

Business Plan to 2030: confirmation of the strategic vision and further strengthening of investments, amounting to EUR 10.5 billion over the next eight years (EUR +200 million vs. Plan 2021-2030), which envisages an acceleration in the energy transition with the achievement of 3.6 GW of renewable capacity by the end of the plan, also through the construction of 400 MW of energy communities.

Confirmation of a solid strategic vision, which has enabled important results already in the first year of the plan, based on decarbonisation and the protection of resources, the high quality of services offered and strong territorial roots. Strategic reinforcement is realised through the development of renewable capacity with solar plants and onshore and offshore wind plants, but also with the creation of widespread energy communities. The strong push for territorial expansion of services under concession will position Iren among the strategic players to overcome the Country's infrastructure gap. EUR 10.5 billion of investments over the plan and growing compared to the 2021-2030 Plan, will allow an increase in margins of more than 800 million compared to 2022, with an expected EBITDA of EUR 1.87 billion.

Economic-financial highlights

- **EBITDA:** EUR 1.87 billion by 2030 (+800 million compared to 2022) with a CAGR of 7% thanks to organic growth, consolidation and synergies
- **Gross capex:** EUR 10.5 billion
- **Net debt/EBITDA:** 2.7x at 2030
- **Group net profit:** approximately EUR 460 million at 2030 (EUR +235 million compared to 2022)
- **Dividend:** confirmation of dividend policy until 2025, followed by a pay-out ratio of 50-60%

Industrial highlights

- **Sustainable Investments:** EUR 7.5 billion, or 80% of the organic investments over the Plan and over EUR 7 billion eligible according to the European Taxonomy
- **Organic growth:** EUR +580 million in EBITDA, supported by investments to maximise network quality and efficiency, to increase waste material recovery capacity, to develop renewable generation sources including through the creation of energy communities, to grow retail customers
- **External growth:** EUR +170 million in EBITDA deriving from the consolidation of companies already invested in, participation in tenders for gas and integrated water services and waste collection
- **Disposal of assets:** EUR -60 million in EBITDA from the disposal of non-core assets
- **Synergies:** EUR +100 million in EBITDA, mainly related to Performance Improvement initiatives and economies of scale
- **Strategic options not included in the plan:** 1.5 billion additional investments in regulated businesses, mainly in Southern Italy, made with financial partners
- **Recruitment:** planned entry into the Group of 3,200 workers

Iren Group

Images

Investor Relations Area

Iren Overview

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750

Reggio Emilia, 23 March 2023 - The Board of Directors of IREN S.p.A. today approved the updated business plan to 2030.

Luca Dal Fabbro, Chair of the Group, said: *"The update of the strategic plan to 2030 once again confirms Iren's focus on the territories and its stakeholders. The energy context urges us to plan for the future with three key strategic components in mind: energy security, competitiveness and, of course, sustainability, the driving force behind all our actions. Over the next eight years, Iren will strengthen its role as a reference partner for the territory and Public Administrations with the aim of strengthening its presence in historical geographies and expanding its boundaries towards new strategic areas. Each of Iren's actions will continue to be underpinned by certain fundamental rationales, such as resource recovery and decarbonisation, while also leveraging new technologies and highly innovative projects."*

Gianni Vittorio Armani, Chief Executive Officer and General Manager of the Group, said: *"Today, not only do we confirm the strategic pillars of the plan, i.e. ecological transition, territoriality and service quality, but we are able to strengthen them thanks to a new investment plan of EUR 10.5 billion to 2030 (EUR +200 million compared to the previous plan for the period 2023-2030). Energy communities, offshore wind and a further push for the territorial expansion of concession services to help overcome the country's infrastructure gap are the hallmarks of this Plan update, which translates into the achievement of 3.6 GW of managed renewable capacity and EBITDA growth to EUR 1.9 billion by 2030, while paying the utmost attention to maintaining investment grade ratings from rating agencies. In addition, we have a basket of EUR 1.5 billion of further investments already identified in the area of water service and environment in southern Italy, to be activated with financial partners. At the same time, human capital will be valorised thanks to the recruitment of approximately 3,200 new workers who will join the Group."*

STRATEGY

Iren's growth strategy for the next eight years continues to be consistent with the sector's main macro-trends, i.e. decarbonisation and the development of renewables, the circular economy, energy efficiency and the safeguarding of natural resources. However, unlike the previous plan, following the events of 2022, the achievement of many macro-objectives has required an acceleration that is reflected in a temporal rescheduling of investments. In particular, energy independence, through the development of renewable capacity, the safeguarding of scarce resources such as water, and the measures necessary to counter the increase in bill prices for customers have become priority actions for a group with the ambition to be the reference partner in the area and the first choice of stakeholders for the highest levels of service quality offered.

The three strategic pillars of the previous plan are therefore confirmed: the **green transition** with a progressive decarbonisation of all activities and the strengthening of the leadership in the circular economy and in the sustainable use of resources, the **local presence** with an extension of the perimeter in the territories of reference, the creation of energy communities and the ability to create a system with the territory, making its know-how and available to the Country, the **service quality** through the improvement of performance and the maximisation of customer/citizen satisfaction levels.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750

A strongly **sustainable** strategic vision, with the definition of precise medium- and long-term targets, in line with the European Sustainable Development Goals and validated by the Science Based Target initiative. The ESG commitments and targets are developed according to the guidelines of the green transition and the centrality of communities and people and are organised according to 5 focus areas: decarbonisation, circular economy, water resources, resilient cities and people.

INVESTMENT PLAN

The new business plan envisages a total **capex** amount of **EUR 10.5 billion** with a slight increase of about EUR 200 million compared to the previous plan for the period 2023-2030.

Almost 60%, equal to approximately EUR 6.1 billion, is made up of **development investments**, intended to favour the growth in size of the Group, mainly relating to the development of renewables combined with the growth of the retail customer portfolio, materials, the extension of district heating networks and energy community projects. **Investments for external growth**, amounting to 12% or EUR 1.2 billion, are earmarked for the consolidation of investee companies, participation in gas, water service or waste collection tenders in strategic areas of the country. Finally, the remaining 30%, amounting to approximately EUR 3.2 billion, is earmarked for **maintenance investments**.

Moreover, 70% of cumulative investments are destined for **regulated or semi-regulated sectors**, in order to upgrade, modernise and digitalise network services, with particular focus on purification plants, to extend district heating and to improve the quality of the urban waste collection service with the aim of increasing the recovery of materials in own plants.

80% of the organic investments, amounting to approximately EUR 7.5 billion, are directed to projects that contribute to the achievement of the **sustainability** targets set, in particular to support the resilience of cities and for decarbonisation projects. More than EUR 7 billion (75% of organic investments) are eligible for the European Taxonomy.

FURTHER STRATEGIC OPTIONS (not included in Plan)

In addition to the investments included in the plan, Iren has a portfolio of further clearly identified projects worth EUR 1.5 billion, particularly in the water service and waste cycle in southern Italy. These investments will be realised through financial partnerships, without the consolidation of assets by Iren, but through developing and operating the plants.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750

ECONOMIC-FINANCIAL OBJECTIVES

		2022	2026	2030	Cagr '30-'22
EBITDA	€M	1055	1450	1870	7%
<i>Networks</i>	€M	413	540	730	7%
<i>Waste Management</i>	€M	264	350	440	7%
<i>Energy</i>	€M	316	370	450	5%
<i>Market</i>	€M	14	170	210	7%*
<i>Smart Solutions (Energy eff., e-mobility)</i>	€M	48	20	40	10%**
EBIT	€M	464	660	930	9%
Group net profit	€M	226	330	460	9%
Net financial position/EBITDA	x	3.2	3.2	2.7	-
Net financial position	€B	3.3	4.6	5.1	-

* compared to a standard profitability of EUR 120m

** compared to a 2022 adjusted for the effect of the 110% Superbonus

FINANCIAL STRUCTURE

Iren's commitment to a balanced capital structure aimed at maintaining the investment grade rating by the rating agencies (S&P and Fitch) is confirmed. Despite the significant investment plan and the expected increase in financial expenses, the financial profile is expected to be balanced in terms of the NFP/Ebitda ratio, which is always expected to be below the 3.4x threshold over the plan horizon. Debt is expected to increase by EUR 1.8 billion compared to 2022 due to higher investments than in the previous plan (EUR +200 million) and higher financial expenses. The cost of debt of 1.6% in 2022 is expected to be below 2% until 2024, while for the remaining years of the plan, an average cost of debt of 2.4% is expected. Moreover, from 2024 onwards, 90% of the debt will be composed of sustainable finance instruments and is expected to reach 100% by the end of the plan.

DIVIDEND POLICY

The dividend policy of the previous plan is confirmed with a dividend of 11€/share on net profit for 2022 and a 10% annual growth rate until 2025. In the second part of the plan, the dividend per share will be 50/60% of the group's net profit.

FOCUS ON BUSINESS UNITS

The Business Plan calls for a substantial doubling of EBITDA with the achievement of 1.87 billion Euro in 2030. The significant increase in EBITDA is generated by the positive contribution of all business lines. The greatest support for growth is provided by regulated and semi-regulated activities, in particular by the integrated water service and the increase in waste treatment and recovery capacity, the development of renewables and the development of energy efficiency services and the energy customer base.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750

NETWORKS

The **investment** plan provides for EUR 3.6 billion aimed at increasing the efficiency and quality of services with strong growth in the RAB, which will reach almost EUR 5 billion in 2030. Of the investments intended for the networks, 59% are aimed at the **integrated water service**, for the strengthening and increase of the resilience of the network, the development of the purification plants, the inorganic growth through the consolidation of the minority stakes and the participation in water tenders in synergistic ATO, also in the South. A total of 21% of investments in the networks are allocated to **gas distribution**, in particular aimed at maintaining the current infrastructure in the reference territories, replacing old pipes with the latest generation ones and ready to receive hydrogen blendings, and development in strategic areas through participation in tenders. A total of 20% of networks investments are earmarked for the **electricity distribution** in order to allow the evolution of the networks by adapting them to support higher capacities due to the electrification of consumption, continuously pursuing operational efficiency, necessary to provide the best service at affordable levels to citizens. Furthermore, in addition to the previous plan, it is planned to use Repower EU funds to increase the resilience of electricity grids.

The planned investments and synergies allow for an **EBITDA** of EUR 730 million in 2030 (EUR + 317 million compared to 2022).

WASTE MANAGEMENT

The circular economy is confirmed as the guide of the environmental sector, which makes provision for an investment plan of about EUR 2 billion. Of which 64% is intended for the **development of supply chains** connected to urban waste collection, including the expansion of treatment and recycling capacity (organic fraction, wood, paper and plastic) also through partnerships, positioning on emerging supply chains (electronics, textiles, batteries) and the development of 2 waste-to-energy plants to fill the local infrastructure gap in the management of unsorted waste. The remaining 36% is intended for the **collection activity** for territorial development, through consolidations and tenders, the extension of the punctual pricing model and an improvement in the quality of the service through the adoption of automated processes, digitalisation and electrification of fleets.

These **investments** enable **EBITDA** of EUR 440 million to be achieved in 2030 (EUR +175 million compared to 2022).

ENERGY (GENERATION)

The development of renewable energy sources, in line with the decarbonisation objective of the generation park aimed at maintaining the ESG Science Based Target certification, is enriched compared to the previous plan and envisages the achievement of 3 GW of new capacity. In addition to the 2.2 GW of onshore photovoltaic and wind power capacity already planned, 0.4 GW of offshore wind power capacity under co-development and 0.4 GW of energy communities are to be added. In addition, the renewal of hydroelectric concessions, the development of storage consistent with the growth of renewable sources, the completion of flexibilization of cogeneration plants, and the development of district heating in the medium to long term are planned. Finally, the disposal of thermoelectric generation assets not functional to district heating after 2026 is confirmed.

In support of these projects, a total of EUR 2.8 billion is planned for **investments** aimed at supporting the achievement of an end-of-plan **EBITDA** of EUR 450 million (EUR +134 million compared to 2020)

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750

MARKET

Iren's commitment is aimed at increasing customer value, thanks to higher expected electricity consumption and to the further boost given by IrenPlus services/products, and at reducing the churn rate following the improvement of service quality, and a rebalancing of the mix of acquisition channels in favour of pull channels. Added to this is the development of 200 MW of 'seller' model energy communities. This model involves the sale of solar panels and the provision of services related to the management of the electricity produced. In 2030, the objective is to reach 2.6 million customers, with the main focus on electricity customers, also thanks to the complete liberalisation of the market subject to additional safeguards.

To support this commitment, **investments** of EUR 700 million are planned, which will allow the achievement of **EBITDA** of EUR 210 million (an increase of EUR 90 million compared to the standard profitability of the business unit).

SMART SOLUTIONS

Finally, EUR 0.9 billion of **investments** are earmarked for the expansion of **smart solutions** projects, 80% of which are aimed at a portfolio of services for the public administration (upgrading key services for the development of districts, integrated management of complex projects such as specific local public transport services and smart services relating to security, parking, etc.) and the remaining 20% for the development of around 200 MW of 'producer model' energy communities, i.e. maintaining ownership of the plant and managing the electricity produced.

This approach will result in **EBITDA** of EUR 40 million.

CONFERENCE CALL

The update of the Business Plan will be illustrated today 23 March at 3:30 pm (Italian time) during a conference call to the financial community, also broadcast via web casting in listen-only mode on the website www.gruppoiren.it in the Investors section.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Comin & Partners

Marta Leggio -
marta.leggio@cominandpartners.com
+39 339 2306733
Tommaso Accomanno
tommaso.accomanno@cominandpartners.com
+39 340 7701750