

## Iren completes the acquisition of the Environment Division of Unieco Società Cooperativa in Liquidazione Coatta Amministrativa

Reggio Emilia, 17 November 2020 – Following what was communicated on 19 June 2020, Iren Ambiente SpA, a wholly-owned subsidiary of Iren SpA, having verified the conditions precedent related to the authorizations by the Ministry of Economic Development and the Antitrust Authority, today finalized the purchase of the Enlarged Environment Division of Unieco S.C.L.C.A., whose activities are spread over a territory that includes five Italian regions: Piedmont, Emilia Romagna, Marche, Tuscany and Puglia.

This concludes the tender procedure, which began in October 2019, which had as its object all the holdings of the Enlarged Environment Division held by Unieco S.C.L.C.A., directly or through the holding company Unieco Holding Ambiente (UHA), in companies active in the waste and urban waste sectors. Specifically, the acquisition concerns i) the entire share capital of UHA, the holding company through which Unieco holds almost all the investments in the companies of the Environment Division, ii) the entire share capital of Uniproject, a company that manages a plant for the treatment of industrial waste, iii) the 19.2% stake in Unirecuperi (company also 80.8% owned by UHA), a company active in the special waste sector that also deals with environmental remediation and special constructions and iv) 99.99% of the share capital of Picena Depur that operates in the field of wastewater treatment of industrial and civil origin. The transaction also includes the sale to Iren by Infrastrutture Leggere of the minority stake of 27.87% in UCH Holding, a company controlled by UHA with a 64.71% stake, which holds all the shares of the Unieco group in the Tuscan area through its subsidiary STA and operating mainly in the collection and treatment of urban waste.

The rationale of the operation can be traced back to the expansion of the areas served, in particular the entry into Tuscany waste management, the consolidation in the reference territories (Emilia Romagna and Piedmont), the development of the special waste business and the acquisition of know-how in other activities such as waste brokerage and landfill remediation. The entry into the environmental sector in Tuscany, thanks to the possibility of dialogue with local players, opens up important strategic prospects within the circular economy from which conditions may arise to consolidate minority stakes and encourage the growth of investments in the territories. Finally, a plan for a complete corporate integration within the organizational structure of Iren Ambiente has been defined, which will be operational in the next few weeks in order to make operational synergies effective as early as 2021.

The amount paid by Iren Ambiente for the acquisition of all the equity investments belonging to the Enlarged Environment Division amounted to 121.1 million euros of which 90 million euros referred to the price offered during the tender and 31.1 million euros as a provisional price adjustment.

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The improvement in the Adjusted NFP that determined the price adjustment in favour of the seller is explained by i) the long period between FY2018 and the closing date, ii) the liquidity generated by the companies included in the scope of the acquisition and, to a lesser extent, iii) the adjustment contractually envisaged on the disbursements for investments made from 1/1/2019 until the closing to be borne by the buyer.

At the end of 2019, UHA had an Ebitda of 26.4 million euros in its consolidated financial statements compared to a net financial position of 4.1 million euros. Aggregating UHA's consolidated results with those of Picena Depur and Uniproject, we have a pro-forma consolidation that reports Ebitda of 27 million euros and net financial debt of 3.5 million euros. This net financial position does not take into account the non-financial components of debt valued at the time of pricing, such as, for example, provisions for risks, severance indemnities and other adjustments.

A reduction in Ebitda is expected over the next 3 years, with a minimum value in 2022/2023, due to the exhaustion of the capacity of some landfills and the consequent reduction in intermediated volumes. The recovery of margins in subsequent years, will be supported by development investments, in particular, the construction of a treatment plant for the organic fraction and the increase in plant disposal capacity with a consequent recovery of the volumes of intermediated waste are expected.

The Enterprise Value of the transaction also includes the valuation of non-consolidated companies for a value of approximately 35 million euros.

*"The operation - said the **President** of Iren **Renato Boero** - will allow Iren to consolidate its position among the leading national operators in the environmental sector, expanding the territorial basin served and acquiring a strategic position in the waste collection of ATO Toscana Sud, while strengthening its role as a leading national operator in the treatment, recycling or disposal of special waste".*

*"The acquisition of the Enlarged Environment Division of Unieco S.C.L.C.A. - said the **CEO and General Manager** of Iren **Massimiliano Bianco** - allows the Group to further strengthen its leadership in the Multicircle Economy and, in particular, in the environmental sector by extending its territorial presence in new areas and expanding its know-how in the waste business by entering in new market segments. In the last business plan approved in September, we have planned more than 50 million euro of investments which, in addition to the important synergies expected from the corporate rationalization, will allow to improve future profitability".*

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