Capital Markets Day

Strategic Plan 2018-20

Alberto De Paoli - CFO

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2018-20 strategic plan

Key financials

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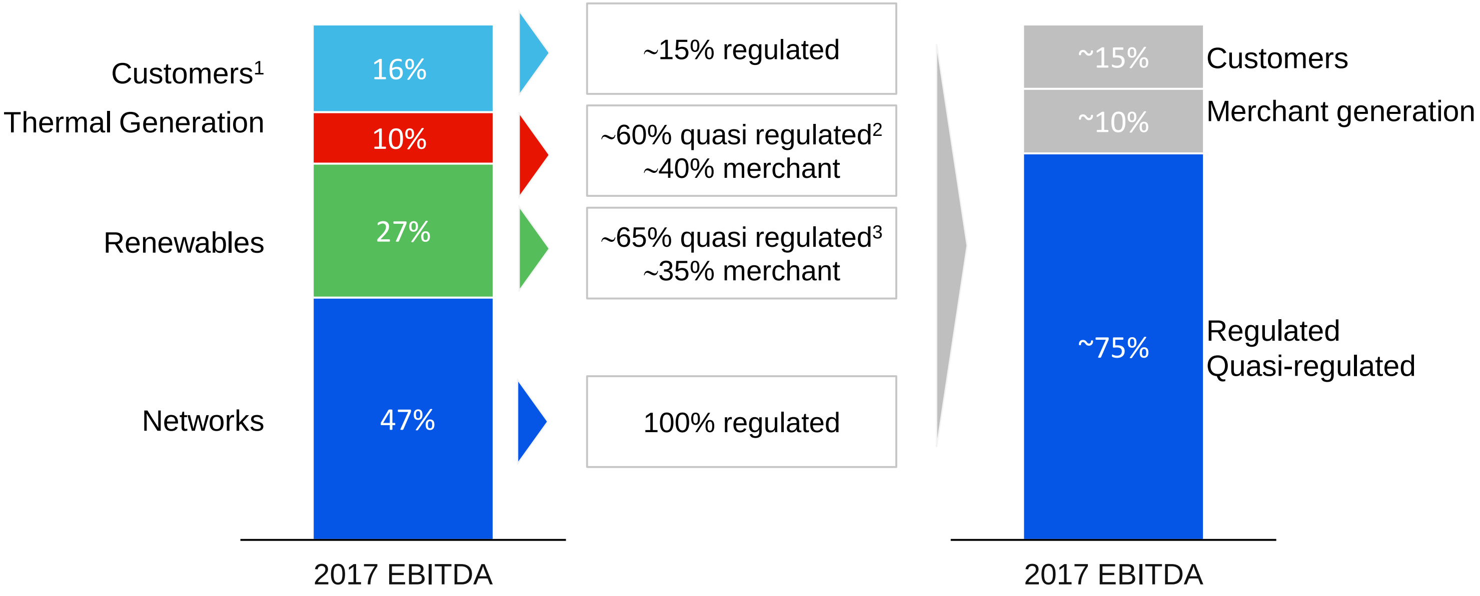
Enel today: diversified and resilient operator



Low volatility in earnings

1. Includes Retail and e-Solutions
2. Regulated, i.e. Iberian Island, essential plants, contracted under long term PPAs
3. Contracted under long term PPAs and incentivized

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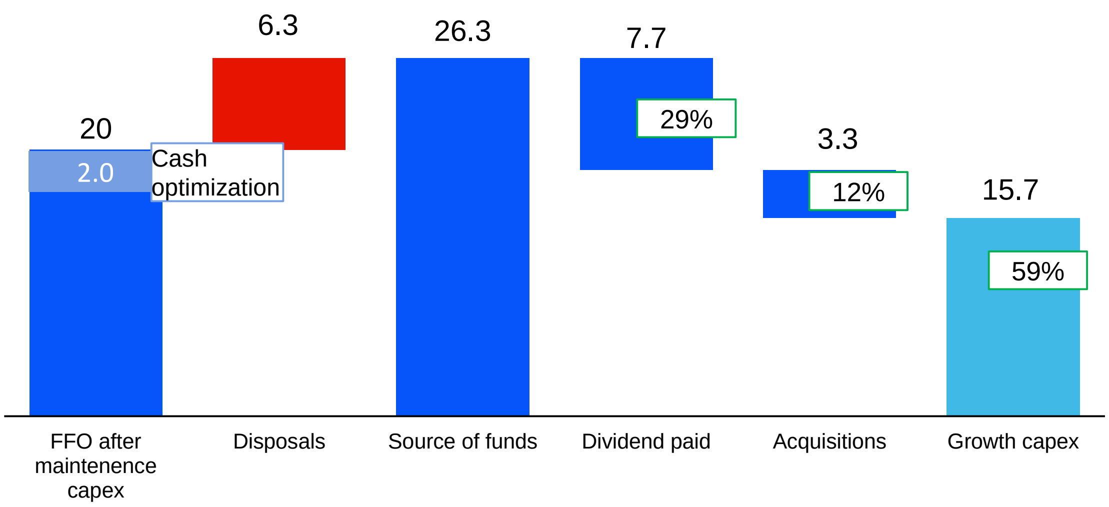
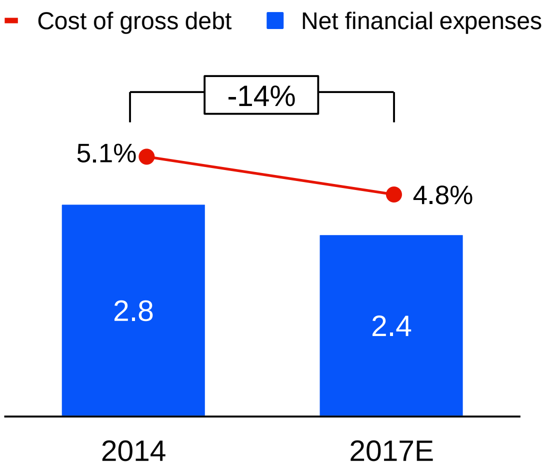
Delivery: financial targets

Funds allocation for growth and shareholders' remuneration 2015-17 (€bn)



Net financial expenses on debt (€bn)



	2014	2017E
Net debt	37.4	37.8
Net debt/EBITDA	2.4x	2.4x

26 €bn of funds to fuel growth and remunerate shareholders

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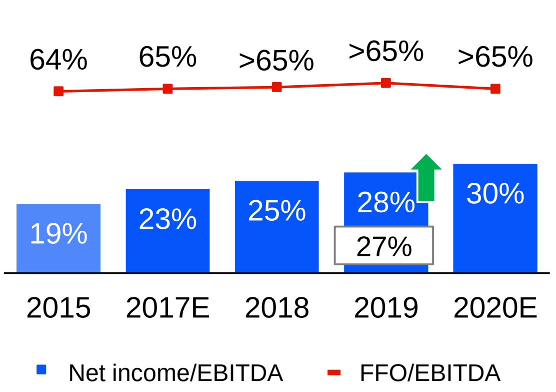
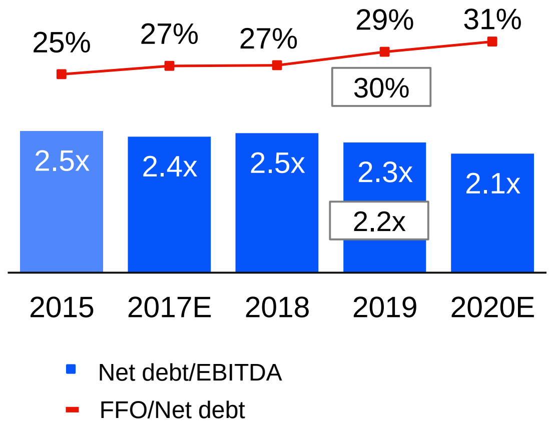
Enel transformation and 2020 targets

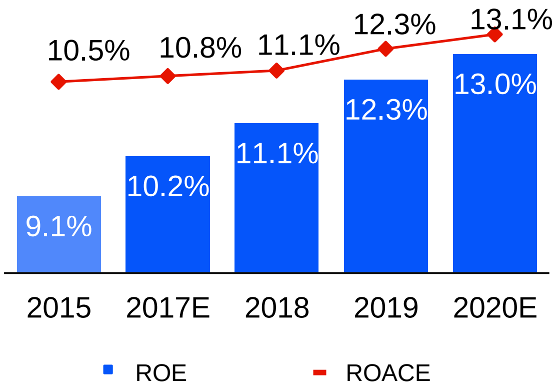
Profitability & cash generation



Leverage



Returns



Continuous improvement in cash generation, profitability and returns

- 2019 target old plan

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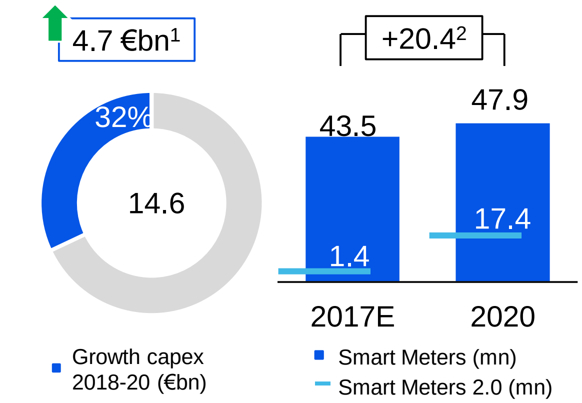
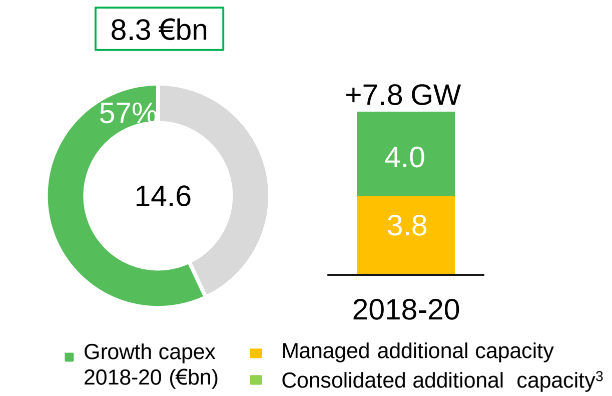
Integrated model fit for digitalized, low carbon world

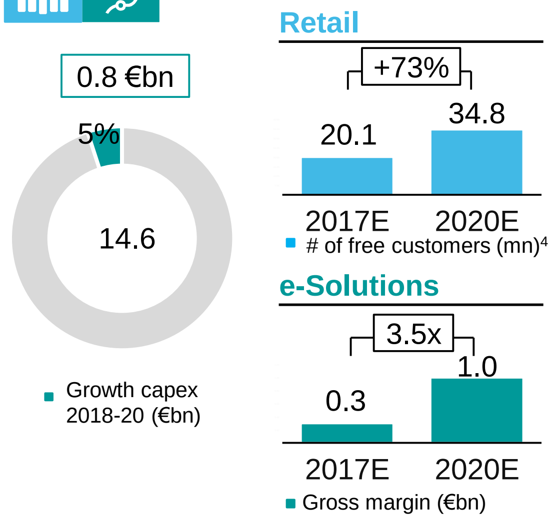
Networks



Renewables



Customers



Investing to strengthen our positioning in the energy transition

1. Excludes connections for 3.3 €bn
2. Meters installed plus meters replaced with smart meters 2.0 in Italy
3. Including 0.3GW of projects to be consolidated in 2019 not included in the growth capex

4. Power and gas customers

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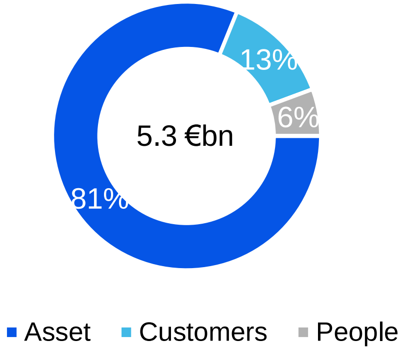
Digitalization

2018-20 cumulative digitalization capex



	Plan 2017-19	Plan 2018-20
Asset	3.9 €bn	4.3 €bn
Customer	0.7 €bn	0.7 €bn
People	0.1 €bn	0.3 €bn
	4.7 €bn	5.3 €bn

2018-20 cumulative benefits[1]

	Gross Margin	Opex	EBITDA
Asset	1.0 €bn	(0.3) €bn	1.3 €bn
Customer	0.2 €bn	(0.2) €bn	0.4 €bn
People	0.0 €bn	(0.2) €bn	0.2 €bn
	1.2 €bn	(0.7) €bn	1.9 €bn
Old plan	1.1 €bn	(0.5) €bn	1.6 €bn

Focus on assets, customers and people development

1. In real terms.

-	Old plan

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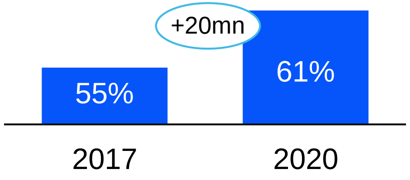
Digitalization

Networks

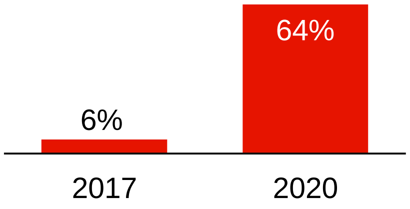
Networks automation
Smart meters



Quality programs & Losses reduction	-26% SAIDI[1] -5% losses
Disruptive efficiency	>200 €mn savings

Thermal generation[2]

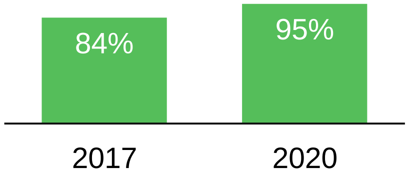
% capacity with IoT



O&M cost reduction	-4%

Renewables[2]

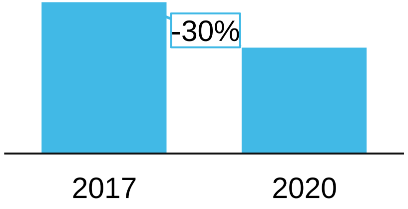
% capacity with IoT



O&M cost reduction	-4%

Retail

Cost to serve reduction



Churn[3]	-2 p.p.
Digital activations[3]	+700K

Maintenance capex: 300 €mn savings vs old plan

Cloud migration: 85% of data center already migrated into cloud, 20% opex reduction at regime

Driving efficiency and best in class service

1. Duration of the interruptions
2. KPIs are calculated only on power plants included in digital projects.
3. It refers to Italy

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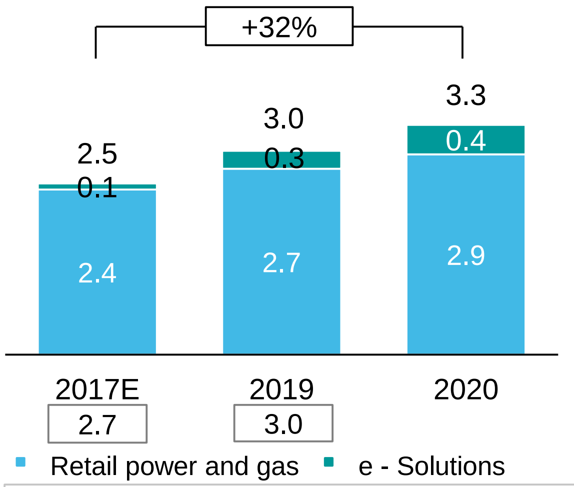
Customer focus: global retail and e-Solutions

EBITDA (€bn)



Key drivers	Key figures
Growth of retail customer base worldwide	+13.9 mn power customers +0.8 mn gas customers
Higher focus on corporate customers in Latam	33% increase in power volumes 15% increase in gas volumes
Digitalization in customer relationship	Cost to serve -30%
e-Solutions global business line start up	e-Solutions: >50% EBITDA CAGR

Confirming trend and enhancing 2020 targets

- Old plan

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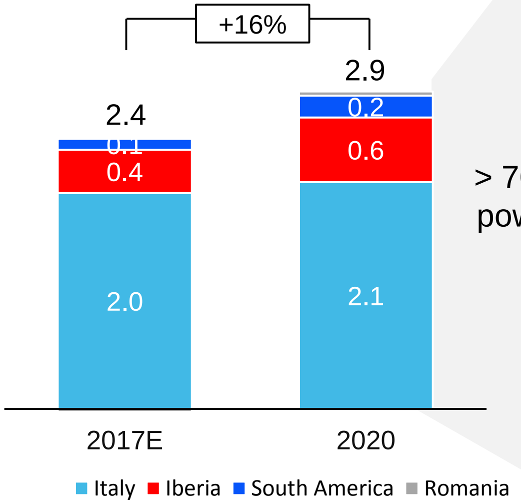
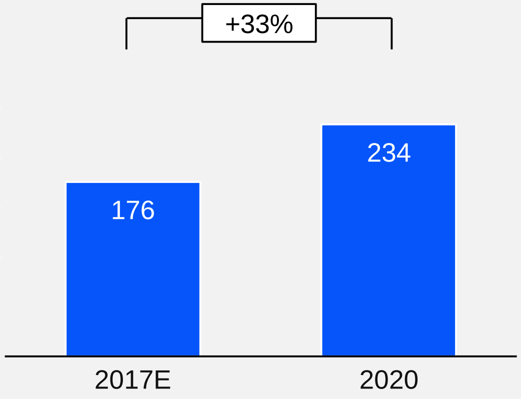
Customer focus: global retail

EBITDA retail power and gas (€bn)[1]



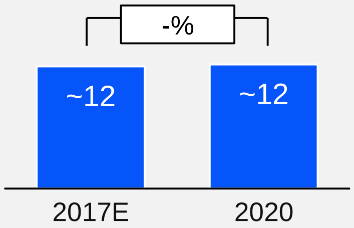
> 70% power

Power sold in free market (TWh)

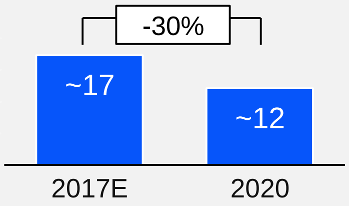


Power customers free market(mn)[2]	14.6	28.5

Power unitary margin in free market (€/MWh)



Cost-to-serve (€/customer)[3]



Growing volumes and efficiency driving EBITDA increase

1. Including regulated EBITDA. Romania equal to -0.05 in 2017 and +0.04 in 2020
2. Power and gas
3. Italy, Iberia and Romania

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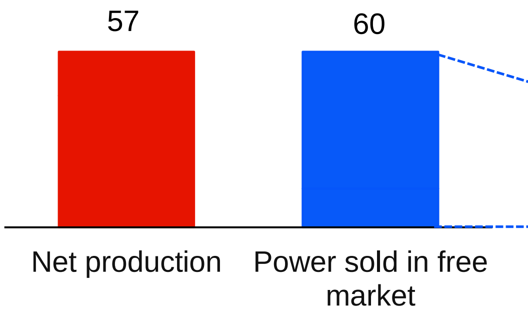
Customer focus: Italian retail

Enel supply and demand balance 2017

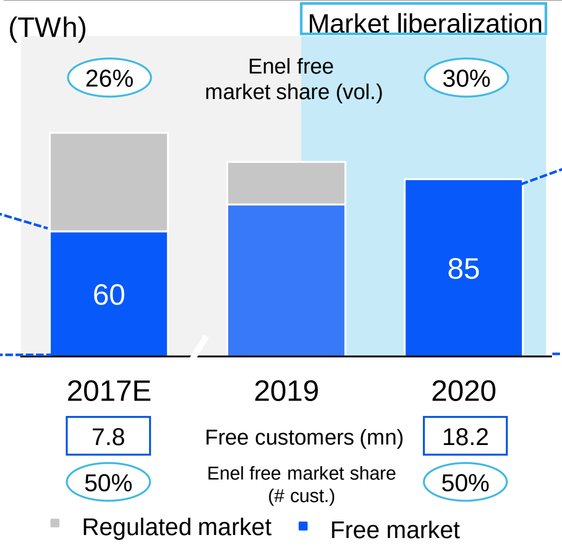
(TWh)



Long customers position already achieved in 2017

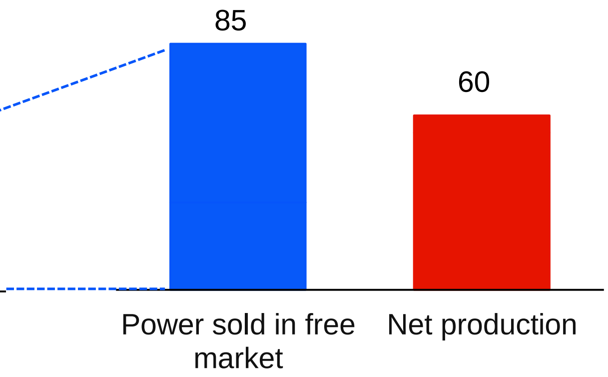
Enel power sold

(TWh)



Enel supply and demand balance 2020

(TWh)



Further improvement by 2020

Value migration towards final customers

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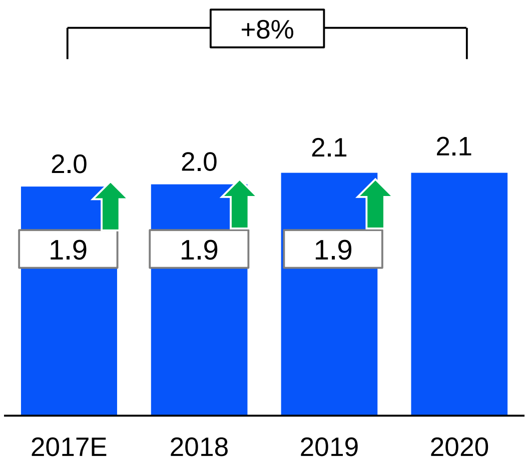
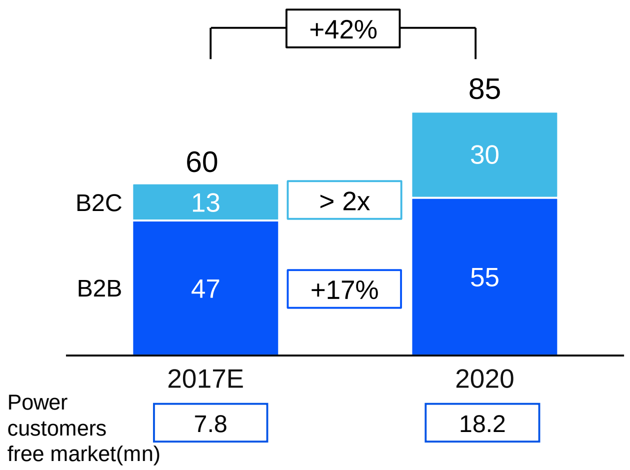
Customer focus: Italian retail

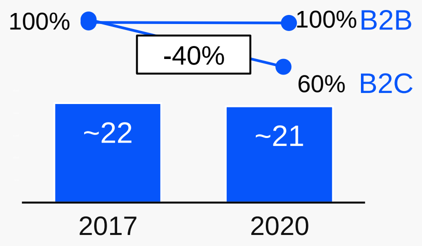
EBITDA (€bn)[1]



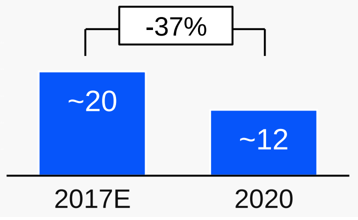
Power sold in free market (TWh)



Power unitary margin in free market (€/MWh)



Cost-to-serve (€/customer)



Evolution in strategy resiliency in margins

1. Including regulated EBITDA

| - | Old plan |

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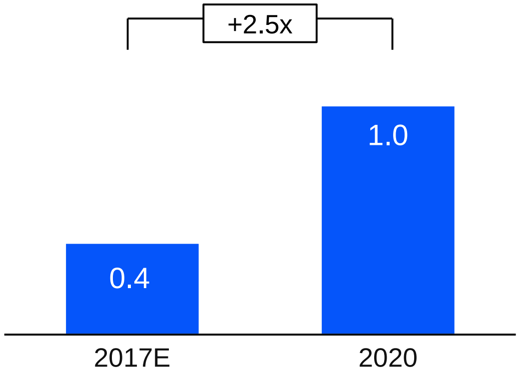
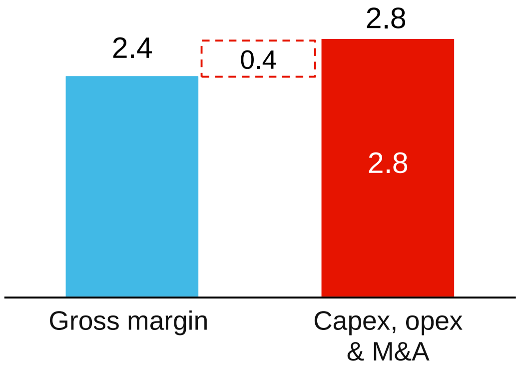
Customer focus: e-Solutions

Gross margin (€bn)



Cumulated 2018-20 (€bn)



Key highlights

- 0.4 €bn EBITDA in 2020
- >10 GW demand response
- +300 k private, +9 k public charging stations
- 4.5 mn customers in e-Home business

Positioning for the energy transition

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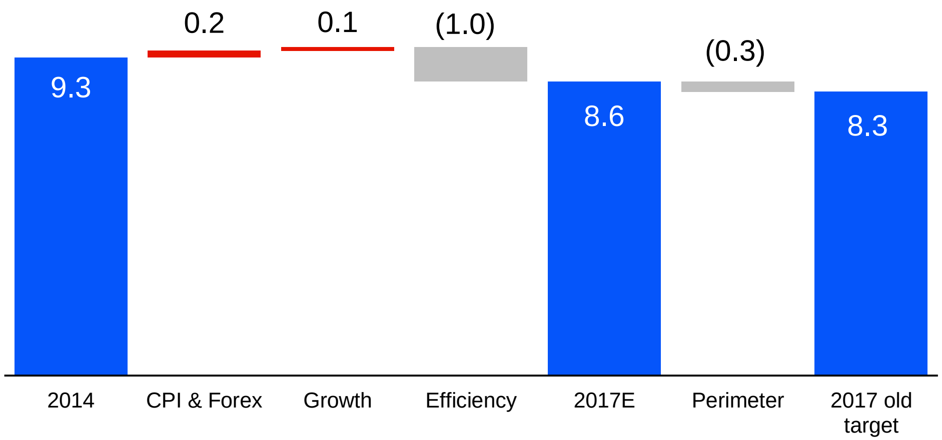
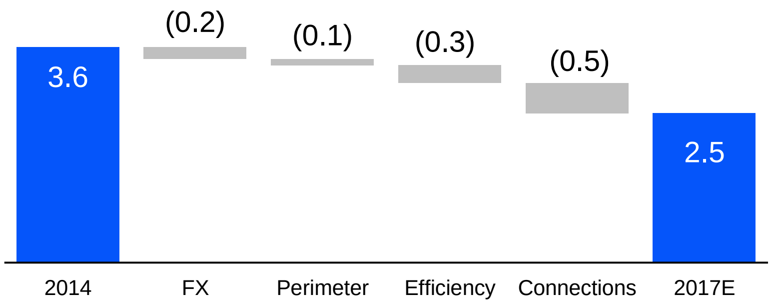
Operational efficiency: delivery 2014-17

Opex (€bn)



Maintenance capex (€bn)



Completed efficiency plan launched in 2014

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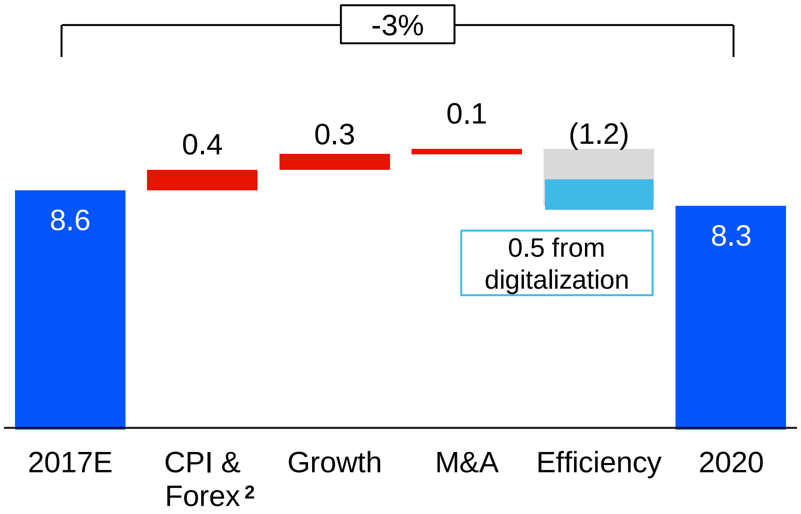
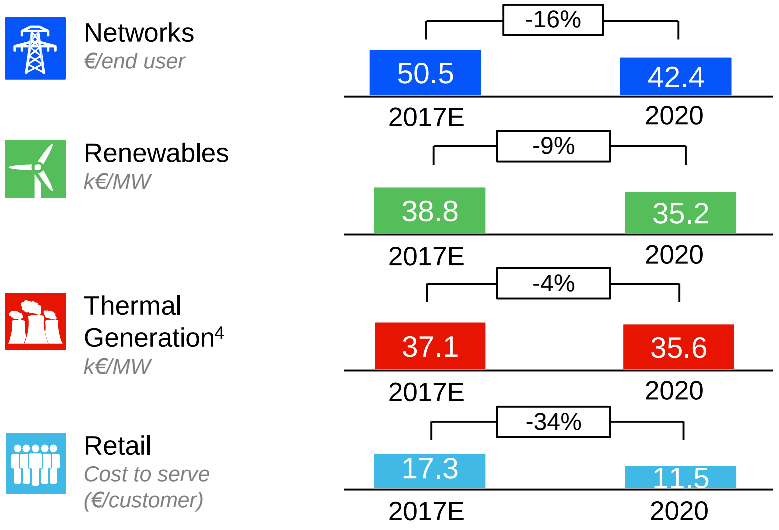
Operational efficiency: focus on opex

Opex evolution (€bn)[1]



Opex by business[3]



Digitalization will accelerate further opex reduction

1. Total fixed costs in nominal terms (net of capitalizations). Impact from acquisitions is not included.
2. Of which CPI +0.7 €bn and forex -0.1 €bn.
3. In real terms. Adjusted for delta perimeter
4. Excludes nuclear in Iberia

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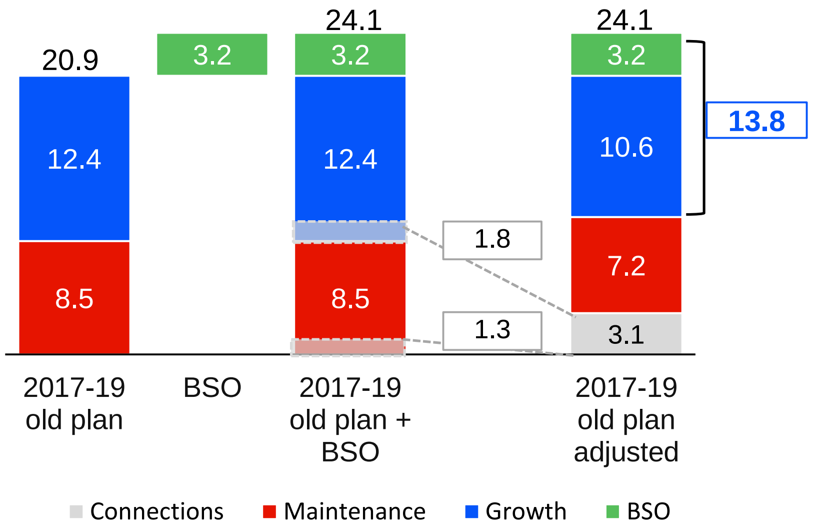
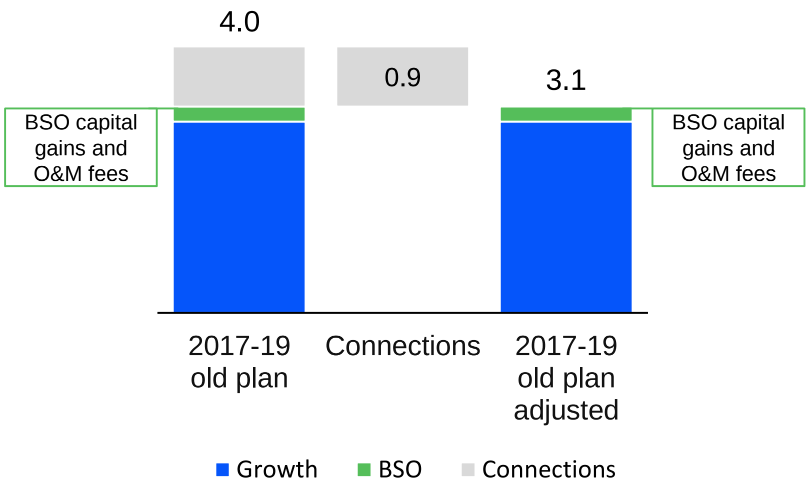
Industrial growth: capex and growth EBITDA reconciliation

2017-19 total capex (€bn)



2017-19 cumulated growth EBITDA (€bn)



Main differences are for connections and BSO capex

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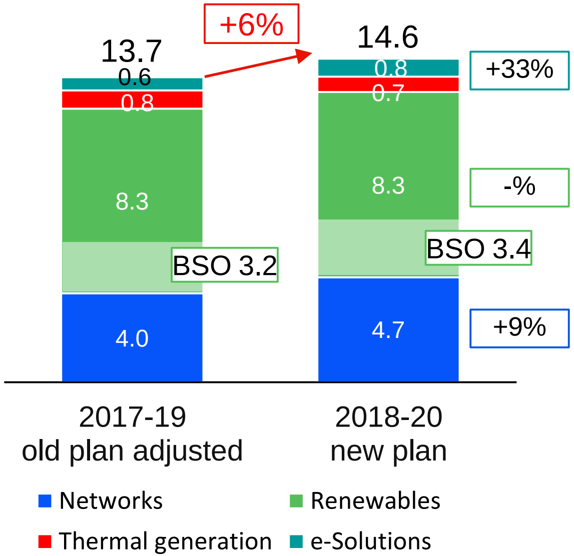
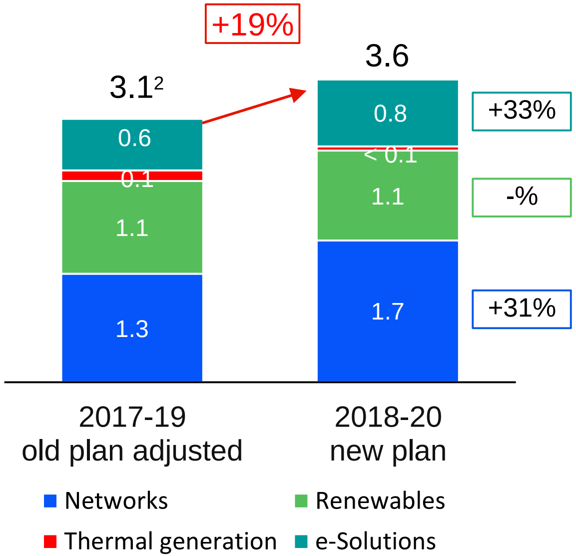
Industrial growth: focus on growth capex and growth EBITDA

Growth capex by business line[1] (€bn)



2018-20 cumulated growth EBITDA[1] (€bn)



Growth capex increase and re-allocation driving higher returns vs previous plan

1. Net of connections. Rounded figures
2. Old target 2017-19 equal to 4 €bn 2017-19 minus contribution from connections (300 €mn per year).

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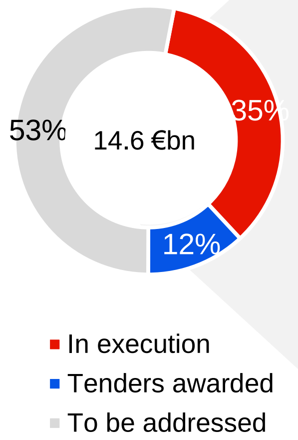
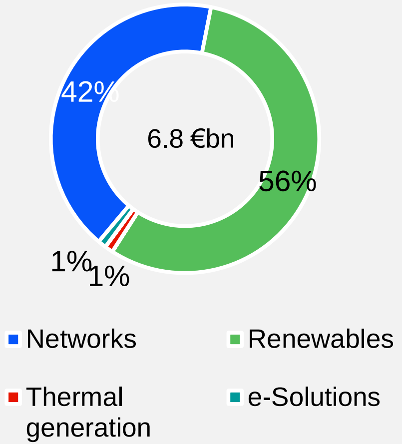
Industrial growth: focus on growth EBITDA

2018-20 growth capex



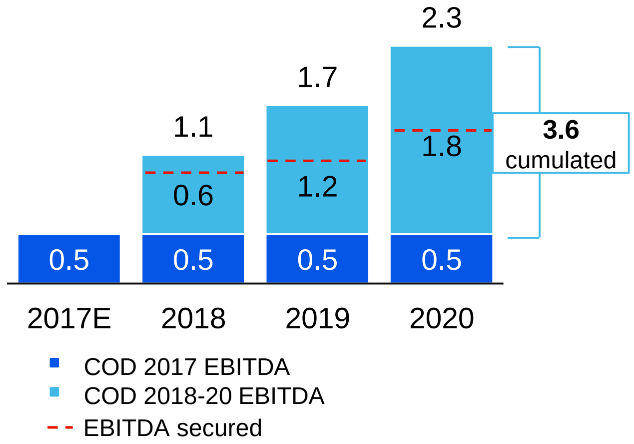
Capex addressed by business



By year[1]

2018	70%
2019	45%
2020	27%

Growth EBITDA by year[2] (€bn)



Increased contribution from networks and e-solutions

1. Portion of committed capex on total yearly amount
2. Net of connections equal to an average of 300 €mn

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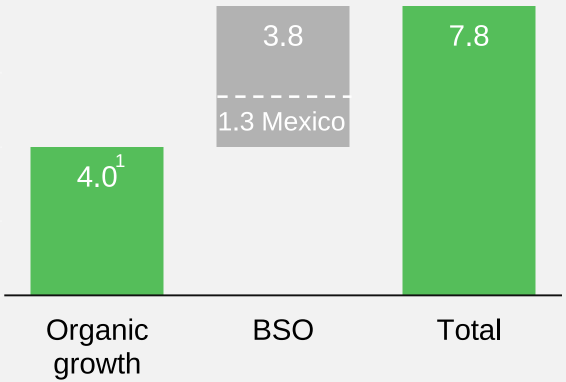
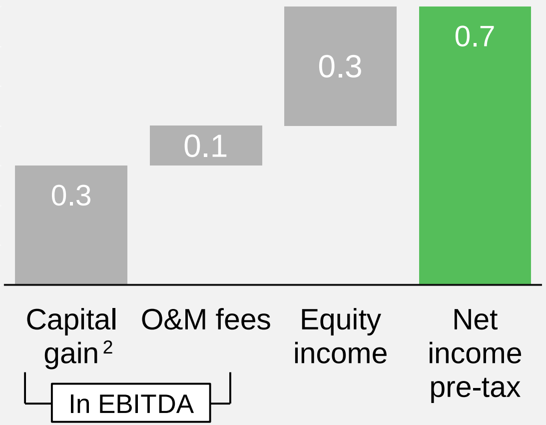
Industrial growth: renewables, Build Sell & Operate model (BSO)

Capacity additions 2018-20 (GW)



8.3 €bn growth capex

BSO model benefits (cumulative 2018-20)



Rationale

- Capital gain >100 k€/MW from 80 K€/MW in previous plan
- EBITDA cumulative impact ~0.4 €bn
- Spread over WACC 150 bps for consolidated and 200 bps for BSO
- Option to reconsolidate assets

Strong lever to accelerate value creation

1. Including 0.3 GW of projects to be consolidated in 2019 not included in the growth capex
2. Not including capital gain for 1.3 GW already sold in Mexico in 2017

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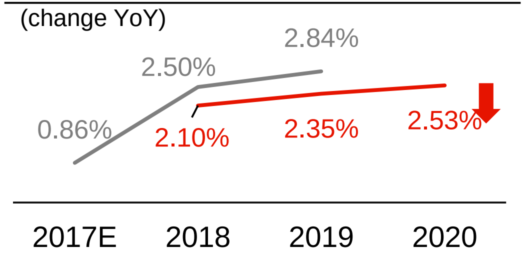
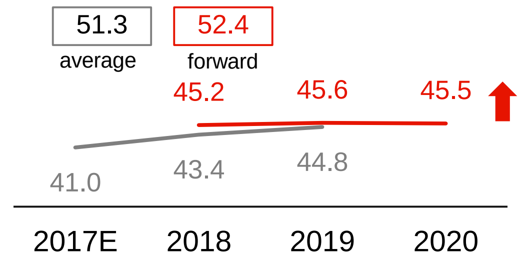
Macro scenario: revised assumptions for commodities and prices

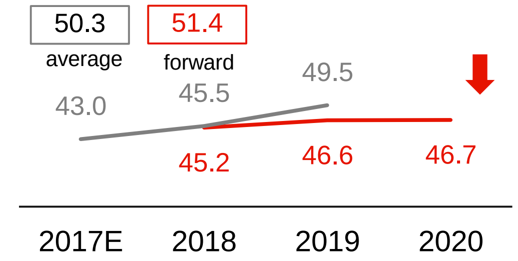
Electricity demand South America



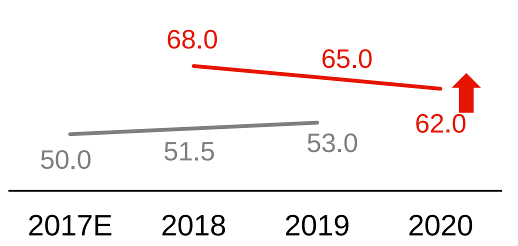
Italy power price (€/MWh)



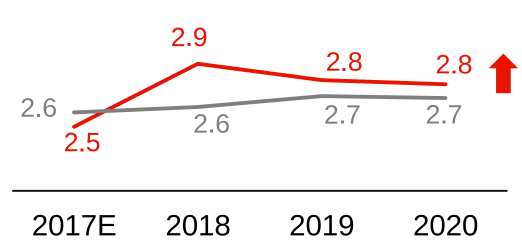
Spain power price (€/MWh)



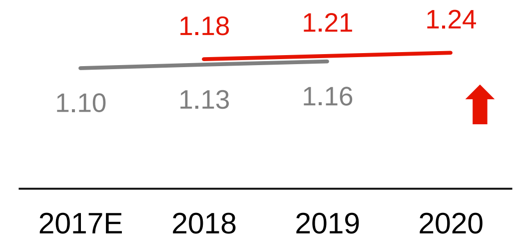
Coal price - API2 (USD/ton)



CPI all countries (% YoY)[1]



FX EUR/USD



More conservative macro scenario assumptions

1. It includes: Italy, Spain, Russia, Romania, United States, Mexico, Argentina, Brazil, Chile, Colombia, Peru

Old plan New plan

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What has changed

Macro assumptions (€bn)

Yearly impact on average EBITDA	
-0.1	Demand
-0.1	Price curve and commodities
-0.1	FX
-0.1	Lower hydro availability
-0.1	Inflation

Total on EBITDA: **-0.5 €bn**

Managerial actions (€bn)

Yearly impact on average EBITDA	
+0.1	Higher efficiency and margins driven by higher digitalization capex
+0.15	Higher growth capex in networks
+0.1	Higher retail in Italy and Iberia
+0.3	Regulatory reviews in South America
-0.15	e-Solution start-up

Total on EBITDA: **+0.5 €bn**

Minorities buyout

HIGHER EARNINGS ACCRETION

LOWER COST OF DEBT

The plan delivers higher CAGR in EBITDA and net income trajectory

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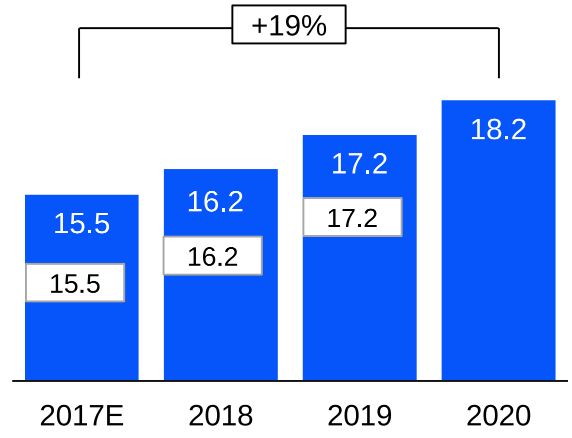
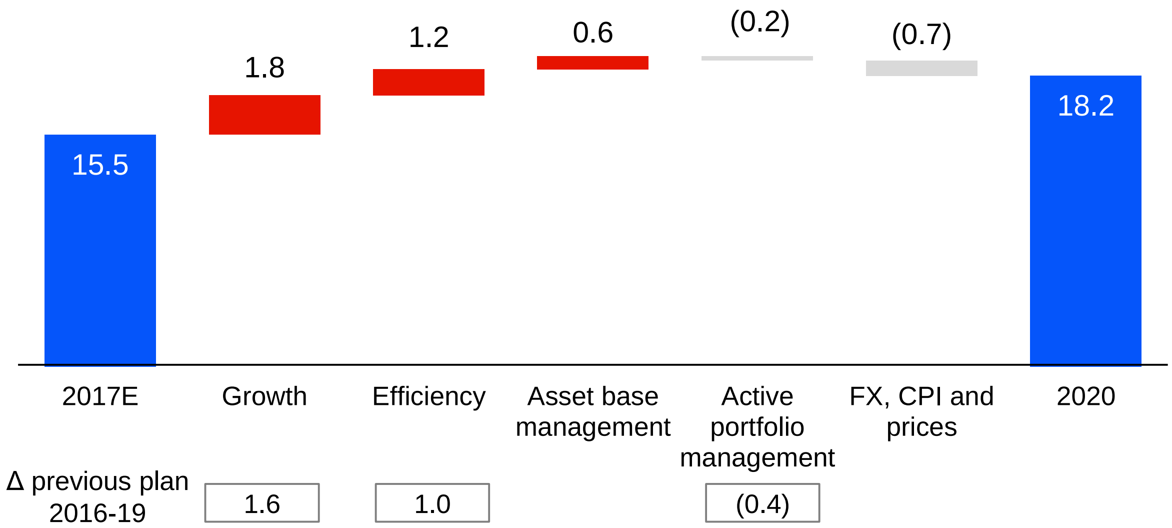
EBITDA evolution

Ordinary EBITDA (€bn)



2017-20 ordinary EBITDA evolution (€bn)



Growth and efficiency driving performance

- Old plan

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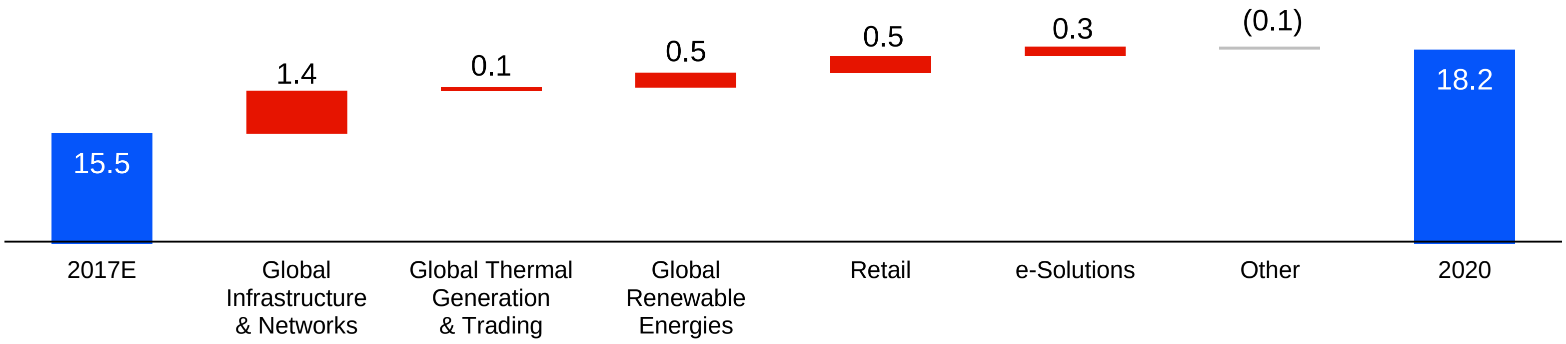
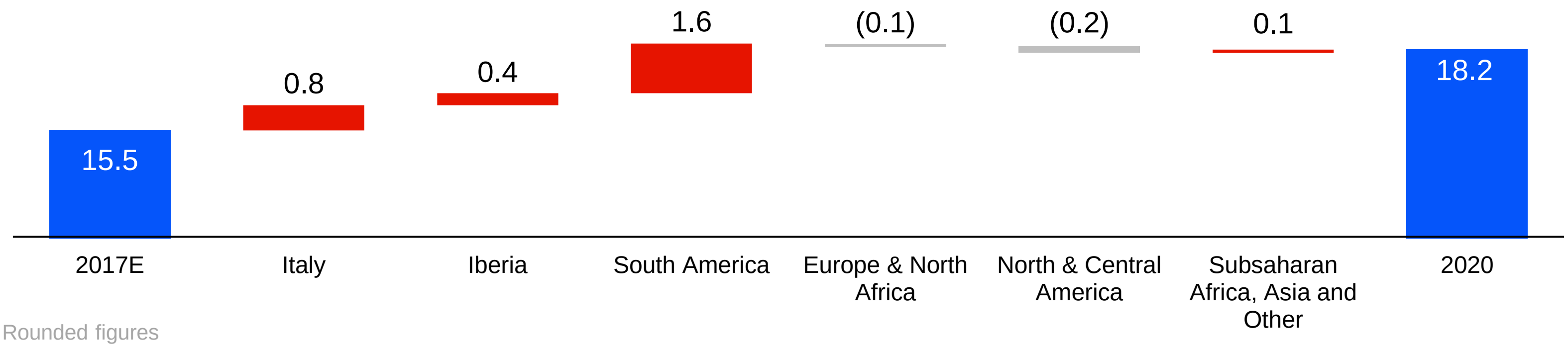
EBITDA evolution[1]

2017-20 EBITDA evolution by business line and country (€bn)





1. Rounded figures

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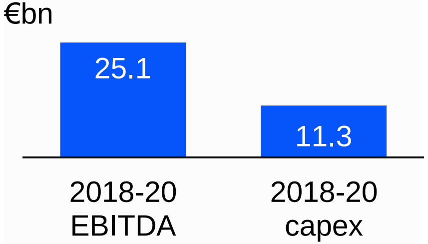
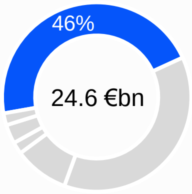
Summary by business line

Networks

EBITDA CAGR[1] +6%



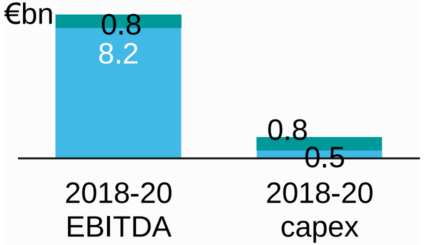
Capex plan



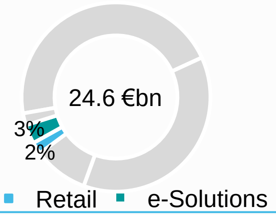
~400 bps spread over WACC

Customers

EBITDA CAGR[1] +10%



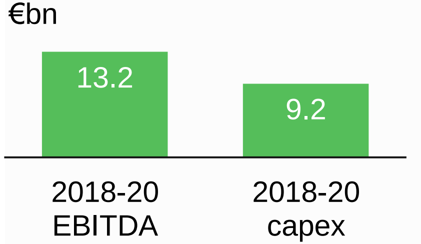
Capex plan



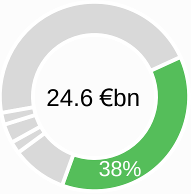
~100-150 bps spread over WACC

Renewables

EBITDA CAGR[1] +5%



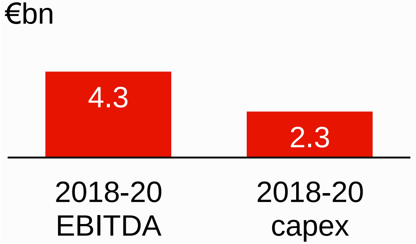
Capex plan



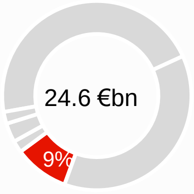
150-200 bps spread over WACC

Thermal generation[2]

EBITDA CAGR[1] +2%



Capex plan



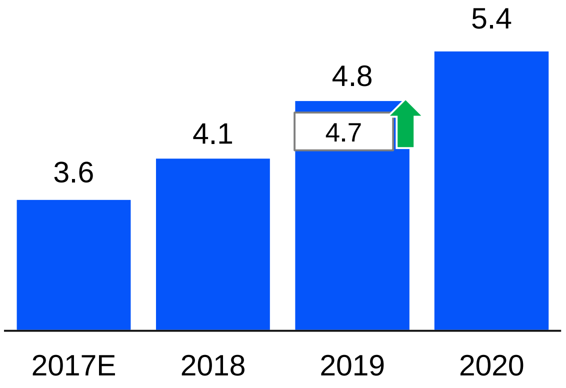
~250-300 bps spread over WACC

1. 2017-20 CAGR
2. Including Global Trading and nuclear in Iberia

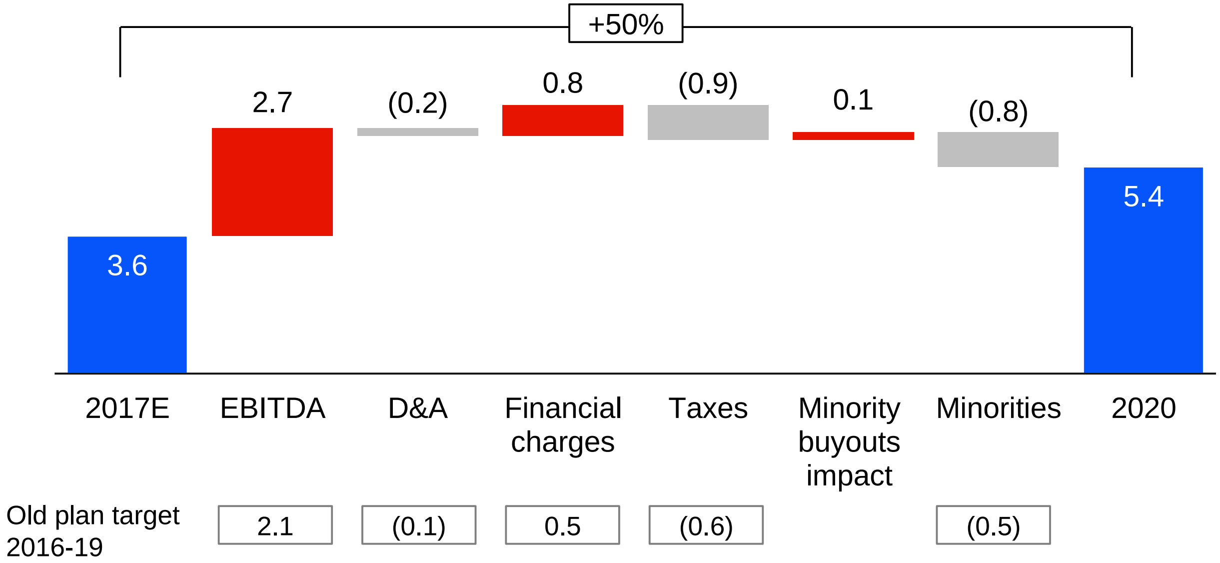
Capital Markets Day

Key financials: Group net income evolution

Group net ordinary income (€bn)



2017-20 group net ordinary income evolution (€bn)



Accelerating net income accretion

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Financial strategy

2017 actions completed (€bn)

7	Yankee bonds issuance
1.25	Green bond issuance
0.5	EIB financing for Open Meter
1.5	Liability management
4.3	Repayment of bond maturities

Total savings in interest expenses of ~125 €mn

Financial strategy for 2018-20 (€bn)

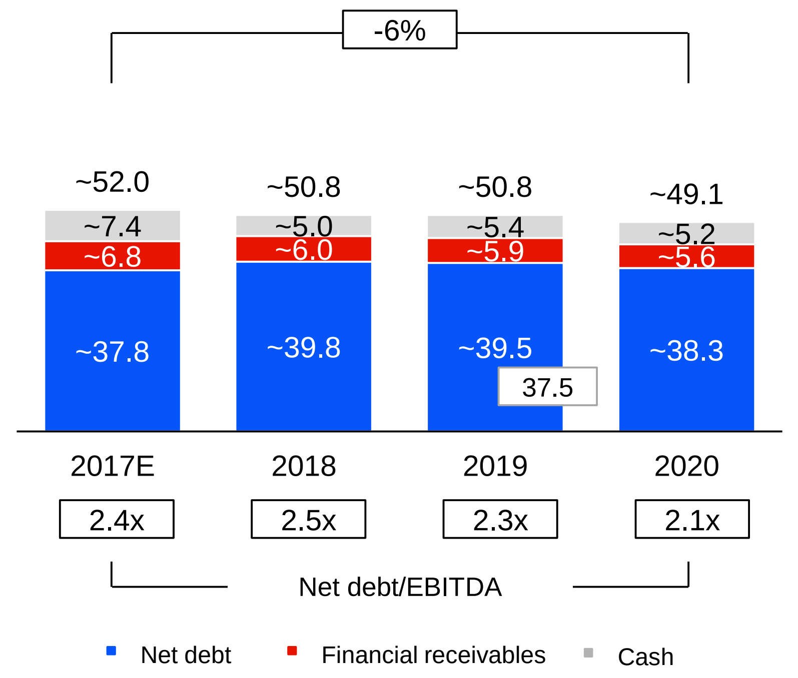
5.7	Bond refinancing including green bonds program
2.7	Hybrid refinancing
9.4	Renegotiation of credit line
0.5	Further EIB financing for Open Meter
	Capital structure optimization in higher growth countries
	Further liability management actions

Additional reduction of financial expenses on debt of ~300 €mn by 2020

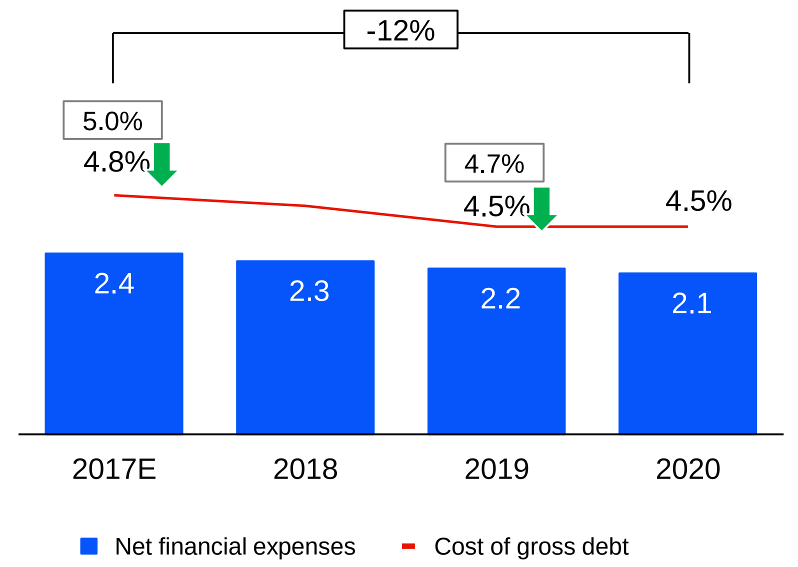
Capital Markets Day

Financial plan and strategy

Gross and net debt (€bn)



Net financial expenses on debt (€bn)



- Old plan

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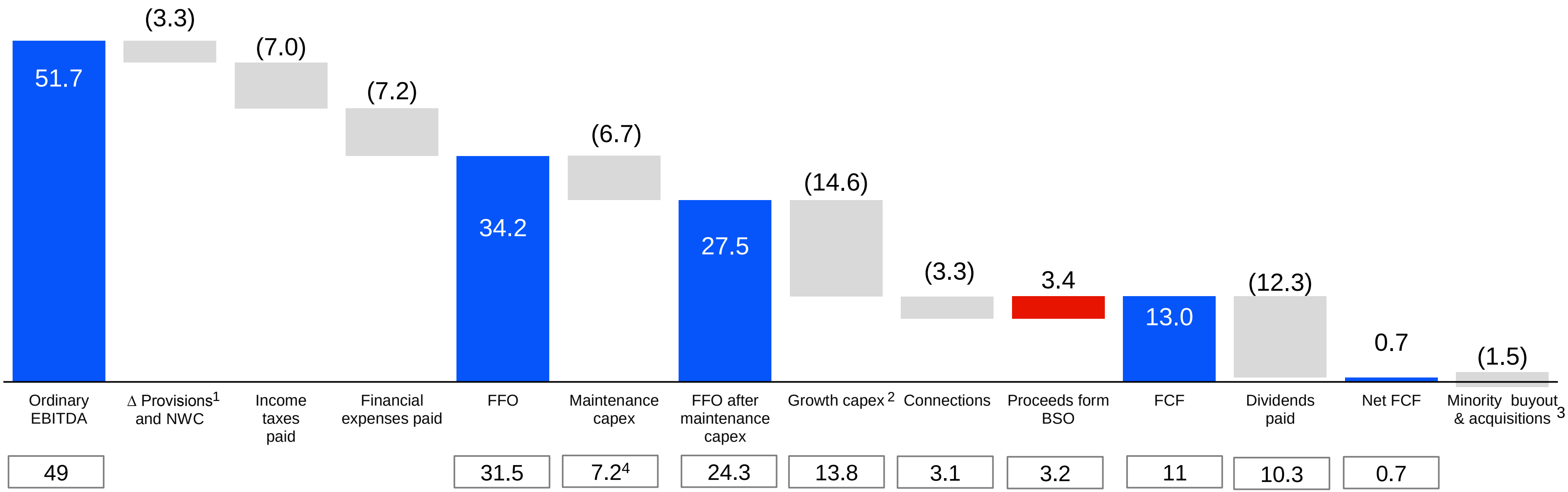
2018-20 cumulated cash flow (€bn)



Stronger organic cash flow generation versus the previous plan

1. Accruals, releases, utilizations of provisions in EBITDA (i.e. personnel related and risks and charges). Inclusive of bad debt provision accruals
2. Including 3.4 €bn BSO capex
3. Including +3.2 €bn disposals and -4.7 €bn minority buyouts and acquisitions

4. Net of connections

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Group targets

	2017E	2018	2019	2020	*CAGR (%) 2017-20*
Ordinary EBITDA (€bn)	~15.5	~16.2	~17.2	~18.2	~+6%
Net ordinary income (€bn)	~3.6	~4.1	~4.8	~5.4	~+15%
Minimum dividend per share (€)	0.21	0.28	-	-	-
Pay-out ratio	65%	70%	70%	70%	+5 p.p.
Implicit DPS (€)	0.23	0.28	0.33	0.37	~+17%
FFO/Net Debt	27%	27%	29%	31%	~+4 p.p.

- Improved vs. old plan