CREDIT OPINION
14 January 2026

Update

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RATINGS

Hera S.p.A.	
Domicile	Bologna, Italy
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Federica Carollo +39.02.9148.1999
AVP-Analyst
federica.carollo@moodys.com

Pietro Mase +39.02.9148.1986
Sr Ratings Associate
pietro.mase@moodys.com

Paul Marty +33.1.5330.3371
Associate Managing Director
paul.marty@moodys.com

Hera S.p.A.

Update following upgrade to Baa1

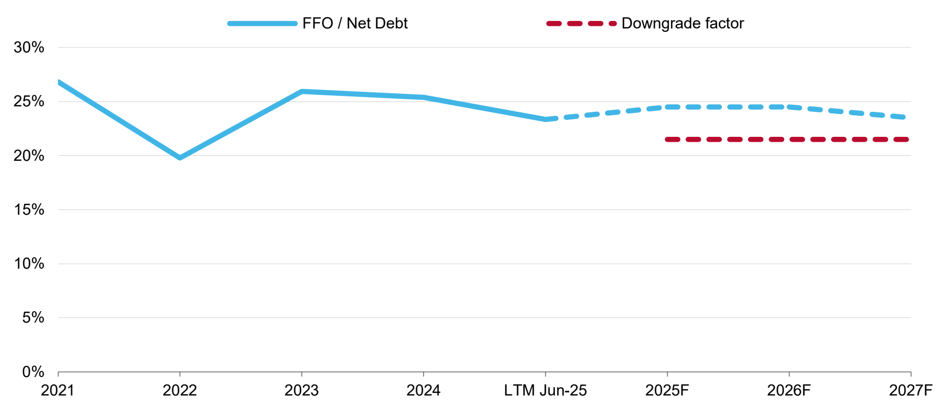
Summary

The credit profile of Hera S.p.A. (Baa1 stable) is supported by the company's diversified business mix; its portfolio of low-risk domestic fully regulated activities (35% of EBITDA in the 12 months that ended September 2025) with limited price and volume exposure, underpinned by supportive and transparent regulatory frameworks; the contribution from quasi-regulated activities (5% of EBITDA in the 12 months that ended September 2025), which support cash flow stability; the company's strategy of growth through small and medium-sized acquisitions mainly funded through share exchanges; and its solid liquidity and financial profiles.

These positives are balanced by Hera's exposure to the macroeconomic cycle and competitive pressure through its electricity and gas supply businesses and waste treatment (around 56% of EBITDA in the 12 months that ended September 2025); and the exposure, although limited, of Hera's power generation (less than 1% of EBITDA in the 12 months that ended September 2025) and waste businesses to volatile power prices in Italy.

On 25 November 2025, we upgraded Hera's ratings to Baa1 from Baa2 and changed the outlook to stable from positive following the upgrade of the Government of Italy's rating to Baa2 from Baa3.

Exhibit 1
Hera's key credit metrics will remain solid in 2025-27



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Diversified business mix including a portfolio of low-risk domestic regulated networks, with limited price and volume exposure

» Contribution from quasi-regulated activities, which supports cash flow stability

» Credit-friendly strategy of external growth based on small and medium-sized acquisitions funded through share exchanges

» Solid financial and liquidity profiles

Credit challenges

» Exposure of unregulated and waste businesses to the cyclical macroeconomic environment and volatile power prices

» Potential increase in competitive pressure resulting from retail energy supply market liberalisation in Italy

» Exposure to the Italian macroeconomic environment because all of Hera's earnings are generated in Italy

Rating outlook

The stable outlook takes into consideration the company's solid operating performance and financial profile, and our expectation that it will maintain financial metrics consistent with the guidance for a Baa1 rating.

Factors that could lead to an upgrade

An upgrade of Hera's ratings would be conditional upon an upgrade of the Italian sovereign rating. Any potential upgrade would also be contingent upon Hera reporting funds from operations (FFO)/net debt in the high-20s in percentage terms, coupled with good liquidity.

Factors that could lead to a downgrade

Hera's ratings could be downgraded following a downgrade of the Italian sovereign rating; a weakening of its financial ratios, including FFO/net debt below the low-20s in percentage terms; or a deterioration in Hera's business risk profile as a result of its growth strategy, with no offsetting strengthening in its credit metrics.

Key indicators

Exhibit 2
Hera S.p.A.

(in € millions)	2021	2022	2023	2024	LTM Jun-25	2025F	2026F	2027F
(FFO + Interest Expense) / Interest Expense	13.0x	11.2x	8.7x	9.6x	8.7x	8.5x - 9.5x	8.0x - 9.0x	6.5x - 8.0x
FFO / Net Debt	26.8%	19.8%	25.9%	25.4%	23.3%	24.0% - 25.0%	24.0% - 25.0%	22.0% - 24.0%
RCF / Net Debt	21.1%	14.9%	20.1%	19.5%	16.9%	18.5% - 19.5%	18.5% - 19.5%	17.0% - 19.0%

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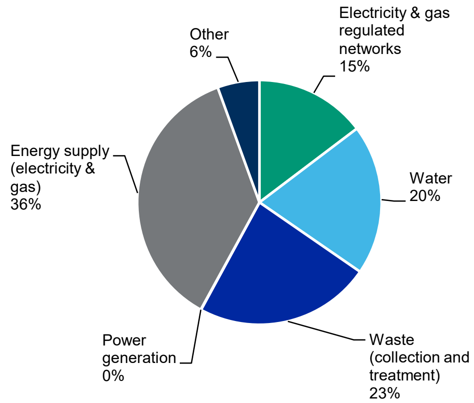
Profile

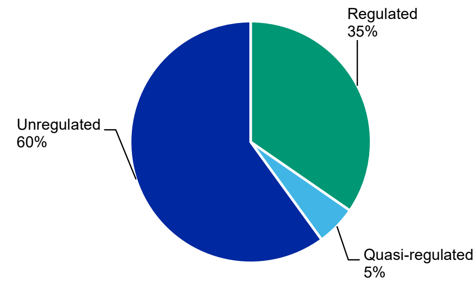
Hera S.p.A. is one of the largest multi-utilities in Italy. About 46% of the company's share capital is held by 110 municipalities, the largest of which is the City of Bologna (with a stake of around 8%). Hera has a strong territorial presence in the region of Emilia Romagna and more generally in the northeast of Italy. The company has a diversified and vertically integrated portfolio of public utility services, including regulated water and energy networks, waste collection and treatment, energy from waste generation, gas and electricity retail sales, as well as ancillary activities such as district heating and public lighting. In the 12 months that ended September 2025, Hera reported consolidated revenue of €14.0 billion and EBITDA of €1.6 billion.

Exhibit 3
Hera's EBITDA breakdown (for the 12 months that ended September 2025)



Source: Company

Exhibit 4
Hera's EBITDA breakdown between regulated and unregulated activities (for the 12 months that ended September 2025)



Regulated activities include integrated water services, and gas and electricity networks.
Quasi-regulated covers public lighting, waste collection and district heating.
Source: Moody's

Detailed credit considerations

Increasingly established regulatory framework for integrated water activities supports earnings stability

Water distribution activities accounted for 20% of Hera's consolidated EBITDA in the 12 months that ended September 2025. These activities benefit from a regulatory framework (Metodo Tariffario Idrico [MTI]) set by Autorità di Regolazione per Energia Reti e Ambiente (ARERA), which is similar to the well-established regulations that ARERA applies to Italy's electricity and gas networks (see below).

The regulatory framework for Italian integrated water service providers is stable and transparent, and continues to support the predictability of Hera's revenue and cash flow. The fourth regulatory period (MTI-4) for water distribution activities spans 2024-29, increasing the duration to six from four years. However, MTI-4 also includes a periodic review every two years to update the allowed return and revise allowances for noncontrollable costs incurred by operators. In line with previous regulatory periods, tariffs allow for the full recovery of efficient operating expenses and provide a return on the capital invested or regulated asset base (RAB). In December 2025, ARERA published resolution 582/2025/R/idr, which updates the water system tariff for 2026-27. The update confirms the general framework and methodology to calculate revenue, while setting the allowed return on the RAB for water networks at 6.08%, broadly in line with the previous 6.13%.

Separately[1], to improve the technical quality of the service provided and enhance the resilience of water systems, ARERA confirmed the incentives introduced in the previous regulatory period, extended to include further objectives and parameters, and introduced new incentives. These allocate bonuses or penalties to the water operators based on their ability to achieve specific and general standards. In October 2023[2], ARERA communicated the bonuses and penalties applicable to the water operators based on the technical standards achieved in 2020-21. For Hera, these corresponded to a €16 million bonus, which helped it mitigate the adverse effects on profitability from increased energy and raw material costs. In July 2025[3], ARERA communicated the bonuses and penalties applicable in 2022-23. For Hera, these corresponded to a €15 million bonus. Given Hera's track record of efficient management of operations and high technical quality standards, we expect the company to continue to benefit from these incentives.

Regulated energy networks also offer cash flow visibility in the context of a well-tested regulatory framework

Hera's electricity and gas distribution networks accounted for 15% of its consolidated EBITDA in the 12 months that ended September 2025. Energy network activities benefit from a stable and transparent regulatory framework set by ARERA.

The fifth tariff cycle for gas distribution activities runs between 2020 and 2027, while the sixth regulatory period for electricity distribution networks covers 2024-27. The regulation for both gas and electricity grids ensures a good degree of cost recovery and adequate capital remuneration. Operating expenditure is subject to an efficiency parameter[4] (X-factor), and operators are incentivised to outperform regulatory efficiency assumptions because they can retain any additional efficiencies achieved.

Since January 2024, electricity distribution remuneration also reflects the new ROSS regulation (regulation for spending and service objectives) outlined in ARERA resolutions 163/2023 and 497/23[5]. The ROSS system marks a move to a total expenditure (totex) system for electricity grids, with the aim of improving investment decisions and overall system efficiency. Under the ROSS framework, instead of receiving incentives on costs and coverage of capital and operating spending, regulated activities are remunerated according to the benefits delivered to the Italian system, with greater leeway for regulated companies to deliver these benefits. In the first phase of the ROSS framework (ROSS-base), totex, equal to the sum of operating and capital spending, is split between fast money (recovered through tariffs within the year) and slow money (added to RAB), as defined by a capitalization rate based on the company's past and projected split between operating and capital spending. The X-factor defined by the regulator under the previous framework is substituted by operating efficiency incentives based on a sharing mechanism and defined on the basis of a regulatory menu chosen by the operator[6]. We expect the ROSS system to be credit neutral (see Move to totex regulation likely credit neutral, with implementation gradual, June 2023). ARERA expects to move to the ROSS system for gas distribution activities as well.

In November 2024, ARERA decreased the allowed return on capital (weighted average cost of capital [WACC]) for energy distribution by 40 basis points (bps), to 5.6% from 6.0%, and for gas distribution by 60 bps, to 5.9% from 6.5%, effective from 1 January 2025 (see Regulator decreases Italian gas and electricity networks' allowed returns, 5 December 2024). On 4 November 2025, ARERA confirmed the WACC level for 2026 because the update of the macroeconomic parameters led to a variation of less than the 30-bp trigger level. The WACC applicable in 2027 is set, but could be modified as a result of the trigger mechanism, based on the evolution of macroeconomic parameters in 2026.

Exhibit 5
Summary of regulatory frameworks applicable to Hera's energy and water distribution businesses

	Water distribution	Electricity distribution	Gas distribution
Regulatory body	ARERA	ARERA	ARERA
	Independent authority, 7-year mandate. 2/3 majority vote by Parliament required to appoint board members		
Start - End of regulatory period	MTI-4 2024-29 6-year period; with 2-years reviews	TIT-6 2024-27 ROSS 2024-31	RTDG-5 2020-25 6-year period divided in two interim periods (2020-22 and 2023-25)
Tariff-setting framework	Price-cap with incentives	Totex	Cost-plus for capex. Price-cap for opex
Incentives	Incentives on quality of service provided (inc. environment sustainability)	Incentives on investments and quality of service provided	Incentives / penalties related to networks leakage
Volume exposure	No long term exposure given ex post volume correction	No long term exposure given ex post volume correction	No long term exposure given ex post volume correction
RAB calculation	Re-evalued historical cost: RAB adjusted for inflation annually	Re-evalued historical cost until totex introduction, then RAB increased by capitalisation rate x totex; annual inflation adjustment	Re-evalued historical cost: RAB adjusted for inflation annually
Allowed return on capital*	2024-25: 6.13% 2026-27: 6.08%	2025-27: 5.6%	2025-27: 5.9%
Time lag on investments/D&A	2 years (investments and D&A)	1 year on investments, 1 year on D&A (from 2025)	1 year
Total RAB (2024)	€1.94 billion	€0.45 billion	€1.18 billion

*Real pretax return for electricity and gas distribution. Water distribution's allowed return on capital is calculated as the sum of financial and fiscal remuneration, and includes a portion of tax components.
**Allowed return on investments developed from 2012 is increased by 100 bps.
Sources: Company, ARERA and Moody's Ratings

Hera strengthened its position in the energy supply segment, which exposes the company to price and volume risks

In the 12 months that ended September 2025, 36% of Hera's consolidated EBITDA came from natural gas and electricity sales and trading. These activities have higher risk because they are exposed to volume and price fluctuations stemming from the cyclical macroeconomic environment and market competition.

In the gas segment, Hera has a significant presence, with around 2.8 billion cubic meters (bcm) of gas sold in the 12 months that ended September 2025 (excluding Ascopiave) to retail, industrial and commercial customers and a total of 1.9 million clients served.

Hera has also a strong and growing presence in the electricity segment, with 16.6 terawatt hours (TWh) sold in the 12 months that ended September 2025 to retail, industrial and commercial customers (2.5 million in total). While electricity supply activities remain smaller in size than those of gas supply, these activities represent a natural hedge against shifts in energy consumption.

Overall, Hera has grown to become the third-largest player in the Italian energy supply market, with 4.5 million customers as of September 2025. As a result of the electricity market liberalisation, Hera's customer base further expanded in July 2024, as ARERA awarded Hera roughly 1 million of customers that were previously in the enhanced protection market (EPM - Mercato di Maggior Tutela), based on a tender procedure. We expect these new additions to have a dilutive impact on margins until 2027 when these customers will switch to Hera's liberalised contracts. The liberalised business is exposed to volatile prices and volumes, mitigated by the high share of variable price contracts, accounting for 89% of electricity and 91% of gas contracts as of December 2024. Hera continues to benefit from a resilient customer base, with the total unpaid ratio at around 1%.

Waste management is exposed to cyclical macroeconomic conditions, although the regulated nature of the domestic waste collection mitigates price risk

Hera's environmental activities (23% of consolidated EBITDA in the 12 months that ended September 2025) are split between collection (4% of EBITDA), and treatment of urban and industrial volumes (19% of EBITDA). The company operates along the entire waste cycle with 101 plants used for municipal and special waste treatment, and plastic recycling.

Waste treatment activities expose the company to the cyclical macroeconomic environment and, to a lesser extent, volatile power prices in Italy through the electricity produced from its waste-to-energy (WTE) plants (around 0.8 TWh of electricity and 0.1 TWh of thermal energy generated in 2024). The company also relies on a solid urban waste collection base, which is a natural upstream contributor to waste treatment activities. This business is performed under concessions assigned by local authorities through tenders. Since the start of 2020, ARERA regulates waste collection activities, recognising regulatory operating expenses (with a two-year lag and applying an efficiency factor), and providing RAB remuneration based on the WACC. The mechanism aims to eliminate price exposure. However, the pricing impact of regulation is limited only to concessions awarded after ARERA's introduction of the concession scheme in December 2024[7], concessions not awarded through tenders, or those that have expired. Since the start of the second regulatory period in 2022, the regulation has also applied to urban waste treatment, although it does not apply to non-integrated operators that manage nonessential treatment plants (impianti aggiuntivi).

ARERA's regulatory framework for waste activities enhances predictability

Waste collection activities have been regulated since 2019, when ARERA approved the first waste tariff method (MTR-1) for the period 2018-21 [8]. The regulation implemented principles similar to those applied to more established regulated activities such as energy networks and water services. For the second regulatory period (MTR-2) covering 2022-25 [9], the regulator confirmed the general framework of MTR-1, extending its application to urban waste treatment plants. In August 2022[10], ARERA set the RAB remuneration for 2022-23 at 5.6% for integrated waste management services and 6.0% for waste treatment activities. In January 2024 [11], ARERA increased the WACC applied for 2024-25 at 6.3% for waste collection and 6.6% for waste treatment services.

In August 2025, ARERA approved[12] the framework for the third regulatory period (MTR-3) covering 2026-29. MTR-3 confirmed the general framework while introducing updates to improve service quality through incentives. The tariff system includes a RAB-based remuneration and the recognition of regulatory operating expense. Annual tariff increases are subject to a cap, which is a function of inflation, quality parameters and an efficiency factor. MTR-3 also promotes cost efficiency by improved benchmarking and efficiency sharing, and strengthens the regulation of access tariffs for urban waste treatment plants. ARERA set [13], the WACC applicable in 2026-27 at 6.1% for treatment and 5.9% for collection, declining by 50 and 40 bps respectively from 2025 values.

ARERA's actions to provide regulatory stability and promote efficiency in managing the waste cycle services are credit positive. The regulation increases the predictability of Hera's waste earnings by decreasing its exposure to price risk for part of the business.

The fragmented and undersupplied waste treatment market in Italy increases the potential for Hera to reach its target of 9.6 total million tonnes treated in 2028 (from 7.7 million tonnes in 2023). This target mainly relies upon strengthening its leadership at the national level and develop its treatment capacity. In recent years, Hera has been pursuing a strategy of vertical integration and expansion through small and medium-sized acquisitions that contributed to the growth of its waste business.

Power generation and energy efficiency contribution is volatile

Hera's power generation activities expose the company to volatile power prices in Italy, although this exposure is limited by their small weight (less than 1% of the company's EBITDA). In addition to the power generated through its WTE plants, in 2024, Hera produced around 0.4 TWh of electricity through its cogeneration and renewable plants.

Energy efficiency EBITDA was down by €3 million in the 12 months that ended September 2025 (-9%), contributing €33 million, or 2% of the group's EBITDA, mainly as a result of the end of the so-called Superbonus scheme. Under the scheme, the government provided compensation for undertaking energy efficiency works, in the form of a tax credit to be recovered over four years. Hence, the growth in the business until 2024, caused a sizeable working capital absorption, which we expect to reverse in the coming years.

Hera's 2024-28 business plan leaves business risk broadly unchanged and supports financial flexibility

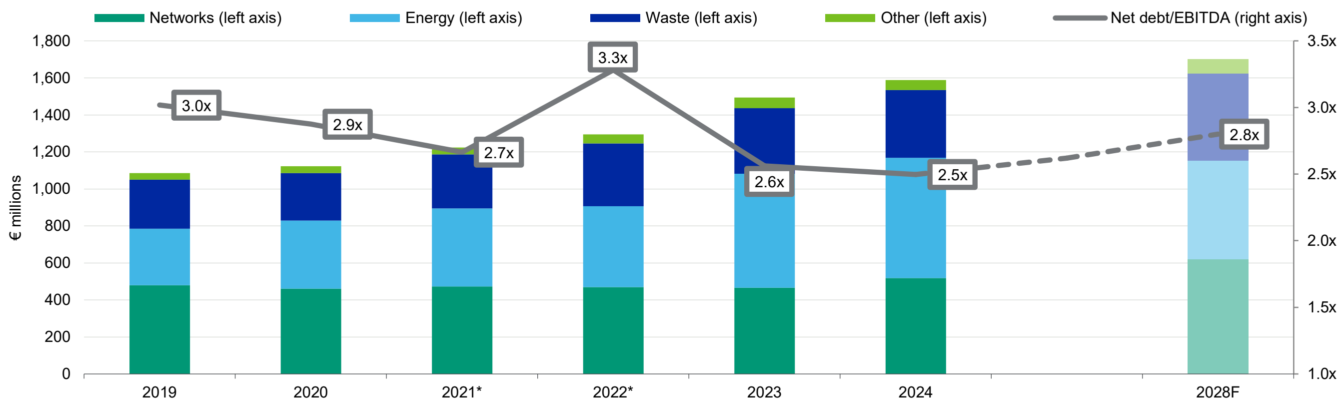
In January 2025, Hera updated its five-year (2024-28) business plan, targeting EBITDA of €1.7 billion by 2028, implying an increase of around 7% from 2024. This growth will be underpinned by €4.6 billion of investments through 2028 (€200 million higher than the previous 2023-27 plan), in large part directed towards regulated activities (roughly 52%, excluding waste collection and district heating). Around 48% of the total planned investments are earmarked for maintenance, while the rest focuses on organic development. The company also plans to invest around €300 million in M&A.

The key levers that management expects to help Hera achieve EBITDA of €1.7 billion by 2028 (versus €1.6 billion as of December 2024) are organic growth, amounting to around €375 million up to 2028, driven by regulated tariff increases, efficiencies and positive dynamics in the waste treatment segment; and small and medium-sized M&A, contributing €100 million of EBITDA by 2028, largely directed towards the waste and supply segments.

Among others, the additional top-line growth will be sustained by an increase in waste treatment capacity (WTEs and biomethane) and the development of new energy supply services. Furthermore, efficiencies could be achieved through predictive network maintenance, digitalisation of operations and a reduction in the cost to serve energy customers.

We expect the share of Hera's EBITDA generated from fully regulated activities to remain broadly stable over the plan horizon, with an average EBITDA contribution between 35% and 40% until 2028.

Exhibit 6
Hera's 2023-27 business plan: planned EBITDA growth and reported net debt/EBITDA evolution



The evolution of leverage is calculated as reported net debt/EBITDA including the put option related to the Ascopiave deal starting from 2021.
*2021 and 2022 EBITDA do not include adjustment for a temporary accounting difference in gas stock valuation.
Sources: Company and Moody's Ratings

Stable credit metrics support the credit profile

In the 12 months that ended September 2025, Hera's reported EBITDA increased to €1.6 billion (up 4% compared with 2024), as a result of the growth in regulated revenue, and unregulated business, as discussed above. In September 2025 reported leverage remained broadly in line with that in September 2024 at 2.6x.

Over 2025-27, we expect annual capital spending (net of grants) of around €0.9 billion, in line with the average €0.9 billion spent in 2023-24, to be financed by a combination of internally generated cash flow and external funding. We expect the company to maintain Moody's-adjusted FFO/net debt above the low 20s and RCF/net debt in the mid- to high-teens, both in percentage terms, over 2025-27.

Consolidation strategy is creditor friendly

The high degree of voting rights fragmentation, resulting from Hera's ownership by more than 100 local municipalities, has historically prevented any major shareholder interference in the company's corporate strategy. This ownership structure has favoured the execution of a balanced financial policy over the years, based on growth through small and medium-sized acquisitions mainly financed through share exchanges and ensured the company's stable dividend policy. Hera's strategy of external growth has created a solid track record of synergy extraction from the acquired entities, which positions the company well to achieve additional synergies in future.

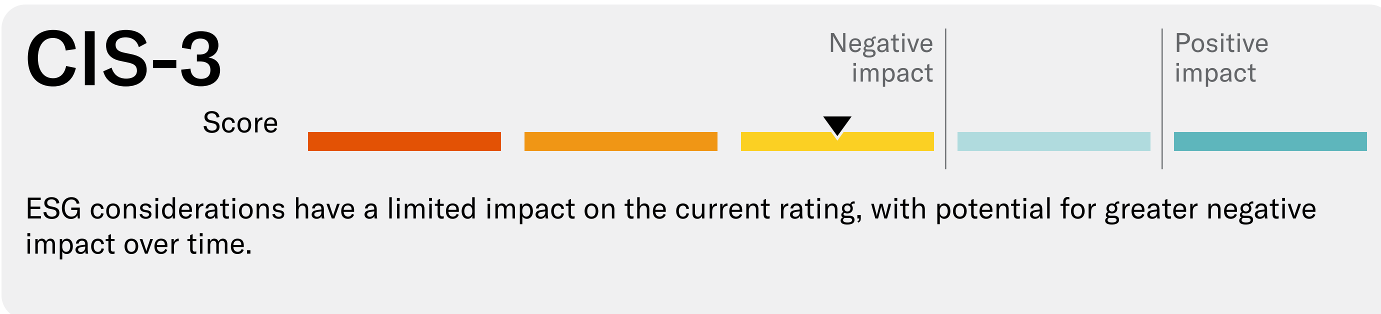
Hera is exposed to the sovereign and macroeconomic environment in Italy

Hera's rating is positioned one notch above that of Italy because of the company's limited reliance on domestic funding sources, resilience to economic cycles and our expectation that government interference will not hurt Hera's cash flow significantly (see Assessing the Impact of Sovereign Credit Quality on Other Ratings).

ESG considerations

Hera S.p.A.'s ESG credit impact score is CIS-3

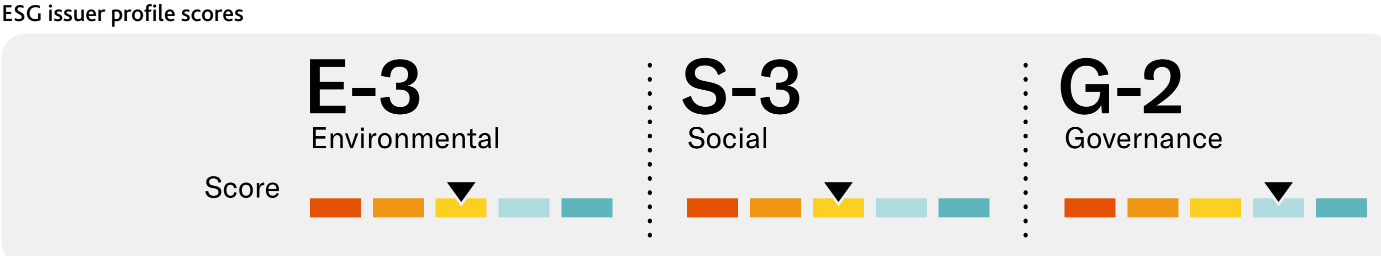
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

Hera´s **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. This primarily reflects moderately negative exposure to environmental and social risk and neutral-to-low governance risk.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Hera's environmental risk is **E-3**, reflecting the exposure of the company's distribution assets to physical climate risks (e.g. water stress). Carbon transition risk is low to neutral because of the low share of consolidated EBITDA from power generation activities. In addition, the group has neutral to low risk exposure from water management, waste & pollution and natural capital risks.

Social

We assess Hera's social risk **E-3**, reflecting its exposure to the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention, similar to other regulated network operators. We view risks associated with health and safety, human capital and customer relationships as neutral to low.

Governance

Hera's governance risk is **G-2** because of the track record of sound financial and liquidity management as well as the consistent achievement of synergies from consolidation activities. In addition, the assessment reflects management credibility and low to neutral exposure to organization structure risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

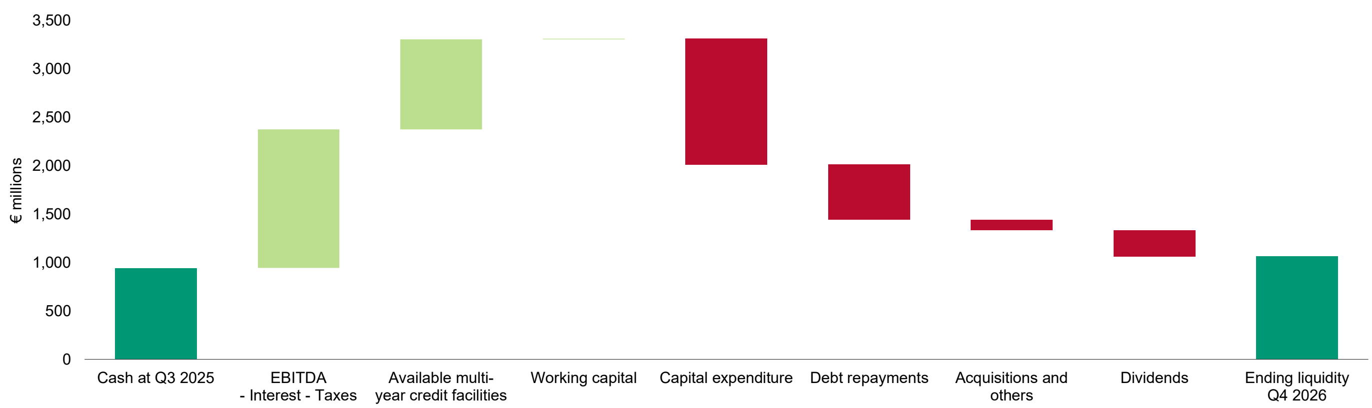
As of September 2025, Hera had good liquidity, backed by around €944 million in cash and cash equivalents and €1.0 billion of undrawn committed credit lines, most of which expire after 2026. These lines benefit from the absence of any financial covenant and material adverse change clauses.

We expect Hera's cash, available committed lines and internal cash flow generation to be sufficient to cover its liquidity needs until year-end 2026 (including working capital, debt repayments, investments and dividends), as per Exhibit 9 below.

Exhibit 9

We expect Hera's cash availability to cover its liquidity needs

Liquidity as of September 2025



Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

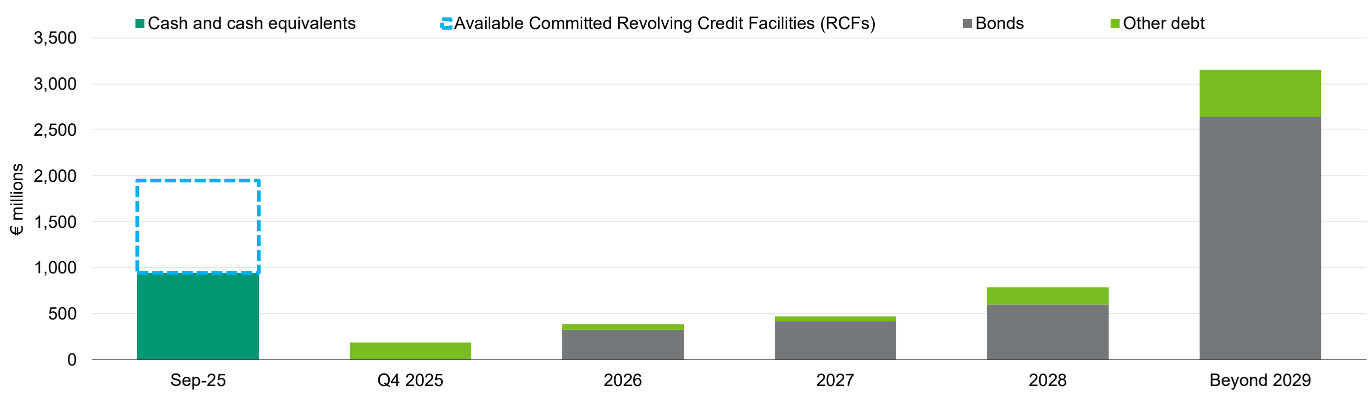
Sources: Company and Moody's Ratings forecasts

As of September 2025, Hera's reported gross financial debt was around €5.2 billion, with an average maturity of roughly 5.0 years.

Exhibit 10

Hera's reported debt maturity profile

As of September 2025



Source: Company

Methodology and scorecard

When assessing Hera's Baseline Credit Assessment (BCA), we apply our Unregulated Utilities and Power Companies rating methodology.

Given its public shareholder base, Hera also falls within the scope of our Government-Related Issuers rating methodology. However, the rating does not incorporate currently any uplift from Hera's baa1 BCA, based on our assessment of low support and moderate dependence.

Exhibit 11

Rating factors

Hera S.p.A.

Unregulated Utilities and Power Companies Industry Scorecard	Current FY Dec-24		Moody's 12-18 month forward view	
Factor 1 : SCALE (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Total Assets ($ billions)	17.3	Baa	17.7	Baa
Factor 2 : BUSINESS PROFILE (35%)				
a) Market Diversification	Ba	Ba	Ba	Ba
b) Cash Flow Stability	A	A	A	A
Factor 3 : LEVERAGE AND COVERAGE (40%)				
a) (FFO + Interest Expense) / Interest Expense	9.6x	A	7.0x - 8.5x	A
b) FFO / Net Debt	25.4%	Baa	23.0% - 25.0%	Baa
c) RCF / Net Debt	19.5%	Baa	17.5% - 19.5%	Baa
Factor 4 : FINANCIAL POLICY (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
Indicated Outcome before Notching Adjustments		Baa2		Baa2
Notching Adjustments		0		0
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Baseline Credit Assessment Assigned				baa1
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				baa1
b) Government Local Currency Rating				Baa2, Stable
c) Default Dependence				Moderate
d) Support				Low
e) Actual Rating Assigned				Baa1

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Appendix

Exhibit 12
Peer comparison
Hera S.p.A.

	Hera S.p.A. Baa1 Stable			A2A S.p.A. Baa2 Positive			ACEA S.p.A. Baa1 Stable		
(in € millions)	FY Dec-23	FY Dec-24	LTM Jun-25	FY Dec-23	FY Dec-24	LTM Jun-25	FY Dec-23	FY Dec-24	LTM Jun-25
Revenue	15,331	12,890	13,959	14,492	12,570	13,377	4,410	4,050	4,076
EBITDA	1,337	1,434	1,476	1,879	2,304	2,253	1,244	1,351	1,415
Total Assets	15,080	15,061	14,318	18,798	19,894	19,922	11,787	12,226	12,482
Total Debt	5,424	5,503	5,600	6,455	7,738	7,460	5,760	5,716	5,958
Net Debt	4,091	4,187	4,310	5,016	6,527	5,807	5,400	5,202	5,625
FFO / Net Debt	25.9%	25.4%	23.3%	28.6%	26.4%	29.2%	18.0%	20.2%	20.3%
RCF / Net Debt	20.1%	19.5%	16.9%	22.5%	21.4%	23.5%	15.3%	17.4%	17.5%
(FFO + Interest Expense) / Interest Expense	8.7x	9.6x	8.7x	8.1x	9.4x	9.5x	8.0x	8.2x	9.2x
Debt / Book Capitalization	58.1%	57.1%	56.9%	57.3%	57.9%	56.5%	67.1%	66.5%	67.2%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Hera's and ACEA's figures and ratios do not include the adjustment related to the companies' securitisation of receivables, given the lack of publicly available data.
Source: Moody's Financial Metrics™

Exhibit 13
Moody's-adjusted net debt reconciliation
Hera S.p.A.

(in € millions)	2021	2022	2023	2024	LTM Jun-25
As reported debt	**4,170.0**	**6,336.4**	**5,347.9**	**5,432.2**	**5,529.5**
Pensions	93.7	79.4	75.8	70.3	70.3
Moody's-adjusted debt	**4,263.7**	**6,415.8**	**5,423.7**	**5,502.5**	**5,599.8**
Cash & Cash Equivalents	(885.6)	(1,942.4)	(1,332.8)	(1,315.6)	(1,289.9)
Moody's-adjusted net debt	**3,378.1**	**4,473.4**	**4,090.9**	**4,186.9**	**4,309.9**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
All figures and ratios shown do not include the adjustment related to Hera's securitisation of receivables because the company does not disclose such amounts.
Source: Moody's Financial Metrics™

Exhibit 14
Moody's-adjusted funds from operations reconciliation
Hera S.p.A.

(in € millions)	2021	2022	2023	2024	LTM Jun-25
As reported funds from operations (FFO)	**997.6**	**963.3**	**1,343.5**	**1,188.7**	**1,155.6**
Alignment FFO	2.9	55.6	(124.2)	(2.6)	(39.4)
Non-Standard Adjustments	(94.4)	(133.9)	(158.0)	(122.9)	(109.9)
Moody's-adjusted funds from operations (FFO)	**906.1**	**885.0**	**1,061.3**	**1,063.2**	**1,006.3**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 15

Overview of select historical Moody's-adjusted financial data

Hera S.p.A.

(in € millions)	2021	2022	2023	2024	LTM Jun-25
INCOME STATEMENT					
Revenue	10,555	20,082	15,331	12,890	13,959
EBITDA	970	991	1,337	1,434	1,476
EBIT	500	512	811	870	899
Interest Expense	75	87	138	124	131
Net income	347	268	454	502	513
BALANCE SHEET					
Net Property Plant and Equipment	2,041	2,067	2,148	2,243	2,272
Total Assets	14,032	17,119	15,080	15,061	14,318
Total Debt	4,264	6,416	5,424	5,503	5,600
Cash & Cash Equivalents	886	1,942	1,333	1,316	1,290
Net Debt	3,378	4,473	4,091	4,187	4,310
Total Liabilities	10,831	13,720	11,642	11,381	10,521
CASH FLOW					
Funds from Operations (FFO)	906	885	1,061	1,063	1,006
Cash Flow From Operations (CFO)	1,045	36	1,573	853	1,260
Dividends	193	220	239	249	277
Retained Cash Flow (RCF)	713	666	822	814	730
Capital Expenditures	(611)	(753)	(838)	(881)	(952)
Free Cash Flow (FCF)	241	(937)	495	(277)	31
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	13.0x	11.2x	8.7x	9.6x	8.7x
LEVERAGE					
FFO / Net Debt	26.8%	19.8%	25.9%	25.4%	23.3%
RCF / Net Debt	21.1%	14.9%	20.1%	19.5%	16.9%
Debt / EBITDA	4.4x	6.5x	4.1x	3.8x	3.8x
Net Debt / EBITDA	3.5x	4.5x	3.1x	2.9x	2.9x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
All figures and ratios shown do not include the adjustment related to Hera's securitisation of receivables because the company does not disclose such amounts.
Source: Moody's Financial Metrics™

Ratings

Exhibit 16

Category	Moody's Rating
HERA S.P.A.	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
Senior Unsecured -Dom Curr	Baa1

Source: Moody's Ratings

Moody's related publications

» Regulator decreases Italian gas and electricity networks' allowed returns, December 2025

» Move to totex regulation likely credit neutral, with implementation gradual, 22 June 2023

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

1 With resolution 637/2023/R/id of December 2023.

2 Resolution 476/2023/R/id.

3 Resolution 225/2025/R/idr and 277/2025/R/idr.

4 For gas distribution, this parameter is set at 2.74% until 2025, dropping to 0 in 2026-27. For electricity distribution, the X-factor ranges between 0 and 0.5%.

5 ARERA resolutions 163/2023 and 497/2023 outline the general principles applicable over 2024-31 for all affected infrastructure sectors, as well as the determinations to be applied during the first phase of ROSS.

6 From 2024, the X-factor equals to 0.5% under the high-potential incentive scheme and 0 under the low-potential incentive scheme; it was set at 1.3% for 2020-23.

7 Resolution 596/2024/R/rif.

8 With resolution 443/2019/R/rif of 31 October 2019.

9 Approved with resolution 363/2021/R/rif.

10 Resolution 68/2022/R/rif.

11 Resolution 7/2024/R/rif.

12 With resolution 397/2025/R/rif.

13 With resolution 480/2025/R/rif.

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