



ITALIANA PELLETS PLANT INAUGURATED

Near Pavia, one of the largest plants in Europe for the production of pellets

Italiana Pellets, an Italian firm active in wood biomasses and the production of energy from renewable sources, has opened a plant at Corana, in Pavia province.

A 95% subsidiary of the **Ambienta I fund**, the largest European private equity fund specialized in environmental investments, the company is directed by **Massimo Rosi** (CEO) and **Ercole Cacciami** (Chairman) and intends to become a major operator in the European pellet markets and leader in Italy.

The plant, located in Pavia province at the intersection of the A7 and A21 motorways, occupies an area of over **40,000 m²** and is one of the largest in Europe. When in full operation, it will be able to produce over 100,000 tons of pellets per year, equal to 8% of the national requirement.

It is an advanced facility, designed with particular attention to the environment. In fact, the plant is powered by biomass furnaces and a high-efficiency natural gas cogeneration system built by **ENPlus Italy**, in conjunction with the multinational MTU ON SITE ENERGY. This station provides the company 3 MW of electric power and 2 MW of thermal energy and benefits the environment by reducing atmospheric emissions of carbon dioxide by 15,000 tons/year.

The technological component was provided by **Costruzioni Nazzareno S.r.l.**, a leader in pellet production facilities.

The core business of Italiana Pellets is the production of **high-quality pellets** with **low environmental impact**, derived rigorously from virgin timber of primarily Italian origin, with two product lines for domestic and industrial use. The pellet market is growing rapidly: since 2003 the demand for pellets in Italy has risen from 200,000 t to over **1.2 million t**, generating revenues of € 300 million, with only 60% being covered by national production.

Italiana Pellets began production in May 2010, about one year after the company startup. It currently employs a staff of around 20 people, which will double toward year-end, when the company expects to reach full operation. Revenues will be **over € 20 million a year**.

"We are optimistic about the evolution of the market and believe that now and in the future our values of attention to the environment, the land, and quality are a distinction recognized and appreciated by our customers and suppliers, who represent the vital energy necessary for company success," Massimo Rosi and Ercole Cacciami point out. *"Our pride at having watched our company grow from zero is combined with our humility and awareness that today's inauguration is a point of departure, not arrival."*

QUALITY PELLETS "MADE IN ITALY"

Italiana Pellets produces high-quality pellets derived primarily from Italian timber. The pellets are made by transforming virgin or recovered wood, untreated and free from additives and/or chemical components, coming from industrial processing scrap. For its production, Italiana Pellets uses raw materials coming primarily from sites near the production facility, such as:

- sawdust
- chips
- trees cultivated for the purpose



The types of wood use are conifers and broadleaves (especially poplars).

Italiana Pellets products conform to CTI-R 04/5 specifications. The company will shortly introduce the Pellet Gold certification process.

THE PELLETT MARKET

Italy – The latest available data on the pellet market date from 2008 and were issued by the Associazione Italiana Pellets. The Italian production for 2008 was estimated at 750,000 t. The entire domestic production is not sufficient, however, to satisfy internal demand, which exceeds 1 million t/y. One of the principal pellet suppliers to the Italian market is Austria, which exports 250,000 t/y to Italy. The principal national consumers are small private users who burn them primarily in stoves and in boilers for centralized domestic heating. In 2008, there were around **800,000 pellet stoves** in our country: making Italy the no. 1 country in the world in number of units. The annual demand for pellets in Italy today is estimated at over **1.2 million t**, a business of around € 300 million.

Europe - The European pellet market is also growing rapidly, as demonstrated by the latest data furnished by AEBIOM (European Biomasses Association): in 2008 European pellet production was over 7.5 million t, a strong increase over the 1.5 million tons in 2002, with growth projected to 50 million t in 2020.

PELLETS: NATURAL, ECO-SUSTAINABLE HEAT

The exponential growth of the pellet market in Italy is linked to the broad distribution of pellet stoves. Italy, in fact, leads the world in the number of units in circulation. This success is attributable to two factors that characterize pellets: **environmental sustainability** and **low cost**.

The pellet is a **renewable source** with “zero emissions”. It is renewable and sustainable because it is derived from virgin or recovered wood, not treated and free of additives and chemical components, coming from production scrap. It has “zero emissions” because when burned it releases the same quantity of carbon dioxide the wood absorbed during its life, with zero impact on the environment, unlike fossil fuels responsible for new emissions.

Compared to other renewable energy sources, which require subsidies to gain popular use, and alternative fuels (such as diesel, natural gas and GPL), pellets are definitely an economical fuel. For the same energy content, in fact, pellets cost between 20% and 50% less than other traditional heating sources. The growth of the market in Italy has been sustained thus far by growing penetration of pellet stoves, linked in part to the conversion of wood fireplace/stove users seeking better standards of service/convenience, and the supplementing of residential systems with one or more units easier, faster and more economic to use, limited to the areas of the home most inhabited. Those living in independent dwellings, in fact, find it increasingly economical to heat the areas where they spend the most time with pellet stoves, minimizing use of the central system, normally fed by traditional fuel. In the future, the growth in demand will be driven primarily by the development of pellet boilers for heating and water production in residential buildings, in retail outlets, and in the public administration.

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