



**Transcript
FY 2014 consolidated results
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Presentation

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

Good afternoon ladies and gentlemen.

My name is Donatella Izzo and I am the Head of Investor Relations at Enel Green Power.

Welcome to our conference call on EGP's FY 2014 results that will be hosted by our Chief Executive Officer, Mr. Francesco Venturini, and our Chief Financial Officer, Mr. Giulio Carone.

I now hand over to Mr. Venturini.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you Donatella and good afternoon ladies and gentlemen.

The highlights for the period are on chart n. 2.

Enel Green Power has delivered an average of 1GW/year of additional capacity since IPO, almost doubling its initial size.

Our geographical footprint hasn't substantially changed but the technological diversification and the weight of each of the technologies we are able to develop has increased considerably, as it is the case of Latin America where we have more than doubled our presence diversifying into wind and solar from scratch.

The benefit of such diversified growth is also reflected in our strong increase in production. Our output in 2014 increased by 2.5TWh, in line with the average historic incremental production over the last four years.

EBITDA grew to €1.9 billion driven by the growth in output and by the transactions we completed during the last quarter. Indeed, we took advantage of positive market conditions, maximizing the value of our assets, through the successful sale of our French portfolio. Such activities allow us to free up capital that can be easily redeployed in new projects in regions where there are growth opportunities that we can exploit thanks to our good quality pipeline.



The increase in our net debt to €6 billion is predominantly explained by the acceleration in the CapEx spending. It is worth noting that we have managed to reduce our position from €6.6 billion reported at September 2014. Giulio will provide additional details on this later.

Let's dive into the details of our operating performance, and I am now on chart n. 4.

Our net installed capacity at the end of 2014 totalled 9.6GW.

We added another solid GW of new capacity mainly in wind in the US and wind and solar in LatAm.

Worth highlighting is that we have added a new geothermal plant in Italy where we continue to exploit niche potential.

We are also glad to report that the wind plants pertaining to the ENEOP joint venture in Portugal have been fully built. As you are aware, we are working with our partners to perform the split which is expected to take place during the first half of 2015.

Including ENEOP, our end-of-period capacity would exceed the 10GW mark.

A quick reminder of the most relevant additions in the year on chart n. 5.

Latin America accounted for over 50% of total additions in 2014 notably in Chile, Mexico and Brazil both in wind and solar. This brings our total footprint in the region to 1.7GW which means we have almost doubled our asset base in just two years.

Most notably, in Chile we have diversified from a single technology - hydro - into wind and solar, becoming the largest player in both of these technologies and bringing our overall installed capacity in the country to slightly over 500MW. Worth underlining is that Taltal, with 99MW, is our largest wind farm in Chile and that Lalackama, with 60MW, is our largest solar plant across the entire portfolio of assets.

In Mexico, we have doubled our wind fleet with the addition of Dominica I, a 100MW plant located in the state of San Luis Potosi.

The US accounts for 40% of this year's additions which bring our total presence in the country to 2.1GW.

We have also added a new geothermal plant in Tuscany - Bagnore - as a result of our ongoing focus on such niche potential. The plant has a capacity of nearly 40MW and boasts a sophisticated monitoring and remote diagnostics system to ensure high reliability and efficiency.

The additional capacity envisaged under the 2014-2018 plan is basically addressed, as shown on chart n. 6.

1.5GW are already in operation. On top of that, we report an end-of-period figure of 2GW 'in execution', unchanged vs. September 2014 given that we have added close to 400MW of projects during the 4th quarter mostly relating to future solar plants in Chile, backed by PPAs signed with Endesa Chile.

All of this growth is based on a sound spread over WACC in the 200-300bps range.

Latin America represents almost half of the projects 'in execution' across mostly Chile, Brazil and Mexico and in wind, solar and hydro. Just to name a few projects under construction: Talinay Poniente, in Chile, is a 61MW wind plant with a capacity factor of close to 30% and an expected commercial operation date within the first half of 2015; Dominica II, a 100MW wind plant in Mexico, with an average load factor above 30% and an expected commercial operation date within the first half of 2015. Once operational, we will have 500MW of total installed capacity in the country; Apiacàs, a 102MW hydro project located in the state of Mato Grosso, Brazil, which will be able to generate close to 500GWh per year and where we expect to start operations during 2016. Please note that during the past weeks we have connected to the grid the 102MW Sureste wind project located in Mexico, that we were awarded through a public



tender held by the Comisión Federal de Electricidad (CFE) at the end of 2012, and the 61MW Talinay Poniente wind plant located in Chile.

We have also started construction of three solar plants, Tom Burke, Paleisheuvel and Aurora in South Africa, for an overall capacity of 231MW. These projects are the first from the wind and solar capacity that we were awarded during the third round of tenders.

Last but not the least, in North America, we are currently working on Goodwell, Osage and Little Elk, all located in Oklahoma, for a total wind capacity of 424MW. We continue to consider this region as relevant for our growth given its high potential and low risk, fitting perfectly with our strategy to pursue diversification as a tool to mitigate our overall risk profile.

Let me give you an update on the main tenders we are now monitoring and expecting to take part to in the coming months, on chart n. 7.

Latin America: Brazil continues to push on different renewable technologies to diversify its production mix away from hydro and to meet its rising energy demand. In 2015, the country is expected to carry out tenders for wind and solar for a total of 7GW; Peru is also expected to tender 200MW of wind, during the second half of the year. The government is targeting a 5% share of renewable energy (excluding hydro) within the total energy consumption mix of the country. In 2014 such share was below 2%, leaving room for a considerable renewable market development.

In Africa, as you know, we are working to expand our reach and we are closely monitoring the development in tender processes in particular in: Egypt, where the tender initially planned for November has been postponed to March 2015 upon the request of several participants. The tender will give the right to sign a 20-year PPA backed by a wind capacity of 250MW, and we also expect a solar PV tender by the end of the year; Morocco, where we expect the deadline to submit the binding offers to occur in the first half of 2015. As you may recall we are working with a consortium that is pre-qualified for the 850MW wind tender; South Africa, where we expect Round 5 auctions; West Africa, where a geothermal tender in Kenya is expected within the first half of 2015. We are currently exploring jointly with a local partner a geothermal field located in the Rift Valley where there is considerable geothermal potential; finally, Namibia where a small solar tender is expected. The country, has strong fundamentals and is starting to take initiative to develop renewables in order to improve access to electrification and diversifying a mix which is currently heavily dependent on hydro and imports.

Let's now have a look at a few corporate transactions occurred in the last quarter, on chart n. 8.

In 2014, we have started to actively manage our portfolio with the aim to re-deploy capital in a number of countries with greater potential for development. This strategy is also a result of the increasing appetite in the market for assets offering benchmark returns in a low rate environment.

In the year, we have sold the whole asset base in France, at a multiple above market average, to a Canadian industrial operator - Boralex - for whom, the acquisition was highly strategic. Indeed, through the purchase of these high-quality wind assets supported by 15-year PPAs with state-owned utility, Électricité de France, it has become the largest French independent wind power producer and third largest French onshore wind player.

On a different note, we have settled our long-term discussions with INE, the state-owned company, which was our partner in LaGeo, a geothermal plant worth over 200MW in El Salvador. By selling the whole stake in the company, we closed our operations in the country where we had entered following a public tender held by the government in 2001 to select a strategic partner for the development of geothermal energy. We did so because we were prevented from reaching a majority stake by capitalizing investments as provided for by the initial terms of the joint-venture. The compensation received is satisfactory in light of the initial investment.

I will briefly touch upon North America in my closing remarks.

I now hand over to Giulio for the analysis of the FY 2014 results, starting with chart n. 10.



Giulio Carone *Enel Green Power SpA - CFO*

Thank you Francesco and good afternoon ladies and gentlemen.

Before starting, let me remind you that 2013 numbers have been restated for comparative purposes to accommodate application of IFRS 11 starting from January 2014.

The highlights for the period show: first, revenues of €2,996 million; second, EBITDA of €1,942 million; third, Group net income of €359 million, and finally, net debt of €6.0 billion.

Let me just underline that the reported Group net income includes an impairment of €231 million relating to our Greek assets on which I will be more specific later in the presentation. Excluding this impact our Group net income would be equal to €590 million marking a 12% rise on last year.

In terms of production, and I am now on chart n. 11.

We report a solid 9% increase in output mostly associated to the new installations. Indeed, we report a strong increase of more than 2TWh linked mainly to the full contribution of our additional capacity in Mexico, Chile and North America.

In terms of resource availability, we had a positive balance even though the production cycle was weaker than planned in the last quarter of the year. This affected mostly wind in Spain and marginally hydro.

As you can see in the slide, the wind index dropped slightly below the historic average with hydro adjusting downwards as well.

Let's now turn to a detailed analysis of our EBITDA starting with chart n. 12.

EBITDA increased by 9% to €1,942 million.

I will be more specific on the energy margin and OpEx in the following charts.

Let me just highlight that the EBITDA figure includes both the capital gain recorded on the sale of the French assets to Boralex and the one associated to the settlement of Lageo for an overall amount of €154 million.

Other revenues include predominantly the consideration received from Sharp for the 3Sun off-take agreement.

Let's switch to the energy margin on chart n. 13.

Our energy margin shows a €56 million decrease on last year, largely stable versus our 9 months figure.

This outcome is explained by the positive contribution of new installations across LatAm and the US which have offset a negative price component.

The lower pricing environment is mostly associated to Europe and derives from: the change in regulation in Spain, and the higher production in Italy unhedged and sold spot at lower prices than last year.

"Other" mainly relates to capacity decommissioned.



Before turning to OpEx, a quick overview of the energy margin in Spain, on chart n. 14, where we record an impact of over €70 million caused by both the application of the new regulation and the weak power price environment.

Most of the negative effect is borne by plants entered into operation before 2004 given that they are no longer entitled to receive any incentives. Moreover, the enforcement of the new rules during 2014 has hampered our possibility to put in place, before the actual selling of the production, a correct hedging strategy.

This is coupled with the difficulty of properly hedging the pricing fluctuations that may be caused by the partial effectiveness of the collar applied to the plants receiving the capacity payment, as it is evident in 2014 results.

Let's now move to OpEx on chart n. 15.

We report a 3% increase in the cost base. This derives mainly from: the incremental costs associated to the additional capacity installed in the period; the increase in taxes and levies mainly relating to the Italian portfolio.

This has been partially counterbalanced by efficiency actions on O&M costs and G&A.

Our end of period OpEx/MW is fully in line with the expected trend of savings embedded in the 2014-2018 business plan.

In terms of business unit, starting with Europe, on chart n. 16.

EBITDA is equal to €1,464 million, 10% higher than last year.

In Italy EBITDA increases by €74 million as a result of: lower energy margin deriving from the lower spot price on the unhedged production, as already commented; higher taxes and levies as commented before a positive contribution of €95 million associated to the agreement we have reached with Sharp whereby we have taken on their obligations for 3Sun's factory output.

As far as Iberia is concerned, we report an EBITDA of €213 million or - €73 million vs. the same period last year. As I mentioned earlier, the bulk of this relates to Spain.

Rest of Europe is equal to €173 million, + €10 million vs the same period last year due to the net effect of a negative energy margin on a weak pricing environment in Romania and Greece and the capital gain on the sale of the French assets.

Besides the already commented 3Sun contribution, other includes the capital gain relating to our exit from El Salvador which has been recorded in Europe for accounting reasons.

Looking at LatAm, on chart n. 17.

We report an EBITDA of €202 million, flat on last year. This is a combination of: the positive energy margin of €21 million deriving from the higher installed capacity, mostly in Chile, and from the recovery in the last part of the year in Panama, and higher costs associated to the increase in the installed capacity.

As far as North America is concerned, on chart n. 18.

We report an increase in EBITDA of €30 million, or a strong €70 million rise if we exclude the positive contribution of the development fee connected to the Buffalo Dunes project that was recorded in the second quarter last year.



The rise is almost fully associated to an increase in the energy margin on a higher installed base.

Turning now to our net income analysis, on chart n. 19.

We report a bottom line equal to €359 million, after posting an impairment on our Greek assets worth €231 million. I will be more specific on that shortly. In terms of the evolution of our Group net income: first, depreciation and amortization increased by €61 million mainly due to the higher installed asset base; second, better net financials mostly thanks to higher capitalized interest related to the higher growth CapEx spending that have offset the rise in the average stock of debt; third, lower taxes mainly due to the tax reform in Spain and to the benefit from the elimination of the additional 4% component of the Robin Hood Tax. The item also includes the negative effect of the adjustment of deferred tax assets following the cancellation of the Robin Hood Tax.

Minorities increased on a better performance of Panama during the last quarter of 2014, and for the third party stake of the benefit deriving from the tax reform in Spain.

Getting back to the impairment in Greece, we have factored in our numbers the deteriorating and increasing unstable macroeconomic environment and the evolution of the regulatory framework introduced by the new deal in Greece. This has altered the prospective profitability of our existing assets and has prompted a revision of our planned growth in the country. In the annexes you will find a full illustration of the €231 million net impact on the bottom line of the P&L.

A brief comment on forward sales on chart n. 20.

We progress into 2016 with the following situation: in Italy we have hedged 77% of 2015 at an overall price of €87/MWh and 45% of 2016 at an overall price of €109. The corresponding conventional energy component is €56 in 2015 and €48 in 2016.

Once again, in order to properly model revenues in Italy, you need to utilize the overall unit price since the value of the Green Certificates associated to some 3.5TWh of production counterbalances the volatility of the pool price. Indeed, if we were to simulate the same level of coverage as in 2015 for 2016 production at a price equal to the current forward of €47, the overall price would be equal to €83,4 lower than 2015.

As for Spain, the slide shows the hedging level just for the capacity no longer entitled to receive incentives, which is approximately 1.5TWh. As you can see, we have hedged 70% of 2015 at an average price of €46/MWh.

For 2016, we have already defined a hedging strategy that will gradually result in the optimal coverage based on the implicit volatility of the production. As for the output associated to the plants receiving the capacity payment, we have little room to curb the pricing risk, given the complexity of the collar structure.

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.

Our CapEx, on chart n. 21, amounts to €1,644 million of which 86% allocated to growth. We have exceeded our €1.5 billion guidance to accommodate the acceleration of development in Latin America that represents more than half of the CapEx spent in the 4th quarter as we are anticipating the planned solar development in Chile and further progressing on wind in Mexico and Chile.

In North America CapEx spending relates to ongoing wind development.



CapEx in Europe was spent mainly to enlarge our geothermal base and to maintain our hydro and geo fleet in Italy.

It is worth highlighting that we have launched our sizeable investment programme in South Africa on the projects we have been awarded during the 'Round III' auctions, as commented by Francesco.

As far as net debt is concerned, on chart n. 22, we report a net financial debt of €6.0 billion with a net debt/EBITDA ratio equal to 3.1 times.

We have managed to reduce our position from the €6.6 billion reported in September 2014 despite having sharply accelerated our capital expenditure. This has been possible thanks to: robust cash flow generation from operations of close to €1.8 billion; cash-in from disposals of about €500 million; an attentive net working capital management in the last quarter of the year.

This has more than compensated: consolidation of the tax equity liabilities related to Buffalo Dunes and the cash-out for the purchase of an additional 26% in the plant; payment of interest, taxes and dividends for close to €730 million, and consolidation of around €100 million debt associated to ESSE linked to the closing of the agreement with Sharp.

We have also recorded a negative Forex effect of close to €200 million relating to our dollar-denominated debt.

Thank you for your attention. I now hand over to Francesco Venturini for a few closing remarks.

Francesco Venturini *Enel Green Power SpA – CEO*

Thank you Giulio.

Before closing, let me give you a brief update on the evolution of the sale of a minority stake in a selected portfolio of North American assets.

We have identified a portfolio of close to 700MW across the full array of technologies we have developed in the US.

The appeal of the transaction relies on the predictability of the cash-flows and on our operational excellence.

We have received several non-bidding offers from energy players, pension, insurance and infrastructure funds, and have now identified one potential investor with whom we are fine-tuning negotiations.

We cannot at this stage disclose further elements. We are quite confident, though, that closing will occur within the 1Q of this year.

A few closing remarks before moving to Q&As.

We close another year having met our capacity additions target predominantly in the American continent with a degree of diversification that fits perfectly with the aim of mitigating our overall risk profile.

Furthermore, we will soon roll forward our industrial plan having almost fully addressed the previous one in just one year.

We confirm our commitment to pursue growth opportunities in regions where governments consider renewables as an important component of their future production mix.



We will also continue to carefully review our existing portfolio and consider transactions similar to the ones carried out in 2014 should market conditions allow us to do so in order to provide fresh resources for growth.

Finally, the attentive management of our fleet despite the regulatory and pricing discontinuities that are affecting our business coupled with a few solid managerial actions carried out in 2014 have enabled us to propose a dividend of € 3.2/sh.

Thank you for your attention. We are now available for your questions.

Question and Answer

Martin Young *RBC Capital Markets - Analyst*

Good afternoon to everybody. I have just got two questions. Could you talk us through what accounting you have in 2014 for the Robin Hood Tax; and where exactly we are, given the movements earlier this year to declare that tax illegal is not really the word, but unconstitutional, I think, is the word.

And then secondly, you made the comment around the 2016 hedging in Italy on the basis of simulating that on the same level of coverage as 2015. I just missed the number that you gave for 2016 as a consequence. Thank you.

Giulio Carone *Enel Green Power SpA - CFO*

Okay. I will answer both questions. First of all, in relation to the Robin Hood Tax, we have accounted two components. First of all, obviously, we have accounted, let me say, the positive effect of the elimination of the additional component of 4.5% that was eliminated in the beginning of the year 2014. Then we had accounted a negative component in relation to the fact that we have recalculated the fare of the tax, let me say, base for future benefits that this tax could have produced.

For the two, let me say, components are similar in value for this reason. Let me say, you can in the end assume that for the year 2014, we had a full application of the Robin Hood Tax with the previous regulation. And only from 2015 on you can start benefiting from the full application of the discount of the Robin Hood Tax of 10%.

In relation to the hedging in Italy, I will repeat very, very immediately the number. We have covered 45% of our 2016 production and 77% of our 2015 production. The overall price for our 2015 production is €87/MWh and is €109 for 2016.

The result of the simulation, taking account a forward price aligned to the current one that is €47/MWh drives us to an overall price of €83/MWh, €4 lower than in 2015.

Pinaki Das *BofA Merrill Lynch - Analyst*

I had a couple of questions. The first one is on the steep disposals that you have done: LaGeo and in France. Could you give us an indication of what the EBITDAs were for those two locations, and also probably Greece? And also, I wanted to check whether the EBITDA for LaGeo and France were part of the 2014 results, or whether they've already been excluded from the 2014 results.



Francesco Venturini *Enel Green Power SpA - CEO*

Sorry, we cannot hear very well. Can you spell it out a bit? I mean, can you repeat the question? I don't want you to spell it out. But maybe repeat the question?

Pinaki Das *BofA Merrill Lynch - Analyst*

Yes, sorry. The question is: you sold LaGeo and France. Could you give us an indication of what the EBITDA from those locations were, and whether they have been included or excluded in the 2014 results? That's the first question.

And the second question is: you've got about €250 million of one-off gains in your EBITDA for 2014. If you exclude that, your EBITDA for 2014 is about €1.7 billion. And the consensus for 2015 is just over €1.9 billion, so more than €200 million increase. So I just wanted to understand what the drivers of that increase is, considering that in your press release you have mentioned that 2015 is a challenging year? And then we talked about some of the price decreases.

So could you give us an indication of how to get from €1.7 billion underlying EBITDA for 2014 to the sort of €1.9 billion in consensus for 2015? Thank you.

Giulio Carone *Enel Green Power SpA - CFO*

Listen, we can prefer answer to questions in relation to 2014. We can't anticipate anything in relation to the evolution of EBITDA for the following years.

Answering your question, first of all, the contribution to EBITDA of France and LaGeo for the year 2014. France has fully contributed for nearly €20 million for, let me say, of the full year, given the fact that the disposal was done in December. LaGeo is not consolidated in our P&L. And for this reason, the contribution to EBITDA is zero.

Going to the explanation of the 2014 EBITDA, it's important to understand that we had included the proceed of the 3Sun agreement with Sharp in our forecast. And for this reason, let me say, this explains largely the difference that you have calculated in your idea.

We have recovered in comparison to your numbers at least €100 million. Obviously, in the last quarter of the year, the production has not followed our expectation. And for this reason the fourth-quarter results has not contributed as we expected to the full-year results.

Vu Nguyen *Sanford C. Bernstein - Analyst*

Thanks for taking the question. Can I have three, if I may? The first one, I just wonder if you could comment on the general industrial landscape in Latin America. We have seen the deceleration of the economies and a collapse in commodity price. I just wonder you still have the 11% IRR hurdle rate for investment in this geography?

Secondly is on the hedging: in Q3, you have 70% hedge for 2015 Italian production. Now the hedged is only 77%. So I would have expected you to almost fully hedge 2015 production. Is there any reason why you have not been more active in hedging your 2015 production?

And lastly, in terms of disposals, we have seen you disposing LaGeo, France, and now coming the US. I just wonder if it's the beginning of a new strategy of asset rotation? Or do we expect to see more of this kind of deal? Or it is pretty much done? Thank you very much.



Francesco Venturini *Enel Green Power SpA - CEO*

Okay. I'll take one and three, and I think that Giulio will take the second question regarding the hedging. Let me start with the general landscape in Latin America. Actually, I was there last week.

So the energy needs in that area of the world are extremely important, no matter what. And actually, the speed at which they are going to try to increase the capacity has not been fast enough. So we actually see probably in the next month and even more acceleration regarding auctions and needs for energy in general.

You're right; I mean, the general landscape regarding the economy is I would say varies, depending very much on the country you're in. We see Brazil has been deteriorating maybe a bit in the past 12 months, but there is always also big changes going on. I don't know how much Brazilians are liking those changes right now, but definitely there is, for example, a focus on cutting different subsidies that were out there for both energy consumption, gasoline, and so on.

And I think that substantially this is increasing even more the opportunity for a company working in our sector, because prices are going up, and renewals are becoming more and more competitive. So if you couple this with the fact that the energy needs were very high to start with, and the fact that prices are going up because, again, of the end of some subsidies and at the same time, the fact that there have been some general conditions, like, for example, the fact that the rains have been extremely scarce in the past two or three years. All of this is generating for us a better environment, believe it or not, than we were in last year or two years ago.

Giulio Carone *Enel Green Power SpA - CFO*

Okay, going to the hedge strategy for the year 2015. First of all, let me remind all of you that the optimal level of hedging has been always to be included between 80%, 85%. So just because we need to manage the volatility implicit our renewable fleets. For this reason, 100% is not the security.

And if you look to our 2015 level of 77%, we are not far from this number. But simply following your idea, we are adapting our hedge strategy to a different price scenario. For this reason and we will more explicit during our Investor day. We are evolving from, let me say, a pure linear strategy targeting at 85% at the end of the year to a more spread-driven strategy that follows and tries to capture the spread, the positive spread, when we have the opportunity to fix a good price on the market.

But I think for the year 2015, we are not far from our optimal target. And we'll try to explain you better our idea in our Investor day. So I hope that you will be there, and you will listen our explanation.

Anna Maria Scaglia *Morgan Stanley - Analyst*

A few questions, if I may. The first one is regarding dollar exposure, because we have seen the dollar strengthen against the euro. And, of course, you have the US business; you have also dollar-denominated debt. I was wondering if you can give us a sense of the dollar exposure for the EBITDA level, how much you think it's going to be offset in net income? And just some indications there.

The second question is regarding an Enel Fortuna in Panama. Can you give us an update on the level of our reservoir there? Sorry if you said that before; I missed that. And also, in terms of the compensations that you mentioned in the past with the government, what's do you think it is a fair point to think of a normalization going forward?



The third question is regarding Europe. Can you just confirm that the capital gain on the French assets is included in the €173 million EBITDA you reported?

And last but not least there, regarding Greece: how this impairments is going to affect future profitability? I mean, what is the EBITDA of Greece there? It's business as usual, or there was a major reason for those increased impairments that you booked. Thank you very much.

Francesco Venturini *Enel Green Power SpA - CEO*

Hi, Anna Maria. I thought you said two questions? I count four here.

Anna Maria Scaglia *Morgan Stanley - Analyst*

No, long list.

Francesco Venturini *Enel Green Power SpA - CEO*

Okay, dollar exposure. I will let Giulio give you the right percentage, but we are obviously benefiting from the fact that the dollar is getting stronger against the euro, because I mean, although our accounting is often in euros, even in Latin America, we have a big exposure in US dollars. I think it's around 30% in the overall portfolio revenue-wise, or energy margin wise, if you like.

Panama: the situation is currently extremely good. The reservoir is full. We are producing 100%, full capacity. Obviously we're benefiting from the fact that, again, what happens is that run-of-river, as you probably remember, has preference of dispatch when it's rainy season. So we got the full reservoir at the end of the year. Now the run-of-river plants it's essentially not producing, producing very, very little. So we are enjoying a wonderful situation.

If you're talking about the compensation we got for the weakness of the transmission line, that's recorded in our P&L, obviously. Does it fully compensate us for the loss of production? I would say not quite. That's why we are keep working on the regulatory side with our people in Panama to try to extract a little bit more to be fully compensated.

I think that, again, we've been working very positively with the government over there. There is a great relationship but maybe because they own 49% of the plant. And things are looking pretty good. So if we are good, or if we are lucky, I don't know how you want to put it, we will be able to get fully compensated for the fact that sometimes we are not able to dispatch our production as we would like to.

Giulio Carone *Enel Green Power SpA - CFO*

Going to the impact of France, obviously the impact of France is included in our EBITDA for €31 million. And going to Greece, we don't expect a relevant impact on the EBITDA generated on the current asset base.

What we have taken into account is more the future development that we have revised after, let me say, the macroeconomic evolution on one side and the regulatory for a new deal on the other. And obviously, this is factorized only for future years.



Roberto Letizia *Equita SIM - Analyst*

Wondering if you can provide for a better reconciliation of the net income more in detail. The €590 million, excluding the write-down of Greece; and the €528 million ordinary net income that you reported in the press release, but it is not talked back again into the presentation?

Then, if you can, talk about the bridge of the components that will made up 2015 EBITDA not the numbers, of course, because you cannot provide it. But at least a bridge of the components.

And, in general, if you can provide a sensitivity side revised for the new environment on how much EBITDA generally takes up 1GW of additional capacity? Perhaps you can do it on the 1GW you added this year, excluding all the regulatory revisions. So but generally, we'd be happy even if you can provide the range of contribution at EBIT level from 1GW of capacity addition. Thank you.

Giulio Carone *Enel Green Power SpA - CFO*

Going to the reconciliation of our Group net income, I think that you can refer to our chart number 19 you can easily explain it. In the end, we have recorded an increasing in EBITDA due to hold the element of IFRS. We have an increase in D&A only due to the increase capacity that explain most of, if not all, the increase in D&A.

The net financial challenges show the positive impact, mainly in related to the fact that we are increasing the capitalization of our interest charges, obviously linked to the increase on our CapEx. And in terms of taxes, this effect is a little bit tricky, because it's the sum of many components, starting from the Spanish reform, going to the elimination of the Robin Hood Tax. And finally, I think there is the impact of the discontinued operation. You can find all the details on chart number 39.

I think that this is not the time to start bridging EBITDA for future. I think that the right time is planned for our investor day. And we'll be more explicit and more, let me say, to be explicit in that event on that occasion.

Going to the evolution let me say the contribution of 1GW of EBITDA to our P&L is not a constant number depending on the technology, the location, the price that we incurred. In any case, I think that a conservative number can position the contribution from €160 million to €200 million. And the mix can change depending on the variable information.

Francesco Venturini *Enel Green Power SpA - CEO*

So essentially, Roberto, you need to take very easily the megawatt times the capacity. As you know I mean, I am not sure I understand the question. Times the capacity factors, times the price I mean.

Roberto Letizia *Equita SIM - Analyst*

No, but yes, but well, it really depends. And this number was much higher in the past. Of course, you changed the regulation, and now you have a very much different mix. So making a consideration of that figure is a bit more difficult.



Francesco Venturini *Enel Green Power SpA - CEO*

I don't honestly have the difference between the two right now. But we can look it up and give it to you next time. I don't know.

Martin Young *RBC Capital Markets - Analyst*

A follow-up question around your strategy of opportunistic disposals. Just wondered what type of cash-on-cash uplift you really expect to realize when you sell out of assets?

Giulio Carone *Enel Green Power SpA - CFO*

What you mean with cash-on-cash?

Martin Young *RBC Capital Markets - Analyst*

If you invested say 100 in renewable assets, and you sold it probably relatively early on in the lifecycle of the operation of that asset, what sort of cash uplift on the initial investments would you expect on exit?

Francesco Venturini *Enel Green Power SpA - CEO*

The way I usually look at it is slightly different is I think if I can make anything that is a premium between 100 and even 300 basis points between what I would make with that investment compared to what they would make unlevered on that investment, it's a good sale.

If you look at, you know, we've been talking about the 11% IRR average. If for me that project is an 11% IRR unlevered project, and I can sell it somebody who is willing to buy it at an 8% so 300 basis points of difference, I think that's a good sale. Depending on the geography, obviously the spread varies. You're looking at more less spread in the US, and you are looking at the higher spread in other parts of the world. And that is at least the way I look at it.

Martin Young *RBC Capital Markets - Analyst*

And do you think that 8% IRR for the acquirer could be described as the going rate for acquisitions at this point in the interest rate cycle?

Francesco Venturini *Enel Green Power SpA - CEO*

I cannot give you an answer, a generic answer for, you know, a worldwide answer. It depends very much on the market.

So, again, if you're looking at, just to give you a few examples: if you're looking at solar in the US, people are I'm not going to use an adjective here. They're essentially investing probably between 6% and 6.5% unlevered IRR. So, as you can imagine, at least for us there wouldn't be a lot of value creation. But that's the current running rate. Since it depends on the geography and obviously depends on the risk of the country, depends on the different situations.



So for me, it's very difficult to tell you, is the 8% is the average rate? I don't know. What I can tell you is: I measure the spread; I see if the market is such where I don't see any real potential for growth. I see it is as a good opportunity to cash in and reinvest somewhere else. And that's the way, the logic that I usually follow in these kind of transactions. Again, depending on the geography and depending on what the IRR levels are, you need to consider something between 100 and 300 basis points as a potential good sale.

Martin Young *RBC Capital Markets - Analyst*

Excellent, thank you.

Shai Hill *Macquarie Capital Markets - Analyst*

I've got two broad questions, please. The first one is just next week, with the five-year plan, should we expect the normal format of guidance i.e., you'll sort of give some staging post for capacity for EBITDA over the next five years, and that you are not going to give us any guidance until next Thursday? Is that correct? That is my first question.

The second question is a bit more specific on the cash flow. And perhaps there are just two parts to it. In the fourth quarter, it seems like you've spent about €600 million on CapEx; but you've had about a €400 million inflow on working capital. And I believe that those two flows are related, but perhaps you could explain to me how.

And the follow-on is just on the CapEx. You've spent €1.65 billion in the year for 1GW of new capacity. Have you paid forward some of the additions we expect in 2015?

Francesco Venturini *Enel Green Power SpA - CEO*

I'm being kicked right now, so the only thing I can tell you is that I cannot answer about the five-year plan that you're going to see in a week from now. But I can tell you that we are, how should I put it? You guys defined us a growth vehicle for Enel. So then we will see what kind of numbers we are going to see next week.

Giulio Carone *Enel Green Power SpA - CFO*

Turning to CapEx, obviously, as you know, when we account, CapEx is not in cash accounting but is an accounting made on when the activity is done. For this reason, in the fourth quarter normally we record an acceleration in the CapEx. And we normally pay this CapEx in the first or the second quarter in the following year.

This is the main reason that explains the difference that you are highlighting in our numbers. It is something usual and is something affecting our end-of-the-year numbers.

Anna Maria Scaglia *Morgan Stanley - Analyst*

Sorry if I ask again. On the North American disposals that you are in the process of doing, it looks to me that it's coming a little bit later than what I would've expected. I was wondering if that's because you have seen it's coming later than what you originally wanted i.e., end of the year? If it's related to the delivery of offers you have been receiving, so it took you more time to evaluate them? Or if there is any other reason, or you don't see there's a delay? Thank you.

Francesco Venturini *Enel Green Power SpA - CEO*

I think, as usual when you are dealing with these kinds of transactions, it takes time to negotiate the best terms. We are not selling, like we have done in France, an entire portfolio to somebody. We are selling a minority, and we are looking for a partner.

So we need to make sure that the chemistry between us and this guy is the right chemistry. We need to understand if this guy is the one we want to marry and spend a lot of years together to keep growing in North America.

So, obviously, we were careful in selecting potentially what we believe is a good partner. And we are now refining the structure of what the deal is going to be. And since we really have no pressure in closing the operation and hurrying, we wanted to take the right time make the right selection, and having a good set of rules to see how things were going to happen in the next years to come. I think that's the only reason.

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

Well, thank you for your attention. And the next appointment with news for Enel Green Power, of course, will be the Parent's presentation next week. And stay tuned for our Investor day. Thank you.

Francesco Venturini *Enel Green Power SpA - CEO*

Thank you.

Giulio Carone *Enel Green Power SpA - CFO*

Thank you.

