



Russia's Energy Sector: insider view of a global utility

Moscow,
April 3rd 2014



Enel overview

International expansion

2005

Presence 11 countries

Net installed capacity 46 GW

Customers
~34 million

Employees
51,778

EBITDA
~8 €bn²

Capex Plan 2006-2010

2013

**Presence
40 countries**

Net installed capacity
99 GW

Customers
~61 million

Employees
71,394

EBITDA
~16 €bn²

Capex Plan 2014-2018
~26 €bn³

~26 €bn³

Enel has been transformed into a fully integrated multinational player



Enel Group

Strategy overview

Strategic Priorities

Ongoing positive free cash flow

Deleveraging, portfolio optimization
and Group reorganization

Growing in emerging markets and new technologies,
leveraging existing platforms and customer value

In the face of a challenging
macro scenario in mature markets...

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- Global economic crisis
- GDP decline

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- Negative regulatory scenarios
- Electricity/gas demand and price decline
- Significant overcapacity in generation
- Growing presence of distributed generation



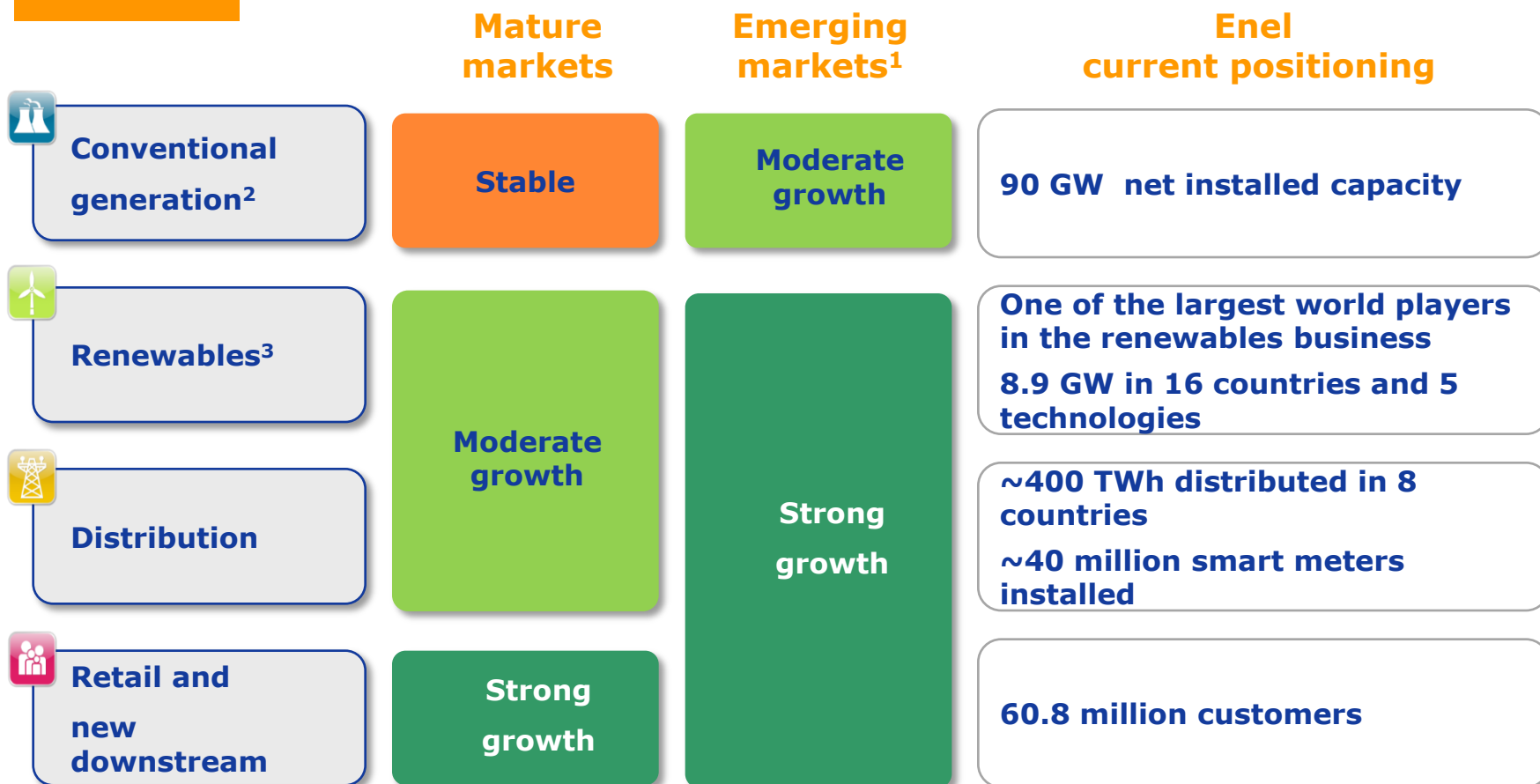
...Enel has successfully
repositioned itself

- Internationalization process implemented
- Integration process well on track
- Solid platforms in new growing markets
- Well balanced asset portfolio
- Active counterparty with governments and authorities
- Material deleveraging and hybrid financing

Shaping our strategy to succeed
in a materially changed industry



New Value Drivers Map



Increasing role of renewables, distribution and retail as key value drivers for our future growth

Overview of macro scenario evolution

Macro trends

Economy

Emerging markets to drive worldwide growth

Technology

Innovation as a driver to change the energy trends

Customers

More technologically and environmentally aware customers

Regulation

Increasing focus on system costs and environmental issues

Implications for the energy industry

Increasing role of emerging markets and re-shaping presence in mature markets

Active role of distribution operators

Key role of customers

Value shifting to renewables and downstream activities

Enel's key priority:

Growing in emerging markets and new technologies, leveraging existing platforms and customer value

Enel in Russia

An integrated presence



Severenergia



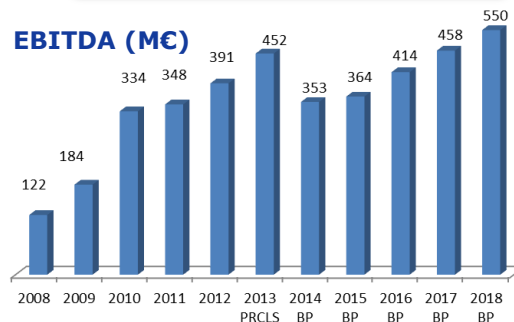
Upstream Gas

- In 2013 Enel sold its participation in Severenergia realizing the full value of the asset
- LT gas supply contract with Rosneft covering a significant share of EOGK-5 needs

Enel OGC-5



Generation

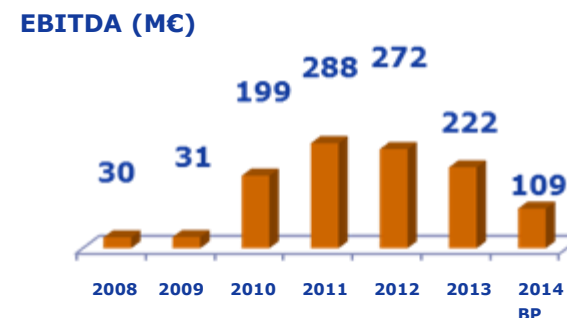


- Cornerstone of our presence
- 9.6 GW or 4% of Russia's installed capacity

Rusenergosbyt



Retail



- Exclusive supplier to Russian Railways in the majority of regions
- 50 TWh sold in 2013

**Reshaped footprint of Enel in Russia.
Essence remains the same**

Enel OGC-5 Evolution

2008

Installed Capacity
~8.7 GW

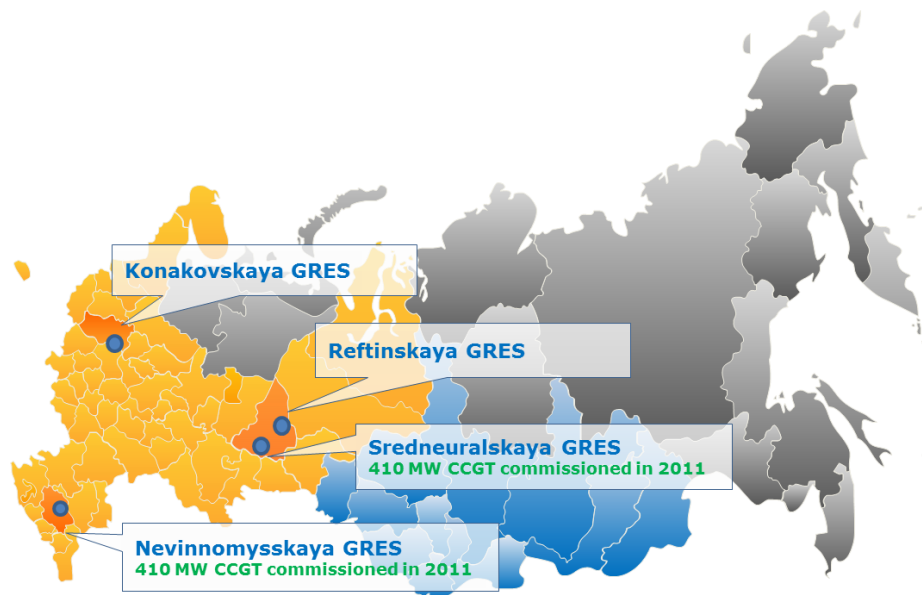
Energy margin¹
~12.8 BRUR

O&M costs²
~510 ThRUR/MW

EBITDA
~5.0 BRUR

Employees⁴
4,270

FCF 2008-2012⁵
~ -27.9 BRUR



2013

Installed Capacity
9.7 GW

Energy margin¹
~26.7 BRUR

O&M costs²
~360 ThRUR/MW³

EBITDA
~16.8 BRUR

Employees⁴
2,949

FCF 2013
~ +5.6 BRUR

Turning into a market leader in efficiency with a positive FCF

¹ Calculated as revenues from power, capacity and heat sales minus fuel and power purchase costs

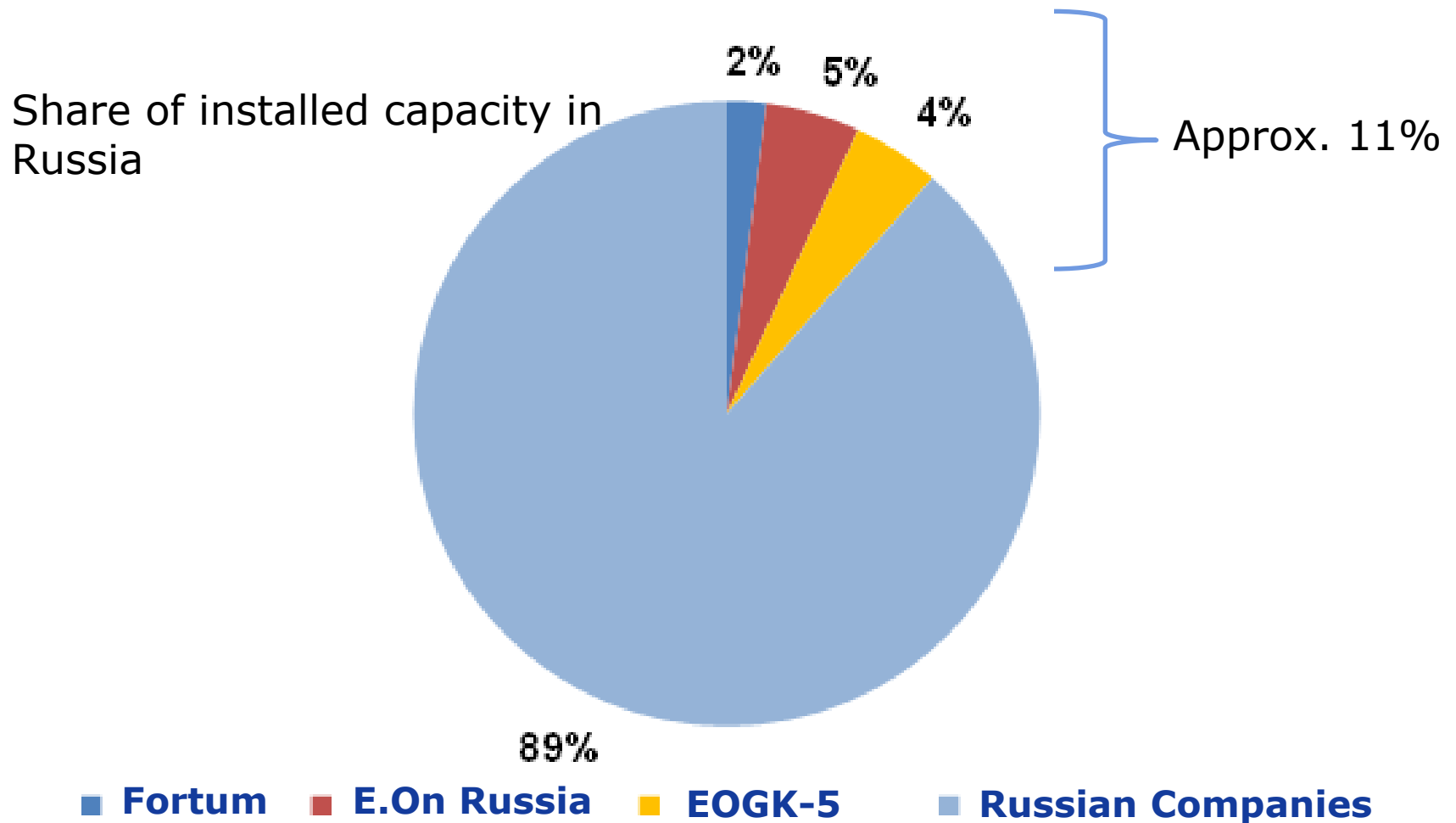
² Management reporting data

³ Number adjusted for CPI over 2018-12

⁴ Headcount at year-end

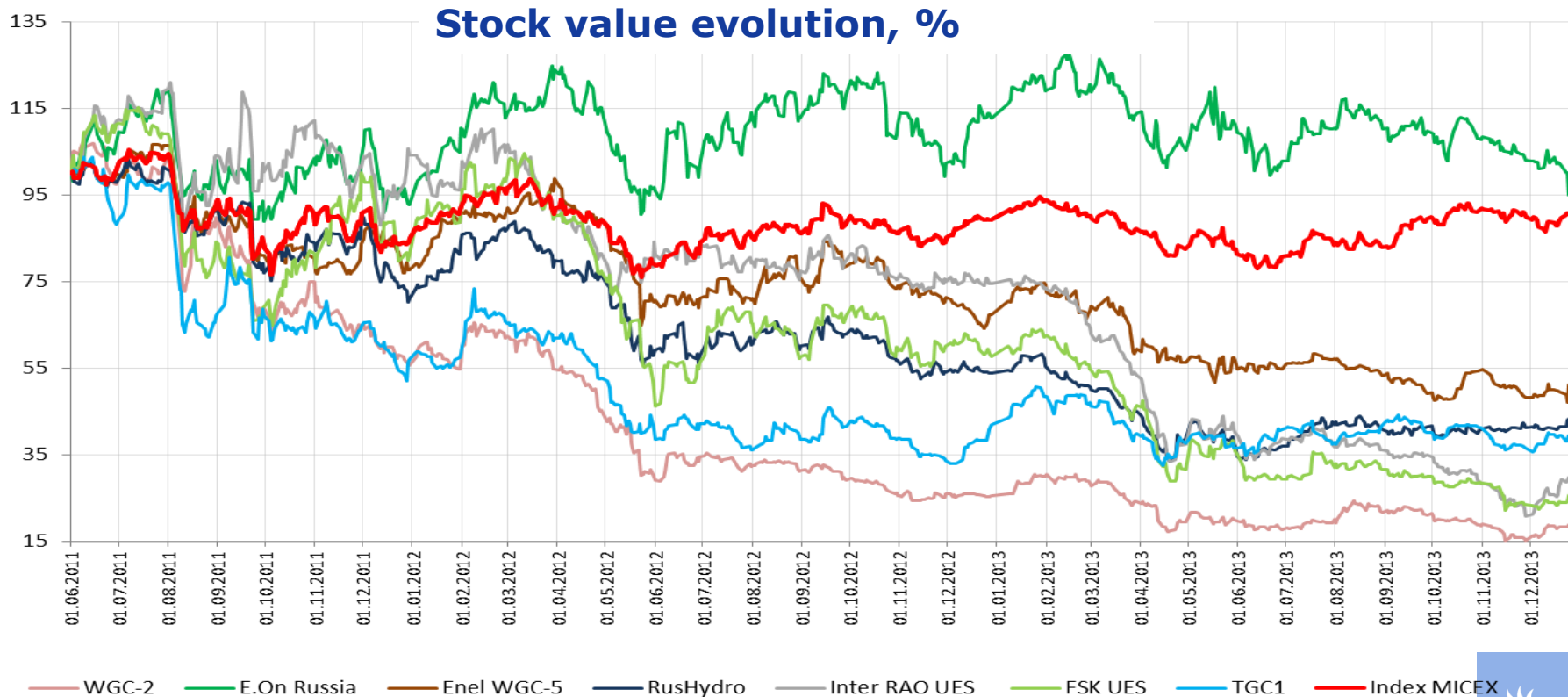
⁵ Cumulated actual free cash flow over the period of 2008-2012

Role of Foreign Gencos in Russia's Power Sector



Efficiency as the key Pillar of Financial Sustainability

Over the past 2 years the value of Enel OGC-5 stocks has decreased to a lesser extent as compared to the majority of gencos



Russia's power sector: a look from abroad

Teasers for investors at the time of RAO UES reorganization

- Dynamic economy and solid demand projection
- Stable political framework
- Ageing generating fleet with high improvement and modernization needs
- Stable and attractive rates of return on investments



Current reality

- Decelerating economy and cooling demand
- Possible de-stabilization of external environment
- No incentives for modernization / new construction outside the DPM
- Recurrent attempts of the regulators to curtail the remuneration

Russian power market vulnerabilities:

- Potential shift of economy's focus: export-oriented vs. technology-driven economy
- Vast influence of regulators over the market functioning: retroactive and arbitrary manual regulation
- Lack of regulatory stability and investment predictability coupled with insufficiency of market drivers
- High degree of state control in the generation and grid segments
- Toughening environmental and availability requirements

Key factors for investment decision-making:

- Stable regulation in the power and heat sector
- Long-term predictability of fuel prices, opening of the gas market
- Further liberalization throughout the power and heat market value chain
- Preservation of the capacity market
- Reasonable potential for margins' expansion

High investment potential vs. blurred long-term confidence

Enel OGK-5's Case Study:

Addressing challenges to move forward

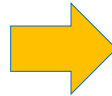
Challenges

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- Slowdown of economic growth
- Weakening of local currency

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- Flat consumption dynamics
- Marginalization of conventional capacity
- Revision of gas tariff growth rates
- Price containment actions on wholesale market



Responses

- Diversification of fuel suppliers portfolio, new long-term contracts
- Continuous focus on cost excellence
- Revision of CAPEX and O&M costs associated with marginal capacity
- Improved market operations to reflect new pricing trends
- Over 90% of debt not subject to FX risk
- Intensified interaction with regulatory bodies on various issues (new power market model, DPM terms, unavailability penalty coefficients, KOM, water tax)

Expansion of energy margin and successful containment of fixed costs notwithstanding adverse market conditions

Enel O&G-5's Case Study:

Forward-looking evolution of the industry

Macro and market trends

Economy

Governmental focus on:

- ✓ containment of inflation and softening of tariff burden for industry and population
- ✓ achieving sustainable growth of Russian economy

Power market

- ✓ First DPM wave is over, sufficient capacity reserve in medium-term
- ✓ Most capacity is getting older and faces increasing need of investments
- ✓ Lack of stable regulatory framework for investors beyond DPM
- ✓ First signs of State interest in developing renewable generation

Implications for industry

Risk of earnings decrease stemming from:

- ✓ Further marginalization of conventional gas-fired capacity
- ✓ Pressure on coal and CCGT spreads due to new gas price scenario for 2014-16

Accelerated wear of old equipment

- ✓ Increasing risk of absence of investments into efficiency and life extension
- ✓ Inability for some market players to fully deploy maintenance activities

Relative attractiveness of 'unconventional' business areas like renewables and distributed generation

Cost efficiency is crucial to live through challenging years
Easing cycle is vital to support energy system stability