

 APRIL 28th 2022

INDUSTRIAL PLAN 2022-2024

ANALYST AND INVESTOR DAY

**LEADING THE CLEAN
ENERGY TRANSITION**

algotWATT
GREEN TECH SOLUTIONS



**TSIM
INTEGRÆ**



W
AGENDA



Stefano Neri
CHAIRMAN



Paolo Piccini
CEO



Idilio Ciuffarella
GENERAL MANAGER



Filippo Calisti
CFO & IR

 MARCH 29th 2022

INDUSTRIAL PLAN 2022-2024



- ✓ **BACKGROUND AND OVERVIEW**
- **BUSINESS MODEL & STRATEGY**
- **FINANCIAL PLAN TO 2024**

CONSOLIDATED AND EMERGING TECHNOLOGIES, SUCH AS THOSE OF DEMAND RESPONSE, UVAM AND FAST RESERVE, MEET AND OPEN UP NEW INTERESTING SCENARIOS

Virtual power plant market to be worth \$ 4.5 billion by 2024
Bis Research

A DISTRIBUTED ENERGY NETWORK WILL REPLACE THE TRADITIONAL UTILITY BUSINESS MODEL AND DEMAND PROFILE

Financial analysts predict that microgrids' share of the market will increase by 19% to 2024 (\$ 19 billion)

Global Market Insights

- Renewable energy community
- Minigrid & Microgrid
- Self-consumption
- Collaboration between utility, prosumer, citizens

EUROPE'S ENERGY PRICES ARE EXTREMELY VOLATILE AFFECTED BY POST COVID-19 AND UKRAINE WAR

Wholesale gas prices are around 400% higher than a year ago and wholesale electricity prices have followed the same pattern, increasing by 260%

«Gas and electricity prices will remain high and volatile until at least 2023»

Long term forecasts by European Commission's communication on energy prices

ENERGY BACKGROUND



AS ENERGY USE FALLS, ELECTRIFICATION AND RENEWABLE ENERGY WILL KEEP EXPANDING

1,200 GW of additions seen by 2024 (60% new PV plants)

S&P Global Commodities Insight



DIGITAL TRANSFORMATION IS CRITICAL TO THE SUCCESS OF THIS NEW MODEL

Market for Digitalization in Energy Sector to Grow to \$ 64 billion by 2025

«Italy is one of the global leaders in utility and small-scale PV, has almost 100% high speed network coverage, and supportive regulation for digital technologies»

Bloomberg New Energy Finance



GROWTH IN DEMAND FOR ENERGY EFFICIENCY SMART CITIES AND SMART BUILDINGS

The integrated building management systems (IBMS) market is expected to grow by \$ 328.6 billion to 2029, CAGR of over 22,2%.

Smart City Market to grow at a CAGR of 23% by 2024, with an incremental growth of \$ 2118.14 billion

Fortune Business and Technavio Research



STORAGE AND EV-CHARGES RISE UP

EV charging points in Europe is forecast to grow at a compound annual growth rate (CAGR) of 31.1%, to 5.2 billion in 2024.

Berg Insight

Residential storage in Europe to grow 500% by 2024 (6.6 GW)

Wood Mackenzie forecasts



PROPOSAL FOR NEW BIOENERGY PLANTS (12 GIGAWATTS) WITH ENERGY THUS PRODUCED AT A FIXED PRICE OF 65 EUROS PER MWH (COMPARED TO A PRICE THAT HAS NOW REACHED 280 EUROS) FOR 20 YEARS, WITHOUT INDEXATION
Energia Futura

BIOMETHANE DERIVED FROM THE ORGANIC FRACTION OF MUNICIPAL WASTE (1.5 BILLION CUBIC METRES), TOTALLING 8 BILLION CUBIC METRES TO 2030
Consorzio Italiano Biogas

BIOMETHANE CAN COVER 10% OF CURRENT DEMAND, BUT WITH MEASURES TO REDUCE CONSUMPTION ITS CONTRIBUTION COULD RISE TO 15%, IN LINE WITH THE TARGET SET BY THE EU COMMISSION'S PLAN
Consorzio Italiano Biogas



PLANT DEFICIT TO 2035 OF 3.2 MILLION TONNES FOR ORGANIC TREATMENT AND 2.7 MILLION TONNES FOR ENERGY RECOVERY
Utilitalia

OPPORTUNITIES OF PARTNERSHIP BETWEEN DIGITAL, WASTE MANAGEMENT AND CLEANTECH COMPANIES AIMED AT THE ESTABLISHMENT, MANAGEMENT AND IMPLEMENTATION OF A COMMON PROJECT WITH THE STEWARDSHIP MODEL

WASTE TO ENERGY (WTE) MARKET SIZE TO REACH \$ 35.5 BILLION BY 2024, WITH A PROJECTED CAGR OF 6.5%
Global Market insights

THE GLOBAL WASTE RECYCLING SERVICES MARKET IS VALUED AT 66.9 BILLION TO 2024, REGISTERING A CAGR OF 4.8 %
Statista

DIGITAL TECHNOLOGIES WILL DELIVER MORE EFFICIENT WASTE MANAGEMENT IN EUROPE WITH AN EXPECTED GROW AT A CAGR OF 10.87% TO REACH NEARLY \$ 4.3 BILLION BY 2027
EMR Global smart waste management market

MORE THAN A RECOVERY PLAN

Single market, innovation and digital € 11.5 billion
Natural resources and environment € 18.9 billion
Horizon Europe € 95.5 billion

LARGEST STIMULUS PACKAGE EVER

Digitalisation, innovation, competitiveness and culture € 40.32 billion
Green revolution and ecological transition € 59.47 billion
Infrastructure for sustainable mobility € 25.40 billion

ECOLOGICAL AND ENERGY TRANSITION

Sets a target of a 30% share of renewable energy in final energy consumption by 2030, and 21.6% in transport, which is higher than the 14% set by the EU

DECARBONISATION OF THE EUROPEAN ECONOMY

The European Climate Law sets a legally binding target of net zero greenhouse gas emissions by 2050, taking into account an indicative greenhouse gas budget for 2030-2050 to be published by the Commission

MODERNISING TRADITIONAL POLICIES

Building a stronger economic base", starting with "Reducing strategic dependencies". The measures include circular economy and sustainable agriculture; renewable energy, hydrogen, grid and sustainable mobility; energy efficiency and building renovation

FINANCING BUILDING ENERGY EFFICIENCY

A 110% deduction of the expenses for interventions aimed at energy efficiency and static consolidation or reduction of seismic risk in buildings. Include the installation of PV plants and EV-charge.
The Superbonus is available until 31 December 2025, in the following measures:
110% for expenses incurred until 31 December 2023; 70% in 2024; 65% in 2025

NEXT GENERATION EU

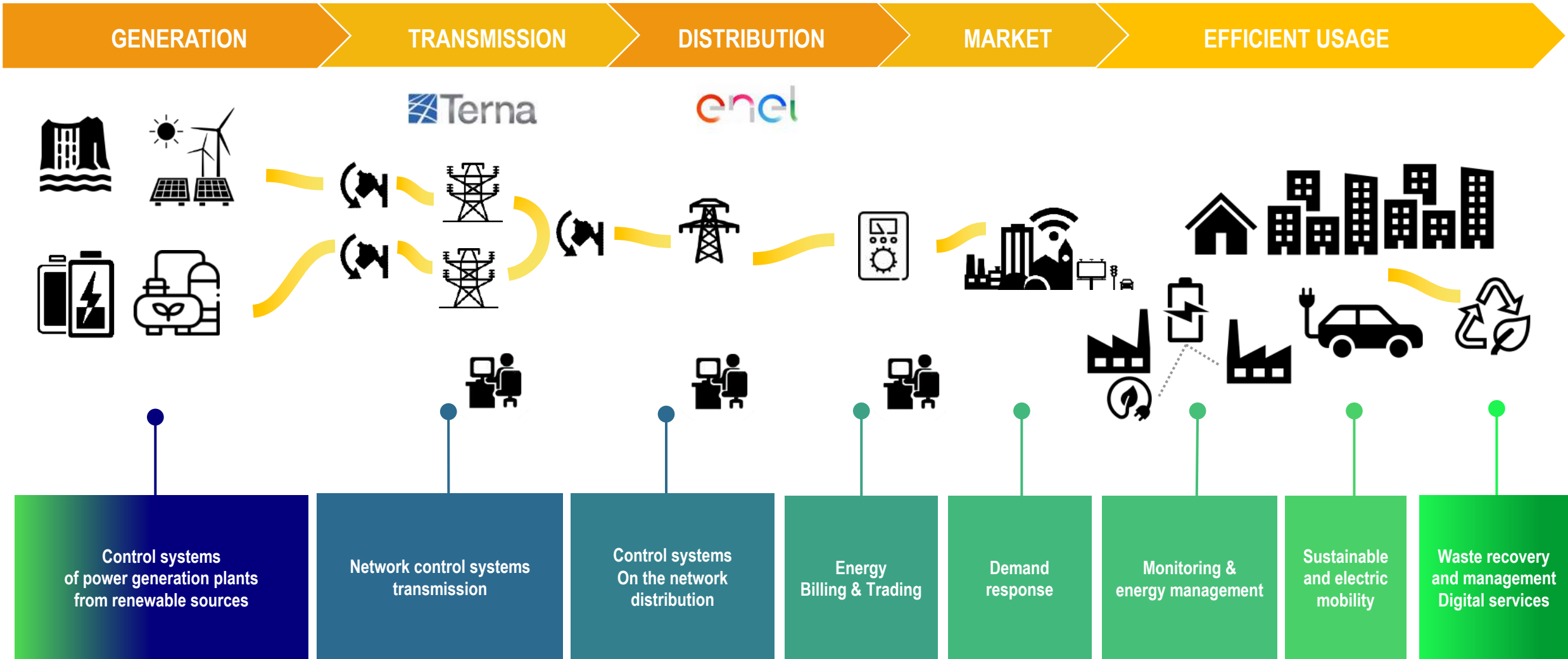
PNRR

PNIEC 2030

EMISSIONS REDUCTION STRATEGY TO 2050

NEW MITE DECREES

SUPERBONUS 110% AND ECOBONUS



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INDUSTRIAL PLAN 2022-2024

algoWatt at-a-glance





*BALANCE SHEET CLOSED AS AT 31/12/2021

**GREENTECH
Solutions**
for a
**SUSTAINABLE
Development**

algowatt designs, develops and integrates solutions for the sustainability for the responsible social management of energy and natural resources, generating a competitive advantage



40+ YEARS
IN THE DIGITAL MARKET



100+ CLIENTS
LEADER IN THE ENERGY, UTILITY,
MOBILITY, TECHNOLOGY, SOFTWARE



22 ML EURO*
REVENUES



10%+
PERCENTAGE OF TURNOVER INVESTED
IN INNOVATION AND RESEARCH



73 PLANTS
60+ MW
OPERATION AND MAINTENANCE MANAGEMENT
ON PV PLANTS



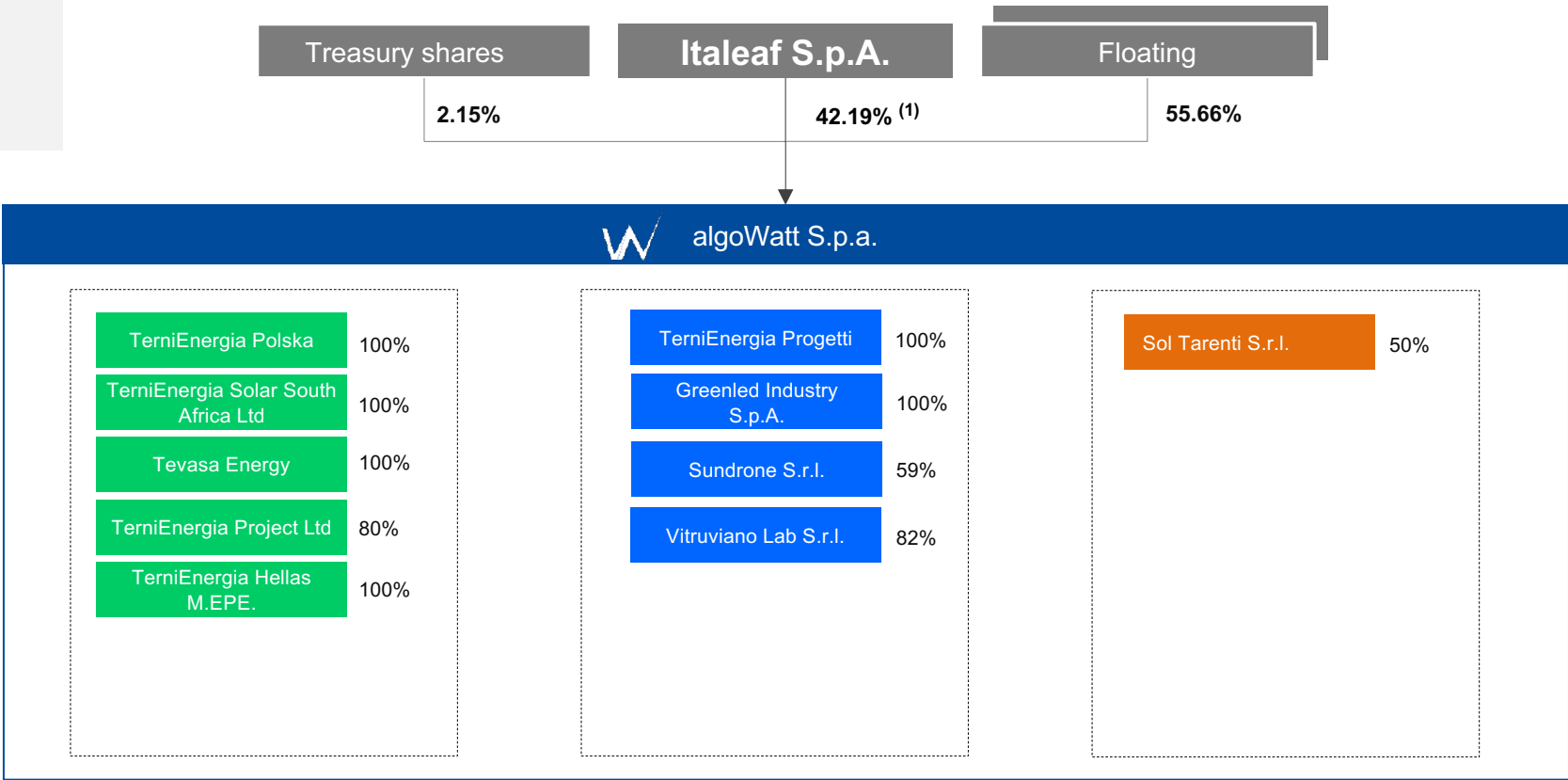
200+
EMPLOYEES



10
7 ITALIAN OFFICES
1 SOUTH AFRICAN OFFICE
1 GREEK OFFICE
1 POLAND OFFICE

LISTED ON BORSA ITALIANA SINCE 2008

CAPTION:
■ Abroad Subsidiaries
■ Italian Subsidiaries
■ SPV plant owners on divesting



Source: Company information

1) The percentage relating to the Italeaf's voting rights at the shareholders' meeting is 58.38%

*Represents a simplified structure of the Group, with subsidiaries abroad, those operating in the core sectors and those holding assets that are being sold as part of the Recovery plan.



MISSION

We enable digital transformation and the energy and ecological transition through smart technologies, empowering customers and consumers to use resources in a more sustainable way.



VISION

We want to foster the culture of energy, representing the Italian technological edge and anticipating the future sustainable solutions.



**WITH OUR SOLUTIONS ECOSYSTEM
AND OUR PARTNERSHIP FOCUS,
WE ENSURE ALWAYS
THE BROADEST WAY TO INNOVATION**

WHERE WE ARE – OUR HEADQUARTERS AND OFFICES

Milano
Headquarter
Corso Magenta, 85
20123 MILANO

Genova
Operational Headquarters
Via Sampierdarena,71
16149 GENOVA

Athens
GREECE
Kentrikos Tomeas
Athinon

Roma
Via Giacomo Peroni 130
00131 ROMA

Terni
Nera Montoro
Strada dello Stabilimento,1
05035 Narni (TERNI)


















Warsaw
POLAND
Królewska 16,
Warszawa 00-103

Napoli
Centro Direzionale
Isola F/3
4° piano interno 10
80143 NAPOLI

Lecce
Via Colonnello A. Costadura, 3,
73100 LECCE

Cape Town
SOUTH AFRICA
Boulevard office Park, 2nd
floor, Block D, Searle.
District of Woodstock

Catania
Via Leucatia, 9
95125 CATANIA

	TURNKEY SOLUTIONS	SOFTWARE AND TECH PRODUCTS					
SMART UTILITY	<ul style="list-style-type: none"> ▪ Distribution Grid Solutions ▪ Solutions for Transport Networks ▪ Billing-Invoicing & Metering ▪ Smart & Micro Grid ▪ O&M and aerial imaging analysis 						
SMART CITY	<ul style="list-style-type: none"> ▪ Industrial Automation ▪ Supervision and Process Control ▪ Scada System ▪ Building Automation ▪ Energy Saving ▪ Superbonus General Contractor 						
SMART MOBILITY	<ul style="list-style-type: none"> ▪ Local Public Transport ▪ Flexible Transport ▪ Infomobility ▪ Traffic & Safety ▪ Logistics ▪ Railways & Subways ▪ Electric mobility ▪ Routing and Ticketing of multi-modal hubs EPC solutions and O&M 						



ANASTACIA
INCLUSION
IMOVE
TRUSTONOMY
VPP4ISLANDS
CHOReVOLUTION

ELVITEN
FALCON
ZDMP
PROSFET
WInSiC4AP



~30
YEARS OF ACTIVITY
IN RESEARCH

105+
RESEARCH
PROJECTS

25+
COORDINATED
RESEARCH
PROJECTS

1000+
RESEARCH
PARTNERSHIP

11
H2020 RESEARCH
PROJECTS

4
COORDINATED
PROJECTS

4.2M€
H2020
CONTRIBUTIONS
FROM EU

AFFILIATIONS



Associazione Italiana
della Telematica
per i Trasporti e la Sicurezza



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INDUSTRIAL PLAN 2022-2024



- **BACKGROUND AND OVERVIEW**
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INDUSTRIAL PLAN 2022-2024

A new governance **to boost execution**





Enabling **New Organisational Solutions** to strengthen our core skills

Simplification of the corporate structure by eliminating business units to increase efficiency and optimise costs



FASTER AND SMARTER

Review of strategic options to accelerate transformation and address structural issues

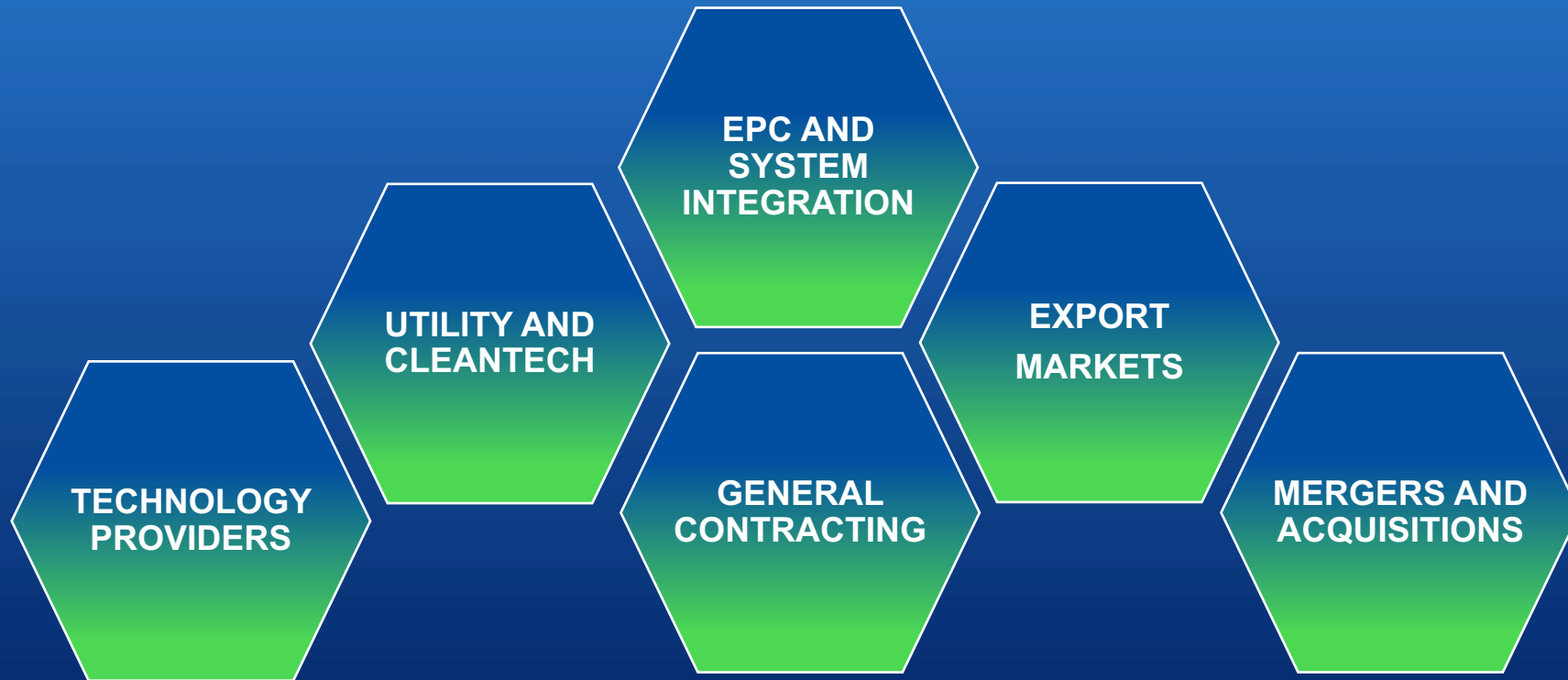
Managed change with strong leadership to be close to the customer with new structures (software factory, centralised project management, solution delivery) and improved business processes.



TECHNOLOGICAL ENABLER

We want to combine our strong technological core with the recovery of system integration expertise and know-how, to provide turnkey solutions to meet the demand for widespread digitalisation and new solutions for sustainable energy and resource management

The 6 strategic layers



W ALLIANCE PARTNERSHIPS WITH TOP CLASS TECHNOLOGY PROVIDERS



VALUE ADDED RESELLING

Value Added Reselling (VAR) of key components of Photovoltaic (inverter and storage) enabled by the expertise, history and references of TerniEnergia



EV CHARGERS

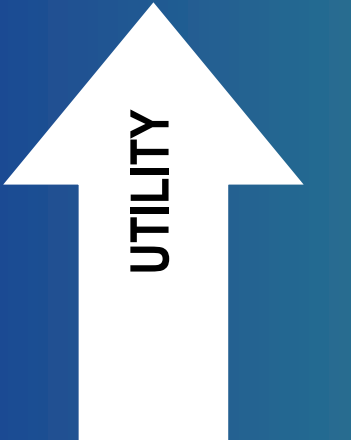
Industrial support in the realisation of the complete system from high-tech battery charging modules to the entire product range (power conversion, microcontrollers, security, auxiliary power supply, operating service and communication solution).



EXPANSION OF VIRTUAL PRODUCT PORTFOLIO FOCUSED ON ENERGY INTENSIVE SECTOR

Energy saving of Datacenters with HW components such as UPS and Cooling Systems that, integrated with the Supervision and Monitoring System (BEMS, Building Energy Management System) allow to offer a package of energy efficiency solutions extended

IN ADDITION TO ALGOWATT'S MAINSTREAM BUSINESS



RENEWABLE ENERGY COMMUNITIES (PA, INDUSTRIAL, RESIDENTIAL)

- Technical/financial/legal advice
- Business model promotion
- SW platform
- Supply of full EPC and micro-grid



VIRTUAL POWER PLANT

VPP is a cloud-based distributed power plant that aggregates the capacities of heterogeneous distributed energy resources (DER) for the purposes of enhancing power generation, as well as trading or selling power on the electricity market.



CLEANTECH INDUSTRY DIGITALISATION SERVICES FOR ECOLOGICAL TRANSITION

Introduction of digital technologies for the development and adoption of smart solutions for the environmental industry and the management of waste and marginal resources. New services: e.g. smart waste bins, robotics, apps, analytical tools and decision support software



PARTNERSHIP WITH THE STEWARDSHIP MODEL

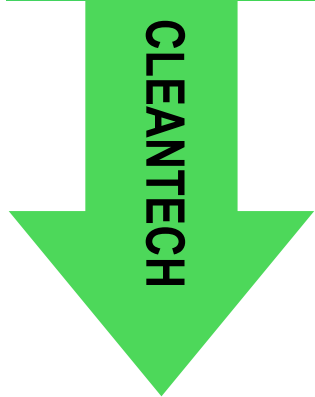
Subscription of at least 3 Stewardships with companies in the sector for:

- propose existing products for customisation;
- development of new products and services with the costs covered by the partners on favourable terms;
- potential extraordinary transactions



LAUNCH OF ESG REPORTING TO STEER INVESTMENT DECISIONS

We want to disclosure our environmental, social and governance criteria to be evaluated beyond the balance sheet by impact investors



Enabling digital transformation and new energy and sustainable resources management paradigms



GENERAL CONTRACTING AND TURNKEY BUSINESS



EXPANSION OF THE PIPELINE DEDICATED TO ACTIVITIES RELATED TO THE BUILDING ENERGY EFFICIENCY WITH THE 110% SUPERBONUS AND FAST-TRACKING OF CONSTRUCTION SITES THANKS TO THE AGREEMENT WITH A COMMERCIAL/FINANCIAL PARTNER

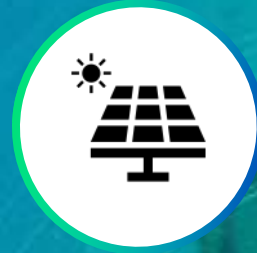


INSTALLATION OF CRITICAL INFRASTRUCTURES WITH IMPLEMENTATION OF HW AND SW DEDICATED TO DIGITALISATION, BASED ON THE COMPANY'S TRACK RECORD (E.G. TICKETING TERMINAL FOR CARONTE & TOURIST)



CONSTRUCTION OF TURNKEY SYSTEMS FOR THE REDUCTION AND MANAGEMENT OF ENERGY CONSUMPTION OF ENERGY-INTENSIVE COMPANIES OR COMPLEX STRUCTURES WITH INNOVATIVE FORMULAS SUCH AS PPA (E.G. INDUSTRIAL SITES, BUILDINGS, PUBLIC ADMINISTRATION)

Revamping and relaunch of the PV business counting on the solid national and international references of TerniEnergia (over 400MW installed since 2005) and on the value of the brand, through the subsidiary TerniEnergia Progetti, which will be put back on track.



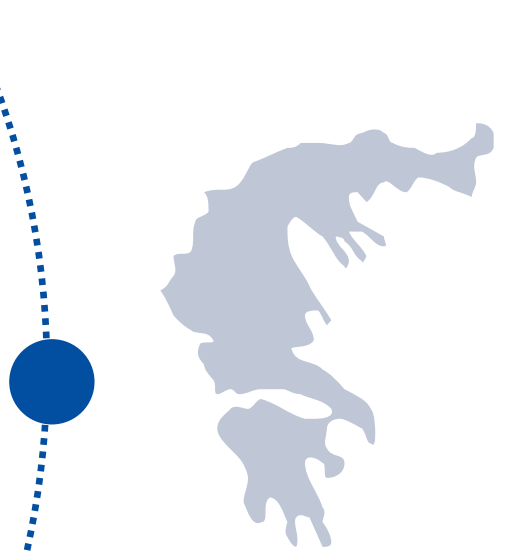
Enhancement of the hi-tech O&M activities (including PAM/PV Inspector and Sundrone)



Managing co-development and EPC for plants <4MW with simplified authorisations and Agrivoltaic formula



Internationalisation of AlgoWatt through its abroad subsidiaries using their commercial presence and high-level project capabilities as differentiation



Greece

(strong development process of renewable energy)
5542 licences are available for renewable energy projects involving all type of power generation and market value of 5 GW

MAIN TARGETS



South Africa

(TerniEnergia's historic market) expected as electricity system reform 6 GW of new solar photovoltaic capacity and 14 GW of new wind power capacity



SMART BUILDING / SMART CITY

SYSTEM INTEGRATION FOR THE EFFICIENCY OF THE BUILDINGS OF HIGHLY ENERGY-INTENSIVE CUSTOMERS (PREFERRED OPTION)



DIGITALISATION OF ENVIRONMENTAL SYSTEMS

TARGET COMPANIES WITH STRONG GROWTH POTENTIAL ACTIVE IN THE DECARBONISATION, WASTE MANAGEMENT, RECOVERY AND RECYCLING, SUSTAINABLE RESOURCE MANAGEMENT SECTORS



BILLING

RECOVERY OF THE HISTORIC ITALIAN LEADERSHIP OF EX-SOFTECO IN THIS SECTOR



The current evaluations are focused on different realities consistent with the Restructuring Plan by using the treasury shares available to the Company.

In the event that the assessments will be not successful, the merger transactions will be converted into Partnerships/Stewardship for the provision of services.

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INDUSTRIAL PLAN 2022-2024



- BACKGROUND AND OVERVIEW
- BUSINESS MODEL & STRATEGY
- ✓ FINANCIAL PLAN TO 2024

- Powerful and decisive Financial Agreement
- Conditions for a return to value creation
- Industrial turnaround and positioning in GreenTech sector

RECOVERY PLAN AND FINANCIAL AGREEMENT

A NEW GOVERNANCE SET UP TO STRENGTHEN GLOBAL POSITION

- New management with successful track record for plan execution
- Strengthened governance with CEO and General Managers strongly committed to accelerating order intake and business growth

- Corporate structure more suitable to achieve targets by eliminating the 3 BUs and strengthening the commercial area
- Presence in a sexy business, highly committed to a unique and unrepeatable regulatory framework and to digital transformation path

A LEANER STRUCTURE TO SECURE THE ACHIEVEMENT OF THE GROUP'S TARGETS

FORECASTING M&A TRANSACTIONS IN HIGH GROWTH SECTORS TO LEAD THE ENERGY AND ECOLOGICAL TRANSITION

- Targeting potential deals for M&A transactions in integrated or complementary sectors
- Strategic transactions during the Plan period will be carried out with the use of treasury shares and in line and in full compliance with the targets of the Recovery Plan

- Clarity of goals and focus on 6 strategic layers to strengthen opportunities for adding value-added growth to business as usual
- Alliance partnership with top class provider, alliance partnership with cleantech players, general contracting, renewal of PV and renewables EPC and O&M business, potential M&A

THE CLEAR DEFINITION OF 6 STRATEGIC LAYERS TO SUPPORT SOLID GROWTH



REVENUES
€ 22 ML



EBITDA
€ 3.2 ML



NET RESULT
€ 8.6 ML

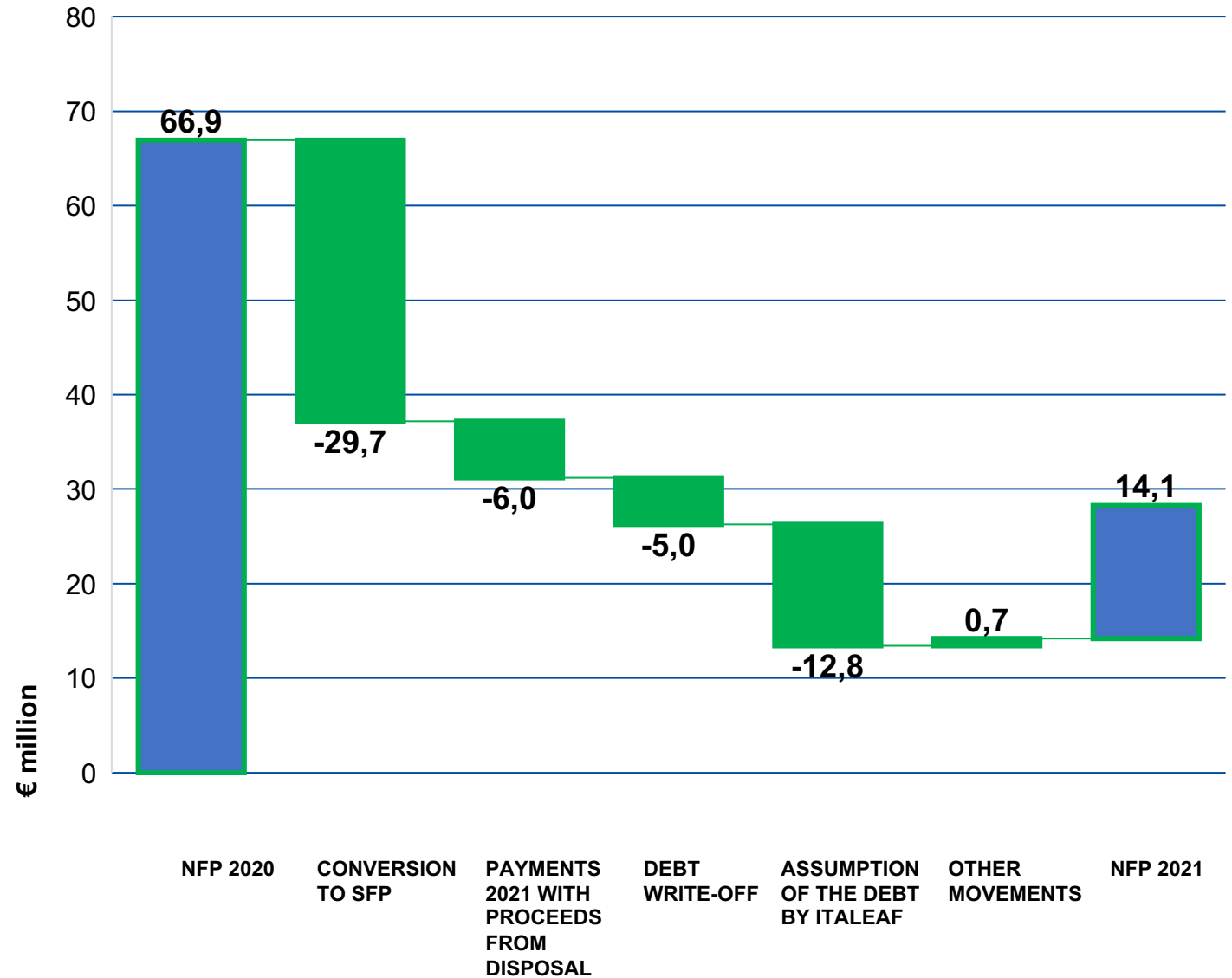


NET EQUITY
€ 12,1 ML

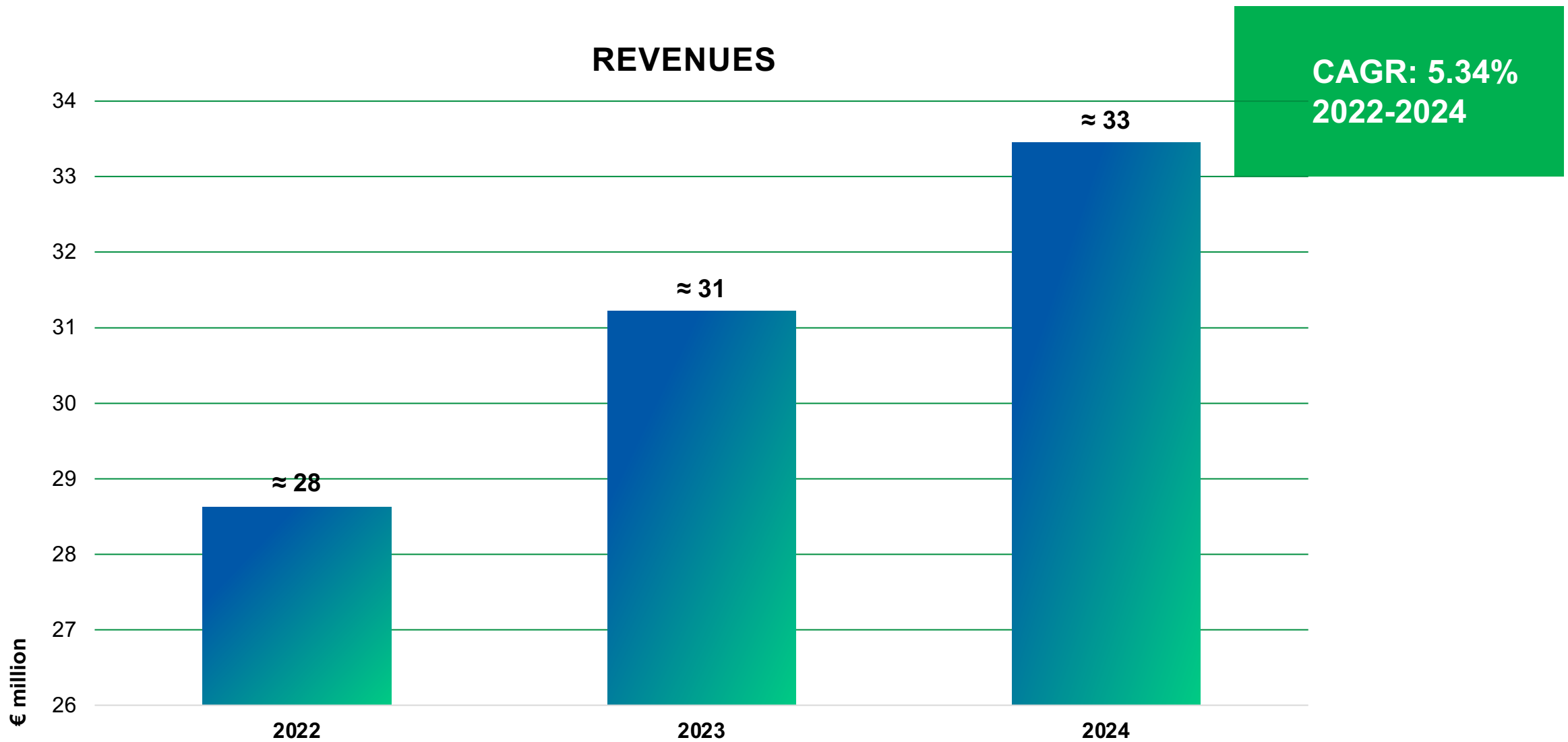


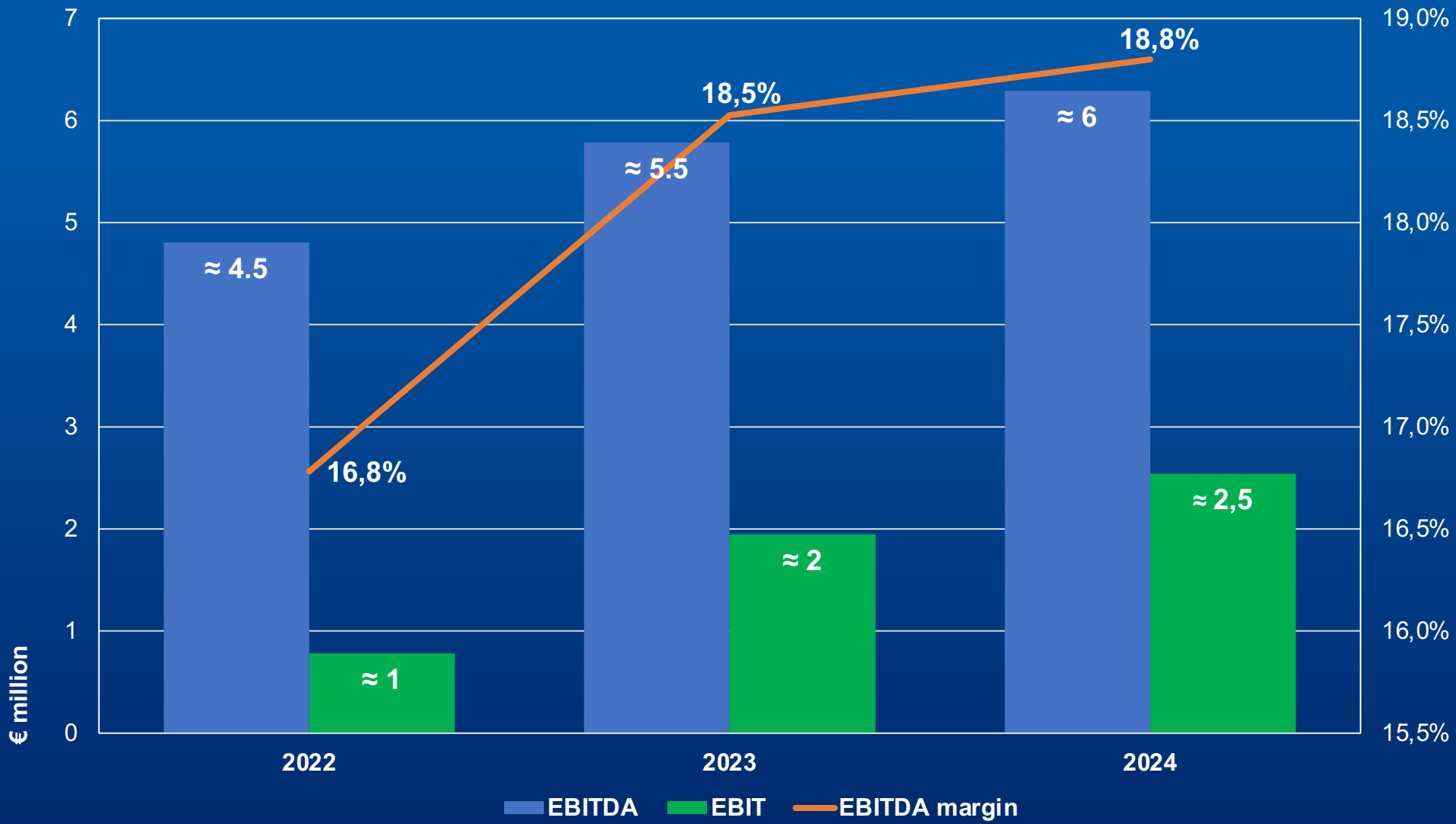
NFP
€ 14.1 ML

NFP REDUCTION



REVENUES



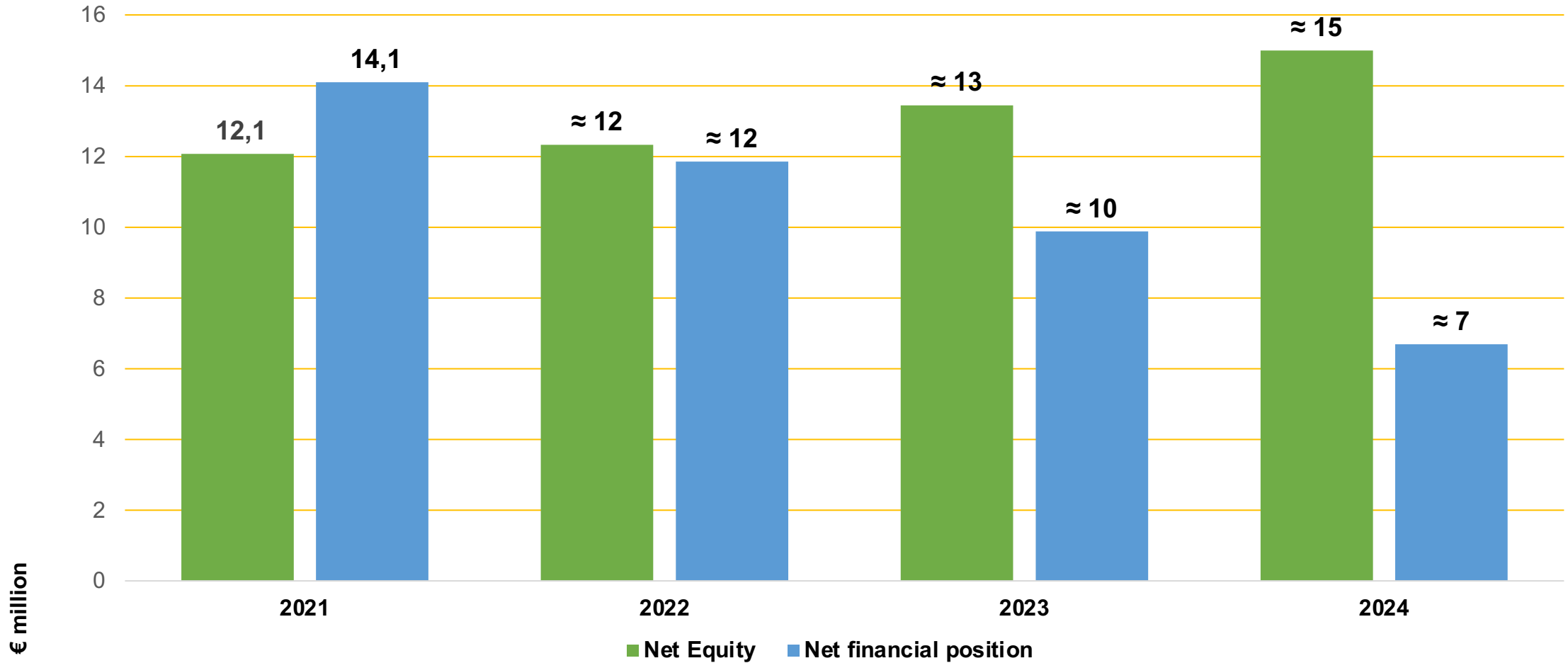


**EBITDA
CAGR: 9.4%**

**EBIT CAGR:
48%**

2022-2024

NET EQUITY vs NFP



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