Foundation

Perceived Risk Index©

Sectors Analysis

29/09/2023

Perceived Risk Index©

Introduction

PRI Perceived Risk Index© is an innovative, forward-looking indicator developed by Enel SpA Risk Control Unit within AFC function that reflects corporate risk perceived by financial markets.

In an ever-evolving economic landscape, understanding how markets interpret risk is a key strategic lever for companies, investors, and stakeholders.

PRI Perceived Risk Index© is a forward-looking indicator since it considers three different variables with a prospective nature that reflects the premium at risk required by investors:

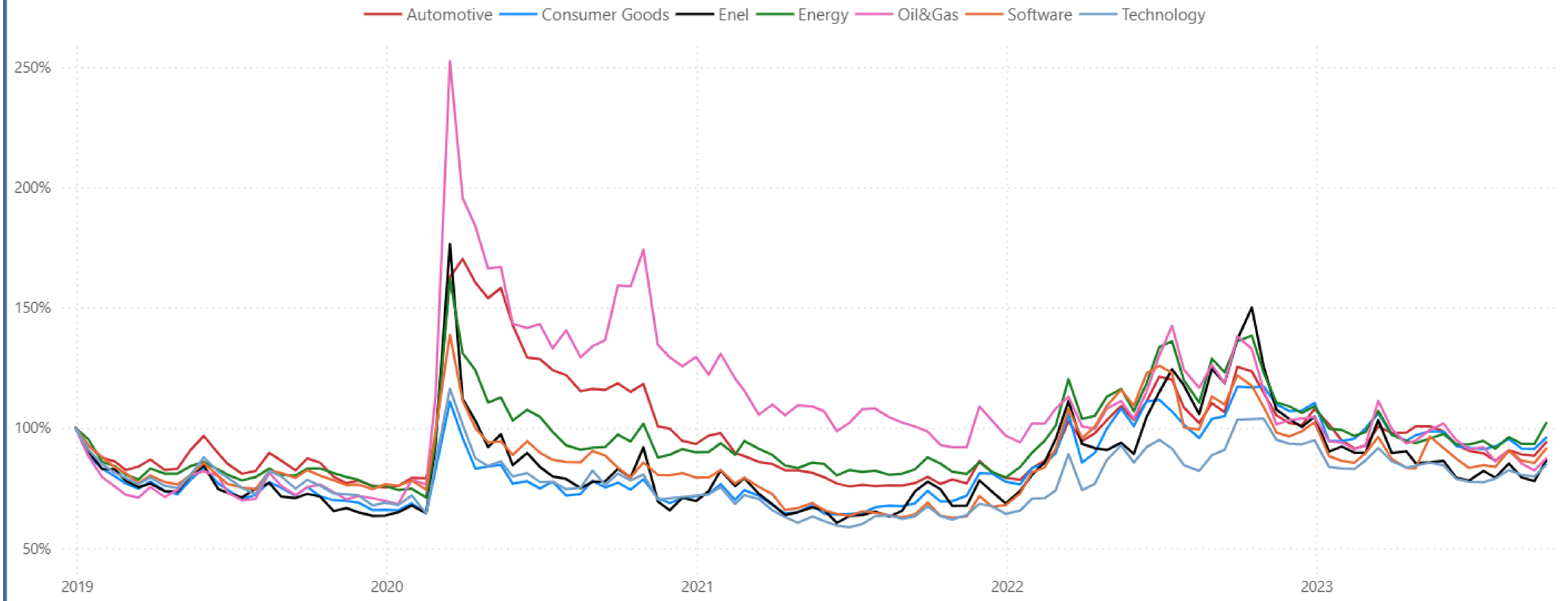
- **Inverse Stock Price**: the stock price reflects the level of investors' trust towards the company. Thus, the lower is the stock price, the higher is the perceived risk;
- **Option Implied Volatility (3 months):** gives the indication of the perceived risk of the underlying asset implied in listed option prices;
- **Credit Default Swap (5 years):** The CDS represents a credit risk premium and thus it has a direct relationship with the company perceived probability of default.

These above mentioned three variables are market data available on public sites.

31/12/2018 is the starting point of the monitoring activity, with a baseline value of 100%, across six key sectors: Energy, Oil & Gas, Consumer Goods, Software, Technology, and Automotive.

PRI Perceived Risk Index©

Measuring the risk as perceived by financial markets – Sectors & Enel



Automotive

94%✓
vs Base Date: 100% (-5,87%)

Consumer Goods

96%✓
vs Base Date: 100%
(-3,97%)

Energy

102% !
vs Base Date: 100%
(+2,09%)

Oil & Gas

87%✓
vs Base Date: 100%
(-12,60%)

Software

91%✓
vs Base Date: 100% (-8,50%)

Technology

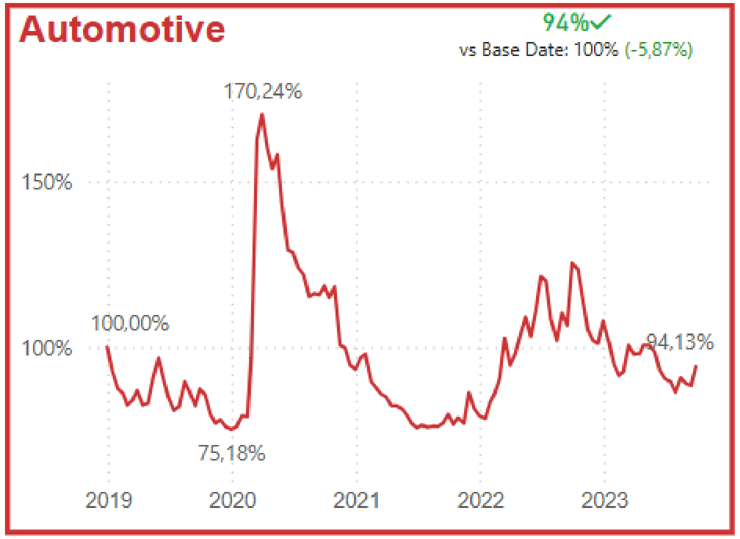
85%✓
vs Base Date: 100%
(-15,22%)

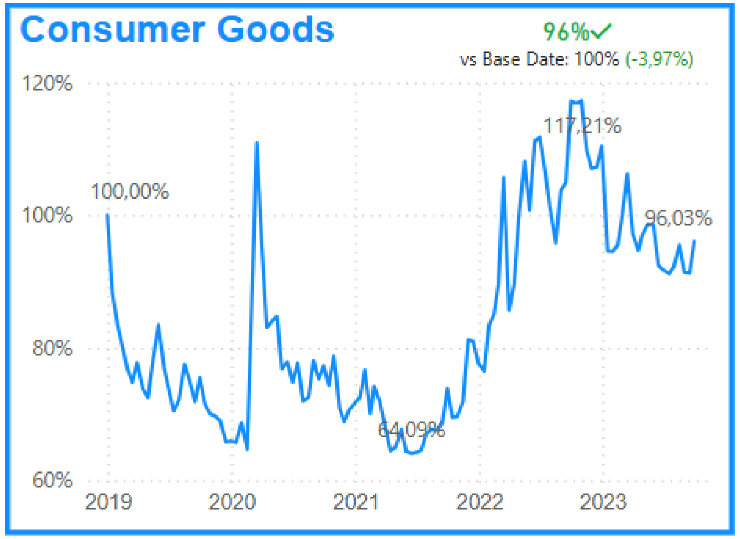
Enel

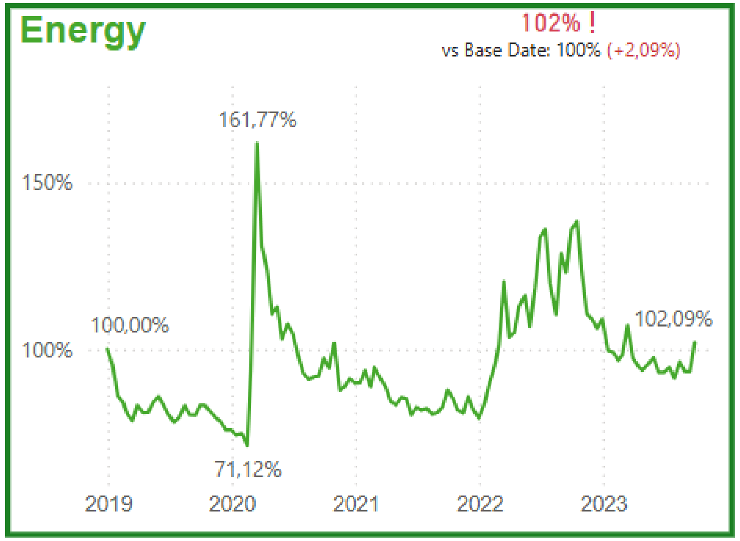
86%✓
vs Base Date: 100%
(-13,53%)

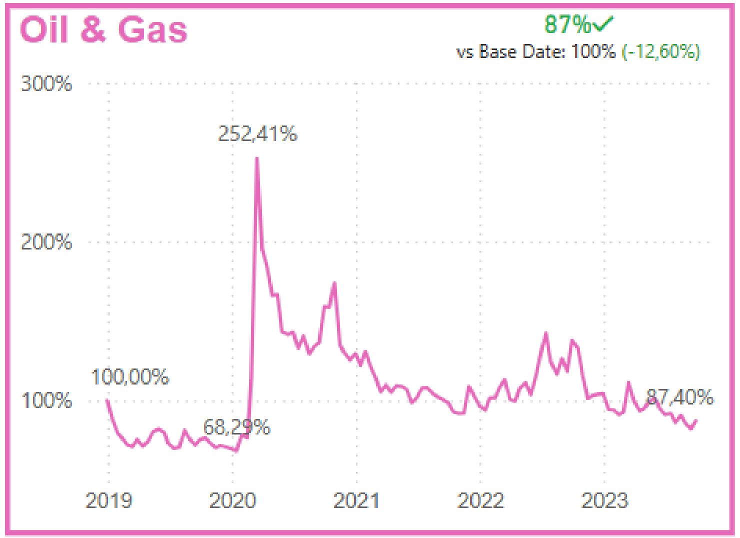
Perceived Risk Index©

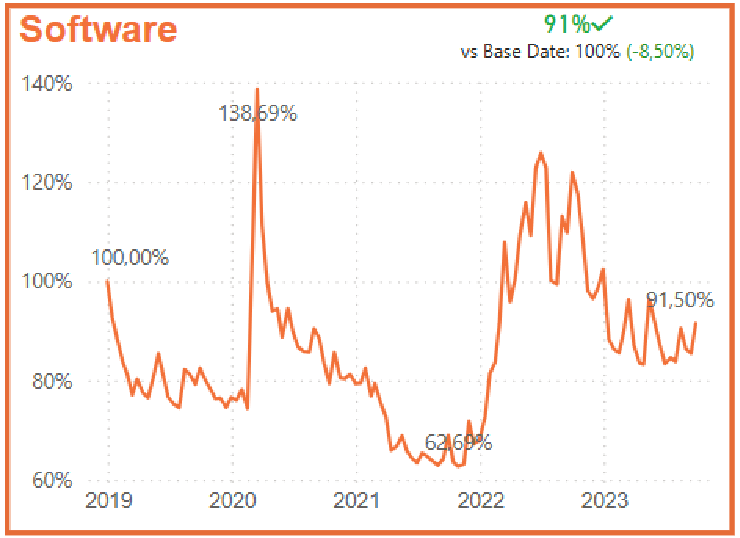
Measuring the risk as perceived by financial markets – by Sector @ 29 Sep 2023

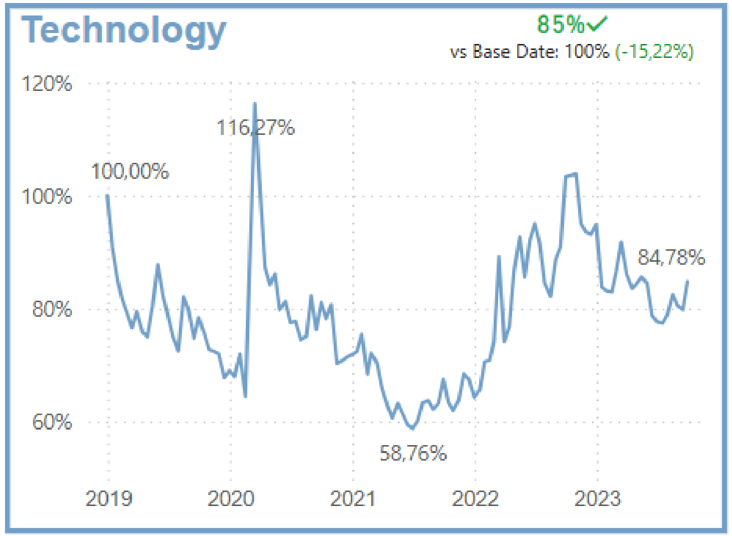












Perceived Risk Index©

Comments

Full month trend:

In September 2023, the **PRI© for Enel showed a two-phase trend.**

In the **first half of the month**, the Enel's indicator **improved** (-2p.p. compared to the end of August), allowing Enel to climb to **second place among peers**, mainly due to a reduction in CDS spreads and implied volatility. This positive sentiment was further boosted by **Time Magazine recognizing Enel as the 13th best company worldwide** in its 2023 World's Best Companies ranking, making it the top Italian company.

However, in the **second half of September**, the Perceived Risk Index© **worsened broadly across the sector**, driven by an unfavorable bond market and rising BTP-Bund spreads. Enel was affected as well (+9p.p. compared to the first half of September), with increases in CDS and implied volatility pushing its PRI© higher (worse), causing the company to fall back to **third place in the peer ranking**.

The month closed with a clear distinction between top and bottom performers, as some companies maintained strong risk profiles while others continued to face difficulties linked to portfolio pressures and market conditions.