

company profile





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## Summary

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# IREN

## at the top in the multi-utilities sector

IREN was established on 1st July 2010 through the merger of Enìa 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.

Iren has defined its path of growth not only through careful attention to sustainability but also establishing itself as a leader in the field of circular approaches, optimising synergies and integration of different services (waste, water cycle, and generation and distribution of energy) to multiply the value created in all areas of activity and develop a new multicircle paradigm.

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 2019 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 about 8,100 employees, revenues of 4.3 billion euros in 2019, a portfolio of about 1.815 million customers in the energy sector and more than 5 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, Water and energy commodity distribution 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;
- keeping 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:

- Define in its Business Plan important objectives to save natural resources, in particular energy, and reduce emissions thanks to the extension of district heating and production from renewable and similar sources. In addition, Iren guarantees high levels of energy efficiency in the management of its activities and offers energy efficiency solutions to customers;
- pursue the rational use and protection of water by defining targets relating to the quantity of water resources taken and the quality of the discharges returned to the environment, which represent fundamental factors of sustainable management;
- assume in its strategic guidelines the commitment for a constant containment of emissions into the atmosphere, in particular it has set objectives for the reduction of CO2 emissions and the increase of that avoided thanks mainly to the use of renewable sources, district heating and valorisation waste as a matter;
- to manage its own waste and that managed for local communities with the aim of reducing production, increasing material recovery and energy production, following the principles of prevention, sustainability and safety;
- the dialogue and constant discussion on the topic with the institutions and citizens is fundamental, as well as the training activities carried out in collaboration with schools and universities.



## 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 76% of its production.

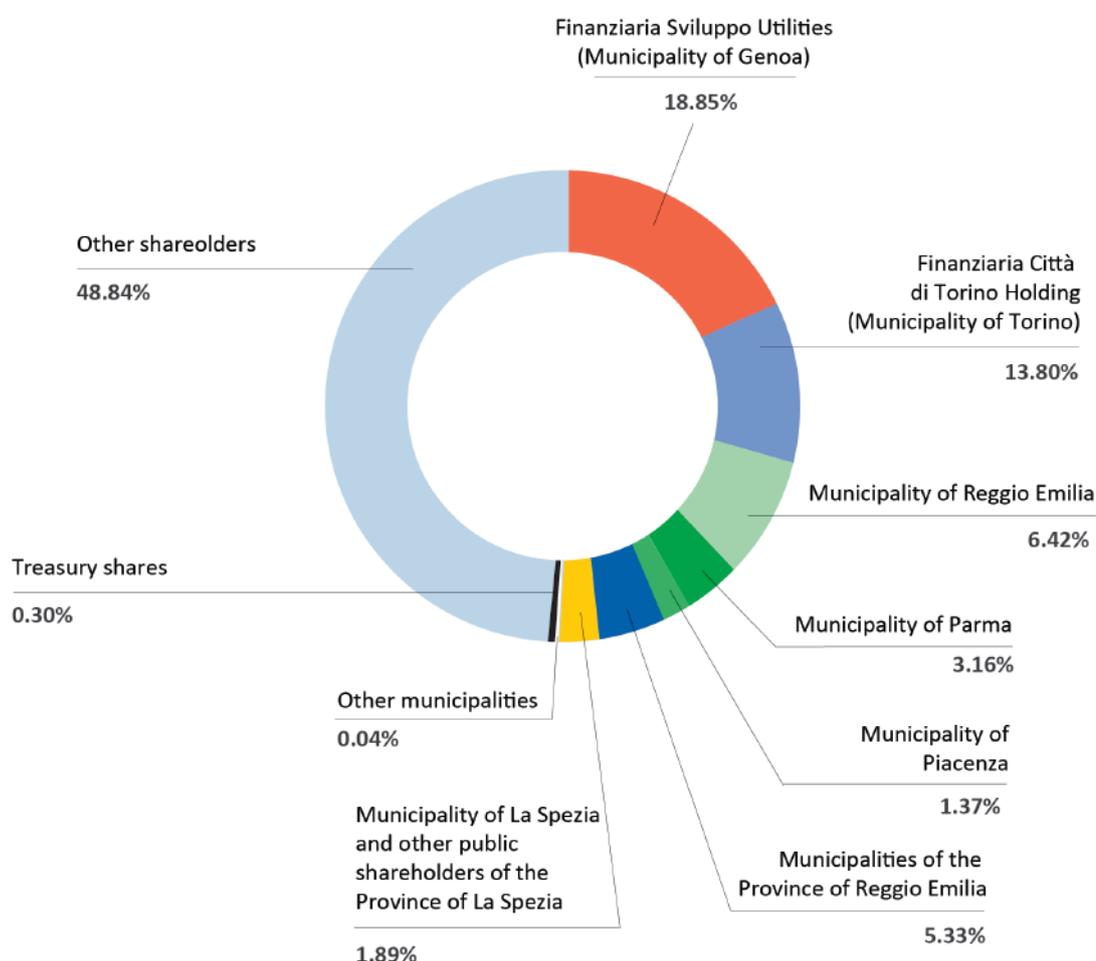
At industrial level, the company ranks as follows:

- a leading player in energy upstream and downstream activities;
- leading national operator in district heating (for thermal energy sold);
- 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 managed;
- leading operator in network services (gas, electricity and water cycle).

<b>DISTRICT HEATING</b>	Heat produced	GWht	2,994
	Volume sold	GWth	2,400
	Volume served	mln m <sup>3</sup>	95
	Inhabitants served	000	879
<b>GAS</b>	Volume sold to costumers	mln mc	1,061
	Volume distributed	mln mc	1,274
	Retail Clients	000	905
	Networks	km	8,099
<b>ELECTRICITY</b>	Volume sold	GWht	9,451
	Volume produced	GWth	10,381
	Retail Clients	000	911
	Networks	km	7,742
<b>WATER CYCLE</b>	Volume distributed	mln mc	181
	Inhabitants served	000	2,791
	Networks	km	19,870
	Sewerage	km	11,107
<b>WASTE CYCLE</b>	Waste treated	GWht	2,835
	Inhabitants served	GWth	3,058
	Plants	mln m <sup>3</sup>	41

# The organizational model

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.



## Shareholders

The company's registered office is in Reggio Emilia and it has operational offices in Genoa, Turin, Parma, Piacenza, Reggio Emilia, La Spezia and Vercelli. In order to guarantee the development of IREN and to ensure unity and stability of direction, the controlling shareholders - FSU (Municipality of Genoa), FCT (Municipality of Turin) and the Municipalities of Emilia - signed on 9 May 2016 a Shareholders' Agreement. Subsequently, also the ex ACAM Municipalities (with the exception of Liguria Patrimonio) adhered to the same Shareholders Agreement. The Shareholders' Agreement has been modified on 5th April 2019.

Only public entities can hold a stake in excess of 5% of the share capital. All other parties cannot exceed this limit, which is calculated exclusively on the shares conferring the right to vote at shareholders' meetings and refers exclusively to them.

The share capital of IREN SpA. is currently composed exclusively of ordinary shares. In 2019, the Shareholders' Meeting approved a 18-month treasury share purchase program. At December 31, 2019 the Group owned 3,950,587 treasury shares, equal 0.3037% of the share capital.

# The business area

## Generation and district heating

The IREN Group operates in the generation and district heating business area through 30 hydroelectric plants and 8 thermoelectric plants, of which 7 operate in cogeneration mode, for a total installed power of 2,850 MW and a total produced electricity of about 9.7 TWh in 2019.

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 1,300 GWh in 2019.

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 2,500 MW, allow the IREN Group to be the leader in Italy in the district heating sector with approximately 95 million cubic metres of volumes heated and a production of 2,800 GWh of electricity.



The flexibility and production efficiency of our plants represent one of the Group's competitive factors. The district heating networks – which cover about 1,041 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 879,000 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. The Group is strongly oriented towards energy efficiency projects through Iren Smart Solutions business unit, which carries out the design, implementation and management of energy consumption, savings and efficiency reduction interventions. In 2019 the generation and district heating business area generated an Ebitda of 274 million euros.

## **Environmental protection**

76% 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 domotics and smart-conditioning, which aim at turning the provision of the energy commodity into a high added value service to which are added the services related to E-mobility. 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 2019, the IREN Group imported approximately 3.0 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 911,000 customers and, in 2019, managed volumes for more than 9,451 GWh on the free market, on the protected market and on the Wholesalers market.

In the sale of gas, in 2019, the IREN Group managed a volume of about 3.0 billion cubic metres and a portfolio of more than 905,000 customers.

In 2019, the heat for district heating sold by the IREN Group reached 2,400 GWh and served over 879,000 inhabitants in the cities of Genoa, Parma, Piacenza, Reggio Emilia and Turin.

Total energy customers (electricity and gas) exceeded 1.815 million at the end of 2019; the highest value ever achieved since IREN's inception.

In 2019, the market business area generated an Ebitda of 110 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 approximately 721,000 end users. The volume of electricity distributed in 2019 reached 3,819 GWh. In the same year, the sector generated an Ebitda of 75 million euros.

## Gas Networks

The gas distribution service – active in about 103 municipalities in Emilia Romagna, Piedmont and Liguria – is provided through a medium and low pressure network of about 8,100 kilometres to supply approximately 745,000 end users to whom about 1.3 billion cubic metres of gas were distributed in 2019. In the same year, the sector generated an Ebitda of 89 million euros.



## Integrated water service

The IREN Group's activity in the integrated water service sector water 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 265 Municipalities in the provinces of La Spezia, Genoa, Imperia, Savona, Parma, Piacenza, Reggio Emilia, Asti, Cuneo, Novara, Vercelli, and Mantova, for a total of approximately 2.8 million inhabitants.

Through a water mains system of about 20,000 kilometres, in 2019, the IREN Group distributed 181 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 1,341 plants ensuring high efficiency treatment.

In 2019, the integrated water service business area generated an Ebitda of 209 million euros.



## Integrated waste cycle

Nell'area di business ambiente, il Gruppo IREN gestisce l'intero ciclo dei rifiuti: 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 and urban-like waste collection service for a total of 297 municipalities, serving an area with more than 3,060,000 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 special-like waste coming from industrial activities. Special waste collected in 2019 amounts to more than 775,000 tonnes. In 2019, the waste managed by the Group amounted to more than 2,835,000 tonnes, partially treated in the Group's plant system, which includes 3 thermal waste recovery systems (including TRM, the WTE servicing Turin province) for the production of electricity and/or heat for district heating from unrecoverable waste, 36 sorting, treatment, storage and recovery plants and 2 landfills active mainly for the disposal of special waste. The environmental hygiene activities are completed by road washing and cleaning, degraded area reclamation, snow clearing and public garden upkeep services.

In 2019, the incineration of unsorted waste within our 3 incinerators allowed to produce 507 Gwh of electricity and 173 Gwh of heat, distributed thanks to our district heating network.



## 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. The average separate waste collection in the territories served by the Group stands at over 67,4% (compared to a national average of around 58%) with peaks of over 80% in some areas of Emilia.

## Other service

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 115,000 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 950 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.



### **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.

# Summary table

**Year of foundation** (by companies set up at the start of last century)

**Registered office** Via Nubi di Magellano, 30 Reggio Emilia

**Operation offices** Genova, Torino, Reggio Emilia, Parma, Piacenza, Spezia

**Attività** Water, waste, energy, gas, district heating

## Board of Directors

Renato Boero (Chairman)  
Massimiliano Bianco (CEO)  
Moris Ferretti (Vice Chairman)  
Pietro Paolo Giampellegrini  
Tiziana Merlino  
Alessandro Giglio  
Sonia Maria Margherita Cantoni  
Maurizio Irrera  
Ginevra Virginia Lombardi  
Francesca Grasselli  
Giacomo Malmesi  
Gianluca Micconi  
Cristiano Lavaggi  
Licia Soncini  
Enrica Maria Ghia

## Board of Auditors

Michele Rutigliano (Chairman)  
Cristina Chiantia  
Simone Caprari

## Public Entities Shareholders

FSU (Municipality of Genoa): 18,85%  
FCT (Municipality of Turin): 13,80%  
Municipality of Reggio Emilia: 6,42%  
Municipality of Parma: 3,16%  
Municipality of Piacenza: 1,37%  
Other Municipalities in Reggio Emilia Province: 5,33%  
La Spezia Municipality and other Municipalities in its Province: 1,89 %  
Other Municipalities: 0,04%

## Key indicators 2019

Revenues 4.275  
EBITDA 917  
Operating Profit 452  
Net Profit 37  
Net Debt 2.706

**Web site** [www.gruppoiren.it](http://www.gruppoiren.it)

