



# Enel Energie Budget 2020

March, 2020



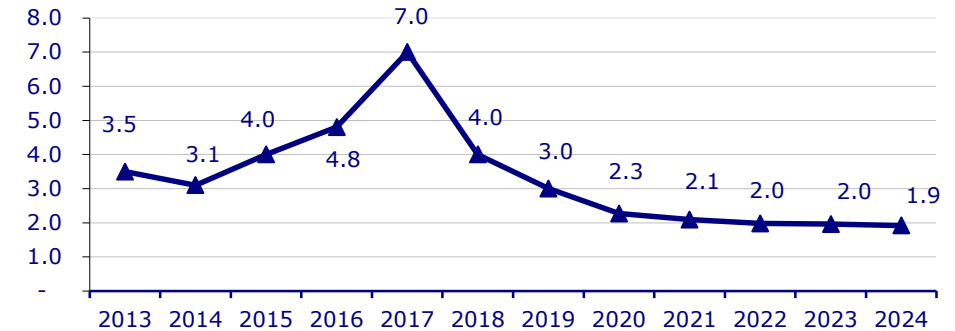
# Romania – Macroeconomics



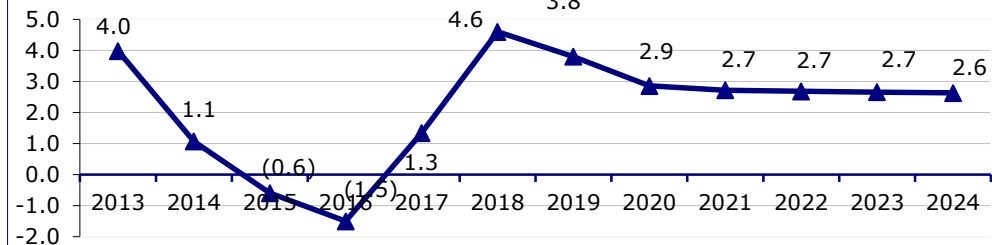
## General

PIB per capita (PPS) (****)	63
Populatie (Mil) (*)	19.3
Rating (Moody's)(**)	Baa3
Impozit pe profit	16%
Membra UE din	2007

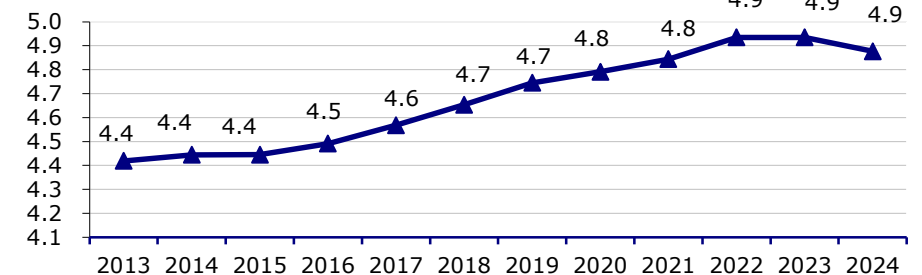
## Evolutie PIB (%) (\*\*\*)



## Evolutie Inflatie (%) (\*\*\*)



## Curs mediu de schimb RON vs € (\*\*\*)



\* Sursa: Eurostat last estimation

\*\* Sursa: Moody's rating 23 July 2019 Raport Anual

\*\*\* Sursa: Enel Group estimations (2020-2024), Eurostat last estimation 2019

\*\*\*\* Sursa: Eurostat, amounts of 2019 in purchasing power standards

# Strategy, Market and Regulatory premises



## Strategy

- Create clear differentiators between Free and Regulated market focusing on offering unique services & product to our free market customers;
- Increase the electricity and gas customer base pushing on free market;
- Developing of Customer Journey for both Non-Enel area & Gas customers;
- Develop new business with Enel X with the support of the Global Business Line of the Group

## Market

- Increase of the competition with an higher pressure from the suppliers of Gas Commodity

## Regulatory

- Methodology for Residential Regulated tariffs and prices applied by obliged and optional SoLR (Order no 217/2019), as following:
  - **obliged SoLR** – have to supply the following segments:
    - residential clients in own areas at regulated tariffs - period: **1<sup>st</sup> January 2020 – 31<sup>st</sup> December 2020 (current tariffs approved for H1 2020)**
    - business clients in Universal Service, Inactive & Last Resort regimes => according to assignment decisions issued by ANRE
  - The US prices established by SoLR EE/EEM based on competitive criteria for period: **1<sup>st</sup> March 2020 – 30<sup>th</sup> June 2020;**
  - **optional SoLR** - have to supply the following segments:
    - residential clients at regulated tariffs in other areas, as appointed by ANRE => only clients requesting to switch back to regulated market
    - business clients in Universal Service => according to assignment decisions issued by ANRE for each distribution area
      - ✓ Appointment period for existing optional SoLR (EEM, EE) :1<sup>st</sup> March 2020 – 28<sup>th</sup> Febr.2021

# Operational strategy Enel Energie



## 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

- SAP IS-U developments.
- Improved contract activation flow and reduction of complaints related to contract activation

### Sales

- Update processes for client treatment to increase satisfaction & follow new GDPR rules;
- Promote dual Fuel offers;
- Training sessions with team leaders from sales partners; call centers & shops
- Customer contact data collection & Marketing consent collection:  
*Promote customer contact data and marketing consent collection through training incentives scheme that includes qualitative KPI's, contests and monitoring.*

## Medium-term objectives

- Leverage on new products and services to increase client database;
- New commercial and communication strategy.
- Automated requests sent to DO; Automation to process xls files to activate and invoice customers
- RPA to be used for documents exchange
- A2A integration with OD if no national data base will be implemented
- Credit rating and dunning strategy based on credit worthiness and payment behavior;
- 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.
- Commercial agreement for telephone channel & VAS campaigns

# Enel Energie - Highlights Budget 2020



Performance indicators		2019 Actual	2020 Budget
Energy sold (TWh)	➔	4.5	5.0
Net profit (Mil RON)	➔	1	63
Clients (no/000)	➔	1,644	1,822
No. of employees	➔	253	261

# Profit and loss



Enel Energie		ACTUAL 2019	BUGET 2020
Profit and Loss			
REVENUES - TOTAL	Mil RON	2,708.7	3,209.4
Operating revenues	Mil RON	2,640.8	3,110.5
of which Electrical business revenues	Mil RON	2,639.3	3,109.9
Other revenues	Mil RON	1.5	0.6
Other income	Mil RON	67.8	98.9
OPERATING COSTS	Mil RON	2,677.8	3,095.6
Cost of purchased power	Mil RON	2,468.2	2,854.6
Cost of materials and services	Mil RON	155.3	184.7
Materials	Mil RON	7.2	8.4
Services	Mil RON	148.1	176.3
Other operating costs	Mil RON	25.9	21.5
		-	
Personnel expenses	Mil RON	28.4	34.9
MARGIN FROM OPERATIONS GROSS (EBITDA)	Mil RON	30.9	113.8
DEPRECIATION AND AMORTIZATION	Mil RON	29.0	37.6
OPERATING MARGIN (EBIT)	Mil RON	1.9	76.2
Financial income and expenses	Mil RON	(1.2)	(1.3)
EBT (Earning before taxes)	Mil RON	0.7	74.9
Income taxes	Mil RON	-	12.0
NET INCOME	Mil RON	0.7	62.9

# OPEX

## Materials and service costs



Enel Energie		ACTUAL 2019	BUGET 2020
Materials and Services Costs			
Raw materials and consumables stores used	Mil RON	7.2	8.4
Services	Mil RON	148.1	176.3
Services connected with the management of electricity and gas supplies (printing invoices, call center etc)	Mil RON	71.9	95.2
Intercompany Services	Mil RON	33.9	35.0
Advertising, promotional services, canvassing and printing	Mil RON	9.6	16.9
Commissions	Mil RON	1.7	1.6
Telephone, post office and data transmission expenses	Mil RON	6.3	5.9
IT services	Mil RON	6.3	7.5
Other costs related to personnel (e.g. travel)	Mil RON	7.5	5.9
Services - Others	Mil RON	3.7	4.0
Insurance premiums	Mil RON	0.8	-0.1
R&D and engineering charges	Mil RON	0.3	0.0
Technical services	Mil RON	4.9	3.4
Maintenance and repairs	Mil RON	0.2	0.2
Property costs	Mil RON	1.0	0.6

Enel Energie		ACTUAL 2019	BUGET 2020
Number and cost of labour			
Average number - total	nr.	234	253
Number at the end of the period	nr.	253	261
Manager/ Executive	nr.	2	2
Middle management	nr.	49	49
Salaried	nr.	202	210
Hourly+temporary	nr.	-	-
Total Employment cost	Mil RON	28.4	34.9

# Balance sheet



Enel Energie		ACTUAL 2019	BUGET 2020
<b>ASSETS</b>	<b>Mil RON</b>	<b>46.2</b>	<b>69.0</b>
Net tangible assets	Mil RON	14.4	34.9
Net intangible assets	Mil RON	31.8	34.1
Other non current assets	Mil RON	0.0	0.0
<b>Net working capital</b>	<b>Mil RON</b>	<b>144.2</b>	<b>132.3</b>
Inventories	Mil RON	36.0	28.4
Trade receivables	Mil RON	690.7	770.8
S/t financial receivables	Mil RON	0.0	0.0
Other current assets	Mil RON	15.1	18.5
Net tax receivables/(tax payables)	Mil RON	0.0	0.3
Trade payables	Mil RON	473.2	560.4
S/t financial payables	Mil RON	1.3	0.0
Other current liabilities	Mil RON	123.1	125.2
<b>Invested Capital</b>	<b>Mil RON</b>	<b>190.4</b>	<b>201.3</b>
<b>Provisions and deferred revenue</b>	<b>Mil RON</b>	<b>18.7</b>	<b>74.8</b>
TFR (staff leaving indemnity) provisions and other	Mil RON	5.2	4.3
Deferred tax liabilities net advanced tax assets	Mil RON	0.0	39.3
L/t future risks and charges	Mil RON	16.3	31.3
Deferred revenue			
<b>Net invested capital</b>	<b>Mil RON</b>	<b>171.7</b>	<b>126.5</b>
<b>Cash and cash equivalents</b>	<b>Mil RON</b>	<b>231.9</b>	<b>178.3</b>
Cash and cash equivalents	Mil RON	231.9	178.3
<b>Equity</b>	<b>Mil RON</b>	<b>403.6</b>	<b>304.8</b>
Group equity	Mil RON	403.6	304.8