

Rating object

ENEL S.p.A.
 ENEL Finance International N.V.
 Long-Term Local Currency Senior Unsecured Issues ENEL S.p.A.
 Long-Term Local Currency Senior Unsecured Issues ENEL Finance International N.V.

Rating incl. outlook / watch

BBB+ / negative
 BBB+ / negative
 BBB+ / negative
 BBB+ / negative

Date of inception / disclosure to rated entity / maximum validity:

Rating object	Date of inception	Disclosure to rated entity	Maximum validity
ENEL S.p.A.	27.11.2020	30.11.2020	Until withdrawal of the rating
ENEL Finance International N.V.	27.11.2020	30.11.2020	Until withdrawal of the rating
Long-Term Local Currency Senior Unsecured Issues ENEL S.p.A.	27.11.2020	30.11.2020	Until withdrawal of the rating
Long-Term Local Currency Senior Unsecured Issues ENEL Finance International N.V.	27.11.2020	30.11.2020	Until withdrawal of the rating

There occurred no changes after the communication of the rating to the rating object.

Rating summary:

Creditreform Rating (CRA) has changed the outlook of the unsolicited corporate issuer rating of ENEL S.p.A. (Enel or the Company) and ENEL Finance International N.V. as well as their unsolicited corporate issue rating of the long-term local currency senior unsecured notes from stable to **negative**, and confirmed the ratings at **BBB+**.

This change is based on an expected economic deterioration or at least a postponement of the economic recovery to pre-crisis levels in Enel's central markets, in particular Italy. On 21.08.2020, CRA revised the outlook of the Italian Republic from stable to negative and affirmed the unsolicited long-term sovereign rating of BBB-. In November 2020, renewed containment measures were taken to counteract the worsening pandemic, having further economic consequences for the country. Other countries representing Enel's central markets (Spain, countries of Latin America) are also affected by the worsening situation. The Latin American economy has a strongly devalued currency against the EUR, which also affects Enel's operating performance, as already visible in the fiscal period 9M 2020. In the first nine months of 2020, the Company recorded a decline of 19% in revenues, primarily due to lower demand and adverse FX effects as a result of the COVID-19 pandemic. Based on the existing uncertainty, the pandemic has also affected the financial markets. In particular, the exchange rates of Latin American countries have been strongly devalued. Another negative consequence in the course of the Covid-19 pandemic has been an increase in depreciations on trade receivables in Italy, Spain and Latin America, illustrating the currently worsening economic situation. Enel was, however, able to realize a positive net income of EUR 2,921 million (9M 2019: EUR 813 million) thanks to its systemically important, geographically and offer-related, diversified business model. The significant increase in earnings compared to the previous year was due to that in the fiscal period 9M 2019 earnings were considerably adversely affected by one-off effects.

As a result of the negative effects of COVID-19 pandemic, in H1 2020 Enel slightly adjusted its forecasts for results and net financial debt for 2020, while the forecasts for the following years of the Strategic Plan 2020-2022 currently remain valid. The Strategic Plan 2020-2022 of November 2019 requires large investments, compensated by EBITDA improvements. Nevertheless, the Company's high dependency on the economic situation of its main countries in order to achieve the objectives results in some uncertainty as to whether the objectives can be achieved in the current deteriorating economic environment. If not, it could mean a possible impairment of the key figures relevant to the rating. However, if the economic situation stabilizes earlier than we currently expect, or if there are no significant adverse effects on Enel's performance in H1 2021, we will revise the outlook back to stable. The rating remains at BBB+, attesting Enel S.p.A and the associated rating objects a highly satisfactory level of creditworthiness, mainly due to the strong position of the Company in its relevant geographical markets, as well as its diversified, systemic-relevant and partly sustainable, innovative business model. The Company's solid financial figures and good access to the capital market also provide a good basis for coping with potential challenges.

Primary key rating drivers:

- + Leader in the main areas of the energy transition and largest electricity supplier in Italy with global presence
- + Partially crisis-robust, broadly-based, and partly sustainable and innovative product portfolio,
- + Generally solid financial key ratios before the COVID-19 pandemic, including 2019
- + Good access to financial markets

- Significant declines in sales and increased depreciations of trade receivables as a result of the crisis in 9M 2020
- Deterioration of the economy in the central markets, revised outlook of the rating of Italy and Spain
- Renewed containment measures, worsening domestic economy
- Uncertainty regarding the further development of Enel key metrics
- Generally high degree of uncertainty as to the further economic consequences as well as the further course of the pandemic

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of ENEL S.p.A. we have not identified any ESG factor with significant influence.

Already, 43.4% of the Company's electricity generation stems from renewable sources, which will further increase due to the planned investments of the new Strategic Plan 2020-2022. Among other sustainability goals to prevent climate change, the Company plans for 60% of the Group's total installed capacity to be renewable by 2022. Sustainability could be therefore a key driver of the Company's performance, as well as a significant competitive factor for Enel in the long run. Overall, we see Enel as a sustainable and well-positioned company. Particularly with regard to its latest measures, set in the annual report 2019, we see Enel as a sustainable and well-positioned company.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

Rating scenarios:

Please note: The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: BBB+

In our best-case-scenario for one year, we assume a rating of BBB+. In this scenario, we expect that the impact of the COVID-19 pandemic only has a limited influence on the rating relevant key figures due to a rapid economic recovery in 2021, especially in Italy and Spain in the wake of successful government measures. In addition, the currencies in Latin America are stabilizing and gradually returning to pre-crisis levels. In this scenario, there will be no sovereign rating downgrade.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. In this scenario, we expect longer-lasting economic consequences in the course of the COVID-19-pandemic, slowing economic recovery causing a further fall in demand, as well as higher depreciations on trade receivables; at the same time, debt increases due to planned investment and M&A activities, with significant adverse effects on the Group's operating performance and financial key figures. In this scenario, the sovereign rating of Italy is downgraded.

Analysts / Person approving (PAC):

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Initial rating:

Rating object	Event	Rating created	Publication date	Monitoring until	Result
Corporate Issuer Rating der ENEL S.p.A.	Initialrating	06.06.2019	11.06.2019	26.11.2020	BBB+ / stabil
Corporate Issuer Rating der ENEL Finance International N.V	Initialrating	06.06.2019	11.06.2019	26.11.2020	BBB+ / stabil
LT LC Senior Unsecured Issues Issued von ENEL S.p.A.	Initialrating	06.06.2019	11.06.2019	26.11.2020	BBB+ / stabil
LT LC Senior Unsecured Issues Issued von ENEL Finance International N.V	Initialrating	06.06.2019	11.06.2019	26.11.2020	BBB+ / stabil

Status of solicitation and information basis:

The present rating is an **unsolicited** rating. The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

Rating methodology / Version / Date of application:

Rating methodology	Version number	Date	Website
Corporate Ratings	2.3	29.05.2019	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Corporate%20Ratings.pdf
Government-related Companies	1.0	19.04.2017	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Government-Related%20Companies.pdf
Non-financial Corporate Issue Ratings	1.0	October 2016	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf
Rating Criteria and Definitions	1.3	January 2018	https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. The rating was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

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In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

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The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

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