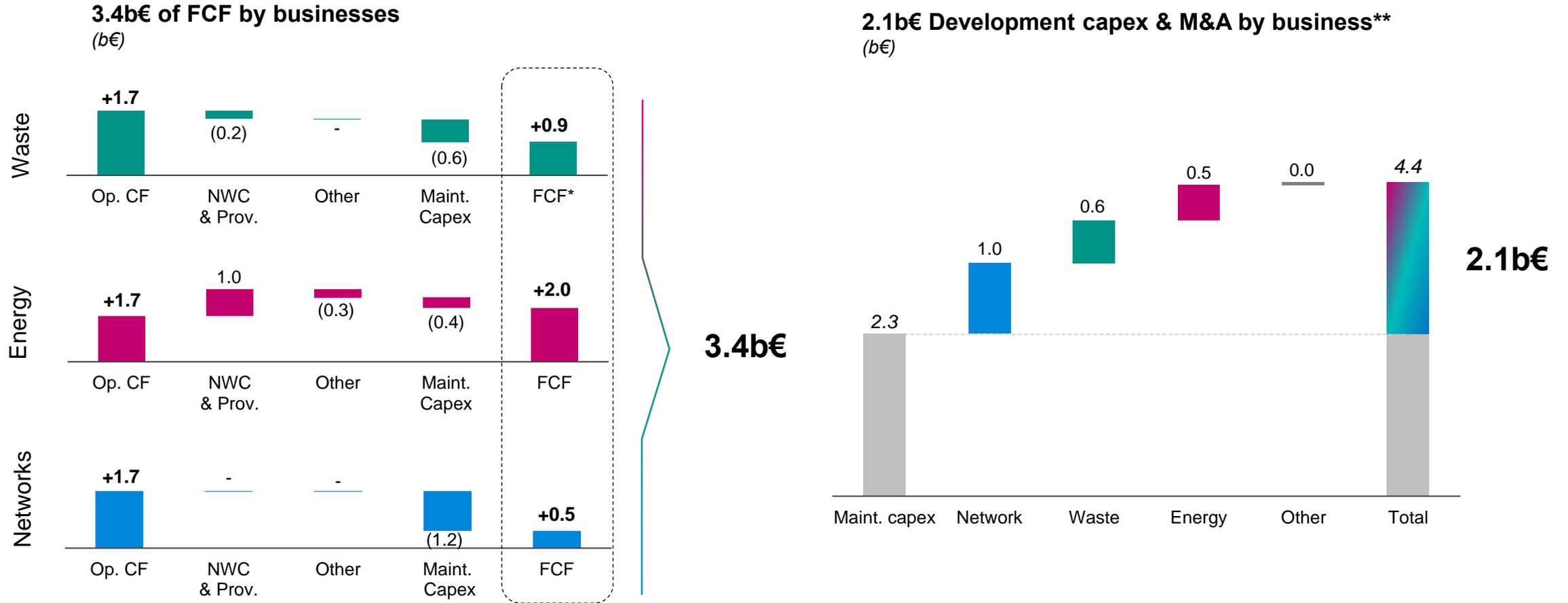
5Y Capex plan by business (b€)



**Confirmed focus on development**

\*Non including 200m€ capex funded by PNRR

# 5Y Capex plan fully funded by cash flows of all businesses

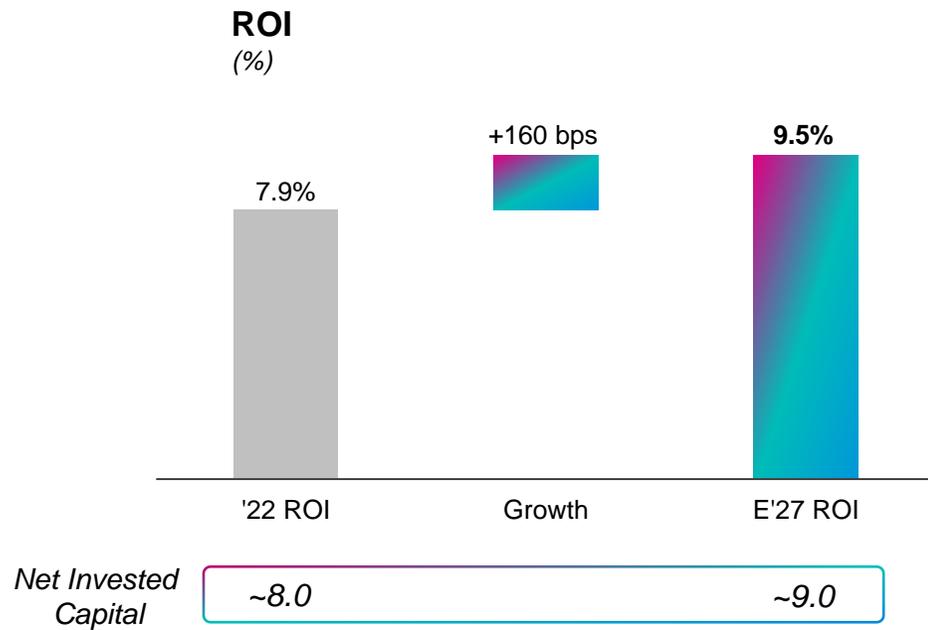


**Diversified and visible FCF will fully fund development capex and M&A**

\* Fully funds development capex, EV M&A and Minorities

\*\* Development capex include M&A Equity investment (cash out)

# Capital allocation E2023-E2027 driver to enhance value creation

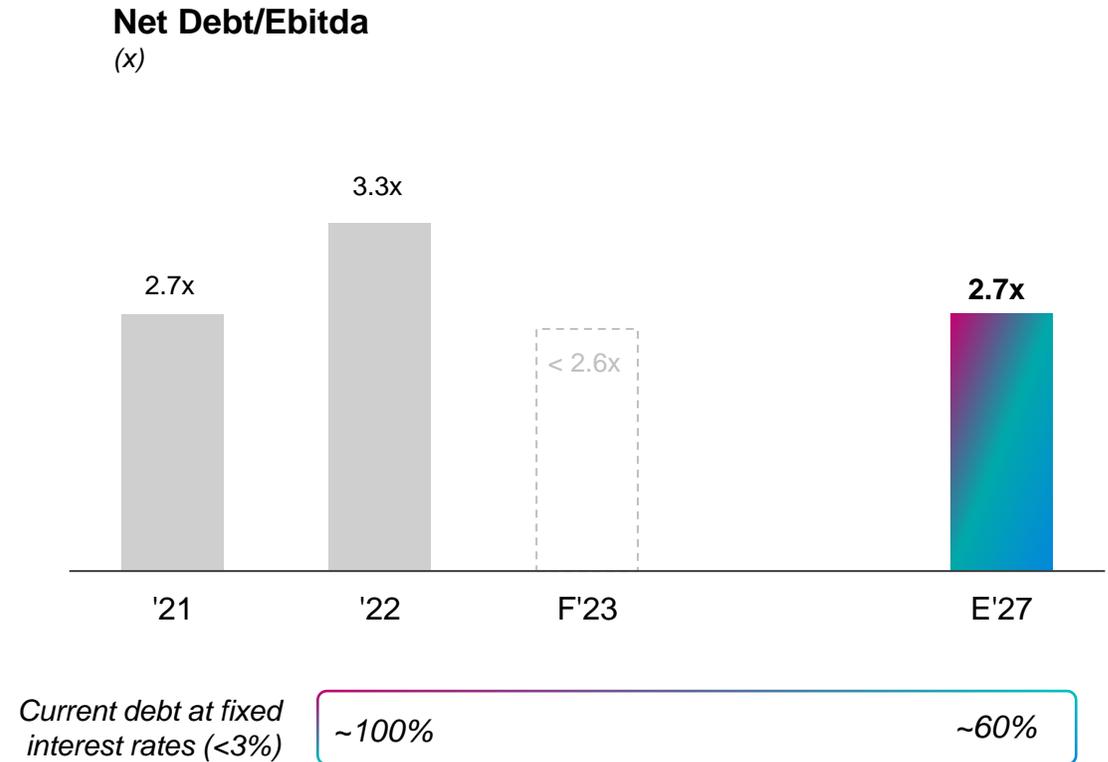
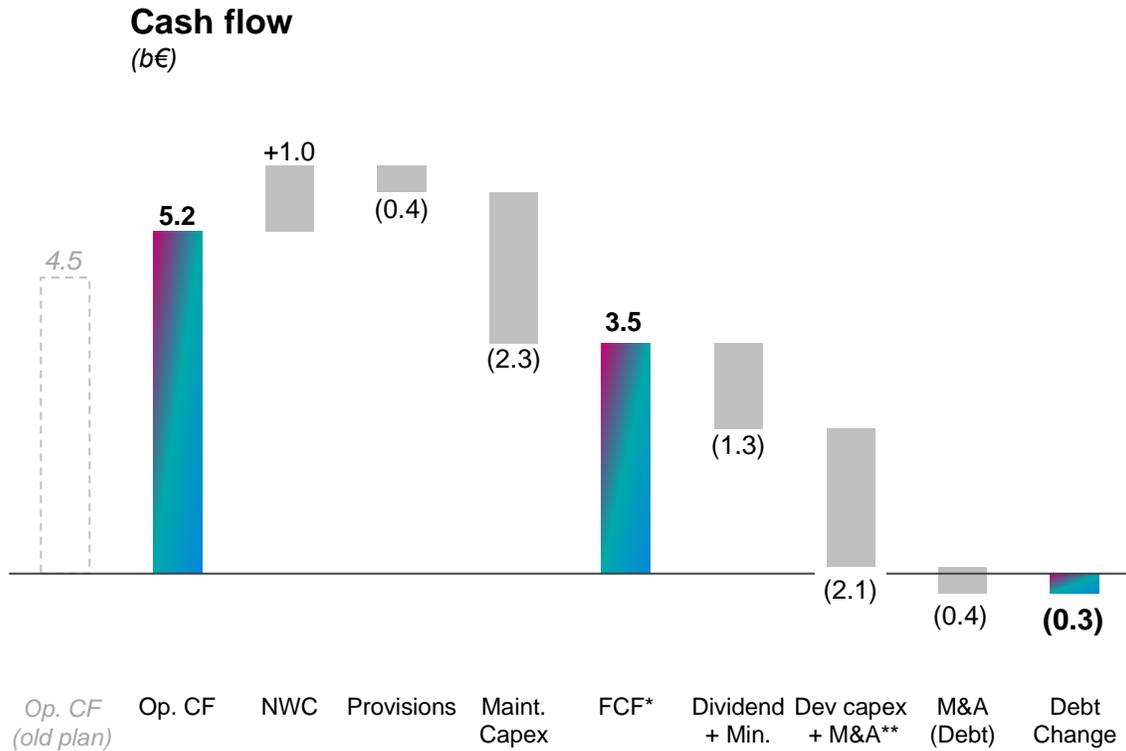


ROI	2022	E2027	Risk
NETWORKS*	5.1%	6.2% ↗	Low
WASTE COLLECTION.*	5.6%	6.3% ↗	Low
WASTE TREATMENT	12.6%	13.1% ↗	Free competition
ENERGY	10.6%	18.2% ↗	Free competition
<b>GROUP</b>	<b>7.9%</b>	<b>9.5% ↗</b>	<b>Conservative</b>

\* Regulated Wacc

Returns increase all across portfolio business

# Cash flows E2023-E2027 and leverage



**Strong cash generation and solid deleveraging**

\*Including also FCF of Other businesses

\*\*Equity investments in M&A (cash out) of about 0.3b€



*ENERGY SUPPLY Industrial strategy*

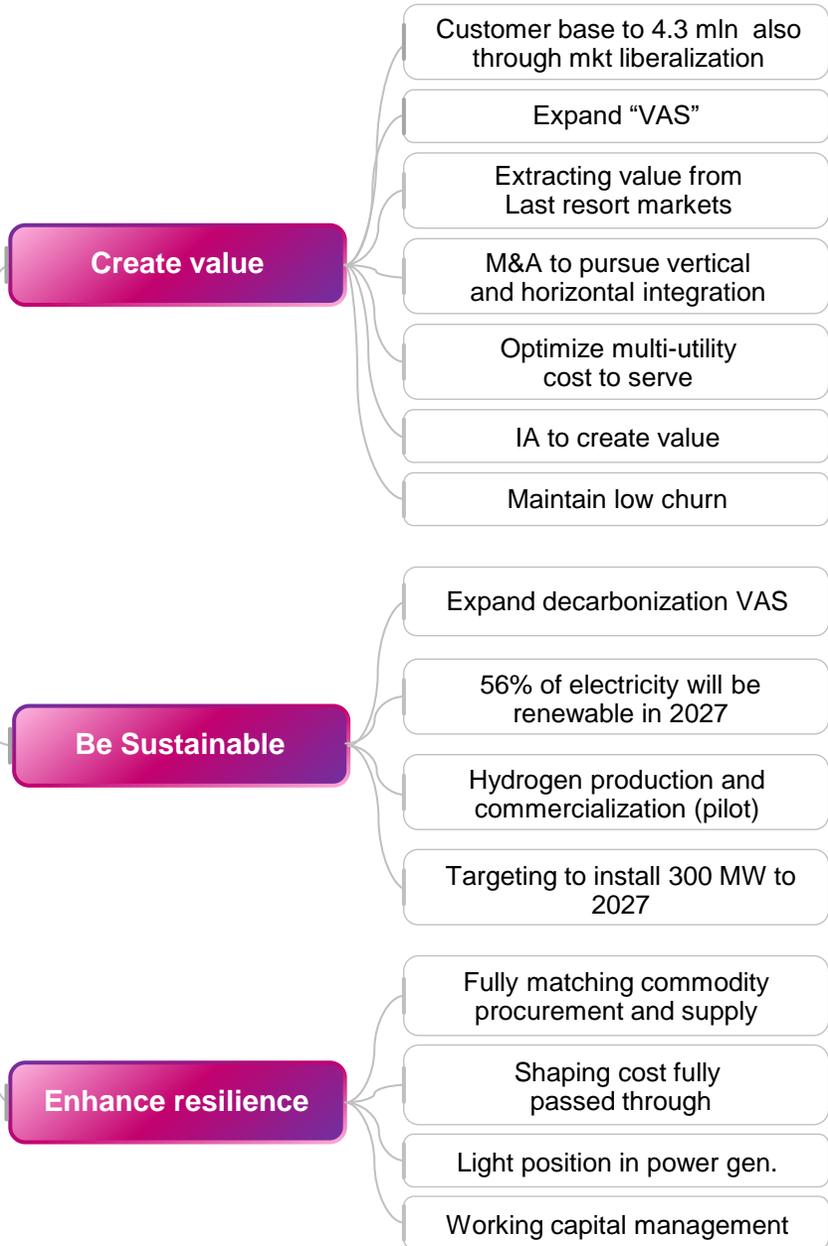
# Energy supply strategic priorities

Expand customers

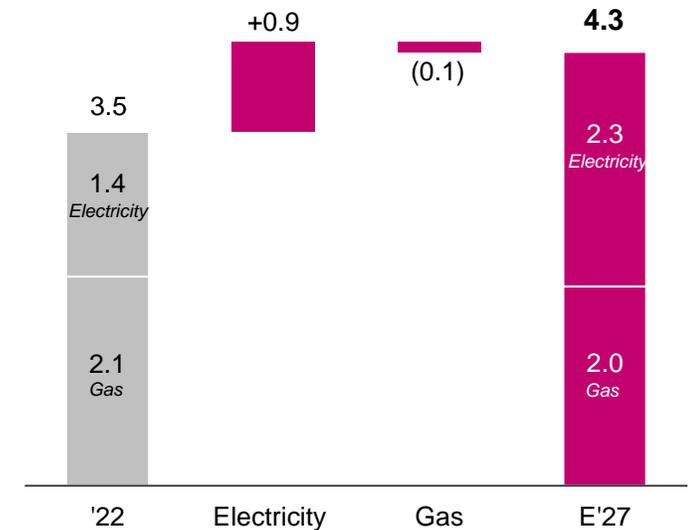
Develop VAS

Enabling decarb.

Hedging risks



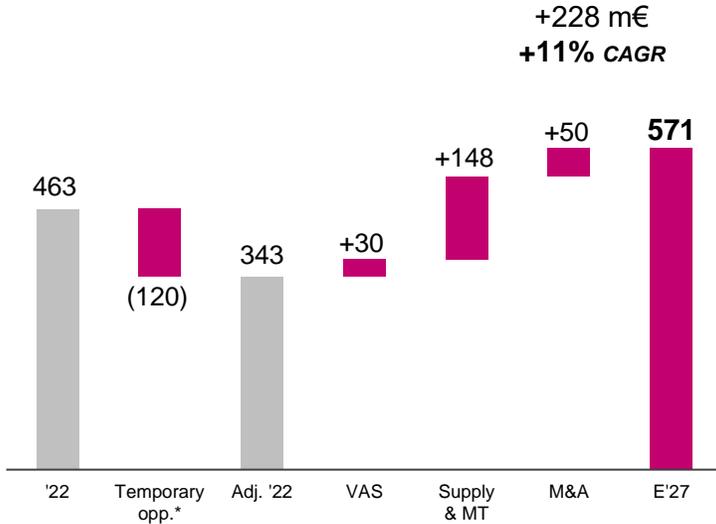
Energy customers (mln customers)



# Energy growth drivers

## Ebitda growth drivers

(m€, Cagr adj.)



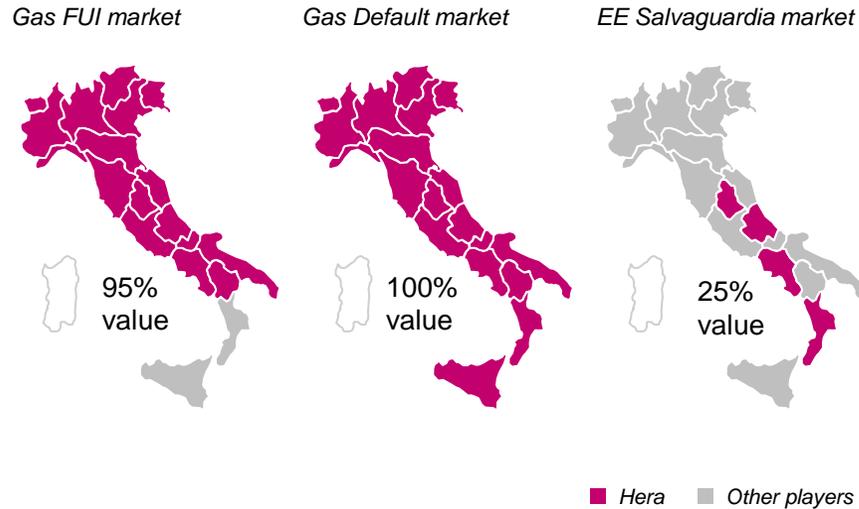
+228 m€  
+11% CAGR

\*Refer to (60%) to Energy efficiency services connected to tax bonus and (40%) related to temporary last resort market business

Expected a year-by-year positive Ebitda growth

## Last resort customers till '24-'25

(Tenders are held every 2 years)



Leader in gas last resort market segment

## Permanent assignment MT customers

+1.1 mln customers (with no future tenders) at no investment upfront (won 7/26 lots)

Expected annual growth more than compensate temporary and marginally MT lower margins

Value creation granted by IRR > 20% (with conservative assumptions)

Synergies on cost to serve thanks to strong focus on reference territory (overlap in customer base)

Expected savings on cost to acquire, focus on switching from MT rather than acquire liberalized

Leap in size to allow economies of scale (marketing costs)

Increase loyalty on existing "gas" customer base

Cross selling opportunities of gas supply and VAS contracts

Co-leading mkt liberalization to create value

# Expansion in all market segments leveraging upon strong expertise

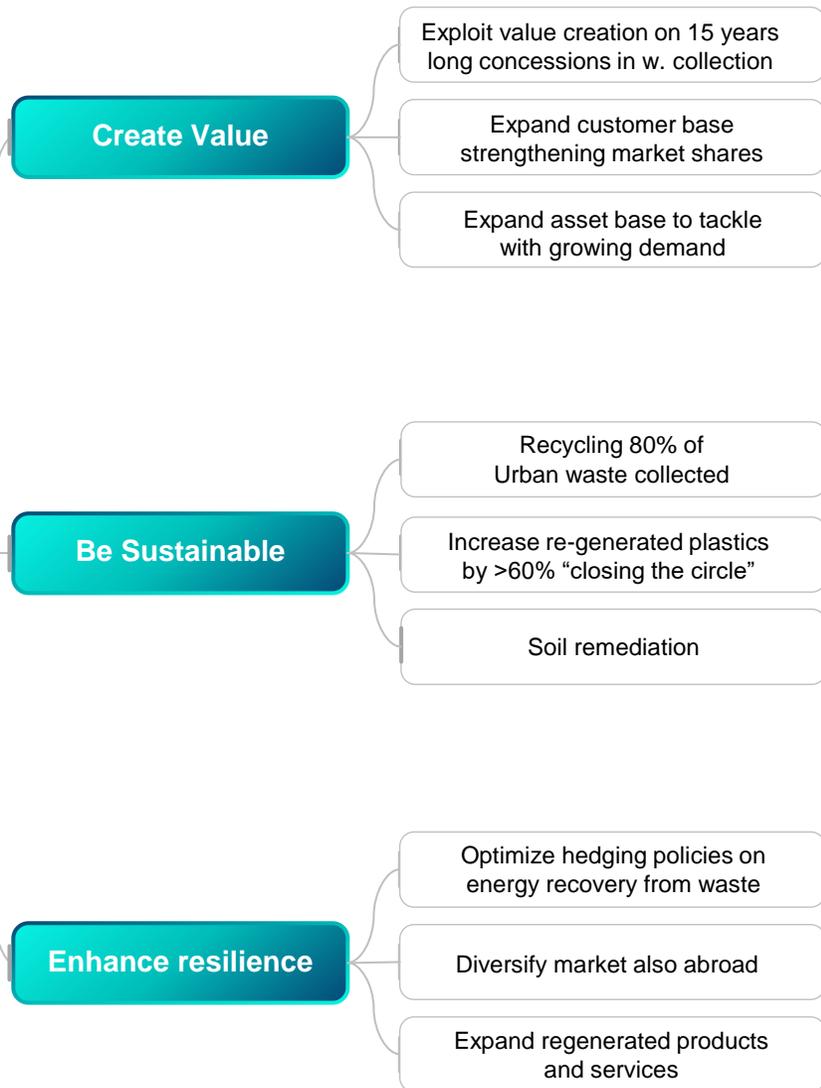
A child is pouring water from a clear plastic bottle into a clear plastic container. In the background, there is a black plastic tray and other plastic waste. The scene is dimly lit, and the overall tone is somber, suggesting the environmental impact of plastic waste.

*WASTE industrial strategy*

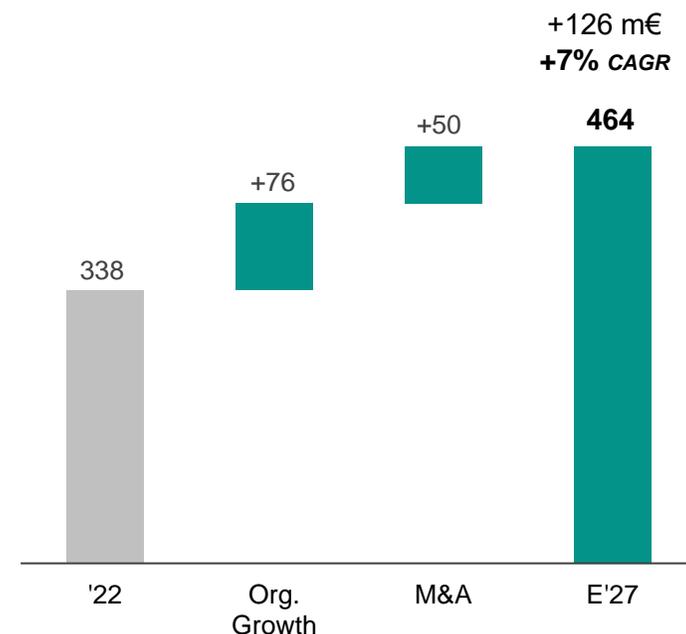
WASTE

# Waste strategic priorities

Investing to exploit market advantages and trends, strengthening leadership



**Ebitda growth drivers**  
(m€, Cagr)

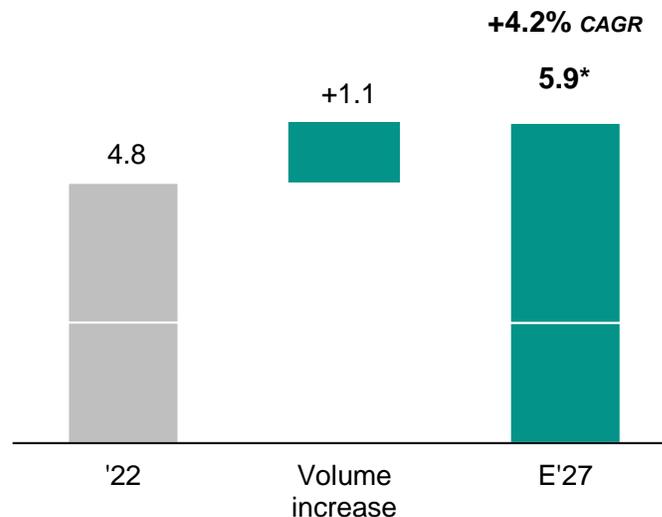


# Waste further strengthen our leadership and the sustainable asset base

## New plants & revamping



## Volumes from 3<sup>rd</sup> customers (mtons)



Expected increase in soil remediation +45% Cagr, moving from 36 ktons to 225 ktons in 2027

## Hera market position in Italy

**National largest asset platform**  
~100 plants in 2023

**Leader by waste volume treated**  
Targeting to reach 8.8m tons in 2027

**9 Waste To Energy plants:** ~20% mkt share  
Revamping underway on Padua WTE

**Hazardous Waste Management** ~10% mkt share

**Sales of regenerated PE, PET** ~20% mkt share  
Expected to expand capacity by +60% to 2027

**Leader in site remediation in Italy**  
Strengthened following ACR Reggiani merger

## Increasing market share backed by plant development

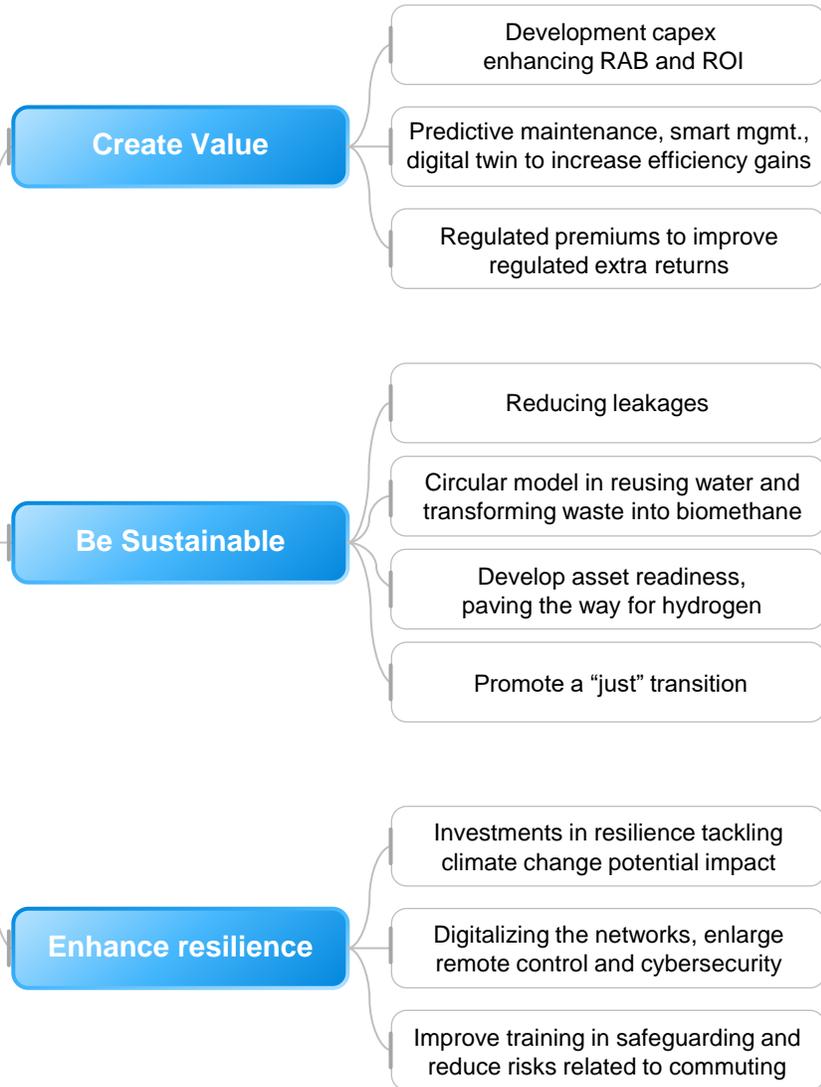
\* Waste volume treated amount to 8.8m adding 2.9mton of by products

A close-up photograph of a person's hands being washed under a public outdoor faucet. The faucet is mounted on a stone wall, and water is splashing from the spout. The background is a blurred green landscape, suggesting an outdoor setting. The text "NETWORKS industrial strategy" is overlaid in white, italicized font across the center of the image.

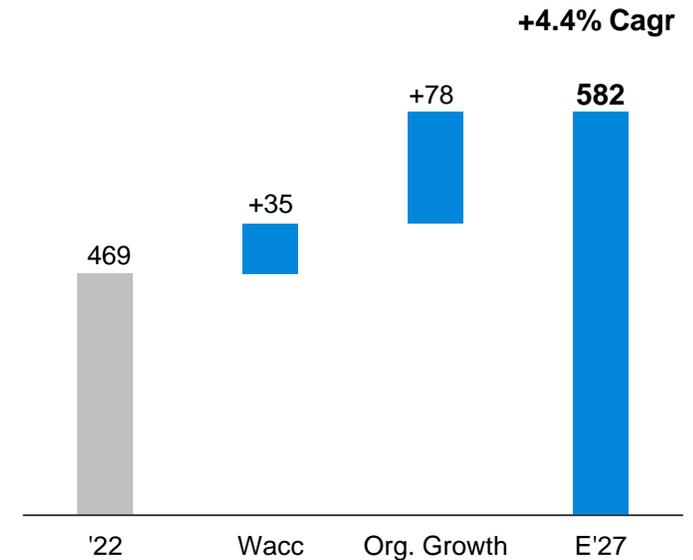
*NETWORKS industrial strategy*

# Networks strategic priorities

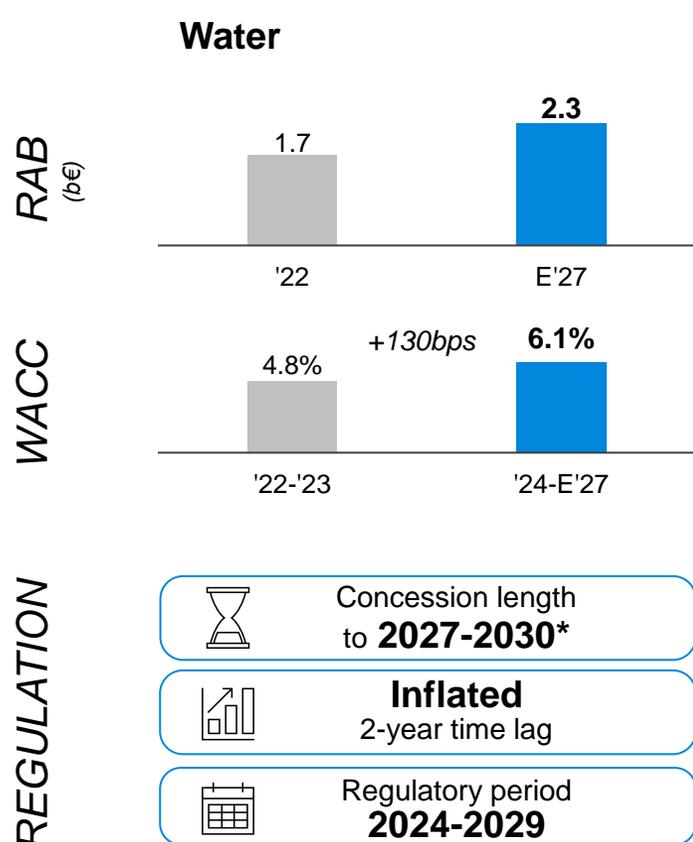
Upfront, low risk and sustainable value creation



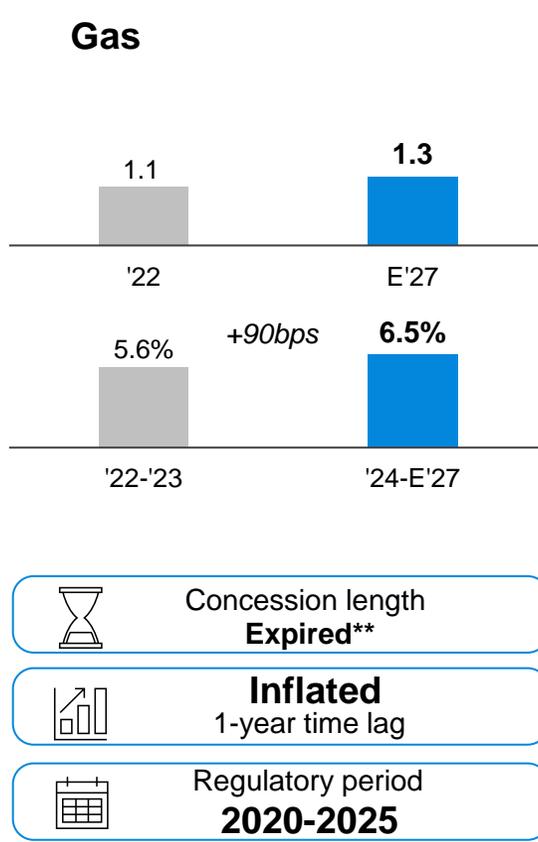
Ebitda growth drivers (m€)



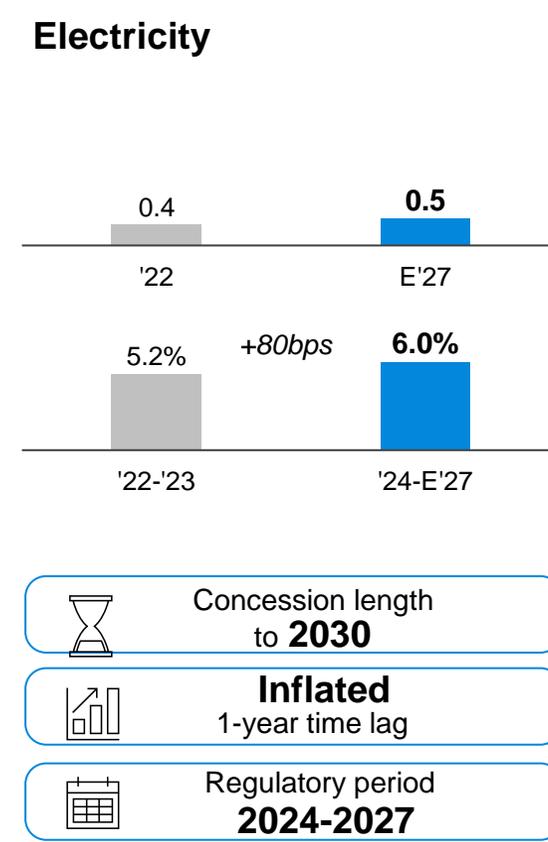
# Networks key data



\* only Rimini expires in 2039



\*\* only Udine expires in 2035

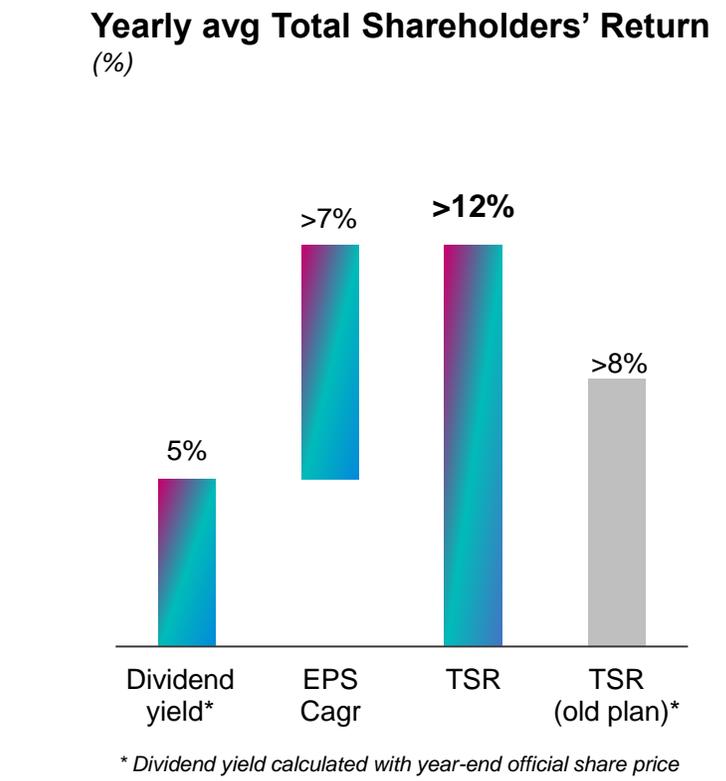
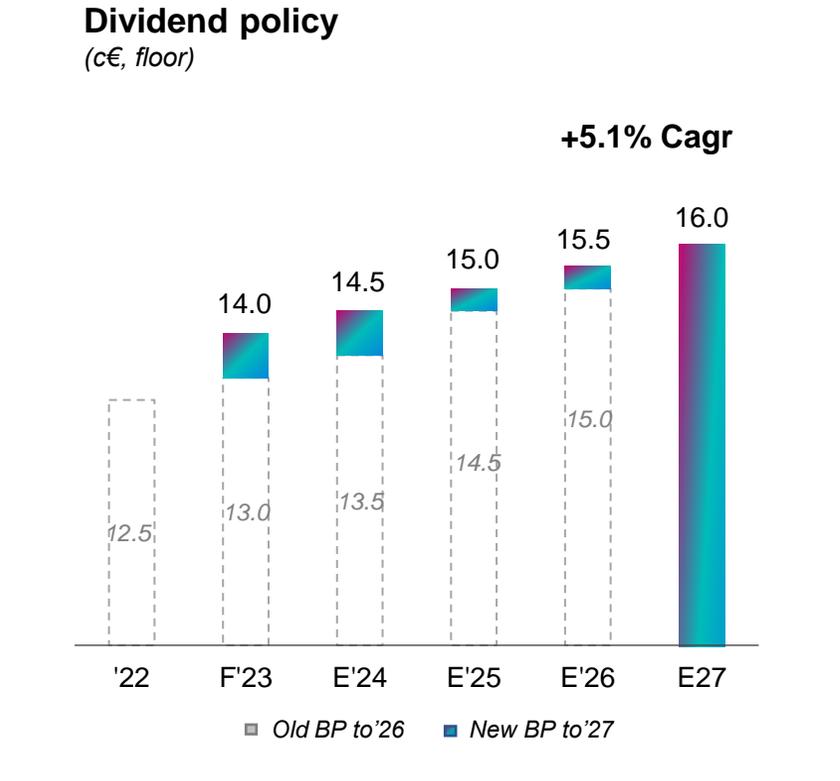
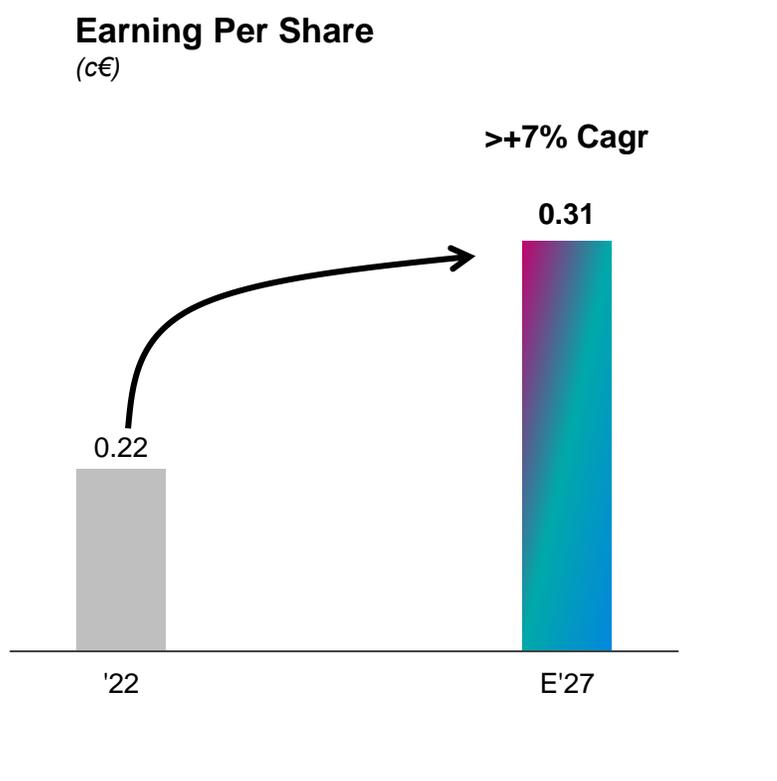


## Visible and solid asset base

A photograph of a man with a beard and a young child in a kitchen. The man is wearing a light-colored long-sleeved shirt and is leaning over a counter, pointing at something. The child is looking up at him. The kitchen has a wooden countertop, a white toaster, and various kitchen items. The text "CLOSING REMARKS" is overlaid in white, italicized font.

*CLOSING REMARKS*

# Bottom line and shareholders' return



Enhancing “upfront” EPS, dividends and value creation

# Closing remarks

Strong growth to improve value creation for stakeholders at a low risk profile



**1,650 m€** Ebitda to 2027

+7% structural CAGR



**Return on Invested Capital**

*In all liberalised activities*



**2.7x** Debt/Ebitda

*(vs 2.8x old plan) financial flexibility to go for further opportunities*



**+7%** EPS growth CAGR '22-'27

*Vs ~3% of old plan*



**16.0 c€** Dividend floor

*DPS of 14c€ in June '24 (+12% with a 5% yield)*



**12%** Total shareholders return

*Value creation to stakeholders: 65% of Ebitda CSV*



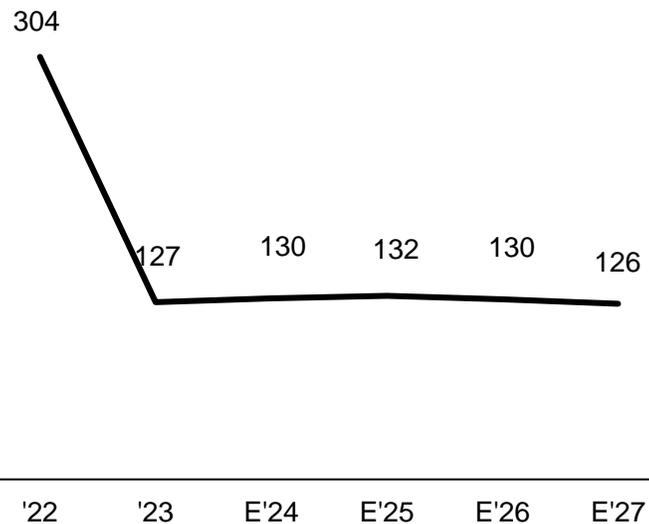
ANNEX

# New plan vs old plan

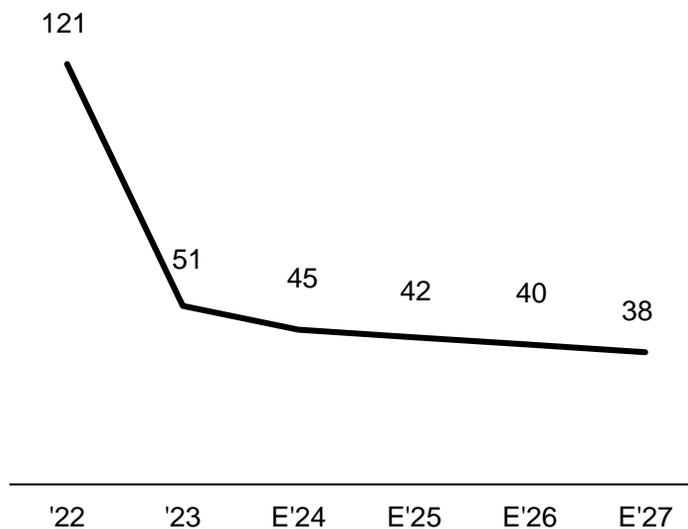
Figure	Old plan	New plan	
Structural Ebitda growth (m€)	+291	+475	↗
Structural Ebitda growth (% cagr)	+4.5%	+7.0%	↗
Structural Ebit growth (m€)	+183	+297	↗
Structural Ebit growth (% cagr)	+5.7%	+8.9%	↗
EPS growth (% cagr)	>+3%	>+7%	↗
2023 DPS growth (%)	+4.0%	+12.0%	↗
Development Capex plan (b€)	1.9	2.1	↗
Operating Cash flow (b€)	4.5	5.2	↗
Change in Net debt (b€)	+0.6	+0.3	↘
Net Debt / Ebitda (x)	2.8x	2.7x	↘

# Business Plan main assumptions

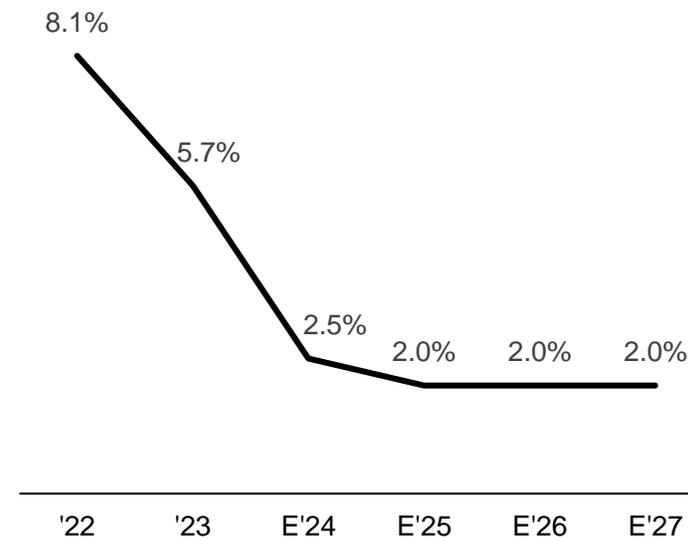
**Electricity price**  
(€/MWh, PUN)



**Gas price**  
(€/MWh, TTF Day Ahead)

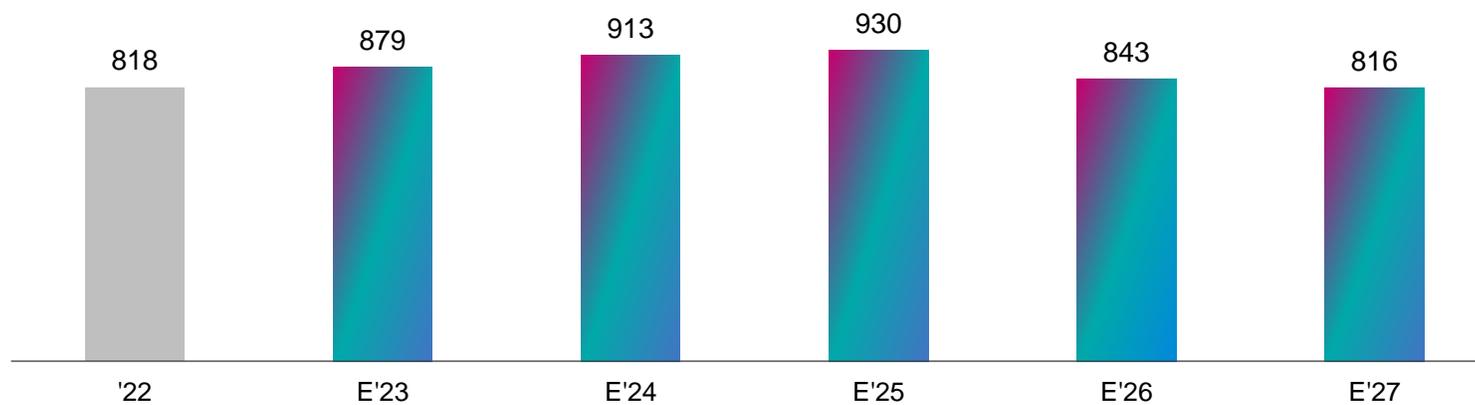


**Inflation**  
(%)



# Capex plan by year

Capex plan  
(m€)

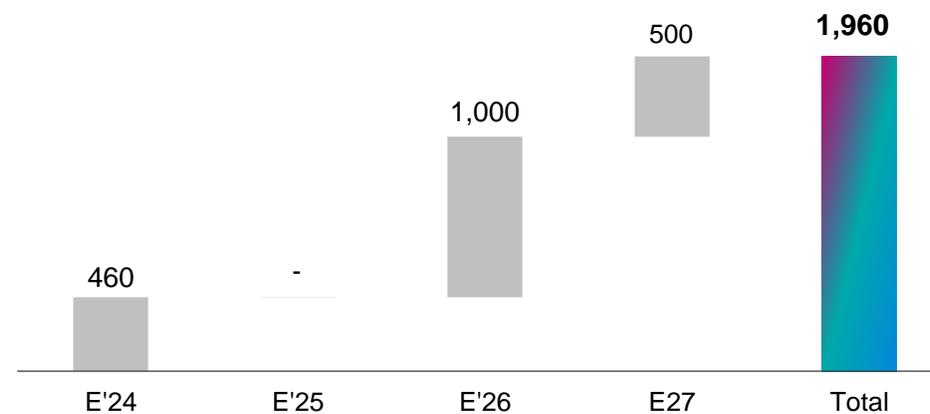


# Financials

Cost of debt  
(%)

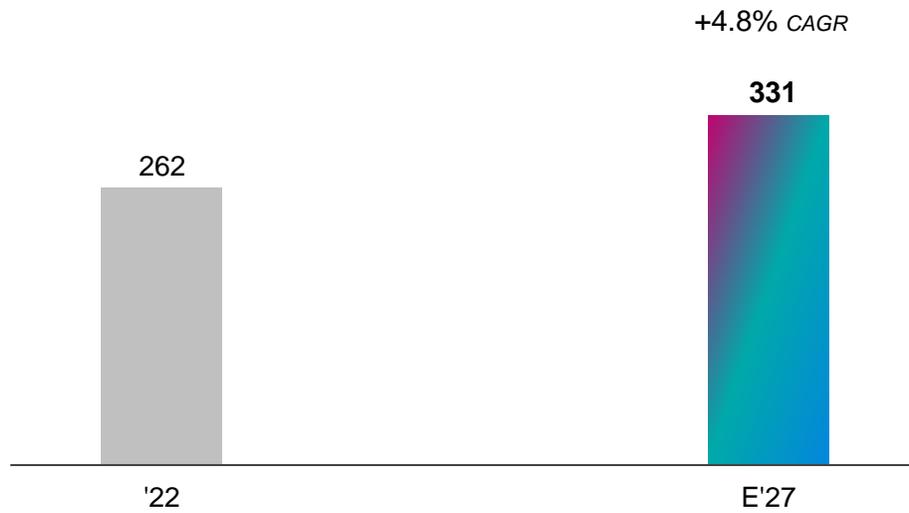


Refinancing needs  
(m€)

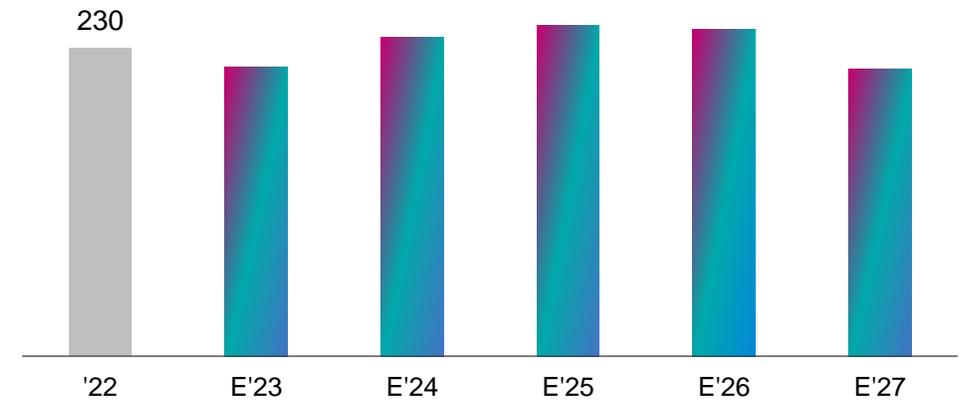


# Water targets

**Ebitda growth**  
(m€)

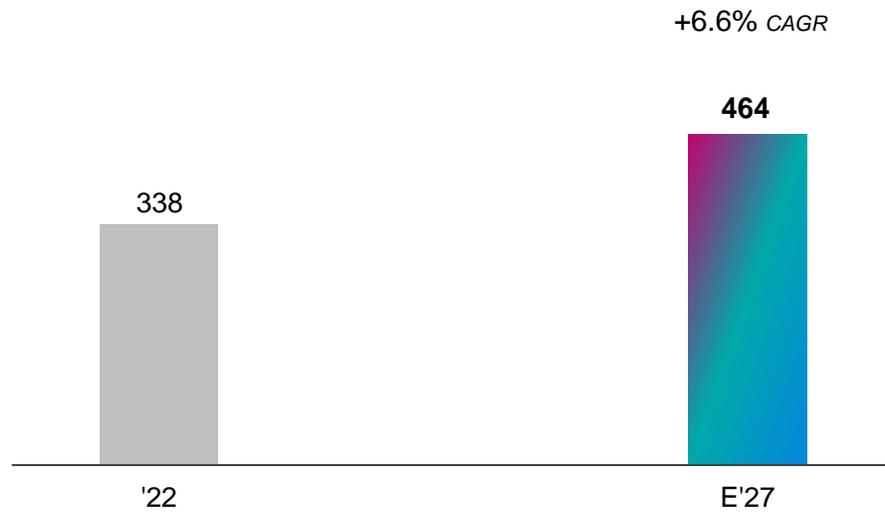


**Capex: 1.2 b€**  
(m€)

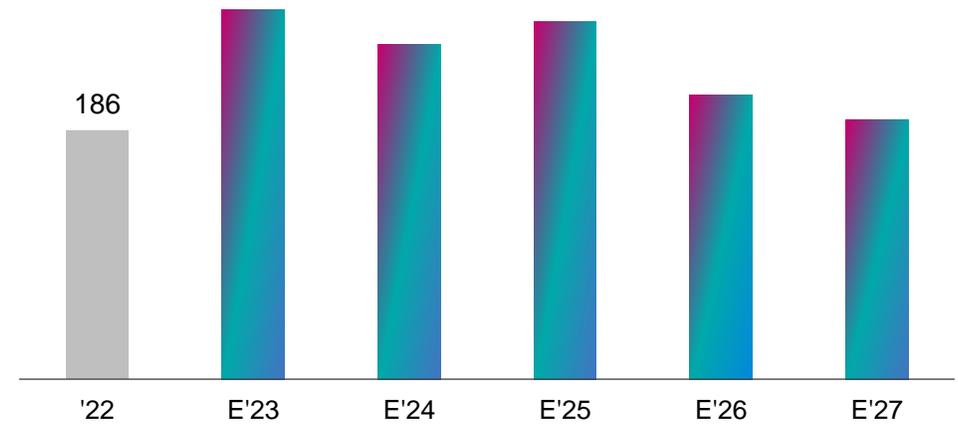


# Waste targets

**Ebitda growth**  
(m€)

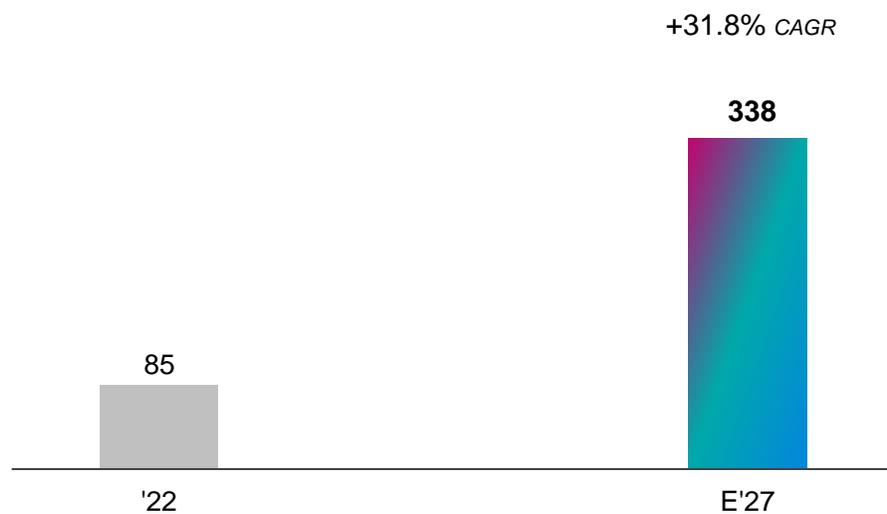


**Capex: 1.2 b€**  
(m€)

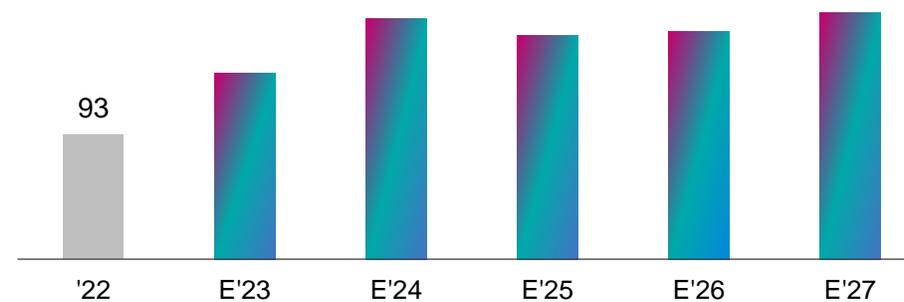


# Electricity targets

**Ebitda growth**  
(m€)

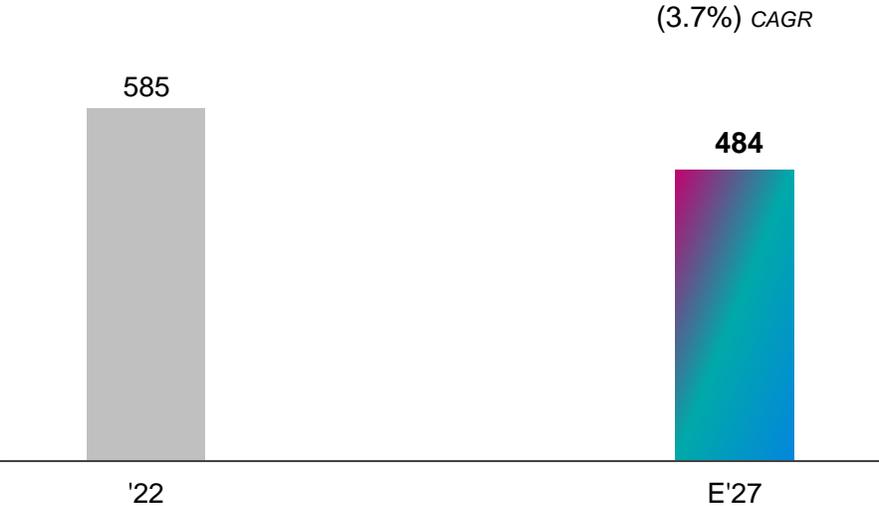


**Capex: 0.8 b€**  
(m€)

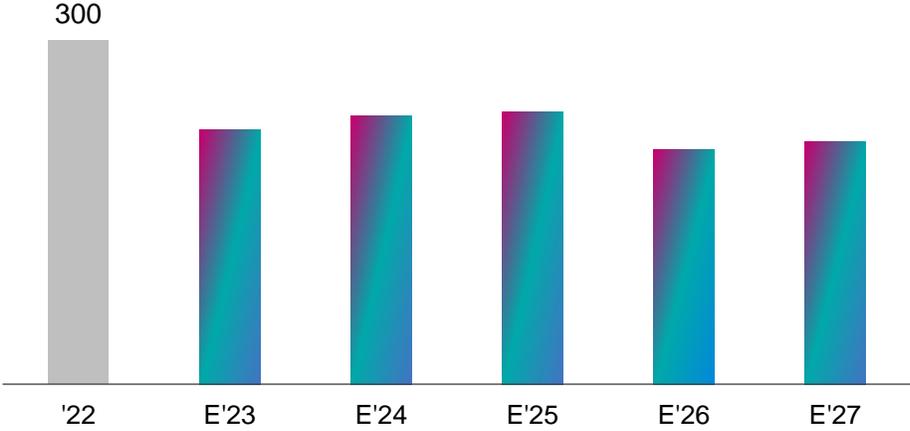


# Gas targets

**Ebitda growth**  
(m€)



**Capex: 1.1 b€**  
(m€)



# 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.*