Annual Report 2018

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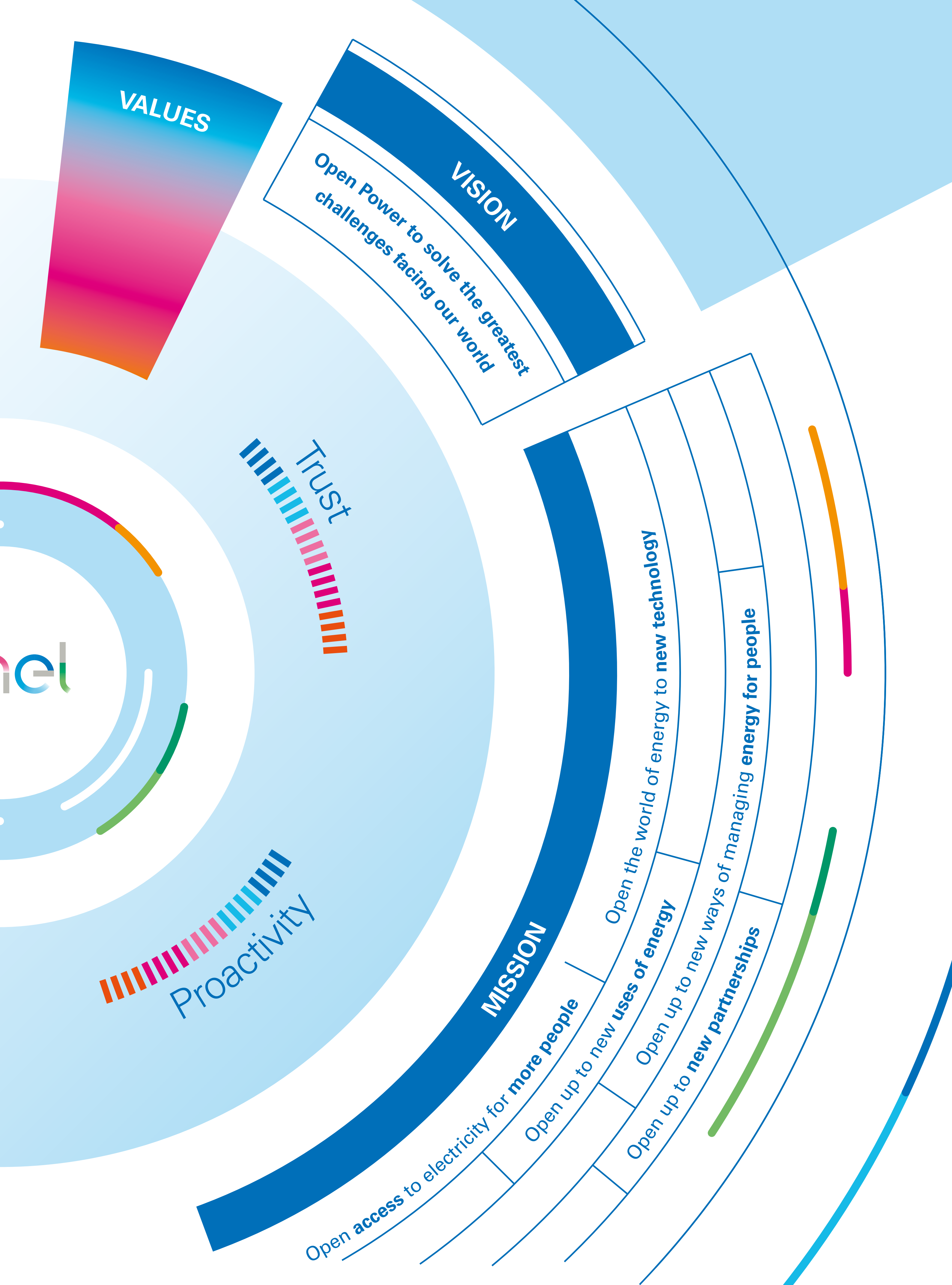
Contents

Enel is Open Power


VALUES
VISION
Open Power to solve the greatest challenges facing our world
Trust
Proactivity
MISSION
Open access to electricity for more people
Open up to new uses of energy
Open the world of energy to new technology
Open up to new ways of managing energy for people
Open up to new partnerships

01

Report on operations

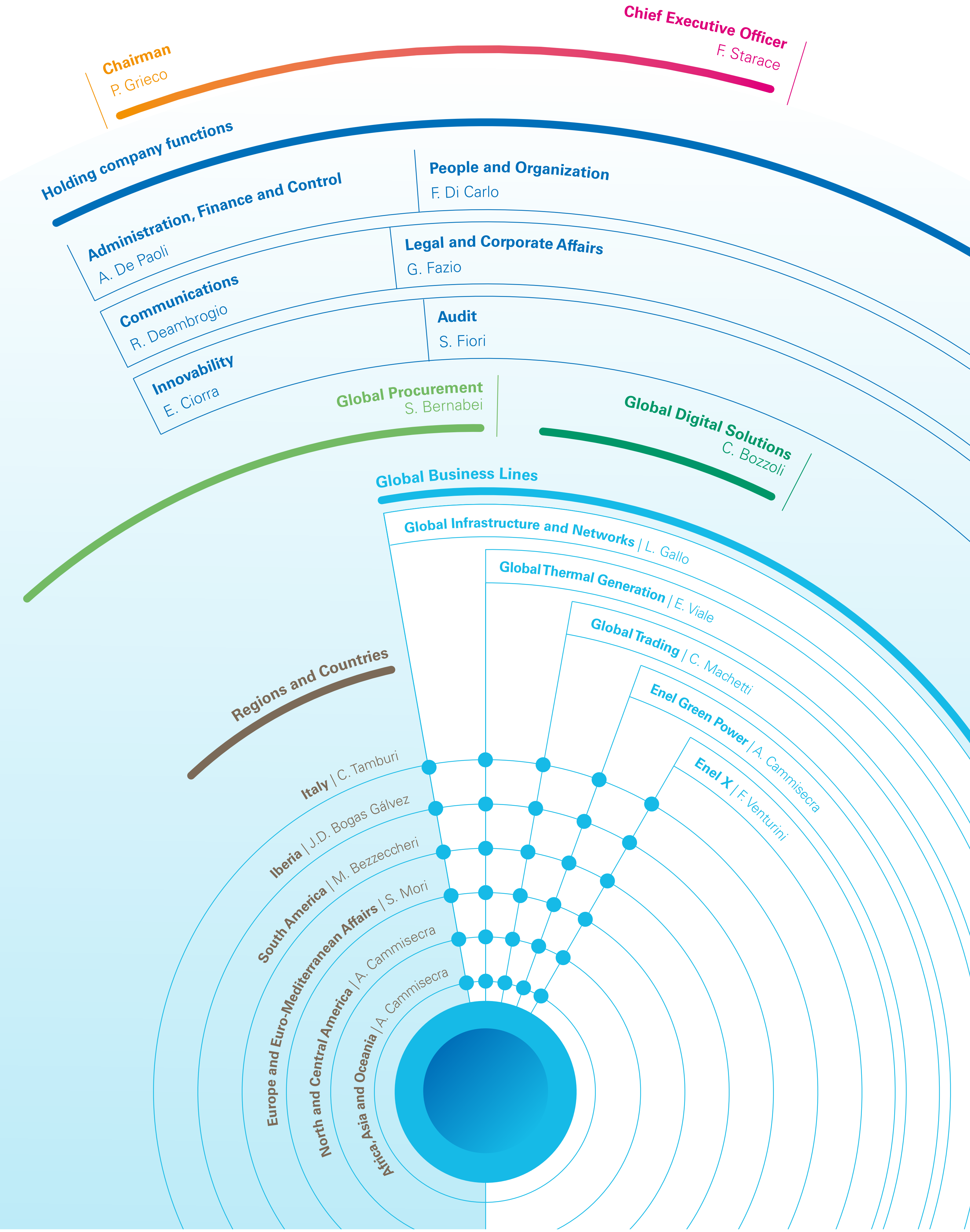
Enel organizational model

The Enel Group structure is organized into a matrix that comprises:

- *Business Lines* (Global Thermal Generation, Global Trading, Global Infrastructure and Networks, Enel Green Power, Enel X), 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 Business Lines are also responsible for improving the efficiency of the processes they manage and sharing best practices at the global level. The Group will benefit from a centralized industrial vision of projects in the various Business Lines. Each project will be assessed not only on the basis of its financial return but also in relation to the best technologies available at the Group level;
- *Regions and Countries* (Italy, Iberia, South America, Europe and Euro-Mediterranean Affairs, North and Central America, Africa, Asia and Oceania), 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 operates, while also providing staff and other service support to the Business Lines.

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

- *Global service functions* (Global Procurement and Global Digital Solutions), which are responsible for managing information and communication technology activities and procurement at the Group level;
- *Holding company functions* (Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Audit and Innovability), which are responsible for managing governance processes at the Group level.


Chairman
P. Grieco
Chief Executive Officer
F. Starace
Holding company functions
Administration, Finance and Control
A. De Paoli
People and Organization
F. Di Carlo
Communications
R. Deambrogio
Legal and Corporate Affairs
G. Fazio
Innovability
E. Ciorra
Audit
S. Fiori
Global Procurement
S. Bernabei
Global Digital Solutions
C. Bozzoli
Global Business Lines
Global Infrastructure and Networks | L. Gallo
Global Thermal Generation | E. Viale
Global Trading | C. Machetti
Enel Green Power | A. Cammisecra
Enel X | F. Venturini
Regions and Countries
Italy | C. Tamburi
Iberia | J.D. Bogas Gálvez
South America | M. Bezzeccheri
Europe and Euro-Mediterranean Affairs | S. Mori
North and Central America | A. Cammisecra
Africa, Asia and Oceania | A. Cammisecra

Corporate boards and powers

Board of Statutory Auditors

Sergio Duca
Chairman

Romina Guglielmetti
Auditor

Roberto Mazzei
Auditor

Michela Barbiero
Alternate auditor

Alfonso Tono
Alternate auditor

Franco Tutino
Alternate auditor

Audit Firm

EY SpA

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Alfredo Antoniozzi
Director

Alberto Bianchi
Director

Cesare Calari
Director

Francesco Starace
Chief Executive Officer and General Manager

Patrizia Grieco
Chairman

Paola Girdinio
Director

Alberto Pera
Director

Silvia Alessandra Fappani
Board Secretary

Angelo Taraborrelli
Director

Anna Chiara Svelto
Director

Chief Executive Officer

The Chief Executive Officer is vested by the bylaws with the powers to represent the company and to sign on its behalf, and in addition is vested by a Board resolution of May 5, 2017 with all powers for managing the company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 5, 2017, the Chairman has been vested with a number of additional non-executive powers.

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

the year 2018 was another year of impressive performance: we achieved all the goals we set ourselves. Today, we are a company characterized by greater sustainability, efficiency, profitability and lower risk: all key factors in continuing to attract and remunerate our investors appropriately and create lasting value for all stakeholders.
Among private operators in this industry, we remain leaders in the main areas of the energy transition: 73 million end users, 43 GW of installed renewables capacity, 70 million retail customers (electricity and gas) and 6.2 GW in active demand management.
Enel operates globally along the entire value chain. This strategic approach and operational capacity are key levers that, once again in 2018, enabled the Group to seize opportunities and tackle new challenges in a context of increasing volatility and complexity.
The Group's effective strategic positioning was also reflected in the performance of the Enel stock, which outperformed the FTSE-MIB index and matched that of the EuroSTOXX Utilities index. This enabled us to close 2018 as the largest utility by capitalization in Europe.

The macroeconomic environment

In 2018 the world economy expanded by around 3%, in line with the pace registered in 2017. The United States and China continued to play a leading role, while growth in the euro area was more moderate. The normalization of monetary policies in the advanced countries generated considerable pressures on emerging markets. Geopolitical uncertainty has characterized the external environment, slowing trade and investment decisions.
The European Central Bank announced that it would end its extraordinary asset purchase program (quantitative easing) after December 2018, but it continued to maintain an accommodative stance.
The euro-area economies moved at different speeds. Italy was impacted by political uncertainty and discussions with the European Union about the expansionary budget package, with the country entering a technical recession in the 2nd Half of 2018 (2018 GDP grew by 0.75% overall). Despite an unstable political situation, Spain continued to record rapid growth (2018 GDP rose by 2.5%), driven by strong domestic demand.
The United States saw growth accelerate sharply (2018 GDP expanded by 2.9%), with unemployment at a historic low and general inflation above the target of the central bank (the CPI rose by 2.4%). In Latin America, the deterioration in the global macroeconomic situation has shone a light on the structural weaknesses of some countries (Argentina in particular), while other economies (Chile, Colombia, Peru) have displayed considerable resilience. More specifically, Argentina experienced a severe recession (2018 GDP contracted by 2.6%), exacerbated by exceptional events, such as drought and a stringent fiscal and monetary austerity plan. In Brazil, the uncertainty about the outcome of the elections and the delay in implementing the necessary structural reforms slowed the economic recovery (2018 GDP grew by 1.1%).
In general, in almost all countries of interest to the Group (the only exception being Argentina and, partly, Mexico) inflation has remained low, which helps foster domestic consumption while ensuring compliance with fiscal constraints.
The first nine months of the year saw oil prices rise steadily, with Brent increasing to $86 a barrel, while in the 4th Quarter prices plunged to $54 a barrel, reflecting the signs of a slowdown in global growth. The European gas market also experienced periods of high volatility. The early months of 2018 were marked by strong demand, and unusual price tensions were recorded during the summer. Starting in October, the situation reversed, driven by the sudden drop in the price of oil, the large flow of LNG bound for Europe and less buoyant demand.

The dynamics of the coal market in Europe were characterized by the fuel's competitiveness with gas, which was a source of volatility. In the Pacific, China was again the main market mover, pushing the price of coal 20 percentage points higher than the previous year.
Europe experienced a strong recovery in CO_2 prices, which rose to €25/ton at the end of the year, mainly due to the launch of the Market Stability Reserve, which is designed to absorb excess allowances in order to revive the CO_2 market.
The positive trend in electricity demand in the countries in which the Enel Group operates, which began in 2017, continued last year. The increase in electricity consumption traveled at two different speeds: barely positive but steady growth in Europe (about 1%) and more rapid expansion in Latin America (about 3%). After the broad decline that characterized the last few years, 2018 saw an increase in energy prices in most of the countries in which the Group is present, partly reflecting the average annual increase in the prices of the fossil fuels still used to varying degrees in the electricity supply chain.

Performance

In a context characterized by the depreciation of currencies in South America and the normalization of market conditions for conventional generation after a very favorable 2017, the Enel Group was able to achieve all the financial targets set for 2018. In particular, the Group closed the year with ordinary EBITDA of €16.2 billion, an increase on the €15.6 billion posted the previous year and in line with the guidance provided to investors. Ordinary net income, which is used to calculate the dividend, reached €4.1 billion, an increase of 9% compared with the previous year. The 2018 dividend amounts to €0.28 per share, an increase of 18% compared with the €0.237 distributed the previous year and in line with the minimum dividend guaranteed to shareholders. Consistent with the interim dividend policy already applied last year, an interim dividend of €0.14 per share was distributed in January 2019. The ratio of FFO to net debt, an indicator of financial soundness, reached 27%, better than the target set and in line with the value at the close of 2017. Net debt amounted to €41.1 billion and is at the lower end of the range announced to investors (between €41 billion and €42 billion). The figure increased compared with the previous year following extraordinary transactions carried out in the period and investments in growth (equal to about €8.5 billion, in line with 2017).

Key developments

With regard to industrial growth, the expansion of renewable generation continued in 2018, with more than 3 GW of new additional capacity. Thanks to this growth, for the first time in the Group's history zero-emission technologies contributed more than 50% of annual output, supporting the goal of reducing CO_2 emissions (down 11% compared with 2017).
The digitalization effort also continued, with the Group increasing the number of new smart meters by 1.2 million, thus reaching a total of almost 44 million smart meters installed globally (15% of which are second generation devices). These activities are in line with the goal of developing high quality, reliable and resilient infrastructures and making cities more sustainable, consistent with Sustainable Development Goals (SDG) 9 and 11.[1]
Our electric mobility strategy was supported by the acceleration of the public charging infrastructure installation plan in Italy and the launch of two similar projects in Spain and Romania. This effort helped us exceed the annual target, enabling us to close 2018 with a total of 49,000 public and private recharging points installed.
The Group also demonstrated that it can seize the opportunities generated by the growing need for flexible resources for electrical systems, reaching 6.2 GW of active demand management and achieving 70 MW of battery storage for both industrial customers and grid stabilization services.
Among extraordinary transactions, the acquisition of Eletropaulo, renamed Enel Distribuição São Paulo in Decem-

1 SDG 9 - Industry, Innovation and Infrastructure and SDG 11 - Sustainable Cities and Communities.

ber, boosted the Group's end users to 73 million, up 11% compared with 2017. In Mexico the sale of a majority stake of 1.7 GW[2] of renewables capacity was finalized, while retaining responsibility for plant operation, in accordance with the Build, Sell and Operate (BSO) business model. In addition, in Italy the sale to F2i of 50% of the EF Solare Italia joint venture was completed for €214 million, while the Finale Emilia biomass plant was sold for €59 million to F2i SGR. This latter operation forms part of an agreement between the Enel Group and F2i SGR for the sale of the entire biomass portfolio in Italy. Finally, in Spain Enel Green Power signed an agreement for the acquisition of five wind plants in Galicia and Catalonia with a total capacity of some 132 MW.
From a financial point of view, 2018 was an exciting year, characterized by major achievements: from the issue of the second green bond, to receipt of the Yankee Bond Award 2017, the multi-tranche issue of euro-denominated subordinated non-convertible hybrid bonds and the launch of a $4 billion bond issue on the US market.
These results were achieved also thanks to the continued rationalization of our organizational structure, which included the corporate reorganization in Chile, the merger of Enel Green Power Latin America SA into Enel Chile and the increase in Enel's interests in Enel Américas.

Strategy and forecasts for 2019-2021

In recent years we have witnessed profound structural changes in many industrial sectors, leading to the emergence of new markets and opportunities, but also to the need to renew consolidated business models and rethink the methods of use of the resources available to us.
The energy sector is also experiencing a constant and inexorable evolution: the competitiveness of renewable energy sources and the digitalization of assets, together with growing consumer awareness of sustainability and respect for the environment, are opening up electricity to new uses, allowing the decarbonization of the economy.
To meet these challenges, in November 2018 Enel presented its 2019-2021 Strategic Plan, which takes up and strengthens the lines of development set out in recent years.
The path of growth outlined in the Plan shows a constant acceleration, with Group target for ordinary EBITDA of €19.4 billion in 2021, compared with €16.2 billion in 2018 (+20%).
Over the next three years, the Group envisages total gross investment of around €27.5 billion, up 12% compared with the previous plan. Out of a total of about €16.5 billion in growth investment, some €10.6 billion will be dedicated to renewables, once again the driver of the Group's growth. It will be directed not only at markets where Enel has an integrated presence, such as Italy, Spain, Chile, Brazil, Colombia and Peru, but also at other markets such as North and Central America, Africa, Asia and Oceania, thus taking on an increasingly clear global dimension. This growth is in line with Enel's commitment to combating climate change from a perspective that, in addition to risk management, also seeks to identify new development opportunities. In this regard, this year's Report contains a section dedicated to implementing the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board.
Investments in grids will amount to around €11.1 billion, with the main objective of completing the integration of recently acquired assets, in particular Eletropaulo in Brazil, as well as promoting, especially through digitalization, the efficiency of grids and enhancing service quality in all countries in which the Group is present.
The Group also remains focused on achieving operational efficiencies of €1.2 billion over the next three years, and the digitalization of all business sectors will be the main enabler of cost reduction.
Another pillar of future value creation is represented by the simplification of the corporate structure through the reduction of non-controlling interests and the rotation of assets, with a view to improving the overall return on capital employed and increasing the Group's economic interest.
Enel's strategy is explicitly sustainable, with an approach aimed at creating shared value with the people and

2 An additional 0.1 GW will be transferred in 2019, as provided for in the agreement with the counterparty.

communities with which the Group interacts, seeking to produce positive effects for the environment, society and the economy in the long term. This is the motivation behind Enel's support for the initiatives undertaken by the countries in which it operates, aimed at achieving the objectives established in the Paris Agreement.

The commitment to the SDGs was strengthened by setting targets through 2030, strengthening the objective of reducing specific CO_2 emissions to 0.23 kg/kWh_{eq} (SDG 13) and increasing the level of interaction between the Group and local communities, fostering their access to education (SDG 4), energy (SDG 7) and employment as well as sustainable and inclusive economic growth (SDG 8).[3]

Specific targets were introduced for SDG 9 and SDG 11: the Group expects to install about 47 million smart meters and 455 thousand charging points for electric mobility and to invest €5.4 billion in digitalization in 2019-2021.

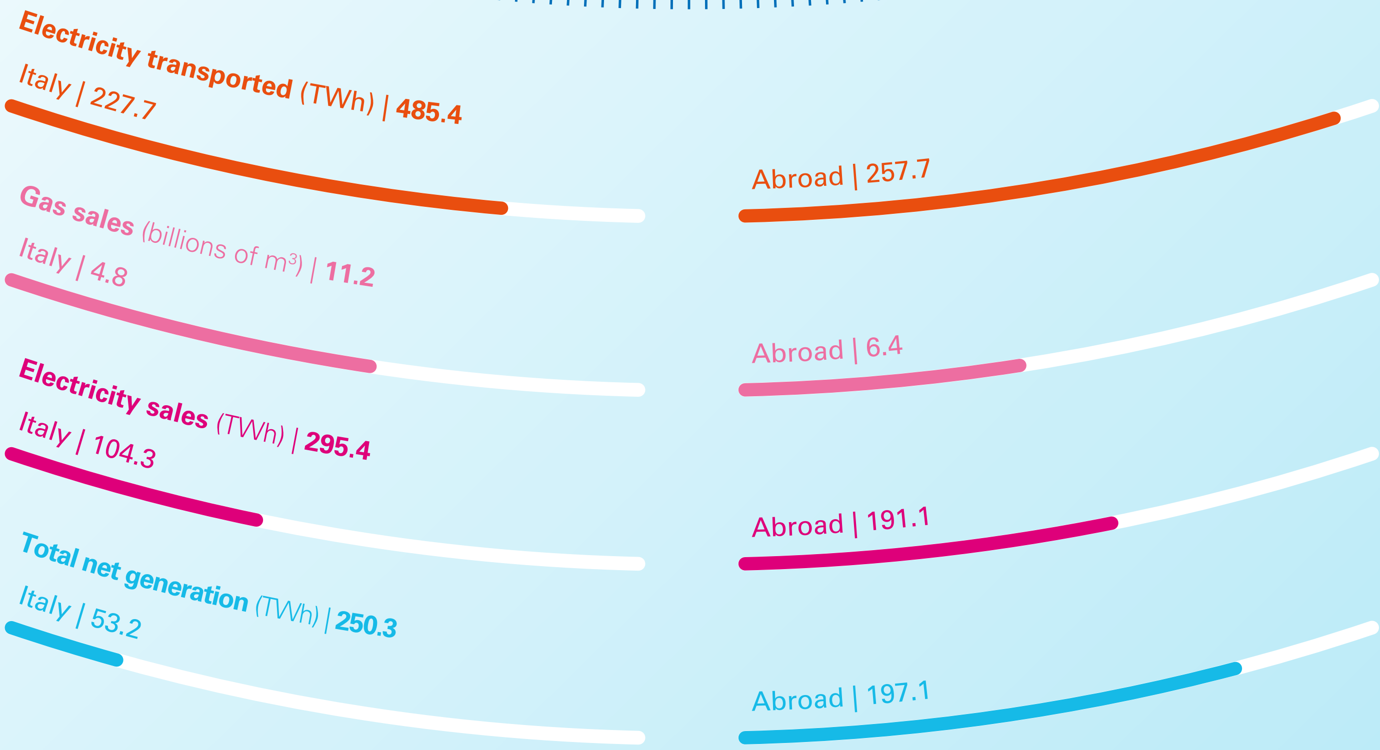
The sustainability and the global dimension of the integrated business model over the entire value chain are at the root of the Strategic Plan's resilience and the demonstrated robustness of operating performance. In light of this awareness, the dividend policy based on a 70% pay-out of the Group's ordinary net income has been confirmed until 2021, with the establishment, for the first time, of a minimum dividend per share for the entire 2019-2021 period. For 2019, Enel therefore expects to distribute the greater of: a) a dividend per share based on the 70% pay-out indicated previously; and b) a minimum dividend per share of €0.32.

Patrizia Grieco
Chairman of the Board of Directors

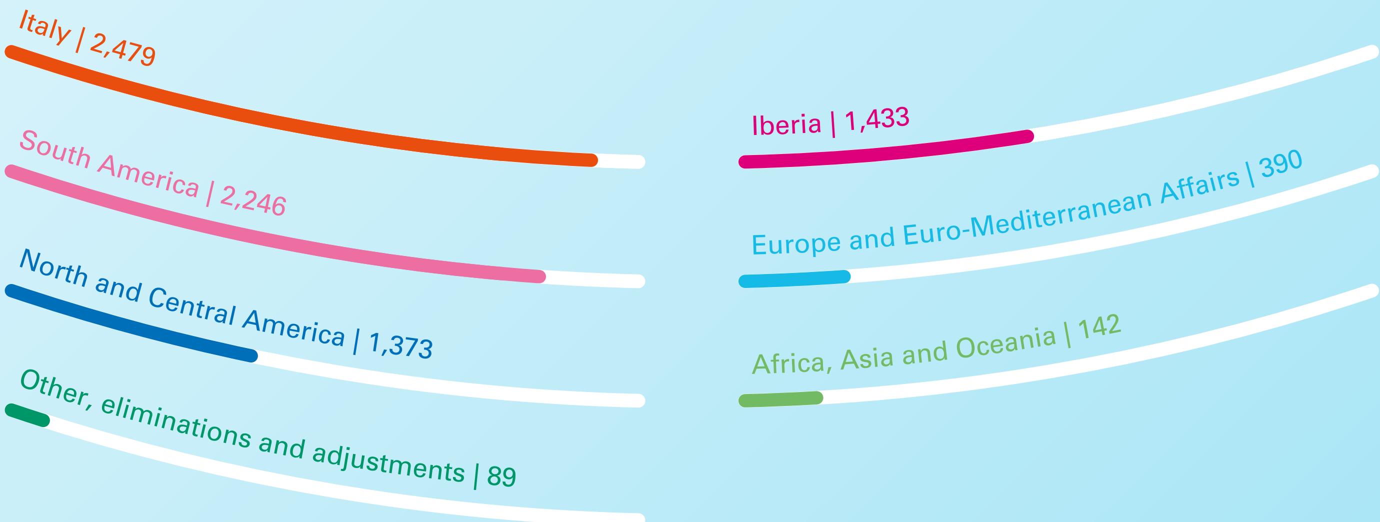
Francesco Starace
Chief Executive Officer and General Manager

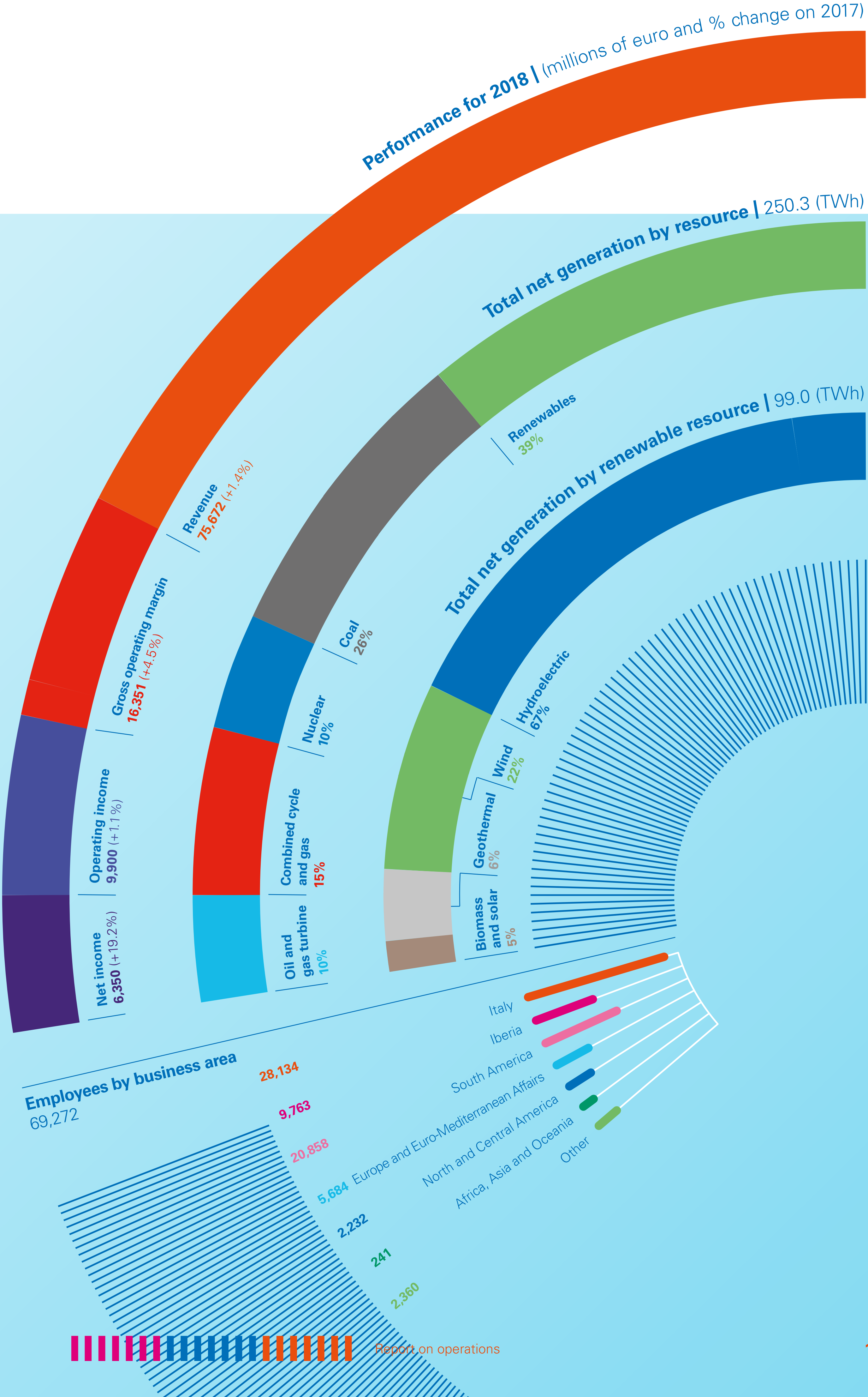
3 SDG 13 - Climate Action, SDG 4 - Quality Education, SDG 7 - Affordable and Clean Energy and SDG 8 - Decent Work and Economic Growth.

Summary of results



Capital expenditure by Country/Region (millions of euro) | 8,152





Performance for 2018 | (millions of euro and % change on 2017)
Revenue
75,672 (+1.4%)
Gross operating margin
16,351 (+4.5%)
Operating income
9,900 (+1.1%)
Net income
6,350 (+19.2%)
Total net generation by resource | 250.3 (TWh)
Renewables
39%
Coal
26%
Nuclear
10%
Combined cycle and gas
15%
Oil and gas turbine
10%
Total net generation by renewable resource | 99.0 (TWh)
Hydroelectric
67%
Wind
22%
Geothermal
6%
Biomass and solar
5%
Employees by business area
69,272
Italy
28,134
Iberia
9,763
South America
20,858
Europe and Euro-Mediterranean Affairs
5,684
North and Central America
2,232
Africa, Asia and Oceania
241
Other
2,360

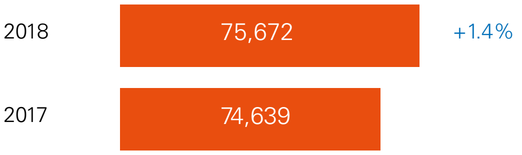
Performance data

Revenue

Revenue for 2018 amounted to €75,672 million, an increase of €1,033 million (+1.4%) compared with 2017.
The rise is mainly due to an increase in revenue from the Enel Green Power Business Line in Italy, Spain and South America, an increase in sales on the free market in Italy and changes in the scope of consolidation, in particular the acquisition of Enel Distribuição São Paulo, as well as the capital gain and fair value remeasurement from the partial disposal with loss of control of eight companies in the Enel Green Power Business Line in Mexico (€190 million).
These effects were partially offset by unfavorable exchange rate developments, mainly in South America.

Revenue in 2018 included the gain on the disposal of EF Solare Italia (€65 million) and the indemnity connected with the sale in 2009 of Enel Rete Gas (€128 million), which do not form part of ordinary revenue.
In 2017, this item mainly included the gain on the sale of the Chilean company Electrogas (€143 million).

millions of euro



Millions of euro

	2018	2017	Change	
Italy	38,398	38,781	(383)	-1.0%
Iberia	19,492	19,994	(502)	-2.5%
South America	14,742	13,154	1,588	12.1%
Europe and Euro-Mediterranean Affairs	2,361	2,411	(50)	-2.1%
North and Central America	1,438	1,187	251	21.1%
Africa, Asia and Oceania	101	96	5	5.2%
Other, eliminations and adjustments	(860)	(984)	124	12.6%
Total	**75,672**	**74,639**	**1,033**	**1.4%**

Gross operating margin

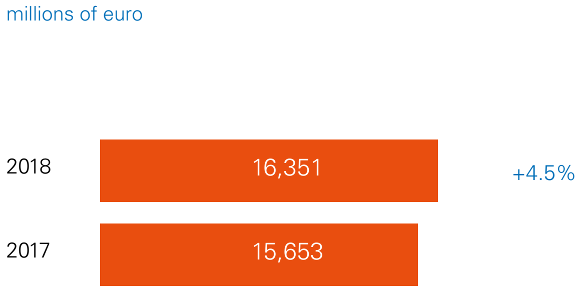
The **gross operating margin** for 2018 amounted to €16,351 million, increasing by €698 million (+4.5%) compared with 2017 despite unfavorable exchange rate developments (€543 million). The increase in the operating margin is mainly attributable to the Enel Green Power Business Line in Italy, Spain and South America and the free market in Italy, plus the effect of the acquisition of Enel Distribuição São Paulo and the capitalization of customer acquisition costs in the amount of €220 million in accordance with the provisions of the new accounting standard IFRS 15.

The gross operating margin also increased due to the gains and the remeasurement at fair value, following partial disposal with loss of control, of eight Mexican project companies (€190 million) and the following items not considered in the determination of the ordinary gross operating margin:

- the capital gain on the sale of EF Solare Italia (€65 million);
- the indemnity received by e-distribuzione in connection with the 2009 sale of Enel Rete Gas (€128 million).

These increases are partly offset by the effect of the gain recorded in the previous year on the sale of the Chilean company Electrogas (€143 million), net of the loss recognized in South America following the abandonment of hydroelectric projects in Chile and Colombia in the amount of €45 million.

The following table shows the performance of the gross operating margin by geographical area:



Millions of euro

	2018	2017	Change	
Italy	7,304	6,863	441	6.4%
Iberia	3,558	3,573	(15)	-0.4%
South America	4,370	4,204	166	3.9%
Europe and Euro-Mediterranean Affairs	516	543	(27)	-5.0%
North and Central America	708	759	(51)	-6.7%
Africa, Asia and Oceania	54	57	(3)	-5.3%
Other	(159)	(346)	187	54.0%
Total	**16,351**	**15,653**	**698**	**4.5%**

The **ordinary gross operating margin** amounted to €16,158 million, an increase of €603 million compared with 2017 (+3.9%). Items in 2018 that are not included in the ordinary gross operating margin amounted to €193 million. They included:

- the indemnity received in connection with the 2009 sale of Enel Rete Gas (€128 million);
- the capital gain on the sale of EF Solare Italia of €65 million.

As noted above, the items excluded from the ordinary gross operating margin in 2017 were the gain of €143 million on the sale of Electrogas and the loss recognized following the abandonment of hydroelectric projects in Chile and Colombia in the amount of €45 million.

Millions of euro

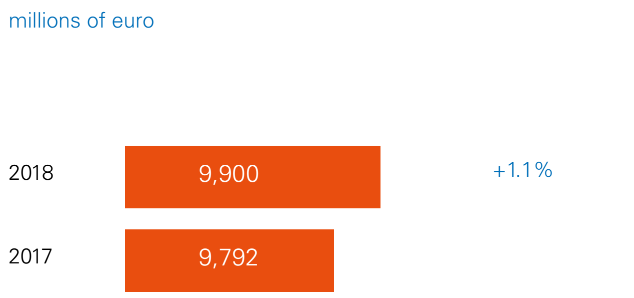
	2018	2017	Change	
Italy	7,111	6,863	248	3.6%
Iberia	3,558	3,573	(15)	-0.4%
South America	4,370	4,106	264	6.4%
Europe and Euro-Mediterranean Affairs	516	543	(27)	-5.0%
North and Central America	708	759	(51)	-6.7%
Africa, Asia and Oceania	54	57	(3)	-5.3%
Other	(159)	(346)	187	54.0%
Total	**16,158**	**15,555**	**603**	**3.9%**

Operating income

Operating income in 2018 amounted to €9,900 million, an increase of €108 million compared with 2017 (€9,792 million) despite an increase of €590 million in depreciation, amortization and impairment. That rise is attributable to the capitalization of customer acquisition costs, which increased amortization by €166 million, the acquisition of Enel Distribuição São Paulo (€93 million) and the effect of the increase in impairment recognized in 2018 compared with 2017. In this regard, please note:

- the writedown of two generation units at the Spanish generation plant at Alcúdia (€82 million);
- the writedown of the LNG regasification plant of Nuove Energie (€24 million);
- the impairment of a number of conventional (€23 million) and renewable (€94 million) generation plants in Italy;
- an increase in impairment on certain trade receivables (€186 million), mainly in Italy.

These increases were partly offset by unfavorable exchange rate developments in South America, as well as by the reversal of the impairment of the EGP Hellas CGU (€117 million) and the impairment recognized the previous year on geothermal development activities in Germany through the subsidiary Erdwärme Oberland GmbH (€42 million).



Millions of euro

	2018	2017	Change	
Italy	4,498	4,470	28	0.6%
Iberia	1,724	1,842	(118)	-6.4%
South America	2,976	2,970	6	0.2%
Europe and Euro-Mediterranean Affairs	420	306	114	37.3%
North and Central America	454	553	(99)	-17.9%
Africa, Asia and Oceania	10	15	(5)	-33.3%
Other	(182)	(364)	182	50.0%
Total	**9,900**	**9,792**	**108**	**1.1%**

Ordinary operating income, which does not include the items discussed above with reference to the ordinary gross operating margin and does not consider the effects of the impairment mentioned earlier (Alcúdia, Nuove Energie and biomass and solar operations in Italy, net of the reversal of the impairment on the EGP Hellas CGU), amounted to €9,793 million, an increase of €57 million (+0.6%) compared with 2017.

Millions of euro

	2018	2017	Change	
Italy	4,426	4,470	(44)	-1.0%
Iberia	1,806	1,842	(36)	-2.0%
South America	2,976	2,872	104	3.6%
Europe and Euro-Mediterranean Affairs	303	348	(45)	-12.9%
North and Central America	454	553	(99)	-17.9%
Africa, Asia and Oceania	10	15	(5)	-33.3%
Other	(182)	(364)	182	50.0%
Total	**9,793**	**9,736**	**57**	**0.6%**

Net income

Net income attributable to shareholders of the Parent Company amounted to €4,789 million in 2018, compared with €3,779 million the previous year. More specifically, the increase in operating income was further improved by:

- the value adjustment of both the financial receivable (€320 million) relating to the partial sale of Slovenské elektrárne and the investment, measured at equity, in Slovak Power Holding (€362 million);
- the decrease in the tax burden, mainly due to the recognition of deferred tax assets on prior-year losses at Enel Distribuição Goiás (€274 million) and at Enel Green Power SpA (€85 million in respect of 3Sun following its merger with Enel Green Power SpA during the year).

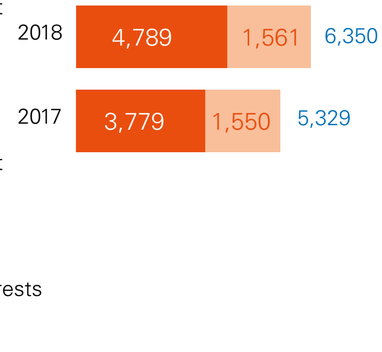
These effects are partly mitigated by:

- the writedown of the assets of a number of equity investments measured at equity in Greece, associated with the resizing of a wind farm development project in the Cyclades;
- the gain in 2017 on the disposal of Bayan Resources (€52 million) and the revaluation in 2017 of the investment in Slovak Power Holding (€28 million);
- a decrease in taxes in the United States and Argentina following the release of deferred taxes following the US tax reform and the deferred tax assets recognized on prior-year losses by Edesur.

millions of euro

Net income per share attributable to shareholders of the Parent Company (euro) **0.47**

Net income per share attributable to shareholders of the Parent Company (euro) **0.37**



Ordinary net income attributable to shareholders of the Parent Company in 2018 amounted to €4,060 million, an increase of €351 million compared with 2017 (€3,709 million). The following table provides a reconciliation of net income and ordinary net income attributable to shareholders of the Parent Company, reporting the non-ordinary items and their respective impacts on net income, excluding the associated tax effects and non-controlling interests.

Millions of euro

	2018
Net income attributable to shareholders of the Parent Company	**4,789**
Indemnity for the disposal of e-distribuzione's investment in Enel Rete Gas	(128)
Writeback of assets of Slovenské elektrárne	(646)
Writedown of Alcúdia plant (Spain)	43
Reversal of impairment on the EGP Hellas CGU and impairment of wind projects (Cyclades)	(39)
Gain on disposal of EF Solare Italia	(64)
Writedown of the Nuove Energie CGU	20
Net writedown of biomass and solar plants in Italy	85
Ordinary net income attributable to shareholders of the Parent Company [1]	**4,060**

(1) Taking account of tax effect and non-controlling interests.

Millions of euro

	2017
Net income attributable to shareholders of the Parent Company	**3,779**
Gain on disposal of Bayan Resources	(52)
Impairment of Erdwärme geothermal assets	36
Abandonment of hydroelectric projects in Chile and Colombia	11
Gain on disposal of Electrogas	(37)
Revaluation of investment in Slovak Power Holding	(28)
Ordinary net income attributable to shareholders of the Parent Company [1]	**3,709**

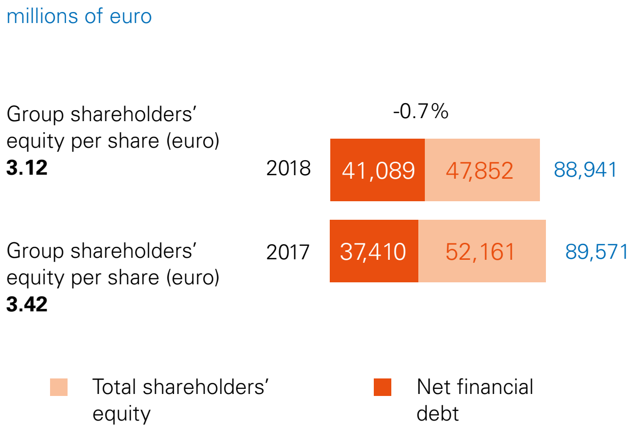
(1) Taking account of tax effect and non-controlling interests.

Financial data

Net capital employed

Net capital employed, including net assets held for sale of €281 million, amounted to €88,941 million at December 31, 2018 and was financed by equity attributable to shareholders of the Parent Company and non-controlling interests of €47,852 million and net financial debt of €41,089 million. At December 31, 2018, the debt/equity ratio came to 0.86 (0.72 at December 31, 2017).
The percentage increase in leverage is attributable to the reduction of €3,704 million in the Group's consolidate equity following the retrospective application of IFRS 9 and IFRS 15 and to the increase in net financial debt.

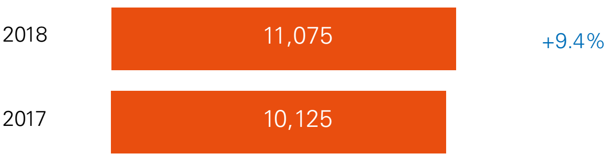
Net financial debt amounted to €41,089 million, an increase of €3,679 million compared with December 31, 2017. The increase is mainly attributable to the acquisition of Enel Distribuição São Paulo, the public tender offer for all of the shares of the subsidiary Enel Generación Chile held by non-controlling interests, investments in the period and adverse exchange rate developments.



Cash flows from operations

Cash flows from operations amounted to €11,075 million in 2018, an increase of €950 million on the previous year owing to the increase in the gross operating margin and net current assets.

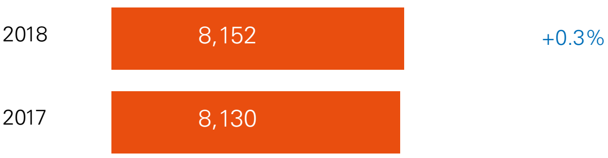
millions of euro



Capital expenditure

Capital expenditure amounted to €8,152 million in 2018 (of which €6,530 million in respect of property, plant and equipment), an increase of €22 million on 2017, with a concentration on renewables plants in Spain, South Africa and India as well as greater work on grids operated on a concession basis in Italy and Brazil. In the latter case, part of the increase is attributable to Enel Distribuição São Paulo following its acquisition in June 2018. These increases were partly offset by adverse exchange rate developments, mainly in South America, and a reduction in capital expenditure on renewables plants in Brazil as most of the plants entered service during the year.

millions of euro



Millions of euro

	2018	2017	Change	
Italy	2,479 [1]	1,812	667	36.8%
Iberia	1,433	1,105	328	29.7%
South America	2,246	3,002	(756)	-25.2%
Europe and Euro-Mediterranean Affairs	390	307 [3]	83	27.0%
North and Central America	1,373 [2]	1,802 [4]	(429)	-23.8%
Africa, Asia and Oceania	142	30	112	-
Other, eliminations and adjustments	89	72	17	23.6%
Total	**8,152**	**8,130**	**22**	**0.3%**

(1) Does not include €3 million regarding units classified as “held for sale”.
(2) Does not include €375 million regarding units classified as “held for sale”.
(3) Does not include €44 million regarding units classified as “held for sale”.
(4) Does not include €325 million regarding units classified as “held for sale”.

Operations

	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2018			2017	
Net electricity generated by Enel (TWh)	53.2	197.1	**250.3**	53.5	196.4	**249.9**
Electricity transported on the Enel distribution network (TWh) (1)	227.7	257.7	**485.4**	228.5	232.2	**460.7**
Electricity sold by Enel (TWh)	104.3	191.1	**295.4**	103.2	181.6	**284.8**
Gas sales to end users (billions of m³)	4.8	6.4	**11.2**	4.8	6.9	**11.7**
Employees at period-end (no.)	30,285	38,987	**69,272**	31,114	31,786	**62,900**

(1) The figure for 2017 reflects a more accurate measurement of amounts transported.

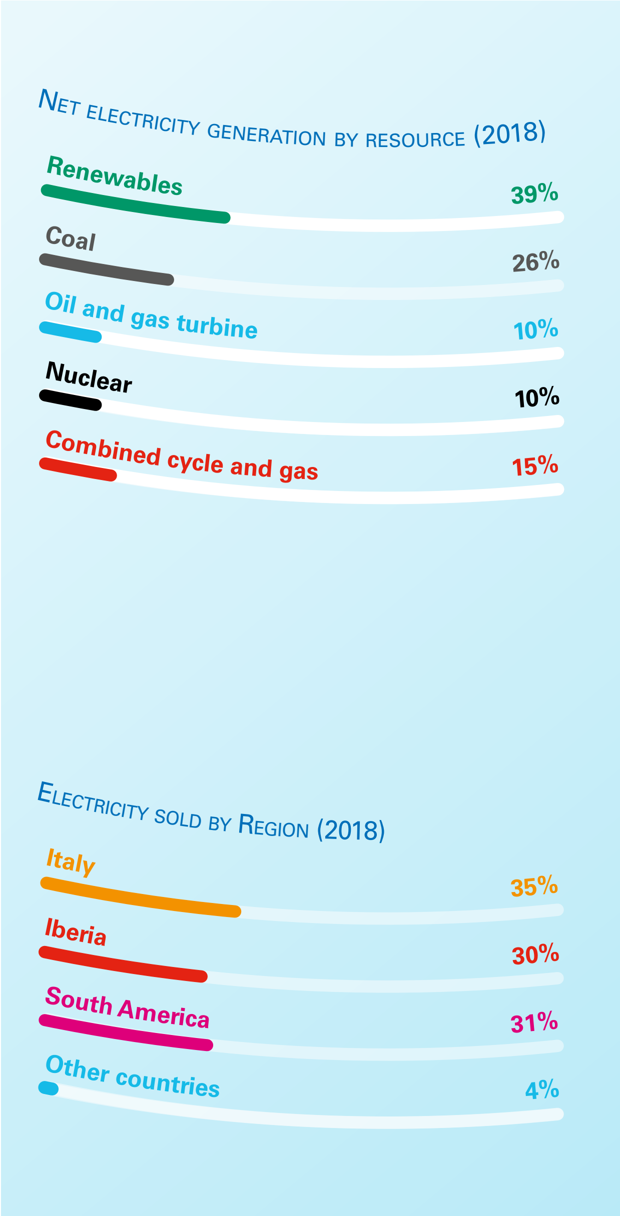
Net electricity generated by Enel in 2018 increased by 0.4 TWh on 2017 (+0.2%), due to the increase in generation abroad (+0.7 TWh), partly offset by a decline in output in Italy (-0.3 TWh). More specifically, the increase in volumes generated abroad primarily reflects greater renewables generation:

- +6.0 TWh from the increase in hydroelectric generation in Spain and South America;
- +4.0 TWh from the increase in wind generation in South America and North and Central America.

These developments were partly offset by a decline in output from conventional sources, in particular the decrease in gas-fired generation.
In Italy, the increase in hydroelectric generation (+4.0 TWh) was offset by the contraction in generation from coal and gas.
Finally, 39% of the net electricity generated by Enel in 2018 came from renewable resources.

Electricity transported on the Enel distribution network amounted to 485.4 TWh in 2018, an increase of 24.7 TWh (+5.4%), essentially reflecting the acquisition of Enel Distribuição São Paulo.

Electricity sold by Enel in 2018 amounted to 295.4 TWh, an increase of 10.6 TWh (+3.7%) on the previous year, mainly reflecting an increase in amounts sold on foreign markets (+9.5 TWh). The increase in sales in South America (+16.4 TWh) was only partly offset by a decline in sales in Spain (-6.9 TWh). Sales on the domestic market also increased, by 1.1 TWh.



At December 31, 2018, Enel Group employees numbered 69,272 (an increase of 6,372 on the end of 2017). The rise reflects the net balance of new hires and terminations (-1,332) and the change in the scope of consolidation (a total of +7,704), which reflected the acquisition in June of Enel Distribuição São Paulo in Brazil, the acquisition in August of Empresa de Alumbrado Eléctrico de Ceuta and Empresa de Alumbrado Eléctrico de Ceuta Distribución in Spain and the sale in December of Enel Green Power Uruguay.

No.

	at Dec. 31, 2018	at Dec. 31, 2017
Italy	28,134	28,684
Iberia	9,763	9,711
South America	20,858	13,903
Europe and Euro-Mediterranean Affairs	5,684	5,733
North and Central America	2,232	2,050
Africa, Asia and Oceania	241	198
Other	2,360	2,621
Total	**69,272**	**62,900**

Environmental, social and governance indicators

	2018	2017	Change	
Emission free production (% of total)	49.1	43.3	5.8	13.4%
Total specific emissions of CO_2 from net production ($kgCO_2/kWh_{eq}$) (1)	0.369	0.411	(0.042)	-10.2%
Average thermal generation yield (%) (2)	40.1	40.7	(0.6)	-1.5%
Specific emissions of SO_2 (g/kWh_{eq}) (1)	0.75	0.84	(0.09)	-10.7%
Specific emissions of NO_x (g/kWh_{eq}) (1)	0.72	0.79	(0.07)	-8.9%
Specific emissions of dust (g/kWh_{eq}) (1)	0.17	0.27	(0.10)	-37.0%
ISO 14001-certified net efficient capacity (% of total)	99	99	-	-
Enel injury frequency rate (3)	0.943	1.199	(0.256)	-21.4%
Serious and fatal injuries at Enel (no.) (4)	7	6	1	16.7%
Serious and fatal injuries at contractors (no.) (4)	17	20	(3)	-15.0%
Verified violations of the Code of Ethics (no.) (5)	30	31	(1)	-3.2%

(1) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).
(2) Percentages calculated using a new method that does not include oil and gas plants in Italy that are in the process of decommissioning or are marginal among thermal plants. The figures also do not consider consumption and generation for co-generation at Russian thermal plants. The average generation yield is calculated on the basis of the number of plants and weighted by output.
(3) The indicator is calculated as the ratio between the total number of injuries and the number of hours worked, in millions.
(4) Serious injury: injuries with an initial prognosis, as reported on the medical certificate issued, of greater than 30 days, or with a confidential prognosis until the actual prognosis is released, or with an unknown prognosis that, based on an initial assessment by the company concerned, is expected to exceed 30 days. Once the official prognosis is released, the related injury is considered serious only if said prognosis exceeds 30 days. Should a confidential prognosis never be released or an unknown prognosis remain unknown, within 30 days of the event, the injury is to be deemed serious.
(5) The analysis of reports received in 2017 was completed in 2018. For that reason, the number of verified violations for 2017 was restated from 27 to 31.

The Enel Group has an environmental management system that covers nearly all of its operations (generation plants, grids, services, properties, sales, etc.). Preparatory activities for the certification of new plants and installations have begun.
In line with the goal of decarbonization by 2050, the new installed renewables capacity amounted to about 2.7 GW, mainly attributable to wind plants in the United States and solar plants in Mexico. Emission free production in 2018 amounted to around 49% of total generation, an increase compared with 2017 that was due to greater generation from hydroelectric sources thanks to an increase in water availability. Specific CO_2 emissions declined by 10% from the previous year, going from 0.411 to 0.369 kg/kWh_{eq}, reflecting a reduction in absolute emissions as a result of a decline in thermal generation.
The values for other specific atmospheric emissions decreased compared with 2017 by about 11% for SO_2 and 9% for NO_x, as well as dust (-37% on 2017) thanks to efficiency enhancement works at the Reftinskaya plant in Russia.

The average thermal generation yield was virtually unchanged compared with 2017.

Injury frequency rate for employees of the Enel Group was equal to 0.943 (down 21% on 2017). In 2018 there was 1 fatal accident and 6 serious accidents involving Enel personnel and 7 fatal accidents[4] and 10 serious accidents involving the employees of contractors working for Enel.

Reports of violations of the Code of Ethics numbered 144 last year. Following analysis, 30 have been classified as violations to date.

4 Considering activities managed in all of the areas in which the Group operates, which include a number of companies accounted for using the equity method or for which the Build, Sell and Operate approach has been adopted, the total number of fatal injuries was 8.

Overview of the Group's operations, performance and financial position

Definition of performance indicators

In order to present the results of the Group and the Parent Company and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and by Enel SpA and presented in the consolidated and separate financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring the performance of the Group and the Parent Company and representative of the financial performance of the business. As regards those indicators, on December 3, 2015, CONSOB issued Communication 92543/2015, 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: an indicator calculated by eliminating from the gross operating margin all items connected with non-recurring transactions such as acquisitions or disposals of entities (e.g. 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 all items connected with the extraordinary items referred to in the comments on "Ordinary gross operating margin (EBITDA)", significant impairment losses or writebacks on assets (including equity investments and financial assets) recognized following impairment testing and any associated tax effects or non-controlling interests.

Gross global value added from continuing operations: this is defined as value created for stakeholders and is equal to "Revenue", including "Net income/(expense) from commodity management" net of external costs defined as the algebraic sum of "Cost of fuels", "Cost of electricity purchases", "Costs of materials", "Capitalized costs of internal projects", "Other costs", net of "Taxes and duties" and "Provisions for risks and charges", and "Costs for services, rentals and leases", net of "Costs for fixed water diversion fees" and "Costs for public land usage fees".

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

- "Deferred tax assets";
- "Securities" 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:

- "Long-term financial receivables (short-term portion)", "Factoring receivables", "Securities, "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, calculated as:

- "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" 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 2004/809/EC and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions. For more information, please see note 6 in the notes to the consolidated financial statements.

Group performance

Millions of euro

	2018	2017	Change	
Revenue	75,672	74,639	1,033	1.4%
Costs	59,804	59,564	240	0.4%
Net income/(expense) from commodity contracts measured at fair value	483	578	(95)	-16.4%
Gross operating margin	**16,351**	**15,653**	**698**	**4.5%**
Depreciation, amortization and impairment losses	6,451	5,861	590	10.1%
Operating income	**9,900**	**9,792**	**108**	**1.1%**
Financial income	4,361	3,982	379	9.5%
Financial expense	6,409	6,674	(265)	-4.0%
Total net financial income/(expense)	**(2,048)**	**(2,692)**	**644**	**23.9%**
Share of income/(losses) of equity investments accounted for using the equity method	**349**	**111**	**238**	**-**
Income before taxes	**8,201**	**7,211**	**990**	**13.7%**
Income taxes	1,851	1,882	(31)	-1.6%
Income from continuing operations	**6,350**	**5,329**	**1,021**	**19.2%**
Income from discontinued operations	**-**	**-**	**-**	**-**
Net income (attributable to the Group and minority interests)	**6,350**	**5,329**	**1,021**	**19.2%**
Interest held by the Group	4,789	3,779	1,010	26.7%
Minority interest	1,561	1,550	11	0.7%

Revenue

Millions of euro

	2018	2017	Change	
Sale of electricity	43,110	43,433	(323)	-0.7%
Transport of electricity	10,101	9,973	128	1.3%
Fees from network operators	1,012	900	112	12.4%
Transfers from institutional market operators	1,711	1,635	76	4.6%
Sale of gas	4,401	3,964	437	11.0%
Transport of gas	576	570	6	1.1%
Sale of fuel	8,556	8,340	216	2.6%
Connection fees to electricity and gas networks	714	800	(86)	-10.8%
Construction contracts	735	674	61	9.1%
Gains on the disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	287	159	128	80.5%
Gains on the disposal of property, plant and equipment and intangible assets	61	43	18	41.9%
Other revenue and income	4,408	4,148	260	6.3%
Total	**75,672**	**74,639**	**1,033**	**1.4%**

In 2018, revenue from the **sale of electricity** amounted to €43,110 million, a decrease of €323 million compared with the previous year (-0.7%). The decrease can principally be attributed to the following factors:

- a €1,078 million increase in revenue from end-user markets, mainly due to the change in the scope of consolidation following the addition of Enel Distribuição São Paulo in June 2018;
- a reduction of €543 million in revenue from wholesale electricity sales, mainly due to the reduction in volumes traded in Italy;
- a decrease of €858 million in revenue from electricity trading due to the reduction in volumes traded on the Italian market.

Revenue from the **transport of electricity** came to €10,101 million in 2018, an increase of €128 million compared with 2017. This increase was mainly concentrated in Brazil due to the acquisition of Enel Distribuição São Paulo (€143 million).

Fees from network operators amounted to €1,012 million in 2018, up €112 million compared with the previous year. This change reflects the increase in revenue in Italy, mainly related to dispatching services and to unit margins essential to system security.

Revenue from **transfers from institutional market operators** in 2018 amounted to €1,711 million and increased by €76 million. This increase in transfers was mainly due to the greater costs of liquid fuels seen in the Spanish extra-peninsular area for which the Group is entitled to reimbursement.

Revenue from the **sale of gas** for 2018, which totaled €4,401 million, increased by €437 million (+11.0%) over the previous year. This change was essentially due to the increase in revenue recognized in Iberia, in Chile and in Italy, mainly determined by rising average prices compared with the previous year.

Revenue from the **sale of fuel**, amounting to €8,556 million, increased by €216 million, mainly as a result of the increase in natural gas sales within Enel Global Trading.

Revenue from **connection fees to electricity and gas networks** in 2018 amounted to €714 million, a decrease of €86 million due to a decline in the number of connections and the application of IFRS 15, which led to the deferred recognition over time of connection fees that had previously been recognized entirely through profit or loss at the time of activation of the user.

Revenue from **construction contracts** in 2018 amounted to €735 million, an increase of €61 million due mainly to the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo, which was partially offset by the reduction of work carried out by the other distribution companies in Brazil.

The item relating to **gains on the disposal of entities** came to €287 million in 2018, an increase of €128 million (+80.5%) compared with 2017, and mainly includes:

- the gain on the sale of eight companies involved in "Project Kino" in Mexico at the end of September 2018 and the re-measurement at fair value of the Group's remaining 20% stake in the companies (€190 million);
- the gain on the sale of EF Solare Italia (€65 million);
- the gain on the sale of a number of companies in the Enel Green Power Business Line in Uruguay (€18 million).

In 2017, on the other hand, this item mainly included the gain of €143 million from the sale of the investment in the Chilean company Electrogas.

Gains on the disposal of property, plant and equipment and intangible assets in 2018 amounted to €61 million (€43 million in 2017) and refer to ordinary disposals for the period.

Other revenue and income came to €4,408 million in 2018 (€4,148 million for the previous year), an increase of €260 million (+6.3%) compared with 2017.

The change compared with 2017 is mainly due to:

- an increase in revenue from the recognition of the income connected with the agreement of e-distribuzione for the sale of Enel Rete Gas in 2009 (€128 million);
- greater revenue due to the increase in sales volumes of value-added services.

Costs

Millions of euro

	2018	2017	Change	
Electricity purchases	19,584	20,011	(427)	-2.1%
Consumption of fuel for electricity generation	4,922	5,342	(420)	-7.9%
Fuel for trading and gas for sales to end users	11,463	10,906	557	5.1%
Materials	2,375	1,880	495	26.3%
Personnel costs	4,581	4,504	77	1.7%
Services, leases and rentals (1)	16,254	15,882	372	2.3%
Other operating expenses	2,889	2,886	3	0.1%
Capitalized costs	(2,264)	(1,847)	(417)	-22.6%
Total	**59,804**	**59,564**	**240**	**0.4%**

(1) Of which, costs for fixed water diversion fees in the amount of €167 million in 2018 (€169 million in 2017) and costs for public land usage fees in the amount of €24 million in 2018 (€24 million in 2017).

Costs for **electricity purchases** decreased by €427 million in 2018 compared with 2017, a reduction of 2.1%. This decrease is attributable to the reduction in purchases made through bilateral agreements (€236 million), mainly relating to the reduction in volumes traded by Enel Global Trading, associated with a reduction in purchases both on other local and foreign markets in the amount of €106 million and on the electricity exchanges in the amount of €85 million, mainly in Iberia. These effects were partially offset by the increase in electricity purchases in South America following the consolidation of Enel Distribuição São Paulo.

Costs for the **consumption of fuel for electricity generation** relating to 2018 amounted to €4,922 million, a decrease of €420 million (7.9%) compared with the previous year. This change was mainly due to lower thermoelectric production, especially in Chile and Italy, and partly due to the weakening of South American currencies against the euro.

Costs for the purchase of **fuel for trading and gas for sales to end users** came to €11,463 million, up €557 million over 2017. This change reflects the greater quantities purchased and traded at increasing average prices, particularly in Italy and Spain.

Costs for **materials** came to €2,375 million in 2018, an increase of €495 million compared with the previous year, mainly due to the increase in purchases for materials and equipment for infrastructure and networks, mainly in Italy and Spain (€261 million), as well as an increase in costs for environmental certificates (€179 million) for power generation in Italy and the sales companies in Romania.

Personnel costs for 2018 totaled €4,581 million, an increase of €77 million (+1.7%) compared with 2017. This change is essentially the result of:

- higher costs associated with changes in the scope of consolidation, mainly due to the acquisitions of Enel Distribuição São Paulo in 2018 (€151 million) and Enel X North America (formerly EnerNOC) in the 2nd Half of 2017 (€56 million);
- a decrease in costs for Enel Distribuição Goiás in the amount of €63 million following the efficiency measures implemented during the 1st Half of 2017;
- a reduction in costs in Argentina following the devaluation of the local currency due to hyperinflation (€93 million);
- an increase in costs incurred for early-retirement incentives in the amount of €62 million, mainly in Italy and Spain.

At December 31, 2018, the Enel Group's workforce totaled 69,272 employees, 38,987 of whom employed abroad. The Group's workforce increased by 6,372 in 2018. The negative balance between new hires and terminations for the period (1,332), mainly due to the early-retirement incentives noted above (about 35% of terminations were in Italy), was more than offset by changes in the scope of consolidation (7,704) due to acquisitions made in 2018, and in particular of Enel Distribuição São Paulo, Empresa de Alumbrado Eléctrico de Ceuta, and Empresa de Alumbrado Eléctrico de Ceuta Distribución.

The change compared with December 31, 2018 breaks down as follows:

Balance at December 31, 2017	**62,900**
Hirings	3,414
Terminations	(4,746)
Change in scope of consolidation	7,704
Balance at December 31, 2018	**69,272**

Costs for **services, leases and rentals** totaled €16,254 million in 2018, up €372 million over 2017. The change was essentially due to:

- an increase in costs for services connected with the changes in the scope of consolidation, mainly attributable to the acquisition of Enel Distribuição São Paulo (€389 million);
- greater variable costs for value-added services provided, particularly in the United States (€98 million) due to the consolidation, starting in August 2017, of Enel X North America (formerly EnerNOC);
- an increase in hydroelectric lease fees incurred in Spain following the increased use of hydroelectric production during the year (€52 million);
- an increase in charges for access to the power transmission grid in the amount of €160 million, especially in Spain for the reversal, last year, of the charges set aside in the years 2011-2016 in relation to the payments made by the generation companies for self-consumption;
- a reduction of €220 million in customer acquisition costs, which were capitalized following the application of the new IFRS 15;
- a decrease in costs for maintenance and repairs (€115 million).

Other operating expenses in 2018 came to €2,889 million, an increase of €3 million compared with 2017, which essentially reflects:

- higher charges, mainly for the "*bono social*" in Spain in the amount of €229 million, after the issue of a favorable ruling in 2017 that led to the reversal of costs incurred in 2015, 2016 and 2017;
- an increase in indemnities paid to customers and suppliers in the amount of €22 million;
- lower environmental compliance costs in the amount of €112 million, mainly in Italy and Spain;
- lower charges for taxes and duties in the amount of €71 million, essentially related to lower taxes on thermal generation in Spain (€109 million), due in part to the greater use of hydroelectric generation, which was only partially offset by the increase in taxes on real estate in the amount of €25 million, particularly in Italy;
- a decrease of €89 million in costs related to the improvement of service quality, which decreased especially sharply in Argentina, only partially offset by an increase in fines recognized in relation to distribution in Italy;
- a decrease of costs in South America, reflecting the effect of the recognition in 2017 of capital losses of €45 million following the abandonment of hydroelectric projects in Chile and Colombia.

In 2018, **capitalized costs** amounted to €2,264 million, an increase of €417 million compared with the previous year, in correspondence with the increase in investments made in particular in distribution and generation in Italy, as well as in the construction of renewable energy plants in Mexico.

Net income/(expense) from commodity contracts measured at fair value showed net income of €483 million in 2018 (€578 million for the previous year). In particular, net income for 2018 is attributable to net income from the management of cash flow hedge derivatives, in the amount of €25 million (net income of €246 million in 2017), and of derivatives at fair value through profit or loss, in the amount of €458 million (net income of €332 million in 2017).

Depreciation, amortization and impairment losses in 2018 amounted to €6,451 million, an increase of €590 million. This increase was mainly due to the following:

- a €270 million increase in amortization due to the acquisition of Enel Distribuição São Paulo (€93 million) and the application, starting in 2018, of IFRS 15, which entailed the capitalization of customer acquisition costs (€166 million);
- greater impairment of property, plant and equipment and intangible assets (€194 million), in particular as a result of the impairment of biomass and solar assets in Italy (€91 million), of the assets of Nuove Energie (€24 million), of the Augusta and Bastardo power plants (€23 million), and of the Alcúdia power plant in Spain (€82 million). These increases were partially offset by the partial reversal of the impairment of the EGP Hellas CGU (€117 million) and the impairment of geothermal assets, recognized in 2017, on Erdwärme (€42 million);
- an increase in the impairment of trade and other assets net of reversals (€186 million), especially in Italy.

Operating income amounted to €9,900 million in 2018, an increase of €108 million.

Net financial expense amounted to €2,048 million, down €644 million in 2018, mainly due to:

- a €320 million increase in financial income related to the adjustment in the value of the financial receivable arising as a result of the sale of the 50% stake in Slovak Power Holding as a result of updating the pricing formula included in the agreements with Energetický a Průmyslový Holding ("EPH");
- the recognition of net financial income of €168 million for the Argentine companies following the application of IAS 29 related to accounting for hyperinflationary economies (see note 2 of the consolidated financial statements for the year ended December 31, 2018, for more information);
- greater net gains on financial derivative instruments (hedging both interest rates and exchange rates) in the amount of €1,616 million, which was almost entirely offset by an increase in net exchange rate losses as a result of fluctuations in exchange rates in the amount of €1,500 million;
- a decrease in the financial expense recognized by Enel Finance International of €108 million due to the early redemption of bonds in 2019 under the "make-whole call option" allowed for under the original financing agreement;
- a reduction in charges related to medium and long-term revolving credit lines in the amount of €52 million, above all for Enel SpA and Enel Finance International;
- the recognition by Enel SpA of financial income in the amount of €54 million related to rebates of direct taxes.

These effects were only partially offset by:

- a €89 million decrease in capitalized interest, mainly for Enel Green Power Brazil and Enel Green Power Chile;
- a €62 million increase in charges for the assignment of receivables, mainly attributable to Enel Energia (€23 million), the Enel Américas Group (€21 million), and Servizio Elettrico Nazionale (€14 million);
- a decrease in income from equity investments due to the effect of the recognition in 2017 of the gain on the sale of the investment in Bayan Resources (€52 million).

The **share of income/(losses) of equity investments accounted for using the equity method** for 2018 showed net income of €349 million, while in 2017 net income was €111 million. The change of €238 million was essentially due to the writeback of the value of the 50% stake in Slovak Power Holding (€362 million), which had been written down multiple times in previous years. The writeback was due to changes in the reference parameters used to determine the pricing formula included in the agreements with EPH. This writeback was only partially offset by the pro-rated performance of associates and joint ventures, the impairment of certain assets related to the Greek project companies involved in the development of wind farms in the Cyclades (€49 million) and biomass development projects in Italy (€12 million).

Income taxes in 2018 amounted to €1,851 million, for a tax rate of 22.6%, while income taxes for 2017 came to €1,882 million with a tax rate of 26.1%. The reduction in income taxes was mainly attributable to the following factors:

- the recognition of deferred tax assets on prior-year losses by Enel Distribuição Goiás (€274 million) and by Enel Green Power SpA (€85 million in respect of 3Sun, which was merged into Enel Green Power in 2018);
- the reduction in deferred tax liabilities (€61 million) following the tax reform in Colombia, which led to a reduction in progressive tax rates from 33% to 30%.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	95,780	91,738	4,042	4.4%
- goodwill	14,273	13,746	527	3.8%
- equity investments accounted for using the equity method	2,099	1,598	501	31.4%
- other net non-current assets/(liabilities)	(5,696)	(1,677)	(4,019)	-
Total net non-current assets	**106,456**	**105,405**	**1,051**	**1.0%**
Net current assets:				
- trade receivables	13,587	14,529	(942)	-6.5%
- inventories	2,818	2,722	96	3.5%
- net receivables due from institutional market operators	(3,200)	(3,912)	712	18.2%
- other net current assets/(liabilities)	(7,589)	(6,311)	(1,278)	-20.3%
- trade payables	(13,387)	(12,671)	(716)	-5.7%
Total net current assets	**(7,771)**	**(5,643)**	**(2,128)**	**-37.7%**
Gross capital employed	**98,685**	**99,762**	**(1,077)**	**-1.1%**
Sundry provisions:				
- employee benefits	(3,187)	(2,407)	(780)	-32.4%
- provisions for risks and charges and net deferred taxes	(6,838)	(8,025)	1,187	14.8%
Total sundry provisions	**(10,025)**	**(10,432)**	**407**	**3.9%**
Net assets held for sale	**281**	**241**	**40**	**16.6%**
Net capital employed	**88,941**	**89,571**	**(630)**	**-0.7%**
Total shareholders' equity	**47,852**	**52,161**	**(4,309)**	**-8.3%**
Net financial debt	**41,089**	**37,410**	**3,679**	**9.8%**

Property, plant and equipment and intangible assets amounted to €95,780 million as at December 31, 2018 (including investment property), an increase of €4,042 million. This increase originated essentially from capital expenditure for the period (€7,881 million), the change in the scope of consolidation (€2,603 million), mainly attributable to the acquisition of the Brazilian distribution company Enel Distribuição São Paulo, of Parques Eólicos Gestinver, a company operating in the production of wind energy, and of Empresa de Alumbrado Eléctrico de Ceuta, a company operating in the distribution and sale of electricity in the autonomous city of Ceuta, in North Africa. These effects were partially offset by unfavorable developments in exchange rates, mainly in South America, by the depreciation, amortization and impairment losses recognized during the year in the amount of €5,344 million, by the reclassification to assets held for sale following the application of IFRS 5, in the amount of €505 million, mainly reflecting the carrying amount of three solar plants in Brazil, as well as to the sales, on December 14, 2018, of Enel Green Power Uruguay and the related special purpose vehicle, Estrellada.

Other changes, totaling €1,465 million, mainly include the effects of applying IAS 29 to the opening balance of property and machinery at January 1, 2018, and the cumulative effects of hyperinflation as at December 31, 2018, which were not present in 2017.

Goodwill amounted to €14,273 million, an increase of €527 million from December 31, 2017. This change was mainly due to the change in the scope of consolidation (a positive €489 million) connected with the acquisition of the Brazilian distribution company Enel Distribuição São Paulo, as well as the acquisition of Empresa de Alumbrado Eléctrico de Ceuta. These effects were partially offset by the reclassification to assets held for the sale of goodwill relating to three solar plants in Brazil, which, following the decisions made by management, meet the requirements of IFRS 5 for classification as such (€23 million).

Equity investments accounted for using the equity method amounted to €2,099 million, an increase of €501 million from December 31, 2017.

This increase was mainly the result of:

- the share of net income attributable to shareholders of the Parent Company, net of dividends paid and the adjustment of the investment in Slovak Power Holding following the adjustment of the pricing formula defined in the sale agreement with EPH;
- changes in the scope of consolidation related to:
  - the acquisition of Ufinet International (€150 million); and
  - the partial sale, with loss of control, of the Mexican renewables companies (the "Project Kino" companies), which resulted in the valuation at equity of the remaining interests held by the Group.

This increase was partially offset by the sale of the joint venture EF Solare Italia on December 27, 2018.

The balance of *other net non-current assets/(liabilities)* as at December 31, 2018 showed a net liability of €5,696 million, up €4,019 million from December 31, 2017 (€1,677 million). This change is due primarily to the following:

- the recognition of €6,306 million in liabilities deriving from contracts for connection to the electricity grid following the application of IFRS 15;
- the increase in payables due to tax partnerships recognized by the renewable-energy companies in North America in the amount of €325 million as a result of the start of operations at the Diamond Vista, HillTopper and Rattlesnake plants;
- the increase in service concession arrangements in the amount of €939 million, mainly due to the acquisition of Enel Distribuição São Paulo (€855 million);
- the increase in assets deriving from contracts with customers in the amount of €346 million, mainly relating to assets under construction under public-to-private service concession arrangements recognized in accordance with IFRIC 12 in Brazil. It should be noted that the value as at December 31, 2018, includes capital expenditure for the period in the amount of €271 million;
- an increase of €208 million in other non-current receivables as a result of the consolidation of Enel Distribuição São Paulo, as well as of non-current assets for contingent consideration recognized in North America (€91 million) in relation to projects in progress;
- a reduction of €445 million in liabilities, mainly attributable to the release to profit or loss of fees received from customers for the amounts related to the period.

The balance of the **net current assets** was a net liability of €7,771 million at December 31, 2018, an increase of €2,128 million compared with December 31, 2017. This change is due to the following factors:

- a decrease in *trade receivables*, in the amount of €942 million, mainly attributable to a reduction in receivables for the sale and transport of energy and for the sale of gas, as well as an increase in the assignment of receivables;
- an increase in *inventories*, in the amount of €96 million, mainly due to the increase in materials and equipment used for the operation, maintenance and construction of power generation plants and distribution networks, as well as the increase in gas inventories;
- an increase in *net receivables due from institutional market operators* in the amount of €712 million, mainly in Italy and related to the rate components of the Italian electrical system to cover system charges, as well as the effects of the consolidation, in South America, of Enel Distribuição São Paulo and the increase in system charges in Argentina, associated with rate increases;
- a decrease of €1,278 million in *other current assets net of associated liabilities*. This change is due to the following factors:
  - an increase of €1,446 million in other net current liabilities, mainly due to: the acquisition of Enel Distribuição São Paulo; the increase in payables for dividends to be disbursed in view of the Group's dividend policy, which calls for the payment of an interim dividend in 2018 greater than that of 2017; and the recognition of payables for the additional increase in the interest (2.43%) in Enel Américas by Enel SpA;
  - a €369 million increase in net income tax receivables, which is essentially attributable to the reduction in taxes payable mainly due to offsetting with payments on account during the previous year;
  - a €282 million decrease in net current financial assets, essentially attributable to the negative change in the fair value of derivative instruments, mainly related to cash flow hedging on exchange rates and commodity prices;
- an increase in *trade payables*, in the amount of €716 million, which was particularly concentrated in Italy, South America and North America.

Sundry provisions amounted to €10,025 million, a decrease of €407 million compared with the previous year. This change was primarily due to the following factors:

- a €780 million increase in employee benefits, mainly due to changes in the scope of consolidation; a €463 million increase in provisions for risks and charges, mainly related to the decommissioning provision and the provision for litigation. The increase in the latter item is mainly due to the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo and provisions made for disputes with employees, which were partly offset by releases and uses, especially in Iberia and in Italy and South America;
- a decrease in net deferred tax liabilities in the amount of €1,648 million, mainly relating to the recognition of deferred tax assets on the deferral of connections fees in Italy due to the application of the new IFRS 15 and to the changes in the scope of consolidation due to the acquisition of Enel Distribuição São Paulo.

Net assets held for sale amounted to €281 million at December 31, 2018 (€241 million at December 31, 2017), and mainly refer to the carrying amount of three solar plants in Brazil, which, following decisions taken by management, meet the requirements of IFRS 5 for classification in this aggregate.
The change for the period essentially concerns the sale of an 80% stake in eight Mexican project companies ("Project Kino") classified as held for sale as of December 31, 2017, and now accounted for using the equity method, and the reclassification of the project companies relating to the Kafireas wind farm as they are no longer available for sale as the conditions for the sale were no longer met.

Net capital employed came to €88,941 million as at December 31, 2018, and was funded by €47,852 million in shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests and €41,089 million in net financial debt. With regard to the latter figure, the debt-to-equity ratio as at December 31, 2018 was 0.86 (compared with 0.72 as at December 31, 2017).

Analysis of the financial structure

Net financial debt

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

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Long-term debt:				
- bank borrowings	8,819	8,310	509	6.1%
- bonds	38,633	32,285	6,348	19.7%
- other borrowings	1,531	1,844	(313)	-17.0%
Long-term debt	*48,983*	*42,439*	*6,544*	*15.4%*
Long-term financial receivables and securities	(3,272)	(2,444)	(828)	-33.9%
Net long-term debt	**45,711**	**39,995**	**5,716**	**14.3%**
Short-term debt:				
Bank borrowings:				
- short-term portion of long-term bank borrowings	1,830	1,346	484	36.0%
- other short-term bank debt	512	249	263	-
Short-term bank debt	*2,342*	*1,595*	*747*	*46.8%*
Bonds (short-term portion)	1,341	5,429	(4,088)	-75.3%
Other loans (short-term portion)	196	225	(29)	-12.9%
Commercial paper	2,393	889	1,504	-
Cash collateral and other financing on derivatives	301	449	(148)	-33.0%
Other short-term financial payables (1)	438	307	131	42.7%
Other short-term debt	*4,669*	*7,299*	*(2,630)*	*-36.0%*
Long-term financial receivables (short-term portion)	(1,522)	(1,094)	(428)	-39.1%
Factoring receivables	-	(42)	42	-
Financial receivables - cash collateral	(2,559)	(2,664)	105	-3.9%
Other short-term financial receivables	(859)	(589)	(270)	45.8%
Cash and cash equivalents with banks and short-term securities	(6,693)	(7,090)	397	5.6%
Cash and cash equivalents and short-term financial receivables	*(11,633)*	*(11,479)*	*(154)*	*-1.3%*
Net short-term debt	**(4,622)**	**(2,585)**	**(2,037)**	**78.8%**
NET FINANCIAL DEBT	**41,089**	**37,410**	**3,679**	**9.8%**
Net financial debt of "Assets held for sale"	**362**	**1,364**	**(1,002)**	**-73.5%**

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

Net financial debt was equal to €41,089 million at December 31, 2018, an increase of €3,679 million over December 31, 2017.

Specifically, net long-term debt increased by €5,716 million, the combined effect of the increase in long-term financial receivables of €828 million and the increase in gross long-term debt in the amount of €6,544 million.

With regard to the latter aggregate:

- bank borrowings amounted to €8,819 million, an increase of €509 million mainly due to new soft lending by the European Investment Bank to Endesa SA, e-distribuzione and Enel X Mobility and drawings on bank financing by the South American companies, the effect of which was partially offset by the reclassification of the short-term portion of amounts falling due within 12 months and by the positive exchange differences during the year amounting to €81 million (which also includes the exchange differences in respect of the short-term portion of borrowings);
- bonds amounted to €38,633 million, an increase of €6,348 million compared with the end of 2017, mainly due to:

- new issues of bonds in 2018, including:
  - €1,250 million in respect of a fixed-rate green bond maturing in 2026, issued by Enel Finance International in January 2018;
  - €1,250 million in respect of two fixed-rate hybrid bonds, with call dates in 2023 and 2026, issued by Enel SpA in May 2018;
  - $4,000 million (equivalent to €3,492 million) in respect of a multi-tranche bond with maturities in 2023, 2025 and 2029, issued by Enel Finance International in September 2018;
  - €1,875 million in respect of local issues by South American companies, including a fixed-rate bond of $1,000 million (equivalent to €873 million) maturing in 2028, issued by Enel Chile in June 2018;
- negative exchange differences during the year of €447 million (which also includes the exchange differences in respect of the short-term portion of bonds);
- the repurchase by Enel SpA of a hybrid bond in euros in the amount of €732 million;
- reclassifications of the short-term portion of bonds maturing in the next 12 months, including a bond in pounds sterling issued by Enel SpA maturing in June 2019 in the amount of €614 million, a bond in euros issued by Enel Finance International in the amount of €125 million maturing in November 2019, and local-currency bonds issued by South American companies in the amount of €395 million.

Net short-term debt shows a creditor position of €4,622 million at December 31, 2018, an increase of €2,037 million compared with December 31, 2017, due to the €2,630 million decrease in other borrowings, which was only partially offset by the increase of €747 million in short-term bank borrowings.

Other short-term debt amounted to €4,669 million, including the commercial paper issued by Enel Finance International, International Endesa BV and South American companies for a total of €2,393 million and the bonds coming to maturity within 12 months for a total of €1,341 million.
The balance of cash collateral paid to counterparties on over-the-counter interest-rate, exchange rate and commodity contracts came to €2,559 million, while the value of cash collateral received from said counterparties came to €301 million.

Cash and cash equivalents and short-term financial receivables came to €11,633 million, an increase of €154 million compared with the end of 2017, mainly due to the increase in the short-term portion of long-term financial receivables and other short-term financial receivables in the amount of €428 million and €270 million, respectively, the effect of which was only partially offset by the decrease in cash held at banks and short-term securities in the amount of €397 million and cash collateral paid to counterparties in the amount of €105 million.

The main transactions in 2018 included the following:
- the receipt, on June 19, 2018, of financing of approximately $34 million (equivalent to €30 million) granted by the International Financial Corporation and the European Investment Bank to Ngonye Power Company Limited for the construction of a solar plant in Zambia; at December 31, 2018, this financing was not used;
- a 15 billion South African rand (equivalent to €913 million) financing agreement, signed on July 31, 2018, with Nedbank Limited and ABSA and granted to Enel Green Power RSA for the construction of new wind farms in South Africa; at December 31, 2018, €149 million of this line of credit was used;
- the following redemptions of bonds:
  - €3,000 million in respect of two retail bonds, one fixed-rate and one floating-rate, issued by Enel SpA, which matured in February 2018;
  - €591 million in respect of a fixed-rate bond issued by Enel SpA, which matured in June 2018;
  - €544 million in respect of a fixed-rate bond issued by Enel Finance International, which matured in October 2018.

Cash flows

Millions of euro

	2018	2017	Change
Cash and cash equivalents at the start of the year (1)	**7,121**	**8,326**	**(1,205)**
Cash flows from operating activities	11,075	10,125	950
Cash flows from investing/disinvesting activities	(9,661)	(9,294)	(367)
Cash flows from financing activities	(1,636)	(1,646)	10
Effect of exchange rate changes on cash and cash equivalents	(185)	(390)	(205)
Cash and cash equivalents at year end (2)	**6,714**	**7,121**	**(407)**

(1) Of which, cash and cash equivalents in the amount of €7,021 million at January 1, 2018 (€8,290 million at January 1, 2017), short-term securities in the amount of €69 million at January 1, 2018 (€36 million at January 1, 2017), and cash and cash equivalents of assets held for sale in the amount of €31 million at January 1, 2018.

(2) Of which, cash and cash equivalents in the amount of €6,630 million at December 31, 2018 (€7,021 million at December 31, 2017), short-term securities in the amount of €63 million at December 31, 2018 (€69 million at December 31, 2017), and cash and cash equivalents of assets held for sale in the amount of €21 million at December 31, 2018 (€31 million at December 31, 2017).

Cash flows from operating activities for 2018 came to a net inflow of €11,075 million, an increase of €950 million compared with the previous year, mainly due to an increase in gross operating margin and net current assets.

Cash flows from investing/disinvesting activities for 2018 absorbed liquidity for €9,661 million, compared with a net outflow of €9,294 million in 2017.

In particular, capital expenditure and investments in property, plant and equipment and in intangible assets and non-current assets deriving from contracts with customers amounted to €8,530 million in 2018 and increased by €31 million compared with the previous year, mainly due to the increase in capital expenditure for the electricity distribution network in Italy, which was only partially offset by a decrease in expenditure in the renewable energy sector in South America and in North and Central America.

Investments in companies or business units, expressed net of the cash and cash equivalents acquired, amounted to €1,472 million and refer mainly to the acquisition of the Brazilian electricity distribution company Enel Distribuição São Paulo, of the Spanish electricity distribution company Empresa de Alumbrado Eléctrico de Ceuta in North Africa, and of two wind farms in Spain.

Disposals of companies or business units, expressed net of the cash and cash equivalents sold, totaled €424 million and mainly included:

- the early, lump-sum payment of the indemnity related to the sale of e-distribuzione's investment in Enel Rete Gas;
- the sale of an 80% stake in the Mexican companies included in "Project Kino";
- the sale of Enel Green Power Uruguay, owner of the Melowind wind farm;
- the sale of Enel Green Power Finale Emilia to F2i.

The same aggregate in 2017 came to €900 million and included the sale of the Caney River and Rocky Ridge wind farms in North America.

Liquidity absorbed by other investing/disinvesting activities in 2018 amounted to €83 million, essentially regarding:

- the acquisition of a 21% stake in Zacapa Topco Sàrl, a special purpose vehicle to which 100% of Ufinet International was transferred (€150 million);
- the capital contribution in favor of OpEn Fiber;
- the sale to F2i SGR of a 50% stake in the joint venture EF Solare Italia (€214 million).

Cash flows from financing activities for 2018 absorbed liquidity of €1,636 million, compared with a net outflow of €1,646 million in 2017. Cash flows for 2018 were essentially related to the €3,210 million increase in net financial debt (as the net balance between repayments and new financing) and the payment of dividends in the amount of €3,444 million.

To these effects we can also add the greater outflows relating to transactions in non-controlling interests in the amount of €1,402 million related essentially to the tender offer issued by Enel Chile on all the shares of the subsidiary Enel Generación Chile held by minority shareholders.

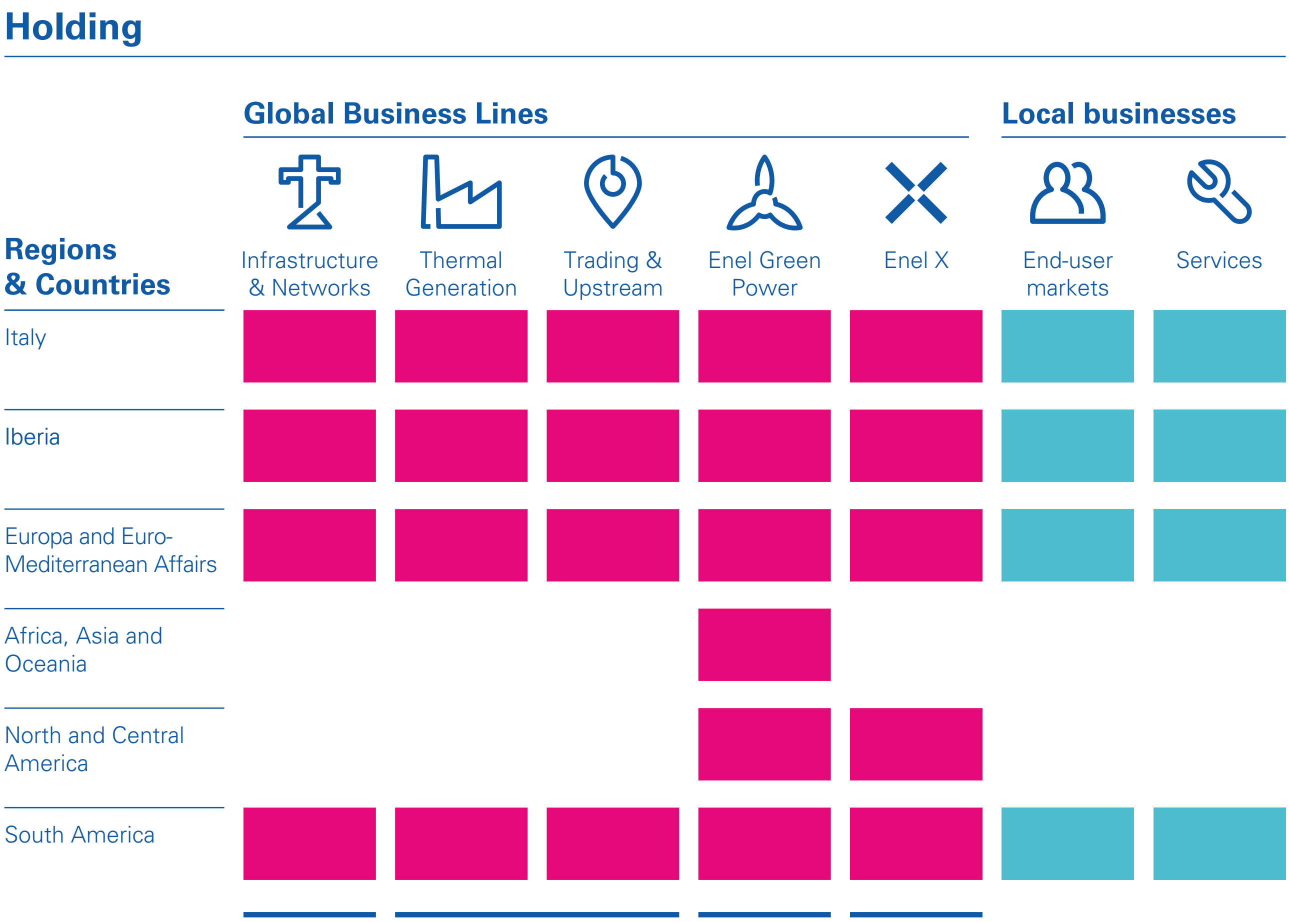
Accordingly, in 2018 cash flows generated by operating activities in the amount of €11,075 million were sufficient to meet only part of the funding needs for financing activities in the amount of €1,636 million and for investing activities in the amount of €9,661 million. The difference is reflected in a decrease of €407 million in cash and cash equivalents at December 31, 2018, compared with €1,205 million at the end of 2017. This change also reflects the effects related to the downward trend in the exchange rates of the various local currencies with respect to the euro in the amount of €185 million.

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 "Enel X" Business Line modified the structure of reporting, as well as the representation and analysis of Group performance and financial position, as from March 31, 2018. More specifically, performance by business area reported in this Annual 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:

- "Thermal Generation" and "Trading & Upstream" are presented together given the considerable interaction and interdependence between them;
- the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA.

The following chart outlines these organizational arrangements.



The new organization, which continues to be based on a matrix of Business Lines, now calls for the integration of the various companies of the Enel Green Power Group in the various Business Lines by geographical area, functionally including the "Large Hydro" businesses, which formally remain under the thermal power generation companies, and a new configuration for the geographical areas (i.e. Italy, Iberia, Europe and Euro-Mediterranean Affairs, South America, North and Central America, Africa, Asia and Oceania, Central/Holding). In addition, the new business structure is divided as follows: Thermal Generation, Trading, Infrastructure and Networks, Enel Green Power, Enel X, Retail, Services and Holding.

Results by business area for 2018 and 2017

Results for 2018 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	37,411	19,413	14,687	2,349	1,438	100	274	75,672
Revenue from transactions with other segments	987	79	55	12	-	1	(1,134)	-
Total revenue	**38,398**	**19,492**	**14,742**	**2,361**	**1,438**	**101**	**(860)**	**75,672**
Net income/(expense) from commodity contracts measured at fair value	410	64	2	(1)	8	-	-	483
Gross operating margin	**7,304**	**3,558**	**4,370**	**516**	**708**	**54**	**(159)**	**16,351**
Depreciation, amortization, and impairment losses	2,806	1,834	1,394	96	254	44	23	6,451
Operating income	**4,498**	**1,724**	**2,976**	**420**	**454**	**10**	**(182)**	**9,900**
Capital expenditure	**2,479** (2)	**1,433**	**2,246**	**390**	**1,373** (3)	**142**	**89**	**8,152**

(1) Segment revenue include both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Does not include €3 million regarding units classified as “held for sale”.
(3) Does not include €375 million regarding units classified as “held for sale”.

Results for 2017 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	37,900	19,940	13,126	2,374	1,185	96	18	74,639
Revenue from transactions with other segments	881	54	28	37	2	-	(1,002)	-
Total revenue	**38,781**	**19,994**	**13,154**	**2,411**	**1,187**	**96**	**(984)**	**74,639**
Net income/(expense) from commodity contracts measured at fair value	537	13	26	-	2	-	-	578
Gross operating margin	**6,863**	**3,573**	**4,204**	**543**	**759**	**57**	**(346)**	**15,653**
Depreciation, amortization and impairment losses	2,393	1,731	1,234	237	206	42	18	5,861
Operating income	**4,470**	**1,842**	**2,970**	**306**	**553**	**15**	**(364)**	**9,792**
Capital expenditure	**1,812**	**1,105**	**3,002**	**307** (2)	**1,802** (3)	**30**	**72**	**8,130**

(1) Segment revenue include both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Does not include €44 million regarding units classified as “held for sale”.
(3) Does not include €325 million regarding units classified as “held for sale”.

In addition to the foregoing, the Group monitors performance at the Global Business Line 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 Business Line.

Gross operating margin

Millions of euro	Local businesses: End-user markets			Local businesses: Services			Thermal Generation and Trading			Infrastructure and Networks		
	2018	2017	Change	**2018**	2017	Change	**2018**	2017	Change	**2018**	2017	Change
Italy	**2,233**	**2,007**	**226**	**119**	**96**	**23**	**22**	**239**	**(217)**	**3,679**	**3,467**	**212**
Iberia	**676**	**467**	**209**	**80**	**38**	**42**	**425**	**783**	**(358)**	**1,965**	**2,086**	**(121)**
South America	**-**	**-**	**-**	**(104)**	**(87)**	**(17)**	**469**	**687**	**(218)**	**1,921**	**1,687**	**234**
Argentina	*-*	*-*	*-*	*(1)*	*(1)*	*-*	*142*	*116*	*26*	*157*	*140*	*17*
Brazil	*-*	*-*	*-*	*(42)*	*(39)*	*(3)*	*7*	*119*	*(112)*	*915*	*644*	*271*
Chile	*-*	*-*	*-*	*(61)*	*(47)*	*(14)*	*124*	*281*	*(157)*	*247*	*237*	*10*
Colombia	*-*	*-*	*-*	*-*	*-*	*-*	*51*	*43*	*8*	*406*	*461*	*(55)*
Peru	*-*	*-*	*-*	*-*	*-*	*-*	*145*	*128*	*17*	*196*	*205*	*(9)*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Europe and Euro-Mediterranean Affairs	**12**	**(42)**	**54**	**1**	**5**	**(4)**	**233**	**269**	**(36)**	**152**	**166**	**(14)**
Romania	*12*	*(42)*	*54*	*1*	*2*	*(1)*	*-*	*2*	*(2)*	*152*	*166*	*(14)*
Russia	*-*	*-*	*-*	*-*	*3*	*(3)*	*233*	*267*	*(34)*	*-*	*-*	*-*
Slovakia	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
North and Central America	**-**	**8**	**(8)**	**-**	**-**	**-**	**(6)**	**-**	**(6)**	**-**	**-**	**-**
United States and Canada	*-*	*8*	*(8)*	*-*	*-*	*-*	*(6)*	*-*	*(6)*	*-*	*-*	*-*
Mexico	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Panama	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Africa, Asia and Oceania	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
South Africa	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
India	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other	**-**	**-**	**-**	**(11)**	**-**	**(11)**	**(26)**	**(15)**	**(11)**	**(20)**	**(28)**	**8**
Total	**2,921**	**2,440**	**481**	**85**	**52**	**33**	**1,117**	**1,963**	**(846)**	**7,697**	**7,378**	**319**

Global Business Lines											
Enel Green Power			Enel X			Other			Total		
2018	2017	Change	2018	2017	Change	2018	2017	Change	2018	2017	Change
1,220	1,054	166	31	-	31	-	-	-	7,304	6,863	441
361	199	162	51	-	51	-	-	-	3,558	3,573	(15)
2,028	1,917	111	56	-	56	-	-	-	4,370	4,204	166
46	32	14	-	-	-	-	-	-	344	287	57
395	284	111	-	-	-	-	-	-	1,275	1,008	267
877	888	(11)	19	-	19	-	-	-	1,206	1,359	(153)
544	557	(13)	37	-	37	-	-	-	1,038	1,061	(23)
156	147	9	-	-	-	-	-	-	497	480	17
10	9	1	-	-	-	-	-	-	10	9	1
115	145	(30)	3	-	3	-	-	-	516	543	(27)
62	104	(42)	3	-	3	-	-	-	230	232	(2)
(1)	-	(1)	-	-	-	-	-	-	232	270	(38)
-	-	-	-	-	-	-	-	-	-	-	-
54	41	13	-	-	-	-	-	-	54	41	13
711	751	(40)	3	-	3	-	-	-	708	759	(51)
398	400	(2)	3	-	3	-	-	-	395	408	(13)
140	98	42	-	-	-	-	-	-	140	98	42
113	101	12	-	-	-	-	-	-	113	101	12
60	152	(92)	-	-	-	-	-	-	60	152	(92)
58	57	1	(4)	-	(4)	-	-	-	54	57	(3)
54	53	1	(4)	-	(4)	-	-	-	50	53	(3)
9	8	1	-	-	-	-	-	-	9	8	1
(5)	(4)	(1)	-	-	-	-	-	-	(5)	(4)	(1)
115	(76)	191	(16)	-	(16)	(201)	(227)	26	(159)	(346)	187
4,608	4,047	561	124	-	124	(201)	(227)	26	16,351	15,653	698

Italy

Net efficient generation capacity (MW)

2018 | **27,624**

2017 | **27,652**

	2018	2017
Thermal plants[1]	13,613	13,613
Hydroelectric plants	12,411	12,425
Geothermal plants	762	761
Wind farms	772	772
Other	66	81

(1) 741 MW of which unavailable due to long-term technical issues at December 31, 2017 and 2018.

Electricity distribution and transport networks (km)

2018 | **1,153,323**

High-voltage lines at year end

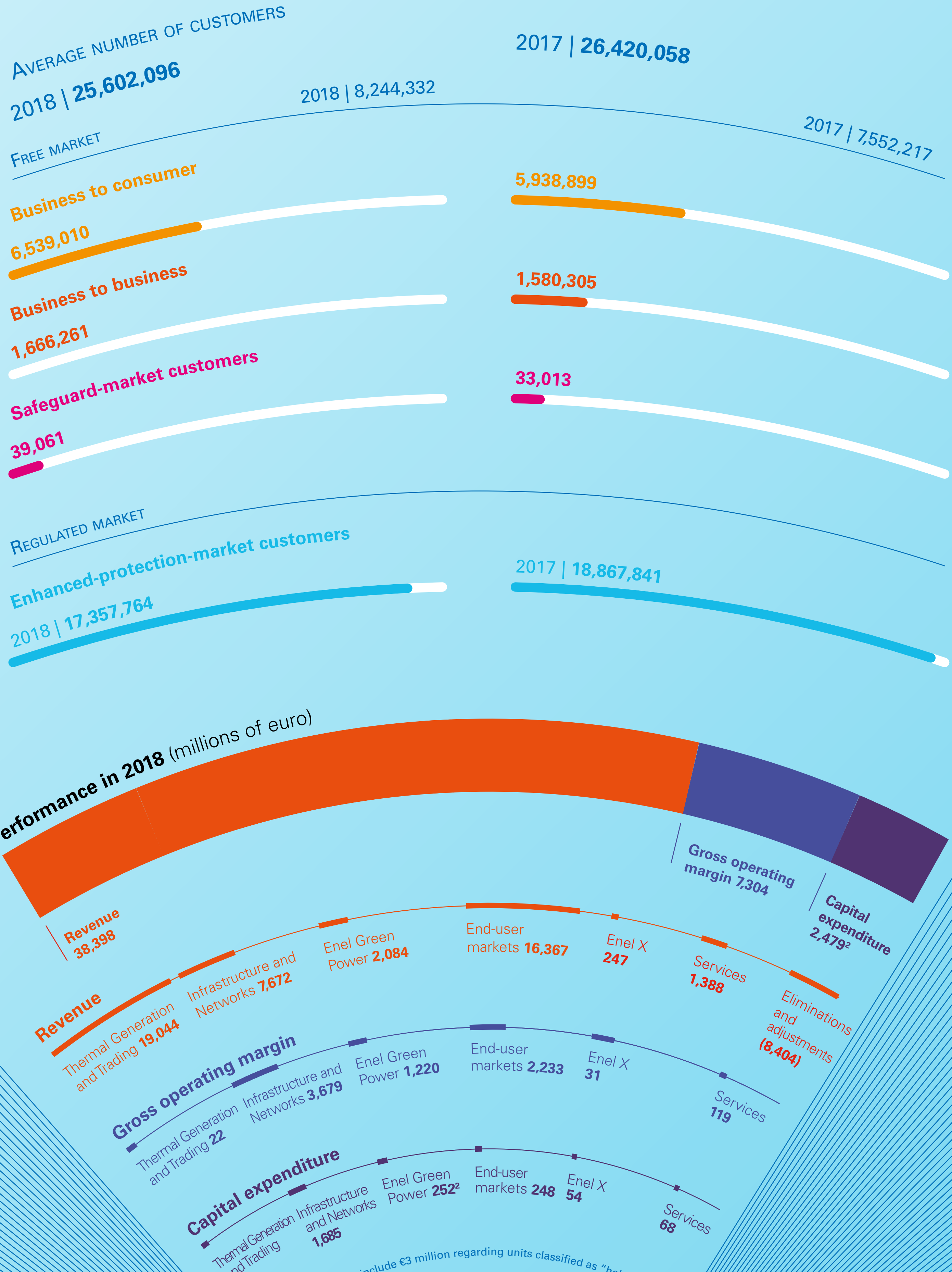
13

Medium-voltage lines at year end

354,884

Low-voltage lines at year end

798,426



(2) The figure does not include €3 million regarding units classified as "held for sale".

Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Thermal	27,757	32,421	(4,664)	-14.4%
Hydroelectric	18,395	14,025	4,370	31.2%
Geothermal	5,667	5,758	(91)	-1.6%
Wind	1,289	1,188	101	8.5%
Other sources	124	126	(2)	-1.6%
Total net generation	**53,232**	**53,518**	**(286)**	**-0.5%**

In 2018, net electricity generation totaled 53,232 million kWh, a decline of 0.5%, or 286 million kWh, from 2017. The increase in hydroelectric generation (of 4,370 million kWh) was essentially attributable to the improvement of water availability compared with the previous year, accompanied by an increase in wind generation of 101 million kWh. These factors resulted in a decrease thermal generation (of 4,664 million kWh) and a decrease in geothermal generation of 91 million kWh.

Contribution to gross thermal generation

Millions of kWh

	2018		2017		Change	
Fuel oil	-	-	10	-	(10)	-
Natural gas	7,097	23.5%	8,396	23.9%	(1,299)	-15.5%
Coal	22,534	74.7%	26,139	74.5%	(3,605)	-13.8%
Other fuels	555	1.8%	534	1.6%	21	3.9%
Total	**30,186**	**100.0%**	**35,079**	**100.0%**	**(4,893)**	**-13.9%**

Gross thermal generation for 2018 amounted to 30,186 million kWh, a reduction of 4,893 million kWh (-13.9%) compared with 2017. The decrease involving the entire mix of fuels used was due to the reduced competitiveness of coal and gas, as well as to the increase in hydroelectric production, which made the use of thermal generation less advantageous.

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Thermal plants (1)	13,613	13,613	-	-
Hydroelectric plants	12,411	12,425	(14)	-0.1%
Geothermal plants	762	761	1	-
Wind farms	772	772	-	-
Other	66	81	(15)	-18.5%
Total net efficient capacity	**27,624**	**27,652**	**(28)**	**-0.1%**

(1) 741 MW of which unavailable due to long-term technical issues at December 31, 2017 and 2018.

Net efficient capacity in 2018 came to 27,624 MW, a decrease of 28 MW from the previous year. The change mainly reflects the transfer of the Tirso 1 and Tirso 2 hydroelectric plants to the Region of Sardinia.

Electricity distribution and transport networks

	2018	2017	Change	
High-voltage lines at year end (km)	13	13	-	-
Medium-voltage lines at year end (km)	354,884	353,808	1,076	0.3%
Low-voltage lines at year end (km)	798,426	795,397	3,029	0.4%
Total electricity distribution network (km)	**1,153,323**	**1,149,218**	**4,105**	**0.4%**
Electricity transported on Enel's distribution network (millions of kWh) [1]	**227,660**	**228,461**	**(801)**	**-0.4%**

(1) The figure for 2017 reflects a more accurate measurement of amounts transported.

Electricity transported on the Enel network in Italy for 2018 decreased by 801 million kWh (-0.4%), going from 228,461 million kWh in 2017 to 227,660 million kWh in 2018.

Electricity sales

Millions of kWh

	2018	2017	Change	
Free market:				
- business to consumer	13,331	12,475	856	6.9%
- business to business	49,141	44,735	4,406	9.8%
- safeguard-market customers	2,028	2,052	(24)	-1.2%
Total free market	**64,500**	**59,262**	**5,238**	**8.8%**
Regulated market:				
- enhanced-protection-market customers	39,818	43,958	(4,140)	-9.4%
TOTAL	**104,318**	**103,220**	**1,098**	**1.1%**

Energy sold in 2018 came to 104,318 million kWh for an overall increase of 1,098 million kWh compared with the prior year. This trend reflects the increase in sales on the free market, with a particular emphasis on business customers, as a result of the commercial strategy implemented.

Average number of customers

	2018	2017	Change	
Free market:				
- business to consumer	6,539,010	5,938,899	600,111	10.1%
- business to business	1,666,261	1,580,305	85,956	5.4%
- safeguard-market customers	39,061	33,013	6,048	18.3%
Total free market	**8,244,332**	**7,552,217**	**692,115**	**9.2%**
Regulated market:				
- enhanced-protection-market customers	17,357,764	18,867,841	(1,510,077)	-8.0%
TOTAL	**25,602,096**	**26,420,058**	**(817,962)**	**-3.1%**

Natural gas sales

Millions of m³

	2018	2017	Change	
Business to consumer	2,947	2,910	37	1.3%
Business to business	1,814	1,901	(87)	-4.6%
Total	**4,761**	**4,811**	**(50)**	**-1.0%**

Gas sales in 2018 came to 4,761 million cubic meters, a decrease of 50 million cubic meters compared with the previous year, essentially attributable to sales to business customers.

Performance

Millions of euro

	2018	2017	Change	
Revenue	38,398	38,781	(383)	-1.0%
Gross operating margin	7,304	6,863	441	6.4%
Operating income	4,498	4,470	28	0.6%
Capital expenditure	2,479 (1)	1,812	667	36.8%

(1) The figure does not include €3 million regarding units classified as "held for sale".

The following tables break down performance by type of business in 2018.

Revenue

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	19,044	19,919	(875)	-4.4%
Infrastructure and Networks	7,672	7,584	88	1.2%
Enel Green Power	2,084	1,822	262	14.4%
End-user markets	16,367	16,256	111	0.7%
Enel X	247	-	247	-
Services	1,388	1,314	74	5.6%
Eliminations and adjustments	(8,404)	(8,114)	(290)	-3.6%
Total	**38,398**	**38,781**	**(383)**	**-1.0%**

Revenue in 2018 amounted to €38,398 million, a decrease of €383 million compared with 2017 (-1.0%), the result of the following main factors:

→ a €875 million decline (-4.4%) in revenue from **Thermal Generation and Trading** compared with 2017. This reduction is mainly attributable to:
  - a €863 million decline in revenue from trading on international energy markets due, essentially, to a reduction in quantities handled (-42.5 TWh) in proprietary trading conducted on the European electricity exchanges (particularly in France and Germany) despite a background of increasing prices;
  - a €333 million decline in revenue from the sale of electricity essentially related to the lower quantities generated. More specifically, the change is mainly attributable to the decrease in revenue from the sale of electricity under bilateral agreements with other national resellers (€952 million), only partially offset by the increase in revenue from sales on the Power Exchange (€188 million) and increased sales on end-user markets in Italy;

- a €353 million increase in revenue from the sale of fuels, mainly gas, on domestic and international wholesale markets;
- a €103 million increase in revenue related to fees recognized by the Regulatory Authority for Energy, Networks and Environment (ARERA) in transactions on the Power Exchange, mainly attributable to the reimbursement of costs of essential plants;
- a €26 million increase in revenue from the sale of CO_2 emission rights as a result of rising prices of allowances;

→ an increase of €88 million (+1.2%) in revenue from **Infrastructure and Networks** operations, largely reflecting:
- recognition of a gain of €146 million, pursuant to ARERA Resolution 50/2018/R/eel, related to the reimbursement by the Energy and Environmental Services Fund for the system charges paid and not collected;
- recognition of the payment of €128 million related to the agreement e-distribuzione reached with F2i and 2i Rete Gas;
- an increase of €92 million in connection fees;
- an increase of €60 million in revenue related to ARERA amendment 654/2015 (the "regulatory lag"), which was offset by a decline in rate revenue (€27 million) following the reduction in distribution and metering rates and the negative effect of prior-year items (€72 million) related to the publication of the rates for the years 2016 and 2017, as well as to the equalization of network losses;
- the decrease in contributions from the Energy and Environmental Services Fund for white certificates (in the amount of €196 million) due to lower volumes purchased and the reduction in the unit contribution compared with 2017;
- a reduction in revenue from the sale of electricity meters to other companies of the Group (€60 million);

→ an increase in revenue from generation by the **Enel Green Power** Business Line of €262 million (+14.4%) due to higher average sales prices and greater quantities produced;

→ an increase of €111 million (+0.7%) in revenue from **End-user markets** for electricity, essentially reflecting:
- an increase of €765 million in revenue on the free energy market related to the increase in quantities sold (+5.2 TWh), mainly to business customers;
- a €52 million increase in revenue from the sale of natural gas to end users related to an increase in average prices;
- a decrease of €318 million in revenue on the regulated electricity market, following a decrease in rate revenue connected to the decrease in quantities sold (-4.1 TWh) and in number of customers, as well as to the reduction in revenue recognized for sales services;
- a decrease of €205 million in connection fees due to application of the new IFRS 15, which led to the recognition only of fees attributable to the seller;
- a reduction in revenue (€198 million) related to the sale of Enel Sole and Enel.si to the new Business Line dedicated to developing value-added services;

→ a €247 million increase in revenue for value-added services, essentially due to the aforementioned change in the consolidation of the new **Enel X** Business Line.

Gross operating margin

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	22	239	(217)	-90.8%
Infrastructure and Networks	3,679	3,467	212	6.1%
Enel Green Power	1,220	1,054	166	15.7%
End-user markets	2,233	2,007	226	11.3%
Enel X	31	-	31	-
Services	119	96	23	24.0%
Total	**7,304**	**6,863**	**441**	**6.4%**

The **gross operating margin** amounted to €7,304 million in 2018, an increase of €441 million (+6.4%) compared with 2017. This change was essentially due to the following factors:

→ a decrease of €217 million in the margin on **Thermal Generation and Trading** due essentially to the reduction in thermal power generation and to the increase in costs for gas purchases following an increase in average prices;

→ an increase of €212 million in the margin from **Infrastructure and Networks** operations (+6.1%), largely due to:
- recognition of a gain of €146 million, pursuant to

ARERA Resolution 50/2018/R/eel, related to the reimbursement by the Energy and Environmental Services Fund for system charges paid and not collected;
- recognition of the payment of €128 million related to the agreement e-distribuzione reached with F2i and 2i Rete Gas as mentioned above in relation to revenue;
- a decrease of €11 million in the margin on electricity transport, primarily reflecting the reduction in rates and the negative effect of past items as noted earlier in relation to revenue;
- a decline of €27 million in the margin on white certificates;
- an increase in operating costs related mainly to the purchase of materials to be used for implementation of the Resilience project connected with the improvement or maintenance of service quality;

→ an increase in the margin on generation by the **Enel Green Power** Business Line of €166 million due to the greater quantities produced and sold at higher average prices than for the previous year;

→ an increase of €226 million in the margin from **End-user markets** (+11.3%), mainly attributable to:
- an increase of €282 million in the margin on the free electricity and gas market, mainly related to the reduction in costs for agencies and telesellers due to application of IFRS 15, which provides for their capitalization when the customer base is increased;
- a decrease of €20 million in the margin on the regulated electricity market, essentially attributable to a decrease in quantities sold, as well as to a decrease in revenue recognized for sales services;
- a reduction of €41 million in margin due to the aforementioned change in the scope of consolidation;

→ an increase of €31 million in the margin for value-added services of the **Enel X** Business Line.

Operating income

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	(247)	-	(247)	-
Infrastructure and Networks	2,508	2,319	189	8.2%
Enel Green Power	828	745	83	11.1%
End-user markets	1,379	1,361	18	1.3%
Enel X	(9)	-	(9)	-
Services	39	45	(6)	-13.3%
Total	**4,498**	**4,470**	**28**	**0.6%**

Operating income came to €4,498 million, an increase of €28 million, including an increase of €413 million in depreciation, amortization and impairment losses, compared with the €4,470 million recognized in 2017.

The increase in depreciation, amortization and impairment losses refers largely to:

→ an increase in amortization and depreciation from the application of IFRS 15 in consideration of the capitalization of contract costs (€103 million);

→ the impairment losses on the LNG regasification plant of Nuove Energie (€24 million), the Bastardo thermoelectric plant (€20 million), and the CIS Interporto Campano solar plant (€55 million);

→ the impairment loss on intangible assets related to the termination of the Bioenergy Casei Gerola project;

→ the impairment of trade receivables, mainly on end-user markets.

These effects were partially offset by a reduction in depreciation, mainly at e-distribuzione (€94 million) following a study of the operating performance of distribution plants, supported by technical advisors, following which it was considered reasonable to extend the economic-technical life of certain components of distribution plants compared with forecasts made in previous years.

Capital expenditure

Millions of euro

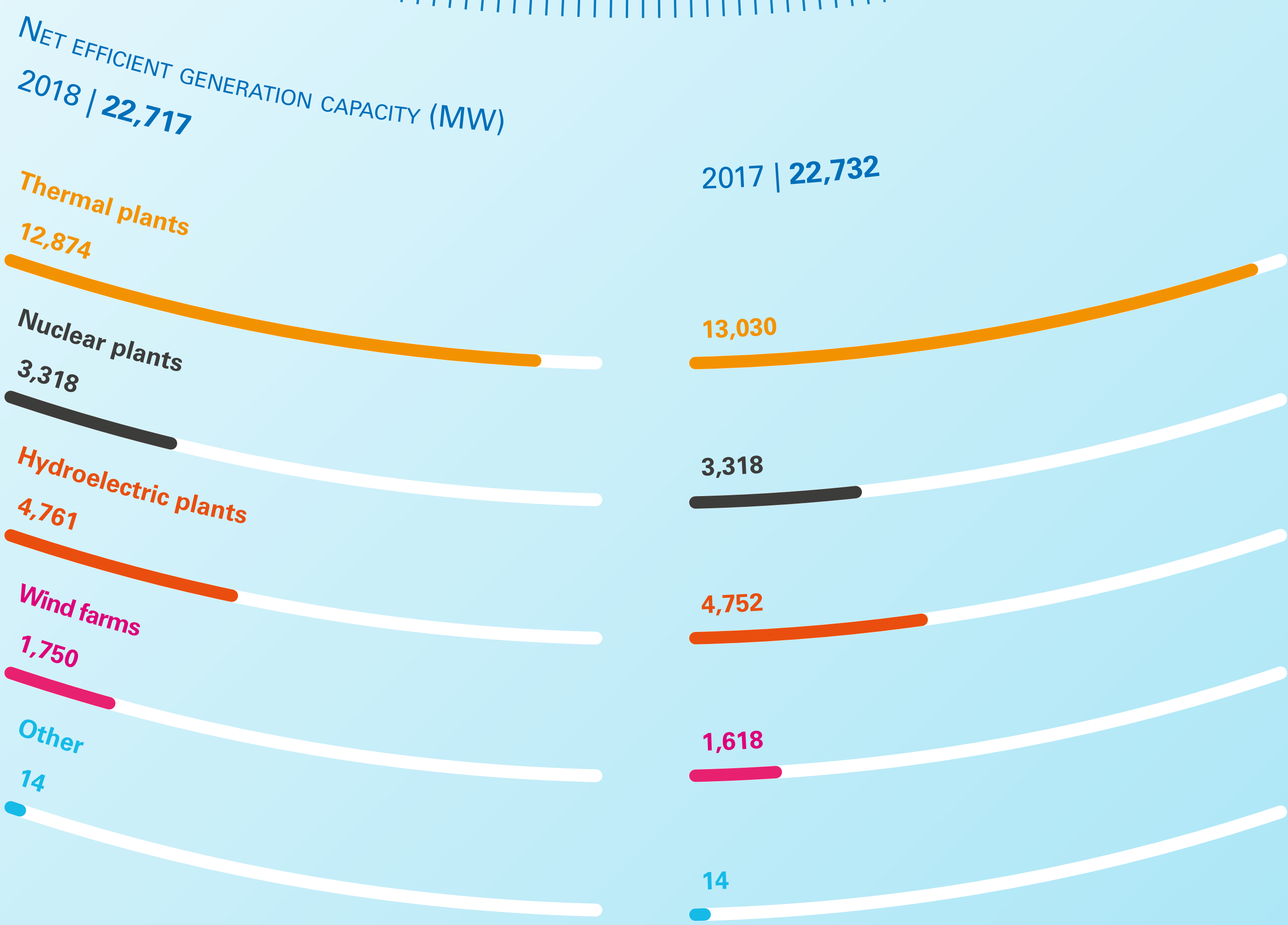
	2018	2017	Change	
Thermal Generation and Trading	172	115	57	49.6%
Infrastructure and Networks	1,685	1,275	410	32.2%
Enel Green Power	252 (1)	227	25	11.0%
End-user markets	248	139	109	78.4%
Enel X	54	-	54	-
Services	68	56	12	21.4%
Total	**2,479**	**1,812**	**667**	**36.8%**

(1) The figure does not include €3 million regarding units classified as "held for sale".

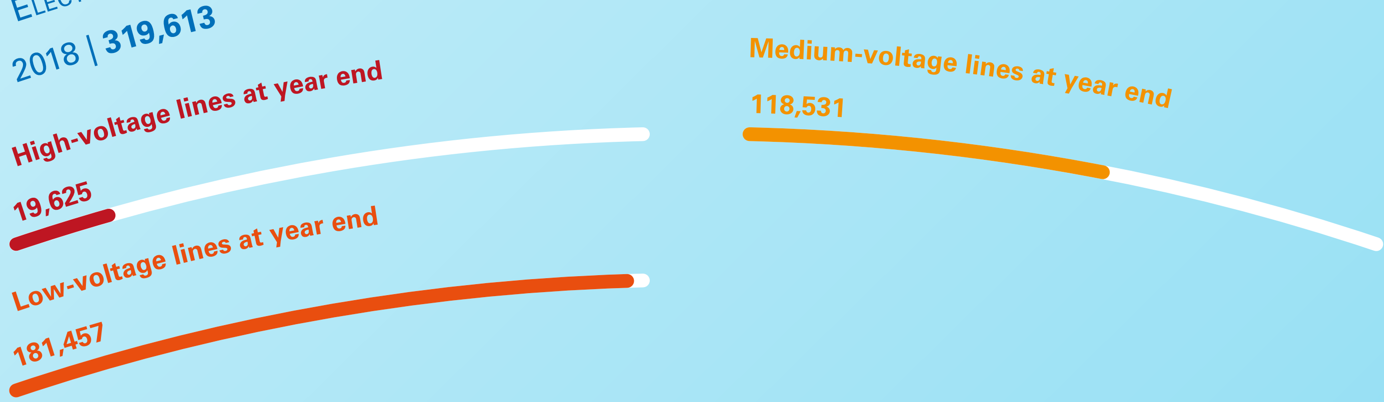
Capital expenditure in 2018 amounted to €2,479 million, up €667 million compared with the previous year. More specifically, the change is attributable to:

- an increase of €410 million in capital expenditure in **Infrastructure and Networks** related mainly to the replacement of electronic meters for the Open Meter plan;
- an increase of €109 million in capital expenditure in **End-user markets** as a result of the capitalization of agency and teleseller costs as contract costs;
- an increase of €57 million in capital expenditure in **Thermal Generation and Trading**;
- an increase of €25 million in capital expenditure in the **Enel Green Power** Business Line, mainly related to solar plants;
- an increase of €54 million in capital expenditure for the **Enel X** Business Line.

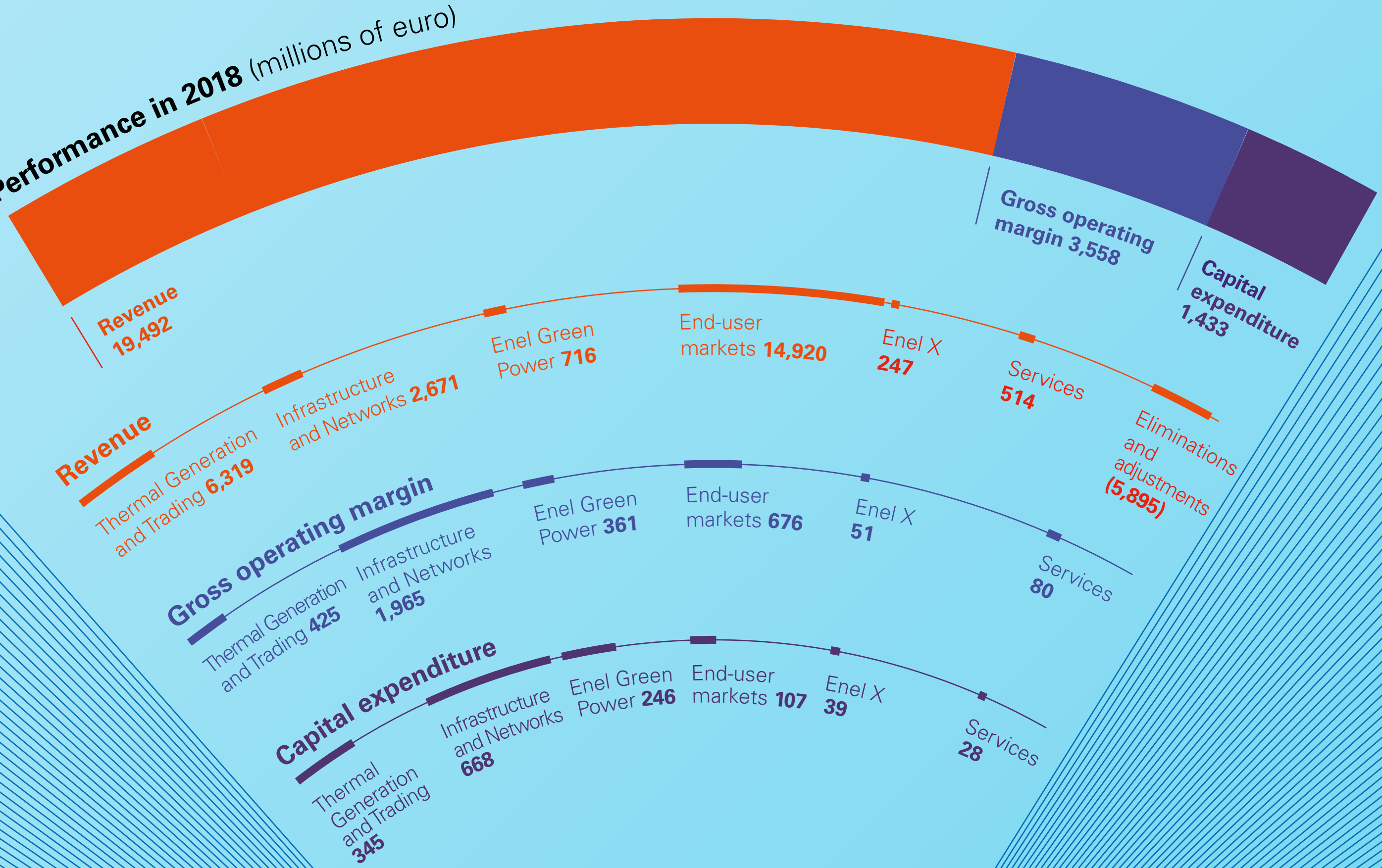
Iberia


Net efficient generation capacity (MW)
2018 | 22,717
2017 | 22,732
Thermal plants
12,874
13,030
Nuclear plants
3,318
3,318
Hydroelectric plants
4,761
4,752
Wind farms
1,750
1,618
Other
14
14

Electricity distribution and transport networks (km)



Performance in 2018 (millions of euro)



Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Thermal	37,954	43,754	(5,800)	-13.3%
Nuclear	24,067	26,448	(2,381)	-9.0%
Hydroelectric	8,459	5,038	3,421	67.9%
Wind	3,688	3,351	337	10.1%
Other sources	25	27	(2)	-7.4%
Total net generation	**74,193**	**78,618**	**(4,425)**	**-5.6%**

In 2018, net electricity generation totaled 74,193 million kWh, a reduction of 4,425 million kWh from 2017. This decrease is reflected in the lower thermal and nuclear production, which was partly offset by the increase in hydroelectric and wind production, and in the reduction in demand for electricity.

Contribution to gross thermal generation

Millions of kWh

	2018		2017		Change	
Fuel oil	5,770	8.9%	6,319	8.6%	(549)	-8.7%
Natural gas	6,907	10.6%	9,750	13.2%	(2,843)	-29.2%
Coal	23,340	35.9%	26,156	35.5%	(2,816)	-10.8%
Nuclear fuel	25,031	38.5%	27,542	37.4%	(2,511)	-9.1%
Other fuels	3,947	6.1%	3,865	5.3%	82	2.1%
Total	**64,995**	**100.0%**	**73,632**	**100.0%**	**(8,637)**	**-11.7%**

Gross thermal generation in 2018 totaled 64,995 million kWh, a decrease of 8,637 million kWh compared with the previous year. With regard to the mix used, there was a decrease across all types of fuels, especially in natural gas and coal.

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Thermal plants	12,874	13,030	(156)	-1.2%
Nuclear plants	3,318	3,318	-	-
Hydroelectric plants	4,761	4,752	9	0.2%
Wind farms	1,750	1,618	132	8.2%
Other	14	14	-	-
Total net efficient capacity	**22,717**	**22,732**	**(15)**	**-0.1%**

Net efficient capacity in 2018 amounted to 22,717 MW, a decrease of 15 MW compared with the previous year, mainly due to the disposal of the combined-cycle and coal/fuel-oil plants (or parts of those plants) at Teruel, Compostilla and Alcúdia, which was largely offset by an increase in installed capacity in wind farms following the acquisition of Parques Eólicos Gestinver.

Electricity distribution and transport networks

	2018	2017	Change	
High-voltage lines at year end (km)	19,625	19,560	65	0.3%
Medium-voltage lines at year end (km)	118,531	117,886	645	0.5%
Low-voltage lines at year end (km)	181,457	180,336	1,121	0.6%
Total electricity distribution network (km)	**319,613**	**317,782**	**1,831**	**0.6%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**124,714**	**126,360**	**(1,646)**	**-1.3%**

(1) The figure for 2017 reflects a more accurate measurement of amounts transported.

Electricity transported in 2018 totaled 124,714 million kWh, a decrease of 1,646 million kWh, which is essentially in line with the trend in demand.

Electricity sales

Millions of kWh

	2018	2017	Change	
Free market	76,772	83,036	(6,264)	-7.5%
Regulated market	12,867	13,477	(610)	-4.5%
Total electricity sold by Enel	**89,639**	**96,513**	**(6,874)**	**-7.7%**

Electricity sales to end users in 2018 totaled 89,639 million kWh, a decrease of 6,874 million kWh compared with 2017.

Performance

Millions of euro

	2018	2017	Change	
Revenue	19,492	19,994	(502)	-2.5%
Gross operating margin	3,558	3,573	(15)	-0.4%
Operating income	1,724	1,842	(118)	-6.4%
Capital expenditure	1,433	1,105	328	29.7%

The following tables break down performance by type of business in 2018.

Revenue

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	6,319	6,233	86	1.4%
Infrastructure and Networks	2,671	2,786	(115)	-4.1%
Enel Green Power	716	497	219	44.1%
End-user markets	14,920	15,798	(878)	-5.6%
Enel X	247	-	247	-
Services	514	475	39	8.2%
Eliminations and adjustments	(5,895)	(5,795)	(100)	1.7%
Total	**19,492**	**19,994**	**(502)**	**-2.5%**

Revenue in 2018 decreased by €502 million due to:

- a decrease of €878 million in revenue on **End-user markets** due to lower volumes sold both on the regulated market (-€123 million) and on the free market (-€747 million), as well as to a reduction in sales of value-added services of €235 million, which were transferred to the new Enel X Business Line. These reductions were partly offset by an increase of €229 million in revenue from gas commodity sales, which is reflected in the increase in quantities sold;

- an increase of €86 million in revenue from **Thermal Generation and Trading**, mainly related to the increase in gas sales, largely to the electricity distribution companies in the country and which are therefore also reflected in eliminations. Accompanying these effects were an increase in reimbursements for costs incurred in the generation of electricity in the extra-peninsular area and the capital gain generated by the contribution in kind to the capital increase of Front Marítim del Besòs SL. The reduction in revenue from the sale of electricity partially offset these positive effects;
- an increase of €219 million in revenue from generation by the **Enel Green Power** Business Line, connected with greater quantities sold, which were consistent with the increase in production from hydroelectric sources, due above all to greater water availability compared with 2017, as well as to changes in the scope of consolidation due to the acquisitions of Parques Eólicos Gestinver and other smaller wind power companies. Here, too, a portion of this revenue was from electricity marketing companies and is therefore reflected in eliminations;
- a decrease of €115 million in revenue from **Infrastructure and Networks** operations, essentially due to lower fees for connections to the grid as a result of the application of IFRS 15;
- an increase of €247 million in the revenue of **Enel X**, mainly related to sales of value-added services, which in 2017 were the prerogative of marketing companies.

Gross operating margin

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	425	783	(358)	-45.7%
Infrastructure and Networks	1,965	2,086	(121)	-5.8%
Enel Green Power	361	199	162	81.4%
End-user markets	676	467	209	44.8%
Enel X	51	-	51	-
Services	80	38	42	-
Total	**3,558**	**3,573**	**(15)**	**-0.4%**

The **gross operating margin** amounted to €3,558 million, a decrease of €15 million compared with 2017, reflecting:

- a decrease in the margin on **Infrastructure and Networks** operations, in the amount of €121 million, which was affected by the aforementioned decrease in revenue for connections accompanied by a slight increase in costs for services and materials;
- an increase of €209 million in gross operating margin on **End-user markets**, essentially due to the significant decrease in the costs for provisioning and transport of energy, which more than compensated for the sharp reduction in revenue, to which we can add a reduction in costs for trading fees negotiated following the application of IFRS 15 (€70 million) and costs for value-added services attributed to the Enel X Business Line starting from 2018;
- a decrease of €358 million in gross operating margin recognized in **Thermal Generation and Trading**, which reflected the effect of the reimbursement of costs for the "*bono social*" in 2017 (€222 million) and an increase in costs for the provisioning of fuel;
- an increase of €162 million in the margin on generation by the **Enel Green Power** Business Line, where the higher revenue mentioned above was partially offset by the increase in operating costs, particularly for water diversion fees and charges for access to the transmission network (in line with the greater quantities produced);
- an increase of €51 million in revenue from value-added services related to the new **Enel X** Business Line.

Operating income

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	(274)	191	(465)	-
Infrastructure and Networks	1,220	1,367	(147)	-10.8%
Enel Green Power	208	12	196	-
End-user markets	494	286	208	72.7%
Enel X	37	-	37	-
Services	39	(14)	53	-
Total	**1,724**	**1,842**	**(118)**	**-6.4%**

Operating income in 2018, including depreciation, amortization and impairment losses in the amount of €1,834 million (€1,731 million in 2017), came to €1,724 million, a decrease of €118 million compared with 2017 due, in addition to the effects mentioned above, to the impairment of certain assets at the Alcúdia power plant (€82 million), and an increase in depreciation and amortization, particularly for contract costs in application of IFRS 15 (€54 million).

Capital expenditure

Millions of euro

	2018	2017	Change	
Thermal Generation and Trading	345	295	50	16.9%
Infrastructure and Networks	668	657	11	1.7%
Enel Green Power	246	65	181	-
End-user markets	107	55	52	94.5%
Enel X	39	-	39	-
Services	28	33	(5)	-15.2%
Total	**1,433**	**1,105**	**328**	**29.7%**

Capital expenditure came to €1,433 million, up €328 million year on year. More specifically, capital expenditure in 2018 mainly concerned the construction of new wind farms and photovoltaic plants following the awarding of projects in 2017. In addition, there was work on the distribution network for substations and transformers, work on the line and replacement of the metering devices and the capitalization of contract costs (€70 million) in end-user markets. Greater capital expenditure by the Thermal Generation and Trading Business Line included the nuclear plants at Ascó, Vandellòs and Almaraz.

South America

Net efficient generation capacity (MW)

2018 | **20,997**

2017 | **20,544**

Thermal plants
2018: 7,734
2017: 7,733

Hydroelectric plants
2018: 10,031
2017: 9,980

Wind farms
2018: 1,616
2017: 1,392

Other
2018: 1,616
2017: 1,429

Electricity distribution and transport networks (km)

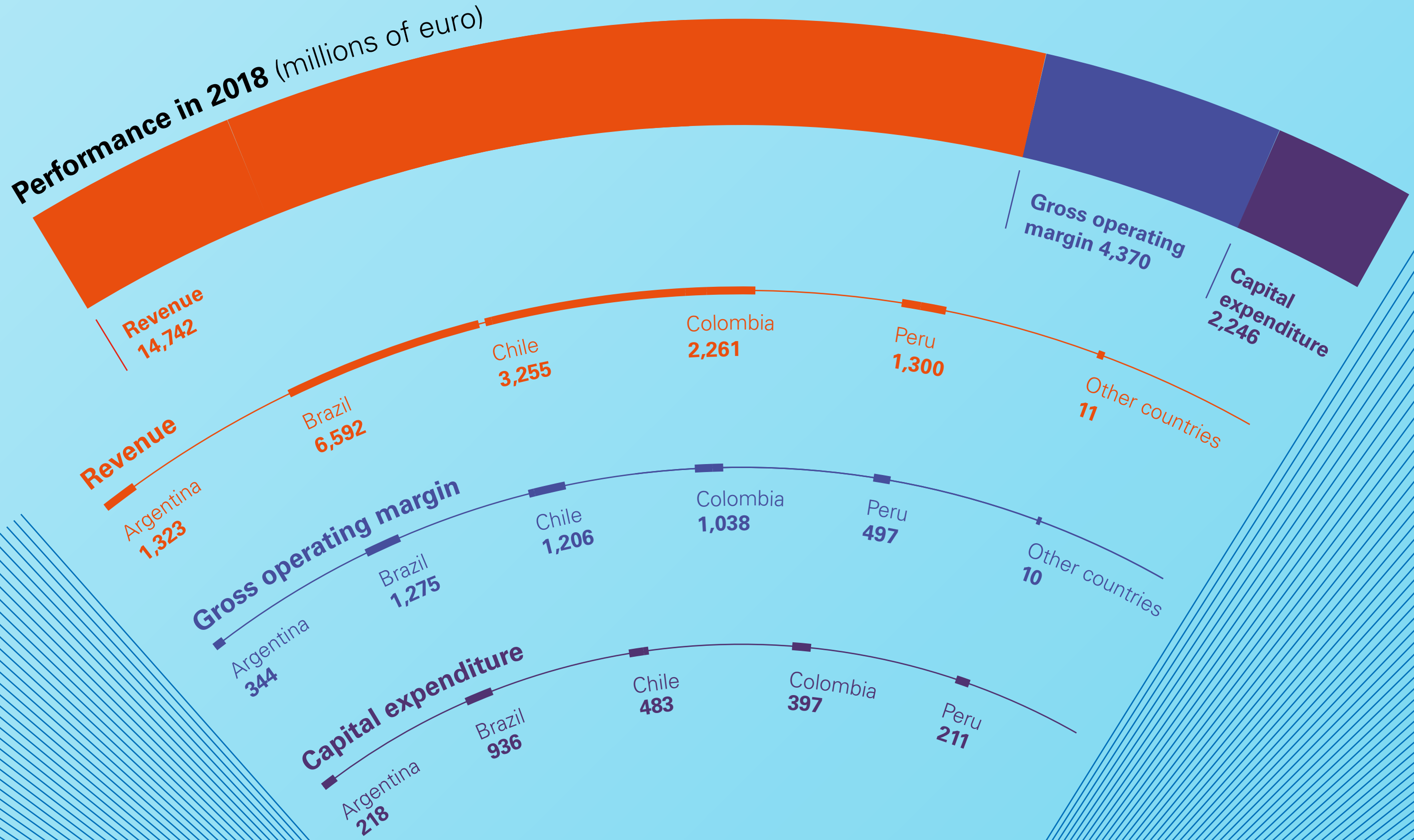
2018 | **624,653**

High-voltage lines at year end
20,112

Medium-voltage lines at year end
381,214

Low-voltage lines at year end
223,326


OF WHICH
2018
Argentina
4,419
Brazil
3,250
Chile
7,448
Colombia
3,583
Peru
2,297
Other countries
–
2017
4,419
2,975
7,475
3,467
2,158
50


Performance in 2018 (millions of euro)
Revenue
14,742
Gross operating margin 4,370
Capital expenditure
2,246
Revenue
Argentina
1,323
Brazil
6,592
Chile
3,255
Colombia
2,261
Peru
1,300
Other countries
11
Gross operating margin
Argentina
344
Brazil
1,275
Chile
1,206
Colombia
1,038
Peru
497
Other countries
10
Capital expenditure
Argentina
218
Brazil
936
Chile
483
Colombia
397
Peru
211

Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Thermal	22,441	25,727	(3,286)	-12.8%
Hydroelectric	36,135	33,597	2,538	7.6%
Wind	6,138	3,661	2,477	67.7%
Other sources	3,183	1,642	1,541	93.8%
Total net generation	**67,897**	**64,627**	**3,270**	**5.1%**
- of which Argentina	*13,949*	*14,825*	*(876)*	*-5.9%*
- of which Brazil	*9,840*	*7,161*	*2,679*	*37.4%*
- of which Chile	*20,885*	*20,231*	*654*	*3.2%*
- of which Colombia	*14,054*	*14,766*	*(712)*	*-4.8%*
- of which Peru	*8,999*	*7,493*	*1,506*	*20.1%*
- of which other countries	*170*	*151*	*19*	*12.6%*

Net generation in 2018 totaled 67,897 million kWh, an increase of 3,270 million kWh compared with 2017. This increase is mainly attributable to:

- increased wind power production in Brazil and Peru, due mainly to the start of operations of new plants;
- increased hydroelectric production, particularly concentrated in Chile, Brazil and Argentina as a result of the more favorable water availability that characterized these countries during the period under review and the acquisition, at the end of 2017, of the Volta Grande plant in Brazil and the start of operations of various plants in Brazil in early 2018;
- increased solar production in Brazil, Chile and Peru, which also reflects the increase in net efficient capacity.

The reduction in thermal power generation, which was particularly evident in Chile, Argentina and Brazil due to the unavailability of the plants in Tarapacá (Chile), Costanera (Argentina), and Fortaleza (Brazil), was partially offset by an increase in production in Peru.

Contribution to gross thermal generation

Millions of kWh

	2018		2017		Change	
Fuel oil	316	1.4%	723	2.7%	(407)	-56.3%
Natural gas	19,656	83.9%	21,669	81.2%	(2,013)	-9.3%
Coal	2,986	12.7%	3,134	11.8%	(148)	-4.7%
Other fuels	468	2.0%	1,144	4.3%	(676)	-59.1%
Total	**23,426**	**100.0%**	**26,670**	**100.0%**	**(3,244)**	**-12.2%**

Gross thermal generation in 2018 totaled 23,426 million kWh, a decrease of 3,244 million kWh compared with the previous year. This was essentially due to the decreased use of traditional fuels, particularly in Argentina, Brazil, and Chile.

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Thermal plants	7,734	7,773	(39)	-0.5%
Hydroelectric plants	10,031	9,980	51	0.5%
Wind farms	1,616	1,362	254	18.6%
Other	1,616	1,429	187	13.1%
Total net efficient capacity	**20,997**	**20,544**	**453**	**2.2%**
- of which Argentina	*4,419*	*4,419*	*-*	*-*
- of which Brazil	*3,250*	*2,975*	*275*	*9.2%*
- of which Chile	*7,448*	*7,475*	*(27)*	*-0.4%*
- of which Colombia	*3,583*	*3,467*	*116*	*3.3%*
- of which Peru	*2,297*	*2,158*	*139*	*6.4%*
- of which other countries	*-*	*50*	*(50)*	*-*

Net efficient generation capacity in 2018 came to 20,997 MW, an increase of 453 MW compared with the previous year, essentially due to the greater installed capacity as a result of capital expenditure by the Group.
The increase in generation capacity depends mainly on the start of operations in Brazil of the Enel Green Power wind farms Boa Vista Eólica SA (30 MW), Enel Green Power Morro do Chapéu Eólica SA (114 MW), and Enel Green Power São Abraão Eólica SA (28 MW), of the photovoltaic solar park Enel Green Power Horizonte MP Solar SA (103 MW), in Peru of the Wayra I wind farm (132 MW) and in Colombia of the El Paso photovoltaic solar plant (86 MW).
The 50 MW decrease in other countries was due to the sale in December of Enel Green Power Uruguay SA, which held the Melowind wind farm through the subsidiary Estrellada SA.

Electricity distribution and transport networks

	2018	2017	Change	
High-voltage lines at year end (km)	20,112	18,308	1,804	9.9%
Medium-voltage lines at year end (km)	381,214	350,376	30,839	8.8%
Low-voltage lines at year end (km)	223,326	197,326	25,999	13.2%
Total electricity distribution network (km)	**624,653**	**566,010**	**58,643**	**10.4%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**117,412**	**90,655**	**26,757**	**29.5%**
- of which Argentina	*17,548*	*17,737*	*(189)*	*-1.1%*
- of which Brazil	*61,310*	*34,876*	*26,434*	*75.8%*
- of which Chile	*16,485*	*16,318*	*167*	*1.0%*
- of which Colombia	*14,024*	*13,790*	*234*	*1.7%*
- of which Peru	*8,045*	*7,934*	*111*	*1.4%*

(1) The figure for 2017 reflects a more accurate measurement of amounts transported.

Energy transported in 2018 amounted to 117,412 million kWh, an increase of 26,757 million kWh compared with 2017, concentrated mainly in Brazil as a result of the acquisition of Enel Distribuição São Paulo, a Brazilian electricity distribution company.

Electricity sales

Millions of kWh

	2018	2017	Change	
Electricity sold by Enel	**91,075**	**74,672**	**16,403**	**22.0%**
- of which Argentina	*14,515*	*14,877*	*(362)*	*-2.4%*
- of which Brazil	*48,061*	*30,497*	*17,564*	*57.6%*
- of which Chile	*12,808*	*13,232*	*(424)*	*-3.2%*
- of which Colombia	*8,884*	*9,389*	*(505)*	*-5.4%*
- of which Peru	*6,807*	*6,677*	*130*	*1.9%*

Electricity sales in 2018 totaled 91,075 million kWh, increasing by 16,403 million kWh compared with the previous year. Similarly to the above, this increase is attributable to the growth in sales in Brazil following the acquisition of Enel Distribuição São Paulo, which was partly offset by reductions in other countries.

Performance

Millions of euro

	2018	2017	Change	
Revenue	14,742	13,154	1,588	12.1%
Gross operating margin	4,370	4,204	166	3.9%
Operating income	2,976	2,970	6	0.2%
Capital expenditure	2,246	3,002	(756)	-25.2%

The following tables show a breakdown of performance by country in 2018.

Revenue

Millions of euro

	2018	2017	Change	
Argentina	1,323	1,393	(70)	-5.0%
Brazil	6,592	4,763	1,829	38.4%
Chile	3,255	3,667	(412)	-11.2%
Colombia	2,261	2,116	145	6.9%
Peru	1,300	1,202	98	8.2%
Other countries	11	13	(2)	-15.4%
Total	**14,742**	**13,154**	**1,588**	**12.1%**

Revenue in 2018 posted an increase of €1,588 million. The rise was primarily attributable to:

- an increase of €1,829 million in revenue in Brazil, of which €2,076 million due to the acquisition, on June 7, 2018, of Enel Distribuição São Paulo as well as an increase in revenue recognized by Enel Green Power Projetos I, the holder of a thirty-year contract for the Volta Grande hydroelectric plant since September 28, 2017 (€61 million). Compared with the previous year, this increase was partially offset by the reduction in revenue from sales and services of Enel Distribuição Rio (€193 million), Enel Distribuição Goiás (€58 million), Enel Geração Fortaleza (€51 million), and Enel Distribuição Ceará (€55 million), and by adverse exchange rate developments (€728 million);

- a decrease of €70 million in revenue in Argentina, essentially due to the highly negative exchange rate effect deriving from the depreciation of the Argentine peso against the euro (€746 million), which was largely offset by revaluation due to hyperinflation (IAS 29) and by the distribution rate increases as a result of the application of ENRE Resolution 64;
- an increase of €145 million in revenue in Colombia, mainly due to the increase in rates, which was partly offset by adverse exchange rate developments (€97 million);
- a decrease of €412 million in revenue in Chile, essentially due to the reduction in sales to end users as a result of the shift of customers from the regulated market to the free market (€150 million), the capital gain recognized in the 1st Quarter of 2017 on the sale of Electrogas (€143 million), and adverse exchange rate developments (€94 million);
- an increase of €98 million in revenue in Peru, mainly due to greater electricity sales as a result of the increase in demand, which was only partly offset by adverse exchange rate developments (€64 million).

Gross operating margin

Millions of euro

	2018	2017	Change	
Argentina	344	287	57	19.9%
Brazil	1,275	1,008	267	26.5%
Chile	1,206	1,359	(153)	-11.3%
Colombia	1,038	1,061	(23)	-2.2%
Peru	497	480	17	3.5%
Other countries	10	9	1	11.1%
Total	**4,370**	**4,204**	**166**	**3.9%**

The **gross operating margin** amounted to €4,370 million, an increase of €166 million (+3.9%) compared with 2017, reflecting:

- an increase of €267 million in the margin in Brazil, essentially due to the performance in renewables (€95 million, of which €51 million attributable to Enel Green Power Projetos I, consolidated beginning in November 2017), the acquisition of Enel Distribuição São Paulo (€206 million), and the increased margin of Enel Distribuição Goiás (€88 million). These effects were only partially offset by the reduction in margins at Enel Geração Fortaleza (€97 million), due to greater provisioning costs and Enel Distribuição Ceará (€52 million), due to a decrease in revenue from the sale of electricity, as well as adverse exchange rate developments in the amount of €174 million;
- a decrease of €153 million in the gross operating margin in Chile, which was mainly affected by adverse exchange rate developments (€32 million) and the effect of extraordinary items in 2017, notably the capital gain noted earlier, net of capital losses of €36 million on the abandonment of hydroelectric projects (primarily Neltume and Choshuenco);
- a decrease of €23 million in the margin in Colombia, essentially attributable to the increase in costs for energy purchases and adverse exchange rate developments;
- an increase of €17 million in the gross operating margin in Peru, mainly due to the increase in revenue from renewable resources due to the greater production of energy from solar and wind, which was partly offset by higher provisioning costs;
- an increase of €57 million in the gross operating margin in Argentina, due to the decrease in personnel costs and a reduction in costs for fines following improvements in service quality. These increases were partially offset by adverse exchange rate developments resulting from the depreciation of the Argentine peso against the euro.

Operating income

Millions of euro

	2018	2017	Change	
Argentina	210	231	(21)	-9.1%
Brazil	679	483	196	40.6%
Chile	879	1,027	(148)	-14.4%
Colombia	851	890	(39)	-4.4%
Peru	350	333	17	5.1%
Other countries	7	6	1	16.7%
Total	**2,976**	**2,970**	**6**	**0.2%**

Operating income in 2018 totaled €2,976 million, including €1,394 million in depreciation, amortization and impairment losses (€1,234 million in 2017), an increase of €6 million over the previous year. More specifically, the increase in depreciation, amortization and impairment losses of €160 million reflects the greater depreciation of wind farms and photovoltaic plants operating in Brazil, Peru and Colombia, and changes in the scope of consolidation due to the consolidation, starting in June 2018, of Enel Distribuição São Paulo.

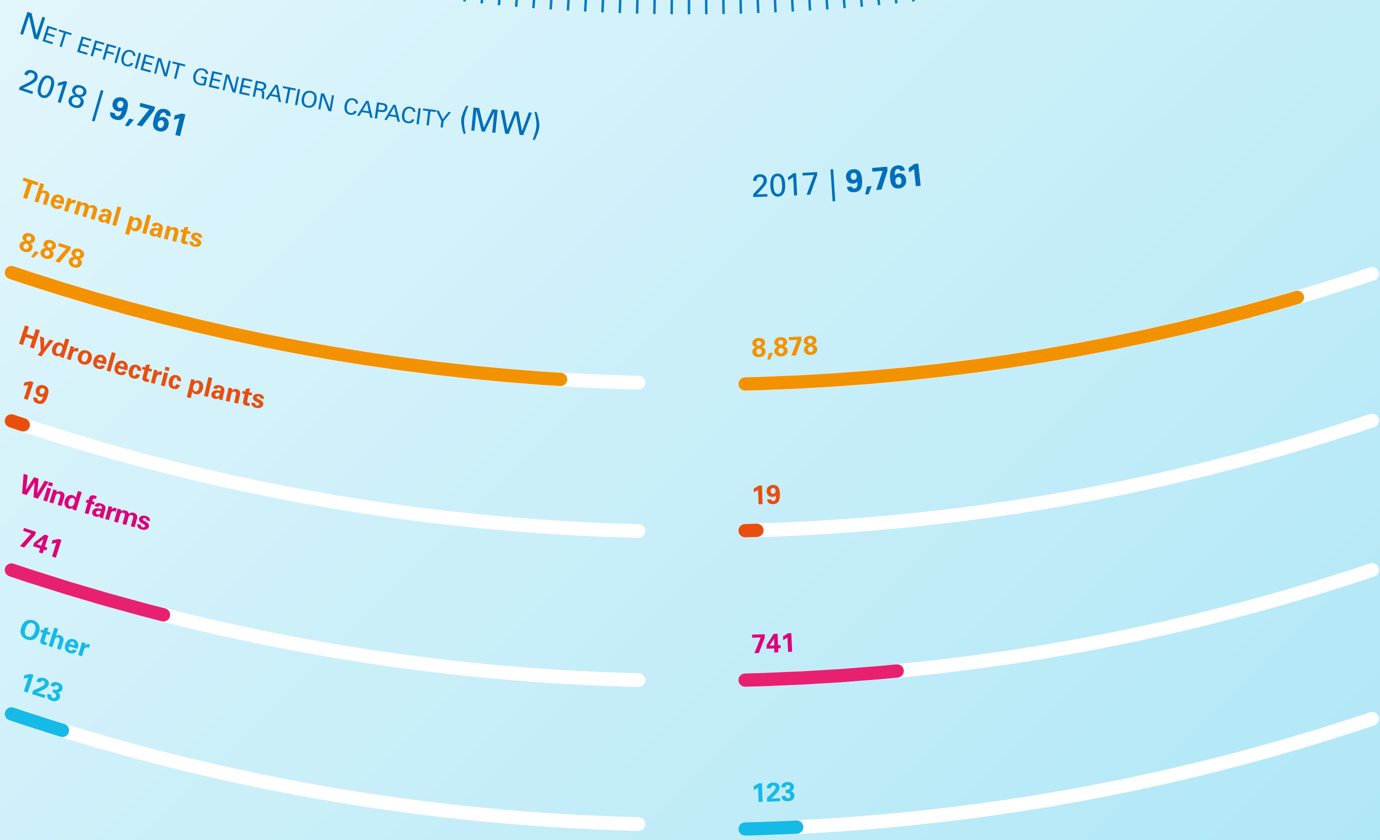
Capital expenditure

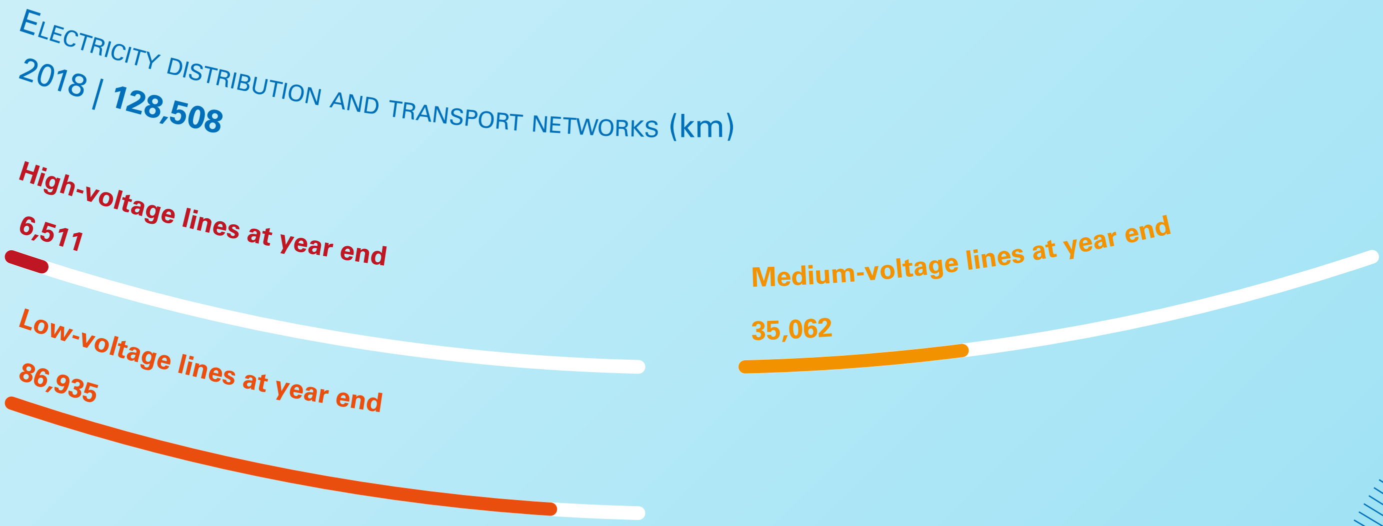
Millions of euro

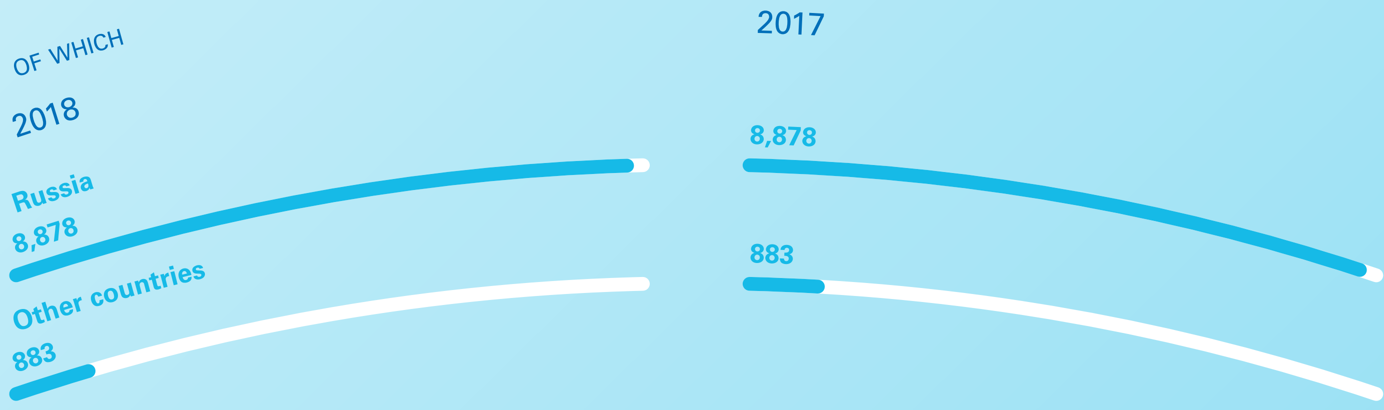
	2018	2017	Change	
Argentina	218	259	(41)	-15.8%
Brazil	936	1,475	(539)	-36.5%
Chile	483	543	(60)	-11.0%
Colombia	397	309	88	28.5%
Peru	211	416	(205)	-49.3%
Total	**2,246**	**3,002**	**(756)**	**-25.2%**

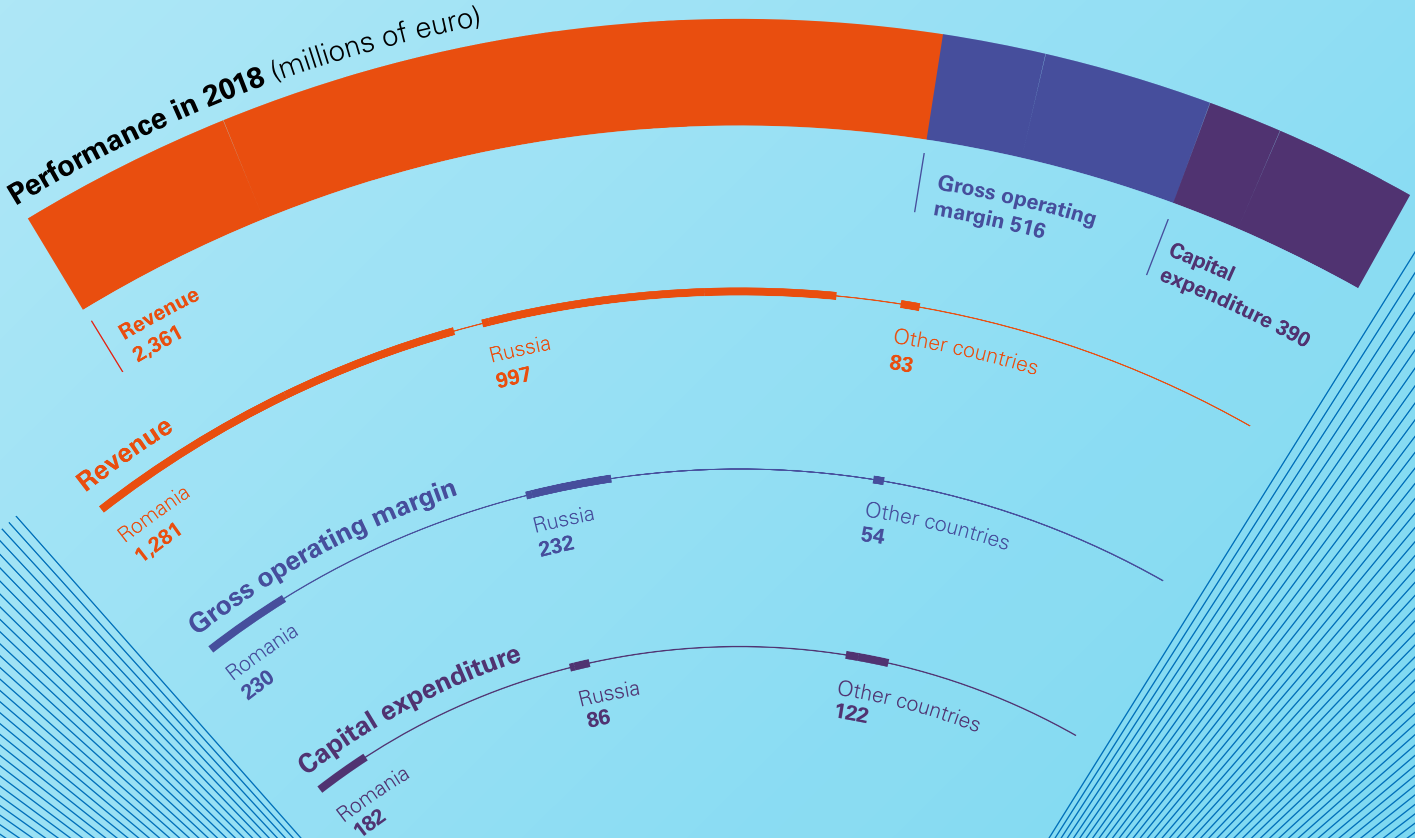
Capital expenditure came to €2,246 million, down €756 million year on year. Capital expenditure in 2018 refers primarily to work on the distribution networks in Colombia, Argentina, Peru and Brazil, the latter of which attributable, above all, to the newly acquired Enel Distribuição São Paulo. The decrease compared with 2017 is attributable to the completion of a number of wind farms and solar plants in Brazil and Peru.

Europe and Euro-Mediterranean Affairs






OF WHICH
2018
Russia
8,878
Other countries
883
2017
8,878
883


Performance in 2018 (millions of euro)
Revenue
2,361
Gross operating margin 516
Capital expenditure 390
Revenue
Romania
1,281
Russia
997
Other countries
83
Gross operating margin
Romania
230
Russia
232
Other countries
54
Capital expenditure
Romania
182
Russia
86
Other countries
122

Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Thermal	39,181	39,830	(649)	-1.6%
Hydroelectric	32	22	10	45.5%
Wind	1,700	1,814	(114)	-6.3%
Other sources	163	173	(10)	-5.8%
Total net generation	**41,076**	**41,839**	**(763)**	**-1.8%**
- of which Russia	*39,182*	*39,830*	*(648)*	*-1.6%*
- of which other countries	*1,894*	*2,009*	*(115)*	*-5.7%*

In 2018, net electricity generation amounted to 41,076 million kWh, a decrease of 763 million kWh on the same period of 2017. This change was mainly due to a decrease in generation in Russia.

Contribution to gross thermal generation

Millions of kWh

	2018		2017		Change	
Natural gas	21,712	52.6%	22,384	53.3%	(672)	-3.0%
Coal	19,592	47.4%	19,647	46.7%	(55)	-0.3%
Total	**41,304**	**100.0%**	**42,031**	**100.0%**	**(727)**	**-1.7%**

Gross thermal generation for 2018 posted a decrease of 727 million kWh to settle at 41,304 million kWh. The decrease for the period reflects the aforementioned drop in production in Russia and shows a reduced use of combined-cycle, coal and gas generation.

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Thermal plants	8,878	8,878	-	-
Hydroelectric plants	19	19	-	-
Wind farms	741	741	-	-
Other	123	123	-	-
Total net efficient capacity	**9,761**	**9,761**	**-**	**-**
- of which Russia	*8,878*	*8,878*	-	-
- of which other countries	*883*	*883*	-	-

The net efficient capacity of 2018 was equal to 9,761 MW and was in line with that of the previous year.

Electricity distribution and transport networks

	2018	2017	Change	
High-voltage lines at year end (km)	6,511	6,505	5	0.1%
Medium-voltage lines at year end (km)	35,062	35,016	46	0.1%
Low-voltage lines at year end (km)	86,935	86,027	909	1.1%
Total electricity distribution network (km) (1)	**128,508**	**127,548**	**960**	**0.8%**
Electricity transported on Enel's distribution network (millions of kWh)	**15,640**	**15,206**	**434**	**2.9%**

(1) The figure for 2017 reflects a more accurate measurement of amounts transported.

Electricity transport, which was concentrated entirely in Romania, posted an increase of 434 million kWh (+2.9%), going from 15,206 million kWh to 15,640 million kWh in 2018. The increase derives mainly from the trend in demand in the Romanian market, and in particular in the regions served by Enel.

Electricity sales

Millions of kWh

	2018	2017	Change	
Free market	7,519	6,318	1,201	19.0%
Regulated market	2,881	4,029	(1,148)	-28.5%
Total electricity sold by Enel	**10,400**	**10,347**	**53**	**0.5%**

Electricity sales in 2018 increased by 53 million kWh, going from 10,347 million kWh to 10,400 million kWh. This increase was due to greater electricity sales in Romania due to the gradual liberalization of the market.

Performance

Millions of euro

	2018	2017	Change	
Revenue	2,361	2,411	(50)	-2.1%
Gross operating margin	516	543	(27)	-5.0%
Operating income	420	306	114	37.3%
Capital expenditure	390	307 (1)	83	27.0%

(1) Does not include €44 million regarding units classified as "held for sale".

The following tables shows a breakdown of performance by country in 2018.

Revenue

Millions of euro

	2018	2017	Change	
Romania	1,281	1,180	101	8.6%
Russia	997	1,135	(138)	-12.2%
Other countries	83	96	(13)	-13.5%
Total	**2,361**	**2,411**	**(50)**	**-2.1%**

Revenue for 2018 amounted to €2,361 million, a decrease of €50 million (-2.1%) from the previous year. The performance was related to the following factors:

- a decrease of €138 million in revenue in Russia related mainly to the weakening of the ruble against the euro (€123 million) and the decrease in unit prices and in output;
- an increase of €101 million in revenue in Romania, essentially connected to the greater volumes transported and sold, which more than offset the reduction in electricity distribution rates and the negative impact of the application of IFRS 15. Revenue for new connections to the grid are deferred over the duration of the contract;
- a decrease of €13 million in revenue in other countries.

Gross operating margin

Millions of euro

	2018	2017	Change	
Romania	230	232	(2)	-0.9%
Russia	232	270	(38)	-14.1%
Other countries	54	41	13	31.7%
Total	**516**	**543**	**(27)**	**-5.0%**

The **gross operating margin** amounted to €516 million, a decrease of €27 million compared with 2017. This performance was mainly due to:

- a decrease of €38 million in the operating margin in Russia due to adverse exchange rate developments and the decrease in the generation margin;
- a reduction of €2 million in the margin in Romania, which reflects the impact of IFRS 15 as discussed above, which was only partially offset by a decrease in customer acquisition costs, which, with application of the new standard, are now capitalized under intangible assets. This factor was accompanied by a decline in the margin for environmental certificates.

Operating income

Millions of euro

	2018	2017	Change	
Romania	95	114	(19)	-16.7%
Russia	169	210	(41)	-19.5%
Other countries	156	(18)	174	-
Total	**420**	**306**	**114**	**37.3%**

Operating income amounted to €420 million in 2018, an increase of €114 million. This increase, in addition to being influenced by the changes described above, was significantly affected by the reversal of impairment losses relating to property, plant and equipment and intangible assets in Greece in the amount of €117 million and of the impairment losses recognized in 2017 on geothermal assets in Germany (€42 million).

Capital expenditure

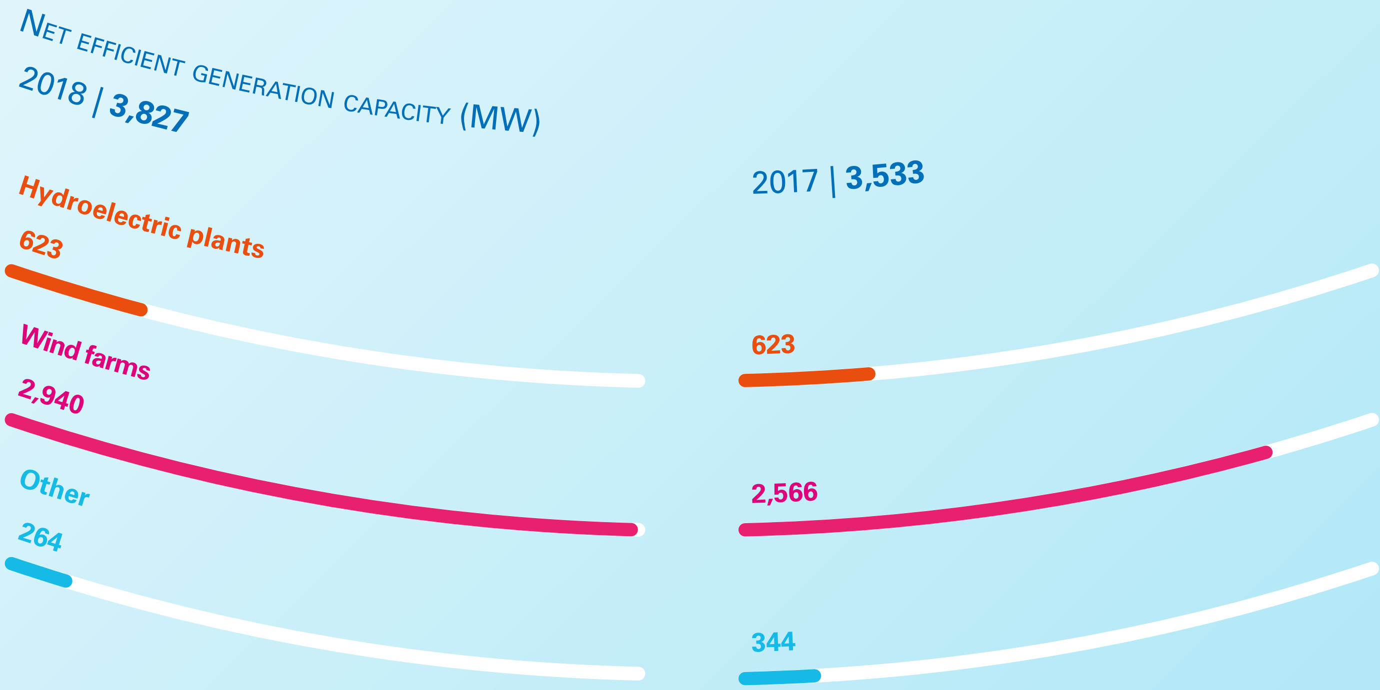
Millions of euro

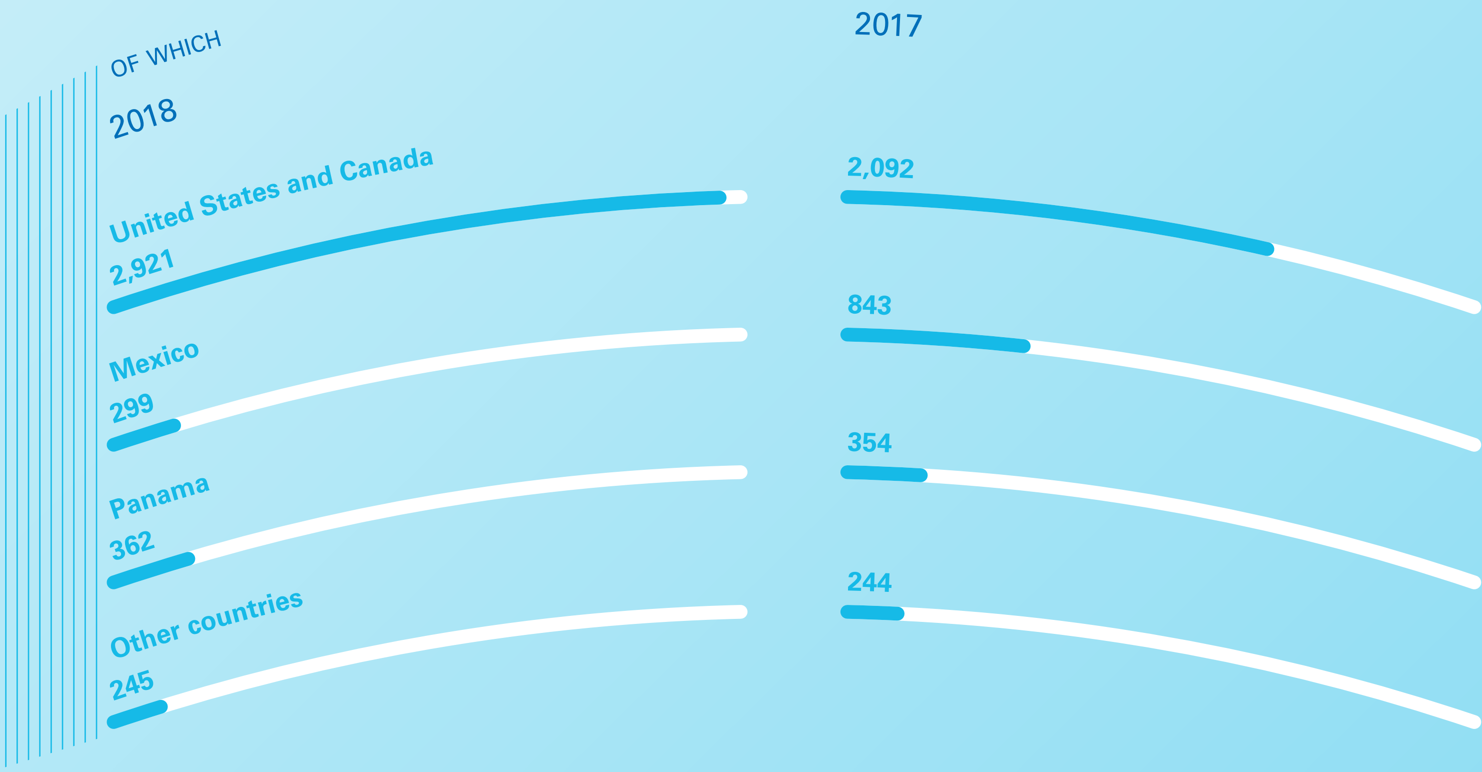
	2018	2017	Change	
Romania	182	134	48	35.8%
Russia	86	109	(23)	-21.1%
Other countries	122	64	58	90.6%
Total	**390**	**307** (1)	**83**	**27.0%**

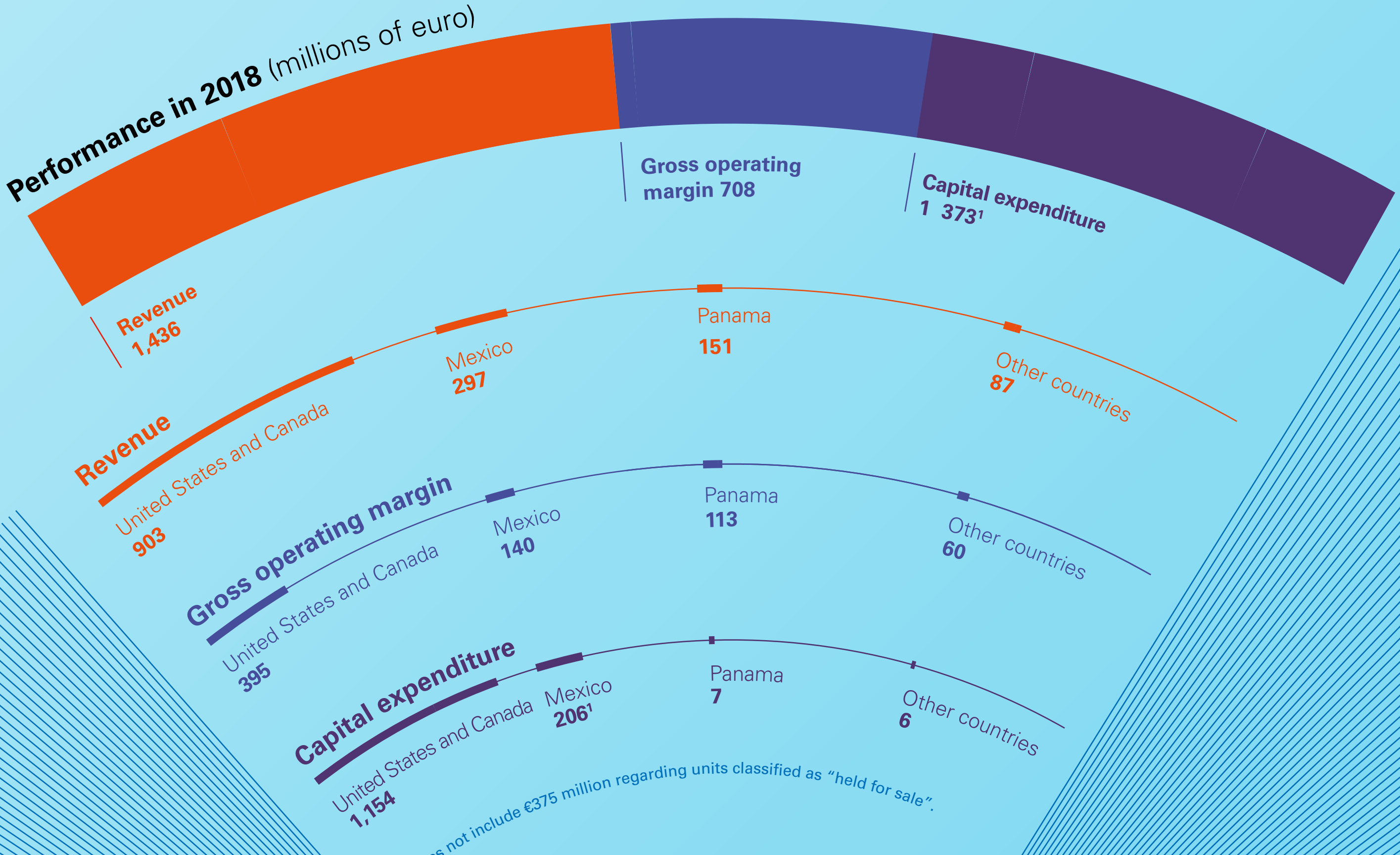
(1) Does not include €44 million regarding units classified as "held for sale".

Capital expenditure came to €390 million, an increase of €83 million compared with the previous year. The rise mainly reflected the investments in wind farms in Greece and an increase in investment in Romania, primarily attributable to electricity distribution grids. These factors were only partially offset by a decline in investment in Russia and Germany.

North and Central America







(1) Does not include €375 million regarding units classified as "held for sale".

Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Hydroelectric	2,871	2,681	190	7.1%
Wind	8,413	6,920	1,493	21.6%
Other sources	1,149	192	957	-
Total net generation	**12,433**	**9,793**	**2,640**	**27.0%**
- of which United States and Canada	*7,133*	*5,313*	*1,820*	*34.3%*
- of which Mexico	*2,619*	*2,025*	*594*	*29.3%*
- of which Panama	*1,808*	*1,528*	*280*	*18.3%*
- of which other countries	*873*	*927*	*(54)*	*-5.8%*

In 2018, net electricity generation totaled 12,433 million kWh, an increase of 2,640 million kWh from 2017. This increase is attributable to the increase in generation in the United States and Canada (1,820 million kWh) mainly related to wind power (1,753 million kWh) following the start of operations of the Rock Creek, Thunder Ranch and Red Dirt wind farms at the end of 2017. This was accompanied by an increase in quantities produced in Mexico (594 million kWh), predominantly solar (838 million kWh), due to the start of operations of the Villanueva and Don José plants, which was partially offset by the lower quantities produced by wind power (253 million kWh), following the sale of eight wind farms ("Project Kino"), and greater quantities produced by hydroelectric (260 million kWh) and solar plants (20 million kWh) in Panama. These increases were partly offset by the lower quantities produced from hydroelectric sources in Guatemala (40 million kWh) and Costa Rica (14 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Hydroelectric plants	623	623	-	-
Wind farms	2,940	2,566	374	14.6%
Other	264	344	(80)	-
Total net efficient capacity	**3,827**	**3,533**	**294**	**8.3%**
- of which United States and Canada	*2,921*	*2,092*	*829*	*39.6%*
- of which Mexico	*299*	*843*	*(544)*	*-64.5%*
- of which Panama	*362*	*354*	*8*	*2.3%*
- of which other countries	*245*	*244*	*1*	*0.4%*

Net efficient capacity for 2018 came to 3,827 MW, an increase of 294 MW compared with the previous year, mainly due to the increase in net efficient power for wind farms in the United States and Canada (802 million MW) related to the new HillTopper, Rattlesnake Creek, Diamond Vista, and High Lonesome plants, partially offset by the decrease in net installed capacity in Mexico following the sale of the eight wind and solar plants there.

Performance

Millions of euro

	2018	2017	Change	
Revenue	1,438	1,187	251	21.1%
Gross operating margin	708	759	(51)	-6.7%
Operating income	454	553	(99)	-17.9%
Capital expenditure	1,373 (1)	1,802 (2)	(429)	-23.8%

(1) Does not include €375 million regarding units classified as "held for sale".
(2) Does not include €325 million regarding units classified as "held for sale".

The table below shows performance by geographical area in 2018.

Revenue

Millions of euro

	2018	2017	Change	
United States and Canada	903	716	187	26.1%
Mexico	297	142	155	-
Panama	151	149	2	1.3%
Other countries	87	180	(93)	-51.7%
Total	**1,438**	**1,187**	**251**	**21.1%**

Revenue for 2018 came to €1,438 million, up €251 million (21.1%) year on year. The performance was related to the following factors:

- an increase of €187 million in revenue in the United States and Canada, essentially due to greater revenue earned by the Enel X Business Line, in particular by Enel X North America (formerly EnerNOC) (€181 million) and eMotorWerks (€5 million);
- an increase of €155 million in revenue in Mexico, mainly due to the increase in revenue from electricity sales (€61 million) related to the greater quantities produced by solar sources, as described in relation to operations, to revenue for services provided to the eight Mexican project companies, which were partially sold with loss of control on September 30, 2018 (€82 million), and an increase in revenue from the sale of green certificates (€8 million);
- an increase of €2 million in revenue in Panama, mainly due to the greater quantities produced by hydroelectric sources as described in relation to operations;
- a decrease of €93 million in revenue in other countries, mainly due to the indemnities for losses recognized in 2017 related to the Chucas wind farm in Costa Rica, which were granted to the Group by the Instituto Costarricense de Electricidad (ICE).

Gross operating margin

Millions of euro

	2018	2017	Change	
United States and Canada	395	408	(13)	-3.2%
Mexico	140	98	42	42.9%
Panama	113	101	12	11.9%
Other countries	60	152	(92)	-60.5%
Total	**708**	**759**	**(51)**	**-6.7%**

The **gross operating margin** amounted to €708 million, down €51 million (-6.7%) compared with 2017. The decrease is attributable to the following factors:

- a decrease of €13 million in the margin achieved in the United States and Canada due to an increase in personnel and operating costs;
- an increase of €42 million in the margin in Mexico, which benefited from the increase in volumes produced as described above, which was partially offset by higher operating costs;
- an increase of €12 million in the margin achieved in Panama, attributable to the greater quantities produced and to a reduction in electricity provisioning costs;
- a reduction in the margin posted in other countries, essentially due to the decline in revenue recognized by PH Chucas in reflection of the indemnities received in 2017.

Operating income

Millions of euro

	2018	2017	Change	
United States and Canada	233	293	(60)	-20.5%
Mexico	94	52	42	80.8%
Panama	98	87	11	12.6%
Other countries	29	121	(92)	-76.0%
Total	**454**	**553**	**(99)**	**-17.9%**

Operating income in 2018 amounted to €454 million, a decrease of €99 million, taking account of an increase of €48 million in depreciation, amortization and impairment losses, mainly reflecting greater depreciation relating to the start of operations of new plants in the United States.

Capital expenditure

Millions of euro

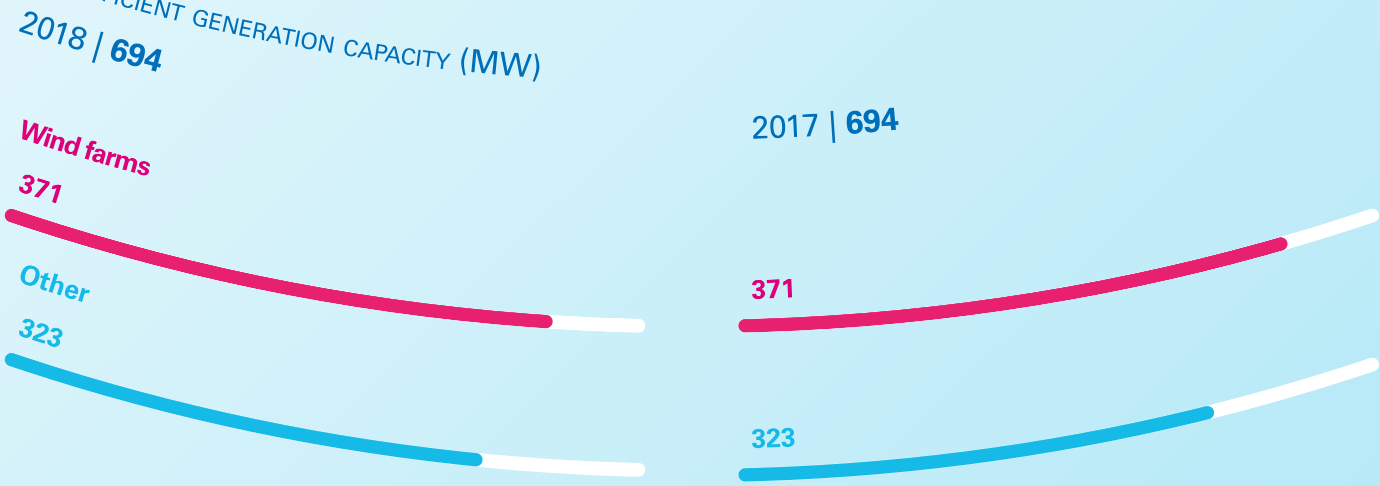
	2018	2017	Change	
United States and Canada	1,154	1,305	(151)	-11.6%
Mexico	206 (1)	454 (2)	(248)	-54.6%
Panama	7	10	(3)	-30.0%
Other countries	6	33	(27)	-81.8%
Total	**1,373**	**1,802**	**(429)**	**-23.8%**

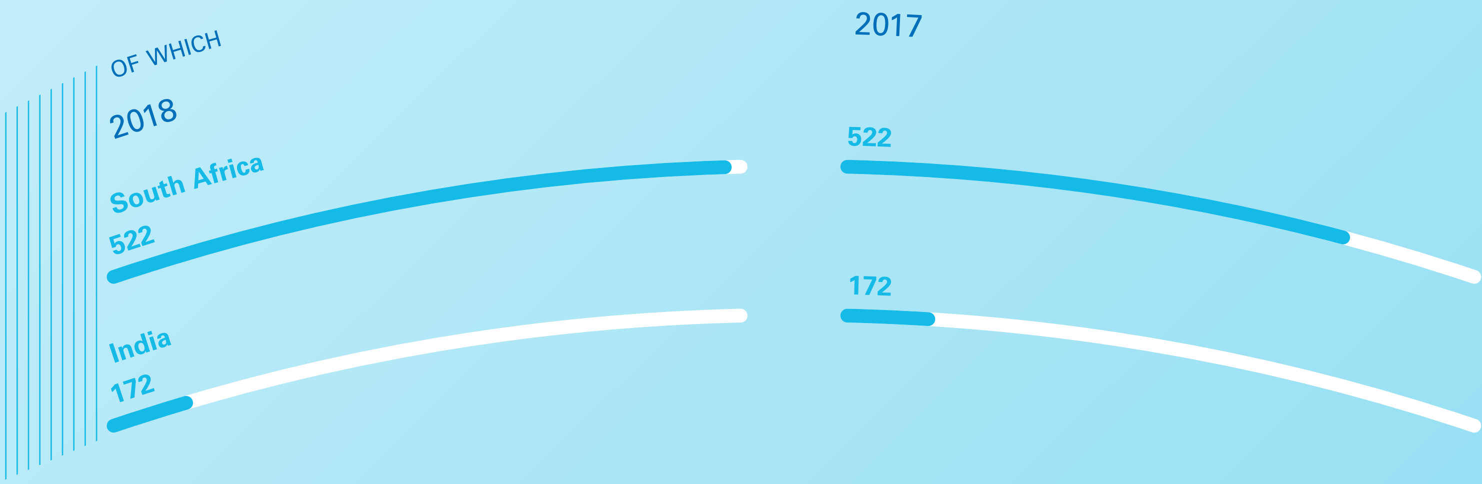
(1) Does not include €375 million regarding units classified as "held for sale".
(2) Does not include €325 million regarding units classified as "held for sale".

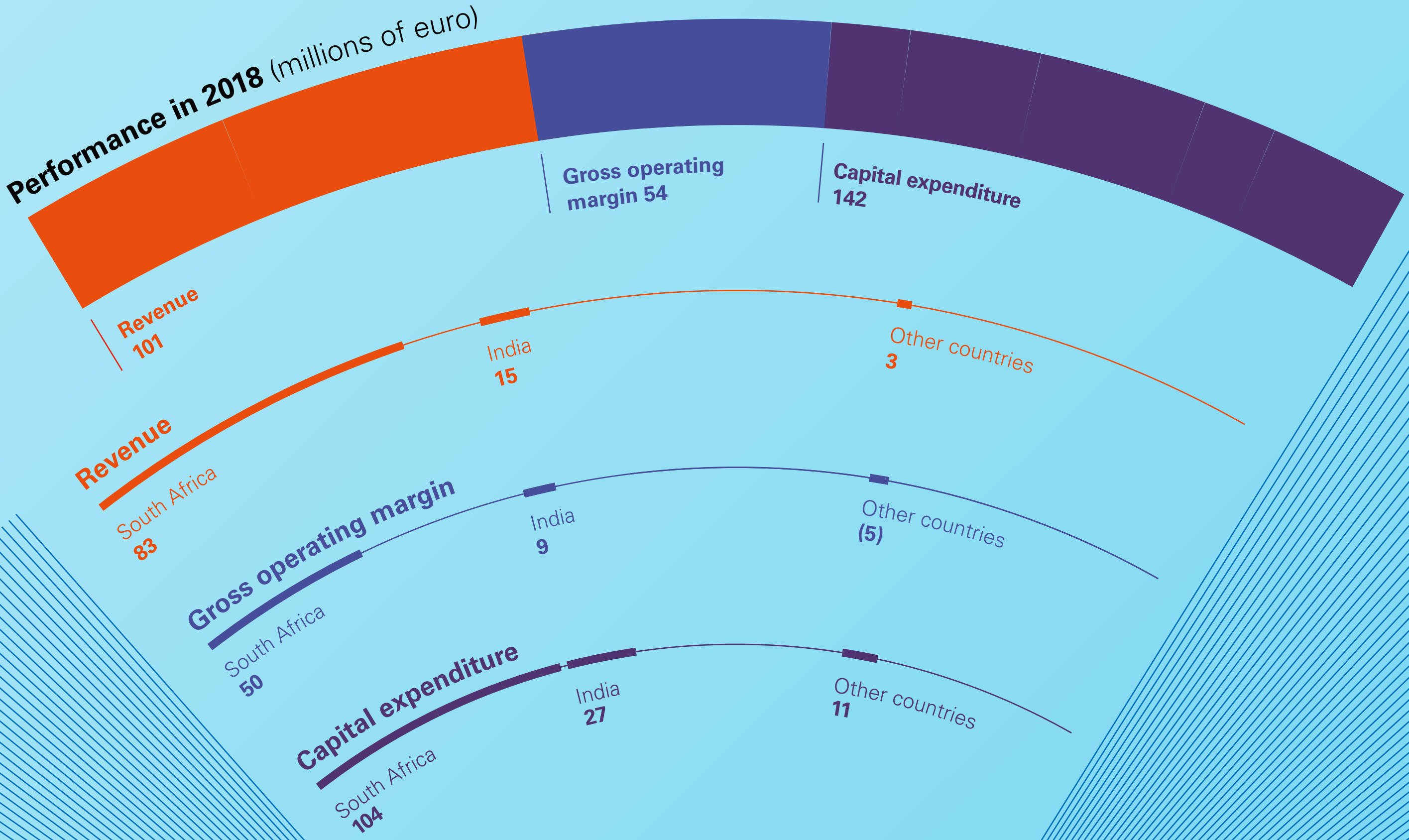
Capital expenditure came to €1,373 million in 2018, down €429 million year on year. Capital expenditure in 2018 mainly refers to the HillTopper (€229 million), Rattlesnake Creek (€332 million), Diamond Vista (€320 million) and High Lonesome (€81 million) wind farms in the United States and to the Dolores (€69 million) and Parque Amistad (€90 million) wind farms and the Magdalena photovoltaic plant (€38 million) in Mexico.

Africa, Asia and Oceania

Net efficient generation capacity (MW)




OF WHICH
2018
South Africa
522
India
172
2017
522
172


Performance in 2018 (millions of euro)
Revenue
101
Gross operating margin 54
Capital expenditure
142
Revenue
South Africa
83
India
15
Other countries
3
Gross operating margin
South Africa
50
India
9
Other countries
(5)
Capital expenditure
South Africa
104
India
27
Other countries
11

Operations

Net electricity generation

Millions of kWh

	2018	2017	Change	
Wind	933	892	41	4.6%
Other sources	574	589	(15)	-2.5%
Total net generation	**1,507**	**1,481**	**26**	**1.8%**
- of which South Africa	*1,192*	*1,156*	*36*	*3.1%*
- of which India	*315*	*325*	*(10)*	*-3.1%*

Net generation in 2018 totaled 1,507 million kWh for an increase of 26 million kWh compared with 2017. This increase is mainly attributable to the greater production of wind energy (41 million kWh), particularly in South Africa (51 million kWh) and mainly attributable to the Gibson Bay plant, which went into operation in February 2017. Compared with the previous year, adverse weather conditions resulted in a decrease in solar generation in South Africa (15 million kWh) and wind generation in India (10 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Wind farms	371	371	-	-
Other	323	323	-	-
Total net efficient capacity	**694**	**694**	**-**	**-**
- of which South Africa	*522*	*522*	-	-
- of which India	*172*	*172*	-	-

Net efficient capacity in 2018 came to 694 MW, in line with the previous year.

Performance

Millions of euro

	2018	2017	Change	
Revenue	101	96	5	5.2%
Gross operating margin	54	57	(3)	-5.3%
Operating income	10	15	(5)	-33.3%
Capital expenditure	142	30	112	-

The tables below show financial performance by geographical area in 2018.

Revenue

Millions of euro

	2018	2017	Change	
South Africa	83	80	3	3.8%
India	15	16	(1)	-6.3%
Other countries	3	-	3	-
Total	**101**	**96**	**5**	**5.2%**

Revenue for 2018 came to €101 million, up €5 million year on year. This increase was mainly due to the increased production and sale of electricity by the Pulida and Gibson Bay plants in South Africa.

Gross operating margin

Millions of euro

	2018	2017	Change	
South Africa	50	53	(3)	-5.7%
India	9	8	1	12.5%
Other countries	(5)	(4)	(1)	-25.0%
Total	**54**	**57**	**(3)**	**-5.3%**

The **gross operating margin** amounted to €54 million in 2018, down €3 million compared with 2017. The change reflects the greater costs recognized in South Africa, Australia and Morocco.

Operating income

Millions of euro

	2018	2017	Change	
South Africa	13	18	(5)	-27.8%
India	4	-	4	-
Other countries	(7)	(3)	(4)	-
Total	**10**	**15**	**(5)**	**-33.3%**

Operating income totaled €10 million in 2018, a decline of €5 million taking account of an increase of €2 million in depreciation, amortization and impairment losses.

Capital expenditure

Millions of euro

	2018	2017	Change	
South Africa	104	27	77	-
India	27	3	24	-
Other countries	11	-	11	-
Total	**142**	**30**	**112**	**-**

Capital expenditure came to €142 million in 2018, up €112 million year on year. Investments mainly concerned photovoltaic plants in South Africa (Round 4), India (Coral) and Zambia (Scaling Solar).

Other, eliminations and adjustments

Performance

Millions of euro

	2018	2017	Change	
Revenue (net of eliminations)	704	389	315	81.0%
Gross operating margin	(159)	(346)	187	54.0%
Operating income	(182)	(364)	182	50.0%
Capital expenditure	89	72	17	23.6%

Revenue net of eliminations for 2018 amounted to €704 million, an increase of €315 million from the previous year. The change is essentially attributable to:

- the capital gain of €150 million recognized by Enel Green Power SpA following the partial sale, with loss of control, of eight special purpose vehicles (SPVs), owners of the same number of plants in operation and under construction in Mexico ("Project Kino"), as well as the income recognized following that sale due to the remeasurement at fair value of the remaining 20% owned by the Group (€40 million);
- the capital gain of €18 million on the sale by Enel Green Power SpA of 100% of the subsidiary Enel Green Power Uruguay;
- the inclusion in the Central area of the Global functions of certain companies in the Italy area.

The **gross operating margin** for 2018, a negative €159 million, represents an improvement of €187 million compared with the previous year. This trend was positively affected by the capital gains and remeasurement at fair value noted earlier. In the absence of these factors, the performance of this margin would have worsened by €21 million.

The **operating loss** for 2018 was €182 million, an improvement of €182 million compared with the previous year, taking account of an increase of €5 million in depreciation, amortization, and impairment, in line with the change in the margin.

Capital expenditure

Capital expenditure for 2018 came to €89 million, an increase of €17 million compared with 2017, and mainly concerned the new Enel X Business Line and investments in software by Enel SpA.

Performance and financial position of Enel SpA

Performance

The following table summarizes the performance of Enel SpA in 2018 and 2017:

Millions of euro

	2018	2017	Change
Revenue			
Revenue from sales and services	38	120	(82)
Other revenue and income	15	13	2
Total	**53**	**133**	**(80)**
Costs			
Consumables	1	1	-
Services, leases and rentals	127	165	(38)
Personnel costs	109	174	(65)
Other operating expenses	39	20	19
Total	**276**	**360**	**(84)**
Gross operating margin	**(223)**	**(227)**	**4**
Depreciation, amortization and impairment losses	(331)	15	(346)
Operating income	**108**	**(242)**	**350**
Net financial income/(expense) and income from equity investments			
Income from equity investments	3,567	3,033	534
Financial income	1,946	3,093	(1,147)
Financial expense	2,349	3,774	(1,425)
Total	**3,164**	**2,352**	**812**
Income before taxes	**3,272**	**2,110**	**1,162**
Income taxes	(184)	(160)	(24)
NET INCOME FOR THE YEAR	**3,456**	**2,270**	**1,186**

Revenue from sales and services amounted to €38 million (€120 million in 2017) and essentially regards services provided to subsidiaries as part of Enel SpA's management and coordination functions and the rebilling of costs incurred by Enel SpA but pertaining to the subsidiaries.
The overall decrease, of €82 million, was essentially due to the reduction in revenue deriving from the provision of technical and management services following both the reorganization of the global units at the beginning of 2018, within the scope of which the Global Business Lines Infrastructure & Networks and Thermal Generation, as well as Global Service Procurement, were transferred to the wholly owned subsidiaries Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl, and Enel Italia Srl, and negative adjustments related to previous years.
Other revenue and income amounted to €15 million, up €2 million compared with the previous year. In both years, the item is essentially composed of the rebilling of costs for the personnel of Enel SpA seconded to other Group companies.

Costs for **consumables** amounted to €1 million in 2018, unchanged on the previous year.

Costs for **services, leases and rentals** amounted to €127 million in 2018 (€165 million at December 31, 2017), of which charges from third parties in the amount of €54 million and from Group companies in the amount of €73 million. The former mainly regarded communication services, technical and professional services as well as strategic, management and corporate organization consulting and IT services. Those in respect of services provided by Group companies regard IT and administrative services and purchasing, as well as rentals and personnel training received from Enel Italia, and costs for the personnel of a number of Group companies seconded to Enel SpA.

Personnel costs came to €109 million in 2018, a decrease of €65 million compared with the previous year. This change is mainly attributable to the transfers described above, which led to a consequent reduction in salaries and wages and related social security costs.

Other operating expenses amounted to €39 million in 2018, an increase of €19 million compared with 2017, mainly due to allocations to provisions for risks and charges in the amount of €15 million.

In the light of the above, the **gross operating margin** was a negative €223 million, an improvement of €4 million compared with the previous year, mainly attributable to the combined effect of the reduction in revenue and in personnel costs and costs for services, leases and rentals.

Depreciation, amortization and impairment losses amounted to €331 million in 2018, an increase of €346 million compared with 2017, due essentially to the writeback of the equity investment held in Enel Produzione SpA (€403 million), which was partially offset by the impairment losses on the investments in Enel Investment Holding BV (€15 million) and Enel Russia PJSC (€40 million).

Accordingly, **operating income** of €108 million improved by €350 million compared with 2017.

Income from equity investments amounted to €3,567 million (€3,033 million in 2017) and regards dividends and interim dividends approved in 2018 by subsidiaries and associates in the amount of €3,557 million and by other entities in the amount of €10 million. This is an increase of €534 million over the previous year.

Net financial expense amounted to €403 million and essentially reflects interest expense on financial debt (€666 million), offset by interest and other income on current and non-current financial assets (€288 million).

The decrease in net financial expense on the previous year, equal to €278 million, was essentially the result of lower interest expense on financial payables (€194 million), which benefited from favorable interest rate developments, and the increase in other financial income on guarantees pledged in favor of Group companies (€78 million).

Income taxes showed a tax receivable of €184 million, mainly due to the reduction in taxable income for IRES purposes compared with statutory taxable income as a result of the exclusion of 95% of dividends received from subsidiaries and the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).

Compared with the previous year (a tax receivable of €160 million), the increase of €24 million was mainly due to non-recurring items.

Net income for the year totaled €3,456 million, compared with €2,270 million the previous year.

Analysis of the financial position

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	56	41	15
- equity investments	45,715	42,811	2,904
- net other non-current assets/(liabilities)	(472)	(667)	195
Total	**45,299**	**42,185**	**3,114**
Net current assets:			
- trade receivables	191	237	(46)
- net other current assets/(liabilities)	(1,853)	(1,612)	(241)
- trade payables	(82)	(137)	55
Total	**(1,744)**	**(1,512)**	**(232)**
Gross capital employed	**43,555**	**40,673**	**2,882**
Sundry provisions:			
- employee benefits	(231)	(273)	42
- provisions for risks and charges and net deferred taxes	109	87	22
Total	**(122)**	**(186)**	**64**
Net capital employed	**43,433**	**40,487**	**2,946**
Shareholders' equity	**27,943**	**27,236**	**707**
NET FINANCIAL DEBT	**15,490**	**13,251**	**2,239**

Net non-current assets amounted to €45,299, an increase of €3,114 million. This was attributable to:

- an increase of €2,904 million in the value of equity investments, which were essentially affected by the following transactions: the recapitalization of the subsidiaries e-distribuzione SpA (€2,275 million) and Enel X Srl (€518 million); the payment on capital account to the joint venture OpEn Fiber SpA (€125 million); the acquisition of the investments held by Enel Investment Holding BV, a wholly owned Dutch subsidiary, in the Russian companies Enel Russia PSJC and RusEnergoSbyt LLC, and in the Romanian companies Enel Romania SA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie SA, and Enel Energie Muntenia SA, as well as in the Dutch company Enel Insurance NV for a total value of €2,922 million; the reduction in the value of the equity investment in Enel Investment Holding BV (€4,002 million) following the reduction of its share capital (€1,592 million) and the distribution of the share premium reserve (€2,410 million). The adjustments to the value of the investments held in Enel Produzione SpA, Enel Investment Holding BV and Enel Russia PJSC also had an effect;
- an increase of €195 million in net other non-current assets/(liabilities), which at December 31, 2018 showed a net liability of €472 million (net other non-current liabilities of €667 million at December 31, 2017). The change is essentially attributable to the decrease in the value of non-current derivative liabilities (€875 million), which was partially offset by the decrease in the value of non-current derivative assets (€662 million);
- the €15 million change in property, plant and equipment and intangible assets resulting from capital expenditure (totaling €34 million), depreciation and amortization (€17 million) for the year, and the transfer of intangible assets to Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl, and Enel Italia Srl (€2 million).

Net current assets came to a negative €1,744 million, an increase of €232 million on December 31, 2017. The change is attributable to:

- an increase of €241 million in net other current liabilities, mainly reflecting the liability to shareholders for the interim dividend on 2018 earnings approved by the Board of Directors of Enel SpA on November 6, 2018, and to be paid as from January 23, 2019 (equal to €1,432 million in 2018 and €1,068 million in 2017);

- a decrease of €46 million in trade receivables, mainly in respect of Group companies for management and coordination services from Enel SpA;
- a decrease of €55 million in trade payables.

Net capital employed came to €43,433 million as at December 31, 2018, and was funded by €27,943 million in shareholders' equity and €15,490 million in net financial debt.

Shareholders' equity came to €27,943 million at December 31, 2018, an increase of €707 million on the previous year. More specifically, the change is attributable to the recognition of net income for 2018 (€3,478 million), the distribution of the balance of the dividend for 2017 (totaling €1,342 million), and the interim dividend for 2018 (totaling €1,423 million).

Net financial debt amounted to €15,490 million at the end of the year, with a debt/equity ratio of 55.4% (48.7% at the end of 2017).

Analysis of the financial structure

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

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Long-term debt:			
- bank borrowings	1,048	1,039	9
- bonds	8,208	8,541	(333)
- debt assumed and loans from subsidiaries	4,141	1,200	2,941
Long-term debt	*13,397*	*10,780*	*2,617*
- financial receivables due from others	(128)	(6)	(122)
Net long-term debt	**13,269**	**10,774**	**2,495**
Short-term debt/(liquidity):			
- short-term portion of long-term borrowings	806	3,654	(2,848)
- short-term bank borrowings	45	245	(200)
- cash collateral received	240	256	(16)
Short-term debt	*1,091*	*4,155*	*(3,064)*
- short-term portion of long-term financial receivables	(1)	(1)	-
- short-term portion of loans assumed/granted	-	(27)	27
- other short-term financial receivables	(12)	1	(13)
- cash collateral paid	(1,253)	(2,074)	821
- net short-term financial position with Group companies	4,403	2,912	1,491
- cash and cash equivalents and short-term securities	(2,007)	(2,489)	482
Net short-term debt/(liquidity)	**2,221**	**2,477**	**(256)**
NET FINANCIAL DEBT	**15,490**	**13,251**	**2,239**

Net financial debt at December 31, 2018, amounted to €15,490 million, an increase of €2,239 million, the result of an increase in the net long-term debtor position of €2,495 million, partly offset by a decrease of €256 million in net short-term financial debt.

The main transactions in 2018 impacting financial debt can be summarized as follows:

- a net decrease of €333 million in bonds due to implementation of the bond portfolio restructuring program, by way of the renegotiation and concomitant new issue of hybrid bonds in May;
- the increase, compared with the amount recognized at December 31, 2017, of long-term loans from subsidiaries, in particular the loan agreements between Enel SpA and Enel Finance International NV signed in June and December for a total of €2,250 million, as well as the loan from the same company following the merger of the subsidiary Enel Holding Chile Srl in the amount of €691 million;
- the decrease of €2,848 million in the short-term portion of long-term loans due to redemptions of bonds maturing during the year, partially offset by new issues that matured;
- a decrease of €200 million in short-term bank borrowings;
- a decrease in cash collateral paid to banks in the amount of €821 million;
- an increase of €1,491 million in the net debtor position with Group companies on the intercompany current account.

Cash and cash equivalents amounted to €2,007 million, a decrease of €482 million compared with December 31, 2017, reflecting normal operations related to the centralized treasury functions performed by the Parent Company.

Cash flows

Millions of euro

	2018	2017	Change
Cash and cash equivalents at the start of the year	**2,489**	**3,038**	**(549)**
Cash flows from operating activities	3,449	2,465	984
Cash flows from investing/disinvesting activities	(2,587)	(48)	(2,539)
Cash flows from financing activities	(1,344)	(2,966)	1,622
Cash and cash equivalents at year end	**2,007**	**2,489**	**(482)**

Cash flows from financing activities came to a negative €1,344 million (€2,966 million in 2017). They reflected the repayment of bonds and the payment of dividends for 2017 (€2,410 million).

Cash flows from investing activities were a negative €2,587 million (€48 million in 2017), and were essentially generated by the net effect of the operation involving Enel SpA's acquisition of the investments held by Enel Investment Holding BV, a wholly owned Dutch subsidiary, in the Romanian companies, in Enel Russia and RusEnergoSbyt and in the Dutch company Enel Insurance NV, as well as the recapitalization of the subsidiaries e-distribuzione SpA and Enel X Srl.

The cash requirements generated by financing and investing activities were funded by cash flows generated by operating activities (a positive €3,449 million, compared with €2,465 million in 2017), essentially reflecting dividends received from subsidiaries (€3,510 million) and the use of cash and cash equivalents, which at December 31, 2018 consequently amounted to €2,007 million (€2,489 million at the start of the year).

Significant events in 2018

Issue of new green bond in Europe for €1,250 million

On January 9, 2018, Enel Finance International successfully placed its second green bond on the European market. It is reserved for institutional investors and is backed by a guarantee issued by Enel.

The issue amounts to a total of €1,250 million and provides for repayment in a single instalment at maturity on September 16, 2026 and the payment of a fixed-rate coupon equal to 1.125%, payable annually in arrears in the month of September as from September 2018. The issue price was set at 99.184% and the effective yield at maturity is equal to 1.225%.

The transaction has received orders amounting to approximately €3 billion, with the significant participation of Socially Responsible Investors ("SRI"), enabling the Enel Group to continue to diversify its investor base. The net financial resources raised by the issue – carried out under the "€35,000,000,000 Euro Medium-Term Notes Program" – will be used to finance and/or refinance, in whole or in part, the eligible green projects of the Enel Group identified and/or to be identified in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA).

Enel confirmed in ECPI sustainability indices

On January 23, 2018, Enel was confirmed for the tenth time in the ECPI Sustainability Index series, which assess companies on the basis of their environmental, social and governance (ESG) performance. Enel's inclusion in the index was recognition of its clear long-term strategic view, sound operational management practices and positive work in tackling social and environmental needs. Enel's Spanish subsidiary Endesa has also been included in ECPI indices.

Enel has been included in four of ECPI's indices:

- ECPI Global Renewable Energy Equity Index, which selects the 40 highest ESG-rated companies active in the production or trading of energy from renewable sources;
- ECPI Global Climate Change Equity Index, which offers investors exposure to companies that are best placed to seize the opportunities presented by the challenge of climate change;
- ECPI Euro ESG Equity Index, which is composed of the 320 companies with the largest market capitalization in the Eurozone market that meet ECPI ESG criteria;
- ECPI World ESG Equity Index, a broad benchmark representative of developed market companies that meet ECPI ESG criteria.

The ECPI Index series provides an essential tool to analyze companies' risk and performance regarding their ESG-related activities and to assess the performance of sustainability-driven asset managers. The socially responsible criteria used to select the indices' constituents enable investors to express their interest in sustainability issues and to move them up the corporate agenda.

Memorandum of understanding with PwC

On January 25, 2018, Enel X and PwC signed a memorandum of understanding for the development of corporate electric mobility with a program of testing and experimental projects. The agreement has a term of about three years and provides for a preliminary phase of studies and analysis, followed by the implementation of pilot projects in the field.

The objective is to foster the sustainable development of the transport sector, in particular the business sector, exploiting the potential offered by electric mobility in terms of reducing atmospheric pollution and fleet management costs. The test will be carried out with the PwC fleet with the aim of overturning the idea that electric vehicles can only be used by private individuals and in urban areas. PwC will also provide Enel X with its expertise in the field of electric mobility and fleet management for the development of innovative solutions in managing corporate fleets. In fact, e-cars could easily become part of the corporate world, given that almost half of company vehicles travel less than 100 kilometers a day, well below the average range of electric models on the market. The agreement between Enel X and PwC will therefore enable them to share their respective know-how and spread the culture of electric cars in corporate fleets among the companies in the PwC network in Italy.

Agreement to supply ower in Nevada

On January 25, 2018, Enel Green Power North America ("EGPNA") signed a Power Purchase Agreement (PPA) with Wynn Las Vegas whereby the resort, located on the world-famous Las Vegas Strip, will buy the energy produced by EGPNA's new 27 MW Wynn Solar Facility at Stillwater.

The investment in the construction of the new, 160-acre solar PV facility amounts to approximately $40 million, in line with the investment outlined in Enel's current Strategic Plan. The total output that will be produced by the photovoltaic plant and sold under the PPA with the Las Vegas resort is expected to amount to over 43,900 MWh annually.

Agreement for acquisition of Parques Eólicos Gestinver

On February 2, 2018, Enel Green Power España ("EGPE") signed an agreement to purchase 100% of Parques Eólicos Gestinver, a company that owns five wind plants in Galicia and Catalonia with a total capacity of about 132 MW, from the Spanish companies Elawan Energy and Genera Avante for a total price of €178 million.

Following the acquisition of Parques Eólicos Gestinver, the installed capacity of EGPE in Spain will exceed 1,806 MW, of which 1,749 MW of wind power (about 8% of total installed wind capacity in Spain), 43 MW of mini-hydro and 14 MW from other renewable resources.

Partnership agreement in Canada

On February 7, 2018, Enel Green Power North America ("EGPNA") signed a partnership agreement with Alberta Investment Management Corporation under which the Group will sell 49% of the shares in the 115 MW Riverview Wind and the 30.6 MW Phase 2 of Castle Rock Ridge wind farms, both to be built in Alberta, Canada. The total price for the transaction, which will be paid upon closing of the deal, will be determined at commercial operation of the wind farms, which is expected by the end of 2019. Following the closing of the transaction, EGPNA will manage, operate and maintain both wind farms while retaining a 51% majority ownership of the interest in the projects.

Riverview Wind and Phase 2 of Castle Rock Ridge, which is an expansion of EGPNA's existing 76.2 MW Castle Rock Ridge wind farm, are both located in Pincher Creek, Alberta. The overall investment in the construction of the two wind farms, which are due to enter into service by the end of 2019, amounts to about $170 million. Once operational, the two facilities are expected to generate around 555 GWh per year, more than doubling the Group's capacity in Canada, which currently stands at more than 103 MW.

The two wind farms will supply their power and renewable energy credits to the Alberta Electric System Operator ("AESO") under two 20-year Renewable Energy Support Agreements that were awarded to Enel in December 2017 in the first tender under the province's Renewable Electricity Program.

Contract to supply demand response services in Japan

On February 8, 2018, Enel X, acting through its US demand response services company EnerNOC, was awarded the delivery of 165 MW of demand response resources in Japan following the completion of a tender for balancing reserves launched by a group of Japanese utilities.

As a result of this award, which confirms Enel as the largest independent demand response aggregator in Japan, the Group will nearly triple its virtual power plant in the Japanese market, reaching approximately 165 MW from the current 60 MW, equivalent to a market share of 17%, as from July 2018.

Memorandum of understanding for sustainable mobility in the tourist industry in Italy

On February 15, 2018, Enel and the Ministry for Cultural Heritage signed a memorandum of understanding for the promotion and development of the use of electricity for sustainable mobility in the tourism sector.
The memorandum is a strategic lever for increasing public awareness of the benefits of electric mobility. It will also permit the creation of an institutional framework for subsequent commercial agreements with trade associations for the installation of electric charging infrastructure at tourist facilities and the launch of projects in the main tourist cities.
Enel, through Enel X, the Group company dedicated to the development of innovative products and services, will collaborate with trade associations and tourism industry bodies to install electric charging stations at tourist accommodations using tailored commercial solutions and on research and design for replicable solutions to be extended to other areas of the Italian peninsula.
Enel will also experiment with electric mobility systems in metropolitan areas and in the main tourist cities, including arrangements in partnership with other operators in the industry.

Construction of new wind farm in the United States

Enel, acting through its US renewable energy company Enel Green Power North America, has started construction of Diamond Vista wind farm, which will have an installed capacity of around 300 MW and will be located in Marion and Dickinson Counties, in Kansas. Once completed, Diamond Vista will further secure Enel's position as the largest wind operator in the state with some 1,400 MW of operational wind capacity.
The planned investment in the construction of Diamond Vista amounts to about $400 million and is part of the investment outlined in the Enel Group's current Strategic Plan. The plant is being financed with the Group's own resources and will be able to generate around 1,300 GWh annually.

e-distribuzione wins tender of Ministry for Economic Development for the construction of smart grids

e-distribuzione has won a national call for tenders for electricity infrastructure for the construction of smart grids for the distribution of electricity in the less developed regions, for which the Ministry for Economic Development has allocated €80 million to the National Operational Program (NOP) on "Enterprises and Competitiveness" 2014-2020.
The tender calls for the construction, upgrading, efficiency enhancement and strengthening of electricity distribution infrastructure, or smart grids, in order to directly increase the share of electricity demand met by distributed generation from renewables. To reach this goal, e-distribuzione was awarded all of the resources currently allocated by the Ministry for Economic Development to finance the initiative, with 21 projects admitted for funding (grants for 100% of costs) totaling €80 million, with two projects worth €7 million in Basilicata, seven projects worth €29 million in Campania and 12 projects worth €44 million in Sicily.

Entry into service of largest photovoltaic plant in Peru

On March 21, 2018, Enel, acting through the Peruvian renewable energy subsidiary Enel Green Power Peru, began operations at the 180 MW Rubí photovoltaic plant, Peru's largest solar plant and Enel's first solar facility in the country. Enel invested about $170 million in the construction of Rubí, as part of the investments outlined in the company's current Strategic Plan. The project, which is located in Peru's Mariscal Nieto province, was financed in part through Enel Group's own resources and in part by the European Investment Bank. The power will be sold under a 20-year Power Purchase Agreement signed with Peru's Ministry of Energy and Mines. Once fully operational, Rubí will be able to generate around 440 GWh per year, which will be delivered to the Peru's National Interconnected Electricity System (SEIN).

Enel: successful outcome of corporate reorganization in Chile

On March 26, 2018, Enel successfully completed the public tender offer (the "Offer") launched by Enel Chile for all of the shares of the subsidiary Enel Generación Chile held by the non-controlling shareholders of the latter. The effectiveness of the Offer was subject to the acquisition of a total number of shares that would enable Enel Chile to increase its holding in Enel Generación Chile to more than 75% of share capital from the previous 60%. The Offer was accepted by holders of shares equal to about 33.6% of the share capital of Enel Generación Chile, thereby enabling Enel Chile to increase its interest in Enel Generación Chile to 93.55% of the share capital. The operation was part of the simplification of the Group, one of the five key pillars of the Strategic Plan. Enel intends to continue reducing the number of operating companies in South America, with the goal of reaching fewer than 30 operating companies in the region by 2020, compared with the 53 present in the area at the end of 2017.
On March 25, 2018, the date of publication of the notice of the outcome of the Offer (*aviso de resultado*), the acceptance of the Offer of Enel Chile by the non-controlling shareholders of Enel Generación Chile who participated took effect. Following the reorganization described above, Enel's direct and indirect interest in Enel Chile is equal to about 62% of the share capital of the latter, compared with 60.6% previously held.

Merger of Enel Green Power Latin America SA in Enel Chile

On April 2, 2018, the merger of the renewable company Enel Green Power Latin America SA into Enel Chile and the capital increase of the latter serving the merger took effect. On the same date, the shareholders of Enel Chile who had exercised their right of withdrawal in response to the merger were paid the value of their shares.

Renewables tender won in India

On April 6, 2018, Enel, acting through its Indian renewables subsidiary BLP Energy Private Limited, won the first ever renewable energy tender in India, acquiring the right to sign a 25-year energy supply contract for a 285 MW wind farm in the state of Gujarat. The project was awarded under a 2 GW national wind power tender organized by the government company Solar Energy Corporation of India ("SECI").
Enel will be investing more than $290 million in the construction of this wind farm, which will be supported by a contract for the sale of specified volumes of power over a 25-year period to SECI. The plant, which is scheduled to start operations in the 2nd Half of 2019, will be able to generate more than 1,000 GWh of renewable energy every year, making a significant contribution to both India's need for new generation capacity and achieving the country's environmental goals. The current Indian government has set a target of installing 100 GW of solar capacity and 60 GW of wind capacity by 2022, increasing the current capacity by 20 GW of solar and 33 GW of wind.

Public tender offer for Eletropaulo

On April 17, 2018, Enel announced that Enel Brasil Investimentos Sudeste SA ("Enel Sudeste"), a company fully owned by Enel's Brazilian subsidiary Enel Brasil SA ("Enel Brasil"), had launched a voluntary tender offer (the "Offer") for the acquisition of the entire share capital of the Brazilian power distribution company Eletropaulo Metropolitana Eletricidade de São Paulo SA ("Eletropaulo"), for a price per share of 28.0 Brazilian reais, subject to the acquisition of a total number of shares representing more than 50% of the company's share capital.
On May 31, 2018, Enel Sudeste announced that it had improved the terms and conditions of the Offer, increasing the Offer price to 45.22 Brazilian reais per share.
On June 5, 2018, Enel Sudeste received confirmation from the Brazilian authorities of the tendering of 122,799,289 shares, equal to 73.38% of the company's share capital, the price of which was paid on June 7, 2018.
On July 16, 2018, Enel announced that Enel Sudeste, an Enel subsidiary, had received confirmation that between June 5 and July 4, 2018, as required under Brazilian stock

exchange regulations, the shareholders of Eletropaulo had sold an additional 33,359,292 shares of the company, equal to 19.9% of the share capital, at the same price of 45.22 Brazilian reais per share provided for in the tender offer launched by Enel Sudeste to acquire the entire share capital of the company. The overall interest held by Enel Sudeste thus increased to 93.31% of Eletropaulo's share capital from the previous 73.38%. Taking account of treasury shares already held by the company, that stake rises to 95.05% and in September 2018 rose further to 95.88% as a result of Enel Sudeste's subscription of the Eletropaulo capital increase.

The overall investment of Enel Sudeste to acquire the holding totals about €1,541 million.

Restructuring of hybrid bond portfolio

On May 15, 2018, Enel successfully launched a non-convertible multitranche bond for institutional investors on the European market in the form of subordinated hybrid securities with an average maturity of about seven years, denominated in euros and amounting to €1.250 billion. The operation received orders in excess of €3 billion.

The operation was undertaken in execution of the Enel Board resolution of May 9, 2018, which authorized Enel to issue, by December 31, 2019, one or more non-convertible subordinated hybrid bonds in the maximum amount of €3.5 billion.

The issue was structured in the following tranches:

- €500 million, maturing on November 24, 2078 with an annual fixed coupon of 2.500% until the first early redemption date of November 24, 2023. As from that date and until maturity, the rate will be equal to the Euro Mid Swap rate plus a spread of 209.6 basis points, increased by an additional spread of 25 basis points as from November 24, 2028, and a further 75 basis points as from November 24, 2043. The fixed coupon is payable each year in arrears in the month of November as from November 24, 2018. The issue price has been set at 99.375% and the effective yield at the first early redemption date is equal to 2.625%;
- €750 million, maturing on November 24, 2081 with an annual fixed coupon of 3.375%, until the first early redemption date of November 24, 2026. As from that date and until maturity, the rate will be equal to the Euro Mid Swap rate plus a spread of 258 basis points, increased by an additional spread of 25 basis points as from November 24, 2031, and a further 75 basis points as from November 24, 2046. The fixed coupon is payable each year in arrears in the month of November, as from November 24, 2018. The issue price has been set at 99.108% and the effective yield at the first early redemption date is equal to 3.500%.

The transaction was completed on May 24, 2018.

In addition, other transactions were carried out in May 2018:

- a non-binding voluntary exchange offer was launched from May 14, 2018 to May 18, 2018, with which Enel acquired €250.019 million of the hybrid bond of €1,000 million issued by Enel in January 2014 and maturing January 15, 2075. The consideration for the purchase consisted of:
  - an increase of €250.019 million in the value of the tranche described above maturing on November 24, 2078, which increases from €500 million to €750.019 million;
  - a cash payment totaling €20,909,088.97;
- a non-binding voluntary tender offer launched from May 14, 2018 to May 18, 2018, with which Enel acquired, in cash, €731.744 million of the hybrid bond of €1,250 million issued by Enel in September 2013 and maturing on January 10, 2074.

The above transactions are consistent with the Group finance strategy outlined in the 2018-2020 Strategic Plan.

Enel closes acquisition of 21% of Ufinet International

On July 3, 2018, Enel, acting through Enel X International, wholly owned by Enel X, the Enel Group's advanced energy solutions company, finalized the acquisition from a holding company controlled by Sixth Cinven Fund (which is operated by the international private equity firm Cinven), for €150 million, of about 21% of the share capital of a vehicle company ("NewCo") to which 100% of Ufinet International was transferred. The latter is a leading wholesale operator of fiber-optic networks in Latin America. In turn, Sixth Cinven Fund owns around 79% of NewCo's share capital.

Enel X International and Sixth Civen Fund have joint control of Ufinet International, each exercising 50% of voting rights in the shareholders' meeting of NewCo. Under the agreements between the parties, with the closing of the transaction, Enel X International has a call option to acquire Sixth Cinven Fund's stake between December 31,

2020 and December 31, 2021 for an additional investment of between €1,320 million and €2,100 million depending upon developments in various performance indicators. Should Enel X International not exercise its call option by December 31, 2021, its joint control over NewCo will lapse. In this case, Sixth Cinven Fund would then have the right to sell its stake with a "drag along" right over Enel X International's stake, while the latter would have the right to exercise a "tag along" right if Sixth Cinven Fund reduces its holding in NewCo to below 50%.
On the grounds of its size, business model and geographic footprint, Ufinet International represents a significant opportunity for the Enel Group to accelerate growth in Latin America in the ultra-broadband sector, which is part of the business objectives of Enel X as envisaged in Enel Group's 2018-2020 Strategic Plan. Through this transaction, the Group has immediately positioned itself in the Latin American value-added services market, accelerating its development through skills and technologies already consolidated by Ufinet International and gaining access to a vast customer base in a region with high growth and urbanization rates.

Merger of Enel Holding Chile and Hydromac Energy into Enel

On July 16, 2018, Enel announced that the plan for the merger into Enel of Enel Holding Chile Srl ("Enel Holding Chile"), a company wholly owned directly by Enel, and Hydromac Energy Srl ("Hydromac Energy"), a company wholly owned by Enel through Enel Holding Chile, which was approved by the administrative bodies of those companies, had been filed with the Company Register of Rome.
The transaction is part of the Group's effort to simplify its corporate structure, one of the key pillars of Enel's 2018-2020 Strategic Plan. Specifically, the transaction will allow for the consolidation into Enel of the Group's 61.93% interest in Enel Chile SA, of which 43.03% is currently held directly by Enel itself, while 18.88% is indirectly held through Hydromac Energy and 0.02% through Enel Holding Chile.
On September 20, 2018, the Enel Board of Directors approved the merger of the wholly owned subsidiaries Enel Holding Chile Srl and Hydromac Energy Srl into Enel.

Enel Green Power agrees loan of €950 million for 700 MW of new wind plants in South Africa

On August 1, 2018, Enel Green Power RSA ("EGP RSA"), the Enel Group's South African renewables subsidiary, signed with senior lenders Nedbank Limited and Absa all project financing agreements for up to €950 million, namely up to 80% of the overall investment of around €1.2 billion in a portfolio of five new wind projects with a total of about 700 MW of capacity. The five facilities - Nxuba, Oyster Bay, Garob, Karusa and Soetwater - have a capacity of around 140 MW each. The Enel Group is contributing around €230 million of capital for the construction of the five wind farms. Following the signing of the agreements, termed the "financial close", construction of the first project, Nxuba, is expected to start by the end of 2018. Following the start of construction of Nxuba, construction of Oyster Bay and Garob is expected to start by the 1st Half of 2019 and construction of Soetwater as well as Karusa is expected to start in the 2nd Half of the same year. Nxuba is expected to begin operations in the 2nd Half of 2020, Oyster Bay in the 1st Half of 2021 and Garob, Soetwater and Karusa in the 2nd Half of 2021. All five new wind farms are due to enter service by 2021.

Enel starts construction of Ngonye solar plant, its first facility in Zambia

On August 22, 2018, the Enel Group's global renewable energy Business Line Enel Green Power ("EGP") started construction on the 34 MW Ngonye photovoltaic plant. This facility is part of the World Bank Group's Scaling Solar program carried out by Zambia's Industrial Development Corporation (IDC), which in June 2016 awarded Enel the right to develop, finance, construct, own and operate the plant.
Enel will be investing around $40 million in the construction of Ngonye, which is expected to be completed in the 1st Quarter of 2019. The Ngonye solar plant, which will be owned by a special purpose vehicle 80% held by

EGP and 20% by IDC, is supported by a 25-year Power Purchase Agreement signed with Zambia's state owned utility ZESCO. Once fully up and running, the facility is expected to produce around 70 GWh per year, avoiding the annual emission of over 45 thousand metric tons of CO_2 into the atmosphere.

Updating of contract terms for disposal of investment in Slovenské elektrárne

On September 4, 2018, Enel Produzione SpA, a wholly owned subsidiary of Enel SpA, and the Czech company Energetický a Průmyslový Holding AS ("EPH") signed an agreement that modifies certain terms and conditions of the contract (the "Contract") signed on December 18, 2015 regarding the sale of the stake held by Enel Produzione in Slovenské elektrárne a.s. ("Slovenské elektrárne"), in line with the Term Sheet signed by the parties in May 2017. The agreement came into force once the conditions envisaged in the terms of the subordinated loan described below were met.

As a result of the amendments agreed between Enel Produzione and EPH in the above agreement, the Contract also governs relations between the parties with regard to the financial support they have to provide to Slovenské elektrárne for the completion of units 3 and 4 of the Mochovce nuclear power plant. Specifically, the Term Sheet provides for Enel Produzione to grant, directly or through another company of the Enel Group, a subordinated loan to the HoldCo, which is in turn expected to make it available to Slovenské elektrárne, for a total of up to €700 million falling due in January 2027. Moreover, the Contract – which provides for the sale by Enel Produzione to EP Slovakia of its remaining 50% stake in the HoldCo through the exercise of put or call options by the respective parties – has been updated to include also the advance repayment of the Loan (or its final maturity date) as an additional condition for the exercise of the respective options. This update means that the exercise date of the options can take place at the earlier of a) 12 months after obtaining the Trial Operation Permit for unit 4 of the Mochovce nuclear power plant; or b) upon reaching the Long Stop Date,[5] and, in either case, only once the additional condition above is satisfied.

On the basis of the current work program and in line with the amendments to the Contract, the put and call options are expected to become exercisable by the 1st Half of 2021. In addition, the Long Stop Date, initially set as of June 30, 2022, has been postponed by 12 months beyond the original deadline.

Finally, the Contract now provides for the existing mechanism for adjusting the total price of the two phases of the transaction, which will be applied upon the close of the second phase based on various criteria, to be complemented by an additional mechanism that ensures the offsetting of any amount due from Enel Produzione to EP Slovakia with any amount due from EPH or EP Slovakia to Enel Group companies in respect of principal and/or interest of the Loan if EPH or EP Slovakia take it over from Enel Group on the closing date of the second phase.

Enel Green Power wins contract for 34 MW of new solar capacity in renewables tender in Australia

On September 11, 2018, the Enel Group, acting through its renewable energy subsidiary Enel Green Power Australia (Pty) Ltd ("Enel Green Power Australia"), was awarded a 15-year agreement with the Australian state of Victoria for the production of electricity and green certificates by the 34 MW Cohuna Solar Farm. The agreement was awarded through a renewable energy reverse auction launched last year by the state of Victoria. Enel is expected to invest around $42 million in the solar facility, whose construction is set to begin in the 1st Half of 2019. The plant is due to enter commercial operation by the end of 2019 and will be backed by a 15-year support agreement with the state of Victoria. The tender held by the state of Victoria was launched in November 2017 for 650 MW of renewable capacity, of which 100 MW was earmarked for solar. The tender is part of Victoria's Renewable Energy Target (VRET) to source 25% of its electricity production from renewables by 2020 and 40% by 2025.

5 The date as of which Enel Produzione and EP Slovakia can exercise their put and call options respectively, regardless the completion of units 3 and 4 of Mochovce nuclear power plant.

Enel Finance International issues $4 billion bond on US market

On September 12, 2018, Enel Finance International NV ("EFI"), an Enel SpA ("Enel") finance subsidiary serving the Enel Group, placed a multi-tranche bond for institutional investors on the US and international markets totaling $4 billion, the equivalent of about €3.5 billion. The issue, which is guaranteed by Enel, was oversubscribed by about 3 times, with total orders of some $11 billion. The bond issue is part of the Enel Group's strategy to raise financing and refinance its maturing consolidated debt. The strong investor demand for Enel's third Yankee Bond issued since 2017 once again confirms the financial markets' appreciation for Enel's solid fundamentals, performance and financial structure.

The transaction is structured in the following tranches:

- $1,250 million at 4.250% fixed rate maturing in 2023;
- $1,500 million at 4.625% fixed rate maturing in 2025;
- $1,250 million at 4.875% fixed rate maturing in 2029.

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. Enel's rating is BBB+ (stable) for Standard & Poor's, Baa2 (stable) for Moody's and BBB+ (stable) for Fitch.

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 authorized the Brindisi power station to continue generation for 60 days (subsequently extended until February 24, 2018), subject to certain technical requirements intended, according to the accusations, to remove the alleged ash management deficiencies. Enel Produzione has been charged under the provisions of Legislative Decree 231/2001 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.

In this regard, with the request for an extension of the use of the power station on November 15, 2017, Enel Produzione asked for authorization to test a management approach that would separate the ash by operational stage, thereby enabling the implementation of the provisions of the order. Subsequently, following the testing, the company obtained an extension of another 90 days until February 24, 2018.

In the meantime, the Public Prosecutor, in view of the need to proceed with evidence gathering with a technical enquiry into the facts of the case, asked the investigating magistrate to move ahead with this stage. At the hearing of February 2, 2018, the magistrate assigned the engagement to the technical experts, giving them 150 days as from February 13, 2018, to file their report.

In the meantime, following the petition filed by Enel Produzi-

one on April 19, 2018 and taking account of the need to ensure the continued operation of the plant, the investigating magistrate authorized the company to use the management approach referred to earlier, which separates the ash by operational stage, thereby implementing the requirements of the seizure order. Following that authorization and pending completion of the evidentiary phase, the investigating magistrate subsequently issued, at the request of Enel Produzione, a new 90-day temporary authorization as from May 24, 2018.
On July 16, 2018, the experts appointed by the investigating magistrate filed their preliminary technical report, the findings of which confirm the validity of Enel Produzione's classification of the ash as "non-hazardous waste" and its suitability for use in second manufacturing processes, such as the production of cement.
On July 19, 2018, Enel Produzione therefore filed a petition with the Court to lift the seizure of the plant and the funds.
On July 23, 2018, Enel Produzione also filed a request for a further extension of 90 days as from August 22, 2018, for the operation of the plant.
On August 1, 2018, the Lecce Public Prosecutor lifted its seizure of the plant, with the termination of the judicial custody/administration of the facility and the restitution of the €523 million to Enel Produzione. However, the preliminary investigation is continuing against both the accused individuals and the company pursuant to Legislative Decree 231/2001.
On October 10, 2018, the Definitive Technical Report was filed, with supplemental information concerning part of the analytical findings which were not yet available in July when the preliminary report was filed.
On December 6, 2018, the investigating magistrate of the Court of Lecce, at the request of the Public Prosecutor, scheduled a hearing for January 22, 2019, to receive testimony from the experts on the report. The investigating magistrate then postponed the hearing until April 15, 2019.

Enel Green Power España starts construction of its largest solar farm in Spain

Endesa's renewable company Enel Green Power España ("EGPE") began construction of the 84.7 MW Totana photovoltaic facility, the company's largest solar plant in Spain. The overall investment in the construction of the facility amounts to about €59 million. The Totana facility, located in the region of Murcia, is scheduled to start operation in the 3rd Quarter of 2019. Once fully operational, the photovoltaic facility, composed of 248,000 photovoltaic modules, will be able to generate around 150 GWh per year, avoiding the annual emission of around 105 thousand metric tons of CO_2 into the atmosphere. Totana is the first of the seven solar projects, with a total capacity of 339 MW, that were awarded to Enel Green Power España in the Spanish government's third renewables tender held in July 2017.

Enel closes sale of a majority stake in 1.8 GW of renewables capacity in Mexico while continuing to operate the plants

On September 28, 2018, Enel SpA ("Enel"), acting through its renewables subsidiary Enel Green Power SpA ("EGP"), closed the deal with the Caisse de dépôt et placement du Québec ("CDPQ"), a long-term institutional investor, 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 eight special purpose vehicles ("SPVs"), which own eight plants in operation and under construction in Mexico with a total capacity of 1.8 GW. Following the closing of the deal, EGP and CDPQ own a 20% and a 40.8% stake respectively in the SPVs through a newly-formed holding company ("Kino Holding"), while CKD IM owns a 39.2% stake in the same SPVs, through newly-formed sub-holdings ("Mini HoldCos"). EGP will continue to operate the plants owned by the SPVs and will complete those still under construction through two newly-formed subsidiaries. In addition, starting from January 1, 2020, EGP may contribute or transfer additional projects, increasing its indirect interest in the SPVs and becoming majority shareholder.
The enterprise value of 100% of the SPVs is equal to about $2.6 billion, with an equity value of about $0.3 billion, project financing of about $0.8 billion and related-party loans totaling $1.5 billion. As a result of the transaction, CDPQ and CKD IM paid $1.4 billion, of which about $0.2 billion for

the majority interest in the SPVs and around $1.2 billion for related-party loans to the SPVs. The price paid is subject to adjustments typical of this type of transaction, primarily based on variations in the net working capital of the SPVs. The transaction was carried out using the Build, Sell and Operate ("BSO") model, in line with the Group's Strategic Plan.

Fortaleza - Brazil

Petroleo Brasileiro SA - Petrobras, as gas supplier for the Fortaleza plant (Central Geradora Termélectrica Fortaleza "CGTF") in Brazil, announced its intention to terminate the contract between the parties on the grounds that the agreement was allegedly imbalanced financially in consideration of current market conditions. The contract was signed in 2003 as part of the "Priority Thermal Generation Program" established by the Brazilian government in order to increase thermoelectric generation and the security of supply in the country. The program established that the Brazilian government would act as the guarantor of the supply of gas at regulated prices defined by the Brazil's Ministry of Finance, Mines and Energy.

In order to guarantee the security of electricity supply in Brazil, CGTF initiated legal action in the ordinary courts against Petrobras with a request for precautionary protection, obtaining, at the end of 2017, a Court injunction suspending the termination of the contract, which was declared still in force.

Subsequently, on February 27, 2018, the Court decided to extinguish the action initiated by CGTF before the ordinary courts and, consequently, to revoke the precautionary measure that had permitted the supply of gas. CGTF filed appeals against these latest decisions on both a precautionary and ordinary basis, obtaining a second favorable ruling that enabled the plant to operate for some time but which was subsequently revoked. CGTF has challenged this decision, confident that the courts will recognize Petrobras' obligation to perform the contract.

At the end of January 2018, CGTF received an arbitration request from Petrobras in relation to the disputes described above and this procedure is in the preliminary stages.

Subsequently, a precautionary measure was obtained in favor of CGTF, ordering the suspension of the payment of certain amounts by CGTF to Enel Distribuiçao Ceará (the purchaser of the electricity).

On October 25, 2018, another precautionary measure was obtained in favor of CGTF, ordering the restoration of Petrobras' obligation to supply gas.

Enel Green Power España begins construction of three wind farms in Spain

On October 9, 2018, Enel Green Power España ("EGPE") began construction of three wind farms with a total capacity of 128 MW in the municipalities of Muniesa and Alacón, in the region of Aragon's Teruel province. The three projects are the 46.8 MW Muniesa, the 41.4 MW Farlán and the 39.9 MW San Pedro de Alacón wind farms. The new facilities will involve a total investment of about €130 million. The three facilities are expected to begin operation by the end of 2019. Once fully operational, the wind farms will be able to generate 412 GWh annually, avoiding the emission of over 270 thousand metric tons of CO_2 into the atmosphere.

Enel prepares to increase its stake in Enel Américas by a maximum of 5%

On October 16, 2018, Enel announced that it had entered into two "Share Swap Transactions" with a financial institution to increase its equity stake in its listed Chilean subsidiary Enel Américas SA ("Enel Américas"). Based on these Share Swap Transactions, Enel may acquire, on dates that are expected to occur no later than the 4th Quarter of 2019: (i) up to 1,895,936,970 shares of Enel Américas' common stock, and (ii) up to 19,533,894 of Enel Américas' American Depositary Shares ("ADSs"), each representing 50 shares of Enel Américas' common stock.

All of the above shares total up to 5.0% of Enel Américas' entire capital.

The number of shares of Enel Américas' common stock and Enel Américas' ADSs actually acquired by Enel pursuant to the Share Swap Transactions will depend on the ability of the financial institution acting as the counterparty to establish its hedge positions as part of the transactions.

The increase in Enel's interest in Enel Américas is in line with Enel Group's 2018-2020 Strategic Plan announced to the markets, which remains focused on reducing minority shareholders in the Group companies operating in South America. At December 31, 2018, the additional stake of the Group in Enel Américas amounted to 2.43%.

Disposal of Enel Finale Emilia

On October 18, 2018 Enel Green Power finalized the sale of the biomass generation plant at Finale Emilia for a price of €59 million.
The sale is part of an agreement between the Enel Group and F2i SGR for the sale of the entire portfolio of biomass generation plants in Italy with a total net installed capacity of about 108 MW. More specifically, the agreement involves the plants in operation at Mercure and Finale Emilia, located respectively in Calabria and Emilia Romagna, 50% of PowerCrop – the Enel Maccaferri joint venture – which owns the plants under construction of Russi and Macchiareddu, located respectively in Emilia Romagna and Sardinia, and the project for the construction of the plant at Casei Gerola, in Lombardy, which is currently waiting for authorization.
The transaction, which is part of the Group's strategy for the active management and turnover of assets, provided for a price for the sale of the entire portfolio of plants of about €335 million.

Enel Green Power begins construction of a 475 MW photovoltaic plant in Brazil

On October 22, 2018, Enel Green Power Brasil Participações Ltda ("EGPB") started construction of the 475 MW São Gonçalo solar park at São Gonçalo do Gurguéia, in Brazil's northeastern state of Piauí. São Gonçalo, which is expected to start operations in 2020, is the largest photovoltaic facility currently under construction in South America. The Enel Group will be investing around 1.4 billion Brazilian reais, equivalent to about €390 million, in the construction of the São Gonçalo photovoltaic plant. Once fully up and running, the plant will be able to generate over 1,200 GWh per year while avoiding the emission of over 600 thousand metric tons of CO_2 into the atmosphere. Of São Gonçalo's 475 MW of installed capacity, 388 MW were awarded to the Enel Group in Brazil's A-4 public tender in December 2017 and are supported by 20-year power supply contracts with a pool of distribution companies operating in the country's regulated market. The remaining 87 MW will generate power for the free market.

Enel Green Power España starts construction of 127 MW of new solar capacity in Spain

On October 23, 2018, Enel Green Power España ("EGPE") started construction of three solar plants with an overall capacity of around 127 MW in the municipality of Logrosán. The three photovoltaic plants of Baylio, Dehesa de los Guadalupes and Furatena will involve a total investment of about €100 million and will each have an installed capacity of over 42 MW. The three solar plants, which will be composed of around 372,000 photovoltaic modules, are slated to enter into service by the end of 2019. Construction will adopt Enel Green Power's "Sustainable Construction Site" approach.

Enel signs strategic cooperation agreement with Russian railways

On October 24, 2018, Enel SpA, acting through RusEnergoSbyt, the Russian joint venture between Enel and ESN, signed an agreement for strategic cooperation and partnership expansion with the Russian Railways, which also includes an extension of the 2008 electricity supply contract between the two companies.

Enel Green Power and Nareva sign loan agreements to start construction of the 180 MW Midelt wind farm in Morocco

On November 5, 2018, the Moroccan utility ONEE (Office National de l'Electricité et de l'Eau Potable), the Moroccan Agency for Sustainable Energy (MASEN) and Midelt Wind Farm SA, a vehicle company owned by ONEE and a consortium formed by Enel Green Power ("EGP") and Nareva, the leading Moroccan independent power producer, signed the financial close to start construction of the first of the wind farms included in the 850 MW Projet Eolien Intégré, which will be built in Midelt. The new wind farm, with a capacity of 180 MW, is expected to be completed in 24 months. The 850 MW Projet Eolien Intégré was awarded to the consortium formed by EGP and Nareva, following an international tender. The total investment in the Midelt wind farm amounts to 2.5 billion Moroccan dirhams, equivalent to about €230 million, and is financed through equity investments from shareholders and debt financing from ONEE.

Enel and Sapienza join forces for "Smart Solar House", the smart sustainable house for the future

On November 15, 2018, the Smart Solar House, a prototype house of the future, developed by the Enel Group in collaboration with a team of about 50 students and PhD students from Rome's Sapienza University, was presented in Dubai, for the "Solar Decathlon Middle East 2018" international architecture competition. This smart and sustainable house design, powered only by solar energy, uses the most advanced technological systems, including the Internet of Things (IoT), home automation and Enel's infrastructure for charging electric vehicles, and is made entirely of wood and other materials with low environmental impact.

Enel Green Power España starts construction of three new photovoltaic plants in the Estremadura region in Spain

On November 28, 2018, Enel Green Power España ("EGPE"), Endesa's renewable energy division, began construction of three solar plants with an overall capacity of around 127 MW in the municipalities of Casas de Don Pedro and Talarrubias, representing the company's first solar parks in the province of Badajoz, in the Spanish region of Extremadura. The three photovoltaic facilities of Navalvillar, Valdecaballero and Castilblanco will have an installed capacity of more than 42 MW each and will involve an overall investment of about €100 million. The three solar parks are slated to enter service by the end of 2019. Once fully operational, these solar facilities, which are composed of more than 372,000 photovoltaic modules, will be able to generate approximately 250 GWh a year, avoiding the emission of over 165 thousand metric tons of CO_2 into the atmosphere. The building phase of the three projects will adopt Enel Green Power's "Sustainable Construction Site" approach, including the use of renewable energy to meet the energy needs of construction works through a 20 kW photovoltaic system powering the three sites, in addition to initiatives aimed at involving the local population in this phase.

Enel Green Power starts construction of a new 244 MW wind farm in Mexico

On December 11, 2018, the Enel Group, through its renewable subsidiary Enel Green Power México ("EGPM"), began construction of the 244 MW Dolores wind farm in the municipality of China, its first project in the state of Nuevo León. The overall investment in the construction of the facility amounts to about $280 million, as part of the investment outlined in Enel's Strategic Plan. The Dolores wind farm is scheduled to start operation in the 1st Half of 2020.

Enel Green Power starts operations at HillTopper, its first wind farm in Illinois, USA

On December 12, 2018, Enel, through its US renewables company Enel Green Power North America Inc. ("EGPNA"), began operations at the 185 MW HillTopper wind farm, its first wind facility in the US state of Illinois. The construction of HillTopper required an investment of about $325 million.

Enel Green Power exits Uruguay with the sale of 50 MW of wind capacity for $120 million

On December 14, 2018, Enel Green Power SpA closed the sale to the power company Atlantica Yield of its wholly owned subsidiary Enel Green Power Uruguay SA ("EGP Uruguay"), which through its project company Estrellada SA owns the 50 MW Melowind wind farm located at Cerro Largo, around 320 km from Montevideo. Enel Green Power has sold its Uruguay subsidiary for around $120 million, equal to the company's enterprise value.

Enel Green Power sells F2i 50% of the EF Solare Italia joint venture

On December 21, 2018, Enel SpA, acting through its subsidiary Enel Green Power SpA ("EGP") sold its 50% stake in the joint venture EF Solare Italia SpA ("EFSI"), held through EGP's fully-owned company Marte Srl, for €214 million to its existing partner in the venture, F2i SGR SpA ("F2i"). In line with the sale agreement, EFSI, which manages and acquires operating solar plants in Italy, has an enterprise value of about €1.3 billion, of which around €430 million of equity and some €900 million of third-party debt.

Endesa industrial relations

After a series of meetings of the *Comisión Negociadora del V Convenio Colectivo de Endesa (Comisión Negociadora)* which began in October 2017 and continued throughout 2018, in view of the impossibility of reaching an agreement, Endesa notified the workers and their union representatives that, with effect from January 1, 2019, the 4th Collective Bargaining Agreement must be considered terminated in the same way as the "framework guarantee contract" and the "agreement on the voluntary suspension or resolution of employment contracts in the period 2013-2018", applying from that date the provisions of general labor law, as well as the legal criteria established in the matter.
Despite the resumption of negotiations within the *Comisión Negociadora* in February 2019, the interpretative differences between Endesa and the trade union representatives regarding the effects of the resolution of the 4th Collective Bargaining Agreement with regard, in particular, to the social benefits granted to retired personnel led to the initiation of a suit by the unions having representation in the company. At December 31, 2018, the case was still pending in the Court of first instance.

Funac

With Law 20416 of February 5, 2019, the state of Goiás reduced from April 25, 2015 to April 24, 2012 the period of validity of the tax relief that allowed Enel Distribuição Goiás to offset ICMS (VAT) against the tax credit for Enel Distribuição Goiás investments to develop and maintain its grid.
On February 25, 2019, Enel Distribuição Goiás appealed against the provisions of the law on a precautionary basis (writ of mandamus) before the Court of the state of Goiás, which denied the appeal on February 26, 2019. Enel Distribuição Goiás will appeal this ruling.

Reference scenario

Enel and the financial markets

	2018	2017
Gross operating margin per share (euro)	1.61	1.54
Operating income per share (euro)	0.97	0.96
Group net earnings per share (euro)	0.47	0.37
Group net ordinary earnings per share (euro)	0.40	0.36
Dividend per share (1) (euro)	0.28	0.237
Group shareholders' equity per share (euro)	3.12	3.42
Share price - 12-month high (euro)	5.39	5.58
Share price - 12-month low (euro)	4.24	3.84
Average share price in December (euro)	4.94	5.39
Market capitalization (2) (millions of euro)	50,254	54,761
No. of shares outstanding at December 31 (millions)	10,167	10,167

(1) Dividend resolved by the Shareholders' Meeting of May 16, 2019.
(2) Calculated on average share price in December.

		Current (1)	**at Dec. 31, 2018**	at Dec. 31, 2017	at Dec. 31, 2016
Enel stock weighting in:					
- FTSE-MIB index		13.04%	13.86%	11.68%	11.41%
- Bloomberg World Electric index		3.71%	3.78%	3.92%	3.26%
Rating:					
Standard & Poor's	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	BBB+	BBB+	BBB+	BBB
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	Baa2	Baa2	Baa2	Baa2
	Short-term	-	-	P2	P2
Fitch	Outlook	Stable	Stable	Stable	Stable
	Medium/long-term	A-	BBB+	BBB+	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to February 15, 2019.

In 2018, the world economy grew by around 3%, in line with the pace registered in 2017. The United States and China continue to pull the global locomotive, helped by the effects of expansionary fiscal policies, while the euro area grew at a slower rate.

The normalization of monetary policies in the advanced countries (especially in the United States) has generated strong pressures on emerging markets (especially those that are structurally weaker). Geopolitical uncertainty (mainly deriving from the tariff war) is persistently affecting the external enivironment. In Europe, Brexit negotiations continue without significant progress, with the British parliament again postponing the preliminary agreement reached between the Prime Minister, Theresa May, and the European Union.

Strains continue between Italy and the European Union over the country's fiscal policy and its consistency with forecasts for economic growth. More specifically, growth in Italy in 2018 is estimated at 0.9%, down from the 1.6% posted in 2017.

In this economic environment, the main European equity indices closed 2018 with losses. Spain's Ibex35 posted a loss of 15%, while France's CAC40 fell 12% and Germany's DAX30 declined by 18%. The FTSE Italy All Share registered a loss of 17%.

The euro-area utilities segment closed the year with a small decline of 1%.

As regards Enel shares, 2018 ended with the stock price at €5.044, down 1.7% on the previous year, moderatly underperforming the sector index for the euro area.

On January 24, 2018, Enel paid an interim dividend of €0.105 per share from 2017 profits and on July 25, 2018, it paid the balance of the dividend for that year in the amount of €0.132. Total dividends distributed in 2018 amounted to €0.237 per share, about 32% higher than the €0.18 per share distributed in 2017.
With regard to 2018, on January 23, 2019 an interim dividend of €0.14 was paid, while the balance of the dividend is scheduled for payment on July 24, 2019.

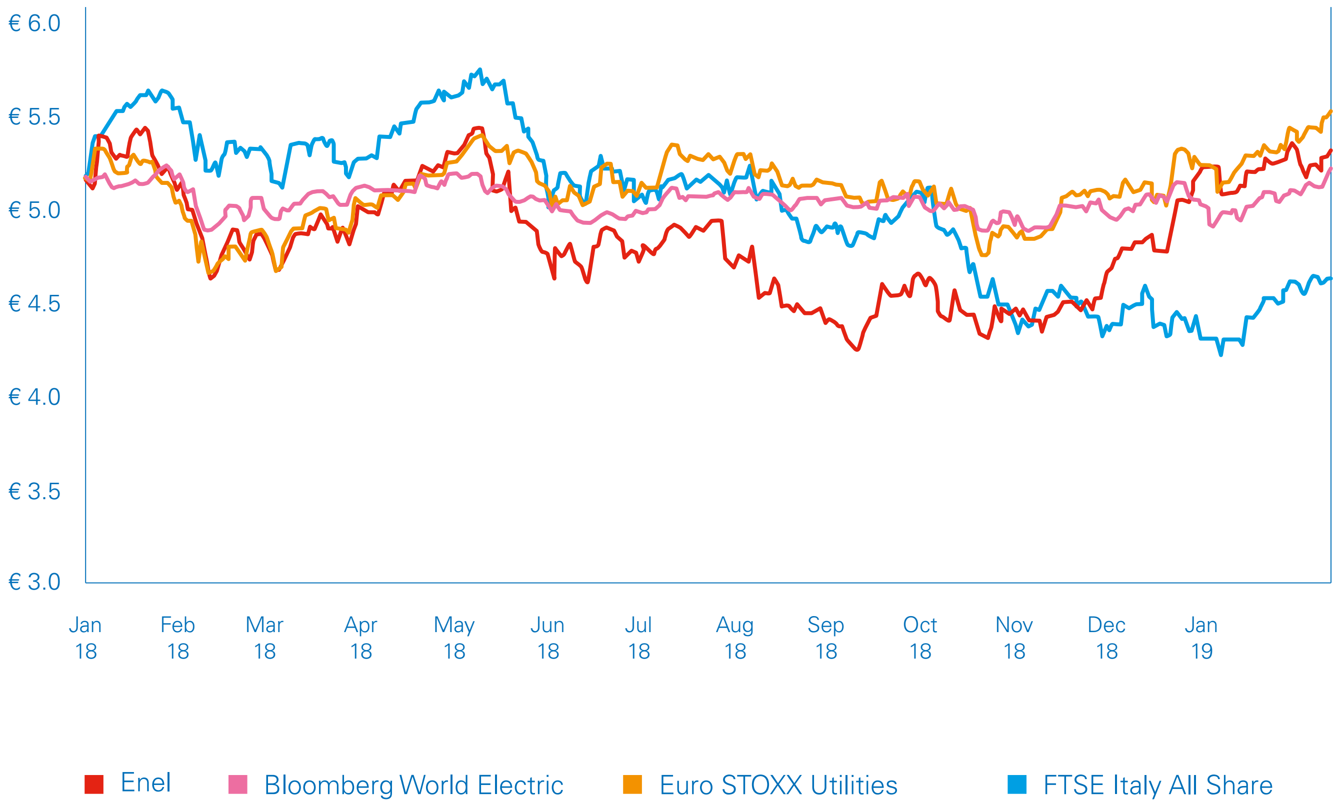
At December 31, 2018, the Ministry for the Economy and Finance held 23.6% of Enel, while institutional investors held 57.6% (compared with 57.5% at December 31, 2017) and individual investors held the remaining 18.8% (compared with 18.9% at December 31, 2017).

The number of Environmental, Social and Governance (ESG) investors is increasing steadily and at December 31, 2018 they represent about 10.5% of the share capital (against 8.6% at December 31, 2017).
The increase in ESG investors in Enel's stock reflects the greater attention being paid by the financial market to the non-financial elements that contribute to the creation of long-term sustainable value.
The energy transition now under way, with the trends in urbanization, the electrification of demand and decarbonization, is impacting the entire electricity value chain in different ways and with different speeds.
Thanks to its business and positioning, Enel maximises opportunites created by that transition for creating sustainable value over the long term, taking the lead in this area with its strategy.
Enel's leadership in the ESG field is strengthened by the close link between stategy and a focus on human capital, which fosters the economic and social growth of the local communities with whom Enel interacts.

For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/en/investors) and download the Enel Investor Relations app, which provides financial data, presentations, real-time updates of the share price, information on corporate bodies and the rules of Shareholders' Meetings, as well as periodic updates on corporate governance issues.

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051;
e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, Euro STOXX Utilities and FTSE Italy All Share indices from January 1, 2018 to January 31, 2019



Source: Bloomberg.

Consumer price indices (CPI)

%

	2018	2017	Change
Italy	**1.1**	**1.2**	**(0.1)**
Spain	1.7	2.0	(0.3)
Russia	2.9	3.7	(0.8)
Romania	4.6	1.3	3.3
Slovakia	1.9	1.1	0.8
India	4.0	3.3	0.7
South Africa	4.6	5.3	(0.7)
Argentina	33.8	25.7	8.1
Brazil	3.7	3.5	0.2
Chile	2.7	2.2	0.5
Colombia	3.2	4.3	(1.1)
Mexico	4.9	6.0	(1.1)
Peru	1.3	2.8	(1.5)
United States	2.4	2.1	0.3
Canada	2.3	1.6	0.7

Exchange rates

	2018	2017	Change
Euro/US dollar	1.181	1.1297	4.36%
Euro/British pound	0.88	0.88	0.97%
Euro/Swiss franc	1.15	1.11	3.73%
US dollar/Japanese yen	110.44	112.15	-1.55%
US dollar/Canadian dollar	1.30	1.30	-0.13%
US dollar/Australian dollar	1.34	1.30	2.59%
US dollar/Russian ruble	62.80	58.32	7.13%
US dollar/Argentine peso	28.11	16.56	41.11%
US dollar/Brazilian real	3.66	3.19	12.68%
US dollar/Chilean peso	642.04	648.70	-1.04%
US dollar/Colombian peso	2,958.13	2,951.36	0.23%
US dollar/Peruvian nuevo sol	3.29	3.26	0.78%
US dollar/Mexican peso	19.23	18.92	1.64%
US dollar/Turkish lira	4.84	3.65	24.63%
US dollar/Indian rupee	68.40	65.11	4.81%
US dollar/South African rand	13.25	13.31	-0.45%

Economic and energy conditions in 2018

Economic developments

In 2018 the world economy grew by around 3%,[6] in line with the pace of 2017. The United States and China continue to drive the world locomotive, boosted by the effects of expansionary fiscal policies, while euro-area growth moved at a slower rate. The normalization of monetary policy in the advanced countries (especially in the United States) is imposing strong pressures on emerging markets (especially the structurally weaker economies). Geopolitical uncertainty was a persistent feature of the external environment. Protectionist policies, although they represent a threat to global growth, as underscored repeatedly by major institutions such as the International Monetary Fund (IMF), are increasingly being seen as an option for reviving national economies. However, despite the trade war waged by the United States, in 2018 China will post its largest trade surplus with Washington in over a decade, expanding by 17% compared with 2017. In Europe, Brexit negotiations continue without significant progress, with the the British parliament again postponing approval of the preliminary agreement reached between the Prime Minister, Theresa May, and the European Union, while the threat of an infringement procedure and the strains between Italy and the European Union over the country's fiscal policy strategies seem to have abated for the moment.

The United States entered the ninth year of its expansion. In 2018 the economy grew by 2.2%, buoyed by the recent tax reform approved by the Trump administration. The labor market is solid, with the unemployment rate having fallen continuously since 2009 to its current 3.9%, about 40 basis points lower than the structural rate. The strengthening of the economy beyond its potential has sustained inflation. On average, consumer prices since the beginning of the year have grown by 2.4%, a rate now above the 2% target set by the Federal Reserve (Fed). In order to avoid excessive overheating, the US central bank continued the process of normalizing monetary policy, repeatedly raising the benchmark rate (the Fed Funds rate target); the last increase in December was a quarter of a point, bringing it to a range between 2.25% and 2.5%.
The euro area expanded by 1.8%, but showed signs of slowing down, as indicators of real activity and confidence declined (Purchasing Manager Index and the EC's Economic Sentiment Indicator). Consumer prices increased by 1.7%, boosted by developments in energy prices; core inflation (the main reference for monetary policy decisions) was still modest at 1%, although it is rising. The labor market is improving: in the first eleven months of the year, the unemployment rate was 8.2% (down compared with the previous year) and real wages rose compared with 2017. The European Central Bank (ECB) announced that its program of extraordinary asset purchases (quantitative easing) would end at the end of 2018, but the central bank said it would continue to reinvest the principal amounts generated by redemptions of maturing securities in order to ensure favorable liquidity conditions. Interest rates should remain unchanged at least until the summer of 2019.

In 2018, the Italian economy grew by 0.9% year on year. The annual unemployment rate was 10.6% and real wages rose, while inflation was 1.1%, with prices accelerating the most in the 2nd Half of the year. The coming months will be particularly important to understand the impact of the fiscal strategy and economic policies on reviving the country's economic productivity.

Spain continued to expand faster than the euro-area average (2.5% in 2018), sustained above all by especially strong growth in private consumption (2.3%) and investment (5.8%). The improvement in labor market conditions (the unemployment rate is now 15.4%, compared with around 26% in 2013) and low inflation (1.7% on average since the beginning of the year) contributed to expanding the purchasing power of households, improving their confidence in the outlook.

Russia grew by 2.3% in 2018. The low level of inflation (as well as boosting real income) made it possible to lower the cost of credit and consequently increase the volume of

6 Source: Oxford Economics.

lending, fueling private consumption. In the final part of the year, due to a slowdown in demand and a slight uptick in inflationary pressure, the central bank intervened to increase the official interest rate (+0.25%) on a purely precautionary basis.

Romania continues to expand at a rapid pace (4.2%), mainly thanks to the growth in consumption. Owing to the pressure of strong domestic demand, inflation is still very high (4.6%), exceeding the central bank target range of 1.0%-2.5%. The monetary policy reference rate was raised by 75 basis points from the beginning of the year (currently at 2.5%) in an attempt to prevent the economy from overheating excessively.

In Latin America, the deterioration in the global macroeconomic situation has shone a light on the structural weaknesses of some countries (i.e. Argentina and Brazil), while other economies (Chile, Colombia, Peru) have displayed considerable resilience. In general, in almost all countries of interest to the Group (the only exception is Argentina and, partly, Mexico) inflation has remained low, which helps foster domestic consumption while ensuring compliance with fiscal constraints.

In Argentina, the robust expansion of the 1st Quarter (3.6% year on year) was followed by an equally strong contraction, with an overall decrease of 2.6%. On the demand side, high inflation (about 33.8%) compressed real household income, while gloomy expectations dampened enthusiasm for new investments.

The crisis of confidence contributed to the depreciation of the currency, pushing inflation well beyond the target level and forcing the central bank to raise its benchmark interest rate during the year.

In an attempt to reassure the markets and to meet its funding needs, the government reached an agreement with the International Monetary Fund (IMF) for an aid plan of over $55 billion, subject to eliminating the primary deficit by 2019 and achieving a primary surplus of 1% of GDP in 2020.

The Brazilian economy grew by 1.3% in 2018 compared with 2017, sustained by investment, which represented the main component with an expansion of 4.4%, and an increase in private consumption (favored by modest inflation of 3.7% from the beginning of 2018) and exports, both of which outperformed expectations.

Chile continued to expand (4.0% in 2018 compared with 2017), driven by private consumption and investment. On the demand side, the low level of inflation (2.7% on average since the beginning of the year) helped increase household purchasing power, while the improvement in confidence buoyed investment (6.1%). These economic developments prompted the central bank to raise its reference rate by 25 basis points, bringing it to 2.75% in October.

Colombia posted growth of 2.5%, thanks to the contribution of private consumption and investment. Inflation (3.2% on average since the beginning of the year) is stable around the central bank's average target (3%). The monetary policy reference rate was held at 4.25%, thereby leaving the liquidity conditions unchanged. The program announced by the Colombian central bank to increase its foreign reserves denominated in US dollars does not appear to have had any impact on the markets.

In Peru, accommodative monetary conditions (the interest rate was reduced by 150 basis points compared with the 1st Quarter of 2017 and has been unchanged at 2.75% for months) and the implementation of a countercyclical fiscal policy (government spending was increased by 3% compared with the 1st Half of 2017) have enabled the economy to recover strongly, growing by 3.7%. Inflationary pressure was slight at 1.3%. From the point of view of the public finances, the low level of debt (the debt/GDP ratio is about 26%) gives the country room to prolong the fiscal stimulus, although the government has set ambitious deficit reduction targets for the coming years.

Mexico grew by around 2.1% compared with 2017. Consumption continues to drive expansion, although inflation remained high (4.9% on average since the beginning of the year). The victory of Andres Manuel Lopez Obrador in the parliamentary elections last July, and the signing of a new trade agreement reached with the United States and Canada (USMCA) have reduced the climate of uncertainty that impacted the economic context in the first part of the year. This could boost expectations for the economy and investment.

The following table shows the GDP growth rates in the main countries in which Enel operates.

Annual real GDP growth

%

	2018	2017
Italy	**0.9**	**1.6**
Spain	2.5	3.0
Portugal	2.1	2.8
Greece	2.2	1.4
Argentina	-2.6	2.9
Romania	4.2	6.8
Russia	2.3	1.5
Brazil	1.3	1.1
Chile	4.0	1.6
Colombia	2.5	1.8
Mexico	2.1	2.3
Peru	3.7	2.5
Canada	2.1	3.0
United States	2.9	2.2
South Africa	0.7	1.3

Source: National statistical institutes and Enel based on data from ISTAT, INE, EUROSTAT, IMF, OECD and Global Insight.

International commodity prices

During 2018 the oil market was characterized by two distinct phases. The first nine months of the year saw a continuous and generalized rise in prices, with Brent increasing to $86 a barrel in early October, a level not seen since the end of 2014. By contrast, the 4th Quarter saw prices plunge 40% to $54 a barrel towards the end of the year.
From the point of view of the fundamentals, the trend in the first three quarters of 2018 was driven by several factors: 1) growing world demand, accompanied by deeper-than-expected cuts in production, which at the end of March drove OECD inventories below the average of the last five years; 2) concerns about the sharp drop in Iranian output after the US administration withdrew from the nuclear agreement; and 3) the continuous decline in output in Venezuela; and 4) outside of OPEC, the cuts imposed by the Canadian province of Alberta.
During the 4th Quarter of the year, despite the production difficulties within the OPEC countries, the now unstoppable growth of American shale oil and worrying signals of a slowdown in global growth, with obvious negative repercussions for oil demand (in October OECD inventories returned above the average of the last five years) contributed to the sharp fall in prices. The production cuts announced by the OPEC countries and Russia during their last meeting in Vienna appear insufficient to stabilize the market for the moment.

The European gas market also experienced periods of considerable volatility during the year. While the early months of 2018 were characterized by strong demand, sustained by especially harsh temperatures, which sharply depleted stocks and pushed them below their average level of recent years, the unusual price tensions registered during the summer were generated by two main factors: 1) robust demand for injected storage to restore inventory levels; and 2) strong demand in Asia, which diverted flows of LNG to the Far East.
From October the situation was completely reversed. The sudden drop in the price of oil and the large flow of LNG bound for Europe (in November imports reached 8 billion cubic meters, a level not seen since 2011), together with less than buoyant demand, contributed to a slow and steady decline in prices.

Develpments in the coal market in 2018 reflected the specific characteristics of the two main basins, the Atlantic and the Pacific.
In Europe, the competition between gas and coal for use in electricity generation was the main source of volatility that affected the European market. The sharp rise in gas prices during the 1st Quarter and the sudden rise in CO_2 prices not accompanied by an equally strong rise in coal prices made coal plants more competitive than CCGTs, leading to a rise in demand in Europe. The weak performance of prices during the 4th Quarter was mainly due to the fall in demand and the low levels of the Rhine (owing to the severe drought in the previous summer in Northern Europe) which limited coal traffic.
In the Pacific, China was again the main market mover. While during the 1st Half of the year Chinese demand was sustained by cold winter temperatures and an expecially hot summer, in the final part of the year the strains on market fundamentals eased, with a consequent drop in prices as the Chinese authorities again intervened to curb volumes of imported coal.

Electricity markets

Electricity demand

Developments in electricity demand

GWh

	2018	2017	Change
Italy	**321,910**	**320,548**	**0.4%**
Spain	253,495	252,506	0.4%
Romania	62,044	60,816	2.0%
Russia (1)	805,916	795,690	1.3%
Argentina	137,262	136,730	0.4%
Brazil (2)	583,025	574,526	1.5%
Chile (2) (3)	76,175	74,140	2.7%
Colombia	69,176	66,861	3.5%

(1) Europe/Urals.
(2) Figure for the SIC - Sistema Interconectado Central.
(3) Gross of grid losses.
Source: Enel based on TSO figures.

The positive trend in electricity demand in the countries in which the Enel Group operates, which began in 2017, continued last year. The increase in electricity consumption again differed by country, with slower growth in mature economies such as Italy and Spain and faster expansion in South America.

In Europe, temperatures outside seasonal averages caused demand to expand by an average of 1% compared with the previous year. Italy and Spain posted smaller increases (both 0.4%), mainly due to weather developments and a slowdown in economic growth in the last part of the year. Russia and Romania registered the largest gains in 2018, expanding by 1.3% and 2% respectively.

By contrast, in the main South American countries electricity demand grew by an average of almost 3%. More specifically: Argentina posted growth of 0.4%, Brazil expanded by 1.5%, Chile by 2.7% and Colombia by 3.5%.

Italy

Electricity generation and demand in Italy

Millions of kWh

	2018	2017	Change	
Net electricity generation:				
- thermal	185,046	200,305	(15,259)	-7.6%
- hydroelectric	49,275	37,557	11,718	31.2%
- wind	17,318	17,565	(247)	-1.4%
- geothermal	5,708	5,821	(113)	-1.9%
- photovoltaic	22,887	24,017	(1,130)	-4.7%
Total net electricity generation	**280,234**	**285,265**	**(5,031)**	**-1.8%**
Net electricity imports	43,909	37,761	6,148	16.3%
Electricity delivered to the network	**324,143**	**323,026**	**1,117**	**0.3%**
Consumption for pumping	(2,233)	(2,478)	245	-9.9%
Electricity demand	**321,910**	**320,548**	**1,362**	**0.4%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2018).

In 2018 *electricity demand* in Italy increased by 0.4% compared with 2017, reaching 321,910 million kWh. Of total electricity demand, 86.4% was met by net domestic electricity generation for consumption (88.2% in 2017) with the remaining 13.6% being met by net electricity imports (11.8% in 2017).

In 2018, *net electricity imports* increased by 6,148 million kWh, essentially reflecting the increase in demand in the national market.

Net electricity generation decreased by 1.8% in 2018 (-5,031 million kWh), reaching 280,234 million kWh. More specifically, greater hydroelectric generation (+11,718 million kWh) was more than offset by lower thermal generation (a decrease of 15,259 million kWh) and the contraction in photovoltaic generation (-1,130 million kWh).

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2018	2017	Change	
Net electricity generation	246,827	248,124	(1,297)	0.5%
Consumption for pumping	(3,201)	(3,608)	407	11.3%
Net electricity imports [1]	9,869	7,990	1,879	23.5%
Electricity demand	**253,495**	**252,506**	**989**	**0.4%**

(1) Includes the balance of trade with the extra-peninsular system.

Source: Red Eléctrica de España (*Series estadísticas nacionales - Balance eléctrico* - December 2018 report). Volumes for 2017 are updated to February 28, 2018.

Electricity demand in the peninsular market in 2018 increased by 0.4% compared with 2017 reaching 253,495 million kWh. Demand was only partially met by net domestic generation.

Net electricity imports in 2018 increased compared with the previous year. This growth essentially reflected developments in demand.

Net electricity generation in 2018 decreased by 1,297 million kWh to 246,827 million kWh.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2018	2017	Change	
Net electricity generation	14,079	14,181	(102)	-0.7%
Net electricity imports	1,233	1,179	54	4.6%
Electricity demand	**15,312**	**15,361**	**(49)**	**-0.3%**

Source: Red Eléctrica de España (*Series estadísticas nacionales - Balance eléctrico* - December 2018 report). Volumes for 2017 are updated to February 28, 2018.

Electricity demand in the extra-peninsular market in 2018 decreased by 0.3% compared with 2017, reaching 15,312 million kWh. Of total electricity demand, 92.0% was met by net electricity generation in the extra-peninsular area, with the remaining 8.0% being met by net electricity imports, all from the peninsular system. The latter totaled 1,233 million kWh in 2019.

Net electricity generation in 2018 fell by 0.7% or 102 million kWh as a result of lower demand for electricity in the extra-peninsular market.

Electricity prices

Electricity prices

	Average baseload price 2018 (€/MWh)	Change in average baseload price	Average peakload price 2018 (€/MWh)	Change in average peakload price
Italy	**61.3**	**13.6%**	**68.0**	**10.1%**
Spain	57.3	9.7%	61.5	7.8%
Russia	15.8	-8.2%	18.1	-9.2%
Brazil	61.7	-26.8%	68.6	-44.6%
Chile	54.9	4.6%	104.2	0.9%
Colombia	32.0	2.4%	41.8	-14.1%

Price developments in the main markets

Eurocents/kWh

	2018	2017	Change
Final market (residential) (1)			
Italy	0.2067	0.2106	-1.9%
France	0.1754	0.1723	1.8%
Portugal	0.2246	0.2257	-0.5%
Romania	0.1333	0.1244	7.2%
Spain	0.2383	0.2237	6.5%
Final market (industrial) (2)			
Italy	0.0775	0.0943	-17.8%
France	0.0686	0.0614	11.7%
Portugal	0.1004	0.1006	-0.2%
Romania	0.0794	0.0751	5.7%
Spain	0.0880	0.0870	1.1%

(1) Annual price net of taxes - annual consumption of between 2,500 kWh and 5,000 kWh.
(2) Annual price net of taxes - annual consumption of between 70,000 MWh and 150,000 MWh.
Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2018				2017			
Power Exchange - PUN IPEX (€/MWh)	54.3	53.4	68.9	68.6	57.4	44.9	51.6	61.8
Residential user with annual consumption of more than 1,800 kWh (€/kWh): price net of taxes	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.1

Source: EMO (Energy Markets Operator) and ARERA (Regulatory Authority for Energy, Networks and Environment).

In 2018, in Italy the uniform national sales price (PUN) returned to its 2013 levels, increasing by 13.6% compared with 2017, thanks to the increase in the price of PSV gas, driven by tensions in the fundamentals, and to a strong and constant increase in the price of CO_2.

Natural gas markets

Natural gas demand

Millions of m^3

	2018	2017	Change	
Italy	**71,514**	**73,973**	**(2,459)**	**-3.3%**
Spain	30,062	30,180	(118)	-0.4%

Last year experienced a sharp decline in demand for natural gas in Italy (-3.3%), while in Spain demand was virtually unchanged on 2017 (-0.4%).

Italy

Gas demand in Italy

Millions of m^3

	2018	2017	Change	
Distribution networks	32,355	32,630	(275)	-0.8%
Industry	14,266	14,365	(99)	-0.7%
Thermal generation	23,361	25,442	(2,081)	-8.2%
Other [1]	1,532	1,536	(4)	-0.3%
Total	**71,514**	**73,973**	**(2,459)**	**-3.3%**

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

In 2018, natural gas demand in Italy totaled 71,514 billion cubic meters, a decrease of 3.3% on the previous year. All segments saw demand decrease in 2018: thermal generation was the hardest hit (-8.2%) owing to an increase in renewables generation, while mild temperatures in November and December caused residential demand to fall by 1%.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2018				2017			
Average residential user with annual consumption of between 481 and 1,560 m^3 (€/Sm^3): price net of taxes	0.47	0.43	0.48	0.52	0.45	0.44	0.42	0.44

Source: ARERA (Regulatory Authority for Energy, Networks and Environment).

The annual average sales price of natural gas in Italy increased by 8.6% in 2018.

Regulatory and rate issues

The European regulatory framework

Regulation of greenhouse gas emissions

In February 2018 the European Parliament and the Council formally approved the reform of the EU's ETS Directive for the period from 2020 to 2030. The new directive entered into force on April 8, 2018. To achieve the objective of an overall reduction in greenhouse gas emissions of 40% by 2030 compared with 1990, the sectors affected by the EU Emissions Trading Scheme (EU ETS) will have to reduce their emissions by 43% compared with their 2005 levels. The new ETS Directive provides for a set of interrelated measures to make this possible. To accelerate the pace of emissions reductions, starting from 2021, the total quantity of emissions permits will decrease at an annual rate of 2.2%, compared with the current rate of 1.74%. The Market Stability Reserve (MSR) – the mechanism established by the European Union to reduce the surplus of emissions permits on the market and improve the ETS's resilience to future shocks – has been strengthened substantially. Between 2019 and 2023, the amount of allowances set aside in the reserve will double to 24% of the allowances in circulation, while starting from 2024 the normal feeding rate of 12% will be restored. As a long-term measure to improve the functioning of the ETS, unless otherwise decided in the first review of the MSR scheduled for 2021, from 2023 the number of allowances in the reserve will be limited to the auction volume of the previous year. Allowances held above this amount will no longer be valid. The provisions of the new EU ETS Directive will be reviewed in the context of each global stocktake agreed under the Paris Agreement, in which the efforts and ambition of each participating member state will be quantified in aggregate: the first global stocktaking will take place in 2023.

On May 30, 2018 Regulation 2018/842/EU was published. It concerns the annual greenhouse gas emission reductions by member states from 2021 to 2030 for sectors not covered by the ETS, namely agriculture, transport, construction and waste treatment, which together account for around 60% of the Union's greenhouse gas emissions. The European non-EU ETS emission reduction target of 30% compared with 2005 has been incorporated into binding national targets.

"Clean Energy for all Europeans" legislative package

On November 30, 2016, the European Commission issued the "Clean Energy for all Europeans" package of measures for proposed legislation on European climate and energy policy.
In particular, the package includes the following regulations and directives, some of which are revised versions, others newly issued: the Electricity Market Regulation, the ACER Regulation, the Risk Preparedness Regulation, the Energy Union Governance Regulation, the Electricity Market Directive, the Renewable Energy Directive, the Energy Efficiency Directive and the Energy Performance of Buildings Directive.

Revision of the Electricity Market Directive and the Electricity Market Regulation

On December 19, 2018, the European Parliament and the European Council reached a political agreement on two of the main dossiers of the "Clean Energy for all Europeans" legislative proposal issued on November 30, 2016 by the European Commission, namely the Electricity Market Directive and the Electricity Market Regulation.
The agreement reached by European legislators marks an important step in bringing the regulatory frameworks of the EU and of the member states up to date with the aim of efficiently integrating renewable energy and new technologies in the electricity system, harmonizing the functioning of the markets, sending efficient signals for investment and placing the consumer at the center.
Although the definitive texts of the new directive and regulation have not yet been completed, these are the main firm points of the political agreement reached by the European institutions:

- at the discretion of the member states, maintaining forms of electricity price regulation for the protection of vulnerable and non-vulnerable customers;
- introduction of the option for customers to ask their seller (provided they serve more than 200,000 customers) for a dynamic electricity price contract, i.e. one in which the

electricity component follows the wholesale cost of electricity;

- reduction in the time to switch suppliers from the current 21 days to 24 hours by 2026;
- introduction of new actors, such as independent aggregators, self-consumption and local energy communities, into the member states' legal systems;
- substantial confirmation of the expectations concerning distribution system operators (DSOs), with national regulators being required to offer them incentives to use new efficient solutions in grid operation (e.g. flexibility);
- prohibition on grid operators (TSOs and DSOs) installing and managing storage facilities, except in cases of market failure and in the case of technologies fully integrated into the grid; in both cases, however, the national regulator's specific approval is required;
- maintaining dispatching priority for small-scale renewables plants (less than 400 kW) only, safeguarding existing plants that enjoy this priority; members states may withdraw this benefit if the markets are fully accessible to renewables, the penetration of renewables is on the path to reaching the targets or exceeds 50% of final electricity consumption;
- possible derogations from balance responsibility only for small-scale renewables plants (less than 400 kW) or innovative technologies, safeguarding existing plants or incentivizing them to assume such responsibility;
- definition of a European framework for introducing capacity remuneration mechanisms: need for analysis of the adequacy of European and national mechanisms, strategic reserves as the preferable option, plans for reforming the electricity market to eliminate the causes of market failure and regulatory barriers, phase-out clauses for mechanisms if there are no longer any adequacy problems, emission limits for participation of new and existing plants.

While the regulation will be directly applicable once the definitive text is published in the Official Journal of the European Union, the Directive must be transposed through specific legislative acts of the member states within two years of its entry into forth.

Directive 2018/2001/EU on the promotion of the use of energy from renewable sources (Renewable Energy Directive)

On December 21, 2018, the new directive of the European Parliament and of the Council of December 11, 2018 on the promotion of the use of energy from renewable sources was published in the Official Journal of the European Union.

The main objective of Directive 2018/2001, which repeals Directive 2009/28, is to accelerate the transition towards the development of renewables. To achieve this, the directive establishes a new binding EU target of a share of a least 32% of renewables in the EU's gross final consumption by 2030, including a clause for assessing whether to increase the target by 2023.

Furthermore, the directive:

- establishes new rules for designing mechanisms to support renewable energy to provide certainty to investors by avoiding retroactive changes;
- allows members states to introduce auctions limited to specific technologies. In any case, member states must provide a schedule of future auctions for at least the following five years, indicating the timing, volumes and budget;
- provides effective simplification and streamlining of administrative procedures, including for repowering existing plants;
- draws attention to the elimination of regulatory barriers that block the wider use of corporate Power Purchase Agreement (PPAs);
- establishes a clear and stable regulatory framework for self-consumption;
- raises the ambition gap for the transport and heating/cooling sectors; and
- improves bioenergy sustainability.

The directive sets the renewable energy target for the transport sector for 2030 at 14% and is placed on fuel suppliers. Electric mobility is encouraged through to a multiplier of 4 for renewable electricity used in road transport. The directive envisages a sub-target of 3.5% for "advanced biofuels" by 2030, while first-generation biofuels will be limited to a maximum of 7% for the entire EU, with further limits by member state if below 7%. The counting of biofuels at high risk of indirect land-use changes (ILUC) will be frozen at 2019 levels and gradually eliminated between 2023 and 2030.

Directive 2018/2002/EU on energy efficiency (Energy Efficiency Directive)

The new directive of the European Parliament and of the Council of December 11, 2018 on energy efficiency was published in the Official Journal of the European Union on December 21, 2018. The directive establishes a new EU energy efficiency target for 2030 of at least 32.5% compared with the reference scenario and includes a provision for revising it upwards by 2023. It also requires member states to achieve end-use energy savings for the 2021-2030 period of 0.8% per year, to be met by through obligation schemes on operators or through alternative measures. The provisions of the directive must be transposed by the member states by June 25, 2020.

Regulation 2018/1999/EU on the governance of the Energy Union and climate action (Energy Union Governance Regulation)

Alongside with the Renewable Energy Directive and the Energy Efficiency Directive, the EU published in its Official Journal the new Regulation 2018/1999/EU on the governance of the Energy Union and climate change. This regulation sets out the governance mechanism to achieve the EU targets for greenhouse gas emissions, in line with the Paris Agreements, and energy and climate policy targets for 2030. It aims to ensure greater regulatory certainty and investor certainty. The governance mechanism is based on the long-term objectives of the European Commission and the member states with a perspective of at least 30 years, the integrated national energy and climate plans that cover ten-year periods starting with 2021-2030, the corresponding member states' integrated national energy and climate progress reports and the integrated monitoring arrangements by the European Commission. The governance mechanism ensures effective opportunities for the public to participate in the preparation of the national plans and the long-term strategies. It provides for a structured process between the Commission and the member states for the purpose of finalization and subsequent implementation of the integrated national energy and climate plans and the corresponding Commission action.

Directive 2018/844/EU on the energy performance of buildings (Energy Performance of Buildings Directive)

On June 9, 2018, Directive 2018/844/EU on the energy performance of buildings, which amends the previous directive governing this issue and part of the directive on energy efficiency, came into force. The new directive provides for each EU member state to establish a long-term strategy to support the renovation of the national stock of residential and non-residential buildings, both public and private, in order to obtain a decarbonized and energy efficient building stock by 2050. In the long-term renovation strategy, each country will have to establish a roadmap with indicative interim milestones for 2030, 2040 and 2050, and measurable progress metrics and indicators.

The directive also promotes electric mobility, setting requirements for the installation in buildings of recharging points and ducting infrastructure, namely conduits for electric cables. In particular, non-residential buildings with more than 10 parking spaces, whether new or undergoing major renovation, shall be equipped with at least one recharging point for electric vehicles and must be prepared for the subsequent installation of recharging points with the installation of appropriate ducting infrastructure for at least one parking space in five. By January 1, 2025, the member states will also have to set additional requirements for the installation of a minimum number of recharging points for all non-residential buildings with more than 20 parking spaces. Residential buildings with more than 10 parking spaces, whether new or undergoing major renovation, shall install ducting infrastructure for each parking space to enable the installation at a later stage of recharging points for electric vehicles.

The "Clean Mobility" legislative package

In 2018 the European Commission completed its "Clean Mobility" package, which was begun in 2017. The package is organized into three parts, the first two of which were published in 2017 and the third in May 2018. It contains a series of legislative proposals and other measures to make traffic safer, reduce CO_2 emissions and air pollution, promote the development of zero- and low-emission vehicles and create a production chain for batteries in Europe.

The main measures adopted in the first part are designed to encourage the adoption of charging for road use based on distance driven (tolls) to best reflect actual use, emissions and pollution produced by vehicles. More specifically, the proposal calls for internalizing the external costs deriving from noise and air pollution into tolls in addition to incentives for zero-emission vehicles.

The second part of the package includes three primary measures. The first sets CO_2 emissions standards for new cars and vans as at 2025 and 2030. The second, a proposed review of the Clean Vehicles Directive (Directive 2009/33/EC), provides a clear definition of "clean vehicle" (based on combined pollution and CO_2 emission thresholds) and aims to promote clean mobility solutions in public procurement tenders using a system of procurement targets for the member states, thereby providing a solid boost to the demand for and to the further deployment of clean mobility solutions.

Finally, two main initiatives have emerged with the third and final part of the package. The first sets CO_2 emissions standard for new heavy vehicles as at 2025 and 2030 and provides for a review of the regulation to be conducted in 2022, which will extend the scope of application of the standards to other categories of heavy vehicles, including buses. The second initiative provides for an action plan for batteries in order to ensure access to a sustainable supply of raw materials through the use of European resources (including those from recycling) and appropriate trade agreements with other countries, to support the growth of European battery production and to accelerate the creation of the enabling regulatory framework (e.g. rapid adoption of market design legislation, CO_2 standards for vehicles).

Starting with the presentation of the first package in 2017, the European Parliament and European Council have worked on a number of dossiers to arrive at a common position on the Commission's proposals. On December 17, 2018 a political agreement was reached on the dossier for the CO_2 emission standards for new cars and light commercial vehicles. The final agreement calls for cutting CO_2 emissions for new cars by 15% by 2025 from the 2021 level of 37.5% for new cars, and a 31% reduction for new vans by 2030. It also envisages an incentive mechanism to accelerate the transition for zero- and low-emission vehicles.

In 2019, trilogue meetings between the European Parliament, European Council and European Commission will be held to prepare the final text of the other legislative actions contained in the three packages that had not been finalized in 2018.

The Italian regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into law with Legislative Decree 79/1999. This decree provided for: the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.

The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.

The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies. As regards the model for unbundling transport from other non-network activities, with Resolution 515/2013/R/gas, the Authority for Electricity, Gas and Water System (AEEGSI, since 2018 it has become the Regulatory Authority for Energy, Networks and the Environment - ARERA) mandated the transition to ownership unbundling pursuant to Directive 2009/73/EC.

With the decree of November 10, 2017, the Ministers of the Environment and of Economic Development adopted the 2017 National Energy Strategy. The document, in line with the European Energy Union Plan and the Energy Roadmap 2050, establishes the development targets for the energy sector by 2030 in terms of competitiveness, sustainability, the environment and procurement security. In light of the agreements reached at European level regarding the Clean Energy Package, the national targets may also be revised. The new targets will be proposed to the European Commission through the integrated national energy and climate plan, which will be finalized in 2019.

Wholesale electricity generation and market

Electricity

Wholesale electricity generation and market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 and can be performed by anyone possessing a specific permit.

The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (GME), and through organized and over-the-counter platforms for trading forward contracts. The organized platform includes the Forward Electricity Market (MTE), managed by the GME, in which forward electricity contracts with physical delivery are traded. Trading can also be conducted in derivatives with electricity as their underlying. The organized market for such transactions is the forward market (IDEX), operated by Borsa Italiana, while financial derivatives can also be negotiated on OTC platforms.

Generators may also sell electricity to companies engaged in energy trading and to wholesalers that buy electricity for resale at retail.

In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market (MSD), where Terna procures the required resources from generators. Dispatching services are usually procured on the spot market, but Terna has the right to procure services on the forward market, subject to ARERA's prior approval.

ARERA and the Ministry for Economic Development (MED) are responsible for regulating the electricity market.

With regard to dispatching services, ARERA has adopted a number of measures regulating plants essential to the security of the electricity system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by ARERA.

As for the cost reimbursement scheme for essential generation units, ARERA has approved the following Enel Produzione plants: Brindisi Sud, for 2018 and for the 2019-2020 period, Sulcis for the 2019-2020 period, and Assemini and Portoferraio for the 2019-2020 period.

Enel Produzione's Porto Empedocle plant has instead been included in the multi-year cost reimbursement system until 2025. The remaining capacity is subject to alternative contracts as essential plants.

In addition, to cut natural gas consumption in the thermoelectric sector in gas emergency situations and to ensure secure supplies of electricity, Article 38-*bis* of Decree Law 83/2012 authorized MED to identify plants that can be powered by fuel oil and fuels other than gas, thereby ensuring their availability to be called into service as a matter of urgency. These plants, deemed "units essential for the security of the gas system", in exchange for the service provided, receive a cost reimbursement fee based on the regulations set by ARERA. The MED made recourse to these units for gas years 2012-2013 and 2013-2014. However, with Resolution 113/2018/R/eel, ARERA rejected the request for reimbursement for the 2013-2014 gas year submitted by Enel Produzione in 2016 and set out the new criteria for determining the cost reimbursement fee for that gas year. Enel Produzione then requested reimbursement under the new rules and also filed an appeal against the resolution with the Regional Administrative Court of Milan.

Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year identified in advance by the grid operator to ensure the secure operation of the national electricity system receive a special fee.

In August 2011, ARERA published Resolution ARG/elt 98/11, which establishes the criteria for introducing a market mechanism for compensating generation capacity (capacity market), replacing the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years.

With a decree of the Minister for Economic Development of June 30, 2014, the capacity market operational mechanism previously issued for consultation by the Authority for Electricity, Gas and Water System was approved.

The mechanism is based on the allotment, by auction, of option contracts (reliability options) that provide for payment of a premium, established in the auction with the setting of a marginal price, against which a generator undertakes to return any positive difference between the price formed on the spot electricity and ancillary services market and a benchmark price set ex ante in the option contract.

The rules approved provide for a cap of the premium to be paid for existing capacity and for newly constructed capacity.

On February 7, 2018 the European Commission announced that Italy's capacity market is compliant with the guidelines on state aid for environmental protection and energy, however it proposed some adjustments, which were subsequently made with Resolution 261/2018/R/eel. In addition to adjusting its rules to the commitments made by Italy to the European Commission, in that resolution ARERA made further changes based on previous consultations.

The MED has yet to adopt the decree approving the scheme.

Within the context of its power to procure dispatching services on the forward market as provided by Resolution 111/2006, ARERA, with Resolution 326/2016/R/eel, charged Terna with conducting the competitive tender for assigning contracts for the supply of replacement tertiary reserves in Sardinia for the period from July 1, 2016 to December 31, 2018. The contracts awarded by Terna establish a requirement to supply the Ancillary Services Market (MSD) at the variable cost paid to the plant for a premium established in the competitive tender. Following the tender, all of the capacity was contracted with Enel's Sulcis plant.

Following ARERA's Resolution 342/2016/E/eel, on October 6, 2016 the Competition Authority began an enquiry involving Enel SpA and Enel Produzione SpA to determine the existence of a possible abuse of a dominant position in the MSD of the Brindisi Sud plant, which concluded in May 2017 with the acceptance of the commitments proposed by Enel SpA and Enel Produzione without the imposition of sanctions. More specifically, the commitments consist of the introduction, for the years 2017-2019, of a cap on total annual revenue that can be generated by the Brindisi Sud plant, net of variable costs paid under current regulations. The cap will also apply in the event the plant is included under the cost reimbursement system pursuant to Resolution 111/2006.

Through Resolution 314/2017/R/eel, ARERA also provided that, with regard to the commitments made by Enel Produzione as part of the proceedings, any amounts exceeding the caps for the plant for the 2017-2019 period will be transferred to Terna.

With Resolution 319/2018/R/eel, ARERA changed the parameters involved in the determination of the variable cost recognized for the generation units of the Brindisi Sud plant for the remainder of 2018.

Resolutions 314/2017/R/eel and 928/2017/R/eel, which approved the admission of the Brindisi plant to the cost reimbursement system for years 2017 and 2018, was challenged by another operator before the Regional Administrative Court of Milan (Enel Produzione intervened in the case to defend the legality of these resolutions). The hearing was held on October 10, 2018 and the Court has yet to issue its decision.

With Resolution 422/2018/R/eel, ARERA approved the scheme proposed by Terna under Resolution 300/2017/R/eel to allow aggregate virtual mixed units (AVMU, composed of generation units that do not require approval and consumption units) to participate in the dispatching market.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized.

According to the provisions of Legislative Decree 130/2010, operators are permitted to hold market shares of up to 55% of domestic consumption.

The spot trading platform (the "Gas Exchange") began operation in 2010 and ARERA established the balancing market in 2011. The forward market later completed the structure of the Italian wholesale market, joining the Gas Exchange.

As for the balancing market, ARERA, implementing Commission Regulation 2014/312/EU, redefined, starting from 2016, the rules for its functioning, in order to boost the availability of flexible resources to balance the system and improve the set of information for users.

In 2017 the Ministry for Economic Development (MED) indicated that, starting from 2018, the figure of market maker would be introduced in markets organized by the Energy Markets Operator (GME). In 2018 Enel Global Trading SpA was added to the list of operators that act as market makers.

Transportation, storage and regasification

Transport, storage and regasification (of LNG) are subject to regulation by ARERA, which sets the rate criteria for engaging in these activities at the start of each regulatory period. Storage is carried out under a concession issued by the MED to applicants that satisfy the requirements of Legislative Decree 164/2000. Each year, the MED issues a decree establishing the criteria for allocating capacity through an auction mechanism.

LNG activities are subject to the grant of a special ministerial permit to ensure third-party access (TPA). The MED may grant an exemption from the TPA rules. As for regasification, in 2017 ARERA envisaged replacing the rate-based method for allocating capacity with a system of auctions starting in 2018.

Transport activities, defined by regulatory criteria for rate periods, continue to be subject to fees updated annually by ARERA. In 2017 it extended, with a few corrective measures, the rate criteria for 2014-2017 to 2018-2019, which were challenged by Enel Trade consistent with previous disputes, still pending, regarding the 2010-2013 and 2014-2017 periods.

In particular, with regard to the gas transport rates for the 2010-2013 period, with ruling 1840 of March 23, 2018, the Council of State found that Resolution 550/2016/R/gas, with which ARERA recalculated the rates for that regulatory period, was compliant with the rulings of the Regional Administrative Court and the Council of State in the associated judgment on the merits. Enel Trade, exercising the option recognized by the Council of State, appealed the aforementioned resolution before the Milan Regional Administrative Court, claiming that it was illegitimate for reasons other than violation of the ruling.

Distribution

Electricity

Distribution and metering

e-distribuzione provides distribution and metering services under a 30-year concession set to expire in 2030.

The general criteria for the regulation of distribution rates are set by ARERA at the start of each regulatory period based on covering the cost of providing the services, including operating costs, depreciation and providing an appropriate net return on capital.

The rate component covering operating costs, established at the start of the regulatory period based on the most recent final costs available, is updated annually using a price-cap mechanism, taking account of the inflation rate and an annual rate of reduction of unit costs (called the X-factor), to restore any efficiency gains achieved by operators in previous regulatory periods. The return-on-capital and depreciation components are instead updated each year to take account of new investments, depreciation incorporated in rates and the revaluation of existing assets using the deflator for gross fixed capital formation.

Based on the recognized costs, each year ARERA authorizes for each distributor a level of annual revenue ("permitted revenue") by setting reference rates that are different for each company. This revenue is not dependent upon volumes distributed owing to the equalization mechanisms, managed by the Energy and Environmental Services Fund, which compensates operators for any differences between permitted revenue and actual revenue received from invoicing sellers, based on the mandatory rates set by ARERA at national level.

The rate for the fifth regulatory period (2016-2023) is covered by ARERA Resolution 654/2015/R/eel. This period lasts eight years and is divided into two sub-periods of four years each (NPR1 for 2016-2019 and NPR2 for 2020-2023). The regulatory framework for NPR1 is basically a continuation of the past, although with some new features, including shortening the "regulatory lag" from two years to one for the period before remuneration for new investments is recognized and lengthening by five years the useful life of medium- and low- voltage lines that have entered into service since 2008.

For the NPR2 period instead, ARERA proposed an eventual transition to rate regulation based on the no longer distinct recognition of operating costs and investment (the Totex method). ARERA has not yet established the schedule and manner of implementation for this new method.

The criteria for setting WACC for electricity and gas infrastructure services were set by ARERA with Resolution 583/2015/R/com for the 2016-2021 period, with an update at the end of 2018 to take account of economic trends.

The real pre-tax WACC for electricity distribution for the 2016-2018 period was 5.6%. This amount was updated to 5.9% for 2019-2021 by Resolution 639/2018/R/com.

As for distribution and metering rates, in 2018 ARERA approved both the definitive reference rates for 2017, calculated by taking into account the actual balance sheet data for 2016 (Resolutions 150/2018/R/eel and 174/2018/R/eel), and the provisional reference rates for 2018 on the basis of the preliminary balance sheet data for 2017 (Resolutions 175/2018/R/eel and 176/2018/R/eel). The definitive reference rates for 2018 are expected to be published by February 28, 2019 on the basis of actual balance sheet data communicated to ARERA at the end of 2017.

With regard to second generation smart metering systems, with Resolution 222/2017/R/eel, ARERA approved e-distribuzione's plan for placing the meters in service during the 2017-2031 period and established the standard cost based on which the efficiency incentives will be calculated. Resolution 646/2016/R/eel guarantees that the metering service rates for end users will remain unchanged.
On December 31, 2018 the monitoring of the performance of communication between meters and user devices ("Chain 2") required by ARERA was completed. ARERA will conclude by March 31, 2019 the assessments of any technological solutions for the incremental features of the 2.1 version of meters.
ARERA also issued specific measures to establish the regulatory framework to accompany the various implementation phases of the plan with reference, for example, to required disclosures to end users, making the metering data available to the Integrated Information System (IIS) and to transport users, and to the transition to hourly delivery for the purposes of settlement of services provided using the new meters.

As regards service quality, ARERA, with Resolution 646/2015/R/eel as amended, established output-based regulation for electricity distribution and metering services, including the principles for regulation for 2016-2023 (TIQE 2016-2023) and authorized the start of trials to test some of the advanced management functions for the distribution grid.
With regard to increasing the resilience of the electricity transmission and distribution networks, with Resolution 31/2018/R/eel, ARERA updated the TIQE, ordering the distribution companies to prepare their resilience plans with a horizon of at least three years and to integrate these plans into a specific section of their development plans. All the measures identified by the distribution companies must be aimed at containing the risk of disruption associated with the main critical factors that may impact their networks. This provision supplements the measures already introduced with Resolution 127/2017/R/eel, which extended to 72 hours the time limit beyond which automatic compensation to users of power grids for prolonged interruptions shall be borne entirely by the grid operators.
Finally, with Resolution 668/2018/R/eel, ARERA established an incentive mechanism for measures to increase resilience, which will apply starting from the next 2019-2021 Resilience Plan to 2024, for "high-risk" measures ("eligible" measures). The "eligible" measures whose benefits exceed the costs can receive rewards or be subject to penalties, while "eligible" measures that have benefits that are less than the costs will only be subject to penalties. There is, however, the possibility to fully eliminate the effects of the penalties if in the span of the three-year plan period measures are carried out that involve at least 90% of the customers that can take advantage of "eligible" measures. ARERA also – following future consultations – will introduce regulatory mechanisms that offer incentives for quickly restoring the normal operation of the distribution network following exceptional weather events.

With Resolution 377/2015/R/eel, ARERA completed the regulatory framework governing losses on the distribution grid, providing for new conventional loss percentages for deliveries to and withdrawals from the grid to be applied starting in 2016. With Resolution 677/2018/R/eel, ARERA confirmed the percentages for 2019 and at the same time initiated the process to complete the regulatory framework governing losses, particularly regarding the equalization mechanism for distributors.

With Resolution 268/2015/R/eel, ARERA established the Model Grid Code for transport services, which governs the relationship between sellers and distributors concerning the guarantees given by sellers to distributors, the payment terms for the transport service and the terms of payment of the system costs and other components by distributors to the Energy and Environmental Services Fund and the Energy Services Operator (GSE). The resolution also provided for the elimination starting from 2016 of the uncollectible portions of turnover withheld by distributors as a result of the strengthening of the system of guarantees.
As regards the calculation of the transport service guarantees, a number of different administrative court decisions handed down between May 2016 and November 2017 voided ARERA's provisions requiring the inclusion of guarantees to cover system charges if not paid by end users in transport contracts between distributors and sellers.

e-distribuzione decided to challenge the last ruling by the Council of State (Section VI, ruling 5620/2017) before the Court of Cassation, where the proceeding is pending.
In accordance with these decisions, Resolution 109/2017/R/eel established a temporary regime involving a 4.9% reduction in the amount of guarantees for system charges to take account in advance of the average arrears of end customers (conservatively set at equal to the unpaid ratio recognized by the Central-South Regions, where the levels of arrears are higher than average). This resolution was appealed by a number of operators and the related proceeding is currently pending before the Milan Regional Administrative Court.
ARERA also issued Resolution 50/2018/R/eel, which introduces a reimbursement mechanism for non-recoverable receivables of distribution companies in respect of the general system charges paid to the Energy and Environmental Services Fund and the Energy Services Operator (GSE) but not collected by defaulting sellers whose transport contract has been terminated. The provision permits the recognition of receivables accrued as from January 2016. This resolution was also challenged by a number of operators and a consumer association, and the related proceeding is pending before the Milan Regional Administrative Court. At present, the Court has issued a decision only with regard to the latter challenge, which was denied.
Given the rise in breaches by sellers with regard to their failure to provide adequate guarantees, with Resolution 655/2018/R/eel ARERA intervened urgently to amend the Model Grid Code to allow the termination of contracts for transport services for failure to provide guarantees as to level of revenue.

As regards the procedures and financial terms for the connection of generation plants to distribution grids, ARERA, with Resolution 581/2017/R/eel, updated the Integrated Grid Connection Code (TICA) in order to implement the simplification measures provided for in the Ministerial Decree of March 16, 2017 for the connection and operation of micro-generation plants powered by renewables. In addition, following the close of the preliminary inquiry provided for by Resolution 412/2015/E/eel, ARERA with Resolution 564/2018/R/eel further updated the TICA, introducing new rules governing payments for testing conducted by distributors of network plants constructed by generators, recognizing the activities carried out during the testing by the companies and also providing that the estimated payment for testing be adjusted according to the actual activities performed.
As for the regulatory framework for private grids (specifically, closed distribution systems and basic generation and consumption systems), Resolution 276/2017/R/eel updated the relative codes, adopting the provisions of Article 6(9) of Decree Law 244/2016 concerning general system charges. The subsequent Resolution 894/2017/R/eel updated the definition of consumption unit and postponed until June 30, 2018 the deadline for "hidden end users" to declare themselves.
In addition, ARERA is continuing its work to rationalize the regulatory framework in the context of the recognition of cases of private networks. With Resolution 530/2018/R/eel and the subsequent Resolutions 613/2018/R/eel and 680/2018/R/eel, ARERA established the new internal user network (IUN) and other closed distribution systems (OCDS) registers for monitoring "hidden end users", whose publication is expected by July 1, 2019.
With Resolution 628/2018/R/eel, ARERA opened a consultation concerning the regulation of the exchange of data between Terna, distributors and significant grid users - SGU (i.e. generators, closed distribution systems and high-voltage or closed distribution system customers, or customers connected to distribution grids that provide flexibility services). The first phase of the consultation will be completed by March 14, 2019.

Energy efficiency - White certificates

The Energy Efficiency Certificates (EEC or white certificates) mechanism is regulated by the MED along with the Ministry for the Environment. ARERA is required to establish the criteria and the method for covering distributors' costs for electricity and gas as entities obliged to satisfy the obligation to purchase EECs. Such coverage is guaranteed through the payment of a rate subsidy, the amount of which in €/EEC is set annually by ARERA.
The Interministerial Decree of January 11, 2017 set the new energy efficiency targets for 2017-2020 and the new guidelines for the functioning of the mechanism. The Ministerial Decree of May 10, 2018 amended and updated the Interministerial Decree, introducing, among other things, a cap of €250/EEC on the rate subsidy for obliged entities.

ARERA Decision 4 of June 22, 2018 set the amount of the definitive rate subsidy for 2017 at €311.45/EEC.
With Resolution 487/2018/R/efr, ARERA updated the rules establishing the rate subsidy under the Decree of May 10, 2018.
Enel filed an appeal with the Regional Administrative Court challenging the measures and the corrective decree of May 10, 2018, disputing the provisions that could jeopardize the recovery of the costs incurred in satisfying the efficiency obligations.

Reform of electricity rates

With Resolution 782/2016/R/eel, ARERA fully eliminated, with effect from January 1, 2017, the progressivity of the distribution rate for domestic customers.

The resolution provides for the first steps to be taken in 2017 to reduce the effect of progressivity on general system charges. The system charges reform that was expected to be completed by January 1, 2018, with complete elimination of the progressive structure, was extended by ARERA with Resolutions 867/2017/R/eel and 626/2018/R/eel to December 31, 2019.

With Resolution 922/2017/R/eel, ARERA implemented, starting from January 1, 2018, the reform of the structure of the general system costs for non-residential customers provided by Law 21 of February 25, 2016.

As part of the reform of the general system costs for non-residential customers, ARERA, with Resolution 921/2017/R/eel, established the implementing provisions for the grant of concessions for energy-intensive companies, as provided by the MED Decree of December 21, 2017, with effect as of January 1, 2018.

Sales

Electricity

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced-protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard services" market (for larger customers not eligible for enhanced-protection services).

Enhanced-protection service is provided by sellers connected with distributors. Prices are set by ARERA and are updated periodically based on criteria designed to ensure that the operators' costs are covered.

ARERA updates the component for covering the operators' costs in the enhanced-protection market (RCV) annually so as to ensure that their operating costs, delinquency charges and amortization and depreciation are covered and that they receive a fair return on capital. Resolutions 927/2017/R/eel and 706/2018/R/eel established rates for 2018 and 2019.

With Resolution 706/2018/R/eel, ARERA also updated as of January 1, 2019 the levels of RCV payments, which represent the reference price of the free market sellers. The RCV levels for 2018 were set by Resolution 633/2016/R/eel.

Free-market operators are awarded contracts to provide safeguard services on a geographical basis through two-year auctions. For the 2017-2018 period, following the procedure governed by Resolution 538/2016/R/eel, Enel Energia was awarded the areas corresponding to the regions of Liguria, Piedmont, Valle d'Aosta, Trentino-Alto Adige, Lombardy, Lazio, Puglia, Molise and Basilicata. For the 2019-2020 period, following the procedure governed by Resolution 485/2018/R/eel, Enel Energia was awarded the areas corresponding to the regions of Calabria and Sicily. The financial terms applied to end users were defined on the basis of the provision of the applicable primary and secondary legislation.

The annual competition law (Law 124/2017) was approved on August 4, 2017 and was modified by the Decree Law of July 25, 2018; it provided that the electricity and gas sectors of the price protection market would be eliminated as of July 1, 2020. The law gives MED, in consultation with ARERA and the AGCM, the task of establishing the procedures for phasing out the market, ensuring that consumers are kept informed and that there is a range of suppliers.

The law also provides for the creation within the MED of a list of electricity sellers that are authorized to sell electricity on the retail market, having met certain technical, financial and reputational requirements proposed by ARERA.

ARERA, in accordance with the law above, issued Resolution 555/2017/R/com, requiring all sellers to include in their portfolios offers at free market prices with conditions equivalent to those of the protected market (PLACET offers), targeted at households and small businesses starting in early 2018. This was done to make it easier for end users to understand and compare offers and participate in the free market. In addition, to improve understanding of the free market, on July 1, 2018 the offers portal (established by Resolution 51/2018/R/com, as provided by Law 124/2017) became operational. Sellers are required to make available through the portal all offers targeted at households and small businesses, to ensure that they can be compared transparently with other sellers' offers.

In 2016, ARERA lent significant impetus to the development and implementation of the Integrated Information System (IIS). This system was established under Law 129/2010 and is designed to manage the flow of information between gas and electricity market operators, based upon a central database of withdrawal points.
Through a number of measures ARERA governs various services, gradually centralizing the management of the commercial processes for contract transfer and switching, of the indemnification system and of metering data for both sectors (electricity and gas) and, for the electricity sector only, the aggregation of metering at hourly withdrawal points for the purposes of monthly settlement.
Thanks to the development work carried out, the IIS is increasingly operating as a central hub for the exchange of information among all system operators and for this reason Ministerial Decree 94 of May 13, 2016 designated the IIS as the mechanism for managing the process of billing TV license fees through electricity bills. To cover the costs of managing this process, ARERA Resolution 291/2017/R/eel established the distribution criteria to be used by the Italian Revenue Agency in calculating and paying sellers in the 2017-2018 period the lump-sum grant under the decree for the years 2016 and 2017 only.
In application of Law 205/2017 (the "Maxi Adjustments Act", which introduced a two-year period of limitations for electricity, gas and water supply contracts), ARERA issued Resolution 264/2018/R/com establishing for the electricity sector that, in cases of adjustments deriving from multi-year corrections by distributors for which the end user had protested the amount invoiced, the seller may ask the distributor to recalculate the amounts relating to transport, with the consequent restitution of amounts previously paid by offsetting them against other amounts owed.

With regard to the proceedings initiated on May 11, 2017 by the AGCM against Enel SpA, Enel Energia SpA and Servizio Elettrico Nazionale SpA for alleged abuse of dominant position on the retail electricity market for residential and non-residential end users connected to the low voltage grid, please refer to the chapter "Contingent assets and liabilities" in the notes to the financial statements.

Gas

Legislative Decree 164/2000 established that, as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.
However, sales companies must also offer a safeguard service to their customers (only for residential customers pursuant to Decree Law 69 of June 21, 2013), together with their own commercial offers, at the regulated prices established by ARERA.
If there is no company supplying this service, the continuity of supply for small customers not in arrears on bill payments (residential and other uses with an annual consumption of less than 50,000 standard cubic meters) and for users involved in providing public services shall be ensured by the supplier of last resort. If the customer is in arrears with bill payments or it is not possible for the supplier of last resort to provide service, supply continuity is ensured by the default distribution supplier selected, like the supplier of last resort, through voluntary tenders for geographically-based contracts.

With Resolution 465/2016/R/gas, ARERA updated the rules governing public tenders for the award of last-resort services for October 1, 2016 - September 30, 2018. Following the competitive procedures, Enel Energia was designated as supplier of last resort for 7 of the 8 areas involved in the auction (Valle d'Aosta, Piedmont and Liguria; Lombardy; Trentino-Alto Adige and Veneto; Tuscany, Umbria and Marche; Abruzzo, Molise, Basilicata and Puglia; Lazio and Campania; Sicily and Calabria) and as default supplier in 3 areas out of 8 (Abruzzo, Molise, Basilicata and Puglia; Lazio and Campania; Sicily and Calabria).
With Resolution 407/2018/R/gas, ARERA updated the rules governing public tenders for the award of last-resort services for October 1, 2018 - September 30, 2019. Following the competitive procedures, Enel Energia was designated as supplier of last resort for 4 of the 9 areas involved in the auction (Abruzzo, Molise, Basilicata and Puglia, Lazio, Campania, Sicily and Calabria) and as default distribution supplier in 2 out of 9 areas (Lombardy, Trentino-Alto Adige and Veneto).

Starting from October 1, 2013, the reform of the financial terms and conditions applied to safeguard customers entered into force. In this situation, ARERA modified the procedures for determining the raw material component, indexing it fully to spot market prices, introduced components to ensure a gradual transition (including one specifically for the renegotiation of long-term contracts) and increased the component covering retail sales costs to enhance cost-reflectivity.
With regard to the raw material (gas) cost component,

on January 24, 2014, the Regional Administrative Court of Lombardy, in the course of an action brought by Enel Energia and Enel Trade, voided the resolutions by which ARERA changed the formula for determining (and thereby reducing) the QVD component for the 2010-2011 and 2011-2012 gas years. In 2014, ARERA filed an appeal with the Council of State. In 2016, the Council of State denied the appeal, granting the appeal of Enel Energia and Enel Trade, finding the measures were in conflict with the statutorily established principle of the necessary "correspondence between recognized costs and actual costs". Resolution 737/2017/R/gas, in accordance with the Council of State's decision, recalculated the value of the raw material for the October 2010 - September 2012 period. With Resolution 32/2019/R/gas, ARERA established the rules governing the manner of handling the amounts owed to operators.

With regard to the definition of the component covering natural gas supply rates, ARERA also confirmed, until September 30, 2019, the current procedures, with full indexing to the spot prices reported on the Dutch Title Transfer Facility (TTF), pending the development of greater liquidity in the Italian wholesale markets.

New regulations for gas settlement were introduced in 2017, providing for the recovery of a share of the costs associated with grid loss for the previous period (2013-2017) and all of the costs for the transition period (2018-2019).

With Resolution 548/2018/R/gas, ARERA approved the provisions for the almost complete disbursement, by 2018, of the amounts relating to the results of the first adjustment session (for 2013-2016) due to operators with a credit.

A number of operators challenged ARERA's resolutions and consultations on the adjustment sessions for previous periods and the transition period (2013-2019) before the Lombardy Regional Administrative Court, asking that they be suspended and ultimately annulled. Enel Global Trading has intervened in support of ARERA's regulation. The Court denied the requests for suspension and has yet to set a date for a hearing on the applications for annulment.

As from January 1, 2020, under the provisions of Resolution 72/2018/R/gas, the new regulations for gas settlement will enter into force, providing for the socialization of network losses that are directly sourced by Snam Rete Gas and allocated in the rate.

With regard to metering, Resolution 669/2018/R/gas raised to 85% the requirement for distributors with more than 50,000 end users to place G4-G6 class smart meters in service; the deadlines for compliance vary based on the number of end users.

In order to enable the application of Law 205/2017 (the "Maxi Adjustments Act"), which introduced a two-year period of limitations on supply contracts, ARERA Resolution 683/2018/R/com extended to the gas sector, starting from January 1, 2019, the regulations already in force in the electricity sector under Resolution 264/2018/R/com.

Renewable energy

The regulatory framework for supporting renewable energy technologies in Italy envisages a range of remuneration systems. Incentives for technologies other than photovoltaic are awarded through competitive procedures established with Legislative Decree 28/2011, transposing Directive 2009/28/EC, and the associated implementing ministerial decrees of July 6, 2012 and June 23, 2016. The decrees envisage the use of Dutch auctions and feed-in tariffs, based on the installed capacity and technology. Specifically:

- dutch auctions for plants with capacity of over 5 MW;
- registries for plants with capacity of less than 5 MW;
- direct access for wind plants with capacity of less than 60 kW, biomass plants of less than 200 kW and hydroelectric plants of less than 250 kW.

The above incentive mechanisms will terminate when the indicative cumulative annual cost of the incentives reaches €5.8 billion. At November 30, 2018, the indicative cumulative annual cost was about €4.7 billion.

With regard to solar generation, the incentive system provided for the application of a number of Energy Accounts, of which Accounts I, II, III and IV (from September 19, 2005 to August 26, 2012) were based on a feed-in premium (a rate premium over the hourly zonal price), while Energy Account V (from August 27, 2012) was based on a feed-in tariff (comprehensive price) and was terminated once a cost of €6.7 billion was reached on July 6, 2013.

In March 2018, the new draft decree on all renewables from mature technology was issued; MED still has to notify it to the European Commission for approval in accordance with the state aid guidelines. Under the decree, the development of renewable resources will be supported through Dutch auctions and registries (for plants of less than 1 MW), assigned through two-way contracts for differences.

ARERA Resolution 558/2018 - Remuneration of renewable energy plants for non-interconnected minor island

The February 14, 2017 decree of the MED gave instructions for gradually covering the electricity needs of the non-interconnected minor islands with renewable energy. The decree envisages remuneration for energy generated from renewable resources related to the cost of the fuel avoided and the launch of pilot projects to integrate renewable resources in the electricity systems of those islands.

Iberia

Spain

Electricity rates

On December 22, 2018, Order TEC/1366/2018 was published, establishing the electricity access rates for 2019, leaving them unchanged from the existing rates as it did the year before. This order suspended the incentives available under Order ITC/3127/2011 until the capacity mechanisms for adapting to European law and therefore to the energy transition process are reviewed.

Natural gas rates

Order ETU/1283/2017 of December 22, 2018 confirmed the natural gas access rates for 2018, unchanged from the previous year. It also raised the final rates of last resort (TURs) by 5% owing to the increase in the price of raw materials.
On June 30, 2018, the TURs for the 3rd Quarter of 2018 were published, increasing by 3.4%. For the 4th Quarter of 2018, the TURs were raised by a further 7.4% compared with the previous period, as a result of the increase in raw material costs.
On December 22, 2018, Order TEC/1367/2018 was published, establishing the natural gas access rates for 2019, leaving them unchanged from the existing rates. Instead, on December 26 the final TURs as of January 1, 2019 were published, lower on average by about 4% compared with the previous period because of the decline in the cost of raw materials.

Energy Efficiency

Law 18/2014 of October 15, 2014 containing urgent measures for growth, competition and efficiency created a National Energy Efficiency Fund to help achieve energy efficiency objectives.
Order ETU/257/2018 of March 16, 2018 set Endesa's contribution to the National Energy Efficiency Fund at €29 million, corresponding to the energy savings obligations for 2018.
In December the Ministry for Ecological Transition initiated the process of drafting the law that sets Endesa's contribution to the National Energy Efficiency Fund for 2019, setting it at €28 million.

Social Discount (*"bono social"*)

On April 9, 2018 Order ETU/381/2018 was published. It modifies the forms used to apply for the "*bono social*", which were established with Order ETU/943/2017 of October 6, 2017. Order ETU/381/2018 extends until October 8, 2018 the temporary deadline for accrediting electricity users qualified as vulnerable under Royal Decree 897/2017 who are already beneficiaries of the "*bono social*".
Order TEC/1226/2018 was published on November 21, 2018 in the Official State Gazette (BOE), laying out the percentage contributions for funding the 2018 "*bono social*"; Endesa's share is 37.15%.

Public consultation of the National Commission on Markets and Competition (CNMC) on the rate of return for regulated activities

On July 27, 2018 the Spanish National Commission on Markets and Competition (CNMC) opened a public consultation on the method for calculating the rate of return for the 2020-2025 period for distribution and transmission activities and for the extra-peninsular electricity system and renewables system. Subsequently, CNMC issued a report on October 30, 2018 in which it proposed a return of 5.58% for distribution, transmission and extra-peninsular systems, and 7.09% for renewables.
Based on this report, on December 28 the Ministry for Ecological Transition presented a draft law containing these rates of return for the 2020-2025 period. However, for renewable installations benefitting from incentives prior to Royal Decree Law 9/2013, the return cannot be revised during the 2020-2031 period, but rather the current rate of 7.389% will apply, while they can deduct indemnities awarded in arbitra-

tion already concluded. The installations, however, can opt out of this regime and adopt the general scheme.
Following the presentation of the draft law, the government approved Royal Decree Law 1/2019, laying out in detail the determination of the rate of return.

Law 6/2018 of July 3, 2018 on the State budget

Law 6/2018 concerning the 2018 State budget was published on July 4, 2018. Among other things, for 2018 the budget law contemplates allocating the surplus revenue of the electricity system to paying indemnities for resolving disputes in the sector. At the same time this surplus can be allocated for an unspecified period of time to pay down the debt of the electricity sector or, alternatively, it can be used towards paying the system's regular liquidation items.
In addition, this law contains a provision whereby there is no longer need for a decision on the compatibility of investments in extra-peninsular installations with EU or national legislation, provided that the installations are necessary to ensure an efficient supply.

Order TEC/1158/2018 of October 29, 2018, assigning the additional remuneration scheme to certain installations in the extra-peninsular systems

In accordance with Law 6/2018 and given the need for capacity in each extra-peninsular system identified by the System Operator (REE) in its reports, Order TEC/1158/2018 of October 29, 2018 was published, assigning an additional remuneration scheme to certain installations in Gran Canaria, Tenerife and Menorca, based on the investment that must be made in compliance with applicable environmental regulations.

Royal Decree 1048/2018 of August 24, 2018, on the electricity system deficit for 2013

On September 1, 2018, Royal Decree 1048/2018 was published, changing the method for calculating the interest to be paid on the financing for the 2013 rate deficit, such that this interest is calculated starting from when the corresponding payments are made, and not just starting from January 1 of the following year. The total amount to the paid to the agents that financed the 2013 rate deficit has been raised to €15 million, of which €7 million to Endesa. The Royal Decree establishes that this method be used for any deficit that arises in the future.

Royal Decree Law 15/2018 of October 5, 2018, containing urgent measures on energy transition and consumer protection

On October 5, 2018, the Council of Ministers approved Royal Decree Law 15/2018, establishing a set of measures to accelerate decarbonization, giving momentum to renewables, e-mobility and energy efficiency and ensuring greater protection for consumers.
The first block contains measures for protecting vulnerable consumers, in particular it expands the pool of those eligible for the "*bono social*", including single-parent households or those with a large number of dependents who are below certain income thresholds. In addition, it broadens the number of cases in which service cannot be suspended for delinquent payments, with means of funding analogous to those for the "*bono social*". Furthermore, it introduces a "thermal" "*bono social*" for heating costs, which will be funded through the State budget.
This Royal Decree Law calls for a national strategy to battle energy poverty to be approved within six months. On December 19 the Ministry opened a public consultation on this issue.
The second block of measures aims to give consumers more options, for example by increasing the flexibility on choosing contracted capacity.
A third block of measures seeks to boost self-consumption, simplifying access to it and making collective self-consumption possible, and eliminating the application of the rates on self-consumption generated by renewables, cogeneration or waste. Measures were also introduced to simplify the bureaucracy, especially for small installations.
The fourth block of measures aims to increase the penetration of renewables and e-mobility. They extend until March 31, 2020 the licenses for entry into service of renewable capacity awarded before Law 24/2013, which would have otherwise expired on December 31, 2018. With regard to e-mobility, it eliminates the *gestor de carga*, or e-mobility manager, to make it easier to develop e-mobility services.
Finally, the Royal Decree Law contains fiscal measures, which, for example, suspend the tax on the value of production for electricity for the 4th Quarter of 2018 and 1st Quarter of 2019, and it eliminates the special tax on hydro-

carbons for electricity generation. To ensure in all cases that the system is sustainable, the higher revenue from the CO_2 emission rights auctions will be used, as will the accumulated surpluses of the electricity system.
Royal Decree Law 15/2018 was ratified on October 18, 2018 by the Congress of the Deputies.

Order TEC/1380/2018 of December 20, 2018, establishing the basis for granting aid to renewable installations

On December 25, 2018, Order TEC/1380/2018 was published, establishing the basis for granting aid for investment in extra-peninsular wind and photovoltaic plants, co-funded by the European Regional Development Fund (ERDF).
On December 27, 2018, the Spanish Institute for Energy Diversification and Saving (IDAE) approved a resolution to hold auctions to grant aid for investment in wind plants in the Canary Islands with a budget of €80 million for a maximum capacity of 217 MW.

Royal Decree Law 20/2018 of December 7, 2018, containing urgent measures for financial competitiveness in industrial and commercial sectors in Spain

This Royal Decree Law, published on December 8, 2018 in the Official State Gazette (BOE), seeks to stimulate competition in the industrial sector through actions that include reducing the cost of energy. Specifically, the Royal Decree Law introduces closed distribution systems, which already exist under EU law, and announces that a statute will be drawn up for energy-intensive industrial customers that takes into account their special needs. This law also calls for extending by two years the life of certain high-efficiency cogeneration plants.

Urgent measures to bring the powers of the Spanish National Commission on Markets and Competition (CNMC) in line with EU law

Royal Decree Law 1/2019 was published on January 12, 2019, with the purpose of bringing the powers of the national regulator (CNMC) into line with the prerogatives laid down in EU law, specifically the Third Energy Package of 2009.
Under the Royal Decree Law, the CNMC is responsible for approving the structure, method and concrete values of the rates for accessing the electricity and natural gas transmission and distribution grids and LNG facilities, and the rates of return for grid operators and electricity and gas system operators, up to the maximum limits set by the government.
As for distribution and transmission, the maximum limits set by the government refer to the average rates of returns on 10-year government bonds over the last 24 months, plus a spread. Instead, regarding extra-peninsular generation, the regulated rate of return will be set directly by the government, still based on the return on 10-year government bonds.
The Ministry for Ecological Transition will also approve a series of energy policy guidelines that the CNMC must follow, regarding matters such as energy supply security, the economic and financial sustainability of the system, the battle against climate change, the management of demand and rational energy use. The Ministry will have one month to approve CNMC's circulars and can seek the assistance of a cooperation committee to resolve any differences.
The CNMC's new functions will take effect starting January 1, 2020.

Renewables

In the 2017 renewable energy auctions, Enel Green Power España was awarded 540 MW of wind energy and 338 MW of photovoltaic power. The auction rules established dates before which the possible projects had to be specified, indicating 50% more than the capacity allocated, through which the capacity would be developed. These dates were February 4 and April 13, 2018, respectively. Enel Green Power identified the projects by these deadlines.
After conducting a public consultation in 2017 on new regulations for access and connection to networks, at the end of the 1st Half of 2018, the government started the procedures for the approval of the regulation.
Since the beginning of June, after the no-confidence vote of the People's Party, Spain has a new government. During June, the new government focused mainly on organization without taking any action relevant to the renewables business in Spain.

At the start of October, the Spanish government published a Royal Decree Law setting out a variety of measures for the electricity sector, including: protection for the most vulnerable consumers; measures for the financial stability of the electricity system; measures to facilitate self-consumption of electricity; measures for installing charging stations and for renewable.

Specifically, regarding renewables, the Royal Decree Law contains measures to extend the period of validity of access licenses and grid connections of some projects from past auctions. It also includes measures to stop speculation with grid connection points for new-generation renewables. It also includes measures to facilitate demand for new connection points for renewables at substations that have no difficulties with expansion. Finally, it also exempts generators from paying the rate on the value of production under Law 15/2012 (7%). The extension applies to the three final months of 2018 and the first three months of 2019.

In the 2nd Half of 2018, the government began the process of reviewing the reasonable rate of return for renewables for 2020-2025. CNMC presented its proposal and, based on it, the government began to draw up a preliminary draft law, which should become law in 2019.

Furthermore, in the 2nd Half of 2018, the government worked on drafting the Integrated National Energy and Climate Plan. However, on December 31, 2018 the draft had not yet been submitted to the European Commission. The government has, in various public acts, stated parts of its target for the penetration of renewables in Spain by 2030 with respect to the total percentages for Europe.

In addition, the government is working on a number of proposals on energy transition, but nothing had been formalized as of the end of 2018.

Europe and Euro-Mediterranean Affairs

Russia

Electricity and capacity market

On May 18, 2018, the presidential decree concerning the achievement of the national economic development targets by 2024 was published. The decree calls for the government to approve by October 1, 2018 an infrastructure development plan that ensures the supply of electricity throughout the country. The main points of the decree concern:

- the development of centralized electricity systems, including the modernization of thermal, hydroelectric and nuclear power generation on the basis of the demand created through socio-economic development;
- the development of distributed generation including renewable sources, mainly in distant and isolated regions;
- the digitalization and the introduction of smart systems for grid management.

The draft decree concerning incentive schemes for modernizing and modifying the capacity market rules was completed on December 14, 2018, agreed between the ministries and approved by the Deputy Prime Minister for Energy. The signature of the Prime Minister and the official publication are expected to occur at the end of January 2019.

The implementing decrees for holding the capacity market auctions were adopted by the Market Committee and will enter into force as of the date of issue of the decree.

The first auction, for projects intended to enter into service in 2022-2024, is scheduled to be held by March 1, 2019, before the long-term capacity auction (KOM 2022-24).

The main conditions of the auction are:

- definition of maximum volumes (2.4 GW for 2022, 3.2 GW from 2023 onward) and approval of the CAPEX ceilings based on the types of modernization projects by the government (based on installed capacity and type of fuel);
- selection of projects on the basis of the minimum levelized cost of energy (LCOE); the pre-qualification and localization requirements apply 100%;
- conditions for capacity-supply contracts (DPMs): payment guaranteed for 16 years with prices such to ensure the repayment of CAPEX and OPEX costs with a fixed return (base WACC = 14%) linked to long-term government securities (base return of 8.5%). For the first 12 months that a plant enters into service, only repayment of OPEX is envisaged. The return will be revised after the first auction based on analysis of the impact of the final rates.

In addition to incentives for modernizing plants, changes were made to the normal procedures for capacity market auctions:

- selection of 6-year projects. A tender for capacity for the 2022, 2023 and 2024 will be held by May 1, 2019 and a tender for capacity for year 2025 by November 15, 2019;
- indexing of the parameters of the demand curve set in 2017 based on the CPI (2017, 2018) + 15% for 2022 and 2023; CPI (2017, 2018) + 20% for 2024 and 2025; starting 2020 only annual indexing based on the CPI.

Smart metering

On December 27, 2018, Federal Law 522-FZ was published regarding smart meters. The law requires that smart meters be installed starting June 1, 2020 in public building by "guaranteed" suppliers and for other consumers by distribution system operators (DSOs). According to the law, the costs of replacing obsolete meters will be included in the rates charged by the guaranteed suppliers and by the DSOs.

Romania

Supplier of last resort

Beginning on July 1, 2018, Enel Energia and Enel Energie Muntenia have been appointed obligated suppliers for Enel distribution areas. Enel Energie Muntenia was appointed by regulator ANRE as an alternative supplier for the other five distribution areas. New maximum prices have been approved for universal service, with an average increase of 3% at the national level compared with the prices valid for the 1st Half of the year.

Smart metering

In June 2018, amendments to the Energy Act were introduced. By January 1, 2024, smart meters will be installed for prosumers and customers with consumption levels above a threshold to be set by ANRE. In October 2018 ANRE published the method for the full roll-out through 2028, enabling distributors to draw up detailed investment plans.

The criteria for the approval of the roll-out plans are based on the results of the smart metering pilot projects conducted in 2014-2016 and on the investments made in 2017-2018, as well as the ratio between the economic value of the smart metering projects and the total annual investment plan of the distributors. ANRE will publish the calendar for the roll-out for each distributor and will modify it annually. By April 30 of each year, it will also publish a report on the status of the smart metering implementation as at December 31 of the preceding year.

Distribution rates - 4th regulatory period

In September 2018, ANRE published the method for calculating the distribution rates for the 4th regulatory period (2019-2023). During the first year of the period, the distribution rates were raised by 1% on average nationally, in nominal terms.

The main differences compared with the rules for the preceding period are:

- the rate of return of the regulatory asset base (RAB) was lowered from 7.7% to 5.66% (6.66% for new investments);
- assets no longer in use or shared with other business activities beyond that of distribution have been reduced by the starting RAB;
- personnel and security costs are taken out of the incentive mechanism for operating costs, and therefore are treated as a clearing entry;
- it sets a ceiling of 5% on the efficiencies achievable by distributors, net of the personnel costs above;
- all costs are adjusted annually and not at the end of the regulatory period.

Renewables

In June, Parliament approved GEO 24/2017, which amends the regulations governing renewable resources. The main changes include:

- the value of green certificates financed by end users increases from €11.1/MWh to €12.5/MWh from 2022 and can subsequently be further amended by the regulatory authority;
- green certificates contracted on the spot market for the same price will be transferred by sellers on a prorated basis in accordance with demand;
- without prejudice to bilateral green certificate transfer contracts concluded before April 2017, at least 50% of green certificates must be purchased by the obligated parties on the anonymous spot market;
- generators with plants of up to 3 MW can only conclude bilateral contracts for the sale of power and/or green certificates with final sellers;
- generators will be able to aggregate their output in order to participate in the electricity market;
- renewable energy stored in battery systems will be eligible for green certificates.

Under the same legislation, renewables generators with an installed capacity of up to 27 kW are entitled to offset electricity generated with that purchased from their supplier. The sale price shall be equal to the weighted average of the spot prices for the previous year, i.e. to RON 22.7 bani/kWh for 2018. Generators are exempt from taxation of the power generated.

Government Emergency Order 114 of December 28, 2018 introduced:

- an increase in the annual tax on energy companies, raising it from 0.1% to 2% of the previous year's revenue;
- the mandatory sale of a portion of the electricity generated on the regulated market for households.

In addition, a change in the national tax regulations requires that wind towers be considered buildings and as such are subject to a tax of up to 1.3% of their value starting in 2019.

United Kingdom

Capacity market

On November 15, 2018, the General Court of the European Union annulled the European Commission's decision of July 23, 2014 that authorized the aid scheme for the electricity capacity market in the United Kingdom. According to the Court, the Commission should have had doubts as to the compatibility of the UK's measure with EU rules and, therefore, it should have initiated the formal investigation procedure in order to allow interested parties to submit their observations.
As a result of the annulment, the European Commission plans to initiate the investigation required by the Court and must carry out a new assessment of the English measure in light of any observations that may be proposed by interested operators.

Greece

From January 1, 2017 new renewables capacity must participate in public auctions to access the support mechanism based on a "feed-in premium" system. The first two auctions held in 2018 (July and December) are part of the plan to develop additional wind and photovoltaic capacity for a total of 2.6 GW between 2018 and 2020. The total capacity awarded in 2018 was 331 MW of wind capacity and 169 MW of photovoltaic capacity.
In October 2018 the Ministry of Environment, Energy and Climate Change opened a public consultation on the national energy and climate plan (NECP) in which, among other things, the Greek government indicates its commitment having at least 30% of national energy consumed from renewable resources and at least 55% of electricity produced from renewables.
Law 4513/2018 promotes the creation of so-called "energy communities" for the production, distribution and supply of energy locally. It contains specials provisions for, among other things, the development of self-consumption, energy storage and charging stations for electric vehicles.

Bulgaria

Last May 2018 an amendment to the renewables regulations was approved. Starting from January 1, 2019, the change provides for the replacement of the current feed-in tariff for plants larger than 4 MW with a feed-in premium financed through the sale of electricity on the Independent Bulgarian Exchange (IBEX) spot market, supplemented by the Security of the Energy System Fund.

Turkey

The regulator postponed the start of the pre-qualification phase for the wind auctions for volumes of 2 GW (Turkish Electricity Transmission Company - TEIAS bids) to April 2020.
The government cancelled the YEKA (Renewable Resource Area) auction for 1,200 MW of offshore wind power scheduled for October 23, 2018.
The government cancelled the YEKA-2 auction for 1 GW of photovoltaic power scheduled for January 31, 2019.
On November 7, 2018 the government announced the next YEKA auction for 1 GW of wind power, scheduled for March 7, 2019.
The government introduced a regulation that allows households to install systems for generating electricity from renewables with installed capacity of up to 10 kW without the need for a generation license. In addition, they can sell excess electricity produced to the supplier of last resort.

Germany

On June 8, 2018 the Parliament approved an amendment to the renewables regulations (EEG 2014), which requires until June 1, 2020 local communities as well to participate in renewables auctions with authorized facilities only (BImSchG).
The Germany energy law (*Energie-Sammelgesetz*) was published on December 17, 2018, modifying various regulations in the energy sector. Among the changes were the introduction of additional renewable auctions for the 2019-2021 period for volumes totaling 8 GW (4 GW for wind and 4 GW for photovoltaic).

South America

The Group operates in South America in Argentina, Brazil, Chile, Colombia and Peru. Each country has its own regulatory framework, the main features of which are described below for the various business activities. Under the regulations established by the competent authorities (regulatory authorities and ministries) in the various countries, operators are free to make their own decisions concerning investment in generation. Only in Argentina, following the change in energy policy in recent years, is there a regulatory framework that envisages greater public control of investments and a model for remunerating activities that is evolving towards a remuneration model based on average cost. In Brazil plans for new generation capacity are imposed by ministerial order, and this capacity is developed through auctions open to every representative.

All of the countries have a centralized dispatching system with a system marginal price. Usually, the merit order is created based on variable production costs that are measured periodically, with the exception of Colombia, where the merit order is based on the bids of market operators.

Currently in Argentina and Peru, regulatory measures are in place governing the formulation of the spot market price. In Argentina, regulators are working to ensure greater sustainability in the electricity market, increase the efficiency of that market and implement a sweeping rate revision to enable operators to meet their cash needs and resume maintenance of power stations and networks.

Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generation companies, with the expectation that this encourages new investments. Long-term sales contracts are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to four years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets.

Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Argentina

Rate revision and other regulatory developments in 2018

Under the new rate system, provided for under Resolution 64/2017, the wholesale electricity market (*Mercado Eléctrico Mayorista*) limited increases in the *Valor Agregado de Distribución* (VAD), the distribution rate, with specific instructions to ENRE. The new value for this rate component took effect on February 1, 2017 but invoicing of the amount is initially limited to a maximum of 42% of the total. Invoicing of the full amount was only possible as from February 1, 2018.

The rules also establish that ENRE shall pay Edesur and Edenor the portion already accrued and not invoiced between February 1, 2017 and February 1, 2018 in 48 installments as from February 1, 2018, which will be incorporated in the value of the VAD to be invoiced subsequently.

The new rules also provide for updating the rates of distribution companies on the basis of inflation and criteria for service quality and regulation of supply.

New regulations on natural gas generation

On March 7, 2018, with Decree (PEN) 187/2018, the government published the new organizational chart for the Ministry of Mining and Energy. As a result of Ministerial Resolution 64/2018, the functions of the Secretariat for Electric Energy were transferred to the new Undersecretariat for Electric Energy (SSEE).

Resolution 46 was published on August 1, 2018 and it reduced the average price of gas to be used for electricity generation from $5.20 to $4.20 per MMBtu.

In addition, it makes the SSEE responsible for launching a tender to estimate the gas to be allocated to generation at the maximum price established.

For this reason, the SSEE instructed CAMMESA, the wholesale electricity market operator, to purchase natural gas under revocable and non-revocable conditions through the electronic gas market (MEGSA) to supply thermal generation.

Finally, the tender was held to award revocable contracts for the September-December 2018 period. The average price bid was $3.69 per MMBtu, about 13% lower than the price set by Ministerial Resolution 46.

On November 7, 2018, Resolution 2018-70-APN-SGE was published in the Official Journal. It enables generators, co-generators and self-generators in the *Mercado Eléctrico Mayorista* to autonomously procure fuel to generate electricity.

Initially the rules applied to natural gas and allowed generators to obtain an additional margin by using the fuel in the case in which the purchase price for gas was lower than that set by CAMMESA.

This resolution also contains a grant for the variable cost of production (CVP) based on recognized rates. CAMMESA is therefore responsible for continuing to supply fuel to generators that do not purchase their own.

In December 2018 the authorities authorized the export of natural gas, establishing a new export licensing procedure. The surplus is the result of the increased availability of natural gas from the Vaca Muerta gas field.

The exports authorized have been sent to Chile and Brazil for a total volume of 479,250,000 cubic meters, under revocable terms: until 2020 to Chile and up to 600 MW of electricity production to Brazil.

Renewables

In September 2018, the Undersecretariat for Renewable Energy presented the third cycle (Ronda 3) of the RenovAr program, known as MiniRen, the main characteristic of which is the use of the capacity available in the medium-voltage grid and the promotion of regional development in the country.

The RenovAr MiniRen program offers 400 MW of capacity for the entire country, to be connected to the 13.2 kV, 33 kV and 66 kV medium-voltage grids. The maximum capacity allowed for the project is 10 MW, while the minimum is 0.5 MW.

As for the contractual portion, the winning projects will sign a Power Purchase Agreement with wholesale market operator CAMMESA, in the same way as the previous cycles, and a contract with trust fund FODOR to guarantee three months of invoicing for contracted projects.

The Ronda 3 program was initiated in October with the publication of the specifications and will continue from March 2019 with the presentation of the bids, the qualification process, the awarding and the signature of contracts that will conclude in July 2019.

A total of 82 out of 88 projects were signed for 1,969.1 MW for the second cycle (Ronda 2).

Brazil

White rate

On September 12, 2016, the regulator ANEEL approved Regulation 733/2016 establishing the conditions for applying the new hourly rates for low-voltage power, the so-called "white rate".

The white rate is a new hourly rate option that changes depending on the time of day and differs on the basis of the consumption level of each customer as from 2018. Initially, the new rate applies to consumers with low-voltage connections (127, 220, 380 or 440 V, group B) and new customers. As from January 2020, it will be an option for any consumer, with the exception of those who already benefit from certain preferential rates.

The above regulation establishes the following concerning the application of the white rate:

- it shall apply starting from January 2018 for customers who consume more than 500 kWh/month and for new connections;
- it shall apply starting from January 2019 for customers who consume more than 250 kWh/month;
- it shall apply to all customers after 2020;
- applying this rate option, the cost of electricity is calculated by dividing the day into peak, intermediate and low consumption hours, and applying the rates approved by ANEEL following the periodic revisions with distributors;
- economically disadvantaged customers and public illumination projects cannot opt for the white rate;
- the cost of the meters is borne by the distributors, expect for those that have special additional features;
- any adjustments of technical installations to connect them to the electrical grid must be borne by the customer/owner.

Date of the rate revision for Enel Distribuição Goiás changed from October 2017 to October 2018

ANEEL approved Enel's request to change the date of the rate revision for 2018 for Enel Distribuição Goiás following a public hearing. The decision was made for the rate revision to take place in October 2018 and subsequently every five years. The new reference date for investments to be incorporated in the rate was moved to April 30, 2018.

Rate revision for Enel Distribuição Rio

On March 13, 2018, ANEEL approved the fourth provisional rate revision for Enel Distribuição Rio, with effect from March 15, 2018, following the assessments and evidence presented during public hearing 078/2017.

This means an average increase of 21.04% for consumers given that rates have risen by 19.94% for high-voltage customers and by 21.46% for low-voltage customers. In addition, the T-component of the X-factor was set at 0.00% and technical losses at 9.1%.

Rate revision for Enel Distribuição Ceará SA

On April 17, 2018, ANEEL approved the provisional rate revision for Enel Distribuição Ceará with effect from April 22, 2018. This means an average increase of 4.96% for consumers given that rates have risen by 7.96% for high-voltage customers and by 3.8% for low-voltage customers.

Rate revision for Enel Distribuição Goiás SA

On October 16, 2018, ANEEL approved the provisional rate revision for Enel Distribuição Goiás with effect from October 22, 2018.

This means an average increase of 18.54% for consumers given that rates have risen by 26.52% for high-voltage customers and by 15.31% for low-voltage customers.

Rate revision for Enel Distribuição São Paulo (formerly Eletropaulo)

On July 4, 2018, ANEEL approved the provisional rate revision for Enel Distribuicão São Paulo with effect from October 22, 2018.

This results in an average rate increase of 16.4% composed of an economic adjustment of 10.5% and a financial adjustment of 5.9%.

This means an average increase of 15.8% for consumers given that rates have risen by 17.7% for high-voltage customers and by 15.1% for low-voltage customers.

Electric vehicle charging

With Resolution 819 of 2018, ANEEL set rules for the recharging of electric vehicles.

Distribution companies can autonomously install public charging stations for electric vehicles in their concession areas, classifying them in the most appropriate rate categories (group rates for high- and medium-voltage consumers or group B3 rates for low-voltage consumers).

Operating charging stations can generate revenue that derive from setting freely negotiated prices under the terms and conditions specified for the performance of ancillary activities provided for by Resolution 581/2013.

Customers intending to install private charging stations must notify the distributor in advance to allow it to make any necessary adjustments to the utility connections.

Public charging stations must be compatible with all connection standards to enable communication, monitoring and remote control.

Electric vehicle recharging stations must comply with the rules and standards set by the distributors, as well as those established by the competent official bodies, including ANEEL regulations.

Electric vehicles are prohibited from delivering electricity to the grid and, as a result, participate in the electricity remuneration system (Resolution 482).

Public hearing 60/2018

ANEEL decided to open a public hearing to gather further comments and information to enable it to complete the regulation for monitoring the measurement, extraction and processing of data from low-voltage meters. The final date for receiving comments and information was February 18, 2019.

Public hearing 46/2018

The first phase of public hearing 46/2018 was held between October 4 and December 3, 2018 with the purpose of gathering further comments and information to enable it to complete and revise the regulations on the continuity of electricity supplies and to encourage improvement in service quality by addressing the following points:

- formulation of indemnities to be paid to customers for service interruption;
- rate revision;
- structuring of service continuity indicators.

The second phase of the public hearing will be conducted in the 1st Half of 2019.

Decree 9642 of December 27, 2018

ANEEL prohibited the application of a cumulative discount rate, instead requiring that the most advantageous rate for the consumer be charged.

Renewables

ANEEL conducts different auctions for each kind of technology, taking into account the development and investment plan prepared by the Energy Research Company (EPE), which is responsible for their planning, in order to reach the objective capacity targets for non-conventional renewable energy plants.

Chile

Electricity distribution

2018 Regulatory Plan

With Exempt Resolution 20 of January 12, 2018, in accordance with the provisions of Article 72-19 of the law on general electricity services, regulator CNE published its annual work program for the preparation and development of the technical resolutions corresponding to 2018. The document sets out the general guidelines and programming priorities for CNE's 2018 regulatory work plan and the suspended regulatory procedures from the 2017 plan, which will continue to be developed in 2018.

2019 Regulatory Plan

With Exempt Resolution 790 of December 10, 2018, in accordance with the provisions of Article 72-19 of the law on general electricity services, regulator CNE published its annual work program for the preparation and development of the technical resolutions corresponding to 2019. The document sets out the general guidelines and programming priorities for CNE's 2019 regulatory work plan and the suspended regulatory procedures from the 2018 plan, which will continue to be developed in 2019.

Rules published in 2018

The following rules were published in 2018 in the Chilean electricity sector:

- rules for the group of experts: on January 5, 2018, the Energy Ministry published new rules for the group of experts in the Official Journal. The scope of these rules is to establish the provisions for the operation, financing and powers of the group of experts, as well as the procedures necessary for its proper functioning;
- rules for the electricity coordinator: on April 3, 2018, the Energy Ministry approved the rules for the independent coordinator of the national electricity system. The purpose of these rules is to establish the provisions for the organization, composition and functioning of the independent coordinator of the national electricity system, as well as the necessary procedures for the proper performance of its functions;
- rules for the security of ancillary services and the storage and distribution of electricity: on June 12, 2018, the Ministry of Energy approved the security standards for plants for generation, transport, provision of ancillary services, storage systems and distribution of electricity.

Development plan for the electricity transmission grid - 2018

In the course of the annual transmission planning for 2018, CNE invited all interested parties to take part in the phase for presenting proposals for projects to expand transmission, which will last until April 30, 2018, in accordance with the provisions of Article 91 of the electricity law. The invitation states that proposals can be submitted up to April 30, 2018. Once the phases of the process were completed, on November 14, 2018, CNE published a preliminary technical report that contains the annual expansion plan for transmission corresponding to the year 2018.

2018-2022 Energy Plan

With its publication in the Official Journal of April 10, 2018, the Energy Ministry approved the long-term energy plan for the 2018-2020 period. This corresponds to the first energy planning process under the provisions of Law 20936. This plan, which is non-binding, must be updated every five years, in accordance with Article 83 of the electricity law.

Law 21076/2018 - Requirements concerning the removal and replacement of meters

On February 27, 2018, Law 21076 was published in the Official Journal, modifying the electricity law to require distributors to pay for the removal and replacement of meters in the event they become unusable for reasons of force majeure. The sole article of the law states that meters are part of the distribution network and that ownership will be modified to the extent that the meters are modified based on the requirements of the electricity grid.

Determination of the transmission rates for the 2020-2023 period

As part of the process for setting the transmission rates for the 2020-2023 period, the transmission services qualification processes, the determination of the useful life of transmission plants and the establishment of technical and administrative databases for analyzing enhancements for transmission plants are all currently under way.

For the purposes of the qualification process for transmission services for the 2020-2023 period, CNE issued Exempt Resolution 771 of December 29, 2017 containing the preliminary technical report in which it identifies transmission plants by segment (national, zonal and dedicated). Interested parties (duly listed in the register of citizen participants) submitted comments on this report in early January 2018. Subsequently, CNE issued the final technical report with Exempt Resolution 123 of February 13, 2018. Upon completion of the phases indicated in the regulations, interested parties will present their objections before the group of experts in a public hearing.

During this process, the group of experts requested additional information from CNE within the framework of analyzing and studying the discrepancies presented. As a result of this request, CNE found inconsistencies in the application of the method for qualifying structures, for which it began an administrative procedure to invalidate that process. On September 4, 2018, CNE published Resolution 613, with which it invalidated the phases already carried out, rejecting the preliminary technical report published. Therefore, on October 5, 2018, CNE published a new preliminary technical report with Resolution 673, which incorporated the observations of the registered interested parties. Subsequently, with Resolution 761 of November 21, 2018, CNE issued the final technical report on the qualification of transmission systems structures for the 2020-2023 period. Upon completion of the phases of the process, the interested parties submitted their observations to the group of experts.

With Resolution 212 of March 15, 2018, CNE issued a preliminary report on the process for determining the useful life of transmission installations. Interested parties (duly listed in the register of citizen participants) submitted their observations and participated in the gap analysis process with the group of experts. On June 5, 2018, CNE approved the final technical report that established the useful life with Resolution 412.

Finally, in order to establish the technical and administrative databases for analyzing enhancements for transmission plant, CNE published preliminary technical and administrative data with Resolution 769 of December 29, 2017. More generally, this document sets out the process for defining transmission rates and lays down the rule that has to be applied identifying two areas: one national and one for zonal plants and dedicated structures. In accordance with the law, interested parties (duly listed in the register of citizen participants) submitted their requests and observations concerning the drafting of the document in early January 2018. Subsequently, CNE issued Resolution 124 of February 13, 2018 containing its final technical report. Upon completion of the phases indicated in the regulations, the interested parties presented additional observations to the group of experts through a public hearing. The formalization of the definitive databases is subject to the completion of the qualification process for the plants indicated above.

Peru

Regulatory changes in 2018

Supreme Decree 005-2018-EM modified Supreme Decree 026-2016-EM to make clearer certain aspects relating to participation in the wholesale market (MME), guarantees to be pledged, cases of non-compliance, withdrawal or exclusion of participants from the MME.

Supreme Decree 017-2018-EM established a rationing system in emergency situations involving the procurement of natural gas; an emergency is defined as the total or partial lack of natural gas on the domestic market and is officially declared by the Ministry of Energy and Mining.

Supreme Decree 022-2018-EM (amended by Supreme Decree 026-2018-EM) modified the rules governing the tender for electricity procurement approved by Supreme Decree 052-2007-EM in order to establish how to evaluate proposed modifications to the contracts resulting from any bids made in public auctions.

Unregulated customers market: rate revisions

In Peru, distribution rates (*Valor Agregado de Distribución* - VAD) are set every four years. However, the most recent period lasted five years since a year was needed to implement the reforms approved in 2015 with Legislative Decree 1221.

In 2018, the process for setting the VAD for Enel Distribución Perú for the 2018-2022 period was completed. In general, once rates are set, the annual revenue received from the company prior to the start of the process, which corresponded to 2013-2107, is maintained.

Colombia

Regulatory changes in 2018

In February, Resolution CREG 030 of 2018 was issued, which set out a simplified authorization process for small-scale self-producers (up to 1 MW), large-scale self-producers (up to 5 MW) and distributed generators (defined as 0.1 MW) that use non-conventional renewable energy sources (FNCER).

March 2018 saw the issue of Ministry of Mining and Energy Decree 0570 of 2018, on the basis of which the long-term public policy guidelines for the use of energy were decided. The objectives of the decree are: to strengthen the resilience of the generation matrix through risk diversification, to promote competition and efficiency in price formation through new and existing projects, to mitigate the effects of climate variability through the use of the available renewable resources, to strengthen national energy security, to reduce greenhouse gas emissions, in accordance with COP21 commitments.

Carrying forward from this decree, the Ministry of Mining and Energy issued Resolutions 40791 and 40795 of August 2018, finalizing the regulatory cycle of public policies that will make it possible to strengthen, integrate and diversify the country's energy matrix, achieving a historic result like that for its first long-term electricity tender.

Through Resolutions 41307 and 41314 of 2018, the Ministry of Mining and Energy officially kicked off its first long-term electricity auction, which will conclude in the first few months of 2019 and is intended to diversify, integrate and strengthen the competitiveness of the energy matrix, making it more resilient to climate variability, contributing to cutting CO_2 emissions and ensuring energy security.

Unregulated customers market: rate revisions

In February 2018, the Regulatory Commission published Resolution CREG 015 of 2018 which definitively sets out the distribution remuneration methodology for the new rate period. It determines the remuneration for the existing asset base on the basis of the presentation of investment plans, the remuneration of operating and maintenance costs, setting out goals for the reduction of losses and the improvement of service quality.

Resolution CREG 085 was issued in July 2018 in response to comments submitted by distributors. It clarifies and correct some provisions of Resolution CREG 15. The new distribution rates for 2019 are expected to be approved using the new method.

In September 2018, the Regulatory Commission published Resolution CREG 114 of 2018 which lays out the principles and general conditions to be satisfied so that distributors' costs can be incorporated into the rate components that regulated market users must pay.

North and Central America

United States

Federal level

In June 2018, an Energy Department memo describing federal actions in the US electricity markets was leaked to the media. The memo sought to justify non-specified federal actions to ensure financial stability for coal and nuclear power plants for a two-year period with the goal of impeding the retirement of plants that, according to the memo's authors, could be necessary for national security reasons. If these actions are carried out, the delayed closures of the coal and nuclear plants could cut into the market for new renewable power projects in some areas.

In 2018, the Trump Administration enacted the Affordable Clean Energy (ACE) rule to replace the Obama era's Clean Power Plan (CPP), a complete program for regulating greenhouse gas emissions by the energy sector. Rather than base the emission reduction requirements on the sector as a whole, including new renewable energy technologies, the ACE would only require efficiency enhancements at the single-plant level.

State level

In September 2018, California's governor Jerry Brown signed a bill that would accelerate the state's Renewable Portfolio Standard (RPS) requiring it to satisfy 60% of its electricity needs from renewable resources by 2030 and 100% from zero-carbon sources of electricity by 2045.

Mexico

Renewables

The Energy Ministry published the requirements for the *Energía Limpia* certificates that companies must meet for the years 2018 through 2022, specifically: 5.0% for 2018; 5.8% for 2019; 7.4% for 2020; 10.9% for 2021; 13.9% for 2022.

The *Comisión Reguladora de Energía* (CRE) and *Comisión Federal de Electricidad* (CFE) published the methodology for calculating the regulated rate and the rates for 2018. They will be revised each year.

In the 1st Quarter of 2018, the latest Wholesale Market Handbook was published, and powers were transferred from the Secretariat of Energy to the CRE. One of the most important handbooks published is that for the Interconnection and Connection of Power Plants and Load Centers, which sets out the new method for calculating the financial guarantees for the different interconnection standards applicable as from 2015. All new projects under development will be governed by the new handbook.
In the 2nd Quarter, the market rules consultative committee was established.

The Enel Group participated in three of the four committees:
- Wholesale market;
- Operating in the market;
- Legacy contracts;
- Grid development.

A number of working groups have been set up to review the market rules and offer proposals for improving them.

During the same period, the National Electricity System Development Program (PRODESEN) for the years from 2018 through 2034 was published.

In the 4th Quarter of 2018, as a result of the reform of the public administration, the Secretariat of Energy must coordinate with the CRE to set the regulated rates for the services indicated in the Electricity Industry Law.
Previously this was done solely by CRE. The regulated rate includes those for: transmission, distribution, SSB operations, CENACE operations, regulated connection services, electricity costs and associated costs (e.g. capacity remuneration - CEL).

Panama

Renewables

Enel has begun a two-year term as representative of the 20 MW hydroelectric companies on the Operating Committee. The primary function of this committee is to tackle issues relating to National Integrated System operations and is composed of representatives of each company operating in the electricity sector. Enel is an active participant in the committee, submitting proposals on how to modify commercial practices, operating regulations, and ways of scheduling system operations.

In the 1st Quarter of 2018, the risk aversion curve (storage in the Fortuna basin) was redefined, enabling a more efficient use of the lake's water.

In the meantime, the minimum requirements for the meters to be used for large customers were also redefined. In contracting with a generation company to provide electricity, large customers can opt to use the distributor's meter and avoid incurring the cost of buying a commercial electric measurement system. This should speed up the process of acquiring large-customer status and improve competition between generators.

In the 2nd Quarter of 2018, the government presented a draft law modifying Law 6 concerning the electricity sector. The proposed modifications include the creation of a new figure in the electricity market to simplify the management of the Electricity Transmission Company, which is responsible for electricity sale and metering. Enel and other market actors actively participated in the consultation stages. At the moment, the implementation of these changes has been postponed.

In the 4th Quarter of 2018, the regulator approved new electricity rate rules.

Guatemala

Renewables

In the 3rd Quarter of 2018, the 5-year rate rules for distributor Empresa Eléctrica de Guatemala were set.
In the 4th Quarter, the new rules were approved for the coordination of the dispatching of electricity, the commercial metering system and the importation of electricity (NCC-10 and 14).

Central American Regional Electricity Market (MER)

The second plenary meeting between the institutions of the Central American Regional Electricity Market (*Mercado Eléctrico Regional* - MER) was held in the 1st Quarter of 2018. Senior officials of MER meet to analyze the governance of that market.
In 2018 MER's Steering Committee launched a study on how to integrate Mexico into the market.
As of December 31, 2018, the detailed complementary

process (PDC) will no longer apply and instead will be replaced by the MER Regulation (RMER), which takes effect on January 1, 2019.

Africa, Asia and Oceania

South Africa

South Africa approved a target of 17.8 GW of installed renewable capacity by 2030 based upon the long-term energy strategy set out in the 2010-2030 Integrated Resource Plan (IRP). The primary tool to be used in achieving this target is the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), an auction system launched in 2011 that seeks to install around 13 GW in new renewable capacity between 2014 and 2020 (hydroelectric <40 MW, concentrated solar and photovoltaic, wind, biomass, biogas and landfill gas power). The first four rounds have already been held, with the award of more than 5,000 MW of capacity. In 2015 an additional round – called the Expedited Round, or Round 4.5 – was added and held for an additional 1,800 MW, which have not yet been assigned and which will probably be cancelled.

In August 2018, the 2018 Integrated Resource Plan (IRP) was published for consultation. The IRP is the long-term plan setting out the development strategy for the country's electricity sector through 2030. In the new draft the capacity targets for the development of wind and solar photovoltaic power were raised to 19.4 GW of almost entirely wind (11.4 GW) and photovoltaic power (8 GW) compared with the previous version of the IRP. This capacity is cumulative, including that already online or committed under the REIPPPP. The new IRP also includes an allocation of specific capacity (200 MW/year) for distributed generation (1-10 MW).

The public consultation process was concluded in December 2018. Given the importance of energy policy for the country, the timetable for the final promulgation of the IRP (with possible modifications) will depend heavily on the national elections that will be held in May 2019.

It is possible that in 2019 – following the promulgation of the IRP – a new auction, Round 5 of the REIPPPP, will be held as originally scheduled.

After a pre-qualification phase, which is concerned with technical and financial issues, qualified projects are chosen based upon two criteria: the bid price (weighted 70%) and the economic development content of the project (weighted 30%). The latter is based upon a series of parameters focusing on the economic development of the country, including local content and the creation of jobs for South Africans, especially non-whites.

The winners are awarded 20-year power Purchase Agreements (PPAs) with Eskom, the national power utility.

Eskom's payments are guaranteed by the governments.

India

India is a federal republic composed of 29 states, each of which has specific responsibilities in various sectors as well as shared responsibility with the federal government in the electricity sector.

The Ministry of New and Renewable Energy (MNRE) defines and implements policy for the development of renewable energy at the national level. In addition to the Ministry, the power market is supervised at the federal level by the Central Energy Regulatory Commission (CERC), which sets guidelines and standard rates, and by the State Energy Regulatory Commissions (SERC), which implement them at the state level.

In 2015 the government headed by Prime Minister Narendra Modi approved a target of 175 GW of renewables capacity by 2022, including 100 GW from solar, 60 GW from wind and about 15 GW from other technologies. This ambitious target was further strengthened in October 2016, when India ratified the Paris climate agreement in 2015, committing itself to cut CO_2 emissions by 33-35% (Intended Nationally Determined Contribution - INDC) from their 2005 levels and to ensure that 40% of its installed capacity will be generated from non-fossil sources by 2030.

The renewables sector is highly fragmented since each state has its own regulatory scheme for developing new capacity. As a general rule, each state sets annual obligations, called Renewable Purchase Obligations (RPOs), for the share of electricity to be generated from renewable resources. The state distribution companies must meet the RPOs by buying or producing renewable energy or by purchasing Renewable Energy Certificates (RECs). The RPO has been set at the national level, to gradually rise to 21% of the sales of distributors by 2022. The states must take part in the national RPO to the greatest possible extent in order to reach the national target for renewable energy generation.

Renewable energy must be bought through auctions, in use since 2010 for solar power and 2017 for wind power and overseen mainly by Solar Energy Corporation India (SECI).

In general, the winners of the auctions are awarded 25-year Power Purchase Agreements (PPAs) at fixed rates with SECI or the Power Trading Company (PTC), which will sell the electricity through Power Sales Agreements (PSAs) to state distribution companies (Discoms).

Auctions are held frequently in India, even if some of them in 2018 were cancelled due to failure to reach the capacity offered since the rate restrictions imposed on participants were too strict. In 2018 auctions were also held for floating photovoltaic plants, for offshore wind plants and for hybrid wind/photovoltaic plants.

The PPAs can also be signed with private customers.

In 2018 it was established that solar and wind plants that enter into service by March 31, 2022 will be exempted from interstate transmission charges and losses for 25 years.

The Electricity Act is currently being revised. Among the proposals put forth by the Ministry of Power are reducing the wheeling charge, requiring the states to comply with the national RPO, exempting renewable power plants from the requirement to obtain a generation license and and unbundling distribution.

The regulations for ancillary services are also being revised, with a proposal to hold auctions for the purchase of such services.

Morocco

Morocco is a constitutional monarchy that is relatively stable politically and whose economy is steadily growing. The Moroccan electricity sector is highly energy dependent. More than 90% of energy procurement is in the form of imports of coal, gas and oil. However, in the last few years Morocco has approved a series of regulations that seek to both reduce dependence on foreign markets and expand the role of renewables.

In 2009, the government adopted the new National Energy Strategy (NES), imposing national energy policy targets through 2030. The development of renewables is a key component of this policy with the target of making up 42% of total installed capacity by 2020 and 52% by 2030. In order to achieve these ambitious goals, in 2010 the Moroccan government adopted Law 13-2009, which in principle allows independent power producers (IPPs) to generate and export electricity.

The regulatory framework was further completed in 2015 with Law 58-2015, which introduced a net metering scheme for high-voltage photovoltaic solar and wind plants (subsequently extended to medium- and low-voltage) which offered private operators the opportunity to resell to their excess electricity to the grid, but for no more than 20% of their annual production. However, this option was to have been implemented with appropriate legislation that has not yet been issued.

The new regulatory framework set out a “hybrid” market model in which, alongside a regulated market with the Single Buyer (Office National de l’Electricité et de l’Eau Potable - ONEE) and distributors, there is to be a free market in which IPPS can negotiate electricity sale contracts with ONEE or directly with end users (owing to a lack of implementing legislation, this option is for the moment only exercised with respect to high-voltage customers).

The task of overseeing the implementation and proper functioning of the market is given to the Electricity Regulatory Authority (ANRE - Autorité Nationale de Régulation de l’Electricité) by Law 48-2015 of 2016. While a President of ANRE was appointed in August 2018, it is not yet currently operational.

With regard to procurement, an auction system is used to promote renewables. Specifically, in 2009 and in 2010 two programs were launched: the Morocco Solar Program and the Integrated Wind Energy Program, with the goal of developing 2 GW each of solar and wind capacity, managed respectively by the Moroccan Agency for Solar Energy (MASEN) and by ONEE. Both programs offer electricity sale contracts with MASEN/ONEE having durations of 25 years for solar and 20 years for wind.

The expected reform of the law on renewables is under way; a series of consultations have been held with the main stakeholders during the year. The reform should improve the regulatory framework for the access of IPPs to the medium-voltage grid and for the sale of electricity generated in excess of the needs of end users. The reform should be completed in 2019.

In September 2018, King Mohammed VI requested an upward revision of the targets of renewables in the energy mix, higher than the current one of 52% by 2030.

Australia

Australia is a federal constitutional monarchy composed of six states and two territories. The electricity sector is regulated by a collection of federal and state policies, overseen by various actors. The primary regulators at the central level are: the Council of Australian Governments (COAG), made up of the federal and state energy ministers who guide the development of energy policies; the Australian Energy Regulator (AER), which is the economic regulator; the Australian Energy Market Commission (AEMC), which is the rule maker and is responsible for market development; the Australian Energy Market Operator (AEMO), which is the system and market operator; and the Clean Energy Regulator (CER), responsible for managing green certificates. Each state has its own regulatory bodies.

The electricity system is divided into two primary markets: the National Electricity Market (NEM), which covers the eastern part of the country where almost 90% of the population resides, and the Wholesale Electricity Market (WEM) in the west, which is much smaller. Both the NEM and the WEM, albeit in slightly different ways, operate as spot markets for electricity, facilitating exchange between generators and suppliers to end users (retailers) and to large industrial customers.

The country has a Renewable Energy Target (RET) scheme that is operated in two parts:

- the Large-scale Renewable Energy Target (LRET), set in 2015 at 33,000 GWh (around 23% of demand) of generation by 2020, to be maintained at this level until 2030. The LRET creates a financial incentive for renewable energy power plants, which can produce Large-scale Generation Certificates (LGSs) to be sold to retailers. These retailers are required to buy them in an amount equal to a certain percentage of the electricity sold to end users, currently around 20%;
- the Small-scale Renewable Energy Scheme creates a financial incentive for households or small business customers to install small-scale renewable energy systems (usually rooftop solar panels), for which they can receive Small-scale Technology Certificates (STCs). Retailers are also required to buy these STCs in specified amounts.

The states have their own renewable energy policies and some – with more ambitious targets than the federal ones – have introduced in recent years programs in support of green energy. The state renewable energy targets are, for example:

- Victoria: 25% of electricity from renewable sources by 2020 and 40% by 2025 (about 3.3 GW), to be achieved in part through auctions that began in 2017;
- Queensland: 50% by 2030;
- South Australia: 50% by 2025.

The Australian regulatory framework is evolving rapidly, with the primary objective of maintaining the security of the electricity system in a country that is experiencing the progressive obsolescence of its coal-fired generation plants, which are slowly being replaced by gas-fired and renewable energy plants.

At the end of 2017 the federal government introduced a new policy for the NEM, addressing primarily the security and reliability of the electricity system, consumer prices and reducing emissions. Under the new policy, called the National Energy Guarantee (NEG), retailers are required to buy an appropriate mix of resources to provide:

- a "reliability guarantee", to ensure the right amount of dispatchable energy;
- an "emissions guarantee", to help reduce emissions in line with Australia's international commitments (reduction of emissions by 26-28% by 2030 compared with 2005).

The NEG was almost finalized when, in August 2018, an abrupt change in government caused it to be put on hold. The part regarding the emissions guarantee was rejected, while that on the reliability guarantee is slowly moving forward, in a manner still to be defined. At the end of 2018 the government launched a new program called Underwriting New Generation Investment (UNGI), which appears to promote generation from traditional fossil sources provided that there are concessions for non-intermittent new generation sources or for extending the life of existing assets.

In 2019 federal elections will be held, the results of which will heavily influence the future course of the country's energy policy.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably financial risks, industrial and environmental risks, strategic risk connected with the evolution of markets and risks connected with sustainability and climate change. In order to mitigate its exposure to these risks, Enel conducts specific analysis, measurement, monitoring and management activities, as described in this section.
See also the "Reference scenario" section for an analysis of the factors that represent some of the underlying bases for these risks.

Strategic risks connected with developments in the market, competitive and regulatory environment

On November 20, 2018, the Enel Group presented its Strategic Plan for 2019-2021 to the financial community. It sets out the strategic guidelines and the performance and financial objectives of the Group. The document used for the presentation, "Capital Markets Day - Strategic Plan 2019-2021", is available to the public on the Enel Group website at www.enel.com in the Investor Relations section.
The Enel Group Strategic Plan is implemented through a process that involves all the Business Lines and the Countries/Regions of the Enel Group, which prepare their action plans on the foundation of the strategic guidelines specified by the Parent Company. These plans are finally consolidated in the Group's Strategic Plan.
The preparation of the Enel Strategic Plan is based, inter alia, on certain assumptions concerning future events that management expects will occur and actions that it intends to undertake at the time the Plan is prepared, as well as general assumptions about future events and management actions that may not necessarily occur, as they depend essentially on variables that are outside the control of management. More specifically, the Strategic Plan is based on assumptions about scenarios and the positioning of the business. The former include developments in electricity, gas, fuel and raw materials prices, the evolution of electricity and gas demand in the markets where the respective Groups operate, developments in macroeconomic variables, as well as the evolution of the regulatory framework.
The 2019-2021 Strategic Plan, drawn up on the basis of these assumptions, includes the following estimates and forecasts for the years 2019, 2020, 2021 and average growth in 2019-2021. The achievement of the objectives is based on a set of assumptions on the occurrence of future events and actions that the Enel Group plans to undertake, including assumptions of a general and hypothetical nature relating to future events and actions that will not necessarily occur. Accordingly, the forecasts, being based on hypotheses about future events and actions undertaken, or still to be undertaken, by management, are characterized by an inherent degree of subjectivity and uncertainty and, in particular, by the risk that forecast events and the actions that could follow from those events may not occur or may occur at different times and in different amounts from those originally planned, while events and actions that were unforeseeable at the time of preparation could instead occur. Therefore, divergences between final outcomes and forecast values could be significant.
In addition, the markets and businesses in which the Group operates are currently experiencing gradual and growing competition and change in their competitive, technological and regulatory contexts, with the timing and pace of these developments varying from country to country. As a result of these processes, the Group is exposed to increasing competition.
The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have in-

creased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.

The Group often operates in regulated markets or regulated regimes, and changes in the rules governing operations in such markets and regimes, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.

In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Risks connected with CO_2 emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO_2) are also one of the greatest challenges facing the Group in safeguarding the environment.

EU legislation governing the emissions trading scheme imposes costs for the electricity industry. In order to mitigate the risk factors associated with CO_2 regulations, the Group monitors the development and implementation of EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources, with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and, above all, enhances the environmental performance of its generation plants, increasing their energy efficiency.

More information on this category of risk is available in the "Sustainability and the fight against climate change" section.

Financial risks

As part of its operations, Enel is exposed to a variety of financial risks that, if not appropriately mitigated, can directly impact our performance. These include market risks, credit risk and liquidity risk.

The financial risk governance arrangements adopted by Enel establish specific internal committees, composed of top management and chaired by the Chief Executive Officers of the companies involved, which are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies at the Group and individual Region, Country and Global Business Line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Region, Country and Global Business Line levels for each risk, which are monitored periodically by risk management units. For the Group, the system of limits constitutes a decision-making tool to achieve its objectives.

For further information on the management of financial risks, please see note 44 "Risk management" of the Annual Report.

Market risks

The market risks to which the Group is exposed are connected to the fluctuation of commodity prices, exchange rates and interest rates.

To maintain the exposure to market risk within operating limits, Enel also uses derivatives.

Risks connected with commodity prices and supply continuity

Enel operates in energy markets and for this reason is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.

To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.

Enel has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives on regulated markets and over-the-counter (OTC) markets.

In order to mitigate the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas.

Exchange rate risk

In view of their geographical diversification, access to international markets for the issuance of debt instruments and transactions in commodities, Group companies are exposed to the risk that changes in exchange rates between the currency of account and other currencies could generate unexpected changes in the performance and financial aggregates in their respective financial statements.

Given the current structure of Enel, the exposure to exchange rate risk is mainly linked to the US dollar and is attributable to:

- cash flows in respect of the purchase or sale of fuel or electricity;
- cash flows in respect of investments, dividends from foreign subsidiaries or the purchase or sale of equity investments;
- cash flows connected with commercial relationships;
- financial assets and liabilities.

The Group's consolidated financial statements are also exposed to the exchange rate risk deriving from the conversion into euros of the items relating to investments in companies whose currency of account is not the euro (translation risk).

The exchange rate risk management policy is based on systematically hedging the exposures to which the Group companies are exposed, with the exception of translation risk.

Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically employ financial derivatives obtained on OTC markets.

Interest rate risk

The Group is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or the value of financial assets and liabilities measured at fair value.

The exposure to interest rate risk derives mainly from the variability of the terms of financing, in the case of new debt, and from the variability of the cash flows in respect of interest on floating-rate debt.

The policy for managing interest rate risk seeks to containing financial expense and its volatility by optimizing the Group's portfolio of financial liabilities and by obtaining financial derivatives on OTC markets.

Credit risk

Commercial, commodity and financial transactions expose the Group to credit risk, i.e. the possibility of a deterioration in the creditworthiness of counterparties that could have an adverse impact on the expected value of the creditor position and, for trade receivables only, increase average collection times.

The exposure to credit risk is attributable to the following types of operations:

- the sale and distribution of electricity and gas in free and regulated markets and the supply of goods and services (trade receivables);
- trading activities that involve the physical exchange of assets or transactions in financial instruments (the commodity portfolio);
- trading in derivatives, bank deposits and, more generally, financial instruments (the financial portfolio).

The policy for managing credit risk associated with commercial activities provides for a preliminary assessment of the creditworthiness of counterparties and the adoption of mitigation instruments, such as obtaining collateral or unsecured guarantees.

In addition, the Group undertakes transactions to assign receivables without recourse, which results in the complete derecognition of the corresponding assets involved in the assignment.

Finally, with regard to financial and commodity transactions, risk mitigation is pursued through the diversification of the portfolio (preferring counterparties with a high credit standing) and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of Group riskiness by the market.

Among the factors that define the risk perceived by the market, the credit rating assigned to Enel by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A

deterioration in the credit rating could therefore restrict access to the capital market and/or increase the cost of funding, with consequent negative effects on the performance and financial situation of the Group.
In 2018, Enel's ratings from the rating agencies did not change. Accordingly, at the end of the financial year, Enel's rating was: (i) "BBB+" with a stable outlook for Standard & Poor's; (ii) "BBB+" with a stable outlook for Fitch; and (iii) "Baa2" with a stable outlook for Moody's. In February 2019 Fitch revised its rating for Enel upwards, from "BBB+" to "A-".
Enel's liquidity risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.

Country risk

By now, some 50% of the Enel Group's total revenue is generated abroad. The substantial internationalization of the Group – which among other regions operates in South America, North America, Africa and Russia – requires Enel to consider and assess country risk, which consists of the macroeconomic, financial, regulatory, market, social and geopolitical risks whose manifestation could have an adverse impact on income or threaten corporate assets. Enel has therefore adopted a model for assessing country risk in the countries in which it operates. In order to mitigate country risk, the model supports capital allocation and investment evaluation processes.

In 2018 the world economy grew by around 3%, in line with the pace of 2017. The United States and China are driving the world expansion, while euro-area growth moved at a slower pace. However, initial signs of a slowdown have emerged and political and economic risks persist. The economic factors include issues connected with the sustainability of the public finances in the face of the need to make investments to boost productivity, with the lack of diversification of the South American economies, which leaves them more exposed to short-term economic fluctuations and with the spread of protectionist measures as an option for reviving national economies.
The normalization of monetary policy in the advanced countries (especially in the United States) has imposed strong pressures on emerging markets (especially the structurally weaker economies): among these, Argentina has seen its risk increase (as reflected in the country's rating in the model on both the macroeconomic and socio-political levels), connected with a deterioration in economic conditions (e.g. the economy slipped into recession in 2018) and domestic political uncertainty. In an attempt to reassure the markets and to meet its funding needs, the government reached an agreement with the International Monetary Fund (IMF) for an aid plan of over $55 billion, subject to eliminating the primary deficit by 2019 and achieving a primary surplus of 1% of GDP in 2020. The main risk is tied to the possibility of continuing the recovery in the run-up to the national elections scheduled for October 2019.

In Europe, Brexit negotiations continue without significant progress, with the British parliament again postponing approval of the preliminary agreement reached between the Prime Minister, Theresa May, and the European Union. Among the European economies of interest to the Group, Italy has seen its risk increase, as reflected in model's projections. The uncertainty surrounding the government's fiscal policy, the strains with the European Union over the country's budget targets and domestic political uncertainty have combined with contingent factors to slow the economy, which may enter recession in the 2nd Half of 2019.

Risk connected with climate change

Physical risks connected with climate change

The physical risks posed by climate change could be connected with individual events or long-term changes in climate models. Extreme meteorological events and natural disasters expose the Group to the risk of damage to infrastructure and other assets, with the consequent possibility of prolonged periods in which the assets involved would be unavailable. In addition, the Group is exposed

to the risk of impacts on the operation of its generation assets linked to gradual climate changes (for example, air temperature, rainfall and wind). Enel is present along the entire value chain in the electricity industry (generation, distribution and sale) and has a diversified portfolio of activities, both in terms of generation technologies and the geographical areas and markets in which it operates, mitigating the risks connected with climate change and the associated financial repercussions.
Moreover, the Group uses the most advanced prevention and protection strategies, with the concomitant aim of reducing the possible impacts on the communities and the areas surrounding the assets: constant monitoring and weather forecasting in the areas where the most exposed assets are located. Furthermore, numerous actions have been taken to increase the resilience of the assets most exposed to extreme weather or natural disasters.
All of the areas of the Group undergo ISO 14001 certification and potential sources of risk are monitored with the implementation of internationally recognized Environmental Management Systems (EMS) so that any critical issues can be detected promptly.
Additional details on this category of risk are available in the "Sustainability and the fight against climate change" section.

Transition risks connected with climate change

The transition to a low-carbon energy model may generate legislative/regulatory risks or political, legal, technological and market risks associated with the fight against climate change, with an impact in the short, medium and long term. Issues such as increased reporting requirements for emissions and other legal obligations, the use of low-emissions energy sources and reducing the exposure to fossil fuels, the uncertainty of market signals with potentially unforeseen variations in market prices, rising commodity prices or the growing interest of stakeholders in climate issues are all risk factors connected with climate change to which Enel may be exposed and which could impact the financial performance of the company.
The Group is involved in the continuous improvement of the environmental impact of its existing activities through its emission reduction targets, first and foremost the goal of "emission free production" by 2050. Enel adopts a strategy aimed at growth through development of low-carbon technologies and services, in line with the COP21 objectives.

In addition, in order to mitigate the legal and regulatory risks associated with climate change, the Group maintains transparent and constructive relations with local and international authorities and regulators.
Additional details on this category of risk are available in the "Sustainability and the fight against climate change" section.

Risks related to cyber attacks

The era of digitization and technological innovation means that organizations are increasingly exposed to cybernetic attacks, which are becoming increasingly numerous and sophisticated, partly reflecting the changes in the context in which they occur. The organizational complexity of the Group and the numerous environments it encompasses (data, people and the industrial world) expose our assets to the risk of attacks. The Enel Group has adopted a model for managing these risks based on a "systemic" vision applied to both the traditional information technology sector and the industrial sector (operational technology), taking due consideration of the networking of smart "objects" (Internet of Things). In particular, Enel has adopted a "Cyber Security Framework" to guide and manage cyber security activities, which provides for the involvement of the business areas, the implementation of legislative, regulatory and legal requirements and recommendations, the use of the best available technologies, the preparation of ad hoc business processes and an informed workforce. The Framework bases strategic decisions and design activities on a "risk-based" approach and a design and development model that defines the appropriate security measures throughout the life cycle of applications, processes and services (cyber security by design). Enel has also created its own active Cyber Emergency Readiness Team (CERT), which is recognized and accredited by national and international communities, in order to direct an industrialized response to cyber threats and incidents.

Outlook

The Group's 2019-2021 Strategic Plan presented in November 2018 focuses on the centrality of the integrated business model, capable of seizing the opportunities arising from the energy transition. The growth in renewable energy, the development and automation of the distribution network, the opportunities for electrification and customer focus are the guidelines of the Group's strategy. More specifically, the Group's 2019-2021 Strategic Plan focuses on the following issues.

- Industrial growth: the Group plans to invest a total of €27.5 billion over the plan period, with the aim of generating a cumulative increase in ordinary EBITDA of €3.2 billion. The full range of investments in the three categories – asset development, customers and asset management – will contribute to achieving this goal.
- Decarbonization opens the way to creating value, with renewables expected to generate a cumulative increase in EBITDA of €1 billion between 2019 and 2021. The focus of investments in markets where Enel has an integrated presence and in mature economies will enable the Group to increase profitability and achieve its decarbonization targets. In 2021, 62% of the energy generated by the Enel Group is expected to have zero emissions, compared with an estimated 48% in 2018.
- Operational efficiency: the objective of €1.2 billion of cumulative benefits generated by efficiencies expected by 2021, mainly due to the effect of digitalization, has been confirmed.
- Simplification: Enel will continue to increase its investments in its subsidiaries, continuing their integration within the Group and rationalizing our portfolio through asset rotation, with further optimization of the overall return and risk profile.
- Human capital: our commitment to achieving sustainable development goals (SDGs) has been extended until 2030. A "shared value" approach towards communities and people integrated into the Group's core business processes; introduction of specific additional targets for SDG 9 (Industrial Innovation and Infrastructure) and 11 (Sustainable Cities and Communities).
- Improved return on investment to support dividend growth: we expect investments focused on higher yield assets, efficiency and portfolio optimization will create value amounting to a total of 400 basis points on a WACC of 6.2% in 2021, rising by more than one and a half times compared with 2018.
- Shareholder remuneration: a 70% dividend calculated on the Group's ordinary net income from 2019 onwards is confirmed, with an annual compound average growth rate (CAGR) in the dividend per share (DPS) of approximately +12%. For the first time the minimum DPS will be extended to the next three years, with a CAGR of about +9%.

In 2019 we expect:

- an acceleration of investments to contribute to industrial growth in renewable energy projects, particularly in North America, with global investments increasing by more than 35% compared with 2018 and the continuation of investments in grids, especially in Italy and South America;
- significant progress in operational efficiency, supported by digitalization across all our businesses, with a cumulative efficiency target of €1.2 billion by 2021;
- greater customer focus on a global scale and an acceleration of Enel X's activities in the electric mobility and demand response businesses;
- further progress in simplifying the Group and actively managing the portfolio, so as to optimize its overall risk and return profile.

Enel Group's strategy is also aimed at ensuring resilience, mitigation and adaptation to changes in the external environment and, in particular, to climate change, thanks to a business model and leadership position in line with the Paris Agreement (COP21). In this regard, the "Sustainability and the fight against climate change" section includes a review of the main risks and opportunities related to climate change, the mitigation and adaptation actions implemented and the key objectives and metrics.

The progress achieved in each of the key enabling factors and key pillars of the Strategic Plan enables us to confirm our performance and financial objectives for 2019. Furthermore, on the basis of the key elements set out above, the performance and financial objectives on which the Group's Strategic Plan 2019-2021 is based are summarized below.

Financial targets	2018	2019	2020	2021	CAGR (%) 2018-2021
Ordinary EBITDA (billions of euro)	~16.2	~17.4	~18.5	~19.4	~+6%
Net ordinary income (billions of euro)	~4.1	~4.8	~5.4	~5.6	~+11%
Pay-out ratio	70%	70%	70%	70%	-
Implicit DPS (€/share)	0.28	0.33	0.37	0.39	~+12%
Minimum dividend per share (€)	0.28	0.32	0.34	0.36	~+9%

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2018 – March 21, 2019 – the Enel Group meets the "conditions for the listing of shares of companies with control of over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 15 of the Markets Regulation (approved with Resolution 20249 of December 28, 2017).

Specifically, we report that:

- in application of the materiality criteria for the purposes of consolidation provided for in Article 15, paragraph 2, of the CONSOB Markets Regulation, 25 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2017.
  They are: 1) Enel Distribuição Rio (a Brazilian company belonging to Enel Américas); 2) Enel Distribuição Goiás (a Brazilian company belonging to Enel Américas); 3) Codensa SA ESP (a Colombian company belonging to Enel Américas); 4) Enel Distribuição Ceará SA (a Brazilian company belonging to Enel Américas); 5) Emgesa SA ESP (a Colombian company belonging to Enel Américas); 6) Empresa Distribuidora Sur - Edesur SA (an Argentine company belonging to Enel Américas); 7) Enel Américas SA (a Chilean company controlled directly by Enel SpA); 8) Enel Brasil SA (a Brazilian company belonging to Enel Américas); 9) Enel Chile SA (a Chilean company controlled directly by Enel SpA); 10) Enel Distribución Chile SA (a Chilean company belonging to Enel Chile); 11) Enel Distribución Perú SAA (a Peruvian company belonging to Enel Américas); 12) Enel Generación Chile SA (a Chilean company belonging to Enel Chile); 13) Enel Generación Perú SAA (a Peruvian company belonging to Enel Américas); 14) Enel Green Power Brasil Participações Ltda (a Brazilian company belonging to Enel Green Power); 15) Enel Green Power Chile Ltda (a Chilean company belonging to Enel Green Power); 16) Enel Green Power del Sur SpA (a Chilean company belonging to Enel Green Power); 17) Enel Green Power Latin America SA (a company merged into Enel Chile SA as from April 2, 2018); 18) Enel Green Power North America Inc. (a US company belonging to Enel Green Power); 19) Enel Green Power RSA (Pty) Ltd (a South African company belonging to Enel Green Power); 20) Enel Kansas LLC (a US company belonging to Enel Green Power); 21) Enel Perú SAC (a Peruvian company belonging to Enel Américas); 22) Enel Russia PJSC (a Russian company controlled directly by Enel SpA); 23) Enel X North America Inc. (a US company belonging to Enel X); 24) Gas Atacama Chile SA (a Chilean company belonging to Enel Chile); and 25) Geotérmica del Norte SA (a Chilean company belonging to Enel Chile);
- the balance sheet and income statement of the above companies included in the reporting package used for the purpose of preparing the 2018 consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 15, paragraph 1a) of the Markets Regulation) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2018 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution 11971 of May 14, 1999);
- the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 15, paragraph 1b) of the Markets Regulation);
- Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent Company, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 15, paragraph 1 (letter c-i)) of the Markets Regulation);
  - use an administrative and accounting system appropriate for regular reporting to the management and auditor

of the Parent Company, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 15, paragraph 1 (letter c-ii)) of the Markets Regulation).

Approval of the financial statements

The Shareholders' Meeting called to approve the financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year.

The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, 6-*bis* of the Civil Code are reported in note 31 "Financial instruments", note 32 "Risk management", note 33 "Derivatives and hedge accounting" and note 34 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 35 to the separate financial statements of Enel SpA.

Own shares

The company does not hold treasury shares nor did it engage in transactions involving own shares during the year.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2018.

Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 52 to the consolidated financial statements.

02

Sustainability and the fight against climate change

The sustainable business model

In an environment of constant and rapid change, exposing the energy industry to new risks and offering new opportunities, Enel's model of sustainable business leverages the synergies among the various business areas and the outside world in order to develop innovative solutions to reducing our environmental impact, to meeting the needs of local communities and to improving safety for both employees and suppliers. Understanding the context in which Enel operates and actively listening to everyone with whom we work enable us to create sustainable long-term value, blending economic and social growth. It is a strategic and operational approach founded on the "Open Power" concept of openness, where sustainability and innovation are an essential combination.

Framing this are the principles of ethics, transparency, anti-corruption, human rights and health and safety that have always been a distinctive feature of Enel's operations and which are a part of policies and standards of conduct that are applicable throughout the Group.

It is a model that promotes sustainable development and is fully in line with the indications of the United Nations Global Compact, of which Enel has been an active member since 2004, reiterating the importance of increasing the integration of sustainability within the company's strategic decision-making processes. Enel's CEO has been a member of the United Nations' Global Compact Board since June 1, 2015.

A key aspect of this approach is the adoption of environmental, social and governance (ESG) sustainability indicators throughout the value chain, not only for assessments of results achieved, but above all to drive decision-making and develop a proactive stance, in line with the Sustainable Development Goals (SDG) 2030 of the United Nations.

Enel's commitment to the United Nations' Sustainable Development Goals

Since 2015, Enel has been committed to helping reach the Sustainable Development Goals (SDGs) of the United Nations (UN). Through the SDGs, the United Nations called on companies to be creative and innovative in addressing the challenges of sustainable development, such as poverty, gender equality, clean water, clean energy and climate change. By way of our business strategies, Enel contributes to reaching all 17 SDGs, and we have renewed our commitment to reaching four goals by 2030 in particular:[7]

- ***SDG 7*** *- ensuring access to affordable, reliable, sustainable and modern energy, including the promotion of energy-efficiency services, the beneficiaries of which will include 10 million people by 2030. For the period 2015-2018, 6.2 million beneficiaries had been reached throughout the Group, 3.3 million of which in Africa, Asia and South America.*
- ***SDG 4*** *- supporting projects to ensure inclusive and equitable quality education for 2.5 million people by 2030. For the period 2015-2018, about 1 million beneficiaries had been reached.*
- ***SDG 8*** *- promoting sustained, inclusive and sustainable economic growth for 8 million people by 2030. For the period 2015-2018, around 1.8 million beneficiaries had been reached.*
- ***SDG 13*** *- taking targeted action to achieve decarbonization by 2050. As of December 2018, specific CO_2 emissions totaled 0.369 kg/kWh$_{eq}$, and the new target is 0.23 kg CO_2/kWh$_{eq}$ by 2030.*

The Group has also added commitments concerning the following two SDGs:

- ***SDGs 9 and 11*** *- promoting the development of sustainable cities and of infrastructures that are reliable, sustainable, resilient and of high quality by providing about 47 million customers with smart meters and 455,000 public and private electric vehicle recharging points by 2021 and investing €5.4 billion in digitalization for the period 2019-2021.*

7 The number of beneficiaries takes into account the projects and other activities conducted in all areas in which the Group operates (including subsidiaries consolidated at equity, the Group's foundations and non-profit organizations, and the companies under the Build, Sell & Operate, or "BSO", mechanism).

Non-financial information is coming under increasing scrutiny by investors and the financial markets, who are now focusing on the ability of a company to make sustainable long-term business plans that translate into concrete, measurable actions and better financial performance.
Socially responsible investment funds continued growing in 2018. Enel has 169 Socially Responsible Investors - SRI (up from 160 in 2017), which hold about 10.5% of all Enel shares in circulation (compared with 8.6% in 2017), equal to 13.7% of the float (11.3% in 2017). In absolute value, shares held by SRI investors increased by 21.2%.

Priority analysis and definition of sustainability goals

For several years now, Enel has conducted materiality analyses – based on the guidelines of the most widely adopted standards such as the Global Reporting Initiative (GRI) – in order to identify the Group's intervention priorities, the issues to consider for disclosure and which stakeholder-engagement activities to strengthen. The aim is to map and assess the priority of the issues of interest to stakeholders, integrating them into the Group's business strategy and priorities for action.
Through this analysis, the main stakeholders of the Group are identified and assessed according to their importance to the company and to their priorities on the various issues approached in the numerous engagement activities. This information is then crosschecked with the assessments of the issues on which Enel intends to focus its efforts, with the respective priority value.
By observing the two perspectives together, it is possible to identify the issues, which, due to their relevance and priority, are essential to Enel and our stakeholders. Consequently, it is possible to verify the degree of alignment or misalignment between external expectations and internal priorities.
The materiality analysis, which is conducted with increasingly greater detail in terms both of issues and geographical scope, makes it possible to identify the company and stakeholder priorities for the entire Group and for each country of operations. It is also possible to obtain results with a specific focus such as the matrix for the sole stakeholder category of "financial community", which is useful for identifying issues to be discussed in the Annual Report in order to provide integrated reporting on performance. In particular, the analysis of this category of stakeholder has pointed to the following priorities: decarbonization of the energy mix; new technologies, services and digitization; environmental compliance and management; robust governance and transparent conduct; efficiency in operations.
Based on the material analysis results, the issues to be included in the reports are defined and the specific targets and objectives of the 2019-2021 Strategic Plan are set. Operations and projects regarding various functions and Business Lines of the Group contribute towards achieving these targets and objectives as detailed in the 2019-2021 Sustainability Plan.
As part of its Strategic Plan, Enel has identified the most significant emerging risks:

- cyber attacks ("cyber risk"): the era of digitization and technological innovation means that organizations are increasingly exposed to cybernetic attacks, which are becoming increasingly numerous and sophisticated, partly reflecting the changes in the context in which they occur. The Group is currently undertaking a major process of digitalization, which is expected to intensify in the coming years, thereby further increasing our exposure to this risk. The organizational complexity of the Group and the numerous environments it encompasses (data, people and the industrial world) expose our assets to the risk of attacks, which are a serious threat not only to data, but also to service continuity, and to the automated systems at the power plants and on the distribution network. The Enel Group has adopted a model for managing these risks based on a "systemic" vision that applies both to the traditional information technology sector and to operational technology in the industrial sector, while taking into account the Internet of Things associated with the networking of smart "objects";
- extreme weather and natural disaster: forecasts regarding the frequency and intensity of these events point to a marked increase according to analyses within the scientific community, and this increases risk to the Group over the medium and long term. This risk is also noted as one of the emerging risks in the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. The growing emphasis on renewable technologies exposes power plants to greater vulnerability, for which there is a foreseeable increase in the impact of extreme events. The business impact of these phenomena is tied to the risk of damages to assets and infrastruc-

tures and of the consequent extended unavailability of those assets. In order to mitigate these risks, the Group has adopted the best strategies of prevention and protection with the goal, in part, of reducing the potential impact on the communities and territories surrounding the assets. Therefore, constant weather forecasting and other monitoring efforts are carried out in the areas in which the assets most exposed are located. Numerous projects are also being carried out to increase the resilience of those assets that are the most exposed to extreme weather or natural disaster. All areas of the Group are subject to ISO 14001 certification, and internationally recognized environmental management systems (EMSs) are used to monitor the potential sources of risk in order to detect any critical issues in a timely manner.

Management and reporting of non-financial information

Enel undertakes to constantly manage and measure sustainability performance by using and developing mechanisms that allow for an integrated, standardized system of activities and information that are kept constantly up to date based on developments in the scope of operations and relevant standards, while promoting the sharing of best practices and experience.
Beginning with the 2017 financial year, in implementation of EU (Directive 2014/97/EU) and national legislation (Legislative Decree 254/2016) that has introduced mandatory of non-financial information for large public-interest entities, the Group has drafted a "Consolidated Non-Financial Statement" that covers the areas provided for in that decree and which since last year accompanies the Group's Sustainability Report. Furthermore, beginning with the 2018 financial year, in accordance with the 2019 Budget Act, along with a description of the main risks associated with the areas specified in the decree, the report now includes the related approaches to managing the risks.
The reporting process involves collecting and calculating specific key performance indicators of economic, environmental and social sustainability in accordance with the international reporting standard composed of the GRI Standards and the supplementary Electric Utilities Sector Disclosures, as well as with the principles of accountability of the United Nations Global Compact.
Projects, activities, performance and the other main results, including progress made towards the SDGs in line with the indications of the "Business Reporting on the SDGs: An Analysis of the Goals and Targets", the guidelines developed by the United Nations Global Compact in collaboration with the GRI, are presented in Enel's Sustainability Report, the completeness and reliability of which are verified by an accredited external auditing firm, by the Control and Risk Committee and by the Corporate Governance & Sustainability Committee. The documents are approved by the Board of Directors of Enel SpA and presented in the Shareholders' Meeting.

Finally, the Group is included in the leading sustainability indexes, such as the Dow Jones Sustainability Index World, FTSE4Good, the Carbon Disclosure Project (CDP) Climate and the Carbon Disclosure Project (CDP) Water, the STOXX Global ESG Leaders, the Euronext Vigeo-Eiris, the OEKOM Prime Rating, the Thomson Reuters/S-Network ESG Best Practices Indices, the Thomson Reuters Diversity & Inclusion Index, the Equileap's Top 200 ranking, and the ECPI.

Values and pillars of corporate ethics

A robust system of ethics underlies all activities of the Enel Group. This system is embodied in a dynamic set of rules constantly oriented towards incorporating national and international best practices that everyone who works for and with Enel must respect and apply in their daily activities. The system is based on specific compliance instruments: the Code of Ethics, the Human Rights Policy, the Zero-Tolerance-of-Corruption Plan, the Enel Global Compliance Program, the Compliance Model under Legislative Decree 231/2001 and any other national compliance models adopted by Group companies in accordance with local laws and regulations.

Code of Ethics

In 2002, Enel adopted a Code of Ethics, which expresses the company's ethical responsibilities and commitments in conducting business, governing and standardizing corporate conduct on the basis of standards aimed to ensure the maximum transparency and fairness with all stakeholders.

The Code of Ethics is valid in Italy and abroad, taking due account of the cultural, social and economic diversity of the various countries in which the Group operates. Enel also requires that all associates and other investees and its main suppliers and partners adopt conduct that is in line with the general principles set out in the Code.

Any violations or suspected violations of Enel Compliance Programs can be reported, including in anonymous form, through a single Group-level platform (the "Ethics Point").

Other indices

No.

	2018	2017	Change	
Confirmed violations of the Code of Ethics (1)	30	31	(1)	-3.2%

(1) In 2018, an analysis was performed of violations reported in 2017. As a result, the number of verified violations reported for 2017 was changed from 27 to 31.

Compliance Model (Legislative Decree 231/2001)

Legislative Decree 231/2001 introduced into Italian law a system of administrative (and de facto criminal) liability for companies for certain types of offenses committed by their directors, managers or employees on behalf of or to the benefit of the company. Enel was the first organization in Italy to adopt, back in 2002, this sort of compliance model that met the requirements of Legislative Decree 231/2001 (also known as "Model 231").

Enel Global Compliance Program (EGCP)

The Enel Global Compliance Program for the Group's foreign companies was approved by Enel in September 2016. It is a governance mechanism aimed at strengthening the Group's ethical and professional commitment to preventing the commission of crimes abroad that could result in criminal liability for the company and do harm to our reputation.

The types of crime covered by the Enel Global Compliance Program – which encompasses standards of conduct and areas to be monitored for preventive purposes – are based on illicit conduct that is generally considered such in most countries, such as corruption, crimes against the government, false accounting, money laundering, violations of regulations governing safety in the workplace, environmental crimes, etc.

Zero-Tolerance-of-Corruption Plan and the anti-bribery management system

In compliance with the tenth principle of the Global Compact, according to which "businesses should work against corruption in all its forms, including extortion and bribery", Enel is committed to combating corruption. For this reason, in 2006 we adopted the Zero-Tolerance-of-Corruption (ZTC) Plan as confirmation of the Group's commitment, as described in both the Code of Ethics and the Model 231, to ensure propriety and transparency in conducting company business and operations and to safeguard our image and positioning, the work of our employees, the expectations of shareholders and all of the Group's stakeholders. Following receipt of the ISO 37001 anti-corruption certification by Enel SpA in 2017, which was confirmed in 2018, Enel is continuing to extend certification to the main Italian and international subsidiaries of the Group.

Human Rights Policy

In order to give effect to the United Nations Guiding Principles on Business and Human Rights, in 2013 the Enel SpA Board of Directors approved the Human Rights Policy, which was subsequently approved by all the subsidiaries of the Group. This policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they be directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships. Execution of the action plans, which were prepared following due diligence on the management system in 2017, began in 2018.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve our mission or who have a stake in its pursuit.

The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro

	2018	2017
Revenue	75,672	74,639
Income/(Expense) from commodity risk	483	578
External costs	53,881	53,680
Gross global value added from continuing operations	**22,274**	**21,537**
Gross value added from discontinued operations	**-**	**-**
Gross global value added	**22,274**	**21,537**
distributed to:		
Shareholders [(1)]	2,765	1,983
Lenders	2,493	2,495
Employees	4,582	4,504
Government	3,168	3,273
Enterprises [(1)]	9,266	9,282

(1) In order to improve presentation, the comparative figures for 2017 have been adjusted to take account of dividends actually distributed. Previously those authorized but not yet paid had been included.

Enel's commitment to climate change disclosure

Global trends such as decarbonization, electrification, urbanization, and digitalization are redesigning the energy industry in the direction of a new ecosystem that is **gradually transforming the traditional model of the utility business**.

It is therefore necessary to **promote the fight against climate change**, one of the primary challenges we face as a society, by promoting a global low-carbon economy. As stated by the World Economic Forum in its 2019 Global Risk Report, climate change is now the leading risk to society and will have a direct impact on long-term business performance. Therefore, **combating climate change and protecting the environment are among the responsibilities of a major global player in the energy industry such as Enel as we seek to achieve the full decarbonization of electricity generation by 2050, thereby helping to achieve the United Nations' SDG 13**. We are also committed to developing a business model that is aligned with the objectives of the Paris Agreement (COP21) to maintain the average global temperature increase well below 2 °C compared with pre-industrial levels and to continue with efforts to limit this increase to 1.5 °C within a strategy based on a long-term view translated into practical objectives. In addition to actions that focus on the generation mix, Enel is active in digitalization, electric mobility, energy efficiency, and innovation. Within this landscape, Enel's commitment to the circular economy, which unites innovation, competitiveness, and environmental sustainability, engages all areas of the Group in working towards these objectives.

Furthermore, Enel is **committed to promoting transparency in climate disclosure** as a way to demonstrate to its stakeholders that Enel's ambition to tackle climate change is rigorous and determined. Therefore, **Enel has made a public commitment to adopt the recommendations of**

the Task force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, which in 2017 published specific recommendations on the voluntary reporting of the financial impact of climate risks.
As a result, within the scope of implementing these guidelines, **Enel has updated the information concerning the management of climate-related issues**. As such, this section has been structured around the four areas recommended by the TCFD, which represent the fundamental components of how organizations operate:

- **Governance** - Description of the role of Enel's system of corporate governance with regard to climate-related issues and the role of management in assessing and managing such issues;
- **Strategy** - Overview of the main climate-related risks and opportunities over the short, medium and long term, as well as of the various physical and transition scenarios considered and the company's strategy developed to mitigate and adapt to these risks and to maximize opportunities;
- **Risks** - Description of the process adopted by the Group to identify, assess and manage climate-related risks and opportunities (a section that is complementary to the section on the main risks and uncertainties);
- **Metrics and targets** - The main climate-related metrics used by Enel, including greenhouse-gas emissions and operational and financial indicators, together with the main targets set in order to promote a low-carbon business model.

Governance

Enel is playing a leading role in the energy transition and has adopted a business model that focuses on reducing the impact of climate change. Within this view, Enel is committed to promoting a sustainable energy model aimed at achieving full decarbonization and digitalization while enhancing the electrification of energy demand in order to promote the growth of a low-carbon economy. Enel's organizational model and corporate governance establishes specific roles and responsibilities for the main governance bodies within the organization, thereby ensuring that climate-related risks and opportunities are given due consideration in all relevant decision-making processes.

Climate-related responsibilities of the governance bodies

Board of Directors - The Board of Directors of Enel SpA is responsible for analyzing and approving company strategy, including the Group's annual budget and Business Plan, which include the primary objectives and actions that the company intends to pursue in order to guide the energy transition and deal with climate change. The Board of Directors also guides and evaluates the internal control and risk management system ("SCIGR"), while also determining the level and nature of risk that is compatible with the strategic objectives of the company and of the Group. The ICRMS is the set of rules, procedures, and organizational structures aimed at identifying, measuring, monitoring and managing the main risks of the company and its subsidiaries. These risks include those that could have an impact on the organization's sustainability over the medium to long term, including climate-related risks. In 2018, the Board of Directors dealt with issues related to climate change and sustainability, as reflected in company strategies and operations, during 8 of its 18 meetings held. The Board is supported mainly by two internal committees with regard to climate-related issues:

- **Corporate Governance & Sustainability Committee** - This Committee is responsible for assisting the Board of Directors in evaluation and decision-making processes related to sustainability issues, including climate-related issues connected with the company's business, as well as the company's interactions with stakeholders. The Committee examines the guidelines of the sustainability plan, including the climate-related targets of the plan, and also examines the general layout of the Sustainability Report and the Non-financial Report, including the approach to climate-related disclosures adopted for these documents, and provides opinions to the Board of Directors. The majority of the Committee is composed of independent directors, and, in 2018, it comprised the company Chairman, who acted as chairman of the Committee, and two independent directors. In 2018, the Committee dealt with issues related to climate change and sustainability, as reflected in company strategies and operations, during 4 of its 6 meetings held;
- **Control and Risk Committee** - This Committee supports the Board in carrying out its duties with regard to internal control and risk management. It also examines the consolidated financial statements, the Sustainability Report,

and the Non-financial Report within the scope of their relevance to the internal control and risk management system ("SCIGR"), all of which include climate-related disclosures, and issues related opinions to the Board of Directors for the purposes of approval of these documents. The Committee is composed of non-executive directors, the majority of which (including the chairman) are independent. In 2018, the Committee was made up of four independent directors. In 2018, the Committee dealt with issues related to climate change and sustainability, as reflected in company strategies and operations, during 8 of its 13 meetings held.

Again in 2018, the company organized a specific induction program aimed at providing the directors with a sufficient understanding of the fields in which the Group operates, including climate-related issues and their impact on business strategy and company operations.

Chairman - Within the role of guiding and coordinating the efforts of the Board of Directors, as well as overseeing implementation of the Board's resolutions, the Chairman plays a proactive role in the approval and monitoring of business and sustainability strategies, of which growth by way of low-carbon technologies and services is one of the pillars. In 2018, the Chairman also led the Corporate Governance & Sustainability Committee.

CEO and General Manager - This person is vested with broad powers of company management, with the exception of those powers reserved to the Board of Directors, and, in execution of these powers, has established a sustainable business model by defining strategies aimed at guiding the transition to a low-carbon energy model. This position reports to the Board of Directors regarding the execution of these powers, including business-related activities in line with Enel's commitment to dealing with climate change. The CEO is also the appointed senior officer responsible for the ICRMS. Finally, the CEO represents Enel in various initiatives related to climate change and hold important positions in institutions of global renown, such as the United Nations Global Compact, the United Nations Sustainable Energy For All, and the multi-stakeholder platform of the European Commission regarding the Sustainable Development Goals.

Enel's organizational model for managing climate-related issues

Enel has a management team in which climate-related responsibilities have been assigned to specific functions that help guide Enel's leadership in the energy transition. Each area is responsible for managing the climate-related risks and opportunities of relevance to that area:

- **Holding company functions** (i.e. Administration, Finance & Control; Audit; Innovability; and Health, Safety, Environment & Quality) are responsible for analyzing the scenarios and for managing the strategy and financial planning process aimed at promoting renewable energy, the decarbonization of the energy mix, asset digitalization, and the electrification of energy demand;
- **Global service functions** (i.e. Procurement and Digital Solutions) are responsible for implementing sustainability and climate change related criteria in supply chain management and fostering the development of digital solutions to support the implementation of technologies enabling the fight against climate change;
- **Global Business Lines** (i.e. Enel Green Power; Thermal Generation; Trading; Infrastructure & Networks; and Enel X) are responsible for developing activities related to the promotion of renewable energy generation, the optimization of thermal capacity, the digitalization of the electric grid, and the development of enabling solutions in the energy transition and the fight against climate change (e.g. electric mobility, energy efficiency, efficient lighting and heating systems);
- **Regions and Countries** (i.e. Italy, Iberia, Euro-Mediterranean Affairs, South America, North and Central America, Africa, Asia and Oceania) are responsible for promoting decarbonization and guiding the energy transition towards a low-carbon business model within their areas of responsibility. The Europe & Euro-Mediterranean Affairs function is responsible for defining the Group's position on climate change, for low-carbon policies, and for the regulation of international carbon markets within Europe.

  In addition, Enel has established the following two management committees chaired by the CEO, the responsibilities of which include climate-related issues:
- **the Group Investments Committee**: this Committee approves investments related to business development. The Committee is also responsible for ensuring

that all investments are fully in line with the Group's commitment to promoting a low-carbon business model and achieving full decarbonization by 2050. The Committee is made up of the heads of Administration, Finance & Control; Innovability; Legal & Corporate Affairs, and Procurement, as well as the regional heads and the heads of the various Business Lines;
- **the Group Risks Committee**: the objective of this Committee is to ensure that the organizational structures involved in managing operating risks are in line with business strategies and objectives, while engaging management in strategic decisions concerning risk policy, management and control.

The incentive system related to climate change

The company's remuneration policy includes various mechanisms aimed at making progress towards the energy transition, and specifically:

- **a short-term variable component (or MBO)** that may include objectives related to the specific function of each manager involved. This may, for example, include objectives tied to the development of renewable energy for managers within the Enel Green Power Global Business Line, or related to products and/or services for the energy transition within the Enel X Global Business Line;
- **a long-term variable component** that, beginning in 2018, includes a climate-related target for the reduction of CO_2 emissions per kWh_{eq} for the Enel Group over the next three years, which accounts for 10% of total long-term variable remuneration.

Strategy

Strategic planning, value creation, and climate change

Enel is committed to adopt a strategy based on meeting the objectives of the Paris Agreement (COP21). By way of strategic planning and risk management integrated with sustainability and climate-related issues, the Enel Group has created sustainable value over the long term. Over the last four years (2015-2018), the Group has increased profitability while achieving objectives related to decarbonization, digitalization, and customer service. The Group's Strategic and Business Plan 2019-2021 (the Plan) calls for continuing along this virtuous path based on a long-term

		2015	2018	2021
Renewables	Renewable capacity (% of total)	41%	46%	55%
CO_2	CO_2 emissions (kg/kWh_{eq})	0.409	0.369	0.345
Grid customers	Millions	61	73	75
Retail free-market customers	Millions	17	22	36
New businesses	Gross margin (billions of euro)	-	0.5	0.9
Simplification	Group earnings to total earnings (%)	64%	72%	71%
Cash generation	FFO - Gross investment (billions of euro)	1.8	2.5	4.4
Remuneration of shareholders	**Dividend per share (€)**	**0.16**	**0.28**	**0.36** (1)

(1) Guaranteed minimum dividend (floor).

view and the achievement of a series of predetermined objectives.

The Group's commitment can also be seen in the objectives pursued in relation to the United Nations' Sustainable Development Goals (SDGs), specifically: inclusive and equitable quality education (SDG 4); access to clean, affordable energy (SDG 7); inclusive and sustainable economic growth (SDG 8); industry, innovation, and infrastructure (SDG 9); and sustainable cities and communities (SDG 11). Enel is working to achieve the full decarbonization of electricity generation by 2050, in line with the objectives of the Paris Agreement and with the science-based targets, while also helping to achieve the United Nations' SDG 13.

Our model of value creation is based on a long-term vision that aims to take advantage of opportunities in the energy transition in three main areas: (i) the decarbonization of our generation capacity (increase of about 11.6 GW in the Group's renewables capacity[8] and decrease of about 7 GW in thermal capacity by 2021 compared with 2018); (ii) infrastructure development (+10% of electricity distributed over the distribution network in 2021 compared with 2018; 3.4 million lamps by 2021; some 455,000 public and private electric vehicle recharging points by 2021) and new customer services (9.9 GW of demand response by 2021; 173 MW of distributed storage installed per year by 2021) at the service of electrification and urbanization; and (iii) the digitalization of assets, customers, and human capital (€5.4 billion in investment for the period 2019-2021).

Climate-change reference scenarios

The Group develops financial and macroeconomic scenarios over the short, medium and long term to support both business and strategic planning and the investment evaluation process. This makes use of economic and statistical models progressively integrated with climate-related data by introducing projections related to physical and transition scenarios in order to have a broad and consistent view of the landscape both in countries in which the Group has a presence and in those of potential interest. Forecasts of the main variables are constantly compared against the most authoritative international sources.

The Group has taken two physical scenarios representing two distinct, extreme pathways of concentrations of greenhouse gases (GHGs) developed by the Intergovernmental Panel on Climate Change (IPCC) in order to include the most extreme pathways of those that are plausible:

- **Representative Concentration Pathway 2.6 (RCP 2.6)**: a climate-change scenario consistent with limiting global warming to below 2 °C by 2100 (mean of +1 °C over the period 2081-2100 based on the IPCC Fifth Assessment Report);
- **Representative Concentration Pathway 8.5 (RCP 8.5)**: a business-as-usual scenario that represents the most pessimistic forecast of containing GHGs, resulting in a mean temperature increase of 3.7 °C over the period 2081-2100.

In order to study the effects of climate change and related transition scenarios, the Group has entered into a collaboration with the International Centre for Theoretical Physics (ICTP) concerning the geographical downscaling of global climate scenarios. Downscaling enables detailed forecasts at a greater resolution so as to track the business impact of a series of relevant variables, such as temperature, rain levels, snow levels, solar radiation, and wind. This approach produces a model that integrates climate change with the other country-level variables, starting with the countries of greatest relevance to the Group and then extending out to global coverage. Integration of the scenario analyses with climate-related variables will result in an increasingly important tool supporting informed strategy and operating decisions.

The initial results of the scenario analysis and climate data have shown that significant, chronic changes will take place gradually over the coming decades. Changes compared with historical trends will be gradual, with limited effects in both scenarios until 2050, but with more extreme, chronic effects under RCP 8.5 from 2050 to 2100 compared with historical trends and RCP 2.6. Studies of Europe and South America have pointed to a general increase in temperature with a greater impact in southern Europe and in Central and South America and of particular intensity by 2100. In these areas, rainfall levels could significantly decline after 2050 under RCP 8.5 forecasts, but could increase in northern Europe (e.g. Scandinavia). Differences in solar radiation patterns, on the other hand, could be more significant beginning in 2100 in the regions most exposed to a significant reduction in rainfall, whereas wind patterns could experience less homogeneous variations.

8 Includes managed capacity.

Regarding the **transition scenario definition**, the Group refers to the leading international sources, such as the **International Energy Agency** (WEO Sustainable Development Scenario; WEO Current Policies Scenario; ETP 2017 2 °C Scenario 2DS; Beyond 2 °C Scenario B2DS), the **International Renewable Energy Agency** (Reference case, Remap case), and **Bloomberg New Energy Finance** (BNEF New Energy Outlook). This approach enables Enel to associate a series of assumptions and variables to the potential climate-related scenarios, including pathways to develop a scenario consistent with the Paris Agreement (COP21). The transition scenario include variables such as demand for energy and services or assumptions about electrification, the use of electric vehicles, and the prices of commodities and CO_2. In order to reach this objective, a sharp reduction in emissions from power generation, high renewable energy source penetration, and the use of effective policy mechanisms and measures with regard to carbon pricing are expected. Within this landscape, we are also expecting an increase in energy efficiency, and in the electrification of industrial and residential consumption as well as in the transport industry. This transition towards lower carbon emissions and efficiency in the use of energy could lead to a gradual uncoupling of economic growth and the consumption of resources and, consequently, to lower demand and lower prices for fossil fuels.

Description of climate-related risks and opportunities

The Group's strategy and positioning ensure resilience and adaptation as well as mitigation capabilities with respect to the evolution of the external context associated to climate change, thanks to a strategy, a business model, and a position of leadership that are aligned with the Paris Agreement (COP21) and which are centered around the axes of sustainability and flexible growth of utilities:

- world leader among private-sector operators in terms of installed capacity in renewable energy (about 43 GW);[9]
- world leader among private-sector operators of distribution networks in terms of customers served (some 73 million);
- world leader among private-sector operators in terms of retail power and gas customers (about 70 million);
- approximately 6 GW of demand response managed worldwide.

Risks and opportunities are described by taking into account the physical and transition scenarios and with the support of the various components of long-term strategy assessment described in the section on risks (e.g. materiality analysis, ESG risk analysis, competitive analyses, etc.). The Group is working to gradually integrate the models of scenario analysis and strategic planning with climate models in order to establish more accurate relationships between the climate scenarios themselves, the macroeconomic landscape, the energy scenarios, and business fundamentals.

The information presented below is the result of a preliminary impact analysis that, by assessing the potential long-term effects (beyond 2030) and analyzing the Group's portfolio over the period of the Strategic Plan (2019-2021), associates sensitivity analyses of operational and industrial phenomena related to physical and transition variables.

With regard to the risks and opportunities associated with physical variables, and taking the IPCC pathways as points of reference, we analyzed the trends in the following variables and associated operational and industrial phenomena with potential risks and opportunities: (i) change in mean *temperatures* and potential increase and/or decrease in *energy demand*; (ii) change in mean *rainfall* and *snow* levels with a potential increase and/or decrease in *hydroelectric generation*; (iii) change in mean *solar radiation* and *wind* with a potential increase and/or decrease in *solar and wind generation*. In addition to chronic trends, the frequency and impact of these events have been looked at in terms of extreme events potentially resulting in unexpected physical damage to assets. However, work to perfect these analyses is ongoing. According to the scenarios used, significant, chronic changes in the variables analyzed, even in the event of increases, would have a material impact mainly over the long term.

By integrating financial strategy with sustainability and innovation, the Group has already implemented a series of actions aimed at mitigating potential risks and taking advantage of opportunities related to physical variables, such as the digitalization plan aimed at, inter alia, implementing systems and plans of preventive maintenance and, in particular, resilience plans for the infrastructures of the electrical grid. Enel is also active throughout the electricity value chain (i.e. generation, distribution and sales) and has a diversified portfolio of assets, in terms of both generation technologies (with a marked increase in renewables, especially wind and solar) and the markets and geographi-

9 Includes operated capacity.

cal areas in which we operate, thereby minimizing climate-related risks and their overall financial impact. The Group also adopts the best strategies of prevention and protection in order to reduce the potential impact on the communities and territories surrounding our assets. All areas of the Group are subject to ISO 14001 certification, and the potential sources of risk are monitored by way of internationally recognized environment management systems (EMSs).

As for the **risks and opportunities associated with transition variables**, and based on the various scenarios mentioned above in combination with the various factors involved in the identification of risks (e.g. the competitive landscape, the long-term outlook for the industry, materiality analyses, etc.), we analyzed the trends in the following drivers and related potential risks and opportunities: (i) prioritizing the phenomena of greatest relevance in terms of climate change; (ii) distinguishing between the short term (less than 3 years), medium term (3-5 years), and long term (beyond 5 years); and (iii) connecting these drivers to the TCFD recommendations for the classification of risks and opportunities.

Short-term risks and opportunities and strategic actions of mitigation and adaptation:

- **introduction of laws and regulations** for getting through the transition and the Paris Agreement introducing stricter emission limits and/or altering the generation mix not driven by price signals;
- **increasing focus within the financial community on ESG issues** with potential future benefits in terms of the availability of capital, which is also tied to financial sustainability, and of new products and markets (e.g. green or other sustainable bonds);
- **technological maturity and full competitiveness of renewable energy**, both large-scale and small-scale, with positive effects on return on investment.

Medium-term risks and opportunities and strategic actions of mitigation and adaptation:

- use of **more efficient means of transport** from the point of view of climate change, particularly with regard to the development of **electric vehicles and recharging infrastructures**;
- **development and/or expansion** of (new) assets (e.g. storage) and/or low-carbon services (e.g. Energy-as-a-Service) in response to technological progress and shifts in investment from the supply side to the demand side of energy in order to move beyond the Paris Agreement with benefits in terms of new revenue opportunities;
- **use of low-carbon sources of energy as the mainstream segment of the energy mix** in countries with opportunities to develop renewable resources and with flexibility in their electricity and energy systems with positive impacts in terms of return on investment and new business opportunities;
- **increase in the level of competition and convergence of opportunities from diverse fields** with opportunities to access new markets, services and/or partnerships or for the entry of new players into the energy industry;
- **regulatory changes with a view to integrating new digital and renewable technologies and to driving infrastructure resilience** with potential benefits in terms of introducing new mechanisms of remuneration tied to environmental performance and innovation.

Long-term risks and opportunities and strategic actions of mitigation and adaptation:

- **uncertainty and volatility in business drivers** (e.g. macroeconomics, energy, climate, etc.) that are **growing and persistent as new paradigms**, with effects on price indicators, on the cost of raw materials and technologies, on the value of assets, and on reputation;
- **gradual increase in the decentralization of the energy and electricity industries with a shift towards distributed technologies and resources**, which leads to new business and investment opportunities with a focus on the customer and on the needs of infrastructures.

By integrating financial strategy with sustainability and innovation, the Group has already implemented a series of actions aimed at mitigating potential risks and taking advantage of opportunities related to transition variables. Of particular note are the main actions concerning the energy and climate transition:

- a **decarbonization strategy** for power generation, resulting in a reduction of thermal fossil fuels of over 6 GW from 2015 to 2018 and an increase of about 6 GW in renewable sources to bring carbon-free power generation to 51% of the total and emissions to 0.36 $kgCO_2/kWh_{eq}$. The Plan calls for a further reduction of 7 GW in thermal generation by 2021 and the addition of 11 GW of renewable energy, which would bring carbon-free generation to 62%;[10]
- **financial strategy aimed at integrating ESG issues, leading to a sustainable approach to debt manage-**

10 All figures related to the "decarbonization strategy" include managed capacity and related output.

ment, including by issuing green bonds – with Enel having issued three green bonds for a total of €3.5 billion – and **collaboration with leading international development banks and financial institutions** (e.g. the World Bank, the European Investment Bank (EIB), and other banks dedicated to regional development);

- **strategy to develop renewable energy**, both on a large scale with the Enel Green Power Business Line with an IRR/WACC spread of around 150 bps and with the Enel X Business Line by developing distributed solutions for large and small customers;
- **strategy to develop electric mobility and new services with the Enel X Business Line**, which, as of 2018, has about 3 MW of installed distributed storage and manages some 2.5 million lamps, 49,000 public and private electric vehicle recharging points, and more than 4 million property units connected to the fiber-optic network. The 2019-2021 Business Plan calls for bringing annual installed storage to 173 MW, lamps to 3.4 million, recharging points to 455,000, and property units connected to the fiber-optic network to 8.5 million;
- **strategy to develop renewable-energy PPAs with players in various industries**, as well as a series of **technology and other strategic partnerships supported by innovation efforts that take advantage of a global network of innovation hubs** created to develop technology startups of the greatest potential and to transform ideas into business solutions;
- **plan for the digitalization of assets**, of customers, and of human capital, which reached around €1.5 billion in 2018. The plan calls for a total investment of €5.4 billion;
- **investment plan focused entirely on the transition to renewable energy and related networks and customers**. From 2015 to 2018, about €8 billion has been invested annually, over 90% of which dedicated to low-carbon products, goods and/or services and, therefore, to the energy transition. The plan calls for maintaining this level of investment and of focus on climate change.

Risk management

The Group's integrated risk management system

In the performance of our operations, which encompass a diverse range of countries, markets and industry segments, Enel is exposed to various types of risks over the short, medium and long term (e.g. commodity risk, financial risks, and strategic risks, including in relation to climate change). **In order to effectively deal with events that could lead to risks and opportunities, Enel has adopted an internal control and risk management system ("SCIGR")**. This system consists of the set of rules, procedures, and organizational entities aimed at identifying, measuring, monitoring and managing the main corporate risks within the Group. More specifically, the SCIGR seeks to safeguard company capital and ensure the efficiency and effectiveness of corporate processes, the reliability of information provided to the corporate bodies and to the market, and the compliance with laws, regulations, as well as with the corporate bylaws, and internal procedures.

Given the importance of identifying, monitoring and managing the climate-related risks that could have an impact on achieving company objectives, **the Board of Directors is committed to developing guidelines to ensure that decisions at all levels of the Group are consistent with risk appetite**.

To this end, the Board has established a Control and Risk Committee to provide support in making decisions concerning approval of the Business Plan and of financial reporting. This Committee also provides the Board of Directors with opinions concerning the system of internal controls and risk management guidelines so that the main risks of Enel SpA and its subsidiaries – including any risk that may affect the sustainability in a medium/long-term perspective – are properly identified, measured, managed and monitored. The Group also has specific internal committees composed of senior management that are responsible for governing and overseeing risk management, monitoring and control.

Identifying risks and opportunities

The identification of risks and opportunities within the Group's business and strategic planning process is designed to manage short-term (less than 3 years), the medium-term outlook (3-5 years), and the revision of long-term ambitions (beyond 5 years).

Medium- and long-term planning starts with a strategic assessment of the external landscape and climate-related issues, which involves the following activities:

- **macroeconomic, energy and climate scenario analysis** - a series of global and local analyses and forecasts to identify the main macroeconomic, climate and energy-related drivers over the short, medium and long-term horizon;
- **competitive landscape analysis** - a set of analyses to compare financial and operating performance as well as environmental, social and governance (ESG) performance of competitors and players of other sectors in order to monitor, guide and support the Group's competitive advantage and leadership position;
- **Industry view** - an overview of the macro-trends affecting the business environment and impacting an assessment of the Group business through an extensive internal and external collaborative approach;
- **strategic dialogue** - an ongoing process of engaging the Board of Directors, management, and employees in the definition of strategies. This process ensures that there is agreement as to the Group's priorities;
- **analysis of ESG risks** - analysis to identify the potential ESG risks to which the Group may be exposed, due to geographical distribution and operations; it is conducted based on an analysis of external studies such as the World Economic Forum's Global Risk Report, studies by leading ESG investment analysts, and internal studies such as materiality analyses or due diligence concerning human rights;
- **ESG landscape analysis and materiality assessment** - Enel conducts ESG and materiality analyses using an approach that takes account of the guidelines based on numerous international standards (e.g. Global Reporting Initiative, UN Global Compact, SDG Compass, etc.) with the goal of identifying and assessing priorities for stakeholders and correlating them with the Group's strategy.

Assessing risks and opportunities

Enel is committed to setting up and structuring periodical monitoring and assessment processes of risks and opportunities associated both with physical variables trends, related to acute and chronic climate-related events, and with transition scenarios related to changes in the socio-economic landscape and in laws and regulations concerning the fight against climate change.

For the ex ante assessment of risk levels, a Plan risk analysis, including exposure to climate-related factors, will be presented each year to the Control and Risk Committee. With regard to ex post monitoring, the various risk factors, including the main climate-related variables that could have an impact on the Group's objectives and operations, will be periodically evaluated and revised. These activities will be undertaken starting from 2019, while at the operational level there are already processes in place to monitor the risk of damage to assets and infrastructures caused by climate-related extreme events or natural disaster, as well as the consequent risk of prolonged unavailability of such assets.

Managing risks and opportunities

Consistently with the Strategic Plan, the Business Lines submit investment proposals for approval to the relevant **Investments Committees**, composed of Business Line senior management. Moreover, the Group Investments Committee approves investments above a certain threshold or concerning particularly innovative projects.

The Investments Committee approval is based on a joint assessment of both return and risk aspects. The risk assessment includes a quantitative analysis of economic, financial and operational risk factors and a qualitative analysis of all risk categories in order to determine the potential impact on the investment return and the appropriate mitigation efforts. The units responsible for developing each project identify the specific factors that could influence the expected return on investment, including certain environmental and climate-related risks (e.g. an increase in the frequency of extreme environmental and climate-related events and changes in national laws and regulations regarding the fight against climate change). The Group is committed to further developing the investment analysis framework to explicitly include an assessment of each project contribution to the improvement of the Group's climate resilience.

Metrics and targets

The following metrics and targets are used to measure and manage the risks and opportunities connected with climate change.

Main climate change indicators

	2018	2017	Change	
Net renewable production (% of total)	39.5	32.7	6.8	-
Emission free production (% of total)	49.1	43.3	5.8	-
ISO 14001-certified net efficient capacity (% of total)	98.5	99.0	(0.5)	-0.01%
Average thermal generation yield (%) (1)	40.1	40.7	(0.6)	-
Specific emissions of CO_2 from net production (kg CO_2/kWh_{eq}) (2)	0.369	0.411	(0.042)	-10.2%
Specific water requirement for total production (l/kWh_{eq}) (3)	0.38	0.44	(0.06)	-13.6%
Drawings of water in water-stressed areas (%) (4)	12	9	3	-
Generation with water consumption in water-stressed areas (%) (4)	8	8	-	-
Direct greenhouse gas emissions - Scope 1 (million/t)	94.80	105.51	(10.71)	-10.2%
Indirect greenhouse gas emissions - Scope 2 (million/t_{eq}) (5)	1.09	1.19	(0.10)	-8.4%
Other indirect greenhouse gas emissions - Scope 3 (million/t_{eq}) (5)	6.78	7.14	(0.36)	-5.1%
Total direct consumption of fuel (Mtoe)	37.0	41.3	(4.3)	-10.4%
Reference price of CO_2 (€)	13.0	5.3	7.7	-
EBITDA from low-carbon products, services and technologies (billions of euro) (6)	14.5	13.4	1.1	8.2%
CAPEX for low-carbon products, services and technologies (billions of euro) (6)	7.5	7.6	(0.1)	-1.3%
Ratio of capex for low-carbon products, services and technologies to total (%) (6)	89.0	88.9	0.1	-

(1) Percentages calculated using new method that does not include oil and gas plants in Italy that are in the process of decommissioning or are marginal among thermal plants. The figures also do not consider consumption and generation for co-generation at Russian thermal plants. The average generation yield is calculated on the basis of the number of plants and weighted by output.

(2) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).

(3) Following the adoption of the new GRI 303, from this year the value previously indicated as specific consumption is now indicated as specific requirement. Requirement is the total quantity of water drawn, including the reuse of waste water, necessary for the operation of a generation plant. The specific requirement for total production is calculated as total water consumption by simple thermal generation and co-generation of electricity and heat and nuclear generation as a ratio of total simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent), renewable generation and nuclear generation. The value does not include water drawn for use in open-cycle cooling, which is then returned to the original water source. For 2018, the value of the water requirement changed as a result of a change in the accounting criteria adopted in the nuclear sector, where cooling water returned to the recipient body of water is no longer included, as already done for all plants that adopt an "open-cycle" cooling system. Under the recalculated system, in 2017, total water drawn for generation processes amounted to 112.2 million cubic meters.

(4) The World Resources Institute (WRI) has defined "water-stressed area" as an area in which annual per capita water availability is less than 1,700 m^3.

(5) Scope 2 emissions: indirect CO_2 emissions for 2018 due to the consumption of electricity for electricity distribution, transport of fuel, coal mining, facilities management and electricity purchased from the grid by hydroelectric plants are estimated as the product of electricity consumption and the respective weighted coefficients of specific emissions for the entire generation mix of the countries in which the Enel Group operates (Source: Enerdata - https://www.enerdata.net/). Following a change in methodology, the figure for 2018 also includes electricity purchased from the grid for pumping at hydroelectric plants. The share of emissions connected with grid losses for electricity consumed has been included in Scope 3 emissions rather than Scope 2 as previously. The figure for 2017 has been recalculated. Scope 3 emissions: indirect CO_2 emissions for 2018 due to the marine transport of coal are estimated on the basis of the amount transported (equal to 69.5% of total coal used), considering Panamax ships with a tonnage of 67,600 tons travelling an average distance of 700 nautical miles over 22 days of steaming, using 35 tons of fuel oil per day, with an emissions coefficient of 3.2 kg of CO_2 for each liter of oil burned, including three days for unloading with a consumption of 5 tons of fuel oil. Indirect emissions of CO_2 from rail transport of coal are estimated on the basis of the amount transported (equal to 30.5% of coal used), considering trains with a tonnage of 1,100 tons travelling an average distance of 1,400 km with a consumption of 6.9 kWh/t for each 100 km of transport and the average emissions coefficient of Enel in the world. Indirect CO_2 emissions from the transport of consumables, fuel oil, diesel, solid biomass, refuse-derived fuel (RDF) and waste are estimated on the basis of the amount of raw materials transported, considering trucks with a tonnage of 28 tons travelling an average distance (out and back) of 75 km, using 1 liter of diesel for each 3 km travelled with an emissions coefficient of 3 kg of CO_2 for each liter of diesel burned. The figure is an approximate estimate of fugitive methane (CH4) emissions of the coal imported and used by the Enel Group for thermal generation. The figure does not include emissions from the transport of lignite. The figures for 2017 have been restated following the adoption of a new methodological approach. The share of emissions connected with grid losses for electricity consumed has been included in Scope 3 emissions rather than Scope 2 as previously.

(6) "Low-carbon products, services and technologies" include the Business Lines of Enel Green Power, Infrastructure and Networks, Enel X and Sales (80%, excluding gas).

Net efficient generation capacity by primary energy source

MW

	2018	2017	Change	
Net efficient thermal capacity:				
- coal	15,828	15,965	(137)	-0.9%
- CCGT [(1)]	17,244	17,251	(7)	-
- fuel oil/gas [(1)]	10,027	10,078	(51)	-0.5%
Total	**43,099**	**43,294**	**(195)**	**-0.5%**
Net efficient nuclear capacity	**3,318**	**3,318**	**-**	**-**
Net efficient renewable capacity:				
- hydroelectric	27,844	27,799	45	0.2%
- wind	8,190	7,431	759	10.2%
- geothermal	804	802	2	0.2%
- biomass and co-generation	42	57	(15)	-26.3%
- other	2,322	2,216	106	4.8%
Total	**39,203**	**38,305**	**898**	**2.3%**
Total net efficient generation capacity	**85,620**	**84,917**	**703**	**0.8%**

(1) Figure recalculated on the basis of a reclassification of TG plants.

Net efficient generation capacity by geographical area

MW

	2018	2017	Change	
Italy	**27,624**	**27,652**	**(28)**	**-0.1%**
Iberia	22,717	22,732	(15)	-0.1%
South America	20,997	20,544	453	2.2%
Russia	8,879	8,879	-	-
North and Central America	3,826	3,533	293	8.3%
Romania	534	534	-	-
Greece	307	307	-	-
Bulgaria	42	42	-	-
India	172	172	-	-
South Africa	522	522	-	-
Total net efficient generation capacity	**85,620**	**84,917**	**703**	**0.8%**

Net electricity generation by primary energy source

GWh

	2018	2017	Change	
Net thermal electricity generation:				
- coal	64,366	70,497	(6,131)	-8.7%
- CCGT	38,134	44,381	(6,247)	-14.1%
- fuel oil/gas	24,832	26,855	(2,023)	-7.5%
Total	**127,332**	**141,733**	**(14,401)**	**-10.2%**
Net nuclear electricity generation	**24,067**	**26,448**	**(2,381)**	**-9.0%**
Net renewable generation:				
- hydroelectric	65,893	55,363	10,530	19.0%
- wind	22,161	17,827	4,334	24.3%
- geothermal	5,881	5,820	61	1.0%
- biomass and co-generation	108	108	-	-
- other	4,897	2,577	2,320	90.0%
Total	**98,940**	**81,695**	**17,245**	**21.1%**
Total net electricity generation	**250,339**	**249,876**	**463**	**0.2%**

Net electricity generation by geographical area

GWh

	2018	2017	Change	
Italy	**53,232**	**53,518**	**(286)**	**-0.5%**
Iberia	74,193	78,618	(4,425)	-5.6%
South America	67,897	64,627	3,270	5.1%
Russia	39,182	39,830	(648)	-1.6%
North and Central America	12,433	9,793	2,640	27.0%
Romania	1,227	1,358	(131)	-9.6%
Greece	577	548	29	5.3%
Bulgaria	91	103	(12)	-11.7%
India	315	325	(10)	-3.1%
South Africa	1,192	1,156	36	3.1%
Total net electricity generation	**250,339**	**249,876**	**463**	**0.2%**

In addition to the targets indicated in the "Strategy" section, the following additional targets are linked to the fight against climate changes.

Targets

Emission free production (% of total) (1)	62 in 2021
Specific emissions of CO_2 from net production ($kgCO_2/kWh_{eq}$) (2)	<0.350 in 2020 (-25% compared with 2007) 0.23 in 2030 (-44% compared with 2015)
Net efficient renewable generation capacity (GW) (3)	53.9 in 2021
Net efficient thermal and nuclear generation capacity (GW)	39.5 in 2021
Net renewable electricity production (TWh) (1)	132 in 2021
Net thermal and nuclear electricity production (TWh)	124 in 2021
Specific water requirement for total production (l/kWh_{eq}) (4)	-35% in 2030 (compared with 2015)

(1) Includes managed capacity.

(2) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).

(3) Includes managed capacity.

(4) Following the adoption of the new GRI 303, from this year the value previously indicated as specific consumption is now indicated as specific requirement. Requirement is the total quantity of water drawn, including the reuse of waste water, necessary for the operation of a generation plant. The specific requirement from total output is calculated as total water consumption by simple thermal generation and co-generation of electricity and heat and nuclear generation as a ratio of total simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent), renewable generation and nuclear generation. The value does not include water drawn for use in open-cycle cooling, which is then returned to the original water source.

In 2018, Enel had an installed capacity of 85.6 GW, up about 0.7 GW compared with 2017 following the entry into service of new renewable plants. More specifically, the increase is attributable to new wind farms in the United States and solar plants in Mexico. The additional capacity installed in 2018 amounted to 2.7 GW, mainly in North, Central and South America. The difference between the overall increase in the Group's capacity and the new renewable capacity is due to the fact that during the year some renewable plants left the Group's scope of consolidation as part of the BSO (Build, Sell and Operate) process.

Generation in 2018 came to 250 TWh, unchanged compared with 2017. However, overall generation showed a change in the production mix, with a reduction in thermal generation offset by greater output from renewable sources, mainly hydroelectric but also wind and solar. As a consequence, the electricity generated by Enel in 2018 from zero-emission sources amounted to about 49% of the total, a considerable increase compared with 2017.

With a view to reducing its environmental impact, the Group has set itself the goal of achieving specific CO_2 emissions of less than 0.35 kg/kWh_{eq} by 2020. This objective is in line with the target set for 2030, the year in which the Group plans to have reduced specific CO_2 emissions to 0.23 kg/kWh_{eq}. Absolute CO_2 emissions showed a marked decrease compared with 2017 thanks to the significant reduction in the Group's net thermal generation, in particular from coal and combined-cycle plants. In 2018, specific CO_2 emissions (0.369 kg/kWh_{eq}) were 10% lower than the previous year (0.411 kg/kWh_{eq}). Specific atmospheric emissions of SO_2 and NO_X also declined by about 11% and 9% respectively. Dust fell steeply (-37%) compared with 2017, mainly due to work to improve the dust abatement system in Russia, and, secondarily, lower thermal generation from coal in Italy and Spain.

The objectives that Enel has set itself as part of the strategy to tackle climate change also include certain assumptions such as a reference price for CO_2 of €18 in 2021 and enable us to forecast, inter alia:

- EBITDA from low-carbon products, services and technologies[11] of €17 billion in 2021;
- CAPEX for low-carbon products, services and technologies of €7.7 billion in 2021;
- a ratio of CAPEX for low-carbon products, services and technologies to total capex of 90.1% in 2021.

Environmental sustainability

Enel has implemented specific policies aimed at protecting the environment and natural resources, at combatting climate change, and at contributing to sustainable economic development. A key element of these policies are our internationally recognized Environment Management Systems (EMS). Within the scope of our nuclear technology activities, Enel is publicly committed to ensuring that our plants adopt a clear nuclear safety policy and that those facilities are operated based on standards that ensure absolute priority is given to safety and the protection of employees, the general public, and the environment. The policy in respect of nuclear safety is to encourage excellence in all plant activities based on a strategy that seeks to go beyond mere compliance with applicable laws and regulations and to ensure the adoption of management approaches that embody the principles of continuous improvement and managing risk.

Responsible water resource management

Water is an essential part of electricity generation, and Enel therefore believes that the availability of this resource is a critical part of future energy scenarios. The Group has always managed the water we use efficiently through ongoing monitoring of all power plants located in areas threatened by water scarcity. Enel employs the following levels of analysis:

- the mapping of generation sites in areas at risk of water scarcity, i.e. where the average availability of per capita water resources is below the benchmark level set by the FAO (the mapping is performed using the Global Water Tool of the World Business Council for Sustainable Development);
- the identification of "critical" generation sites, i.e. those in water scarcity areas drawing on fresh water;

11 "Low-carbon products, services and technologies" include the Business Lines of Renewable Energy, Infrastructure and Networks, Enel X and Sales (80%, excluding gas).

- more efficient management of water resources in order to maximize the use of waste water and sea water;
- the monitoring of meteorological and climate data for each site.

Globally, Enel returns about 99% of the water used for open-cycle cooling to the original source. About 8% of the Enel Group's total electricity output uses and/or consumes fresh water in water-stressed areas.[12] In 2018 the total water requirement was 96.3 million cubic meters, some 14% less than in 2017, reflecting a decrease in thermal and nuclear generation compared with the previous year.
Of the total water requirement, the total drawn from treated waste water amounted to 4.7%, a decrease on the previous year. In line with Enel's commitment to reduce our water requirement by 35% in 2030 compared with 2015, the specific requirement for 2018 was 0.38 l/kWh_{eq}, 14% less than in 2017.

Preserving biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy. The Group promotes specific projects in the various areas in which we operate in order to help protect local species, their natural habitats, and the local ecosystems in general. These projects cover a vast range of areas, including: inventory and monitoring; programs to protect specific species; methodological research and other studies; repopulation and reforestation; and the construction of infrastructure supports to promote the presence and activities of various species (e.g. artificial nests along power distribution lines for birds or fish ladders at hydroelectric plants).

Enel's collaboration with the International Union for the Conservation of Nature (IUCN), a global authority on the preservation of biodiversity, which began in 2017, continued in 2018 and we consolidated our efforts to assess the risks and opportunities connected with managing biodiversity.

Innovation, digitalization and operating efficiency

In order to foster new uses of electricity and new ways of managing it, making it accessible to an ever larger number of people in a sustainable manner, Enel has made innovation and digitalization key pillars of its strategy for growth in a rapidly changing environment, establishing high standards of security, business continuity and operating efficiency. It is a path that involves both the traditional business and the development of new approaches and technologies, leveraging creativity, passion, ideas and technologies both inside and outside the company. Enel operates through an Open Innovability model, in which solutions are not only innovative but also guarantee the long-term sustainability of Enel's business and the communities in which it operates. It represents a consensus-based ecosystem that makes it possible to face challenges by connecting all the areas of the company with startups, industrial partners, small and medium-sized enterprises, research centers, universities and crowdsourcing platforms. Enel has 91 innovation partnership agreements, including eight global and cross-business agreements that, in addition to Enel's traditional lines of business such as renewables and conventional generation, have promoted the development of new solutions for e-mobility, microgrids, energy efficiency and the industrial Internet of Things (IoT). During 2018, the hub network where startups have the opportunity to test their solutions with the support of Enel's structures and know-how was expanded. There are now six Innovation Hubs (Silicon Valley, Tel Aviv, Madrid, Moscow, Santiago de Chile and Rio de Janiero) and three Innovation Hub & Labs (Catania, Pisa and Milan). In 2018 the Innovation Hubs organized 28 bootcamps, scouting initiatives dedicated to specific technologies of interest to the Group.
The online crowdsourcing platform "Openinnovability.com" has become a digital forum where dialogue is always open and ideas know no limitations. Project ideas are the protagonists of the challenges launched on the site through calls for applications. In 2018, Enel organized 27 innovation and sustainability challenges.
The process of change cannot be separated from the development of specific activities regarding the culture of innovation and corporate entrepreneurship at a global level. The "Innovation School" continued its work with the aim

12 The World Resources Institute (WRI) defines "water-stressed area" as an area in which annual per capita water availability is less than 1,700 m^3.

of providing Enel people involved in innovation activities with skills and knowledge about innovative work methods. Some 100 Innovation Ambassadors from various departments and business areas in Italy, Brazil and Colombia have been selected within Enel, with the goal of ensuring that innovation becomes part of our daily work through specific work methods. The "my best failure" project is also continuing, seeking disseminate a no blame culture and encourage innovative experimentation.

Furthermore, in 2018 the activities of the innovation communities continued, involving different areas and skills within the company. Energy storage, blockchain, drones, augmented and virtual reality, 3D printing, artificial intelligence, wearables and robotics are the areas and technologies addressed within these communities. In recent years, Enel has intensified the use of drones in the monitoring and maintenance of its assets, inspecting solar fields, wind farms, dams and hydroelectric reservoirs, closed components in traditional plants and distribution lines with the aim of increasing the efficiency of operational and maintenance processes and above all reduce workers' exposure to risks. Furthermore, storage systems, in addition to guaranteeing ongoing support for current business activities, pave the way to new frontiers of sustainable business. Using storage systems improves reliability and increases the quality of distribution as well as ensuring, together with traditional generation, network balancing and the stability of system loads at the national level.

Workplace health and safety

Enel considers employee health, safety and general well-being to be its most valuable asset, one to be preserved both at work and at home. We are committed to developing and promoting a strong culture of safety throughout the world in order to ensure a healthy work environment. Quality and safety must go hand in hand. All of us are responsible for our own health and safety and that of the people with whom we interact and, as provided for in the Enel "Stop Work Policy", they are required to promptly report and halt any situation of risk or unsafe behavior. The constant commitment of us all, the integration of safety both in our processes and in our training, the reporting and analysis of near misses, rigor in the selection and management of contractors, controls over quality, the sharing of experience throughout the Group and benchmarking against the leading international players are all cornerstones of Enel's culture of safety.

In 2018, we brought the SHE365 project to full implementation with the aim of focusing on Safety, Health and Environment (SHE) every day of the year.

The project is based on three main lines of action:

- expanding contractor engagement;
- strengthening the safety commitment chain;
- fostering bottom-up involvement in initiatives.

Safety is tightly integrated into Enel's tender process, and we closely monitor our contractors' performance both upstream with our qualification system and ongoing as the contracts progress through numerous control processes. In 2018, the qualification process was further strengthened and a new annex has been drawn up to the general contractual terms that clearly defines health, safety and environment obligations that all suppliers must comply with. Furthermore, we have introduced a supplier evaluation process called "Safety Supplier Assessment", which provides for specific audits on safety issues to be undertaken at the supplier's premises if certain critical issues emerge.

In 2018, a number of safety innovation projects continued and new projects were introduced to improve health and safety processes, beginning with employee training and the implementation of prevention and protection measures and on through the execution and analysis of corrective actions.

We developed and implemented a mobile device that enables the user to detect the voltage on both low- and medium-voltage power lines at a safe distance, thereby avoiding contact. We launched a global initiative to reduce road accidents for drivers during work hours as well as employees who use cars and motorbikes to commute. The project includes dedicated apps for smartphones, driving simulators, preferential terms for the purchase of personal protective equipment and preferential motor insurance policies that use black box technology. Lastly, new virtual reality scenarios have been developed for operational training, both on maintenance and safety issues.

Safety indicators

No.

	2018	2017	Change	
Injury frequency rate - Enel (1)	**0.943**	**1.199**	**(0.256)**	**-21%**
Serious and fatal injuries at Enel				
Serious injuries (2)	6	4	2	50%
Fatal injuries	1	2	(1)	-50%
Total	**7**	**6**	**1**	**17%**
Serious and fatal injuries at contractors				
Serious injuries (2)	10	9	1	11%
Fatal injuries	7 (3)	11	(4)	-36%
Total	**17**	**20**	**(3)**	**-15%**

(1) This indicator is calculated as the ratio between the total number of injuries and hours worked in millions.

(2) Injuries with an initial prognosis, as reported on the medical certificate issued, of greater than 30 days, or with a confidential prognosis until the actual prognosis is released, or with an unknown prognosis that, based on an initial assessment by the company/Business Line concerned, is expected to exceed 30 days. Once the official prognosis is released, the related injury is considered serious only if said prognosis exceeds 30 days. Should a confidential prognosis never be released or an unknown prognosis remain unknown, within 30 days of the event, the injury is to be deemed serious.

(3) Considering activities managed in all of the areas in which the Group operates, which include a number of companies accounted for using the equity method for which the Build, Sell and Operate approach has been adopted, the total number of fatal injuries was 8.

Workplace accident statistics

In 2018, the Lost Time Injury Frequency Rate (LTIFR[13]) for Enel Group employees was 0.19, a decrease from the previous year's 0.24.

With regard to the employees of contractors, the LTIFR was 0.17, down from the 0.19 of 2017.

In 2018, there was one fatal injury involving employees of the Enel Group and seven[14] fatal injuries involving Enel Group contractors.

Policy 106 "Classification, communication, analysis and reporting of incidents" establishes the roles and procedures that ensure the timely reporting of accidents, analysis of their root causes, and definition and monitoring of improvement plans. The policy also details the procedures for disclosing and analyzing all occurrences, for example near misses, that could have resulted in serious harm. In accordance with these policies, all serious and fatal injuries to Enel personnel and the personnel of Enel contractors and other significant, non-serious events were investigated by a team of experts. Actions for improvement emerging from this analysis are constantly monitored until their completion, and steps have been taken for contractors found to be in breach of contract (e.g. contract termination, suspension of certification, etc.).

Health

The Enel Group has created a structured health management system based on preventive measures in order to develop a corporate culture centered on promoting physical, emotional and organizational well-being and on establishing work-life balance. To this end, the Group carries out local and global awareness campaigns to promote healthy lifestyles, sponsors screening programs aimed at preventing illness, and ensures the delivery of medical services. Global programs and initiatives are developed in accordance with the calendar of the World Health Organization and with local needs. Furthermore, we have developed a series of measures to support staff travelling abroad on business: a policy has been set up for the prevention of local diseases and emergency assistance in case of illness or accident, a smartphone application with travel information, a guideline on vaccinations and a new global insurance policy has been agreed.

Development of the culture of safety: communication, training, information and sharing of experiences

In 2018, we provided some 726 thousand hours of training, in addition to awareness-raising and training activities in or-

13 The Lost Time Injury Frequency Rate (LTIFR) is calculated by as the ratio between the number of injuries and the number of hours worked/200,000.

14 Considering activities managed in all of the areas in which the Group operates, which include a number of companies accounted for using the equity method for which the Build, Sell and Operate approach has been adopted, the total number of fatal injuries was 8.

der to increase the specific skills and knowledge of workers throughout the Group. We also used possible scenarios reproduced in virtual reality by the Group's Business Lines for the training of operations personnel. There were also various training activities on safe driving, as well as safety leadership training for management. There were several communication campaigns concerning health and safety during the year, focusing on areas of particular importance to the organization. In particular this year, global communication efforts focused on issues related to personal health and on the most common disorders, such as: hypertension, hepatitis, smoking, risk factors in cardiovascular diseases, skin cancer, etc. These communication campaigns were based both on the publication of news on the company's intranet and on specific segments on Enel TV and Enel Radio. As part of the Group's strategic objective to share experiences, Enel has organized and actively participated in exchange of views with large European utilities on health and safety issues, with a view to creating a synergistic effort towards improving the prevention of injuries and accidents.

Human resource management, development and motivation

As at December 31, 2018, the total workforce of the Enel Group numbered 69,272 employees, 44% of whom working in companies based in Italy. This is a net increase of about 6,400 employees during the year, due mainly to acquisitions in Brazil, Italy and Spain. Of the total of 3,414 new hires, 23% were in Italy while the remaining 77% were distributed across the various countries abroad.

In a rapidly-changing global environment, there is the need for lean and agile organizational structures, with clear understanding of goals and priorities, and in which corporate relationships are based on trust, rapid problem solving, flexibility and innovation.

In line with this context, the selection and recruitment process plays a key role. In order to identify the most suitable employee profiles, we have strengthened partnerships with universities, including organizing academic events to promote knowledge exchanges or university class sessions on specific topics. We have also enhanced the internal selection program, known as "Job Posting", which represents an important opportunity to balance company needs and employee aspirations. This system makes it possible to encourage internal mobility, develop cross-sector skills, integrate cultures and professional skills in the various countries in which the Group operates. In 2018, we also launched globally a new information technology platform to manage the selection process, both for internal and external candidates.

The digitalization of the various business areas plays a key role in our corporate strategy. Enel therefore launched a program for the dissemination of digital skills in 2018, with the aim of involving the entire company population by 2020 and keeping this percentage constant in 2021. In particular, several training programs were launched, including "Digital Pills", which are available on the company online platform, divided into 18 short videos with a total duration of one hour on the following issues: digital transformation, agile methodology, data, innovation methodologies and digital revolution. In the last year 35% of the population was involved in initiatives to develop digital skills.

The qualitative and quantitative performance-evaluation process in 2018 involved the Group's workforce at various levels. The process in 2018 was strongly innovated in terms of rationale, mechanisms and frequency. It moved from an annual evaluation to a continuous process of discussion and dialogue and turned from a dual relationship (supervisor/employee) to an all-round exchange of feedback (supervisor/employee/colleagues/team members) so as to shift the focus on the organizational network, moving away from the hierarchical model. As the company increasingly adopts an approach geared towards openness and the sharing of information, the feedback philosophy is in line with the Group's vision. In 2018, the qualitative assessment, which focused on the four values of Enel detailed in the 10 Open Power principles involved 100% of the eligible workforce,[15] of whom 99% were assessed.

Quantitative appraisals, in turn, were conducted for employees with variable remuneration plans, which involved the assignment of targets and the assessment of those targets.

In order to ensure merit is managed and leveraged appropriately, for some years now the Enel Group has also adopted a talent management process, which enables the effective governance of management positions, facilitating generation-

15 Eligible employees: employees who have an open-ended contract and were employed for at least three months in 2018.

al turnover by identifying young talents in development. The objective is to leverage differences in gender and age and to stimulate functional osmosis to foster the development of our employees and, consequently, the Group. The pool of developing talents is the primary source of new managers, who are nominated following an evaluation of aptitude and motivation designed to ensure a match between the level of responsibility to be assigned to the employee and the management model that Enel considers necessary for today and tomorrow, in line with the Open Power approach.

The corporate-climate survey plays an important role within the company as it enables the identification of areas of improvement and the gathering of suggestions on working life issues and aspects. In 2018, the content of the survey was revised, with the preparation of 20 questions divided into three key domains: Well-being, Engagement and Safety. More than 86% of Enel's entire workforce[16] participated, evaluating aspects such as courtesy, respect, cooperation, work-life balance, motivation, meritocracy and working relationships. The analysis of the information will allow us to draw up global and local action plans.

Diversity and inclusion

Enel's commitment to promoting diversity and inclusion is a process that started in 2013 with the adoption of our policy on human rights, followed by our global "Diversity and Inclusion" policy, which was approved in 2015. Enel's approach is based on the fundamental principles of non-discrimination, equal opportunities and human dignity in all its forms, inclusion and promoting work-life balance. The application of our policy has enabled us to develop global and local projects to promote diversity in terms of gender, age, nationality and disability, and to advance the culture of inclusion at all levels of the Group and in every situation that may be encountered in the workplace. The impact of this policy is being monitored on the basis of a detailed set of internal indicators associated with the various actions and contexts. More specifically, Enel has set the public objective of ensuring equal gender representation in the initial stages of the selection and recruiting process (about 50% by 2020). In 2018, in line with the established trajectory, women accounted for 39% of participants in selection processes.

Responsible relations with our communities

The energy sector is undergoing a profound transformation and our emphasis towards social and environmental factors, together with an inclusive approach, allows us to create long-term value for Enel and for the communities in which we operate. This model has been incorporated along the entire value chain: analyzing the needs of communities right from the development phases of new activities; taking account of social and environmental factors in the establishment of sustainable worksites; managing assets and plants to make them sustainable development platforms to the benefit of the territories in which they are located. Another development was the broadening of this approach in the design, development and supply of energy services and products, helping to build cities that are increasingly sustainable and deploying new technologies and circular economy approaches.

Enel is committed to respecting the rights of communities and to contributing to their economic and social development, interacting every day with a multitude of stakeholders. In 2018, Enel, with over 1,600 projects and about 7 million beneficiaries,[17] made a concrete contribution to the establishment of ecosystems in the countries in which it operates to guarantee access to electricity in rural areas and address inadequate power supplies (SDG 7), promoted the economic and social development in the communities (SDG 8) and supported quality education (SDG 4).
Contributing to this were also more than 700 partnerships with local organizations, social enterprises, universities, international associations and non-governmental organizations in the various countries.

16 Eligible employees: employees who have an open-ended contract and were employed for at least three months in 2018. Eletropaulo was not involved as it was acquired during the year.

17 Beneficiaries are those for whom a project is implemented. Enel only considers direct beneficiaries in the current year. The number of beneficiaries includes the activities and projects carried out in all the areas in which the Group operates (including companies accounted for using the equity method, foundations and non-profit organizations and the companies involved in the Build, Sell and Operate process).

Customer management

Our constant focus on the customer and our commitment to delivering high-quality products and services are important factors that distinguish Enel in the relationship with its customers in the various countries in which the Group operates. In 2018, the average number of power and gas customers came to about 68 million, an increase over 2017 mainly as a result of the acquisition of Eletropaulo in Brazil.

The quality of Enel's services is closely linked to the reliability and efficiency of the transmission and distribution infrastructures, which must be able to handle the levels of demand. In coordination with the other entities that operate in various roles on the grid infrastructure, Enel implements constant development and efficiency efforts aimed mainly at reducing the number and duration of service interruptions.

Enel's leadership position has been gained thanks to the attention we place on the customer in providing quality services: aspects that concern more than just the provision of electricity and/or natural gas, extending, above all, to intangible aspects of our service that relate to the perception and satisfaction of our customers. Through our products for both the residential and business markets, the company confirmed its focus of the last few years, with dedicated offers with a lower environmental impact and a concentration on the most vulnerable segments of the population. In fact, all the countries in which the Group operates provide forms of support (often linked to government initiatives) which assist these segments of the population in paying their electricity and gas bills, so as to give everyone equal access to electricity. In Spain, Endesa implemented various agreements in 2018 with local authorities to facilitate payment of electricity bills by low-income customers, and to avoid disconnection and late payment charges. Likewise, in Italy for a number of years we have been offering a discount to residential customers experiencing financial hardship and to those dependent on electrical lifesaving medical devices (the so-called "social bonus").

Enel has also established numerous processes to ensure customers receive a high level of service. In Italy, the commercial quality of all our contact channels (customer service calls, Enel Points and stores, utility bills, app, e-mail, social media, account manager, fax) is ensured through systematic monitoring of the sales and management processes in order to ensure compliance with applicable laws and regulations and respect for the privacy, freedom and dignity of our customers.

Enel also confirms its interest in digitalization, electronic invoicing and new services. With Enel X, we offer innovative solutions to residential customers (technological solutions for smart homes, home automation, solar and photovoltaic systems, boilers, maintenance services, lighting, etc.), government customers (public lighting, monitoring services for smart cities, surveillance systems, etc.) and large customers (demand response services, consulting and energy efficiency solutions). We also promote electric mobility through the development of public and private research infrastructures.

Customers by geographical area

Average No.

	2018	2017	Change	
Electricity:				
- Italy	25,602,096	26,420,058	(817,962)	-3.1%
- South America [(1)]	22,585,296	18,044,215	4,541,081	25.2%
- Iberia	10,799,974	10,941,644	(141,670)	-1.3%
- Romania	2,921,353	2,782,014	139,339	5.0%
Total electricity customers	**61,908,719**	**58,187,931**	**3,720,788**	**6.4%**
Natural gas:				
- Italy	4,103,790	4,003,484	100,306	2.5%
- Spain	1,589,630	1,550,424	39,206	2.5%
- Romania	35,012	2,421	32,591	-
Total natural gas customers	**5,728,432**	**5,556,329**	**172,103**	**3.1%**

(1) The increase in customers is attributable to Brazil as a result of the acquisition of Eletropaulo in 2018.

Sustainable supply chain

Enel bases its procurement processes on pre-contractual and contractual conduct centered around mutual good faith, transparency and collaboration. In addition to meeting certain quality standards, the services of our vendors must also go hand in hand with the adoption of best practices in terms of human rights and working conditions, workplace health and safety and environmental and ethical responsibility.

Our procurement procedures are designed to guarantee service quality in full respect of the principles of economy, effectiveness, timeliness, fairness and transparency.

The procurement process plays a central role in value creation in its various forms (safety, savings, timeliness, quality, earnings, revenue, flexibility) as a result of ever-greater interaction and integration with the outside world and the different parts of the company organization.

In 2018, we signed new agreements with a total of more than 31,000 vendors.

Supplier management involves three essential stages, which integrate social, environmental and governance issues in the evaluation process. These are:

- the qualification system;
- general terms and conditions of contract;
- vendor ratings.

Enel's global vendor-qualification system (with more than 6,700 active qualifications as at December 31, 2018) enables us to accurately assess businesses that intend to participate in tender processes and serves as a guarantee for the company, while the vendor-rating system seeks to monitor vendor services in terms of the quality, timeliness and sustainability of contract execution.

Furthermore, we continued working on those activities that enable an ever-greater integration of environmental, social and governance issues in the supply chain strategy, creating shared value with vendors in a vision of a circular economy.

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
Acquirente Unico - 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)
GSE - 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
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (GME) Purchase of electricity on the Power Exchange for pumping and plant planning (GME)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

In addition, the Group conducts essentially commercial transactions with associated companies or companies in which it holds minority interests.
Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and Environment.

For more details on transactions with related parties, please see the discussion in note 49 to the consolidated financial statements.

Reconciliation of shareholders’ equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders’ equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders’ equity	Income statement	Shareholders’ equity
	at Dec. 31, 2018		at Dec. 31, 2017	
Financial statements - Enel SpA	**3,456**	**27,943**	**2,270**	**27,236**
Carrying amount and impairment adjustments of consolidated equity investments	(548)	(78,109)	53	(76,076)
Shareholders’ equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	7,263	73,975	5,875	73,608
Translation reserve	-	(3,317)	-	(2,614)
Goodwill	(3)	14,273	-	13,745
Intercompany dividends	(4,836)	-	(4,471)	-
Elimination of unrealized intercompany profits, net of tax effects and other minor adjustments	(543)	(3,045)	52	(1,104)
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	**4,789**	**31,720**	**3,779**	**34,795**
NON-CONTROLLING INTERESTS	**1,561**	**16,132**	**1,550**	**17,366**
CONSOLIDATED FINANCIAL STATEMENTS	**6,350**	**47,852**	**5,329**	**52,161**

03

Consolidated financial statements

Financial statements

Consolidated income statement

Millions of euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	8.a	73,134	*5,387*	72,664	*5,124*
Other revenue and income	8.b	2,538	*38*	1,975	*22*
	[Subtotal]	**75,672**		**74,639**	
Costs					
Electricity, gas and fuel purchases	9.a	35,728	*7,737*	36,039	*7,761*
Services and other materials	9.b	18,870	*2,644*	17,982	*2,664*
Personnel	9.c	4,581		4,504	
Net impairment/(reversals) of trade receivables and other receivables	9.d	1,096		-	
Depreciation, amortization and other impairment losses	9.e	5,355		5,861	
Other operating expenses	9.f	2,889	*272*	2,886	*531*
Capitalized costs	9.g	(2,264)		(1,847)	
	[Subtotal]	**66,255**		**65,425**	
Net income/(expense) from commodity contracts measured at fair value	10	**483**	*10*	**578**	*27*
Operating income		**9,900**		**9,792**	
Financial income from derivatives	11	1,993		1,611	
Other financial income	12	1,715	*59*	2,371	*18*
Financial expense from derivatives	11	1,532		2,766	
Other financial expense	12	4,392	*55*	3,908	*25*
Net income/(expense) from hyperinflation	11, 12	168		-	
Share of income/(losses) of equity investments accounted for using the equity method	13	349		111	
Income before taxes		**8,201**		**7,211**	
Income taxes	14	1,851		1,882	
Net income from continuing operations		**6,350**		**5,329**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**6,350**		**5,329**	
Attributable to shareholders of the Parent Company	14	4,789		3,779	
Attributable to non-controlling interests	14	1,561		1,550	
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.47*		*0.37*	
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.47*		*0.37*	
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.47*		*0.37*	
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.47*		*0.37*	

Statement of consolidated comprehensive income

Millions of euro	Notes	2018	2017
Net income for the year		**6,350**	**5,329**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(552)	(204)
Change in the fair value of hedging costs		83	132
Share of the other comprehensive income of equity investments accounted for using the equity method		(57)	10
Change in the fair value of financial assets at FVOCI		(3)	(129)
Change in translation reserve		(1,287)	(2,519)
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Remeasurement of net liabilities/(assets) for employee benefits		(120)	74
Change in the fair value of equity investments in other entities		12	-
Total other comprehensive income/(loss) for the year	34	**(1,924)**	**(2,636)**
Total comprehensive income/(loss) for the year		**4,426**	**2,693**
Attributable to:			
- shareholders of the Parent Company		3,667	1,968
- non-controlling interests		759	725

Consolidated balance sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2018**		at Dec. 31, 2017	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	16	76,631		74,937	
Investment property	19	135		77	
Intangible assets	20	19,014		16,724	
Goodwill	21	14,273		13,746	
Deferred tax assets	22	8,305		6,354	
Equity investments accounted for using the equity method	23	2,099		1,598	
Derivatives	24	1,005		702	
Non-current contract assets	25	346		-	
Other non-current financial assets	26	5,769		4,002	
Other non-current assets	27	1,272		1,064	
	[Total]	**128,849**		**119,204**	
Current assets					
Inventories	28	2,818		2,722	
Trade receivables	29	13,587	*1,085*	14,529	*832*
Current contract assets	25	135		-	
Tax receivables		660		577	
Derivatives	24	3,914	*52*	2,309	*11*
Other current financial assets	30	5,160	*21*	4,614	*3*
Other current assets	31	2,983	*165*	2,695	*162*
Cash and cash equivalents	32	6,630		7,021	
	[Total]	**35,887**		**34,467**	
Assets classified as held for sale	33	**688**		**1,970**	
TOTAL ASSETS		**165,424**		**155,641**	

Millions of euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2018**		at Dec. 31, 2017	
			of which with related parties		*of which with related parties*
Equity attributable to shareholders of the Parent Company					
Share capital		10,167		10,167	
Other reserves		1,700		3,348	
Retained earnings/(Loss carried forward)		19,853		21,280	
	[Total]	**31,720**		**34,795**	
Non-controlling interests		**16,132**		**17,366**	
Total shareholders' equity	34	**47,852**		**52,161**	
Non-current liabilities					
Long-term borrowings	35	48,983	*804*	42,439	*893*
Employee benefits	36	3,187		2,407	
Provisions for risks and charges - non-current	37	5,181		4,821	
Deferred tax liabilities	22	8,650		8,348	
Derivatives	24	2,609		2,998	
Non-current contract liabilities	25	6,306		-	
Other non-current liabilities	38	1,901	*86*	2,003	*36*
	[Total]	**76,817**		**63,016**	
Current liabilities					
Short-term borrowings	35	3,616		1,894	
Current portion of long-term borrowings	35	3,367	*89*	7,000	*89*
Provisions for risks and charges - current	37	1,312		1,210	
Trade payables	39	13,387	*2,924*	12,671	*2,365*
Income tax payable		333		284	
Derivatives	24	4,343	*35*	2,260	*9*
Other current financial liabilities	25	1,095	*25*	-	
Other current liabilities	40	788		954	
Other current liabilities	42	12,107	*69*	12,462	*37*
	[Total]	**40,348**		**38,735**	
Liabilities included in disposal groups classified as held for sale	33	**407**		**1,729**	
Total liabilities		**117,572**		**103,480**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**165,424**		**155,641**	

Statement of changes in consolidated shareholders' equity (notes 4 and 34)

Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserves from measurement of cash flow hedge financial instruments	Reserves from measurement of costs of hedging financial instruments	Reserves from measurement of financial instruments at FVOCI
	Share capital and reserves attributable to shareholders of the Parent Company							
At December 31, 2016	**10,167**	**7,489**	**2,034**	**2,262**	**(1,005)**	**(1,448)**	**-**	**106**
Application of new accounting standards (IFRS 9)	-	-	-	-	-	480	(480)	-
At January 1, 2017 restated	**10,167**	**7,489**	**2,034**	**2,262**	**(1,005)**	**(968)**	**(480)**	**106**
Distribution of dividends and interim dividends	-	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(1,609)	(272)	132	(129)
of which:								
- other comprehensive income/(loss)	*-*	*-*	*-*	*-*	*(1,609)*	*(272)*	*132*	*(129)*
- net income/(loss) for the period	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
At December 31, 2017 restated	**10,167**	**7,489**	**2,034**	**2,262**	**(2,614)**	**(1,240)**	**(348)**	**(23)**
Application of new accounting standards (IFRS 9 and IFRS 15)	-	-	-	-	-	-	-	3
Monetary revaluation (IAS 29)	-	-	-	-	-	-	-	-
At January 1, 2018 restated	**10,167**	**7,489**	**2,034**	**2,262**	**(2,614)**	**(1,240)**	**(348)**	**(20)**
Distribution of dividends	-	-	-	-	-	-	-	-
Monetary revaluation	-	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	(94)	(14)	-	27
Comprehensive income for the period	-	-	-	-	(609)	(491)	90	9
of which:								
- other comprehensive income/(loss)	*-*	*-*	*-*	*-*	*(609)*	*(491)*	*90*	*9*
- net income/(loss) for the period	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
at December 31, 2018	**10,167**	**7,489**	**2,034**	**2,262**	**(3,317)**	**(1,745)**	**(258)**	**16**

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/(Loss carried forward)	**Equity attributable to shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(12)	**(706)**	**(2,398)**	**(1,170)**	**19,484**	**34,803**	**17,772**	**52,575**
-	-	-	-	-	-	-	-
(12)	**(706)**	**(2,398)**	**(1,170)**	**19,484**	**34,803**	**17,772**	**52,575**
-	-	-	-	(1,983)	**(1,983)**	**(1,052)**	**(3,035)**
-	-	-	7	-	**7**	**(6)**	**1**
-	-	-	-	-	**-**	**(73)**	**(73)**
7	60	-	-	3,779	**1,968**	**725**	**2,693**
7	*60*	-	-	-	***(1,811)***	***(825)***	***(2,636)***
-	-	-	-	*3,779*	***3,779***	***1,550***	***5,329***
(5)	**(646)**	**(2,398)**	**(1,163)**	**21,280**	**34,795**	**17,366**	**52,161**
-	-	-	-	(3,707)	**(3,704)**	**(576)**	**(4,280)**
-	-	-	-	212	**212**	**362**	**574**
(5)	**(646)**	**(2,398)**	**(1,163)**	**17,785**	**31,303**	**17,152**	**48,455**
-	-	-	-	(2,765)	**(2,765)**	**(1,137)**	**(3,902)**
-	-	-	-	73	**73**	**143**	**216**
-	-	17	(460)	-	**(443)**	**(850)**	**(1,293)**
-	(5)	-	-	(29)	**(115)**	**65**	**(50)**
(58)	(63)	-	-	4,789	**3,667**	**759**	**4,426**
(58)	*(63)*	-	-	-	***(1,122)***	***(802)***	***(1,924)***
-	-	-	-	*4,789*	***4,789***	***1,561***	***6,350***
(63)	**(714)**	**(2,381)**	**(1,623)**	**19,853**	**31,720**	**16,132**	**47,852**

Consolidated statement of cash flows

Millions of euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Income before taxes for the year		**8,201**		**7,211**	
Adjustments for:					
Net impairment/(reversals) of trade receivables and other receivables	9.d	1,096		-	
Depreciation, amortization and other impairment losses	9.e	5,355		5,861	
Financial (income)/expense	11, 12	2,048		2,692	
Net income of equity investments accounted for using the equity method	13	(349)		(111)	
Changes in net working capital:		153		(1,265)	
- inventories	28	(117)		(112)	
- trade receivables	29	426	*(253)*	(1,530)	*126*
- trade payables	39	734	*559*	65	*(556)*
- other contract assets/(liabilities)	25	750		-	
- other assets/(liabilities)		(1,640)	*71*	312	*106*
Accruals to provisions		449		353	
Utilization of provisions		(1,226)		(1,149)	
Interest income and other financial income collected	11, 12	1,768	*59*	2,898	*18*
Interest expense and other financial expense paid	11, 12	(4,342)	*(55)*	(4,747)	*(25)*
Net (income)/expense from measurement of commodities		(71)		59	
Income taxes paid	14	(1,721)		(1,579)	
Capital (gains)/losses		(286)		(98)	
Cash flows from operating activities (A)		**11,075**		**10,125**	
Investments in property, plant and equipment	16	(6,908)		(7,226)	
Investments in intangible assets	20	(1,351)		(1,273)	
Investments in non-current contract assets		(271)		-	
Investments in entities (or business units) less cash and cash equivalents acquired	6	(1,472)		(900)	
Disposals of entities (or business units) less cash and cash equivalents sold	6	424		216	
(Increase)/Decrease in other investing activities		(83)		(111)	
Cash flows from investing/disinvesting activities (B)		**(9,661)**		**(9,294)**	
Financial debt (new long-term borrowing)	35	13,424		12,284	
Financial debt (repayments and other net changes)	35	(10,214)	*(89)*	(10,579)	*(179)*
Transactions in non-controlling interests		(1,402)		(478)	
Dividends and interim dividends paid		(3,444)		(2,873)	
Cash flows from financing activities (C)		**(1,636)**		**(1,646)**	
Impact of exchange rate fluctuations on cash and cash equivalents (D)		**(185)**		**(390)**	
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)		**(407)**		**(1,205)**	
Cash and cash equivalents at the start of the year [1]		7,121		8,326	
Cash and cash equivalents at year end [2]		6,714		7,121	

(1) Of which cash and cash equivalents equal to €7,021 million at January 1, 2018 (€8,290 million at January 1, 2017), short-term securities equal to €69 million at January 1, 2018 (€36 million at January 1, 2017) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €31 million at January 1, 2018.

(2) Of which cash and cash equivalents equal to €6,630 million at December 31, 2018 (€7,021 million at December 31, 2017), short-term securities equal to €63 million at December 31, 2018 (€69 million at December 31, 2017) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €21 million at December 31, 2018 (€31 million at December 31, 2017).

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Milan stock exchange. Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and South America.

The consolidated financial statements for the period ended December 31, 2017 comprise the financial statements of Enel SpA, its subsidiaries and Group holdings in associates and joint ventures, as well as the Group's share of the assets, liabilities, costs and revenue of joint operations ("the Group"). A list of the subsidiaries, associates, joint operations and joint ventures included in the scope of consolidation is attached.

The consolidated financial statements were approved for publication by the Board on March 21, 2019.

These financial statements have been audited by EY SpA.

Basis of presentation

The consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and the related notes.

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current" basis with separate reporting of assets held for sale and liabilities included in disposal groups held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Group or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from discontinued operations attributable to shareholders of the Parent Company and to non-controlling interests.

The indirect method is used for the consolidated cash flow statement, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.

In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items:

- cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from joint ventures or associates;
- investing/disinvesting activities comprise investments in property, plant and equipment and intangible assets and disposals of such assets and contract assets related to service concession arrangements. Include, also, the effects of business combinations in which the Group acquires or loses control of companies, as well as other minor investments;

- cash flows from financing activities include cash flows generated by liability management transactions, dividends paid to non-controlling interests by the Parent Company or other consolidated companies and the effects of transactions in non-controlling interests that do not change the status of control of the companies involved;
- a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

For more information on cash flows as reported in the statement of cash flows, please see the note on "Cash flows" in the Report on operations.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the next section below.

The consolidated financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement bases applied to each individual item, and of non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.

The consolidated financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenue, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Use of estimates

Revenue

Revenue from supply of electricity and gas to end users is recognized at the time the electricity or gas is delivered and includes, in addition to amounts invoiced on the basis of periodic (and pertaining to the year) meter readings or on the volumes notified by distributors and transporters, an estimate of the electricity and gas delivered during the period but not yet invoiced that is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenue between the date of the last meter reading and the year end is based on estimates of the daily consumption of individual customers, primarily determined on their historical information, adjusted to reflect the climate factors or other matters that may affect the estimated consumption.

Pensions and other post-employment benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in healthcare cost.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of healthcare.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-financial assets

The carrying amount of non-current assets is reviewed periodically and wherever circumstances or events suggest that more frequent review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 21 below.

In particular, the recoverable amount of non-current assets and goodwill is based on estimates and assumptions used in order to define the measurement of cash flow and the discount rates applied. Where the value of non-current assets is considered to be impaired, they are written down to the recoverable amount, as estimated on the basis of the use of the asset and its future disposal, in accordance with the Group's most recent plans.

Estimation factors used in the calculation of the recoverable amount are described more in detail in the paragraph "Impairment of non-financial assets". Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Expected credit losses on financial assets

At the end of each reporting date, the Group recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in the scope.

Loss allowances for financial assets are based on assumptions about risk of default and on the measurement of expected credit losses. Management uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The expected credit loss (ECL), determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD), is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate (EIR).

In particular, for trade receivables, contract assets and lease receivables, including those with a significant financial component, the Group applies the simplified approach, determining expected credit losses over a period corresponding to the entire life of the receivable, generally equal to 12 months.

Based on the specific reference market and the regulatory context of the sector, as well as expectations of recovery after 90 days, for such receivables, the Enel Group mainly applies a default definition of 180 days past due to determine expected credit losses, as this is considered an effective indication of a significant increase in credit risk. Accordingly, financial assets that are more than 90 days past due are generally not considered to be in default, except for some specific regulated markets.

For trade receivables and contract assets the Group mainly applies a collective approach based on grouping the receivables into specific clusters, taking into account the specific regulatory and business context. Only if the trade receivables are deemed to be individually significant by management and there are specific information about any significant increase in credit risk, the Group applies an analytical approach.

In case of individual assessment, PD is mainly obtained from an external provider.

Conversely, for collective assessment, trade receivables are grouped based on shared credit risk characteristics and past due information, considering a specific definition of default.

Based on each business and local regulatory framework as well as differences in client portfolios also in terms of risks, default and recovery rates, specific clusters are defined.

The contract assets are considered to have substantially the same risk characteristics as the trade receivables for the same types of contracts.

In order to measure the ECL for trade receivables on a collective basis, as well as for contract assets, the Group considers the following assumptions related to ECL parameters:

- PD, assumed as to be the average default rate, is calculated on a cluster basis and taking into consideration minimum 24 month historical data;
- LGD is function of the default bucket's recovery rates, discounted at the EIR; and
- EAD is estimated as the carrying exposure at the reporting date net of cash deposits, including invoices issued but not expired and invoices to be issued.

Based on specific management evaluations, the forward-looking adjustment may be applied considering qualitative and quantitative information in order to reflect possible future events and macroeconomic scenarios, which may affect the risk of the portfolio or the financial instrument.

For additional details on the key assumptions and inputs used please refer to note 43 "Financial instruments".

Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the Gazzetta Ufficiale of August 11, 2012) introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

- for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the revalued cost less government capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
- for other property, plant and equipment, the market value, meaning replacement value, reduced by estimated depreciation for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

Accordingly, management has decided it could not produce a reasonable and reliable estimate of residual value.

The fact that the legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free of charge prior to Law 134/2012 (until the year ended on December 31, 2011, given that the assets were to be relinquished free of charge, the depreciation period was equal to the closest date between the term of the concession and the end of the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets.

If additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances were this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, using the method discussed in note 47. Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

Recovery of deferred tax assets

At December 31, 2018, the consolidated financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Group should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various civil, administrative and tax disputes connected with the normal pursuit of its activities that could give rise to significant liabilities. It is not always objectively possible to predict the outcome of these disputes. The assessment of the risks associated with this litigation is based on complex factors whose very nature requires recourse to management judgments, even when taking account of the contribution of external advisors assisting the Group, about whether to classify them as contingent liabilities or liabilities.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made. Note 52 provides information on the most significant contingent liabilities of the Group.

Obligations associated with generation plants, including decommissioning and site restoration

Generation activities may entail obligations for the operator with regard to future interventions that will have to be performed following the end of the operating life of the plant.

Such interventions may involve the decommissioning of plants and site restoration, or other obligations linked to the type of generation technology involved.

The nature of such obligations may also have a major impact on the accounting treatment used for them.

In the case of nuclear power plants, where the costs regard both decommissioning and the storage of waste fuel and other radioactive materials, the estimation of the future cost is a critical process, given that the costs will be incurred over a very long span of time, estimated at up to 100 years.

The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Group considers it will have to pay to meet the obligations it has assumed.

The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in storage, decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework governing health and environmental protection.

Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Management judgments

Identification of cash generating units (CGUs)

In application of "IAS 36 - Impairment of assets", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely independent and largely autonomous of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted. For a more extensive discussion, please see notes 5 and 6 below and the discussion in the section on "Results by business area" in the Report on operations.

The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on goodwill, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group, and to take account of external factors that could impact the ability of groups of assets to generate independent cash flows.

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend solely on ownership of a majority shareholding, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Group holds less than a majority of voting rights, or similar rights, in the investee.

Following such analysis of the existence of control, which had already been done in previous years under the provisions of the then-applicable IAS 27, the Group consolidated certain companies (Emgesa and Codensa) on a line-by-line basis even though it did not hold more than half of the voting rights. That approach was maintained in the assessment carried out in application of IFRS 10 on the basis of the requirements discussed above, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2018" to these financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

Finally, the assessment of the existence of control did not find any situations of de facto control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of IFRS 11, a joint arrangement is an agreement where two or more parties have joint control.

Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Following that analysis, the Group has considered its interest in Asociación Nuclear Ascó-Vandellós II as a joint operation.
The Group re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associated companies are those in which the Group exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.
The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of significant influence.

Application of "IFRIC 12 - Service concession arrangements" to concessions

"IFRIC 12 - Service concession arrangements" applies to "public-to-private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to the main public facilities for a specified period of time in return for managing the infrastructure used to deliver those public services.
More specifically, IFRIC 12 applies to public-to-private service concession arrangements if the grantor:

- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions.
On the basis of that analysis, the provisions of IFRIC 12 are applicable to some of the infrastructure of a number of companies that operate in Brazil.

Revenue from contracts with customers (within the scope of IFRS 15)

Identification of the contract

The Group carefully analyses the contractual terms and conditions on a jurisdictional level in order to determine when a contract exists and the terms of that contract's enforceability so as to apply IFRS 15 only to such contracts.

Identification and satisfaction of performance obligations

When a contract includes multiple promised goods or services, in order to assess if they should be accounted for separately or as a group, the Group considers both the individual characteristics of goods/services and the nature of the promise within the context of the contract, also evaluating all the facts and circumstances relating to the specific contract under the relevant legal and regulatory framework.
To evaluate when a performance obligation is satisfied, the Group evaluates when the control of the goods or services is transferred to the customer, assessed primarily from the perspective of the customer. The Group first determines whether the performance obligation meets the criteria to recognize revenue over time. If control transfers over time, the Group selects an appropriate method to measure progress towards complete satisfaction of the performance obligation, also considering the nature of both the goods or services promised and the performance obligation. If none of the over-time criteria are met, the Group determines the point in time at which the customer obtains the control, considering whether the indicators of the transfer of control collectively indicate that the customer has obtained control.
In particular, taking into consideration that IFRS 15 changes the main notions and principles of revenue recognition, the Group considers that the following main revenue streams require a specific assessment under the new accounting requirements:

- an electricity/gas supply agreement signed with an end user includes a single performance obligation (sale and transport of the commodity) because the Group has evaluated that the contract does not provide distinct goods/services and the promise is satisfied by transferring the control over the commodity to the customer when it is delivered at the point of delivery. In order to determine the nature of the promise included in such contracts, the Group analyzes carefully the facts and circumstances applicable to each contract and commodity.

However, the Group considers that the performance obligation provided for a repetitive service contract, as a supply or a transport contract of electricity/gas to end users, is typically satisfied over time (because the customer simultaneously receives and consumes the benefits of the commodity as it is delivered) as part of a series of distinct goods/services (i.e., each unit of commodity) that are substantially the same and have the same pattern of transfer to the customer. In these cases, the Group applies an output method to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the performance completed to date;

- the network connection fees received from customers for connecting them to the electricity/gas distribution networks require a specific Group assessment to take into consideration all terms and conditions of the connection arrangements that could vary from country to country based on the local context, regulations and law. This assessment is finalized to evaluate if the contract includes other distinct goods or services, as for example, the right to obtain the ongoing access to the infrastructure in order to receive the commodity or, when the connection fee is a "non-refundable up-front fee" paid at or near contract inception, a material right that gives rise to a performance obligation.

  In particular, in some countries in which the Group operates, it assesses that the nature of the consideration received represents a "non-refundable up-front fee" whose payment provides a material right to the customer. In order to determine if the period over which to recognize this material right would be extended beyond the initial contractual period, the Group takes into consideration the applicable legal and regulatory frameworks applicable to the contract and that affect the parties. In such cases, if there is an implied assignment of the material right and an obligation from the initial customer to the new customer, the Group recognizes the connection fee over a period beyond the relationship with the initial customer, considering the concession terms as the period during which the initial customer and any future customer can benefit from the ongoing access without paying an additional connection fee. As a consequence, the fee is recognized over the period for which the payment creates for the Group an obligation to make the lower prices available to future customers (i.e., the period during which the customer is expected to benefit from the ongoing access service without having to pay an "up-front fee" upon renewal);
- construction contracts typically include a performance obligation satisfied over time; for these contracts, the Group generally considers appropriate the use of an input method for measuring progress, except when specific contract analysis suggest the use of an alternative method. In such cases, the cost incurred method (cost-to-cost method) is considered to be the best method to represent the Group's performance obligation satisfied at the reporting date.

Determination of the transaction price

The Group considers all relevant facts and circumstances in determining whether a contract includes variable consideration (i.e., consideration that may vary or depends upon the occurrence or non-occurrence of a future event). In estimating variable consideration, the Group uses the method that better predicts the consideration to which it will be entitled, applying it consistently throughout the contract and for similar contracts, also considering all available information, and updating such estimates until the uncertainly is resolved. The Group includes the estimated variable consideration in the transaction price only to the extent that it is high probable that a significant reversal in the cumulative revenue recognized will not occur when the uncertainty is resolved.

Principal versus agent assessment

The Group considers that it is an agent in some contracts in which it is not primarily responsible for fulfilling the contract and therefore it does not control goods or services before they are being transferred to customers. For example, the Group acts as an agent in some contracts for electricity/gas network connection services and other related activities depending on local legal and regulatory framework.

Allocation of transaction price

For contracts that have more than one performance obligation (e.g., "bundled" sale contracts), the Group generally allocates the transaction price to each performance obligation in proportion to its stand-alone selling price. The Group determines stand-alone selling prices considering all information and using observable prices when they are available in the market or, if not, using an estimation method that maximizes the use of observable inputs and applying it consistently to similar arrangements.

If the Group evaluates that a contract includes an option for additional goods or services (e.g., customer loyalty programs or renewal options) that represents a material right, it allocates the transaction price to this option since the option gives rise to an additional performance obligation.

Contract costs

The Group only capitalizes the incremental costs that it incurs to obtain a contract with a customer within the scope of IFRS 15 (directly attributable to an identified contract and paid only if the contract is obtained) if it expects to recover the costs, through reimbursements (direct recoverability) or the margin (indirect recoverability).

The Group assesses recoverability of the incremental costs of obtaining a contract either on a contract-by-contract basis, or for a group of contracts if those costs are associated with the group of contracts.

The Group supports the recoverability of such costs on the basis of its experience with other similar transactions and evaluating various factors, including potential renewals, amendments and follow-on contracts with the same customer.

The Group amortizes such costs over the average customer term. In order to determine this expected period of benefit from the contract, the Group considers its past experience (e.g., "churn rate"), the predictive evidence from similar contracts and available information about the market.

Classification and measurement of financial assets

At initial recognition, in order to classify financial assets as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, management assesses both the contractual cash flow characteristics of the instrument and the business model for managing financial assets in order to generate cash flows.

For the purpose of evaluating the contractual cash flow characteristics of the instrument, management performs the SPPI test at an instrument level, in order to determine if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, performing specific assessment on the contractual clauses of the financial instruments, as well as quantitative analysis, if required.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For more details, please see note 43 "Financial instruments".

Hedge accounting

Hedge accounting is applied to derivatives in order to reflect into the financial statements the effect of risk management strategies.

Accordingly, at the inception of the transaction the Group documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also assesses, both at hedge inception and on an ongoing basis, whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

On the basis of management's judgement, the effectiveness assessment based on the existence of an economic relationship between the hedging instruments and the hedged items, the dominance of credit risk in the value changes and the hedge ratio, as well as the measurement of the ineffectiveness, is evaluated through a qualitative assessment or a quantitative computation, depending on the specific facts and circumstances and on the characteristics of the hedged items and the hedging instruments.

For cash flow hedges of forecast transactions designated as hedged items, management assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

For additional details on the key assumptions about effectiveness assessment and ineffectiveness measurement, please refer to note 46.1 "Derivatives designated as hedging instruments".

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities operating post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity, regardless of the nature of the formal relationship between them, when it is exposed/has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns.
The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2018 in accordance with the accounting policies adopted by the Parent Company.
If a subsidiary uses different accounting policies from those adopted in preparing the consolidated financial statements for similar transactions and facts in similar circumstances, appropriate adjustments are made to ensure conformity with Group accounting policies.
Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in or excluded from the consolidated financial statements, respectively, from the date the Group gains control or until the date the Group ceases to control the subsidiary.
Profit or loss and the other components of other comprehensive income are attributed to the shareholders of the Parent Company and non-controlling interests, even if this results in a loss for non-controlling interests.
All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full.
Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the corresponding fraction of equity acquired or sold is recognized in consolidated equity.
When the Group ceases to have control over a subsidiary, any interest retained in the entity is remeasured to its fair value, recognized through profit or loss, at the date when control is lost. In addition, any amounts previously recognized in other comprehensive income in respect of the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

Investment in joint arrangements and associates

A joint venture is an entity over which the Group exercises joint control and has rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement, whereby decisions about the relevant activities require unanimous consent of the parties sharing control.
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over the investee.
The Group's investments in its joint ventures and associates are accounted for using the equity method.
Under the equity method, these investments are initially recognized at cost and any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities at the acquisition date is included in the carrying amount of the investment. Goodwill is not individually tested for impairment.
After the acquisition date, their carrying amount is adjusted to recognize changes in the Group's share of profit or loss of the associate or joint venture. The OCI of such investees is presented as specific items of the Group's OCI.
Distributions received from joint ventures and associates reduce the carrying amount of the investments.
Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.
The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount.
In the case of the Slovak Power Holding BV joint venture, any impairment losses are assessed by determining the recoverable value using the price formula specified in the agreement to sell the 66% stake in Slovenské elektrárne

(SE) by Enel Produzione to EP Slovakia, which is based on various parameters, including the evolution of the net financial position of SE, developments in energy prices in the Slovakian market, the operating efficiency of SE as measured on the basis of benchmarks defined in the contract and the enterprise value of Mochovce units 3 and 4. This value is compared against the carrying amount of the investment, which is measured on the basis of the results of that formula at the closing date for the transaction of July 28, 2017.

If the investment ceases to be an associate or a joint venture, the Group recognizes any retained investment at its fair value, through profit or loss. Any amounts previously recognized in other comprehensive income in respect of the former associate or joint venture are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to exercise a significant influence or joint control, the Group continues to apply the equity method and the share of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction is accounted for as if the Group had directly disposed of the related assets or liabilities.

When a portion of an investment in an associate or joint venture meets the criteria to be classified as held for sale, any retained portion of an investment in the associate or joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion classified as held for sale takes place.

Joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. For each joint operation, the Group recognized assets, liabilities, costs and revenue on the basis of the provisions of the arrangement rather than the participating interest held.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later translated using the period-end exchange rate.

Non-monetary assets and liabilities denominated in foreign currency that are recognized at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currency measured at fair value are translated using the exchange rate at the date that value was determined. Any exchange rate differences are recognized through profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability associated with the advance consideration.

If there are multiple advance payments or receipts, the Group determines the transaction date for each payment or receipt of advance consideration.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency used in the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired attributable to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. The value of non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition any adjustment to the fair value of the net assets acquired previously was recognized in equity; the amount of goodwill was determined for each transaction separately based on the fair values of the acquiree's net assets at the date of each exchange transaction.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 (Revised) hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs directly attributable to the acquisition are recognized through profit or loss.

The consideration transferred is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

In the case of business combinations achieved in stages, at the date of acquisition of control the previously held equity interest in the acquiree is remeasured at fair value and any positive or negative difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as an asset or a liability, or as a financial instrument within the scope of IFRS 9, are recognized in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS-EU. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition, restating comparative figures.

Fair value measurement

For all fair value measurements and disclosures of fair value that are either required or permitted by international accounting standards the Group applies IFRS 13.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.

When measuring fair value, the Group takes into account the characteristics of the asset or liability, in particular:

- for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- for liabilities and own equity instruments, the fair value

reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation, including among others the credit risk of the Group itself;

- in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost is also increased by the present value of the estimate of the costs of decommissioning and restoring the site on which the asset is located where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Property, plant and equipment transferred from customers to connect them to the electricity distribution network and/or to provide them with other related services is initially recognized at its fair value as at the date on which control is obtained.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

Where individual items of major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.

The cost of replacing part or all of an asset is recognized as an increase in the carrying amount of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is derecognized through profit or loss.

Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

Civil buildings	10-70 years
Buildings and civil works incorporated in plants	10-100 years
Hydroelectric power plants:	
- penstock	7-85 years
- mechanical and electrical machinery	5-60 years
- other fixed hydraulic works	5-100 years
Thermal power plants:	
- boilers and auxiliary components	3-59 years
- gas turbine components	3-59 years
- mechanical and electrical machinery	3-59 years
- other fixed hydraulic works	3-62 years
Nuclear power plants	50 years
Geothermal power plants:	
- cooling towers	20-25 years
- turbines and generators	25-30 years
- turbine parts in contact with fluid	10-25 years
- mechanical and electrical machinery	20-40 years
Wind power plants:	
- towers	20-30 years
- turbines and generators	20-30 years
- mechanical and electrical machinery	15-30 years
Solar power plants:	
- mechanical and electrical machinery	20-30 years
Public and artistic lighting:	
- public lighting installations	10-20 years
- artistic lighting installations	20 years

Transport lines	12-50 years
Transformer stations	20-55 years
Distribution plants:	
- high-voltage lines	10-60 years
- primary transformer stations	5-55 years
- low-and medium-voltage lines	5-50 years
Meters:	
- electromechanical meters	3-34 years
- electricity balance measurement equipment	3-30 years
- electronic meters	6-35 years

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.

Land is not depreciated as it has an indefinite useful life.

Assets recognized under property, plant and equipment are derecognized either upon their disposal (i.e., at the date the recipient obtains control) or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net disposal proceeds, determined in accordance with the transaction price requirements of IFRS 15, and the net carrying amount of the derecognized assets.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants.

Within the Italian regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the State in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012", which you are invited to consult for more details.

In accordance with Spanish laws 29/1985 and 46/1999, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The terms of the concessions extend up to 2067.

A number of generation companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire by 2088.

Infrastructure serving a concession

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance sheet value of the assets themselves and their profitability.

In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over the useful life of the assets.

Enel also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

Infrastructure within the scope of "IFRIC 12 - Service concession arrangements"

Under a "public-to-private" service concession arrangement within the scope of "IFRIC 12 - Service concession arrangements" the operator acts as a service provider and, in accordance with the terms specified in the contract, it constructs/upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for the period of the concession.

The Group, as operator, does not account for the infrastructure within the scope of IFRIC 12 as property, plant and equipment and it recognizes and measures revenue in accordance with IFRS 15 for the services it performs. In particular, when the Group provides construction or upgrade services, depending on the characteristics of the service concession arrangement, it recognizes:

- a financial asset, if the Group has an unconditional contractual right to receive cash or another financial asset from the grantor (or from a third party at the direction of the grantor), that is the grantor has little discretion to avoid payment. In this case, the grantor contractually guarantees to pay to the operator specified or determinable amounts or the shortfall between the amounts received from the users of the public service and specified or determinable amounts (defined by the contract), and such payments are not dependent on the usage of the infrastructure; and/or
- an intangible asset, if the Group receives the right (a license) to charge users of the public service provided. In such a case, the operator does not have an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

If the Group (as operator) has a contractual right to receive an intangible asset (a right to charge users of public service), borrowing costs are capitalized using the criteria specified in the paragraph "Property, plant and equipment".
However, for construction/upgrade services, both types of consideration are generally classified as a contract asset during the construction/upgrade period.
For more details about such consideration, please see note 8 "Revenue".

Leases

The Group holds property, plant and equipment and intangible assets for its various activities under lease contracts.
These contracts are analyzed on the basis of the circumstances and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases in the presence of an identified asset.
A finance lease is defined as a lease that transfers substantially all the risks and rewards incidental to ownership of the related asset to the lessee. All leases that do not meet the definition of a finance lease are classified as operating leases.
On initial recognition assets held under finance leases are recognized as property, plant and equipment and the related liability is recognized under long-term borrowings. At inception date finance leases are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments due, including the payment required to exercise any purchase option.
The assets are depreciated on the basis of their useful life. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.
Payment made under operating lease are recognized as a cost on a straight-line basis over the lease term.
Although not formally designated as lease agreements, certain types of contract can be considered as such if the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and if the arrangement conveys a right to use such assets.

Investment property

Investment property consists of the Group's real estate held to earn rentals and/or for capital appreciate rather than for use in the production or supply of goods and services.
Investment property is measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.
Investment property, excluding land, is depreciated on a straight-line basis over the useful life of the related assets.
Impairment losses are determined on the basis of the criteria following described.
The breakdown of the fair value of investment property is detailed in note 47 "Assets measured at fair value".
Investment property is derecognized either when it has been transferred (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net disposal proceeds, determined in accordance with the transaction price requirements of IFRS 15, and the net book value of the derecognized assets.
Transfers are made to (or from) investment property only when there is a change in use.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.

The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Internal development costs are recognized as an intangible asset when both the Group is reasonably assured of the technical feasibility of completing the intangible asset, that it has intention and ability to complete the asset and use or sell it and that the asset will generate future economic benefits.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use. Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
The Group's intangible assets have a definite useful life, with the exception of a number of concessions and goodwill.
Intangible assets with indefinite useful life are not amortized, but are tested for impairment annually.
The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.
Intangible assets are derecognized either at the time of their disposal (at the date when the recipient obtains control) or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, determined in accordance with the provisions of IFRS 15 concerning the transaction price, and the net book value of the derecognized assets.
The estimated useful life of the main intangible assets, distinguishing between internally generated and acquired assets, is as follows:

Development costs:	
- internally generated	2-26 years
- acquired	3-26 years
Industrial patents and intellectual property rights:	
- internally generated	3-10 years
- acquired	2-50 years
Concessions, licenses, trademarks and similar rights:	
- internally generated	20 years
- acquired	1-40 years
Intangible assets from service concession arrangements:	
- internally generated	-
- acquired	5 years
Other:	
- internally generated	2-28 years
- acquired	1-28 years

The Group also presents capitalized costs to obtain a contract with a customer within the scope of IFRS 15 in this item.
The Group recognized such costs as an asset only if:
- the costs are incremental, that is the Group would not have incurred them if the contract had not been obtained;
- the Group expects to recover them.

In particular, the Group generally capitalizes trade fees and commissions paid to agents for such contracts if the capitalization criteria are met.
Capitalized contract costs are amortized on a systematic basis, consistent with the pattern of the transfer of the goods or services to which they relate, and are subject to an impairment assessment to recognize impairment losses in profit or loss to the extent that the carrying amount of the asset recognized exceeds the recoverable amount.
The Group amortizes the capitalized contract costs on a straight-line basis over the expected period of benefit from the contract (i.e., the average term of the customer relationship); any changes in amortization policies are reflected on a prospective basis.
The Group does not incur any costs to fulfil a contract that are eligible for capitalization.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the acquisition cost, of any non-controlling interest and of any previously held interest over the acquisition date fair value of the acquiree's assets, liabilities and identifiable contingent liabilities. After initial recognition, goodwill is not amortized, but is tested for recoverability at least annually using the criteria described in the paragraph "Impairment of non-financial assets". For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the cash generating units identified.

Goodwill relating to equity investments in associates and joint ventures is included in their carrying amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any involved asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In order to determine the recoverable amount of property, plant and equipment, investment property, intangible assets and goodwill, the Group generally adopts the value-in-use criterion.

The value in use is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.

The future cash flows used to determine value in use are based on the most recent Business Plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments.

These projections cover the next five years. Consequently, cash flows related to subsequent periods are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate for the particular sector and country.

The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

If the carrying amount of an asset or of a cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".

Impairment losses of cash generating units are firstly charged against the carrying amount of any goodwill attributed to it and then against the other assets, in proportion to their carrying amount.

If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the net carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.

The recoverable amount of goodwill and intangible assets with an indefinite useful life and intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired.

If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and are impaired where necessary.

Inventories

Inventories are measured at the lower of cost and net realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Cost is determined on the basis of average weighted cost, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated costs to sell or, where applicable, replacement cost.

For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.

Inventories include environmental certificates (green certificates, energy efficiency certificates and CO_2 emissions allowances) that were not utilized for compliance in the reporting period. As regards CO_2 emissions allowances, inventories are allocated between the trading portfolio and the compliance portfolio, i.e. those used for compliance with greenhouse gas emissions requirements. Within the latter, CO_2 emissions allowances are allocated to sub-portfolios on the basis of the compliance year to which they have been assigned.

Inventories also include nuclear fuel stocks, use of which is determined on the basis of the electricity generated.

Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognized and measured in accordance with IAS 32 and IFRS 9.

A financial asset or liability is recognized in the consolidated financial statements when, and only when, the Group becomes party to the contractual provision of the instrument (trade date).

Trade receivables arising from contracts with customers, in the scope of IFRS 15, are initially measured at their transaction price (as defined in IFRS 15) if such receivables do not contain a significant financing component or when the Group applies the practical expedient allowed by IFRS 15.

Conversely, the Group initially measures financial assets other than receivables above-mentioned at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets are classified, at initial recognition, as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, on the basis of both Group's business model and the contractual cash flow characteristics of the instrument.

For this purposes, the assessment to determine whether the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets measured at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other receivables and financial receivables.

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method; they are subject to impairment.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (FVOCI) - debt instruments

This category mainly includes listed debt securities not classified as held for trading by the Group reinsurance company.

Financial assets at fair value through other comprehensive income are assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and whose contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value for these financial assets are recognized in other comprehensive income as well as loss allowances that do not reduce the carrying amount of the financial assets.

When a financial asset is derecognized (e.g. at the time of sale), the cumulative gains and losses previously recognized in equity (except impairment and foreign exchange gains and losses to be recognized in profit or loss) are reversed to the income statement.

Financial assets at fair value through other comprehensive income (FVOCI) - equity instruments

This category includes mainly equity investments in unlisted entities irrevocably designated as such upon initial recognition.

Gains and losses on these financial assets are never recycled to profit or loss. The Group may transfer the cumulative gain or loss within equity.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment. Dividends on such investments are recognized in profit or loss unless they clearly represents a recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss

This category mainly includes: securities, equity investments in other entities, financial investment in fund held for trading and financial assets designated as at fair value through profit or loss at initial recognition.

Financial assets at fair value through profit or loss are:

- financial assets with cash flows that are not solely payments of principal and interest, irrespective of the business model;
- financial assets held for trading because acquired or incurred principally for the purpose of selling or repurchasing in the short term;
- debt instruments designated upon initial recognition, under the option allowed by IFRS 9 (fair value option) if doing so eliminates, or significantly reduces, an accounting mismatch;
- derivatives, including separated embedded derivatives, held for trading or not designated as effective hedging instruments.

Such financial assets are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

This category include also listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.

Financial assets that qualify as contingent consideration are also measured at fair value through profit or loss.

Impairment of financial assets

At the end of each reporting date, the Group recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in the scope.

In compliance with IFRS 9, as from January 1, 2018, the Group adopted a new impairment model based on the determination of expected credit losses (ECL) using a forward-looking approach. In essence, the model provides for:

- the application of a single framework for all financial assets;
- the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, reflecting changes in the credit risk of the financial instrument;
- the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions.

For trade receivables, contract assets and lease receivables, including those with a significant financial component, the Group adopts the simplified approach, determining expected credit losses over a period corresponding to the entire life of the receivable, generally equal to 12 months.

For all financial assets other than trade receivables, contract assets and lease receivables, the Group applies the general approach under IFRS 9, based on the assessment of a significant increase in credit risk since initial recognition. Under such approach, a loss allowance on financial assets is recognized at an amount equal to the lifetime expected credit losses, if the credit risk on those financial assets has increased significantly, since initial recognition, considering all reasonable and supportable information, including also forward-looking inputs.

If at the reporting date the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for those financial assets at an amount equal to 12-month expected credit losses.

For financial assets on which loss allowance equal to lifetime expected credit losses has been recognized in the previous reporting date, the Group measures the loss allowance at an amount equal to 12-month expected credit losses when significant increase in credit risk condition is no longer met.

The Group recognizes in profit or loss, as impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9.

The Group applies the low credit risk exemption, avoiding the recognition of loss allowances at an amount equal to lifetime expected credit losses due to significant increase in credit risk, to debt securities at fair value through other comprehensive income, whose counterparty has a strong financial capacity to meet its contractual cash flow obligations (e.g. investment grade).

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly short-term liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, finance leases and debt instruments.

Financial liabilities, other than derivatives, are recognized when the Group becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on liabilities at fair value through profit or loss are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied.

In this case, the portion of the change in fair value attributable to own credit risk is recognized in other comprehensive income.

The Group has not designated any financial liability as at fair value through profit or loss, upon initial recognition.

Financial liabilities that qualify as contingent consideration are also measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

- the contractual right to receive the cash flows associated with the asset expires;
- the Group has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by IFRS 9 (the "pass through test");
- the Group has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or another contract:

- whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a receivable rating or other variable;
- that requires no initial net investment, or one that is smaller than would be required for a contract with similar response to changes in market factors;
- that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on the positive or negative fair value and they are classified as "held for trading" within "Other business models" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please refer to the note 46 "Derivatives and hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes, but measured at fair value through profit or loss since they do not qualify for hedge accounting, and derivative designated as effective hedging instruments are classified as current or non-current on the basis of their maturity date and the Group intention to hold the financial instrument till maturity or not.

Embedded derivatives

An embedded derivative is a derivative included in a "combined" contract (the so-called "hybrid instrument") that contains another non-derivative contract (the so-called host contract) and gives rise to some or all of the combined contract's cash flows.

The main Group contracts that may contain embedded derivatives are contracts to buy or sell non-financial items with clauses or options that affect the contract price, volume or maturity.

A derivative embedded in a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Contracts that do not represent financial instruments to be measured at fair value are analyzed in order to identify any embedded derivatives, which are to be separated and measured at fair value. This analysis is performed when the Group becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through profit or loss;
- the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate contract with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are separated from the host contract are recognized in the consolidated financial statements at fair value with changes recognized in profit or loss (except when the embedded derivative is part of a designated hedging relationship).

Contracts to buy or sell non-financial items

In general, contracts to buy or sell non-financial items that are entered into and continue to be held for receipt or delivery in accordance with the Group's normal expected purchase, sale or usage requirements are out of the scope of IFRS 9 and then recognized as executory contracts, according to the "own use exemption".

Such contracts are recognized as derivatives and, as a consequence, at fair value through profit or loss only if:

- they can be settled net in cash; and
- they are not entered into in accordance with the Group's expected purchase, sale or usage requirements.

A contract to buy or sell non-financial items is classified as "normal purchase or sale" if it is entered into:

- for the purpose of the physical delivery;
- in accordance with the entity's expected purchase, sale or usage requirements.

The Group analyses all contracts to buy or sell non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they shall be classified and treated according to IFRS 9 or if they have been entered into for "own use".

Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:

- there is a legally enforceable right to set off the recognized amounts, and
- there is the intention of either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Hyperinflation

In a hyperinflationary economy, the Group adjusts non-monetary items, shareholders' equity and items deriving from index-linked contracts up to the limit of recoverable value, using a price index that reflects changes in general purchasing power.

The effects of initial application are recognized in equity net of tax effects. Conversely, during the hyperinflationary period (until it ceases), the result (gain or loss) of adjustments is recognized in profit or loss and disclosed separately in financial income and expense.

Starting from current year, this standard applies to the Group's transactions in Argentina, whose economy has been declared hyperinflationary from July 1, 2018. Accordingly, and based on the application of IAS 29, the Group has recognized the effects arising from the adoption of this standard from the beginning of the year (January 1, 2018).

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date (the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds. If there is no deep market for high-quality corporate bonds in the currency in which the bond is denominated, the corresponding yield of government securities is used.

The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the value of plan assets exceeds the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities/(assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest income) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Employees are also enrolled in defined contribution plans under which the Group pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in income statement on the basis of the amount of contributions paid in the period.

Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship, both for a Group's decision both for an employee's decision to accept voluntary redundancy in exchange for these benefits, are recognized at the earlier of the following dates:

- when the entity can no longer withdraw its offer of benefits; and
- when the entity recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefits. Otherwise, if the termination benefits due to employees are expected to be settled wholly before twelve months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before twelve months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.

Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.
The Group could provide a warranty in connection with the sale of a product (whether a good or service) from contracts with customers in the scope of IFRS 15, in accordance with the contract, the law or its customary business practices. In this case, the Group assesses whether the warranty provides the customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications or whether the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.
After the assessment, if the Group establishes that an assurance warranty is provided, it recognizes a separate warranty liability and corresponding expense when transferring the product to the customer, as additional costs of providing goods or services, without attributing any of the transaction price (and therefore revenue) to the warranty. The liability is measured and presented as a provision.
Otherwise, if the Group determines that a service warranty is provided, it accounts for the promised warranty as a performance obligation in accordance with IFRS 15, recognizing the contract liability as revenue over the period the warranty service is provided and the costs associated as they are incurred.
Finally, if the warranty includes both an assurance element and a service element and the Group cannot reasonably account for them separately, then it accounts for both of the warranties together as a single performance obligation.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Group recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in respect of the costs of decommissioning, dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.
Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.
For more information on the estimation criteria adopted in determining provisions for dismantling and/or restoration of property, plant and equipment, especially those associated with nuclear power plants, please see the section on the use of estimates.

Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that they will be received and that the Group will comply with all conditions attaching to them as set by the government, government agencies and similar bodies whether local, national or international.
When loans are provided by governments at a below-market rate of interest, the benefit is regarded as a government grant. The loan is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying amount of the loan and the funds received. The loan is subsequently measured in accordance with the requirements for financial liabilities.
Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the costs that the grants are intended to compensate.
Where the Group receives government grants in the form of a transfer of a non-monetary asset for the use of the Group, it accounts for both the grant and the asset at the fair value of the non-monetary asset received at the date of the transfer.
Grants related to long-lived assets, including non-monetary grants at fair value, i.e. those received to purchase, build or otherwise acquire non-current assets (for example, an item of property, plant and equipment or an intangible asset), are recognized on a deferred basis under other liabilities and are credited to profit or loss on a straight-line basis over the useful life of the asset.

Environmental certificates

Some Group companies are affected by national regulations governing green certificates and energy efficiency certifi-

cates (so-called white certificates), as well as the European "Emissions Trading System".
Green certificates, which now only exist outside of Italy, accrued in proportion to electricity generated by renewable energy plants and energy efficiency certificates accrued in proportion to energy savings achieved that have been certified by the competent authority are treated as non-monetary government operating grants and are recognized at fair value, under other revenue and income, with recognition of an asset under other non-financial assets, if the certificates are not yet credited to the ownership account, or under inventories, if the certificates have already been credited to that account. At the time the certificates are credited to the ownership account, they are reclassified from other assets to inventories.
Revenue from the sale of such certificates are recognized under revenue, with a corresponding decrease in inventories.
For the purposes of accounting for charges arising from regulatory requirements concerning green certificates, energy efficiency certificates and CO_2 emissions allowances, the Group uses the "net liability approach".
Under this accounting policy, environmental certificates received free of charge and those self-produced as a result of Group's operations that will be used for compliance purposes are recognized at nominal value (nil). In addition, charges incurred for obtaining (in the market or in some other transaction for consideration) any missing certificates to fulfil compliance requirements for the reporting period are recognized through profit or loss on an accruals basis under other operating expenses, as they represent "system charges" consequent upon compliance with a regulatory requirement.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. This classification criteria is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.
If the Group is committed to a sale plan involving loss of control of a subsidiary and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

The Group applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.
Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the balance sheet.
The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.
Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the IFRS-EU applicable to the specific assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent writedown of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are included in profit or loss from continuing operations.
Non-current assets are not depreciated (or amortized) while they are classified as held for sale or while they are part of a disposal group classified as held for sale.
If the classification criteria are no longer met, the Group ceases to classify non-current assets (or disposal group) as held for sale. In that case they are measured at the lower of:
- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable amount, which is equal to the greater of its fair value net of costs of disposal and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:
- represents a separate major line of business or geographical area of operations;

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group presents, in a separate line item of the income statement, a single amount comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is re-presented in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period.

If the Group ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

Revenue

The Group revenue mainly arises from contracts with customers in the scope of IFRS 15. The Group recognizes such revenue to depict the transfer of promised goods or services to the customers at an amount that reflects the consideration at which the Group expects to be entitled in exchange for those goods or services.

The Group applies this core principle using a five-step model:

- identify the contract with the customer (step 1).

  The Group applies IFRS 15 to contracts with customers in the scope of the standard when the contract is legally enforceable and all the following criteria are met:

  - the contract is approved and the parties are committed to their obligations;
  - rights to goods or services and payment terms can be identified;
  - the contract has commercial substance;
  - the consideration the Group expects to be entitled to is probable of collection.

  In order to assess such identification criteria, the Group considers all facts and circumstances, including the following features:

  - a contract is an agreement between two or more parties that creates enforceable rights and obligations;
  - enforceability of the rights and obligations in a contract is a matter of law;
  - contract can be written, oral or implied by the Group's customary business practices;
  - the practices and processes for establishing contracts with customers vary across legal jurisdictions, industries and entities. In addition, they may vary within the Group (for example, they may depend on the class of customer or the nature of the promised goods or services);
  - the Group considers those practices and processes in determining whether and when an agreement with a customer creates enforceable rights and obligations.

  If the criteria are not met, any consideration received from the customer is generally recognized as an advance;

- identify the performance obligations in the contract (step 2).

  The Group identifies all goods or services promised in the contract, separating them into performance obligations to account for separately if they are both: capable of being distinct and distinct in the context of the contract.

  As an exception, the Group accounts for a single performance obligation a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer over time.

  In assessing the existence and the nature of the performance obligations, the Group considers all contract's features as mentioned in step 1.

  For each distinct good or service identified, the Group determines whether it acts as a principal or agent, respectively, if it controls or not the specified good or service that is promised to the customer before its control is transferred to the customer. Some indicators of controls are (a) having primary responsibility to provide the goods or services, (b) assuming inventory risk and (c) having discretion to establish prices for the goods or services. When the Group acts as agent, it recognizes revenue on a net basis, corresponding to any fee or commission to which it expects to be entitled;

- determine the transaction price (step 3).

  The transaction price represents the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (e.g., some sale taxes and value-added taxes).

  The Group determines the transaction price at inception of the contract (using the legally enforceable contract terms and not taking into consideration the possibility of a contract being cancelled, renewed or modified) and updates it each reporting period for any changes in circumstances.

  When the Group determines the transaction price, it considers if the transaction price includes:

  - variable consideration, if the consideration to which the

Group is entitled under the contract may vary or if the stated price in the contract is fixed but the Group is entitled to the consideration only upon the occurrence or non-occurrence of a future event. The amount of estimated variable consideration included in the transaction price is constrained to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is resolved;
- non-cash consideration received from a customer that is measured at fair value;
- consideration payable to a customer that represents a reduction of the transaction price unless it is a payment for distinct goods or services received from the customer;
- significant financing component that may exist if the timing of the payment does not match the timing of the transfer of goods or services to the customer. The Group does not consider the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less;

→ allocate the transaction price (step 4).

The Group allocates the transaction price at contract inception to each separate performance obligation to depict the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services.

When the contract includes a customer option to acquire additional goods or services that represents a material right (a material right exists if the customer is only able to obtain the option by entering into the contract and the option provides the customer with the ability to obtain the additional goods or services at a price below stand-alone selling prices), the Group allocates the transaction price to this performance obligation (i.e. the option) and defers the relative revenue until those future goods or services are transferred or the option expires.

The Group generally allocates the transaction price on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract (that is, the price at which the Group would sell that good or service separately to the customer);

→ recognize revenue (step 5).

The Group recognizes revenue when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service (i.e., the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods or services or prevent others from doing so).

As a first step, the Group determines if one of the over-time criteria is met:
- the customer simultaneously receives and consumes the benefits as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Group recognizes revenue over time by measuring progress toward the complete satisfaction of that performance obligation using:
- an output method, based on direct measurement of the value to the customer of goods or services transferred to date, relative to the remaining goods or services promised under the contract;
- an input method, based on the Group's efforts or inputs towards satisfying a performance obligation, relative to the total expected inputs to the satisfaction of that performance obligation.

The Group consistently applies a single method of measuring progress from contract inception until full satisfaction and to similar performance obligations and in similar circumstances.

When the Group cannot reasonably measure the progress, it recognizes revenue only to the extent of the costs incurred that are considered recoverable.

If the performance obligation is not satisfied over time, the Group determines the point in time at which control of the goods or services passes to the customer, also considering the following indicators:
- a present obligation to pay;
- physical possession;
- legal title;
- risks and rewards of ownership; and
- accepted the asset.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, it recognizes a contract asset relating to the right to consideration in exchange for goods or services transferred to the customer.

If a customer pays consideration before the Group transfers goods or services to the customer, the Group recognizes a contract liability when the payment is made (or the payment is due); the liability is recognized as revenue when the Group performs under the contract.

With regard to the general criteria used for the revenue recognition under the previous standards, please refer to the notes to financial statements at December 31, 2017. More specifically, the criteria used under IFRS 15 and previous standards for the principal transactions are summarized as below:

- revenue from the sale of goods:
  - under previous standards, it is recognized when the significant risks and rewards of ownership of the goods are transferred to the customer;
  - under IFRS 15, it is recognized at the point in time at which the customer obtains the control of goods if the Group considers that the sale of goods is satisfied at a point in time;
- revenue from the sale and transport of electricity/gas:
  - under previous standards, it is recognized when these commodities are delivered to the customer (i.e., the end user) and referred to the quantities provided during the period, even if these have not yet been invoiced, and is determined using estimates as well as periodic meter readings. Where applicable, this revenue is based on the rates and related restrictions established by law or the Regulatory Authority for Energy, Networks and Environment (ARERA) and analogous foreign authorities during the applicable period;
  - under IFRS 15, the revenue recognition is generally the same but the underlying assessment is different. This is a consequence of the fact that such contracts typically include a single performance obligation (i.e., a series) satisfied over time for which the Group applies an output method to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the performance completed to date;
- revenue from providing services:
  - under previous standards, it is recognized by reference to the stage of completion of services at the end of the reporting period, that is when the services are rendered. The stage of completion of the transaction is determined based on service performed to date as percentage of total services to be performed or as costs incurred to date as a percentage of the estimated total costs of the transaction. When it is not possible to reliably determine the value of the revenue, it is recognized only to the extent of the expenses recognized that are recoverable;
  - under IFRS 15, it is recognized on basis of the progress towards complete satisfaction of the performance obligation measured with an appropriate method that best reflects this progress if the Group considers that the performance obligation is satisfied over time. The cost-incurred method (cost-to-cost method) is considered appropriate for measuring progress, except when specific contract analysis suggests the use of an alternative method which better depicts satisfaction of the performance obligation;
- revenue from monetary and in-kind fees for connection to the electricity and gas distribution network:
  - under previous standards, it is recognized in full upon completion of connection activities if only the service connection is identified. If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable is allocated to each service and the revenue related to the service performed in the period is recognized; in particular, if any ongoing services are identified, the related revenue is generally determined by the terms of the agreement with the customer or, when such an agreement does not specify a period, over a period no longer than the useful life of the transferred asset;
  - under IFRS 15, it is recognized on basis of the satisfaction of the performance obligations included in the contract. The identification of distinct goods or services requires a careful analysis of the terms and conditions of the connection arrangements, which could vary from country to country based on the local context, regulations and law. In order to finalize this assessment, the Group considers not only the characteristics of the goods/services themselves (i.e., the good or service is capable of being distinct) but also the implied promises for which the customer has a valid expectation as it views those promises as part of the negotiated exchange, that is goods/services that the customer expects to receive and for which has paid (i.e., the promise to transfer the good or service to the customer is separately identifiable from other promises in the contract). For more details about this topic, please refer to the section on management judgments;

- revenue from construction contracts:
  - under previous standards, when the outcome can be estimated reliably and it is probable that the contract will be profitable, it is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Under this criteria, revenue and profit are attributed to the proportion of work completed.

    When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is recognized as an expense immediately, regardless of the stage of completion of the contract.

    When the outcome of a construction contract cannot be estimated reliably, the contract revenue is recognized only in an amount equal to the contract costs incurred that are likely to be recovered.

    The stage of completion of the contract in progress is determined, using the cost-to-cost method, as a ratio between costs incurred for work performed to the measurement date and the estimated total contract costs. In addition to initial amount of revenue agreed in the contract, contract revenue includes any payments in respect of variations, claims and incentives, to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

    The amount due from customers for contract work is presented as an asset; the amount due to customers for contract work is presented as a liability;
  - under IFRS 15, it is recognized over time if the Group considers that the construction contract includes a performance obligation satisfied over time, by measuring progress toward the complete satisfaction of that performance obligation using an appropriate method that better depicts this progress. The cost incurred method (cost-to-cost method) is considered appropriate for measuring progress, except when specific contract analysis suggests the use of an alternative method, which better depicts the performance obligation.

    The amount due from customers for contract work is presented as a contract asset; the amount due to customers for contract work is presented as a contract liability.

Financial income and expense from derivatives

Financial income and expense from derivatives includes:

- income and expense from derivatives measured at fair value through profit or loss on interest rate and foreign exchange risk;
- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and foreign exchange risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as at fair value through other comprehensive income, interest income and expense is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.

Other financial income and expense include also changes in the fair value of financial instruments other than derivatives.

Income taxes

Current income taxes

Current income taxes for the period, which are recognized under "Income tax payable" net of payments on account, or under "Tax receivable" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.

In particular, such payables and receivables are determined using the tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period in the countries where taxable income has been generated.

Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end.
Unrecognized deferred tax assets are re-assessed at each reporting date and they are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred taxes are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.
Deferred tax assets and deferred tax liabilities are offset against current tax liabilities related to income taxes levied by the same taxation authority that arise at the time of reversal if a legally enforceable right to set-off exists.

Dividends

Dividends are recognized when the unconditional right to receive payment is established.
Dividends and interim dividends payable to a Company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

3

Recent accounting standards

New accounting standards applied in 2018

The Group has applied the following standards, interpretations and amendments that took effect as from January 1, 2018:

- "IFRS 9 - Financial instruments", issued, in its final version, on 24 July 2014, including "Amendments to IFRS 9: Prepayment features with negative compensation" issued in October 2017 and elected by the Group to be applied starting from January 1, 2018, which replaces the current "IAS 39 - Financial instruments: recognition and measurement" and fully supersedes the previous version.
- "IFRS 15 - Revenue from contracts with customers", issued in May 2014, including "Amendments to IFRS 15: effective date of IFRS 15", issued in September 2015, and "Clarifications to IFRS 15: Revenue from contracts with customers", issued in April 2016, which provides amendments in the standard in order to propose some clarifications with respect to practical expedients and some topics discussed by the Joint Transition Resource Group created by IASB and FASB. The new standard has replaced "IAS 11 - Construction contracts", "IAS 18 - Revenue", "IFRIC 13 - Customer Loyalty programmes", "IFRIC 15 - Agreements for the construction of real estate", "IFRIC 18 - Transfers of assets from customers", "SIC 31 - Revenue - Barter transactions involving advertising services" and it applies to all contracts with customers, except for some scope exemptions (e.g., lease and insurance contracts, financial instruments, etc.).
- "Amendments to IFRS 2: Classification and measurement of share-based payment transactions", issued in June 2016. The amendments:
  - clarify that the fair value of a cash-settled share-based payment at the measuring date (i.e. when granted, at the end of each reporting period and at the date of settlement) is measured taking into account market conditions (e.g. target share price) and non-vesting conditions, ignoring instead service and non-market performance conditions;
  - clarify that share-based payment transactions with a net settlement feature for withholding tax obligations would be classified as equity-settled in its entirety (assuming they would have been so classified without the net settlement feature);
  - provide requirements on the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

  The application of these amendments did not have a significant impact in the consolidated financial statements.
- "Amendments to IFRS 4: Applying IFRS 9 - Financial instruments with IFRS 4 - Insurance contracts", issued in September 2016. The amendments:

- permit insurers whose activities are predominantly connected with insurance to postpone the application of IFRS 9 until 2021 (the "temporary exemption"); and
- permit insurers, until the future issue of the new accounting standard for insurance contracts, to recognize the volatility that should be caused by the application of IFRS 9 in other comprehensive income (OCI), rather than profit or loss (the "overlay approach").

The Enel Group decided to not exercise the option for the temporary exemption for the application of IFRS 9 to the insurance sector.

- "Amendments to IAS 40: Transfers of investment property", issued in December 2016; the amendments clarify that to transfer to, or from, investment properties there must be a change in use. This change must be supported by evidence and a simply change in intention is not enough to support a transfer. The amendments expands the examples of change in use to include assets under construction and development and not only transfers of completed properties. The application of these amendments did not have an impact in the consolidated financial statements.
- "IFRIC 22 - Foreign currency transactions and advance consideration", issued in December 2016; the interpretation clarifies that, for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it), the date of the transaction is that on which the entity recognizes any non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The application of these amendments did not have a significant impact in the consolidated financial statements.
- "Annual improvements to IFRSs 2014-2016 cycle", issued in December 2016; the document contains formal modifications and clarifications of existing standards. More specifically, the following standards were amended:
  - "IFRS 1 - First-time adoption of international financial reporting standards"; the amendments delete short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10;
  - "IAS 28 - Investments in associates and joint ventures"; the amendments clarified that the option to measure investments in associates or joint ventures at fair value through profit or loss held by a venture capital organization (or a mutual fund, unit trust and similar entities including investment-linked insurance) must be elected at initial recognition separately for each associate or joint venture.

  The application of the new provisions did not have a significant impact in the consolidated financial statements.
- "IAS 29 - Financial reporting in hyperinflationary economies", issued in July 1989; the standard essentially provides criteria for measurement, presentation and disclosure in the financial statements, including the consolidated financial statements, of companies whose functional currency is the currency of a hyperinflationary economy. Starting from January 1, 2018 the Group has applied the standard to the financial statements of Argentine companies.

Forthcoming accounting standards

Below is a list of accounting standards, amendments and interpretations that will be effective for the Group after December 31, 2018:

- "IFRS 16 - Leases", issued on January 2016, that replaces "IAS 17 - Leases", "IFRIC 4 - Determining whether an arrangement contains a lease", "SIC 15 - Operating leases - incentives" and "SIC 27 - Evaluating the substance of transactions involving the legal form of a lease". With the European Regulation 2017/1986 issued on October 31, 2017 it has been endorsed the "IFRS 16 - Leases".

  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

  At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset.

  Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

  Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard includes two recognition exemptions for lessees: leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Group has not early adopted IFRS 16 in its consolidated financial statements for the year ended December 31, 2018. In any case, in order to assess the possible impact that the application of IFRS 16 will have on its financial statements in the period of initial application, the Group has set up a project team, which has reviewed all of the group's lease arrangements in light of the new lease accounting rules in IFRS 16. In particular, the Group has identified a specific IT system tool in order to manage the new accounting requirement and has reviewed its accounting process in order to be compliant to the new accounting framework.

As a preliminary result of the project team, the Group has assessed the estimated impacts that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

The new accounting standard will impact substantially all of the Group entities having a lease contracts. The main topics arisen are those represented by the lease of land and building, cars and other means of transportation and other technical machinery.

The complexity of the assessment of the lease contracts and their long-term expiration date has required considerable professional judgements in order to estimate the potential impacts of the new accounting standard. In particular, the main assumptions used are:

- the identification of the non-lease component in the lease arrangements;
- the evaluation of any renewable option included into the lease arrangements identified, also considering the probability of the exercise of any eventual termination option;
- the identification of any variable lease payments that depend on an index or a rate to determine where those changes impacts the future lease payments and also the amount of the right-of-use asset;
- the estimate of the discount rate to calculate the present value of the lease payments. This is equal to the incremental borrowing rate of the lessee when the interest rate implicit in the lease cannot be readily determined. For the transition, as permitted by the standard, the Group has used the lessee's incremental borrowing rate (IBR) as of January 1, 2019. It is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. It can be determined on a contract individual level or on a portfolio basis. One of the most significant judgements the Enel Group in adopting IFRS 16 was determining this incremental borrowing rate necessary to calculate the present value of the lease payments at the transition. The Enel Group approach to determining this incremental borrowing rate is based on the assessment of the risk-free rate, which considers contractual cash flows, the lease term and the economic environment where the lease contract has been negotiated and any credit spread adjustment, in order to calculate an IBR that is specific for the lessee. This rate has been adjusted where appropriate for leased assets whose intrinsic value would mitigate the risk of default for the lessor.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value whose amount is estimated as not material. For example, the Group has leases for certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

For the transition of the new accounting standard, the Group elected to use the following practical expedients:

- to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4;
- to use the modified retrospective approach, the Group recognized the cumulative effect of adopting IFRS 16 as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information;
- to measure the lease liability at the present value of the remaining lease payments, the discount rate was represented by the incremental borrowing rate of the Enel Group entity's lessee as of January 1, 2019;
- to mainly recognize a right-of-use asset at the date of initial application for an amount equal to the lease liability, adjusted by the amount of any prepaid or ac-

crued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application;
- to rely on its assessment of whether right-of-use assets are recoverable at January 1, 2019 on the basis of the assessment of whether the leases are onerous in accordance with IAS 37.

Based on the information currently available, the Group has estimated that it will recognize additional lease liabilities of €1.4 billion as at January 1, 2019.

In particular, these additional lease liabilities mainly regard the right-of-use in respect of buildings and the ground lease of renewable energy plants.

A reconciliation between minimum lease payments disclosed based on the requirements of IAS 17 and IFRS 16 impacts based on the information available as at at January 1, 2019 is provided below:

Billions of euros	
Minimum lease payments for the lease contracts – IAS 17	2.4
Weighted average borrowing rate	6.5%
Discount impact	1.0
Lease liability under IFRS 16	1.4

→ "IFRS 17 - Insurance contracts", issued in May 2017, essentially sets out the principle for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts, an entity issues and reinsurance contracts an entity holds. IFRS 17 replaces the previous standard IFRS 4 for which companies were not required to account for insurance contracts in one specific way. Instead, insurance contracts were accounted for differently across jurisdictions and may even be accounted for differently within the same company.

The new standard:
- requires provision of updated information about the obligations, risks and performance of insurance contracts;
- increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry; and
- introduces consistent accounting for all insurance contracts based on a current measurement model.

The standard will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2021. The Group is assessing the potential impact of the future application of the new provisions.

→ "Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture", issued in September 2014. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3). Where the assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but if the amendments are applied early, they must be applied prospectively. The Group is assessing the potential impact of the future application of the new provisions.

→ "Amendments to IAS 1 and IAS 8 - Definition of material", issued in October 2018. The amendments clarify the definition of "material" as follows: "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." By including the concept of "obscuring information" in the new definition, the amendments specifies that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. In order to avoid situations in which information that is not capable of influencing the decisions of the primary users is required to be included in the financial statements, the amendments also introduce a new threshold in the definition of material by replacing "could influence" with "could reasonably be expected to influence". Lastly, the amendments clarify that an entity is required to consider primary users of the financial statements (i.e. existing and potential investors, lenders and other creditors) when deciding what information to disclose. The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Group is assessing the potential impact of the future application of the new provisions.

→ "Amendments to IAS 19 - Plan amendment, curtailment or settlement", issued in February 2018.

The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements. The amendments do not address the accounting for "significant market fluctuations" in the absence of a plan amendment, curtailment or settlement. The amendments apply to plan amendments, curtailments or settlements that occur on or after January 1, 2019, with earlier application permitted. The Group is assessing the potential impact of the future application of the new provisions.

→ "Amendments to IFRS 3 - Definition of a business", issued in October 2018. The amendments clarify that to be considered a business, an acquisition would have to include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The definitions of a business and of outputs are now focused on goods and services provided to customers and the reference to returns in the form of lower costs and other economic benefits is removed. Moreover, it is no longer necessary to assess whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduced an optional test that, if met, eliminates the need for further assessment (the concentration test). Under this optional test, an acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset (or group of similar identifiable assets).

The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Group is assessing the potential impact of the future application of the new provisions.

→ "Revised Conceptual Framework for Financial Reporting", issued in March 2018. The revised version includes comprehensive changes to the previous version of the Conceptual Framework issued in 2010. The Revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria and clarifies some important concepts. In particular, it sets out:

- the objective of general purpose financial reporting;
- the qualitative characteristics of useful financial information;
- a description of the reporting entity and its boundary;
- definitions of an asset, a liability, equity, income and expenses and guidance supporting these definitions;
- criteria for recognition and derecognition of assets and liabilities in financial statements;
- measurement bases and guidance on when to use them;
- concepts and guidance on presentation and disclosure; and
- concepts relating to capital and capital maintenance.

The Revised Conceptual Framework is accompanied by a Basis for Conclusions. The IASB has also issued a separate accompanying document, "Amendments to References to the Conceptual Framework in IFRS Standards", which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework.

The Revised Conceptual Framework will take effect for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. The Group is assessing the potential impact of the future application of the new provisions.

→ "Amendments to IAS 28 - Long-term interests in associates and joint ventures", issued in October 2017; the amendments clarify that an entity must apply "IFRS 9 - Financial instruments" to non-current interests in associates and joint ventures to which the equity method is not applied. The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the new provisions.

→ "IFRIC 23 - Uncertainty over income tax treatments", issued in June 2017; the interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The uncertainty over income tax treatments may affect both current and deferred tax. The threshold for reflecting the effects of uncertainty is whether it is probable that the taxation authority will accept or not an uncertain tax treatment assuming that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information. The interpretation also requires an entity to reassess any judgments and estimates made if a change in facts and circumstances might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both. The interpretation will take effect for annual periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the new provisions.

- "Annual improvements to IFRSs 2015-2017 cycle", issued in December 2017; the document contains formal modifications and clarifications of existing standards. Each of the amendments shall be applicable for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. More specifically, the following standards were amended:
  - "IFRS 3 - Business combinations"; the amendments clarify that when a joint operator obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value at the acquisition date;
  - "IFRS 11 - Joint arrangements"; the amendments clarify that a party that participates in, but does not have joint control of, a joint operation and obtains joint control of the joint operation that constitutes a business as defined in IFRS 3 is not required to remeasure previously held interests in the joint operation;
  - "IAS 12 - Income taxes"; the amendments clarify that an entity shall recognize the income tax consequences of dividends (as defined in IFRS 9) when it recognizes a liability to pay a dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated distributable profits;
  - "IAS 23 - Borrowing costs"; the amendments clarify that an entity shall include borrowings made specifically for the purpose of obtaining a qualifying asset outstanding when the asset is ready for its intended use or sale in the generic borrowings of the entity.

  The Group is assessing the potential impact of the future application of the provisions.

4

Effects of the application of new accounting standards

Impact of the initial application of IFRS 9 and 15

With effect from January 1, 2018, the new standards IFRS 9 and IFRS 15 issued by the IASB took effect. First-time retrospective adoption led to the restatement of a number of balance sheet items at January 1, 2018, as Enel elected to exercise the option to use the simplification envisaged in the standards for first-time adopters.

The following discusses the main changes introduced by the new standards. For more details on their substance, see note 3 above:

- "IFRS 9 - Financial instruments", issued in its definitive version on July 24, 2014, replaces the existing "IAS 39 - Financial instruments: Recognition and measurement" and supersedes all previous versions. The final version of IFRS 9 incorporates the results of the three phases of the project to replace IAS 39 concerning classification and measurement, impairment and hedge accounting.

  During 2017 the transition project for the three areas of application of the new standard was completed. Each project stream involved the following:
  - "Classification and measurement": the procedures for classifying financial instruments provided for in IAS 39 were assessed in comparison with those envisaged under IFRS 9 (i.e., SPPI test and business model). In consideration of the fact that the 1st Quarter of 2018 saw the endorsement of the amendments to "IFRS 9 - Prepayment features with negative compensation", issued by the IASB in October 2017 and applicable as from January 1, 2019, with the option of application as from January 1, 2018, the Group elected early and retrospective application of the amendments. During the quarter, Enel analyzed the situations impacted by the amendments, which:

    a) introduce an exception for certain financial assets that have contractual cash flows that are solely payments of principal and interest but do not pass the SPPI test only because of a prepayment option, permitting their measurement at fair value through profit or loss in certain circumstances specified by the standard;

    b) clarify that the requirements of IFRS 9 for the adjustment of the amortized cost of a financial liability in the event of a modification (or an exchange) that does not result in derecognition are consistent with the analogous provisions for the adjustment of a financial asset. Accordingly, the new cash flows shall be discounted at the original effective interest rate and the difference between the pre-modification present value of the liability and the new value shall be recognized through profit or loss as at the date of the modification. In this regard, Enel, with reference to exchanges transacted in 2015 and 2016, applied the accounting treatment envisaged in international best practice, in compliance with IAS 39, and did not recognize any income or costs through profit or loss as at the date of the contractual modifications, but amortized them over the residual life of the modified financial liability at the effective interest rate recalculated as at the date of the exchange. As a result of the early application of these amendments, the exchanges have been accounted for using the new method with effect as from January 1, 2018, restating the opening balances, which involved an increase in Group shareholders' equity of €97 million and a concomitant decrease in net financial debt of €129 million.

- "Impairment": an analysis of impaired financial assets was conducted, with a focus on trade receivables representing the majority of the Group's credit exposure. In particular, in application of the simplified approach envisaged in the standard, those receivables were grouped into specific clusters, taking account of the applicable legislative and regulatory environment, and the impairment model based on expected losses developed by the Group for collective valuation was applied. For trade receivables that management deemed significant on an individual basis and for which more detailed information on the significant increase in credit risk was available, an analytical approach was adopted within the simplified model. The application of the new impairment model decreased Group shareholders' equity at January 1, 2018 by €175 million.
- "Hedge accounting": specific activities were conducted to implement the new hedge accounting model, both in terms of effectiveness tests and rebalancing hedge relationships and of analyzing the new strategies applicable under IFRS 9. As regards hedging instruments, the most significant changes with respect to the hedge accounting model envisaged under IAS 39 regard the possibility of deferring the time value of an option, the forward component of a forward contract and currency basis spreads (so-called "hedging costs") in other comprehensive income (OCI) until the hedged element affects profit or loss. In practice, the reserve in OCI that contains the fair value of hedging instruments ("full" fair value) has been divided into two OCI reserves that report the "basis-free" fair value and the "basis spread element", respectively. The following table summarizes the effects of that division:

Millions of euro

IFRS 9	**at Jan. 1, 2018**
Derivatives - "full" fair value	(1,740)
Derivatives - "basis-free" fair value	(1,392)
Derivatives - "basis spread element"	(348)

At January 1, 2017, the reclassification of the OCI reserves reflecting the basis-free fair value and the basis spread element amounted to €480 million.

- "IFRS 15 - Revenue from contracts with customers", issued in May 2014, including the "Amendments to IFRS 15: Effective date of IFRS 15", issued in September 2015. The standard was applied retrospectively as from annual periods beginning on January 1, 2018, with the possibility of recognizing the cumulative impact in equity at January 1, 2018.

  More specifically, the most significant situations in the Group consolidated financial statements that have been affected by the new provisions of IFRS 15 mainly regard:

  a) revenue from grid connection contracts that were previously recognized in profit or loss at the time of connection but, as a result of IFRS 15, are now deferred on the basis of the nature of the performance obligation specified in the contract with customers;

  b) the capitalization of costs of obtaining a contract, limited to incremental sales commissions paid to agents. The effects on Group shareholders' equity at January 1, 2018 of the deferral of connection fees and the capitalization of contract costs amounted to a negative €3,948 million and a positive €303 million, respectively.

The following table reports changes in the consolidated balance sheet at January 1, 2018 associated with the application of IFRS 9 and IFRS 15, as well as other minor effects not discussed above with regard to IFRS 15.

Millions of euro

ASSETS		at Dec. 31, 2017	IFRS 9 effect	IFRS 15 effect	at Jan. 1, 2018
Non-current assets					
Property, plant and equipment		74,937	-	-	74,937
Investment property		77	-	-	77
Intangible assets		16,724	-	193 (1)	16,917
Goodwill		13,746	-	-	13,746
Deferred tax assets		6,354	69	1,066 (2)	7,489
Equity investments accounted for using the equity method		1,598	-	-	1,598
Derivatives		702	-	-	702
Non-current contract assets		-	-	269	269
Other non-current financial assets		4,002	(19)	-	3,983
Other non-current assets		1,064	-	-	1,064
	[Total]	**119,204**	**50**	**1,528**	**120,782**
Current assets					
Inventories		2,722	-	-	2,722
Trade receivables		14,529	(207)	(11)	14,311
Current contract assets		-	-	90	90
Tax receivables		577	-	-	577
Derivatives		2,309	-	-	2,309
Other current financial assets		4,614	(11)	-	4,603
Other current assets		2,695	(19)	(66)	2,610
Cash and cash equivalents		7,021	-	-	7,021
	[Total]	**34,467**	**(237)**	**13**	**34,243**
Assets classified as held for sale		**1,970**	**-**	**-**	**1,970**
TOTAL ASSETS		**155,641**	**(187)**	**1,541**	**156,995**

(1) Of which €451 million from the capitalization of contract costs.
(2) €1,066 million refers to the deferral of connection fees in Italy.

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2017	IFRS 9 effect	IFRS 15 effect	at Jan. 1, 2018
Equity attributable to shareholders of the Parent Company					
Share capital		10,167	-	-	10,167
Other reserves		3,348	(78)	(3,626)	(356)
Retained earnings/(Loss carried forward)		21,280	-	-	21,280
	[Total]	**34,795**	**(78)**	**(3,626)**	**31,091**
Non-controlling interests		**17,366**	**(20)**	**(556)** (1)	**16,790**
Total shareholders' equity		**52,161**	**(98)**	**(4,182)**	**47,881**
Non-current liabilities					
Long-term borrowings		42,439	(129)	-	42,310
Employee benefits		2,407	-	-	2,407
Provisions for risks and charges (non-current portion)		4,821	-	-	4,821
Deferred tax liabilities		8,348	40	(476) (2)	7,912
Derivatives		2,998	-	-	2,998
Non-current contract liabilities		-	-	6,210 (3)	6,210
Other non-current liabilities		2,003	-	-	2,003
	[Total]	**63,016**	**(89)**	**5,734**	**68,661**
Current liabilities					
Short-term borrowings		1,894	-	-	1,894
Current portion of long-term borrowings		7,000	-	-	7,000
Provisions for risks and charges (current portion)		1,210	-	-	1,210
Trade payables		12,671	-	(17)	12,654
Income tax payable		284	-	-	284
Derivatives		2,260	-	-	2,260
Current contract liabilities		-	-	384	384
Other current financial liabilities		954	-	-	954
Other current liabilities		12,462	-	(378)	12,084
	[Total]	**38,735**	**-**	**(11)**	**38,724**
Liabilities included in disposal groups classified as held for sale		**1,729**	**-**	**-**	**1,729**
Total liabilities		**103,480**	**(89)**	**5,723**	**109,114**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**155,641**	**(187)**	**1,541**	**156,995**

(1) Of which a positive impact of €24 million from the capitalization of contract costs and a negative impact of €580 million from the deferral of connection fees.
(2) Of which a positive impact of €124 million from the capitalization of contract costs and a negative impact of €600 million from the deferral of connection fees in Spain and Romania.
(3) Of which €6,194 million from the deferral of connection fees.

The following table reports the impact on the balance sheet at December 31, 2018 and the income statement for 2018 if IFRS 15 had not been adopted.

Millions of euro	2018		
	With IFRS 15	**Without IFRS 15**	**Change**
Revenue			
Revenue from sales and services	73,134	73,146	(12)
Other revenue and income	2,538	2,538	-
[Subtotal]	**75,672**	**75,684**	**(12)**
Costs			
Electricity, gas and fuel purchases	35,728	35,728	-
Services and other materials	18,870	19,090	(220)
Personnel	4,581	35,728	-
Net impairment/(reversal of impairment) of trade receivables and other receivables	1,096	1,096	-
Depreciation, amortization and other impairment losses	5,355	5,189	166
Other operating expenses	2,889	2,889	-
Capitalized costs	(2,264)	(2,264)	-
[Subtotal]	**66,255**	**66,309**	**(54)**
Net income/(expense) from commodity contracts measured at fair value	**483**	**483**	**-**
Operating income	**9,900**	**9,858**	**42**
Financial income from derivatives	1,993	1,993	-
Other financial income	1,715	1,715	-
Financial expense from derivatives	1,532	1,532	-
Other financial expense	4,392	4,392	-
Net income/(expense) from hyperinflation adjustments	168	168	-
Share of income/(losses) of equity investments accounted for using the equity method	349	349	-
Income before taxes	**8,201**	**8,159**	**42**
Income taxes	1,851	1,836	15
Net income from continuing operations	**6,350**	**6,323**	**27**
Net income from discontinued operations	**-**	**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)	**6,350**	**6,323**	**27**
Attributable to shareholders of the Parent Company	4,789	4,743	46
Attributable to non-controlling interests	1,561	1,580	(19)

Millions of euro	at Dec. 31, 2018		
ASSETS	**With IFRS 15**	**Without IFRS 15**	**Change**
Non-current assets			
Property, plant and equipment	76,631	76,631	-
Investment property	135	135	-
Intangible assets	19,014	18,844	170
Goodwill	14,273	14,273	-
Deferred tax assets	8,305	7,229	1,076
Equity investments accounted for using the equity method	2,099	2,099	-
Derivatives	1,005	1,005	-
Non-current contract assets	346	-	346
Other non-current financial assets	5,769	5,769	-
Other non-current assets	1,272	1,272	-
[Total]	**128,849**	**127,257**	**1,592**
Current assets			
Inventories	2,818	2,818	-
Trade receivables	13,587	13,598	(11)
Current contract assets	135	-	135
Tax receivables	660	660	-
Derivatives	3,914	3,914	-
Other current financial assets	5,160	5,160	-
Other current assets	2,983	3,094	(111)
Cash and cash equivalents	6,630	6,630	-
[Total]	**35,887**	**35,874**	**13**
Assets classified as held for sale	**688**	**688**	**-**
TOTAL ASSETS	**165,424**	**163,819**	**1,605**

Millions of euro	at Dec 31, 2018		
LIABILITIES AND SHAREHOLDERS' EQUITY	**With IFRS 15**	**Without IFRS 15**	**Change**
Equity attributable to shareholders of the Parent Company			
Share capital	10,167	10,167	-
Other reserves	1,700	5,326	(3,626)
Retained earnings/(Loss carried forward)	19,853	19,807	46
[Total]	**31,720**	**35,300**	**(3,580)**
Non-controlling interests	**16,132**	**16,707**	**(575)**
Total shareholders' equity	**47,852**	**52,007**	**(4,155)**
Non-current liabilities			
Long-term borrowings	48,983	48,983	-
Employee benefits	3,187	3,187	-
Provisions for risks and charges (non-current portion)	5,181	5,181	-
Deferred tax liabilities	8,650	9,101	(451)
Derivatives	2,609	2,609	-
Non-current contract liabilities	6,306	-	6,306
Other non-current liabilities	1,901	1,985	(84)
[Total]	**76,817**	**71,046**	**5,771**
Current liabilities			
Short-term borrowings	3,616	3,616	-
Current portion of long-term borrowings	3,367	3,367	-
Provisions for risks and charges (current portion)	1,312	1,312	-
Trade payables	13,387	13,404	(17)
Income tax payable	333	333	-
Derivatives	4,343	4,343	-
Current contract liabilities	1,095	-	1,095
Other current financial liabilities	788	788	-
Other current liabilities	12,107	13,196	(1,089)
[Total]	**40,348**	**40,359**	**(11)**
Liabilities included in disposal groups classified as held for sale	**407**	**407**	**-**
Total liabilities	**117,572**	**111,812**	**5,760**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**165,424**	**163,819**	**1,605**

Argentina - hyperinflationary economy: impact of the application of IAS 29

As from July 1, 2018, the Argentine economy has been considered hyperinflationary based on the criteria established by "IAS 29 - Financial reporting in hyperinflationary economies". This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

For the purposes of preparing the consolidated financial statements and in accordance with IAS 29, certain items of the balance sheets of the investees in Argentina have been remeasured by applying the general consumer price index to historical data in order to reflect changes in the purchasing power of the Argentine peso at the reporting date for those companies.

Bearing in mind that the Enel Group acquired control of the Argentine companies on June 25, 2009, the remeasurement of the non-monetary balance sheet figures was conducted by applying the inflation indices starting from that date. More specifically, the accounting effects of that remeasurement at first-time application of the standard and subsequent remeasurements were recognized as follows:

- the effect of the inflation adjustment until December 31, 2017 of non-monetary assets and liabilities and equity was recognized in equity reserves, net of the associated tax effects;
- the effect of the remeasurement of the same non-monetary items, the components of equity and the components of the income statement recognized in 2018, which was carried out to take account of the change in 2018 in the benchmark price index, was recognized in a specific line of the income statement under financial income and expense. The associated tax effect was recognized in taxes for the period.

In order to also take account of the impact of hyperinflation on the exchange rate of the local currency, the income statement balances expressed in the hyperinflationary currency have been translated into the Group's presentation currency (euro) applying, in accordance with IAS 21, the closing exchange rate rather than the average rate for the period in order to adjust these amounts to current values.

Based on the provisions of IAS 21, paragraph 42.b), it was not necessary to restate for solely comparative purposes the balance sheet and income statement figures for 2017 because the Group's presentation currency is not that of a hyperinflationary economy.

The cumulative changes in the general price indices at December 31, 2017 and December 31, 2018 are shown in the following table:

Periods	**Cumulative change in general consumer price index**
From July 1, 2009 to December 31, 2017	286.50%
From January 1, 2018 to December 31, 2018	47.83%

The initial application of IAS 29 generated a positive adjustment (net of tax effects) recognized in equity reserves in the consolidated financial statements at January 1, 2018 of €574 million, of which €212 million attributable to shareholders of the Parent Company. In addition, during 2018, the application of IAS 29 led to the recognition of net financial income (gross of tax) of €168 million.

The following tables report the effects of IAS 29 on the opening balance sheet at January 1, 2018 and the cumulative hyperinflationary effects at December 31, 2018, as well as the impact of hyperinflation on the main income statement items for 2018, differentiating between that concerning the revaluation on the basis of the general consumer price index and that due to the application of the closing exchange rate rather than the average exchange rate for the period in accordance with the provisions of IAS 21 for hyperinflationary economies.

Millions of euro

	Cumulative hyperinflation effect at Jan. 1, 2018	Hyperinflation effect for the period	Exchange differences	**Cumulative hyperinflation effect at Dec. 31, 2018**
Total assets	**763**	357	(355)	**765**
Total liabilities	**189**	97	(89)	**197**
Shareholders' equity	**574**	260 (1)	(266)	**568**

(1) The figure includes net income for 2018, equal to €44 million.

Millions of euro	IAS 29 effect	IAS 21 effect	Total effect
Revenue	237	(338)	(101)
Costs	235 (1)	(272) (2)	(37)
Operating income	**2**	**(66)**	**(64)**
Net financial income/(expense)	(18)	3	(15)
Net income/(expense) from hyperinflation	168	-	168
Income before taxes	**152**	**(63)**	**89**
Income taxes	108	(28)	80
Net income for the year (shareholders of the Parent Company and non-controlling interests)	**44**	**(35)**	**9**
Attributable to shareholders of the Parent Company	25	(9)	16
Attributable to non-controlling interests	19	(26)	(7)

(1) Includes impact on depreciation, amortization and impairment losses of €58 million.
(2) Includes impact on depreciation, amortization and impairment losses of €(23) million.

5

Restatement of comparative disclosures

The figures presented in the comments and tables of the notes to the financial statements are consistent and comparable between 2017 and 2018. No restatements of the comparative disclosures were required, taking due account of the fact that the new standards discussed above (IFRS 15 and IFRS 9) were introduced mainly with simplified retroactive application using a "cumulative catch-up adjustment" and that in the case of retroactive application of the separation of the forward component and the currency basis spreads relating to forward contracts we did not modify the consolidated financial statements as the impact was entirely immaterial and merely involved a simple reclassification between equity reserves.

6

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions.

2017

- Acquisition, on January 10, 2017, of 100% of **Demand Energy Networks**, a company headquartered in the United States specialized 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 **Enel Distribuição Goiás (formerly 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 10, 2017, of 100% of the **EnerNOC**

Group following the acceptance of the Enel Green Power North America ("EGPNA") offer to the previous shareholders;

- acquisition, on October 25, 2017, of 100% of **eMotorWerks**, a US company operating in electric mobility management systems;
- disposal, in December 2017, by Enel Green Power North America using a cash equity agreement, of 80% of the Class A securities of the subsidiary **EGPNA Rocky Caney Wind**. The total price in the transaction was $233 million, generating a capital gain of €4 million.

2018

- Disposal, on March 12, 2018, of 86.4% of **Erdwärme Oberland GmbH**, a company developing geothermal plants headquartered in Germany. The total transaction price was €0.9 million, with a realized capital gain of €1 million;
- acquisition, on April 2, 2018, of 33.6% of the minority interests in **Enel Generación Chile**, enabling Enel Chile to increase its stake in Enel Generación Chile to 93.55%. In addition, on that date the merger of the renewables company Enel Green Power Latin America SA into Enel Chile took effect;
- acquisition, formalized on April 3, 2018, acting through Enel Green Power España, of 100% of **Parques Eólicos Gestinver SLU** and **Parques Eólicos Gestinver Gestión SLU** for €57 million, of which €15 million of existing debt assumed. See note 6.1 for more information;
- acquisition, on June 7, 2018, by Enel Sudeste of control of the Brazilian distribution company **Enel Distribuição São Paulo** (formerly Eletropaulo Metropolitana Eletricidade de São Paulo SA) following initial participation of shareholders. The tender for 100% of the shares ended on July 4, 2018. At September 30, 2018, the company was consolidated on the basis of a 95.88% holding by the Group in view of the circumstances detailed further later in these notes;
- acquisition, on July 25, 2018, acting through the subsidiary Endesa Red, of 94.6% of **Empresa de Alumbrado Eléctrico de Ceuta SA**, a company operating in the distribution and sale of electricity in the autonomous city of Ceuta in North Africa. See note 6.3 for more information;
- disposal, on September 28, 2018, to Caisse de Dépôt et Placement du Québec ("CDPQ"), a long-term institutional investor, and CKD Infraestructura México SA de Cv ("CKD IM"), the investment vehicle of leading Mexican pension funds, of 80% of eight special purpose vehicles that own eight plants in operation or under construction in Mexico. Following the close of the transaction, Enel Green Power SpA holds 20% of their share capital, meaning that the companies are now accounted for using the equity method. For more information on the financial impact of the disposal, please see note 6.5 of the consolidated financial statements;
- disposal, on October 18, 2018, by Enel Green Power SpA of the biomass generation plant of Finale Emilia. The total price in the transaction was €59 million;
- disposal, on December 14, 2018, by Enel Green Power SpA of its wholly owned subsidiary **Enel Green Power Uruguay SA**, which in turn owns the vehicle **Estrellada SA** of the 50 MW Melowind wind farm at Cerro Largo. The total price in the transaction was $120 million.

In addition to the above changes in the scope of consolidation, note 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:

- a corporate reorganization in Chile with the "Elqui" operation, which involved the acquisition of non-controlling interests in Enel Generación Chile to achieve a direct holding of 93.55% through Enel Chile (the previous interest was 59.98%), a reduction of the interest held in Enel Green Power Chile, which went from 100% to 61.93% at the Group level, following the merger of Enel Green Power Latin America SA into Enel Chile, and an increase in the overall stake in Enel Chile from 60.62% to 61.93%. Subsequent sections discuss the transaction in greater detail;
- on July 3, 2018 Enel, acting through Enel X International, finalized the acquisition from a holding company controlled by Sixth Cinven Fund (a fund managed by the international private equity firm Cinven) for an investment of €150 million of about 21% of a vehicle company ("Zacapa Topco Sàrl"), to which 100% of Ufinet International was transferred. Ufinet is a leading wholesale fiber optic network operator in South America. Sixth Cinven Fund in turn holds 79% of Zacapa Topco Sàrl;
- on December 27, 2018, Enel Green Power SpA sold its 50% stake in the EF Solare Italia SpA ("EFSI") joint venture, held through Marte Srl, a wholly owned subsidiary of Enel Green Power, to the other partner of the joint venture, F2i SGR SpA ("F2i"), for €214 million. Under the

terms of the sales agreement, EFSI, which purchases and operates solar plants in operation in Italy, was assigned an enterprise value of about €1.3 billion, of which about €430 million in equity and around €900 million in debt. The sale produced a capital gain of €65 million;

- in December 2018, Enel SpA increased its stake in Enel Américas by 2.43% under the provisions of the two share swap contracts signed with a financial institution in order to increase the stake in Enel Américas up to a maximum of 5%.

6.1 Acquisition of Parques Eólicos Gestinver

On April 3, 2018, Enel Green Power España ("EGPE") completed the acquisition of 100% of Parques Eólicos Gestinver SL, a company that owns five wind plants with a total capacity of about 132 MW.

The acquisition involved a cash outlay of €57 million.

The following table reports the definitive fair values of the net assets acquired:

Determination of goodwill

Millions of euro	Amounts recognized at April 3, 2018
Property, plant and equipment	139
Intangible assets	34
Deferred tax assets	8
Trade receivables	5
Other current assets	2
Cash and cash equivalents	11
Borrowings	(116)
Deferred tax liabilities	(9)
Other non-current liabilities	(11)
Provisions for risks and charges	(2)
Trade payables	(1)
Other current liabilities	(3)
Net assets acquired	**57**
Cost of the acquisition	**57**
(of which paid in cash)	*57*
Goodwill	-

Parques Eólicos Gestinver contributed €16 million in revenue and €6 million in operating income to results for 2018.

6.2 Acquisition of Enel Distribuição São Paulo (formerly Eletropaulo Metropolitana Eletricidade de São Paulo SA)

On June 4, 2018 Enel, acting through Enel Brasil Investimentos Sudeste ("Enel Sudeste"), acquired control of the Brazilian distribution company Eletropaulo Metropolitana Eletricidade de São Paulo SA, which following the acquisition was renamed Enel Distribuição São Paulo.

The acquisition of control came after a public tender offer launched on April 17 at a price of 45.22 Brazilian reais per share. At June 4, 2018, that company's shareholders had tendered 73.38% of the share capital. On June 7, 2018 the shares were transferred.

Under Brazilian stock exchange rules, Enel Distribuição São Paulo shareholders could also accept the offer in the following 30 days (until July 4, 2018). During that period, Enel Sudeste acquired an additional 33,359,292 shares of Enel Distribuição São Paulo, equal to 19.9% of the share capital. The overall interest acquired by Enel Sudeste therefore rose to 93.31% of Enel Distribuição São Paulo, which increases to 95.05% given that Enel Distribuição São Paulo holds 3,058,154 treasury shares.

Enel Distribuição São Paulo was consolidated in the consolidated financial statements at December 31, 2018 at 95.88% as the final outcome of the tender was known as of that date.

The total cost of the acquisition of €1,541 million was paid entirely in cash.

At December 31, 2018, the company had completed the allocation of the acquisition price, definitively determining the fair value of the assets acquired and the liabilities assumed.

The main adjustments with respect to the carrying amount are essentially attributable to the recognition of intangible assets (in particular relating to concession rights) and the related tax effects.

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)	**343**
Adjustments from allocation of purchase price:	
- intangible assets	1,443
- deferred tax liabilities	(490)
- liabilities for risks and charges	(252)
- other adjustments	71
- non-controlling interests	(40)
Net assets acquired after allocation	**1,075**
Cost of the acquisition	**1,541**
Goodwill	466

(1) Net assets in proportion to Enel's stake of 95.88%.

In particular, as part of the purchase price allocation process, and more specifically the identification and measurement of the assets acquired, the current concession rights for the distribution of electricity as well as their renewal for a further concession period were taken into account, applying the assumptions provided for by IAS 38 (recognition of an intangible asset acquired as part of a business combination). Amortization of that intangible asset will not begin until the start of the concession period to which it refers.

Accordingly, the accounting situation at the acquisition date after the final allocation of the price is as follows:

Accounts of Enel Distribuição São Paulo at the acquisition date

Millions of euro	Carrying amount before June 7, 2018	Adjustments for purchase price allocation	Amounts recognized at June 7, 2018
Property, plant and equipment	14	-	14
Investment property	10	-	10
Intangible assets	968	1,443	2,411
Deferred tax assets	611	93	704
Other non-current assets	932	-	932
Trade receivables	828	-	828
Inventories	66	(5)	61
Other current assets	179	(10)	169
Cash and cash equivalents	226	-	226
Borrowings	(1,018)	(7)	(1,025)
Employee benefits	(725)	-	(725)
Deferred tax liabilities	(165)	(490)	(655)
Other non-current liabilities	(123)	-	(123)
Provisions for risks and charges	(522)	(252)	(774)
Trade payables	(377)	-	(377)
Other current liabilities	(544)	-	(544)
Non-controlling interests	(17)	(40)	(57)
Net assets acquired	**343**	**732**	**1,075**
Cost of the acquisition	**1,541**	**-**	**1,541**
Goodwill	1,198	(732)	466

Enel Distribuição São Paulo contributed €2,076 million in revenue and €117 million in operating income to 2018 results. The acquisition of Enel Distribuição São Paulo entailed a cash outflow of €1,541 million and the assumption of net financial debt of €731 million.

6.3 Acquisition of Empresa de Alumbrado Eléctrico de Ceuta

On July 25, 2018, Endesa Red finalized the acquisition of 94.6% of Empresa de Alumbrado Eléctrico de Ceuta SA, a company operating in the distribution and sale of electricity in the autonomous city of Ceuta in North Africa. The acquisition provided for a cash outlay of €83 million.

The following table reports the definitive fair values of the net assets acquired:

Determination of goodwill

Millions of euro	Amounts recognized at July 25, 2018
Property, plant and equipment	65
Investment property	4
Intangible assets	14
Trade receivables	3
Other current assets	2
Cash and cash equivalents	2
Current portion of long-term financial receivables	1
Deferred tax liabilities	(5)
Other non-current liabilities	(15)
Other employee benefits	(1)
Trade payables	(2)
Other current liabilities	(3)
Non-controlling interests	(2)
Net assets acquired	**63**
Cost of the acquisition	**84**
(of which paid in cash)	*83*
Goodwill	21

Empresa de Alumbrado Eléctrico de Ceuta SA contributed €17 million in revenue and €1 million in operating income to 2018 results. The acquisition entailed a cash outflow of €83 million, while at the time of the acquisition the company held liquid assets and financial receivables of €3 million.

6.4 Other minor acquisitions

Determination of goodwill

Millions of euro	EPM Eólica Dolores	Energía Limpia de Puerto Libertad	Minor acquisitions EGPE
Net assets acquired	**-**	**-**	**5**
Cost of the acquisition	**5**	**7**	**5**
(of which paid in cash)	*4*	*7*	*5*
Goodwill	5	7	-

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.

6.5 Disposal of stake in eight special purpose vehicles owning renewable generation plants in Mexico

On September 28, 2018, acting through its subsidiary Enel Green Power SpA ("EGP"), Enel finalized the disposal of 80% of eight special purpose vehicles ("SPVs") owning plants in operation and under construction in Mexico with a total capacity of 1.8 GW.

The Group continues to own 20% of the capital of the SPVs and EGP SpA will continue to operate the plants owned by the vehicle companies.

The disposal involved a total price of €329 million, which net of transaction costs of €13 million produced a transaction value of €316 million.

The gain on the disposal amounted to €150 million. Furthermore, under the provisions of the relevant accounting standards, the fair value of the non-controlling interest retained was remeasured, with a gain of €40 million.

Millions of euro	
Value of the transaction	329
Net assets sold	(168)
Transaction costs	(13)
Reversal of OCI reserve	2
Capital gain	**150**
Remeasurement at fair value of non-controlling interest retained	40
Total impact on profit or loss	**190**

6.6 Corporate reorganization in Chile - "Elqui" operation

As part of the Group's strategic simplification plan, during the 1st Half of 2018 the reorganization of equity investments was begun with the aim of reducing the number of operating companies in South America.

To this end, on March 26, Enel successfully completed the tender offer launched by Enel Chile for all of the shares of the subsidiary Enel Generación Chile held by the non-controlling shareholders of the latter, with which Enel Chile acquired about 33.6% of the capital of Enel Generación Chile, thus increasing its stake in that company to 93.55%.

The transaction was finalized on April 2, 2018, with the price settled 60% in cash and 40% in Enel Chile shares.

On the same date, the merger of the renewables company Enel Green Power Latin America SA into Enel Chile and a capital increase at the latter to serve the merger took effect.

Also on the same date, the shareholders of Enel Chile who exercised their right of withdrawal as a result of that merger were paid the value of their shares.

At the level of the Enel Group, the combined effect of the two transactions led to a 1.31% increase in the Group's interest in Enel Chile, which rose from 60.62% to 61.93%.

As the operation is a transaction in non-controlling interests and does not fall within the scope of application of IFRS 3, the transaction resulted in a reduction in non-controlling interests, with a negative impact on the non-controlling interest reserve of €506 million against a total outlay of €1,406 million.

7

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 performance and financial developments during the year, please see the dedicated section in the Report on operations.

Segment information for 2018 and 2017

Results for 2018 [1]

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Revenue from third parties	37,411	19,413	14,687	2,349	1,438	100	274	75,672
Revenue from transactions with other segments	987	79	55	12	-	1	(1,134)	-
Total revenue	**38,398**	**19,492**	**14,742**	**2,361**	**1,438**	**101**	**(860)**	**75,672**
Total costs	31,504	15,998	10,374	1,844	738	47	(701)	59,804
Net income/(expense) from commodity contracts measured at fair value	410	64	2	(1)	8	-	-	483
Depreciation and amortization	1,767	1,684	1,261	193	245	40	24	5,214
Impairment losses	1,058	401	134	51	9	4	-	1,657
Reversals of impairment losses	(19)	(251)	(1)	(148)	-	-	(1)	(420)
Operating income	**4,498**	**1,724**	**2,976**	**420**	**454**	**10**	**(182)**	**9,900**
Capital expenditure	**2,479** [2]	**1,433**	**2,246**	**390**	**1,373** [3]	**142**	**89**	**8,152**

(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 €3 million regarding units classified as "held for sale".
(3) Does not include €375 million regarding units classified as "held for sale".

Results for 2017 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Revenue from third parties	37,900	19,940	13,126	2,374	1,185	96	18	74,639
Revenue from transactions with other segments	881	54	28	37	2	-	(1,002)	-
Total revenue	**38,781**	**19,994**	**13,154**	**2,411**	**1,187**	**96**	**(984)**	**74,639**
Total costs	32,455	16,434	8,976	1,868	430	39	(638)	59,564
Net income/(expense) from commodity contracts measured at fair value	537	13	26	-	2	-	-	578
Depreciation and amortization	1,769	1,562	1,149	189	202	40	20	4,931
Impairment losses	626	461	134	83	4	2	1	1,311
Reversals of impairment losses	(2)	(292)	(49)	(35)	-	-	(3)	(381)
Operating income	**4,470**	**1,842**	**2,970**	**306**	**553**	**15**	**(364)**	**9,792**
Capital expenditure	**1,812**	**1,105**	**3,002**	**307** (2)	**1,802** (3)	**30**	**72**	**8,130**

(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 €44 million regarding units classified as "held for sale".
(3) Does not include €325 million regarding units classified as "held for sale".

Financial position by segment

At December 31, 2018

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Property, plant and equipment	26,295	23,750	17,387	3,218	5,745	784	64	77,243
Intangible assets	1,822	15,857	13,932	781	750	106	67	33,315
Non-current and current contract assets	115	12	337	-	24	-	(7)	481
Trade receivables	7,885	2,162	3,766	379	276	33	(890)	13,611
Other	2,864	1,784	1,387	165	324	35	(201)	6,358
Operating assets	**38,981** (1)	**43,565**	**36,809** (2)	**4,543**	**7,119**	**958**	**(967)**	**131,008**
Trade payables	7,385	2,658	3,074	391	802	90	(1,011)	13,389
Non-current and current contract liabilities	4,204	2,797	12	405	4	-	(21)	7,401
Sundry provisions	2,504	3,537	2,956	90	56	22	516	9,681
Other	5,550	2,578	2,867	236	915	84	704	12,934
Operating liabilities	**19,643**	**11,570**	**8,909** (3)	**1,122**	**1,777**	**196**	**188**	**43,405**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €663 million regarding units classified as "held for sale".
(3) Of which €22 million regarding units classified as "held for sale".

At December 31, 2017

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Property, plant and equipment	25,935	23,783	17,064	3,052	5,800	749	54	76,437
Intangible assets	1,358	15,662	11,857	731	838	115	34	30,595
Trade receivables	10,073	2,340	2,432	337	193	29	(856)	14,548
Other	3,033	1,697	954	194	377	10	(308)	5,957
Operating assets	**40,399** (1)	**43,482**	**32,307**	**4,314** (2)	**7,208** (3)	**903**	**(1,076)**	**127,537**
Trade payables	6,847	2,738	2,790	426	782	60	(837)	12,806
Sundry provisions	2,843	3,592	1,325	101	29	20	527	8,437
Other	7,170	3,225	2,451	297	254	74	(244)	13,227
Operating liabilities	**16,860**	**9,555**	**6,566**	**824** (4)	**1,065** (5)	**154**	**(554)**	**34,470**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €141 million regarding units classified as "held for sale".
(3) Of which €1,675 million regarding units classified as "held for sale".
(4) Of which €74 million regarding units classified as "held for sale".
(5) Of which €145 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017
Total assets	**165,424**	**155,641**
Equity investments accounted for using the equity method	2,099	1,598
Other non-current financial assets	5,769	4,002
Long-term tax receivables included in "Other non-current assets"	231	260
Current financial assets	5,160	4,614
Derivatives	4,919	3,011
Cash and cash equivalents	6,630	7,021
Deferred tax assets	8,305	6,354
Tax receivables	1,282	1,094
Financial and tax assets of "Assets held for sale"	21	150
Segment assets	**131,008**	**127,537**
Total liabilities	**117,572**	**103,480**
Long-term borrowings	48,983	42,439
Short-term borrowings	3,616	1,894
Current portion of long-term borrowings	3,367	7,000
Current financial liabilities	788	954
Derivatives	6,952	5,258
Deferred tax liabilities	8,650	8,348
Income tax payable	333	284
Other tax payables	1,093	1,323
Financial and tax liabilities of "Liabilities held for sale"	385	1,510
Segment liabilities	**43,405**	**34,470**

Revenue

8.a Revenue from sales and services - *€73,134 million*

Millions of euro

	2018	2017	Change	
Sale of electricity	43,110	43,433	(323)	-0.7%
Transport of electricity	10,101	9,973	128	1.3%
Fees from network operators	1,012	900	112	12.4%
Transfers from institutional market operators	1,711	1,635	76	4.6%
Sale of gas	4,401	3,964	437	11.0%
Transport of gas	576	570	6	1.1%
Sale of fuel	8,556	8,340	216	2.6%
Connection fees to electricity and gas networks	714	800	(86)	-10.8%
Construction contracts	735	674	61	9.1%
Sale of environmental certificates	497	566	(69)	-12.2%
Sale of value-added services	390	42	348	-
Other sales and services	1,331	1,767	(436)	-24.7%
Total	**73,134**	**72,664**	**470**	**0.6%**

In 2018, revenue from the "Sale of electricity" came to €43,110 million (€43,433 million for 2017), including €32,497 million in revenue from electricity sales to end users (€31,419 million for 2017), €8,276 million in revenue from wholesale electricity sales (€8,819 million for 2017), and €2,337 million in revenue from the trading of electricity (€3,195 million for 2017). The reduction in revenue from the sale of electricity (€323 million) is attributable to:

- the reduction in revenue from trading (€858 million), essentially due to the contraction in volumes traded by Enel Global Trading;
- the decrease in revenue from wholesale electricity sales (€543 million), mainly deriving from the reduction in volumes sold by Enel Global Trading and Enel Produzione, which was partially offset by the increase in energy sales by Enel Green Power SpA and Enel Américas;
- the increase in revenue from electricity sales to end users (€1,078 million), related above all to the increase in revenue from the sale of electricity on the regulated market (€931 million) mainly by Enel Américas due to the change in the scope of consolidation following the acquisition of Enel Distribuição São Paulo, as well as the increase in revenue from the sale of electricity on the free market (€166 million) mainly due to increased sales in Italy, Romania and South America, partially offset by the reduction in sales of electricity in Iberia.

Revenue from the "Transport of electricity" came to €10,101 million in 2018, an increase of €128 million. This includes revenue for the transport of electricity to end users on the regulated market in the amount of €2,955 million (€3,042 million in 2017) and on the free market in the amount of €2,280 million (€2,132 million in 2017), as well as revenue from the transport of electricity to other operators in the amount of €4,866 million (€4,799 million in 2017). This increase is mainly attributable to Enel Américas, following the acquisition of Enel Distribuição São Paulo, to Enel Energia in relation to the increase in volumes sold, and to e-distribuzione in relation to rates and equalization mechanisms. These effects were partially offset by the decrease in Italy due to lower revenue from transport on the regulated market, in line with the reduction in quantities sold and in the number of customers served.

Revenue related to "Fees from network operators" came to €1,012 million, up €112 million compared with the previous year. The increase is mainly attributable to the increase in fees for the remuneration of generation plants in Italy falling within the scope of plants essential to the electrical system in order to ensure adequate standards of safe operations.

In 2018, revenue related to "Transfers from institutional market operators" came to €1,711 million, up €76 million compared with the previous year. This increase essentially refers to the Spanish companies, in the amount of €104 million, in relation to the greater fees received for costs incurred to ensure the generation of electricity in the extra-peninsular area. This effect was partially offset by the reduction in revenue from grants received for the generation of renewable energy, by Enel Green Power SpA in the amount of €25 million, due to the expiration of incentives for certain geothermal and hydroelectric plants.

Revenue from the "Sale of gas" for 2018, which totaled €4,401 million (€3,964 million in 2017), increased by €437 million over the previous year. This increase was essentially affected by higher revenue in Iberia (€296 million), in Italy (€43 million), and in South America (€76 million) due to the increase in quantities sold within a context of rising average prices compared with the previous year.

Revenue from the "Sale of fuel" amounted to €8,556 million, an increase of €216 million related mainly to the sale of gas. In 2018, this included the sale of natural gas, in the amount of €8,509 million (€8,291 million in 2017) and €47 million for the sale of other fuels (€49 million in 2017). The increase mainly refers to natural gas sales by Enel Global Trading.

"Connection fees to electricity and gas networks" amounted to €714 million, a decrease of €86 million compared with the previous year. This reduction mainly refers to the Endesa Group (€112 million), Servizio Elettrico Nazionale (€107 million), and Enel Energia (€104 million), and was partially offset by an increase in revenue for e-distribuzione (€278 million). The decrease in this item was mainly due to application of IFRS 15, which, for the companies that sell electricity, resulted in the recognition of only those fees pertaining to the seller, assigning the classification of "agent" to the seller for the share of fees pertaining to the distributor. For the electricity distribution companies, on the other hand, this led to the recognition, as at January 1, of the retroactive reclassification of connection fees and recognition of a liability deriving from contracts with customers and a corresponding entry in shareholders' equity, and in 2018 the release to profit or loss of the portion of this liability pertaining to the period for the fees subject to reclassification and relating to new "over time" connections made in 2018 was recognized.

Revenue from "Construction contracts" amounted to €735 million, an increase of €61 million, particularly in South America.

Revenue from the "Sale of environmental certificates" amounted to €497 million, a decrease of €69 million, mainly in Italy.

Revenue from the "Sale of value-added services" amounted to €390 million, an increase of €348 million, mainly attributable to Enel X North America in relation to value-added services, primarily demand-response services. Enel X North America provides these services as an aggregator of commercial and industrial consumers who agree to balance their consumption based on the needs of the grid, renouncing their consumption at times of peak demand in exchange for contractually defined remuneration.

Revenue from "Other sales and services" amounted to €1,331 million, a decrease of €436 million. This change mainly refers to the reduction in other sales and services, which was partially offset by an increase in revenue from leased plant connected to the electricity business in South America and from the tax partnerships recognized in the previous year (€352 million). Following substantial contractual changes, the tax partnerships relating to new projects are now recognized under "Other revenue" (see note 8.b).

Revenue for 2018, which totaled €73,134 million, refers almost entirely to revenue from customer contracts, as defined by IFRS 15, and the associated performance obligation is mainly satisfied over time.

The following table shows a breakdown of point-in-time and over-time revenue for the current year.

Millions of euro

2018	Italy		Iberia		South America		Europe and Euro-Mediterranean Affairs		North and Central America		Africa, Asia and Oceania		Other, eliminations and adjustments		**Total**	
	Over time	Point in time	Over time	Point in time	Over time	Point in time	Over time	Point in time	Over time	Point in time	Over time	Point in time	Over time	Point in time	Over time	Point in time
Revenue	**35,153**	**828**	**18,228**	**1,037**	**14,140**	**298**	**1,247**	**1,030**	**651**	**396**	**14**	**81**	**25**	**6**	**69,458**	**3,676**

The table below gives a breakdown of revenue from sales and services by geographical area.

Millions of euro

	2018	2017
Italy	**27,492**	**27,935**
Europe		
Iberia	18,368	19,032
France	1,006	1,333
Switzerland	1,039	135
Germany	2,297	2,244
Austria	155	290
Slovenia	27	39
Slovakia	-	54
Romania	1,214	1,067
Greece	62	58
Bulgaria	9	9
Belgium	320	46
Czech Republic	113	-
Hungary	399	472
Russia	989	1,128
Netherlands	2,139	4,063
United Kingdom	1,685	648
Other European countries	113	82
Americas		
United States	466	693
Canada	23	-
Mexico	520	359
Brazil	6,518	4,687
Chile	3,169	3,473
Peru	1,275	1,167
Colombia	2,242	2,103
Argentina	1,265	1,364
Other South American countries	14	14
Other		
Africa	82	79
Asia	133	90
Total	**73,134**	**72,664**

8.b Other revenue and income - ***€2,538 million***

Millions of euro

	2018	2017	Change	
Operating grants	20	40	(20)	-50.0%
Grants for environmental certificates	664	878	(214)	-24.4%
Capital grants (electricity and gas business)	22	21	1	4.8%
Sundry reimbursements	353	361	(8)	-2.2%
Gains on the disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	287	159	128	80.5%
Gains on the disposal of property, plant and equipment and intangible assets	61	43	18	41.9%
Service continuity bonuses	44	66	(22)	-33.3%
Other revenue	1,087	407	680	-
Total	**2,538**	**1,975**	**563**	**28.5%**

"Grants for environmental certificates" amounted to €664 million, a decrease of €214 million compared with the previous year due essentially to the reduction in grants for energy efficiency certificates, in the amount of €197 million, and a reduction in grants for green certificates in the amount of €17 million.

"Sundry reimbursements" amounted to €353 million and concern reimbursements from customers and suppliers totaling €238 million (€165 million in 2017) and insurance indemnities in the amount of €115 million (€196 million in 2017).

The item relating to gains on the disposal of companies came to €287 million in 2018, an increase of €128 million compared with 2017, and mainly includes:

- the gain on the sale, with loss of control, of eight project companies in Mexico at the end of September 2018 and the associated remeasurement at fair value of the 20% stake retained in the companies sold (€190 million);
- the gain on the sale of EF Solare Italia SpA (€65 million);
- the gain on the sale of a number of companies of the Enel Green Power Business Line in Uruguay (€18 million).

In 2017, on the other hand, this item mainly included the gain of €143 million deriving from the sale of the investment in the Chilean company Electrogas.

"Gains on the disposal of property, plant and equipment and intangible assets" in 2018 amounted to €61 million (€43 million in 2017) and refer to ordinary disposals for the period.

"Other revenue" amounted to €1,087 million (€407 million in 2017), an increase of €680 million from the previous year. This increase is mainly attributable to:

- the increase in other revenue related to the electricity business due to the recognition of gains in the amount of €146 million relating to the reimbursement by the Energy and Environmental Services Fund (CSEA) of system charges paid and not collected pursuant to Regulatory Authority for Energy, Networks and Environment (ARERA) Resolution 50/2018/R/eel;
- the increase in gains due to the recognition of €128 million related to the agreement that e-distribuzione reached with F2i and 2i Rete Gas for the early lump-sum liquidation connected with the sale of the equity investment in Enel Rete Gas;
- revenue from tax partnerships recognized on new projects completed in 2018 (€361 million), which were previously classified as revenue from "Other sales and services", following changes in the business model, which prompted the amendment of contractual language.

The following table shows a breakdown of total revenue from sales and services and of other revenue and income by business area based on the approach used by management to monitor the Group's performance during the two years being compared.

Millions of euro	2018							
	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Revenue from sales and services	35,981	19,265	14,438	2,277	1,047	95	31	73,134
Other revenue and income	1,430	148	249	72	391	5	243	2,538
Total revenue	**37,411**	**19,413**	**14,687**	**2,349**	**1,438**	**100**	**274**	**75,672**
	2017							
Revenue from sales and services	36,663	19,825	12,766	2,264	1,044	93	9	72,664
Other revenue and income	1,237	115	360	110	141	3	9	1,975
Total revenue	**37,900**	**19,940**	**13,126**	**2,374**	**1,185**	**96**	**18**	**74,639**

Costs

9.a Electricity, gas and fuel purchases - *€35,728 million*

Millions of euro

	2018	2017	Change	
Electricity	19,584	20,011	(427)	-2.1%
Gas	12,944	12,654	290	2.3%
Nuclear fuel	118	137	(19)	-13.9%
Other fuels	3,082	3,237	(155)	-4.8%
Total	**35,728**	**36,039**	**(311)**	**-0.9%**

Purchases of "Electricity" totaled €19,584 million in 2018, decreasing by €427 million compared with 2017 (€20,011 million). These costs include purchases made by way of bilateral agreements on national and international markets in the amount of €12,337 million (€12,573 million in 2017), electricity purchases on the electricity exchanges in the amount of €7,083 million (€7,168 million in 2017), and other purchases made on local and international markets totaling €164 million (€270 million on 2017).

The reduction in costs is attributable to the reduction in purchases made through bilateral agreements (€236 million) mainly relating to the reduction in volumes traded by Enel Global Trading, associated with a reduction in purchases both on other local and foreign markets in the amount of €106 million and on the electricity exchanges in the amount of €85 million. These effects were partially offset by the increase in electricity purchases in South America following the consolidation of Enel Distribuição São Paulo.

Purchases of "Gas" posted an increase of €290 million due to the increase in the prices of long-term and spot contracts incurred by Italian companies.

Purchases of "Other fuels" decreased by €155 million to €3,082 million in 2018, due primarily to the decline in the volume of electricity output by Enel Produzione. Furthermore, starting on January 1, 2018, the results of the cash flow hedge derivative contracts established to hedge the purchase prices of coal were recognized using the basis-adjustment approach as required by "IFRS 9 - Financial instruments". As a result, these results (a positive €43 million) have not been classified as net income/(expense) from commodity contracts measured at fair value, but have been recognized under fuel purchases, with an impact on the change in inventories.

9.b Services and other materials - *€18,870 million*

Millions of euro

	2018	2017	Change	
Transmission and transport	9,754	9,840	(86)	-0.9%
Maintenance and repairs	1,013	1,128	(115)	-10.2%
Telephone and postal costs	180	199	(19)	-9.5%
Communication services	129	127	2	1.6%
IT services	773	627	146	23.3%
Leases and rentals	589	525	64	12.2%
Other services	4,057	3,656	401	11.0%
Other materials	2,375	1,880	495	26.3%
Total	**18,870**	**17,982**	**888**	**4.9%**

Costs for services and other materials amounted to €18,870 million in 2018, an increase on 2017 of €888 million. The reduction of €86 million in costs for transmission and transport and of €115 million in maintenance and repairs was offset, above all, by the significant increase in costs for other services (€401 million) and other materials (€495 million).

The increase in costs for other services was seen, in particular, in South and North America in relation to the consolidation of Enel Distribuição São Paulo in 2018 and of Enel X North America (formerly EnerNOC) starting from the 2nd Half of 2017. This increase was partially offset by the reduction in costs related to the acquisition of customers in the amount of €220 million, which are capitalized in accordance with the new IFRS 15.

The increase in costs for other materials, on the other hand, was concentrated in Italy and Spain for the purchase of materials and equipment for work on infrastructure and networks, as well as for the increase in costs for environmental certificates (€179 million) for generation in Italy and for the sales companies in Romania.

Costs for IT services also increased, by €146 million, mainly in Italy and Spain, as did costs for leases and rentals in relation to an increase in hydroelectric lease payments incurred in Spain following a greater use of hydroelectric production (€52 million).

9.c Personnel - *€4,581 million*

Millions of euro

	2018	2017	Change	
Wages and salaries	3,157	3,152	5	0.2%
Social security contributions	894	895	(1)	-0.1%
Deferred compensation benefits	103	104	(1)	-1.0%
Other post-employment and long-term benefits	113	139	(26)	-18.7%
Early retirement incentives	138	76	62	81.6%
Other costs	176	138	38	27.5%
Total	**4,581**	**4,504**	**77**	**1.7%**

Personnel costs amounted to €4,581 million in 2018, an increase of €77 million.

The Group's workforce increased by 6,372 employees despite the negative balance of new hires and terminations (1,332 employees) due to early-retirement incentives, reflecting changes in the scope of consolidation (7,704 employees) essentially attributable to:

- the acquisition of Enel Distribuição São Paulo in Brazil in June;

- the acquisition of the YouSave business unit in Italy in July;
- the acquisition of Empresa de Alumbrado Eléctrico de Ceuta and Empresa de Alumbrado Eléctrico de Ceuta Distribución in Spain in August;
- the sale of Enel Green Power Uruguay in December.

The increase in wages and salaries essentially reflects the increase in the average workforce in 2018.
Early retirement incentives in 2018 amounted to €138 million, up €62 million, mainly in Spain (€40 million), for the "*Plan de Salida*" incentive plan, and in Italy for terminations pursuant to the provisions of Article 4 of Law 92/2012 (the "Fornero Act").

The table below shows the average number of employees by category, along with a comparison with the previous year, as well as the actual numbers as of December 31, 2018.

No.

	Average number (1)			Headcount (1)
	2018	2017	Change	**at Dec. 31, 2018**
Senior managers	1,343	1,308	35	1,346
Middle managers	10,614	10,073	541	10,985
Office staff	33,906	32,558	1,348	34,710
Blue collar	20,834	18,956	1,878	22,231
Total	**66,697**	**62,895**	**3,802**	**69,272**

(1) For companies consolidated proportionately, the headcount corresponds to Enel's percentage share of the total.

9.d Net impairment/(reversals) of trade receivables and other receivables - *€1,096 million*

Millions of euro

	2018	2017	Change	
Impairment of trade receivables	1,367	-	1,367	-
Impairment of other receivables	18	-	18	-
Total impairment of trade and other receivables	**1,385**	**-**	**1,385**	**-**
Reversals of impairment on trade receivables	(281)	-	(281)	-
Reversals of impairment on other receivables	(8)	-	(8)	-
Total reversals of impairment on trade and other receivables	**(289)**	**-**	**(289)**	**-**
TOTAL NET IMPAIRMENT/(REVERSALS) ON TRADE AND OTHER RECEIVABLES	**1,096**	**-**	**1,096**	**-**

The aggregate, which totaled €1,096 million, includes impairment losses and reversals of impairment losses on trade and other receivables as a result of amendments of IAS 1 as a consequence of the application of IFRS 9. The comparative figures for 2017, recognized under "Depreciation, amortization and other impairment losses" in the amount of €910 million, have not been reclassified, as IFRS 9 was applied using the simplified approach.

9.e Depreciation, amortization and other impairment losses - *€5,355 million*

Millions of euro

	2018	2017	Change	
Property, plant and equipment	4,132	4,119	13	0.3%
Investment property	7	7	-	-
Intangible assets	1,075	805	270	33.5%
Other impairment losses	272	1,311	(1,039)	-79.3%
Other reversals of impairment losses	(131)	(381)	250	65.6%
Total	**5,355**	**5,861**	**(506)**	**-8.6%**

Depreciation, amortization and other impairment losses in 2018 decreased by €506 million.
This change essentially reflects amendments of IAS 1 as a consequence of the application of IFRS 9, under which impairment losses on trade and other receivables in 2018 were presented as a separate item. The comparative figures for 2017, equal to €910 million, have not been reclassified, as IFRS 9 was applied using the simplified approach provided for in that standard.
These effects were partially offset by a €270 million increase in amortization due to the acquisition of Enel Distribuição São Paulo (€93 million) and the application, starting in 2018, of IFRS 15, which resulted in a reduction in agency and teleseller costs as they are capitalized when they result in an increase in the customer base (€166 million).
The slight increase in depreciation of property, plant and equipment (€13 million) was affected by the decrese in depreciation recognized by e-distribuzione (€94 million) following a study of the operating performance of distribution plants, supported by technical advisors, following which it was considered reasonable to extend the economic-technical lives of certain components of distribution plants compared with forecasts made in previous years.

Millions of euro

	2018	2017	Change	
Impairment losses:				
- property, plant and equipment	235	65	170	-
- investment property	3	10	(7)	-70.0%
- intangible assets	31	7	24	-
- goodwill	3	-	3	-
- trade receivables	-	1,204	(1,204)	-
- other assets	-	25	(25)	-
Total impairment losses	**272**	**1,311**	**(1,039)**	**-79.3%**
Reversals of impairment losses:				
- property, plant and equipment	(86)	(53)	(33)	62.3%
- investment property	-	-	-	-
- intangible assets	(45)	(9)	(36)	-
- trade receivables	-	(310)	310	-
- other assets	-	(9)	9	-
Total reversals of impairment losses	**(131)**	**(381)**	**250**	**65.6%**
TOTAL IMPAIRMENT AND RELATED REVERSALS	**141**	**930**	**(789)**	**-84.8%**

Impairment losses decreased by €1,039 million on the previous year.

Of particular note was the greater impairment of property, plant and equipment (€194 million), in particular as a result of the impairment of biomass and solar assets in Italy (€91 million), of the assets of Nuove Energie (€24 million), of the Augusta and Bastardo power plants (€23 million), and of the Alcúdia power plant in Spain (€82 million). These increases were partially offset by the reversal of impairment for the Hellas CGU (€117 million).

In 2017, this aggregate included impairment losses on the geothermal assets of the German company Erdwärme (€42 million), which were recognized following unsuccessful exploration work.

9.f Other operating expenses - *€2,889 million*

Millions of euro

	2018	2017	Change	
System charges - emissions allowances	443	392	51	13.0%
Charges for energy efficiency certificates	607	776	(169)	-21.8%
Charges for purchases of green certificates	41	35	6	17.1%
Losses on disposal of property, plant and equipment and intangible assets	61	105	(44)	-41.9%
Taxes and duties	1,126	1,197	(71)	-5.9%
Other	611	381	230	60.4%
Total	**2,889**	**2,886**	**3**	**0.1%**

Other operating expenses, totaling €2,889 million, increased by €3 million.

This was due essentially to the following:

- higher charges in Spain, mainly for the "*bono social*", in the amount of €229 million, as in 2017 a favorable judgment was issued that led to the reversal of costs incurred for 2015, 2016 and 2017;
- an increase in indemnities paid to customers and suppliers in the amount of €22 million;
- lower environmental compliance costs in the amount of €112 million, mainly in Italy and Spain;
- lower charges for taxes and duties in the amount of €71 million, essentially related to lower taxes on thermal generation in Spain (€109 million), due in part to the greater use of hydroelectric generation, which was only partially offset by the increase in taxes on real estate in the amount of €25 million, particularly in Italy;
- a decrease of €89 million in costs related to the improvement of service quality, which decreased mainly in Argentina and was only partially offset by the greater fines recognized in relation to distribution in Italy.

9.g Capitalized costs - *€(2,264) million*

Millions of euro

	2018	2017	Change	
Personnel	(836)	(780)	(56)	-7.2%
Materials	(852)	(618)	(234)	-37.9%
Other	(576)	(449)	(127)	-28.3%
Total	**(2,264)**	**(1,847)**	**(417)**	**-22.6%**

Capitalized costs consist of €836 million in personnel costs, €852 million in materials costs, and €576 million in service costs (compared with €780 million, €618 million, and €449 million, respectively, for 2017). Capitalized costs mainly regard the development and implementation of major investments, mainly in Enel Green Power and the distribution sector.

10. Net income/(expense) from commodity contracts measured at fair value - *€483 million*

Net income from the management of commodity risk amounted to €483 million in 2018 (compared with net income of €578 million in 2017), which may be broken down as follows:

- net income on cash flow hedge derivatives in the amount of €25 million (net income of €246 million in 2017);
- net income on derivatives at fair value through profit or loss in the amount of €458 million (net income of €332 million in 2017).

For more information on derivatives, see note 46 "Derivatives and hedge accounting".

Millions of euro

	2018	2017	Change	
Income:				
- income from cash flow hedge derivatives	93	284	(191)	-67.3%
- income from derivatives at fair value through profit or loss	3,813	1,288	2,525	-
Total income	**3,906**	**1,572**	**2,334**	**-**
Expense:				
- expense on cash flow hedge derivatives	(68)	(38)	(30)	-78.9%
- expense on derivatives at fair value through profit or loss	(3,355)	(956)	(2,399)	-
Total expense	**(3,423)**	**(994)**	**(2,429)**	**-**
NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	**483**	**578**	**(95)**	**-16.4%**

11. Financial income/(expense) from derivatives - *€461 million*

Millions of euro

	2018	2017	Change	
Income:				
- income from cash flow hedge derivatives	1,087	728	359	49.3%
- income from derivatives at fair value through profit or loss	851	847	4	0.5%
- income from fair value hedge derivatives	55	36	19	52.8%
Total income	**1,993**	**1,611**	**382**	**23.7%**
Expense:				
- expense on cash flow hedge derivatives	(376)	(2,171)	1,795	82.7%
- expense on derivatives at fair value through profit or loss	(1,124)	(552)	(572)	-
- expense on fair value hedge derivatives	(32)	(43)	11	25.6%
Total expense	**(1,532)**	**(2,766)**	**1,234**	**44.6%**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**461**	**(1,155)**	**1,616**	**-**

Net income from derivatives amounted to €461 million for 2018 (compared with net expense of €1,155 million in 2017), which may be broken down as follows:

- net income on cash flow hedge derivatives in the amount of €711 million (compared with net expense of €1,443 million in 2017);
- net expense on derivatives at fair value through profit or loss in the amount of €273 million (net income of €295 million in 2017);

- net income on fair value hedge derivatives in the amount of €23 million (net expense of €7 million in 2017).

The net balances in 2018 on both hedging and trading derivatives mainly refer to the hedging of exchange rate risk. For more information on derivatives, see note 46 "Derivatives and hedge accounting".

12. Other financial income/(expense) - *€(2,509) million*

Other financial income

Millions of euro

	2018	2017	Change	
Interest income from financial assets (current and non-current):				
- interest income at effective rate on non-current securities and receivables	93	52	41	78.8%
- interest income at effective rate on short-term financial investments	163	132	31	23.5%
Total interest income at effective rate	**256**	**184**	**72**	**39.1%**
Financial income on non-current securities at fair value through profit or loss	**-**	**-**	**-**	**-**
Exchange gains	**910**	**1,852**	**(942)**	**-50.9%**
Income on equity investments	**12**	**54**	**(42)**	**-77.8%**
Other income	**1,190**	**281**	**909**	**-**
TOTAL FINANCIAL INCOME	**2,368**	**2,371**	**(3)**	**-0.1%**

Other financial income amounted to €2,368 million, a small decrease of €3 million compared with the previous year due mainly to:

- a decrease in exchange gains in the amount of €942 million, reflecting the impact, above all, of trends in exchange rates on net financial debt denominated in currencies other than the euro. This change is mainly attributable to Enel Finance International (-€1,052 million) and Enel SpA (-€209 million) and was partially offset by the Enel Américas Group (+€212 million) and Enel Green Power Brazil (+€62 million);
- a decrease of €42 million in income on equity investments, which totaled €12 million in 2018, due essentially to the gain, in 2017, on the sale of the investment in the Indonesian firm Bayan Resources (€52 million);
- an increase of €909 million in other income, due mainly to:
  - the recognition of financial income of €653 million for the Argentine companies following the application of IAS 29 related to accounting for hyperinflationary economies, as explained in greater detail in note 2 to the consolidated financial statements for the year ended December 31, 2018;
  - the adjustment in the value of the financial receivable arising as a result of the sale of the 50% stake in Slovak Power Holding as a result of updating the pricing formula included in the agreements with EPH, which resulted in a €134 million increase in financial income;
  - the recognition by Enel SpA of financial income in the amount of €54 million related to reimbursements of direct taxes;
  - an increase of €38 million in past-due interest recognized, especially by e-distribuzione and the Enel Américas Group;
  - an increase in interest and income accrued on financial assets in relation to the public service concession arrangements of the Brazilian companies in the amount of €30 million;
- an increase of €72 million in interest and other income on financial assets essentially related to financial receivables, particularly for Enel Finance International and the Enel Américas Group.

Other financial expense

Millions of euro

	2018	2017	Change	
Interest expense on financial debt (current and non-current):				
- interest on bank borrowings	408	357	51	14.3%
- interest expense on bonds	1,953	1,987	(34)	-1.7%
- interest expense on other borrowings	127	95	32	33.7%
Total interest expense	**2,488**	**2,439**	**49**	**2.0%**
Exchange losses	**1,378**	**820**	**558**	**68.0%**
Accretion of post-employment and other employee benefits	**107**	**72**	**35**	**48.6%**
Accretion of other provisions	**169**	**190**	**(21)**	**-11.1%**
Charges on equity investments	**1**	**-**	**1**	**-**
Other expenses	**734**	**387**	**347**	**89.7%**
TOTAL FINANCIAL EXPENSE	**4,877**	**3,908**	**969**	**24.8%**

Other financial expense amounted to €4,877 million, a total increase of €969 million compared with 2017. The change reflects the following factors in particular:

- an increase in exchange losses in the amount of €558 million, reflecting the impact, above all, of trends in exchange rates on net financial debt denominated in currencies other than the euro. This change is mainly attributable to the Enel Américas Group (€269 million), Enel Green Power Brazil (€115 million), and Enel SpA (€60 million);
- an increase of €347 million in other charges due mainly to the following factors:
  - the recognition of financial expenses of €485 million for the Argentine companies following the application of IAS 29 related to recognitions during hyperinflationary economies;
  - an €89 million decrease in capitalized interest mainly for Enel Green Power Brazil and Enel Green Power Chile;
  - a €62 million increase in charges for the transfer and derecognition of receivables, mainly attributable to Enel Energia (€23 million), the Enel Américas Group (€21 million), and Servizio Elettrico Nazionale (€14 million);
  - a reduction in financial charges for the adjustment of the fair value of the financial receivable arising following the sale of 50% of Slovak Power Holding, which led to the reversal of the total value of the receivable subject to impairment in 2016 (€220 million). Specifically, €186 million in reversals was recognized in 2018, compared with €34 million in 2017;
  - a decrease in financial expense recognized by Enel Finance International in the amount of €108 million due to the early redemption in 2017 of bonds based on the "make-whole call option" provided for under the original financing agreement;
  - a reduction in charges related to medium- and long-term revolving credit lines in the amount of €52 million, above all for Enel SpA and Enel Finance International;
- an increase of €49 million in interest expense on financial liabilities. This change was due to the increase in interest expense on bank borrowings in the amount of €51 million, particularly in South America, and on other non-bank borrowings in the amount of €32 million, mainly due to the increase in interest expense on tax partnerships (€21 million). These effects were partially offset by the reduction in interest expense on bonds in the amount of €34 million, essentially for Enel SpA and Enel Finance International;
- an increase of €35 million in costs for the accretion of liabilities for employee benefits, essentially attributable to the Enel Américas Group (€38 million), mainly for the acquisition of Enel Distribuição São Paulo;
- a decrease of €21 million due to the accretion of other provisions, mainly relating to the Enel Américas Group (€28 million) due to the exchange rate effect and a decrease in the discounting of past fines being disputed in Argentina.

13. Share of income/(losses) of equity investments accounted for using the equity method - *€349 million*

Millions of euro

	2018	2017	Change	
Share of income of associates	521	225	296	-
Share of losses of associates	(172)	(114)	(58)	-50.9%
Total	**349**	**111**	**238**	**-**

The share of net income on equity investments accounted for using the equity method increased by €238 million compared with the previous year. This change was essentially due to the adjustment of the value of the 50% stake in Slovak Power Holding (€362 million), which had been written down multiple times in previous years. The increase described above was due to the changes in the parameters used to determine the pricing formula, as included in the agreements with EPH, as well as to the net effect of the pro-rated recognition of the profits earned by associates and joint ventures. These increases were only partially offset by the impairment of certain assets of the Greek project companies involved in development of wind farms on the Cyclades islands (€49 million) and of biomass development projects in Italy (€12 million), as well as the effect of the pro-rated recognition of losses for the year related to associates and joint ventures.

14. Income taxes - *€1,851 million*

Millions of euro

	2018	2017	Change	
Current taxes	2,014	1,926	88	4.6%
Adjustments for income taxes relating to prior years	(150)	(59)	(91)	-
Total current taxes	**1,864**	**1,867**	**(3)**	**-0.2%**
Deferred tax liabilities	92	(169)	261	-
Deferred tax assets	(105)	184	(289)	-
TOTAL	**1,851**	**1,882**	**(31)**	**-1.6%**

Income taxes for 2018 amounted to €1,851 million, compared with €1,882 million in 2017.

The €31 million reduction in taxes for 2018 compared with the previous year was mainly due to the following factors:

- the recognition of greater deferred tax assets on past losses by Enel Distribuição Goiás as a result of the efficiency improvement measures implemented by the Group subsequent to the acquisition (€274 million);
- a decrease in income taxes in Italy due to the recognition of deferred tax assets (€85 million) for the past losses of 3Sun following the merger with Enel Green Power SpA;
- the more favorable tax regime applicable to net income deriving from extraordinary items compared with the previous year (€180 million);
- a reduction in deferred tax liabilities (€61 million) following the tax reform in Colombia, which led to a reduction in progressive tax rates from 33% to 30%.

These decreases were partially offset by greater taxes resulting from the improvement in pre-tax income, from taxes recognized in Mexico following the sale of the "Project Kino" companies, from the release of deferred taxes recognized in 2017 by Enel Green Power North America in response to tax reform (€170 million), and from the recognition in 2017 of deferred tax assets in Argentina by Edesur (€60 million).

For more information on changes in deferred taxes, see note 22.

The following table provides a reconciliation of the theoretical tax rate and the effective tax rate.

Millions of euro

	2018		2017	
Income before taxes	8,201		7,211	
Theoretical taxes	1,968	24.0%	1,731	24.0%
Change in tax effect on impairment losses, capital gains and negative goodwill	(180)		(6)	
Recognition of deferred taxes on past losses in South America	(274)		(60)	
Recognition of deferred taxes on past losses in Italy	(86)		-	
Change in tax effect of "Project Kino" capital gains and other items in Mexico	100		-	
Impact on deferred taxation of changes in tax rates	(61)		(182)	
IRAP	237		231	
Other differences, effect of different tax rates abroad compared with the theoretical rate in Italy, and other minor items	147		168	
Total	**1,851**		**1,882**	

15. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 10,166,679,946 shares, adjusted for the diluting effect of outstanding stock options (none in both periods).

	2018	2017	Change	
Net income from continuing operations attributable to shareholders of the Parent Company (millions of euro)	4,789	3,779	1,010	26.7%
Net income from discontinued operations attributable to shareholders of the Parent Company (millions of euro)	-	-	-	-
Net income attributable to shareholders of the Parent Company (millions of euro)	4,789	3,779	1,010	26.7%
Number of ordinary shares	10,166,679,946	10,166,679,946	-	-
Dilutive effect of stock options	-	-	-	-
Basic and diluted earnings per share (euro)	0.47	0.37	0.10	27.0%
Basic and diluted earnings from continuing operations per share (euro)	0.47	0.37	0.10	27.0%
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-	-

16. Property, plant and equipment - *€76,631 million*

The breakdown of and changes in property, plant and equipment for 2018 are shown below:

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment
Cost	649	9,425	154,013	491
Accumulated depreciation and impairment	-	5,182	91,671	340
Balance at Dec. 31, 2017	**649**	**4,243**	**62,342**	**151**
Capital expenditure	14	451	3,114	25
Assets entering service	7	166	2,469	1
Exchange rate differences	(13)	(25)	(1,060)	1
Change in scope of consolidation	1	(3)	107	-
Disposals	(2)	-	(27)	(4)
Depreciation	-	(169)	(3,753)	(24)
Impairment losses	(1)	(26)	(142)	-
Reversals of impairment losses	1	9	76	-
Other changes	4	63	1,345	8
Reclassifications from/to assets held for sale	(5)	(93)	(528)	-
Total changes	**6**	**373**	**1,601**	**7**
Cost	655	9,919	158,257	503
Accumulated depreciation and impairment	-	5,303	94,314	345
Balance at Dec. 31, 2018	**655**	**4,616**	**63,943**	**158**

Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	**Total**
1,321	1,054	429	6,363	173,745
1,022	311	282	-	98,808
299	**743**	**147**	**6,363**	**74,937**
67	6	15	2,838	6,530
29	(2)	23	(2,693)	-
(14)	(1)	-	(321)	(1,433)
3	14	-	7	129
(5)	-	(8)	(7)	(53)
(89)	(48)	(31)	-	(4,114)
-	-	-	(66)	(235)
-	-	-	-	86
16	2	1	(105)	1,334
-	-	-	76	(550)
7	**(29)**	**-**	**(271)**	**1,694**
1,401	1,077	411	6,092	178,315
1,095	363	264	-	101,684
306	**714**	**147**	**6,092**	**76,631**

"Plant and machinery" includes assets to be relinquished free of charge with a net carrying amount of €8,747 million (€8,702 million at December 31, 2017), largely regarding power plants in Iberia and South America amounting to €4,390 million (€4,624 million at December 31, 2017), and the electricity distribution network in South America totaling €3,806 million (€3,453 million at December 31, 2017).

For more information on leased assets, see note 18 below.

The types of capital expenditure made during 2018 are summarized below. These expenditures, totaling €6,530 million, decreased by €327 million from 2017, a decrease that was particularly concentrated in solar power plants.

Millions of euro

	2018	2017
Power plants:		
- thermal	400	577
- hydroelectric	504	450
- geothermal	114	224
- nuclear	156	127
- alternative energy sources	2,170	2,819
Total power plants	**3,344**	**4,197**
Electricity distribution networks	3,090	2,627
Land, buildings, and other assets and equipment	96	33
TOTAL	**6,530**	**6,857**

Capital expenditure on power plants amounted to €3,344 million, a decrease of €853 million on the previous year, essentially reflecting decreased investment in alternative-energy plants in Brazil, Peru, Mexico and the United States. Capital expenditure on renewables plants mainly concerned wind farms, in the amount of €1,792 million, and photovoltaic plants, in the amount of €375 million.
Capital expenditure on the electricity distribution network amounted to €3,090 million, an increase of €463 million compared with the previous year, and mainly concerned service-quality improvements and activities relating to the replacement of electronic meters for implementation of the Open Meter plan in Italy.

The changes in the scope of consolidation for 2018 mainly concerned the acquisitions of Parques Eólicos Gestinver (€139 million), a company operating in the production of wind energy, of Empresa de Alumbrado Eléctrico de Ceuta (€65 million), a company operating in the distribution and sale of electricity in the autonomous city of Ceuta in North Africa, and of the Brazilian distribution company Enel Distribuição São Paulo (€14 million). These effects were partially offset by the sale, on December 14, 2018, of Enel Green Power Uruguay and the related special-purpose vehicle Estrellada.

Reclassifications from/to assets held for sale mainly refer to the carrying value of three solar plants in Brazil (€620 million), which, following decisions taken by management, meet the requirements of IFRS 5 for classification in this aggregate. These effects were partially offset by the reclassification of the project companies relating to the Kafireas wind farm as no longer available for sale as a result of no longer meeting the conditions for continuing with the sale.

Other changes include the effects of IAS 29 on property, plant and equipment as at January 1, 2018, and the effects of hyperinflation as of December 31, 2018, for a total of €1,130 million, as well as the effect of capitalizing interest on loans specifically dedicated to capital expenditure in the amount of €77 million (€167 million in 2017), as detailed below.

Millions of euro

	2018	Rate (%)	2017	Rate (%)	Change	
Enel Green Power SpA	4	1.7%	14	4.8%	(10)	-71.4%
PH Chucas SA	-	-	1	6.1%	(1)	-
Enel Green Power Brazil	19	0.9%	84	6.8%	(65)	-77.4%
Enel Green Power North America	9	0.5%	10	1.3%	(1)	-10.0%
Enel Green Power México	3	5.2%	12	4.6%	(9)	-75.0%
Enel Green Power South Africa	6	6.3%	7	7.8%	(1)	-14.3%
Enel Américas Group	16	8.5%	7	9.0%	9	-
Enel Chile Group	9	7.7%	19	5.2%	(10)	-52.6%
Endesa Group	4	1.9%	8	2.1%	(4)	-50.0%
Enel Produzione	7	4.8%	5	4.8%	2	40.0%
Total	**77**		**167**		**(90)**	**-53.9%**

At December 31, 2018, contractual commitments to purchase property, plant and equipment amounted to €583 million.

17. Infrastructure within the scope of "IFRIC 12 - Service concession arrangements"

Service concession arrangements, which are recognized in accordance with IFRIC 12, regard certain infrastructure serving concessions for electricity distribution in Brazil.

The following table summarizes the salient details of those concessions.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	Amount recognized among contract assets at Dec. 31, 2018	Amount recognized among financial assets at Dec. 31, 2018	Amount recognized among intangible assets at Dec. 31, 2018
Enel Distribuição Rio	Brazilian government	Electricity distribution	Brazil	1997-2026	8 years	Yes	108	761	672
Enel Distribuição Ceará	Brazilian government	Electricity distribution	Brazil	1998-2028	10 years	Yes	36	425	648
Enel Green Power Mourão	Brazilian government	Power generation	Brazil	2016-2046	28 years	No	-	6	-
Enel Green Power Paranapanema	Brazilian government	Power generation	Brazil	2016-2046	28 years	No	-	31	-
Enel Distribuição Goiás	Brazilian government	Electricity distribution	Brazil	2015-2045	27 years	No	106	29	458
Enel Green Power Volta Grande	Brazilian government	Power generation	Brazil	2017-2047	29 years	No	-	320	-
Enel Distribuição São Paulo	Brazilian government	Electricity distribution	Brazil	1998-2028	10 years	No	86	855	1,002
Total							**336**	**2,428**	**2,780**

The value of the assets at the end of the concessions classified under financial assets has been measured at fair value. For more information, see note 47 "Assets measured at fair value".

18. Leases

The Group, in the role of lessee, has entered into finance lease agreements. They include certain assets which the Group is using in Spain, Peru, Italy and Greece. In Spain, the assets relate to a 25-year tolling agreement (18 years remaining) for which an analysis pursuant to IFRIC 4 identified an embedded finance lease, under which Endesa has access to the generation capacity of a combined-cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%.

In Peru, leases concern agreements related to financing for the Ventanilla combined-cycle plant (with a duration of eight years remunerated at an annual rate of Libor + 1.75%), as well as an agreement that financed construction of a new open-cycle system at the Santa Rosa plant (with a duration of nine years and annual interest of Libor + 1.75%).

The other lease agreements regard wind plants that the Group uses in Italy (expiring in 2030-2031 and with a discount rate of between 4.95% and 5.5%).

The carrying amount of assets held under finance leases is reported in the following table.

Millions of euro

	2018	2017	Change	
Property, plant and equipment	714	743	(29)	-3.9%
Intangible assets	-	-	-	-
Total	**714**	**743**	**(29)**	**-3.9%**

The following table reconciles total future minimum lease payments and the present value, broken down by maturity based on the contracts deemed to fall within the scope of IAS 17-IFRIC 4.

Millions of euro	Future minimum payments	Present value of future minimum payments	Future minimum payments	Present value of future minimum payments
	at Dec. 31, 2018		at Dec. 31, 2017	
Periods				
Within 1 year	98	65	88	58
Between 1 and 5 years	345	221	326	210
Beyond 5 years	518	369	573	426
Total	**961**	**655**	**987**	**694**
Financial expense	(306)	-	(293)	-
Present value of minimum lease payments	**655**		**694**	

The Group, in the role of lessee, has entered also into operating lease agreements regarding the use of certain assets for industrial purposes. The associated lease payments are expensed under "Services and other materials".

Costs for operating leases are broken down in the following table into minimum payments, contingent rents and sublease payments.

Millions of euro

	2018
Minimum lease payments	2,441
Contingent rents	10
Sublease payments	-
Total	**2,451**

The future minimum lease payments due by the Group under such leases break down by maturity as follows:

Millions of euro

	2018
Periods	
Within 1 year	230
Beyond 1 year and within 5 years	657
Beyond 5 years	1,554
Total	**2,441**

19. Investment property - *€135 million*

Investment property at December 31, 2018 came to €135 million, an increase of €58 million year on year.

Millions of euro

	2018
Cost	121
Accumulated depreciation and impairment	44
Balance at Dec. 31, 2017	**77**
Assets entering service	-
Exchange rate differences	-
Change in scope of consolidation	12
Depreciation	(7)
Impairment losses	(3)
Other changes	56
Total changes	**58**
Cost	179
Accumulated depreciation and impairment	44
Balance at Dec. 31, 2018	**135**

The Group's investment property consists of properties in Italy, Spain and Chile, which are free of restrictions on the realizability of the investment property or the remittance of income and proceeds of disposal. In addition, the Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The change for the year was mainly due to the reclassification of the land at La Palma, the former offices of Gas y Electricidad Generación SAU, the use of which was changed in 2018 from a building for the Group's own use to investment property, as well as to the acquisition of the Brazilian distribution company Enel Distribuição São Paulo.

For more information on the valuation of investment property, see notes 47 "Assets measured at fair value" and 47.1 "Fair value of other assets".

20. Intangible assets - *€19,014 million*

A breakdown of and changes in intangible assets for 2018 are shown below:

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	Contract costs	**Total**
Cost	31	2,148	14,171	4,840	3,060	814	-	25,064
Accumulated amortization and impairment	22	1,840	1,633	2,626	2,219	-	-	8,340
Balance at Dec. 31, 2017	**9**	**308**	**12,538**	**2,214**	**841**	**814**	**-**	**16,724**
Investments	4	97	11	442	57	520	220	1,351
Assets entering service	16	129	6	-	233	(384)	-	-
Exchange rate differences	(1)	(8)	(334)	(175)	8	(15)	-	(525)
Change in scope of consolidation	-	-	1,440	968	54	-	-	2,462
Disposals	(1)	(3)	(1)	(29)	(13)	-	-	(47)
Amortization	(5)	(181)	(199)	(291)	(243)	-	(166)	(1,085)
Impairment losses	-	-	-	-	(23)	(8)	-	(31)
Reversals of impairment losses	-	-	6	-	39	-	-	45
Other changes	1	23	74	(349)	(131)	6	451	75
Reclassifications from/to assets held for sale	-	-	-	-	(7)	52	-	45
Total changes	**14**	**57**	**1,003**	**566**	**(26)**	**171**	**505**	**2,290**
Cost	42	2,352	15,246	6,899	3,294	985	986	29,804
Accumulated amortization and impairment	19	1,987	1,705	4,119	2,479	-	481	10,790
Balance at Dec. 31, 2018	**23**	**365**	**13,541**	**2,780**	**815**	**985**	**505**	**19,014**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include the costs incurred for the acquisition of customers by the foreign electricity distribution and gas sales companies. Amortization is calculated on a straight-line basis over the term of the average period of the relationship with customers or of the concessions.

The following table reports service concession arrangements that do not fall within the scope of IFRIC 12 and had a balance as at December 31, 2018.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	**at Dec. 31, 2018**	Initial fair value
Endesa Distribución Eléctrica	-	Electricity distribution	Spain	Indefinite	Indefinite	-	5,678	5,673
Codensa	Republic of Colombia	Electricity distribution	Colombia	Indefinite	Indefinite	-	1,457	1,839
Enel Distribución Chile (formerly Chilectra)	Republic of Chile	Electricity distribution	Chile	Indefinite	Indefinite	-	1,522	1,667
Enel Distribución Perú (formerly Empresa de Distribución Eléctrica de Lima Norte)	Republic of Peru	Electricity distribution	Peru	Indefinite	Indefinite	-	614	548
Enel Distribuție Muntenia	Romanian Ministry for the Economy	Electricity distribution	Romania	2005-2054	35 years	Yes	138	191

The item includes assets with an indefinite useful life in the amount of €9,271 million (€9,445 million at December 31, 2017), essentially accounted for by concessions for distribution activities in Spain (€5,678 million), Colombia (€1,457 million), Chile (€1,522 million), and Peru (€614 million), for which there is no statutory or currently predictable expiration date. On the basis of the forecasts developed, cash flows for each CGU, with which the various concessions are associated, are sufficient to recover the carrying amount. The change during the year is essentially attributable to changes in exchange rates. For more information on service concession arrangements, see note 26.

Changes in the scope of consolidation for 2018 mainly concerned the acquisition of the Brazilian distribution company Enel Distribuição São Paulo (€2,411 million), reflecting the adjustments for the purchase price allocation and was only partially offset by disposals for the period.

"Impairment losses" amounted to €31 million in 2018. For more information, see note 9.e.

"Other changes" include the recognition as at January 1, 2018 of contract costs as well as the reclassification of public-to-private service concession agreements (under development) to non-current assets deriving from contracts with customers in Brazil in application of IFRS 15.

"Reclassifications from/to assets held for sale" amounted to €45 million, and essentially refer to the reclassification of the project companies related to the Kafireas wind farm as no longer available for sale as they no longer met the conditions for continuing with the sale.

21. Goodwill - *€14,273 million*

Goodwill amounted to €14,273 million, an increase of €527 million over the previous year.

Millions of euro	at Dec. 31, 2017			Change in scope of cons.	Exchange rate diff.
	Cost	Cumulative impairment	**Net carrying amount**		
Iberia [1]	11,156	(2,392)	8,764	21	-
Chile	1,209	-	1,209	-	-
Argentina	276	-	276	-	-
Peru	561	-	561	-	-
Colombia	530	-	530	-	-
Brazil	945	-	945	466	32
Central America	56	-	56	2	1
Enel Green Power North America	106	(11)	95	-	-
Enel X North America	292	-	292	-	14
Market Italy [2]	579	-	579	-	-
Enel Green Power Italy	23	-	23	-	-
Romania [3]	426	(13)	413	-	-
Tynemouth Energy	3	-	3	-	-
Total	**16,162**	**(2,416)**	**13,746**	**489**	**47**

(1) Includes Endesa and Enel Green Power España.
(2) Includes Enel Energia.
(3) Includes Enel Distribuție Muntenia, Enel Energie Muntenia and Enel Green Power Romania.

Changes in the scope of consolidation refer to the acquisition of the Brazilian distribution company Enel Distribuição São Paulo (€466 million), which reflects the adjustments to the purchase price allocation, as well as to the acquisition of Empresa de Alumbrado Eléctrico de Ceuta, a company operating in the distribution and sale of electricity in the autonomous city of Ceuta in North Africa.

Reclassifications from/to assets held for sale, which amounted to €23 million, concern the goodwill associated with the Brazil CGU allocated to the three wind farms in Brazil which during the year qualified for such classification under IFRS 5.

Impairment losses amounted to €3 million, and refer to the adjustment of the sale price of the Finale Emilia biomass power generation plant.

The criteria used to identify the cash generating units (CGUs) were essentially based – in line with management's strategic and operational vision – on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates, on the corporate organization, and on the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market-risk premiums.
Cash flows were determined on the basis of the best information available at the time of the estimate, taking account of the specific risks of each CGU, and drawn:

- for the explicit period, from the 5-year Business Plan approved by the Board of Directors of the Parent Company on November 19, 2018, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The

Impairment losses	Reclassifications from/ to assets held for sale	Other changes	at Dec. 31, 2018		
			Cost	Cumulative impairment	**Net carrying amount**
-	-	-	11,177	(2,392)	**8,785**
-	-	-	1,209	-	**1,209**
-	-	-	276	-	**276**
-	-	-	561	-	**561**
-	-	-	530	-	**530**
-	(23)	-	1,420	-	**1,420**
-	-	(5)	54	-	**54**
-	-	-	106	(11)	**95**
-	-	22	328	-	**328**
-	-	-	579	-	**579**
(3)	-	-	23	(3)	**20**
-	-	-	426	(13)	**413**
-	-	-	3	-	**3**
(3)	**(23)**	**17**	**16,692**	**(2,419)**	**14,273**

explicit period of cash flows considered in impairment testing differs in accordance with the specific features and business cycles of the various CGUs being tested. These differences are generally associated with the different average times needed to build and bring into service the plant and other works that characterize the investments of the specific businesses that make up the CGU (conventional thermal generation, nuclear power, renewables, distribution, etc.);

- for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet, with the exceptions discussed below.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC, the long-term growth rate and margins, the outcomes of which fully supported that value.

The table below reports the composition of the main goodwill values according to the company to which the cash-generating unit (CGU) belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Growth rate [1]	Pre-tax WACC discount rate [2]	Explicit period of cash flows	Terminal value [3]
	at Dec. 31, 2018				
Iberia [4]	8,785	1.6%	6.9%	5 years	Perpetuity/24 years
Chile	1,209	2.6%	7.5%	5 years	Perpetuity/25 years
Argentina	276	7.1%	20.1%	5 years	Perpetuity
Peru	561	3.4%	6.8%	5 years	Perpetuity/26 years
Colombia	530	3.0%	9.3%	5 years	Perpetuity/28 years
Brazil	1,420	4.0%	9.5%	5 years	Perpetuity/26 years
Central America	54	1.5%	9.0%	5 years	24 years
Enel Green Power North America	95	2.3%	6.8%	5 years	25 years
Enel X North America	328	2.3%	10.3%	5 years	Perpetuity
Market Italy [5]	579	0.7%	11.0%	5 years	15 years
Enel Green Power Italy	20	1.0%	6.7%	5 years	Perpetuity/23 years
Romania [6]	413	2.4%	6.8%	5 years	Perpetuity/18 years
Tynemouth Energy	3	n/a	n/a	n/a	n/a

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Includes Endesa and Enel Green Power España.
(5) Goodwill allocated to the Market Italy CGU.
(6) Includes Enel Distribuție Muntenia, Enel Energie Muntenia and Enel Green Power Romania.

At December 31, 2018, impairment tests conducted for the CGUs to which goodwill was allocated pointed to no impairment losses, similarly to 2017.

Amount	Growth rate [(1)]	Pre-tax WACC discount rate [(2)]	Explicit period of cash flows	Terminal value [(3)]
at Dec. 31, 2017				
8,764	1.7%	6.9%	5 years	Perpetuity/19 years
1,209	2.9%	7.4%	5 years	Perpetuity/23 years
276	8.6%	18.7%	5 years	Perpetuity/29 years
561	3.4%	6.9%	5 years	Perpetuity/27 years
530	2.9%	9.3%	5 years	Perpetuity/29 years
945	4.0%	10.0%	5 years	Perpetuity/26 years
56	1.4%	8.2%	5 years	26 years
95	2.3%	6.4%	5 years	25 years
292	2.3%	10.3%	5 years	15 years
579	0.7%	10.8%	5 years	15 years
23	1.9%	7.3%	5 years	Perpetuity/22 years
413	2.4%	6.7%	5 years	Perpetuity/19 years
3	n/a	n/a	n/a	n/a

22. Deferred tax assets and liabilities - *€8,305 million and €8,650 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations, as well as the amount of deferred tax assets offsettable, where permitted, against deferred tax liabilities.

Millions of euro		Incr./(Decr.) taken to income statement	Incr./(Decr.) taken to equity
	at Dec. 31, 2017		
Deferred tax assets:			
- differences in the value of intangible assets, property, plant and equipment	1,617	(83)	-
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	1,439	9	-
- tax loss carried forward	167	336	-
- measurement of financial instruments	690	(9)	118
- employee benefits	604	(2)	51
- other items	1,837	(150)	(3)
Total	**6,354**	**101**	**166**
Deferred tax liabilities:			
- differences on non-current and financial assets	6,051	(132)	-
- measurement of financial instruments	237	10	146
- other items	2,060	202	-
Total	**8,348**	**80**	**146**
Non-offsettable deferred tax assets			
Non-offsettable deferred tax liabilities			
Excess net deferred tax liabilities after any offsetting			

At December 31, 2018, deferred tax assets, which are recognized when their recoverability is reasonably certain, totaled €8,305 million (€6,354 million at December 31, 2017). Deferred tax assets increased by €1,951 million during the year, essentially due to the change in the scope of consolidation and the purchase price allocation of Enel Distribuição São Paulo (€704 million) and application of the new IFRS 15, which led to recognition of the tax component on adjustments made as at January 1, 2018, regarding certain balance sheet items, mainly for e-distribuzione (€1,066 million). In addition, deferred tax assets increased due to recognition of those resulting from the past losses of Enel Distribuição Goiás (€274 million) and Enel Green Power SpA (€85 million) following the merger of 3Sun.

This increase was only partially offset by the increase in deferred tax assets on past losses in Argentina recognized in 2017 in light of the improved earnings forecasts for the companies in that country.

It should also be noted that deferred tax assets (in the amount of €318 million) were not recorded in relation to prior tax losses in the amount of €1,218 million because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered.

Change in scope of cons.	Exchange differences	Other changes	Reclassifications of assets held for sale	at Dec. 31, 2018
135	3	(3)	-	1,669
288	(40)	30	-	1,726
46	(10)	(31)	-	508
3	(1)	-	-	801
209	(3)	10	-	869
32	(9)	1,026	(1)	2,732
713	**(60)**	**1,032**	**(1)**	**8,305**
610	(200)	295	14	6,638
-	(1)	11	-	403
61	(29)	(685)	-	1,609
671	**(230)**	**(379)**	**14**	**8,650**
				4,581
				3,116
				1,810

Deferred tax liabilities amounted to €8,650 million at December 31, 2018 (€8,348 million at December 31, 2017). They essentially include the determination of the tax effects of the value adjustments to assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful life of assets.

Deferred tax liabilities increased by a total of €302 million, due in particular to the change in the scope of consolidation following the acquisition of Enel Distribuição São Paulo (€655 million), the effect of application of IAS 29 to the Argentine companies (€189 million), and the tax effect associated mainly with initial application of IFRS 15 for the capitalization of customer acquisition costs for Enel Energia (€98 million) and Endesa Energia (€24 million).

These increases were partially offset by the reversal, with regard to distribution in Spain, of the deferred tax liabilities previously allocated for the postponement of recognition of revenue related to customer connections (-€557 million), as required by IFRS 15, and the reduction of the tax rate from 33% to 30% in Colombia due to tax reform (€61 million).

23. Equity investments accounted for using the equity method - *€2,099 million*

Investments in joint arrangements and associated companies accounted for using the equity method are as follows:

Millions of euro		% held	Income effect	Change in scope of cons.
	at Dec. 31, 2017			
Joint arrangements				
Slovak Power Holding	190	50.0%	362	-
EGPNA Renewable Energy Partners	404	50.0%	36	-
OpEn Fiber	343	50.0%	(56)	-
Zacapa Topco Sàrl	-	50.0%	(5)	150
Project Kino companies	-	20.0%	(2)	82
Tejo Energia Produção e Distribuição de Energia Eléctrica	73	43.8%	7	-
Rocky Caney Holding	39	-	2	-
Drift Sand Wind Project	32	50.0%	4	-
Front Marítim del Besòs	-	-	-	37
Enel Green Power Bungala	13	50.0%	1	-
RusEnergoSbyt	36	49.5%	34	-
Energie Electrique de Tahaddart	30	32.0%	2	-
Transmisora Eléctrica de Quillota	12	50,0%	1	-
EF Solare Italia	163	50.0%	(9)	(135)
PowerCrop	12	50.0%	(12)	-
Centrales Hidroeléctricas de Aysén	6	51.0%	2	(8)
Associates				
Elica 2	49	30.0%	(49)	-
Tecnatom	29	45.0%	-	-
Suministradora Eléctrica de Cádiz	13	33.5%	2	-
Compañía Eólica Tierras Altas	12	35.6%	1	-
Newco Cogenerazione.Si	-	20.0%	-	8
Other	142		28	-
Total	**1,598**		**349**	**134**

Income effects include the profits and losses recognized by the companies in proportion to the interest that the Enel Group holds and refers mainly to the adjustment of the value of the 50% stake in Slovak Power Holding (€362 million), which in previous years had been written down. These effects were only partially offset by the impairment of the Greek project companies involved in the development of wind plants on the Cyclades islands (€49 million) and biomass development projects in Italy (€12 million). No indications of impairment were found for the other equity investments.

The changes in the scope of consolidation refer mainly to the acquisition of the special-purpose vehicle Zacapa Topco Sàrl, which received 100% of the capital of Ufinet International, the leading operator of fiber-optic networks in Latin America, to the measurement using the equity method of the Mexican renewable companies (the "Project Kino" companies) for the remaining portion attributable to the Group following the sale of 80% of their share capital. These effects were partially offset by the sale, on December 27, 2018, of the joint venture EF Solare Italia held by Marte Srl for €214 million.

Dividends	Reclassifications from/to assets held for sale	Other changes		% held
			at Dec. 31, 2018	
-	-	(55)	497	50.0%
-	-	19	459	50.0%
-	-	107	394	50.0%
-	-	2	147	21.4%
-	-	(1)	79	20.0%
(8)	-	-	72	43.8%
-	-	2	43	20.0%
-	-	-	36	50.0%
-	-	-	37	61.4%
-	-	26	40	50.0%
(44)	-	9	35	49.5%
(5)	-	-	27	32.0%
-	-	(1)	12	50.0%
(16)	-	(3)	-	50.0%
-	-	-	-	50.0%
-	-	-	-	51.0%
-	-	-	-	30.0%
-	-	-	29	45.0%
(5)	-	-	10	33.5%
(2)	-	-	11	35.6%
-	-	-	8	20.0%
(6)	6	(7)	163	
(86)	**6**	**98**	**2,099**	

Other changes mainly include the pro-rated changes in the OCI reserves or other changes recognized directly in equity. In particular, €55 million for Slovak Power Holding refers to OCI changes on cash flow hedge derivatives, while €107 million for OpEn Fiber is attributable to an increase in reserves for future capital increases by shareholders (€125 million) and OCI reserves for cash flow hedge derivatives (-€18 million).

It should also be noted that application of the equity method to the investment in RusEnergoSbyt incorporates implicit goodwill of €27 million.

The following table provides a summary of financial information for each joint arrangement and associate of the Group not classified as held for sale in accordance with IFRS 5.

Millions of euro	Non-current assets		Current assets		Total assets	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Joint arrangements						
Slovak Power Holding	9,295	9,079	922	757	10,217	9,836
OpEn Fiber	2,084	1,224	313	125	2,397	1,349
Zacapa Topco Sàrl	1,343	-	81	-	1,424	-
RusEnergoSbyt	3	4	116	138	119	142
Tejo Energia Produção e Distribuição de Energia Eléctrica	203	250	163	149	366	399
Energie Electrique de Tahaddart	91	93	11	27	102	120
Associates						
Tecnatom	51	74	67	59	118	133
Suministradora Eléctrica de Cádiz	6	71	70	24	76	95
Compañía Eólica Tierras Altas	6	29	27	6	33	35

Non-current liabilities		Current liabilities		Total liabilities		Shareholders' equity	
at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
5,643	5,298	981	981	6,624	6,279	3,593	3,557
1,043	369	565	281	1,608	650	789	699
669	-	65	-	734	-	690	-
-	-	112	127	112	127	7	15
72	129	126	102	198	231	168	168
8	10	9	16	17	26	85	94
29	25	24	43	53	68	65	65
26	23	21	34	47	57	29	38
3	2	2	1	5	3	28	32

Millions of euro	Total revenue		Income before taxes		Net income from continuing operations	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Joint arrangements						
Slovak Power Holding	2,587	2,362	205	141	103	104
OpEn Fiber	114	68	(162)	(15)	(127)	(11)
Zacapa Topco Sàrl	91	-	(21)	-	(25)	-
RusEnergoSbyt	2,378	2,515	88	106	70	85
Tejo Energia Produção e Distribuição de Energia Eléctrica	234	267	30	34	21	23
Energie Electrique de Tahaddart	35	56	7	30	5	21
Associates						
Tecnatom	97	57	-	(9)	-	(9)
Suministradora Eléctrica de Cádiz	10	5	6	3	6	3
Compañía Eólica Tierras Altas	12	11	4	2	3	1

24. Derivatives

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivative financial assets	1,005	702	3,914	2,309
Derivative financial liabilities	2,609	2,998	4,343	2,260

For more information on derivatives classified as non-current financial assets, please see note 46 for hedging derivatives and trading derivatives.

25. Current/Non-current contract assets/(liabilities)

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Contract assets	346	-	135	-
Contract liabilities	6,306	-	1,095	-

Non-current assets deriving from contracts with customers refer mainly to assets under development resulting from public-to-private service concession arrangements recognized in accordance with IFRIC 12 and which have an expiration of beyond 12 months (€336 million). These cases arise when the concession holder has not yet obtained the full right to recognize the asset from the grantor at the hypothetical conclusion of the concession arrangement in that there remains a contractual obligation to ensure that the asset becomes operational. It should also be noted that the figure at December 31, 2018 includes investments for the period in the amount of €271 million, €80 million of which deriving from the acquisition of Enel Distribuição São Paulo.

Current assets deriving from contracts with customers mainly concern assets in respect of construction contracts (€109 million) that are still open, payment of which is subject to satisfaction of a performance obligation.

Non-current liabilities deriving from contracts with customers concern the recognition as at January 1, 2018, in application of IFRS 15 and taking account of the regulatory obligations applicable in the various jurisdictions in which the Group operates, of the contract liabilities related to revenue from contracts for connection to the electricity grid, which had previously been recognized in profit or loss at the moment of the connection. The figure at December 31, 2018 is mainly attributable to distribution in Italy (€3,613 million), Spain (€2,251 million), and Romania (€405 million). For more information, see note 2 to the consolidated financial statements.

Current liabilities deriving from contract with customers include the contract liabilities related to revenue from connections to the electricity grid expiring within 12 months in the amount of €726 million recognized in Italy and Spain, as well as liabilities for construction work in progress (€326 million).

The comparative figures for 2017 have not been reclassified, given that IFRS 15 has been adopted initially using the simplified approach.

26. Other non-current financial assets - *€5,769 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Equity investments in other companies measured at fair value	63	58	5	8.6%
Receivables and securities included in net financial debt (see note 26.1)	3,272	2,444	828	33.9%
Service concession arrangements	2,415	1,476	939	63.6%
Non-current prepaid financial expense	19	24	(5)	-20.8%
Total	**5,769**	**4,002**	**1,767**	**44.2%**

Total non-current financial assets increased by €1,767 million in 2018 as compared with the previous year. In particular, the change reflects an increase in receivables included in net financial debt, as discussed in note 26.1, and service concession arrangements, the €855 million increase in which is mainly attributable to the consolidation of Enel Distribuição São Paulo. Service concession arrangements concern amounts paid to the licensing authorities for the construction and/or improvement of public-service infrastructures involved in concession arrangements, which have been recognized in accordance with IFRIC 12.

Equity investments in other companies measured at fair value include, in accordance with IFRS 9, the balance of equity investments in other companies previously measured at cost. The change is mainly due to the adjustments detailed below:

Millions of euro		% held		% held	
	at Dec. 31, 2018		at Dec. 31, 2017		Change
Galsi	14	17.6%	17	17.6%	(3)
Empresa Propietaria de la Red SA	17	11.1%	5	11.1%	12
European Energy Exchange	8	2.2%	6	2.2%	2
Athonet Srl	7	16.0%	-	-	7
Korea Line Corporation	2	0.3%	2	0.3%	-
TAE Technologies Inc.	1	1.2%	5	1.2%	(4)
Echelon	-	-	1	7.1%	(1)
Other	14		22		(8)
Total	**63**		**58**		**5**

26.1 Other non-current financial assets included in net financial debt

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Securities at FVOCI	360	382	(22)	-5.8%
Financial receivables in respect of Spanish electrical system deficit	-	3	(3)	-
Other financial receivables	2,912	2,059	853	41.4%
Total	**3,272**	**2,444**	**828**	**33.9%**

Securities measured at FVOCI represent financial instruments in which the Dutch insurance companies invest a portion of their liquidity.

Other financial receivables increased by €853 million in 2018 compared with the previous year. The change mainly reflects the following factors:

- an increase of €427 million in the financial receivable held by Enel Finance International from the "Project Kino" companies following their deconsolidation;
- an adjustment in the fair value, in the amount of €320 million, of the financial receivable arising as a result of the sale of the 50% stake in Slovak Power Holding following the update to the pricing formula included in the agreements with EPH. The change for the year takes account of a number of parameters, including the evolution of Slovenské elektrárne's net financial position, trends in energy prices on the Slovakian market, the levels of operating efficiency of Slovenské elektrárne based on benchmarks established in the agreement, and the enterprise value of Mochovce units 3 and 4.

These increases were only partially offset by the decrease in security deposits of €106 million.

27. Other non-current assets - *€1,272 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Receivables from institutional market operators	200	200	-	-
Other receivables	1,072	864	208	24.1%
Total	**1,272**	**1,064**	**208**	**19.5%**

Receivables from institutional market operators came to €200 million at December 31, 2018, remaining essentially unchanged compared with the previous year.

At December 31, 2018, other receivables mainly regarded tax receivables in the amount of €231 million (€261 million at December 31, 2017), security deposits in the amount of €307 million (€189 million at the end of 2017), and non-monetary grants to be received in respect of green certificates totaling €50 million (€61 million at December 31, 2017).

The change for the year mainly reflects the consolidation of Enel Distribuição São Paulo and the contingent consideration (€91 million) related to development of new projects (the High Lonesome, Outlaw and Road Runner wind farms).

28. Inventories - *€2,818 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Raw materials, consumables and supplies:				
- fuel	1,260	1,215	45	3.7%
- materials, equipment and other inventories	1,345	1,136	209	18.4%
Total	**2,605**	**2,351**	**254**	**10.8%**
Environmental certificates:				
- CO_2 emissions allowances	119	287	(168)	-58.5%
- green certificates	16	14	2	14.3%
- white certificates	-	1	(1)	-
Total	**135**	**302**	**(167)**	**-55.3%**
Buildings available for sale	57	62	(5)	-8.1%
Payments on account	21	7	14	-
TOTAL	**2,818**	**2,722**	**96**	**3.5%**

Raw materials, consumables and supplies amounted to €2,605 million at December 31, 2018 (€2,351 million in 2017), and consist of fuel inventories, particularly natural gas, to cover the requirements of the generation companies and trading activities, as well as materials and equipment for the operation, maintenance and construction of plants and distribution networks.

During the year, the overall increase in inventories (€96 million) was mainly due to the increase in the latter of these components, as well as an increase in natural gas inventories.

Inventories of CO_2 emissions allowances, on the other hand, decreased due to compliance by the Group and lower allowances for trading purposes.

Buildings available for sale are related to the remaining units from the Group's real estate portfolio and are primarily civil buildings.

29. Trade receivables - *€13,587 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Customers:				
- sale and transport of electricity	8,556	11,123	(2,567)	-23.1%
- distribution and sale of gas	1,145	2,029	(884)	-43.6%
- other assets	3,687	1,234	2,453	-
Total customer receivables	**13,388**	**14,386**	**(998)**	**-6.9%**
Trade receivables due from associates and joint arrangements	199	143	56	39.2%
TOTAL	**13,587**	**14,529**	**(942)**	**-6.5%**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €2,828 million at the end of the year, as compared with a balance of €2,402 million at the end of the previous year. Specifically, the reduction for the period was mainly due to lower receivables for the sale and transport of electricity and for the sale of natural gas, to an increase in allowances, and to the increased use of factoring.

For more information on trade receivables, see note 43 "Financial instruments".

30. Other current financial assets - *€5,160 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Current financial assets included in net financial debt	5,003	4,458	545	12.2%
Other	157	156	1	0.6%
Total	**5,160**	**4,614**	**546**	**11.8%**

30.1 Other current financial assets included in net financial debt - *€5,003 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Short-term portion of long-term financial receivables	1,522	1,094	428	39.1%
Receivables for factoring	-	42	(42)	-
Securities at FVOCI	72	69	3	4.3%
Financial receivables and cash collateral	2,559	2,664	(105)	-3.9%
Other	850	589	261	44.3%
Total	**5,003**	**4,458**	**545**	**12.2%**

Other current financial assets included in net financial debt totaled €5,003 million (€4,458 million at December 31, 2017).

The change is mainly attributable to the increase in the short-term portion of long-term financial receivables, which increased by €428 million due mainly to the increase in financial receivables from the Spanish electricity system for the financing of the rate deficit, as well as to the consolidation of Enel Distribuição São Paulo.

The aggregate "Other" also increased, by €261 million, due to the increase in financial receivables recognized by Enel Finance International from the Mexican companies of "Project Kino", which are accounted for using the equity method.

Financial receivables and cash collateral, on the other hand, decreased by €105 million following a reduction in cash collateral paid to counterparties for transactions in over-the-counter derivatives on interest rates and exchange rates.

31. Other current assets - *€2,983 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Receivables from institutional market operators	745	853	(108)	-12.7%
Advances to suppliers	299	217	82	37.8%
Receivables due from employees	30	20	10	50.0%
Receivables due from others	1,139	872	267	30.6%
Sundry tax receivables	622	517	105	20.3%
Accrued operating income and prepaid expenses	148	150	(2)	-1.3%
Revenue for construction contracts	-	66	(66)	-
Total	**2,983**	**2,695**	**288**	**10.7%**

Receivables from institutional market operators include receivables in respect of the Italian system in the amount of €526 million (€575 million at December 31, 2017) and the Spanish system in the amount of €185 million (€260 million at December 31, 2017). The reduction for the period mainly reflects the collection of the 2017 social bonus reimbursement, relating to financial years 2014, 2015 and 2016 following a ruling in favor of Endesa. Including the portion of receivables classified as long-term in the amount of €200 million (€200 million in 2017), receivables due from institutional market operators at December 31, 2018 totaled €945 million (€1,053 million at December 31, 2017), with payables of €4,117 million (€5,029 million at December 31, 2017).

The €267 million increase in receivables due from others is mainly attributable to the sale of the eight renewables companies in Mexico, as this item includes the receivable of Enel Green Power SpA from the institutional investor Caisse de dépôt et placement du Québec and from the investment vehicle CKD Infraestructura México SA de Cv.

The increase of €105 million in sundry tax receivables was due to greater VAT prepayments compared with the amount paid in 2017.

Revenue for construction contracts at December 31, 2018 (in the amount of €135 million) has been reclassified to assets deriving from contracts with customers following application of the simplified approach allowed under IFRS 15. For this reason, the balances at December 31, 2017 (€66 million) have not been reclassified.

32. Cash and cash equivalents - *€6,630 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €52 million essentially in respect of deposits pledged to secure transactions carried out.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Bank and post office deposits	5,531	6,487	(956)	-14.7%
Cash and cash equivalents on hand	328	343	(15)	-4.4%
Other investments of liquidity	771	191	580	-
Total	**6,630**	**7,021**	**(391)**	**-5.6%**

33. Assets and disposal groups classified as held for sale - *€688 million and €407 million*

Changes in assets held for sale during 2018 may be broken down as follows:

Millions of euro

	at Dec. 31, 2017	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Other changes	at Dec. 31, 2018
Property, plant and equipment	1,501	550	(1,884)	444	611
Intangible assets	87	(45)	(36)	(1)	5
Goodwill	38	23	(38)	-	23
Deferred tax assets	109	1	(118)	8	-
Investments accounted for using the equity method	6	(6)	-	-	-
Non-current financial assets	-	-	-	-	-
Other non-current assets	2	(2)	-	1	1
Cash and cash equivalents	30	18	(105)	78	21
Current financial assets	3	-	-	(3)	-
Inventories, trade receivables, and other current assets	193	30	(231)	35	27
Total	**1,970**	**569**	**(2,412)**	**561**	**688**

Changes in liabilities in 2018 were as follows:

Millions of euro

	at Dec. 31, 2017	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2018**
Long-term borrowings	416	(282)	(1,429)	1,394	99
Employee benefits	-	-	-	-	-
Provisions for risks and charges, non-current portion	-	2	(1)	-	1
Deferred tax liabilities	113	(14)	(116)	17	-
Non-current financial liabilities	-	-	-	-	-
Other non-current liabilities	58	(53)	-	-	5
Short-term borrowings	980	(685)	-	(11)	284
Other current financial liabilities	2	3	-	(3)	2
Provisions for risks and charges, current portion	-	-	-	-	-
Trade payables and other current liabilities	160	12	(41)	(115)	16
Total	**1,729**	**(1,017)**	**(1,587)**	**1,282**	**407**

Assets and liabilities held for sale at December 31, 2018 amount to €688 million and €407 million respectively and mainly regard the carrying amount of three solar plants in Brazil, which, following decisions by management, meet the requirements of IFRS 5 for classification as held for sale.
The change for the period essentially concerns the sale of an 80% stake in eight Mexican project companies ("Project Kino") classified as held for sale as of December 31, 2017, and now accounted for using the equity method for the remaining share attributable to the Group, and the reclassification of the project companies relating to the Kafireas wind farm as no longer available for sale as the conditions for the sale were no longer met.

34. Shareholders' equity - *€47,852 million*

34.1 Equity attributable to shareholders of the Parent Company - *€31,720 million*

Share capital - *€10,167 million*

At December 31, 2018, the share capital of Enel SpA – considering that as at December 31, 2017, there were no approved stock option plans (and thus no options exercised) – amounted to €10,166,679,946 fully subscribed and paid up, represented by the same number of ordinary shares with a par value of €1.00 each.
At December 31, 2018, based on the shareholders register and the notices submitted to CONSOB and received by the company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with an interest of greater than 3% in the company's share capital were the Ministry for the Economy and Finance (with a 23.585% stake). In addition, BlackRock Inc. reported that it held, through subsidiaries, an "aggregate investment" (represented by shares with voting rights, shares in securities lending arrangements and other long positions with cash settlement involving contracts for differences) of 4.827% as at September 5, 2018 for asset management purposes. As from that moment, BlackRock is exempt from the requirements to notify significant investments in Enel pursuant to Article 119-*bis*, paragraphs 7 and 8, of the Issuers' Regulation approved with CONSOB Resolution 11971 of May 14, 1999.

Other reserves - *€1,700 million*

Share premium reserve - *€7,489 million*

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve contains, in the case of the issue of shares at a price above par, the difference between the issue price of the shares and their par value, including those resulting from conversion from bonds. The reserve, which is a capital reserve, may not be distributed until the legal reserve has reached the threshold established under Article 2430 of the Italian Civil Code.

Legal reserve - *€2,034 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
Pursuant to Article 47 of the Uniform Income Tax Code (*Testo Unico Imposte sul Reddito*, or "TUIR"), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€(3,317) million*

The decrease for the year, of €703 million, was mainly due to the net strengthening of the functional currency against the foreign currencies used by subsidiaries.

Reserves from measurement of cash flow hedge financial instruments - *€(1,745) million*

These include the net charges recognized in equity from the measurement of cash flow hedge derivatives. The cumulative tax effect is equal to €513 million.

Reserves from measurement of costs of hedging financial instruments - *€(258) million*

As of January 1, 2018, in application of IFRS 9, these reserves include the change in fair value of currency basis points and forward points.

Reserves from measurement of financial instruments at FVOCI - *€16 million*

These include net unrealized income from the measurement at fair value of financial assets.
The increase of €36 million for the year is mainly attributable to the sale of the 7.1% stake in Echelon Corporation.
There is no cumulative tax effect on the reserve in view of the incentivized tax rules in the countries in which those instruments are held.

Reserve from equity investments accounted for using the equity method - *€(63) million*

The reserve reports the share of comprehensive income to be recognized directly in equity of companies accounted for using the equity method. The cumulative tax effect is equal to €22 million.

Reserve from remeasurement of net liabilities/(assets) of defined benefit plans - *€(714) million*

This reserve includes all actuarial gains and losses, net of tax effects. The change is mainly attributable to the decrease in net actuarial losses recognized during the period, mainly reflecting changes in the discount rate. The cumulative tax effect is equal to €121 million.

Reserve from disposal of equity interests without loss of control - *€(2,381) million*

This item mainly reports:

- the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal and the related taxation;
- the sale of minority interests recognized as a result of the Enersis (now Enel Américas and Enel Chile) capital increase;
- the capital loss, net of expenses associated with the disposal and the related taxation, from the public offering of 21.92% of Endesa;
- the income from the disposal of the minority interest in Enel Green Power North America Renewable Energy Partners;
- the effects of the merger into Enel Américas of Endesa Américas and Chilectra Américas;
- the disposal to third parties of a minority interest without loss of control in Enel Green Power North America Renewable Energy Partners.

The change for the period amounted to €17 million, and refers to the income deriving from the sale of minority interests in certain South African companies.

Reserve from acquisitions of non-controlling interests - *€(1,623) million*

This reserve mainly includes the surplus of acquisition prices with respect to the carrying value of the equity acquired following the acquisition from third parties of further interests in companies already controlled in South America and in Italy (Enel Green Power SpA).

The decrease for the period, of €460 million, mainly reflects to the effects of:

- the "Elqui" transaction, which resulted in a consolidated increase in the total investment held in Enel Chile of 1.3%, the combined effect of the sale of 38% of Enel Green Power Chile, following the merger of Enel Green Power Latin America SA into Enel Chile, and of the public tender for Enel Generación Chile, which resulted in the purchase of an additional 33.6%;
- the increase in the 2.43% interest in Enel Américas based on the provisions of the two share swap agreements with a financial institution in order to increase the stake in Enel Américas to a maximum of 5%.

Retained earnings/(Loss carried forward) *- €19,853 million*

This reserve reports earnings from previous years that have not been distributed or allocated to other reserves.

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2017			Change						**at Dec. 31, 2018**		
	Total	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*
Reserve from translation of financial statements in currencies other than euro	**(5,422)**	*(2,597)*	*(2,825)*	(1,287)	-	-	**(1,287)**	*(609)*	*(678)*	**(6,709)**	*(3,206)*	*(3,503)*
Reserves from measurement of cash flow hedge financial instruments	**(1,455)**	*(1,230)*	*(225)*	(101)	(519)	68	**(552)**	*(491)*	*(61)*	**(2,007)**	*(1,721)*	*(286)*
Reserves from measurement of costs of hedging financial instruments	**(348)**	*(348)*	-	83	-	-	**83**	*90*	*(7)*	**(265)**	*(258)*	*(7)*
Reserves from measurement of financial assets at FVOCI	**(1)**	-	*(1)*	(3)	-	-	**(3)**	*(3)*	-	**(4)**	*(3)*	*(1)*
Share of OCI of associates accounted for using the equity method	**(52)**	*(54)*	*2*	(62)	-	5	**(57)**	*(58)*	*1*	**(109)**	*(112)*	*3*
Reserves from measurement of equity investments in other companies	**(23)**	*(23)*	-	12	-	-	**12**	*12*	-	**(11)**	*(11)*	-
Reserve from remeasurement of net liabilities/(assets) of defined benefit plans	**(853)**	*(664)*	*(189)*	(172)	-	52	**(120)**	*(63)*	*(57)*	**(973)**	*(727)*	*(246)*
Total gains/(losses) recognized in equity	**(8,154)**	***(4,916)***	***(3,238)***	**(1,530)**	**(519)**	**125**	**(1,924)**	***(1,122)***	***(802)***	**(10,078)**	***(6,038)***	***(4,040)***

34.2 Dividends

	Amount distributed (millions of euro)	Dividend per share (euro)
Net dividends paid in 2017		
Dividends for 2016	1,830	0.18
Interim dividends for 2017 [(1)]	-	-
Special dividends	-	-
Total dividends paid in 2017	**1,830**	**0.18**
Net dividends paid in 2018		**-**
Dividends for 2017	2,410	0.24
Interim dividends for 2018 [(2)]	-	-
Special dividends	-	-
Total dividends paid in 2018	**2,410**	**0.24**

(1) Approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018 (interim dividend of €0.105 per share for a total of €1,068 million).

(2) Approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019 (interim dividend of €0.14 per share for a total of €1,423 million).

The dividend for 2018, equal to €0.28 per share, amounting to a total of €2,847 million (of which €0.14 per share, for a total of €1,423 million, already paid as an interim dividend as from January 23, 2019), has been proposed to and resolved by the Shareholders' Meeting of May 16, 2019, at a single call.

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2018.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2018 and 2017 is summarized in the following table.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Non-current financial position	48,983	42,439	6,544
Net current financial position	(4,622)	(2,585)	(2,037)
Non-current financial receivables and long-term securities	(3,272)	(2,444)	(828)
Net financial debt	**41,089**	**37,410**	**3,679**
Equity attributable to shareholders of the Parent Company	31,720	34,795	(3,075)
Non-controlling interests	16,132	17,366	(1,234)
Shareholders' equity	**47,852**	**52,161**	**(4,309)**
Debt/equity ratio	**0.86**	**0.72**	**-**

The percentage increase in the use of debt is attributable to the reduction in the Group's consolidated shareholders' equity of €3,705 million mainly due to the retrospective application of IFRS 9 and IFRS 15 (for €3,074 million) and partly to the increase in net financial debt.

See note 41 for a breakdown of the individual items in the table.

34.3 Non-controlling interests - *€16,132 million*

The following table reports the composition of non-controlling interests by Region.

Millions of euro	**Non-controlling interests**		**Net income attributable to non-controlling interests**	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Italy	7	4	-	-
Iberia	6,405	6,954	386	396
South America	8,185	8,934	1,062	1,020
Europe and Euro-Mediterranean Affairs	908	1,002	68	67
North and Central America	402	387	37	60
Africa, Asia and Oceania	225	85	8	7
Total	**16,132**	**17,366**	**1,561**	**1,550**

It should be noted that the decrease in the share attributable to non-controlling interests mainly refers to the effect of exchange rates, to the dividends in South America and of Endesa, and the change in the scope of consolidation associated with the "Elqui" transaction.

35. Borrowings

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	48,983	42,439	3,367	7,000
Short-term borrowings	-	-	3,616	1,894
Total	**48,983**	**42,439**	**6,983**	**8,894**

For more information on the nature of borrowings, see note 43 "Financial instruments".

36. Employee benefits - *€3,187 million*

The Group provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts and similar benefits. More specifically:

- for Italy, the item "Pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives and the benefits due to personnel under law or contract at the time the employment relationship is terminated. For the foreign companies, the item reports post-employment benefits, of which the most material regard the pension benefit schemes of Endesa in Spain, which break down into three types that differ on the basis of employee seniority and company. In general, under the framework agreement of October 25, 2000, employees participate in a specific defined contribution pension plan and, in cases of disability or death of employees in service, a defined benefit plan which is covered by appropriate insurance policies. In addition, Endesa has two other limited-enrollment plans (i) for current and retired Endesa employees covered by the electricity industry collective bargaining agreement prior to the changes introduced with the framework agreement noted earlier and (ii) for employees of the former Catalan companies (Fecsa/Enher/HidroEmpordà). Both are defined benefit plans and benefits are fully ensured, with the exception of the former plan for benefits in the event of the death of a retired employee. Finally, the Brazilian companies have also established defined benefit plans;
- the item "Electricity discount" comprises benefits regarding electricity supply associated with foreign companies. For Italy, that benefit, which was granted until the end of 2015 to retired employees only, was unilaterally cancelled;
- the item "Health insurance" reports benefits for current or retired employees covering medical expenses;
- "Other benefits" mainly regard the loyalty bonus, which is adopted in various countries and for Italy is represented by the estimated liability for the benefit entitling employees covered by the electricity workers national collective bargaining agreement to a bonus for achievement of seniority milestones (25th and 35th year of service). It also includes other incentive plans, which provide for the award to certain company managers of a monetary bonus subject to specified conditions.

The following table reports changes in the defined benefit obligation for post-employment and other long-term employee benefits at December 31, 2018, and December 31, 2017, respectively, as well as a reconciliation of that obligation with the actuarial liability.

Millions of euro	2018				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION					
Actuarial obligation at the start of the year	**2,413**	**739**	**253**	**254**	**3,659**
Current service cost	16	4	5	36	**61**
Interest expense	247	14	10	5	**276**
Actuarial (gains)/losses arising from changes in demographic assumptions	(2)	-	-	-	**(2)**
Actuarial (gains)/losses arising from changes in financial assumptions	213	(10)	4	(5)	**202**
Experience adjustments	21	48	2	7	**78**
Past service cost	(1)	-	-	7	**6**
(Gains)/Losses arising from settlements	-	-	-	-	**-**
Exchange differences	(114)	(1)	(9)	(6)	**(130)**
Employer contributions	-	-	-	-	**-**
Employee contributions	2	-	-	-	**2**
Benefits paid	(370)	(30)	(12)	(65)	**(477)**
Other changes	2,647	3	-	(2)	**2,648**
Liabilities classified as held for sale	-	-	-	-	**-**
Actuarial obligation at year end (A)	**5,072**	**767**	**253**	**231**	**6,323**
CHANGES IN PLAN ASSETS					
Fair value of plan assets at the start of the year	**1,317**	**-**	**-**	**-**	**1,317**
Interest income	173	-	-	-	**173**
Expected return on plan assets excluding amounts included in interest income	70	-	-	-	**70**
Exchange differences	(82)	-	-	-	**(82)**
Employer contributions	171	30	12	24	**237**
Employee contributions	2	-	-	-	**2**
Benefits paid	(370)	(30)	(12)	(24)	**(436)**
Other payments	-	-	-	-	**-**
Change in scope of consolidation	1,879	-	-	-	**1,879**
Fair value of plan assets at year end (B)	**3,160**	**-**	**-**	**-**	**3,160**
EFFECT OF ASSET CEILING					
Asset ceiling at the start of the year	**64**	**-**	**-**	**-**	**64**
Interest income	4	-	-	-	**4**
Change in asset ceiling	(38)	-	-	-	**(38)**
Exchange differences	(6)	-	-	-	**(6)**
Change in scope of consolidation	-	-	-	-	**-**
Asset ceiling at year end (C)	**24**	**-**	**-**	**-**	**24**
Net liability in balance sheet (A-B+C)	**1,936**	**767**	**253**	**231**	**3,187**

2017				
Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
2,440	**847**	**231**	**284**	**3,802**
17	5	5	47	**74**
118	16	11	7	**152**
2	-	(2)	(1)	**(1)**
54	30	3	2	**89**
(35)	(138)	15	(5)	**(163)**
5	-	-	-	**5**
-	-	-	-	**-**
(124)	(1)	(12)	(6)	**(143)**
-	-	-	-	**-**
1	-	-	-	**1**
(226)	(22)	(12)	(79)	**(339)**
161	2	14	5	**182**
-	-	-	-	**-**
2,413	**739**	**253**	**254**	**3,659**
1,272	**-**	**-**	**-**	**1,272**
83	-	-	-	**83**
53	-	-	-	**53**
(94)	-	-	-	**(94)**
142	22	12	23	**199**
1	-	-	-	**1**
(226)	(22)	(12)	(23)	**(283)**
-	-	-	-	**-**
86	-	-	-	**86**
1,317	**-**	**-**	**-**	**1,317**
54	**-**	**-**	**-**	**54**
4	-	-	-	**4**
16	-	-	-	**16**
(9)	-	-	-	**(9)**
-	-	-	-	**-**
65	**-**	**-**	**-**	**65**
1,161	**739**	**253**	**254**	**2,407**

Millions of euro

	2018	2017
(Gains)/Losses charged to profit or loss		
Service cost and past service cost	39	40
Net interest expense	107	73
(Gains)/Losses arising from settlements	-	-
Actuarial (gains)/losses on other long-term benefits	28	39
Other changes	(4)	(4)
Total	**170**	**148**

Millions of euro

	2018	2017
Change in (gains)/losses in OCI		
Expected return on plan assets excluding amounts included in interest income	(70)	(53)
Actuarial (gains)/losses on defined benefit plans	282	(71)
Changes in asset ceiling excluding amounts included in interest income	(38)	16
Other changes	(2)	9
Total	**172**	**(99)**

The change in cost recognized through profit or loss was equal to €22 million. The impact on the income statement is, therefore, greater than in 2017, due mainly to the effect of interest on pension funds for Enel Distribuição São Paulo in Brazil.

The liability recognized in the balance sheet at the end of the year is reported net of the fair value of plan assets, amounting to €3,159 million at December 31, 2018. Those assets, which are entirely in Spain and Brazil, break down as follows.

	2018	2017
Investments quoted in active markets		
Equity instruments	8%	4%
Fixed-income securities	65%	37%
Investment property	4%	5%
Other	-	-
Unquoted investments		
Assets held by insurance undertakings	-	-
Other	23%	54%
Total	**100%**	**100%**

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	Italy	Iberia	South America	Other countries	Italy	Iberia	South America	Other countries
			2018				2017	
Discount rate	0.25%-1.50%	0.21%-1.75%	4.70%-9.15%	1.50%-8.77%	0.20%-1.50%	0.65%-1.67%	5.00%-9.93%	1.50%-7.18%
Inflation rate	1.50%	2.00%	3.00%-4.00%	1.50%-4.14%	1.50%	2.00%	3.00%-4.25%	1.50%-4.22%
Rate of wage increases	2.50%	2.00%	3.80%-5.00%	3.00%-4.20%	1.50%-3.50%	2.00%	3.00%-7.38%	3.00%-4.22%
Rate of increase in healthcare costs	2.50%	3.20%	7.12%-8.00%	-	2.50%	3.20%	3.00%-8.00%	-
Expected rate of return on plan assets	-	1.75%	8.63%-9.04%	-	-	1.65%	9.72%-9.78%	-

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined benefit obligation of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
		at Dec. 31, 2018				at Dec. 31, 2017		
Decrease of 0.5% in discount rate	280	63	9	3	155	60	15	4
Increase of 0.5% in discount rate	(243)	(59)	(12)	(9)	(121)	(55)	(18)	(10)
Increase of 0.5% in inflation rate	(5)	(59)	(3)	(6)	(20)	(63)	(14)	(9)
Decrease of 0.5% in inflation rate	32	61	3	2	47	61	12	1
Increase of 0.5% in remuneration	10	(2)	(3)	1	32	(1)	-	1
Increase of 0.5% in pensions currently being paid	11	(2)	(3)	(3)	35	(1)	-	(3)
Increase of 1% in healthcare costs	-	-	32	-	-	-	28	-
Increase of 1 year in life expectancy of active and retired employees	155	25	8	(3)	54	25	147	(3)

The sensitivity analysis used an approach that extrapolates the effect on the defined benefit obligation of reasonable changes in an individual actuarial assumption, leaving the other assumptions unchanged.

The contributions expected to be paid into defined benefit plans in the subsequent year amount to €28 million.

The following table reports expected benefit payments in the coming years for defined benefit plans.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017
Within 1 year	436	197
In 1-2 years	429	184
In 2-5 years	1,273	591
More than 5 years	2,017	1,030

37. Provisions for risks and charges - ***€6,493 million***

Millions of euro

	at Dec. 31, 2018		at Dec. 31, 2017	
	Non-current	Current	Non-current	Current
Provision for litigation, risks and other charges:				
- nuclear decommissioning	552	-	538	-
- retirement, removal and site restoration	986	71	814	64
- litigation	1,315	191	861	70
- environmental certificates	-	27	-	29
- taxes and duties	409	23	300	23
- other	742	603	778	637
Total	**4,004**	**915**	**3,291**	**823**
Provision for early retirement incentives	1,177	397	1,530	387
TOTAL	**5,181**	**1,312**	**4,821**	**1,210**

Millions of euro	at Dec. 31, 2017	Accruals	Reversals	Utilization	Unwinding of interest	Change in scope of consolidation	Translation adjustment	Other changes	Reclassifications of assets held for sale	**at Dec. 31, 2018**
Provision for litigation, risks and other charges:										
- nuclear decommissioning	538	-	-	-	8	-	-	6	-	552
- retirement, removal and site restoration	878	21	(16)	(30)	7	1	(8)	206	(2)	1,057
- litigation	931	214	(184)	(112)	56	462	(39)	178	-	1,506
- environmental certificates	29	27	(8)	(21)	-	-	-	-	-	27
- taxes and duties	323	32	(18)	(36)	3	41	3	84	-	432
- other	1,415	237	(112)	(234)	55	20	(63)	27	-	1,345
Total	**4,114**	**531**	**(338)**	**(433)**	**129**	**524**	**(107)**	**501**	**(2)**	**4,919**
Provision for early retirement incentives	1,917	96	(3)	(426)	(4)	-	-	(6)	-	1,574
TOTAL	**6,031**	**627**	**(341)**	**(859)**	**125**	**524**	**(107)**	**495**	**(2)**	**6,493**

Nuclear decommissioning provision

At December 31, 2018, the provision reflected solely the costs that will be incurred at the time of decommissioning of nuclear plants by Endesa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/2003 and Law 24/2005. Quantification of the costs is based on the standard contract between Endesa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Endesa (so-called post-operational costs) and takes into account, among the various assumptions used to estimate the amount, the quantity of unused nuclear fuel expected at the date of closure of each of the Spanish nuclear plants on the basis of the provisions of the concession agreement.

Non-nuclear plant retirement and site restoration provision

The provision for non-nuclear plant retirement and site restoration represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so. The provision mainly regards the Endesa Group, Enel Produzione and the companies in South America.

Litigation provision

The litigation provision covers contingent liabilities in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The balance for litigation mainly regards disputes concerning service quality and disputes with employees, end users or suppliers of the companies in Spain (€170 million), Italy (€182 million) and South America (€1,145 million).

The increase compared with the previous year, equal to €575 million, mainly reflects the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo and provisions for disputes with employees, partly offset by reversals and uses, primarily in Iberia, Italy and South America.

Provision for environmental certificates

The provision for environmental certificates covers costs in respect of shortfalls in the environmental certificates need for compliance with national or supranational environmental protection requirements and mainly regards Enel Energia.

Provision for charges in respect of taxes and duties

The provision for charges in respect of taxes and duties reports the estimated liability deriving from tax disputes concerning direct and indirect taxes. The balance of the provision also includes the provision for current and potential disputes concerning local property tax – whether the *Imposta Comunale sugli Immobili* ("ICI") or the new *Imposta Municipale Unica* ("IMU") – in Italy. The Group has taken due account of the criteria introduced with circular 6/2012 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Land Agency offices and municipalities.

The increase compared with the previous year, equal to €109 million, mainly reflects the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo, partly offset by reversals and uses, primarily in Spain and Italy.

Other provisions

Other provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees or other charges.

The decrease of €70 million for the year is mainly attributable to the reversal of part of the provision allocated by e-distribuzione for the charges to be paid in relation to exceptional weather events, to utilizations by Enel Global Trading of the provisions linked to the abandonment of the upstream gas projects in Algeria, to the reversal by Enel Energia of the rebranding provision following the transfer of points of sale from Servizio Elettrico Nazionale to Enel Energia due to the abolition of the regulated market by 2020, which was partly offset by the provision allocated by Servizio Elettrico Nazionale following penalty proceedings initiated by the antitrust authority and by the change in scope of consolidation following the acquisition of Enel Distribuição São Paulo.

Provision for early retirement incentives

The provision for early retirement incentives includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The reduction of €343 million for the year reflects, among other factors, uses for incentive provisions established in Spain and Italy in previous years.

In Italy, the latter is largely associated with the union-company agreements signed in September 2013 and December 2015, implementing, for a number of companies in Italy, the mechanism provided for under Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act). The latter agreement envisages the voluntary termination, in Italy, of about 6,100 employees in 2016-2020.

In Spain, the provisions regard the expansion, in 2015, of the *Acuerdo de Salida Voluntaria* (ASV) introduced in Spain in 2014. The ASV mechanism was agreed in Spain in connection with Endesa's restructuring and reorganization plan, which provides for the suspension of the employment contract with tacit annual renewal. With regard to that plan, on December 30, 2014, the company had signed an agreement with union representatives in which it undertook to not exercise the option to request a return to work at subsequent annual renewal dates for the employees participating in the mechanism.

38. Other non-current liabilities - *€1,901 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Accrued operating expenses and deferred income	484	929	(445)	-47.9%
Other items	1,417	1,074	343	31.9%
Total	**1,901**	**2,003**	**(102)**	**-5.1%**

The reduction of €445 million in accrued operating expenses and deferred income is mainly attributable to the reclassification of deferred income for fees received from customers to liabilities deriving from contracts with customers in application of IFRS 15.

The increase in other items mainly refers to payables due to tax partnerships recognized by the renewable energy companies in North America in the amount of €325 million as a result of the start of operations at the Diamond Vista, HillTopper, Rattlesnake Creek and Fenner plants.

39. Trade payables - *€13,387 million*

The item amounted to €13,387 million (€12,671 million in 2017) and includes payables in respect of electricity supplies, fuel, materials, equipment associated with tenders, and other services.

More specifically, trade payables falling due in less than 12 months amounted to €12,718 million (€11,965 million in 2017), while those falling due in more than 12 months amounted to €669 million (€706 million in 2017).

40. Other current financial liabilities - *€788 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Deferred financial liabilities	654	857	(203)	-23.7%
Other items	134	97	37	38.1%
Total	**788**	**954**	**(166)**	**-17.4%**

The decrease in other current financial liabilities is attributable to the €203 million decrease in deferred financial liabilities as a result of a decrease in accrued liabilities on bonds.

The other items mainly refer to amounts due for accrued interest.

41. Net financial position and long-term financial receivables and securities - *€41,089 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change	
Long-term borrowings	43	48,983	42,439	6,544	15.4%
Short-term borrowings	43	3,616	1,894	1,722	90.9%
Other current financial payables [1]		28	-	28	-
Current portion of long-term borrowings	43	3,367	7,000	(3,633)	-51.9%
Other non-current financial assets included in debt	26.1	(3,272)	(2,444)	(828)	-33.9%
Other current financial assets included in debt	30.1	(5,003)	(4,458)	(545)	-12.2%
Cash and cash equivalents	32	(6,630)	(7,021)	391	5.6%
Total		**41,089**	**37,410**	**3,679**	**9.8%**

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

Pursuant to CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2018, and December 31, 2017, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Cash and cash equivalents on hand	328	343	(15)	-4.4%
Bank and post office deposits	5,531	6,487	(956)	-14.7%
Other investments of liquidity	771	191	580	-
Securities	63	69	(6)	-8.7%
Liquidity	**6,693**	**7,090**	**(397)**	**-5.6%**
Short-term financial receivables	3,418	3,253	165	5.1%
Factoring receivables	-	42	(42)	-
Short-term portion of long-term financial receivables	1,522	1,094	428	39.1%
Current financial receivables	**4,940**	**4,389**	**551**	**12.6%**
Short-term bank debt	(512)	(249)	(263)	-
Commercial paper	(2,393)	(889)	(1,504)	-
Short-term portion of long-term bank debt	(1,830)	(1,346)	(484)	-36.0%
Bonds issued (short-term portion)	(1,341)	(5,429)	4,088	75.3%
Other borrowings (short-term portion)	(196)	(225)	29	12.9%
Other short-term financial payables	(739)	(756)	17	2.2%
Total short-term financial debt	**(7,011)**	**(8,894)**	**1,883**	**21.2%**
Net short-term financial position	**4,622**	**2,585**	**2,037**	**78.8%**
Debt to banks and financing entities	(8,819)	(8,310)	(509)	-6.1%
Bonds	(38,633)	(32,285)	(6,348)	-19.7%
Other borrowings	(1,531)	(1,844)	313	17.0%
Long-term financial position	**(48,983)**	**(42,439)**	**(6,544)**	**-15.4%**
NET FINANCIAL POSITION as per CONSOB instructions	**(44,361)**	**(39,854)**	**(4,507)**	**-11.3%**
Long-term financial receivables and securities	**3,272**	**2,444**	**828**	**33.9%**
NET FINANCIAL DEBT	**(41,089)**	**(37,410)**	**(3,679)**	**-9.8%**

42. Other current liabilities - *€12,107 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change	
Payables due to customers	1,773	1,824	(51)	-2.8%
Payables due to institutional market operators	3,945	4,765	(820)	-17.2%
Payables due to employees	472	422	50	11.8%
Other tax payables	1,093	1,323	(230)	-17.4%
Payables due to social security institutions	212	218	(6)	-2.8%
Contingent considerations	109	56	53	94.6%
Payables for put options granted to minority shareholders	-	1	(1)	-
Current accrued expenses and deferred income	459	302	157	52.0%
Payables for dividends	1,913	1,541	372	24.1%
Liabilities for construction contracts	-	364	(364)	-
Other	2,131	1,646	485	29.5%
Total	**12,107**	**12,462**	**(355)**	**-2.8%**

Payables due to customers include €936 million (€984 million at December 31, 2017) in security deposits related to amounts received from customers in Italy as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the company does not have an unconditional right to defer repayment beyond 12 months.

Payables due to institutional market operators include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €2,546 million (€3,042 million at December 31, 2017) and on the Spanish market amounting to €1,131 million (€1,399 million at December 31, 2017), and on the South American market amounting to €268 million (€324 million at December 31, 2017).

Contingent consideration mainly regard a number of shareholdings held primarily by the Group in North America whose fair value was determined on the basis of the terms and conditions of the contractual agreements between the parties.

The change in payables for dividends refers to the increase in the minimum dividend to be paid to shareholders, which went from €0.21 to €0.28 per share.

The increase in other payables mainly relates to the change in scope of consolidation following the acquisition of Enel Distribuição São Paulo.

Liabilities for construction contracts at December 31, 2018 (in the amount of €326 million) have been reclassified to liabilities deriving from contracts with customers following application of the simplified approach allowed under IFRS 15. For this reason, the balances at December 31, 2017 (€364 million) have not been reclassified. For more information, see note 25 of the consolidated financial statements.

43. Financial instruments

This note provides disclosures necessary for users to assess the significance of financial instruments for the company's financial position and performance.

43.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IFRS 9, broken down into current and non-current financial assets, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial assets at amortized cost	43.1.1	**4,292**	**2,817**	**25,268**	**26,496**
Financial assets at FVOCI	43.1.2	**413**	**438**	**72**	**69**
Financial assets at fair value through profit or loss					
Derivative financial assets at FVTPL	43.1.3	31	17	3,163	1,982
Other financial assets at FVTPL	43.1.3	2,080	1,478	-	16
Financial assets designated upon initial recognition (fair value option)	43.1.3	-	-	-	-
Total financial assets at fair value through profit or loss		**2,111**	**1,495**	**3,163**	**1,998**
Derivative financial assets designated as hedging instruments					
Fair value hedge derivatives	43.1.4	25	23	4	-
Cash flow hedge derivatives	43.1.4	949	662	747	327
Total derivative financial assets designated as hedging instruments		**974**	**685**	**751**	**327**
TOTAL		**7,790**	**5,435**	**29,254**	**28,890**

For more information on fair value measurement, see note 47 "Assets measured at fair value".

43.1.1 Financial assets measured at amortized cost

The following table reports financial assets measured at amortized cost by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash and cash equivalents		-	-	32	6,630	7,021
Trade receivables	29	835	557	29	12,752	13,972
Short-term portion of long-term financial receivables		-	-	30.1	1,522	1,094
Receivables for factoring		-	-	30.1	-	42
Cash collateral		-	-	30.1	2,559	2,664
Other financial receivables	26.1	2,912	2,059	30.1	859	589
Financial assets from service concession arrangements at amortized cost	26	345	-	30	12	-
Other financial assets at amortized cost	26, 27	200	201	30, 31	934	1,114
Total		**4,292**	**2,817**		**25,268**	**26,496**

Impairment of financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2018 amounted to €29,560 million (€29,313 million at December 31, 2017) and are recognized net of allowances for expected credit losses, which totaled €3,083 million at the end of the year, compared with a balance of €2,402 million at the end of previous year.

The Group mainly has the following types of financial assets measured at amortized cost subject to impairment testing:

- cash and cash equivalents;
- trade receivables;
- financial receivables; and
- other financial assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The expected credit loss (ECL), determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD), is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate (EIR).

For calculating ECL, the Group applies two different approaches:

- the general approach, for financial assets other than trade receivables, contract assets and lease receivables. This approach, based on an assessment of any significant increase in credit risk since initial recognition, is performed comparing the PD at origination with PD at the reporting date, at each reporting date.
  Then, based on the results of the assessment, a loss allowance is recognized based on 12-month ECL or lifetime ECL (i.e. staging):
  - 12-month ECL, for financial assets for which there has not been a significant increase in credit risk since initial recognition;
  - lifetime ECL, for financial assets for which there has been a significant increase in credit risk or which are credit impaired (i.e. defaulted based on past due information);
- the simplified approach, for trade receivables, contract assets and lease receivables with or without a significant financing component, based on lifetime ECL without tracking changes in credit risk.

For more information on assets deriving from contracts with customers, please see note 25 "Current/Non-current contract assets/(liabilities)".

Depending on the nature of the financial assets and the credit risk information available, the assessment of the increase in credit risk may be performed on:

- an individual basis, if the receivables are individually significant and for all receivables which have been individually identified for impairment based on reasonable and supportable information;
- a collective basis, if no reasonable and supportable information is available without undue cost or effort to measure expected credit losses on an individual instrument basis.

When there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, the gross carrying amount of the financial asset shall be reduced.

A write-off represents a derecognition event (e.g. the right to cash flows is legally or contractually extinguished, transferred or expired).

To measure expected losses, the Group assesses trade receivables and contract assets using the simplified approach both individually (e.g. for governments, authorities, financial counterparties, wholesalers, traders, large enterprises, etc.) and collectively (e.g. for retail customers).

The following table reports expected credit losses on financial assets measured at amortized cost on the basis of the general simplified approach.

Millions of euro	**at Dec. 31, 2018**			at Dec. 31, 2017		
	Gross amount	Allowance for expected losses	Total	Gross amount	Allowance for expected losses	Total
Cash and cash equivalents	6,632	2	6,630	7,021	-	7,021
Trade receivables	16,415	2,828	13,587	16,931	2,402	14,529
Financial receivables	8,081	229	7,852	6,448	-	6,448
Other financial assets at amortized cost	1,515	24	1,491	1,315	-	1,315
Total	**32,643**	**3,083**	**29,560**	**31,715**	**2,402**	**29,313**

The following table reports changes in the allowance for expected credit losses on financial receivables.

Millions of euro	Allowance for 12-month expected losses	Allowance for lifetime expected losses
Opening balance at Jan. 1, 2017 - IAS 39	**-**	**-**
Provisions	-	-
Uses	-	-
Reversals to profit or loss	-	-
Other changes	-	-
Closing balance at Dec. 31, 2017 - IAS 39	**-**	**-**
Adjustment for IFRS 9 FTA	7	23
Opening balance at Jan. 1, 2018 - IFRS 9	**7**	**23**
Provisions	-	4
Uses	-	-
Reversals to profit or loss (1)	(188)	(2)
Other changes (2)	268	117
Closing balance at Dec. 31, 2018	**87**	**142**

(1) Includes €186 million from the reversal of the impairment loss on the financial receivable generated following the disposal of 50% of Slovak Power Holding.
(2) Includes €186 million from the cumulative impairment losses at December 31, 2017 on the financial receivable generated following the disposal of 50% of Slovak Power Holding, previously recognized on the receivable account and reclassified in 2018 to the provision for expected losses.

The following table reports changes in the allowance for expected credit losses on trade receivables:

Millions of euro	
Opening balance at Jan. 1, 2017 - IAS 39	**2,028**
Provisions	1,204
Uses	(601)
Reversals to profit or loss	(310)
Other changes	81
Closing balance at Dec. 31, 2017 - IAS 39	**2,402**
Adjustment for IFRS 9 FTA	207
Opening balance at Jan. 1, 2018 - IFRS 9	**2,609**
Provisions	1,367
Uses	(897)
Reversals to profit or loss	(281)
Other changes	30
Closing balance at Dec. 31, 2018	**2,828**

The following table reports changes in the allowance for expected credit losses on other financial assets at amortized cost:

Millions of euro	Allowance for lifetime expected losses
Opening balance at Jan. 1, 2017 - IAS 39	**-**
Provisions	-
Uses	-
Reversals to profit or loss	-
Other changes	-
Closing balance at Dec. 31, 2017 - IAS 39	**-**
Adjustment for IFRS 9 FTA	15
Opening balance at Jan. 1, 2018 - IFRS 9	**15**
Provisions	3
Uses	-
Reversals to profit or loss	(3)
Other changes	9
Closing balance at Dec. 31, 2018	**24**

Note 44 "Risk management" provides additional information on the exposure to credit risk and expected losses.

43.1.2 Financial assets at fair value through other comprehensive income

The following table shows financial assets at fair value through other comprehensive income by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Equity investments in other entities at FVOCI	26	53	56		-	-
Securities	26.1	360	382	30.1	72	69
Total		**413**	**438**		**72**	**69**

Changes in financial assets at FVOCI

Equity investments in other entities

Millions of euro	Non-current	Current
Closing balance at Dec. 31, 2017 - IAS 39	**4**	**-**
Adjustment for IFRS 9 FTA	(5)	-
Opening balance at Jan. 1, 2018 - IFRS 9	**(1)**	**-**
Purchases	16	-
Sales	-	-
Changes in fair value through OCI	13	-
Other changes	25	-
Closing balance at Dec. 31, 2018	**53**	**-**

Securities at FVOCI

Millions of euro	Non-current	Current
Closing balance at Dec. 31, 2017 - IAS 39	**382**	**69**
Adjustment for IFRS 9 FTA	-	-
Opening balance at Jan. 1, 2018 - IFRS 9	**382**	**69**
Purchases	93	18
Sales	(45)	(9)
Changes in fair value through OCI	(3)	-
Reclassifications	(64)	64
Other changes	(3)	(70)
Closing balance at Dec. 31, 2018	**360**	**72**

43.1.3 Financial assets at fair value through profit or loss

The following table shows financial assets at fair value through profit or loss by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivatives at FVTPL	46	31	17	46	3,163	1,982
Equity investments in other entities at FVTPL	26	10	2		-	-
Financial assets from service concession arrangements at FVTPL	26	2,070	1,476	30	-	16
Total		**2,111**	**1,495**		**3,163**	**1,998**

43.1.4 Derivative financial assets designated as hedging instruments

For more information on derivative financial assets, please see note 46 “Derivatives and hedge accounting”.

43.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IFRS 9, broken down into current and non-current financial liabilities, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial liabilities at amortized cost	43.2.1	**49,824**	**43,408**	**27,567**	**29,355**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	43.4	34	21	3,135	1,980
Total financial liabilities at fair value through profit or loss		**34**	**21**	**3,135**	**1,980**
Derivative financial liabilities designated as hedging instruments					
Fair value hedge derivatives	43.4	-	7	-	6
Cash flow hedge derivatives	43.4	2,575	2,970	1,208	274
Total derivative financial liabilities designated as hedging instruments		**2,575**	**2,977**	**1,208**	**280**
TOTAL		**52,433**	**46,406**	**31,910**	**31,615**

For more information on fair value measurement, please see note 48 “Liabilities measured at fair value”.

43.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	43.3	48,983	42,439	43.3	3,367	7,000
Short-term borrowings		-	-	43.3	3,616	1,894
Trade payables	39	669	706	39	12,718	11,965
Other financial liabilities	38	172	263	42	7,866	8,496
Total		**49,824**	**43,408**		**27,567**	**29,355**

43.3 Borrowings

43.3.1 Long-term borrowings (including the portion falling due within 12 months) - *€52,350 million*

The following table reports the carrying amount and fair value for each category of debt, including the portion falling due within 12 months. For listed debt instruments, the fair value is given by official prices, while for unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data at the reporting date, including the credit spreads of Enel SpA.

The table reports the situation of long-term borrowings and repayment schedules at December 31, 2018, broken down by type of borrowing and interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Changes in carrying amount
	at Dec. 31, 2018					at Dec. 31, 2017					
Bonds:											
- listed, fixed rate	23,811	23,099	845	22,254	25,944	25,862	25,275	4,679	20,596	29,561	(2,176)
- listed, floating rate	3,187	3,166	305	2,861	3,288	2,942	2,926	684	2,242	3,201	240
- unlisted, fixed rate	12,860	12,758	-	12,758	12,563	8,532	8,458	-	8,458	9,257	4,300
- unlisted, floating rate	951	951	191	760	932	1,055	1,055	66	989	1,051	(104)
Total bonds	**40,809**	**39,974**	**1,341**	**38,633**	**42,727**	**38,391**	**37,714**	**5,429**	**32,285**	**43,070**	**2,260**
Bank borrowings:											
- fixed rate	1,495	1,486	477	1,009	1,539	1,545	1,533	293	1,240	4,155	(47)
- floating rate	8,987	8,954	1,353	7,601	8,817	8,146	8,116	1,053	7,063	8,445	838
- use of revolving credit lines	209	209	-	209	210	8	7	-	7	7	202
Total bank borrowings	**10,691**	**10,649**	**1,830**	**8,819**	**10,566**	**9,699**	**9,656**	**1,346**	**8,310**	**12,607**	**993**
Non-bank borrowings:											
- fixed rate	1,569	1,549	164	1,385	1,585	1,884	1,865	198	1,667	2,149	(316)
- floating rate	197	178	32	146	182	223	204	27	177	231	(26)
Total non-bank borrowings	**1,766**	**1,727**	**196**	**1,531**	**1,767**	**2,107**	**2,069**	**225**	**1,844**	**2,380**	**(342)**
Total fixed-rate borrowings	**39,735**	**38,892**	**1,486**	**37,406**	**41,631**	**37,823**	**37,131**	**5,170**	**31,961**	**45,122**	**1,761**
Total floating-rate borrowings	**13,531**	**13,458**	**1,881**	**11,577**	**13,429**	**12,374**	**12,308**	**1,830**	**10,478**	**12,935**	**1,150**
TOTAL	**53,266**	**52,350**	**3,367**	**48,983**	**55,060**	**50,197**	**49,439**	**7,000**	**42,439**	**58,057**	**2,911**

The balance for bonds is reported net of €898 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio.

The table below reports long-term financial debt by currency and interest rate.

Long-term financial debt by currency and interest rate

Millions of euro	Carrying amount	Nominal value	Carrying amount	Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2018		at Dec. 31, 2017		**at Dec. 31, 2018**	
Euro	**23,388**	**24,025**	**25,925**	**26,449**	**2.8%**	**3.3%**
US dollar	18,541	18,720	13,521	13,658	4.7%	4.9%
Pound sterling	4,750	4,794	4,786	4,835	6.1%	6.2%
Colombian peso	1,543	1,543	1,618	1,618	7.5%	7.5%
Brazilian real	2,074	2,114	1,201	1,230	8.3%	8.4%
Swiss franc	403	403	687	688	2.1%	2.1%
Chilean peso/UF	700	710	465	475	6.1%	6.1%
Peruvian sol	404	404	385	385	6.2%	6.2%
Russian ruble	247	247	245	245	8.1%	8.1%
Japanese yen	-	-	233	233	-	-
Other currencies	300	306	373	381		
Total non-euro currencies	**28,962**	**29,241**	**23,514**	**23,748**		
TOTAL	**52,350**	**53,266**	**49,439**	**50,197**		

Long-term financial debt denominated in currencies other than the euro increased by €5,448 million. The change is largely attributable to new borrowing in US dollars by Enel Finance International as well as the increase in debt denominated in the Brazilian real following the acquisition of Enel Distribuição São Paulo in Brazil.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	Exchange offer	New financing	Exchange differences	Reclassification from/to assets/ (liabilities) held for sale	Nominal value
	at Dec. 31, 2017								**at Dec. 31, 2018**
Bonds	38,391	(8,987)	(38)	771	-	9,809	447	416	40,809
Borrowings	11,806	(3,053)	-	170	-	3,615	(81)	-	12,457
Total financial debt	**50,197**	**(12,040)**	**(38)**	**941**	**-**	**13,424**	**366**	**416**	**53,266**

Compared with December 31, 2017, the nominal value of long-term debt at December 31, 2018 increased by €3,069 million, the net effect of €13,424 million in new borrowings, €941 million from the change in the scope of consolidation, the reclassification to "Assets/(Liabilities) held for sale" of €416 million and the impact of adverse exchange rate developments in the amount of €366 million, only partly offset by repayments of €12,040 million. The change in the scope of consolidation mainly reflects the increase in debt following the acquisition of the Brazilian distribution company Enel Distribuição São Paulo.

Repayments in 2018 concerned bonds in the amount of €8,987 million and borrowings totaling €3,053 million.

More specifically, the main bonds maturing in 2018 included:

- two retail bonds, one fixed-rate and one floating-rate (€3,000 million) issued by Enel SpA, maturing in February 2018;
- a fixed-rate bond (€512 million) issued by Enel Finance International, maturing in April 2018;
- a fixed-rate bond (€591 million) issued by Enel SpA, maturing in June 2018;
- a fixed-rate bond (€544 million) issued by Enel Finance International, maturing in October 2018;
- a fixed-rate bond (€311 million) issued by Enel Finance International, maturing in December 2018.

In addition, in May 2018 Enel SpA repurchased €732 million in hybrid bonds it had issued in September 2013.

The main repayments of borrowings in the year included the following:

- €250 million in respect of subsidized loans of e-distribuzione and Enel Produzione;
- €68 million in respect of bank borrowings of Endesa, of which €12 million in subsidized loans;
- €133 million in respect of bank borrowings of Enel Green Power SpA, of which €51 million in subsidized loans;
- the equivalent of €54 million in respect of bank borrowings of Enel Russia, of which €27 million in subsidized loans;
- the equivalent of €102 million in respect of loans of Enel Green Power North America;
- the equivalent of €2,020 million in respect of loans of companies in South America.

The main new borrowing carried out in 2018 involved bonds in the amount of €9,809 million and borrowings of €3,615 million.

The table below shows the main characteristics of financial transactions carried out in 2018.

	Issuer/Borrower	Issue/ Grant date	Amount in millions of euro	Currency	Interest rate	Interest rate type	Maturity
Bonds:							
	Enel Finance International	16.01.2018	1,250	EUR	1.13%	Fixed rate	16.09.2026
	Enel SpA	24.05.2018	500	EUR	2.50%	Fixed rate	24.11.2023
	Enel SpA	24.05.2018	750	EUR	3.38%	Fixed rate	24.11.2026
	Enel Chile	12.06.2018	873	USD	4.88%	Fixed rate	12.06.2028
	Enel Distribuição São Paulo	13.09.2018	159	BRL	108.25% CDI	Floating rate	13.09.2021
	Enel Distribuição São Paulo	13.09.2018	314	BRL	111% CDI	Floating rate	13.09.2023
	Enel Distribuição São Paulo	13.09.2018	203	BRL	CDI + 1.45%	Floating rate	13.09.2025
	Enel Finance International	14.09.2018	1,091	USD	4.25%	Fixed rate	14.09.2023
	Enel Finance International	14.09.2018	1,309	USD	4.63%	Fixed rate	14.09.2025
	Enel Finance International	14.09.2018	1,091	USD	4.88%	Fixed rate	14.06.2029
Total bonds			**7,540**				
Bank borrowings:							
	Enel Chile	28.03.2018	83	CLP	TAB + 55 bps	Floating rate	12.07.2019
	Enel Chile	28.03.2018	93	CLP	TAB + 55 bps	Floating rate	12.07.2019
	Enel Chile	28.03.2018	93	CLP	TAB + 55 bps	Floating rate	12.07.2019
	e-distribuzione	03.05.2018	200	EUR	Euribor 6M + 42.9 bps	Floating rate	03.05.2033
	Endesa	29.05.2018	500	EUR	Euribor 6M + 21.7 bps	Floating rate	29.05.2030
	Enel Green Power RSA	31.07.2018	149	ZAR	CPI RRR + 300 bps	Floating rate	31.12.2021
	e-distribuzione	19.10.2018	200	EUR	Euribor 6M + 34.6 bps	Floating rate	19.10.2033
	Enel X Mobility	20.11.2018	50	EUR	Euribor 6M + 33.9 bps	Floating rate	20.11.2028
Total bank borrowings			**1,368**				

The Group's main long-term financial liabilities are governed by covenants that are commonly adopted in international business practice. These liabilities primarily regard the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds (so-called "hybrid bonds") and loans granted by banks and other financial institutions (including the European Investment Bank and Cassa Depositi e Prestiti SpA).

The main covenants regarding bond issues carried out within the framework of the Global/Euro Medium-Term Notes program of Enel and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's so-called eligible green projects) and those regarding bonds issued by Enel Finance International NV on the US market guaranteed by Enel SpA can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain mortgages, liens or other encumbrances on all or part of its assets or revenue to secure certain financial liabilities, unless the same encumbrances are extended equally or pro rata to the bonds in question;

- pari passu clauses, under which the bonds and the associated security constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor and are issued without preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or, in some cases, "significant" subsidiaries constitutes a default in respect of the liabilities in question, which become immediately repayable.

The main covenants covering Enel's hybrid bonds can be summarized as follows:

- subordination clauses, under which each hybrid bond is subordinate to all other bonds issued by the company and has the same seniority with all other hybrid financial instruments issued, being senior only to equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants envisaged in the loan contracts of Enel and Enel Finance International NV and the other Group companies can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, the guarantor are subject to limitations on the establishment of mortgages, liens or other encumbrances on all or part of their respective assets, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the guarantor may not dispose of their assets or operations, with the exception of expressly permitted disposals;
- pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change of control clauses, under which the borrower and, in some cases, the guarantor could be required to renegotiate the terms and conditions of the financing or make compulsory early repayment of the loans granted;
- rating clauses, which provide for the borrower or the guarantor to maintain their rating above a certain specified level;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer or, in some cases, the guarantor constitutes a default in respect of the liabilities in question, which become immediately repayable.

In some cases the covenants are also binding for the significant companies or subsidiaries of the obligated parties.
All the financial borrowings considered specify "events of default" typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.
In addition, the guarantees issued by Enel in the interest of e-distribuzione SpA for certain loans to e-distribuzione SpA from Cassa Depositi e Prestiti SpA require that at the end of each six-month measurement period Enel's net consolidated financial debt shall not exceed 4.5 times annual consolidated EBITDA.
Finally, the debt of Enel Américas SA, Enel Chile SA and the other South American subsidiaries (notably Enel Generación Chile SA) contain covenants and events of default typical of international business practice, which had all been complied with as at December 31, 2018.

The following table reports the impact on gross long-term debt of hedges established to mitigate exchange risk.

Hedged long-term financial debt by currency

Millions of euro

	at Dec. 31, 2018					
	Initial debt structure			Impact of hedge	Debt structure after hedging	
	Carrying amount	Nominal amount	%			%
Euro	**23,388**	**24,025**	**45.0%**	**18,901**	**42,926**	**80.6%**
US dollar	18,541	18,720	35.1%	(15,064)	3,656	6.9%
Pound sterling	4,750	4,794	9.0%	(4,794)	-	-
Colombian peso	1,543	1,543	2.9%	-	1,543	2.9%
Brazilian real	2,074	2,114	4.0%	1,207	3,321	6.2%
Swiss franc	403	403	0.8%	(403)	-	-
Chilean peso/UF	700	710	1.3%	-	710	1.3%
Peruvian sol	404	404	0.8%	-	404	0.8%
Russian ruble	247	247	0.5%	73	320	0.6%
Japanese yen	-	-	-	-	-	-
Other currencies	300	306	0.6%	80	386	0.7%
Total non-euro currencies	**28,962**	**29,241**	**55.0%**	**(18,901)**	**10,340**	**19.4%**
TOTAL	**52,350**	**53,266**	**100.0%**	**-**	**53,266**	**100.0%**

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

Millions of euro

	2018				2017			
	Pre-hedge	%	Post-hedge	%	Pre-hedge	%	Post hedge	%
Floating rate	17,175	30.2%	12,983	22.8%	14,268	27.4%	11,358	21.8%
Fixed rate	39,735	69.8%	43,927	77.2%	37,823	72.6%	40,733	78.2%
Total	**56,910**		**56,910**		**52,091**		**52,091**	

At December 31, 2018, 30.2% of financial debt was floating rate (27.4% at December 31, 2017). Taking account of hedges of interest rates considered effective pursuant to the IFRS-EU, 22.8% of net financial debt (21.8% at December 31, 2017) was exposed to interest rate risk. Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, 77% of net financial debt was hedged (78% hedged at December 31, 2017).

These results are in line with the limits established in the risk management policy.

at Dec. 31, 2017					
Initial debt structure			Impact of hedge	Debt structure after hedging	
Carrying amount	Nominal amount	%			%
25,925	**26,449**	**52.7%**	**15,144**	**41,593**	**82.9%**
13,521	13,658	27.2%	(10,577)	3,081	6.1%
4,786	4,835	9.6%	(4,835)	-	-
1,618	1,618	3.2%	29	1,647	3.3%
1,201	1,230	2.5%	977	2,207	4.4%
687	688	1.4%	(688)	-	-
465	475	0.9%	-	475	0.9%
385	385	0.8%	-	385	0.8%
245	245	0.5%	100	345	0.7%
233	233	0.5%	(233)	-	-
373	381	0.7%	83	464	0.9%
23,514	**23,748**	**47.3%**	**(15,144)**	**8,604**	**17.1%**
49,439	**50,197**	**100.0%**	**-**	**50,197**	**100.0%**

43.3.2 Short-term borrowings - *€3,616 million*

At December 31, 2018 short-term borrowings amounted to €3,616 million, an increase of €1,722 million on December 31, 2017. They break down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Short-term bank borrowings	512	249	263
Commercial paper	2,393	889	1,504
Cash collateral on derivatives and other financing	301	449	(148)
Other short-term borrowings [1]	410	307	103
Short-term borrowings	**3,616**	**1,894**	**1,722**

(1) Does not include current financial debt included in other current financial liabilities.

Short-term bank borrowings amounted to €512 million.

Commercial paper amounted to €2,393 million, issued by Enel Finance International, International Endesa BV and a number of South American companies.

The main commercial paper programs include:

- €6,000 million of Enel Finance International guaranteed by Enel SpA;
- €3,000 million of International Endesa BV;
- $400 million (equivalent to €349 million) of Enel Américas and Enel Generación Chile.

43.4 Derivative financial liabilities

For more information on derivative financial liabilities, please see note 46 "Derivatives and hedge accounting".

43.5 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives:

Millions of euro

	2018		2017	
	Net gains/ (losses)	*Of which impairment/reversal of impairment*	**Net gains/ (losses)**	*Of which impairment/reversal of impairment*
Financial assets at amortized cost	(409)	*(1,101)*	(701)	*(870)*
Financial assets at FVOCI				
Equity investments at FVOCI	10	-	-	-
Other financial assets at FVOCI [1]	4	-	82	-
Total financial assets at FVOCI	**14**	-	**82**	-
Financial assets at FVTPL				
Financial assets at FVTPL	385	*188*	-	-
Financial assets designated upon initial recognition (fair value option)	-	-	-	-
Total financial assets at FVTPL	**385**	*188*	**-**	-
Financial liabilities measured at amortized cost	(3,545)	-	(1,054)	-
Financial liabilities at FVTPL				
Financial liabilities held for trading	-	-	1	-
Financial liabilities designated upon initial recognition (fair value option)	-	-	-	-
Total financial liabilities at FVTPL	**-**	-	**1**	-

(1) The value of other assets at FVOCI for 2017 includes income from assets in respect of service concession arrangements that were classified as assets available for sale, while in 2018, following application of IFRS 9, those assets were mainly classified as assets at FVTPL.

For more details on net gains and losses on derivatives, please see note 11 "Net financial income/(expense) from derivatives".

44. Risk management

Financial risk management governance and objectives

As part of its operations, the Enel Group is exposed to a variety of financial risks, notably market risks (including interest rate risk, exchange risk and commodity risk), credit risk and liquidity risk.

As noted in the section "Main risks and uncertainties", the Group's governance arrangements for financial risks include internal committees and the establishment of specific policies and operational limits. Enel's primary objective is to mitigate financial risks appropriately so that they do not give rise to unexpected changes in results.

Market risks

Market risks are mainly composed of interest rate risk, exchange risk and commodity price risk. The sources of Enel's exposure to market risks have not changed since the previous year.

Interest rate risk is primarily generated by the use of financial instruments. The main financial liabilities held by the Group include bonds, bank borrowings, other borrowings, commercial paper, derivatives, cash deposits received to secure commercial or derivatives transactions (guarantees received, cash collateral), liabilities for construction contracts and trade payables. The main financial assets held by the Group include financial receivables, factoring receivables, derivatives, cash deposits made to secure commercial or derivatives transactions (guarantees pledged, cash collateral), cash (and cash equivalents), receivables for construction contracts and trade receivables. The main purpose of those financial instruments is to support the operations of the Group. For more details, please see note 43 "Financial instruments" of the consolidated financial statements.

Exchange risk is generated by transactions in fuels and power, industrial investments, dividends from investees, commercial transactions and the use of financial instruments. The consolidated financial statements of the Group are also exposed to translation risk.

The Group's policies for managing market risks provide for the mitigation of the effects on performance of changes in interest rates and exchange rates with the exclusion of translation risk (connected with consolidation of the accounts). This objective is achieved at the source of the risk, through the diversification of both the nature of the financial instruments and the sources of revenue, and by modifying the risk profile of specific exposures with derivatives entered into on OTC markets or with specific commercial agreements.

The risk of fluctuations in commodity prices is generated by the volatility of those prices and existing structural correlations between them, which creates uncertainty about the margin on transactions in fuels and energy. Price developments are observed and analyzed in order to develop the Group's industrial, financial and commercial strategies and policies.

In order to contain the effects of such fluctuations and stabilize margins, in accordance with the Group's policies and operational limits established with the risk governance arrangements, Enel develops and plans strategies that impact the various stages of the industrial process associated with the production and sale of electricity and gas (such as advance sourcing and long-term commercial agreements) and risk mitigation plans and techniques for hedging risks with derivatives.

As part of its governance of market risks, Enel regularly monitors the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament and of the Council). During 2018, no overshoot of those threshold values was detected.

Interest rate risk

Interest rate risk primarily manifests itself as unexpected changes in charges on financial liabilities, if indexed to floating rates and/or exposed to the uncertainty of financial terms and conditions in negotiating new debt instruments, or as an unexpected change in the value of financial instruments measured at fair value (such as fixed-rate debt).

The Enel Group mainly manages interest rate risk through the definition of an optimal financial structure, with the

dual goal of stabilizing borrowing costs and containing the cost of funds. This goal is pursued through the diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps and interest rate options. The term of such derivatives does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or expected cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the hedged position.
Proxy hedging techniques may be used in a number of residual circumstances, when the hedging instruments for the risk factors are not available on the market or are not sufficiently liquid. For the purpose of EMIR compliance, in order to test the actual effectiveness of the hedging techniques adopted, the Group subjects its hedge portfolios to periodic statistical assessment.

Using interest rate swaps, the Enel Group agrees with the counterparty to periodically exchange floating-rate interest flows with fixed-rate flows, both calculated on the same notional principal amount.
Floating-to-fixed interest rate swaps transform floating-rate financial liabilities into fixed-rate liabilities, thereby neutralizing the exposure of cash flows to changes in interest rates.
Fixed-to-floating interest rate swaps transform fixed-rate financial liabilities into floating-rate liabilities, thereby neutralizing the exposure of their fair value to changes in interest rates.
Floating-to-floating interest rate swaps transform the indexing criteria for floating-rate financial liabilities.
Some structured borrowings have multi-stage cash flows hedged by interest rate swaps that at the reporting date, and for a limited time, provide for the exchange of fixed-rate interest flows.
Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) to which the synthetic financial instrument will be indexed as a result of the hedge. Certain hedging strategies provide for the use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).
Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to market expectations for future interest rate developments. In addition, interest rate options are also considered most appropriate in periods of greater uncertainty about future interest rate developments because they make it possible to benefit from any decrease in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2018 and December 31, 2017 broken down by type of contract:

Millions of euro	Notional amount	
	2018	2017
Floating-to-fixed interest rate swaps	10,032	11,166
Fixed-to-floating interest rate swaps	154	884
Fixed-to-fixed interest rate swaps	-	-
Floating-to-floating interest rate swaps	165	165
Interest rate options	50	50
Total	**10,401**	**12,265**

For more details on interest rate derivatives, please see note 46 "Derivatives and hedge accounting".

Interest rate risk sensitivity analysis

Enel analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross debt.

These market scenarios are obtained by simulating parallel increases and decreases in the yield curve as at the reporting date.

There were no changes introduced in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Group's profit before tax would be affected by a change in the level of interest rates as follows.

Millions of euro		2018			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Basis points	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	23	(23)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	6	(6)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	25	-	-	108	(108)
Fair value hedges	25	(1)	1	-	-

Exchange risk

Exchange risk mainly manifests itself as unexpected changes in the financial statement items associated with transactions denominated in a currency other than the currency of account. The Group's exposure is connected with the purchase or sale of fuels and power, investments (cash flows for capitalized costs), dividends and the purchase or sale of equity investments, commercial transactions and financial assets and liabilities.

In order to minimize the exposure to exchange risk, Enel implements diversified revenue and cost sources geographically, and uses indexing mechanisms in commercial contracts. Enel also uses various types of derivative, typically on the OTC market.

The derivatives in the Group's portfolio of financial instruments include cross currency interest rate swaps, currency forwards and currency swaps. The term of such contracts does not exceed the maturity of the underlying instrument, so that any change in the fair value and/or expected cash flows of such instruments offsets the corresponding change in the fair value and/or cash flows of the hedged position.

Cross currency interest rate swaps are used to transform a long-term financial liability denominated in currency other than the currency of account into an equivalent liability in the currency of account.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two principal amounts (deliverable forwards) or payment of the difference generated by differences between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the rates observed in a given period.

Currency swaps are contracts in which the counterparties enter into two transactions of the opposite sign at different future dates (normally one spot, the other forward) that provide for the exchange of principal denominated in different currencies.

The following table reports the notional amount of transactions outstanding at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro	Notional amount	
	2018	2017
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	24,712	19,004
Currency forwards hedging exchange risk on commodities	4,924	3,526
Currency forwards hedging future cash flows in currencies other than the euro	5,386	6,319
Currency swaps hedging commercial paper	-	-
Currency forwards hedging loans	-	-
Other currency forwards	1,584	300
Total	**36,606**	**29,149**

More specifically, these include:

- CCIRSs with a notional amount of €24,712 million to hedge the exchange risk on debt denominated in currencies other than the euro (€19,004 million at December 31, 2017);
- currency forwards with a total notional amount of €10,310 million used to hedge the exchange risk associated with purchases and sales of natural gas, purchases of fuel and expected cash flows in currencies other than the euro (€9,845 million at December 31, 2017);
- other currency forwards including OTC derivatives transactions carried out to mitigate exchange risk on expected cash flows in currencies other than the currency of account connected with the purchase of investment goods in the renewables and infrastructure and networks sectors (new generation digital meters), on operating expenses for the supply of cloud services and on revenue from the sale of renewable energy.

At December 31, 2018, 55% (47% at December 31, 2017) of Group long-term debt was denominated in currencies other than the euro.

Taking account of hedges of exchange risk, the percentage of debt not hedged against that risk amounted to 19% at December 31, 2018 (17% at December 31, 2017).

Exchange risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments. More specifically, sensitivity analysis measures the potential impact on profit or loss and equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross medium/long-term debt.

These scenarios are obtained by simulating the appreciation/depreciation of the euro against all of the currencies compared with the value observed as at the reporting date.

There were no changes in the methods or assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected by changes in exchange rates as follows.

Millions of euro	2018				
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Exchange rate	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term debt denominated in currencies other than the euro after hedging	10%	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	493	(600)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	10%	-	-	(2,712)	3,311
Fair value hedges	10%	8	(9)	-	-

Commodity risk

The risk of fluctuations in the price of commodities is mainly associated with the purchase and sale of electricity and fuels at variable prices (e.g. indexed bilateral contracts, transactions on the spot market, etc.).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

As regards electricity sold by the Group, Enel mainly uses fixed-price contracts in the form of bilateral physical contracts (PPAs) and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case. The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is aggregated by uniform risk factors that can be managed with hedging transactions on the market. Proxy hedging techniques may be used for the industrial portfolios when the hedging instruments for the specific risk factors generating the exposure are not available on the market or are not sufficiently liquid. In addition, Enel uses portfolio hedging techniques to assess opportunities for netting intercompany exposures.

The Group mainly uses plain vanilla derivatives for hedging (more specifically, forwards, swaps, options on commodities, futures, contracts for differences).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity) using financial derivatives and physical contracts traded on regulated and OTC markets, optimizing profits through transactions carried out on the basis of expected market developments.

The following table reports the notional amount of outstanding transactions at December 31, 2018 and December 31, 2017, broken down by type of instrument.

Millions of euro	Notional amount	
	2018	2017
Forward and futures contracts	41,157	24,824
Swaps	6,346	4,584
Options	549	422
Embedded derivatives	-	-
Total	**48,052**	**29,830**

For more details, please see note 46 "Derivatives and hedge accounting".

Commodity risk sensitivity analysis

The following table presents the results of the analysis of sensitivity to a reasonably possible change in the commodity prices underlying the valuation model used in the scenario at the same date, with all other variables held constant.

The impact on pre-tax profit of shifts of +10% and -10% in the price curve for the main commodities that make up the fuel scenario and the basket of formulas used in the contracts is mainly attributable to the change in the price of gas and petroleum products and, to a lesser extent, of electricity and CO_2. The impact on equity of the same shifts in the price curve is primarily due to changes in the price of electricity and, to a lesser extent, coal and CO_2.

Millions of euro		**2018**			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Commodity price	Increase	Decrease	Increase	Decrease
Change in the fair value of trading derivatives on commodities	10%	(114)	101	-	-
Change in the fair value of derivatives on commodities designated as hedging instruments	10%	-	-	70	(60)

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that a deterioration in the creditworthiness of a counterparty has an adverse impact on the expected value of the creditor position or, for trade payables only, increase average collection times.

Accordingly, the exposure to credit risk is attributable to the following types of operations:

- the sale and distribution of electricity and gas in free and regulated markets and the supply of goods and services (trade receivables);
- trading activities that involve the physical exchange of assets or transactions in financial instruments (the commodity portfolio);
- trading in derivatives, bank deposits and, more generally, financial instruments (the financial portfolio).

In order to minimize credit risk, credit exposures are managed at the Region/Country/Global Business Line level by different units, thereby ensuring the necessary segregation of risk management and control activities. Monitoring of the consolidated exposure is carried out by Enel SpA.

In addition, at the Group level the policy provides for the use of uniform criteria – in all the main Regions/Countries/Global Business Lines and at the consolidated level – in measuring commercial credit exposures in order to promptly identify any deterioration in the quality of outstanding receivables and any mitigation actions to be taken.

The policy for managing credit risk associated with commercial activities provides for a preliminary assessment of the creditworthiness of counterparties and the adoption of mitigation instruments, such as obtaining collateral or unsecured guarantees.

In addition, the Group undertakes transactions to assign receivables without recourse, which results in the complete derecognition of the corresponding assets involved in the assignment, as the risks and rewards associated with them have been transferred.

Finally, with regard to financial and commodity transactions, risk mitigation is pursued with a uniform system for assessing counterparties at the Group level, including implementation at the level of Regions/Countries/Global Business Lines, as well as with the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.

Financial receivables

Millions of euro

	at Dec. 31, 2018				
Staging	Basis for recognition of expected loss allowance	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Performing	12 m ECL	0.3%	7,682	22	7,660
Underperforming	Lifetime ECL	44.2%	344	152	192
Non-performing	Lifetime ECL	100.0%	55	55	-
Total			**8,081**	**229**	**7,852**

Assets deriving from contracts with customers, trade receivables and other receivables: individual measurement

Millions of euro

	at Dec. 31, 2018			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Contract assets	**-**	**37**	**-**	**37**
Trade receivables				
Trade receivables not past due	0.9%	4,349	37	4,312
Trade receivables past due:				
- 1-30 days	4.6%	368	17	351
- 31-60 days	13.0%	77	10	67
- 61-90 days	6.7%	60	4	56
- 91-120 days	15.6%	45	7	38
- 121-150 days	4.3%	46	2	44
- 151-180 days	20.3%	79	16	63
- more than 180 days (credit impaired)	51.6%	1,088	561	527
Total trade receivables		**6,112**	**654**	**5,458**
Other receivables				
Other receivables not past due	1.1%	999	11	988
Other receivables past due:				
- 1-30 days	-	83	-	83
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	-	-	-	-
Total other receivables		**1,082**	**11**	**1,071**
TOTAL		**7,231**	**665**	**6,566**

Assets deriving from contracts with customers, trade receivables and other receivables: collective measurement

Millions of euro

	at Dec. 31, 2018			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Contract assets	**0.2%**	**445**	**1**	**444**
Trade receivables				
Trade receivables not past due	2.3%	3,988	91	3,897
Trade receivables past due:				
- 1-30 days	1.9%	2,289	44	2,245
- 31-60 days	12.0%	209	25	184
- 61-90 days	18.7%	139	26	113
- 91-120 days	24.8%	125	31	94
- 121-150 days	22.5%	111	25	86
- 151-180 days	29.3%	92	27	65
- more than 180 days (credit impaired)	56.9%	3,350	1,905	1,445
Total trade receivables		**10,303**	**2,174**	**8,129**
Other receivables				
Other receivables not past due	3.3%	393	13	380
Other receivables past due:				
- 1-30 days	-	40	-	40
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	-	-	-	-
Total other receivables		**433**	**13**	**420**
TOTAL		**11,181**	**2,188**	**8,993**

Liquidity risk

Liquidity risk manifests itself as uncertainty about the Group's ability to discharge its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Enel manages liquidity risk by implementing measures to ensure an appropriate level of liquid financial resources, minimizing the associated opportunity cost and maintaining a balanced debt structure in terms of its maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including liquidity on hand and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced maturity profile for our debt, access to a range of sources of funding on different markets, in different currencies and with diverse counterparties.

The mitigation of liquidity risk enables the Group to maintain a credit rating that ensures access to the capital market and limits the cost of funds, with a positive impact on its performance and financial position.

The Group holds the following undrawn lines of credit.

Millions of euro	**at Dec. 31, 2018**		at Dec. 31, 2017	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	750	13,758	245	13,761
Uncommitted credit lines	355	-	360	1
Commercial paper	6,990	-	7,464	-
Total	**8,095**	**13,758**	**8,069**	**13,762**

Maturity analysis

The table below summarizes the maturity profile of the Group's long-term debt.

Millions of euro	Maturing in						
	Less than 3 months	From 3 months to 1 year	2020	2021	2022	2023	Beyond
Bonds:							
- listed, fixed rate	55	790	1,928	1,309	2,250	2,801	13,966
- listed, floating rate	106	199	283	355	465	567	1,191
- unlisted, fixed rate	-	-	-	-	1,787	2,172	8,799
- unlisted, floating rate	135	56	27	111	97	97	428
Total bonds	**296**	**1,045**	**2,238**	**1,775**	**4,599**	**5,637**	**24,384**
Bank borrowings:							
- fixed rate	82	395	397	244	75	42	251
- floating rate	188	1,165	1,381	1,175	629	636	3,780
- use of revolving credit lines	-	-	73	136	-	-	-
Total bank borrowings	**270**	**1,560**	**1,851**	**1,555**	**704**	**678**	**4,031**
Non-bank borrowings:							
- fixed rate	42	122	176	165	169	176	699
- floating rate	7	25	37	31	27	20	31
Total non-bank borrowings	**49**	**147**	**213**	**196**	**196**	**196**	**730**
TOTAL	**615**	**2,752**	**4,302**	**3,526**	**5,499**	**6,511**	**29,145**

Commitments to purchase commodities

In conducting its business, the Enel Group has entered into contracts to purchase specified quantities of commodities at a certain future date for its own use, which qualify for the own use exemption provided for under IAS 39.

The following table reports the undiscounted cash flows associated with outstanding commitments at December 31, 2018.

Millions of euro

	at Dec. 31, 2018	2015-2019	2020-2024	2025-2029	Beyond
Commitments to purchase commodities:					
- electricity	109,638	27,358	20,282	19,892	42,106
- fuels	43,668	26,536	10,969	4,398	1,765
Total	**153,306**	**53,894**	**31,251**	**24,290**	**43,871**

45. Offsetting financial assets and financial liabilities

At December 31, 2018, the Group did not hold offset positions in assets and liabilities, as it is not the Enel Group's policy to settle financial assets and liabilities on a net basis.

46. Derivatives and hedge accounting

The following tables show the notional amount and the fair value of derivative financial assets and derivative financial liabilities eligible for hedge accounting or measured a FVTPL, classified on the basis of the type of hedge relationship and the hedged risk, broken down into current and non-current instruments.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the official year end exchange rates provided by the World Markets Reuters (WMR) Company.

Millions of euro	Non-current				Current			
	Notional		Fair value		Notional		Fair value	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Fair value hedge derivatives:								
- on interest rates	12	827	6	23	15	-	1	-
- on exchange rates	171	-	19	-	66	-	3	-
Total	**183**	**827**	**25**	**23**	**81**	**-**	**4**	**-**
Cash flow hedge derivatives:								
- on interest rates	404	780	12	5	427	127	1	1
- on exchange rates	8,318	3,644	675	594	4,689	1,130	252	45
- on commodities	1,126	367	262	63	1,428	1,975	494	281
Total	**9,848**	**4,791**	**949**	**662**	**6,544**	**3,232**	**747**	**327**
Trading derivatives:								
- on interest rates	50	394	2	3	-	-	-	-
- on exchange rates	197	134	4	5	4,057	4,442	51	80
- on commodities	261	177	25	9	20,553	12,909	3,112	1,902
Total	**508**	**705**	**31**	**17**	**24,610**	**17,351**	**3,163**	**1,982**
TOTAL DERIVATIVE FINANCIAL ASSETS	**10,539**	**6,323**	**1,005**	**702**	**31,235**	**20,583**	**3,914**	**2,309**

Millions of euro	Non-current				Current			
	Notional		Fair value		Notional		Fair value	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Fair value hedge derivatives:								
- on interest rates	-	-	-	-	-	-	-	-
- on exchange rates	-	63	-	7	-	35	-	6
- on commodities	-	-	-	-	-	-	-	-
Total	**-**	**63**	**-**	**7**	**-**	**35**	**-**	**6**
Cash flow hedge derivatives:								
- on interest rates	8,605	9,899	605	556	272	50	1	1
- on exchange rates	13,025	15,756	1,803	2,375	2,791	2,096	348	114
- on commodities	656	368	167	39	2,050	1,114	859	159
Total	**22,286**	**26,023**	**2,575**	**2,970**	**5,113**	**3,260**	**1,208**	**274**
Trading derivatives:								
- on interest rates	478	88	17	9	138	100	66	65
- on exchange rates	191	326	3	10	3,101	1,474	33	38
- on commodities	133	18	14	2	21,845	12,902	3,036	1,877
Total	**802**	**432**	**34**	**21**	**25,084**	**14,476**	**3,135**	**1,980**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**23,088**	**26,518**	**2,609**	**2,998**	**30,197**	**17,771**	**4,343**	**2,260**

46.1 Derivatives designated as hedging instruments

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, foreign exchange rate risk, commodity price risk and net investments in foreign operations when all the criteria provided by IFRS 9 are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Group assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Depending on the nature of the risks exposure, the Group designates derivatives as either:

- fair value hedge; or
- cash flow hedge.

For more details about the nature and the extent of risks arising from financial instruments to which the Group is exposed, please refer the note 44 "Risk management".

To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk shall not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at initial designation shall be equal to the one used for risk management purposes (i.e. same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Group through a qualitative assessment or a quantitative computation, depending of the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underling risk of the hedging instrument and the hedged item is not the same, the exis-

tence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e. linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.
For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component, a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.
In order to evaluate the credit risk effects, the Group considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Group has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.
The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there aren't other sources of ineffectiveness, including the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the "dollar offset" cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the followings:

- basis differences (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e. the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e. the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e. changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e. the counterparty credit risk differently impact the fair value movements of the hedging instruments and hedge items).

Fair value hedges

Fair value hedges are used to protect the Group against exposures to changes in the fair value of assets, liabilities or firm commitment attributable to a particular risk that could affect profit or loss.
Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the period to maturity.

Cash flow hedges

Cash flow hedges are applied in order to hedge the Group exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.
Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).
If the hedged item results in the recognition of a non-financial asset (i.e. property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e. cash flow reserve) shall be removed and included in the initial value (cost or other carrying amount) of the asset or the liability hedged (i.e. "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.
For hedging relationships using forward as hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs OCI) is defined case by case. This approach is actually applied by the Group for hedging of foreign currency risk on renewables assets.
Conversely, for hedging relationships using cross currency interest rate swap as hedging instrument, the Group separates foreign currency basis spread, in designating the hedging derivative, and present them in other comprehensive income (OCI) as hedging costs.
With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Enel Group applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called liquidity-based approach).
This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.
Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.
At the roll-over date, the hedging relationship is discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in shareholders' equity (the cash flow hedge reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The following tables show the notional amount and the fair value of hedging derivatives assets and liabilities, classified on the basis of each type of hedge relationship and hedged risk, broken down into current and non-current.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into CU by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than CU are converted at the year end exchange rates provided by the World Markets Reuters (WMR) Company.

For more information about the fair value measurement of derivative contracts, please see notes 47 "Assets measured at fair value" and 48 "Liabilities measured at fair value".

46.1.1 Hedge relationships by type of risk hedged

Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2018**		at Dec. 31, 2017	
Interest rate swaps	Fixed-rate borrowings	6	12	22	812
Interest rate swaps	Floating-rate borrowings	(599)	9,581	(550)	10,799
Interest rate swaps	Floating-rate financial receivables	7	142	-	72
Total		**(586)**	**9,735**	**(528)**	**11,683**

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Fair value hedge derivatives:								
- interest rate swaps	27	827	7	23	-	-	-	-
Cash flow hedge derivatives:								
- interest rate swaps	831	907	13	6	8,877	9,949	(606)	(557)
Total interest rate derivatives	**858**	**1,734**	**20**	**29**	**8,877**	**9,949**	**(606)**	**(557)**

The notional amount of derivatives classified as hedging instruments at December 31, 2018, came to €9,735 million, with a corresponding negative fair value of €586 million.

Compared with December 31, 2017, the notional amount decreased by €1,948 million, mainly reflecting:

- the early termination of pre-hedge interest rate swaps amounting to €1,250 million in respect of the issue of the green bond;
- the early termination of pre-hedge interest rate swaps amounting to €1,500 million in respect of the US-dollar denominated bond issue in September;
- the early termination of interest rate swaps amounting to €938 million, of which €800 million in respect of the tender offer for the hybrid bond issued by Enel SpA in 2013;
- the expiry of interest rate swaps amounting to €177 million;
- new interest rate swaps amounting to €2,445 million.

The value also reflects the reduction of €527 million in the notional amount of amortizing interest rate swaps.

The deterioration in the fair value of €58 million mainly reflects developments in the yield curve.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	13	5	3	2	1	1	3
- negative fair value	(606)	(84)	(122)	(116)	(91)	(78)	(146)

The following table shows the impact of reserves from cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2017	**(768)**
Changes in fair value recognized in equity (OCI)	99
Changes in fair value recognized in profit or loss	52
Closing balance at December 31, 2017	**(617)**
Opening balance at January 1, 2018	**(617)**
Changes in fair value recognized in equity (OCI)	(77)
Changes in fair value recognized in profit or loss	37
Closing balance at December 31, 2018	**(657)**

Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on the exchange risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
		at Dec. 31, 2018		at Dec. 31, 2017	
Hedging instrument	**Hedged asset**				
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(1,325)	21,114	(1,720)	17,616
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	95	1,021	(4)	977
Cross currency interest rate swaps (CCIRSs)	Future cash flows denominated in foreign currencies	(71)	297	(29)	321
Currency forwards	Future commodity purchases denominated in foreign currencies	99	4,298	(130)	3,076
Currency forwards	Future cash flows denominated in foreign currencies	(30)	1,089	30	552
Currency forwards	Purchases of investment goods and other	30	1,241	(9)	183
Total		**(1,202)**	**29,060**	**(1,863)**	**22,725**

Cash flow hedges and fair value hedges include:

- CCIRSs with a notional amount of €21,114 million used to hedge the exchange risk on fixed-rate debt denominated in currencies other than the euro, with a negative fair value of €1,325 million;
- CCIRSs with a notional amount of €1,318 million used to hedge the exchange risk on floating-rate debt denominated in currencies other than the euro, with a positive fair value of €24 million;
- currency forwards with a notional amount of €5,387 million used to hedge the exchange risk associated with purchases of natural gas, purchases of fuel and expected cash flows in currencies other than the euro, with a positive fair value of €69 million;
- currency forwards with a notional amount of €1,241 million and a positive fair value of €30 million in respect of OTC transactions to mitigate the exchange risk on expected cash flows in currencies other than the currency of account connected with the purchase of investment goods in the renewables and infrastructure and networks sectors (new generation digital meters), on operating expenses for the supply of cloud services and on revenue from the sale of renewable energy.

The following table reports the notional amount and fair value of foreign exchange derivatives at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Fair value hedge derivatives:								
- currency forwards	-	-	-	-	-	4	-	-
- CCIRSs	237	-	22	-	-	93	-	(13)
Cash flow hedge derivatives:								
- currency forwards	4,302	747	160	32	2,326	3,060	(61)	(142)
- CCIRSs	8,705	4,028	767	607	13,490	14,793	(2,090)	(2,347)
Total foreign exchange derivatives	**13,244**	**4,775**	**949**	**639**	**15,816**	**17,950**	**(2,151)**	**(2,502)**

The notional amount of CCIRSs at December 31, 2018 amounted to €22,432 million (€18,914 million at December 31, 2017), an increase of €3,518 million. Cross currency interest rate swaps with a total value of €654 million expired, while cross currency interest rate swaps with a value of €148 were closed early. New derivatives amounted to €3,871 million, of which €3,492 million in respect of bond issues denominated in US dollars in September 2018. The value also reflects developments in the exchange rate of the euro against the main other currencies, which caused their notional amount to increase by €358 million.

The notional value of currency forwards at December 31, 2018 amounted to €6,628 million (€3,807 million at December 31, 2017), an increase of €2,821 million. The exposure to exchange risk, especially that associated with the US dollar, is mainly due to purchases of natural gas, purchase of fuel and cash flows in respect of investments. Changes in the notional amount are connected with normal developments in operations.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	926	380	261	182	163	332	1,112
- negative fair value	(2,150)	(237)	72	43	29	65	124

The following table shows the impact of reserves from cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro

Opening balance at January 1, 2017	**(1,341)**
Changes in fair value recognized in equity (OCI)	(211)
Changes in fair value recognized in profit or loss	(88)
Closing balance at December 31, 2017	**(1,640)**
Opening balance at January 1, 2018	**(1,640)**
Changes in fair value recognized in equity (OCI)	181
Changes in fair value recognized in profit or loss	65
Closing balance at December 31, 2018	**(1,394)**

Commodity risk

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Fair value hedge derivatives								
Derivatives on power:								
- swaps	-	-	-	-	-	-	-	-
- forwards/futures	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on power	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash flow hedge derivatives								
Derivatives on power:								
- swaps	1,249	458	139	39	512	238	(227)	(22)
- forwards/futures	293	116	20	11	159	545	(12)	(102)
- options	-	-	-	-	-	-	-	-
Total derivatives on power	**1,542**	**574**	**159**	**50**	**671**	**783**	**(239)**	**(124)**
Derivatives on coal:								
- swaps	10	525	74	84	619	18	(94)	(1)
- forwards/futures	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on coal	**10**	**525**	**74**	**84**	**619**	**18**	**(94)**	**(1)**
Derivatives on gas and oil:								
- swaps	-	45	-	12	-	-	-	-
- forwards/futures	723	1,036	222	130	1,415	681	(693)	(73)
- options	-	-	-	-	-	-	-	-
Total derivatives on gas and oil	**723**	**1,081**	**222**	**142**	**1,415**	**681**	**(693)**	**(73)**
Derivatives on CO_2:								
- swaps	-	-	-	-	-	-	-	-
- forwards/futures	279	162	301	68	1	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on CO_2	**279**	**162**	**301**	**68**	**1**	**-**	**-**	**-**
TOTAL DERIVATIVES ON COMMODITIES	**2,554**	**2,342**	**756**	**344**	**2,706**	**1,482**	**(1,026)**	**(198)**

The table reports the notional amount and fair value of derivatives hedging the price risk on commodities at December 31, 2018 and at December 31, 2017, broken down by type of hedge. The positive fair value of cash flow hedge derivatives on commodities regards derivatives on gas and oil commodities in the amount of €222 million, derivatives on CO_2 (€301 million), derivatives on power (€159 million) and, to a lesser extent, hedges of coal purchases requested by the generation companies in the amount of €74 million. The first category primarily regards hedges of fluctuations in the price of natural gas, for both purchases and sales, carried out for oil commodities and gas products with physical delivery (all-in-one hedges).

Cash flow hedge derivatives on commodities included in liabilities regard derivatives on gas and oil commodities in the amount of €693 million, derivatives on power in the amount of €239 million and derivatives on coal (€94 million).

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on commodities:							
- positive fair value	756	494	178	4	5	6	69
- negative fair value	(1,026)	(859)	(143)	(10)	(7)	(5)	(2)

The following table shows the impact of reserves from cash flow hedge derivatives on commodity risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2017	**345**
Changes in fair value recognized in equity (OCI)	409
Changes in fair value recognized in profit or loss	(513)
Closing balance at December 31, 2017	**241**
Opening balance at January 1, 2018	**241**
Changes in fair value recognized in equity (OCI)	(199)
Changes in fair value recognized in profit or loss	(129)
Closing balance at December 31, 2018	**(87)**

46.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2018 and December 31, 2017.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivatives at FVTPL								
Derivatives on interest rates:								
- interest rate swaps	50	394	2	3	566	138	(79)	(68)
- interest rate options	-	-	-	-	50	50	(5)	(6)
Derivatives on exchange rates:								
- currency forwards	4,092	4,576	54	85	1,175	1,759	(18)	(46)
- CCIRSs	162	-	1	-	2,117	90	(18)	(2)
Derivatives on commodities								
Derivatives on power:								
- swaps	1,070	776	167	125	229	608	(28)	(107)
- forwards/futures	6,260	3,439	814	457	6,955	3,500	(1,016)	(522)
- options	15	7	28	9	20	16	(11)	(5)
Total derivatives on power	**7,345**	**4,222**	**1,009**	**591**	**7,204**	**4,124**	**(1,055)**	**(634)**
Derivatives on coal:								
- swaps	201	369	56	86	823	294	(48)	(57)
- forwards/futures	-	29	-	1	-	4	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on coal	**201**	**398**	**56**	**87**	**823**	**298**	**(48)**	**(57)**
Derivatives on gas and oil:								
- swaps	896	534	215	125	728	629	(186)	(123)
- forwards/futures	11,894	7,653	1,640	823	12,712	7,483	(1,531)	(732)
- options	225	181	147	254	289	216	(165)	(293)
Total derivatives on gas and oil	**13,015**	**8,368**	**2,002**	**1,202**	**13,729**	**8,328**	**(1,882)**	**(1,148)**
Derivatives on CO_2:								
- swaps	-	-	-	-	-	-	-	-
- forwards/futures	243	97	68	30	221	79	(65)	(34)
- options	-	1	-	1	-	1	-	(1)
Total derivatives on CO_2	**243**	**98**	**68**	**31**	**221**	**80**	**(65)**	**(35)**
Derivatives on other:								
- swaps	9	-	2	-	-	90	-	(5)
- forwards/futures	1	-	-	-	1	-	-	-
- options	-	-	-	-	-	-	-	-
Total derivatives on other	**10**	**-**	**2**	**-**	**1**	**90**	**-**	**(5)**
Embedded derivatives	-	-	-	-	-	-	-	-
TOTAL DERIVATIVES	**25,118**	**18,056**	**3,194**	**1,999**	**25,886**	**14,957**	**(3,169)**	**(2,001)**

At December 31, 2018 the notional amount of trading derivatives on interest rates came to €666 million. The fair value of a negative €81 million deteriorated by €10 million on the previous year, mainly due to developments in the yield curve.

At December 31, 2018, the notional amount of derivatives on exchange rates was €7,546 million. The overall increase in their notional value and the decline in the associated net fair value of €18 million mainly reflected normal operations and developments in exchange rates.

At December 31, 2018, the notional amount of derivatives on commodities came to €42,792 million. The fair value of trading derivatives on commodities classified as assets mainly reflects the market valuation of hedges of gas and oil amounting to €2,002 million and derivatives on power amounting to €1,009 million.

The fair value of trading derivatives on commodities classified as liabilities mainly regards hedges of gas and oil amounting to €1,882 million and derivatives on power amounting to €1,055 million.

These values include transactions that, although established for hedging purposes, did not meet the requirements for hedge accounting.

The "Other" category includes hedges using weather derivatives. In addition to commodity risk, the Group companies are also exposed to changes in volumes associated with weather conditions (for example, temperature impacts the consumption of gas and power).

47. Assets measured at fair value

The Group determines fair value in accordance with IFRS 13 whenever such measurement is required by the international accounting standards as a recognition or measurement criterion.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The best proxy of fair value is market price, i.e. the current publically available price actually used on a liquid and active market.

The fair value of assets and liabilities is classified in accordance with the three-level hierarchy described below, depending on the inputs and valuation techniques used in determining their fair value:

- Level 1, where the fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2, where the fair value is determined on basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
- Level 3, where the fair value is determined on the basis of unobservable inputs.

This note also provides detailed disclosures concerning the valuation techniques and inputs used to perform these measurements.

To that end:

- recurring fair value measurements of assets or liabilities are those required or permitted by the IFRSs in the balance sheet at the close of each period;
- non-recurring fair value measurements are those required or permitted by the IFRSs in the balance sheet in particular circumstances.

For general information or specific disclosures on the accounting treatment of these circumstances, please see note 2 "Accounting policies and measurement criteria".

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the financial statements, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Equity investments in other entities at FVOCI	26	**53**	2	12	39	**-**	-	-	-
Securities at FVOCI	26.1, 30.1	**360**	360	-	-	**72**	72	-	-
Securities at FVTPL	26.1	**10**	-	-	10	**-**	-	-	-
Financial assets from service concession arrangements at FVTPL	26	**2,070**	-	2,070	-	**-**	-	-	-
Loans and receivables measured at fair value	26	**359**	-	-	359	**92**	92	-	-
Other investments of liquidity at fair value	32	**-**	-	-	-	**84**	84	-	-
Cash flow hedge derivatives:									
- on interest rates	46	**12**	-	12	-	**1**	-	1	-
- on exchange rates	46	**675**	-	675	-	**252**	-	252	-
- on commodities	46	**262**	11	251	-	**494**	171	323	-
Fair value hedge derivatives:									
- on interest rates	46	**6**	-	6	-	**1**	-	1	-
- on exchange rates	46	**19**	-	19	-	**3**	-	3	-
Trading derivatives:									
- on interest rates	46	**2**	-	2	-	**-**	-	-	-
- on exchange rates	46	**4**	-	4	-	**51**	-	51	-
- on commodities	46	**25**	9	16	-	**3,112**	1,951	1,159	2
Inventories measured at fair value	28	**37**	37	-	-	**-**	-	-	-
Contingent consideration	27	**91**	-	91	-	**-**	-	-	-

The fair value of "Equity investments in other entities at FVOCI" is determined for listed companies on the basis of the quoted price set on the closing date of the year, while that for unlisted companies is based on a reliable valuation of the relevant assets and liabilities.

"Financial assets from service concession arrangements at FVTPL" concern electricity distribution operations in Brazil, mainly by Enel Distribuição São Paulo, Enel Distribuição Rio, Enel Distribuição Ceará and Enel Green Power Volta Grande and are accounted for in accordance with IFRIC 12. Fair value was estimated as the net replacement cost based on the most recent rate information available and on the general price index for the Brazilian market.

The non-current portion of "Loans and receivables measured at fair value" includes (recognized in level 3) the fair value of the receivable from the disposal of Slovak Power Holding of €359 million at December 31, 2018. The fair value is determined on the basis of the price formula specified in the contract.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the World Markets Reuters (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.
In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk. More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of

the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are converted into euros at the year-end exchange rates provided by the World Markets Reuters (WMR) Company.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

47.1 Fair value of other assets

For each class of assets not measured at fair value on a recurring basis but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Loans and receivables	26, 30	**608**	-	130	478	**1,385**	-	1,254	131
Investment property	19	**196**	22	-	174	**-**	-	-	-
Inventories	26	**57**	-	-	57	**-**	-	-	-

The table reports the fair value of investment property and inventories of real estate not used in the business in the amount of €196 million and €57 million respectively. The amounts were calculated with the assistance of appraisals conducted by independent experts, who used different methods depending on the specific assets involved.

"Loans and receivables" mainly regards e-distribuzione's receivables for the elimination of the Electrical Workers Pension Fund and for the reimbursement of charges connected with the early retirement of electromechanical meters.

48. Liabilities measured at fair value

The following table reports for each class of liabilities measured at fair value on a recurring or non-recurring basis in the financial statements the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro

		Non-current liabilities				Current liabilities			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Cash flow hedge derivatives:									
- on interest rates	46	**605**	-	605	-	**1**	-	1	-
- on exchange rates	46	**1,803**	-	1,803	-	**348**	-	348	-
- on commodities	46	**167**	67	100	-	**859**	491	368	-
Trading derivatives:									
- on interest rates	46	**17**	-	17	-	**66**	-	66	-
- on exchange rates	46	**3**	-	3	-	**33**	-	33	-
- on commodities	46	**14**	7	7	-	**3,036**	1,653	1,383	-
Contingent consideration	38, 42	**117**	-	117	-	**109**	-	109	-

Contingent consideration regards the Enel X Business Line and Enel Green Power North America, whose fair value was determined on the basis of the contractual terms and conditions.

The fair value of derivatives on commodities classified as level 3 regards the measurement of hedging derivatives on weather indices (weather derivatives). For these contracts, measurement uses certified historical data on the underlying variables. For example, an HDD ("Heating Degree Days") derivative on a given measurement station indicated in the derivative contract is measured at fair value by calculating the difference between the agreed strike and the historical average of the same variable observed at the same station.

48.1 Fair value of other liabilities

For each class of liabilities not measured at fair value in the balance sheet but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those liabilities are classified.

Millions of euro

	Notes	**Fair value**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	43.3.1	**38,507**	35,179	3,328	-
- floating rate	43.3.1	**4,220**	165	4,055	-
Bank borrowings:					
- fixed rate	43.3.1	**1,539**	-	1,539	-
- floating rate	43.3.1	**9,027**	-	9,027	-
Non-bank borrowings:					
- fixed rate	43.3.1	**1,585**	-	1,585	-
- floating rate	43.3.1	**182**	-	182	-
Total		**55,060**	**35,344**	**19,716**	**-**

49. 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
Acquirente Unico - 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)
GSE - 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
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (GME) Purchase of electricity on the Power Exchange for pumping and plant planning (GME)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

In addition, the Group conducts essentially commercial transactions with associated companies or companies in which it holds minority interests.

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and the Environment.

The following tables summarize transactions with related parties, associated companies and joint arrangements outstanding at December 31, 2018 and December 31, 2017 and carried out during the period.

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Income statement						
Revenue from sales and services	-	1,952	2,622	389	222	-
Other revenue and income	-	-	6	7	3	-
Other financial income	-	-	1	-	-	-
Purchases of electricity, gas and fuel	3,228	3,234	1,136	-	-	-
Costs for services and other materials	-	52	2,299	3	163	-
Other operating expenses	6	262	4	-	-	-
Net income/(expense) from commodity risk management	-	-	1	-	-	-
Other financial expense	-	-	16	8	-	-

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Balance sheet						
Trade receivables	-	120	717	20	36	-
Other current financial assets	-	-	-	-	-	-
Other current assets	-	8	10	146	-	-
Derivative assets	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	6	-
Long-term borrowings	-	-	804	-	-	-
Trade payables	871	160	983	833	19	-
Other current liabilities	-	2	7	-	-	-
Current contract liabilities	-	-	11	-	14	-
Current derivative liabilities	-	-	-	-	-	-
Current portion of long-term borrowings	-	-	89	-	-	-
Other information						
Guarantees issued	-	250	354	-	132	-
Guarantees received	-	-	135	-	16	-
Commitments	-	-	29	-	7	-

Total 2018	Associates and joint arrangements	Overall total 2018	Total in financial statements	% of total
5,185	202	**5,387**	**73,134**	**7.4%**
16	22	**38**	**2,538**	**1.5%**
1	58	**59**	**1,715**	**3.4%**
7,598	139	**7,737**	**35,728**	**21.7%**
2,517	127	**2,644**	**18,870**	**14.0%**
272	-	**272**	**2,889**	**9.4%**
1	9	**10**	**483**	**2.1%**
24	31	**55**	**4,392**	**1.3%**

Total at Dec. 31, 2018	Associates and joint arrangements	Overall total at Dec. 31, 2018	Total in financial statements	% of total
893	192	**1,085**	**13,587**	**8.0%**
-	21	**21**	**5,160**	**0.4%**
164	1	**165**	**2,983**	**5.5%**
-	52	**52**	**3,914**	**1.3%**
6	80	**86**	**1,901**	**4.5%**
804	-	**804**	**48,983**	**1.6%**
2,866	58	**2,924**	**13,387**	**21.8%**
9	60	**69**	**12,107**	**0.6%**
25	-	**25**	**1,095**	**2.3%**
-	35	**35**	**4,343**	**0.8%**
89	-	**89**	**3,367**	**2.6%**
736	-	**736**		
151	-	**151**		
36	-	**36**		

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Income statement						
Revenue from sales and services	1	1.767	2.668	443	89	-
Other revenue and income	-	-	2	-	3	-
Other financial income	-	-	-	-	-	-
Purchases of electricity, gas and fuel	3.345	2.458	1.636	-	4	-
Costs for services and other materials	-	75	2.340	5	115	-
Other operating expenses	4	524	3	-	-	-
Net income/(expense) from commodity risk management	-	-	32	-	-	-
Other financial expense	-	-	-	1	-	-

Millions of euro	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel
Balance sheet						
Trade receivables	-	77	526	57	34	-
Other current financial assets	-	-	-	-	-	-
Other current assets	-	-	24	129	1	-
Derivative assets	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	6	-
Long-term borrowings	-	-	893	-	-	-
Trade payables	682	110	543	977	11	-
Other current liabilities	-	-	10	-	-	-
Current derivative liabilities	-	-	-	-	-	-
Current portion of long-term borrowings	-	-	89	-	-	-
Other information						
Guarantees issued	-	280	360	-	108	-
Guarantees received	-	-	208	-	23	-
Commitments	-	-	46	-	6	-

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at https://www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2018, 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 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

Total 2017	Associates and joint arrangements	Overall total 2017	Total in financial statements	% of total
4,968	156	5,124	72,664	7.1%
5	17	22	1,975	1.1%
-	18	18	2,371	0.8%
7,443	318	7,761	36,039	21.5%
2,535	129	2,664	17,982	14.8%
531	-	531	2,886	18.4%
32	(5)	27	578	4.7%
1	24	25	3,908	0.6%

Total at Dec. 31, 2017	Associates and joint arrangements	Overall total at Dec. 31, 2017	Total in financial statements	% of total
694	138	832	14,529	5.7%
-	3	3	4,614	0.1%
154	8	162	2,695	6.0%
-	11	11	2,309	0.5%
6	30	36	2,003	1.8%
893	-	893	42,439	2.1%
2,323	42	2,365	12,671	18.7%
10	27	37	12,462	0.3%
-	9	9	2,260	0.4%
89	-	89	7,000	1.3%
748	-	748		
231	-	231		
52	-	52		

50. Government grants - Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA and the fully consolidated subsidiaries to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA and Group subsidiaries to public or private parties resident or established in Italy.

The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2018, even if made through multiple financial transactions. They are recognized on a cash basis.

Pursuant to the provisions of Article 3-*quater* of Decree Law 135 of December 14, 2018, ratified with Law 12 of February 11, 2019, for grants received, please refer to the information contained in the National Register of State Aid referred to in Article 52 of Law 234 of December 24, 2012.

As far as donations made are concerned, the material cases are listed below.

Grants received in millions of euro

Financial institution/Grantor	Beneficiary	Amount	Notes
Min. Education, Universities & Research (MIUR)	e-distribuzione	**0.10**	Instalment of grant received for Internet of Energy project, funded as part of the Artemis - Joint Undertaking tender
Emilia-Romagna Region	e-distribuzione	**1.25**	Grant received as part of Decree Law 74/2012 financing - Urgent measures for those affected by seismic events of May 20 and 29 2012 in Emilia Romagna
Intesa Sanpaolo	Enel Produzione SpA	**0.09**	Ascoli P.R. Project - Balance of grant received under funding initiative - Tender 14 - Industry 2002 - Law 488/1992
Intesa Sanpaolo	Enel Produzione SpA	**0.44**	Volturno 2 project - Balance of grant received under funding initiative - Tender 14 - Industry 2002 - Law 488/1992
Enel SpA	Enel X Srl	**0.09**	R&D project co-financed by EU and national resources. Instalment of prefinancing transferred by Enel SpA, following assignment of financing contract to Enel X - Connect Project
ECSEL JU-MIUR	Enel X Srl	**0.10**	R&D project co-financed by EU and national resources. Receipt of prefinancing - WinSic4AP Project
Min. Economic Development (MiSE)	Enel Green Power SpA	**0.16**	Intermediate instalment of grant received for O.M.E.G.A. Project financed within FIT Technology Innovation Programs under Law 46/1982
SIMEST SpA	Enel Green Power SpA	**0.12**	Interest subsidies on loans for investments in foreign enterprises held in part by SIMEST. Palo Viejo 2 Project (Guatemala), funded under Art. 4 of Law 100/1990
SIMEST SpA	Enel Green Power SpA	**0.63**	Interest subsidies on loans for investments in foreign enterprises held in part by SIMEST. Chucas Project (Costa Rica), funded under Art. 4 of Law 100/1990
SIMEST SpA	Enel Green Power SpA	**0.57**	Interest subsidies on loans for investments in foreign enterprises held in part by SIMEST. Talinay Project (Chile), funded under Art. 4 of Law 100/1990
		3.55	**Total**

Donations made
in millions of euro

Donor	Beneficiary	Amount	Notes
e-distribuzione SpA	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.12**	Donation of 10 Top Crash systems to support Highway Police operations
e-distribuzione SpA	Fondazione Centro Studi	**0.63**	1st payment on account for 2017 donation
e-distribuzione SpA	Fondazione Centro Studi	**1.07**	2nd payment on account for 2017 donation
e-distribuzione SpA	Fondazione Centro Studi	**1.70**	Balance of 2017 donation
e-distribuzione SpA	Fondazione Centro Studi	**1.59**	50% of 2018 donation
e-distribuzione SpA	Enel Cuore	**0.04**	Association dues 2018
e-distribuzione SpA	Enel Cuore	**0.63**	20% of 2017 donation
e-distribuzione SpA	Enel Cuore	**2.52**	80% balance of 2017 donation
e-distribuzione SpA	Enel Cuore	**0.65**	20% of 2018 donation
Enel Produzione SpA	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.01**	Donation of 1 Top Crash system to support Highway Police operations
Enel Produzione SpA	Fondazione Centro Studi	**0.03**	50% of 2018 donation
Enel Produzione SpA	Enel Cuore	**0.04**	Association dues 2018
Enel Produzione SpA	Enel Cuore	**0.01**	20% of 2018 donation
Enel Energia SpA	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.01**	Donation of 1 Top Crash system to support Highway Police operations
Enel Energia SpA	Fondazione Centro Studi	**1.10**	Balance of 2017 donation
Enel Energia SpA	Fondazione Centro Studi	**0.80**	50% of 2018 donation
Enel Energia SpA	Enel Cuore	**0.04**	Association dues 2018
Enel Energia SpA	Enel Cuore	**0.41**	20% of 2017 donation
Enel Energia SpA	Enel Cuore	**1.64**	80% balance of 2017 donation
Enel Energia SpA	Enel Cuore	**0.06**	Donation for Schools Project
Enel Energia SpA	Enel Cuore	**0.32**	20% of 2018 donation
Enel Italia Srl	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.02**	Donation of 2 Top Crash systems to support Highway Police operations
Enel Italia Srl	Enel Cuore	**0.04**	Association dues 2018
Enel Italia Srl	Enel Cuore	**0.01**	20% of 2017 donation
Enel Italia Srl	Enel Cuore	**0.04**	80% balance of 2017 donation
Enel Italia Srl	Enel Cuore	**0.02**	20% of 2018 donation
Enel Italia Srl	Fondazione Centro Studi	**0.03**	Balance of 2017 donation
Enel Italia Srl	Fondazione Centro Studi	**0.04**	50% of 2018 donation
Enel Green Power SpA	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.03**	Donation of 2 Top Crash systems to support Highway Police operations
Enel Green Power SpA	Ethiopian Catholic Church Social and Development	**0.45**	Health Service Program in Saint Luke Catholic Hospital and College of Nursing and Midwifery: donation of hybrid photovoltaic system
Enel Green Power SpA	Treasury of Roma Capitale-Cultural Heritage Superintendency	**0.18**	Redevelopment of external areas of "Giardino Caffarelli" and "Giardino De Vico" plus restoration of three fountains
Enel Green Power SpA	Fondazione Centro Studi	**0.12**	Balance of 2017 donation
Enel Green Power SpA	Enel Cuore	**0.04**	Association dues 2018
Enel Green Power SpA	Enel Cuore	**0.05**	20% of 2017 donation
Enel Green Power SpA	Enel Cuore	**0.20**	80% balance of 2017 donation
Enel Green Power SpA	Renewable Energy Solutions for the Mediterranean (RES4MED)	**0.06**	Association dues 2018
Enel Green Power SpA	Renewable Energy Solutions for the Mediterranean (RES4MED)	**0.06**	Association dues 2019

Donations made
in millions of euro

Donor	Beneficiary	Amount	Notes
Enel Green Power SpA	Shared Value Project Limited	**0.02**	Association dues 2018
Enel SpA	Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**0.02**	Donation of 2 Top Crash systems to support Highway Police operations
Enel SpA	ASHOKA Italia ONLUS	**0.06**	Donation to promote sustainable growth
Enel SpA	European University Institute	**0.10**	Donation to support research
Enel SpA	Fondazione Centro Studi Enel	**0.10**	Donation to support research and advanced training projects
Enel SpA	Enel Cuore	**0.04**	Association dues 2018
Enel SpA	LUISS	**0.06**	Donation to support study grants
Enel SpA	Fondazione Teatro del Maggio Musicale	**0.40**	Donation for cultural projects 2018
Enel SpA	Fondazione MAXXI	**0.59**	Donation for cultural projects 2018
Enel SpA	Fondazione Accademia Nazionale "Santa Cecilia"	**0.50**	Donation for cultural projects 2018
Enel SpA	Elettrici senza frontiere	**0.04**	Donation for development energy
Enel SpA	Fondazione Teatro alla Scala	**0.60**	Donation for cultural projects 2018
Enel SpA	OECD	**0.08**	Donation for 2018
Enel SpA	Enel X Srl	**0.09**	R&D project co-financed by EU and national resources. Instalment transferred by Enel SpA, following assignment of financing contract to Enel X - Connect Project
Enel SpA	CharIN - Charging Interface Initiative e. V.	**0.01**	Association dues 2018
Enel SpA	Fondazione Italia Giappone	**0.02**	Association dues 2018
Enel SpA	OME - Observatorie Méditerranéen de l'Energie	**0.06**	Association dues 2018
Enel SpA	Global Reporting Initiative	**0.01**	Association dues 2018
Enel SpA	WBCSD	**0.06**	Association dues 2018
Enel SpA	Open Innovation Corporation	**0.04**	Association dues 2018
Enel SpA	A.I.I.A.- Associazione Italiana	**0.01**	Association dues 2018
Enel SpA	ANIMA	**0.01**	Association dues 2018
Enel SpA	Mind the bridge	**0.12**	Association dues 2018
Enel SpA	EU40 ASBL	**0.02**	Association dues 2018
Enel SpA	Centre on regulation in Europe	**0.04**	Association dues 2018
Enel SpA	ASSONIME	**0.04**	Association dues 2018
Enel SpA	EUTC	**0.01**	Association dues 2018
Enel SpA	BRUEGEL	**0.05**	Association dues 2018
Enel SpA	Bettercoal	**0.07**	Association dues 2018
Enel SpA	International Integrated	**0.01**	Association dues 2018
Enel SpA	IETA - International Emissions Trading Association	**0.02**	Association dues 2018
Enel SpA	Valore D.	**0.02**	Association dues 2018
Enel SpA	CSR Europe Asbli	**0.02**	Association dues 2018
Enel SpA	Roma Start up	**0.01**	Association dues 2018
Enel SpA	Transparency International Italia	**0.02**	Association dues 2018
Enel SpA	FSG INC.	**0.06**	Association dues 2018
Enel SpA	The European House Ambrosetti	**0.07**	Association dues 2018
Enel SpA	The Trilateral Commission	**0.03**	Association dues 2018
Enel SpA	ISPI - Istituto Studi di Politica Internazionale	**0.04**	Association dues 2018
Enel SpA	Consiglio Cooperazione Economica	**0.03**	Association dues 2018
Enel SpA	CEPS - Centre for European Policy Studies	**0.01**	Association dues 2018
Enel SpA	CONSIUSA - Consiglio per le Relazioni fra Italia e Stati Uniti	**0.01**	Association dues 2018
Enel SpA	Centro Studi Americani	**0.02**	Association dues 2018
Enel SpA	Transparency International Italia	**0.02**	Association dues 2018
Enel SpA	CONSEL	**0.02**	Association dues 2018
Enel SpA	GSEP - Global Sustainable Electricity Partnership	**0.10**	Association dues 2018
Enel SpA	Human Foundation	**0.03**	Association dues 2018
Enel SpA	Open Innovation Corporation	**0.03**	Association dues 2018
Enel SpA	Foundation for the global compact	**0.05**	Association dues 2018
Enel SpA	Innovation Roundtable ApS	**0.01**	Association dues 2018
Enel SpA	KIC INNOENERGY IBERIA	**0.04**	Association dues 2018
Enel SpA	EMF Trading - Ellen MacArthur Foundation	**0.04**	Association dues 2018

Enel SpA	ICC ITALIA	**0.01**	Association dues 2018
Enel SpA	Business Europe	**0.02**	Association dues 2018
Enel Global Trading SpA	Enel Cuore	**0.04**	Association dues 2018
Enel X Srl	Enel Cuore	**0.04**	Association dues 2018
Enel Sole Srl	Enel Cuore	**0.02**	Balance donation 2016
		18.92	**Total**

51. 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 Dec. 31, 2018	at Dec. 31, 2017	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	10,310	8,171	2,139
Commitments to suppliers for:			
- electricity purchases	109,638	79,163	30,475
- fuel purchases	43,668	42,302	1,366
- various supplies	3,122	3,119	3
- tenders	3,133	3,334	(201)
- other	3,270	2,912	358
Total	**162,831**	**130,830**	**32,001**
TOTAL	**173,141**	**139,001**	**34,140**

For more details on the expiry of commitments and guarantees, please see the section “Commitments to purchase commodities” in note 44.

52. Contingent assets and liabilities

The following reports the main contingent assets and liabilities at December 31, 2017, 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

The Court of Adria, in a ruling issued on March 31, 2006, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and public authorities. Damages for a number of mainly private parties (individuals and environmental associations), were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (Ministry for the Environment, a number of public entities of Veneto and Emilia Romagna, including the area's park agencies) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities in Veneto, Enel has already made payment under a settlement agreement reached in 2008. With a suit lodged in July 2011, the Ministry for the Environment, the public entities of Emilia Romagna and the private actors who had already participated as injured parties in the criminal case asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses was about €100 million, which Enel contested. During 2013, an agreement was reached – with no admission of liability by Enel/Enel Produzione – with the public entities of Emilia Romagna to express social solidarity in line with the general sustainability policies of the Group. The suits with the Ministry and private parties (environmental associations and a number of resident individuals, who have received no payments from Enel during the proceedings) remain open. On July 10, 2014, the decision of the Venice Court of Appeal was filed ordering the defendants, jointly with Enel/Enel Produzione, to pay damages in the amount of €312,500, plus more than €55,000 in legal expenses. The Ministry's request for calculation of the amount of damages it claimed it was owed was deemed inadmissible, as grounds for barring such action arose in the course of the criminal proceedings. In the meantime the Court issued a general conviction with damages to be awarded in a separate decision and ordered payment of legal costs. Enel lodged an appeal with the Court of Cassation in February 2015 of the ruling of the Venice Court of Appeal of July 10, 2014 and is currently waiting for the date of the hearing to be set. On September 25, 2018, the Court of Cassation upheld one of the grounds of the appeal, overturning the general ruling in favor of the Ministry for the Environment and referring the proceeding to the Venice Court of Appeal for it to rule on any damages. At present, the Ministry has not yet appealed the case to the Venice Court of Appeal.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding was held before the Court of Brindisi concerning the Brindisi Sud thermal plant. A number of employees of Enel Produzione – cited in 2013 as a liable party in civil litigation – have been accused of causing criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the plant with coal dust as a result of actions between 1999 and 2011. At the end of 2013, the accusations were extended to cover 2012 and 2013. As part of the proceeding, injured parties, including the Province and City of Brindisi, have submitted claims for total damages of about €1.4 billion. In its decision of October 26, 2016, the Court of Brindisi: (i) acquitted nine of the thirteen defendants (employees/managers of Enel Produzione) for not having committed the offense; (ii) ruled that it did not have to proceed as the offense was time-barred for two of the defendants; and (iii) convicted the remaining two defendants, sentencing them with all the allowances provided for by law to nine months' imprisonment. With regard to payment of damages, the Court's ruling also: (i) denied all claims of public parties and associations acting in the criminal proceeding to recover damages; and (ii) granted most of the claims filed by the private parties acting to recover damages, referring the latter to the civil courts for quantification without granting a provisional award. The convicted employees and the civil defendant, Enel Produzione SpA, as well as by the employee for whom the expiry of period of limitations had been declared, appealed the conviction. On February 8, 2019, the Lecce Court of Appeal: (i) confirmed the trial court ruling regarding the criminal convictions of two Enel Produzione executives; (ii) denied the claims for damages of some private appellants; (iii) granted some claims for damages, which had been denied in the trial court, referring the parties, like the others – whose claims had been granted by the trial court – to the civil courts for quantification, without granting a provisional award; (iv) confirmed for the rest the ruling of the Court of Brindisi except for extending litigation costs to the Province of Brindisi, which had not been awarded damages at either the trial court or on appeal. Criminal proceedings are also under way before the Courts of Reggio Calabria and Vibo Valentia against a number of employees of Enel Produzione for the offense of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant. Enel Produzione has not been cited as a liable party for civil damages.

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 are still pending and are currently in the testimony phase (they were again adjourned to February 28, 2019, in order to hear the testimony of the witnesses called by the other defendants), as the court ruled that the offenses could not be dismissed under the statute of limitations.

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

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed against Enel Distribuzione (now e-distribuzione) for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. Most of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione. The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. 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. Beginning in 2012, a number of actions for recovery were initiated, which continue, to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.

In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings. The case also involved a number of reinsurance companies in the proceedings, which have challenged Enel's claim. In a ruling of October 21, 2013, the Court of Rome granted Enel's petition, finding the insurance coverage to be valid and ordering Cattolica, and consequently the reinsurance companies, to hold Enel harmless in respect of amounts paid or to be paid to users and their legal counsel as well as, within the limits established by the policies, to pay defense costs.

Subsequently, Cattolica appealed the ruling of the court of first instance of October 21, 2013, before the Rome Court of Appeal, asking that it be overturned. In a ruling published on October 9, 2018, the Rome Court of Appeal denied the appeal of Cattolica, thereby upholding the original ruling.

On the basis of the ruling of October 21, 2013, in October 2014, Enel filed suit against Cattolica with the Court of Rome to obtain a quantification and payment of the amounts due to Enel from Cattolica. At the hearing of October 3, 2016, the court denied the counterparties' petition for a suspension of the proceeding pending completion of the appeals process. 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 closing arguments.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

On May 11, 2017, the Competition Authority announced the beginning of proceedings for alleged abuse of a dominant position under Article 102 of the Treaty on the Functioning of the European Union (TFEU) against Enel SpA ("Enel"), Enel Energia SpA ("EE") and Servizio Elettrico Nazionale SpA ("SEN"), alleging, inter alia, that they had engaged in an exclusionary strategy, using a series of non-replicable commercial stratagems capable of hindering their non-integrated competitors to the benefit of the Group's company operating on the free market (EE).
On December 20, 2018 the Competition Authority adopted its final ruling, subsequently notified to the parties on January 8, 2019, with which it levied a fine on Enel SpA, SEN and Enel Energia of €93,084,790.50, for abuse of a dominant position in violation of Article 102 of the TFEU.
The disputed conduct consisted in the adoption of an exclusionary strategy through the illegitimate use of the data on regulated market customers acquired as part of the privacy consent mechanism for commercial purposes.
With regard to other allegations made with the measure to initiate the proceeding, concerning the organization and performance of sales activities at physical locations (Enel Points and Enel Point Partner Shops) and winback policies, the Competition Authority reached the conclusion that the preliminary findings did not provide sufficient evidence of any abusive conduct on the part of Enel Group companies.
SEN, EE and Enel appealed the ruling before the Lazio Regional Administrative Court on February 15 and 18, 2019 and March 5, 2019, respectively.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling from the District Court of Tirana, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million from Enel.

The European Court of Human Rights, with which Enelpower SpA and Enel SpA had filed an appeal for violation of the right to a fair trial and the rule of law by the Republic of Albania, rejected the petition as inadmissible. The ruling was purely procedural and did not address the substance of the suit.

With a ruling of June 16, 2015, the first level was completed in the additional suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient Shpk. With this action, Enelpower SpA and Enel SpA asked the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the sentence issued by the Albanian courts. With the ruling, the Court of Rome found that BEG SpA did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel SpA and Enelpower SpA to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs. Enel SpA and Enelpower SpA appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full. The next hearing, originally scheduled for November 14, 2018, was postponed until May 8, 2019.

On November 5, 2016, Enel SpA and Enelpower SpA filed a petition with the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.

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

France

In February 2012, Albania BEG Ambient filed suit against Enel SpA and Enelpower SpA with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit.

Following the beginning of the case before the *Tribunal de Grande Instance*, again at the initiative of BEG Ambient, between 2012 and 2013 Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France.

On January 29, 2018, the *Tribunal de Grande Instance* issued a ruling in favor of Enel and Enelpower, denying Albania BEG Ambient Shpk the recognition and enforcement of the Tirana court's ruling in France for lack of the requirements under French law for the purposes of granting *exequatur*. Among other issues, the *Tribunal de Grande Instance* ruled that: (i) the Albanian ruling conflicted with an existing decision, in this case the arbitration ruling of 2002 and that (ii) the fact that BEG sought to obtain in Albania what it was not able to obtain in the Italian arbitration proceeding, resubmitting the same claim through Albania BEG Ambient Shpk, represented fraud.

Albania BEG Ambient Shpk appealed the ruling and the briefs are being exchanged between the parties. The hearing before the Paris Court of Appeal is scheduled for June 9, 2020.

State of New York

In March 2014, Albania BEG Ambient Shpk filed suit against Enel SpA and Enelpower SpA in New York to render the ruling of the Albanian court enforceable in the state of New York.

On April 22, 2014, in response to a motion filed by Enel and Enelpower, the court revoked the previous ruling issued with no hearing of the parties against the companies freezing assets of around $600 million. In a unanimous decision of February 8, 2018, the Appellate Court of the state of New York upheld the appeal of Enel SpA and Enelpower SpA, rejecting the argument that the Court of New York had jurisdiction over the request for enforcement submitted by Albania BEG Ambient Shpk. On February 23, 2018, the Supreme Court of the state of New York denied the petition of ABA to obtain recognition of the ruling of the Albanian court in the state of New York.

The Netherlands

On June 2, 2014 Albania BEG Ambient Shpk obtained an order from the court in the Hague, based upon the preliminary injunction, freezing up to €440 million held with a number of entities and the establishment of a lien on the shares of two subsidiaries of Enel SpA in that country. Enel SpA and Enelpower SpA challenged that ruling and on July 1, 2014, the Dutch court, in granting the petition of Enel and Enelpower, provisionally determined the value of the suit at €25 million and ordered the removal of the preliminary injunction subject to the issue of a bank guarantee in the amount of €25 million by Enel and Enelpower. Enel and Enelpower have appealed this ruling.

On July 3, 2014, Albania BEG Ambient Shpk petitioned for a second precautionary freeze of assets with no hearing of the parties. Following the hearing of August 28, 2014, the Hague Court granted a precautionary freeze of €425 million on September 18, 2014. Enel and Enelpower appealed that measure.

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 (the estimated value of the losses of Enel and Enelpower from the seizure of assets and the pledge of bank guarantees). 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.

At the end of July 2014, Albania BEG Ambient Shpk filed suit with the Court of Amsterdam to render the ruling of the Albanian court enforceable in the Netherlands. On June 29, 2016, the court filed its judgment, which: (i) ruled that the Albanian ruling meet the requirements for recognition and enforcement in the Netherlands; (ii) ordered Enel and Enelpower to pay €433,091,870.00 to Albania BEG Ambient Shpk, in addition to costs and ancillary charges of €60,673.78; and (iii) denied Albania BEG Ambient Shpk's request to declare the ruling provisionally enforceable. On July 14, 2016, Albania BEG Ambient Shpk filed an appeal for a precautionary seizure on the basis of the Court of Amsterdam's decision of June 29, 2016 in the amount of €440 million with a number of entities and the seizure of the shares of three companies controlled by Enel SpA in the Netherlands. Enel appealed and in a ruling of August 26, 2016, the Court of Amsterdam decided that the precautionary measures issued in 2014 and 2016 would be revoked if Albania BEG Ambient Shpk did not provide a bank guarantee of €7 million to Enel and Enelpower by October 21, 2016. Albania BEG Ambient Shpk did not provide the guarantee and, accordingly, the seizures of the assets of Enel and Enelpower in the Netherlands were revoked and no longer effective as from October 21, 2016. Albania BEG Ambient Shpk appealed the decision of August 26, 2016 but the proceeding was suspended under an agreement between the parties pending the ruling of the Dutch Court of Cassation in the proceeding over the precautionary measures (which was then issued on June 23, 2017). The appeal against the decision of August 26, 2016 therefore remains suspended in the absence of a specific request by one of the parties. The suspension has had no impact on the fact that the seizures of assets in the Netherlands have not been in effect since October 2016.

On June 29, 2016, Enel and Enelpower filed appeals against the ruling of the Court of Amsterdam issued on the same date. On September 27, 2016, Albania BEG Ambient also appealed the court's ruling of June 29, 2016, to request the reversal of its partial loss on the merits. On April 11, 2017, the Amsterdam Court of Appeal granted the request of Enel and Enelpower to join to two pending appeals.

On January 29, 2018, oral arguments in the appellate proceeding were held, following which the Court allowed Enel and Enelpower to place in evidence the decision with which the *Tribunal de Grande Instance* of Paris denied recognition of the Albanian ruling in France.

In a ruling of July 17, 2018, the Amsterdam Court of Appeal upheld the appeal advanced by Enel and Enelpower, ruling that the Albanian judgment cannot be recognized and enforced in the Netherlands. The Court of Appeal found that the Albanian decision was arbitrary and manifestly unreasonable and therefore contrary to Dutch public order. For these reasons, the court did not consider it necessary to analyze the additional arguments of Enel and Enelpower.

The proceeding before the Court of Appeal continues with regard to the subordinate question raised by Albania BEG Ambient Shpk in the appeal proceedings, with which it is asking the court to rule on the merits of the dispute in Albania and in particular the alleged non-contractual liability of Enel and Enelpower in the failure to build the plant in Albania. On October 9, 2018, Albania BEG Ambient Shpk filed a brief, to which Enel and Enelpower replied on December 6, 2018, arguing for the lack of jurisdiction of the Dutch courts and, in any case, contesting the merits in full, reiterating that the claim is entirely groundless. The case will be heard on April 8, 2019.

Ireland

Albania BEG Ambient Shpk also filed suit in Ireland to render the ruling of the Court of Tirana enforceable in this 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 an expedited appeal against the ruling of March 8, 2016 finding that Ireland had no jurisdiction. Enel and Enelpower responded to the appeal filing on April 7, 2017.

In a ruling of February 26, 2018, the Irish court denied the appeal of Albania BEG Ambient Shpk. Enel and Enelpower have taken action to recover the costs awarded in the ruling.

Luxembourg

In Luxembourg, again 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 filed a claim to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way and briefs are being exchanged between the parties. No ruling has been issued.

Violations of Legislative Decree 231/2001

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. The case has been joined with a separate proceeding involving the same agent and two other defendants for the same alleged offences.

On 10 August 2018, a direct summons for judgment was notified to e-distribuzione to appear before the Court of Milan on May 23, 2019. In addition to e-distribuzione SpA, the proceeding involves one of its employees, as well as a number of third-party companies and their representatives, concerning alleged violations of Legislative Decree 231/2001 on the administrative liability of legal persons. The proceeding was initiated for the alleged commission of the crime of unauthorized handling of waste (Article 256 of the Uniform Environmental Code) and for the violation of the provisions of the Code of Cultural Heritage (Legislative Decree 42/2004) in relation to works to remove a power line. The examination of a number of witnesses called by the prosecutor is scheduled for a hearing on May 23, 2019.

Environmental incentives - Spain

Following the Decision of the European Commission of November 27, 2017 on the issue of environmental incentives for thermal power plants, the European Commission's Directorate-General for Competition opened an investigation pursuant to Article 108, paragraph 2, of the Treaty on the Functioning of the European Union (TFEU) in order to assess whether the environmental incentive for coal power plants provided for in Order ITC/3860/2007 represents State aid compatible with the internal market. According to a literal interpretation of that Decision, the Commission reached the preliminary conclusion that the incentive in question would constitute State aid pursuant to Article 107, paragraph 1, of the TFEU, expressing doubts about the compatibility of the incentive with the internal market while recognizing that the incentives are in line with the European Union's environmental policy. On April 13, 2018, Endesa Generación SA, acting as an interested third party, submitted comments contesting this interpretation, while on July 30, 2018, it was learned that Gas Natural had appealed the decision of the Commission.

Furnas - Tractebel litigation - Brazil

In 1998 the Brazilian company CIEN (now Enel CIEN) signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. Out of court, Tractebel has indicated that it plans to acquire 30% of the interconnection line involved in the dispute. In March 2014, the court had granted CIEN's motion to suspend the proceedings in view of the existence of other litigation pending between the parties. On February 14, 2019, CIEN received notice of an order reopening the proceeding, with the beginning of expert witness operations. The amount involved in the dispute is estimated at about 118 million Brazilian reais (about €28 million), plus unspecified damages. For analogous reasons, in May 2010 Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about 520 million Brazilian reais (about €124 million), in addition to unspecified damages. In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line. CIEN's defense is similar to the earlier case. The claims put forth by Furnas were rejected by the trial court in August 2014. Furnas lodged an appeal against the latter decision, while CIEN also lodged a counter-appeal. On August 21, 2018, the *Tribunal de Justiça* denied the appeal of Furnas while granting CIEN's petition.

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 electricity 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 part of Cibran's petitions. Cibran subsequently appealed 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 fine of about 200,000 Brazilian reais (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 *Tribunal de Justiça*. In response, on December 16, 2016, Cibran filed an appeal (*recurso especial*) before the *Superior Tribunal de Justiça*, and the proceeding 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 80,000 Brazilian reais (about €19,000) in non-pecuniary damages as well as 96,465,103 Brazilian reais (about €23 million) in pecuniary damages, plus interest. On July 8, 2015 Ampla appealed the decision with the *Tribunal de Justiça* of Rio de Janeiro and the parties are awaiting a ruling.

Decisions are still pending with regard to the remaining four suits. The value of all the disputes is estimated at about 464 million Brazilian reais (about €107 million).

Coperva litigation - Brazil

As part of the project to expand the grid in rural areas of Brazil, in 1982 Companhia Energética do Ceará SA ("Coelce"), then owned by the Brazilian government and now an Enel Group company, had entered into contracts for the use of the grids of a number of cooperatives established specifically to pursue the expansion project. The contracts provided for the payment of a monthly fee by Coelce, which was also required to maintain the networks. Those contracts, between cooperatives established in special circumstances and the then public-sector company, do not specifically identify the grids governed by the agreements, which has prompted a number of the cooperatives to sue Coelce asking for, among other things, a revision of the fees agreed in the contracts. These actions include the suit filed by Cooperativa de Eletrificação Rural do V do Acarau Ltda ("Coperva") with a value of about 218 million Brazilian reais (about €53 million). Coelce was granted rulings in its favor from the trial court and the court of appeal, but Coperva filed a further appeal (*Embargo de Declaração*), which was denied in a ruling of January 11, 2016. Coperva lodged an extraordinary appeal before the *Superior Tribunal de Justiça* on February 3, 2016, which was granted on November 5, 2018 for the ruling issued in the previous appeal (*Embargo de Declaração*). On December 3, 2018, Enel filed an appeal (*Agravo Interno*) against this ruling of the *Superior Tribunal de Justiça*. The proceedings are currently pending.

AGM litigation - Brazil

In 1993, Enel Distribuição Goiás, the Association of Municipalities of Goiás (AGM), the state of Goiás and the Bank of Goiás reached an agreement (*convenio*) for the payment of municipal debts to Enel Distribuição Goiás through the transfer of the portion of ICMS (VAT) that the state would have transferred to those governments. In 2001 the parties to the agreement were sued by the individual municipal governments to obtain a ruling that the agreement was invalid, a position then upheld by the Supreme Federal Court on the grounds of the non-participation of the local governments themselves in the agreement process. In September 2004, Enel Distribuição Goiás reached a settlement with 23 municipalities. Between 2007 and 2008, Enel Distribuição Goiás was again sued on numerous occasions (there are currently 90 pending suits) seeking the restitution of amounts paid under the agreement. Despite the ruling that the agreement was void, Enel Distribuição Goiás argues that the payment of the debts on the part of the local governments is legitimate, as electricity was supplied in accordance with the supply contracts and, accordingly, the claims for restitution of amounts paid should be denied. The total value of the suits is equal to about 1 billion Brazilian reais (about €231 million).

It is important to note that as part of the privatization of Enel Distribuição Goiás, a tax relief mechanism was introduced that allows Enel Distribuição Goiás to offset its ICMS (VAT) liability with a tax credit in respect of investments by Enel Distribuição Goiás in the development and maintenance of its grid.

ANEEL litigation - Brazil

In 2014, Enel Distribuição São Paulo initiated an action before the federal courts seeking to void the administrative measure of ANEEL (the National Electricity Agency), which in 2012 retroactively introduced a negative coefficient to be applied in determining rates for the following regulatory period (2011-2015). With this provision, the Authority ordered the restitution of the value of some components of the network previously included in rates because they were considered non-existent and rejected Enel Distribuição São Paulo's request to include additional components in rates. On September 9, 2014, the administrative measure of ANEEL was suspended on a precautionary basis. The first-instance proceeding is in its preliminary stages and the value of the suit is 833 million Brazilian reais (about €185 million).

Neoenergia arbitration - Brazil

On June 18, 2018, Neoenergia brought an arbitration action against Enel Distribuição São Paulo before the *Câmara de Arbitragem do Mercado* (CAM) concerning the investment agreement signed by the two companies on April 16, 2018. Neoenergia alleged unequal treatment of the participants in the procedure for the acquisition of Enel Distribuição São Paulo. On September 3, 2018, Neoenergia modified its claim, abandoning its request for specific execution of the obligation contained in the contract. The current claim is a request for damages for losses caused by alleged non-performance of the investment agreement. The value of the dispute is currently undetermined.

El Quimbo - Colombia

A number of legal actions ("*acciones de grupo*" and "*acciones populares*") brought by residents and fishermen in the affected area are pending with regard to the El Quimbo project for the construction of a 400 MW hydroelectric plant in the region of Huila (Colombia). More specifically, the first *acción de grupo*, currently in the preliminary stage, was brought by around 1,140 residents of the municipality of Garzón, who claim that the construction of the plant would reduce their business revenue by 30%. A second action was brought, between August 2011 and December 2012, by residents and businesses/associations of five municipalities of Huila claiming damages related to the closing of a bridge (Paso El Colegio). With regard to *acciones populares*, or class action lawsuits, in 2008 a suit was filed by a number of residents of the area demanding, among other things, that the environmental permit be suspended.

Another *acción popular* was brought by a number of fish farming companies over the alleged impact that filling the El Quimbo basin would have on fishing in the Betania basin downstream from El Quimbo. In February 2015, the Court ordered the precautionary suspension of filling operations until a number of specific requirements have been met.
The precautionary suspension was subsequently modified to permit filling to proceed, which began on June 30, 2015. However, on July 17, 2015 Emgesa received a notice modifying the precautionary measure to prohibit generation activities until ANLA (the national environmental authority) certifies that the company removed the biomass and forest waste from the El Quimbo reservoir basin.
Pending the ruling, as an energy emergency has been declared, the Ministry of Energy issued a decree authorizing Emgesa to begin generation. On December 16, 2015, the Constitutional Court ruled that the presidential Decree was unconstitutional and as from that date Emgesa suspended electricity generation.
On December 24, 2015, the *Ministerio de Minas y Energía* and AUNAP (the authority for agriculture and fishing) filed a joint motion asking the criminal court to authorize generation as a precautionary measure. On January 8, 2016, the court granted the precautionary measure requested by the Ministry and AUNAP, authorizing the temporary and immediate resumption of generation at El Quimbo. The precautionary measure granted by the court would remain in force until the Huila court issued a ruling on the substance of the case, i.e. the revocation or upholding of the precautionary measure previously issued by the local administrative court. With a decision of February 22, 2016, the Huila court issued a ruling allowing generation to continue for six months. The court ordered Emgesa to prepare a technical design that would ensure compliance with oxygen level requirements and to provide collateral of about 20,000,000,000 Colombian pesos (about €5.5 million). 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 El 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. The proceeding is currently stalled as the Court evaluates a proposed settlement between the parties, submitted on

November 27, 2017, which has also been notified to the competent authorities. On January 24, 2018, the Court of Huila rejected the settlement agreement, a ruling that has been appealed by the parties.
On March 22, 2018, ANLA and CAM jointly presented the final report on the monitoring of water quality downstream of the dam of the El Quimbo hydroelectric plant. Both authorities confirmed the compliance of Emgesa with the oxygen level requirements. On June 15, 2018, Emgesa filed its final pleadings and is waiting for the court to issue its ruling.

Nivel de Tensión Uno proceedings - Colombia

This dispute involves an "*acción de grupo*" brought by Centro Médico de la Sabana hospital and other parties against Codensa seeking restitution of allegedly excess rates. The action is based upon the alleged failure of Codensa to apply a subsidized rate that they claim the users should have paid as *Tensión Uno* category users (voltage of less than 1 kV) and owners of infrastructure, as established in Resolution 82/2002, as amended by Resolution 97/2008. The suit is at a preliminary stage. The estimated value of the proceeding is about 337 billion Colombian pesos (about €96 million).

Emgesa and Codensa arbitration proceedings - Colombia

On December 4, 2017, Enel Américas SA was notified by the Grupo Energía de Bogotá ("GEB") (which holds about 51.5% of Emgesa and Codensa) of the start of arbitration proceedings before the *Centro de Arbitraje y Conciliación de la Cámara de Comercio de Bogotá*.
GEB has filed a claim of about 63,619,000,000 Colombian pesos (about €18 million) for Codensa and 82,820,000,000 Colombian pesos (about €23 million) for Emgesa.
On August 22, 2018, Enel Américas was informed that GEB had abandoned its action. On October 8, 2018, GEB announced it was seeking a new arbitration proceeding against Enel Américas SA before the Arbitration Board of Bogotá, the content of which had not yet been disclosed.

SAPE (formerly Electrica) arbitration proceedings - Romania

On April 20, 2016 SAPE submitted a further request for arbitration before the International Chamber of Commerce in Paris in respect of Enel SpA and Enel Investment Holding BV concerning an alleged contractual breach for failure to distribute dividends from E-Distribuție Muntenia and Enel Energie Muntenia. In September 2016 SAPE modified its arbitration claims, suing Enel Energie Muntenia and E-Distribuție Muntenia as well and revising its monetary claim to about €56 million. On May 22, 2017 SAPE again modified its claim, quantifying it in the amount of about €110 million plus interest. A hearing was held in the first week of October 2018 and the ruling of the arbitrators is pending.

Gabčíkovo dispute - Slovakia

Slovenské elektrárne ("SE") is involved in a number of cases before the national courts concerning the 720 MW Gabčíkovo hydroelectric plant, which is administered by Vodohospodárska Výsatavba Štátny Podnik ("VV") and whose operation and maintenance, as part of the privatization of SE in 2006, had been entrusted to SE for a period of 30 years under a management agreement (the VEG Operating Agreement).
Immediately after the closing of the privatization, the Public Procurement Office (PPO) filed suit with the Court of Bratislava seeking to void the VEG Operating Agreement on the basis of alleged violations of the regulations governing public tenders, qualifying the contract as a service contract and as such governed by those regulations. In November 2011 the trial court ruled in favor of SE, whereupon the PPO immediately appealed the decision.
In parallel with the PPO action, VV also filed a number of suits, asking in particular for the voidance of the VEG Operating Agreement.
On December 12, 2014, VV withdrew unilaterally from the VEG Operating Agreement, notifying its termination on March 9, 2015, for breach of contract. On March 9, 2015, the decision of the appeals court overturned the ruling of the trial court and voided the contract as part of the action pursued by the PPO. SE lodged an extraordinary ap-

peal against that decision before the Supreme Court. At a hearing of June 29, 2016, the Supreme Court denied the appeal. SE then appealed the ruling to the Constitutional Court, which denied the appeal on January 18, 2017.

In addition, SE lodged a request for arbitration with the Vienna International Arbitral Centre (VIAC) under the VEG Indemnity Agreement. Under that accord, which had been signed as part of the privatization between the National Property Fund (now MH Manazment) of the Slovak Republic and SE, the latter is entitled to an indemnity in the event of the early termination of the VEG Operating Agreement for reasons not attributable to SE. 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.

In parallel with the arbitration proceeding launched by SE, both VV and MH Manazment filed two suits in the Slovakian courts to void the VEG Indemnity Agreement owing to the alleged connection of the latter with the VEG Operating Agreement. These proceedings were joindered and, on September 27, 2017, a hearing was held before the Court of Bratislava in which the judge denied the request of the plaintiffs for procedural reasons. Both VV and MH Manazment appealed that decisions and the proceedings are under way. In addition, at the local level, SE was sued by VV for alleged unjustified enrichment (estimated at about €360 million plus interest) for the period from 2006 to 2015. SE filed counter-claims for all of the proceedings under way. Finally, in another proceeding before the Court of Bratislava, VV asked for SE to return the fee for the transfer from SE to VV of the technology assets of the Gabčíkovo plant as part of the privatization, with a value of about €43 million plus interest. The parties exchanged briefs and at the last hearing on December 6, 2018, the court again adjourned the case without specifying a date.

Precautionary administrative proceeding and Chucas arbitration

PH Chucas SA ("Chucas") is a special purpose entity established by Enel Green Power Costa Rica SA after it won a tender organized in 2007 by the Instituto Costarricense de Electricidad ("ICE") for the construction of a 50 MW hydroelectric plant and the sale of the power generated by the plant to ICE under a build, operate and transfer contract ("BOT"). The agreement provides for Chucas to build and operate the plant for 20 years, before transferring it to ICE. Under the BOT contract, the plant should have entered service on September 26, 2014. For a number of reasons, including flooding, landslides and similar events, the project experienced cost overruns and delays, with a consequent delay in meeting the obligation to deliver electricity. In view of these developments, in 2012 and 2013 Chucas submitted an administrative petition to ICE to recover the higher costs incurred and obtain a postponement of the entry into service of the plant. ICE denied the petition in 2015 and in fact levied two fines of about $9 million (about €7 million) for the delays in entering service. Following the precautionary appeal of Chucas, payment of the fines was suspended. The plant entered service in December 2016.

In addition, as ICE had rejected the administrative petition, on May 27, 2015, under the provisions of the BOT contract, Chucas initiated an arbitration proceeding 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 as well as voidance of the fine levied by ICE. In a decision issued in December 2017, the arbitration board ruled in Chucas' favor, granting recognition of the additional costs in the amount of about $113 million (about €91 million) and legal costs and ruling that the fines should not be paid. ICE appealed the arbitration ruling in the local courts. Chucas filed a brief as part of the litigation and the proceeding is under way.

In addition, on October 3, 2015, in consideration of the violation of a number of contractual obligations (including failure to meet the deadline to complete the works) on the part of FCC Construcción América SA and FCC Construcción SA (FCC) – which had been engaged to build some of the works for the hydroelectric plant – Chucas notified the parties that it was terminating the contract for breach, enforcing the guarantees issued to it. However, the guarantees have not yet been paid pending resolution of a precautionary proceeding initiated by FCC on October 27, 2015, at the International Court of Arbitration in Paris. In a filing of March 10, 2017, FCC requested a ruling that the contract had been terminated without cause and asked for damages of about $27 million (about €22 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 (about €30 million). On December 9, 2018, the ruling of the arbitrators was issued, declaring valid Chucas' termination of the contract for breach. On December 4, 2018, Chucas received payment of about $12 million (about €11 million) in execution of the arbitration ruling.

GasAtacama Chile - Chile

On August 4, 2016, the *Superintendencia de Electricidad y Combustibles* ("SEC") fined GasAtacama Chile $8.3 million for information provided by the latter to the CDEC-SING (*Centro de Despacho Económico de Carga*) between January 1, 2011 and October 29, 2015, relating to the Minimum Technical and Minimum Operating Time variables at the Atacama plant.

GasAtacama Chile appealed this measure with the SEC, which denied the appeal on November 2, 2016. GasAtacama Chile appealed this decision before the Santiago Court of Appeals and the proceeding is close to a ruling. In parallel, GasAtacama Chile also filed an appeal before the Constitutional Court, claiming that the legal provisions under which the SEC imposed the fine had been repealed at the time the penalty was issued. On July 17, 2018, the Constitutional Court rejected GasAtacama Chile's appeal.

In relation to this issue, some operators of the *Sistema Interconectado del Norte Grande* (SING), including Aes Gener SA, Eléctrica Angamos SA and Engie Energía Chile SA have initiated actions in order to obtain damages in an amount of about €58 million (the former) and about €141 million (the latter two). The disputes were joindered in part in a single proceeding and are currently pending.

Tax litigation in Brazil

Withholding tax - Ampla

In 1998, Ampla Energia e Serviços SA ("Ampla") financed the acquisition of Coelce with the issue of bonds in the amount of $350 million ("Fixed Rate Notes" – FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2008, the interest paid by Ampla to its subsidiary was not subject to withholding tax in Brazil.

However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax.

In December 2005, Ampla carried out a spin-off that involved the transfer of the residual FRN debt and the associated rights and obligations to Ampla Investimentos e Serviços SA.

On November 6, 2012, the *Câmara Superior de Recursos Fiscais* (the highest level of administrative courts) issued a ruling against Ampla, for which the company promptly asked that body for clarifications. On October 15, 2013, Ampla was notified of the denial of the request for clarification (*Embargo de Declaração*), thereby upholding the previous adverse decision. The company provided security for the debt and on June 27, 2014 continued litigation before the ordinary courts (*Tribunal de Justiça*).

In December 2017, the court appointed an expert to examine the issue in greater detail in support of the future ruling. In September 2018, the expert submitted a report, requesting additional documentation.

In December 2018, the company provided the additional documentation and is awaiting the court's assessment of the arguments and documents presented.

The amount involved in the dispute at December 31, 2018 was about €286 million.

PIS - Eletropaulo

In July 2000, Eletropaulo filed suit seeking a tax credit for PIS (*Programa Integração Social*) paid in application of regulations (Decree Laws 2.445/1988 and 2.449/1988) that were subsequently declared unconstitutional by the *Supremo Tribunal Federal* (STF). In May 2012, the *Superior Tribunal de Justiça* (STJ) issued a final ruling in favor of the company that recognized the right to the credit.

In 2002, before the issue of that favorable final ruling, the company had offset its credit against other federal taxes. This behavior was contested by the federal tax authorities but the company, claiming it had acted correctly, challenged in court the assessments issued by the federal tax authorities. Following defeat at the initial level of adjudication, the company appealed.

The amount involved in the dispute at December 31, 2018 was about €144 million.

ICMS - Ampla, Coelce and Eletropaulo

The states of Rio de Janeiro, Ceará and São Paulo issued a number of tax assessments against Ampla Energia e Serviços SA (for the years 1996-1999 and 2007-2017), Companhia Energética do Ceará (2003, 2004 and 2006-2012) and Eletropaulo (2008-2017), challenging the deduction of ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*) in relation to the purchase of certain non-current assets. The companies challenged the assessments, arguing that they correctly deducted the tax and asserting that the assets, the purchase of which generated the ICMS, are intended for use in their electricity distribution activities.

The companies are continuing to defend their actions at the various levels of adjudication.

The amount involved in the disputes totaled approximately €92 million at December 31, 2018.

Withholding tax - Endesa Brasil

On November 4, 2014, the Brazilian tax authorities issued an assessment against Endesa Brasil SA (now Enel Brasil SA) alleging the failure to apply withholding tax to payments of allegedly higher dividends to non-resident recipients.

More specifically, in 2009, Endesa Brasil, as a result of the first-time application of the IFRS-IAS, had cancelled goodwill, recognizing the effects in equity, on the basis of the correct application of the accounting standards it had adopted. The Brazilian tax authorities, however, asserted – during an audit – that the accounting treatment was incorrect and that the effects of the cancellation should have been recognized through profit or loss. As a result, the corresponding value (about €202 million) was reclassified as a payment of income to non-residents and, therefore, subject to withholding tax of 15%.

It should be noted that the accounting treatment adopted by the company was agreed with the external auditor and also confirmed by a specific legal opinion issued by a local firm specializing in corporate law.

The first two levels of the administrative courts ruled – in July 2016 and September 2018 respectively – for the tax authorities. The company will continue its defend its actions and the appropriateness of the accounting treatment at the third level of jurisdiction.

The overall amount involved in the dispute at December 31, 2018 was about €64 million.

PIS - Eletropaulo

In December 1995, the Brazilian government increased the rate of the federal PIS (*Programa Integração Social*) tax from 0.50% to 0.65% with the issue of a provisional measure (Executive Provisional Order).

Subsequently, the provisional measure was re-issued five times before its definitive ratification into law in 1998. Under Brazilian legislation, an increase in the tax rate (or the establishment of a new tax) can only be ordered by law and take effect 90 days after its publication.

Eletropaulo therefore filed suit arguing that an increase in the tax rate would only have been effective 90 days after the last Provisional Order, claiming that the effects of the first four provisional measures should be considered void (since they were never ratified into law). This dispute ended in April 2008 with recognition of the validity of the increase in the PIS rate starting from the first provisional measure.

In May 2008, the Brazilian tax authorities filed a suit against Eletropaulo to request payment of taxes corresponding to the rate increase from March 1996 to December 1998. Eletropaulo has fought the request at the various levels of adjudication, arguing that the time limit for the issue of the notice of assessment had lapsed. In particular, since more than five years have passed since the taxable event (December 1995, the date of the first provisional measure) without issuing any formal instrument, the right of the tax authorities to request the payment of additional taxes and the authority to undertake legal action to obtain payment has been challenged.

In 2017, following the unfavorable decisions issued in previous rulings, Eletropaulo filed an appeal in defense of its rights and its actions with the *Superior Tribunal de Justiça* (STJ) and the *Supremo Tribunal Federal* (STF). The proceedings are still pending while the amounts subject to dispute have been covered by a bank guarantee.

In this last regard, it should be noted that, while awaiting the outcome of these proceedings, the Office of the Attorney General of the Brazilian National Treasury Department has submitted a request for the replacement of the bank guarantee with a deposit in court. This request was denied in September 2017, with the Attorney General's Office appealing that decision in February 2018.

The total value of the case at December 31, 2018 was about €54 million.

Tax litigation in Spain

Income tax - Enel Iberia, Endesa and subsidiaries

In 2018, the Spanish tax authorities completed a general audit involving the companies of the Group participating in the Spanish tax consolidation mechanism. This audit, which began in 2016, involved corporate income tax, value added tax and withholding taxes (mainly for the years 2012 to 2014).
With reference to the main claims, the companies involved have challenged the related assessments at the first administrative level (*Tribunal Económico-Administrativo Central* - TEAC), defending the correctness of their actions.
With regard to the disputes concerning corporate income tax, the issues for which an unfavorable outcome is considered possible amounted to about €141 million at December 31, 2018: (i) Enel Iberia is defending the appropriateness of the criterion adopted for determining the deductibility of capital losses deriving from stock sales (around €99 million) and certain financial charges (around €15 million); (ii) Endesa and its subsidiaries are defending the appropriateness of the criteria adopted for the deductibility of certain financial charges (about €22 million) and costs for decommissioning nuclear power plants (about €5 million).

Income taxes - Enel Green Power España SL

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 December 31, 2018 was about €90 million. This amount has been secured with bank guarantees to obtain a suspension of collection efforts.

53. Events after the reporting period

Issue of new €1 billion green bond in Europe

On January 14, 2019, Enel Finance International NV ("EFI"), an Enel Group finance company controlled by Enel SpA ("Enel", rated BBB+ for S&P, Baa2 for Moody's, and BBB+ for Fitch), successfully placed its third green bond on the European market, reserved for institutional investors and backed by a guarantee issued by Enel. The issue amounts to a total of €1,000 million and provides for repayment in a single instalment at maturity on July 21, 2025 and the payment of a fixed-rate coupon equal to 1.500%, payable annually in arrears in the month of July as from 2019. The issue price was set at 98.565% and the effective yield at maturity is equal to 1.736%. The settlement date for the issue was January 21, 2019.
The green bond is expected to be listed on the Irish Stock Exchange, on the Luxembourg Stock Exchange and be admitted to trading on the multilateral trading facility "ExtraMOT PRO" organized and operated by Borsa Italiana. It is also expected that the green bond will be assigned ratings in line with those of Enel.
The transaction has received subscriptions amounting to more than €4.2 billion, with the significant participation of Socially Responsible Investors ("SRI"), enabling the Enel Group to continue to diversify its investor base.

Agreement to sell 540 MW of renewables capacity in Brazil for €700 million

On January 16, Enel SpA ("Enel"), acting through its renewables subsidiary Enel Green Power Brasil Participações Ltda ("EGP Brazil"), signed agreements with Chinese company CGN Energy International Holdings Co. Limited ("CGNEI") for the sale of 100% of three renewable generation plants totaling 540 MW. The overall price in the transaction, to be paid at closing, is equal to the assets'

enterprise value and amounts to approximately 2.9 billion Brazilian reais, equivalent to around €700 million at current exchange rates.
The three operating renewable assets being sold are the solar plants Nova Olinda (292 MW), located in the north-eastern Brazilian state of Piauí, and Lapa (158 MW), situated in the north-eastern Brazilian state of Bahia, as well as the 90 MW Cristalândia wind farm, also in Bahia.

Enel Green Power España starts construction of 90 MW of new wind capacity in Spain

Enel Green Power España has started construction of three wind farms with an overall capacity of around 90 MW located across the municipalities of Allueva, Fonfría, Mezquita de Jarque, Fuentes Calientes, Cañada Vellida and Rillo in the Spanish province of Teruel, in the region of Aragon. The total investment in the three facilities amounts to approximately €88 million. The three wind farms are slated to enter service by the end of 2019, and once completed they will generate over 295 GWh per year, while avoiding the annual emission of some 196 thousand metric tons of CO_2 into the atmosphere. The expected capacity of the 7-turbine Allueva plant exceeds 25 MW, while that of the 4-turbine Sierra Pelarda wind farm, situated in Fonfría, is about 15 MW. The largest of the three facilities is the 14-turbine Sierra Costera I, which will boast a capacity of around 50 MW and is located across the municipalities of Mezquita de Jarque, Fuentes Calientes, Cañada Vellida and Rillo.

Board of Directors of Enel Américas calls extraordinary shareholders' meeting to approve capital increase of up to $3.5 billion

On February 28, 2019, Enel SpA ("Enel") announced that the Board of Directors of the Chilean subsidiary Enel Américas SA ("Enel Américas"), of which Enel owns 51.8%, has called an extraordinary shareholders' meeting for April 30, 2019 to approve a capital increase of up to $3.5 billion, to be fully subscribed in cash. The increase is expected to be carried out through the issue of new ordinary shares and American Depositary Shares ("ADSs") to be offered in pre-emption to shareholders in proportion to the number of shares/ADSs they hold.
Through the capital increase Enel Américas, according to the proposal of its Board of Directors, will seek to enhance its financial position to pursue new opportunities for organic and inorganic growth, both through minority buy-outs and M&As, optimizing cash flows and improving its debt level. Moreover, the capital increase will enable an increase in the free float and capitalization of Enel Américas.
Enel Américas invests in electricity generation and distribution in Argentina, Brazil, Colombia and Peru. With an installed capacity of over 11 GW and more than 24 million customers, it is the largest private electricity company in South America.

Amendment of regulatory framework for hydroelectric concessions

The changes introduced with Decree Law 135 of December 14, 2018, concerning simplification and development support (the "Simplification Act"), ratified into law in February 2019, included the amendment of certain aspects of the regulatory framework for hydroelectric concessions. The main changes concern: i) the extension for consideration of expired concessions (a situation regarding entities that do not belong to the Enel Group) until 2023, ii) the regulation of the reassignment of concessions upon their expiry; and iii) the mechanism for indemnifying the outgoing concessionaire for the transfer of the assets related to the hydroelectric concession.
These rules establish a series of general principles, with implementing provisions to be enacted by the regions and the competent authorities in order to regulate in detail the renewal of concessions in compliance with the principles laid down in the Constitution.
The Group is analyzing the possible consequences of the reform, which at present does not appear to produce a significant impact.
The hydroelectric concessions currently held by the Group that fall within the scope of this measure will begin to expire starting from 2029.

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial report of the Enel Group at December 31, 2018, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2018 and December 31, 2018.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that the consolidated financial statements of the Enel Group at December 31, 2018:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the Report on operations, included in the Annual Report 2018 and accompanied by the consolidated financial statements of the Enel Group at December 31, 2018, contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 21, 2019

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of the financial reports of Enel SpA

04

Financial statements of Enel SpA

Financial statements

Income statement

Euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	37,979,400	*37,948,667*	119,973,169	*117,964,169*
Other revenue and income	4.b	14,663,248	*11,611,943*	12,536,313	*11,816,934*
	[Subtotal]	**52,642,648**		**132,509,482**	
Costs					
Purchases of consumables	5.a	775,602	*755,960*	527,618	*397,627*
Services, leases and rentals	5.b	127,046,752	*73,565,421*	164,647,974	*83,362,136*
Personnel	5.c	109,461,719		173,833,672	
Depreciation, amortization and impairment losses	5.d	(330,561,950)		15,386,821	
Other operating expenses	5.e	38,375,592	*5,116,819*	19,640,692	*1,042,212*
	[Subtotal]	**(54,902,285)**		**374,036,777**	
Operating income		**107,544,933**		**(241,527,295)**	
Income from equity investments	6	3,566,532,771	*3,556,152,376*	3,032,755,082	*3,032,046,630*
Financial income from derivatives	7	1,626,147,028	*436,713,046*	2,682,999,217	*1,639,718,234*
Other financial income	8	319,791,543	*215,238,109*	409,494,784	*157,113,888*
Financial expense from derivatives	7	1,580,719,721	*1,033,303,779*	2,901,726,027	*835,546,371*
Other financial expense	8	767,625,196	*84,563,946*	872,053,419	*71,712,486*
	[Subtotal]	**3,164,126,425**		**2,351,469,637**	
Income before taxes		**3,271,671,358**		**2,109,942,342**	
Income taxes	9	(184,490,162)		(160,045,845)	
NET INCOME FOR THE YEAR		**3,456,161,520**		**2,269,988,187**	

Statement of comprehensive income

Euro	Notes	2018	2017
Net income for the year		**3,456,161,520**	**2,269,988,187**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(6,800,397)	(9,862,121)
Change in the fair value of hedging costs		17,324,068	48,053,432
Income/(Loss) recognized directly in equity recyclable to profit or loss		**10,523,671**	**38,191,311**
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Change in the fair value of equity investments in other entities		11,342,491	-
Remeasurement of employee benefit liabilities		72,245	(5,419,377)
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**11,414,736**	**(5,419,377)**
Income/(Loss) recognized directly in equity	22	**21,938,407**	**32,771,934**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**3,478,099,927**	**2,302,760,121**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2018**		at Dec. 31, 2017	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	9,482,612		10,130,911	
Intangible assets	11	46,939,952		31,499,091	
Deferred tax assets	12	287,982,943		298,564,422	
Equity investments	13	45,714,720,133		42,811,272,440	
Derivatives	14	793,268,184	*306,396,047*	1,455,620,268	*911,987,785*
Other non-current financial assets	15	135,969,073	*125,000,000*	16,520,527	
Other non-current assets	16	133,926,173	*124,949,541*	147,703,070	*138,750,969*
	[Total]	**47,122,289,070**		**44,771,310,729**	
Current assets					
Trade receivables	17	190,738,941	*189,168,814*	236,901,820	*228,047,369*
Income tax receivables	18	165,402,633	*29,133*	265,116,255	
Derivatives	14	91,538,429	*13,908,972*	111,187,134	*98,089,135*
Other current financial assets	19	1,859,556,945	*536,107,527*	4,350,254,731	*2,185,263,224*
Other current assets	20	268,390,867	*74,420,100*	451,717,926	*435,163,901*
Cash and cash equivalents	21	2,006,698,099		2,489,231,277	
	[Total]	**4,582,325,914**		**7,904,409,143**	
TOTAL ASSETS		**51,704,614,984**		**52,675,719,872**	

Euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2018**		at Dec. 31, 2017	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		10,166,679,946		10,166,679,946	
Other reserves		11,464,338,885		11,442,355,799	
Retained earnings/(Loss carried forward)		4,279,339,236		4,424,283,417	
Net income for the year [(1)]		2,032,826,328		1,202,486,793	
Total shareholders' equity	22	**27,943,184,395**		**27,235,805,955**	
Non-current liabilities					
Long-term borrowings	23	13,397,135,493	*4,140,976,595*	10,780,028,411	*1,200,000,000*
Employee benefits	24	231,247,089		273,380,648	
Provisions for risks and charges	25	45,167,912		43,060,382	
Deferred tax liabilities	12	132,741,154		168,341,991	
Derivatives	14	1,395,260,905	*19,846,698*	2,270,128,975	*28,238,268*
Other non-current liabilities	26	11,554,982	*9,303,012*	11,486,594	*9,283,268*
	[Subtotal]	**15,213,107,535**		**13,546,427,001**	
Current liabilities					
Short-term borrowings	23	5,000,917,516	*4,715,485,231*	5,397,181,835	*4,896,380,309*
Current portion of long-term borrowings	23	805,454,249		3,653,698,811	
Trade payables	27	82,378,904	*43,230,644*	136,749,208	*73,724,909*
Derivatives	14	354,554,531	*53,004,689*	175,573,958	*13,057,571*
Other current financial liabilities	28	275,922,893	*31,397,597*	465,099,793	*28,593,746*
Other current liabilities	30	2,029,094,961	*317,248,312*	2,065,183,311	*428,216,349*
	[Subtotal]	**8,548,323,054**		**11,893,486,916**	
Total liabilities		**23,761,430,589**		**25,439,913,917**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**51,704,614,984**		**52,675,719,872**	

(1) For 2018, net income for the period of €3,456 million (€2,270 million in 2017) is reported net of the interim dividend of €1,423 million (€1,068 million in 2017).

Statement of changes in shareholders' equity

Euro	Share capital and reserves (note 22)				
	Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993	Other sundry reserves
At January 1, 2016	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,244,757**
Application of new accounting standards	-	-	-	-	-
At January 1, 2017 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,244,757**
Other changes	-	-	-	-	703
Allocation of 2016 net income:					
- distribution of dividends	-	-	-	-	-
- legal reserve	-	-	-	-	-
- retaining earnings	-	-	-	-	-
Capital increase	-	-	-	-	-
2017 interim dividend [(1)]	-	-	-	-	-
Comprehensive income for the year:					
- income/(loss) recognized directly in equity	-	-	-	-	-
- net income for the year	-	-	-	-	-
At December 31, 2017 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,245,460**
Application of new accounting standards	-	-	-	-	-
At January 1, 2018 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,245,460**
Other changes	-	-	-	-	-
Allocation of 2017 net income:					
- distribution of dividends	-	-	-	-	-
- legal reserve	-	-	-	-	-
- retaining earnings	-	-	-	-	-
Capital increase	-	-	-	-	-
2018 interim dividend [(2)]	-	-	-	-	-
Comprehensive income for the year:					
- income/(loss) recognized directly in equity	-	-	-	-	44,679
- net income for the year	-	-	-	-	-
At December 31, 2018	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,290,139**

(1) Approved by the Board of Directors on November 8, 2017 and paid as from January 24, 2018.
(2) Approved by the Board of Directors on November 6, 2018 and paid as from January 23, 2019.

Reserve from remeasurement of net employee benefit plan liabilities/(assets)	Reserves from measurement of cash flow hedge financial instruments	Reserves from measurement of costs of hedging financial instruments	Reserves from measurement of financial assets at FVOCI	Retained earnings/ (Loss carried forward)	Net income for the year	**Total shareholders' equity**
(27,203,744)	**(376,254,402)**	**-**	**-**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
-	117,706,432	(117,706,432)	-	-	-	**-**
(27,203,744)	**(258,547,970)**	**(117,706,432)**	**-**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
-	-	-	-	-	-	**703**
-	-	-	-	(203,333,599)	(711,667,596)	**(915,001,195)**
-	-	-	-	-	-	**-**
-	-	-	-	93,269,942	(93,269,942)	**-**
-	-	-	-	-	-	**-**
-	-	-	-	-	(1,067,501,394)	**(1,067,501,394)**
(5,419,377)	(9,862,121)	48,053,432	-	-	-	**32,771,934**
-	-	-	-	-	2,269,988,187	**2,269,988,187**
(32,623,121)	**(268,410,091)**	**(69,653,000)**	**-**	**4,424,283,417**	**1,202,486,793**	**27,235,805,955**
-	-	-	11,342,491	(5,429,221)	-	**5,913,270**
(32,623,121)	**(268,410,091)**	**(69,653,000)**	**11,342,491**	**4,418,854,196**	**1,202,486,793**	**27,241,719,225**
-	-	-		-	-	**-**
-	-	-	-	(142,333,519)	(1,199,668,234)	**(1,342,001,753)**
-	-	-	-	-	-	**-**
-	-	-	-	2,818,559	(2,818,559)	**-**
-	-	-	-	-	-	**-**
-	-	-	-	-	(1,423,335,192)	**(1,423,335,192)**
72,245	(6,800,397)	17,324,068	-	-	-	**10,640,595**
-	-	-	-	-	3,456,161,520	**3,456,161,520**
(32,550,876)	**(275,210,488)**	**(52,328,932)**	**11,342,491**	**4,279,339,236**	**2,032,826,328**	**27,943,184,395**

Statement of cash flows

Euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Income before taxes		**3,271,671,358**		**2,109,942,342**	
Adjustments for:					
Amortization and impairment losses	5.d	(330,561,950)		15,386,821	
Exchange rate adjustments of foreign currency assets and liabilities		39,628,904		(231,638,389)	
Accruals to provisions		30,514,837		37,912,889	
Dividends from subsidiaries, associates and other companies	6	(3,566,532,771)	*(3,556,152,376)*	(3,032,755,082)	*(3,032,046,630)*
Net financial (income)/expense		355,948,018	*466,123,883*	905,461,585	*(889,403,744)*
(Gains)/Losses from disposals and other non-monetary items		-		-	
Cash flows from operating activities before changes in net current assets		**(199,331,604)**		**(195,689,834)**	
Increase/(Decrease) in provisions		(70,540,865)		(74,765,165)	
(Increase)/Decrease in trade receivables	17	46,077,886	*38,878,555*	18,144,344	*19,768,270*
(Increase)/Decrease in other financial and non-financial assets/liabilities		1,329,718,118	*984,924,384*	886,354,164	*(1,526,661,213)*
Increase/(Decrease) in trade payables	27	(54,370,304)	*(30,494,265)*	(13,164,033)	*5,636,596*
Interest income and other financial income collected		802,804,925	*422,320,744*	1,134,440,570	*325,498,532*
Interest expense and other financial expense paid		(1,381,667,689)	*(212,858,041)*	(1,823,403,773)	*(716,621,016)*
Dividends from subsidiaries, associates and other companies	6	3,510,078,770	*3,499,698,376*	2,976,903,441	*2,976,194,989*
Income taxes paid (consolidated taxation mechanism)		(533,543,154)		(443,549,585)	
Cash flows from operating activities (a)		**3,449,226,083**		**2,465,270,129**	
Investments in property, plant and equipment and intangible assets	10-11	(32,089,910)		(29,716,867)	*(29,716,867)*
Investments in equity investments	13	(2,555,503,401)	*(2,544,488,283)*	(17,898,158)	*(17,898,158)*
Disposals of equity investments	13	-		-	
Cash flows from investing/disinvesting activities (b)		**(2,587,593,311)**		**(47,615,025)**	
Financial debt (new long-term borrowing)	23	3,500,000,000	*2,940,976,595*	989,235,387	
Financial debt (repayments)	23	(4,426,410,410)		(992,598,185)	
Net change in long-term financial payables/(receivables)		2,735,706,549	*2,815,976,594*	(2,854,462,654)	*(26,612,508)*
Net change in short-term financial payables/(receivables)		(743,785,882)	*1,516,803,548*	1,721,306,401	*1,511,596,115*
Dividends paid	22	(2,409,676,207)		(1,829,783,012)	
Increase in capital and reserves	22	-		-	
Cash flows from financing activities (c)		**(1,344,165,950)**		**(2,966,302,063)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(482,533,178)**		**(548,646,959)**	
Cash and cash equivalents at the start of the year	21	2,489,231,277		3,037,878,236	
Cash and cash equivalents at year end	21	**2,006,698,099**		**2,489,231,277**	

Notes to the separate financial statements

1

Form and content of the financial statements

Enel SpA is a corporation (società per azioni) that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
In its capacity as holding company, Enel SpA sets the strategic objectives for the Group and its subsidiaries and coordinates their activities. The activities that Enel SpA performs in respect of the other Group companies as part of its management and coordination function, including with regard to the Company's organizational structure, can be summarized as follows:

- Holding company functions, associated with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - People and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovability;
  - Audit.

On January 1, 2018 the Global Business Lines and the Global services function (hereinafter "Global Structures"), i.e. Global Infrastructure & Networks, Global Thermal Generation and Global Procurement, previously allocated to Enel SpA, were transferred to the wholly owned Italian subsidiaries Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl and Enel Italia Srl.
The corporate reorganization of the Global Structures equipped the Group with a uniform organizational and corporate structure, within which each Global Structure will be able to aim for maximum efficiency and a clearer focus of its activities, in accordance with the "Global Hub" model, namely organizational entities capable of:

- carrying out their activity in an operating company other than Enel SpA;
- provide technical services at a global level to Group companies with a uniform business, pursuing objectives of effectiveness and operating efficiency as well as legal and accounting clarity;
- seize opportunities to develop their business in international markets.

In this context, Enel SpA increasingly takes on the role of industrial holding company, concentrating its activity:

- on the management and coordination of Group companies;
- on the strategic direction of activities, remunerated exclusively through the dividends received from the subsidiaries;
- on institutional services provided by the holding company staff functions for the benefit of the subsidiaries (remunerated through an "institutional services" contract).

Within the Group, Enel SpA meets liquidity requirements primarily through cash flows generated by ordinary operations and the use of a range of sources of funds, while managing any excess liquidity appropriately.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2018, which form an integral part of this Annual Report pursuant to Article 154-*ter*, paragraph 1, of the Consolidate Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).
On March 21, 2019, the Board authorized the publication of these financial statements at December 31, 2018.
These financial statements have undergone statutory auditing by EY SpA.

Basis of presentation

The separate financial statements for the year ended December 31, 2018 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

The financial statements consist of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity and the statement of cash flows and the related notes.

The assets and liabilities reported in the balance sheet are classified on a "current/non-current" basis, with separate reporting of assets held for sale and liabilities included in disposal groups held for sale, if any. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

The income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from any discontinued operations.

The indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations, if any.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria" for the consolidated financial statements.

The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement bases applied to each individual item in the consolidated financial statements.

The financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.

The financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, to which the reader should refer for more information, with the exception of those regarding equity investments in subsidiaries, associated companies and joint ventures.

Subsidiaries are all entities over which Enel SpA has control. The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as having the concrete ability to direct the significant activities of the entity by virtue of the existence of substantive rights.

Associates comprise those entities in which Enel SpA has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.

Joint ventures are entities over which Enel SpA exercises joint control and has rights to the net assets of the entities. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.

Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.

Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Dividends from equity investments are recognized in profit or loss when the shareholder's right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Use of estimates and management judgments

The use of estimates and management judgements adopted in preparing the separate financial statements are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, which readers are invited to consult, with the exception of the measurement of equity investments, which is discussed below.

Recoverability of equity investments

The Company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable value of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group Business Plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

3

Recent accounting standards

For information on recent accounting standards, please refer to the corresponding section of the notes to the consolidated financial statements.
The application of IFRS 9 as from January 1, 2018 gave rise to a non-material decrease in shareholders' equity net of the associated tax effects, mainly reflecting the adoption of the expected credit loss model.
No significant situations were affected by the application of IFRS 15.
With regard to accounting standards taking effect after December 31, 2018, in 2018 Enel completed the analysis of the Company's lease contracts in the light of the new accounting rules provided for under "IFRS 16 - Leases".
The analysis found that the new standard will not have a significant impact.

Information on the income statement

Revenue

4.a Revenue from sales and services - *€38 million*

Revenue from sales and services break down as follows.

Millions of euro

	2018	2017	Change
Revenue from sales and services			
Group companies	38	118	(80)
Non-Group counterparties	-	2	(2)
Total revenue from sales and services	**38**	**120**	**(82)**

Revenue from sales and services, in the amount of €38 million, refers to services provided to subsidiaries within the scope of the Company's management and coordination functions and for the billing of costs of various nature incurred in relation to subsidiaries.

The overall decrease of €82 million compared with the previous year was essentially due to the reduction in revenue from the provision of technical and managerial services following the reorganization that took place at the beginning of 2018 for the Global Structures, as part of which the Global Business Lines, previously included within Enel SpA, were transferred to the wholly owned subsidiaries Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl and Enel Italia Srl. It also reflected negative adjustments related to 2017.

Revenue from sales and services can be broken down by geographical area as follows:

- €34 million in Italy (€75 million in 2017);
- a negative €4 million in the European Union (€25 million in 2017);
- €3 million in non-EU Europe (€7 million in 2017);
- €5 million in other countries (€13 million in 2017).

4.b Other revenue and income - *€15 million*

Other revenue and income, in the amount of €15 million in 2018, is essentially related to seconded personnel in both the year under review and the previous year. It increased by €2 million (€13 million in 2017).

Costs

5.a Purchases of consumables - *€1 million*

Purchases of consumables amounted to €1 million, unchanged from the previous year.

5.b Services, leases and rentals - *€127 million*

Costs for services, leases and rentals break down as follows.

Millions of euro

	2018	2017	Change
Services	116	149	(33)
Leases and rentals	11	16	(5)
Total services, leases and rentals	**127**	**165**	**(38)**

Costs for services, totaling €116 million, include costs for services provided by third parties in the amount of €53 million (€79 million in 2017) and costs for services provided by Group companies in the amount of €63 million (€70 million in 2017). More specifically, the €26 million decrease in costs for services provided by third parties was mainly due both to the decrease in costs incurred for strategic, management and organizational consulting and to lower costs for advertising, marketing, promotional and press materials, which were partially offset by the increase in costs for other services.

Costs for services provided by Group companies decreased by €7 million due to the reduction in costs for personal services and costs for other services, which were partially offset by the increase in costs for IT services.

Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia Srl and decreased by €5 million compared with the previous year.

5.c Personnel - *€109 million*

Personnel costs break down as follows.

Millions of euro

	Notes	**2018**	2017	Change
Wages and salaries		68	108	(40)
Social security costs		22	34	(12)
Post-employment benefits	24	6	9	(3)
Other long-term benefits	24	5	20	(15)
Other costs and other incentive plans	25	8	3	5
Total personnel costs		**109**	**174**	**(65)**

Personnel costs came to €109 million for a decrease of €65 million from 2017. The decline is mainly attributable to the decrease in the average number of employees (399 fewer than in the previous year), partly deriving from the transfers referred to earlier, with a consequent reduction in wages and salaries and related social security costs, for a total of €52 million, and in costs for long-term benefits of €15 million.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2018.

No.

	Average number			Headcount
	2018	2017	Change	**at Dec. 31, 2018**
Senior managers	148	239	(91)	144
Middle managers	354	565	(211)	369
Office staff	270	367	(97)	254
Total	**772**	**1,171**	**(399)**	**767**

5.d Depreciation, amortization and impairment losses - *€(331) million*

Millions of euro

	2018	2017	Change
Depreciation	4	4	-
Amortization	13	11	2
Impairment losses	55	-	55
Reversals of impairment losses	(403)	-	(403)
Total depreciation, amortization and impairment losses	**(331)**	**15**	**(346)**

Depreciation, amortization and impairment losses shows net income of €331 million (€15 million in 2017 and a decrease of €346 million compared with the previous year.

Depreciation and amortization (€17 million) includes depreciation of €4 million and amortization of €13 million. It increased by a total of €2 million on the previous year, mainly reflecting the increase in the average stock of industrial patents and intellectual property rights following investments during the year.

In 2018, impairment losses amounted to €55 million and refer to the adjustments of equity investments held in Enel Russia PSJC (€40 million) and Enel Investment Holding BV (€15 million).

Reversals of impairment losses, in the amount of €403 million, include only the positive adjustment to the value of the equity investment in Enel Produzione SpA following the recalculation of the value of the investment in Slovenské elektrárne.

For details on the criteria used to determine this impairment loss, see note 13 below.

5.e Other operating expenses - *€39 million*

Other operating expenses, totaling €39 million, increased by €19 million compared with the previous year due essentially to provisions for risks and charges in the amount of €15 million.

Operating income, in the amount of €108 million, improved by €350 million compared with the previous year, essentially due to the joint effect of the recognition in 2018 of the restoration of the value of the equity investment in Enel Produzione SpA (€403 million), offset in part by the adjustment of equity investments held in Enel Russia PJSC (€40 million) and Enel Investment Holding BV (€15 million).

6. Income from equity investments - *€3,567 million*

Income from equity investments amounted to €3,567 million in 2018, an increase of €534 million compared with the previous year, and regards dividends and interim dividends approved by subsidiaries and associates in the amount of €3,557 million and by other investees in the amount of €10 million.

Millions of euro

	2018	2017	Change
Dividends from subsidiaries and associates	**3,556**	**3,032**	**524**
Enel Produzione SpA	229	-	229
e-distribuzione SpA	949	1,448	(499)
Enel.Factor SpA	2	3	(1)
Enel Italia Srl	16	23	(7)
Enel Energia SpA	792	679	113
Servizio Elettrico Nazionale SpA	100	80	20
Enel Green Power SpA	557	50	507
Enel Iberia Srl	486	677	(191)
Enel Sole Srl	-	15	(15)
Enel Américas SA	162	25	137
Enel Chile SA	157	31	126
Enel Global Infrastructure & Networks Srl	2	-	2
Enel Investment Holding BV	66	-	66
RusEnergoSbyt LLC	37	-	37
CESI SpA	1	1	-
Dividends from other companies	**11**	**1**	**10**
Emittenti Titoli SpA	10	-	10
Empresa Propietaria de la Red SA	1	1	-
Total income from equity investments	**3,567**	**3,033**	**534**

7. Net financial income/(expense) from derivatives - *€45 million*

This item breaks down as follows.

Millions of euro

	2018	2017	Change
Income from derivatives			
- on behalf of Group companies:	**1,420**	**2,533**	**(1,113)**
- income from derivatives at fair value through profit or loss	1,420	2,533	(1,113)
- on behalf of Enel SpA:	**206**	**150**	**56**
- income from fair value hedge derivatives	18	32	(14)
- income from cash flow hedge derivatives	166	108	58
- income from derivatives at fair value through profit or loss	22	10	12
Total income from derivatives	**1,626**	**2,683**	**(1,057)**
Expense on derivatives			
- on behalf of Group companies:	**1,414**	**2,523**	**(1,109)**
- expense on derivatives at fair value through profit or loss	1,414	2,523	(1,109)
- on behalf of Enel SpA:	**167**	**379**	**(212)**
- expense on fair value hedge derivatives	18	30	(12)
- expense on cash flow hedge derivatives	121	341	(220)
- expense on derivatives at fair value through profit or loss	28	8	20
Total expense on derivatives	**1,581**	**2,902**	**(1,321)**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**45**	**(219)**	**264**

The net financial income from derivatives came to €45 million (as compared with a net expense of €219 million in 2017) and essentially represents the net gain on derivatives entered into on behalf of Enel SpA.
The improvement of €264 million compared with the previous year is essentially due to the decrease in net expense on cash flow hedge derivatives (€220 million), all of which were entered into on behalf of Enel SpA on both interest rates and exchange rates.

For more details on derivatives, see note 31 “Financial instruments” and note 33 “Derivatives and hedge accounting”.

8. Other net financial income/(expense) - *€(448) million*

This item breaks down as follows.

Millions of euro

	2018	2017	Change
Other financial income			
Interest income			
Interest income on long-term financial assets	3	2	1
Interest income on short-term financial assets	16	30	(14)
Total	**19**	**32**	**(13)**
Positive exchange rate differences	28	238	(210)
Income on fair value hedges - post-hedge adjustment	4	13	(9)
Other	269	127	142
Total other financial income	**320**	**410**	**(90)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	32	55	(23)
Interest expense on bonds	549	735	(186)
Interest expense on other borrowings	85	70	15
Total	**666**	**860**	**(194)**
Negative exchange rate differences	65	5	60
Interest expense on defined benefit plans and other long-term employee benefits	3	4	(1)
Other	34	3	31
Total other financial expense	**768**	**872**	**(104)**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(448)**	**(462)**	**14**

Other net financial expense, in the amount of €448 million, essentially reflects interest expense on financial debt of €666 million, partly offset by interest income and fees and commissions on the intercompany current account of €202 million and interest income on the refund of income taxes (IRPEG and ILOR) for the years 1996 and 1997 in the amount of €54 million (see note 9 below for more information).

The decrease of €14 million in other net financial expense compared with 2017 was due mainly to the decrease in interest expense on bonds in the amount of €186 million, partially offset by the €210 million decrease in positive exchange rate differences on hedged loans in foreign currencies, which were affected by the developments in the exchange rate of the euro against the US dollar and the pound sterling.

9. Income taxes - *€(184) million*

Millions of euro

	2018	2017	Change
Current taxes	(189)	(162)	(27)
Deferred tax income	4	4	-
Deferred tax expense	1	(2)	3
Total taxes	**(184)**	**(160)**	**(24)**

Income taxes for 2018 showed a creditor position of €184 million, mainly as a result of the reduction in the tax base for the corporate income tax (IRES) compared with income before taxes due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).
Compared with the previous year (a creditor position of €160 million), the increase of €24 million was essentially due to the reimbursement of income taxes (IRPEG and ILOR) for 1996 and 1997, following two favorable rulings of the Court of Cassation, in the amount of €90 million, partially offset by a smaller creditor tax position on current income (€65 million).

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2018	% rate	2017	% rate
Income before taxes	3,272		2,110	
Theoretical corporate income taxes (IRES)	**785**	**24.0%**	**506**	**24.0%**
Tax decreases:				
- dividends on equity investments, collected	(799)	-24.4%	(678)	-32.1%
- dividends from equity investments, not collected	(14)	-0.4%	(13)	-0.6%
- uses of provisions	(14)	-0.4%	(16)	-0.8%
- prior-year writedowns	(97)	-3.0%	-	
- other	(2)	-0.1%	-	
Tax increases:				
- writedowns/(writebacks) for the year	13	0.4%	-	
- accruals to provisions	13	0.4%	12	0.6%
- prior-year expense	7	0.2%	2	0.1%
- other	9	0.3%	23	1.1%
Total current corporate income taxes (IRES)	**(99)**	**-3.0%**	**(164)**	**-7.8%**
IRAP	**-**		**-**	
Difference on estimated income taxes from prior years	**(111)**	**-3.8%**	**-**	
Definitive withholdings on dividends from foreign shareholdings	**21**	**0.7%**	**2**	**0.1%**
Total deferred tax items	**5**	**0.1%**	**2**	**0.1%**
- of which impact of change in tax rate	*-*		*-*	
- of which changes for the year	*5*		*4*	
- of which difference of prior-year estimates	*-*		*(2)*	
TOTAL INCOME TAXES	**(184)**	**-5.6%**	**(160)**	**-7.6%**

Information on the balance sheet

Assets

10. Property, plant and equipment - *€9 million*

Developments in property, plant and equipment for 2017 and 2018 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and advances	**Total**
Cost	1	3	3	5	20	40	-	72
Accumulated depreciation	-	(2)	(3)	(5)	(19)	(34)	-	(63)
Balance at Dec. 31, 2016	**1**	**1**	**-**	**-**	**1**	**6**	**-**	**9**
Capital expenditure	-	-	-	-	4	1	-	5
Depreciation	-	-	-	-	(1)	(3)	-	(4)
Total changes	**-**	**-**	**-**	**-**	**3**	**(2)**	**-**	**1**
Cost	1	3	3	5	24	41	-	77
Accumulated depreciation	-	(2)	(3)	(5)	(20)	(37)	-	(67)
Balance at Dec. 31, 2017	**1**	**1**	**-**	**-**	**4**	**4**	**-**	**10**
Capital expenditure	-	-	-	-	2	-	1	3
Depreciation	-	-	-	-	(1)	(3)	-	(4)
Total changes	**-**	**-**	**-**	**-**	**1**	**(3)**	**1**	**(1)**
Cost	1	3	3	5	26	41	1	80
Accumulated depreciation	-	(2)	(3)	(5)	(21)	(40)	-	(71)
Balance at Dec. 31, 2018	**1**	**1**	**-**	**-**	**5**	**1**	**1**	**9**

Property, plant and equipment totaled €9 million, a decrease of €1 million compared with the previous year, essentially attributable to the negative net balance between capital expenditure in 2018 (€3 million) and depreciation for the same period (€4 million). Capital expenditure for other assets refer to hardware systems, while the capital expenditure relating to assets under construction refer to engineering works on office buildings.

11. Intangible assets - *€47 million*

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	**Total**
Balance at Dec. 31, 2016	**11**	**7**	**18**
Investments	24	-	24
Assets entering service	7	(7)	-
Amortization	(11)	-	(11)
Total changes	**20**	**(7)**	**13**
Balance at Dec. 31, 2017	**31**	**-**	**31**
Investments	14	17	31
Changes	(2)	-	(2)
Assets entering service	-	-	-
Amortization	(13)	-	(13)
Total changes	**(1)**	**17**	**16**
Balance at Dec. 31, 2018	**30**	**17**	**47**

Industrial patents and intellectual property rights, in the amount of €30 million at December 31, 2018, relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average). Compared with the previous year, the aggregate decreased by €1 million due to the negative balance of investments made in 2018 (€14 million), to amortization recorded during the same period (€13 million), and to the transfer of intangible assets to Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl, and Enel Italia Srl for a total of €2 million.

Investments concerned information-technology projects related to the evolution of software associated with existing systems and the development of new systems, while assets entering service refer mainly to the Evolution for Energy (E4E) project, which was undertaken at the global level to harmonize and integrate processes and systems to support the Global Business Lines and the Administration, Finance and Control, and Global Procurement functions, as well as other projects connected with the evolution of software associated with existing systems.

Other intangible assets under development at December 31, 2018 amounted to €17 million, an increase of the same amount due to investments during the period.

12. Deferred tax assets and liabilities - *€288 million and €133 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of temporary difference, are shown below.

Millions of euro

	at Dec. 31, 2017	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity	Other changes	**at Dec. 31, 2018**
	Total				**Total**
Deferred tax assets					
Nature of temporary differences:					
- provisions for risks and charges and impairment losses	5	1	-	-	6
- derivatives	230	-	-	-	230
- costs for capital increase	2	-	(2)	-	-
- other items	62	(5)	2	(7)	52
Total deferred tax assets	**299**	**(4)**	**-**	**(7)**	**288**
Deferred tax liabilities					
Nature of temporary differences:					
- measurement of financial instruments	163	-	(36)	-	127
- other items	5	1	-	-	6
Total deferred tax liabilities	**168**	**1**	**(36)**	**-**	**133**
Excess net deferred IRES tax assets after any offsetting	**162**				**155**
Excess net deferred IRAP tax liabilities after any offsetting	**(31)**				**-**

Deferred tax assets totaled €288 million (€299 million at December 31, 2017), a decrease of €11 million compared with the previous year, which was due mainly to the recognition of deferred tax assets on changes in provisions for risks and charges and the transfer of deferred tax assets to the companies involved in the transfer of the Global Structures as described above.

Deferred tax liabilities came to €133 million and decreased by €35 million (€168 million at December 31, 2017), essentially due to the release of deferred tax liabilities related to IRAP on the fair value measurement of cash flow hedge instruments (€30 million), given that, over the next few years, we do not expect to generate enough taxable income for IRAP to absorb the temporary deductible differences.

The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

13. Equity investments - *€45,715 million*

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates, and other companies.

Millions of euro	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Capital grants and loss coverage	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)	New cos./ Transfers (+/-)/ Spin-offs (+/-)
							at Dec. 31, 2017	
A) Subsidiaries								
Enel Produzione SpA	4,895	(986)	4	3,913	100.0	-	-	-
e-distribuzione SpA	4,054	-	2	4,056	100.0	2,275	-	-
Servizio Elettrico Nazionale SpA	110	-	-	110	100.0	-	-	-
Enel Global Trading SpA	1,401	(208)	1	1,194	100.0	-	-	-
Enel Green Power SpA	6,538	-	2	6,540	100.0	-	-	(71)
Enel X Srl	5	-	-	5	100.0	518	-	-
Enel Investment Holding BV	8,498	(4,473)	-	4,025	100.0	-	(4,001)	-
Enelpower SpA	189	(159)	-	30	100.0	-	-	-
Enel Global Thermal Generation Srl	1	-	-	1	100.0	-	-	10
Enel Energia SpA	1,321	(8)	-	1,313	100.0	-	-	-
Enel Iberia Srl	13,713	-	-	13,713	100.0	-	-	-
Enel.Factor SpA	18	-	-	18	100.0	-	-	-
Enel Italia Srl	525	(41)	3	487	100.0	-	-	-
Enel Innovation Hubs Srl	70	(54)	-	16	100.0	-	-	-
Enel Global Infrastructure & Networks Srl	12	-	-	12	100.0	-	-	10
Enel Finance International NV	2,397	-	-	2,397	100.0	-	-	(1,798)
Enel Holding Finance Srl	-	-	-	-	-	-	-	1,798
Tynemouth Energy Storage Limited	5	-	-	5	-	-	-	(5)
Enel Américas SA	2,822	-	-	2,822	51.8	-	-	-
Enel Chile SA	1,760	-	-	1,760	60.6	-	-	-
Enel Holding Chile Srl	-	-	-	-	-	-	-	71
E-Distribuție Banat SA	-	-	-	-	-	-	421	-
E-Distribuție Dobrogea SA	-	-	-	-	-	-	261	-
E-Distribuție Muntenia SA	-	-	-	-	-	-	952	-
Enel Energie Muntenia SA	-	-	-	-	-	-	330	-
Enel Energie SA	-	-	-	-	-	-	208	-
Enel Romania SA	-	-	-	-	-	-	15	-
Enel Russia PJSC	-	-	-	-	-	-	442	-
Enel Insurance NV	-	-	-	-	-	-	252	-
Vektör Enerji Üretim AŞ	-	-	-	-	-	-	-	-
Enel Green Power Chile Ltda	-	-	-	-	-	-	-	-
Total subsidiaries	**48,334**	**(5,929)**	**12**	**42,417**		**2,793**	**(1,120)**	**15**
B) Joint ventures								
OpEn Fiber SpA	365	-	-	365	50.0	125	-	-
RusEnergoSbyt LLC	-	-	-	-	-	-	41	-
Total joint ventures	**365**	**-**	**-**	**365**		**125**	**41**	**-**
C) Associates								
CESI SpA	23	-	-	23	42.7	-	-	-
Total associates	**23**	**-**	**-**	**23**		**-**	**-**	**-**
D) Other companies		**-**	**-**					
Empresa Propietaria de la Red SA	5	-	-	5	11.1	-	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-	-	-
Compañía de Transmisión del Mercosur Ltda	-	-	-	-	-	-	-	-
Elcogas SA	5	(5)	-	-	4.3	-	-	-
Emittenti Titoli SpA in liquidation	1	-	-	1	10.0	-	(1)	-
Idrosicilia SpA	-	-	-	-	1.0	-	-	-
Total other companies	**11**	**(5)**	**-**	**6**		**-**	**(1)**	**-**
TOTAL EQUITY INVESTMENTS	**48,733**	**(5,934)**	**12**	**42,811**		**2,918**	**(1,080)**	**15**

Adjustments in value	Mergers (+/-)	Net change	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2018							**at Dec. 31, 2018**
403	-	403	4,895	(583)	4	4,316	100.0
-	-	2,275	6,329	-	2	6,331	100.0
-	-	-	110	-	-	110	100.0
-	-	-	1,401	(208)	1	1,194	100.0
-	-	(71)	6,467	-	2	6,469	100.0
-	-	518	523	-	-	523	100.0
(15)	-	(4,016)	4,497	(4,488)	-	9	100.0
-	-	-	189	(159)	-	30	100.0
-	-	10	11	-	-	11	100.0
-	-	-	1,321	(8)	-	1,313	100.0
-	-	-	13,713	-	-	13,713	100.0
-	(18)	(18)	-	-	-	-	-
-	18	18	543	(41)	3	505	100.0
-	-	-	70	(54)	-	16	100.0
-	-	10	22	-	-	22	100.0
-	-	(1,798)	599	-	-	599	25.0
-	-	1,798	1,798	-	-	1,798	100.0
-	-	(5)	-	-	-	-	-
-	-	-	2,822	-	-	2,822	51.8
-	762	762	2,522	-	-	2,522	61.9
	(71)	-	-	-	-	-	-
-	-	421	421	-	-	421	51.0
-	-	261	261	-	-	261	51.0
-	-	952	952	-	-	952	78.0
-	-	330	330	-	-	330	78.0
-	-	208	208	-	-	208	51.0
-	-	15	15	-	-	15	100.0
(40)	-	402	442	(40)	-	402	56.4
-	-	252	252	-	-	252	100.0
-	-	-	-	-	-	-	100.0
-	-	-	-	-	-	-	-
348	**691**	**2,727**	**50,713**	**(5,581)**	**12**	**45,144**	
-	-	125	490	-	-	490	50.0
-	-	41	41	-	-	41	49.5
-	**-**	**166**	**531**	**-**	**-**	**531**	
-	-	-	23	-	-	23	42.7
-	**-**	**-**	**23**	**-**	**-**	**23**	
12	-	12	5	12	-	17	11.1
-	-	-	-	-	-	-	11.1
-	-	-	-	-	-	-	-
-	-	-	5	(5)	-	-	4.3
-	-	(1)	-	-	-	-	-
-	-	-	-	-	-	-	1.0
12	**-**	**11**	**10**	**7**	**-**	**17**	
360	**691**	**2,904**	**51,277**	**(5,574)**	**12**	**45,715**	

The table below reports changes in equity investments in 2018.

Millions of euro	
Increases	
Transfer to Enel Global Infrastructure & Networks Srl of the "Global Infrastructure & Networks" Business Line	10
Transfer of the "Global Thermal Generation" Business Line to Enel Global Thermal Generation Srl	10
Recapitalization of e-distribuzione SpA	2,275
Recapitalization of Enel X Srl	518
Merger of Enel.Factor Srl into Enel Italia Srl	18
Incorporation of Enel Holding Finance Srl with the transfer of 75% of the investment in Enel Finance International NV	1,798
Capital contribution to OpEn Fiber SpA	125
Acquisition of Enel Russia PSJC by Enel Investment Holding BV	442
Acquisition of E-Distribuție Banat SA by Enel Investment Holding BV	421
Acquisition of E-Distribuție Muntenia SA by Enel Investment Holding BV	952
Acquisition of E-Distribuție Dobrogea SA by Enel Investment Holding BV	261
Acquisition of Enel Energie SA by Enel Investment Holding BV	208
Acquisition of Enel Energie Muntenia SA by Enel Investment Holding BV	330
Acquisition of Enel Romania SA by Enel Investment Holding BV	15
Acquisition of RusEnergoSbyt LLC by Enel Investment Holding BV	41
Acquisition of Enel Insurance NV by Enel Investment Holding BV	252
Increase in the value of the investment in Enel Chile SA due to the merger of Enel Holding Chile Srl and Hydromac Energy Srl (holder of the investment) into Enel SpA	762
Revaluation of the equity investment held in Empresa Propietaria de la Red SA	12
Writeback of the equity investment in Enel Produzione SpA	403
Total increases	**8,853**
Decreases	
Transfer of the company Tynemouth Energy Storage Limited	(5)
Partial spin-off of Enel Green Power SpA to Enel Holding Chile Srl	(71)
Liquidation of Emittente Titoli SpA	(1)
Merger of Enel.Factor Srl into Enel Italia Srl	(18)
Incorporation of Enel Holding Finance Srl with the transfer of 75% of the investment in Enel Finance International NV	(1,798)
Reduction in the value of the investment in Enel Investment Holding BV	(4,001)
Writedown of the investment in Enel Investment Holding BV	(15)
Writedown of the investment in Enel Russia PJSC	(40)
Total decreases	**(5,949)**
NET CHANGE	**2,904**

In 2018, the value of investments in subsidiaries, joint ventures, associated and other companies increased by €2,904 million as a result of:

- the increase, on January 1, 2018, of the share capital of the subsidiary Enel Global Infrastructure & Networks Srl (formerly Enel M@p Srl) in the amount of €10 million through the transfer of the "Global Infrastructure & Networks" Business Line;
- the increase, on January 1, 2018, of the share capital of

the subsidiary Enel Global Thermal Generation Srl in the amount of €10 million through the transfer of the "Global Thermal Generation" Business Line;

- the transfer of the entire investment in Tynemouth Energy Storage Limited to the subsidiary Enel Global Thermal Generation Srl in the amount of €5 million as part of the Business Line transfer described above;
- the recapitalization, on March 8, 2018, of the subsidiary e-distribuzione SpA by waiving a portion of the financial receivable from this company on the intercompany current account in the amount of €2,275 million, which was allocated to a specific available equity reserve;
- the recapitalization, on March 30, 2018, of the subsidiary Enel X Srl by waiving a portion of the financial receivable from this company on the intercompany current account in the amount of €78 million;
- the recapitalization, on June 20, 2018, of the subsidiary Enel X Srl through a capital contribution in the amount of €290 million, which was allocated to a specific available equity reserve;
- the recapitalization, on July 18, 2018, of the subsidiary Enel X Srl through a capital contribution in the amount of €150 million for the purpose of supplementing the equity of Enel X International Srl;
- the incorporation, on July 9, 2018, of Enel Holding Finance Srl by transferring approximately 75% of the investment in the Dutch company Enel Finance International NV, a wholly owned subsidiary of Enel SpA;
- the acquisition of the equity investments held by Enel Investment Holding BV, a wholly owned Dutch subsidiary of Enel SpA, in the Russian companies Enel Russia PJSC and RusEnergoSbyt LLC, in the Romanian companies Enel Romania SA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie SA, and Enel Energie Muntenia SA, and in the Dutch company Enel Insurance NV, for a total of €2,922 million;
- the reduction in the value of the equity investment of Enel Investment Holding BV in the amount of €4,001 million following the reduction of the share capital in the amount of €1,592 million and the distribution of the share premium reserve in the amount of €2,409 million;
- the capital contribution, on October 3, 2018, in favor of OpEn Fiber, a joint venture with CDP Equity SpA, in the amount of €125 million, in order to support the investments needed for execution of the company's 2018-2027 Business Plan;
- the increase in the fair value of the equity investment held in Empresa Propietaria de la Red SA, previously measured at cost, in the amount of €12 million;
- the adjustment of €15 million to the equity investment held in Enel Investment Holding BV to take account of the change in performance and financial position following the aforementioned sale of equity investments;
- a writeback of €403 million in the value of the interest held in Enel Produzione SpA in order to take account of the adjustment in the value of the equity investment in Slovenské elektrárne;
- the adjustment of €40 million to the equity investment held in Enel Russia PJSC to take account of current performance and financial position.

Within the scope of "Project Elqui - Italian side", on March 30, 2018, the partial spin-off of Enel Green Power SpA was completed in favor of the newly incorporated Enel Holding Chile Srl, which led to an adjustment of €71 million in the investment in Enel Green Power SpA and the acquisition of the equity investment, for the same amount, for the entire share capital of the newly incorporated Enel Holding Chile Srl, the parent company of Hydromac Energy Srl, holder of an equity investment in Enel Chile SA with a value of €762 million. On December 12, 2018, the merger into Enel of Enel Holding Chile Srl and Hydromac Energy Srl was completed, resulting in an increase of €762 million in Enel's investment in Enel Chile SA.
The transaction is part of the process of simplifying the Group's structure, which is one of the underlying principles of Enel's 2018-2020 Strategic Plan. The transaction enabled Enel to consolidate the Group's 61.93% interest in Enel Chile SA, previously held directly by Enel for a 43.03% stake and indirectly through Hydromac Energy for 18.88% and through Enel Holding Chile for 0.02%.

It should also be noted that the merger of Enel.Factor SpA into the wholly owned subsidiary Enel Italia Srl was completed on July 1, 2018. This transaction did not result in changes in the total value of the equity investments held by Enel SpA.

The following table shows the previous assumptions used in determining the impairment loss on the investments held in Enel Russia PJSC and Enel Investment Holding BV and the reversal of the impairment loss on Enel Produzione SpA and Empresa Propietaria de la Red SA.

Millions of euro	Original cost	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)	Original cost	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)
	at Dec. 31, 2018					at Dec. 31, 2017				
Enel Russia PJSC	442	1.8%	13.2%	5 years	Perpetuity/28 years	n/a	n/a	n/a	n/a	n/a
Enel Investment Holding BV	23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enel Produzione SpA	3,913	0.7%	8.9%	5 years	Perpetuity	3,913	0.7%	8.9%	5 years	Perpetuity
Empresa Propietaria de la Red SA	5	-	8.7%	3 years	19 years	n/a	n/a	n/a	n/a	n/a

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable value of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. For the purpose of comparing the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn for the explicit period from the 2019-2023 Business Plan approved by the Board of Directors of the Parent Company on November 19, 2018, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing for these equity investments differs in accordance with the specific features and business cycles of the various companies. The terminal value, on the other hand, was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena. The following table reports the share capital and shareholders' equity of the investments in subsidiaries, joint ventures, associates and other companies at December 31, 2018.

	Registered office	Currency	Share capital	Shareholders' equity (millions of euro)	Prior year income/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Produzione SpA	Rome	EUR	1,800,000,000	4,318	613	100.0	4,316
e-distribuzione SpA	Rome	EUR	2,600,000,000	4,657	1,507	100.0	6,331
Servizio Elettrico Nazionale SpA	Rome	EUR	10,000,000	152	75	100.0	110
Enel Global Trading SpA	Rome	EUR	90,885,000	304	(73)	100.0	1,194
Enel Green Power SpA	Rome	EUR	272,000,000	6,136	237	100.0	6,469
Enel X Srl	Rome	EUR	1,050,000	488	(23)	100.0	523
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	8	794	100.0	9
Enelpower SpA	Milan	EUR	2,000,000	28	(2)	100.0	30
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	7	(4)	100.0	11
Enel Energia SpA	Rome	EUR	302,039	2,067	801	100.0	1,313
Enel Iberia Srl	Madrid	EUR	336,142,500	16,918	956	100.0	13,713
Enel Italia Srl	Rome	EUR	50,100,000	449	15	100.0	505
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	22	1	100.0	16
Enel Global Infrastructure & Networks Srl	Rome	EUR	10,100,000	9	(1)	100.0	22
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	1,746	99	25.0	599
Enel Holding Finance Srl	Rome	EUR	10,000	1,798	-	100.0	1,798
Enel Américas SA	Santiago	USD	6,763,204,424	7,710	1,017	51.8	2,822
Enel Chile SA	Santiago	CLP	3,954,491,478,786	4,622	478	61.9	2,522
E-Distribuție Banat SA	Timisoara	RON	382,158,580	480	18	51.0	421
E-Distribuție Dobrogea SA	Constanța	RON	280,285,560	325	18	51.0	261
E-Distribuție Muntenia SA	Bucharest	RON	271,635,250	1,026	16	78.0	952
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	152	3	78.0	330
Enel Energia SA	Bucharest	RON	140,000,000	98	(1)	51.0	208
Enel Romania SA	Judetul Ilfov	RON	200,000	3	-	100.0	15
Enel Russia PJSC	Ekaterinburg	RUB	35,371,898,370	589	97	56.4	402
Enel Insurance NV	Amsterdam	EUR	60,000	258	9	100.0	252
Vektör Enerji Üretim AŞ	Istanbul	TRY	3,500,000	(8)	(8)	100.0	-
Enel Green Power Chile Ltda	Santiago	USD	842,086,000	757	91	-	-
B) Joint ventures							
OpEn Fiber SpA	Milan	EUR	250,000,000	800	(97)	50.0	490
RusEnergoSbyt LLC	Moscow	RUB	2,760,000	8	65	49.5	41
C) Associates							
CESI SpA [1]	Milan	EUR	8,550,000	111	7	42.7	23
D) Other companies							
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	118	15	11.1	17
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	-	(1)	11.1	-
Compañía de Transmisión del Mercosur SA [1]	Buenos Aires	ARS	14,012,000	(25)	(8)	-	-
Elcogas SA	Puertollano	EUR	809,690	(111)	(2)	4.3	-
Idrosicilia SpA [1]	Milan	EUR	22,520,000	51	4	1.0	-

(1) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2017.

With regard to the investments held in the companies Enel Green Power SpA, e-distribuzione SpA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, RusEnergoSbyt LLC, Enel Global Infrastructure & Networks Srl, Enel X Srl, Enel Global Trading SpA, OpEn Fiber SpA, and Enel Finance International NV, the carrying amount is deemed to be recoverable even if individually greater than shareholders' equity at December 31, 2018, for each shareholding. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically:

- for the companies Enel Green Power SpA, e-distribuzione SpA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, RusEnergoSbyt LLC, Enel Global Infrastructure & Networks Srl, Enel X Srl, Enel Global Trading SpA, and OpEn Fiber SpA, the negative difference between the carrying amount of the investments and their shareholders' equity represented a trigger event, following which the value was determined by means of an impairment test of the equity value of the investments in consideration of their expected future cash flows. As a result of this test, a greater value emerged that was not reflected in shareholders' equity to an extent necessary to confirm the full recoverability of the value of the investments;
- in the case of Enel Finance International NV, it is attributable to the negative developments in the fair value of a number of items in shareholders' equity.

It should also be noted that these shareholdings have passed their related impairment tests.

Equity investments in other companies at December 31, 2018 are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value thorugh other comprehensive income was applied.

For the investment in Empresa Propietaria de la Red, previously measured at cost, the fair value was determined on the basis of a reliable valuation of the significant balance sheet items.

In 2018, following the final liquidation report and the final distribution plan, the liquidation procedure of the company Emittenti Titoli SpA was completed.

The investment in Elcogas was completely written off in 2014 and since January 1, 2015, the company, in which Enel has a stake of 4.3%, has been in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017
Equity investments in unlisted companies measured at FVOCI	**17**	**6**
Empresa Propietaria de la Red SA	17	5
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA	-	-
Emittenti Titoli SpA in liquidation	-	1
Idrosicilia SpA	-	-

14. Derivatives - *€793 million, €92 million, €1,395 million, €355 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivative financial assets	793	1,456	92	111
Derivative financial liabilities	1,395	2,270	355	176

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 31 "Financial instruments" and 33 "Derivatives and hedge accounting".

15. Other non-current financial assets - *€136 million*

The aggregate is composed of the following.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Prepaid financial expense		8	10	(2)
Other non-current financial assets included in debt	15.1	128	6	122
Total		**136**	**16**	**120**

Prepaid financial expense essentially refers to the remaining portion of the transaction costs on the €10 billion revolving credit line, established on December 18, 2017, and with a five-year duration, between Enel SpA, Enel Finance International, and Mediobanca following the closure of the existing line. The item reports the non-current portion of those costs, and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in debt - *€128 million*

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Financial receivables	31.1.1	125	-	125
Other financial receivables		3	6	(3)
Total		**128**	**6**	**122**

Other non-current financial assets included in debt at December 31, 2018, amounted to €128 million, an increase of €122 million compared with the previous year.
This change was essentially due to the disbursement of a loan of €125 million to the joint venture OpEn Fiber SpA, in order to provide the company with the funds needed to carry out the investments provided for in the Business Plan in relation to the national project for the development of an ultra-broadband fiber-optic network.
Other financial receivables amounted to €3 million and are entirely accounted for by loans to employees. They decreased by €3 million compared with the previous year.

16. Other non-current assets - *€134 million*

This item breaks down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax receivables	9	9	-
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	125	139	(14)
Total other non-current assets	**134**	**148**	**(14)**

Tax receivables regard the tax credit in respect of the claim for reimbursement for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. These claims were submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011.

Receivable from subsidiaries for assumption of supplementary pension plan liabilities, in the amount of €125 million, refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned have to reimburse the costs of extinguishing defined benefit obligations of the Parent Company, which are recognized under employee benefits.

On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these receivables from subsidiaries for assumption of supplementary pension plan liabilities came to €63 million (€76 million at December 31, 2017).

17. Trade receivables - *€191 million*

The item breaks down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Trade receivables:			
- due from subsidiaries	166	208	(42)
- due from non-Group customers	25	29	(4)
Total	**191**	**237**	**(46)**

Trade receivables, which totaled €191 million, consist of receivables due from subsidiaries (€166 million) and non-Group customers (€25 million).

Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Compared with December 31, 2017, the decrease of €42 million is related both to the trend in revenue connected to these services and to the reorganization of the Global Structures, which led to a reduction in revenue from technical services.

Receivables from non-Group customers concern services of various nature and totaled €25 million, which, compared with December 31, 2017, is a decrease of €4 million.

Trade receivables due from subsidiaries break down as follows:

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Subsidiaries			
Enel Iberia Srl	1	1	-
Enel Produzione SpA	3	13	(10)
e-distribuzione SpA	10	33	(23)
Enel Green Power SpA	9	3	6
Enel Américas SA	4	3	1
Endesa SA	3	4	(1)
Servizio Elettrico Nazionale SpA	2	1	1
Enel Global Trading SpA	-	1	(1)
Enel Energia SpA	6	1	5
Enel Italia Srl	16	18	(2)
Enel Green Power North America Inc.	1	1	-
Enel X Srl	-	2	(2)
Enel Russia PJSC	11	16	(5)
Endesa Distribución Eléctrica SL	21	27	(6)
Enel Global Thermal Generation Srl	1	-	-
Endesa Generación SA	(2)	10	(12)
Endesa Energía SA	2	4	(2)
Enel Romania SA	5	4	1
Enel Brasil SA	24	25	(1)
Enel Distribución Perú SAA	5	6	(1)
Enel Generación Perú SAA	5	6	(1)
Unión Eléctrica de Canarias Generación SAU	(1)	3	(4)
Other	40	26	14
Total	**166**	**208**	**(42)**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Italy	54	77	(23)
EU	68	97	(29)
Non-EU Europe	12	17	(5)
Other	57	46	11
Total	**191**	**237**	**(46)**

18. Income tax receivables - *€165 million*

Income tax receivables at December 31, 2018 amounted to €165 million and essentially regard the Company's IRES credit for estimated current taxes (€99 million) and the receivable with respect to the consolidated IRES return for 2018 (€56 million).

19. Other current financial assets - *€1,860 million*

This item can be broken down as follows.

Millions of euro

	Notes	at Dec. 31, 2018	at Dec. 31, 2017	Change
Other current financial assets included in net financial debt	19.1	1,579	4,085	(2,506)
Other sundry current financial assets		281	265	16
Total		**1,860**	**4,350**	**(2,490)**

19.1 Other current financial assets included in debt - *€1,579 million*

Millions of euro

	Notes	at Dec. 31, 2018	at Dec. 31, 2017	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany current accounts)	31.1.1	313	1,984	(1,671)
- current portion of receivables for assumption of loans	31.1.1	-	27	(27)
Financial receivables due from others:				
- current portion of long-term financial receivables		1	1	-
- other financial receivables		12	(1)	13
- cash collateral for margin agreements on OTC derivatives	31.1.1	1,253	2,074	(821)
Total		**1,579**	**4,085**	**(2,506)**

Other current financial assets included in debt, amounting to €1,579 million at December 31, 2018, refer to financial receivables due from Group companies (€313 million) and financial receivables due from others (€1,266 million).
Financial receivables due from Group companies decreased by €1,698 million compared with December 31, 2017, due to the decline in short-term financial receivables due from Group companies on the intercompany current account (€1,671 million).
Financial receivables due from others decreased by €808 million, essentially attributable to the decrease in cash collateral paid to counterparties for OTC derivatives on interest rates and exchange rates.

20. Other current assets - *€268 million*

At December 31, 2018, the item broke down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax receivables	173	10	163
Other receivables due from Group companies	74	435	(361)
Other receivables	21	7	14
Total	**268**	**452**	**(184)**

Other current assets decreased by a total of €184 million as compared with December 31, 2017.
Tax receivables amounted to €173 million, primarily including the remaining receivable for prepaid VAT for 2018 in the amount of €168 million and receivables with respect to prior-year income taxes of €4 million.
Other receivables due from Group companies essentially regard receivables for the interim dividend approved in 2018 by the subsidiaries Enel Chile SA and Enel Américas SA (€24 million and €33 million, respectively), which was collected in January 2019, IRES receivables in respect of the Group companies participating in the consolidated taxation mechanism (€5 million), and VAT receivables in respect of participating in the Group VAT mechanism (€3 million).
The decrease of €361 million compared with December 31, 2017, was essentially due to the lower VAT receivables in respect of participating in the Group VAT mechanism (€345 million) and the reduction in intragroup receivables related to the Italian IRES tax consolidation (€28 million), partially offset by the increase in receivable from subsidiaries (€9 million) and the increase in interim dividends (€4 million).
Other receivables, in the amount of €21 million at December 31, 2018, increased by €14 million compared with 2017 (€7 million), €8 million of which due to recognition of the installment, relating to 2019, of the contribution to the Enel employee recreational association (Arca).

21. Cash and cash equivalents - *€2,007 million*

Cash and cash equivalents break down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Bank and post office deposits	2,007	2,489	(482)
Cash and cash equivalents on hand	-	-	-
Total	**2,007**	**2,489**	**(482)**

Cash and cash equivalents amounted to €2,007 million, a decrease of €482 million compared with December 31, 2017, mainly due to the impact of the redemption and issue of a number of bonds, the payment of dividends during 2017 as approved by the shareholders of Enel SpA on May 24, 2018, as well as normal operations connected with the central treasury function performed by the Parent Company.

Liabilities and equity

22. Shareholders' equity - *€27,943 million*

Shareholders' equity amounted to €27,943 million, up €707 million compared with December 31, 2017. The change is mainly attributable to net income for the year (€3,478 million), the distribution of the dividend for 2017 in the amount of €0.132 per share (for a total of €1,342 million), as approved by the shareholders on May 24, 2018, and the interim dividend for 2018 approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019 (€0.14 per share, for a total of €1,423 million).

Share capital - *€10,167 million*

At December 31, 2018, the share capital of Enel SpA amounted to €10,166,679,946 fully subscribed and paid up, represented by that same number of ordinary shares with a par value of €1.00 each. This figure for Enel SpA share capital is therefore unchanged compared with the €10,166,679,946 of December 31, 2017.
At December 31, 2018, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, the only shareholder with an interest of greater than 3% in the Company's share capital was the Ministry for the Economy and Finance (with a 23.585% stake).

Other reserves - *€11,464 million*

Share premium reserve - *€7,496 million*

The share premium reserve as at December 31, 2018 is unchanged compared with the previous year.

Legal reserve - *€2,034 million*

The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 - *€2,215 million*

The reserve shows the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Uniform Income Tax Code shall apply.

Other sundry reserves - *€68 million*

Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Reserve from measurement of financial instruments - *€(328) million*

At December 31, 2018, the item was represented by the reserve from measurement of cash flow hedge derivatives and costs of hedging with a negative value of €328 million (net of the positive tax effect of €103 million).

Reserves from measurement of financial assets at FVOCI - *€11 million*

At December 31, 2018, the reserves from measurement of financial assets at FVOCI amounted to €11 million due to the fair value measurement of Empresa Propietaria de la Red SA.

Reserve from remeasurement of net employee benefit plan liabilities/(assets) - *€(32) million*

At December 31, 2018, the employee benefit plan reserve amounted to €32 million (net of the positive tax effect of €8 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of “IAS 19 - Employee benefits”.

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from measurement of defined benefit plan liabilities/assets in 2017 and 2018.

Millions of euro		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	
	at Jan. 1, 2017				at Dec. 31, 2017				**at Dec. 31, 2018**
Reserves from measurement of cash flow hedge financial instruments	(258)	(249)	232	7	(268)	1	(45)	37	(275)
Reserves from measurement of costs of hedging financial instruments	(118)	48	-	-	(70)	17	-	-	(53)
Reserves for financial assets at FVOCI	-	-	-	-	-	11	-	-	11
Reserve from remeasurement of net employee benefit plan liabilities/(assets)	(27)	(7)	-	2	(32)	-	-	-	(32)
Gains/(Losses) recognized directly in equity	**(403)**	**(208)**	**232**	**9**	**(370)**	**29**	**(45)**	**37**	**(349)**

Retained earnings/(Loss carried forward) - *€4,279 million*

For 2018, the item shows a decrease of €145 million, attributable to the resolution of the Shareholders' Meeting of May 24, 2018, which provided for the use of this reserve in the amount of €142 million for the distribution of dividends to shareholders and the allocation to retained earnings of part of the net income for 2017, equal to €3 million.

Net income for the year - *€2,033 million*

Net income for 2018, net of the interim dividend for 2018 of €0.14 per share (for a total of €1,423 million), amounted to €2,033 million.

The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2018	Possible uses	Amount available
Share capital	**10,167**		
Capital reserves:			
- share premium reserve	7,496	ABC	7,496
Income reserves:			
- legal reserve	2,034	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(328)		
- reserves for financial assets at FVOCI	11		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 (1) (2)
- reserve from remeasurement of employee benefit plan liabilities	(32)		
- other	20	ABC	20
Retained earnings/(Loss carried forward)	4,279	ABC	4,279
Total	**25,910**		**14,058**
of which amount available for distribution			*14,055*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5), of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development costs, or departures pursuant to Article 2423, paragraph 4, of the Civil Code.
It should be noted that, in the three previous years, the available reserve denominated "Retained earnings/(Loss carried forward) has been used in the amount of €1,159 million for the distribution of dividends to shareholders.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

22.1 Dividends

The table below shows the dividends paid by the Company in 2017 and 2018.

	Amount distributed (in millions of euro)	Net dividend per share (in euro)
Dividends paid in 2017		
Dividends for 2016	1,830	0.18
Interim dividend for 2017 (1)	-	-
Special dividends	-	-
Total dividends paid in 2017	**1,830**	**0.18**
Dividends paid in 2018		
Dividends for 2017	2,410	0.237
Interim dividend for 2018 (2)	-	-
Special dividends	-	-
Total dividends paid in 2018	**2,410**	**0.237**

(1) Approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018 (interim dividend per share of €0.105 for a total of €1,068 million).
(2) Approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019 (interim dividend of €0.14 per share for a total of €1,423 million).

The dividend for 2017, equal to €0.28 per share, amounting to a total of €2,847 million (of which €0.14 per share, for a total of €1,423 million already paid as an interim dividend as from January 23, 2019), has been proposed to and resolved by the Shareholders' Meeting of May 16, 2019, at a single call. These financial statements do not reflect the effects of the distribution of this dividend for 2018 to shareholders, with the exception of liabilities due to shareholders for the 2018 interim dividend approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019.

22.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2018.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2018 and 2017 is summarized in the following table.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Non-current financial position	(13,397)	(10,780)	(2,617)
Net current financial position	(2,221)	(2,477)	256
Non-current financial receivables and long-term securities	128	6	122
Net financial debt	**(15,490)**	**(13,251)**	**(2,239)**
Shareholders' equity	**27,943**	**27,236**	**707**
Debt/equity ratio	**(0.55)**	**(0.49)**	**(0.06)**

23. Borrowings - *€13,397 million, €806 million, €5,001 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	13,397	10,780	806	3,654
Short-term borrowings	-	-	5,001	5,397

For more details about the nature, recognition and classification of borrowings, please see note 31 "Financial instruments".

24. Employee benefits - *€231 million*

The Company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes.

These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2018, and December 31, 2017.

Millions of euro	**2018**				2017			
	Pension benefits	Health insurance	Other benefits	**Total**	Pension benefits	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**200**	**45**	**28**	**273**	**222**	**40**	**24**	**286**
Current service cost	-	1	6	**7**	-	2	20	**22**
Interest expense	3	1	-	**4**	3	1	-	**4**
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	**-**	-	-	-	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	-	-	-	**-**	(1)	-	-	**(1)**
Experience adjustments	-	(1)	-	**(1)**	2	6	-	**8**
Past service cost	-	-	-	**-**	-	-	-	**-**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(23)	(2)	(10)	**(35)**	(25)	(2)	(14)	**(41)**
Other changes	(6)	(4)	(7)	**(17)**	(1)	(2)	(2)	**(5)**
Actuarial obligation at December 31	**174**	**40**	**17**	**231**	**200**	**45**	**28**	**273**

Millions of euro

	2018	2017
(Gains)/Losses charged to profit or loss		
Service cost	7	22
Interest expense	4	4
(Gains)/Losses arising from settlements	-	-
Total	**11**	**26**

Millions of euro

	2018	2017
Change in (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	-	7
Other changes	-	-
Total	**-**	**7**

The current service cost for employee benefits in 2018 amounted to €7 million, recognized under personnel costs (€22 million in 2017), while the interest expense from the accretion of the liability amounted to €4 million, which is in line with 2017.

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2018	2017
Discount rate	0.25%-1.50%	0.20%-1.50%
Rate of wage increases	1.50%-3.50%	1.50%-3.50%
Rate of increase in healthcare costs	2.50%	2.50%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro

	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(2)	2	(1)	-	-	5	38

25. Provisions for risks and charges - *€45 million*

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty.

In determining the balance of the provision, we have taken account of both the charges that are expected to result from court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years.

The following table shows changes in provisions for risks and charges.

Millions of euro		Taken to profit or loss				Total	
		Accruals	Reversals	Utilization	Other changes		
	at Dec. 31, 2017					**at Dec. 31, 2018**	
							of which current portion
Provision for litigation, risks and other charges:							
- litigation	11	15	(5)	(3)	-	18	*15*
- other	11	-	-	(5)	-	6	*3*
Total	**22**	**15**	**(5)**	**(8)**	-	**24**	***18***
Provision for early retirement incentives	21	6	-	(5)	(1)	21	*4*
TOTAL	**43**	**21**	**(5)**	**(13)**	**(1)**	**45**	***22***

The increase in the provision for litigation, in the amount of €7 million, reflects the allocation for the year of €15 million, partially offset by reversals to profit or loss and uses resulting from the settlement of a number of disputes for a total of €8 million.

This provision refers to labor disputes (€4 million) and other disputes of €14 million.

The decrease of €5 million in other provisions is due to utilizations for the year.

The provision for early retirement incentives, in the amount of €21 million, is unchanged compared with the previous year.

26. Other non-current liabilities - *€12 million*

Other non-current liabilities amounted to €12 million (€12 million at December 31, 2017). They essentially regard the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16).

The amount of the liability at December 31, 2018 reflects the updating of the interest accrued on the residual receivable.

27. Trade payables - *€82 million*

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Trade payables:			
- due to third parties	41	66	(25)
- due to Group companies	41	71	(30)
Total	**82**	**137**	**(55)**

Trade payables mainly include payables for the provision of services and other activities performed in 2018, and comprise payables due to third parties of €41 million (€66 million at December 31, 2017) and payables due to Group companies of €41 million (€71 million at December 31, 2017).

Trade payables due to subsidiaries at December 31, 2018 break down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
e-distribuzione SpA	-	1	(1)
Enel Ingegneria e Ricerca SpA	-	-	-
Servizio Elettrico Nazionale SpA	-	-	-
Enel Global Trading SpA	1	1	-
Enel Green Power SpA	-	1	(1)
Enel Italia Srl	18	35	(17)
Enel Iberia Srl	4	21	(17)
Enel Global Infrastructure & Networks Srl	3	-	3
Enel X Srl	1	-	1
Enel Innovation Hubs Srl	2	-	2
Enel.Factor SpA	-	2	(2)
Endesa SA	3	3	-
Enel Russia PJSC	-	-	-
Other	8	6	2
Total	**41**	**71**	**(30)**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Suppliers			
Italy	59	99	(40)
EU	17	31	(14)
Non-EU Europe	1	4	(3)
Other	5	3	2
Total	**82**	**137**	**(55)**

28. Other current financial liabilities *- €276 million*

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Deferred financial liabilities	31.2.1	259	450	(191)
Other items	31.2.1	17	15	2
Total		**276**	**465**	**(189)**

More specifically, deferred financial liabilities consist of interest expense accrued on financial debt, while the other items essentially include amounts due to Group companies that accrued as of December 31, 2018, but to be settled in the following year, comprising both financial expense on hedge derivatives on commodity exchange rates and interest expense on intercompany current accounts.

29. Net financial position and long-term financial receivables and securities *- €15,490 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Long-term borrowings	23	13,397	10,780	2,617
Short-term borrowings	23	5,001	5,397	(396)
Current portion of long-term borrowings	23	806	3,654	(2,848)
Non-current financial assets included in debt	15.1	128	6	122
Current financial assets included in debt	19.1	1,579	4,085	(2,506)
Cash and cash equivalents	21	2,007	2,489	(482)
Total		**15,490**	**13,251**	**2,239**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2018, reconciled with net financial debt as reported in the Report on operations.

Millions of euro

	at Dec. 31, 2018		at Dec. 31, 2017		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	2,007		2,489		(482)
Liquidity	**2,007**		**2,489**		**(482)**
Short-term portion of long-term financial receivables	1		1		-
Current financial receivables	**1,579**	*313*	**4,085**	*2,011*	**(2,506)**
Short-term bank debt	(45)		(245)		200
Short-term portion of long-term bank debt	(806)		(3,654)		2,848
Other short-term financial payables	(4,956)	*(4,716)*	(5,152)	*(4,896)*	196
Short-term financial debt	**(5,807)**		**(9,051)**		**3,244**
Net short-term financial position	**(2,221)**		**(2,477)**		**256**
Long-term bank debt	(1,048)		(1,039)		(9)
Bonds	(8,208)		(8,541)		333
Other long-term debt	(4,141)		(1,200)		(2,941)
Long-term borrowings	**(13,397)**		**(10,780)**		**(2,617)**
Non-current financial position	**(13,397)**		**(10,780)**		**(2,617)**
NET FINANCIAL POSITION as per CONSOB instructions	**(15,618)**		**(13,257)**		**(2,361)**
Long-term financial receivables	**128**	*125*	**6**	-	**122**
NET FINANCIAL DEBT	**(15,490)**		**(13,251)**		**(2,239)**

30. Other current liabilities - *€2,029 million*

Other current liabilities mainly concern payables due to tax authorities and to the Group companies participating in the consolidated IRES taxation mechanism and the Group VAT system, as well as the liability due to shareholders for the interim dividend for 2018 approved by the Enel SpA Board of Directors on November 6, 2018, and paid as from January 23, 2019 (€1,423 million in 2018 and €1,068 million in 2017).

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax payables	245	502	(257)
Payables due to Group companies	317	428	(111)
Payables due to employees, recreational/assistance associations	18	27	(9)
Payables due to social security institutions	7	12	(5)
Payables due to customers for security deposits and reimbursements	2	2	-
Other	1,440	1,094	346
Total	**2,029**	**2,065**	**(36)**

Tax payables amounted to €245 million and essentially regard amounts due to tax authorities for consolidated IRES (€240 million). The decrease compared with the previous year amounted to €257 million, mainly due to the decrease in the debtor position with tax authorities for consolidated IRES (€165 million). For the previous year, this item included the amount payable to tax authorities for Group VAT for the 4th Quarter of 2017, in the amount of €90 million.

Payables due to Group companies amounted to €317 million. They essentially consist of €139 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€175 million at December 31, 2017) and €173 million in respect of Group VAT (€252 million at December 31, 2017). The decrease of €111 million reflects developments in the debtor positions noted above.

The item "Other", equal to €1,440 million, includes €1,423 million (€1,068 million at December 31, 2017) for the liability due to shareholders for the interim dividend to be paid as from January 23, 2019 (€0.14 per share for 2018 and €0.105 per share for 2017).

31. Financial instruments

31.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IFRS 9, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial assets at amortized cost	31.1.1	**128**	**6**	**4,050**	**7,018**
Financial assets at FVOCI	31.1.2	**-**	**-**	**-**	**-**
Equity investments in other companies		17	-	-	-
Total financial assets at FVOCI		**17**	**-**	**-**	**-**
Financial assets at FVTPL					
Derivative financial assets at FVTPL	33	325	940	78	111
Financial assets designated at fair value upon initial recognition (fair value option)		-		-	
Total financial assets at FVTPL		**325**	**940**	**78**	**111**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	33	468	501	14	-
Fair value hedge derivatives	33	-	15	-	-
Total derivative financial assets designated as hedging instruments		**468**	**516**	**14**	**-**
TOTAL		**938**	**1,462**	**4,142**	**7,129**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 33 "Derivatives and hedge accounting".

31.1.1 Financial assets measured at amortized cost

The following table shows financial assets measured at amortized cost by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash and cash equivalents		**-**	**-**	21	**2,007**	**2,489**
Trade receivables		**-**	**-**	17	**191**	**237**
Financial receivables due from Group companies						
Receivables on intercompany current accounts		-	-	19.1	313	1,984
Current portion of long-term financial receivables	19.1	-	-		-	27
Other financial receivables		-	-		209	153
Total financial receivables due from Group companies		**-**	**-**		**522**	**2,164**
Financial receivables due from others						
Financial receivables	15.1	125	-		-	-
Current portion of long-term financial receivables		-	-		1	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	1,253	2,074
Other financial receivables		3	6		18	-
Total financial receivables due from others		**128**	**6**		**1,272**	**2,075**
Other receivables		**-**	**-**		**58**	**53**
TOTAL		**128**	**6**		**4,050**	**7,018**

The primary changes compared with 2017 regarded:

- a decrease of €482 million in cash and cash equivalents, essentially attributable to the redemption and repurchase of a number of bonds, the payment of dividends for 2017 and the normal central treasury functions performed by Enel SpA;
- a total decrease of €1,642 million in financial receivables due from Group companies, largely reflecting the decrease in receivables on the intercompany current account held with Group companies (€1,671 million);
- a total decrease of €681 million in financial receivables due from others, mainly as a result of a decrease in cash collateral paid to counterparties for OTC derivatives transactions on interest rates and exchange rates (€821 million).

Impairment of financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2018 amounted to €4,178 million (€7,024 million at December 31, 2017) and are recognized net of allowances for expected credit losses, which totaled €12 million at December 31, 2018, compared with a balance of €5 million at the end of previous year.

The Company mainly has the following types of financial assets measured at amortized cost subject to impairment:

- cash and cash equivalents;
- trade receivables;
- financial receivables;
- other receivables.

No signficant expected loss was found in the impairment testing of cash and cash equivalents and other receivables.

The expected credit loss (ECL), determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD), is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate.

The assessment of the increase in credit risk may be performed on:

- an individual basis, if the receivables have been individually identified for impairment based on available information;
- a collective basis on other cases.

The following table shows the expected losses for each class of financial assets measured at amortized cost.

Millions of euro	**at Dec. 31, 2018**			at Jan. 1, 2018		
	Gross carrying amount	Allowance for expected losses	Total	Gross carrying amount	Allowance for expected losses	Total
Cash and cash equivalents	2,007	-	2,007	2,489	-	2,489
Trade receivables	196	5	191	237	5	232
Financial receivables due from Group companies	523	1	522	2,164	1	2,163
Financial receivables due from others	1,406	6	1,400	2,086	6	2,080
Other receivables	58	-	58	53	-	53
Total	**4,190**	**12**	**4,178**	**7,029**	**12**	**7,017**

Financial receivables

Millions of euro

	Allowance for expected losses		
At Jan. 1, 2017 - IAS 39	Individual	Collective	Total
Impairment losses	5	-	5
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2017 - IAS 39	**5**	**-**	**5**
Application of IFRS 9	2	-	2
At Jan. 1, 2018 - IFRS 9	**7**	**-**	**7**
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2018 - IFRS 9	**7**	**-**	**7**

Trade receivables

Millions of euro

	Allowance for expected losses		
At Jan. 1, 2017 - IAS 39	Individual	Collective	Total
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2017 - IAS 39	**-**	**-**	**-**
Application of IFRS 9	-	5	5
At Jan. 1, 2018 - IFRS 9	**-**	**5**	**5**
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2018 - IFRS 9	**-**	**5**	**5**

31.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

This category mainly includes equity investments in unlisted companies irrevocably designated as such at the time of initial recognition.

At December 31, 2017, investments in other companies were recognized among financial assets available for sale in accordance with IAS 39 and were measured at cost. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.

Equity investments in other companies, in the amount of €17 million, essentially concern the investment held by Enel SpA in the company Empresa Propietaria de la Red SA (€17 million).

At December 31, 2018, the fair value of the investment was determined on the basis of a reliable valuation of the significant items of the balance sheet.

31.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IFRS 9, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial liabilities at amortized cost	31.2.1	**13,397**	**10,780**	**6,165**	**9,653**
Financial liabilities at fair value through profit or loss					
Derivative liabilities at FVTPL	33	324	943	134	176
Total		**324**	**943**	**134**	**176**
Derivative liabilities designated as hedging instruments					
Cash flow hedge derivatives	33	1,071	1,327	221	-
Total		**1,071**	**1,327**	**221**	**-**
TOTAL		**14,792**	**13,050**	**6,520**	**9,829**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 33 "Derivatives and hedge accounting".

For more details about fair value measurement, please see note 34 "Fair value measurement".

31.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	23	13,397	10,780		806	3,654
Short-term borrowings		-	-	23	5,001	5,397
Trade payables		-	-	27	82	137
Other current financial liabilities		-	-	28	276	465
Total		**13,397**	**10,780**		**6,165**	**9,653**

Borrowings

Long-term borrowings (including the portion falling due within 12 months) - *€14,203 million*

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €806 million), amounted to €14,203 million at December 31, 2018.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2018, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, the fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2018					at Dec. 31, 2017					Change
Bonds:											
- fixed rate	7,904	7,813	614	7,199	8,561	10,447	10,390	3,088	7,302	11,880	(2,577)
- floating rate	1,201	1,201	192	1,009	1,141	1,805	1,805	566	1,239	1,767	(604)
Total	**9,105**	**9,014**	**806**	**8,208**	**9,702**	**12,252**	**12,195**	**3,654**	**8,541**	**13,647**	**(3,181)**
Bank borrowings:											
- fixed rate	-	-	-	-	-	-	-	-	-	-	-
- floating rate	1,048	1,048	-	1,048	1,045	1,039	1,039	-	1,039	1,043	9
Total	**1,048**	**1,048**	**-**	**1,048**	**1,045**	**1,039**	**1,039**	**-**	**1,039**	**1,043**	**9**
Loans from Group companies:											
- fixed rate	2,300	2,300	-	2,300	2,596	1,200	1,200	-	1,200	1,540	2,941
- floating rate	1,841	1,841	-	1,841	1,895	-	-	-	-	-	-
Total	**4,141**	**4,141**	**-**	**4,141**	**4,491**	**1,200**	**1,200**	**-**	**1,200**	**1,540**	**2,941**
Total fixed-rate borrowings	**10,204**	**10,113**	**614**	**9,499**	**11,157**	**11,647**	**11,590**	**3,088**	**8,502**	**13,420**	**364**
Total floating-rate borrowings	**4,090**	**4,090**	**192**	**3,898**	**4,081**	**2,844**	**2,844**	**566**	**2,278**	**2,810**	**(595)**
TOTAL	**14,294**	**14,203**	**806**	**13,397**	**15,238**	**14,491**	**14,434**	**3,654**	**10,780**	**16,230**	**(231)**

The balance for bonds is reported net of €898 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which Enel SpA holds in its portfolio.

For more details about the maturity analysis of borrowings, please see note 32 "Risk management", while for more about fair value measurement inputs, please see note 34 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2017	**at Dec. 31, 2018**		**at Dec. 31, 2018**	
Euro	**10,939**	**10,665**	**10,725**	**3.4%**	**3.6%**
US dollar	1,218	1,277	1,289	7.9%	8.3%
Pound sterling	2,277	2,261	2,280	6.5%	6.7%
Total non-euro currencies	**3,495**	**3,538**	**3,569**		
TOTAL	**14,434**	**14,203**	**14,294**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowing	Other	Own bonds repurchased	Exchange differences	Nominal value
	at Dec. 31, 2017						**at Dec. 31, 2018**
Bonds	12,252	(4,388)	1,250	-	(38)	29	9,105
Bank borrowings	1,039	-	-	-	-	9	1,048
Loans from Group companies	1,200	-	2,250	691	-	-	4,141
Total	**14,491**	**(4,388)**	**3,500**	691	**(38)**	**38**	**14,294**

Compared with December 31, 2017, the nominal value of long-term debt decreased by €197 million, reflecting:

- repayments of €4,388 million, including two retail bonds, one fixed-rate and one floating-rate, for a total of €3,000 million maturing in February 2018, a fixed-rate loan in euros of €591 million due in June 2018, and the repurchase of a hybrid bond in euros of €732 million done in May 2018;
- the repurchase of €38 million in own unlisted floating-rate bonds of the "Special series of bonds reserved for employees 1994-2019";
- the recognition of exchange losses of €38 million;
- the issue of two hybrid bonds in euros for a total of €1,250 million;
- new intercompany financing granted by Enel Finance International for a total of €2,250 million;
- an intercompany loan of €691 million acquired in December 2018 following the merger of Enel Holding Chile Srl.

The table below reports the characteristics of the bank borrowings obtained in 2018.

New borrowings

Type of loan	Counterparty	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of interest rate	Due date
Bonds							
Hybrid bonds	Enel SpA	May 24, 2018	500	EUR	2.5%	Fixed rate	Nov. 24, 2023
Hybrid bonds	Enel SpA	May 24, 2018	750	EUR	3.4%	Fixed rate	Nov. 24, 2026
Total			**1,250**				

In 2018, the following borrowings were obtained:

- the issue of a hybrid bond in euros in the amount of €500 million, with the first call date scheduled for November 24, 2023;
- the issue of a hybrid bond in euros in the amount of €750 million, with the first call date scheduled for November 24, 2026.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement agreed on December 18, 2017 by Enel SpA and Enel Finance International NV with a pool of banks of up to €10 billion and the loans granted by UniCredit SpA. The main covenants in respect of the bond issues in the

Global/ Euro Medium-Term Notes program of Enel SpA and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) and those related to bonds issued by Enel Finance International NV on the American market can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;
- pari passu clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The main covenants covering the hybrid bonds of Enel SpA can be summarized as follows:

- subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and the loan agreements between Enel SpA and UniCredit SpA are substantially similar and can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;
- pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change of control clauses, which are triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

All the financial borrowings considered specify events of default typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

None of the covenants indicated above has been triggered to date.

Lastly, it should be noted that Enel SpA issued certain guarantees in the interest of Enel Green Power and its subsidiaries in relation to the commitments undertaken within the context of the loan agreements. These guarantees and the associated loan contracts include certain covenants and events of default, some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro

	at Dec. 31, 2018					at Dec. 31, 2017				
	Initial debt structure			**Hedged debt**	**Debt structure after hedging**	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal value	%			Carrying amount	Nominal value	%		
Euro	**10,665**	**10,725**	**75.0%**	**3,569**	**14,294**	**10,939**	**10,961**	**75.6%**	**3,530**	**14,491**
US dollar	1,277	1,289	9.0%	(1,289)	-	1,218	1,232	8.5%	(1,232)	-
Pound sterling	2,261	2,280	16.0%	(2,280)	-	2,277	2,298	15.9%	(2,298)	-
Total	**14,203**	**14,294**	**100.0%**	**-**	**14,294**	**14,434**	**14,491**	**100.0%**	**-**	**14,491**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Gross long-term debt

%

	at Dec. 31, 2018		at Dec. 31, 2017	
	Before hedging	**After hedging**	Before hedging	After hedging
Floating rate	18.1%	15.4%	19.6%	24.2%
Fixed rate	81.9%	84.6%	80.4%	75.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Short-term borrowings - *€5,001 million*

The following table shows short-term borrowings at December 31, 2018, by nature.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Loans from non-Group counterparties			
Bank borrowings	-	120	(120)
Short-term bank borrowings (ordinary current account)	45	125	(80)
Cash collateral for CSAs on OTC derivatives received	240	256	(16)
Total	**285**	**501**	**(216)**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	4,716	4,896	(180)
Total	**4,716**	**4,896**	**(180)**
TOTAL	**5,001**	**5,397**	**(396)**

Short-term borrowings amounted to €5,001 million (€5,397 million in 2017), down €396 million from the previous year, mainly due to:

- the €120 million decrease in liabilities to banks for short-term loans received;
- the €80 million decrease in bank borrowings;

- the €180 million decrease in short-term borrowings from Group companies, attributable to the improvement in the debtor position on the intercompany current account held with subsidiaries.

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

31.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, broken down into non-current (€324 million) and current (€134 million) financial liabilities, refer solely to derivative financial liabilities.

31.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**
	Net gains/(losses)		*of which impairment/reversal of impairment*
Financial assets at amortized cost	6	2	*1*
Financial assets at FVOCI	10	1	-
Financial liabilities at amortized cost	(639)	(546)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives.

32. Risk management

32.1 Financial risk management objectives and policies

As part of its operations, the Company is exposed to a variety of financial risks, notably market risks (including interest rate risk and exchange risk), credit risk and liquidity risk.

The financial risk governance arrangements adopted by Enel establish specific internal committees, composed of top management and chaired by the Chief Executive Officers of the companies involved, which are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies at the Group and individual Region, Country and Global Business Line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Region, Country and Global Business Line levels for each risk, which are monitored periodically by risk management units. For the Group, the system of limits constitutes a decision-making tool to achieve its objectives.

32.2 Market risks

Market risk is the risk that the value of financial and non-financial assets or liabilities and the associated expected cash flows could change owing to changes in market prices.

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Interest rate risk and exchange risk are primarily generated by the presence of financial instruments.

The main financial liabilities held by the Company include bonds, bank borrowings, other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company.

The main financial assets held by the Company include financial receivables, derivatives, cash collateral for derivatives transactions, cash and short-term deposits and trade receivables.
For more details, please see note 31 "Financial instruments".
The source of exposure to interest rate risk and exchange risk did not change with respect to the previous year.

As the Parent Company, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to markets risks for Enel SpA.

During 2018, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament) were detected.

The volume of transactions in financial derivatives outstanding at December 31, 2018 is reported below, with specification of the notional amount of each class of instrument.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below:

Millions of euro	Notional amount	
	at Dec. 31, 2018	at Dec. 31, 2017
Interest rate derivatives		
Interest rate swaps	10,901	20,599
Interest rate collars	-	-
Swaptions	-	-
Total	**10,901**	**20,599**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €10,901 million (€20,599 million at December 31, 2017), of which €1,578 million (essentially unchanged on December 31, 2017) in respect of hedges of the Company's share of debt, and €9,323 million (€19,271 million at December 31, 2017) in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies. The substantial decrease in the latter is due to the novation of numerous interest rate swaps from Enel SpA to Enel Finance International NV.

For more details on interest rate derivatives, please see note 33 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2018, 18.1% of gross long-term financial debt was floating rate (19.6% at December 31, 2017). Taking account of hedges of interest rates considered effective pursuant to the IAS 39, 84.3% of gross long-term financial debt was hedged at December 31, 2018 (75.8% at December 31, 2017). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Company's profit before tax would be affected as follows.

Millions of euro

		at Dec. 31, 2018				at Dec. 31, 2017			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	5	(5)	-	-	9	(9)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	6	(6)	-	-	6	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	36	(36)	-	-	11	(11)
Fair value hedges	25	-	-	-	-	(2)	2	-	-

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of exchange risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.

The exposure to exchange risk did not change with respect to the previous year.

For more details, please see note 31 "Financial instruments". In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2018	at Dec. 31, 2017
Foreign exchange derivatives		
Currency forwards:	6,980	5,410
- hedging exchange risk on commodities	5,349	3,664
- hedging future cash flows	825	1,190
- other currency forwards	806	556
Cross currency interest rate swaps	5,264	15,527
Total	**12,244**	**20,937**

More specifically, these include:

- currency forward contracts with a total notional amount of €5,349 million (€3,664 million at December 31, 2017), of which €2,675 million to hedge the exchange risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
- currency forward contracts with a notional amount of €825 million (€1,190 million at December 31, 2017), to hedge the exchange risk associated with other expected cash flows in currencies other than the euro, of which €493 million in market transactions;
- currency forward contracts with a notional amount of €806 million (€556 million at December 31, 2017), of which €403 million in market transactions to hedge the exchange rate risk on investment spending and, to a lesser extent, operating expenditure;
- cross currency interest rate swaps with a notional amount of €5,264 million (€15,527 million at December 31, 2017), to hedge the exchange risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 33 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 25% of gross medium and long-term debt (24.4% at December 31, 2017) is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the currency of account or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Exchange risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows.

Millions of euro

		at Dec. 31, 2018				at Dec. 31, 2017			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	(14)	17	-	-	5	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(411)	502	-	-	(431)	525
Fair value hedges	10%	-	-	-	-	-	-	-	-

32.3 Credit risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The Company is exposed to credit risk from its financial activities, including transactions in derivatives (typically on financial or commodity underlyings), deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

Financial receivables

Millions of euro

	at Dec. 31, 2018				
Staging	Basis for recognition of expected loss allowance	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Performing	12 m ECL	0.36%	1,929	7	1,922
Underperforming	Lifetime ECL	-	-	-	-
Non-performing		-	-	-	-
Total			**1,929**	**7**	**1,922**

Trade receivables and other receivables: collective measurement

Millions of euro

	at Dec. 31,2018			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Trade receivables				
Trade receivables not past due	-	-	-	-
Trade receivables past due:				
- 1-30 days	-	-	-	-
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	2.55%	196	5	191
Total trade receivables	**-**	**196**	**5**	**191**
Other receivables				
Other receivables not past due	-	-	-	-
Other receivables past due:				
- 1-30 days	-	-	-	-
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	-	-	-	-
Total other receivables	**-**	**-**	**-**	**-**
TOTAL	**-**	**196**	**5**	**191**

32.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;
- maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2018 Enel SpA had a total of about €2,007 million in cash or cash equivalents (€2,489 million at December 31, 2017), and committed lines of credit amounting to €5,800 million (of which none had been drawn) maturing in more than one year (€5,800 million at December 31, 2017).

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	-	614	1,192	2,347	3,660
- floating rate	135	56	27	305	678
Total	**135**	**670**	**1,219**	**2,652**	**4,338**
Bank borrowings					
- fixed rate	-	-	-	-	-
- floating rate	-	-	650	398	-
Total	**-**	**-**	**650**	**398**	**-**
Loans from Group companies					
- fixed rate	-	-	-	1,200	1,100
- floating rate	-	-	46	138	1,657
Total	**-**	**-**	**46**	**1,338**	**2,757**
TOTAL	**135**	**670**	**1,915**	**4,388**	**7,095**

32.5 Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the financial statements since the Company does not plan to set-off assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro	at Dec. 31, 2018					
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not set off in the balance sheet		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/(liabilities)	Gross amounts of recognized financial assets/(liabilities) set off in the balance sheet	Net amounts of financial assets/(liabilities) presented in the balance sheet	Financial instruments	Net portion of financial assets/(liabilities) guaranteed with cash collateral	Net amount of financial assets/(liabilities)
FINANCIAL ASSETS						
Derivative financial assets:						
- on interest rate risk	304	-	304	-	-	304
- on exchange risk	570	-	570	-	(658)	(88)
- other	11	-	11	-	-	11
Total derivative financial assets	**885**	**-**	**885**	**-**	**(658)**	**227**
TOTAL FINANCIAL ASSETS	**885**	**-**	**885**	**-**	**(658)**	**227**
FINANCIAL LIABILITIES						
Derivative financial liabilities:						
- on interest rate risk	(527)	-	(527)	-	431	(96)
- on exchange risk	(1,223)	-	(1,223)	-	1,240	17
- other	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**(1,750)**	**-**	**(1,750)**	**-**	**1,671**	**(79)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(865)**	**-**	**(865)**	**-**	**1,013**	**148**

33. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the official end-year exchange rates provided by the World Markets Reuters (WMR) Company.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on exchange risk	1,751	2,327	468	501	(33)	615	-	14	-	14
Total cash flow hedges	**1,751**	**2,327**	**468**	**501**	**(33)**	**615**	**-**	**14**	**-**	**14**
Fair value hedges:										
- on interest rate risk	-	800	-	15	(15)	-	-	-	-	-
Total fair value hedges	**-**	**800**	**-**	**15**	**(15)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	4,661	9,586	304	405	(101)	-	50	-	1	(1)
- on exchange risk	1,096	5,632	21	535	(514)	2,543	2,419	67	110	(43)
- other	-	-	-	-	-	203	-	11	-	-
Total derivatives at FVTPL	**5,757**	**15,218**	**325**	**940**	**(615)**	**2,746**	**2,469**	**78**	**111**	**(33)**
TOTAL DERIVATIVE FINANCIAL ASSETS	**7,508**	**18,345**	**793**	**1,456**	**(663)**	**3,361**	**2,469**	**92**	**111**	**(19)**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	1,440	390	159	135	24	-	-	-	-	-
- on exchange risk	1,876	2,501	912	1,192	(280)	615	-	221	-	221
Total cash flow hedges	**3,316**	**2,891**	**1,071**	**1,327**	**(256)**	**615**	**-**	**221**	**-**	**221**
Derivatives at FVTPL:										
- on interest rate risk	4,661	9,624	302	408	(106)	138	150	66	66	-
- on exchange risk	1,096	5,632	22	535	(513)	2,655	2,425	68	110	(42)
Total derivatives at FVTPL	**5,757**	**15,256**	**324**	**943**	**(619)**	**2,793**	**2,575**	**134**	**176**	**(42)**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**9,073**	**18,147**	**1,395**	**2,270**	**(875)**	**3,408**	**2,575**	**355**	**176**	**179**

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, foreign exchange rate risk, commodity price risk and net investments in foreign operations when all the criteria provided by IFRS 9 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Depending on the nature of the risks exposure, the Company designates derivatives as either:

- fair value hedge;
- cash flow hedge.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please refer the note 32 "Risk management".

To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk shall not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at initial designation shall be equal to the one used for risk management purposes (i.e. same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitative assessment or a quantitative computation, depending of the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underling risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e. linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.

For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component, a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.

In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.

The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there aren't other sources of ineffectiveness, including the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the "dollar offset" cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the followings:

- basis differences (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e. the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e. the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e. changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e. the counterparty credit risk differently impact the fair value movements of the hedging instruments and hedged items).

Cash flow hedges

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).

If the hedged item results in the recognition of a non-financial asset (i.e. property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e. cash flow reserve) shall be removed and included in the initial value (cost or other carrying amount) of the asset or the liability hedged (i.e. "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For hedging relationships using forward as hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs OCI) is defined case by case. This approach is actually applied by the Company for hedging of foreign currency risk on renewables assets.

Conversely, for hedging relationships using cross currency interest rate swap as hedging instrument, the Company separates foreign currency basis spread, in designating the hedging derivative, and present them in other comprehensive income (OCI) as hedging costs.

With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Company applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called liquidity-based approach).

This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.

Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.

At the roll-over date, the hedging relationship is discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in shareholders' equity (the cash flow hedge reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

The impact of hedging instruments on the accounts is as follows.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure the ineffective portion for the period
at December 31, 2018			
Interest rate swap	1,440	(159)	(159)
Cross currency interest rate swap	4,856	(650)	(650)
at December 31, 2017			
Interest rate swap	390	(135)	(135)
Cross currency interest rate swap	4,828	(691)	(691)

The impact of hedged items on the accounts is as follows:

Millions of euro	Fair value used to measure the ineffective portion for the period	Cash flow hedge reserve	Hedging costs reserve	Fair value used to measure the ineffective portion for the period	Cash flow hedge reserve	Hedging costs reserve
		2018			2017	
Floating-rate borrowings	159	(159)	-	136	(135)	-
Fixed-rate borrowings in foreign currency	649	(596)	(53)	679	(609)	(70)
Floating-rate borrowings in foreign currency	1	(2)	1	11	(12)	-
Total	**809**	**(757)**	**(52)**	**826**	**(756)**	**(70)**

The following table reports the impact of cash flow hedges on profit or loss and on OCI:

Millions of euro	Hedging costs	Gross change in fair value recognized in equity	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion	Hedging costs	Gross change in fair value recognized in equity	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion
		at Dec. 31, 2018				at Dec. 31, 2017		
Interest rate hedges	-	(38)	11	-	-	3	8	-
Foreign exchange hedges	17	39	(55)	-	48	(252)	224	-
Hedging derivatives	**17**	**1**	**(44)**	**-**	**48**	**(249)**	**232**	**-**

The following table reports the impact of cash flow hedge derivatives on equity in the period, gross of tax effects:

Millions of euro	Total gain/(loss) recognized in OCI	Ineffective portion through profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At 31 December 2018						
Floating-rate borrowings	(38)	-	-	-	11	financial expense
Fixed-rate borrowings in foreign currency	29	-	-	17	50	financial income
Floating-rate borrowings in foreign currency	10	-	-	-	5	financial income
Total at December 31, 2018	**1**	**-**	**-**	**17**		
At 31 December 2017						
Floating-rate borrowings	3	-	-	-	8	financial expense
Fixed-rate borrowings in foreign currency	(263)	-	-	48	215	financial expense
Floating-rate borrowings in foreign currency	11	-	-	-	9	financial expense
Total at December 31, 2017	**(249)**	**-**	**-**	**48**		

Fair value hedges

Fair value hedges are used by the Group to hedge changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss. Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Company currently does not make use of such hedge relationships.

For more on the fair value measurement of derivatives, please see note 34 “Fair value measurement”.

Hedge relationships by type of risk hedged

33.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2018**		at Dec. 31, 2017	
Interest rate swaps	Floating-rate borrowings	(159)	1,440	(135)	390
Interest rate swaps	Fixed-rate borrowings	-	-	15	800
Total		**(159)**	**1,440**	**(120)**	**1,190**

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. The cash flow hedge derivatives mainly refer to the hedging of certain floating-rate bonds issued since 2001.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash flow hedge derivatives:	**-**	**-**	**-**	**-**	**1,440**	**390**	**(159)**	**(135)**
- interest rate swaps	-	-	-	-	1,440	390	(159)	(135)
Fair value hedge derivatives:	**-**	**800**	**-**	**15**	**-**	**-**	**-**	**-**
- interest rate swaps	-	800	-	15	-	-	-	-
Total interest rate derivatives	**-**	**800**	**-**	**15**	**1,440**	**390**	**(159)**	**(135)**

The notional amount of the interest rate swaps at December 31, 2018 came to €1,440 million (€1,190 million at December 31, 2017) with a corresponding negative fair value of €159 million (negative €120 million at December 31, 2017).

The deterioration in the fair value of derivatives compared with the previous year is mainly attributable to the general decline in the long-term segment of the yield curve over the course of 2018.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	(159)	(15)	(14)	(14)	(10)	(23)	(95)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro		
	2018	2017
Opening balance at January 1	**(98)**	**(110)**
Changes in fair value recognized in equity (OCI)	(38)	-
Changes in fair value recognized in profit or loss - recycling	11	12
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(125)**	**(98)**

33.1.2 Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on exchange risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2018**		at Dec. 31, 2017	
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(649)	4,658	(679)	4,639
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	(1)	198	(12)	189
Total		**(650)**	**4,856**	**(691)**	**4,828**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and floating-rate borrowing in US dollars obtained from Bank of America in 2017.

The following table shows the notional amount and the fair value of derivatives on exchange risk as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash flow hedge derivatives:	**2,365**	**2,327**	**482**	**501**	**2,491**	**2,501**	**(1,132)**	**(1,192)**
- forwards	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
- cross currency interest rate swaps	2,365	2,327	482	501	2,491	2,501	(1,132)	(1,192)
Total foreign exchange derivatives	**2,365**	**2,327**	**482**	**501**	**2,491**	**2,501**	**(1,132)**	**(1,192)**

The notional amount of the cross currency interest rate swaps at December 31, 2018 came to €4,856 million (€4,828 million at December 31, 2017) with a corresponding negative fair value of €650 million (a negative €691 million at December 31, 2017).

The change in the value of the notional amount and the associated fair value of derivatives mainly reflects the appreciation of the euro against the pound sterling and its depreciation against the US dollar.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	482	86	51	51	50	204	307
- negative fair value	(1,132)	(245)	(52)	(79)	(37)	(36)	(655)

The following table shows the impact of cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro

	2018		2017	
	Change in hedging reserve	**Cost of hedging**	Change in hedging reserve	Cost of hedging
Opening balance at January 1	**(236)**	**(70)**	**(208)**	**(118)**
Changes in fair value recognized in equity (OCI)	39	17	(252)	48
Changes in fair value recognized in profit or loss - recycling	(55)	-	224	-
Changes in fair value recognized in profit or loss - ineffective portion	-	-	-	-
Closing balance at December 31	**(252)**	**(53)**	**(236)**	**(70)**

33.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2018 and December 31, 2017.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivatives at FVTPL on interest rates:	**4,661**	**9,635**	**304**	**405**	**4,799**	**9,774**	**(368)**	**(473)**
- interest rate swaps	4,661	9,635	304	405	4,799	9,774	(368)	(473)
Derivatives at FVTPL on exchange rates:	**3,638**	**8,052**	**88**	**645**	**3,750**	**8,057**	**(91)**	**(645)**
- forwards	3,434	2,702	83	123	3,546	2,708	(84)	(122)
- options	-	-	-	-	-	-	-	-
- cross currency interest rate swaps	204	5,350	5	522	204	5,349	(7)	(523)
Total derivatives at FVTPL	**8,299**	**17,687**	**392**	**1,050**	**8,549**	**17,831**	**(459)**	**(1,118)**

At December 31, 2018, the notional amount of derivatives at fair value through profit or loss on interest rates and foreign exchange rates came to €16,848 million (€35,518 million at December 31, 2017) corresponding to a negative fair value of €67 million (a negative €68 million at December 31, 2017).

Interest rate swaps at the end of the year amounted to €9,460 million. They refer primarily to hedges of the debt of the Group companies with the market (€4,799 million) and intermediated with those companies (€4,661 million).

The overall notional amount shows a decline of €9,949 million on the previous year. More specifically, the decline of €4,975 million in transactions with the market is mainly attributable to the following developments:

- €1,250 million from the early termination of pre-hedge interest rate swaps in respect of the issue of a green bond;
- €3,900 from the novation of interest rate swaps from Enel SpA to Enel Finance International;
- €233 million from interest rate swaps reaching their natural expiry date or as a result of amortization;
- €753 million in new interest rate swaps.

Forward contracts with the market, with a notional amount of €3,434 million (€2,702 million at December 31, 2017), relate mainly to OTC derivatives entered into to mitigate the exchange risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy and infrastructure and networks (new

generation digital meters) and the expected cash flows in currencies other than the euro connected with operating expenses for the provision of cloud services. The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.
Cross currency interest rate swaps, with a notional amount of €204 million (€5,350 million at December 31, 2017), relate to hedges of exchange risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions. The decline in the notional amount of cross currency interest rate swaps of €5,146 million is mainly due to the novation of cross currency interest rate swaps from Enel SpA to Enel Finance International in the amount of €4,768 million and to cross currency interest rate swaps that expired naturally in the amount of €384 million. The value also reflects developments in the exchange rate of the euro against the other major currencies.

34. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by international accounting standards.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.
The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

- recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;
- non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the World Markets Reuters (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.
In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are converted into euros at the official exchange rates provided by the World Markets Reuters (WMR) Company.
The notional amounts of derivatives reported here do not

necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.
For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

34.1 Assets measured at fair value in the balance sheet

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on exchange risk	33	468	-	468	-	14	-	14	-
Total		**468**	**-**	**468**	**-**	**14**	**-**	**14**	**-**
Fair value hedge derivatives:									
- on interest rate risk	33	-	-	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	304	-	304	-	-	-	-	-
- on exchange risk	33	21	-	21	-	67	-	67	-
- other		-	-	-	-	11	-	11	-
Total fair value through profit or loss		**325**	**-**	**325**	**-**	**78**	**-**	**78**	**-**
TOTAL		**793**	**-**	**793**	**-**	**92**	**-**	**92**	**-**

34.2 Liabilities measured at fair value in the balance sheet

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	33	159	-	159	-	-	-	-	-
- on exchange risk	33	912	-	912	-	221	-	221	-
Total		**1,071**	**-**	**1,071**	**-**	**221**	**-**	**221**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	302	-	302	-	66	-	66	-
- on exchange risk	33	22	-	22	-	68	-	68	-
Total		**324**	**-**	**324**	**-**	**134**	**-**	**134**	**-**
TOTAL		**1,395**	**-**	**1,395**	**-**	**355**	**-**	**355**	**-**

34.3 Liabilities not measured at fair value in the balance sheet

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Liabilities			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	8,561	8,561	-	-
- floating rate	31.2.1	1,141	70	1,071	-
Total		**9,702**	**8,631**	**1,071**	**-**
Bank borrowings:					
- fixed rate		-	-	-	-
- floating rate	31.2.1	1,045	-	1,045	-
Total		**1,045**	**-**	**1,045**	**-**
Loans from Group companies:					
- fixed rate	31.2.1	2,596	-	2,596	-
- floating rate	31.2.1	1,895	-	1,895	-
Total		**4,491**	**-**	**4,491**	**-**
TOTAL		**15,238**	**8,631**	**6,607**	**-**

35. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2018, 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 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other relationships

2018

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2018	at Dec. 31, 2018	2018		2018	
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	5	-	-	-	-	-
Enel Américas SA	37	-	-	-	-	2
Enel Chile SA	26	-	-	-	-	1
Enel Distribución Perú SAA	5	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Generación Chile SA	2	-	-	-	-	1
Enel Brasil SA	24	-	-	-	-	-
Enel X Srl	-	5	-	1	-	-
Enel X Italia SpA	-	6	-	-	-	-
Endesa Distribución Eléctrica SL	21	3	-	2	-	(5)
Endesa Generación SA	(2)	1	-	1	-	(1)
Endesa Ingeniería SLU	-	1	-	1	-	-
Endesa Red SA	1	-	-	-	-	1
Endesa SA	3	3	-	1	-	1
E-Distribuție Banat SA	4	-	-	-	-	-
E-Distribuție Dobrogea SA	3	-	-	-	-	-
E-Distribuție Muntenia SA	8	-	-	-	-	-
e-distribuzione SpA	90	111	-	-	-	8
Enel Distribución Chile SA	2	-	-	-	-	1
Enel Energia SpA	6	47	-	-	-	5
Enel Iberia Srl	1	4	-	3	-	-
Enel Green Power Chile Ltda	2	-	-	-	-	1
Enel Green Power Romania Srl	-	1	-	-	-	-
Enel Green Power SpA	9	32	-	-	-	9
Enel Green Power España SL	1	-	-	-	-	1
Enel Green Power North America Inc.	1	-	-	-	-	-
Enel Innovation Hubs Srl	-	2	-	2	-	-
Enel Global Infrastructure & Networks Srl	5	3	-	3	-	2
Enel Global Thermal Generation Srl	2	-	-	-	-	1
Enel Russia PJSC	11	-	-	1	-	3
Enel Produzione SpA	44	46	-	-	-	2
Enel Romania Srl	5	1	-	-	-	1
Enel Italia Srl	24	21	-	61	-	7
Servizio Elettrico Nazionale SpA	2	46	-	-	-	2
Enel Sole Srl	4	3	-	-	-	(1)
Enel Green Power North America Inc.	1	2	-	-	-	-
Enel Global Trading SpA	2	26	-	-	-	-
Enel.Factor SpA	-	-	-	-	-	-
Endesa Energía SA	2	1	-	1	-	-
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	1	-	-	-	-	(1)
OpEn Fiber SpA	4	-	-	-	-	4
RusEnergoSbyt LLC	-	-	-	-	-	1
Enel Green Power Hellas SA	2	-	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	-	1	-	1	-	-
Vektör Enerji Üretim AŞ	8	-	-	-	-	-
Total	**386**	**367**	**-**	**78**	**-**	**48**
Other related parties						
Eni	-	-	-	1	-	-
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	1	-	-
Total	**2**	**2**	**-**	**2**	**-**	**2**
TOTAL	**388**	**369**	**-**	**80**	**-**	**50**

2017

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2017	at Dec. 31, 2017	2017		2017	
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	6	-	-	-	-	1
Enel Américas SA	27	-	-	-	-	2
Enel Chile SA	30	-	-	-	-	1
Enel Distribución Perú SAA	6	-	-	-	-	-
Enel Generación Piura SA	1	-	-	-	-	-
Enel Brasil SA	25	-	-	-	-	12
Enel X Srl	2	-	-	-	-	2
Endesa Distribución Eléctrica SL	27	1	-	-	-	6
Endesa Generación SA	10	-	-	1	-	2
Endesa Red SA	1	-	-	-	-	1
Endesa SA	4	3	-	1	-	5
E-Distribuție Banat SA	4	-	-	-	-	1
E-Distribuție Dobrogea SA	4	-	-	-	-	1
E-Distribuție Muntenia SA	7	-	-	-	-	2
e-distribuzione SpA	124	164	-	2	-	34
Enel Distribución Chile SA	1	-	-	-	-	1
Enel Energia SpA	204	-	-	-	-	2
Enel Energie Muntenia SA	1	-	-	-	-	-
Enel Energie SA	1	-	-	-	-	-
Enel Iberia Srl	1	22	-	11	-	1
Enel Green Power SpA	10	1	-	1	-	8
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Innovation Hubs Srl	-	1	-	-	-	-
Enel Russia PJSC	16	-	-	-	-	8
Enel Produzione SpA	59	97	-	1	-	13
Enel Romania Srl	4	-	-	-	-	1
Enel Italia Srl	30	86	-	66	-	15
Servizio Elettrico Nazionale SpA	158	-	-	-	-	1
Enel Sole Srl	5	8	-	-	-	-
Enel Trade SpA	1	100	-	-	-	1
Enel.Factor SpA	-	3	-	-	-	-
Endesa Energía SA	4	-	-	-	-	3
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	3	-	-	-	-	1
OpEn Fiber SpA	1	-	-	-	-	-
RusEnergoSbyt LLC	-	-	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	-
Tynemouth Energy Storage Limited	-	1	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	3	-	-	-	-	1
3Sun Srl	-	19	-	-	-	-
Total	**800**	**508**	**-**	**83**	**-**	**127**
Other related parties						
CESI SpA	-	-	-	1	-	-
Enel Cuore Onlus	-	-	-	-	-	1
Eni	-	1	-	-	-	-
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	-	-	-
Total	**2**	**3**	**-**	**1**	**-**	**3**
TOTAL	**802**	**511**	**-**	**84**	**-**	**130**

Financial relationships

2018

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2018			2018		
Subsidiaries						
Concert Srl	-	1	-	-	-	-
Enel Américas SA	-	-	-	-	-	162
Enel Chile SA	-	-	-	-	-	157
e-distribuzione SpA	121	370	4,343	23	69	949
Enel X Srl	58	-	-	-	-	-
Enel Global Thermal Generation Srl	12	-	-	-	-	-
Enel Energia SpA	8	1,504	1,912	-	8	792
Enel Iberia Srl	1	-	-	-	1	486
Enel Finance International NV	164	6,095	33,377	802	240	-
Enel Green Power Chile Ltda	-	-	47	-	-	-
Enel Green Power México S de RL de Cv	23	-	3,086	-	23	-
Enel Green Power North America Inc.	13	-	6,787	-	12	-
Enel Green Power Colombia SAS	-	-	48	-	-	-
Enel Green Power Costa Rica SA	-	-	8	-	-	-
Enel Green Power Australia (Pty) Ltd	-	-	12	-	-	-
Enel Green Power Romania Srl	-	-	36	-	-	-
Enel Green Power SpA	59	245	1,724	60	97	557
Enel Green Power Perú SA	6	-	271	1	8	-
Enel Green Power RUS LLC	-	-	50	-	-	-
Enel Green Power South Africa	-	-	1,113	-	-	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Investment Holding BV	1	-	-	-	-	66
Enel Global Infrastructure & Networks Srl	17	-	1	-	-	2
Enel Produzione SpA	64	466	1,998	55	35	229
Enel Italia Srl	2	29	236	3	3	16
Servizio Elettrico Nazionale SpA	122	-	1,217	-	7	100
Enel Sole Srl	1	51	321	-	1	-
Enel Trade Romania Srl	-	-	7	-	-	-
Enel Global Trading SpA	89	54	1,614	174	95	-
Enel.Factor SpA	-	-	-	-	-	2
Enel Innovation Hubs Srl	-	21	1	-	-	-
Enel.si Srl	15	-	21	-	1	-
Enelpower SpA	-	35	-	-	-	-
Enel Green Power RSA (Pty) Ltd	11	-	-	-	11	-
Nuove Energie Srl	27	-	86	-	1	-
Enel Green Power Brasil Participações Ltd	38	-	3,015	-	36	-
OpEn Fiber SpA	127	-	36	-	2	-
RusEnergoSbyt LLC	-	-	-	-	-	37
Enel Green Power Panama SA	-	-	8	-	-	-
Enel X Italia SpA	-	13	3	-	-	-
Enel X Mobility Srl	-	55	53	-	-	-
Enel Green Power Hellas SA	-	-	105	-	-	-
Enel X International Srl	-	19	-	-	-	-
Enel X North America Inc.	-	-	20	-	-	-
Generadora de Montecristo SA	-	-	8	-	-	-
Parque Eólico Pampa SA	2	-	22	-	2	-
Tynemouth Energy Storage Limited	-	-	11	-	-	-
Total	**981**	**8,960**	**61,597**	**1,118**	**652**	**3,555**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**981**	**8,960**	**61,597**	**1,118**	**652**	**3,556**

2017

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2017			2017		
Subsidiaries						
Concert Srl	-	2	-	-	-	-
Enel Américas SA	-	-	-	-	-	25
Enel Chile SA	-	-	-	-	-	31
e-distribuzione SpA	1,759	-	3,765	33	84	1,448
Enel X Srl	6	-	-	-	-	-
Enel Energia SpA	7	1,007	1,806	-	8	679
Enel Iberia Srl	1	-	-	-	1	677
Enel Finance International NV	756	3,735	28,196	679	1,268	-
Enel Green Power North America Inc.	-	-	46	-	-	-
Enel Green Power SpA	161	4	12,994	57	68	50
Enel Green Power Perú SA	-	-	-	11	6	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Investment Holding BV	-	1	-	-	1	-
Enel M@P Srl	3	-	1	-	-	-
Enel Produzione SpA	192	523	2,141	30	75	-
Enel Italia Srl	35	16	123	1	12	23
Servizio Elettrico Nazionale SpA	114	-	1,402	-	7	80
Enel Sole Srl	1	60	277	-	1	15
Enel Trade Romania Srl	-	-	5	-	-	-
Enel Trade SpA	105	761	1,578	97	265	-
Enel Trade d.o.o.	-	-	1	-	-	-
Enel.Factor SpA	18	-	-	-	-	3
Enel Innovation Hubs Srl	-	16	1	-	-	-
Enel.si Srl	8	-	18	-	-	-
Enelpower SpA	-	37	1	-	-	-
Nuove Energie Srl	23	-	87	-	1	-
OpEn Fiber SpA	-	-	300	-	-	-
Enel X Italia SpA	-	2	-	-	-	-
Tynemouth Energy Storage Limited	6	-	10	-	-	-
Total	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,031**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,032**

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	at Dec. 31, 2018			at Dec. 31, 2017		
Assets						
Derivatives - non-current	793	306	38.6%	1,456	912	62.6%
Other non-current financial assets	136	125	91.9%	16	-	-
Other non-current assets	134	125	93.3%	148	139	93.9%
Trade receivables	191	189	99.0%	237	228	96.2%
Derivatives - current	92	14	15.2%	111	98	88.3%
Other current financial assets	1,860	536	28.8%	4,350	2,185	50.2%
Other current assets	268	74	27.6%	453	435	96.0%
Liabilities						
Long-term borrowings	13,397	4,141	30.9%	10,780	1,200	11.1%
Derivatives - non-current	1,395	20	1.4%	2,270	28	1.2%
Other non-current liabilities	12	9	75.0%	12	9	75.0%
Short-term borrowings	5,001	4,715	94.3%	5,397	4,896	90.7%
Trade payables	82	43	52.4%	137	74	54.0%
Derivatives - current	355	53	14.9%	176	13	7.4%
Other current financial liabilities	276	31	11.2%	465	29	6.2%
Other current liabilities	2,029	317	15.6%	2,065	428	20.7%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2018			2017		
Revenue	53	50	94.3%	133	130	97.7%
Services and other operating expenses	275	79	28.7%	359	84	23.4%
Income from equity investments	3,567	3,556	99.7%	3,033	3,032	100.0%
Financial income on derivatives	1,626	437	26.9%	2,683	1,640	61.1%
Other financial income	320	215	67.2%	410	157	38.3%
Financial expense on derivatives	1,581	1,033	65.3%	2,902	836	28.8%
Other financial expense	768	85	11.1%	872	72	8.3%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2018			2017		
Cash flows from operating activities	3,449	1,613	46.8%	2,465	(2,838)	-
Cash flows from investing/disinvesting activities	(2,587)	(2,544)	98.4%	(48)	(48)	100.0%
Cash flows from financing activities	(1,344)	7,274	-	(2,966)	1,485	-50.1%

36. Government grants - Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA and the fully consolidated subsidiaries to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA and Group subsidiaries to public or private parties resident or established in Italy.

The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2018, even if made through multiple financial transactions. They are recognized on a cash basis.

Pursuant to the provisions of Article 3-*quater* of Decree Law 135 of December 14, 2018, ratified with Law 12 of February 11, 2019, for grants received, please refer to the information contained in the National Register of State Aid referred to in Article 52 of Law 234 of December 24, 2012.

As far as donations made are concerned, the material cases are listed below.

Euro

Beneficiary	Amount	Description of donation
Ashoka Italia Onlus	**60,000**	Donation to promote sustainable growth of territory
European University Institute	**100,000**	Donation to support research
Fondazione Centro Studi Enel	**100,000**	Donation to support research and advanced training projects
LUISS	**61,800**	Donation to support study grants
Fondazione Teatro del Maggio Musicale	**400,000**	Donation for cultural projects 2018
Fondazione MAXXI	**600,000**	Donation for cultural projects 2018
Fondazione Accademia Nazionale "Santa Cecilia"	**500,000**	Donation for cultural projects 2018
Elettrici senza frontiere Onlus	**40,000**	Donation for development energy
Fondazione Teatro alla Scala	**600,000**	Donation for cultural projects 2018
Organization for Economic Cooperation and Development (OECD)	**75,000**	Donation for 2018
Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**23,000**	Donation of 2 Top Crash systems to support Highway Police operations
Enel X Srl	**91,745**	R&D project co-financed by EU and national resources. Financing received in 2017. Instalment transferred by Enel SpA, following assignment of financing contract to Enel X - Connect Project
Enel Cuore Onlus	**40,000**	Association dues 2018
CharIN - Charging Interface Initiative e. V.	**10,000**	Association dues 2018
Fondazione Italia Giappone	**20,000**	Association dues 2018
OME - Observatorie Méditerranéen de l'Energie	**63,000**	Association dues 2018
Global Reporting Initiative	**14,000**	Association dues 2018
WBCSD	**72,718**	Association dues 2018
Open Innovation Corporation	**35,752**	Association dues 2018
A.I.I.A.- Associazione Italiana	**10,000**	Association dues 2018
ANIMA	**10,000**	Association dues 2018
Mind the bridge	**120,000**	Association dues 2018
EU40 ASBL	**17,000**	Association dues 2018
Centre on regulation in Europe	**35,000**	Association dues 2018
ASSONIME	**38,315**	Association dues 2018
EUTC	**10,000**	Association dues 2018
BRUEGEL	**50,000**	Association dues 2018
Bettercoal	**70,000**	Association dues 2018
International Integrated	**10,000**	Association dues 2018
IETA - International Emissions Trading Association	**18,663**	Association dues 2018
Valore D.	**15,000**	Association dues 2018
CSR Europe Asbli	**19,750**	Association dues 2018
Roma Start up	**10,000**	Association dues 2018
Transparency International Italia	**20,000**	Association dues 2018
FSG INC.	**63,781**	Association dues 2018
The European House Ambrosetti	**66,000**	Association dues 2018
The Trilateral Commission	**25,000**	Association dues 2018
ISPI - Istituto Studi di Politica Internazionale	**39,000**	Association dues 2018
Consiglio Cooperazione Economica	**25,000**	Association dues 2018
CEPS - Centre for European Policy Studies	**12,000**	Association dues 2018
CONSIUSA - Consiglio per le Relazioni fra Italia e Stati Uniti	**12,500**	Association dues 2018
Centro Studi Americani	**20,000**	Association dues 2018
Transparency International Italia	**20,000**	Association dues 2018
CONSEL	**22,750**	Association dues 2018
GSEP - Global Sustainable Electricity Partnership	**103,204**	Association dues 2018
Human Foundation	**30,000**	Association dues 2018
Open Innovation Corporation	**25,794**	Association dues 2018
Foundation for the global compact	**51,624**	Association dues 2018
Innovation Roundtable ApS	**11,000**	Association dues 2018
KIC INNOENERGY IBERIA	**39,975**	Association dues 2018
EMF Trading - Ellen Macarthur Foundation	**39,375**	Association dues 2018
ICC ITALIA	**13,405**	Association dues 2018
Business Europe	**18,150**	Association dues 2018
Total donations	**3,999,300**	

37. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Sureties and guarantees given:			
- third parties	25	36	(11)
- subsidiaries	61,597	52,752	8,845
Total	**61,622**	**52,788**	**8,834**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Economica (BCIE) of €25 million, acquired following the merger of Enel South America into Enel SpA.

Other sureties and guarantees issued on behalf of subsidiaries include:

- €31,923 million issued on behalf of Enel Finance International securing bonds issued in European and other international markets;
- €15,216 million issued on behalf of various companies controlled by Enel Green Power for the development of new projects under the Business Plan;
- €3,344 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione, Enel Produzione, Enel Green Power, Enel Green Power Perú, Enel Sole and Enel X Mobility;
- €1,472 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel Italia, Enel Innovation Hubs, Enel Global Trading, Enel Produzione, Enelpower, Nuove Energie, Enel.si, Enel Green Power, Enel Sole and Enel X Italia;
- €1,454 million issued on behalf of Enel Finance International to secure the Euro commercial paper program;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione, which received the Enel Grid Efficiency II loan;
- €1,150 million issued by Enel SpA to the Single Buyer on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
- €973 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
- €597 million issued to Terna on behalf of e-distribuzione, Enel Global Trading, Enel Produzione, Enel Energia and Enel X Italia in respect of agreements for electricity transmission services;
- €302 million issued to Snam Rete Gas on behalf of Enel Global Trading and Enel.si for gas transport capacity;
- €300 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Global Trading and Enel Produzione;
- €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Global Trading for electricity purchases;
- €50 million issued to E.ON on behalf of Enel Global Trading for trading on the electricity market;
- €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Global Trading for the supply of gas;
- €38 million issued on behalf of Enel Italia to Excelsia Nove for the performance of obligations under rental contracts;
- €3,288 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries.

Compared with December 31, 2017, the increase in other sureties and guarantees issued on behalf of subsidiaries mainly reflects the issue of bonds as part of the Enel Group finance strategy and the refinancing strategy for consolidated debt.

In particular, on January 9, 2018 Enel Finance International placed its second green bond on the European market in the total amount of €1,250 million, intended for institutional investors and backed by a guarantee issued by Enel SpA. On September 12, 2018 it placed a multi-tranche bond issue on the US market and other international markets, guaranteed by Enel and intended for institutional investors in the total amount of $4 billion, equal to a total of about €3,500 million.

In its capacity as the Parent Company, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

38. Contingent assets and liabilities

Please see note 52 to the consolidated financial statements for information on contingent assets and liabilities.

39. Events after the reporting period

Please see note 53 to the consolidated financial statements for information on other events after the reporting date.

40. Fees of Audit Firm pursuant to Article 149-*duodecies* of the CONSOB "Issuers Regulation"

Fees paid in 2018 by Enel SpA and its subsidiaries at December 31, 2018 to the Audit Firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB "Issuers Regulation".

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- EY SpA	0.6
	- Entities of EY network	-
Certification services	of which:	
	- EY SpA	0.8
	- Entities of EY network	-
Other services	of which:	
	- EY SpA	-
	- Entities of EY network	-
Total		**1.4**
Enel SpA subsidiaries		
Auditing	of which:	
	- EY SpA	2.8
	- Entities of Ernst & Young Global Limited network	10.3
Certification services	of which:	
	- EY SpA	1.3
	- Entities of Ernst & Young Global Limited network	1.9
Other services	of which:	
	- EY SpA	0.4
	- Entities of Ernst & Young Global Limited network	0.3
Total		**17.0**
TOTAL		**18.4**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2018, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Company and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2018 and December 31, 2018.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that the separate financial statements of Enel SpA at December 31, 2018:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer.

4. Finally, we certify that the Report on operations, included in the Annual Report 2018 and accompanied by the financial statements of Enel SpA at December 31, 2018, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 21, 2019

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of the financial reports of Enel SpA

05

Reports

Report of the Board of Statutory Auditors to the Shareholders’ Meeting of Enel SpA

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ENEL SpA CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR 2018

(pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

during the year ended December 31, 2018 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010, as amended by Legislative Decree 135 of July 17, 2016 (hereinafter "Decree 39/2010"), we monitored:

- compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
- the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
- the statutory audit of the annual statutory and consolidated accounts and the selection process and independence of the Audit Firm;
- the adequacy and effectiveness of the internal control and risk management system;
- the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
- the implementation of the corporate governance rules as provided for by the Corporate Governance Code for Listed Companies (hereinafter, the "Corporate Governance Code"), which the Company has adopted;
- the appropriateness of the instructions given by the Company to its subsidiaries to enable Enel to meet statutory public disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.

In compliance with the instructions issued by CONSOB with Communication DEM/1025564 of April 6, 2001, as amended, we report the following:

- we monitored compliance with the law and the bylaws and we have no issues to report;
- on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of

Directors of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the Report on operations accompanying the separate financial statements of the Company and the consolidated financial statements of the Enel Group for 2018 (in the section "Significant events in 2018");

- we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
- in the section "Related parties" of the notes to the separate 2018 financial statements of the Company, the directors describe the main transactions with related-parties – the latter being identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-bis of the Italian Civil Code and the implementing regulations issued by Co – described in the report on corporate governance and ownership structure for 2018. All transactions with related parties reported in the notes to the separate 2018 financial statements of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;
- the Company declares that it has prepared its statutory financial statements for 2018 on the basis of international accounting standards (IAS/IFRS) and the interpretations issued by the IFRIC and the SIC, endorsed by the European Union pursuant to Regulation 2002/1606/EC and in force at the close of 2018, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's separate financial statements for 2018 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value

under the IFRS-EU, as indicated in the accounting policies for the individual items of the consolidated financial statements. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on the accounting standards and measurement criteria adopted, with the exception of equity investments in subsidiaries, associates and joint ventures, which are carried in the Company's separate financial statements at purchase costs adjusted for any impairment losses. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on recently issued accounting standards. The separate financial statements for 2018 of the Company underwent the statutory audit by the Audit Firm, EY SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on operations and certain information in the report on corporate governance and ownership structure of the Company with the financial statements, as well as the compliance of the Report on operations with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation 2014/537/EU. The report of EY SpA also includes:

- a discussion of key aspects of the audit report on the Company's financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 stating that the Audit Firm did not identify any significant errors in the contents of the report on operations;

• the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2018 on the basis of international accounting standards (IAS/IFRS) and the interpretations issued by the IFRIC and the SIC, endorsed by the European Union pursuant to Regulation 2002/1606/EC and in force at the close of 2018, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2018 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the consolidated financial statements discuss (i) new standards applied in 2018, which according to the notes did not have a material impact in the year under review; and (ii) standards that will apply in the future. The consolidated financial statements for 2018 of the Enel Group underwent statutory audit by the Audit Firm EY SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on operations and certain information in the report on corporate governance and ownership structure with the consolidated financial statements, as well as the compliance of the Report on operations with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation 2014/537/EU. The report of EY SpA also includes:

- a discussion of key aspects of the audit report on the consolidated financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 and Article 4 of CONSOB Regulation 20267 (implementing Legislative Decree 254 of December 30, 2016) concerning, respectively, a statement that the Audit Firm did not identify any significant errors in the contents of the Report on operations and that it verified that the Board of Directors had approved the consolidated non-financial statement;

Under the terms of its engagement, EY SpA also issued unqualified opinions on the financial statements for 2018 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the Audit Firm, EY SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by the auditors on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;

- taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 27, 2015, to ensure greater transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy - CONSOB - ISVAP document 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2019, i.e. prior to the date of approval of the financial statements for 2018;

- we examined the Board of Directors' proposal for the allocation of net income for 2018 and have no comments in this regard;
- we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee and the Board of Statutory Auditors in March 2019, that as at the date on which the 2018 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 15 of the Market Rules, approved with Resolution 20249 of December 28, 2017) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;
- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of statutory auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second half of 2014, the organizational structure of the Enel Group is based on a matrix of Global Business Lines and geographical areas. Taking account of the changes implemented most recently in 2017, it is organized into: (i) Global Business Lines*,* 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 Global Business Lines are Infrastructure and Networks, Enel Green Power, Thermal Generation, Trading and Enel X*;* (ii) Regions and Countries, which are responsible for managing relationships with local institutional bodies, regulatory authorities, the media and other local stakeholders, as well as the development of the customer base with regard to the sale of electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Global Business Lines and adopting appropriate security, safety and environmental standards. Regions and Countries comprise: Italy, Iberia, Europe and Euro-Mediterranean Affairs, South America, North and Central America, and Africa, Asia and Oceania; (iii) Global service functions, which are responsible for managing information and communication technology activities and procurement at the Group level; and (iv) Holding company functions, which are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, People and Organization,

Communications, Legal and Corporate Affairs, Audit, and Innovability. The Board of Statutory Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is consistent with control requirements;

- during meetings with the boards of statutory auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;
- we monitored the independence of the Audit Firm EY SpA, having received from them specific written confirmation today that they met that requirement (pursuant to the provisions of Article 6, paragraph 2(a), of Regulation 2014/537/EU and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored, as provided for under Article 19, paragraph 1(e), of Decree 39/2010, the nature and the scale of non-audit services provided to the Company and other Enel Group companies by EY SpA and the entities belonging to its network, the fees for which are reported in the notes to the financial statements of the Company. Following our examinations, the Board of Statutory Auditors feels that there are no critical issues concerning the independence of the Audit Firm EY SpA. We held periodic meetings with the representatives of the Audit Firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this Report.

  As regards the provisions of Article 11 of Regulation 2014/537/EU, EY SpA today provided the Board of Statutory Auditors with the "additional report" for 2018 on the results of the statutory audit carried out, which indicates no significant difficulties encountered during the audit or any significant shortcomings in the internal control system for financial reporting or the Enel accounting system. The Board of Statutory Auditors will transmit that report to the Board of Directors promptly, accompanied by any comments it may have, in accordance with Article 19, paragraph 1(a), of Decree 39/2010.

  The Audit Firm also reported that it did not prepare any management letter for 2018;
- we supervised a specific selection process for the engagement to perform the statutory audit of the accounts of Enel SpA for the 2020-2028 period, in which qualified audit firms took part. As part of this procedure, the Board of Statutory Auditors first assessed and approved the technical and financial selection criteria and then examined and approved the findings of the technical and financial evaluation of the offers received, in compliance with the provisions of Article 19,

paragraph 1, letter f) of Legislative Decree 39/2010 and Article 16 of Regulation 2014/537/EU, which assign responsibility for the appointment process to the Board of Statutory Auditors. In compliance with the applicable legislation, this process ended with the Board of Statutory Auditors drafting a motivated proposal, presented to the Shareholders' Meeting, containing two possible alternative selections for engagement from among the audit firms that participated in the process, accompanied by a duly justified preference for one of the two;

- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examination performed by EY SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the Company's 2018 financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation 2002/1606/EC; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the Report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent testing performed by a qualified external advisor and the Company's Audit department, with each focusing on their respective areas of responsibility on the basis of the different nature of the various checks) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2018 of the Enel Group;

- we monitored the adequacy and effectiveness of the internal control system, primarily through periodic meetings with the head of the Audit department of the Company and holding most of the meetings jointly with the Control and Risk Committee. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2019, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in November 2018, that the main risks associated with the strategic targets set out in the 2019-2023 Business Plan were compatible with the management of the Company in a manner consistent with those targets;
- in 2018 we received two complaints concerning events deemed censurable by that shareholder pursuant to Article 2408 of the Italian Civil Code in connection with the procedures of the Shareholders' Meeting of May 24, 2018. More specifically, the complaints regarded the timing of the distribution to shareholders of the materials containing the pre-Meeting questions and the associated replies and, in the second case, the failure to provide accreditation to the Meeting and the failure to reply to post-Meeting questions. In both cases, the Board of Statutory Auditors, having conducted appropriate enquiries with the support of the Legal and Corporate Affairs department, found no irregularities to report and notified the shareholders involved of our findings. No petitions were received by the Board of Statutory Auditors during 2018;
- we monitored the effective implementation of the Corporate Governance Code, which the Company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate governance system can be found in the report on corporate governance and ownership structure for 2018. In June 2017, March 2018 and March 2019, the Board of Statutory Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the report on corporate governance and ownership structure for 2018.

  In March and September 2017, March 2018 and March 2019, the Board of Statutory Auditors conducted a "self-assessment" of the independence of its members. On those occasions, the Board of Statutory Auditors verified that the

Chairman Sergio Duca and the standing auditor Romina Guglielmetti met the independence requirements established by the Consolidated Law on Financial Intermediation and the Corporate Governance Code with regard to directors. In September 2017, March 2018 and March 2019, the Board of Statutory Auditors found that the standing auditor Roberto Mazzei, while no longer meeting the independence requirements provided for in the Corporate Governance Code for directors (following the hiring of a close family member as head of the "Global Brand and Advertising Management" unit within Enel's Communications department), continues to meet the independence requirements of the Consolidated Law on Financial Intermediation with regard to the members of the boards of statutory auditors of listed companies;

- a Board review was conducted for the first time with reference to 2018, assessing the size, composition and functioning of the Board of Statutory Auditors, similar to the review conducted for the Board of Directors since 2004. This is a best practice that the Board of Statutory Auditors intended to adopt even in the absence of a specific recommendation of the Corporate Governance Code, a "peer-to-peer review" approach, i.e. the assessment not only of the functioning of the body as a whole, but also of the style and content of the contribution provided by each of the auditors. The findings of the Board review offer an especially positive picture of the functioning of Enel's Board of Statutory Auditors, from which it emerges that this body has adopted effective and efficient operating methods that comply with the reference regulatory framework, as attested by the independent advisory firm charged with supporting the evaluation process.

  It should also be noted that, based on the findings of the Board review (further details of which can be found in the report on corporate governance and ownership structure for 2018) and taking account of the provisions of the policy on the diversity of its members (approved on January 29, 2018), the Board of Statutory Auditors – in view of its re-appointment due to expiry of its term of office on the occasion of the Shareholders' Meeting called to approve the Company's financial statements for the 2018 financial year – has reached consensus on "guidance" for the shareholders (available on the Company website) on the various professional qualifications it would consider appropriate for the members of the new Board;
- during 2018 the Board of Statutory Auditors also participated in an induction program, structured into 5 meetings, organized by the Company to provide directors and statutory auditors with an adequate understanding of the business sectors in which the Enel Group operates, as well as the Company dynamics and

their evolution, market trends and the applicable regulatory framework. For an analysis of the issues addressed at the various induction sessions, please see the report on corporate governance and ownership structure for 2018;

- we monitored the application of the provisions of Legislative Decree 254 of December 30, 2016 (hereinafter "Decree 254") concerning the disclosure of non-financial and diversity information by certain large undertakings and groups. In performing that activity, we monitored the adequacy of the organizational, administrative, reporting and control system established by the Company in order to enable the accurate representation in the consolidated non-financial statement for 2018 of the activity of the Enel Group, its results and its impacts in the non-financial areas referred to in Article 3, paragraph 1, of Decree 254, and have no comments in this regard. The Audit Firm, EY SpA, issued, pursuant to Article 3, paragraph 10, of Decree 254 and Article 5 of CONSOB Regulation 20267 of January 18, 2018, its certification of the conformity of the information provided in the consolidated non-financial statement with the requirements of applicable law;
- since the listing of its shares, the Company has adopted specific rules (most recently amended in September 2018) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the Group, with specific regard to inside information. Those rules (which can be consulted on the corporate website) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory public disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation;
- in 2002 the Company also adopted (and has subsequently updated) a Code of Ethics (also available on the corporate website) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;
- with regard to the provisions of Legislative Decree 231 of June 8, 2001 – which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company – since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been adapted to the characteristics of the various

Italian companies of the Group, as well as a description of the purposes of the "Enel Global Compliance Program" for the Group's foreign companies, please see the report on corporate governance and ownership structure for 2018. The structure that monitors the operation and compliance with the program and is responsible for updating it is a collegial body. Since December 2017 it has been composed of three external members with specific professional expertise on corporate organization matters. The Board of Statutory Auditors received adequate information on the main activities carried out in 2018 by that structure, including in meetings with its members. Our examination of those activities found no facts or situations that would require mention in this report;

- in 2018, the Board of Statutory Auditors issued the following opinions:
  - a favorable opinion (at the meeting of January 29, 2018), concerning the 2018 Audit Plan in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code, preliminary to the resolutions pertaining to the Board of Directors in that regard;
  - a favorable opinion (at the meeting of April 17, 2018), pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the proposed revision of the decision concerning the remuneration and job conditions of the Chief Executive Officer/General Manager during the 2017-2019 term;
- a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2018 for their respective positions and any compensation instruments awarded to them is contained in the Remuneration Report referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation, approved by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee on April 10, 2019, and published in compliance with the time limits established by law. The design of these compensation instruments is in line with best practices, complying with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up entirely of independent directors, drawing on the findings of benchmarking analyses, including at the international level, conducted by an independent consulting firm Finally, the Report on Remuneration referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation contains, in compliance with the applicable CONSOB regulations,

specific disclosures on the remuneration earned in 2018 by key management personnel.

The Board of Statutory Auditors' oversight activity in 2018 was carried out in 23 meetings (14 of which held jointly with the Control and Risk Committee) and with participation in the 18 meetings of the Board of Directors, and, through the Chairman or together, in the 6 meetings of the Nomination and Compensation Committee, in the 4 meetings of the Related Parties Committee and in the 6 meetings of the Corporate Governance and Sustainability Committee. The delegated magistrate of the State Audit Court participated in the meetings of the Board of Statutory Auditors and those of the Board of Directors.

During the course of this activity and on the basis of information obtained from EY SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.

Based on the oversight activity performed and the information exchanged with the independent auditors EY SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2018 in conformity with the proposals of the Board of Directors.

Rome, April 17, 2019

The Board of Statutory Auditors

Sergio Duca - Chairman

Romina Guglielmetti - Auditor

Roberto Mazzei - Auditor

Report of the independent Audit Firm on the 2018 financial statements of Enel SpA

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Enel S.p.A.

Financial statements as at December 31, 2018

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enel S.p.A. (the Company), which comprise the balance sheet as at December 31, 2018, and the statement of income, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of equity investments	
The financial statements as of December 31, 2018 include within non-current assets equity investments for Euro 45.715 million. The Directors annually assess for impairment indicators each equity investment, consistent with the strategy for managing legal entities within the Group and, if such indicators exist, perform an impairment test on these assets. The processes and methodologies implemented for determining the recoverable amount of each equity investment are based on complex assumptions which, due to their nature, require the Directors to exercise their judgment. Such judgment relates, primarily, to the identification of impairment indicators, the cash flow projections deriving from the Industrial Plan 2019-2023 and the determination of the long-term growth rates and the discount rates applied to such projections. The disclosures related to the impairment of equity investments are included in Note 2. "*Accounting policies and measurement criteria - Recoverability of equity investments*" Note 13. "*Equity Investments*" and Note 5.d. *Depreciation, amortization and impairment losses*.	Our audit procedures in response to this Key Audit Matter included, among others: • Assessment of the impairment process for equity investments and related controls implemented by the Company; • Assessment of the criteria adopted to identify impairment indicators; • Assessment of the key assumptions underlying the Industrial Plan 2019-2023 and future cash flows, including the comparison with industry data and forecasts; • Assessment of the consistency of the cash flow projections for each equity investment with the Industrial Plan 2019-2023; • Assessment of the management's ability to make accurate projections, through the comparison of the actual results with the previous forecasts. • Assessment of IAS 36 accounting requirements for the reversal of previously recognized impairment losses. In performing our procedures, we engaged our valuation experts in order to verify the methodologies used in the process, the mathematical accuracy of the model, the reasonableness of the long-term growth rates and the discount rates. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Enel S.p.A., in the general meeting held on April 27, 2011, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2011 to December 31, 2019.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e) of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998

The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enel S.p.A. as at December 31, 2018, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Enel S.p.A. as at December 31,2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Enel S.p.A. as at December 31, 2018and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e) of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, April 17, 2019

EY S.p.A.
Signed by: Massimo Antonelli, partner

This report has been translated into the English language solely for the convenience of international readers.

Report of the independent Audit Firm on the 2018 consolidated financial statements of the Enel Group

Enel S.p.A.

Consolidated financial statements as at December 31, 2018

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Enel Group (the Group), which comprise the balance sheet as at December 31, 2018, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Enel S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of non-current assets	
The consolidated financial statements include, within the non-current assets balance, Property, Plant and Equipment for Euro 76.631 million, Intangible Assets for Euro 19.014 million and Goodwill for Euro 14.273 million. The Directors tested for impairment the carrying values of the Cash Generating Units (CGUs) as of the balance sheet date, which include goodwill, intangible assets with indefinite useful lives and other non-current assets where indication of impairment were noted. The process adopted by management and the methodologies for assessing and determining the recoverable amount of each CGU are sometimes based on complex assumptions which, due to their nature, require the Directors to exercise their judgment. Such a judgment relates, primarily, to the cash flow projections deriving from the Industrial Plan 2019-2023 as well as from the determination of the long-term growth rates and the discount rates applied to these projections. In relation to the above, the key assumptions made by the Directors relate to future economic trends, including future trends of the electricity and gas demand and the related expected prices, the availability of renewable resources as well as certain assumptions such as inflation, exchange and interest rates. Because of the judgment required and the complexity of assumptions used to estimate the recoverable amount of the non-current assets, we identified this area as a Key Audit Matter. The disclosures related to the impairment of non-current assets are included in Note 2. *"Accounting policies and measurement criteria - Recoverability of non-financial assets"*, Note 16. *"Property, Plant and Equipment"* and Note 21. *"Goodwill"*.	Our audit procedures in response to this Key Audit Matter included, among others: • Assessment of the impairment process of non-current assets and related controls implemented by the Group; • Assessment of the criteria adopted to identify the CGUs and the reconciliation of their carrying amounts to the consolidated financial statements; • Assessment of the key assumptions underlying the Industrial Plan 2019-2023 and relevant future cash flows, including the comparison with industry data and forecasts; • Assessment of the consistency of the cash flow projections for each CGU with the Industrial Plan 2019-2023; • Assessment of IAS 36 accounting requirements for the reversal of previously recognized impairment losses; • Assessment of the management's ability to make accurate projections, through the comparison of the actual results with the previous forecasts. In performing our procedures we engaged our valuation experts in order to verify the methodologies used in the process, the mathematical accuracy of the model, the reasonableness of the long-term growth rates and the discount rates as well as the results of the sensitivity analysis performed by the management. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

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Key Audit Matter	Audit Response
Revenues from unbilled sale of electricity and gas	
Revenues from sales of electricity and gas to retail customers are recognized upon delivery and include, in addition to amounts invoiced based on periodic meter readings or on the volumes notified by distributors and transporters, an estimate of the electricity and gas delivered during the year but not yet invoiced. Revenues accrued between the date of the last meter reading and year-end are based on estimates of the daily consumption of customers, primarily determined on their historical information, adjusted to reflect the climate factors or other matters that may affect the estimated consumption. Because of the complexity of assumptions used to estimate the revenues from unbilled sale of electricity and gas, we identified this area as a Key Audit Matter. The disclosures related to the revenues from unbilled sale of electricity and gas are included in Note 2. "*Accounting policies and measurement criteria - Use of estimates - Revenue Recognition*".	Our audit procedures in response to this Key Audit Matter included, among others: • assessment of the process related to the recognition of revenues from sales of electricity and gas and related key controls, including Information Technology controls, implemented by the entities within the Group; • assessment of the algorithms and data in the ERP systems of such Group entities, also with the support of our Information Technology specialists; • testing of a sample of data used by management to determine the accrued revenues, including, whenever applicable, the comparison of quantities entered into the network as made available by transporters and distributors; • look-back analysis of prior estimates against actual data subsequently reported. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

3

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Key Audit Matter	Audit Response
Legal proceedings	
The Group is involved in several civil, administrative and tax disputes arising from the normal course of business, for which final outcomes cannot be easily predicted and could potentially results in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which, by their nature, require the use of the Directors' judgment. Such judgment relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements; it is also based on the assessment made by internal and external legal counsels. Because of the judgment required, the materiality of such litigations and the complexity of the assessment process, we identified this area as a Key Audit Matter. The disclosures related to legal proceedings are included in Note 2. "*Accounting policies and measurement criteria - Use of estimates - Litigation*" and Note 52. "*Contingent liabilities and assets*".	Our audit procedures in response to this Key Audit Matter included, among others: • assessment of the process and relevant controls implemented to identify legal and tax litigations, and pending administrative proceedings; • assessment of the assumptions used in the valuation of potential legal and tax risks performed by the legal and tax departments within the Group; • inquiry with the legal and tax departments regarding the status of the most significant disputes and inspection of the key relevant documentation, also with the support of our tax and legal experts; • analysis of the external confirmations received from the external legal and tax counsels assisting the Group entities involved in such disputes, and assessment of the consistency of the information obtained with the risk assessment performed by management and the legal and tax departments. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements relating this Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Enel S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are

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based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Enel S.p.A., in the general meeting held on April 29, 2011, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2011 to December 31, 2019.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e) of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998

The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Enel S.p.A. as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of the Enel Group as at December 31, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of the Enel Group as at December 31, 2018 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e) of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Enel S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Rome, April 17, 2019

EY S.p.A.
Signed by: Massimo Antonelli, partner

This report has been translated into the English language solely for the convenience of international readers.

7

Summary of the resolutions of the Ordinary Shareholders' Meeting

Summary of the resolutions of the Ordinary Shareholders' Meeting of May 16, 2019

The Ordinary Shareholders' Meeting of Enel SpA held in Rome in single call on May 16, 2019 at the Enel Conference Center at 125, Viale Regina Margherita, adopted the following resolutions:

1. approved the financial statements of Enel SpA for the year ended December 31, 2018, having acknowledged the results of the consolidated financial statements of the Enel Group, which closed with Group's net income of €4,789 million, together with the consolidated non-financial statement, both referred to the financial year 2018;

2. resolved:
   (i) to allocate Enel SpA's net income for the year 2018, amounting to €3,456,161,520.41, as follows:
      a) to earmark for distribution to the shareholders:
         - €0.14 for each of the 10,166,679,946 ordinary shares in circulation on the ex-dividend date, to cover the interim dividend payable from January 23, 2019, the ex-dividend date of coupon no. 29 having fallen on January 21, 2019 and the "record date" (i.e. the date of the title to the payment of the dividend) on January 22, 2019, for an overall amount of €1,423,335,192.44;
         - €0.14 for each of the 10,166,679,946 ordinary shares in circulation on July 22, 2019 (i.e. on the scheduled ex-dividend date), as the balance of the dividend, for an overall amount of €1,423,335,192.44;
      b) to earmark for "retained earnings" the remaining part of the net income, for an overall amount of €609,491,135.53;
   (ii) to pay, before withholding tax, if any, the balance of the dividend of €0.14 per ordinary share as from July 24, 2019, with the ex-dividend date of coupon no. 30 falling on July 22, 2019 and the "record date" (i.e. the date of the title to the payment of the dividend) coinciding with July 23, 2019;

3. resolved:
   (i) to revoke the resolution concerning the authorization for the acquisition and the disposal of own shares approved by the Shareholders' Meeting held on May 24, 2018;
   (ii) to authorize the Board of Directors to acquire, in one or more instalments and for a period of eighteen months starting from the date of the Shareholders' Meeting resolution, a maximum number of 500 million ordinary shares of the Company, representing approximately 4.92% of the share capital of Enel SpA, for a maximum outlay of €2 billion; and
   (iii) to authorize the Board of Directors to dispose, in one or more instalments and for an unlimited period of time, of all or part of the own shares held in portfolio, also before having reached the maximum amount of shares that can be purchased, as well as, as the case may be, to buy-back the shares, provided that the own shares held by the Company and, if applicable, by its subsidiaries, do not exceed the limit set by above-mentioned authorization to the purchase;

4. appointed the new Board of Statutory Auditors, which will remain in office until the approval of the 2021 financial statements, in the persons of:
    - Barbara Tadolini - Chair;
    - Claudio Sottoriva - Regular Auditor;
    - Romina Guglielmetti - Regular Auditor;
    - Francesca Di Donato - Alternate Auditor;
    - Maurizio De Filippo - Alternate Auditor;
    - Piera Vitali - Alternate Auditor;

   confirming their yearly gross compensation at €85,000 for the Chair and €75,000 for each of the other regular Statutory Auditors, in addition to the reimbursement of properly documented travel and living expenses incurred in the performance of their duties;

5. resolved to appoint KPMG SpA as Enel SpA external auditor with reference to the financial years from 2020 to 2028, for an overall consideration of €4,352,865 for the whole period;

6. approved the long-term incentive Plan for 2019 reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose features are described in the relevant information document prepared pursuant to Article 84-*bis*, paragraph 1, of the Issuers Regulation adopted by CONSOB with resolution 11971/1999, and to grant the Board of Directors, with the faculty to sub-delegate, all powers necessary for the actual implementation of the aforesaid Plan;

7. resolved in favour of the first section of the remuneration report drawn up pursuant to Article 123-*ter* of Legislative Decree 58 dated February 24, 1998, and Article 84-*quater* of the Issuers Regulation adopted by CONSOB with resolution 11971/1999, containing the description of the policy for the remuneration of Directors, General Manager and Executives with strategic responsibilities adopted by Enel SpA for the financial year 2019, as well as the procedures used for the adoption and implementation of such policy.

06

Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2018

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2018, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parent Company									
Enel SpA	Rome	Italy	10,166,679,946.00	EUR	Holding	Holding			100.00%
Subsidiaries									
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	Hydro Development Group Acquisition LLC Pyrites Hydro LLC	50.00% 50.00%	50.00%
Societa di sviluppo, realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA ("Galsi SpA")	Milan	Italy	37,419,179.00	EUR	Energy and infrastructure engineering	-	Enel Produzione SpA	17.65%	17.65%
3-101-665717 SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	PH Chucas SA	100.00%	65.00%
Abc Solar 10 SpA	Santiago	Chile	1,000,000.00	CLP	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	61.93%
Abc Solar 2 SpA	Santiago	Chile	1,000,000.00	CLP	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	61.93%
Aced Renewables Hidden Valley (Pty) Ltd	-	South Africa	1,000.00	ZAR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd Karusa Wind Farm Community Trust SPV (RF) (Pty) Ltd Pele Green Energy Karusa BEE SPV (RF) (Pty) Ltd	60.00% 5.00% 35.00%	60.00%
Activation Energy Limited	-	Ireland	100,000.00	EUR	Renewables	Line-by-line	EnerNOC Ireland Limited	100.00%	100.00%
Adams Solar Pv Project Two (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	33.33%	33.33%
Agassiz Beach LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	80.00%	80.00%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	11.69%
Aguilón 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Alba Energia Ltda	Rio de Janeiro	Brazil	15,061,880.00	BRL	Plant development, design, construction and operation	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Albany Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Alliance SA	Managua	Nicaragua	6,180,150.00	NIO	-	Equity	Daniel Hajj Aboumrad Estesa Holding Corp. Francisco Javier Lacasa Fuertes Ufinet Latam SLU	0.10% 49.90% 0.10% 49.90%	10.68%
Almeyda Solar SpA	Santiago	Chile	1,736,965,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	61.93%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Alpe Adria Energia Srl	Udine	Italy	900,000.00	EUR	Design, construction and operation of merchant lines	Line-by-line	Enel Produzione SpA	50.00%	50.00%
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Ampla Energia e Serviços SA (Enel Distribuição Rio SA)	Rio de Janeiro	Brazil	2,498,230,386.65	BRL	Electricity generation, transmission and distribution	Line-by-line	Enel Brasil SA	99.79%	54.09%
Annandale Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Apiácas Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Aquenergy Systems LLC	Greenville (South Carolina)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Aranort Desarrollos SL	Madrid	Spain	3,010.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Management and maintenance of power plants	Proportional	Endesa Generación SA	85.41%	59.87%
Athonet Srl	Trieste	Italy	60,946.48	EUR	-	Equity	Enel X Srl	16.00%	16.00%
Atwater Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Aurora Distributed Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Solar Holdings LLC	51.00%	51.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Aurora Land Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Aurora Solar Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Autumn Hills LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Avikiran Energy India Private Limited	Gurugram (Haryana)	India	100,000.00	INR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	100.00%	76.56%
Avikiran Solar India Private Limited	Haryana	India	100,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	100.00%	76.56%
Avikiran Surya India Private Limited	Haryana	India	100,000.00	INR	-	Line-by-line	BLP Energy Private Limited	100.00%	100.00%
Avikiran Vayu India Private Limited	Gurugram (Haryana)	India	100,000.00	INR	Electricity generation, distribution and sale	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited) Mr. Sandy Khera	99.90% 0.10%	76.48%
Aysén Energía SA en liquidación	Santiago	Chile	4,900,100.00	CLP	Electricity activities	Equity	Enel Generación Chile SA	51.00%	29.55%
Aysén Transmisión SA en liquidación	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Equity	Enel Generación Chile SA	51.00%	29.55%
Barnet Hydro Company LLC	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc. Sweetwater Hydroelectric LLC	10.00% 90.00%	100.00%
Baylio Solar SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings LLC	67.50%	67.50%
Beaver Valley Holdings LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Beaver Valley Power Company LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Belomechetskaya	Moscow	Russia	3,010,000.00	RUB	Thermal generation plants	Line-by-line	Enel Green Power Rus LLC	100.00%	100.00%
Bioenergy Casei Gerola Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Black River Hydro Assoc.	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	(Cataldo) Hydro Power Associates Enel Green Power North America Inc.	75.00% 25.00%	62.50%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
BLP Vayu (Project 1) Private Limited	Haryana	India	7,500,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	100.00%	76.56%
BLP Vayu (Project 2) Private Limited	Haryana	India	45,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	100.00%	76.56%
BLP Wind Project (Amberi) Private Limited	New Delhi	India	5,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	100.00%	76.56%
Boiro Energía SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Bondia Energia Ltda	Rio de Janeiro	Brazil	2,000,888.00	BRL	Plant development, design, construction and operation	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Boott Hydropower LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Bosa del Ebro SL	Zaragoza	Spain	3,010.00	EUR	Electricity generation from renewable resources	Line-by-line	Bancale Servicios Integrales SL Enel Green Power España SL	49.00% 51.00%	35.75%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Idaho LLC Enel Green Power North America Inc.	68.00% 32.00%	100.00%
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bp Hydro Associates Enel Green Power North America Inc.	75.92% 24.08%	100.00%
Broadband Comunicaciones SA	Quito	Ecuador	30,290.00	USD	-	Equity	Ufinet Ecuador Ufiec SA Ufinet Latam SLU	99.99% 0.01%	21.40%
Buffalo Dunes Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	75.00%	75.00%
Buffalo Jump Lp	Calgary (Alberta)	Canada	10.00	CAD	Holding	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	0.10% 99.90%	100.00%
Bungala One Finco (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Property (Pty) Ltd	100.00%	50.00%
Bungala One Operation Holding Trust	Sydney	Australia	100.00	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Operations Holding (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Operations (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala One Operations Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala One Operations Holding (Pty) Ltd	100.00%	50.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Bungala One Property (Pty) Ltd	Sydney	Australia	1,000.00	AUD	Electricity generation from renewable resources	Equity	Bungala One Property Holding (Pty) Ltd	100.00%	50.00%
Bungala One Property Holding (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Property Holding Trust	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala One Property Trust	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Bungala One Property Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Finco (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Bungala Two Property (Pty) Ltd	100.00%	50.00%
Bungala Two Operations Holding (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Operations Holding Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Operations (Pty) Ltd	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Operations Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Operations Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Property Holding (Pty) Ltd	Sydney	Australia	-	AUD	Electricity generation from renewable resources	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Property Holding Trust	Sydney	Australia	-	AUD	Renewable energy	Equity	Enel Green Power Bungala (Pty) Ltd	50.00%	50.00%
Bungala Two Property (Pty) Ltd	Sydney	Australia	-	AUD	Renewable energy	Equity	Bungala Two Property Holding (Pty) Ltd	100.00%	50.00%
Bungala Two Property Trust	Sydney	Australia	1.00	AUD	Renewable energy	Equity	Bungala Two Property Holding (Pty) Ltd	100.00%	50.00%
Business Venture Investments 1468 (Pty) Ltd	Lombardy East	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Equity	Rocky Caney Wind LLC	20.00%	20.00%
Carbopego - Abastecimientos e Combustíveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Equity	Endesa Generación Portugal SA Endesa Generación SA	0.01% 49.99%	35.05%
Carodex (Pty) Ltd	Houghton	South Africa	116.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	98.49%	98.49%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Cascade Energy Storage LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
Castiblanco Solar SL	Madrid	Spain	3,000.00	EUR	Photovoltaic	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	0.10% 99.90%	100.00%
Celg Distribuição SA - Celg D. (Enel Distribuição Goiás)	Goiás	Brazil	5,075,679,362.52	BRL	Electricity transmission, distribution and sale	Line-by-line	Enel Brasil SA	99.93%	54.19%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel Argentina SA Inversora Dock Sud SA	0.25% 69.99%	21.83%
Central Geradora Fotovoltaica Bom Nome Ltda	Bahia	Brazil	4,859,739.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Enel Brasil SA	100.00%	54.23%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Plant operation	Equity	Enel Green Power España SL	33.30%	23.34%
Central Térmica de Anllares Aie	Madrid	Spain	595,000.00	EUR	Plant operation	Equity	Endesa Generación SA	33.33%	23.36%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Equity	Central Dock Sud SA Enel Generación Costanera SA Enel Generación El Chocón SA	6.40% 1.30% 33.20%	13.76%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Plant operation	Equity	Endesa Generación SA Nuclenor SA	23.57% 0.69%	16.76%
Centrum Pre Vedu A Vyskum Sro	Kalná nad Hronom	Slovakia (Slovak Republic)	6,639.00	EUR	Research and development in sciences and engineering	Equity	Slovenské elektrárne AS	100.00%	33.00%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Testing, inspection and certification services, engineering and consulting services	Equity	Enel SpA	42.70%	42.70%
Champagne Storage LLC	Wilmington (Delaware)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
Cherokee Falls Hydroelectric Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Black River LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Idaho LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chi West LLC	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Enel Generación Perú SAA	80.00%	36.27%
Chisago Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Chisholm View II Holding LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Chisholm View Wind Project II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chisholm View II Holding LLC	100.00%	51.00%
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Assets LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Project I LLC Cimarron Bend Wind Project II LLC Cimarron Bend Wind Project III LLC Enel Kansas LLC	49.00% 49.00% 1.00% 1.00%	50.00%
Cimarron Bend Wind Holdings I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Preferred Wind Holdings LLC	100.00%	50.00%
Cimarron Bend Wind Project I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Cimarron Bend Wind Holdings I LLC	100.00%	50.00%
Cimarron Bend Wind Project II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Cimarron Bend Wind Holdings I LLC	100.00%	50.00%
Cimarron Bend Wind Project III LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Codensa SA ESP	Bogotá DC	Colombia	13,514,515,800.00	COP	Electricity distribution and sale	Line-by-line	Enel Américas SA	48.41%	26.25%
Cogeneración El Salto SL	Zaragoza	Spain	36,060.73	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	20.00%	14.02%
Comercializadora Eléctrica de Cádiz SA	Cadiz	Spain	600,000.00	EUR	Electricity transmission, distribution and sale	Equity	Endesa Red SA (Sociedad Unipersonal)	33.50%	23.48%
Compagnia Porto di Civitavecchia SpA in liquidazione	Rome	Italy	14,730,800.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Companhia Energética do Ceará - Coelce (Enel Distribuição Ceará SA)	Fortaleza	Brazil	741,046,885.77	BRL	Electricity distribution	Line-by-line	Enel Brasil SA	74.05%	40.16%
Compañía de Transmisión del Mercosur Ltda - CTM	Buenos Aires	Argentina	14,012,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel CIEN SA Enel SpA	100.00% 0.00%	54.23%
Compañía Energética Veracruz SAC	Lima	Peru	2,886,000.00	PEN	Hydroelectric projects	Line-by-line	Enel Perú SAC	100.00%	54.23%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	37.51%	26.29%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Produzione SpA	100.00%	100.00%
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro New Hampshire LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Hydro New York LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Consolidated Hydro Southeast LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	81.82%
Copenhagen Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	271,652.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	17.53%
Cranberry Point Energy Storage LLC	Dover (Delaware)	USA	100.00	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Danax Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
De Rock'l Srl	Bucharest	Romania	5,629,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl Enel Green Power SpA	100.00% 0.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Dehesa de Los Guadalupes Solar SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Demand Energy Networks Inc.	Washington	USA	171,689.00	USD	Services	Line-by-line	Enel X North America Inc.	100.00%	100.00%
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	33,101,350.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.99% 0.01%	100.00%
Diamond Vista Holdings LLC	Wilmington (Delaware)	USA	1.00	USD	Holding	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338.00	CLP	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	100.00%	61.93%
Dietrich Drop LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA (Sociedad Unipersonal) Hidroeléctrica de Catalunya SL	55.00% 45.00%	70.10%
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchase, transmission and distribution	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding	Line-by-line	Enel Américas SA	51.50%	27.93%
Dodge Center Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Dolores Wind SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Dominica Energía Limpia S de RL de Cv	Mexico City	Mexico	2,070,600,646.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Drift Sand Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	35.00%	50.00%
Drift Sand Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Drift Sand Wind Holdings LLC	100.00%	50.00%
E-Distribuție Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel SpA	51.00%	51.00%
E-Distribuție Dobrogea SA	Constanța	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel SpA	51.00%	51.00%
E-Distribuție Muntenia SA	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel SpA	78.00%	78.00%
e-distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eastwood Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
EGP BioEnergy Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	100.00%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Magdalena Solar SA de Cv	Mexico City	Mexico	100.00	MXN	Renewable energy	Line-by-line	Enel Rinnovabile SA de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
EGP Nevada Power LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Salt Wells Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP San Leandro Microgrid I LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Solar Holdings LLC	100.00%	50.00%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Stillwater LLC	100.00%	50.00%
EGP Stillwater Solar Pv II LLC	Delaware	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Stillwater Woods Hill Holdings LLC	100.00%	100.00%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
EGP Ventos de São Roque 01 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 02 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 04 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 08 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 11 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
EGP Ventos de São Roque 13 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 16 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 17 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 18 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 19 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 22 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 26 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGP Ventos de São Roque 29 SA	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
EGPNA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Development LLC	100.00%	100.00%
EGPNA Hydro Holdings LLC	Delaware	USA	-	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Preferred Holdings II LLC	Delaware	USA	-	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Preferred Wind Holdings LLC	Delaware	USA	-	USD	Holding	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
EGPNA Project HoldCo 1 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 2 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 3 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 4 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 5 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 6 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA Project HoldCo 7 LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
EGPNA Renewable Energy Partners LLC	Delaware	USA	-	USD	Joint Venture	Equity	EGPNA REP Holdings LLC	50.00%	50.00%
EGPNA REP Holdings LLC	Delaware	USA	-	USD	Holding	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
EGPNA REP Hydro Holdings LLC	Delaware	USA	-	USD	Holding	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA REP Solar Holdings LLC	Delaware	USA	-	USD	Holding	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA REP Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
EGPNA Wind Holdings 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
El Dorado Hydro LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
El Paso Solar SAS ESP	Bogotá DC	Colombia	91,690,000.00	COP	Electricity generation	Line-by-line	Enel Green Power Colombia SAS ESP	100.00%	100.00%
Elcogas SA	Puertollano	Spain	809,690.40	EUR	Electricity generation	Equity	Endesa Generación SA Enel SpA	40.99% 4.32%	33.05%
Elcomex Solar Energy Srl	Constanța	Romania	4,590,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl Enel Green Power SpA	100.00% 0.00%	100.00%
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle electricity generation	Equity	Endesa Generación Portugal SA	50.00%	35.05%
Electra Capital (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Eléctrica de Lijar SL	Cadiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Equity	Endesa Red SA (Sociedad Unipersonal)	50.00%	35.05%
Eléctrica del Ebro SA (Sociedad Unipersonal)	Tarragona	Spain	500,000.00	EUR	Electricity supply	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Electricidad de Puerto Real SA	Cadiz	Spain	6,611,130.00	EUR	Electricity distribution and sale	Equity	Endesa Red SA (Sociedad Unipersonal)	50.00%	35.05%
Eletropaulo Metropolitana Eletricidade de São Paulo SA (Enel Distribuição São Paulo)	São Paulo	Brazil	2,823,486,421.33	BRL	Electricity distribution	Line-by-line	Enel Brasil Investimentos Sudeste SA	94.40%	52.00%
Elk Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Emerging Networks Panama SA	Panama	Panama	1,000.00	USD	-	Equity	Ifx/eni - Spc Panama Inc.	100.00%	21.40%
Emgesa SA ESP	Bogotá DC	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Enel Américas SA	48.48%	26.29%
Emittenti Titoli SpA in liquidazione	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
eMotorWerks Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Renewable energy	Line-by-line	Enel X North America Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eléctrica de Jafre SA	Girona	Spain	165,876.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA (Sociedad Unipersonal) Hidroeléctrica de Catalunya SL	52.54% 47.46%	70.10%
Empresa Carbonífera del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	70.10%
Empresa de Alumbrado Eléctrico de Ceuta Comercialización de Referencia SA (Sociedad Unipersonal)	Ceuta	Spain	65,000.00	EUR	Electricity supply	Line-by-line	Empresa de Alumbrado Eléctrico de Ceuta SA	100.00%	67.50%
Empresa de Alumbrado Eléctrico de Ceuta Distribución SA (Sociedad Unipersonal)	Ceuta	Spain	9,335,000.00	EUR	Electricity distribution	Line-by-line	Empresa de Alumbrado Eléctrico de Ceuta SA	100.00%	67.50%
Empresa de Alumbrado Eléctrico de Ceuta SA	Ceuta	Spain	16,562,250.00	EUR	Holding	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	96.29%	67.50%
Empresa de Generación Eléctrica Marcona SA	Lima	Peru	3,368,424.00	PEN	Electricity generation, transmission, distribution purchase and sale	Line-by-line	Enel Green Power Perú SA Energética Monzón SAC	100.00% 0.00%	100.00%
Empresa de Transmisión Chena SA	Santiago	Chile	250,428,941.00	CLP	Electricity transmission	Line-by-line	Empresa Eléctrica de Colina Ltda Enel Distribución Chile SA	0.10% 99.90%	61.37%
Empresa Distribuidora Sur SA - Edesur	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Distrilec Inversora SA Enel Argentina SA	56.36% 43.10%	39.10%
Empresa Eléctrica de Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Distribución Chile SA Luz Andes Ltda	100.00% 0.00%	61.37%
Empresa Eléctrica Panguipulli SA	Santiago	Chile	48,038,937.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda Energía y Servicios South America SpA	99.96% 0.04%	61.93%
Empresa Eléctrica Pehuenche SA	Santiago	Chile	175,774,920,733.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Generación Chile SA	92.65%	53.68%
Empresa Energía SA	Cadiz	Spain	2,500,000.00	EUR	Electricity supply	Equity	Endesa Red SA (Sociedad Unipersonal)	50.00%	35.05%
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	31.59%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Enel SpA	11.11%	11.11%
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Comercialização de Energia SA	Oporto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Distribución Eléctrica SL	Madrid	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Marketing of energy products	Line-by-line	Endesa SA	100.00%	70.10%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Marketing and energy-related services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Financiación Filiales SA	Madrid	Spain	4,621,003,006.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación Nuclear SA	Seville	Spain	60,000.00	EUR	Subholding company in the nuclear sector	Line-by-line	Endesa Generación SA	100.00%	70.10%
Endesa Generación Portugal SA	Paço de Arcos (Oeiras)	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Endesa Energía SA Endesa Generación SA Enel Green Power España SL Energías de Aragón II SL	0.20% 99.20% 0.40% 0.20%	70.10%
Endesa Generación SA	Seville	Spain	1,940,379,737.02	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Consulting and engineering services	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Endesa Medios y Sistemas SL (Sociedad Unipersonal)	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Operaciones y Servicios Comerciales SL	Madrid	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Power Trading Ltd	London	United Kingdom	2.00	GBP	Trading	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Red SA (Sociedad Unipersonal)	Madrid	Spain	719,901,728.28	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	70.10%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Iberia Srl	70.10%	70.10%
Endesa X SA (Sociedad Unipersonal)	Madrid	Spain	60,000.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.10%
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	100.00%
Enel Américas SA	Santiago	Chile	6,763,204,424.00	USD	Holding. Electricity generation and distribution	Line-by-line	Enel SpA	51.80%	54.23%
Enel and Shikun&binui Innovation Infralab Ltd	Airport City	Israel	10,000.00	EUR	Legal services	Equity	Enel Innovation Hubs Srl	50.00%	50.00%
Enel Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding	Line-by-line	Enel Américas SA Gas Atacama Chile SA	99.88% 0.12%	54.19%
Enel Bella Energy Storage LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
Enel Brasil Investimentos Nordeste 82 SA	Niterói (Rio de Janeiro)	Brazil	10,000.00	BRL	Electricity generation, transmission, distribution purchase and sale	Line-by-line	Enel Brasil SA	100.00%	51.02%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Brasil Investimentos Nordeste 86 SA	Niterói (Rio de Janeiro)	Brazil	10,000.00	BRL	Electricity generation, transmission, distribution purchase and sale	Line-by-line	Enel Brasil SA	100.00%	51.02%
Enel Brasil Investimentos Sudeste SA	-	Brazil	10,000.00	BRL	Holding company	Line-by-line	Enel Brasil SA	100.00%	54.23%
Enel Brasil SA	Rio de Janeiro	Brazil	6,276,994,956.09	BRL	Holding	Line-by-line	Enel Américas SA	98.50%	54.23%
Enel Chile SA	Santiago	Chile	3,954,491,478,786.00	CLP	Holding. Electricity generation and distribution	Line-by-line	Enel Holding Chile Srl Enel SpA	0.02% 61.91%	61.93%
Enel CIEN SA	Rio de Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Enel Brasil SA	100.00%	54.23%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Distribución Chile SA	Santiago	Chile	230,137,980,270.00	CLP	Holding. Electricity distribution	Line-by-line	Enel Chile SA	99.09%	61.36%
Enel Distribución Perú SAA	Lima	Peru	638,563,900.00	PEN	Electricity distribution and sale	Line-by-line	Enel Perú SAC	83.15%	45.10%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Electricity and gas sale	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energía SA de Cv	Mexico City	Mexico	25,000,100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva de Iguu S de RL de Cv	100.00% 0.00%	100.00%
Enel Energie Muntenia SA	Bucharest	Romania	37,004,350.00	RON	Electricity sale	Line-by-line	Enel SpA	78.00%	78.00%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sale	Line-by-line	Enel SpA	51.00%	51.00%
Enel Energy South Africa	Gauteng	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel X International Srl	100.00%	100.00%
Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	Delaware	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Finance America LLC	Wilmington (Delaware)	USA	100.00	USD	Finance company	Line-by-line	Enel Holding Finance Srl	100.00%	100.00%
Enel Finance International NV	Amsterdam	The Netherlands	1,478,810,371.00	EUR	Holding	Line-by-line	Enel Holding Finance Srl Enel SpA	75.00% 25.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	50.06%	50.06%
Enel Generación Chile SA	Santiago	Chile	552,777,320,871.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enel Chile SA	93.55%	57.93%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Generación Costanera SA	Buenos Aires	Argentina	701,988,378.00	ARS	Electricity generation and sale	Line-by-line	Enel Argentina SA	75.68%	41.01%
Enel Generación El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Enel Argentina SA Hidroinvest SA	8.67% 59.00%	35.63%
Enel Generación Perú SAA	Lima	Peru	2,498,101,267.20	PEN	Electricity generation, distribution and sale	Line-by-line	Enel Perú SAC	83.60%	45.34%
Enel Generación Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Enel Perú SAC	96.50%	52.33%
Enel Generación SA de Cv	Mexico City	Mexico	7,100,100.00	MXN	Electricity generation	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva de Iguu S de RL de Cv	100.00% 0.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Renewable Energy Partners LLC	100.00%	50.00%
Enel Global Infrastructure and Networks Srl	Rome	Italy	10,100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel SpA	100.00%	100.00%
Enel Global Thermal Generation Srl	Rome	Italy	11,000,000.00	EUR	Business consulting, administrative and management consulting and corporate planning	Line-by-line	Enel SpA	100.00%	100.00%
Enel Global Trading SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics	Line-by-line	Enel SpA	100.00%	100.00%
Enel Green Power Newfoundland and Labrador Inc.	Newfoundland	Canada	1,000.00	CAD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Enel Green Power Argentina SA	Buenos Aires	Argentina	46,346,484.00	ARS	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	96.97% 3.03%	100.00%
Enel Green Power Australia (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Australia Trust	Sydney	Australia	100.00	AUD	Renewable energy	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Boa Vista Eólica SA	Niterói (Rio de Janeiro)	Brazil	115,513,587.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Bom Jesus da Lapa Solar SA	Rio de Janeiro	Brazil	379,249,747.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Brasil Participações Ltda	Rio de Janeiro	Brazil	7,161,724,678.00	BRL	Holding	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Bungala (Pty) Ltd	Sydney	Australia	100.00	AUD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Australia (Pty) Ltd	100.00%	100.00%
Enel Green Power Bungala Trust	Sydney	Australia	-	AUD	Renewable energy	Line-by-line	Enel Green Power Australia (Pty) Ltd	100.00%	100.00%
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	245,400,766.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Cachoeira Dourada SA	Goiania	Brazil	6,433,983,585.00	BRL	Electricity generation and sale	Line-by-line	Enel Brasil SA	99.75%	54.10%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Green Power Chile Ltda	Santiago	Chile	842,086,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Chile SA Enel SpA	99.99% 0.01%	61.93%
Enel Green Power Colombia SAS ESP	Bogotá DC	Colombia	843,635,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Costa Rica SA	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Cove Fort Solar LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Enel Green Power Cremzow GmbH & Co. Kg	Brandenburg	Germany	1,000.00	EUR	Plant construction and operation	Line-by-line	Enel Green Power Germany GmbH ENERTRAG Aktiengesellschaft	90.00% 10.00%	90.00%
Enel Green Power Cremzow Verwaltungs GmbH	Brandenburg	Germany	25,000.00	EUR	Business services	Line-by-line	Enel Green Power Germany GmbH ENERTRAG Aktiengesell-schaft	90.00% 10.00%	90.00%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	144,474,900.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.17% 0.83%	100.00%
Enel Green Power Cristalândia I Eólica SA	Rio de Janeiro	Brazil	220,018,418.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	99.93%	99.93%
Enel Green Power Cristalândia II Eólica SA	Rio de Janeiro	Brazil	368,236,837.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	99.93%	99.93%
Enel Green Power Cumaru 01 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Cumaru 02 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Cumaru 03 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Cumaru 04 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Cumaru 05 Sociedade Limitada	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	76,873,003.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.10% 0.90%	100.00%
Enel Green Power del Sur SpA (formerly Parque Eólico Renaico SpA)	Santiago	Chile	353,605,313.37	USD	Electricity generation and sale from renewable resources	Line-by-line	Enel Chile SA Enel Green Power Chile Ltda	0.00% 100.00%	61.93%
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	519,612,483.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Parque Eólico Delfina Ltda	99.99% 0.01%	100.00%
Enel Green Power Delfina B Eólica SA	Niterói (Rio de Janeiro)	Brazil	149,538,826.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Parque Eólico Delfina Ltda	99.98% 0.02%	100.00%
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	46,558,322.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Parque Eólico Delfina Ltda	99.98% 0.02%	100.00%
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	159,170,233.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Parque Eólico Delfina Ltda	99.99% 0.01%	100.00%
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	160,923,464.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Parque Eólico Delfina Ltda	99.98% 0.02%	100.00%
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Energía y Servicios South America SpA	99.99% 0.01%	100.00%
Enel Green Power Development Srl	Rome	Italy	20,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Diamond Vista Wind Project LLC	Wilmington	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Diamond Vista Holdings LLC	100.00%	100.00%
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	146,472,009.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Ecuador SA	Quito	Ecuador	26,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	99.90% 0.10%	100.00%
Enel Green Power Egypt SAE	Cairo	Egypt	250,000.00	EGP	Management, operation and maintenance of all types of generation plant and their distribution grids	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Elkwater Wind Limited Partnership	Alberta (Canada)	Canada	1,000.00	CAD	Holding	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	1.00% 99.00%	100.00%
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	160,187,530.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00% 0.00%	100.00%
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación SA	100.00%	70.10%
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	138,385,174.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.20% 0.80%	100.00%
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	232,629,073.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Germany GmbH	Munich	Germany	25,000.00	EUR	Electricity generation and sale	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Global Investment BV	Amsterdam	The Netherlands	10,000.00	EUR	Holding	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Granadilla SL	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	45.57%
Enel Green Power Guatemala SA	Guatemala City	Guatemala	100,000.00	GTQ	Holding	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	98.00% 2.00%	100.00%
Enel Green Power Hadros Wind Limited Partnership	Alberta (Canada)	Canada	1,000.00	CAD	Holding	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	1.00% 99.00%	100.00%
Enel Green Power Hellas SA	Maroussi	Greece	8,170,350.00	EUR	Holding company – Energy services	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Hellas Supply SA	Maroussi	Greece	600,000.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Green Power Hellas SA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Hellas Wind Parks South Evia SA	Maroussi	Greece	106,599,641.00	EUR	Electricity generation	Line-by-line	Enel Green Power Hellas SA	100.00%	100.00%
Enel Green Power HillTopper Wind LLC (formerly HillTopper Wind Power LLC)	Dover (Delaware)	USA	1.00	USD	Operator Wind	Line-by-line	HillTopper Wind Holdings LLC	100.00%	100.00%
Enel Green Power Horizonte Mp Solar SA	Brazil	Brazil	488,696,053.00	BRL	Electricity generation from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	New Delhi	India	100,000,000.00	INR	Holding company	Line-by-line	Enel Green Power Development Srl	76.56%	76.56%
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	176,552,644.00	BRL	Electricity generation from renewable resources	Line-by-line	Bondia Energia Ltda Enel Green Power Brasil Participações Ltda	0.09% 99.91%	100.00%
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	186,235,933.00	BRL	Electricity generation from renewable resources	Line-by-line	Bondia Energia Ltda Enel Green Power Brasil Participações Ltda	0.09% 99.91%	100.00%
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	366,279,143.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	148,487,530.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00% 0.00%	100.00%
Enel Green Power Kenya Limited	Nairobi	Kenya	100,000.00	KES	Electricity generation, transmission, distribution purchase and sale	Line-by-line	Enel Green Power RSA (Pty) Ltd Enel Green Power SpA	1.00% 99.00%	100.00%
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	90,722,530.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.20% 0.80%	100.00%
Enel Green Power México S de RL de Cv	Mexico City	Mexico	2,399,774,165.00	MXN	Holding	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	100.00% 0.00%	100.00%
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	150,050,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	130,850,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Morocco SARLAU	Morocco	Morocco	170,000,000.00	MAD	Plant development, design, construction and operation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Morro do Chapéu I Eólica SA	Niterói (Rio de Janeiro)	Brazil	390,841,942.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Morro do Chapéu II Eólica SA	Niterói (Rio de Janeiro)	Brazil	343,991,942.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Mourão SA	Rio de Janeiro	Brazil	25,600,100.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Namibia (Pty) Ltd	Windhoek	Namibia	100.00	NAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Nova Lapa Solar SA	Rio de Janeiro	Brazil	366,352,371.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	99.99%	99.99%
Enel Green Power Nova Olinda B Solar SA	Rio de Janeiro	Brazil	452,903,076.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	99.99%	99.99%
Enel Green Power Nova Olinda C Solar SA	Rio de Janeiro	Brazil	382,703,076.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda Norte Solar SA	Niterói (Rio de Janeiro)	Brazil	384,003,076.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Nova Olinda Sul Solar SA	Niterói (Rio de Janeiro)	Brazil	196,076,538.00	BRL	Electricity generation from renewable resources	AFS	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Panama SA	Panama	Panama	3,000.00	USD	Holding	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Paranapanema SA	Rio de Janeiro	Brazil	123,350,100.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	140,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	98.72%	98.72%
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	202,534,527.57	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	98.97% 1.03%	100.00%
Enel Green Power Perú SA	Lima	Peru	394,035,184.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Primavera Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%
Enel Green Power Projetos 31 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 32 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 35 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 37 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 39 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 40 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 41 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 0.10%	99.10%
Enel Green Power Projetos 45 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos 46 SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Projetos I SA	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Trading	Line-by-line	Enel Brasil SA	100.00%	54.23%
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Ra SAE (in liquidation)	Cairo	Egypt	15,000,000.00	EGP	Design, decision, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Rattlesnake Creek Wind Project LLC (formerly Rattlesnake Creek Wind Project LLC)	Lincoln (Nebraska)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Rattlesnake Creek Holdings LLC	100.00%	100.00%
Enel Green Power Romania Srl	Rusu de Sus (Nuşeni)	Romania	2,430,631,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Development Srl	100.00%	100.00%
Enel Green Power RSA 2 (Pty) Ltd	Johannesburg	South Africa	120.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Enel Green Power Rus Limited Liability Company	Moscow	Russian Federation	25,500,000.00	RUB	Renewable energy	Line-by-line	Enel Green Power Partecipazioni Speciali Srl Enel Green Power SpA	1.00% 99.00%	100.00%
Enel Green Power Salto Apiacás SA (formerly Enel Green Power Damascena Eólica SA)	Niterói (Rio de Janeiro)	Brazil	246,269,552.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power Sannio	Rome	Italy	750,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power São Abraão Eólica SA	Niterói (Rio de Janeiro)	Brazil	115,513,587.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Enel Green Power São Gonçalo 07 SA (formerly Enel Green Power Projetos 42 SA)	-	Brazil	30,001,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 08 SA (formerly Enel Green Power Projetos 43 SA)	-	Brazil	30,001,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 1 SA (formerly EGP Projetos X)	-	Brazil	15,376,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 10 SA (formerly EGP Projetos XV)	-	Brazil	676,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power São Gonçalo 11 SA (formerly EGP Enel Green Power Projetos 44 SA)	-	Brazil	30,001,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 12 SA (formerly Enel Green Power Projetos 22 SA)	-	Brazil	30,001,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 14	-	Brazil	1,000.00	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 15	-	Brazil	1,000.00	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Gonçalo 2 SA (formerly EGP Projetos XI)	-	Brazil	16,876,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 21 SA (formerly EGP Projetos XVI)	-	Brazil	676,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.00% 100.00%	100.00%
Enel Green Power São Gonçalo 22	-	Brazil	676,000.00	BRL	Electricity generation	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 22 SA (formerly EGP Projetos 30)	-	Brazil	676,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.00% 100.00%	100.00%
Enel Green Power São Gonçalo 3 SA (formerly EGP Projetos XII)	-	Brazil	14,976,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 4 SA (formerly EGP Projetos XIII)	-	Brazil	162,676,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 5 SA (formerly EGP Projetos XIV)	Niterói (Rio de Janeiro)	Brazil	16,876,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Alba Energia Ltda Enel Green Power Brasil Participações Ltda	0.01% 99.99%	100.00%
Enel Green Power São Gonçalo 6 SA (formerly Enel Green Power Projetos 19 SA)	Niterói (Rio de Janeiro)	Brazil	14,976,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power São Judas Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Services LLC	-	USA	100.00	USD	-	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Green Power Shu SAE (in liquidation)	Cairo	Egypt	15,000,000.00	EGP	Design, decision, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Singapore Pte Ltd	Singapore	Singapore	50,000.00	SGD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Solar Energy Srl	Rome	Italy	10,000.00	EUR	Plant development, design, construction and operation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Solar Metehara SpA	Rome	Italy	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Solar Ngonye SpA (formerly Enel Green Power Africa Srl)	Rome	Italy	50,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power SpA	Rome	Italy	272,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	100.00%	100.00%
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	106,517,360.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.10%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.90%	
Enel Green Power Tefnut SAE (in liquidation)	Cairo	Egypt	15,000,000.00	EGP	Design, decision, operation and maintenance of generation plants of all types and their distribution grids	Line-by-line	Enel Green Power Egypt SAE	100.00%	100.00%
Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	Istanbul	Turkey	65,654,658.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Ventos de Santa Ângela 1 SA (formerly EGP Projetos II)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.10%	
Enel Green Power Ventos de Santa Ângela 10 SA (formerly EGP Projetos 21)	-	Brazil	171,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.10%	
Enel Green Power Ventos de Santa Ângela 11 SA (formerly EGP Projetos 23)	-	Brazil	185,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	100.00%
							Enel Green Power Desenvolvimento Ltda	0.10%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Ventos de Santa Ângela 12	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 13	-	Brazil	1,000.00	HUF	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 14 SA (formerly EGP Projetos XXIV)	-	Brazil	178,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 15 SA (formerly EGP Projetos 25)	-	Brazil	182,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 16	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 17 SA (formerly EGP Projetos 26)	-	Brazil	198,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 18	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 19 SA (formerly EGP Projetos 27)	-	Brazil	126,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 2 SA (formerly EGP Projetos III)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 20 SA (formerly EGP Projetos 28)	-	Brazil	126,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 21 SA (formerly EGP Projetos XXIX)	-	Brazil	113,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Ventos de Santa Ângela 3 SA (formerly EGP Projetos IV)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.10%	0.10%
Enel Green Power Ventos de Santa Ângela 4 SA (formerly EGP Projetos VI)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 5 SA (formerly EGP Projetos VII)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 6 SA (formerly EGP Projetos VIII)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 7 SA (formerly EGP Projetos IX)	-	Brazil	106,000,001.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 8 SA (formerly EGP Projetos 18)	-	Brazil	132,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela 9 SA (formerly EGP Projetos 20)	-	Brazil	185,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Ângela Acl 12 (formerly EGP Green Power Projetos 36)	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Angela Acl 13 SA (formerly Enel Green Power Projetos XVII SA)	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Angela Acl 16 SA (formerly Enel Green Power Projetos 38 SA)	-	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Ventos de Santa Angela Acl 18 SA (formerly Enel Green Power Projetos 47 SA)	-	Brazil	1,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Ventos de Santa Esperança 08 SA (formerly Enel Green Power Projetos 34 SA)	Niterói (Rio de Janeiro)	Brazil	110,200,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 13 (formerly Enel Green Power Projetos 33 SA)	Niterói (Rio de Janeiro)	Brazil	147,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 15 SA	Niterói (Rio de Janeiro)	Brazil	202,100,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 16 SA	Niterói (Rio de Janeiro)	Brazil	183,700,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 17 SA	Niterói (Rio de Janeiro)	Brazil	183,700,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 21 SA	Niterói (Rio de Janeiro)	Brazil	202,100,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 22 SA	Niterói (Rio de Janeiro)	Brazil	202,100,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 25 SA	Niterói (Rio de Janeiro)	Brazil	110,200,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	99.91%
Enel Green Power Ventos de Santa Esperança 26 SA	Niterói (Rio de Janeiro)	Brazil	202,100,000.00	BRL	-	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.99% 0.01%	100.00%
Enel Green Power Ventos de Santa Esperança Participações SA (formerly Enel Green Power Cumaru 06 SA)	Niterói (Rio de Janeiro)	Brazil	1,000.00	BRL	Holding	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.90% 0.10%	100.00%
Enel Green Power Villoresi Srl	Rome	Italy	1,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	51.00%
Enel Green Power Zambia Limited	Lusaka	Zambia	15,000.00	ZMW	Electricity sale	Line-by-line	Enel Green Power Development Srl Enel Green Power RSA (Pty) Ltd	1.00% 99.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Zeus II - Delfina 8 SA	Rio de Janeiro	Brazil	140,001,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%
Enel Holding Finance Srl	Rome	Italy	10,000.00	EUR	Holding	Line-by-line	Enel SpA	100.00%	100.00%
Enel Iberia Srl	Madrid	Spain	336,142,500.00	EUR	Holding	Line-by-line	Enel SpA	100.00%	100.00%
Enel Innovation Hubs Srl	Rome	Italy	1,100,000.00	EUR	Civil and mechanical engineering, water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel Insurance NV	Amsterdam	The Netherlands	60,000.00	EUR	Holding	Line-by-line	Enel SpA	100.00%	100.00%
Enel Investment Holding BV	Amsterdam	The Netherlands	1,000,000.00	EUR	Holding	Line-by-line	Enel SpA	100.00%	100.00%
Enel Italia Srl	Rome	Italy	50,100,000.00	EUR	Personnel administration activities, information technology, real estate and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Minnesota Holdings LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Geronimo Holding Company Inc.	100.00%	100.00%
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Operations Canada Ltd	Calgary (Alberta)	Canada	1,000.00	CAD	-	Line-by-line	Enel Green Power Canada Inc.	100.00%	100.00%
Enel Perú SAC	Lima	Peru	5,361,789,105.00	PEN	Holding	Line-by-line	Enel Américas SA	100.00%	54.23%
Enel Productie Srl	Bucharest	Romania	20,210,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Rinnovabile SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation	Line-by-line	Enel Green Power Global Investment BV Enel Green Power México S de RL de Cv	99.00% 1.00%	100.00%
Enel Romania SA	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Rus Wind Azov Limited Liability Company	Moscow	Russian Federation	10,000.00	RUB	Renewable energy	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Enel Rus Wind Generation LLC	Moscow	Russian Federation	350,000.00	RUB	Energy services	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Enel Rus Wind Kola LLC	Murmansk	Russian Federation	10,000.00	RUB	-	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Enel Russia PJSC	Ekaterinburg	Russian Federation	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel SpA	56.43%	56.43%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Saudi Arabia Limited	Al-Khobar	Saudi Arabia	5,000,000.00	SAR	Management of activities associated with participation in tenders called by the SEC for the development of smart metering and grid automation	Line-by-line	e-distribuzione SpA	60.00%	60.00%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	E-Distribuție Banat SA E-Distribuție Dobrogea SA	50.00% 50.00%	51.00%
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems and services	Line-by-line	Enel X Srl	100.00%	100.00%
Enel Soluções Energéticas Ltda	Niterói (Rio de Janeiro)	Brazil	48,500,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00% 0.00%	100.00%
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Geothermal LLC	100.00%	50.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	100.00%
Enel Trade d.o.o.	Zagreb	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Global Trading SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Global Trading SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Beograd	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Global Trading SpA	100.00%	100.00%
Enel Trading Argentina Srl	Buenos Aires	Argentina	14,010,014.00	ARS	Electricity trading	Line-by-line	Enel Américas SA Enel Argentina SA	55.00% 45.00%	54.21%
Enel Trading North America LLC	Wilmington (Delaware)	USA	10,000,000.00	USD	Trading	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Enel X Argentina SAU	Buenos Aires	Argentina	42,440,000.00	ARS	Marketing and energy-related services	Line-by-line	Enel X International Srl	100.00%	100.00%
Enel X Battery Storage Limited Partnership	Vancouver	Canada	10,000.00	CAD	-	Line-by-line	Enel X Canada Holding Inc. Enel X Canada Ltd	0.01% 99.99%	100.00%
Enel X Brasil Gerenciamento de Energia Ltda	São Paulo	Brazil	117,240.00	BRL	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited EnerNOC Uk II Limited	0.00% 100.00%	100.00%
Enel X Brasil SA	Rio de Janeiro	Brazil	62,972,136.60	BRL	Electricity	Line-by-line	Enel Brasil SA	100.00%	54.23%
Enel X Canada Holding Inc.	Vancouver	Canada	1,000.00	CAD	Holding	Line-by-line	Enel X Canada Ltd	100.00%	100.00%
Enel X Canada Ltd	Oakville	Canada	1,000.00	CAD	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel X Chile SA	Santiago	Chile	3,800,000,000.00	CLP	Services	Line-by-line	Enel Chile SA	100.00%	61.93%
Enel X Colombia SAS	Bogotá DC	Colombia	5,000,000,000.00	COP	Installation, maintenance and repair of electronic plant	Line-by-line	Codensa SA ESP	100.00%	26.25%
Enel X Federal LLC	Delaware	USA	5,000.00	USD	Renewable energy	Line-by-line	Enel X North America Inc.	100.00%	100.00%
Enel X Financial Services Srl	Rome	Italy	1,000,000.00	EUR	Services	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Finance Partner LLC	Lutherville (Maryland)	USA	100.00	USD	-	Line-by-line	Enel X North America Inc.	100.00%	100.00%
Enel X International Srl	Rome	Italy	100,000.00	EUR	Holding company	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Italia SpA	Rome	Italy	200,000,000.00	EUR	Upstream gas	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X Korea Limited	Seoul	Korea, Republic of (South Korea)	1,200,000,000.00	KRW	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
Enel X MA Holdings LLC	Lutherville (Maryland)	USA	100.00	USD	-	Line-by-line	Enel X Finance Partner LLC	100.00%	100.00%
Enel X Morrissey Blvd. Project LLC	Lutherville (Maryland)	USA	100.00	USD	-	Line-by-line	Enel X MA Holdings	100.00%	100.00%
Enel X Mobility Srl	Rome	Italy	100,000.00	EUR	Electric mobility	Line-by-line	Enel X Srl	100.00%	100.00%
Enel X New Zealand Limited	Wellington	New Zealand	313,606.00	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
Enel X North America Inc.	Delaware	USA	1,000.00	USD	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
Enel X Rus LLC	-	Russian Federation	8,000,000.00	RUB	-	Line-by-line	Enel X International Srl Giulio Carone	99.00% 1.00%	99.00%
Enel X Srl	Rome	Italy	1,050,000.00	EUR	Holding	Line-by-line	Enel SpA	100.00%	100.00%
Enel X Services India Private Limited	Marathon Chamber - A	India	45,000.00	INR	Renewable energy	Line-by-line	Enel X International Srl Enel X North America, Inc.	100.00% 0.00%	100.00%
Enel X Taiwan Co. Ltd	Taipei City	Taiwan	65,000,000.00	TWD	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	100.00%	100.00%
Enel X Uk Limited	London	United Kingdom	10,001.00	GBP	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
Enel.Si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel X Srl	100.00%	100.00%
Enelco SA	Athens	Greece	60,108.80	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower SpA	51.00%	51.00%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	18,342,000.00	BRL	Electrical engineering	Line-by-line	Enel Green Power Brasil Participações Ltda Energía y Servicios South America SpA	99.99% 0.01%	100.00%
Enelpower SpA	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	18.93%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energética Monzón SAC	Lima	Peru	6,463,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Perú SA Energía y Servicios South America SpA	99.99% 0.01%	100.00%
Energía Eléctrica del Ebro SA (Sociedad Unipersonal)	Tarragona	Spain	96,160.00	EUR	Electricity generation and supply	Line-by-line	Eléctrica del Ebro SA (Sociedad Unipersonal)	100.00%	70.10%
Energía Eólica Alto del Llano SLU	Valencia	Spain	3,300.00	EUR	Renewable energy	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Energía Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	99.00%	99.00%
Energía Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	100.00%	100.00%
Energía Limpia de Amistad S de RL de Cv	Mexico City	Mexico	33,452,769.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Energía Limpia de Palo Alto S de RL de Cv	Mexico City	Mexico	673,583,489.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Energía Marina SpA	Santiago	Chile	2,404,240,000.00	CLP	Electricity generation from renewable resources	Equity	Enel Green Power Chile Ltda	25.00%	15.49%
Energía Nueva de Iguu S de RL de Cv	Mexico City	Mexico	51,879,307.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.90% 0.01%	99.91%
Energía Nueva Energía Limpia México S de RL de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power SpA	0.04% 99.96%	100.00%
Energía y Servicios South America SpA	Santiago	Chile	3,000,001.73	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Energía Limpia de Puerto Libertad S de RL de Cv	Mexico City	Mexico	2,953,980.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv Enel Green Power México S de RL de Cv	99.99% 0.01%	100.00%
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	546,919.10	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	54.95%	38.52%
Energías de Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	46.74%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energías Especiales de Careón SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	53.98%
Energías Especiales de Peña Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	656,615,400.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva de Iguu S de RL de Cv	99.99% 0.01%	100.00%
Energie Electrique de Tahaddart SA	Tangiers	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Equity	Endesa Generación SA	32.00%	22.43%
Energotel AS	Bratislava	Slovakia (Slovak Republic)	2,191,200.00	EUR	Operation of optical fiber network	Equity	Slovenské elektrárne AS	20.00%	6.60%
ENergy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Electricity purchasing and sale	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Energy Response Holdings (Pty) Ltd	Melbourne	Australia	630,451.00	AUD	Renewable energy	Line-by-line	EnerNOC Australia (Pty) Ltd	100.00%	100.00%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	100.00%
EnerNOC Australia (Pty) Ltd	Melbourne	Australia	2,324,698.00	AUD	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
EnerNOC GmbH	Darmstadt	Germany	25,000.00	EUR	Renewable energy	Line-by-line	Enel X North America Inc.	100.00%	100.00%
EnerNOC Ireland Holding Limited	-	Ireland	100,000.00	EUR	Renewable energy	Line-by-line	Enel X International Srl	100.00%	100.00%
EnerNOC Ireland Limited	-	Ireland	100,000.00	EUR	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	100.00%	100.00%
EnerNOC Japan K.K.	Tokyo	Japan	165,000,000.00	JPY	Renewable energy	Line-by-line	Enel X International Srl	60.00%	60.00%
EnerNOC Polska Sp Z Oo	Warsaw	Poland	5,000.00	PLN	Renewable energy	Line-by-line	EnerNOC Ireland Holding Limited	100.00%	100.00%
EnerNOC (Pty) Ltd	Melbourne	Australia	9,880.00	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
EnerNOC Uk II Limited	London	United Kingdom	21,000.00	GBP	Renewable energy	Line-by-line	Enel X Uk Limited	100.00%	100.00%
EnTech (China) Information Technology Co Ltd	China	China	1,500.00	EUR	Renewable energy	Equity	EnerNOC Uk II Limited	50.00%	50.00%
EnTech Utility Service Bureau Inc.	Delaware	USA	1,500.00	USD	Renewable energy	Line-by-line	Enel X North America Inc.	100.00%	100.00%
Eólica del Cierzo SLU	Zaragoza	Spain	225,000.00	EUR	Renewable energy	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	51.00%	35.75%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eólica del Principado SAU	Oviedo	Spain	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Eólica Valle del Ebro SA	Zaragoza	Spain	3,561,342.50	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.50%	35.40%
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201.54	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	56.98%	96.48%
							Enel Green Power Partecipazioni Speciali Srl	39.50%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	55.00%	38.56%
Eólicas de Fuerteventura AIE	Fuerteventura (Las Palmas)	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	28.04%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL	40.00%	28.04%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	42.06%
EPM Eólica Dolores SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation, transmission, distribution purchase and sale	Line-by-line	Enel Rinnovabile SA de Cv	99.00%	100.00%
							Hidroelectricidad del Pacífico S de RL de Cv	1.00%	
Erecosalz SL	Zaragoza	Spain	18,030.36	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	33.00%	23.13%
Essex Company LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	70.00%	49.07%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	73.60%	51.59%
Explotaciones Eólicas Santo Domingo de Luna SA	Zaragoza	Spain	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%

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Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	45.57%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Fenner Wind Holdings LLC	Dover (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Florence Hills LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Fowler Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Front Marítim del Besòs SL	Barcelona	Spain	3,000.00	EUR	Real estate	Equity	Endesa Generación SA	61.37%	43.02%
Fulcrum LLC	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Furatena Solar 1 SLU	Seville	Spain	3,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Garob Wind Farm (Pty) Ltd	Gauteng	South Africa	100.00	ZAR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd Garo Community Trust Investment (RF) (Pty) Ltd Hepax Trade and Invest (Pty) Ltd	60.00% 5.00% 35.00%	60.00%
Gas Atacama Chile SA	Santiago	Chile	589,318,016,243.00	CLP	Electricity generation	Line-by-line	Enel Chile SA Enel Generación Chile SA	2.63% 97.37%	58.04%
Gas y Electricidad Generación SAU	Palma de Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Line-by-line	Enel Generación Chile SA Gas Atacama Chile SA	0.03% 99.97%	58.04%
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Line-by-line	Gasoducto Atacama Argentina SA	100.00%	58.04%
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gauley River Management Corporation	Willison (Vermont)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gauley River Power Partners LLC	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Genability Inc.	San Francisco (California)	USA	6,010,074.72	USD	-	Equity	Enel X North America Inc.	50.00%	50.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power SpA	1.00% 99.00%	100.00%
Generadora Eólica Alto Pacora SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Estrella Solar SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Fotovoltaica Chiriquí SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power SpA	0.01% 99.99%	100.00%
Generadora Solar Caldera SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Generadora Solar Tolé SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Geotérmica del Norte SA	Santiago	Chile	326,577,419,702.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	84.59%	52.39%
Gibson Bay Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Enel Generación Chile SA	33.33%	19.31%
Goodwell Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Origin Goodwell Holdings LLC	100.00%	50.00%
Goodyear Lake Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	30,936,736.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica de Canarias Generación SAU	23.21%	16.27%
Gratiot Farms Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	70.10%
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	1,145,400.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl Enel Green Power SpA	100.00% 0.00%	100.00%
Hadley Ridge LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Hastings Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Heartland Farms Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA (Sociedad Unipersonal)	100.00%	70.10%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Hidroeléctrica Don Rafael SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%
Hidroelectricidad del Pacífico S de RL de Cv	Mexico City	Mexico	30,890,736.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL	75.00%	52.58%
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding	Line-by-line	Enel Américas SA Enel Argentina SA	41.94% 54.76%	52.42%
Hidromondego - Hidroeléctrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación Portugal SA Endesa Generación SA	10.00% 90.00%	70.10%
High Lonesome Wind Holdings LLC	Wilmington (Delaware)	USA	100.00	USD	Holding	Line-by-line	Enel Kansas LLC Wind HoldCo 3 LLC	68.00% 32.00%	68.00%
High Lonesome Wind Power LLC	-	USA	100.00	USD	Renewable energy	Line-by-line	High Lonesome Wind Holdings LLC	100.00%	68.00%
High Shoals LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
High Street Corporation (Pty) Ltd	Melbourne	Australia	2.00	AUD	Renewable energy	Line-by-line	Energy Response Holdings (Pty) Ltd	100.00%	100.00%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
HillTopper Wind Holdings LLC	Wilmington (Delaware)	USA	1,000.00	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.75%
Hope Creek LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Hydro Development Group Acquisition LLC	Albany (New York)	USA	1.00	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
I-EM Srl	Turin	Italy	28,571.43	EUR	Design and development	Equity	Enel X Srl	30.00%	30.00%
Ifx Networks Argentina Srl	Buenos Aires	Argentina	2,260,551.00	ARS	-	Equity	Ifx/eni - Spc V Inc. Minority Stock Holding Corp.	99.85% 0.15%	21.40%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Ifx Networks Chile SA	Santiago	Chile	5,761,374,444.00	CLP	-	Equity	Ifx/eni - Spc IV Inc. Servicios de Internet Eni Chile Ltda	41.00% 59.00%	21.39%
Ifx Networks Colombia SAS	Bogotá DC	Colombia	15,734,959,000.00	COP	-	Equity	Ifx Networks Panama SA Ifx/eni - Spc III Inc.	58.33% 41.67%	21.40%
Ifx Networks LLC	Delaware	USA	80,848,653.00	USD	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Ifx Networks Ltd	-	Virgin Islands (British)	100,000.00	USD	-	Equity	Ifx Networks LLC	100.00%	21.40%
Ifx Networks Panama SA	Panama	Panama	21,000.00	USD	-	Equity	Ifx/eni - Spc Panama Inc.	100.00%	21.40%
Ifx/eni - Spc III Inc.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Ifx/eni - Spc IV Inc.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Ifx/eni - Spc Panama Inc.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Ifx/eni - Spc V Inc.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Ifx/eni - Spc VII Inc.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Ingendesa do Brasil Ltda em liquidação	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Enel Generación Chile SA Gas Atacama Chile SA	1.00% 99.00%	58.04%
Inkolan Información y Coordinación de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	12.50%	8.76%
International Endesa BV	Amsterdam	The Netherlands	15,428,520.00	EUR	Holding	Line-by-line	Endesa SA	100.00%	70.10%
International Multimedia University Srl (in fallimento)	Rome	Italy	24,000.00	EUR	Training	-	Enel Italia Srl	13.04%	13.04%
Inversora Codensa SAS	Bogotá DC	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	26.25%
Inversora Dock Sud SA	Buenos Aires	Argentina	241,490,000.00	ARS	Holding	Line-by-line	Enel Américas SA	57.14%	30.99%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	45,474,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Italgest Energy (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Jack River LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Jessica Mills LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
JuiceNet GmbH	Berlin	Germany	25,000.00	EUR	Renewable energy	Line-by-line	eMotorWerks Inc.	100.00%	100.00%
JuiceNet Ltd	London	United Kingdom	1.00	GBP	-	Line-by-line	eMotorWerks Inc.	100.00%	100.00%
JuiceNet SAS	Paris	France	10,000.00	EUR	-	Line-by-line	eMotorWerks Inc.	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Julia Hills LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Kalenta SA	Maroussi	Greece	4,359,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	100.00%	100.00%
Kavacik Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	9,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Kelley's Falls LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Kingston Energy Storage LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Kino Contractor SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Kino Facilities Manager SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Kirklareli Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	5,250,000.00	TRY	-	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Kongul Enerji Sanayi Ve Ticaret Anonim Şirketi	Istanbul	Turkey	125,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Kromschroeder SA	Barcelona	Spain	627,126.00	EUR	Services	Equity	Endesa Medios y Sistemas SL (Sociedad Unipersonal)	29.26%	20.51%
La Pereda CO_2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	23.36%
LaChute Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Lake Emily Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Lake Pulaski Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Lawrence Creek Solar LLC	Minnesota	USA	-	USD	-	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Lindahl Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Preferred Wind Holdings LLC	100.00%	50.00%
Lindahl Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Lindahl Wind Holdings LLC	100.00%	50.00%
Little Elk Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Little Elk Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Little Elk Wind Holdings LLC	100.00%	100.00%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1.00	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Livister Guatemala SA	Guatemala City	Guatemala	5,000.00	GTQ	-	Equity	Ufinet Guatemala SA Ufinet Latam SLU	2.00% 98.00%	21.40%
Livister Latam SLU	Madrid	Spain	3,000.00	EUR	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Llano Sánchez Solar Power Cuatro SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Llano Sánchez Solar Power One SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Llano Sánchez Solar Power Tres SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
LLC Belomechetskaya Wps	Moscow	Russian Federation	10,000.00	RUB	Thermal generation plants	Line-by-line	Enel Green Power Rus Limited Liability Company	100.00%	100.00%
LLC Rodnikovskaya Wps	Moscow	Russian Federation	10,000.00	RUB	Thermal generation plants	Line-by-line	Enel Green Power Rus Limited Liability Company	100.00%	100.00%
Lone Pine Wind Project LP	Alberta (Canada)	Canada	-	CAD	Renewable energy	Line-by-line	Enel Green Power Canada Inc.	10.00%	10.00%
Lower Saranac Hydro Partners LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Lower Saranac Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Lower Valley LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Lowline Rapids LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity transmission, distribution and sales and fuel	Line-by-line	Enel Chile SA Enel Distribución Chile SA	0.10% 99.90%	61.37%
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Marengo Solar LLC	Wilmington (Delaware)	USA	1.00	USD	Photovoltaic	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Marte Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	100.00%
Marudhar Wind Energy Private Limited	Gurgaon	India	100,000.00	INR	Electricity transmission, distribution and sale	Line-by-line	Enel Green Power India Private Limited (formerly BLP Energy Private Limited)	99.00%	75.79%
Más Energía S de RL de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
Matrigenix (Pty) Ltd	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Mcbride Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Equity	Nuclenor SA	50.00%	17.53%
Mercure Srl	Rome	Italy	10,000.00	EUR	Electricity generation	Equity	Enel Produzione SpA	100.00%	100.00%
Metro Wind LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	Mexico City	Mexico	181,728,901.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Mibgas SA	Madrid	Spain	3,000,000.00	EUR	Gas market operator	-	Endesa SA	1.35%	0.95%
Midelt Wind Farm SA	-	Morocco	300,000.00	MAD	Analysis, design, construction and maintenance of engineering works	Equity	Nareva Enel Green Power Morocco SA	70.00%	35.00%
Mill Shoals Hydro Company I LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	10.52%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	25.59%
Minority Stock Holding Corp.	-	Virgin Islands (British)	50,000.00	USD	-	Equity	Ifx Networks Ltd	100.00%	21.40%
Mira Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Missisquoi Associates LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Montrose Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Msn Solar Tres SpA	Santiago	Chile	1,000,000.00	CLP	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	61.93%
Nareva Enel Green Power Morocco SA	-	Morocco	300,000.00	MAD	Holding. Electricity generation	Equity	Enel Green Power Morocco SARLAU	50.00%	50.00%
Navalvillar Solar SL	Madrid	Spain	3,000.00	EUR	Photovoltaic	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	100.00%
Newbury Hydro Company LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Newco Cogenerazione. Si Srl	Rome	Italy	1,710,000.00	EUR	-	Equity	Enel.Si Srl	20.00%	20.00%
Ngonye Power Company Limited	Lusaka	Zambia	10,000.00	ZMW	Electricity sales	Line-by-line	Enel Green Power Solar Ngonye SpA (formerly Enel Green Power Africa Srl)	80.00%	80.00%
Nojoli Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
North Canal Waterworks	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Northwest Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West LLC	100.00%	100.00%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plants	Equity	Endesa Generación SA	50.00%	35.05%
Nuove Energie Srl	Porto Empedocle	Italy	5,204,028.73	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Global Trading SpA	100.00%	100.00%
Nuxer Trading SA	Montevideo	Uruguay	80,000.00	UYU	Electricity trading	Line-by-line	Enel Brasil SA	100.00%	54.23%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Nxuba Wind Farm (Pty) Ltd	Gauteng	South Africa	1,000.00	ZAR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd Nxuba Wind Farm Community Trust SPV (RF) (Pty) Ltd Pele Green Energy Nxuba BEE SPV (Pty) Ltd Request Renewables (Pty) Ltd	51.00% 5.00% 35.00% 9.00%	51.00%
Nyc Storage (353 Chester) Spe LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Demand Energy Networks Inc.	100.00%	100.00%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia (Slovak Republic)	33,193.92	EUR	Security services	Equity	Slovenské elektrárne AS	100.00%	33.00%
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance company	Line-by-line	Enel Russia PJSC	100.00%	56.43%
OpEn Fiber SpA	Milan	Italy	250,000,000.00	EUR	Installation, maintenance and repair of electronic plant	Equity	Enel SpA	50.00%	50.00%
Origin Goodwell Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Wind Holdings 1 LLC	100.00%	50.00%
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	Origin Goodwell Holdings LLC	100.00%	50.00%
Osage Wind Holdings LLC	Delaware	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Apollo Global Management LLC Enel Kansas LLC	50.00% 50.00%	50.00%
Osage Wind LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Osage Wind Holdings LLC	100.00%	50.00%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Ovacik Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	11,250,000.00	TRY	-	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	23.36%
Oyster Bay Wind Farm (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd OOZ Trading (Pty) Ltd Oyster Bay Community Trust Invsetment (RF) (Pty) Ltd	60.00% 35.00% 5.00%	60.00%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Palo Alto Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	63.09%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parc Eòlic La Tossa-La Mola D'en Pascual SL	Madrid	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Parc Eòlic Los Aligars SL	Madrid	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	21.03%
Parque Amistad II SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Parque Amistad III SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Parque Amistad IV SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Rinnovabile SA de Cv Hidroelectricidad del Pacífico S de RL de Cv	99.00% 1.00%	100.00%
Parque Eólico A Capelada SL (Sociedad Unipersonal)	Santiago de Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	56.08%
Parque Eólico Cristalândia Ltda	Rio de Janeiro	Brazil	6,545,639.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	75.00%	52.58%
Parque Eólico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	35.16%
Parque Eólico de Farlan SLU	Madrid	Spain	3,006.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	82.00%	57.48%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	66.33%	46.50%
Parque Eólico del Castillo SA	Buenos Aires	Argentina	1,201,745.00	ARS	Holding	Line-by-line	Enel Green Power Argentina SA	100.00%	100.00%
Parque Eólico Delfina Ltda	Rio de Janeiro	Brazil	6,964,177.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Parque Eólico Finca de Mogán SA	Santa Cruz de Tenerife	Spain	3,810,340.00	EUR	Plant construction and operation	Line-by-line	Enel Green Power España SL	90.00%	63.09%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Plant construction and operation	Line-by-line	Enel Green Power España SL	75.50%	52.93%
Parque Eólico Muniesa SL	Madrid	Spain	3,006.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Palmas Dos Ventos Ltda	Bahia	Brazil	4,096,626.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Parque Eólico Pampa SA	Buenos Aires	Argentina	6,500,000.00	ARS	Electricity generation from renewable resources	Line-by-line	Enel Green Power Argentina SA Parque Eólico del Castillo SA	20.00% 80.00%	100.00%
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	52.00%	36.45%
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	58.00%	40.66%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Chile SA Enel Green Power Chile Ltda	0.01% 99.99%	61.93%
Parque Eólico Valle de Los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Chile SA Enel Green Power Chile Ltda	0.01% 99.99%	61.93%
Parque Salitrillos SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Parque Solar Cauchari IV SA	San Salvador de Jujuy	Argentina	500,000.00	ARS	Electricity generation from renewable resources	Line-by-line	Enel Green Power Argentina SA Energía y Servicios South America SpA	95.00% 5.00%	100.00%
Parque Solar Fotovoltaico Sabanalarga SAS	Bogotá DC	Colombia	400,000.00	COP	-	Line-by-line	Enel Green Power Colombia SAS	100.00%	100.00%
Parque Solar Maipú SpA	Santiago	Chile	404,212,503.00	CLP	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Chile Ltda Enel Green Power del Sur SpA (formerly Parque Eólico Renaico SpA)	1.00% 99.00%	61.93%
Parque Solar Valledupar SAS	Bogotá DC	Colombia	400,000.00	COP	-	Line-by-line	Enel Green Power Colombia SAS	100.00%	100.00%
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda Enel Green Power SpA SIMEST SpA	60.91% 34.56% 4.52%	76.64%
Parques Eólicos Gestinver Gestión SL	Madrid	Spain	3,200.00	EUR	Renewable energy	Line-by-line	Parques Eólicos Gestinver SL	100.00%	70.10%
Parques Eólicos Gestinver SL	Madrid	Spain	13,050.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Paynesville Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Pegop - Energia Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Equity	Endesa Generación Portugal SA Endesa Generación SA	0.02% 49.98%	35.05%
Pelzer Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	49.07%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA Enel Green Power SpA	40.31% 24.69%	65.00%
PH Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	33.44%	33.44%
PH Guacimo SA	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%
PH Río Volcán SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	34.32%	34.32%
Pincher Creek Lp	Alberta (Canada)	Canada	-	CAD	Renewable energy	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	99.00% 1.00%	100.00%
Pine Island Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	39.34%
Pomerado Energy Storage LLC	Wilmington	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
PowerCrop Macchiareddu Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop SpA (formerly PowerCrop Srl)	100.00%	50.00%
PowerCrop Russi Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop SpA (formerly PowerCrop Srl)	100.00%	50.00%
PowerCrop SpA (formerly PowerCrop Srl)	Bologna	Italy	4,000,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power SpA	50.00%	50.00%
Prairie Rose Transmission LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind LLC	100.00%	50.00%
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Wind Holdings LLC	100.00%	50.00%
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Productor Regional de Energía Renovable III SA	Madrid	Spain	3,088,398.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Productor Regional de Energía Renovable SA	Madrid	Spain	710,500.00	EUR	Plant development and construction	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	21.03%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Promociones Energéticas del Bierzo SL	Madrid	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Proveedora de Electricidad de Occidente S de RL de Cv	Mexico City	Mexico	89,708,835.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	99.99%
Proyecto Almería Mediterráneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	31.55%
Proyecto Solar Don José SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Proyecto Solar Villanueva Tres SA de Cv	Mexico City	Mexico	56,370,700.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Proyectos de Energía Sol y Viento 5 SA de Cv	Mexico City	Mexico	139.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	99.00% 1.00%	100.00%
Proyectos de Energía Sol y Viento 6 SA de Cv	Mexico City	Mexico	139.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	99.00% 1.00%	100.00%
Proyectos de Energía Sol y Viento 7 SA de Cv	Mexico City	Mexico	139.00	MXN	Renewable energy	Line-by-line	Enel Green Power SpA Energía y Servicios South America SpA	99.00% 1.00%	100.00%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	27,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	33.33%	23.36%
Proyectos y Soluciones Renovables SAC	Lima	Peru	1,000.00	PEN	Electricity generation	Line-by-line	Enel Green Power Partecipazioni Speciali Srl Energía y Servicios South America SpA	99.90% 0.10%	100.00%
Pt Enel Green Power Optima Way Ratai	Jakarta	Indonesia	10,001,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	90.00%	90.00%
Pulida Energy (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	52.70%	52.70%
PV Huacas SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	65.00%
Pyrites Hydro LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,510.61	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Rattlesnake Creek Holdings LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Reaktortest Sro	Trnava	Slovakia (Slovak Republic)	66,389.00	EUR	Research and development	Equity	Framatome GmbH Slovenské elektrárne AS	51.00% 49.00%	16.17%
Red Centroamericana de Telecomunicaciones SA	Panama	Panama	2,700,000.00	USD	Telecommunications	-	Enel SpA	11.11%	11.11%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Red Dirt Wind Holdings LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Red Dirt Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Red Dirt Wind Holdings LLC	100.00%	100.00%
Red Fox Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Reftinskaya Gres Limited Liability Company	Asbest	Russian Federation	10,000.00	RUB	Electricity generation and sale	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Renovables de Guatemala SA	Guatemala City	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power SpA	0.01% 99.99%	100.00%
Riverview Lp	Alberta (Canada)	Canada	-	CAD	Renewable energy	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	99.00% 1.00%	100.00%
Roadrunner Solar Project LLC	Delaware	USA	100.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Rochelle Solar LLC	Wilmington (Delaware)	USA	1.00	USD	Photovoltaic	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Rock Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Rock Creek Wind Holdings LLC	-	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Preferred Holdings II LLC	100.00%	100.00%
Rock Creek Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	Holding	Line-by-line	Rock Creek Wind Holdings LLC	100.00%	100.00%
Rocky Caney Holdings LLC	Oklahoma City (Oklahoma)	USA	1.00	USD	Renewable energy	Line-by-line	Enel Kansas LLC	20.00%	20.00%
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	20.00%	20.00%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	20.00%	20.00%
Rodnikovskaya	Moscow	Russia	6,010,000.00	RUB	Thermal generation plants	Line-by-line	Enel Green Power Rus LLC	100.00%	100.00%
Rsl Telecom (Panama) SA	Panama	Panama	10,000.00	USD	-	Equity	Ufinet Latam SLU	100.00%	21.40%
RusEnergoSbyt LLC	Moscow	Russian Federation	2,760,000.00	RUB	Electricity trading	Equity	Enel SpA	49.50%	49.50%
RusEnergoSbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	4,600,000.00	RUB	Electricity sales	Equity	RusEnergoSbyt LLC	50.00%	24.75%
RusEnergoSbyt Yaroslavl	Yaroslavl	Russian Federation	100,000.00	RUB	Electricity sales	Equity	RusEnergoSbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Saburoy SA	Montevideo	Uruguay	400,000.00	UYU	-	Equity	Ifx Networks LLC	100.00%	21.40%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Equity	Empresa Distribuidora Sur SA - Edesur	50.00%	18.68%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Salmon Falls Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	50.00%	35.05%
San Francisco de Borja SA	Zaragoza	Spain	60,000.00	EUR	Renewable energy	Line-by-line	Enel Green Power España SL	66.67%	46.74%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	100.00%
Sanatorium-preventorium Energetik LLC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Electricity services	Line-by-line	Enel Russia PJSC OGK-5 Finance LLC	99.99% 0.01%	56.43%
Santo Rostro Cogeneración SA	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	45.00%	31.55%
Se Služby Inžinierskych Stavieb SRO	Kalná nad Hronom	Slovakia (Slovak Republic)	200,000.00	EUR	Services	Equity	Slovenské elektrárne AS	100.00%	33.00%
Seguidores Solares Planta 2 SL (Sociedad Unipersonal)	Madrid	Spain	3,010.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Energía Nueva Energía Limpia México S de RL de Cv	0.01% 99.99%	100.00%
Servicios de Internet Eni Chile Ltda	Santiago	Chile	2,768,688,228.00	CLP	-	Equity	Ifx Networks Ltd Ifx/eni - Spc IV Inc.	0.01% 99.90%	21.38%
Servizio Elettrico Nazionale SpA	Rome	Italy	10,000,000.00	EUR	Electricity sale	Line-by-line	Enel SpA	100.00%	100.00%
Shiawassee Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	-	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Shield Energy Storage Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%
Sierra Energystorage LLC	Camden (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	51.00%	51.00%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Analysis, design and research in thermal technology	Equity	Enel Innovation Hubs Srl	41.55%	41.55%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	11.71%
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	19.72%
Sistemas Energéticos Alcohujate SA (Sociedad Unipersonal)	Zaragoza	Spain	61,000.00	EUR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sistemas Energéticos Campoliva SA (Sociedad Unipersonal)	Zaragoza	Spain	61,000.00	EUR	Wind plants	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	67.30%
Sistemas Energéticos Sierra del Carazo SL (Sociedad Unipersonal)	Zaragoza	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	Slate Creek Hydro Company LLC	95.00%	47.50%
Slate Creek Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Slovak Power Holding BV	Amsterdam	The Netherlands	25,010,000.00	EUR	Holding	Equity	Enel Produzione SpA	50.00%	50.00%
Slovenské elektrárne - Energetické Služby SRO	Bratislava	Slovakia (Slovak Republic)	4,505,000.00	EUR	Electricity supply	Equity	Slovenské elektrárne AS	100.00%	33.00%
Slovenské elektrárne AS	Bratislava	Slovakia (Slovak Republic)	1,269,295,724.66	EUR	Electricity generation	Equity	Slovak Power Holding BV	66.00%	33.00%
Slovenské elektrárne Česká Republika SRO	Praha	Czech Republic	295,819.00	CZK	Electricity supply	Equity	Slovenské elektrárne AS	100.00%	33.00%
Smart P@per SpA	Potenza	Italy	2,184,000.00	EUR	Services	-	Servizio Elettrico Nazionale SpA	10.00%	10.00%
Smoky Hill Holdings II LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	100.00%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	100.00%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	100.00%
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Enel Chile SA	57.50%	35.61%
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	45.38%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	35.05%
Sociedad Eólica Los Lances SA	Seville	Spain	2,404,048.42	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	42.06%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sociedad Portuaria Central Cartagena SA	Bogotá DC	Colombia	89,714,600.00	COP	Port construction and management	Line-by-line	Emgesa SA ESP Inversora Codensa SAS	94.94% 5.05%	26.25%
Soetwater Wind Farm (RF) (Pty) Ltd	Northern Cape	South Africa	1,000.00	ZAR	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power RSA 2 (Pty) Ltd Pele Green Energy Soetwater BEE SPV (Pty) Ltd Soetwater Wind Farm Community Trust	60.00% 35.00% 5.00%	60.00%
Sol Real Istmo SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	100.00%
Soliloquoy Ridge LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Sona Enerji Üretim Anonim Şirketi	Istanbul	Turkey	50,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	25.24%
Southwest Transmission LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Spartan Hills LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Stillman Valley Solar LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Stillwater Woods Hill Holdings LLC	Wilmington (Delaware)	USA	1.00	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Stipa Nayaá SA de Cv	Mexico City	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Enel Green Power Partecipazioni Speciali Srl	55.21% 40.16%	95.37%
Sublunary Trading (RF) (Pty) Ltd	Johannesburg	South Africa	10,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	57.00%	57.00%
Suministradora Eléctrica de Cádiz SA	Cadiz	Spain	12,020,240.00	EUR	Electricity distribution and sale	Equity	Endesa Red SA (Sociedad Unipersonal)	33.50%	23.48%
Suministro de Luz y Fuerza SL	Torroella de Montgri (Girona)	Spain	2,800,000.00	EUR	Electricity distribution	Line-by-line	Hidroeléctrica de Catalunya SL	60.00%	42.06%
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	75.00%
Sun River LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Sweetwater Hydroelectric LLC	Concord (New Hampshire)	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
Tauste Energía Distribuida SL	Zaragoza	Spain	60,508.00	EUR	Renewable energy	Line-by-line	Enel Green Power España SL Posidonia Inversiones	51.00% 49.00%	35.75%
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	31.55%
Tecnoguat SA	Guatemala City	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	75.00%	75.00%
Tejo Energia Produção e Distribução de Energia Eléctrica SA	Paço de Arcos (Oeiras)	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Equity	Endesa Generación SA	43.75%	30.67%
Tenedora de Energía Renovable Sol y Viento SAPI de Cv	Mexico City	Mexico	2,892,643,576.00	MXN	Renewable energy	Equity	Enel Green Power SpA	32.90%	32.90%
Teploprogress OJSC	Sredneuralsk	Russian Federation	128,000,000.00	RUB	Electricity sales	Line-by-line	Enel Russia PJSC	60.00%	33.86%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Plant construction and operation	Equity	Central Dock Sud SA Enel Generación Costanera SA Enel Generación El Chocón SA	1.42% 5.33% 18.85%	9.21%
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Plant construction and operation	Equity	Central Dock Sud SA Enel Generación Costanera SA Enel Generación El Chocón SA	1.42% 5.33% 18.85%	9.21%
Termotec Energía AIE en liquidación	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	45.00%	31.55%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	100.00%
Thunder Ranch Wind Holdings LLC	Delaware	USA	-	USD	Renewable energy	Line-by-line	Enel Kansas LLC	100.00%	100.00%
Thunder Ranch Wind Project LLC	Wilmington (Delaware)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Thunder Ranch Wind Holdings LLC	100.00%	100.00%
Tko Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Tobivox (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%
Toledo Pv AEIE	Madrid	Spain	26,887.96	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	23.36%
Transmisora de Energía Renovable SA	Guatemala City	Guatemala	233,561,800.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power SpA	0.00% 100.00%	100.00%
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Equity	Gas Atacama Chile SA	50.00%	29.02%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Transportadora de Energía SA - TESA	Buenos Aires	Argentina	100,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Enel Argentina SA Enel CIEN SA	0.00% 100.00%	54.23%
Transportes y Distribuciones Eléctricas SA	Olot (Girona)	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	51.41%
Triton Energy Inc.	Delaware	USA	5,000.00	USD	Renewable energy	Line-by-line	Enel X North America Inc.	100.00%	100.00%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc. Highfalls Hydro Company Inc.	2.00% 98.00%	100.00%
Tsar Nicholas LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Equity	Twin Falls Hydro Company LLC	99.51%	49.76%
Twin Falls Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA REP Hydro Holdings LLC	100.00%	50.00%
Twin Lake Hills LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Tynemouth Energy Storage Limited	London	United Kingdom	2.00	GBP	Services	Line-by-line	Enel Global Thermal Generation Srl	100.00%	100.00%
Ufefys SL en liquidación	Aranjuez	Spain	304,150.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	40.00%	28.04%
Ufinet Argentina SA	Buenos Aires	Argentina	100,000.00	ARS	-	Equity	Ufinet Latam SLU Ufinet Panama SA	95.00% 5.00%	21.40%
Ufinet Chile SA	Santiago	Chile	233,750,000.00	CLP	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Ufinet Colombia SA	Bogotá DC	Colombia	1,180,000,000.00	COP	-	Equity	Empresa de Energía del Pacífico SA ESP Ufinet Guatemala SA Ufinet Honduras SA Ufinet Latam SLU Ufinet Panama SA	10.00% 0.00% 0.00% 90.00% 0.00%	19.26%
Ufinet Costa Rica SA	San José	Costa Rica	15,000.00	USD	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Ufinet Ecuador Ufiec SA	Quito	Ecuador	600,800.00	USD	-	Equity	Ufinet Guatemala SA Ufinet Latam SLU	0.00% 100.00%	21.40%
Ufinet El Salvador SA de Cv	San Salvador	El Salvador	10,000.00	USD	-	Equity	Ufinet Guatemala SA Ufinet Latam SLU	0.01% 99.99%	21.40%
Ufinet Guatemala SA	Guatemala City	Guatemala	7,500,000.00	GTQ	-	Equity	Ufinet Latam SLU Ufinet Panama SA	99.99% 0.01%	21.40%
Ufinet Honduras SA	Tegucigalpa	Honduras	194,520.00	HNL	-	Equity	Ufinet Latam SLU Ufinet Panama SA	99.99% 0.01%	21.40%
Ufinet Latam SLU	Madrid	Spain	15,906.31	EUR	-	Equity	Zacapa Sàrl	100.00%	21.40%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Ufinet México S de RL de Cv	Mexico City	Mexico	10,032,150.00	MXN	-	Equity	Ufinet Guatemala SA Ufinet Latam SLU	0.01% 99.99%	21.40%
Ufinet Nicaragua SA	Managua	Nicaragua	2,800,000.00	NIO	-	Equity	Ufinet Guatemala SA Ufinet Latam SLU Ufinet Panama SA	0.50% 99.00% 0.50%	21.40%
Ufinet Panama SA	Panama	Panama	3,500,000.00	USD	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Ufinet Paraguay SA	Asunción	Paraguay	13,960,000.00	USD	-	Equity	Tecnología en Electrónica e Informática SA Ufinet Latam SLU	25.00% 75.00%	16.05%
Ufinet Peru SAC	Lima	Peru	1,450,923.00	PEN	-	Equity	Ufinet Latam SLU Ufinet Panama SA	99.99% 0.01%	21.40%
Ufinet US LLC	Delaware	USA	1,000.00	USD	-	Equity	Ufinet Latam SLU	100.00%	21.40%
Ukuqala Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Upington Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Research and development	Equity	Slovenské elektrárne AS	27.77%	9.17%
Valdecaballero Solar SL	Madrid	Spain	3,000.00	EUR	Photovoltaic	Line-by-line	Enel Green Power España SL	100.00%	70.10%
Vektör Enerji Üretim Anonim Şirketi	Istanbul	Turkey	3,500,000.00	TRY	Plant construction and electricity generation from renewable resources	AFS	Enel SpA	100.00%	100.00%
Ventos de Santa Angela Energias Renováveis SA	Niterói (Rio de Janeiro)	Brazil	10,000.00	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	100.00%
Vientos del Altiplano S de RL de Cv	Mexico City	Mexico	1,455,854,094.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Villanueva Solar SA de Cv	Mexico City	Mexico	100.00	MXN	Electricity generation from renewable resources	Equity	Tenedora de Energía Renovable Sol y Viento SAPI de Cv	60.80%	20.00%
Viruleiros SL	Santiago de Compostela	Spain	160,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	67.00%	46.97%
Walden Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Waseca Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Weber Energy Storage Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Energy Storage Holdings LLC (formerly EGP Energy Storage Holdings LLC)	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
WeSpire Inc.	Boston (Massachusetts)	USA	1,625,000.00	USD	-	Equity	Enel X North America Inc.	11.21%	11.21%
West Faribault Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
West Hopkinton Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	AFS	Enel Green Power North America Inc.	100.00%	100.00%
West Waconia Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	51.00%
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Wild Run Lp	Calgary (Alberta)	Canada	10.00	CAD	Holding	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	0.10% 99.90%	100.00%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	100.00%
Wind Parks Anatolis - Prinias SA	Maroussi	Greece	1,208,188.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Bolibas SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Distomos SA	Maroussi	Greece	556,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Folia SA	Maroussi	Greece	424,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Gagari SA	Maroussi	Greece	389,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Goraki SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Gourles SA	Maroussi	Greece	555,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Kafoutsi SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Katharas SA	Maroussi	Greece	768,648.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Kerasias SA	Maroussi	Greece	935,990.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks Milias SA	Maroussi	Greece	1,024,774.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Mitikas SA	Maroussi	Greece	772,639.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	80.00%
Wind Parks Petalo SA	Maroussi	Greece	575,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Platanos SA	Maroussi	Greece	625,467.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Skoubi SA	Maroussi	Greece	472,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Spilias SA	Maroussi	Greece	847,490.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas Wind Parks South Evia SA	100.00%	100.00%
Wind Parks Strouboulas SA	Maroussi	Greece	576,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Vitalio SA	Maroussi	Greece	361,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Wind Parks Vourlas SA	Maroussi	Greece	554,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	30.00%
Winter's Spawn LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	51.00%
Woods Hill Solar LLC	Wilmington (Delaware)	USA	-	USD	Renewable energy	Line-by-line	Stillwater Woods Hill Holdings LLC	100.00%	100.00%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	100.00%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Enel Américas SA	22.22%	12.05%
Yedesa-cogeneración SA	Almería	Spain	234,394.72	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	40.00%	28.04%
Zacapa HoldCo Sàrl	Luxembourg	Luxembourg	300,000.00	USD	-	Equity	Zacapa Topco Sàrl	100.00%	21.40%
Zacapa LLC	Delaware	USA	1,000.00	USD	-	Equity	Zacapa Sàrl	100.00%	21.40%
Zacapa Sàrl	Luxembourg	Luxembourg	300,000.00	USD	-	Equity	Zacapa HoldCo Sàrl	100.00%	21.40%
Zacapa Topco Sàrl	Luxembourg	Luxembourg	250,000.00	USD	-	Equity	Enel X International Srl Zacapa Feeder Sàrl	21.40% 78.60%	21.40%

07

Corporate Governance

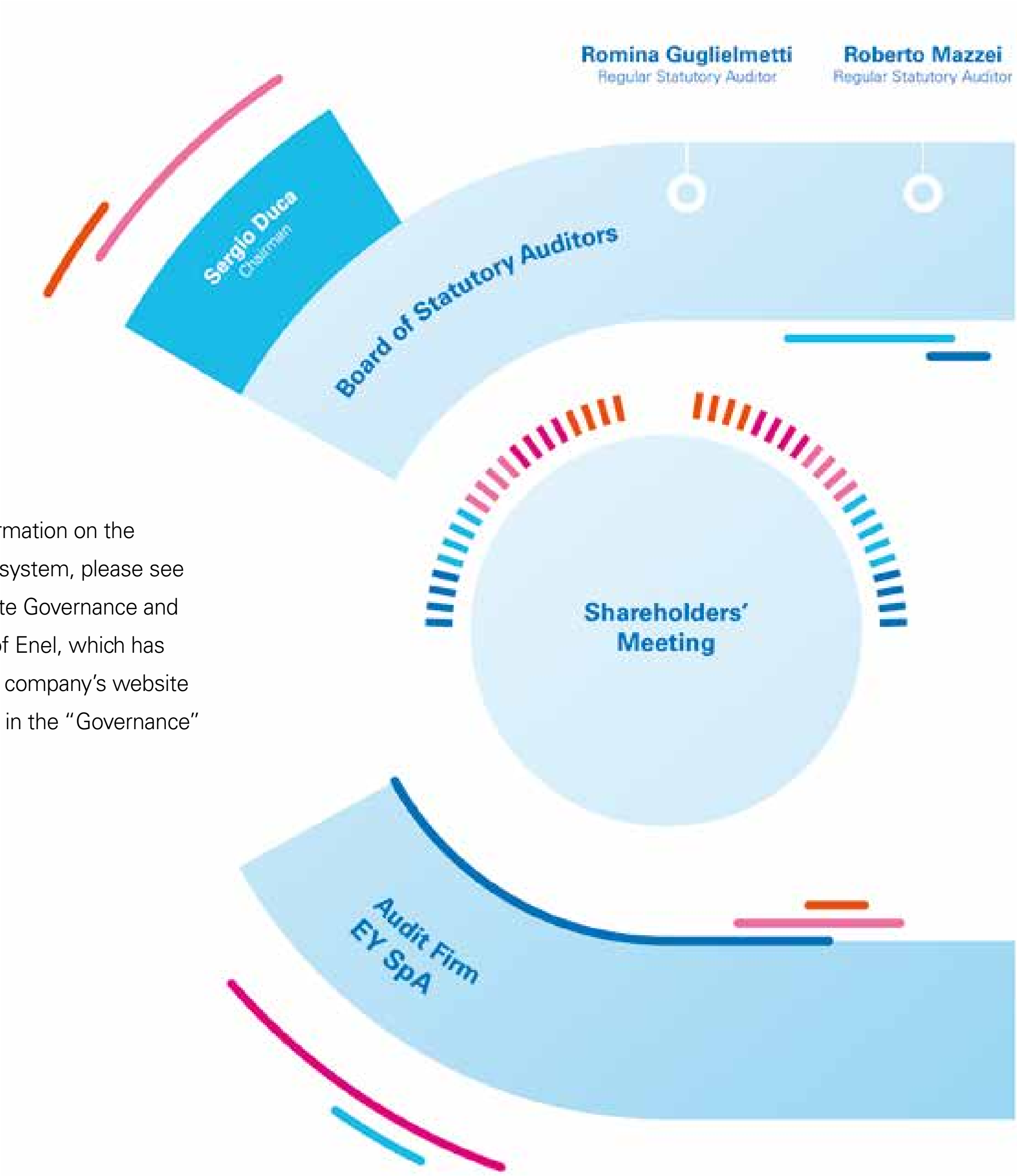
Report on corporate governance and ownership structure

The corporate governance structure of Enel SpA complies with the principles set forth in the edition of the Corporate Governance Code for listed companies most recently amended in July 2018,[18] which has been adopted by the company, and with international best practice.

The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the medium/long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

In compliance with the provisions of Italian law governing companies with listed shares, the company's organization is characterized by:

- a Board of Directors charged with managing the company;
- a Board of Statutory Auditors charged with monitoring:



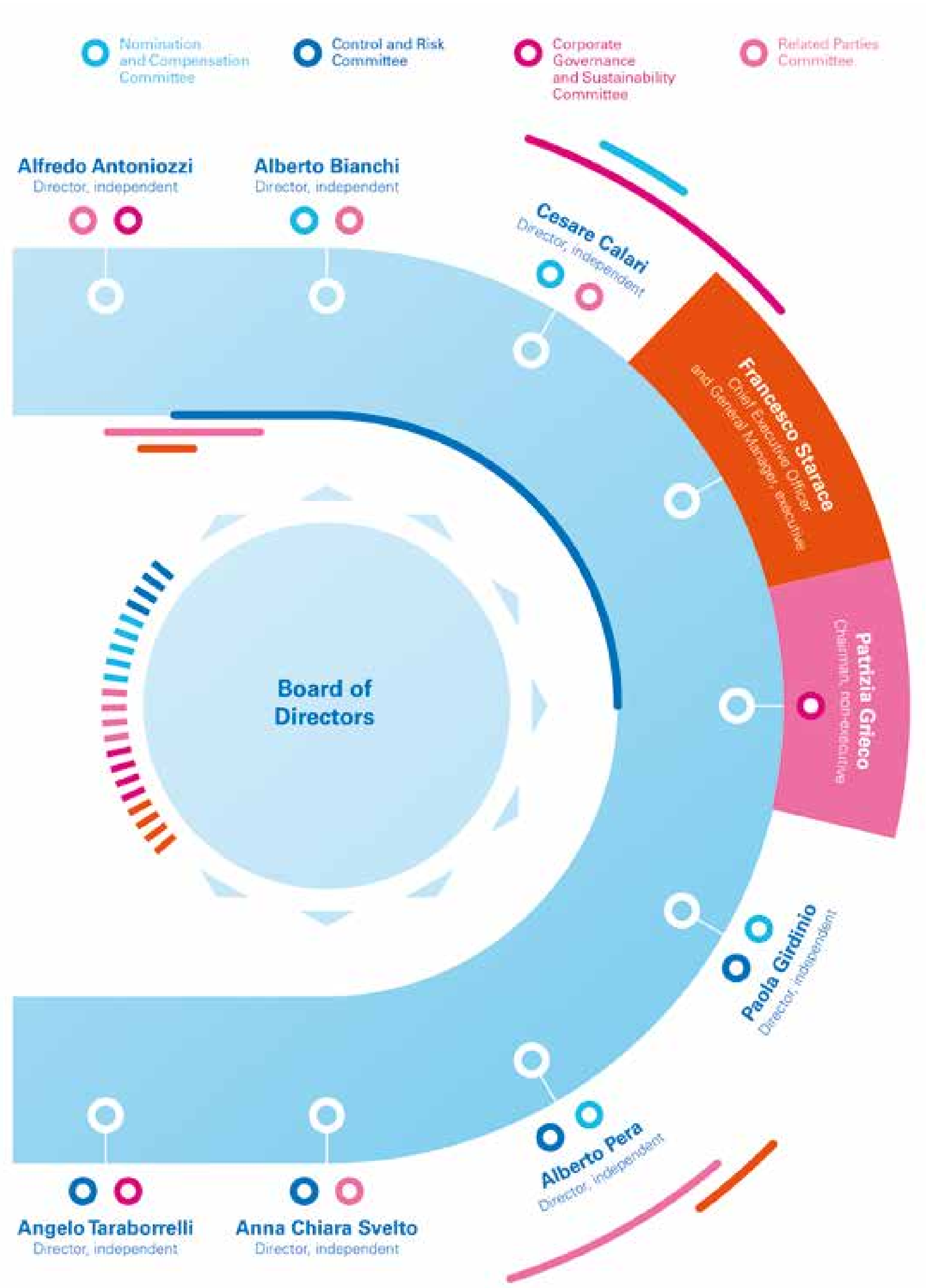
For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the company's website (http://www.enel.com) in the "Governance" section.

18 The current edition of the Code is available on the website of Borsa Italiana (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf).

(i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the Audit Firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

- a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Statutory Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Statutory Auditors.



Concept design and realization
HNTO - Gruppo HDRÀ

Copy editing
postScriptum di Paola Urbani

Printing
Varigrafica Alto Lazio

Print run: 20 copies

Published in June 2019

INSIDE PAGES

Paper
Fedrigoni Arcoprint 1 E.W.

Weight
120 g/m²

Number of pages
548

COVER

Paper
Fedrigoni Arcoprint 1 E.W.

Weight
300 g/m²

This publication is printed on FSC® certified 100% paper

Publication not for sale

By
Communications Italy

Enel Società per azioni
Registered Office 00198 Rome - Italy
Viale Regina Margherita, 137
Stock Capital Euro 10,166,679,946 fully paid-in
Companies Register of Rome and Tax I.D. 00811720580
R.E.A. of Rome 756032 VAT Code 00934061003