enel

Capital Markets Day

NOVEMBER 22ND 2023, MILAN

Agenda

Flavio Cattaneo, CEO

2024-26 Strategic Plan

- The Group in the energy context
- 2024-26 Strategic Plan
- The Group in the next three years

Stefano De Angelis, CFO

2024-26 Strategic Plan

- Capital allocation and EBITDA growth
- Efficiencies, streamlining & cash flow generation
- The financial plan
- Net Income growth
- Targets

Flavio Cattaneo, CEO

Closing remarks

Flavio Cattaneo

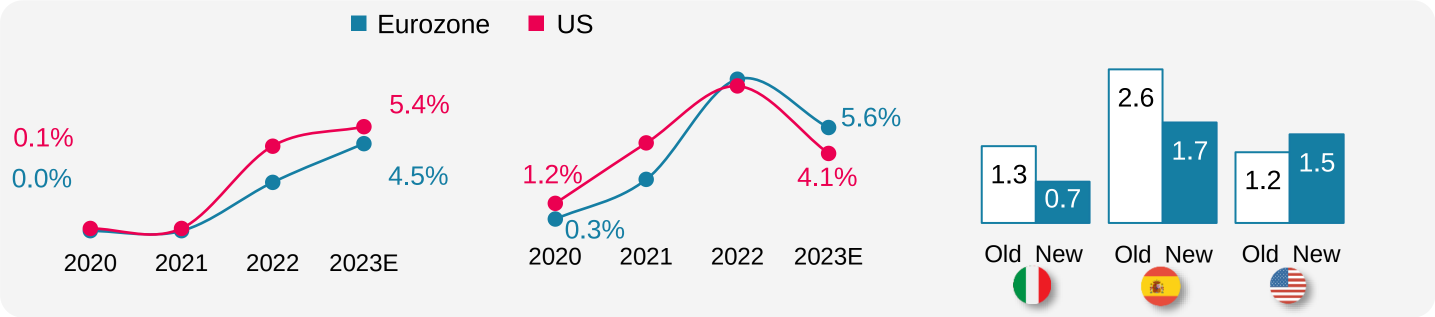
CEO

The Group in the energy context

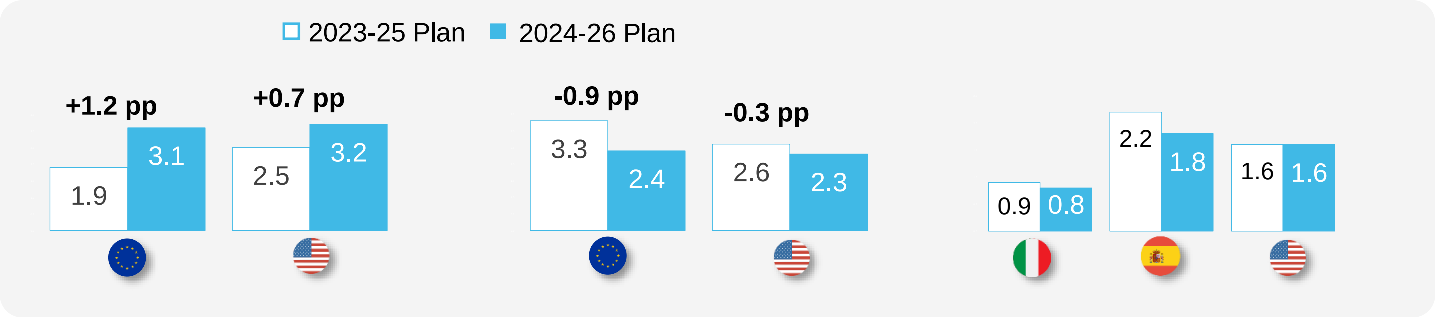
A rapidly changing macro environment with hawkish monetary policies to address inflationary trends…

Changes occurred globally in the **macro scenario…**

Interest Rates[1] | Headline CPI[2] (%) | 2024 GDP growth[3] (%)



…which called for **timely adjustments on the scenario** embedded in Enel's plan



1. Year end Central banks' terminal rate: Federal Funds Rate and Main Refinancing Operations Interest Rate; 2. Annual average; 3. World Economic Outlook Projections (IMF) @Oct'22 vs @Oct'23

…have caused a temporary setback in some trends in the short-term…

Electricity demand

GDP growth slowdown has been **curbing power demand**

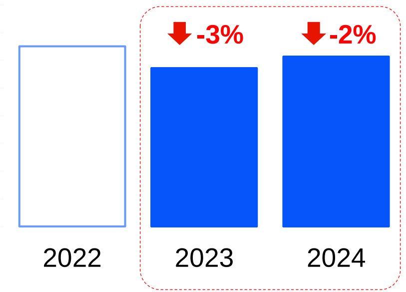
Commodities' volatility

Geo-political uncertainties have spurred **gas price volatility**, which has been reflected in power prices

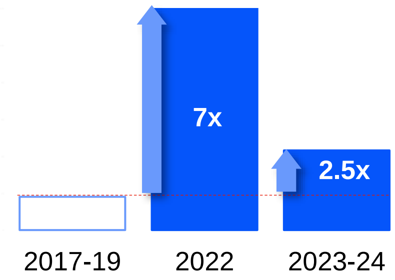
Renewables' costs

Inflationary pressures and higher interest rates have caused an **increase** in **supply costs** and **cost** of **financing**

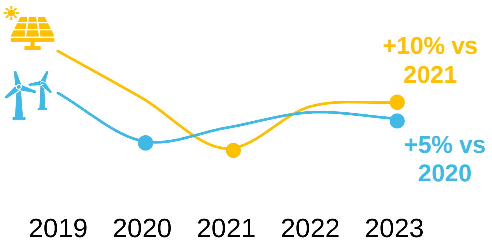
EU Power demand vs 2022 (TWh)[1]



Average gas price TTF (€/MWh)[2]



LCOE ($/MWh)[3]



1. IEA, Electricity Market Report, 2023; 2.Historical values (source: Bloomberg), Enel's internal elaboration for future; 3. Average value for Italy, Spain and USA from BNEF's LCOE database

…though not impacting the medium-term direction…

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Electricity demand

Changes in households' energy consumption behaviors will drive an **increase in power demand**

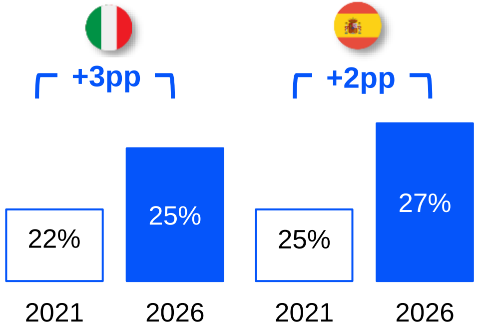
Power prices

Tightness in **reserve margins** will continue to weigh on **power prices**

Renewables' penetration

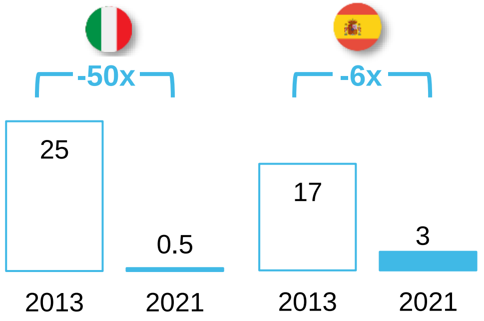
Need of clean energy independence and regulatory pressure drive the **decarbonization of generation capacity**

Electrification rate (%)[1]



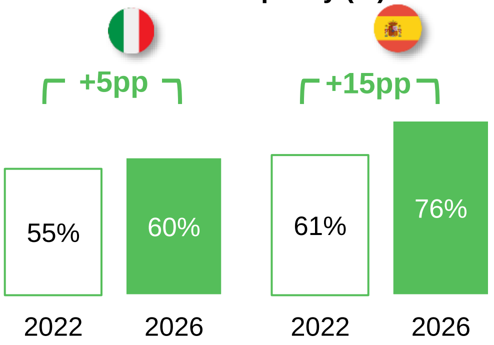
Electricity demand[3] (TWh): 319 | 327 | 256 | 275

Reserve margin (GW)[2]



Avg. **power prices** in **2023-26** expected to be **2x[4]** vs **2017-19 avg.** both in Italy and Spain

Share of Renewable installed capacity (%)[3]



1. Eurostat energy balances for historical data; Enel's internal elaboration for future values 2. Terna (Italy), Enel's internal elaboration based on Red Electrica data (Spain) 3. Terna (Italy) and Red Electrica (Spain) for historical data; Enel's internal elaboration for future values 4.Historical values (source: Bloomberg), Enel's internal elaboration for future values

…triggering long-term trends emerging stronger…

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Need for distributed energy connections

The increase of renewables in the energy mix will **strengthen** the **role** of **distribution grids**

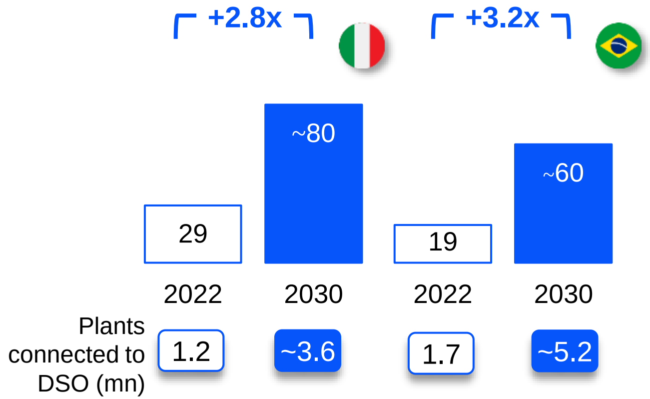
Need for systems flexibility

Increased role of **battery storage** to tackle **renewables' intermittency** and guarantee **security** of **supply**

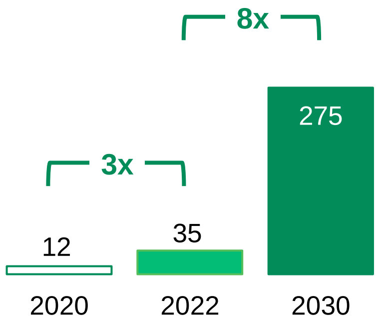
Need for RES at adequate returns

Increase in LCOE calls for adequate returns on **renewables** even if they remain **more competitive** than **thermal**

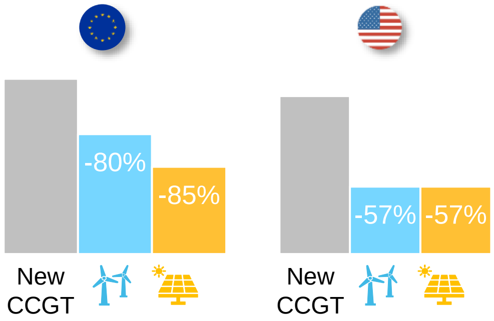
Capacity connected to DSO[1] (GW)



Global demand for stationary BESS[2] (GW)



2030 LCOE – Onshore wind and solar vs CCGT[3]



1. Terna, GSE, ANEEL; 2, BNEF 2023; 3. IEA, WEO 2023

…leading to a reassessment of our key business drivers

Regulated business

- Increase investments in grids to improve **quality**, **resiliency** and to accommodate **connection requests**
- Focus on **countries** with **favorable regulatory frameworks** that allow a **fair remuneration**
- **Increase investments in BESS** to compensate renewables' intermittency

Emission-free generation

- Select investments based on a weighted **risk-reward matrix diversified** by **country** and **technology**
- Concentrate investments in **countries/techs** with stable and secured **IRR-WACC** spread
- Leverage on **partnerships**

Sales to customers

- **Maximize value** of our large customers' portfolio
- **Increase efficiency and effectiveness** in customers acquisition and customer care
- Lead **customers** towards a **more electrified world** with no disruptions

Flexible sourcing approach to grab opportunities from make and buy strategy

Value driven approach in an integrated company with **efficiency** and **effectiveness** supporting **competitiveness** and **enhancing results** and **delivery**

2024-26 Strategic Plan

The strategic pillars

Capital allocation

1 Profitability, flexibility and resiliency

Selective capital allocation to maximize **risk-return profile** while enhancing **flexibility** and **resiliency** of the Group

Group's operations

2 Efficiency and effectiveness

Cost discipline, leaner organization and **processes**, **clear accountability** with focus on core geographies and activities to **maximize cash generation** and **compensate** for **inflationary** dynamics and **rising cost of capital**

Sustainability

3 Financial and environmental sustainability

Financial and **environmental** sustainability, **pursuing value creation** while addressing the challenges of **climate change**

A **value driven sustainable business model** built to seize **opportunities** coming from an ever-changing context

Enel's key drivers of capital allocation…

Geographical positioning

Networks

- Focus on the infrastructure **enabling the energy transition**
- Investments deployed on **visible** and **remunerative** regulatory **frameworks**

Europe | Latam | North America

Generation

- **Limit investments** outside of core countries
- **Leverage market opportunities** vs greenfield capacity development
- **Secure open position** through LT agreements

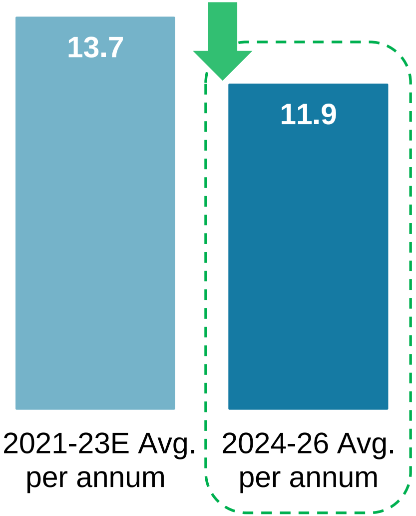
Europe | Latam | North America

Customers

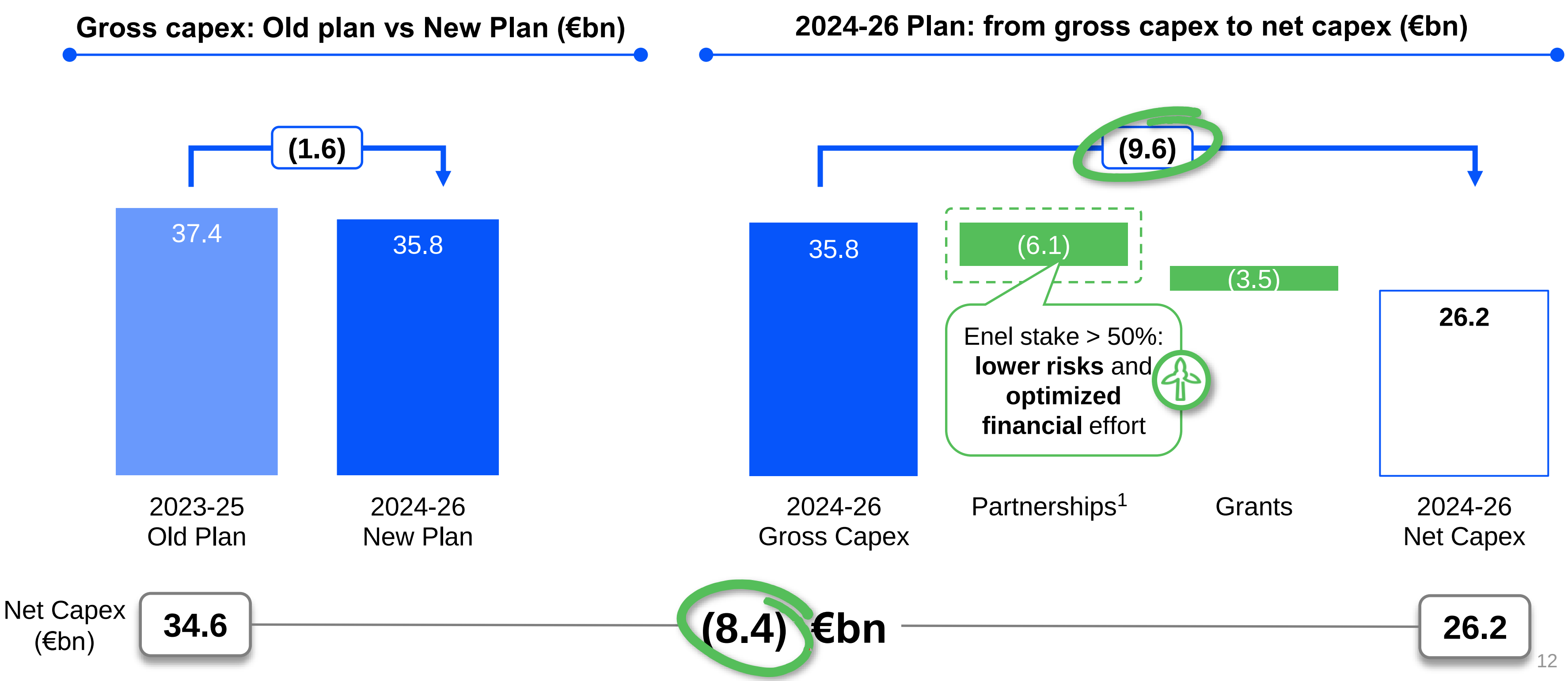
- Rationalize geographic footprint to focus on **higher marginality services/products**
- Bundle offering to enhance **value creation**
- **Efficiency** on customer acquisition and customer experience

Europe | Latam | North America

1.8 €bn p.a.
CAPEX OPTIMIZATION



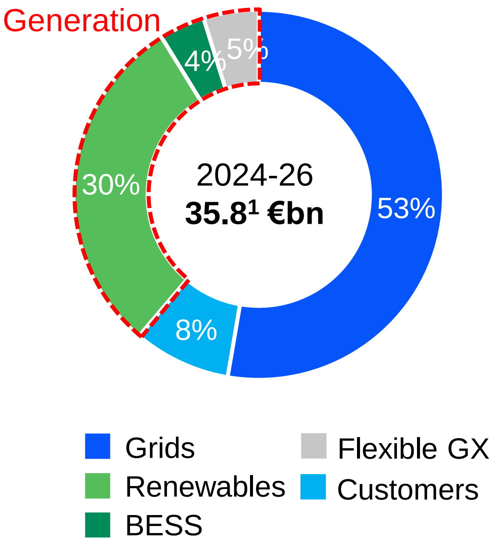
…are designed to minimize the impact on debt…



1. 6.1 €bn includes: ~4 €bn cash-in from capacity to be built over the plan and ~ 2 €bn from already existing capacity

...improving returns and their predictability

Cumulated gross capex (€bn)



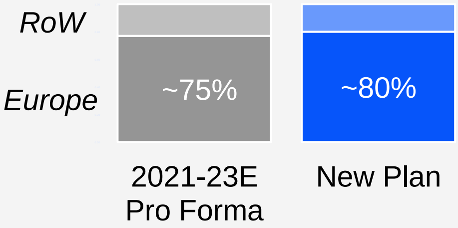
2024-26 Plan vs 2021-23E Pro Forma

By GBL	
Networks	+4.0
Generation	(5.0)
Customers	(0.5)

By Country	
Italy	+2.9
Iberia	+2.1
RoW	(6.4)

Grids[1]

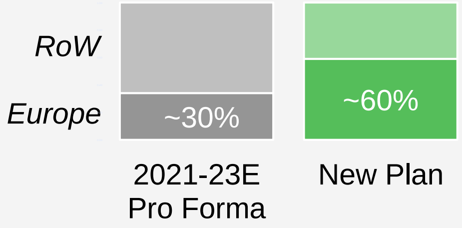
Capital allocation



Blended regulated return[2]: 7.5% in 2024-26, **+80 bps** vs 2021-23

Renewables[1]

Capital allocation

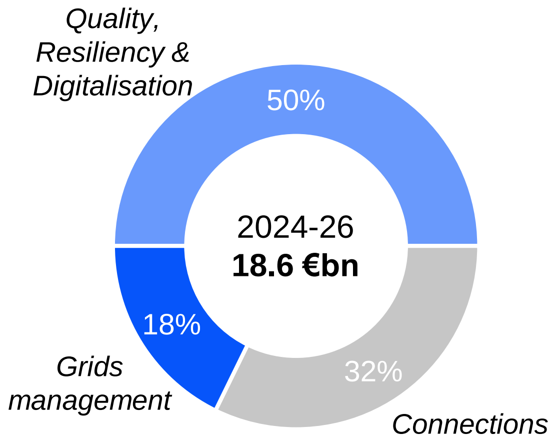


Blended spread IRR-WACC: **>100bps** vs 2021-23

1. Split does not include "Other"; 2. Real, pre-tax

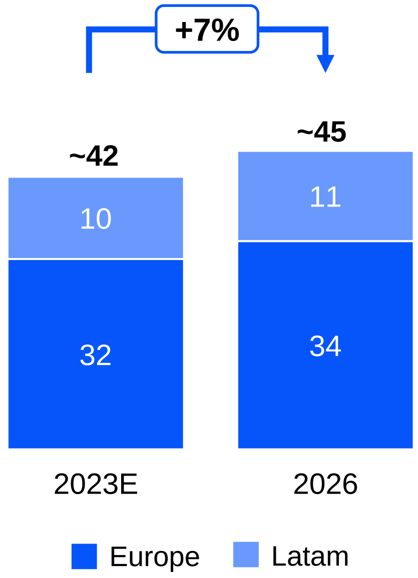
Grids investments to be supported by an adequate profitability

Gross capex



Capex net of grants
~15.2 €bn

RAB[1] (€bn)



Key Drivers

Regulatory Advocacy
Leverage on regulatory frameworks that grant an appropriate remuneration to investments

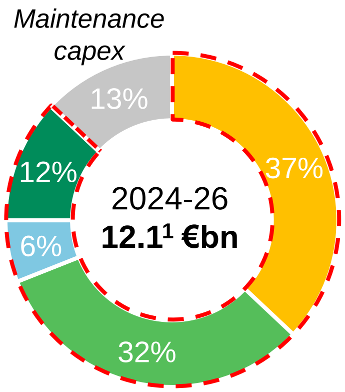
Quality
Grant high quality standards to customers coupling with lower energy losses aiming at improving profitability

Asset base optimization
Improvement of grid portfolio to maximize RAB growth and value

1. 2023E Pro Forma

Renewables investments to be selected only if value accretive

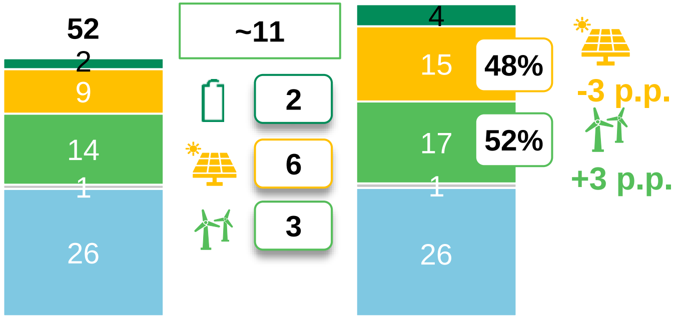
Gross capex



Cash in from partnership ~6 €bn

Capacity evolution[2] (GW)

@2026 vs 2025 Old Plan[3]



2023E	Total capacity[4]	2026
63		73

BESS | Solar | Onshore wind | Geo | Hydro | % Weight on wind & solar capacity

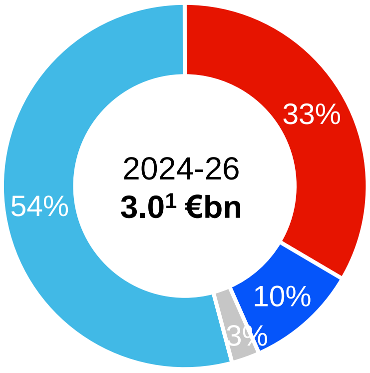
Key Drivers

- **Reduction of LCOE**
  Continuous optimization of unitary capex and opex
- **Risk-reward profile improvements**
  Investments to be selected according to a risk-reward matrix differentiated by technologies and geographies
- **Innovation**
  Focus on repowering and BESS to improve system flexibility and load management
- **Partnerships**
  Leveraging on third parties' contribution

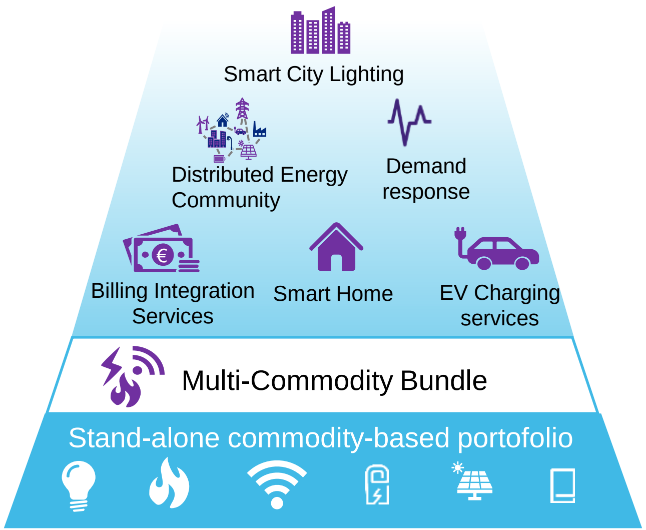
1. It does not include 0.3 €bn equity injection; 2. It includes consolidated capacity (ownership and partnership) in core countries; 3. Delta of weight on solar and wind capacity; 4. It includes capacity under the ownership, partnership and stewardship model.

Customers investments to maximise clients' engagement and satisfaction

Gross capex



Commercial proposition



	2023E	2026
Liberalized market customers[2] (mn)	19.2	20.4

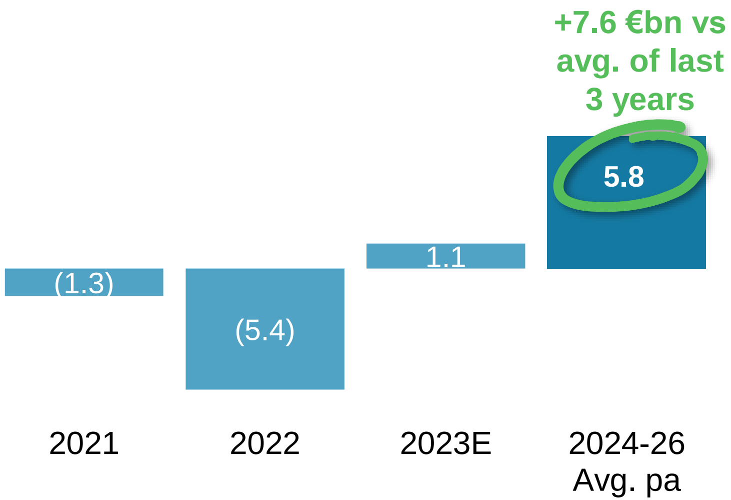
Key Drivers

- **Geographical rebalancing:** focus on Italy, Iberia and Latam
- **Customer centricity:** single touch point for B2C and SMEs; Key account manager for Top & Large commodity and services
- **Bundle offering** and cross selling leveraging on improved customer experience
- **Prioritize products** that can accelerate electrification, promote customer loyalty and increase marginality
- **Process optimization** to drive efficiencies on customer acquisition and management

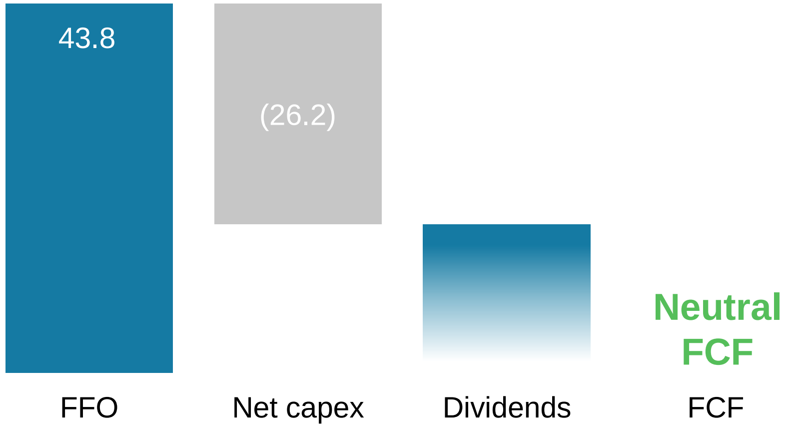
1. Split does not include "Other"; 2. Power.

A solid cash generation able to cover investments and dividends…

FCF before dividends (€bn)



2024-26 FFO allocation (€bn)

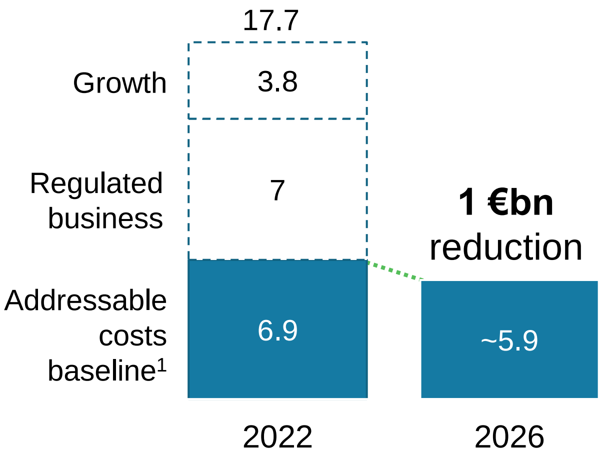


Cash flow production reinstated after years of cash burn…

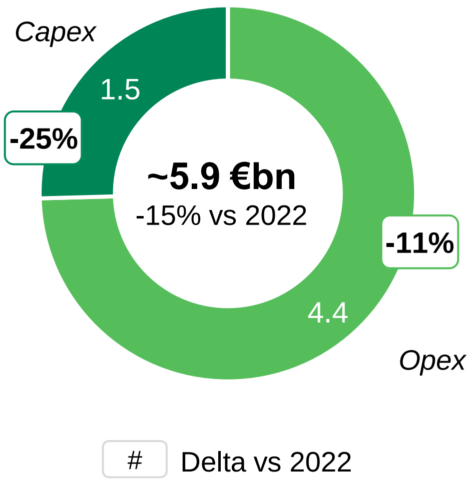
…thanks to **FFO improvements** that will **cover** net **capex** and **dividends**

…supported by a renewed focus on addressable cash costs

Evolution of cash cost baseline (€bn)



2026 addressable cash cost baseline[2]



- **Efficiencies** for c.**1 €bn** over 2022-26
- Main **drivers**:
  - Organization streamlining to increase **accountability**
  - Optimized mix of **insourcing** (value) and outsourcing (volume)
  - **Productivity uplift** through simplification of processes
  - Adoption of **technical** and **service standards** coupled with local requirements
- **Additional efficiency** in **networks** (outside of addressable cash-costs perimeter) focused on **overheads** (0.2 €bn)

TOTAL COSTS REDUCTION
1.2 €bn

1. Addressable costs exclude grids regulated Totex and new generation asset development; 2. In real terms

Financial sustainability

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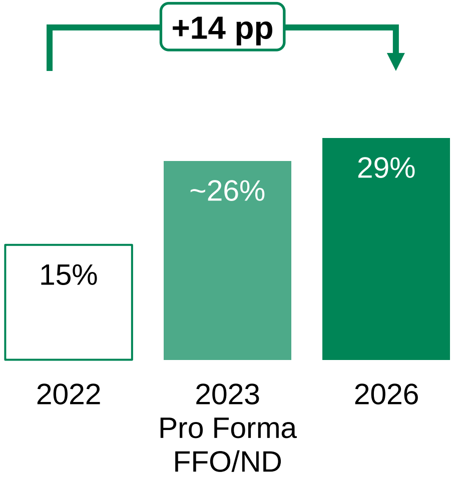
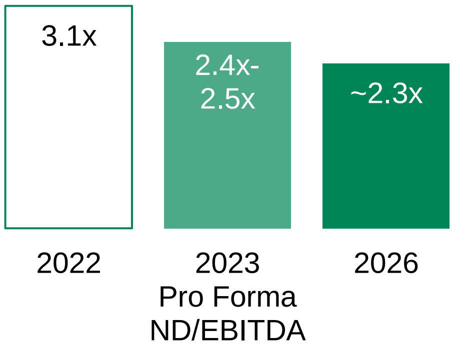
FFO/Net Debt



2025 Old Plan 28%

Net debt/EBITDA

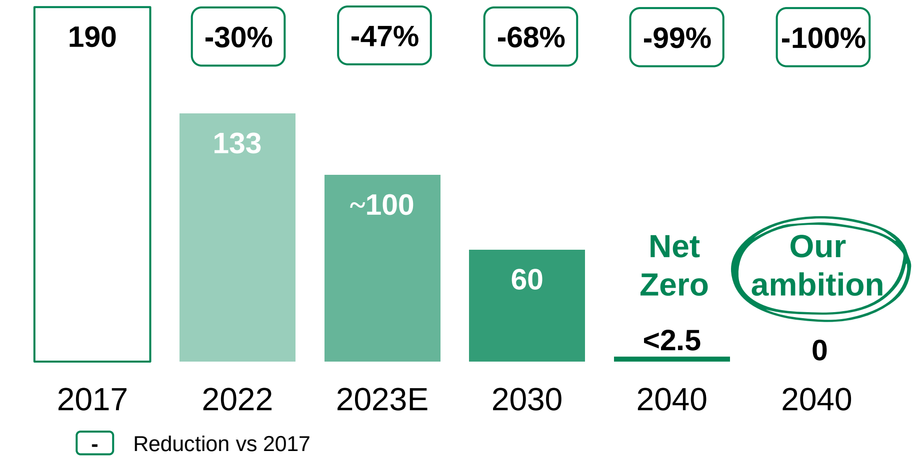


2025 Old Plan 2.4x-2.5x

- **Credit ratios** improving steadily throughout the plan
- **Solid cash flow generation** with **flat net debt** after investment plan and dividend payments
- Continued **de-risking** and **strengthening** of **balance sheet** through assets portfolio optimization

Environmental sustainability

Total absolute emissions (MtCO2eq)



Net Zero - A roadmap aligned to the Paris Agreement (1.5°C pathway)
SBTi certification for 2030 and 2040 emission reduction targets across all scopes

2027

Exit from coal power generation

2040

100% renewable power generation and sales and exit from gas retail

A Just Transition plan based on upskilling/reskilling programs

1.5°C SBTi certified

The Group in the next three years

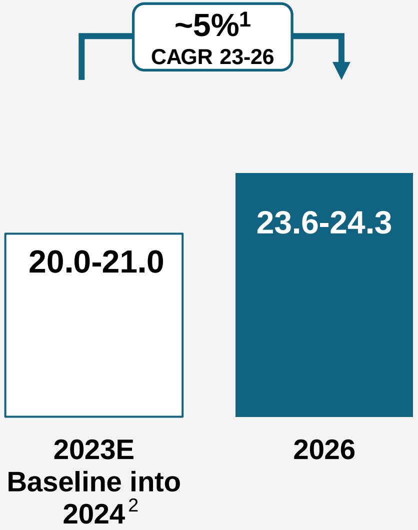
A strong operating positioning in 2026…

		2023E	2026
Enhancing **grids' quality** and **resiliency** amidst **supportive** and **visible regulatory** frameworks	Electricity distributed[1] (TWh)	447	**466**
	SAIDI[1] (min)	167	**161**
A **growing renewable** platform **centered** on **flexibility** and **profitability**	RES Capacity[2] (GW)	63	**73**
	GHG free production on total[3]	74%	**86%**
A **highly electrified customer base** served with **efficiency** and **effectiveness**	Liberalized power customers on total	35%	**44%**
	Liberalized power customers (mn)	19.2	**20.4**

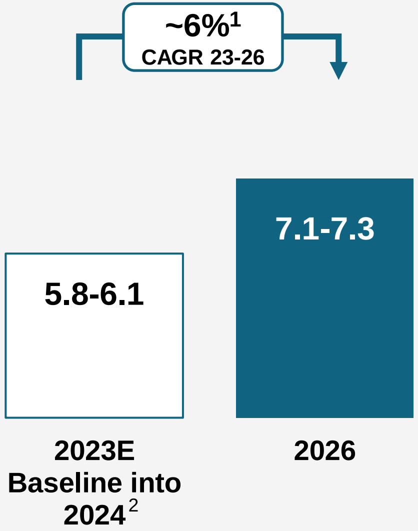
1. Core countries; 2. It includes consolidated capacity (ownership and partnership), capacity under stewardship model and BESS; 3. It includes managed production

…reflected into our Plan's targets

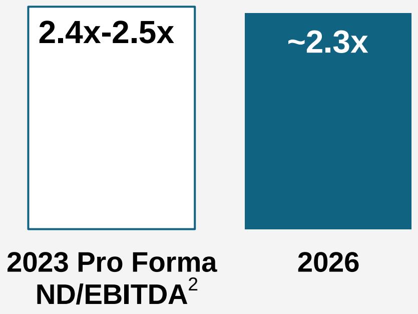
Ordinary EBITDA (€bn)



Ordinary Net Income (€bn)



Net Debt/EBITDA

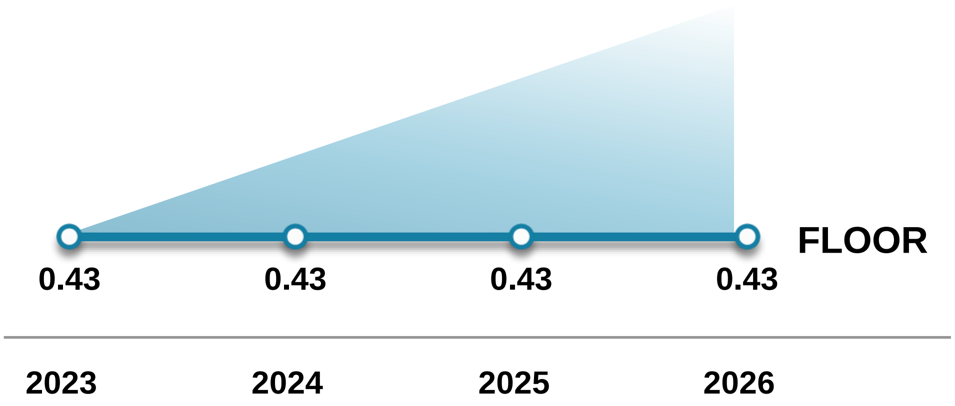


1.Calculated on mid-point of the guidance range; 2. In the full slide pack, "Baseline into 2024" and "2023 Pro-Forma" represent the 2023 FY expected number excluding the perimeter effect of disposals.

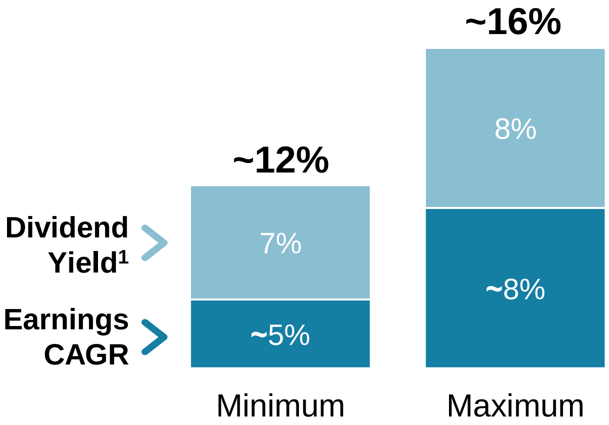
Strong commitment to maintain an appealing and sustainable shareholders’ remuneration

Dividend policy

up-to 70% pay-out
if cash flows **neutrality** is achieved



Total Shareholder Return



1. Enel’s share price at 6.4 €

Stefano de Angelis

CFO

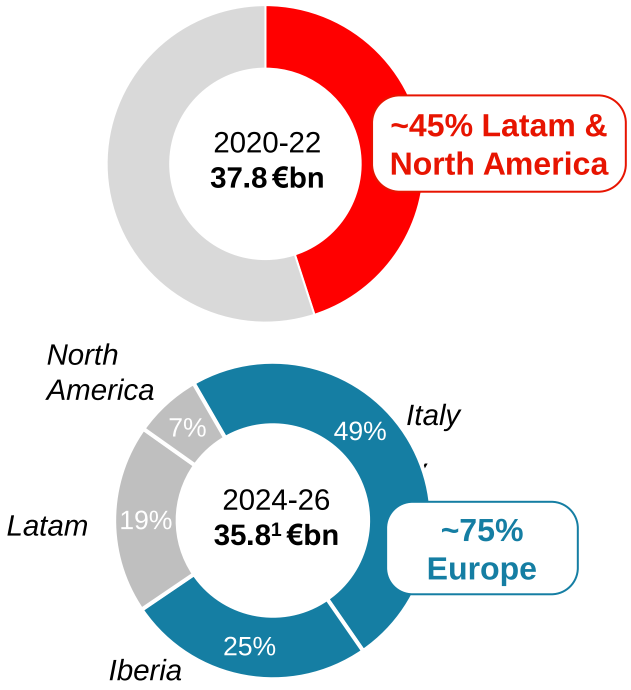
Capital allocation and EBITDA growth

Capital allocation optimized based on a country/business matrix approach…

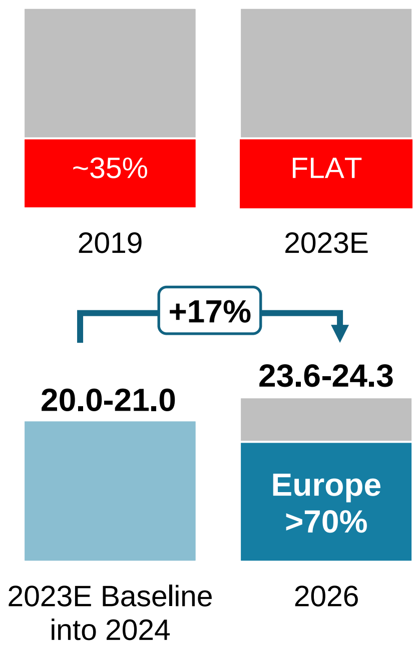
Integration stage	Grids	Generation	Customers
Italy, Spain	Need to **accelerate grid upgrades** Investments supported by **higher** and **predictable returns**	Fully **integrated** business model **Renewables** growth natural hedge with **customer base**	Fully liberalized retail market **Bundled commercial** offerings targeting **loyalty** and sustainable **LT profitability**
Brazil, Colombia, Chile	Growing demand for **network quality** and **resiliency** Capex deployment to be coupled with **fair** and **predictable returns**	High **exposure** to **hydrology** **Limited private PPA** market **Hedging** with Large Industrial customers	Regulated B2C and SMEs **limit growth of integrated model** **Liberalization** going forward as **unique opportunity**
USA	**Inefficient infrastructure** with **congestion issues**, not yet addressed by Authorities, **affecting** Generation **profitability**	**Renewables** development supported by **tax incentives** **Merchant risk** exposure shrinking investment returns	**Limited** industrial and geographical **integration**, to be offset by **competitive hedging** differentiation and **efficiency**

…rebalancing results to maximize profitability and cash generated: EBITDA from Europe >70%

Capex



EBITDA (€bn)



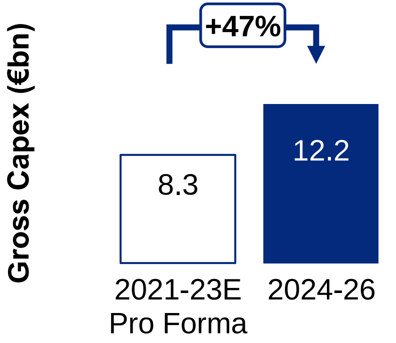
Shift of **capital allocation from GW expansion** to risk- weighted **EBITDA conversion** backed by **sustainable value creation**

1. Split does not include "Other"

Grids: key drivers of value creation

Italy

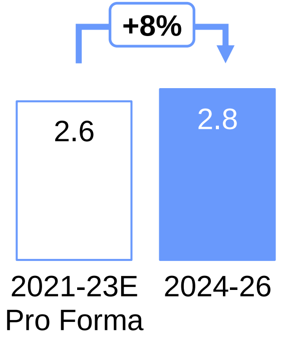
Capex recognition **N+1**
Connections: 65% upfront **35%** in RAB
Yearly inflation adjustment



	2023E	2026
RAB (€bn)	21	23

Spain

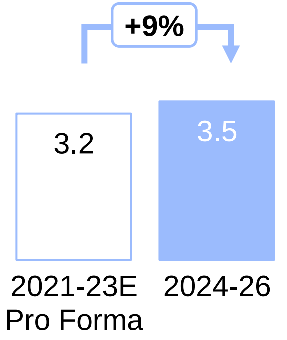
Capex recognition **N+2**
Connections: 85% upfront **15%** in RAB



	2023E	2026
RAB (€bn)	11	11

Latam

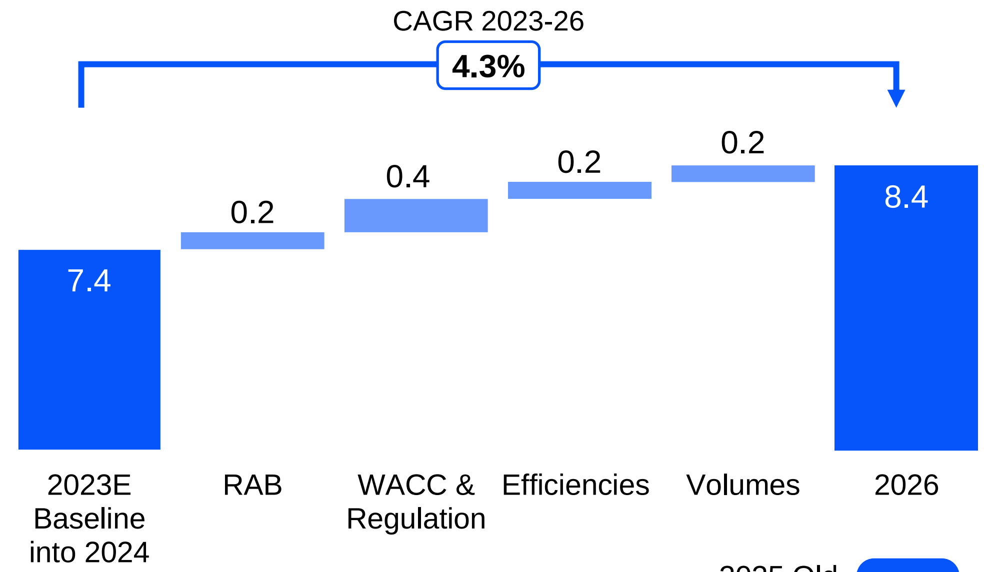
Capex recognition: beginning of the following cycle in Brazil & Chile. No time lag in Colombia
Connections c. 95%: RAB for Brazil & Colombia, tariff recognition in Chile
Yearly inflation adjustment



	2023E	2026
RAB (€bn)	10	11

Grids: EBITDA evolution

EBITDA evolution (€bn)



2025 Old Plan (€bn) **7.7**[1]

	2023E	2026
EBITDA/ Grids Customer (€/cl)	112	125
RAB/ Grids Customer (€/cl)	645	669

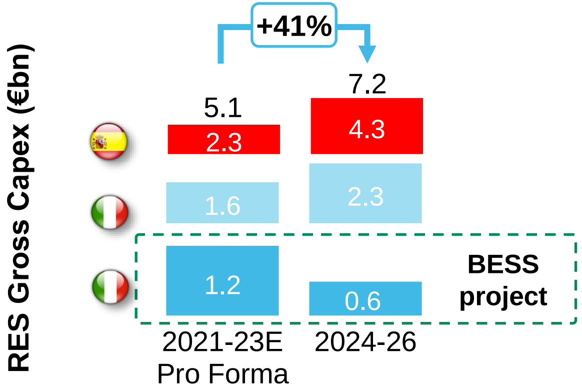
- **Increased Cash Cost allocation** on Networks supports EBITDA expansion
- **Key Regulatory** variables as main **drivers** (WACC & Regulation)
- **Re-focus** on **Latam grids**

1. It includes the contribution from Cearà in Brazil

Renewables: key drivers of value creation

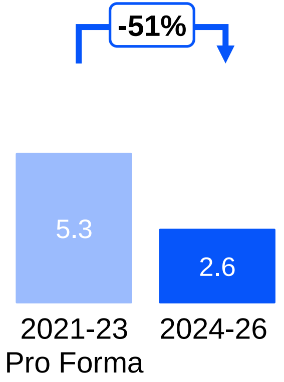
Europe

- **Repowering** aimed at improving **sourcing mix**
- **Operational** control of **BESS** projects
- **Hedged** by solid **customer base**



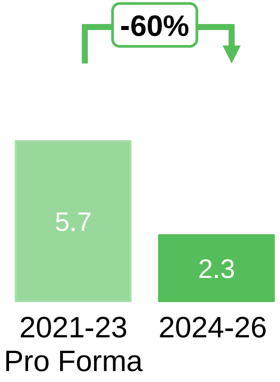
Latin America

- Risk weighted **RES development** and **opportunistic PPA** sourcing
- **Sales** heavily skewed **towards T&L**



North America

- Priority shifted from **size** to **cash generation** on the entire asset portfolio
- **New capacity: self-funded, hedged** and de-risked



RES Capacity[1] (GW)	Europe 2023E	Europe 2026	Latin America 2023E	Latin America 2026	North America 2023E	North America 2026
	26	31	16	19	10	12

1. Consolidated capacity. It includes BESS.

New capacity: different business models to enhance returns and expand optionality

ENEL STAKE

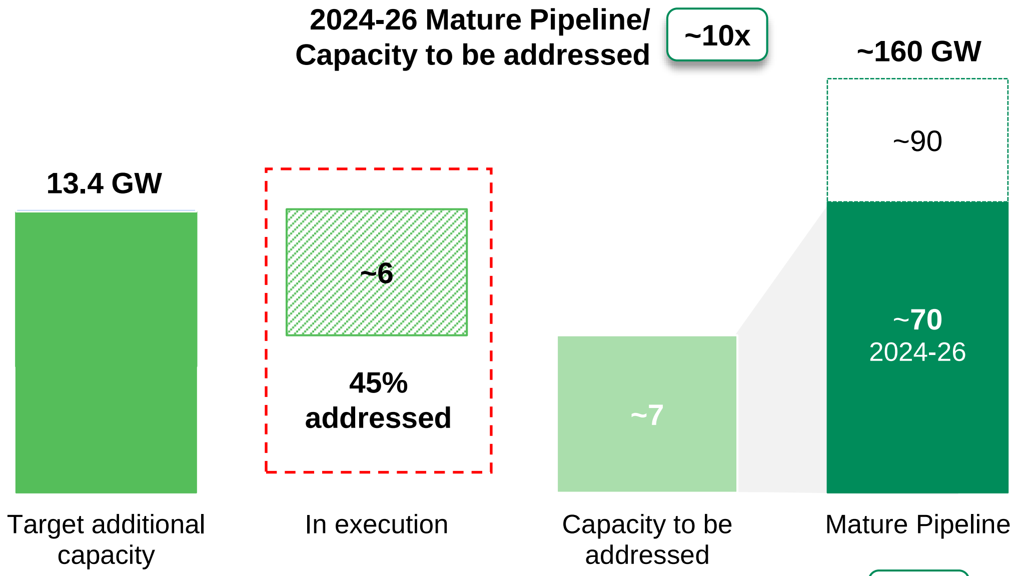
Enel stake	Business model	Net debt impact	New capacity	Capex / Equity inj. (€bn)	IRR-WACC
100%	**Ownership** **Full control** of assets **Higher** and **hedged returns** Mostly in **Europe**	Net debt impact	New capacity[1]: 4.5 GW	Capex[1] (€bn): 4.5	~300 bps
>50%	**Partnership** **Improve assets risk exposure** retaining control Maximize capital **productivity** and **flexibility**	Net debt impact	New capacity: 7.8 GW	Capex (€bn): 6.3	Improved: up to ~300 bps
≤50%	**Stewardship** Leverage on Enel **high-rated pipeline** and global **footprint** Enhance **financial flexibility and capital returns**	Net debt impact	New capacity: 2.1 GW	Equity inj.(€bn): 0.3 *(~3 €bn total investment)*	Double-digit IRR

~14 GW new capacity | **~11 €bn Investments**

1. It includes renewables and thermal generation

Pipeline size and maturity enable a low-risk and profitable growth

2024-26 renewables growth: addressed share vs pipeline (GW)



Early stage **~290**

Total pipeline **~450**

- Focus on **mature projects** with **higher investment return** and full **eligibility** in terms of **hedging/risk** assessment
- **Value crystallization** of pipeline:
  - **non-core geographies**
  - **core countries** with **limited fitting** with the **targeted risk/return** level
- **Non-core countries:** focus on actionable and relevant asset development and **profit-driven** projects**. Limited capital** at **risk balanced** by **stewardship model**

Integrated business: key drivers of value creation

Europe

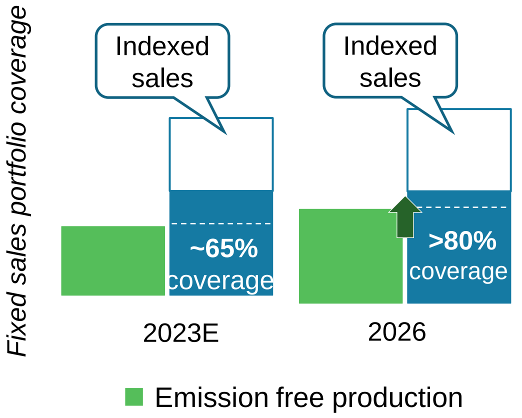
- **Increased renewables production** to improve cost of sourcing
- **Optimized customer portfolio** to **shorten long customer** position

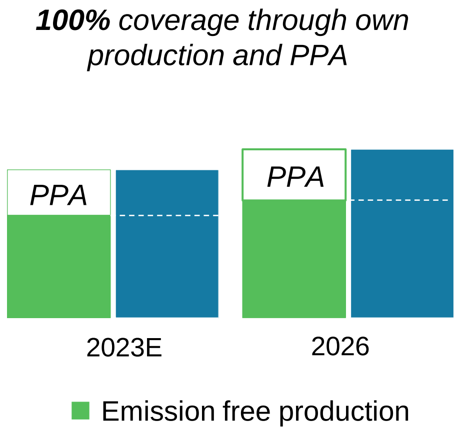
Latin America

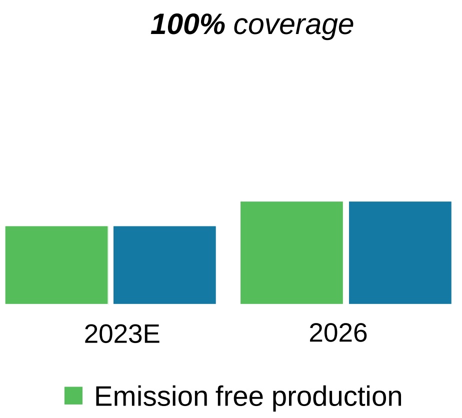
- **Sales fully hedged** and **lock-in of profitability** of existing portfolio
- Scale in **wholesale sourcing** drives **further growth potential**

North America

- **Financial sustainability** of **renewables** segment as **key priority**



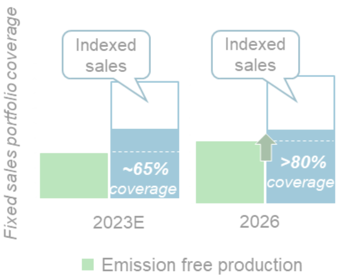




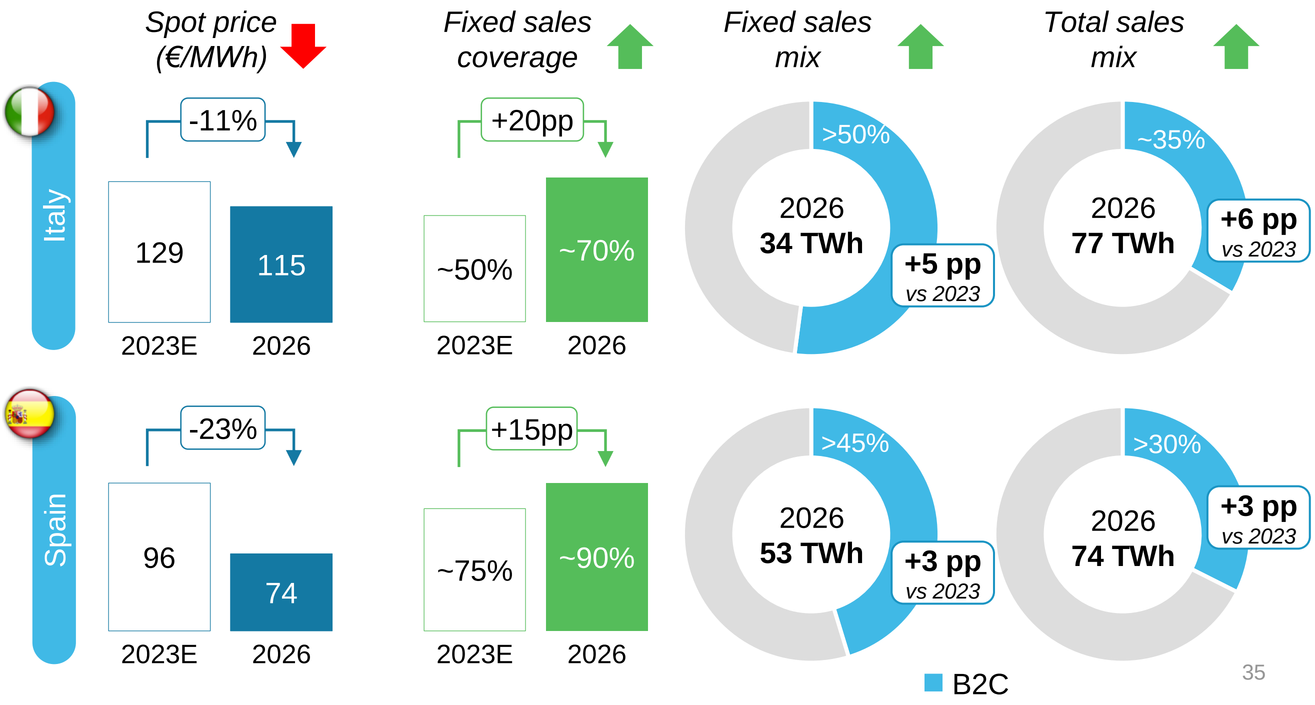
Integrated business: key drivers of value creation (cont'd)

Europe

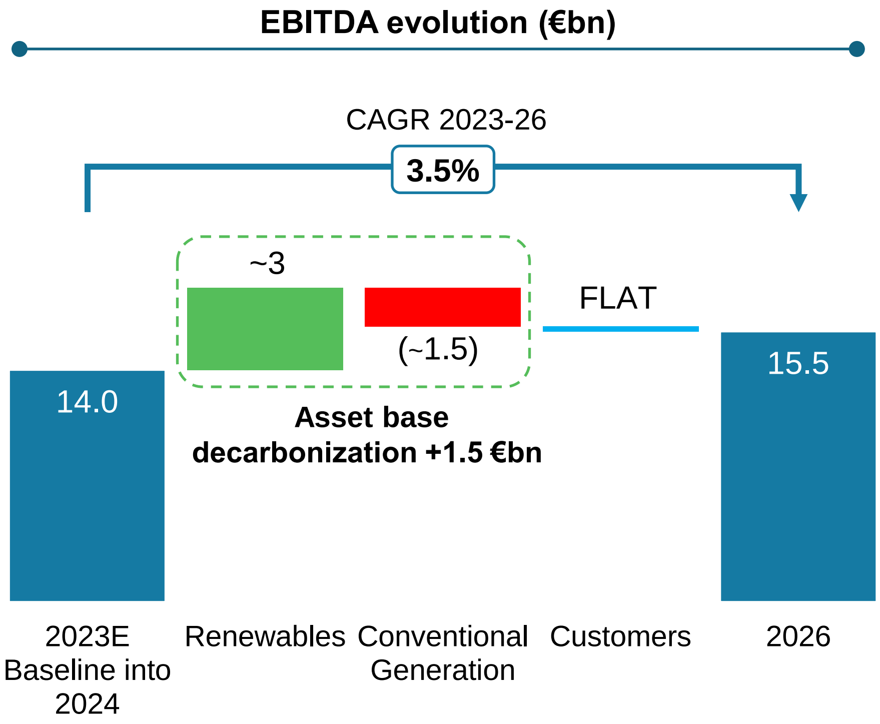
- **Increased renewables production** to improve cost of sourcing
- **Optimized customer portfolio** to shorten **long customer** position



Margin drivers



Integrated business: EBITDA evolution



RENEWABLES
Growing **EBITDA contribution** driven by increasing weight of **renewable capacity**

FROM CONVENTIONAL GENERATION…
Normalization of **commodity market** reduces portfolio exposure and trading opportunities.
Coal progressive **phase-out**

…TO FLEXIBLE GENERATION
Act as a **sustainable provider** of the required **flexible** generation to support **energy transition** and system **security**

CUSTOMERS
Potential **margin pressure** from **decreasing power prices** in Europe balanced by:

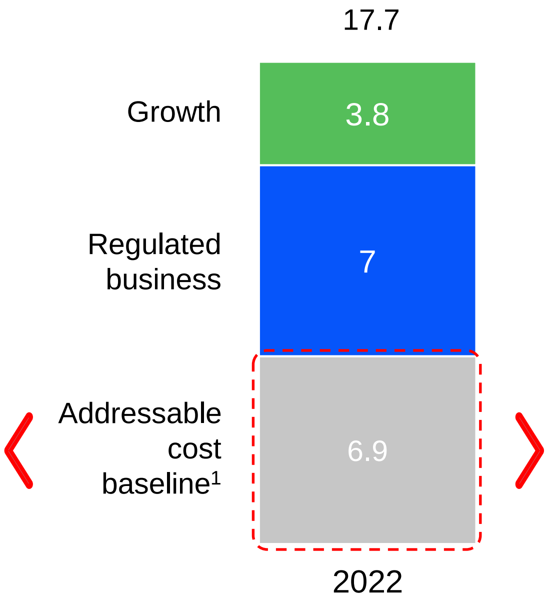
- a **multi-segment** offers **differentiation** coupled with **tailored integrated solutions**;
- digitalization to boost **efficiency** and **effectiveness** in customer operations

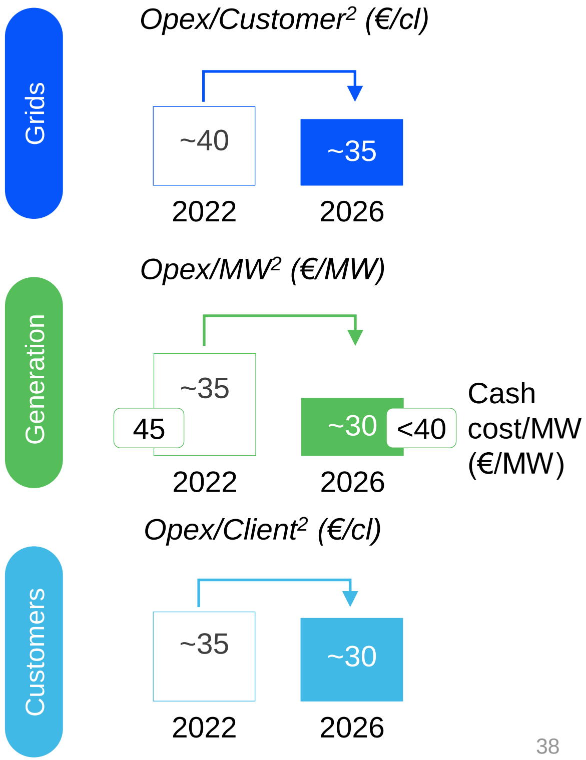
Efficiencies, streamlining & cash flow generation

Efficiency as a binding attitude to balance increase in cost of capital

1.2 €bn cost reduction

- **1 €bn** cost efficiencies **or ~15% reduction** on addressable **cost baseline**
- Additional **+0.2 €bn** on **non-regulated** networks **overheads**
- No-interest bearing **source of capital** re-invested at **double digit returns**
- Supporting hedge to **long-term profitability** of integrated margin





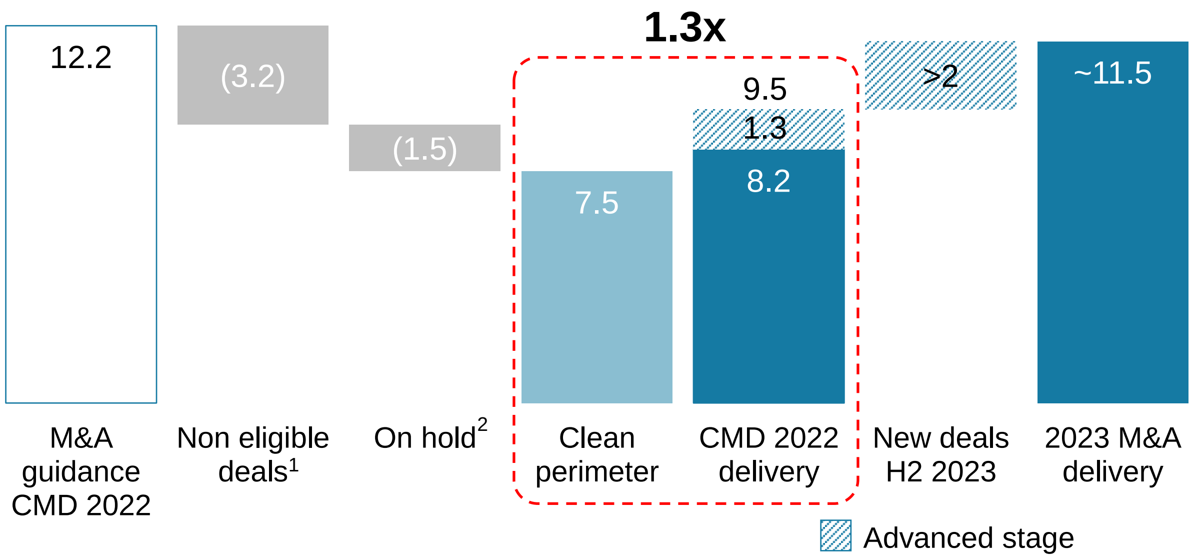
1. Addressable costs exclude grids regulated Totex and new generation asset development; 2. Rounded figures

Over-delivering on a re-engineered disposal plan…

From a deleverage based disposal plan...

…to a value driven portfolio rotation

Net Debt impact (€bn)



2023 M&A almost **in line** with old plan assumptions**, over-delivering** thanks to better **valuation multiples** and **new originations**

1. Mainly gas portfolio value crystallization in Spain, 2. Mainly sale of Cearà in Brazil

…with sound progresses on M&A

Closed	Signed	Advanced stage of negotiation
Exit from **Romania** Exit from **Argentina (Gx)** JV in **Australia** c.400 MW **PV assets** in Chile	**Perù distribution** & **supply** **50% stake** in **EGP Hellas** **150 MW** solar & geo in **US** **Perù generation**	**Asset Swap/Rotation** **RES** Partnership **RES Asset Rotation**
NET DEBT IMPACT: **2.8 €bn**	**5.4[1] €bn**	**~1.3 €bn** / **>2 €bn** NEW

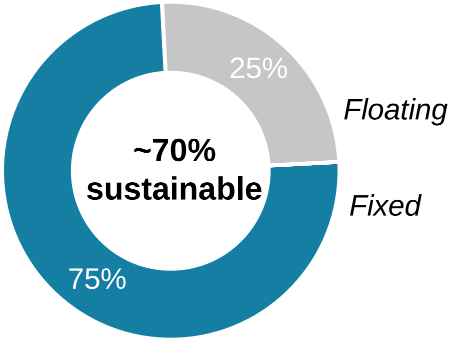
~8 €bn cash-in carry over to **2024** due to mandatory approvals or H2 2023 origination

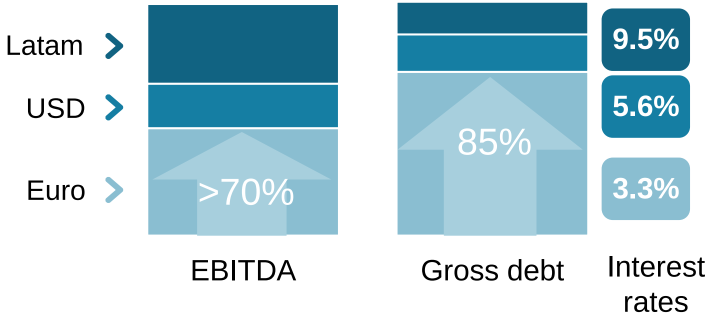
1. Perù distribution & supply and Perù generation included in HFS for around 0.9 €bn as of September 30th, 2023

The financial plan

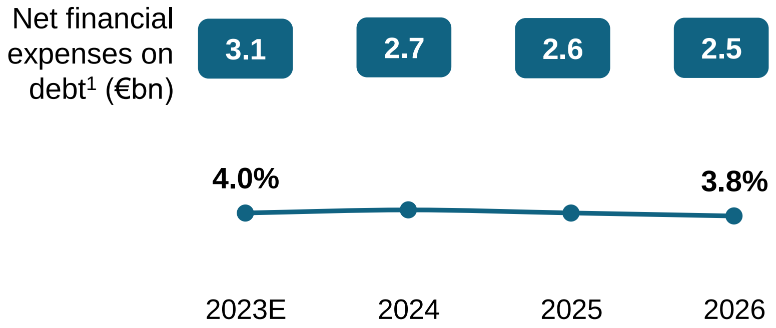
Reducing cost and risk profile of our gross debt…

2026 Gross debt structure





Cost of debt evolution

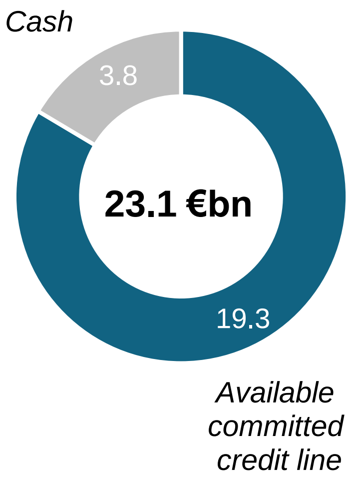


Debt refinancing	Amount (€bn)	Expected cost[1]	
~90% centralized finance	~19	<4%	Centralized
	~3	8%-9%	Countries[2]
Total	**~22**	**4.5%**	

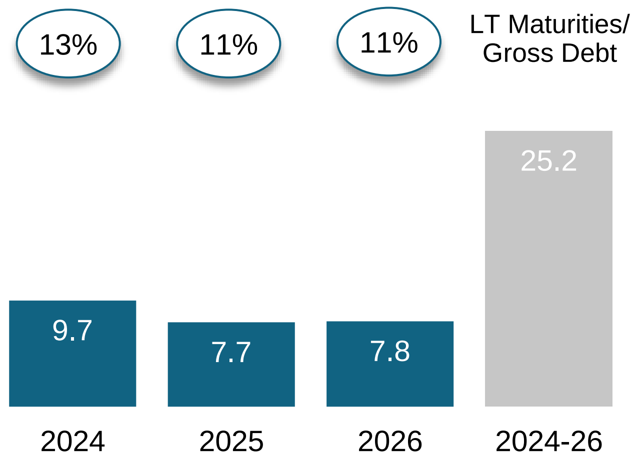
1. It excludes other financial expenses; 2. It includes USD and Latam currencies

…and a cost-effective solid liquidity position to minimize exposure to market volatility

Liquidity available[1]



LT Debt maturity by year (€bn)



	New plan	Last 3 years
Yearly refinancing on average gross debt	**10%**	**18%**

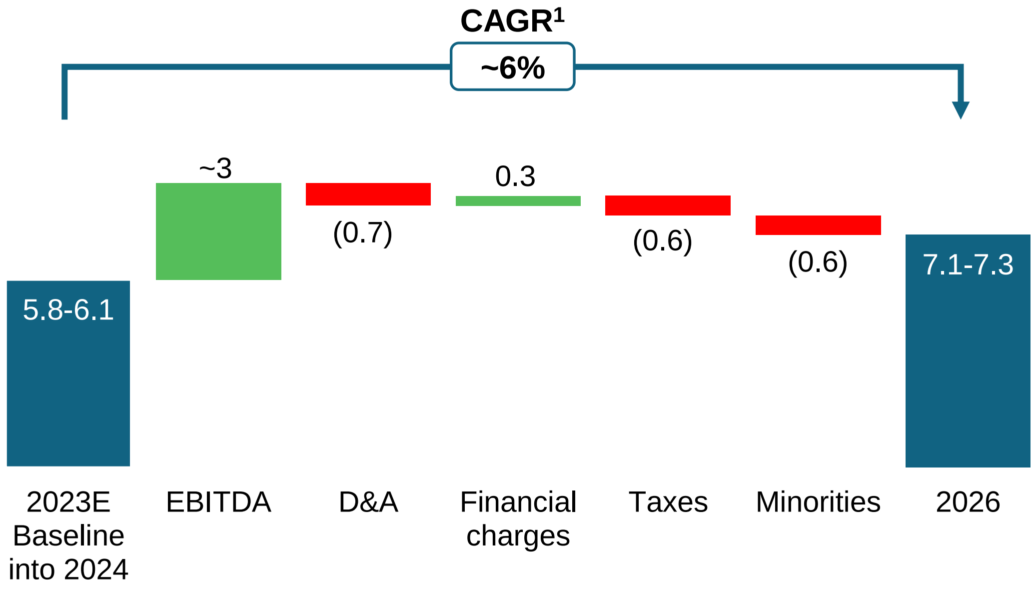
- **Short term flexibility** thanks to M&A cash-in coupled with low refinancing needs (H1 2024).
- **Ample liquidity** available covers 1.3 times debt maturities in the 24-25. Focus on cost effective mix between Committed Credit Lines and Cash.
- **Low level** of **yearly refinancing on average gross debt** versus last three years.

1. As of September 30th

Net Income growth

Net Ordinary Income

Group net ordinary income evolution (€bn)



Sound EBITDA growth

drives earnings evolution,

2023-2026

Net income **CAGR**

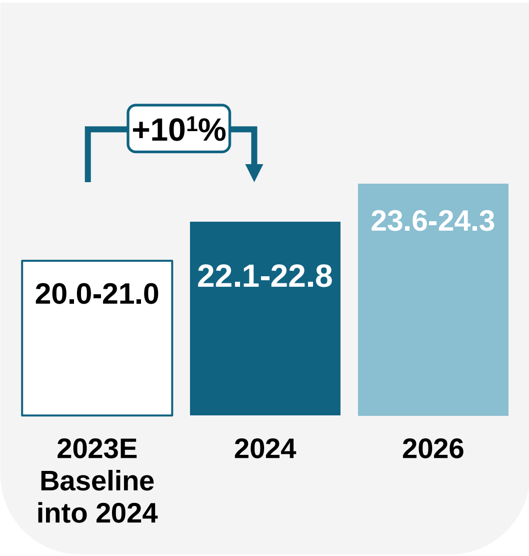
~6%

1.Calculated on mid-point of the guidance range

Targets

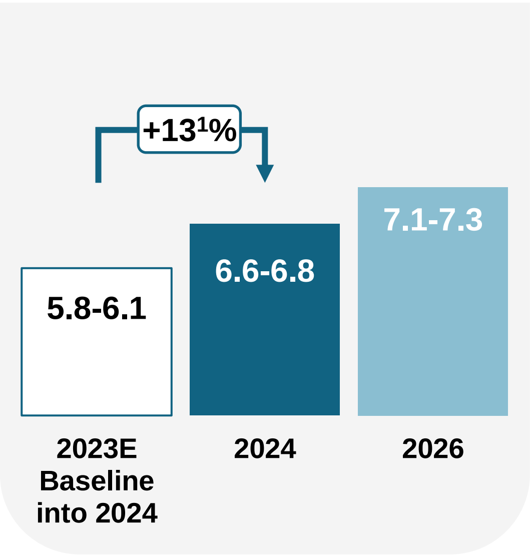
Plan’s targets: focus on 2024

Ordinary EBITDA (€bn)



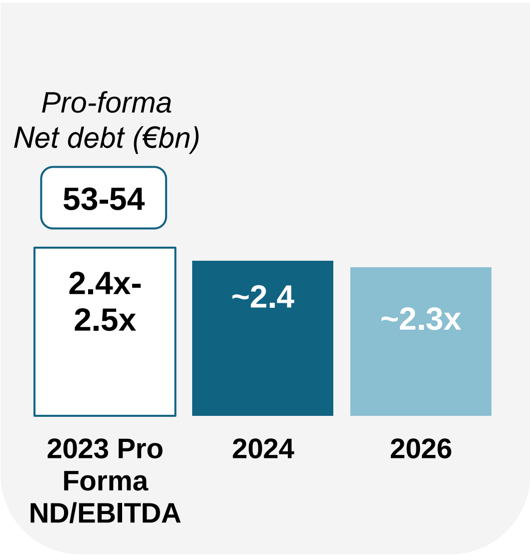
2023E **21.5-22.5**

Ordinary Net Income (€bn)



2023E **6.4-6.7**

Net Debt/EBITDA



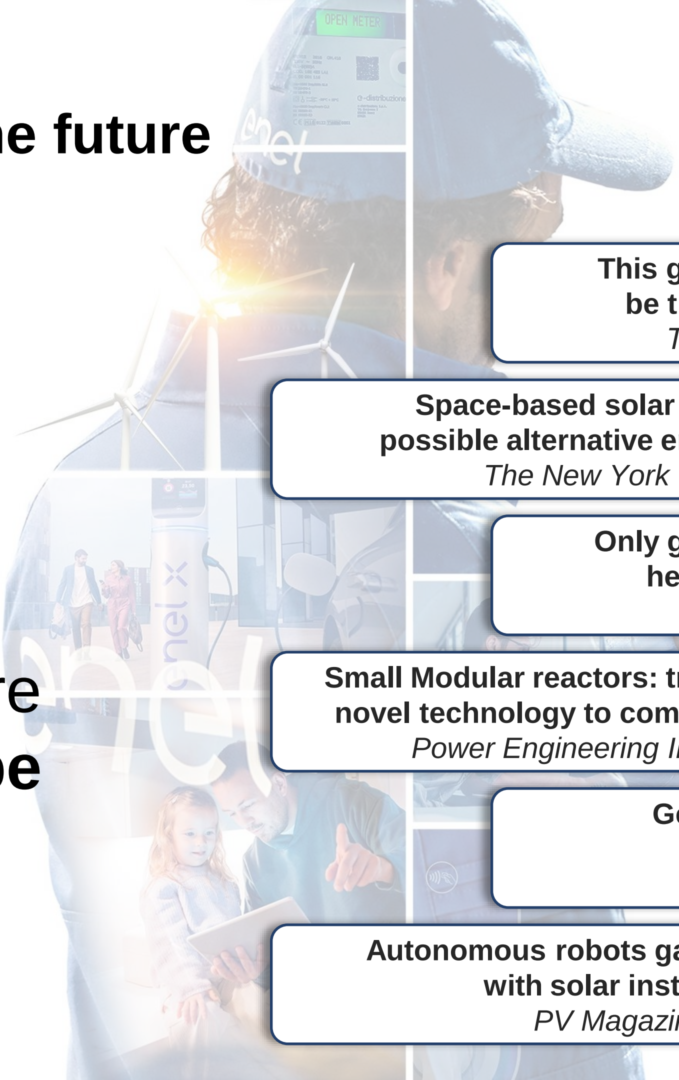
2023E **2.7x-2.8x**

Net debt (€bn) **60-61**

1.Calculated on mid-point of the guidance range

Closing remarks

A glimpse on the future



Enel will continue to **innovate**, monitoring **trends** that are going to **shape the future**

This gravity-powered battery could be the future of energy storage
The Architect's Newspaper

Space-based solar power is a possible alternative energy source
The New York Times

Only genuinely clean hydrogen can help solve the climate crisis
The Guardian

Small Modular reactors: transitioning from novel technology to commercial success
Power Engineering International

Generation IV, the future of nuclear power
New Atlas

Autonomous robots gaining traction with solar installers
PV Magazine

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Pursuant to art. 154-bis, paragraph 2, of the Italian Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at Enel, Stefano De Angelis, declares that the accounting information contained herein correspond to document results, books and accounting records.

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