



# AIR

## Why showing risks is not a risk

Milan, 20<sup>th</sup> June 2019

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# Steps to Risk Analysis



**Valuation  
benchmarking  
vs Peers**

**1**

**Share price  
market value  
trend**

**2**

**Consensus'  
SOTP**

**3**

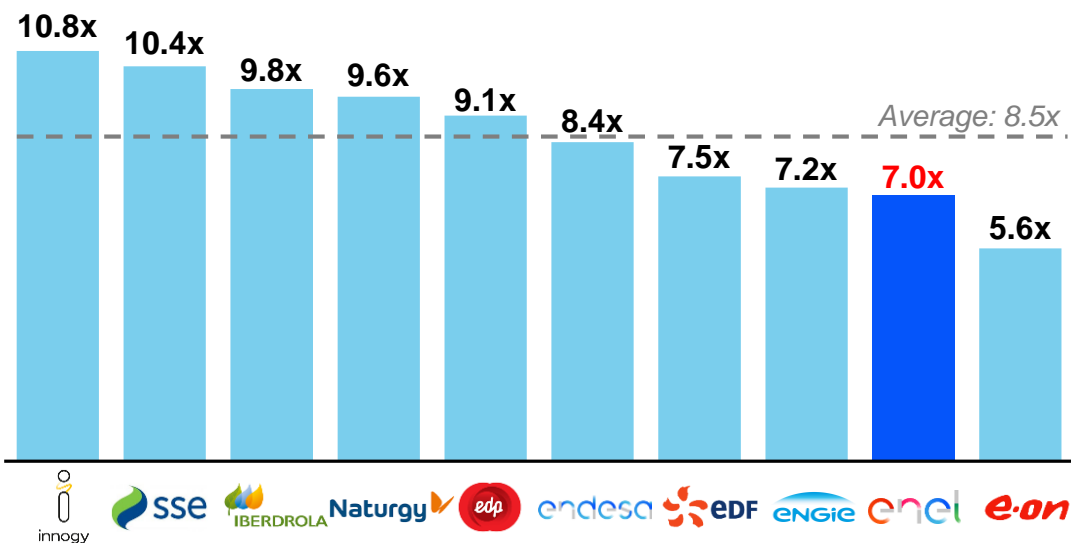
**Implied Enel EV  
based on peers  
valuation**

**4**

# Valuation benchmarking vs Peers



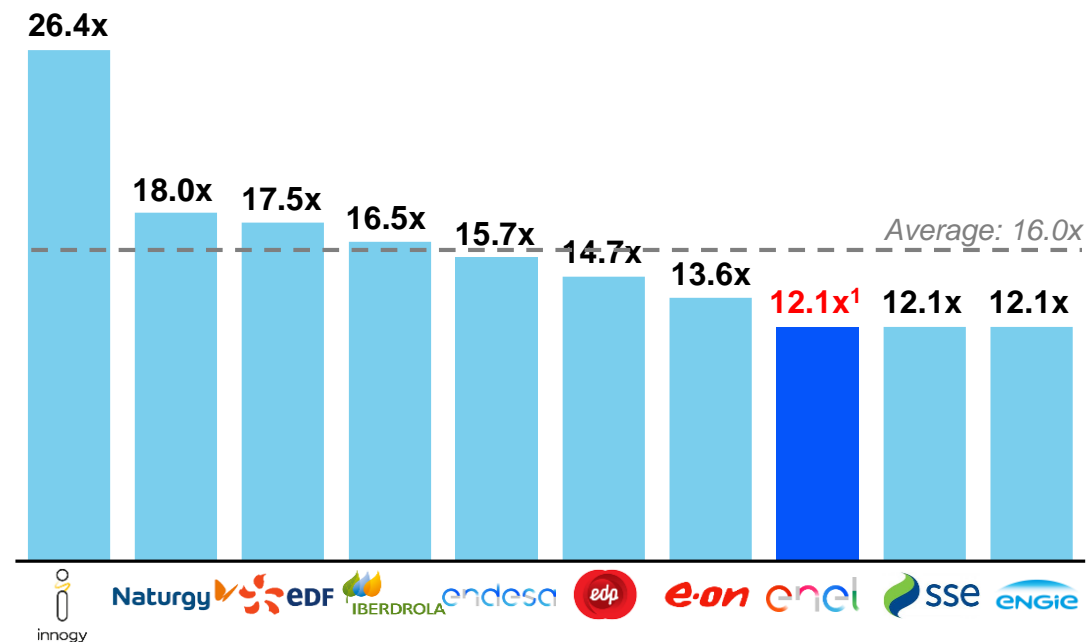
EV/EBITDA 2019E



Discount  
vs Peers

-35% -33% -29% -27% -23% -17% -7% -3%

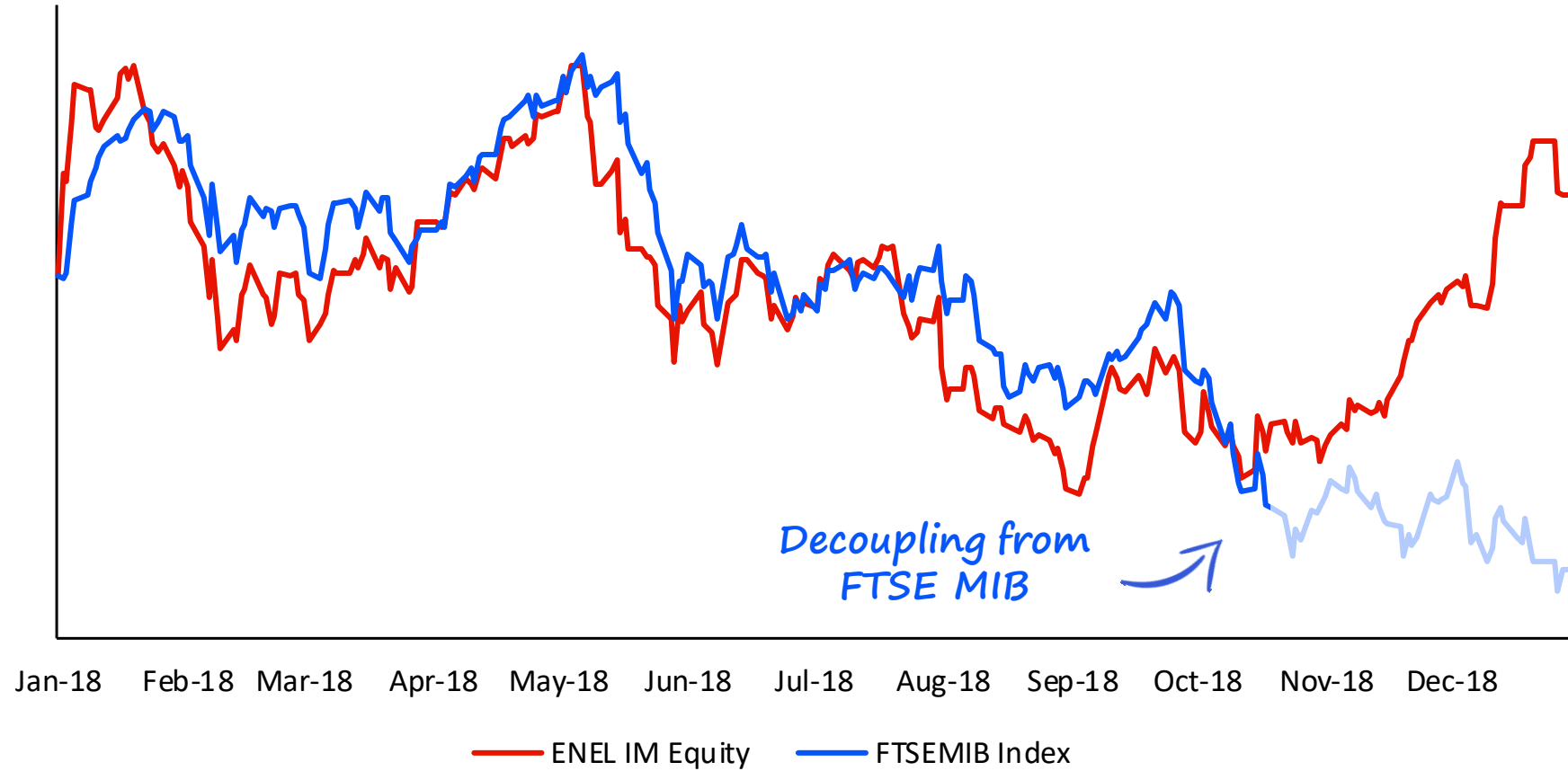
P/E 2019E



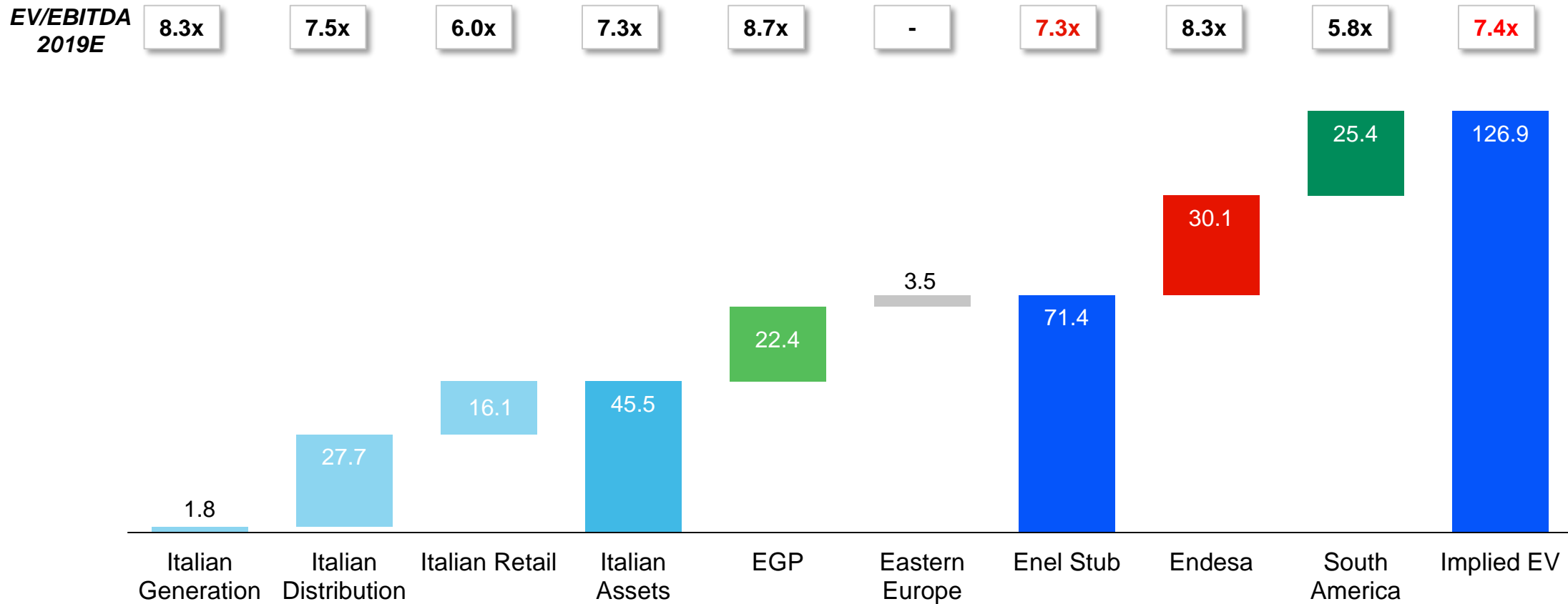
-54% -33% -31% -27% -23% -18% -11%

1. Price: 5.639€ (29<sup>th</sup> May 2019).

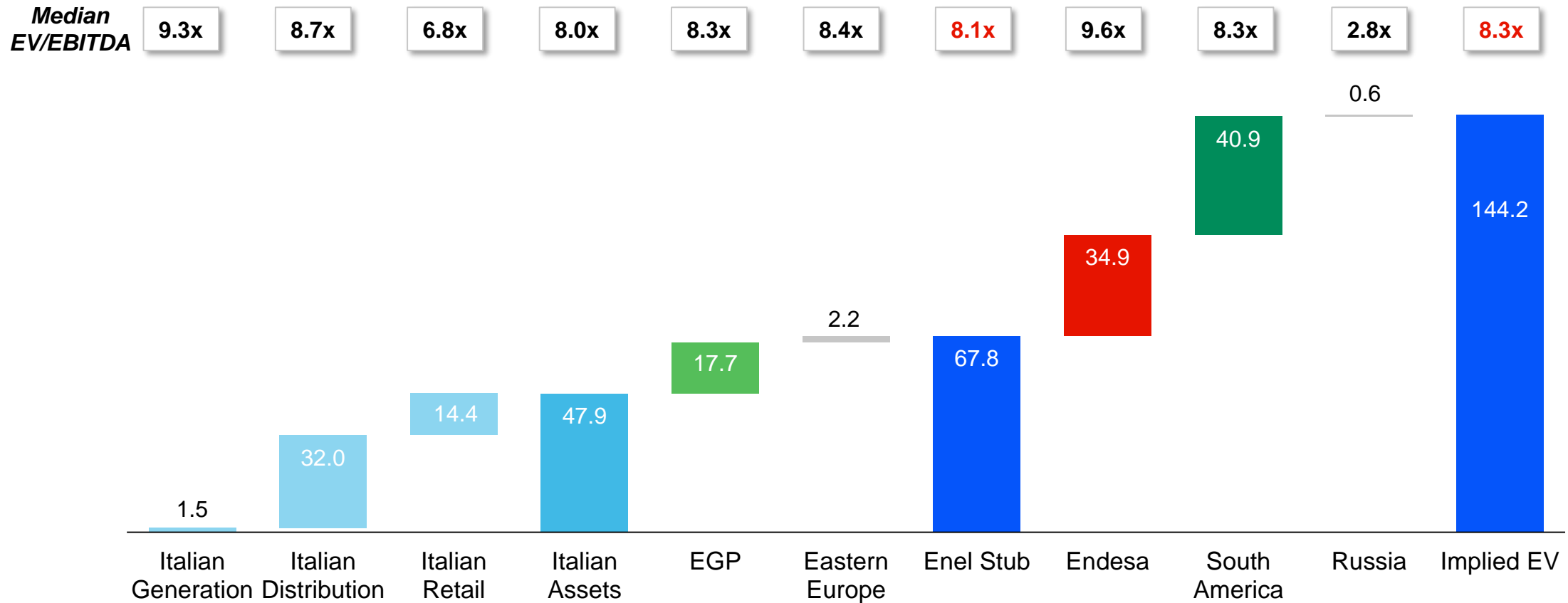
# Share price market value trend



# Consensus' SOTP<sup>1</sup>



# Implied Enel EV based on peers valuation





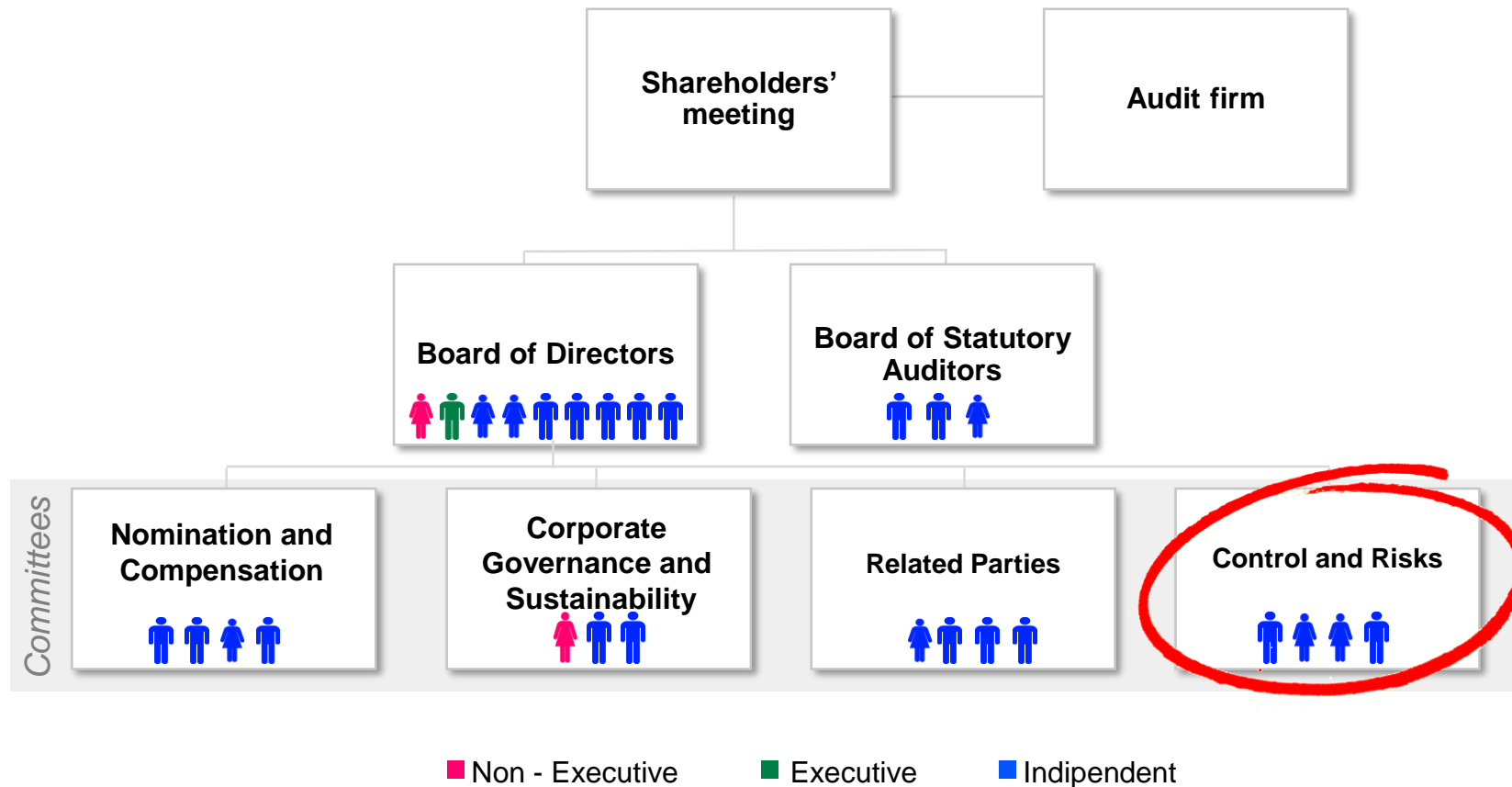
# Risk Governance in Enel



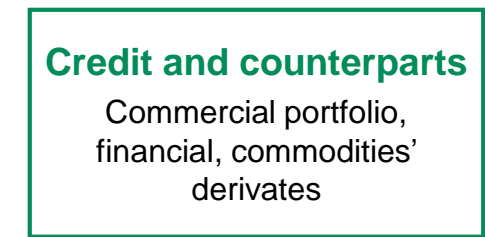
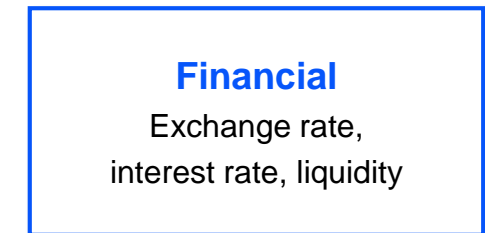
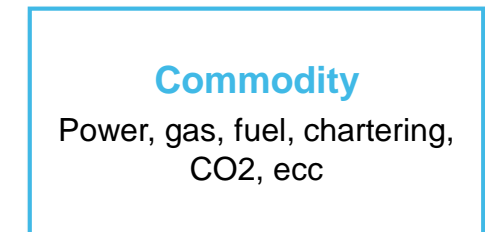
# Internal structure



## Corporate governance structure



## Business and market risks



# Responsibilities and key actors



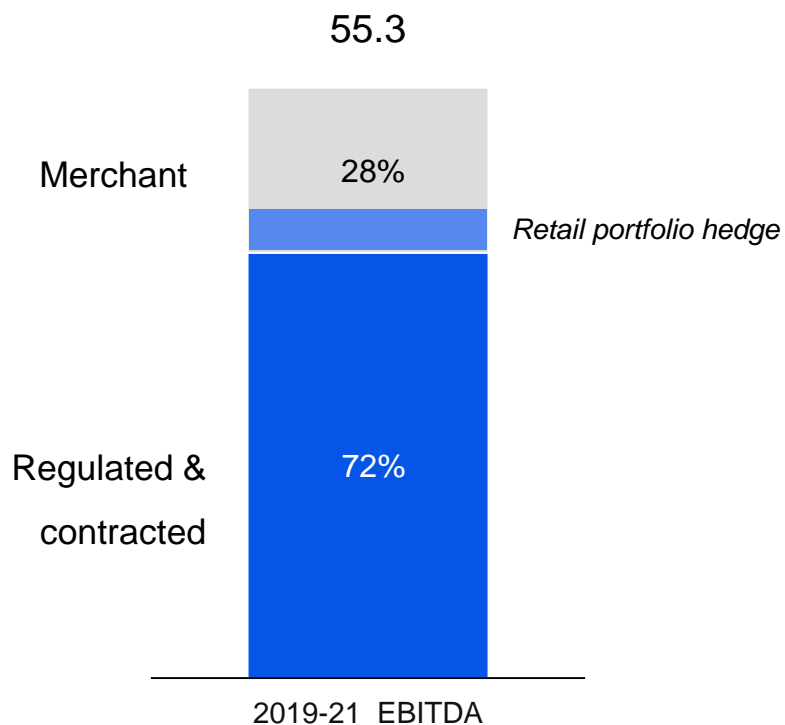
# How external and internal analysis come to a synthesis



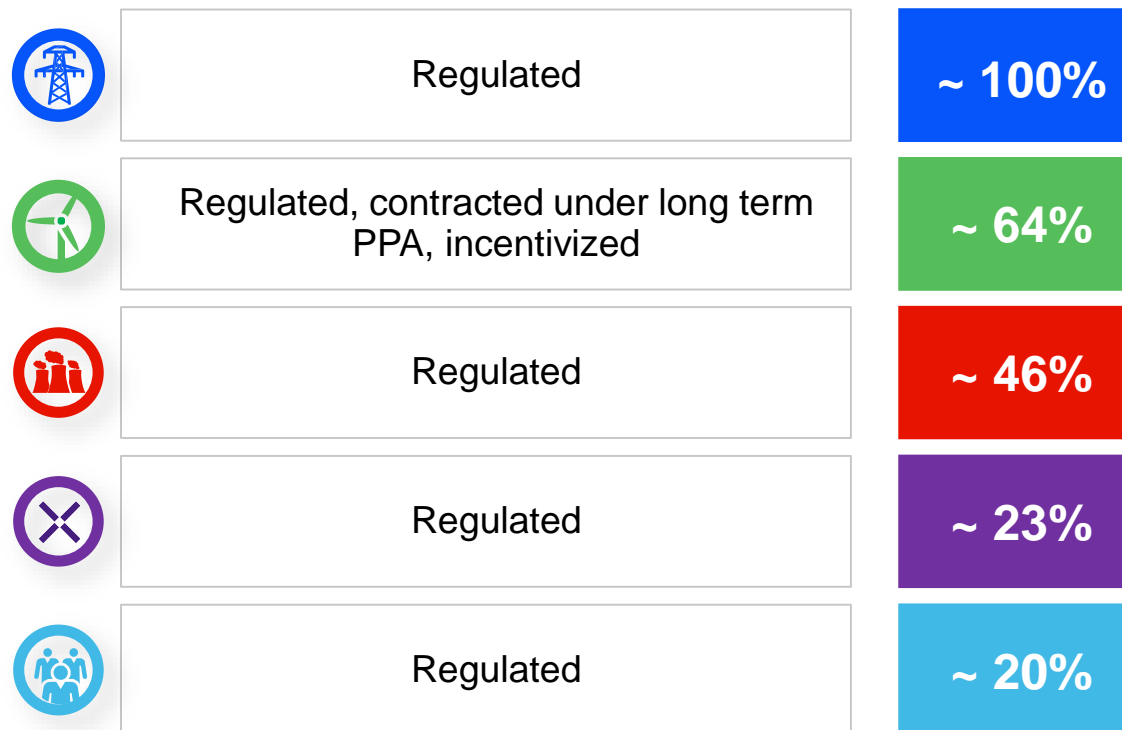
# Operating risk: low EBITDA exposure to merchant risk



EBITDA 2019-21 (€bn)



Regulated EBITDA by business 2019-21

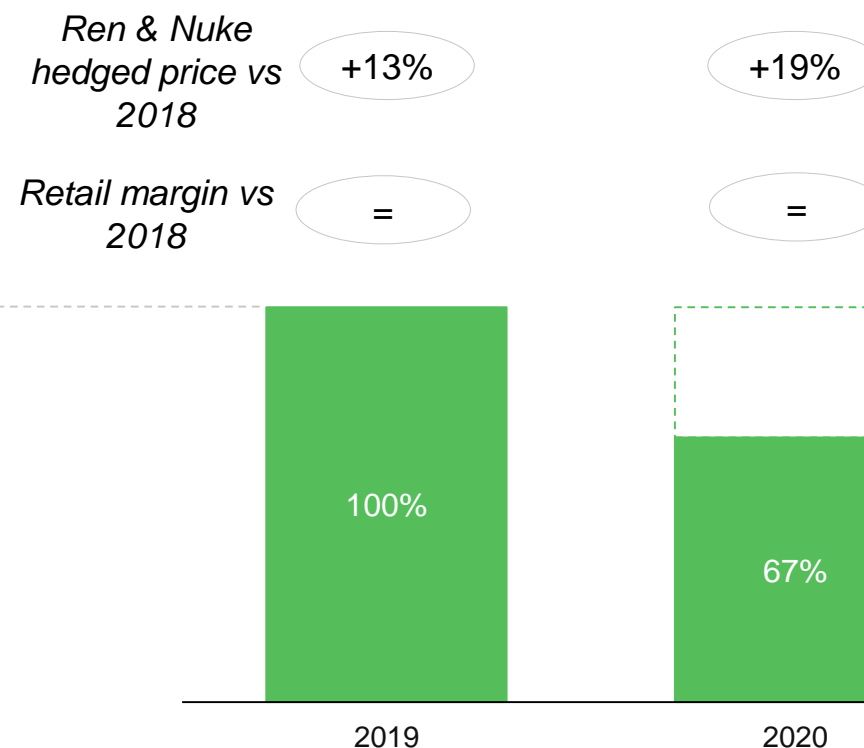
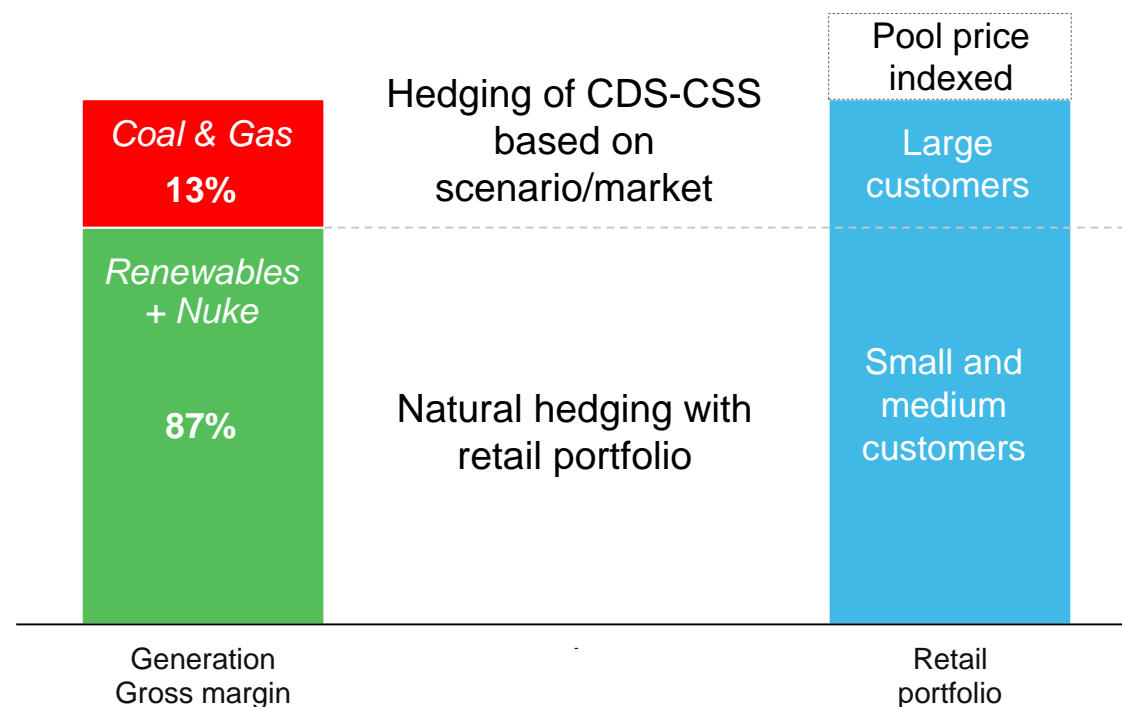


# Operating risk: natural margin hedge from retail portfolio



Integrated margin – Generation GM vs retail GM

Hedging position on price driven production



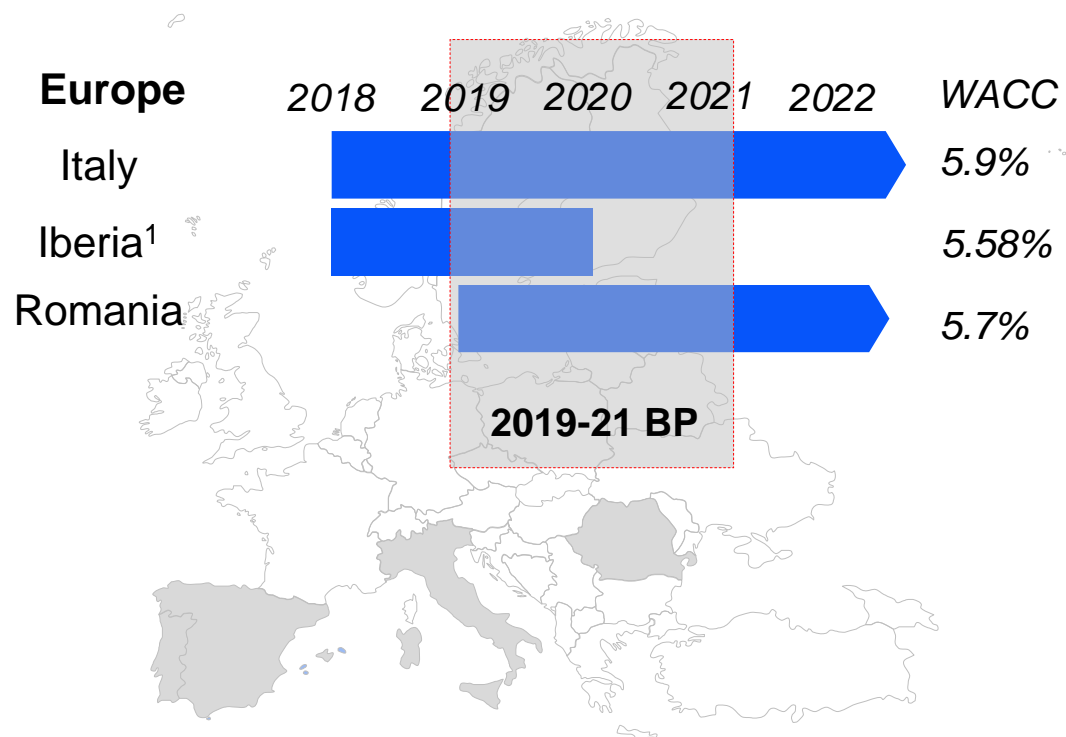
# Operating risk: low regulatory risk over the plan period



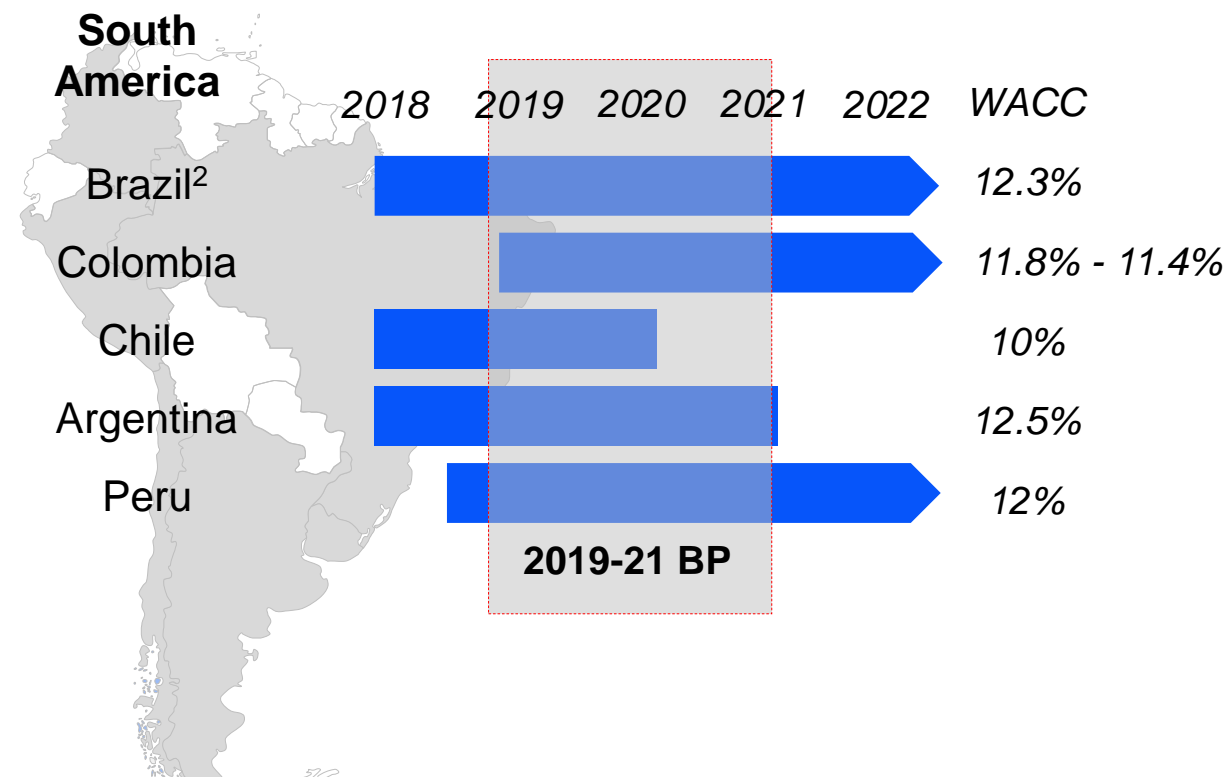
1

2

3



Stable and mature regulations



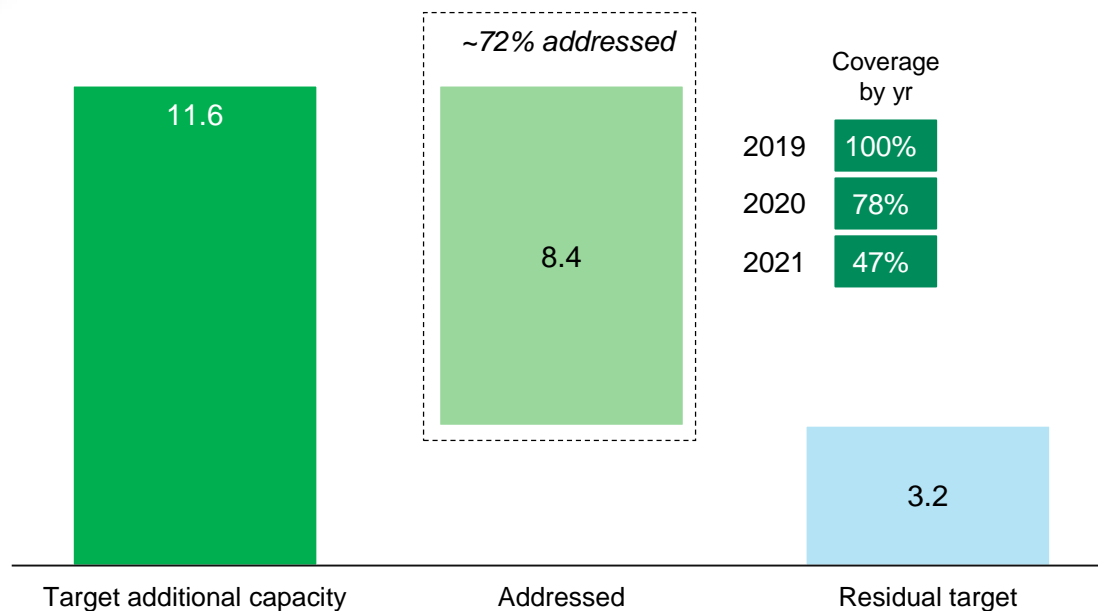
Highly visible frameworks

1. WACC nominal pre-tax
2. Blend of Rio, Ceará, Goiás and Eletropaulo

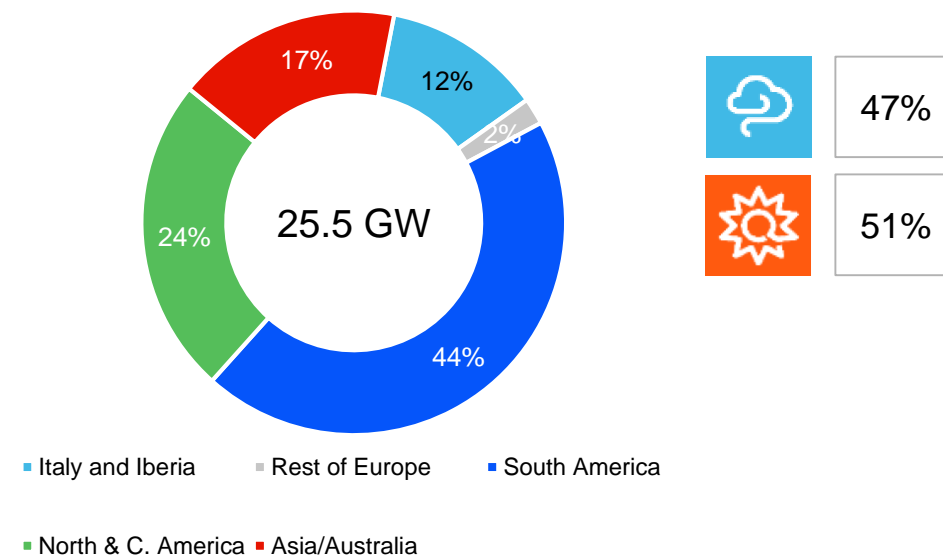
# Operating risk: renewables growth already significantly addressed



2019-21 Additional capacity addressed<sup>1</sup> (GW)



Pipeline by geography and technology<sup>2</sup> (GW)



Total pipeline / residual target

~ 8x

Short term pipeline<sup>3</sup> / residual target

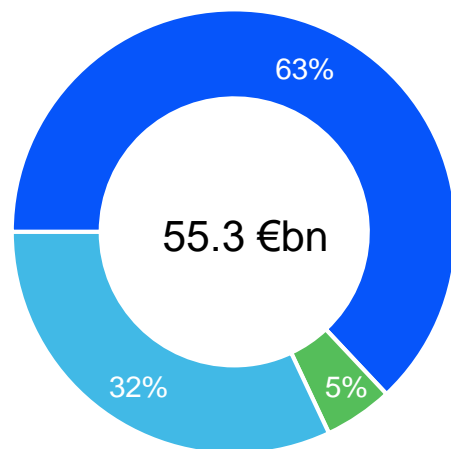
~ 4x

1. It includes managed capacity
2. As of May 2019
3. Includes 2019-2021 CODs only

# Currency risk: low exposure to volatile currencies

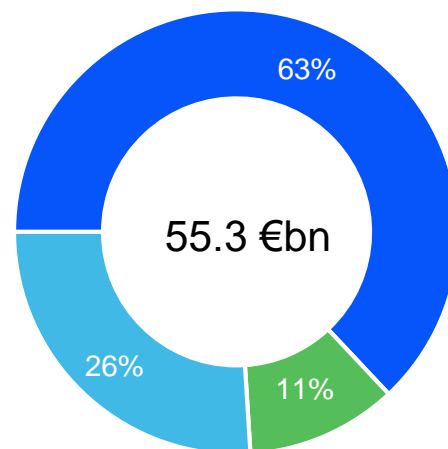


2019-21 EBITDA by geography



■ Europe ■ North America ■ South America

2019-21 EBITDA by currency



■ EUR ■ USD ■ South America

FX sensitivity<sup>1</sup> – Avg. yearly impact 2019-21 (€mn)

	EBITDA		Group NI	
<i>BRL</i>	(180)	225	(30)	35
<i>ARS</i>	(35)	40	(6)	8
<i>CLP</i>	(6)	6	-	-
<i>COP</i>	(100)	125	(12)	15
<i>PEN</i>	(20)	25	(2)	~3
<b>TOTAL</b>	<b>(340)</b>	<b>420</b>	<b>(50)</b>	<b>60</b>
<b>% on yearly value</b>	<b>(1.8%)</b>	<b>2.3%</b>	<b>(&lt;1.0%)</b>	<b>1.1%</b>

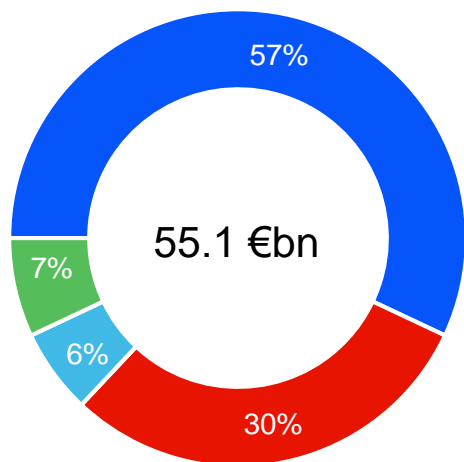
1. Sensitivity based on +/-10% USD/LOC (EUR/USD @Plan). Rounded figures



# Financial risk: gross debt hedges softening FX swings and rates movements

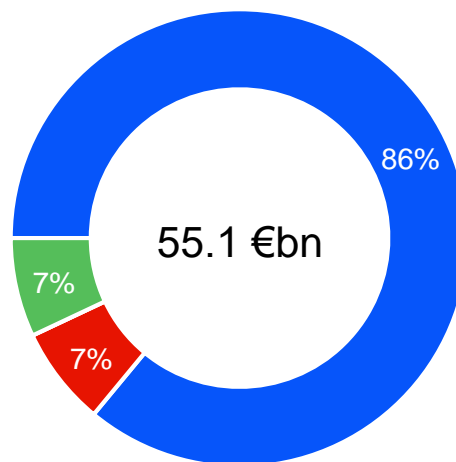


Gross debt by currency at 2021



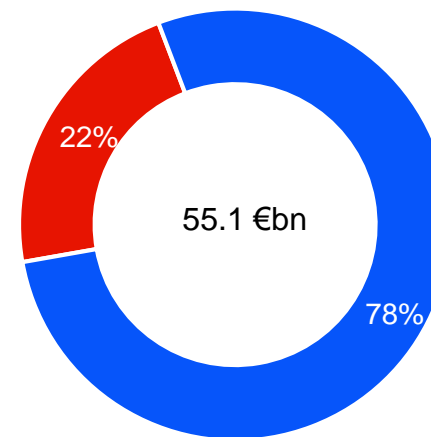
■ EUR ■ USD ■ GBP ■ Other

After swap



■ EUR ■ USD ■ GBP ■ Other

Interest rate composition

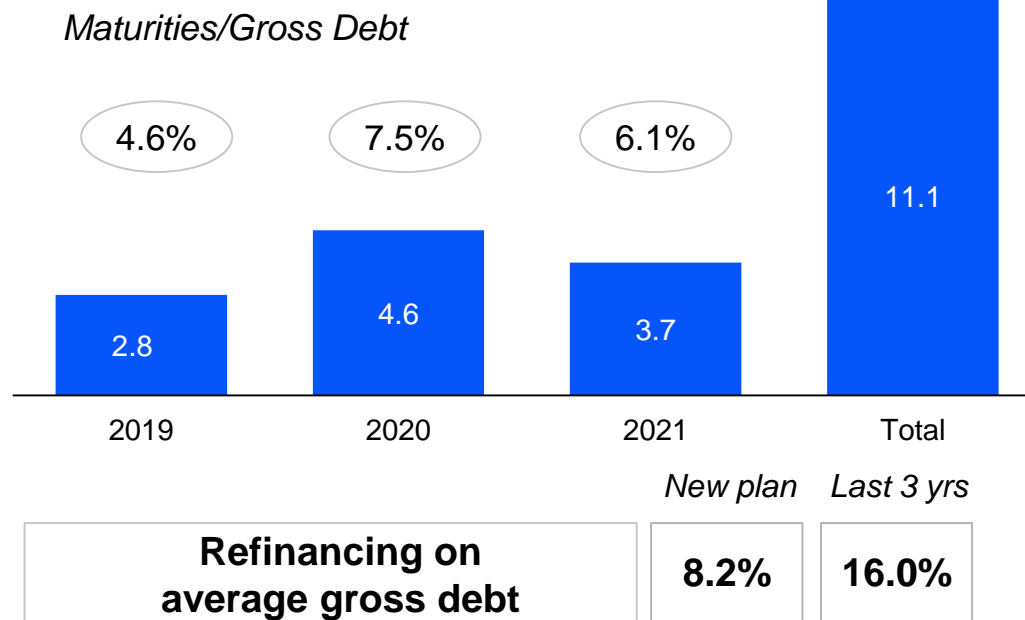


■ Floating ■ Fixed + Hedged

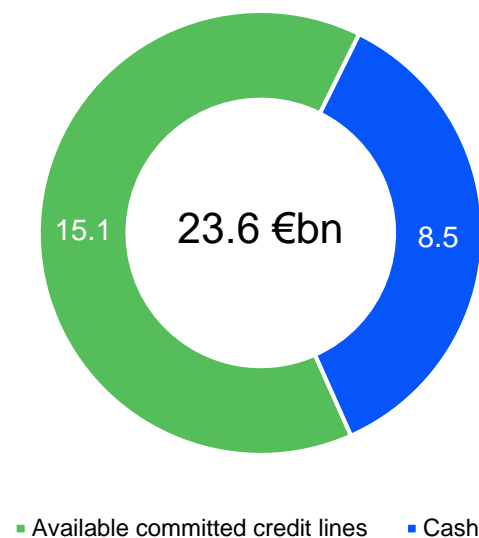
# Financial risk: limited re-financing needs; strong available liquidity



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



2019-21 Liquidity available<sup>1</sup>



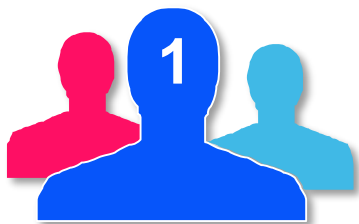
Total liquidity / Maturities **135%**

1. As of March 31<sup>st</sup>, 2019.



**How the market is reacted and is  
still perceiving the Group?**

# Investors' feedback has been positive



Excellent asset mix, *very strong cash generation*,  
high growth, *well managed risk profile*



Enel provided a lot of *visibility and transparency* with its 2019-21 Strategic Plan and targets...key pillars of the strategy being *low risk exposure* and growth with a focus on *renewable and networks*, notably through digitalization



Management has delivered on its previous targets and has proven that revenues are *highly predictable* and provide limited risk

# Analysts confirmed the soundness of our strategic moves



*“**Buy rating** on Enel is underpinned by **growth in grids/renewables** and **strong dividend**.. A meaningful portfolio restructuring could allow Enel **to re-rate in line with peers**”*

March 2019



*“Successfully navigating headwinds... **good track record on delivering BP numbers** ...defensive earnings profile **with guaranteed minimum dividend**”*

May 2019



*“Reasonably **positive view** on **Enel**.. nevertheless, we are expecting Enel to **trade at a discount for the next 12 months**, considering M&A risk”*

June 2019



*“Group's new **business plan** is **set on more visible metrics**.. **DPS floor** provides a solid message of confidence on the future progression of the company and **the risk profile**”*

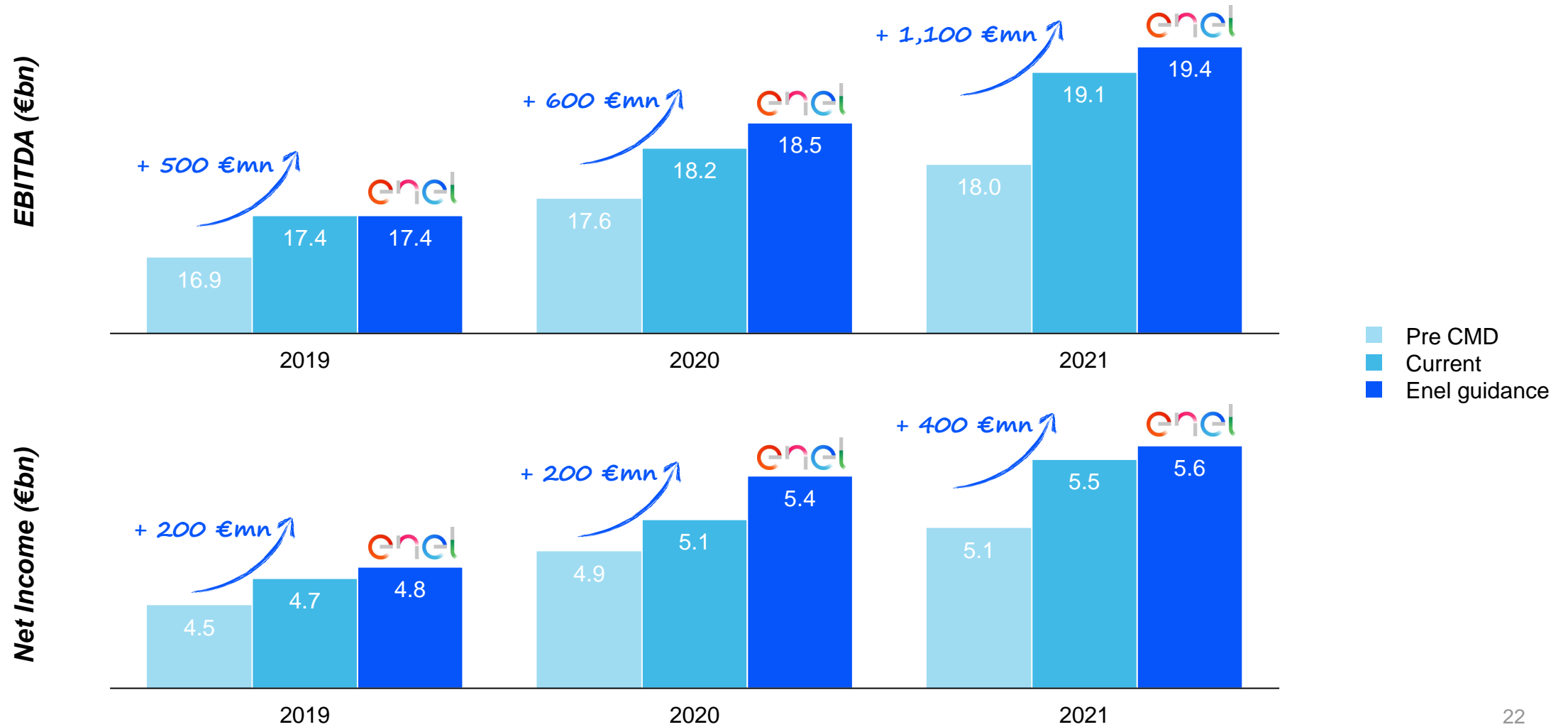
March 2019



*“A **compelling growth and valuation story** mostly through regulated and quasi-regulated activities...**with unjustified discount versus peers**”*

May 2019

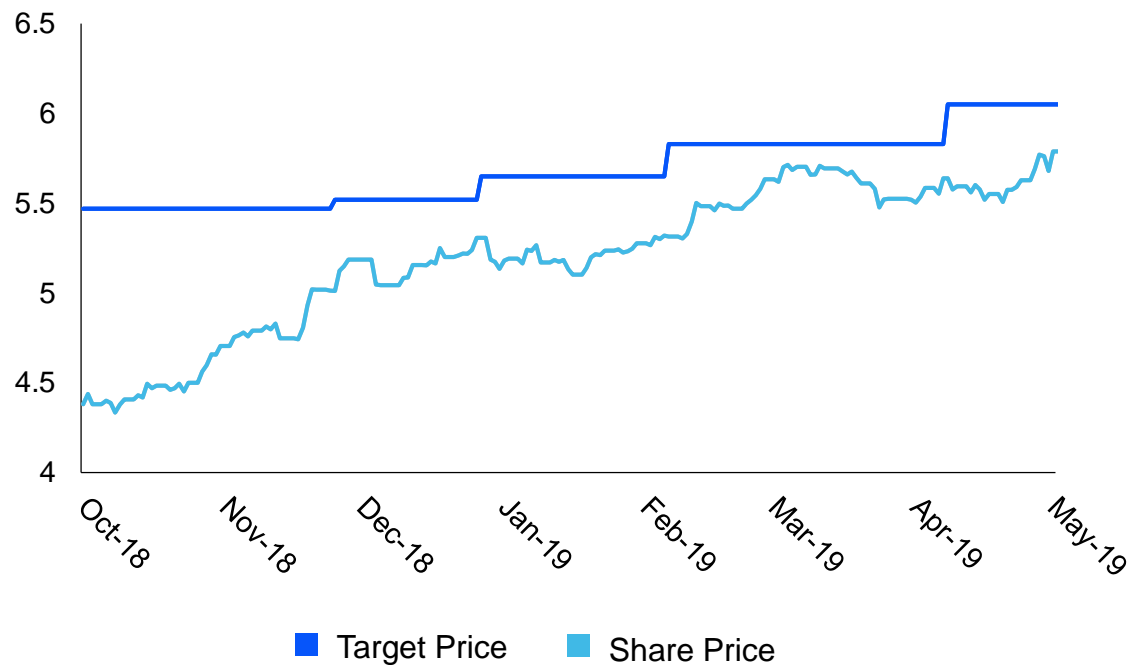
# Consensus evolution post CMD



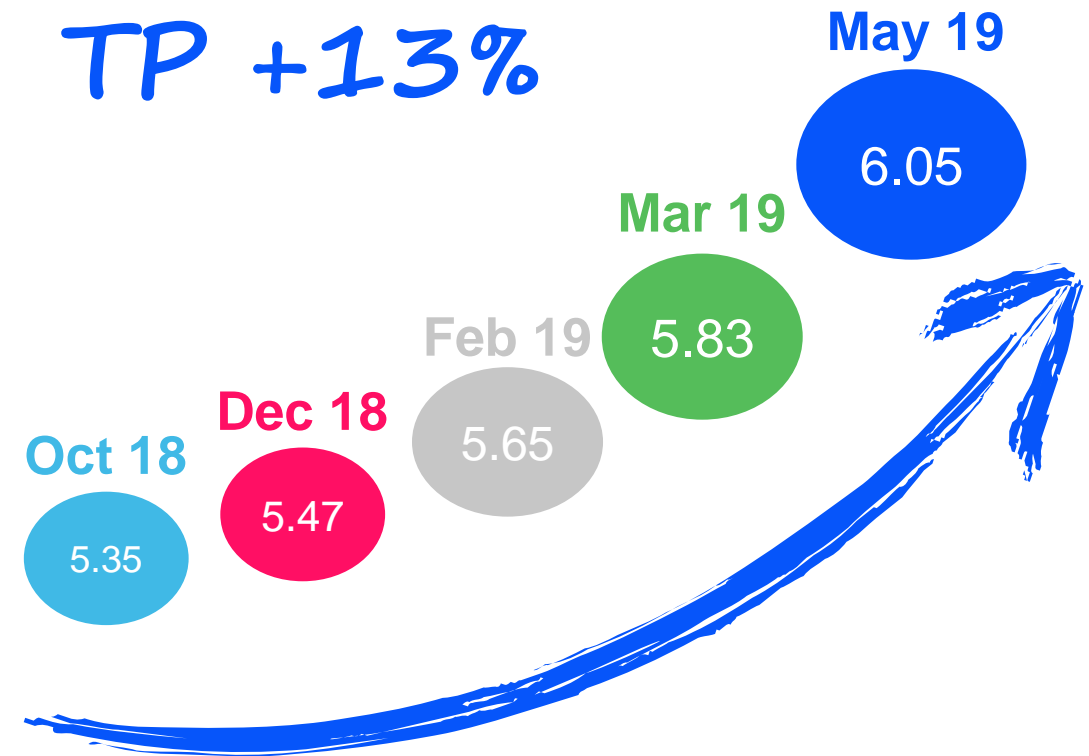
# Target Price evolution since CMD



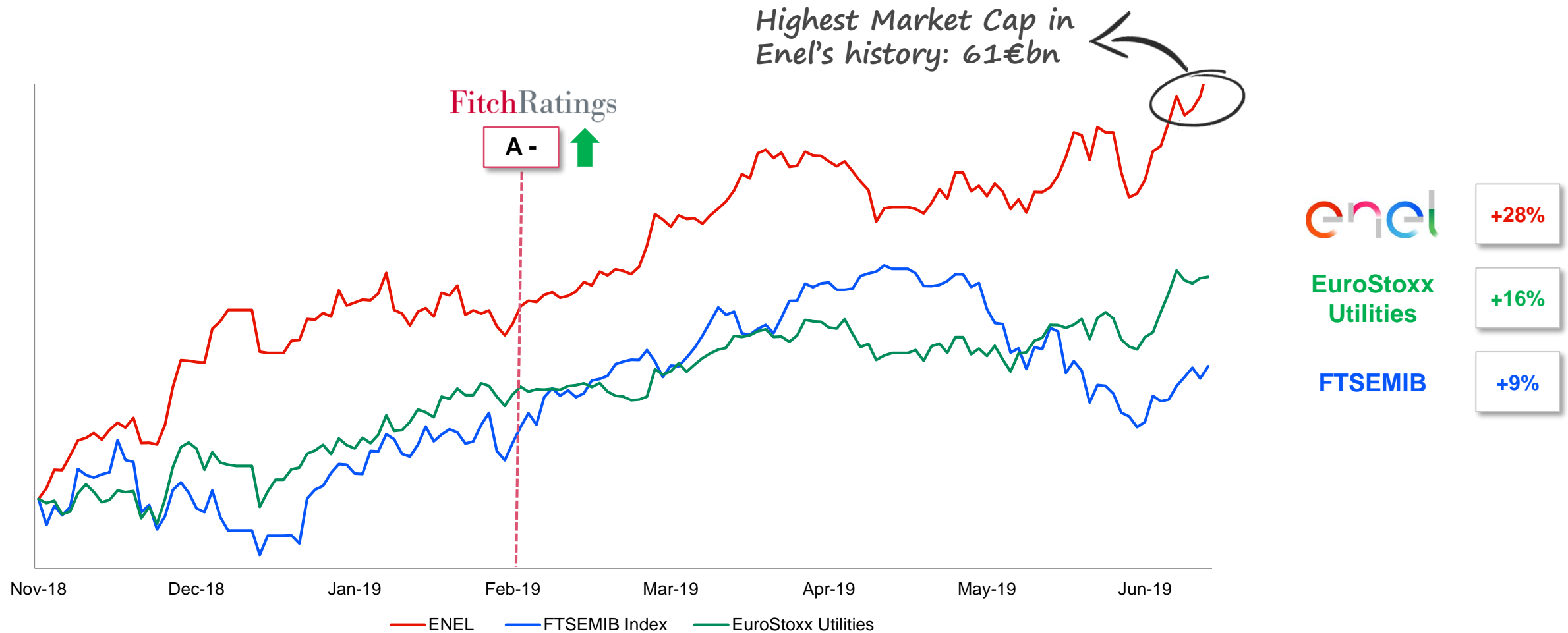
Target Price vs. share Price



Target Price evolution



# Enel share performance since CMD vs. main indexes<sup>1</sup>



1. As of June 13<sup>th</sup>, 2019.