

## 1.05 SHARE PERFORMANCE AND INVESTOR RELATIONS

Markets volatile in 2020; recovery in stock prices at year-end following hopes for a return to normal thanks to vaccines

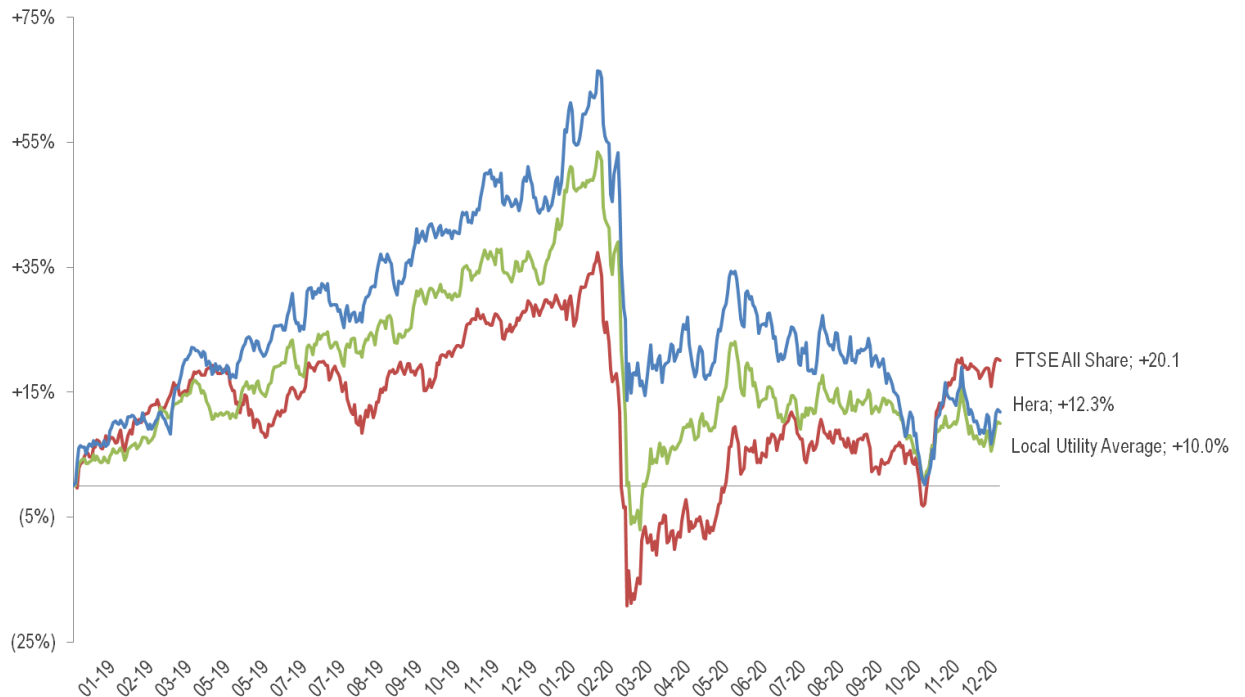
After 2019 came to an end with all global stock markets rising, supported by prospects of solid economic growth, the early months of 2020 also began on a positive note, ignoring the alarm coming from China about the spread of an unknown virus. In late February, when the first cases of Covid-19 came to light in Europe, the continent's main governments introduced unprecedented social distancing measures, with extraordinarily negative implications for overall economic activity. Faced with an economic slowdown and uncertainty over the time required to return to normality, volatility increased on financial markets and sharp declines were seen on stock exchanges worldwide. The exceptional measures introduced by governments to support national economies, along with the almost unlimited liquidity guaranteed by central banks, led stock markets to gain confidence again. Beginning in mid-March, prices therefore recovered, also partially due to the slower spread of the virus during the summer months. As of the end of the third quarter, however, the number of infections began to rise rapidly again and governments were forced to take restrictive measures once more. The market reacted quickly, with intense sales of all risky assets. It was only in November, with the American elections and the announcement of positive results in testing for some vaccines, that world stock markets regained confidence that the economy would rapidly normalize in 2021, increasing exposure to cyclical stocks, the main beneficiaries of recovery in the economic cycle, to the detriment of more defensive stocks such as utilities.

In 2019-2020, Hera showed a resilient and consistently positive performance

In 2020, the Italian Ftse All Share index showed a performance coming to -5.6%, after having reached its maximum fall of -36.2% in mid-March, in line with the average of the other main European stock exchanges. In this context of extraordinary uncertainty and volatility, Hera shares closed the period with an official price of 2.990 euro, down -23.5%, in line with the performance of the country's main comparable stocks.

Considering the 2019-2020 two-year period, Hera stock showed its usual resilience under these conditions as well, with a fall in share prices that was slower than the market. Throughout the period in question, it furthermore maintained a positive performance compared to values seen in early 2019, higher than the reference sector.

### 2019-2020 HERA STOCK, LOCAL UTILITY SECTOR AND ITALIAN MARKET PERFORMANCE COMPARISON



**10.0 cent dividend paid, respecting the targets set out in the Business plan**

On 6 July 2020, following the indications contained in the business plan, Hera Spa paid a dividend coming to 10.0 cents per share, the eighteenth in a series of uninterrupted growth since being listed.

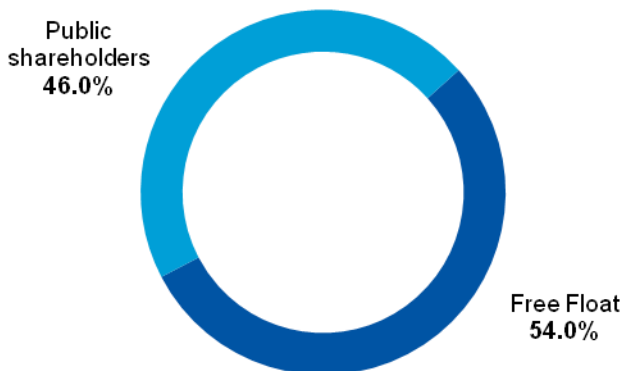
euro	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dps	0.035	0.053	0.06	0.07	0.08	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.095	0.10	0.10

**+253% total shareholders return since the IPO**

The joint effect of continuously remunerating shareholders through dividends and a rise in the price of the stock led the total shareholders return accumulated since the IPO to remain consistently positive and to settle, at the end of the period in question, at over +253%.

The financial analysts covering the company (Banca Akros, Banca Imi, Equita Sim, Intermonte, Kepler Cheuvreux, Mediobanca and Stifel) all expressed positive or neutral opinions, with no negative opinion. At the end of the year, the consensus target price came to 3.93 euro, higher than the 3.87 euro recommended at the end of 2019.

**SHAREHOLDER BREAKDOWN AT 31 DECEMBER 2020**



**46.0% share capital pertaining to the public stockholders agreement**

At 31 December 2020, the shareholder breakdown showed its usual stability and balance, with 46.0% of shares belonging to 111 public shareholders located across the areas served and brought together by a stockholders agreement effective from 1 July 2018 to 30 June 2021, and a 54.0% free float. The shareholding structure is highly fragmentary, with a high number of public shareholders (111 municipalities, the largest of which holds shares amounting to less than 10% of the total) and a high number of private institutional and retail shareholders.

**Treasury shares cover almost all M&As included in the Business Plan**

Since 2006, Hera has adopted a share buyback program, renewed by the Shareholders Meeting held on 29 April 2020 for 18 further months, for an overall maximum amount of 270 million euro. This plan is aimed at financing M&A opportunities involving smaller companies, and smoothing out any anomalous market price fluctuations vis-à-vis those of the main comparable Italian companies. At the end of 2020, Hera Spa held 28.9 million treasury shares, up 14.7 million compared to the end of 2019. The solid cash generation seen over the year, along with the market situation, made it possible to build up a portfolio of treasury shares covering almost all the shares that the Business Plan expects to pay out to counterparties in M&As, with the aim of counter-diluting shareholders by increasing earnings per share.

In 2020, Hera received an extraordinary international recognition: after an in-depth assessment of 28 criteria, subdivided into 141 questions related to environmental, social and governance issues, S&P Global declared Hera to be the best multi-utility in the world, assigning it the gold medal for sustainability and including it in the Dow Jones Sustainability Index, World and Europe, the two most prestigious global indices followed by sustainable investors. S&P Global furthermore rewarded the clear improvement in Hera's rating, which rose by 19 points, by giving it the title of Industry Mover. Hera is additionally unprecedented in being included in the two above-mentioned indices after only two years of evaluation, considering that on average companies require 8.5 years to be included in this basket. This assessment provided an opportunity to highlight the sustainable approach shown by the

**Hera named best multi-utility worldwide by S&P Global, and included in the Dow Jones Sustainability Index as Industry Leader**

Group's strategy over the last 18 years, which is now a competitive advantage allowing it to grasp the market opportunities offered by the scenario. The Group can furthermore play a leading role in the areas of circular economy and carbon neutrality, also contributing to achieving the goals defined by the United Nations and European institutions, to which the capital made available by the Recovery Fund will also refer.

**Constant communication with the market in 2020 as well**

The Group's top management continued to engage in intense communications with investors in 2020, by way of both physical meetings in the early part of the year and virtual ones at the end, in order to provide constant updates in the trends seen in its activities and future prospects. After Hera's new 2019-2023 Business Plan was published, the Executive Chairman and the CEO took part in a roadshow that visited the main financial centres in Europe and the USA, to illustrate the Group's growth targets to investors. In the third quarter, the Group's activities in accurate communications continued, participating in the main conferences organised by Borsa Italiana (Sustainability Day and Infrastructure Day), which saw the participation of significant institutional investors. Hera also participated in a roadshow discussing the issue of shared value and a conference organised by an international broker dedicated to Italian Jewels, i.e. the Italian companies considered to show the highest quality. The intense dedication shown by the Group towards dialoguing with investors contributed to reinforcing its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

As regards the information required by article 2428, paragraph 3, subparagraphs 3 and 4 of the Italian Civil Code, concerning the number and nominal value of the shares constituting the share capital of Hera Spa, the number and nominal value of the treasury shares held as at 31 December 2020, as well as the changes in these shares during 2020, see note 24 of paragraph 3.02.05 and the statement of changes in equity in paragraph 3.01.05 of the Parent Company's separate financial statements.