Press Release

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ENEL GROUP 2015 – 2019 STRATEGIC PLAN PRESENTATION

Operational efficiency and industrial growth are expected to deliver solid EBITDA growth and cash flow generation, to underpin an increasing dividend driving total shareholder return.

- ***8% Cash Cost reduction in nominal terms** over the plan, optimising Maintenance Capex and Opex across the global business lines.*

- *Industrial growth boosted by **18 billion euros of Growth Capex** over the period, 6 billion euros more than previous plan: focus on **Networks** (organic growth in Latin America and deep digital transformation in all geographies), on **Renewables** (50% additional capacity growth added versus previous plan) and **non-merchant generation** and **Retail** (customer base growth and new services).*

- ***Active portfolio management:** cash neutral 5 billion euro program of capital re-cycling over the period, **driving net income accretion of around 200 million euros by 2019 net of disposals.***

- ***New dividend policy:** payout ratio of 50% in 2015, growing by 5 percentage points each year to 65% in 2018.*

- *Enel Group's new strategic plan leverages on **the Group's recent reorganization** and its legacy strengths and establishes a new very sustainable and more flexible growth phase of the business over the next five years.*

Group Financial Targets

		2015	2016	2017	CAGR 15-19
Recurring Ebitda	€bn	~15.0	~15.0	~15.6	~3%
Net Ordinary Income	€bn	~3.0	~3.1	~3.4	~10%
Minimum DPS	€/share	0.16	0.18		~17%
Pay-out	*%*	*50*	*55*	*60*	
FFO/Net debt	%	21	24	27	~9%

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 00934061003 – Stock Capital Euro 9,403,357,795 fully paid-in

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Other financials		
		2015-19
Gross Capex	*€bn*	*34.0*
Funds from Operations	*€bn*	*~49.5*
Free Cash Flow	*€bn*	*~15.5*
Net Free Cash Flow *(after dividends)*	*€bn*	*~1.5*

London, 19 March 2015 - The Enel Group is presenting today in London its 2015 - 2019 strategic plan to the financial markets. This is the Group's first strategic plan presentation under the leadership of Chief Executive Officer Francesco Starace since his appointment last year.

The five year plan has a strong focus on total shareholder return, leveraging three core strengths of the Group:

- Enel Group geographical and technological diversification with a strong position in emerging markets and leadership in the areas of imminent technological evolution in mature markets.

- A reorganized Group structure, characterized by simplicity and focus, designed specifically to address the challenges posed by the evolving power industry dynamics.

- Operational efficiency and optimized capital allocation, driving industrial growth and value creation.

These three key elements of the Enel investment case lay the foundations for the 2015-2019 strategic plan, which is aimed at driving cash flow generation to underpin a growing dividend to shareholders.

Francesco Starace, Enel's Chief Executive Officer, commented: "*The plan we are presenting today offers a compelling investment case. Our strategy is built upon Enel's core strengths - our established position in emerging markets and our leadership in technology and digital distribution grids in more mature markets. These strengths will allow us to take advantage of demand growth in Latin America and Africa driven by demographic trends and economic cycles, as well as rapidly evolving energy* *market dynamics, such as digitization, in mature economies. These factors, coupled with our new simplified organizational structure, will support cost reduction, industrial growth and higher returns with lower risk, delivering stable EBITDA and cash flow growth. On this basis we are committed to increasing our dividend up to a payout ratio of 65% in 2018, on increased earnings. This is a period of significant change in our industry, which offers new and exciting opportunities for a group of Enel's strength and breadth."*

MACRO-ECONOMIC AND ENERGY MARKET TRENDS

The strategic plan has been developed on the basis of an analysis of the following trends:

1. Increase in power demand in Latin America and Africa mostly due to demographics: accelerating urbanization as well as wealth creation is offering opportunities to drive organic growth across the value chain in those markets.

2. Transformation of the energy systems in mature power markets towards full digitization is opening up new revenue opportunities in areas of Enel Group's natural competitive strengths. Digital meters, historically an area in which Enel has been the undisputed pioneer and industry leader, are the building block of the digital network challenge. Mature markets will remain a vibrant area of value creation for those players able to innovate and capture the opportunities offered by technological evolution.

Enel Group is well positioned to leverage these developments, thanks to its leadership and unique capabilities in digital metering and smart grids, its strong presence across the value chain in all its markets, its 61 million end-users, and its strategic positioning and established presence in promising growth markets of Latin America and Africa.

FOUR KEY PILLARS OF ENEL STRATEGY

1. OPERATIONAL EFFICIENCY

The new strategic plan envisages operational efficiency improvement to the tune of an 8% reduction in nominal terms in "cash costs" - the sum of opex and maintenance capex. By leveraging the new organizational structure and improved global integration, Enel Group will drive technology best practices to optimize capital allocation away from maintenance capex, with a careful reduction of 1.5 billion euros versus the previous plan. As has been seen at the Group's Renewables Business Unit in recent years, this planned reduction in maintenance capex will lead to a correlated reduction in opex, which together with procurement and technological levers, will allow the Group to reduce its opex by 7% between 2014-2019.

2. INDUSTRIAL GROWTH

The plan envisages growth in EBITDA by 2.4 billion euros by 2019, or an additional 6.7 billion euros of EBITDA cumulatively over the plan period. This growth will be driven by a capex plan which envisages Gross Capex for the period of 34.0 billion euros, up from 29.7 [1]billion euros in the previous plan, an increase **of 14%; and** the shift of capital expenditure towards growth initiatives, will bring about **additional Growth Capex of around 6 billion euros**, an increase of 49% compared with the previous capex plan. **Almost 90% of the new Growth Capex will be devoted to driving revenue growth in low risk businesses**, such as networks, renewables, non-merchant conventional generation and retail, targeting average project returns higher than a minimum spread of 200 bps over the Weighted Average Cost of Capital (WACC). **Around 60% of total capex will be invested in emerging markets**.

Additionally, by pursuing a larger number of smaller projects in different regions and technologies, the Group will reduce execution risk, enjoy greater flexibility and optionality as well as an ability to adapt to changing scenarios and evolving country, currency or regulatory risk profiles. **This is expected to translate into more linear EBITDA growth going forward.**

Specifically by business, growth drivers are as follows:

- **Networks** – Global Distribution accounts for around 7 billion euros of EBITDA and runs a customer base of 61 million end-users. The Group plans to invest around 5.4 billion euros of Growth Capex across the period in the network business, driving organic growth in emerging countries and new technological solutions, such as digital meters and smart grids, across all geographies. Linear as well as predictable cash flows can be secured through stable regulatory frameworks with long term concession regimes in the countries in which the Group operates.

- **Retail** – Growth in retail is mostly driven by customer base increase and innovation of new product and service offerings. The Group targets an increase in free market customers in Italy and Iberia to 26 million by 2019, up from around 22 million in 2014. New energy-related services are expected to deliver double digit growth over the plan period, also driven by EU legislation on energy efficiency.

- **Renewables** – Enel Green Power ("EGP") is best positioned to continue leveraging on global growth prospects thanks to its diversified mix of technologies and geographies. The new plan envisages a 50% increase in the total additional capacity (reaching 7.1 GW) to be added over the five year period versus the previous plan, mostly in Latin America, North America and Africa. Approximately half of the investments of EGP for the period aimed at growth will be deployed in Chile, Mexico and Brazil, countries where EGP already has 30% of the planned additional capacity under execution.

[1] Equates to 25.7 billion euros Net Capex, as in the previous business plan presentation. It also includes perimeter effects. The difference between Gross and Net Capex is accounted for by connection fees.

- **Conventional Generation** – The growth strategy in conventional generation is based on the principle of being the lowest-cost generator in attractive regions with strong growth prospects and low regulatory risk. Priority will be given to projects with low execution risk and higher levels of stakeholders acceptance, and to this extent the Group is also running a complete review of its project pipeline. No merchant exposure will be taken in the development of projects so as to mitigate the exposure to commodity price fluctuations.

3. ACTIVE PORTFOLIO MANAGEMENT

The Group has placed all assets under a review to identify those that may be appropriate for potential divestiture, assessed against criteria of an optimal strategic fit with the Group's strategic plan. Already under execution is approximately 2 billion euros worth of disposals, while an additional 3 billion euros of disposals are expected to be realized during the plan period. In this way, the Group expects to recycle up to 5 billion euros of capital, redeploying it towards the reorganization of its Latin American operations and further growth opportunities. The overall plan is expected to be cash neutral during this cycle, while driving net income accretion, net of disposals, of around 200 million euros by 2019.

4. SHAREHOLDER REMUNERATION

A new dividend policy providing certainty in the short term, and significant upside potential in the medium term, has been introduced for the 2015 – 2019 period. **For 2015, the payout ratio will be increased to 50%, and it will increase by 5 percentage points every year to reach a payout ratio of 65% in 2018.** If the net ordinary income for either of 2015 or 2016 is below Group guidance, then a minimum DPS of 0.16 and 0.18 euro per share will be paid, respectively for 2015 and 2016.