Interim Financial Report at September 30, 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

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:

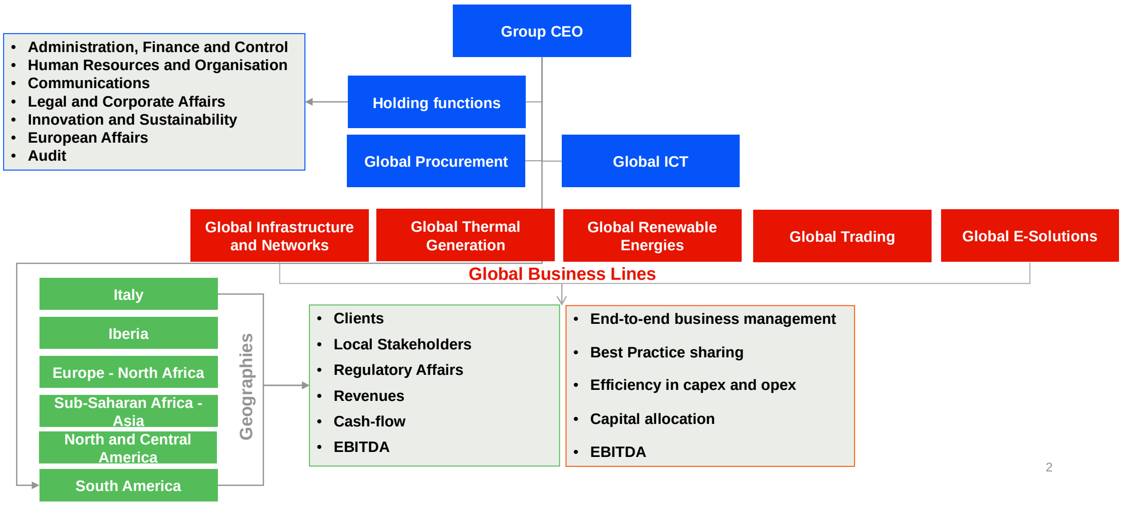
> *Global service functions* (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;
> *Holding company functions* (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and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

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.



Introduction

The Interim Financial Report at September 30, 2017 has been prepared in compliance with Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998, 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 IFRS 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. These standards and interpretations taken together are referred to as "IFRS-EU" in the remainder of this report.
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. For a more extensive discussion of accounting policies and measurement criteria, please see note 1 to the condensed consolidated financial statements below.

Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from the schedules envisaged under the IFRS-EU adopted by the Group and presented in the condensed interim consolidated financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the condensed interim consolidated 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.

Summary of results

Performance and financial position

3rd Quarter		Millions of euro	First nine months		
2017	2016		**2017**	2016	
17,873	17,309	Revenue	54,188	51,459	
3,772	3,957	Gross operating margin	11,450	12,010	
3,774	3.967	Ordinary gross operating margin	11,306	11,896	
2,363	2.479	Operating income	7,217	7,689	
2,365	2.541	Ordinary operating income	7,073	7,666	
1,170	1.282	Net income	3,663	3,874	
774	923	Group net income	2,621	2,757	
774	958	Group ordinary net income	2,583	2,700	
		Group net income per share – based on average number of shares in circulation during the period (euro)	0.26	0.29	
		Net capital employed	90,554	90,128	(1)
		Net financial debt	37,941	37,553	(1)
		Shareholders' equity (including non-controlling interests)	52,613	52,575	(1)
		Group shareholders' equity per share in circulation at period-end (euro)	3.47	3.42	(1)
		Cash flows from operating activities	7,161	6,766	
		Capital expenditure on tangible and intangible assets (2)	5,520	5,216	

(1) At December 31, 2016.
(2) The figure for the first nine months of 2017 does not include €27 million regarding units classified as "held for sale" (€288 million at September 30, 2016).

Revenue in the first nine months of 2017 amounted to €54,188 million, an increase of €2,729 million (+5.3%) compared with the first nine months of 2016. The increase, which partly reflected the effect of developments in exchange rates (€444 million, mainly in Latin America), is largely 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.
These factors were partly offset by a decrease in sales on the wholesale market and the impact of the change in the scope of consolidation in the amount of €421 million, reflecting the effects of the disposal of Slovenské elektrárne AS (Slovenské elektrárne), equal to 1,236 million, and the deconsolidation of EGPNA REP, equal to €235 million, net of the impact of the acquisition of the Brazilian distribution company CELG Distribuição SA ("CELG-D"), equal to €963 million, and EnerNOC, equal to €87 million.
Revenue for the first nine months of 2017 includes the gain on the sale of the interest in the Chilean company Electrogas in the amount of €144 million, while in the first nine months of 2016 it mainly included the gain of €124 million on the sale of Hydro Dolomiti Enel and that of €171 million on the sale of GNL Quintero SA.

Millions of euro	First nine months			
	2017	2016	Change	
Italy	27,780	26,335	1,445	5.5%
Iberia	14,701	14,048	653	4.6%
Latin America	9,830	7,923	1,907	24.1%
Europe and North Africa	1,750	3,075	(1,325)	-43.1%
North and Central America	608	672	(64)	-9.5%
Sub-Saharan Africa and Asia	72	18	54	-
Other, eliminations and adjustments	(553)	(612)	59	9.6%
Total	**54,188**	**51,459**	**2,729**	**5.3%**

The **gross operating margin** amounted to €11,450 million, a decrease of €560 million (-4.7%) compared with the first nine months of 2016, despite the positive impact of exchange rate changes in the amount of €147 million. The change mainly reflected the decline in margins in Iberia, mainly as a result of the impact of drought on the generation margin and on provisioning costs for commodities. These factors were only partly offset by:

> the gain of €147 million from exchange rate developments;

> the strong performance posted in Italy, especially in the retail market.

Millions of euro	First nine months			
	2017	2016	Change	
Italy	5,238	5,445	(207)	-3.8%
Iberia	2,543	2,970	(427)	-14.4%
Latin America	3,117	2,612	505	19.3%
Europe and North Africa	409	609	(200)	-32.8%
North and Central America	326	470	(144)	-30.6%
Sub-Saharan Africa and Asia	47	7	40	-
Other	(230)	(103)	(127)	-
Total	**11,450**	**12,010**	**(560)**	**-4.7%**

The **ordinary gross operating margin** amounted to €11,306 million, an decrease of €590 million on the first nine months of 2016 (-5.0%). Extraordinary items in the first nine months of 2017, which are not computed in the ordinary gross operating margin, included:

> in the first nine months of 2017, the gain on the sale of the interest in the Chilean company Electrogas for €144 million;

> in the first nine months of 2016, the gains on the disposals of GNL Quintero and Hydro Dolomiti Enel of €171 million and €124 million respectively and the losses recognized in respect of the definitive abandonment of the development of a number of hydroelectric projects in Chile and Peru (about €181 million).

Millions of euro	First nine months			
	2017	2016	Change	
Italy	5,238	5,321	(83)	-1.6%
Iberia	2,543	2,970	(427)	-14.4%
Latin America	2,973	2,622	351	13.4%
Europe and North Africa	409	609	(200)	-32.8%
North and Central America	326	470	(144)	-30.6%
Sub-Saharan Africa and Asia	47	7	40	-
Other	(230)	(103)	(127)	-
Total	**11,306**	**11,896**	**(590)**	**-5.0%**

Operating income amounted to €7,217 million, a decrease of €472 million (-6.1%) compared with the same period of 2016. Among other factors, the decrease in depreciation, amortization and impairment losses reflected the impact of the impairment recognized on assets classified as held for sale in the amount of €111 million, mainly attributable to adjustments (in the first nine months of 2016) to the estimated realizable value of assets under development in the Upstream Gas segment in Algeria (Isarene permit) and the assets of Marcinelle Energie, equal to €39 million and €52 million, respectively.

Millions of euro	First nine months			
	2017	2016	Change	
Italy	3,555	3,824	(269)	-7.0%
Iberia	1,316	1,630	(314)	-19.3%
Latin America	2,138	1,839	299	16.3%
Europe and North Africa	253	326	(73)	-22.4%
North and Central America	181	259	(78)	-30.1%
Sub-Saharan Africa and Asia	15	(5)	20	-
Other	(241)	(184)	(57)	-31.0%
Total	**7,217**	**7,689**	**(472)**	**-6.1%**

Ordinary operating income, which in addition to not including items excluded from the ordinary gross operating margin does not comprise the effects of the impairment losses referred to above, amounted to €7,073 million, a decrease of €593 million (-7.7%) compared with the same period of 2016.

Millions of euro	First nine months			
	2017	2016	Change	
Italy	3,555	3,700	(145)	-3.9%
Iberia	1,316	1,630	(314)	-19.3%
Latin America	1,994	1,849	145	7.8%
Europe and North Africa	253	378	(125)	-33.1%
North and Central America	181	259	(78)	-30.1%
Sub-Saharan Africa and Asia	15	(5)	20	-
Other	(241)	(145)	(96)	66.2%
Total	**7,073**	**7,666**	**(593)**	**-7.7%**

Group net income in the first nine months of 2017 amounted to €2,621 million, compared with the €2,757 million posted in the same period of the previous year (-5%). More specifically, the decrease in operating income was partly offset by:

- the improvement in the performance of companies accounted for using the equity method, partly reflecting the "Build, Sell and Operate" (BSO) operations in North America in the last Quarter of 2016;
- a **reduction in the tax liability** compared with the first nine months of 2016, mainly due to the reduction in tax rates in Italy, partly offset by an increase in tax rates in Chile, producing a smaller tax liability, also taking account of the reduction in pre-tax income;
- a **decrease in net financial expense**, on partly offset by charges associated with the early redemption of bonds by Enel Finance International NV under the "make whole call option".

In addition, Group net income benefits from a decline in non-controlling interests, partly reflecting the integration of Enel Green Power.

Group ordinary net income in the first nine months of 2017 amounted to €2,583 million, a decrease of €117million on the same period of 2016 (€2,700 million). 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	First nine months
	2017
Group net income	**2,621**
Gain on disposal of Electrogas	(38)
Group ordinary net income	**2,583**

Millions of euro	First nine months
	2016
Group net income	**2,757**
Gain on disposal of Hydro Dolomiti Enel	(122)
Loss on abandonment of hydroelectric projects in Chile and Peru	50
Gain on disposal of GNL Quintero	(49)
Impairment from adjustment to estimated realizable value of Marcinelle Energie	34
Impairment from adjustment to estimated realizable value of Upstream Gas assets	30
Group ordinary net income	**2,700**

Net capital employed*,* including net assets held for sale of €216 million (mainly regarding a number of Mexican and Greek wind projects that met the requirements for such classification under IFRS 5), amounted to €90,554 million at September 30, 2017 (€90,128 million at December 31, 2016). It is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €52,613 million and net financial debt of €37,941 million. At September 30, 2017, the debt/equity ratio was 0.72 (0.71 at December 31, 2016).

Net financial debt, excluding debt attributable to assets held for sale of €897 million, amounted to €37,941 million at September 30, 2017, up €388 million compared with €37,553 million at December 31, 2016, reflecting the adverse effect of borrowing for acquisitions (including CELG-D and EnerNOC Inc.) and investments in the period, as well as the payment of the interim dividend for 2016 and the associated balance of the total dividend (equal to €0.18 per share, for an overall amount of about €1,830 million) authorized respectively by the Board of Directors on November 10, 2016 and by the Shareholders' Meeting on May 4, 2017, partly offset by operating cash flows and developments in exchange rates, which affected the part of the debt denominated in currencies other than the euro.

Capital expenditure amounted to €5,520 million in the first nine months of 2017, an increase of €304 million compared with the same period of 2016, essentially attributable to renewables generation activities abroad, especially in the United States and Mexico.

Millions of euro	First nine months			
	2017	2016	Change	
Italy	1,124	1,170	(46)	-3.9%
Iberia	582	646	(64)	-9.9%
Latin America	2,094	1,994	100	5.0%
Europe and North Africa	208 (1)	144 (2)	64	44.4%
North and Central America	1,479	989	490	49.5%
Sub-Saharan Africa and Asia	25	253	(228)	-90.1%
Other, eliminations and adjustments	8	20 (3)	(12)	-60.0%
Total	**5,520**	**5,216**	**304**	**5.8%**

(1) Does not include €27 million regarding units classified as “held for sale”.
(2) Does not include €283 million regarding units classified as “held for sale”.
(3) Does not include €5 million regarding units classified as “held for sale”.

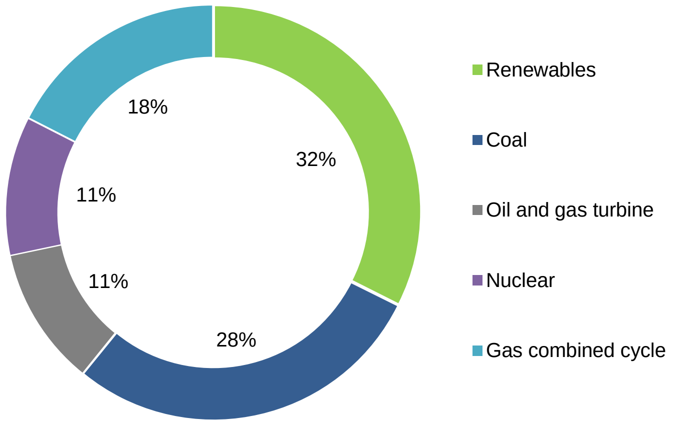
Operations

3rd Quarter							First nine months					
Italy	Abroad	**Total**	Italy	Abroad	**Total**		Italy	Abroad	**Total**	Italy	Abroad	**Total**
	2017			2016				**2017**			2016	
12.5	50.8	**63.3**	14.9	52.1	**67.0**	Net electricity generated by Enel (TWh)	39.9	144.6	**184.5**	44.5	150.7	**195.2**
59.3	56.3	**115.6**	57.8	52.7	**110.5**	Electricity transported on the Enel distribution network (TWh)	169.6	163.7	**333.3**	167.8	152.6	**320.4**
27.8	46.7	**74.5**	24.2	43.5	**67.7**	Electricity sold by Enel (TWh) (1)	77.2	135.9	**213.1**	70.1	128.6	**198.7**
0.5	1.2	**1.7**	0.5	1.2	**1.7**	Gas sales to end users (billions of m^3)	3.4	4.5	**7.9**	3.1	4.3	**7.4**
						Employees at period-end (no.) (2)	31,386	31,945	**63,331**	31,956	30,124	**62,080**

(1) Excluding sales to resellers.
(2) At December 31, 2016.

Net electricity generated by Enel in the first nine months of 2017 decreased by 10.7 TWh compared with the same period of 2016 (-5.5%). More specifically, the decrease reflects a reduction of 7.5 TWh in nuclear generation, essentially attributable to the disposal of Slovenské elektrárne, as well as a decline in hydroelectric generation, which also reflected the change in the scope of consolidation cited above, as well as drought conditions, especially in Spain. Finally, 32.4% of the net electricity generated by Enel in the first nine months of 2017 came from renewable sources (33.7% in the first nine months of 2016).

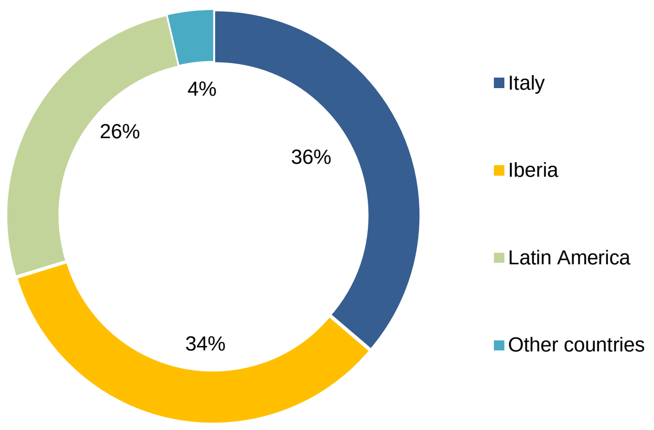
Net electricity generation by source (first nine months of 2017)



Electricity transported on the Enel distribution network in the first nine months of 2017 amounted to 333.3 TWh, up 12.9 TWh (+4.0%), mainly due to the acquisition of CELG-D.

Electricity sold by Enel in the first nine months of 2017 amounted to 213.1 TWh, an increase of 14.4 TWh (+7.2%) compared with the same period of 2016, with an especially large increase in Italy (+7.1 TWh) and in Latin America (+7.7 TWh).

Electricity sold by geographical area (first nine months of 2017)



Gas sales in the first nine months of 2017 amounted to 7.9 billion cubic meters, up 0.5 billion cubic meters compared with the same period of the previous year.

At September 30, 2017, Enel Group **employees** numbered 63,331, of whom about 50.4% employed in Group companies headquartered abroad. The increase of 1,251 is partially attributable to the net balance of new hires and terminations (-1,624), while the main factor was changes in the scope of consolidation (+2,875), due to the acquisition of CELG-D in Brazil, Demand Energy and EnerNOC in North America and Enel Green Power Sannio in Italy.

No.

	at Sept. 30, 2017	at Dec. 31, 2016
Italy	29,156	29,321
Iberia	9,782	9,695
Latin America	14,013	12,979
Europe and North Africa	5,768	5,858
North and Central America	1,994	891
Sub-Saharan Africa and Asia	198	185
Other	2,420	3,151
Total	**63,331**	**62,080**

Group performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
17,873	17,309	564	3.3%	Total revenue	54,188	51,459	2,729	5.3%
14,206	13,336	870	6.5%	Total costs	43,121	39,319	3,802	9.7%
105	(16)	121	-	Net income/(expense) from commodity contracts measured at fair value	383	(130)	513	-
3,772	**3,957**	**(185)**	**-4.7%**	**Gross operating margin**	**11,450**	**12,010**	**(560)**	**-4.7%**
1,409	1,478	(69)	-4.7%	Depreciation, amortization and impairment losses	4,233	4,321	(88)	-2.0%
2,363	**2,479**	**(116)**	**-4.7%**	**Operating income**	**7,217**	**7,689**	**(472)**	**-6.1%**
1,186	625	561	1	Financial income	2,877	3,166	(289)	-9.1%
1,951	1,275	676	53.0%	Financial expense	5,040	5,343	(303)	-5.7%
(765)	**(650)**	**(115)**	**17.7%**	**Total net financial income/(expense)**	**(2,163)**	**(2,177)**	**14**	**0.6%**
33	**15**	**18**	**-**	**Share of income/(expense) from equity investments accounted for using the equity method**	**114**	**67**	**47**	**70.1%**
1,631	**1,844**	**(213)**	**-11.6%**	**Income before taxes**	**5,168**	**5,579**	**(411)**	**-7.4%**
461	562	(101)	-18.0%	Income taxes	1,505	1,705	(200)	-11.7%
1,170	**1,282**	**(112)**	**-8.7%**	**Net income from continuing operations**	**3,663**	**3,874**	**(211)**	**-5.4%**
-	**-**	-	-	**Net income from discontinued operations**	**-**	**-**	**-**	-
1,170	**1,282**	**(112)**	**-8.7%**	**Net income (Group and non-controlling interests)**	**3,663**	**3,874**	**(211)**	**-5.4%**
774	923	(149)	-16.1%	Net income attributable to shareholders of Parent Company	2,621	2,757	(136)	-4.9%
396	359	37	10.3%	Net income attributable to non-controlling interests	1,042	1,117	(75)	-6.7%

Revenue

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
10,895	10,765	130	1.2%	Sale of electricity	32,333	31,342	991	3.2%
2,490	2,477	13	0.5%	Transport of electricity	7,373	7,164	209	2.9%
275	111	164	-	Fees from network operators	607	370	237	64.1%
351	544	(193)	-35.5%	Transfers from institutional market operators	1,254	1,074	180	16.8%
552	602	(50)	-8.3%	Sale of gas	2,832	2,751	81	2.9%
70	70	-	-	Transport of gas	391	390	1	0.3%
(3)	174	(177)	-	Gains on the disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	157	348	(191)	-54.9%
-	-	-	-	Gains from remeasurement at fair value after changes in control	-	4	(4)	-
7	4	3	75.0%	Gains on the disposal of property, plant and equipment and intangible assets	16	24	(8)	-33.3%
3,236	2,562	674	26.3%	Other services, sales and revenue	9,225	7,992	1,233	15.4%
17,873	**17,309**	**564**	**3.3%**	**Total**	**54,188**	**51,459**	**2,729**	**5.3%**

In the first nine months of 2017, revenue from **the sale of electricity** amounted to €32,333 million (€10,895 in the 3rd Quarter of 2017), an increase of €991 million (€130 million in the 3rd Quarter of 2017) compared with the same period of the previous year (+3.2% in the first nine months and +1.2% in the 3rd Quarter of 2017). The increase is essentially attributable to the following factors:

> an increase of €1,830 million in revenue on end-user markets (€410 million in the 3rd Quarter of 2017), attributable to the recovery in average sales prices and an increase in quantities sold, as well as exchange rate developments. The acquisition of CELG-D had an impact of €751 million on revenue in the first nine months of 2017 (€303 million in the 3rd Quarter), only partly offset by the deconsolidation of Slovenské elektrárne (€345 million in the first nine months);

> a reduction of €1,717 million in revenue from wholesale electricity sales (€452 million in the 3rd Quarter of 2017), mainly due to a decrease in volumes generated in Italy. These effects were accompanied by a decline in revenue due to the deconsolidation of Slovenské elektrárne at the end of July 2016 (€880 million in the first nine months of 2016);

> an increase of €878 million in revenue from electricity trading (€173 million in the 3rd Quarter of 2017), the result of an increase in volumes handled abroad.

Revenue from the **transport of electricity** amounted to €7,373 million in the first nine months of 2017, an increase of €209 million compared with the same period of 2016, while in the 3rd Quarter of 2017 it amounted to €2,490 million, an increase of €13 million. The increase was largely concentrated in Italy, where the rise in volumes transported for the free market more than offset the contraction in volumes on the regulated market.

Revenue from **fees from market operators** amounted to €607 million in the first nine months of 2017, compared with €370 million in the same period of 2016: the increase for the period, equal to €237 million, was mainly associated with the increase in costs to be reimbursed in respect of generation plants in Italy classified as "essential units" for the electrical system for the purpose of ensuring adequate operational security. Similar developments were seen in the 3rd Quarter.

Revenue from **transfers from institutional market operators** totaled €1,254 in the first nine months of 2017 (€1,074 million in the first nine months of 2016), an increase of €180 million (-€193 million in the 3rd Quarter of 2017) compared with the same period of the previous year. More specifically, the increase in transfers mainly reflected a rise in fuel costs for generation in the extra-peninsular area of Spain, for which the Group is entitled to reimbursement.

Revenue from the **sale of gas** in the first nine months of 2017 amounted to €2,832 million, an increase of €81 million (+2.9%), while in the 3rd Quarter of 2017 it amounted to €552 million, down €50 million (-8.3%) compared with the same period of the previous year. The increase in the first nine months essentially reflects the greater quantities sold in both Italy and Spain.

Revenue from the **transport of gas** in the first nine months of 2017 amounted to €391 million (€70 million in the 3rd Quarter of 2017), an increase of €1 million in the first nine months (+0.3%).

Gains on the disposal of entities in the first nine months of 2017 amounted to €157 million (€348 million in the first nine months of 2016) and mainly reflect the gain on the sale of the Chilean company Electrogas (€144 million), in which the Group held a stake of 42.5%. In the first nine months of 2016, the item mainly reported the gains on the sales of GNL Quintero (€171 million), Hydro Dolomiti (€124 million) and Compostilla Re (€19 million), as well as the positive price adjustment of €30 million on the sale of ENEOP at the end of 2015.

Gains from remeasurement at fair value after changes in control in the first nine months of 2017 were equal to zero, whereas in the first nine months of 2016 they amounted to €4 million. Gains for the first nine months of 2016 regarded the adjustment to fair value of the assets and liabilities pertaining to the Group following the loss of control after the sale on May 1, 2016 of 65% of Drift Sand Wind Project.

Revenue under **other services, sales and revenue** in the first nine months of 2017 amounted to €9,225 million (€7,992 million in the same period of the previous year), while in the 3rd Quarter of 2017 it amounted to €3,236 million (€2,562 million in the same period of the previous year), an increase of €1,233 million compared with the first nine months of 2016 (+15.4%) and of €674 million (+26.3%) compared with 3rd Quarter of 2016.
The change in the first nine months primarily reflected:

- an increase of €789 million in revenue from the sale of fuels, almost entirely attributable to the increase in the average sales prices of natural gas, which remains the main commodity handled;
- an increase of €268 million in revenue from construction contracts. This reflected an increase in engineering work compared with the same period of the previous year on infrastructure operated under concession arrangements and accounted for in accordance with IFRIC 12, which was also affected by the change in the scope of consolidation with the acquisition of CELG-D;
- an increase of €246 million in revenue from sales and grants for environmental certificates, mainly associated with the increase in trading activities.

Costs

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
5,024	4,816	208	4.3%	Electricity purchases	14,764	13,508	1,256	9.3%
1,300	1,218	82	6.7%	Consumption of fuel for electricity generation	3,919	3,279	640	19.5%
2,536	1,843	693	37.6%	Fuel for trading and gas for sale to end users	7,903	6,536	1,367	20.9%
323	282	41	14.5%	Materials	846	789	57	7.2%
1,069	1,089	(20)	-1.8%	Personnel	3,349	3,321	28	0.8%
3,894	3,726	168	4.5%	Services, leases and rentals	11,495	11,128	367	3.3%
564	741	(177)	-23.9%	Other operating expenses	2,021	1,858	163	8.8%
(504)	(379)	(125)	-33.0%	Capitalized costs	(1,176)	(1,100)	(76)	-6.9%
14,206	**13,336**	**870**	**6.5%**	**Total**	**43,121**	**39,319**	**3,802**	**9.7%**

Costs for **electricity purchases** increased by €1,256 million in the first nine months of 2017 compared with the same period of 2016 (€208 million in the 3rd Quarter of 2017), a rise of 9.3% (+4.3% in the 3rd Quarter). These developments in the first nine months of 2017 reflected an increase of €1,711 million in purchases on electricity exchanges (+€663 million in the 3rd Quarter of 2017), especially in Italy, Iberia and Latin America, and one of €492 million in purchases through bilateral contracts on domestic and foreign markets (compared with a decrease of €114 million in the 3rd Quarter of 2017). These factors were partly offset by a reduction of €947 million in other purchases on local markets abroad (and a decrease of €341 million in the 3rd Quarter of 2017), essentially reflecting the decline in volumes and prices in trading by Enel Global Trading and the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the **consumption of fuel for electricity generation** in the first nine months of 2017 amounted to €3,919 million, an increase of €640 million (+19.5%) compared with the same period of the previous year, while in the 3rd Quarter of 2017 they amounted to €1,300 million, an increase of €82 million (+6.7%), essentially attributable to an increase in requirements due to the rise in thermal generation, particularly in Italy and Spain, and to an increase in the average prices of fuels, which more than offset the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €7,903 million in the first nine months of 2017 (€2,536 million in the 3rd Quarter of 2017), an increase of €1,367 million compared with the first nine months of 2016 and of €693 million compared with the 3rd Quarter of 2016. The change reflected the increase in the average cost of gas purchases despite the benefits accorded in 2016 following the price review for a number of gas supply contracts, and the increase in the volume of gas handled.

Costs for **materials** in the first nine months of 2017 amounted to €846 million, an increase of €57 million, and to €323 million in the 3rd Quarter of 2017, an increase of €41 million compared with the same period of the previous year.
The change mainly reflects an increase in purchases of materials and equipment for works on infrastructure and networks in Brazil under public service concession arrangements, partly offset by a decrease in costs for the purchase of environmental certificates, essentially due to a reduction in the trading of EUAs and CERs.

Personnel costs in the first nine months of 2017 totaled €3,349 million, an increase of €28 million (+0.8%) compared with the same period of the previous year. In the 3rd Quarter of 2017, personnel costs amounted to €1,069 million, a decrease of €20 million (-1.8%) compared with the same period of the previous year. In the first nine months of 2017, the increase in personnel costs mainly reflected:

> the recognition of an increase of €15 million in early termination incentives in 2017, due essentially to the provision recognized in CELG-D (€45 million, in order to enhance efficiency), partly offset by a decline in charges in Spain (-€21 million);
> the effect of changes in exchange rates, which decreased costs by €7 million;
> an increase in average unit costs, especially in Latin America, which raised costs by €110 million;
> the change in the scope of consolidation, mainly regarding Slovenské elektrárne, CELG-D and EnerNOC, which had a net negative impact of €10 million;
> a decline in the average workforce compared with the same period of 2016 (-3,336 employees), with an impact of €87 million.

The Enel Group workforce at September 30, 2017 numbered 63,331, of whom 31,945 employed outside of Italy. The workforce increased by 1,251 in the first nine months of 2017, despite the negative impact of the balance between new hires and terminations (-1,624), thanks to the impact of the change in the scope of consolidation (+2,875), which mainly reflected the acquisition of CELG-D in Brazil, Enel Green Power Sannio in Italy and Demand Energy and EnerNOC in North America.

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

Balance at December 31, 2016	**62,080**
Hirings	1,590
Terminations	(3,214)
Change in scope of consolidation	2,875
Balance at September 30, 2017	**63,331**

Costs for **services, leases and rentals** in the first nine months of 2017 amounted to €11,495 million, an increase of €367 million compared with the same period of the previous year, while in the 3rd Quarter of 2017 they amounted to €3,894 million, an increase of €168 million compared with the 3rd Quarter of 2016. The change in the first nine months of 2017 mainly reflected:

> an increase of €224 million in wheeling costs, mainly in Latin America and Italy;
> an increase of €137 million in costs for maintenance and other activities carried out in Brazil under public service concession arrangements within the scope of IFRIC 12;
> an increase of €80 million in costs for IT services, although part of the change is represented by capitalized costs;
> an increase of €71 million in costs for maintenance and repairs;
> a reduction of €225 million in transmission grid access fees, primarily in Spain for electricity generation and as a result of the deconsolidation of Slovenské elektrárne.

Other operating expenses in the first nine months of 2017 amounted to €2,021 million, an increase of €163 million compared with the same period of 2016, while in the 3rd Quarter of 2017 they amounted to €564 million, a decrease of €177 million compared with the same period of the previous year. The increase in the first nine months does not reflect the change in the scope of consolidation (primarily in respect of CELG-D e Slovenské elektrárne) but is essentially due to:

> an increase of €112 million in taxes and duties, essentially due to an increase in taxes on generation in Spain (€69 million as a result of the increase volumes generated) and an increase (totaling €62 million) in taxes on nuclear generation in Catalonia following a ruling of unconstitutionality issued in the first nine months 2016 and the introduction of a new tax in 2017 with Law no. 5/2017;

- an increase of €89 million in charges for failure to achieve quality standards in electric services, mainly in Argentina (€77 million);
- an increase of €245 million in charges for environmental certificates, essentially reflecting the increase in costs for white certificates (+€281 million), partly offset by the decrease in charges for emissions allowances (-€81 million);
- the losses posted in the 3rd Quarter of 2016 in Latin America following the renunciation of water use rights for six development projects after an analysis of their profitability and socio-economic impact. More specifically, they included the following projects: Puelo, Futaleufú, Bardón, Chillán 1 and 2 and Huechún in Chile (€163 million) and Curibamba in Peru (€18 million);
- the positive effect of €139 million of a ruling issued in the 3rd Quarter of 2017 under which Endesa is entitled to reimbursement of amounts paid for the "*bono social*" in 2015 and 2016.

In the first nine months of 2017, **capitalized costs** amounted to €1,176 million, while in the 3rd Quarter of 2017 they amounted to €504 million, with an increase of €76 million in the first nine months of 2017 compared with the same period of the previous year.

Net income/(expense) from commodity contracts measured at fair value showed net income of €383 million in the first nine months of 2017 (net expense of €130 million in the same period of the previous year) and net income of €105 million in the 3rd Quarter of 2017 (net expense of €16 million in the corresponding period of 2016).
More specifically, the net income for the first nine months of 2017 was essentially attributable to net realized income in the period totaling €206 million and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €177 million.

Depreciation, amortization and impairment losses in the first nine months of 2017 amounted to €4,233 million, a decrease di €88 million, while in in the 3rd Quarter of 2017 they amounted to €1,409 million, a decrease of €69 million. The decline in the first nine months of 2017 essentially reflected:

- a decrease of €72 million in depreciation of property, plant and equipment, mainly as a result of the deconsolidation of Slovenské elektrárne and the adjustment of the useful lives of certain renewables generation plants;
- an increase of €81 million in amortization of intangible assets, mainly in Brazil as a result of the acquisition of CELG-D;
- a decrease of €111 million in impairment losses on assets classified as held for sale, mainly due to adjustments (in the first nine months of 2016) of the estimated value of assets under development in the Upstream Gas sector in Algeria (Isarene permit) and the assets of Marcinelle Energie, which amounted to €39 million and €52 million respectively;
- an increase of €36 million in writedowns of trade receivables, mainly in Italy, Brazil and Argentina.

Operating income in the first nine months of 2017 amounted to €7,217 million, a decrease €472 million (-6.1%), while in the 3rd Quarter of 2017 it came to €2,363 million, a decrease of €116 million compared with the same period of the previous year.

Net financial expense decreased by €14 million in the first nine months of 2017 and increased by €115 million in the 3rd Quarter.
More specifically the change mainly reflected:

- an increase of €187 million in net income on derivatives, only partly offset by net exchange rate losses of €140 million;
- a decrease of €143 million in net interest expense, mainly as a result of the contraction in average financial debt;

- a decrease of €71 million in other income, essentially associated with the decrease of €23 million in interest and other income on financial assets in respect of public concession arrangements within the scope of IFRIC 12 of the Brazilian companies, a reduction of €7 million in default interests and one of €8 million in interest on security deposits;
- a decrease of €100 million in charges for the accretion of provisions for risks and charges, mainly following the deconsolidation of Slovenské elektrárne, and in charges for the accretion of provisions for early termination incentives, the effects of which were partly offset by the application of *Resolución* ENRE no. 1/2016, which required the discounting of a number of prior-period fines being disputed in Argentina;
- financial expense recognized by Enel Finance International (€107 million) as a result of the early redemption of bonds under the “make whole call option” provided for in the original contract, accompanied by a decrease in capitalized interest (€60 million) and an increase in other financial charges, mainly regulatory in nature, associated with the consolidation of CELG-D (€53 million).

The **share of income/(expense) from equity investments accounted for using the equity method** in the first nine months of 2017 showed net income of €114 million, while in the 3rd Quarter of 2017 it showed net income of €33 million. The change reflected the increase in income from RusEnergoSbyt and EGPNA REP, the latter being the result of the deconsolidation at the end of 2016.

Income taxes in the first nine months of 2017 amounted to €1,505 million, equal to 29.1% of taxable income (compared with 30.6% in the first nine months of 2016), while the tax liability for the 3rd Quarter of 2017 was an estimated €461 million. The decrease in the effective tax rate in the first nine months of 2017 on the corresponding period of the previous year reflects the reduction of tax rates in Italy, partly offset by an increase in tax rates in Chile.

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 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 adjustment" 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 a matrix structure of divisions, includes 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 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.

Results by business area for the 3rd Quarter of 2017 and 2016

3rd 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	8,974	4,732	3,315	586	244	26	(4)	17,873
Revenue from transactions with other segments	129	9	2	7	(1)	-	(146)	-
Total revenue	**9,103**	**4,741**	**3,317**	**593**	**243**	**26**	**(150)**	**17,873**
Net income/(expense) from commodity contracts measured at fair value	60	55	2	-	(1)	-	(11)	105
Gross operating margin	**1,591**	**947**	**1,059**	**132**	**108**	**19**	**(84)**	**3,772**
Depreciation, amortization and impairment losses	565	420	308	51	50	11	4	1,409
Operating income	**1,026**	**527**	**751**	**81**	**58**	**8**	**(88)**	**2,363**

(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.

3rd 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	8,644	4,863	2,818	742	210	9	23	17,309
Revenue from transactions with other segments	86	14	-	29	-	-	(129)	-
Total revenue	**8,730**	**4,877**	**2,818**	**771**	**210**	**9**	**(106)**	**17,309**
Net income/(expense) from commodity contracts measured at fair value	(38)	23	4	(5)	(1)	-	1	(16)
Gross operating margin	**1,766**	**997**	**882**	**188**	**143**	**6**	**(25)**	**3,957**
Depreciation, amortization and impairment losses	524	461	290	101	83	9	10	1,478
Operating income	**1,242**	**536**	**592**	**87**	**60**	**(3)**	**(35)**	**2,479**

(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.

Results by business area for the first nine months of 2017 and 2016

First nine months 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	27,291	14,671	9,812	1,725	606	72	11	54,188
Revenue from transactions with other segments	489	30	18	25	2	-	(564)	-
Total revenue	**27,780**	**14,701**	**9,830**	**1,750**	**608**	**72**	**(553)**	**54,188**
Net income/(expense) from commodity contracts measured at fair value	399	7	4	-	(1)	-	(26)	383
Gross operating margin	**5,238**	**2,543**	**3,117**	**409**	**326**	**47**	**(230)**	**11,450**
Depreciation, amortization and impairment losses	1,683	1,227	979	156	145	32	11	4,233
Operating income	**3,555**	**1,316**	**2,138**	**253**	**181**	**15**	**(241)**	**7,217**
Capital expenditure	**1,124**	**582**	**2,094**	**208** [2]	**1,479**	**25**	**8**	**5,520**

(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 €27 million regarding units classified as "held for sale".

First nine months of 2016 [1]

Millions of euro	Italia	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	25,841	14,002	7,906	2,929	671	18	92	51,459
Revenue from transactions with other segments	494	46	17	146	1	-	(704)	-
Total revenue	**26,335**	**14,048**	**7,923**	**3,075**	**672**	**18**	**(612)**	**51,459**
Net income/(expense) from commodity contracts measured at fair value	(145)	22	4	(13)	(1)	-	3	(130)
Gross operating margin	**5,445**	**2,970**	**2,612**	**609**	**470**	**7**	**(103)**	**12,010**
Depreciation, amortization and impairment losses	1,621	1,340	773	283	211	12	81	4,321
Operating income	**3,824**	**1,630**	**1,839**	**326**	**259**	**(5)**	**(184)**	**7,689**
Capital expenditure	**1,170**	**646**	**1,994**	**144** [2]	**989**	**253**	**20** [3]	**5,216**

(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 €283 million regarding units classified as "held for sale".
(3) Does not include €5 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														
	End-user markets			Services			Generation and Trading			Infrastructure and Networks			Renewables			Other			Total		
	First nine months			First nine months			First nine months			First nine months			First nine months			First nine months					
	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016	Change	2017	2016	Change
Italy	**1,534**	**1,373**	**161**	**72**	**81**	**(9)**	**178**	**529**	**(351)**	**2,649**	**2,670**	**(21)**	**805**	**792**	**13**	**-**	**-**	**-**	**5,238**	**5,445**	**(207)**
Iberia	**331**	**592**	**(261)**	**50**	**9**	**41**	**597**	**668**	**(71)**	**1,389**	**1,393**	**(4)**	**176**	**308**	**(132)**	**-**	**-**	**-**	**2,543**	**2,970**	**(427)**
Latin America	**-**	**-**	**-**	**(58)**	**(76)**	**18**	**569**	**564**	**5**	**1,314**	**1,042**	**272**	**1,292**	**1,082**	**210**	**-**	**-**	**-**	**3,117**	**2,612**	**505**
Argentina	*-*	*-*	*-*	*-*	*-*	*-*	*76*	*61*	*15*	*171*	*123*	*48*	*24*	*19*	*5*	*-*	*-*	*-*	*271*	*203*	*68*
Brazil	*-*	*-*	*-*	*(27)*	*(25)*	*(2)*	*98*	*55*	*43*	*453*	*292*	*161*	*183*	*144*	*39*	*-*	*-*	*-*	*707*	*466*	*241*
Chile	*-*	*-*	*-*	*(31)*	*(51)*	*20*	*269*	*350*	*(81)*	*190*	*186*	*4*	*552*	*405*	*147*	*-*	*-*	*-*	*980*	*890*	*90*
Colombia	*-*	*-*	*-*	*-*	*-*	*-*	*37*	*30*	*7*	*350*	*296*	*54*	*428*	*421*	*7*	*-*	*-*	*-*	*815*	*747*	*68*
Peru	*-*	*-*	*-*	*-*	*-*	*-*	*89*	*68*	*21*	*150*	*145*	*5*	*98*	*87*	*11*	*-*	*-*	*-*	*337*	*300*	*37*
Other	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*7*	*6*	*1*	*-*	*-*	*-*	*7*	*6*	*1*
Europe and North Africa	**(46)**	**31**	**(77)**	**1**	**1**	**-**	**202**	**309**	**(107)**	**136**	**173**	**(37)**	**116**	**95**	**21**	**-**	**-**	**-**	**409**	**609**	**(200)**
Romania	*(46)*	*33*	*(79)*	*1*	*1*	*-*	*2*	*4*	*(2)*	*136*	*173*	*(37)*	*78*	*55*	*23*	*-*	*-*	*-*	*171*	*266*	*(95)*
Russia	*-*	*-*	*-*	*-*	*-*	*-*	*200*	*126*	*74*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*200*	*126*	*74*
Slovakia	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*191*	*(191)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*191*	*(191)*
Other	*-*	*(2)*	*2*	*-*	*-*	*-*	*-*	*(12)*	*12*	*-*	*-*	*-*	*38*	*40*	*(2)*	*-*	*-*	*-*	*38*	*26*	*12*
North and Central America	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**326**	**470**	**(144)**	**-**	**-**	**-**	**326**	**470**	**(144)**
United States and Canada	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*146*	*322*	*(176)*	*-*	*-*	*-*	*146*	*322*	*(176)*
Mexico	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*72*	*65*	*7*	*-*	*-*	*-*	*72*	*65*	*7*
Panama	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*74*	*69*	*5*	*-*	*-*	*-*	*74*	*69*	*5*
Other	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*34*	*14*	*20*	*-*	*-*	*-*	*34*	*14*	*20*
Sub-Saharan Africa and Asia	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47**	**7**	**40**	**-**	**-**	**-**	**47**	**7**	**40**
South Africa	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*40*	*(3)*	*43*	*-*	*-*	*-*	*40*	*(3)*	*43*
India	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*8*	*10*	*(2)*	*-*	*-*	*-*	*8*	*10*	*(2)*
Other	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(1)*	*-*	*(1)*	*-*	*-*	*-*	*(1)*	*-*	*(1)*
Other	**-**	**-**	**-**	**(1)**	**-**	**(1)**	**-**	**(26)**	**26**	**(9)**	**-**	**(9)**	**(58)**	**(37)**	**(21)**	**(162)**	**(40)**	**(122)**	**(230)**	**(103)**	**(127)**
Total	**1,819**	**1,996**	**(254)**	**64**	**15**	**67**	**1,546**	**2,044**	**(600)**	**5,479**	**5,278**	**436**	**2,704**	**2,717**	**114**	**(162)**	**(40)**	**(122)**	**11,450**	**12,010**	**(359)**

Italy

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
6,976	9,188	(2,212)	-24.1%	Thermal	23,142	26,479	(3,337)	-12.6%
3,768	3,959	(191)	-4.8%	Hydroelectric	11,425	12,530	(1,105)	-8.8%
1,429	1,449	(20)	-1.4%	Geothermal	4,312	4,384	(72)	-1.6%
277	208	69	33.2%	Wind	871	973	(102)	-10.5%
40	40	-	-	Other sources	112	89	23	25.8%
12,490	**14,844**	**(2,354)**	**-15.9%**	**Total net generation**	**39,862**	**44,455**	**(4,593)**	**-10.3%**

In the first nine months of 2017, net electricity generation amounted to 39,862 million kWh (12,490 million kWh in the 3rd Quarter of 2017), a decline of 10.3% (-15.9% in the 3rd Quarter of 2017 compared with the same period of 2016) equal to 4,593 million kWh. The change is due to the decrease in thermal generation (down 3,337 million kWh), resulting from the reduced competitiveness of the coal plants and the lower output of the combined-cycle plants, in particular the Termini Imerese and Priolo Gargallo plants in Sicily, which were disadvantaged by the new interconnection with the mainland that entered into operation in 2016. The decline in hydroelectric generation (down 1,105 million kWh) is due to poorer water conditions compared with the same period of the prior year.
Developments were similar in the 3rd Quarter of 2017.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2017		2016		Change			**2017**		2016		Change	
3	-	36	0.4%	(33)	-91.7%	Fuel oil	10	-	81	0.3%	(71)	-87.7%
1,474	19.5%	2,810	28.5%	(1,336)	-47.5%	Natural gas	5,306	21.2%	6,373	22.2%	(1,067)	-16.7%
5,957	78.7%	6,859	69.5%	(902)	-13.2%	Coal	19,304	77.0%	21,674	75.9%	(2,370)	-10.9%
135	1.8%	170	1.7%	(35)	-20.6%	Other fuels	459	1.8%	445	1.6%	14	3.1%
7,569	**100.0%**	**9,875**	**100.0%**	**(2,306)**	**-23.4%**	**Total**	**25,079**	**100.0%**	**28,573**	**100.0%**	**(3,494)**	**-12.2%**

Gross thermal generation in the first nine months of 2017 totaled 25,079 million kWh (7,569 million kWh in the 3rd Quarter of 2017), a decrease of 3,494 million kWh (-12.2%) compared with the first nine months of 2016 (-23.4% in the 3rd Quarter of 2017). This decrease mainly regarded the use of coal and natural gas as a result of the developments noted above.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
59,240	57,810	1,430	2.5%	Electricity transported on Enel's distribution network (1)	169,577	167,834	1,743	1.0%

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

Electricity transported on Enel's network in Italy in the first nine months of 2017 increased by 1,743 million kWh (+1.0%), rising from 167,834 million kWh in the first nine months of 2016 to 169,577 million kWh in the first nine months of 2017. This change is consistent with the increase in demand for electricity in Italy.

Developments were similar in the 3rd Quarter of 2017, with 59,240 million kWh of electricity transported, an increase of 1,430 million kWh (+2.5%) compared with the same period of 2016.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
				Free market:				
7,639	6,837	802	11.7%	- mass-market customers	21,427	19,665	1,762	9.0%
7,396	5,139	2,257	43.9%	- business customers (1)	20,841	14,435	6,406	44.4%
838	469	369	78.7%	- safeguard-market customers	1,595	1,611	(16)	-1.0%
15,873	**12,445**	**3,428**	**27.5%**	**Total free market**	**43,863**	**35,711**	**8,152**	**22.8%**
				Regulated market:				
11,961	11,788	173	1.5%	- enhanced protection market customers	33,331	34,414	(1,083)	-3.1%
27,834	**24,233**	**3,601**	**14.9%**	**TOTAL**	**77,194**	**70,125**	**7,069**	**10.1%**

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

Energy sold in the first nine months of 2017 came to 77,194 million kWh, an increase of 7,069 million kWh compared with the same period of the previous year. The trend essentially reflects the greater volumes sold on the free market as a result of new commercial policies focusing mainly on business customers.

There were similar developments in the 3rd Quarter of 2017.

Gas sales

3rd Quarter				Millions of m^3	First nine months			
2017	2016	Change			**2017**	2016	Change	
213	211	2	0.9%	Mass-market customers (1)	1,978	1,854	124	6.7%
268	235	33	14.0%	Business customers	1,389	1,219	170	13.9%
481	**446**	**35**	**7.8%**	**Total**	**3,367**	**3,073**	**294**	**9.6%**

(1) Includes residential customers and microbusinesses.

Gas sales in the first nine months of 2017 totaled 3,367 million cubic meters (481 million cubic meters in the 3rd Quarter of 2017), an increase of 294 million cubic meters compared with the same period of the previous year, attributable to sales to both customer categories.

Similar developments were reported in the 3rd Quarter of 2017, for which much lower volumes were reported for season-related reasons.

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
9,103	8,730	373	4.3%	Revenue	27,780	26,335	1,445	5.5%
1,591	1,766	(175)	-9.9%	Gross operating margin	5,238	5,445	(207)	-3.8%
1,026	1,242	(216)	-17.4%	Operating income	3,555	3,824	(269)	-7.0%
				Capital expenditure	1,124	1,170	(46)	-3.9%

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

The following tables break down performance by type of business in the 3rd Quarter and in the first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	4,552	4,453	99	2.2%
Infrastructure and Networks	1,813	1,751	62	3.5%
Renewables	410	409	1	0.2%
End-user markets	3,901	3,646	255	7.0%
Services	330	270	60	22.2%
Eliminations and adjustments	(1,903)	(1,799)	(104)	-5.8%
Total	**9,103**	**8,730**	**373**	**4.3%**

Revenue in the 3rd Quarter of 2017 amounted to €9,103 million, an increase of €373 million on 2016 (+4.3%), as a result of the following main factors:

> an increase of €99 million in revenue from **Generation and Trading** (+2.2%) compared with the same period of 2016. This increase is mainly attributable to:
  - an increase of €343 million in revenue from the sale of fuels on domestic and international markets;
  - an increase of €173 million in revenue from trading on international energy markets due essentially to an increase in quantities handled (+8.5 TWh) in an environment of rising prices;
  - a €135 million increase in revenue from fees provided for by the Authority for Electricity, Gas and the Water System regulations for transactions on the Power Exchange;
  - a €522 million decline in revenue from the sale of electricity, essentially related to the reduction in revenue from electricity sales to other national resellers (€565 million), offset by increased sales on the Power Exchange (€52 million);

> a €62 million rise in revenue from **Infrastructure and Networks** operations (+3.5%), mainly attributable to:
  - an increase in transfers from the Energy & Environmental Services Fund for white certificates (in the amount of €61 million) due to the increase in volumes purchased and in the per-unit transfer;
  - an increase of €5 million in rate revenue, mainly reflecting the rise in transmission rates, only partly offset by the reduction in distribution rates;
  - a decrease of €10 million in connection fees;

> essentially no change in revenue from **Renewables** generation (an increase of €1 million);

> a €255 million increase in revenue from **End-user markets** (+7.0%) for electricity, essentially reflecting:

- an increase of €272 million in revenue on the free market for electricity owing to higher volumes sold (+3.5 TWh);
- an increase of €17 million in revenue from the sale of natural gas to end users, largely due to increased volumes;
- a decrease of €72 million in revenue on the regulated market for electricity, mainly attributable to the negative effect of the equalization mechanisms for covering generation costs, despite an increase in volumes sold (+0.2 TWh).

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	28	274	(246)	-89.8%
Infrastructure and Networks	851	892	(41)	-4.6%
Renewables	262	191	71	37.2%
End-user markets	417	376	41	10.9%
Services	33	33	-	-
Total	**1,591**	**1,766**	**(175)**	**-9.9%**

The **gross operating margin** in the 3rd Quarter of 2017 came to €1,591 million, a decrease of €175 million (-9.9%) compared with the €1,766 million recorded for the 3rd Quarter of 2016. The decrease in essentially attributable to:

> the €246 million decrease in the margin from **Generation and Trading**, owing to the reduction in the generation margin, which reflects a more unfavorable generation mix as a result of poor water conditions;

> a decline of €41 million in the margin from **Infrastructure and Networks** (-4.6%), mainly owing to the decrease in the margin on the transport of electricity (€11 million) upon the reversal in the 3rd Quarter of 2016 of the relevant provision following the Antitrust Authority's decision to dismiss the proceedings it brought in 2015. These factors were only partly offset by the increase in the margin on white certificates (€18 million);

> an increase of €71 million in the margin from **Renewables** generation as a result of the same factors affecting revenue;

> an increase of €41 million in the margin from **End-user markets** (+10.9%), mainly attributable to a rise in the margin on the free market for electricity and gas (€52 million) and on the regulated market for electricity (€8 million).

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	(29)	209	(238)	-
Infrastructure and Networks	585	638	(53)	-8.3%
Renewables	193	131	62	47.3%
End-user markets	255	243	12	4.9%
Services	22	21	1	4.8%
Total	**1,026**	**1,242**	**(216)**	**-17.4%**

Operating income totaled €1,026 million in the 3rd Quarter of 2017, taking account of depreciation, amortization and impairment of €565 million (€524 million in the same period of 2016).

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	13,912	13,613	299	2.2%
Infrastructure and Networks	5,605	5,309	296	5.6%
Renewables	1,351	1,329	22	1.7%
End-user markets	11,974	11,091	883	8.0%
Services	875	796	79	9.9%
Eliminations and adjustments	(5,937)	(5,803)	(134)	-2.3%
Total	**27,780**	**26,335**	**1,445**	**5.5%**

Revenue in the first nine months of 2017 amounted to €27,780 million, an increase of €1,445 million compared with the same period of 2016 (+5.5%), as a result of the following main factors:

> an increase of €299 million in revenue from **Generation and Trading** (+2.2%) compared with the same period of 2016. This increase is mainly attributable to:
  - an increase of €879 million in revenue from trading on international energy markets due essentially to an increase in quantities handled (+27.5 TWh) in an environment of rising prices;
  - an increase of €826 million in revenue from the sale of fuels, essentially natural gas, on domestic and international markets;
  - a €179 million increase in revenue from fees provided for by the Authority for Electricity, Gas and the Water System for transactions on the Power Exchange, mainly for ancillary market services;
  - a €1,449 million decline in revenue from the sale of electricity, essentially related to the reduction in revenue from electricity sales to other national resellers (down €1,521 million) associated with lower volumes generated. This was only partially offset by increased sales on the Power Exchange (€91 million);
  - a €124 million decrease in gains on extraordinary transactions, attributable to the gain recognized on the sale of the equity investment in Hydro Dolomiti Enel in the first nine months of 2016;

> a €296 million rise in revenue from **Infrastructure and Networks** operations (+5.6%), mainly attributable to:
  - the increase in transfers from the Energy & Environmental Services Fund for white certificates (in the amount of €290 million) due to the increase in volumes purchased and in the per-unit transfer;
  - an increase of €18 million in rate revenue, mainly reflecting the rise in transmission rates, only partly offset by the reduction in distribution rates. Another factor was an increase in revenue paid by the Authority for Electricity, Gas and the Water System following the publication in the 1st Quarter of 2017 of reference rates for 2016 (€14 million), and the increase in volumes transported;
  - a decrease of €33 million in connection fees;

> an increase of €22 million in revenue from **Renewables** generation (+1.7%), largely due to the increase in average sale prices, which more than offset the decline in volumes sold;

> a €883 million increase in revenue from **End-user markets** (+8.0%) for electricity, essentially reflecting:
  - an increase of €672 million in revenue on the free market for electricity, mainly attributable to an increase in volumes sold (+8.2 TWh);
  - an increase of €114 million in revenue on the regulated market for electricity as a result of the increase in rate revenue, only partially offset by the decrease in volumes sold (-1.1 TWh) and in number of customers served;

- an increase of €60 million in revenue from the sale of natural gas to end users, owing to increased volumes and higher average sale prices.

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	178	529	(351)	-66.4%
Infrastructure and Networks	2,649	2,670	(21)	-0.8%
Renewables	805	792	13	1.6%
End-user markets	1,534	1,373	161	11.7%
Services	72	81	(9)	-11.1%
Total	**5,238**	**5,445**	**(207)**	**-3.8%**

The **gross operating margin** in the first nine months of 2017 amounted to €5,238 million, a decrease of €207 million compared with the first nine months of 2016 (-3.8%). More specifically, this decrease is attributable to:

> the €351 million decrease in the margin from **Generation and Trading**. Net of the effect of the price adjustment on the sale of Hydro Dolomiti Enel, as described in the section on revenue, the decrease would have been €227 million, owing mainly to lower margins, which mostly reflects the significant recourse to electricity purchased at higher prices on the spot market to correct imbalances with respect to the planned programming;

> a decline of €21 million in the margin from **Infrastructure and Networks** (-0.8%), mainly owing to:

- the €16 million decrease in the margin on the transport of electricity, connected mainly with the effect of the reduction in distribution rates noted above, only partially offset by the positive effect of prior-period items (€29 million) described in the section on revenue and others relating to transport costs;
- an increase of €29 million in allocations to the provisions for risks and charges, reflecting the reversal in the first nine months of 2016 of provisions (€47 million) following the Antitrust Authority's decision to dismiss the proceedings it brought in 2015;
- the €10 million increase in the margin on white certificates;
- lower operating costs;

> an increase of €13 million in the margin from **Renewables** generation as a result of the same factors affecting revenue;

> an increase of €161 million in the margin from **End-user markets** (+11.7%), mainly attributable to:

- a €125 million rise in the margin on the free market for electricity and gas (of which €106 million for the gas component), owing to the increase in quantities sold for both commodities;
- the rise of €31 million in the margin on the regulated market for electricity as a result of lower operating costs and an improvement in the margin on electricity.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	3	346	(343)	-
Infrastructure and Networks	1,811	1,914	(103)	-5.4%
Renewables	601	594	7	1.2%
End-user markets	1,102	925	177	19.1%
Services	38	45	(7)	-15.6%
Total	**3,555**	**3,824**	**(269)**	**-7.0%**

Operating income amounted to €3,555 million for a decrease of €269 million (-7.0%) compared with the €3,824 million in operating income reported in the same period of 2016, including the effect of an increase of €62 million in depreciation, amortization and impairment losses. The rise in operating income is largely due to higher depreciation for network infrastructures and the increase in writedowns of trade receivables, especially with respect to certain traders.

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	34	52	(18)	-34.6%
Infrastructure and Networks	866	855	11	1.3%
Renewables	130	188	(58)	-30.9%
End-user markets	74	54	20	37.0%
Services	20	21	(1)	-4.8%
Total	**1,124**	**1,170**	**(46)**	**-3.9%**

Capital expenditure in the first nine months of 2017 amounted to €1,124 million, down €46 million on the year-earlier period. The change reflects:

- an €18 million decrease in investment in **Generation and Trading**;
- an increase in investment in **Infrastructure and Networks** operations equal to €11 million, mainly for digital meter replacement work, only partly offset by investment in service quality activities brought forward in 2016;
- a €58 million reduction in investment in **Renewables**, owing primarily to lower capital expenditure on hydroelectric and wind plants;
- an increase of €20 million in investment in **End-user markets**.

Iberia

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
11,867	11,079	788	7.1%	Thermal	31,543	23,694	7,849	33.1%
6,871	7,141	(270)	-3.8%	Nuclear	19,967	19,983	(16)	-0.1%
1,113	1,241	(128)	-10.3%	Hydroelectric	4,253	6,326	(2,073)	-32.8%
684	742	(58)	-7.8%	Wind	2,437	2,757	(320)	-11.6%
9	46	(37)	-80.4%	Other sources	22	137	(115)	-83.9%
20,544	**20,249**	**295**	**1.5%**	**Total net generation**	**58,222**	**52,897**	**5,325**	**10.1%**

Net electricity generation in the first nine months of 2017 amounted to 58,222 million kWh, an increase of 5,325 million kWh compared with the same period of 2016. This development, characterized by a considerable increase in thermal generation, is due mainly to the decrease in electricity imports as a result of downtime at a number of nuclear plants in France and a severe drought (which penalized hydroelectric output).
In the 3rd Quarter of 2017, net generation totaled 20,544 million kWh, up 295 million kWh compared with the same period of 2016.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2017		2016		Change			**2017**		2016		Change	
1,688	8.5%	1,644	8.6%	44	2.7%	Fuel oil	4,859	9.0%	4,688	10.2%	171	3.6%
3,031	15.3%	1,762	9.2%	1,269	72.0%	Natural gas	6,547	12.2%	3,384	7.4%	3,163	93.5%
6,970	35.1%	7,283	38.1%	(313)	-4.3%	Coal	18,784	34.9%	14,166	31.0%	4,618	32.6%
7,175	36.2%	7,454	39.0%	(279)	-3.7%	Nuclear	20,788	38.6%	20,798	45.4%	(10)	-
981	4.9%	975	5.1%	6	0.6%	Other fuels	2,826	5.3%	2,749	6.0%	77	2.8%
19,845	**100.0%**	**19,118**	**100.0%**	**727**	**3.8%**	**Total**	**53,804**	**100.0%**	**45,785**	**100.0%**	**8,019**	**17.5%**

Gross thermal generation in the first nine months of 2017 came to 53,804 million kWh (19,845 million kWh in the 3rd Quarter of 2017), an increase of 8,019 million kWh compared with the same period of the previous year (+727 million kWh in the 3rd Quarter of 2017). The increase regarded almost all types of fuels, with the exception of nuclear fuel, which suffered a slight decrease. Developments in the 3rd Quarter showed an analogous increase, partly offset by the contraction in nuclear and coal-fired generation.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
29,595	29,567	28	0.1%	Electricity transported on Enel's distribution network(1)	84,534	82,441	2,093	2.5%

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

Electricity transported in the first nine months of 2017 came to 84,534 million kWh (29,595 million kWh in the 3rd Quarter of 2017), an increase of 2,093 million kWh (+28 million kWh in the 3rd Quarter of 2017).

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
25,347	25,020	327	1.3%	Electricity sold by Enel	72,503	70,704	1,799	2.5%

Electricity sales to end users for the first nine months of 2017 amounted to 72,503 million kWh (25,347 million kWh in the 3rd Quarter of 2017), an increase of 1,799 million kWh compared with the same period of 2016 (+327 million kWh in the 3rd Quarter of 2017). This change reflects the greater liberalization of the market and is in line with what occurred in the 3rd Quarter of 2017.

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
4,741	4,877	(136)	-2.8%	Revenue	14,701	14,048	653	4.6%
947	997	(50)	-5.0%	Gross operating margin	2,543	2,970	(427)	-14.4%
527	536	(9)	-1.7%	Operating income	1,316	1,630	(314)	-19.3%
				Capital expenditure	582	646	(64)	-9.9%

The following tables break down performance by type of business in the 3rd Quarter and in the first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	1,562	1,394	168	12.1%
Infrastructure and Networks	652	641	11	1.7%
Renewables	125	149	(24)	-16.1%
End-user markets	3,734	3,618	116	3.2%
Services	135	83	52	62.7%
Eliminations and adjustments	(1,467)	(1,008)	(459)	-45.5%
Total	**4,741**	**4,877**	**(136)**	**-2.8%**

Revenue for the 3rd Quarter of 2017 decreased by €136 million due to:

> a €168 million increase in revenue from **Generation and Trading**, mainly associated with higher electricity sales in an environment of rising prices. Much of this revenue was generated with division companies that sell electricity and is therefore also reflected in eliminations;

> a €24 million decrease in revenue from **Renewables** activities as a result of the decline in quantities generated;

> a €116 million increase in revenue from **End-user markets**, essentially due to higher volumes of electricity sold for lower average prices on the free market.

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	371	292	79	27.1%
Infrastructure and Networks	466	442	24	5.4%
Renewables	40	67	(27)	-40.3%
End-user markets	54	173	(119)	-68.8%
Services	16	23	(7)	-30.4%
Total	**947**	**997**	**(50)**	**-5.0%**

The **gross operating margin** amounted to €947 million, down €50 million (-5.0%) compared with the same period of 2016, as a result of:

> an increase of €79 million in the gross operating margin from **Generation and Trading**, mainly owing to the improvement in the generation margin in connection with lower operating costs;

> an increase of €24 million in the gross operating margin from **Infrastructure and Networks** which was essentially in line with the same period of the previous year;

> a decrease in the gross operating margin from **End-user markets** as a result of higher costs incurred to procure electricity and fuels.

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
Generation and Trading	223	127	96	75.6%
Infrastructure and Networks	269	250	19	7.6%
Renewables	1	2	(1)	-50.0%
End-user markets	19	130	(111)	-85.4%
Services	15	27	(12)	-44.4%
Total	**527**	**536**	**(9)**	**-1.7%**

Operating income in the 3rd Quarter of 2017 totaled €527 million, including the effect of €420 million in depreciation, amortization and impairment losses, a decrease of €9 million compared with the same period of 2016.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	4,500	3,427	1,073	31.3%
Infrastructure and Networks	1,917	1,929	(12)	-0.6%
Renewables	415	550	(135)	-24.5%
End-user markets	11,675	10,272	1,403	13.7%
Services	357	216	141	65.3%
Eliminations and adjustments	(4,163)	(2,346)	(1,817)	-77.5%
Total	**14,701**	**14,048**	**653**	**4.6%**

Revenue in the first nine months of 2017 rose by €653 million as a result of:

> the increase of €1,073 million in revenue from **Generation and Trading**, mainly associated with the increase in volumes generated in an environment of sharply rising average sale prices as a result of the developments in generation described above. Much of this revenue was generated with division companies that sell electricity and is therefore also reflected in eliminations;

> the decrease of €135 million in revenue from **Renewables** generation as a result of the decline in volumes generated and the price adjustment of €30 million recognized in the 1st Half of 2016 on the sale of ENEOP;

> the increase of €1,403 million in revenue from **End-user markets**, essentially due to the rise in volumes sold, particularly on the free market.

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	597	668	(71)	-10.6%
Infrastructure and Networks	1,389	1,393	(4)	-0.3%
Renewables	176	308	(132)	-42.9%
End-user markets	331	592	(261)	-44.1%
Services	50	9	41	-
Total	**2,543**	**2,970**	**(427)**	**-14.4%**

The **gross operating margin** amounted to €2,543 million, down €427 million compared with the same period of 2016, as a result of:

> a decrease of €71 million in the gross operating margin from **Generation and Trading**, essentially due to increased taxation on thermal generation and, in Catalonia, on nuclear generation, amounting to €119 million compared with the first nine months of 2016;

> a decrease of €132 million in the gross operating margin from **Renewables** generation as a result of the decline in volumes generated and the price adjustment of €30 million on the sale of ENEOP mentioned above;

> a decline of around €261 million in the gross operating margin from **End-user markets**, mainly owing to higher gas and electricity procurement costs, including transport costs.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	134	197	(63)	-32.0%
Infrastructure and Networks	866	816	50	6.1%
Renewables	59	112	(53)	-47.3%
End-user markets	217	496	(279)	-56.2%
Services	40	9	31	-
Total	**1,316**	**1,630**	**(314)**	**-19.3%**

Operating income in the first nine months of 2017 totaled €1,316 million, including the impact of €1,227 million in depreciation, amortization and impairment losses (€1,340 million in the first nine months of 2016). Specifically, the decline in depreciation is the result of the change in the useful life of hydroelectric (€56 million) and wind plants (€19 million) and a decrease in writedowns of trade receivables (€14 million).

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
Generation and Trading	122	195	(73)	-37.4%
Infrastructure and Networks	388	370	18	4.9%
Renewables	29	41	(12)	-29.3%
End-user markets	31	32	(1)	-3.1%
Services	12	8	4	50.0%
Total	**582**	**646**	**(64)**	**-9.9%**

Capital expenditure amounted to €582 million, down €64 million compared with the same period of 2016, largely attributable to the decrease in Generation and Trading. The effect of this was only partially offset by increased investment in the distribution network.

Latin America

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
7,107	7,045	62	0.9%	Thermal	21,002	20,491	511	2.5%
8,130	8,301	(171)	-2.1%	Hydroelectric	23,688	24,260	(572)	-2.4%
1,022	702	320	45.6%	Wind	2,419	1,751	668	38.1%
397	235	162	68.9%	Other sources	945	509	436	85.7%
16,656	**16,283**	**373**	**2.3%**	**Total net generation**	**48,054**	**47,011**	**1,043**	**2.2%**
3,707	*3,470*	*237*	*6.8%*	*- of which Argentina*	*11,486*	*10,218*	*1,268*	*12.4%*
2,029	*1,289*	*740*	*57.4%*	*- of which Brazil*	*4,971*	*3,973*	*998*	*25.1%*
5,200	*5,032*	*168*	*3.3%*	*- of which Chile*	*14,947*	*14,761*	*186*	*1.3%*
3,921	*4,180*	*(259)*	*-6.2%*	*- of which Colombia*	*11,364*	*11,355*	*9*	*0.1%*
1,765	*2,262*	*(497)*	*-22.0%*	*- of which Peru*	*5,174*	*6,563*	*(1,389)*	*-21.2%*
34	*50*	*(16)*	*-32.0%*	*- of which other countries*	*112*	*141*	*(29)*	*-20.6%*

Net generation in the first nine months of 2017 came to 48,054 million kWh, an increase of 1,043 million kWh compared with the same period of 2016, mainly the result of:

> the increase in thermal power generation, which was particularly concentrated in Argentina following plant downtown for maintenance in the South Dock and Costanera plants in the 1st Half of 2016;

> the increase in wind and solar power generation, in part due to the start of operations of new plants, particularly in Chile.

These factors were partially offset by a reduction in hydroelectric generation as a result of adverse weather conditions in the area compared with the year-earlier period, especially in Peru, which in April 2017 suffered from flooding along the coast caused by El Niño, leading to the shutdown of a number of plants.

The negative effects relating to climatic events, as stated, were particularly concentrated in the 1st Half of the year, signaling a recovery during the 3rd Quarter of 2017, with net generation amounting to 16,656 million kWh, an increase of 373 million kWh compared with the same period of 2016.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2017		2016		Change			**2017**		2016		Change	
87	1.3%	456	6.2%	(369)	-80.9%	Fuel oil	733	3.4%	1,463	6.8%	(730)	-49.9%
5,619	81.7%	5,168	69.8%	451	8.7%	Natural gas	17,050	78.2%	14,433	67.2%	2,617	18.1%
552	8.0%	1,037	14.0%	(485)	-46.8%	Coal	2,991	13.7%	3,098	14.4%	(107)	-3.5%
620	9.0%	737	10.0%	(117)	-15.9%	Other fuels	1,016	4.7%	2,475	11.6%	(1,459)	-58.9%
6,878	**100.0%**	**7,398**	**100.0%**	**(520)**	**-7.0%**	**Total**	**21,790**	**100.0%**	**21,469**	**100.0%**	**321**	**1.5%**

Gross thermal generation in the first nine months of 2017 totaled 21,790 million kWh, an increase of 321 million kWh compared with the same period of the previous year, essentially due to the greater use of natural gas, especially in Brazil and Argentina to offset decreased hydroelectric generation, and in Peru to neutralize the effect of plant shutdowns caused by flooding as mentioned above. In the 3rd Quarter of 2017, gross thermal generation fell by 520 million kWh compared with the 3rd Quarter of 2016.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
22,863	**19,400**	**3,463**	**17.9%**	**Electricity transported on Enel's distribution network**	**67,718**	**59,077**	**8,641**	**14.6%**
4,552	*4,652*	*(100)*	*-2.1%*	*- of which Argentina*	*13,642*	*14,203*	*(561)*	*-3.9%*
8,703	*5,405*	*3,298*	*61.0%*	*- of which Brazil*	*25,553*	*16,980*	*8,573*	*50.5%*
4,200	*4,090*	*110*	*2.7%*	*- of which Chile*	*12,274*	*11,965*	*309*	*2.6%*
3,493	*3,361*	*132*	*3.9%*	*- of which Colombia*	*10,276*	*10,105*	*171*	*1.7%*
1,915	*1,892*	*23*	*1.2%*	*- of which Peru*	*5,973*	*5,824*	*149*	*2.6%*

Electricity transported in the first nine months of 2017 totaled 67,718 million kWh (22,863 million kWh in the 3rd Quarter of 2017) for an increase of 8,641 million kWh (+3,463 million kWh in the 3rd Quarter of 2017).

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
1,654	**1,501**	**153**	**10.2%**	**Free market**	**4,918**	**4,593**	**325**	**6.6%**
16,862	**14,155**	**2,707**	**19.1%**	**Regulated market**	**50,861**	**43,473**	**7,388**	**17.0%**
18,516	**15,656**	**2,860**	**18.3%**	**Total**	**55,779**	**48,066**	**7,713**	**16.0%**
3,857	*3,999*	*(142)*	*-3.6%*	*- of which Argentina*	*11,500*	*12,120*	*(620)*	*-5.1%*
7,298	*4,656*	*2,642*	*56.7%*	*- of which Brazil*	*22,285*	*14,791*	*7,494*	*50.7%*
3,395	*3,290*	*105*	*3.2%*	*- of which Chile*	*9,972*	*9,859*	*113*	*1.1%*
2,366	*2,094*	*272*	*13.0%*	*- of which Colombia*	*6,995*	*6,220*	*775*	*12.5%*
1,600	*1,617*	*(17)*	*-1.1%*	*- of which Peru*	*5,027*	*5,076*	*(49)*	*-1.0%*

Electricity sales in the first nine months of 2017 amounted to 55,779 million kWh (18,516 million kWh in the 3rd Quarter of 2017), an increase of 7,713 million kWh (+2,860 million kWh in the 3rd Quarter of 2017).

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
3,317	2,818	499	17.7%	Revenue	9,830	7,923	1,907	24.1%
1,059	882	177	20.1%	Gross operating margin	3,117	2,612	505	19.3%
751	592	159	26.9%	Operating income	2,138	1,839	299	16.3%
				Capital expenditure	2,094	1,994	100	5.0%

The following tables provide a breakdown of performance by country in the 3rd Quarter and first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
Argentina	380	268	112	41.8%
Brazil	1,264	683	581	85.1%
Chile	866	1,090	(224)	-20.6%
Colombia	520	494	26	5.3%
Peru	284	280	4	1.4%
Other	3	3	-	-
Total	**3,317**	**2,818**	**499**	**17.7%**

Revenue in the 3rd Quarter of 2017 posted an increase €499 million, primarily attributable to:

> an increase of €112 million in revenue in Argentina, due to higher average prices compared with the same period of the previous year as a result of the comprehensive rate reform applicable to the distribution companies, only partially offset by exchange rate effects;

> an increase of €581 million in revenue in Brazil, essentially attributable to purchase of CELG-D, whose revenue in the 3rd Quarter of 2017 amounted to €206 million, and the appreciation of the Brazilian real against the euro;

> a decrease of €224 million in revenue in Chile, mainly owing to the effect of the decrease in volumes sold and average sale prices, as well as the effect of the €171 million gain on the disposal of GNL Quintero in the 3rd Quarter of 2016. These effects were only partially offset by the appreciation of the Chilean peso against the euro;

> an increase of €26 million in revenue in Colombia due to exchange rate effects from the appreciation of the Colombian peso against the euro;

> a slight increase of €4 million in revenue in Peru, largely as a result of an average reduction in rates fully offset by the positive trend in exchange rates.

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
Argentina	128	47	81	-
Brazil	250	170	80	47.1%
Chile	315	358	(43)	-12.0%
Colombia	268	251	17	6.8%
Peru	95	53	42	79.2%
Other	3	3	-	-
Total	**1,059**	**882**	**177**	**20.1%**

The **gross operating margin** amounted to €1,059 million, an increase of €177 million (20.1%) compared with the same period of 2016, as a result of:

> an €81 million increase in the gross operating margin in Argentina, due mainly to the trend in exchange rates;

> a €43 million decrease in the gross operating margin in Chile, which reflects higher capital losses in 2016 mentioned above (€163 million) and the positive trend in exchange rates, only partly offset by the gain recognized in 3rd Quarter of 2016 described above (€171 million);

- a €42 million increase in the gross operating margin in Peru, largely owing to the reasons described above for revenue as well as the effect of the loss in the 3rd Quarter of 2016 associated with the abandonment of the Curibamba hydroelectric project amounting to €18 million and an increase of €37 million in provisions for charges connected with the supply of electricity of Electroperu;
- a €17 million increase in the gross operating margin in Colombia, where the margins on sales have remained at healthy levels despite the decline in the average rates and the volumes sold in distribution operations. The positive effect was mainly due to the trend in exchange rates;
- a €80 million increase in the gross operating margin in Brazil, essentially reflecting the change in the scope of consolidation with the acquisition of CELG-D (€45 million) and the greater margins by the distribution companies, which was amplified by the positive trend in exchange rates.

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
Argentina	104	32	72	-
Brazil	124	47	77	-
Chile	233	276	(43)	-15.6%
Colombia	226	212	14	6.6%
Peru	62	23	39	-
Other	2	2	-	-
Total	**751**	**592**	**159**	**26.9%**

Operating income in the 3rd Quarter of 2017 totaled €751 million, including the effect of €308 million in depreciation, amortization and impairment losses (€290 million in the 3rd Quarter of 2016), an increase of €159 million compared with the same period of 2016.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
Argentina	1,119	863	256	29.7%
Brazil	3,442	1,795	1,647	91.8%
Chile	2,757	2,820	(63)	-2.2%
Colombia	1,590	1,532	58	3.8%
Peru	913	905	8	0.9%
Other	9	8	1	12.5%
Total	**9,830**	**7,923**	**1,907**	**24.1%**

Revenue in the first nine months of 2017 increased by €1,907 million, mainly owing to:

- an increase of €256 million in revenue in Argentina, essentially due to increased average sales prices as a result of the rate reform, only partially offset by the highly negative exchange rate effects of the depreciation of the Argentine peso against the euro (€131 million);
- a strong increase of €1,647 million in revenue in Brazil, of which around €963 million attributable to the change in scope of consolidation as a result of the acquisition of CELG-D on February 14, 2017 and the rest of the increase

mainly due to the recognition of revenue arising from the sectoral assets and liabilities (CVA) of the distribution companies, higher revenue owing to greater volumes generated by the Cachoeira Dourada plants, and the increase in revenue as a result of the strengthening of the Brazilian real against the euro (€363 million);

- a €63 million decrease in revenue in Chile, essentially owing to the gain on the sale of 20% of GNL Quintero in 2016 (€171 million) and the decline in the average prices on distribution and generation. These effects were only partially offset by the gain of €144 million on the sale of Electrogas in the 1st Quarter of 2017 and the positive trend in exchange rates (€102 million);
- a €58 million increase in revenue in Colombia, owing to the positive trend in exchange rates due to the appreciation of the Colombian peso against the euro (€65 million);
- a €8 million increase in revenue in Peru, largely due to the effect of the decline in average prices, more than offset by the impact of exchange rates (€29 million).

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
Argentina	271	203	68	33.5%
Brazil	707	466	241	51.7%
Chile	980	890	90	10.1%
Colombia	815	747	68	9.1%
Peru	337	300	37	12.3%
Other	7	6	1	16.7%
Total	**3,117**	**2,612**	**505**	**19.3%**

The **gross operating margin** amounted to €3,117 million, an increase of €505 million (+19.3%) compared with the same period of 2016, as a result of:

- an increase of €68 million in the gross operating margin in Argentina, mainly owing to the different regulatory mechanisms applicable in the two periods compared and despite the negative trend in exchange rates (€32 million);
- an increase of €90 million in the gross operating margin in Chile as a result of the loss of €163 million on a number of water use concessions recognized in 2016 following the abandonment of several hydroelectric projects (including Puelo and Futaleufú) and positive exchange rate developments (€34 million). These effects were partially offset by the decline in the margin on sales as a result of the average reduction in sale prices and the decrease in volumes sold and lower capital gains by €25 million as described under revenue;
- an increase of €37 million in the gross operating margin in Peru, mainly associated with exchange rate developments (€11 million) and items recognized in 2016 such as the loss of €18 million arising from the abandonment of the Curibamba hydroelectric project and an increase of €37 million in provisions for charges connected with the supply of electricity of Electroperu. These effects were partially offset by the average decrease in rates and lower volumes sold;
- an increase of €68 million in the gross operating margin in Colombia due essentially to the positive exchange rate effect (€34 million);
- an increase of €241 million in the gross operating margin in Brazil, which reflects the change in the scope of consolidation with the acquisition of CELG-D (€74 million), the positive exchange rate effect (€75 million) and the greater margins posted mainly by the distribution companies in Rio de Janeiro and in the Cearà region.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
Argentina	195	156	39	25.0%
Brazil	300	168	132	78.6%
Chile	730	667	63	9.4%
Colombia	685	638	47	7.4%
Peru	223	207	16	7.7%
Other	5	3	2	66.7%
Total	**2,138**	**1,839**	**299**	**16.3%**

Operating income in the first nine months of 2017 came to €2,138 million, including €979 million in depreciation, amortization and impairment losses (€773 million in the first nine months of 2016), an increase of €299 million compared with the same period of 2016, basically in line with development in the gross operating margin, The increase in depreciation, amortization and impairment losses (totaling €206 million) is mainly due to the changes in exchange rates mentioned above, the change in the scope of consolidation with the acquisition of CELG-D (€54 million) and the increase in net writedowns of trade receivables in Brazil and Argentina in the amount of €34 million.

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
Argentina	132	150	(18)	-12.0%
Brazil	1,143	868	275	31.7%
Chile	342	680	(338)	-49.7%
Colombia	176	157	19	12.1%
Peru	301	138	163	-
Other	-	1	(1)	-
Total	**2,094**	**1,994**	**100**	**5.0%**

Capital expenditure came to €2,094 million, up €100 million over the same period of the previous year. In particular, the increase in capital expenditure in the first nine months of 2017 is attributable to work on the distribution network in Brazil, in part following the acquisition of CELG-D (€149 million), and to investment in Peru in the amount of €163 million to construct wind and solar plants that will begin operation between late 2017 and early 2018.

Conversely, capital expenditure decreased in Chile in the area of renewable energy following the completion of activities related to production capacity that went online in 2016.

Europe and North Africa

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
10,749	10,872	(123)	-1.1%	Thermal	29,074	31,160	(2,086)	-6.7%
-	1,279	(1,279)	-	Nuclear	-	7,523	(7,523)	-
-	131	(131)	-	Hydroelectric	18	1,228	(1,210)	-98.5%
424	337	87	25.8%	Wind	1,325	1,201	124	10.3%
49	48	1	2.1%	Other sources	124	124	-	-
11,222	**12,667**	**(1,445)**	**-11.4%**	**Total net generation**	**30,541**	**41,236**	**(10,695)**	**-25.9%**
10,749	*10,745*	*4*	*-*	*- of which Russia*	*29,074*	*29,853*	*(779)*	*-2.6%*
-	*1,538*	*(1,538)*	*-*	*- of which Slovakia*	*-*	*9,684*	*(9,684)*	*-*
-	*-*	*-*	*-*	*- of which Belgium*	*-*	*352*	*(352)*	*-*
473	*384*	*89*	*23.2%*	*- of which other countries*	*1,467*	*1,347*	*120*	*8.9%*

Net electricity generation in the first nine months of 2017 came to 30,541 million kWh, a decrease of 10,695 million kWh compared with the same period of 2016, mainly owing to the change in the scope of consolidation with the sale of Slovenské elektrárne (in July 2016) and of Marcinelle Energie (in November 2016). In addition, generation declined in Russia due to a slight decrease in plants' load factor.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2017		2016		Change			**2017**		2016		Change	
6,056	53.6%	6,835	53.7%	(779)	-11.4%	Natural gas	15,901	51.9%	17,506	42.7%	(1,605)	-9.2%
5,241	46.4%	4,525	35.6%	716	15.8%	Coal	14,762	48.1%	15,396	37.5%	(634)	-4.1%
-	-	1,375	10.8%	(1,375)	-	Nuclear	-	-	8,102	19.8%	(8,102)	-
11,297	**100.0%**	**12,735**	**100.0%**	**(1,438)**	**-11.3%**	**Total**	**30,663**	**100.0%**	**41,004**	**100.0%**	**(10,341)**	**-25.2%**

Gross thermal generation in the first nine months of 2017 posted a decrease of 10,341 million kWh to 30,663 million kWh. In addition to the aforementioned changes in the scope of consolidation, this decrease for the period reflects an increased use of combined-cycle and coal-fired plants in Russia at the expense of gas-fired plants (which were also affected in the 1st Half of 2016 by a temporary shutdown at the Nevinnomisskaya plant).

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
3,926	3,786	140	3.7%	Electricity transported on Enel's distribution network	11,454	11,064	390	3.5%

Electricity transported, which was concentrated entirely in Romania, increased by 390 million kWh (+3.5%), going from 11,064 million kWh to 11,454 million kWh in the first nine months of 2017. This increase was mainly the result of new grid connections, which reflects the development of the country's power grid in both the residential and business segments.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
1,800	**1,598**	**202**	**12.6%**	**Free market**	**4,431**	**6,162**	**(1,731)**	**-28.1%**
947	**1,180**	**(233)**	**-19.7%**	**Regulated market**	**3,169**	**3,662**	**(493)**	**-13.5%**
2,747	**2,778**	**(31)**	**-1.1%**	**Total**	**7,600**	**9,824**	**(2,224)**	**-22.6%**
2,747	*1,867*	*880*	*47.1%*	*- of which Romania*	*7,600*	*5,623*	*1,977*	*35.2%*
-	*562*	*(562)*	-	*- of which France*	-	*1,803*	*(1,803)*	-
-	*349*	*(349)*	-	*- of which Slovakia*	-	*2,398*	*(2,398)*	-

Electricity sales in the first nine months of 2017 decreased by 2,224 million kWh, going from 9,824 million kWh to 7,600 million kWh. This decrease is attributable to:

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

> the strong increase in electricity sales in Romania, where, due to the effect of gradual market liberalization, sales on the free market superseded those on the regulated market.

The same performance was also seen in the 3rd Quarter of 2017.

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
593	771	(178)	-23.1%	Revenue	1,750	3,075	(1,325)	-43.1%
132	188	(56)	-29.8%	Gross operating margin	409	609	(200)	-32.8%
81	87	(6)	-6.9%	Operating income	253	326	(73)	-22.4%
				Capital expenditure	208 (1)	144 (2)	64	44.4%

(1) Does not include €27 million regarding units classified as "held for sale".
(2) Does not include €283 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by country in the 3rd Quarter and first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
Romania	293	254	39	15.4%
Russia	277	257	20	7.8%
Slovakia	-	188	(188)	-
Other	23	72	(49)	-68.1%
Total	**593**	**771**	**(178)**	**-23.1%**

Revenue in the 3rd Quarter of 2017 totaled €593 million, down €178 million (-23.1%) compared with the same period of the previous year. This decrease is related to:

> the change in the scope of consolidation related to Slovenské elektrárne (€188 million), Marcinelle Energie (€16 million) and Enel France (€30 million);

> the increase of €39 million in revenue in Romania, essentially owing to the increase in volumes transported and sold, which more than offset the reduction in distribution rates;

> the increase of €20 million in revenue in Russia, mainly related to the strengthening of the ruble against the euro and the increase in unit sale prices, which more than offset the decrease in output.

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
Romania	57	102	(45)	-44.1%
Russia	60	48	12	25.0%
Slovakia	-	34	(34)	-
Other	15	4	11	-
Total	**132**	**188**	**(56)**	**-29.8%**

The **gross operating margin** amounted to €132 million, a decrease of €56 million compared with the 3rd Quarter of 2016. This change was mainly due to:

> the change in the scope of consolidation related to Slovenské elektrárne (€34 million);

> the decrease of €45 million in the gross operating margin in Romania, which reflects the increase in costs for the provisioning of electricity;

> the increase of €12 million in the gross operating margin in Russia, due mainly to rising prices and to a number of efficiency measures (especially in terms of personnel expense), as well as to the exchange rate effects noted above.

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
Romania	25	64	(39)	-60.9%
Russia	45	34	11	32.4%
Slovakia	-	44	(44)	-
Other	11	(55)	66	-
Total	**81**	**87**	**(6)**	**-6.9%**

Operating income for the 3rd Quarter of 2017 totaled €81 million, down €6 million compared with the same period of 2016, including €50 million in depreciation, amortization and impairment losses as well as the changes already discussed in the previous section.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
Romania	847	767	80	10.4%
Russia	834	682	152	22.3%
Slovakia	-	1,360	(1,360)	-
Other	69	266	(197)	-74.1%
Total	**1,750**	**3,075**	**(1,325)**	**-43.1%**

Revenue in the first nine months of 2017 totaled €1,750 million, down €1,325 million (-43.1%) compared with the same period of the previous year. This decrease is related to:

- the decrease of €1,360 million in revenue in Slovakia due to the deconsolidation following the sale at the end of July 2016;
- the increase of €152 million in revenue in Russia, mainly related to the strengthening of the ruble against the euro (€122 million) and the increase in unit sale prices, which more than offset the decrease in output;
- the increase of €80 million in revenue in Romania, essentially owing to the increase in volumes transported and sold, which more than offset the reduction in distribution rates;
- the decrease in revenue in other countries following the deconsolidation of Marcinelle Energie and Enel France, the effects of which totaled €195 million.

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
Romania	171	266	(95)	-35.7%
Russia	200	126	74	58.7%
Slovakia	-	191	(191)	-
Other	38	26	12	46.2%
Total	**409**	**609**	**(200)**	**-32.8%**

The **gross operating margin** amounted to €409 million, a decrease of €200 million compared with the first nine months of 2016. This performance was mainly due to:

> the change in the scope of consolidation related to Slovenské elektrárne (€191 million);
> the decrease of €95 million in the gross operating margin in Romania, due to the increase in the costs for the provisioning of electricity, owing to a crisis on the supply market, which was not reflected in the prices charged to customers;
> the increase of €74 million in the gross operating margin in Russia, due mainly to the strengthening of the ruble against the euro, as well as to efficiency measures implemented and a decrease in margins caused by downtime at a number of plants in the 1st Half of 2016.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
Romania	71	166	(95)	-57.2%
Russia	156	89	67	75.3%
Slovakia	-	114	(114)	-
Other	26	(43)	69	-
Total	**253**	**326**	**(73)**	**-22.4%**

Operating income for the first nine months of 2017 totaled €253 million, a decrease of €73 million. More specifically, a €127 million decline in depreciation, amortization and impairment losses reflects not only the effects of the sale of Slovenské elektrárne (€77 million), but also the effect of the impairment recognized in the first nine months of 2016 to adjust the assets of Marcinelle Energie to their estimated realizable value (€52 million).

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
Romania	79	80	(1)	-1.2%
Russia	73	53	20	37.7%
Other	56	11	45	-
Total	**208** (1)	**144** (2)	**64**	**44.4%**

(1) Does not include €27 million regarding units classified as "held for sale".
(2) Does not include €283 million regarding units classified as "held for sale".

Capital expenditure amounted to €208 million, up €64 million compared with the same period of the previous year. This change is due to:

- a €20 million increase in Russia, due mainly to extraordinary plant maintenance;
- an increase of €45 million in other countries, mainly Greece (€30 million), and to expenditure at the geothermal plant in Germany (€19 million).

North and Central America

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
671	723	(52)	-7.2%	Hydroelectric	1,858	2,263	(405)	-17.9%
-	80	(80)	-	Geothermal	-	288	(288)	-
1,225	1,978	(753)	-38.1%	Wind	4,679	6,650	(1,971)	-29.6%
81	17	64	-	Other sources	156	49	107	218.4%
1,977	**2,798**	**(821)**	**-29.3%**	**Total net generation**	**6,693**	**9,250**	**(2,557)**	**-27.6%**
915	*1,868*	*(953)*	*-51.0%*	*- of which United States and Canada*	*3,526*	*6,624*	*(3,098)*	*-46.8%*
457	*389*	*68*	*17.5%*	*- of which Mexico*	*1,477*	*1,171*	*306*	*26.1%*
319	*412*	*(93)*	*-22.6%*	*- of which Panama*	*1,049*	*1,170*	*(121)*	*-10.3%*
286	*129*	*157*	*-*	*- of which other countries*	*641*	*285*	*356*	*124.9%*

Net electricity generation in the first nine months of 2017 amounted to 6,693 million kWh, a decrease of 2,557 million kWh compared with the same period of the previous year. The decrease is mainly attributable to the decline in wind generation in the United States and Canada (-3,098 million kWh), mainly attributable to the deconsolidation as from November 30, 2016, of the plants of EGPNA REP. This factor was marginally offset by the increase in quantities produced in Mexico (+306 million kWh) thanks to the entry into service of the Vientos del Altiplano and Palo Alto plants and in Costa Rica and Guatemala. Similar developments were registered in the 3rd Quarter of 2017.

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
243	210	33	15.7%	Revenue	608	672	(64)	-9.5%
108	143	(35)	-24.5%	Gross operating margin	326	470	(144)	-30.6%
58	60	(2)	-3.3%	Operating income	181	259	(78)	-30.1%
				Capital expenditure	1,479	989	490	49.5%

The following tables show a breakdown of performance by geographic area in the 3rd Quarter and in the first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
United States and Canada	156	129	27	20.9%
Mexico	36	37	(1)	-2.7%
Panama	31	34	(3)	-8.8%
Other countries	20	10	10	-
Total	**243**	**210**	33	15.7%

Revenue in the 3rd Quarter of 2017 amounted to €243 million, an increase of €33 million (+15.7%) compared with the same period of the previous year. The change reflected:

> an increase of €27 million in revenue in North America, mainly due to a rise in other revenue (€82 million) largely attributable to the entry in the market for smart energy management services following the acquisition of EnerNOC. This was partly offset by the decline in revenue from tax partnerships (€22 million) and a reduction in sales of power on the wholesale market (€32 million, mainly due to the deconsolidation of the plants of EGPNA REP);

> a reduction of €1 million in revenue in Mexico, as the increase in revenue from the sale of electricity through bilateral contract was more than offset by the reduction in other revenue due to the recognition in 2016 of a positive price adjustment on the acquisition (in 2012) of Stipa Nayaá in the amount of €19 million;

> a decrease of €3 million in revenue in Panama as a result of the deterioration in water conditions in the period;

> an increase of €10 million as a result of greater revenue from sales of electricity in Guatemala (€4 million) and Costa Rica (€6 million) thanks to the increase in output as new plants entered service.

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
United States and Canada	53	87	(34)	-39.1%
Mexico	23	29	(6)	-20.7%
Panama	20	23	(3)	-13.0%
Other countries	12	4	8	-
Total	108	143	(35)	-24.5%

The **gross operating margin** in the 3rd Quarter of 2017 amounted to €108 million, a decrease of €35 million (-24.5%) compared with the same period of the previous year. The decrease reflected:

> a decline of €34 million in the margin in North America, as the positive gross operating margin posted following the acquisition of EnerNOC was more than offset by the decrease in revenue noted above;

> a decrease of €6 million in the margin in Mexico due to the decrease in revenue discussed above and an increase in costs for services connected with the electricity business (€3 million) and personnel costs (€1 million);

> a decrease of €3 million in the margin posted in Panama as a result of the decline in revenue from electricity sales noted earlier;

> an increase of €8 million in the margin in other countries due to the factors discussed under revenue above.

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
United States and Canada	26	34	(8)	-23.5%
Mexico	11	6	5	83.3%
Panama	17	20	(3)	-15.0%
Other countries	4	-	4	-
Total	58	60	(2)	-3.3%

Operating income amounted to €58 million, a decrease of €2 million as a result of the decrease in margins, only partly offset by a decline of €33 million in depreciation, amortization and impairment losses.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
United States and Canada	335	451	(116)	-25.7%
Mexico	106	87	19	21.8%
Panama	112	103	9	8.7%
Other countries	55	31	24	77.4%
Total	**608**	**672**	**(64)**	**-9.5%**

Revenue in the first nine months of 2017 totaled €608 million, a decrease of €64 million (-9.5%) compared with the same period of the previous year. This reflected:

> a decrease of €116 million in revenue in United States and Canada, essentially due to a reduction in revenue from the sale of electricity as a result of a decline in output (mainly due to the deconsolidation of the plants of EGPNA REP) and a decrease in revenue from tax partnerships, only partly offset by the change in the scope of consolidation with the acquisition of EnerNOC on August 7, 2017 (€86 million);

> an increase of €19 million in revenue in Mexico, mainly due to the output of the new wind plants of Vientos del Altiplano and Palo Alto;

> an increase of €9 million in revenue in Panama, reflecting an increase in sales prices and the positive impact of exchange rate developments, which more than offset the adverse water conditions at the Fortuna plant;

> an increase in revenue in other countries, of which €16 million in Costa Rica and €8 million al Guatemala, thanks to the entry of new plants into service.

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
United States and Canada	146	322	(176)	-54.7%
Mexico	72	65	7	10.8%
Panama	74	69	5	7.2%
Other countries	34	14	20	-
Total	**326**	**470**	**(144)**	**-30.6%**

The **gross operating margin** in the first nine months of 2017 amounted to €326 million, a decrease of €144 million (-30.6%) compared with the first nine months of 2016.
The decrease is attributable to the decline of €176 million in the margin in the United States and Canada, reflecting the same factors discussed under revenue, only partly offset in the other countries in the Region (more specifically, Costa Rica for €14 million, Mexico for €7 million and Panama for €5 million) by the effects of the entry into service of new plants and the appreciation of local currencies against the euro.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
United States and Canada	70	171	(101)	-59.1%
Mexico	36	23	13	56.5%
Panama	65	60	5	8.3%
Other countries	10	5	5	-
Total	**181**	**259**	**(78)**	**-30.1%**

Operating income in the first nine months of 2017 amounted to €181 million, a decrease of €78 million despite a reduction of €66 million in depreciation, amortization and impairment losses associated with the EGPNA REP plants. This was partly offset by an increase in depreciation as a result of the entry into service of new plants.

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
United States and Canada	993	758	235	31.0%
Mexico	452	130	322	-
Panama	8	39	(31)	-79.5%
Other countries	26	62	(36)	-58.1%
Total	**1,479**	**989**	**490**	**49.5%**

Capital expenditure in the first nine months of 2017 amounted to €1,479 million, an increase of €490 million compared with the same period of the previous year, attributable to an increase in investment in wind plants in the United States, notably in Oklahoma and Missouri, and photovoltaic plants in the state of Zacatecas in Mexico.

Sub-Saharan Africa and Asia

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
285	149	136	91.3%	Wind	680	310	370	-
132	15	117	-	Other sources	419	24	395	-
417	**164**	**253**	**-**	**Total**	**1,099**	**334**	**765**	-
307	*29*	*278*	-	*- of which South Africa*	*825*	*38*	*787*	-
110	*136*	*(26)*	*-19.1%*	*- of which India*	*274*	*297*	*(23)*	*-7.7%*

Net generation in the first nine months of 2017 amounted to 1,099 million kWh (417 million kWh in the 3rd Quarter of 2017), an increase compared with the same period of 2016 of 765 million kWh (253 million kWh in the 3rd Quarter of 2017). The increase mainly reflected the increase in wind generation (+370 million kWh) and solar generation (+395 million kWh) in South Africa following the entry of a number of plants into service. By contrast, output decline in India as a result of flooding and shutdown of the Vaju 1 plant in August.
A similar pattern was registered in the 3rd Quarter of 2017.

Performance

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
26	9	17	-	Revenue	72	18	54	-
19	6	13	-	Gross operating margin	47	7	40	-
8	(3)	11	-	Operating income	15	(5)	20	-
				Capital expenditure	25	253	(228)	-90.1%

The following tables show a breakdown of performance by geographic area in the 3rd Quarter and in the first nine months of 2017.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2017	2016	Change	
South Africa	20	2	18	-
India	6	7	(1)	-14.3%
Total	**26**	**9**	**17**	-

Revenue in the 3rd Quarter of 2017 amounted to €26 million, an increase of €17 million compared with the same period of the previous year thanks to the wind and solar generation of South African plants that have entered service since the 2nd Half of 2016 (Sublunary, Nojoli, Pulida, Adams 2, Electra, Gibson Bay and Tobivox).

Gross operating margin

Millions of euro	3rd Quarter			
	2017	2016	Change	
South Africa	16	1	15	-
India	3	5	(2)	-40.0%
Other	-	-	-	-
Total	**19**	**6**	**13**	**-**

The **gross operating margin** amounted to €19 million in the 3rd Quarter of 2017, an increase of €13 million compared with the same period of the previous year, reflecting the same factors discussed under revenue.

Operating income

Millions of euro	3rd Quarter			
	2017	2016	Change	
South Africa	6	(7)	13	-
India	2	4	(2)	-50.0%
Other countries	-	-	-	-
Total	**8**	**(3)**	**11**	**-**

Operating income totaled €8 million, an improvement of €11 million, taking account of a €2 million decrease in depreciation, amortization and impairment losses.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2017	2016	Change	
South Africa	58	3	55	-
India	14	15	(1)	-6.7%
Total	**72**	**18**	**54**	**-**

Revenue in the first nine months of 2017 amounted to €72 million, an increase of €54 million compared with the same period of the previous year. The rise was attributable to the entry into service and consequent increase in output of the South African plants.

Gross operating margin

Millions of euro	First nine months			
	2017	2016	Change	
South Africa	40	(3)	43	-
India	8	10	(2)	-20.0%
Other countries	(1)	-	(1)	-
Total	**47**	**7**	**40**	**-**

The **gross operating margin** in the first nine months of 2017 amounted to €47 million, an increase di €40 million compared with the first nine months of 2016. The change was the result of the entry into service and consequent increase in output of the South African plants.

Operating income

Millions of euro	First nine months			
	2017	2016	Change	
South Africa	13	(11)	24	-
India	3	6	(3)	-50.0%
Other countries	(1)	-	(1)	-
Total	**15**	**(5)**	**20**	**-**

Operating income in the first nine months of 2017 amounted to €15 million, an improvement of €20 million, taking account of an increase of €20 million in depreciation, amortization and impairment losses, mainly reflecting the entry into service of six plants in South Africa over the course of 2016.

Capital expenditure

Millions of euro	First nine months			
	2017	2016	Change	
South Africa	22	253	(231)	-91.3%
India	2	-	2	-
Other countries	1	-	1	-
Total	**25**	**253**	**(228)**	**-90.1%**

Capital expenditure in the first nine months of 2017 amounted to €25 million, a decrease of €228 million compared with the same period of the previous year. The investments mainly regarded photovoltaic plants in South Africa.

Other, eliminations and adjustments

3rd Quarter				Millions of euro	First nine months			
2017	2016	Change			**2017**	2016	Change	
124	189	(65)	-34.4%	Revenue (net of eliminations)	278	602	(324)	-53.8%
(84)	(25)	(59)	-	Gross operating margin	(230)	(103)	(127)	-
(88)	(35)	(53)	-	Operating income	(241)	(184)	(57)	-31.0%
				Capital expenditure	8	20 [(1)]	(12)	-60.0%

(1) Does not include €5 million in respect of assets classified as “held for sale”.

Performance

Performance in the 3rd Quarter

Revenue net of eliminations in the 3rd Quarter of 2017 amounted to €124 million, a decrease of €65 million compared with the same period of the previous year (-34.4%), reflecting the decline in management fees on services provided to other Group divisions, as well as the completion of work on construction contracts.

The **gross operating margin** in the 3rd Quarter of 2017 came to a negative €84 million, a deterioration of €59 million compared with the same period of 2016 attributable to the developments noted for revenue.

The **operating loss** of €88 million represented a deterioration of €53 million compared with the 3rd Quarter of 2016.

Performance in the first nine months

Revenue net of eliminations in the first nine months of 2017 amounted to €278 million, a decrease of €324 million compared with the same period of the previous year (-53.8%).
The decline was essentially attributable to:

> a decrease of €109 million in engineering revenue following the incorporation of Enel Ingegneria & Ricerca into Enel Produzione, with the transfer of the related flows to the Italy segment;
> a decrease of €94 million following the transfer of the Information Technology unit from Enel Iberia to Endesa and the consequent inclusion of the figures in the Iberia segment;
> a €80 million reduction in management fees on services provided to other divisions of the Group;
> the capital gain of €19 million on the disposal of Compostilla Re recognized in the first nine months of 2016.

The **gross operating margin** in the first nine months of 2017, a negative €230 million, showed a deterioration of €127 million, essentially reflecting the decrease in revenue.

The **operating loss** in the first nine months of 2017 amounted to €241 million, a deterioration of €57 million compared with the same period of the previous year, taking account of an increase in depreciation, amortization and impairment of €70 million.

Capital expenditure

Capital expenditure in the first nine months of 2017 amounted to €8 million, a decrease of €12 million compared with the first nine months 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 Sept. 30, 2017	at Dec. 31, 2016	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	91,701	92,318	(617)	-0.7%
- goodwill	13,660	13,556	104	0.8%
- equity investments accounted for using the equity method	1,565	1,558	7	0.4%
- other net non-current assets/(liabilities)	(1,394)	(802)	(592)	-73.8%
Total net non-current assets	**105,532**	**106,630**	**(1,098)**	**-1.0%**
Net current assets:				
- trade receivables	13,596	13,506	90	0.7%
- inventories	2,924	2,564	360	14.0%
- net receivables due from institutional market operators	(3,751)	(3,592)	(159)	4.4%
- other net current assets/(liabilities)	(6,079)	(5,201)	(878)	16.9%
- trade payables	(11,136)	(12,688)	1,552	12.2%
Total net current assets	**(4,446)**	**(5,411)**	**965**	**17.8%**
Gross capital employed	**101,086**	**101,219**	**(133)**	**-0.1%**
Provisions:				
- employee benefits	(2,529)	(2,585)	56	2.2%
- provisions for risks and charges and net deferred taxes	(8,219)	(8,517)	298	3.5%
Total provisions	**(10,748)**	**(11,102)**	**354**	**3.2%**
Net assets held for sale	**216**	**11**	**205**	**-**
Net capital employed	**90,554**	**90,128**	**426**	**0.5%**
Total shareholders' equity	**52,613**	**52,575**	**38**	**0.1%**
Net financial debt	**37,941**	**37,553**	**388**	**1.0%**

Net capital employed at September 30, 2017 amounted to €90,554 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €52,613 million and net financial debt of €37,941 million. At September 30, 2017 the debt/equity ratio was 0.72 (0.71 at December 31, 2016).

Analysis of the Group's financial structure

Net financial debt

Net financial debt and changes in the period are detailed in the table below:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Long-term debt:				
- bank borrowings	8,309	7,446	863	11.6%
- bonds	31,171	32,401	(1,230)	-3.8%
- other borrowings	1,415	1,489	(74)	-5.0%
Long-term debt	*40,895*	*41,336*	*(441)*	*-1.1%*
Long-term financial receivables and securities	(2,912)	(2,621)	(291)	-11.1%
Net long-term debt	**37,983**	**38,715**	**(732)**	**-1.9%**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	1,164	749	415	55.4%
- other short-term bank borrowings	110	909	(799)	-87.9%
Short-term bank borrowings	*1,274*	*1,658*	*(384)*	*-23.2%*
Bonds (short-term portion)	4,607	3,446	1,161	33.7%
Other borrowings (short-term portion)	192	189	3	1.6%
Commercial paper	2,641	3,059	(418)	-13.7%
Cash collateral and other financing on derivatives	485	1,286	(801)	-62.3%
Other short-term financial payables (1)	679	414	265	64.0%
Other short-term debt	*8,604*	*8,394*	*210*	*2.5%*
Long-term financial receivables (short-term portion)	(1,174)	(767)	(407)	-53.1%
Factoring receivables	(498)	(128)	(370)	-
Financial receivables and cash collateral	(2,473)	(1,082)	(1,391)	-
Other short-term financial receivables	(581)	(911)	330	36.2%
Cash and cash equivalents with banks and short term securities	(5,194)	(8,326)	3,132	37.6%
Cash and cash equivalents and short-term financial receivables	*(9,920)*	*(11,214)*	*1,294*	*11.5%*
Net short-term debt	**(42)**	**(1,162)**	**1,120**	**96.4%**
NET FINANCIAL DEBT	**37,941**	**37,553**	**388**	**1.0%**
Net financial debt of "Assets held for sale"	**897**	**-**	**897**	**-**

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

Net financial debt amounted to €37,941 million at September 30, 2017, an increase of €388 million compared with December 31, 2016.

Net long-term debt decreased by €732 million, due to the combined effect of an increase of €291 million in financial receivables and a decrease of €441 million in gross long-term debt.

With regard to the latter:

> bank borrowings amounted to €8,309 million, an increase of €863 million due mainly to drawings on long-term bank financing by Enel SpA in the amount of €992 million, to loans granted by the European Investment Bank to Endesa SA in the amount of €300 million and to e-distribuzione in the amount of €100 million and to bank loans granted to companies in South America amounting to €547 million. The increase was partly offset by the reclassification of the current portion of long-term bank loans and the change in the scope of consolidation;

- bonds amounted to €31,171 million, a decrease of €1,230 million on the end of 2016, mainly reflecting:
  - new bond issues, including:
    - €1,250 million in respect of a fixed-rate Green Bond, maturing in 2024, issued by Enel Finance International in January 2017;
    - 225 million Swiss francs (equivalent to €196 million) in respect of a fixed-rate bond, maturing in 2024, issued by Enel Finance International in March 2017;
    - $5,000 million (equivalent to €4,235 million) in respect of a multi-tranche bond with maturities in 2022, 2027 and 2047, issued by Enel Finance International in May 2017;
    - €183 million in equivalent value for local issues by companies in South America;
  - the repurchase by Enel Finance International of a bond denominated in US dollars, originally maturing in July 2019, with an equivalent value of €1,479 million;
  - the reclassification to short term of bonds maturing in the following 12 months, including three bonds issued by Enel SpA in the total amount of the €3,582 million, two fixed-rate bonds issued by Enel Finance International in the amount of €598 million and bonds in local currencies issued by companies in South America in the amount of €165 million;
  - exchange gains of €1,511 million (this also includes the exchange differences on the short-term portion of bonds).

  In the first nine months of 2017, repayments were made of the following bond issues:
  - two fixed-rate bonds in the amount of €1,891 million issued by Enel Finance International, which matured in July and September 2017;
  - a fixed-rate bond in the amount of €909 million issued by Enel SpA, which matured in June 2017;
  - €322 million in respect of local-currency issues by South American companies.

The main financing contracts finalized in first nine months of 2017 included a loan of €500 million obtained in July by e-distribuzione from the European Investment Bank for the replacement of digital meters. At September 30, 2017, €100 million were drawn.

Net short-term debt showed a creditor position of €42 million at September 30, 2017, a reduction of €1,120 million compared with the end of 2016, the result of the increase in other short-term borrowings of €210 million and the decrease in cash and cash equivalents and short-term financial receivables in the amount of €1,294 million, partly offset by the decrease in short-term bank borrowings in the amount of €384 million.

Other short-term debt, totaling €8,604 million, includes commercial paper issued by Enel Finance International and International Endesa BV in the total amount of €2,641 million, as well as bonds maturing within 12 months amounting to €4,607 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €2,473 million, while cash collateral received from such counterparties amounted to €485 million.

Cash and cash equivalents and short-term financial receivables came to €9,920 million, down €1,294 million compared with the end of 2016, mainly reflecting the decrease in cash with banks and short-term securities in the amount of €3,132 million, partly offset by the increase in receivables for cash collateral of €1,391 million and in the short-term portion of long-term financial receivables in the amount of €407 million.

Cash flows

Cash flows from operating activities in the first nine months of 2017 were a positive €7,161 million, up €395 million on the same period of the previous year, mainly due to the increased portion of gross operating margin converted into cash, despite the decline in the margin in absolute terms.

Cash flows from investing/disinvesting activities in the first nine months of 2017 absorbed funds in the amount of €6,237 million, while in the first nine months of 2016 they had absorbed liquidity totaling €4,768 million.
More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets amounted to €5,547 million in the first nine months of 2017, up €43 million on the corresponding period of the previous year, mainly due to increased investment in renewables generation.

Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €864 million in the first nine months of 2017 and mainly regarded the acquisition of CELG-D, which operates in the electricity distribution sector in the Brazilian state of Goiás, as well as the acquisition of EnerNOC, which operates in active demand response networks and the supply of energy intelligence software services in North America, Europe and Asia-Pacific.
The disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €19 million and mainly regarded the disposal of a number of minor companies operating in renewables generation in Spain. The same item in the first nine months of 2016 amounted to €727 million and included:

- the disposal of Hydro Dolomiti Enel, which operates in the hydroelectric generation sector in Italy, for €313 million;
- the sale of 50% of Slovak Power Holding, which in turns holds 66% of Slovenské elektrárne, for €139 million;
- the disposal of GNL Quintero, an associated company in which the Group held 20%, for €177 million;
- the disposal of a number of minor companies in North America.

Cash flows generated by other investing/disinvesting activities in the first nine months of 2017 amounted to €155 million, and are essentially attributable to the disposal of the investment in Electrogas.

Cash flows from financing activities absorbed liquidity in the amount of €3,747 million, while in the first nine months of 2016 they showed cash used of €6,516 million. The flow in the first nine months of 2017 is essentially associated with the reduction of net financial debt (the net balance of repayments and new borrowing) in the amount of €557 million and the payment of dividends totaling €2,782 million.

In the first nine months of 2017, cash flows from operating activities in the amount of €7,161 million only partly covered the cash needs for financing activities in the amount of €3,747 million and for investing activities totaling €6,237 million. The difference is reflected in the decrease in cash and cash equivalents, which at September 30, 2017 amounted to €5,208 million, compared with €8,326 million at the end of 2016. This decrease also reflects the effect of adverse developments in the exchange rates of the various local currencies against the euro, equal to €295 million.

Significant events in the 3rd Quarter of 2017

Electricity storage agreement with Amber Kinetics

On July 6, 2017, Enel signed a two-year agreement with Amber Kinetics, the US-based start-up born out of an initiative of professors and researchers from UC Berkeley, with the aim of assessing the start-up's innovative flywheel storage technology, which is an electro-mechanical system consisting of a large rotating mass able to store energy. Under the terms of the agreement, Enel will study and test the technology and identify mass business applications for the integration of the technology with the grid. Upon completion of a three-month test phase involving two synchronized flywheel units at one of Amber Kinetics' test sites in California, Enel will evaluate the possibility of utilizing the 40 kW/160 kWh model of the technology in a pilot project at one of its thermal power plants.
The 5,000 lb. (approximately 2,267 kg) steel flywheel system is charged by converting the electricity from the power plant to which is coupled or from a power grid into the kinetic energy of the spinning wheel, which can rotate for up to four hours on a single charge. At times of peak power demand, the flywheel turns a generator – automatically or through a control system – converting its kinetic energy back into electricity that is delivered to the grid.

Agreement to identify energy access startups in Africa

On July 10, 2017, Enel Green Power and the Swiss company Seedstars World signed a cooperation agreement establishing the Africa Energy Track challenge, a competition aimed at identifying innovative startups in the field of electricity access in Africa within the framework of the Seedstars World startup competition. The project's goal is to promote technology and entrepreneurship in Sub-Saharan rural areas by bringing innovative energy solutions focused on electric mobility, storage, distributed generation and energy efficiency, thereby helping to tackle the UN Sustainable Development Goals (SDGs), especially SDG7 – ensuring affordable and clean energy for all.

Agreement with Cisco for digitization and innovative services

On July 12, 2017, Enel and Cisco signed a memorandum of understanding for developing innovative digital solutions in the energy sector. The aim is to fully leverage the potential of telecommunications technology, IT security and the Internet of Things to create new services and a smart grid that is even more secure, intelligent and reliable to serve Italy's needs. This goal can also be achieved thanks to a specialist training program enabling not only Enel employees but also numerous students and industry professionals to update their skills and acquire the necessary knowledge for managing, monitoring and protecting a grid in which digital technology and traditional electrical technology are ever more interconnected.

Award of renewables capacity in Spain

On July 26, 2017, Enel Green Power España was awarded 339 MW of solar power capacity in Spain in a renewable energy tender. The plants, whose construction will require an investment of about €270 million, will sell their electricity on the Spanish pool market, with incentives from the Spanish Government in the form of annual capacity payments to guarantee a steady return over the 25-year lives of the facilities. The photovoltaic plants are expected to enter service by 2019 and will be located in the regions of Murcia and Badajoz. Once up and running, the plants will generate approximately 640 GWh per year.

EIB loan for smart meters

On July 28, 2017, the European Investment Bank (EIB) agreed the first tranche of €500 million of a loan to support e-distribuzione's plan for the replacement of smart meters in Italy. The EIB will finance part of the investment envisaged for 2017-2021 in the smart meter installation plan, which provides for the installation of around 41 million new generation smart meters (generation 2.0) over a 15 year-period. Of the total number of meters, about 32 million will replace the existing first generation meters, while the remainder will be used for new connections and customer requests. The replacement of existing meters with the next generation of devices has been prompted by the requirement for electricity distribution companies to deploy intelligent metering systems that meet the energy-efficiency standards set by the European Union (European Directive 2012/27/EU, transposed into Italian law with Legislative Decree 102/2014).

The energy scenario of recent years has underscored the importance of timely management of more comprehensive and detailed information to support the operations of electric companies and their customers. The Open Meter technology will make it possible to promote energy efficiency, increase awareness of consumption behavior, foster competition in post-meter services and develop the home automation market.

E-distribuzione's plan has been designated an EU project of common interest (PCI) and is part of the EIB's activities in the energy sector, fighting climate change and providing support for convergence regions (i.e. economically underdeveloped regions), since 40% of meters are located in southern Italy, Sicily and Sardinia.

Repurchase of dollar-denominated bonds

On August 2, 2017, Enel Finance International ("EFI") purchased in cash the entire $1,750,000,000 bond issued by EFI and guaranteed by Enel. The operation was conducted on the basis of the "make whole call option" provided for in the original contract, under which it is possible to redeem the bond early at a price calculated on the basis of the present value of the payments of principal and interest, discounted at a rate increased by a spread of 30 basis points.

The repurchase was carried out as part of the strategy to optimize the structure of the Enel Group's liabilities through active management of maturities and of cost of debt.

Acquisition of EnerNOC

On August 7, 2017, Enel Green Power North America ("EGPNA") completed a tender offer for all of the outstanding shares of EnerNOC for a total price of about $250 million.

EnerNOC has active demand response networks in North America, Europe and Asia-Pacific. Additionally, EnerNOC energy intelligence software enables businesses to boost facility efficiency, simplify utility bill management and ease reporting burdens. The company's energy procurement tools and services help customers buy energy more strategically, manage risk and optimize pricing.

The completion of the acquisition came as a result of EGPNA's successful tender offer to EnerNOC's shareholders for no less than a majority of its shares. A total of 22,447,759 shares were validly tendered into and not withdrawn from the offer, representing about 71.61% of EnerNOC's outstanding shares at a price of $7.67 per share in cash, representing a premium of about 42% to the company's closing stock price on June 21, 2017 and a 38% premium to the 30-day weighted average price. Following its acceptance of the tendered shares, EGPNA completed the acquisition by acquiring a 100% ownership interest in the company. EnerNOC will be delisted following the merger.

Tax partnership agreement for the Red Dirt (USA) wind farm

On August 17, 2017, Enel Green Power North America ("EGPNA"), acting through its subsidiary Red Dirt Wind Holdings, signed a tax equity agreement worth approximately $340 million with MUFG and Allianz Renewable Energy Partners of America ("Allianz") for the Red Dirt wind project located in Oklahoma, which has a total installed capacity of around 300 MW.

Under the agreement, which is commonly used for the development of renewable energy projects in the United States, MUFG and Allianz will pay the above amount to the wind farm owner, Red Dirt Wind Holdings, purchasing 100% of the "Class B" equity interests in the project. This investment will enable the two investors to obtain, under certain conditions set under US tax law, a percentage of the tax benefits of the Red Dirt wind project. In turn, EGPNA, through Red Dirt Wind Holdings, will retain 100% ownership of the "Class A" interests and therefore management control of the project. The agreement secures the funding commitment by the two investors, with the closing of the funding expected to occur upon start of commercial operation of the Red Dirt wind farm. The tax equity partnership will be supported by a parent company guarantee from Enel SpA.

The Red Dirt wind project, construction of which started in April, is expected to begin operations by the end of 2017. The investment in Red Dirt amounts to about $420 million, which is part of the investment outlined in Enel's current strategic plan.

Corporate reorganization in Chile

On August 25, 2017, the Board of Directors of the subsidiary Enel Chile began analyzing a possible reorganization of the Enel Group's shareholdings in Chile based on a non-binding proposal formulated by Enel Chile and sent to Enel in July. The analysis began following examination by the Board of Directors of Enel Chile of a letter transmitted on the same date by Enel in which the latter expressed a favorable preliminary opinion on the possible reorganization. This favorable assessment was based on the conclusion reached by Enel that the operation was consistent with a number of Enel's strategic objectives, including the simplification of the ownership structure of the Group's listed Chilean companies. The proposed reorganization envisages the following two phases, each of which is conditional on the implementation of the other:

- the integration of the Chilean renewable assets held by Enel Green Power Latin America through the merger of the latter into Enel Chile;
- the launch by Enel Chile of a public purchase and exchange offer (the Offer) for all of the shares of the subsidiary Enel Generación Chile held by minority shareholders (representing about 40% of the share capital), the effectiveness of which will be conditional on the acquisition of a total number of shares that would enable Enel Chile to increase its stake in Enel Generación Chile from the current 60% to at least 75%.

Under the plan, the price in the Offer would be paid partly in cash and partly in newly issued Enel Chile shares, for which a capital increase would be carried out. The validity of the Offer would also be subject to the approval by the Shareholders' Meeting of Enel Generación Chile of an amendment to the company's articles of association that, in line with the provisions of Enel's letter, removes the existing limits on the size of equity holdings in the company, which currently do not allow any shareholder to own more than 65% of the share capital.

The Board of Directors of Enel Chile has also agreed the basic conditions on which Enel has indicated, in the letter referred to above, its support for the operation depends. These conditions establish that the operation itself:

- shall be carried out on market terms and conditions, taking due account of the prospects for growth of renewable energy in Chile;
- shall ensure that Enel, once the transaction is completed, retains a shareholding in Enel Chile substantially similar to its current holding (60.6%), ensuring that Enel does not lose control at any time of Enel

Chile, in compliance with the limit of 65% on holdings of the company's share capital established in the articles of association;

> shall ensure an increase in Enel Chile's earnings per share.

The Enel Chile Board of Directors voted to start the analytical work and additional activities necessary to verify the feasibility of the above operation. In particular, the operation was declared by the Board of Directors of Enel Chile to be subject to local regulations governing transactions with related parties.

International accolades for Enel

On September 7, 2017, it was announced that Enel had been ranked 20th in **Fortune's "Change the World"** list, a ranking of the top 50 businesses in the world that had a positive social impact through activities that are part of their business strategy and operations. The Group is the only utility and the only Italian company to be included in the list. The list was created to promote the idea that capitalism should be celebrated for its power to do good. Fortune begins the process with an open call for nominations from business, academic, and non-profit organizations around the world in partnership with, among others, FSG, a non-profit social-impact consulting firm and the Shared Value Initiative, a global platform for organizations seeking business solutions to social challenges. A team of journalists from Fortune investigates each of the candidates independently.
On the same date, Enel was admitted to the **Dow Jones Sustainability World Index (DJSI World)** for the fourteenth year in a row. Enel's Spanish subsidiary Endesa was also included. Enel and Endesa are two of the eight companies admitted to the index at the global level which applied for inclusion in the utility sector category. Enel stood out for its performance in the Environmental dimension, scoring 100/100 in the Climate Strategy, Water-related Risks, Biodiversity and Environmental Reporting criteria. The Group also obtained the maximum score in Policy Influence, which measures transparency and disclosure on advocacy activities, and Materiality, which refers to the Company's ability to match its strategy with stakeholders' expectations.

Long-term power purchase agreements reached in the United States

On September 13, 2017, Anheuser-Busch and Enel Green Power ("EGP") signed a power purchase agreement ("PPA"), whereby Anheuser-Busch will purchase the energy delivered to the grid and the associated renewable electricity credits from a portion of EGP's Thunder Ranch wind project, in the amount of 152.5 MW. The wind energy partnership between EGP and Anheuser-Busch will be the beer company's first contracted utility-scale project to start operations in the world once the Thunder Ranch wind farm becomes operational, which is expected by the end of 2017. More specifically, under a Virtual Power Purchase Agreement ("VPPA"), EGP will sell Anheuser-Busch the electricity output delivered to the grid by a 152.5 MW portion of the Thunder Ranch wind farm, substantially boosting the beer company's purchases of renewable energy.

Enel wins renewable energy tender in Brazil

On September 28, 2017, Enel Brasil was awarded a 30-year concession for the operational 380 MW Volta Grande hydro power plant located in south-eastern Brazil following the "Leilão de Concessões não prorrogadas" public auction organized by the Brazilian federal government via the Brazilian electricity regulatory agency – ANEEL. Enel will be investing a total of around 1.4 billion Brazilian reais (BRL), equal to about $445 million, for the hydro concession, in line with the investment outlined in the Group's current strategic plan. The hydro power plant is supported by the 30-year concession awarded with guaranteed annual generation revenue.
After the signing of the concession, expected this November, Enel's hydro capacity in the country will increase to 1,270 MW from the current 890 MW. According to tender rules, Enel is expected to take over the facility in

January 2018, after which point it will be operated by Enel's renewables subsidiary Enel Green Power Brasil Participações Ltda.

Seizure of Brindisi plant

On September 28, 2017, Enel Produzione was notified of the decision issued by the investigating magistrate of Lecce ordering the seizure of the thermoelectric power plant of Brindisi - Cerano.

The measure is part of a criminal investigation initiated by the Public Prosecutor's Office of the Court of Lecce concerning the use of fly ash, i.e. that produced by the combustion of coal and captured by the smoke abatement systems of the plant, in the cement industry. The investigation also involves Cementir, a cement company to which the ash was sent for cement production, and ILVA, which provided Cementir with other residues for cement production.

Within the scope of the enquiry, a number of executives/employees of the company are being investigated for illegal waste disposal and unauthorized blending of waste.

In order to enable plant operations to continue, the seizure order authorizes the Brindisi power station to continue generation for 60 days, subject to certain technical requirements intended, according to the accusations, to remove the alleged management deficiencies. Enel Produzione has been charged under the provisions of Legislative Decree 231/01 with the same offenses of which the company's executives/employees are accused. Following the charges, as provided for by law, the investigating magistrate of Lecce also ordered the seizure of approximately €523 million, equivalent to the profit that the Lecce Public Prosecutor conducting the investigation alleges was generated through the illegal handling of the ash.

The seizure order appointed two custodians in order to monitor compliance with the technical measures mentioned earlier.

Enel Produzione has informed the investigating magistrate that the plant is operated in accordance with industry regulations and the highest international technology standards, as well as with a cycle for the production and reuse of residues that is identical to that adopted in the most efficient power plants in Europe and the world, in compliance with the most modern environmental requirements intended to promote a circular economy. Analyses of the ash prior to seizure and those conducted afterwards have consistently confirmed the non-hazardous nature of the material and therefore the legitimacy of the manner in which they have been handled. Enel Produzione, although not agreeing with the allegations, has nevertheless expressed its full willingness, in agreement with the investigating magistrate and the custodians, to rapidly implement technical solutions for the execution of the requirements imposed with the seizure order that take account of the operational and logistical complexities associated with their implementation and the associated risks to the national electricity system.

Reference scenario

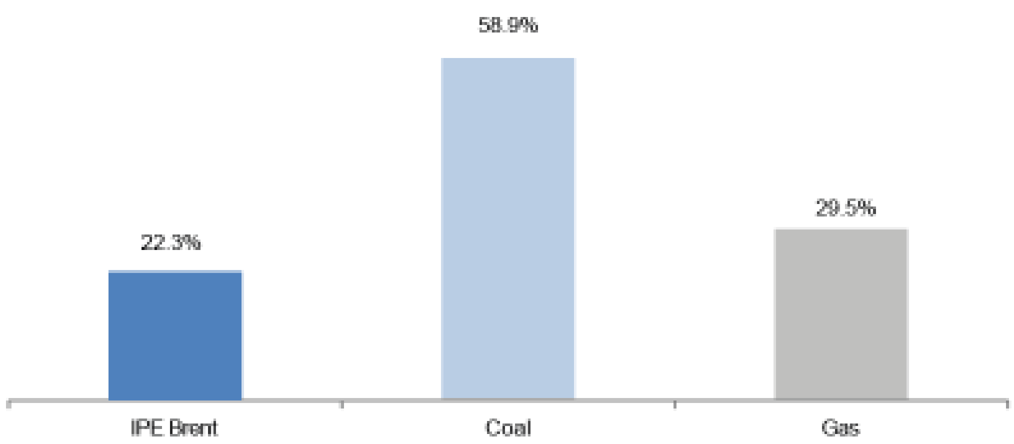
Developments in the main market indicators

	First nine months	
	2017	2016
Market indicators		
Average IPE Brent oil price ($/bbl)	52.6	43.0
Average price of CO_2 (€/ton)	5.3	5.3
Average price of coal ($/t CIF ARA) [1]	81.5	51.3
Average price of gas (€/MWh) [2]	16.7	12.9
Average dollar/euro exchange rate	1.11	1.12
Six-month Euribor (average for the period)	-0.26%	-0.15%

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

Although the euro/dollar exchange rate has swung up and down, in the 3rd Quarter of 2017 it stabilized around its value in June. The policies of the European Central Bank (ECB) and developments in national economies have also held interest rates steady at very low levels compared with their historic values.

Change in average fuel prices in the first nine months 2017 compared with first nine months 2016



Consumer price indices (CPI)

%	First nine months		
	2017	2016	Change
Italy	**1.3**	**-0.2**	**1.5**
Spain	2.1	-0.6	2.7
Russia	1.1	1.1	-
Slovakia	1.1	-0.7	1.8
Argentina	26.1	36.1	-10.0
Brazil	3.7	9.3	-5.7
Chile	2.3	4.1	-1.9
Colombia	4.3	8.0	-3.7
Peru	3.2	3.7	-0.5

Exchange rates

	First nine months		
	2017	2016	Change
Euro/US dollar	1.11	1.12	-0.2%
Euro/Pound sterling	0.87	0.80	8.0%
Euro/Swiss franc	1.09	1.09	0.1%
US dollar/Japanese yen	111.90	108.57	3.0%
US dollar/Canadian dollar	1.31	1.32	-1.2%
US dollar/Australian dollar	-	1.35	-
US dollar/Russian ruble	58.29	68.35	-17.3%
US dollar/Argentine peso	16.23	14.53	10.4%
US dollar/Brazilian real	3.17	3.55	-11.9%
US dollar/Chilean peso	653.85	680.36	-4.1%
US dollar/Colombian peso	2,939.48	3,064.75	-4.3%
US dollar/Peruvian sol	3.27	3.37	-3.2%
US dollar/Mexican peso	18.90	18.30	3.1%
US dollar/Turkish lira	3.60	2.94	18.4%
US dollar/Indian rupee	65.24	67.10	-2.8%
US dollar/South African rand	13.21	14.97	-13.3%

Economic and energy conditions in the first nine months of 2017

Economic developments

The first three Quarters of 2017 were characterized by significant signs of a global recovery, although geopolitical and structural risk factors that could potentially slow growth still persist. Among the main political risks are tensions in Spain, the Brexit negotiations and international relations with North Korea, while structural factors include the sustainability of the public finances set against the investment needed to increase the productivity of economies. The central banks were very active in the first nine months of 2017, playing a leading role in the economy. The divergence between the policies of the Fed, which continued its quarterly increases in rates, and the ECB, which kept its policy rate at zero as part of its policy of supporting the European economic recovery, has continued. The central banks of the major South American economies increased liquidity in the system in an attempt to stimulate their economies, while the Mexican central bank undertook a series of increases to control the inflationary pressures triggered by the recent developments in US policy. In the overall macroeconomic framework, politics have played an important role in contributing to the volatility of financial markets, affected by events such as the elections in Great Britain, France, the Netherlands and Germany, the review of US trade policy by the Trump administration and the scandal that has hit the Brazilian political class.

Following the positive 1st Quarter results, economic growth in Europe strengthened in the 2nd Quarter, with the euro-area economies posting GDP growth of 2.3%, an increase on the performance registered the previous year. Although the labor market is improving, it is one of the crucial issues for a structural recovery in consumption, while investment and industry in general continue to benefit from favorable credit conditions. The European Central Bank has continued its accommodative policy, believing it still necessary to ensure the convergence of inflation towards its target of 2%. Inflation has in fact risen slightly over the last three months, after falling significantly in the summer from the peak of 1.9% recorded in April. This reflects developments in oil prices and the dynamics of private consumption, which with a weak labor market did not provide sufficient assurance to the ECB, which elected to continue its asset purchase program at a pace of €60 billion per month until December, postponing any policy revision for 2019 to the 4th Quarter.

In Italy, growth has been moderate but encouraging. In the 2nd Quarter, GDP expanded by 1.5% compared with the previous year, a quarterly growth rate that had not been seen since 2011. Economic activity was characterized by a modest contribution from the industrial sector and a major boost from exports, which were buoyed by economic conditions in the 3rd Quarter. The labor market has displayed small signs of improvement: according to the latest Istat figures, the unemployment rate fell by a tenth of a point to 11.2%, mainly thanks to the increase in fixed-term employment. Prices in the first nine months rose at more rapid pace than in 2016, albeit more slowly than the peak in registered in April (+1.9%), slowing down due to the reversal of increases in energy and food prices. According to preliminary Istat data, the average inflation rate for the 3rd Quarter and September was 1.1%. Household spending slowed but grew more rapidly than income (+0.4%), causing a further decline (-20 basis points) in households' propensity to save, which is now equal to 7.5% (the lowest rate in the last five years).
The Spanish economy recorded one of the highest growth rates in the euro area, as GDP expanded by 3.1% in the 1st Half, driven by exports and the improvement in labor market conditions. Inflation, which averaged 2.4% in the 1st Half of the year, affected private consumption, but subsided in the 3rd Quarter, bringing the average for the first nine months to 2.1%.
On the political level, the elections in the Netherlands and, above all, in France, had a positive outcome from the point of view of stability, which could have been undermined even further if nationalist movements had gained more ground. In Spain, tensions have risen because of the referendum for Catalonia's independence. In Great Britain, the election results have increased uncertainty. On March 29, British Prime Minister Theresa May officially

invoked Article 50, but the general election showed a Conservative Party losing votes and strength, increasing uncertainty about the EU exit process. The challenges facing the negotiations could affect investment growth and the financial market, with many investment banks already planning to relocate.
In the United States, the 3rd Quarter saw a slight improvement in economic indicators. GDP grew 2.2% in the 2nd Quarter, compared with 2% in the 1st Quarter. The trend was mainly sustained by consumption of goods and services, as well as by the good performance of investment and the increase in the trade surplus. Following its action in December 2016, the Federal Reserve implemented another two 25 basis-point rate increases in March and June, bringing its policy rate to 1.25%. However, the latest data on inflation show it falling below 2% between May and August, counseling prudence and prompting the central bank to postpone any decision about a further cut in the 4th Quarter. Price developments have been attributed to non-structural events related to food and technology services whose effects will dissipate over the medium term, but the Fed continues to see the fundamentals supporting the economy as sound. The Fed has confirmed its intention to reduce its balance sheet regardless of any rate increase that could take place in December.
The economic situation in Russia is also positive, with the signs of improvement registered at the end of 2016 and in the 1st Quarter of 2017 persisting. Output grew by 2.5% on an annual basis in the 2nd Quarter. Positive contributions to growth came from consumption (+4.3% on the previous year) and investment, which increased by 6.3% compared with the same period of 2016. Industrial production expanded by about 1%, however, and could act as a drag on growth during the year. Inflation continued the downward trend registered in previous months, falling below the target level of 4%. The further decline in inflation in August prompted the central bank to cut its primary interest rate to 8.5%. The exchange rate also appreciated in 2017, with the ruble rising to its strongest level since 2015.
In Latin America, macroeconomic performance was uneven: in Argentina, the economy continued to grow in the 2nd Quarter (+2.9% on an annual basis), driven by consumer spending (+3.8% over the previous year) and investment, up 7.7% compared with 2016. The Brazilian economy confirmed the weak recovery, posting a 0.2% increase in GDP in the 2nd Quarter, a pronounced improvement over the average for 2016, which showed a contraction of -3.6%. Inflation fell further, reaching 2.5% in September, enabling the central bank to cut rates to support growth. However, the government is still struggling with the corruption scandal that has embroiled the country's leaders since April. The situation in Chile has improved, achieving GDP growth of 1.3% in the 2nd Quarter after the significant slowdown experienced in the 1st Quarter, when the economy grew by just 0.3%. The good performance in the 2nd Quarter was attributable to the gradual recovery of the mining industry after the strikes at the Escondida mine in February and March, and to the growth in the manufacturing sector. In Peru, the economy has picked up speed again after being buffeted by the effects of the coastal El Niño in the 1st Quarter, which caused flooding and damaged the industrial and energy sectors. Official figures for the 2nd Quarter show GDP growth of 2.5%, driven by exports, which rose 11.3% compared with the same period of the previous year. As in Brazil, politics also contributed to uncertainty in Peru, with scandals involving the government and the country's leading construction companies having a potential impact on the outlook for investment. The Colombian economy grew by 1.3% in the 2nd Quarter compared with the same period of 2016. The growth, which was in line with the 1st Quarter (1.1%), was driven by agriculture and services, which expanded by 4.6% and 2.3% respectively. Contraction continued in manufacturing (-3%) and mining (-6.3%), with inflation falling from the beginning of the year. Although inflationary pressures are still high and the economy continues to grow slowly, the central bank did not inject additional liquidity into the system, keeping its benchmark rate at 5.35%. The decision to keep the benchmark rate unchanged marked a temporary halt in the series of cuts that had reduced the rate by 250 basis points since the start of the year.
In the 2nd Quarter, the Mexican economy expanded by 3% compared with the previous year and by 0.7% compared with the 1st Quarter. The expansion continues to be sustained by strong consumption growth (4% on an annual basis), which shows no signs of weakening despite the persistence of high inflation. The climate of

confidence is strong for households and firms alike, reaching its highest level since the beginning of the year. Inflation in September was 6.3%, down slightly compared with the previous month but still very high and far from the target. In order to contain inflationary pressures, the central bank has progressively raised its policy rate from the beginning of the year to 7%. It should also be noted that in August, Mexico, jointly with Canada and the United States, began renegotiating the NAFTA agreement, which will be a key event for the Mexican economy, which is closely linked to the United States.

International commodity prices

During the first nine months of 2017, the average price of oil was $52.6 a barrel, about 22% higher than in the same period last year. The increase reflected the production cuts agreed between the major oil producing countries at the end of November 2016 and later extended until next March. The oil markets would therefore appear to be heading towards a new equilibrium, characterized by a gradual rebalancing of the fundamentals. Nevertheless, uncertainties persist that could undermine the balance of supply and demand, creating new strains on prices. The major factors include the resumption of production in the United States, in particular shale oil production, which with prices constantly above $50 a barrel amounted to 9.1 million barrels per day, compared with a 2016 average of 8.9 million barrels. Other factors include the high level of stocks and, finally, the increase in production of other OPEC countries exempted from the production agreement, including Libya and Nigeria.
For the rest of the year, the consensus forecast of analysts expects oil prices in the last Quarter to be in line with the previous three Quarters, with an annual average at the lower end of a range of $50-60 a barrel.

As for coal, the API2 benchmark price rose steadily from the low reached at the end of March of around $70 a metric ton to reach the peak of over $90 a ton at the end of September. The increase is attributable to strains in fundamentals in both basins. In the Atlantic, the demand for coal has strengthened, driven mainly by a rise in imports by the Mediterranean countries, particularly the Iberian Peninsula and Italy, where poor hydroelectric performance has been offset by conventional generation. In the Pacific, strong imports by some Southeast Asian countries offset the slowdown in Indian demand.
For the remainder of the year, forecasts put prices close to current levels and in any event not far from the price range set by the Chinese government at the beginning of the year in an attempt to control domestic production.

During the first nine months of 2017, the benchmark price of gas was €16.7/MWh, up more than €3/MWh. This trend is explained by the rise in gas demand in Europe. Since the beginning of the year, gas consumption in the main European economies grew by 4.4% to 218 billion cubic meters. Italy, Spain and Germany drove the growth thanks to the sharp increase in thermal generation. Great Britain was the only country where gas demand declined. On the supply side, liquefied gas (LNG) flows have been directed mainly to southern Europe (Spain and Italy, in particular), partially replacing supplies from North Africa.
In the coming months, expectations point to a gradual rise in prices due to the greater withdrawals from stocks needed to balance the system during the winter. However, the upswing in coal prices this year has fueled competition between the two technologies, and the anticipated rebalancing of the power sector should prevent a rapid rise in gas prices, at least in the early winter months.

Electricity and natural gas markets

Developments in electricity demand

3rd Quarter			GWh	First nine months		
2017	2016	Change		**2017**	2016	Change
82,805	**80,712**	**2.6%**	**Italy**	**239,540**	**235,458**	**1.7%**
64,240	64,506	-0.4%	Spain	189,234	188,206	0.5%
181,121	177,517	2.0%	Russia	581,028	563,457	3.1%
14,997	14,861	0.9%	Romania	47,105	45,679	3.1%
7,122	7,033	1.3%	Slovakia	22,674	22,114	2.5%
34,181	34,186	-	Argentina	102,918	104,305	-1.3%
139,069	138,696	0.3%	Brazil	427,446	424,531	0.7%
18,515	18,077	2.4%	Chile	54,871	54,860	-
17,054	16,786	1.6%	Colombia	49,879	49,728	0.3%
11,964	11,983	-0.2%	Peru	36,379	35,942	1.2%

Source: national TSOs.

In the first nine months of 2017 electricity demand in Italy expanded by 1.7%, mainly due to higher temperatures in June and the rest of the summer, while electricity demand in Spain rose slightly (+0.5%) compared with the same period of 2016.

In Eastern Europe, demand rose strongly: in Russia, it expanded by 3.1%, in Romania, by 3.1% and in Slovakia by 2.5%, consistent with GDP growth registered in those countries in the first nine months of 2017.

Nearly all Latin America countries saw electricity demand increase, with Brazil posting a rise of 0.7% in line with the slight recovery in GDP and greater residential consumption during the period. Colombia saw demand expand by 0.3% due to a recovery in residential consumption following the end of the Government's "Apagar paga" program to encourage lower consumption, while in Peru it rose by 1.2%. Electricity demand in Chile was unchanged on the same period of 2016, while in Argentina demand contracted by 1.3% in the first nine months of the year owing to an increase in rates.

Electricity prices

	Average baseload price Q3 2017 (€/MWh)	Change in average baseload price Q3 2017 - Q3 2016	Average peakload price Q3 2017 (€/MWh)	Change in average peakload price Q3 2017 - Q3 2016
Italy	**51.6**	**25.9%**	**57.9**	**28.0%**
Spain	48.4	15.9%	51.5	14.0%
Russia	17.1	1.0%	20.2	3.9%
Slovakia	42.4	40.6%	57.2	57.4%
Argentina	11.8	64.3%	12.6	68.6%
Brazil	117.2	257.1%	143.2	263.0%
Chile	49.3	-17.6%	113.2	-11.3%
Colombia	26.5	-39.8%	40.7	-54.8%
Peru	10.6	-56.3%	16.3	-80.5%

Natural gas demand in the euro area rose in the first nine months of the year as a result of temperatures that were well below average at the start of the year. Indeed, consumption rose both in Italy (+8.8%) and in Spain (+9.3%).

Italy

Domestic natural gas demand

3rd Quarter				Millions of m^3	First nine months			
2017	2016	Change			**2017**	2016	Change	
2,783	2,694	89	3.3%	Residential and civil	20,272	19,608	664	3.4%
3,399	2,827	572	20.2%	Industry and services	10,258	9,269	989	10.7%
5,968	5,736	232	4.0%	Thermal generation	17,637	15,355	2,282	14.9%
199	202	(3)	-1.5%	Other (1)	1,002	968	34	3.5%
12,349	**11,459**	**890**	**7.8%**	**Total**	**49,169**	**45,200**	**3,969**	**8.8%**

(1) Includes other consumption and losses.
Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.

The demand for natural gas in Italy in the first nine months of 2017 amounted to 49.2 billion cubic meters, a rise of 8.8% compared with the same period of 2016. In the 3rd Quarter of 2017, consumption rose by 7.8% on the same Quarter of 2016, with demand in industry and thermal generation expanding considerably (+10.7% and +14.9%, respectively), reflecting the rise in electricity demand and low renewables output.

Domestic electricity generation and demand

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
				Net electricity generation:				
48,402	47,796	606	1.3%	- thermal	144,667	134,538	10,129	7.5%
11,775	12,427	(652)	-5.2%	- hydroelectric	30,849	34,937	(4,088)	-11.7%
3,642	3,047	595	19.5%	- wind	12,366	13,291	(925)	-7.0%
1,432	1,458	(26)	-1.8%	- geothermal	4,331	4,412	(81)	-1.8%
8,146	7,498	648	8.6%	- photovoltaic	20,895	18,504	2,391	12.9%
73,397	**72,226**	**1,171**	**1.6%**	**Total net electricity generation**	**213,108**	**205,682**	**7,426**	**3.6%**
9,824	8,979	845	9.4%	Net electricity imports	28,138	31,535	(3,397)	-10.8%
83,221	**81,205**	**2,016**	**2.5%**	**Electricity delivered to the network**	**241,246**	**237,217**	**4,029**	**1.7%**
(416)	(493)	77	15.6%	Consumption for pumping	(1,706)	(1,759)	53	-3.0%
82,805	**80,712**	**2,093**	**2.6%**	**Electricity demand**	**239,540**	**235,458**	**4,082**	**1.7%**

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

Electricity demand in Italy in the first nine months of 2017 increased by 1.7% compared with the year-earlier period, to 239.5 TWh (82.8 TWh in the 3rd Quarter of 2017). Of total electricity demand, 88.3% was met by net domestic electricity generation for consumption (86.6% in the first nine months of 2016) with the remaining 11.7% being met by net electricity imports (13.4% in the first nine months of 2016).

Net electricity imports in the first nine months of 2017 decreased by 10.8% on the first nine months of 2016, with an increase in the 3rd Quarter of 9.4% (+0.8 TWh).

Net electricity generation in the first nine months of 2017 rose by 3.6% (+7.4 TWh) to 213.1 TWh (73.4 TWh in the 3rd Quarter of 2017). More specifically, the decrease in hydroelectric generation (-4.1 TWh) attributable to better water conditions in the year-earlier period, and a reduction in wind generation (-0.9 TWh) were more than offset by an increase in thermal generation (+10.1 TWh) and photovoltaic output (+2.4 TWh).
A similar pattern was recorded in the 3rd Quarter of 2017, with the exception of wind generation, which increased by 19.5%.

Spain

Electricity generation and demand in the peninsular market

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
60,719	62,251	(1,532)	-2.5%	Net electricity generation	183,204	186,311	(3,107)	-1.7%
(529)	(422)	(107)	-25.4%	Consumption for pumping	(2,615)	(3,895)	1,280	32.9%
4,050	2,677	1,373	51.3%	Net electricity exports (1)	8,645	5,790	2,855	49.3%
64,240	**64,506**	**(266)**	**-0.4%**	**Electricity demand**	**189,234**	**188,206**	**1,028**	**0.5%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Estadística diaria* – September 2017 and *Estadística diaria* – September 2016 for the peninsular system). The volumes reported for the first nine months of 2016 are updated to April 7, 2017.

Electricity demand in the peninsular market in the first nine months of 2017 increased by 0.5% compared with the same period of 2016 (-0.4% in the 3rd Quarter of 2017), standing at 189.2 TWh (64.2 TWh in the 3rd Quarter of 2017). Demand was almost entirely met by net domestic electricity generation for consumption.

Net electricity exports in the first nine months of 2017 decreased from their level in the same period of 2016, with imports rising to meet national demand. A similar pattern was registered in the 3rd Quarter of 2017.

Net electricity generation in the first nine months of 2017 totaled 183.2 TWh (60.7 TWh in the 3rd Quarter of 2017), a decrease of 1.7% (-3.1 TWh). Similar developments were recorded in the 3rd Quarter of 2017.

Electricity generation and demand in the extra-peninsular market

3rd Quarter				Millions of kWh	First nine months			
2017	2016	Change			**2017**	2016	Change	
3,944	3,881	63	1.6%	Net electricity generation	10,744	10,391	353	3.4%
438	407	31	7.6%	Net electricity imports	924	1,016	(92)	-9.1%
4,382	**4,288**	**94**	**2.2%**	**Electricity demand**	**11,668**	**11,407**	**261**	**2.3%**

Source: Red Eléctrica de España (*Estadística diaria* – September 2017 and *Estadística diaria* – September 2016 for the extra-peninsular system). The volumes reported for the first nine months of 2016 are updated to April 7, 2017.

Electricity demand in the extra-peninsular market in the first nine months of 2017 rose by 2.3% compared with the first nine months of 2016, to 11.7 TWh (4.4 TWh, +2.2% in the 3rd Quarter of 2017). Of total demand, 92.1% was met by net generation in the extra-peninsular market, with net imports accounting for the remaining 7.9%.

Net electricity imports in the first nine months of 2017 amounted to 0.9 TWh (0.4 TWh in the 3rd Quarter of 2017) and were entirely accounted for by trade with the Iberian Peninsula.

Net electricity generation in the first nine months of 2017 rose by 3.4% (+0.4 TWh) compared with the same period of the previous year, essentially attributable to the increase in demand in the extra-peninsular market. Developments were similar in the 3rd Quarter of 2017.

Outlook

Despite the challenges of a context marked by resource scarcity and the continuing difficulties in the Iberian Peninsula, the 3rd Quarter of 2017 saw the achievement of major results for each of the objectives of the 2017-2019 Strategic Plan. From an operational point of view, which is still clouded by a challenging environment, the diversification of the Group's activities made it possible to achieve solid results in the first nine months of 2017.

In the remainder of 2017, in line with the industrial targets set out in the plan, we expect:

> an acceleration of **investments in digitization**, continuing the installation of second-generation **smart meters** in Italy – already more than 1 million installed – and the completion of the installation of smart meters in the Iberian Peninsula. In addition, the roll-out of the optical fiber network undertaken by OpEn Fiber will be accelerated, with more than 2.4 million homes being cabled by the end of the year;

> the contribution of the **customer-focus** strategy on a global scale;

> additional progress in **operating efficiency**, supported by investments in digitization;

> a major contribution from **industrial growth**, focused on networks and renewables, thanks in part to an acceleration of the development of the latter and the strengthening of our BSO strategy, including in new countries such as Mexico;

> additional progress in the second phase of **corporate simplification** at the individual country level, especially in Latin America, where the reorganization in Chile is in full swing;

> additional progress in **active portfolio management**.

The progress achieved for each of these objectives, the normalization of operating performance and an acceleration in the contribution of investments in renewables, including through the BSO approach, enable us to confirm the financial targets for 2017 for EBITDA, net income and FFO/Net Debt.

Condensed consolidated financial statements at September 30, 2017

Condensed consolidated income statement

Millions of euro	Notes	First nine months	
		2017	2016
Total revenue	4.a	54,188	51,459
Total costs	4.b	47,354	43,640
Net income/(expense) from commodity contracts measured at fair value	4.c	383	(130)
Operating income		**7,217**	**7,689**
Financial income		2,877	3,166
Financial expense		5,040	5,343
Total financial income/(expense)	4.d	**(2,163)**	**(2,177)**
Share of income/(expense) from equity investments accounted for using the equity method	4.e	**114**	**67**
Income before taxes		**5,168**	**5,579**
Income taxes	4.f	1,505	1,705
Net income from continuing operations		**3,663**	**3,874**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**3,663**	**3,874**
Attributable to shareholders of the Parent Company		2,621	2,757
Attributable to non-controlling interests		1,042	1,117
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*

Statement of consolidated comprehensive income

Millions of euro	First nine months	
	2017	2016
Net income	**3,663**	**3,874**
Other comprehensive income recyclable to profit or loss		
Effective portion of change in the fair value of cash flow hedges	(19)	(499)
Share of the other comprehensive income of equity investments accounted for using the equity method	9	(28)
Change in the fair value of financial assets available for sale	(20)	(4)
Exchange rate differences	(2,120)	1,079
Income/(Loss) recognized directly in equity	**(2,150)**	**548**
Total comprehensive income/(loss) for the period	**1,513**	**4,422**
Attributable to:		
- shareholders of the Parent Company	1,353	2,699
- non-controlling interests	160	1,723

Condensed consolidated balance sheet

Millions of euro

	Notes	**at Sept. 30, 2017**	at Dec. 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		91,701	92,318
Goodwill		13,660	13,556
Equity investments accounted for using the equity method		1,565	1,558
Other non-current assets (1)		12,613	12,872
Total non-current assets	5.a	**119,539**	**120,304**
Current assets			
Inventories		2,924	2,564
Trade receivables		13,596	13,506
Cash and cash equivalents		5,127	8,290
Other current assets (2)		11,234	10,921
Total current assets	5.b	**32,881**	**35,281**
Assets held for sale	5.c	**1,592**	**11**
TOTAL ASSETS		**154,012**	**155,596**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	5.d	35,255	34,803
Non-controlling interests		17,358	17,772
Total shareholders' equity		**52,613**	**52,575**
Non-current liabilities			
Long-term borrowings		40,895	41,336
Provisions and deferred tax liabilities		15,835	16,334
Other non-current liabilities		4,699	4,388
Total non-current liabilities	5.e	**61,429**	**62,058**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		9,878	9,756
Trade payables		11,136	12,688
Other current liabilities (3)		17,580	18,519
Total current liabilities	5.f	**38,594**	**40,963**
Liabilities held for sale	5.g	**1,376**	**-**
TOTAL LIABILITIES		**101,399**	**103,021**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**154,012**	**155,596**

(1) Of which long-term financial receivables and other securities at September 30, 2017 equal to €2,523 million (€2,181 million at December 31, 2016) and €389 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 September 30, 2017 equal to €1,174 million (€767 million at December 31, 2016), €3,552 million (€2,121 million at December 31, 2016) and €67 million (€36 million at December 31, 2016), respectively.
(3) Of which, short term financial payables at September 30, 2017 equal to €0 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 liabilities/(assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from acquisitions of 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**
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,627)	**(1,627)**	**(602)**	**(2,229)**
Allocation of net result for previous year	-	-	153	-	-	-	-	-	-	-	-	(153)	**-**	**-**	**-**
Capital increase for non-proportional demerger of Enel Green Power	764	2,198	-	-	119	(31)	-	-	1	-	(974)	(12)	**2,065**	**(2,106)**	**(41)**
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	-	7	-	(359)	**(352)**	**304**	**(48)**
Change in scope of consolidation	-	-	-	-	(136)	21		49	17	-	-	-	**(49)**	**(379)**	**(428)**
Comprehensive income for the period	-	-	-	-	510	(550)	(5)	(13)	-	-	-	2,757	**2,699**	**1,723**	**4,422**
of which: *- other comprehensive income/(loss) for the period*	-	-	-	-	*510*	*(550)*	*(5)*	*(13)*	-	-	-	-	***(58)***	***606***	***548***
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	*2,757*	***2,757***	***1,117***	***3,874***
At September 30, 2016	**10,167**	**7,490**	**2,034**	**2,262**	**(1,463)**	**(1,901)**	**125**	**(18)**	**(533)**	**(2,108)**	**(1,170)**	**20,227**	**35,112**	**18,315**	**53,427**
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**
Dividends	-	-	-	-	-	-	-	-	-	-	-	(905)	**(905)**	**(574)**	**(1,479)**
Allocation of net result for previous year	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	-	4	-	-	**4**	**-**	**4**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Comprehensive income for the period	-	-	-	-	(1,203)	(52)	(20)	7	-	-	-	2,621	**1,353**	**160**	**1,513**
of which: *- other comprehensive income/(loss) for the period*	-	-	-	-	*(1,203)*	*(52)*	*(20)*	*7*	-	-	-	-	***(1,268)***	***(882)***	***(2,150)***
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	*2,621*	***2,621***	***1,042***	***3,663***
At September 30, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(2,208)**	**(1,500)**	**86**	**(5)**	**(706)**	**(2,394)**	**(1,170)**	**21,200**	**35,255**	**17,358**	**52,613**

Condensed consolidated statement of cash flows

Millions of euro	First nine months	
	2017	2016
Income before taxes	**5,168**	**5,579**
Adjustments for:		
Depreciation, amortization and impairment	4,233	4,321
Financial (income)/expense	2,163	2,177
Net income from equity investments accounted for using the equity method	(114)	(67)
Change in net current assets:	(1,748)	(1,177)
- inventories	(373)	196
- trade receivables	(70)	(715)
- trade payables	(1,588)	(463)
- other assets and liabilities	283	(195)
Interest and other financial expense and income paid and collected	(1,144)	(2,082)
Other changes	(1,397)	(1,985)
Cash flows from operating activities (A)	**7,161**	**6,766**
Investments in property, plant and equipment and intangible assets	(5,547)	(5,504)
Investments in entities (or business units) less cash and cash equivalents acquired	(864)	(31)
Disposals of entities (or business units) less cash and cash equivalents sold	19	727
(Increase)/Decrease in other investing activities	155	40
Cash flows from investing/disinvesting activities (B)	**(6,237)**	**(4,768)**
Financial debt (new long-term borrowing)	8,208	1,737
Financial debt (repayments and other changes in net financial debt)	(8,765)	(5,609)
Transactions in non-controlling interest	(408)	(202)
Dividends and interim dividends paid	(2,782)	(2,442)
Cash flows from financing activities (C)	**(3,747)**	**(6,516)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(295)**	**151**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(3,118)**	**(4,367)**
Cash and cash equivalents at the beginning of the period (1)	8,326	10,790
Cash and cash equivalents at the end of the period (2)	5,208	6,423

(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 €5,127 million at September 30, 2017 (€6,391 million at September 30, 2016), short-term securities equal to €67 million at September 30, 2017 (€30 million at September 30, 2016) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €14 million at September 30, 2017 (€2 million at September 30, 2016).

Notes to the condensed consolidated financial statements at September 30, 2017

1. Accounting policies and measurement criteria

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the Interim Financial Report at September 30, 2017 (unaudited) are the same as those adopted for the consolidated financial statements at December 31, 2016 (please see the related report for more information).

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 slight financial impact of these variations, further mitigated by the fact that the Group's operations are spread across both hemispheres, no additional disclosure (required under IAS 34.21) for developments in the 12 months ended September 30, 2017 is provided.

2. Main changes in the scope of consolidation

At September 30, 2017, the scope of consolidation had changed with respect to that at September 30, 2016, and December 31, 2016, as a result of the following main transactions.

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 date 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 as from that date has been accounted for using the equity method;

> 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 10, 2017, of 100% of **Más Energía**, a Mexican company operating in the renewable energy sector;
- acquisition, on February 14, 2017, and May 4, 2017, of 94.84% and 5.04% respectively (for a total of 99.88%) of **CELG Distribuição (CELG-D)**, an electricity distribution company operating in the Brazilian state of Goiás.
- acquisition, on May 16, 2017, of 100% of **Tynemouth Energy Storage**, a British company operating in the electricity storage sector;
- acquisition, on June 4, 2017, of 100% of **Amec Foster Wheeler Power** (**now Enel Green Power Sannio**), a company that owns two wind plants in the province of Avellino;
- acquisition, on August 7, 2017, of 100% of the **EnerNOC Group** following the successful tender offer by EGPNA to the previous shareholders.

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;
- on May 3, 2016, Enel Green Power acquired the remaining 40% of **Maicor Wind**, a company operating in the wind generation sector in Italy, thus becoming its 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 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. 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 on May 4, 2017 and enabled the Group to acquire an additional 5.04% of CELG-D, giving it a total holding of 99.88%.

During the first nine months of the year, the Company performed a preliminary allocation of the purchase price, determining the provisional fair value of the assets and liabilities acquired.

The main adjustments of the carrying amount essentially regarded the recognition of intangible assets (in particular, those in respect of concession rights) and the associated tax effects, taking account of the impact of the reverse merger of CELG-D into Enel Investimentos. In view of the characteristics of the concession arrangements under which it operates, the distribution activity performed by the company falls within the scope of application of IFRIC 12.

Determination of goodwill

Millions of euro		
Net assets acquired before allocation [1]:		**(278)**
Adjustments to allocate purchase price:		
-	intangible assets	1,153
-	deferred tax liabilities	(117)
-	employee benefit obligations	(40)
-	other adjustments	(27)
-	non-controlling interests	(1)
Net assets acquired after allocation		**690**
Purchase price for 94.84%		665
Purchase price for additional 5.04%		25
Cost of the acquisition		**690**
Goodwill		-

[1] Net assets in proportion to Enel's stake of 99.88%.

Accordingly, the accounts at the acquisition date were updated as follows:

Accounts of CELG-D as at the acquisition date

Millions of euro	Carrying amount before February 14, 2017	Adjustments for purchase price allocation	Carrying amount as at February 14, 2017
Property, plant and equipment	13	-	13
Intangible assets	572	1,153	1,725
Deferred tax assets	23	-	23
Other non-current assets	318	(5)	313
Trade receivables	238	1	239
Inventories	7	-	7
Other current assets	132	(6)	126
Cash and cash equivalents	9	-	9
Borrowings	(326)	9	(317)
Employee benefits	(43)	(40)	(83)
Deferred tax liabilities	(23)	(117)	(140)
Other non-current liabilities	(161)	(11)	(172)
Provisions for risks and charges	(216)	-	(216)
Trade payables	(446)	(4)	(450)
Other current liabilities	(375)	(11)	(386)
Non-controlling interests	-	(1)	(1)
Net assets acquired	**(278)**	**968**	**690**

CELG-D contributed €963 million in revenue and €17 million in operating income to results for the first nine months of 2017.

EnerNOC acquisition

On August 7, 2017, EGPNA completed the acquisition of 100% of the EnerNOC Group after the successful offer by EGPNA to the shareholders for at least a majority of the shares of EnerNOC. A total of 22,447,759 shares were validly offered and not withdrawn, amounting to about 71.61% of the share capital in circulation of EnerNOC, at a price of $7.67 per share in cash. Following acceptance of the offered shares, EGPNA completed the transaction by acquiring 100% of the company. With an acquisition cost of €237 million, the net assets acquired have been provisionally determined as follows. Accordingly, the acquisition involved goodwill of €187 million:

Determination of goodwill

Millions of euro	
Net assets acquired before allocation:	**(27)**
Adjustments to allocate purchase price:	
- intangible assets	174
- existing goodwill	(27)
- deferred tax liabilities	(70)
Net assets acquired after allocation	**50**
Cost of the acquisition	**237**
(of which paid in cash)	*237*
Goodwill	187

Accounts of the EnerNOC Group as at the acquisition date

Millions of euro	Carrying amount before August 7, 2017	Adjustments for purchase price allocation	Carrying amount as at August 7, 2017
Property, plant and equipment	19	-	19
Intangible assets	26	174	200
Goodwill	27	160	187
Other non-current assets	2	-	2
Trade receivables	33	-	33
Inventories	48	-	48
Cash and cash equivalents	86	-	86
Borrowings	(108)	-	(108)
Deferred tax liabilities	-	(70)	(70)
Other non-current liabilities	(2)	-	(2)
Trade payables	(65)	-	(65)
Other current liabilities	(93)	-	(93)
Net assets acquired	**(27)**	**264**	**237**

EnerNOC contributed €87 million in revenue and €19 million in operating income to results for the first nine months of 2017.

Other minor acquisitions

Determination of goodwill

Millions of euro	Demand Energy Networks	Más Energía	Tynemouth Energy Storage	Amec Foster Wheeler Power (now Enel Green Power Sannio)	Azovskaya WPS and Windlife Kola Vetro
Property, plant and equipment	-	-	2	49	-
Intangible assets	30	-	-	-	-
Cash and cash equivalents	15	-	-	8	1
Trade receivables	-	-	-	1	-
Other current assets	-	-	-	4	3
Medium/long-term borrowings	-	-	-	(29)	(1)
Trade payables	(2)	-	-	(1)	-
Other current liabilities	(14)	-	-	(17)	-
Net assets acquired	**29**	**-**	**2**	**15**	**3**
Cost of the acquisition	**38**	**10**	**5**	**21**	**7**
(of which paid in cash)	***30***	***10***	***4***	***21***	***2***
Goodwill	**9**	**10**	**3**	**6**	**4**

The provisional allocation of the purchase price has been completed for Demand Energy, while for the other minor acquisitions the Group will identify the fair value of the assets acquired and the liabilities assumed within 12 months of the acquisition date. This process was begun immediately after the acquisition.

3. Segment information

The representation of performance and financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods being compared. For more information on the developments in performance and financial position that characterized the current period, please see the appropriate section of this Interim Financial Report.

Performance by business area

First nine months 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	27,291	14,671	9,812	1,725	606	72	11	54,188
Revenue from transactions with other segments	489	30	18	25	2	-	(564)	-
Total revenue	**27,780**	**14,701**	**9,830**	**1,750**	**608**	**72**	**(553)**	**54,188**
Total costs	22,941	12,165	6,717	1,341	281	25	(349)	43,121
Net income/(expense) from commodity contracts measured at fair value	399	7	4	-	(1)	-	(26)	383
Depreciation and amortization	1,304	1,140	864	147	145	31	12	3,643
Impairment losses	379	265	117	29	-	-	(1)	789
Reversals of impairment	-	(178)	(2)	(20)	-	1	-	(199)
Operating income	**3,555**	**1,316**	**2,138**	**253**	**181**	**15**	**(241)**	**7,217**
Capital expenditure	**1,124**	**582**	**2,094**	**208** [2]	**1,479**	**25**	**8**	**5,520**

(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 €27 million regarding units classified as "held for sale".

First nine months 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	25,841	14,002	7,906	2,929	671	18	92	51,459
Revenue from transactions with other segments	494	46	17	146	1	-	(704)	-
Total revenue	**26,335**	**14,048**	**7,923**	**3,075**	**672**	**18**	**(612)**	**51,459**
Total costs	20,745	11,100	5,315	2,453	201	11	(506)	39,319
Net income/(expense) from commodity contracts measured at fair value	(145)	22	4	(13)	(1)	-	3	(130)
Depreciation and amortization	1,271	1,240	692	198	190	6	38	3,635
Impairment losses	350	276	82	98	21	6	43	876
Reversals of impairment	-	(176)	(1)	(13)	-	-	-	(190)
Operating income	**3,824**	**1,630**	**1,839**	**326**	**259**	**(5)**	**(184)**	**7,689**
Capital expenditure	**1,170**	**646**	**1,994**	**144** [2]	**989**	**253**	**20** [3]	**5,216**

(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 €283 million regarding units classified as "held for sale".
(3) Does not include €5 million regarding units classified as "held for sale".

Financial position by business area

At September 30, 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	25,904	23,685	16,886	3,069	5,571	708	(9)	75,814
Intangible assets	1,266	15,655	11,981	751	1,004	111	(47)	30,721
Trade receivables	9,041	2,421	2,308	299	239	21	(699)	13,630
Other	3,794	1,699	795	194	237	6	(81)	6,644
Operating assets	**40,005** (1)	**43,460**	**31,970**	**4,313** (2)	**7,051** (4)	**846**	**(836)**	**126,809**
Trade payables	5,986	2,226	2,429	320	1,121	18	(679)	11,421
Sundry provisions	3,001	3,718	1,338	108	24	15	542	8,746
Other	6,972	2,497	2,178	308	200	65	(442)	11,778
Operating liabilities	**15,959**	**8,441**	**5,945**	**736** (3)	**1,345** (5)	**98**	**(579)**	**31,945**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €123 million regarding units classified as "held for sale".
(3) Of which €59 million regarding units classified as "held for sale".
(4) Of which €1,357 million regarding units classified as "held for sale".
(5) Of which €295 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 Sept. 30, 2017	at Dec. 31, 2016
Total assets	**154,012**	**155,596**
Equity investments accounted for using the equity method	1,565	1,558
Other non-current financial assets	5,026	5,501
Long-term tax receivables included in “Other non-current assets”	289	301
Current financial assets	7,084	6,998
Cash and cash equivalents	5,127	8,290
Deferred tax assets	6,395	6,665
Tax receivables	1,609	1,543
Financial and tax assets of “Assets held for sale”	108	5
Segment assets	**126,809**	**124,735**
Total liabilities	**101,399**	**103,021**
Long-term borrowings	40,895	41,336
Non-current financial liabilities	2,684	2,532
Short-term borrowings	3,915	5,372
Current portion of long-term borrowings	5,963	4,384
Current financial liabilities	3,158	4,586
Deferred tax liabilities	8,397	8,768
Income tax payable	1,157	359
Other tax payables	2,263	1,071
Financial and tax liabilities classified as “Liabilities held for sale”	1,022	-
Segment liabilities	**31,945**	**34,613**

Revenue

4.a Revenue – *€54,188 million*

Millions of euro	First nine months			
	2017	2016	Change	
Revenue from the sale of electricity	32,333	31,342	991	3.2%
Revenue from the transport of electricity	7,373	7,164	209	2.9%
Fees from network operators	607	370	237	64.1%
Transfers from institutional market operators	1,254	1,074	180	16.8%
Revenue from the sale of gas	2,832	2,751	81	2.9%
Revenue from the transport of gas	391	390	1	0.3%
Gains on disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	157	348	(191)	-54.9%
Remeasurement at fair value after changes in control	-	4	(4)	-
Gains on the disposal of property, plant and equipment and intangible assets	16	24	(8)	-33.3%
Other services, sales and revenue	9,225	7,992	1,233	15.4%
Total	**54,188**	**51,459**	**2,729**	**5.3%**

In the first nine months of 2017 **revenue from the sale of electricity** amounted to €32,333 million, an increase of €991 million compared with the same period of the previous year (+3.2%).The total included revenue from electricity sales to end users in the amount of €23,445 million (€21,615 million in the first nine months of 2016), revenue from wholesale electricity sales (not including fees from network operators) in the amount of €6,483 million (€8,200 million in the first nine months of 2016) and revenue from electricity trading in the amount of €2,405 million (€1,527 million in the first nine months of 2016).

The rise reflects:

> an increase of €1,830 million in revenue from the sale of electricity to end users, mainly thanks to the recovery in average sales prices together with an increase in quantities sold and exchange rate effects, which were most favorable in Latin America. As regards the change in the scope of consolidation, the acquisition of CELG-D had an impact of €837 million on revenue in the first nine months of 2017, only partly offset by the deconsolidation of Slovenské elektrárne;

> a decrease of €1,717 million in revenue from sales on the wholesale market, essentially reflecting the reduction in volumes handled in Italy as well as the reduction in revenue associated with the deconsolidation of Slovenské elektrárne (€880 million) at the end of July 2016;

> an increase of €878 million in revenue from electricity trading, essentially due to the increase in volumes handled.

Revenue from the transport of electricity amounted to €7,373 million in the first nine months of 2017, an increase of €209 million compared with the same period of the previous year. The total included revenue from electricity transported to end users in the regulated market in the amount of €2,133 million (€2,154 million in the same period of 2016) and in the free market in the amount of €1,646 million (€1,418 million in the same period of 2016), as well as revenue from the transport of electricity to other operators in the amount of €3,439 million (€3,416 million in the same period of 2016). The increase was mainly recorded in Italy, which registered a rise in amounts transported to the free market, and in Latin America.

Revenue from **transfers from institutional market operators** amounted to €1,254 million in the first nine months of 2017, up €180 million on the same period of the previous year. The increase was entirely accounted for by the increase in fuel costs for generation in the extra-peninsular area of Spain, for which the Group is entitled to reimbursement.

Revenue from the sale of gas in the first nine months of 2017 amounted to €2,832 million, an increase of €81 million (+2.9%) on the same period of the previous year. The increase in the period essentially reflects the greater quantities sold in Spain.

Revenue from the transport of gas in the first nine months of 2017 amounted to €391 million, essentially in line with the same period of 2016.

Gains on the disposal of entities in the first nine months of 2017 amounted to €157 million (€348 million in the first nine months of 2016) and mainly reflect the gain on the sale of the Chilean company Electrogas (€144 million), in which the Group held a stake of 42.5%. In the first nine months of 2016, the item mainly reported the gains on the sales of GNL Quintero (€171 million), Hydro Dolomiti (€124 million) and Compostilla Re (€19 million), as well as the positive price adjustment of €30 million on the sale of ENEOP at the end of 2015.

Revenue under **other services, sales and revenue** in the first nine months of 2017 amounted to €9,225 million (€7,992 million in the same period of the previous year), an increase of €1,233 million (+15.4%). The change primarily reflected:

> an increase of €789 million in revenue from the sale of fuels (€5,976 million, compared with €5,187 million in the first nine months of 2016);
> an increase of €246 million in revenue from sales and grants for environmental certificates, mainly associated with the increase in trading activities;
> an increase of €268 million in revenue from construction contracts. This reflected an increase in engineering work compared with the same period of the previous year on grid infrastructure operated under concession arrangements within the scope of IFRIC 12 (which was also affected by the change in the scope of consolidation with the acquisition of CELG-D).

Costs

4.b Costs – *€47,354 million*

Millions of euro	First nine months			
	2017	2016	Change	
Electricity purchases	14,764	13,508	1,256	9.3%
Consumption of fuel for electricity generation	3,919	3,279	640	19.5%
Fuel for trading and gas for sale to end users	7,903	6,536	1,367	20.9%
Materials	846	789	57	7.2%
Personnel	3,349	3,321	28	0.8%
Services, leases and rentals	11,495	11,128	367	3.3%
Depreciation, amortization and impairment losses	4,233	4,321	(88)	-2.0%
Costs of environmental certificates	857	612	245	40.0%
Other operating expenses	1,164	1,246	(82)	-6.6%
Capitalized costs	(1,176)	(1,100)	(76)	-6.9%
Total	**47,354**	**43,640**	**3,714**	**8.5%**

Costs for **electricity purchases** amounted to €14,764 million in the first nine months of 2017, an increase of €1,256 million compared with the same period of 2016 (9.3%). These costs include purchases through bilateral contracts on domestic and foreign markets of €5,594 million (€5,102 million in the first nine months of 2016), purchases on electricity exchanges €4,697 million (€2,985 million in the first nine months of 2016) and other purchases on local and foreign markets and as part of dispatching and balancing services totaling €4,474 million (€5,421 million in the first nine months of 2016). The increase in costs mainly reflected the increase in purchases on electricity exchanges, especially in Italy, Iberia and Latin America, with the latter mainly reflecting the inclusion of CELG-D in the scope of consolidation as from February 2017, and to a lesser extent greater purchases through bilateral contracts. These factors were partly offset by the reduction in other purchases on local and foreign markets, essentially reflecting the decline in volumes and prices in trading by Enel Global Trading and the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the **consumption of fuel for electricity generation** in the first nine months of 2017 amounted to €3,919 million, an increase of €640 million (+19.5%) compared with the same period of the previous year, attributable to an increase in requirements due to the rise in thermal generation, particularly in Spain, and to an increase in the average prices of fuels, which more than offset the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €7,903 million in the first nine months of 2017, an increase of €1,367 million. The change reflected the increase in the average cost of gas purchases connected with the benefits accorded in 2016 following agreements under the price review process for a number of gas supply contracts, and the increase in the volume of gas handled.

Costs for **materials** in the first nine months of 2017 amounted to €846 million, an increase of €57 million compared with the same period of the previous year. The change mainly reflects an increase in purchases of materials and equipment for works on infrastructure and networks in Brazil under public service concession arrangements, partly offset by a decrease in costs for the purchase of environmental certificates.

Personnel costs in the first nine months of 2017 totaled €3,349 million, an increase of €28 million (+0.8%) compared with the same period of the previous year.

In the first nine months of 2017, the increase in personnel costs mainly reflected:

> the recognition of an increase of €15 million in early termination incentives in 2017, due essentially to the provision recognized in CELG-D (€45 million, in order to enhance efficiency), partly offset by a decline in charges in Spain (-€21 million);
> the effect of changes in exchange rates, which decreased costs by €7 million;
> an increase in average unit costs, especially in Latin America, which raised costs by €110 million;
> the change in the scope of consolidation, mainly regarding Slovenské elektrárne, CELG-D and EnerNOC, which had a net negative impact of €10 million;
> a decline in the average workforce compared with the same period of 2016 (-3,336 employees), with an impact of €87 million.

The Enel Group workforce at September 30, 2017 numbered 63,331, of whom 31,945 employed outside of Italy. The Group workforce expanded by 1,251 in the first nine months of 2017, despite the negative impact of the balance of new hires and terminations in the period (-1,624), owing to the effect of the change in the scope of consolidation (+2,875), mainly due to the acquisition of CELG-D in Brazil, Enel Green Power Sannio in Italy and EnerNOC in North America**.**

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

Balance at December 31, 2016	**62,080**
Hirings	1,590
Terminations	(3,214)
Change in scope of consolidation	2,875
Balance at September 30, 2017	**63,331**

Costs for **services, leases and rentals** in the first nine months of 2017 amounted to €11,495 million, an increase of €367 million compared with the same period of the previous year. The change mainly reflected:

> an increase of €224 million in wheeling costs, mainly in Latin America and Italy;
> an increase of €137 million in costs for services incurred in Brazil in respect of public service concession arrangements within the scope of IFRIC12;
> an increase of €80 million in costs for IT services, especially in Spain due to the absorption of the ICT business area and in Italy; part of the increase is represented by capitalized costs;
> an increase of €71 million in costs for maintenance and repairs, above all in Spain and Latin America;

These factors were partly offset by a reduction of €225 million in transmission grid access fees, primarily in Spain and as a result of the deconsolidation of Slovenské elektrárne.

Depreciation, amortization and impairment losses in the first nine months of 2017 amounted to €4,233 million, a decrease di €88 million. The decline in the first nine months of 2017 essentially reflected:

> a decrease of €72 million in depreciation of property, plant and equipment as a result of the deconsolidation of Slovenské elektrárne and the lengthening of the useful lives of certain renewables generation plants, primarily in Spain;
> an increase of €81 million in amortization of intangible assets, mainly in Brazil, essentially as a result of the acquisition of CELG-D, exchange rate developments and the increase in amortization connected with activities within the scope of IFRIC 12;
> a decrease of €21 million in impairment of property, plant and equipment, essentially in Spain and Italy;
> a decrease of €111 million in impairment losses, mainly due to adjustments (in the first nine months of 2016) of the estimated realizable value of assets classified as held for sale;

- an increase of €36 million in writedowns of trade receivables, mainly in Italy, Brazil and Argentina.

Costs of environmental certificates amounted to €857 million in the first nine months of 2017, up €245 million on the same period of 2016. The increase is mainly attributable to:

- a decrease in charges for emissions allowances (-€81 million), mainly in Italy, connected with a decline in the unit cost of allowances (EUAs and CERs) and in emissions;
- an increase in charges for white certificates (+€281 million), mainly in Italy, due to the rise in volumes purchased compared with the year-earlier period.

Other operating expenses in the first nine months of 2017 amounted to €1,164 million, a decrease of €82 million compared with the same period of 2016. The change essentially reflected:

- a reduction of €181 million in capital losses on the disposal of property, plant and equipment, essentially connected with the recognition in the same period of 2016 of a loss following the abandonment of water use rights for six development projects in Chile and Peru after an analysis of their profitability and socio-economic impact;
- a decrease of €133 million in costs for the *bono social* charged to Spanish electrical companies by local regulators. This reflected the application of a court ruling with which it was decided to eliminate that charge for those companies;
- an increase of €112 million in taxes and duties, essentially due to an increase in taxes on generation in Spain (€69 million as a result of the increase volumes generated) under Law no. 15/2012 and an increase (totaling €62 million) in taxes on nuclear generation in Catalonia;
- an increase of €89 million in charges for failure to achieve quality standards in electric services, mainly in Argentina (€77 million);
- an increase of €29 million in other operating expenses, essentially reflecting the effect of the reversal of €47 million in the first nine months of 2016 of provisions that had been allocated following the launch of an enquiry by the Competition Authority involving e-distribuzione. This was partly offset by the deconsolidation of Slovenské elektrárne.

In the first nine months of 2017 **capitalized costs** amounted to €1,176 million, an increase of €76 million on the same period of the previous year.

4.c Net income/(expense) from commodity contracts measured at fair value – *€383 million*

Net income/(expense) from commodity contracts measured at fair value showed net income of €383 million in the first nine months of 2017 (net expense of €130 million in the same period of the previous year). More specifically, the net income for the first nine months of 2017 was attributable to net realized income in the period totaling €206 million (€44 million in net realized income in the first nine months of 2016) and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €177 million (€174 million in net unrealized expense in the first nine months of 2016).

4.d Net financial expense – *€2,163 million*

Net financial expense decreased by €14 million compared with the same period of the previous year.

More specifically, financial income in the first nine months of 2017 amounted to €2,877 million, down €289 million on the same period of 2016 (€3,166 million). The change largely reflects the combined effect of the following factors:

- a decrease in exchange rate gains in the amount of €22 million;
- a decrease in interest and other income on financial assets in the amount of €31 million, essentially reflecting short-term financial receivables;

- a decrease of €154 million in income from derivatives, mainly used to hedge exchange rate risk on borrowings denominated in currencies other than the euro;
- a decrease of €71 million in other income, largely the result of a decline in interest and other income on financial assets in respect of public service concession arrangements falling with the scope of IFRIC 12 of the Brazilian companies in the amount of €23 million, a decline in default interest of €7 million and a decrease in interest income on security deposits of €8 million;
- a decrease in income on investments in other entities of €11 million.

Financial expense in the first nine months of 2017 totaled €5,040 million, a decrease of €303 million on the first nine months of 2016, reflecting:
- a decrease of €341 million in expense on derivatives, essentially related to the hedging of exchange rate risk on borrowings;
- a decrease of €25 million in charges for the accretion of provisions for risks and charges, mainly in respect of the reduction in charges from the accretion of the nuclear decommissioning provision (€48 million) following the deconsolidation of Slovenské elektrárne. That was partly offset by an increase of €24 million) in charges for the accretion of other provisions for risks and charges, mainly in Latin America (€22 million) essentially reflecting the effects of ENRE *Resolución* no. 1/2016, which involved the discounting of a number of prior-period fines in litigation in Argentina;
- a decrease of €174 million in interest expense and charges on financial debt, mainly as a result of the contraction in average financial debt. The change is mainly due to the reduction of €121 million in interest on bonds, mainly in respect of Enel SpA (€91 million), as well as the decline in interest expense on medium/long-term bank loans in the amount of €35 million and interest and other financial charges on medium/long-term revolving credit lines from banks in the amount of €16 million, essentially due to the deconsolidation of Slovenské elektrárne;
- a decrease €75 million in charges for the unwinding of the discount on employee benefits, mainly interest expense on termination incentive provisions (€72 million);
- an increase of €118 million in exchange rate losses;
- an increase of €194 million in other charges, essentially in respect of financial expense recognized by Enel Finance International (€107 million) following the early redemption of bonds under the “make whole call option” envisaged in the original contract, as well as lower capitalized interest (€60 million) and higher other financial expense connected with the acquisition of CELG-D (€53 million). These factors were partly offset by the decline in financial expense associated with assignments of receivables with derecognition (€14 million), the effect of the recognition of impairment losses on financial receivables in the same period of the previous year (€6 million) and a decrease in default interest expense (€4 million).

4.e Share of income/(expense) from equity investments accounted for using the equity method – *€114 million*

The **share of income/(expense) from equity investments accounted for using the equity method** showed net income of €114 million in the first nine months of 2017.

4.f Income taxes – *€1,505 million*

Income taxes in the first nine months of 2017 amounted to €1,505 million, equal to 29.1% of taxable income (compared with 30.6% in the first nine months of 2016). The decrease in the effective tax rate in the first nine months of 2017 on the corresponding period of the previous year essentially reflects the reduction in tax rates in Italy, partly offset by the increase in rates in Chile. Another factor was the lower taxation of the gain of €144 million on the disposal of Electrogas in Chile, which was fully offset by the lower taxation on the gain in the same period of 2016 on the disposal of GNL Quintero (€171 million), also in Chile.

Assets

5.a Non-current assets - *€119,539 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €91,701 million at September 30, 2017, an increase of €617 million. The change is mainly accounted for by investments during the period (€5,520 million) and changes in the scope of consolidation (about €1,945 million).
The latter mainly regarded the acquisition of CELG-D, whose assets include concession rights for the distribution of electricity in the region of Goiás. These factors were partly offset by depreciation, amortization and impairment losses on those assets (totaling €3,649 million) and the effect of the translation of financial statements denominated in currencies other than the euro (a negative €3,069 million).

Goodwill, amounting to €13,660 million, increased by €104 million compared with December 31, 2016. In addition to exchange rate losses, the net rise mainly reflects:

> the recognition of goodwill of €187 million in respect of the acquisition of EnerNOC, a US company that is a leader in demand response and energy services for industrial, commercial and institutional customers;
> the reclassification (€55 million) to assets held for sale of the portion of goodwill associated with the EGP Latin America CGU attributed to the Mexican wind farms that were determined during the 3rd Quarter to meet the requirements set out in IFRS 5 for such classification.

Equity investments accounted for using the equity method amounted to €1,565 million, an increase of €7 million on the end of 2016.
In addition to reflecting the net income pertaining to the Group of the companies accounted for using the equity method, changes for the period were also connected with the disposal of Electrogas.

Other non-current assets totaled €12,613 million at September 30, 2017 and include:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Deferred tax assets	6,395	6,665	(270)	-4.1%
Receivables and securities included in net financial debt	2,912	2,622	290	11.1%
Other non-current financial assets	2,114	2,879	(765)	-26.6%
Receivables due from institutional market operators	366	106	260	-
Other long-term receivables	826	600	226	37.7%
Total	**12,613**	**12,872**	**(259)**	**-2.0%**

The decrease of €259 million in the period is largely due to:

> a decrease of €765 million of other non-current financial assets, essentially connected with the decline in the fair value of derivatives (€846 million, mainly to hedge the exchange rate risk in cash flow hedges), and other equity investments (€14 million, including the equity investment measured at fair value in Bayan Resources, among others). These effects were only partly offset by the increase in financial assets related to services under concession

arrangements connected with investments in the distribution grid under a concession arrangement in Brazil (€111 million);

- a decrease of €270 million in deferred tax assets, essentially reflecting the reversal of deferred tax assets, mainly in respect of the Spanish holding company owing to the tax treatment reserved for dividends within the scope of the consolidated taxation mechanism, on value differences on property, plant and equipment and intangible assets and the measurement of cash flow hedge financial derivatives, as well as the reclassification to "assets held for sale" of the deferred tax assets on the Mexican wind plants;
- an increase in receivables and securities included in net financial debt in the amount of €290 million, due essentially to the increase of €342 million in medium/long-term financial receivables, partly offset by a decline of €51 million in the securities available for sale of the Dutch insurance companies, which in order to align their position with the risk profile they manage reduced their long-term portfolio while increasing their short-term portfolio;
- an increase of €260 million in non-current receivables due from institutional market operators, mainly associated with the increase of €253 million in receivables from the CSEA in respect of transfers accrued for meeting energy savings objectives through projects or the purchase of energy efficiency certificates;.
- an increase of €226 million in other long-term receivables, essentially attributable to the effect of change in the scope of consolidation with CELG-D (€258 million, net of exchange rate differences), which mainly reflects long-term receivables due from other market operators. This was partly offset by a decrease in Enel SpA receivables due essentially to the payment of direct tax receivables by the Revenue Agency.

5.b Current assets - *€32,881 million*

Inventories amounted to €2,924 million, an increase of €360 million, mainly in Italy, due to the purchase of second-generation meters in implementation of the Open Meter plan, the purchase of materials for the medium/low-voltage grid for maintenance and operations and the increase in CO_2 emissions allowances and stores of gas and other fuels.

Trade receivables amounted to €13,596 million, up €90 million, essentially reflecting the increase in receivables for the sale and transport of electricity, especially in Latin America.

Other current assets amounted to €11,234 million and break down as follows:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Current financial assets included in debt	4,793	2,924	1,869	63.9%
Other current financial assets	2,291	4,074	(1,783)	-43.8%
Tax receivables	1,609	1,543	66	4.3%
Receivables due from institutional market operators	1,056	1,025	31	3.0%
Other short-term receivables	1,485	1,355	130	9.6%
Total	**11,234**	**10,921**	**313**	**2.9%**

The increase for the period amounted to €313 million, largely reflecting:

- an increase of €1,869 million in current financial assets included in debt, mainly associated with the rise in cash collateral paid (€1,391 million), the short-term portion of medium/long-term financial receivables (€408 million), an increase in factoring receivables (€370 million) and current securities (€31 million). This was partly offset by the collection in April 2017 of €384 million in respect of the tax receivable of Enel Green Power North America associated with Cimarron Bend and Lindhal;

- a decrease of €1,783 million in other current financial assets, connected with the fall in the fair value of derivatives (€1,751 million, mainly related to derivatives measured at fair value through profit or loss hedging the price risk of energy commodities) and a decline in receivables due from third parties;
- an increase of €130 million in other short-term receivables, largely in respect of an increase in assets in respect of construction contracts;
- an increase of €66 million in tax receivables, essentially due to the increase in the corporate income tax (IRES) receivables of the companies operating in Italy.

5.c Assets held for sale - *€1,592 million*

The item mainly includes assets valued at their estimated realizable value based on the current state of negotiations that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification under this item.
The change for the period mainly reflects the reclassification as available for sale of:

- eight Mexican project companies, the owners of three operating plants and five plants under construction for a total capacity of 1.7 GW, for which Enel Green Power signed an agreement with the Canadian institutional investor Caisse de dépôt et placement du Québec and with CKD Infraestructura México SA de Cv, the investment vehicle of the leading Mexican pension funds, for the sale of 80% of share capital;
- the project companies associated with the Kafireas wind farm, for which Enel Green Power Hellas ("EGPH"), the CCP Credit Acquisition Luxco Sarl fund and CSCP III Acquisition Luxco Sarl (jointly called "Centerbridge") signed a joint venture agreement (JVA) governing the terms and management by EGPH and Centerbridge of the HoldCo that will be established to hold EGPH's 100% interest in the projects associated with the wind farm.

Liabilities and shareholders' equity

5.d Equity attributable to the shareholders of the Parent Company - *€35,255 million*

The increase in the first nine months of 2017 in equity attributable to the shareholders of the Parent Company, equal to €452 million, reflects the recognition of net income for the period (€2,621 million), only partly offset by income recognized directly through equity (-€1,264 million). These factors were only partly offset by the distribution of dividends in the period (-€905 million).

5.e Non-current liabilities - *€61,429 million*

Long-term borrowings, totaling €40,895 million (€41,336 million at December 31, 2016), consist of bonds in the amount of €31,171 million (€32,401 million at December 31, 2016) and bank debt and other borrowings in the amount of €9,724 million (€8,935 million at December 31, 2016). The change in the first nine months is essentially due to a reduction in bonds of €1,231 million.

Provisions and deferred tax liabilities came to €15,835 million at September 30, 2017 (€16,334 million at December 31, 2016) and include:

- post-employment and other employee benefits totaling €2,529 million, down €56 million compared with December 31, 2016;
- provisions for risks and charges amounting to €4,909 million (€4,981 million at December 31, 2016). The item includes, among others, the litigation provision of €839 million (€698 million at December 31, 2016), the nuclear decommissioning provision of €538 million (€567 million at December 31, 2016), the plant dismantling and site restoration provision of €799 million (€754 million at December 31, 2016), the provision for taxes and duties of €281

million (€290 million at December 31, 2016) and the early retirement incentive provision of €1,756 million (€1,902 million at December 31, 2016);

> deferred tax liabilities, totaling €8,397 million (€8,768 million at December 31, 2016), a decrease of €371 million. The expansion of the scope of consolidation, entirely attributable to the acquisition of CELG-D and EnerNOC, was more than offset by the depreciation of the foreign currencies used by subsidiaries against the functional currency, the uses made with respect to depreciation and amortization and the reclassification to liabilities held for sale of the deferred taxation of the Mexican wind projects within the scope of application of IFRS 5.

Other non-current liabilities, amounting to €4,699 million (€4,388 million at December 31, 2016), increased by €311 million, essentially due to the change in the fair value of financial derivatives (+€153 million), largely owing to increase in the fair value of cash flow hedge derivatives hedging exchange rate risk, partly offset by the decrease in the fair value of cash flow hedge derivatives hedging exchange rate risk, as well as an increase in non-current liabilities associated with the consolidation of CELG-D.

5.f Current liabilities - *€38,594 million*

Short-term borrowings and current portion of long-term borrowings increased by €122 million, going from €9,756 million at the end of 2016 to €9,878 million at September 30, 2017. The rise essentially reflects the increase of €1,161 million in the short-term portion of bonds, partly offset by a reduction of €1,457 million in short-term borrowings.

Trade payables, amounting to €11,136 million (€12,688 million at December 31, 2016), declined by €1,552 million.

Other current liabilities, totaling €17,580 million, break down as follows:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Payables due to customers	1,829	1,785	44	2.5%
Payables due to institutional market operators	4,806	4,617	189	4.1%
Current financial liabilities	3,158	4,586	(1,428)	-31.1%
Social security contributions payable and payables to employees	544	649	(105)	-16.2%
Tax payables	3,420	1,430	1,990	-
Other	3,823	5,452	(1,629)	-29.9%
Total	**17,580**	**18,519**	**(939)**	**-5.1%**

The decrease of €939 million is essentially due to:

> a decrease of €1,428 million in current financial liabilities, largely due to the decrease in the fair value of financial derivatives (€1,021 million, mainly related to derivatives measured at fair value through profit or loss hedging commodity price risk) and the decrease in accrued financial expense (€117 million) and the financial debt due to the Spanish electrical system of about €296 million;

> a decrease of €1,629 million in other payables, essentially due to dividends paid in the first nine months of 2017;

> a decrease of €105 million in payables to employees and social security institutions, mainly in Italy in relation to early termination incentive mechanisms;

> an increase of €1,990 million in tax payables, attributed essentially to the estimate for income taxes for the period net of taxes paid and payables for surtaxes on electricity and gas consumption.

5.g Liabilities held for sale – *€1,376 million*

This includes liabilities associated with “Assets held for sale”, as discussed in the section for that item.

6. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at September 30, 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 Sept. 30, 2017	at Dec. 31, 2016	Change	
Cash and cash equivalents on hand	188	298	(110)	-36.9%
Bank and post office deposits	4,809	7,777	(2,968)	-38.2%
Other investments of liquidity	130	215	(85)	-39.5%
Securities	67	36	31	86.1%
Liquidity	**5,194**	**8,326**	**(3,132)**	**-37.6%**
Short-term financial receivables	3,054	1,993	1,061	53.2%
Factoring receivables	498	128	370	-
Current portion of long-term financial receivables	1,174	767	407	53.1%
Current financial receivables	**4,726**	**2,888**	**1,838**	**63.6%**
Bank debt	(110)	(909)	799	-87.9%
Commercial paper	(2,641)	(3,059)	418	-13.7%
Current portion of bank borrowings	(1,164)	(749)	(415)	-55.4%
Bonds issued (current portion)	(4,607)	(3,446)	(1,161)	-33.7%
Other borrowings (current portion)	(192)	(189)	(3)	-1.6%
Other short-term financial payables (1)	(1,164)	(1,700)	536	31.5%
Total current financial debt	**(9,878)**	**(10,052)**	**174**	**1.7%**
Net current financial position	**42**	**1,162**	**(1,120)**	**-96.4%**
Debt to banks and financing entities	(8,309)	(7,446)	(863)	-11.6%
Bonds	(31,171)	(32,401)	1,230	3.8%
Other borrowings	(1,415)	(1,489)	74	5.0%
Non-current financial position	**(40,895)**	**(41,336)**	**441**	**1.1%**
NET FINANCIAL POSITION as per CONSOB instructions	**(40,853)**	**(40,174)**	**(679)**	**-1.7%**
Long-term financial receivables and securities	**2,912**	**2,621**	**291**	**11.1%**
NET FINANCIAL DEBT	**(37,941)**	**(37,553)**	**(388)**	**-1.0%**

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

Other information

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 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 transactions with related parties, associated companies and joint arrangements carried out in the first nine months of 2017 and 2016 and outstanding at September 30, 2017 and December 31, 2016.

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total first nine months of 2017**	Associates and joint arrangements	**Overall total first nine months of 2017**	**Total in financial statements**	**% of total**
Income statement											
Revenue from sales and services	1	1,260	2,045	304	66	-	**3,676**	111	**3,787**	**52,909**	**7.2%**
Other revenue and income	-	-	1	-	1	-	**2**	3	**5**	**1,279**	**0.4%**
Financial income	-	-	-	-	1	-	**1**	4	**5**	**2,877**	**-**
Electricity, gas and fuel purchases	2,472	1,783	1,034	-	1	-	**5,290**	263	**5,553**	**26,421**	**21.0%**
Services and other materials	-	62	1,794	4	106	-	**1,966**	86	**2,052**	**12,506**	**16.4%**
Other operating expenses	3	378	4	-	-	-	**385**	-	**385**	**2,021**	**19.0%**
Net income/(expense) from commodity risk management	-	-	22	-	-	-	**22**	(5)	**17**	**383**	**4.4%**
Other financial expense	-	-	-	1	1	-	**2**	19	**21**	**5,040**	**0.4%**

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total at Sept. 30, 2017**	Associates and joint arrangements	**Overall total at Sept. 30, 2017**	**Total in financial statements**	**% of total**
Balance sheet											
Trade receivables	-	35	457	40	26	-	**558**	161	**719**	**13,596**	**5.3%**
Other current assets	-	34	15	222	1	-	**272**	34	**306**	**11,234**	**2.7%**
Other non-current liabilities	-	-	-	-	6	-	**6**	37	**43**	**4,699**	**0.9%**
Long-term borrowings	-	-	1,027	-	-	-	**1,027**	-	**1,027**	**40,895**	**2.5%**
Current financial debt and current portion of long-term borrowings	-	-	94	103	-	-	**197**	134	**331**	**9,878**	**3.4%**
Trade payables	568	40	418	999	15	-	**2,040**	-	**2,040**	**11,136**	**18.3%**
Other current liabilities	-	-	6	-	-	-	**6**	19	**25**	**17,580**	**0.1%**
Other information											
Guarantees given	-	280	293	-	93	-	**666**	**-**	**666**		
Guarantees received	-	-	261	-	26	-	**287**	**-**	**287**		
Commitments	-	-	57	-	12	-	**69**	**-**	**69**		

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total first nine months of 2016**	Associates and joint arrangements	**Overall total first nine months of 2016**	**Total in financial statements**	**% of total**
Income statement											
Revenue from sales and services	35	947	1,956	346	51	-	**3,335**	194	**3,529**	**50,131**	**7.0%**
Other revenue	-	-	2	6	2	-	**10**	8	**18**	**1,328**	**1.4%**
Other financial income	-	-	14	-	-	-	**14**	3	**17**	**3,166**	**0.5%**
Electricity, gas and fuel purchases	2,287	1,167	741	2	-	-	**4,197**	249	**4,446**	**23,141**	**19.2%**
Services and other materials	1	47	1,778	3	36	-	**1,865**	76	**1,941**	**12,100**	**16.0%**
Other operating expenses	2	192	4	-	-	-	**198**	-	**198**	**1,858**	**10.7%**
Net income/(expense) from commodity risk management	-	-	10	-	-	-	**10**	13	**23**	**(130)**	**-17.7%**
Other financial expense	-	-	-	1	-	-	**1**	20	**21**	**5,343**	**0.4%**

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total at Dec. 31, 2016**	Associates and joint arrangements	**Overall total at Dec. 31, 2016**	**Total in financial statements**	**% of total**
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 (available at https://www.enel.com/investors/a/2016/08/related-parties-committee) in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the first nine months 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 Sept. 30, 2017	at Dec. 31, 2016	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	9,381	8,123	1,258
Commitments to suppliers for:			
- electricity purchases	70,358	63,407	6,951
- fuel purchases	43,655	47,305	(3,650)
- various supplies	1,082	1,309	(227)
- tenders	2,509	1,846	663
- other	3,394	3,751	(357)
Total	**120,998**	**117,618**	**3,380**
TOTAL	**130,379**	**125,741**	**4,638**

Commitments for electricity amounted to €70,358 million at September 30, 2017, of which €17,641 million refer to the period October 1, 2017-2021, €14,485 million to the period 2022-2026, €13,119 million to the period 2027-2031 and the remaining €25,113 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 September 30, 2017 amounted to €43,655 million, of which €24,304 million refer to the period October 1, 2017-2021, €11,431 million to the period 2022-2026, €6,569 million to the period 2027-2031 and the remaining €1,351 million beyond 2031.

9. Contingent liabilities and assets

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, which are not recognized in the financial statements as they do not meet the requirements provided for in IAS 37.

Porto Tolle thermal plant – Air pollution – Criminal proceedings against Enel directors and employees

With regard to the request filed by the Public Prosecutor's Office of Rovigo asking that a number of directors, former directors, officers, former officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant, followed on January 18, 2017 with the acquittal of all defendants on the grounds that "no crime was committed", on June 9, 2017, the Prosecutor's Office appealed the acquittal of the three former chief executive officers on the charge of willful commission of a disaster to the Court of Cassation. The Court of Cassation set a hearing date of January 10, 2018.

Brindisi Sud thermal generation plant – Criminal proceedings against Enel employees

With regard to the Brindisi Sud 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 (excluding the 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.

The criminal proceedings before the Court of Reggio Calabria ended with the hearing of June 23, 2016. The court acquitted nearly all of the Enel defendants of the main charges because no crime was committed. Just one case was dismissed under the statute of limitations. Similarly, all of the remaining charges involving minor offenses were dismissed under the statute of limitations. The proceedings before the Court of Vibo Valentia were adjourned until February 22, 2018 in order to hear the testimony of the final witnesses called by the other defendants.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

With regard to litigation connected with the blackout of September 28, 2003, at September 30, 2017 pending cases numbered about 8,300. In addition, in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation, the flow of new claims has come to a halt. With regard to the proceeding brought by Enel against the insurer Cattolica asking for the quantification and payment of amounts due from Cattolica, in a ruling of July 12, 2017 the court decided on the basis of the preliminary briefs to adjourn the suit until November 25, 2019 for a decision.

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

France

A procedural hearing was held on September 13, 2017, following which the Tribunal de Grande Instance set a new hearing for October 25, 2017 to address procedural issues. The hearing for oral arguments is set for December 18, 2017.

State of New York

The suit is pending and the parties have agreed to request an postponement of the trial hearing originally scheduled for October 17, 2017, pending the issue of the ruling on jurisdiction. The hearing was rescheduled for April 10, 2018.

The Netherlands

Following the appeal filed by Enel and Enelpower against the decision of September 18, 2014 with which the Hague Court issued precautionary ruling in the amount of €425 million, in a ruling of February 9, 2016, the Hague Court of Appeal upheld the appeals, ordering the revocation of the preliminary injunctions subject to the pledging of a guarantee by Enel of €440 million and a counter-guarantee by Albania BEG Ambient Shpk of about €50 million. Enel's guarantee was issued on March 30, 2016. Albania BEG Ambient Shpk did not issue its counter-guarantee. On April 4, 2016, Albania BEG Ambient Shpk appealed the ruling of February 9, 2016 before the Court of Cassation in the Netherlands, which in a ruling of June 23, 2017, denied the appeal of Albania BEG Ambient Shpk, definitively deciding the revocation of the preliminary injunctions.

With regard to the trial phase before the Amsterdam Court of Appeal, the hearing is expected to be held at the end of January 2018.

As regards the appeal filed by Albania BEG Ambient Shpk against the decision of the Court of Amsterdam of August 26, 2016, that proceeding remains suspended. The suspension was originally ordered pending the ruling of the Dutch Court of Cassation, which was then issued on June 23, 2017.

Ireland

Albania BEG Ambient Shpk also undertook a proceeding in Ireland to obtain enforcement of the ruling of the Court of Tirana in that country. The High Court issued a ruling on March 8, 2016 upholding the defense of Enel and Enelpower, finding that the country had no jurisdiction. 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. The trial hearing has been scheduled for November 8, 2017.

Luxembourg

In Luxembourg, at the initiative of Albania BEG Ambient Shpk, J.P. Morgan Bank Luxembourg SA was also served with an order for the precautionary attachment of any receivables of Enel SpA. In parallel, Albania BEG Ambient Shpk began a proceeding to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way, with briefs being exchanged between the parties. The court has issued no ruling.

Violations of Legislative Decree 231/2001

With regard to the ruling of March 29, 2017, by the trial court, which acquitted 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 full text of the decision was filed on June 26, 2017.

In addition, on July 14, 2017, Enel Green Power SpA received notice of charges brought before the Court of Ancona for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons. The proceeding was begun for the alleged commission by an agent of the company, in the company's interest, of the offence of destruction of a natural habitat in a protected area, which is governed by Legislative Decree 231/2001. The next hearing is scheduled for November 9, 2017.

Cibran litigation – Brazil

Companhia Brasileira de Antibióticos ("Cibran") has filed six suits against Ampla Energia e Serviços SA ("Ampla") to obtain damages for alleged losses incurred as a result of the interruption of service by the Brazilian distribution company between 1987 and 2002, in addition to non-pecuniary damages. The Court ordered a unified technical appraisal for those cases, the findings of which were partly unfavorable to Ampla. The latter challenged the findings, asking for a new study, which led to the denial of Cibran's petition. Cibran appeal the decision and the ruling was in favor of Ampla.

The first suit, filed in 1999 and regarding the years from 1994 to 1999, was adjudicated in September 2014 when the court of first instance issued a ruling against Ampla, levying a penalty of about R$200,000 (about €46,000) as well as other damages to be quantified at a later stage. Ampla appealed the ruling and the appeal was upheld by the Superior Tribunal de Justiça. In response, on December 16, 2016, Cibran filed an appeal (*recurso especial*) before the Superior Tribunal de Justiça, and the appeal is under way.

With regard to the second case, filed in 2006 and regarding the years from 1987 to 2002, on June 1, 2015, the courts issued a ruling ordering Ampla to pay R$80,000 (about €18,000) in non-pecuniary damages as well as R$96,465,103 (about €22 million) in pecuniary damages, plus interest. On July 8, 2015 Ampla appealed the decision with the Tribunal de Justiça del Rio de Janeiro and the proceeding is under way.

Decisions are still pending with regard to the remaining four suits. The value of all the disputes is estimated at about R$439 million (about €124 million).

El Quimbo – Colombia

With regard to the “El Quimbo” project, in a ruling of the Administrative Court of Huila of April 11, 2016 the temporary revocation of the precautionary injunction was upheld for a period of six months until October 16, 2016, which was subsequently extended for a further six months as from February 2017. Following the deadline for the suspension of the precautionary injunction in August 2017, in the absence of contrary court rulings the Quimbo plant is continuing to generate electricity as the oxygenation system installed by Emgesa has so far demonstrated that it can maintain the oxygen levels required by the court.

SAPE (formerly Electrica) arbitration proceedings – Romania

On April 20, 2016, SAPE submitted a request for arbitration before the International Chamber of Commerce in Paris in respect of Enel SpA and Enel Investment Holding BV concerning the failure to distribute dividends (plus interest). In September 2016, SAPE modified its arbitration claims, suing Enel Energie Muntenia and E-Distributie Muntenia as well and revising its monetary claim to about €56 million, plus unspecified interest. On May 22, 2017, SAPE again modified its claim, quantifying it in the amount of about €110 million plus interest. The proceeding is in a preliminary phase.

Gabčíkovo dispute – Slovakia

With regard to the request for arbitration lodged by Slovenské elektrárne (“SE”) with the Vienna International Arbitral Centre (VIAC) under the VEG Indemnity Agreement, the arbitration court rejected the objection that it did not have jurisdiction and the arbitration proceeding continued to examine the merits of the case, with a ruling on the amount involved being deferred to any subsequent proceeding. On June 30, 2017, the arbitration court issued its ruling denying the request of SE.

With regard to the proceeding currently pending before the Slovakian courts brought by VV and the National Property Fund (today “MH Manazment”) in obtain a ruling declaring the VEG Indemnity Agreement void owing to the alleged connection of that agreement with the VEG Operating Agreement, on September 27, 2017, a hearing was held before the Court of Bratislava in which the judge denied the request of the plaintiff for procedural reasons. However, in the other proceeding before the Court of Bratislava in which VV has asked SE for the restitution of the price for the transfer from SE to VV of the technology assets of the Gabčíkovo plant, which took place as part of the privatization, in the amount of about €43 million, plus interest, a hearing has been set for December 4, 2017.

CIS and Interporto Campano

With regard to the agreement reached on January 20, 2017 by Enel Green Power, CIS and Interporto Campano to settle all claims involved in the disputes involving the parties, in April 2017 an accord modifying the original January 2017 settlement was signed. In the amended agreement, the parties agreed to restore the Interporto rent and further reduce the lease payments in respect of CIS’s leasehold estate. This change had no financial impact for Enel Green Power.

Precautionary administrative proceeding – Chucas arbitration

With regard to the arbitration proceeding brought by Chucas before the Cámara Costarricense-Norteamericana de Comercio (AMCHAM CICA) seeking reimbursement of the additional costs incurred to build the plant and as a result of the delays in completing the project, a decision will be issued in December 2017.

With regard to the dispute before the International Chamber of Commerce in Paris, in their most recent filing of March 10, 2017 FCC Construcción América SA and FCC Construcción SA (FCC) requested a ruling that the contract had been terminated without cause and asked for damages of about $27 million. In a brief filed in May 2017, Chucas, in addition to asking for the plaintiff's claims to be denied, filed a counter-claim to obtain confirmation of termination of contract for non-performance, asking for damages of at least $38 million. The hearing has been set for the first week of February 2018.

Tax litigation – Income taxes – Enel Green Power España SL – Spain

On June 7, 2017, the Spanish tax authorities issued a notice of assessment to Enel Green Power España SL, contesting the treatment of the merger of Enel Unión Fenosa Renovables SA (EUFER) into Enel Green Power España SL in 2011 as a tax neutral transaction, asserting that the transaction had no valid economic reason.

On July 6, 2017, the company appealed the assessment at the first administrative level (Tribunal Económico-Administrativo Central - TEAC), defending the appropriateness of the tax treatment applied to the merger. During the proceeding, the company will provide all the supporting documentation demonstrating the synergies achieved as a result of the merger in order to prove the existence of a valid economic reason for the transaction.

The total value involved in the proceeding as at September 30, 2017 was about €92 million (of which about €16 million in default interest). This amount has been offset in part by receivables that emerged during the audit, while the remainder of about €87 million has been secured with bank guarantees to obtain a suspension of collection efforts.

10. Events after the reporting period

New issue of bonds denominated in US dollars

On October 3, 2017, Enel Finance International placed a multi-tranche bond for institutional investors on the US and international markets totaling $3 billion, the equivalent of approximately €2.5 billion. The issue, which is guaranteed by Enel, was oversubscribed by about three times, with total orders of approximately $9 billion.

The second offering on the US market of the Enel Group in 2017 is part of the Group's financing strategy, including the refinancing of its maturing consolidated debt.

The transaction is structured in the following tranches:

> $1,250 million at 2.75% fixed rate maturing in 2023;
> $1,250 million at 3.5% fixed rate maturing in 2028;
> an additional $500 million of EFI's existing 4.750% fixed-rate notes issued in May 2017 maturing in 2047.

In view of their characteristics, the above tranches have been assigned a provisional rating of BBB by Standard & Poor's, Baa2 by Moody's and BBB+ by Fitch.

Tax equity agreement for the Thunder Ranch plant in the United States

On October 6, 2017, Enel Green Power North America Inc. ("EGPNA"), acting through its subsidiary Thunder Ranch Wind Holdings, signed a tax equity agreement worth approximately $330 million with the Alternative Energy Investing Group of Goldman Sachs and GE Energy Financial Services, a unit of General Electric, for the 298 MW Thunder Ranch wind project located in Oklahoma.

Under the agreement, which is a common transaction structure for the development of renewable energy projects in the United States, the two passive investors will purchase 100% of "Class B" and "Class C" equity interests in the project, respectively, in exchange for their payment of the above purchase price. This interest will allow the investors to obtain, under certain conditions set by US tax laws, a percentage of the tax benefits of the Thunder Ranch wind project. In turn, EGPNA, through Thunder Ranch Holdings, will retain 100% ownership of the "Class A" interests and therefore management control of the project.

The agreement secures the funding commitment by the two investors, and the closing of the funding is expected to occur upon achievement of commercial operation of the 298 MW wind farm. Construction of the Thunder Ranch wind farm started last May, with the facility expected to begin operations by the end of 2017.

Agreement for the disposal of wind and solar plants in Mexico

On October 9, 2017, Enel Green Power ("EGP"), signed agreements with the Canadian institutional investor Caisse de dépôt et placement du Québec ("CDPQ") and the investment vehicle of the leading Mexican pension funds CKD Infraestructura México SA de Cv ("CKD IM") for the sale of 80% of the share capital of a newly formed Mexican holding company ("HoldCo"), owner of the entire capital of eight special purpose vehicles ("SPVs"). The SPVs in turn own a portfolio of three plants in operation (with a capacity of 429 MW) and five under construction (with a capacity of 1,283 MW) for a total capacity of about 1.7 GW. Specifically, the portfolio consists of about 1 GW from the solar plants Villanueva I (427 MW), Villanueva III (327 MW) and Don José (238 MW) as well as about 0.7 GW from the wind plants Amistad (198 MW), Dominica (200 MW), Palo Alto (129 MW), Salitrillos (93 MW) and Vientos del Altiplano (100 MW). These plants hold long-term power purchase agreements.

Under the agreements, EGP will continue to operate the plants owned by SPVs and will complete those still under construction through two newly formed subsidiaries. In addition, as from January 1, 2020, EGP may transfer additional projects to HoldCo. As a result of these possible transfers, it could therefore increase its interest in HoldCo until it becomes the majority shareholder.

The transaction is worth $1.35 billion, of which a price of about $340 million for the sale of 80% of the HoldCo's share capital and about $1,010 million for financing (related-party loans) granted to the SPVs by CDPQ-CKD. Taking into account the required investment for the plants completion to be funded through project financing in the amount of about $0.9 billion as well as the related party loans for a total of $1.3 billion, a 100% valuation of HoldCo's enterprise value will be equal to about $2.6 billion, with the equity value amounting to about $0.4 billion.

The closing of the transaction, subject to a number of ordinary conditions and receipt of the necessary authorization from the Mexican antitrust authorities, is expected to occur by the end of 2017. The price will be paid at the closing, bearing in mind that the amount will be subject to a subsequent price adjustment normal for this type of transaction, based on variations in the net working capital of HoldCo. The transaction will enable the Enel Group as of the date of closing, to reduce its consolidated net debt by about $1.9 billion.

This transaction is being conducted using the "Build, Sell and Operate" (BSO) model announced in the Group's 2017-2019 Strategic Plan. The use of the BSO model enables Enel to capitalize the pipeline of renewables projects more quickly, reducing overall risk and accelerating value creation.

Disposal of PT Bayan Resources

On October 10, 2017, Enel Investment Holding closed a deal for the sale of its 10% stake in Indonesian coal producer PT Bayan Resources ("Bayan") to Bayan's controlling shareholder Mr. Dato' Low Tuck Kwong, for $85 million, fully paid in cash.

Enel purchased the 10% stake in August 2008 during the Initial Public Offering (IPO) that led to the listing of the Indonesian coal company on the Jakarta Stock Exchange.

Enel steps into Ethiopian market with a solar tender

On October 23, 2017, a consortium led by the Enel renewables arm and including leading Ethiopian infrastructure company Orchid Business Group was selected as the preferred bidder for a 100 MW photovoltaic project following a solar tender launched by local utility Ethiopian Electric Power ("EEP") within the framework of the country's Growth and Transformation Plan ("GTP 2").

The consortium has the right to develop, build and operate the 100 MW of photovoltaic capacity in Metehara. It will be investing about $120 million in the construction of the plant. The Metehara plant is expected to enter service in 2019. Once up and running, the facility will be able to generate approximately 280 GWh per year, while avoiding the emission of around 296 thousand metric tons of CO_2 into the atmosphere. The solar park is supported by a 20-year power purchase agreement with EEP for all of the energy generated by the plant.

Acquisition of eMotorWerks

On October 25, 2017, Enel, acting through its US subsidiary EnerNOC, acquired the California-based eMotorWerks, a leading North American supplier of electric vehicle (EV) charging stations, called JuiceBox, and owner and operator of JuiceNet, an Internet of Things (IoT) platform for the smart management of EV charging and other distributed energy storage facilities.

Through the JuiceNet platform, these facilities can be remotely controlled and aggregated for grid balancing purposes relying on unidirectional and bidirectional (vehicle-to-grid, V2G) electricity flows. Enel is planning to use JuiceNet platform's functions in all of its EV charging stations globally

The acquisition of eMotorWerks marks Enel's entrance into the US electric mobility market, one of the largest EV markets at global level.

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 September 30, 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

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