Interim Financial Report at March 31, 2017

Contents

Our mission


MISSION 2025
OPEN ENERGY TO MORE PEOPLE.
We will use and extend our global reach and scale to connect more people to secure and sustainable energy, with a special focus on Latin America and Africa.
OPEN ENERGY TO NEW TECHNOLOGIES.
We will lead development and deployment of technologies to generate and distribute energy more sustainably, with a special focus on renewables and smart grids.
OPEN UP NEW WAYS OF MANAGING ENERGY FOR PEOPLE.
We will develop more services built around people's needs to help them use and manage energy more efficiently, with a focus on smart meters and digitisation.
OPEN UP ENERGY TO NEW USES.
We will develop new services that use energy to tackle global challenges, with a focus on connectivity and e-mobility.
OPEN UP TO MORE PARTNERSHIPS.
We will unite a network of collaborators in research, technology, product development, and marketing to build new solutions together.
enel

Foreword

The Interim Financial Report at March 31, 2017 has been prepared in compliance with Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998, with the clarification indicated in the following section, and in conformity with the recognition and measurement criteria set out in the international accounting standards (*International Accounting Standards* - IAS and *International Financial Reporting Standards* - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period. For a more thorough discussion of the accounting policies and measurement criteria, please refer to note 1 of the notes to the condensed consolidated quarterly financial statements.

Article 154-*ter*, paragraph 5, of the Consolidated Financial Intermediation Act, as recently amended by Legislative Decree 25/2016, no longer requires issuers to publish an interim financial report at the close of the 1st and 3rd Quarters of the year. The new rules give CONSOB the power to issue a regulation requiring issuers, following an impact analysis, to publish periodic financial information in addition to the annual and semi-annual financial reports. In view of the foregoing, pending a possible modification of the regulatory framework by CONSOB, Enel intends to continue voluntarily publishing an interim financial report at the close of the 1st and 3rd Quarters of each year in order to satisfy investor expectations and conform to consolidated best practice in the main financial markets, while also taking due account of the quarterly reporting requirements of a number of major listed subsidiaries.

Definition of performance indicators

In order to facilitate the assessment of the Group's performance and financial position, for this Interim Financial Report at March 31, 2017, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU it has adopted. These reclassified schedules contain different performance indicators from those obtained directly from the condensed consolidated quarterly financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of the Group's business.
As regards those indicators, on December 3, 2015, CONSOB issued Communication no. 92543/15, which gives force to the Guidelines issued on October 5, 2015, by the European Securities and Markets Authority (ESMA) concerning the presentation of alternative performance measures in regulated information disclosed or prospectuses published as from July 3, 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.
Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows:

Gross operating margin: an operating performance indicator, calculated as "Operating income" plus "Depreciation, amortization and impairment losses".

Ordinary gross operating margin: this is calculated by correcting the "gross operating margin" for all items generated by non-recurring transactions, such as acquisitions or disposals of firms (for example, capital gains and losses), with the exception of those in the renewables development segment, in line with the new “Build, Sell and Operate” business model launched in the 4th Quarter of 2016, in which the income from the disposal of projects in that sector is the result of an ordinary activity for the Group.

Ordinary operating income: this is calculated by correcting “operating income” for the effects of the non-recurring transactions referred to with regard to the gross operating margin, as well as significant impairment losses on assets following impairment testing or classification under “assets held for sale”.

Group ordinary net income: this is defined as “Group net income” generated by Enel’s core business and is equal to “Group net income” less the effects on net income (including the impact of any tax effects or non-controlling interests) of the items referred to in the comments on “ordinary operating income”.

Net non-current assets: calculated as the difference between “Non-current assets” and “Non-current liabilities” with the exception of:

- “Deferred tax assets”;
- “Securities held to maturity”, “Financial investments in funds or portfolio management products measured at fair value through profit or loss” and “Other financial receivables” included in “Other non-current financial assets”;
- “Long-term borrowings”;
- “Employee benefits”;
- “Provisions for risks and charges (non-current portion)”;
- “Deferred tax liabilities”.

Net current assets: calculated as the difference between “Current assets” and “Current liabilities” with the exception of:

- “Current portion of long-term financial receivables”, “Factoring receivables”, “Securities held to maturity”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”;
- “Cash and cash equivalents”;
- “Short-term borrowings” and the “Current portion of long-term borrowings”;
- “Provisions for risks and charges (current portion)”;
- “Other financial payables” included in “Other current liabilities”.

Net assets held for sale: calculated as the algebraic sum of “Assets held for sale” and “Liabilities held for sale”.

Net capital employed: calculated as the algebraic sum of “Net non-current assets” and “Net current assets”, “Provisions for risks and charges”, “Deferred tax liabilities” and “Deferred tax assets”, as well as “Net assets held for sale”.

Net financial debt: a financial structure indicator, determined by:

- “Long-term borrowings” and “Short-term borrowings and the current portion of long-term borrowings”, taking account of “Short-term financial payables” included in “Other current liabilities”;
- net of “Cash and cash equivalents”;
- net of the “Current portion of long-term financial receivables”, “Factoring receivables”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”;
- net of “Securities held to maturity”, “Securities available for sale”, “Financial investments in funds or portfolio management products measured at fair value through profit or loss” and “Other financial receivables” included in “Other non-current financial assets”.

More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Enel organizational model

On April 8, 2016, the Enel Group adopted a new organizational structure, partly in relation to the integration of Enel Green Power. More specifically, the main organizational changes include:

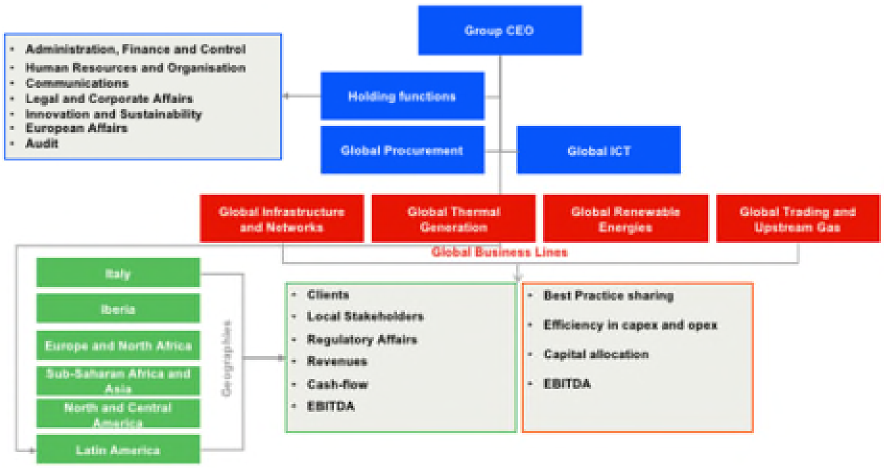
> the reorganization of the Group's geographical presence, with a focus on the countries that represent new business opportunities around the world and in which the Group's presence was established through Enel Green Power. The Group has therefore shifted from a matrix of four geographical areas to one with six such areas. The structure retains the Country "Italy" and the areas "Iberia" and "Latin America", while the Eastern Europe area has been expanded into the "Europe and North Africa" area. Two new geographical areas have also been created: "North and Central America" and "Sub-Saharan Africa and Asia". These six areas will continue to maintain a presence and integrate businesses at the local level, seeking to foster the development of all segments of the value chain. At the geographical level, in countries in which the Group operates in both the conventional and renewable generation businesses, the position of Country Manager will be unified;
> the convergence of the entire hydroelectric business within the Renewable Energy business line;
> the integrated management of dispatching of all renewable and thermal generation plants by Energy Management at the Country level in accordance with the guidelines established by the Global Trading Division.

More specifically, the new Enel Group structure is organized, like the previous one, into a matrix that comprises:

> *Global Business Lines* (Global Thermal Generation and Trading, Global Infrastructure and Networks, Renewable Energy), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group can benefit from a centralized industrial vision of projects in the various business areas. Each project will be assessed not only on the basis of its financial return, but also on the basis of the best technologies available at the Group level. On September 12, 2016, following the positive experience of Enel Open Fiber in Italy, Enel created a new global business unit within the Global Infrastructure and Networks Global Business Line, responsible for managing this new strategic line of business in Italy and around the world. The new business unit, Global Fiber Optic Infrastructures, has the mission of developing strategies and business models for the development of fiber optic infrastructure by the Group at the global level;
> *Geographical Areas* (Italy, Iberia, Latin America, Europe and North Africa, North and Central America, Sub-Saharan Africa and Asia), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the divisions.

The following functions provide support to Enel's business operations:

> *Global service functions* (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;
> *Holding company functions* (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Union Affairs, and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.



The **new organizational structure** modified the structure of reporting, the analysis of the Group's performance and financial position and, accordingly, **the representation of consolidated results as from September 30, 2016**. Consequently, in this Interim Financial Report, the results by business segment are discussed on the basis of the new organizational arrangements and taking account of the provision of IFRS 8 with regard to the "management approach". Similarly, the figures for the 1st Quarter of 2016 have been restated appropriately for comparative purposes.

As announced on the occasion of Capital Markets Day in November 2016, on April 28, 2017 a new Global Business Line, called "E-Solutions", was introduced. It is intended to foster greater customer focus and digitization as accelerators of value within the 2017-2019 Strategic Plan. The new business line will focus on advanced digital solutions in areas such as energy efficiency, "smart alerts", optical fiber, illumination, mini-grid products, distributed generation, demand response services, electric vehicles, charging facilities, integrated mobility, smart applications, services for the home and families and financial services.
From conception to technological development, testing and marketing, sales and after-sales activities, Global E-Solutions will manage a broad portfolio over the entire life cycle, deploying its expertise and best practices to conduct targeted scouting to find new technologies and develop business models and new revenue streams to enter new fields.
In the coming months, the new organization will gradually be implemented in the Group's Countries, with appropriate adjustment of segment reporting.

Summary of results

Performance and financial position

Millions of euro	1st Quarter	
	2017	2016
Revenue	19,366	17,872
Gross operating margin	3,914	4,017
Operating income	2,525	2,670
Net income attributable to the shareholders of the Parent Company and non-controlling interests	1,304	1,305
Net income attributable to the shareholders of the Parent Company	983	939
Group net income per share in circulation at period-end (euro)	0.10	0.09
Net capital employed	93,182	90,128 (1)
Net financial debt	39,282	37,553 (1)
Shareholders' equity (including non-controlling interests)	53,900	52,575 (1)
Group shareholders' equity per share in circulation at period-end (euro)	3.53	3.42 (1)
Cash flows from operating activities	1,740	1,567
Capital expenditure on property, plant and equipment and intangible assets	1,453	1,547 (2)

(1) At December 31, 2016.
(2) Does not include €103 million regarding units classified as "held for sale" at March 31, 2016.

Revenue in the first three months of 2017 totaled €19,366 million, an increase of €1,494 million (+8.4%) compared with the same period of 2016. The increase, which also reflected the weakening of the euro against most of the currencies of the countries in which the Group operates, is mainly attributable to an increase in revenue from the sale of electricity to end users, the transport of electricity, greater electricity trading and the sale of fuels, partly offset by a decrease in sales on the wholesale market and the impact of the deconsolidation of Slovenské elektrárne. Revenue for the 1st Quarter of 2017 includes the gain on the sale of the interest in the Chilean company Electrogas in the amount of €151 million, while in the 1st Quarter of 2016 it included the gain of €146 million on the sale of Hydro Dolomiti Enel.

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	10,293	9,382	911	9.7%
Iberia	5,210	4,768	442	9.3%
Latin America	3,247	2,513	734	29.2%
Europe and North Africa	642	1,213	(571)	-47.1%
North and Central America	177	244	(67)	-27.5%
Sub-Saharan Africa and Asia	21	3	18	-
Other, eliminations and adjustments	(224)	(251)	27	10.8%
Total	**19,366**	**17,872**	**1,494**	**8.4%**

The **gross operating margin** in the 1st Quarter of 2017 amounted to €3,914 million, a decrease of €103 million (-2.6%) compared with the same period of 2016. More specifically, the improvement in Latin America (especially in Brazil and Colombia), which partly reflected exchange rate effects and the gain on the disposal of Electrogas, was more than offset by the decline in the margin in Iberia and by the effect of the changes in the scope of consolidation, which had an adverse impact on performance in Europe and

North Africa (essentially regarding the disposal of Slovenské elektrárne) and North and Central America (following the deconsolidation of Enel Green Power North America Renewable Energy Partners).

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	1,959	1,947	12	0.6%
Iberia	694	843	(149)	-17.7%
Latin America	1,087	849	238	28.0%
Europe and North Africa	144	238	(94)	-39.5%
North and Central America	113	180	(67)	-37.2%
Sub-Saharan Africa and Asia	12	(2)	14	-
Other	(95)	(38)	(57)	-
Total	**3,914**	**4,017**	**(103)**	**-2.6%**

The **ordinary gross operating margin** amounted to €3,763 a million, a decrease of €108 million on the first three months of 2016 (-2.8%). Extraordinary items in the first three months of 2017, which are not included in the ordinary gross operating margin, are the same as those discussed under revenue.

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	1,959	1,801	158	8.8%
Iberia	694	843	(149)	-17.7%
Latin America	936	849	87	10.2%
Europe and North Africa	144	238	(94)	-39.5%
North and Central America	113	180	(67)	-37.2%
Sub-Saharan Africa and Asia	12	(2)	14	-
Other	(95)	(38)	(57)	-
Total	**3,763**	**3,871**	**(108)**	**-2.8%**

Operating income in the 1st Quarter of 2017 amounted to €2,525 million. The decrease of €145 million (-5.4%) compared with the same period of 2016 was due to an increase of €42 million in depreciation, amortization and impairment. This reflected the depreciation of the euro, partly offset by a reduction in depreciation due to the change in the useful life of certain parts of renewables generation plants.

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	1,416	1,410	6	0.4%
Iberia	278	409	(131)	-32.0%
Latin America	775	617	158	25.6%
Europe and North Africa	91	169	(78)	-46.2%
North and Central America	62	119	(57)	-47.9%
Sub-Saharan Africa and Asia	2	(3)	5	-
Other	(99)	(51)	(48)	-94.1%
Total	**2,525**	**2,670**	**(145)**	**-5.4%**

Ordinary operating income, which does not include the same items excluded from the ordinary gross operating margin, amounted to €2,374 million, a decrease of €150 million (-5.9%) compared with the same period of 2016.

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	1,416	1,264	152	12.0%
Iberia	278	409	(131)	-32.0%
Latin America	624	617	7	1.1%
Europe and North Africa	91	169	(78)	-46.2%
North and Central America	62	119	(57)	-47.9%
Sub-Saharan Africa and Asia	2	(3)	5	-
Other	(99)	(51)	(48)	-94.1%
Total	**2,374**	**2,524**	**(150)**	**-5.9%**

Group net income in the 1st Quarter of 2017 amounted to €983 million, an increase of €44 million (+4.7%) compared with the same period of 2016. The increase reflected a decrease in net financial expense (mainly associated with borrowing) and a reduction in the impact of non-controlling interests, partly due to the integration of Enel Green Power at the end of the 1st Quarter of 2016. These effects were only partly offset by the performance of operating income discussed above.

Group ordinary net income for the first three months of 2017 amounted to €943 million (€795 million in the first three months of 2016), an increase of €148 million compared with the same period of 2016. The following table provides a reconciliation of Group net income and Group ordinary net income, reporting the ordinary items and their respective impacts on net income, excluding the associated tax effects and non-controlling interests.

Millions of euro	
	2017
Group net income	**983**
Gain on disposal of Electrogas	(40)
Group ordinary net income	**943**

Net financial debt at March 31, 2017 amounted to €39,282 million, up €1,729 million on December 31, 2016. At March 31, 2017, the debt/equity ratio was 0.73 (0.71 at December 31, 2016).

Capital expenditure amounted to €1,453 million in the 1st Quarter of 2017, a decrease of 6.1% compared with the same period of 2016, essentially associated with renewable generation activities in Sub-Saharan Africa and Asia.

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Italy	314	346	(32)	-9.2%
Iberia	144	177	(33)	-18.6%
Latin America	566	603	(37)	-6.1%
Europe and North Africa	41	50 (1)	(9)	-18.0%
North and Central America	380	277	103	37.2%
Sub-Saharan Africa and Asia	8	89	(81)	-91.0%
Other	-	5	(5)	-
Total	**1,453**	**1,547**	**(94)**	**-6.1%**

(1) Does not include €103 million regarding units classified as "held for sale".

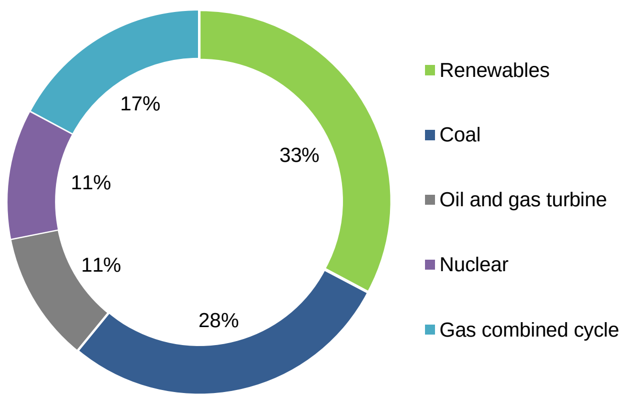
Operations

	1st Quarter					
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2017			2016	
Net electricity generated by Enel (TWh)	14.2	49.1	**63.3**	14.7	51.3	**66.0**
Electricity transported on the Enel distribution network (TWh) (1)	55.9	53.2	**109.1**	56.1	50.0	**106.1**
Electricity sold by Enel (TWh)	26.0	45.3	**71.3**	24.2	43.8	**68.0**
Gas sales to end users (billions of m^3)	2.2	2.0	**4.2**	2.0	1.8	**3.8**
Employees at period-end (no.) (2)	32,004	31,514	**63,518**	31,956	30,124	**62,080**

(1) The figure for the 1st Quarter of 2016 reflects a more accurate calculation of quantities transported.
(2) Comparative figures at December 31, 2016.

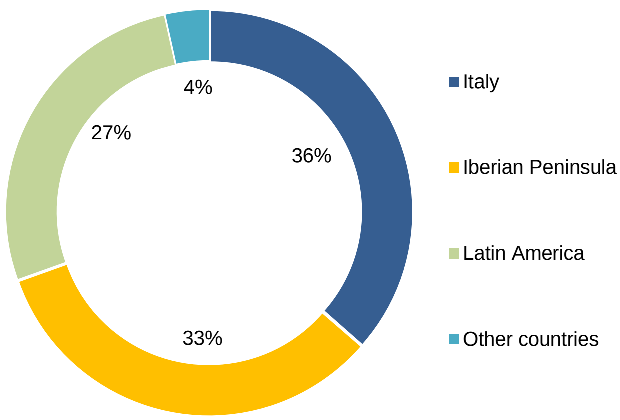
Net electricity generated by Enel in the 1st Quarter of 2017 totaled 63.3 TWh, down 4.1% compared with the same period of 2016. The change is due to the reduction in amounts generated abroad (-2.2 TWh) and in Italy (-0.5 TWh). As regards the technology mix, nuclear generation fell substantially due the change in the scope of consolidation with the disposal of Slovenské elektrárne (-3.8 TWh). That decrease was only partly offset by an increase in conventional thermal generation (+1.7 TWh) connected with greater use of coal-fired and combined-cycle plants in Spain. Hydroelectric generation declined by 0.7 TWh, mainly due to the deconsolidation of Slovenské elektrárne and a deterioration in water conditions in Spain, which more than offset the increase registered in a number of Latin American countries.

Net electricity generation by source (1st Quarter of 2017)



Electricity transported on the Enel distribution network in the 1st Quarter of 2017 came to 109.1 TWh, an increase of 3.0 TWh (+2.8%), reflecting the consolidation of CELG-D and the increase in electricity demand in Italy and abroad.
Electricity sold by Enel in the 1st Quarter of 2017 amounted to 71.3 TWh, an increase of 3.3 TWh (+4.9%), attributable to an increase in sales in Italy (+1.8 TWh) thanks to an expansionary commercial policy in the "business" segment, and an increase in amounts sold abroad (+1.5 TWh).

Electricity sold by geographical area (1st Quarter of 2017)



Gas sales in the 1st Quarter of 2017 amounted to 4.2 billion cubic meters, up 0.4 billion cubic meters compared with the same period of the previous year.

At March 31, 2017, Enel Group **employees** numbered 63,518, of whom 49.6% employed in Group companies headquartered abroad. The change for the quarter (+1,438) is attributable to the net negative balance of new hires and terminations (-499) and changes in the scope of consolidation (+1,937) due to the acquisitions of Demand Energy in North America and CELG-D in Brazil.

No.	**at Mar. 31, 2017**	at Dec. 31, 2016
Italy	29,876	29,321
Iberia	9,864	9,695
Latin America	14,425	12,979
Europe and North Africa	5,885	5,858
North and Central America	934	891
Sub-Saharan Africa and Asia	193	185
Other	2,341	3,151
Total	**63,518**	**62,080**

Group performance

Millions of euro	1st Quarter			
	2017	2016	Change	
Total revenue	19,366	17,872	1,494	8.4%
Total costs	15,702	13,775	1,927	14.0%
Net income/(expense) from commodity contracts measured at fair value	250	(80)	330	-
Gross operating margin	**3,914**	**4,017**	**(103)**	**-2.6%**
Depreciation, amortization and impairment losses	1,389	1,347	42	3.1%
Operating income	**2,525**	**2,670**	**(145)**	**-5.4%**
Financial income	569	1,592	(1,023)	-64.3%
Financial expense	1,233	2,444	(1,211)	-49.5%
Total financial income/(expense)	**(664)**	**(852)**	**188**	**22.1%**
Share of income/(losses) from equity investments accounted for using the equity method	**39**	**35**	**4**	**11.4%**
Income before taxes	**1,900**	**1,853**	**47**	**2.5%**
Income taxes	596	548	48	8.8%
Net income from continuing operations	**1,304**	**1,305**	**(1)**	-0.1%
Net income from discontinued operations	**-**	**-**	**-**	-
Net income (Group and non-controlling interests)	**1,304**	**1,305**	**(1)**	-0.1%
Net income attributable to shareholders of Parent Company	983	939	44	4.7%
Net income attributable to non-controlling interests	321	366	(45)	-12.3%

Revenue

Millions of euro	1st Quarter			
	2017	2016	Change	
Sale of electricity	11,161	10,478	683	6.5%
Transport of electricity	2,606	2,308	298	12.9%
Fees from network operators	145	120	25	20.8%
Transfers from institutional market operators	443	259	184	71.0%
Sale of gas	1,555	1,508	47	3.1%
Transport of gas	239	235	4	1.7%
Remeasurement at fair value after changes in control	-	-	-	-
Gains on the disposal of assets	151	166	(15)	-9.0%
Other sales, services and revenue	3,066	2,798	268	9.6%
Total	**19,366**	**17,872**	**1,494**	**8.4%**

In the 1st Quarter of 2017 revenue from the **sale of electricity** amounted to €11,161 million, an increase of €683 million compared with the same period of 2016 (+6.5%). The rise was essentially attributable to the following factors:

> an increase of €701 million in revenue from electricity sales to end users, mainly due to a rise in average sales prices accompanied by an increase in quantities sold and the favorable impact of exchange rate changes in Latin America. These factors were only partly offset by the effect of the deconsolidation of Slovenské elektrárne in the amount of €209 million;

> a reduction of €461 million in wholesale electricity sales, largely attributable to the deconsolidation of Slovenské elektrárne (378 million);

> an increase of €443 million in revenue from electricity trading, essentially reflecting the increase in volumes handled against a background of rising prices on international markets.

Revenue from the **transport of electricity** amounted to €2,606 million in the 1st Quarter of 2017, an increase of €298 million, mainly due to the increase in quantities transported abroad.

Revenue from **transfers from institutional market operators** totaled €443 million in the 1st Quarter of 2017, up €184 million on the 1st Quarter of 2016, essentially reflecting the increase in generation costs in the Balearic and Canary islands, mainly connected with fuels.

Revenue from the **sale of gas** in the 1st Quarter of 2017 amounted to €1,555 million, an increase of €47 million (+3.1%) compared with the year-earlier period, the result of an increase in quantities sold to end users in Italy and abroad.

Revenue from the **transport of gas** in the 1st Quarter of 2017 amounted to €239 million, an increase of €4 million (+1.7%), following an analogous pattern to developments in sales of gas.

Gains on the disposal of assets in the 1st Quarter of 2017 totaled €151 million, entirely accounted for by the disposal of the interest in the Chilean company Electrogas, in which the Group had held a stake of 42.5%. In the 1st Quarter of 2016, the item (€166 million) essentially regarded the proceeds from the disposal of the interest in Hydro Dolomiti Enel (€146 million).

Revenue under **other sales, services and revenue** amounted to €3,066 million in the 1st Quarter of 2017 (€2,798 million the previous year), an increase of €268 million compared with the same period of 2016 (+9.6%). The change mainly reflects:

> an increase of €301 million in revenue from the sale of fuels, notable natural gas (€293 million);
> a decrease €27 million in revenue from tax partnerships, the result of the deconsolidation of part of the renewables plants in the United States as a result of changes in the governance arrangements of Enel Green Power North America Renewable Energy Partners in December 2016.

Costs

Millions of euro	1st Quarter			
	2017	2016	Change	
Electricity purchases	5,350	4,559	791	17.4%
Consumption of fuel for electricity generation	1,363	1,070	293	27.4%
Fuel for trading and gas for sale to end users	3,145	2,712	433	16.0%
Materials	239	245	(6)	-2.4%
Personnel	1,173	1,078	95	8.8%
Services, leases and rentals	3,958	3,770	188	5.0%
Other operating expenses	781	639	142	22.2%
Capitalized costs	(307)	(298)	(9)	-3.0%
Total	**15,702**	**13,775**	**1,927**	**14.0%**

Costs for **electricity purchases** in the 1st Quarter of 2017 rose by €791 million compared with the same period of 2016, an increase of 17.4%. In an environment of rising supply prices, this development reflects the increase in purchases to meet market requirements on both electricity exchanges (€633 million), especially on the Italian Power Exchange, and through spot purchases on foreign and domestic markets (€230 million). These factors were partly offset by a decrease in the cost of purchases through bilateral costs (€72 million).

Costs for the **consumption of fuel for electricity generation** for 1st Quarter of 2017 amounted to €1,363 million, an increase of €293 million (+27.4%) on the previous year. The increase was mainly attributable to the expansion of thermal electricity generation and a substantial rise in unit prices, which more than offset the impact of the change in the scope of consolidation associated with Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €3,145 million in the 1st Quarter of 2017, an increase of €433 million on 2016. The change mainly reflects an increase in trading in those commodities on the market and the need to meet the increased requirements for sale to end users, especially as regards natural gas.

Costs for **materials** the 1st Quarter of 2017 amounted to €239 million, a decrease of €6 million on the 1st Quarter of 2016, essentially due to a decrease in costs for the purchase of environmental certificates.

Personnel costs in the 1st Quarter of 2017 totaled €1,173 million, an increase of 8.8% compared with the same period of 2016. The change largely reflects the recognition of greater early retirement incentives in the 1st Quarter of 2017, all of which was attributable to the provision recognized in the newly acquired CELG-D amounting to €59 million in order to enhance efficiency. This factor was accompanied by the effect of changes in exchange rates (€20 million) and an increase in average unit costs. This was all partly offset by a decline in the average workforce compared with the same period of 2016 (-4,440).
The Enel Group workforce at March 31, 2017 numbered 63,518, of whom 34,874 abroad. The Group workforce increased by 1,438 in the 1st Quarter of 2017, despite the negative impact of the balance between new hires and terminations, thanks to the change in the scope of consolidation (+1,937) largely due to the acquisition of CELG-D in Brazil.
The overall change compared with December 31, 2016 breaks down as follows:

Balance at December 31, 2016	**62,080**
Hirings	560
Terminations	(1,059)
Change in scope of consolidation	1,937
Balance at March 31, 2017	**63,518**

Costs for **services, leases and rentals** in the 1st Quarter 2017 amounted to €3,958 million, an increase of €188 million on the 1st Quarter of 2016, mainly due to:

> an increase in wheeling costs (€59 million, including network access fees) as a result of an increase in purchases;
> an increase in costs associated with infrastructure operated on a concession basis and falling within the scope of IFRIC 12 (€39 million);
> an increase in IT services (€34 million), essentially due to system help services and maintenance of hardware and software.

Other operating expenses in the 1st Quarter of 2017 amounted to €781 million, an increase of €142 million on the 1st Quarter of 2016, essentially reflecting an increase in charges for environmental certificates of €82 million (notably the purchase of energy efficiency certificates in Italy), and the recognition of a number of fines for service quality in Argentina amounting to €47 million.

In the 1st Quarter of 2017, **capitalized costs** totaled €307 million, proportionate to the volume of investment, which was essentially in line with the same period of the previous year.

Net income/(expense) from commodity contracts measured at fair value in the 1st Quarter of 2017 showed net income of €250 million (net expense of €80 million in the same period of 2016). More specifically, net income in the 1st Quarter of 2017 reflected net unrealized income from the fair value measurement of derivatives positions open at the end of the period totaling €171 million (net income of €18 million in the 1st Quarter of 2016) and net realized income of €79 million (net expense of €98 million in 2016).

Depreciation, amortization and impairment losses in the first three months 2017 totaled €1,389 million, an increase of €42 million, reflecting:

- an increase of €20 million in depreciation and amortization. More specifically, the increase due to changes in exchange rates (€70 million) was only partly offset by the change in the useful life of a number of renewables generation plants (€33 million) and the deconsolidation of Slovenské elektrárne (€20 million);
- an increase of €22 million in impairment losses on trade receivables, mainly recognized abroad.

Operating income in the 1st Quarter of 2017 amounted to €2,525 million, a decrease of €145 million.

Net financial expense amounted to €664 million in the 1st Quarter of 2017, a decrease of €188 million compared with the same period of 2016.
The decline essentially reflected:

- an increase of €337 million in net exchange rate gains, only partly offset by an increase of €252 million in net expense on derivatives;
- a decrease of €85 million in interest on bonds, mainly attributable to Enel SpA (€77 million);
- a decrease of €69 million in charges for the accretion of provisions for risks and charges, essentially reflecting a reduction of €29 million in respect of early retirement incentives, mainly attributable to the Endesa Group (€25 million), a reduction of €21 million in the decommissioning provision following the deconsolidation of Slovenské elektrárne and a reduction of €20 million in other provisions for risks and charges, largely owing to the decrease in financial expense associated with the application of *Resolución* ENRE no. 1/2016, which involved the discounting of a number of prior-year fines in Argentina;
- a reduction of €20 million in capitalized interest.

The **share of income/(losses) from equity investments accounted for using the equity method** in the 1st Quarter of 2017 showed net income of €39 million, an increase of €4 million compared with the same period of the previous year.

Income taxes for the first three months of 2017 amounted to €596 million, equal to 31.4% of taxable income, an increase of €48 million compared with the same period of 2016. The rise mainly reflected an increase of €42 million in taxes in the 1st Quarter of 2017 from the capital gain (of €151 million) on the disposal of the Chilean company Electrogas compared with the lower taxation of the capital gain (of €146 million) recognized in Italy in the 1st Quarter of 2016, which was virtually tax exempt, on the sale of Hydro Dolomiti Enel.

Results by business area

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.
Taking account of the provisions of IFRS 8 regarding the management approach, the new organization modified the structure of reporting, as well as the representation and analysis of Group performance and financial position as from September 30, 2016. More specifically, performance by business area reported in this Interim Financial Report was determined by designating the Regions and Countries perspective as the primary reporting segment. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item “Other, eliminations and adjustments” includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, and the Upstream Gas Division.
The following chart outlines these organizational arrangements.

The main changes in the organizational model, which remains based on an matrix structure of divisions, include the integration of the various companies belonging to the Enel Green Power Group in the various divisions by geographical area, functionally including the large hydro activities that are still formally operated by the thermal generation companies, and a new definition of the geographical areas (Italy, Iberia, Europe and North Africa, Latin America, North and Central America, Sub-Saharan Africa and Asia, Central/Parent Company). The new business structure is also broken down as follows: Thermal Generation and Trading, Infrastructure and Networks, Renewables, Retail, Services and Parent Company. For this reason, the figures for the 1st Quarter of 2016 have been reclassified appropriately to ensure full comparability.

Results by business area for the 1st Quarter of 2017 and 2016

1st Quarter of 2017 (1)

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	10,107	5,197	3,231	631	176	21	3	19,366
Revenue from transactions with other segments	186	13	16	11	1	-	(227)	-
Total revenue	**10,293**	**5,210**	**3,247**	**642**	**177**	**21**	**(224)**	**19,366**
Net income/(expense) from commodity contracts measured at fair value	301	(32)	7	-	-	-	(26)	250
Gross operating margin	**1,959**	**694**	**1,087**	**144**	**113**	**12**	**(95)**	**3,914**
Depreciation, amortization and impairment losses	543	416	312	53	51	10	4	1,389
Operating income	**1,416**	**278**	**775**	**91**	**62**	**2**	**(99)**	**2,525**
Capital expenditure	**314**	**144**	**566**	**41**	**380**	**8**	**-**	**1,453**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.

1st Quarter of 2016 (1)

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	9,209	4,765	2,487	1,153	243	3	12	17,872
Revenue from transactions with other segments	173	3	26	60	1	-	(263)	-
Total revenue	**9,382**	**4,768**	**2,513**	**1,213**	**244**	**3**	**(251)**	**17,872**
Net income/(expense) from commodity contracts measured at fair value	(34)	(42)	2	1	-	-	(7)	(80)
Gross operating margin	**1,947**	**843**	**849**	**238**	**180**	**(2)**	**(38)**	**4,017**
Depreciation, amortization and impairment losses	537	434	232	69	61	1	13	1,347
Operating income	**1,410**	**409**	**617**	**169**	**119**	**(3)**	**(51)**	**2,670**
Capital expenditure	**346**	**177**	**603**	**50** (2)	**277**	**89**	**5**	**1,547**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €103 million regarding units classified as “held for sale”.

In addition to the foregoing, the Group monitors performance at the Global Division level, classifying results by business line. The following table presents the gross operating margin for the two periods under review, offering visibility of performance not only from a region/country perspective but also by division/business line.

Gross operating margin

Millions of euro	Local businesses						Global divisions									Other			Total		
	End-user markets			Services			Generation and Trading			Infrastructure and Networks			Renewable Energy								
	2017	2016 restated	Change	2017	2016 restated	Change	2017	2016 restated	Change	2017	2016 restated	Change	2017	2016 restated	Change	2017	2016 restated	Change	2017	2016 restated	Change
Italy	641	560	81	19	21	(2)	156	196	(40)	863	889	(26)	280	281	(1)	-	-	-	1,959	1,947	12
Iberia	89	133	(44)	16	(16)	32	92	124	(32)	446	478	(32)	51	124	(73)	-	-	-	694	843	(149)
Latin America	-	-	-	(19)	(22)	3	278	108	170	374	318	56	454	445	9	-	-	-	1,087	849	238
Argentina	-	-	-	-	-	-	15	22	(7)	43	30	13	8	6	2	-	-	-	66	58	8
Brazil	-	-	-	(9)	(7)	(2)	33	15	18	100	97	3	64	44	20	-	-	-	188	149	39
Chile	-	-	-	(10)	(15)	5	184	35	149	59	55	4	205	199	6	-	-	-	438	274	164
Colombia	-	-	-	-	-	-	9	(5)	14	119	86	33	143	154	(11)	-	-	-	271	235	36
Peru	-	-	-	-	-	-	37	41	(4)	53	50	3	32	40	(8)	-	-	-	122	131	(9)
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-	-	-	2	2	-
Europe and North Africa	(20)	9	(29)	1	1	-	90	143	(53)	25	45	(20)	48	40	8	-	-	-	144	238	(94)
Romania	(20)	10	(30)	1	1	-	-	(2)	2	25	45	(20)	37	26	11	-	-	-	43	80	(37)
Russia	-	-	-	-	-	-	90	37	53	-	-	-	-	-	-	-	-	-	90	37	53
Slovakia	-	1	(1)	-	-	-	-	108	(108)	-	-	-	-	-	-	-	-	-	-	109	(109)
Other countries	-	(2)	2	-	-	-	-	-	-	-	-	-	11	14	(3)	-	-	-	11	12	(1)
North and Central America	-	-	-	-	-	-	-	-	-	-	-	-	113	180	(67)	-	-	-	113	180	(67)
United States and Canada	-	-	-	-	-	-	-	-	-	-	-	-	47	128	(81)	-	-	-	47	128	(81)
Mexico	-	-	-	-	-	-	-	-	-	-	-	-	27	20	7	-	-	-	27	20	7
Panama	-	-	-	-	-	-	-	-	-	-	-	-	29	26	3	-	-	-	29	26	3
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	10	6	4	-	-	-	10	6	4
Sub-Saharan Africa and Asia	-	-	-	-	-	-	-	-	-	-	-	-	12	(2)	14	-	-	-	12	(2)	14
South Africa	-	-	-	-	-	-	-	-	-	-	-	-	12	(3)	15	-	-	-	12	(3)	15
India	-	-	-	-	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	-	1	(1)
Other	-	-	-	(1)	-	(1)	(1)	(8)	7	1	3	(2)	(26)	(24)	(2)	(68)	(9)	(59)	(95)	(38)	(57)
Total	710	702	(21)	16	(16)	35	615	563	169	1,709	1,733	12	932	1,044	(148)	(68)	(9)	(59)	3,914	4,017	(103)

Italy

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Thermal	9,017	9,325	(308)	-3.3%
Hydroelectric	3,367	3,434	(67)	-2.0%
Geothermal	1,451	1,478	(27)	-1.8%
Wind	352	435	(83)	-19.1%
Other sources	30	16	14	87.5%
Total net generation	**14,217**	**14,688**	**(471)**	**-3.2%**

In the 1st Quarter of 2017, net electricity generation amounted to 14,217 million kWh, a decrease of 3.2% compared with the same period of 2016 (-471 million kWh).

The change reflected a broad decline involving all sources. While renewables were affected by a decline in the availability of water and wind resources, thermal generation, despite the advantage of less competition from abroad, was adversely impacted by decrease in coal-fired output, only partly offset by an increase in use of combined-cycle plants.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2017		2016 restated		Change	
Fuel oil	3	-	28	0.3%	(25)	-89.3%
Natural gas	2,218	22.7%	1,895	18.8%	323	17.0%
Coal	7,343	75.3%	8,018	79.6%	(675)	-8.4%
Other fuels	190	2.0%	126	1.3%	64	50.8%
Total	**9,754**	**100.0%**	**10,067**	**100.0%**	**(313)**	**-3.1%**

Gross thermal generation in the 1st Quarter of 2017 amounted to 9,754 million kWh, a decrease of 313 million kWh (-3.1%) on the 1st Quarter of 2016. The decrease mainly involved coal-fired generation due to the characteristics of power demand, which led to operating at lower average capacity. This factor was partly offset by the more intensive use of combined-cycle plants, fostered by the unavailability of French nuclear plants at the start of 2017, which made electricity imports less competitive.

Transport of electricity

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Electricity transported on Enel's distribution network (1)	55,895	56,123	(228)	-0.4%

(1) The figure for the 1st Quarter of 2016 reflects a more accurate calculation of quantities transported.

Electricity transported on Enel's network in Italy in the 1st Quarter of 2017 decreased by 228 million kWh (-0.4%), going from 56,123 million kWh in the 1st Quarter of 2016 to 55,895 million kWh in the 1st Quarter of 2017. The change is essentially attributable to the transport of low-voltage electricity to residential customers.

Electricity sales

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Free market:				
- mass-market customers	7,057	6,721	336	5.0%
- business customers (1)	6,681	4,443	2,238	50.4%
- safeguard-market customers	423	633	(210)	-33.2%
Total free market	**14,161**	**11,797**	**2,364**	**20.0%**
Regulated market:				
- enhanced protection market customers	11,820	12,410	(590)	-4.8%
TOTAL	**25,981**	**24,207**	**1,774**	**7.3%**

(1) Supplies to large customers and energy-intensive users (with annual consumption greater than 1 GWh).

Electricity sold in the 1st Quarter of 2017 came to 25,981 million kWh, an increase of 1,774 million kWh compared with the same period of the prior year. This trend reflects the greater quantities sold on the free market due to a substantial increase in business customers, in line with our commercial policies. This was partly offset by the decrease in sales on the regulated market as a result of the outcome of auctions for the award of territorial areas.

Natural gas sales

Millions of m^3	1st Quarter			
	2017	2016 restated	Change	
Mass-market customers (1)	1,444	1,370	74	5.4%
Business customers	762	639	123	19.2%
Total	**2,206**	**2,009**	**197**	**9.8%**

(1) Includes residential customers and microbusinesses.

Gas sales in the 1st Quarter of 2017 totaled 2,206 million cubic meters, an increase of 197 million cubic meters compared with the same period of the previous year, essentially attributable to sales to business customers.

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	10,293	9,382	911	9.7%
Gross operating margin	1,959	1,947	12	0.6%
Operating income	1,416	1,410	6	0.4%
Capital expenditure	314	346	(32)	-9.3%

(1) Does not include €1 million regarding units classified as “held for sale”.

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	5,275	4,998	277	5.5%
Infrastructure and Networks	1,863	1,759	104	5.9%
Renewables	471	456	15	3.3%
End-user markets	4,648	4,185	463	11.1%
Services	256	218	38	17.4%
Eliminations and adjustments	(2,220)	(2,234)	14	-0.6%
Total	**10,293**	**9,382**	**911**	**9.7%**

Revenue in the 1st Quarter of 2017 amounted to €10,293 million, an increase of €911 million on the first three months of 2016 (+9.7%), reflecting the following main factors:

> an increase of €277 million in revenue from **Generation and Trading** (+5.5%). The increase is mainly attributable to:
  - a €444 million rise in revenue from trading on international energy markets due, essentially, to an increase in quantities handled (+12.1 TWh);
  - an increase of €274 million in revenue from the sale of fuels, mainly gas;
  - a €310 million decline in revenue from the sale of electricity essentially related to a decline in quantities generated. More specifically, the change is mainly attributable to the reduction in revenue from electricity sales to other national resellers (down €503 million), which were only partially offset by increased sales on the Power Exchange (up €193 million);
  - the recognition, in the 1st Quarter of 2016, of €146 million in proceeds from extraordinary transactions, accounted for by the gain on the disposal of the interest in Hydro Dolomiti Enel;

> an increase of €104 million in revenue from **Infrastructure and Networks** operations (+5.9%), essentially reflecting:
  - the increase in transfers from the Energy & Environmental Services Fund for white certificates (in the amount of €96 million) due to the increase in volumes purchased and in the per-unit transfer;
  - an increase of €3 million in rate revenue, mainly reflecting the increase in transmission rates, only partly offset by a reduction in distribution rates and in the average number of customers. Another factor was an increase in revenue following the publication in the 1st Quarter of 2017 of reference rates for 2016 by the Authority for Electricity, Gas and the Water System (the Authority);
  - a decrease €23 million in connection fees, partly offset by the recognition of prior-period income (€16 million) due to the release of the provision for residual rebates of Constraint V1 applied to average rate revenues for electricity services that each supplier can obtain from customers that select regulated rate options;

> an increase of €15 million in revenue from **Renewables** generation, essentially due to an increase in average sales prices;

> an increase of €463 million in revenue from **End-user markets** (+11.1%), essentially attributable to:
  - an increase of €255 million in revenue on the free electricity market as a result of an increase in quantities sold (+2.4 TWh);
  - an increase of €165 million in revenue on the regulated energy market due to an increase in revenue from equalization mechanisms, partly offset by a reduction in rate revenue and a decrease in quantities sold (-0.6 TWh) and in the number of customers served (-5.6%);
  - an increase of €30 million in revenue from the sale of natural gas to end users, largely due to the increase in volumes handled.

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	156	196	(40)	-20.4%
Infrastructure and Networks	863	889	(26)	-2.9%
Renewables	280	281	(1)	-0.4%
End-user markets	641	560	81	14.5%
Services	19	21	(2)	-9.5%
Total	**1,959**	**1,947**	**12**	**0.6%**

The **gross operating margin** in the 1st Quarter of 2017 amounted to €1,959 million, an increase of €12 million (+0.6%) on the €1,947 million in the 1st Quarter of 2016. The rise is essentially attributable to:

> the €40 million decrease in margin from **Generation and Trading**, essentially attributable to the gain on disposal recognized in the 1st Quarter of 2016, discussed under revenue. Net of this item, there would have been an increase of €106 million due to the improvement in the generation margin, reflecting the increase in the demand for electricity in Italy and rising prices;

> a reduction of €26 million in the margin from Infrastructure and Networks operations (-2.9%), largely due to:

- the decline in connection fees and the prior-period income from the Constraint V1 mentioned earlier, with a net impact of €7 million;
- a decrease of €4 million in the margin on electricity transport, primarily reflecting the reduction in rates noted earlier, only partly offset by the recognition of positive prior-year items associated with the publication by the Authority of the reference rates for 2016;
- an increase of €12 million in personnel costs;

> an increase of €81 million in the margin from **End-user markets** (+14.5%), mainly attributable to:

- an increase of €78 million in the margin on the free markets for electricity and gas (€94 million of which attributable to the margin on gas) due to the increase in quantities sold for both commodities;
- an increase of €2 million in the margin on the regulated electricity market.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	98	136	(38)	-27.9%
Infrastructure and Networks	601	640	(39)	-6.1%
Renewables	213	212	1	0.5%
End-user markets	496	414	82	19.8%
Services	8	8	-	-
Total	**1,416**	**1,410**	**6**	**0.4%**

Operating income amounted to €1,416 million, an increase of €6 million (+0.4%) on the €1,410 million posted for the same period of 2016, despite an increase of €6 million in depreciation, amortization and impairment, mainly on the electricity distribution grid.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	7	19	(12)	-63.2%
Infrastructure and Networks	257	264	(7)	-2.7%
Renewables	32	56	(24)	-42.9%
End-user markets	16	2	14	-
Services	2	5	(3)	-60.0%
Total	**314**	**346**	**(32)**	**-9.2%**

Capital expenditure in the 1st Quarter of 2017 amounted to €314 million, down €32 million on the year-earlier period. The change reflected:

> a decrease of €24 million in investment in **Renewables**;

> a decrease of €12 million in investment in **Generation and Trading**;

> a decrease of €7 million in investment in **Infrastructure and Networks** operations, mainly associated with service quality activities, which had been brought forward in the 1st Quarter of 2016, partly offset by an increase in digital meter replacement work;

> an increase of €14 million in investment in **End-user markets**;

> a decrease of €3 million in investment in **Services** activities.

Iberia

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Thermal	9,318	6,569	2,749	41.8%
Nuclear	7,184	6,460	724	11.2%
Hydroelectric	1,512	2,385	(873)	-36.6%
Wind	960	1,209	(249)	-20.6%
Other resources	5	49	(44)	-89.8%
Total net generation	**18,979**	**16,672**	**2,307**	**13.8%**

Net electricity generation in the 1st Quarter of 2017 amounted to 18,979 million kWh, an increase of 2,307 million kWh compared with the same period of 2016. With electricity demand virtually unchanged, a decline in the availability of water and wind resources, together with a reduction in net exports, boosted conventional thermal and nuclear generation significantly.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2017		2016 restated		Change	
Fuel oil	1,523	8.9%	1,545	11.3%	(22)	-1.4%
Natural gas	1,073	6.3%	721	5.3%	352	48.8%
Coal	6,031	35.4%	3,815	28.0%	2,216	58.1%
Nuclear fuel	7,455	43.7%	6,709	49.1%	746	11.1%
Other fuels	962	5.7%	862	6.3%	100	11.6%
Total	**17,044**	**100.0%**	**13,652**	**100.0%**	**3,392**	**24.8%**

Gross thermal generation in the 1st Quarter of 2017 totaled 17,044 million kWh, an increase of 3,392 million kWh compared with the same period of 2016, essentially reflecting the effect of the increase in the use of natural gas and, above all, coal.

Transport of electricity

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Electricity transported on Enel's network [1]	27,300	26,375	926	3.4%

(1) The figure for the 1st Quarter of 2016 reflects a more accurate calculation of quantities transported.

Electricity transported in the 1st Quarter of 2017 amounted to 27,300 million kWh, an increase of 926 million kWh. The increase is essentially associated with the rise in electricity demand.

Electricity sales

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Electricity sold by Enel	23,636	23,677	(41)	-0.2%

Electricity sales to end users in the 1st Quarter of 2017 totaled 23,636 million kWh, a decrease of 41 million kWh compared with the same period of 2016.

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	5,210	4,768	442	9.3%
Gross operating margin	694	843	(149)	-17.7%
Operating income	278	409	(131)	-32.0%
Capital expenditure	144	177	(33)	-18.6%

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	1,297	1,060	237	22.4%
Infrastructure and Networks	624	621	3	0.5%
Renewables	153	179	(26)	-14.5%
End-user markets	4,245	3,551	694	19.5%
Services	110	55	55	-
Eliminations and adjustments	(1,219)	(698)	(521)	-74.6%
Total	**5,210**	**4,768**	**442**	**9.3%**

Revenue in the 1st Quarter of 2017 increased by €442 million, reflecting:

> an increase of €237 million in revenue from **Generation and Trading**, mainly associated with:
  - an increase of about €119 million in revenue from the sale of electricity generated, essentially due to the increase in quantities sold and in average sales prices. However, that increase also included a rise of €521 million in intercompany sales and is consequently largely offset by the change in "eliminations and adjustments";
  - an increase of €103 million in transfers associated with the rate supplements envisaged for generation in the extra-peninsular area (SENP) connected with the increase in generation costs;

> an increase of €694 million in revenue from **End-user markets**, essentially due the impact of developments in electricity sales prices, despite the decline in consumption on the regulated market only. Conversely, revenue from gas sales increased as a result of an increase in quantities sold;

> a decrease of revenue from **Renewables** activities as a result of a decline in quantities generated as a result of poor resource conditions, which more than offset the increase in average sales prices;

> an increase in revenue from **Infrastructure and Networks** operations, mainly due to a decline in quantities transported.

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	92	124	(32)	-25.8%
Infrastructure and Networks	446	478	(32)	-6.7%
Renewables	51	124	(73)	-58.9%
End-user markets	89	133	(44)	-33.1%
Services	16	(16)	32	-
Total	**694**	**843**	**(149)**	**-17.7%**

The **gross operating margin** amounted to €694 million, a decrease of €149 million (-17.7%) compared with the same period of 2016, in reflection of:

> a reduction of €32 million in gross operating margin from **Generation and Trading**, almost entirely attributable to an increase in generation costs as a result of a less favorable generation mix;

> a decrease of €32 million in the margin on **Infrastructure and Networks** operations, mainly due to an increase in operating costs;

> a decrease of €73 million in the margin on **Renewables** activities, associated with a decline in quantities generated and an increase in operating costs;

> a decline in the gross operating margin on **End-user markets**, essentially reflecting the significant increase in average provisioning costs for electricity and gas.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	(65)	(63)	(2)	-3.2%
Infrastructure and Networks	276	293	(17)	-5.8%
Renewables	6	89	(83)	-93.3%
End-user markets	51	108	(57)	-52.8%
Services	10	(18)	28	-
Total	**278**	**409**	**(131)**	**-32.0%**

Operating income in the 1st Quarter of 2017, including depreciation, amortization and impairment of €416 million (€434 million in the 1st Quarter of 2016), amounted to €278 million, a decrease of €131 million compared with the same period of 2016.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Generation and Trading	33	48	(15)	-31.3%
Infrastructure and Networks	94	109	(15)	-13.8%
Renewables	6	10	(4)	-40.0%
End-user markets	9	8	1	12.5%
Services	2	2	-	-
Total	**144**	**177**	**(33)**	**-18.6%**

Capital expenditure came to €144 million, down €33 million over the same period of the previous year. Capital expenditure for the 1st Quarter of 2017 concerned, in particular, work on the distribution network to improve service quality, as well as activities involving substations, transformers and the replacement of metering equipment.

Latin America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Thermal	7,053	7,139	(86)	-1.2%
Hydroelectric	8,581	7,510	1,071	14.3%
Wind	658	457	201	44.0%
Other resources	289	120	169	-
Total net generation	**16,581**	**15,226**	**1,355**	**8.9%**
- of which Argentina	*4,155*	*3,438*	*717*	*20.9%*
- of which Brazil	*1,660*	*1,278*	*382*	*29.9%*
- of which Chile	*5,097*	*4,947*	*150*	*3.0%*
- of which Colombia	*3,780*	*3,252*	*528*	*16.2%*
- of which Peru	*1,853*	*2,266*	*(413)*	*-18.2%*
- of which other countries	*36*	*45*	*(9)*	*-20.0%*

Net electricity generation for the 1st Quarter of 2017 was 16,581 million kWh, an increase of 1,355 million kWh from the same period of 2016 due mainly to the increase in hydroelectric generation, which was particularly evident in Colombia and Brazil as a result of the better water conditions that characterized those countries during the period under review. In Chile, wind and solar generation increased.
These developments more than offset the decline in thermal generation, which was especially marked in Colombia and Peru.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2017		2016 restated		Change	
Fuel oil	352	4.7%	524	7.1%	(172)	-32.8%
Natural gas	5,924	78.8%	5,091	69.0%	833	16.4%
Coal	1,128	15.0%	1,450	19.7%	(322)	-22.2%
Other fuels	109	1.5%	313	4.2%	(204)	-65.2%
Total	**7,513**	**100.0%**	**7,378**	**100.0%**	**135**	**1.8%**

Gross thermal generation in the 1st Quarter of 2017 totaled 7,513 million kWh, an increase of 135 million kWh, reflecting an increase in the use of natural gas, mainly in Argentina.

Transport of electricity

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Electricity transported on Enel's network	**21,941**	**19,837**	**2,104**	**10.6%**
- of which Argentina	*4,635*	*4,701*	*(66)*	*-1.4%*
- of which Brazil	*7,859*	*5,844*	*2,015*	*34.5%*
- of which Chile	*4,001*	*3,863*	*138*	*3.6%*
- of which Colombia	*3,372*	*3,421*	*(49)*	*-1.4%*
- of which Peru	*2,074*	*2,008*	*66*	*3.3%*

Electricity transported in the 1st Quarter of 2017 amounted to 21,941 million kWh, an increase of 2,104 million kWh, in line with developments in electricity demand, with an especially large increase in Brazil, which also reflected the consolidation of CELG-D as from February 14, 2017 (2,079 million kWh).

Electricity sales

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Free market	**1,680**	**1,605**	**75**	**4.7%**
Regulated market	**17,550**	**14,808**	**2,742**	**18.5%**
Total	**19,230**	**16,413**	**2,817**	**17.2%**
- of which Argentina	*3,865*	*3,966*	*(101)*	*-2.5%*
- of which Brazil	*7,987*	*5,282*	*2,705*	*51.2%*
- of which Chile	*3,327*	*3,310*	*17*	*0.5%*
- of which Colombia	*2,294*	*2,076*	*218*	*10.5%*
- of which Peru	*1,757*	*1,779*	*(22)*	*-1.2%*

Electricity sold in the 1st Quarter of 2017 totaled 19,230 million kWh, an increase of 2,817 million kWh, essentially reflecting the increase in sales on the regulated market. Once again, in addition to the expansion of demand for electricity, the performance reflected the change in the scope of consolidation associated with CELG-D in the amount of 2,079 million kWh.

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	3,247	2,513	734	29.2%
Gross operating margin	1,087	849	238	28.0%
Operating income	775	617	158	25.6%
Capital expenditure	566	603	(37)	-6.1%

The following tables show a breakdown of performance by country.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Argentina	365	264	101	38.3%
Brazil	995	520	475	91.3%
Chile	1,021	860	161	18.7%
Colombia	543	543	-	-
Peru	321	324	(3)	-0.9%
Other countries	2	2	-	-
Total	**3,247**	**2,513**	**734**	**29.2%**

Revenue in the 1st Quarter of 2017 posted an increase of €734 million, mainly due to:

> an increase of €101 million in revenue in Argentina as a result of an increase in quantities generated against a background of rising prices;

> an increase of €475 million in revenue in Brazil, essentially reflecting favorable developments in exchange rates, as well as an increase in volumes driven primarily by the consolidation of CELG-D, which contributed €206 million to revenue in the 1st Quarter of 2017;

> an increase of €161 million in revenue in Chile, essentially in respect of the gain on the disposal of Electrogas (€151 million).

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Argentina	66	58	8	13.8%
Brazil	188	149	39	26.2%
Chile	438	274	164	59.9%
Colombia	271	235	36	15.3%
Peru	122	131	(9)	-6.9%
Other countries	2	2	-	-
Total	**1,087**	**849**	**238**	**28.0%**

The **gross operating margin** amounted to €1,087 million, an increase of €238 million (+28.0%) compared with the same period of 2016, as a result of:

> an increase of €164 million in the gross operating margin in Chile, reflecting the recognition of the capital gain cited earlier;

> an increase of €39 million in the margin in Brazil, reflecting exchange rate gains and improved water conditions, which impacted the generation mix, as well as the consolidation of CELG-D, which contributed a gross operating loss of €40 million, essentially accounted for by provisions for termination incentives in the amount of €59 million;

> an increase of €36 million in the margin in Colombia, reflecting the positive impact of the commodity margin on both the generation and sale of electricity;

> an increase of €8 million in the gross operating margin in Argentina, where the increase in revenue was almost entirely offset by higher generation costs and the adjustment of the value of a number of fines regarding service quality in accordance with regulatory changes adopted in the 1st Quarter of 2017.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Argentina	42	44	(2)	-4.5%
Brazil	63	67	(4)	-6.0%
Chile	356	204	152	74.5%
Colombia	225	201	24	11.9%
Peru	88	100	(12)	-12.0%
Other countries	1	1	-	-
Total	**775**	**617**	**158**	**25.6%**

Operating income in the 1st Quarter of 2017, after depreciation, amortization and impairment of €312 million (€232 million in the 1st Quarter of 2016), amounted to €775 million, an increase of €158 million compared with the same period of 2016. More specifically, the increase in depreciation, amortization and impairment reflected an increase in depreciation following the entry into service of a number of plants and greater net impairment losses on trade receivables in Brazil and Argentina, as well as exchange rate effects.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Argentina	37	41	(4)	-9.8%
Brazil	329	246	83	33.7%
Chile	79	249	(170)	-68.3%
Colombia	55	42	13	31.0%
Peru	66	24	42	-
Other countries	-	1	(1)	-
Total	**566**	**603**	**(37)**	**-6.1%**

Capital expenditure came to €566 million, down €37 million compared with the same period of the previous year. Capital expenditure during the 1st Quarter of 2017 particularly concerned work on the distribution network and on thermal plants in Chile and Colombia.

Europe and North Africa

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Thermal	10,113	10,806	(693)	-6.4%
Nuclear	-	3,787	(3,787)	-
Hydroelectric	14	613	(599)	-97.7%
Wind	536	525	11	2.1%
Other resources	27	27	-	-
Total net generation	**10,690**	**15,758**	**(5,068)**	**-32.2%**
- of which Russia	*10,113*	*10,071*	*42*	*0.4%*
- of which Slovakia	-	*4,819*	*(4,819)*	-
- of which Belgium	-	*299*	*(299)*	-
- of which other countries	*577*	*569*	*8*	*1.4%*

Net electricity generation in the 1st Quarter of 2017 amounted to 10,690 million kWh, a decrease of €5,068 million kWh compared with the same period of 2016. The change mainly reflects the change in the scope of consolidation following the disposal of Slovenské elektrárne (in July 2016) and Marcinelle Energie (in November 2016). Excluding that effect, net electricity generation in Russia was essentially unchanged (+0.4%), while for wind generation the increase of 19% in Romania was partly offset by a decline in output in Greece (-10%).

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2017		2016 restated		Change	
Natural gas	5,648	52.9%	5,999	38.6%	(351)	-5.9%
Coal	5,034	47.1%	5,475	35.2%	(441)	-8.1%
Nuclear fuel	-	-	4,066	26.2%	(4,066)	-
Total	**10,682**	**100.0%**	**15,540**	**100.0%**	**(4,858)**	**-31.3%**

Gross thermal generation in the 1st Quarter of 2017 posted a decrease of 4,858 million kWh, falling to 10,682 million kWh. The decrease reflected not only the change in the scope of consolidation but also, in Russia, greater use of natural gas in combined-cycle plants (which in 1st Quarter of 2016 were affected by the plant stoppage at Nevinnomisskaya) in place of oil-fired plants.

Transport of electricity

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Electricity transported on Enel's distribution network	3,930	3,780	150	4.0%

Electricity transported, which was concentrated entirely in Romania, posted an increase of 150 million kWh (+4.0%), rising from 3,780 million kWh to 3,930 million kWh in the 1st Quarter of 2017. The increase mainly reflected new connections, attributable to the expansion of the electricity grid in the country, involving both residential and business customers.

Electricity sales

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Free market	1,267	2,350	(1,083)	-46.1%
Regulated market	1,210	1,342	(132)	-9.8%
Total	**2,477**	**3,692**	**(1,215)**	**-32.9%**
- of which Romania	*2,477*	*2,012*	*465*	*23.1%*
- of which France	*-*	*644*	*(644)*	*-*
- of which Slovakia	*-*	*1,036*	*(1,036)*	*-*

Electricity sales in the 1st Quarter of 2017 showed a decrease of 1,215 million kWh, slipping from 3,692 million kWh to 2,477 million kWh. The decrease reflects:

> the change in the scope of consolidation following the disposal of Slovenské elektrárne (in July 2016) and Enel France (in December 2016);

> an increase in electricity sales in Romania, where as a consequence of the progressive liberalization of the market sales on the free market exceeded those on the regulated market in the 1st Quarter of 2017.

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	642	1,213	(571)	-47.1%
Gross operating margin	144	238	(94)	-39.5%
Operating income	91	169	(78)	-46.2%
Capital expenditure	41	50 (1)	(9)	-18.0%

(1) Does not include €103 million regarding units classified as "held for sale".

The following tables shows a breakdown of performance by country.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Romania	304	277	27	9.7%
Russia	314	213	101	47.4%
Slovakia	-	604	(604)	-
Other countries	24	119	(95)	-79.8%
Total	**642**	**1,213**	**(571)**	**-47.1%**

Revenue in the 1st Quarter of 2017 amounted to €642 million, a decrease of €571 million (-47.1%) compared with the same period of the previous year. This performance reflected:

> the change in the scope of consolidation associated with Slovenské elektrárne (€604 million), Marcinelle Energie (€64 million) and Enel France (€34 million);

> an increase of €101 million in revenue in Russia, mainly due to the appreciation of the ruble against the euro (€75 million) and rising sales prices;

> an increase of €27 million in revenue in Romania, essentially attributable to an increase in volumes transported and sold, more than offsetting the reduction in distribution rates;

> an increase of €3 million in revenue in other countries.

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Romania	43	80	(37)	-46.2%
Russia	90	37	53	-
Slovakia	-	109	(109)	-
Other countries	11	12	(1)	-8.3%
Total	**144**	**238**	**(94)**	**-39.5%**

The **gross operating margin** amounted to €144 million, a decrease of €94 million on the 1st Quarter of 2016. This reflected:

- the change in the scope of consolidation associated with Slovenské elektrárne (€109 million), while the impact of Marcinelle Energie and Enel France was essentially immaterial;
- an increase of €53 million in the gross operating margin in Russia, mainly the result of the reduction in generation at the Nevinnomisskaya plant in the 1st Quarter of 2016, of rising sales prices, a number of enhancement to operating efficiency (notably personnel costs) and the positive exchange rate effect of €22 million;
- a reduction of €37 million in the gross operating margin in Romania, essentially reflecting the rise in electricity provisioning costs.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Romania	8	50	(42)	-84.0%
Russia	75	27	48	-
Slovakia	-	85	(85)	-
Other countries	8	7	1	14.3%
Total	**91**	**169**	**(78)**	**-46.2%**

Operating income in the 1st Quarter of 2017 amounted to €91 million, down €78 million compared with the same period of 2016; depreciation, amortization and impairment decreased by €16 million. The reduction of €25 million associated with the change in the scope of consolidation was partly offset by an increase in depreciation and amortization in Russia and higher impairment losses on trade receivables in Romania.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Romania	18	23	(5)	-21.7%
Russia	16	26	(10)	-38.5%
Other countries	7	1	6	-
Total	**41**	**50** (1)	**(9)**	**-18.0%**

(1) Does not include €103 million regarding units classified as “held for sale”.

Capital expenditure came to €41 million, down €9 million over the same period of the previous year. The change is mainly attributable to plant maintenance in Russia.

North and Central America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Hydroelectric	661	843	(182)	-21.6%
Geothermal	-	117	(117)	-
Wind	1,849	2,596	(747)	-28.8%
Other sources	15	15	-	-
Total net generation	**2,525**	**3,571**	**(1,046)**	**-29.3%**
- of which United States and Canada	*1,318*	*2,591*	*(1,273)*	*-49.1%*
- of which Mexico	*604*	*464*	*140*	*30.2%*
- of which Panama	*450*	*438*	*12*	*2.7%*
- of which other countries	*153*	*78*	*75*	*96.2%*

Net electricity generation in the 1st Quarter of 2017 amounted to 2,525 million kWh, a decrease of 1,046 million kWh compared with the same period of 2016. The decrease is mainly attributable to a decline in wind generation in the United States and Canada (-1,273 million kWh), due to the deconsolidation of the plants of Enel Green Power North America Renewable Energy Partners ("EGPNA REP") at the end of 2016 following changes in the company's governance arrangements. This was partly offset by an increase in quantities generated by the wind plants at Palo Alto and Vientos del Altiplano in Mexico (+140 million kWh)**.**

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	177	244	(67)	-27.5%
Gross operating margin	113	180	(67)	-37.2%
Operating income	62	119	(57)	-47.9%
Capital expenditure	380	277	103	37.2%

The following tables shows a breakdown of performance by each of the geographic areas in which we operated in the 1st Quarter of 2017.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
United States and Canada	85	170	(85)	-50.0%
Mexico	38	27	11	40.7%
Panama	38	35	3	8.6%
Other countries	16	12	4	33.3%
Total	**177**	**244**	**(67)**	**-27.5%**

Revenue in the 1st Quarter of 2017 amounted to €177 million, a decrease of €67 million (-27.5%) compared with the same period of the previous year. The change reflected:

- a decrease of €85 million in revenue in North America, mainly due to the contraction in electricity revenue and in revenue from tax partnerships as a result of the deconsolidation of EGPNA REP;
- an increase of €11 million in revenue in Mexico, due to the increase in electricity revenue following the entry into service of the Palo Alto and Vientos del Altiplano plants in 2016.

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
United States and Canada	47	128	(81)	-63.3%
Mexico	27	20	7	35.0%
Panama	29	26	3	11.5%
Other countries	10	6	4	66.7%
Total	**113**	**180**	**(67)**	**-37.2%**

The **gross operating margin** in the 1st Quarter of 2017 amounted to €113 million, a decrease of €67 million (-37.2%) compared with the same period of 2016. The decrease is attributable to:

- a decline of €81 million in the margin achieved in North America, reflecting the developments discussed under revenue;
- an increase of €7 million in the margin in Mexico, also reflecting the developments discussed under revenue.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
United States and Canada	21	82	(61)	-74.4%
Mexico	13	10	3	30.0%
Panama	26	23	3	13.0%
Other countries	2	4	(2)	-50.0%
Total	**62**	**119**	**(57)**	**-47.9%**

Operating income amounted to €62 million, a decrease of €57 million, also reflecting an increase of €10 million in depreciation, amortization and impairment.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
United States and Canada	316	225	91	40.4%
Mexico	40	28	12	42.9%
Panama	4	7	(3)	-42.9%
Other countries	20	17	3	17.6%
Total	**380**	**277**	**103**	**37.2%**

Capital expenditure in the 1st Quarter of 2017 amounted to €380 million, an increase of €103 million compared with the same period of the previous year, reflecting greater investment in wind plants in United States and Canada.

Sub-Saharan Africa and Asia

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Wind	143	44	99	-
Other resources	158	5	153	-
Total	**301**	**49**	**252**	**-**
- of which South Africa	*246*	*5*	*241*	*-*
- of which India	*55*	*44*	*11*	*25.0%*

Net electricity generation in the 1st Quarter of 2017 totaled 301 million kWh, an increase compared with the same period of 2016 of 252 million kWh. The increase is mainly attributable to the entry into service of a number of photovoltaic plants in South Africa at the end of 2016 (Paleisheuwel, Tom Burke and Nojoli) and the start of 2017, with the Adams (82.5 MW) and Pulida (82.5 MW) plants.

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue	21	3	18	-
Gross operating margin	12	(2)	14	-
Operating income	2	(3)	5	-
Capital expenditure	8	89	(81)	-91.0%

The following tables shows a breakdown of performance by each of the geographic areas in which we operated in the 1st Quarter of 2017.

Revenue

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
South Africa	18	1	17	-
India	3	2	1	50.0%
Total	**21**	**3**	**18**	**-**

Revenue in the 1st Quarter of 2017 amounted to €21 million, an increase of €18 million compared with the same period of the previous year, reflecting the entry into service and increase in output of the South African plants.

Gross operating margin

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
South Africa	12	(3)	15	-
India	-	1	(1)	-
Total	**12**	**(2)**	**14**	**-**

The **gross operating margin** in the 1st Quarter of 2017 amounted to €12 million, an increase of €14 million compared with the same period of 2016, reflecting the developments noted under revenue.

Operating income

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
South Africa	4	(3)	7	-
India	(2)	-	(2)	-
Total	**2**	**(3)**	**5**	-

Operating income amounted to €2 million, a decrease of €5 million, reflecting an increase of €9 million in depreciation, amortization and impairment.

Capital expenditure

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
South Africa	7	89	(82)	-92.1%
India	1	-	1	-
Total	**8**	**89**	**(81)**	**-91.0%**

Capital expenditure in the 1st Quarter of 2017 amounted to €8 million, a decrease of €81 million compared with the same period of the previous year. Investment was mainly focused on the photovoltaic plants in South Africa, while the portfolio of new projects in India is still in the pre-construction phase.

Other, eliminations and adjustments

Performance

Millions of euro	1st Quarter			
	2017	2016 restated	Change	
Revenue (net of eliminations)	100	179	(79)	-44.1%
Gross operating margin	(95)	(38)	(57)	-
Operating income	(99)	(51)	(48)	-94.1%
Capital expenditure	-	5	(5)	-

Revenue, net of eliminations, amounted to €100 million in the 1st Quarter of 2017, a decrease of €79 million compared with the same period of the previous year (-44.1%).
The change essentially reflects:

> the effects of the change in the scope of consolidation connected with the merger of Enel Ingegneria e Ricerca into Enel Produzione (whose figures are included in the Italy segment), and the disposal of the Information Technology operations for Spain by Enel Iberoamérica to Endesa (whose figures are included in the Iberia segment);

> the effect of the recognition in the 1st Quarter of 2016 of the gain on the disposal of Compostilla Re amounting to €19 million;

> a decrease in revenue from support and staff services provided by the Parent Company.

The **gross operating margin** in the 1st Quarter of 2017, a loss of €95 million, deteriorated by €57 million. The decrease is mainly connected with the recognition of the capital gain in the 1st Quarter of 2016, the changes in scope of consolidation and the reduction in the unit margin on certain services provided to other Group divisions.

Operating income in the 1st Quarter of 2017, a loss of €99 million, deteriorated by €48 million compared with the same period of the previous year, also reflecting a decrease in depreciation, amortization and impairment of €9 million.

Capital expenditure

Capital expenditure in the 1st Quarter of 2017 showed a decrease di €5 million compared with the 1st Quarter of 2016.

Analysis of the Group's financial position

Net capital employed and related funding

The following schedule shows the composition of and changes in net capital employed:

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	93,308	92,318	990	1.1%
- goodwill	14,467	13,556	911	6.7%
- equity investments accounted for using the equity method	1,612	1,558	54	3.5%
- other net non-current assets/(liabilities)	(353)	(802)	449	-56.0%
Total net non-current assets	**109,034**	**106,630**	**2,404**	**2.3%**
Net current assets:				
- trade receivables	13,427	13,506	(79)	-0.6%
- inventories	2,642	2,564	78	3.0%
- net receivables due from institutional market operators	(3,260)	(3,592)	332	-9.2%
- other net current assets/(liabilities)	(5,409)	(5,201)	(208)	-4.0%
- trade payables	(12,017)	(12,688)	671	5.3%
Total net current assets	**(4,617)**	**(5,411)**	**794**	**14.7%**
Gross capital employed	**104,417**	**101,219**	**3,198**	**3.2%**
Provisions:				
- employee benefits	(2,638)	(2,585)	(53)	-2.1%
- provisions for risks and charges and net deferred taxes	(8,603)	(8,517)	(86)	-1.0%
Total provisions	**(11,241)**	**(11,102)**	**(139)**	**-1.3%**
Net assets held for sale	**6**	**11**	**(5)**	**-45.5%**
Net capital employed	**93,182**	**90,128**	**3,054**	**3.4%**
Total shareholders' equity	**53,900**	**52,575**	**1,325**	**2.5%**
Net financial debt	**39,282**	**37,553**	**1,729**	**4.6%**

Net capital employed at March 31, 2017 amounted to €93,182 million and is funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €53,900 million and net financial debt of €39,282 million. The debt-to-equity ratio at March 31, 2017 was 0.73 (0.71 at December 31, 2016).

Analysis of the Group's financial structure

Net financial debt

The following schedule shows the composition of and changes in net financial debt:

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Long-term debt:				
- bank borrowings	7,851	7,446	405	5.4%
- bonds	30,979	32,401	(1,422)	-4.4%
- other borrowings	1,485	1,489	(4)	-0.3%
Long-term debt	*40,315*	*41,336*	*(1,021)*	*-2.5%*
Long-term financial receivables and securities	(2,708)	(2,621)	(87)	-3.3%
Net long-term debt	**37,607**	**38,715**	**(1,108)**	**-2.9%**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	866	749	117	15.6%
- other short-term bank borrowings	285	909	(624)	-68.6%
Short-term bank borrowings	*1,151*	*1,658*	*(507)*	*-30.6%*
Bonds (short-term portion)	6,199	3,446	2,753	79.9%
Other borrowings (short-term portion)	259	189	70	37.0%
Commercial paper	1,200	3,059	(1,859)	-60.8%
Cash collateral on derivatives and other financing	1,148	1,286	(138)	-10.7%
Other short-term financial payables (1)	183	414	(231)	-55.8%
Other short-term debt	*8,989*	*8,394*	*595*	*7.1%*
Long-term financial receivables (short-term portion)	(827)	(767)	(60)	-7.8%
Factoring receivables	(83)	(128)	45	35.2%
Financial receivables and cash collateral	(1,113)	(1,082)	(31)	-2.9%
Other short-term financial receivables	(795)	(911)	116	12.7%
Cash and cash equivalents with banks and short term securities	(5,647)	(8,326)	2,679	32.2%
Cash and cash equivalents and short-term financial receivables	*(8,465)*	*(11,214)*	*2,749*	*24.5%*
Net short-term debt	**1,675**	**(1,162)**	**2,837**	**-**
NET FINANCIAL DEBT	**39,282**	**37,553**	**1,729**	**4.6%**
Net financial debt of "Assets classified as held for sale"	**-**	**-**	**-**	**-**

(1) Includes current financial payables included in other current financial liabilities.

Net financial debt amounted to €39,282 million at March 31, 2017, an increase of €1,729 million on December 31, 2016.

Net long-term debt decreased by €1,108 million, mainly due to a decrease of €1,021 million in gross long-term debt.
With regard to the latter:

> bank borrowings amounted to €7,851 million, an increase of €405 million due primarily to drawings on EIB loans by Endesa SA in the amount of €300 million and drawings on a dollar-denominated bank

loan by Enel Green Power Brazil in an amount equal to €111 million. The increase was partly offset by the reclassification to short term of long-term bank borrowings;

- bonds amounted to €30,979 million, a decrease of €1,422 million compared with December 31, 2016. The decline is mainly attributable to the reclassification of the current portion of two bonds issued by Enel SpA maturing in February 2018, with a total residual value of €2,984 million, partly offset by the issue of new bonds in the 1st Quarter of 2017, including the green bond issued in January 2017 by Enel Finance International amounting to €1,250 million and a bond denominated in Swiss francs issued in February 2017 by the same Dutch company amounting to 225 million Swiss francs, equal to €210 million;
- other borrowings amounted to €1,485 million at March 31, 2017, a decrease of €4 million compared with December 31, 2016.

The acquisition of the Brazilian distribution company CELG-D on February 14, 2017, increased gross long-term debt by the equivalent of €323 million.

Net short-term debt amounted to €1,675 million at March 31, 2017, an increase of €2,837 million on the end of 2016. The change was the net result of a decrease in short-term bank borrowings in the amount of €507 million, amply offset by an increase in other short-term debt in the amount of €595 million and a decrease in cash and cash equivalents and short-term financial receivables in the amount of €2,749 million.

Other short-term debt, totaling €8,989 million, includes commercial paper issued by International Endesa BV amounting to €1,200 million, as well as bonds maturing within 12 months amounting to €6,199 million. At March 31, 2017, the commercial paper program of Enel Finance International had not been used.

During the 1st Quarter of 2017, a number of Latin American companies redeemed bonds denominated in local currencies in an amount equal to €193 million.

Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,113 million, while cash collateral received from such counterparties amounted to €1,148 million.
Cash and cash equivalents and short-term financial receivables came to €8,465 million, down €2,749 million compared with the end of 2016, mainly due to the decrease in cash with banks and short-term securities in the amount of €2,679 million.

Cash flows

Cash flows from operating activities in the 1st Quarter of 2017 were a positive €1,740 million, an improvement of €173 million over the same period of the previous year. The increase reflected an improvement in the management of operating cash flows associated with the improvement in performance.

Cash flows from investing/disinvesting activities in the 1st Quarter of 2017 absorbed funds in the amount of €1,967 million, while in the first three months of 2016 they had absorbed liquidity totaling €1,301 million.

More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets in the 1st Quarter of 2017 amounted to €1,453 million, down €197 million compared with the same period of 2016. The increased activity in the renewable energy sector, mainly in North America, was more than offset by a decline in investment in other technologies.

Investments in entities (or business units) less cash and cash equivalents acquired amounted to €679 million and were mainly accounted for by the acquisition of CELG-D, an electricity distribution company operating in the Brazilian state of Goiás.

Cash flows generated by other investing/disinvesting activities in the 1st Quarter of 2017 were a positive €165 million, essentially attributable to the disposal of Electrogas.

Cash flows from financing activities absorbed liquidity in the amount of €2,449 million. In the first three months of 2016 they had absorbed liquidity totaling €4,768 million. The flow in the 1st Quarter of 2017 was essentially associated with the reduction of net financial debt (the net balance of repayments and new borrowing) in the amount of €1,151 million and the payment of dividends totaling €1,289 million, which include the payment of €915 million of the interim dividend of €0.09 per share approved by the Board of Directors on November 10, 2016.

Thus, in the first three months of 2017, cash flows generated by operating activities amounted to €1,740 million, which only partly financed the requirements of investing activities totaling €1,967 million and financing activities in the amount of €2,449 million. The negative difference is reflected in the decrease in cash and cash equivalents, which at March 31, 2017 amounted to €5,647 million, compared with €8,326 million at the start of 2017. The decrease includes the impact (€3 million) of the depreciation of the various local currencies against the euro.

Significant events in the 1st Quarter of 2017

Renewables loan agreement in Brazil

On January 4, 2017, the Enel Group and the Brazilian Development Bank ("BNDES"), the main financing agency for development in Brazil, signed a 20-year term loan agreement worth around R$373 million (about €109 million) that will cover part of the investment required to build the recently inaugurated 102 MW Apiacás hydropower facility, which is located in the state of Mato Grosso in Brazil's Central-West Region. Under the terms of the loan agreement, the first instalment of R$293 million (about €85 million) was disbursed after the signing, whereas the second instalment of R$80 million (about €24 million) will be disbursed in early 2017, subject to the fulfilment of conditions customary for this type of transaction. The loan bears an interest rate based on the TJLP (Taxa de Juros de Longo Prazo), the long-term interest rate reviewed quarterly by the Brazilian Central Bank. The TJLP currently stands at 7.5%, below the current interbank rate in Brazil of 13.63%. The TJLP is used as base rate for loans granted by BNDES to private companies whose projects are deemed eligible for federal funding.

Issue of first green bond

On January 9, 2017, Enel Finance International ("EFI") successfully placed on the European market its first green bond for institutional investors, backed by a guarantee issued by Enel SpA. The issue totals €1,250 million and provides for repayment in a single instalment at maturity on September 16, 2024, as well as the payment of a fixed-rate coupon of 1%, payable annually in arrears in September, as from September 2017. The issue price was set at 99.001% and the effective yield to maturity is equal to 1.137%. The expected date for settlement of the issue is January 16, 2017. The green bond is listed on the regulated markets of the Irish and Luxembourg Stock Exchanges. The transaction received subscriptions in an amount of about €3 billion, with considerable interest from Social Responsible Investors ("SRI"), enabling Enel to further diversify its investor base. The net proceeds raised in the issue – carried out under the medium-term note program of Enel and EFI (the Euro Medium Term Notes - EMTN program) – will be used to finance the Enel Group's eligible green projects identified and/or to be identified in accordance with the Green Bond Principles 2016 published by the International Capital Market Association (ICMA). More specifically, the categories of projects that qualify as eligible green projects include, for example, the development, construction and repowering of renewable power plants, the development of transmission and distribution networks, and the implementation of smart grids and smart meters in the geographic areas in which the Group operates.

The operation was led by a syndicate of banks comprising Banca IMI, BofA Merrill Lynch, Crédit Agricole CIB, Citi, Deutsche Bank, HSBC, J.P. Morgan, Mizuho Securities, Natixis, SMBC Nikko and UniCredit as joint-bookrunners.

Acquisition of Demand Energy

On January 11, 2017, Enel Green Power North America ("EGPNA") acquired a 100% stake in Demand Energy Networks ("Demand Energy"), a US-based company specialized in intelligent software and energy storage systems. Enel will work with Demand Energy, which has established itself as a leader in the New York City storage market, delivering value to commercial and industrial customers, to expand deployment of the company's Distributed Energy Network Optimization System (DEN.OSTM), an intelligent software controls platform that enables real-time optimization of energy management and revolutionizes the way electricity is generated, stored and consumed.

Collaboration agreement with Saudi Electricity Company

On January 11, 2017, Enel SpA and Saudi Arabian utility Saudi Electricity Company ("SEC") signed a framework agreement for cooperation in the power distribution sector which will involve the two companies in working together to develop long-term strategic knowledge sharing regarding the latest network technologies. Under the agreement, which has a duration of three years but could be extended if both parties agree, Enel and SEC will enhance the exchange of information, best practices and experiences in the distribution sector. More specifically, the two companies will share best practices and benchmarks to take distribution networks' performance in areas like operation, efficiency and security to best-in-class levels, while also introducing a technology roadmap aimed at digitizing distribution grids and improving energy efficiency at customer premises. Enel and SEC will also jointly evaluate further areas of collaboration in the power distribution sector.

Agreement with Dubai Electricity and Water Authority

On January 14, 2017, Enel SpA and Dubai Electricity and Water Authority ("DEWA"), Dubai's public service infrastructure company, signed a memorandum of understanding (MoU) for cooperation in smart grids and network digitization. The MoU, which has a duration of three years and could be extended by mutual agreement, seeks to build partnership relations between Enel and DEWA to facilitate the achievement of common strategic objectives and the exchange of information, experience and studies in the areas outlined by the MoU, including the analysis of key performance indicators in smart grid management as well as network digitization and security. Enel and DEWA will cooperate in research activities in the areas covered by the MoU and will share Enel's experience in distribution automation, renewable energy integration, smart meters and smart cities, with special reference to the role played by Enel in Expo Milano 2015, as well as DEWA's efforts in the field of smart grids. The parties will also evaluate cooperation opportunities in network technologies for Expo 2020 Dubai, given Enel's experience in building a fully-electric smart city for Expo Milano 2015 and DEWA's contribution to the development of network infrastructure and related technologies for Expo 2020.

Agreement with Aton Storage

On February 7, 2017, Enel SpA and Aton Storage, one of the leading Italian companies in the development and manufacture of innovative storage systems, signed an agreement to collaborate on initiatives in renewable electricity storage services. The aim of the accord is to enrich and strengthen the range of products offered to end users with innovative, high performance solutions that contribute to energy efficiency. Storage solutions play a key role in the development of renewable energy and electric mobility, sectors in which Enel is a world leader.

The battery developed by Aton was included among the new technologies that Enel presented during the Formula and event held in Marrakech on November 12, 2016, and the Capital Markets Day in London on November 22, 2016.

Enel Green Power participates in construction of hospital in Uganda

On February 10, 2017, Enel Green Power participated in the project of Emergency and the architect Renzo Piano for the construction of a pediatric surgery hospital in Entebbe, Uganda, which will become the new center of pediatric excellence in Africa. The hospital will also be a training center for young doctors and nurses from Uganda and neighboring countries, making a significant contribution to improving health standards in the area.

Enel Green Power will provide 2,600 thin-film photovoltaic modules manufactured at the 3Sun factory in Catania, for a total of 289.24 kWp (kilowatt peak), giving the new facility energy autonomy and sustainability.

Acquisition of Brazilian distributor CELG-D finalized

On February 14, 2017, The Enel subsidiary Enel Brasil finalized the acquisition of about 94.8% of the share capital of Celg Distribuição ("CELG-D"), a power distribution company that operates in the Brazilian state of Goiás, for a total of R$2.187 billion. The remaining shares of CELG-D were offered to the company's current and retired employees through a process that in May enabled the purchase of the shares not bought by those employees.

The acquisition of CELG-D will expand Enel's presence in the Brazilian distribution sector, increasing Enel's Brazilian customer base from 7 million to 10 million, making Enel Brasil the second largest power distributor in the country.

Enel invests in green start-ups in Hawaii

On February 28, 2017, Enel, acting through its US renewable energy subsidiary Enel Green Power North America ("EGPNA") became a global partner and strategic advisor of Energy Excelerator, a leading American incubator for clean energy start-ups based in Hawaii.

By joining Energy Excelerator, a non-profit organization whose mission is to solve the challenges of world energy systems through innovation, Enel will access its portfolio of start-ups and advise in the selection of projects to be supported by the incubator.

Hawaii, which has a high penetration of renewable energy sources, will enable Enel to expand its network of innovators to open energy up to new uses, new technologies and new people.

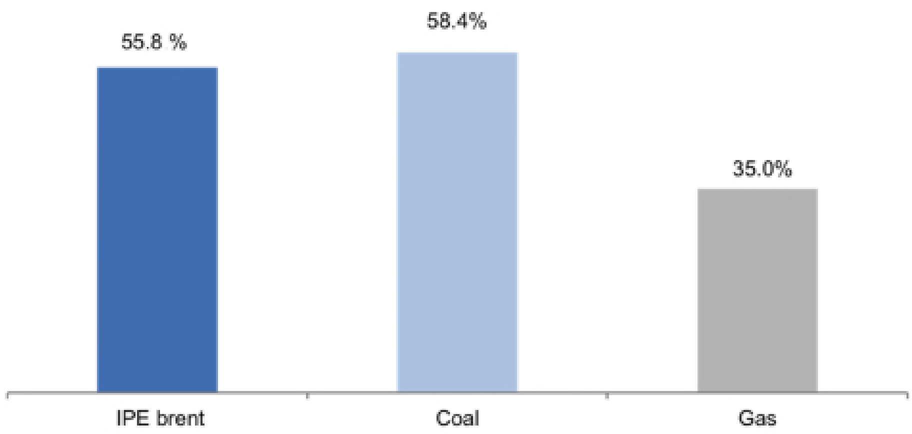
Reference scenario

Developments in the main market indicators

	1st Quarter	
	2017	2016
Market indicators		
Average IPE Brent oil price ($/bbl)	54.7	35.1
Average price of CO_2 (€/ton)	5.2	5.6
Average price of coal ($/t CIF ARA) (1)	82.7	52.2
Average price of gas (€/MWh) (2)	18.9	14.0
Average dollar/euro exchange rate	1.065	1.102
Six-month Euribor (average for the period)	0.24%	0.10%

(1) API#2 index.
(2) TTF index.

Change in average fuel prices in the 1st Quarter of 2017 compared with the 1st Quarter of 2016



Electricity and natural gas markets

Electricity demand

GWh	1st Quarter		
	2017	2016	Change
Italy	**78,949**	78,489	**0.6%**
Spain	**63,891**	63,818	0.1%
Russia	**216,356**	210,898	2.6%
Argentina	**35,298**	35,751	-1.3%
Brazil	**137,365**	135,361	1.5%
Chile	**18,159**	18,517	-1.9%
Colombia	**16,093**	16,853	-4.5%

Source: national TSOs.

Electricity demand in Western Europe increased slightly, expanding in Italy and Spain by 0.6% and 0.1%, respectively, slower than the pace of economic growth. By contrast, Russia posted an increase of 2.6%, continuing the trend seen at the end of 2016. In Latin America, demand in Brazil rose by 1.5% compared with the year-earlier period. Demand in Peru also expanded, increasing by 0.8% in the 1st Quarter, a sharp slowdown on the previous year. Developments differed in Colombia, where demand contracted by 4.5%, and in Chile, where it fell by 1.9%, running counter to the growth in GDP.

Electricity prices

	Average baseload price 1st Quarter of 2017 (€/MWh)	Change in average baseload price 1st Quarter of 2017 - 1st Quarter of 2016	Average peakload price 1st Quarter of 2017 (€/MWh)	Change in average peakload price 1st Quarter of 2017 - 1st Quarter of 2016
Italy	**57.5**	**45.0%**	**66.5**	**46.1%**
Spain	55.6	81.2%	62.4	67.1%
Russia	17.7	34.9%	19.8	28.5%
Brazil	43.6	114.7%	65.8	110.9%
Chile	60.7	8.4%	121.9	19.0%
Colombia	40.1	-78.6%	63.7	-74.1%

Natural gas demand

Millions of m^3	1st Quarter			
	2017	2016	Change	
Italy				
Residential and civil uses	525	511	14	2.7%
Industry and services	3,541	3,335	206	6.2%
Thermal generation	6,348	5,413	935	17.3%
Other (1)	13,625	13,057	568	4.4%
Total Italy	**24,039**	**22,316**	**1,723**	**7.7%**
Spain	**8,300**	**7,659**	**641**	**8.4%**

(1) Includes other consumption and losses.
Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.
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Natural gas demand in Italy in the 1st Quarter of 2017 amounted to 24,039 million cubic meters, an increase of 7.7% compared with the same period of 2016.

Consumption increased in all sectors, especially in industry and thermal generation, which expanded due to the steep fall in electricity imports and the decrease in the contribution of wind power. Gas consumption in the 1st Quarter also rose sharply in Spain (up 8.4% on the 1st Quarter of 2016, when consumption for residential uses and thermal generation was weaker).

Italy

Domestic electricity generation and demand

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Net electricity generation:				
- thermal	51,529	46,929	4,600	9.8%
- hydroelectric	7,535	7,906	(371)	-4.7%
- wind	5,311	5,865	(554)	-9.4%
- geothermal	1,459	1,488	(29)	-1.9%
- photovoltaic	4,592	3,977	615	15.5%
Total net electricity generation	**70,426**	**66,165**	**4,261**	**6.4%**
Net electricity imports	9,202	12,930	(3,728)	-28.8%
Electricity delivered to the network	**79,628**	**79,095**	**533**	**0.7%**
Consumption for pumping	(666)	(606)	(60)	-9.9%
Electricity demand	**78,962**	**78,489**	**473**	**0.6%**

Source: Terna - Rete Elettrica Nazionale (monthly report - March 2017).

Electricity demand in Italy in the 1st Quarter of 2017 increased slightly (by 0.6%) compared with the year-earlier period, to 79.0 TWh. Of total electricity demand, 88.3% was met by net domestic electricity generation for consumption (83.5% in the 1st Quarter of 2016) with the remaining 11.7% being met by net electricity imports (16.5% in the 1st Quarter of 2016).
The substantial decrease in net imports in the 1st Quarter of 2017 (a decrease of 3.7 TWh, or 28.8% compared with the same period of 2016) reflected the higher prices of imported power, essentially due to stoppages at many French nuclear plants, which made domestic thermal generators more competitive.

Against this background of more competitive national generators compared with supplies from the surrounding countries, *net electricity generation* in the 1st Quarter of 2017 increased by 6.4% (4.3 TWh) to 70.4 TWh. More specifically, the decrease in wind generation (-0.6 TWh) and hydroelectric generation (-0.4 TWh) attributable to poorer resource availability was only partly offset by the rise in thermal generation (4.6 TWh) and photovoltaic generation (+0.6 TWh).

Spain

Electricity generation and demand in the peninsular market

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Net electricity generation	64,011	64,307	(296)	-0.5%
Consumption for pumping	(1,327)	(2,204)	877	39.8%
Net electricity exports [(1)]	1,216	1,692	(476)	-28.1%
Electricity demand	**63,900**	**63,795**	**105**	**0.2%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Estadística diaria* - March 2017 report). The volumes reported for the 1st Quarter of 2016 are updated to April 7, 2017.

Electricity demand in the peninsular market in the 1st Quarter of 2017 increased by 0.2% compared with the same period of 2016, to 63.9 TWh. All demand was met with domestic generation, with no recourse to imports.

Net electricity exports in the 1st Quarter of 2017 declined from their level in the 1st Quarter of 2016.

Net electricity generation in the 1st Quarter of 2017 posted a decrease of 0.5% (-0.3 TWh). With demand essentially unchanged, the change is attributable to a different generation mix, which gave rise to a change in consumption for pumping, and in developments in exports to France.

Electricity generation and demand in the extra-peninsular market

Millions of kWh	1st Quarter			
	2017	2016 restated	Change	
Net electricity generation	3,313	3,203	110	3.4%
Net electricity imports	240	292	(52)	-17.8%
Electricity demand	**3,553**	**3,495**	**58**	**1.7%**

Source: Red Eléctrica de España (*Estadística diaria* - March 2017 report). The volumes reported for the 1st Quarter of 2016 are updated to April 7, 2017.

Electricity demand in the extra-peninsular market in the 1st Quarter of 2017 increased by 1.7% compared with the 1st Quarter of 2016 to 3.6 TWh.

Net electricity imports in the 1st Quarter of 2017 amounted to 0.2 TWh and regarded trade with the Iberian peninsula.

Net electricity generation in the 1st Quarter of 2017 rose by 3.4% compared with the same period of the previous year.

Outlook

The Group's 2017-2019 Strategic Plan, which was updated in November 2016, focuses on:

> - an ambitious investment plan for the digitization of the assets, operations and processes of the Group and upgrading connectivity;
> - greater customer focus, improving customer service to preserve and expand Enel's most important asset;
> - improving operational efficiency, including reducing operating costs through digitization;
> - long-term industrial growth strongly focused on networks and renewables;
> - simplification of the Group structure, with the rationalization of the structure at the country level in all of the areas in which the Group operates;
> - ongoing active portfolio management to achieve the strategic repositioning of the Group.

During the 1st Quarter of 2017 significant progress was made toward achieving each of the objectives in the strategic plan.

For the remainder of 2017, in line with the plan targets, the Group expects:

> - the ramping up of investments in digitization, continuing the installation of second-generation smart meters in Italy and the installation of smart meters in the Iberian Peninsula. The roll-out of the optical fiber network undertaken by OpEn Fiber will also be accelerated;
> - a contribution from the customer focus strategy on a global scale, following the first phase of investments in the back-office and customer-experience platforms;
> - additional progress in operational efficiency, supported by digitization;
> - a contribution from industrial growth, focused on networks and renewables;
> - the second phase of corporate simplification at the individual country level, mainly in Latin America;
> - additional progress in active portfolio management.

Condensed consolidated quarterly financial statements at March 31, 2017

Condensed Consolidated Income Statement

Millions of euro	Notes	1st Quarter	
		2017	2016
Total revenue	4.a	19,366	17,872
Total costs	4.b	17,091	15,122
Net income/(expense) from commodity contracts measured at fair value	4.c	250	(80)
Operating income		**2,525**	**2,670**
Financial income		569	1,592
Financial expense		1,233	2,444
Total net financial income/(expense)	4.d	**(664)**	**(852)**
Share of income/(losses) from equity investments accounted for using the equity method	4.e	**39**	**35**
Income before taxes		**1,900**	**1,853**
Income taxes	4.f	596	548
Net income from continuing operations		**1,304**	**1,305**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,304**	**1,305**
Attributable to shareholders of the Parent Company		983	939
Attributable to non-controlling interests		321	366
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*

Statement of Consolidated Comprehensive Income

Millions of euro	1st Quarter	
	2017	2016
Net income for the period	**1,304**	**1,305**
Other comprehensive income recyclable to profit or loss (net of taxes)		
Effective portion of change in the fair value of cash flow hedges	159	(649)
Share of the other comprehensive income of equity investments accounted for using the equity method	(2)	(26)
Change in the fair value of financial assets available for sale	22	3
Change in translation reserve	50	83
Other comprehensive income/(loss) for the period	**229**	**(589)**
Comprehensive income/(loss) for the period	**1,533**	**716**
Attributable to:		
- shareholders of the Parent Company	1,128	309
- non-controlling interests	405	407

Condensed Consolidated Balance Sheet

Millions of euro

	Notes	at Mar. 31, 2017	at Dec. 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		93,308	92,318
Goodwill		14,467	13,556
Equity investments accounted for using the equity method		1,612	1,558
Other non-current assets (1)		13,311	12,872
Total non-current assets	5.a	**122,698**	**120,304**
Current assets			
Inventories		2,642	2,564
Trade receivables		13,427	13,506
Cash and cash equivalents		5,602	8,290
Other current assets (2)		9,840	10,921
Total current assets	5.b	**31,511**	**35,281**
Assets held for sale	5.c	**6**	**11**
TOTAL ASSETS		**154,215**	**155,596**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	5.d	35,931	34,803
Non-controlling interests		17,969	17,772
Total shareholders' equity		**53,900**	**52,575**
Non-current liabilities			
Long-term borrowings		40,315	41,336
Provisions and deferred tax liabilities		16,424	16,334
Other non-current liabilities		4,332	4,388
Total non-current liabilities	5.e	**61,071**	**62,058**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		10,004	9,756
Trade payables		12,017	12,688
Other current liabilities (3)		17,223	18,519
Total current liabilities	5.f	**39,244**	**40,963**
Liabilities held for sale	5.g	**-**	**-**
TOTAL LIABILITIES		**100,315**	**103,021**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**154,215**	**155,596**

(1) Of which long-term financial receivables and other securities at March 31, 2017 equal to €2,282 million (€2,181 million at December 31, 2016) and €427 million (€441 million at December 31, 2016), respectively.
(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2017 equal to €828 million (€767 million at December 31, 2016), €1,992 million (€2,121 million at December 31, 2016) and €45 million (€36 million at December 31, 2016), respectively.
(3) Of which short-term financial debt at March 31, 2017 equal to €139 million (€296 million at December 31, 2016).

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company														
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of financial instruments AFS	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net defined benefit plan liabilities/(assets)	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
At January 1, 2016	**9,403**	**5,292**	**1,881**	**2,262**	**(1,956)**	**(1,341)**	**130**	**(54)**	**(551)**	**(2,115)**	**(196)**	**19,621**	**32,376**	**19,375**	**51,751**
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(234)**	**(234)**
Capital increase for non-proportional demerger of Enel Green Power	764	2,198	-	-	119	(31)	-	-	1	-	(974)	(12)	**2,065**	**(2,106)**	**(41)**
Comprehensive income for the period	-	-	-	-	35	(655)	3	(13)	-	-	-	939	**309**	**407**	**716**
of which: - other comprehensive income/(loss) for the period	-	-	-	-	35	(655)	3	(13)	-	-	-	-	**(630)**	**41**	**(589)**
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	939	**939**	**366**	**1,305**
At March 31, 2016	**10,167**	**7,490**	**1,881**	**2,262**	**(1,802)**	**(2,027)**	**133**	**(67)**	**(550)**	**(2,115)**	**(1,170)**	**20,548**	**34,750**	**17,442**	**52,192**
At January 1, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(1,005)**	**(1,448)**	**106**	**(12)**	**(706)**	**(2,398)**	**(1,170)**	**19,484**	**34,803**	**17,772**	**52,575**
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(195)**	**(195)**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**(13)**	**(13)**
Comprehensive income for the period	-	-	-	-	(37)	163	22	(3)	-			983	**1,128**	**405**	**1,533**
of which: - other comprehensive income/(loss) for the period	-	-	-	-	(37)	163	22	(3)	-				**145**	**84**	**229**
- net income/(loss) for the period	-	-	-	-								983	**983**	**321**	**1,304**
At March 31, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(1,042)**	**(1,285)**	**128**	**(15)**	**(706)**	**(2,398)**	**(1,170)**	**20,467**	**35,931**	**17,969**	**53,900**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter	
	2017	2016
Income before taxes	**1,900**	**1,853**
Adjustments for:		
Depreciation, amortization and impairment losses	1,389	1,347
Financial (income)/expense	664	852
Net income from equity investments accounted for using equity method	(39)	(35)
Changes in net current assets:		
- inventories	*(54)*	*183*
- trade receivables	*286*	*(1,307)*
- trade payables	*(1,099)*	*163*
- other assets and liabilities	*(313)*	*(231)*
Interest and other financial expense and income paid and received	(649)	(768)
Other changes	(345)	(490)
Cash flows from operating activities (A)	**1,740**	**1,567**
Investments in property, plant and equipment and intangible assets	(1,453)	(1,650)
Investments in entities (or business units) less cash and cash equivalents acquired	(679)	-
Disposals of entities (or business units) less cash and cash equivalents sold	-	326
(Increase)/Decrease in other investing activities	165	23
Cash flows from (investing)/disinvesting activities (B)	**(1,967)**	**(1,301)**
New issues of long-term financial debt	2,075	827
Repayments and other changes in net financial debt	(3,233)	(5,163)
Receipts/(Outlays) for transactions in non-controlling interests	(2)	(196)
Dividends and interim dividends paid	(1,289)	(236)
Cash flows from financing activities (C)	**(2,449)**	**(4,768)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(3)**	**36**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(2,679)**	**(4,466)**
Cash and cash equivalents and short-term securities at the beginning of the period (1)	8,326	10,790
Cash and cash equivalents and short-term securities at the end of the period (2)	5,647	6,324

(1) Of which cash and cash equivalents equal to €8.290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to "Assets held for sale" equal to €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €5,602 million at March 31, 2017 (€6,279 million at March 31, 2016), short-term securities equal to €45 million at March 31, 2017 (€29 million at March 31, 2016) and cash and cash equivalents pertaining to "Assets held for sale" equal to €16 million at March 31, 2016.

Notes to the condensed consolidated quarterly financial statements at March 31, 2017

1. Accounting policies and measurement criteria

The condensed consolidated quarterly financial statements at March 31, 2017, included in the Interim Financial Report, have been prepared in compliance with “IAS 34 - Interim Financial Reporting” and consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders’ equity, the consolidated statement of cash flows, and the related explanatory notes. These condensed consolidated financial statements at March 31, 2017 do not include all the information required to be reported in the annual financial statements and must be read together with the financial statements for the period ended December 31, 2016.

Although the Group has adopted the half-year as the reference interim period for the purposes of applying IAS 34 and the definition of interim financial report specified therein, this Interim Financial Report at March 31, 2017 has been prepared in compliance with that standard in view of the possible inclusion of the information in the documentation to be prepared for extraordinary corporate transactions.

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the condensed consolidated financial statements at March 31, 2017 are the same as those adopted for the consolidated financial statements at December 31, 2016. Please see those financial statements for more information.

Use of estimates

Preparing the condensed consolidated quarterly financial statements requires management to make estimates and assumptions that impact the value of revenue, costs, assets and liabilities and the disclosures concerning contingent assets and liabilities at the balance sheet date. Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

For the purposes of the preparation of the condensed consolidated quarterly financial statements, the use of estimates involved the same situations in which estimates were employed during the preparation of the annual financial statements. For a more extensive discussion of the most significant assessment processes of the Group, please see the section “Use of estimates” in note 2 of the consolidated financial statements at December 31, 2016.

During the Quarter, the Group, with the assistance of technical advisors, completed a study to assess the operating performance of its solar and wind plants and to analyze past data on the duration and frequency of maintenance work made necessary by technical problems and to examine the environmental and weather conditions to which the Group’s plants are exposed. The findings of the analysis provided sufficient information to enable us to reasonably provide for a probable lengthening of the economic and technical life of a number of components of solar and wind generation facilities compared with that forecast in previous years.

Accordingly, as from January 1, 2017 the Group extended the useful life of those components on the basis of the findings of the study, taking due consideration of any legal constraints in some of the jurisdictions in which the Group operates and which can effectively impact the right to exploit those assets to the full extent of their useful lives.

More specifically, those changes involved the extension to 30 years of the useful life of turbines, generators and other mechanical and electric machinery of wind plans and the extension of the useful life

of the mechanical and electrical machinery of solar plants, even while remaining within the interval of useful lives already used by the Group.
The effects of those changes in depreciation rates on these consolidated interim financial statements have been estimated as a reduction of €13 million in depreciation charges.
In addition, on the basis of a number of specific technical studies conducted internally on hydroelectric plants in Spain and in Chile, the Group also found that the conditions existed to extend the economic/technical lives of certain components of schedulable hydroelectric plants. Here too, while still lying within the interval of useful lives already used by the Group, the average increase in those lives in each category reduced depreciation charges for the Quarter by €20 million.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the impact these variations have on performance, which are generally negligible, and the fact that the Group operates in both the globe's northern and southern hemispheres, no additional disclosure (as required under IAS 34.21) for developments in the twelve months ended March 31, 2017 is provided.

2. Main changes in the scope of consolidation

2016

- Disposal, completed in early March 2016, of **Compostilla Re**, which at December 31, 2015 had been classified as “held for sale”. The sale price was €101 million (the company also held liquid assets of about €111 million) and generated a gain of about €19 million;
- disposal, on May 1, 2016, of 65% of **Drift Sand Wind Project**, a company operating in the wind generation sector in the United States;
- disposal, completed on July 13, 2016, of **Enel Longanesi**, which held the Italian assets (composed of 21 applications for on-shore and off-shore exploration permits and exploration permits) in the upstream gas sector;
- disposal, on July 28, 2016, of 50% of **Slovak Power Holding (“SPH”)**, which in turn holds 66% of **Slovenské elektrárne (“SE”)**;
- acquisition of control, on October 1, 2016, of **Distribuidora Eléctrica de Cundinamarca (“DEC”)**, previously accounted for using the equity method, through the merger of DEC into Codensa (which had already held 49%);
- loss of control, on November 21, 2016, following changes in governance arrangements and the disposal of an interest of 1%, for €12 million, of **EGPNA Renewable Energy Partners (“EGPNA REP”)**, a developer of renewables generation projects in the United States. As from that it has been accounted for using the equity method;
- disposal, on November 30, 2016, of 100% of **Enel France**, a thermal generation company in France;
- loss of control, on December 20, 2016, of **Enel OpEn Fiber** (now OpEn Fiber - OF) following a capital increase by Enel and CDP Equity (“CDPE”), after which Enel and CDPE hold an equal stake in OF, which has therefore been accounted for using the equity method as from that date;
- disposal, on December 28, 2016, of the **Cimarron and Lindahl** wind farms to the EGPNA REP joint venture, the starting point of a new industrial growth strategy founded on a less capital-intensive “Build, Sell and Operate” approach intended to accelerate the development of project pipelines at the global level;
- disposal, on December 30, 2016, of 100% of **Marcinelle Energie**, a thermal generation company in Belgium. The sales price is subject to customer price adjustments that include an earn-out clause.

2017

- Acquisition, on January 10, 2017, of 100% of **Demand Energy Networks**, a company headquartered in the United States specializing in software solutions and smart electricity storage systems;
- acquisition, on February 14, 2017, of 94.8% of **Celg Distribuição (CELG-D)**, an electricity distribution company operating in the Brazilian state of Goiás.

Other changes

In addition to the above changes in the scope of consolidation, the following transactions, which although they do not represent transactions involving the acquisition or loss of control, gave rise to a change in the interest held by the Group in the investees:

- disposal, on February 29, 2016, of the remaining interest in **Hydro Dolomiti Enel**, a company operating in the hydroelectric generation sector in Italy;
- on March 31, 2016, the non-proportional demerger of **Enel Green Power** took effect, following which – with a capital increase by Enel SpA as part of the demerger – the Group increased its stake in the company from 68.29% to 100%, with the consequent reduction of non-controlling interests;

- acquisition, on May 3, 2016, of the remaining 40% of **Maicor Wind**, a company operating in the wind generation sector in Italy, becoming the sole shareholder.
- on July 27, 2016, Enel Green Power International, a wholly-owned subsidiary of Enel, sold 60% of **Enel Green Power España ("EGPE")** to Endesa Generación, a wholly-owned subsidiary of Endesa, which as it already held the other 40% of EGPE became its sole shareholder. In the consolidated financial statements, the transaction produced a decrease in the interest pertaining to the Group (from 88.04% to 70.10%) in the results of EGPE as from the time the operation took effect;
- merger, on December 1, 2016, into **Enel Américas** of Endesa Américas and Chilectra Américas, companies created with the demerger of Enersis, Endesa Chile and Chilectra. As the combined effect of exchange ratios between shares and the exercise of the right of withdrawal by some shareholders of the companies involved in the transaction, the percentage interest in the companies held directly or indirectly by Enel Américas changed.

Acquisition of Demand Energy

On January 10, 2017, Enel Green Power North America acquired 100% of Demand Energy Networks, a company headquartered in the United States specializing in software solutions and smart electricity storage systems.

Determination of goodwill

Millions of euro	
Cash and cash equivalents	15
Trade payables	(2)
Other current liabilities	(14)
Net assets acquired	**(1)**
Cost of the acquisition	**38**
Goodwill	**39**

The Group will identify the fair value of the assets acquired and the liabilities assumed within 12 months of the acquisition date. That process was begun immediately after the acquisition.

Acquisition of CELG-D

On February 14, 2017, Enel Brasil finalized the acquisition of 94.84% of Celg Distribuição ("CELG-D"), an electricity distribution company operating in the Brazilian state of Goiás under a concession valid until 2045. In view of the service concession arrangement under which it operates, the electricity distribution activities performed by the company fall within the scope of IFRIC 12. The remaining interest in CELG-D was offered to current and retired employees using a procedure under which Enel Brasil guaranteed the acquisition of any shares not purchased by those employees and retirees. The procedure closed in early May 2017 and enabled the Group to acquire an additional 5.04% of CELG-D, giving it a total holding of 99.88%.

Determination of goodwill

Millions of euro	
Property, plant and equipment	13
Intangible assets	572
Non-current financial assets	17
Other non-current assets	301
Trade receivables	238
Inventories	7
Current financial assets	63
Other current assets	64
Cash and cash equivalents	9
Borrowings	(320)
Employee benefits	(43)
Other non-current liabilities	(162)
Provisions for risks and charges	(216)
Trade payables	(446)
Other current liabilities	(375)
Non-controlling interests	14
Net assets acquired	**(264)**
Cost of the acquisition	**665**
Goodwill	**929**

The Group will identify the fair value of the assets acquired and the liabilities assumed within 12 months of the acquisition date. That process was begun immediately after the acquisition.

3. Segment information

The representation of the financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

This representation underwent a number of changes following the entry into force, as from the closing date of September 30, 2016, of the new organizational model, which involved the integration of the various companies belonging to the Enel Green Power Group into the various divisions by geographical area, also functionally including hydroelectric operations (so-called "Large Hydro"), and a new definition of the geographical areas (Italy, Iberia, Europe and North Africa, Latin America, North and Central America, Sub-Saharan Africa and Asia, Central/Holding).

Accordingly, with no change in total balances, the disclosures concerning performance by segment for the comparable period (1st Quarter of 2016) have been restated appropriately to ensure full comparability with the 1st Quarter of 2017.

For more information on developments in performance and financial position during the period, please see the appropriate section of this Interim Financial Report.

Performance by segment

1st Quarter of 2017 (1)

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	10,107	5,197	3,231	631	176	21	3	19,366
Revenue from transactions with other segments	186	13	16	11	1	-	(227)	**-**
Total revenue	**10,293**	**5,210**	**3,247**	**642**	**177**	**21**	**(224)**	**19,366**
Total costs	8,635	4,484	2,167	498	64	9	(155)	15,702
Net income/(expense) from commodity contracts measured at fair value	301	(32)	7	-	-	-	(26)	250
Depreciation and amortization	432	393	281	49	52	9	4	1,220
Impairment losses	112	101	31	11	-	-	(1)	254
Reversals of impairment losses	(1)	(78)	-	(7)	(1)	1	1	(85)
Operating income	**1,416**	**278**	**775**	**91**	**62**	**2**	**(99)**	**2,525**
Capital expenditure	**314**	**144**	**566**	**41**	**380**	**8**	**-**	**1,453**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.

1st Quarter of 2016 restated [(1)]

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Revenue from third parties	9,209	4,765	2,487	1,153	243	3	12	17,872
Revenue from transactions with other segments	173	3	26	60	1	-	(263)	**-**
Total revenue	**9,382**	**4,768**	**2,513**	**1,213**	**244**	**3**	**(251)**	**17,872**
Total costs	7,401	3,883	1,666	976	64	5	(220)	13,775
Net income/(expense) from commodity contracts measured at fair value	(34)	(42)	2	1	-	-	(7)	(80)
Depreciation and amortization	424	417	215	71	61	1	13	1,202
Impairment losses	113	88	17	5	-	-	-	223
Reversals of impairment losses	-	(71)	-	(7)	-	-	-	(78)
Operating income	**1,410**	**409**	**617**	**169**	**119**	**(3)**	**(51)**	**2,670**
Capital expenditure	**346**	**177**	**603**	**50** [(2)]	**277**	**89**	**5**	**1,547**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €103 million regarding units classified as “held for sale”.

Financial position by segment

At March 31, 2017

Millions of euro	Italy		Iberia	Latin America	Europe and North Africa	North and Central America		Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Property, plant and equipment	25,909		23,997	17,884	3,093	5,075		793	(5)	76,746
Intangible assets	1,279		15,644	12,497	749	676		114	(48)	30,911
Trade receivables	9,027		2,382	2,042	325	168		17	(534)	13,427
Other	3,875		1,516	848	206	54		4	(106)	6,397
Operating assets	**40,090**	(1)	**43,539**	**33,271**	**4,373**	**5,973**	(2)	**928**	**(693)**	**127,481**
Trade payables	7,021		2,142	2,408	318	583		20	(475)	12,017
Sundry provisions	3,111		3,952	1,366	129	24		19	565	9,166
Other	7,009		2,287	2,491	295	199		55	204	12,540
Operating liabilities	**17,141**		**8,381**	**6,265**	**742**	**806**		**94**	**294**	**33,723**

(1) Of which €4 million regarding units classified as “held for sale”.
(2) Of which €2 million regarding units classified as “held for sale”.

At December 31, 2016

Millions of euro	Italy		Iberia	Latin America	Europe and North Africa	North and Central America		Sub-Saharan Africa and Asia	Other, eliminations and adjustments	**Total**
Property, plant and equipment	25,981		24,174	17,411	3,048	4,831		780	46	76,271
Intangible assets	1,314		15,671	11,045	743	633		113	(34)	29,485
Trade receivables	9,429		2,243	1,835	317	111		18	(447)	13,506
Other	3,409		1,461	515	179	41		2	(134)	5,473
Operating assets	**40,133**	(1)	**43,549**	**30,806**	**4,287**	**5,616**	(2)	**913**	**(569)**	**124,735**
Trade payables	7,606		2,155	2,433	374	493		23	(396)	12,688
Sundry provisions	3,077		4,096	1,039	127	25		18	617	8,999
Other	7,125		3,042	1,850	305	210		54	340	12,926
Operating liabilities	**17,808**		**9,293**	**5,322**	**806**	**728**		**95**	**561**	**34,613**

(1) Of which €4 million regarding units classified as “held for sale”.
(2) Of which €2 million regarding units classified as “held for sale”.

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016
Total assets	**154,215**	**155,596**
Equity investments accounted for using the equity method	1,612	1,558
Other non-current financial assets	5,682	5,502
Long-term tax receivables included in “Other non-current assets”	334	301
Current financial assets	5,497	6,998
Cash and cash equivalents	5,602	8,290
Deferred tax assets	6,623	6,665
Income tax receivables	1,384	1,543
Financial and tax assets of “Assets held for sale”	-	4
Segment assets	**127,481**	**124,735**
Total liabilities	**100,315**	**103,021**
Long-term borrowings	40,315	41,336
Non-current financial liabilities	2,166	2,532
Short-term borrowings	2,680	5,372
Current portion of long-term borrowings	7,324	4,384
Current financial liabilities	3,118	4,586
Deferred tax liabilities	8,698	8,768
Income tax payable	798	359
Other tax payables	1,493	1,071
Financial and tax liabilities of “Liabilities held for sale”	-	-
Segment liabilities	**33,723**	**34,613**

Revenue

4.a Revenue- *€19,366 million*

Millions of euro	1st Quarter			
	2017	2016	Change	
Revenue from the sale of electricity	11,161	10,478	683	6.5%
Revenue from the transport of electricity	2,606	2,308	298	12.9%
Fees from network operators	145	120	25	20.8%
Transfers from institutional market operators	443	259	184	71.0%
Revenue from the sale of gas	1,555	1,508	47	3.1%
Revenue from the transport of gas	239	235	4	1.7%
Remeasurement at fair value after changes in control	-	-	-	-
Gains on the disposal of assets	151	166	(15)	-9.0%
Other services, sales and revenue	3,066	2,798	268	9.6%
Total	**19,366**	**17,872**	**1,494**	**8.4%**

In the 1st Quarter of 2017 **revenue from the sale of electricity** amounted to €11,161 million, an increase of €683 million compared with the same period of the previous year. The change reflected the following factors:

> an increase of €701 million in revenue from electricity sales to end users, mainly attributable to higher revenue from regulated markets (€537 million), and an increase of €164 million in revenue from free markets. In both markets, the increase reflected the rise in quantities sold, higher average prices and developments in exchange rates. These factors were only partly offset by the deconsolidation of Slovenské elektrárne;

> a decrease of €461 million in revenue from sales of electricity on the wholesale market, essentially due to the deconsolidation of Slovenské elektrárne;

> an increase of €443 million in revenue from electricity trading, essentially reflecting an increase in volumes handles and the broad rise in prices on international markets.

Revenue from the transport of electricity in the 1st Quarter of 2017 amounted to €2,606 million, an increase of €298 million mainly attributable to an increase in quantities distributed, largely in Brazil, thanks in part to the acquisition of control of CELG-D with effect from February 14, 2017.

In the 1st Quarter of 2017, **transfers from institutional market operators** totaled €443 million, up €184 million compared with the same period of 2016. The increase essentially reflects the increase in generation costs recovered with the transfers and was mainly due to the rise in the price of fuels in the extra-peninsular area of Spain.

Revenue from the sale of gas in the 1st Quarter of 2017 amounted to €1,555 million, an increase of €47 million mainly ascribable to an increase in quantities sold to end users.

Revenue from the transport of gas in the 1st Quarter of 2017 amounted to €239 million, an increase of €4 million compared with the same period of the previous year, reflecting the increase in volumes sold.

Gains on the disposal of assets in the 1st Quarter of 2017 amounted to €151 million, down €15 million compared with the same period of 2016. The change reflects the fact that the capital gain on the sale of the Chilean company Electrogas was more than offset by the gain recognized in the 1st Quarter of 2016, essentially from the disposal of Hydro Dolomiti Enel.

Revenue from **other services, sales and revenue** in the 1st Quarter of 2017 amounted to €3,066 million (€2,798 million in the 1st Quarter of 2016), an increase of €268 million (9.6%). The increase essentially reflects the following factors:

> an increase of €301 million in revenue from the sale of fuels, especially natural gas (€293 million);

> a decrease of €27 million in revenue from tax partnerships as a result of the deconsolidation of part of the renewable energy plants in the United States following changes in the governance arrangement of Enel Green Power North America Renewable Energy Partners in December 2016.

Costs

4.b Costs - *€17,091 million*

Millions of euro	1st Quarter			
	2017	2016	Change	
Electricity purchases	5,350	4,559	791	17.4%
Consumption of fuel for electricity generation	1,363	1,070	293	27.4%
Fuel for trading and gas for sale to end users	3,145	2,712	433	16.0%
Materials	239	245	(6)	-2.4%
Personnel	1,173	1,078	95	8.8%
Services, leases and rentals	3,958	3,770	188	5.0%
Depreciation, amortization and impairment losses	1,389	1,347	42	3.1%
Costs of environmental certificates	287	196	91	46.4%
Other operating expenses	494	443	51	11.5%
Capitalized costs	(307)	(298)	(9)	-3.0%
Total	**17,091**	**15,122**	**1,969**	**13.0%**

Costs for **electricity purchases** in the 1st Quarter of 2017 totaled €5,350 million, an increase of €791 million (17.4%). These costs included purchases through national and foreign bilateral contracts totaling €2,522 million (€2,594 million in the 1st Quarter of 2016), electricity purchases on electricity exchanges in the amount of €1,681 million (€1,049 million in the 1st Quarter of 2016) and electricity purchases for dispatching and imbalancing services totaling €78 million (€48 million in the 1st Quarter of 2016). The rise essentially regarded an increase in purchases on electricity exchanges (€632 million), especially the Italian exchange, partly offset by a decline in costs for purchases through bilateral contracts (€72 million).

Costs for the **consumption of fuel for electricity generation** in the 1st Quarter of 2017 totaled €1,363 million, an increase of €293 million (27.4%) on the same period of the previous year. The increase mainly reflected the rise in thermal generation and higher unit prices, especially in Spain. These factors more than offset the impact of the deconsolidation of Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** in the 1st Quarter of 2017 amounted to €3,145 million, an increase of €433 million (16.0%) on the 1st Quarter of 2016. The change mainly reflects trading in those commodities and the need to meet the increased requirements of sales to end users, attributable to larger purchases of gas from third parties, only partly offset by a reduction in purchases of other fuels from third parties.

Costs for **materials** amounted to €239 million in the 1st Quarter of 2017, down €6 million (-2.4%) compared with the same period of the previous year.

Personnel costs in the 1st Quarter of 2017 amounted to €1,173 million, an increase of €95 million (8.8%) compared with the same period of the previous year. The change reflects the increase in termination incentives, which were essentially accounted for by the provision recognized by the newly acquired CELG-D in the amount of €59 million, and the effect of exchange rate developments (€20 million) and the increase in average unit costs.

These effects were only partly offset by the decline in the average workforce compared with the same period of the previous year (-4,440). The Enel Group workforce at March 31, 2017 numbered 63,518, of whom 31,514 employed in Group companies headquartered abroad. The workforce increased in the 1st Quarter of 2017 despite the negative balance between new hires and terminations (a decrease of 499) thanks to the change in the scope of consolidation (an increase of 1,937) following the acquisitions of Demand Energy in North America and, above all, CELG-D in Brazil.

The overall change compared with December 31, 2016, breaks down as follows:

Balance at December 31, 2016	**62,080**
Hirings	560
Terminations	(1,059)
Change in scope of consolidation	1,937
Balance at March 31, 2017	**63,518**

Costs for **services, leases and rentals** in the 1st Quarter of 2017 amounted to €3,958 million, an increase of €188 million (5.0%) compared with the same period of the previous year. The increase is attributable to:

> an increase of €59 million in wheeling costs (including network access charges), especially in Latin America as a result of an increase in electricity purchases;

> an increase of €39 million in costs incurred in respect of service concession arrangements accounted for in accordance with IFRIC 12 in Brazil;

> an increase of €34 million in costs for IT services, which regarded system assistance and maintenance of hardware and software;

> an increase of €16 million in charges for fees due to operators for the operations of the electrical system and electricity and gas exchanges.

Depreciation, amortization and impairment losses in the 1st Quarter of 2017 totaled €1,389 million, an increase of €42 million (3.1%) on the €1,347 million posted in the 1st Quarter of 2016. The increase was mainly attributable to:

> an increase of €20 million in depreciation, amortization and impairment. The rise was associated with greater amortization of intangible assets, essentially connected with assets accounted for in accordance with IFRIC 12 in Brazil, and with exchange rate developments. These factors were partly offset by the decrease in depreciation of property, plant and equipment as a result of the

deconsolidation of Slovenské elektrárne and the change in the useful lives of certain categories of renewable energy plants, as discussed earlier;

> an increase of €22 million in impairment losses on trade receivables and other assets, largely in Latin America.

Costs of environmental certificates in the 1st Quarter of 2017 amounted to €287 million, up €91 million compared with the same period of 2016. The increase is essentially attributable to the rise in costs for the purchase of white certificates (€99 million), partly offset by the decline in charges for emissions allowances (€16 million).

Other operating expenses in the 1st Quarter of 2017 amounted to €494 million, an increase of €51 million (11.5%) compared with the same period of 2016. More specifically, the increase was mainly the result of greater charges in respect of fines recognized in Argentina (€47 million) for failure to meet quality standards in electricity supplies.

In the 1st Quarter of 2017, **capitalized costs** amounted to €307 million, a decrease of €9 million (-3.0%), in line with developments in investments.

4.c Net income/(expense) from commodity contracts measured at fair value - *€250 million*

Net income from commodity contracts measured at fair value amounted to €250 million in the 1st Quarter of 2017, compared with net expense of €80 million in the first three months of 2016. More specifically, the result for the first three months of 2017 was largely attributable to net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €171 million (net income of €18 million in the 1st Quarter of 2016), and net realized income of €79 million (net expense of €98 million in the 1st Quarter of 2016).

4.d Net financial income/(expense) - *€(664) million*

Net financial expense in the 1st Quarter of 2017 amounted to €664 million, compared with €852 million in the same period of the previous year, a decrease of €188 million.
More specifically, financial income in the 1st Quarter of 2017 amounted to €569 million, a decrease of €1,023 million on the year-earlier period (€1,592 million). The change essentially reflected:

> a reduction of €715 million in income from derivatives, largely in respect of derivatives used to hedge exchange rate risk on borrowings denominated in foreign currencies;
> a decrease of €285 million in exchange rate gains, essentially reflecting exchange rate developments associated with borrowings in foreign currencies.

Financial expense in the 1st Quarter of 2017 totaled €1,233 million, a decrease of €1,211 million on the year-earlier period (€2,444 million). The decline is mainly attributable to:

> a reduction of €622 million in exchange rate losses (primarily in respect of EFI in the amount of €435 million);
> a decline of €462 million in charges on derivatives, essentially in respect of derivatives used to hedge exchange rate risk on borrowings denominated in foreign currencies;
> a decrease of €85 million in interest expense on bonds, largely attributable to Enel SpA (€77 million);

> a decrease of €69 million in charges for the unwinding of the discount on provisions for risks and charges, essentially comprising: a reduction of €29 million in charges in respect of the provision for early retirement incentives, mainly regarding the Endesa Group (€25 million), a reduction of €21 million in charges in respect of the provision for decommissioning following the deconsolidation of Slovenské elektrárne and a reduction of €20 million in other provisions, essentially attributable to the decrease in the financial expense from the application of *Resolución* ENRE no. 1/2016, which had required the discounting of a number of prior-year fines in Argentina.

These developments were partly offset by a reduction of €20 million in capitalized interest.

4.e Share of income/(losses) from equity investments accounted for using the equity method - *€39 million*

The **share of income/(losses) from equity investments accounted for using the equity method** in the 1st Quarter of 2017 amounted to €39 million, an increase of €4 million on the €35 million recognized in the first three months of 2016.

4.f Income taxes - *€596 million*

Income taxes in the 1st Quarter of 2017 amounted to €596 million (€548 million in the 1st Quarter of 2016), equal to 31.4% of taxable income and a slight increase on the 1st Quarter of 2016 (29.6%). Income taxes were therefore virtually unchanged on the year-earlier period, even taking account of the increase in income before taxes. One factor worth noting was the greater taxation (€42 million) applied in the 1st Quarter of 2017 to the gain of €151 million from the disposal of the Chilean company Electrogas compared with the virtual exemption from tax of the gain posted in Italy in the 1st Quarter of 2016 on the disposal of Hydro Dolomiti Enel.

Assets

5.a Non-current assets - *€122,698 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €93,308 million at March 31, 2017, an increase of €990 million. The change essentially reflects investments for the period (€1,453 million), the change in the scope of consolidation following the acquisition of CELG-D in February (€585 million) and exchange rate gains (€332 million), only partly offset by depreciation and impairment of assets (€1,292 million).

In March 2017, central Peru was hit by a period of strong rains and flooding rivers. The large volume of debris in the rivers, damage to water channels and the difficulties personnel faced in getting access to plants due to landslides led to the disconnection of a number of generation plants in the area.

In some places, access is still limited, making it impossible to estimate, as of the date of these consolidated interim financial statements, the total losses incurred. However, the net impact on the Group’s performance and financial position is not expected to be significant, partly in view of the insurance coverage in place for damage caused by such events.

As of the closing date of the 1st Quarter, the weather emergency reduced the generation capacity of Enel Generación Peru by less than 6%. Nevertheless, the company is still meeting all of its contractual commitments. To conclude the local regulatory authority has exempted the company from any penalties for failure to achieve quality standards during the weather emergency, which is expected to come to an end in the 2nd Quarter of 2017.

Goodwill amounted to €14,467 million, an increase of €911 million compared with December 31, 2016. In addition to reflecting the adjustment of goodwill denominated in foreign currencies at current exchange rates, the change is attributable to acquisitions made in the 1st Quarter of 2017, for which total goodwill of €968 million was recognized on a provisional basis pending completion of the purchase price allocation process (of which €929 million in respect of CELG-D and €39 million in respect of Demand Energy). No evidence of impairment was found during the quarter that would call for the updating of the impairment tests conducted at the close of the previous year.

Equity investments accounted for using the equity method amounted to €1,612 million, an increase of €54 million on the end of the previous year. The change is essentially attributable to the portion of the net income reported by companies accounted for using the equity method attributable to the Group, which more than offset dividends distributed and the disposal of Electrogas.
Other non-current assets totaled €13,311 million and break down as follows:

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Deferred tax assets	6,623	6,665	(42)	-0.6%
Receivables and securities included in net financial debt	2,709	2,622	87	3.3%
Other non-current financial assets	2,972	2,879	93	3.2%
Receivables due from institutional market operators	115	106	9	8.5%
Other long-term receivables	892	600	292	48.7%
Total	**13,311**	**12,872**	**439**	**3.4%**

The increase in the period amounted to €439 million and essentially reflected:

- an increase of €292 million in other long-term receivables, mainly attributable to the change in the scope of consolidation associated with CELG-D (€279 million), which includes a number of judicial deposits and long-term receivables due from other sector operators;
- an increase of €93 million in non-current financial assets, essentially attributable to the increase in assets in respect of service concession arrangements in Brazil, which reflects the change in the scope of consolidation associated with CELG-D and investments in the period;
- an increase of €87 million in financial receivables included in net financial debt, mainly connected with loans grated to a number of associates operating in the renewable energy business.

5.b Current assets - *€31,511 million*

Inventories totaled €2,642 million, an increase of €78 million, essentially reflecting an increase in inventories of materials and equipment and fuel and lubricants used in electricity generation.
Trade receivables amounted to €13,427 million, down €79 million (-0.6%), essentially unchanged on the balance at the start of the year.

Other current assets amounted to €9,840 million and break down as follows:

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Current financial assets included in debt	2,865	2,924	(59)	-2.0%
Other current financial assets	2,632	4,074	(1,442)	-35.4%
Tax receivables	1,384	1,543	(159)	-10.3%
Receivables due from institutional market operators	1,457	1,025	432	42.1%
Other short-term receivables	1,502	1,355	147	10.8%
Total	**9,840**	**10,921**	**(1,081)**	**-9.9%**

The decrease for the period amounted to €1,081 million and essentially reflected:

- a decrease of €59 million in current financial assets included in debt, largely attributable to a reduction in receivables from assignments to factoring companies and a decline in short-term financial receivables, partly offset by an increase in the balance of cash collateral and the current portion of long-term financial receivables;
- a reduction of €1,442 million in other current financial assets, entirely accounted for by the change in the fair value of derivatives contracts;
- a reduction of €159 million in tax receivables, of which €119 million in respect of income taxes;
- an increase of €432 million in receivables due from institutional market operators, mainly in respect of white certificates following recognition of the receivable for certificates purchased in the 1st Quarter of 2017, and in respect of extra-peninsular generation in Spain;
- an increase of €147 million in other short-term receivables, essentially reflecting an increase in prepaid operating expense for fees in respect of water diversions for industrial use and for insurance premiums.

5.c Assets held for sale - *€6 million*

The item essentially includes minor assets, valued at their estimated realizable value, that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification as assets held for sale.

Liabilities and shareholders’ equity

5.d Equity attributable to the shareholders of the Parent Company - *€35,931 million*

The increase in the first three months of 2017 in equity attributable to the shareholders of the Parent Company essentially reflects the recognition of net income for the period (€983 million) and other comprehensive income in the first three months of 2017 (€145 million).
With regard to Enel SpA’s shareholders, as from January 30, 2017, BlackRock held (indirectly through subsidiaries for asset management purposes) a total of 513,825,987 shares with voting rights, equal to 5.054% of share capital.

5.e Non-current liabilities - *€61,071 million*

Long-term borrowings amounted to €40,315 million (€41,336 million at December 31, 2016), consisting of bonds in the amount of €30,979 million (€32,401 million at December 31, 2016) and bank debt and other borrowings in the amount of €9,336 million (€8,935 million at December 31, 2016). The decrease in the period amounted to €1,021 million and is essentially attributable to the reduction of €1,422 million in bonds, primarily reflecting the decrease of €3,003 million in Enel SpA bonds, partly offset by the increase of €1,415 million in Enel Finance International bonds.

Provisions and deferred tax liabilities came to €16,424 million at March 31, 2017 (€16,334 million at December 31, 2016), an increase of €90 million and include:

> post-employment and other employee benefits totaling €2,638 million (€2,585 million at December 31, 2016), an increase of €53 million;

> provisions for risks and charges totaling €5,088 million (€4,981 million at December 31, 2016), an increase of €107 million. Among others, the item includes: the provision for litigation of €864 million (€698 million at December 31, 2016), the provision for nuclear decommissioning of €489 million (€567 million at December 31, 2016), the provision for site dismantling, removal and restoration of €809 million (€754 million at December 31, 2016), the provision for early retirement incentives of €1,837 million (€1,902 million at December 31, 2016) and the provision for taxes and duties of €285 million (€290 million at December 31, 2016);

> deferred tax liabilities amounting to €8,698 million (€8,768 million at December 31, 2016), a decrease of €70 million.

Other non-current liabilities amounted to €4,332 million (€4,388 million at December 31, 2016), a decrease of €56 million on the end of 2016, essentially reflecting the decrease in the fair value of derivatives, offset by the increase in non-current liabilities due to the consolidation of CELG-D.

5.f Current liabilities - *€39,244 million*

Short-term borrowings and current portion of long-term borrowings increased by €248 million, rising from €9,756 million at the end of 2016 to €10,004 million at March 31, 2017, essentially reflecting the increase of €2,940 million in the current portion of loans, mainly including bonds in the amount of €2,753 million. This factor was partly offset by a decline of €2,692 million in short-term borrowings, including commercial paper in the amount of €1,858 million, bank loans of €690 million and liabilities for cash collateral amounting to €138 million.

Trade payables amounted to €12,017 million (€12,688 million at December 31, 2016), down €671 million.

Other current liabilities, which amounted to €17,223 million, break down as follows:

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Payables due to customers	1,872	1,785	87	4.9%
Payables due to institutional market operators	4,716	4,617	99	2.1%
Current financial liabilities	3,118	4,586	(1,468)	-32.0%
Social security contributions payable and payables to employees	691	649	42	6.5%
Tax payables	2,291	1,430	861	60.2%
Other	4,535	5,452	(917)	-16.8%
Total	**17,223**	**18,519**	**(1,296)**	**-7.0%**

The decline of €1,296 million essentially reflects:

> a decrease of €1,468 million in current financial liabilities, due essentially to the change in financial liabilities in respect of both trading and cash flow hedge derivatives;

> an increase of €861 million in tax payables, attributable essentially to the estimate for income taxes for the period and the increase in other tax payables, mainly due to VAT and taxes and surcharges on electricity and gas consumption in Italy;

> a decrease of €917 million in other payables, mainly regarding the decrease of €915 million in the liability for dividends to be paid (following payment of the interim dividend of €0.09 per share).

5.g Liabilities held for sale - *€- million*

The item is equal to zero as at the date of these consolidated interim financial statements “Assets held for sale” had no liabilities associated with them.

6. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at March 31, 2017, and December 31, 2016, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change	
Cash and cash equivalents on hand	195	298	(103)	-34.6%
Bank and post office deposits	5,278	7,777	(2,499)	-32.1%
Other investments of liquidity	129	215	(86)	-40.0%
Securities	45	36	9	25.0%
Liquidity	**5,647**	**8,326**	**(2,679)**	**-32.2%**
Short-term financial receivables	1,908	1,993	(85)	-4.3%
Factoring receivables	83	128	(45)	-35.2%
Short-term portion of long-term financial receivables	827	767	60	7.8%
Current financial receivables	**2,818**	**2,888**	**(70)**	**-2.4%**
Bank debt	(285)	(909)	624	**68.6%**
Commercial paper	(1,200)	(3,059)	1,859	60.8%
Short-term portion of long-term bank borrowings	(866)	(749)	(117)	-15.6%
Bonds issued (short-term portion)	(6,199)	(3,446)	(2,753)	-79.9%
Other borrowings (short-term portion)	(259)	(189)	(70)	-37.0%
Other short-term financial payables (1)	(1,331)	(1,700)	369	21.7%
Total short-term financial debt	**(10,140)**	**(10,052)**	**(88)**	**-0.9%**
Net short-term financial position	**(1,675)**	**1,162**	**(2,837)**	**-**
Debt to banks and financing entities	(7,851)	(7,446)	(405)	-5.4%
Bonds	(30,979)	(32,401)	1,422	4.4%
Other borrowings	(1,485)	(1,489)	4	0.3%
Long-term financial position	**(40,315)**	**(41,336)**	**1,021**	**2.5%**
NET FINANCIAL POSITION as per CONSOB instructions	**(41,990)**	**(40,174)**	**(1,816)**	**-4.5%**
Long-term financial receivables and securities	**2,708**	**2,621**	**87**	**3.3%**
NET FINANCIAL DEBT	**(39,282)**	**(37,553)**	**(1,729)**	**-4.6%**

(1) Includes current financial payables included in other current financial liabilities.

7. Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
Cassa Depositi e Prestiti Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market (Terna) Sale of electricity transport services (Eni Group) Purchase of transport, dispatching and metering services (Terna) Purchase of postal services (Poste Italiane) Purchase of fuels for generation plants and natural gas storage and distribution services (Eni Group)
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (EMO) Purchase of electricity on the Power Exchange for pumping and plant planning (EMO)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.
All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity, Gas and the Water System.

The following tables summarize the above relationships and transactions with related parties, with associated companies and companies subject to joint control.

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Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	**Total 1st Quarter of 2017**	Associates and joint arrangements	**General total 1st Quarter of 2017**	**Total item**	**% of total**
Income statement											
Revenue from sales and services	-	503	558	126	27	-	**1,214**	19	**1,233**	**18,819**	**6.6%**
Other revenue	-	-	-	-	2	-	**2**	2	**4**	**547**	**0.7%**
Financial income	-	-	-	-	-	-	**-**	2	**2**	**569**	**0.4%**
Electricity, gas and fuel purchases	951	627	315	1	-	-	**1,894**	109	**2,003**	**9,792**	**20.5%**
Services and other materials	-	28	580	-	49	-	**657**	23	**680**	**4,263**	**16.0%**
Other operating expenses	1	129	1	-	-	-	**131**	-	**131**	**781**	**16.8%**
Net income/(expense) from commodity contracts measured at fair value	-	-	5	-	-	-	**5**	(4)	**1**	**250**	**0.4%**
Financial expense	-	-	-	-	-	-	**-**	6	**6**	**1,233**	**0.5%**
Balance sheet											
Trade receivables	-	27	416	22	58	-	**523**	82	**605**	**13,427**	**4.5%**
Other current assets	-	23	12	184	1	-	**220**	15	**235**	**9,840**	**2.4%**
Other non-current liabilities	-	-	-	-	39	-	**39**	32	**71**	**4,332**	**1.6%**
Long-term borrowings	-	-	1,072	-	-	-	**1,072**	-	**1,072**	**40,315**	**2.7%**
Non-current financial liabilities	-	-	2	-	-	-	**2**	-	**2**	**2,166**	**0.1%**
Current portion of long-term borrowings	-	-	94	-	-	-	**94**	-	**94**	**7,324**	**1.3%**
Trade payables	548	42	530	1,184	16	-	**2,320**	138	**2,458**	**12,017**	**20.5%**
Other current liabilities	-	-	5	-	-	-	**5**	10	**15**	**17,223**	**0.1%**
Other information											
Guarantees given	-	280	294	-	81	-	**655**	**-**	**655**		
Guarantees received	-	-	261	-	48	-	**309**	**-**	**309**		
Commitments	-	-	63	-	8	-	**71**	**-**	**71**		

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	**Total 1st Quarter of 2016**	Associates and joint arrangements	**General total 1st Quarter of 2016**	**Total item**	**% of total**
Income statement											
Revenue from sales and services	12	291	674	52	40	-	**1,069**	22	**1,091**	**17,280**	**6.3%**
Other revenue	-	-	-	94	-	-	**94**	-	**94**	**592**	**15.9%**
Financial income	-	-	-	-	-	-	**-**	1	**1**	**1,592**	**0.1%**
Electricity, gas and fuel purchases	732	372	253	1	273	-	**1,631**	34	**1,665**	**8,292**	**20.1%**
Services and other materials	-	16	710	1	9	-	**736**	23	**759**	**4,064**	**18.7%**
Other operating expenses	1	61	1	-	-	-	**63**	-	**63**	**639**	**9.9%**
Net income/(expense) from commodity contracts measured at fair value	-	-	(3)	-	-	-	**(3)**	-	**(3)**	**(80)**	**3.8%**
Other financial expense	-	-	-	-	-	-	**-**	6	**6**	**2,444**	**0.2%**
Balance sheet											
Trade receivables	8	301	477	27	57	-	**870**	88	**958**	**13,506**	**7.1%**
Other current assets	-	-	15	101	1	-	**117**	145	**262**	**10,921**	**2.4%**
Other non-current liabilities	-	-	-	-	6	-	**6**	17	**23**	**4,388**	**0.5%**
Long-term borrowings	-	-	1,072	-	-	-	**1,072**	-	**1,072**	**41,336**	**2.6%**
Trade payables	638	372	490	1,239	18	-	**2,757**	164	**2,921**	**12,688**	**23.0%**
Other current liabilities	-	-	3	-	21	-	**24**	**15**	**39**	**18,519**	**0.2%**
Current portion of long-term borrowings	-	-	89	-	-	-	**89**	**-**	**89**	**4,384**	**2.0%**
Other information											
Guarantees given	-	280	262	-	80	-	**622**	**-**	**622**		
Guarantees received	-	-	261	-	32	-	**293**	**-**	**293**		
Commitments	-	-	72	-	9	-	**81**	**-**	**81**		

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en/investors/a201608-transactions-with-related-parties.html) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the 1st Quarter of 2017, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

8. Contractual commitments and guarantees

The commitments entered into by the Enel Group and the guarantees given to third parties are shown below.

Millions of euro

	at Mar. 31, 2017	at Dec. 31, 2016	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	10,468	8,123	2,345
Commitments to suppliers for:			
- electricity purchases	89,411	63,407	26,004
- fuel purchases	46,715	47,305	(590)
- various supplies	1,246	1,309	(63)
- tenders	1,946	1,846	100
- other	3,309	3,751	(442)
Total	**142,627**	**117,618**	**25,009**
TOTAL	**153,095**	**125,741**	**27,354**

Commitments for electricity amounted to €89,411 million at March 31, 2017, of which €22,351 million refer to the period April 1, 2017-2021, €17,794 million to the period 2022-2026, €15,974 million to the period 2027-2031 and the remaining €33,292 million beyond 2031.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2017 was €46,715 million, of which €26,802 million refer to the period April 1, 2017-2021, €11,649 million to the period 2022-2026, €6,963 million to the period 2027-2031 and the remaining €1,301 million beyond 2031.

9. Contingent assets and liabilities

Compared with the consolidated financial statements at December 31, 2016, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

With regard to the Brindisi Sud thermal generation plant, in March 2017 an appeal was filed against the ruling of October 26, 2016 by a number of private parties acting to recover damages (the excluded farmers), the Province of Brindisi, the two convicted employees of Enel Produzione, and the liable party in civil litigation (Enel Produzione SpA) and the two employees of the company for whom the offense was time-barred.

BEG litigation

Proceedings undertaken by Albania BEG Ambient Shpk to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

The Netherlands

With regard to the trial ruling, on June 29, 2016, Enel and Enelpower appealed the sentence issued by the Court of Amsterdam on that date. The appeal has full de novo effect. The Court of Appeal of Amsterdam will re-examine the entire subject of the dispute. Accordingly, Enel and Enelpower will be able to present their defense in its entirety. On September 27, 2016, Albania BEG Ambient Shpk also appealed the court's ruling of June 29, 2016, to request the reversal of its partial loss on the merits. On April 11 2017, the Court of Appeal of Amsterdam granted the request of Enel and Enelpower to join the two appeal proceedings currently pending at the preliminary stage.

Ireland

In Ireland, the Supreme Court issued a ruling on March 8, 2016 upholding the defense of Enel and Enelpower, finding that the country had no jurisdiction. On March 23, 2017, Enel and Enelpower were notified of the approval of the ruling by the Court, following which on March 31, 2017, Albania BEG Ambient Shpk filed a request for an expedited appeal against the ruling of March 8, 2016 finding that the Irish courts had no jurisdiction. Enel and Enelpower filed opposing briefs on April 7, 2017, and the parties are waiting for a hearing to be set.

Violations of Legislative Decree 231/2001

On March 29, 2017, the trial court issued a ruling acquitting e-distribuzione SpA "for not having committed the act" in respect of alleged violations of Legislative Decree 231/2001 concerning the administrative liability of legal persons. The proceeding had been brought for alleged omission of accident prevention measures regarding a fatal accident involving an employee of a subcontractor in Palermo in 2008, for which e-distribuzione SpA had been charged with administrative liability for manslaughter.

10. Events after the reporting period

Power supply agreement in Zambia

On April 4, 2017, Enel Green Power signed a 25-year power purchase agreement with Zambia's state-owned utility ZESCO for the 34 MW Ngonye1 photovoltaic project won in June 2016 following the first tender of the Scaling Solar program, which was launched by state-owned investment holding company Industrial Development Corporation Limited ("IDC"). Ngonye is located in the Lusaka South Multi-Facility Economic Zone in southern Zambia. The award of the plant to Enel marked the Group's entry into the renewables market in Zambia. Enel will invest about $40 million in the construction of the new photovoltaic plant, which is expected to generate around 70 GWh per year. Ngonye will be owned by a special purpose vehicle in which Enel Green Power will hold 80% and IDC will have a 20% minority stake.

Acquisition of a photovoltaic project in Australia

On April 10, 2017, Enel, acting through a joint venture between the subsidiary Enel Green Power and Dutch Infrastructure Fund ("DIF"), closed an agreement to acquire Bungala Solar One, the first 137.5 MW phase of the 275 MW Bungala Solar photovoltaic project, which is currently the largest ready-to-build solar PV project in Australia, from an Australian developer.

The acquisition of Bungala Solar Two, the second phase of the project, is expected to close in the 3rd Quarter of 2017. The Bungala Solar project is located near Port Augusta in South Australia. The joint venture's total investment in the 275 MW project is around $315 million, including project construction, with Enel contributing around $157 million. The total investment will be financed through a mix of equity and project finance with a consortium of local and international banks. The project already holds a long-term power purchase agreement with Origin Energy, a major Australian utility. Construction at Bungala Solar One is expected to begin by mid-2017, followed by Bungala Solar Two, whose construction will start by the end of this year. The overall 275 MW project will be fully operational by the 3rd Quarter of 2018.

Acquisition of an additional stake in E-Distributie Muntenia and Enel Energie Muntenia

On April 10, 2017, Enel Investment Holding ("EIH") finalized the acquisition from SAPE, the Romanian state-owned holding company that owns state shareholdings, of around 13.6% of E-Distributie Muntenia and Enel Energie Muntenia for a total of about €400 million. Following the transaction, EIH has increased its interest in the two companies to about 78%, from the 64.4% held previously. The acquisition is a consequence of SAPE exercising a put option in November 2012, for which SAPE had asked for a price of about €520 million, an amount which was contested by EIH. After failing to reach an agreement on the price for the equity interests, in 2014 SAPE began an arbitration proceeding before the International Chamber of Commerce in Paris, in which it lodged a claim for the above price and about €60 million in interest. In its ruling of February 3, 2017, the Arbitral Tribunal set the purchase price for the equity interests involved in the put option at about €400 million, reducing the amount requested by SAPE by more than €100 million and dismissing the request for interest.

Board resolution on bond issues

On April 12, 2017, the Board of Directors of Enel authorized the issue by December 31, 2018 of one or more bonds to be placed with institutional investors up to a maximum value of €7 billion as part of the strategy to refinance the Group's maturing consolidated debt. The issues may be carried out by the Dutch subsidiary Enel Finance International NV (backed by a Parent Company guarantee) or directly by Enel depending on the existing market opportunities. The Board also charged the Chief Executive Officer with establishing the amounts, currencies, timing and characteristics of the individual issues, taking account of developments in market conditions, with the power to apply for a listing of the issues on one or more regulated markets in the European Union or on multilateral trading facilities. With a view to increasing diversification, the issues may be offered to institutional investors within or outside the European Union, including through private placements.

E-Solutions Global Business Line

On April 28, 2017, a new Global Business Line, called "E-Solutions", was introduced. It is intended to foster greater customer focus and digitization as accelerators of value within the 2017-2019 Strategic Plan. The new business line will focus on advanced digital solutions in areas such as energy efficiency, "smart alerts", optical fiber, illumination, mini-grid products, distributed generation, demand response services, electric vehicles, charging facilities, integrated mobility, smart applications, services for the home and families and financial services.

From conception to technological development, testing and marketing, sales and after-sales activities, Global E-Solutions will manage a broad portfolio over the entire life cycle, deploying its expertise and best practices to conduct targeted scouting to find new technologies and develop business models and new revenue streams to enter new fields.

Declaration of the officer responsible for the preparation of the Company financial reports pursuant to the provisions of Article 154-*bis*, paragraph 2 of Legislative Decree 58/1998

The officer responsible for the preparation of the Company's financial reports, Alberto De Paoli, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at March 31, 2017 corresponds with that contained in the accounting documentation, books and records.

Disclaimer

This Report issued in Italian
has been translated into
English solely for the convenience
of international readers

Enel
Società per azioni
Registered office in Rome, Italy
Viale Regina Margherita, 137