



## PRESS RELEASE

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## ENEL'S 2030 VISION IN 2021–2023 STRATEGIC PLAN: A DECADE OF OPPORTUNITIES

### *The Road to 2030*

Over a decade of profound transformation, the Group is placing at the core of its strategy **the acceleration of the energy transition, alongside sustainable and profitable growth to create significant value shared with all stakeholders and attractive returns for shareholders over time.**

**Group Ordinary EBITDA** is expected to increase at a **5%-6% Compounded Annual Growth Rate ("CAGR")** while **Net Ordinary Income** is expected to increase at a **6%-7% CAGR** between 2020 and 2030.

The Group expects to mobilize **investments of 190 billion euros** in the 2021-2030 period, boosting **decarbonization, electrification of consumption and platforms to create sustainable shared value for all stakeholders and profitability** over the medium and long term.

The Enel Group's leadership position in the industry and its journey towards becoming a fully digital company enable the implementation of two business models: the traditional one, called "**Ownership**", where digital platforms are a business enhancer supporting investment profitability, and the "**Stewardship**" model, which catalyzes third-party investments in partnership with Enel or where platforms are a business generator.

The Group plans to directly invest around **160 billion euros**, of which over **150 billion euros** through the **Ownership** business model and around **10 billion euros** through the **Stewardship** business model, while further catalyzing around **30 billion euros from third parties**.

As for the investment planned under the **Ownership** business model:

- Nearly half will be devoted to **Global Power Generation**, with **Renewables** totaling around **70 billion euros**, which are expected to lead to around **120 GW** of installed capacity by 2030, 2.7 times higher than the approximately 45 GW currently installed. This will be accomplished by leveraging on a growing pipeline of more than 140 GW, alongside a worldwide platform-based Business Development, Engineering and Construction as well as Operation and Maintenance model;
- Around 46% is expected to be deployed in **Infrastructure and Networks**, to address quality and resiliency improvements, new connections and infrastructure digitalization, resulting in a Group Regulated Asset Base ("**RAB**") of some **70 billion euros** in 2030 and over **90 million end users 100%-digitalized** through smart meters, leveraging on an unparalleled scale of operations, the



highest digitalization expertise and a distinctive intellectual property value;

- The remaining amount relates to **Customers** and is expected to lead, by 2030, to a steep increase in customer value. The Group will enable electrification, accelerating customers' path to sustainability and energy efficiency, combining traditional offerings with "beyond commodity" services. This business will leverage on the largest customer base worldwide, digital platforms and a growing integrated portfolio of offerings.

As for the investment under the **Stewardship** business model, the Group is expected to invest, approximately, an additional **10 billion euros**, while catalyzing around **30 billion euros from third parties**, enabling an overall amount of some **40 billion euros** of investments, mainly related to Renewables, alongside Fiber, e-transport and flexibility.

The Group will reach an **80% reduction in direct CO<sub>2</sub> emissions** versus 2017 (Science-Based Targets initiative, SBTi-certified) and contribute to **the creation of over 240 billion euros of Gross Domestic Product** in Enel's countries of presence through local investments in generation and electrification.

### **The 2021-2023 Strategic Plan**

The Group plans to directly invest around **40 billion euros**, of which around **38 billion euros** through the **Ownership** business model and around **2 billion euros** through the **Stewardship** business model, while further catalyzing **8 billion euros from third parties**.

**More than 90%** of Enel's consolidated investments will be in line with the UN Sustainable Development Goals ("**SDGs**"). In addition, according to Enel's initial calculations, between 80% and 90% of the Group's consolidated capex will be aligned to EU Taxonomy criteria for its substantial contribution to climate change mitigation.

The growth rate in investments versus the previous plan is expected to be around 36%.

As for the investment planned under the **Ownership** business model:

- More than half is dedicated to **Global Power Generation**, with around **17 billion euros to Renewables**, which will lead to an overall installed consolidated renewable capacity of **60 GW** by 2023 (+33% versus 2020). The Group will **further accelerate decarbonization** by adding renewable capacity that will more than offset thermal decommissioning. As a result, the Group's Scope 1 CO<sub>2</sub> emissions are set to decrease by more than 30%, from 2020 to 2023, positioning the Group on track to achieve its 2030 science-based decarbonization target of 80% greenhouse gas ("GHG") emission reduction versus 2017, in line with the 1.5°C pathway scenario;
- Around 43% is expected to be deployed in **Infrastructure and Networks**. Capex acceleration is expected to drive the Group's RAB up by 14% versus 2020, reaching around 48 billion euros in 2023;
- The remaining amount relates to **Customers**. The value of Business to Customer ("B2C") clients is expected to increase by around 30% and that of Business to Business ("B2B") by around 45%, thanks to the elimination of regulated tariffs, mainly in Italy, and to the electrification of energy consumption trends that will call for "beyond commodity" services.

As for the investment under the **Stewardship** business model, the Group is expected to invest,



approximately, an additional **2 billion euros**, while catalyzing around **8 billion euros** of investments from third parties, therefore enabling an overall capex of around **10 billion euros**, mainly related to Renewables, alongside Fiber, e-transport and flexibility.

The outcome of these investments will show, across all businesses, double digit growth in the three-year plan period. Managed renewable capacity is expected to reach around 8 GW in 2023, more than double versus 2020. Additionally, with Enel X, the Group aims to increase the number of electric buses by more than 6 times to around 5,500 units in 2023, as well as to grow demand response capacity to 10.6 GW (+1.8 times versus 2020) and storage capacity to 527 MW (+4.2 times versus 2020). Finally, in 2023, Enel X is expected to reach around 780,000 public and private charging points made available worldwide (+4.5 times versus 2020).

At **Group level**, **Ordinary EBITDA** is expected to be in a range **between 20.7 and 21.3 billion euros** in 2023, implying a **5%-6% CAGR**. **Net Ordinary Income** is expected to be in a range **between 6.5 and 6.7 billion euros** in 2023, implying an **8% to 10% CAGR**, thanks also to the continued optimization of Group financial management - particularly through an increase in **sustainable finance**, which will account for around 50% of total gross debt in 2023 - leading to a lower cost of debt.

Enel has set up a simple, predictable and attractive **dividend policy** for the period. Shareholders will receive an increasing guaranteed fixed Dividend Per Share (“DPS”) over the next three years with a target of **0.43 euros/share** in 2023, translating into a **CAGR** of approximately **7%**.

Financial Targets					
Earnings growth	2020E	2021	2022	2023	2020-23 CAGR
Ordinary EBITDA (€bn)	~18	18.7-19.3	19.7-20.3	20.7-21.3	+5%/+6%
Net ordinary income (€bn)	5.0-5.2	5.4-5.6	5.9-6.1	6.5-6.7	+8%/+10%
Value creation					
Guaranteed DPS (€/share)	0.35	0.38	0.40	0.43	~7%

**Francesco Starace**, CEO and General Manager of Enel said: “With this new Strategic Plan we are setting a direction for the next 10 years, mobilizing 190 billion euros in investments to pursue our goals in a decade full of opportunities. To realize this vision, we can leverage on our clear leadership in the utility sphere across three main elements, all driven by an innovative platform-based model. First, as a ‘Super Major’ in the renewable sector, we operate the world’s largest private generation fleet. Furthermore, we have an unparalleled global network system, where the platform-operating model drives improvements in quality, resiliency, efficiency and flexibility. Last but not least, we count on the largest customer base worldwide to which, through our business platforms, we provide innovative services and integrated offerings. Throughout the decade, we will strengthen the creation of sustainable shared value for all stakeholders, which is also embedded in an attractive remuneration for our shareholders.”

**Rome, November 24<sup>th</sup>, 2020** - The Enel Group (the “Group”) is presenting its 2021-2023 Strategic Plan today to the financial markets and media. For the first time, the Group is also presenting a decade-long strategic vision, covering 2021 to 2030.



## A VISION FOR THE FUTURE, THE JOURNEY TO 2030

Over a decade that will be characterized by the ever-increasing growth of renewables, electrification and digitalization of infrastructure, Enel is placing at the core of its strategy:

- **the acceleration of the energy transition;**
- **new business and operating models enabled by platforms;**
- **sustainable and profitable growth.**

All of the above continues to bring **significant value shared with all stakeholders** as well as **attractive returns for shareholders over time**.

During this decade, utilities, through platform-based models, will enhance their role as conductors of complex systems, encompassing a multitude of distributed generation assets, which involve the increasingly active role of customers. A **platform-based, multi-layered digital model** connecting data and solutions will be key to navigate this period of transformation.

Against this backdrop, today the Group can leverage on the strength of its position, as:

- the world's leading private renewable player with around 49 GW of total capacity globally;
- the world's biggest private network operator with over 74 million end users;
- the private operator with the largest retail customer base worldwide, serving more than 70 million customers globally.

As a platform-based player, the Group is seizing new opportunities to create value through two complementary business models:

- the **Ownership** business model, envisaging direct investments in renewables, networks and customers, backing long-term sustainable growth with platform-based operating models as a powerful business enhancer supporting the profitability of Group investments;
- the **Stewardship** business model, whereby the Group provides key services, products or know-how enabled by platforms catalyzing investments of third parties to maximize value creation, namely:
  - *operating platforms*, offering services to third parties through know-how and best practices developed over time;
  - *business platforms*, generating new products and services, enabling new business opportunities for a wide range of customers;
  - *joint ventures and partnerships*, where co-investment opportunities enhance value creation, with platforms enabling third-party investments.

Thanks to this overall approach, the Group is positioned to fully benefit from the opportunities that are emerging, capturing the value that will become available to accelerate the energy transition.

Through these two business models, in 2021-2030, Enel plans to invest more than **150 billion euros** through the **Ownership** business model and roughly an additional **10 billion euros** through the **Stewardship** business model, while further catalyzing **around 30 billion euros from third parties**.

As for investments planned under the **Ownership** business model:

- Nearly half will be devoted to **Global Power Generation**, with **Renewables** totaling around **65**



**billion euros**, leading to, roughly, an overall 120 GW of installed renewable capacity by 2030, 2.7 times higher than current levels. The Group will add some 75 GW, well balanced between solar and wind. To accomplish this, the Group will leverage on the world's largest renewable gross pipeline of over 140 GW, alongside a global platform-based Business Development, Engineering and Construction as well as Operation and Maintenance model. Furthermore, the Group plans to invest an additional **5 billion euros** in the hybridization of renewables with **battery storage**, whose potential is expected to reach around 20 TWh in 2030. Significant opportunities are also due to come from the **green hydrogen** segment, whereby the Group plans to integrate electrolyzers with renewable plants producing electricity for direct sale or ancillary services, with green hydrogen also being sold to industrial customers. The Group plans to grow its green hydrogen capacity to over 2 GW by 2030.

In addition, the coal phase-out date will be brought forward to 2027 from the previously announced 2030. As a result, emission-free production is expected to reach around 85% in 2030 from roughly 66% estimated in 2020, with a drop of direct CO<sub>2</sub> emissions in 2030 to 82 gCO<sub>2eq</sub>/kWh from 218 gCO<sub>2eq</sub>/kWh estimated in 2020, as certified by the Science-Based Targets initiative ("SBTi"), complying with the 1.5°C pathway;

- Around 46% is expected to be deployed in the **Infrastructure and Networks** business, addressing quality and resiliency improvements, new connections and further digitalization of the infrastructure. As a result of these actions, the Group expects to increase its end users to over 90 million, 100%-digitalized through smart meters, from the current 74 million, 60%-digitalized through smart meters. Group RAB will reach an approximate 70 billion euros, 67% higher than today (around 42 billion euros). All of the above will leverage on an unparalleled scale of operations, the highest digitalization expertise and a distinctive intellectual property value;
- The remaining amount relates to **Customers** and is expected to lead, by 2030, to a steep increase in customer value. The Group will enable electrification, accelerating customers' path to sustainability and energy efficiency, combining traditional offerings with "beyond commodity" services. This business will leverage on the largest customer base worldwide, digital platforms and a growing integrated portfolio of offerings. In this business, the Group addresses the B2C (Business to Customer), B2B (Business to Business), and B2G (Business to Government) segments.

As for the investment under the **Stewardship** business model, the Group is expected to invest, approximately, an additional **10 billion euros**, while catalyzing around **30 billion euros from third parties**, mobilizing an overall amount of approximately **40 billion euros** of capex, mainly related to Renewables, alongside Fiber, e-transport and flexibility.

In particular, focusing on Customers, the two business models will enhance customer value in all segments through combined offerings:

- In B2C, the Group will enable electrification of the customer base through integrated offerings of commodity and Enel X services. Electricity volumes sold in the free market in Europe are expected to increase by 2.5 times versus 2020, to around 100 TWh in 2030 from an estimated 40 TWh in 2020;
- In B2B, the Group aims to become the leading energy partner of global and local businesses in their path to sustainability and energy efficiency. Traditional offerings, such as PPAs, will be coupled with new services, including flexibility and e-mobility solutions. The Group's gross margin from B2B activities in Europe is expected to reach 1.9 billion euros in 2030 from around 1.1 billion euros estimated in 2020, driven by "beyond commodity" services;



- On the B2G side, the Group will help cities reach their decarbonization and long-term sustainability goals, through the electrification of public transport, by integrating the offering with mobility digital services (such as city analytics), smart lighting and other advanced services. In 2030 the Group expects to increase the number of electric buses to more than 10,000 (+12 times versus 2020), while street lighting points are expected to increase to around 4 million in 2030 from an estimated 2.9 million in 2020 (+1.5 times versus 2020). Furthermore, electric vehicle charging points are expected to increase to over 4 million (+23 times versus 2020), while demand response solutions are due to grow over threefold to roughly 20 GW from around 6 GW estimated in 2020.

**Group Ordinary EBITDA** is expected to increase at a **5%-6% CAGR** while **Net Ordinary Income** is expected to increase at a **6%-7% CAGR** between 2020 and 2030.

By addressing decarbonization, electrification and platformization, **the Group also plans to create sustainable shared value for all stakeholders**, such as:

- 80% reduction in direct CO<sub>2</sub> emissions versus 2017, SBTi-certified;
- over 240 billion euros of Gross Domestic Product in the Group's countries of presence through local investments in generation and electrification;
- threefold improvement in service quality, with the Group's System Average Interruption Duration Index ("SAIDI") dropping to around 100 minutes in 2030 from 281 estimated in 2020.

Digitalization will lead to new operating models, which are also platform-based, changing roles and competences along the value chain. This will generate further opportunities to leverage on know-how and global dimensions that will allow effectiveness and efficiency of the Group and create value for its stakeholders. The Group intends to manage the effects deriving from this transition with relevant upskilling and reskilling programs as well as sustainable plans that will involve a maximum of 7,000 people worldwide over the next five years, bearing a non-ordinary cost estimated at around 1.1 billion euros.

## THE NEXT THREE YEARS: THE 2021-2023 PLAN

In the 2021-2023 period, the Group plans to directly invest **around 40 billion euros**, of which some **38 billion euros** through the **Ownership** business model and around **2 billion euros** through the **Stewardship** business model, while further catalyzing **8 billion euros from third parties**.

Almost 90% of the 38 billion euro capex through the Ownership business model is expected to be allocated to networks and renewables, totaling around 33 billion euros in three years, while the 2 billion euros capex through the Stewardship business model is expected to be concentrated in renewable development, Fiber network, e-transport and flexibility systems. **The growth rate in investments versus the previous plan is set to be around 36%**.

**More than 90%** of Enel's consolidated investments will be in line with the United Nations Sustainable Development Goals ("**SDGs**"). In addition, according to Enel's initial calculations, between 80% and 90% of the Group's consolidated capex will be aligned to EU Taxonomy criteria for its substantial contribution to climate change mitigation.

In the **Renewables** business:

- Under the **Ownership** business model, the Group plans to invest a total of **16.8 billion euros**, of



which 15.7 billion euros for the development of more than 15.4 GW of new capacity, mainly in countries with an integrated presence;

- Under the **Stewardship** business model, the Group plans to mobilize a total of **3.8 billion euros**, of which 500 million euros in direct investments and 3.3 billion euros of third-party investments. This capex will lead to 4.1 GW of new capacity, mainly in Asia-Pacific and Africa.

Through both models, newly built capacity, balanced between wind and solar, is set to reach around 19.5 GW, up by around 40% versus the previous plan. The average annual built capacity is expected to increase to some 6.5 GW, up by around 40% versus the previous plan, gearing up to the average 9.6 GW per year targeted throughout the decade.

In the period, the Group will significantly decarbonize its generation mix, with additional renewable capacity more than offsetting the closure of coal plants. Production is set to follow the same path, with an overall growth expected to be around 50 TWh, driven by renewables, which will account in 2023 for around 67% of total production.

As a result, the Group's Scope 1 CO<sub>2</sub> emissions are set to decrease by over 30% between 2020 and 2023, positioning the Group well on track to achieve its science-based decarbonization target of 80% GHG emission reduction in 2030 versus 2017 levels as well as its 2050 full decarbonization target.

**Ordinary EBITDA from Global Power Generation** is expected to reach **around 7.7 billion euros** in 2023, up by 13% on 6.8 billion euros estimated in 2020. This growth will be driven by **Renewables**, whose ordinary EBITDA is set to increase to **about 6.5 billion euros** in 2023 (+1.8 billion euros on approximately 4.7 billion euros estimated in 2020), while ordinary EBITDA from thermal generation is set to decline to some 1.2 billion euros in 2023 from around 2.1 billion euros estimated in 2020.

In the **Infrastructure and Networks** business, the Group plans to invest **16.2 billion euros** over the next three years, pushing up the annual average investment to around 5.4 billion euros. Out of this amount, 65% will be dedicated to improving quality and resiliency, around 23% to new connections and around 12% to digitalization. Capex acceleration is expected to drive the Group's RAB up 14%, reaching around 48 billion euros in 2023 from 42 billion euros estimated in 2020.

At the operational level, end users will increase to around 77 million, 64%-digitalized through smart meters in 2023, up from approximately 74 million, 60%-digitalized through smart meters in 2020; in terms of quality and resilience, the SAIDI and System Average Interruption Frequency Index ("SAIFI") are expected to decline by 19% on average. As a result, Group networks are expected to become more efficient, with opex/net users reaching around 34 euros in 2023, compared to some 41 euros estimated in 2020, representing a reduction of 17%.

**Infrastructure and Networks' Ordinary EBITDA** is expected to reach approximately **9.5 billion euros** at the end of 2023, up 19% versus 8 billion euros estimated in 2020. Efficiencies, linked to the implementation of operating platforms, will contribute around 400 million euros.

The remaining amount is associated to the **Customers** business, where the value of B2C clients is expected to increase by around 30% and that of B2B by around 45%, thanks to the elimination of regulated tariffs, mainly in Italy, and to the electrification of energy consumption trends that will call for "beyond commodity" services.

By combining the **Ownership** and **Stewardship** business models, the Group will enhance the customer value through combined offerings. Specifically, the B2C segment is expected to see the addition of some 10 million free market customers, from roughly 23 million estimated in 2020 to around 34 million in 2023,



mainly thanks to the elimination of regulated tariffs in Italy. This growth, coupled with higher electrification of consumption, is due to increase volumes sold in Europe's free market by 55% to roughly 62 TWh from 40 TWh estimated in 2020. The gross margin from the B2B segment is expected to increase from approximately 1.1 billion euros estimated in 2020 to around 1.4 billion euros in 2023 (+27%), mainly driven by "beyond commodity" services, including flexibility. In the B2G segment, the Group plans to continue to support cities in their path towards electric mobility, by adding some 200,000 public charging points in the 2021-2023 period and helping to roll out around 5,500 electric buses via direct and indirect investments (+6 times versus 2020). Street lighting is expected to increase from 2.9 million estimated in 2020 to about 3.4 million points in 2023 (+17%).

At the end of the Plan period, Enel X aims to reach around 780,000 public and private charging points made available worldwide, from 175,000 estimated in 2020 (+4.5 times), approximately 10.6 GW of demand response capacity from 6 GW estimated in 2020 (+1.8 times) as well as 527 MW of storage capacity from 124 MW estimated in 2020 (+4.2 times).

**Customers' Ordinary EBITDA** is projected to increase by 36%, reaching **4.5 billion euros** at the end of 2023, of which B2C will contribute by around 500 million euros, B2B by about 400 million euros, B2G by approximately 100 million euros and efficiencies, driven by an operating platform unifying and digitalizing customer operations, will add some 300 million euros to 2023 Ordinary EBITDA.

At **Group level**, the aggregated effects of the **Ownership** and **Stewardship** business models will impact value creation substantially, with **Ordinary EBITDA** expected to reach in 2023 **between 20.7 and 21.3 billion euros**, with a **5%-6% CAGR**. At the same time, **Net Ordinary Income** is expected to reach **between 6.5 and 6.7 billion euros** in 2023, with a **CAGR between 8% and 10%**. This is expected to be achieved thanks to the continuing optimization of Group financial management, particularly an increase in **sustainable finance**, leading to a lower cost of debt.

Group net debt is planned to reach 57-58 billion euros at the end of 2023 driven by the acceleration of capital expenditure. In terms of credit metrics:

- **FFO/Net debt** is expected to reach **26%** in 2023, 400 bps higher than in 2020, driven by improving cash conversion;
- **The Group's Net Debt/EBITDA ratio** is expected to stand at **2.7 times** in 2023, a level well below the average of its main European peers;
- Thanks to Enel's sustainable funding strategy, **the Group's cost of gross debt is planned to reach 3.3%** at the end of the Strategic Plan period, compared with 3.7% estimated at the end of 2020, which is already 30 bps lower than expected.

## SUSTAINABLE FINANCE

At present, sustainable finance sources, including Sustainability linked bonds, green bonds and sustainable loans account for around one third of the Group's total gross debt. **The share of these sources on total gross debt is expected to increase to around 50% in 2023 and more than 70% in 2030**, as the Group aims to progressively refinance upcoming maturities and raise new funding through these sustainable instruments.

The cost of debt of Group Sustainability linked bonds is on average around 15-20 bps lower compared to a conventional bond, a level that is expected to drive the reduction of Enel's cost of debt.



## VALUE CREATION FOR SHAREHOLDERS

Enel has set up a simple, predictable and attractive dividend policy. Shareholders will receive a guaranteed fixed Dividend Per Share (“DPS”) over the next three years, with a CAGR of approximately 7%.

The solidity of the strategy and the confidence to reach its targets allow Enel to set an increasing guaranteed DPS from 0.35 euros/share in 2020 to **0.43 euros/share in 2023**.

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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 5<sup>th</sup>, 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 operations related to the new Ownership and Stewardship business models. It excludes charges associated with corporate restructuring plans;
- **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 26<sup>th</sup>, 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 operations related to the new Ownership and Stewardship business models and excluding charges associated with corporate restructuring plans.