



## Company profile

### Contents

IREN: at the top in the multi-utilities sector	page 2
Financial and industrial excellence	page 4
The organizational model	page 5
Business areas	page 6
• Generation and District heating	page 6
• Market	page 7
• Networks	page 8
• Waste	page 9
Corporate social responsibility	page 11
Summary tables	page 12

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## **IREN: at the top in the multi-utilities sector**

IREN was established on 1st July 2010 through the merger of Enia and Iride and is a top player in the Italian multi-utilities sector with a leading position in its business areas, a balanced mix of regulated, semi-regulated and market-based activities and a strong integration between upstream and downstream activities.

Thanks to its business assets, its past and current investments, its positioning in all its business areas in all phases of the energy value chain, and its roots in the local territory, IREN is now one of the major Multi-utilities Groups on the Italian scene.



### **Water, waste and energy**

The IREN Group operates in the following sectors: electricity, gas, district heating, integrated water service and waste, and it also provides other public utility services (public lighting, traffic light services and facility management). It is a diversified business model, characterized by a mix of market-based activities and regulated and semi-regulated activities (the last two generated more than 70% of 2016 EBITDA) which ensures solidity, development prospects and reduced risk levels.

IREN is one of the main examples in Italy of a multi-utility oriented towards the provision of services and the creation of infrastructures for enriching and enhancing the territory, with respect for the environment and its customers.

The Group serves a multiregional catchment area with over 7,000,000 inhabitants, has 6,226 employees, revenues of 3,3 billion euros in 2016, a portfolio of around 1.6 million customers in the energy sector and more than 4.8 million inhabitants served in the integrated water and waste cycles.

### **The strategy**

The IREN Group is oriented towards strengthening its position in the energy market and in the local public services by exploiting the advantages and benefits of economies of scale and integrating the value chain.

The Group's strategy is based on the following development guidelines:

- consolidation and growth in reference areas, in the businesses in which IREN is already a sector leader: Waste, Integrated Water cycle and District Heating;
- achievement of operational full potential through completion of the integration and rationalization process inside the Group and the accomplishment of further significant synergies;
- development of the client-base through innovation and the offer

- of high-value added services;
- improving financial flexibility through positive cash-generation a careful selection of investments and tight control of the net working capital trend;
- increasing the Group value and maintaining an adequate return for Shareholders.

**Environmental protection**

In respect of the environment and with a view to contributing to the protection and enrichment of the territory, the IREN Group:

- produces electricity mainly from non-conventional sources: hydroelectric and cogeneration plants, thermal waste recovery plants
- provides district heating with reduced emissions through cogeneration and thermal waste recovery plants
- pursues water and energy savings, promoting sustainable consumption practices and behaviour on the part of customers
- ensures rational and sustainable water management by taking measures to reduce leaks in the drinking water networks, investing in sewerage infrastructure and wastewater treatment plants, and promoting water-saving policies
- adopts integrated waste management systems capable of dealing with a high quantity of material for recycling and disposing (with consequent energy recovery) exclusively material that cannot be recycled.

## IREN: Financial and Industrial Excellence

**Positioning** IREN stands out on the Italian scene as one of the main operators in the multi-utilities sector: it is active **in a number of regions** and is an **eco-friendly electricity producer for more than 80% of its production**.

At industrial level, the company ranks as follows:

- a leading player in energy upstream and downstream activities;
- 1st operator in Italy in the District Heating sector;
- 3rd operator in Italy in the Water service sector for the volumes sold;
- 3rd operator in Italy in the Waste sector for the amount of waste treated;
- Leading operator in network services (gas, electricity and water cycle).

### Year 2016

<b>District heating</b>	Heat produced	(GWht)	2,868
	Volume served	(mln m <sup>3</sup> )	85
	Inhabitants served	(000)	846
<b>Gas</b>	Volume sold	(mln m <sup>3</sup> )	2,752
	Volume distributed	(mln m <sup>3</sup> )	1,250
	Customers	(000)	805
	Networks	(km)	7,973
<b>Electricity</b>	Volume sold	(GWh)	15,045
	Volume produced	(GWh)	9,105
	Customers	(000)	790
<b>Water cycle</b>	Networks	(km)	7,715
	Volume distributed	(mln m <sup>3</sup> )	170
	Inhabitants served	(000)	2,700
<b>Waste cycle</b>	Networks	(km)	18,494
	Waste treated	(Kton)	1,813
	Inhabitants served	(000)	2,120
<b>Other business areas</b>	Plants	(n.)	23
	Public Lighting and other services – Light sources	(n.)	102,000
	Traffic lights	(n.)	19,000

## IREN: The organizational model

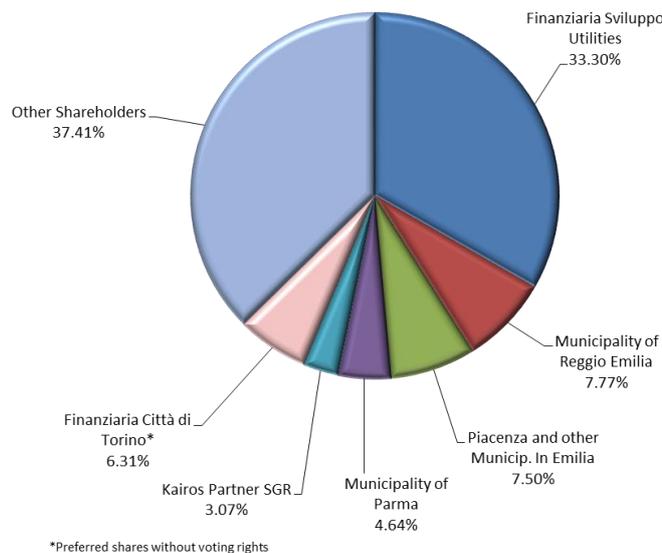
### Corporate Governance

The company adopts a traditional corporate governance system, compliant with the principles of the Code of Conduct for listed companies issued by the Italian Stock Exchange.

Following the amendments to the articles of association approved by the shareholders meeting on June 19<sup>th</sup> 2013, with the abolition of the Executive Committee, the shareholders have attributed the Board of Directors the widest powers for the ordinary and extraordinary management of the company. In particular, they have attributed to the Board of Directors the power to take any action they consider appropriate to implement and achieve the corporate purpose, excluding only actions that the law and the articles of association assign to the shareholders' meeting.

### Shareholders

**Iren S.p.A. Shareholding structure**  
(% on total share capital)



The company's registered office is in Reggio Emilia and it has operational offices in Genoa, Parma, Piacenza, Reggio Emilia and Turin.

The majority shareholders – the FSU (*Finanziaria Sviluppo Utilities*, equally controlled by the municipalities of Turin and Genoa) and the former Enia Agreement Municipalities – signed a shareholders' agreement on 9<sup>th</sup> May 2016.

The stake held by private individuals is limited by the articles of association to a maximum of 5%.

## **IREN: the business areas**

### **Generation and District Heating**

The IREN Group operates in the **generation and district heating** business area through 28 hydroelectric plants and 7 thermoelectric plants, of which 6 operate in cogeneration mode, for a total installed power of 2,800 MW and a total produced electricity of about 9.1 TWh in 2016.

The **hydroelectric plants** are located in the provinces of Turin (the valleys of Orco and Dora and the metropolitan Turin area), Genoa and Salerno. With an installed electrical power of 624 MW, the hydroelectric plants produced 1,228 GWh in 2016.

The **thermoelectric production plants**, situated in the provinces of Turin, Genoa, Parma and Reggio Emilia, with an installed electrical power of about 2,200 MW and thermal power of about 2,400 MW, allow the IREN Group to be the leader in Italy in the **district heating** sector with more than 85 million cubic metres of volumes heated and a production of 2,868 GWh of heat in 2016. The same plants also produced 7,346 GWh of electricity.

The **district heating** networks – which cover about 905 kilometres in the towns of Parma, Piacenza, Reggio Emilia, Turin and Genoa – provide further confirmation of the Group's leadership in the sector with over 846,000 inhabitants served.

The IREN Group is also developing several projects linked to **renewable sources** to support the local authorities, businesses and residents in its reference areas.

Flexibility and productive efficiency are two of the Group's competitive factors.

In 2016 the generation and district heating business area generated an **Ebitda** of 233.6 million euros.

### **Environmental protection**

78% of the electricity produced by the IREN Group power plants is **eco-friendly**. Hydroelectric and photovoltaic plants play an important role in protecting the environment in that they use a clean and renewable resource that emit no pollutants.

Cogeneration significantly increases overall energy efficiency with a consequent energy saving and, in combination with district heating networks, creates benefits for the environment in reducing the emissions in the towns concerned, thereby also reducing customers' management and safety problems.



## Market

The IREN Group operates in the **Market business area** nationwide with a higher concentration of customers in the Northern part of Italy. The Group is active in the supply, intermediation and sale of electricity, gas and heat and in the provision of customer service. Moreover, the Group is oriented towards **energy efficiency, domotics and smart-conditioning**, which aim at turning the provision of the energy commodity into a high added value service.

The main sources for trading activities are the Group's cogeneration thermoelectric and hydroelectric power plants. The supply takes place also on the basis of purchasing contracts. In 2016, the IREN Group imported approximately 2.8 billion cubic metres of gas.

The Group also provides a "higher protection" service for its retail customers on the electricity market in the areas of Parma and Turin.

In the electricity **trading** sector, the IREN Group manages energy efficiency certificates and emission trading, as well as supplies to wholesalers.

In the **sale of electricity**, the IREN Group has a portfolio of over 790,000 customers and, in 2016, managed volumes for more than 9,539 GWh on the free market, on the protected market and on the Wholesalers market.

In the **sale of gas**, in 2016, the IREN Group managed a volume of about 2.752 billion cubic metres and a portfolio of more than 805,000 customers.

In 2016, the heat for **district heating** sold by the IREN Group reached 2,868 GWh and served over 846,000 inhabitants in the cities of Genoa, Parma, Piacenza, Reggio Emilia and Turin.

In 2016, the market business area generated an **Ebitda** of 135.1 million euros.

**Networks** The IREN Group operates in the **network-based services** business area through the management, renovation and development of the **electricity, gas and water distribution networks**, the latter consisting of aqueducts, sewerage and purification plants.

**Electricity networks** Through a medium and low voltage network of more than 7,700 kilometres, the IREN Group provides **electricity distribution** in the municipalities of Parma, Turin and Vercelli to more than 713,000 end users. The volume of electricity distributed in 2016 reached 4,148 GWh. In 2016, the sector generated an **Ebitda** of 83.3 million euros

**Gas networks** The **gas distribution** service – active in about 95 municipalities in Emilia Romagna, Piedmont and Liguria – is provided through a medium and low pressure network of about 8,000 kilometres to supply approximately 742,000 end users to whom about 1.2 billion cubic metres of gas were distributed in 2015. In 2016, the sector generated an **Ebitda** of 72.7 million euros

**Integrated water service** The IREN Group's activity in the **integrated water service sector** consists of the design, construction, operation and maintenance of captation, treatment, storage and pumping plants and networks for the supply, distribution and connection for the water mains service, the sewage service and the waste water treatment plants. In addition, it checks the quality of drinking water and waste water drainage on the basis of the laws in force.

The IREN Group manages the integrated water service in Emilia Romagna (provinces of Parma, Piacenza and Reggio Emilia), in Liguria (provinces of Genoa, Imperia and Savona), in Piedmont (provinces of Alessandria, Asti and Vercelli), in Sicily (province of Enna) and in Tuscany (provinces of Livorno, Pisa and Siena) for a total of over 2.7 million inhabitants.

Through a **water mains system** of about 18,500 kilometres, in 2016, the IREN Group distributed more than 170 million cubic metres of water from various supply sources (reservoirs, springs, surface watercourses, water table) that guarantee the continuity of the supply and the quality of the water.

The quality requirements of the water are constantly monitored through analytical tests carried out at the IREN Group laboratories, which take samples from the captation sources, treatment plants, water power plants and significant points on the distribution network.

The **waste water management service** is provided through a network of about 9,600 kilometres and 1,136 plants ensuring high efficiency treatment.

In 2016, the integrated water service business area generated an **Ebitda** of 162.6 million euros.

### **Integrated waste cycle**

In the Integrated **waste cycle business area**, the IREN Group manages the entire waste cycle: collection, with a particular focus on sorted waste collection, treatment and disposal.

The Group provides the **urban waste** collection service for a total of 147 municipalities, serving an area with more than 2,100,000 inhabitants. Waste management is regulated by assignment agreements stipulated with the Local Authorities.

In addition, the Group handles the treatment and disposal of **special and hazardous waste** coming from industrial activities. Special waste collected in 2016 amounts to more than 408,000 tonnes.

In 2016, the waste collected by the Group amounted to more than 1,600,000 tonnes, partially treated in the Group's plant system, which includes 3 thermal waste recovery systems (including TRM, the WTE servicing Turing province) for the production of electricity and/or heat for district heating from unrecoverable waste, 18 sorting, treatment, storage and recovery plants.

The environmental hygiene activities are completed by road washing and cleaning, degraded area reclamation, snow clearing and public garden upkeep services.

Starting from 2016, the Waste Management business area has been enriched by TRM S.p.A., the company that manages the WTE plant serving the metropolitan area of Turin. Iren Group has fully consolidated TRM's economic results starting from 1<sup>st</sup> of January 2016.

In 2016, the environmental business area generated an **Ebitda** of 119.5 million euros.

### **Environmental protection**

The IREN Group has adopted an integrated waste cycle management system that establishes a precise hierarchy of operations, starting from the recovery of material (through differentiated collection), followed by the recovery of energy from non-recyclable waste and, finally, landfilling.

The integrated management system has produced significant results in differentiated waste collection. In particular, the "punctual tariff system" is fully operational in Parma involving more than 190,000 inhabitants (and 12,000 business users) through the usage of more than 220,000 containers. This initiative puts Iren at the top of national ranking in the sector, in fact, the average sorted waste collection percentage in the reference area is 59% (against 47.5% at national level), exceeding 76% in a number of Emilia areas.



**Other  
Services**

Apart the above-mentioned activities, the IREN Group is active in the management of public lighting systems, traffic light systems, heating, electrical and special systems and in the global service field.

In the **public lighting** service, the Group handles over 100,000 light sources (in the town of Turin and other minor municipalities) part of which has been replaced with LED bulbs in order to ensure a more efficient use of electricity.

In the field of **traffic light systems**, in Turin, the Group manages 19,000 lights.

In the field of **integrated services**, in Turin, the Group manages the heating, electric and special systems of the 800 municipal buildings (Town Hall, Local Authority buildings, nurseries, kindergartens, museums, libraries, sports facilities, central and peripheral offices, etc.).

In Genoa, the activities managed concern the operation of 1,200 heating, air-conditioning and technological systems (Municipalities, Public and private authorities, hospitals, sports facilities, private blocks of flats).

Finally, all the **“corporate” activities** are concentrated in the holding company, which provides each business unit with all related services.



## IREN: Corporate social responsibility

The IREN Group draws up company strategies on the basis of a system of values which are aimed at applying a business model capable of satisfying the legitimate expectations of the stakeholders in a balanced way and in full respect of the environment and communities in which it operates.

Values on which Iren based its strategy are: Client satisfaction, health, safety, continuous improvement, people enhancement, innovation, sustainable development, responsibility and cooperation with local communities, efficiency in services, quality in supply, environmental protection and rational use of energy.

The Group is oriented towards a harmonic growth of:

- **economic sustainability**, that is, operating in such a way that the company's strategies create wealth to increase the Group's value, guaranteeing its continuity in the long term through the application of an advanced model of corporate governance;
- **environmental sustainability**, that is, minimizing direct and indirect environmental impacts and promoting a culture sensitive to the natural environment, for the benefit of future generations;
- **social sustainability**, that is, promoting ethical behaviour in conducting business and favouring the legitimate expectations of Group's stakeholders in line with the provisions laid down in the Ethical Code.

For the IREN Group, corporate social responsibility is a system that orients management models and in which the annual publication of the Sustainability Report, dialogue with the stakeholders, the principles of CSR and the Internal Auditing function underpin the implementation of continuous improvement processes.

That's why the Company created the Territorial Committee, with the aim to guarantee a more deeply rooted in their communities, through a shared planning and moments of consultation on issues such as environmental and social sustainability, innovation and quality of services provided.

In order to ensure and broaden the widespread involvement, the Committees use [www.irencollabora.it](http://www.irencollabora.it) online platform, the first example at the nation level, where citizens can participate directly in making proposals and suggestions with the aim of generating tangible projects leading positive impact on communities and the territories.



## **IREN: summary table**

<b>Year of foundation</b>	2010 (by companies set up at the start of last century)
<b>Registered office</b>	Via Nubi di Magellano, 30 Reggio Emilia
<b>Operations offices</b>	Turin Genoa Reggio Emilia Parma Piacenza
<b>Business</b>	Water, waste, energy, gas, district heating
<b>Board of Directors in carica</b>	Paolo Peveraro (Presidente) Massimiliano Bianco (Amministratore Delegato) Ettore Rocchi (Vice Presidente) Moris Ferretti Lorenza Franca Franzino Alessandro Ghibellini Fabiola Mascardi Marco Mezzalama Paolo Pietrogrande Marta Rocco Licia Soncini Isabella Tagliavini Barbara Zanardi
<b>Board of auditors</b>	Michele Rutigliano (Chairman) Anna Maria Fellegara Emilio Gatto



**Public Entities Shareholders**

Finanziaria Sviluppo Utilities S.r.l.: 33.30%;  
Municipality of Reggio Emilia: 7.77%  
Municipality of Parma: 4.64%  
Municipality of Piacenza: 1,55%  
Other Municipalities in Emilia Romagna: 5.96%  
Finanziaria Città di TO: 6.31% (preferred shares)

**2015 Key indicators**

**(million euros)**

Revenues	3.283
EBITDA	814
Operating Profit	427
Net Profit	174

**Web site**

[www.gruppoiren.it](http://www.gruppoiren.it)