



press release

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Hera Shareholders Meeting: 2020 financial statements approved, dividend rises to 11 cents

Solid fundamentals and growth in results, thanks to good operating, financial and fiscal management. Focus on creating shared value for stakeholders and local areas confirmed, reinforced by the concept of corporate purpose introduced in the Articles of Association

Hera's Ordinary and Extraordinary Shareholders Meeting was held this morning in Bologna. The 2020 financial statements were approved, as was payment of a dividend rising to 11 cents per share (+10% compared to the last dividend paid), providing further confirmation of value creation for stakeholders and local areas. Among the various resolutions passed, the Meeting approved a number of amendments to the company's Articles of Association, in particular introducing the concept of corporate purpose. The 2020 Sustainability Report (consolidated non-financial statement drafted pursuant to legislative decree 254/2016) was also presented at the Meeting.

Approval of the 2020 financial statement and growth in results

During the ordinary session, the Shareholders Meeting approved the 2020 financial statements, which showed improvement in the main operating and financial indicators, thanks to a solid, efficient and sustainable multi-business model and good operational, financial and fiscal management. Despite the health emergency that struck the world, Hera managed to close the year positively, guaranteeing quality and continuity in services and, at the same time, protecting its stakeholders with concrete actions, first and foremost employees, customers and suppliers.

Revenues rose to 7,079.0 million euro (up 2.4%), Ebitda grew to 1,123.0 million euro (up 3.5%) and net income pertaining to shareholders reached 302.7 million euro (up 0.6%). Net investments amounted to 528.5 million (+3.8%), while net debt improved to 3,227.0 million (compared to 3,274.2 million in 2019). Thanks to the double leverage provided by increased Ebitda and decreased net debt, the net debt/Ebitda ratio fell to 2.87x (compared to 3.02x in 2019), reflecting the Group's solidity in equity and financial position. These positive 2020 results confirm the Hera Group's ranking among the largest Italian multi-utilities both in terms of capitalization and assets managed – first in the waste management sector, second in the integrated water service, third in energy sales – and lay the foundations to grasp opportunities for further development.

A path of uninterrupted growth has thus been seen since the Group's establishment in 2002, with Ebitda more than quintupling and net profit growing by over 9 times. Moreover, the numbers prove, once again, the validity of the multi-business strategy adopted by Hera with a model that balances regulated and free market activities, and combines internal growth with external development, creating efficiencies and synergies, to the benefit of the local areas in which it operates.

Dividend increasing to 11 cents per share approved

The Shareholders Meeting then approved the Board of Directors' proposal to pay a dividend coming to 11 cents per share, up 10% over the last dividend paid and higher than the amount foreseen by the Business Plan for the current year.

A strong focus on creating value for shareholders was thus confirmed: in fact, this increase will benefit the entire remuneration policy set out in the Business Plan, since it will be taken as the new base, thus leading to a dividend coming to 13 cents per share in 2024, with steady growth year after year. The increased financial resources required for dividends over the period covered by the Plan will, moreover, be fully met by the cash generated in 2020.

The coupon date has been set at 5 July 2021, with payment starting on 7 July 2021. The dividend will be paid to shares recorded on July 6, 2021. The dividend paid, based on Hera's share price as of 31 December 2020, corresponds to an annual yield of 3.7%.

The Sustainability Report: shared value Ebitda rises to 420.0 million euro

The Sustainability 2020 Report was also presented during the Shareholders Meeting, showing how improvement in operating and financial indicators goes hand in hand with the creation of shared value and positive effects for local areas, in the interest of the communities served.

In 2020, shared value Ebitda – i.e., results from business activities that, in addition to generating margins, meet the goals for sustainable growth defined by the UN Agenda and, more generally, national and international policies – rose to € 420.0 million euro (+7.2%), equivalent to 37.4% of total Ebitda. This result is in line with the path set out in the Business Plan, which projects this figure at 648 million euro by 2024, almost 50% of total Ebitda. As proof of the Group's growing attention towards sustainability, last year more than half of total investments (roughly 297.4 million, or 55.5% of total investments) were allocated to initiatives and projects aimed at creating shared value.

Creating shared value now part of the Articles of Association

Another important step approved by the Shareholders Meeting concerns the introduction into the Articles of Association of Hera, one of the first companies in Italy to do so, of the concept of "Purpose", with a focus on creating shared value. In particular, an additional paragraph was included in Article 3 to explain the Group's corporate purpose, i.e. the goals it aims to achieve in carrying out its business activities. This emphasises Hera's commitment to sustainability, which has characterized it since its establishment.

The new paragraph reads as follows: "The Company acts on a business model aimed at creating long-term value for its shareholders, by creating value shared with its stakeholders. To this purpose, the Company organizes and carries out business activities whose goals include promoting social equity and contributing to achieving carbon neutrality, regenerating resources and increasing the resilience of the service system managed, benefiting customers, local ecosystems and future generations.

The Articles of Association thus updated – in line with Borsa Italiana's new Corporate Governance Code and best practices at European level – allow the Hera Group to further strengthen its commitment to the energy transition and circular economy, through innovation and digitisation, as well as the promotion of social equity.

Other resolutions approved

The Shareholders Meeting also approved the renewal of the authorisation for the Board of Directors to purchase treasury shares (and the methods of disposal of the same), for an amount up to 240 million euro for 18 months, with the related revocation of the previous resolution dating to last year for the non-executed part. The renewal of the authorisation to use treasury shares was requested in order to pursue the objectives allowed by regulations and accepted market practices, in order to increase the creation of value, as part of transactions carried out by Group companies as well, for which investment opportunities arise, and for transactions involving the issuance of financial instruments.



Lastly, the Shareholders Meeting approved the Report on remuneration policies and retribution paid. The Corporate governance report was also presented.

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