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PRESENTATION

Elisabetta Ghezzi *- Enel SpA - IR*

Good morning, ladies and gentlemen, and welcome to our investor day. We will start the day with opening remarks with our CFO -- CEO, Francesco Starace, and an overview of the main developments in 2014.

We will then comment the 2014 consolidated results and then we will illustrate the strategic guidelines of the new strategic plan and its financial figures. We will host the Q&A session at the end, open to all of you here and the audience via webcast.

Before we begin, let me also remind you that the media will be able to listen to both the presentation and the Q&A session.

We will also like to let you know that dates has been set for the investor day at your three listed operating subsidiaries and of Green Power on the 7th of May, Endesa on the 10th of June and Enersis by July.

They were set up to implication for them and their role in the Enel strategic plan. We also intend to change in the future the time of the year in which we will update it and renew the Enel strategic plan going forward to the autumn.

This time, it will better align with our planning process and decouple with full-year results. We will provide more details for this nearing the time.

And now, I'll hand over to Mr. Francesco Starace.

Francesco Starace *- Enel SpA - CEO*

So good morning, ladies and gentlemen. We welcome to this presentation of our last year results and 2015-2019 strategy.

Let me give you a few -- just a few remarks before we start this presentation that it is unfortunately quite long in details, so I apologize upfront for that.

We made a few observations before embarking into the preparation of this new strategic plan. These are the observation we made. First of all, Enel is a large company, it's a very large utility and it is also very strong one.

We have a portfolio of technologies across our spectrum of activities that we manage quite successfully. We are very well-balanced along the various segments of the value chain. And we have a very diversified and a very interesting footprint that span from mature to emerging technologies for emerging markets. These are our strengths and they are the positive side of our legacy.

However, we had a complex and somewhat hybrid organization and this resulted from the different waves of merger and acquisitions that finally built the group and the size it has today. And the strategy we had reflected somewhat this complexity and somehow slowed our reaction to what happened around us and the evolution of the world.

This, we identified as a weakness and we tried and tried to improve on this. We have -- we now have set to challenge these difficulties and we have a new strategy that would leverage on the legacy such strong sides, so the ones I have mentioned before. And we would use the strong sides as a platform to create a new model and a new company.

These things, we will try to address into the strategic part of the plan. Now, let's go to the 2014 results which are basically the next 2019 charts.

So main achievements over last year, first, what we did, we structured the organization, we made it less complex, more efficient and ready to address the requirements of the new strategy. Secondly, we worked on disposals. We were able to reach the targeted disposal proceeds with a different mix of assets compared to what we had originally planned.

And we have done this because we could leverage many different options. We could also act fast in order to take advantage of positive market conditions and this we did also in accordance with the plan we had originally in our mind.

And finally, we reached the financial targets in terms of EBITDA, net income and net debt despite significant changes in scenario, different difficult economic conditions and why not, the complexity of changing the organization in between. This is a proof that the company has a very strong operating track record and can deliver also in the rest.

Let's go now to the new organization. This is, in our opinion, a key value driver of our new equity story. This organization needs to be understood. The waves of merger and acquisition activities that we had in the past that, as I said, built the group to the present dimension resulted in a very complex organization.

This had a difficult problem and difficult governance from our standpoint, and perhaps from your standpoint, it was also difficult to understand the way it worked. And the results were somehow difficult to interpret.

Some of the key operational issues as perceived by us and also by the market have been the efficiency of the organization and the capital allocation logic. We have addressed both issues with the new organizational structure.

We have defined a deep redesign of the group alongside what runs globally across the group, our machines, the ones that make our plans, their technological evolution and their increasingly global marketplace and innovation spaces.

We have articulated the structure along this dimension and we have also articulated the structure along another dimension that requires careful separation and attention to our customers, so our machines on one side, our customers from the other.

The customers, their political, institutional and regulatory frameworks differ area by area, country by country. They cannot globalize, not yet, thank God. And their structure requires care and growing sensibility from our management.

So we combined these two dimensions in a simple metric structure. The management teams, the blue ones, that are in-charge of global business line, focused on driving operational excellence in managing the huge number of machines that are combined in all our infrastructure of assets.

Their main KPIs or the KPI of the blue management teams is the efficient allocation of CapEx between maintenance and growth and the continuous search for operational excellence.

This will take place across the regions with maintenance activities constantly benchmarked to seek best practices across the geographies. Also business development in the engineering procurement and construction activities will be centralized at the level of the blue management team. This will allow proper screening of opportunities and also total alignment with the strategic growth of the group.

The four regions, so the orange teams here, will focus on the vital relationship with our 61 million customers, it's a lot of people, on the evolution of the local regulatory framework, the relations with local authorities, the institutions, the stakeholders.

And the main KPI of the orange teams, the local management, will be driving revenues and cash flow, so very decent cash flow on the orange side, CapEx and operational excellence on the blue side.

We believe this new, simpler and business-oriented structure will allow us to unlock value because we will have a sharper focus on the key business driver, a better defined execution accountability will result in a simpler, more flexible, more transparent company to manage from outside and perhaps externalize from your side.

In this context also, we executed a decoupling of our Latin American and Iberian operation. We focus their respective strategies on their regional market fundamentals which are and will be increasingly different. The requirements that we have in one area of the world and the ones we have in the European part are increasingly divergent.

So we separated, for Enersis, this has already significantly simplified decision-making processes and it has strengthened the role of Enersis as the vehicle of Enel to grow in Latin America. And we will continue to streamline the organizational structure of Enersis during 2015 because we have not completed this yet.

For Endesa, the decoupling has already clearly contributed to the value creation potential that was hidden in Endesa and we were able to make this value become explicitly accepted by the market with a very successful public offering that raised more than 3 billion of cash.

Endesa represents a very good example of how we can be able to cope with very tough regulation by accelerating efficiencies on OpEx and CapEx.

On the second points of the actions we took during 2014, we have the disposals. We have substantially met the target that we had originally set, EUR4 billion, however, we reached this goal with a completely different set of assets. This set of assets fits much better with the organizational effort and is fully in line with the strategy we are going to present to you.

The amounts that the slide shows on the left-hand side for the EUR3.9 billion, it does not include sales of Slovenske Elektrarne and Romania. These were in the previous plans. The process of selling is, of course, not completed. We will discuss that later. But the numbers are not here. So we have more to sell in the next months.

We have achieved the same cash amount with a lower level of EBITDA and free cash flow dilution than originally planned. The material dividend leakage related to Endesa transaction of EUR1.2 billion is a one-off. And about 50% of that allowed us to acquire an additional 5% in Enersis as well.

Earnings dilution will be offset by management action on debt which Alberto will explain to you later in this -- in the section that he will cover.

So we met our financial targets. These are the ones on the blue, the ones that we reached and the targets are on the right-hand side. Despite negative power demand conditions in Italy and Iberia, I remember Italy was 3% down and 1.2% down also with Spain vis-a-vis budget. We had material currency depreciation in Latin America, pretty strong.

The net debt figure on the slide is EUR37.4 billion. This does not include the debt of Slovenske Elektrarne which is reported as an asset held for sale. The value is about EUR600 million, so if you put that to Slovenske Elektrarne, you'll reach EUR38 billion there.

By including it, we would get to EUR38 billion. The difference to our target is due to the negative impact of the foreign exchange, dollar to euro that had an impact of about EUR1 billion in the net debt, and Alberto will explain you later.

So we achieved the results because we had a very strong operational performance of all the units and I take this opportunity to thanks my colleagues for that.

Now, I'll hand over to Alberto who will guide you through our numbers of 2014. Alberto.

Alberto De Paoli - *Enel SpA - CFO*

So good morning, ladies and gentlemen. And now, let me walk through our 2014 results before moving to the plan.

Our 2014 recurring EBITDA is broadly in line as you can see on the chart. Since the saving arriving from our efficiency program, it partially offsets a weak evolution of demand in Italy and Iberia and lower cost compensation in Argentina.

And also a loss of EUR370 million FX effect as you see it through our LatAm business and Russia. Net of this FX effect, EBITDA would be totally in line versus last year, demonstrating the higher resilience of our business and the natural hedge provided by a well-balanced and diversified asset portfolio.

The good operating performance combined with the extraordinary actions put in place contributed to reduce debt of about EUR1.1 billion. Before we move on, I remind you that 2013 has been restarted for IFRS 11 purposes.

Now, looking at the components of the EBITDA results, initially, as you can see, we have a good performance both in generation, thanks to four more favorable terms negotiated in the gas contracts mainly, and the higher production volume in coal and hydro, and this compensated the downfall in prices in demand.

Then we had a resilient performance in distribution and a 25% increase in the retail business, thanks to improved earning margin and increased customer base in the free markets.

In Iberia, net of one-off items, liberalized business performed well offsetting the negative effects of the Bono Social. The regulated business results were resilient. And so one-offs, they include positive regulatory measures in the island for EUR380 million, of which about EUR170 million will be recurrent and higher accrual for early retirement of personnel for about EUR350 million.

The sharp decline in LatAm of 10% is explained mainly by negative FX effect, lower cost compensation and high OpEx in our Argentina business.

Declining EBITDA in East Europe was due to margin reductions in Slovakia mainly based of price evolution and FX effect in Russia.

Renewables grew on a solid 9% rise in output mainly thanks to capacity addition and despite a weak pricing and regulated environment in Italy and Spain.

In this chart, you see that the extent of the diversification of our business with around 70% our EBITDA coming from a regulated and quasi-regulated activities which include networks, generation and the long-term PPA and special regime. This breakdown is pro forma because new organization global business line we start from 2015 and we will report on this basis from now on.

If we move to group net income, and this is the bridge I present you, the bridge start with the EBITDA that includes EUR255 million capital gains related to Enel Green Power, sales of Lageo, Arctic Russia and adjustment on SE hydropower.

The largest extraordinary item that affected our bottom-line is the impairment of EUR6 billion including close of EUR1 billion of goodwill. The largest component at EBIT level is East Europe for EUR3.2 billion, Italian generation for EUR2.1, Hydro Aysen in Chile for EUR600 million.

Net financial charges, as you can see, amounted to slightly over EUR3 billion or EUR300 million-plus versus last year. The rise is entirely associated with charges not related to financial debt.

Indeed, interest charges on debt are almost in line versus last year since they're partially factor in the effect of active liability management action that we already put in place.

This have yielded a benefit connected with the repayment of almost EUR7 billion of bonds through utilization of excess of cash and higher interest charges from hybrid bond and one-off on the buyback of about EUR800 million of bonds.

Our income taxes in the period showed, as you can see, a negative impact of EUR850 million. This is the result of extraordinary effects linked to the tax credit on extraordinary dividend paid by Endesa and the recognition of deferred taxes on impairment. Net of this effects, the ordinary tax charge will be slightly equal -- or over of EUR2 billion.

Tax rate on a normalized based is equal to 34%, down from 35% of 2015, mainly thanks to the first reduction of Robin Hood tax from 10.6% to 6%. For outer years, we see a tax decline in the range of 32%, 33%.

Here, we show how to reconcile our reported net income with the ordinary income, bear in mind that this level is the level on which we pay our dividend.

At the net income level, impairment is worth roughly EUR4 billion mainly made up of impairment in Enel Russia and generation asset in Italy. This is the result of a material change in our more conservative assumption of this plan. And moreover, we have shifted from 10 years to a five years time horizon in the plan.

In these numbers, East Europe also includes Slovenske Elektrarne at fair value based on the non-binding offers we have received so far.

The remaining relates to HidroAysen, this is our large project in LatAm that suspended due to environmental constraints and following the new industrial strategy and Greek assets of Enel Green Power.

On the basis on net ordinary income, we proposed to pay a dividend of EUR0.14 per share up from 13 of last year. It corresponds to our 44% payouts on net ordinary income.

A brief comment on CapEx, as you can see, the composition of our CapEx already reflects our greater focus on growth. Indeed, 46% of our gross CapEx of EUR6.7 billion was allocated to growth versus 40% last year.

The high spending was due to LatAm but mostly to renewables which increased by about 20% year-on-year.

Euro figures included the EUR0.4 billion CapEx spent in Slovakia which were not included in our previous assumption of 2014. For your convenience, we also have included a breakdown -- regional breakdown blending renewables into the countries at the right side of the chart.

Then net free cash flow, we have generated about EUR1.1 billion of positive net free cash flow after dividends without considering disposal and other extraordinary items.

The number includes change of provisions for EUR2 billion which almost 50% relates to personnel mainly in Italy as a result of the efficiency plan we have -- we are implementing. And on top of this, we have included bad debt provisions for EUR750 million since we have assumed there will be not cashed in.

The change in net -- in working capital contributed positively, many thanks to the significant acceleration of growth CapEx. During the year, we paid EUR2.1 billion of dividend.

And then to net debt, the overall net debt in 2014 has been reduced by EUR2.3 billion down to EUR37.4 billion net of asset held for sale approaching the original target of EUR37 billion.

FX has impacted net debt of around EUR1.1 billion. This, I remember is a translation effect required by IFRS rules and it's not a cash item even the debt is fully hedged through cross-currency swaps.

Extraordinary activities include the cash-in from the Endesa disposal for EUR3.1 million, other minor disposal extraordinary dividends paid to Endesa minorities of EUR1.2 million and minorities buyout for EUR0.6 billion.

Gross debt amounted to EUR57 billion in line with last year while cash available was at EUR13 billion at the end of the year mainly due to cash-in of disposal occurred in the last quarter of the year.

Now, I hand over to Francesco for the strategies.

Francesco Starace - *Enel SpA - CEO*

Thank you, Alberto. So we covered 2014 in the first half hour of the presentation. We are now ready to go through the strategy plan. This presentation is about 20 charts -- yes, 20 -- 25. And it's basically, the first five are contexts, so we will go quickly through that, what we observed.

The starting point is Enel today. This is the starting position that we have at the beginning of this strategy. We have a very large company, as I said, and quite diversified. You will see here some numbers, 61 million end-users, it's perhaps the leading network operator in the world on a private basis.

Of course, there are many Chinese companies and a lot of people are connected to the grids. They belong maybe to a different category at the moment.

We have 37 million smart meters installed, a big RAB base. We have very large retail business, 56 million power customers, 5 million are gas customers. We are a large operator in renewables and we have a very large and diversified generation portfolio in all technologies and so forth.

We have from a technology standpoint a very good platform and we also have quite a large global footprint. And you see this global footprint year after year is changing, some geographies are disappearing, some others are reappearing, and some others are totally new. And we think this is the case of South Africa, for example, that for the first time appears in this chart.

We have leadership position in almost all the markets where we operate, distribution networks Italy, Iberia and Latin America, retail in Italy and Iberia, renewables at worldwide position, conventional generation is very strong in Italy and Iberia and most of the countries in Latin America where we operate.

So we are a very global and very diversified player therefore we observe the evolution of the utility sector from a global point of view, therefore we have some observations.

The first is that some macro drivers are clearly emerging and diversifying between themselves. In emerging markets, we have demand for quantitative growth in all kinds of infrastructure, generation, distribution, transmission, you name it. So we have CapEx demand and CapEx would address a huge need for additional infrastructure for these societies. This is for emerging markets.

In mature markets, we observed a different trend. This is the demand for qualitative improvements needed to cope with a very turbulent technological transformation that is affecting our lives and our societies and creating different customer needs and a lot of change in the way we do and conduct our business.

This will impact a huge transformation of our grids, of our networks and a different moderate interaction with our customers.

Then we have a global trend that is transversal to renewables -- to emerging markets and mature markets driven by a technology again drive. You know, this is a self-sustainable and basically unstoppable evolution of technology and renewables that I growing because of this technology transformation and it is growing everywhere.

So we don't have a differentiation between mature markets and emerging markets. This is a global trend. And we have an increased penetration of renewables in the world energy mix.

We think Enel is very well-positioned in this context and we'll try to explain you why. Demography is a key driver of total electrical demand in emerging world. Higher standards of living in urbanization are driving the increase in the electricity consumption per capita in many parts of the world.

The composition of the global population is changing and we think that in the next two decades, the number of people that are considered global middle class is projected to more than double. We are talking about moving from 430 million people that belong to this category to 1.2 billion in 2030.

The World Bank predicts that by 2030, 93% of the global middle class of the world will come from emerging countries. And the associated growth in consumption of energy attached to this demographic phenomenon that is very large will be a very important and a key investment theme. This, to the point that social welfare and stability of these countries, will be directly linked to the ability to provide decent amount of energy for these people.

And Latin America is among the most urbanized region, 80% of Latin Americans live in large cities. And here, we are present in most of the large metropolitan area of the continent.

We observe and we anticipate growth in renewable generation in traditional thermal generation, in transmission and in distribution in all these parts of the world, so very, very large need of infrastructure investment.

The second driver of our new industrial growth plan is the need for infrastructure upgrade and new services. Here, we don't agree with some of the things we hear and read on the newspapers because some observers on our industry appear to have reached the conclusion that in particular in Europe, the European energy markets are lacking opportunities defined by challenges that are associated with overcapacity, falling commodity prices and political pressure.

We disagree with this approach. We think that we should not deny that there are challenges in the industry and that, however, mature economies are not dying, they are just being transformed. And we think this transformation is driven by the strong drive of technology transformation and evolution.

The impact on our business is a big push towards digitization of all the distribution grids. This transformation will greatly enhance the role of distribution grids not only as vehicles for power transport which is the original intent but also as an intelligent and self-regulated dispatching entity that will manage an increasingly large array of self-regulating distributing the generation services and devices as well of self-adjusting appliances in our homes and demand-driving devices in the factories. This is happening even if we are not aware of it. It's in front of us, it's happening right now.

And the fully digitized distribution grid is fast becoming a priority to cope with the increasing penetration of these devices in our factories, in our homes, in our offices. Digital meters are the first building block of this transformation. They are the first building block of a digital network and they also constitute the single large investment and on the way to a digital transformation of grids.

If you look at penetration of electricity as a factor in electric cars and the electric heaters and all of that, this will further add to the complexity of the system we will have to manage.

So we observe and we anticipate investment flows in renewable generation, in distributed generation, in transmission and in digital distribution as well as in new services for customers. Mature markets will remain a very vibrant area of value creation for players that will be able to face the new requirements that we have just discussed, and we think we are one of them.

Finally, on renewable generation, as we said, this is growing everywhere, so that's easy, we don't need to think too much about it. Why is it growing? Because technology is changing, the hardware is constantly making it always more efficient and cheaper.

The International Energy Agency is expecting -- first of all, the International Energy Agency is not always right, so we know that, it's often wrong. However, we have to use someone to predict things and that's not to blame them, they have a difficult task.

So they expect the share of renewables as a proportion of power generation globally to increase from 20% to 31% moving from now to 2035. They expect renewables to supply nearly half of the growth in power generation over this period.

So far, they've been wrong on the short side, just for you to know. So year after year, what happened, we beat the expectations always. Let's see this year, it then happens again. So we expect significant growth in renewable capacity in Latin America and in Africa. In each of these countries, we expect incremental renewable capacity to be added by 2020 to exceed 10% to what already is installed.

So we observe and we anticipate a growing trend towards distributed renewable generation in mature societies and the renewable generation everywhere else.

In this context, so we said these things, we observed and anticipated these things, we defined four pillars for our strategy to drive the activities in the next five years.

Number one pillar is operational efficiency. We will pursue this goal in order to unearth and release resources that would fuel our development and we will liberate creativity to pursue innovation and new business ideas.

In fact, we think that if we don't get much better in operational efficiency, it makes little value to add complexity and add stuff. We will just increase the operational inefficiencies.

So first thing, become more efficient. Second, industrial growth. This will be focused technologically in very wide geographically. It will be much more granular going forward and therefore more flexible and more manageable both in its modulation over the years and its evolution in nature.

Portfolio management, the third pillar, this is something that we will introduce as a strategy, not as a pain relief if there is a problem. So we will structurally have an active portfolio management irrespective of the debt or situations that we may face and it will be a minimum asset rotation in order to inject some tensions, some healthy tension in the way our units operate and in order to adapt easily to scenario evolution.

Finally, shareholder remuneration as a strategic lever, we think that shareholders are very important player in a successful strategy implementation. I don't think a company can be successful in this business. Shareholders don't buy into the strategy and therefore we think dividends policy is a strategy to own that we should focus a lot of upon.

Now, on operational efficiency, here, we introduce a new metric, cash costs. This is the sum of OpEx and the CapEx associated to maintenance. They are highly correlated in fact. Optimizing maintenance CapEx has proven over the years to have a very positive spillover effect on OpEx.

So if you go down with maintenance CapEx, OpEx cost automatically could follow a little later. And we've seen this example for -- in-home -- in-house with Enel Green Power over the recent years.

Now, the new organization we have put in place has a main focus of the global business teams, if you remember, to reach higher efficiency levels going forward. The global business units are now firmly in-charge of this activity.

They will centrally drive internal benchmarking, bets practice implementation across the geographies. They have this mandate and they have this authority. And they have this task, this is their KPI. We will monitor closely and regularly report progress on this front.

Here, you see a detailed breakdown of the savings and let's see how we expect to do that over the different technologies.

Please note that we are providing specific KPI metrics for each technology. We will use them to monitor progress. This would be the result of dedicated effort along the business lines that are indicated in the chart and they will be specific for each technology.

What they have in common, however, is the large global scale in which each technology is deployed. They will find best practices. In fact, they do exist and they will spread them, I would also say, force them through the organization.

And we will introduce external benchmarking, so we will compare ourselves with whatever we find around ourselves as soon as we have finished exploring the potential associated with the first phase of internal benchmarking which is starting now.

So please understand these figures. I may -- it might be difficult to read over the backend but I think you have your booklets. So they are quite specific figures that for the first time we provide you.

As far as the maintenance CapEx part of the cash cost you see here, we are planning to cap maintenance CapEx spending by about 9% versus the old plan we have. And we think this is possible, this is fully sustainable without compromising asset quality due to the technology-based upgrades and the portfolio optimization strategy that we have.

So the first thing, become much better at managing what we have and do it more efficiently, then this is a precondition to be able to grow. Like I said, it makes no sense growing if you're bad at doing things.

And we see a lot of value creation associated with growth, provided it is organic growth and provided it is going hand in hand with operational excellence.

We are going to pursue growth in all technologies. So you're not going to hear us, we don't invest in X, coal, nuclear, renewables, not, we're not seeing this. What we are seeing and we will be very clear about this, we will not take merchant exposure to commodity risk anymore. We think we have already quite a lot of exposure to merchant risk. We want this to be low and become lower going forward.

We believe merchant exposure in the coming years should be reduced from their really quite low levels that we have. We will pursue the buildup of our very large and very diversified pipeline of many more mid-size and small size projects when compared with the past.

This will result in a much larger base of options for growth amongst which we will be able to choose the best fitting investments.

This approach will also allow us to modulate CapEx in a more flexible way in order to adapt it changing scenarios. Moreover, we will also pursue shorter time to EBITDA supporting high level of self-financing through cash flow.

So we will not take merchant risk, first thing, we will not be big, large, single investment plan, huge schemes. By the way, they're basically possible to rebuild their underworld, so it's a very easy decision.

So this leads us to this kind of plan. We plan to keep growing and achieve an incremental EBITDA of EUR2.4 billion for 2019 which turns into a solid and reliable 3% yearly growth where our group EBITDA will decline.

This new CapEx plan that we have shown here is showing you the new balance between maintenance and gross CapEx representing after all the effort that we have just discussed.

As you see, this is compared to the previous five years plan and it shows that there is a decrease as we had anticipated on the red part, the maintenance CapEx and quite an increase in the gross CapEx, about EUR6 billion.

Where are we planning to put this growth? Here, you see where we plan to grow, looked upon the business side, what kind of business is growing, where are we putting money to grow the business and where in geographies are we putting that.

90% of the new gross CapEx will be devoted to low-risk businesses such as networks, renewables and conventional generation if covered by a power purchase agreement. The remaining 10% is associated with the CapEx that we still will have to use to complete the last merchant investments that are underway and that we will have to finish up.

We target average project returns on these investments about 200 basis points above the WACC. Each single project assessment is based on a specific WACC which is discriminating the intrinsic riskiness of the country where we're investing and the technology in which we are investing.

So sorry, it's another metric again, country, technology was the different WACC associated with each investment. And we compare the spread over that WACC.

Around 60% of the CapEx will be invested in emerging countries and 40% will continue to drive value creation in mature countries so this might be a surprise. And people is saying everything in emerging countries is not true.

We are putting money in mature countries because we think they have value going forward provided we don't do the same mistakes we did in the past in our procedures and capacities where they are not needed. We need to improve the technology content.

Now, this is where -- now, what about the timing of all these? And this chart illustrates a quite linear gross pattern for EBITDA. This should not be a surprise because these results, if we apply a more granular approach to growth, if we're applying a more granular approach to growth, everything becomes more linear over the years.

We have selected this approach and it is closely linked to the gradual progress that we think we will carry out in growing the operational excellence of our operations. So as far as we do that, we release resources, we'll become better then we can grow more.

Our renewable growth is frontloaded in the planning, in the five-year plan because we have an auction of our pipeline approaches which we can easily and readily use. So in the first part of the plan, most of the growth you will see will come from renewables because it's ready for the step-up. And this has a timetable of less than two years.

In this overall growth scenario, our renewable portfolio growth is large enough to accelerate the base. We will have time to build adequate pipeline capacity for the other technologies that will kick in in the second part of this scenario.

So we have today, as we're talking, full visibility of growth EBITDA in 2016 as a result of over 2.5 gigawatts that are already addressed and they are coming online in the period between 2015 and 2016 as we speak.

And this also will be shown in the guidance we will provide you later in the progress of this presentation.

So to summarize, what are we going to add to what we already have in the plan, we plan to add in networks because there will be organic growth in the distribution networks. We have 3.6 million end-users in the next five years and we will add another 11 million smart meters to the ones that are already existing in Italy, and this is net o substitution or improvement of meters.

Retail, we will add another 4.5 million new customers to power and gas free market operational entities. We will add 7,100 megawatts of renewable capacity reaching therefore the target of 16,000 megawatts.

And we will add 720 megawatts of conventional generation. By the end of 2019, we plan to have about another 700-megawatt plant under construction that will come really after the end of this five-year plan. So we cannot count them but they will be under construction at that point.

In retail networks, global distribution should -- you should know, accounts for -- in our numbers for about EUR7 billion of the EBITDA figure and as I said, we have more than 60 million end users.

Let's say that putting together all the grids that we happen to control, we created a global organization, global networks. This is headed by Mr. Gallo and it has 200 people at the top of the blue team. Like I said, of the global networks, they are responsible for ensuring best practices and they drive the respectful application of best practices across the networks.

Organically, we add about 400,000 new users to our grid in Latin America due to the fact that people are moving from the countries into the cities where our networks are, so if we do nothing, 400,000 people will come anyway in our networks and then we will have to do a lot of things.

We plan to invest about EUR1.4 billion in quality improvements in all geographies. In Latin America, we target a 40% reduction in the average minutes of interruptions via investing in network automation to identify and isolate failure with high priority given to Colombia and Brazil where there is a lot of potential improvements.

And we are confident that we can achieve a return higher than the regulated WACC with a spread between 200 and 300 basis points. I would say that in all countries where we are operating so far, we have a very stable regulatory framework. We have long-term concession regimes, that guarantee very stable and predictable cash flow.

So networks, unlike generation, this is an intensive business but a very, I would say, linear growth pattern is associated to distribution in this -- in this business. We are very happy that we don't have big discontinuities.

Now, as far as retail is concerned, the retail business is not a particularly capital-intensive area. Growth here is driven by growing the customer base which is already large. And also, one thing, growing the number of customers, and another thing, increasing the variety of products we are selling and offering to these customers.

So we are targeting to increase the free customer base from about 22 million in 2014 to 26 million over the plan period combined power and gas. The main drivers of the retail business are liberalization of customer that switched from regulated to free market.

Cost to serve should be lower, we should lower the procurement cost and we should expand the offering of services.

Now, any utility that would not grow its customer base is facing a problem sooner or later and we don't want to be one of them so we will push for increasing the customer base because we expect that on this large base, new energy services markets are likely to grow double digit over the plan period driven by European legislation of any energy efficiency and services.

This is a very competitive, very highly for a very fragmented market. We believe we can leverage on the large customer base and we can pursue an asset light and contract-driven model. We can provide new energy services to final customers, private persons and to businesses.

And we plan to add and expand product and service offering following the evolution of the new generation of digital grid features and the evolution of customer needs and choices.

In an initial phase, what we do is we will add new products to differentiate our basic commodity offer in order to reduce churn and offset declining volumes from lower consumption due to energy efficiency measures.

In the last part of the plan, we think value creation associated with customer relationship and value-added product and services will become increasingly important in the revenue stream and also in the margins. So these are transitions in the five years that come in most of the mature markets that we anticipate.

If we look at renewables, Enel Green Power is very well-positioned across technologies. It will continue to leverage on the increasing role of renewables in the national production mix of many countries.

The current plan shows a 50% ramp up in the total capacity over the five-year period versus the previous plans so stressing the role of Enel Green Power in the company. This is supported today by what we think is the most extensive and best quality pipeline in renewable space in the world, it's about 26,000 megawatts of potential projects that we have built over the years.

The bulk of renewables development we cover in Latin America, North America and Africa, in Latin America, we are focused on three countries, Chile, Mexico, Brazil, on the short-term. Colombia, Peru on the later part of the years.

Slightly over two years, we have increased our installed capacity five times the current plan earmarked. So those are 50% of the gross CapEx from these countries which have already 30% of the plan capacity in execution nowadays. So it's a big acceleration going on.

North America, Israel, Iran, given its high potential, low risk, good business environment, it fits very well with the strategy to pursue diversification.

And as far as new countries are concerned, we have entered Africa where we have recently started construction of the first three solar plants. We will also start construction of two wind farms in South Africa. The investment today is covering about 500 megawatts of plants under construction.

Europe is mainly accounted for by plants already built in Portugal that we expect to consolidate during the first half of the year, and geothermal investments and biomass investments in Italy.

We invest across most of these areas backed by long-term power purchase agreements and we aim at a spread over the WACC for renewables in the range of 200 basis points. I should mention that Enel Green Power is headed by Mr. Francesco Venturini who is sitting here.

Then we have conventional generation. In Italy and Iberia, the significant drop in margins has already materialized. It remains difficult to predict the evolution of power prices in Europe.

You know that I am very critical about the regulatory framework that Europe decided to put in function. We lacked completely long-term pricing signals in this part of the world and this is one huge problem that Europe should fix.

We expect, in fact, that this will change. The new commission has clearly positioned itself in this direction and we think that in this context, capacity markets are not the real tool. They are an aspirin when you have a big fever, so they just fix a little problem but not the real problem.

In absence of policy direction in the short term, we focus growth in this technology only on the completion of investments that are underway, so those plans that we embark upon, we will complete. We'll wait for Europe to give finally itself to all the Europeans some guidance on long-term pricing signals before embarking in this kind of additional investment in Europe.

However, there is future growth in Latin America. This is the result of a refocus effort toward non-merchant and mid to small size pipeline that we are now actively developing. Latin America is a great place to grow also because there is a PPA policy by and large. So you can plan an investment with some visibility on the long-term pricing not only in Latin American but most part of the world, Europe is an exception.

Finally, we have decided to reduce capacity in Italy. We will close plants taking off about 13,000 megawatts of capacity, 2.5 have already been shut down during 2014. We might do something similar elsewhere and this has to do also with an efficiency line because keeping plants idle is not a good way of managing them.

This part of the business, so the global business line of conventional generation is headed by Mr. Enrico Viale. Let's talk about active portfolio management because typically traditional utilities and we are -- I'm please we tried not to be but we were and we are still one of them.

They have resorted to disposals only under stress. In fact, we went through the disposal concept because we needed money to cut the debt, and I think this is a pity. We want to change this. We want to institutionalize this activity of recycling capital because we think this is indeed a value creation tool.

We think we will use it throughout the plan. There will be no restriction to what we can or cannot sell. The only restriction will be that it has to respect the strategic logic of our plan and it has not to become too incumbent in the overall size of the disposal.

So we're looking at roughly 5% move over the assets over the years just to keep attention in the overall operational aspects.

We plan to recycle over the five-year plan about EUR5 billion of capital which two are already under execution. This includes, for example Slovenske Elektrarne as a process is ongoing and we expect binding bids to arrive soon. In fact, they will arrive in the 9th of March, that's the latest -- of May, sorry, that's the latest date we have.

Two billions have already been identified and they will be put in this recycling machine during the next months and one we will continue to revise our portfolio in the next years in order to add this addition EUR1 billion to the recycling machine.

I should tell you that we have taken off this recycling machine in Romania because Romania fits our strategy, fits distribution grids, we'll have them we're going to sell them, we think they fit. And we should be highlighting that this management strategy, this recycle strategy will be cash neutral over the life of the plan. There would be some accretion of about EUR200 million over the plan based on the EUR4 million of assets that we have identified.

And finally we go to the last tool which is shareholder remuneration. So we introduced a new dividend policy in order for our shareholders to participate well in the value creation of our industrial plan.

Basically we will increase the payout of five points every yea, 5% each point over the year. So you see it goes from 50%, 55%, 60%, 65% like that in order to reach our long-term target payout of 65% by 2018.

However, because we understand this plan is a little bit different than the old one and in order to help investors kind of calm their doubts about it, we went through a transition period which will provide certainty. So in addition to this growing payout and idea, we also injected a minimum dividend per share of EUR0.16 per share and EUR0.18 per share respectively in the next two years of the plan.

So 2015, EUR0.16, 2016 EUR0.18 minimum, of course, if the payout will provide more than the shareholders, we get more but not less than that. We think this will somehow give comfort to the shareholders that we can successfully deliver all the plan while they cash some safe dividends.

Having said which in half an hour, I will now hand over to Alberto to go through the financial implications.

Alberto De Paoli - *Enel SpA - CFO*

Thank you and now on the financial implication of our plan, I hope by 10-minute presentation or more.

So the plan is underpinned by a more conservative approach on prices and demand assumptions versus last year that we have included in annexes for your convenience. I will then comment now we intent to optimize our financial structure and this will bring its effects on projected net income and then I'll close with our cash flow, these added foundations of the targets of this plan.

First on EBITDA, so the strategic pillars described by Francesco will translate in increase in EBITDA of about 10% in five years. Alongside growth really commented, the rise would be driven by our OpEx efficiency plan that we started in May last year that will contribute about EUR1 billion over the plan period.

We have included in the annexes a detailed explanation of how the cost base would evolve and taking into account also impact on FX effect, CPI, and some couple of changes. We have taken a more conservative view versus the old plan in demand evolution and all the regulatory commodities and the outcome of the expected regulatory reviews in the distribution business mainly in Italy and also across LatAm.

As you can see, these two items will worth more than EUR1 billion and less EBITDA in the five years frame. And finally, disposal that will also affect our topline by approximately EUR700 million.

Front-loaded savings from efficiency and linear growth will almost offset the EBITDA loss in the first years from disposal, regulatory, and weakened market fundamentals bringing the largest impact in the first two years.

From 2016, the year we will reach the floor level of about EUR15 billion, the growth trend would be more visible. Thanks to the expected further EUR2 billion of EBITDA from the full contribution of growth and ongoing effort on efficiency.

Now let's have a look on the changes of now EBITDA composition and mainly our growth trend based on investments are in low risk business and will push the contribution from regulated and quasi-regulated activities to 75% in 2019 and this will be driven by the higher contribution of renewables.

The disposal asset with merchant exposure and additional investments in conventional generation under long-term PPAs only. As a result, our business risk profile will materially decrease.

Networks EBITDA despite as you see slight decline in the composition, in the relative contribution, it will grow in absolute terms. And more than offsetting the expected regulatory reviews that had an impact of around EUR700 million in the five-year plan. This confirms the long-term stability and robustness of our organic growth fueled by the action included in our plan.

Over the plan period, EBITDA growth to 10% but net income will increase by over 35%. This is generated by our ongoing efforts to optimize all the items below the EBITDA line.

One of the most important component of such evolution is our financial charges. I will be more specific that on the chart but let me just highlight that we expect to save around EUR700 million. Thanks to the additional action that we are taking.

In the first two years, we will be able to slightly increase our group net income despite the EBITDA decline. Thanks to the reduction of the financial charges and also on the taxes in Italy following the cancellation of the Robin Hood Tax.

Minorities will be reduced as the final outcome on our ongoing efforts in the overall simplification in the group shareholding structure and our active portfolio management will create additional net income in the region of EUR200 million. This would result from the accretion, thanks to minorities buyouts and shareholding restricting for about EUR400 million and the dilution impact from disposal for about EUR200 million.

Let's move on our financial strategy and first key elements on our financial strategy are new financial discipline based on improving FFO on a debt ratio, a reduction in absolute terms of spending for interest charges. Utilization of excessive cash to reduce gross debt and setting the appropriate level of hedging and maturity according to the group's financing needs.

As I commented, minorities in 2014, we have already taken actions in the sense and will bring yearly savings of EUR300 million versus 2014. Let me recap of what we have done.

We have repaid EUR4.3 billion of debt at maturity with cash available, reducing financial cost of roughly EUR170 million. We have carried our liability management actions for EUR2.2 billion and we have renegotiated EUR11.6 million of committed credit lines bringing a more additional EUR100 million reduction of financial cost.

And finally, we have carried out pre-hedging activities for future emissions for about EUR5 billion to catch opportunities in the current low-yield environment and this has resulted to a maximum of EUR100 million of reduction in cash cost.

In the future, we pledge to continue along this path to an efficient use of cash and optimizing the mix of fixed floating and maturity profile. And this will lead to, as you can see, a sharp reduction in our gross debt by more than EUR10 billion over the plan period and the decline in interest expense on debt by over 20% from about 2.8 [in 2014] (corrected by company after the call) to about 2.3 in 2019.

This slide clearly illustrates that we will do so by optimizing about EUR7 billion of cash available at the end of 2014. Please also note that the EUR39 billion net debt indicated for 2015 includes an FX effect of about EUR1 billion calculated on the expected exchange rate at the end of 2015.

Remember that is it just an accounting effect with no cash impact given that our debt is fully hedged against the FX effect. This strategy will translate in a net debt EBITDA ratio at the end of the plan of 2.1, a level where we feel very comfortable in which fully allows us to support our growth CapEx.

And before moving to a full analysis of our cash flow, let me explain how we will finance and manage the EUR6 billion extra efforts outlined by Francesco in his presentation. This is more than funded through efficiency in maintenance of CapEx and OpEx and financial expenses for a total amount of EUR5 billion.

Self-financing of about EUR1.5 billion and flexibility in the first years from the different cash in and cash out profile of our active portfolio management. Further optionality stems from the intrinsic nature of our growth CapEx made a very large, mid and small project. This will not anyhow jeopardize achievement of our financial targets.

Then cash flow, the cash flow in the periods will cover both growth and increase in dividend. Specifically, we will deliver about EUR15.5 billion of free cash flow after having paid EUR34 billion of total CapEx and we are net cash flow positive over the plan after having paid about EUR14 billion of dividends reaching the 65% payout [by 2018] (corrected by company after the call).

Additionally, I would like to comment on charges in provisions and working capital. As for change in provisions, a total of EUR5 million and includes around EUR3 billion of bad debt as we do not consider that as cash and this reflects in yearly accruals on profit loss of about EUR600 million per year.

And around EUR2 billion of change of provisions and utilization, net of accruals in EBITDA mostly related to personnel over the five-year plan. This is due to our acceleration on efficiencies and will be cashed out in the first part of the plan.

On working capital, we expect to have an outflow of about EUR1.5 billion cumulative in the five-year plan which reflects the increased activities as a result of the growth plan.

On top of this, we are implementing managerial actions in order to minimize the material situation in working capital occurred in the last years. This implies for example increasing the level of control and monitoring by each single country in charge of collecting cash from customers to improve the average receivable days and optimizing CapEx timing and cash outflows by business line function.

Thank you for your attention and I will handover to Francesco for the conclusion.

Francesco Starace - *Enel SpA - CEO*

Thank you, Alberto.

Let's briefly summarize the strategy we are proposing and provide some visibility on many things but basically enables a more robust, more focused, and more agile Enel to deliver results you see here summarized.

We are very confident on our ability to deliver these results. In the early years, this will be supported by overall efficiency of operations that are going to be frontend loaded. A full visibility of growth as we mentioned in the year 2015 and 2016 is basically already underway.

A derisk growth based on granular, faster cycle, non-merchant projects delivering steady and bigger growth of roughly 10% across the five years and a shareholder return which will remain attractive and growing over time as strategy results are accruing.

Here you see the guidance we give for the years 2015, 2016, and 2017 which is new also. We are able to give you this visibility because the strategy assumptions and the strategy logic allow us to be very confident about the future performance in these years.

So to summarize, ladies and gentlemen, as we said, we all experience some acceleration in our private and the phase of change in our lives. This is driven largely by the technological evolution that is rapidly and silently affecting our lives, our societies and therefore for what concerns us the world and its needs.

We think this state of affair provides a very good opportunity for Enel. We are confident that Enel will emerge as a winner in the race to lead the transition to a new energy company paradigm and we know that there the results of the strategy would demonstrate this in the next years.

Thank you very much for your attention and now we are open for questions.

QUESTIONS AND ANSWERS

Elisabetta Ghezzi - *Enel SpA - IR*

Hello again to everybody. So first question? Yes? Monica Girardi there from Barclays.

Monica Girardi - *Barclays - Analyst*

Hello. Good morning. Monica Girardi from Barclays. I have three questions. The first one is on the commodities scenario that you used for the targets particularly looking at 2017. Can you give us an idea of how much of the growth in EBITA in '17 comes from the curve that you see associated with commodities?

The second question is on the turnover on the capital allocation. I appreciate your CapEx is now really much focusing on growth with superior returns compared with the previous CapEx plan. Again here, can you just give us an idea of how much this translates in benefit on the return on capital employed maybe medium and longer term?

Super last question on the dividend policy, just a clarification, the DPS that you see in '15 and '16 is really much a minimum. I bet you have visibility on earnings so maybe my question is a bit weird though but in case any kind of shock happens, what is going to drive the dividend policy? So are you prepared in case the earnings next year are not meeting your estimates to go higher on payout? So we kind of really assume the EUR0.18 cent DPS as a floor? Thanks.

Francesco Starace - *Enel SpA - CEO*

Can you repeat the second question, please? I mean, the second question was...

Monica Girardi - *Barclays - Analyst*

The benefit on the return on capital employed of your reallocation of capital towards growth.

Francesco Starace - *Enel SpA - CEO*

So this was only in 2017 or...

Monica Girardi - *Barclays - Analyst*

Medium and long term.

Francesco Starace - *Enel SpA - CEO*

Medium and long term, okay. Maybe I should talk about the dividend policy while you will take the other two questions, right?

So dividend policy we said short term, there is a floor and the floor is the figures we explained before, EUR0.16 and EUR0.18. That's not a cap. I mean, it could be higher than that, yes, definitely yes, provided that we also meet the other targets of the strategy which we indicated there.

So would there be additional resources then yes, there would be an upside on dividend for sure.

Alberto De Paoli - *Enel SpA - CFO*

Yes. So on commodities, I know that there is some concern on assumption in 2017 and onwards. Look, for this commodity side, very changing day by day so when you fix a commodity scenarios then you have to follow this.

What I can say looking at the scenario we have is that we have some assumption on prices related to commodities but they go also into account that all in all our scenarios also on the FX assumption on dollar also on the call assumptions and everything else mixed together will bring us in a level that at the end will be achievable with the numbers we have in the plan.

Taking into account that our growth is EUR17 billion [EBITDA target] (corrected by company after the call), growth, taking into account EUR1.2 billion decreasing scenario and regulatory in distribution. So we think that we could easily manage under within these assumptions the growth we are expecting.

On the incremental EBITDA, as said, having this increment EBITDA a different base, long-term PPAs in Latin America and regulated WACC and other things, I do think that for the growth side, the commodity scenario will impact very, very low on our numbers.

For dividend -- sorry, for the impact on our capital allocation, yes, definitely. Investing EUR18 billion at 200 basis points on WACC will improve our return on capital. We see an increase that could be in the range 100 to 120 basis points.

Elisabetta Ghezzi - *Enel SpA - IR*

Yes. Third row right, please.

Cosma Panzacchi - *Sanford Bernstein - Analyst*

Good morning. Cosma Panzacchi, Bernstein Research. I have one strategic question and three very quick operational questions.

The first strategic question is in the world that you are designing for the future for mature markets where the recent increasing role for distributed generation perhaps different pricing signals hopefully going forward, does it still makes sense in this world to have a separated operation for renewables and for the rest of your operation in those countries?

In other words, does it still make sense to have Enel Green Power in these countries instead of having a fully integrated Italian or Spanish operational unit?

Instead on the operational side, the three questions regarding first of all, the evolution of retail market in Italy. So if I look at your evolution of -- forecasted evolution of EBITDA, it seems to me that you are basically progressing on the path that you are already following right now.

So are you already considering the proposed abolition of the regulated tariffs in 2018 in your plan, yes or no? Moving instead networks, one third of your growth CapEx will be on quality as you have described before and smart grid.

However, if I look at what regulators are actually including in their plans right now, at most, in my understanding there is extra space for smart meters. So how convinced are you that you will be able to convince regulators that even the investments for quality and smart grid will need to be properly remunerated?

And finally on the renewable part, which is an important part of growth going forward, if I compare to the current targets against the presentation on last year's strategic plan for Enel Green Power, I see on the one end side a significant increase in capacity, growth capacity approximately 50% but I see a decrease in EBITDA profile.

In 2016, if I'm not wrong, we are EUR300 million below what was originally forecasted. Part of that perhaps is asset rotation in the United States but where is the rest coming from? Thank you.

Francesco Starace - *Enel SpA - CEO*

I don't know why but I have always a problem with question number two. So can you repeat the question number two? There's something wrong with my head. Can -- what was the question number two?

Cosma Panzacchi - *Sanford Bernstein - Analyst*

So the question number two was on market, retail markets.

Francesco Starace - *Enel SpA - CEO*

Yes. Markets. Okay.

Cosma Panzacchi - *Sanford Bernstein - Analyst*

Yes. The 2018 abolition or not of the regulated tariff --

Francesco Starace - *Enel SpA - CEO*

Okay. Yes. Yes. The Italian markets. Okay. So maybe -- let me just take the questions in this order as you said.

Separate renewals, yes or no, experience has shown that if you make renewables with traditional generation, the second kills the first always. Why that is? Actually no one knows but it's a fact.

So sooner or later, there will be some clarification on what is the reason for that. For the time being, we know if we put them together one kills the other so we try to separate them.

Will there be a moment where they can survive together, probably yes provided the renewable space becomes large enough so it's a question of size. Is that time ready in Spain, the question is quite an indirect one of yours, maybe or maybe not. We don't know.

So it's not really material for the time being. We think they perfectly live the way they are and we don't have additional indications on that sense and they're not really a big change in this sense.

On the abolition of the 2018 "Servizio di maggior tutela" what it's called, you know, this is for the benefit of everyone else who does not know the mysteries of Italian regulatory system. We don't think it's really materially changes much.

Frankly speaking, what can happen is that you forcefully migrate customers from regulated part of an organization to the unregulated part of the same organization and it's let's say very neutral movement.

The other one is that there would be some kind of auction mechanism to allocate customers based on some kind of competitive tender base. The competitive space is limited and the competition is really fragmented in Italy. In both cases, we don't see a major shift.

What we only cautioned the regulator is that whatever decision they make, please make sure that we don't implement this measure amidst the large European regulatory framework change that is happening.

So let's, for God's sake, not find ourselves in the middle of a massive customer transition while the rules in Europe are changing. That's the only caution we put on the regulatory standpoint and we don't think it's really that big of a problem.

As far as how effective can we be in advocating network tariffs to incorporate and help digital transformation of grids in Europe I would say, I Europe I think we basically already succeeded in Italy because the Italian regulatory framework so far has inserted digital meters into the tariff.

We are now trying to explain to the regulator that the meters we have, have an age between 15 to 10 years roughly, the youngest ones are 10 years old and the other ones are already middle school, actually they finish them. So we think it's time to change these digital devices with better devices, and by the way, cheaper ones too.

Is it better to keeping -- and rechanging all devices with older and older devices or just put new technology in the system, obviously, the second question is a yes. Is it very expensive, not that much. So we don't see a big deal.

In Spain, we are in the process of additional -- of changing the digital meters in our own grids in Spain. We know there is a huge push from the new established commissioner and vice presidents of Energy Union for digitizing the rest of European networks and there is a huge debate where the regulators of Germany, France and the other countries will allow that or not.

We think it's a futile discussion because there will be a digital transformation of the grids no matter what the regulators can say. So this is something that will happen anyway and if the regulators choose to be late, it's a pity for those countries where they don't understand. So we don't think it's really material.

As far as renewable is concerned, yes, there is more capacity and yes, there is less EBITDA. It has to do with the fact that the overall assumptions on energy prices for the -- remember, there is merchant exposure of Enel Green Power in Italy to the 10 terawatt hour -- actually 11 terawatt hour size and the old plan had -- price assumption in Italy that is substantially different than the one that we have today.

So I would say three quarters of that impact is due to merchant exposure. There's a big change. It's basically a 5 EUR/MWh to 10 EUR/MWh change with EUR110 million of impact and some is also due to the same impact in Spain.

Spain changed drastically over this year. So that's accounting for about two thirds of that. The other one, yes, there is some rotational effect.

Elisabetta Ghezzi - *Enel SpA - IR*

Over there. Alberto Gandolfi from UBS.

Alberto Gandolfi - *UBS - Analyst*

Thank you. Good morning. It's Alberto Gandolfi from UBS

I have a couple of bigger picture questions and a couple of like more details. So first on LatAm, can you please, given that's most of your organic growth, could you please elaborate how much of the pipeline you show on screen is let's say captive and how much do you have to compete for?

And can you talk about your strategic approach or mindset, your game theory approach when you go and compete with infrastructure funds which seem to have very cheap cost of funding? Again, what do you bring to the table to win and still stick to WACC plus 200 basis points and ampersand if you can also say what FX did you use in LatAm because I'm not sure I've seen it in the presentation, my mistake -- FX, yes, my mistake if I missed it.

Secondly, your strategy at the moment is very much tilted towards southern Europe and LatAm which is part of your legacy portfolio of course. The U.S. market is incredibly fragmented and network investments are heavily accelerating.

So you talked about digitalization, you talked about more renewables, there's plenty of examples in the US. There's a lot of utilities inefficiently run with the market cap $3 billion to $5 billion.

So without being more explicit than already been, is -- can that be part of your portfolio management strategy at least philosophically, clearly, I'm not asking you to put names?

Then more specifically on supply margins, there is a big increase in supply EBITDA EUR1.2 billion or EUR1.3 billion. I was wondering here if you can elaborate a couple of details for me.

One is margins you're assuming and secondly, you're targeting a 20% increase in your customer base. How are you going to do that? Is it just through energy services and is there any cost associated to winning customers upfront?

Very last one I promise, there regulatory EBITDA cuts you talked about in slide 47 is EUR700 million specifically and only Italy or is there any other regulatory review? Are you blending everything including LatAm, some other reviews you may expect in distribution there?

And I've seen that you have EUR3.4 billion EBITDA in Italian networks versus last year, the plan was EUR3.6 billion. That's purely I guess interest rates of course. Can you maybe elaborate a little bit more the breakdown of that EUR700 million, which type of assumptions underlying? Thank you so much.

Francesco Starace - *Enel SpA - CEO*

Okay. So I will take these three questions and the EBITDA question will be for Alberto.

So on Latin America, basically where are we moving on a captive basis, where are we on a competitive basis is basically depending on the regulatory frameworks of the countries.

So we have competitive base mechanism in Brazil. In Mexico, they are run by private entities but mostly on a competitive PPA basis. In Chile, it's a mix so there is some competitive options and some captive development because Endesa has -- the organization in Chile needs power.

Peru is -- we're waiting for competitive mechanisms to come up. Uruguay is competitive mechanism and Columbia is a mix. So as you can see, most of Latin America is a competitive option or competitive PPA basis mode of development where -- and this has been like that for the -- since the beginning basically and the reason why we have been successful is based on two factors.

First, the quality of the projects. I mean, you cannot win a competitive basis with average project quality. You need to have excellent project quality and we do have that. Why, because we moved early enough and we have good people on the ground.

The second is that you can be competitive on these tenders if you have a very large global footprint and you can leverage that with vendors. CapEx is a very important competitive factor. So we have, so far, been very good at driving down the cost of the installation leveraging a huge volume of business with the major vendors.

Thirdly, you need to have competitive cost of capital. We are competing for these projects not so much with the infrastructural funds but with local developers and local developers do not have a very competitive cost of funding.

Typically, the investors you mentioned come after the construction is finished. So they come in once the project is fully derisked and, of course, at the point, they are impossible to beat if you are in a competitive option to buy an infrastructure that has already built.

That is a competition we cannot afford and we don't get into that in fact. So we only compete for projects from grassroots to construction and there we win.

The question on the U.S. is a very interesting one. In fact, we see a potential in the U.S. that goes beyond renewable and it goes into gas generation were non-merchant PPA driven and why not in the big void that exist in the distribution space in the USA in terms of the infrastructure really is in full state.

So you would see us looking there for potential value creation deal, yes. The different -- I mean, the supply margins are the good side of the bad news. So when wholesale prices go down, supply margins tend to go up because customers, there is an inertia in the time that you -- that prices take to go down to the final customer.

So the decline in wholesale prices that we saw over the last years yielded year after year good margins for the retail part. So Mr. Tamburi, Mr. Bogas who are the heads of a relatively large-sized markets that we have in Italy and Spain so good margins coming in the retail part because the wholesale prices go down.

How do we increase the customer base? We basically increase the customer base in two ways, buying customer packages that are being sold and there are people putting markets on the -- putting customers on the market because they decide to live strategically in certain countries or which is the one, the way we prefer simply putting more people on the sale, I mean, just increasing the intensity of the sale effort.

The number of customers we put on this strategy here is the mathematical calculation that comes from a very simple need. We basically said can we give ourselves a target so ambitious that is the following? We would like to have a number of customers whose combined consumption is equal to the production that our plans are able to generate.

So, as you can see, not really a brilliant idea. So, just hedge the production, okay? And that yielded the additional 4 million customers we need to have.

And I think, I don't think it's a big deal. We can do it in five years. We probably are going to get there a lot earlier than that but there's nothing particularly fancy around that number.

Alberto De Paoli - *Enel SpA - CFO*

Yes. Two points on regulation and retails. So, for regulation, the EUR700 million is not only Italy. See, it's Italy and also some regulatory changes we expect in Latin America and to -- when you look at the decrease next year regulation is because this year, we add the change in the white certificate treatment that will be now steady state for the added years.

And looking at retail, we see a unit margin stable or quite decreasing over the years. So, what we can do to increase? First, number of customers versus volume. Second, also here, we go to a sharp decreasing cost to serve and cost to acquire on the range of 10%, 15% in five years' plan and then we see, at the end of the plan, a contribution of roughly EUR200 million coming from the new value-added service strategy we have applying.

Elisabetta Ghezzi - *Enel SpA - IR*

Next question. Over there on the -- yes. Please say your name. Harry from -- Harry Wyburn from Merrill Lynch, Bank of America Merrill Lynch.

Harry Wyburd - *Merrill Lynch - Analyst*

Hi. Thanks for taking my questions. Just two very simple ones, actually. I wonder if you could clarify the sensitivity regarding the power prices earlier. Can you just give us the unhedged sensitivity of your EBITDA guidance to a attend euro move in Italian and Spanish power prices, please?

And then second, can you just give us a bit of detail on what's been driving your working capital volatility over the last few years? That's looking like it's coming down a lot, the working capital requirements of the business. I'd just like to understand what's driving that. Thank you.

Francesco Starace - *Enel SpA - CEO*

Sorry. We really didn't hear you here. I mean, there was some kind of -- maybe you should speak a little louder and a little slower.

Harry Wyburd - *Merrill Lynch - Analyst*

Apologies. Sorry.

Francesco Starace - *Enel SpA - CEO*

I couldn't -- I couldn't hear anything, really.

Harry Wyburd - *Merrill Lynch - Analyst*

So, the first question was on the sensitivity of your EBITDA guidance to power prices.

Francesco Starace - *Enel SpA - CEO*

Okay.

Harry Wyburd So, I wonder if you could clarify your earlier comments and what's the specific unhedged sensitivity to a attend euro move in Italian and Spanish power prices.

Francesco Starace - *Enel SpA - CEO*

Yes.

Harry Wyburd - *Merrill Lynch - Analyst*

And then secondly, on the working capital, if you could just give us an idea of what's been driving the volatility on working capital over the last few years.

Francesco Starace - *Enel SpA - CEO*

Okay. Yes.

Harry Wyburd - *Merrill Lynch - Analyst*

Thanks.

Francesco Starace - *Enel SpA - CEO*

Yes. I got it. So, you will get the answers? Okay.

Alberto De Paoli - *Enel SpA - CFO*

Yes. So, on sensitivity on prices, I said this, so for, I think, you saw in the annexes what our hedging situation for 2016. Let's say this, we have covered the 35% of our power generation in 2016 but this is we have hedged, not only the price but we have hedged also the commodities. So, 35% means that 100% of our coal production is fully hedged for 2016 in Italy. So, the rest is hydro and if the prices will stay at the level at which we have covered, so roughly [47.4] (corrected by company after the call) but now the market is going on but in this case, the impact is overall EUR100 million.

And we do think that for different reasons, the impact in Spain that today is in line, it is a move, our assumption for 2016, Spain will be not affected on different prices in the range of EUR1 and EUR2.

And for the cash flow, for the working capital is what I said. Working capital now pass in a global management and not only restrict to single management on the single countries. So we have global procurement and global procurement will be active in writing contracts that will be and will have certain type of capacity date and capacity periods.

On the other side, we are going to change our billing processes all around our countries in which we collect money so there is a huge program in place to have this done. I don't say tomorrow but I say in a couple of years for sure.

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Elisabetta Ghezzi - *Enel SpA - IR*

Next question over there on the -- yes, in that -- that one. Please say your name and the company.

Javier Garrido - *JPMorgan - Analyst*

Good morning.

Elisabetta Ghezzi - *Enel SpA - IR*

Javier, hi.

Javier Garrido - *JPMorgan - Analyst*

Javier Garrido from JPMorgan. The first question would be on Latin America on which as Alberto pointed out is going to be the main driver of your growth. Could you platform clarify how you are going to get from EUR3.1 billion of EBITDA in 2014 to EUR4.2 billion in 2016? I particularly noticed that that EUR4.2 billion is the same target that you have in the previous strategic plan for LatAm but delivery in 2014 was EUR500 million below the target for that year. So, if you could explain how you plan to cover that gap.

The second question is on financial cost and you have explained that the main driver of the expected reduction in financial costs will be the optimization of cash but I noticed that your expectation for the average cost of growth is basically unchanged. Do you see that as a conservative assumption and is it mainly driven because you plan to raise more financing in the local emerging markets where you're focusing your CapEx?

And the third question is if you could clarify, I think it's Slide 49 where you explained the bridge of net income change between 2014 and 2019. If you could explain the move in minorities and disposals because I didn't quite understand you said you plan to offset a portion of the dilution from disposals with acquisitions, I honestly didn't understand what the -- what's the meaning of those blocks for minorities and disposals particularly in minorities, what would be the change in minorities without acquisition of additional stakes? Basically, any clarity would be welcomed. Thank you.

Francesco Starace - *Enel SpA - CEO*

Maybe I would take the first question and Alberto will cover the other two.

In Latin America, on 2014, we experienced two huge unplanned or unforeseen difficulties. One was the fact that the completed plant in Bocamina did not actually -- was not allowed to produce for a series of issues. The second is that the other almost ready plant in El Quimbo, big hydro scheme in Colombia hit some delays.

And these delays, both in the production of Bocamina and the Quimbo plant are reflected into the new strategic plan. They were compensated, they will be compensated by an acceleration on the renewable energy front because we have put down in Latin America and we will accelerate in at the America in the next years. So, they should, over the year, come and compensate the gap that today we have because of the delays in Quimbo and Bocamina.

The news are that in Bocamina, we got positive rulings from the authorities in charge so we are looking at restarting production in Bocamina over in the next two or three months which is good news because, finally, these will be something that would start generating EBITDA. And as far as Quimbo is concerned, we have now a defined schedule that froze the delays to a certain extent and we know that we have a much more solid base on which to plan production of these two plants.

To make a long story short, we will compensate with more renewables the delays in this two large plants that we have completed one and almost completed the second but with delays that had been the order of more than, I would say eight months or nine months now in Bocamina and six months in Quimbo and they are large plants so they have a lot of EBITDA attached to the working schedules.

Alberto De Paoli - *Enel SpA - CFO*

And financial costs, conservative assumptions. I felt if we have room to improve that, I hope so. Say, the numbers we have is a mathematical effect so we say we are reducing EUR10 billion of gross debt and at the end, the part of the debt that cost more is the Hybrid bonds in the LatAm financing will have a higher weight.

At the end, these will leverage the 5%. But we have also other things to do so it could be the conservative assumption. One, because at the time in which we started in preparing this presentation, we were at roughly EUR2 billion of prehedge activities. Now, we are close to five and we have prehedge debt up 2%. So, it's possible that this will bring other efficiencies on financial cost.

Second, Latin America now is assumed at a cost of debt of 10% in this assumptions but we will start working on it also with the international institutions and also to drive strategy, an overall strategy, because we understand that we are going to invest roughly EUR10 billion so we will do this better and I think we could find further efficiencies also on this. So we can take it as a conservative assumption.

And for minorities, the point is I apologize if the chart is not so clear but the point is we think that with our activities, we can keep the minorities level at this -- increasing of EUR600 million. If not, not doing actions, this number will grow to EUR900 million, EUR1 billion.

So, doing things that we think we will do in the next years or so will bring this to EUR600 million. So, giving us the EUR400 million on top of net income, deduct the EUR200 million that are related to our disposals. So, the sum of the two will give us EUR200 million of increase in net income.

I hope that it helps.

Elisabetta Ghezzi - *Enel SpA - IR*

Roberto Letizia from Equita over there.

Roberto Letizia - *Equita - Analyst*

Yes, good morning. A question back on the assumption for the distribution. Can you help us understanding better which kind of allowed return have you included in the estimate for the distribution and can you elaborate on your expectation on the negotiation probably with the authority? What do you think the authority will make where you change the criteria on average of five years of the risk free whatever.

And if the excess return that you're assuming in the distribution namely the 200 basis point above the WACC basically comes from what you think the regulator will give you in terms of extra return on WACC on the investment that you will make in digital meters and, generally, distribution.

Another technical one, I'm sorry, but I would like to understand which kind of benefit, if any, comes on the depreciation for the heavy write down you made this year. And then last one that is more general and that has to do with the holding discount, basically, that the market is applying to Enel. You're doing something in the LatAm with the minorities acquisition and efficiency but basically you are not saying as what you're going to do with the participation in Europe.

And the market actually continuously speculate about you making deals on in this stake and Enel Green Power stake or OGK-5 stake. And as far as you don't provide clarity about what you're going to make with this assumption, the market will continue to speculate that you're going to put shares in the market and this deteriorate, basically, the perception of your holding discount that goes against what you're going to do.

And again, on the holding discount, is there anything else you can make to make the market understanding that your level of holding discount have not to be so high, meaning that you have the way to keep the benefit generating within the holding in the holding and to the benefit of the holding shareholders? Thank you.

Francesco Starace - *Enel SpA - CEO*

Okay. This are very important questions and so I will start with this holding discount issue then I will try to answer the question what we hope the regulator will finally settle with on the distribution tariffs in Italy. And then we go through the basis points and the depreciation impact of writeoffs on that depreciation.

You're right, there is a holding discount and the cure is, basically, two things. First, let's clearly say what we want to do or not want to do with participations in companies. And then, let's define what is the role of the holding and why is there some, what we think value in the holding. And the first question is really easily answered, we do not plan to sell or buy anything in Endesa -- in Enel Green Power.

And as far as we are concerned and I think that the third one was OGK-5. Today, if you look at OGK-5's stock exchange value, you know, altogether, if you wanted to buy it, we could probably do it with our savings. So, I don't think it's really a big issue. That is as pity but this is the situation there so we don't plan to do corporate activity in that front.

We think the structure we put in place will ultimately make it clear that only being organized in this way will these companies actually have a chance to prosper because they will have a bigger organization in which they can benefit because they would level a global position which would not be possible if they were single companies on their standalone basis.

In fact, the proof of the matter is that other companies, even of larger size than parts of our corporate constellation have problems down in the standalone basis themselves. You don't need to look far out in the European portfolio.

So, we think there is a huge value associated to do the holding and the only way to demonstrate it to you is perform on the strategy. You will see that if efficiencies come along and if growth can be disciplined centrally on a global scale, there is value. And that's the holding value, there's nothing more than that.

The fact that we organize across global business line is a value we are trying to demonstrate. We don't want to convince you verbally but physically through the delivery on this -- on the promise in the next month and years.

So, for the first, I think it's easy. For the second, you have to wait for the delivery to come along and all the investors finally focus on what matters. That is the global position and the attention to local situations. That's the essence of our holding.

On distribution, it's a tricky question because, you know, if I tell you what we would settle for, then our bargaining position with the authorities would be a little bit difficult, don't you think? So, fortunately, for the sake of our own position, I think we cannot make a public statement on what is it that we would really love. Actually, we'd love to keep it the way it is but we understand it's a little bit difficult.

We also know and we encourage you to be active on that side that some investors visited our authority after the mistakes that were made in the recent past in terms of declarations that they have made and explain to them that one way of distracting value for the country is not to be clear and not to be reasonable about the return and the WACC.

What we know is that they have been carefully listened to and that the authority in Italy seems to have a very reasonable approach and very rational one too. In fact, we are encouraged that the paper that they have circulated shows, for example, the intention to prolong the new regulatory term to six years from the original four which would all -- which would be a good idea for everyone coupled with a reasonable WACC reduction.

And I think you cannot expect this WACC to remain as it is but we don't expect it, for example, to be halved. No way. So, it's going to be some kind of a cut but nothing -- nothing terrible.

About the other two questions, I think -- maybe on the 200 basis points, I can tell you one thing that we have eight grids in eight different countries. Actually, we have more than eight grids. We have 11 or 12. But the eight regulatory regimes combined in our overall grid global business.

That, itself, provides you some hedge because, thank God, they are not all synchronized in their evolution -- in their regulatory transients. So, while we are negotiating with the Italian authority for the next period, we have already negotiate, I mean, we were already negotiated by the Spanish governments. I mean, this would, to the other way around, I mean, they did what they want.

But, in any case, the thing you said and whether we like it or not, it's not now and for the Latin America and Romania, regulators there are different calendars. So, on the average, we see, we observe that by improving our efficiency, we will be able always to have substantial 200-250 basis points beating on the regulatory inevitable drill down provided we do our job globally. That is a little bit and an average.

So, are we 200 basis points on all of them? No. But in some of them, we are, maybe, 400 basis points. In some of them, we're just 50.

Alberto De Paoli - *Enel SpA - CFO*

Yes, and on impact on D&A impairment, it is based mainly in Italy, we have impaired EUR1.7 billion of asset that are relevant for D&A so it translates in EUR70 million lower D&A per year.

Elisabetta Ghezzi - *Enel SpA - IR*

Next question from Alberto Ponti from Societe Generale.

Alberto Ponti - *Societe Generale - Analyst*

Good morning. I have two brief questions. The first is, again, on distribution. The EUR300 million drop in EBITDA, you see, in the presentation, can you give us a ballpark figure how much of that EUR300 million is owed to the lower WACC?

And the second one is on power prices assumptions. When I look at 2016, the forward curve and the clean spark spread for Italy and Spain are below your assumptions and they have been for quite some time. So what give comfort in the end you're going to be right? Thank you.

Francesco Starace - *Enel SpA - CEO*

Let me take the power price in EBITDA question and you will do the distribution.

The power price curve is down, yes. Actually, it was a little higher when we started compiling this presentation. We hope it will change, again.

The issue is I was joking with some of your colleagues. We should have a presentation with plug in -- wired in sell that continuously updates with the forward curve. Frankly speaking, we think, we have to understand that this is a sensitive variation. We know that today, the forward curve is a little lower than the one number that we have in the annex.

It's just because when we did the annex, this was the right number, okay? We don't pretend to change that and the sensitivity that Alberto explained to you is valid. I mean, it's valid on the downside, it's valid on the upside. Of course, on the 2015, the hedge is there so the impact is really not that huge and as you go forward, this will impact more and more.

You know, we don't think that there is going to be material disaster or earthquakes on the curve. It's already quite low, so maybe it can go a little lower and maybe it can bounce back up a little bit. And the sensitivity is the one that you've seen we cannot match.

We would like to hedge. I tell you. We would love to hedge this exposure not on two years basis, on 10-year basis. I mean, if we could do it, we would do it tomorrow.

And then, we would focus on the economics of the plans because that's the way you work in this company. And this is why we are so angry with the European regulatory system. That doesn't allow this and we all waste time talking about this forward curve which, by the way, is so thin. I mean, the margin -- the volumes traded to establish that curve make no sense. We could, we could halve this value if we wanted just dumping less than a terawatt hour forward market in 2016. This is as thin as this is. So it's an index that bears very little value for us.

Alberto De Paoli - *Enel SpA - CFO*

Yes. So, I think you are mentioning the drop in distribution within 2015 and '16 because the overall from 2014 in distribution in Italy is EUR600 million. But the first EUR300 million are related to green certificates and the second EUR300 million is within 2015 and '16 at least on the new regulatory framework.

Look. The framework we are working on is not only focusing in WACC but we have several aspects in which we can work to try to increase our overall WACC, not only based on the regulated WACC.

The previous regulated period was a 6.4. This was the WACC previous the new wave. What will you think and also Francesco can add something. We are actively discussing all the aspect of this new regulatory framework and we think that the value you see in this -- in the reduction we put in here next will be the floor in which we will stay after and then close these discussions.

Elisabetta Ghezzi - *Enel SpA - IR*

Next question? Over there. Yes. Over there. The guy over there.

Martin Young - *RBC - Analyst*

Yes. Hi. It's Martin Young from RBC. Just a couple of questions relating to your asset rotation policy, you indicated that EUR2 billion in progress at the moment, can you just confirm that that is the equity component that you are hoping to receive.

And secondly, in terms of how that might breakdown, obviously, the Slovakian business, Green Power's U.S. asset rotation, anything else that you prepared to talk about as being included in that EUR2 billion at this moment in time? Thank you.

Francesco Starace - *Enel SpA - CEO*

So, you want to know if we have the -- if the company in the U.S. in this EUR2 billion that we have identified? The answer is yes. It's part of that. And you would see probably in the next few days, I mean it's basically mature.

And then there was a question, what was the equity component of EUR2 billion disposal that we have already underway. Was that the question?

Martin Young - *RBC - Analyst*

Yes.

Francesco Starace - *Enel SpA - CEO*

Okay.

Martin Young - *RBC - Analyst*

Yes. Obviously, if you're looking at the Slovakian business, there's a net debt components. I would imagine that there is quite a significant removal of that nuclear provisions as well coming out of that. So, just looking at whether it's just a relatively small equity component in that EUR2 billion.

Alberto De Paoli - *Enel SpA - CFO*

Yes. Look, the overall EUR2 billion -- the equity, the other two deals that we are included in this EUR2 billion are the YieldCo in US and also the hydropower in which are the two deals are at equity level because we don't consolidate EBITDA on one or the other.

And for Slovakia, this is the equity component in the transaction will be, I say, not so hard for sure, taking to account that we have also net debt that have been closed in the range of EUR600 million this year but is going to improve a lot during 2015 because of the completion of the nuclear power plant that we are close to concluding this year.

Elisabetta Ghezzi - *Enel SpA - IR*

Next question? Over there.

Jose Ruiz - *Macquarie - Analyst*

Yes. Jose Ruiz from Macquarie. Just two questions. The first one refers to if you can split the payment of dividend from associates within the 14 billion and more specifically, are you expecting or are you going to allow an increase in the payout for Enersis and for Enel Russia?

The second question relates to the split. If you can give us the split of the cost synergies, more specifically if you can give us how much cost are you going to reduce in Latin America. Thank you.

Francesco Starace - *Enel SpA - CEO*

We give you detail on the specific cost drivers evolution by technology and not by geography. So you would like to see that by geography, right? And we never looked at it like that but we can provide you the figure if it's interesting for you.

We would like to -- we would have to work on -- basically, we would have to say applying that through the portfolio of each single country, how will that result? And it would take a while. I mean, I cannot give it to you right away but we can provide you that figure.

For us, it's not that material because the only way that you can drive this cost down and look at it at a global base. Otherwise, you don't do it. But I like the question because it's another way of demonstrating that there is a holding value, not the holding discount.

So we will certainly follow-up and give you that detail, okay? On the -- on the issue dividends which clearly Macquarie has because you are also shareholders of this company, I think it's a reasonable question.

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Alberto De Paoli - *Enel SpA - CFO*

Overall, the figures are we are going to pay EUR14 billion of dividends in the five year to Enel. Nine billion are for Enel shareholders and five is for third parties. You know that Spain has already raised the dividend payout to 100%.

We don't -- in this plan, we are not seeing any changes in the payout in Latin America so far because here, you know, now we are managing to start a huge level of investment and so we think that this would be a grow area to the payout will stay at that level.

For Russia, in the plan, we have no changes in this but, look, this is something that is easily addressed every time so it's not material, the increase in payout in Russia in this real numbers.

Elisabetta Ghezzi - *Enel SpA - IR*

Yes. I think that we have just a few minutes, 5 minutes to 10 minutes left. So, over there. I think that even in the last row, the last row over there. I cannot see.

Guiseppe Rebuzzini - *Fidentiis Equities - Analyst*

Good morning. Guiseppe Rebuzzini from Fidentiis Equities.

I've got a couple of questions on the bad debt provisions. First of all, I'd like to understand the provisions you booked in 2014 if you can give us a bit of geographical split, what were your so many problems? And the second, in the plan cash flow slide, we see -- you said EUR3 billion provisions for bad debt concentrated in '15 and '16 if my understanding is correct. I'd like to ask if you can give us an indication of the physiological bad debt provision you might make, let's say at the end of the plan. So, what the number is at the end of the plan. Thank you.

Alberto De Paoli - *Enel SpA - CFO*

On the second question, it is not in a -- EUR3 billion is spread all around the plan. The numbers on average is EUR600 million. It's on average because we have some extraordinary component this year of the EUR750 million. But you see a number, this is in the range of EUR500 million ending in EUR650 million because of the increase of sales. So this is not focused on the -- all in the first two years.

And for the provision utilization in the 2014, we utilized as a cash EUR1.8 billion of cash of provision utilization. This is mainly for the benefit to personnel for EUR1 billion because of the early retirement plans that we have implemented last years and roughly EUR800 million on other risk and charges. And the vast majority of the EUR900 million are in Italy and Spain.

Elisabetta Ghezzi - *Enel SpA - IR*

Yes. Next question here from Anna Maria Scaglia. Second row, please.

Anna Maria Scaglia - *Morgan Stanley - Analyst*

Hi. It's Anna Maria Scaglia from Morgan Stanley. A few questions if I may. The first one is on CapEx. What's the portion of CapEx that is not contributing to EBITDA at the end of the plan? And if you have a sense of, you know, how much can be contributing afterwards?

The second question is regarding Italy and generation, I was looking at Slide 62, is there a transfer of profit between supply and generation and also what's your assumption for ancillary services? My third question is regarding EGP that strikes me is that the company has been growing EBITDA, let's forget the extraordinary parts of the EBITDA but the net income contribution has been fairly stable since the IPO. So the question mark is with all these new capacity, are you confident to be able to bring the growth to the bottomline?

And last but not least on LatAm restructuring, I can understand, you know, the degree of information you can provide is very little in terms of, you know, what you want to do with what and but can you give a sense what's your thinking about, you know, the complication of the shareholder structure there and what you can do? Thank you.

Francesco Starace - *Enel SpA - CEO*

Okay. Anna Maria, I will take question two and four and question one and three would be for Alberto.

So, on the restructuring of Enersis, it is clear that the complexity of the company today prevents reasonable growth logic. Any investment or any decision taken at any company level below Enersis has at least two, always two implications. One, at least one or two parties are conflicted everywhere. The governance is such that there is always some kind of governance issue.

Second, the dilution that we would suffer getting debt at a 100% level and controlling at the end accruing less than 30% or sometimes 40% is bringing any investment decision to an impossible conclusion. So, we will work on that and we, today, have quite advances, I can say, into a logic that will bring us to a very -- a much more simple and organized structure for Enersis that I cannot disclose today because before doing that, we have to consult with our regulatory authorities and also the constituencies in the company.

But I can anticipate that I can do, that it will be a country by country organization with no low level intermixed ownership complications as do they have. So, there will be a holding structure. There will be subholdings at country level and the operations of each country will go through this linear structure without generating companies in, for example, Peru controlling distribution company in Brazil and stuff like that.

That is -- that will occur. It will take some time. It was the implications at fiscal and regulatory levels are not small but we have found a way. And I think as soon as it will be possible to communicate you in detail this way, we will do it because we think it's good that you follow us along this path.

The question on 2016, can you repeat that? The second question was --

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Anna Maria Scaglia - *Morgan Stanley - Analyst*

Yes. On, well, on the generation carry and supplies, there is the EBITDA moving from the -- between the two.

Francesco Starace - *Enel SpA - CEO*

Yes. There is certainly a transfer of EBITDA every time you have wholesale prices going down, retail prices following but with an (inaudible) that typically is taking more than two years to finally come to the same levels. So, this will remain as long as the forward curves go down.

It will also work backwards in case you would have a bounce back of the whole sale prices which is not, unfortunately, in the horizon. So, there is, let's say, a transfer of margins, if you want, if also the prices go down which is the reason why we tend to push for the full hedge on production and retail and this is a classic of this companies.

There is nothing in the terms of ancillary services with retail. I mean, retail will not benefit if ancillary services at generation level go up and down and this will remain a big revenue stream for our generation fleet because it is a very flexible and very powerful modulating system. We think the European networks, and generally, the European energy system increasingly will require ancillary services.

We believe they will be increasingly regulated to the maximum extent that the regulatory frameworks will allow but they will remain a big portion of our revenues. There is now way that this can change because physically, the infrastructure is the one that modulates, there is nothing we can do about it and it's good because it will remain a strong point of our generation.

But no relationship with retail. Retail is just benefiting from the wholesale price goes -- when the whole prices go down.

Alberto De Paoli - *Enel SpA - CFO*

Yes. Anna Maria, I respond to the first in CapEx and I beg your pardon but I forgot the second. For the first is we are projecting to invest in 2019 roughly EUR6 billion and, say EUR1.8 billion in renewable and EUR1.4 billion in generation and overall (inaudible) and distribution roughly EUR3 billion.

So, I think that if you take that 1 gigawatt of capacity renewable translates in roughly EUR150 million to EUR200 million EBITDA and that we are, at that time, in the traditional generation, we will be in the final phase to implement other 700 megawatts so we will be in range of 100 to 150 and a portion of distribution, we could say that you can increase EBITDA around EUR300 million to EUR350 million.

Elisabetta Ghezzi - *Enel SpA - IR*

I think that we have very --

Alberto De Paoli - *Enel SpA - CFO*

Not yet.

Anna Maria Scaglia - *Morgan Stanley - Analyst*

The last one was on EGP net income growth.

Elisabetta Ghezzi - *Enel SpA - IR*

The net income on EGP.

Francesco Starace - *Enel SpA - CEO*

EGP question.

Anna Maria Scaglia - *Morgan Stanley - Analyst*

On EGP and, you know, the confidence that net income can grow there.

Alberto De Paoli - *Enel SpA - CFO*

Look, on Enel Green Power, you know that we think that if you look and if you compare Enel Green Power versus the previous plan, having assumed very tough scenario versus last year, you see Enel Green Power that will increase investments and would not increase versus the previous planned EBITDA and growth.

On the other side, it's clear that the environment in which Enel Green Power will go to operate will be tougher and tougher in the future but we do see and we see that the number of project that we have already under execution that is more than 40% and of this project, we have almost everything because, you know, that there is no merchant exposure, we have already signed PPAs and so on and so forth. So, for 40% of development, we are quite sure that the final net income increase will come for the rest here. Francesco Venturini is in charge. This, I think, that is, it is working hard to address this issue. So, we think that the target is fairly achievable.

Elisabetta Ghezzi - *Enel SpA - IR*

I have one question from the web. They asked for sensitivity to dollar in LatAm.

Alberto De Paoli - *Enel SpA - CFO*

Well, it's good point because now, also, we have the other face of medal when you say that the tougher assumptions, you know, that because we made an -- this assumption on dollar one month ago today is very different so the dollar and the euro is going to parity. I can say that if we take parity for, say, two or three years, our overall EBITDA year over year could growth in the range of EUR300 million or EUR400 million.

Elisabetta Ghezzi - *Enel SpA - IR*

And I have another question from the web. Is the expansion of renewable energies which is target IRR for participation a new win auction and specifically an IRR of 9% in Brazil is enough in our view?

Francesco Starace - *Enel SpA - CEO*

I think the question is 9% IRR in absolute terms means nothing. It depends where and which country and which technology. So, we're talking about 9% IRR. Wind in the USA is a good IRR, 9% IRR wind Egypt, maybe it's not a good IRR.

So, the question itself is on an average of an OECD country basis is a good IRR. Outside of that, it depends on the risk, intrinsic riskiness of the country. As you recall, we have a matrix of country technology.

Elisabetta Ghezzi - *Enel SpA - IR*

There are no other questions from the audience here. I would thank you for your attention and the investor relations team will remain at your disposal for any further questions. Thank you very much.

Francesco Starace - *Enel SpA - CEO*

Thank you.

Elisabetta Ghezzi - *Enel SpA - IR*

Have a good day.
