OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

REPORT AND FINANCIAL STATEMENTS
OF ENEL SPA AT DECEMBER 31, 2019


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REPORT AND FINANCIAL STATEMENTS OF ENEL SPA AT DECEMBER 31, 2019

Enel is Open Power

Positioning
Open Power

Purpose
Open Power for a brighter future.
We empower sustainable progress.

Mission

- Open access to electricity for more people.
- Open the world of energy to new technology.
- Open up to new uses of energy.
- Open up to new ways of managing energy for people.
- Open up to new partnerships.

Vision

Open Power **to tackle some of the** world's **biggest challenges.**

Values

- Trust
- Proactivity
- Responsibility
- Innovation

Principles of conduct

- Make decisions in daily activities and take responsibility for them.
- Share information, being willing to collaborate and open to the contribution of others.
- Follow through with commitments, pursuing activities with determination and passion.
- Change priorities rapidly if the situation evolves.
- Get results by aiming for excellence.
- Adopt and promote safe behavior and move pro-actively to improve conditions for health, safety and well-being.
- Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personality etc.).
- Work focusing on satisfying customers and/or co-workers, acting effectively and rapidly.
- Propose new solution and do not give up when faced with obstacles or failure.
- Recognize merit in co-workers and give feedback that can improve their contribution.

Future: from vision to action.

Report and financial statements of Enel SpA at December 31, 2019

enel

Dear shareholders and stakeholders,

Our industrial model fully integrates sustainability into our business strategy. In 2019, this enabled us to continue our growth, confirming us as a leader in the main facets of the energy transition.
We are the largest private distributor of electricity in the world, with 73 million end users in a variety of the planet's large urban areas and we are the leading private operator in renewable energy globally, with 46 GW of managed capacity[1].
Among private companies, we have the largest customer base in the world in the retail segment as well, with around 70 million customers, and we are well positioned to seize the opportunities created by the trend towards electrification.
Our solid performance in recent years has strengthened the market's confidence in us. During the year, Enel's stock price posted a gain of 40%, exceeding €7, outperforming the Italian index (FTSE-MIB: +28%) and the sector index (Euro STOXX Utilities: +22%) and has also been included in the STOXX Europe 50 index, which brings together the fifty largest companies in Europe.

The macroeconomic environment

In 2019, the global economic growth was sluggish, continuing the slowdown that had already begun in the 2nd Half of 2018. Trade tensions between the United States and China, together with geo-political strains and the persistent climate of uncertainty about the outcome of the Brexit negotiations, impacted investment decisions until the final months of the year. Responding to the deteriorating global environment, central banks altered their monetary policy stances, with the Fed and the ECB aggressively cutting interest rates and restoring their quantitative easing policies.
2019 was also marked by a further deceleration in the Chinese economy, while in the United States the economy continued to be supported by resilient domestic demand, with private consumption still strong.
Growth in the euro area was modest, averaging +1.2%. This performance mainly reflected the decline in output attributable to the weakness of non-European demand, partially offset by a relatively healthy domestic market.
In Latin America, economic conditions in 2019 were weaker than in 2018 but the picture was mixed, with countries such as Colombia demonstrating a solid foundation, while others were more exposed to the volatility of the macroeconomic and political context, including Argentina. Brazil posted a strong recovery in economic activity in the last two quarters of 2019, but the slowdown in the Chinese economy and pressures on commodity prices curbed GDP growth.
During 2019, the oil market was buffeted by volatility, with the price of Brent fluctuating up and down. In general, prices were lower than last year, indicating a structural weakness in global demand.
The gas market was characterized by a global surplus of LNG demand, which diverted flows to Europe, causing stocks to rise to record levels and a sharp drop in prices.
The decrease in the price of gas in combination with strains on the price of CO_2, which was especially volatile in 2019, led to a weakening of the competitiveness of coal, especially in the thermal generation sector, which was reflected in a drop in demand and the price of fuel.
At the end of 2019, the initial cases of the coronavirus pandemic (COVID-19) were registered in Wuhan (China), placing great strain on the social and economic systems of many countries around the world.

Performance

In 2019, the Enel Group continued its growth, hitting all the targets we had set ourselves, despite the deterioration in the competitiveness of conventional generation. This prompted us to write down almost all the Group's coal-fired plants and contributed to the continuing instability in some Latin American economies.
More specifically, the Group ended the year with ordinary EBITDA of €17.9 billion, an increase of 10.8% compared with €16.2 billion in 2018, outperforming our guidance to investors. Net ordinary income, the aggregated on which the dividend is calculated, reached €4.8 billion, an increase of 17% compared with the previous year. The dividend for 2019 is about €0.33 per share, an increase of 17% compared with the €0.28 paid in 2018 and the minimum dividend guaranteed to shareholders. The ratio of FFO to net debt, an indicator of our financial strength, reached 26% at the end of the

(1) In addition to installed capacity, this includes that managed by associates or joint ventures (about 3.7 GW).

year, exceeding the target set for 2019. Net debt amounted to €45.2 billion, lower than the forecast announced to the market, although higher than the previous year due to the application of new accounting standards, the extraordinary transactions completed during the period and the increase in investment for growth.

Main developments

On the generation front, Enel reached a new record in 2019, building 3,029 MW of new renewable capacity globally, thanks to a solid, well-diversified and continuously expanding project pipeline. Consolidated installed renewable capacity reached 42 GW and exceeded thermal generation capacity, which declined to 39 GW. This is an important step in the Group's journey towards a cleaner and more sustainable energy mix, which is also underscored by the rapid reduction in specific CO_2 emissions, which fell to 296 g/kWh_{eq} (-20% compared with 2018). The target set in 2015 to reduce direct emissions below 350 g/kWh_{eq} was thus achieved a year in advance.

The Group continued digitalizing its grids, with an increase of 5.9 millions in the number of second generation smart meters installed (for a total of 13.1 millions) and the development of innovative projects such as the Puglia Active Network (Italy) and Urban Futurability (São Paulo, Brazil). These projects are aimed at improving the quality and resilience of power grids, thanks to the use of technologies such as distributed sensors, artificial intelligence and 3D modeling.

During the year, the installation of public charging infrastructure for electric vehicles continued in Italy, Spain and Romania and interoperability agreements were reached, giving Enel X customers access to a network of 79,565 charging points. The Group also confirmed its leadership in the energy transition, supporting the electrification of public transport with the supply of charging stations for electric buses in Chile and Colombia. We have also confirmed our ability to assist customers in using energy more efficiently, bringing the capacity of active demand management services to 6.3 GW and the total capacity of batteries installed with industrial customers or directly connected to distribution and transmission grids to 110 MW.

An important milestone in the digital transformation was reached in April 2019 with the completion of the migration of the Group's data and applications to the cloud. Enel is the first of the world's major utilities to have achieved this goal, with enormous advantages in terms of flexibility, speed, safety, resilience as well as efficiency. This step is also crucial as a technological enabler of new business approaches, such as platform models, which will be increasingly relevant in Enel's near future.

Among extraordinary operations, the sale of the Reftinskaya coal-fired plant in Russia (3.8 GW) by the subsidiary Enel Russia to JSC Kuzbassenergo, a subsidiary of the Siberian Generating Company, was completed.

Enel Green Power North America restructured the joint venture with General Electric in the United States through the acquisition of 100% of seven geothermal, wind and solar generation plants, for a total of 650 MW, and the sale of 80% of a 785 MW portfolio of US wind farms to CalPERS.

In Brazil, acting through our subsidiary Enel Green Power Brasil Participações Ltda, the Group finalized the sale of 100% of three fully operational renewable plants with a total capacity of 540 MW to the Chinese company CGN Energy International Holdings Co. Limited.

In Italy, the Mercure biomass plant was sold to F2i SGR, an operation that was part of an agreement between the Enel Group and F2i SGR for the sale of the entire portfolio of biomass plants in Italy.

Finally, in the 1st Half of 2019, using a total return swap (TRS) transaction on Enel Américas shares, the Group increased its stake in that company by 5% and now holds an interest of about 60%.

With regard to finance, after the third €1 billion green bond issued in January, the year culminated with the issue of two SDG-Linked bonds, the first bonds in the world linked directly to the Sustainable Development Goals (SDGs) set by the United Nations with its 2030 Agenda. The two operations raised a total of €3.9 billion on the American and European markets, attracting great interest from the international financial community. Oversubscribed by an average of 3.6 times supply and a cost discount of up to 20% compared with conventional financing instruments, the operation led to Enel winning the "ESG Issuer of the Year" award from International Financing Review.

Strategy and forecasts for 2020-2022

The world of utilities is experiencing an era of profound transformation, mainly driven by the challenge of decarbonizing the energy sector. The progressive shift of generation from fossil fuels to renewable sources, together with the acceleration in the electrification of final consumption, will be the main trends in the energy transition. Energy infrastructures and digital platforms will be key factors in enabling this transition and achieving the United Nations' Sustainable Development Goals. The sustainable strategy and the integrated business model developed in recent years have allowed the Group to constantly create value and will allow us to benefit from the opportunities emerging from this transition, while limiting the related risks.

Thanks to a development model based on the organic build-out of renewable generation assets that gives us great flexibility in the use of capital, the Group is capable of responding swiftly to any unexpected scenario changes that could be triggered by the pandemic that has been spreading around the world in these last few months.

In November 2019, Enel presented the 2020-2022 Strategic Plan, which, while confirming the strategic direction already set, explicitly integrates the SDG objectives into our financial strategy.

The growth path outlined in the Plan shows a steady acceleration in performance, with a target for the Group's ordinary EBITDA of €20.1 billion in 2022, compared with €17.9 billion in 2019 (+12%).

In the next three years, the Group expects total gross organic capex of around €28.7 billion (an increase of 11% compared with the previous plan), of which more than 90% is attributable to the four SDGs on which the strategy is based: SDG 7 - Affordable and Clean Energy; SDG 9 - Industry, Innovation and Infrastructure; SDG 11 - Sustainable Cities and Communities; and SDG 13 - Climate Action.

Of total organic investment, approximately €12.5 billion will be dedicated to the construction and maintenance of renewable generation plants, with renewable capacity to reach 60 GW by 2022. At the same time, the Group will continue to progressively eliminate coal-fired generation, with a 74% decrease in such output as early as 2022.

This strategy is consistent with Enel's commitment to the fight against climate change, which was further strengthened in September 2019 with the setting of a new target: reducing direct CO_2 emissions per kWh_{eq} by 70% by 2030, compared with 2017 levels. This target has been certified by the Science Based Targets initiative, the world's most authoritative initiative to support the definition of science-based targets that encourage companies to support the transition towards a zero-emission economy, in line with the objectives of the Paris Agreement. In parallel, Enel has set another new target, also certified by the Science Based Targets initiative, namely to reduce indirect emissions associated with the consumption of gas by Enel end users by 16% by 2030.

With regard to grids, investments of around €11.8 billion are planned, with the aim of further improving their resilience, quality and efficiency, thanks in part to the use of the new generation of smart meters, which in 2022 will number almost 29 millions, and the adoption of a platform business model that will make operations in all the countries in which we operate more effective.

Finally, the Group will invest a total of €2.3 billion in the retail segment and in Enel X to strengthen the central role of the customer, gaining an advantageous position in view of the growing electrification of energy consumption. The development of global platforms and ecosystems will allow us to make new services available to customers, enabling further creation of value for the Group. By 2022, there will be around 35 million customers in the free market, with 10.1 GW of active demand management capacity and 736 MW of installed electricity storage.

The soundness of our business model and the flexibility noted above in the use of cash flows in organic investment enable us to confirm the dividend policy based on a pay-out of 70% of the Group's net ordinary income and to extend the minimum dividend per share for the entire 2020-2022 period, with Enel expecting to use its profits in 2020-2022 to pay the greater between a) a dividend per share based on a pay-out of 70%; and b) a minimum dividend per share of €0.35, €0.37 and €0.40 respectively.

At a moment of great instability in the global scenario, we face the future with confidence, drawing strength from what we have built and the value of our people.

Patrizia Grieco
Chairman of the Board of Directors

Francesco Starace
Chief Executive Officer and General Manager

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1. REPORT ON OPERATIONS

Enel organizational model

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

> four Global Business Lines, which are responsible in all the geographic areas in which the Group operates for developing, building, operating and maintaining assets, engaging in trading activities, as well as developing and managing the portfolio of new products and services (in addition to commodities);
> four Areas and two Countries, which are responsible for managing relations with customers, institutions and regulatory authorities, sales of electricity, gas and new products and services at the country level; providing staff services and activities to the Global Business Lines present in the country, integrating the activities of the Business Lines present in the countries;
> two Global Service Functions, which are responsible for the integrated management of all Group activities relating to the development and governance of digital solutions and procurement;
> six Holding Company Functions, which focus on policy-making, coordination and strategic control of the entire Group.

The Holding Company is focused on activities involving a significant degree of policy-making, coordination and control for the Group as a whole.

Operating through Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Innovability and Audit functions, the Holding Company seeks to:

> manage activities with significant value creation potential for the Group;
> manage activities aimed at protecting the Group from events that could have a negative impact on its financial position, image or business continuity;
> support top management and the Business Lines/Functions/Areas/Countries in key strategic decisions concerning those activities and related strategic control issues.

The Holding Company exercises its policy-making, coordination and control role in essentially two ways:

> direct management: in which, in addition to performing the policy-making, coordination and control role, it also has total or prevalent responsibility for performing the associated activities (e.g. finance, M&A, etc.);
> indirect management: in which it plays a policy-making and supervisory role, while execution of operations is essentially delegated to the Business Lines/Functions/Areas/Countries on the basis of policies, processes and guidelines. The supervisory role is exercised by way of ex-post control processes.

Furthermore, in order to ensure the effective coordination and development of our activities, a reporting system has been established between the Holding Company functions indicated above and the corresponding staff functions at the Business Line/Function/Area/Country level. This reporting connection envisages that the Head of the Holding Company function and the Head of the Business Line/Function/Area/Country jointly manage the appointment, evaluation and development of the head of the corresponding Holding Company function at the Business Line/Function/Area/Country level.

Each Holding Company function is responsible for defining policies, processes, procedures and organizational structures, within the scope of their remit, for the entire Group.

The Holding Company functions are also charged with managing and supervising the professional families in their respective functions at the Business Line/Function/Area/Country level.

The following summarizes the main responsibilities attributed to the Holding Company, which are exercised by the latter in compliance with company law and the management autonomy of the listed subsidiaries and/or those subject to functional separation, in force in the various countries in which we operate.

Administration, Finance and Control

The Administration, Finance and Control function has the mission of:

> managing the strategic planning, industrial planning, budgeting and reporting processes for the Group; monitoring the evolution of the Group's operating and financial results, identifying any deviations and suggesting possible corrective actions;
> supporting the Group Investment Committee in evaluating investment proposals;
> conducting M&A operations;
> defining the optimal structure of Group capital and the composition of debt, managing loans, liquidity and relations with the international banking system, financial insti-

tutions, investors and analysts and managing financial risk and insurance coverage for the entire Group;
> preparing the financial statements of Enel SpA and setting the guidelines and policies for the preparation of the financial statements of the Group companies;
> ensuring tax compliance for Enel SpA and tax planning, guidelines and policies for the Group;
> monitoring commodity and financial risks and identifying other risks that could potentially affect the Group's value in order to minimize its exposure and the related impact.

People and Organization

The People and Organization function has the mission of:
> defining organizational arrangements in line with Group strategies, guiding change management programs;
> managing the function's budget and the long-term plan at the Group level, defining guidelines and objectives; defining the Group's guidelines for the compensation and benefit process; managing industrial relations;
> developing the Group's technical, professional and managerial skills in accordance with the needs of the business, promoting integration across the business and cultures;
> defining the Group's strategies and guidelines for managing health, safety, the environment, quality and security, ensuring their implementation at the Group level.

Communications

The Communications function has the mission of:
> developing and managing the global Enel brand identity, leveraging the Group's resources, skills and operational excellence;
> managing relations with global media;
> developing and managing internal communication of local and global content and defining the guidelines to be applied at the country level;
> managing and optimizing the Group's online communication channels, including the Group's websites and social network presence.

Legal and Corporate Affairs

The Legal and Corporate Affairs function has the mission of:
> providing legal assistance and support to the entire Group, identifying and managing legal issues and litigation and ensuring the compliance of activities carried out by Group companies with applicable laws and regulations;
> managing the corporate governance system and advising on the related issues (including relations with the financial market regulatory authorities and managing the corporate bodies and the system of delegated powers).

Innovability

The Innovability function has the mission of:
> promoting the sharing and development of new ideas for possible business approaches and new technologies, providing structured monitoring of the proposals from their reception to the incubation of an idea through to its ultimate deployment, coordinating the various Global Business Lines and Service Functions;
> promoting and identifying potential start-ups and partnerships, in collaboration with the Global Business Lines and Countries;
> promoting, coordinating and supporting innovative projects among the Global Business Lines;
> promoting and consolidating the Group's strategy for innovation and fostering appropriate reporting on innovation activities within the Group;
> defining the Group's Sustainability Plan, setting specific objectives and monitoring the achievement of those objectives; handling the Group's relations with international bodies on CSR issues, managing CSR/CSV projects at the Group level.

Audit

The Audit function has the mission of:
> systematically and independently assessing the effectiveness and adequacy of the Enel Group's internal control system;
> supporting each part of the Group in monitoring risks and identifying mitigation actions.

Corporate boards

BOARD OF DIRECTORS

Chairman
Patrizia Grieco

Chief Executive Officer and General Manager
Francesco Starace

Secretary
Silvia Alessandra Fappani

Directors
Alfredo Antoniozzi
Alberto Bianchi
Cesare Calari
Paola Girdinio
Alberto Pera
Anna Chiara Svelto
Angelo Taraborrelli

	2019	2018
Gender diversity on the Board of Directors (no.)	3	3
Age diversity on the Board of Directors (%) <30		
Age diversity on the Board of Directors (%) 30-50		11%
Age diversity on the Board of Directors (%) >50	100%	89%

BOARD OF STATUTORY AUDITORS

Chairman
Barbara Tadolini

Auditors
Romina Guglielmetti
Claudio Sottoriva

Alternate auditors
Maurizio De Filippo
Francesca Di Donato
Piera Vitali

AUDIT FIRM

EY SpA

Powers

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.

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.

Chief Executive Officer

The Chief Executive Officer is also 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.

Enel and the financial markets

	2019	2018
Gross operating margin per share (euro)	1.74	1.61
Operating income per share (euro)	0.68	0.97
Group net earnings per share (euro)	0.21	0.47
Group net ordinary earnings per share (euro)	0.47	0.40
Dividend per share (euro) (1)	**0.328**	**0.28**
Group shareholders' equity per share (euro)	2.99	3.12
Share price - 12-month high (euro)	7.21	5.39
Share price - 12-month low (euro)	5.08	4.24
Average share price in December (euro)	6.89	4.94
Market capitalization (millions of euro) (2)	**70,047**	**50,254**
No. of shares outstanding at December 31 (millions) (3)	**10,165**	**10,167**

(1) Dividend resolved by the Shareholders' Meeting of May 14, 2020.
(2) Calculated on average share price in December.
(3) The change is due to the acquisition of 1,549,152 treasury shares with a par value of €1.00 each.

		Current (1)	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2017
Enel stock weighting in:					
- FTSE-MIB index		16,40%	15.04%	13.86%	11.68%
- Bloomberg World Electric index		4,46%	4.21%	3.78%	3.92%
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	POSITIVE	POSITIVE	STABLE	STABLE
	Medium/long-term	Baa2	Baa2	Baa2	Baa2
	Short-term	-	-	-	P2
Fitch	Outlook	STABLE	STABLE	STABLE	STABLE
	Medium/long-term	A-	A-	BBB+	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 28, 2020.

Global economic conditions were weak in 2019, continuing the slowdown that began in the 2nd Half of 2018. The trade tensions between the United States and China (with the consequent introduction of new tariffs), geopolitical strains, and the persistent uncertainty about the outcome of the Brexit negotiations all impacted investment decisions.
Among other key developments, 2019 was marked by a further deceleration in the Chinese economy and the tightening of financial conditions in the United States (the consequence of the premature start to the normalization of interest rates by the Federal Reserve towards the end of 2018), which slowed the rapid pace of growth in that country.
Growth was modest in the euro area, averaging 0.2% on a quarterly basis beginning in the 2nd Quarter of 2019, mainly due to weaker external demand and the difficulties in manufacturing and the industrial sector in general.
In Latin America, economic conditions were weak and varied, marked by strong political instability (i.e., Argentina, Chile, Peru and Bolivia).
The easing of geo-political tensions (with the "phase-one" agreement between the United States at the start of 2020 and the dissipation of the risk of a hard Brexit following the

overwhelming victory of the Conservatives in the British elections), together with the improvement of global financial conditions (the return of more expansionary monetary policies in both the mature and emerging economies), strengthened optimism at the start of the year concerning the pace of global economic recovery. However, the outbreak of the new COVID-19 epidemic in China and the subsequent escalation of new infections in Italy in the early months of the year have radically changed the situation. To date, significant but temporary and limited economic damage is forecast in the 1st Half of the year, mainly for economies with strong economic ties with China and those that have taken stringent precautionary measures to contain the spread of the virus (with restrictions on the circulation of people and activities). The coming months will offer a more certain picture of the economic consequences of the outbreak and the repercussions on the financial markets.

Despite the uncertainty in the economic environment, the main European equity indices posted gains for 2019. Spain's Ibex35 posted a gain of 11.8%, while France's CAC40 rose 26.4% and Germany's DAX30 increased by 25.5%.

The FTSE Italy All-Share registered a gain of 27.2%.

The euro-area utilities segment closed the year up 22.2%.

As regards Enel shares, 2019 ended with the stock price at €7.072, up 40.2% on the previous year, nearly double the performance of the sector index for the euro area.

On January 23, 2019 Enel paid an interim dividend of €0.14 per share from 2018 profits and on July 24, 2019, it paid the balance of the dividend for that year in the amount of €0.14. Total dividends distributed in 2019 amounted to €0.28 per share, about 18% higher than the €0.237 per share distributed in 2018.

With regard to 2019, on January 22, 2020 an interim dividend of €0.16 was paid, while the balance of the dividend is scheduled for payment on July 22, 2020.

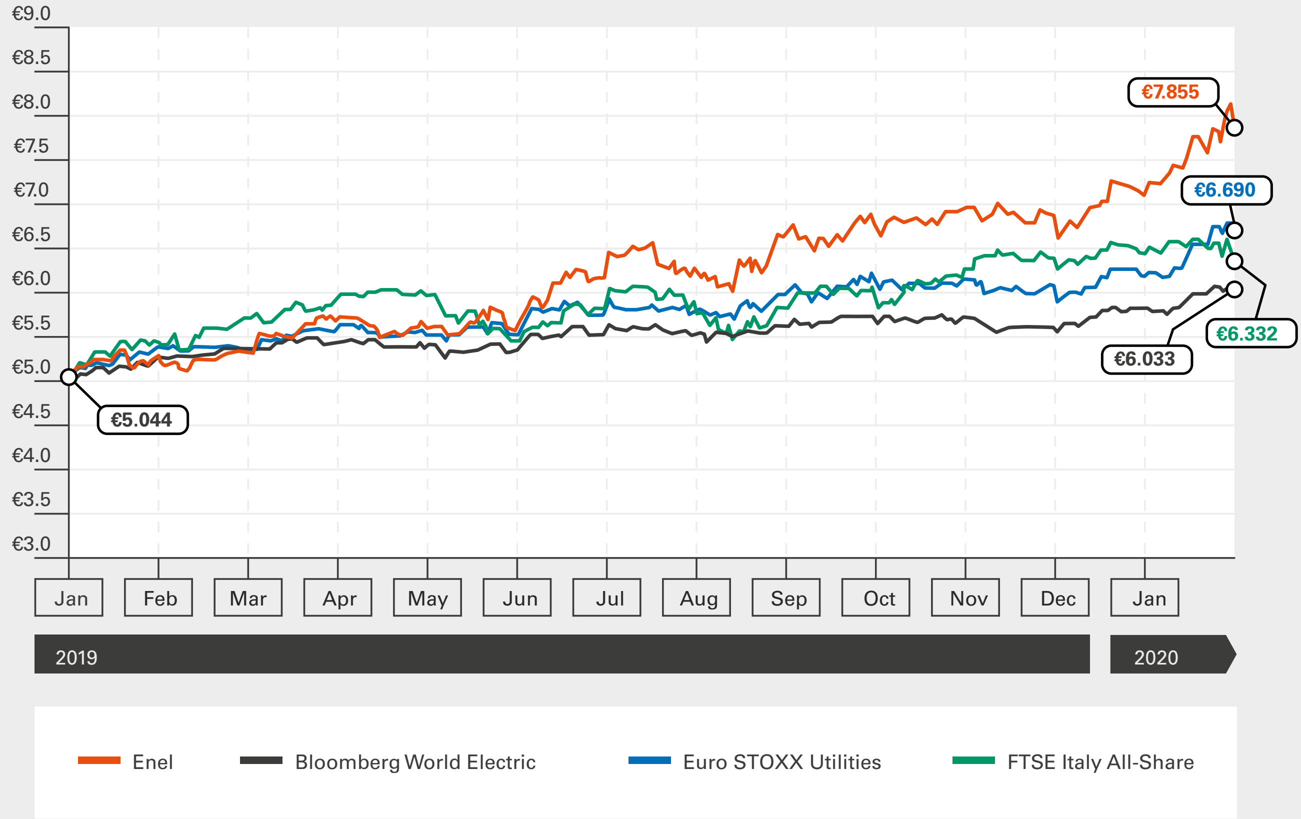
The outlook for investors is changing rapidly: the changes taking place and the challenges the world presents us today are also impacting the way we invest. Companies are no longer seen as closed systems, but rather as open systems that generate wealth through interaction with the environment and the communities in which they operate, and towards which they are accountable. In this context, Enel's pursuit of a strategy aimed at creating value through decarbonization and seizing the opportunities offered by electrification has been understood and appreciated by institutional investors, whose stake in Enel at December 31, 2019 reached an all-time high of 60.3% (compared with 57.6% at December 31, 2018), while the share of individual investors has fallen to 16.1% (compared with 18.8% at December 31, 2018). The interest of the Ministry for the Economy and Finance was unchanged at 23.6%.

The number of Environmental, Social and Governance (ESG) investors continued to rise steadily: at December 31, 2019, social responsible investors (SRIs) held about 10.8% of share capital (against 10.5% at December 31, 2018), while investors who have signed the Principles for Responsible Investment represent 43% of share capital (39.1% at December 31, 2018).

For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/investors) and download the Enel Investor app, which contains financial data, presentations, real-time updates of the share price, information on the composition of 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, 2019 to January 31, 2020



Source: Bloomberg.

Activities of Enel SpA

Enel SpA, in its capacity as an industrial holding company, determines strategic objectives for the Group and the subsidiaries, coordinating their activity. The activities that Enel SpA performs as part of its policy-making and coordination function in respect of the other Group companies, as reflected in the organizational structure adopted by the Company, can be summarized as follows:

> Holding Company Functions, connected with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - People and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovability;
  - Audit.

Enel SpA meets the Group's liquidity requirements, mainly using the cash flows generated by ordinary operations and a range of funding sources, appropriately managing any excess liquidity.

Significant events in 2019

Issue of third green bond

On January 14, 2019, Enel Finance International NV successfully placed its third green bond with institutional investors on the European market. The issue is guaranteed 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.

Enel increases stake in Chilean subsidiary Enel Américas SA

In April 2019, Enel SpA increased its stake in its Chilean subsidiary Enel Américas SA to 56.8% from 51.8% following the settlement of two share swap transactions entered into in October 2018 with a financial institution to acquire up to 5% of the share capital of Enel Américas.

Enel Américas capital increase

On April 30, 2019, the Extraordinary Shareholders' meeting of the Chilean subsidiary Enel Américas approved a capital increase of $3 billion. At the conclusion of the operation, Enel had increased its stake in Enel Américas to 57.26% from the previous 56.8%.

Enel prepares to increase stake in Enel Américas by up to 5%

On June 28, 2019. Enel SpA entered into an additional share swap contract with a financial institution to acquire – on dates occurring before the end of the 3rd Quarter of 2020 – additional ordinary shares and American Depositary Shares of Enel Américas.

Enel completes refinancing of hybrid bonds

Enel SpA has completed the refinancing of part of its portfolio of subordinated non-convertible hybrid bonds through a voluntary non-binding exchange offer for the repurchase of hybrid bonds maturing on January 15, 2075 and January 10, 2074. The consideration for these purchases consists of an increase of up to €900 million in the new hybrid bond, launched on May 15, 2019.

Treasury share purchase program serving 2019 Long-Term Incentive Plan

On September 19, the Company's Board of Directors, in implementation of the authorization granted by the Shareholders' Meeting of May 16, 2019 and in compliance with the related terms announced previously, approved the start of a share buyback program in the maximum amount of €10.5 million and a maximum number of 2.5 million shares, equal to about 0.02% of Enel's share capital.

The Program is designed to serve the 2019 Long-Term Incentive Plan intended for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code, which was also approved by Shareholders' Meeting of May 16, 2019.

Issue of first "General Purpose SDG Linked Bond" in the world

On September 5, 2019, Enel Finance International NV launched a single-tranche "sustainable" bond for institutional investors on the US and international markets totaling $1.5 billion, equivalent to about €1.4 billion.

Issue of first "General Purpose SDG Linked Bond" on the European market

On October 10, 2019, Enel Finance International NV launched a multi-tranche "sustainable" bond for institutional investors on the European market totaling €2.5 billion. The bond is linked to the achievement of the United Nations Sustainable Development Goals (SDGs).

It is the Enel Group's first "General Purpose SDG Linked Bond" issued on the European market.

Partial demerger of Enel Green Power SpA to Enel SpA

On October 24, 2019, the Board of Directors of Enel SpA approved the partial demerger of Enel Green Power SpA (EGP) into Enel SpA. The demerger provides for the transfer to Enel by EGP of its 100% equity investments in Enel Green Power North America Inc. and Enel Green Power North America Development LLC and an intercompany loan agreement with Enel Finance International NV.

Enel exercises early call option for subordinated hybrid bond in the nominal amount of €1,000 million issued in 2014

On December 5, Enel SpA exercised the early call option (optional redemption) for the subordinated, non-convertible hybrid bond, issued and listed on January 15, 2014 on the Irish Stock Exchange, with a nominal value of €1,000 million, in accordance with the terms and conditions provided for in the prospectus of January 10, 2014.

Enel prepares to increase its stake in Enel Chile by up to 3%

Enel SpA has entered into two share swap contracts with a financial institution to increase its stake in the listed Chilean subsidiary Enel Chile SA in the maximum amount of 3% of share capital from the current 61.9% stake.

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 reports. 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 no. 92543/15, which gives force to the Guidelines issued on October 5, 2015 by the European Securities and Markets Authority (ESMA) concerning the presentation of alternative performance measures in regulated information disclosed or prospectuses published as from July 3, 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows:

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

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

> "Deferred tax assets";
> "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)", "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".

Gross capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net current assets", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net capital employed: calculated as the algebraic sum of "Gross capital employed" and "Provisions for risks and charges".

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", "Cash collateral" and "Other financial receivables" included in "Other current financial assets";
> net of "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 28, 2006 for the definition of the net financial position, net of non-current financial receivables.

Performance and financial position of Enel SpA

Performance

The performance of Enel SpA in 2019 and 2018 is summarized in the following table.

Millions of euro

	2019	2018	Change
Revenue			
Revenue from sales and services	104	38	66
Other revenue and income	10	15	(5)
Total	**114**	**53**	**61**
Costs			
Purchases of consumables	-	1	(1)
Services, leases and rentals	150	127	23
Personnel costs	111	109	2
Other operating expenses	-	39	(39)
Total	**261**	**276**	**(15)**
Gross operating margin	**(147)**	**(223)**	**76**
Depreciation, amortization and impairment	235	(331)	566
Operating income	**(382)**	**108**	**(490)**
Net financial income/(expense) and net income/(expense) from equity investments			
Income from equity investments	5,548	3,567	1,981
Financial income	1,276	1,946	(670)
Financial expense	1,700	2,349	(649)
Total	**5,124**	**3,164**	**1,960**
Income before taxes	**4,742**	**3,272**	**1,470**
Income taxes	(50)	(184)	134
NET INCOME FOR THE YEAR	**4,792**	**3,456**	**1,336**

Revenue from sales and services essentially regards services rendered by Enel SpA as part of its policy-making and coordination functions and the pass-through of costs incurred by it but pertaining to its subsidiaries. The increase is attributable to the increase of €16 million in revenue from management fees, as well as adjustments made in favor of a number of subsidiaries in 2018.

Other revenue and income is essentially related in both the year under review and the previous year to billings for personnel of Enel SpA seconded to other Group companies.

Costs for *services, leases and rentals* regard services provided by third parties in the amount of €64 million and by Group companies in the amount of €76 million. The former mainly comprise costs for communications, professional and technical services, fees and commissions, strategic consulting, business management and organization, and IT services. The charges for services rendered by Group companies refer essentially to IT services, management services, rent and staff training provided by the subsidiary Enel Italia SpA, as well as costs for the secondment of personnel from a number of Group companies to Enel SpA.

The **gross operating margin** was a negative €147 million, an improvement of €76 million compared with the previous year due to the joint effect of the increase in revenue from sales and services and the reduction in operating expenses, partially offset by the increase in the costs of services, leases and rentals.

Depreciation, amortization and impairment, equal to €235 million in 2019, mainly regard value adjustments of investments in the subsidiaries E-Distribuție Banat SA (€132 million), Enel Russia PJSC (€70 million), Enel Produzione SpA (€9 million) and Enel Global Trading SpA (a positive €3 million).
In 2018, the item included the writeback of the equity investment held in Enel Produzione SpA in the amount of €403 million and the writedowns of the equity investments held in Enel Investment Holding BV (€15 million) and Enel Russia PJSC (€40 million).

Accordingly, the **operating loss** came to €382 million, a deterioration of €490 million on 2018.

Income from equity investments, equal to €5,548 million, refers to dividends and interim dividends approved in 2019 by subsidiaries and associates in the amount of €5,547 million and by other investees in the amount of €1 million.

Net financial expense amounted to €424 million, essentially reflecting interest expense on financial debt (€647 million), offset by interest and other income from current and non-current financial assets (€268 million).
The increase of €21 million in net financial expense compared with the previous year was essentially attributable to a decrease in exchange rate gains (€24 million) and interest income on short-term financial assets (€13 million), partially offset by net financial income from derivatives positions established on behalf of Enel SpA.

Income taxes for the year showed a creditor position of €50 million, mainly due to 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 under the consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).
Compared with the previous year, the change of €134 million is mainly due to the recognition of non-recurring items in the previous period, i.e. the recognition of the reimbursement of €90 million in income taxes (IRPEG and ILOR) for 1996 and 1997 following two favorable rulings by the Court of Cassation.

Net income for the year amounted to €4,792 million, compared with net income in the previous year of €3,456 million.

Analysis of the financial position

Millions of euro	at Dec. 31, 2019	at Dec. 31, 2018	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	77	56	21
- equity investments	47,858	45,715	2,143
- net other non-current assets/(liabilities)	(480)	(472)	(8)
Total	**47,455**	**45,299**	**2,156**
Net current assets:			
- trade receivables	255	191	64
- other net current assets/(liabilities)	(1,219)	(1,853)	634
- trade payables	(84)	(82)	(2)
Total	**(1,048)**	**(1,744)**	**696**
Gross capital employed	**46,407**	**43,555**	**2,852**
Provisions:			
- employee benefits	(216)	(231)	15
- provisions for risks and charges and net deferred taxes	145	109	36
Total	**(71)**	**(122)**	**51**
Net capital employed	**46,336**	**43,433**	**2,903**
Total shareholders' equity	**29,586**	**27,943**	**1,643**
NET FINANCIAL DEBT	**16,750**	**15,490**	**1,260**

The increase in **net non-current assets** essentially reflected:

- €2,143 million from an increase in the value of equity investments, essentially attributable to the following transactions: an increase in the equity investment of the subsidiary Enel Américas following the settlement of share swap transactions and the subscription of newly issued shares (€2,017 million); a capital contribution to the subsidiary Enel Holding Finance Srl (€178 million); the recapitalization of the subsidiaries Enel X Srl (€65 million), Enel Global Infrastructure and Networks Srl (€20 million) and Enel Global Thermal Generation Srl (€5 million); and a capital contribution to the joint venture OpEn Fiber SpA (€66 million). Also impacting the changes were writedowns of the investments in E-Distribuție Banat SA, Enel Russia PJSC, Enel Produzione SpA and Enel Global Trading SpA;
- €21 million from changes in property, plant and equipment and intangible assets as a result of capital expenditure (totaling €42 million), depreciation and amortization (€24 million) for the year and the effects of the application of IFRS 16 as from January 1, 2019 (€3 million).

Net current assets decreased by €696 million on December 31, 2018. The change is attributable to:

- €634 million in respect of a decrease in "other net current liabilities" in reflection of an increase in receivables due from Group companies for dividends to be received in the amount of €558 million;
- €64 million in respect of an increase in trade receivables, mainly due from Group companies for management and coordination services provided by Enel SpA.

Net capital employed at December 31, 2019 amounted to €46,336 million and was funded by shareholders' equity of €29,586 million and net financial debt of €16,750 million.

Shareholders' equity amounted to €29,586 million at December 31, 2019, an increase of €1,643 million on the previous year. The change mainly reflected the recognition of net income for 2019 (€4,702 million), the distribution of the balance of the dividend for 2018 (totaling €1,423 million), and the interim dividend for 2019 (totaling €1,627 million).

Net financial debt amounted to €16,750 million at the end of the year, with a debt/equity ratio of 56.6% (55.4% at the end of 2018).

Analysis of the financial structure

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Long-term debt:			
- bank borrowings	402	1,048	(646)
- bonds	7,707	8,208	(501)
- other lease financing	1	-	1
- loans from subsidiaries	6,096	4,141	1,955
Long-term debt	*14,206*	*13,397*	*809*
Long-term financial receivables from third parties	(194)	(128)	(66)
Net long-term debt	**14,012**	**13,269**	**743**
Short-term debt/(liquidity):			
- short-term portion of long-term loans	1,102	806	296
- short-term bank borrowings	130	45	85
- cash collateral received	403	240	163
Short-term debt	*1,635*	*1,091*	*544*
- short-term portion of long-term financial receivables	(1)	(1)	-
- other short-term financial receivables	(3)	(12)	9
- cash collateral paid	(1,286)	(1,253)	(33)
- net short-term financial position with Group companies	6,546	4,403	2,143
- cash and cash equivalents with banks and short term securities	(4,153)	(2,007)	(2,146)
Net short-term debt/(liquidity)	**2,738**	**2,221**	**517**
NET FINANCIAL DEBT	**16,750**	**15,490**	**1,260**

Net financial debt showed an increase of €1.260 million resulting from an increase of €743 million in net long-term debt and one of €517 million in net short-term financial debt.

The main transactions carried out during 2019 that had an impact on financial debt were:

> the repayment in advance of a bank loan of €500 million;

> the repayment at maturity of the "Special series of bonds reserved for employees" in the nominal amount of €1,033 million and bonds held in the portfolio in the amount of €898 million, a net decrease of €135 million;

> the repayment of a maturing bond in the nominal amount of £550 million (equivalent to €615 million at December 31, 2018);

> the repayment of two tranches of the Ina and Ania bonds for a total of €56 million;

> an exchange offer for two hybrid bonds maturing in 2074-2075 (for a total of €556 million) through an increase of up to €900 million in the hybrid bond issued in May last year;

> an increase in long-term loans received from subsidiaries, reflecting a loan agreement of €2,000 million between Enel SpA and Enel Finance International NV, signed in June 2019.

Cash and cash equivalents, equal to €4,153 million, showed an increase of €2,146 million on December 31, 2018, offset by the change in the net financial position in respect of Group companies, connected with the centralized treasury function performed by Enel SpA.

Cash flows

Millions of euro

	2019	2018	Change
Cash and cash equivalents at the beginning of the year	**2,007**	**2,489**	**(482)**
Cash flows from operating activities	3,995	3,449	546
Cash flows from investing/disinvesting activities	(2,399)	(2,587)	188
Cash flows from financing activities	550	(1,344)	1.894
Cash and cash equivalents at the end of the year	**4,153**	**2,007**	**2,146**

In 2019, financing activities generated cash flows of €550 million. This mainly reflected new long-term loans (€3,844 million), partially offset by repayments made in the period (€2,814 million) and by the positive net change in short- and long-term financial payables (€2,375 million), partially offset by the payment of dividends for 2018 (€2,845 million).

Investing activities absorbed liquidity of €2,399 million and essentially reflected the increase in the equity investment in the Chilean subsidiary Enel Américas SA following the settlement of two share swap transactions (€443 million) and the subscription of newly issued shares for a total commitment of €1,574 million, as well as other transactions with subsidiaries as detailed in note 13 "Equity investments".

Cash flows generated by operating activities essentially reflected the collection of dividends from investee companies (€5,013 million), partially offset by the payment of corporate income tax (IRES) for all Group companies participating in the national consolidated taxation mechanism. Together with the cash flows generated by financing activities, this contributed to funding the cash requirements of investing activities and to an increase in cash and cash equivalents, which at December 31, 2019 amounted to €4,153 million.

Performance of the main subsidiaries

Millions of euro	Financial statements	Revenue		Costs		Gross operating margin	
		at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
Enel Produzione SpA	Separate	5,743	5,410	5,083	4,768	660	642
e-distribuzione SpA	Separate	7,661	7,690	3,751	4,011	3,910	3,679
Servizio Elettrico Nazionale SpA	Separate	7,790	8,601	7,395	8,180	395	421
Enel Global Trading SpA	Separate	24,944	18,450	24,966	18,513	(22)	(62)
Enel Green Power SpA	Separate	1,205	1,271	803	754	402	517
Enel X Srl	Separate	67	64	98	81	(31)	(17)
Enel Investment Holding BV	Separate	2	754	3	4	(1)	750
Enelpower SpA	Separate	-	1	1	3	(1)	(2)
Enel Global Thermal Generation Srl	Separate	36	32	40	36	(4)	(4)
Enel Energia SpA	Separate	14,047	13,023	12,127	11,214	1,920	1,809
Enel Iberia SLU	Separate	27	25	26	33	1	(8)
Endesa SA	Consolidated	20,158	20,195	16,317	16,568	3,841	3,627
Enel Italia SpA	Separate	1,396	1,422	1,222	1,311	174	111
Enel Innovation Hubs Srl	Separate	5	4	5	2	-	3
Enel Global Infrastructure and Networks Srl	Separate	62	61	80	62	(18)	(1)
Enel Finance International NV	Separate	-	-	3	3	(3)	(3)
Enel Holding Finance Srl	Separate	-	-	-	-	-	-
Enel Américas SA	Consolidated	12,787	11,000	9,219	8,156	3,568	2,843
Enel Chile SA	Consolidated	3	3	2	2	1	1
E-Distribuție Banat SA	Separate	110	111	105	93	129	119
E-Distribuție Dobrogea SA	Separate	99	100	93	79	114	99
E-Distribuție Muntenia SA	Separate	183	179	179	167	228	218
Enel Energie Muntenia SA	Separate	585	536	592	534	608	541
Enel Energie SA	Separate	572	514	573	515	589	524
Enel Romania SA	Separate	16	12	15	12	16	12
Enel Russia PJSC	Consolidated	13	13	12	11	-	-
Enel Insurance NV	Separate	119	119	116	111	3	8

Operating income		Net financial income/(expense) and net income/(expense) from equity investments		Income before taxes		Net income	
at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
(961)	521	(143)	184	(1,104)	704	(786)	613
2,630	2,504	(391)	(384)	2,239	2,120	1,586	1,507
184	163	(15)	(19)	169	144	116	75
(30)	(73)	1	-	(66)	(87)	(46)	(73)
82	190	(45)	(27)	37	163	46	237
(41)	(27)	10	-	(31)	(27)	(28)	(23)
(1)	750	-	45	(1)	795	(1)	794
(1)	(2)	-	-	(1)	(2)	(1)	(2)
(5)	(5)	-	-	(5)	(5)	(5)	(4)
1,426	1,214	(47)	(41)	1,379	1,173	1,027	801
1	(10)	865	812	866	802	1,036	956
388	1,919	(169)	(104)	230	1,818	180	1,426
25	31	(4)	(3)	21	28	3	15
-	2	-	-	-	2	-	1
(19)	(1)	-	-	(19)	(1)	(18)	(1)
(3)	(3)	152	160	149	157	80	99
-	-	-	-	-	-	-	-
2,473	2,062	(337)	(280)	2,149	1,783	1,938	1,412
1	1	-	-	-	1	-	1
5	18	5	5	10	24	7	18
6	20	2	1	8	22	5	18
4	12	8	8	12	21	10	16
(8)	1	(2)	3	(10)	4	(10)	3
(2)	(1)	1	2	(1)	-	(3)	(1)
1	-	(1)	-	-	-	-	-
-	2	-	-	-	2	-	1
4	8	6	4	10	12	8	9

Millions of euro	Financial statements	Non-current assets		Current assets		Total assets	
		at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018
Enel Produzione SpA	Separate	7,030	7,659	1,544	2,457	8,574	10,116
e-distribuzione SpA	Separate	19,201	18,486	5,132	5,381	24,333	23,867
Servizio Elettrico Nazionale SpA	Separate	178	157	2,863	3,219	3,041	3,376
Enel Global Trading SpA	Separate	185	357	7,827	8,228	8,012	8,585
Enel Green Power SpA	Separate	12,271	11,301	1,327	1,490	13,598	12,791
Enel X Srl	Separate	665	537	88	67	753	604
Enel Investment Holding BV	Separate	1	2	7	9	8	11
Enelpower SpA	Separate	3	3	39	39	41	42
Enel Global Thermal Generation Srl	Separate	9	10	51	33	60	43
Enel Energia SpA	Separate	825	733	3,971	4,546	4,796	5,279
Enel Iberia SLU	Separate	20,579	20,680	1,455	1,325	22,035	22,005
Endesa SA	Consolidated	25,881	26,001	6,100	5,655	31,981	31,656
Enel Italia SpA	Separate	771	621	885	701	1,656	1,322
Enel Innovation Hubs Srl	Separate	-	-	24	24	24	24
Enel Global Infrastructure and Networks Srl	Separate	10	9	77	57	87	66
Enel Finance International NV	Separate	25,327	19,105	11,972	15,235	37,299	34,340
Enel Holding Finance Srl	Separate	1,974	1,798	2	-	1,976	1,798
Enel Américas SA	Consolidated	20,654	18,343	5,860	5,573	26,514	23,915
Enel Chile SA	Consolidated	8	8	1	1	9	9
E-Distribuție Banat SA	Separate	356	342	300	314	656	656
E-Distribuție Dobrogea SA	Separate	340	329	148	159	488	488
E-Distribuție Muntenia SA	Separate	885	862	581	613	1,467	1,475
Enel Energie Muntenia SA	Separate	76	73	224	184	300	257
Enel Energie SA	Separate	22	21	202	198	224	220
Enel Romania SA	Separate	14	1	18	20	32	21
Enel Russia PJSC	Consolidated	10	12	5	3	15	14
Enel Insurance NV	Separate	516	506	353	383	869	889

Non-current liabilities		Current liabilities		Shareholders’ equity		Total shareholders’ equity and liabilities	
at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
1,399	2,693	3,902	3,105	3,274	4,318	8,574	10,116
12,669	12,809	6,962	6,401	4,702	4,657	24,333	23,867
87	110	2,760	3,114	194	152	3,041	3,376
154	207	7,288	8,074	570	304	8,012	8,585
4,495	3,538	3,034	3,117	6,069	6,136	13,598	12,791
4	3	222	113	525	488	753	604
-	-	-	2	8	9	8	11
5	5	9	9	27	28	41	42
6	5	47	31	7	7	60	43
111	131	3,299	3,081	1,386	2,067	4,796	5,279
4,110	64	1,217	5,023	16,708	16,918	22,035	22,005
15,679	14,781	8,465	7,694	7,837	9,181	31,981	31,656
422	189	798	684	436	449	1,656	1,322
-	-	2	2	22	22	24	24
14	10	62	47	11	9	87	66
30,975	26,624	4,454	5,971	1,870	1,745	37,299	34,340
-	-	-	-	1,976	1,798	1,976	1,798
9,612	7,781	5,998	8,425	10,904	7,710	26,514	23,915
4	3	1	2	4	5	9	9
124	115	57	61	475	480	656	656
122	116	45	47	321	325	488	488
318	292	139	157	1,010	1,026	1,467	1,475
12	11	146	94	141	152	300	257
4	3	127	119	93	98	224	220
12	-	17	18	3	3	32	21
4	3	3	3	8	7	15	14
300	344	296	287	273	258	869	889

People

Enel SpA employees at December 31, 2019 numbered 751. The balance between new hires and terminations at the end of the year was negative, with a decrease of 16 employees.
The following table reports the average number of employees by category with comparative figures for the previous year, as well as the headcount at December 31, 2019.

No.	Average workforce			Headcount
	2019	2018	Change	**at Dec. 31, 2019**
Senior managers	146	148	(2)	144
Middle managers	345	354	(9)	367
Office staff	250	270	(20)	240
Total	**741**	**772**	**(31)**	**751**

The following table reports changes in the workforce during the year.

Headcount at Dec. 31, 2018	New hires	Terminations	Inward transfers	Outward transfers	**Headcount at Dec. 31, 2019**
767	19	16	110	129	751

The energy transition is opening new horizons for the Group, not only for the business but above all for the people who work for us. In this context, Enel has begun specific upskilling and reskilling programs. The former focus on developing existing professional skills, adding new skills dictated by technology and innovative processes. Reskilling, on the other hand, seeks to create new job profiles, replacing skills that are becoming obsolete or no longer in demand, and to enable people to tackle new activities. Selection, hiring and internal mobility processes therefore play a key role, as do partnerships with universities.

Training

Enel is going beyond the traditional concept of training, stimulating the individual's ability to undertake a learning path according to his or her specific needs, passions and aptitudes. In 2019, more than 2.6 million hours of training were provided, covering managerial, technical, behavioral and language training, as well as health and safety, skills and digital culture. Enel has also set itself the goal of involving 100% of our employees in digital skills training by 2022; to date we have involved 46% of our people.
In 2019, the process of evaluating quantitative and qualitative performance involved various levels of the Group's personnel in a fluid and comprehensive exchange process. In 2019, 100% of eligible personnel(1) were involved, of whom 99% were evaluated. Quantitative appraisals, in turn, were conducted for employees with variable remuneration plans, which involved the assignment of specific targets. The corporate-climate survey plays an important role within the Company as it enables the identification of areas of improvement in three key areas – wellness, engagement and safety – and the gathering suggestions on working life issues and aspects. The action plans developed following the 2018 survey are being implemented.
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 in 2015 by our global diversity and inclusion policy.
In 2019, the global workplace harassment policy was published. It addresses the issue of sexual harassment and other forms of harassment, making explicit the principle of respect for the inegrity and dignity of the individual in the workplace. Enel's approach is based on the fundamental principles, enunciated in the diversity and inclusion policy, of non-discrimina-

(1) Eligible employees: employees who have an open-ended contract and were employed for at least three months in 2019.

tion, equal opportunities and human dignity in all its forms, inclusion and promoting work-life balance. The application of our policies 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 can be encountered in the workplace. The impact of these policies is being monitored on the basis of a detailed set of 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 2021). In 2019, in line with the established trajectory, women accounted for 42% of participants in selection processes, an increase on the 39% registered in 2018.

Workplace health and safety

Enel considers employee health, safety and general well-being to be its the 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 2019 the SHE 2.019 project was launched, continuing the activities of the SHE 365 project. It involves both the Group's personnel and suppliers in initiatives concerning safety, health and the environment. During last year, this concrete and operational commitment was increasingly focused on the Group's business, strengthening the lines of work along three main lines:

> the Commitment Chain, focusing on preventing severe or fatal injuries;
> Inter Business Lines Integration, to strengthen the synergy of the actions of the individual Business Lines with the Countries and Regions;
> Contractors' Engagement to improve the safety standards of companies that work with Enel.

Safety is integrated into tender processes, and we closely monitor our contractors' performance both upstream with our qualification system and ongoing as the contracts progress through numerous control processes and tools such as the Supplier Performance Management (SPM) system. During 2019, we prepared the HSE Terms document, attached to all contracts, which companies must sign when contracts are awarded. The document, unique for the Group, defines the requirements regarding health, safety and significant environmental aspects that the contractor must comply with and enforce with their subcontractors during the execution of works. In addition, considerable impulse was given to the "Safety Supplier Assessment", specific audits on safety issues to be undertaken at the supplier's premises and on worksites. The audits are performed during the qualification phase for each new supplier, in cases where critical issues have emerged (severe or fatal injuries) or where the supplier has received a low SPM rating. In 2019, a total of 746 contractor assessments were performed.

The Enel Group has established a structured health management system, based on prevention measures to develop a corporate culture that promotes psycho-physical health, organizational wellbeing and a balance between personal and professional life. With this in mind, the Group conducts global and local awareness campaigns to promote healthy lifestyles, sponsors screening programs aimed at preventing the onset of diseases and guarantees the provision of medical services. More specifically, we have a policy for the prevention of local diseases and provide support in the event of diseases or accidents abroad. A smartphone application has also been introduced with travel information, a guideline on vaccinations, and a new global insurance policy has been taken out for all employees traveling abroad. Furthermore, the Group constantly monitors epidemiological and health developments in order to implement plans for preventive and protective measures to preserve the health of its employees and those who work for the Group, both locally and globally. In addition, the Enel Group has a systematic and ongoing process for identifying and assessing work-related stress risks, in accordance with the "Stress at Work Prevention and Wellbeing at Work Promotion" policy, for the prevention, identification and management of stress in work situations, also providing recommendations aimed at promoting a culture of organizational wellbeing.

A number of health and safety communication campaigns were conducted during the year in areas of specific concern for the Company, while some 692,000 hours of training were held. In 2019, innovation projects on safety were continued and new initiatives were launched, focusing on prevention and protection measures, the execution and analysis of corrective controls, as well as staff training.

Responsible relations with communities

The energy sector is undergoing a profound transformation and our ever greater emphasis on 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. 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 2019, Enel, with some 1,800 projects and more than 4 million beneficiaries[2], contributed 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), reaching 7.9 million beneficiaries in 2019 (with a target of 10 million beneficiaries by 2030); promoted the economic and social development in the communities (SDG 8), reaching 2.1 million beneficiaries in 2019 (with a target of 8.0 million beneficiaries by 2030) and supported quality education (SDG 4), reaching 1.3 million beneficiaries in 2019 (with a target of 2.5 million beneficiaries by 2030). Contributing to this were also more than 800 partnerships with local organizations, social enterprises, universities, international associations and non-governmental organizations in the various countries.

(2) Beneficiaries are the people for which 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 (for companies within the scope of the NFS, the number of beneficiaries does not include companies accounted for using the equity method, Group foundations and non-profit organizations and companies operating within the Build, Sell and Operate mechanism).

Research and development

Enel SpA does not directly engage in research and development, as within the Group those activities are performed by a number of subsidiaries and associates.

For Enel, innovation and digitalization are key pillars of its strategy to grow in a rapidly changing context while ensuring high safety standards, business continuity and operational efficiency, and thus enabling new uses of energy and new ways of managing it, making it accessible to an ever larger number of people.

Enel operates through an Open Innovability model, a consensus-based ecosystem that makes it possible to connect all areas of the Company with startups, industrial partners, small and medium-sized enterprises, research centers and universities through a variety of system, such as crowdsourcing platforms and the Innovation Hub network. Enel has numerous innovation partnership agreements that, in addition to Enel's traditional lines of business such as renewable and conventional generation, have promoted the development of new solutions for e-mobility, microgrids, energy efficiency and the industrial Internet of Things (IoT). During 2019, Enel opened a new hub in Boston, expanding our presence in the leading innovation ecosystems in the world, with 7 Innovation Hubs (Silicon Valley, Boston, Tel Aviv, Madrid, Moscow, Santiago de Chile and Rio de Janiero) and 3 Innovation Hub & Labs (Catania, Pisa and Milan). Thanks to our presence in innovation ecosystems and the organization of bootcamps, scouting initiatives dedicated to specific technologies of interest to the Group, in 2019 Enel forged contacts with some 2,500 startups. The online crowdsourcing platform Openinnovability.com is a digital forum where project ideas are the protagonists of the challenges launched on the site through calls for applications. Activities to promote and develop the culture of innovation and entrepreneurship within the Company also continued through the Innovation Academies and the Innovation Ambassadors project.

Furthermore, in 2019 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, robotics and green hydrogen 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. Finally, in 2019 a community was born with the aim of applying green hydrogen produced by electrolysis powered by renewable electricity. We consider it the only way to sustainably produce hydrogen in the long run, as it is characterized by zero greenhouse gas emissions and powered from renewable sources. As of 2019, over €84 million have been invested in technological innovation.

Main risks and opportunities

In its capacity as an industrial holding company, Enel SpA is essentially exposed to the same risks associated with the Group's business, as well as to more specific financial risks related to the central treasury function it performs for the Group.

To limit the exposure to these risks, Enel SpA performs a range of analysis, measurement, monitoring and management activities, which are described below.

Strategic risks connected with the market and the competitive environment

The markets and businesses in which the Group operates are exposed to steadily growing competition and evolution, from both a technological and regulatory point of view, with the timing of these developments varying from country to country.
As a result of these processes, Enel is exposed to growing competitive pressure and, as electricity is this century's energy vector, competition driven by contiguous sectors is also rising, although this offers utilities the opportunity to move into new businesses.
The Group constantly monitors developments in the competitive environment and the market in order to tailor its strategic development to this evolution.

Regulatory risks

The Group operates in regulated markets and changes in the operating rules of the various systems, as well as the prescriptions and obligations characterizing them, impact the operations and performance of the holding company.
In order to manage the risks associated with regulatory factors, Enel has intensified its relationships with local governance and regulatory bodies, adopting a transparent, collaborative and proactive approach in addressing and eliminating sources of instability in the regulatory framework.

Country risk

The Group has a major international presence, with some 50% of its revenue being generated abroad in a variety of currencies. In addition to changes in global macroeconomic and financial conditions, cash flows and corporate assets are also exposed to idiosyncratic risk factors, such as exchange rate volatility and changes in the economic, political, social and financial conditions in the various countries in which Enel operates. Global risks associated with pandemics or other crises that may impact the continuity of the supply of materials or commodities, migratory flows or economic activity in individual countries are also considered given the impacts that depend so closely on economic, social and even energy conditions in individual countries.

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks that, if not appropriately mitigated, can directly impact our performance. These include exchange risk, interest rate risk, credit risk and liquidity risk.
The financial risk governance arrangements adopted by Enel establish specific internal committees that are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies 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 for each risk, which are monitored periodically by risk management units. The system of limits constitutes a decision-making tool to achieve its objectives.
For more information on the management of financial risks, please see note 32 "Risk management" to the separate financial statements.

Exchange rate risk

In view of its geographical diversification and access to international markets for the issuance of debt instruments, the Company is 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 position aggregates in their respective financial statements.

The exposure to exchange rate risk is mainly linked to the US dollar and is attributable to cash flows in respect of investments, dividends from foreign subsidiaries or the purchase or sale of equity investments and financial assets and liabilities.

The exchange risk management policy is oriented towards the systematic hedging of the exposures to which the Company is exposed.

Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically employ financial derivatives obtained on OTC markets.

Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the management of cash flows from the portfolios.

Interest rate risk

The Company 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 contain financial expense and its volatility by optimizing the portfolio of financial liabilities and by obtaining financial derivatives on OTC markets.

Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the structure of the debt with an adequate degree of flexibility.

Credit risk

The Company is exposed to credit risk, i.e. the possibility of a deterioration in the creditworthiness of our counterparties that could have an adverse impact on the expected value of the creditor position and, for trade receivables only, increase collection times.

The exposure to credit risk is essentially attributable to trading in derivatives, bank deposits and, more generally, financial instruments.

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.

Managing risk based on specific risk indicators, and where possible limits, ensures that the economic and financial impacts associated with a possible deterioration in creditworthiness are contained within sustainable levels. At the same time, the necessary flexibility to optimize portfolio management is preserved.

Liquidity risk

Liquidity risk is the risk that the Company, 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 its 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 of the cost of funding, with consequent negative effects on the performance and financial situation of the Company.

In 2019, Fitch revised its rating for Enel upwards, from "BBB+" to "A-". Moody's also improved its outlook for the Enel rating from stable to positive during the year. Accordingly, at the end of the year, Enel's rating was: (i) "BBB+" with a stable outlook for Standard & Poor's; (ii) "A-" with a stable outlook for Fitch; and (iii) "Baa2" with a positive outlook for Moody's.

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 it 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.

Risks connected with human capital

The profound transformations of the energy sector, which has experienced sweeping technological developments, require companies in the industry to recruit people with new experience and professional skills, as well as imposing the need for major cultural and organizational changes. Organizations must move to adopt new agile and flexible business models. Policies to enhance diversity and to manage and promote talent have become key factors for companies that are managing the transition and have a widespread geographical presence.

Enel places the people who work for it at the center of its business model: the management of human capital is a priority for which specific objectives have been established. The main goals include: the development of the digital capabilities and skills made necessary by the Fourth Industrial Revolution, as well as the promotion of reskilling and upskilling programs for employees in order to support the energy transition; the effective involvement of employees in the pursuit of the corporate purpose, which ensures the achievement of better results while offering greater satisfaction to our people; the development of systems for evaluating the working environment and performance; the dissemination of diversity and inclusion policies, as well as instilling an inclusive organizational culture based on the principles of non-discrimination and equal opportunity, a key driver in ensuring that everyone can make an effective contribution. In addition, Enel is developing specific initiatives to foster the diffusion of agile working methods in business processes.

Risks connected with digital technology

Cyber attacks

The speed of technological developments that constantly generate new challenges, the ever increasing frequency and intensity of cyber attacks and the attraction of critical infrastructures and strategic industrial sectors as targets underscore the potential risk that, in extreme cases, normal company operations could grind to a halt. Cyber attacks have evolved dramatically in recent years: their number has grown exponentially, as has their complexity and impact, making it increasingly difficult to promptly identify the source of threats. In the case of Enel, this exposure reflects the many environments in which it operates (data, industry and people), a circumstance that accompanies the intrinsic complexity and interconnection of the resources that over the years have been increasingly integrated into daily operating processes.

Enel has adopted a holistic governance approach to cyber security that is applied to all the sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things). The framework is based on the commitment of top management, on global strategic management, on the involvement of all business areas as well as on the units involved in the design and management of our systems. It seeks to use cutting edge technologies, to design ad hoc business processes, to strengthen people's IT awareness and to implement regulatory requirements for IT security.

In addition, the Group has developed a IT risk management methodology founded on "risk-based" and "cyber security by design" approaches, thus integrating the analysis of business risks into all strategic decisions. Enel has also created its own Cyber Emergency Readiness Team (CERT) in order to proactively respond to any IT security incidents.

Digitalization, IT effectiveness and service continuity

Enel is carrying out a complete digital transformation of how it manages the entire energy value chain, developing new business models and digitizing its business processes. A consequence of this digital transformation is that Enel is increasingly exposed to risks related to the functioning of the IT systems implemented throughout the Company, which could lead to service interruptions or data losses.

These risks are managed using a series of internal measures developed by the Global Digital Solutions unit, which is responsible for guiding Enel's digital transformation. It has set up an internal control system that introduces control points along the entire IT value chain, enabling us to prevent the emergence of risks engendered by such issues as the creation of services that do not meet business needs, the failure to implement adequate security measures and service interruptions. The internal control system of the Global Digital Solutions unit oversees both the activities performed in-house and those outsourced to external associates and service providers. Furthermore, Enel is promoting the dissemination of a digital culture and digital skills in order to successfully guide the digital transformation and minimize the associated risks.

Risks connected with the protection of personal data

The collection and processing of personal data represents one of the biggest challenges in the era of digitalization and globalization of markets. Enel has taken up this challenge by accelerating the digital transformation process while rapidly expanding the number of customers and geographical scope of operations at the global level. This naturally increases our exposure to the risks connected with the protection of personal data, an issue that must also take account of the substantial growth in privacy legislation: implementing these regulations inappropriately can cause financial losses and reputational harm.

In order to manage and mitigate this risk, Enel has adopted a structure designed to fully protect the personal data of all the individuals with whom we interact. This effort is sustained by our Data Protection Officers, who are responsible for supporting the business areas in the adoption of a "privacy by design" approach, in which the protection of personal data a key element of the design of any initiative or business process.

Environmental risks

Last year saw the continuation of the growth in the sensitivity of the entire community to risks connected with development models that generate environmental impacts and exploit scarce natural resources (including many raw materials and water).

In response to these needs, governments have imposed increasingly restrictive environmental regulations, placing ever more stringent constraints on the development of new industrial initiatives and, in the most impactful industries, incentivizing or requiring the elimination of technologies no longer considered sustainable.

In this context, companies in every sector, and above all industry leaders, are ever more aware that environmental risks are increasingly economic risks. As a result, they are called upon to increase their commitment and accountability for developing and adopting innovative and sustainable technical solutions and development models.

Enel has made the effective prevention and minimization of environmental impacts and risks a foundational element of each project across its entire life cycle.

The adoption of ISO 14001-certified environmental management systems certified in all Group Business Lines ensure the implementation of structured policies and procedures to identify and manage the environmental risks and opportunities associated with all corporate activities.

Also contributing are the multitude of actions to achieve the challenging environmental improvement objectives set by Enel, such as, for example, those regarding atmospheric emissions, waste production and water consumption, especially in areas with high water stress.

The risk of water scarcity is directly mitigated by Enel's development strategy, which is based on the growth of generation from renewable sources that are essentially not dependent on the availability of water for their operation. Special attention is also devoted to assets in areas with a high level of water stress, in order to develop technological solutions to reduce consumption.

Finally, ongoing collaboration with local river basin management authorities enables us to adopt the most effective shared strategies for the sustainable management of hydroelectric generation assets.

Strategic risks and opportunities connected with climate change

The physical risks associated with climate change can be classified as acute (i.e., extreme events) or chronic, with the former linked to extremely intense meteorological conditions and the latter to more gradual but structural changes in climate conditions.

Extreme events may cause the prolonged unavailability of assets and infrastructure, the cost of restoring service, customer disruptions and so on. Chronic changes in climate conditions could expose the Group to other physical risks or opportunities (depending on their geographical location): for example, structural changes in rainfall or wind conditions could impact output and structural changes in temperature could affect electricity demand.

The energy transition towards a more sustainable model characterized by a gradual reduction of CO_2 emissions and electrification, consistent with the corporate strategy of achieving carbon neutrality by 2050, presents risks but above all opportunities connected both with changes in the regulatory and legal context and trends in technology development, electrification and the consequent market developments, with a potential impact on commodity and energy prices as well.

Enel is committed to continuous improving its environmental impact. We have constantly improved our emissions reduction targets, and in 2019 we certified a target for 2030 equal to 125 gCO_2/kWh, with Science Based Targets initiative (SBTi), another step on the road to "zero emission generation" by 2050. The two key pillars of the corporate strategy are decarbonization and the electrification of energy consumption. Including the enablers of digital platforms and ecosystems and infrastructures enabling the energy transition, the Group is devoting around 95% of its total planned investments in 2020-2022 to the fight against climate change. The Group's strategic actions are designed to mitigate potential risks and exploit opportunities connected with the transition variables. In addition, Enel is present along the entire electricity value chain and has a diversified portfolio of assets, both in terms of generation technologies and the geographical areas and markets in which it operates, mitigating the risks associated with climate change and the related economic and financial impacts.

Outlook

The 2020-2022 Strategic Plan, presented in November 2019, is founded on a sustainable and fully integrated business model that the Group has adopted since 2015. It is designed to enable Enel to seize the opportunities presented by the energy transition and linked to the global trends that are sweeping through the energy industry: decarbonization and electrification. The digitization of grids and the adoption of platforms for all customer-related activities will be enablers of the Group's strategy, which aims to accelerate the growth of renewables to offset a reduction in thermal generation. More specifically, the 2020-2022 Investment Plan can be broken down as follows:

> investments in decarbonization will amount to about €14.4 billion (50% of total capex) and will be aimed at developing new renewable capacity and gradually replacing conventional generation assets. Decarbonization's contribution to EBITDA growth will be equal to €1.4 billion over the plan period. Renewable-capacity is expected to reach 60% of total capacity in three years, driving the increase in the profitability of plant assets and increasing output with zero CO_2 emissions to 68% of the total in 2022. The sharp acceleration in the growth of renewables will support the Group's pursuit of the goal of achieving total decarbonization of the generation mix by 2050;

> about €1.2 billion of investment will be dedicated to the electrification of energy consumption, leveraging the growth and diversification of the retail customer base and the efficiencies associated with the transfer of activities to platforms. The expected contribution of these investments to the Group's EBITDA growth amounts to €0.4 billion;

> some €13 billion will be invested in the factors enabling the energy transition, infrastructure and ecosystems and platforms, to improve the quality and resilience of grids through digitization and creating services and infrastructure in support of decarbonization and electrification. The expected contribution to EBITDA growth is about €1.1 billion.

Overall, the Group expects to invest €28.7 billion over the course of the plan, producing forecast EBITDA of €20.1 billion in 2022. Investments will directly impact three main SDGs: SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities), thus contributing to SDG 13 for climate action. Under our dividend policy, over the plan period Enel will continue to pay out a dividend equal to the greater of 70% of consolidated ordinary net income and a guaranteed minimum dividend per share, with a compound annual growth rate of 8.4% for the implicit DPS and 7.7% for the minimum DPS.

Expectations for 2020 envisage:

> an acceleration of investment in support of industrial growth to drive decarbonization, in renewable energy, especially in Latin America and North America;

> further progress in the digitization of distribution grids, mainly in Italy and Latin America, with the aim of improving the service quality and increasing grid flexibility and resilience;

> an increase in investment devoted to the electrification of energy consumption, with the aim of leveraging the expansion of the customer base, and to continuous efficiency enhancement, supported by the creation of global business platforms.

The progress achieved for each of the enabling factors and the fundamental principles of the Strategic Plan enable us to confirm our financial targets for 2020. Furthermore, based on the key elements set out above, the financial targets underpinning the Group's 2020-2022 Strategic Plan are outlined below.

Financial targets

	2019	2020	2021	2022	CAGR (%) 2019-2022
Ordinary EBITDA (€bn)	17.9	18.6	19.4	20.1	+3.9%
Net ordinary income (€bn)	4.8	5.4	5.8	6.1	+8.3%
Pay-out ratio	70%	70%	70%	70%	-
Implicit DPS (€/share)	0.328	0.37	0.40	0.42	+8.6%
Minimum dividend per share (€)	0.32	0.35	0.37	0.40	+7.7%

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2019 – March 19, 2020 – the Enel Group meets the "conditions for the listing of shares of companies with control 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 no. 20249 of December 28, 2017).

Specifically, we report that:

> in application of the materiality criteria for the purposes of consolidation referred to in Article 15, paragraph 2, of the CONSOB Markets Regulation, 32 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, 2018;
> they are: 1) Ampla Energia and Serviços SA (a Brazilian company belonging to Enel Américas); 2) Celg Distribuição SA - Celg-D (a Brazilian company belonging to Enel Américas); 3) Codensa SA ESP (a Colombian company belonging to Enel Américas); 4) Companhia Energética do Ceará - Coelce (a Brazilian company belonging to Enel Américas); 5) Eletropaulo Metropolitana Eletricidade de São Paulo SA (a Brazilian company belonging to Enel Américas); 6) Emgesa SA ESP (a Colombian company belonging to Enel Américas); 7) Empresa Distribuidora Sur SA - Edesur (an Argentine company belonging to Enel Américas); 8) Enel Américas SA (a Chilean company controlled directly by Enel SpA); 9) Enel Brasil SA (a Brazilian company belonging to Enel Américas); 10) Enel Brasil Investimentos Sudeste SA (a company merged into Eletropaulo Metropolitana Eletricidade de São Paulo SA on November 6, 2019); 11) Enel Chile SA (a Chilean company controlled directly by Enel SpA); 12) Enel Distribución Chile SA (a Chilean company belonging to Enel Chile); 13) Enel Distribución Perú SAA (a Peruvian company belonging to Enel Américas); 14) Enel Fortuna SA (a Panamanian company belonging to Enel Green Power); 15) Enel Generación Chile SA (a Chilean company belonging to Enel Chile); 16) Enel Generación Perú SAA (a Peruvian company belonging to Enel Américas); 17) Enel Green Power Brasil Participações Ltda (a Brazilian company belonging to Enel Green Power); 18) Enel Green Power Chile Ltda (a Chilean company belonging to Enel Chile); 19) Enel Green Power del Sur SpA (a Chilean company belonging to Enel Chile); 20) Enel Green Power Diamond Vista Wind Project LLC (a US company belonging to Enel North America); 21) Enel Green Power Rattlesnake Creek Wind Project LLC (a US company belonging to Enel North America); 22) Enel Green Power RSA (Pty) Ltd (a South African company belonging to Enel Green Power); 23) Enel Green Power Perú SAC (a Peruvian company belonging to Enel Green Power); 24) Enel Kansas LLC (a US company belonging to Enel North America); 25) Enel North America Inc. (formerly Enel Green Power North America Inc., a US company controlled directly by Enel SpA); 26) Enel Perú SAC (a Peruvian company belonging to Enel Américas); 27) Enel Russia PJSC (a Russian company controlled directly by Enel SpA); 28) Enel X North America Inc. (a US company belonging to Enel X); 29) Gas Atacama Chile SA (a company merged into Enel Generación Chile SA on October 1, 2019); 30) Geotérmica del Norte SA (a Chilean company belonging to Enel Chile); 31) Rock Creek Wind Project LLC (a US company belonging to Enel North America); 32) Thunder Ranch Wind Project LLC (a US company belonging to Enel North America);
> the balance sheet and income statement of the above companies included in the reporting package used for the purpose of preparing the 2019 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 2019 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 no. 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, no. 6-*bis* of the Italian 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".

Transactions with related parties

For more information on transactions with related parties, please see note 35.

Own shares

As of December 31, 2019, the Company held 1,549,152 treasury shares with a par value of €1.00 each, acquired through an authorized intermediary for a total value of €10 million.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2019.
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 40.

Enel share-based incentive plan

On May 16, 2019, the Ordinary Shareholders' Meeting of Enel SpA ("Enel" or "the Company") approved the Long-Term Incentive Plan for 2019 ("2019 LTI Plan" or "Plan") for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code, granting the Board of Directors all the necessary powers to implement the Plan.

The beneficiaries of the 2019 LTI Plan – whose characteristics are described in detail in the information document prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999, which is available to the public in the section of the Enel website (www.enel.com) dedicated to the Shareholders' Meeting of May 16, 2019 – are the Chief Executive Officer/General Manager of Enel and the managers of the Enel Group who occupy key positions directly responsible for corporate performance or considered of strategic interest. It provides for the award to the beneficiaries of an incentive consisting of a stock component and a cash component.

This incentive – determined, at the time of the award, on a base value calculated in relation to the fixed remuneration of the individual beneficiary – may vary depending on the degree of achievement of each of the three-year performance targets by the Plan, ranging from zero up to a maximum of 280% or 180% of the base value in the case, respectively, of the Chief Executive Officer/General Manager or the other beneficiaries.

The 2019 LTI Plan also provides that, of the total incentive effectively vested, the bonus will be fully paid in shares in the amount of (i) up to 100% of the base value for the Chief Executive Officer/General Manager and (ii) up to 50% of the base value for the other beneficiaries.

The actual award of the bonus under the 2019 LTI Plan is subject to the achievement of specific performance targets during the 2019-2021 period (the so-called performance period). If these targets are achieved – and depending on the level of achievement – 30% of the stock and cash components of the incentive will be paid to the beneficiaries in 2022 and the remaining 70% in 2023.

In accordance with the resolution of the Board of Directors of September 19, 2019, which in implementation of the authorization granted by the Shareholders' Meeting of May 16, 2019 and in compliance with the related terms, approved the start of a share buyback program to support the 2019 LTI Plan in the maximum amount of €10.5 million and a maximum number of 2.5 million shares, between September 23, 2019 and December 2, 2019, the Company purchased a total of 1,549,152 treasury shares (equal to about 0.015% of share capital) at a weighted average price of €6.7779 per share with a total value of €10,499,998.93. In granting the shares under the Plan, 1,538,547 shares were awarded, although actual disbursement to the beneficiaries remains subordinate to the level of achievement of the performance targets.

The cost of the Plan connected with the equity component is determined with reference to the fair value of the equity instruments assigned during the year and is recognized over the duration of the vesting period in equity reserves.

Considering the market price of the Enel share on the grant date (i.e., November 12, 2019), equal to €6.983, the fair value of the equity instruments on that date, taking account of the number of shares granted, is equal to €10,743,674.

The fair value of the financial instruments pertaining to the year, determined on the basis of the market price of the stock at the end of the period, is equal to €350,987.

Report on Operations

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2. CORPORATE GOVERNANCE

Report on corporate governance and ownership structure

The corporate governance structure of Enel SpA complies with the principles set forth in the July 2018 edition of the Corporate Governance Code for listed companies[1], which has been adopted by the Company, and with international best practice.

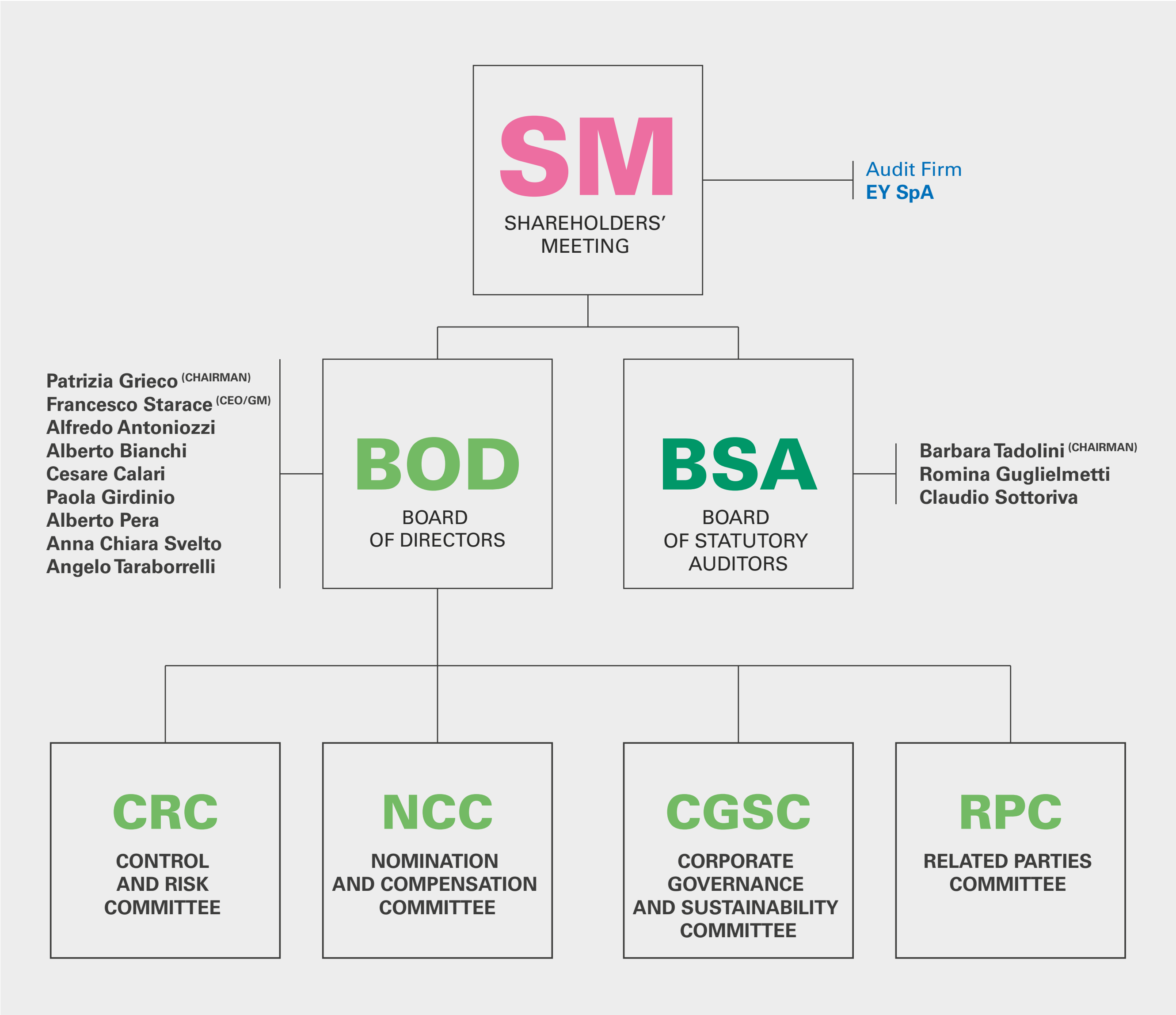
The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all 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: (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;
> 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 any stockholders' suits; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) remuneration policy and its implementation; (v) stock-based compensation plans; (vi) amendments of the bylaws; (vii) mergers and demergers; and (viii) 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.

(1) The current edition of the Code is available on the website of Borsa Italiana (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf).



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 (www.enel.com, in the "Governance" section).

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3. FINANCIAL STATEMENTS

Financial statements

Income statement

Euro	Notes	2019		2018	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	104,504,176	*104,492,126*	37,979,400	*37,948,667*
Other revenue and income	4.b	9,589,158	*9,091,161*	14,663,248	*11,611,943*
	[Subtotal]	**114,093,334**		**52,642,648**	
Costs					
Purchase of consumables		487,991	*349,025*	775,602	*755,960*
Services, leases and rentals	5.a	150,449,539	*85,349,767*	127,046,752	*73,565,421*
Personnel	5.b	110,633,596		109,461,719	
Depreciation, amortization and impairment losses	5.c	234,691,731		(330,561,950)	
Other operating expenses	5.d	393,616	*1,431,265*	38,375,592	*5,116,819*
	[Subtotal]	**496,656,473**		**(54,902,285)**	
Operating income		**(382,563,139)**		**107,544,933**	
Income from equity investments	6	5,548,170,676	*5,547,425,512*	3,566,532,771	*3,556,152,376*
Financial income from derivatives	7	1,002,848,044	*369,421,833*	1,626,147,028	*436,713,046*
Other financial income	8	272,744,977	*262,878,487*	319,791,543	*215,238,109*
Financial expense from derivatives	7	924,758,695	*313,240,676*	1,580,719,721	*1,033,303,779*
Other financial expense	8	774,794,614	*133,846,909*	767,625,196	*84,563,946*
	[Subtotal]	**5,124,210,388**		**3,164,126,425**	
Income before taxes		**4,741,647,249**		**3,271,671,358**	
Income taxes	9	(49,946,780)		(184,490,162)	
NET INCOME FOR THE PERIOD		**4,791,594,029**		**3,456,161,520**	

Statement of comprehensive income

Euro	Notes	2019	2018
Net income for the year		**4,791,594,029**	**3,456,161,520**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(114,549,683)	(6,800,397)
Change in fair value of hedging costs		30,359,461	17,324,068
Income/(Loss) recognized directly in equity recyclable to profit or loss		**(84,190,222)**	**10,523,671**
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Change in fair value of equity investments in other entities		-	11,342,491
Remeasurement of employee benefit liabilities		(5,165,403)	72,245
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**(5,165,403)**	**11,414,736**
Income/(Loss) recognized directly in equity	22	**(89,355,625)**	**21,938,407**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**4,702,238,404**	**3,478,099,927**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2019**		at Dec. 31, 2018	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	10,154,014		9,482,612	
Intangible assets	11	67,472,830		46,939,952	
Deferred tax assets	12	336,116,632		287,982,943	
Equity investments	13	47,858,258,402		45,714,720,133	
Derivatives	14	944,746,850	*331,507,012*	793,268,184	*306,396,047*
Other non-current financial assets	15	199,542,903	*191,250,000*	135,969,073	*125,000,000*
Other non-current assets	16	127,202,083	*118,441,604*	133,926,173	*124,949,541*
	[Total]	**49,543,493,714**		**47,122,289,070**	
Current assets					
Trade receivables	17	255,376,422	*256,545,598*	190,738,941	*189,168,814*
Income tax receivables	18	162,234,654		165,402,633	*29,133*
Derivatives	14	142,921,282	*15,663,520*	91,538,429	*13,908,972*
Other current financial assets	19	2,882,607,896	*1,552,107,943*	1,859,556,945	*536,107,527*
Other current assets	20	795,766,151	*758,688,886*	268,390,867	*74,420,100*
Cash and cash equivalents	21	4,152,553,138		2,006,698,099	
	[Total]	**8,391,459,543**		**4,582,325,914**	
TOTAL ASSETS		**57,934,953,257**		**51,704,614,984**	

Euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2019**		at Dec. 31, 2018	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		10,166,679,946		10,166,679,946	
Treasury share reserve		(1,549,152)		-	
Other reserves		11,366,383,938		11,464,338,885	
Retained earnings/(loss carried forward)		4,889,078,236		4,279,339,236	
Net income for the year [(1)]		3,164,925,237		2,032,826,328	
TOTAL SHAREHOLDERS' EQUITY	22	**29,585,518,205**		**27,943,184,395**	
Non-current liabilities					
Long-term borrowings	23	14,205,554,748	*6,095,372,221*	13,397,135,493	*4,140,976,595*
Employee benefits	24	216,400,519		231,247,089	
Provisions for risks and charges	25	28,036,931		45,167,912	
Deferred tax liabilities	12	162,935,484		132,741,154	
Derivatives	14	1,536,090,045	*8,893,614*	1,395,260,905	*19,846,698*
Other non-current liabilities	26	21,485,222	*8,433,792*	11,554,982	*9,303,012*
	[Subtotal]	**16,170,502,949**		**15,213,107,535**	
Current liabilities					
Short-term borrowings	23	8,367,245,530	*7,833,812,748*	5,000,917,516	*4,715,485,231*
Current portion of long-term borrowings	23	1,102,224,916	*46,307,116*	805,454,249	
Trade payables	27	83,699,918	*41,438,261*	82,378,904	*43,230,644*
Derivatives	14	182,695,923	*75,705,470*	354,554,531	*53,004,689*
Other current financial liabilities	28	233,773,304	*22,585,007*	275,922,893	*31,397,597*
Other current liabilities	30	2,209,292,512	*159,554,006*	2,029,094,961	*317,248,312*
	[Subtotal]	**12,178,932,103**		**8,548,323,054**	
TOTAL LIABILITIES		**28,349,435,052**		**23,761,430,589**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**57,934,953,257**		**51,704,614,984**	

(1) For 2019, net income for the year of €4,792 million (€3,456 million in 2018) is reported net of the interim dividend of €1,627 million (€1,423 million in 2018).

Statement of changes in shareholders' equity

Euro	Share capital and reserves (note 22) Share capital	Share premium reserve	Treasury share reserve	Legal reserve	Reserve pursuant to Law 292/1993	Other sundry reserves
At January 1, 2018	**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 (1)	-	-	-	-	-	-
Comprehensive income for the year:						
- income/(loss) recognized directly in equity	-	-	-	-	-	44,679
- net income for the year	-	-	-	-	-	-
	10,166,679,946	**7,496,016,063**	**-**	**2,033,335,988**	**2,215,444,500**	**68,290,139**
At December 31, 2018	**10,166,679,946**	**7,496,016,063**	**-**	**2,033,335,988**	**2,215,444,500**	**68,290,139**
At January 1, 2019	10,166,679,946	7,496,016,063	-	2,033,335,988	2,215,444,500	68,290,139
Purchase of treasury shares	-	(8,950,847)	(1,549,152)	-	-	-
Allocation of 2018 net income:						
- distribution of dividends	-	-	-	-	-	-
- legal reserve	-	-	-	-	-	-
- retaining earnings	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-
2019 interim dividend (2)	-	-	-	-	-	-
Comprehensive income for the year:						
- income/(loss) recognized directly in equity	-	-	-	-	-	-
Other changes	-	-	-	-	-	351,525
Net income for the year	-	-	-	-	-	-
Total at December 31, 2019	**10,166,679,946**	**7,487,065,216**	**(1,549,152)**	**2,033,335,988**	**2,215,444,500**	**68,641,664**

(1) Approved by the Board of Directors on November 6, 2018 and paid as from January 23, 2019.
(2) Approved by the Board of Directors on November 12, 2019 and paid as from January 22, 2020.

Reserve from remeasurement of net employee benefit plan liabilities/(assets)	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of costs of hedging financial instruments	Reserve from measurement of financial assets at FVOCI	Retained earnings/ (loss carried forward)	Net income for the year	**Total shareholders' equity**
(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**
(32,550,876)	**(275,210,488)**	**(52,328,932)**	**11,342,491**	**4,279,339,236**	**2,032,826,328**	**27,943,184,395**
(32,550,876)	(275,210,488)	(52,328,932)	11,342,491	4,279,339,236	2,032,826,328	**27,943,184,395**
-	-	-	-	-	-	**(10,499,999)**
-	-	-	-	-	(1,423,335,193)	**(1,423,335,193)**
-	-	-	-	-	-	**-**
-	-	-	-	609,491,136	(609,491,136)	**-**
-	-	-	-	-	-	**-**
-	-	-	-	247,864	(1,626,668,791)	**(1,626,420,927)**
(5,165,403)	(114,549,683)	30,359,461	-	-	-	**(89,355,625)**
-	-	-	-	-	-	**351,525**
-	-	-	-	-	4,791,594,029	**4,791,594,029**
(37,716,279)	**(389,760,171)**	**(21,969,471)**	**11,342,491**	**4,889,078,236**	**3,164,925,237**	**29,585,518,205**

Statement of cash flows

Euro	Notes	2019		2018	
			of which with related parties		*of which with related parties*
Income before taxes		**4,741,647,249**		**3,271,671,358**	
Adjustments for:					
Amortization and impairment losses	5.c	234,691,731		(330,561,950)	
Exchange rate adjustments of foreign currency assets and liabilities		107,461,448		39,628,904	
Accruals to provisions		5,934,471		30,514,837	
Dividends from subsidiaries, associates and other companies	6	(5,548,170,676)	*(5,547,425,512)*	(3,566,532,771)	*(3,556,152,376)*
Net financial (income)/expense		310,383,994	*(186,189,129)*	355,948,018	*466,123,883*
Cash flows from operating activities before changes in net current assets		**(148,051,783)**		**(199,331,604)**	
Increase/(Decrease) in provisions		(37,912,022)		(70,540,865)	
(Increase)/Decrease in trade receivables	17	(64,493,367)	*(67,233,076)*	46,077,886	*38,878,555*
(Increase)/Decrease in other financial and non-financial assets/liabilities		424,428,904	*(496,710,339)*	1,329,718,118	*984,924,384*
Increase/(Decrease) in trade payables	27	1,321,014	*(1,792,384)*	(54,370,304)	*(30,494,265)*
Interest income and other financial income collected		607,913,769	*422,500,856*	802,804,925	*422,320,744*
Interest expense and other financial expense paid		(1,229,947,164)	*(301,313,857)*	(1,381,667,689)	*(212,858,041)*
Dividends from subsidiaries, associates and other companies	6	5,012,873,210	*5,012,128,046*	3,510,078,770	*3,499,698,376*
Income taxes paid (consolidated taxation mechanism)		(571,067,083)		(533,543,154)	
Cash flows from operating activities (a)		**3,995,065,478**		**3,449,226,083**	
Investments in property, plant and equipment and intangible assets	10-11	(48,040,125)		(32,089,910)	
Investments in equity investments	13	(2,351,358,222)	*(2,351,358,222)*	(2,555,503,401)	*(2,544,488,283)*
Cash flows from investing/disinvesting activities (b)		**(2,399,398,347)**		**(2,587,593,311)**	
Financial debt (new long-term borrowing)	23	3,843,950,000	*3,500,000,000*	3,500,000,000	*2,940,976,595*
Financial debt (repayments)	23	(2,813,331,892)	*(1,500,000,000)*	(4,426,410,410)	
Net change in long-term financial payables/(receivables)		(352,054,165)	*(178,003,827)*	2,735,706,549	*2,815,976,594*
Net change in short-term financial payables/(receivables)		2,727,456,229	*2,255,855,395*	(743,785,882)	*1,516,803,548*
Dividends and interim dividends paid	22	(2,845,332,266)		(2,409,676,207)	
Increase in reserve for purchase of treasury shares	22	(10,499,999)		-	
Cash flows from financing activities (c)		**550,187,907**		**(1,344,165,950)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**2,145,855,038**		**(482,533,178)**	
Cash and cash equivalents at the beginning of the year	21	2,006,698,099		2,489,231,277	
Cash and cash equivalents at the end of the year	21	**4,152,553,137**		**2,006,698,099**	

Notes to the separate financial statements

1. Form and content of the financial statements

Enel SpA is a corporation that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2019, which are published in a separate document. On March 19, 2020, the Board of Directors authorized the publication of these separate financial statements at December 31, 2019.
These financial statements have been audited by EY SpA.

Basis of presentation

The financial statements for the year ended December 31, 2019 represent the separate financial statements of the Parent Company, Enel SpA, and 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 (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
These 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 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 criteria discussed in note 2.
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

2.1 Use of estimates and management judgments

Preparing these 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

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 amount 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.

Recoverability of non-financial assets

Assets such as property, plant and machinery, intangible assets, assets consisting of the right to use an underlying asset and goodwill are adjusted for impairment when their carrying amount exceeds their recoverable amount, represented by the higher of their fair value less costs of disposal and their value in use.

Recoverable amount is assessed in accordance with the criteria established by IAS 36.

In determining recoverable amount, the Company generally applies the value in use criterion. Value in use is the present value of the future cash flows that are expected to be derived from the asset being, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

The analysis of each group of non-financial 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 each reporting date, the Company 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 Company'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 (including shortfalls) discounted at the original effective interest rate.

In particular, for trade receivables, contract assets and lease receivables, including those with a significant financial com-

ponent, the Company 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 Company 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 Company mainly applies a collective approach based on grouping the receivables into specific clusters. Only if the trade receivables are deemed to be individually significant by management and there is specific information about any significant increase in credit risk does the Company apply an analytical approach.
In case of individual assessment, PD is mainly obtained from external providers.
Conversely, for collective assessment, trade receivables are grouped based on shared credit risk characteristics and past due information, considering a specific definition of default.

The contract assets are considered to have substantially the same risk characteristics as 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 Company 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 a minimum of 24 months of historical data;
> LGD is function of the default bucket's recovery rates, discounted at the effective interest rate; 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.

For additional details on the key assumptions and inputs used please see note 31"Financial instruments".

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 Company 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, applying the method indicated in note 34 "Fair value measurement". Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

Pensions and other post-employment benefits

Some of the Company'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.

Litigation

The Company 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 Company, 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 37 provides disclosures on the Company's most significant contingent liabilities.

Leases

When the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate (IBR) at the lease commencement date to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the rightofuse asset in a similar economic environment. When no observable inputs are available, the Company estimates the IBR making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates.
One of the most significant judgements for the Company in adopting IFRS 16 is determining this IBR necessary to calculate the present value of the lease payments required to be paid to the lessor. The Company's approach to determining an IBR is based on the assessment of the following three key components: the risk-free rate, which considers the cash flows of the lease payments, the economic environment where the lease contract has been negotiated and the lease term; the credit spread adjustment, in order to calculate an IBR that is specific for the lessee considering any underlying Parent Company or other guarantee; the lease-related adjustments, in order to reflect in the IBR calculation the fact that the discount rate is directly linked to the type of the underlying asset, rather than being a general incremental borrowing rate. In particular, the risk of default is mitigated for the lessors as they have the right to reclaim the underlying asset itself.

Recovery of deferred tax assets

At December 31, 2019, the separate 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 Company 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.

Management judgments

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Company 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 Company 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 Company holds less than a majority of voting rights, or similar rights, in the investee.
The Company 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 ar-

rangement. 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.
The Company 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 Company 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 Company 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 Company 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.

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 31 “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 Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company 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 more details on the key assumptions used in assessing effectiveness and measuring the ineffective portion of hedges, see note 33.1 “Hedge accounting”.

Leases

The complexity of the assessment of the lease contracts, and also their long term expiring date, requires a strong professional judgements for the IFRS 16 application. In particular, for:

- the application of the definition of a lease to the cases typical of the sectors in which the Company operates;
- the identification of the non-lease component into the lease arrangements;
- the evaluation of any renewable and termination options included into the lease arrangements in order to determine the lease term of contracts, also considering the probability of their exercise and any significant leasehold improvements on the underlying asset;
- the identification of any variable lease payments that depend on an index or a rate to determine whether the changes of the latter impact 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; further details on assumptions about this rate are provided in the paragraph “Use of estimates”.

Uncertainty over income tax treatments

The Company determines whether to consider each uncertain income tax treatment separately or together with one or more other uncertain tax treatments as well as whether to reflect the effect of uncertainty by using the most likely amount or the expected value method, based on which approach better predicts the resolution of the uncertainty for each uncertain tax treatments.

2.2 Significant accounting policies

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 that 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, associates and joint ventures

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.

Joint ventures are entities over which the Company 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.

Associates comprise those entities in which the Company 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.

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.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized at the exchange rate prevailing on 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 Company initially recognizes the non-monetary asset or non-monetary liability associated with the advance consideration.

If there are multiple advance payments or receipts, the Company determines the transaction date for each payment or receipt of advance consideration.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Company 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 Company 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 Company 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 the Company will not fulfill an obligation, including among others the credit risk of the Company 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 Company 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.

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 Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.

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:

	Depreciation period
Leasehold improvements	Shorter of the term of the contract and residual useful life
Civil buildings	40 years
Other assets	7 years

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.

Leases

The Company holds property, plant and equipment for its various activities under lease contracts. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

For contracts entered into or changed on or after 1 January 2019, the Company has applied the definition of a lease under IFRS 16, that is met if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Conversely, for contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease under IFRIC 4.

At commencement or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).

The right-of-use asset represents a lessee's right to use an underlying asset for the lease term; it is initially measured at cost, which includes the initial amount of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset and to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the lessee's incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the lease liability is measured at amortized cost using the effective interest method and is remeasured upon the occurrence of certain events.

The Company applies the short-term lease recognition exemption to its lease contracts that have a lease term of 12 months or less from the commencement date. It also applies the low-value assets recognition exemption to lease contracts for which the underlying asset is of low-value whose amount is estimated not material. As example, the Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Borrowings".

Consistent with the requirement of the standard, the Company presents separately the interest expense on lease liabilities under "Other financial expense" and the depreciation charge on the right-of-use assets under "Depreciation, amortization and impairment losses".

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.

Development costs are recognized as an intangible asset only when the Company can demonstrate the technical feasibility of completing the intangible asset and that it has intention, ability and resources to complete the asset in order to use or sell it.

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 Company's intangible assets have a definite useful life.

Intangible assets comprise application software owned by the Company with an expected useful life of between three and five years.

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.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually or more frequently if there is evidence suggesting that the assets may be impaired.

If such evidence exists, the recoverable amount of each asset involved is estimated on the basis of the use of the asset and its future disposal, in accordance with the most recent Group business plan. For more on the estimation of the recoverable amount, please see the section "Use of estimates".

The recoverable amount is calculated for an individual asset unless that asset is not capable of generating incoming cash

flows that are largely independent of those generated by other assets or groups of assets.
If the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
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.

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 when, and only when, the Company 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 Company applies the practical expedient allowed by IFRS 15.
Conversely, the Company initially measures financial assets other than receivables note above 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 Company'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 Company'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 at amortized cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated as at fair value through OCI 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 and 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) - 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 Company may transfer the cumulative gain or loss within equity.
Equity instruments designated at fair value through OCI 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 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 Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss 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 Company 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, since January 1, 2018, the Company has 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 Company 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 Company 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 Company 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 Company 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 Company 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.

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.

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 Company 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 Company 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 Company 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 Company 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 Company 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 33.1 "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 not current on the basis of their maturity date and the Company intention to hold the financial instrument till maturity or not.

Offsetting financial assets and liabilities

The Company 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.

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 Company 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 Company'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 Company can no longer withdraw its offer of benefits; and
> when the Company 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 12 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 within 12 months of the end of the annual reporting period, the Company 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 Company 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.
Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.
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 Company 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.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers so as to faithfully represent the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.
The Company applies this core principle using a five-step model provided for in IFRS 15:
> identify the contract with the customer (step 1);
> identify the performance obligations in the contract (step 2);
> determine the transaction price (step 3);
> allocate the transaction price (step 4);
> recognize revenue (step 5).

The Company 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.

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 Company 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.

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.

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 Company 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 relate 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.

Uncertainty over income tax treatments

In defining 'uncertainty', it shall be considered whether a particular tax treatment will be accepted by the relevant taxation authority. If is deemed probable that the tax treatment will be accepted (where the term 'probable' is defined as 'more likely than not'), then the Company recognizes and measures its current/deferred tax asset or liabilities applying the requirements in IAS 12.

Conversely when there is uncertainty over income tax treatments, the uncertainty should be reflected in the manner that better predicts the resolution of the uncertain tax treatment. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach provides better predictions of the resolution of the uncertainty. In assessing whether and how the uncertainty affects the tax treatment, the Company assumes that a taxation authority will accept or not an uncertain tax treatment supposing that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The Company reflects the effect of uncertainty in accounting for current and deferred tax when it concludes it is not probable that the taxation authority will accept an uncertain tax treatment, using the expected value or the most likely amount, whichever method better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments and reassesses any judgments and estimates made if a change in facts and circumstances might change a conclusions about the acceptability of a tax treatment or the estimate of the effect of uncertainty, or both.

Since uncertain income tax positions meet the definition of income taxes, the Company presents uncertain tax liabilities/assets as current tax liabilities/assets or deferred tax liabilities/assets.

3. Recent accounting standards

The Company has applied the following standards, interpretations and amendments that took effect as from January 1, 2019:

> "IFRS 16 - Leases", issued on January 2016, which 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".
  The standard 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.

> "Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement", issued in February 2018.
  The amendments establish that in the event amendments, curtailments or settlements of a defined benefit plan during an annual reporting period, an entity must determine, for the remainder of that period:
  - the current service cost using the actuarial assumptions used to recalculate the net defined benefit liability (asset); and
  - the net interest using the recalculated net defined benefit liability (asset) and the discount rate used for the recalculation.

  The amendments also clarify that the past service cost (or the gain or loss at the time of settlement) shall be determined without considering the effect of the asset ceiling, which is determined subsequently and is normally recognized in other comprehensive income (OCI). The changes do not address the accounting for "significant market fluctuations" in the absence of a plan amendment, curtailment or settlement.
  The application of these amendments did not have an impact on these separate financial statements.

> "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 application of these amendments did not have an impact on these separate financial statements.

> "IAS 12 - Income Taxes"; the amendments clarify that the income tax consequences when the entity recognizes a liability to pay a dividend are linked more directly to past transactions or events that generated distributable profits than distributions to owners. Therefore, the related income tax consequences of dividends shall be recognized in income statement, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

3.1 Changes in accounting policies and disclosures

Application of "IFRS 16 - Leases"

Transition disclosures

The Company adopted "IFRS 16 - Leases" using the modified retrospective method, with the date of initial application on January 1, 2019; under this method, the standard is applied retrospectively with the cumulative effect of initial applying IFRS 16 recognized at the date of initial application. Accordingly, the comparative information (for year 2018) has not been restated and it is presented, as previously reported, under IAS 17 and related Interpretations. Additionally, the disclosure requirements in IFRS 16 have not been applied to comparative information.

On transition to IFRS 16, the Company elected to use the practical expedient to not reassess whether a contract is, or contains a lease, at January 1, 2019. Therefore, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

At transition, the Company:

> did not change the carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases under IAS 17;

> recognized right-of-use assets and lease liabilities for those leases previously classified as an operating lease applying IAS 17, except for leases of low-value assets, whose amount is considered not material, for which is not required to make any adjustments on transition. The Company mainly recognized a right-of-use asset at the date of initial application in an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Company as of January 1, 2019.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as an operating lease under IAS 17:

> relied on its assessment of whether leases are onerous applying IAS 37 immediately before the date of initial application and adjusted the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognized immediately before the date of initial application;

> applied the short-term leases exemption to leases with lease terms ending within 12 months of the date of initial application;

> applied the low-value assets exemption for contracts whose amounts are considered not material;

> used hindsight, particularly to determine the lease term for contracts that contain options to extend or terminate a lease.

The most significant cases affected by the new provisions of IFRS 16 mainly regard the right-of-use in respect of buildings and cars.

The application of the new standard did not have a significant impact.

Information on the Income Statement

Revenue

4.a Revenue from sales and services - *€104 million*

Revenue from sales and services break down as follows:

Millions of euro

	2019	2018	Change
Revenue from sales and services			
Group companies	104	38	66
Non-Group counterparties	-	-	-
Total revenue from sales and services	**104**	**38**	**66**

Revenue from sales and services 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 increase is attributable to the increase of €16 million in revenue from management fees, as well as adjustments in favor of a number of subsidiaries in 2018.

Revenue from sales and services can be broken down by geographical area as follows:

> €70 million in Italy (€34 million in 2018);
> €17 million in the European Union (-€4 million in 2018);
> €2 million in non-EU Europe (€3 million in 2018);
> €15 million in other countries (€5 million in 2018).

4.b Other revenue and income - *€10 million*

Other revenue and income is essentially related to seconded personnel in both the year under review and the previous year.

Costs

5.a Services, leases and rentals - *€150 million*

Costs for services, leases and rentals break down as follows:

Millions of euro

	2019	2018	Change
Services	140	116	24
Leases and rentals	10	11	(1)
Total services, leases and rentals	**150**	**127**	**23**

Costs for services include costs for services provided by third parties in the amount of €64 million (€53 million in 2018) and costs for services provided by Group companies in the amount of €76 million (€63 million in 2018).
Compared with the previous year, the increase of €11 million in costs for services provided by third parties, mainly reflects the effect of the recognition in 2018 of non-current items settling prior-period transactions.
Costs for services provided by Group companies, which are accounting for mainly by IT support services, management services and personal services, rose by €13 million. The increase is attributable to an increase in costs for management

services (€15 million) and system and applications services (€9 million), offset by a decline of €9 million in costs for sundry services and one of €2 million in costs for telephony services. Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia SpA.

The application of "IFRS 16 - Leases" did not have a significant impact on the accounts of Enel SpA.

5.b Personnel - *€111 million*

Personnel costs break down as follows:

Millions of euro

	Notes	2019	2018	Change
Wages and salaries		66	68	(2)
Social security costs		22	22	-
Post-employment benefits	24	6	6	-
Other long-term benefits	24	7	5	2
Other costs and other incentive plans	25	10	8	2
Total personnel costs		**111**	**109**	**2**

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, 2019.

No.	Average number			Headcount
	2019	2018	Change	at Dec. 31, 2019
Senior managers	146	148	(2)	144
Middle managers	345	354	(9)	367
Office staff	250	270	(20)	240
Total	**741**	**772**	**(31)**	**751**

5.c Depreciation, amortization and impairment losses - *€235 million*

Millions of euro

	2019	2018	Change
Depreciation	5	4	1
Amortization	22	13	9
Impairment losses	211	55	156
Reversals of impairment losses	3	403	(400)
Total depreciation, amortization, and impairment losses	**235**	**(331)**	**566**

Depreciation and amortization increased by €10 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.

Impairment regarded the writedown of investments in the subsidiaries E-Distribuție Banat SA (€132 million), Enel Russia PJSC (€70 million) and Enel Produzione SpA (€9 million). Reversals of impairment losses regard the writeback of the value of the subsidiary Enel Global Trading SpA (€3 million). In 2018, reversals of impairment reported the writeback of the value of the investment in Enel Produzione SpA in the amount of €403 million, following the redetermination of the value of the investment in Slovenské elektrárne.

For details on the criteria used to determine this impairment loss, see note 13 "Equity investments" below.

5.d Other operating expenses - *€0 million*

Other operating expenses declined by €39 million, mainly reflecting the reversal of the provision for litigation (€14 million) and the elimination of sundry other operating expenses (€6 million), which the previous year had reflected the settlement of prior-year items.

6. Income from equity investments - *€5,548 million*

Income from equity investments regards dividends and interim dividends approved by subsidiaries and associates in the amount of €5,547 million and by other entities in the amount of €1 million.

Millions of euro

	2019	2018	Change
Dividends from subsidiaries and associates	**5,547**	**3,556**	**1,991**
Enel Produzione SpA	245	229	16
e-distribuzione SpA	1,507	949	558
Enel.Factor SpA	-	2	(2)
Enel Italia SpA	15	16	(1)
Enel Energia SpA	1,698	792	906
Servizio Elettrico Nazionale SpA	75	100	(25)
Enel Green Power SpA	237	557	(320)
Enel Iberia SLU	1,245	486	759
Enel Américas SA	270	162	108
Enel Chile SA	175	157	18
Enel Global Infrastructure and Networks Srl	-	2	(2)
Enel Investment Holding BV	-	66	(66)
Rusenergosbyt LLC	41	37	4
Enel Russia PJSC	39	-	39
CESI SpA	-	1	(1)
Dividends from other companies	**1**	**11**	**(10)**
Emittenti Titoli SpA	-	10	(10)
Empresa Propietaria de la Red SA	1	1	-
Total income from equity investments	**5,548**	**3,567**	**1,981**

7. Net financial income/(expense) from derivatives - *€78 million*

This item breaks down as follows:

Millions of euro

	2019	2018	Change
Income from derivatives:			
- on behalf of Group companies:	**661**	**1,420**	**(759)**
- income from derivatives at fair value through profit or loss	661	1,420	(759)
- on behalf of Enel SpA:	**342**	**206**	**136**
- income from fair value hedge derivatives	-	18	(18)
- income from cash flow hedge derivatives	208	166	42
- income from derivatives at fair value through profit or loss	134	22	112
Total income from derivatives	**1,003**	**1,626**	**(623)**
Expenses on derivatives:			
- on behalf of Group companies:	**666**	**1,414**	**(748)**
- expense on derivatives at fair value through profit or loss	666	1,414	(748)
- on behalf of Enel SpA:	**259**	**167**	**92**
- expense on fair value hedge derivatives	-	18	(18)
- expense on cash flow hedge derivatives	77	121	(44)
- expense on derivatives at fair value through profit or loss	182	28	154
Total expenses on derivatives	**925**	**1,581**	**(656)**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**78**	**45**	**33**

The net financial income from derivatives essentially represents the net financial income on derivatives entered into on behalf of Enel SpA.

The improvement compared with the previous year is essentially due to the increase in net income on cash flow hedge derivatives, entered into on behalf of Enel SpA (€86 million) on both interest rates and exchange rates, partly offset by an increase in net financial expense on derivatives measured at fair value through profit or loss (€42 million).

For more details on derivatives, see note 31 "Financial instruments" and note 33 "Derivatives and hedge accounting".

8. Other net financial income/(expense) - *€(502) million*

This item breaks down as follows:

Millions of euro

	2019	2018	Change
Other financial income			
Interest income			
Interest income on long-term financial assets	10	3	7
Interest income on short-term financial assets	3	16	(13)
Total	**13**	**19**	**(6)**
Positive exchange rate differences	4	28	(24)
Income on fair value hedges - post-hedge adjustment	1	4	(3)
Other	255	269	(14)
Total other financial income	**273**	**320**	**(47)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	21	32	(11)
Interest expense on bonds	493	549	(56)
Interest expense on other borrowings	133	85	48
Total	**647**	**666**	**(19)**
Negative exchange rate differences	121	65	56
Interest expense on defined benefit plans and other long-term employee benefits	3	3	-
Other	4	34	(30)
Total other financial expense	**775**	**768**	**7**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(502)**	**(448)**	**(54)**

Other net financial expense essentially reflects interest expense on financial debt of €647 million and negative exchange rate differences of €121 million, partly offset by other financial income of €255 million and interest income on short- and long-term financial assets totaling €13 million.

The increase in net financial expense was mainly attributable to the effects of the decrease in exchange rate gains (€24 million) and in interest income on short-term financial assets (€13 million).

9. Income taxes - *€(50) million*

Millions of euro

	2019	2018	Change
Current taxes	(60)	(189)	129
Deferred tax income	6	4	2
Deferred tax expense	4	1	3
Total taxes	**(50)**	**(184)**	**134**

Income taxes for 2019 showed a creditor position of €50 million, mainly as a result in 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, the change of €134 million is mainly due to the recognition of non-recurring items in the previous period, i.e. the recognition of the reimbursement of €90 million in income taxes (IRPEG and ILOR) for 1996 and 1997 following two favorable rulings by the Court of Cassation.

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2019	% rate	2018	% rate
Income before taxes	4,742		3,272	
Theoretical corporate income taxes (IRES)	**1,138**	**24.0%**	**785**	**24.0%**
Tax decreases:				
- dividends on equity investments, collected	(1,265)	-26.7%	(799)	-24.4%
- dividends from equity investments, not collected	(7)	-0.1%	(14)	-0.4%
- uses of provisions	(16)	-0.3%	(14)	-0.4%
- prior-year writedowns	-	-	(97)	-3.0%
- other	-	-	(2)	-0.1%
Tax increases:				
- writedowns/(writebacks) for the year	50	1.1%	13	0.4%
- accruals to provisions	9	0.2%	13	0.4%
- prior-year expense	1	-	7	0.2%
- other	7	0.1%	9	0.3%
Total current corporate income taxes (IRES)	**(83)**	**-1.8%**	**(99)**	**-3.0%**
IRAP	**-**	**-**	**-**	**-**
Foreign taxes	**2**	**-**	**-**	**-**
Difference on estimated income taxes from prior years	**(5)**	**-0.1%**	**(111)**	**-3.4%**
Definitive withholdings on dividends from foreign shareholdings	**26**	**0.5%**	**21**	**0.6%**
Total deferred tax items	**10**	**0.2%**	**5**	**0.2%**
- of which impact of change in tax rate	*-*		*-*	
- of which changes for the year	*12*		*5*	
- of which difference of prior-year estimates	*(2)*		*-*	
TOTAL INCOME TAXES	**(50)**	**-1.1%**	**(184)**	**-5.6%**

Information on the Balance Sheet

Assets

10. Property, plant and equipment - *€10 million*

Developments in property, plant and equipment for 2018 and 2019 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	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**
IFRS 16 at January 1, 2019	-	2	-	-	1	-	-	3
Capital expenditure	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(1)	(1)	-	(2)
Total changes	**-**	**2**	**-**	**-**	**-**	**(1)**	**-**	**1**
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	-	(2)	(3)	(5)	(22)	(41)	-	(73)
Balance at Dec. 31, 2019	**1**	**3**	**-**	**-**	**5**	**-**	**1**	**10**

Property, plant and equipment totaled €10 million, an increase of €1 million compared with the previous year, attributable to the positive net balance between the effects of the application of IFRS 16 and depreciation for the same period.

The effects of the application of IRFS 16 at January 1, 2019 to buildings and other assets amounted to €3 million.
The following table reports changes during the year.

Millions of euro	Leased land	Leased buildings	Leased plant and machinery	Leased industrial and commercial equipment	Leased other assets	Total
Balance at Dec. 31, 2018	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 at January 1, 2019	-	2	-	-	1	**3**
Depreciation	-	-	-	-	(1)	**(1)**
Balance at Dec. 31, 2019	**-**	**2**	**-**	**-**	**-**	**2**

11. Intangible assets - *€67 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, 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**
Investments	30	12	**42**
Assets entering service	17	(17)	**-**
Amortization	(22)	-	**(22)**
Total changes	**25**	**(5)**	**20**
Balance at Dec. 31, 2019	**55**	**12**	**67**

Industrial patents and intellectual property rights, in the amount of €55 million, mainly regard 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 increased by €25 million due to the positive balance of investments made in 2019 (€30 million), to assets entering service (€17 million) and to amortization recorded during the same period (€22 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 digital development projects for the computerization of business processes, compliance and reporting of Holding Company Functions, in particular Administration, Finance and Control, Legal and Corporate Affairs, Health and Safety, Communications, Innovability and Audit. Other intangible assets under development amounted to €12 million, a decrease of €5 million due to the negative balance of assets entering service and investments during the period.

12. Deferred tax assets and liabilities - *€336 million and €163 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of timing difference, are shown below.

Millions of euro	at Dec. 31, 2018	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	Other changes	**at Dec. 31, 2019**
	Total				Total
Deferred tax assets					
Nature of temporary differences:					
- provisions for risks and charges and impairment losses	6	(3)	-	-	3
- derivatives	230	-	52	-	282
- costs for capital increase	-	-	-	-	-
- other items	52	(2)	1	-	51
Total deferred tax assets	**288**	**(5)**	**53**	**-**	**336**
Deferred tax liabilities					
Nature of temporary differences:					
- measurement of financial instruments	127	-	26	-	153
- other items	6	4	-	-	10
Total deferred tax liabilities	**133**	**4**	**26**	**-**	**163**
Excess net deferred IRES tax assets after any offsetting	**155**				**173**
Excess net deferred IRAP tax liabilities after any offsetting	**-**				**-**

Deferred tax assets totaled €336 million (€288 million at December 31, 2018), an increase of €48 million compared with the previous year, which was due mainly to the recognition of deferred tax assets on the fair value measurement of cash flow hedges.

Deferred tax liabilities came to €163 million and increased by €30 million (€133 million at December 31, 2018), essentially due to the recognition of deferred taxes on the fair value measurement of cash flow hedge instruments.

The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

13. Equity investments - *€47,858 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
			at Dec. 31, 2018			
A) Subsidiaries						
Enel Produzione SpA	4,978	(667)	5	4,316	100.0	-
e-distribuzione SpA	6,329	-	2	6,331	100.0	-
Servizio Elettrico Nazionale SpA	110	-	-	110	100.0	-
Enel Global Trading SpA	1,401	(208)	1	1,194	100.0	-
Enel Green Power SpA	6,467	-	2	6,469	100.0	-
Enel X Srl	523	-	-	523	100.0	65
Enel Investment Holding BV	4,497	(4,488)	-	9	100.0	-
Enelpower SpA	189	(159)	-	30	100.0	-
Enel Global Thermal Generation Srl	11	-	-	11	100.0	5
Enel Energia SpA	1,321	(8)	-	1,313	100.0	-
Enel Iberia SLU	13,713	-	-	13,713	100.0	-
Enel Italia SpA	543	(41)	3	505	100.0	-
Enel Innovation Hubs Srl	70	(54)	-	16	100.0	-
Enel Global Infrastructure and Networks Srl	22	-	-	22	100.0	20
Enel Finance International NV	599	-	-	599	25.0	-
Enel Holding Finance Srl	1,798	-	-	1,798	100.0	178
Enel Américas SA	2,822	-	-	2,822	51.8	-
Enel Chile SA	2,522	-	-	2,522	61.9	-
E-Distribuție Banat SA	421	-	-	421	51.0	-
E-Distribuție Dobrogea SA	261	-	-	261	51.0	-
E-Distribuție Muntenia SA	952	-	-	952	78.0	-
Enel Energie Muntenia SA	330	-	-	330	78.0	-
Enel Energie SA	208	-	-	208	51.0	-
Enel Romania SA	15	-	-	15	100.0	-
Enel Russia PJSC	442	(40)	-	402	56.4	-
Enel Insurance NV	252	-	-	252	100.0	-
Vektör Enerji Üretim AŞ	-	-	-	-	100.0	-
Enel Green Power Chile Ltda	-	-	-	-	-	-
Enel Global Services Srl	-	-	-	-	-	-
Enel Green Power Italia Srl	-	-	-	-	-	-
Total subsidiaries	**50,796**	**(5,665)**	**13**	**45,144**		**268**
B) Joint ventures						
OpEn Fiber SpA	490	-	-	490	50.0	66
Rusenergosbyt LLC	41	-	-	41	49.5	-
Total joint ventures	**531**	**-**	**-**	**531**		**66**
C) Associates						
CESI SpA	23	-	-	23	42.7	-
Total associates	**23**	**-**	**-**	**23**		**-**
D) Other entities						
Empresa Propietaria de la Red SA	5	12	-	17	11.1	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-
Compañía de Transmisión del Mercosur SA	-	-	-	-	-	-
Elcogas SA in liquidation	5	(5)	-	-	4.3	-
Idrosicilia SpA	-	-	-	-	1.0	-
Total other entities	**10**	**7**	**-**	**17**		**-**
TOTAL EQUITY INVESTMENTS	**51,360**	**(5,658)**	**13**	**45,715**		**334**

Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)	New cos./ Transfers (+/-)/ Spin-offs (+/-)	Value adjustments	Net change	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2019				at Dec. 31, 2019				
-	-	(9)	(9)	4,978	(676)	5	4,307	100.0
-	-	-	-	6,329	-	2	6,331	100.0
-	-	-	-	110	-	-	110	100.0
-	-	3	3	1,401	(205)	1	1,197	100.0
-	-	-	-	6,467	-	2	6,469	100.0
-	-	-	65	588	-	-	588	100.0
-	-	-	-	4,497	(4,488)	-	9	100.0
-	-	-	-	189	(159)	-	30	100.0
-	-	-	5	16	-	-	16	100.0
-	-	-	-	1,321	(8)	-	1,313	100.0
-	-	-	-	13,713	-	-	13,713	100.0
-	-	-	-	543	(41)	3	505	100.0
-	-	-	-	70	(54)	-	16	100.0
-	-	-	20	42	-	-	42	100.0
-	-	-	-	599	-	-	599	25.0
-	-	-	178	1,976	-	-	1,976	100.0
2,017	-	-	2,017	4,839	-	-	4,839	57.3
-	-	-	-	2,522	-	-	2,522	61.9
-	-	(132)	(132)	421	(132)	-	289	51.0
-	-	-	-	261	-	-	261	51.0
-	-	-	-	952	-	-	952	78.0
-	-	-	-	330	-	-	330	78.0
-	-	-	-	208	-	-	208	51.0
-	-	-	-	15	-	-	15	100.0
-	-	(70)	(70)	442	(110)	-	332	56.4
-	-	-	-	252	-	-	252	100.0
-	-	-	-	-	-	-	-	100.0
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	100.0
-	-	-	-	-	-	-	-	100.0
2,017	**-**	**(208)**	**2,077**	**53,081**	**(5,873)**	**13**	**47,221**	
-	-	-	66	556	-	-	556	50.0
-	-	-	-	41	-	-	41	49.5
-	**-**	**-**	**66**	**597**	**-**	**-**	**597**	
-	-	-	-	23	-	-	23	42.7
-	**-**	**-**	**-**	**23**	**-**	**-**	**23**	
-	-	-	-	5	12	-	17	11.1
-	-	-	-	-	-	-	-	11.1
-	-	-	-	-	-	-	-	-
-	-	-	-	5	(5)	-	-	4.3
-	-	-	-	-	-	-	-	1.0
-	**-**	**-**	**-**	**10**	**7**	**-**	**17**	
2,017	**-**	**(208)**	**2,143**	**53,711**	**(5,866)**	**13**	**47,858**	

The table below reports changes in equity investments in 2019:

Millions of euro	
Increases	
Capital contribution to Enel Holding Finance Srl	178
Recapitalization of Enel X Srl	65
Capital contribution to OpEn Fiber SpA	66
Increase in interest in Enel Américas SA through share swap	443
Subscription of capital increase of Enel Américas SA	1,574
Recapitalization of Enel Global Infrastructure and Networks Srl	20
Recapitalization of Enel Global Thermal Generation Srl	5
Writeback of value of investment in Enel Global Trading SpA	3
Total increases	**2,354**
Decreases	
Writedown of the investment in Enel Russia PJSC	(70)
Writedown of the investment in Enel Produzione SpA	(9)
Writedown of the investment in E-Distribuție Banat SA	(132)
Total decreases	**(211)**
NET CHANGE	**2,143**

In 2019, the value of investments in subsidiaries, joint ventures, associated and other companies increased by €2,143 million as a result of:

> the capital contribution on February 20, 2019, to the subsidiary Enel Holding Finance Srl in the amount of €178 million in order to capitalize its subsidiary Enel Finance America LLC, which had been formed order to meet the needs of financing the Group in North America;

> the recapitalization on May 27, 2019, of the subsidiary Enel X Srl through the waiver of a financial receivable due from that company on the intercompany current account in the amount of €65 million;

> the capital contribution on June 3, 2019, to OpEn Fiber SpA, a joint venture with CDP Equity SpA, in the amount of €66 million, in order to sustain the investments needed to implement the company's business plan;

> the writedown of the investment in Enel Russia PJSC in the amount of €70 million on June 30, 2019, following the impairment recognized on the Reftinskaya GRES coal-fired plant, which was then sold on October 1, 2019. The disposal of the plant is entirely consistent with the Enel Group's global growth strategy, which is based on pursuing a more sustainable business model;

> the increase in the interest held in the listed Chilean subsidiary Enel Américas SA to 56.8% from 51.8%, by way of two share swap transactions entered into with a financial institution in October 2018 in order to acquire up to 5% of the capital of Enel Américas, as announced to investors at that time. Under the terms of the share swaps, the amount paid for the ordinary shares and the ADS referred to earlier totaled €443 million;

> the subscription on July 15, 2019, through the exercise of pre-emption rights during the first offer period for shareholders, of 10,639,088,791 newly issued shares of Enel Américas, paying a total amount equivalent to about €1,531 million (about $1.72 billion);

> the subscription, in the second offer period, of an additional 294,771,295 newly issued shares of Enel Américas, paying the equivalent of about €43 million (about $47.7 million), which together with the amount paid during the first offer period raised the total amount paid to about €1,574 million. Following the operation, Enel increased its stake in Enel Américas to 57.26% from 56.8%;

> the writedown of the investment in Enel Produzione SpA of €9 million;

> the recapitalization on October 29, 2019, of the subsidiary Enel Global Infrastructure and Networks Srl through the waiver of a financial receivable due from that company on the intercompany current account in the amount of €20 million;

> the recapitalization on December 19, 2019, of the subsidiary Enel Global Thermal Generation Srl through the waiver of a financial receivable due from that company on the intercompany current account in the amount of €5 million;

- the writedown of the investment in E-Distribuție Banat SA of €132 million on December 31, 2019;
- the writeback of the value of the investment in Enel Global Trading SpA in the amount of €3 million.

In accordance with IFRS 2, the value of investments in the subsidiaries involved in the Long-term Incentive Plan for 2019 has been increased by the value corresponding to the fair value of the equity component for the year, recognized in specific equity reserves. In the case of the award of equity instruments to the employees of indirect subsidiaries, the value of the equity investment in the direct subsidiary was increased.

The following table shows the previous assumptions used in determining the impairment loss on the investments held in Enel Russia PJSC, E-Distribuție Banat SA, and Enel Produzione SpA and the reversal of the impairment loss on Enel Global Trading SpA.

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, 2019					at Dec. 31, 2018				
Enel Russia PJSC	402	0.9%	12.8%	5 years	Perpetuity/27 years	442	1.8%	13.2%	5 years	Perpetuity/28 years
Enel Produzione SpA	4,316	0.5%	8.0%	5 years	Perpetuity	3,913	0.7%	8.9%	5 years	Perpetuity
E-Distribuție Banat SA	421	2.6%	6.3%	5 years	Perpetuity	n/a	n/a	n/a	n/a	n/a
Enel Global Trading SpA	1,194	1.9%	7.8%	5 years	Perpetuity	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 2020-2024 business plan approved by the Board of Directors of the Parent Company on November 25, 2019, 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.

With regard to the investments held in the companies Enel Green Power SpA, e-distribuzione SpA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, Rusenergosbyt LLC, Enel Global Infrastructure and Networks Srl, Enel X Srl, Enel Global Trading SpA, and OpEn Fiber SpA, the carrying amount is deemed to be recoverable even if individually greater than shareholders' equity at December 31, 2019, 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 and 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.

It should also be noted that these shareholdings have passed their related impairment tests.

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, 2019.

	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	3,274	(786)	100.0	4,307
e-distribuzione SpA	Rome	EUR	2,600,000,000	4,702	1,586	100.0	6,331
Servizio Elettrico Nazionale SpA	Rome	EUR	10,000,000	194	116	100.0	110
Enel Global Trading SpA	Rome	EUR	90,885,000	570	(46)	100.0	1,197
Enel Green Power SpA	Rome	EUR	272,000,000	6,069	46	100.0	6,469
Enel X Srl	Rome	EUR	1,050,000	525	(28)	100.0	588
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	8	(1)	100.0	9
Enelpower SpA	Milan	EUR	2,000,000	27	(1)	100.0	30
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	7	(5)	100.0	16
Enel Energia SpA	Rome	EUR	302,039	1,386	1,027	100.0	1,313
Enel Iberia SLU	Madrid	EUR	336,142,500	16,708	1,036	100.0	13,713
Enel Italia SpA	Rome	EUR	50,100,000	436	3	100.0	505
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	22	-	100.0	16
Enel Global Infrastructure and Networks Srl	Rome	EUR	10,100,000	11	(18)	100.0	42
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	1,870	80	25.0	599
Enel Holding Finance Srl	Rome	EUR	10,000	1,976	-	100.0	1,976
Enel Américas SA	Santiago	USD	9,783,875,314	10,904	1,938	57.3	4,839
Enel Chile SA	Santiago	CLP	3,882,103,470,184	4	-	61.9	2,522
E-Distribuție Banat SA	Timisoara	RON	382,158,580	475	7	51.0	289
E-Distribuție Dobrogea SA	Constanța	RON	280,285,560	321	5	51.0	261
E-Distribuție Muntenia SA	Bucharest	RON	271,635,250	1,010	10	78.0	952
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	141	(10)	78.0	330
Enel Energie SA	Bucharest	RON	140,000,000	93	(3)	51.0	208
Enel Romania SA	Judetul Ilfov	RON	200,000	3	-	100.0	15
Enel Russia PJSC	Ekaterinburg	RUB	35,371,898,370	8	-	56.4	332
Enel Insurance NV	Amsterdam	EUR	60,000	273	8	100.0	252
Vektör Enerji Üretim AŞ	Istanbul	TRY	3,500,000	(55)	(5)	100.0	-
Enel Green Power Chile Ltda	Santiago	USD	842,086,000	775	6	-	-
Enel Global Services Srl (1)	Rome	EUR	10,000	-	-	100.0	-
Enel Green Power Italia Srl (1)	Rome	EUR	10,000	-	-	100.0	-
B) Joint ventures							
OpEn Fiber SpA	Milan	EUR	250,000,000	769	(117)	50.0	556
Rusenersgobyt LLC	Moscow	RUB	18,000,000	17	88	49.5	41
C) Associates							
CESI SpA	Milan	EUR	8,550,000	132	6	42.7	23
D) Other companies							
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	135	22	11.1	17
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	17	(4)	11.1	-
Compañía de Transmisión del Mercosur SA (2)	Buenos Aires	ARS	14,012,000	-	-	-	-
Elcogas SA in liquidation	Puertollano	EUR	809,690	(118)	(7)	4.3	-
Idrosicilia SpA	Milan	EUR	22,520,000	-	-	1.0	-

(1) Company formed on September 16, 2019. Its first financial year will close on December 31, 2020.
(2) The figures for shareholders' equity and net income refer to the financial statements at December 31, 2016.

Equity investments in other companies at December 31, 2019, are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.
The investment in Elcogas SA was completely written off in 2014 and since January 1, 2015, the company, in which Enel has a stake of 4.3%, is still 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, 2019	at Dec. 31, 2018
Equity investments in unlisted companies measured at FVOCI	**17**	**17**
Empresa Propietaria de la Red SA	17	17
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA in liquidation	-	-
Idrosicilia SpA	-	-

14. Derivatives - *€945 million, €143 million, €1,536 million, €183 million*

Millions of euro

	Non-current		Current	
	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018
Derivative financial assets	945	793	143	92
Derivative financial liabilities	1,536	1,395	183	355

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 - *€200 million*

The aggregate is composed of the following:

Millions of euro

	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Change
Prepaid financial expense		6	8	(2)
Other non-current financial assets included in debt	15.1	194	128	66
Total		**200**	**136**	**64**

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 NV, 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 - *€194 million*

Millions of euro

	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Change
Financial receivables	31.1.1	191	125	66
Other financial receivables		3	3	-
Total		**194**	**128**	**66**

The increase in other non-current financial assets included in debt was due to the grant of a new loan 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 its business plan in relation to the national project for the development of an ultra-broadband fiber-optic network.

16. Other non-current assets - *€127 million*

This item breaks down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Tax receivables	9	9	-
Receivables from subsidiaries for assumption of supplementary pension plan liabilities	118	125	(7)
Total other non-current assets	**127**	**134**	**(7)**

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.

Receivables from subsidiaries for assumption of supplementary pension plan liabilities refer 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 are 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 €53 million (€63 million at December 31, 2018).

17. Trade receivables - *€255 million*

The item breaks down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Trade receivables:			
- due from subsidiaries	238	166	72
- due from non-Group customers	17	25	(8)
Total	**255**	**191**	**64**

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, 2018, the increase is related to the trend in revenue connected with these services.

Receivables due from non-Group customers concern services of various types.

Trade receivables due from subsidiaries break down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Subsidiaries			
Enel Iberia SLU	1	1	-
Enel Produzione SpA	6	3	3
e-distribuzione SpA	23	10	13
Enel Green Power SpA	13	9	4
Enel Américas SA	6	4	2
Endesa SA	7	3	4
Servizio Elettrico Nazionale SpA	3	2	1
Enel Global Trading SpA	1	-	1
Enel Energia SpA	8	6	2
Enel Italia SpA	20	16	4
Enel Green Power North America Inc.	1	1	-
Enel X Srl	3	-	3
Enel Russia PJSC	13	11	2
Endesa Distribución Eléctrica SL	27	21	6
Enel Global Thermal Generation Srl	1	1	-
Endesa Generación SA	-	(2)	2
Endesa Energía SA	3	2	1
Enel Romania Srl	4	5	(1)
Enel Brasil SA	33	24	9
Enel Distribución Perú SAA	6	5	1
Enel Generación Perú SAA	6	5	1
Unión Eléctrica de Canarias Generación SAU	-	(1)	1
Other	53	40	13
Total	**238**	**166**	**72**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Italy	79	54	25
EU	84	68	16
Non-EU Europe	14	12	2
Other	78	57	21
Total	**255**	**191**	**64**

18. Income tax receivables - *€162 million*

Income tax receivables at December 31, 2019, amounted to €162 million and essentially regard the Company's IRES credit for estimated current taxes for 2019 (€84 million) and the receivable with respect to the consolidated IRES return for 2019 (€70 million).

19. Other current financial assets - *€2,883 million*

This item can be broken down as follows:

Millions of euro

	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Change
Other current financial assets included in debt	19.1	2,578	1,579	999
Other sundry current financial assets		305	281	24
Total		**2,883**	**1,860**	**1,023**

19.1 Other current financial assets included in debt - *€2,578 million*

Millions of euro

	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany current accounts)	31.1.1	1,288	313	975
Financial receivables due from others:				
- current portion of long-term financial receivables		1	1	-
- other financial receivables		3	12	(9)
- cash collateral for margin agreements on OTC derivatives	31.1.1	1,286	1,253	33
Total		**2,578**	**1,579**	**999**

20. Other current assets - *€796 million*

At December 31, 2019, the item broke down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Tax receivables	21	173	(152)
Other receivables from Group companies	758	74	684
Other receivables	17	21	(4)
Total	**796**	**268**	**528**

Tax receivables amounted to €21 million and regarded the remaining receivable for prepaid VAT for 2019 in the amount of €13 million (€168 million at the end of 2018), the receivable for VAT rebates of €4 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 2019 by the subsidiaries Enel Iberia SLU, Enel Américas SA and Enel Chile SA (€475 million, €63 million and €20 million, respectively) and collected in January and February 2019, IRES receivables in respect of the Group companies participating in the consolidated taxation mechanism (€105 million), and VAT receivables in respect of participating in the Group VAT mechanism (€95 million).

Other receivables, the amount of €17 million at December 31, 2019, decreased by €4 million compared with 2018 (€21 million).

21. Cash and cash equivalents - *€4,153 million*

Cash and cash equivalents break down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Bank and post office deposits	4,153	2,007	2,146
Cash and cash equivalents on hand	-	-	-
Total	**4,153**	**2,007**	**2,146**

Cash and cash equivalents amounted to €4,153 million, an increase of €2,146 million compared with December 31, 2018, reflecting cash flows generated by operating activities.

Liabilities and equity

22. Shareholders' equity - *€29,586 million*

Shareholders' equity amounted to €29,586 million, up €1,643 million compared with December 31, 2018. The change is mainly attributable to net income for the year (€4,702 million), the distribution of the balance of the dividend for 2018 in the amount of €0.14 per share (for a total of €1,423 million), as approved by the shareholders on May 16, 2019, and the interim dividend for 2019 approved by the Board of Directors on November 12, 2019, and paid as from January 22, 2020 (€0.16 per share, for a total of €1,627 million).

Share capital - *€10,167 million*

At December 31, 2019, 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, 2018.

At December 31, 2019, 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 included the Ministry for the Economy and Finance (with a 23.585% stake) and Capital Research and Management Company (which held a direct interest of 5.029% at October 11, 2019 for asset management purposes).

Treasury share reserve - *€(1) million*

As at December 31, 2019, treasury shares are represented by 1,549,152 ordinary shares of Enel SpA with a par value of €1.00 each, purchased through a qualified intermediary for a total value of €10 million.

On May 16, 2019, the Shareholders' Meeting approved the long-term incentive plan for 2019 ("2019 LTI Plan" or "Plan") intended for the management of Enel SpA and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code, granting the Board of Directors all the powers necessary to implement the Plan.

On the same date, the Shareholders' Meeting also authorized the Board of Directors to purchase treasury shares, in compliance with the time limits established by the resolution, to pursue, among other things, the purposes of the 2019 LTI Plan.

On 19 September the Company's Board of Directors, in implementation of the authorization granted and in compliance with the related terms already announced to the market, approved the start of a treasury share purchase program, for a maximum amount of €10.5 million and for a number of shares not exceeding 2.5 million (the "Program"), equal to about 0.02% of Enel's share capital.

Over the duration of the Program (September 23, 2019 - December 2, 2019) the Company purchased 1,549,152 Enel shares at the weighted average price of €6.7779 per share.

In accordance with Article 2357-*ter*, paragraph 2, of the Italian Civil Code, treasury shares do not participate in the distribution of the dividend.

Other reserves - *€11,366 million*

Share premium reserve - *€7,487 million*

The share premium reserve as at December 31, 2019, was equal to €7,487 million, a decrease of €9 million on the previous year, reflecting the purchase of treasury shares in the total amount of €10 million.

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 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 - *€(412) million*

At December 31, 2019, the item was represented by the reserve from measurement of cash flow hedge derivatives and costs of hedging with a negative value of €412 million (net of the positive tax effect of €130 million).

Reserve from measurement of financial assets at FVOCI - *€11 million*

At December 31, 2019, the reserve from measurement of financial assets at FVOCI amounted to €11 million due to the fair value measurement of the investment in Empresa Propietaria de la Red SA.

Reserve from remeasurement of net employee benefit plan liabilities/(assets) - *€(37) million*

At December 31, 2019, the employee benefit plan reserve amounted to €37 million (net of the positive tax effect of €9 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 2018 and 2019.

Millions of euro	at Jan. 01, 2018	Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	at Dec. 31, 2018	Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	Other changes	at Dec. 31, 2019
Reserve from measurement of cash flow hedge financial instruments	(268)	1	(45)	37	(275)	205	(328)	20	(12)	**(390)**
Reserve from measurement of costs of hedging financial instruments	(70)	17	-	-	(53)	23	-	8	-	**(22)**
Reserve for measurement of financial assets at FVOCI	-	11	-	-	11	-	-	-	-	**11**
Reserve from remeasurement of net employee benefit plan liabilities/(assets)	(32)	-	-	-	(32)	(7)	-	2	-	**(37)**
Gains/(Losses) recognized directly in equity	**(370)**	**29**	**(45)**	**37**	**(349)**	**221**	**(328)**	**30**	**(12)**	**(438)**

Retained earnings/(loss carried forward) - *€4,889 million*

For 2019, the item shows an increase of €610 million, attributable to the resolution of the Shareholders' Meeting of May 16, 2019, which provided for the allocation to retained earnings of the remainder of the net income for 2018.

Net income for the year - *€3,165 million*

Net income for 2019, net of the interim dividend for 2019 of €0.16 per share (for a total of €1,627 million), amounted to €3,165 million.

The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2019	Possible uses	Amount available
Share capital	10,167		
Capital reserves:			
- share premium reserve	7,487	ABC	7,487
- treasury share reserve	(1)		
Income reserves:			
- legal reserve	2,034	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(412)		
- reserve 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	(37)		
- other	20	ABC	20
Retained earnings/(Loss carried forward)	4,889	ABC	4,889
Total	**26,421**		**14,659**
of which amount available for distribution			*14,656*

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 Italian 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 €346 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 2018 and 2019.

	Amount distributed (in millions of euro)	Net dividend per share (in euro)
Dividends paid in 2018		
Dividends for 2017	2,410	0.237
Interim dividend for 2018 (1)	-	-
Special dividends	-	-
Total dividends paid in 2018	**2,410**	**0.237**
Dividends paid in 2019		
Dividends for 2018	2,847	0.28
Interim dividend for 2019 (2)	-	-
Special dividends	-	-
Total dividends paid in 2019	**2,847**	**0.28**

(1) 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).
(2) Approved by the Board of Directors on November 12, 2019, and paid as from January 22, 2020 (interim dividend per share of €0.16 for a total of €1,627 million).

The dividend for 2019, equal to €0.328 per share, amounting to a total of €3,334 million (of which €0.16 per share, for a total of €1,626 million already paid as an interim dividend), has been proposed to and resolved by the Shareholders' Meeting of May 14, 2020, at a single call. These financial statements do not reflect the effects of the distribution of this dividend for 2019 to shareholders, with the exception of liabilities due to shareholders for the 2019 interim dividend approved by the Board of Directors on November 12, 2019, in the maximum potential amount of €1,627 million, and paid as from January 22, 2020, net of the amount pertaining to the 1,549,152 treasury shares held as at the record date of January 21, 2020.

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 Company 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 2019.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2019 and 2018, is summarized in the following table.

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Non-current financial position	(14,206)	(13,397)	(809)
Net current financial position	(2,738)	(2,221)	(517)
Non-current financial receivables and long-term securities	194	128	66
Net financial debt	**(16,750)**	**(15,490)**	**(1,260)**
Shareholders' equity	**29,586**	**27,943**	**1,643**
Debt/Equity ratio	**(0.57)**	**(0.55)**	**(0.02)**

23. Borrowings - *€14,206 million, €1,102 million, €8,367 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
Long-term borrowings	14,206	13,397	1,102	806
Short-term borrowings	-	-	8,367	5,001

For more details about the nature, recognition and classification of borrowings, please see note 31 "Financial instruments".

24. Employee benefits - *€216 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, 2019, and December 31, 2018.

Millions of euro	**2019**				2018			
	Pension benefits	Health insurance	Other benefits	**Total**	Pension benefits	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**174**	**40**	**17**	**231**	**200**	**45**	**28**	**273**
Current service cost	-	-	7	**7**	-	1	6	**7**
Interest expense	2	-	-	**2**	3	1	-	**4**
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	**-**	-	-	-	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	6	-	-	**6**	-	-	-	**-**
Experience adjustments	5	(3)	-	**2**	-	(1)	-	**(1)**
Past service cost	-	-	-	**-**	-	-	-	**-**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(21)	(2)	(9)	**(32)**	(23)	(2)	(10)	**(35)**
Other changes	-	-	-	**-**	(6)	(4)	(7)	**(17)**
Actuarial obligation at December 31	**166**	**35**	**15**	**216**	**174**	**40**	**17**	**231**

Millions of euro

	2019	2018
(Gains)/Losses charged to profit or loss		
Service cost	7	7
Interest expense	2	4
(Gains)/Losses arising from settlements	-	-
Total	**9**	**11**

Millions of euro

	2019	2018
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	8	-
Other changes	-	-
Total	**8**	**-**

The current service cost for employee benefits in 2019 amounted to €7 million, recognized under personnel costs, and was unchanged on 2018, while the interest expense from the accretion of the liability amounted to €2 million (€4 million in 2018).

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.

	2019	2018
Discount rate	0.00%-0.70%	0.25%-1.50%
Rate of wage increases	0.70%-2.70%	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% healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(2)	2	(2)	-	-	5	35

25. Provisions for risks and charges - *€28 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					
		Accruals	Reversals	Utilization	Other changes	**Total**	
	at Dec. 31, 2018					**at Dec. 31, 2019**	
							of which current portion
Provision for litigation, risks and other charges:							
- litigation	18	3	(16)	(1)	-	4	*1*
- other	6	-	-	-	-	6	*3*
Total	**24**	**3**	**(16)**	**(1)**	**-**	**10**	***4***
Provision for early retirement incentives	21	3	-	(6)	-	18	*5*
TOTAL PROVISIONS FOR RISKS AND CHARGES	**45**	**6**	**(16)**	**(7)**	**-**	**28**	***10***

The decrease in the provision for litigation, in the amount of €14 million, mainly reflects reversals to profit or loss and uses resulting from the settlement of a number of disputes for a total of €17 million.
This provision mainly regards labor disputes.

Other provisions for risks and charges, equal to €6 million, are unchanged on the previous year.
The decrease in the provision for early retirement incentives, equal to €3 million, reflects uses during the year.

26. Other non-current liabilities - *€21 million*

Other non-current liabilities amounted to €21 million (€12 million at December 31, 2018). 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 item also includes the non-current portion of the up-fronts made at the time of the establishment of a number of hedging derivative positions (€10 million) in previous years, which are released to profit or loss on the basis of the amortization plan for the entire duration of the derivative itself.

27. Trade payables - *€84 million*

Millions of euro	**at Dec. 31, 2019**	at Dec. 31, 2018	Change
Trade payables:			
- due to third parties	43	41	2
- due to Group companies	41	41	-
Total	**84**	**82**	**2**

Trade payables mainly include payables for the provision of services and other activities performed in 2019, and comprise payables due to third parties of €43 million (€41 million at December 31, 2018) and payables due to Group companies of €41 million (€41 million at December 31, 2018).

Trade payables due to subsidiaries at December 31, 2019, break down as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
Enel Global Trading SpA	9	1	8
Enel Green Power SpA	1	-	1
Enel Italia SpA	10	18	(8)
Enel Iberia SLU	4	4	-
Enel Global Infrastructure and Networks Srl	3	3	-
Enel X Srl	-	1	(1)
Enel Innovation Hubs Srl	-	2	(2)
Endesa SA	4	3	1
Other	9	8	1
Total	**41**	**41**	**-**

Trade payables break down by geographical area as follows:

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Suppliers			
Italy	63	59	4
EU	15	17	(2)
Non-EU Europe	1	1	-
Other	5	5	-
Total	**84**	**82**	**2**

28. Other current financial liabilities - *€234 million*

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Change
Deferred financial liabilities	31.2.1	225	259	(34)
Other items	31.2.1	9	17	(8)
Total		**234**	**276**	**(42)**

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, 2019, 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 - *€16,750 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, 2019	at Dec. 31, 2018	Change
Long-term borrowings	23	14,206	13,397	809
Short-term borrowings	23	8,367	5,001	3,366
Current portion of long-term borrowings	23	1,102	806	296
Other non-current financial assets included in debt	15.1	194	128	66
Other current financial assets included in debt	19.1	2,578	1,579	999
Cash and cash equivalents	21	4,153	2,007	2,146
Total		**16,750**	**15,490**	**1,260**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2019, reconciled with net financial debt as reported in the Report on Operations.

Millions of euro

	at Dec. 31, 2019		at Dec. 31, 2018		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	4,153		2,007		2,146
Liquidity	**4,153**		**2,007**		**2,146**
Current financial receivables	**2,578**	*1,288*	**1,579**	*313*	**999**
Short-term bank debt	(130)		(45)		(85)
Short-term portion of long-term bank debt	(1,102)		(806)		(296)
Other short-term financial payables	(8,237)	*(7,834)*	(4,956)	*(4,716)*	(3,281)
Short-term financial debt	**(9,469)**		**(5,807)**		**(3,662)**
Net short-term financial position	**(2,738)**		**(2,221)**		**(517)**
Long-term bank debt	(402)		(1,048)		646
Bonds	(7,707)		(8,208)		501
Non-bank financing (leases)	(1)		-		(1)
Other long-term debt	(6,096)		(4,141)		(1,955)
Long-term borrowings	**(14,206)**		**(13,397)**		**(809)**
Non-current financial position	**(14,206)**		**(13,397)**		**(809)**
NET FINANCIAL POSITION as per CONSOB instructions	**(16,944)**		**(15,618)**		**(1,326)**
Long-term financial receivables	**194**	*191*	**128**	*125*	**66**
NET FINANCIAL DEBT	**(16,750)**		**(15,490)**		**(1,260)**

30. Other current liabilities - *€2,209 million*

Millions of euro	at Dec. 31, 2019	at Dec. 31, 2018	Change
Tax payables	337	245	92
Payables due to Group companies	159	317	(158)
Payables due to employees, recreational/assistance associations	17	18	(1)
Payables due to social security institutions	7	7	-
Payables due to customers for security deposits and reimbursements	2	2	-
Other	1,687	1,440	247
Total	**2,209**	**2,029**	**180**

Tax payables amounted to €337 million and essentially regard amounts due to tax authorities for consolidated IRES (€333 million).

Payables due to Group companies amounted to €159 million. They consist of €44 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€139 million at December 31, 2018) and €110 million in respect of Group VAT (€173 million at December 31, 2018). The decrease of €158 million reflects developments in the debtor positions noted above.

The item "other", equal to €1,687 million, includes the liability for the interim dividend to be paid to shareholders in the amount of €1,628 million, due essentially to the liability for the interim dividend for 2019, which was approved by the Board of Directors of Enel SpA on November 12, 2019 and paid as from January 22, 2020 (€0.16 per share for 2019 and €0.14 per share for 2018) in the amount of €1,627 million (€1,423 million at December 31, 2018).

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, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018
Financial assets at amortized cost	31.1.1	**194**	**128**	**7,793**	**4,050**
Financial assets at FVOCI	31.1.2				
Equity investments in other companies		17	17	-	-
Total financial assets at FVOCI		**17**	**17**	**-**	**-**
Financial assets at FVTPL					
Derivative assets at FVTPL	33	340	325	143	78
Total financial assets at FVTPL		**340**	**325**	**143**	**78**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	33	605	468	-	14
Fair value hedge derivatives	33	-	-	-	-
Total derivative financial assets designated as hedging instruments		**605**	**468**	**-**	**14**
TOTAL		**1,156**	**938**	**7,936**	**4,142**

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 at amortized cost

The following table shows financing and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2019	at Dec. 31, 2018	Notes	at Dec. 31, 2019	at Dec. 31, 2018
Cash and cash equivalents		**-**	**-**	21	**4,153**	**2,007**
Trade receivables		**-**	**-**	17	**255**	**191**
Financial receivables due from Group companies						
Receivables on intercompany current accounts		-	-	19.1	1,288	313
Other financial receivables		-	-		240	209
Total financial receivables due from Group companies		**-**	**-**		**1,528**	**522**
Financial receivables due from others						
Financial receivables	15.1	191	125		-	-
Current portion of long-term financial receivables		-	-		1	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	1,286	1,253
Other financial receivables		3	3		10	18
Total financial receivables due from others		**194**	**128**		**1,297**	**1,272**
Other receivables		**-**	**-**		**560**	**58**
TOTAL		**194**	**128**		**7,793**	**4,050**

The main changes compared with 2018 regarded:

> an increase of €2,146 million in cash and cash equivalents, attributable to the normal central treasury functions performed by Enel SpA;

> an overall increase of €1,006 million in financial receivables due from Group companies, reflecting the increase in receivables on the intercompany current account held with Group companies (€975 million);

> an increase of €502 million in other receivables, reflecting the rise in receivables for dividends to be collected from subsidiaries.

Impairment losses on financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2019 amounted to €7,987 million and are recognized net of allowances for expected credit losses, which totaled €12 million at December 31, 2019.

No significant 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, 2019			at Dec. 31, 2018		
	Gross carrying amount	Allowance for expected losses	**Total**	Gross carrying amount	Allowance for expected losses	**Total**
Cash and cash equivalents	4,153	-	4,153	2,007	-	2,007
Trade receivables	260	5	255	196	5	191
Financial receivables due from Group companies	1,529	1	1,528	523	1	522
Financial receivables due from others	1,497	6	1,491	1,406	6	1,400
Other receivables	560	-	560	58	-	58
Total	**7,999**	**12**	**7,987**	**4,190**	**12**	**4,178**

The following table shows changes in the allowance for expected losses on financial and trade receivables:

Millions of euro	Allowance for expected losses					
	Financial receivables			Trade receivables		
	Individual	Collective	**Total**	Individual	Collective	**Total**
Jan. 1, 2018 IFRS 9	**7**	**-**	**7**	**-**	**5**	**5**
Impairment losses	-	-	-	-	-	-
Utilization	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2018 IFRS 9	**7**	**-**	**7**	**-**	**5**	**5**
Impairment losses	-	-	-	-	-	-
Utilization	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2019 IFRS 9	**7**	**-**	**7**	**-**	**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.

Equity investments in other entities, equal to €17 million, are essentially represented by the equity investment held by Enel SpA in Empresa Propietaria de la Red SA. At December 31, 2019 the fair value of the investment was confirmed on the basis of an assessment, deemed reliable, of the significant items of the balance sheet.

31.1.3 Financial assets at fair value through to profit or loss (FVTPL)

This category exclusively includes current and non-current derivatives used mainly to hedge the debt of the Group companies. See note 33.2 "Derivatives at fair value through profit or loss" for more information.

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, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018
Financial liabilities measured at amortized cost	31.2.1	**14,206**	**13,397**	**11,192**	**7,331**
Financial liabilities at fair value through profit or loss					
Derivative liabilities at FVTPL	33	342	324	178	134
Total		**342**	**324**	**178**	**134**
Derivative liabilities designated as hedging instruments					
Cash flow hedge derivatives	33	1,194	1,071	5	221
Total		**1,194**	**1,071**	**5**	**221**
TOTAL		**15,742**	**14,792**	**11,375**	**7,686**

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, 2019	at Dec. 31, 2018	Notes	at Dec. 31, 2019	at Dec. 31, 2018
Long-term borrowings	23	14,206	13,397		1,102	806
Short-term borrowings		-	-	23	8,367	5,001
Trade payables		-	-	27	84	82
Other current liabilities		-	-	30	1,639	1,442
Total		**14,206**	**13,397**		**11,192**	**7,331**

Other current liabilities include the liability for the interim dividend to be paid to shareholders in the amount of €1,628 million, due essentially to the liability for the interim dividend for 2019, which was approved by the Board of Directors of Enel SpA on November 12, 2019 and paid as from January 22, 2020 (€0.16 per share for 2019 and €0.14 per share for 2018) in the amount of €1,627 million (€1,423 million at December 31, 2018).

Borrowings

Long-term borrowings (including the portion falling due within 12 months) - *€15,308 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 €1,102 million), amounted to €15,308 million at December 31, 2019.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2019, 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, 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, 2019					at Dec. 31, 2018					Change
Bonds:											
- fixed rate	7,735	7,602	878	6,725	9,073	7,904	7,813	614	7,199	8,561	(211)
- floating rate	1,010	1,010	27	982	966	1,201	1,201	192	1,009	1,141	(191)
Total	**8,745**	**8,612**	**905**	**7,707**	**10,039**	**9,105**	**9,014**	**806**	**8,208**	**9,702**	**(402)**
Bank borrowings:											
- fixed rate	-	-	-	-	-	-	-	-	-	-	-
- floating rate	552	552	150	402	554	1,048	1,048	-	1,048	1,045	(496)
Total	**552**	**552**	**150**	**402**	**554**	**1,048**	**1,048**	**-**	**1,048**	**1,045**	**(496)**
Other financing:											
- under fixed-rate leases	2	2	1	1	2	-	-	-	-	-	2
Total	**2**	**2**	**1**	**1**	**2**	-	-	-	-	-	2
Loans from Group companies:											
- fixed rate	2,300	2,300	-	2,300	2,655	2,300	2,300	-	2,300	2,596	-
- floating rate	3,841	3,841	46	3,796	4,023	1,841	1,841	-	1,841	1,895	2,000
- under fixed-rate leases	1	1	-	-	1	-	-	-	-	-	1
Total	**6,142**	**6,142**	**46**	**6,096**	**6,679**	**4,141**	**4,141**	**-**	**4,141**	**4,491**	**2,001**
Total fixed-rate borrowings	**10,038**	**9,905**	**879**	**9,026**	**11,731**	**10,204**	**10,113**	**614**	**9,499**	**11,157**	**(208)**
Total floating-rate borrowings	**5,403**	**5,403**	**223**	**5,180**	**5,543**	**4,090**	**4,090**	**192**	**3,898**	**4,081**	**1,313**
TOTAL	**15,441**	**15,308**	**1,102**	**14,206**	**17,274**	**14,294**	**14,203**	**806**	**13,397**	**15,238**	**1,105**

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, 2018	at Dec. 31, 2019	at Dec. 31, 2019		
Euro	**10,665**	**12,268**	**12,376**	**3.0%**	**3.2%**
US dollar	1,277	1,305	1,315	7.8%	8.2%
Pound sterling	2,261	1,735	1,750	6.6%	6.9%
Total non-euro currencies	**3,538**	**3,040**	**3,065**		
TOTAL	**14,203**	**15,308**	**15,441**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	FTA IFRS 16 Jan. 1, 2019	Repayments	New borrowings	Exchange differences	Nominal value
	at Dec. 31, 2018					at Dec. 31, 2019
Bonds	9,105	-	(813)	344	109	**8,745**
Bank borrowings	1,048	-	(500)	-	4	**552**
Non-bank financing	-	3	(1)	-	-	**2**
Loans from Group companies	4,141	1	(1,500)	3,500	-	**6,142**
Total	**14,294**	**4**	**(2,814)**	**3,844**	**113**	**15,441**

Compared with December 31, 2018, the nominal value of long-term debt increased by €1,147 million, reflecting:

> repayments of €2,814 million, including a fixed-rate bond in pounds sterling in the amount of €617 million maturing in June 2019, a bank loan repaid in advance in the amount of €500 million and a loan from Group companies totaling €1,500 million, which was repaid in advance in December 2019;
> the repayment of two tranches of Ina and Ania bonds in the total amount of €56 million;
> the repayment at maturity of the bond denominated "Special series of bonds reserved for employees" in the nominal amount of €1,033 million and bond held in portfolio in the amount of €898 million, with a net decrease of €135 million;
> the recognition of exchange losses of €113 million;
> an exchange offer carried out in May 2019 involving hybrid bonds, which increased debt by €344 million;
> new intercompany financing granted by Enel Finance International for a total of €3,500 million, of which €1,500 million were repaid in advance in December 2019.

The table below reports the characteristics of the bank borrowings obtained in 2019.

New borrowings

Type of loan	Counterparty	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of interest rate	Due date
Hybrid bonds	Enel SpA	24.05.2019	300	EUR	3.5%	fixed rate	24.05.2025
Total			**300**				

In May 2019, a €300 million hybrid bond was issued, with a first early call date at May 24, 2025. The consideration for this bond was subsequently increased as a result of an exchange offer operation.

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/€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.

During 2019, Enel Finance International NV issued two "sustainable" bonds on the European market (as part of the Euro Medium Term Notes - EMTN bond issue program) and on the American market, both guaranteed by Enel SpA, linked to the achievement of a number of the Sustainable Development Goals (SDGs) of the United Nations that contain the same covenants as other bonds of the same type.

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, 2019					at Dec. 31, 2018				
	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	12,268	12,376	80.2%	3,065	15,441	10,665	10,725	75.0%	3,569	14,294
US dollar	1,305	1,315	8.5%	(1,315)	-	1,277	1,289	9.0%	(1,289)	-
Pound sterling	1,735	1,750	11.3%	(1,750)	-	2,261	2,280	16.0%	(2,280)	-
Total	**15,308**	**15,441**	**100.0%**	**-**	**15,441**	**14,203**	**14,294**	**100.0%**	**-**	**14,294**

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, 2019		at Dec. 31, 2018	
	Before hedging	After hedging	Before hedging	After hedging
%				
Floating rate	35.0%	26.3%	18.1%	15.4%
Fixed rate	65.0%	73.7%	81.9%	84.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Short-term borrowings - *€8,367 million*

The following table shows short-term borrowings at December 31, 2019, by type.

Millions of euro	at Dec. 31, 2019	at Dec. 31, 2018	Change
Loans from non-Group counterparties			
Short-term bank borrowings (ordinary current account)	130	45	85
Cash collateral for CSAs on OTC derivatives received	403	240	163
Total	**533**	**285**	**248**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	7,834	4,716	3,118
Total	**7,834**	**4,716**	**3,118**
TOTAL	**8,367**	**5,001**	**3,366**

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 (FVTPL)

This category includes solely current and non-current derivative liabilities relating mainly to hedges of the debt of Group companies.

More information is given in note 33.2 "Derivatives at fair value through profit or loss".

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	Net gains/(losses)		Of which: Impairment/Reversal of impairment
	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019
Financial assets at amortized cost	252	6	1
Financial assets at FVOCI	1	10	
Financial liabilities measured at amortized cost	(747)	(639)	

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 interest rate risk, exchange risk, credit risk and liquidity risk.

Enel SpA has adopted a system for governing financial risks comprising internal committees, dedicated policies and operating limits. The goal is to appropriately mitigate financial risks in order to prevent unexpected variations in financial performance.

32.2 Interest rate risk and exchange risk

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 deposits provided as collateral for derivatives contracts, cash and cash equivalents and short-term deposits, as well as 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 the above risks for Enel SpA.

During 2019, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR – European Market Infrastructure Regulation – no. 648/2012 of the European Parliament) were detected.

The volume of transactions in financial derivatives outstanding at December 31, 2019, 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, 2019	at Dec. 31, 2018
Interest rate derivatives		
Interest rate swaps	8,470	10,901
Total	**8,470**	**10,901**

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 €8,470 million (€10,901 million at December 31, 2018), of which €1,540 million (essentially unchanged on December 31, 2018) in respect of hedges of the Company's share of debt, and €6,930 million (€9,323 million at December 31, 2018) 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 mainly due to the early termination of interest rate swaps with respect to new issues.

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, 2019, 35% of gross long-term financial debt was floating rate (18.1% at December 31, 2018). Taking account of hedges of interest rates considered effective pursuant to the IAS 39, 73.7% of gross long-term financial debt was hedged at December 31, 2019 (84.3% at December 31, 2018). 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 on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives. 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, 2019				at Dec. 31, 2018			
		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	10	(10)	-	-	5	(5)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	30	(30)	-	-	6	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	39	(39)	-	-	36	(36)
Fair value hedges	25	-	-	-	-	-	-	-	-

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, 2019 and December 31, 2018, broken down by type of hedged item.

Millions of euro

	Notional amount	
	at Dec. 31, 2019	at Dec. 31, 2018
Foreign exchange derivatives		
Currency forwards:	6,064	6,980
- hedging exchange risk on commodities	4,225	5,349
- hedging future cash flows	1,146	825
- other currency forwards	693	806
Cross currency interest rate swaps	4,193	5,264
Total	**10,257**	**12,244**

More specifically, these include:

- currency forward contracts with a total notional amount of €4,225 million, of which €2,112 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 €1,146 million, to hedge the exchange risk associated with other expected cash flows in currencies other than the euro, of which €783 million in market transactions;
- currency forward contracts with a notional amount of €693 million, of which €346 million in market transactions to hedge the exchange rate risk on investment spending (€271 million) and, to a lesser extent, operating expenditure;
- cross currency interest rate swaps with a notional amount of €4,193 million 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 19.8% of gross medium and long-term debt 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 on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.

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, 2019				at Dec. 31, 2018			
		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%	(9)	11	-	-	(14)	17	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(364)	445	-	-	(411)	502
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 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 SpA 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

Staging	Basis for recognizing expected loss allowance	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
	at Dec. 31, 2019				
Performing	12 m ECL	0.23%	3,025	7	3,018
Underperforming	Lifetime ECL	-	-	-	-
Non-performing		-	-	-	-
Total			**3,025**	**7**	**3,018**

Trade receivables and other receivables: collective measurement

Millions of euro	at Dec. 31, 2019			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Trade receivables	-	-	-	-
Trade receivables past due:				
- more than 180 days (credit impaired)	1.92%	260	5	255
Total trade receivables		**260**	**5**	**255**
Other receivables				
Other receivables not past due		560	-	560
Total other receivables		**560**	**-**	**560**
TOTAL		**820**	**5**	**815**

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, 2019 Enel SpA had a total of €4,153 million in cash or cash equivalents (€2,007 million at December 31, 2018), and committed lines of credit amounting to €6,350 million (of which none had been drawn) maturing in more than one year (€5,800 million at December 31, 2018).

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	410	468	584	2,866	3,274
- floating rate	-	27	111	291	581
Total	**410**	**495**	**695**	**3,157**	**3,855**
Bank borrowings					
- fixed rate	-	-	-	-	-
- floating rate	-	150	402	-	-
Total	**-**	**150**	**402**	**-**	**-**
Non-bank financing:					
- under fixed-rate leases	-	1	1	-	-
Total	**-**	**1**	**1**	**-**	**-**
Loans from Group companies					
- fixed rate	-	-	-	1,200	1,100
- floating rate	23	23	46	138	3,611
- under fixed-rate leases	-	-	1	-	-
Total	**23**	**23**	**47**	**1,338**	**4,711**
TOTAL	**433**	**669**	**1,145**	**4,495**	**8,566**

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, 2019

	(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 assets:						
- on interest rate risk	329	-	329	-	-	329
- on exchange risk	706	-	706	-	(755)	(49)
- other	53	-	53	-	-	53
Total derivative assets	**1,088**	**-**	**1,088**	**-**	**(755)**	**333**
TOTAL FINANCIAL ASSETS	**1,088**	**-**	**1,088**	**-**	**(755)**	**333**
FINANCIAL LIABILITIES						
Derivative liabilities:						
- on interest rate risk	(693)	-	(693)	-	662	(31)
- on exchange risk	(1,026)	-	(1,026)	-	976	(50)
- other	-	-	-	-	-	-
Total derivative liabilities	**(1,719)**	**-**	**(1,719)**	**-**	**1,638**	**(81)**
TOTAL FINANCIAL LIABILITIES	**(1,719)**	**-**	**(1,719)**	**-**	**1,638**	**(81)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(631)**	**-**	**(631)**	**-**	**883**	**252**

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 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		
DERIVATIVE ASSETS	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	Change	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on exchange risk	2,008	1,751	605	468	137	-	615	-	14	(14)
Total cash flow hedges	**2,008**	**1,751**	**605**	**468**	**137**	**-**	**615**	**-**	**14**	**(14)**
Derivatives at FVTPL:										
- on interest rate risk	3,452	4,661	329	304	25	13	-	-	-	-
- on exchange risk	484	1,096	11	21	(10)	2,546	2,543	90	67	23
- other	-	-	-	-	-	358	203	53	11	42
Total derivatives at FVTPL	**3,936**	**5,757**	**340**	**325**	**15**	**2,917**	**2,746**	**143**	**78**	**65**
TOTAL DERIVATIVE ASSETS	**5,944**	**7,508**	**945**	**793**	**152**	**2,917**	**3,361**	**143**	**92**	**51**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE LIABILITIES	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	Change	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	1,440	1,440	284	159	125	-	-	-	-	-
- on exchange risk	1,291	1,876	910	912	(2)	470	615	5	221	(216)
Total cash flow hedges	**2,731**	**3,316**	**1,194**	**1,071**	**123**	**470**	**615**	**5**	**221**	**(216)**
Derivatives at FVTPL:										
- on interest rate risk	3,452	4,661	330	302	28	113	138	79	66	13
- on exchange risk	495	1,096	12	22	(10)	2,962	2,655	99	68	31
Total derivatives at FVTPL	**3,947**	**5,757**	**342**	**324**	**18**	**3,075**	**2,793**	**178**	**134**	**44**
TOTAL DERIVATIVE LIABILITIES	**6,678**	**9,073**	**1,536**	**1,395**	**141**	**3,545**	**3,408**	**183**	**355**	**(172)**

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract, and are subsequently re-measured 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:

> cash flow hedges;
> fair value hedges;
> net investments in foreign operations.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please refer to 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 does not dominate the value changes resulting from the economic relationship;
> the hedge ratio defined at designation resulting 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 included 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 renewable assets.

Conversely, for hedging relationships using cross currency 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.

For more details on the fair value measurement of derivatives, please see note 34 "Fair value measurement".

33.1.1 Hedge relationship by type of credit risk

Interest rate risk

The following table shows the notional amount and the average rate on instruments hedging interest rate risk on transactions outstanding at December 31, 2019 and December 31, 2018, broken down by maturity.

Millions of euro							
At Dec. 31, 2019	2020	2021	2022	2023	2024	Beyond	**Total**
Interest rate swaps							
Notional amount	-	-	-	-	-	1,440	1,440
Average IRS rate						2.32	

Millions of euro							
At Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond	**Total**
Interest rate swaps							
Notional amount	-	-	-	-	-	1,440	1,440
Average IRS rate						2.32	

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 refer exclusively 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, 2019 and December 31, 2018.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value assets	
	at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
Cash flow hedge derivatives	**-**	**-**	**-**	**-**	**1,440**	**1,440**	**(284)**	**(159)**
Interest rate swaps	-	-	-	-	1,440	1,440	(284)	(159)

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 2019.

The following table shows the cash flows expected in coming years from cash flow hedge derivatives hedging interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on interest rate	**at Dec. 31, 2019**	2020	2021	2022	2023	2024	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(284)	(16)	(15)	(15)	(33)	(32)	(178)

The following table shows the impact of interest rate hedge derivatives on the balance sheet.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the period
At December 31, 2019			
Interest rate swaps	1,440	(284)	(284)
At December 31, 2018			
Interest rate swaps	1,440	(159)	(159)

The following table shows the impact of hedged items exposed to interest rate risk on the balance sheet.

Millions of euro	Fair value used to measure ineffectiveness in period	Cash flow hedge reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the period	Cash flow hedge reserve	Hedging costs reserve
	2019			2018		
Floating-rate borrowings	284	(284)	-	159	(159)	-
Total	**284**	**(284)**	**-**	**159**	**(159)**	**-**

The following table shows the impact of cash flow hedges on interest rate risk on profit or loss and on other comprehensive income

Millions of euro	Total other comprehensive income profit/(loss)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2019						
Floating-rate borrowings	(139)	-		-	11	financial expense
Total at December 31, 2019	**(139)**	**-**		**-**	**11**	
At December 31, 2018						
Floating-rate borrowings	(38)	-		-	11	financial expense
Total at December 31, 2018	**(38)**	**-**		**-**	**11**	

Exchange risk

The following table shows the notional amount and the average rate on instruments hedging exchange risk on transactions outstanding as at December 31, 2019 and December 31, 2018, broken down by maturity.

Millions of euro

At Dec. 31, 2019	2020	2021	2022	2023	2024	Beyond	**Total**
Cross currency interest rate swaps							
Notional amount total	**470**	**789**	**-**	**1,113**	**-**	**1,397**	**3,769**
Notional amount CCS EUR-USD	-	202	-	1,113	-	-	1,315
Average contractual exchange rate EUR/USD		1.13		1.34			
Notional amount CCS EUR-GBP	470	587	-	-	-	1,397	2,454
Average contractual exchange rate EUR/GBP	0.85	0.82				0.69	

Millions of euro

At Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond	**Total**
Cross currency interest rate swaps							
Notional amount total	**1,229**	**447**	**757**	**-**	**1,091**	**1,332**	**4,856**
Notional amount CCS EUR-USD	-	-	198	-	1,091	-	1,289
Average contractual exchange rate EUR/USD			1.13		1.34		
Notional amount CCS EUR-GBP	1,229	447	559	-	-	1,332	3,567
Average contractual exchange rate EUR/GBP	0.68	0.85	0.82			0.68	

The following table shows the notional amount and the fair value of instruments hedging exchange risk on transactions outstanding as at December 31, 2019 and December 31, 2018, broken down by type of hedged item.

Millions of euro		Fair value		Notional amount	Fair value		Notional amount
		Assets	Liabilities		Assets	Liabilities	
Hedging instrument	**Hedged item**	**at Dec. 31, 2019**			at Dec. 31, 2018		
Cross currency interest rate swaps	Fixed-rate borrowings in foreign currency	602	(915)	3,567	482	(1,131)	4,658
Cross currency interest rate swaps	Floating-rate borrowings in foreign currency	3	-	202	-	(1)	198
Total		**605**	**(915)**	**3,769**	**482**	**(1,132)**	**4,856**

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, 2019 and December 31, 2018, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2019	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018	**at Dec. 31, 2019**	at Dec. 31, 2018
Cash flow hedge derivatives	**2,008**	**2,365**	**605**	**482**	**1,761**	**2,491**	**(915)**	**(1,132)**
Cross currency interest rate swaps	2,008	2,365	605	482	1,761	2,491	(915)	(1,132)

The notional amount of the cross current interest rate swaps at December 31, 2019 came to €3,769 million (€4,856 million at December 31, 2018) with a corresponding negative fair value of €310 million (a negative €650 million at December 31, 2018).

The decrease in the notional amount, equal to €1,087 million, mainly reflects the ordinary expiry of cross currency interest rate swaps in the amount of €1,229 million and the depreciation of the euro against the US dollar and the pound sterling.

The following table reports the impact on the balance sheet of instruments hedging exchange risk:

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the period
At December 31, 2019			
Cross currency interest rate swaps	3,769	(310)	(281)
At December 31, 2018			
Cross currency interest rate swaps	4,856	(650)	(598)

The following table reports the impact on the balance sheet of hedged items exposed to exchange risk:

Millions of euro	Fair value used to measure ineffectiveness in the period	Cash flow hedge reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the period	Cash flow hedge reserve	Hedging costs reserve
	2019			2018		
Fixed-rate borrowings in foreign currency	283	(283)	(30)	596	(596)	(53)
Floating-rate borrowings in foreign currency	(2)	2	1	2	(2)	1
Total	**281**	**(281)**	**(29)**	**598**	**(598)**	**(52)**

The following table shows the impact of cash flow hedges on exchange risk on profit or loss and on other comprehensive income:

Millions of euro	Total other comprehensive income profit/(loss)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2019						
Fixed-rate borrowings in foreign currency	341	-		23	329	financial income
Floating-rate borrowings in foreign currency	4	-		-	10	financial income
Total at December 31, 2019	**345**	**-**		**23**	**339**	
At December 31, 2018						
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	**39**	**-**		**17**	**55**	

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					
Cash flow hedge derivatives on exchange rates	**at Dec. 31, 2019**	2020	2021	2022	2023	2024	Beyond
Positive fair value	605	62	63	57	233	29	342
Negative fair value	(915)	(34)	(54)	(40)	(39)	(39)	(621)

33.1.2 Impact of cash flow hedge derivatives on equity gross of tax effects

Millions of euro	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss - Ineffective portion
	at Dec. 31, 2019				at Dec. 31, 2018			
Interest rate hedges	-	(139)	11	-	-	(38)	11	-
Exchange rate hedges	23	345	(339)	-	17	39	(55)	-
Hedging derivatives	**23**	**206**	**(328)**	**-**	**17**	**1**	**(44)**	**-**

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, 2019 and December 31, 2018, for each type of risk.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018	at Dec. 31, 2019	at Dec. 31, 2018
Derivatives at FVTPL on interest rates	**3,465**	**4,661**	**329**	**304**	**3,565**	**4,799**	**(410)**	**(368)**
Interest rate swaps	3,465	4,661	329	304	3,565	4,799	(410)	(368)
Derivatives at FVTPL on exchange rates	**3,030**	**3,638**	**100**	**88**	**3,457**	**3,750**	**(111)**	**(91)**
Forwards	2,818	3,434	87	83	3,245	3,546	(96)	(84)
Options	-	-	-	-	-	-	-	-
Cross currency interest rate swaps	212	204	13	5	212	204	(15)	(7)
Derivatives at FVTPL on other	**358**	**203**	**53**	**11**	**-**	**-**	**-**	**-**
Equity swaps	358	203	53	11	-		-	
Total derivatives at FVTPL	**6,853**	**8,502**	**482**	**403**	**7,022**	**8,549**	**(521)**	**(459)**

At December 31, 2019, the notional amount of derivatives at fair value through profit or loss on interest rates, foreign exchange rates and other came to €13,875 million (€17,051 million at December 31, 2018) corresponding to a negative fair value of €39 million (a negative €56 million at December 31, 2018).

Interest rate swaps at the end of the year amounted to €7,030 million. They refer primarily to hedges of the debt of the Group companies with the market (€3,565 million) and intermediated with those companies (€3,465 million).

The overall notional amount shows a decline of €2,430 million on the previous year. More specifically, the decline of €1,234 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;

> €234 million from interest rate swaps reaching their natural expiry date or as a result of amortization;

> €250 million in new interest rate swaps.

Forward contracts with the market, with a notional amount of €3,242 million (€3,570 million at December 31, 2018), 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 sector 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 €212 million (€204 million at December 31, 2018), 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 increase in the notional amount of cross currency interest rate swaps of €8 million is mainly due to cross currency interest rate swaps that expired naturally in the amount of €1,229 million. The notional and fair values also reflect 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, 2019	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2019	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on exchange risk	33	605	-	605	-	-	-	-	-
Total cash flow hedge derivatives		**605**	**-**	**605**	**-**	**-**	**-**	**-**	**-**
Fair value hedge derivatives:									
- on interest rate risk	33	-	-	-	-	-	-	-	-
Total fair value hedge derivatives		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	329	-	329	-	-	-	-	-
- on exchange risk	33	11	-	11	-	90	-	90	-
- other		-	-	-	-	53	-	53	-
Total fair value through profit or loss		**340**	**-**	**340**	**-**	**143**	**-**	**143**	**-**
TOTAL		**945**	**-**	**945**	**-**	**143**	**-**	**143**	**-**

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, 2019	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2019	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	33	284	-	284	-	-	-	-	-
- on exchange risk	33	910	-	910	-	5	-	5	-
Total cash flow hedge derivatives		**1,194**	**-**	**1,194**	**-**	**5**	**-**	**5**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	330	-	330	-	79	-	79	-
- on exchange risk	33	12	-	12	-	99	-	99	-
Total fair value through profit or loss		**342**	**-**	**342**	**-**	**178**	**-**	**178**	**-**
TOTAL		**1,536**	**-**	**1,536**	**-**	**183**	**-**	**183**	**-**

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, 2019	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	9,073	9,073	-	-
- floating rate	31.2.1	966	70	896	-
Total		**10,039**	**9,143**	**896**	**-**
Bank borrowings:					
- fixed rate		-	-	-	-
- floating rate	31.2.1	554	-	554	-
Total		**554**	**-**	**554**	**-**
Non-bank financing:					
- under fixed-rate leases		2	-	2	-
Total		**2**	**-**	**2**	**-**
Loans from Group companies:					
- fixed rate	31.2.1	2,655	-	2,655	-
- floating rate		4,023	-	4,023	-
- under fixed-rate leases		1	-	1	-
Total		**6,679**	**-**	**6,679**	**-**
TOTAL		**17,274**	**9,143**	**8,131**	**-**

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 with transparency and 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 2019, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other relationships

2019

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2019	at Dec. 31, 2019	2019		2019	
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	6	-	-	-	-	1
Enel Américas SA	69	-	-	-	-	1
Enel Chile SA	23	-	-	-	-	2
Enel Distribución Perú SAA	6	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Generación Chile SA	4	-	-	-	-	2
Enel Brasil SA	33	-	-	-	-	10
Enel X Srl	3	4	-	-	-	3
Enel X Italia SpA	2	9	-	-	-	-
Endesa Distribución Eléctrica SL	27	3	-	-	-	6
Endesa Generación SA	-	1	-	1	-	1
Endesa Red SA	2	-	-	-	-	-
Endesa SA	7	4	-	-	-	3
E-Distribuție Banat SA	5	-	-	-	-	1
E-Distribuție Dobrogea SA	4	-	-	-	-	1
E-Distribuție Muntenia SA	9	-	-	-	-	1
e-distribuzione SpA	197	6	-	-	-	23
Enel Distribución Chile SA	4	-	-	-	-	2
Enel Energia SpA	40	54	-	-	-	10
Enel Iberia SLU	476	4	-	3	-	-
Enel Green Power Chile Ltda	2	-	-	-	-	-
Enel Green Power Romania Srl	-	1	-	-	-	-
Enel Green Power SpA	13	2	-	1	-	13
Enel Green Power España SL	1	-	-	-	-	-
Enel Generación Costanera SA	1	-	-	-	-	-
Enel Green Power North America Inc.	1	1	-	-	-	1
Enel Innovation Hubs Srl	-	-	-	4	-	-
Enel Global Infrastructure and Networks Srl	3	5	-	3	-	1
Enel Global Thermal Generation Srl	1	3	-	2	-	-
Enel Russia PJSC	13	-	-	-	-	3
Enel Produzione SpA	106	3	-	-	-	6
Enel Romania Srl	4	2	-	-	-	1
Enel Italia SpA	25	10	-	70	-	9
Servizio Elettrico Nazionale SpA	7	50	-	-	-	3
Enel Sole Srl	(1)	6	-	-	-	-
Enel Global Trading SpA	1	33	-	-	-	2
Enel.si Srl	-	2	-	-	-	-
Endesa Energía SA	3	2	-	1	-	2
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	2	-	-	-	-	1
Rusenergosbyt LLC	1	-	-	-	-	-
Enel Green Power Hellas SA	4	-	-	-	-	-
Slovenské elektrárne AS	16	-	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	1	1	-	1	-	1
Vektor Enerji Üretim AŞ	8	-	-	-	-	-
Total	**1,132**	**207**	**-**	**86**	**-**	**111**
Other related parties						
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	1	-	-
Total	**2**	**2**	**-**	**1**	**-**	**2**
TOTAL	**1,134**	**209**	**-**	**87**	**-**	**113**

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 SLU	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.	2	2	-	-	-	-
Enel Innovation Hubs Srl	-	2	-	2	-	-
Enel Global Infrastructure and 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 SpA	24	21	-	61	-	7
Servizio Elettrico Nazionale SpA	2	46	-	-	-	2
Enel Sole Srl	4	3	-	-	-	(1)
Enel Global Trading SpA	2	26	-	-	-	-
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	-	-
Vektor Enerji Üretim AŞ	8	1	-	-	-	-
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**

Financial relationships

2019

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
		at Dec. 31, 2019			2019	
Subsidiaries						
Concert Srl	-	1	-	-	-	-
Enel Américas SA	-	-	-	-	-	270
Enel Chile SA	-	-	-	-	-	175
e-distribuzione SpA	163	53	4,476	16	104	1,507
Enel X Srl	174	-	-	-	1	-
Enel Global Thermal Generation Srl	24	-	-	-	-	-
Enel Energia SpA	8	2,291	1,946	-	8	1,698
Enel Iberia SLU	-	-	-	-	-	1,245
Enel Finance International NV	148	11,307	38,584	207	162	-
Enel Green Power Chile Ltda	-	-	2	-	-	-
Enel Green Power México S de RL de Cv	37	-	2,720	-	37	-
Enel Green Power North America Inc.	36	-	9,082	-	20	-
Enel Green Power Colombia SAS	-	-	201	-	1	-
Enel Green Power Costa Rica SA	-	-	8	-	-	-
Enel Green Power Australia (Pty) Ltd	-	-	35	-	-	-
Enel Green Power Romania Srl	-	-	30	-	-	-
Enel Green Power SpA	267	-	1,679	12	49	237
Enel Green Power Perú SA	13	-	106	-	8	-
Enel Green Power RUS LLC	-	-	50	-	-	-
Enel Green Power South Africa	-	-	1,088	-	-	-
Enel Green Power Development Srl	-	2	-	1	-	-
Enel Global Infrastructure and Networks Srl	26	-	17	-	1	-
Enel Produzione SpA	658	7	1,548	46	42	245
Enel Italia SpA	3	42	254	3	5	15
Servizio Elettrico Nazionale SpA	146	-	1,217	-	6	75
Enel Sole Srl	1	16	335	-	1	-
Enel Trade Romania Srl	-	-	7	-	-	-
Enel Holding Finance Srl	-	2	-	-	-	-
Enel Global Trading SpA	30	230	1,631	160	114	-
Enel Innovation Hubs Srl	-	23	1	-	-	-
Enel.si Srl	23	-	19	-	1	-
Enelpower SpA	-	34	-	-	-	-
Enel Green Power RSA (Pty) Ltd	22	-	-	-	11	-
Nuove Energie Srl	12	-	85	-	1	-
Enel Green Power Brasil Participações Ltda	85	-	3,370	-	45	-
OpEn Fiber SpA	207	-	19	-	10	-
Rusenergosbyt LLC	-	-	-	-	-	41
Enel Green Power Panama SA	-	-	3	-	-	-
Enel Russia PJSC	-	-	-	-	-	39
Enel X Italia SpA	-	19	6	-	-	-
Enel X Mobility Srl	-	56	53	-	-	-
Enel Green Power Hellas SA	-	-	93	-	1	-
Enel X International Srl	8	-	-	-	-	-
Enel X North America Inc.	-	-	37	-	-	-
Enel Finance America LLC	-	-	751	-	-	-
Enel X Polska Sp. Zo.O.	-	-	11	-	-	-
Enel X UK Limited	-	-	13	-	-	-
EnerNOC Ireland Limited	-	-	8	-	-	-
Parque Eólico Pampa	-	-	22	2	4	-
TOTAL	**2,091**	**14,083**	**69,507**	**447**	**632**	**5,547**

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 SLU	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 and Networks Srl	17	-	1	-	-	2
Enel Produzione SpA	64	466	1,998	55	35	229
Enel Italia SpA	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 Ltda	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	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**

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, 2019			at Dec. 31, 2018		
Assets						
Derivatives - non-current	945	332	35.1%	793	306	38.6%
Other non-current financial assets	200	191	95.5%	136	125	91.9%
Other non-current assets	127	118	92.9%	134	125	93.3%
Trade receivables	255	257	-	191	189	99.0%
Derivatives - current	143	16	11.2%	92	14	15.2%
Other current financial assets	2,883	1,552	53.8%	1,860	536	28.8%
Other current assets	796	759	95.4%	268	74	27.6%
Liabilities						
Long-term borrowings	14,206	6,095	42.9%	13,397	4,141	30.9%
Derivatives - non-current	1,536	9	0.6%	1,395	20	1.4%
Other non-current liabilities	21	8	38.1%	12	9	75.0%
Short-term borrowings	8,367	7,834	93.6%	5,001	4,715	94.3%
Trade payables	84	41	48.8%	82	43	52.4%
Derivatives - current	183	76	41.5%	355	53	14.9%
Other current financial liabilities	234	23	9.8%	276	31	11.2%
Other current liabilities	2,209	160	7.2%	2,029	317	15.6%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2019			2018		
Revenue	114	113	99.1%	53	50	94.3%
Services and other operating expenses	261	86	33.0%	275	79	28.7%
Income from equity investments	5,548	5,547	100.0%	3,567	3,556	99.7%
Financial income on derivatives	1,003	369	36.8%	1,626	437	26.9%
Other financial income	273	263	96.3%	320	215	67.2%
Financial expense on derivatives	925	313	33.8%	1,581	1,033	65.3%
Other financial expense	775	134	17.3%	768	85	11.1%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2019			2018		
Cash flows from operating activities	3,995	(1,098)	-27.5%	3,449	1,574	45.6%
Cash flows from investing/disinvesting activities	(2,399)	1,149	-47.9%	(2,587)	397	-15.3%
Cash flows from financing activities	550	2,256	-	(1,344)	4,333	-

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 2019, 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	75,000	Donation to promote sustainable growth of territory
European University Institute	103,000	Donation to support research
Fondazione Centro Studi Enel	50,000	Donation to support research projects and advanced training
Fondazione Teatro del Maggio Musicale	400,000	Donation for cultural projects 2019
Fondazione MAXXI	600,000	Donation for cultural projects 2019
Fondazione Accademia Nazionale “Santa Cecilia”	650,000	Donation for cultural projects 2019
Elettrici senza frontiere Onlus	40,000	Donation for development energy
Fondazione Teatro alla Scala	600,000	Donation for cultural projects 2019
Stichting Global Reporting Initiative	106,500	2019 donation
Fondazione Opes Onlus	40,000	2019 donation
Enel Cuore Onlus	40,000	2019 donation
Total	**2,704,500**	

37. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2019	at Dec. 31, 2018	Change
Sureties and guarantees given:			
- third parties	25	25	-
- third parties	69,507	61,597	7,910
Total	**69,532**	**61,622**	**7,910**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Económica (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:

> €38,084 million issued on behalf of Enel Finance International securing bonds issued in European and other international markets;

> €17,455 million issued on behalf of various companies controlled by Enel Green Power for the development of new projects under the business plan;

> €3,397 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;

> €1,407 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;

> €969 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);

> €827 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;

> €751 million issued on behalf of the US company Enel Finance America LLC to secure the commercial paper program in the North American market;

> €646 million issued to Terna on behalf of e-distribuzione, Enel Global Trading, Enel Produzione, Enel Green Power, Enel Energia and Enel X Italia in respect of agreements for electricity transmission services;

> €500 million issued on behalf of Enel Finance International to secure the Euro commercial paper program;

> €336 million issued to Snam Rete Gas on behalf of Enel Global Trading, Enel.si and Enel Produzione 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 Energy Trading 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;

> €34 million issued on behalf of Enel Italia to Excelsia Nove for the performance of obligations under rental contracts;

> €3,519 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries.

Compared with December 31, 2018, 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 14, 2019 Enel Finance International NV, the Group's Dutch-registered finance company, controlled by Enel SpA, placed its third green bond on the European market in the total amount of €1,000 million, intended for institutional investors and backed by a guarantee issued by Enel SpA.

In line with the Group's finance strategy, two "General Purpose SDG Linked Bonds" for institutional investors were placed, one on the US and international markets in the total amount of $1.5 billion, equivalent to about €1.4 billion, and one on the European market for a total of €2.5 billion, with their cost linked to the achievement of the United Nations Sustainable Development Goals (SDG). Both guarantees are by Enel SpA.

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 liabilities and assets

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 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, as well as 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.

With a subsequent ruling, the Court of Appeal of Lecce granted the appeal lodged by the Province of Brindisi against the ruling, acknowledging that a material error had been made and therefore recognizing the generic entitlement of the Province to damages. The defendants filed an appeal against ruling with the Court of Cassation on June 22, 2019.

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, as the court ruled that the offenses could not be dismissed under the statute of limitations. At a hearing on February 24, 2020, the Prosecution's expert witness testified and the proceedings will continue on April 27, 2020.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

On May 11, 2017, the Competition Authority announced the beginning 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 EE 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. With judgments issued on October 17, 2019, the Lazio Regional Administrative Court: (i) partially granted the appeals of EE and SEN concerning the illegitimacy of the determination of the penalty, which it has, as a result, voided, ordering the Competition Authority to recalculate of the sanction on the basis of specific parameters which were defined by the Lazio Regional Administrative Court in the final rulings, with particular regard to the substantial reduction in the period over which the alleged offense was said to have occurred; and (ii) denied Enel's appeal relating only to the parental liability attributed to it as the parent company. The three companies filed an appeal before the Council of State, with EE and SEN, in particular, arguing that the reduction in the period of the alleged abuse referred to in the judgments of the Lazio Regional Administrative Court partially granting the appeals was not appropriate, while Enel argued that its petition should be granted in full. The Competition Authority also filed a cross appeal against the rulings of the Lazio Regional Administrative Court, asking for the restoration of the original ruling.
Pending the preparation and notification of the appeals, on December 6, 2019, the Competition Authority, with its own measure notified on December 13, 2019, recalculated the penalty, reducing it to €27,529,786.46.
SEN, EE and Enel therefore notified the Competition Authority and filed with the Council of State a petition to suspend enforcement of the penalty, even in its restated amount, requesting the suspension of the related payment until the appeal was decided. At the pre-trial hearing, held on February 20, 2020, this petition was not discussed in consideration of the supervening action of the Council of State to set a date for the hearing of the arguments in the dispute and the consequent final decision for May 21, 2020.

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.
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, scheduled for November 13, 2019, was postponed until May 7, 2020.
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

Albania BEG Ambient Shpk had initiated two proceedings requesting execution of the Albanian sentence before the courts of the State of New York and Ireland, which both ruled in favor of Enel SpA and Enelpower SpA, respectively, on February 23 and February 26, 2018. Accordingly, there are no lawsuits pending in Ireland or New York State.

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. The hearing before the Paris Court of Appeal is scheduled for June 9, 2020 and briefs are being exchanged between the parties.

The Netherlands

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 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.
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 continued 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 December 3, 2019, the Amsterdam Court of Appeal issued a ruling in which it quashed the trial court judgment of June 29, 2016, rejecting any claim made by Albania BEG Ambient Shpk. The Court came to this conclusion after affirming its jurisdiction over Albania BEG Ambient Shpk's subordinate claim and re-analyzing the merits of the case under Albanian law. Enel and Enelpower are therefore not liable to pay any amount to Albania BEG Ambient Shpk, which was in fact ordered by the Court of Appeal to reimburse the appellant companies for the losses incurred in illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings. On March 3, 2020, it was learned that Albania BEG Ambient Shpk had filed an appeal with the Dutch Supreme Court.

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 no ruling has been issued.

Violations of Legislative Decree 231/2001

On August 10, 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. On January 16, 2020, the last hearing was held, in which the Milan prosecutor's office argued for the acquittal of the employee of e-distribuzione SpA (and, consequently, of the company pursuant to Legislative Decree 231/2001), which was then confirmed by the acquittal ruling issued by the Court of Milan on January 23, 2020.

39. Future accounting standards

The following provides a list of accounting standards, amendments and interpretations that will take effect for the Group after December 31, 2019:

> "Amendments to References to the Conceptual Framework in IFRS Standards", issued in March 2018. The document sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. These amendments accompany the latest version of the "Revised Conceptual Framework for Financial Reporting", issued in March 2018, which includes some new concepts, provides updated definitions and recognition criteria and clarifies some important concepts. The revised Conceptual Framework and the above amendments will take effect for annual reporting periods beginning on or after January 1, 2020.

> "Amendments to IAS 1 and IAS 8 - Definition of Material", issued in October 2018, to align the definition of "material" across accounting standards and clarify a number of aspects. The new definition of material is 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". The amendments will take effect for annual periods beginning on or after January 1, 2020, with earlier application permitted.

> "Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform", issued in September 2019, which amend provisions concerning hedge accounting and certain additional disclosure requirements during the transition period (i.e. until the determination of an official alternative interest rate benchmark). The reform will impact fair value measurement, the effects of hedge accounting and net financial position when the alternative rates are established.

> "Amendments to IAS 1 - Classification of Liabilities as Current or Non-current", issued in January 2020. The amendments regard the provisions of IAS 1 concerning the presentation of liabilities. More specifically, the changes clarify:
>
> - the criteria to adopt in classifying a liability as current or non-current, specifying that the right of an entity to defer settlement must exist at the end of the reporting period;
> - the classification is unaffected by the intentions or expectations of management about when the entity will exercise its right to defer settlement of a liability;
> - how the terms of a loan affect classification; and
> - that settlement regards the transfer to the counterparty of cash, equity instruments, other assets or services.
>
> The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2022, with earlier application permitted.

The Company is assessing the potential impact of the future application of the new provisions.

40. Events after the reporting date

Corporate reorganization of Italian subsidiaries

On January 1, 2020, Enel's investments in Italian companies were reorganized with the transfer of the business unit denominated "Enel Italia".

In line with the process of simplification and optimization of the Group's corporate structure that has already been completed or is under way in the main countries in which Enel operates, this operation is intended to continue the rationalization of the corporate structure of the Enel Group in Italy, separating the resources dedicated to the management of the various Italian businesses from the global functions and foreign investments. Compared with the current corporate organization chart, Enel SpA will directly control an Italian sub-holding company – with the role to be taken by the current Enel Italia SpA – which in turn will hold all equity investments in Italy.

In particular, Enel has transferred to Enel Italia a business unit consisting of the equity investments in the companies Enel Energia SpA, Servizio Elettrico Nazionale SpA, e-distribuzione

SpA, and, excluding the global business branches transferred in demergers, the equity investments of Enel Produzione SpA and Enel Green Power Italia Srl (a newly formed company that will hold the Italian businesses of the demerged Enel Green Power SpA).

The transferred business unit, with a total value of €12,147 million, also includes staff employees and personnel engaged in providing financial services to the Italian subsidiaries, a portion of the debt due to Enel Finance International NV – needed to give Enel Italia SpA a balanced financial structure – and the contracts, receivables and payables associated with the components of the business unit.

Partial demerger of Enel Green Power SpA into Enel SpA

In accordance with the demerger plan approved by the Extraordinary Shareholders' Meeting of the demerged company on October 3, 2019 and by the Board of Directors of the beneficiary company on October 24, 2019, the partial demerger of Enel Green Power SpA into Enel SpA was completed on January 17, 2020.

The operation envisages the transfer to Enel SpA of (i) the wholly owned equity investments held by Enel Green Power in Enel North America Inc. (until October 8, 2019 called Enel Green Power North America Inc.) and Enel Green Power Development North America LLC, representing the entire share capital of the latter; and (ii) an intercompany loan agreement with Enel Finance International NV.

Since operation involved the demerger of a company wholly owned by the beneficiary company, no exchange ratio has been established and the share capital of the beneficiary company will not be increased.

The demerger will entail a reduction in the shareholders' equity of Enel Green Power in the amount of €1 million, equal to the net book value of the demerged assets at June 30, 2019, and an increase of the same amount in the equity reserves of Enel SpA.

The demerger took legal, accounting and tax effect as from February 1, 2020.

Coronavirus pandemic (COVID-19)

The novel coronavirus (COVID-19) epidemic began in Wuhan, China, and was first reported by national authorities to the World Health Organization on December 30, 2019.

In the early weeks of 2020, despite the considerable concern expressed by international organizations, the epidemic appeared to be limited to certain areas of Southeast Asia and the Middle East, affecting only a number of regions in China, South Korea and Iran.

In the second half of February, the first sporadic full-blown cases of COVID-19 in Italy started a second phase of the epidemic, with a rapid escalation of its spread throughout Europe.

Recently, the World Health Organization confirmed that the health emergency linked to COVID-19 has risen to the level of a pandemic and, just over two months after its initial reporting, the number of cases identified outside China has now exceeded those reported within the country in which the epidemic first occurred. This is due to the growing spread of the virus in Europe, where Italy and Spain have the largest number of infections to date, the rapid rise in the United States, as well as the emergence of the first outbreaks in Latin America and Africa.

To contain the effects of the disease, pending medical trials to develop a vaccine that can be administered to humans, governments have adopted numerous containment measures, essentially aimed at restricting the free movement of people, which may be maintained, or made more stringent, based on the future spread of the virus.

The Group has issued guidelines aimed at ensuring compliance with the measures introduced at the local level and taken numerous steps to adopt the most suitable procedures to prevent and/or mitigate the effects of contagion in the workplace.

In particular, business continuity is being managed thanks above all to:

> the use of smart working for all employees whose jobs can be done remotely in the countries where the Group has its largest presences, an approach introduced some years ago that, thanks to investments in digitalization, allows our people to work remotely at the same level of efficiency and effectiveness;

> the use of digitalized infrastructures that ensure the normal operation of our generation assets, the continuity of electricity service and the remote management of all activities relating to the market and our relationship with customers.

An Enel Global Task Force is also operational at the country level, which is charged with coordinating and directing the actions to be undertaken in the countries where the Group operates, in synergy with the global technological Business Lines.

In compliance with ESMA's recommendations of March 11, 2020, the Group has conducted internal analyzes to assess the real and potential impacts of COVID-19 on business activities, on the financial situation and on performance, which essentially concern the following dimensions:

- forecasting the macroeconomic impacts on the main areas of interest and in the main countries in which the Group operates;
- forecasting electricity and gas prices in energy and other commodity markets;
- forecasting of the impacts on electricity demand in the countries in which the Group operates of the various measures taken at the local level to contain the spread of the disease;
- analyzing possible delays in supplies and tenders, at the single business line supply chain level, that could be caused by the restrictions imposed on economic activity in some countries.

On the basis of the current information available, in a constantly evolving scenario, we are constantly monitoring changes in macroeconomic and business variables in order to obtain the best estimate of the potential impacts on the Group in real time and enable their mitigation with response and contingency plans.

Thanks to the Group’s geographical diversification, its integrated business model all along the value chain, a sound financial structure, as well as the level of digitalization achieved, which enables us guarantee the continuity of our operating activities with the same level of service, there is no evidence that COVID-19 will have a significant impact on the Group.

41. Fees of the Audit Firm pursuant to Article 149-*duodecies* of the CONSOB Issuers Regulation

Fees paid in 2019 by Enel SpA and its subsidiaries at December 31, 2019 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	1.0
	- Entities of EY network	-
Certification services	of which:	
	- EY SpA	1.1
	- Entities of EY network	-
Other services	of which:	
	- EY SpA	-
	- Entities of EY network	-
Total		**2.1**
Enel SpA subsidiaries		
Auditing	of which:	
	- EY SpA	2.8
	- Entities of EY network	10.3
Certification services	of which:	
	- EY SpA	1.5
	- Entities of EY network	2.4
Other services	of which:	
	- EY SpA	-
	- Entities of EY network	0.1
Total		**17.1**
TOTAL		**19.2**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2019, 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 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, 2019 and December 31, 2019.
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, 2019:
   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 accompanying the financial statements of Enel SpA at December 31, 2019 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 19, 2020

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of the financial reports of Enel SpA

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4. 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 2019

(pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

During the year ended December 31, 2019 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 2018 edition of 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 no. 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 2019 (in the section "Significant events in 2019");
- 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 2019 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 CONSOB – described in the report on corporate governance and ownership structure for 2019. All transactions with related parties reported in the notes to the separate 2019 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 separate financial statements for 2019 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 (EC) no. 1606/2002 and in force at the close of 2019, 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 2019 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 financial statements. The notes to the separate financial statements give detailed information on the accounting standards and measurement criteria adopted. With regard to recently issued accounting standards, the notes to the separate financial statements report (i) standards applied for the first time in 2019, which as indicated in the notes did not have a significant impact in the year under review, and (ii) standards that will apply in the future. The separate financial statements for 2019 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 (EU) no. 537/2014. The report of EY SpA also includes:

- a discussion of key aspects of the audit report on the separate 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 2019 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 (EC) no. 1606/2002 and in force at the close of 2019, 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 2019 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) standards applied for the first time in 2019, in particular IFRS 16 Leases, with a specific discussion of the associated impacts on the balance sheet and income statement, and (ii) standards that will apply in the future. The consolidated financial statements for 2019 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 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 (EU) no. 537/2014. 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 no. 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 2019 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 no. 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication no. 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 2020, i.e. prior to the date of approval of the financial statements for 2019;

- we examined the Board of Directors' proposal for the allocation of net income for 2019 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 2020, that as at the date on which the 2019 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 no. 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 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 2019, 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: Global Infrastructure and Networks, Global Power Generation, Global 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, Latin America, North America, and Africa, Asia and Oceania; (iii) Global Service Functions, which are responsible for managing information and communication technology activities (Global Digital Solutions) and procurement at the Group level (Global Procurement); and (iv) Holding Company Functions, which among other things are responsible for managing governance processes at the Group level. They include: Administration,

Finance and Control, Human Resources and Organization, Communications, Legal and Corporate Affairs, Audit and Innovation. 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 also consistent with control requirements;

- during meetings with the boards of 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 (EU) 537/2014) 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 separate 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 (EU) 537/2014, EY SpA today provided the Board of Statutory Auditors with the "additional report" for 2019 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 2019;
- with regard to the activities performed by the Board of Statutory Auditors in 2019 concerning the specific selection process for the engagement to perform the statutory audit of the accounts of Enel SpA for the 2020-2028 period, please see (i) the report referred to in Article 153 of the Consolidated Law on Financial Intermediation, approved by the Board of Statutory Auditors on April 17, 2019,

submitted to the Ordinary Shareholders' Meeting of May 16, 2019, and (ii) the explanatory report on the sixth item of the agenda of that Shareholders' Meeting;

- 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 2019 separate 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 (EC) no. 1606/2002; (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 separate 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 2019 of the Enel Group;
- we monitored the adequacy and effectiveness of the internal control system, primarily through constant participation of the head of the Audit department of the Company in the meetings of the Board of Statutory Auditors and holding most

of the meetings jointly with the Control and Risk Committee, as well as through periodic meetings with the body charged with overseeing the operation of and compliance with the organizational and management model adopted by the Company pursuant to Legislative Decree 231/2001. 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 2020, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in November 2019, that the main risks associated with the strategic targets set out in the 2020-2024 Business Plan were compatible with the management of the Company in a manner consistent with those targets;

- in 2019 we received one complaint concerning events deemed censurable pursuant to Article 2408 of the Italian Civil Code from a shareholder on the occasion of the Shareholders' Meeting of May 16, 2019. More specifically, the complaint regarded the allegedly arbitrary manner with which the Chairman of the Meeting determined the amount of time available to shareholders to request the floor and make their comments, in violation of the Rules of the Shareholders' meeting. 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 shareholder involved of our findings. No petitions were received by the Board of Statutory Auditors during 2019;
- 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 2019. In March 2019 and February 2020, 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 2019.

  With regard to the so-called "self-assessment" of the independence of its members, the Board of Statutory Auditors – in May 2019 and in February 2020 – ascertained that all standing statutory auditors met the relevant requirements set out in the Consolidated Law on Financial Intermediation and in the Corporate Governance Code.

In the final part of 2019 and during the first two months of 2020, the Board of Statutory Auditors, with the support of an independent advisory firm, conducted a board review assessing the size, composition and functioning of the Board of Statutory Auditors, as was done for 2018, 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 for 2019 offer a positive picture of the functioning of Enel's Board of Statutory Auditors, from which it emerges that this body – despite having significantly changed its composition following the appointment of a new Board by the Ordinary Shareholders' Meeting of May 16, 2019 – has adopted effective and efficient operating methods that comply with the reference regulatory framework, as attested by the advisory firm charged with supporting the evaluation process;

During 2019, the Board of Statutory Auditors also participated in an induction program, structured into 4 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 2019;

- 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 2019 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 no. 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, most recently in December 2019) 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 2019. 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 and corporate criminal law. The Board of Statutory Auditors received adequate information on the main activities carried out in 2019 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 2019, the Board of Statutory Auditors issued a favorable opinion (at the meeting of February 5, 2019), concerning the 2019 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 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 2019 for their respective positions and any compensation instruments awarded to them is contained in the Report on Remuneration Policy for 2020 and Remuneration Paid in 2019 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 2, 2020, which will be 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 benchmark analyses, including at the international level, conducted by an independent consulting firm. In addition, the Report on Remuneration Policy for 2020 and Remuneration Paid in 2019 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 2019 by key management personnel (in aggregate form for the latter) and by the members of the oversight body.

The Board of Statutory Auditors also supervised the process of preparing the remuneration policy for 2020, without finding any critical issues. In particular, oversight activity examined the consistency of the various measures envisaged by that policy with the provisions of Directive (EU) 2017/828 (the transposition of which into Italian law had not yet been completed at the date of this Report), with the recommendations of the Corporate Governance Code, as well as with the results of the benchmark analysis carried out, including at the international level, by an independent consulting firm that the Nomination and Compensation Committee elected to engage.

The Board of Statutory Auditors' oversight activity in 2019 was carried out in 17 meetings (12 of which held jointly with the Control and Risk Committee) and with participation in the 14 meetings of the Board of Directors, and, through the chairman or one or more of its members, in the 8 meetings of the Nomination and Compensation Committee, in the only meeting of the Related Parties Committee and in the 8 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.
Finally, the Board of Statutory Auditors notes, as at the date of this Report, the major global health emergency associated with the COVID-19 epidemic. Italian authorities have introduced significant limitations on freedom of movement within the country to contain the contagion, among other things imposing bans on gatherings.
In this context, the Board of Statutory Auditors, in compliance with the above measures to contain the COVID-19 epidemic, has held its meetings – beginning with the meeting of February 26, 2020 – exclusively with the use of audio/video conference systems by all participants, nevertheless ensuring their identification and the exchange of documentation, in accordance with the provisions of Article 25.4 of the Bylaws.
The Board of Statutory Auditors also notes that, as permitted under Article 106, paragraph 4, of Decree Law 18 of March 17, 2020, the Company's Board of Directors has called the ordinary Shareholders' Meeting for May 14, 2020 in a single call, establishing that it will be conducted in a manner that enables shareholders to participate exclusively through the shareholders' representative designated by the Company, to whom shareholders may also confer proxies or sub-proxies pursuant to Article 135-novies of the Consolidated Law on Financial Intermediation, also in derogation from the provisions of Article 135-undecies, paragraph 4, of the same Consolidated Law. The Board of Statutory Auditors will ensure that the rights of the Shareholders can be exercised on the occasion of the aforementioned Shareholders' Meeting, within the limits permitted by the special procedures envisaged for holding the Meeting.
In the coming months, the Board of Statutory Auditors will carry out its oversight activity, in close coordination with the Board of Directors, to evaluate the impact of the COVID-19 epidemic on the performance and financial situation of the Company and the Enel Group.

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, 2019 in conformity with the proposals of the Board of Directors.

Rome, April 8, 2020

The Board of Statutory Auditors

Barbara Tadolini - Chairman

Romina Guglielmetti - Auditor

Claudio Sottoriva - Auditor

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ENEL SPA CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR 2019

(pursuant to Article 153 of Legislative Decree 58/1998)

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ADDENDUM OF APRIL 30, 2020

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Dear Shareholders,

With regard to the content of the Report indicated above (in the text approved by the Board of Statutory Auditors on April 8, 2020) concerning the Board's supervision of the process of preparing the remuneration policy for 2020 (the "Remuneration Policy"), we inform you that we attended the meeting of the Nomination and Compensation Committee of Enel SpA held on April 28 and 29, 2020 and at the subsequent meeting of the Board of Directors held on April 29, 2020 in which certain elements of the policy were reviewed.

More specifically, at the meeting of April 29, 2020 the Board of Directors, acting on a proposal of the Nomination and Compensation Committee, decided to modify a number of aspects of the Remuneration Policy, enhancing, in particular, certain sustainability objectives to which the short-term variable component of the remuneration of the Chief Executive Officer/General Manager of Enel SpA and the long-term variable component of the remuneration of the top management of the Enel Group are linked.

The Board also verified that these amendments, which involved documents already published in view of the Ordinary Shareholders' Meeting convened on May 14, 2020 in a single call, were disclosed to investors by means of a press release published promptly by the Company.

Rome, April 30, 2020

The Board of Statutory Auditors

Barbara Tadolini - Chair

Romina Guglielmetti - Statutory Auditor

Claudio Sottoriva - Statutory Auditor

Report of the Audit Firm

Enel S.p.A.

Financial statements as at December 31, 2019

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, 2019, and the statement of income, the statement of comprehensive income, the statement of changes in shareholders' equity and 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, 2019, 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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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of equity investments	
The financial statements as of December 31, 2019 include within non-current assets equity investments for Euro 47.858 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 2020-2024 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.c. "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 2020-2024 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 2020-2024; • 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. 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 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, 2019, 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, 2019 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, 2019 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.

Rome, April 8, 2020

EY S.p.A.
Signed by: Massimo Antonelli, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Summary of the resolutions of the Ordinary Shareholders' Meeting

Summary of the resolutions of the Ordinary Shareholders' Meeting of May 14, 2020

The Ordinary Shareholders' Meeting of Enel SpA held in single call on May 14, 2020, in Rome, Via Ombrone no. 2, adopted the following resolutions:

1. approved the financial statements of Enel SpA for the year ended December 31, 2019, having acknowledged the results of the consolidated financial statements of the Enel Group, which closed with Group's net income of €2,174 million, together with the consolidated non-financial statement, both referred to the financial year 2019;

2. resolved:
   (i) to allocate Enel SpA's net income for the year 2019, amounting to €4,791,594,028.56, as follows:
      a) to earmark for distribution to the Shareholders:
         > €0.16 for each of the 10,165,130,794 ordinary shares in circulation on the ex-dividend date (considering the 1,549,152 treasury shares held by the Company at the "record date" indicated under this specific bullet point), to cover the interim dividend paid from January 22, 2020, with the ex-dividend date of coupon no. 31 falling on January 20, 2020 and the "record date" (i.e. the date of the title to the payment of the dividend) falling on January 21, 2020, for an overall amount of €1,626,420,927.04;
         > €0.168 for each of the 10,166,679,946 ordinary shares in circulation on July 20, 2020 (i.e. on the ex-dividend date), net of the treasury shares that will be held by Enel SpA at the "record date" indicated under point (ii) below, as the balance of the dividend, for an overall maximum amount of €1,708,002,230.93;
      b) to earmark for the reserve named "retained earnings" the remaining part of the net income, for an overall minimum amount of €1,457,170,870.59, which might increase consistently with the balance of the dividend not paid due to the number of treasury shares that will be held by Enel SpA at the "record date" indicated under point (ii) below;
   (ii) to pay, before withholding tax, if any, the balance of the dividend of €0.168 per ordinary share – net of the treasury shares that will be held by Enel SpA at the "record date" indicated here below – as from July 22, 2020, with the ex-dividend date of coupon no. 32 falling on July 20, 2020 and the "record date" (i.e. the date of the title to the payment of the dividend) falling on July 21, 2020;

3. resolved:
   (i) to revoke the resolution concerning the authorization for the acquisition and the disposal of treasury shares approved by the Shareholders' Meeting held on May 16, 2019;
   (ii) to authorize the Board of Directors to purchase, 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 treasury 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 treasury shares held by the Company and, if applicable, by its subsidiaries do not exceed the limit set by the above-mentioned authorization to the purchase;

4. appointed the new Board of Directors, which will remain in office until the approval of the 2022 financial statements, in the persons of:
   - Michele Alberto Fabiano Crisostomo - Chair;
   - Cesare Calari - Director;
   - Costanza Esclapon de Villeneuve - Director;
   - Samuel Georg Friedrich Leupold - Director;
   - Alberto Marchi - Director;
   - Mariana Mazzucato - Director;
   - Mirella Pellegrini - Director;
   - Francesco Starace - Director;
   - Anna Chiara Svelto - Director;

   confirming in €80,000 gross per year the remuneration for each member of the Board of Directors, in addition to the reimbursement of the expenses incurred in relation to their office, upon presentation of the related supporting documentation;

5. approved the Long-Term Incentive Plan for 2020 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 no. 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;

6. with reference to the "Report on the remuneration policy for 2020 and compensations paid in 2019" of Enel SpA, with two separate and distinct ballot, approved:

   - with a binding resolution, the first section of the aforementioned Report, drawn up by the Company's Board of Directors pursuant to Article 123-*ter*, paragraph 3, of Legislative Decree 58 of February 24, 1998 containing the description of the Company's policy on the remuneration of the members of the Board of Directors, the General Manager, the executives with strategic responsibilities and the members of the Board of Statutory Auditors related to the financial year 2020, as well as the procedures used for the adoption and implementation of such policy;
   - with a non-binding resolution, the second section of the aforementioned Report, drawn up by the Company's Board of Directors pursuant to Article 123-*ter*, paragraph 4, of Legislative Decree 58 of February 24, 1998, containing the description of the remuneration paid to the members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and the executives with strategic responsibilities (for the latter, in aggregate form) during the financial year 2019 or related to the latter.

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