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Ebitda at 17.9 billion euros in line with 2019

Testo del comunicato

Vedi allegato.

PRESS RELEASE

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ENEL 2020 PRELIMINARY RESULTS, ORDINARY EBITDA AT 17.9 BILLION EUROS IN LINE WITH 2019

- *Revenues: 65.0 billion euros (80.3 billion euros in 2019, -19.1%)*
- *Ordinary EBITDA: 17.9 billion euros (unchanged on 2019)*
- *Net financial debt at 45.4 billion euros (45.2 billion euros at the end of 2019, +0.4%)¹*

Rome, February 4th, 2021 - The Board of Directors of Enel S.p.A., chaired by Michele Crisostomo, met today to review the preliminary consolidated results for 2020.

Revenues amounted to 65.0 billion euros, down 15.3 billion euros (-19.1%) compared with the 80.3 billion euros posted in 2019. The change is mainly attributable to: (i) lower revenues in **End-user markets**, caused by lower sales of gas and electricity in Spain and Italy, mostly due to the effects of the COVID-19 outbreak; (ii) the decrease in revenues from **Thermoelectric Generation and Trading** in Spain and in Italy, due to a decrease in commodity trading activities caused by a drop in volumes traded and prices charged; (iii) lower revenues from **Infrastructure and Networks** mainly because of the decrease in energy volumes transported due to the effects of the COVID-19 outbreak; (iv) adverse exchange rate developments, mainly in Latin America.

Ordinary EBITDA amounted to 17.9 billion euros, in line with 2019. Specifically, it is worth mentioning an increase of:

- **Enel Green Power**, mainly due to EBITDA improvement (i) in Italy, resulting from better performance of hydropower plants; (ii) in North America and Spain, due to higher energy outputs following the entry into service of new plants in 2019 as well as 2020;
- **Thermoelectric Generation and Trading** (i) in Spain, mainly due to the effect of the change in the energy discount benefit, following the '5th Endesa Collective Bargaining Agreement', (ii) in Italy and Spain, resulting from the improvement in the generation margin following the reduction of supply costs as well as greater operational efficiency.

The above increase was substantially offset by:

- the decrease in **Infrastructure and Networks**, mainly in Latin America and attributable to: (i) lower volumes of energy transported due to the impact of COVID-19 on energy demand; (ii) negative exchange rate developments and (iii) the positive impact recorded in 2019 of the agreement reached by Edesur with the Argentine government for the settlement of previous regulatory items;
- a decline in the margin on **End-user markets** mainly due to: (i) lower energy volumes in Spain, largely attributable to the COVID-19 outbreak; (ii) negative exchange rate developments in Latin

¹ Not including the debt of 'Assets held for sale'.

America alongside the reporting of the income related to the abovementioned Edesur agreement with the Argentine government reached in 2019. An increase in the margin in Romania has partially offset the effects of these decreases.

EBITDA, which includes the effects of extraordinary transactions², was 16.8 billion euros (17.7 billion euros in 2019, -5.1%).

Net financial debt in 2020 was 45.4 billion euros, an improvement on expectations. The change from 45.2 billion euros reported in 2019 (+0.4%) is attributable to (i) the requirements generated by investments in the period, (ii) the payment of dividends and (iii) the extraordinary transactions for the acquisition of additional stakes in the share capital of Enel Américas and Enel Chile. The positive cash flow generated by operations and the conversion into hybrid capital instruments of previously issued bonds following the amendment of their terms and conditions have substantially offset the financial requirements associated with the abovementioned items.

The number of **employees** at the end of 2020 was 66,717 (68,253 at the end of 2019).

During 2020, the Enel Group produced a total of 207.1 TWh of electricity (229.1 TWh in 2019), distributed 484.6 TWh on its networks (507.3 TWh in 2019³) and sold 298.2 TWh (322.0⁴ TWh in 2019).

Specifically, outside Italy, the Enel Group produced in 2020 164.6 TWh of electricity (182.2 TWh in 2019), distributed 271.0 TWh (279.6⁵ TWh in 2019) and sold 208.0 TWh (224.5 TWh in 2019).

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Alternative performance indicators

This press release uses some 'alternative performance indicators' that are not envisaged by the international accounting standards adopted by the European Union - IFRS-EU, but which management deems useful for the better evaluation and monitoring of the Group's economic and financial performance. In line with CONSOB Communication No. 0092543 of December 3rd, 2015 and 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 set out below:

- EBITDA represents an indicator of the operating performance and is calculated by adding 'Operating

² The extraordinary items for 2020 are as follows:

- the costs of COVID-19;
- the value adjustment of fuel and spare parts inventories relating to certain coal-fired plants in Italy, Spain and Chile;
- costs from corporate reorganization plans launched by the Group within the framework of the energy transition process in Italy, Spain, Chile, Colombia and Peru and from the digitalization process in Spain.

Extraordinary items in 2019 related to:

- the capital gain from the sale of Mercure S.r.l.;
- the writedown of stocks of fuel, materials and spare parts for the operation of certain coal-fired plants in Italy and Spain;
- the consideration due under the agreement between e-distribuzione and F2i and 2i Rete Gas for the early and lump-sum settlement of the second payment connected with the sale, in 2009, of e-distribuzione's stake in Enel Rete Gas;
- the fair value adjustment of the purchase price of the Greek company Kafireas;
- ancillary charges related to the writedown of the Reftinskaya coal-fired plant in Russia, the sale of which was completed in the fourth quarter of 2019.

³ The energy distributed figure for 2019 reflects a more accurate measurement of transported volumes.

⁴ The figure for energy sold in 2019 reflects a more accurate measurement of volumes sold.

⁵ The energy distributed figure for 2019 reflects a more accurate measurement of transported volumes.

- income' to 'Amortizations and impairment losses';
- Ordinary EBITDA is defined as EBITDA attributable to ordinary operations only, linked to the new business models of Ownership and Stewardship⁶. It excludes expenses associated with corporate reorganization plans and costs incurred by the Group, on an extraordinary basis, to deal with the COVID-19 outbreak, such as, for example, workplace sanitation, personal protective equipment and donations;
 - Net financial debt is an indicator of financial structure and is 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';
 - net of 'Cash and cash equivalents';
 - net of the 'Current portion of long-term financial receivables', 'Factoring receivables', 'Cash collateral' and 'Other financial receivables' included in 'Other current financial assets';
 - net of 'Securities', 'Other financial receivables' included in 'Other non-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 2004/809/EC and in line with the CONSOB instructions of July 26th, 2007, for the definition of the net financial position, excluding financial receivables and long-term securities.

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act, the officer responsible for the preparation of Enel's corporate financial reports, Alberto De Paoli, declares that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.

⁶ See Enel Group press release issued on November 24th, 2020.

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