PRESS RELEASE

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ENEL 2020–2022 STRATEGIC PLAN: MAXIMISING VALUE THROUGH SUSTAINABILITY

Enel's integrated business model and the full incorporation of sustainability into its strategy has allowed the Group to become the world's leading private operator of renewables and networks, boasting the largest retail customer base. The strategic choice, made in 2015, to switch to a sustainable, integrated business model positioned the Group as an early leader of the energy transition, now allowing Enel to benefit from the opportunities offered by the expanding value pool associated with the acceleration of this transition. As a result, the Group is well positioned to increase value creation for shareholders over the plan period, with ample upside potential beyond 2022.

- ***Decarbonisation** of the global generation fleet will account for 50% of total planned investments, with 14.4 billion euros devoted to the accelerated deployment of new renewable capacity and the progressive substitution of coal generation. By 2022, the Group is expected to develop 14.1 GW of new renewable capacity (+22% vs. previous plan) and reduce coal capacity and production by 61% and 74%, respectively, vs. 2018. The share of renewables on total capacity is due to reach 60% in three years, driving upwards the generation fleet's profitability as well as increasing* CO_2*–free production to 68% in 2022. Enel's investments in decarbonisation are expected to contribute 1.4 billion euros to Group's EBITDA growth*

- *Around 1.2 billion euros of capex will address the **Electrification** of consumption, leveraging on Enel's expanded and diversified retail customer base, as well as on efficiencies associated with the platformisation of Group activities. Investments are expected to yield 0.4 billion euros in EBITDA growth and position Enel for the future uptake of electrification-driven consumption*

- *A total of around 13 billion euros will be invested in the drivers of the energy transition, based on the two main trends of decarbonisation and electrification, and which offer several value creation opportunities:*

  - ***Enabling Infrastructures:** 11.8 billion euros will be invested in the continued digitalisation and automation of grids, fostering resiliency and quality of service, ultimately aimed at contributing 0.7 billion euros to the growth of Group EBITDA*

  - ***Ecosystems and Platforms:** 1.1 billion euros will be dedicated to Enel X for the ongoing deployment of services and infrastructure to support decarbonisation and electrification, leveraging on its platform-based model and aimed at contributing 0.4 billion euros to the growth of Group EBITDA*

Enel SpA – Registered Office: 00198 Rome – Italy - Viale Regina Margherita 137 – Companies Register of Rome and Tax I.D. 00811720580 - R.E.A. 756032 – VAT Code 00934061003 – Stock Capital Euro 10,166,679,946 fully paid-in.

- ***Total organic capex: 28.7 billion euros****, up 11% vs. previous plan, leading to an expected* ***EBITDA of 20.1 billion euros in 2022*** *(+13% vs. 17.8 billion euros expected in 2019). Capex allocation directly targets three main SDGs, which account for around 95% of the Group's overall investments: SDG 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), all contributing to the achievement of SDG 13 (Climate Action). Enel contributes to all other SDGs by promoting a sustainable business model and employing sustainable behaviours*

- ***Net ordinary income planned at 6.1 billion euros*** *in 2022 (+27% vs. 4.8 billion euros expected in 2019), with the 2021 target up by around 200 million euros vs. previous plan*

- *The share of* ***sustainable finance sources****, such as SDG-linked bonds, on Enel's gross debt is expected to increase to approx. 43% in 2022 and to around 77% in 2030 from approx. 22% currently, supporting a sharp reduction in cost of debt*

- ***Shareholder remuneration****: Enel will continue to pay, over the whole plan period, the highest amount between 70% of Group net ordinary income and a minimum guaranteed Dividend Per Share (DPS), with a compounded annual growth rate of 8.4% for the implicit DPS and 7.7% for the minimum DPS. Minimum DPS* ***up by 1 eurocent/share in 2020 and 2021 vs. the previous plan****, with a new target of 0.40 euros/share in 2022*

Financial Targets					
Earnings growth	***2019***	***2020***	***2021***	***2022***	***2019-22 CAGR***
Ordinary EBITDA (€bn)	*17.8*	*18.6*	*19.4*	*20.1*	*+4.1%*
Net ordinary income (€bn)	*4.8*	*5.4*	*5.8*	*6.1*	*+8.3%*
Value creation					
Pay-out ratio	70%	70%	70%	70%	-
Implicit DPS (€/share)	0.33	0.37	0.40	0.42	*+8.4%*
Minimum dividend per share (€)	0.32	0.35	0.37	0.40	*+7.7%*

Francesco Starace, CEO and General Manager of Enel said: "*The plan that we are presenting today underscores the success of the sustainable and integrated business model that we have deployed since 2015, targeting the opportunities in the power sector connected with the global decarbonisation and electrification trends. Thanks to this approach, Enel is now a more sustainable, efficient and profitable organisation, with a substantially lower risk profile and a greater capability to rapidly adapt to change.*

Enel's 2020-2022 Plan is also based on the inherent sustainable business model that we have built, while working along the two global trends that are shaping the energy sector: decarbonisation and electrification. The digital transformation of our large network business and the platformisation of all our customer-related activities are key enablers of this plan, boosting efficiencies and introducing additional services.

Our new plan envisages higher overall investments compared to our previous plan and directly addresses the pursuit of UN Sustainable Development Goals (SDGs).

2019 has marked a turning point for the dynamics of transformation within the world's energy systems and we expect an acceleration of the trends of decarbonisation and electrification in the years to come.

Enel will accelerate the decarbonisation of its generation mix through significant investments in renewable growth while progressively reducing thermal generation. On the path towards full decarbonisation by 2050, our substantial renewable pipeline provides visibility well beyond the plan period.

We are future-proofing our networks and customer processes through investments in grid digitalisation as well as the progressive transformation of Enel into a platform-based group. With this approach, we are ensuring uniformity of our customer management processes as well as those relating to resource allocation, asset operation and maintenance. These actions are key to embracing the electrification of consumption, boosting the action against climate change as well as ensuring the supply of affordable, clean energy.

Sustainability in Enel's vision is also becoming a key enabling factor in our financial strategy. Enel, during the plan period and beyond, will increasingly leverage on Sustainable Finance instruments such as SDG-linked bonds, whose cost advantages over traditional tools will further support the improvement of our already strong credit metrics.

The robustness of this Strategic Plan and the associated significant earnings visibility, allow us to confirm the Group's net ordinary income target for 2020 and to increase the 2021 target on the previous plan, as well as set new upwards EBITDA and net ordinary income targets for 2022. Likewise, we can confirm our three-year minimum DPS policy, revising upwards our minimum DPS targets for both 2020 and 2021 on last year's plan and setting a rising new minimum DPS at 40 eurocents in 2022."

Milan, November 26th, 2019 - The Enel Group (hereinafter the "Group") is presenting its 2020-2022 Strategic Plan today to the financial markets and media.

LEADING THE ENERGY TRANSITION

Enel's sustainable and fully integrated business model has placed the Group at the top of the global power sector, allowing it to generate value leveraging on the energy transition. As of today, the Group is:

- the world's largest private electricity distributor with approximately 73 million end users;
- the world's leading private renewable player with around 46 GW of managed capacity globally, as well as;
- the private operator with the largest retail customer base worldwide, with about 71 million customers in power and gas markets.

In 2015, the Group decisively shifted its growth model from large-scale investments towards smaller, more numerous and more flexible, renewable projects, improving its earnings growth and visibility, as well as creating value from its sustainable strategy.

In renewables, Enel has increased its average built capacity to the current 3 GW per year from 1 GW in 2015. The share of production from renewable energy sources on total energy production, excluding nuclear, is set to reach around 50% in 2019 from around 36% in 2015.

Furthermore, the Group increased the amount of capex both in digitalising its asset base and for customers.

Since 2015, Enel has grown its grid customer base by 12 million, driven by bolt-on acquisitions such as Enel Distribuição São Paulo in Brazil and by urbanisation trends, particularly in emerging markets. Electricity sales to customers have increased by 20% over the same period, with a 40% growth of free market power customers. At the same time, Enel X has introduced innovative, value-added services related to electric mobility, demand response and storage, establishing a leading position in new services and infrastructure.

Given the importance of smart infrastructure in a fully-decarbonised energy world, since 2017 Enel has allocated around 4.5 billion euros in digitalisation, which returned cumulated benefits of about 1.5 billion euros. This effort mainly addressed networks, where Enel now has around 45 million smart meters deployed, of which about 30% are second-generation devices, leading to a 25% reduction in opex per customer. Through Enel X, the Group has started to create open platforms enabling its customers to actively participate in energy markets. The shift to Cloud of 100% of Enel's applications is a key step towards the adoption of a platform-based model, supporting cost savings while maximising the impact of innovation and leveraging on economies of scale.

All of the above actions have been positively reflected in the Group's performance. In fact, 2019 results are set to outperform all targets defined by Enel in 2015 for 2019. This year, the Group's ordinary EBITDA is due to close at 17.8 billion euros, with a 4.4% Compound Annual Growth Rate (CAGR), from 15 billion euros in 2015 and exceeding the 2019 target of 17 billion euros that was set in 2015.

The actions carried out between 2015 and 2019 have enabled the Group to increase its value creation spread, namely the difference between Return on Invested Capital (RoIC) and Weighted Average Cost of Capital (WACC), reaching 370 bps estimated in 2019 from 120 bps in 2015.

As a result, Enel has been able to double the Dividend Per Share (DPS) paid between 2015 and 2019, as well as to introduce a minimum dividend guaranteed since 2017.

Likewise, the share price has increased by around 90% between 2015 and 2019, outperforming both the Italian Stock Exchange and the Euro STOXX Utilities index, with its Total Shareholder Return over the same period exceeding 130%. This stock performance has been coupled with a constant increase of Socially Responsible Investors (SRIs), reaching 10.5% of Enel's share capital, which is testament to the market's appreciation of the Group's sustainable strategy.

THE NEW 2020-2022 STRATEGIC PLAN

In line with the unstoppable trends that are shaping the Utilities space throughout the energy transition, Enel has centred its strategy around the achievement of SDGs across all of its activities, with SDG 13 on Climate Action as the cornerstone of the strategy.

As a result, the Group engages in **Decarbonisation** of both production and consumption, while pursuing **Electrification** of end uses to tackle climate change as well as providing access to affordable and clean energy, in line with SDG 7. Key enablers of decarbonisation and electrification are **Infrastructures and**

Networks, in line with SDG 9 on Industry, Innovation and Infrastructure as well as **Ecosystems and Platforms**, in line with SDG 11 on Sustainable Cities and Communities.

Total organic capex for 2020-2022 amounts to **28.7 billion euros**, an 11% increase vs. the previous plan (25.9 billion euros). The increase will help Enel seize the significant opportunities associated with market dynamics as well as tackling climate change, hence fulfilling the Group's target to fully decarbonise its generation mix by 2050.

Around 95% of the Group's total capex plan for 2020-2022 addresses SDG 7, 9 and 11, all contributing to the achievement of SDG 13. More specifically:

- **Approximately 14 billion euros** will be devoted to SDG 7, supported by the decarbonisation process driven by the new Global Power Generation business line and accelerated by the Retail unit;
- **About 12 billion euros** will address SDG 9, and will be deployed to reinforce the resiliency as well as improve digitalisation, efficiency and quality of networks;
- **Around 1 billion euros** will be invested in SDG 11, mainly on new electrification-oriented services, such as demand response, storage and electric mobility.

Enel contributes to all other SDGs by promoting a sustainable business model and employing sustainable behaviours.

Through its overall investment plan, **Enel's EBITDA** is expected to reach **20.1 billion euros** in 2022, up 13% vs. 17.8 billion euros estimated for 2019.

The continued effort on financial management and the simplification of the Group's structure, coupled with operating performance, is expected to support a 27% growth in **Group net ordinary income**, which is due to reach **6.1 billion euros** in 2022 from an estimated 4.8 billion euros in 2019.

Net debt is expected to increase by 1.4 billion euros over the plan period, to around 47.3 billion euros in 2022 from an estimated 45.9 billion euros in 2019, mainly driven by the acceleration of investments. Meanwhile, due to a progressive increase in Group's performance, Enel expects to significantly improve its financial and credit metrics:

- Net Income/EBITDA ratio is expected to increase by 300 bps by 2022 reaching 30% at the end of the plan period thanks to capital allocation, financial management and minorities reduction;
- RoIC is due to reach 10.2% from 9.6%, bringing the Group value creation spread from 370 bps in 2019 to 440 bps in 2022;
- The total sources of funds are planned at around 42.1 billion euros cumulated over the plan period, driven by greater cash conversion of EBITDA; this will result in a Funds From Operations (FFO)/Net debt ratio of 29% in 2022, from around 25% expected in 2019;
- In addition, the Net debt/EBITDA ratio is expected to decline over the plan period, to 2.3 times in 2022 from 2.6 estimated in 2019.

Enel expects the cost of debt to be reduced to 3.8% in 2022 from 4.2% estimated in 2019, as a result of lower interest rates and the improvement of the Group's credit metrics, as well as the progressive substitution of traditional with sustainable finance instruments, with a proven positive effect on the cost of issuances.

Decarbonisation

Enel is planning to invest **14.4 billion euros** in decarbonisation, e.g. more than 50% of its total capex, in order to increase the Group's renewable capacity, while progressively replacing its conventional generation fleet and supporting Enel's target to fully decarbonise its technology mix by 2050.

Enel's investments in decarbonisation are expected to contribute 1.4 billion euros to Group EBITDA growth over the plan period.

More specifically, **12.5 billion euros** will be invested in renewables (around 1 billion euros more than in the previous plan), of which **11.5 billion euros** will address growth of capacity, which is set to increase by 14.1 GW by 2022, reaching around 60 GW of total managed capacity, mostly through organic growth.

The additional renewable capacity envisaged in the 2020-2022 Plan includes:

- 5.4 GW from the replacement of conventional generation with renewables in Italy, Spain and Chile, for a total investment of 5.6 billion euros;
- 5.1 GW driven by power purchase agreements (PPAs) with Commercial and Industrial (C&I) customers mainly in Brazil and the United States, for a total investment of 4.7 billion euros;
- 3.6 GW from developments in new or recently-entered markets, directly (1.1 GW through an investment of 1.2 billion euros) and through joint ventures (2.5 GW).

The 14.1 GW of additional capacity is around 60% secured, and the remaining 6 GW is more than three times covered by the roughly 20 GW of projects with expected commissioning between 2020 and 2022. A 90 GW total gross pipeline gives significant confidence that the Group will reach its targets and maintain visibility beyond the plan period.

The 2020-2022 Plan will run with a significant increase in the average capacity to be added, translating in a yearly average addition of 4.7 GW, compared to 3 GW in 2019.

The sharp acceleration of renewable capacity growth will support Enel's plan towards coal phase-out by 2030. By the end of the plan period, Enel is expected to reduce its global production from coal by around 75% compared to 2018. Likewise, the share of renewables on total capacity is due to reach 60% in three years, driving upwards the generation fleet's profitability, as well as increasing CO_2–free production to 68% in 2022.

In its path to full decarbonisation by 2050, Enel has drawn up a roadmap with medium-term targets certified by the Science Based Targets initiative (SBTi), foreseeing a 70% reduction of direct GHG emissions per kWh by 2030 vs. 2017 levels, reaching around 125 g/kWh.

Electrification

About **1.2 billion euros** of investments will address the electrification of consumption, leveraging on Enel's expanded customer base, and continued efficiency supported by the creation of global business platforms. These investments are expected to contribute around 400 million euros to Group EBITDA growth over the plan period.

Enabling Infrastructures

Approximately **11.8 billion euros** will be spent on networks, up by 7% vs. the previous plan. Around half of the 2020-2022 capex is expected to address further improvements in efficiency and service quality, with around 30% focused on grid digitalisation.

Investments in service quality and network efficiency will boost grid flexibility and resiliency, resulting in an expected decline of the System Average Interruption Frequency Index (SAIFI) by 9% as well as a reduction in opex per end user by 17% over the plan period.

In 2020-2022, Enel will continue to invest in grid digitalisation, increasing second-generation smart meters installed from around 13 million, expected in 2019, to about 29 million in 2022.

Enel's investments in networks are due to contribute 700 million euros to Group EBITDA growth over the plan period.

Ecosystems and Platforms

Enel X will invest **1.1 billion euros** to address the increased demand for value-added services brought about by decarbonisation and electrification and leveraging on the enhanced role of customers who are increasingly at the core of the power system.

Decarbonisation through new services will be enabled by:

- an increase in demand response capacity to 10.1 GW in 2022 from 6.3 GW estimated in 2019;
- 439 MW of storage capacity in 2022 from 113 MW expected in 2019.

Likewise, electrification through new services will be enabled by 736,000 public and private electric vehicle charging points due to be reached by 2022 from 82,000 estimated in 2019 and other electrification services.

Enel X investments are expected to contribute 400 million euros to Group EBITDA growth over the plan period.

In 2020-2022, Enel will continue to embrace a platform-based model, mainly in networks, retail and Enel X. For networks, a global platform means the standardisation of operation and maintenance, customer management processes, as well as resource allocation and systems. In the retail segment, the Group is building and operating a model focused on products and services rather than on local markets to foster innovation and efficiency across geographies. Enel X is a platform model by design, developing innovative products and services including through partners.

SUSTAINABLE FINANCE

In September and October 2019, Enel launched the first SDG-linked bonds ever, tapping both the US dollar and the euro markets. These general purpose bonds, which create a direct link between sustainability targets and yield, are the most suited instruments to finance a strategy entirely focused on sustainability. They have also proved to be more competitive than traditional financing instruments, as the cost of issuance of the SDG-linked bonds was, on average, around 15 bps lower compared to a conventional bond.

Sustainable finance sources now represent around 22% of Enel's total gross debt. Maturing debt will be progressively refinanced with new sustainable funding sources, resulting in an increase of the share of these sources to around 43% in 2022 and about 77% in 2030. This increased use of sustainable finance tools is expected to support, together with an active liability management, a reduction in the cost of Enel's debt over the period.

VALUE CREATION FOR SHAREHOLDERS

The strategic plan presented today allows Enel to confirm its consolidated net ordinary income target for 2020 and to increase the 2021 target by around 200 million euros vs. the previous plan.

The new target introduced for 2022 confirms the company's sustainable growth, which is expected to continue beyond the plan horizon through the strategy that was put in place, for instance by addressing Enel's vast pipeline of renewable projects.

Enel will continue to pay, over the whole plan period, the highest amount between 70% of Group net ordinary income and a minimum guaranteed Dividend Per Share (DPS), with a CAGR of 8.4% for the implicit DPS and a 7.7% for the minimum DPS.

The solidity of the strategy and the confidence to reach its targets allows Enel to increase the minimum DPS by 1 eurocent/share in 2020 and 2021 vs. the targets foreseen in the previous plan, as well as set a new minimum DPS of 0.40 euros/share in 2022.

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KEY PERFORMANCE INDICATORS

This press release uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards but that management deems can facilitate the assessment and monitoring of the Group's performance and financial position. In line with the recommendations of the Guidelines issued on October 5th, 2015, by the European Securities and Markets Authority (ESMA) pursuant to Regulation (EU) no. 1095/2010, the content and basis of calculation of these indicators are the following:

- **EBITDA:** an indicator of Enel Group's operating performance, calculated as "EBIT" plus "Depreciation, amortization and impairment losses";
- **Ordinary EBITDA:** an indicator defined as EBITDA generated from ordinary business operations, therefore excluding all items associated with non-recurring transactions such as acquisitions or disposals of companies;
- **Net financial debt:** an indicator of the financial structure, determined by "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", taking account of "Short-term financial payables" included in "Other current liabilities", all net of "Cash and cash equivalents" and "Securities held to maturity", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables" included in "Other non-current financial assets", as well as the "Current portion of long-term financial receivables", "Factoring receivables", "Cash collateral" and "Other financial receivables" included in "Other current financial assets". More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no.809/2004 and in line with the CONSOB instructions of July 26th, 2007, describing the net financial position net of financial receivables and long-term securities;
- **Group net ordinary income:** defined as that part of "Group net income" generated from ordinary business operations.