



# Capital Markets Day

November 22<sup>nd</sup> 2022, Milan





## Francesco Starace, CEO & General Manager

2023-25  
Strategic Plan

- The energy context
- The Group in the energy context
- Enel's strategic actions
- Sustainable profitability



## Alberto de Paoli, CFO

2023-25  
Strategic Plan

- Investing in our integrated strategy
- Strategic repositioning
- Financial management
- Plan de-risking
- Targets



## Francesco Starace, CEO & General Manager

Closing remarks



# Francesco Starace

*CEO & General Manager*



# The energy context



# The last three years have highlighted the importance of good energy markets design



2020      2021      2022



COVID -19

Russia – Ukraine conflict

 Prices extreme volatility

➤ **+250%** YTD gas prices in EU

 Dependence of supply

➤ **70%** EU energy covered by imported fossil fuels

 Climate change

➤ **+7%** EU coal consumption Mt yoy increase

 Governments ST intervention

➤ **4%** EU GDP to ST interventions against tariffs surge

# Clean electrification is now clearly emerging as the solution to tackle three challenges...



**Affordability**



**-20%**

**Total energy spending**  
by 2030 vs 2020



**Security**



**-30%**

**EU fossil fuels import**  
by 2030 vs 2020



**Sustainability**



**-55%**

**EU GHG emissions**  
by 2030 vs 1990

**Clean electrification**  
to create  
**affordable,**  
**secure,**  
**sustainable**  
energy systems

**Achievable if 2030 EU targets are met:**

**RES penetration of 70% and electrified consumption of 35%**

# ...and it is at the heart of the long term policy packages of the major western economies



European Union

EU Long Term Budget  
Next Generation EU  
RepowerEU



**~690<sup>1</sup> €bn**  
over a 7 year  
period

United States

Inflation  
Reduction Act



**~415<sup>1</sup> \$bn**  
Over a 10 year  
period

Long term support  
**increased**  
in the face of  
short-term  
energy crisis

# The Group in the energy context

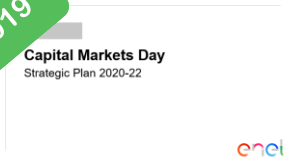




# The Group positioned into the right energy trends



CMD 2019



CMD 2020

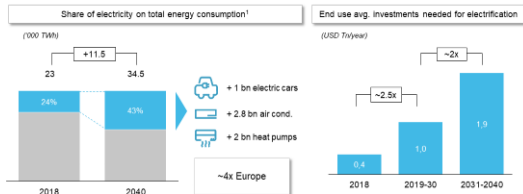


CMD 2021

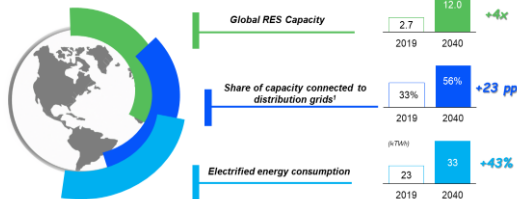


Our next 10 years

## Global outlook: electricity is winning the energy battle

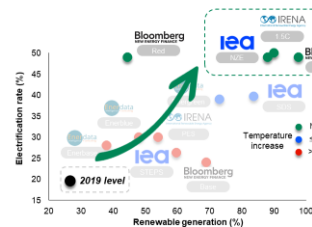


## The energy world will be completely transformed over the next decades...



Source: IEA, World Energy Outlook 2020, Sustainable Development Goals (SDG data from BNEF, M&P 2020), Europe Figures 1, Europe

## ...will see electrification as the most important trigger...



At 2020 | Source: Graph - internal elaboration based on IEA (2021), World Energy Outlook 2021 | BNEF (2021), New Energy Outlook | IRENA (2020), Global Renewables Outlook | IRENA (2021), World Energy Transition Outlook

# A business mix built over years to capture clean electrification opportunities



Renewable  
Generation



Accelerate decarbonisation to  
achieve energy  
**independence**  
and tackle climate change

> **>2.5x**

**Wind and solar  
production**  
2022E vs 2015

Customers



Grant clients energy and services  
at **affordable prices**  
over the **long term**

> **-50%**

**Price to our  
customers vs.  
market price**  
in 2022E

Grids

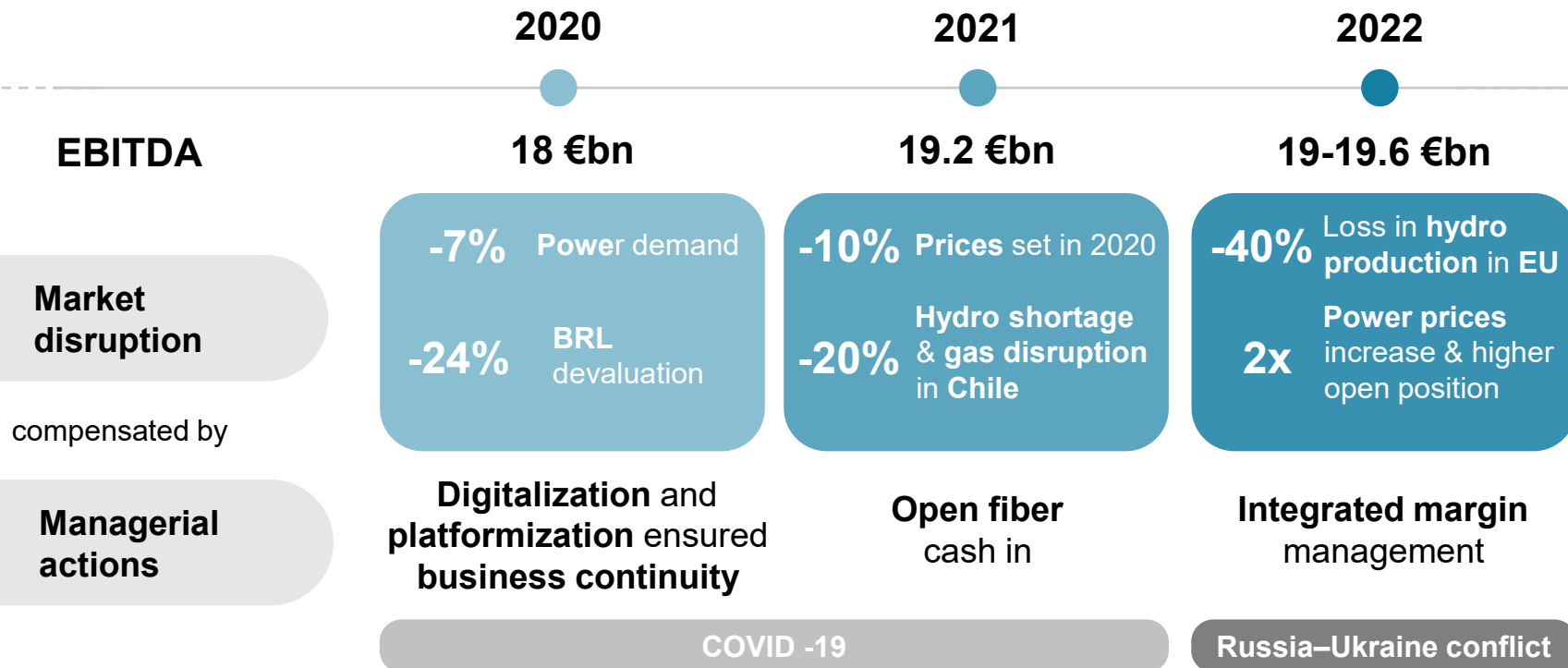


Invest in grids to enable higher  
energy **security & reliability**

> **-20%**

**SAIDI in**  
2022E vs. 2019

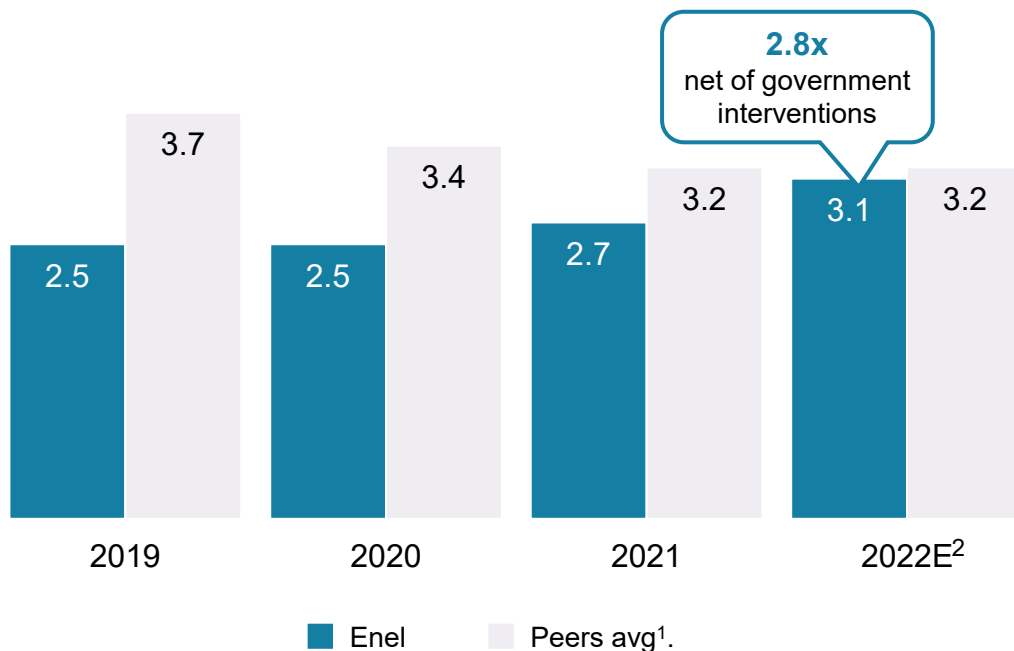
# Managerial actions supported Group's performance



# A stronger-than-the-sector financial profile was preserved



ND/EBITDA evolution (€bn)



**ND/EBITDA below sector average** despite governments' interventions weighting 8 €bn on 2022E financials

1. European Utilities  
2. Enel figure calculated on mid-point range

# Enel's strategic actions



# Enel 2023-2025 plan in nutshell



Acceleration of clean  
electrification

**~90% sales<sup>1,2</sup>**  
covered by  
GHG free sources

**75% RES**  
production on total<sup>1</sup>

**~80% digitalized**  
grid customers<sup>1</sup>

Business & geographies  
strategic repositioning

**21 €bn**  
2022E-25  
disposal plan<sup>3</sup>

**6**  
core countries

Growth and financial  
strength

**+10-13%**  
Net Income  
2022E-25 CAGR

**28% FFO/ND**  
from 2023

**0.43 €/sh**  
minimum DPS<sup>4</sup>

# Enel strategic actions



Pursue an integrated position across the value chain to serve our customers in their electrification journey

1

Balance customers' demand and supply to optimize the risk/return profile

2

Decarbonization to ensure competitiveness, sustainability and security

3

Reinforce, grow and digitize networks to enable the transition

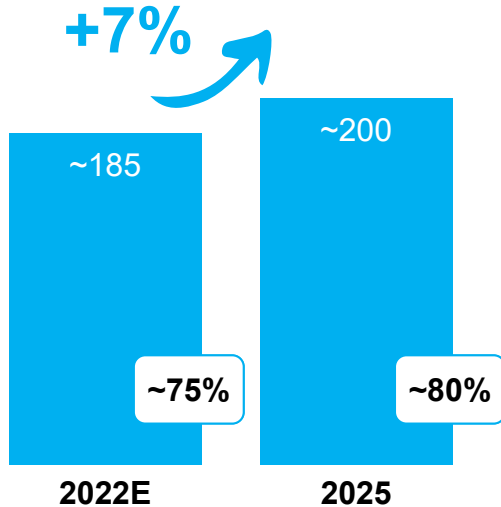
4

Streamline our portfolio of businesses and geographies

# Balancing customer demand and supply

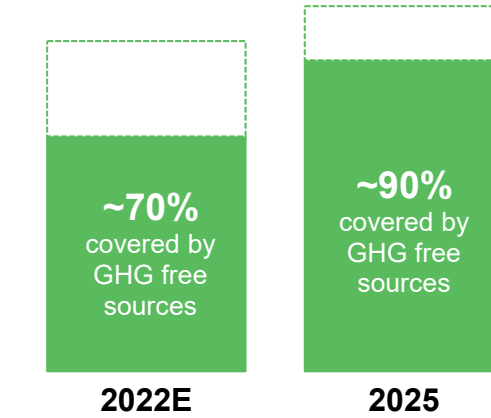


Fixed power sales<sup>1</sup> (TWh)



% on total sales

Fixed power sales coverage<sup>1</sup>



% total own production & long-term PPAs **100%**

**Affordable price** offering to customers based on **fixed price** contracts

More effective **commercial** strategy granted by a **higher coverage** from **RES** production

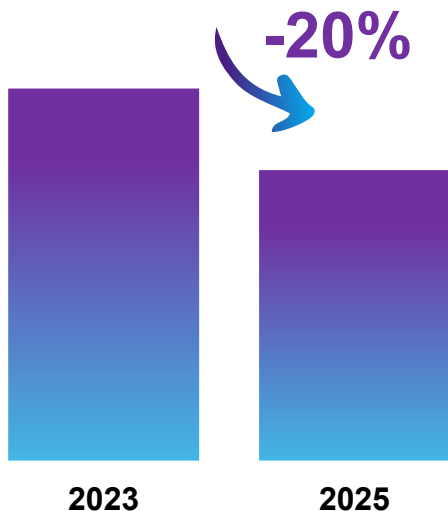
**Clean energy** coverage **enhances margins** and reduces **short term risks**



# Services and infrastructures will foster the switch from fossil energy to clean electricity



Repricing (€/MWh)<sup>1</sup>



Services offering

	2022E	2025
Charging points (mn)	0.5	1.4
Storage behind the meter (MW)	99	352
Demand Response (GW)	8.4	12.4

Offering to customers **integrating commodity and services**

Tailored strategy on B2B, B2C & B2G to address **affordability and sustainability** needs

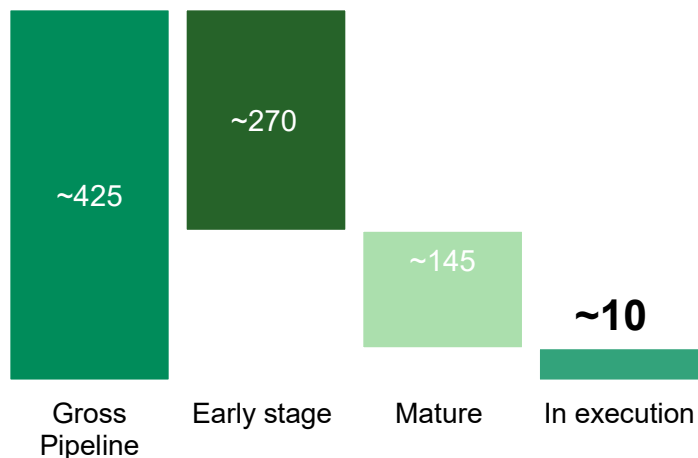
Accelerating the roll out of charging points to **reinforce the integrated commercial strategy**

1. Fixed price offered to free market clients in Italy and Spain

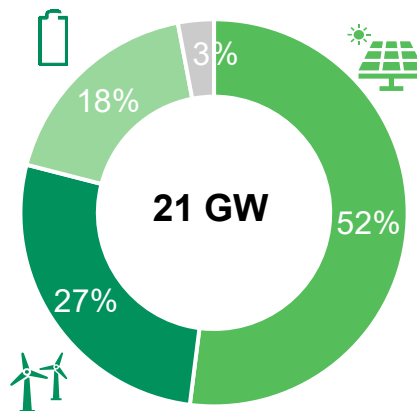
# Investments in renewables to target sustainability, independence and affordability



Renewables pipeline<sup>1</sup> (GW)



Additional RES Capacity<sup>2</sup>



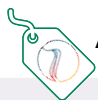
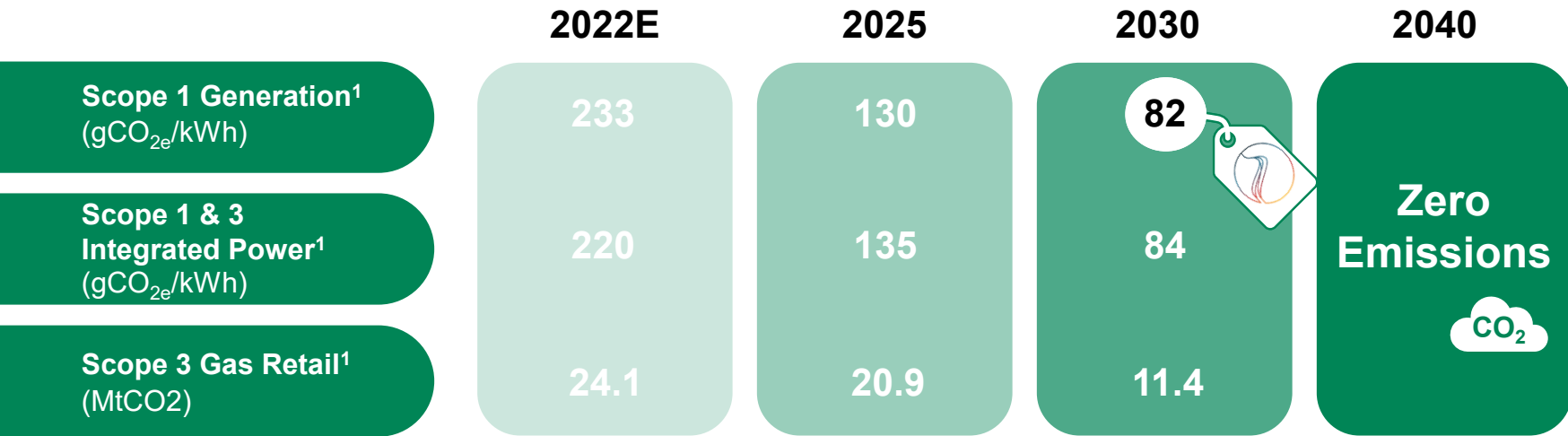
**9 GW** new capacity in **Europe** to increase **sales coverage**

**10 GW** in **US** and **Latam** backed by **long term PPAs**

**2 GW** development into **promising markets** through **stewardship business model**

1. It includes BESS (around 44 GW in early stage and around 22 GW in mature pipeline)  
 2. It includes 2 GW capacity under the stewardship business model

# Zero Emissions as a business driver



Already 1.5°C SBTi certified



No use of carbon removal



**1.5°C SBTi certification covering 100% GHG emissions (Scope 1, 2 & 3) ongoing and under validation by SBTi**

1. Targets do not include M&A plan

# Supporting the strategic reshaping of the supply chain in key areas



## 3Sun Gigafactory



Yearly Production



3,000 MW

+15x  
by 2024 vs current 200 MW



Modules' efficiency



>30%

+7 p.p.  
vs current 23.5%



Factory Area (sqm)



100k

+2x  
by 2024 vs current 50k



Jobs created



~1,000

Stewardship model

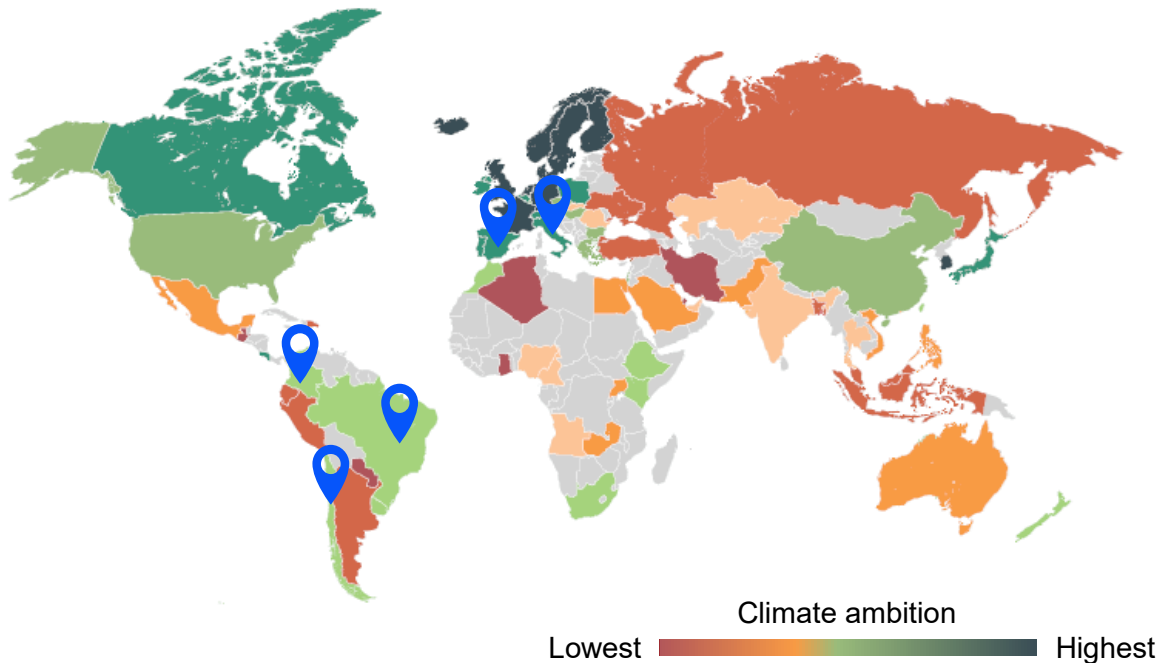
Sicily, Catania

First and only factory in the world to produce HJT solar panels

# Our strategy in grids is to concentrate in countries where the transition to a green future accelerates



Enel's Grids and the green future index ranking world map<sup>1</sup>



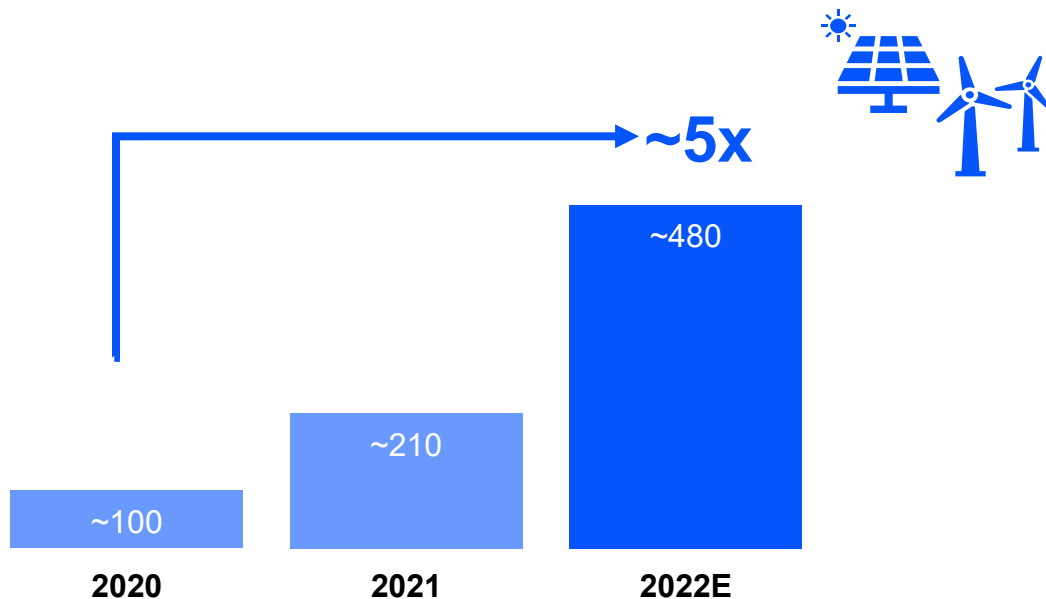
Focusing on **quality**, **resiliency** and **digitalization** of distribution grids in countries most committed to **clean electrification**

1. Source: MIT Technology Review Insights, The Green Future Index, 2021

# Networks are key enablers of clean electrification already happening



New connections request to Enel grids (k)



Grids to cope with **increasing requests of connection** from distributed energy

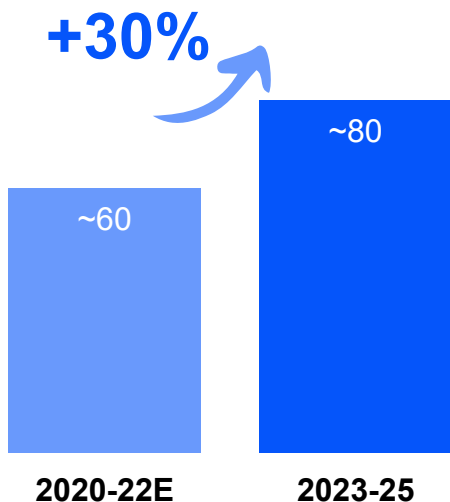
**Network hosting capacity** as key value creation tool in the future

Regulatory frameworks must act as **facilitator** of this **massive transformation towards Net Zero targets**

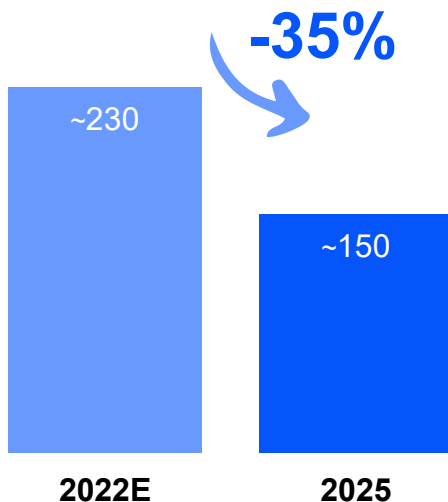
# A more concentrated focus to better deliver security, digitalization and efficiency



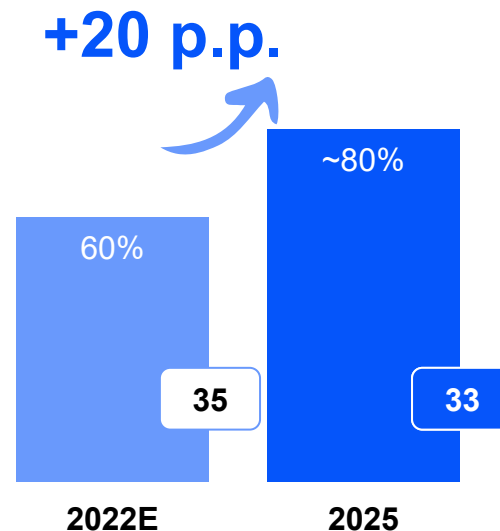
Avg. capex per client (€/cl)



SAIDI (min)



Digitalized grid customers



Opex/Cust.<sup>1</sup> (€/cl)

1. In real terms



# Re-shape our global presence and businesses coherently with our strategy boosting value creation



**Optimize  
footprint and  
extract value  
from asset base**

**1**

**Optimize footprint and asset base**

- Exit from **businesses** and **geographies less fitting** with Group's **strategy**
- Continued **stewardship model** in **Tier 2 Countries**

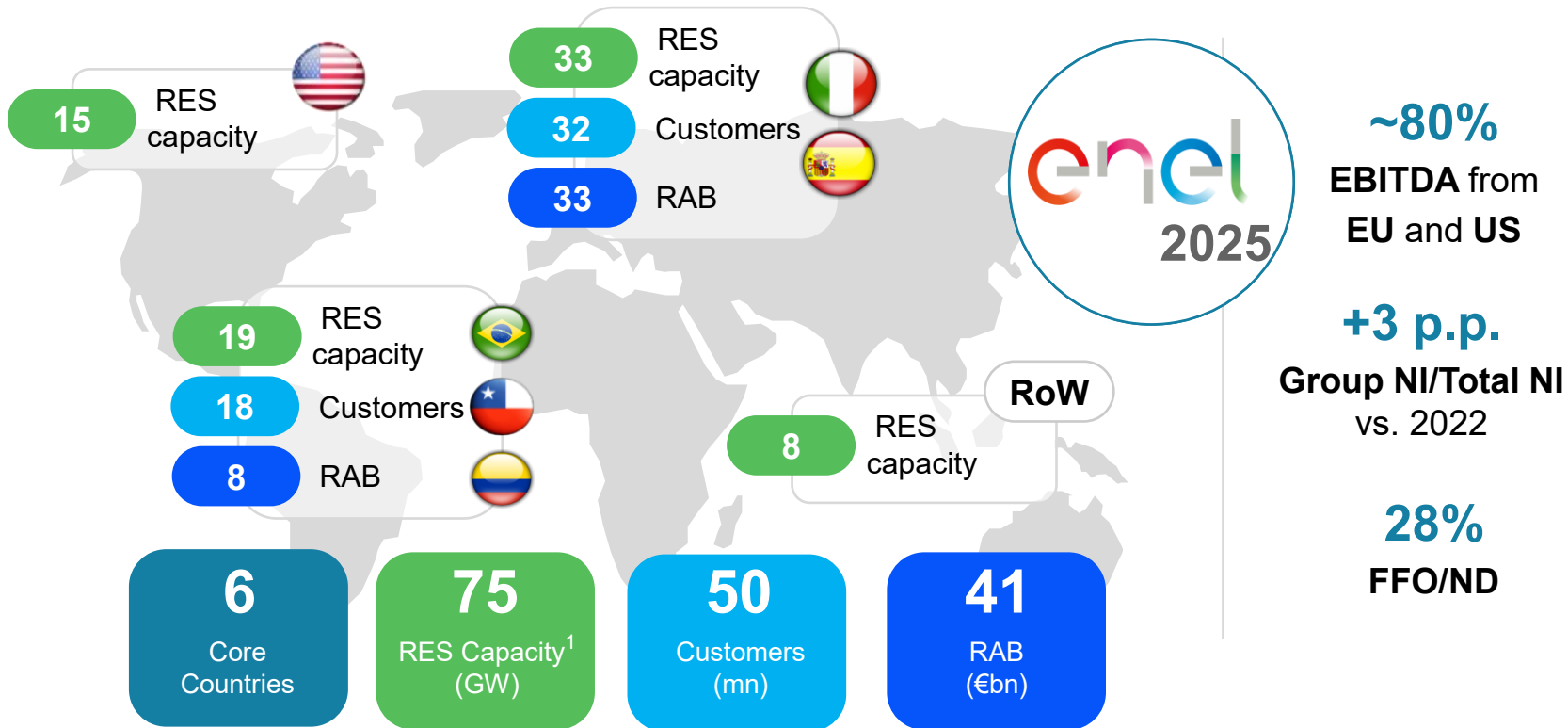
**2**

**Leverage on market opportunity to initiate exit from gas activities**

**Main focus of actions in 2023**



# A simpler structure with high growth potential



1. It includes around 4 GW of BESS capacity

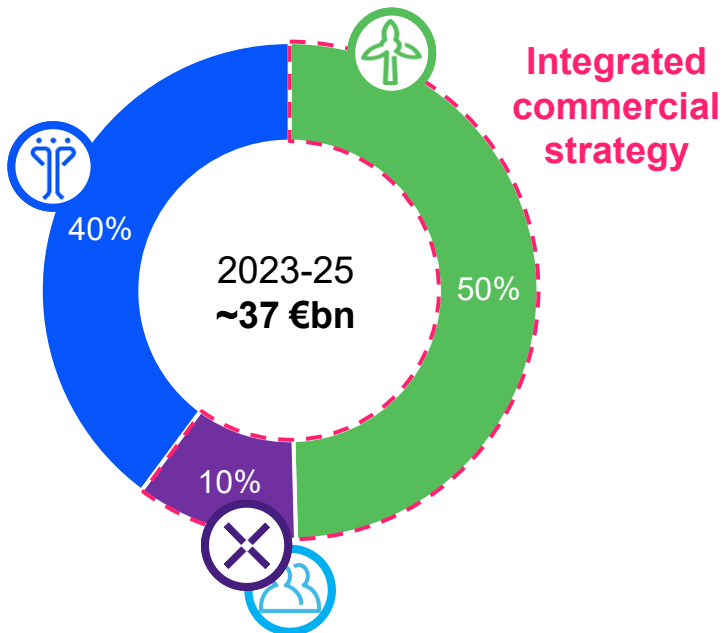
# Sustainable profitability



# An investment plan that maximizes the value of our integrated model



Gross capex by business










Investments driven by integrated margin maximization

Steady flow of investments on grids as a key enabler of the electrification

Growing commodities and services offering

# Enel's evolution through 2025

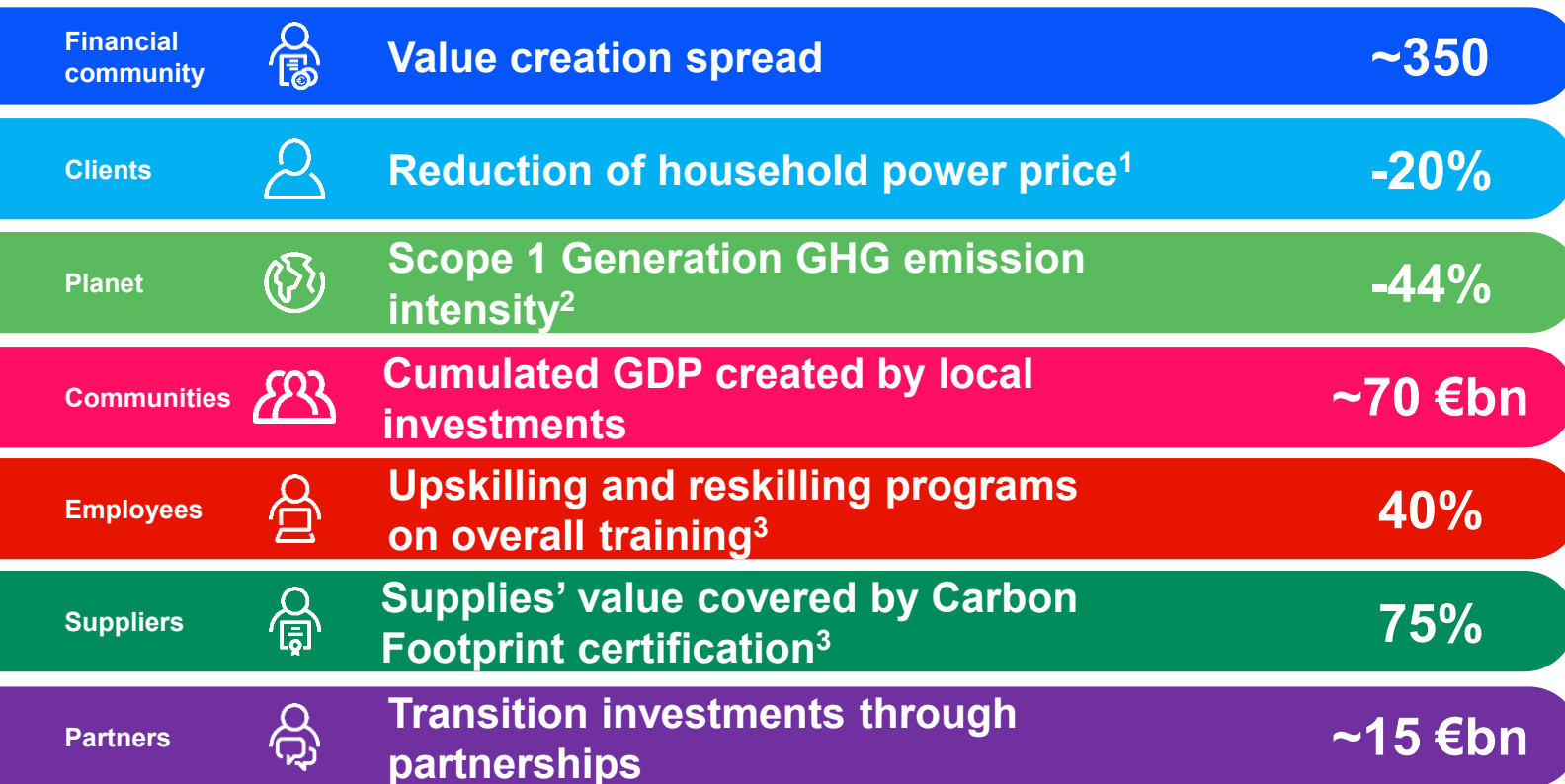


	2022E	2025
 RES Capacity <sup>1</sup>	59 GW	75 GW
 RES Capacity on total <sup>1</sup>	67%	79%
 GHG free production on total	68%	83%
 Fixed power sales on total <sup>2</sup>	~75%	~80%
 Fixed sales covered by GHG free sources <sup>2</sup>	~70%	~90%
 Digitalized grid customers	60%	~80%
 SAIDI (min)	~230	~150

A compelling positioning to lead and grow further in the electrification decade

1. It includes BESS capacity. 2. Core countries

# Value creation for all of our stakeholders



1. Re-pricing 2025 vs 2023. Fixed price offered to free market clients. 2. Target does not include M&A plan 3. In 2025



# Alberto De Paoli

*CFO*



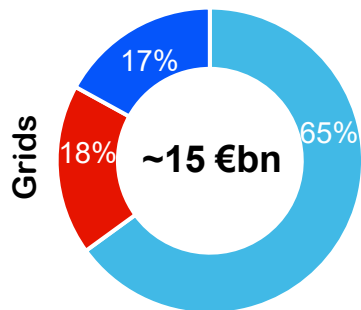
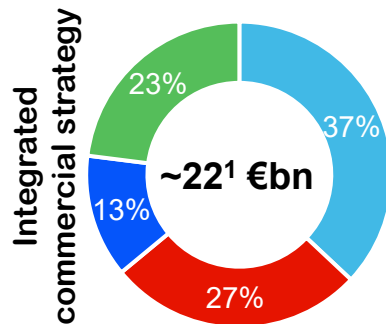
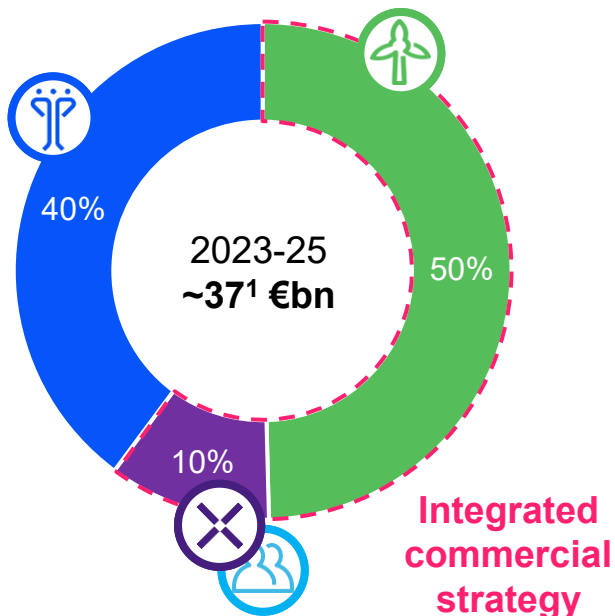
# Investing in our integrated strategy



# Our investments in the next three years will be concentrated in core countries

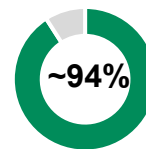


2023-25 Gross capex by business and geography

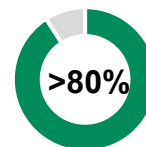


- Italy
- Spain
- Latam
- US

## SDGs Capex alignment



## EU Taxonomy capex alignment



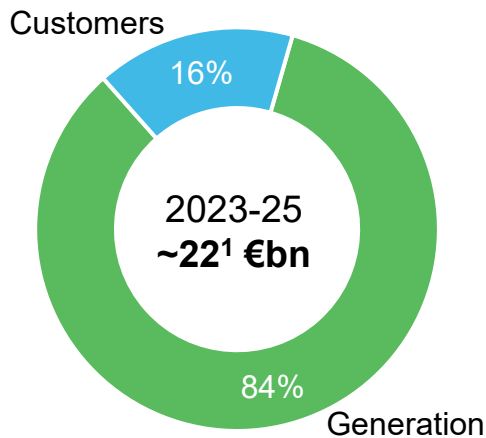
1. It includes 1.3 €bn related to stewardship model



# Power Generation & Retail: Capex, EBITDA evolution and value creation

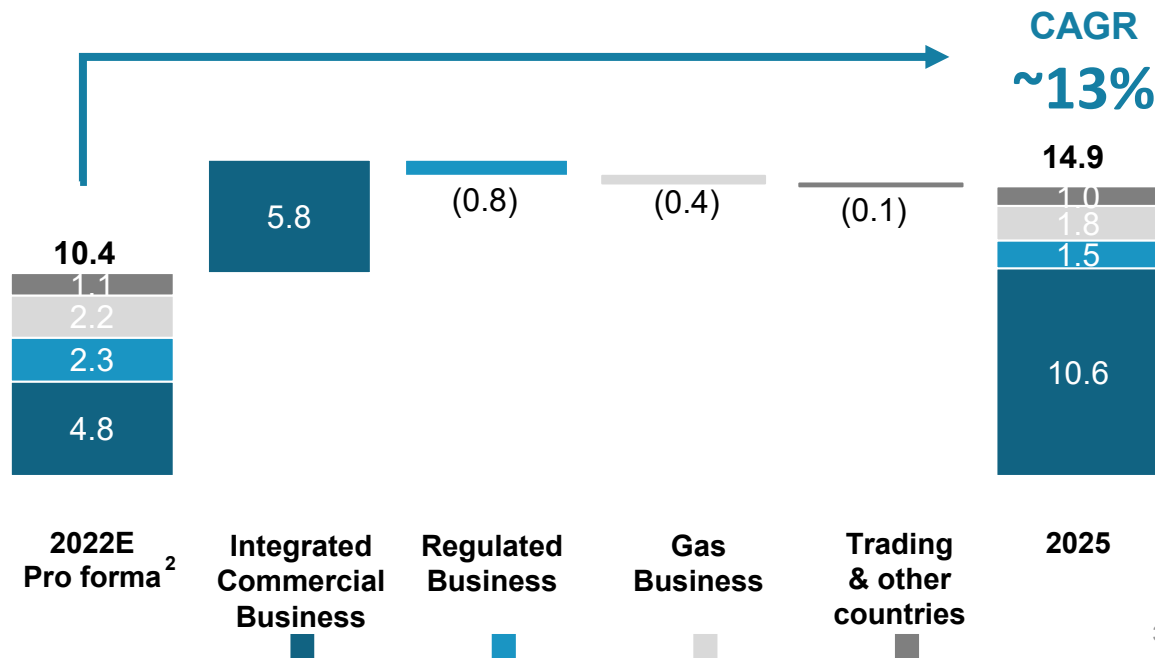


Cumulated capex



**IRR-WACC SPREAD**  
~300 bps

EBITDA evolution over 2022E-2025 (€bn)

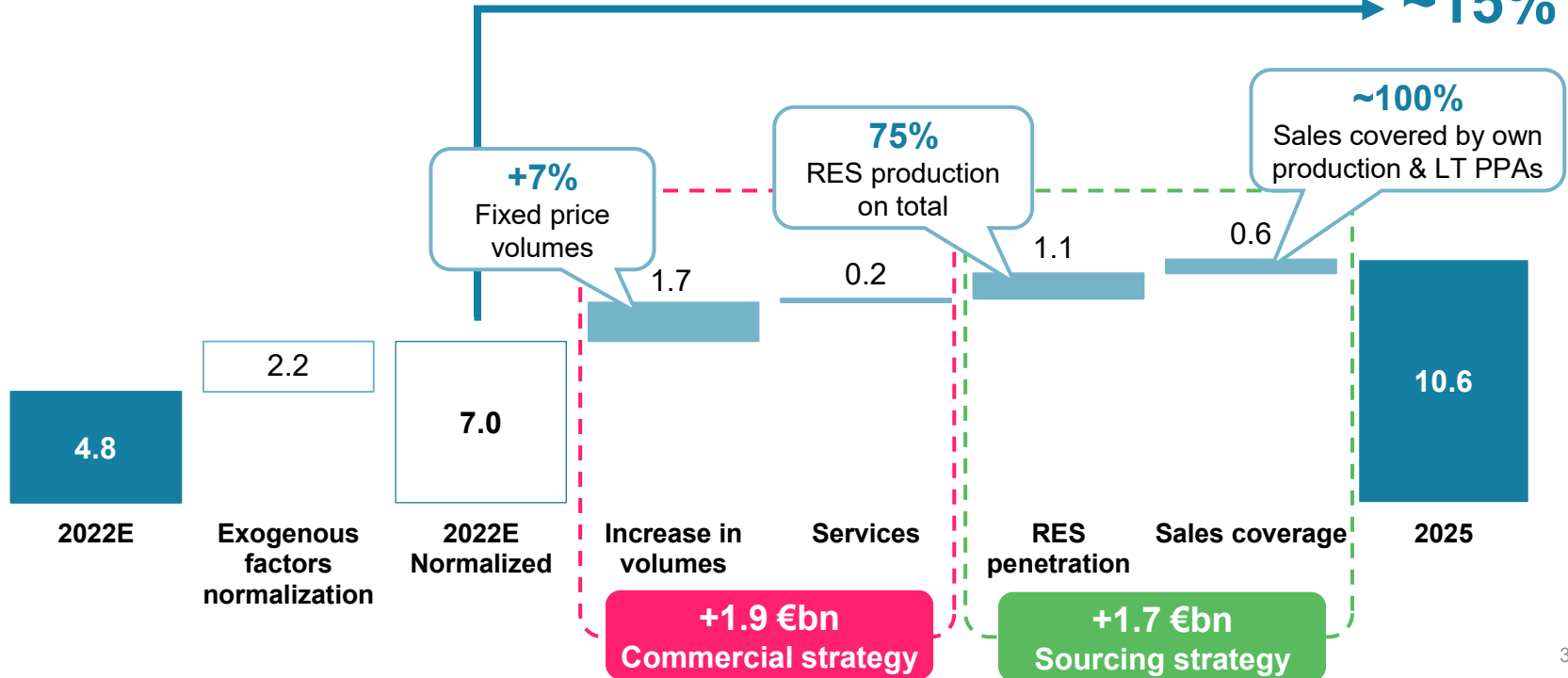


1. It includes 1.3 €bn related to stewardship model. 2. It excludes perimeter for 0.7 €bn.

# 2022E-25 Integrated commercial business: EBITDA evolution



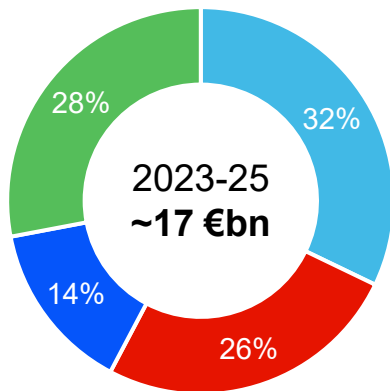
CAGR  
~15%



# 19 GW renewable development in core countries

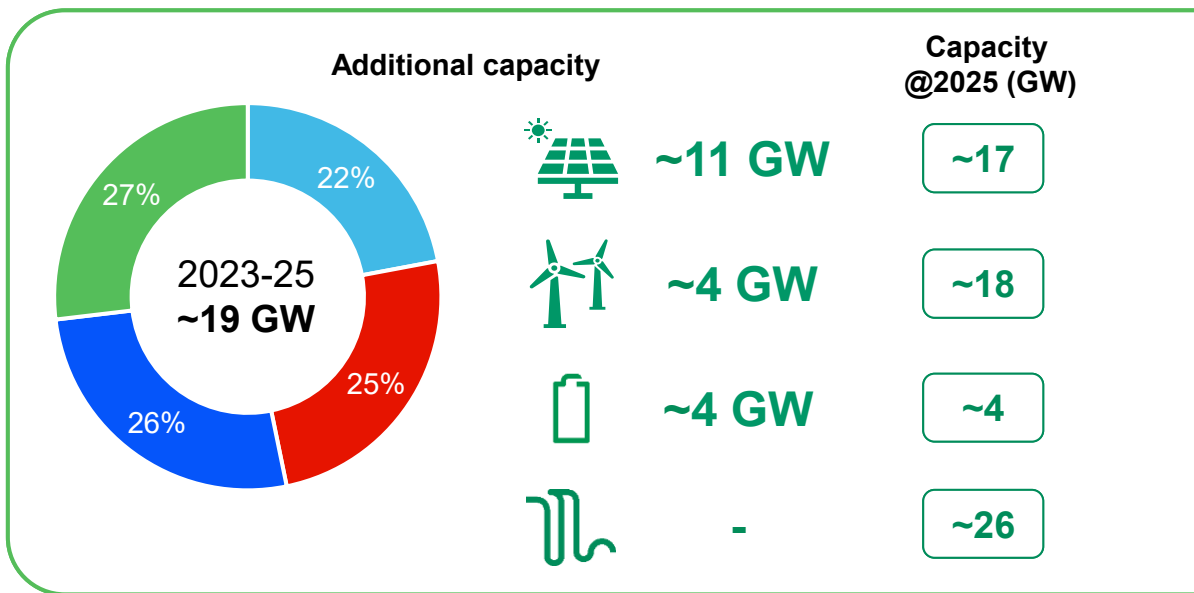


## Cumulated Capex in core countries



■ Italy   
 ■ Spain   
 ■ US   
 ■ Latam

## Capacity in core countries 2023-25<sup>1</sup>

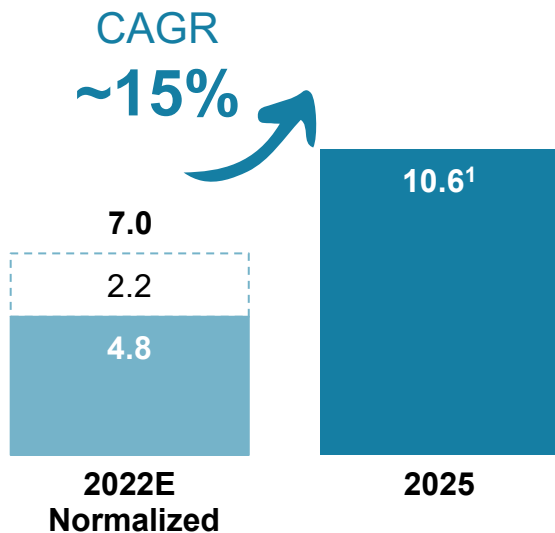


1. It includes managed capacity and BESS

# The integrated commercial business is set to grow at 15% CAGR over the plan



Integrated commercial business (€bn)



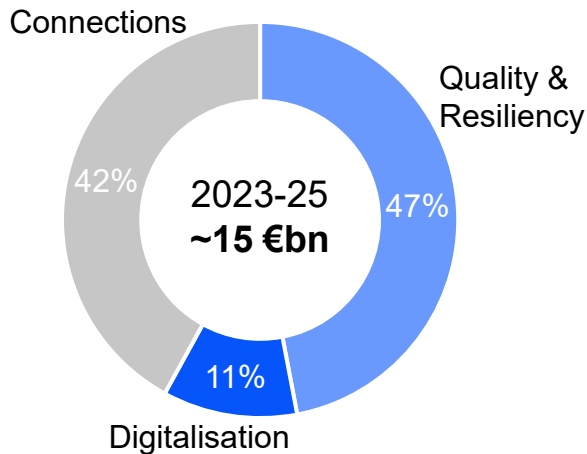
	2025 Integrated comm. business	2025 RES coverage <sup>3</sup>	Cumulated Capex	IRR-WACC
	€bn		€bn	bps
	4.8		6.7	>300
	3.4		5.9	
	1.1 <sup>2</sup>		5.0	~200
	2.0		2.8	

1. It excludes tax partnership and incentives for around 0.7 €bn. 2. It includes tax partnerships and incentives for around 0.7 €bn. 3. Fixed sales

# Grids: Capex, EBITDA evolution and value creation



## Capex by nature

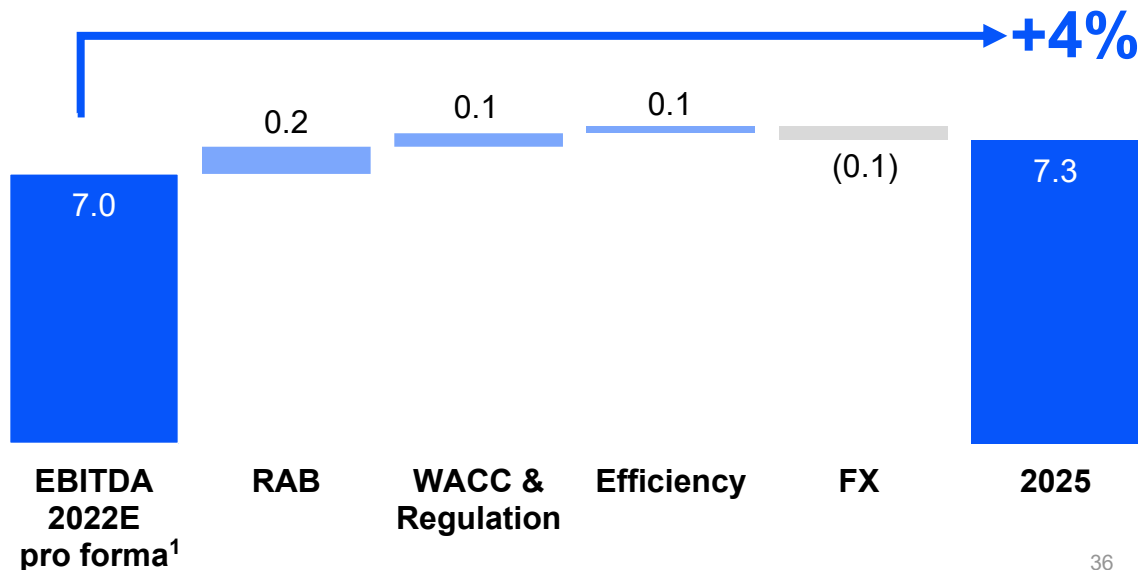


2023-25  
~15 €bn

IRR-WACC SPREAD

~150 bps

## EBITDA evolution over 2022E-2025 (€bn)

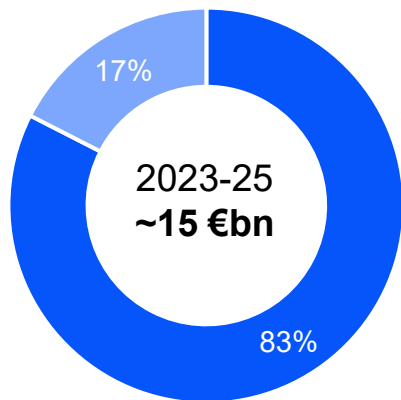


1. Net of perimeter for 0.9 €bn and stewardship for 0.5 €bn

# Grids investments deliver RAB growth within stable regulatory frameworks

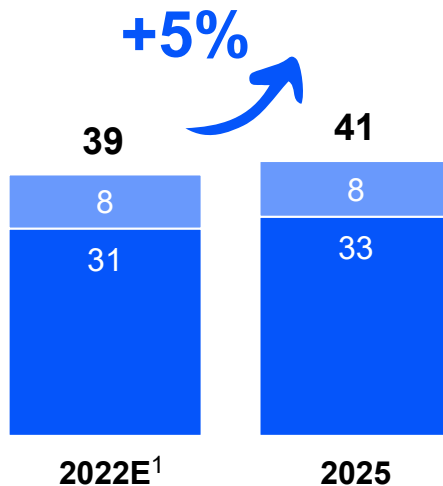


## Capex by geography



■ Europe ■ Latam

## RAB (€bn)



## Regulatory frameworks

Securing **stable** and visible returns

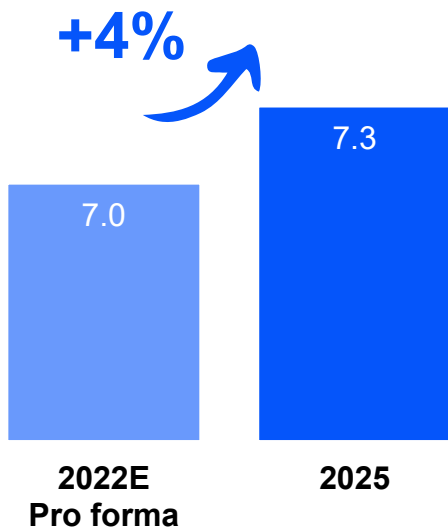
Supporting throughout market disruptions

Adapting to a **changing** environment

# Improvements into unitary KPIs across geographies



EBITDA evolution (€bn)



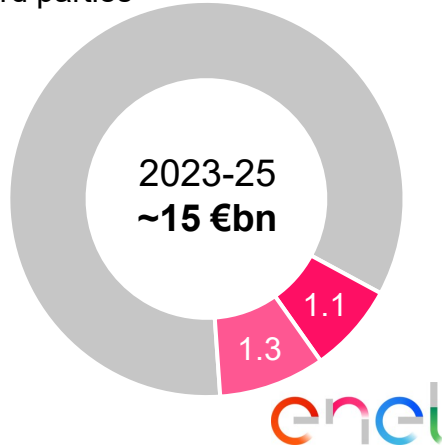
2025	EBITDA	Capex/ customers	% digitalized customers	IRR-WACC
	€bn 4.0	€/cl 93		bps 140
	1.8	61		100
	1.5	42		~200

# Stewardship model complements our development strategy



## Total investments

Third parties



- Equity injections
- Capex

	2022E	2025	
RES Capacity <sup>1</sup> (GW)	6.2	12.1	2x
Electric buses (k)	2.4	9.8	4.1x
Credit cards (mn)	2.1	4.2	2x
Charging points (k)	1.1	3.0	3x
Gigafactory yearly prod. (MW)	200	3,000	15x
2023-25 Smart meters sold (mn)		27	

Stewardship model

1.5 €bn  
2023-25 EBITDA

1.2 €bn  
Net equity contribution @2025

2.5-3.0 €bn  
Enel's stake equity value in 2025

~20%  
Equity IRR

1. 2025 includes BESS for 2.2 GW



# Strategic repositioning



# Execution concentrated early in the cycle



	2022	2023	2024
COUNTRIES	<ul style="list-style-type: none"><li>➤ Exit from <b>Russia</b></li></ul>	<ul style="list-style-type: none"><li>➤ Exit from <b>Romania</b></li><li>➤ Exit from <b>Peru</b> and <b>Argentina</b></li><li>➤ Stewardship: <b>Australia, Greece</b></li></ul>	
ASSETS & VALUE CRYSTALLIZATION	<ul style="list-style-type: none"><li>➤ Sale of <b>TX</b> in <b>Chile</b></li><li>➤ <b>Gas portfolio value crystallization</b> in <b>Chile</b></li><li>➤ Disposal of <b>Goias</b> grid and <b>Fortaleza CCGT</b> in <b>Brazil</b></li><li>➤ <b>Gridspertise</b></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Gas portfolio value crystallization</b> in <b>Spain</b></li><li>➤ Sale of <b>Cearà</b> in <b>Brazil</b></li><li>➤ <b>Crystallization of RES asset value</b></li></ul>	<ul style="list-style-type: none"><li>➤ <b>US assets value crystallization</b></li><li>➤ <b>Enel X Way value crystallization</b></li></ul>

# Impacts on economics and financials



	2022	2023	2024	
<b>EBITDA<sup>1</sup></b> (€bn)	-0.1	-1.3	-2.8	<b>POST TAX IMPACT ON NET DEBT</b>
<b>Net Income<sup>2</sup></b> (€bn)	-	-0.4	-0.9	
<b>Net Debt<sup>2</sup></b> (€bn)	-5.6	-12.2	-2.8	
				<b>-21 €bn</b>

**EV/EBITDA of ~8x**

1. Yearly impact
2. Yearly impact, post tax

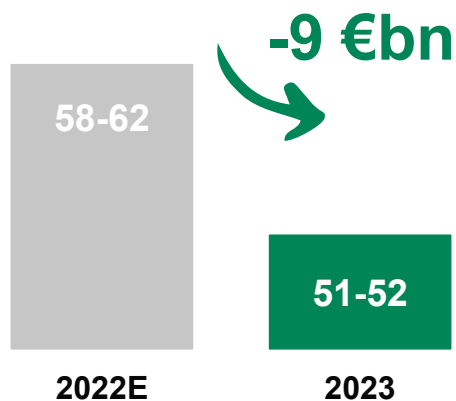
# Financial management



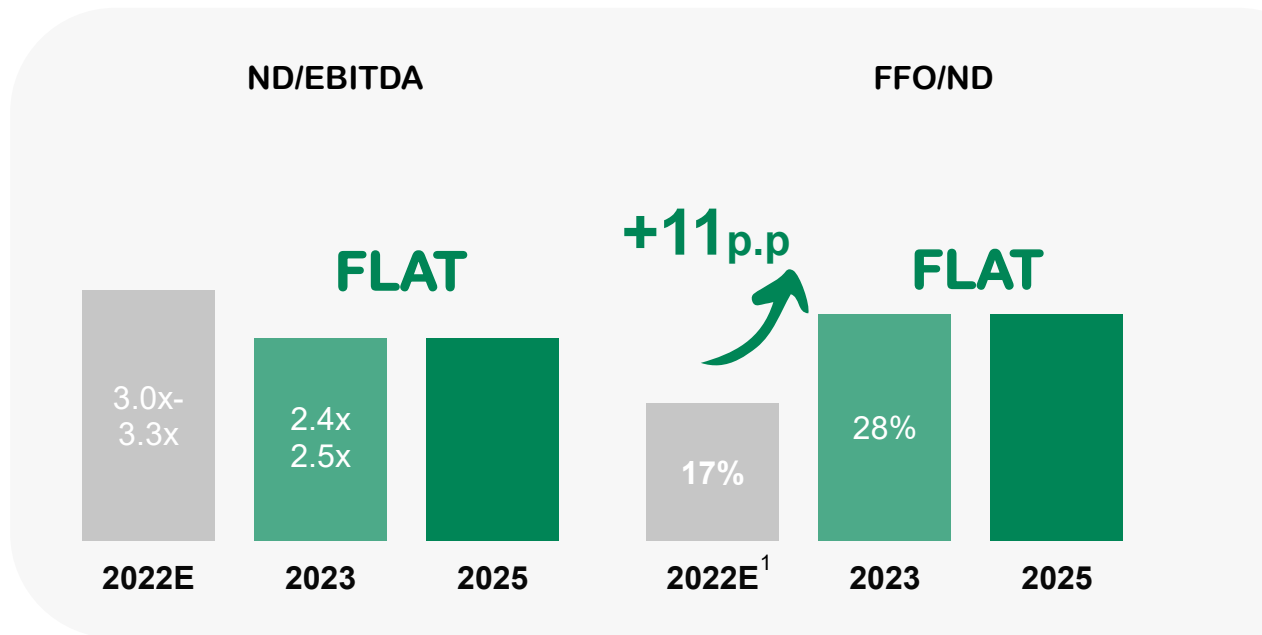
# Visible improvement of credit metrics in 2023



Net Debt evolution (€bn)



Credit metrics

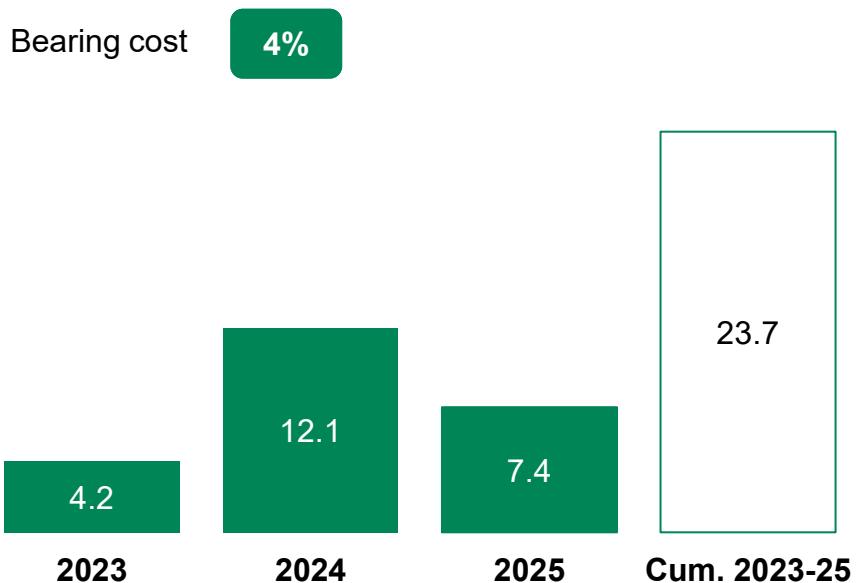


1. Calculated on mid-point range

# An extremely low exposure to credit tensions



LT debt maturity by year<sup>1</sup> (€bn)



Refinancing strategy for LT maturities  
2023-25

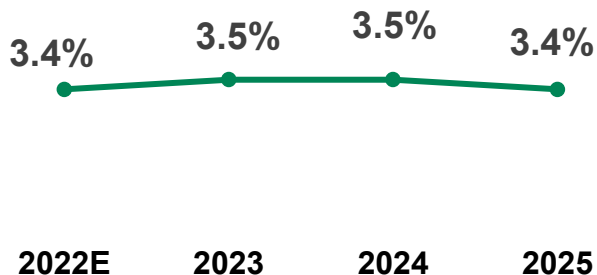
	Amount (€bn)	Expected cost
Centralized refinancing	11.7	3.5%
Countries	1.8	8.3%
<b>Total</b>	<b>13.5</b>	<b>4.1%</b>

1. As of September 30<sup>th</sup> 2022

# Stable cost of debt despite rise in rates



Cost of debt evolution 2022E-25



**6-7 years**  
debt average  
life<sup>1</sup>

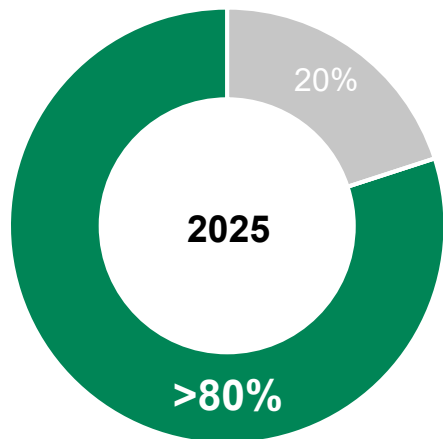
Stable **cost** over the plan thanks to the **structure** of our debt built over years through continues **optimization** and **managerial actions**

1. Average 2023-2025

# Intrinsic de-risked characteristics of our debt

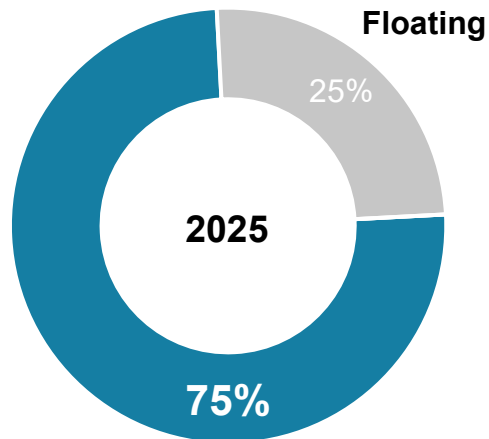


Centralized financing



Share of centralized financing

Gross debt structure



Fixed + Hedged

2025 Gross debt and EBITDA by currency

	Gross debt <sup>1</sup>	EBITDA
Euro	84%	75%
USD	11%	10%
Latam currencies	5%	15%
Other	0%	0%









1. After swaps



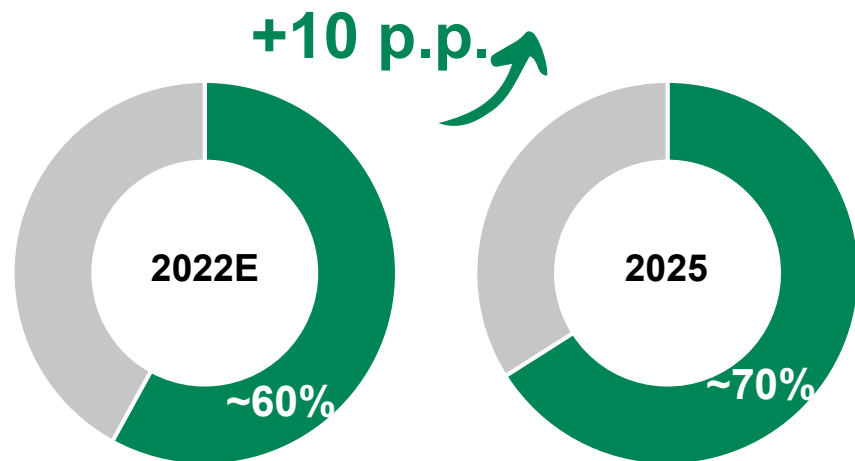
# Our sustainable finance is at the core of our financial strategy



Sustainable finance sources (€bn)<sup>1</sup>

	Total amount <sup>2</sup>	Drawn amount <sup>2</sup>	KPIs <sup>3</sup>
Bonds	30	30	 
Loans	13	12	 
RCFs	20	-	 
CPs	18	6	 
<b>Total</b>	<b>81</b>	<b>48</b>	

Sustainable sources on total



1. 2022E. Enel, EFI, EFA, Endesa and Enel Chile 2. Nominal values of the Programs, it includes, Sustainability-Linked instruments, Green bonds and subsidized finance 3. KPIs refer only to Sustainability-Linked instruments

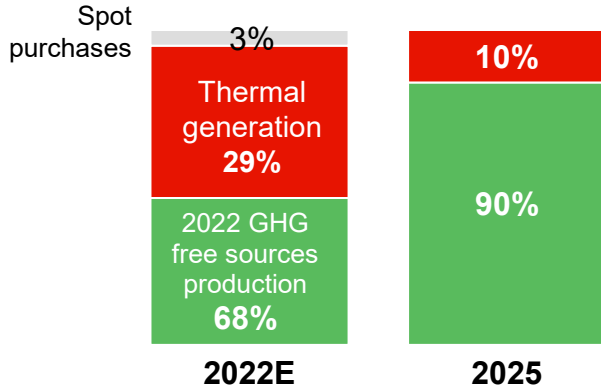
# Plan de-risking



# Operational de-risking

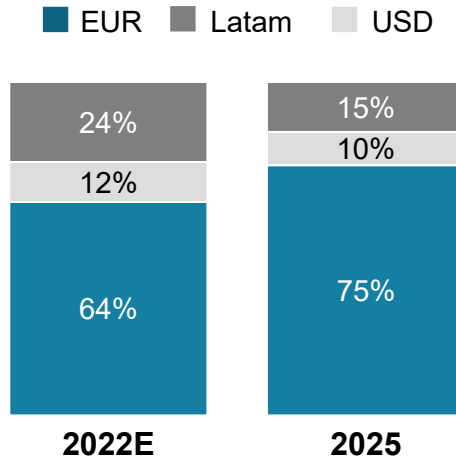


Fixed sales sourcing mix<sup>1</sup>



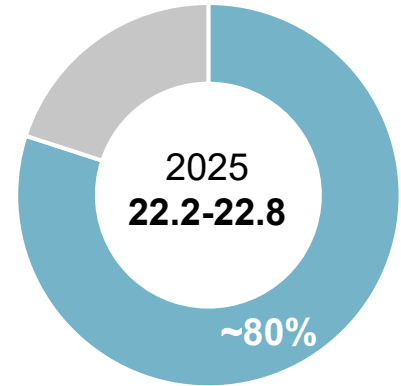
**2022 sourcing cost reduction @2025 mix: -40%**  
**Sourcing cost volatility index: -100bps**

EBITDA currency exposure



**Currencies repositioning avoids 150 €mn negative impact every 10% devaluation of local currencies**

Contracted/regulated EBITDA (€bn)

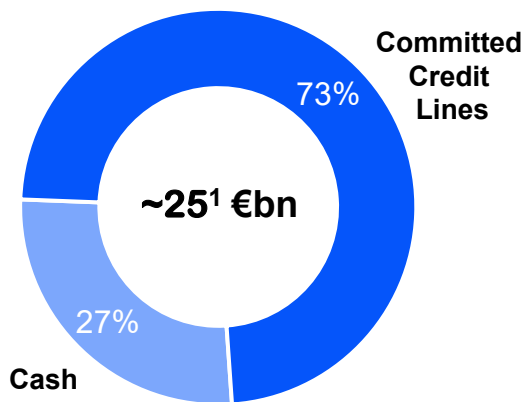


1. Including LT PPAs

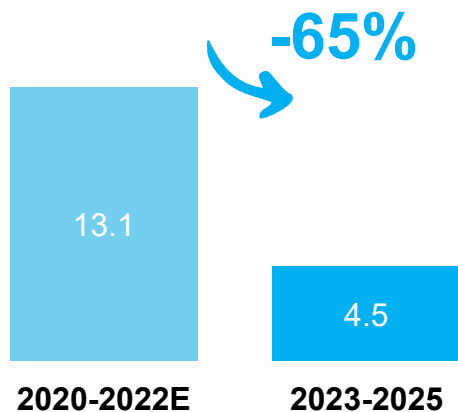
# Financial de-risking



Liquidity position



Avg. yearly LT refinancing (€bn)



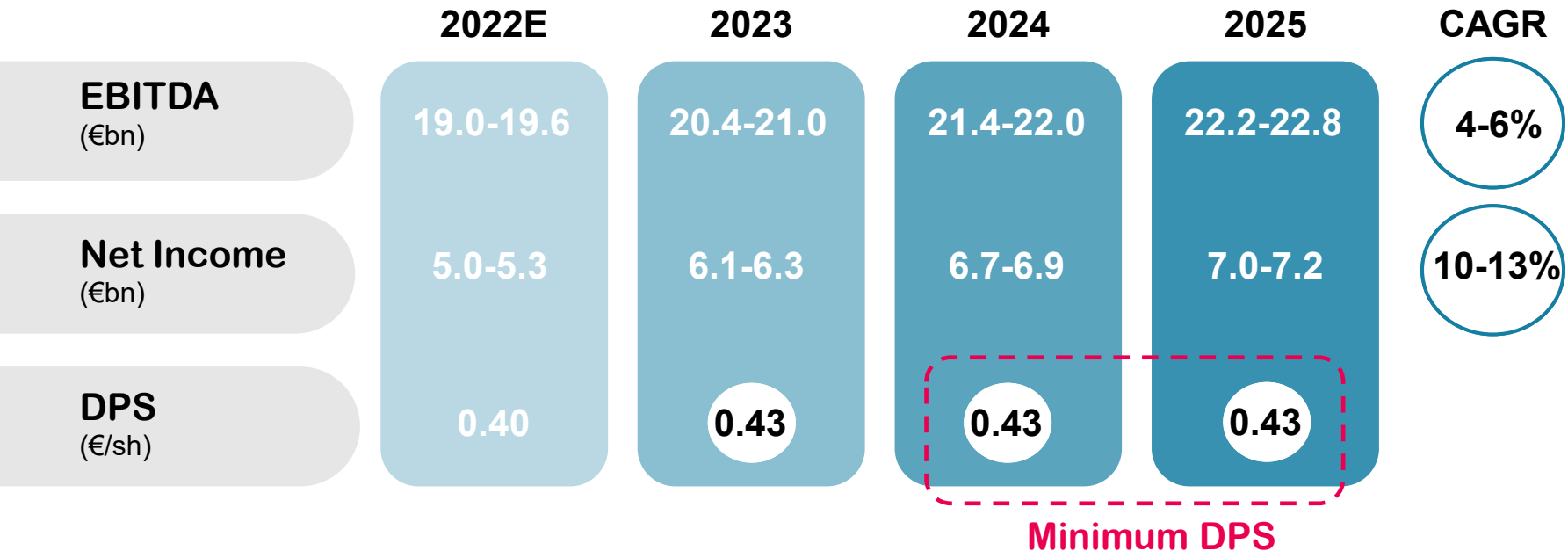
- > **1.8x** Liquidity/ 2023-25 LT financing needs
- > **-400 bps** Short term/ Gross debt 2025 vs 2022E

1. As of September 30<sup>th</sup>, 2022

# Targets



# Solid and sustainable growth



# Closing remarks



## Closing remarks



Maximisation of our integrated position

Focus on core countries

Financial position strengthening

Leveraging on people passions and skills

Stakeholders  
value  
creation and  
distribution