

## ONE VISION 2020-24

### Update of the Alperia Group's strategic objectives

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Alperia's Supervisory and Management Boards have approved the update of One Vision 2020-24, Alperia's strategic plan combining sustainability goals with significant growth in all Business Units.

In summary, the One Vision 2020-24 update confirms the targets relating to:

- total investments of 1 billion euros from 2022 to 2024, with particular attention on the environmental, economic and social impact at local level;
- EBITDA up to over 260 million euros in 2024;
- growth focused on the energy transition and customers with over 400 million euros in investments in building energy efficiency measures;
- 80% of investments directed to at least 10 United Nations Sustainability Goals (UN SDGs);
- investment and growth also in the Group's traditional sectors: Hydroelectric energy generation, Distribution and District Heating that will absorb a total of around 540 million euros in investments from 2022 to 2024;
- investments to be made thanks to the contribution of the NRRP, in particular for Smart Grid, District Heating, Green Communities, Hydrogen;
- financial discipline with net debt below 2.5x EBITDA at year-end 2024;
- The Alperia Group, which has been Carbon Neutral since 2020, will further improve its Scope 3 emissions to accelerate the path to Net Zero;
- Talent management and generational turnover to foster growth and nurture internal resources;
- A further push for digitalization of the entire Group;
- Dividend growth trend confirmed.

The 2022-24 three-year period will be greatly affected by energy price volatility and the impact of energy efficiency incentives. This impact will be relevant for economic margins, with EBITDA in strong growth for the Generation BU, but there will also

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be a change in the capital structure at equity level with the need for greater sources of financing for working capital.

The Smart Region BU projections are impacted by the end of the 110% Ecobonus incentives in 2023, which will be reflected in the 2024 EBITDA.

In detail, the following growth priorities and initiatives are expected for the individual BUs:

### **Generation**

This is the Group's leading business unit in terms of margins and invested capital and represents the strength of the current business portfolio. Alperia is Italy's second-largest hydroelectric producer (after Enel) with 38 power stations and over 1400 MW of capacity.

The One Vision 2020-24 update confirms the following activities and strategic priorities:

- task force for the renewal of 8 expiring concessions;
- investment in the reconstruction of the Lasa and S. Pancrazio penstocks;
- the complete refurbishment of the power stations in Cardano, Bressanone, Lasa and Lana;
- confirmation of the Capacity Market also for 2024;
- growth for new hydroelectric power plants following the new tenders for the concession in 2024;
- investments totaling 270 million euros from 2022 to 2024.

### **Grids**

Alperia's electricity distribution grid is over 8,700 km (high, medium and low voltage) for over 2.5 TWh distributed. Edyna, the Group's distribution company, is the 5th national distributor in Italy, and one of the 4 operators that will first introduce the new generation meter in Italy.

Specifically for this BU, the One Vision update confirms:

- Installation of over 260.000 new generation meters of which 20.000 are for other local distributors;
- Continuous investments to ensure network resilience and increase the quality and continuity of the electrical service;
- Consolidation and integration of the Bolzano/Bozen and Merano/Meran network;
- Construction of major new primary plants and new medium-voltage grid backbones;
- Growth in gas networks;
- Growth in services to other network operators in the area;
- Investments of more than 230 million euros.

### **Sales and Trading**

Alperia is enabling new business models to communicate with customers through digital channels and revisiting the role of physical channels.

Specifically, the One Vision update confirms:

- significant growth of the customer base both through organic growth and growth through acquisitions;
- development of an omnichannel network by continuing territorial consolidation;
- new Full Digital initiative with challenging new customer acquisition targets;
- development of the Asset Management portfolio for non-owned plants;
- development of additional trading and Demand Response services;
- investments of more than 70 million euros.

### **Heat and Services**

Alperia operates 6 district heating plants in South Tyrol, including plants in the cities of Bolzano/Bozen and Merano/Meran. The development of a network of more than 125 km guarantees the supply of a quarter of the thermal energy produced in South Tyrol. Alperia Ecoplus is the fifth largest national operator with approximately 217 GWht produced and distributed. The One Vision update confirms the strategic priorities of the BU:

- Extension of the Bolzano/Bozen district heating network;
- Improving the energy mix in Merano/Meran;
- Building 3 new cogeneration plants in Bolzano/Bozen;
- Consolidating other district heating plant operators;
- Building a cooling plant in Bolzano/Bozen;
- Investments of around 40 million euros from 2022 to 2024.

### **Smart Region**

Smart Region is the promoter of a series of high-tech initiatives for cities and citizens, reinforcing its position on condominiums, public administration, healthcare and smart services for citizens and cities. A reorganisation and rationalisation of the BU is under way to better provide innovative solutions for the energy transition. The role of Neogy, the third-largest national operator in electric mobility in terms of public charging points, is also important.

In particular, the BU will continue to focus on these initiatives:

- efficiency of buildings (including through thermal cladding);
- development of domestic photovoltaics;

- innovative energy efficiency solutions based on algorithms and data analysis, as well as artificial intelligence;
- continuing the development of Smart Health, Smart Land and Smart City solutions;
- developing energy efficiency and facility management solutions also for the Public Administration and Healthcare, also through strategic partnerships;
- continuing the development of sustainable mobility (electric and hydrogen) both for the local infrastructure and for the creation of innovative commercial solutions;
- total investments of over 380 million euros (of which around 250 million euros for the Superbonus);

### **Digitalization, Innovation and R&D**

**One Vision** confirms major resources and R&D capabilities to tackle the new wave of innovations that the energy transition requires.

The Alperia Startup Factory initiative, now in its fourth edition, which puts the Group in contact with hundreds of startups all over the world, will continue. Alperia will also launch a Venture Capital activity to further support the growth of startups. Additional innovation initiatives launched during 2021 include Power Mission 2.0 and Disrupt me Israel, while participation in other accelerators will be confirmed and further expanded over the next three years.

### **Sustainability**

All the Group Business Units continue to generate tangible results for the local territory. The main measurable impacts at the end of the plan, will be: over 280 kton of avoided CO2 emissions, over 85% of the customer base served with green products (both electricity and gas) and savings of over 22 million cubic meters of water (equivalent to the annual consumption of 100,000 households). The next three years will also see: inclusion of a Diversity Policy and a Diversity Manager, inclusion of ESG issues in mandatory board member and employee training programs, introduction of long-term performance targets for managers, and a Net Zero Roadmap for the Group.

Chairman of the Supervisory Board **Mauro Marchi** said, "The update of Alperia's 2020-2024 Business Plan aims to highlight the issues of sustainability and corporate responsibility. We wanted to implement concrete and integrated actions in industrial development aimed at planning and implementing useful practices to ensure the long-term productive potential of the areas in which we operate.

The responsible use of water resources and the tangible and measurable reduction of emissions that contribute to the greenhouse effect and affect air and water quality are fundamental in our daily work.

The update of the OneVision 2020-24 plan also places a particular focus on the theme of innovation and the training of human resources, by targeting skill strengthening and the development of community relations and inclusion.

We feel a great sense of responsibility to work for the economic and social growth of the community in which we operate, through planned investments in the area and support for activities that strengthen the social fabric.

We are aware that we are an important and innovative company for the South Tyrol economy and we will steer our behaviour to ensure sustainable growth."

Bolzano/Bozen, 30 November 2021