PRESS RELEASE

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ENEL 2019 – 2021 STRATEGIC PLAN: DECARBONISATION AND CUSTOMERS TO BOOST GROWTH AND VALUE CREATION

Global macro trends such as decarbonisation, coupled with electrification, urbanisation, and digitalisation are shaping the world of energy into a new ecosystem that is progressively transforming utilities' traditional business model. Renewables, network infrastructures and new energy services are cornerstones of the sector's transformation and, at the same time, of Enel's sustainable and innovation-driven strategy, which has customers as its core. Enel's new strategic plan is designed to maximise the opportunities created by the energy transition and to minimise the risks associated with unpredictability.

- ***Industrial Growth**: the Group is expected to deploy 27.5 billion euros of gross capex over the plan period, resulting in 3.2 billion euro incremental ordinary EBITDA, fueled by the full spectrum of investments in the three categories of Asset Development, Customers and Asset Management*
- ***Decarbonisation**, in particular, paves the way for value creation, with renewables expected to generate a total of 1 billion euros of incremental EBITDA between 2018 and 2021; investments focused on markets with an integrated presence and on mature economies, enabling the Group to improve profitability and achieve its decarbonisation objectives. In 2021, 62% of Enel Group's power production is set to be emission-free, vs. 48% estimated in 2018*
- ***Operational Efficiency**: 1.2 billion euros of cumulated benefits from efficiencies planned by 2021, mainly from digitalisation*
- ***Simplification**: Enel will continue to increase its economic interest in subsidiaries, advancing their integration into the Group and streamlining its portfolio via asset rotation, further optimising the overall return as well as risk profile*
- ***Human capital**: SDGs commitment relaunched to 2030. Shared Value approach to communities and people embedded in Group's core business processes; specific additional targets introduced for SDG 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities)*
- ***Improved return on invested capital supporting dividend growth:** investments skewed towards higher returns activities, efficiencies and focus on portfolio optimisation are expected to yield 400 basis points value creation on 6.2% WACC in 2021, with an over 1.5 times increase on 2018 yields*
- ***Shareholder remuneration**: dividend pay-out confirmed at 70% of Group net ordinary income from 2019 onwards with a CAGR of the implicit dividend per share ("DPS") of around +12%; a minimum DPS is extended for the first time over the next three years, ensuring a CAGR of around +9%*

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.

Financial Targets					
	2018	***2019***	***2020***	***2021***	***CAGR (%) 2018-21***
Ordinary EBITDA (€bn)	*˜16.2*	*˜17.4*	*˜18.5*	*19.4˜*	*˜+6%*
Net ordinary income (€bn)	*˜4.1*	*˜4.8*	*˜5.4*	*˜5.6*	*˜+11%*
Pay-out ratio	70%	70%	70%	70%	-
Implicit DPS (€/share)	0.28	0.33	0.37	0.39	*˜+12%*
Minimum dividend per share (€)	0.28	0.32	0.34	0.36	*˜+9%*

Francesco Starace, CEO and General Manager of Enel said: "*Since 2015 we have delivered on all of our targets through a significant improvement in cash flow generation, which, combined with an acceleration on growth, has allowed us to increase our shareholder remuneration, raising DPS from 0.16 to 0.28 euros per share in 2018, and expand our pay-out ratio that is set to remain stable at 70% over the plan period.*

Renewables and network operations drove our investment strategy that is focused on a shorter time to market and a higher degree of flexibility to better cope with the progressive transformation of the industry.

A sound industrial growth and the efficiency programmes implemented so far have enabled us to progressively increase our ordinary EBITDA to 16.2 billion euros by end 2018, a level we committed to reach back in 2015 and that we constantly confirmed. Moreover, in the last three years, around 8 billion euros were recycled through our active portfolio management, using funds to further simplify the company's structure and to pursue acquisitions, the most recent being Eletropaulo that increased our customer base by another 7 million, reinforcing Enel's worldwide leadership in distribution networks.

Today's Enel is a more sustainable, efficient, profitable and lower risk organisation.

The transformation under way in our industry is presenting challenges but also opening new opportunities. We are well positioned to create value in this transformation. Enel's strategy is at this stage inherently sustainable, having embedded Shared Value concepts and Open Innovation practices in all its core business processes.

The solidity of our 2019-2021 plan allows us to improve our ordinary EBITDA targets for 2019 and 2020 and introduce new upward targets for 2021. The robustness of this strategy will translate, for the first time, into a minimum dividend per share over the full length of our plan. We remain confident and motivated in pursuing our growth trajectory for the foreseeable future."

Milan, November 20th, 2018 - The Enel Group (hereinafter the "Group") is presenting its 2019-2021 Strategic Plan today to the financial markets and media.

The successful execution of previous strategic plans implemented since 2015 has placed Enel at the forefront of the energy transition and enabled the Group to deliver on its key pillars. Looking at Enel's evolution from 2015 to 2018, the Group has always delivered on its targets, through a significant improvement in cash generation combined with an acceleration on growth and a substantially reduced risk profile, allowing for an attractive increase in shareholder remuneration.

Renewables have been the Group's engine for industrial growth, as fully reflected in Enel's generation mix, which at the end of 2018 will be around 50% composed by emission-free technologies with a positive impact on CO_2 emission reduction.

A growing focus on customers and Enel's ability to serve them with both traditional and innovative services have seen the Group's retail base in the free market expand by 5 million, with the number of end-users served by the Group's networks up by 20% in the past three years.

Digitalisation was and is still a key factor in making the Group's core business more efficient, effective, data-driven, as well as future-proof for incoming challenges.

Group simplification resulted in a reduction of minorities, which allowed Enel to reduce the cash leakage and to cut by 6 percentage points the dilution on earnings.

Enel's investment strategy was centered on renewables and networks, focusing on a shorter time to market and higher degree of flexibility in capital allocation to support value creation.

The Group's active portfolio management programme has been completed one year ahead of schedule and was perfectly balanced at around 8 billion euros respectively in sources and uses of funds. Acquisitions allowed the Group to accelerate the transition towards new businesses as well as strengthen its presence in the infrastructure and networks sector. At the same time, the Group was able to dispose assets no longer fitting with its strategic guidelines and returns.

Over the last four years, the Group increased the Return on Invested Capital (ROIC) and reduced the Weighted Average Cost of Capital (WACC), resulting in a significant increase in value creation at the end of 2018.

Enel took strategic actions to embed the Shared Value approach and Innovation practices within its core business processes, as evidenced by the fast progress the Group has made in terms of commitments to the UN Sustainable Development Goals (SDGs). The Group has:

- exceeded the goal set for 2020 in terms of beneficiaries of high-quality, inclusive and fair education (SDG 4);
- made considerable progress in providing access to affordable and clean energy (SDG 7), and in delivering sustainable and inclusive economic growth (SDG 8). In the achievement of both goals the Group is more than halfway to its target;
- progressed towards a zero-emission generation mix to combat climate change (SDG 13).

THE NEW PLAN: 2019 – 2021 STRATEGIC PILLARS

The new strategic plan remains centered on the pillars of the previous plan which will be implemented in line with the evolving scenario. As per the 2018-2020 plan, delivery on these pillars will yield sustainable value creation over the long term.

The growth path highlighted in last year's plan is accelerating further through 2021 with Group's ordinary EBITDA planned to reach 19.4 billion euros, compared to an estimated 16.2 billion euros in 2018 (up 20%, equal to 3.2 billion euros).

Enel has reclassified its capex plan according to the following categories that are more reflective of the nature of its current and future business. In terms of investments and growth in ordinary EBITDA, the three categories will contribute as follows over the plan period:

- **Asset development** is expected to amount to 16.5 billion euros and contribute to 2.1 billion of growth in ordinary EBITDA;

- **Customers** is expected to amount to 4.8 billion euros and generate around 1 billion of growth in ordinary EBITDA;

- **Asset management** is expected to amount to 6.2 billion euros and contribute to growth in ordinary EBITDA for the remaining portion.

The total sources of funds are planned at around 41.1 billion euros cumulated over the plan, driven by higher conversion of EBITDA into Funds From Operations (FFO), fully funding gross capex and dividends.

Net financial debt is set to remain largely stable over the entire plan period, reaching an approximate 41.8 billion euros in 2021 and maintaining solid credit metrics with an FFO/net debt ratio increasing from 26.5% expected in 2018 to 31.1% in 2021.

1. **Industrial Growth**

The Group forecasts a total gross capex of approximately 27.5 billion euros between 2019 and 2021, a 12% increase on the previous plan. The increase is mainly driven by asset development and customers. In light of the reduction in the asset development capex allocated to the Build, Sell and Operate model (BSO), the new plan envisages 4 billion euros of incremental spending on organic investments fully devoted to renewables. Over 50% of the asset development capex plan is already addressed, giving high visibility on the evolution of Group's financials.

From a business line perspective, gross capex allocation is expected to evolve as follows:

- 42% will be devoted to Renewables
- 40% will be invested into Networks
- 5% will be invested in Retail business
- 4% will support Enel X development
- 9% will be targeted at Thermal Generation.

Out of a total of about 16.5 billion euro asset development capex, around 10.6 billion euros will be invested in renewables, once again the driver of Group growth. In the next three years, Enel will reinforce its focus on markets where it has an integrated presence such as Italy, Spain, Chile and Brazil.

Value creation will also be achieved through the decarbonisation of the Group's generation mix not only with the aim of reducing CO_2 emissions but also as a way to seize financial opportunities arising from climate change actions. The increase in renewable capacity over the plan period, which is expected to amount to an additional 11.6 GW, is planned to result in around 1 billion euros of incremental EBITDA. Such an increase in renewables will be coupled with a reduction in thermal generation capacity of around 7 GW. As a result, in 2021, 62% of the Enel Group's energy production will be emission-free, from 48% expected in 2018.

In networks, the Group is expected to invest around 11.1 billion euros, of which about two thirds will be directed at mature economies where the process of implementing a "smart infrastructure" is more advanced. Investments in networks are expected to generate around 1.2 billion euros of incremental EBITDA over the plan period. Overall, these investments are mainly aimed at completing the integration of recently acquired assets, in particular Eletropaulo in Brazil, as well as implementing network efficiencies and improving service quality across all the countries in which the Group operates.

Enel X envisages around 1.1 billion euros in gross capex balanced between asset development and customers, with the aim of generating 400 million euros of incremental EBITDA over the plan period. Enel X investments are split between customer services and new urban infrastructure, with a slight increase on the previous plan, to seize opportunities that arise from customers' needs. Around 220 million euros (i.e. 20% of total Enel X capex) will be invested in creating the infrastructure to support sustainable mobility, mainly in Italy, Spain, Romania and some selected areas in the Americas. Enel X is also active in fibre optics through joint ventures such as Open Fiber in Italy and Ufinet in South America. In line with the Group's strategic vision, the deployment of fibre optic networks is a key enabler of smart city infrastructures and digital platforms.

2. Operational Efficiency

The Group's efficiency target of 1.2 billion euros is confirmed for the end of the period (2021).

Digitalisation across all business segments will be the main driver in achieving a reduction in opex to reach 8.1 billion euros in 2021, or an 8% reduction in the next three years in nominal terms, resulting from:

- a 36% reduction expected in the retail segment driven by the reduction of opex per customer through market liberalisation, enhancement of automation and digitalisation processes;
- a 33% reduction stemming from the digital transformation of networks through system integration and expected synergies from process optimisation;
- a 23% reduction related to the thermal generation fleet, mainly through digitalisation of assets and predictive analytics.

3. Simplification

Enel will continue to focus on asset rotation and on the reduction of minorities, with the aim to improve the overall return on invested capital and to increase the economic interest in subsidiaries.

4. Human capital

Enel's strategy is and will remain strongly linked to human capital in terms of people and communities the Group interacts with, aiming to generate positive effects on long-term economic and social growth.

Group's commitment to the UN SDGs has been further strengthened and enhanced as follows:

- Current commitments have been relaunched to 2030, setting the target to reduce CO_2 specific emissions to 0.23 kg/kWh (SDG 13 – Climate Action) and raising the bar in the Group's engagement with communities, helping them access education, energy and employment as well as sustainable and inclusive economic growth (SDGs 4, 7 and 8).
- Specific targets have been introduced for SDG 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities). By 2021, the Group expects to install 46.9 million smart meters, achieve a digitalisation capex of 5.4 billion euros and install 455,000 electric vehicle charging points.

SHAREHOLDER REMUNERATION

The Group's 2019 – 2021 Strategic Plan is expected to generate a value creation in terms of spread between Return on Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC) of 400 basis points in 2021, compared with 250 basis points in 2018.

The dividend policy based on a pay-out ratio of 70% of Group net ordinary income is confirmed up to 2021, with the extension, for the first time, of a minimum dividend per share throughout the 2019 – 2021 period.

Therefore, on 2019 results Enel is expected to pay the higher of:

a) a dividend per share based on the aforesaid 70% pay-out ratio;
b) a minimum dividend per share of 0.32 euros.

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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.