

ENDESA PRESENTS ITS VISION FOR 2030 WITH A PLAN TO INVEST 25 BILLION EUROS IN MAKING 80% OF PRODUCTION CO2 FREE

- *In the short term, the new strategic plan for 2021-2023 **increases investment by 25%** to 7.9 billion to accelerate decarbonisation and digitisation.*
- *The company has updated its energy transition strategy for 2021-2023 based on two main pillars. Firstly, a **30% growth of its renewable energy park** to 11,500 MW with an investment of 3.3 billion (20% more than in the previous plan). As a result, 89% of peninsular production will be free of CO2 emissions by the end of 2023. Secondly, it will **drive digitisation** of the network with a further 2.6 billion, **30% more** than in the 2020-2022 plan.*
- *The new solar and wind power to be added in the next three years - 3,900 MW - exceeds the 2,500MW that Endesa will decommission when it closes its last two remaining mainland coal plants. By the end of 2023, **62% of mainland generating capacity will be renewable**, increasing from 45% of the end of 2020.*
- *The **25% increase in investment** for the next three years to 7,900 million will support growth in gross profit (EBITDA) of 10% throughout the period to reach the 4,300 million expected for the 2023 financial period.*
- *A total of **94%** of the **investment planned** is directly linked to the UN [Sustainable Development Goals](#) . In this regard, the percentage of corporate debt linked to sustainability objectives will rise from 45% in 2020 to 59% in 2023.*
- *The dividend policy approved last year is maintained and the **70% payout** is extended **for another year, to 2023** . At the same time, net profit will have grown by 12% to 1.9 billion by the end of the new strategic plan.*
- *Electrification of demand through [Endesa X](#) will get strong impetus with the **expected increase of 42% in advanced home service contracts** (E-home contracts) to 2.7 million. The [charging point deployment plan](#) for electric vehicles will reach 56,000 stations by the end of 2023.*
- *Endesa plans to keep its **customer base stable** at around 10.6 million in the Iberian Peninsula, based on solid growth of 7% more in the free market (400,000 more) to offset the decrease in customers with regulated tariffs.*
- *This is the first time that company has released its vision for the current decade, for which it plans to invest a total of **25 billion**. With this, it will increase its percentage of total CO2-free emissions to 80% by 2030.*
- *A total of 10 billion of the estimated investment until the end of the decade will be allocated to new renewable power to reach a minimum of 18,000 MW. A further 10 billion will be spent on digitising and modernising the network to improve service and enable flexible demand mechanisms in homes*

and companies of up to 1,000 MW, among other objectives, .

- *In addition, Endesa has set the goal of reaching 7 million customers in the free market and 575,000 charging points for electric vehicles by the end of 2030.*

Madrid, November 25, 2020 - Today, Endesa presented the investment community with an update to its strategic plan for the 2021-2023 period, together with its first-ever vision of what the company will be at the end of the decade, in 2030 . In the short term, for the 2021-2023 period, Endesa has announced that it will speed up [decarbonisation](#) and the energy transition supported by a significant increase in investments in [renewable energies](#) and [digitisation](#) of its network, as well as the electrification of residential demand and sectors such as industry and transportation.

Firstly, Endesa will increase its volume of investment by 25% for the three years of the 2021-2023 period, compared to the 2020-2022 strategic plan, to reach 7.9 billion euros. Of this figure, 3.3 billion will be spent to expand the renewable energy generating park, which is 20% higher than in the previous plan.

With this investment, the company will have 11,500 MW of solar, wind and hydraulic power by the end of 2023. In other words, around 50% more than the 7,700 MW it will have at the end of 2020. The investment in renewables will mean that 89% of Endesa's energy production on the Iberian Peninsula at the end of 2023 will be free of CO₂ emissions, six percentage points more than in 2020,

This additional investment in renewables will make it possible to connect 3,900 MW of extra power, 3,000 MW of which will be photovoltaic solar and the remaining 900 MW, wind. This new capacity will far exceed the 2,500 MW reduction in Endesa's generation mix derived from the closure of coal plants on the Iberian Peninsula during 2021. With all this, 62% of the company's generating park on the peninsula will be of renewable origin by the end of 2023, compared to the current 45%.

The growth in clean energy is based on a 7,300 MW project portfolio expected to go into operation between 2021 and 2025. Of that portfolio, 68% corresponds to photovoltaic plants and the remaining 32% to wind power plants. Endesa plans to obtain a profitable return on all its investments in clean energy by relying on its customer base.

Investments in networks and driving electrification

The second major investment in the new plan focuses on the distribution network. These investments will be 30% higher than those in the previous plan, up to 2,600 million euros. This is expected to reduce both the number of interruptions and their duration, by 23% and 27%, respectively. Digitisation will also support a reduction in network losses, with an estimated improvement of 3%.

On this basis, Endesa plans to step up the efforts to electrify demand that have been underway for years. As a result of this, and the recovery in demand, total sales of electricity will grow by 8% in 2023 compared to 2020 to 99 terawatt hours (which including international sales would be 2.7 terawatt hours by 2023) .

The company estimates that free market customers will increase by 400,000, to 6.1 million, an increase of 7%. The focus will be on building customer loyalty, based on offering personalised services, adapted to their needs and on energy advice and consultancy. Specifically, the effort to offer higher value services to customers will materialise in an increase in smart contracts (E-home contracts) of 42% over the next three years to a total of 2.7 million.

[Endesa X](#) , the subsidiary of the company designed to decarbonise the uses of energy in homes, companies, industries and public administrations, has a key role in the latter objective. Endesa X, a

leader in the network of charging points for electric vehicles in Spain, plans to have installed 56,000, adding those of a public and private nature by the end of 2023, as opposed to the 8,000 at the end of 2020. This will consolidate its position as a benchmark in this segment. For industrial and domestic clients, Endesa X plans to commission production facilities (self-consumption model) with managed power of 161 Mw by the end of 2023.

According to Endesa CEO, **José Bogas**: “We have an exciting vision for the next decade, until 2030. And to make it a reality, we are presenting this new 2021-2023 industrial plan based on growth, which lays the foundations to support our leadership in the future. We need everyone's commitment to carry it out and achieve our goals. We are a great company, we have a great human team and I have to say that we are leaders, we will lead the energy transition and we will emerge stronger at the end of this cycle”.

Renewables, key to growing profitability

Regarding its financial performance, Endesa plans to increase gross profit (ebitda) by 10% in the period, from an estimated 3,900 million for 2020 to 4.3 billion euros in 2023 as a result of this increased investment of 25% to 7.9 billion. Specifically, Enel Green Power España, Endesa's renewables subsidiary, will double its contribution to Ebitda from 300 million to 600 million between 2020 and 2023. An additional 100 million Ebitda will come from the distribution business, with gross profit increasing from 2 billion to 2.1 billion.

The growth of Ebitda will be reflected in the 12% increase in expected net income, which will rise from the estimated 1.7 billion in 2020 to 1.9 billion at the end of 2023. Endesa confirms the 100% payout policy in 2020, 80% in 2021, and 70% in 2022, extending 70% to 2023. Endesa is therefore adapting its dividend policy to a much higher growth profile set out in this strategic plan.

It should also be added that Endesa could add opportunities derived from the execution of the Recovery Plan in Spain and Portugal financed with European funds.

Low cost debt and sustainability criteria

Regarding the evolution of indebtedness, it will grow to support the increased investment contained in the plan. Liabilities will increase by 2.9 billion, to a net debt of 10 billion at the end of 2023. However, Endesa expects to benefit from the extremely low cost of debt, which will fall from an average of 1.8% in 2020 to 1.4% at the end of the strategic plan.

Debt management will continue to meet sustainability criteria, so that the percentage of gross debt linked to sustainability objectives will go from 45% of the total estimated in 2020 (over 7,300 million), to around 60% in 2023 (over 10.2 billion of estimated gross liabilities).

Luca Passa, Endesa's CFO, says with regard to these objectives: “Under this plan, we are significantly increasing our investments in both renewables and networks. It is a plan that is clearly focused on sustainability, both in the destination of the investment and in its financing. This investment effort also confirms our financial objectives for 2023 in a much more challenging macroeconomic environment compared to the previous plan”.

Vision to 2030: up to 2.5 billion in investments

As well as updating the strategic plan to 2023, for the first time, Endesa has presented an overview of its main business objectives for the 2030 horizon. The company has carried out this exercise to convey its strategy for the coming decade based on aspects which are expected to be key for the sector due to the

many, far-reaching changes facing the energy activity in Spain and Portugal derived from decarbonisation, the massive electrification of demand and the respect for the criteria of sustainability and circularity of business activity. Endesa is a fundamental player in the reconfiguration of the sector, since it is the largest producer, distributor and marketer of electricity on the Iberian Peninsula.

To take advantage of the opportunities derived from both the Spanish National Integrated Energy and Climate Plan, as well as from the funds for the post-Covid recovery that will arrive from the European Union, Endesa estimates investments of 25 billion between 2021 and 2030. Of these, 40% will be allocated to increasing the renewable generator park to more than 18,000 MW, that is, more than 10,000 MW in addition to those operating at the end of 2020.

Another 40% will go to the distribution network, raising the regulated network asset base from 11.6 billion to 13 billion by the end of 2030. This will further improve the security and quality of supply, and make the network more efficient and flexible to meet the new needs of the additional renewable generation planned. As well as consumers' new needs. In this regard, Interruption time Equivalent to the installed Capacity (TIEPI) is expected to decrease by 29% to 44 minutes per year on average.

This ambitious investment plan will make the percentage of all Endesa's production CO₂ emissions free, a figure that will reach 80% by the end of the decade. The decarbonisation path is faster compared to the previous plan, which envisaged that in 2030, 140 grams of carbon dioxide would be emitted per kilowatt-hour of electricity produced. That threshold has now been reduced to 95 grams - 80% less than in 2017. Endesa also expects to have completely ceased all coal generation operations, inside and outside the Peninsula, by 2027.

The commitment to new technologies will translate into the promotion of storage systems with batteries and hydrogen projects potentially eligible for the European Recovery Fund.

The number of clients in the free market segment is expected to grow by 23%, reaching around 7 million in 2030, up from 5.7 million at the end of this year 2020. The electrification of demand will also be boosted to a total of 575,000 electric vehicle charging points by the end of this decade. At the same time, it is expected to have a base of up to 1,000 megawatts in self-consumption installations in homes and companies, which will allow the use of new systems and demand management models based on the distribution network's new functionalities.