Interim Financial Report at March 31, 2019

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Contents

Enel is Open Power

Innovation

Responsibility

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
- Get results by aiming for excellence
- Quickly shift priorities if the context changes
- Adopt and promote safe behavior and move proactively 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


VALUES
VISION
Open Power to solve the greatest challenges facing our world
Trust
Proactivity
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

Foreword

The Interim Financial Report at March 31, 2019 has been prepared in compliance with Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998, with the clarification indicated in the following section, and in conformity with the recognition and measurement criteria set out in the international accounting standards (*International Accounting Standards* - IAS and *International Financial Reporting Standards* - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period. With effect from January 1, 2019, the new accounting standard IFRS 16 took effect. It sets out the principles to be adopted in the recognition, measurement and presentation in the financial statements of leases, as well as the associated disclosures to be provided. It establishes that lessees shall account for all leases with a single method similar to that used for finance leases under IAS 17. For a more thorough discussion of the accounting policies and measurement criteria, please refer to the notes to the condensed consolidated quarterly financial statements.

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

Definition of performance indicators

In order to facilitate the assessment of the Group's performance and financial position, for this Interim Financial Report at March 31, 2019, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU it has adopted. These reclassified schedules contain different performance indicators from those obtained directly from the condensed consolidated quarterly financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of the Group's business.

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

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

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

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

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

Group ordinary net income: this is defined as "Group net income" generated by Enel's core business and is equal to "Group net income" less all items connected with the extraordinary items referred to in the comments on "Ordinary gross operating margin", significant impairment losses or writebacks on assets (including equity investments and financial assets) recognized following impairment testing and any associated tax effects or non-controlling interests.

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

- "Deferred tax assets";
- "Securities" and "Other financial receivables" included in "Other non-current financial assets";
- "Long-term borrowings";
- "Employee benefits";
- "Provisions for risks and charges (non-current portion)";
- "Deferred tax liabilities".

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

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

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

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

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

- "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", taking account of "Short-term financial payables" included in "Other current liabilities";
- net of "Cash and cash equivalents";
- net of the "Current portion of long-term financial receivables", "Factoring receivables", "Cash collateral" and "Other financial receivables" included in "Other current financial assets";
- net of "Securities" and "Other financial receivables" included in "Other non-current financial assets".

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

Enel organizational model

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

- *Business Lines* (Global Thermal Generation, Global Trading, Global Infrastructure and Networks, Enel Green Power, Enel X), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Business Lines are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group will benefit from a centralized industrial vision of projects in the various Business Lines. Each project will be assessed not only on the basis of its financial return but also in relation to the best technologies available at the Group level;
- *Regions and Countries* (Italy, Iberia, South America, Europe and Euro-Mediterranean Affairs, North and Central America, Africa, Asia and Oceania), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Business Lines.

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

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

End-to-end management of business

Best practice implementation

Efficiency in capex and opex

Capital allocation

EBITDA

Clients

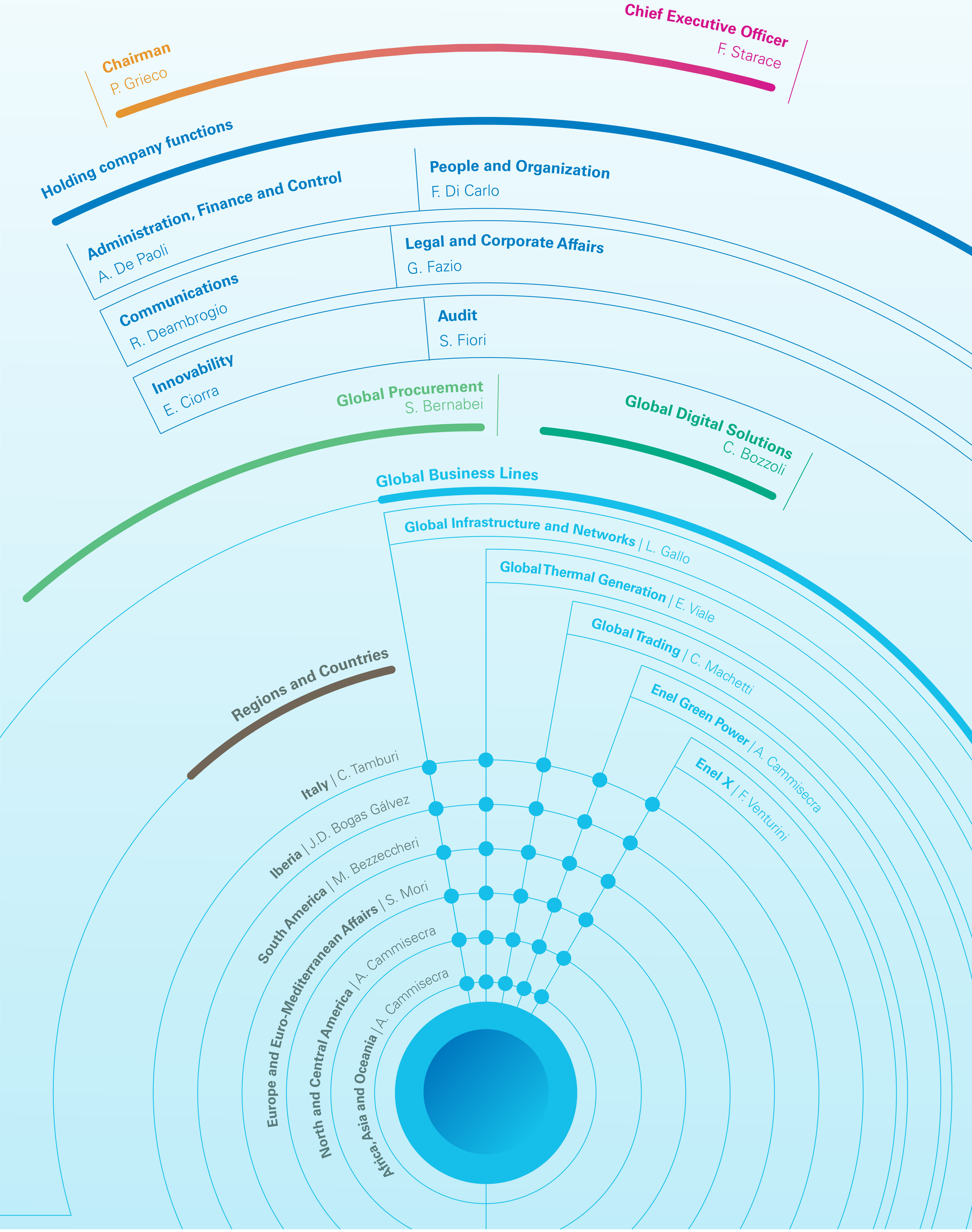
Local stakeholders

Regulatory affairs

Revenue

Cash flows

EBITDA


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

Summary of results

Performance and financial position

Millions of euro	1st Quarter	
	2019	2018
Revenue	20,891	18,946
Gross operating margin	4,548	4,037
Operating income	2,981	2,538
Net income attributable to the shareholders of the Parent Company and non-controlling interests	1,650	1,528
Net income attributable to the shareholders of the Parent Company	1,256	1,169
Group net income per share in circulation at period-end (euro)	0.12	0.11
Net capital employed	95,208	88,941 (1)
Net financial debt	45,093	41,089 (1)
Shareholders' equity (including non-controlling interests)	50,115	47,852 (1)
Group shareholders' equity per share in circulation at period-end (euro)	3.31	3.12 (1)
Cash flows from operating activities	2,378	1,898
Capital expenditure on property, plant and equipment and intangible assets	1,871 (2)	1,229

(1) At December 31, 2018.
(2) Does not include €1 million regarding units classified as "held for sale" at March 31, 2019 (€150 million at March 31, 2018).

Revenue in the first three months of 2019 amounted to €20,891 million, an increase of €1,945 million (+10.3%) compared with the same period of 2018. The increase mainly reflects the effects of the inclusion in the scope of consolidation of Enel Distribuição São Paulo in June 2018 (€801 million), an increase in revenue from electricity trading and the sale of fuels, largely due to an increase in volumes traded by Enel Global Trading, and an increase in revenue on the free electricity market, primarily attributable to the increase in customers acquired in the 1st Quarter in Italy, Chile and Romania. Those factors were partly offset by adverse exchange rate developments in South America (€267 million), especially in Argentina. Finally, revenue in the 1st Quarter of 2019 includes other income from:

- the gain on the disposal of Mercure Srl, a vehicle company to which Enel Produzione had previously transferred the Valle del Mercure biomass plant (+€108 million);
- the negative goodwill (of €106 million) from the provisional allocation of the purchase price, performed by independent experts, following the acquisition of a number of companies sold by Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP"), which in the 1st Quarter of 2019 were repurchased by Enel Green Power North America;
- the reimbursement envisaged for the exercise of the right of withdrawal by a major industrial customer from a contract for the supply of electricity by Enel Generación Chile (€160 million).

Revenue in the 1st Quarter of 2018 included the income of €128 million from the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the earn-out connected with the disposal of the interest in Enel Rete Gas.

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	10,804	10,109	695	6.9%
Iberia	5,045	5,092	(47)	-0.9%
South America	4,255	3,086	1,169	37.9%
Europe and Euro-Mediterranean Affairs	638	602	36	6.0%
North and Central America	359	234	125	53.4%
Africa, Asia and Oceania	38	24	14	58.3%
Other, eliminations and adjustments	(248)	(201)	(47)	-23.4%
Total	**20,891**	**18,946**	**1,945**	**10.3%**

The **gross operating margin** for the 1st Quarter of 2019 amounted to €4,548 million, an increase of €511 million (+12.7%) compared with the same period of 2018. The improvement is attributable to distribution in Brazil (partly due to the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo in June 2018), to Enel Green Power in North America (due to the effect of the negative goodwill posted on the acquisition of seven operating plants by EGPNA REP), and to the Thermal Generation and Trading Business Line in Italy (primarily owing to the disposal of the Valle del Mercure biomass plant), and in Chile in reflection of the income from reimbursement received from a major industrial customer for the exercise of the right of withdrawal from a contract for the supply of electricity with Enel Generación Chile. In the 1st Quarter of 2019, the gross operating margin was also boosted by the impact of the application of IFRS 16 in terms of the reduction in costs for lease payments in the amount of €61 million, as they are now incorporated in the value of rights of use under leased property, plant and equipment. These increases were only partly offset by the reduction in the margin attributable to adverse exchange rate developments, especially in South America (€53 million).

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	2,016	1,943	73	3.8%
Iberia	908	859	49	5.7%
South America	1,321	1,012	309	30.5%
Europe and Euro-Mediterranean Affairs	106	126	(20)	-15.9%
North and Central America	240	121	119	98.3%
Africa, Asia and Oceania	16	13	3	23.1%
Other	(59)	(37)	(22)	-59.5%
Total	**4,548**	**4,037**	**511**	**12.7%**

The **ordinary gross operating margin** amounted to €4,454 million, an increase of €545 million on the first three months of 2018 (+13.9%). In the first three months of 2019, the component regarding extraordinary transactions included the gain on the disposal of the Valle del Mercure biomass plant (€94 million net of charges for the contractually-required reclamation of the industrial site), while in the same period of 2018 the only extraordinary item regarded the earn-out of €128 million related to the sale of the interest in Enel Rete Gas.

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	1,922	1,815	107	5.9%
Iberia	908	859	49	5.7%
South America	1,321	1,012	309	30.5%
Europe and Euro-Mediterranean Affairs	106	126	(20)	-15.9%
North and Central America	240	121	119	98.3%
Africa, Asia and Oceania	16	13	3	23.1%
Other	(59)	(37)	(22)	-59.5%
Total	**4,454**	**3,909**	**545**	**13.9%**

Operating income in the 1st Quarter of 2019 amounted to €2,981 million, an increase of €443 million (+17.5%) compared with the same period of 2018, which, in addition to the impacts noted in the comments on the gross operating margin, take account of an increase of €68 million in depreciation, amortization and impairment losses, which also include the depreciation of rights of use in respect of leased assets (€56 million), which as from January 1, 2019 are recognized as leased property, plant and equipment and depreciated over the term of the lease, in application of IFRS 16.

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	1,463	1,308	155	11.9%
Iberia	448	434	14	3.2%
South America	916	708	208	29.4%
Europe and Euro-Mediterranean Affairs	54	73	(19)	-26.0%
North and Central America	160	59	101	-
Africa, Asia and Oceania	6	-	6	-
Other	(66)	(44)	(22)	-50.0%
Total	**2,981**	**2,538**	**443**	**17.5%**

Ordinary operating income, which excludes the same items excluded from the ordinary gross operating margin, amounted to €2,887 million, an increase of €477 million (+19.8%) on the same period of 2018.

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	1,369	1,180	189	16.0%
Iberia	448	434	14	3.2%
South America	916	708	208	29.4%
Europe and Euro-Mediterranean Affairs	54	73	(19)	-26.0%
North and Central America	160	59	101	-
Africa, Asia and Oceania	6	-	6	-
Other	(66)	(44)	(22)	-50.0%
Total	**2,887**	**2,410**	**477**	**19.8%**

Group net income in the 1st Quarter of 2019 amounted to €1,256 million, an increase of €87 million (+7.4%) compared with the same period of 2018. The increase in operating income was partly offset by an increase in net financial expense connected with interest expense on a greater volume of bonds outstanding and the application of IFRS 16, and an increase in expense from unwinding the discount on provisions for risks and charges, notably those connected with employee benefits in Spain and Brazil, as well as a decline in income from equity investments accounted for using the equity method as a result of the effects of the repurchase of a number of companies of EGPNA REP and the increase in taxation. The latter essentially reflects the recognition in 2018 of deferred tax assets on the prior-year tax losses of 3Sun. That effect for the previous year was partly offset by the positive impact recognized in the 1st Quarter of 2019 of the election to adopt the preferential "*revalúo impositivo*" mechanism (€40 million) by the generation companies Enel Generación Costanera and Central Dock Sud in Argentina. Under that mechanism, following payment of a reduced-rate tax in lieu of ordinary taxation, participants benefit from the increased deductibility of depreciation in subsequent years on assets revalued for tax purposes, for which deferred tax assets were therefore recognized.

Group ordinary net income for the first three months of 2019 amounted to €1,159 million (€1,041 million in the first three months of 2018), an increase of €118 million compared with the same period of 2018 (+11.3%).The following table provides a reconciliation of Group net income and Group ordinary net income in the 1st Quarter of 2019, reporting the extraordinary items and their respective impacts on net income, excluding the associated tax effects and non-controlling interests.

Millions of euro	1st Quarter			
	2019	2018	Change	
Group net income	**1,256**	**1,169**	**87**	**7.4%**
Disposal of e-distribuzione interest in Enel Rete Gas	-	(128)	128	-
Disposal of Enel Produzione interest in Mercure	(97)	-	(97)	-
Group ordinary net income (1)	**1,159**	**1,041**	**118**	**11.3%**

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

Net financial debt at March 31, 2019 amounted to €45,093 million, an increase of €4,004 million on December 31, 2018. At March 31, 2019, the debt/equity ratio was 0.90 (0.86 at December 31, 2018). That increase mainly reflected the following factors:

- the first-time application of IFRS 16, which gave rise to financial debt of €1,356 million;
- the acquisition of EGPNA REP, which involved the consolidation of the debt of the companies acquired in the amount of €647 million as well as the outlay for the companies of €225 million;
- investment for the period of €1,871 million;
- exchange rate losses of €660 million;
- the payment of total dividends of €1,757 million.

The increase in borrowing was partly offset by operating cash flows of €2.4 billion.

Capital expenditure amounted to €1,871 million in the 1st Quarter of 2019, an increase of 52.2% compared with the same period of 2018, essentially reflecting an increase in investment in distribution grids in Italy, Spain and Brazil, in South America for Enel Green Power as well as greater spending on wind and solar plants in Spain and photovoltaic plants in South Africa, India and Zambia.

Millions of euro	1st Quarter			
	2019	2018	Change	
Italy	555	408	147	36.0%
Iberia	375	181	194	-
South America	439 (1)	321	118	36.8%
Europe and Euro-Mediterranean Affairs	104	36 (2)	68	-
North and Central America	294	262 (3)	32	12.2%
Africa, Asia and Oceania	81	1	80	-
Other, eliminations and adjustments	23	20	3	15.0%
Total	**1,871**	**1,229**	**642**	**52.2%**

(1) Does not include €1 million regarding units classified as "held for sale".
(2) Does not include €14 million regarding units classified as "held for sale".
(3) Does not include €136 million regarding units classified as "held for sale".

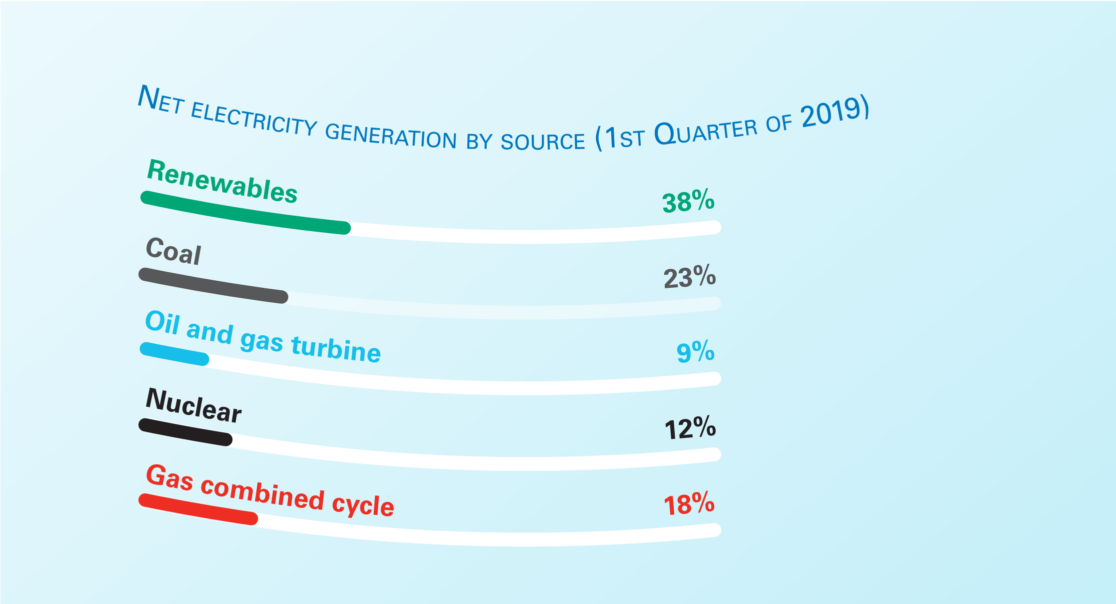
Operations

	1st Quarter					
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2019			2018	
Net electricity generated by Enel (TWh)	11.0	48.1	**59.1**	13.1	49.1	**62.2**
Electricity transported on the Enel distribution network (TWh) (1)	57.3	70.0	**127.3**	57.2	58.9	**116.1**
Electricity sold by Enel (TWh)	26.1	51.0	**77.1**	27.2	45.1	**72.3**
Gas sales to end users (billions of m^3)	2.2	1.8	**4.0**	2.2	1.9	**4.1**
Employees at period-end (no.) (2)	30,129	38,778	**68,907**	30,285	38,987	**69,272**

(1) The figure for the 1st Quarter of 2018 reflects a more accurate calculation of quantities transported.
(2) Comparative figures at December 31, 2018.

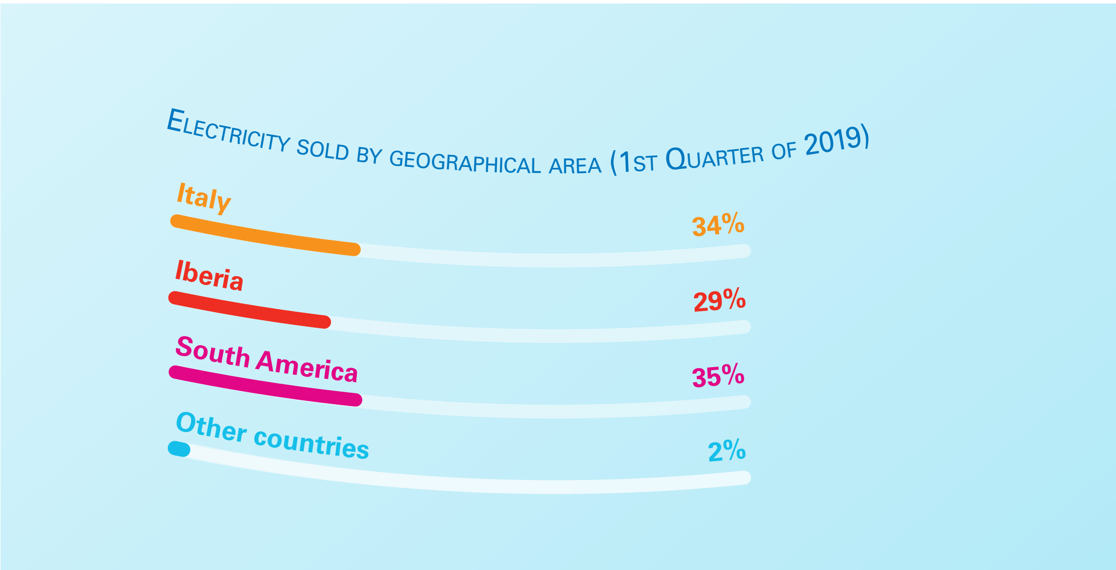
Net electricity generated by Enel in the 1st Quarter of 2019 totaled 59.1 TWh, down 5.0% compared with the same period of 2018. The change reflects the reduction in amounts generated in Italy (-2.1 TWh), mainly attributable to the decline in coal-fired generation and renewables (especially hydroelectric), only partly offset by an increase in gas generation.

Amounts generated abroad also declined by 2.0% compared with the 1st Quarter of 2018. More specifically, the decrease in conventional thermal generation in Iberia and Russia was only partly offset by an increase in volumes generated in South America.



Electricity transported on the Enel distribution network in the 1st Quarter of 2019 amounted to 127.3 TWh, an increase of 11.2 TWh (+9.6%), largely reflecting the acquisition of Enel Distribuição São Paulo in June 2018.

Electricity sold by Enel in the 1st Quarter of 2019 came to 77.1 TWh, an increase of 4.8 TWh (+6.6%), reflecting the increase in sales abroad. Specifically, the increase in sales in South America (+8.0 TWh) was only partly offset by a decline in sales in Spain (-1.2 TWh) and Romania (-0.9 TWh). In Italy, sales decreased by 1.1 TWh.



Gas sales in the 1st Quarter of 2019 amounted to 4.0 billion cubic meters, down 0.1 billion cubic meters on the same period of the previous year.

At March 31, 2019, Enel Group **employees** numbered 68,907, of whom 56% employed in Group companies located in countries other than Italy. The change for the quarter (-365) is attributable to the net negative balance of new hires and terminations (-476) and the change in the scope of consolidation (+111), which included the acquisition of Tradewind in the United States and the disposal of the Mercure Srl plant in Italy.

No.

	at Mar. 31, 2019	at Dec. 31, 2018
Italy	27,947	28,134
Iberia	9,824	9,763
South America	20,499	20,858
Europe and Euro-Mediterranean Affairs	5,876	5,684
North and Central America	1,880	2,232
Africa, Asia and Oceania	495	241
Other	2,386	2,360
Total	**68,907**	**69,272**

Group performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	20,891	18,946	1,945	10.3%
Costs	16,430	14,945	1,485	9.9%
Net income/(expense) from commodity contracts measured at fair value	87	36	51	-
Gross operating margin	**4,548**	**4,037**	**511**	**12.7%**
Depreciation, amortization and impairment losses	1,567	1,499	68	4.5%
Operating income	**2,981**	**2,538**	**443**	**17.5%**
Financial income	1,380	1,045	335	32.1%
Financial expense	2,027	1,611	416	25.8%
Total net financial income/(expense)	**(647)**	**(566)**	**(81)**	**-14.3%**
Share of income/(losses) of equity investments accounted for using the equity method	**(63)**	**37**	**(100)**	**-**
Income before taxes	**2,271**	**2,009**	**262**	**13.0%**
Income taxes	621	481	140	29.1%
Net income from continuing operations	**1,650**	**1,528**	**122**	**8.0%**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**1,650**	**1,528**	**122**	**8.0%**
Net income attributable to shareholders of Parent Company	1,256	1,169	87	7.4%
Net income attributable to non-controlling interests	394	359	35	9.7%

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
Sales of electricity	11,560	10,241	1,319	12.9%
Transport of electricity	2,572	2,482	90	3.6%
Fees from network operators	228	242	(14)	-5.8%
Transfers from institutional market operators	354	379	(25)	-6.6%
Sales of gas	1,686	1,641	45	2.7%
Transport of gas	267	260	7	2.7%
Sales of fuels	2,746	2,533	213	8.4%
Gains on disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	215	1	214	-
Other revenue and income	1,263	1,167	96	8.2%
Total	**20,891**	**18,946**	**1,945**	**10.3%**

In the 1st Quarter of 2019, revenue from the **sales of electricity** amounted to €11,560 million, an increase of €1,319 million compared with the same period of 2018 (+12.9%). The increase essentially reflects the following factors:

- an increase of €558 million in revenue from the sale of electricity on the regulated market, especially in Brazil owing to the inclusion of Enel Distribuição São Paulo in the scope of consolidation;
- an increase of €332 million in revenue from the sale of electricity to end users on the free market, mainly reflecting the increase in quantities sold in Italy in business-to-business transactions and in Chile and Romania due to the sharp increase in the number of customers as a result of effective commercial efforts;
- an increase of €130 million in revenue from wholesale electricity sales, largely due to the increase in prices charged on sales in Argentina under bilateral contracts and those applied on local electricity exchanges, especially in Spain;
- an increase of €299 million in revenue from electricity trading, essentially due to an increase in volumes handled in an environment of rising prices on international markets.

Revenue from the **transport of electricity** amounted to €2,572 million in the 1st Quarter of 2019, an increase of €90 million, mainly attributable to the increase in revenue in Italy and in South America, mainly due to the change in the scope of consolidation.

Revenue from **transfers from institutional market operators** totaled €354 million in the 1st Quarter of 2019, down €25 million on the 1st Quarter of 2018, essentially in Italy in the generation business.

Revenue from the **sales of gas** in the 1st Quarter of 2019 amounted to €1,686 million, an increase of €45 million (+2.7%) compared with the same period of the previous year, reflecting an increase in the average price of gas.

Revenue from the **transport of gas** in the 1st Quarter of 2019 amounted to €267 million, an increase of €7 million (+2.7%), mirroring developments in sales of that commodity.

Revenue from the **sales of fuels** in the 1st Quarter of 2019 amounted to €2,746 million (€2,533 million in the year-earlier period), an increase of €213 million compared with the same period of 2018 (+8.4%). The change mainly reflected an increase in volumes traded by Enel Global Trading at rising average prices.

Revenue from **gains on disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale** in the 1st Quarter of 2019 came to €215 million (€1 million the previous year), an increase of €214 million compared with the same period of 2018. The rise mainly reflects:

- the disposal, on March 1, 2019, of the interest in the subsidiary Mercure Srl, which owns the Valle del Mercure biomass plant (108 million) located on the border between Basilicata and Calabria;

→ the positive impact (for negative goodwill totaling €106 million) of the repurchase of non-controlling stakes already held in a number of EGPNA REP companies.

Other revenue and income in the 1st Quarter of 2019 totaled €1,263 million (€1,167 million a year earlier), an increase of €96 million compared with the same period of 2018 (+8.2%). The rise is mainly attributable to penalties received by Enel Generación Chile in the amount of €160 million in connection with the exercise by a major industrial customer of the right for early withdrawal from a long-term contract for the supply of electricity and to an increase in changes for construction contracts of Enel Distribuição São Paulo, which was acquired with effect from June 6, 2018. This increase was partly offset by the effect of the income of €128 million recognized in the 1st Quarter of 2018 in respect of the indemnity received by e-distribuzione in connection with the sale of the interest in Enel Rete Gas.

Costs

Millions of euro	1st Quarter			
	2019	2018	Change	
Electricity purchases	5,519	4,377	1,142	26.1%
Consumption of fuel for electricity generation	1,130	1,111	19	1.7%
Fuel for trading and gas for sale to end users	3,928	3,619	309	8.5%
Materials	342	326	16	4.9%
Personnel	1,174	1,091	83	7.6%
Services, leases and rentals	4,107	4,005	102	2.5%
Other operating expenses	704	800	(96)	-12.0%
Capitalized costs	(474)	(384)	(90)	-23.4%
Total	**16,430**	**14,945**	**1,485**	**9.9%**

Costs for **electricity purchases** in the 1st Quarter of 2019 increased by €1,142 million on the same period of 2018, a rise of 26.1%. This primarily reflected an increase of €646 million in costs for purchases on electricity exchanges, notably in generation in Italy and the distribution companies in Brazil, reflecting in part the change in the scope of consolidation due to the acquisition of Enel Distribuição São Paulo in 2018.
This factor was partly offset by a decline in purchases under bilateral contracts, mainly on the part of Enel Global Trading.

Costs for the **consumption of fuel for electricity generation** for the 1st Quarter of 2019 amounted to €1,130 million, an increase of €19 million (+1.7%) on the previous year. The increase was mainly attributable to the rise in the unit cost of fuels, especially in Russia.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €3,928 million in the 1st Quarter of 2019, an increase of €309 million on 2018. The change mainly reflects an increase in average costs for the purchase of gas for sale to end users, only partly offset by a decrease in costs for the purchase of gas for trading.

Costs for **materials** in the 1st Quarter of 2019 amounted to €342 million, an increase of €16 million on the 1st Quarter of 2018, essentially due to an increase in costs for the purchase of environmental certificates.

Personnel costs in the 1st Quarter of 2019 totaled €1,174 million, an increase of 7.6% compared with the same period of 2018. The change largely reflected:

→ an increase in costs connected with the change in the scope of consolidation, largely attributable to the acquisition of Enel Distribuição São Paulo (€57 million) in June 2018;

→ an increase in costs for early retirement incentives (€32 million) in Spain.

The Enel Group workforce at March 31, 2019 numbered 66,907, of whom 38,778 abroad. The Group workforce decreased by 365 in the 1st Quarter of 2019, reflecting the negative impact of the balance between new hires and terminations in the period (-476), attributable in particular to termination incentive programs in Italy and Brazil. The change in the scope of consolidation in the period regards the acquisition of Tradewind in the United States and the disposal of the Mercure plant in Italy.

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

Balance at December 31, 2018	**69,272**
Hirings	798
Terminations	(1,274)
Change in scope of consolidation	111
Balance at March 31, 2019	**68,907**

Costs for **services, leases and rentals** in the 1st Quarter of 2019 amounted to €4,107 million, an increase of €102 million on the 1st Quarter of 2018, mainly due to an increase in costs connected with the ancillary activities of the Enel X Business Line, especially in Brazil and the United States, as well as construction activities in Mexico in connection with renewables plants sold last year, as well as the effects of the change in the scope of consolidation resulting from the acquisition of Enel Distribuição São Paulo. That increase was partly offset by a reduction of €61 million in costs for leases and rentals following the application of IFRS 16.

Other operating expenses in the 1st Quarter of 2019 amounted to €704 million, a decrease of €96 million on the 1st Quarter of 2018, notably in Spain as a result of a decrease in taxes associated with electricity generation and a reduction in costs for rate subsidies for customers in financial distress (*Bono Social*).

In the 1st Quarter of 2019, **capitalized costs** amounted to €474 million, an increase of €90 million on the 1st Quarter of 2018, reflecting in particular an increase in capitalized costs in Italy, Zambia and South America.

Net income/(expense) from commodity contracts measured at fair value in the 1st Quarter of 2019 showed net income of €87 million (net income of €36 million in the same period of 2018). More specifically, net income in the 1st Quarter of 2019 reflected the fair value measurement of derivatives positions open at the end of the period totaling €37 million (net income of €29 million in the 1st Quarter of 2018) and net income from settled contracts of €50 million (net income of €7 million in 2018).

Depreciation, amortization and impairment losses in the first three months of 2019 totaled €1,567 million, an increase of €68 million. The rise was attributable in particular to the application of IFRS 16 (€56 million), namely the depreciation charge for rights of use over leased property, which as from January 1, 2019 are recognized as leased property, plant and equipment and depreciated over the term of the leases.

Operating income in the 1st Quarter of 2019 amounted to €2,981 million, an increase of €443 million.

Net financial expense amounted to €647 million in the 1st Quarter of 2019, an increase of €81 million compared with the same period of 2018.

The decline essentially reflected:

- an increase in net exchange rate losses of €495 million, partly offset by an increase of €478 million in net income on financial derivatives (hedging interest rates and exchange rates);
- an increase in net interest expense of €27 million, mainly reflecting an increase in interest on bonds, especially those of Enel Finance International and the companies in South America;
- an increase in financial expense connected with unwinding the discount on provisions for risks and charges of €28 million. That change mainly reflected an increase in charges from the discounting of the provision for termination benefits (€15 million), essentially in the Spanish companies, and an increase in charges for discounting of provisions for other risks and charges (€10 million), largely in respect of Enel Distribuição São Paulo;
- an increase in charges for unwinding the discount on employee benefit liabilities in the amount of €19 million, mainly in respect of Enel Distribuição São Paulo.

These effects were partly offset by the recognition of net financial income of €24 million as a result of the application of IAS 29, governing financial reporting in hyperinflationary economies, in the Argentine companies.

The **share of income/(losses) of equity investments accounted for using the equity method** in the 1st Quarter of 2019 showed net losses of €63 million, a deterioration of €100 million compared with the same period of the previous year, mainly due to the effects of the repurchase of a number of companies from EGPNA REP.

Income taxes for the first three months of 2019 amounted to €621 million, equal to 27.3% of taxable income, an increase of €140 million compared with the same period of the previous year. The increase in tax liabilities for the 1st Quarter of 2019 compared with the same period of 2018 essentially reflects the recognition in the 1st Quarter of 2018 of prepaid taxes of €86 million in respect of prior-year losses of 3Sun since the associated deferred tax assets are expected to be recovered through the merger with EGP SpA. This factor was only partly offset by a decrease in taxes (€40 million) recognized by the generation companies Enel Generación Costanera and Central Dock Sud in Argentina in the 1st Quarter of 2019 following their election to participate in the preferential "*revalúo impositivo*" mechanism. This mechanism involves the monetary revaluation for tax purposes of certain tangible assets that give entitlement, subject to payment of a tax in lieu, to benefit from an increase in the deductibility of depreciation and, therefore, to recognize the associated deferred tax assets.

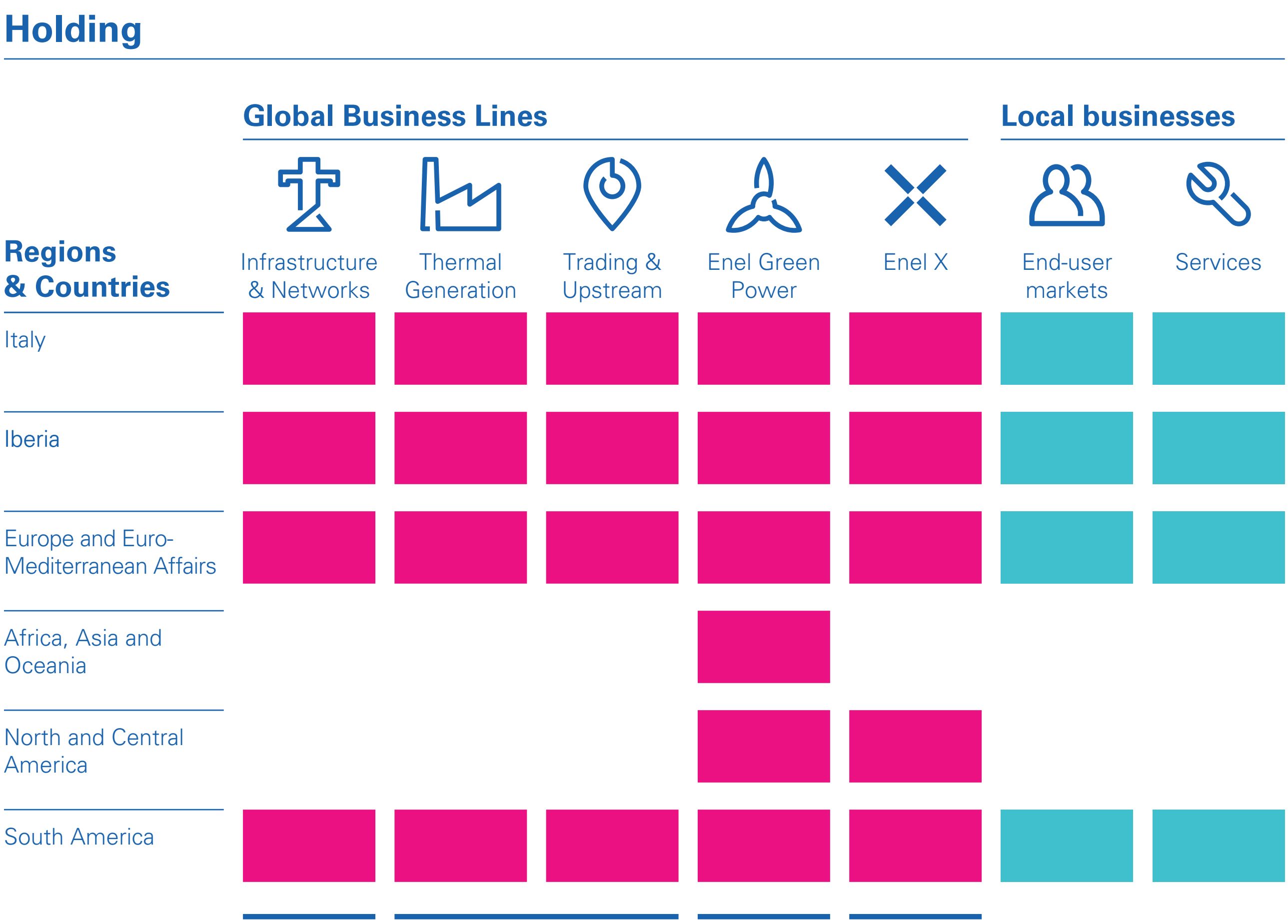
Results by business area

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.

Taking account of the provisions of IFRS 8 regarding the management approach, the new Enel X Business Line modified the structure of reporting, as well as the representation and analysis of Group performance and financial position, as from March 31, 2018. More specifically, performance by business area reported in this Interim Financial Report was determined by designating the "regions and countries" perspective as the primary reporting segment. In addition, account was taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore:

- "Thermal Generation" and "Trading and Upstream" are reported together given the high degree of interaction and interdependency of the two areas;
- the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA.

The following chart outlines these organizational arrangements.



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

Results by business area for the 1st Quarters of 2019 and 2018

1st Quarter of 2019 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	10,611	5,035	4,199	636	358	38	14	20,891
Revenue from transactions with other segments	193	10	56	2	1	-	(262)	-
Total revenue	**10,804**	**5,045**	**4,255**	**638**	**359**	**38**	**(248)**	**20,891**
Net income/(expense) from commodity contracts measured at fair value	119	(38)	(1)	-	7	-	-	87
Gross operating margin	**2,016**	**908**	**1,321**	**106**	**240**	**16**	**(59)**	**4,548**
Depreciation, amortization, and impairment losses	553	460	405	52	80	10	7	1,567
Operating income	**1,463**	**448**	**916**	**54**	**160**	**6**	**(66)**	**2,981**
Capital expenditure	**555**	**375**	**439** (2)	**104**	**294**	**81**	**23**	**1,871**

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

1st Quarter of 2018 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	9,926	5,082	3,084	581	234	24	15	18,946
Revenue from transactions with other segments	183	10	2	21	-	-	(216)	-
Total revenue	**10,109**	**5,092**	**3,086**	**602**	**234**	**24**	**(201)**	**18,946**
Net income/(expense) from commodity contracts measured at fair value	45	(9)	(1)	(1)	2	-	-	36
Gross operating margin	**1,943**	**859**	**1,012**	**126**	**121**	**13**	**(37)**	**4,037**
Depreciation, amortization, and impairment losses	635	425	304	53	62	13	7	1,499
Operating income	**1,308**	**434**	**708**	**73**	**59**	**-**	**(44)**	**2,538**
Capital expenditure	**408**	**181**	**321**	**36** (2)	**262** (3)	**1**	**20**	**1,229**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €14 million regarding units classified as "held for sale".
(3) Does not include €136 million regarding units classified as "held for sale".

In addition to the above, the Group monitors the performance of the Global Business Lines, classifying performance by Business Line. In the table below, gross operating margin is shown for the two periods under review with the goal of providing a view of performance not only by Region/Country, but also by Business Line.

Gross operating margin

	Local businesses						Global Business Lines					
Millions of euro	End-user markets			Services			Thermal Generation and Trading			Infrastructure and Networks		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change	**2019**	2018	Change
Italy	**683**	**668**	**15**	**41**	**24**	**17**	**134**	**(8)**	**142**	**893**	**956**	**(63)**
Iberia	**129**	**158**	**(29)**	**27**	**32**	**(5)**	**158**	**119**	**39**	**476**	**456**	**20**
South America	**-**	**-**	**-**	**(28)**	**(18)**	**(10)**	**246**	**119**	**127**	**503**	**417**	**86**
Argentina	*-*	*-*	*-*	*-*	*-*	*-*	*44*	*33*	*11*	*8*	*74*	*(66)*
Brazil	*-*	*-*	*-*	*(15)*	*(13)*	*(2)*	*46*	*24*	*22*	*276*	*151*	*125*
Chile	*-*	*-*	*-*	*(13)*	*(5)*	*(8)*	*113*	*22*	*91*	*57*	*60*	*(3)*
Colombia	*-*	*-*	*-*	*-*	*-*	*-*	*4*	*7*	*(3)*	*101*	*87*	*14*
Peru	*-*	*-*	*-*	*-*	*-*	*-*	*39*	*33*	*6*	*61*	*45*	*16*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Europe and Euro-Mediterranean Affairs	**(22)**	**9**	**(31)**	**2**	**1**	**1**	**71**	**66**	**5**	**16**	**19**	**(3)**
Romania	*(22)*	*9*	*(31)*	*2*	*1*	*1*	*-*	*(1)*	*1*	*16*	*19*	*(3)*
Russia	*-*	*-*	*-*	*-*	*-*	*-*	*71*	*67*	*4*	*-*	*-*	*-*
Slovakia	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
North and Central America	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
United States and Canada	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Mexico	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Panama	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Africa, Asia and Oceania	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
South Africa	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
India	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other countries	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other	**-**	**-**	**-**	**2**	**3**	**(1)**	**(4)**	**(10)**	**6**	**(1)**	**1**	**(2)**
Total	**790**	**835**	**(45)**	**44**	**42**	**2**	**605**	**286**	**319**	**1,887**	**1,849**	**38**

Enel Green Power			Enel X			Other			Total		
2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change	**2019**	2018	Change
268	**301**	**(33)**	**(3)**	**2**	**(5)**	**-**	**-**	**-**	**2,016**	**1,943**	**73**
106	**76**	**30**	**12**	**18**	**(6)**	**-**	**-**	**-**	**908**	**859**	**49**
590	**483**	**107**	**10**	**11**	**(1)**	**-**	**-**	**-**	**1,321**	**1,012**	**309**
10	*11*	*(1)*	-	-	-	-	-	-	*62*	*118*	*(56)*
105	*97*	*8*	*(1)*	-	*(1)*	-	-	-	*411*	*259*	*152*
293	*206*	*87*	*1*	*3*	*(2)*	-	-	-	*451*	*286*	*165*
149	*135*	*14*	*10*	*8*	*2*	-	-	-	*264*	*237*	*27*
33	*32*	*1*	-	-	-	-	-	-	*133*	*110*	*23*
-	*2*	*(2)*	-	-	-	-	-	-	-	*2*	*(2)*
38	**31**	**7**	**1**	**-**	**1**	**-**	**-**	**-**	**106**	**126**	**(20)**
24	*17*	*7*	*1*	-	*1*	-	-	-	*21*	*45*	*(24)*
-	-	-	-	-	-	-	-	-	*71*	*67*	*4*
-	-	-	-	-	-	-	-	-	-	-	-
14	*14*	-	-	-	-	-	-	-	*14*	*14*	-
251	**138**	**113**	**(11)**	**(17)**	**6**	**-**	**-**	**-**	**240**	**121**	**119**
177	*60*	*117*	*(11)*	*(17)*	*6*	-	-	-	*166*	*43*	*123*
42	*30*	*12*	-	-	-	-	-	-	*42*	*30*	*12*
23	*34*	*(11)*	-	-	-	-	-	-	*23*	*34*	*(11)*
9	*14*	*(5)*	-	-	-	-	-	-	*9*	*14*	*(5)*
17	**13**	**4**	**(1)**	**-**	**(1)**	**-**	**-**	**-**	**16**	**13**	**3**
16	*12*	*4*	-	-	-	-	-	-	*16*	*12*	*4*
2	*1*	*1*	-	-	-	-	-	-	*2*	*1*	*1*
(1)	-	*(1)*	*(1)*	-	*(1)*	-	-	-	*(2)*	-	*(2)*
(22)	**(12)**	**(10)**	**(5)**	**(3)**	**(2)**	**(29)**	**(16)**	**(13)**	**(59)**	**(37)**	**(22)**
1,248	**1,030**	**218**	**3**	**11**	**(8)**	**(29)**	**(16)**	**(13)**	**4,548**	**4,037**	**511**

Italy

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Thermal	6,069	7,405	(1,336)	-18.0%
Hydroelectric	3,037	3,783	(746)	-19.7%
Geothermal	1,405	1,421	(16)	-1.1%
Wind	441	464	(23)	-5.0%
Other sources	14	35	(21)	-60.0%
Total net generation	**10,966**	**13,108**	**(2,142)**	**-16.3%**

In the 1st Quarter of 2019, net electricity generation totaled 10,966 million kWh, a decline of 16.3% from the same period of 2018 (-2,142 million kWh).
The change between the two periods under review mainly reflects the decrease in coal-fired generation as a result of especially unfavorable market conditions for that fuel and a decline in hydroelectric output as a result of less favorable water availability in the 1st Quarter of 2019.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2019		2018		Change	
Natural gas	2,298	34.9%	1,839	22.8%	459	25.0%
Coal	4,183	63.5%	6,068	75.2%	(1,885)	-31.1%
Other fuels	104	1.6%	159	2.0%	(55)	-34.6%
Total	**6,585**	**100.0%**	**8,066**	**100.0%**	**(1,481)**	**-18.4%**

Gross thermal generation for the 1st Quarter of 2019 amounted to 6,585 million kWh, a reduction of 1,481 million kWh (-18.4%) compared with the 1st Quarter of 2018. The decrease mainly concerned coal-fired generation owing to market conditions that favored the use of other fuels.

Transport of electricity

Millions of kWh	1st Quarter			
	2019	2018	Change	
Electricity transported on Enel's network [1]	57,295	57,215	79	0.1%

(1) The figure for the 1st Quarter of 2018 reflects a more accurate calculation of quantities transported.

Electricity transported on the Enel network in Italy for the 1st Quarter of 2019 increased by 79 million kWh, going from 57,215 million kWh in the 1st Quarter of 2018 to 57,295 million kWh in the 1st Quarter of 2019.

Electricity sales

Millions of kWh	1st Quarter			
	2019	2018	Change	
Free market:				
- mass-market customers	3,685	3,503	182	5.2%
- business customers	12,183	11,994	189	1.6%
- safeguard-market customers	217	617	(400)	-64.9%
Total free market	**16,085**	**16,114**	**(29)**	**-0.2%**
Regulated market:				
- enhanced-protection-market customers	10,013	11,044	(1,031)	-9.3%
TOTAL	**26,098**	**27,158**	**(1,060)**	**-3.9%**

Energy sold in the 1st Quarter of 2019 came to 26,098 million kWh for an overall decrease of 1,060 million kWh compared with the same period of the prior year. This trend reflects the decrease in sales on the regulated market due to the transition of about 1.7 million customers to the free market compared with the 1st Quarter of 2018.

Natural gas sales

Millions of m^3	1st Quarter			
	2019	2018	Change	
Business to consumer	1,488	1,496	(8)	-0.5%
Business to business	684	698	(14)	-2.0%
Total	**2,172**	**2,194**	**(22)**	**-1.0%**

Gas sales in the 1st Quarter of 2019 totaled 2,172 million cubic meters, a decrease of 22 million cubic meters compared with the same period of the previous year, essentially attributable to sales to business customers.

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	10,804	10,109	695	6.9%
Gross operating margin	2,016	1,943	73	3.8%
Operating income	1,463	1,308	155	11.9%
Capital expenditure	555	408	147	36.0%

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	5,929	5,071	858	16.9%
Infrastructure and Networks	1,832	1,987	(155)	-7.8%
Enel Green Power	437	493	(56)	-11.4%
End-user markets	4,684	4,510	174	3.9%
Enel X	59	61	(2)	-3.3%
Services	293	286	7	2.4%
Eliminations and adjustments	(2,430)	(2,299)	(131)	-5.7%
Total	**10,804**	**10,109**	**695**	**6.9%**

Revenue in the 1st Quarter of 2019 amounted to €10,804 million, an increase of €695 million on the first three months of 2018 (+6.9%), mainly reflecting the following factors:

- a €858 million increase (+16.9%) in revenue from **Thermal Generation and Trading**. This rise is mainly attributable to:
  - a €298 million increase in revenue from trading on international energy markets due, essentially, to an increase in quantities handled (+1.5 TWh);
  - a €166 million increase in revenue from the sale of electricity essentially reflecting an increase in quantities handled and an increase in prices. More specifically, the change is mainly attributable to the increase in sales on the Power Exchange (€41 million) and greater sales to End-user markets in Italy (€121 million), only partly offset by a decrease in revenue from the sale of electricity under bilateral contracts to other national resellers (€23 million);
  - an increase of €280 million in revenue from the sale of fuels, mainly attributable to the sale of gas;
  - an increase in revenue as a result of the recognition of the gain (€108 million) on the disposal of the Mercure generation plant on March 1, 2019;
  - an increase of €17 million in revenue from the sale of CO_2 emissions allowances;
- a €155 million decrease in revenue from **Infrastructure and Networks** operations (-7.8%), essentially reflecting:
  - a decrease in transfers from the Energy & Environmental Services Fund for energy efficiency certificates (in the amount of €70 million) due to the decline in volumes purchased and the reduction in the unit transfer compared with the 1st Quarter of 2018;
  - the effect of the recognition of the payment of €128 million in the 1st Quarter of 2018 related to the agreement reached by e-distribuzione with F2i and 2i Rete Gas;
  - the increase of €14 million in revenue related to regulatory amendment no. 654/15 of Regulatory Authority for Energy, Networks and the Environment (ARERA) (regulatory lag) and the increase in transmission rates, which were only partially offset by the decrease in revenue granted by ARERA following the publication in the 1st Quarter of 2019 of reference rates for 2018;
  - an increase in revenue for metering services provided to generators and traders;
  - an increase of €13 million in connection fees;
- a €56 million decrease in generation revenue of the **Enel Green Power** Business Line, reflecting a decrease in quantities sold;
- an increase of €174 million in revenue on **End-user markets** for electricity (+3.9%), essentially reflecting:
  - an increase of €209 million in revenue on the free energy market, mainly related to the increase in business customers acquired in the 1st Quarter of 2019 (+0.4 TWh);
  - an increase of €51 million in revenue from the sale of natural gas to end users related to an increase in average prices;
  - a decrease of €86 million in revenue on the regulated electricity market, due mainly to a decrease in rate revenue connected with the decrease in quantities sold (-1.0 TWh) and in the number of customers served (-9.5%);
- a €2 million decrease in the revenue from value-added services of the **Enel X** Business Line.

Gross operating margin

Millions of euro

	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	134	(8)	142	-
Infrastructure and Networks	893	956	(63)	-6.6%
Enel Green Power	268	301	(33)	-11.0%
End-user markets	683	668	15	2.2%
Enel X	(3)	2	(5)	-
Services	41	24	17	70.8%
Total	**2,016**	**1,943**	**73**	**3.8%**

The **gross operating margin** for the 1st Quarter of 2019 amounted to €2,016 million, an increase of €73 million (+3.8%) on the €1,943 million posted in the 1st Quarter of 2018. That increase essentially reflects:

- an increase of €142 million in the margin on **Thermal Generation and Trading**, essentially attributable to the capital gain for the disposal of the Mercure generation plant referred to in the comments on revenue, only partly offset by an increase in the provision for environmental costs of Enel Produzione, provided for in the sale contract for the plant and concerning the industrial site, and to the improvement in the margin on fuels;
- a decrease of €63 million in the margin on **Infrastructure and Networks** operations (-6.6%), largely due to:
  - the effect of the recognition in the 1st Quarter of 2018 of the payment of €128 million under the agreement that e-distribuzione reached with F2i and 2i Rete Gas, as noted in the comments on revenue;
  - an increase of €11 million in the margin on the transport of electricity, connected with the greater revenue recognized following the regulatory amendment no. 654/15 ARERA ("regulatory lag"), only partly offset by a decline in revenue granted by ARERA following the publication of the reference rates for 2018 in the 1st Quarter of 2019;
  - a reduction in costs for the purchase of Energy Efficiency Certificates as a result of a decline in average prices and smaller volumes;
- a decrease of €33 million in the generation margin of the **Enel Green Power** Business Line (-11.0%), reflecting a decrease in quantities sold and a reduction in the margin on ancillary services, only partly offset by price effects;
- an increase of €15 million in the margin on **End-user markets** (+2.2%), mainly reflecting:
  - an increase of €31 million in the margin on the free market for electricity and gas, mainly attributable to an increase in revenue and a reduction in costs not direct attributable to products;
  - a decrease of €16 million in the margin on the regulated electricity market as a result of the decrease in the margin for the sale and transport of electricity, only partly offset by a decline in personnel costs and costs for services;
- a decrease of €5 million in the margin on the value-added services of the **Enel X** Business Line.

Operating income

Millions of euro	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	70	(64)	134	-
Infrastructure and Networks	632	690	(58)	-8.4%
Enel Green Power	195	228	(33)	-14.5%
End-user markets	563	445	118	26.5%
Enel X	(10)	(4)	(6)	-
Services	13	13	-	-
Total	**1,463**	**1,308**	**155**	**11.9%**

Operating income came to €1,463 million for an increase of €155 million (+11.9%), including a decrease of €82 million in depreciation, amortization, and impairment losses, as compared with the €1,308 million recognized in the same period of 2018. The decrease in depreciation, amortization and impairment losses is essentially attributable to End-user markets as a result of a decrease in the impairment of trade receivables.

Capital expenditure

Millions of euro	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	23	10	13	-
Infrastructure and Networks	410	310	100	32.3%
Enel Green Power	36	37	(1)	-2.7%
End-user markets	67	45	22	48.9%
Enel X	12	2	10	-
Services	7	4	3	75.0%
Total	**555**	**408**	**147**	**36.0%**

Capital expenditure in the 1st Quarter of 2019 amounted to €555 million, up €147 million on the year-earlier period. More specifically, the change is attributable to:

- an increase of €13 million in capital expenditure in **Thermal Generation and Trading**;
- an increase of €100 million in capital expenditure in **Infrastructure and Networks** operations related mainly to projects connected with service quality and the replacement of digital meters for the Open Meter plan;
- a €1 million decrease in capital expenditure by the **Enel Green Power** Business Line;
- an increase of €22 million in capital expenditure in **End-user markets**, mainly as a result of the capitalization of agency and teleseller costs as contract costs;
- an increase of €3 million related to **Services**.

Iberia

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Thermal	7,352	8,641	(1,289)	-14.9%
Nuclear	7,084	6,650	434	6.5%
Hydroelectric	1,483	2,047	(564)	-27.6%
Wind	1,108	1,170	(62)	-5.3%
Other sources	5	4	1	25.0%
Total net generation	**17,032**	**18,512**	**(1,480)**	**-8.0%**

In the 1st Quarter of 2019, net electricity generation amounted to 17,032 million kWh, a decrease of 1,480 million kWh on the same period of 2018. This trend reflects a deterioration in water and wind conditions, which was partly offset by an increase in nuclear power generation.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2019		2018		Change	
High-sulfur fuel oil (S>0.25%)	1,360	9.0%	1,479	9.2%	(119)	-8.0%
Natural gas	1,232	8.1%	1,220	7.6%	12	1.0%
Coal	4,250	28.1%	5,525	34.5%	(1,275)	-23.1%
Nuclear fuel	7,376	48.8%	6,884	43.0%	492	7.1%
Other fuels	911	6.0%	896	5.7%	15	1.7%
Total	15,129	100.0%	16,004	100.0%	(875)	-5.5%

Gross thermal generation for the 1st Quarter of 2019 was 15,129 million kWh, a decline of 875 million kWh compared with the same period of the prior year, due essentially to a reduction in the use of coal and fuel oil, partly offset by an increase in the use of nuclear fuel.

Transport of electricity

Millions of kWh	1st Quarter			
	2019	2018	Change	
Electricity transported on Enel's network (1)	31,403	31,678	(275)	-0.9%

(1) The figure for the 1st Quarter of 2018 reflects a more accurate calculation of quantities transported.

Electricity transported in the 1st Quarter of 2019 came to 31,403 million kWh, a decrease of 275 million kWh. This decrease is essentially attributable to the decline in demand for electricity.

Electricity sales

Millions of kWh	1st Quarter			
	2019	2018	Change	
Free market	19,057	19,752	(695)	-3.5%
Regulated market	3,187	3,710	(523)	-14.1%
Electricity sold by Enel	**22,244**	**23,462**	**(1,218)**	**-5.5%**

Electricity sales to end users for the 1st Quarter of 2019 totaled 22,244 million kWh, a decrease of 1,218 million kWh compared with the same period of 2018.

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	5,045	5,092	(47)	-0.9%
Gross operating margin	908	859	49	5.7%
Operating income	448	434	14	3.2%
Capital expenditure	375	181	194	-

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	1,524	1,491	33	2.2%
Infrastructure and Networks	653	655	(2)	-0.3%
Enel Green Power	180	172	8	4.7%
End-user markets	3,903	3,985	(82)	-2.1%
Enel X	57	49	8	16.3%
Services	81	121	(40)	-33.1%
Eliminations and adjustments	(1,353)	(1,381)	28	2.0%
Total	**5,045**	**5,092**	**(47)**	**-0.9%**

Revenue in the 1st Quarter of 2019 decreased by €47 million, reflecting:

- an increase of €33 million in revenue from **Thermal Generation and Trading**, mainly connected with an increase in electricity sales prices on the wholesale market;
- a decrease of €2 million in revenue from **Infrastructure and Networks** operations, largely due to a decline in revenue from value-added services, only partly offset by an increase in revenue from the transport of electricity;
- an increase of €8 million in the revenue of the **Enel Green Power** Business Line due to rising average prices compared with the same period of the previous year;
- a decrease of €82 million in revenue on **End-user markets**, essentially due to a decline in consumption on both the free and regulated electricity markets;
- an increase of €8 million in the revenue of the **Enel X** Business Line, mainly connected with sales of value-added services.

Gross operating margin

Millions of euro

	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	158	119	39	32.8%
Infrastructure and Networks	476	456	20	4.4%
Enel Green Power	106	76	30	39.5%
End-user markets	129	158	(29)	-18.4%
Enel X	12	18	(6)	-33.3%
Services	27	32	(5)	-15.6%
Total	**908**	**859**	**49**	**5.7%**

The **gross operating margin** amounted to €908 million, an increase of €49 million (5.7%) compared with the same period of 2018, reflecting:

- an increase of €39 million in the gross operating margin on **Thermal Generation and Trading**, attributable to the factors referred to in the comments on revenue as well as a reduction in maintenance costs and a reduction in the taxation of electricity generation (IVPEE) due to the temporary suspension introduced with Royal Decree no. 15 of October 5, 2018 for the 4th Quarter of 2018 and the 1st Quarter of 2019 and the concomitant elimination of excise duty on the use of hydrocarbons for electricity generation;
- an increase of €20 million in the margin on **Infrastructure and Networks** operations, mainly reflecting a decline in operating costs thanks to the digitalization of electronic meters, which more than offset the reduction in revenue noted above;
- an increase of €30 million in the margin of the **Enel Green Power** Business Line, reflecting the increase in revenue and a substantiate decrease in other costs, notably the taxation of electricity generation suspended by the Spanish government with a royal decree in October 2018;
- a decrease of €29 million in the gross operating margin on **End-user markets**, essentially due to the significant decrease in quantities sold, partly offset by a reduction in costs for the provisioning and transport of electricity;
- a decrease of €6 million in the margin of the **Enel X** Business Line on value-added services, reflecting an increase in costs, which more than offset the increase in revenues.

Operating income

Millions of euro

	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	(8)	(29)	21	72.4%
Infrastructure and Networks	284	275	9	3.3%
Enel Green Power	65	38	27	71.1%
End-user markets	91	108	(17)	-15.7%
Enel X	4	18	(14)	-77.8%
Services	12	24	(12)	-50.0%
Total	**448**	**434**	**14**	**3.2%**

Operating income for the 1st Quarter of 2019 totaled €448 million, including €460 million in depreciation, amortization and impairment losses (€425 million in the 1st Quarter of 2018), an increase of €14 million over the same period of 2018 due both to the effects described above and an increase in depreciation and amortization for the period.

Capital expenditure

Millions of euro	1st Quarter			
	2019	2018	Change	
Thermal Generation and Trading	30	26	4	15.4%
Infrastructure and Networks	116	129	(13)	-10.1%
Enel Green Power	200	6	194	-
End-user markets	13	14	(1)	-7.1%
Enel X	12	5	7	-
Services	4	1	3	-
Total	**375**	**181**	**194**	**-**

Capital expenditure came to €375 million, up €194 million over the same period of the previous year. Capital expenditure for the 1st Quarter of 2019 concerned, in particular, the construction of renewable generation plants (€200 million), mainly wind and photovoltaic installations, and work on the distribution network to improve service quality, as well as work on substations and transformers and the replacement of metering equipment (€116 million).

South America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Thermal	6,539	6,382	157	2.5%
Hydroelectric	8,879	8,465	414	4.9%
Wind	1,311	1,019	292	28.7%
Other sources	830	746	84	11.3%
Total net generation	**17,559**	**16,612**	**947**	**5.7%**
- of which Argentina	*3,690*	*3,761*	*(71)*	*-1.9%*
- of which Brazil	*2,704*	*2,150*	*554*	*25.8%*
- of which Chile	*5,475*	*5,118*	*357*	*7.0%*
- of which Colombia	*3,462*	*3,279*	*183*	*5.6%*
- of which Peru	*2,228*	*2,259*	*(31)*	*-1.4%*
- of which other countries	*-*	*45*	*(45)*	*-*

Net generation in the 1st Quarter of 2019 amounted to 17,559 million kWh, an increase of 947 million kWh compared with the same period of 2018.

The change mainly reflects:

- increased hydroelectric and wind power production in Brazil and Peru, due mainly to more favorable water availability and the start of operations of new plants;
- increased solar generation, primarily in Brazil, which reflects the increase in net efficient capacity;
- increased thermal power generation in Chile and Colombia, partially offset by a decrease in production in the other countries.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2019		2018		Change	
High-sulfur fuel oil (S>0.25%)	28	0.4%	65	1.0%	(37)	-56.9%
Natural gas	5,492	81.0%	5,639	84.5%	(147)	-2.6%
Coal	1,239	18.3%	912	13.6%	327	35.9%
Other fuels	23	0.3%	60	0.9%	(37)	-61.7%
Total	**6,782**	**100.0%**	**6,676**	**100.0%**	**106**	**1.6%**

Gross thermal generation in the 1st Quarter of 2019 amounted to 6,782 million kWh, an increase of 106 million kWh. The rise, reflecting the greater output in Chile and Colombia, was partly offset by a decrease in generation in the other countries as a result of the decline in the use of traditional fuels, especially in Argentina, Brazil and Peru.

Transport of electricity

Millions of kWh	1st Quarter			
	2019	2018	Change	
Electricity transported on Enel's distribution network	**34,598**	**23,185**	**11,413**	**49.2%**
- of which Argentina	*4,214*	*4,627*	*(413)*	*-8.9%*
- of which Brazil	*20,618*	*9,128*	*11,490*	*-*
- of which Chile	*4,110*	*4,000*	*110*	*2.8%*
- of which Colombia	*3,505*	*3,409*	*96*	*2.8%*
- of which Peru	*2,151*	*2,021*	*130*	*6.4%*

Electricity transported in the 1st Quarter of 2018 totaled 34,598 million kWh, an increase of 11,413 million kWh, largely registered in Brazil following the acquisition of Enel Distribuição São Paulo, a Brazilian distribution company.

Electricity sales

Millions of kWh	1st Quarter			
	2019	2018	Change	
Electricity sold by Enel	**26,846**	**18,844**	**8,002**	**42.5%**
- of which Argentina	*3,488*	*3,857*	*(369)*	*-9.6%*
- of which Brazil	*16,216*	*7,804*	*8,412*	*-*
- of which Chile	*3,106*	*3,222*	*(116)*	*-3.6%*
- of which Colombia	*2,272*	*2,240*	*32*	*1.4%*
- of which Peru	*1,764*	*1,721*	*43*	*2.5%*

Electricity sold in the 1st Quarter of 2019 amounted to 26,846 million kWh, an increase of 8,002 million kWh. As noted above, the increase is attributable to the rise in sales in Brazil following the acquisition of Enel Distribuição São Paulo, partly offset by a decline in the other countries.

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	4,255	3,086	1,169	37.9%
Gross operating margin	1,321	1,012	309	30.5%
Operating income	916	708	208	29.4%
Capital expenditure	439 (1)	321	118	36.8%

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

The following tables show a breakdown of performance by country.

Revenue

Millions of euro

	1st Quarter			
	2019	2018	Change	
Argentina	363	432	(69)	-16.0%
Brazil	1,986	1,060	926	87.4%
Chile	1,026	777	249	32.0%
Colombia	561	527	34	6.5%
Peru	319	287	32	11.1%
Other countries	-	3	(3)	-
Total	**4,255**	**3,086**	**1,169**	**37.9%**

Revenue in the 1st Quarter of 2019 increased by €1,169 million, mainly attributable to:

- a decrease of €69 million in revenue in Argentina, essentially due to the sharply negative exchange rate effect generated by the depreciation of the Argentine peso against the euro (€184 million), partly offset by distribution rate increases in accordance with ENRE Resolution no. 64 and a revaluation for hyperinflation (IAS 29);
- an increase of €926 million in revenue in Brazil, essentially due to the consolidation for all of the 1st Quarter of 2019 of the revenue of Enel Distribuição São Paulo (€801 million) as well as the increase in revenue, mainly owing to rate increases, recognized by Enel Distribuição Rio (€65 million) and Enel Distribuição Goiás (€44 million). This increase was partly offset by adverse exchange rate developments (€79 million);
- an increase of €249 million in revenue in Chile, mainly attributable to Enel Generación Chile (€203 million), including €160 million in penalties due for the early termination by a major industrial customer of a long-term electricity supply contract and greater revenue recognized by Enel Distribución Chile (€25 million). This increase was partly offset by adverse exchange rate developments (€22 million);
- an increase of €34 million in revenue in Colombia, mainly due to an increase in rates, partly offset by adverse exchange rate developments;
- an increase of €32 million in revenue in Peru, reflecting an increase in demand by customers on the free market, the effect of rate indexation and positive exchange rate developments (€17 million).

Gross operating margin

Millions of euro

	1st Quarter			
	2019	2018	Change	
Argentina	62	118	(56)	-47.5%
Brazil	411	259	152	58.7%
Chile	451	286	165	57.7%
Colombia	264	237	27	11.4%
Peru	133	110	23	20.9%
Other countries	-	2	(2)	-
Total	**1,321**	**1,012**	**309**	**30.5%**

The **gross operating margin** amounted to €1,321 million, an increase of €309 million (30.5%) compared with the same period of 2018, reflecting:

- an increase of €165 million in the gross operating margin in Chile, which essentially reflected the recognition by Enel Generación Chile of the revenue from penalties noted earlier;
- an increase of €152 million in the margin in Brazil, reflecting the consolidation of the increased margin of Enel Distribuição São Paulo (€99 million), the increase in the margin of Enel Distribuição Goiás (€35 million) and of Enel Geração Fortaleza (€30 million). These effects were only partly offset by a reduction in the margin of Enel Distribuição Ceará (€20 million) due to an increase in costs

for electricity purchases from third parties (€43 million), as well as adverse exchange rate developments;

- an increase of €27 million in the margin in Colombia, reflecting the increase in revenue noted above;
- an increase of €23 million in the margin in Peru, mainly due to the increase in revenue from the sale of electricity to third parties by Enel Distribución Peru (€24 million);
- a decrease of €56 million in the gross operating margin in Argentina, due to the reduction in revenue noted above, and the margin of Edesur in particular (€66 million).

Operating income

Millions of euro

	1st Quarter			
	2019	2018	Change	
Argentina	34	97	(63)	-64.9%
Brazil	201	129	72	55.8%
Chile	368	208	160	76.9%
Colombia	216	194	22	11.3%
Peru	97	79	18	22.8%
Other countries	-	1	(1)	-
Total	**916**	**708**	**208**	**29.4%**

Operating income in the 1st Quarter of 2019, including €405 million in depreciation, amortization and impairment losses (€304 million in the 1st Quarter of 2018), amounted to €916 million, an increase of €208 million on the same period of 2018. In addition to being influenced by the increases involving Enel Generación Chile noted above, this performance was partly offset by the increase of €101 million in depreciation, amortization and impairment losses, which mainly reflected the change in the scope of consolidation connected with the consolidation of Enel Distribuição São Paulo (€61 million).

Capital expenditure

Millions of euro

	1st Quarter			
	2019	2018	Change	
Argentina	46	32	14	43.8%
Brazil	222 (1)	143	79	55.2%
Chile	76	71	5	7.0%
Colombia	70	44	26	59.1%
Peru	25	31	(6)	-19.4%
Total	**439**	**321**	**118**	**36.8%**

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

Capital expenditure came to €439 million, up €118 million compared with the same period of the previous year. Capital expenditure in the 1st Quarter of 2019 refers primarily to work on the distribution networks in Colombia, Argentina and Brazil, in the latter case mainly regarding the newly acquired Enel Distribuição São Paulo.

Europe and Euro-Mediterranean Affairs

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Thermal	9,311	9,673	(362)	-3.7%
Hydroelectric	19	19	-	-
Wind	518	527	(9)	-1.7%
Other sources	31	28	3	10.7%
Total net generation	**9,879**	**10,247**	**(368)**	**-3.6%**
- of which Russia	*9,311*	*9,673*	*(362)*	*-3.7%*
- of which other countries	*568*	*574*	*(6)*	*-1.0%*

In the 1st Quarter of 2019, net electricity generation amounted to 9,879 million kWh, a decrease of 368 million kWh on the same period of 2018. This change is mainly attributable to the decrease in thermal power generation in Russia (-3.7%) due to a decline in output at the Nevinnomysskaya plant and a decrease in wind power generation in Romania.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2019		2018		Change	
Natural gas	5,072	51.6%	5,442	53.3%	(370)	-6.8%
Coal	4,761	48.4%	4,775	46.7%	(14)	-0.3%
Total	**9,833**	**100.0%**	**10,217**	**100.0%**	**(384)**	**-3.8%**

Gross thermal generation for the 1st Quarter of 2019 decreased by 384 million kWh to 9,833 million kWh.

Transport of electricity

Millions of kWh	1st Quarter			
	2019	2018	Change	
Electricity transported on Enel's distribution network	4,014	3,993	21	0.5%

Electricity transported, which was concentrated entirely in Romania, posted an increase of 21 million kWh (+0.5%), going from 3,993 million kWh to 4,014 million kWh in the 1st Quarter of 2019. The increase was mainly due to an increase in volumes distributed to residential customers (+48 GWh), partly offset by a decline in distribution to business customers (-27 GWh).

Electricity sales

Millions of kWh	1st Quarter			
	2019	2018	Change	
Free market	1,243	1,904	(661)	-34.7%
Regulated market	643	860	(217)	-25.2%
Total electricity sold by Enel	**1,886**	**2,764**	**(878)**	**-31.8%**

Electricity sales in the 1st Quarter of 2019 decreased by 878 million kWh, going from 2,764 million kWh to 1,886 million kWh. The decline is entirely attributable to Romania, where sales decreased on both the free and regulated markets.

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	638	602	36	6.0%
Gross operating margin	106	126	(20)	-15.9%
Operating income	54	73	(19)	-26.0%
Capital expenditure	104	36 (1)	68	-

(1) Does not include €14 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by country.

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
Romania	357	298	59	19.8%
Russia	256	266	(10)	-3.8%
Other countries	25	38	(13)	-34.2%
Total	**638**	**602**	**36**	**6.0%**

Revenue in the 1st Quarter of 2019 amounted to €638 million, an increase of €36 million (+6.0%) compared with the year-earlier period. This reflected:

- an increase of €59 million in revenue in Romania, due primarily to an increase in prices as a result of the renegotiation of contracts and to an increase in volumes transported;
- a decrease of €10 million in revenue in Russia, mainly reflecting the depreciation of the ruble against the euro (€17 million);
- a decrease of €13 million in revenue in other countries, mainly reflecting the decline in revenue from electricity sales by Enel Trade Croazia.

Gross operating margin

Millions of euro	1st Quarter			
	2019	2018	Change	
Romania	21	45	(24)	-53.3%
Russia	71	67	4	6.0%
Other countries	14	14	-	-
Total	**106**	**126**	**(20)**	**-15.9%**

The **gross operating margin** amounted to €106 million, a decrease of €20 million on the 1st Quarter of 2018. This reflected:

- a decrease of €24 million in the gross operating margin in Romania, due to an increase in costs for the purchase of electricity;
- an increase of €4 million in the gross operating margin in Russia, essentially in line with the 1st Quarter of 2018.

Operating income

Millions of euro	1st Quarter			
	2019	2018	Change	
Romania	(10)	11	(21)	-
Russia	54	52	2	3.8%
Other countries	10	10	-	-
Total	**54**	**73**	**(19)**	**-26.0%**

Operating income for the 1st Quarter of 2019 totaled €54 million, a decrease of €19 million compared with the same period of 2018. This change is attributable to the developments in the gross operating margin, given that depreciation, amortization and impairment losses were in line with the 1st Quarter of 2018.

Capital expenditure

Millions of euro	1st Quarter			
	2019	2018	Change	
Romania	36	25	11	44.0%
Russia	33	11	22	-
Other countries	35	-	35	-
Total	**104**	**36** (1)	**68**	**-**

(1) Does not include €14 million regarding units classified as "held for sale".

Capital expenditure amounted to €104 million, an increase of €68 million compared with the same period of the previous year. This reflected:

- an increase in investment in Russia on wind projects;
- the reclassification of the project companies associated with the Kafireas wind farm as no longer held for sale;
- an increase in investment in Romania, due essentially to maintenance and development work on the electricity distribution networks.

North and Central America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Hydroelectric	495	818	(323)	-39.5%
Geothermal	39	-	39	-
Wind	2,695	2,400	295	12.3%
Other sources	68	169	(101)	-59.8%
Total net generation	**3,297**	**3,387**	**(90)**	**-2.7%**
- of which United States and Canada	*2,524*	*1,946*	*578*	*29.7%*
- of which Mexico	*300*	*654*	*(354)*	*-54.1%*
- of which Panama	*358*	*593*	*(235)*	*-39.6%*
- of which other countries	*115*	*194*	*(79)*	*-40.7%*

Net electricity generation in the 1st Quarter of 2019 amounted to 3,297 million kWh, a decrease of 90 million kWh compared with the same period of 2018. The decline is mainly attributable to a decrease in hydro generation in the Republic of Panama (240 million kWh) and Guatemala (43 million kWh) owing to poor water availability and to a decrease in wind (248 million kWh) and solar (106 million kWh) generation in Mexico as a result of the completion in September 2018 of the sale of eight wind farms of the Kino Project. This was partly offset by an increase in output in the United States and Canada from wind (544 million kWh) and geothermal (39 million kWh) generation. These changes were accompanied by a small increase in solar generation in the Republic of Panama (5 million kWh).

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	359	234	125	53.4%
Gross operating margin	240	121	119	98.3%
Operating income	160	59	101	-
Capital expenditure	294	262 (1)	32	12.2%

(1) Does not include €136 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by geographical area in the 1st Quarter of 2019.

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
United States and Canada	245	132	113	85.6%
Mexico	59	41	18	43.9%
Panama	41	42	(1)	-2.4%
Other countries	14	19	(5)	-26.3%
Total	**359**	**234**	**125**	**53.4%**

Revenue in the 1st Quarter of 2019 amounted to €359 million, an increase of €125 million (53.4%) compared with the same period of the previous year, partly associated with positive exchange rate developments. The increase reflects:

- an increase of €113 million in revenue in North America, mainly due to the negative goodwill posted on the acquisition by EGPNA of seven operating plants from EGPNA REP (€106 million), as well as an increase in revenue from tax partnerships as a result of the development of the new EGPNA plants (€6 million);
- an increase of €18 million in revenue in Mexico, largely due to revenue from services provided to the Mexican project companies partially divested with loss of control in September 2018 (€24 million), partly offset by a decrease in revenue connected with a decline in quantities of electricity generated, as noted in the comments on operations;
- a decrease in revenue in the Republic of Panama and the other countries of Central America due to that decline in quantities generated.

Gross operating margin

Millions of euro	1st Quarter			
	2019	2018	Change	
United States and Canada	166	43	123	-
Mexico	42	30	12	40.0%
Panama	23	34	(11)	-32.4%
Other countries	9	14	(5)	-35.7%
Total	**240**	**121**	**119**	**98.3%**

The **gross operating margin** amounted to €240 million in the 1st Quarter of 2019, an increase of €119 million (98.3%) compared with the same period of 2018. The increase reflects:

- an increase of €123 million in the margin in North America, attributable to the increase in revenue noted above, as well as the positive effect of the reduction in operating expenses;
- an increase of €12 million in the margin in Mexico, due to the increase in revenue noted above, partly offset by an increase in costs for the implementation of works and services under construction contracts;
- a decrease of €11 million in the margin in the Republic of Panama, reflecting the developments in revenue noted above and an increase in provisioning costs for electricity.

Operating income

Millions of euro	1st Quarter			
	2019	2018	Change	
United States and Canada	103	2	101	-
Mexico	36	19	17	89.5%
Panama	20	31	(11)	-35.5%
Other countries	1	7	(6)	-85.7%
Total	**160**	**59**	**101**	**-**

Operating income amounted to €160 million, an increase of €101 million, taking account of an increase in depreciation, amortization and impairment losses of €18 million connected with the entry into service of new plants in North America and Mexico.

Capital expenditure

Millions of euro	1st Quarter			
	2019	2018	Change	
United States and Canada	194	252	(58)	-23.0%
Mexico	100	9 (1)	91	-
Panama	-	1	(1)	-
Other countries	-	-	-	-
Total	**294**	**262**	**32**	**12.2%**

(1) Does not include €136 million regarding units classified as "held for sale".

Capital expenditure in the 1st Quarter of 2019 amounted to €294 million, an increase of €32 million compared with the year-earlier period. The rise was attributable to an increase in investments in wind plants in Mexico and Canada, partly offset by a decrease in spending in the United States. Capital expenditure in the 1st Quarter mainly regarded the plants of High Lonesome (€56 million), Roadrunner (€26 million), Whitney Hill (€21 million), Riverview (€22 million), White Cloud (€17 million), Dolores (€48 million), Parque Amistad (€35 million) and Magdalena (€16 million).

Africa, Asia and Oceania

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2019	2018	Change	
Wind	201	182	19	10.4%
Other sources	162	158	4	2.5%
Total	**363**	**340**	**23**	**6.8%**
- of which South Africa	*314*	*306*	*8*	*2.6%*
- of which India	*49*	*34*	*15*	*44.1%*

Net electricity generation amounted to 363 million kWh in the 1st Quarter of 2019, an increase of 23 million kWh on the same period of 2018. The rise is mainly attributable to the increase in wind power, primarily in India (+15 million kWh) due to favorable weather conditions. Wind and solar output also rose slightly in South Africa.

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue	38	24	14	58.3%
Gross operating margin	16	13	3	23.1%
Operating income	6	-	6	-
Capital expenditure	81	1	80	-

The following tables show a breakdown of performance by country in the 1st Quarter of 2019.

Revenue

Millions of euro	1st Quarter			
	2019	2018	Change	
South Africa	35	22	13	59.1%
India	2	2	-	-
Other countries	14	-	14	-
Eliminations and adjustments	(13)	-	(13)	-
Total	**38**	**24**	**14**	**58.3%**

Revenue in the 1st Quarter of 2019 amounted to €38 million, an increase of €14 million compared with the same period of the previous year. This reflected the inclusion in the area of new companies of the Enel X Business Line.

Gross operating margin

Millions of euro	1st Quarter			
	2019	2018	Change	
South Africa	16	12	4	33.3%
India	2	1	1	-
Other countries	(2)	-	(2)	-
Total	**16**	**13**	**3**	**23.1%**

The **gross operating margin** in the 1st Quarter of 2019 amounted to €16 million, an increase of €3 million compared with the same period of 2018, reflecting the greater margin posted in South Africa as a result of a decline in costs for services.

Operating income

Millions of euro	1st Quarter			
	2019	2018	Change	
South Africa	8	-	8	-
India	1	-	1	-
Other countries	(3)	-	(3)	-
Total	**6**	**-**	**6**	**-**

Operating income increased by 6 million, taking account of a decline of €3 million in depreciation, amortization and impairment losses.

Capital expenditure

Millions of euro	1st Quarter			
	2019	2018	Change	
South Africa	19	1	18	-
India	49	-	49	-
Other countries	13	-	13	-
Total	**81**	**1**	**80**	**-**

Capital expenditure in the 1st Quarter of 2019 amounted to €81 million, an increase of €80 million compared with the year-earlier period. Investment mainly regarded photovoltaic plants in South Africa (Round 4), India (Coral) and Zambia (Scaling Solar).

Other, eliminations and adjustments

Performance

Millions of euro	1st Quarter			
	2019	2018	Change	
Revenue (net of eliminations)	132	127	5	3.9%
Gross operating margin	(59)	(37)	(22)	-59.5%
Operating income	(66)	(44)	(22)	-50.0%
Capital expenditure	23	20	3	15.0%

Revenue, net of eliminations, in the 1st Quarter of 2019 amounted to €132 million, an increase of €5 million compared with the same period of the previous year (+3.9%). The change essentially reflected:

- an increase in the management fees for services provided to other Group Business Lines;
- an increase in revenue recognized in the Central segment by the Enel Italia Global Function;
- an increase in the revenue posted by the Enel X Business Line.

The **gross operating margin** in the 1st Quarter of 2019 came to a negative €59 million, a deterioration of €22 million. The deterioration is mainly connected with the reduction in unit margins on services rendered.

The **operating income** for the 1st Quarter of 2019 was €66 million, a deterioration of €22 million compared with the same period of the previous year, reflecting the above developments.

Capital expenditure

Capital expenditure in the 1st Quarter of 2019 increased by €3 million on the 1st Quarter of 2018 and mainly regarded the Enel X Business Line.

Analysis of the Group's financial position

Net capital employed and related funding

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

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	99,528	95,780	3,748	3.9%
- goodwill	14,365	14,273	92	0.6%
- equity investments accounted for using the equity method	2,052	2,099	(47)	-2.2%
- other net non-current assets/(liabilities)	(5,490)	(5,696)	206	3.6%
Total net non-current assets	**110,455**	**106,456**	**3,999**	**3.8%**
Net current assets:				
- trade receivables	15,476	13,587	1,889	13.9%
- inventories	2,814	2,818	(4)	-0.1%
- net receivables due from institutional market operators	(3,748)	(3,200)	(548)	-17.1%
- other net current assets/(liabilities)	(7,530)	(7,589)	59	-0.8%
- trade payables	(12,505)	(13,387)	882	6.6%
Total net current assets	**(5,493)**	**(7,771)**	**2,278**	**29.3%**
Gross capital employed	**104,962**	**98,685**	**6,277**	**6.4%**
Provisions:				
- employee benefits	(3,202)	(3,187)	(15)	-0.5%
- provisions for risks and charges and net deferred taxes	(6,796)	(6,838)	42	0.6%
Total provisions	**(9,998)**	**(10,025)**	**27**	**0.3%**
Net assets held for sale	**244**	**281**	**(37)**	**-13.2%**
Net capital employed	**95,208**	**88,941**	**6,267**	**7.0%**
Total shareholders' equity	**50,115**	**47,852**	**2,263**	**4.7%**
Net financial debt	**45,093**	**41,089**	**4,004**	**9.7%**

Net capital employed at March 31, 2019 amounted to €95,208 million and is funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €50,115 million and net financial debt of €45,093 million. The debt-to-equity ratio at March 31, 2019 was 0.90 (0.86 at December 31, 2018).

Analysis of the Group's financial structure

Net financial debt

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

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Long-term debt:				
- bank borrowings	9,168	8,819	349	4.0%
- bonds	39,194	38,633	561	1.5%
- other borrowings	2,566	1,531	1,035	67.6%
Long-term debt	*50,928*	*48,983*	*1,945*	*4.0%*
Long-term financial receivables and securities	(3,037)	(3,272)	235	7.2%
Net long-term debt	**47,891**	**45,711**	**2,180**	**4.8%**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	1,571	1,830	(259)	-14.2%
- other short-term bank borrowings	809	512	297	58.0%
Short-term bank borrowings	*2,380*	*2,342*	*38*	*1.6%*
Bonds (short-term portion)	2,408	1,341	1,067	79.6%
Other borrowings (short-term portion)	381	196	185	94.4%
Commercial paper	4,723	2,393	2,330	97.4%
Cash collateral on derivatives and other financing	386	301	85	28.2%
Other short-term financial payables (1)	345	438	(93)	-21.2%
Other short-term debt	*8,243*	*4,669*	*3,574*	*76.5%*
Long-term financial receivables (short-term portion)	(1,661)	(1,522)	(139)	-9.1%
Factoring receivables	-	-	-	-
Financial receivables and cash collateral	(2,468)	(2,559)	91	3.6%
Other short-term financial receivables	(762)	(859)	97	11.3%
Cash and cash equivalents with banks and short term securities	(8,530)	(6,693)	(1,837)	-27.4%
Cash and cash equivalents and short-term financial receivables	*(13,421)*	*(11,633)*	*(1,788)*	*-15.4%*
Net short-term debt	**(2,798)**	**(4,622)**	**1,824**	**39.5%**
NET FINANCIAL DEBT	**45,093**	**41,089**	**4,004**	**9.7%**
Net financial debt of "Assets classified as held for sale"	**418**	**362**	**56**	**15.5%**

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

Net financial debt amounted to €45,093 million at March 31, 2019, an increase of €4,004 million on December 31, 2018.

Net long-term debt increased by €2,180 million, due essentially to the increase of €1,945 million in gross debt.
With regard to the latter:

- bank borrowings amounted to €9,168 million, an increase of €349 million, mainly reflecting new subsidized loans granted by the European Investment Bank to Endesa SA in an amount equal to €335 million and drawings on loans denominated in US dollars and Brazilian reais by South American companies in an amount equivalent to €221 million. The increase was partly offset by the reclassification to short term of long-term bank borrowings;
- bonds amounted to €39,194 million, an increase of €561 million on December 31, 2018. The change mainly reflects new issues, including the green bond issued in January 2019 by Enel Finance International in the amount of €1,000 million, and exchange rate losses during the period. These increases were partly offset by the reclassification to short term of €748 million in respect of a euro-denominated hybrid bond issued by Enel SpA in 2014 with a first call option in January 2020, €100 million in respect of a bond issued by Enel Finance International in 2009 maturing in January 2020 and €481 million in respect of a bond issued by Enel Finance International in 2012 maturing in March 2020;
- other borrowings amounted to €2,566 million at March 31, 2019, an increase of €1,035 million on December 31, 2018. The increase reflects the impact on financial debt of the adoption of the new "IFRS 16 - Leasing", equal to €1,356 million at January 1, 2019.

Net short-term debt showed a creditor position of €2,798 million at March 31, 2019, a decrease of €1,824 million on the end of 2018. The change was the net result of an increase in short-term bank borrowings in the amount of €38 million and an increase in other short-term debt in the amount of €3,574 million, only partly offset by an increase in cash and cash equivalents and short-term financial receivables in the amount of €1,788 million.

Other short-term debt, totaling €8,243 million, includes commercial paper issued mainly by Enel Finance International, International Endesa BV and Enel Finance America totaling €4,723 million, as well as bonds maturing within 12 months amounting to €2,408 million.

During the 1st Quarter of 2019, local bond issues by the South American companies amounting to €170 million were redeemed.

Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €2,468 million, while cash collateral received from such counterparties amounted to €386 million.
Cash and cash equivalents and short-term financial receivables came to €13,421 million, up €1,788 million compared with the end of 2018, reflecting the joint effect of a decrease in other short-term financial receivables of €97 million and cash collateral paid of €91 million, amply offset by an increase in cash with banks and short-term securities in the amount of €1,837 million.

Cash flows

Cash flows from operating activities in the 1st Quarter of 2019 were a positive €2,378 million, an improvement of €480 million over the same period of the previous year. The increase reflected an improvement in performance and an improvement in net working capital.

Cash flows from investing/disinvesting activities in the 1st Quarter of 2019 absorbed funds in the amount of €1,924 million, while in the first three months of 2018 those activities had absorbed funds in the amount of €1,364 million.

In particular, capital expenditure and investments in property, plant and equipment and in intangible assets and non-current assets deriving from contracts with customers amounted to €1,872 million, an increase of €493 million on the same period of 2018. The change was mainly due to the increase in capital expenditure for the electricity distribution network in Italy, Spain and South America, as well as an increase in expenditure in the renewable energy sector in all countries.

Investments in companies or business units, expressed net of the cash and cash equivalents acquired, amounted to €233 million and refer mainly to the acquisition through EGPNA of 100% of seven operating renewables plants, of which 50% from the joint venture EGPNA REP and 50% from General Electric Capital's Energy Financial Services.

Disposals of companies or business units, expressed net of the cash and cash equivalents sold, totaled €166 million and regarded the disposal of the unit comprising the Mercure plant.

Liquidity generated by other investing/disinvesting activities in the 1st Quarter of 2019 amounted to €5 million.

Cash flows from financing activities generated liquidity of €1,360 million, compared with a net outflow of €2,498 million in the 1st Quarter of 2018. The flow in the 1st Quarter of 2019 was essentially associated with:

- the increase in net financial debt (the net balance of repayments and new borrowing) in the amount of €3,127 million;
- the payment of dividends totaling €1,757 million, which include the payment of €1,423 million in respect of the interim dividend of €0.105 per share approved by the Board of Directors of Enel SpA on November 6, 2018;
- transactions in non-controlling interests amounting to €10 million connected with the put option associated with the Mexican companies Stípa Nayaa and Eólica Zopiloapan.

Accordingly, in the first three months of 2019, cash flows generated by operating activities in the amount of €2,378 million and by financing activities in the amount of €1,360 million were more than sufficient to finance the requirements of investing activities totaling €1,924 million. The positive difference is reflected in the increase in cash and cash equivalents, which at March 31, 2019 amounted to €8,562 million, compared with €6,713 million at the start of 2019. The increase includes exchange rate gains of €35 million from developments in the various local currencies against the euro.

Significant events in the 1st Quarter of 2019

Issue of new €1 billion green bond in Europe

On January 14, 2019, Enel Finance International NV ("EFI"), an Enel Group finance company controlled by Enel SpA ("Enel", rated BBB+ for Standard & Poor's, Baa2 for Moody's, and BBB+ for Fitch), successfully placed its third green bond on the European market, reserved for institutional investors and backed by a guarantee issued by Enel.
The issue amounts to a total of €1,000 million and provides for repayment in a single instalment at maturity on July 21, 2025 and the payment of a fixed-rate coupon equal to 1.500%, payable annually in arrears in the month of July as from 2019. The issue price was set at 98.565% and the effective yield at maturity is equal to 1.736%. The settlement date for the issue was January 21, 2019.
The green bond is expected to be listed on the Irish Stock Exchange, on the Luxembourg Stock Exchange and be admitted to trading on the multilateral trading facility "ExtraMOT PRO" organized and operated by Borsa Italiana. It is also expected that the green bond will be assigned ratings in line with those of Enel.
The transaction has received subscriptions amounting to more than €4.2 billion, with the significant participation of socially responsible investors ("SRI"), enabling the Enel Group to continue to diversify its investor base.

Funac

With Law 20.416 of February 5, 2019, the state of Goiás reduced from January 27, 2015 to April 24, 2012 the period of operation of the Funac fund and the tax benefit system that allowed CELG-D (now Enel Distribuição Goiás) to offset ICMS (VAT) against the tax credit for Enel Distribuição Goiás investments to develop and maintain its grid. On February 25, 2019, Enel Distribuição Goiás appealed against the provisions of Law no. 20.416 of February 5, 2019 on a precautionary basis (writ of mandamus) before the Court of the state of Goiás, which denied the appeal on February 26, 2019. Enel Distribuição Goiás appealed this ruling and the proceeding is under way.
On April 26, 2019, Law no. 20.468 was promulgated. With the law, the state of Goiás revoked the tax relief mechanism referred to above in its entirety. Enel Distribuição Goiás will take legal action to contest this new law.

Agreement to sell 540 MW of renewables capacity in Brazil for €700 million

On January 16, Enel SpA ("Enel"), acting through its renewables subsidiary Enel Green Power Brasil Participações Ltda ("EGP Brazil"), signed agreements with Chinese company CGN Energy International Holdings Co. Limited ("CGNEI") for the sale of 100% of three renewable generation plants totaling 540 MW. The overall price in the transaction, to be paid at closing, is equal to the assets' enterprise value and amounts to approximately $R2.9 billion, equivalent to around €700 million at current exchange rates.
The three operating renewable assets being sold are the solar plants Nova Olinda (292 MW), located in the north-eastern Brazilian state of Piauí, and Lapa (158 MW), situated in the north-eastern Brazilian state of Bahia, as well as the 90 MW Cristalândia wind farm, also in Bahia.

Enel Green Power España starts construction of 90 MW of new wind capacity in Spain

Enel Green Power España has started construction of three wind farms with an overall capacity of around 90 MW located across the municipalities of Allueva, Fonfría, Mezquita de Jarque, Fuentes Calientes, Cañada Vellida and Rillo in the Spanish province of Teruel, in the region of Aragon. The total investment in the three facilities amounts to approximately €88 million. The three wind farms are slated to enter service by the end of 2019, and once completed they will generate over 295 GWh per year, while avoiding the annual emission of some 196 thousand metric tons of CO_2 into the atmosphere. The expected capacity of the 7-turbine Allueva plant exceeds 25 MW, while that of the 4-turbine Sierra Pelarda wind farm, situated in Fonfría, is about 15 MW. The largest of the three facilities is the 14-turbine Sierra Costera I, which will boast a capacity of around 50 MW and is located across the municipalities of Mezquita de Jarque, Fuentes Calientes, Cañada Vellida and Rillo.

Board of Directors of Enel Américas calls extraordinary shareholders' meeting to approve capital increase of up to $3.5 billion

On February 28, 2019, Enel SpA ("Enel" or "the Company") announced that the Board of Directors of the Chilean subsidiary Enel Américas SA ("Enel Américas"), of which Enel owns 51.8%, had called an extraordinary shareholders' meeting for April 30, 2019 to approve a capital increase of up to $3.5 billion, to be fully subscribed in cash. The increase is expected to be carried out through the issue of new ordinary shares and American Depositary Shares ("ADSs") to be offered in pre-emption to shareholders in proportion to the number of shares/ADSs they hold.

Through the capital increase Enel Américas, according to the proposal of its Board of Directors, will seek to enhance its financial position to pursue new opportunities for organic and inorganic growth, both through minority buy-outs and M&As, optimizing cash flows and improving its debt level. Moreover, the capital increase will enable an increase in the free float and capitalization of Enel Américas.

Enel Américas invests in electricity generation and distribution in Argentina, Brazil, Colombia and Peru. With an installed capacity of over 11 GW and more than 24 million customers, it is the largest private electricity company in South America.

Amendment of regulatory framework for hydroelectric concessions

The changes introduced with Decree Law 135 of December 14, 2018, concerning simplification and development support (the "Simplification Act"), ratified into law in February 2019, included the amendment of certain aspects of the regulatory framework for hydroelectric concessions. The main changes concern: (i) the extension for consideration of expired concessions (a situation regarding entities that do not belong to the Enel Group) until 2023; (ii) the regulation of the reassignment of concessions upon their expiry; and (iii) the mechanism for indemnifying the outgoing concessionaire for the transfer of the assets related to the hydroelectric concession.

These rules establish a series of general principles, with implementing provisions to be enacted by the regions and the competent authorities in order to regulate in detail the renewal of concessions in compliance with the principles laid down in the Constitution.

The Group is analyzing the possible consequences of the reform, which at present does not appear to produce a significant impact.

The hydroelectric concessions currently held by the Group that fall within the scope of this measure will begin to expire starting from 2029.

Disposal of 100% of Mercure Srl

On March 1, 2019, the sale of 100% of Mercure Srl, a company to which the Mercure biomass plant and the related legal relationships had previously been transferred, was finalized. As envisaged in the preliminary contract agreed on May 30, 2018, the company was sold for a provisional €162 million, corresponding to the valuation of the business unit at the reference date of January 1, 2018.

Endesa industrial relations

After a series of meetings of the Comisión Negociadora del V Convenio Colectivo de Endesa (Comisión Negociadora) which began in October 2017 and continued throughout 2018, in view of the impossibility of reaching an agreement, Endesa notified the workers and their union representatives that, with effect from January 1, 2019, the 4th Collective Bargaining Agreement must be considered terminated in the same way as the "framework guarantee contract" and the "agreement on the voluntary suspension or resolution of employment contracts in the period 2013-2018", applying from that date the provisions of general labor law, as well as the legal criteria established in the matter.

Despite the resumption of negotiations within the Comisión Negociadora in February 2019, the interpretative differences between Endesa and the trade union representatives regarding the effects of the resolution of the 4th Collective Bargaining Agreement with regard, in particular, to the social benefits granted to retired personnel, led to the initiation of a suit by the unions having representation in the company. On March 13, 2019, a hearing was held before the court of first instance, which, on March 29, 2019, issued a sentence in favor of Endesa. The unions have appealed this decision before the Supreme Court, while the initial ruling remains provisionally enforceable.

The proceeding concerns retired personnel only and, therefore, does not affect workers currently in service or in similar situations (including early retirement, retirement incentive agreements - AVS) in the period in which the employment relationship with Endesa is still in place. Accordingly, these workers continue to enjoy the benefits currently available pending any changes that the social partners may negotiate within the scope of the 5th Collective Bargaining Agreement.

Enel acquires 650 MW of renewables capacity from its North American joint venture EGPNA REP

On March 14, 2019, Enel SpA ("Enel"), acting through its renewables subsidiary Enel Green Power North America Inc. ("EGPNA"), finalized the acquisition of 100% of seven operational renewable generation plants totaling 650 MW from Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP"), an equally owned joint venture between EGPNA and General Electric Capital's Energy Financial Services, the energy investing arm of General Electric. The total paid for the transaction amounts to about $256 million, for an enterprise value equal to around $900 million. The price included $225 million for the equity acquired and $31 million to settle directly with the counterparty a number of creditor items it had in respect of the companies acquired.

The assets involved in the transaction, which are all operated by EGPNA, are:

- the 25 MW Cove Fort geothermal plant in Utah;
- the 13.4 MW Salt Wells geothermal plant in Nevada;
- the 59.5 MW Stillwater geothermal-solar facility in Nevada;
- the 400 MW Cimarron Bend wind farm in Kansas;
- the 150 MW Lindahl wind farm in North Dakota;
- the 2.4 MW Sheldon Springs solar photovoltaic facility in Vermont.

In line with the Group's 2019-2021 Strategic Plan, this transaction is intended to increase Enel's consolidated capacity in the key US market, extracting more value through full ownership of assets that use strategic renewable technologies. Following the transaction, EGPNA REP's capacity amounts to around 1.1 GW of hydro and wind assets, which will continue to be operated by EGPNA.

Enel Green Power acquires Tradewind, a US renewables development company

On March 26, 2019, Enel Green Power ("EGP") acquired Tradewind Energy, a renewables project development company based in Lenexa, Kansas. EGP has incorporated the entire Tradewind development platform, which includes 13 GW of wind, solar and storage projects located in the United States. On the basis of the agreement, Savion, a 100% subsidiary of Tradewind, will be sold to the Green Investment Group, part of the Australian multinational Macquarie, which has a 6 GW development platform of solar and storage projects.

The agreement with Macquarie is expected to be finalized mid-year and is currently awaiting regulatory approval.

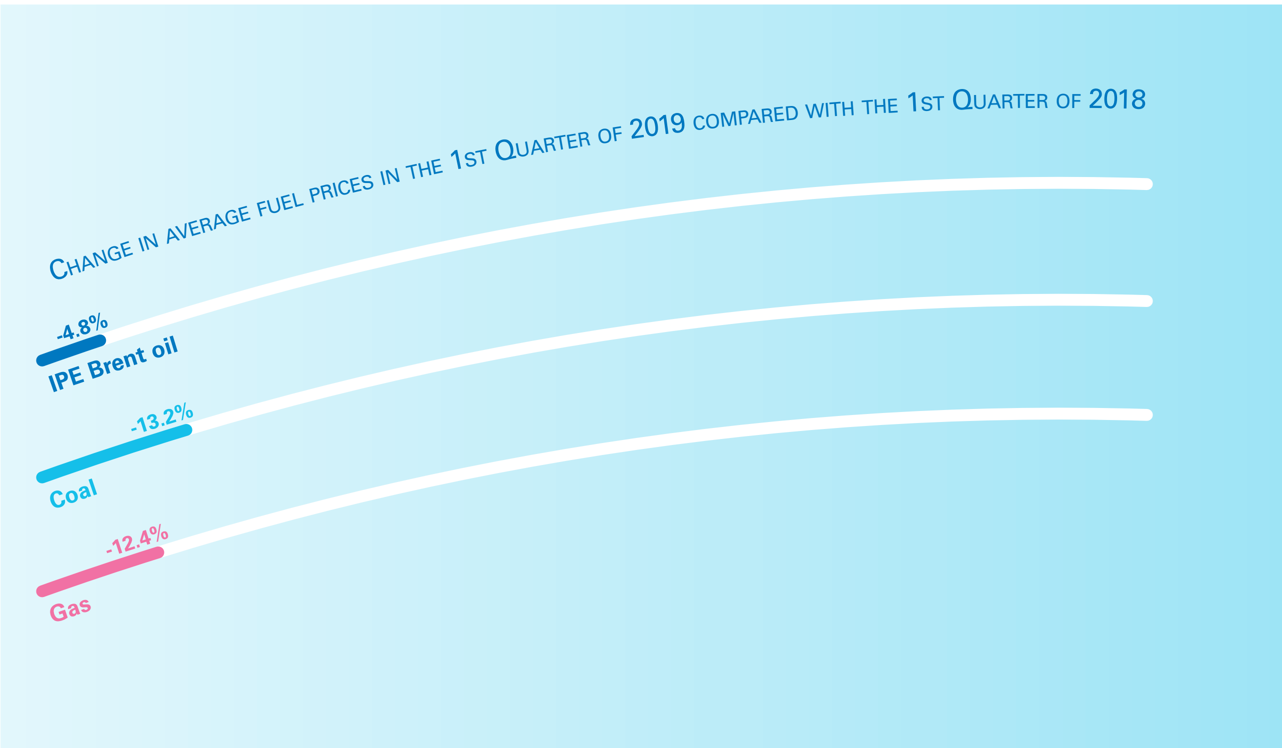
With this strategic acquisition, all aspects of the renewables value chain in North America will be managed, from development to commissioning of plants, and the skills of Tradewind will be integrated into the growth strategy in the key areas of EGP, such as the wind, solar and storage sectors.

Reference scenario

Developments in the main market indicators

	1st Quarter	
	2019	2018
Market indicators		
Average IPE Brent oil price (dollar/bbl)	63.9	67.1
Average price of CO_2 (euro/ton)	22.1	9.8
Average price of coal (dollar/t CIF ARA) [(1)]	75.3	86.8
Average price of gas (euro/MWh) [(2)]	18.4	21.0
Average dollar/euro exchange rate	1.136	1.229
Six-month Euribor (average for the period)	0.23%	0.27%

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



Electricity and natural gas markets

Electricity demand

GWh	1st Quarter		
	2019	2018	Change
Italy	**80,341**	**81,127**	**-1.0%**
Spain	64,043	65,946	-2.9%
Russia	218,590	220,745	-1.4%
Slovakia	8,188	8,305	-1.4%
Argentina	33,569	36,056	-6.9%
Brazil	155,224	149,583	3.8%
Chile	18,897	19,022	-0.7%
Colombia	17,355	16,640	4.3%

Source: national TSOs.

In the first three months of 2019, electricity demand in Italy and Spain fell by about 1% and 3%, respectively, compared with the same period of 2018. In both cases the decline was mainly attributable to temperatures that were well above their seasonal averages in February and March. The same situation was found in Eastern Europe, where electricity consumption fell by 1.4% in Russia and in Slovakia.

As regards South America, electricity demand fell in Argentina (-6.9%) and Chile (-0.7%) but grew in Brazil and Colombia (by 3.8% and 4.3%, respectively).

Electricity prices

	Average baseload price 1st Quarter of 2019 (euro/MWh)	Change in average baseload price 1st Quarter of 2019 - 1st Quarter of 2018	Average peakload price 1st Quarter of 2019 (euro/MWh)	Change in average peakload price 1st Quarter of 2019 - 1st Quarter of 2018
Italy	**59.4**	**9.4%**	**65.3**	**4.4%**
Spain	54.9	13.6%	58.8	10.0%
Russia	15.3	-4.0%	17.5	-4.7%
Brazil	45.1	8.6%	61.9	79.7%
Chile	56.0	13.3%	87.9	-7.7%
Colombia	79.5	97.4%	94.8	123.1%

Natural gas demand

Millions of m³	1st Quarter			
	2019	2018	Change	
Italy				
Residential and civil uses	14,251	15,243	(992)	-6.5%
Industry and services	3,824	3,899	(75)	-1.9%
Thermal generation	6,730	6,119	611	10.0%
Other (1)	556	608	(52)	-8.6%
Total Italy	**25,361**	**25,869**	**(508)**	**-2.0%**
Spain	**8,949**	**8,737**	**212**	**2.4%**

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

Natural gas demand in Italy in the 1st Quarter of 2019 amounted to 25.4 billion cubic meters, a contraction of 2% on the same period of 2018. Consumption for residential uses plunged by 6.5% on the 1st Quarter of 2018 due to higher-than-average temperatures in February and March. Thermal generation increased sharply (10%), reflecting a decrease in generation from renewable sources.
In Spain, demand increased by 2.4% as result of an increase in demand for gas for electricity generation, which thanks to a decline in the prices of gas favored the use of the latter over coal.

Italy

Domestic electricity generation and demand

Millions of kWh	1st Quarter			
	2019	2018	Change	
Net electricity generation:				
- thermal	49,446	48,468	978	2.0%
- hydroelectric	7,500	8,519	(1,019)	-12.0%
- wind	7,092	6,104	988	16.2%
- geothermal	1,417	1,431	(14)	-1.0%
- photovoltaic	5,110	3,769	1,341	35.6%
Total net electricity generation	**70,565**	**68,291**	**2,274**	**3.3%**
Net electricity imports	10,428	13,537	(3,109)	-23.0%
Electricity delivered to the network	**80,993**	**81,828**	**(835)**	**-1.0%**
Consumption for pumping	(652)	(701)	49	-7.0%
Electricity demand	**80,341**	**81,127**	**(786)**	**-1.0%**

Source: Terna - Rete Elettrica Nazionale (monthly report – March 2019).

Electricity demand in Italy in the 1st Quarter of 2019 decreased by 1.0% on the same period of 2018 to 80,341 million kWh. Of total electricity demand, 87.0% was met by net domestic electricity generation for consumption (83.3% in the 1st Quarter of 2018) with the remaining 13.0% being met by net electricity imports (16.7% in the 1st Quarter of 2018).

The substantial increase in *net imports* in the 1st Quarter of 2019 (3,109 million kWh, or 23.0%, on the same period of 2018) reflected the increase in net domestic generation and the decrease in electricity demand.

Net electricity generation in the 1st Quarter of 2019 rose by 3.3% (2,274 million kWh) to 70,565 million kWh. More specifically, the increase in thermal (978 million kWh), photovoltaic (1,341 million kWh) and wind (988 million kWh) generation more than offset a decrease in hydro generation (1,019 million kWh).

Spain

Electricity generation and demand in the peninsular market

Millions of kWh	1st Quarter			
	2019	2018	Change	
Net electricity generation	62,783	65,677	(2,894)	-4.4%
Consumption for pumping	(1,012)	(1,379)	367	-26.6%
Net electricity imports [1]	2,272	1,648	624	37.9%
Electricity demand	**64,043**	**65,946**	**(1,903)**	**-2.9%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Series estadísticas nacionales – Balance eléctrico* – updated to April 10, 2019).

Electricity demand in the peninsular market in the 1st Quarter of 2019 decreased by 2.9% compared with the same period of 2018, to 64,043 million kWh. Only part of that demand was met with net domestic generation.

Net electricity imports in the 1st Quarter of 2019 increased from their level in the 1st Quarter of 2018.

Net electricity generation in the 1st Quarter of 2019 posted a decrease of 4.4% (2,894 million kWh). The change is essentially attributable to the decline in electricity demand.

Electricity generation and demand in the extra-peninsular market

Millions of kWh	1st Quarter			
	2019	2018	Change	
Net electricity generation	3,221	3,352	(131)	-3.9%
Net electricity imports	379	276	103	37.3%
Electricity demand	**3,600**	**3,628**	**(28)**	**-0.8%**

Source: Red Eléctrica de España (*Series estadísticas nacionales – Balance eléctrico* – updated to April 10, 2019).

Electricity demand in the extra-peninsular market in the 1st Quarter of 2019 decreased by 0.8% compared with the 1st Quarter of 2018 to 3,600 million kWh.

Net electricity imports in the 1st Quarter of 2019 amounted to 379 million kWh and regarded trade with the Iberian peninsula.

Net electricity generation in the 1st Quarter of 2019 fell by 3.9% compared with the same period of the previous year.

Outlook

The Group's 2019-2021 Strategic Plan presented in November 2018 focuses on growth in renewable energy, the development and automation of the distribution network, the opportunities for electrification and customer focus. The Group's 2019-2021 Strategic Plan focuses on the following issues:

- industrial growth: the Group plans to invest a total of €27.5 billion over the plan period, with the aim of generating a cumulative increase in ordinary EBITDA of €3.2 billion;
- decarbonization: a cumulative increase in EBITDA of €1 billion between 2018 and 2021 linked to renewables. In 2021, 62% of the energy generated by the Enel Group is expected to have zero emissions, compared with 49% in 2018;
- operational efficiency: the objective of €1.2 billion of cumulative benefits generated by efficiencies expected by 2021, mainly due to the effect of digitalization, has been confirmed;
- simplification: optimization of the risk/return profile by increasing investments in subsidiaries and active portfolio management;
- human capital: our commitment to achieving sustainable development goals (SDGs) has been extended until 2030;
- return on capital employed: creation of value amounting to a total of 400 basis points on a WACC of 6.2% in 2021 through investments focused more closely on higher yield assets, efficiency enhancements and portfolio optimization;
- shareholder remuneration: a 70% dividend calculated on the Group's ordinary net income from 2019 onwards is confirmed, with a compound average growth rate (CAGR) in the dividend per share (DPS) of about +12%. For the first time the minimum DPS will be extended to the next three years, with a CAGR of about +9%.

In 2019 we expect:

- an acceleration of investments in renewable energy projects, particularly in North America, and the continuation of investments in grids, especially in Italy and South America;
- progress in operational efficiency, supported by digitalization across all our businesses;
- greater customer focus on a global scale and an acceleration of Enel X's activities in the electric mobility and demand response businesses;
- further progress in simplifying the Group and actively managing the portfolio.

Condensed consolidated quarterly financial statements at March 31, 2019

Condensed Consolidated Income Statement

Millions of euro	Notes	1st Quarter	
		2019	2018
Total revenue	5.a	20,891	18,946
Total costs	5.b	17,997	16,444
Net income/(expense) from commodity contracts measured at fair value	5.c	87	36
Operating income		**2,981**	**2,538**
Financial income		1,251	1,045
Financial expense		1,922	1,611
Net income/(expense) from hyperinflation	2	24	-
Total net financial income/(expense)	5.d	**(647)**	**(566)**
Share of income/(losses) of equity investments accounted for using the equity method	5.e	**(63)**	**37**
Income before taxes		**2,271**	**2,009**
Income taxes	5.f	621	481
Net income from continuing operations		**1,650**	**1,528**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,650**	**1,528**
Attributable to shareholders of the Parent Company		1,256	1,169
Attributable to non-controlling interests		394	359
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.12*	*0.11*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.12*	*0.11*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.12*	*0.11*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.12*	*0.11*

Statement of Consolidated Comprehensive Income

Millions of euro	1st Quarter	
	2019	2018
Net income for the period	**1,650**	**1,528**
Other comprehensive income recyclable to profit or loss (net of taxes)		
Effective portion of change in the fair value of cash flow hedges	364	(306)
Change in fair value of hedging costs	28	161
Share of the other comprehensive income of equity investments accounted for using the equity method	1	2
Change in the fair value of financial assets at FVOCI	5	-
Change in translation reserve	461	(293)
Other comprehensive income/(loss) for the period	**859**	**(436)**
Comprehensive income/(loss) for the period	**2,509**	**1,092**
Attributable to:		
- shareholders of the Parent Company	1,886	755
- non-controlling interests	623	337

Condensed Consolidated Balance Sheet

Millions of euro

	Notes	at Mar. 31, 2019	at Dec. 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		99,528	95,780
Goodwill		14,365	14,273
Equity investments accounted for using the equity method		2,052	2,099
Other non-current assets [(1)]		16,966	16,697
Total non-current assets	6.a	**132,911**	**128,849**
Current assets			
Inventories		2,814	2,818
Trade receivables		15,476	13,587
Cash and cash equivalents		8,471	6,630
Other current assets [(2)]		13,502	12,852
Total current assets	6.b	**40,263**	**35,887**
Assets held for sale	6.c	**722**	**688**
TOTAL ASSETS		**173,896**	**165,424**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	6.d	33,613	31,720
Non-controlling interests		16,502	16,132
Total shareholders' equity		**50,115**	**47,852**
Non-current liabilities			
Long-term borrowings		50,928	48,983
Provisions and deferred tax liabilities		17,004	17,018
Other non-current liabilities		11,084	10,816
Total non-current liabilities	6.e	**79,016**	**76,817**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		10,586	6,983
Trade payables		12,505	13,387
Other current liabilities		21,196	19,978
Total current liabilities	6.f	**44,287**	**40,348**
Liabilities held for sale	6.g	**478**	**407**
TOTAL LIABILITIES		**123,781**	**117,572**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**173,896**	**165,424**

(1) Of which long-term financial receivables and other securities at March 31, 2019 equal to €2,658 million (€2,912 million at December 31, 2018) and €379 million (€360 million at December 31, 2018), respectively.

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2019 equal to €1,661 million (€1,552 million at December 31, 2018), €3,230 million (€3,418 million at December 31, 2018) and €59 million (€63 million at December 31, 2018), respectively.

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company						
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of costs of hedging financial instruments
At December 31, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(2,614)**	**(1,588)**	**-**
Application of new accounting standards	-	-	-	-	-	348	(348)
At January 1, 2018 restated	**10,167**	**7,489**	**2,034**	**2,262**	**(2,614)**	**(1,240)**	**(348)**
Distribution of dividends	-	-	-	-	-	-	
Transactions in non-controlling interests	-	-	-	-	-	-	
Comprehensive income for the period	-	-	-	-	(244)	(333)	161
of which:							
- other comprehensive income/(loss)	-	-	-	-	(244)	(333)	161
- net income/(loss) for the period	-	-	-	-	-	-	-
At March 31, 2018	**10,167**	**7,489**	**2,034**	**2,262**	**(2,858)**	**(1,573)**	**(187)**
At January 1, 2019	**10,167**	**7,489**	**2,034**	**2,262**	**(3,317)**	**(1,745)**	**(258)**
Distribution of dividends	-	-	-	-	-	-	
Monetary revaluation	-	-	-	-	-	-	
Transactions in non-controlling interests	-	-	-	-	(81)	-	
Comprehensive income for the period	-	-	-	-	248	345	30
of which:							
- other comprehensive income/(loss)	-	-	-	-	248	345	30
- net income/(loss) for the period	-	-	-	-	-	-	
At March 31, 2019	**10,167**	**7,489**	**2,034**	**2,262**	**(3,150)**	**(1,400)**	**(228)**

Reserve from measurement of financial instruments at FVOCI	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net liabilities/ (assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from acquisitions of non-controlling interests	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(23)	**(5)**	**(646)**	**(2,398)**	**(1,163)**	**21,280**	**34,795**	**17,366**	**52,161**
3	-	-	-	-	(3,707)	**(3,704)**	**(576)**	**(4,280)**
(20)	**(5)**	**(646)**	**(2,398)**	**(1,163)**	**17,573**	**31,091**	**16,790**	**47,881**
-	-	-	-	-	-	**-**	**(207)**	**(207)**
-	-	-	-	-	-	**-**	**53**	**53**
-	2	-	-	-	1,169	**755**	**337**	**1,092**
-	2	-	-	-	-	**(414)**	**(22)**	**(436)**
-	-	-	-	-	1,169	**1,169**	**359**	**1,528**
(20)	**(3)**	**(646)**	**(2,398)**	**(1,163)**	**18,742**	**31,846**	**16,973**	**48,819**
16	**(63)**	**(714)**	**(2,381)**	**(1,623)**	**19,853**	**31,720**	**16,132**	**47,852**
-	-	-	-	-	-	**-**	**(195)**	**(195)**
-	-	-	-	-	26	**26**	**45**	**71**
-	-	(4)	-	67	(1)	**(19)**	**(103)**	**(122)**
5	2	-	-	-	1,256	**1,886**	**623**	**2,509**
5	2	-	-	-	-	**630**	**229**	**859**
-	-	-	-	-	1,256	**1,256**	**394**	**1,650**
21	**(61)**	**(718)**	**(2,381)**	**(1,556)**	**21,134**	**33,613**	**16,502**	**50,115**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter	
	2019	2018
Income before taxes	**2,271**	**2,009**
Adjustments for:		
Net impairment/(reversals) of trade receivables and other receivables	144	-
Depreciation, amortization and impairment losses	1,423	1,499
Financial (income)/expense	647	566
Net income from equity investments accounted for using equity method	63	(37)
Changes in net current assets:		
- inventories	15	122
- trade receivables	(1,974)	(484)
- trade payables	(912)	(1,984)
- other contract assets/liabilities	172	-
- other assets and liabilities	1,461	815
Interest and other financial expense and income paid and received	(467)	(445)
Other changes	(465)	(163)
Cash flows from operating activities (A)	**2,378**	**1,898**
Investments in property, plant and equipment, intangible assets and non-current contract assets	(1,872)	(1,379)
Investments in entities (or business units) less cash and cash equivalents acquired	(223)	-
Disposals of entities (or business units) less cash and cash equivalents sold	166	28
(Increase)/Decrease in other investing activities	5	(13)
Cash flows from (investing)/disinvesting activities (B)	**(1,924)**	**(1,364)**
New issues of long-term financial debt	1,945	3,132
Repayments and other changes in net financial debt	1,182	(4,240)
Receipts/(Outlays) for transactions in non-controlling interests	(10)	-
Dividends and interim dividends paid	(1,757)	(1,390)
Cash flows from financing activities (C)	**1,360**	**(2,498)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**35**	**(43)**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**1,849**	**(2,007)**
Cash and cash equivalents and short-term securities at the beginning of the period [1]	6,713	7,121
Cash and cash equivalents and short-term securities at the end of the period [2]	8,562	5,114

(1) Of which cash and cash equivalents equal to €6,630 million at January 1, 2019 (€7,021 million at January 1, 2018), short-term securities equal to €63 million at January 1, 2019 (€69 million at January 1, 2018) and cash and cash equivalents pertaining to "Assets held for sale" equal to €21 million at January 1, 2019 (€31 million at January 1, 2018).

(2) Of which cash and cash equivalents equal to €8,471 million at March 31, 2019 (€4,984 million at March 31, 2018), short-term securities equal to €59 million at March 31, 2019 (€58 million at March 31, 2018) and cash and cash equivalents pertaining to "Assets held for sale" equal to €32 million at March 31, 2019 (€72 million at January 1, 2018).

Notes to the condensed consolidated quarterly financial statements at March 31, 2019

1

Accounting policies and measurement criteria

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the Condensed Consolidated Financial Statements at March 31, 2019 are the same as those adopted for the Consolidated Financial Statements at December 31, 2018. Please see those financial statements for more information. In addition, since January 1, 2019, the following standards, interpretations and amendments of existing standards have become applicable to the Enel Group.

- "IFRS 16 - Leasing", issued on January 2016, replaces IAS 17, "IFRIC 4 – Determining whether an Arrangement contains a Lease", "SIC 15 – Operating Leases – Incentives" and "SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease". With Regulation (EU) no. 2017/1986 issued on October 31, 2017, the European Commission endorsed "IFRS 16 - Leasing".
  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.
  At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). On initial application, the Group elected to exercise those exclusions, whose value – including at first-time application – was estimated to be not material. For example, the Group has leases for certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

The new accounting standard substantially impacts all Group entities holding lease contracts. The main cases are represented by the lease of land and buildings, cars and other means of transportation and other technical machinery.

The complexity of the assessment of the lease contracts and their long-term expiration date required considerable professional judgement at first-time adoption of the new accounting standard.

For the transition of the new accounting standard, the Group elected to use the following practical expedients:

- to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4;

- to use the modified retrospective approach, under which the Group recognized the cumulative effect of adopting IFRS 16 as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information;
- to measure the lease liability at the present value of the remaining lease payments. The discount rate was represented by the incremental borrowing rate of the Enel Group entity concerned as of January 1, 2019;
- to recognize a right-of-use asset at the date of initial application for an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application;
- to rely on its assessment of whether right-of-use assets are recoverable at January 1, 2019 on the basis of the assessment of whether the leases are onerous in accordance with IAS 37.

→ "Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*", issued in February 2018.
The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. The amendments also (i) clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements and (ii) do not address the accounting for "significant market fluctuations" in the absence of a plan amendment, curtailment or settlement.

→ "Amendments to IAS 28 – *Long-term interests in associates and joint ventures*", issued in October 2017; the amendments clarify that an entity must apply "IFRS 9 – Financial instruments" to non-current interests in associates and joint ventures to which the equity method is not applied.

→ "Annual improvements to IFRSs 2015-2017 cycle", issued in December 2017; the document contains formal modifications and clarifications of existing standards. More specifically, the following standards were amended:

- "IFRS 3 – *Business combinations*"; the amendments clarify that when a joint operator obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value at the acquisition date;
- "IFRS 11 – *Joint arrangements*"; the amendments clarify that a party that participates in, but does not have joint control of, a joint operation and obtains joint control of the joint operation that constitutes a business as defined in IFRS 3 is not required to remeasure previously held interests in the joint operation;
- "IAS 12 – *Income taxes*"; the amendments clarify that an entity shall recognize the income tax consequences of dividends (as defined in IFRS 9) when it recognizes a liability to pay a dividend in profit or loss, other comprehensive income or equity in accordance with where the entity originally recognized the transactions that generated distributable profits;
- "IAS 23 – *Borrowing costs*"; the amendments clarify that an entity shall include borrowings made specifically for the purpose of obtaining a qualifying asset outstanding when the asset is ready for its intended use or sale in the generic borrowings of the entity.

→ "IFRIC 23 – *Uncertainty over Income Tax Treatments*", issued in June 2017; the interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The uncertainty over income tax treatments may affect both current and deferred tax.
The interpretation proposes that an entity should recognize a tax liability or asset under uncertainty when it is probable that the taxation authority will accept or not a given tax treatment assuming that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information. The interpretation also requires an entity to reassess any judgments and estimates made if a change in facts and circumstances might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the impact these variations have on performance, which are generally negligible, and the fact that the Group operates in both the globe's northern and southern hemispheres, no additional disclosure (as required under IAS 34.21) for developments in the 12 months ended March 31, 2019 is provided.

2

Effects of the application of new accounting standards

With effect from January 1, 2019, the new "IFRS 16 - Leasing" endorsed by the European Commission with Regulation (EU) no. 2017/1986 of October 31, 2017 was applied for the first time.

On first-time adoption, the Group adopted the modified retroactive approach provided for in the standard itself, which led to the restatement of a number of balance sheet items as at January 1, 2019. Specifically, the Group recognized a lease liability (with a negative impact on net financial debt of €1,356 million) and an asset represented by the right to use the underlying asset. For more details, see note 1 above.

The following table reports the changes to the Consolidated Balance Sheet as at January 1, 2019 connected with the application of the new IFRS 16.

Condensed consolidated balance sheet

Millions of euro

	at Dec. 31, 2018	IFRS 16 effect	at Jan. 1, 2019
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets	95,780	1,356	97,136
Goodwill	14,273	-	14,273
Equity investments accounted for using the equity method	2,099	-	2,099
Other non-current assets	16,697	-	16,697
Total non-current assets	**128,849**	**1,356**	**130,205**
Current assets			
Inventories	2,818	-	2,818
Trade receivables	13,587	-	13,587
Cash and cash equivalents	6,630	-	6,630
Other current assets	12,852	-	12,852
Total current assets	**35,887**	**-**	**35,887**
Assets held for sale	**688**	**2**	**690**
TOTAL ASSETS	**165,424**	**1,358**	**166,782**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	31,720	-	31,720
Total shareholders' equity	**47,852**	**-**	**47,852**
Non-current liabilities			
Long-term borrowings	48,983	1,296	50,279
Provisions and deferred tax liabilities	17,018	-	17,018
Other non-current liabilities	10,816	-	10,816
Total non-current liabilities	**76,817**	**1,296**	**78,113**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	6,983	60	7,043
Trade payables	13,387	-	13,387
Other current liabilities	19,978	-	19,978
Total current liabilities	**40,348**	**60**	**40,408**
Liabilities held for sale	**407**	**2**	**409**
TOTAL LIABILITIES	**117,572**	**1,358**	**118,930**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**165,424**	**1,358**	**166,782**

The following table reports the impact of the application of IFRS 16 on the income statement for the 1st Quarter of 2019.

Millions of euro	1st Quarter of 2019
	IFRS 16 effect
Total costs [1]	1,648
Operating income	**65,946**
Financial expense	1,648
Income before taxes	**65,946**
Income taxes [2]	1,648
Net income for the period (shareholders of the Parent Company and non-controlling interests)	**65,946**

(1) The figure reflects a decrease in costs for services, leases and rentals of €61 million and an increase in depreciation of €56 million.
(2) Tax rate of 27.0% applied.

Argentina - hyperinflationary economy: impact of the application of IAS 29

As from July 1, 2018, the Argentine economy has been considered hyperinflationary based on the criteria established by "IAS 29 - Financial reporting in hyperinflationary economies". This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

For the purposes of preparing the condensed consolidated financial statements and in accordance with IAS 29, certain items of the balance sheets of the investees in Argentina have been remeasured by applying the general consumer price index to historical data in order to reflect changes in the purchasing power of the Argentine peso at the reporting date for those companies.

Bearing in mind that the Enel Group acquired control of the Argentine companies on June 25, 2009, the remeasurement of the non-monetary balance-sheet figures was conducted by applying the inflation indices starting from that date. In addition to already being reflected in the opening balance sheet, the accounting effects of that adjustment incorporate changes during the period. Specifically, the effect of the remeasurement of non-monetary assets and liabilities and equity, as well as the components of the income statement recognized in the 1st Quarter of 2019 was recognized in a specific line of the income statement under financial income and expense. The associated tax effect was recognized in taxes for the period.

In order to also take account of the impact of hyperinflation on the exchange rate of the local currency, the income statement balances expressed in the hyperinflationary currency have been translated into the Group's presentation currency (euro) applying, in accordance with IAS 21, the closing exchange rate rather than the average rate for the period in order to adjust these amounts to current values.

The cumulative changes in the general price indices at December 31, 2018 and March 31, 2019 are shown in the following table.

Periods	**Cumulative change in general consumer price index**
From July 1, 2009 to December 31, 2018	346.30%
From January 1, 2019 to March 31, 2019	9.85%

In 2019, the application of IAS 29 led to the recognition of net financial income (gross of tax) of €24 million.

The following tables report the effects of IAS 29 on the balance sheet at March 31, 2019, as well as the impact of hyperinflation on the main income statement items for the 1st Quarter of 2019, differentiating between that concerning the revaluation on the basis of the general consumer price index and that due to the application of the closing exchange rate rather than the average exchange rate for the period in accordance with the provisions of IAS 21 for hyperinflationary economies.

Millions of euro

	Cumulative hyperinflation effect at Dec. 31, 2018	Hyperinflation effect for the period	Exchange differences	Cumulative hyperinflation effect at Mar. 31, 2019
Total assets	**765**	108	(103)	**770**
Total liabilities	**197**	28	(27)	**198**
Shareholders' equity	**568**	80 (1)	(76)	**572**

(1) The figure includes net income for the 1st Quarter of 2019, equal to €9 million.

Millions of euro

	IAS 29 effect	IAS 21 effect	Total effect
Revenue	13	(38)	(25)
Costs	18 (1)	(35) (2)	(17)
Operating income	**(5)**	**(3)**	**(8)**
Net financial income/(expense)	(1)	7	6
Net income/(expense) from hyperinflation	24	-	24
Income before taxes	**18**	**4**	**22**
Income taxes	9	(3)	6
Net income for the year (shareholders of the Parent Company and non-controlling interests)	**9**	**7**	**16**
Attributable to shareholders of the Parent Company	6	4	10
Attributable to non-controlling interests	3	3	6

(1) Includes impact on depreciation, amortization and impairment losses of €8 million.
(2) Includes impact on depreciation, amortization and impairment losses of €3 million.

3

Main changes in the scope of consolidation

2018

- Disposal, on March 12, 2018, of 86.4% of Erdwärme Oberland GmbH, a company developing geothermal plants headquartered in Germany. The total transaction price was €0.9 million, with a realized capital gain of €1 million.

2019

- Disposal, on March 1, 2019, of 100% of Mercure Srl, a company to which the business unit consisting of the Mercure biomass plant and the related legal relationships had been previously transferred. As envisaged in the preliminary contract agreed on May 30, 2018, the company was sold for a provisional €162 million, corresponding to the valuation of the business unit at the reference date of January 1, 2018. This amount will be subject to subsequent adjustment on the basis of certain specified variables;
- acquisition, on March 14, 2019, by Enel Green Power SpA, acting through its US renewables subsidiary Enel Green Power North America ("EGPNA"), of 100% of seven operating renewable generation plants from Enel Green Power North America Renewable Energy Partners ("EGPNA REP"), a joint venture 50% owned by EGPNA and 50% by General Electric Capital's Energy Financial Services;
- acquisition, on March 27, 2019, by Enel Green Power SpA, acting through its US renewables subsidiary EGPNA, of Tradewind Energy, a renewable energy project development company based in Lenexa, Kansas. Enel Green Power has incorporated the entire Tradewind development

platform, which includes 13 GW of wind, solar and storage projects located in the United States.

Other changes

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

- Enel SpA increased its interest in Enel Américas by 2.14% during the quarter, in accordance with the provisions of the two share swap contracts agreed with a financial institution, raising its total stake to 56.37%.

Acquisition of geothermal, solar and wind plants from Enel Green Power North America Renewable Energy Partners

On March 14, 2019, by Enel Green Power SpA, acting through its US subsidiary Enel Green Power North America (EGPNA), acquired 100% of seven operating renewable generation plants with a total capacity of 650 GW from Enel Green Power North America Renewable Energy Partners (EGPNA REP), a joint venture 50% owned by EGPNA and 50% by General Electric Capital's Energy Financial Services. The acquisition involved a cash outflow of €225 million, of which €198 million for the equity acquired and €27 million to settle directly with the counterparty a number of creditor items it had in respect of the companies acquired.
The plants included in the transaction, all of which are operated by EGPNA, are: Cove Fort, Salt Wells, Stillwater, Cimarron Bend, Lindahl and Sheldon Springs.
The company has engaged independent experts to measure the fair value of the net assets acquired and the associated allocation of the purchase price. To date, the accounting effects of the transaction have led to the provisional recognition of negative goodwill of €106 million.

The companies acquired contributed €11 million in revenue and €3 million in operating income to results for the 1st Quarter of 2019.

Acquisition of Tradewind Energy

On March 27, 2019, Enel Green Power acquired Tradewind Energy, a renewables project development company with 13 GW of wind, solar and storage projects located in the United States. On the basis of the agreement, Savion, a 100% subsidiary of Tradewind, will be sold to the Green Investment Group, part of the Australian multinational Macquarie, which has a 6 GW development platform of solar and storage projects.
The agreement with Macquarie is expected to be finalized mid-year and is currently awaiting regulatory approval.

The following table reports the provisional fair values of the net assets acquired.

Determination of goodwill

Millions of euro	Amount recognized at March 27, 2019
Property, plant and equipment	7
Intangible assets	2
Deferred tax assets	11
Other non-current assets	31
Trade receivables	3
Cash and cash equivalents	4
Borrowings	(87)
Other non-current liabilities	(54)
Trade payables	(6)
Other current liabilities	(3)
Net assets acquired	**(90)**
Cost of the acquisition	**6**
(of which paid in cash)	*6*
Goodwill	96

4

Segment information

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

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

Performance by segment

1st Quarter of 2019 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	10,611	5,035	4,199	636	358	38	14	20,891
Revenue from transactions with other segments	193	10	56	2	1	-	(262)	-
Total revenue	**10,804**	**5,045**	**4,255**	**638**	**359**	**38**	**(248)**	**20,891**
Total costs	8,907	4,099	2,933	532	126	22	(189)	16,430
Net income/(expense) from commodity contracts measured at fair value	119	(38)	(1)	-	7	-	-	87
Depreciation and amortization	482	437	359	50	80	10	7	1,425
Impairment losses	73	88	46	5	-	-	-	212
Reversals of impairment losses	(2)	(65)	-	(3)	-	-	-	(70)
Operating income	**1,463**	**448**	**916**	**54**	**160**	**6**	**(66)**	**2,981**
Capital expenditure	**555**	**375**	**439** (2)	**104**	**294**	**81**	**23**	**1,871**

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

1st Quarter of 2018 (1)

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	9,926	5,082	3,084	581	234	24	15	18,946
Revenue from transactions with other segments	183	10	2	21	-	-	(216)	-
Total revenue	**10,109**	**5,092**	**3,086**	**602**	**234**	**24**	**(201)**	**18,946**
Total costs	8,211	4,224	2,073	475	115	11	(164)	14,945
Net income/(expense) from commodity contracts measured at fair value	45	(9)	(1)	(1)	2	-	-	36
Depreciation and amortization	458	402	284	49	62	11	7	1,273
Impairment losses	177	78	20	11	-	3	-	289
Reversals of impairment losses	-	(55)	-	(7)	-	(1)	-	(63)
Operating income	**1,308**	**434**	**708**	**73**	**59**	**-**	**(44)**	**2,538**
Capital expenditure	**408**	**181**	**321**	**36** (2)	**262** (3)	**1**	**20**	**1,229**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €14 million regarding units classified as "held for sale".
(3) Does not include €136 million regarding units classified as "held for sale".

Financial position by segment

At March 31, 2019

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Property, plant and equipment	26,920	23,890	18,127	3,390	7,389	915	72	80,703
Intangible assets	1,825	15,833	14,195	771	881	124	75	33,704
Trade receivables	9,134	2,283	4,220	412	215	41	(804)	15,501
Other	3,295	1,773	2,011	175	382	46	(75)	7,607
Operating assets	**41,174** (1)	**43,779**	**38,553** (2)	**4,748**	**8,867** (4)	**1,126**	**(732)**	**137,515**
Trade payables	7,192	2,000	3,162	350	578	98	(874)	12,506
Sundry provisions	2,518	3,492	2,677	104	65	23	512	9,391
Other	10,660	4,517	3,251	650	1,231	87	150	20,546
Operating liabilities	**20,370**	**10,009**	**9,090** (3)	**1,104**	**1,874**	**208**	**(212)**	**42,443**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €672 million regarding units classified as "held for sale".
(3) Of which €21 million regarding units classified as "held for sale".
(4) Of which €13 million regarding units classified as "held for sale".

At December 31, 2018

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	**Total**
Property, plant and equipment	26,295	23,750	17,387	3,218	5,745	784	64	77,243
Intangible assets	1,822	15,857	13,932	781	750	106	67	33,315
Trade receivables	7,885	2,162	3,766	379	276	33	(890)	13,611
Other	2,979	1,796	1,724	165	348	35	(208)	6,839
Operating assets	**38,981** (1)	**43,565**	**36,809** (2)	**4,543**	**7,119**	**958**	**(967)**	**131,008**
Trade payables	7,385	2,658	3,074	391	802	90	(1,011)	13,389
Sundry provisions	2,504	3,537	2,956	90	56	22	516	9,681
Other	9,754	5,375	2,879	641	919	84	683	20,335
Operating liabilities	**19,643**	**11,570**	**8,909** (3)	**1,122**	**1,777**	**196**	**188**	**43,405**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €663 million regarding units classified as "held for sale".
(3) Of which €22 million regarding units classified as "held for sale".

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

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018
Total assets	**173,896**	**165,424**
Equity investments accounted for using the equity method	2,052	2,099
Other non-current financial assets	6,973	6,774
Long-term tax receivables included in "Other non-current assets"	221	231
Current financial assets	8,876	9,074
Cash and cash equivalents	8,471	6,630
Deferred tax assets	8,334	8,305
Tax receivables	1,421	1,282
Financial and tax assets of "Assets held for sale"	33	21
Segment assets	**137,515**	**131,008**
Total liabilities	**123,781**	**117,572**
Long-term borrowings	50,928	48,983
Non-current financial liabilities	2,496	2,609
Short-term borrowings	6,226	3,616
Current portion of long-term borrowings	4,360	3,367
Current financial liabilities	4,683	5,131
Deferred tax liabilities	8,942	8,650
Income tax payable	657	333
Other tax payables	2,589	1,093
Financial and tax liabilities of "Liabilities held for sale"	457	385
Segment liabilities	**42,443**	**43,405**

Revenue

5.a Revenue - *€20,891 million*

Millions of euro	1st Quarter			
	2019	2018	Change	
Sales of electricity	11,560	10,241	1,319	12.9%
Transport of electricity	2,572	2,482	90	3.6%
Fees from network operators	228	242	(14)	-5.8%
Transfers from institutional market operators	354	379	(25)	-6.6%
Sales of gas	1,686	1,641	45	2.7%
Transport of gas	267	260	7	2.7%
Other revenue and income	4,224	3,701	523	14.1%
Total	**20,891**	**18,946**	**1,945**	**10.3%**

In the 1st Quarter of 2019 revenue from the **sales of electricity** amounted to €11,560 million, an increase of €1,319 million on the same period of the previous year. It includes revenue from the sale of electricity to end users in the amount of €8,738 million (€7,848 million in the 1st Quarter of 2018), revenue from wholesale transactions in electricity in the amount of €2,007 million (€1,877 million in the 1st Quarter of 2018) and revenue from electricity trading in the amount of €815 million (€516 million in the 1st Quarter of 2018). The increase in revenue from sales essentially reflects:

- an increase of €890 million in revenue from the sale of electricity to end users, of which sales on the regulated market amounted to €558 million and those on the free market totaled €332 million. The increase in revenue from sales on the regulated market essentially reflected developments in South America, especially Enel Distribuição São Paulo, which was acquired with effect from June 6, 2018, partly offset by a decline in sales by Italian, Spanish and Romanian companies. The rise in sales on the free market mainly reflects an increase in business-to-consumer sales in Italy as well as an increase in sales in South America and Romania;
- an increase of €130 million in revenue from wholesale transactions, above all in Iberia and South America, essentially reflecting an increase in sales on electricity exchanges;
- an increase of €299 million in revenue from electricity trading, essentially due to an increase in volumes traded, especially on international markets.

These positive factors were partly offset by adverse exchange rate developments, especially in South America.

Revenue from the **transport of electricity** in the 1st Quarter of 2019 amounted to €2,572 million, an increase of €90 million on the same period of the previous year. The figure includes revenue from the transport of electricity to end users on the regulated market in the amount of €678 million (€727 million in the 1st Quarter of 2018) and the free market in the amount of €1,894 million (€1,755 million in the 1st Quarter of 2018). That increase was mainly due to:

- an increase in revenue from the transport of electricity in Italy, which at the same time posted an increase in volumes transported on the free market and a decrease in volumes on the regulated market as a result of the shift of customers from the regulated to the free market;
- an increase in revenue from the transport of electricity on the regulated market in South America as a result of the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo in June 2018.

Fees from network operators in the 1st Quarter of 2019 amounted to €228 million, a decrease of €14 million on the same period of the previous year, attributable to the Spanish and Italian companies.

In the 1st Quarter of 2019, revenue from **transfers from institutional market operators** amounted to €354 million, a decline of €25 million compared with the same period of 2018. That revenue includes offsetting payments received by the Spanish companies for the cost of generation in the extra-peninsular area (€272 million) and transfers received in Italy for electricity generated with renewable sources (€82 million). The change in revenue is entirely attributable to a reduction in transfers received in Italy for electricity generated with renewable sources.

Revenue from the **sales of gas** amounted to €1,686 million in the 1st Quarter of 2019, an increase of €45 million, mainly attributable to Italian and Romanian companies, partly offset by a decline in the revenue posted by the Spanish companies.

Revenue from the **transport of gas** in the 1st Quarter of 2019 amounted to €267 million, an increase of €7 million on the same period of 2018.

Other revenue and income in the 1st Quarter of 2019 came to €4,224 million (€3,701 million in the 1st Quarter of 2018), an increase of €523 million (+14.1%). The increase essentially reflected the following developments:

- an increase of €213 million in revenue from the sale of fuels, especially natural gas (€215 million) in Italy due to an increase in volumes handled;
- the recognition of a gain of €108 million for the sale on March 1, 2019 of the interest in the subsidiary Mercure Srl as part of the disposal of the business unit connected with the Mercure plant;
- the acquisition by Enel Green Power North America ("EGPNA") of 100% of seven operational plants from EGPNA REP, an equally held joint venture of EGPNA and General Electric Capital's Energy Financial Services, which led to the recognition of negative goodwill of €106 million, determined provisionally pending completion of the purchase price allocation process by independent experts;
- an increase of €53 million in revenue in respect of construction contracts, mainly attributable to South America as a result of the acquisition of Enel Distribuição São Paulo, which took effect as from June 6, 2018;
- an increase of €47 million in revenue for the sale of goods as part of value-added services, primarily those of the Enel X Business Line;
- an increase of €180 million in reimbursements from customers, mainly in respect of Enel Generación Chile, which recognized penalties of €160 million for the early termination by a major industrial customer of a long-term electricity supply contract;
- an increase of €14 million in fees for connection to the electricity grid, essentially in Italy.

These factors were partly offset by:

- the effect of the recognition in 2018 of income of €128 million received under the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the earn-out granted in the sale of the interest in Enel Rete Gas;
- a reduction of €70 million in transfers for energy efficiency certificates due to a decrease in the volume of certificates purchased in the period and a reduction in the unit transfer compared with the same period of 2018.

Costs

5.b Costs - *€17,997 million*

Millions of euro	1st Quarter			
	2019	2018	Change	
Electricity purchases	5,519	4,377	1,142	26.1%
Consumption of fuel for electricity generation	1,130	1,111	19	1.7%
Fuel for trading and gas for sale to end users	3,928	3,619	309	8.5%
Materials	342	326	16	4.9%
Personnel	1,174	1,091	83	7.6%
Services, leases and rentals	4,107	4,005	102	2.5%
Depreciation, amortization and impairment losses	1,567	1,499	68	4.5%
Charges for environmental certificates	327	317	10	3.2%
Other operating expenses	377	483	(106)	-21.9%
Capitalized costs	(474)	(384)	(90)	-23.4%
Total	**17,997**	**16,444**	**1,553**	**9.4%**

Costs for **electricity purchases** in the 1st Quarter of 2019 amounted to €5,519 million, an increase of €1,412 million (+26.1%). These costs included purchases under domestic bilateral contracts of €2,376 million (€2,749 million in the 1st Quarter of 2018), purchases of electricity on electricity exchanges of €2,233 million (€1,587 million in the 1st Quarter of 2018), purchases of electricity as part of dispatching and imbalancing services of €63 million (€70 million in the 1st Quarter of 2018), purchases on international markets of €46 million (€389 million in the 1st Quarter of 2018) and other sundry purchases on the local market of €44 million (€429 million in the 1st Quarter of 2018). The increase essentially reflected:

- an increase in costs for purchases on the Power Exchange (€646 million), in particular in generation in Italy and the distribution companies in Brazil, partly reflecting the acquisition of Enel Distribuição São Paulo in 2018;
- a decrease in purchases under bilateral contracts, mainly attributable to Enel Global Trading.

Costs for the **consumption of fuel for electricity generation** in the 1st Quarter of 2019 amounted to €1,130 million, an increase of €19 million (+1.7%) on the year-earlier period. The rise mainly reflected an increase in the unit costs of fuel, especially in Russia.

Costs for the purchase of **fuel for trading and gas for sale to end users** in the 1st Quarter of 2019 amounted to €3,928 million, an increase of €309 million (+8.5%) on the 1st Quarter of 2018. The change mainly reflects an increase in average purchase costs of gas for sale to end users, only partly offset by a decrease in the purchase cost of gas for trading.

Costs for **materials** in the 1st Quarter of 2019 amounted to €342 million, an increase of €16 million (+4.9%) compared with the same period of the previous year.

Personnel costs in the 1st Quarter of 2019 amounted to €1,174 million, an increase of €83 million (+7.6%) compared with the same period of the previous year. The change mainly reflected an increase in costs due to the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo (€57 million) in June 2018 and an increase of €32 million in costs for termination incentives in Spain.

The Enel Group workforce at March 31, 2019 numbered 68,907, of whom 38,778 abroad. The Group workforce decreased in the 1st Quarter of 2019, reflecting the negative impact of the balance between new hires and terminations in the period (-476), attributable in particular to termination incentive programs in Italy and Brazil.
The changes in the scope of consolidation regard the acquisition of Tradewind in the United States and the disposal of the Mercure plant in Italy.

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

Balance at December 31, 2018	**69,272**
Hirings	798
Terminations	(1,274)
Change in the scope of consolidation	111
Balance at March 31, 2019	**68,907**

Costs for **services, leases and rentals** in the 1st Quarter of 2019 amounted to €4,107 million, an increase of €102 million (+2.5%) compared with the same period of the previous year. The rise reflects:

- an increase in costs connected with the ancillary activities of the Enel X Business Line, especially in Brazil and the United States, and construction activities in Mexico connected with the renewables plants sold last year as well as increased costs as a result of the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo in June 2018;
- the application of IFRS 16, which reduced costs for leases and rentals by €61 million.

Depreciation, amortization and impairment losses in the first three months of 2019 totaled €1,567 million, an increase of €68 million (+4.5%) on the €1,499 million registered in the year-earlier period. Of the total, €56 million is attributable to the application of IFRS 16, which calls for the recognition of depreciation of right-of-use assets that as from January 1, 2019 must be recognized as leased property, plant and equipment and depreciated over the term of the associated leases.

Charges for environmental certificates in the 1st Quarter of 2019 amounted to €327 million, up €10 million on the corresponding period of 2018.

Other operating expenses in the 1st Quarter of 2019 amounted to €377 million, a decrease of €106 million (-21.9%) on the same period of 2018. More specifically, the reduction reflects a decrease in taxation associated with electricity generation and a reduction in charges for rate relief granted to low income customers (*Bono Social*) in Spain.

In the 1st Quarter of 2019, **capitalized costs** amounted to €474 million, an increase of €90 million (+23.4%) as a result of an increase in capitalized costs in Italy, Zambia and South America.

5.c Net income/(expense) from commodity contracts measured at fair value - *€87 million*

Net income from commodity contracts measured at fair value amounted to €87 million in the 1st Quarter of 2019, compared with net income of €36 million in the same period of 2018. More specifically, net income in the 1st Quarter of 2019 essentially reflected net unrealized income from the fair value measurement of derivatives positions open at the end of the period totaling €37 million (net income of €29 million in the 1st Quarter of 2018) and net realized income on settled contracts of €50 million (net income of €7 million in the 1st Quarter of 2018).

5.d Net financial income/(expense) - *€647 million*

Net financial expense in the 1st Quarter of 2019 amounted to €647 million, compared with €566 million in the same period of the previous year, an increase of €81 million.

More specifically, financial income in the 1st Quarter of 2019 amounted to €1,251 million, an increase of €206 million on the year-earlier period (€1,045 million). The change largely reflects:

- an increase of €220 million in income from financial derivatives, mainly derivatives hedging exchange rate risk on borrowings denominated in foreign currencies;
- an increase of €34 million in interest income on financial receivables, mainly attributable to Enel Finance International.

These factors were partly offset by a decrease of €52 million in exchange rate gains, essentially reflecting exchange rate developments associated with borrowings in foreign currencies, mainly accounted for by Enel Finance International and Enel SpA, partly offset by the companies in South America.

Financial expense in the 1st Quarter of 2019 amounted to

€1,922 million, an increase of €311 million on the same period of 2018 (€1,611 million). The rise mainly reflected:

- an increase of €443 million in exchange rate losses, mainly accounted for by Enel Finance International and Enel SpA;
- an increase of €61 million in interest expense, mainly connected with an increase of €41 million in interest on bonds, mainly related to Enel Finance International, Enel Américas and Enel Chile, partly offset by Enel SpA;
- an increase of €28 million in financial expense from unwinding the discount on provisions for risks and charges. The rise was mainly attributable to an increase in charges from the discounting of provisions for termination incentives (€15 million), largely in the Spanish companies, and an increase in charges from the discounting of other provisions for risks and charges (€10 million), mainly in respect of Enel Distribuição São Paulo;
- an increase of €19 million in charges from unwinding the discount on provisions for employee benefits, mainly regarding Enel Distribuição São Paulo.

These effects were partly offset by a decrease of €258 million in charges on financial derivatives, essentially in respect of derivatives used to hedge exchange rate risk on borrowings denominated in foreign currencies.

Net financial income from hyperinflation in the 1st Quarter of 2019 amounted to €24 million, recognized under the provisions of IAS 29 concerning financial reporting in hyperinflationary economies by companies in Argentina, as discussed in greater detail in note 2.

5.e Share of income/(losses) of equity investments accounted for using the equity method - *€(63) million*

The **share of income/(losses) of equity investments accounted for using the equity method** in the 1st Quarter of 2019 showed net losses of €63 million, a deterioration of €100 million compared with the net income of €37 million posted in the first three months of 2018.

5.f Income taxes - *€621 million*

Income taxes for the 1st Quarter of 2019 amounted to €621 million (€481 million in the 1st Quarter of 2018), equal to 27.3% of taxable income, an increase from the 23.9% registered in the 1st Quarter of 2018.
The increase in the tax burden in the 1st Quarter of 2019 compared with the year-earlier period essentially reflected the effect of the recognition in the 1st Quarter of 2018 of deferred tax assets (€86 million) in respect of the prior-year losses of 3Sun, as they are expected to be recovered following the merger with Enel Green Power SpA, as well as an increase in tax withholdings applied by EFI on loans to a number of Brazilian subsidiaries (€20 million) and an increase in the tax rate in Brazil for the non-recognition of deferred tax assets on losses recognized by Enel Sudeste (€10 million).
These effects were only partly offset by the net tax benefit (€40 million) recognized in the 1st Quarter of 2019 mainly for the increase in prepaid taxes recognized following application of the "*revalúo impositivo*" mechanism elected by two generation companies in Argentina and the reversal of deferred tax liabilities by EGPNA as a result of the acquisition of a number of companies of EGPNA REP.

Assets

6.a Non-current assets - *€132,911 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €99,528 at March 31, 2019, an increase of €3,748 million. The change is essentially attributable to capital expenditure for the period (€1,773 million), exchange rate gains (€888 million), the recognition at January 1, 2019, in accordance with the provisions of the new IFRS 16, of right-of-use assets in respect of leased property, plant and equipment, which are depreciated over the term of the associated leases (€1,356 million), and the change in the scope of consolidation (€966 million), mainly connected with the acquisition of control of a number of companies of EGPNA REP, a joint venture equally held by EGPNA and General Electric

Capital's Energy Financial Services, which had previously been accounted for using the equity method, and the acquisition of Tradewind Energy, a renewables project development company in the United States.
These factors were partly offset by depreciation, amortization and impairment losses on those assets of €1,422 million.

Goodwill amounted to €14,365 million, an increase of €92 million on December 31, 2018. The change primarily reflect the acquisition of Tradewind Energy, a renewables project development company in the United States. No evidence was found in the quarter of impairment that would call for the updating of the impairment testing conducted at the close of the previous year.

Equity investments accounted for using the equity method amounted to €2,052 million, a decrease of €47 million on December 31, 2018. This reflected the Group's share of losses for the year and changes in the scope of consolidation connected with the acquisition of control of a number of companies of EGPNA REP, only partly offset by exchange rate gains.

Other non-current assets amounted to €16,966 million and break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Deferred tax assets	8,334	8,305	29	0.3%
Receivables and securities included in net financial debt	3,037	3,272	(235)	-7.2%
Other non-current financial assets	3,936	3,502	434	12.4%
Receivables due from institutional market operators	219	200	19	9.5%
Other long-term receivables	1,440 (1)	1,418	22	1.6%
Total	**16,966**	**16,697**	**269**	**1.6%**

(1) The item includes contract assets amounting to €354 million, of which investments of €98 million.

The increase for the period amounted to €269 million, due essentially to:

- an increase of €434 million in other non-current financial assets, mainly attributable to changes in cash flow hedge derivatives;
- a decrease of €235 million in financial receivables included in net financial debt, mainly reflecting loans granted to a number of associates operating in the renewables business;
- an increase of €29 million in deferred tax assets, mainly attributable to exchange rate gains.

6.b Current assets - *€40,263 million*

Inventories amounted to €2,814 million, a reduction of €4 million, essentially in line with the year-earlier figure.

Trade receivables amounted to €15,476 million, up €1,889 million (+13.9%), mainly due to developments in receipts and invoicing during the period.

Other current assets amounted to €13,502 million and break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Current financial assets included in debt	4,950	5,003	(53)	-1.1%
Other current financial assets	3,926	4,071	(145)	-3.6%
Tax receivables	1,421	1,282	139	10.8%
Receivables due from institutional market operators	977	745	232	31.1%
Other short-term receivables	2,228	1,751	477	27.2%
Total	**13,502**	**12,852**	**650**	**5.1%**

The increase for the period amounted to €650 million and essentially reflected:

- an increase of €477 million in other short-term receivables, essentially reflecting an increase in prepayments of fees for water diversion rights for industrial use and of insurance premiums;
- an increase of €232 million in receivables due from institutional market operators, mainly in respect of energy efficiency certificates following the recognition of the receivable for certificates acquired during the 1st Quarter of 2019;
- an increase of €139 million in tax receivables.

6.c Assets held for sale - *€722 million*

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

The balance mainly regards the carrying amount of the assets of three solar plants in Brazil (€699 million) and the company Savion, a subsidiary of Tradewind (€13 million).

Liabilities and shareholders' equity

6.d Equity attributable to the shareholders of the Parent Company - *€33,613 million*

The increase in the first three months of 2019 in equity attributable to the shareholders of the Parent Company essentially reflects the positive other comprehensive income recognized in the 1st Quarter of 2019 (€630 million) and the net income recognized through profit or loss (€1,256 million).

6.e Non-current liabilities - *€79,016 million*

Long-term borrowings amounted to €50,928 million (€48,983 million at December 31, 2018), consisting of bonds in the amount of €39,194 million (€38,633 million at December 31, 2018) and bank debt and other borrowings in the amount of €11,734 million (€10,350 million at December 31, 2018). The increase of the period amounted to €1,945 million and mainly reflected an increase of €1,156 million in long-term loans deriving from leases following the application of the new IFRS 16, as well as an increase in bonds of €561 million and in bank borrowings of €519 million.

Provisions and deferred tax liabilities came to €17,004 million at March 31, 2019 (€17,018 million at December 31, 2018), a decrease of €14 million, and include:

- post-employment and other employee benefits totaling €3,202 million (€3,187 million at December 31, 2018), up €15 million;
- provisions for risks and charges totaling €4,860 million (€5,181 million at December 31, 2018), down €321 million. Among others, the item includes the provision for litigation of €1,024 million (1,315 million at December 31, 2018), the provision for nuclear decommissioning of €497 million (€491 million at December 31, 2018), the provision for site dismantling, removal and restoration of €981 million (€986 million at December 31, 2018), the provision for termination incentives of €1,172 million (€1,177 million at December 31, 2018) and the provision for taxes and duties of €406 million (€409 million at December 31, 2018);
- deferred tax liabilities amounting to €8,942 million (€8,650 million at December 31, 2018), with the increase of €248 million largely attributable to Enel Distribuição São Paulo.

Other non-current liabilities amounted to €11,084 million (€10,816 million at December 31, 2018), an increase of €268 million on a year earlier, essentially reflecting the recognition of liabilities by a number of Brazilian companies, Enel Distribuição São Paulo in particular, for future rate adjustments.

6.f Current liabilities - ***€44,287 million***

Short-term borrowings and current portion of long-term borrowings increased by €3,603 million, going from €6,983 million at the end of 2018 to €10,586 million at March 31, 2019, mainly reflecting an increase in short-term borrowings, which went from €3,616 million at December 31, 2018 to €6,226 million at March 31, 2019. The increase mainly involved commercial paper, in the amount of €2,330 million. Also increasing was the current portion of long-term borrowings, which rose by €993 million, mainly reflecting an increase in the current portion of long-term bonds (€1,067 million) and an increase in the current portion of long-term borrowings deriving from leases (€204 million) attributable to the application of IFRS 16.

Trade payables amounted to €12,505 million (€13,387 million at December 31, 2018), down €882 million, essentially due to decreases in Iberia (€544 million), Enel Green Power North America (€185 million) and Italy (€154 million).

Other current liabilities, which amounted to €21,196 million, break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Payables due to customers	1,765	1,773	(8)	-0.5%
Payables due to institutional market operators	4,725	3,945	780	19.8%
Current financial liabilities	4,683	5,131	(448)	-8.7%
Social security contributions payable and payables to employees	709	683	26	3.8%
Tax payables	3,246	1,426	1,820	-
Other	6,068	7,020	(952)	-13.6%
Total	**21,196**	**19,978**	**1,218**	**6.1%**

The increase of €1,218 million essentially reflects:

- an increase of €1,820 million in tax payables, essentially due to an increase in VAT liabilities in Italy;
- an increase of €780 million in payables due to institutional market operators, reflecting an increase in rate brackets for system charges and the effect of equalization for sales and purchases on the electricity market;
- a decrease of €448 million in current financial liabilities, essentially due to the change in the fair value of derivatives;
- a decrease of €952 million in "Other", which mainly reflects the decline in the liability for dividends to be paid of €1,556 million (the dividend for full-year 2018 is €0.28 per share, of which €0.14 per share was already paid as an interim dividend in January 2019).

6.g Liabilities held for sale - ***€478 million***

The balance of €478 million mainly reflects the carrying amount of the liabilities of three solar plants in Brazil (€414 million) and the company Savion (€60 million), which in view of the decisions taken by management meet the requirements of IFRS 5 for classification in this item.

7. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at March 31, 2019, and December 31, 2018, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Cash and cash equivalents on hand	83	328	(245)	-74.7%
Bank and post office deposits	7,544	5,531	2,013	36.4%
Other investments of liquidity	844	771	73	9.5%
Securities	59	63	(4)	-6.3%
Liquidity	**8,530**	**6,693**	**1,837**	**27.4%**
Short-term financial receivables	3,230	3,418	(188)	-5.5%
Factoring receivables	-	-	-	-
Short-term portion of long-term financial receivables	1,661	1,522	139	9.1%
Current financial receivables	**4,891**	**4,940**	**(49)**	**-1.0%**
Bank debt	(809)	(512)	(297)	-58.0%
Commercial paper	(4,723)	(2,393)	(2,330)	-97.4%
Short-term portion of long-term bank borrowings	(1,571)	(1,830)	259	14.2%
Bonds issued (short-term portion)	(2,408)	(1,341)	(1,067)	-79.6%
Other borrowings (short-term portion)	(381)	(196)	(185)	-94.4%
Other short-term financial payables (1)	(731)	(739)	8	1.1%
Total short-term financial debt	**(10,623)**	**(7,011)**	**(3,612)**	**-51.5%**
Net short-term financial position	**2,798**	**4,622**	**(1,824)**	**-39.5%**
Debt to banks and financing entities	(9,168)	(8,819)	(349)	-4.0%
Bonds	(39,194)	(38,633)	(561)	-1.5%
Other borrowings	(2,566)	(1,531)	(1,035)	-67.6%
Long-term financial position	**(50,928)**	**(48,983)**	**(1,945)**	**-4.0%**
NET FINANCIAL POSITION AS PER CONSOB INSTRUCTIONS	**(48,130)**	**(44,361)**	**(3,769)**	**-8.5%**
Long-term financial receivables and securities	**3,037**	**3,272**	**(235)**	**-7.2%**
NET FINANCIAL DEBT	**(45,093)**	**(41,089)**	**(4,004)**	**-9.7%**

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

8. Related parties

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

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

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

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

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

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Income statement					
Revenue from sales and services	-	444	576	83	38
Other revenue and income	-	-	-	-	-
Financial income	-	-	-	-	-
Electricity, gas and fuel purchases	879	973	276	-	-
Services and other materials	-	12	589	-	61
Other operating expenses	1	61	2	-	-
Net income/(expense) from commodity contracts measured at fair value	-	-	11	-	-
Financial expense	-	-	16	-	-

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Balance sheet					
Trade receivables	-	72	663	25	5
Other current assets	-	18	17	210	11
Other non-current liabilities	-	-	-	-	5
Long-term borrowings	-	-	804	-	-
Trade payables	930	137	673	902	10
Other current liabilities	-	-	2	-	1
Current portion of long-term borrowings	-	-	89	-	-
Other information					
Guarantees given	-	250	319	-	99
Guarantees received	-	-	128	-	16
Commitments	-	-	25	-	7

Key management personnel	**Total 1st Quarter of 2019**	Associates and joint arrangements	**General total 1st Quarter of 2019**	**Total item**	**% of total**
-	**1,141**	76	**1,217**	**20,155**	**6.0%**
-	**-**	1	**1**	**736**	**0.1%**
-	**-**	56	**56**	**1,251**	**4.5%**
-	**2,128**	37	**2,165**	**10,514**	**20.6%**
-	**662**	32	**694**	**12,862**	**5.4%**
-	**64**	-	**64**	**704**	**9.1%**
-	**11**	(2)	**9**	**87**	**10.3%**
-	**16**	6	**22**	**1,922**	**1.1%**

Key management personnel	**Total 1st Quarter of 2019**	Associates and joint arrangements	**General total 1st Quarter of 2019**	**Total item**	**% of total**
-	**765**	177	**942**	**15,476**	**6.1%**
-	**256**	73	**329**	**13,502**	**2.4%**
-	**5**	92	**97**	**11,084**	**0.9%**
-	**804**	-	**804**	**50,928**	**1.6%**
-	**2,652**	87	**2,739**	**12,505**	**21.9%**
-	**3**	62	**65**	**21,196**	**0.3%**
-	**89**	-	**89**	**4,360**	**2.0%**
-	**668**	-	**668**		
-	**144**	-	**144**		
-	**32**	-	**32**		

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Income statement					
Revenue from sales and services	-	483	579	116	23
Other revenue and income	-	-	-	-	1
Financial income	-	-	-	-	-
Electricity, gas and fuel purchases	748	635	292	-	1
Services and other materials	-	11	578	1	60
Other operating expenses	1	111	1	-	-
Net income/(expense) from commodity contracts measured at fair value	-	-	1	-	-
Financial expense	-	-	-	-	-

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Balance sheet					
Trade receivables	-	120	717	20	36
Other current assets	-	8	10	146	-
Other non-current liabilities	-	-	-	-	6
Long-term borrowings	-	-	804	-	-
Trade payables	871	160	983	833	19
Other current liabilities	-	2	18	-	14
Current portion of long-term borrowings	-	-	89	-	-
Other information					
Guarantees given	-	250	354	-	132
Guarantees received	-	-	135	-	16
Commitments	-	-	29	-	7

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at https://www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the 1st Quarter of 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 with Resolution no. 17389 of June 23, 2010.

Key management personnel	Total 1st Quarter of 2018	Associates and joint arrangements	General total 1st Quarter of 2018	Total item	% of total
-	**1,201**	16	**1,217**	**18,447**	**6.6%**
-	**1**	3	**4**	**499**	**0.8%**
-	**-**	5	**5**	**1,045**	**0.5%**
-	**1,676**	29	**1,705**	**9,046**	**18.8%**
-	**650**	27	**677**	**11,733**	**5.8%**
-	**113**	-	**113**	**800**	**14.1%**
-	**1**	-	**1**	**36**	**2.8%**
-	**-**	7	**7**	**1,611**	**0.4%**

Key management personnel	Total at Dec. 31, 2018	Associates and joint arrangements	General total at Dec. 31, 2018	Total item	% of total
-	**893**	192	**1,085**	**13,587**	**8.0%**
-	**164**	74	**238**	**12,852**	**1.9%**
-	**6**	80	**86**	**10,816**	**0.8%**
-	**804**	-	**804**	**48,983**	**1.6%**
-	**2,866**	58	**2,924**	**13,387**	**21.8%**
-	**34**	95	**129**	**19,978**	**0.6%**
-	**89**	-	**89**	**3,367**	**2.6%**
-	**736**	-	**736**		
-	**151**	-	**151**		
-	**36**	-	**36**		

9. Contractual commitments and guarantees

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

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	9,615	10,310	(695)
Commitments to suppliers for:			
- electricity purchases	107,268	109,638	(2,370)
- fuel purchases	40,464	43,668	(3,204)
- various supplies	3,394	3,122	272
- tenders	3,184	3,133	51
- other	3,121	3,270	(149)
Total	**157,431**	**162,831**	**(5,400)**
TOTAL	**167,046**	**173,141**	**(6,095)**

Commitments for electricity amounted to €107,268 million at March 31, 2019, of which €26,910 million refer to the period April 1, 2019-2023, €21,778 million to the period 2024-2028, €19,161 million to the period 2029-2033 and the remaining €39,419 million beyond 2033.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2019 was €40,464 million, of which €23,050 million refer to the period April 1, 2019-2023, €10,673 million to the period 2024-2028, €4,886 million to the period 2029-2033 and the remaining €1,855 million beyond 2033.

10. Contingent assets and liabilities

Compared with the consolidated financial statements at December 31, 2018, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

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

With regard to the appeal lodged by Enel with the Court of Cassation in February 2015 of the ruling of the Venice Court of Appeal of July 10, 2014, on September 25, 2018, the Court of Cassation upheld one of the grounds of the appeal, overturning the general ruling in favor of the Ministry of the Environment and referring the proceeding to the Venice Court of Appeal for it to rule on any damages. The Ministry did not appeal the case to the Venice Court of Appeal by the deadline and, accordingly, the case has been extinguished and the Ministry cannot advance any claims with regard to the proceeding.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

Following the ruling of February 8, 2019 issued by the Lecce Court of Appeal, the appeal lodged by the Province of Brindisi against that ruling was granted. The Court of Appeal acknowledged that a material error had been made and therefore the generic entitlement of the Province to damages. The grounds for the appeal ruling are pending and will be examined in view of an appeal to the Court of Cassation.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

With regard to the appeal of Enel SpA ("Enel"), Enel Energia SpA ("EE") and Servizio Elettrico Nazionale SpA ("SEN") of the measure issued by the Competition Authority on December 20, 2018, the Lazio Regional Administrative Court postponed arguments on the precautionary petition filed by the appellants until the hearing for a decision on the merits of the case, which is currently scheduled for October 2, 2019.

BEG - the Netherlands litigation

In the Netherlands, with regard to the proceeding before the Amsterdam Court of Appeal with regard to the subordinate question raised by Albania BEG Ambient Shpk in the appeal proceedings, on April 8, 2019 arguments were heard and the Court of Appeal set a deadline for Enel and Enelpower to reply to a number of documents filed just before the hearing began.

Violations of Legislative Decree 231/2001

With regard to the notice of charges brought before the Court of Ancona against Enel Green Power SpA on July 14, 2017, for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons, the argument phase of the proceeding is currently under way, in which witnesses and a number of expert consultants of the parties having been heard.

Bono Social - Spain

With the rulings of October 24 and 25, 2016 and November 2, 2016, the Spanish Supreme Court declared Article 45.4 of the Electricity Industry Law no. 24 of December 26, 2013 void for incompatibility with Directive 2009/72/EC of the European Parliament and of the Council of July 13, 2009, granting the appeals filed by Endesa against the obligation to finance the *Bono Social* (Social Bonus) mechanism. The Supreme Court recognized Endesa's right to receive all amounts that had been paid to users, in addition to legal interest (equal to about €214 million), under the *Bono Social* system provided for in the law declared void by the Supreme Court. The government challenged these rulings of the Supreme Court, requesting that they be overturned, but the related appeals were denied. Subsequently, the government initiated two proceedings before the Constitutional Court requesting the reopening of the Supreme Court proceedings so that the latter may ask for a preliminary ruling from the European Court of Justice. The Constitutional Court is notifying the decisions with which it granted the appeals filed by the government against the Supreme Court rulings. To date, Endesa has not received any notification. As part of the appeal presented by the latter, the Supreme Court granted interested parties time to submit their pleadings. The government has not requested the repayment of any sum so far.

Neoenergia arbitration - Brazil

With regard to the arbitration action brought by Neoenergia on June 18, 2018 against Eletropaulo (now Enel Distribuição São Paulo) before the "Câmara de Arbitragem do Mercado" (CAM) concerning the investment agreement signed by the two companies on April 16, 2018, the exchange of briefs between the parties is now under way.

Emgesa and Codensa arbitration proceedings - Colombia

On October 8, 2018, the Grupo Energía de Bogotá announced it was seeking a new arbitration proceeding against Enel Américas SA before the Arbitration Board of Bogotá. The arbitration request regarded an alleged breach of contract concerning the failure of Emgesa and Codensa to distribute dividends in 2016 and 2017 and breaches of a number of provisions of the shareholders' agreement. The claim amounts to about €160 million plus interest. The proceeding is at a preliminary stage.

GasAtacama Chile - Chile

With regard to the appeal filed by GasAtacama Chile against the fine levied by the Superintendencia de Electricidad y Combustibles (SEC) on August 4, 2016, of $8.3 million (about 5.8 billion Chilean pesos), on April 9, 2019, the Santiago Court of Appeal issued a ruling reducing the fine to about $431,900 (about 290 million Chilean pesos). Both GasAtacama Chile and the SEC have appealed this decision before the Supreme Court of Chile.

Tax litigation - ICMS - Coelce - Brazil

Over the years, the State of Ceará has issued tax assessments against Companhia Energética do Ceará SA (for the year 2005-2014), challenging the calculation of the deductible share of the ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*), in particular the method for calculating the pro-rated deduction for revenue deriving from the application of a special rate provided for by the Brazilian government for the sale of electricity to low-income customers (*Baixa Renda*).
The company has challenged the individual assessments, arguing that it correctly deducted the tax and defending the calculations performed. The company is defending its actions at the various levels of adjudication.
The amount involved in the disputes totaled approximately €50 million at March 31, 2019.

Tax litigation - FINSOCIAL - Eletropaulo - Brazil

Following a final ruling issued by the Federal Regional Court on September 11, 2011, Eletropaulo was granted the right to compensation of certain FINSOCIAL receivables (social contributions) in respect of amounts paid from September 1989 to March 1992.
Despite the expiration of the related statute of limitations, the Federal tax authorities have challenged the calculation of some of the receivables and has rejected the corresponding compensation, issuing tax assessments that the company promptly challenged in the administrative courts, defending the appropriateness of its calculations and its actions.
After an unfavorable ruling in the first instance, the company filed an appeal before the second-level administrative court.
The amount involved in the disputes totaled about €50 million at March 31, 2019.

11. Events after the reporting period

Enel increases stake in Enel Américas to 56.42%

On April 9, 2019, Enel SpA increased its stake in its Chilean subsidiary Enel Américas SA to 56.42% from 51.8% following the settlement of two share swap transactions (the "Share Swap Transactions") entered into with a financial institution in October 2018 to acquire up to 5% of the share capital of Enel Américas, as previously announced to the market. Under the terms of the Share Swap Transactions, Enel acquired 4.62% of Enel Américas' share capital for a total price of about €412 million. The Share Swap Transaction involving Enel Américas common shares is continuing, in view of the initial target of increasing the stake to up to 5% of share capital.

Brindisi-Cerano thermal generation plant proceeding

With regard to the criminal investigation initiated by the Public Prosecutor's Office of Lecce in 2017 concerning the processes of re-use of "light" ash in the cement industry, on August 1, 2018, the Lecce Public Prosecutor lifted its seizure of the plant, with the termination of the judicial custody/administration of the facility and the restitution of about €523 million to Enel Produzione. However, the preliminary investigation is continuing both against the accused individuals and the company pursuant to Legislative Decree 231/2001. On October 10, 2018, the Definitive Technical Report was filed. On December 6, 2018, the investigating magistrate of the Court of Lecce, at the request of the Public Prosecutor, scheduled a hearing for January 22, 2019, to receive testimony from the experts on the report. The investigating magistrate then postponed the hearing until April 15, 2019. Following this hearing, the experts reiterated the accuracy of the assessment and the non-hazardous nature of the ash produced by the thermoelectric plant and the possibility of using that ash in the production of cement.

Agreement for the supply of demand response services

On April 18, 2019, Enel X and Unieuro signed an agreement for the supply of demand response services at nine of the chain's stores. Companies participating in demand response programs reduce their electricity costs while promoting more sustainable behavior.

Enel Green Power starts construction of a new solar plant in Australia

On April 18, 2019, Enel's renewable energy subsidiary, Enel Green Power Australia Pty Ltd started construction of the Cohuna solar plant in Gannawarra Shire. The construction of the solar facility will require an investment of more than $42 million.

Enel Américas: $3 billion capital increase

The extraordinary shareholders' meeting of Enel Américas held on April 30, 2019, approved a capital increase of up to $3 billion to be subscribed entirely in cash.

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

The Officer responsible for the preparation of the Company's financial reports, Alberto De Paoli, hereby certifies, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at March 31, 2019 corresponds with that contained in the accounting documentation, books and records.

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