PRESS RELEASE

Media Relations

T +39 06 8305 5699
F +39 06 8305 3771
ufficiostampa@enel.com

enel.com

Investor Relations

T +39 06 8305 7975
F +39 06 8305 7940
investor.relations@enel.com

enel.com

ENEL GROUP PRESENTS 2017-2019 ENHANCED STRATEGIC PLAN, FOCUSED ON DIGITISATION AND CUSTOMERS

The new plan introduces digitisation and customer focus to the strategic pillars presented last year. These two new levers will enable Enel's strategy to accelerate value creation for the Group's shareholders

- ***Digitisation: 4.7 billion euro investment** to digitise Enel's asset base, operations and processes and enhance connectivity; **targeting 1.6 billion euro cumulative incremental EBITDA** contribution between 2017 and 2019*
- ***Customer focus:** Emphasis on **enhancing customer operations** to protect and grow Enel's most important asset, its portfolio of over 60 million end-users; **targeting 3 billion euro EBITDA** contribution in 2019*
- ***Operational efficiency:** targeting **savings of 1 billion euros in 2019 vs 2016, a 500 million euro increase on the previous plan,** mainly from opex reduction, driven by digitisation*
- ***Industrial growth**: strong focus on networks and renewables. Adding a less capital intensive "Build, Sell and Operate" model in renewables*
- ***Group simplification:** streamlining structure at all countries' level, in particular across **Latin America and in Renewables***
- ***Active portfolio management**: increasing **asset rotation to 8 billion euros from 6 billion euros,** with a rolling three-year target. **Share buyback option for up to 2 billion euros to be submitted to 2017 Enel's AGM***
- ***Shareholder remuneration: dividend pay-out increased to 65% on 2017 Group Net Ordinary Income** (from 60%) **and 70% on 2018 and 2019 Group Net Ordinary Income** (from 65%). **Minimum dividend of 0.21 euro per share on 2017 results***

Financial Targets

	2016	2017	2018	2019	CAGR (%) 2016-19
Ordinary EBITDA (€bn)	~15.0	~15.5	~16.2	~17.2	~+5%
Net ordinary income (€bn)	~3.2	**~3.6**	~4.1	**~4.7**	~+14%
Minimum dividend per share (€)	0.18	**0.21**	-	-	~+22%
Pay-out ratio	55%	**65%**	**70%**	**70%**	+15 p.p.
FFO/Net Debt	25%	**26%**	**27%**	**30%**	~+5 p.p.

\- Improved vs. previous plan

Francesco Starace, CEO and General Manager of Enel, said: "*Since we first presented our transformational strategic plan at the beginning of 2015, we followed up with an accelerated update this time last year. Our business has outperformed on the targets we had set, so we are now in a position to take our strategy to the next level a year early. Enel is a more focused, efficient and profitable organisation, as the sustainable business model we built is bearing fruit with increasing momentum. In today's update to the strategy, we are adding digitisation and customer focus as levers to drive further value creation across our strategic pillars. This will support enhanced earnings and cash generation, as a result of which we are increasing our dividend and introducing the possibility of a share buyback programme while maintaining our strong growth trajectory".*

London, November 22nd, 2016 – Enel Group (hereinafter the "Group") is today presenting its 2017–2019 strategic plan to the financial markets and global media.

Since the presentation of last year's plan, the Group has delivered on each of its key pillars ahead of schedule:

- **Operational Efficiency** – reduced cash costs by 10% in nominal terms since 2014.

- **Industrial Growth** – on track to achieve 2016 growth EBITDA target and already addressed 90% of 2017 growth EBITDA.

- **Active Portfolio Management** – 4 billion euros of disposals finalised in less than 2 years, ahead of scheduled target to achieve 6 billion euros of capital recycling by 2019.

- **Shareholder remuneration** – committed to an attractive and growing dividend. Pay-out ratio increased to 60% from 40% and dividend per share increased by about 30% vs 2014.

This progress against the strategic plan has allowed the Group to maintain and even slightly improve ordinary EBITDA guidance for 2016, notwithstanding a more challenging environment than that envisaged in the previous plan.

The strategic plan presented today embeds the commitments to the United Nations Sustainable Development Goals 4, 7, 8 and 13 undertaken in September 2015. Specifically:

- SDG 4 (quality education): 400,000 beneficiaries by 2020;
- SDG 7 (affordable and clean energy): 3 million beneficiaries by 2020, mainly in Africa, Asia and Latin America;
- SDG 8 (decent work and economic growth): 1.5 million beneficiaries by 2020 (upgraded from 500,000);
- SDG 13 (climate action): <350gCO_2/KWheq by 2020.

STRATEGIC PILLARS 2017 – 2019

On top of the faster than expected progress to date across the four strategic pillars, the new plan introduces two additional levers – digitisation and customer focus – to drive further growth and efficiency. These levers have been integrated into the Group's strategic pillars, as follows:

1. OPERATIONAL EFFICIENCY

The new digital lever is expected to allow the Group to achieve a cash cost target of 10.6 billion euros in 2019 vs a cash cost base of 11.6 billion euros in 2016 or a nominal cost reduction of 9%. This is a 500 million euro improvement vs the previous plan, resulting from:

- A 7% maintenance capex reduction to 2.8 billion euros in 2019 vs. 3.0 billion euros in 2016, despite asset base growth;
- Strong improvement in opex decrease to 7.8 billion euros in 2019 vs. 8.6 billion euros in 2016.

2. INDUSTRIAL GROWTH

The Group forecasts a total capex plan of 20.9 billion euros between 2017 and 2019 (vs. 21.2 billion euros for the equivalent period under the previous plan) with a 40/60% mix between maintenance and growth capex for the period.

The asset digitisation plan will drive an increase in investments in networks and retail, primarily into smart meters, remote-control, and connectivity of equipment, as well as investments into digitising customer engagement and promoting a more digitally-oriented workforce. These investments will allow the Group to stabilise maintenance capex, reduce opex and free up additional resources for growth.

Growth in renewables has been so successful that the Group now enjoys a global presence across technologies that has reached about 36 GW of capacity globally. Building on this solid track-record, the Group is adding to its current operations a less capital intensive build, sell and operate ("BSO") model, reducing risk and accelerating value realisation.

Almost 95% of Group growth capex will be invested in non-merchant risk businesses, such as networks, renewables and thermal generation covered by PPAs. The growth capex plan is now evenly split between emerging and mature countries, creating additional value and reducing risk.

The Group expects to generate 4 billion euros of cumulative growth EBITDA over the 2017-2019 period, with increases in:

- **Networks: growth capex expected to reach around 6 billion euros in 3 years**, of which about 4 billion euros will target asset digitisation. The number of installed smart meters is expected to increase to more than 48 million by installing 18 million new meters, including 12 million replacements, while end-users are expected to increase by 2 million reaching 64 million in 2019.
- **Renewables: 6.7 GW of additional capacity targeted for the next 3 years**, including both managed and consolidated assets. The additional BSO business model will allow the Group to capitalise on its renewable pipeline more quickly, decrease the overall risk profile and crystallise value creation earlier.
- **Retail: EBITDA expected to increase by 20%** to 3 billion euros in 2019, a more than 40% increase vs. the previous plan, almost doubling the number of free market customers following the expiration of the regulated market in Italy and the further liberalisation expected in Latin America.

3. GROUP SIMPLIFICATION

In order to reduce Group complexity and enhance operational efficiency, a more streamlined corporate structure has been outlined.

Simplification started in 2014 with the separation of the Iberian business from Latin American operations and the increase in free-float of Endesa, which was then entirely-focused on the Iberia region. Since then, the Group has carried out a restructuring of its Latin American business and delisted Enel Green Power, fully integrating the latter within the Group itself.

At the end of September this year, the Enersis Americas, Endesa Americas and Chilectra Americas shareholders' meetings approved the merger of Endesa Americas and Chilectra Americas into Enersis Americas, which will become effective as of December 1st, 2016.

The renaming and rebranding of the Group companies is underway.

Enel will next bring the simplification of its Latin American operations to country level, which is expected to lead to a reduction of roughly 55% in the number of companies involved.

The simplification process thus continues with the objective of increasing consistency, focus and efficiency.

4. ACTIVE PORTFOLIO MANAGEMENT

Enel is increasing its active portfolio management programme to about 8 billion euros from the previous 6 billion euros target outlined in November 2015. Progress against this initial target stands at 70% in less than 2 years. The new programme has a three-year rolling asset rotation target of about 8%.

The Group aims to dispose of about 3 billion euros of assets in the next three years and reinvest proceeds of up to 4.5 billion euros, while retaining financial flexibility.

The 3 billion euro disposal target covers thermal generation assets, renewable assets through the BSO strategy, and minor asset sales in Latin America.

The 4.5 billion euros of proceeds are expected to be reinvested in:

- Around 2 billion euros for acquisition of minorities and a possible share buy-back;
- Around 2 billion euros for bolt-on acquisitions[1], mainly in networks;
- Around 0.5 billion euros to finance growth capex.

The buy-out of minorities in Latin America is a strategic priority, as this is a key efficiency driver for the Group's operations. Should Enel be unable to execute the minorities buy-out in the short-term, in light of the increased level of cash generation and a strong balance sheet position, a share buy-back programme of up to 2 billion euros that Enel's Board of Directors will submit at the 2017 AGM could be started.

5. SHAREHOLDER REMUNERATION

The dividend policy has been increased to a 65% pay-out ratio on 2017 results (from 60% in the previous plan), and 70% on 2018 and 2019 results (from 65% in the previous plan), all applied to Group Net Ordinary Income. In any event, on 2017 results Enel is expected to pay the higher of:

a) a minimum dividend of 0.21 euro per share;
b) a dividend per share based on the aforementioned 65% pay-out ratio.

All Enel press releases are also available in smartphone and tablet versions. You can download the Enel Corporate App at Apple Store.

[1] A "bolt-on" acquisition generally refers to a large company purchasing a small company with the aim of integrating it in one of its divisions.