

Innovation and development

Strategic plan 2012-2014 ASM Terni SpA

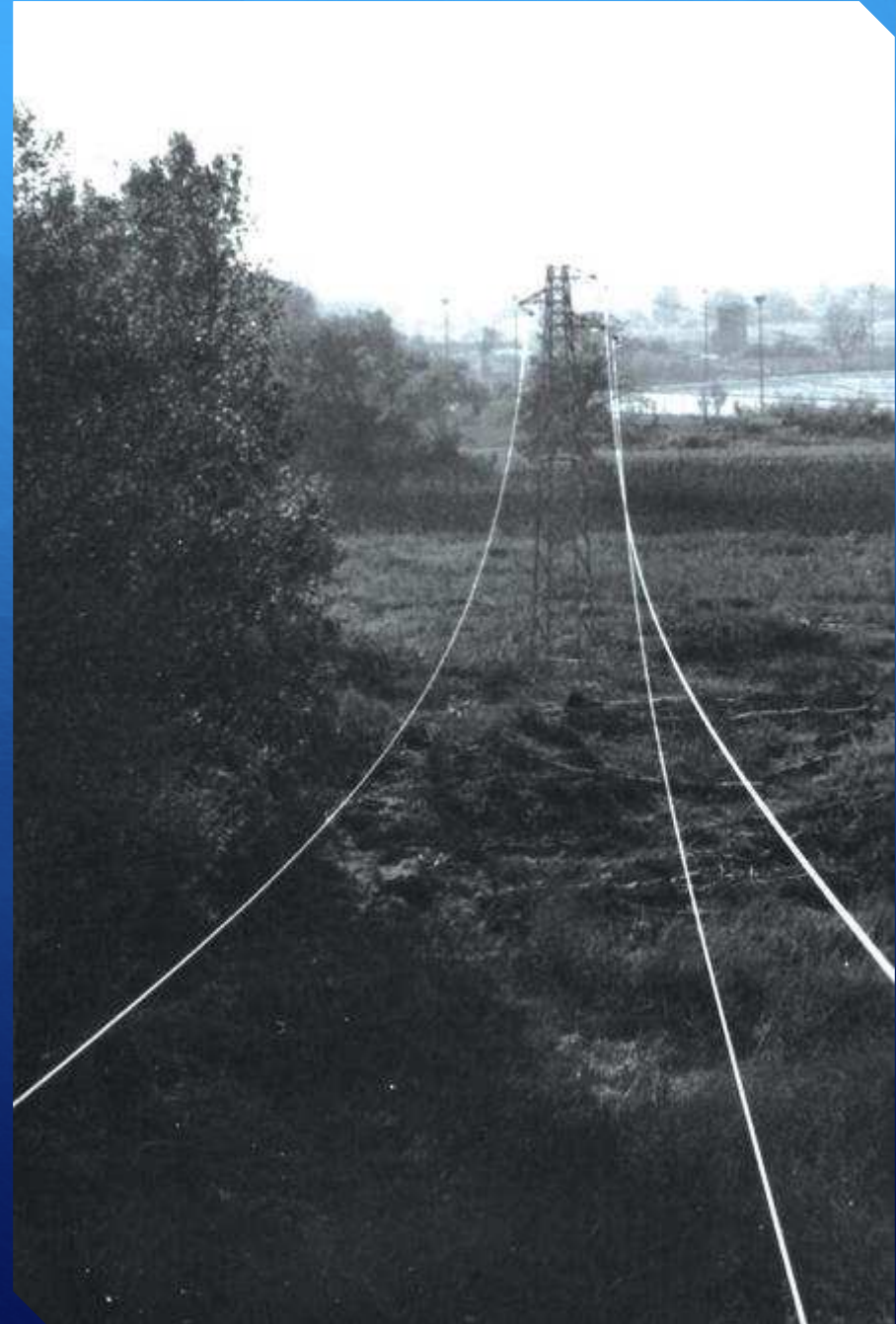


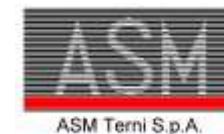
History

15/09/1960 institution of
the Municipal Services
Company

02/10/1995 transformation
into Special Multi-service
Company

12/07/2000 transformation
into a limited company
called ASM Terni S.p.A.





Current corporate structure

The Municipality of Terni is the Sole Shareholder, owner of the share capital of ASM



Significant equity investments held by ASM Terni SpA

Umbria Energy S.p.A.

(Electricity and Gas Marketing):

- ASM Terni S.p.A.	50 %
- ACEA Energia S.p.A. (ex ACEA Electrabel)	50 %

Umbria Distribuzione Gas S.p.A.

(Exercise of the natural gas distribution network in the territory of the Municipality of Terni) :

- ITALGAS S.p.A.	45 %
- ASM Terni S.p.A.	40 %
- ACEA S.p.A.	15 %

Servizio Idrico Integrato S.c.p.A

(Drinking water distribution and wastewater treatment in the territory of the province of Terni):

- Municipalities in the Province of Terni	51 %
- Umbriadue	25 %
- ASM Terni S.p.A.	18 %
- Aman	6 %

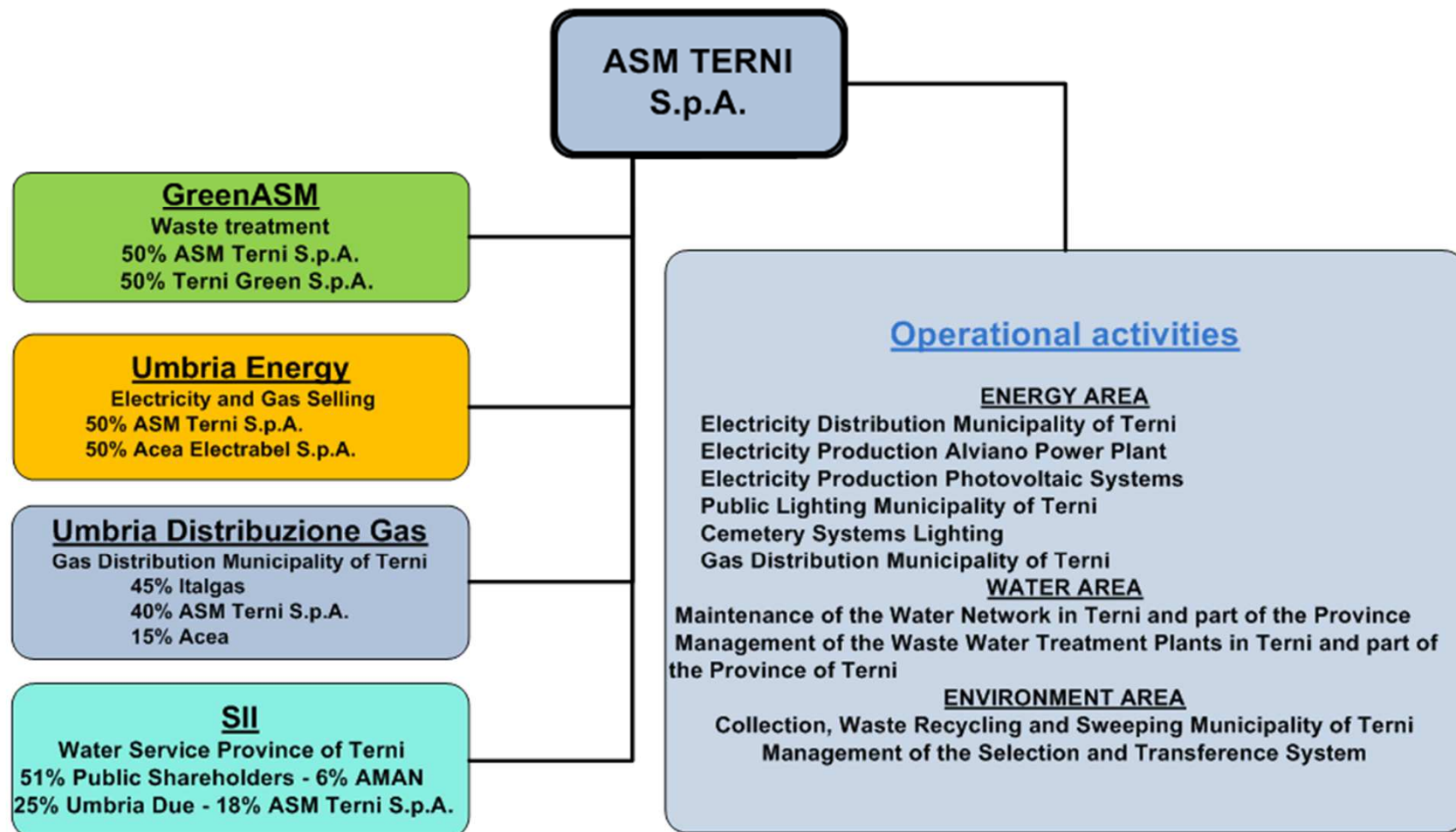
Green ASM S.r.l.

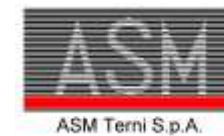
(Construction and management of a treatment and valorization of waste organic matrices plant):

- ASM Terni S.p.A.	50 %
- Terni Green S.p.A.	50 %



Current corporate structure





The pursued strategy

The business model



Energy area

- Electricity Distribution Municipality of Terni
- Electricity Production Alviano Power Plant
- Electricity Production Photovoltaic systems
- Electricity and Gas Measuring
- Electricity and Gas Selling
- Public Lighting Municipality of Terni
- Cemetery Systems Lighting
- Gas Distribution Municipality of Terni





Water area

- Operation and Maintenance of the Water Network throughout the territory of the province of Terni except for the municipalities of the Narni-Amelia sub-area
- Management of the Waste Water Treatment Plants throughout the Province of Terni except for the municipalities of the Orvieto sub-area

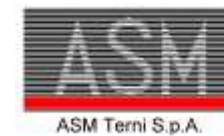




Environment area

- Waste Recycling, differentiated and undifferentiated waste transportation and street sweeping in the Municipality of Terni and in the Province of Terni
- Management of the Selection and Transference System serving the Municipality of Terni and the Municipalities of the Terni sub-area.





Future strategy

Consolidation activities - Operating costs reduction- Streamlining

The Company has identified a number of key points that structure its future strategy

Maintaining the current structure of multi-service company, even in the midst of associates and subsidiaries:

- ✓ Electricity Production, Distribution and Selling
- ✓ Natural Gas Distribution and Selling
- ✓ Management of Public Lighting and Cemetery Equipment
- ✓ Management of Electricity and Gas measuring
- ✓ Drinking Water Distribution
- ✓ Waste Water Purification
- ✓ Waste Management (services and equipments),

to promote through aggregation processes (scale factor) and / or product diversification (gamma factor).

Consolidation of the activities

Reduction in operating costs

Efficiency





Electricity

A steady and gradual modernization of the electricity distribution network will help meet the always increasing demands of distributed generation (photovoltaics, cogeneration, etc.), improve the service quality, reduce losses; modeling and studies carried out in recent years have allowed to know in depth the state of the urban electricity network.

Expanding the activities of the public lighting outside the territory of the Municipality of Terni: it is assumed that in the next three years the number of managed lighting points increases of 20% (5,000 new points) to acquire on the whole national territory.

Developing the business of electricity and gas marketing through Umbria Energy.



Photovoltaic

In 2008 ASM Terni S.p.A. activated four plants producing energy from photovoltaic sources with the use of the benefits of the energy subsidies described in DM 19-02-2007 for a total of 598.4 kWp.

These projects have resulted in the construction of photovoltaic roofs for parking pertaining to corporate offices including the headquarters of the Department of Environmental Hygiene and installations made on the roofs of the Department of Environmental Hygiene:

there are four plants and they are referred to as schematically:

Photovoltaic plant employee parking 242 kWp;

Photovoltaic plant customer parking 83.6 kWp;

Photovoltaic plant on the parks and garden of the Department of Environmental Hygiene 96.8 kWp;

Photovoltaic plant on the hangars of the Environmental Hygiene Department 176 kWp.

ASM Terni S.p.A. proposes to implement and manage, even in partnership with other entities, public and private plants.



Hydroelectric

ASM has submitted outline plans for the construction of small Power stations with the assessment of inclusion of small hydro installations.

Microgeneration

ASM aims to implement cogeneration plants for the energy supply to building complexes.



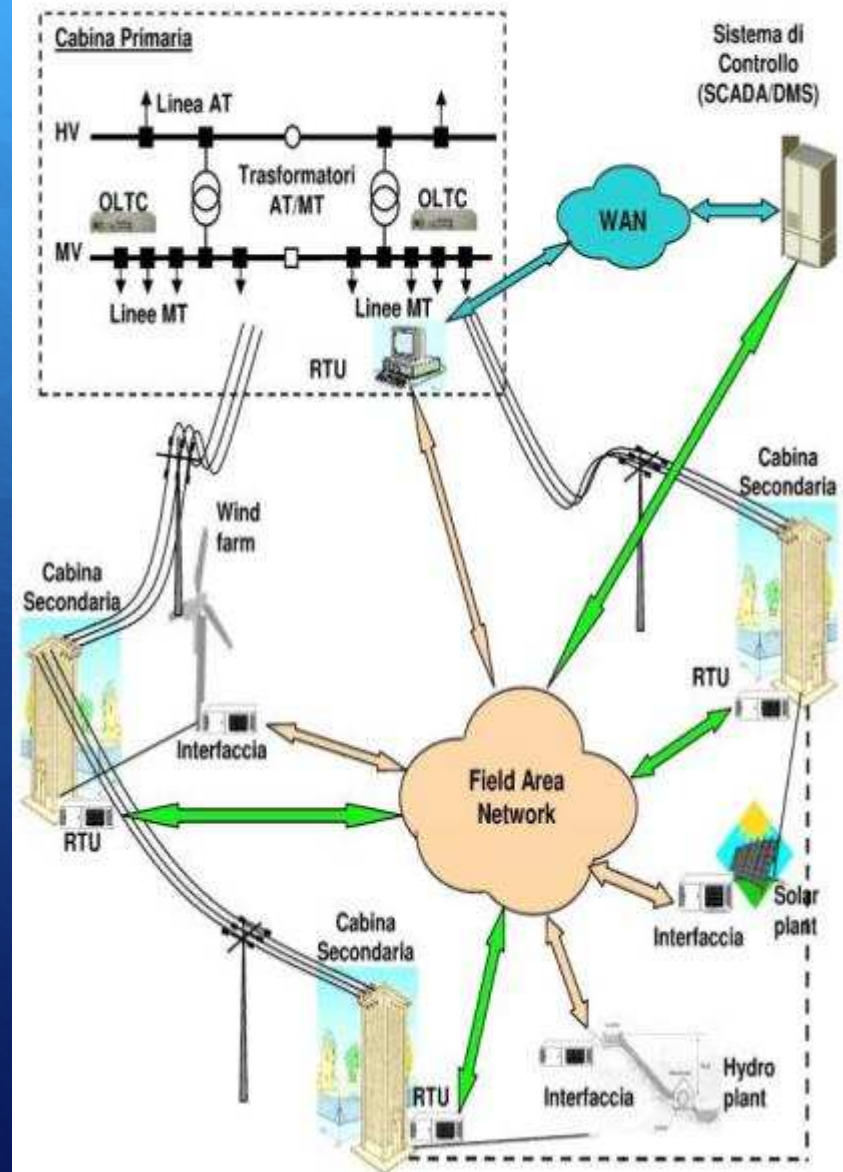
Smart-Grid

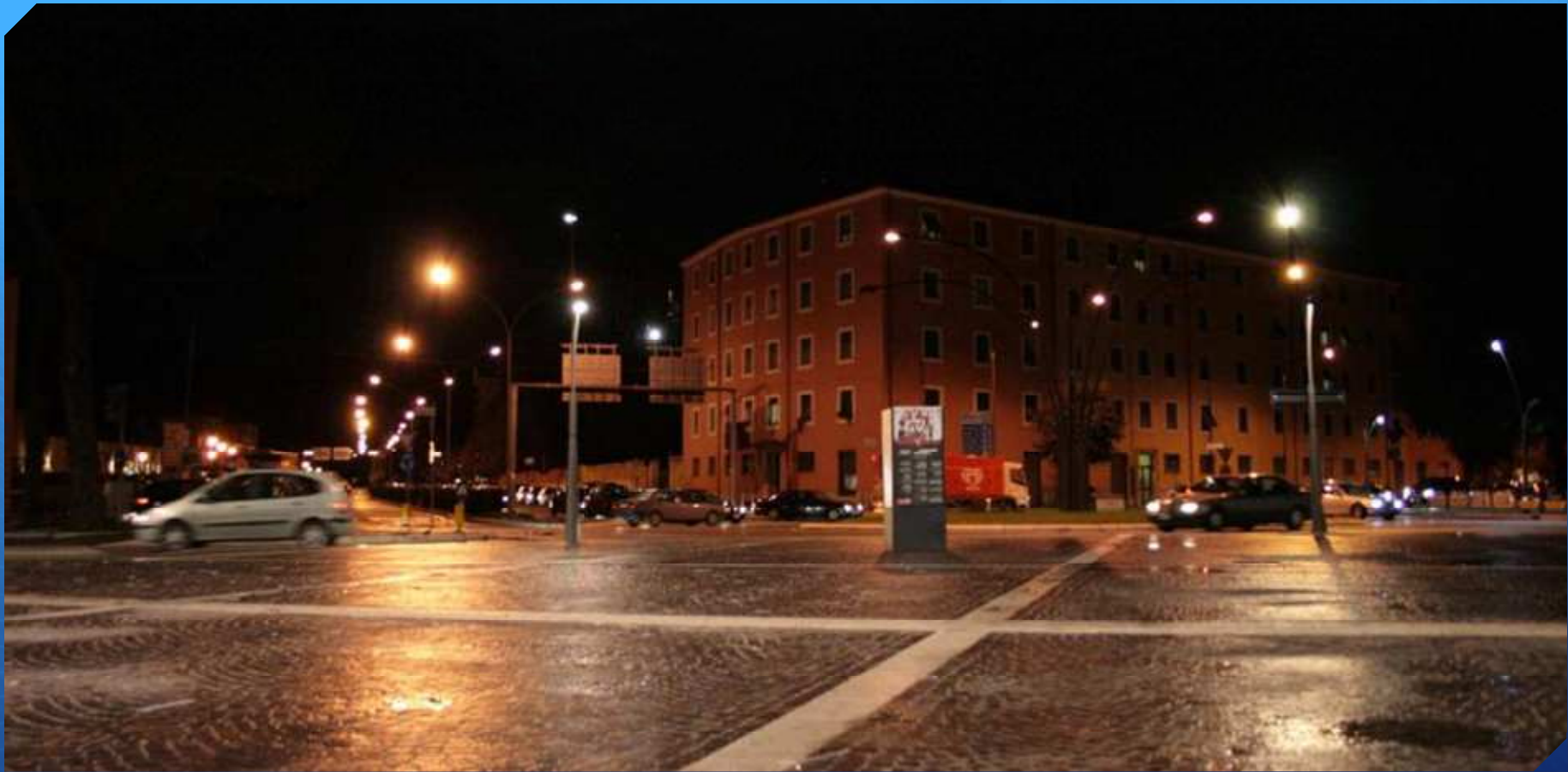
In November 2010 ASM Terni S.p.A. presented the Smart Grid Pilot Project in the framework of Resolution ARG / elt 39/10.

This project has been admitted to the incentive treatment on February 7, 2011 by the Resolution ARG / elt 12/11; the project was awarded second place in the merit list, prepared on the basis of criteria defined by the AEEG.

The main purpose of the Pilot Project is to develop a network model that allows the testing of the ability to:

1. Enhance the network potentialities;
2. Improve the quality of the voltage;
3. Improve the power factor at the interface with RTN;
4. Avoid the phenomenon of the unwanted island. This all will be accomplished through the management of the reactive power flows in the network and the coordination between the producer and the distributor.
5. First Digital Town Plan of the City of Terni





e-mobility project

The Smart Grid project and the studies carried out on the city network will allow to achieve a widespread system of charging units, both rapid and conventional, for motorcycles, tricycles, quadricycles and electric vehicles.

The realization of the e-mobility project will allow:

- ✓ to set up the infrastructures to ensure and improve the operation of the network compared to the qualitative levels achieved today, facing the always increasing integration of distributed generation from renewable sources (that is already very high in the hydro, photovoltaic and thermoelectric from biomass divisions if compared to passive consumers fed from the distribution network, and compared to other Italian districts);
- ✓ to adapt the system of public distribution of electricity in order to encourage the development of safe and sustainable urban mobility based on electric vehicles, and to meet the emerging needs of the energy market related to it;
- ✓ the Company to apply to carry out an activity of consultancy and *service on demand* at other utilities, for the resolution of emerging issues related to improving services and strengthening of distribution networks (smart-city);
- ✓ to make of the local institutions and the Company the main actors of a process of modernization and infrastructural innovation able to redevelop the city's image and present it in full, as a pole of attraction for new eco-friendly business initiatives.



Gas



Consolidation of operations,
reducing operating costs, block of
turn-over.

Efficiency recovering of the staff
transferred from ENEL RETE GAS in
the competition.

Consolidation of the existing
partnership with ITG to make UDG
become the subject participating in
new tenders for ATEM management
on the region territory (Perugia 2
and Terni).





Water area

Reorganization of the current management system of Water Services in order to improve the quality of the service itself and reduce operating costs:

STEP 1: Fusion of ASM and AMAN companies with the creation of a single entity that engages in the distribution of drinking water throughout the territory of the province. This operation must be done to fully ensure the role and representation of Municipalities that are the owners of AMAN in the new subject.

STEP 2: Open a negotiation with the private partner in order to bring together in the subject referred to in Step 1 also the treatment activities in the sub-area of Orvieto.

The private partner (Umbriadue) will continue to conduct its business in the investment industry and in the complementary fields.

Contribution to the definition by SII (within August 12), of a plan for repayment of loans Vs. the operating partners (ASM, U2, AMAN)





Environment area

- To promote measures to encourage the reduction of waste production

To promote and raise awareness:

- to the use of fountains for sparkling water distribution;
- about the consumption of detergents and cleaners on tap;
- the use of reusable nappies;
- the use of non-disposable and / or compostable crockery;
- the collection and redistribution of food and still edible nourishment;

- Expansion of Waste Recycling continuing the implementation of the development project based on a model of door-to-door collection and / or home collection



Achievement of the objectives

To achieve the above objectives it is necessary to have:

- a better and more efficient company organization;
- extend the model of curbside and / or home collection to increasing numbers of citizens with particular attention to the paper and the organic fraction;
- an information / training of citizens in order to achieve virtuous and collaborative behaviors;
- the support of the Municipal Administration in terms of supervision.



Construction of Treatment Plants following the Separate Collection of waste to power and rule the stage of the recycling of materials, such as what has been achieved with the installation of Anaerobic and Digestion and Bio-stabilization of the organic fraction of waste with energy recovery and production of quality compost (ORGANIC - Green ASM)

Waste Recycling

There will be a particular designing for:

- A System of Selection of Multimaterial packaging - CSM (PLASTIC).
- A System for the Selection of Glass.

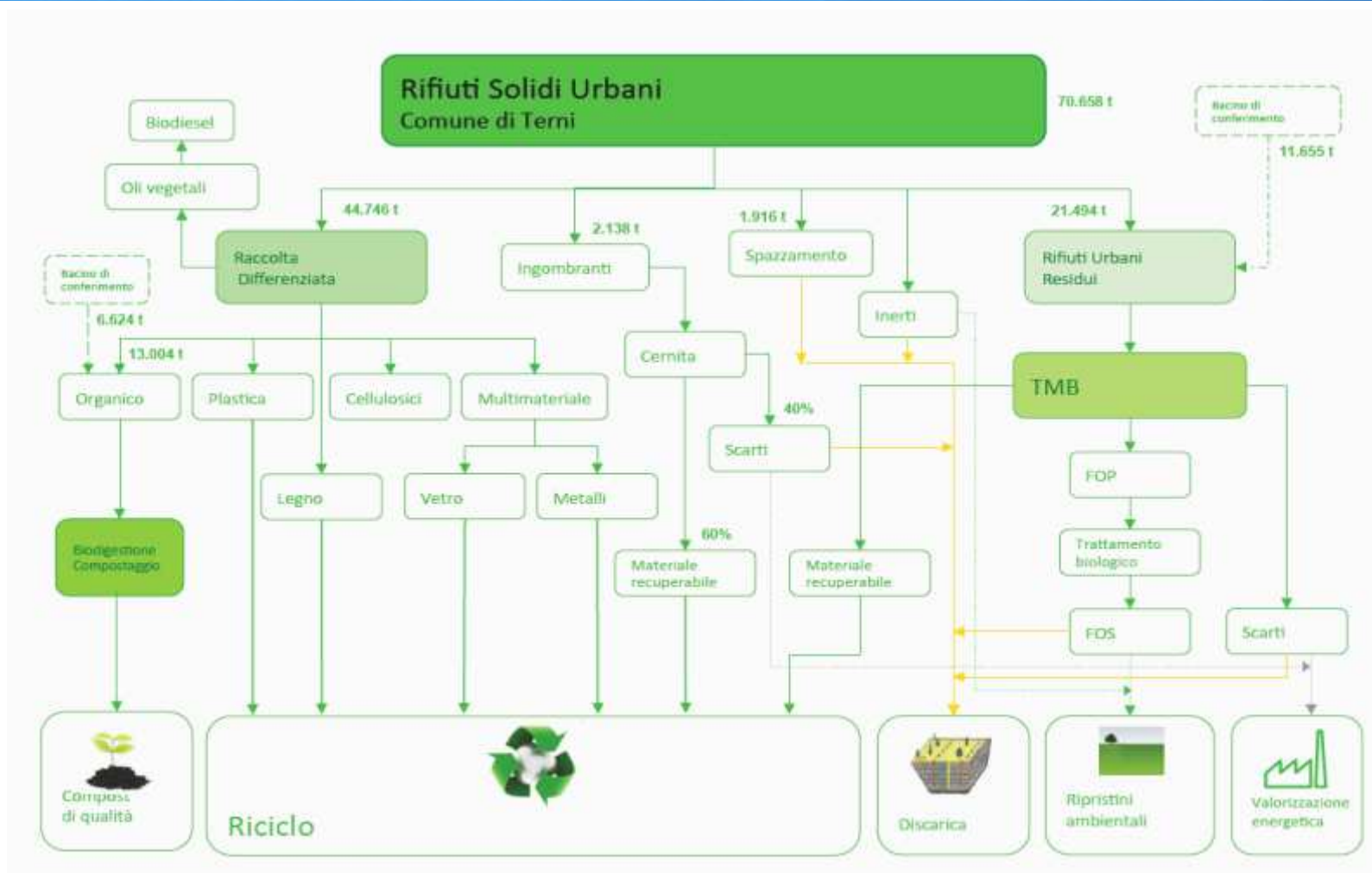
Unsorted waste

Restarting the platform (selection and transference) of Maratta - Polo plant. The choice of interventions will be determined by the will to carry out a process for the treatment of municipal solid waste that is based on the following fundamental principles:

- ✓ Maximize the quantity of recyclable materials;
- ✓ Reduce the quantities of fractions directed to the landfill;
- ✓ Minimize the costs of treatment and management.



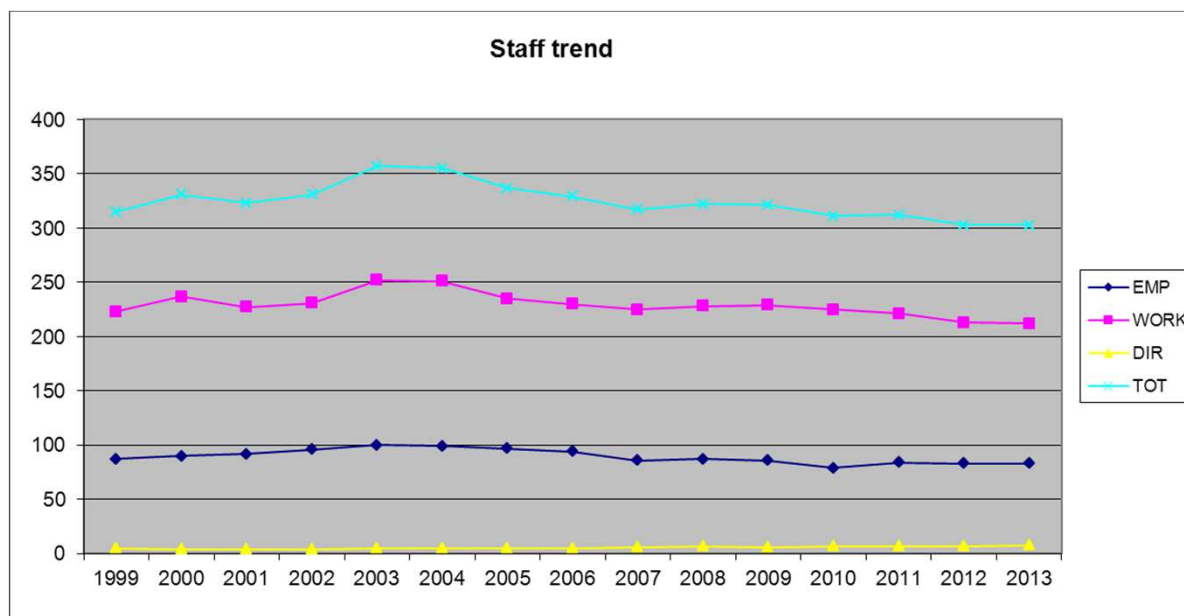
Waste cycle 2015 – W.R. 65%



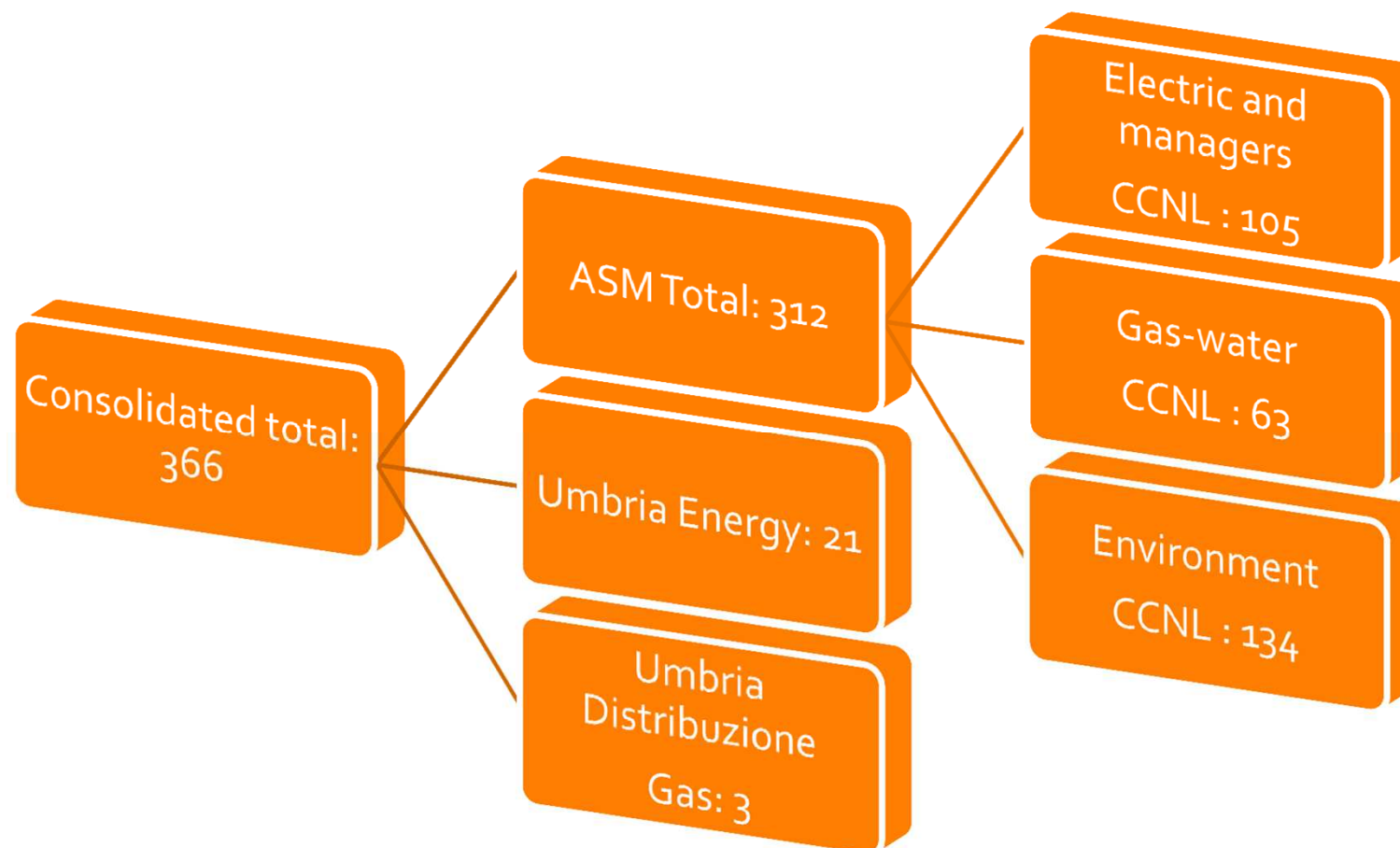
Human resources

The company confirmed its attention to the aspects of human resources development also through training actions aimed at strengthening the distinctive capabilities and supporting the organization of work. A substantial attention will be paid to training related to the following areas:

- 1.security,
- 2.relational,
- 3.professional,
- 4.new assessment



Current staff



	2000	2001	2002	2003	2004	2005	2006	2007
Earnings	35.981	43.634	47.089	47.104	52.774	55.152	58.418	62.153
Investments	5.182	7.672	9.512	21.382	4.584	3.675	3.863	4.065
MOL - EBITDA	5.550	5.411	6.071	5.635	7.960	7.828	9.930	9.557
RESULT	704	779	880	185	50	195	302	405

	2008	2009	2010	2011	2012	2013 Budget	2014 Budget
Earnings	60.923	43.878	48.102	47.731	48.045	49.146	47.411
Investments	8.346	8.468	3.214	2.688	2.435	4.125	3.850
MOL - EBITDA	9.314	9.564	11.971	10.595	11.228	13.743	12.815
RESULT	- 4.638	495	1.168	710	908	808	1.880

Financial data

Results and projections 2012-2014

