



# Enel Energie Budget 2018\*

March, 2018



\* Budget scenario as at December 2017

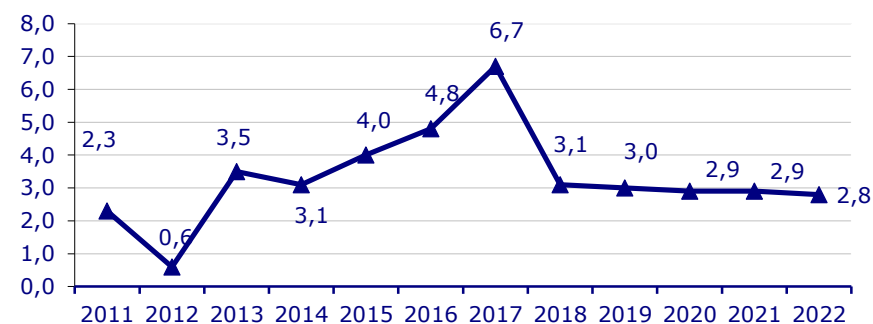
# Romania – Macroeconomics



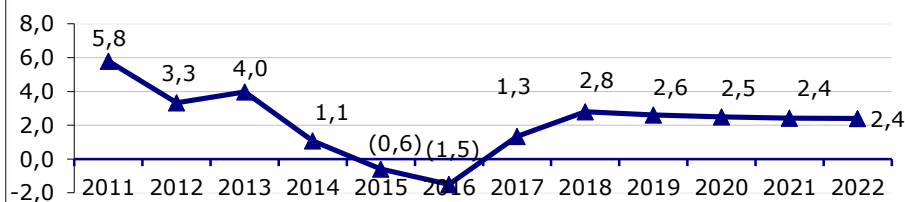
## General

GDP per capita (PPS) (****)	58
Population (Mn) (*)	19.63
Rating (Moody's)(**)	Baa3
Income tax	16%
UE member	2007

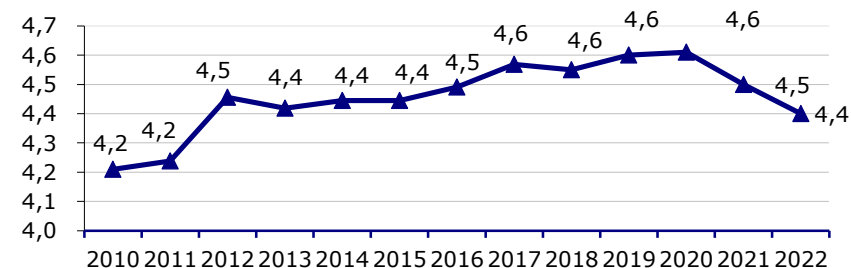
## GDP evolution(%) (\*\*\*)



## Inflation evolution (%) (\*\*\*)



## Avg. exchange rate RON vs € (\*\*\*)



\* Source: Eurostat latest estimation

\*\* Source: Moody's rating 3/5/2018 Annual Report

\*\*\* Source: Enel Group estimations (2018-2022), Eurostat latest estimation 2017

\*\*\*\* Source: Eurostat, amounts of 2016 in purchasing power standards (Data from 1st December 2016)

# Regulatory, market and strategy premises



## Market

- Aggressive competitors in the free market;

## Regulatory

- Starting with Jan.1<sup>st</sup>, 2018, regulated tariffs for residential are eliminated, according deregulation calendar.
- New rules for **acquisition on Centralized Platform for Universal Service** – voluntary participation, both for buyers & sellers, starting Q2 2018.
- New **Regulation for SoLR's selection mechanism**, to be applied starting with July 1<sup>st</sup>, 2018:
  - obliged SoLRs - to supply in Universal Service & Last Resort regimes => 4 years, first assignment period => **1<sup>st</sup> July 2018-30<sup>st</sup> June 2022**
  - optional SoLRs - to supply in Universal Service regime only=> 1 year, first assignment period => **1<sup>st</sup> July 2018-30<sup>st</sup> June 2019**
- New **Price Methodology** expected to be approved (still in public debate phase) => to be applied by SoLR starting with July 1<sup>st</sup>, 2018

## Strategy

- Increasing the portfolio of customers and volumes through targeted offers to free market, on both Enel and non Enel areas, in order to generate value for the future;
- New business line: gas offers for business customers;
  - Developing new business products and services for all customer segments.

## Ongoing

### Customer Service

- Leverage new business services to increase client loyalty;
- Increase sale process for household clients on free market;
- Continuous update of website and Mobile App.

### Commercial Operations

- Increase electronic bill activation;
- Improve collection and develop new collection channels;
- Decrease payment terms for business customers;
- Implement SAP IS-U IT tool.

### Sales

- Update processes for client treatment to increase satisfaction & follow new GDPR rules;
- Promote dual Fuel offers;
- Develop Sales Force IT tool;
- Continuous sales on own & other areas.

## Medium-term objectives

- Leverage on new products and services to increase client database;
- New commercial and communication strategy.

- Increase billing efficiency;
- Develop standard interfaces with distributors;
- Increase customer experience through digitalization and map customer life cycle

- Development for automatic treatment of requests (self-service);
- Increase sales force with main focus on Non Enel Areas & expand Shops;
- Develop partnerships and bundle products to enlarge the product portfolio.

# Enel Energie - Highlights Budget 2018



Performance indicators		2017 Actual	2018 Budget
Energy sold (TWh)	➔	4.7	4.7
Net profit (Mil RON)	➔	-89	-15
Clients (no/000)	➔	1,550	1,868
No. of employees	➔	231	253

# Profit and loss



Enel Energie		ACTUAL 2017	BUGET 2018
Profit and Loss			
REVENUES - TOTAL	Mil RON	2,019.4	2,267.8
of which Electrical business revenues	Mil RON	1,995.8	2,207.0
OPERATING COSTS	Mil RON	2,119.5	2,265.2
Cost of purchased power	Mil RON	1,976.3	2,084.9
Cost of materials and services	Mil RON	103.9	125.0
Other operating costs	Mil RON	16.6	30.1
Personnel expenses	Mil RON	22.7	25.2
MARGIN FROM OPERATIONS GROSS (EBITDA)	Mil RON	(100.1)	2.6
DEPRECIATION AND AMORTIZATION	Mil RON	(9.2)	18.6
OPERATING MARGIN (EBIT)	Mil RON	(91.0)	(16.0)
Financial income and expenses	Mil RON	1.5	0.8
EBT (Earning before taxes)	Mil RON	(89.4)	(15.3)
Income taxes	Mil RON	-	-
NET INCOME	Mil RON	(89.4)	(15.3)

# OPEX

## Materials and service costs



Enel Energie		ACTUAL 2017	BUGET 2018
Materials and Services Costs			
Raw materials and consumables stores used	Mil RON	1.4	1.4
Services	Mil RON	102.5	123.6
Services connected with the management of electricity and gas supplies (printing invoices, call center etc)	Mil RON	64.2	80.5
Intercompany Services	Mil RON	16.0	16.8
Advertising, promotional services, canvassing and printing	Mil RON	5.8	3.2
Commissions	Mil RON	1.5	1.4
Telephone, post office and data transmission expenses	Mil RON	4.7	1.3
IT services	Mil RON	3.1	4.2
Other costs related to personnel (e.g. travel)	Mil RON	4.9	5.5
Services - Others	Mil RON	0.9	7.4
Insurance premiums	Mil RON	0.7	0.8
R&D and engineering charges	Mil RON	0.2	0.1
Technical services	Mil RON	0.2	1.7
Maintenance and repairs	Mil RON	0.1	0.3
Property costs	Mil RON	0.2	0.4

# Personnel



Enel Energie		ACTUAL 2017	BUGET 2018
Number and cost of labour			
Average number - total	nr.	220	251
Number at the end of the period	nr.	231	253
Manager/ Executive	nr.	4	4
Middle management	nr.	38	38
Salaried	nr.	189	211
Hourly+temporary	nr.	-	-
Total Employment cost	Mil RON	22.7	25.2



# Balance sheet



Enel Energie		ACTUAL 2017	BUGET 2018
<b>ASSETS</b>	<b>Mil RON</b>	<b>22.1</b>	<b>62.6</b>
Net tangible assets	Mil RON	6.4	23.4
Net intangible assets	Mil RON	15.6	39.1
Other non current assets	Mil RON	0.0	0.0
<b>Net working capital</b>	<b>Mil RON</b>	<b>49.2</b>	<b>75.3</b>
Inventories	Mil RON	0.2	1.6
Trade receivables	Mil RON	451.1	388.8
S/t financial receivables	Mil RON	0.0	0.0
Other current assets	Mil RON	58.6	22.7
Net tax receivables/(tax payables)	Mil RON	1.9	-1.7
Trade payables	Mil RON	364.6	257.7
S/t financial payables	Mil RON	0.0	0.0
Other current liabilities	Mil RON	98.0	78.3
<b>Invested Capital</b>	<b>Mil RON</b>	<b>71.2</b>	<b>137.9</b>
<b>Provisions and deferred revenue</b>	<b>Mil RON</b>	<b>7.4</b>	<b>26.0</b>
TFR (staff leaving indemnity) provisions and other	Mil RON	4.5	5.1
Deferred tax liabilities net advanced tax assets	Mil RON	0.0	18.1
L/t future risks and charges	Mil RON	3.0	2.7
Deferred revenue			
<b>Net invested capital</b>	<b>Mil RON</b>	<b>63.8</b>	<b>111.9</b>
<b>Cash and cash equivalents</b>	<b>Mil RON</b>	<b>384.3</b>	<b>328.1</b>
Cash and cash equivalents	Mil RON	384.3	328.1
<b>Equity</b>	<b>Mil RON</b>	<b>448.1</b>	<b>440.1</b>
Group equity	Mil RON	448.1	440.1