PRESS RELEASE

Global News Media

T +39 06 8305 5699
ufficiostampa@enel.com

enel.com

Investor Relations

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

enel.com

ENEL, THE ROAD TO 2030 IN THE 2022–2024 STRATEGIC PLAN: POWERING INVESTMENTS TOWARDS ZERO EMISSIONS WITH FOCUS ON THE ELECTRIFICATION OF CUSTOMER ENERGY DEMAND

- *The Enel Group Plan focuses on four strategic lines:*

  (i) ***allocating capital to support a decarbonized electricity supply****;*
  (ii) ***enabling electrification of customer energy demand****;*
  (iii) ***leveraging full value chain's value creation;***
  (iv) ***bringing forward Sustainable Net Zero****.*

- *The Group expects to mobilize total investments of* ***210 billion euros between 2021 and 2030****, of which* ***170 billion euros*** *directly invested by the Enel Group (****+6%*** *on the previous Plan) and 40 billion euros catalyzed through third parties.*

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

- *The Group* ***brings forward*** *its* ***Net Zero commitment*** *by* ***10 years****,* ***from 2050 to 2040****, both for direct and indirect emissions.*

- *The value created by the Group for customers is expected to bring an up to* ***40% reduction in their energy spending****, alongside an up to* ***80% reduction of their CO_2 footprint[1] by 2030****.*

- *In 2024,* ***Group Ordinary EBITDA*** *is expected to reach 21.0-21.6 billion euros, compared to 18.7-19.3 billion euros estimated in 2021.* ***Group Net Ordinary Income*** *is expected to increase to 6.7-6.9 billion euros in 2024, compared to 5.4-5.6 billion euros estimated in 2021.*

- *Enel's* ***dividend policy*** *for the period remains simple, predictable and attractive. Shareholders are expected to receive a fixed Dividend Per Share ("DPS") that is planned to increase by 13%, up to* ***0.43 euros/share****, between 2021 and 2024.*

- *The planned growth in earnings, coupled with the underlying Dividend Yield[2], is expected to translate into a 2022-2024 Total Return of around 13%.*

---

[1] Reduction in energy spending and CO_2 footprint calculated versus 2020 based on Enel's portfolio of clients in Italy and Spain.
[2] Calculated on the basis of an Enel share price of 7 euros.

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 15844561009 – Stock Capital Euro 10,166,679,946 fully paid-in.

Financial Targets				
Earnings growth	***2021E***	***2022***	***2023***	***2024***
Ordinary EBITDA (€bn)	18.7-19.3	19.0-19.6	20.0-20.6	21.0-21.6
Net ordinary income (€bn)	5.4-5.6	5.6-5.8	6.1-6.3	6.7-6.9
Value creation				
Fixed DPS (€/share)	0.38	0.40	0.43	0.43
Implied Dividend Yield[2]	5.4%	5.7%	6.1%	6.1%

Francesco Starace, CEO and General Manager of Enel said: "*This year's Plan, with 170 billion euros of direct investments by 2030, is a pivotal one. Its implementation is enabling us to step up from the previous Decade of Renewable Energy Discovery, to the current Decade of Electrification. We are accelerating growth across the business, bringing value to our customers who are at the core of the Group's Strategy, a value which translates into a projected reduction in their energy spending, while increasing their electricity demand by 2030. Furthermore, we are bringing forward the Group's full decarbonization target by ten years, reaching Net Zero by 2040. We will continue to grow in renewables, leveraging on what is already the world's leading private renewable asset base. The Infrastructure and Networks as well as the newly-launched Global Customers business line will allow us to seize the incredible opportunities that electrification has to offer. The pioneering work carried out by all Enel colleagues and the advanced digital transformation of the Group will allow us to address the evolution of customer needs during this decade.*"

Rome, November 24th, 2021 - The Enel Group (the "Group") is presenting its 2022-2024 Strategic Plan today to the financial markets and media. The Group is also presenting its strategic vision towards 2030.

The 2030 Plan

The world's journey towards Net Zero is under way and the processes of decarbonization and electrification of the global economy are key to avoiding the serious repercussions of a rise in temperatures above 1.5°C. The most recently published scenarios agree that, to reach ambitious climate targets, the electrification of energy uses should accelerate together with a massive deployment of carbon-free energy. Customers will be active drivers and main beneficiaries of this process.

Over the past ten years, renewables have become mainstream in power generation, allowing decarbonization to proceed at a faster pace. In addition, the next decade will be crucial to the achievement of the targets set by the Paris Agreement in 2015. Meanwhile, this period is also set to be characterized by growing actions towards electrification, through which customers progressively switch their energy consumption towards electricity, improving spending, efficiency, emission footprint and price stability.

The Group has set its strategic actions accordingly:

I. Allocating capital to support decarbonized electricity supply

The Group expects to **mobilize 210 billion euros between 2021 and 2030**. Out of this amount, the Group plans to directly invest around **170 billion euros** (**+6%** on the previous Plan) through the **Ownership** and **Stewardship** business models, the latter also catalyzing an additional 40 billion euros through third parties.

This capital allocation is expected to accelerate the achievement of the Group's **electrification and decarbonization goals**.

By 2030, the Enel Group expects to reach a total **renewable capacity** of around **154 GW**, tripling its 2020 portfolio, to grow its **grid customer base** by **12 million** and to promote electrification of consumption, increasing **electricity sales** by almost **30%** while focusing on the scale up of **beyond commodity services** such as public electric mobility or behind-the-meter storage, supported by partners.

The Group plans to directly invest around **160 billion euros** through the **Ownership** business model, mainly in "Tier 1" countries[3]. Specifically:

- Nearly half (around **70 billion euros**) will be devoted to **Renewables**, which are expected to add about 84 GW of capacity, out of which 9 GW in storage, leading to **129 GW** of **consolidated installed renewable capacity** by 2030. This is expected to be accomplished by leveraging on a growing pipeline of around 370 GW, more than double the one that was presented last year, alongside three global platforms for Business Development, Engineering and Construction as well as Operation and Maintenance;

- An additional investment of around **70 billion euros** is planned to be deployed in **Infrastructure and Networks**, with a 10 billion euro increase compared to the previous Plan, concentrated in Europe, aimed at strengthening the Group's position as a global player in terms of scale, quality, efficiency and resiliency. This investment is expected to result in a Regulatory Asset Base ("RAB") of **65 billion euros** in 2030, alongside the full digitalization of the Group's entire grid customer base through smart meters. The development of the Group's network activities will leverage on the implementation of **Grid Blue Sky**, a digital platform to manage its grid portfolio under a unified global model with the client at the center of the value chain.

Under the **Stewardship** business model, the Group plans to invest approximately **10 billion euros**, while further catalyzing around **40 billion euros from third parties**, focusing on countries where generation is not integrated with customers, in new geographies or in areas where the Group can monetize its expertise to offer services to partners.

II. Enabling electrification of customer energy demand

[3] Countries where the Enel Group has an integrated or potentially integrated presence, namely Italy, Spain, Romania, the United States, Brazil, Chile, Colombia, Peru.

The Group's strategic actions will aim to increase customer value in the Business to Consumer ("**B2C**"), Business to Business ("**B2B**") and Business to Government ("**B2G**") segments, enhancing the level of electrification of those clients, while improving the services offered.

In "Tier 1" countries, this customized strategy, coupled with investments in the asset base, is expected to lead to **a 2.6 times increase of the Group's integrated margin** between 2021 and 2030, supported by a unified platform, which manages the world's largest customer operations among private utilities.

The Group will leverage on its integrated positioning in "Tier 1" countries, resulting in an expected:

- **80% increase in revenues** versus 2021**;**
- **broadly flat tariffs to customers;**
- **40% decline in the cost of energy sold** versus 2021.

The increasing volumes of electricity sold and the growth of beyond commodity services are due to be associated with an overall decline in costs. Specifically, **the total cost of production is expected to drop by around 50%**, driven by greater reliance on own production in energy sales as well as on a higher share of renewables in the Group's generation mix.

The value created by the Group for customers is expected to bring an up to **40% reduction in their energy spending**, alongside an up to **80% reduction of their CO_2 footprint**[1] by 2030**.**

III. Leveraging full value chain's value creation

In order to strengthen its client-centric strategy through platformization, the Group is creating a **Global Customers business line**, which will be in charge of defining commercial strategy and driving capital allocation towards customer needs, leveraging on electrification while achieving excellence in service.

Group re-focusing will be coupled with a simplification and rebalancing of its portfolio by (i) targeting "Tier 1" countries, (ii) unlocking resources by disposing of assets that are no longer instrumental to Group strategy and (iii) M&A deals to improve positioning, acquire expertise or generate synergies.

IV. Bringing forward Sustainable Net Zero

The Group's Strategy and its projected 2030 positioning allow it to **bring forward its Net Zero commitment by 10 years, from 2050 to 2040 both for direct and indirect emissions, without resorting to any offsetting measures**, such as carbon removal technology or nature-based solutions. The **Group is planning to exit coal generation by 2027 and gas generation by 2040**, replacing its thermal fleet with new renewable capacity as well as leveraging on the hybridization of renewables with storage solutions. Additionally, **all of the Group's electricity sold by 2040 is expected to come from renewable sources** and, by the same year, **the Group will exit its gas retail business**.

The 2022-2024 Strategic Plan

In the next three years, the Group is positioning itself within the targets set to be reached by 2030. In particular, the medium-term and long-term strategies are fully in line with the following strategic actions:

I. Allocating capital to support decarbonized electricity supply

The Group plans to directly invest a total of around 45 billion euros over the 2022-2024 period, representing a 12% increase versus the previous Plan, while further catalyzing around 8 billion euros from third parties through the Stewardship business model.

During 2022-2024, the Group plans to invest around **43 billion euros** under the **Ownership** business model, with a 94% alignment to the UN Sustainable Development Goals (**SDGs**) and a more than 85% alignment to the **EU Taxonomy criteria**.

Over the period, the Group also plans to invest around **2 billion euros** under the **Stewardship** model through equity injections and minority stake acquisitions, further catalyzing **around 8 billion euros of investments from third parties**.

Out of the Group's total Ownership and Stewardship capex for 2022-2024:

- **Around 19 billion euros** are expected to be allocated to **Renewables**, especially in countries where the Group leverages on a business chain integrated with final customers. Group total renewable capacity is expected to grow to 77 GW from 54 GW estimated at the end of 2021. As a result, emission-free production is set to reach 77% in 2024 and CO_2 emissions to decline by more than 35% compared to 2021, positioning the Group well on track towards its Net Zero targets;

- **Around 18 billion euros** are expected to be devoted to **Infrastructure and Networks**, a 12% increase on the previous Plan, on the back of higher investments in Europe that are also expected to leverage on the opportunities given by the National Plans for Recovery and Resilience launched within the EU. Driven by these investments, which aim to further improve network quality and resiliency, Group RAB is expected to reach 49 billion euros, a growth of almost 15% on 2021.

II. Enabling electrification of customer energy demand

Building on the Group's new customer model, the integrated margin is expected to increase by 1.6 times by 2024 versus 2021. Over the next three years, customers' revenues are expected to grow by 26% and electricity sales are projected to grow by 25%. This will be accompanied by a decrease in the overall cost of energy sold of around 15% compared to 2021, also driven by a reduction of around 23% in the average cost of energy production.

III. Leveraging full value chain's value creation

Active management of the asset base will be utilized to complete the Enel Group's simplification process and to unlock resources that will be deployed to tap further opportunities for growth. This is expected to result in a **300 million euro earnings accretion at regime**.

***

FINANCIAL HIGHLIGHTS

At **Group level**, **Ordinary EBITDA** is expected to grow by 12% from a range of 18.7-19.3 billion euros estimated in 2021 to a range **between 21.0 and 21.6 billion euros** in 2024.

The growth in the Group's Ordinary EBITDA is determined as follows:

(i) Growth of Renewables is the main driver of the period and is expected to contribute to around 2.0 billion euros; the evolution of the generation fleet is expected to translate into a **50% growth** in **Enel Green Power's EBITDA**[4] over the Plan, namely from 5.8 billion euros estimated in 2021 to **8.7 billion euros in 2024**;

(ii) **Customers EBITDA** is expected to **increase by 36%** over the Plan period, reaching **4.9 billion euros in 2024** from 3.6 billion euros estimated in 2021. This growth is driven by Group efforts on an integrated commercial and capacity strategy, the uptake in volumes in the free market segment and the incremental needs for additional services;

(iii) **EBITDA of Infrastructure and Networks** is expected to **increase by 16%**, reaching **8.7 billion euros** in 2024 from 7.5 billion euros estimated in 2021. The main drivers are the increase in RAB, driven by higher investments, efficiency programs, increasing tariffs due to inflation indexation, mainly in Latin America, and higher volumes of energy distributed.

Net Ordinary Income is expected to **increase by over 20%** from a range of 5.4-5.6 billion euros estimated in 2021 to a range **between 6.7 and 6.9 billion euros in 2024** thanks to the operating dynamics described above and to the continued optimization of Group financial management. This optimization will be carried out mainly through an increase in **sustainable finance sources**, which are expected to account for **around 65% of total gross debt in 2024,** leading to a **cost of gross debt** that is planned to **drop to 2.9%** in 2024, compared with 3.5% estimated at the end of 2021.

The financial leverage is expected to remain stable, with a Group Net Debt/EBITDA ratio of 2.9 times over the Plan period, and a Group Net Debt forecasted to move from 53-54 billion euros estimated in 2021 to 61-62 billion euros by 2024.

VALUE CREATION FOR SHAREHOLDERS

Enel's **dividend policy** for the period remains simple, predictable and attractive. Shareholders are expected to receive a fixed Dividend Per Share ("DPS") that is planned to increase by 13%, up to **0.43 euros/share**, between 2021 and 2024.

The planned growth in earnings, coupled with the underlying Dividend Yield[2], is expected to translate into a Total Return of around 13%.

KEY PERFORMANCE INDICATORS

This press release uses a number of "alternative performance indicators" not envisaged by the IFRS-EU accounting standards adopted by the European Union, but that management feels can facilitate the assessment and monitoring of the Group's performance and financial position. In line with CONSOB Communication no. 0092543 of December 3rd, 2015 and with the Guidelines published on October 5th, 2015 by the European Securities and Markets Authority (ESMA) pursuant to Regulation no. 1095/2010/ EU, the meaning, content and calculation basis of these indicators are shown below:

- **EBITDA** is an indicator of operating performance and is calculated by adding "EBIT" to "Depreciation, amortization and impairment losses";
- **Ordinary EBITDA** is defined as the "EBITDA" attributable to ordinary operations only, linked to the business models of Ownership and Stewardship. It excludes costs associated with corporate restructuring plans and costs directly related to the COVID-19 outbreak;
- **Net financial debt** represents an indicator of the financial structure and is determined by:
  - "Long-term borrowings", "Short-term borrowings" and "Current portion of long-term borrowings", taking into account "Short-term financial payables" included in "Other current liabilities";
  - net of "Cash and cash equivalents";

[4] Including conventional generation.

- net of “Current portion of long-term financial receivables”, “Current securities” and “Other financial receivables” included in “Other current financial assets”;
- net of “Non-current securities” and “Other non-current financial receivables” included in “Other noncurrent financial assets”.

The Enel Group’s net financial debt is determined in accordance with the provisions of Guideline No. 39, issued on March 4th, 2021, by ESMA, applicable from May 5th, 2021, and in line with the related Warning Notice No. 5/21 issued by CONSOB on April 29th, 2021. It should be noted that the references to the CESR recommendations contained in the previous CONSOB communications are to be understood as having been replaced by the aforementioned ESMA guidance, including the references in Communication no. DEM/6064293, of July 28th, 2006, concerning net financial position;

- **Group net ordinary income**: defined as that part of “Group net income” attributable only to ordinary operations linked to the Ownership and Stewardship business models. It is equal to the “Group net income” adjusted by, mainly, the previously commented items under “Ordinary EBITDA”, net of possible tax effects and non-controlling interests.