



Enel Energie Muntenia Budget 2018*

March, 2018



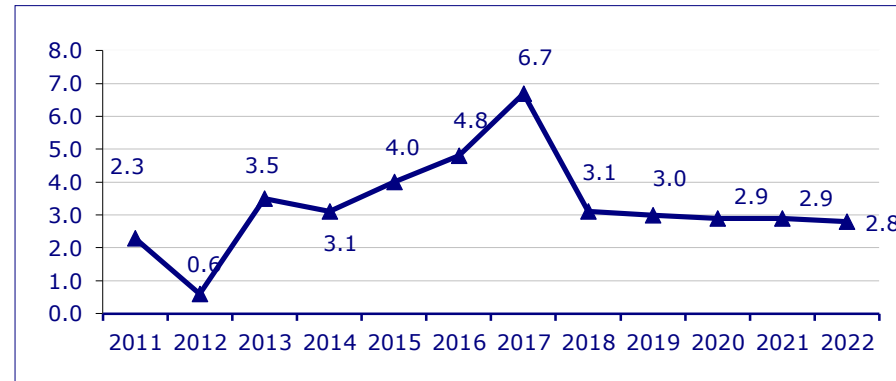
* Budget scenario as at December 2017

Romania – Macroeconomics

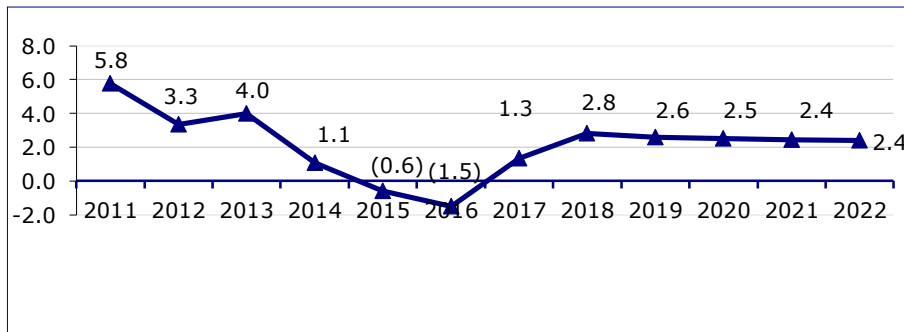
General

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

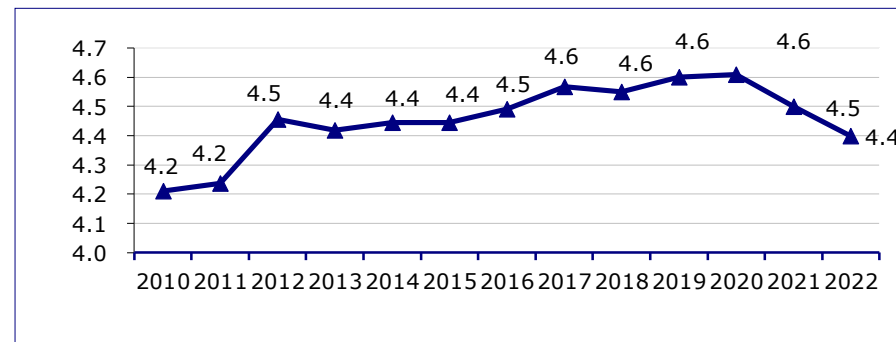
GDP evolution(%) (***)



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.1st, 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 1st, 2018:
 - obliged SoLRs - to supply in Universal Service & Last Resort regimes => 4 years, first assignment period => **1st July 2018-30st June 2022**
 - optional SoLRs - to supply in Universal Service regime only=> 1 year, first assignment period => **1st July 2018-30st June 2019**
- New **Price Methodology** expected to be approved (still in public debate phase) => to be applied by SoLR starting with July 1st, 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.

Operational strategy Enel Energie Muntenia



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 Muntenia - Highlights Budget 2018



Performance indicators	2017 Actual	2018 Budget
Energy sold (TWh)	5.6	4.6
Net profit (Mil RON)	(79)	(9)
Clients (no/000)	1,280	1,279
No. of employees	229	241

Profit and loss



Enel Energie Muntenia		ACTUAL 2017	BUGET 2018
Profit and Loss			
REVENUES - TOTAL	Mil RON	2,148.6	2,011.2
of which Electrical business revenues	Mil RON	2,125.5	1,969.3
OPERATING COSTS	Mil RON	2,252.5	2,006.0
Cost of purchased power	Mil RON	2,140.2	1,849.9
Cost of materials and services	Mil RON	74.0	111.1
Other operating costs	Mil RON	17.7	19.2
Personnel expenses	Mil RON	20.6	25.7
MARGIN FROM OPERATIONS GROSS (EBITDA)	Mil RON	(103.9)	5.2
DEPRECIATION AND AMORTIZATION	Mil RON	(21.9)	14.9
OPERATING MARGIN (EBIT)	Mil RON	(81.9)	(9.6)
Financial income and expenses	Mil RON	3.3	0.5
EBT (Earning before taxes)	Mil RON	(78.6)	(9.1)
Income taxes	Mil RON	-	-
NET INCOME	Mil RON	(78.6)	(9.1)

OPEX

Materials and service costs



Enel Energie Muntenia		ACTUAL 2017	BUGET 2018
Materials and Services Costs			
Raw materials and consumables stores used	Mil RON	1.3	1.1
Services	Mil RON	72.7	110.1
Services connected with the management of electricity and gas supplies (printing invoices, call center etc)	Mil RON	34.5	58.4
Intercompany Services	Mil RON	20.2	22.4
Commissions	Mil RON	2.6	2.6
Advertising, promotional services, canvassing and printing	Mil RON	6.4	2.6
IT services	Mil RON	1.8	5.4
Services - Others	Mil RON	0.8	6.4
Insurance premiums	Mil RON	0.7	0.7
Telephone, post office and data transmission expenses	Mil RON	0.7	5.9
Other costs related to personnel (e.g. travel)	Mil RON	3.1	3.7
R&D and engineering charges	Mil RON	0.1	0.1
Property costs	Mil RON	0.4	0.5
Technical services	Mil RON	1.1	1.2
Maintenance and repairs	Mil RON	0.1	0.1

Personnel



Enel Energie Muntenia		ACTUAL 2017	BUGET 2018
Number and cost of labour			
Average number - total	nr.	223	242
Number at the end of the period	nr.	229	241
Manager/ Executive	nr.	2	2
Middle management	nr.	27	26
Salaried	nr.	200	213
Hourly+temporary	nr.	-	-
Total Employment cost	Mil RON	20.6	25.7

Balance sheet



Enel Energie Muntenia		ACTUAL 2017	BUGET 2018
ASSETS	Mil RON	21.7	47.1
Net tangible assets	Mil RON	9.4	11.8
Net intangible assets	Mil RON	12.3	35.3
Other non current assets	Mil RON	0.0	0.0
Net working capital	Mil RON	-123.1	55.9
Inventories	Mil RON	0.1	1.6
Trade receivables	Mil RON	375.0	387.3
S/t financial receivables	Mil RON	0.0	0.0
Other current assets	Mil RON	61.1	36.1
Net tax receivables/(tax payables)	Mil RON	0.1	-3.7
Trade payables	Mil RON	477.3	252.9
S/t financial payables	Mil RON	0.0	0.0
Other current liabilities	Mil RON	82.1	112.5
Invested Capital	Mil RON	-101.5	103.0
Provisions and deferred revenue	Mil RON	7.9	-14.3
TFR (staff leaving indemnity) provisions and other	Mil RON	4.1	4.2
Deferred tax liabilities net advanced tax assets	Mil RON	0.0	-21.6
L/t future risks and charges	Mil RON	3.8	3.0
Deferred revenue			
Net invested capital	Mil RON	-109.3	117.3
Cash and cash equivalents	Mil RON	552.0	263.7
Cash and cash equivalents	Mil RON	552.0	263.7
Equity	Mil RON	442.6	381.0
Group equity	Mil RON	442.6	381.0