Interim Financial Report at September 30, 2019

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Enel is Open Power


VALUES
VISION
Open Power to solve the greatest challenges facing our world
Trust
Proactivity
MISSION
Open access to electricity for more people
Open 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 September 30, 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.
The new accounting standard IFRS 16 took effect as from January 1, 2019. The standard sets out the principles for the recognition, measurement and presentation of leases in the financial statements, as well as the disclosures to be provided. It also requires lessees to recognize all leases using a single method similar to the treatment of finance leases under IAS 17. For a more complete discussion of the accounting policies and measurement criteria adopted, please see the notes to the condensed consolidated quarterly financial statements.

Article 154-*ter*, paragraph 5, of the Consolidated Financial Intermediation Act, as recently amended by Legislative Decree 25/2016, no longer requires issuers to publish an interim financial report at the close of the 1st and 3rd Quarters of the year. The new rules give CONSOB the power to issue a regulation requiring issuers, following an impact analysis, to publish periodic financial information in addition to the annual and semi-annual financial reports. In view of the foregoing, 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 present the results of the Group and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from the schedules envisaged under the IFRS-EU adopted by the Group and presented in this Interim Financial Report at September 30, 2019. These reclassified schedules contain different performance indicators from those obtained directly from the condensed consolidated quarterly financial statements at September 30, 2019, which management believes 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 the following.

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

Ordinary gross operating margin: it is calculated by adjusting the "gross operating margin" for all items generated by non-recurring transactions, such as acquisitions or disposals of businesses (for example, capital gains and losses), with the exception of those transactions carried out in the renewable segment, related to the new "Build, Sell and Operate" business model launched in the 4th Quarter of 2016, where the income from the disposal (or repurchase) of projects represents an ordinary activity for the Group.

Ordinary operating income: it is calculated by adjusting the "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: it is defined as "Group net income" generated by Enel's core business and is equal to "Group net income" excluding all the extraordinary transactions discussed under "Ordinary gross operating margin," significant impairment losses and writebacks of assets (including equity investments and financial assets) following impairment testing and the associated tax effects and non-controlling interests.

Net non-current assets: calculated as 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 short-term 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 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 accordance 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, Latin America, Europe and Euro-Mediterranean Affairs, North 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

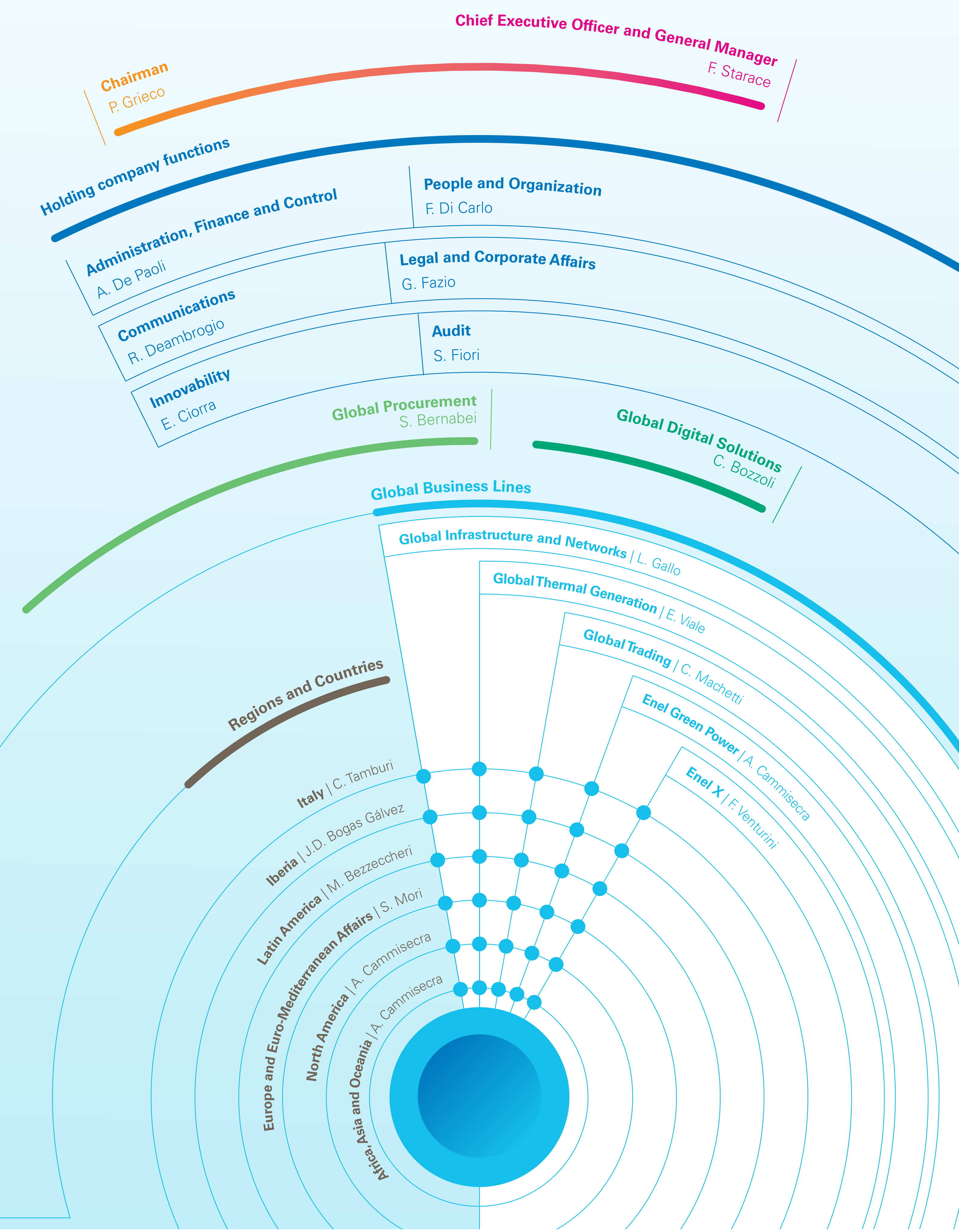
Local stakeholders

Regulatory affairs

Revenue

Cash flows

EBITDA



Chairman
P. Grieco
Chief Executive Officer and General Manager
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
Latin America | M. Bezzeccheri
Europe and Euro-Mediterranean Affairs | S. Mori
North America | A. Cammisecra
Africa, Asia and Oceania | A. Cammisecra

Summary of results

Performance and financial position

Millions of euro	First nine months	
	2019	2018
Revenue	57,124	55,246
Gross operating margin	13,209	12,134
Operating income	4,199	7,438
Net income attributable to the shareholders of the Parent Company and non-controlling interests	1,543	4,034
Net income attributable to the shareholders of the Parent Company	813	3,016
Group net income per share in circulation at period-end (euro)	0.08	0.30
Net capital employed	94,336	88,941 (1)
Net financial debt	46,505	41,089 (1)
Shareholders' equity (including non-controlling interests)	47,831	47,852 (1)
Group shareholders' equity per share in circulation at period-end (euro)	3.04	3.12 (1)
Cash flows from operating activities	7,671	7,120
Capital expenditure on property, plant and equipment and intangible assets (2)	6,589	5,159

(1) At December 31, 2018.
(2) The figure for the first nine months of 2019 does not include €4 million regarding units classified as "held for sale" (€378 million at September 30, 2018).

Revenue

Millions of euro	First nine months			
	2019	2018	Change	
Thermal Generation and Trading	21,278	19,803	1,475	7.4%
Enel Green Power	5,547	5,758	(211)	-3.7%
Infrastructure and Networks	16,159	14,588	1,571	10.8%
End-user markets	24,222	25,229	(1,007)	-4.0%
Enel X	835	715	120	16.8%
Services	1,385	1,339	46	3.4%
Other, eliminations and adjustments	(12,302)	(12,186)	(116)	-1.0%
Total	**57,124**	**55,246**	**1,878**	**3.4%**

The increase in **revenue** is essentially attributable to:

- **Infrastructure and Networks**, due to the acquisition in June 2018 of Enel Distribuição São Paulo (+€1,022 million), and the agreement between Edesur and the Argentine government settling a number of outstanding regulatory items originating in the period between 2006 and 2016 (€202 million), as well as rate increases in Brazil, Peru and Argentina;
- **Thermal Generation and Trading**, largely in Italy (€1,493 million), thanks to the increase in commodities trading.

These positive factors were only partly offset by a decline in the revenue of **End-user markets** (€1,007 million), mainly in Spain, and a decrease in the revenue posted by the **Enel Green Power** Business Line (€211 million), largely reflecting the gain on the disposal of a number of Mexican investments (Project Kino) recognized in the 3rd Quarter of 2018 in the amount of €192 million.

The above factors also include exchange rate losses amounting to €414 million, most recognized in Latin America.

Non-recurring items in revenue in the first nine months of 2019 included the gain of €108 million on the disposal of Mercure Srl, a vehicle company to which Enel Produzione had previously transferred the Valle del Mercure biomass plant, and €50 million in respect of the payment provided for in the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the second indemnity connected with the sale in 2009 of the interest held by e-distribuzione in Enel Rete Gas. Non-recurring items in revenue in the first nine months of 2018 included €128 million in respect of the first indemnity connected with the sale of e-distribuzione's stake in Enel Rete Gas.

Gross operating margin

Millions of euro

	First nine months			
	2019	2018	Change	
Thermal Generation and Trading	1,241	814	427	52.5%
Enel Green Power	3,304	3,328	(24)	-0.7%
Infrastructure and Networks	6,148	5,658	490	8.7%
End-user markets	2,367	2,265	102	4.5%
Enel X	107	89	18	20.2%
Services	134	115	19	16.5%
Other, eliminations and adjustments	(92)	(135)	43	31.9%
Total	**13,209**	**12,134**	**1,075**	**8.9%**

The increase in the **gross operating margin** is mainly attributable to:

- **Infrastructure and Networks** in Latin America, due to the acquisition of Enel Distribuição São Paulo (€227 million) and the improvement in the margin in Argentina (€128 million) following the agreement between Edesur and the Argentine government cited earlier under revenue, as well as the rate increases in Brazil, Peru and Argentina;
- **Thermal Generation and Trading**, mainly in Spain and Latin America in the amount of €167 million and €201 million respectively:
  - in Spain, this was mainly due to the increase in nuclear generation and the positive effects of the suspension of certain taxes on thermal generation;
  - in Latin America, this effect was attributable to the improvement in the margin of the Fortaleza plant in Brazil (€88 million) and the payment by a large customer of Enel Generación Chile of the indemnity for early termination of a supply contract (€80 million).

  These effects were partly offset by writedowns of fuel and materials/spare parts inventories serving a number of coal-fired plants subject to impairment (totaling €203 million) as their carrying amounts are not recoverable;
- **End-user markets** (€102 million), notably in Latin America, due to the acquisition of Enel Distribuição São Paulo (€57 million) and the growth of the free market in Italy (€97 million), net of the contraction in the regulated market (€57 million);
- the **Enel X** business, reflecting the adjustment of the price paid for the acquisition of eMotorwerks in 2017 following the application of a number of contractual clauses (€58 million).

The decrease of €24 million posted by the **Enel Green Power** Business Line reflected the adverse impact of changes in the scope of consolidation between the two periods (€151 million), partly offset by the indemnity paid for the early withdrawal from an electricity supply contract in Chile (€80 million) and an increase in margins from the application of higher average prices despite a contraction in sales volumes.
The gross operating margin also includes the negative impact of exchange rate developments in the amount of €126 million, notably in Latin America.

Finally, the above changes reflect a decrease of €188 million in costs for leases and rentals, as following the application of IFRS 16 these payments are included under leased property, plant and equipment as rights of use and depreciated over the term of the associated leases.

Ordinary gross operating margin

Millions of euro — **First nine months 2019**

	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Gross operating margin	**1,241**	**3,304**	**6,148**	**2,367**	**107**	**134**	**(92)**	**13,209**
Additional indemnity from disposal of e-distribuzione's interest in Enel Rete Gas	-	-	(50)	-	-	-	-	(50)
Disposal of Enel Produzione's interest in Mercure Srl	(94)	-	-	-	-	-	-	(94)
Writedown of fuel and spare parts inventories of a number of coal-fired plants in Italy and Spain [1]	203	-	-	-	-	-	-	203
Ordinary gross operating margin	**1,350**	**3,304**	**6,098**	**2,367**	**107**	**134**	**(92)**	**13,268**

(1) The writedown of fuel and materials/spare parts inventories is considered non-recurring as it was strictly connected with the impairment losses recognized on a number of coal-fired plants in Italy and Spain.

Millions of euro — First nine months 2018

	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Gross operating margin	**814**	**3,328**	**5,658**	**2,265**	**89**	**115**	**(135)**	**12,134**
Indemnity from disposal of e-distribuzione's interest in 2i Rete Gas (former Enel Rete Gas)	-	-	(128)	-	-	-	-	(128)
Ordinary gross operating margin	**814**	**3,328**	**5,530**	**2,265**	**89**	**115**	**(135)**	**12,006**

Operating income

Millions of euro — First nine months

	2019	2018	Change	
Thermal Generation and Trading	(3,670)	(6)	(3,664)	-
Enel Green Power	2,388	2,497	(109)	-4.4%
Infrastructure and Networks	3,961	3,627	334	9.2%
End-user markets	1,630	1,395	235	16.8%
Enel X	(4)	25	(29)	-
Services	10	48	(38)	-79.2%
Other, eliminations and adjustments	(116)	(148)	32	21.6%
Total	**4,199**	**7,438**	**(3,239)**	**-43.5%**

Operating income in the first nine months of 2019 amounted to €4,199 million, down 3,239 million (-43.5%) on the same period of 2018. The improvement in the gross operating margin was more than offset by an increase in depreciation, amortization and impairment losses, which included the impairment recognized in the first nine months of 2019 on a number of coal-fired plants in Italy, Spain, Chile and Russia in the total amount of €4,002 million.

More specifically, in the 1st Half of 2019 in Chile two plants were written down by €364 million, reflecting an agreement with the Chilean government for their early closure, while in Russia, as a result of the state of progress of negotiations for sale of the coal-fired Reftinskaya plant, that plant was classified under assets held for sale at June 30, 2019 and its carrying amount was adjusted to take account of the sale price (€125 million).
In Spain, during the 3rd Quarter of 2019 the deterioration in the local operating environment due to developments in commodity prices and the operation of the CO_2 emissions market compromised the competitiveness of coal-fired plants. In Italy, in addition to a deterioration in conditions, the introduction of new rules for remunerating capacity on the Capacity Market narrowed the future scope of application for plants with higher levels of CO_2 emissions, providing for the exclusion of coal-fired systems from the electrical market. For these reasons the carrying amounts of certain coal-fired plants in Italy and Spain, including the associated dismantling costs, were written down by a total of €3,513 million.

In addition, the change in operating income also includes the depreciation charges on rights of use over leased assets, which as from January 1, 2019 are recognized as leased property, plant and equipment and depreciated over the term of the associated leases in application of IFRS 16 (€169 million).

Ordinary operating income

Millions of euro	First nine months 2019							
	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Operating income	**(3,670)**	**2,388**	**3,961**	**1,630**	**(4)**	**10**	**(116)**	**4,199**
Indemnity from disposal of e-distribuzione's interest in Enel Rete Gas	-	-	(50)	-	-	-	-	(50)
Disposal of Enel Produzione's interest in Mercure Srl	(94)	-	-	-	-	-	-	(94)
Writedown of fuel and spare parts inventories of a number of coal-fired plants in Italy and Spain (1)	203							203
Writedown of a number of coal-fired plants in Italy	1,931	-	-	-	-	-	-	1,931
Writedown of a number of coal-fired plants in Spain	1,582	-	-	-	-	-	-	1,582
Writedown of a number of coal-fired plants in Chile	364	-	-	-	-	-	-	364
Writedown of Reftinskaya coal-fired plant in Russia	125	-	-	-	-	-	-	125
Ordinary operating income	**441**	**2,388**	**3,911**	**1,630**	**(4)**	**10**	**(116)**	**8,260**

(1) The writedown of fuel and materials/spare parts inventories is considered non-recurring as it was strictly connected with the impairment losses recognized on a number of coal-fired plants in Italy and Spain.

Millions of euro	First nine months 2018							
	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Operating income	**(6)**	**2,497**	**3,627**	**1,395**	**25**	**48**	**(148)**	**7,438**
Indemnity from disposal of e-distribuzione's interest in 2i Rete Gas (former Enel Rete Gas)	-	-	(128)	-	-	-	-	(128)
Ordinary operating income	**(6)**	**2,497**	**3,499**	**1,395**	**25**	**48**	**(148)**	**7,310**

Ordinary operating income, which does not include the items excluded from the ordinary gross operating margin discussed above, amounted to €8,260 million, an increase of €950 million (+13.0%) compared with the same period of 2018. The rise reflects the elimination of extraordinary items connected with the impairment of a number of coal-fired plants in Italy, Spain, Chile and Russia totaling €4,002 million, as noted earlier.

Net income attributable to the shareholders of the Parent Company

Net income attributable to the shareholders of the Parent Company in the first nine months of 2019 amounted to €813 million, compared with €3,016 million in the corresponding period of the previous year (-73.0%). The decrease was mainly attributable to the impairment discussed above, in addition to the following factors:

- an increase of €104 million in financial expense, mainly attributable to the discounting of non-current liabilities, including employee benefits in Spain and Latin America, tax partnerships in the United States and provisions for risks and charges. Financial expense on debt was broadly unchanged, as the increase in interest due to the rise in average net debt in the period was offset by the benefits obtained from the issue of new bonds at more favourable rates and an increase in financial income. The change also reflects the impact of the application of IRFS 16;
- an increase in financial expense recognized by generation operations in Italy to adjust the value of the residual financial receivable in respect of the disposal of Slovak Power Holding (€29 million);
- the adverse effects of the writedown of the investment accounted for using the equity method in Slovak Power Holding, in the amount of €31 million, following the update of the price formula provided for in the sale contract signed in July 2016;
- a decrease in income from the joint ventures in the United States (€106 million), mainly reflecting the effects of the repurchase of a number of companies from the Enel Green Power North America Renewable Energy Partners ("EGPNA REP") joint venture, which led to the recognition of a capital loss by EGPNA REP;
- an improvement of €1,039 million in absolute value in taxes, mainly reflecting the reduction in pre-tax earnings between the two periods;
- an increase in the share of net income attributable to non-controlling interests as a result of the increase in the contribution of the Latin America companies to Group performance.

Ordinary net income attributable to the shareholders of the Parent Company

Millions of euro	First nine months			
	2019	2018	Change	
Net income attributable to the shareholders of the Parent Company	**813**	**3,016**	**(2,203)**	**-73.0%**
Indemnity from disposal of e-distribuzione's interest in Enel Rete Gas	(49)	(128)	79	61.7%
Disposal of Enel Produzione interest in Mercure Srl	(97)	-	(97)	-
Writedown of assets of Slovak Power Holding BV	52	-	52	-
Writedown of fuel and spare parts inventories of a number of coal-fired plants in Italy and in Spain	138	-	138	-
Writedown of a number of coal-fired plants in Italy	1,396	-	1,396	-
Writedown of a number of coal-fired plants in Spain	832	-	832	-
Writedown of a number of coal-fired plants in Chile	154	-	154	-
Writedown of Reftinskaya coal-fired plant in Russia	56	-	56	-
Ordinary net income attributable to the shareholders of the Parent Company (1)	**3,295**	**2,888**	**407**	**14.1%**

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

Net of the non-recurring items discussed in the section on revenue, **ordinary net income attributable to the shareholders of the Parent Company** amounted to €3,295 million in the first nine months of 2019, an increase of €407 million (+14.1%) on the €2,888 million recognized in the same period of 2018, as it does not include the impairment losses referred to previously. The table above reconciles net income attributable to the shareholders of the Parent Company with ordinary net income attributable to the shareholders of the Parent Company in the first nine months of 2019, indicating non-recurring items and their impact on net income, net of tax effects and non-controlling interests.

Net capital employed, including net assets held for sale amounting to €298 million mainly attributable to the agreement reached for the future sale of the Reftinskaya thermal plant, amounted to €94,336 million at September 30, 2019 (€88,941 million at December 31, 2018). It was financed by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests of €47,831 million and net financial debt of €46,505 million. At September 30, 2019, the debt/equity ratio was 0.97 (0.86 at December 31, 2018).

Net financial debt, excluding debt attributable to assets held for sale, amounted to €46,505 million at September 30, 2019, an increase of €5,416 million on the €41,089 million recognized at December 31, 2018. The increase mainly reflects the following factors:

- the recognition of financial debt of €1,370 million at January 1, 2019 following the first-time application of IFRS 16;
- the acquisition of a number of companies by EGPNA REP, which involved the consolidation of the debt of the companies acquired in the amount of €638 million as well as the outlay for the companies of €225 million;
- investment for the period of €6,589 million;
- exchange rate losses of €1,121 million;
- the payment of total dividends of €3,887 million.

The increase in debt was limited by positive operating cash flows of €7,671 million as well as by the disposal of a number of Enel Green Power companies in Brazil and generation operations in Italy, for a total of €493 million.

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Thermal Generation and Trading	498	395	103	26.1%
Enel Green Power	2,894 (1)	1,779 (2)	1,115	62.7%
Infrastructure and Networks	2,643	2,552	91	3.6%
End-user markets	299	248	51	20.6%
Enel X	171	118	53	44.9%
Services	61	47	14	29.8%
Other, eliminations and adjustments	23	20	3	15.0%
Total	**6,589**	**5,159**	**1,430**	**27.7%**

(1) Does not include €4 million regarding units classified as "held for sale".
(2) Does not include €378 million regarding units classified as "held for sale".

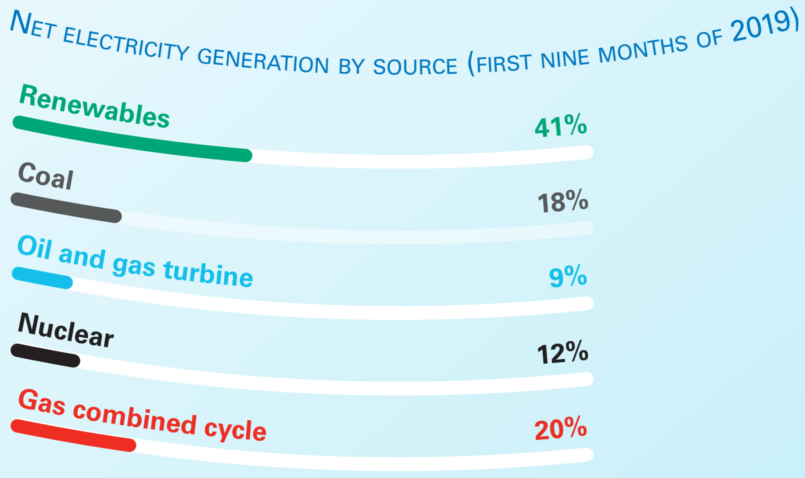
Capital expenditure amounted to €6,589 million in the first nine months of 2019, an increase of €1,430 million on the same period of 2018. The rise is essentially connected with the increase in investment in renewables plants, notably in Iberia (€483 million), Brazil (€322 million), South Africa (€72 million), Greece (€56 million), Russia (€32 million) and India (€31 million) as well as greater investment in distribution grids in Italy (€102 million) for activities connected with service quality and the replacement of digital meters. The increase in investment associated with the change in the scope of consolidation due to the acquisition of Enel Distribuição São Paulo amounted to €37 million.

Operations

3rd Quarter							First nine months					
Italy	Abroad	**Total**	Italy	Abroad	**Total**		Italy	Abroad	**Total**	Italy	Abroad	**Total**
2019			2018				**2019**			2018		
11.9	49.5	**61.4**	13.9	52.8	**66.7**	Net electricity generated by Enel (TWh)	34.7	139.6	**174.3**	40.5	147.3	**187.8**
60.9	70.7	**131.6**	59.0	70.9	**129.9**	Electricity transported on the Enel distribution network (TWh)	169.4	208.9	**378.3**	170.5	190.1	**360.6**
26.4	53.4	**79.8**	27.1	52.3	**79.4**	Electricity sold by Enel (TWh) (1)	74.1	154.6	**228.7**	78.7	141.0	**219.7**
0.5	1.1	**1.6**	0.5	1.2	**1.7**	Gas sales to end users (billions of m^3)	3.4	4.2	**7.6**	3.4	4.6	**8.0**
						Employees at period-end (no.) (2)	29,590	38,784	**68,374**	30,285	38,987	**69,272**

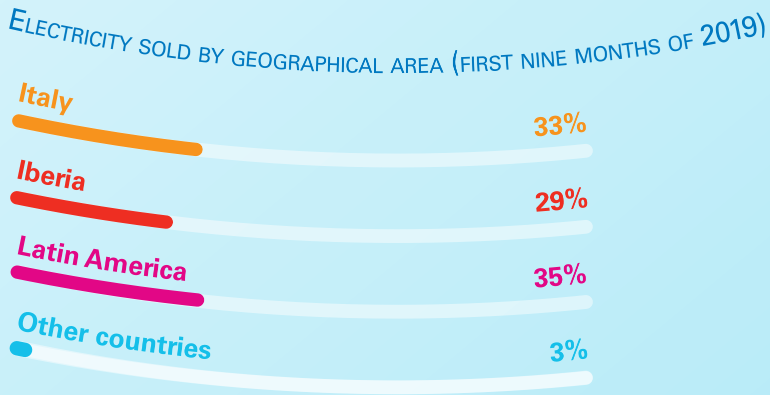
(1) Excluding sales to resellers.
(2) At December 31, 2018.

Net electricity generated by Enel in the first nine months of 2019 decreased by 13.5 TWh on the same period of 2018 (-7.2%). The decline especially reflects the contraction in thermal generation (-12.7 TWh), mainly due to the decline in coal-fired generation (-15.5 TWh) in Italy and Spain. Renewables generation fell by 2.6 TWh, including a 4.4 TWh drop in hydro generation due to a decrease in water availability, which was only partly offset by an increase in wind generation (2.6 TWh). Nuclear generation also increased by 1.8 TWh.



Electricity transported on the Enel distribution network in the first nine months of 2019 came to 378 TWh, an increase of 17.7 TWh (4.9%), mainly reflecting the acquisition in Brazil of Enel Distribuição São Paulo (+19 TWh). Electricity distribution declined in Italy (-1 TWh).

Electricity sold by Enel in the first nine months of 2019 totaled 229 TWh, an increase of 9 TWh (+4.1%) compared with the same period of the previous year. More specifically, sales increased in Latin America (+15 TWh), mainly in Brazil, only partly offset by a contraction in sales in Italy (-4.5 TWh), Spain (-1 TWh) and Romania (-0.5 TWh).



Gas sales in the first nine months of 2019 amounted to 7.6 billion cubic meters, down 0.4 billion cubic meters compared with the same period of the previous year.

At September 30, 2019 Enel Group **employees** totaled 68,374, of whom about 56.7% employed in foreign Group companies. The change (-898) mainly reflects the negative impact of the balance between new hires and terminations in the period (-952), partly offset by the effect of changes in the scope of consolidation (54) due to the disposal of the Mercure plant by Enel Produzione in Italy and the acquisition of Tradewind in the United States in March.

No.

	at Sept. 30, 2019	at Dec. 31, 2018
Thermal Generation and Trading	9,657	10,286
Enel Green Power	7,854	7,478
Infrastructure and Networks	34,929	35,740
End-user markets	6,336	6,492
Enel X	2,794	2,733
Services	5,918	5,646
Other	886	897
Total	**68,374**	**69,272**

Reference scenario

Developments in the main market indicators

	First nine months	
	2019	2018
Market indicators		
Average IPE Brent oil price ($/bbl)	64.7	72.7
Average price of CO_2 (€/ton)	24.8	14.4
Average price of coal ($/t CIF ARA) (1)	62.5	91.9
Average price of gas (€/MWh) (2)	13.9	22.2
Average US dollar/euro exchange rate	1.12	1.19
Six-month Euribor (average for the period)	-0.29%	-0.27%

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

Despite fluctuations, in the 3rd Quarter the euro/dollar exchange rate stabilized around the values recorded in June. The policies of the European Central Bank (ECB) and the performance of the national economies have caused interest rates to stabilize, albeit at very low levels compared with the past.

Consumer price indices (CPI)

%	First nine months		
	2019	2018	Change
Italy	**0.77**	**1.04**	**-0.3**
Spain	0.85	1.66	-0.8
Russia	4.89	2.53	2.4
Argentina	53.37	29.18	24.2
Brazil	3.94	3.51	0.4
Chile	2.14	2.70	-0.6
Colombia	3.38	3.24	0.1
Peru	2.24	1.07	1.2

Exchange rates

	First nine months		
	2019	2018	Change
Euro/US dollar	1.12	1.19	-5.9%
Euro/British pound	0.88	0.88	-
Euro/Swiss franc	1.12	1.16	-3.4%
US dollar/Japanese yen	109.15	109.66	-0.5%
US dollar/Canadian dollar	1.33	1.29	3.1%
US dollar/Australian dollar	1.43	1.32	8.3%
US dollar/Russian ruble	65.04	61.51	5.7%
US dollar/Argentine peso	44.50	25.11	77.2%
US dollar/Brazilian real	3.89	3.60	8.1%
US dollar/Chilean peso	685.74	629.22	9.0%
US dollar/Colombian peso	3,240.82	2,887.26	12.2%
US dollar/Peruvian nuevo sol	3.33	3.26	2.1%
US dollar/Mexican peso	19.25	19.03	1.2%
US dollar/Turkish lira	5.63	4.60	22.4%
US dollar/Indian rupee	70.14	67.19	4.4%
US dollar/South African rand	14.37	12.90	11.4%

Economic and energy conditions in the first nine months of 2019

The world economy in the first nine months of 2019 grew by 2.5% year-on-year. The deterioration in the macroeconomic environment linked to trade tensions between the United States and China, the slowdown of the main advanced economies and the consequent tensions in emerging markets prompted the main central banks to review the path of optimization of their monetary policies. Since last July, the Federal Reserve (Fed) has cut its official interest rate twice for precautionary reasons in order to avoid a hard landing for the US economy. The European Central Bank (ECB) has revived its program of extraordinary purchases of public and private securities (PSPP), cut interest rates on deposits further and modified its forward guidance, indicating that it will maintain accommodative conditions (with the

marginal refinancing rate at zero) for a considerable period (until inflation converges on the target and the euro-area returns to growth).
The Bank of England (BoE) has kept the cost of money unchanged at 0.75% since the beginning of the year, but its next moves will be impacted by the outcome of Brexit negotiations. The Bank of Japan (BoJ) is likely to keep its monetary policy unchanged for some time to come (the discount rate is at -0.1%, 10-year government bond yield target is at 0% and the asset purchase program (APP) is at ¥80 trillion per year).

The United States has reached the peak of its expansion (in 2019, it entered the tenth year of uninterrupted growth) and begun a phase of deceleration. In the 1st Half of 2019, real GDP grew by 2.4% year-on-year. Private consumption expanded by 2.6%, a slower pace than the previous year, although the labor market is still solid with an unemployment rate of 3.6% (40 basis points lower than the structural unemployment rate). Inflationary pressure, which was weak in the 1st Quarter, increased in the 2nd Quarter (1.8%) and has moved closer to the Fed target (2%).

The Italian economy posted zero growth in the 1st and 2nd Quarters of 2019. Private consumption remained in line with its level at the end of the previous year, while fixed investment increased by 1.8% on the previous period. The labor market is recovering, with the unemployment rate at 9.9%, the lowest since March 2012. The level of confidence in the economy remains weak and could continue to influence the performance of real activity in the coming months. Average inflation since the beginning of the year was 0.7%, far from the 2% target. The fiscal adjustment agreed by the Government made it possible to avoid an excessive deficit procedure, triggering a positive reaction of the financial markets, with the spread on government securities narrowing.

The Spanish economy in the 1st Quarter grew by 0.4% quarter-on-quarter in real terms, continuing to outpace the European average. The outlook for expansion is less positive, however, owing to the deterioration in world conditions, despite the fact that confidence indicators (e.g., the PMI) point to stable situation similar to that in previous quarters. The labor market continues to post gains, sustaining private consumption. Inflation has averaged 0.8% since the beginning of the year, far from the policy target (2%) of the ECB.

In the 1st Quarter the Russian economy grew by 0.8% year-on-year. Domestic investment and internal and external demand remain weak compared with 2018. The announcement of a fiscal consolidation strategy by the Government and the interest rate cuts by the central bank do not appear to have brought about an immediate revival of the economy.

In the 1st Quarter of the year, the economies of the Latin American countries recorded weaker than expected growth rates, influenced by the deterioration in the international environment.
Challenging conditions persist in Argentina, which remained in recession in the 2nd Quarter as well. Seasonally adjusted figures show GDP contracting by 0.3% on the previous quarter. The outlook remains critical, with the labor market deteriorating and uncertainty about the policies introduced by the new Government weighing on investment decisions and consumption and triggering volatility in financial asset prices. Inflation increased 56% year-on-year compared with 2018. However, the new monetary policy strategy, which explicitly targets zero nominal growth in monetary base and maintaining an interest rates high in the short term should help reduce inflationary strains slightly in the 2nd Half of the year.
The Brazilian economy contracted by 0.1% in the 1st Quarter of 2019 compared with the previous period, but rebounded to grow 0.4% in the second. Economic activity was impacted by temporary factors (i.e. the Brumadinho environmental disaster, international trade tensions), which may also affect the performance of the economy in the final part of the year. The deterioration in the country's growth prospects prompted the central bank to adopt a more accommodative monetary policy in order to revive the economy, lowering its official rate (the Selic rate) to 5.5%.
The Chilean economy did not grow in the 1st Quarter of the year compared with the previous quarter, but it did improve in the 2nd Quarter (+0.8%), thanks to the recovery in the mining and other sectors and solid growth in private consumption. Inflation since the beginning of the year has averaged 2%, appreciably lower than the central bank target (3%).
In Colombia, economic activity expanded by 4.9% in the 2nd Quarter compared with the previous period, driven by the continuation of growth in domestic demand, especially private consumption, buoyed by growth in real wages and credit. Inflation exceed the target level, fueled by food prices. The general situation could lead the central bank to

cut its benchmark interest rate in the coming months in order to provide a further stimulus to the economy. Furthermore, the process of consolidating the Colombian public accounts provides for the achievement of a primary budget surplus in the coming years.

In the 1st and 2nd Quarters, Peru underperformed the growth expectations of the markets. After strong GDP growth in 2018 (+4.0% year-on-year), the economy lost steam due to a slowdown in all the main productive sectors. Exports fell by 2.9% in the first nine months compared with the same period of 2018, while growth in domestic demand slowed (2.1% in the first nine months compared with the same period of 2018) due to the deterioration in the external environment. Inflation was 1.9% in the first nine months compared with the same period of 2018, having fallen steadily during the year. The central bank could reduce its official interest rate by another 25 basis points by the end of the year (after a cut of 25 basis points last August) to revive the economy.

International commodity prices

During the first three quarters of 2019, there were mixed signals in the oil market, which first drove prices higher then caused them to fall.

Examining the fundamentals, despite the continuing production cuts by the OPEC countries, other factors have been driving developments in the market: 1) large OECD reserves, 2) an expected slowdown in demand growth due to increasingly evident signs of weakening macroeconomic conditions and 3) renewed geopolitical threats such as the attacks on Saudi oil facilities in September. These dynamics kept the price of Brent within a narrow range of between $60 and $70 a barrel.

The gas market during the first nine months of the year was characterized by a sharp increase in imports of LNG into Europe. This led to a supply surplus, lowering prices on the TTF, one of the main market benchmarks, below €10 per MWh, a level not seen since September 2009.

With regard to the coal market, the first nine months of 2019 were characterized by sharply lower prices due to: 1) weak demand in China, 2) mild temperatures and 3) a contraction in exports from Colombia and the United States.

Furthermore, high CO_2 prices, combined with especially low gas prices, made coal-fired generation much less competitive than gas, causing demand for the fuel to weaken further. All this has resulted in a decline in the API#2 price, which went from $82 a ton in January to $60 a ton in September.

Electricity and natural gas markets

Developments in electricity demand

3rd Quarter			GWh	First nine months		
2019	2018	Change		**2019**	2018	Change
84,582	**84,017**	**0.7%**	**Italy**	**241,893**	**242,247**	**-0.1%**
63,704	64,907	-1.9%	Spain	187,252	191,199	-2.1%
183,664	183,045	0.3%	Russia	586,811	587,848	-0.2%
34,848	35,211	-1.0%	Argentina	100,069	105,351	-5.0%
141,073	142,218	-0.8%	Brazil	440,509	433,650	1.6%
19,448	19,132	1.7%	Chile	57,829	57,251	1.0%
18,446	17,741	4.0%	Colombia	53,604	51,468	4.2%
13,194	12,583	4.9%	Peru	39,872	37,706	5.7%

Source: national TSOs.

In the first nine months of 2019, electricity demand in Italy was virtually unchanged (-0.1%), while in Spain it contracted (-2.1%). This decrease reflected temperatures in line with seasonal averages and an economic slowdown, with industrial production contracting (by an average of -1% in the period).
Developments were similar in Russia, where electricity demand decreased by 0.2% over the same period.
Electricity demand grew in Latin America, thanks to economic recovery across the region (Brazil +1.6%, Chile +1.0%, Colombia +4.2% and Peru +5.7%), with the exception of Argentina, where demand contracted by 5.0% owing to the economic crisis under way in that country.

Electricity prices

	Average baseload price Q3 2019 (€/MWh)	Change in average baseload price Q3 2019 - Q3 2018	Average peakload price Q3 2019 (€/MWh)	Change in average peakload price Q3 2019 - Q3 2018
Italy	**50.9**	-26.2%	**56.2**	-24.0%
Spain	45.3	-31.2%	49.0	-29.3%
Russia	16.8	5.7%	19.2	5.5%
Brazil	48.3	-55.1%	63.0	-32.0%
Chile	43.5	-28.7%	60.8	-63.7%
Colombia	48.9	91.9%	104.4	234.1%

Italy

Domestic natural gas demand

3rd Quarter				Millions of m³	First nine months			
2019	2018	Change			**2019**	2018	Change	
2,878	2,860	18	0.6%	Residential and civil	22,065	22,228	(163)	-0.7%
3,180	3,213	(33)	-1.0%	Industry and services	10,498	10,599	(101)	-1.0%
7,217	6,375	842	13.2%	Thermal generation	19,627	16,990	2,637	15.5%
221	222	(1)	-0.5%	Other (1)	1,084	1,105	(21)	-1.9%
13,496	**12,670**	**826**	**6.5%**	**Total**	**53,274**	**50,922**	**2,352**	**4.6%**

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

The demand for natural gas in Italy in the first nine months of 2019 amounted to 53 billion cubic meters, an increase of 4.6% compared with the same period of 2018.
The main sector sustaining demand was thermal generation, which posted an increase of 15.5% due in particular to the low price of gas, which made CCGT generation more competitive than coal-fired production.

Domestic electricity generation and demand

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
				Net electricity generation:				
50,276	49,306	970	2.0%	- thermal	141,545	135,364	6,181	4.6%
13,497	12,638	859	6.8%	- hydroelectric	34,815	38,368	(3,553)	-9.3%
3,148	2,920	228	7.8%	- wind	14,356	12,572	1,784	14.2%
1,433	1,406	27	1.9%	- geothermal	4,280	4,265	15	0.4%
8,136	8,007	129	1.6%	- photovoltaic	20,687	19,435	1,252	6.4%
76,490	**74,277**	**2,213**	**3.0%**	**Total net electricity generation**	**215,683**	**210,004**	**5,679**	**2.7%**
8,508	10,085	(1,577)	-15.6%	Net electricity imports	27,880	33,928	(6,048)	-17.8%
84,998	**84,362**	**636**	**0.8%**	**Electricity delivered to the network**	**243,563**	**243,932**	**(369)**	**-0.2%**
(416)	(345)	(71)	20.6%	Consumption for pumping	(1,670)	(1,685)	15	-0.9%
84,582	**84,017**	**565**	**0.7%**	**Electricity demand**	**241,893**	**242,247**	**(354)**	**-0.1%**

Source: Terna - Rete Elettrica Nazionale (Monthly report – September 2019).

Electricity demand in Italy in the first nine months of 2019 posted a decrease (-0.1%) compared with the same period of 2018, falling to 241.9 TWh (84.6 TWh in the 3rd Quarter of 2019). Of total electricity demand, 88.6% was met by net domestic electricity generation for consumption (86.0% in the first nine months of 2018), with the remaining 11.4% being met by net electricity imports (14.0% in the first nine months of 2018).

Net electricity imports in the first nine months of 2019 decreased by 17.8% compared with the first nine months of 2018. Developments in the 3rd Quarter of 2019 were similar, with a decrease of 15.6% (-1.6 TWh).

Net electricity generation in the first nine months of 2019 rose by 2.7% (+5.7 TWh) to 215.7 TWh (+76.5 TWh in the 3rd Quarter of 2019). More specifically, the increase in thermal generation (+6.2 TWh), wind generation (+1.8 TWh) and photovoltaic output (+1.3 TWh) was only partly offset by a decline in hydro generation (-3.6 TWh), reflecting more adverse water conditions compared with the corresponding period of the previous year.
Developments were similar in the 3rd Quarter of 2019, with the exception of hydro generation, which showed an increase of 6.8%.

Spain

Electricity generation and demand in the peninsular market

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
63,588	61,244	2,344	3.8%	Net electricity generation	184,306	184,273	33	-
(448)	(176)	(272)	154.5%	Consumption for pumping	(1,838)	(2,411)	573	-23.8%
564	3,839	(3,275)	-85.3%	Net electricity imports (1)	4,784	9,337	(4,553)	-48.8%
63,704	**64,907**	**(1,203)**	**-1.9%**	**Electricity demand**	**187,252**	**191,199**	**(3,947)**	**-2.1%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Series estadísticas nacionales – Balance eléctrico* – updated to September 30, 2019).

Electricity demand in the peninsular market in the first nine months of 2019 decreased by 2.1% compared with the same period of 2018 (-1.9% in the 3rd Quarter of 2019) to 187.3 TWh (63.7 TWh in the 3rd Quarter of 2019). Demand was met in part by net domestic electricity generation for consumption.

Net electricity imports in the first nine months of 2019 decreased from their level in the same period of 2018, reflecting the reduced imports needed to meet domestic demand. A similar pattern was registered in the 3rd Quarter of 2019.

Net electricity generation in the first nine months of 2019 totaled 184.3 TWh (63.6 TWh in the 3rd Quarter of 2019), a slight increase on the same period of the previous year.

Electricity generation and demand in the extra-peninsular market

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
3,876	3,964	(88)	-2.2%	Net electricity generation	10,375	10,715	(340)	-3.2%
540	423	117	27.7%	Net electricity imports	1,346	964	382	39.7%
4,416	**4,387**	**30**	**0.7%**	**Electricity demand**	**11,722**	**11,679**	**43**	**0.4%**

Source: Red Eléctrica de España (*Series estadísticas nacionales – Balance eléctrico* – updated to September 30, 2019).

Electricity demand in the extra-peninsular market in the first nine months of 2019 rose by 0.4% compared with the first nine months of 2018, to 11.7 TWh (4.4 TWh or +0.7% in the 3rd Quarter of 2019). Of total demand, 88.5% was met by net generation in the extra-peninsular market, with net imports accounting for the remaining 11.5%.

Net electricity imports in the first nine months of 2019 amounted to 1.3 TWh (0.5 TWh in the 3rd Quarter of 2019) and were entirely accounted for by trade with the Iberian Peninsula.

Net electricity generation in the first nine months of 2019 decreased by 3.2% (0.3 TWh) compared with the same period of the previous year. Developments were similar in the 3rd Quarter of 2019.

Group performance

Millions of euro	First nine months			
	2019	2018	Change	
Revenue	57,124	55,246	1,878	3.4%
Costs	44,033	43,314	719	1.7%
Net income/(expense) from commodity contracts measured at fair value	118	202	(84)	-41.6%
Gross operating margin	**13,209**	**12,134**	**1,075**	**8.9%**
Depreciation, amortization and impairment losses	9,010	4,696	4,314	91.9%
Operating income	**4,199**	**7,438**	**(3,239)**	**-43.5%**
Financial income	3,640	3,024	616	20.4%
Financial expense	5,545	4,796	749	15.6%
Total net financial income/(expense)	**(1,905)**	**(1,772)**	**(133)**	**-7.5%**
Share of income/(losses) from equity investments accounted for using the equity method	**(104)**	**54**	**(158)**	**-**
Income before taxes	**2,190**	**5,720**	**(3,530)**	**-61.7%**
Income taxes	647	1,686	(1,039)	-61.6%
Net income from continuing operations	**1,543**	**4,034**	**(2,491)**	**-61.8%**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**1,543**	**4,034**	**(2,491)**	**-61.8%**
Net income attributable to shareholders of Parent Company	813	3,016	(2,203)	-73.0%
Net income attributable to non-controlling interests	730	1,018	(288)	-28.3%

Revenue

Millions of euro	First nine months			
	2019	2018	Change	
Sale of electricity	33,416	31,800	1,616	5.1%
Transport of electricity	7,752	7,713	39	0.5%
Fees from network operators	688	720	(32)	-4.4%
Transfers from institutional market operators	1,225	1,268	(43)	-3.4%
Sale of gas	2,405	3,123	(718)	-23.0%
Transport of gas	453	424	29	6.8%
Sale of fuels	6,771	6,179	592	9.6%
Fees for connection to electricity and gas networks	575	523	52	9.9%
Revenue from construction contracts	533	488	45	9.2%
Other revenue	3,306	3,008	298	9.9%
Total	**57,124**	**55,246**	**1,878**	**3.4%**

Revenue from the **sale of electricity** increased in the first nine months of 2019, essentially reflecting the following factors:

→ an increase in revenue from sales attributable to distribution operations in Brazil (€1,097 million), mainly reflecting the acquisition of Enel Distribuição São Paulo in June 2018 (€863 million) and rate increases, especially for Enel Distribuição Goiás;

- an increase in revenue from rate increases for distribution operations in Argentina (€71 million), offsetting the negative impact of the steep depreciation of the Argentine peso, reflecting the continuation of hyperinflation in the country;
- an increase in revenue sales in distribution operations in Chile (€60 million), mainly due to rate adjustments;
- an increase in revenue from electricity trading (€733 million) as a result of the increase in volumes transacted, mainly in Italy.

These increases were partly offset by a decrease in electricity sales on regulated markets in Spain and Italy (€604 million).

The reduction in revenue from the **sale of gas** essentially reflects a decrease in quantities sold, above all in Spain (€740 million) as a result of the decline in customers and in consumption and, in part, the pass-through discussed below under costs for gas purchases for trading activities.

Revenue from the **sale of fuels** increased, primarily as a result of the increase in volumes transacted in trading operations in Italy.

Other revenue increased by €298 million, essentially reflecting:

- the gain on the sale of Mercure Srl, a special purpose vehicle to which Enel Produzione had previously transferred the Valle del Mercure biomass plant (€108 million);
- the negative goodwill (€106 million) deriving from the provisional allocation of the purchase price, performed by independent experts, following the acquisition by Enel Green Power North America ("EGPNA") of a number of companies sold by Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP");
- an increase in revenue in Argentina following the agreement between Edesur and the government settling reciprocal disputes originating in the period from 2006 to 2016 (€228 million) and the effects of hyperinflation;
- the reimbursement envisaged for the exercise of the right of withdrawal by a major industrial customer concerning the supply of electricity by Enel Generación Chile (€160 million), of which €80 million regarding thermal generation and the remaining €80 million concerning renewables generation;
- the adjustment of the price for the acquisition of eMotorwerks in 2017 following application of a number of contractual clauses (€58 million);
- the income of €50 million from the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the second indemnity connected with the disposal in 2009 of the interest held by e-distribuzione in Enel Rete Gas.

These factors were partly offset by the effect of the recognition in 2018 of €128 million in respect of the first indemnity connected with the sale of e-distribuzione's stake in Enel Rete Gas.

Costs

Millions of euro	First nine months			
	2019	2018	Change	
Electricity purchases	15,363	14,464	899	6.2%
Consumption of fuel for electricity generation	3,240	3,639	(399)	-11.0%
Fuel for trading and gas for sale to end users	8,415	8,273	142	1.7%
Materials	1,330	1,241	89	7.2%
Personnel	3,461	3,327	134	4.0%
Services, leases and rentals	11,845	11,771	74	0.6%
Other operating expenses	1,932	2,082	(150)	-7.2%
Capitalized costs	(1,553)	(1,483)	(70)	-4.7%
Total	**44,033**	**43,314**	**719**	**1.7%**

The increase in costs for **electricity purchases** reflected the effect of an increase in purchases for distribution operations in Brazil (€655 million, of which the impact of the acquisition of Enel Distribuição São Paulo in June 2018 amounted to €598 million), Argentina (€134 million due to an increase in quantities at higher prices, which offset the decline in net generation) and Chile (€65 million).

Costs for the **consumption of fuel for electricity generation** declined primarily due to a decline in the use of thermal plants. This effect was only partly offset by an increase in costs connected with the writedown of fuel inventories (a total of €104 million), which was directly connected with the process that led to the recognition of impairment on a number of coal-fired plants in Italy and Spain.

The change in costs for the purchase of **fuel for trading and gas for sale to end users** reflected the increase in the average purchase cost of gas and greater volumes handled, mainly by the Italian companies. The increase was partly offset by the decline in costs for the purchase of gas by Endesa Energía on behalf of its sister company Endesa Generación on a pass-through basis (with an impact on the balance sheet only) that it had previously recognized under costs and revenue. An analogous change was recognized under revenue for sales of gas.

Costs for **materials** increased, due mainly to the writedown of inventories of materials and spare parts for the coal-fired plants on which impairment losses were recognized in Italy (€78 million) and in Spain (€21 million) as they are considered unrecoverable through use in the production process.

The increase in **personnel** costs in the first nine months of 2019 mainly reflected:

- an increase of €78 million in costs in Brazil, mainly due to the inclusion of Enel Distribuição São Paulo in the Group in June 2018;
- an increase of €47 million in costs in Spain, mainly reflecting provisions for termination incentive plans;
- an increase in costs in North America due to the changes in the scope of consolidation connected with the acquisition in March 2019 of Tradewind;
- a decrease in costs in Italy, mainly attributable to e-distribuzione, where the average workforce contracted by 3%.

The Enel Group workforce at September 30, 2019 numbered 68,374, of whom 38,784 employed abroad. In the first nine months of 2019, the workforce contracted by 898, mainly reflecting the balance between new hires and terminations (-952) and changes in the scope of consolidation (54), mainly due to the disposal of the Mercure plant by Enel Produzione in Italy and the acquisition in March of Tradewind in the United States.
The overall change compared with December 31, 2018 breaks down as follows:

Balance at December 31, 2018	**69,272**
Hirings	2,648
Terminations	(3,600)
Change in scope of consolidation	54
Balance at September 30, 2019	**68,374**

Costs for **services, leases and rentals** posted an increase in the first nine months of 2019, largely attributable to the acquisition of Enel Distribuição São Paulo in June 2018 (€205 million) and the increase in variable costs connected with the expansion of the business of Enel X in Italy. These factors were only partly offset by a reduction in costs for leases and rentals as a result of the application of IFRS 16 (€188 million).

The decline in **other operating expenses** in the first nine months of 2019 is essentially ascribable to the reduction of €156 million in charges for taxes and duties, mainly in Spain due to the suspension of taxes on electricity generation and on the consumption of hydrocarbons used to generate electricity under the provisions of Royal Decree 15/2018 of October 5, 2018, as well as a reduction in taxes on nuclear generation.

In the first nine months of 2019 **capitalized costs** amounted to €1,553 million, largely posted by distribution operations, which accounted for €1,077 million (above all in Latin America, Spain and Italy), and renewables in the amount of €216 million (especially in the United States, Italy and South Africa), consistent with the developments noted in capital expenditure.

Net income/(expense) from commodity contracts measured at fair value showed net income of €118 million in the first nine months of 2019, compared with net income of €202 million in the corresponding period of the previous year. The change for the period is due to the increase in net expense on derivatives measured at fair value through profit or loss in the amount of €193 million, partly offset by an increase in net income on derivatives designated as cash flow hedges totaling €109 million.

Depreciation, amortization and impairment losses largely reflected the writedowns recognized in the first nine months of 2019 on a number of coal-fired plants in Italy, Spain, Chile (Bocamina I and Tarapacá) and Russia (Reftinskaya) for a total of €4,002 million, including dismantling costs.

As discussed in the "Summary of results", these writedowns are attributable to:

- the reduced competitiveness of plants with higher levels of CO_2 emissions than other generation technologies, above all in Spain and Italy owing to developments in the local operating environment in terms of commodity prices and increased compliance costs for CO_2 emissions, as well as the further penalization in Italy associated with the introduction of new rules for the remuneration of capacity on the Capacity Market, which narrow the scope of application for plants with higher levels of CO_2 emissions;
- the agreement reached with the Chilean government on the early closure of the two coal-fired Tarapacá and Bocamina I (by May 31, 2020 and December 31, 2023, respectively), as part of the decarbonization process begun in Chile (€364 million);
- the adjustment to fair value (of €125 million) of the Reftinskaya plant after its classification under assets held for sale as a result of the binding sale agreement approved by the parties involved in June 2019.

The change also includes the depreciation charge for the rights of use in respect of leased assets, which as from January 1, 2019 are recognized as leased property, plant and equipment and depreciated over the term of the associated leases following application of IFRS 16 (€169 million).

Operating income in the first nine months of 2019 amounted to €4,199 million, a decrease of €3,239 million (-43.5%).

Net financial expense increased, primarily due to:

- an increase in financial expense connected with the discounting of non-current liabilities in the amount of €94 million, regarding in particular liabilities for employee benefits and non-current debt;
- an increase of €29 million in net interest expense on debt due mainly to an increase in average debt for the period, despite the renegotiation of outstanding loans at more favorable interest rates, and an increase in financial expense from the application of IFRS 16 (€42 million),

partly offset by an increase in interest income on short-term financial receivables;

- an increase in financial expense recognized by generation operations in Italy in respect of the impairment loss recognized on the residual financial receivable connected with the disposal of Slovak Power Holding (€29 million).

The **share of income/(losses) from equity investments accounted for using the equity method** experienced a decline of €158 million, reflecting the effects of the repurchase of 13 companies from EGPNA REP, which led to a change in the scope of consolidation and the recognition of a capital loss on EGPNA REP itself and the impairment of €31 million recognized on the investment in Slovak Power following changes in the reference parameters used in determining the price formula, as well as the Group's share of the results of companies accounted for using the equity method.

Income taxes for the first nine months of 2019 amounted to 647 million, equal to 29.5% of taxable income (29.5% in the first nine months of 2018). The change in the first nine months of 2019 compared with the same period of 2018 essentially reflects:

- a reduction in taxes in Italy following an agreement with the tax authorities concerning the optional "patent box" mechanism, which allows the application of a preferential tax regime for income from the use of intellectual property (€53 million);
- a decrease in taxes (€40 million) recognized in Argentina in the 1st Quarter of 2019 by the generation companies Enel Generación Costanera and Central Dock Sud following their election to participate in the preferential "*revalúo impositivo*" mechanism. Subject to payment of a tax in lieu, this mechanism permits the monetary revaluation for tax purposes of certain tangible assets, with the consequent recognition of deferred tax assets and an increase in the deductibility of depreciation in the future;
- the reversal of deferred tax liabilities at EGPNA, the ancillary effect of the acquisition of a number of companies from EGPNA REP;
- the tax deductibility of the goodwill resulting from the merger of Gas Atacama into Enel Generación Chile;
- the effect of greater taxes recognized in September 2018 in Mexico associated with the disposal of a number of renewables companies (Project Kino).

These factors were partly offset by the effect of the following items recognized in 2018:

- the recognition of deferred tax assets (€86 million) against the recoverability for tax purposes of the losses of the investee 3Sun (prior to the acquisition of control of the company by Enel) following the merger with Enel Green Power SpA;
- application of the participation exemption (PEX) to the indemnity in respect of the disposal of the interest in Enel Rete Gas.

Results by business area

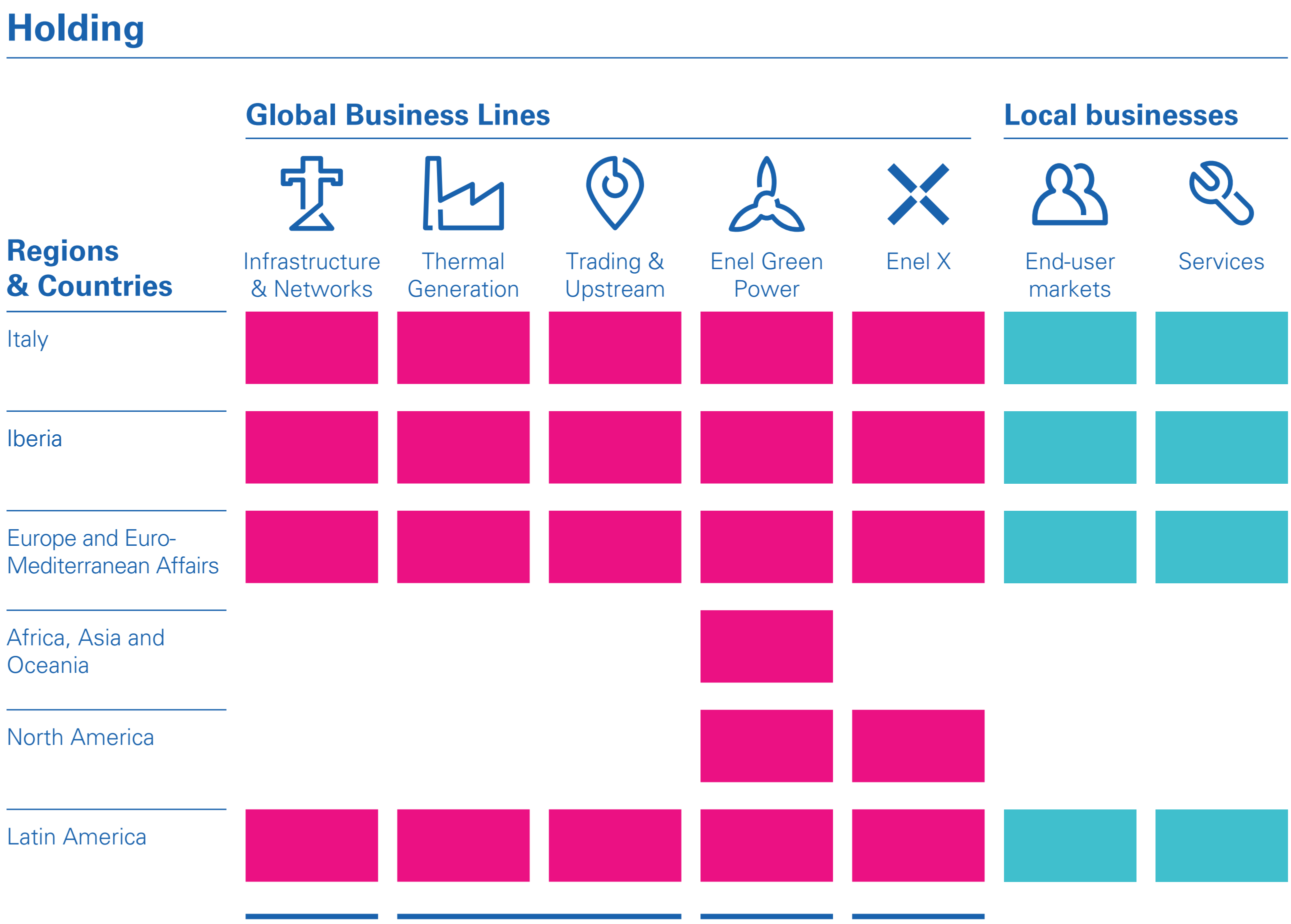
The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.

With regard to operating segment disclosures, note that as of this reporting date (September 30, 2019) the Enel Group has modified its primary and secondary segments in accordance with the provisions of IFRS 8. Specifically, bearing in mind that in 2019, management, understood as the highest level of operational decision-making for the purpose of adopting decisions on the resources to be allocated to the sector and for measuring and assessing results, has begun to disclose its results to the market on the basis of business areas, the Group has consequently adopted the following segment approach:

- primary sector: business area; and
- secondary sector: geographical area.

The business area is therefore the prime discriminant and is the predominant focus of the analyses performed and decisions taken by the management of the Enel Group. This is fully consistent with the internal reporting prepared for these purposes since the results are measured and evaluated primarily for each business area and only subsequently are broken down by country.

The following graphical representation summarizes the foregoing.



The organization, which continues to be based on matrix of Business Lines, calls for the integration of the various companies of the Enel Green Power Business Line 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 (Italy, Iberia, Europe and Euro-Mediterranean Affairs, Latin America, North America, Africa, Asia and Oceania, Central/Holding). In addition, the new business structure is divided as follows: Thermal Generation and Trading, Enel Green Power, Infrastructure and Networks, End-user markets, Enel X, Services and Holding/Other.

Finally, as from September 2019, Latin America in the Enel Green Power Business Line also includes Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been classified in the North and Central America geographical area (now renamed North America and comprising the United States, Canada and Mexico).

In order to ensure the comparability of the figures in the light of the new structure of IFRS 8 disclosures between our primary and secondary reporting segments and for the reallocation of countries in the Enel Green Power segment, it was necessary to restate the comparative figures for 2018 appropriately.

Results by business area for the 3rd Quarter of 2019 and 2018

3rd Quarter of 2019 (1)

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Revenue and other income from third parties	6,321	1,661	5,030	4,336	299	460	26	18,133
Revenue and other income from transactions with other segments	464	43	442	3,077	44	22	(4,092)	-
Total revenue and other income	**6,785**	**1,704**	**5,472**	**7,413**	**343**	**482**	**(4,066)**	**18,133**
Net income/(expense) from commodity contracts measured at fair value	18	(3)	-	(2)	-	-	1	14
Gross operating margin	**316**	**1,023**	**2,177**	**733**	**35**	**52**	**(34)**	**4,302**
Depreciation, amortization and impairment losses	3,804	316	866	246	30	41	13	5,316
Operating income	**(3,488)**	**707**	**1,311**	**487**	**5**	**12**	**(48)**	**(1,014)**

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

3rd Quarter of 2018 (1) (2)

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Revenue and other income from third parties	6,431	2,075	4,756	5,222	281	422	32	19,219
Revenue and other income from transactions with other segments	103	213	436	3,384	50	23	(4,209)	-
Total revenue and other income	**6,534**	**2,288**	**5,192**	**8,606**	**331**	**445**	**(4,177)**	**19,219**
Net income/(expense) from commodity contracts measured at fair value	67	(57)	-	28	(1)	40	(2)	75
Gross operating margin	**346**	**1,176**	**2,007**	**693**	**54**	**34**	**(33)**	**4,277**
Depreciation, amortization and impairment losses	275	280	789	319	23	24	4	1,714
Operating income	**71**	**896**	**1,218**	**374**	**31**	**10**	**(37)**	**2,563**

(1) Segment revenue and other income 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) The figures have been restated to ensure comparability with the figures for the 3rd Quarter of 2019, which are presented using "business area" as the primary reporting segment.

Results by business area for the first nine months of 2019 and of 2018

First nine months of 2019 (1)

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Revenue from third parties	20,202	5,245	14,920	14,668	729	1,330	30	57,124
Revenue from transactions with other segments	1,076	302	1,239	9,554	106	55	(12,332)	-
Total revenue	**21,278**	**5,547**	**16,159**	**24,222**	**835**	**1,385**	**(12,302)**	**57,124**
Net income/(expense) from commodity contracts measured at fair value	143	(20)	-	(4)	-	-	(1)	118
Gross operating margin	**1,241**	**3,304**	**6,148**	**2,367**	**107**	**134**	**(92)**	**13,209**
Depreciation, amortization, and impairment losses	4,911	916	2,187	737	111	124	24	9,010
Operating income	**(3,670)**	**2,388**	**3,961**	**1,630**	**(4)**	**10**	**(116)**	**4,199**
Capital expenditure	**498**	**2,894** (2)	**2,643**	**299**	**171**	**61**	**23**	**6,589**

(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 €4 million regarding units classified as "held for sale".

First nine months of 2018 (1) (2)

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Revenue from third parties	19,152	5,418	13,362	15,396	610	1,294	14	55,246
Revenue from transactions with other segments	651	340	1,226	9,833	105	45	(12,200)	-
Total revenue	**19,803**	**5,758**	**14,588**	**25,229**	**715**	**1,339**	**(12,186)**	**55,246**
Net income/(expense) from commodity contracts measured at fair value	249	(108)	-	11	(1)	53	(2)	202
Gross operating margin	**814**	**3,328**	**5,658**	**2,265**	**89**	**115**	**(135)**	**12,134**
Depreciation, amortization, and impairment losses	820	831	2,031	870	64	67	13	4,696
Operating income	**(6)**	**2,497**	**3,627**	**1,395**	**25**	**48**	**(148)**	**7,438**
Capital expenditure	**395**	**1,779** (3)	**2,552**	**248**	**118**	**47**	**20**	**5,159**

(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) The figures have been restated to ensure comparability with the figures for the first nine months of 2019, which are presented using "business area" as the primary reporting segment.
(3) Does not include €378 million regarding units classified as "held for sale".

In addition to the above, the Group monitors performance by geographical area, classifying performance by Region/Country. 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 Division/Business Line but also by Region/Country.

Gross operating margin

Millions of euro	Thermal Generation and Trading			Enel Green Power			Infrastructure and Networks			End-user markets		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change	**2019**	2018	Change
Italy	**73**	**29**	**44**	**894**	**913**	**(19)**	**2,970**	**2,895**	**75**	**1,647**	**1,607**	**40**
Iberia	**523**	**356**	**167**	**237**	**256**	**(19)**	**1,449**	**1,447**	**2**	**518**	**535**	**(17)**
Latin America	**489**	**288**	**201**	**1,697**	**1,571**	**126**	**1,658**	**1,219**	**439**	**198**	**102**	**96**
Argentina	*110*	*69*	*41*	*36*	*26*	*10*	*240*	*112*	*128*	*9*	*(5)*	*14*
Brazil	*80*	*3*	*77*	*262*	*304*	*(42)*	*804*	*551*	*253*	*119*	*51*	*68*
Chile	*176*	*73*	*103*	*699*	*573*	*126*	*168*	*160*	*8*	*9*	*16*	*(7)*
Colombia	*20*	*42*	*(22)*	*474*	*427*	*47*	*288*	*272*	*16*	*45*	*26*	*19*
Peru	*103*	*101*	*2*	*108*	*107*	*1*	*158*	*124*	*34*	*16*	*14*	*2*
Panama	-	-	-	*89*	*89*	-	-	-	-	-	-	-
Other countries	-	-	-	*29*	*45*	*(16)*	-	-	-	-	-	-
Europe and Euro-Mediterranean Affairs	**178**	**158**	**20**	**95**	**83**	**12**	**87**	**114**	**(27)**	**4**	**21**	**(17)**
Romania	-	*1*	*(1)*	*54*	*40*	*14*	*87*	*114*	*(27)*	*4*	*21*	*(17)*
Russia	*178*	*156*	*22*	*(1)*	-	*(1)*	-	-	-	-	-	-
Other countries	-	*1*	*(1)*	*42*	*43*	*(1)*	-	-	-	-	-	-
North America	**(11)**	**(4)**	**(7)**	**406**	**325**	**81**	**-**	**-**	**-**	**-**	**-**	**-**
United States and Canada	*(11)*	*(4)*	*(7)*	*336*	*178*	*158*	-	-	-	-	-	-
Mexico	-	-	-	*70*	*147*	*(77)*	-	-	-	-	-	-
Africa, Asia and Oceania	**-**	**-**	**-**	**44**	**42**	**2**	**-**	**-**	**-**	**-**	**-**	**-**
South Africa	-	-	-	*41*	*38*	*3*	-	-	-	-	-	-
India	-	-	-	*8*	*9*	*(1)*	-	-	-	-	-	-
Other countries	-	-	-	*(5)*	*(5)*	-	-	-	-	-	-	-
Other	**(11)**	**(13)**	**2**	**(69)**	**138**	**(207)**	**(16)**	**(17)**	**1**	**-**	**-**	**-**
Total	**1,241**	**814**	**427**	**3,304**	**3,328**	**(24)**	**6,148**	**5,658**	**490**	**2,367**	**2,265**	**102**

	Enel X			Services			Other			**Total**		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change	**2019**	2018	Change
	(1)	**7**	**(8)**	**129**	**99**	**30**	**-**	**-**	**-**	**5,712**	**5,550**	**162**
	36	**39**	**(3)**	**75**	**86**	**(11)**	**-**	**-**	**-**	**2,838**	**2,719**	**119**
	41	**31**	**10**	**(79)**	**(68)**	**(11)**	**-**	**-**	**-**	**4,004**	**3,143**	**861**
	-	*-*	*-*	*(1)*	*-*	*(1)*	*-*	*-*	*-*	*394*	*202*	*192*
	(2)	*(1)*	*(1)*	*(36)*	*(33)*	*(3)*	*-*	*-*	*-*	*1,227*	*875*	*352*
	17	*5*	*12*	*(42)*	*(35)*	*(7)*	*-*	*-*	*-*	*1,027*	*792*	*235*
	26	*26*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*853*	*793*	*60*
	-	*1*	*(1)*	*-*	*-*	*-*	*-*	*-*	*-*	*385*	*347*	*38*
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*89*	*89*	*-*
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*29*	*45*	*(16)*
	1	**2**	**(1)**	**2**	**2**	**-**	**-**	**-**	**-**	**367**	**380**	**(13)**
	5	*2*	*3*	*2*	*2*	*-*	*-*	*-*	*-*	*152*	*180*	*(28)*
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*177*	*156*	*21*
	(4)	*-*	*(4)*	*-*	*-*	*-*	*-*	*-*	*-*	*38*	*44*	*(6)*
	54	**31**	**23**	**-**	**-**	**-**	**-**	**-**	**-**	**449**	**352**	**97**
	54	*31*	*23*	*-*	*-*	*-*	*-*	*-*	*-*	*379*	*205*	*174*
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*70*	*147*	*(77)*
	(3)	**(2)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**41**	**40**	**1**
	-	*(2)*	*2*	*-*	*-*	*-*	*-*	*-*	*-*	*41*	*36*	*5*
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*8*	*9*	*(1)*
	(3)	*-*	*(3)*	*-*	*-*	*-*	*-*	*-*	*-*	*(8)*	*(5)*	*(3)*
	(21)	**(19)**	**(2)**	**7**	**(4)**	**11**	**(92)**	**(135)**	**43**	**(202)**	**(50)**	**(152)**
	107	**89**	**18**	**134**	**115**	**19**	**(92)**	**(135)**	**43**	**13,209**	**12,134**	**1,075**

Thermal Generation and Trading

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
29,459	35,557	(6,098)	-17.1%	Thermal	82,070	94,734	(12,664)	-13.4%
7,033	6,689	344	5.1%	Nuclear	20,245	18,458	1,787	9.7%
36,492	**42,246**	**(5,754)**	**-13.6%**	**Total net generation**	**102,315**	**113,192**	**(10,877)**	**-9.6%**
6,020	*7,947*	*(1,927)*	*-24.2%*	*- of which Italy*	*17,000*	*20,761*	*(3,761)*	*-18.1%*
14,279	*18,406*	*(4,127)*	*-22.4%*	*- of which Iberia*	*39,732*	*45,952*	*(6,220)*	*-13.5%*
6,638	*5,387*	*1,251*	*23.2%*	*- of which Latin America*	*18,418*	*17,975*	*443*	*2.5%*
9,555	*10,506*	*(951)*	*-9.1%*	*- of which Europe and Euro-Mediterranean Affairs*	*27,165*	*28,504*	*(1,339)*	*-4.7%*

The decrease in thermal generation was essentially due to a sharp decrease in coal generation in the amount of 15,466 million kWh, especially in Iberia (9,545 million kWh) and Italy (6,211 million kWh) connected to their lower competitiveness. This was partially offset by an increase of 5,748 million kWh in combined-cycle generation, mainly in Italy (2,598 million kWh) and Spain (2,237 million kWh).

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2019		2018		Change			**2019**		2018		Change	
1,254	3.6%	1,587	3.6%	(333)	-21.0%	Fuel oil	3,966	3.8%	4,612	3.9%	(646)	-14.0%
15,415	44.4%	15,178	34.1%	237	1.6%	Natural gas	43,531	41.5%	40,830	34.2%	2,701	6.6%
9,333	26.9%	19,453	43.7%	(10,120)	-52.0%	Coal	32,937	31.4%	50,881	42.7%	(17,944)	-35.3%
7,366	21.2%	6,965	15.7%	401	5.8%	Nuclear fuel	21,085	20.1%	19,170	16.1%	1,915	10.0%
1,366	3.9%	1,301	2.9%	65	5.0%	Other fuels	3,384	3.2%	3,671	3.1%	(287)	-7.8%
34,734	**100.0%**	**44,484**	**100.0%**	**(9,750)**	**-21.9%**	**Total**	**104,903**	**100.0%**	**119,164**	**100.0%**	**(14,261)**	**-12.0%**

The decrease in gross thermal generation in the first nine months of 2019 mainly concerned coal-fired generation as a result of the factors noted above, which were only partially offset by the increase in generation by gas plants.

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
6,785	6,534	251	3.8%	Revenue and other income	21,278	19,803	1,475	7.4%
316	346	(30)	-8.7%	Gross operating margin	1,241	814	427	52.5%
(3,488)	71	(3,559)	-	Operating income	(3,670)	(6)	(3,664)	-
				Capital expenditure	498	395	103	26.1%

The following tables break down performance by Region/Country in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
4,516	4,453	63	1.4%	Italy	14,826	13,333	1,493	11.2%
1,732	1,826	(94)	-5.1%	Iberia	4,583	4,584	(1)	-
429	63	366	-	Latin America	1,449	1,269	180	14.2%
51	*4*	*47*	-	*- of which Argentina*	*215*	*110*	*105*	*95.5%*
76	*44*	*32*	*72.7%*	*- of which Brazil*	*205*	*226*	*(21)*	*-9.3%*
185	*(123)*	*308*	-	*- of which Chile*	*686*	*568*	*118*	*20.8%*
25	*38*	*(13)*	*-34.2%*	*- of which Colombia*	*73*	*91*	*(18)*	*-19.8%*
92	*100*	*(8)*	*-8.0%*	*- of which Peru*	*270*	*274*	*(4)*	*-1.5%*
(477)	1	(478)	-	North America	18	1	17	-
735	263	472	-	Europe and Euro-Mediterranean Affairs	750	761	(11)	-1.4%
(457)	*15*	*(472)*	-	*- of which Romania*	*24*	*37*	*(13)*	*-35.1%*
727	*247*	*480*	-	*- of which Russia*	*726*	*723*	*3*	*0.4%*
-	*1*	*(1)*	-	*- of which other countries*	-	*1*	*(1)*	-
258	16	242	-	Other	41	55	(14)	-25.5%
(14,882)	(88)	(14,794)	-	Eliminations and adjustments	(389)	(200)	(189)	-94.5%
6,785	**6,534**	**251**	**3.8%**	**Total**	**21,278**	**19,803**	**1,475**	**7.4%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
(103)	61	(164)	-	Italy	73	29	44	-
214	189	25	13.2%	Iberia	523	356	167	46.9%
152	47	105	-	Latin America	489	288	201	69.8%
40	*3*	*37*	-	*- of which Argentina*	*110*	*69*	*41*	*59.4%*
25	*(35)*	*60*	-	*- of which Brazil*	*80*	*3*	*77*	-
48	*32*	*16*	*50.0%*	*- of which Chile*	*176*	*73*	*103*	-
7	*20*	*(13)*	*-65.0%*	*- of which Colombia*	*20*	*42*	*(22)*	*-52.4%*
32	*27*	*5*	*18.5%*	*- of which Peru*	*103*	*101*	*2*	*2.0%*
(9)	(2)	(7)	-	North America	(11)	(4)	(7)	-
63	48	15	31.3%	Europe and Euro-Mediterranean Affairs	178	158	20	12.7%
-	-	-	-	*- of which Romania*	-	*1*	*(1)*	-
64	*48*	*16*	*33.3%*	*- of which Russia*	*178*	*156*	*22*	*14.1%*
(1)	-	*(1)*	-	*- of which other countries*	-	*1*	*(1)*	-
(1)	3	(4)	-	Other	(11)	(13)	2	15.4%
316	**346**	**(30)**	**-8.7%**	**Total**	**1,241**	**814**	**427**	**52.5%**

The increase in the **gross operating margin** in the first nine months of 2019 mainly reflects:

- an increase of €201 million in the margin in **Latin America**, mainly attributable to the indemnity (€80 million) received from a major customer for having exercised the withdrawal option in advance and an improvement in the margin of Fortaleza (€88 million);
- an increase of €167 million in **Iberia**, essentially attributable to:
  - an increase of €264 million in the margin on nuclear generation, mainly due to an increase in volumes generated and in prices, as well as a reduction in taxes on nuclear generation (€61 million);
  - a reduction of €100 million in taxes and duties on thermal generation, primarily due to the suspension of taxes on electricity generation and the consumption of hydrocarbons used in electricity generation under the provisions of Royal Decree 15/2018 of October 5, 2018;
  - an increase in charges for the writedown of the fuel and materials/spare parts inventories of a number of coal-fired plants subject to impairment (totaling €42 million), as they are no longer considered recoverable through use in production;
  - an increase of €80 million in costs related to CO_2 allowances due to an increase in prices;
  - a deterioration of €59 million in the return on commodity contracts measured at fair value;
- an increase of €44 million in the margin in **Italy**, mainly due to:
  - recognition of a €108 million gain by Enel Produzione for the sale of the Mercure generation plant, only partly offset by an increase in the provisions for environmental charges envisaged in the contract for the industrial site;
  - an increase in charges for the writedown of fuel and materials/spare parts inventories of a number of coal plants totaling €161 million because of they are no longer considered recoverable through use in production;
  - an improvement in the contribution margin due to the decline in the use of thermal generation (€71 million);
- an increase of €20 million in the margin of **Europe and Euro-Mediterranean Affairs**, mainly in Russia.

Operating income

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
(2,099)	6	(2,105)	-	Italy	(2,054)	(136)	(1,918)	-
(1,541)	32	(1,573)	-	Iberia	(1,576)	(106)	(1,470)	-
113	(1)	114	-	Latin America	(28)	141	(169)	-
34	*(11)*	*45*	-	*- of which Argentina*	*71*	*38*	*33*	*86.8%*
21	*(37)*	*58*	-	*- of which Brazil*	*71*	*(3)*	*74*	-
33	*13*	*20*	-	*- of which Chile*	*(253)*	*(1)*	*(252)*	-
2	*16*	*(14)*	*-87.5%*	*- of which Colombia*	*7*	*31*	*(24)*	*-77.4%*
23	*18*	*5*	*27.8%*	*- of which Peru*	*76*	*76*	-	-
(8)	(3)	(5)	-	North America	(11)	(5)	(6)	-
50	35	15	42.9%	Europe and Euro-Mediterranean Affairs	12	114	(102)	-89.5%
-	-	-	-	*- of which Romania*	-	*1*	*(1)*	-
49	*34*	*15*	*44.1%*	*- of which Russia*	*12*	*112*	*(100)*	*-89.3%*
1	*1*	-	-	*- of which other countries*	-	*1*	*(1)*	-
(2)	2	(4)	-	Other	(12)	(14)	2	14.3%
(1)	-	(1)	-	Eliminations and adjustments	(1)	-	(1)	-
(3,488)	**71**	**(3,559)**	**-**	**Total**	**(3,670)**	**(6)**	**(3,664)**	**-**

The increase in the **operating loss** was due to an increase in depreciation, amortization and impairment in the amount of €4,091 million, which was only minimally offset by the increase in gross operating margin. The increase in depreciation, amortization and impairment mainly concerns:

- impairment in Italy, Spain, Chile and Russia for coal plants totaling €4,003 million, as described in detail in the "Summary of results" section;
- an increase in depreciation and amortization in application of IFRS 16 (€31 million).

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Italy	85	72	13	18.1%
Iberia	264	166	98	59.0%
Latin America	104	110	(6)	-5.5%
Europe and Euro-Mediterranean Affairs	45	47	(2)	-4.3%
Total	**498**	**395**	**103**	**26.1%**

The increase in **capital expenditure** is particularly attributable to Italy (€13 million) and Iberia (€98 million) and primarily regarded work to improve plant reliability.

Enel Green Power

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
16,301	16,494	(193)	-1.2%	Hydroelectric	45,567	49,964	(4,397)	-8.8%
1,558	1,451	107	7.4%	Geothermal	4,598	4,383	215	4.9%
6,180	4,947	1,233	24.9%	Wind	18,932	16,345	2,587	15.8%
912	1,511	(599)	-39.6%	Other sources	2,921	3,880	(959)	-24.7%
24,951	**24,403**	**548**	**2.2%**	**Total net generation**	**72,018**	**74,572**	**(2,554)**	**-3.4%**
5,924	*5,896*	*28*	*0.5%*	*- of which Italy*	*17,718*	*19,725*	*(2,007)*	*-10.2%*
1,918	*2,274*	*(356)*	*-15.7%*	*- of which Iberia*	*6,823*	*9,596*	*(2,773)*	*-28.9%*
13,305	*13,203*	*102*	*0.8%*	*- of which Latin America*	*35,797*	*35,216*	*581*	*1.6%*
400	*366*	*34*	*9.3%*	*- of which Europe and Euro-Mediterranean Affairs*	*1,403*	*1,373*	*30*	*2.2%*
2,978	*2,232*	*746*	*33.4%*	*- of which North America*	*9,096*	*7,521*	*1,575*	*20.9%*
426	*432*	*(6)*	*-1.4%*	*- of which Africa, Asia and Oceania*	*1,181*	*1,141*	*40*	*3.5%*

In the first nine months of 2019, net electricity generation decreased in reflection of lower hydroelectric generation as a result of poorer water availability in Italy and Iberia, which was only partially offset by an increase in hydroelectric generation in Latin America (617 million kWh), where developments in hydro generation differed across the various countries. Of particular note were the increases in Brazil (540 million kWh), Colombia (572 million kWh) and Peru (264 million kWh) and more limited decreases in Argentina (down 340 million kWh) and Panama (down 279 million kWh).

The most significant changes in wind and geothermal generation were seen in the United States, where wind power increased by 3,047 million kWh and geothermal increased by 188 million kWh, partially offset by a decrease in wind power in Mexico (down 780 million kWh) due to the sale of eight companies involved in Project Kino at the end of September 2018.

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
1,704	2,288	(584)	-25.5%	Revenue and other income	5,547	5,758	(211)	-3.7%
1,023	1,176	(153)	-13.0%	Gross operating margin	3,304	3,328	(24)	-0.7%
707	896	(189)	-21.1%	Operating income	2,388	2,497	(109)	-4.4%
				Capital expenditure	2,894 (1)	1,779 (2)	1,115	62.7%

(1) The figure does not include €4 million regarding units classified as "held for sale."
(2) The figure does not include €378 million regarding units classified as "held for sale."

The following tables break down performance by Region/Country in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue [1]

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
428	465	(37)	-8.0%	Italy	1,385	1,524	(139)	-9.1%
130	154	(24)	-15.6%	Iberia	459	542	(83)	-15.3%
867	1,238	(371)	-30.0%	Latin America	2,805	2,770	35	1.3%
13	*3*	*10*	*-*	*- of which Argentina*	*45*	*34*	*11*	*32.4%*
167	*193*	*(26)*	*-13.5%*	*- of which Brazil*	*527*	*489*	*38*	*7.8%*
307	*653*	*(346)*	*-53.0%*	*- of which Chile*	*1,151*	*1,121*	*30*	*2.7%*
276	*248*	*28*	*11.3%*	*- of which Colombia*	*768*	*707*	*61*	*8.6%*
45	*84*	*(39)*	*-46.4%*	*- of which Peru*	*136*	*235*	*(99)*	*-42.1%*
44	*34*	*10*	*29.4%*	*- of which Panama*	*130*	*118*	*12*	*10.2%*
15	*23*	*(8)*	*-34.8%*	*- of which other countries*	*48*	*66*	*(18)*	*-27.3%*
197	170	27	15.9%	North America	644	482	162	33.6%
158	*80*	*78*	*97.5%*	*- of which the United States*	*529*	*296*	*233*	*78.7%*
39	*90*	*(51)*	*-56.7%*	*- of which Mexico*	*115*	*186*	*(71)*	*-38.2%*
55	49	6	12.2%	Europe and Euro-Mediterranean Affairs	187	185	2	1.1%
34	*30*	*4*	*13.3%*	*- of which Romania*	*126*	*124*	*2*	*1.6%*
19	*18*	*1*	*5.6%*	*- of which Greece*	*54*	*55*	*(1)*	*-1.8%*
1	*1*	*-*	*-*	*- of which Bulgaria*	*6*	*6*	*-*	*-*
1	*-*	*1*	*-*	*- of which other countries*	*1*	*-*	*1*	*-*
5	25	(20)	-80.0%	Africa, Asia and Oceania	77	73	4	5.5%
33	212	(179)	-84.4%	Other	85	272	(187)	-68.8%
(11)	(25)	14	56.0%	Eliminations and adjustments	(95)	(90)	(5)	-5.6%
1,704	**2,288**	**(584)**	**-25.5%**	**Total**	**5,547**	**5,758**	**(211)**	**-3.7%**

(1) The figures have been restated to ensure their comparability with those for the 3rd Quarter and first nine months of 2019, which take account of the fact that Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been reported under the North and Central America geographical area are now included in the Latin America area.

Gross operating margin [1]

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
279	243	36	14.8%	Italy	894	913	(19)	-2.1%
54	68	(14)	-20.6%	Iberia	237	256	(19)	-7.4%
557	539	18	3.3%	Latin America	1,697	1,571	126	8.0%
10	*2*	*8*	-	*- of which Argentina*	*36*	*26*	*10*	*38.5%*
75	*102*	*(27)*	*-26.5%*	*- of which Brazil*	*262*	*304*	*(42)*	*-13.8%*
231	*206*	*25*	*12.1%*	*- of which Chile*	*699*	*573*	*126*	*22.0%*
164	*151*	*13*	*8.6%*	*- of which Colombia*	*474*	*427*	*47*	*11.0%*
36	*38*	*(2)*	*-5.3%*	*- of which Peru*	*108*	*107*	*1*	*0.9%*
31	*24*	*7*	*29.2%*	*- of which Panama*	*89*	*89*	-	-
10	*16*	*(6)*	*-37.5%*	*- of which other countries*	*29*	*45*	*(16)*	*-35.6%*
109	113	(4)	-3.5%	North America	406	325	81	24.9%
86	*41*	*45*	-	*- of which the United States*	*336*	*178*	*158*	*88.8%*
23	*72*	*(49)*	*-68.1%*	*- of which Mexico*	*70*	*147*	*(77)*	*-52.4%*
27	24	3	12.5%	Europe and Euro-Mediterranean Affairs	95	83	12	14.5%
12	*10*	*2*	*20.0%*	*- of which Romania*	*54*	*40*	*14*	*35.0%*
(1)	-	*(1)*	-	*- of which Russia*	*(1)*	-	*(1)*	-
14	*14*	-	-	*- of which Greece*	*40*	*40*	-	-
1	*1*	-	-	*- of which Bulgaria*	*4*	*4*	-	-
1	*(1)*	*2*	-	*- of which other countries*	*(2)*	*(1)*	*(1)*	-
16	15	1	6.7%	Africa, Asia and Oceania	44	42	2	4.8%
(19)	174	(193)	-	Other	(69)	138	(207)	-
1,023	**1,176**	**(153)**	**-13.0%**	**Total**	**3,304**	**3,328**	**(24)**	**-0.7%**

(1) The figures have been restated to ensure their comparability with those for the 3rd Quarter and first nine months of 2019, which take account of the fact that Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been reported under the North and Central America geographical area are now included in the Latin America area.

The decrease of €24 million in the **gross operating margin** for the first nine months of 2019 compared with the same period of 2018 was essentially due to the following factors:

- an increase of €126 million in the margin in **Latin America**, mainly due to:
  - an increase of €126 million in the margin in **Chile**, which is essentially attributable to recognition of €80 million in penalty revenue by Enel Generación Chile due to a major industrial client exercising the right to early withdrawal from a long-term electricity supply agreement and to the effect of changes in consumer energy prices that are indexed to the dollar;
  - an increase of €47 million in the margin in **Colombia** due essentially to an increase in revenue from the sale of electricity (€70 million) as a result of price increases and greater power generation and a reduction in costs for the purchase and transport of electricity (-€97 million) as a result of lower spot prices, partially offset by an increase in costs for services related to the electricity business (€123 million);
  - an increase of €10 million in the margin in **Argentina** due to the increase in prices, which was partially offset by unfavorable exchange rate developments;
  - a decrease of €42 million in the margin in **Brazil**, where the increase in revenue from electricity sales as a result of an increase in power generation, which was partly mitigated by a reduction in spot prices, was more than offset by an increase in costs for the purchase of electricity and the effect of the change in the scope of consolidation as a result of the sale of three plants;
  - a decrease of €16 million in the margin in **other countries** due to decreased revenue from the sale of elec-

tricity in Costa Rica, Guatemala, and Uruguay as a result of decreases in power generation;

- an increase of €81 million in the margin in **North America**, mainly due to:
  - an increase of €158 million in the margin in the United States, essentially due to an increase in revenue from electricity sales (€63 million) and negative goodwill (€106 million) related to the purchase of 13 companies sold by Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP") to Enel Green Power North America ("EGPNA"), partly offset by a decrease in the margin as a result of the acquisition of Tradewind Energy (€21 million);
  - a reduction of €77 million in the margin in Mexico due mainly to the change in consolidated companies following the sale of eight companies from Project Kino at the end of September 2018;
- an increase of €12 million in the margin of **Europe and Euro-Mediterranean Affairs**, essentially attributable to lower costs for green certificates not related to trading;
- a reduction of €207 million in the margin related mainly to recognition last year of the gain on the sale of eight Project Kino companies in Mexico at the end of September 2018 and to the fair value measurement of the Group's 20% interest in the companies (€192 million).

Operating income (1)

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
203	172	31	18.0%	Italy	670	686	(16)	-2.3%
9	31	(22)	-71.0%	Iberia	111	144	(33)	-22.9%
452	430	22	5.1%	Latin America	1,390	1,264	126	10.0%
5	*(1)*	*6*	*-*	*- of which Argentina*	*28*	*22*	*6*	*27.3%*
54	*80*	*(26)*	*-32.5%*	*- of which Brazil*	*194*	*241*	*(47)*	*-19.5%*
188	*159*	*29*	*18.2%*	*- of which Chile*	*572*	*447*	*125*	*28.0%*
150	*136*	*14*	*10.3%*	*- of which Colombia*	*431*	*384*	*47*	*12.2%*
25	*28*	*(3)*	*-10.7%*	*- of which Peru*	*78*	*71*	*7*	*9.9%*
27	*20*	*7*	*35.0%*	*- of which Panama*	*77*	*79*	*(2)*	*-2.5%*
3	*8*	*(5)*	*-62.5%*	*- of which other countries*	*10*	*20*	*(10)*	*-50.0%*
40	70	(30)	-42.9%	North America	210	197	13	6.6%
24	*10*	*14*	*-*	*- of which the United States*	*159*	*84*	*75*	*89.3%*
16	*60*	*(44)*	*-73.3%*	*- of which Mexico*	*51*	*113*	*(62)*	*-54.9%*
14	14	-	-	Europe and Euro-Mediterranean Affairs	61	56	5	8.9%
6	*5*	*1*	*20.0%*	*- of which Romania*	*38*	*24*	*14*	*58.3%*
-	*(1)*	*1*	*-*	*- of which Russia*	*(1)*	*(1)*	*-*	*-*
8	*10*	*(2)*	*-20.0%*	*- of which Greece*	*24*	*31*	*(7)*	*-22.6%*
-	*-*	*-*	*-*	*- of which Bulgaria*	*2*	*2*	*-*	*-*
-	*-*	*-*	*-*	*- of which other countries*	*(2)*	*-*	*(2)*	*-*
7	5	2	40.0%	Africa, Asia and Oceania	14	12	2	16.7%
(19)	174	(193)	-	Other	(69)	138	(207)	-
1	-	1	-	Eliminations and adjustments	1	-	1	-
707	**896**	**(189)**	**-21.1%**	**Total**	**2,388**	**2,497**	**(109)**	**-4.4%**

(1) The figures have been restated to ensure their comparability with those for the 3rd Quarter and first nine months of 2019, which take account of the fact that Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been reported under the North and Central America geographical area are now included in the Latin America area.

Operating income decreased by €109 million, impacted by an increase of €85 million in depreciation, amortization, and impairment losses. The decrease was mainly due to the increase in depreciation and amortization recognized in the United States following the aforementioned change in consolidated companies.

Capital expenditure [1]

Millions of euro	First nine months			
	2019	2018	Change	
Italy	134	142 [3]	(8)	-5.6%
Iberia	599	116	483	-
Latin America	648 [2]	410	238	58.0%
North America	1,099	934 [4]	165	17.7%
Europe and Euro-Mediterranean Affairs	160	67	93	-
Africa, Asia and Oceania	238	97	141	-
Other	16	13	3	23.1%
Total	**2,894**	**1,779**	**1,115**	**62.7%**

(1) The figures have been restated to ensure their comparability with those for the 3rd Quarter and first nine months of 2019, which take account of the fact that Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been reported under the North and Central America geographical area are now included in the Latin America area.
(2) Does not include €4 million regarding units classified as "held for sale".
(3) Does not include €3 million regarding units classified as "held for sale".
(4) Does not include €375 million regarding units classified as "held for sale".

The **capital expenditure** in the first nine months of 2019 increased by €1,115 million on the same period of 2018, reflecting in particular:

- an increase of €483 million in capital expenditure in **Iberia** attributable mainly to wind farms (€322 million) and photovoltaic plants (€148 million);
- an increase of €238 million in capital expenditure in **Latin America** attributable mainly to wind farms (€181 million) and photovoltaic plants (€85 million), which was partially offset by a decrease in capital expenditure on hydroelectric plants (€39 million). The increase in capital expenditure was mainly concentrated in Brazil;
- an increase of €165 million in capital expenditure in **North America**, mainly attributable to increased capital expenditure on photovoltaic plants in the amount of €232 million, which was partially offset by a reduction in capital expenditure on wind farms in the amount of €76 million due to a decrease of €273 million in the United States that more than offset increases in Mexico and Canada of €153 million and €43 million, respectively;
- an increase of €93 million in capital expenditure of **Europe and Euro-Mediterranean Affairs**, mainly on wind farms in Greece and Russia;
- an increase of €141 million in capital expenditure in **Africa, Asia and Oceania**, mainly on wind farms in South Africa and India.

Infrastructure and Networks

Operations

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
131,634	129,861	1,773	1.4%	Electricity transported on Enel's network [1]	378,329	360,544	17,785	4.9%
60,903	*59,015*	*1,888*	*3.2%*	*- of which Italy*	*169,440*	*170,486*	*(1,046)*	*-0.6%*
32,752	*32,955*	*(203)*	*-0.6%*	*- of which Iberia*	*95,053*	*95,068*	*(15)*	*-*
33,980	*33,924*	*56*	*0.2%*	*- of which Latin America*	*102,087*	*83,359*	*18,728*	*22.5%*
3,999	*3,967*	*32*	*0.8%*	*- of which Europe and Euro-Mediterranean Affairs*	*11,749*	*11,631*	*118*	*1.0%*

(1) The figure for 2018 reflects a more accurate measurement of amounts transported.

The increase in electricity transported is mainly attributable to:

- Latin America (+22.5%) following the acquisition of Enel Distribuição São Paulo, a Brazilian electricity distribution company, on June 7, 2018;
- Romania (+1.0%), where the increase was mainly due to new connections of residential customers (+60 GWh) and of business customers (+58 GWh);
- Italy (-0.6%), where electricity distributed to end users on Enel networks came to 169.44 TWh, for a slight decrease compared with the same period of the previous year (170.49 TWh). This decrease was due to a decrease in demand for electricity distributed to high and very high-voltage customers (0.56 TWh), a decrease in demand for electricity distributed to medium-voltage customers (0.81 TWh), and a slight increase in demand for electricity distributed to low-voltage customers (0.33 TWh).

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
5,472	5,192	280	5.4%	Revenue and other income	16,159	14,588	1,571	10.8%
2,177	2,007	170	8.5%	Gross operating margin	6,148	5,658	490	8.7%
1,311	1,218	93	7.6%	Operating income	3,961	3,627	334	9.2%
				Capital expenditure	2,643	2,552	91	3.6%

The following tables break down performance by Region/Country in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
2,056	1,935	121	6.3%	Italy	5,736	5,748	(12)	-0.2%
646	651	(5)	-0.8%	Iberia	1,956	1,988	(32)	-1.6%
2,675	2,509	166	6.6%	Latin America	8,193	6,600	1,593	24.1%
159	*(23)*	*182*	-	*- of which Argentina*	*909*	*635*	*274*	*43.1%*
1,777	*1,877*	*(100)*	*-5.3%*	*- of which Brazil*	*5,097*	*3,963*	*1,134*	*28.6%*
388	*349*	*39*	*11.2%*	*- of which Chile*	*1,127*	*1,065*	*62*	*5.8%*
156	*130*	*26*	*20.0%*	*- of which Colombia*	*465*	*400*	*65*	*16.3%*
195	*176*	*19*	*10.8%*	*- of which Peru*	*595*	*537*	*58*	*10.8%*
97	97	-	-	Europe and Euro-Mediterranean Affairs	282	281	1	0.4%
13	15	(2)	-13.3%	Other	37	26	11	42.3%
(15)	(15)	-	-	Eliminations and adjustments	(45)	(55)	10	18.2%
5,472	**5,192**	**280**	**5.4%**	**Total**	**16,159**	**14,588**	**1,571**	**10.8%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
1,146	1,040	106	10.2%	Italy	2,970	2,895	75	2.6%
475	483	(8)	-1.7%	Iberia	1,449	1,447	2	0.1%
520	431	89	20.6%	Latin America	1,658	1,219	439	36.0%
(2)	*(12)*	*10*	*83.3%*	*- of which Argentina*	*240*	*112*	*128*	-
317	*257*	*60*	*23.3%*	*- of which Brazil*	*804*	*551*	*253*	*45.9%*
52	*56*	*(4)*	*-7.1%*	*- of which Chile*	*168*	*160*	*8*	*5.0%*
103	*89*	*14*	*15.7%*	*- of which Colombia*	*288*	*272*	*16*	*5.9%*
50	*41*	*9*	*22.0%*	*- of which Peru*	*158*	*124*	*34*	*27.4%*
40	54	(14)	-25.9%	Europe and Euro-Mediterranean Affairs	87	114	(27)	-23.7%
(4)	(1)	(3)	-	Other	(16)	(17)	1	5.9%
2,177	**2,007**	**170**	**8.5%**	**Total**	**6,148**	**5,658**	**490**	**8.7%**

The **gross operating margin** increased during the period, reflecting:

- an increase of €439 million in the margin in Latin America, mainly attributable to:
  - in Brazil, the consolidation of Enel Distribuição São Paulo (€227 million);
  - in Argentina, mainly the Edesur agreement with the government resolving mutual pending issues arising during the period from 2006 to 2016 (€202 million);
- an increase in gross operating margin in Italy due mainly to the recognition in the 1st Half of 2019 of a payment of €50 million from the agreement for the early all-inclusive settlement of the indemnity connected with the disposal of the interest held by e-distribuzione in 2i Rete Gas (formerly Enel Rete Gas).

Operating income

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
665	626	39	6.2%	Italy	1,973	1,931	42	2.2%
292	300	(8)	-2.7%	Iberia	910	902	8	0.9%
341	265	76	28.7%	Latin America	1,078	768	310	40.4%
(8)	*(21)*	*13*	*61.9%*	*- of which Argentina*	*218*	*73*	*145*	*-*
206	*150*	*56*	*37.3%*	*- of which Brazil*	*408*	*293*	*115*	*39.2%*
41	*45*	*(4)*	*-8.9%*	*- of which Chile*	*133*	*122*	*11*	*9.0%*
67	*65*	*2*	*3.1%*	*- of which Colombia*	*206*	*199*	*7*	*3.5%*
35	*26*	*9*	*34.6%*	*- of which Peru*	*113*	*81*	*32*	*39.5%*
17	28	(11)	-39.3%	Europe and Euro-Mediterranean Affairs	17	43	(26)	-60.5%
(4)	(1)	(3)	-	Other	(17)	(17)	-	-
1,311	**1,218**	**93**	**7.6%**	**Total**	**3,961**	**3,627**	**334**	**9.2%**

Operating income, including €2,187 million in depreciation, amortization and impairment losses (€2,031 million in the first nine months of 2018), increased compared with the year-earlier period as a result of:

- an increase of €310 million in operating income in Latin America due mainly to the improvement in margins in Brazil and Argentina noted earlier. These positive changes were partially offset by the increase in depreciation, amortization and impairment losses, which was due mostly to the change in the scope of consolidation with the addition of Enel Distribuição São Paulo;
- an increase of €42 million in operating income in Italy following the improvement in margins discussed earlier and a decrease in impairment losses.

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Italy	1,256	1,154	102	8.8%
Iberia	360	453	(93)	-20.5%
Latin America	911	852	59	6.9%
Europe and Euro-Mediterranean Affairs	116	93	23	24.7%
Total	**2,643**	**2,552**	**91**	**3.6%**

Capital expenditure increased over the same period of the previous year, mainly attributable to the combined impact of:

- Italy, especially in relation to capital expenditure on low-voltage systems;
- Iberia, where expenditure decreased on the distribution grid for sub-stations and transformers, line work and replacement of metering equipment;
- Latin America, with an increase attributable to Argentina for expenditure to improve service quality by upgrading the high, medium and low-voltage grids.

End-user markets

Operations

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2019	2018	Change			**2019**	2018	Change	
40,928	39,715	1,213	3.1%	Free market	114,717	115,036	(319)	-0.3%
38,815	39,682	(867)	-2.2%	Regulated market	113,948	104,683	9,265	8.9%
79,743	**79,397**	**346**	**0.4%**	**Total**	**228,665**	**219,719**	**8,946**	**4.1%**
26,456	*27,066*	*(610)*	*-2.3%*	*- of which Italy*	*74,137*	*78,682*	*(4,545)*	*-5.8%*
23,884	*23,433*	*451*	*1.9%*	*- of which Iberia*	*67,018*	*68,017*	*(999)*	*-1.5%*
27,019	*26,347*	*672*	*2.6%*	*- of which Latin America*	*80,186*	*65,224*	*14,962*	*22.9%*
2,384	*2,551*	*(167)*	*-6.5%*	*- of which Europe and Euro-Mediterranean Affairs*	*7,324*	*7,796*	*(472)*	*-6.1%*

The increase in electricity sold in the first nine months of 2019 essentially reflects the rise in quantities sold in Latin America, mainly in Brazil following the acquisition of Enel Distribuição São Paulo. This change was only partially offset by the reduction in power sold in Italy due to a decrease in sales on the regulated market following the transfer of 1.8 million customers to the free market. The transfer of customers from the regulated market to the free market also led to a reduction in quantities sold in Romania. In Spain, the change was essentially due to reduced consumption.

Natural gas sales

3rd Quarter				Millions of m³	First nine months			
2019	2018	Change			**2019**	2018	Change	
230	241	(11)	-4.6%	Business to consumer	2,583	2,633	(50)	-1.9%
1,324	1,491	(167)	-11.2%	Business to business	5,016	5,393	(377)	-7.0%
1,554	**1,732**	**(178)**	**-10.3%**	**Total**	**7,599**	**8,026**	**(427)**	**-5.3%**
450	*439*	*11*	*2.5%*	*- of which Italy*	*3,395*	*3,372*	*23*	*0.7%*
1,104	*1,290*	*(186)*	*-14.4%*	*- of which Iberia*	*4,194*	*4,622*	*(428)*	*-9.3%*
-	*3*	*(3)*	*-*	*- of which Europe and Euro-Mediterranean Affairs*	*10*	*32*	*(22)*	*-68.8%*

The contraction in gas sold in the first nine months of 2019 over the same period of the previous year was mainly due to reduced consumption in Spain.

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
7,413	8,606	(1,193)	-13.9%	Revenue and other income	24,222	25,229	(1,007)	-4.0%
733	693	40	5.8%	Gross operating margin	2,367	2,265	102	4.5%
487	374	113	30.2%	Operating income	1,630	1,395	235	16.8%
				Capital expenditure	299	248	51	20.6%

The following tables shows performance by Region/Country in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
3,723	3,949	(226)	-5.7%	Italy	11,945	12,049	(104)	-0.9%
3,050	4,072	(1,022)	-25.1%	Iberia	10,294	11,484	(1,190)	-10.4%
360	340	20	5.9%	Latin America	1,145	947	198	20.9%
(3)	*3*	*(6)*	-	*- of which Argentina*	*33*	*7*	*26*	-
99	*48*	*51*	-	*- of which Brazil*	*304*	*147*	*157*	-
65	*61*	*4*	*6.6%*	*- of which Chile*	*197*	*139*	*58*	*41.7%*
188	*218*	*(30)*	*-13.8%*	*- of which Colombia*	*579*	*626*	*(47)*	*-7.5%*
11	*10*	*1*	*10.0%*	*- of which Peru*	*32*	*28*	*4*	*14.3%*
280	246	34	13.8%	Europe and Euro-Mediterranean Affairs	838	750	88	11.7%
-	(1)	1	-	Eliminations and adjustments	-	(1)	1	-
7,413	**8,606**	**(1,193)**	**-13.9%**	**Total**	**24,222**	**25,229**	**(1,007)**	**-4.0%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
480	471	9	1.9%	Italy	1,647	1,607	40	2.5%
194	184	10	5.4%	Iberia	518	535	(17)	-3.2%
49	40	9	22.5%	Latin America	198	102	96	94.1%
(7)	-	*(7)*	-	*- of which Argentina*	*9*	*(5)*	*14*	-
38	*14*	*24*	-	*- of which Brazil*	*119*	*51*	*68*	-
3	*6*	*(3)*	*-50.0%*	*- of which Chile*	*9*	*16*	*(7)*	*-43.8%*
9	*16*	*(7)*	*-43.8%*	*- of which Colombia*	*45*	*26*	*19*	*73.1%*
6	*4*	*2*	*50.0%*	*- of which Peru*	*16*	*14*	*2*	*14.3%*
10	(2)	12	-	Europe and Euro-Mediterranean Affairs	4	21	(17)	-81.0%
733	**693**	**40**	**5.8%**	**Total**	**2,367**	**2,265**	**102**	**4.5%**

The **gross operating margin** increased during the period, reflecting:

- an increase of €68 million in the margin in Brazil, attributable to the consolidation of Enel Distribuição São Paulo beginning in June of last year;
- an increase of €40 million in the margin in Italy following an improvement of €97 million in the margin of Enel Energia due to increased sales to customers on the free market, which was only partially offset by a decrease of €57 million in the margin of Servizio Elettrico Nazionale on the regulated market;
- a decrease of €17 million in the margin in Romania due to an increase in costs connected with electricity sales.

Operating income

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
315	258	57	22.1%	Italy	1,198	1,027	171	16.7%
144	126	18	14.3%	Iberia	391	384	7	1.8%
32	(1)	33	-	Latin America	60	(22)	82	-
(10)	*1*	*(11)*	-	*- of which Argentina*	*(20)*	*(5)*	*(15)*	-
28	*(21)*	*49*	-	*- of which Brazil*	*32*	*(56)*	*88*	-
2	*3*	*(1)*	*-33.3%*	*- of which Chile*	*3*	*13*	*(10)*	*-76.9%*
10	*13*	*(3)*	*-23.1%*	*- of which Colombia*	*37*	*18*	*19*	-
2	*3*	*(1)*	*-33.3%*	*- of which Peru*	*8*	*8*	-	-
(3)	(9)	6	-66.7%	Europe and Euro-Mediterranean Affairs	(18)	6	(24)	-
(1)	-	(1)	-	Eliminations and adjustments	(1)	-	(1)	-
487	**374**	**113**	**30.2%**	**Total**	**1,630**	**1,395**	**235**	**16.8%**

Operating income, including €737 million in depreciation, amortization and impairment losses (€870 million in the first nine months of 2018), increased over the same period of 2018 as a result of:

- an increase of €171 million in operating income in Italy, mainly attributable to Enel Energia following the improvement in the margin and a decrease of €98 million in depreciation, amortization and impairment losses, due essentially to a reduction in writedowns of receivables;
- an improvement of €82 million in operating income in Latin America, mainly in Brazil, due to the aforementioned consolidation of Enel Distribuição São Paulo.

These increases were partly offset by a decrease of €24 million in operating income in Romania due to a decline in the gross operating margin and an increase in writedowns of trade receivables compared with 2018.

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Italy	234	180	54	30.0%
Iberia	56	57	(1)	-1.8%
Latin America	-	1	(1)	-
Europe and Euro-Mediterranean Affairs	9	10	(1)	-10.0%
Total	**299**	**248**	**51**	**20.6%**

The increase in **capital expenditure** was mainly attributable to the increase of €54 million in spending in Italy by Enel Energia. The increase was due to the capitalization of costs related to the acquisition of new customer contracts.

Enel X

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
343	331	12	3.6%	Revenue and other income	835	715	120	16.8%
35	54	(19)	-35.2%	Gross operating margin	107	89	18	20.2%
5	31	(27)	-87.1%	Operating income	(4)	25	(29)	-
				Capital expenditure	171	118	53	44.9%

The following tables shows performance by Region/Country in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
99	54	45	83.3%	Italy	227	143	84	58.7%
64	55	9	16.4%	Iberia	186	159	27	17.0%
49	42	7	16.7%	Latin America	120	101	19	18.8%
5	*4*	*1*	*25.0%*	*- of which Brazil*	*12*	*10*	*2*	*20.0%*
25	*10*	*15*	*-*	*- of which Chile*	*53*	*38*	*15*	*39.5%*
17	*27*	*(10)*	*-37.0%*	*- of which Colombia*	*50*	*49*	*1*	*2.0%*
2	*1*	*1*	*-*	*- of which Peru*	*5*	*4*	*1*	*25.0%*
113	174	(61)	-35.1%	North America	258	298	(40)	-13.4%
11	2	9	-	Europe and Euro-Mediterranean Affairs	25	5	20	-
16	-	16	-	Africa, Asia and Oceania	38	-	38	-
10	17	(7)	-41.2%	Other	31	33	(2)	-6.1%
(19)	(13)	(6)	-46.2%	Eliminations and adjustments	(50)	(24)	(26)	-
343	**331**	**12**	**3.6%**	**Total**	**835**	**715**	**120**	**16.8%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
(1)	-	(1)	-	Italy	(1)	7	(8)	-
13	13	-	-	Iberia	36	39	(3)	-7.7%
22	11	11	-	Latin America	41	31	10	32.3%
-	*1*	*(1)*	*-*	*- of which Brazil*	*(2)*	*(1)*	*(1)*	*-*
14	*1*	*13*	*-*	*- of which Chile*	*17*	*5*	*12*	*-*
8	*9*	*(1)*	*-11.1%*	*- of which Colombia*	*26*	*26*	*-*	*-*
-	*-*	*-*	*-*	*- of which Peru*	*-*	*1*	*(1)*	*-*
11	41	(30)	-73.2%	North America	54	31	23	74.2%
1	1	-	-	Europe and Euro-Mediterranean Affairs	1	2	(1)	-50.0%
-	(2)	2	-	Africa, Asia and Oceania	(3)	(2)	(1)	-50.0%
(11)	(10)	(1)	-10.0%	Other	(21)	(19)	(2)	-10.5%
35	**54**	**(19)**	**-35.2%**	**Total**	**107**	**89**	**18**	**20.2%**

The **gross operating margin** increased during the period, mainly in North America due to an adjustment of the price for the acquisition of eMotorwerks (€58 million) following the application of certain contractual clauses and an increase of €7 million in revenue from sales to other Group companies operating in the same business in other countries.

These effects were partly offset by a reduction of €44 million in the margin on value-added services as a result of a decline in the average prices applied.

Operating income

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
(10)	(7)	(3)	-42.9%	Italy	(27)	(14)	(13)	-92.9%
4	11	(7)	-63.6%	Iberia	3	38	(35)	-92.1%
24	9	15	-	Latin America	38	29	9	31.0%
(2)	*-*	*(2)*	*-*	*- of which Brazil*	*(4)*	*(2)*	*(2)*	*-*
13	*1*	*12*	*-*	*- of which Chile*	*16*	*5*	*11*	*-*
13	*8*	*5*	*62.5%*	*- of which Colombia*	*26*	*25*	*1*	*4.0%*
-	*-*	*-*	*-*	*- of which Peru*	*-*	*1*	*(1)*	*-*
(1)	29	(30)	-	North America	14	(1)	15	-
1	-	1	-	Europe and Euro-Mediterranean Affairs	(1)	1	(2)	-
(1)	(1)	-	-	Africa, Asia and Oceania	(5)	(5)	-	-
(13)	(11)	(2)	-18.2%	Other	(26)	(23)	(3)	-13.0%
5	**31**	**(27)**	**-87.1%**	**Total**	**(4)**	**25**	**(29)**	**-**

Operating performance showed a loss, due essentially to an increase of €47 million in depreciation, amortization and impairment losses related mainly to the amortization of assets in respect of contracts with customers.

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Italy	32	27	5	18.5%
Iberia	39	27	12	44.4%
Latin America	22	11	11	-
North America	39	25	14	56.0%
Other	35	28	7	25.0%
Total	**171**	**118**	**53**	**44.9%**

Capital expenditure came to €171 million, up €53 million over the same period of the previous year. This increase was seen in all countries.

Services and Other

Performance

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
543	501	42	8.4%	Revenue and other income (net of eliminations)	1,569	1,478	91	6.2%
18	1	17	-	Gross operating margin	42	(20)	62	-
(36)	(27)	(9)	-33.3%	Operating income	(106)	(100)	(6)	-6.0%
				Capital expenditure	84	67	17	25.4%

The tables below show the financial performance by geographic area in the 3rd Quarter and in the first nine months of 2019.

Performance in the first nine months

Revenue

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
325	333	(8)	-2.4%	Italy	945	959	(14)	-1.5%
149	104	45	43.3%	Iberia	412	346	66	19.1%
7	9	(2)	-22.2%	Latin America	24	30	(6)	-20.0%
7	5	2	40.0%	Europe and Euro-Mediterranean Affairs	19	15	4	26.7%
72	63	9	14.3%	Other	214	160	54	33.8%
(17)	(13)	(4)	-30.8%	Eliminations and adjustments	(45)	(32)	(13)	-40.6%
543	**501**	**42**	**8.4%**	**Total**	**1,569**	**1,478**	**91**	**6.2%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
48	34	14	41.2%	Italy	129	99	30	30.3%
31	28	3	10.7%	Iberia	75	86	(11)	-12.8%
(30)	(29)	(1)	-3.4%	Latin America	(79)	(68)	(11)	-16.2%
-	1	(1)	-	Europe and Euro-Mediterranean Affairs	2	2	-	-
(31)	(33)	2	6.1%	Other	(85)	(139)	54	38.8%
18	**1**	**17**	**-**	**Total**	**42**	**(20)**	**62**	**-**

The increase in the **gross operating margin** in the first nine months of 2019 can be attributed to:

- an increase of €30 million in the margin in Italy, the result mainly of a reduction in costs for leases and rentals due to application of IFRS 16, which calls for the capitalization of rights-of-use under leased property, plant and equipment;
- an increase in "Other" related to the increase in services provided by the holding company to the other Business Lines of the Group and a decrease in costs for reversal of provisions connected with the closure of an Enel SpA arbitration proceeding in Romania (€13 million).

Operating income

3rd Quarter				Millions of euro	First nine months			
2019	2018	Change			**2019**	2018	Change	
19	21	(2)	-9.5%	Italy	39	63	(24)	-38.1%
20	17	3	17.6%	Iberia	45	57	(12)	-21.1%
(30)	(28)	(2)	-7.1%	Latin America	(82)	(68)	(14)	-20.6%
-	1	(1)	-	Europe and Euro-Mediterranean Affairs	1	1	-	-
(45)	(38)	(7)	-18.4%	Other	(109)	(153)	44	28.8%
(36)	**(27)**	**(9)**	**-33.3%**	**Total**	**(106)**	**(100)**	**(6)**	**-6.0%**

The **operating loss** in the first nine months of 2019 increased by €6 million, after an increase in depreciation, amortization and impairment losses of €68 million, which mainly reflects the depreciation of right-of-use assets following application of the new IFRS 16.

Capital expenditure

Millions of euro	First nine months			
	2019	2018	Change	
Italy	37	28	9	32.1%
Iberia	21	15	6	40.0%
Latin America	2	4	(2)	-50.0%
Europe and Euro-Mediterranean Affairs	1	-	1	-
Other	23	20	3	15.0%
Total	**84**	**67**	**17**	**25.4%**

The increase in **capital expenditure** in the first nine months of 2019 was attributable to increases in expenditure in Italy and Spain.

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 Sep. 30, 2019	at Dec. 31, 2018	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	97,383	95,780	1,603	1.7%
- goodwill	14,297	14,273	24	0.2%
- equity investments accounted for using the equity method	1,990	2,099	(109)	-5.2%
- other net non-current assets/(liabilities)	(5,160)	(5,696)	536	9.4%
Total net non-current assets	**108,510**	**106,456**	**2,054**	**1.9%**
Net current assets:				
- trade receivables	13,274	13,587	(313)	-2.3%
- inventories	2,885	2,818	67	2.4%
- net receivables from institutional market operators	(3,880)	(3,200)	(680)	-21.3%
- other net current assets/(liabilities)	(6,020)	(7,589)	1,569	20.7%
- trade payables	(11,252)	(13,387)	2,135	15.9%
Total net current assets	**(4,993)**	**(7,771)**	**2,778**	**35.7%**
Gross capital employed	**103,517**	**98,685**	**4,832**	**4.9%**
Sundry provisions:				
- employee benefits	(3,302)	(3,187)	(115)	-3.6%
- provisions for risks and charges and net deferred taxes	(6,177)	(6,838)	661	9.7%
Total sundry provisions	**(9,479)**	**(10,025)**	**546**	**5.4%**
Net assets held for sale	**298**	**281**	**17**	**6.0%**
Net capital employed	**94,336**	**88,941**	**5,395**	**6.1%**
Total shareholders' equity	**47,831**	**47,852**	**(21)**	**-**
Net financial debt	**46,505**	**41,089**	**5,416**	**13.2%**

Net capital employed at September 30, 2019, amounted to €94,336 million and was funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €47,831 million and net financial debt of €46,505 million. The debt-to-equity ratio at September 30, 2019, came to 97.2% (85.9% 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 Sep. 30, 2019	at Dec. 31, 2018	Change	
Long-term debt:				
- bank borrowings	8,821	8,819	2	-
- bonds	41,168	38,633	2,535	6.6%
- other borrowings	2,542	1,531	1,011	66.0%
Long-term debt	*52,531*	*48,983*	*3,548*	*7.2%*
Long-term financial receivables and securities	(3,125)	(3,272)	147	4.5%
Net long-term debt	**49,406**	**45,711**	**3,695**	**8.1%**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term debt	1,864	1,830	34	1.9%
- other short-term bank debt	512	512	-	-
Short-term bank debt	*2,376*	*2,342*	*34*	*1.5%*
Bonds (short-term portion)	1,916	1,341	575	42.9%
Other loans (short-term portion)	391	196	195	99.5%
Commercial paper	3,178	2,393	785	32.8%
Cash collateral on derivatives and other financing	560	301	259	86.0%
Other short-term financial payables (1)	328	438	(110)	-25.1%
Other short-term debt	*6,373*	*4,669*	*1,704*	*36.5%*
Long-term financial receivables (short-term portion)	(1,922)	(1,522)	(400)	-26.3%
Financial receivables – cash collateral	(2,598)	(2,559)	(39)	-1.5%
Other short-term financial receivables	(334)	(859)	525	61.1%
Cash with banks and short-term securities	(6,796)	(6,693)	(103)	-1.5%
Cash and cash equivalents and short-term financial receivables	*(11,650)*	*(11,633)*	*(17)*	*-0.1%*
Net short-term financial debt	**(2,901)**	**(4,622)**	**1,721**	**37.2%**
NET FINANCIAL DEBT	**46,505**	**41,089**	**5,416**	**13.2%**
Financial debt of assets held for sale	**-**	**362**	**(362)**	**-**

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

Net financial debt was equal to €46,505 million at September 30, 2019, an increase of €5,416 million over December 31, 2018.

Specifically, net long-term financial debt increased by €3,695 million, the net effect of the decrease in financial receivables of €147 million and the increase in gross long-term debt in the amount of €3,548 million.

With regard to the latter, it should be noted that:

- bank borrowings, in the amount of €8,821 million, are essentially unchanged from December 31, 2018. The increase in subsidized financing, granted to Endesa SA and to e-distribuzione for a total of €885 million, and in bank borrowings granted to various companies of the Group was offset by early repayments and the reclassification of portions of long-term financing to short-term;
- bonds, in the amount of €41,168 million, increased by €2,535 million compared with the end of 2018, mainly due to:
  - new issues of bonds, including:
    - €1,000 million related to a fixed-rate green bond maturing in 2025, issued by Enel Finance International in January 2019;
    - €344 million related to a non-binding exchange offer organized by Enel SpA in May 2019 to refinance a portion of the portfolio of subordinated non-convertible hybrid bonds;
    - $1,500 million (equivalent to €1,375 million) in respect of a bond issue tied to achieving the United Nations Sustainable Development Goals, issued by Enel Finance International in September 2019 and maturing in 2024;
    - €885 million in respect of local issues by South American companies;
  - exchange rate losses of €878 million (which also includes the exchange differences relating to the short-term portion of bonds);
  - reclassifications of the short-term portion of bonds maturing in the next 12 months, including two hybrid bonds issued by Enel SpA totaling €859 million, three fixed-rate bonds issued by Enel Finance International in the amount of €674 million, and local-currency bonds issued by South American companies in the amount of €141 million;
- other borrowings, in the amount of €2,542 million at September 30, 2019, increased by €1,011 million compared with December 31, 2018. This increase takes account of the impact on financial debt of the application of "IFRS 16 – Leases", which amounted to €1,370 million at January 1, 2019.

During the first nine months of 2019, the following bond redemptions were carried out:

- a fixed-rate bond in pounds sterling with a corresponding value of €617 million, issued by Enel SpA and maturing in June 2019;
- €630 million in bonds issued by South American companies.

Short-term net financial debt showed a net creditor position of €2,901 million at September 30, 2019, a decrease of €1,721 million from the end of 2018 due mainly to the increase in other short-term borrowings in the amount of €1,704 million.

Other short-term loans amounting to €6,373 million include commercial paper issues by Enel Finance International, Enel Finance America, Endesa SA, and South American companies for a total of €3,178 million and bonds maturing within 12 months in the total amount of €1,916 million.

The balance of cash collateral paid to counterparties on over-the-counter interest-rate, exchange-rate and commodity contracts came to €2,598 million, while the value of cash collateral received came to €560 million.

Cash and cash equivalents and short-term financial receivables came to €11,650 million, an increase of €17 million from the end of 2018, the net effect of an increase of €400 million in the short-term portion of long-term financial receivables, an increase of €103 million in cash with banks and short-term securities, an increase of €39 million in cash collateral, and a decrease of €525 million in other short-term financial receivables.

Cash flows

Cash flows from operating activities for the first nine months of 2019 generated cash of €7,671 million, an increase of €551 million compared with the same period of the previous year due mainly to the improvement in gross operating margin, which was only partially offset by an increase in cash absorbed by the change in net current assets.

Cash flows from investing/divesting activities for the first nine months of 2019 absorbed €6,360 million in cash, as compared with cash absorption of €6,955 million during the first nine months of 2018.

In particular, investments in property, plant and equipment, intangible assets, and non-current assets from contracts with customers, totaling €6,593 million for the first nine months of 2019, increased by €1,056 million compared with the corresponding period of the previous year. This increase in investment is mainly attributable to the Enel Green Power Business Line.

Investments in companies and business units, net of the cash and cash equivalents acquired, totaled €250 million in the first nine months of 2019 and mainly concerned the acquisition by EGPNA of 100% of seven operating renewable energy plants, equal to 50% of the EGPNA REP joint venture, with the remaining 50% coming from General Electric Capital's Energy Financial Services.

Disposals of companies and business units, net of the cash and cash equivalents sold, totaled €493 million and mainly regarded the sale of 100% of three solar plants in Brazil and the sale of the business unit related to the Mercure power plant. The analogous figure for the first nine months of 2018 came to €264 million and mainly included the early all-inclusive settlement of the indemnity related to the sale of e-distribuzione's investment in Enel Rete Gas and the sale of an 80% interest in the Project Kino companies in Mexico.

Cash absorbed by other investing/divesting activities in the first nine months of 2019, in the amount of €10 million, mainly refer to the acquisition of a 12.5% interest in the German company Hubject within the scope of a commercial partnership in the field of electric mobility.

Cash flows from financing activities absorbed liquidity in the total amount of €1,207 million, compared with cash generation of €2,558 million in the first nine months of 2018. Cash flows for the first nine months of 2019 essentially concerned:

- the €2,053 million increase in net financial debt (the net balance of repayments and new borrowing);
- the payment of dividends in the amount of €3,887 million;
- transactions in non-controlling interests in the amount of 628 million related mainly to the increase in the interest in Enel Américas in accordance with the provisions of a number of share-swap contracts signed with a financial institution and to a non-proportional capital increase at the subsidiary.

In the first nine months of 2019, cash flows generated by operating activities in the amount of €7,671 million were sufficient to fund financing activities in the amount of €1,207 million and investing activities in the amount of €6,360 million. The difference is reflected in an increase in cash and cash equivalents, which came to €6,796 million at September 30, 2019, compared with the €6,714 million at the end of 2018. The change also reflects the effects of adverse developments in the exchange rates of the various local currencies against the euro in the amount of €22 million.

Significant events in the 3rd Quarter of 2019

Seizure of Brindisi plant

With regard to the criminal investigation initiated by the Public Prosecutor's Office of the Court of Lecce in 2017 concerning the use of fly 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.

With a notice communicated on June 10, 2019, the Lecce Public Prosecutor announced the completion of the preliminary investigation (pursuant to Article 415-*bis* of the Code of Criminal Procedure) in relation to the criminal proceedings in question. On July 1, 2019, the brief pursuant to Article 415-*bis* of the Code of Civil Procedure was filed jointly by all the defendants, requesting that the case against the defendants and the company be dismissed, given the clear conclusions of the expert testimony, which fully confirmed the appropriateness of the ash management process adopted at the Brindisi plant.

Enel Green Power begins construction on new 140 MW wind farm in South Africa

On July 2, 2019, Enel, acting through its renewables subsidiary Enel Green Power RSA ("EGP RSA"), started construction on the 140 MW Garob wind farm in South Africa. Garob is the Group's fifth wind project in the country and will involve an investment of over €200 million.

Enel Russia's Extraordinary Shareholders Meeting approves Reftinskaya GRES sale

On July 23, 2019, Enel SpA announced that the Extraordinary Shareholders' Meeting of the Russian subsidiary Enel Russia PJSC ("Enel Russia") had approved the sale of the coal-fired Reftinskaya GRES power plant to JSC Kuzbassenergo, a subsidiary of the Siberian Generating Company. The consideration for the transaction was confirmed as amounting to no less than 21 billion rubles (equivalent to around €297 million), net of VAT and subject to price adjustments of up to 5%. A contingent component of up to 3 billion rubles (equivalent to about €42 million) is also envisaged, to be paid within five years from the closing of the sale, subject to specific conditions.

Enel Américas capital increase

On September 3, 2019, Enel SpA announced the successful completion of the capital increase of its Chilean subsidiary Enel Américas SA ("Enel Américas") for a total of $3 billion, offered in pre-emption to its shareholders and resolved by the Extraordinary Shareholders' Meeting of Enel Américas on April 30, 2019. Taking into account the shares subscribed during the first and the second pre-emptive offering period, the overall capital increase has been subscribed at 99.49%.

During the first period of the offer, which ran from June 27 to July 26, 18,224,843,129 of the total of 18,729,788,686 newly issued shares in the capital increase were subscribed and paid, equal to 97.3% of the total.

During the second period of the offer, which ran from August 6 to August 29, shareholders who subscribed the capital increase during the first period of the offer subscribed 408,826,391 of the remaining 504,945,557 newly issued shares, equal to approximately 80.96%.

In the second period Enel subscribed a further 294,771,295 newly issued shares, for a total of approximately $47.7 million, which, in addition to the amount paid during the first period of the offer, involved an overall commitment of approximately $1.77 billion.

Following the transaction Enel has increased its shareholding in Enel Américas to 57.89% from the previous 56.8%, also taking account of the partial outcome of the renewed share swap.

Enel launches share buyback program to support the long-term incentive plan

On September 19, 2019, Enel SpA announced that the Board of Directors of the Company had approved the launch of a share buyback program, for a maximum amount of €10.5 million and a number of shares not exceeding 2.5 million (the "Program"), equivalent to about 0.02% of Enel's share capital. The purpose of the Program is to serve the 2019 Long-Term Incentive Plan reserved to the management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code. The Program will run from September 23 to December 13, 2019.

Endesa Board of Directors promotes interruption of generation at coal-fired plants in Iberia

On September 27, 2019, Enel SpA announced that the Board of Directors of the Spanish subsidiary Endesa SA had decided to promote the interruption of generation by the coal-fired plants owned by Endesa in the Iberia and to assess future options for the related sites, in compliance with the procedures set out in applicable regulations. This decision was taken in light of the significant and structural changes in certain factors in 2019, notably commodity prices and the operation of the CO_2 emissions market, which adversely impacted the competitiveness of those coal plants, making it highly unlikely that they could operate in the electricity market of the future. The net carrying amount of the plants involved amounts to about €1.5 billion at the Enel Group level, including the related dismantling costs.

The above initiative is in line with the Enel Group's goal to fully decarbonize its generation mix by 2050.

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 Distribuição SA - CELG-D (now Enel Distribuição Goiás) to offset ICMS (VAT) against the tax credit for CELG-D investments to develop and maintain its grid. On February 25, 2019, CELG-D appealed 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. CELG-D appealed this ruling and the Court of the state of

Goiás allowed the appeal on June 11, 2019. On October 1, 2019, the Court of the state of Goiás issued an order in which it revoked the precautionary measure previously granted in favor of CELG-D. CELG-D filed an appeal against this decision, claiming that the right to the tax credits had both a legal and a contractual foundation and that, therefore, the actions that the state of Goiás took to suspend the application of those laws were clearly illegitimate.

On April 26, 2019, Law no. 20.468 was promulgated. With the law, the state of Goiás revoked the tax relief referred to above in its entirety. On May 5, 2019, CELG-D filed a petition and a concomitant request for a precautionary suspension against the state of Goiás to contest the law. On September 16, 2019, the Court of the state of Goiás denied the request for precautionary relief, confirming the revocation of the ICMS tax benefit. On September 26, 2019, CELG-D filed an appeal against the decision denying the granting of the precautionary measure, arguing that the revocation of the law on tax credits is unconstitutional insofar as these credits had been established in accordance with the applicable law and represent vested rights.

Outlook

The solid results achieved in the first nine months of 2019 underscore the effectiveness of the strategy outlined in the Plan for 2019-2021. The period was characterized by strong performance in distribution, driven by investment in the digitalization of the grid, while on the front of renewables the conditions were laid for a further acceleration of even faster development from next year. The performance posted in the first nine months of the year places the Group in line with the financial targets envisaged in the Plan.

For the remainder of 2019, consistent with the Plan's industrial targets, we expect:

- an acceleration in the installation of renewable energy plants, particularly in North America, in line with the objectives that the Group has set itself for additional capacity;
- the continuation of the digitalization of the distribution grid and customer services, especially in Italy;
- additional benefits from operating efficiencies, mainly connected with conventional generation, networks and retail operations;
- benefits linked to the customer focus strategy, related in part to the innovative businesses operated through Enel X.

The EBITDA and net income targets for 2019 are therefore confirmed.

Condensed consolidated quarterly financial statements at September 30, 2019

Condensed Consolidated Income Statement

Millions of euro	Notes	First nine months	
		2019	2018
Total revenue	6.a	57,124	55,246
Total costs	6.b	53,043	48,010
Net income/(expense) from commodity contracts measured at fair value	6.c	118	202
Operating income		**4,199**	**7,438**
Financial income		3,023	2,694
Financial expense		5,024	4,566
Net income/(expense) from hyperinflation	2	96	100
Total net financial income/(expense)	6.d	**(1,905)**	**(1,772)**
Share of income/(expense) from equity investments accounted for using the equity method	6.e	**(104)**	**54**
Income before taxes		**2,190**	**5,720**
Income taxes	6.f	647	1,686
Net income from continuing operations		**1,543**	**4,034**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,543**	**4,034**
Attributable to shareholders of the Parent Company		813	3,016
Attributable to non-controlling interests		730	1,018
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.08*	*0.30*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.08*	*0.30*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.08*	*0.30*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.08*	*0.30*

Statement of Consolidated Comprehensive Income

Millions of euro	First nine months	
	2019	2018
Net income for the period	**1,543**	**4,034**
Other comprehensive income recyclable to profit or loss (net of taxes)		
Effective portion of change in the fair value of cash flow hedges	(145)	(50)
Change in fair value of hedging costs	(33)	(40)
Share of the other comprehensive income of equity investments accounted for using the equity method	(40)	6
Change in the fair value of financial assets at FVOCI	10	(3)
Change in translation reserve	(108)	(1,164)
Other comprehensive income not recyclable to profit or loss (net of taxes)		
Remeasurement of net employee benefit liabilities/(assets)	(176)	-
Change in fair value of equity investments in other entities	-	1
Total other comprehensive income/(loss) for the period	**(492)**	**(1,250)**
Total comprehensive income/(loss) for the period	**1,051**	**2,784**
Attributable to:		
- shareholders of the Parent Company	537	2,257
- non-controlling interests	514	527

Condensed Consolidated Balance Sheet

Millions of euro

	Notes	**at Sept. 30, 2019**	at Dec. 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		97,383	95,780
Goodwill		14,297	14,273
Equity investments accounted for using the equity method		1,990	2,099
Other non-current assets (1)		20,240	16,697
Total non-current assets	7.a	**133,910**	**128,849**
Current assets			
Inventories		2,885	2,818
Trade receivables		13,274	13,587
Cash and cash equivalents		6,753	6,630
Other current assets (2)		12,836	12,852
Total current assets	7.b	**35,748**	**35,887**
Assets held for sale	7.c	**302**	**688**
TOTAL ASSETS		**169,960**	**165,424**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	7.d	30,869	31,720
Non-controlling interests		16,962	16,132
Total shareholders' equity		**47,831**	**47,852**
Non-current liabilities			
Long-term borrowings		52,531	48,983
Provisions and deferred tax liabilities		17,429	17,018
Other non-current liabilities		13,108	10,816
Total non-current liabilities	7.e	**83,068**	**76,817**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		8,706	6,983
Trade payables		11,252	13,387
Other current liabilities		19,099	19,978
Total current liabilities	7.f	**39,057**	**40,348**
Liabilities held for sale	7.g	**4**	**407**
TOTAL LIABILITIES		**122,129**	**117,572**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**169,960**	**165,424**

(1) Of which long-term financial receivables and other securities at September 30, 2019 equal respectively to €2,705 million (€2,912 million at December 31, 2018) and €420 million (€360 million at December 31, 2018).

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2019 equal respectively to €1,922 million (€1,522 million at December 31, 2018), €2,932 million (€3,418 million at December 31, 2018) and €43 million (€63 million at December 31, 2018).

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	Treasury share 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)
Monetary revaluation for hyperinflation	-	-	-	-	-	-	-	-
At January 1, 2018 restated	**10,167**	**7,489**	**-**	**2,034**	**2,262**	**(2,614)**	**(1,240)**	**(348)**
Distribution of dividends	-	-	-	-	-	-	-	-
Monetary revaluation for hyperinflation		-	-	-	-	-	-	-
Transactions in non-controlling interests		-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	(19)	(14)	-
Comprehensive income for the period	-	-	-	-	-	(643)	(82)	(38)
of which:								
- other comprehensive income/(loss)	-	-	-	-	-	(643)	(82)	(38)
- net income/(loss) for the period	-	-	-	-	-	-	-	
At September 30, 2018	**10,167**	**7,489**		**2,034**	**2,262**	**(3,276)**	**(1,336)**	**(386)**
At January 1, 2019	**10,167**	**7,489**	**-**	**2,034**	**2,262**	**(3,317)**	**(1,745)**	**(258)**
Distribution of interim dividends	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(1)	-	(10)	-	-	-
Reclassifications	-	7	-	-	-	-	-	-
Monetary revaluation for hyperinflation	-	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	(139)	41	-
Comprehensive income for the period	-	-	-	-	-	36	(132)	(29)
of which:								
- other comprehensive income/(loss)	-	-	-	-	-	36	(132)	(29)
- net income/(loss) for the period	-	-	-	-	-	-	-	-
At September 30, 2019	**10,167**	**7,496**	**(1)**	**2,034**	**2,252**	**(3,420)**	**(1,836)**	**(287)**

Reserve from measurement of financial instruments 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
-	-	-	-	-	(3,688)	(3,688)	(571)	(4,259)
-	-	-	-	-	188	188	328	516
(23)	(5)	(646)	(2,398)	(1,163)	17,780	31,295	17,123	48,418
-	-	-	-	-	(1,342)	(1,342)	(679)	(2,021)
-	-	-	-	-	38	38	76	114
-	-	-	17	(512)	-	(495)	(669)	(1,164)
-	-	(3)	-	-	-	(36)	6	(30)
(2)	6	-	-	-	3,016	2,257	527	2,784
(2)	6	-	-	-	-	(759)	(491)	(1,250)
-	-	-	-	-	3,016	3,016	1,018	4,034
(25)	1	(649)	(2,381)	(1,675)	19,492	31,717	16,384	48,101
16	(63)	(714)	(2,381)	(1,623)	19,853	31,720	16,132	47,852
-	-	-	-	-	(1,423)	(1,423)	(693)	(2,116)
-	-	-	-	-	-	(11)	-	(11)
-	-	-	-	(7)	-	-	-	-
-	-	-	-	-	80	80	139	219
-	-	-	-	74	-	74	869	943
-	-	(7)	-	(1)	(2)	(108)	1	(107)
10	(37)	(124)	-		813	537	514	1,051
10	(37)	(124)	-	-	-	(276)	(216)	(492)
-	-	-	-	-	813	813	730	1,543
26	(100)	(845)	(2,381)	(1,557)	19,321	30,869	16,962	47,831

Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months	
	2019	2018
Income before taxes for the period	**2,190**	**5,720**
Adjustments for:		
Net impairment/(reversals) of trade receivables and other receivables	721	776
Depreciation, amortization and impairment losses	8,289	3,920
Financial (income)/expense	1,905	1,772
Net income of equity investments accounting for using the equity method	104	(54)
Changes in net current assets:		
- inventories	(81)	(509)
- trade receivables	(482)	637
- trade payables	(2,129)	(1,519)
- other contract assets/liabilities	(57)	-
- other assets/liabilities	882	(184)
Interest and other financial expense and income paid and collected	(1,957)	(1,919)
Other changes	(1,714)	(1,520)
Cash flows from operating activities (A)	**7,671**	**7,120**
Investments in property, plant and equipment, intangible assets and non-current assets from contracts with customers	(6,593)	(5,537)
Investments in entities (or business units) less cash and cash equivalents acquired	(250)	(1,465)
Disposals of entities (or business units) less cash and cash equivalents sold	493	264
(Increase)/Decrease in other investing activities	(10)	(217)
Cash flows from investing/disinvesting activities (B)	**(6,360)**	**(6,955)**
Financial debt (new long-term borrowing)	5,618	12,170
Financial debt (repayments and other net changes)	(3,565)	(4,828)
Collections/(Payments) for transactions in non-controlling interests	628	(1,413)
Sale/(Purchase) of treasury shares	(1)	-
Dividends and interim dividends paid	(3,887)	(3,371)
Cash flows from financing activities (C)	**(1,207)**	**2,558**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(22)**	**(176)**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**82**	**2,547**
Cash and cash equivalents and short-term securities at beginning of the period (1)	6,714	7,121
Cash and cash equivalents and short-term securities at the end of the period (2)	6,796	9,668

(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 in the amount of €21 million at January 1, 2019 (€31 million at January 1, 2018).

(2) Of which cash and cash equivalents equal to €6,753 million at September 30, 2019 (€9,598 million at September 30, 2018), short-term securities equal to €43 million at September 30, 2019 (€62 million at September 30, 2018) and cash and cash equivalents pertaining to assets held for sale in the amount of €8 million at September 30, 2018.

Notes to the condensed consolidated quarterly financial statements at September 30, 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 quarterly financial statements at September 30, 2019 are the same as those adopted for the consolidated financial statements at December 31, 2018 (please see the related report for more information).

In addition to the accounting standards applied in preparing the consolidated financial statements at December 31, 2018, the following standards, interpretations and amendments of existing standards relevant to the Enel Group took effect as from January 1, 2019:

- "IFRS 16 – *Leases*", issued on January 2016, which replaces "IAS 17 – Leases", "IFRIC 4 – Determining whether an Arrangement contains a Lease", "SIC 15 – Operating Leases-Incentives" and "SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

  The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

  At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset.

  Previously, the Group – in compliance with IAS 17 – recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

  Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between 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).

  In view of the complexity of the assessment of the lease contracts and their long-term expiration date, the application of IFRS 16 has required considerable recourse to professional judgements. In particular, the main assumptions used are:

  - the application of the definition of a lease to the cases typical of the sectors in which the Group operates;
  - the identification of the non-lease component in the lease arrangements;

- the evaluation of the term of the lease and the exercise of any renewable option included into the lease arrangements identified, also considering the probability if the exercise of any eventual termination option;
- the identification of any variable lease payments that depend on an index or a rate to determine where those changes impacts the future lease payments and also the amount of the right-of-use asset;
- the estimate of the discount rate to calculate the present value of the lease payments. This is equal to the incremental borrowing rate of the lessee when the interest rate implicit in the lease cannot be readily determined. This is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. It can be determined on a contract individual level or on a portfolio basis.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value whose amount is estimated as not material. For example, the Group has leases for certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

At initial application 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 did not perform any restatement of comparative information for the previous year;
- to measure the lease liability at the present value of the remaining lease payments, using the incremental borrowing rate of the Enel Group lessee entities at January 1, 2019, as the discount rate;
- to recognize a right-of-use asset at the date of initial application in an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease and 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.

The most significant cases affected by the new provisions of IFRS 16 mainly regard the right-of-use in respect of buildings and the ground lease of renewable energy plants.

→ "Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*", issued in February 2018.
The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event. The amendments (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 according to where the entity originally recognized the transactions that generated distributable profits;
  - "IAS 23 – Borrowing costs"; the amendments clarify that an entity shall include borrowings made specifically for the purpose of obtaining a qualifying asset outstanding when the asset is ready for its intended use or sale in the generic borrowings of the entity.

- "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 establishes that an entity must recognize a tax asset or liability 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.

Seasonal effects

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, given 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 September 30, 2019 is provided.

2

Effects of the application of new accounting standards

With effect from January 1, 2019, the new "IFRS 16 – Leases" 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 retrospective 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 €1,370 million) and an asset represented by the right to use the underlying asset. For more details, see note 1 above.

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	1,370	97,150
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**	**1,370**	**130,219**
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**	**1,372**	**166,796**
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	1,311	50,294
Provisions and deferred tax liabilities	17,018	-	17,018
Other non-current liabilities	10,816	-	10,816
Total non-current liabilities	**76,817**	**1,311**	**78,128**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	6,983	59	7,042
Trade payables	13,387	-	13,387
Other current liabilities	19,978	-	19,978
Total current liabilities	**40,348**	**59**	**40,407**
Liabilities held for sale	**407**	**2**	**409**
TOTAL LIABILITIES	**117,572**	**1,372**	**118,944**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**165,424**	**1,372**	**166,796**

The following table reports the impact of the application of IFRS 16 on the income statement for the first nine months of 2019.

Millions of euro	First nine months 2019
	IFRS 16 effect
Total costs [1]	(19)
Operating income	**19**
Financial expense	42
Income before taxes	**(23)**
Income taxes [2]	(6)
Net income for the period (shareholders of the Parent Company and non-controlling interests)	**(17)**

(1) The figure reflects a decrease in costs for services, leases and rentals of €188 million and an increase in depreciation of €169 million.
(2) Tax rate of 27%.

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 quarterly financial statements at September 30, 2019 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 remeasurement also incorporate changes in the period. More specifically, the effect of the remeasurement of the non-monetary items, the components of equity and the components of the income statement recognized in the first nine months 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 September 30, 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 September 30, 2019	37.41%

In the first nine months of 2019, the application of IAS 29 involved the recognition of net financial income (gross of tax) of €96 million.

The following tables report the effects of IAS 29 on the balance sheet at September 30, 2019, as well as the impact of hyperinflation on the main income statement items for the first nine months 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 September 30, 2019
Total assets	**765**	347	(225)	**887**
Total liabilities	**197**	94	(102)	**189**
Shareholders' equity	**568**	253 (1)	(123)	**698**

(1) The figure includes net income for the first nine months of 2019, equal to €35 million.

Millions of euro	First nine months 2019		
	IAS 29 effect	Exchange rate differences	Total
Revenue	172	(263)	(91)
Costs	168 (1)	(189) (2)	(21)
Operating income	**4**	**(74)**	**(70)**
Net financial income/(expense)	(30)	28	(2)
Net income/(expense) from hyperinflation	96	-	96
Income before taxes	**70**	**(46)**	**24**
Income taxes	35	(17)	18
Net income for the year (shareholders of the Parent Company and non-controlling interests)	**35**	**(29)**	**6**
Attributable to shareholders of the Parent Company	23	(13)	10
Attributable to non-controlling interests	12	(15)	(3)

(1) Includes impact on depreciation, amortization and impairment losses of €43 million.
(2) Includes impact on depreciation, amortization and impairment losses of €15 million.

3

Restatement of comparative figures

With regard to operating segment disclosures, note that as of this reporting date (September 30, 2019) the Enel Group has modified its primary and secondary segments in accordance with the provisions of IFRS 8. Specifically, bearing in mind that in 2019, management, understood as the highest level of operational decision-making for the purpose of adopting decisions on the resources to be allocated to the sector and for measuring and assessing results, has begun to disclose its results to the market on the basis of business areas, the Group has consequently adopted the following segment approach:

- primary sector: business area; and
- secondary sector: geographical area.

The business area is therefore the prime discriminant and is the predominant focus of the analyses performed and decisions taken by the management of the Enel Group. This is fully consistent with the internal reporting prepared for these purposes since the results are measured and evaluated primarily for each business area and only subsequently are broken down by country.

The new business structure is divided as follows: Thermal Generation and Trading, Enel Green Power, Infrastructure and Networks, End-user markets, Enel X, Services and Holding/Other.

Finally, as from September 2019, Latin America in the Enel

Green Power Business Line also includes Panama, Costa Rica, Guatemala, El Salvador and Nicaragua, which had previously been classified in the North and Central America geographical area (now renamed North America and comprising the United States, Canada and Mexico).
In order to ensure the comparability of the figures in the light of the new structure of IFRS 8 disclosures between our primary and secondary reporting segments and for the reallocation of countries in the Enel Green Power segment, it was necessary to restate the comparative figures for 2018 appropriately.

4

Main changes in the scope of consolidation

At September 30, 2019, the scope of consolidation had changed with respect to September 30, 2018 and December 31, 2018, as a result of the following main transactions.

2018

- Disposal, on March 12, 2018, of 86.4% of Erdwärme Oberland GmbH, a company developing geothermal plants headquartered in Germany. The total price of the transaction was €0.9 million, with a capital gain of €1 million;
- acquisition, on April 2, 2018, of 33.6% of the minority interests in Enel Generación Chile, enabling Enel Chile to increase its stake in Enel Generación Chile to 93.55%. In addition, on that date the merger of the renewables company Enel Green Power Latin America SA into Enel Chile took effect;
- on April 3, 2018, acting through Enel Green Power España, the acquisition of 100% of Parques Eólicos Gestinver SLU and Parques Eólicos Gestinver Gestión SLU for €57 million, of which €15 million of existing debt assumed, was formalized;
- acquisition, on June 7, 2018, by Enel Sudeste obtaining control of the Brazilian distribution company Eletropaulo Metropolitana Eletricidade de São Paulo SA following initial participation of shareholders. The acquisition was carried out through a public tender offer for 100% of the shares that ended on July 4, 2018. At September 30, 2018, the company was consolidated assuming that the Group held 95.88% in view of the factors discussed in greater detail elsewhere in these notes;
- acquisition, on July 25, 2018, acting through the subsidiary Endesa Red, of 94.6% of Empresa de Alumbrado Eléctrico de Ceuta SA, a company operating in the distribution and sale of electricity in the autonomous city of Ceuta in North Africa;
- disposal, on September 28, 2018, to Caisse de dépôt et placement du Québec ("CDPQ"), a long-term institutional investor, and CKD Infraestructura México SA de CV ("CKD IM"), the investment vehicle of leading Mexican pension funds, of 80% of eight special purpose vehicles that own eight plants in operation or under construction in Mexico. Following the close of the transaction, Enel Green Power holds 20% of their share capital, meaning that the companies are now accounted for using the equity method;
- sale, on October 18, 2018, by Enel Green Power SpA of the Finale Emilia biomass generation plant;
- disposal, on December 14, 2018, by Enel Green Power SpA, of its wholly owned subsidiary Enel Green Power Uruguay SA, which in turn owned the 50 MW Melowind wind farm at Cerro Largo through the vehicle company Estrellada SA.

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. At June 30, 2019, this amount was subject to a 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 compa-

nies that own operating renewable generation plants from Enel Green Power North America Renewable Energy Partners ("EGPNA REP"), a joint venture 50% owned by EGP-NA and 50% by General Electric Capital's Energy Financial Services;

- acquisition, on March 27, 2019, by Enel Green Power SpA ("EGP"), acting through its US renewables subsidiary EGP-NA, of Tradewind Energy, a renewable energy 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. The agreement also provided for the sale, which took place in June, of Savion, a wholly owned subsidiary of Tradewind;
- on April 30, 2019, Enel X Italia acquired 100% of Yousave SpA, an Italian company operating in the energy services sector, providing assistance to large electricity consumers;
- on May 31, 2019, the finalization, acting through the renewables subsidiary Enel Green Power Brasil Participações Ltda, of the disposal of 100% of three renewables plants in Brazil. The total price of the transaction was about R$2.7 billion, the equivalent of about €603 million.

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 3.66% during the first nine months of 2019, in accordance with the provisions of the Share Swap contracts agreed with a financial institution and following a non-proportional capital increase at the subsidiary, raising the Group's total stake to 57.89%;
- on March 25, 2019, Enel X International acquired 40% of EnerNOC Japan K.K., bringing its stake to 100%;
- on September 5, 2019, Enel Green Power Development acquired 23.44% of the interest held in Enel Green Power India, raising its total stake to 100%.

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 13 companies owning 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 for the settlement with the counterparty of a number of creditor positions that the latter had in respect of the companies acquired.

The 13 companies included in the transaction own the following seven plants: Cove Fort, Salt Wells, Stillwater (two plants), Cimarron Bend, Lindahl, Sheldon Springs.

The transaction involved the provisional recognition of negative goodwill of €106 million and the concomitant recognition of a loss by EGPNA REP, which is accounted for using the equity method, reflecting the capital loss (-€88 million pertaining to EGPNA) on the sale of the 13 companies to EGPNA.

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

Millions of euro	Carrying amount prior to March 14, 2019	Adjustments from purchase price allocation	Carrying amount at March 14, 2019
Property, plant and equipment	947	86	1,033
Intangible assets	20	(20)	-
Goodwill	13	(13)	-
Investments accounted for using the equity method	(10)	-	(10)
Inventories	2	-	2
Trade receivables	6	-	6
Other current assets	7	-	7
Cash and cash equivalents	6	-	6
Borrowings	(579)	(24)	(603)
Provisions for risks and charges – non-current	(9)	7	(2)
Deferred tax liabilities	-	(56)	(56)
Other non-current liabilities	(2)	(5)	(7)
Short-term borrowings	(2)	-	(2)
Current portion of long-term borrowings	(41)	8	(33)
Trade payables	(8)	-	(8)
Other current liabilities	(2)	-	(2)
Non-controlling interests	-	-	-
Net assets acquired	**348**	**(17)**	**331**
Cost of the acquisition	**225**	**-**	**225**
(of which paid in cash)	*225*	-	*225*
Goodwill/(Badwill)	(123)	17	(106)

The companies acquired contributed €76 million in revenue and €24 million in operating income to results for the first nine months 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.

Under the terms of the agreement, Savion, a 100% subsidiary of Tradewind, which has a 6 GW development platform of solar and storage projects, would be sold to the Green Investment Group, part of the Australian multinational Macquarie and the Cheyenne Ridge company would be sold to Xcel. At June 30, 2019, those disposals had been finalized. Definitive regulatory approval of the disposal of Savion was obtained in July 2019.

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

Millions of euro	Carrying amount prior to March 27, 2019	Adjustments from purchase price allocation	Carrying amount at March 27, 2019
Property, plant and equipment	8	-	8
Intangible assets	2	-	2
Deferred tax assets	11	-	11
Other non-current assets	31	79	110
Trade receivables	3	-	3
Other current assets	1	-	1
Cash and cash equivalents	4	-	4
Short-term borrowings	(87)	-	(87)
Trade payables	(6)	-	(6)
Other current financial liabilities	(54)	-	(54)
Other current liabilities	(3)	-	(3)
Net assets acquired	**(90)**	**79**	**(11)**
Cost of the acquisition	**6**	**-**	**6**
(of which paid in cash)	*6*	-	*6*
Goodwill/(Badwill)	96	(79)	17

Acquisition of YouSave

On April 30, 2019, Enel X Italia acquired 100% of YouSave SpA, an Italian company that operates in the energy services sector, providing assistance to large energy consumers in the industrial, services and government sectors with the aim of significantly reducing energy expenditure by jointly improving prices and the amount of power consumed.

The total consideration, equal to €29 million, based on the structure of the operation, was divided as follows:

- price at the date the agreement was signed, equal to €20 million;
- a final price adjustment of €9 million.

The acquisition involved a cash outlay of €26 million, including the payment of €3 million into an escrow account.
This residual amount of €3 million represents a deferred component to be paid on the 18th month from the execution date, unless the conditions for the payment of the indemnity by the seller to the buyer with respect to a dispute pending before the Court of Bergamo should exist.

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

Millions of euro	Carrying amount prior to April 30, 2019	Adjustments from purchase price allocation	Carrying amount at April 30, 2019
Net assets acquired	**15**	**6**	**21**
Cost of the acquisition	**29**	**-**	**29**
Goodwill/(Badwill)	14	(6)	8

Disposal of eight companies owning renewables plants in Brazil

On May 31, 2019 the disposal of 100% of three operating renewables plants in Brazil was finalized through the renewables subsidiary Enel Green Power Brasil Participações Ltda. The total consideration in the transaction, paid to Enel at closing, was equal to the enterprise value of the plants and amounted to about R$2.7 billion, equivalent to about €603 million.

Millions of euro	
Value of the transaction	603
Net assets sold	(565)
Transaction costs	(4)
Reversal of OCI reserve	(41)
Capital loss	**(7)**

5

Segment information

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

Performance by business area

First nine months of 2019 [(1)]

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Revenue from third parties	20,202	5,245	14,920	14,668	729	1,330	30	57,124
Revenue from transactions with other segments	1,076	302	1,239	9,554	106	55	(12,332)	-
Total revenue	**21,278**	**5,547**	**16,159**	**24,222**	**835**	**1,385**	**(12,302)**	**57,124**
Total costs	20,180	2,223	10,011	21,851	728	1,251	(12,211)	44,033
Net income/(expense) from commodity contracts measured at fair value	143	(20)	-	(4)	-	-	(1)	118
Depreciation and amortization	907	916	1,964	250	99	124	24	4,284
Impairment losses	4,017	9	265	589	14	2	1	4,897
Reversals of impairment losses	(13)	(9)	(42)	(102)	(2)	(2)	(1)	(171)
Operating income	**(3,670)**	**2,388**	**3,961**	**1,630**	**(4)**	**10**	**(116)**	**4,199**
Capital expenditure	**498**	**2,894** [(2)]	**2,643**	**299**	**171**	**61**	**23**	**6,589**

(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 €4 million regarding units classified as "held for sale".

First nine months of 2018 [1] [2]

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Revenue from third parties	19,152	5,418	13,362	15,396	610	1,294	14	55,246
Revenue from transactions with other segments	651	340	1,226	9,833	105	45	(12,200)	-
Total revenue	**19,803**	**5,758**	**14,588**	**25,229**	**715**	**1,339**	**(12,186)**	**55,246**
Total costs	19,238	2,322	8,930	22,975	625	1,277	(12,053)	43,314
Net income/(expense) from commodity contracts measured at fair value	249	(108)	-	11	(1)	53	(2)	202
Depreciation and amortization	813	810	1,790	345	61	68	13	3,900
Impairment losses	17	25	272	657	3	2	-	976
Reversals of impairment losses	(10)	(4)	(31)	(132)	-	(3)	-	(180)
Operating income	**(6)**	**2,497**	**3,627**	**1,395**	**25**	**48**	**(148)**	**7,438**
Capital expenditure	**395**	**1,779** [3]	**2,552**	**248**	**118**	**47**	**20**	**5,159**

(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) The figures have been restated to ensure comparability with the figures for the first nine months of 2019, which are presented using "business area" as the primary reporting segment.
(3) Does not include €378 million regarding units classified as "held for sale".

Financial position by business area

At September 30, 2019

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	Total
Property, plant and equipment	12,191	29,262	35,984	187	351	667	8	78,650
Intangible assets	64	1,258	15,708	1,117	290	412	14,351	33,200
Trade receivables	2,770	1,638	8,111	4,363	200	663	(4,471)	13,274
Other	1,834	1,566	2,503	538	700	563	(340)	7,364
Operating assets	**16,859** [1]	**33,724** [2]	**62,306** [3]	**6,205**	**1,541** [4]	**2,305**	**9,548**	**132,488**
Trade payables	2,617	1,622	5,501	4,647	465	722	(4,322)	11,252
Sundry provisions	3,551	830	3,967	538	37	627	480	10,030
Other	1,114	1,550	15,384	2,733	144	190	(556)	20,559
Operating liabilities	**7,282**	**4,002**	**24,852** [5]	**7,918**	**646**	**1,539**	**(4,398)**	**41,841**

(1) Of which €294 million regarding units classified as "held for sale".
(2) Of which €1 million regarding units classified as "held for sale".
(3) Of which €5 million regarding units classified as "held for sale".
(4) Of which €2 million regarding units classified as "held for sale".
(5) Of which €4 million regarding units classified as "held for sale".

At December 31, 2018 [1]

Millions of euro	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Property, plant and equipment	15,448	25,971	35,026	73	344	371	10	77,243
Intangible assets	38	1,220	15,875	1,078	347	414	14,343	33,315
Trade receivables	4,345	1,290	7,582	4,640	282	696	(5,224)	13,611
Other	2,498	1,042	2,772	555	160	1,804	(1,992)	6,839
Operating assets	**22,329** (2)	**29,523** (3)	**61,255** (4)	**6,346**	**1,133**	**3,285**	**7,137** (5)	**131,008**
Trade payables	4,680	1,806	5,555	5,535	381	890	(5,458)	13,389
Sundry provisions	2,490	768	4,644	551	35	669	524	9,681
Other	1,867	1,617	13,902	2,495	270	1,323	(1,139)	20,335
Operating liabilities	**9,037**	**4,191** (6)	**24,101**	**8,581**	**686**	**2,882**	**(6,073)**	**43,405**

(1) The figures have been restated to ensure comparability with the figures at September 30, 2019, which are presented using "business area" as the primary reporting segment.
(2) Of which €4 million regarding units classified as "held for sale".
(3) Of which €635 million regarding units classified as "held for sale".
(4) Of which €5 million regarding units classified as "held for sale".
(5) Of which €23 million regarding units classified as "held for sale".
(6) Of which €4 million regarding units classified as "held for sale".

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

Millions of euro

	at Sept. 30, 2019	at Dec. 31, 2018
Total assets	**169,960**	**165,424**
Equity investments accounted for using the equity method	1,990	2,099
Other non-current financial assets	7,776	6,774
Long-term tax receivables included in "Other non-current assets"	1,682	231
Current financial assets	8,320	9,074
Cash and cash equivalents	6,753	6,630
Deferred tax assets	9,167	8,305
Tax receivables	1,784	1,282
Financial and tax assets of "Assets held for sale"	-	21
Segment assets	**132,488**	**131,008**
Total liabilities	**122,129**	**117,572**
Long-term borrowings	52,531	48,983
Non-current financial liabilities	3,373	2,609
Short-term borrowings	4,535	3,616
Current portion of long-term borrowings	4,171	3,367
Current financial liabilities	3,759	5,131
Deferred tax liabilities	8,616	8,650
Income tax payable	1,289	333
Other tax payables	2,014	1,093
Financial and tax liabilities of "Liabilities held for sale"	-	385
Segment liabilities	**41,841**	**43,405**

Revenue

6.a Revenue - *€57,124 million*

Millions of euro	First nine months			
	2019	2018	Change	
Sale of electricity	33,416	31,800	1,616	5.1%
Transport of electricity	7,752	7,713	39	0.5%
Fees from network operators	688	720	(32)	-4.4%
Transfers from institutional market operators	1,225	1,268	(43)	-3.4%
Sale of gas	2,405	3,123	(718)	-23.0%
Transport of gas	453	424	29	6.8%
Other revenue and income	11,185	10,198	987	9.7%
Total	**57,124**	**55,246**	**1,878**	**3.4%**

In the first nine months of 2019 revenue from the **sale of electricity** increased mainly as a result of:

- an increase in revenue from sales of electricity for distribution operations in Brazil (€1,097 million) largely due to the acquisition of Enel Distribuição São Paulo in June 2018 (€863 million) and rate increases, especially for Enel Distribuição Goiás;
- an increase in revenue from distribution operations in Argentina (€71 million), reflecting an increase in prices, which offset the adverse impact of hyperinflation in that country;
- an increase in sales revenue from distribution operations in Chile (€60 million) following an increase in consumption on the free market;
- an increase in revenue from electricity trading amounting to €733 million, reflecting an increase in volumes handled, largely in Italy.

These increases were partly offset by a decrease in sales of electricity on regulated markets, largely in Spain and Italy (€604 million).

The increase in revenue from the **transport of electricity** mainly regarded the Italian companies and mainly reflected the regulatory change introduced with the Regulatory Authority for Energy, Networks and the Environment (ARERA) Resolution no. 654/15 (regulatory lag), partly offset by a reduction in revenue in Latin America.

The decline in revenue from **transfers from institutional market operators** is attributable to Italian companies for the reduction in transfers for electricity generated from renewables due to expiry of incentives for a number of Enel Green Power plants. These effects were only partly offset by an increase in transfers received by the Spanish companies.

The decrease in revenue from the **sale of gas** essentially reflects a decrease in quantities sold, largely on the free market, especially in Spain (€740 million) in reflection of a decrease in customers and consumption.

The change in **other revenue and income** mainly reflects:

- an increase in revenue from the sale of fuels, which in the first nine months of 2019 totaled €6,771 million (€6,179 million in the first nine months of 2018), an increase of €592 million due to an increase in volumes handled in trading activities in Italy;
- 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 (€106 million) from the provisional allocation of the purchase price by independent experts following the acquisition by Enel Green Power North America ("EGPNA") of a number of companies from Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP");
- an increase in revenue in Argentina following the agreement reached between Edesur and the government to settle reciprocal outstanding claims originating between 2006 and 2016 (€228 million) and as a result of hyperinflation accounting;
- the indemnity provided for contractually following the

exercise of the right of withdrawal by a major industrial customer from an electricity supply contract with Enel Generación Chile (€160 million), of which €80 million regarding thermal generation and the remaining €80 million regarding renewables generation;

- the adjustment of the price for the acquisition of eMotorwerks in 2017 following the application of a number of contractual clauses (€58 million);
- the payment of €50 million from the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the second indemnity connected with the disposal in 2009 of the interest held by e-distribuzione in Enel Rete Gas.

These factors were partly offset by a reduction of €157 million in revenue from the sale of CO_2 allowances, a reduction of €98 million in grants received for energy efficiency certificates due to the reduction in the unit grant decided by ARERA for 2019 and the effect of the recognition in 2018 of €128 million in respect of the first indemnity connected with the sale of e-distribuzione's stake in Enel Rete Gas.

Costs

6.b Costs - *€53,043 million*

Millions of euro	First nine months			
	2019	2018	Change	
Electricity purchases	15,363	14,464	899	6.2%
Consumption of fuel for electricity generation	3,240	3,639	(399)	-11.0%
Fuel for trading and gas for sale to end users	8,415	8,273	142	1.7%
Materials	1,330	1,241	89	7.2%
Personnel	3,461	3,327	134	4.0%
Services, leases and rentals	11,845	11,771	74	0.6%
Depreciation, amortization and impairment losses	9,010	4,696	4,314	91.9%
Costs of environmental certificates	792	798	(6)	-0.8%
Other operating expenses	1,140	1,284	(144)	-11.2%
Capitalized costs	(1,553)	(1,483)	(70)	-4.7%
Total	**53,043**	**48,010**	**5,033**	**10.5%**

Costs for **electricity purchases** rose due to the increase in purchases for distribution operations in Brazil (€655 million, of which the acquisition of Enel Distribuição São Paulo in June 2018 accounted for €598 million), Argentina (€134 million due to an increase in consumption) and Chile (€65 million).

The decrease in costs for the **consumption of fuel for electricity generation** is mainly attributable to a decline in the use of thermal generation plants. That fall was only partly offset by an increase in costs connected with the writedown of fuel inventories (totaling €104 million), directly connected with the process that led to the writedown of a number of coal-fired plants in Italy and Spain.

The rise in costs for the purchase of **fuel for trading and gas for sale to end users** reflects the increase in the average purchase cost of gas and an increase in volumes handled, mainly by Italian companies. The increase was partly offset by the reduction in costs for the purchase of gas by Endesa Energía on behalf of its sister company Endesa Generación, for which Endesa Energía provides a pass-through service (with an impact on the balance sheet only) that had previously been recognized under costs and revenue. An analogous change was recognized under revenue for sales of gas.

Costs for **materials** increased due mainly to the writedown of inventories of materials and spare parts for the coal-fired plants on which impairment losses were recognized in Italy (€78 million) and in Spain (€21 million) as they were not considered recoverable through use in the production process.

In the first nine months of 2019, the increase in **personnel** costs mainly reflected:

- an increase of €78 million in costs in Brazil, mainly due to the inclusion of Enel Distribuição São Paulo in the Group in June 2018;
- an increase of €47 million in costs in Spain, mainly reflecting provisions for termination incentive plans;
- an increase in costs in North America due to the changes in the scope of consolidation connected with the acquisition in March 2019 of Tradewind;
- a decrease in costs in Italy, mainly attributable to e-distribuzione, where the average workforce contracted by 3%.

The Enel Group workforce at September 30, 2019 numbered 68,374, of whom 38,784 employed abroad. In the first nine months of 2019, the workforce contracted by 898, mainly reflecting the balance between new hires and terminations (-952) and changes in the scope of consolidation (54), mainly due to the disposal of the Mercure plant by Enel Produzione in Italy and the acquisition in March of Tradewind in the United States.

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

Balance at December 31, 2018	**69,272**
Hirings	2,648
Terminations	(3,600)
Change in scope of consolidation	54
Balance at September 30, 2019	**68,374**

The increase in costs for **services, leases and rentals** is largely attributable to the acquisition of Enel Distribuição São Paulo in June 2018 (€205 million) and the increase in variable costs connected with the expansion of the business of Enel X in Italy. These factors were only partly offset by a reduction in costs for leases and rentals as a result of the application of IFRS 16 (€188 million).

Depreciation, amortization and impairment losses largely reflected the writedowns recognized in the first nine months of 2019 on a number of coal-fired plants in Italy, Spain, Chile (Bocamina I and Tarapacá) and Russia (Reftinskaya) for a total of €4,002 million, including dismantling costs.

These writedowns are attributable to:

- the reduced competitiveness of plants with higher levels of CO_2 emissions than other generation technologies, above all in Spain and Italy owing to developments in the local operating environment in terms of commodity prices and increased compliance costs for CO_2 emissions, as well as the further penalization in Italy associated with the introduction of new rules for the remuneration of capacity on the Capacity Market, which narrow the scope of application for plants with higher levels of CO_2 emissions;
- the agreement reached with the Chilean government on the early closure of the two coal-fired Tarapacá and Bocamina I (by May 31, 2020 and December 31, 2023, respectively), as part of the decarbonization process begun in Chile (€364 million);
- the adjustment to fair value (of €125 million) of the Reftinskaya plant after its classification under assets held for sale as a result of the binding sale agreement approved by the parties involved in June 2019.

The change also includes the depreciation charge for the rights of use in respect of leased assets, which as from January 1, 2019 are recognized as leased property, plant and equipment and depreciated over the term of the associated leases following application of IFRS 16 (€169 million).

Costs of environmental certificates in the first nine months of 2019 amounted to €792 million, a decrease of €6 million compared with the same period of 2018.

Other operating expenses declined during the period, essentially reflecting the reduction in charges for taxes and duties of €156 million, largely in Spain owing to the suspension of taxes on electricity generation and on the use of hydrocarbons for generation under the provisions of Royal Decree 15/2018 of October 5, 2018, as well as a reduction in taxes on nuclear generation.

In the first nine months of 2019 **capitalized costs** amounted to €1,553 million, an increase of €70 million compared with the same period of the previous year.

6.c Net income/(expense) from commodity contracts measured at fair value - *€118 million*

Net income from commodity contracts measured at fair value amounted to €118 million in the first nine months of 2019 (net income of €202 million in the corresponding period of the previous year). More specifically, the net income for the first nine months of 2019 comprised:

- net income from cash flow hedges in the amount of €127 million (€18 million of net income in the first nine months of 2018);
- net expense on derivatives measured at fair value through profit or loss in the amount of €9 million (€184 million of net income in the first nine months of 2018).

6.d Net financial expense - *€1,905 million*

Net financial expense rose by €133 million compared with the same period of 2018.

More specifically, financial income in the first nine months of 2019 amounted to €3,640 million, an increase of €616 million on the previous period (€3,024 million). The change largely reflects:

- an increase of €288 million in exchange rate gains, which largely regards Latin America (€240 million), Enel Finance International (€37 million) and Russia (€35 million);
- an increase of €285 million in the financial income of the Argentine companies in application of IAS 29 concerning accounting for hyperinflationary economies;
- an increase of €101 million in interest and other income on financial assets, connected essentially with short-term financial receivables, above all for Enel Finance International and Latin America.

These factors were partly offset by a decrease of €102 million in income from derivatives, which are largely used to hedge exchange rate risk on borrowings denominated in foreign currency.

Financial expense in the first nine months of 2019 amounted to €5,545 million, an increase of €749 million compared with the first nine months of 2018. The increase is mainly attributable to:

- an increase of €482 million in exchange rate losses, largely regarding Enel Finance International (€372 million), Latin America (€69 million) and Enel SpA (€41 million);
- an increase in financial expense recognized by generation operations in Italy in respect of the impairment loss recognized on the residual financial receivable connected with the disposal of Slovak Power Holding (€29 million);
- an increase of €290 million in the financial expense of the Argentine companies attributable to the application of IAS 29 concerning accounting for hyperinflationary countries;
- an increase of €130 million in interest and other expense on financial debt. The change is largely attributable to the increase in interest on bonds (€80 million) and financial expense deriving from the application of IFRS 16 (€42 million);
- an increase of €94 million in financial expense connected with the discounting of non-current liabilities for:
  - employee benefits in the amount of €57 million, essentially in Spain (€29 million) and Latin America (€28 million);
  - non-current liabilities of €23 million, mainly regarding North America for the discounting of liabilities in respect of tax partnerships;
  - provisions for risks and charges in the amount of €14 million, essentially attributable to Latin America (€11 million) in respect of Enel Distribuição São Paulo.

These factors were partly offset by a reduction of €252 million in expense on derivatives, essentially in respect of hedges of foreign exchange risk on outstanding borrowings.

6.e Share of income/(expense) from equity investments accounted for using the equity method - *€104 million*

The **share of income/(expense) from equity investments accounted for using the equity method** in the first nine months of 2019 showed net expense of €104 million. The change mainly reflects the impact of repurchasing 13 companies from EGPNA REP (€88 million), which involved the recognition of a capital loss by EGPNA REP, and the writedown of the interest in Slovak Power in the amount of €31 million following changes in the parameters used in determining the price.

Other changes reflect the portion pertaining to the Group of the net income of companies measured using the equity method.

6.f Income taxes - *€647 million*

Income taxes for the first nine months of 2019 amounted to €647 million, representing an effective tax rate of 29.5% (29.5% in the first nine months of 2018). Although the tax rate is the same in the two periods, in reality it reflects the following contrasting factors:

- a reduction in taxes in Italy following an agreement with the tax authorities concerning the optional "patent box" mechanism, which allows the application of a preferential tax regime for income from the use of intellectual property (+€53 million);
- a decrease in taxes (€40 million) recognized in Argentina in the 1st Quarter of 2019 by the generation companies Enel Generación Costanera and Central Dock Sud following their election to participate in the preferential "*revalúo impositivo*" mechanism. Subject to payment of a tax in lieu, this mechanism permits the monetary revaluation for tax purposes of certain tangible assets, with the consequent recognition of deferred tax assets and an increase in the deductibility of depreciation in the future;
- the reversal of deferred tax liabilities at EGPNA, the ancillary effect of the acquisition of a number of companies from EGPNA REP;
- an increase in deferred tax assets as a result of the supervening tax deductibility of the goodwill resulting from the merger of Gas Atacama into Enel Generación Chile;
- the effect of greater taxes recognized in 2018 in Mexico associated with the disposal of a number of renewables companies (Project Kino);
- an increase in withholdings on Enel Finance International loans to Enel Brasil for the acquisition of Enel Distribuição São Paulo (€40 million);
- the effect of greater deferred tax assets recognized in 2018 (€86 million) against the recoverability for tax purposes of the losses of the investee 3Sun (prior to the acquisition of control of the company by Enel) following the merger with Enel Green Power SpA;
- application of the participation exemption (PEX) to the indemnity in respect of the disposal of the interest in Enel Rete Gas in 2018.

Assets

7.a Non-current assets - *€133,910 million*

Property, plant and equipment and intangible assets, including investment property, amounted to €97,383 million at September 30, 2019, an overall increase of €1,603 million. This change is mainly attributable to investments in the period (€6,589 million), the effects amounting to €1,370 million as at January 1, 2019 of the application of IFRS 16 to plant, property and machinery, in addition to new leases entered into during the first nine months for a total of €84 million. Adding to these effects are changes in the scope of consolidation in the amount of €1,064 million. The latter are largely attributable to the acquisition of control of a number of companies of EGPNA REP, a 50% joint venture owned by EGPNA and the remaining 50% by General Electric Capital's Energy Financial Services, which had previously been measured using the equity method (€1,033 million), and the acquisition of Tradewind Energy, a company that develops renewable energy projects in the United States.

These results were partly offset not only by depreciation and amortization of €4,282 million, but also by the impairment recognized in the total amount of €3,877 million, mainly relating to the adjustment of the carrying amounts (including dismantling charges) of the Bocamina I and Tarapacá plants in Chile and a number of plants in Italy and Spain for the reasons already discussed in the report on operations.

Goodwill, amounting to €14,297 million, increased by €24 million compared with December 31, 2018. In addition to exchange rate gains of €11 million, the increase reflected the change in the scope of consolidation in the amount of €13 million, mainly attributable to the acquisition of Tradewind Energy, a company that develops renewable energy projects in the United States, which also reflected the provisional allocation of goodwill to a number of projects sold.

Equity investments accounted for using the equity method amounted to €1,990 million, a decrease of €109 million on the value posted at the end of the previous year. The decline mainly reflected the losses pertaining to the Group of companies accounted for using the equity method. More specifically, transactions included the repurchase by Enel, acting through its subsidiary EGPNA, of 13 companies owning seven plants operating in the renewables business from EGPNA REP and the writedown of the interest in Slovak Power in the amount of €31 million following changes in the reference parameters used in determining the price formula.

Other non-current assets include:

Millions of euro

	at Sept. 30, 2019	at Dec. 31, 2018	Change	
Deferred tax assets	9,167	8,305	862	10.4%
Receivables and securities included in net financial debt	3,125	3,272	(147)	-4.5%
Other non-current financial assets	4,651	3,502	1,149	32.8%
Receivables due from institutional market operators	279	200	79	39.5%
Other long-term receivables	3,018 (1)	1,418	1,600	-
Total	**20,240**	**16,697**	**3,543**	**21.2%**

(1) The item includes investments in assets in respect of contracts with customers amounting to €469 million.

The increase for the period was essentially attributable to:

- an increase in deferred tax assets attributable to the recognition of deferred taxes allocated on the write-downs described above;
- an increase in other non-current financial assets, essentially referring to the increase in financial derivatives (€975 million, mainly associated with designated cash flow hedges of exchange rate risk) and to assets in respect of service concession arrangements in the amount of €171 million;
- an increase in other long-term receivables, which are essentially related to the tax receivables recognized by Enel Distribuição São Paulo and Enel Distribuição Ceará attributable to the PIS/COFINS dispute in Brazil.
  The PIS (Social Integration Program) and the COFINS (Social Security Financing Contribution) are federal contributions paid by companies in Brazil. Their objective is to finance programs for employees, public health, social assistance and social security through the application of tax rates to the gross revenue of each company. The ICMS (the tax on the circulation of goods and services) is similar to VAT and is applied to sales of goods and services, telecommunications and transport.
  The electricity distribution companies in Brazil took separate legal action against the Brazilian government contesting the application of the PIS/COFINS to the amount of the ICMS.
  These companies included Enel Distribuição São Paulo, Enel Distribuição Ceará, Enel Distribuição Goiás and Enel Distribuição Rio.
  The Brazilian court ultimately upheld the argument of the companies that the additional ICMS tax should not be included in the tax base of the PIS and COFINS. Despite this ruling, the Federal Government appealed.
  In 2019, Enel Distribuição São Paulo and Enel Distribuição Ceará were notified of the ruling, which allows the full deductibility of the ICMS for the purposes of the calculation of the PIS and COFINS for the periods between December 2013 and December 2014 for Enel Distribuição São Paulo and from May 2001 onwards for Enel Distribuição Ceará;
- an increase of €79 million in non-current receivables from institutional market operators;
- a decrease in receivables and securities included in net financial debt, due essentially, following changes in the scope of consolidation, to a decline of €206 million in

medium and long-term financial receivables, partially offset by an increase of €59 million in securities measured at FVOCI held by the Dutch insurance companies, which in order to align the risk profiles they manage expanded their long-term portfolio.

7.b Current assets - *€35,748 million*

Inventories amounted to €2,885 million, an increase of €67 million, mainly registered in Italy, where the writedown of inventories of the coal-fired plants and the reduction in fuel purchases were more than offset by an increase in CO_2 emissions allowances as well as greater purchases of materials for medium and low-voltage grids to be used for maintenance and operating activities, and in Latin America. The decrease in inventories in Iberia, reflecting the writedown of fuel and materials inventories and the reduction in purchases for coal-fired plants, partly offset the increases mentioned above.

Trade receivables amounted to €13,274 million, a decrease of €313 million, with the change essentially reflecting a reduction in Italy and Iberia, partly offset by an increase in receivables for electricity sales and transport, especially in Latin America.

Other current assets break down as follows:

Millions of euro

	at Sept. 30, 2019	at Dec. 31, 2018	Change	
Current financial assets included in debt	4,897	5,003	(106)	-2.1%
Other current financial assets	3,423	4,071	(648)	-15.9%
Tax receivables	1,784	1,282	502	39.2%
Receivables due from institutional market operators	742	745	(3)	-0.4%
Other short-term receivables	1,990	1,751	239	13.6%
Total	**12,836**	**12,852**	**(16)**	**-0.1%**

The decrease for the period is mainly due to:

- a reduction in current financial assets included in debt, mainly due to the decrease in other short-term financial receivables (€500 million), partly offset by an increase in the short-term portion of medium and long-term financial receivables (€400 million), which mainly reflected an increase in financial receivables from the Spanish electrical system for financing the rate deficit;
- a decrease in other current financial assets, mainly related to the decline in the fair value of financial derivatives that largely regarded hedges of the price risk on energy commodities employing derivatives measured at fair value through profit or loss;
- an increase in other short-term receivables, mainly relating to an increase in prepayments and assets in respect of construction contracts;
- an increase in tax receivables, essentially reflecting an increase in receivables for corporate income taxes in Italy.

7.c Assets held for sale - *€302 million*

The item essentially includes assets measured at their estimated realizable value based on the current state of negotiations that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification under this item.

The balance at September 30, 2019 mainly includes the Reftinskaya GRES plant which, in view of the state of negotiations under way for its sale, was classified under assets held for sale and recognized at the lower of the sale price, net of transaction costs, and its net book value.

The change for the period reflects the sale of a number of Brazilian companies previous classified as held for sale.

Liabilities and shareholders' equity

7.d Equity attributable to the shareholders of the Parent Company - *€30,869 million*

The decrease in the first nine months of 2019 in equity attributable to the shareholders of the Parent Company amounted to €851 million and mainly reflected the recognition of dividends authorized during the period (-€1,423 million) and the loss recognized directly in equity (-€276 million). These factors were only partly offset by net income for the period (€813 million).

On September 19, 2019, the Board of Directors of the Company approved the launch of a share buyback program, for a maximum amount of €10.5 million and a number of shares not exceeding 2.5 million (the "Program"), equivalent to about 0.02% of Enel's share capital.

The purpose of the Program is to serve the 2019 Long-Term Incentive Plan reserved to the management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, which the shareholders approved at their meeting of May 16, 2019. The Program will run from September 23 to December 13, 2019.

At September 30, 2019, treasury shares are represented by 129,550 ordinary shares of Enel SpA with a par value of €1 each, purchased through an authorized intermediary for a total value of about €1 million.

7.e Non-current liabilities - *€83,068 million*

Long-term borrowings amounted to €52,531 million (€48,983 million at December 31, 2018). They consist of bonds in the amount of €41,168 million (€38,633 million at December 31, 2018) and bank debt and other borrowings in the amount of €11,363 million (€10,350 million at December 31, 2018). The change registered in the period essentially reflects an increase in bonds of €2,535 million, mainly following the issue of a €2,500 million bond, and an increase in financing from lease companies following the application of IFRS 16 in the amount of €1,125 million.

Provisions and deferred tax liabilities amounted to €17,429 million at September 30, 2019 (€17,018 million at December 31, 2018) and include:

- post-employment and other employee benefits totaling €3,302 million, down €115 million compared with December 31, 2018;
- provisions for risks and charges amounting to €5,511 million (€5,181 million at December 31, 2018). The item includes, among others, the litigation provision of €879 million (€1,315 million at December 31, 2018), whose sharp decrease essentially reflects the closure of a dispute between Enel Distribuição São Paulo and Electrobas, the nuclear decommissioning provision of €689 million (€552 million at December 31, 2018), the plant dismantling and site restoration provision of €1,727 million (€986 million at December 31, 2018), with the change largely regarding an increase in provisions in respect of the planned early closure of coal-fired plants in Italy and Spain, the provision for taxes and duties of €376 million (€409 million at December 31, 2018) and the early retirement incentive provision of €1,122 million (€1,177 million at December 31, 2018);
- deferred tax liabilities amounting to €8,616 million (€8,650 million at December 31, 2018), a decrease of €34 million.

Other non-current liabilities amounted to €13,108 million (€10,816 million at December 31, 2018) an increase of €2,292 million, essentially reflecting the change in the fair value of financial derivatives (€765 million), due essentially to an increase in the fair value of derivatives designated as cash flow hedges, as well as an increase in non-current liabilities attributable to the consolidation of Enel Distribuição São Paulo.

7.f Current liabilities - *€39,057 million*

Short-term borrowings and current portion of long-term borrowings increased by €1,723 million. The change was essentially connected with the increase in commercial paper issues (€785 million) and cash collateral (€259 million), the increase in the short-term portion of bonds (€575 million) and the increase in the current portion of financing from lease companies following the application of IFRS 16 (€211 million), partly offset by a decrease of €77 million in financial liabilities in respect of factoring companies.

Trade payables amounted to €11,252 million (€13,387 million at December 31, 2018), down €2,135 million.

Other current liabilities break down as follows:

Millions of euro

	at Sept. 30, 2019	at Dec. 31, 2018	Change	
Payables due to customers	1,588	1,773	(185)	-10.4%
Payables due to institutional market operators	4,622	3,945	677	17.2%
Current financial liabilities	3,759	5,131	(1,372)	-26.7%
Social security contributions payable and payables to employees	602	683	(81)	-11.9%
Tax payables	3,303	1,426	1,877	-
Other	5,225	7,020	(1,795)	-25.6%
Total	**19,099**	**19,978**	**(879)**	**-4.4%**

The change for the period is essentially due to:

- a decrease in current financial liabilities, mainly attributable to the reduction in the fair value of financial derivatives (€1,329 million), associated mainly with instruments hedging price and exchange rate risk on commodities, as well as a decrease in accrued financial liabilities (€113 million). This was partly offset by an increase in financial payables for interest payable (€56 million) and financial payables to the Spanish electrical system (about €15 million);
- a reduction in other payables, essentially attributable to dividends paid during the first nine months of 2019;
- a decrease in social security contributions payable and payables to employees, particularly concentrated in Italy and linked to early termination incentives;
- an increase in tax payables, essentially related to the estimated income tax liability for the period net of tax payments made and liabilities connected with value added tax.

7.g Liabilities held for sale - *€4 million*

The change for the period reflects the sale of a number of Brazilian companies previously classified as held for sale.

8. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at September 30, 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 Sept. 30, 2019	at Dec. 31, 2018	Change	
Cash and cash equivalents on hand	102	328	(226)	-68.9%
Bank and post office deposits	5,808	5,531	277	5.0%
Other investments of liquidity	843	771	72	9.3%
Securities	43	63	(20)	-31.7%
Liquidity	**6,796**	**6,693**	**103**	**1.5%**
Short-term financial receivables	2,932	3,418	(486)	-14.2%
Current portion of long-term financial receivables	1,922	1,522	400	26.3%
Current financial receivables	**4,854**	**4,940**	**(86)**	**-1.7%**
Bank debt	(512)	(512)	-	-
Commercial paper	(3,178)	(2,393)	(785)	-32.8%
Current portion of long-term bank borrowings	(1,864)	(1,830)	(34)	-1.9%
Bonds issued (current portion)	(1,916)	(1,341)	(575)	-42.9%
Other borrowings (current portion)	(391)	(196)	(195)	-99.5%
Other short-term financial payables [1]	(888)	(739)	(149)	-20.2%
Total current financial debt	**(8,749)**	**(7,011)**	**(1,738)**	**-24.8%**
Net current financial position	**2,901**	**4,622**	**(1,721)**	**-37.2%**
Debt to banks and financing entities	(8,821)	(8,819)	(2)	-
Bonds	(41,168)	(38,633)	(2,535)	-6.6%
Other borrowings	(2,542)	(1,531)	(1,011)	-66.0%
Non-current financial position	**(52,531)**	**(48,983)**	**(3,548)**	**-7.2%**
NET FINANCIAL POSITION as per CONSOB instructions	**(49,630)**	**(44,361)**	**(5,269)**	**-11.9%**
Long-term financial receivables and securities	**3,125**	**3,272**	**(147)**	**-4.5%**
NET FINANCIAL DEBT	**(46,505)**	**(41,089)**	**(5,416)**	**-13.2%**

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

Other information

9. Related parties

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

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

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

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

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

The following tables summarize transactions with related parties, associated companies and joint arrangements carried out in the first nine months of 2019 and 2018 and outstanding at September 30, 2019 and December 31, 2018.

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other
Income statement					
Total revenue	-	1,056	1,622	210	136
Financial income	-	-	-	-	-
Purchases of electricity, gas and fuel	2,067	2,411	601	425	-
Costs for services and other materials	1	42	2,052	3	67
Other operating expenses	2	167	4	1	-
Net income/(expense) from commodity contracts measured at fair value	-	-	11	-	-
Financial expense	-	-	11	-	-

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other
Balance sheet					
Other non-current asset	-	-	-	-	-
Trade receivables	-	28	751	13	17
Other current assets	-	32	76	124	1
Other non-current liabilities	-	-	2	-	37
Long-term borrowings	-	-	759	-	-
Trade payables	682	62	972	1,819	15
Other current liabilities	-	-	13	-	48
Current portion of long-term borrowings	-	-	89	-	-
Other information					
Guarantees given	-	250	354	-	141
Guarantees received	-	-	126	-	23
Commitments	-	-	15	-	5

Key management personnel	**Total first nine months of 2019**	Associates and joint arrangements	**Overall total first nine months of 2019**	**Total in financial statements**	**% of total**
-	**3,024**	215	**3,239**	**57,124**	**5.7%**
-	**-**	78	**78**	**3,640**	**2.1%**
-	**5,504**	133	**5,637**	**26,852**	**21.0%**
-	**2,165**	102	**2,267**	**13,341**	**17.0%**
-	**174**	-	**174**	**1,932**	**9.0%**
-	**11**	(3)	**8**	**118**	**6.8%**
-	**11**	11	**22**	**5,545**	**0.4%**

Key management personnel	**Total at Sept. 30, 2019**	Associates and joint arrangements	**Overall total at Sept. 30, 2019**	**Total in financial statements**	**% of total**
-	-	19	**19**	**20,240**	**0.1%**
-	**809**	210	**1,019**	**13,274**	**7.7%**
-	**233**	70	**303**	**12,836**	**2.4%**
-	**39**	118	**157**	**13,108**	**1.2%**
-	**759**	-	**759**	**52,531**	**1.4%**
-	**3,550**	45	**3,595**	**11,252**	**31.9%**
-	**61**	68	**129**	**19,099**	**0.7%**
-	**89**	-	**89**	**4,171**	**2.1%**
-	**745**	-	**745**		
-	**149**	-	**149**		
-	**20**	-	**20**		

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other
Income statement					
Total revenue	-	1,556	1,839	315	161
Financial income	-	-	-	-	1
Purchases of electricity, gas and fuel	2,385	2,210	932	9	-
Costs for services and other materials	-	39	1,704	3	133
Other operating expenses	5	197	3	-	-
Net income/(expense) from commodity contracts measured at fair value	-	-	(2)	-	-
Financial expense	-	-	-	8	1

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	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 (available at https://www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties.html) in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the first nine months of 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 first nine months of 2018	Associates and joint arrangements	Overall total first nine months of 2018	Total in financial statements	% of total
-	**3,871**	91	**3,962**	**55,246**	**7.2%**
-	**1**	21	**22**	**3,024**	**0.7%**
-	**5,536**	137	**5,673**	**26,196**	**21.7%**
-	**1,880**	88	**1,968**	**13,193**	**14.9%**
-	**205**	-	**205**	**2,082**	**9.8%**
-	**(2)**	8	**6**	**202**	**3.0%**
-	**9**	31	**40**	**4,796**	**0.8%**

Key management personnel	Total at Dec. 31, 2018	Associates and joint arrangements	Overall total at Dec. 31, 2018	Total in financial statements	% of total
-	**893**	192	**1,085**	**13,587**	**8.0%**
-	**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**		

10. Contractual commitments and guarantees

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

Millions of euro

	at Sept. 30, 2019	at Dec. 31, 2018	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	9,887	10,310	(423)
Commitments to suppliers for:			
- electricity purchases	101,936	109,638	(7,702)
- fuel purchases	49,925	43,668	6,257
- various supplies	1,302	3,122	(1,820)
- tenders	3,097	3,133	(36)
- other	4,223	3,270	953
Total	**160,483**	**162,831**	**(2,348)**
TOTAL	**170,370**	**173,141**	**(2,771)**

Commitments for electricity amounted to €101,936 million at September 30, 2019, of which €24,420 million refer to the period October 1, 2019-2023, €23,392 million to the period 2024-2028, €18,627 million to the period 2029-2033 and the remaining €35,497 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 September 30, 2019 amounted to €49,925 million, of which €25,590 million refer to the period October 1, 2019-2023, €14,182 million to the period 2024-2028, €7,047 million to the period 2029-2033 and the remaining €3,106 million beyond 2033.

11. 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 defendants filed an appeal against ruling with the Court of Cassation on June 22, 2019.

The proceeding before the Court of Vibo Valentia is still pending in the argument stage (it was first adjourned to October 28, 2019 and then adjourned again to February 24, 2020), as the Court recently ruled that the term of limitations offences had not expired.

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, pending the decision, these three companies filed an appeal with the Lazio Regional Administrative Court asking for the suspension of the enforceability of the provision, which was denied on August 1, 2019, in consideration of the proximity of the hearing for the substantive discussion of the case that was held on October 2, 2019. Following this hearing, on October 7, 2019, at Enel's request the court issued the operative part of the respective judgments and: (i) partially upheld the appeals of EE and SEN concerning the illegitimacy of the determination of the penalty, thereby voiding the sanction, ordering the Competition Authority to recalculate the penalty in accordance with specific parameters established by the Lazio Regional Administrative Court itself in the ruling and, in particular, in consideration of the substantial reduction of the period in which the alleged illegal conduct was maintained; and (ii) denied Enel's appeal regarding only its imputed parental liability as the Parent Company. Due to the voiding of the penalty, no payment was due from the three companies, which are currently evaluating what actions they should take next.

BEG litigation

The next hearing in the appeal filed by Enel SpA and Enelpower SpA with the Rome Appeals Court against the decision of the Rome Court to deny the petition, declaring that BEG SpA had no capacity to be sued, originally scheduled for May 8, 2019, was postponed until November 14, 2019 and then May 7, 2020.

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 parties replied to a number of documents filed just before the hearing began by the deadline set by the Court of Appeal. A decision is pending.

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, at the hearing of July 17, 2019, following the argument stage, the court issued a ruling declaring that the period of limitations had expired for the crime of destruction of natural habitat on which the "231" liability of the company was founded. With regard to the other two charges connected with the same events, which involved an agent of the company and other individuals, in one case it was declared that the period of limitations had expired as well and in the other the defendants were acquitted because there is no case to answer.

With regard to the proceeding before the Court of Milan for alleged unauthorized handling of waste (Article 256 of the

Uniform Environment Code) and violation of the provisions of the Cultural Heritage Code (Legislative Decree 42/2004) concerning the removal of a power line, at the hearing of May 23, 2019 a number of prosecution witnesses testified. The next hearing is set for November 14, 2019 to hear the final prosecution witness and the witnesses of the defendants.

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 appeals 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 accepted the appeals and, accordingly, the preliminary ruling is now pending before the European Court of Justice. The government has not requested the repayment of any sum so far.

Furnas-Tractebel litigation – Brazil

With regard to the suit filed by Furnas in May 2010 for CIEN's (now Enel CIEN) failure to delivery electricity, on May 31, 2019 Furnas filed a special appeal ("*recurso especial*") with the *Superior Tribunal de Justiça*, the third level of jurisdiction, against the decision with which the *Tribunal de Justiça* denied Furnas' appeal on August 21, 2018. CIEN filed its reply to that appeal on July 4, 2019. On August 22, 2019, the *Tribunal de Justiça* denied the appeal of Furnas with a decision that became definitive on October 18, 2019.

Cibran litigation – Brazil

With regard to the second of the six suits filed by Cibran against Ampla regarding the years from 1987 to 2002, on June 1, 2015 a ruling was issued ordering Ampla to pay non-pecuniary damages of 80,000 Brazilian reals (about €19,000), in addition to the payment of pecuniary damages quantified in the amount of 96,465,103 Brazilian reals (about €23 million), plus interest. On July 8, 2015, Ampla filed an appeal against this decision before the *Tribunal de Justiça* of Rio de Janeiro. With a decision of November 6, 2019, the latter granted Ampla's appeal, denying all of Cibran's claims.

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 issue of the ruling is pending.

Emgesa and Codensa arbitration proceedings – Colombia

On October 8, 2018, the Grupo Energía de Bogotá ("GEB") announced it was seeking a new arbitration proceeding against Enel Américas SA before the *Centro de Arbitraje y Conciliación de la Cámara de Comercio de Bogotá*. The arbitration request regarded an alleged breach of contract concerning the failure of Enel Emgesa and Enel Codensa to distribute dividends in 2016, 2017 and 2018 and breaches of a number of provisions of the shareholders' agreement. The claim amounts to about €514 million plus interest. The proceeding is at a preliminary stage.

SAPE (formerly Electrica) arbitration proceedings – Romania

With regard to the arbitration proceeding initiated by SAPE before the International Chamber of Commerce in Paris in respect of Enel SpA and Enel Investment Holding BV concerning an alleged contractual breach for failure to distribute dividends from E-Distribuție Muntenia and Enel Energie Muntenia, on May 3, 2019 the arbitration board denied all of SAPE's claims, ordering to pay the defendant companies $400,000 in arbitration costs. SAPE paid that amount on July 12, 2019.

Gabčíkovo dispute – Slovakia

With regard to the two joined suits launched by Vodohospodárska Výstavba Štátny Podnik ("VV") and MH Manazment in the Slovakian courts to void the VEG Indemnity Agreement owing to the alleged connection of the latter with the VEG Operating Agreement, in the first appeal filed by VV a decision is pending, while the appeal filed by MH Manazment was denied by the Bratislava Court of Appeal on June 8, 2019, upholding the ruling by the trial court in favor of Slovenské elektrárne ("SE"). Also at the local level, VV has brought a number of suits against SE alleging unjustified enrichment of the latter (estimated at about €360 million, plus interest) for the period from 2006 to 2015. SE has filed counter-suits in all these proceedings, specifically: (i) for 2006, 2007 and 2008, at the hearing of June 26, 2019, the Court of Bratislava denied the petition filed by both parties for procedural reasons. The ruling was appealed by both VV and SE and an exchange of briefs is under way; (ii) for the proceeding involving 2011, the next hearing is set for December 12, 2019; and (iii) with regard to the proceeding for 2012, at the hearing of April 24, 2019, the Court denied the petition of VV, which filed an appeal on June 21, 2019 and the appeal proceeding is continuing. Finally, in another proceeding pending before the Court of Bratislava, VV asked SE to repay the consideration for the transfer from SE to VV of the technological assets of the Gabčíkovo plant, which took place as part of the privatization, in the amount of about €43 million, plus interest. The parties have exchanged briefs. The next hearing is scheduled for November 19, 2019.

Administrative and precautionary proceeding in Chucas arbitration

The Instituto Costarricense de Electricidad (ICE) has appealed the award issued in December 2017 before the local courts and on September 5, 2019 Chucas was notified of the ruling, in which ICE's appeal to void the award was partially upheld, limited to certain formal aspects of the arbitration proceedings, which has therefore been declared void. On September 11, 2019, Chucas filed a "*recurso de aclaración y adición*" with the same court and the associated decision is pending.

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 Court of Appeal issued a ruling reducing the fine from $8.7 million 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. On June 28, 2019, a hearing was held for both parties to submit arguments. The decision is pending.

12. Subsequent events

Enel completes transfer of Reftinskaya GRES to Kuzbassenergo

On October 1, 2019, Enel SpA announced that, as of that date, the ownership of the Reftinskaya GRES coal-fired power plant had been transferred from its subsidiary Enel Russia PJSC ("Enel Russia") to JSC Kuzbassenergo ("Kuzbassenergo"), owned by Siberian Generating Company.
The transfer was completed following the federal registration of ownership transfer for the immovable property of Reftinskaya GRES.
With a total consideration for the transaction of 20.7 billion rubles following contractually established price adjustments (equivalent to around €292 million), Enel Russia has so far received the first two installments for a total of 16.7 billion rubles (around €236 million).
The remaining tranche will be paid when Kuzbassenergo obtains all the licenses and permits necessary to operate the plant and in any case within one year from the October 1 transfer date. Until that time, Enel Russia will continue to operate Reftinskaya GRES under an agreement approved by Russia's Federal Antimonopoly Service.
A contingent component of up to 3 billion rubles (about €42 million) is also envisaged, to be paid within five years from the transfer date subject to specific conditions.

Disclosure of purchase of treasury shares supporting the long-term incentive plan

With regard to the start of a share buyback program launched to serve the 2019 Long-Term Incentive Plan, on October 1, 2019, Enel SpA announced that between September 23 and 27, 2019 it had acquired 154,850 treasury shares at a weighted average price of €6.72 per share on the Mercato Telematico Azionario organized and operated by Borsa Italiana SpA ("MTA"), for a total of €1,040,519.42.
On October 8, Enel SpA announced that between September 30 and October 4, 2019 it had acquired 294,400 treasury shares at a weighted average price of €6.71 per share on the MTA for a total of €1,976,554.82.

Enel successfully places its first "General Purpose SDG Linked Bond"

On October 10, 2019, Enel Finance International NV ("EFI"), a subsidiary of Enel SpA ("Enel"), launched a multi-tranche "sustainable" bond for institutional investors on the European market totaling €2.5 billion. The bond is linked to the achievement of the United Nations Sustainable Development Goals (SDGs) and is the Group's first "General Purpose SDG Linked Bond" issued on the European market.
The bond, which is guaranteed by Enel and launched as part of Enel and EFI's medium-term bond issue program, was almost four times oversubscribed, with total orders of about €10 billion and the significant participation by Socially Responsible Investors (SRIs), enabling the Enel Group to continue to diversify its investor base.

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

The officer responsible for the preparation of the Company's financial reports, Alberto De Paoli, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at September 30, 2019 corresponds with that contained in the accounting documentation, books and records.

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