PRESS RELEASE

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ENEL 2023-2025 STRATEGY: REPOSITIONING OF BUSINESSES AND GEOGRAPHIES, FOCUS ON SUSTAINABLE ELECTRIFICATION, SECURING GROWTH AND FINANCIAL STRENGTH, CREATING VALUE FOR ALL STAKEHOLDERS

- *In the 2023-2025 Plan period, the Group expects to:*
    - ***Concentrate on integrated value chain pursuing sustainable electrification**, which is increasingly needed in global energy systems, covering approximately 90% of its fixed price sales with carbon-free electricity in 2025, bringing renewable generation to around 75% of total as well as reaching around 80% of digitalized grid customers*
    - ***Strategically reposition businesses and geographies,** with a disposal plan worth around 21 billion euros in terms of positive contribution to the reduction of Group Net Debt. The bulk of this plan is expected to be rolled out by the end of 2023, resulting in a more agile company focused on six "core countries[1]"*
    - ***Secure growth and financial strength** by coupling a 10-13% Compound Annual Growth Rate ("CAGR") in Net Ordinary Income with a FFO/Net Debt ratio of 28% expected from 2023, alongside maintaining a **Dividend Per Share ("DPS") of 0.43 euros for 2023-2025, up from 0.40 euros in 2022, whereby DPS in 2024 and 2025 is to be considered as a sustainable minimum***
- *Towards these aims, between 2023 and 2025, **the Group expects to invest a total of around 37 billion euros**, of which 60% supporting the Group's integrated commercial strategy (generation, customers and services), and 40% allocated to grids to support their role as enablers of the energy transition*
- *The focus will be on four strategic actions:*

    (i) ***balance customers' demand and supply to optimize the risk/return profile***
    (ii) ***decarbonization to ensure competitiveness, sustainability and security***
    (iii) ***reinforce, grow and digitize networks to enable the transition***
    (iv) ***streamline portfolio of businesses and geographies***

- *In 2025:*

[1] Namely: Italy, Spain, the United States, Brazil, Chile and Colombia.

- ***Group Ordinary EBITDA is expected to reach 22.2-22.8 billion euros**, compared to 19.0-19.6 billion euros estimated in 2022*
- ***Group Net Ordinary Income is expected to reach 7.0-7.2 billion euros**, compared to 5.0-5.3 billion euros estimated in 2022*

Financial Targets				
Earnings growth	***2022E***	***2023***	***2024***	***2025***
Ordinary EBITDA (€bn)	19.0-19.6	20.4-21.0	21.4-22.0	22.2-22.8
Net Ordinary Income (€bn)	5.0-5.3	6.1-6.3	6.7-6.9	7.0-7.2
Value creation				
DPS (€/share)	0.40	0.43	0.43*	0.43*

* Minimum DPS

Francesco Starace, CEO and General Manager of Enel said: "*In the next three years, we will focus on integrated business models, digital know-how as well as businesses and geographies that can add value despite the current challenging scenario, embracing a leaner structure and a more robust set of financial ratios. This will increase our resilience to potential future continued turbulence, as well as position our value creation towards further growth, benefitting all our stakeholders and accelerating energy independence in our core countries. Sustainability, which is fully embedded into our decisions, continues to be at the foundation of our Strategy, also leveraging on the acceleration of electrification across economies. These results will be achievable thanks to the highly skilled and motivated colleagues at the Enel Group and the digital platform organizational structure we have set up for the Group.*"

Rome, November 22nd, 2022 - The Enel Group (the "Group") is presenting its 2023-2025 Strategic Plan today to the financial markets and the media.

THE GROUP IN THE ENERGY CONTEXT

The past three years have been impacted by the combined effect of the COVID-19 outbreak, geopolitical conflicts and extreme weather events linked to climate change. This scenario has increased the need for an accelerated energy transition and digitalization, alongside the redesign and rebalancing of global supply chains.

The current context shows that some goals need to be achieved:

- **affordability**, involving energy supplies at reasonable prices that are stable in the long term;
- **security**, specifically energy supply with limited exposure to geopolitical tensions;
- **sustainability**, namely energy supply with no impact on climate and ecosystems.

Against this backdrop, since the beginning of this decade, the Group has increasingly focused its strategy on sustainable electrification.

THE 2023-2025 STRATEGIC PLAN

In the Plan period, the Group expects to:

- **concentrate on integrated value chain pursuing sustainable electrification**, which is increasingly needed in global energy systems, covering approximately 90% of its fixed price sales with carbon-free electricity in 2025, bringing renewable generation to around 75% of total as well as reaching around 80% of digitalized grid customers;
- **strategically reposition businesses and geographies,** with a disposal plan worth around 21 billion euros in terms of positive contribution to the reduction of Group Net Debt. The bulk of this plan is expected to be rolled out by the end of 2023, resulting in a more agile company focused on six core countries;
- **secure growth and financial strength** by coupling a 10-13% Compound Annual Growth Rate ("CAGR") in Net Ordinary Income with a FFO/Net Debt ratio of 28% expected from 2023, alongside maintaining a DPS of 0.43 euros for 2023-2025, up from 0.40 euros in 2022, whereby DPS in 2024 and 2025 is to be considered as a sustainable minimum.

Towards these aims, between 2023 and 2025, **the Group expects to invest a total of around 37 billion euros** in order to implement the following strategic actions:

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

By 2025, in the six core countries, the Group plans to sell around 80% of electricity volumes under fixed price contracts, an increase of around 15 TWh (+7%) on 2022 estimates. The Group expects to reach 100% of fixed price sales covered through own generation and long-term Power Purchase Agreements ("PPAs"), out of which **around 90% expected to be covered by carbon-free sources**, further securing the evolution of Group margins.

This will allow the Group to implement a long-term, stable and visible commercial strategy, therefore reducing short-term risks associated with external volatility and fostering the switch of Group customers to clean electricity from fossil-fueled energy.

Towards this aim, the Group, leveraging on the long-term contract relationship with its customers, expects to accelerate in the next three years the roll-out of value-added services and next-generation infrastructure, more specifically:

- **electric vehicle charging points** (from around 0.5 million estimated in 2022 to approximately 1.4 million in 2025);
- **behind-the-meter storage** (from about 99 MW estimated in 2022 to around 352 MW in 2025);
- **demand response** (from around 8.4 GW estimated in 2022 to approximately 12.4 GW in 2025).

II. Decarbonization to ensure competitiveness, sustainability and security

By 2025, **the Group expects to add around 21 GW of installed renewable capacity (of which approximately 19 GW in its core countries)**, well on track to reach its decarbonization targets in line with the Paris Agreement.

The Group plans to develop this renewable capacity supported by a market-leading pipeline, amounting to around 425 GW.

The Group is also continuing to implement its "Stewardship" business model, with the aim to seize further potential opportunities in non-core countries to maximize value creation globally.

The decarbonization strategy allows the Group to confirm once again its commitment towards zero emissions by 2040, with 1.5°C-compliant targets set across all scopes and under validation by the Science Based Targets initiative.

III. Reinforce, grow and digitize networks to enable the transition

The Group's grid strategy covers five of its six core countries, namely Italy, Spain, Brazil, Chile and Colombia, where it has an integrated position and where its unique expertise in digital evolution can be best deployed, mainly focusing on large metropolitan areas.

The intensity of Group investments per customer in the grid segment is expected to increase by around 30% on average in 2023-2025 *vis-à-vis* 2020-2022 estimates. The drivers of this growth are:

- the need to improve quality and resiliency in order to better manage the increase in load and to cope with climate-related events;
- the ongoing digitalization of Group assets to improve efficiency and reduce network interruptions, resulting in a System Average Interruption Duration Index (SAIDI) of around 150 minutes in 2025 (-35% versus 2022 estimates);
- digitalized grid customers are expected to increase to around 80% in 2025 (+20 percentage points on 2022 estimates);
- the increase in connections accommodating the future uptake of distributed energy resources and expanding urban networks.

IV. Streamline portfolio of businesses and geographies

In 2022, the deployment of the Group's simplification strategy accelerated significantly. The sale of Enel Russia and of the Fortaleza CCGT plant in Brazil were completed and by year end the Group expects to finalize the sale of transmission assets in Chile, of the distribution grids in Goiás, as well as the Gridspertise deal. Moreover, by the end of 2022, the Group is also planning to crystallize the value of its gas portfolio in Chile.

Following the aforementioned acceleration, in 2023-2025 the Group foresees a further streamlining of its structure, by exiting some businesses and geographies no longer aligned with its strategy. The Group also expects to continue to leverage on its Stewardship model in non-core countries. In addition, and in line with the aim to exit carbon-intensive activities, the Group plans to leverage on the current market environment to initiate the exit from gas assets. **This overall divestment program is an integral component of the plan to reshape the Group, maximizing shareholder value**.

The cornerstone year of the Group's long-term streamlining strategy is expected to be 2023. Specifically:

- activities in Europe are set to center around Italy and Spain, with the **sale of Romanian assets**;
- in Latin America, the Group expects to **exit from Peru and Argentina**;
- some geographies, such as **Australia and Greece**, are expected to be added to the Stewardship perimeter;
- **the value of gas portfolio in Spain** is expected to be crystallized;

- the assets in **Ceará** are expected to be sold in order to increase the focus on distribution networks in megacities (Rio and São Paulo);
- the value of other minor renewable assets not linked to downstream sizeable customer bases will also be crystallized.

In 2024, the Group is also planning to crystallize the value of its asset base in the **United States** and that of **Enel X Way**.

The above plan is expected to deliver an optimized structure, with the following effects on Group economics and financial results:

- a positive contribution to the reduction of Group Net Debt for around 21 billion euros, peaking in 2023, when it is expected to exceed 12 billion euros;
- an impact on Group Ordinary EBITDA at regime of approximately 2.8 billion euros and on Group Net Ordinary Income of about 900 million euros in 2024.

By the end of the Plan period, the Group expects to be more agile, focusing on its core countries, with an expected reduction in minority leakage and a significant improvement in credit metrics. By 2025, the Group expects to manage a total of around 75 GW of renewable capacity (including 4 GW of battery energy storage systems - BESS), approximately 75% of total generation, with emission-free production reaching around 83%.

SUSTAINABLE PROFITABILITY

The Group will continue to pursue sustainable principles in its investment decisions, creating shared value for all of its stakeholders.

Approximately 94% of the Group's 2023-2025 total capex are aligned with the UN Sustainable Development Goals ("SDGs"), directly targeting SDGs 7 ("Affordable and Clean Energy"), 9 ("Industry, Innovation and Infrastructure") and 11 ("Sustainable Cities and Communities"), all contributing to SDG 13 ("Climate Action"). Additionally, **more than 80% of Group investments are expected to be aligned with EU Taxonomy criteria**, due to their substantial contribution to climate change mitigation.

The Group's commercial strategy is expected to allow its clients to benefit from a reduction of around 20% in overall household energy spending alongside improved service quality.

Group investments are expected to drive a cumulated increase of around 70 billion euros of the Gross Domestic Product (GDP) in the countries where it operates.

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INVESTING IN THE GROUP'S INTEGRATED STRATEGY

The Group's investments in 2023-2025 amount to approximately 37 billion euros and are mainly concentrated in the six core countries.

Approximately **60% of Group investments**, namely around **50% in generation** and about **10% in customers as well as advanced energy services**, are expected to support the Group's integrated commercial strategy. **Grids** are expected to account for around **40% of investments** in the Strategic Plan period.

Power generation and retail

In 2023-2025, the Group plans to invest **approximately 22 billion euros** in the integrated commercial strategy.

From a geographical perspective, **almost 90% of this capex is expected to be allocated in Italy, Spain and the United States**, where the Group can harness sustainable electrification trends, also taking into account the countries' supportive regulatory environments.

Specifically, the Group expects to accelerate the deployment of renewables:

- in **Italy** and **Spain**, to enable longer duration fixed-price contracts, substituting the Group's thermal assets with sustainable technologies unaffected by commodity volatility;
- in the **United States** and **Latin America**, to benefit from the long-term PPAs, which offer high visibility on returns.

The EBITDA generated from power generation and retail is expected to reach around 15 billion euros in 2025, with a CAGR of around 13% over 2022-2025[2].

Grids

In 2023-2025, the Group plans to invest **approximately 15 billion euros in grids**, mainly targeting Europe (over 80% of investments) in light of the Group's re-balanced geographical presence, favorable regulatory environments and in order to enhance the grids' role as enablers of the energy transition.

The Group's capital allocation is planned to increase grids' EBITDA up to around 7.3 billion euros in 2025, on approximately 7.0 billion euros estimated in 2022[3].

Stewardship business model

Investments amounting to a total of approximately 15 billion euros are planned to be mobilized under the Stewardship business model by the Group and third parties, out of which:

- around 1.3 billion euros in direct Group investments in assets to be eventually disposed of to joint ventures;
- approximately 1.1 billion euros in Group equity injections in joint ventures;
- the rest invested by third parties.

These resources are set to be instrumental in adding further renewable production, new infrastructure and services to accelerate the electrification process of Group customers.

Over the next three years, this model is expected to generate approximately 1.5 billion euros in terms of cumulated EBITDA, with an expected value of the Group's equity stake of 2.5-3.0 billion euros in 2025.

FINANCIAL MANAGEMENT

[2] Excluding perimeter changes for a total of around 0.7 billion euros in 2022.
[3] Excluding perimeter changes and Stewardship contribution for a total of around 1.4 billion euros in 2022.

The actions set out in the Strategic Plan are expected to have an immediately visible positive impact on Group Net Debt, which is set to be considerably reduced to a range of **51-52 billion euros by the end of 2023**, from 58-62 billion euros estimated for 2022. As a result, **the Net Debt to EBITDA ratio is expected to decrease** from 3.0-3.3 times estimated in 2022 **to 2.4-2.5 times in 2023**, remaining flat over the rest of the plan period. Similarly, **the FFO to Net Debt ratio is set to increase by 11 percentage points**, from 17% estimated in 2022 **to 28% expected in 2023**, remaining flat over the rest of the plan period.

As an outcome of the above financial strategy, **the cost of debt is expected to show an overall stability** despite the recent rising progression in interest rates, remaining mainly unchanged at around 3.4-3.5%.

Sustainable finance is set to remain at the core of the Group's financial strategy. The share of sustainable finance sources on total gross debt is expected to increase to approximately 70% in 2025 from around 60% estimated in 2022.

FINANCIAL TARGETS

Group Ordinary EBITDA is expected to grow to between 22.2 and 22.8 billion euros in 2025 from 19.0-19.6 billion euros estimated in 2022, with a CAGR of 4-6%. **Group Net Ordinary Income is expected to increase to 7.0-7.2 billion euros in 2025**, from 5.0-5.3 billion euros estimated in 2022, with a CAGR of 10-13%.

The Group confirms a simple and predictable dividend policy, with a **0.43 euro DPS for the 2023-2025 period, up from 0.40 euros in 2022, whereby DPS in 2024 and 2025 is to be considered as a sustainable minimum**.

KEY PERFORMANCE INDICATORS

This press release uses a number of "alternative performance measures" not envisaged by the IFRS-EU accounting standards adopted by the European Union, but that management deems useful for the better evaluation and monitoring of the Group's economic and financial performance. With regard to those indicators, on April 29th, 2021, CONSOB issued Warning Notice no. 5/21, making applicable the Guidelines issued on March 4th, 2021 by the European Securities and Markets Authority (ESMA) on disclosure requirements under Regulation (EU) 2017/1129 (the "Prospectus Regulation"), which took effect on May 5th, 2021.
The Guidelines update the previous CESR Recommendations (ESMA/2013/319, in the revised version of March 20th, 2013) with the exception of those concerning issuers carrying out special activities referred to in Annex no. 29 of Delegated Regulation (EU) 2019/980, which were not converted into Guidelines and remain applicable.
The Guidelines are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.
The meaning, content and basis of calculation of these indicators are as follows:

- **EBITDA** is an indicator of operating performance and is calculated as "EBIT" plus "Depreciation, amortization and impairment losses";
- **Ordinary EBITDA** is defined as "EBITDA" attributable to ordinary operations only linked to the business models of Ownership and Stewardship. It does not include charges connected with corporate restructuring plans;
- **Group net ordinary income** is defined as "Group net income" attributable solely to ordinary operations associated with the Ownership and Stewardship business models.
  It is equal to "Group net income" adjusted primarily for the items discussed under "Ordinary EBITDA", net of possible tax effects and non-controlling interests;
- **Net financial debt** is an indicator of financial structure and is determined by:
  - "Long-term borrowings", "Short-term borrowings" and "Current portion of long-term borrowings", taking account of "Non-current financial liabilities" included in "Other non-current liabilities" and "Current financial liabilities" included in "Other current liabilities";
  - net of "Cash and cash equivalents";

- 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 “Non-current financial receivables” included in “Other non-current financial assets”.
  More generally, the net financial debt of the Enel Group is reported in accordance with Guideline 39, issued on March 4th, 2021, by ESMA, applicable as from May 5th, 2021, and with the above-mentioned Warning Notice no. 5/2021 issued by CONSOB on April 29th, 2021.