Transcript
1Q 2015 consolidated results and 2015-2019 business plan
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Presentation

Francesco Venturini *Enel Green Power SpA - CEO*

Good afternoon ladies and gentlemen and thank you for having taken the time to join us for our Investor Day.

I would also like to thank our chairman, Mr. Alberto De Paoli, and the members of our Board of Directors for being with us today.

Before we move on to our vision for Enel Green Power, let me go through the different topics we will touch upon today.

After a short introduction, we will start with a brief session on our 2015 first quarter results that will be illustrated by our CFO, Mr. Giulio Carone.

I will then open the section about our 2015-2019 business plan by outlining our vision on the development of renewables within the wider global electricity context and the relevant role that we expect to continue to play worldwide.

Giulio will then translate the strategy into solid figures.

We will then be available, jointly with the entire EGP management, to take your questions.

Enel Green Power today is a global player with fast growing operations outside Europe characterized by different market features.

We are well positioned to take advantage of potential growth opportunities in all the currently economically viable renewable technologies.

Our well diversified mix of assets boasts an industry-leading load factor of 40%.

We have gathered considerable EPC and O&M expertise across an extensive array of equipment.

We have set up centres of excellence that can support the development and best exploitation of the sites globally.

We have worked hard to optimize, from a technical point of view, the utilization of the best machines for a given level and profile of resource.

I will now move to the section on our 2015 first quarter results.

In the period, we have added close to 200MW to our installed capacity with a 3% growth in output that reached 8.7TWh.

EBITDA was €536 million, up 11% on last year, driven by the contribution of new installations, the positive forex effect associated with our diversified footprint and the finalization of the 3Sun acquisition.

Group net income reached €175 million, or +3% on last year.

Net debt was equal to €6.5 billion, marking an 8% increase when compared to the end of 2014, in line with our expectations.

A closer look to our additions in the period.

We continue to strengthen our position in Latin America across technologies as this, for us, is a core region in terms of mid-term growth.

We have added two wind plants, one in Mexico and one in Chile. Sureste has a 102MW capacity and an average load factor exceeding 40%. The Chilean plant is Talinay Poniente with a 61MW capacity and an average load factor in the region of 30%.

We have also completed construction of the second phase of the Lalackama solar PV plant in Chile with a capacity of 18MW and an average load factor of 30%.

I now hand over to Giulio for the remaining section on our results.

Giulio Carone *Enel Green Power SpA - CFO*

Thank you Francesco and good afternoon ladies and gentlemen.

The highlights for the period show: Revenues of €811 million; EBITDA of €536 million; Group net income of €175 million, and finally, net debt of €6.5 billion.

In terms of production we report a 3% increase in output driven by the additional capacity installed in the latest twelve months almost fully in the Americas.

Resource availability was negative despite the recovery of average conditions in Panama and the full contribution of Brazilian assets. The key events were: weaker wind conditions in Spain and North America, and hydro reporting a trend more in line with historical averages in Italy.

The perimeter effect mainly relates to the sale of our French assets at the end of 2014.

I will now go into a more detailed EBITDA analysis.

The energy margin is broadly flat mostly as a combination of: a positive contribution of the new installations for over €30 million; a negative resource component of close to €30 million, and an almost flat price component as lower contribution of Italy has been fully compensated by an improved situation in Spain, given that 2015 merchant production has been hedged soon after the enforcement of the new regulation in the country.

Other revenues of €47 million include: the accounting impact of the finalization of the 3Sun acquisition for €50 million, including the €12 million indemnity paid by one of our former partners; the sale of a few wind projects in the US for €12 million; lower revenues associated to penalties applied to suppliers in Chile in 2014.

Operating expenses rise by €16 million as a result of the higher capacity in the period and the consolidation of 3Sun operations.

We also report a positive forex contribution of €30 million.

In terms of drivers by business area, Latin America records a total EBITDA of €87 million, up 40% on last year.

The energy margin increases strongly by close to €30 million thanks to: the higher installed base in Chile and Mexico; normalised operating conditions in Panama and the full contribution from the Brazilian assets.

The €9 million rise in OpEx is totally in line with the higher installed capacity in the region.

We also report a positive forex effect of €13 million.

In North America EBITDA totals €94 million, or +45% increase on last year.

The energy margin increases by €5 million mainly due to the contribution of the new plants partially offset by a weaker wind resource as mentioned before.

Other mainly relates to revenues connected to the sale of a few wind projects, as commented before.

We also report a positive forex impact of €17 million.

In Europe EBITDA totals €355 million, flat vs. last year with: Italy at €251 million, or +5%; Iberia at €63 million, or -10%; Rest of Europe at €41 million, or -11%. Net of the sale of the French assets, we would have recorded a €5 million increase in EBITDA.

We report a negative energy margin of over €30 million with the main contributors being: increased geothermal capacity in Italy, offset by lower hydro and wind resource in Italy and Spain respectively, as mentioned before, and a flat price component.

I have already commented on other revenues that include mainly the finalization of the 3Sun acquisition.

OpEx increase as a result of 3Sun and of costs connected to the start of our South African operations.

Our net income in the period is equal to €175 million. Besides the €55 million increase in EBITDA, the main drivers are: first, a higher D&A charge of €28 million due to the increased installed asset base; second, better net financials mostly thanks to higher capitalized interest given the higher growth CapEx spending; third, lower income from equity investment as a result of the sale of our stake in LaGeo; fourth, higher taxes connected to the adjustments on 2014 tax estimates.

Minorities increased on a better performance of Panama.

Turning now to our debt evolution we closed the period with a net debt of €6.5 billion, €500 million more than our position at the end of 2014. More than half is accounted for by a negative forex effect of close to €300 million.

The strong cash flow generation of close to €500 million and the cash-in from the sale of the minority stake in the North American assets, exceeding €350 million, was absorbed by: a strong CapEx spending of close to €500 million associated to a more intense yearly CapEx profile of the new plan; a €300 million working capital outflow, almost entirely due to the cashout from trade payables connected with operating CapEx recorded in the last quarter of 2014, already featuring an accelerated CapEx trend; consolidation of around €140 million of debt relating to 3Sun.

Thank you. I will now hand over to Francesco who will talk about our strategic outlook.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you Giulio, so let's look at the current market context and the future development of EGP.

Slide 15 shows the expected electricity demand growth at global level.

Latin America, Africa and most of Asia-Pacific feature a strong need for new infrastructure to cope with growing electricity consumption per capita driven by: rising standards of living, increased urbanization, greater access to electricity, and expected growth in GDP.

Many of these regions benefit from abundant resources. This coupled with fast technological improvements make renewable energy increasingly cost competitive vis-à-vis other production sources.

The rest of the world sees a lower level of growth. Investments in renewables address capacity replacement and requirements to meet national targets for clean energy production.

For these reasons, renewable energy, as a power source, is bound to grow further.

Recently, the cost equation has been questioned given the sharp decline of commodity prices but the improved competitiveness of renewables is being driven by a virtuous circle in which their rapid deployment is leading to significant and rapid cost reductions for many technologies. This is expected to continue as utilization scales up and the learning curve improves.

This is particularly so for the two most active technologies, wind onshore and solar PV.

Wind power is now the most competitive renewable technology and, with an adequate level of resource, onshore wind is often more competitive than fossil fuel fired generation. Turbine prices have remained stable in the recent past while their efficiency has steadily improved.

Costs for solar photovoltaic generators declined about 50% between 2010 and 2014. We are convinced that this technology will improve further its competitiveness versus others in future years.

As far as mini-hydro, geothermal and biomass are concerned, their potential is limited to market niches given the maturity of the technologies. This is particularly so in the case of geothermal that can be developed just in specific areas of the world but in which we are market leaders.

The decrease in LCOEs is clearly reflected in the current levels of feed-in-tariffs or auction prices that we see being announced week after week across the globe.

As a consequence, the renewables landscape has become more competitive.

Public tenders have gained prominence, with the number of countries adopting this approach rising from less than 10 in 2009 to over 50 as of today.

Renewables are undergoing a strong technological transformation and showing greater reliability and duration. This is raising the market awareness on the economic viability and attracting a whole set of new players.

In fact, the current low interest environment is enticing financial investors, traditionally interested in lower but safer returns, who are now more prone to invest in this industry.

As a result of all these factors, an initially highly fragmented sector is starting to consolidate with the emergence of a larger number of multinational players within which EGP remains at the forefront.

There is little doubt that we have positioned ourselves, during the years, to play a leading role in the new environment.

Indeed, we have an already established global scale, with a local presence in the growth momentum markets and our diversification has strategically reduced our risk profile.

In our recent history we have built a solid position in two of the most relevant areas for the mid-term, North and Latin America. Moreover, we have set up a solid initial platform for growth in South Africa. The learning curve to develop new markets is a long process but we have been able to do so in a relatively short time-span and at a reduced cost.

We have taken advantage of our ability to capture growth across several technologies.

To execute on time and in a profitable way, you need a strategic approach to business development also hinging on partnerships and a tailored commercial strategy.

Our ability to grow is not enough to be successful, though. Engineering, Procurement and Construction account for most of the development cost of a project. Optimization of such costs is a must for companies to be competitive in the long run. We are leaders in performing such optimization.

The cost of capital influences the bidding level during tender processes. We already have a low risk profile and a solid capital structure which allow us to access competitive and uncommon sources of funding. We are currently working on our residual merchant exposure to further de-risk our portfolio with the expectation to further lower our cost of capital.

EGP's scale and expertise in the renewable sector is therefore unmatched. This provides us with deep insights into the markets, letting us put capital to work extensively and efficiently.

We have a proven flexibility in capital allocation thanks to the global scope of our development activities and our well diversified pipeline.

The current plan earmarks close to €9 billion for growth.

Over the next five years, we will: enlarge our geographical and technological footprint in Chile, Mexico and Brazil where the bulk of new investment is allocated given the growth momentum of these countries; continue to steadily tap attractive opportunities available in the US market; establish a presence in Africa, expanding from our South African base of operations; explore the potential of Asia.

Our investment cycle is characterized by a short time to EBITDA but, more importantly, is underpinned by a solid two to three hundred basis points spread over our weighted average cost of capital.

On the next page we highlight the breakdown of our planned capacity additions to 2019.

We have raised the bar and we aim to add 7.1GW in the period.

The current plan envisages a 50% ramp-up vs. the previous one. Despite the sizeable increase, visibility on short-term growth is high. Close to 60% of the additional capacity has already been secured.

We have an extensive and high quality gross pipeline of over 20GW that we built over time in anticipation of the market trends now materializing.

Even more importantly, our net pipeline, that is the gross pipeline weighted by probability of success, is equal to 6.7GW which means we have close to 3 projects for each new investment earmarked in a specific region.

The broad range of opportunities gives us enough room to pick the best projects both from a technical and from an economic standpoint. This is one of the key success factors to compete worldwide.

This is possible thanks to our strategic approach to business development that takes into account the characteristics of each country we target and operate in.

Our global footprint allows us to: mitigate the risk profile of our development portfolio in terms of possible delays, regulatory changes and availability of resource; hedge market risks, and take advantage of global agreements with developers, suppliers and customers.

Selecting strategic partners is crucial in order to be able to have access to the best projects. We are the partner of choice to both international and local developers that help select the best investment opportunities. Partnerships are also pursued with suppliers with the aim of utilizing synergies as a competitive advantage.

Selecting the best sites in terms of resource availability, interconnection distance and hosting capacity is a key competence that we possess thanks to a thorough know-how of markets coupled with the expertise of our technological centres of excellence.

Introducing available technology advancement adds to the intrinsic value of a project. For instance, in solar, after several tests, in 2013 we have switched to our first mono-axial tracker. We did so for its reduced installation cost vs. the traditional rotating one and the lower associated maintenance charge. In 2014, 95% of total solar farms approved for investment embedded such feature.

We are a global player with a differentiated approach to the markets where we operate and where we plan to grow.

Each market has different characteristics and opportunities. As such, our approach needs to be specific to the local context.

I will now focus on the way we do that starting with Europe.

The energy sector has lacked a common policy and operates under an onerous regulatory regime.

The region appears to be in a deadlock driven by overcapacity in most of the member countries. This also the result of a strong fall in demand.

However, the worst appears to be behind. The EU is sending out signals on the need for a more harmonized approach to energy policies and individual countries are finally adopting instruments like tenders that ensure long-term visibility to investors.

This is restoring market confidence and attracting an increasing number of financial investors also enticed by the low interest environment.

We also believe a new wave of investment may emerge in the area in a not too distant future. To this end, we will continue to manage tactically the necessary pipeline.

Our focus in Europe will be on maximizing the value of our assets through efficiency and the reduction of merchant risk, wherever and whenever feasible, whilst remaining open to market opportunities if they make economic sense.

Despite the increase in installed capacity the United States' share of renewables in overall power generation is still minimal. Renewables are expected to play an increased role in replacing coal capacity.

The US market is complex, with competition on the M&A side driving returns lower. However, greenfield development is still attractive as increasing competition has been coupled with an enlarged potential customers base including large off-takers interested in hedged merchant projects.

Our local strategy includes: allocating capital to the most profitable projects given that we have still room to grow under the current regulatory framework; leveraging on strategic partnerships like the one we have set up with General Electric; preserving our unique capabilities as a greenfield developer across four technologies, and finally selling the projects that do not fit with our return criteria, as we did in the first quarter of this year. But this, just to be clear, applies to all areas where we operate.

Let me spend a few words on the transaction we recently performed with GE. We sold a minority stake in a portfolio of c.760MW including wind, hydro, geothermal and solar with an average asset age of over 18 years. The price for the stake was c.$440 million with an implied forward EV/EBITDA multiple of 9.3x. The rationale was to maximize the monetization of future earnings, leveraging on a low interest environment, and to find a strategic partner for future development in the country.

The energy landscape in Latin America has been evolving quickly.

We are taking full advantage of the growth momentum deploying various strategies. Specifically: in Chile, we are active both in the SING and SIC markets also in view of the upcoming systems' interconnection and we benefit from synergies with the Enel Group; in Mexico, we have a two-pronged approach participating in auctions for the regulated market but also relying on top-quality wind projects being offered to the prospective liberalized market through bi-lateral agreements with large off-takers; in Brazil, we have increased our ability to select and secure the best projects also thanks to long-term and multi country/tech development agreements, in order to improve our competitive edge during auctions. This is the case of the cooperation with SOWITEC, one of the leading wind power developers in Latin America.

We are also working on potential new countries like: Uruguay where besides the ongoing building of our first wind plant, we have further opportunities in wind at an advanced stage of development; Peru and Colombia that are also becoming active in both wind and solar.

We strongly believe that Africa, similar to Latin America, provides vast growth opportunities for the future.

In South Africa, we have rapidly become one of the largest renewable players and we will take advantage of this to explore across Sub-Saharan Africa.

We are also looking at North Africa, where we are leveraging on the current tender-based framework and preparing for the expected liberalization of the market by enlarging our wind and solar projects pipeline. The countries we are currently active in are: Morocco, where we have pre-qualified for a 850MW wind tender and we expect commercial bidding to take place before summer; Egypt, where we are setting foot to develop projects for the FiT scheme EGP has pre-qualified for; Algeria and Tunisia, where we are scouting important development opportunities.

Strong demand growth and huge needs for investment in infrastructure are the key features in Asia.

Driven by strong growth in countries like China, India and Japan, the renewable energy sector is expected to grow rapidly in the coming years.

Out of approximately 50 Asia-Pacific countries, we have gauged the market potential and attractiveness based on heir macroeconomic data, and electricity market and renewable sector indicators.

At the end of this process, Thailand, Malaysia, Indonesia, Vietnam and India have emerged as key opportunities for us to consider. India, in particular, is one of the largest given its critical mass in terms of population and energy needs.

The Indian government targets to reach +100GW of solar and +60GW of wind by 2022. To this end, it is putting in place several support policies at federal and state level. Political commitment is strong and there is no limitation to foreign investors' ownership of renewable projects.

We are currently analysing potential partnerships with different players in the selected countries. To this end, we have entered into a two year Memorandum of Understanding with Japan-based Marubeni.

Let go back to our business model.

Profitable growth must go along with an efficient management of the Engineering, Procurement and Construction processes as well as Operating and Maintenance activities.

A pivotal role during the EPC stage is played by the so-called design to-cost an integrated process that allows to optimize capital expenditure during the design phase of the plant and to utilize a technical approach that optimizes operations activities.

O&M leadership is crucial to extract the maximum value from the operating assets.

In terms of production and costs, we aim at maximizing the efficiency of our plants. To this end, investments in forefront IT systems and intensive best practice sharing are relevant. Indeed, we are leveraging on the optimization of monitoring and remote-control processes and on the global application of innovative O&M practices, like predictive maintenance.

Let go live with our global remote monitoring desk.

This is a live connection to our Worldwide monitoring room, a unique system in the renewable landscape for real-time supervision of the main plant operating data.

This is the sum of the actual power output in all our geographies that you can see on the left side of the screen. The Worldwide Monitoring Room is connected to our Countries control rooms that are devoted to remotely control our power plants.

The Worldwide Monitoring Room processes each 10 minutes more than 1.6 million plants data. This means 85 billion data points per year including all component status and technical parameters, as well as information on resource, such as wind speed, solar radiation and hydro flow.

It is a fundamental monitoring and data analysis tool to manage our main O&M processes.

Let's now switch to one of the most innovative and important O&M process: predictive maintenance.

This relates to a set of structured techniques and statistical analysis to monitor and evaluate the plant components residual life, in order to prevent severe outages and to reduce failure rate.

The slide projected on the screen summarizes why predictive maintenance is so relevant. It concerns a situation when through real-time monitoring we carried out works at a Spanish wind plant, Peña Armada, before severe failure occurred.

A problem was detected through a temperature analysis on the main shaft bearing of one of the turbines which showed higher values than the historical average. The problem was confirmed by an on-site inspection. We decided to carry out replacement during low-wind conditions. The activity lasted 35 hours with lower replacement costs than in the case of an unexpected breakdown and with a saving of about 14 days of production.

Predictive maintenance is already in full roll-out for wind and geo. 2015 and 2016 will be key years for the full implementation in all technologies.

Let's give a look now on how we have progressed so far vs. stated targets in terms of lost production and O&M cost management.

In the 2012-2014 period, we have recorded 1.9TWh of cumulated production and €120 million of cumulated cost savings.

In hydro and geo we are well ahead of the targets set for 2018. We have therefore set new challenging goals.

In wind and solar, two growing technologies for us in the next few years, we are in line with stated targets. Unlike wind, though, where we confirm both the previous Lost Production Factor and cost reduction targets, in solar we think we can improve more than originally planned. This means, that over the next five years we expect a cumulated production recovery of 800GWh and cumulated savings in the region of €100 million with respect to 2014 figures.

Acceleration of our industrial growth relies on a sound portfolio assessment matrix through which we identify projects to allocate capital based on: strategic fit, in relation to the current or prospective presence in the country and the potential synergies with the Enel Group, and market attractiveness in terms of growth potential and stable regulatory framework.

We have recently started to use this tool to identify: potential divestments of operating assets whose investment rationale has modified over time in order to accelerate payback; non-organic growth opportunities in markets where value creative consolidation emerges, should this fit with our strategy for the area.

By applying such model, we have already identified a set of assets falling within the first category.

Portugal is now out of the negative macroeconomic situation that has affected the country in the past years. With the full building of the ENEOP consortium plants we do not see any relevant further development opportunity, at least in the short-term.

The assets we are looking to sell are: one of the largest wind portfolios in Portugal; located in high-quality sites with above average load factors; benefiting from highly predictable and secure cash-flows with capacity-weighted average duration of regulated feed-ins of around 10 years.

Given the characteristics of the sector in Portugal, we expect to attract significant interest.

We have no defined deadline to perform the sale.

Thank you for your attention. I now hand over to Giulio.

Giulio Carone *Enel Green Power SpA - CFO*

Thank you Francesco.

I would like to start by giving you more granularity on our progress towards the additional capacity target.

We commented earlier on the 200MW added in Mexico and Chile which further reinforces our position in Latin America, a region that accounts for over 40% of our planned capacity additions to 2019 and where we have secured over 70% of our planned growth. It is worth mentioning that we will also add geothermal to our Chilean presence with a 40MW plant.

We have increased visibility on our South African operations, starting construction on close to 90% of the capacity we were awarded during the third round of tenders. We have also recently won three wind projects for a total of 425MW in the fourth round of auctions, reaching our planned growth.

Finally, we have opened a new country, Turkey, by winning the connection right for a solar project of roughly 20MW.

The total growth CapEx earmarked for growth is €8.8 billion and is underpinned by returns at a solid two to three hundred basis points spread above our average WACC.

53% of such plan is directed to Latin America, 15% to North America, 19% to Rest of World and 13% to Europe, which mostly includes attractive market opportunities like geothermal and biomass.

We have included for your reference an average wind WACC by region expressed in euros and dollars.

Clearly, one of the remaining variables is the development and construction risk of each technology which varies according to its complexity.

These WACCs are utilized to set our internal hurdle rates for wind projects. Let me remind you that we select projects based on the best spread relative to the hurdle rate.

As a general rule, we run project evaluations utilizing the currency in which revenue flows are denominated embedding the specific country risk.

What is the level of return we have achieved on the capacity developed since the IPO?

We have developed more than 4GW of capacity in the last five years with an associated CapEx of €7.2 billion, including investment associated to our North American assets developed under an equity construction framework.

Over the period, the average return on the full portfolio was 9%, below our targeted average 11%, due to the large weight of investment in Europe which was hit by unpredictable harsh regulatory reviews and a deteriorating price environment. Both effects have altered the assumed remuneration embedded in the return calculated at the time the investment decision was taken.

To provide some context in terms of benchmarking vs. our future target returns, even with challenges in Europe, we achieved the threshold level of 200bps over WACC, clearly supported by the returns in LatAm and North America being comfortably above that level.

This underpins our strategic decision to diversify our portfolio.

The analysis of our cumulated growth CapEx expenditure in the past five years shows we have been able to leverage on our intrinsically flexible project selection process.

This has allowed us to shift our investments from Europe towards areas yielding a greater return like Latin and North America. We have also been able to grow more than planned in such areas thanks to the robust and economically viable pipeline built anticipating market trends.

On the following slide I would like to comment on EBITDA evolution.

The lower cash-flow from our European business is reflected in the scenario and regulation bridge.

Against this, we have been able to produce a strong performance from our new investments with €900 million of additional EBITDA that has more than offset the legacy markets shortfall.

Once again this underpins our choice to keep investing in growing economies to diversify our portfolio.

Looking forward we expect EBITDA in 2019 to reach roughly €2.5 billion. This includes the impact of our active portfolio management actions for around €300 million.

The contribution from growth to our projected 2019 EBITDA figure will be more visible than over the previous period since we believe we are at the bottom of our scenario assumptions.

The pricing environment is a key driver of our scenario and its effects on the overall profitability derive from the energy management strategy you can deploy.

We have a commercial strategy based on a merchant approach through long-term instruments like bilateral contracts or PPAs and this results in a solid long-term structural hedge of approximately 70%.

In countries where this is not possible, like Italy and Spain, we: try to explore alternative routes to hedge our merchant exposure on a longer period of time, and implement an adaptive risk management strategy through an ongoing assessment of how such exposure varies if market conditions change.

Italy is an example. The downward trend of forward prices in the past years has resulted in a decreased profit at risk that we use as a measure of our energy margin volatility.

Therefore, a lower hedging level does not affect risk mitigation and increases upside from rising prices.

This is why our strategy has evolved in the last few years to a price driven approach targeting the best opportunities.

Before we move on to an analysis of the evolution of our cost base, a brief recap on the current status of our forward sales.

In Italy we have hedged 85% of 2015 at an overall price of €81/MWh and 46% of 2016 at an overall price of €108. The corresponding conventional energy component is €55 in 2015 and €48 in 2016.

As for Spain, the merchant production is 70% hedged in 2015 at an average price of €46/MWh. For 2016, we will progress by the end of the year to reach the same level as in 2015.

In Latin America we have covered 95% in 2015 and 91% in 2016 at an average price above $90/MWh for both 2015 and 2016.

Finally, in North America we have covered 91% both in 2015 and 2016 at an average price of $45/MWh in 2015 and $43/MWh in 2016.

Moving to our OpEx evolution, as Francesco mentioned earlier we have an ongoing set of activities aimed at ensuring a lean and efficient structure to manage the rising volume of our portfolio.

We expect total unit OpEx to decrease by 8% to a nominal €70 thousand per MW mainly as a result of: the economies of scale associated with our projected growth, the shift towards lower cost technologies of our blended portfolio, and optimization of maintenance contracts.

Our operations generate robust cash-flows that we use to grow given our extensive and high-quality pipeline.

We have already commented on the sizeable increase in capital expenditure of the current plan which marks a discontinuity vis-à-vis our self-funded growth pillar of the previous plan.

Our capital structure allows room for an increased level of debt. However, we have decided to leverage also on divestment opportunities to accelerate monetization of future cash-flows to be invested in new projects with higher expected returns.

Total execution on our planned actions would translate into a net debt/EBITDA of 3 times at the end of the period.

Thank you for your attention. I now hand over to Francesco for his closing remarks.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you Giulio.

Let recap the key elements of our business plan. We aim to add 7.1GW in the five year period with over 1GW in the current calendar year.

The growth CapEx associated is €8.8 billion and is underpinned by a solid spread above our WACC. This investment will bring €1 billion of new EBITDA over the plan period.

Our dividend policy is unchanged at a 30% payout on Group net Income.

Let me finish by summarising some of the key highlights of our discussion today and why we believe EGP is an attractive investment opportunity.

Our diversified presence in terms of geography and technology is unique in the industry. This, coupled with our established development partnerships provides a deep and broad pipeline of quality options to grow the business. As such we see the acceleration of our growth plan as a highly attractive strategy at this time in our development.

We recognise that growth is only worthwhile if it generates attractive returns to shareholders. Our flexible, centrally managed capital allocation process, gives us confidence we can sustain our target of two to three hundred basis points spread above WACC and predictable cashflows.

This growth is further enhanced by our consistent focus on efficiency and through the active management of our portfolio of assets.

Finally, ladies and gentlemen, I hope you have enjoyed our presentation today and that it has provided you with a good understanding of our current organization and strategy.

We are confident we can continue to build on our past successes and maintain EGP’s position as a leading global renewables developer in the years ahead.

And now, we would be happy to take your questions. To this end, I would kindly ask Donatella Izzo, the head of Enel Green Power Investor Relations, to step to the fore.

Question and Answers

Donatella Izzo *Enel Green Power SpA - Head of IR*

Thank you, Francesco.

Thank you for your presence. I know many of you have been detained in their locations for the problem at Fiumicino. But we have two solid representatives in the room from the sell-side. And we have a live streaming through the internet. So I will be taking questions also from those who have been detained at home.

Monica Girardi *Barclays Capital - Analyst*

Hello. Good afternoon. Monica Girardi, Barclays. I have a few questions, actually.

The first one, refers to a word that you, Francesco, used a lot during public appearances, which is: innovation. Can you just summarize three key innovative characteristics that you would associate with Enel Green Power and that you think characterize and put Enel Green Power in the best position when bidding for a new capacity.

And also, again, on innovation, the CapEx plan points to a significant deceleration of CapEx in Europe. It's a trend that we have seen for four years now. What do you think is the most important regulatory change that European countries should introduce to get CapEx back? And if you see in the medium to long term any new wave of investments here.

The second question is on your merchant exposure in Italy, which is a recurring question, I know. From what you explained, Giulio, it seems you are positive on the evolution of the electricity in prices. I was wondering, in case this increase in electricity prices does not materialize, would you consider any alternative option to neutralize this merchant exposure which in the past clearly was obscuring your growth elsewhere?

The last question is on the Asian market and the expansion there. Just a few bits on what you expect in terms of structure of regulatory frameworks there and the timing. Thank you.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you for dividing the questions between me and Giulio without us having to do anything. That was very kind.

Okay. So I'll take innovation, Europe, and Asia, I guess.

Innovation - I think that one of the most relevant pieces of our strategy is the fact that no one as us, as far as you can see in the market, is able to move into new countries at this speed and at the relatively low cost as we have done in the past two or three years. There is a cost in getting a new country, always. You need to understand how the market works. You need to figure out what the culture is. And in our experience, that usually takes between two and three years, at least to us.

We have seen other players we compete with having many more problems that we have had in recent past. So I would say, that's one. And I think it's innovative, by the way, because we were the probably leading operator at the time being in so many countries. And we are enlarging our footprint year-after-year.

The second one is technology. Technology means - if I knew that you were going to ask this question, I had a wonderful video about what we do, but I didn't bring it - is the fact that this company is able to do two things. Number one is to mix technologies one with the other one, putting together solar with wind, putting together geo with solar with CSP. I definitely need to show you what we have done in Nevada regarding this, it's an amazing plant.

We invest a lot of money in trying to put together the technologies. And we invest also a lot of money in trying to figure out how to reduce the intermittency of the technologies that we use. So we, as Enel has done, have created an innovation function through which we are experimenting a lot of new things that we believe in the next few years will be an important piece of this industry.

And finally, I think the innovation that you will see is going to be the way we are going to try to be more and more hedged under a merchant risk profile. I mean, we're working hard to try to reduce our cost of capital. We believe it's extremely important to be competitive in this market. And we hope to find solutions that are going to be attractive to our investors and at the same time are going to really reduce volatility in our balance sheet and P&L.

Europe - I think Europe is doing the right things. It's just, I mean, the problem is - what is Europe? This is my usual question. Is it a community of strangers? It's very difficult to define, unfortunately, because Europe has so many qualities and there are also this perspective that would be fantastic to leverage on. But the problem is that sometimes Europe as a whole is weak and countries are strong.

We see that Europe is moving, is trying to push towards a more unified market. We think that we're going to get there sooner or later. The fact is that Europe, to get good things it usually had to go through bad things, to change. And this is the way Europe was created originally.

So the whole idea was let's go through crisis until we are closer and closer. We're going through a big crisis right now. Let's see how it ends.

But the main regulatory change, I think, is trying to understand that the rest of the world is using - and we have been talking about this for so many times - long term price signals. And we are probably the only part of the world where these signals are not present. And with such a capital-intensive industry like us, they are extremely important.

I believe, strongly believe, that there is going to be a new wave of investments. My only hope that it's going to be under the same rules that we see all over the world, because we go very well with those rules, competition doesn't scare us. So that's the way it should be.

Finally, Asia, so then I'll leave the word to Giulio.

I mean, we are using substantially the same criteria that we've been using all over the world. We need growing economies, we need regulatory frameworks that make sense. And we believe that India is setting up some, for example, just - I mean, India is a big country. So that's what we are focusing on mostly right now.

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So, important regulatory framework, social stability, and, obviously, abundance of resource. If we have these, we usually try to get in. And that's what we're looking for, and that's what we are trying to do.

Timing, let's put it this way, it's not a relevant number in the plan. But you never know.

Giulio Carone *Enel Green Power SpA - CFO*

Okay. Monica, first of all, I can answer in two ways. There is something that we can do and something that we would like to do. What we can do is try to optimize the way we manage our asset in the current scenario in which we can, let me say, sell forward energy. At maximum, we look at two years in advance. That's what we can do now.

And as we have exposed in our presentation, we have tried to optimize and increase the possibility to secure margins with better prices through a better approach.

Thinking to alternative measures, absolutely. We have always said that, for us, the best way to secure our position is through a long-term PPAs. But until now it had been impossible in Europe to do so. Italy and Spain suffer of the same problem. And that's the only way we could eliminate this risk.

This risk, even if in this moment it could be not the best moment because we think that the prices are at the bottom, but in any case for us, it's better. It would be better to have long-term PPAs without any possible volatility in the future. Better stay in this position. But now in the market, it's not possible.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Okay. So we have a number of questions from the internet. Anna Maria Scaglia from Morgan Stanley would go first. Can we give a microphone to the lady here inside the room?

Anna Maria Scaglia *Morgan Stanley - Analyst*

Hi. It's Anna Maria Scaglia from Morgan Stanley.

I've got a few questions. The first one is if I look at slide 38 and 44, when you talked about the disposals, you are mentioning €1.9 billion of cash-in, €300 million of EBITDA dilution, that's around 6.3 times. If EBITDA, that looks quite a low multiple. So can you comment on that, what I'm missing there?

Second question is on WACC assumption. One common question I get from investors is whether you're conservative enough on your WACC assumption. And I would like to understand why you think you have this competitive advantage, how can you show it to the market, if you think really you're being conservative enough? Sorry if I asked that.

And we've seen EDPR yesterday announcing this new agreement with their parent company. Are you thinking about something similar? Because to be competitive with financial investors today, I think it's very tricky, to be honest.

The third question is on net income. You don't give net income guidance, so I understand that. But clearly the evolution of net income in 2014 has been a concern. I mean, the new capacity of €900 million of EBITDA doesn't seem to me to bring a lot of net income accretion.

Of course, you have the free cash flow generation, but can you comment on that? Especially with 7GW now, we expect €1 billion. And with 5GW over the last few years, we got €1 billion. That's clearly a question mark. And do you think 2014 was a bottom or not?

Last, on guidance, can you please give us a sense of 2017, what would be the mark-to-market numbers? And also can you please clarify whether the EBITDA includes one-off going forward or not, high capital gains from disposals? Thank you.

Francesco Venturini *Enel Green Power SpA - CEO*

Wow. Okay. Let me try to recap because I lost you a couple of questions ago. So the first one was the low multiple, you get that one. The WACC, I think you get that one too.

Can you repeat about the competitive advantage? I'm not sure I understood the relationship with the buying company. What are you talking about it?

Anna Maria Scaglia *Morgan Stanley - Analyst*

On the WACC you mean?

Francesco Venturini *Enel Green Power SpA - CEO*

I don't know. Why were you thinking of a competitive advantage, you asked me? And I'm not sure exactly what you were saying

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Anna Maria Scaglia *Morgan Stanley - Analyst*

No. I was mentioning that EDPR yesterday announced a deal with EDP where basically they are now financing part of that that much lower.

Francesco Venturini *Enel Green Power SpA - CEO*

Okay.

We've been doing this for four years. So, I mean, I don't see anything new there. Okay.

After you.

Giulio Carone *Enel Green Power SpA - CFO*

Okay. Going to EBITDA, obviously, what we have included in this presentation is a very conservative, from our point of view, evaluation of the impact on EBITDA and the impact on cash flow. We could have been more aggressive, but we prefer to stay very conservative and to limit the evolution on the number based on a very, very conservative approach.

And this is the answer. Maybe the multiple doesn't fit perfectly, but according to us it's better to be conservative.

Going to the cost of capital, the cost of capital is calculated based on our internal parameters in terms of cost of our equity and cost of debt. What is important to understand is that these costs are expressed in the currency in which

normally we evaluate the investment. For this reason, if you look at the cost of capital in US, you have a measure of what are our expectations in terms of remuneration.

Maybe other investors have a lower expectation, but these are our minimum required. And on that, we required also to our project to add another premium of 300 basis points of remuneration.

Obviously, if we think to other currency, if you look at, for example, the return in reais, - if we evaluate the project in Brazil or a project in South Africa, these are not the metrics we use. So we have different metrics optimized in the currency in which we deploy the investment. And this case or this project commands a very high spread in comparison to what we have showed in this chart that are dollars or euros.

Going to EDPR, we do this since our birth. And we're simply leveraging the possibilities of our mother company to get funds on the market, and the possibility that we can add to this lever to decrease the cost of our debt. And normally, we use our parent cost as a reference, as a benchmark that we want to beat when we go outside.

This is possible because we can enter in agreement with multilateral banks, sales for credit agency or exploit local opportunities that only through our capabilities to be local and to have account with local banks can be implemented.

I missed the other question.

Francesco Venturini *Enel Green Power SpA - CEO*

Can I just give you two reference. I mean, regarding WACC assumptions, it's been a concern for a while.

Two things - number one, WACC, by itself, I don't believe is the only assumption that is relevant when you're modeling for an investment. So we have seen players in the market that now go with solar life time up to 40 years or more with residual value, just to give you an idea.

When we were negotiating with GE Capital in the United States for the sale of the minority of the portfolio, GE Capital is extremely conservative when they do evaluation. And they were looking at us as absurdly conservative in our evaluation. So I think there is - the way we look at our investments is we need to make sure that when we say that we have a specific return, at the end we have that return.

Sometimes, like they say, something happens and things go bad. But it's a rare case, unless you look at huge regulatory changes like you've seen in Europe. But in that case, honestly speaking, it's very tough for us to hedge against that risk. The only hedging strategy that we have is to diversify the portfolio as much as we can in different countries and that's what we're doing.

Giulio Carone *Enel Green Power SpA - CFO*

I missed the other two questions.

Anna Maria Scaglia *Morgan Stanley - Analyst*

Yes. The other two were regarding the net income, whether you think 2014 was a bottom. And if I'm correct, just the new capacity should bring around €100 million. So of course you have different cash flow generation, but what this trajectory you see for net income going forward and the goals if it's coming up.

Giulio Carone *Enel Green Power SpA - CFO*

Okay. We think that from looking at the organic part of the business, 2014 could be the bottom of our business plan. Obviously, no one knows about the evolution of price in the future. But we think that's the price that's bottomed, and we don't think that they'll go down again.

For this year, 2014 should be assumed as the worst year, given also the fact that from now on the capacity additions contribution will for sure be higher than the decrease caused by the prices. And for this reason also, we believe that the net income will gradually increase year after year as we had capacity over and over.

And on the other hand, we don't have any extraordinary income in our projection.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Yes. I'll go ahead reading a few questions from the internet.

I'll start with the ones from Manuel Palomo of Exane BNP Paribas. So there is one on the potential disposal of Portugal. And Manuel is asking us if we are thinking about an intragroup transaction with Endesa or not.

And the second one from Manuel concerns IRRs. It's not clear because he mentions a number of the slide which refers to the post mortem of the previous projects. But he asks us if these are project IRRs and if this calculation already includes the share of structured costs.

Francesco Venturini *Enel Green Power SpA - CEO*

I'll start with Portugal and then I'm not exactly sure what he refers to when he talks about IRR.

Portugal intragroup transaction, as far as we know Endesa is not interested in buying those assets. Can they participate through the tender process eventually? Nobody is saying that they can't. But for us, it's a fully competitive process and whoever offers the best terms is going to be the winner. So if we need to see Endesa as a potential buyer and they're willing to offer more than the other ones, I mean, we're happy with it.

Giulio Carone *Enel Green Power SpA - CFO*

Going to the retrospective IRR, we refer to the project. So, each project has its specific return based on the specific characteristic. When we evaluate a project we consider all the costs connected to the project, including those of the development cost.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Yes. Remaining on the same topic, can we clarify please for Vu Nguyen of Sanford C. Bernstein if - sorry, he asks about calculation that he has made that utilizing the reference wind WACCs of our slide for the future projects, and he says he gets into an IRR range of 6.6% to 8.6% for the new CapEx which is even lower than the 2010, 2014. Why is it so low? So if we can clarify that.

He also asks us: in our strategic plan last year, we expected the 2018 debt to be stable versus 2013. Is this correct to understand that this target is no longer applicable? Could you talk about the evolution of CapEx per megawatt that you experienced and are expecting?

Giulio Carone *Enel Green Power SpA - CFO*

Obviously, going back again to the first question, what we have given in this presentation is an average wind WACC than cannot be applied to all the technologies. Each of these technologies has its specific WACC given their specific risk.

For example, a solar PV project which is simple to develop and build has a lower WACC than a wind one. And a hydro project or a geothermal project has a much higher cost of capital than a wind project. And for this reason, the mix is an important element in evaluating the average return of the project.

On the other hand, for debt we have decided, given the, let me say, the high level of cash flow that we will generate in the next five years to exploit all the opportunities, the best opportunities that our pipeline gives to us. And for this reason, we have increased the level of CapEx. And for this reason also, the level of debt will not remain stable in the period.

But what is important is that we target and we feel comfortable in having a net debt/EBITDA ratio at the end of the period around three. This is our target, our idea, better than having a stable debt that, in the end, results in deleveraging of the company.

The third question was?

Donatella Izzo *Enel Green Power SpA - Head of IR*

CapEx. The experience we are having on CapEx per megawatt and what are our expectations.

Giulio Carone *Enel Green Power SpA - CFO*

Obviously, CapEx per megawatt is a very particular topic because it's simple to say that CapEx per megawatt are decreasing, but it's also important to understand that each different country, each different regulation, and each different condition requires different CapEx.

And for this reason, what we see that, in general, CapEx are decreasing. Even though if we look at the average CapEx of our history, maybe this is not true. Because for example, moving CapEx from US to Brazil results in an increased CapEx due to the fact that, for example, we are starting to use a local produced wind turbine to get access to BNDES funds. And when you get local content, you pay a little bit more to get a very big advantage on the funding part of the business.

Francesco Venturini *Enel Green Power SpA - CEO*

Generally speaking, we see wind CapEx substantially stable but the performance of the equipment is increasing which obviously generates more revenue. PV is steadily still going down. We don't see an end to it, honestly. It's pretty amazing, the process that we're going through. All the other technologies are mature, so I think that those are the two big focus.

What Giulio was referring to is, for example, and just to give you a reference, in the US, in the past three years, we haven't seen the same prices that we have seen four years ago because of the fact that with the regulation about PTCs that you have there right now and the limited number of turbines that are available in the market, manufacturers were able to keep prices at a certain level. So contracts were substantially negotiated a couple of years ago, even three years ago.

Obviously, in the interim, when you have a PPA, you have a project. And then the components become orders for turbines. That's something that is a completely different story and you try to negotiate as much as you can. But the regulatory framework and what's happening in a specific country at the time influences a lot of the short-term prices.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Okay. So let's move on with a few questions from Dario Carradori, Goldman Sachs. He asks us if we can give an indication of what is the sensitivity of our EBITDA to stronger US dollar versus euro and if we hedge any of this exposure.

He also would like a clarification of what happened in 2014 in Brazil because we incurred insignificant costs for the purchase of electricity due to delays in interconnections. What improvements do we expect in 2015 versus last year?

Francesco Venturini *Enel Green Power SpA - CEO*

Okay. I'll start with Brazil. So the past two years, and probably the next two, and Brazil have been definitely peculiar. We know that all the hydro sector was under important challenges and the prices went up.

We had a relatively low exposure to that because most of our plants have solid PPAs. So we had just to buy a little bit of energy at a certain point and substantially, then resell it. Plus, we were able to put in place hedging strategies to limit the risk.

So we were relatively little affected by what was happening in Brazil at the time. We'll see what's going to happen in 2015 and the next years. But hopefully, the situation is going to be improving under generation point of view. A completely different story then is when you go and look at retail prices.

I don't know if you have the answer to the sensitivity to our EBITDA. I mean, assuming that they're always going to get even stronger than what it is which we believe kind of likely.

Giulio Carone *Enel Green Power SpA - CFO*

If you give us a few minutes, we'll make the calculation and we'll answer the question. So we'll get to the second question and then we'll answer this question.

Francesco Venturini *Enel Green Power SpA - CEO*

And the other question was the hedging strategy regarding currency, which, by the way, is the one that we were talking about.

Giulio Carone *Enel Green Power SpA - CFO*

What we do is a strategy that we believe is proper to us given the fact that we are a long-term investor when we enter in a country. So the way we hedge our investment is protecting the future cash flow matching whenever it's possible the currency of the future cash flow with the currency of the cash inflow in the other end of the currency of the CapEx that we deploy in that country.

For this reason, we normally used to collect debt in the same currency of the CapEx and on the cash flows. For this reason, for example, in South Africa, we have built a financial structure that is based almost completely on debt collected. This is the same we are deploying in Brazil and in all the dollarized countries, Chile, Mexico, we use normally, to fund our future development in that currency, limiting our equity exposure as much as we can.

Obviously, we can't hedge the translational risk because this is linked simply to the translation of the dollarized balance and profit and loss in euros. And this is not hedged by definition.

Francesco Venturini *Enel Green Power SpA - CEO*

Yes. I'd like to remind that even if there is no direct correlation or there is a direct correlation, but it's during time between exchange rate and inflation, most of our PPAs, especially where inflation is a problem, they are indexed to inflation. And in some other countries, even in strong currencies. So we have PPAs very often linked to dollars or euros depending upon the geography.

So Giulio was obviously referring to covering the investments that's been made. At the same time, most of our inflows are usually in a way or another, protected]. And I think that's probably what's more interesting to you anyway.

Donatella Izzo *Enel Green Power SpA - Head of IR*

We have a couple of questions also from Antonella Bianchessi of Citigroup. The first one is can you reconcile the €900 million EBITDA coming from gross CapEx indicated in the plan, and the 9%, 11% IRR that we expect from projects?

And the second one is, if this CapEx is EPS accretive and if we can also clarify the expectation on our long-term cost of debt.

Giulio Carone *Enel Green Power SpA - CFO*

Answering the first question, obviously, when we talk about IRR, we have to calculate not only the past IRR, but also the future IRR. For this reason, what we have simply revised is the performance of the project and of the current conditions in comparison to the past one.

For this reason, the 9% IRR is not only referring to the past, but also to the future. It's not immediate to reconcile the two numbers. That is nearly impossible.

Second question, obviously, given all the metrics and all the evaluation that we do are EPS accretive by definition. But on the long-cost of debt in this moment, we are in the middle of a very good moment because we are increasing the variable portion of our debt.

And we'll actively and proactively manage the evolution of this portion to fix the debt at a lower level possible deciding when it is correct to do so. For this reason we expect at least to maintain a stable level of the cost of debt and even get some benefit from the decrease of the interest rate.

In any case, what is important also to understand is that given the composition of our debt and due to the fact that some portion of the debt are linked to not properly debt instruments like the tax partnerships which are more an equity investment from the tax investor in this particular moment in which this portion of the debt is evaluated due to the increase of the dollar through the evaluation of the dollar. And this has an impact also on the average cost of debt.

Francesco Venturini *Enel Green Power SpA - CEO*

For us, it's extremely relevant to lower the cost of capital. I mean, this is our mission in the next few months. So that, obviously, is related to the equity part of the equation and at the same time is relevant to the debt part of the equation. And you can be sure that we are actively working on it to make sure that it goes down. This is our plan.

Donatella Izzo *Enel Green Power SpA - Head of IR*

A question from Roberto Letizia, Equita SIM. Asia-Pacific, interesting picture on the targets of the government for 2022, but how much of this capacity do we expect to capture in coming years? And how much of this is already included in the plan?

Francesco Venturini *Enel Green Power SpA - CEO*

There is nothing in the plan right now because, as we said during the presentation, we are substantially still exploring the area. I think that we have a clear idea of where we want to go and how we want to do it.

So as Giulio said, this is our attitude, always to be kind of conservative in the way we put the numbers. And we don't want to exaggerate and create expectations especially regarding new areas. At the end, Asia is a big, huge place. And we need to make sure that when we get in, we're well prepared. There is no real figure in this plan referring to Asia.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Thank you, Francesco. Now, I have quite a few questions from Enrico Bartoli of MainFirst.

So he would like a clarification on our 2019 EBITDA. Is it correct that we would reach 2.8 without disposals? And if the three times net debt/EBITDA target for 2019 is based on the 2.5 or on the 2.8?

Second question on power price assumptions in Italy in the plan period.

Third question, on competitive environment for tenders for new projects if we see aggressive bidding by other players. Also, an indication of what is the level of net profit of the US portfolio where we have sold the minority stake to GE, evolution of D&A over the plan period and tax rate.

Francesco Venturini *Enel Green Power SpA - CEO*

Okay. So essentially, I think it's slide number 4 or 5 in the presentation.

Yes, we are seeing it obviously depends on the geography. There is definitely aggressive bidding. I think it's a complex situation. As I was saying, in the US, not so much in the wind sector as much as in the solar sector where we are not so active formerly because of these reasons.

We see an extremely aggressive situation where, again, we're looking at situations where we have seen people evaluating the life of their assets 40 years with terminal value just to give you an idea and the bidding at 5% project IRR. The whole tender process was invented to create more competitions so the application of the auctions pushes everything down. And you need to find ways of being more competitive every time.

And this is exactly the game. I mean, what we have done with the tracker is just to give you an idea. It's what made us able to win an auction in Brazil one year ago and then we'll be replicating the same model all over the places.

Every time, this is a joke that we usually play among the management team is - they're accusing us to have been too aggressive in the previous bid, and then you look at the new bid and there were people essentially bidding 20% lower than what we did in the past. How did they do it?

So the evolution, the optimization of the projects is extremely important, that's why we said that EPC is so important. I mean, they need to optimize the projects as much as they can and beat the competition.

So yes, we see the level of competitors increase but we also see that if you optimize the projects and you play in the right way you can definitely be a winner.

Giulio Carone *Enel Green Power SpA - CFO*

Okay. Starting from the first question, on the calculation on the debt/EBITDA ratio, the net/EBITDA ratio is being calculated on the the EBITDA shown in the chart, so €2.5 billion at 2019.

Going to D&A, we have assumed obviously an increase during the period due to the CapEx that we will deliver up. You can assume in your calculation an increase on a yearly basis as of €70 million, €80 million year-after-year based on the current level of CapEx that we are doing.

Going to tax -- the theoretical level of tax, and then I will comment a little bit on this. It could be, let me say, assumed around 35% or better in a range between 34% and 36%. Because, obviously, each country contributes to a specific tax rate. And unfortunately, the tax rate is not the same all over the world.

For this reason, when there is a change in the mix of the profit before taxes, there is some adjustment also on the average tax rate. And for this reason, let me say 35% is the right number but you can see some volatility given to this consideration.

Going to prices -- the evolution of prices that we have assumed in our business plan starts from €47 in 2015. Even if in 2015, given the fact that we have hedged almost our full production, this has a very limited impact. We go to €50 in 2016, and we gradually grow to €53 and €55 in 2017 and 2018.

I don't remember the last question.

Donatella Izzo *Enel Green Power SpA - Head of IR*

There was one last question which was also asked by Javier Suarez from Mediobanca on the level of net profit of the portfolio where we sold the minority stake to GE. So basically the level of minority we have created by selling that minority stake.

Giulio Carone *Enel Green Power SpA - CFO*

There is an important clarification that we need to make when we talk about this record, this transaction, because this transaction is not based on dividend calculated as we do in Europe on the net profit produced but are more linked to the cash flow generated. And for this reason we talk more about cash flow available for dividend than a net profit distributed to shareholder.

The cash flow available for dividend that will be distributed after the completion of the transaction at the end of the year when we will drop down also the last project (Goodwell) is around €40 million.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Okay. Now I group together a few questions still on returns, they come from Javier Suarez, again, Javier Garrido from JP Morgan, and Alberto Brignolo from UBI Pramerica.

So the first one from Javier Suarez from the Mediobanca concerns specifically LatAm. When you indicate an average WACC in LatAm of 7% to 9%, can you indicate what is your underlying cost of equity and cost of debt assumption? Do you think that an IRR of 9% nominal post tax in Brazil is enough taking into consideration that the 10-year Brazilian bond yield is at 13%? That's the first one.

And then we have Javier Garrido asking - when we look at our target IRRs in emerging markets, what is the balance between the positive impact of inflation-linked price increases and the negative impact of currency devaluations? Are we assuming that one compensates the other, a net positive or a net negative effect?

And the final one on this topic, if we take that you have €700 million of additional EBITDA, at the end of 2019, I guess, because he wrote 2015, the associated net CapEx is €7 billion. So if we assume that an average life of the new assets of 25years and additional depreciation of more or less €300 million and then, blah-blah-blah, can you clarify what is the lag time between CapEx and return? And in this sense, can you quantify what are the EBITDA post 2019 relating to the actual CapEx plan?

Giulio Carone *Enel Green Power SpA - CFO*

Okay. First of all, I think that our BD guys will kill me if I gave to you the cost of capital and the cost of debt that we use to calculate our cost of capital. For this reason, I think that is not useful for us to answer, to give you these details.

What we can clarify for sure is that these are dollar-based cost of capital, WACC. If we want to evaluate a project in local currency you have to have a significant spread that this is simply the translation of the, let me say, US cost of debt or cost of capital. If you want, to the cost of capital that is paid by a Brazilian investor in reais. So we talk about an important spread, hundreds of basis points.

Francesco Venturini *Enel Green Power SpA - CEO*

The relationship between currency and inflation.

Giulio Carone *Enel Green Power SpA - CFO*

Okay.

Obviously, currency and inflation - it's very simple. When you use the country specific currency to calculate and evaluate the investment and using a consistent hurdle rate or IRR to make this calculation is what in the end could enable us to sterilize this effect and to neutralized this effect and implicitly keep a coherence between the different element of the evaluation.

A different case would be to evaluate the project’s cash flow in dollars. That is something that we don't do. We evaluated the project reais in using cost of capital in reais for this - and this coherence, let me say, neutralized the effect of dealing with the, let me say the [cap hold] evolution between currency and inflation.

Francesco Venturini *Enel Green Power SpA - CEO*

So in other words, there is no direct relationship between currency and inflation.

Giulio Carone *Enel Green Power SpA - CFO*

Yes. It's not interesting for our evaluation.

The other question: looking at the €900 million of additional EBITDA that we had from 2015 to 2019, this is linked exactly to the CapEx that we'll deploy in the period. What it means is the CapEx we'll deploy during the year 2019.

Donatella Izzo *Enel Green Power SpA - Head of IR*

Okay. So very final, I promise, unless Monica and Anna Maria got a few other questions.

One is on the potential sale of Portugal, if we can clarify if this already impacts our 2016 or 2017 targets. This comes from Flora Mericia Trindade of BPI.

Then Martin Young from RBC asks why do we keep Greece, Bulgaria and Romania? And if we can confirm that historically we have delivered WACC plus 200 basis points across the portfolio.

Francesco Venturini *Enel Green Power SpA - CEO*

In Portugal there is no impact in 2015 or 2016 or the years to come. As we said, we played very conservative with all the disposals. If we want to talk about disposal which is a word that probably is not correct for what we are trying to do.

Bulgaria, a few days ago was a very challenging environment. It's not that now it's a perfect environment but it's better than what it used to be. It's a small operation. It's essentially remotely managed in a way. It has been in our disposal list for a while just because it doesn't make too much sense looking at the size.

I think that potentially could become an interesting acquisition for other players now that the regulatory regime is a little bit less unstable. And especially the situation with the network has improved a lot in the past few months.

Romania, we're in a situation which is different from most of our competitors for two reasons. We have other Enel companies in Romania and the combination between our distribution company and our generation company, which is us, is an interesting one. And the second reason is that because of the fact that we have a distribution company we have a natural market for the green certificates which helps us very, very much compared to our competitors.

As I said, all our assets are constantly -- and I've been saying this for a year now, constantly under analysis. And if we see opportunities we're going to grasp it.

Donatella Izzo *Enel Green Power SpA - Head of IR*

I thank you very much for having attended our investor day. I'm very sorry I have been basically playing the part of the person who asked all these questions. Thank you so much.

Giulio Carone *Enel Green Power SpA - CFO*

Thank you.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you.