OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

INTERIM FINANCIAL REPORT
AT SEPTEMBER 30, 2020

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1.

Report on operations

2.

Condensed consolidated financial statements at September 30, 2020

1. REPORT ON OPERATIONS

Enel is Open Power

Positioning
Open Power

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

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

Vision

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

Values

- Trust
- Proactivity
- Responsibility
- Innovation

Principles of conduct

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

Highlights

SDG		First nine months 2020	2019	Change
	Revenue (millions of euro)(1)	48,050	59,332	-19.0%
	Gross operating margin (millions of euro)	12,705	13,209	-3.8%
	Ordinary gross operating margin (millions of euro)	13,146	13,268	-0.9%
	Net income attributable to the shareholders of the Parent Company (millions of euro)	2,921	813	259.3%
	Ordinary net income attributable to the shareholders of the Parent Company (millions of euro)	3,593	3,295	9.0%
	Net financial debt (millions of euro)	48,953	45,175(2)	8.4%
	Cash flows from operating activities (millions of euro)	6,560	7,671	-14.5%
	Capital expenditure on property, plant and equipment and intangible assets (millions of euro)	6,563	6,589(3)	-0.4%
	Total net efficient installed capacity (GW)	83.5	84.3(2)	-0.9%
7	Net efficient installed renewable capacity (GW))	43.7	42.1(2)	3.8%
7	Net efficient installed renewable capacity (%)	52.3%	50.0%(2)	4.6%
7	Additional efficient installed renewable capacity (GW)	1.52	1.20	26.7%
	Net electricity generation (TWh)	152.4	174.3	-12.6%
7	Net renewable electricity generation (TWh)	77.6	72.0	7.7%
9	Electricity distribution and transmission grid (km)	2,229,301	2,219,008(2)	0.5%
9	Electricity transported on Enel's distribution grid (TWh)(4)	357.2	379.6	-5.9%
	End users (no.)(5)	74,294,733	73,738,080	0.8%
9	End users with active smart meters (no.)	44,943,498	44,345,840	1.3%
	Electricity sold by Enel (TWh)(6)	222.0	242.2	-8.3%
	Retail customers (no.)(5)	69,894,578	70,690,514	-1.1%
	- of which free market	*23,224,726*	*22,810,889*	*1.8%*
11	Storage (MW)	122.0	110.0(2)	10.9%
11	Charging points (no.)	95,435	69,691	36.9%
11	Demand response (MW)	5,945	6,144	-3.2%
	No. of employees	66,735	68,253(2)	-2.2%

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 of the condensed consolidated financial statements at September 30, 2020).

(2) At December 31, 2019.

(3) Does not include €4 million regarding units classified as "held for sale" at September 30, 2019.

(4) The figures for 2019 reflect a more accurate calculation of quantities transported.

(5) The figures for 2019 reflect a more accurate calculation of the numbers.

(6) Volumes include sales to large customers by generation companies in Latin America. The figure for 2019 has consequently been adjusted to ensure comparability.

Foreword

The Interim Financial Report at September 30, 2020 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.

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

Enel organizational model

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

Global Business Lines

The Global Business Lines 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, which also draws on the work of an Investment Committee,[1] benefits from a centralized industrial vision of projects in the various Business Lines. Each project is assessed not only on the basis of its financial return but also in relation to the best technologies available at the Group level, which reflect the new strategic line adopted, explicitly integrating the SDGs within our financial strategy and promoting a low-carbon business model. Furthermore, each Business Line contributes to guiding Enel's leadership in the energy transition and in the fight against climate change, managing the associated risks and opportunities in its area of competence. In 2019, Global Power Generation was created with the merger of Enel Green Power and Global Thermal Generation to confirm the Enel Group's leading role in the energy transition, pursuing an integrated process of decarbonization and the sustainable development of renewable capacity. In addition, the Grid Blue Sky project was launched. Its objective is to innovate and digitalize infrastructures and networks in order to make them an enabling factor for the achievement of the Climate Action objectives, thanks to the progressive transformation of Enel into a platform-based group.

Regions and Countries

Regions and Countries 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. They are also charged with promoting decarbonization and guiding the energy transition towards a low-carbon business model within their areas of responsibility. In 2019, the Group's geographical organization in the Americas was revised with the creation of the North America Region, which includes Mexico, and the integration of Costa Rica, Guatemala and Panama into the Latin America Region.

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

Global Service Functions

The Global Service Functions are responsible for managing information and communication technology activities and procurement at the Group level. They are also responsible for adopting sustainability criteria in managing the supply chain and developing digital solutions to support the development of enabling technologies for the energy transition and the fight against climate change.

Holding Company Functions

The Holding Company Functions are responsible for managing governance processes at the Group level. The Administration, Finance and Control function is also responsible for consolidating scenario analysis and managing the strategic and financial planning process aimed at promoting the decarbonization of the energy mix and the electrification of energy demand, key actions in the fight against climate change.

(1) The Group Investment Committee is made up of the heads of Administration, Finance and Control, Innovability, Legal and Corporate Affairs, Global Procurement, the heads of the Regions and the Business Lines.

C
Enel Group Chairman
M. Crisostomo

CEO
Enel Group CEO
F. Starace

HLD
HOLDING FUNCTION

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

GBL
GLOBAL BUSINESS LINE

Global Infrastructure and Networks – **L. Gallo**

Global Trading – **C. Machetti**

Global Power Generation – **A. Cammisecra**

Enel X – **F. Venturini**

CR
COUNTRY AND REGION

Italy | **C. Tamburi**

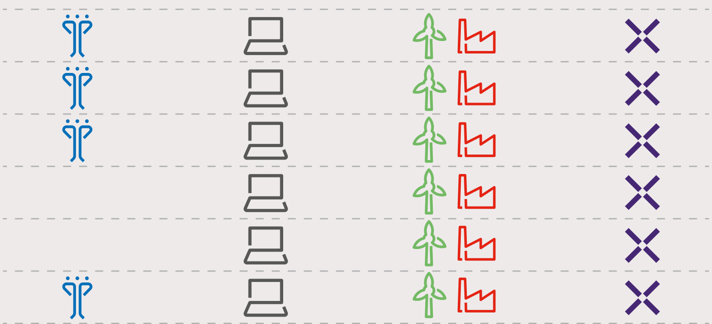
Iberia | **J. D. Bogas Gálvez**

Europe | **S. Mori**

Africa, Asia and Oceania | **A. Cammisecra**

North America | **E. Viale**

Latin America | **M. Bezzeccheri**



Reference scenario

Developments in the main market indicators

	First nine months		
	2020	2019	Change
Market indicators			
Average ICE Brent oil price ($/bbl)	42.6	64.7	-34.2%
Average price of CO_2 (€/ton)	23.8	24.8	-4.1%
Average price of coal ($/t CIF ARA)[1]	47.4	62.5	-24.1%
Average price of gas (€/MWh)[2]	7.6	13.9	-45.6%
Average dollar/euro exchange rate	1.12	1.12	-
Six-month Euribor (average for the period)	-0.32%	-0.29%	10.3%

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

During the first nine months of 2020, Brent prices declined by more than $20 a barrel compared with the same period of 2019. During the 3rd Quarter of 2020, the market continued the gradual recovery begun in May, driven both by the slow recovery in demand and by the repeated production cuts by the main OPEC+ countries.
Brent prices averaged over $41 a barrel, reaching $45 a barrel in August.

Natural gas prices, which declined steadily during the 1st Half of 2020 due to both milder temperatures in the early months of 2020 and the demand shock induced by COVID-19, turned timidly upward in the 3rd Quarter of 2020, with the rise coming almost exclusively in September.
However, the downward forecasts for global gas demand in 2020 and the permanent supply-side surplus conditions, with storage at the limit of capacity in almost all major countries, will provide little room for further price growth in the coming months.

Comparing the performance of the main commodities since the beginning of the year, we see that CO_2 is among the few energy variables to show any resistance to declining, registering a decrease of 4.1% compared with 2019. Oil and natural gas (PSV) on the other hand have experienced decidedly steeper falls, with prices declining by 34.2% and 45.6% respectively.
In the 3rd Quarter, the outlook for the Emissions Trading System (ETS) for 2020 strengthened thanks to the greater commitment by the European Union regarding new emissions targets, which spurred a gradual but steady increase in prices, with an average rise of 29% compared with the previous quarter.

Change in consumer price index (CPI)

%	First nine months 2020	2019	Change
Italy	**(0.03)**	**0.75**	**(0.78)**
Spain	(0.18)	0.88	(1.06)
Russia	3.08	4.82	(1.74)
Argentina	43.66	53.37	(9.71)
Brazil	2.91	3.86	(0.95)
Chile	3.11	2.46	0.65
Colombia	2.82	3.41	(0.59)
Peru	1.79	2.22	(0.43)

Exchange rates

	First nine months 2020	2019	Change
Euro/US dollar	1.12	1.12	0.1%
Euro/British pound	0.89	0.88	0.2%
Euro/Swiss franc	1.07	1.12	-4.5%
US dollar/Japanese yen	107.55	109.14	-1.5%
US dollar/Canadian dollar	1.35	1.33	1.8%
US dollar/Australian dollar	1.48	1.43	3.5%
US dollar/Russian ruble	70.99	65.05	9.1%
US dollar/Argentine peso	67.51	44.47	51.8%
US dollar/Brazilian real	5.07	3.89	30.5%
US dollar/Chilean peso	802.34	685.91	17.0%
US dollar/Colombian peso	3,706.35	3,241.28	14.3%
US dollar/Peruvian sol	3.46	3.33	4.0%
US dollar/Mexican peso	21.80	19.25	13.3%
US dollar/Turkish lira	6.74	5.64	19.5%
US dollar/Indian rupee	74.23	70.14	5.8%
US dollar/South African rand	16.75	14.36	16.6%

Economic and energy conditions in the first nine months of 2020

Economic developments

Despite current global conditions characterized by the COVID-19 pandemic, which will persist into 2021, the 3rd Quarter of 2020 experienced a decisive rebound in the economy, although the speed of recovery differs between countries. The global environment continues to be influenced by uncertainty and obstacles to recovery associated with the evolution of the pandemic, the recent resurgence of which has prompted new and additional restrictions on movement and trade, which may cause the economic outlook to deteriorate in the short to medium term.

The 3rd Quarter of 2020 saw a period of recovery after months of unprecedented recession. Globally, this produced a prolonged period of low inflation and real interest rates. The first nine months of 2020 saw strong measures by central banks playing a primary role in the response to the COVID-19 pandemic. Most central banks steered their monetary policy towards an ultra-accommodative stance in order to encourage investment and consumption. Accompanying the conventional measures, many central banks expanded the scale and time horizon of their securities purchase programs, injecting large volumes of low-cost liquidity into markets. Recent announcements from policymakers indicate that such strategies will continue until the pandemic is over.

In the euro area, the return of mobility and the reopening of shops enabled a double-digit recovery in GDP in the 3rd Quarter. However, the rebound is expected to be only momentary, owing to the new restrictions introduced by governments to contain the second wave of the pandemic that is overwhelming the entire continent.

Similarly in the United States, quarterly GDP growth in the 3rd Quarter of 2020 (more than 7%) partially brought GDP to pre-pandemic levels. The United States experienced a strong recovery in economic activity in the 3rd Quarter, with GDP growth of around 33% on an annualized quarterly basis. The recovery was sustained by massive fiscal and monetary intervention. However, a slowdown is expected in the final months of the year with a possible new wave of the pandemic and the uncertainties surrounding the US elections.

In August, the Federal Reserve changed its guidance, and is now linking its monetary policy decisions to an average inflation target (AIT). This lowered money market expectations of a rate hike in the coming years and caused the dollar to weaken. The market is now projecting unchanged interest rates until 2024. The outcome of the presidential elections remains important, the run up to which is continuing to fuel uncertainty in the markets, increasing exchange rate volatility.

After a 13% quarterly drop in GDP, the Italian economy recovered more rapidly than expected in the 3rd Quarter, posting growth of 16.1%. This result is largely attributable to the strong performance of industry, which was buoyed by the reopening of the economy. Nevertheless, the resurgence of the pandemic, the reintroduction of restrictive measures by the Government and the deterioration in the climate of confidence among firms already presage a renewed slowdown in the current quarter. To counter the crisis, the Government is planning new fiscal stimulus measures: the annual budget deficit and public debt are forecast to be around 12% and 160% of GDP respectively in 2020. The ECB's monetary policy will continue to dispel fears about the country's financial stability thanks to low interest rates and the expansion of the securities purchase program at its next meeting in December, which will remain tilted towards the peripheral countries most severely impacted by the pandemic.

Spain has been the most sharply affected economy in the euro area, mainly due to its highly service-oriented economic structure and the weight of the tourism sector. The economy rebounded by more than 16% in the 3rd Quarter after the collapse of the economy in the 2nd Quarter (-17.8% on the previous quarter). However, the abrupt slowdown in the service sector in September and the reinstatement of restrictive measures already point to an attenuation of the recovery in the final months of the year. The labor market remains weak, with over 800,000 workers affected by national furlough schemes. The tourism sector (12% of GDP) remains the great mystery, having contracted by 72% on an annual basis in the first seven months of 2020.

Russia has experienced a slow recovery, with GDP falling by 4.4% year-on year in the 3rd Quarter of 2020, compared with a contraction of 8% in the 2nd Quarter. Geopolitical tensions and a deterioration in macroeconomic conditions caused the ruble to depreciate by 13% compared with June. This forced the country's central bank to interrupt the expansionary measures it had undertaken, leaving the refinancing rate at 4.25%.

In Latin America, Brazil is heading towards a consistent recovery and there are encouraging signs of containment of the virus. The recovery will be mainly driven by private consumption thanks to the massive consumption stimuli approved by the government (i.e., corona vouchers). However, the high unemployment rate and the end of the income support program for families "corona voucher", expiring on December 31, now create some doubts about the duration of this recovery. Inflation in September increased (3.1% on an annual basis) due to the increase in the prices of imported goods (connected with the depreciation of the real) and services. However, inflation will remain very low and below the central bank's target level over its forecast horizon.

The economic recovery in Argentina has lost momentum due to the reintroduction of new localized restrictive measures. Despite the strong rebound in economic activity expected in the 3rd Quarter, GDP is only expected to return to pre-pandemic levels by the end of 2023.

After one of the worst performances in the history of the Chilean economy (with GDP contracting by 13% on a quarterly basis in the 2nd Quarter), the reopening of businesses and the resumption of personal mobility enabled a partial recovery in output in the 3rd Quarter (+6% on a quarterly basis). Nevertheless, signs of a slowdown have emerged in the last month. In August, the leading indicator of GDP rose 2.8% on a monthly basis, well below expectations (4-6%), despite the strong increase in retail sales. In September inflation reversed its downward trend following an increase in food prices and those of imported goods despite the strengthening of the peso, reaching 3.1% on an annual basis. The persistent output gap and the deterioration in labor market conditions should once again ease the pressure on prices, which are expected to decline by the end of the year. The recession and low price levels will keep the central bank's monetary stance expansionary in the medium term. The recent vote in favor of a new constitution is an additional factor of uncertainty for political stability and market volatility.

Peru was one of the countries whose economy was most affected by the pandemic (GDP contracted by 30% on an annual basis in the 2nd Quarter), with output expected to fall by 12.5% on an annual basis in 2020. The strong fiscal and monetary stimulus measures deployed by the government and the central bank should enable for a recovery to pre-COVID levels only in the medium term. The political situation remains unstable, and presidential elections scheduled for 2021 are a further source of uncertainty.

In the last month, the economic outlook for Colombia has improved significantly in terms of indicators of activity in the real economy. The "selective quarantine" has enabled mobility to resume significantly, with a consequent rise in consumption (mainly services), which should now sustain the recovery in the final part of the year. Following the slump in the economy in the 2nd Quarter, the July monthly activity index (ISE) posted a robust 2.6% month-on-month rise, following the 5.4% rise in June. The data for the 3rd Quarter of 2020 show a 9.5% increase in GDP.
However, the weakness of the labor market remains a major risk factor, with employment down by about 20% from the pre-pandemic level. This could jeopardize the recovery expected in the medium term.

Electricity and natural gas markets

Developments in electricity demand

3rd Quarter			GWh	First nine months		
2020	2019	Change		**2020**	2019	Change
82	**84**	**-2.4%**	**Italy**	**225**	**242**	**-7.0%**
62	64	-3.1%	Spain	176	187	-5.9%
15	15	-	Romania	43	46	-6.5%
177	184	-3.8%	Russia	566	587	-3.6%
35	35	-	Argentina	100	100	-
145	143	1.4%	Brazil	431	442	-2.5%
19	20	-5.0%	Chile	58	58	-
18	18	-	Colombia	52	54	-3.7%
12	13	-7.7%	Peru	36	39	-7.7%

Source: national TSOs.

The first nine months of 2020 experienced an overall decline in electricity demand in all the main countries in which the Group operates, although for Italy and Spain the 3rd Quarter showed timid signs of a recovery, with values in line with those registered in the same months of 2019. This mitigated the drop in demand compared with 2019 for the period as a whole, which came to 7.0% for Italy and 5.9% for Spain. The reasons for the recovery are to be found in the gradual easing of lockdowns in these countries and the consequent recovery in economic activity. Conversely, the recovery in the Eastern European countries was less marked, with a decrease of 3.6% in Russia and 6.5% in Romania compared with the previous year.

As far as Latin America is concerned, electricity demand in the first nine months of 2020 was in line with that in the previous year for Argentina and Chile, whereas Brazil recorded a decrease of 2.5%, Colombia one of 3.7% and Peru, the country most severely impacted in terms of electricity demand, registered a drop of 7.7%.

Electricity prices

	Average baseload price Q3 2020 (€/MWh)	Change in average baseload price Q3 2020 - Q3 2019	Average peakload price Q3 2020 (€/MWh)	Change in average peakload price Q3 2020 - Q3 2019
Italy	**42.4**	**-16.7%**	**48.6**	**-13.3%**
Spain	37.6	-17.0%	39.9	-18.5%
Russia	14.3	-14.7%	16.4	-14.5%
Brazil	14.7	-66.8%	27.9	-55.3%
Chile	27.1	-37.3%	51.0	-15.2%
Colombia	36.7	-19.0%	58.1	-43.7%

In Europe, electricity prices were lower on average than in the same period last year, falling by 16.7% in Italy, 17.0% in Spain and 14.7% in Russia. The drop in prices was decidedly sharper in Latin America, with decreases of 66.8% in Brazil, 37.3% in Chile and 19.0% in Colombia.

Natural gas demand

3rd Quarter				Billions of m^3	First nine months			
2020	2019	Change			**2020**	2019	Change	
13	**14**	**(1)**	**-7.1%**	**Italy**	**49**	**54**	**(5)**	**-9.3%**
8	8	-	-	Spain	23	25	(2)	-8.0%

Natural gas demand in Italy in the 3rd Quarter of 2020 amounted to 13 billion cubic meters, a decrease of 7.1% on the previous year, while in Spain demand was unchanged at 8 billion cubic meters. The trend for both countries remained negative in in the first nine months.

Natural gas demand in in Italy by sector

3rd Quarter				Billions of m^3	First nine months			
2020	2019	Change			**2020**	2019	Change	
3	3	-	-	Distribution networks	20	22	(2)	-9.1%
3	3	-	-	Industry	10	11	(1)	-9.1%
7	8	(1)	-12.5%	Thermal generation	18	20	(2)	-10.0%
-	-	-	-	Other(1)	1	1	-	-
13	**14**	**(1)**	**-7.1%**	**Total**	**49**	**54**	**(5)**	**-9.3%**

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

Broken down by individual sector, in the 3rd Quarter of 2020 demand for thermal generation plunged by 12.5% on the same period of the previous year. In the first nine months of the year, demand contracted by 9.3% overall, with the fall coming in all sectors, mainly reflecting milder temperatures than last year and the slowdown in economic activity. This caused demand from the thermal generation and industrial sectors to fall more sharply (10.0% and 9.1% respectively).

Significant events in the 3rd Quarter of 2020

Enel reaches 64.9% of the share capital of Enel Chile

On July 7, 2020, Enel SpA announced that it had increased its stake in its Chilean subsidiary Enel Chile SA ("Enel Chile") to 64.9% of the company's share capital, settling two share swap transactions entered into in December 2019 with a financial institution to acquire up to 3% of the share capital of Enel Chile, as announced to the financial markets at the time. The transactions, which were funded with cash flow from operations, are in line with the Enel Group's announced objective to increase its stake in the Group's companies operating in South America, buying out minorities.

Enel accelerates energy transition towards decarbonization

Enel, in its role as a leader of the energy transition, has placed decarbonization and growth of renewables around the world at the center of its strategy. The 2020-2022 Strategic Plan provides for a significant increase in installed renewables capacity, from the current 46 GW to 60 GW at the end of 2022, and the progressive reduction of coal-fired capacity and generation. More specifically, it is expected that such capacity will decrease by more than 40% in 2022 compared with 2019. In order to manage renewable and thermal generation assets around the world in an integrated manner and guide and accelerate its transformation, Enel created a new Business Line in 2019.

In this context, on July 2, 2020, Enel began restructuring the activities associated with the energy transition process, which will involve thermal generation plants in all the geographical areas in which the Group operates. The consequent revision of processes and operating models will require changes in the roles and skills of employees, which the Group intends to implement with highly sustainable plans based on redeployment programs, with major upskilling and reskilling plans and voluntary individual early retirement agreements that will involve around 1,300 people worldwide.

The Group will define and launch these initiatives over the next two years, incurring a one-time charge of about €0.4 billion.

The restructuring plan will be implemented with procedures and timing that will differ in the various countries in which we are present, initiating the appropriate dialogue with local communities and the competent institutions and social partners.

Enel Green Power begins construction of its first renewables + storage project in North America

On July 21, 2020, Enel Green Power started construction of the Lily solar + storage project in Texas, its first hybrid project in North America, which integrates a renewable energy plant with utility-scale battery storage.

Enel launches sustainability-linked share buyback program serving its Long-Term Incentive Plan

On July 29, 2020, the Board of Directors of Enel SpA, implementing the authorization granted by the Shareholders' Meeting on May 14, 2020 and in compliance with the associated terms already disclosed to the market, approved the launch of a share buyback program involving 1.72 million shares (the "Program"), equal to about 0.017% of Enel's share capital.

The purpose of the Program, which will run from September 3 to December 7, 2020, is to serve the Long-Term Incentive Plan 2020 for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Civil Code ("LTI Plan 2020"), which was also approved by the Shareholders' Meeting on May 14, 2020.

To implement the Program, Enel appointed an authorized intermediary, who will make decisions on purchases in full independence. In line with Enel's commitment to a sustainable development model, the price at which the shares will be purchased from the intermediary will be linked to the achievement of the performance targets of the LTI Plan 2020, represented by the ratio between the net consolidated installed capacity of renewable sources and total net consolidated installed capacity at the end of 2022.

In execution of the Program, between September 3 and 4, 2020 Enel SpA acquired 107,114 treasury shares at a volume-weighted average price of €7.5869 per share, for a total of €812,672.723. Between September 21 and 25, 2020, the Company purchased an additional 412,089 treasury shares at a volume-weighted average price of €7.3589 per share, for a total of €3,032,537.478.

Since the beginning of the Program, Enel has acquired 1,010,100 shares (equal to 0.009935% of share capital) for a total of €7,529,625,474. Considering the treasury shares already owned, as of September 25, 2020, Enel held a total of 2,559,252 treasury shares, equal to 0.025173% of share capital.

Enel X expands its charging network further, reaching 50,000 charging points available throughout Europe

On August 7, 2020, Enel X announced that it had expanded its electric vehicle charging network to more than 50,000 public charging points, a significant increase from the 30,000 already available in early June, kicking off eRoaming connectivity with North European charging point operator Last Mile Solutions as well as has·to·be and E.ON. Within the framework of the Hubject e-mobility platform, this progress enables Enel X JuicePass app users to charge their vehicles without having to sign new contracts at the charging points operated by Last Mile Solutions, has·to·be and E.ON, on a network of around 20,000 additional charging points in Austria, Belgium, Switzerland, Germany and the Netherlands.

Enel reaches 65% of Enel Américas' share capital

On August 18, 2020, Enel SpA increased its stake in its Chilean subsidiary Enel Américas SA to 65% of the company's share capital following settlement of two share swap transactions entered into in April 2020 with a financial institution to acquire up to 2.7% of the share capital of Enel Américas, as announced to the financial markets at the time.

The transactions are in line with the Enel Group's announced objective to increase its stake in the Group's companies operating in South America, buying out minorities.

Enel issues perpetual hybrid bonds

On September 1, 2020, Enel SpA successfully issued a euro-denominated, non-convertible bond for institutional investors on the European market in the form of a subordinated perpetual hybrid bond with a total value of €600 million. The transaction was oversubscribed by more than six times, with total orders of more than €3.7 billion.

At the same time, Enel launched a non-binding voluntary offer to repurchase and subsequently cancel its £500 million sterling-denominated hybrid bonds falling due in 2076, with the objective of repurchasing a total of £200 million. Following the transaction, hybrid bonds in the total nominal amount of £250 million had been repurchased in cash.

Enel receives binding offer for 50% of OpEn Fiber from Macquarie

On September 17, 2020, the Board of Directors of Enel SpA (Enel) received notice of a binding offer from Macquarie Infrastructure & Real Assets (MIRA) for the acquisition of the 50% stake held by Enel in OpEn Fiber SpA.

The offer amounts to about €2,650 million, net of debt, for the purchase of the interest, with adjustment and earn-out mechanisms.

Enel's Board of Directors acknowledged receipt of the notification and is awaiting updates on the details that may emerge following the examination of the content of the offer with MIRA.

Enel Group begins reorganization of renewables operations in Central and South America

On September 22, 2020, Enel SpA announced that the Board of Directors of its listed Chilean subsidiary Enel Américas SA had voted to commence the process for the approval of a merger as part of the corporate reorganization of the Enel Group's shareholdings aimed at integrating the unconventional renewable energy businesses of the Enel Group in Central and South America (except Chile) into Enel Américas. The transaction, consistent with Enel's strategic objectives, will enable further simplification of the Group corporate structure and align the structure of Enel Américas' business with the rest of the Group.

The corporate reorganization envisages the integration into Enel Américas of the current unconventional renewable assets of the Enel Group in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Panama and Peru, through a series of transactions culminating in the merger of those assets into Enel Américas. The merger, which will increase Enel's stake in Enel Américas, will require amendment by the Shareholders' Meeting of the provisions of the latter's bylaws to remove the existing limitations whereby a single shareholder may not hold more than 65% of the voting rights. The Shareholders' Meeting will also be called on to approve the merger as transaction with related parties in compliance with applicable Chilean law.

Enel gave Enel Américas a favorable preliminary opinion on the above reorganization provided that it:

> is carried out on market terms and conditions;
> ensures that the financial position of Enel Américas will support the future development of the renewable energy business and the growth prospects of the company.

That favorable preliminary opinion is subject to an assessment by Enel of the final terms and conditions to be submitted for approval to the Shareholders' Meeting of Enel Américas.

Funac and the ICMS tax relief

On February 5, 2019, Law 20416 was promulgated. With the legislation, the state of Goiás shortened from January 27, 2015 to April 24, 2012 the period of operation of the Funac fund (established with Law 17555 of January 20, 2012) and the tax benefit system (created with Law 19473 of November 3, 2016) that allowed Celg Distribuição SA - Celg-D (now Enel Distribuição Goiás) to offset payment obligations in respect of the ICMS - *Imposto sobre Circulação de Mercadorias and Serviços* (tax on the circulation of goods and services). On February 25, 2019, Celg-D appealed the provisions of Law 20416 before the Court of the state of Goiás, filing a writ of mandamus and an accompanying petition for a precautionary suspension, which was denied on a preliminary basis 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 revoking the precautionary measure previously granted in favor of Celg-D and, accordingly, the effects of the law were restored as from that date. Celg-D filed an appeal against this decision, claiming that the right to guarantee tax credits has both a legal and contractual basis and that, therefore, the actions that the state of Goiás has taken in order to fully suspend the application of these laws are patently unfounded. On October 2, 2019, the appeal filed by Celg-D was denied. On November 21, 2019, Celg-D challenged this decision before the *Superior Tribunal de Justiça* (STJ). On February 27, 2020, the *Tribunal de Justiça* (TJ) declared inadmissible the appeal by Celg-D, which on May 5, 2020 appealed this decision before the STJ. These proceedings are under way. It is important to note that the coverage of the Funac fund is provided for in the agreement for the acquisition of Celg-D by Enel Brasil SA.

On April 26, 2019, Law 20468 was promulgated. With the law, the state of Goiás fully revoked the tax relief referred to above. On May 5, 2019, Celg-D filed an ordinary petition and a request for a precautionary suspension against the state of Goiás to contest this law. On September 16, 2019, the Court of the state of Goiás denied the petition for precautionary relief, citing the absence of any danger in delay, a requirement for the granting of precautionary relief. On September 26, 2019, Celg-D filed an appeal (*agravo de instrumento*) before the Court of the state of Goiás against the decision denying the precautionary suspension, claiming that the repeal of the tax credit law is unconstitutional to the extent that these credits were established in accordance with applicable law and constitute acquired rights. As part of the same appeal proceeding, the state of Goiás initiated an action to challenge the admissibility of the Celg-D petition, which was provisionally allowed and subsequently challenged by Celg-D. On September 7, 2020, the state of Goiás submitted its brief on the request for precautionary relief under appeal.

In addition, the Brazilian association of electricity distribution companies (ABRADEE) had filed an action for a ruling on constitutionality before the Constitutional Court of Brazil (*Supremo Tribunal Federal*) with regard to Laws 20416 and 20468, which was denied on June 3, 2020 in an individual decision of the judge-rapporteur for lack of compliance with formal requirements. On June 24, 2020, ABRADEE filed an appeal (*agravo regimental*) against the decision. On September 21, 2020, the Supreme Court of Brazil, without entering into the merits of the case, rejected the appeal of ABRADEE for formal reasons and the proceeding was concluded.

Criminal proceedings connected with Pietrafitta plant

With regard to the Pietrafitta thermal generation plant, the Perugia Public Prosecutor had started an investigation involving a number of officers of Enel Produzione SpA, as well as certain third parties who are today owners of the land adjacent to the plant – formerly Enel's – on which ash was found. This discovery was following by a series of inspections by control entities and the competent authorities, leading September 21, 2018 to the closure of the investigations and the filing of charges against six officers of the company and a number of the third-party owners of the sites under investigation.

The alleged offenses are as follows: failure to restore the site (Article 452-*terdecies* of the Italian Criminal Code) for the failure to restore and recover the areas located in the town of Piegaro (Perugia) affected by the spillage of ash produced up to the 1980s by the Pietrafitta power plant (as well as ash from other company plants), and other areas where contamination with polychlorinated biphenyls (PCBs) was found associated with mining equipment owned by Enel Produzione SpA and used in the past for lignite excavation, which had remained deposited on the third-party sites under investigation; environmental pollution pursuant to Article 452-*bis* of the Criminal Code, for having caused a "significant and measurable deterioration" in managing the mining equipment, consisting in the PCB contamination of the area, with respect to which Enel Produzione SpA was also charged with administrative liability pursuant to Legislative Decree 231/2001.

In the summer of 2019, Enel Produzione SpA filed a petition for dismissal, which was accepted by the prosecutor for the crime of environmental pollution pursuant to Article 452-*bis* of the Criminal Code, with consequent dismissal of the charge pursuant to Legislative Decree 231/2001.

A number of environmental associations filed an objection to the dismissal, and on February 21, 2020 a hearing was held before the investigating magistrate that ended with dismissal of the charges (May 28, 2020), which, in brief, accepted all of Enel's defenses and confirmed the dismissal of any other possible charges – even if not brought by the Prosecutor's Office – relating to the possible health effects of the presence of the ashes.

Accordingly, the criminal proceedings are continuing with sole regard to the crime of failure to restore the site, with respect to which in December 2019 Enel Produzione SpA presented an application for a stay of proceedings with probation, consisting in the implementation of a program agreed with the Prosecutor's Office for proportionate and fair restoration with respect to the complaints filed against the defendants. The probation hearing was held on October 29, 2020, on which date the investigating magistrate at the Court of Perugia granted the request for probation submitted by Enel Produzione. The hearing was adjourned until February 18, 2021.

COVID-19

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

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

From the second part of February 2020, the outbreak began to spread rapidly in Europe, especially in Italy and Spain, as well as the United States, with initial hotspots emerging in Latin America and Africa, where governments adopted a variety of approaches to impose restrictions on the movement of people, with some ordering total or partial lockdowns. During the warmer months in Europe, the pandemic subsided, thanks in part to the adoption of the measures noted above. Conversely, during the same period cases increased substantially in Latin America. Towards the close of the 3rd Quarter, a second wave of contagion got under way, with rapid growth above all in Europe, the United States and Latin America.

To contain the effects of the second wave of the disease, pending medical trials to develop a vaccine that can be administered to humans, governments have adopted numerous containment measures, essentially intended to restrict the free movement of people, such as selective lockdowns or the early closure of public places to limit crowds.

Already during the 1st Quarter, the Group had issued guidelines aimed at ensuring compliance with the measures introduced at the local level and taken numerous steps to adopt the most suitable procedures to prevent and/or mitigate the effects of contagion in the workplace.

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

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

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

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


enel
enel
people
impact

Group performance and operations

The operations and performance of the Group are discussed below.

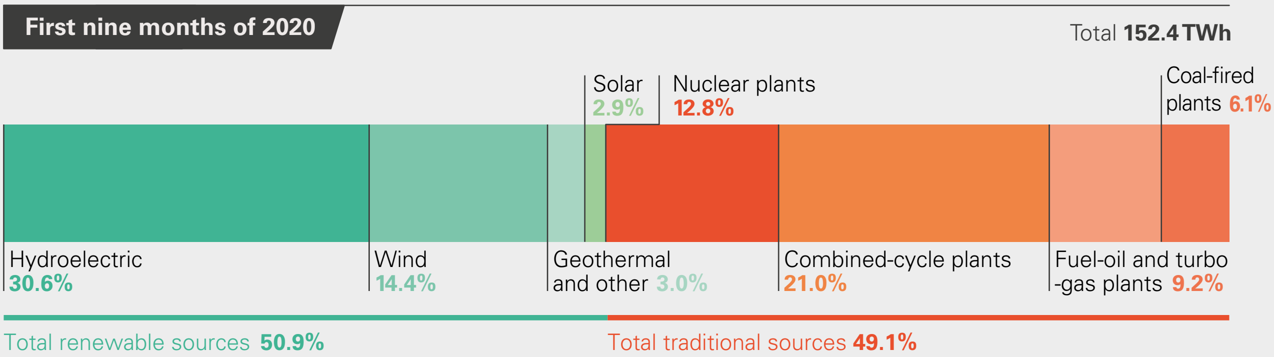
Operations

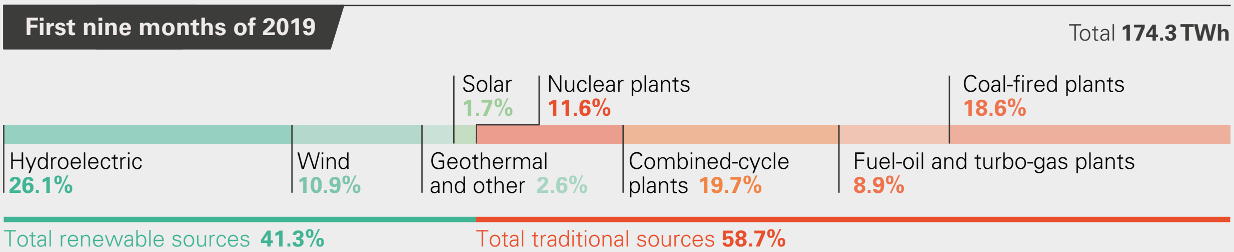
SDG		First nine months 2020	2019	Change
	Net electricity generation (TWh)	152.4	174.3	(21.9)
	of which:			
7	*- renewable (TWh)*	*77.6*	*72.0*	*5.6*
	Total net efficient installed capacity (GW)	83.5	84.3 (1)	(0.8)
7	Net efficient installed renewable capacity (GW)	43.7	42.1 (1)	1.6
7	Net efficient installed renewable capacity (%)	52.3%	50.0% (1)	4.6%
7	Additional efficient installed renewable capacity (GW)	1.52	1.20	0.32
9	Electricity transported on Enel's distribution grid (TWh) (2)	357.2	379.6	(22.4)
9	End users with active smart meters (no.)	44,943,498	44,345,840	597,658
9	Electricity distribution and transmission grid (km) (3)	2,229,301	2,219,008 (1)	10,293
	End users (no.) (4)	74,294,733	73,738,080	556,653
	Electricity sold by Enel (TWh) (5)	222.0	242.2	(20.2)
	Gas sold to end users (billions of m^3)	6.7	7.6	(0.9)
	Retail customers (no.) (4)	69,894,578	70,690,514	(795,936)
	- of which free market	*23,224,726*	*22,810,889*	*413,837*
11	Demand response capacity (MW)	5,945	6,144	(199)
11	Charging points (no.)	95,435	69,691	25,744
11	Storage (MW)	122.0	110.0 (1)	12.0

(1) At December 31, 2019.
(2) The figures for 2019 reflect a more accurate calculation of quantities transported.
(3) In 2020 part of the grid in Peru was sold to Enel X; the figure for 2019 was adjusted to ensure comparability.
(4) In 2020 the calculation criterion for Latin America was aligned; the figure for 2019 was adjusted to ensure comparability.
(5) With effect from January 1, 2020, the volume of electricity sold also includes sales to large customers by generation companies in Latin America. Consequently, the figure for sales in the first nine months of 2019 has been adjusted to ensure comparability.

Net electricity generation in the first nine months of 2020 decreased by 21.9 TWh (-12.6%) compared with the same period of 2019. The decline reflected a contraction in thermal generation (-26.7 TWh), mainly due to a reduction on coal-fired output (-23 TWh), partly offset by an increase in renewables generation (+5.5 TWh). In particular, the latter increase primarily reflected the entry into service of new plants (+4.7 TWh), inlcuding wind farms (+3.0 TWh) and solar plants (+1.5 TWh), as well as an increase in hydroelectric generation.
Nuclear generation declined by -0.7 TWh compared with the same period of 2019, totaling 19.5 TWh.

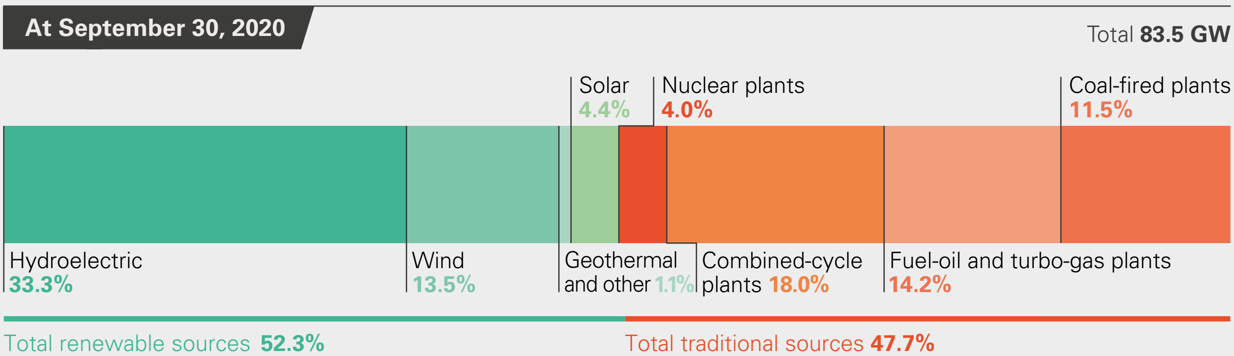
Net electricity generation by source in the first nine months of 2020

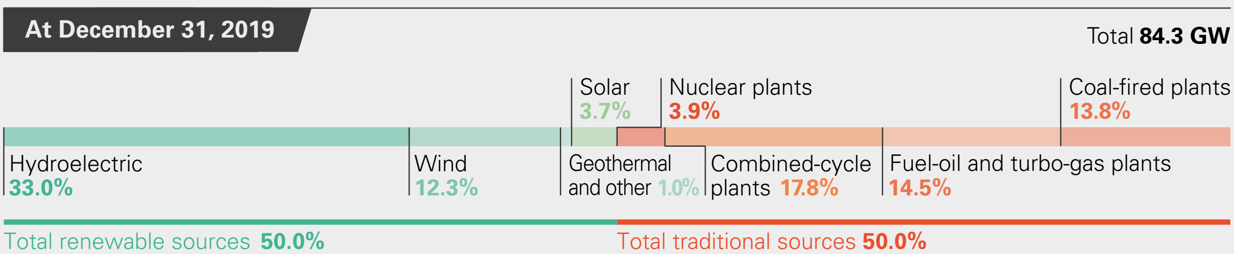




Enel's **total net efficient installed capacity** decreased by 0.8 GW in the first nine months of 2020. The decommissioning of 2.1 GW of coal-fired plants in Spain was only partially offset by new wind and solar renewables capacity in North America (0.67 GW) and Brazil (0.62 GW).

Net efficient installed capacity by source at September 30, 2020





Electricity transported on the Enel distribution network in the first nine months of 2020 amounted to 357.2 TWh, down 22.4 TWh (-5.9%) compared with the same period of 2019, essentially in Italy (-13.7 TWh), Brazil (-3.5 TWh) and Spain (-2.3 TWh).

The number of **Enel end users with active smart meters** showed an increase of 597,658 in the first nine months of 2020, mainly in Spain (+271,748) and Romania (+306,255).

Electricity sold by Enel in the first nine months of 2020 amounted to 222 TWh, a decrease of 20.2 TWh (-8.3%) compared with the year-earlier period. Quantities sold decreased in Italy (-6.8 TWh), Spain (-6.4 TWh), Latin America (-6.2 TWh), mainly in Brazil (-2.9 TWh), and Romania (-0.8 TWh).

Gas sold by Enel in the first nine months of 2020 amounted to 6.7 billion cubic meters, down 0.9 billion cubic meters compared with the same period of 2019.

Enel charging points increased by 25,744 the first nine months of 2020 compared with 2019.
Charging points installed for private citizens posted an increase of 22,142, mainly in North America and Italy, while public charging points increased by 3,602, mainly in Italy and Spain.

The Enel Group **workforce** at September 30, 2020 numbered 66,735, of whom 37,051 were employed in companies outside of Italy. The change in the first nine months of 2020 (-1,518) reflects the impact of the balance between new hires and terminations (-547) and the change in the scope of consolidation (-971), due mainly to the disposal of the Reftinskaya plant in Russia.

No.

	at Sept. 30, 2020	at Dec. 31, 2019
Thermal Generation and Trading	8,272	9,432
Enel Green Power	8,168	7,957
Infrastructure and Networks	34,455	34,822
End-user Markets	6,288	6,336
Enel X	2,971	2,808
Services	5,698	6,013
Other	883	885
Total	**66,735**	**68,253**

Group performance

Millions of euro	First nine months			
	2020	2019	Change	
Revenue[1]	48,050	59,332	(11,282)	-19.0%
Costs[1]	34,793	43,097	(8,304)	-19.3%
Net income/(expense) from commodity risk management[1]	(552)	(3,026)	2,474	81.8%
Gross operating margin	**12,705**	**13,209**	**(504)**	**-3.8%**
Depreciation, amortization and impairment losses	5,730	9,010	(3,280)	-36.4%
Operating income	**6,975**	**4,199**	**2,776**	**66.1%**
Financial income	3,239	3,640	(401)	-11.0%
Financial expense	4,964	5,545	(581)	-10.5%
Total net financial income/(expense)	**(1,725)**	**(1,905)**	**180**	**9.4%**
Share of income/(losses) from equity investments accounted for using the equity method	**5**	**(104)**	**109**	**-**
Income before taxes	**5,255**	**2,190**	**3,065**	**-**
Income taxes	1,576	647	929	-
Net income from continuing operations	**3,679**	**1,543**	**2,136**	**-**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**3,679**	**1,543**	**2,136**	**-**
Net income attributable to shareholders of Parent Company	2,921	813	2,108	-
Net income attributable to non-controlling interests	758	730	28	3.8%

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 to the condensed consolidated financial statements at September 30, 2020).

Financial impact of COVID-19

In compliance with recent recommendations of ESMA and CONSOB, the Group has initiated internal analyses to assess the real and potential impacts of COVID-19 on business activities, on the financial situation and on performance.

In light of the macroeconomic scenario discussed earlier, the impact of COVID-19 is most significant for the Business Lines most closely involved with the market such as End-user Markets and Enel X, taking account of the fact that they have been affected by a significant reduction in demand and a general slowdown in the acquisition of new customers. More specifically, End-user Markets are affected by the overcontracting of electricity as demand and the related volumes decline, as well as the slowdown in collections on accounts receivable, due both to the effects of the crisis and the lockdowns that affected the timeliness of payments and the practices adopted in certain countries that suspended the possibility of cutting off electricity supply to defaulting customers. Enel X, on the other hand, has experienced a general slowdown in the development of its portfolio of new businesses, even if a positive rebound is expected, especially in Italy, in light of the measures adopted by the Government to encourage the revival of economic activity. The other Business Lines have been affected by a reduction in demand and a slight slowdown in investment activities due to lockdowns.

Bearing in mind the current climate of uncertainty and based on the best information available to date, the estimated financial impact of COVID-19 on the gross operating margin, the ordinary gross operating margin, operating income, ordinary operating income, Group net income and Group ordinary net income are reported below.

Millions of euro	Demand	COVID-19 costs	Impairment of receivables	Total
Gross operating margin	(529)	(101)	-	(630)
Operating income	(529)	(101)	(181)	(811)
Group net income	(220)	(66)	(98)	(384)
Ordinary gross operating margin	(529)	-	-	(529)
Ordinary operating income	(529)	-	(181)	(710)
Group ordinary net income	(220)	-	(98)	(318)

The gross operating margin was affected by the COVID-19 emergency mainly in terms of a decrease of €529 million in demand for electricity, with a decrease in sales volumes and the related margins, mainly in End-user Markets of Italy and Spain and in distribution in Latin America. This figure was determined by using benchmark prices to measure the reduction in quantities distributed and sold, as observed during the peak of the COVID-19 pandemic in the various countries in which the Group operates.

Another factor impacting the gross operating margin was the direct cost of the health emergency (€101 million) for workplace sanitization activities, personal protective equipment and donations. These costs do not impact the determination of the ordinary gross operating margin.

At the same time, taking into account the most recent collection status and the results of the valuation model used to measure the recoverability of receivables, the Group recognized an increase in impairment losses on receivables of about €181 million at the marketing companies, in particular in Italy, Spain and Brazil.

Taking account of tax effects and minority interests, the overall impact of COVID-19 on the Group's net income at September 30, 2020 was a negative €384 million (€318 million on Group ordinary net income).

Revenue

Millions of euro	First nine months			
	2020	2019	Change	
Sale of electricity[1]	25,352	30,054	(4,702)	-15.6%
Transport of electricity	7,932	7,752	180	2.3%
Fees from network operators	681	688	(7)	-1.0%
Transfers from institutional market operators	1,018	1,225	(207)	-16.9%
Sale of gas	1,889	2,405	(516)	-21.5%
Transport of gas	424	453	(29)	-6.4%
Sale of fuels[1]	399	641	(242)	-37.8%
Fees for connection to electricity and gas networks	556	575	(19)	-3.3%
Revenue from construction contracts	563	533	30	5.6%
Sale of commodities under contracts with physical settlement (IFRS 9)[1]	6,666	11,705	(5,039)	-43.0%
Other revenue	2,570	3,301	(731)	-22.1%
Total	**48,050**	**59,332**	**(11,282)**	**-19.0%**

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 to the condensed consolidated financial statements at September 30, 2020).

In the first nine months of 2020, revenue decreased significantly due to:

- a reduction in sales of gas and electricity in Spain (€1,064 million) and Italy (€1,057 million) on both the regulated and free markets, mainly reflecting the COVID-19 pandemic, which for the free market produced a decrease in volumes transacted with business-to-business customers;
- a reduction in commodity trading activities on contracts with physical settlement, due to the reduction in volumes traded and prices, and to the effects of the application of the interpretation in the IFRIC Agenda Decision of 2019 to the sale of energy commodities with physical settlement measured at fair value[2] through profit or loss (€5,041 million);
- a contraction in sales in Latin America (€2,121 million), mainly owing to a reduction in electricity transported on the grid as a consequence of the COVID-19 pandemic, as well as the impact of the depreciation of currencies against the euro, particularly in Brazil;
- a reduction in gas sales in the End-user Markets Business Line (€548 million) in Spain and Italy, due in part to the negative effects of the COVID-19 pandemic on demand;
- a decrease in revenue from unconventional renewables generation in Latin America, especially in Chile and Brazil, mainly due to the adverse impact of exchange rate developments. This factor was only partially offset by an increase in revenue in Italy, Spain and United States.

Revenue in the first nine months of 2019 included other revenue in respect of:

- the agreement between Edesur (€228 million, of which €202 million in respect of the distribution Business Line and €26 million for End-user Markets) and the Argentine government settling reciprocal disputes originating between 2006 and 2016;
- the gain on the disposal of Mercure Srl (€108 million);
- negative goodwill (€106 million) from the definitive allocation of the purchase price, performed by independent experts, in the acquisition by Enel North America (formerly Enel Green Power North America - EGPNA) of a number of companies sold by Enel Green Power North America Renewable Energy Partners LLC (EGPNA REP) in the 1st Quarter of 2019;
- the contractual indemnity received following the exercise of the option to withdraw from an electricity supply contract by a major industrial customer of Enel Generación Chile (€160 million, of which €80 million pertaining to the Thermal Generation and Trading Business Line and €80 million pertaining to the Enel Green Power Business Line);
- the adjustment of the price for the acquisition of eMotorWerks in 2017 following application of a number of contractual clauses (€58 million);
- the fee of €50 million 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 in Enel Rete Gas.

(2) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities with physical settlement measured at fair value through profit or loss.

Costs

Millions of euro	First nine months			
	2020	2019	Change	
Electricity purchases[1]	11,289	16,235	(4,946)	-30.5%
Consumption of fuel for electricity generation	1,999	3,241	(1,242)	-38.3%
Fuel for trading and gas for sale to end users[1]	5,713	6,510	(797)	-12.2%
Materials[1]	1,299	1,426	(127)	-8.9%
Personnel	3,101	3,461	(360)	-10.4%
Services, leases and rentals	11,237	11,845	(608)	-5.1%
Other operating expenses	1,661	1,932	(271)	-14.0%
Capitalized costs	(1,506)	(1,553)	47	3.0%
Total	**34,793**	**43,097**	**(8,304)**	**-19.3%**

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 to the condensed consolidated financial statements at September 30, 2020).

Net income/(expense) from commodity risk management

Net expense from commodity risk management connected with trading that does not provide for the physical delivery of the underlying commodities in the first nine months of 2020 decreased by €2,474 million compared with the same period of 2019, mainly reflecting fluctuations in market prices.

Gross operating margin

Millions of euro	First nine months			
	2020	2019	Change	
Thermal Generation and Trading	1,341	1,215	126	10.4%
Enel Green Power	3,376	3,292	84	2.6%
Infrastructure and Networks	5,714	6,148	(434)	-7.1%
End-user Markets	2,287	2,405	(118)	-4.9%
Enel X	68	107	(39)	-36.4%
Services	40	134	(94)	-70.1%
Other, eliminations and adjustments	(121)	(92)	(29)	-31.5%
Total	**12,705**	**13,209**	**(504)**	**-3.8%**

The decrease in **gross operating margin** is essentially attributable to:

> Infrastructure and Networks in the amount of €434 million, reflecting:
  - a decrease in volumes distributed, especially in Latin America (essentially Brazil, Chile and Peru), as a result of the impact on demand of the COVID-19 health emergency. Another factor was the adverse exchange rate developments registered in the first nine months of 2020 (-€200 million), especially in Brazil;
  - the recognition of greater provisions for early retirement incentive plans in Spain following the changes made with the "agreement on the voluntary suspension or termination of employment contracts" (€91 million);
  - a decrease in quantities transported and the effect of the application of the new rate mechanism in Spain for the 2020-2025 period;
  - the positive effects recognized in 2019 associated with the Edesur settlement agreement (€202 million) and

the indemnity for the sale of Enel Rete Gas (€50 million) noted earlier.

These factors were only partly offset by:

- the modification of the electricity discount benefit in Spain (€269 million) following the signing of the 5th Endesa Collective Bargaining Agreement, which led to the partial reversal of the provision;
- an increase of €51 million in income in Italy from the application of the Regulatory Authority for Energy, Networks and the Environment (ARERA) Resolutions nos. 50/2018 and 568/2019 for the reimbursement of system charges and grid fees;

> End-user Markets in the amount of €118 million as a result of the adverse impact on electricity demand of the COVID-19 health emergency, especially on the free markets in Italy and Spain, above all in business-to-business transactions, and the effect of the indemnity received in the first nine months of 2019 by Edesur (€26 million). These negative effects were partly offset by a reduction in the provisioning costs of commodities;

> Enel X (€39 million), where operating improvements despite the effects of the pandemic were more than offset by the effect of the recognition in 2019 of an indemnity of €58 million received in application of contractual clauses connected with the disposal of eMotorWerks;

> Services, primarily reflecting non-recurring costs associated with the COVID-19 emergency (€35 million) and costs connected with early retirement incentives and personnel retraining plans connected with the energy transition process begun by the Group.

These decreases were partly offset by increases for:

> Thermal Generation and Trading, which benefitted from the positive effects of:

- the modification of the electricity discount benefit net of the provision for early retirement incentives in Spain (€165 million);
- a decrease in provisioning costs and an improvement in operating efficiency in Italy and Spain in the total amount of €364 million.

These positive factors were partially offset by:

- an increase of €204 million in charges for corporate restructuring plans undertaken by the Group as part of the energy transition process, with particular regard to coal-fired plants in Spain;
- the reduction in the gross operating margin in Russia due to the sale of the Reftinskaya plant in October 2019;
- a €62 million increase in tax charges in reflection of the temporary suspension for 2019 only of the tax on electricity generation and on fuels in conventional thermal and nuclear generation (Royal Decree Law 15/2018), as well as the introduction from July 2020 of a new "eco-tax" in Catalonia;
- the recognition in the 1st Quarter of 2019 of income from the indemnity of €80 million received in Chile and from the sale of Mercure Srl in Italy (€94 million, equal to the capital gain noted above less the associated site restoration costs);
- adverse exchange rate developments in Latin America (€35 million);

> Enel Green Power (€84 million), mainly due to:

- an improvement in the gross operating margin in Italy (€139 million), mainly reflecting the improvement in the performance of hydroelectric plants;
- an improvement in the gross operating margin in Spain (€74 million) as a result of the increase in quantities generated and sold, thanks in part to the greater installed capacity of wind plants;
- an increase in the margin in the United States (€31 million) owing to the entry into service of new wind farms, which produced an increase in income from tax partnerships (€108 million) and an increase in income from indemnities and disputes (€46 million);
- an improvement in the margin in Europe, primarily due to the entry into service of new wind plants in Greece.

These positive effects were partially offset by the recognition in the first nine months of 2019 of income deriving from an indemnity for early withdrawal from an electricity supply contract in Chile (€80 million), a reduction in margins in Brazil owing to the sale in 2019 of a number of wind farms and unfavorable exchange rate developments during the first nine months of 2020, as well as the effect of the recognition in the first nine months of 2019 of negative goodwill (€106 million) following the acquisition by Enel North America (formerly Enel Green Power North America - EGPNA) of a number of companies sold by Enel Green Power North America Renewable Energy Partners LLC (EGPNA REP).

Ordinary gross operating margin

Millions of euro	First nine months 2020							
	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user Markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Gross operating margin	**1,341**	**3,376**	**5,714**	**2,287**	**68**	**40**	**(121)**	**12,705**
Writedowns of fuels and spare parts inventories of certain coal-fired plants in Italy, Spain and Chile	124	-	-	-	-	-	-	124
Personnel retraining costs for the energy transition process	204	2	-	-	-	7	-	213
Increase in costs from application of contractual clauses connected with sale of EF Solare Italia	-	3	-	-	-	-	-	3
COVID-19 costs	8	6	39	10	2	35	1	101
Ordinary gross operating margin	**1,677**	**3,387**	**5,753**	**2,297**	**70**	**82**	**(120)**	**13,146**

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)]	**1,215**	**3,292**	**6,148**	**2,405**	**107**	**134**	**(92)**	**13,209**
Additional indemnity for disposal of e-distribuzione investment in Enel Rete Gas	-	-	(50)	-	-	-	-	(50)
Disposal of interest in Mercure Srl	(94)	-	-	-	-	-	-	(94)
Writedown of fuel and spare parts inventories of a number of coal fired plants in Italy and Spain[(2)]	203	-	-	-	-	-	-	203
Ordinary gross operating margin[(1)]	**1,324**	**3,292**	**6,098**	**2,405**	**107**	**134**	**(92)**	**13,268**

(1) The figures have been adjusted to take account of the fact that in Latin America the values in respect of large customers managed by generation companies were reattributed to the End-user Markets Business Line.

(2) The writedown of fuel and materials/spare parts inventories is not considered ordinary as it was strictly connected with the impairment losses recognized on a number of coal-fired plants in Italy and Spain.

Operating income

Millions of euro	First nine months			
	2020	2019	Change	
Thermal Generation and Trading	(34)	(3,697)	3,663	-
Enel Green Power	2,408	2,376	32	1.3%
Infrastructure and Networks	3,495	3,961	(466)	-11.8%
End-user Markets	1,364	1,669	(305)	-18.3%
Enel X	(38)	(4)	(34)	-
Services	(78)	10	(88)	-
Other, eliminations and adjustments	(142)	(116)	(26)	-22.4%
Total	**6,975**	**4,199**	**2,776**	**66.1%**

Operating income in the first nine months of 2020 increased by of 2,776 million, including a reduction of €3,280 million in depreciation and impairment losses. The latter change was mainly due to the impact of writedowns recognized during the first nine months of 2019 on a number of coal plants in Italy, Spain, Chile and Russia for a total of €4,002 million. More specifically:

- in Chile, €364 million in writedowns were recognized on two plants also following the agreement reached with the Chilean government on their early disposal;
- in Russia, as a result of an agreement for the sale of the Reftinskaya coal plant, the value of the plant was written down to take account of the sale price (€125 million);
- in Spain, during the 3rd Quarter of 2019 the deterioration in commodity prices and the operation of the CO_2 emissions market compromised the competitiveness of coal-fired plants. In Italy, in addition to the deterioration in conditions, the implementation of the new rules governing the remuneration of the availability of production capacity (the capacity market) restricted the scope of its future application for plants with higher CO_2 emissions, providing for the exclusion of coal-fired plants from the electricity market. For these reasons, the book value of a number of coal plants in Italy and Spain, including the related dismantling costs, was written down in the total amount of €3,513 million.

These effects were partly offset by the impairment losses recognized during the first nine months of 2020 on the Bocamina II coal-fired plant in Chile, reflecting the Enel Group's decision to close it early to achieve the Group's strategic decarbonization objective for generation processes (€737 million).

Ordinary operating income

Millions of euro	First nine months 2020							
	Thermal Generation and Trading	Enel Green Power	Infrastructure and Networks	End-user Markets	Enel X	Services	Other, eliminations and adjustments	**Total**
Operating income	**(34)**	**2,408**	**3,495**	**1,364**	**(38)**	**(78)**	**(142)**	**6,975**
Writedown of Funac receivable of Enel Distribuição Goiás	-	-	-	10	-	-	-	10
Writedown of CIS Interporto di Nola and increase in contract costs connected with sale of EFSI	-	17	-	-	-	-	-	17
Writedown of fuel and spare parts inventories of certain coal-fired plants in Italy, Spain and Chile	124	-	-	-	-	-	-	124
Personnel retraining costs for the energy transition process	204	2	-	-	-	7	-	213
Writedown of a number of coal-fired plants in Italy, Spain and Chile	748	-	-	-	-	-	-	748
Adjustment of depreciation/amortization and impairment in Guatemala and Costa Rica	-	23	-	-	-	-	-	23
COVID-19 costs	8	6	39	10	2	35	1	101
Ordinary operating income	**1,050**	**2,456**	**3,534**	**1,384**	**(36)**	**(36)**	**(141)**	**8,211**

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(1)	**(3,697)**	**2,376**	**3,961**	**1,669**	**(4)**	**10**	**(116)**	**4,199**
Indemnity for disposal of e-distribuzione investment in Enel Rete Gas	-	-	(50)	-	-	-	-	(50)
Disposal of interest in Mercure Srl	(94)	-	-	-	-	-	-	(94)
Writedown of fuel and spare parts inventories of a number of coal fired plants in Italy and Spain(2)	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 plant	125	-	-	-	-	-	-	125
Ordinary operating income(1)	**414**	**2,376**	**3,911**	**1,669**	**(4)**	**10**	**(116)**	**8,260**

(1) The figures have been adjusted to take account of the fact that in Latin America the values in respect of large customers managed by generation companies were reattributed to the End-user Markets Business Line.

(2) The writedown of fuel and materials/spare parts inventories is not considered ordinary as it was strictly connected with the impairment losses recognized on a number of coal-fired plants in Italy and Spain.

Group net income

Group net income in the first nine months of 2020 amounted to €2,921 million, compared with €813 million posted in the same period of the previous year.

The increase is mainly attributable to the increase in operating income noted above, partly offset by an increase in taxes due to the tax effects recognized in 2019, namely:

> the "*revalúo*" at a number of generation companies in Argentina;
> the preferential tax treatment (PEX) applied to the gain on the disposal of Mercure Srl;
> the reversal of deferred tax liabilities of EGPNA in connection with the acquisition of a number of companies from EGPNA REP.

These factors were partly offset by:

> a reduction in net financial expense, mainly due to a decrease in interest expense on financial debt in Latin America and the effect of debt refinancings at more attractive interest rates in the last 12 months;
> a decrease in charges connected with equity investments accounted for using the equity method (€109 million) largely as a result of the effect recognized in the first nine months of 2019 in connection with the repurchase of a number of companies from the EGPNA REP joint venture, which led to the recognition of a capital loss on EGPNA REP;
> a decrease in non-controlling interests compared with the first nine months of 2019.

Group ordinary net income

Millions of euro	First nine months	
	2020	2019
Group net income	**2,921**	**813**
Writedown of a number of coal-fired plants and inventories in Italy, Spain and Chile	415	2,520
Personnel retraining costs for the energy transition process	112	-
COVID-19 costs	66	-
Writedown of certain assets held by Slovak Power Holding BV	40	52
Adjustment of depreciation/amortization and impairment in Guatemala and Costa Rica	23	-
Other minor non-recurring items	16	-
Writedown of Reftinskaya plant	-	56
Indemnity for disposal of e-distribuzione investment in Enel Rete Gas	-	(49)
Disposal of interest in Mercure Srl	-	(97)
Group ordinary net income(1)	**3,593**	**3,295**

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

Analysis of the Group's financial position and financial structure

Net capital employed and related funding

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

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	95,154	99,010	(3,856)	-3.9%
- goodwill	14,070	14,241	(171)	-1.2%
- equity investments accounted for using the equity method	1,682	1,682	-	-
- other net non-current assets/(liabilities)	(5,958)	(5,022)	(936)	-18.6%
Total net non-current assets	**104,948**	**109,911**	**(4,963)**	**-4.5%**
Net current assets:				
- trade receivables	11,527	13,083	(1,556)	-11.9%
- inventories	2,647	2,531	116	4.6%
- net receivables due from institutional market operators	(3,334)	(3,775)	441	11.7%
- other net current assets/(liabilities)	(5,325)	(7,282)	1,957	26.9%
- trade payables	(10,001)	(12,960)	2,959	22.8%
Total net current assets	**(4,486)**	**(8,403)**	**3,917**	**46.6%**
Gross capital employed	**100,462**	**101,508**	**(1,046)**	**-1.0%**
Provisions:				
- employee benefits	(2,760)	(3,771)	1,011	26.8%
- provisions for risks and charges and net deferred taxes	(5,340)	(5,722)	382	6.7%
Total provisions	**(8,100)**	**(9,493)**	**1,393**	**14.7%**
Net assets held for sale	**5**	**98**	**(93)**	**-94.9%**
Net capital employed	**92,367**	**92,113**	**254**	**0.3%**
Total shareholders' equity	**43,414**	**46,938**	**(3,524)**	**-7.5%**
Net financial debt	**48,953**	**45,175**	**3,778**	**8.4%**

Net capital employed at September 30, 2020 amounted to €92,367 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €43,414 million and net financial debt of €48,953 million. At September 30, 2020, the debt/equity ratio was 1.13 (0.96 at December 31, 2019).

The increase in **net financial debt** amounted to €3,778 million (+8.4%) and was associated with (i) funding requirements connected with investment in the period (€6,563 million), (ii) payment of dividends for a total of €4,632 million, and (iii) extraordinary transactions in non-controlling interests connected with the acquisitions of additional equity in Enel Américas and Enel Chile (€1,074 million).

The positive cash flow from operations (€6,560 million) and favorable developments in the exchange rates applicable to debt denominated in foreign currency partly offset the cash requirements of the developments indicated above.

One notable development was the decrease in **property, plant and equipment and intangible assets** associated with the writedown of the Bocamina II coal-fired plant in Chile, as well as depreciation and amortization for the period and, above all, the adverse developments in exchange rates in Latin America net of investment for the period. This decrease in net capital employed was more than offset by the change in **net current assets**, reflecting normal developments in accounts receivable/payable in the COVID-19 environment and the general decline in operating costs, especially for fuels.

Finally, **shareholders' equity** declined in particular as a result of the dividend distribution and adverse exchange rate developments, especially in Latin America.

Net financial debt

The Enel Group's net financial debt and changes in the period are detailed in the table below.

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Long-term debt:				
- bank borrowings	8,420	8,407	13	0.2%
- bonds	40,253	43,294	(3,041)	-7.0%
- other borrowings	2,400	2,473	(73)	-3.0%
Long-term debt	*51,073*	*54,174*	*(3,101)*	*-5.7%*
Long-term financial receivables and securities	(3,088)	(3,185)	97	3.0%
Net long-term debt	**47,985**	**50,989**	**(3,004)**	**-5.9%**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	1,685	1,121	564	50.3%
- other short-term bank borrowings	997	579	418	72.2%
Short-term bank borrowings	*2,682*	*1,700*	*982*	*57.8%*
Bonds (short-term portion)	1,391	1,906	(515)	-27.0%
Other borrowings (short-term portion)	358	382	(24)	-6.3%
Commercial paper	5,783	2,284	3,499	-
Cash collateral on derivatives and other financing	753	750	3	0.4%
Other short-term financial payables[1]	172	351	(179)	-51.0%
Other short-term debt	*8,457*	*5,673*	*2,784*	*49.1%*
Long-term financial receivables (short-term portion)	(1,623)	(1,585)	(38)	-2.4%
Financial receivables - cash collateral	(2,628)	(2,153)	(475)	-22.1%
Other short-term financial receivables	(282)	(369)	87	23.6%
Cash and cash equivalents with banks and short term securities	(5,638)	(9,080)	3,442	37.9%
Cash and cash equivalents and short-term financial receivables	*(10,171)*	*(13,187)*	*3,016*	*22.9%*
Net short-term debt	**968**	**(5,814)**	**6,782**	**-**
NET FINANCIAL DEBT	**48,953**	**45,175**	**3,778**	**8.4%**
Net financial debt of "Assets held for sale"	**-**	**-**	**-**	**-**

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

Net financial debt amounted to €48,953 million at September 30, 2020, an increase of €3,778 million on December 31, 2019, due mainly to the decrease in cash and cash equivalents with banks and short term securities.

At September 30, 2020, **gross financial debt** amounted to €62,212 million, an increase of €665 million on December 31, 2019.

Gross financial debt

Millions of euro	at Sept. 30, 2020			at Dec. 31, 2019		
	Gross long-term debt	Gross short-term debt	Gross debt	Gross long-term debt	Gross short-term debt	Gross debt
Gross financial debt	54,507	7,705	62,212	57,583	3,964	61,547
of which:						
Debt connected with achievement of sustainability goals	*14,366*	*4,677*	*19,043*	*13,758*	*-*	*13,758*
Percentage of debt connected with achievement of sustainability goals/ Total debt			31%			22%

More specifically, gross long-term financial debt (including the short-term portion) amounted to €54,507 million, of which €14,366 million in respect of financing associated with sustainable development goals (SDGs). It breaks down as follows:

> bonds in the amount of €41,644 million, of which €7,219 million in respect of bonds linked to sustainability goals. More specifically, bonds decreased by €3,556 million compared with December 31, 2019, mainly reflecting repayments of bonds in the period and exchange rate gains. The main bonds maturing in the first nine months of 2020 were:
  - €410 million in respect of fixed-rate hybrid bond issued by Enel SpA, maturing in January 2020;
  - €100 million in respect of a fixed-rate bond issued by Enel Finance International, maturing in January 2020;
  - €482 million in respect of a fixed-rate bond issued by Enel Finance International, maturing in March 2020;
  - 100 million Swiss francs, the equivalent of €93 million, in respect of a fixed-rate bond issued by Enel Finance International, maturing in June 2020;
  - £400 million, the equivalent of €438 million, in respect of a fixed-rate hybrid bond issued by Enel SpA, maturing in September 2020;
  - £250 million, the equivalent of € 274 million, in respect of the repurchase and subsequent cancellation by Enel SpA of hybrid bonds issued in January 2014 with a first optional redemption date of September 15, 2021;

> bank borrowings of €10,105 million, of which €7,147 million in respect of loans linked to sustainability goals. That financing increased by a total of €577 million compared with December 31, 2019, mainly reflecting new loans, only partly offset by exchange rate gains and repayments in the period. New bank borrowing included:
  - €250 million in drawings on variable-rate financing linked to sustainability goals granted to e-distribuzione by the European Investment Bank;
  - the equivalent of €290 million in respect of a variable-rate loan linked to the achievement of SDGs granted to Enel Finance America;
  - €300 million in respect of a variable-rate loan linked to the achievement of sustainability goals granted to Endesa;

> other borrowings of €2,758 million, essentially unchanged compared with December 31, 2019.

Gross short-term financial debt amounted to €7,705 million, an increase of €3,741 million compared with December 31, 2019. It mainly includes commercial paper of €5,783 million, cash collateral on derivatives of €753 million and other short-term bank borrowings of €997 million.

In the 1st Half of 2020, Enel Finance International and Endesa structured commercial paper programs linked to sustainability objectives and at September 30, 2020 total issues amounted to €4,677 million.

Cash and cash equivalents and short- and long-term financial receivables totaled €13,259 million, a decrease of €3,113 million on December 31, 2019, mainly reflecting the decrease of €3,442 million in cash and cash equivalents with banks and short term securities, only partly offset by an increase of €475 million in cash collateral paid.

Cash flows

Cash flows from operating activities in the first nine months of 2020 were a positive €6,560 million, down €1,111 million on the corresponding period of the previous year, largely reflecting the increase in cash requirements connected with the change in net current assets, including effects associated with COVID-19.

Cash flows from investing/disinvesting activities in the first nine months of 2020 absorbed funds in the amount of €6,482 million, compared with €6,360 million in the first nine months of 2019.
Investments in property, plant and equipment, intangible assets and assets from contracts with customers amounted €6,563 million, essentially unchanged on the same period of the previous year. Please see the next section for more information.

Investments in entities and business units, net of cash and cash equivalents acquired, amounted to €29 million and mainly regard the acquisition by Enel Green Power España of 100% of Parque Eólico Tico SLU Tico Solar 1 SLU and Tico Solar 2 SLU, as well as the acquisition by Endesa Generación Portugal of 100% of Suggestion Power - Unipessoal Lda. In the first nine months of 2019, the item amounted to €250 million and mainly regarded the acquisition through EGPNA (now Enel North America) of 100% of seven plants operating from renewable sources from the EGPNA REP joint venture, which is held 50% by EGPNA and the remaining 50% by General Electric Capital's Energy Financial Services.

Disposals of entities and business units, net of cash and cash equivalents sold, amounted to €153 million, mainly in respect of the disposal by Enel Green Power North America of a number of companies owning hydroelectric plants that had been accounted for using the equity method, the disposal by Endesa of 80% of its stake in Endesa Soluciones, the disposal of a number of storage facilities in North America and the receipt of a residual receivable from the sale last year of the coal-fired Reftinskaya plant in Russia (partly offset by the payment of a residual VAT liability connected with the transaction). In the first nine months of 2019, the item amounted to €493 million, mainly reflecting the disposal of 100% of three solar plants in Brazil and the sale of the Mercure generation plant business unit.

Liquidity absorbed generated by other investing/disinvesting activities in the first nine months of 2020 amounted to €43 million, essentially regarding the capital contribution to the OpEn Fiber joint venture, partly offset by small disinvestments, mainly in Italy, Iberia and Latin America.

Cash flows from financing activities showed funds absorbed in the amount of €2,972 million, while in the first nine months of 2019 financing activities had absorbed cash of €1,207 million. The flow in the first nine months of 2020 essentially reflected:

- the payment of dividends in the amount of €4,632 million;
- the cash requirements generated by transactions in non-controlling interests in the amount of €482 million. These mainly included the increase in the stake held in Enel Américas and Enel Chile through a number of share swap agreements with a leading financial institution (€1,074 million), partly offset by the issue of a perpetual non-convertible subordinated hybrid bond denominated in euros reserved for institutional investors;
- an increase €2,151 million in net financial debt (the balance of repayments, new borrowing and other changes), primarily reflecting commercial paper issues.

In the first nine months of 2020, cash flows from operating activities in the amount of €6,560 million only partly funded the cash needs for financing activities totaling €2,972 million and for investment activities in the amount of €6,482 million. The difference was reflected in a decrease in cash and cash equivalents, which at September 30, 2020 amounted to €5,638 million, compared with €9,080 million at the end of 2019. This also reflected the effects of adverse developments in the exchange rates of the various local currencies against the euro in the amount of €548 million.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Thermal Generation and Trading	376	498	(122)	-24.5%
Enel Green Power	2,964	2,894[1]	70	2.4%
Infrastructure and Networks	2,691	2,643	48	1.8%
End-user Markets	304	299	5	1.7%
Enel X	159	171	(12)	-7.0%
Services	47	61	(14)	-23.0%
Other, eliminations and adjustments	22	23	(1)	-4.3%
Total	**6,563**	**6,589**	**(26)**	**-0.4%**

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

Capital expenditure amounted to €6,563 million in the first nine months of 2020, down €26 million compared with the first nine months of 2019.

The reduction concerned expenditure on the plants of Thermal Generation and Trading, especially in Iberia (€85 million) and Latin America (€38 million), as well as lower investments by Enel X and Services.

These effects were only partially offset by an increase in capital expenditure on renewable resource plants and Infrastructure and Networks.

Major investments in renewables were registered in Chile (€259 million), the United States (€300 million), South Africa (€135 million), Russia (€59 million), and Brazil (€18 million net of the large adverse impact of exchange rate developments of €143 million), only partially offset by a decline in expenditure in Iberia (€286 million), Mexico (€223 million), Greece (€89 million), India (€45 million) and Canada (€39 million).

Capital expenditure increased in Italy on the distribution grids of medium- and high-voltage plants (€35 million), in Iberia (€41 million) on maintenance activities and an increase in connection activities compared with 2019 and in Romania (€16 million) for work connected with service quality and new connections. Expenditure decreased in Latin America, in particular in Argentina (€57 million).

Results by business area

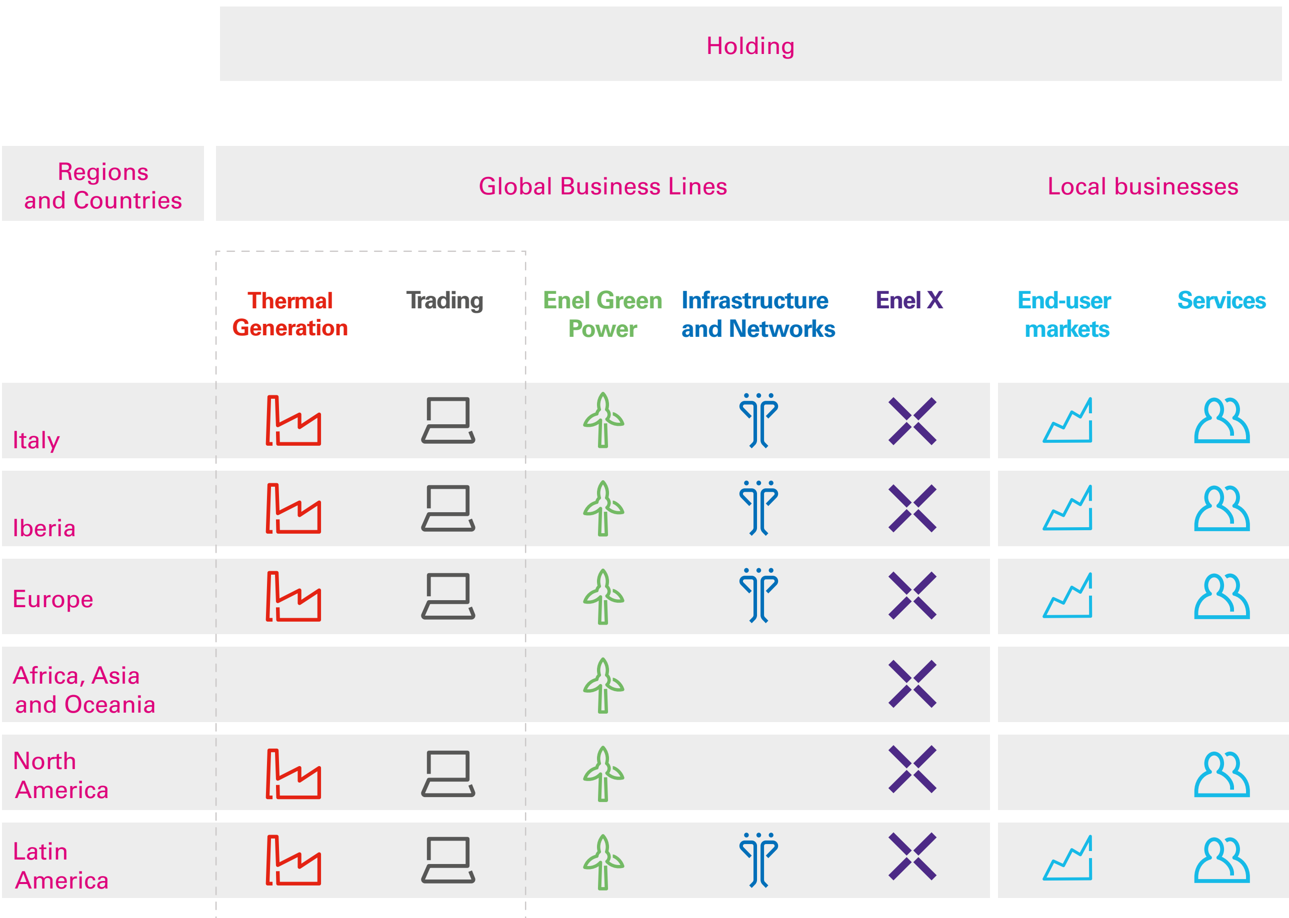
The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.

Specifically, bearing in mind that management reports performance by business area, the Group has therefore adopted the following reporting sectors:

> primary sector: business area;
> secondary sector: geographical area.

The business area is therefore the main discriminant in the analyzes performed and decisions taken by the management of the Group, and is fully consistent with the internal reporting prepared for these purposes since the results are measured and evaluated first and foremost for each business area and only thereafter are they broken down by country.

The following chart outlines these organizational arrangements.



The organization continues to be based on matrix of Business Lines (Thermal Generation and Trading, Enel Green Power, Infrastructure and Networks, End-user Markets, Enel X, Services and Holding/Other) and geographical areas (Italy, Iberia, Europe, Latin America, North America, Africa, Asia and Oceania, Central/Holding).

Note that in order to improve the presentation of the performance of the various Business Lines, with effect from March 31, 2020, the data pertaining to large customers managed by the generation companies in Latin America have been reallocated to the End-user Markets Business Line. In order to ensure the full comparability of the figures commented here, the comparative figures for the first nine months of 2019 have been adjusted appropriately.

Results by business area for the 3rd Quarter of 2020 and 2019

3rd Quarter of 2020(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	3,653	1,628	4,341	4,349	259	460	(15)	14,675
Revenue and other income from transactions with other segments	397	81	381	2,728	34	5	(3,626)	-
Total revenue and other income	**4,050**	**1,709**	**4,722**	**7,077**	**293**	**465**	**(3,641)**	**14,675**
Net income/(expense) from commodity risk management	(34)	8	-	74	-	5	(4)	49
Gross operating margin	**340**	**1,085**	**1,898**	**705**	**45**	**30**	**(43)**	**4,060**
Depreciation, amortization, and impairment losses	190	342	749	270	35	38	4	1,628
Operating income	**150**	**743**	**1,149**	**435**	**10**	**(8)**	**(47)**	**2,432**

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

3rd Quarter of 2019(1) (2) (3)

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	6,545	1,657	5,030	4,348	299	460	26	18,365
Revenue and other income from transactions with other segments	466	44	442	3,076	44	22	(4,094)	-
Total revenue and other income	**7,011**	**1,701**	**5,472**	**7,424**	**343**	**482**	**(4,068)**	**18,365**
Net income/(expense) from commodity risk management	(2,834)	(2)	-	(2)	-	-	-	(2,838)
Gross operating margin	**310**	**1,018**	**2,177**	**744**	**35**	**52**	**(34)**	**4,302**
Depreciation, amortization, and impairment losses	3,805	315	866	246	31	40	13	5,316
Operating income	**(3,495)**	**703**	**1,311**	**498**	**4**	**12**	**(47)**	**(1,014)**

(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 for "Revenue and other income" and "Net income/(expense) from commodity risk management" in the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of March 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 of the condensed consolidated financial statements at September 30, 2020).
(3) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.

Results by business area for the first nine months of 2020 and 2019

First nine months of 2020[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	15,241	5,096	13,150	12,682	657	1,234	(10)	48,050
Revenue and other income from transactions with other segments	1,085	188	1,120	8,812	99	55	(11,359)	-
Total revenue and other income	**16,326**	**5,284**	**14,270**	**21,494**	**756**	**1,289**	**(11,369)**	**48,050**
Net income/(expense) from commodity risk management	(831)	65	-	214	-	1	(1)	(552)
Gross operating margin	**1,341**	**3,376**	**5,714**	**2,287**	**68**	**40**	**(121)**	**12,705**
Depreciation, amortization, and impairment losses	1,375	968	2,219	923	106	118	21	5,730
Operating income	**(34)**	**2,408**	**3,495**	**1,364**	**(38)**	**(78)**	**(142)**	**6,975**
Capital expenditure	**376**	**2,964**	**2,691**	**304**	**159**	**47**	**22**	**6,563**

(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.

First nine months of 2019[1] [2] [3]

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	22,379	5,233	14,920	14,710	729	1,330	31	59,332
Revenue and other income from transactions with other segments	1,078	303	1,239	9,555	106	55	(12,336)	-
Total revenue and other income	**23,457**	**5,536**	**16,159**	**24,265**	**835**	**1,385**	**(12,305)**	**59,332**
Net income/(expense) from commodity risk management	(3,001)	(20)	-	(4)	-	-	(1)	(3,026)
Gross operating margin	**1,215**	**3,292**	**6,148**	**2,405**	**107**	**134**	**(92)**	**13,209**
Depreciation, amortization, and impairment losses	4,912	916	2,187	736	111	124	24	9,010
Operating income	**(3,697)**	**2,376**	**3,961**	**1,669**	**(4)**	**10**	**(116)**	**4,199**
Capital expenditure	**498**	**2,894**[4]	**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) The figures for "Revenue and other income" and "Net income/(expense) from commodity risk management" in the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of March 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 of the condensed consolidated financial statements at September 30, 2020).
(3) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.
(4) Does not include €4 million regarding units classified as "held for sale".

In addition to the above, the Group monitors the performance of the geographical areas, 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 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		
	First nine months			First nine months			First nine months			First nine months		
	2020	2019	Change	**2020**	2019	Change	**2020**	2019	Change	**2020**	2019	Change
Italy	**292**	**73**	**219**	**1,033**	**894**	**139**	**2,922**	**2,970**	**(48)**	**1,648**	**1,647**	**1**
Iberia	**722**	**523**	**199**	**312**	**237**	**75**	**1,585**	**1,449**	**136**	**430**	**518**	**(88)**
Latin America	**213**	**463**	**(250)**	**1,432**	**1,685**	**(253)**	**1,109**	**1,658**	**(549)**	**147**	**236**	**(89)**
Argentina	*71*	*110*	*(39)*	*26*	*36*	*(10)*	*29*	*240*	*(211)*	*(7)*	*10*	*(17)*
Brazil	*33*	*75*	*(42)*	*179*	*262*	*(83)*	*575*	*804*	*(229)*	*78*	*122*	*(44)*
Chile	*11*	*166*	*(155)*	*574*	*691*	*(117)*	*121*	*168*	*(47)*	*19*	*28*	*(9)*
Colombia	*8*	*15*	*(7)*	*444*	*474*	*(30)*	*266*	*288*	*(22)*	*39*	*50*	*(11)*
Peru	*90*	*97*	*(7)*	*98*	*105*	*(7)*	*118*	*158*	*(40)*	*18*	*26*	*(8)*
Panama	-	-	-	*79*	*89*	*(10)*	-	-	-	-	-	-
Other countries	-	-	-	*32*	*28*	*4*	-	-	-	-	-	-
Europe	**96**	**178**	**(82)**	**128**	**95**	**33**	**100**	**87**	**13**	**62**	**4**	**58**
Romania	-	-	-	*58*	*54*	*4*	*100*	*87*	*13*	*62*	*4*	*58*
Russia	*95*	*178*	*(83)*	*(3)*	*(1)*	*(2)*	-	-	-	-	-	-
Other countries	*1*	-	*1*	*73*	*42*	*31*	-	-	-	-	-	-
North America	**12**	**(11)**	**23**	**446**	**406**	**40**	**-**	**-**	**-**	**-**	**-**	**-**
United States and Canada	*8*	*(11)*	*19*	*372*	*336*	*36*	-	-	-	-	-	-
Mexico	*4*	-	*4*	*74*	*70*	*4*	-	-	-	-	-	-
Africa, Asia and Oceania	**-**	**-**	**-**	**37**	**44**	**(7)**	**-**	**-**	**-**	**-**	**-**	**-**
South Africa	-	-	-	*35*	*41*	*(6)*	-	-	-	-	-	-
India	-	-	-	*4*	*8*	*(4)*	-	-	-	-	-	-
Other countries	-	-	-	*(2)*	*(5)*	*3*	-	-	-	-	-	-
Other	**6**	**(11)**	**17**	**(12)**	**(69)**	**57**	**(2)**	**(16)**	**14**	**-**	**-**	**-**
Total	**1,341**	**1,215**	**126**	**3,376**	**3,292**	**84**	**5,714**	**6,148**	**(434)**	**2,287**	**2,405**	**(118)**

Enel X			Services			Other			**Total**		
First nine months			First nine months			First nine months			First nine months		
2020	2019	Change	**2020**	2019	Change	**2020**	2019	Change	**2020**	2019	Change
6	**(1)**	**7**	**65**	**129**	**(64)**	**-**	**-**	**-**	**5,966**	**5,712**	**254**
34	**36**	**(2)**	**2**	**75**	**(73)**	**-**	**-**	**-**	**3,085**	**2,838**	**247**
60	**41**	**19**	**(75)**	**(79)**	**4**	**-**	**-**	**-**	**2,886**	**4,004**	**(1,118)**
2	*-*	*2*	*(3)*	*(1)*	*(2)*	*-*	*-*	*-*	*118*	*395*	*(277)*
1	*(2)*	*3*	*(23)*	*(36)*	*13*	*-*	*-*	*-*	*843*	*1,225*	*(382)*
6	*17*	*(11)*	*(49)*	*(42)*	*(7)*	*-*	*-*	*-*	*682*	*1,028*	*(346)*
35	*26*	*9*	*-*	*-*	*-*	*-*	*-*	*-*	*792*	*853*	*(61)*
16	*-*	*16*	*-*	*-*	*-*	*-*	*-*	*-*	*340*	*386*	*(46)*
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*79*	*89*	*(10)*
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*32*	*28*	*4*
3	**1**	**2**	**2**	**2**	**-**	**-**	**-**	**-**	**391**	**367**	**24**
7	*5*	*2*	*2*	*2*	*-*	*-*	*-*	*-*	*229*	*152*	*77*
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*92*	*177*	*(85)*
(4)	*(4)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*70*	*38*	*32*
(15)	**54**	**(69)**	**(2)**	**-**	**(2)**	**-**	**-**	**-**	**441**	**449**	**(8)**
(15)	*54*	*(69)*	*(2)*	*-*	*(2)*	*-*	*-*	*-*	*363*	*379*	*(16)*
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*78*	*70*	*8*
(1)	**(3)**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**36**	**41**	**(5)**
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*35*	*41*	*(6)*
-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*4*	*8*	*(4)*
(1)	*(3)*	*2*	*-*	*-*	*-*	*-*	*-*	*-*	*(3)*	*(8)*	*5*
(19)	**(21)**	**2**	**48**	**7**	**41**	**(121)**	**(92)**	**(29)**	**(100)**	**(202)**	**102**
68	**107**	**(39)**	**40**	**134**	**(94)**	**(121)**	**(92)**	**(29)**	**12,705**	**13,209**	**(504)**

Thermal Generation and Trading

Operations

Net electricity generation

Millions of kWh	First nine months			
	2020	2019	Change	
Coal-fired plants	9,292	32,247	(22,955)	-71.2%
Fuel-oil and turbo-gas plants	14,099	15,514	(1,415)	-9.1%
Combined-cycle plants	31,947	34,310	(2,363)	-6.9%
Nuclear plants	19,523	20,245	(722)	-3.6%
Total net generation	**74,861**	**102,316**	**(27,455)**	**-26.8%**
- of which Italy	*13,003*	*17,000*	*(3,997)*	*-23.5%*
- of which Iberia	*32,208*	*39,732*	*(7,524)*	*-18.9%*
- of which Latin America	*16,515*	*18,418*	*(1,903)*	*-10.3%*
- of which Europe	*13,135*	*27,166*	*(14,031)*	*-51.6%*

The decrease in net generation was essentially due to a sharp decrease in coal generation in the amount of 22,955 million kWh, primarily in Russia (13,333 million kWh), due to the disposal of the Reftinskaya GRES coal-fired plant on October 1, 2019, Iberia (5,323 million kWh) and Italy (3,260 million kWh) due to the acceleration of the energy transition process. In general, generation from other high-emissions plants declined to the benefit of generation from renewables. More specifically, in the first nine months of 2020, decreases were registered in fuel-oil and turbogas generation in the amount of 1,415 million kWh and combined-cycle generation (2,363 million kWh).

Net efficient generation capacity

MW	First nine months			
	2020	2019 [1]	Change	
Coal-fired plants	9,634	11,695	(2,061)	-17.6%
Fuel-oil and turbo-gas plants	11,863	12,211	(348)	-2.8%
Combined-cycle plants	15,004	14,991	13	0.1%
Nuclear plants	3,318	3,318	-	-
Total	**39,819**	**42,215**	**(2,396)**	**-5.7%**
- of which Italy	*13,178*	*13,480*	*(302)*	*-2.2%*
- of which Iberia	*13,861*	*15,957*	*(2,096)*	*-13.1%*
- of which Latin America	*7,525*	*7,523*	*2*	*-*
- of which Europe	*5,255*	*5,255*	*-*	*-*

(1) At December 31, 2019.

Net efficient thermal generation capacity decreased by 2,396 MW in the first nine months of 2020, mainly reflecting the decommissioning of 2,061 MW of coal-fired capacity in Spain.

Performance

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
4,050	7,011	(2,961)	-42.2%	Revenue[1]	16,326	23,457	(7,131)	-30.4%
340	310	30	9.7%	Gross operating margin	1,341	1,215	126	10.4%
604	513	91	17.7%	Ordinary gross operating margin	1,677	1,324	353	26.7%
150	(3,495)	3,645	-	Operating income	(34)	(3,697)	3,663	-
				Capital expenditure	376	498	(122)	-24.5%

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 of the condensed consolidated financial statements at September 30, 2020).

The following tables show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue[1]

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
2,303	4,748	(2,445)	-51.5%	Italy	11,066	17,027	(5,961)	-35.0%
1,337	1,731	(394)	-22.8%	Iberia	3,856	4,590	(734)	-16.0%
289	418	(129)	-30.9%	Latin America	963	1,419	(456)	-32.1%
32	*51*	*(19)*	*-37.3%*	*- of which Argentina*	*120*	*215*	*(95)*	*-44.2%*
38	*74*	*(36)*	*-48.6%*	*- of which Brazil*	*106*	*200*	*(94)*	*-47.0%*
136	*182*	*(46)*	*-25.3%*	*- of which Chile*	*472*	*675*	*(203)*	*-30.1%*
45	*23*	*22*	*95.7%*	*- of which Colombia*	*140*	*68*	*72*	*-*
38	*88*	*(50)*	*-56.8%*	*- of which Peru*	*125*	*261*	*(136)*	*-52.1%*
(256)	12	(268)	-	North America	21	17	4	23.5%
406	255	151	59.2%	Europe	406	750	(344)	-45.9%
(275)	*9*	*(284)*	*-*	*- of which Romania*	*-*	*23*	*(23)*	*-*
402	*244*	*158*	*64.8%*	*- of which Russia*	*404*	*725*	*(321)*	*-44.3%*
2	*2*	*-*	*-*	*- of which other countries*	*2*	*2*	*-*	*-*
120	15	105	-	Other	93	41	52	-
(12,355)	(168)	(12,187)	-	Eliminations and adjustments	(79)	(387)	308	79.6%
4,050	**7,011**	**(2,961)**	**-42.2%**	**Total**	**16,326**	**23,457**	**(7,131)**	**-30.4%**

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 of the condensed consolidated financial statements at September 30, 2020).

The following table breaks out revenues from thermal and nuclear generation for the Thermal Generation and Trading area.

Millions of euro	First nine months		
Revenue	**2020**	2019	Change
Revenue from thermal generation	5,430	8,000	-32.1%
- of which: coal-fired generation	*1,213*	*2,209*	*-45.1%*
Revenue from nuclear generation	1,015	993	2.2%
Revenue from thermal generation as a percentage of total revenue	11.3%	13.5%	
- of which: revenue from coal-fired generation as a percentage of total revenue	*2.5%*	*3.7%*	
Revenue from nuclear generation as a percentage of total revenue	2.1%	1.7%	

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
112	(103)	215	-	Italy	292	73	219	-
117	214	(97)	-45.3%	Iberia	722	523	199	38.0%
88	142	(54)	-38.0%	Latin America	213	463	(250)	-54.0%
21	*40*	*(19)*	*-47.5%*	*- of which Argentina*	*71*	*110*	*(39)*	*-35.5%*
13	*22*	*(9)*	*-40.9%*	*- of which Brazil*	*33*	*75*	*(42)*	*-56.0%*
14	*45*	*(31)*	*-68.9%*	*- of which Chile*	*11*	*166*	*(155)*	*-93.4%*
12	*5*	*7*	*-*	*- of which Colombia*	*8*	*15*	*(7)*	*-46.7%*
28	*30*	*(2)*	*-6.7%*	*- of which Peru*	*90*	*97*	*(7)*	*-7.2%*
2	(6)	8	-	North America	12	(11)	23	-
19	64	(45)	-70.3%	Europe	96	178	(82)	-46.1%
-	*1*	*(1)*	*-*	*- of which Romania*	*-*	*-*	*-*	*-*
19	*63*	*(44)*	*-69.8%*	*- of which Russia*	*95*	*178*	*(83)*	*-46.6%*
-	*-*	*-*	*-*	*- of which other countries*	*1*	*-*	*1*	*-*
2	(1)	3	-	Other	6	(11)	17	-
340	**310**	**30**	**9.7%**	**Total**	**1,341**	**1,215**	**126**	**10.4%**

The increase in the **gross operating margin** in the first nine months of 2020 mainly reflects:

> an increase in the margin posted in Iberia, essentially attributable to:
  - the decrease in personnel costs of €234 million, due essentially to the application of the 5th Endesa Collective Bargaining Agreement, which modified the electricity discount benefit for employees and former employees;
  - the benefits of the strategy for procuring energy commodities and the improvement in operating efficiency;
  - the decrease in costs associated with services in reflection of the lockdown imposed in response to the COVID-19 health emergency.

  These factors were only partly offset by:
  - the increase in charges (€204 million) in respect of corporate restructuring plans undertaken by the Group as part of the energy transition process, regarding in particular coal-fired plants in Spain;
  - an increase in tax charges of €62 million, due to the effect of the temporary suspension, for 2019 only, of the tax on electricity generation and on fuels used in conventional thermal and nuclear generation (Royal Decree Law 15/2018) as well as the introduction in July 2020 of a new "eco-tax" in Catalonia;

> an increase of €219 million in the margin in Italy, mainly attributable to the sharp reduction in procurement costs of thermal generation plants being decommissioned. This factor was partly offset by the effect of the recognition in

the first nine months of 2019 of the gain of €94 million on the sale of Mercure Srl (net of contractually agreed site restoration costs);

- a decrease in the margin in Latin America, reflecting:
  - the reduction of €155 million in the margin in Chile, due mainly to the effect of the recognition in the first nine months of 2019 of an indemnity of €80 million received from Anglo American for having exercised the early withdrawal option as well as a decrease in volumes sold;
  - the reduction of €42 million in the margin in Brazil, due primarily to the decrease in volumes sold in an environment of declining average prices and the depreciation of the Brazilian real against the euro;
  - the reduction of €39 million in the margin in Argentina, primarily attributable to adverse exchange rate developments;
- a decrease of €82 million in the margin posted in Europe, especially in Russia, essentially as a result of the disposal of the Reftinskaya GRES coal-fired plant.

The **ordinary gross operating margin** increased by €353 million in the first nine months of 2020. In addition to the developments discussed in the comments on the gross operating margin, the rise was attributable to the impact of various non-recurring items in the two periods. In particular, in the first nine months of 2020, the items not considered in determining the ordinary gross operating margin regarded:

- the costs provisioned in Spain for personnel retraining in connection with the acceleration of the energy transition process (€204 million);
- the writedowns recognized in the first nine months of 2020 on the inventories of coal-fired plants as a result of the assessment of the recoverability of the carrying amounts of the assets of such plants, which had already been affected by impairment losses (€124 million, of which €87 million in Italy, €18 million in Chile and €19 million in Spain);
- non-recurring costs for addressing the COVID-19 pandemic (€8 million) for the sanitization of workplaces, personal protective equipment and donations.

In the same period of 2019, extraordinary items included:

- writedowns of inventories a plants affected by impairment losses (€203 million);
- income from the sale of the Valle del Mercure biomass plant (€94 million net of the contractually agreed site restoration costs).

Operating income

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
59	(2,100)	2,159	-	Italy	161	(2,054)	2,215	-
18	(1,541)	1,559	-	Iberia	374	(1,576)	1,950	-
59	104	(45)	-43.3%	Latin America	(649)	(54)	(595)	-
9	*34*	*(25)*	*-73.5%*	*- of which Argentina*	*28*	*71*	*(43)*	*-60.6%*
11	*19*	*(8)*	*-42.1%*	*- of which Brazil*	*26*	*66*	*(40)*	*-60.6%*
11	*29*	*(18)*	*-62.1%*	*- of which Chile*	*(765)*	*(263)*	*(502)*	*-*
8	*-*	*8*	*-*	*- of which Colombia*	*(4)*	*2*	*(6)*	*-*
20	*22*	*(2)*	*-9.1%*	*- of which Peru*	*66*	*70*	*(4)*	*-5.7%*
-	(6)	6	-	North America	11	(12)	23	-
13	49	(36)	-73.5%	Europe	65	12	53	-
-	*(1)*	*1*	*-*	*- of which Romania*	*-*	*(1)*	*1*	*-*
12	*49*	*(37)*	*-75.5%*	*- of which Russia*	*64*	*12*	*52*	*-*
1	*1*	*-*	*-*	*- of which other countries*	*1*	*1*	*-*	*-*
2	-	2	-	Other	5	(12)	17	-
(1)	(1)	-	-	Eliminations and adjustments	(1)	(1)	-	-
150	**(3,495)**	**3,645**	**-**	**Total**	**(34)**	**(3,697)**	**3,663**	**-**

The improvement in the **operating result** reflected not only the factors noted in the comments on the gross operating margin but also a decrease of €3,537 million in depreciation, amortization and impairment recognized in the first nine months of 2020 compared with the corresponding period of 2019.

More specifically, the decrease in depreciation and amortization amounted to €261 million, while the decline in impairment of assets came to €3,280 million in the first nine months of 2020 compared with the year-earlier period.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	90	85	5	5.9%
Iberia	179	264	(85)	-32.2%
Latin America	66	104	(38)	-36.5%
Europe	40	45	(5)	-11.1%
Other	-	-	-	-
Total	**376**	**498**	**(122)**	**-24.5%**

Capital expenditure in the first nine months of 2020 almost entire consisted of maintenance and work to secure plants.

Enel Green Power

Operations

Net electricity generation

Millions of kWh	First nine months			
	2020	2019	Change	
Hydroelectric	46,608	45,567	1,041	2.3%
Geothermal	4,611	4,598	13	0.3%
Wind	21,942	18,932	3,010	15.9%
Solar	4,397	2,900	1,497	51.6%
Other sources	1	21	(20)	-95.2%
Total net generation	**77,559**	**72,018**	**5,541**	**7.7%**
- of which Italy	*17,668*	*17,718*	*(50)*	*-0.3%*
- of which Iberia	*9,942*	*6,823*	*3,119*	*45.7%*
- of which Latin America	*34,694*	*35,797*	*(1,103)*	*-3.1%*
- of which Europe	*1,771*	*1,403*	*368*	*26.2%*
- of which North America	*12,364*	*9,096*	*3,268*	*35.9%*
- of which Africa, Asia and Oceania	*1,120*	*1,181*	*(61)*	*-5.2%*

In the first nine months of 2020, net electricity generation increased mainly due to an increase in output from wind, solar and hydroelectric sources.

More specifically, the most significant changes from wind plants occurred in the United States, where an increase of 1,651 million kWh was recorded, mainly due to the start-up of the High Lonesome (I and II) and Whitney Hill plants. Other increases were registered in Mexico, which saw generation rise by 328 million kWh, notably due to the start-up of the Dolores Wind plant, in Canada, with a rise of 226 million kWh due mainly to the entry into service of the Riverview plant, in Iberia (+649 million kWh) and in Greece, where the increase of 310 million KWh was mainly connected with the start-up of the new Kafireas wind farms.

Solar generation mainly increased in the United States (+695 million kWh), with a significant contribution from the new Roadrunner plant, in Mexico (+346 million kWh), thanks primarily to the start-up of the Magdalena plant, and in Iberia (+376 million kWh), mainly reflecting the connection of new plants at the end of 2019 in the Extremadura region.

With regard to hydroelectric generation, the widespread reduction in water resources was more than offset by greater production from pumping in Spain and Italy, where increases of 2,095 million kWh and 55 million kWh were recorded, respectively. These effects were offset by a sharp reduction in Latin America (-1,087 million kWh). Developments in the latter area differed across the various countries. More specifically, output decreased in Chile (-1,012 million kWh) and Colombia (-1,100 million kWh) and increased in Peru (+128 million kWh), Brazil (+393 million kWh), Argentina (+401 million kWh) and Guatemala (+115 million kWh).

Net efficient generation capacity

MW	First nine months			
	2020	2019 (1)	Change	
Hydroelectric	27,833	27,830	3	-
Geothermal	882	878	4	0.5%
Wind	11,301	10,327	974	9.4%
Solar	3,636	3,094	542	17.5%
Other sources	5	5	-	-
Total	**43,657**	**42,134**	**1,523**	**3.6%**
- of which Italy	*13,978*	*13,972*	*6*	-
- of which Iberia	*7,478*	*7,391*	*87*	*1.2%*
- of which Latin America	*14,294*	*13,676*	*618*	*4.5%*
- of which Europe	*1,051*	*1,037*	*14*	*1.4%*
- of which North America	*5,951*	*5,282*	*669*	*12.7%*
- of which Africa, Asia and Oceania	*905*	*776*	*129*	*16.6%*

(1) At December 31, 2019.

The increase in net efficient capacity was recorded mainly in the United States with construction of the Roadrunner Ph II, Roadrunner Ph III and Roadrunner Ph IV solar plants, Mexico, with the Dolores Wind SA de Cv and Parque Amistad III SA de Cv wind farms, and in Brazil, with the São Gonçalo photovoltaic plants and the Lagoa dos Ventos I wind plant.

Performance(1)

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			2020	2019	Change	
1,709	1,701	8	0.5%	Revenue	5,284	5,536	(252)	-4.6%
1,085	1,018	67	6.6%	Gross operating margin	3,376	3,292	84	2.6%
1,091	1,018	73	7.2%	Ordinary gross operating margin	3,387	3,292	95	2.9%
743	703	40	5.7%	Operating income	2,408	2,376	32	1.3%
				Capital expenditure	2,964	2,894 (2)	70	2.4%

(1) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.
(2) The figure does not include €4 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue(1)

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
492	428	64	15.0%	Italy	1,584	1,385	199	14.4%
169	130	39	30.0%	Iberia	559	459	100	21.8%
705	863	(158)	-18.3%	Latin America	2,137	2,793	(656)	-23.5%
11	*13*	*(2)*	*-15.4%*	*- of which Argentina*	*34*	*45*	*(11)*	*-24.4%*
102	*167*	*(65)*	*-38.9%*	*- of which Brazil*	*335*	*527*	*(192)*	*-36.4%*
311	*304*	*7*	*2.3%*	*- of which Chile*	*898*	*1,143*	*(245)*	*-21.4%*
198	*276*	*(78)*	*-28.3%*	*- of which Colombia*	*620*	*768*	*(148)*	*-19.3%*
32	*43*	*(11)*	*-25.6%*	*- of which Peru*	*98*	*132*	*(34)*	*-25.8%*
33	*44*	*(11)*	*-25.0%*	*- of which Panama*	*104*	*130*	*(26)*	*-20.0%*
18	*16*	*2*	*12.5%*	*- of which other countries*	*48*	*48*	*-*	*-*
241	197	44	22.3%	North America	700	644	56	8.7%
200	*158*	*42*	*26.6%*	*- of which United States and Canada*	*607*	*529*	*78*	*14.7%*
41	*39*	*2*	*5.1%*	*- of which Mexico*	*93*	*115*	*(22)*	*-19.1%*
80	55	25	45.5%	Europe	244	187	57	30.5%
39	*34*	*5*	*14.7%*	*- of which Romania*	*148*	*126*	*22*	*17.5%*
38	*19*	*19*	*-*	*- of which Greece*	*87*	*54*	*33*	*61.1%*
2	*1*	*1*	*-*	*- of which Bulgaria*	*8*	*6*	*2*	*33.3%*
1	*1*	*-*	*-*	*- of which other countries*	*1*	*1*	*-*	*-*
29	29	-	-	Africa, Asia and Oceania	73	78	(5)	-6.4%
75	33	42	-	Other	174	85	89	-
(82)	(34)	(48)	-	Eliminations and adjustments	(187)	(95)	(92)	-96.8%
1,709	**1,701**	**8**	**0.5%**	**Total**	**5,284**	**5,536**	**(252)**	**-4.6%**

(1) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.

Gross operating margin[1]

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
288	279	9	3.2%	Italy	1,033	894	139	15.5%
96	54	42	77.8%	Iberia	312	237	75	31.6%
479	553	(74)	-13.4%	Latin America	1,432	1,685	(253)	-15.0%
8	*10*	*(2)*	*-20.0%*	*- of which Argentina*	*26*	*36*	*(10)*	*-27.8%*
61	*75*	*(14)*	*-18.7%*	*- of which Brazil*	*179*	*262*	*(83)*	*-31.7%*
208	*229*	*(21)*	*-9.2%*	*- of which Chile*	*574*	*691*	*(117)*	*-16.9%*
130	*164*	*(34)*	*-20.7%*	*- of which Colombia*	*444*	*474*	*(30)*	*-6.3%*
35	*35*	*-*	*-*	*- of which Peru*	*98*	*105*	*(7)*	*-6.7%*
25	*31*	*(6)*	*-19.4%*	*- of which Panama*	*79*	*89*	*(10)*	*-11.2%*
12	*9*	*3*	*33.3%*	*- of which other countries*	*32*	*28*	*4*	*14.3%*
141	109	32	29.4%	North America	446	406	40	9.9%
112	*86*	*26*	*30.2%*	*- of which United States and Canada*	*372*	*336*	*36*	*10.7%*
29	*23*	*6*	*26.1%*	*- of which Mexico*	*74*	*70*	*4*	*5.7%*
48	26	22	84.6%	Europe	128	95	33	34.7%
16	*12*	*4*	*33.3%*	*- of which Romania*	*58*	*54*	*4*	*7.4%*
(1)	*(1)*	*-*	*-*	*- of which Russia*	*(3)*	*(1)*	*(2)*	*-*
31	*14*	*17*	*-*	*- of which Greece*	*68*	*40*	*28*	*70.0%*
1	*1*	*-*	*-*	*- of which Bulgaria*	*6*	*4*	*2*	*50.0%*
1	*-*	*1*	*-*	*- of which other countries*	*(1)*	*(2)*	*1*	*50.0%*
15	16	(1)	-6.3%	Africa, Asia and Oceania	37	44	(7)	-15.9%
18	(19)	37	-	Other	(12)	(69)	57	82.6%
1,085	**1,018**	**67**	**6.6%**	**Total**	**3,376**	**3,292**	**84**	**2.6%**

(1) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.

The change in the **gross operating margin** in the first nine months of 2020 is essentially attributable to:

> an increase in the margin in Italy, mainly due to the improved performance of hydroelectric plants;

> the increase in the margin in Spain, mainly attributable to an increase in greater quantities produced and sold, thanks in part to the expansion of installed capacity as a result of the entry into service of a number of wind farms during 2019;

> the improvement in the margin in North America, mainly in the United States and Canada, where the effect of the recognition of negative goodwill of €106 million in 2019 was more than offset by the following effects:
  - an increase in income from tax partnerships (€108 million) recognized in the first nine months of 2020 following the entry into operation of new plant of Enel North America (formerly Enel Green Power North America), in particular High Lonesome, Whitney Hill Wind Power and Roadrunner;
  - an increase in income from indemnities and disputes (€46 million);

> the increase in the margin recorded in Europe and in particular in Greece following the entry into service of the Kafireas wind farms in the early months of 2020;

> the decline in the margin in Latin America, mainly due to:
  - a decrease in the margin in Chile, mainly reflecting the effect of the recognition in the first nine months of 2019 by Enel Generación Chile of revenue for indemnities of €80 million following the exercise by a major industrial customer of the right of withdrawal from a long-term electricity supply contract, as well as adverse exchange rate developments (€56 million);

- a decrease in the margin in Brazil, mainly reflecting a decline in quantities sold and the significant depreciation of the Brazilian real against the euro;
- a reduction of the margin in Colombia mainly due to adverse exchange rate developments (€56 million), as well as to a decline in quantities generated and sold, which was mainly attributable to poor water conditions.

The **ordinary gross operating margin** of €3,387 million (€3,292 million at September 30, 2019) reflected €6 million in costs incurred as a result of the COVID-19 pandemic for the sanitization of workplaces, personal protective equipment and donations, €3 million for the supply by Enel Green Power Italia of solar panels linked to a contractual clause connected with the sale in 2019 of EF Solare Italia to F2i, and €2 million in costs connected with the direct and indirect activities provided for in the personnel retraining plan related to the energy transition in Spain.

Operating income[1]

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
218	203	15	7.4%	Italy	803	670	133	19.9%
42	9	33	-	Iberia	164	111	53	47.7%
365	448	(83)	-18.5%	Latin America	1,130	1,378	(248)	-18.0%
7	*5*	*2*	*40.0%*	*- of which Argentina*	*23*	*28*	*(5)*	*-17.9%*
46	*54*	*(8)*	*-14.8%*	*- of which Brazil*	*131*	*194*	*(63)*	*-32.5%*
169	*184*	*(15)*	*-8.2%*	*- of which Chile*	*452*	*564*	*(112)*	*-19.9%*
118	*150*	*(32)*	*-21.3%*	*- of which Colombia*	*405*	*431*	*(26)*	*-6.0%*
26	*24*	*2*	*8.3%*	*- of which Peru*	*71*	*74*	*(3)*	*-4.1%*
21	*27*	*(6)*	*-22.2%*	*- of which Panama*	*64*	*77*	*(13)*	*-16.9%*
(22)	*4*	*(26)*	*-*	*- of which other countries*	*(16)*	*10*	*(26)*	*-*
62	40	22	55.0%	North America	232	210	22	10.5%
42	*23*	*19*	*82.6%*	*- of which United States and Canada*	*183*	*159*	*24*	*15.1%*
20	*17*	*3*	*17.6%*	*- of which Mexico*	*49*	*51*	*(2)*	*-3.9%*
32	15	17	-	Europe	84	61	23	37.7%
11	*6*	*5*	*83.3%*	*- of which Romania*	*43*	*38*	*5*	*13.2%*
(2)	*1*	*(3)*	*-*	*- of which Russia*	*(4)*	*-*	*(4)*	*-*
23	*8*	*15*	*-*	*- of which Greece*	*44*	*24*	*20*	*83.3%*
1	*-*	*1*	*-*	*- of which Bulgaria*	*4*	*2*	*2*	*-*
(1)	*-*	*(1)*	*-*	*- of which other countries*	*(3)*	*(3)*	*-*	*-*
8	6	2	33.3%	Africa, Asia and Oceania	11	14	(3)	-21.4%
15	(19)	34	-	Other	(17)	(69)	52	-75.4%
1	1	-	-	Eliminations and adjustments	1	1	-	-
743	**703**	**40**	**5.7%**	**Total**	**2,408**	**2,376**	**32**	**1.3%**

(1) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.

The **operating result**, which reflects the developments discussed in the section on the gross operating margin, increased despite the rise of €52 million in depreciation, amortization and impairment. In particular, the increase in depreciation and amortization is attributable to the entry into service in 2019 and 2020 of new plants, in particular in the United States and Mexico. Impairment increased by €19 million, of which €14 million in Italy for the solar plant of the Nola logistics center.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	139	134	5	3.7%
Iberia	313	599	(286)	-47.7%
Latin America	936	648 (1)	288	44.4%
North America	1,137	1,099	38	3.5%
Europe	122	160	(38)	-23.8%
Africa, Asia and Oceania	299	238	61	25.6%
Other	18	16	2	12.5%
Total	**2,964**	**2,894**	**70**	**2.4%**

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

Capital expenditure in the first nine months of 2020 increased by €70 million on the same period of 2019. This change is attributable to:

- an increase of €288 million in expenditure in Latin America, mainly in photovoltaic plants (€291 million), geothermal facilities (€16 million) and wind farms (€14 million), partly offset by a reduction in investment in hydroelectric plants (€65 million). The largest investments were concentrated mainly in Chile and Brazil;
- an increase of €61 million in expenditure in Africa, Asia and Oceania, mainly involving wind farms in South Africa (€135 million), in particular for the development of Round 4, partly offset by a decline in investment in India (€45 million);
- an increase of €38 million in expenditure in North America, mainly regarding an increase in investment in the United States in wind farms (€232 million) and photovoltaic plants (€80 million), partly offset by a reduction in investment in wind (€131 million) and photovoltaic (€91 million) plants in Mexico and in wind farms in Canada (€39 million), reflecting the entry into service of numerous plants built in 2019;
- a reduction of €286 million in expenditure in Iberia, mainly on wind farms (€289 million) in consideration of the fact that most of the projects in the portfolio were carried out in 2019. This was partly offset by an increase in investment in hydroelectric plants;
- a reduction of €38 million in expenditure in Europe, in particular in Greece (€89 million) following the entry into service of projects developed in 2019. This effect was partially offset by the increase in investment in wind farms in Russia (€59 million).

Infrastructure and Networks

Operations

Electricity transport

Millions of kWh	First nine months			
	2020	2019	Change	
Electricity transported on Enel's network[1]	357,248	379,578	(22,330)	-5.9%
- of which Italy	*155,898*	*169,582*	*(13,684)*	*-8.1%*
- of which Iberia	*93,206*	*95,542*	*(2,336)*	*-2.4%*
- of which Latin America	*96,783*	*102,667*	*(5,884)*	*-5.7%*
- of which Europe	*11,361*	*11,787*	*(426)*	*-3.6%*
End users with active smart meters (no.)	44,943,498	44,345,840	597,658	1.3%

(1) The figure for 2019 reflects a more accurate measurement of amounts transported.

The decrease of 5.9% in electricity transported on the network in the first nine months of 2020 generally reflected the effects of the COVID-19 health emergency, with the following main impacts by geographical area:

> Italy (-8.1%), where the decline in demand for electricity distributed involved low-voltage customers for non-residential use (-5.4 TWh), and medium-voltage customers (-5.3 TWh). The demand for electricity from high- and very high-voltage customers also fell (-3.3 TWh);
> Latin America (-5.7%), where the decline in wheeling volumes mainly affected Brazil;
> Europe (-3.6%), where the decline in electricity distributed in Romania was attributable to the business customer segment;
> Iberia (-2.4%), where the decrease was largely attributable to a decline in demand.

Average frequency of interruptions per customer

	First nine months			
SAIFI (average no.)	**2020**	2019[1]	Change	
Italy	*1.8*	*1.9*	*(0.1)*	*-5.3%*
Iberia	*1.4*	*1.4*	*-*	*-*
Argentina	*4.9*	*6.0*	*(1.1)*	*-18.3%*
Brazil	*5.4*	*5.8*	*(0.4)*	*-6.9%*
Chile	*1.6*	*1.6*	*-*	*-*
Colombia	*6.3*	*6.8*	*(0.5)*	*-7.4%*
Peru	*2.5*	*2.8*	*(0.3)*	*-10.7%*
Romania	*3.4*	*4.1*	*(0.7)*	*-17.1%*

(1) At December 31, 2019.

Average duration of interruptions per customer

	First nine months			
SAIDI (average min.)	**2020**	2019[1]	Change	
Italy	*44.1*	*48.5*	*(4.4)*	*-9.1%*
Iberia	*76.5*	*75.8*	*0.7*	*0.9%*
Argentina	*992.0*	*1.214.1*	*(222.1)*	*-18.3%*
Brazil	*667.8*	*728.8*	*(61.0)*	*-8.4%*
Chile	*177.0*	*184.1*	*(7.1)*	*-3.9%*
Colombia	*540.8*	*666.6*	*(125.8)*	*-18.9%*
Peru	*417.1*	*418.9*	*(1.8)*	*-0.4%*
Romania	*136.6*	*169.6*	*(33.0)*	*-19.5%*

(1) At December 31, 2019.

As indicated in the tables above, the level of service quality improved in all geographical areas, although the SAIDI indicator for outages in Argentina is still high, due in particular to faults in high-voltage transmission systems not operated by the Group.

Grid losses

	First nine months			
Grid losses (average %)	**2020**	2019[1]	Change	
Italy	*4.7*	*4.7*	-	-
Iberia	*7.3*	*7.5*	*(0.2)*	*-2.7%*
Argentina	*18.4*	*15.5*	*2.9*	*18.7%*
Brazil	*13.4*	*12.8*	*0.6*	*4.7%*
Chile	*5.2*	*5.0*	*0.2*	*4.0%*
Colombia	*7.5*	*7.7*	*(0.2)*	*-2.6%*
Peru	*8.7*	*8.2*	*0.5*	*6.1%*
Romania	*9.3*	*9.7*	*(0.4)*	*-4.1%*

(1) At December 31, 2019.

Performance

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
4,722	5,472	(750)	-13.7%	Revenue	14,270	16,159	(1,889)	-11.7%
1,898	2,177	(279)	-12.8%	Gross operating margin	5,714	6,148	(434)	-7.1%
1,904	2,177	(273)	-12.5%	Ordinary gross operating margin	5,753	6,098	(345)	-5.7%
1,149	1,311	(162)	-12.4%	Operating income	3,495	3,961	(466)	-11.8%
				Capital expenditure	2,691	2,643	48	1.8%

The following tables show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
1,882	2,056	(174)	-8.5%	Italy	5,515	5,736	(221)	-3.9%
640	646	(6)	-0.9%	Iberia	1,892	1,956	(64)	-3.3%
2,090	2,675	(585)	-21.9%	Latin America	6,553	8,193	(1,640)	-20.0%
152	*159*	*(7)*	*-4.4%*	*- of which Argentina*	*515*	*909*	*(394)*	*-43.3%*
1,314	*1,777*	*(463)*	*-26.1%*	*- of which Brazil*	*4,115*	*5,097*	*(982)*	*-19.3%*
339	*388*	*(49)*	*-12.6%*	*- of which Chile*	*953*	*1,127*	*(174)*	*-15.4%*
145	*156*	*(11)*	*-7.1%*	*- of which Colombia*	*448*	*465*	*(17)*	*-3.7%*
140	*195*	*(55)*	*-28.2%*	*- of which Peru*	*522*	*595*	*(73)*	*-12.3%*
98	97	1	1.0%	Europe	289	282	7	2.5%
88	13	75	-	Other	233	37	196	-
(76)	(15)	(61)	-	Eliminations and adjustments	(212)	(45)	(167)	-
4,722	**5,472**	**(750)**	**-13.7%**	**Total**	**14,270**	**16,159**	**(1,889)**	**-11.7%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
1,049	1,146	(97)	-8.5%	Italy	2,922	2,970	(48)	-1.6%
464	475	(11)	-2.3%	Iberia	1,585	1,449	136	9.4%
336	520	(184)	-35.4%	Latin America	1,109	1,658	(549)	-33.1%
6	*(2)*	*8*	-	*- of which Argentina*	*29*	*240*	*(211)*	*-87.9%*
191	*317*	*(126)*	*-39.7%*	*- of which Brazil*	*575*	*804*	*(229)*	*-28.5%*
38	*52*	*(14)*	*-26.9%*	*- of which Chile*	*121*	*168*	*(47)*	*-28.0%*
81	*103*	*(22)*	*-21.4%*	*- of which Colombia*	*266*	*288*	*(22)*	*-7.6%*
20	*50*	*(30)*	*-60.0%*	*- of which Peru*	*118*	*158*	*(40)*	*-25.3%*
45	40	5	12.5%	Europe	100	87	13	14.9%
4	(4)	8	-	Other	(2)	(16)	14	87.5%
1,898	**2,177**	**(279)**	**-12.8%**	**Total**	**5,714**	**6,148**	**(434)**	**-7.1%**

The **gross operating margin** declined for the following reasons:

> in Latin America, and Brazil in particular, the decrease reflected the decline in wheeling volumes as a result of COVID-19 and adverse exchange rate developments. However, in Argentina it was also attributable to the effect recognition in the first nine months of 2019 of the agreement between Edesur and the Argentine government settling reciprocal disputes originated between 2006 and 2016 (€202 million);

> in Italy, the decrease was mainly attributable to the decline in margins as a result of the contraction in wheeling volumes due to COVID-19 and the effect of the indemnity received in 2019 connected with the disposal of Enel Rete Gas (€50 million). These factors were partly offset by an increase in income for the reimbursement of system charges and grid fees under the provisions of the Regulatory Authority for Energy, Networks and the Environment (ARERA) Resolutions no. 50/2018 and no. 568/2019 (€51 million).

The decreases in Latin America and Italy were partly offset by an increase in the margin in Iberia of €136 million, reflecting in particular the signing in the 1st Half of 2020 of the 5th Endesa Collective Bargaining Agreement, which modified the electricity discount benefit for employees and former employees and thereby led to the reversal of the associated provision in the total amount of €269 million. This positive effect was only partly offset by the provision of €91 million for the voluntary early termination of employment and the adverse effect of the decrease in quantities transported and the application of the new rate mechanism in Spain, which entered force for the 2020-2025 period.

The **ordinary gross operating margin** decreased by €345 million compared with 2019.
Extraordinary items generated an increase of €89 million in the ordinary gross operating margin, bearing in mind that the figures for 2020 include costs of €39 million incurred mainly in Italy and Brazil in responding to the COVID-19 pandemic for the sanitization of workplaces, personal protective equipment and donations, while in the previous year they had included the additional indemnity (€50 million) connected with the disposal of Enel Rete Gas in 2009.

Operating income

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
658	665	(7)	-1.1%	Italy	1,827	1,973	(146)	-7.4%
283	292	(9)	-3.1%	Iberia	1,035	910	125	13.7%
180	341	(161)	-47.2%	Latin America	598	1,078	(480)	-44.5%
4	*(8)*	*12*	*-*	*- of which Argentina*	*17*	*218*	*(201)*	*-92.2%*
87	*206*	*(119)*	*-57.8%*	*- of which Brazil*	*239*	*408*	*(169)*	*-41.4%*
27	*41*	*(14)*	*-34.1%*	*- of which Chile*	*87*	*133*	*(46)*	*-34.6%*
56	*67*	*(11)*	*-16.4%*	*- of which Colombia*	*187*	*206*	*(19)*	*-9.2%*
6	*35*	*(29)*	*-82.9%*	*- of which Peru*	*68*	*113*	*(45)*	*-39.8%*
25	17	8	47.1%	Europe	39	17	22	-
3	(4)	7	-	Other	(4)	(17)	13	76.5%
1,149	**1,311**	**(162)**	**-12.4%**	**Total**	**3,495**	**3,961**	**(466)**	**-11.8%**

Operating income, including depreciation, amortization and impairment of €2,219 million (€2,187 million in the first nine months of 2019), essentially reflects the developments discussed for the gross operating margin for the period and an increase in writedowns of receivables in Italy, partly due to the COVID-19 emergency (€47 million).

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	1,291	1,256	35	2.8%
Iberia	401	360	41	11.4%
Latin America	859	911	(52)	-5.7%
Europe	132	116	16	13.8%
Other	8	-	8	-
Total	**2,691**	**2,643**	**48**	**1.8%**

Capital expenditure increased by a total of €48 million over the first nine months of 2019. More specifically, the increase reflects:

> in Italy, capital expenditure for high- and medium-voltage plants;
> in Spain, expenditure on distribution lines, substations, transformers and the replacement of metering equipment.

That increase was partly offset by a reduction in capital expenditure in Latin America, especially in Argentina as a result of adverse exchange rate developments and a freeze on rates since February 2019.

End-user Markets

Operations

Electricity sales

Millions of kWh	First nine months			
	2020	2019	Change	
Free market	119,290	129,730	(10,440)	-8.0%
Regulated market	102,698	112,439	(9,741)	-8.7%
Total[(1)]	**221,988**	**242,169**	**(20,181)**	**-8.3%**
- of which Italy	*67,303*	*74,137*	*(6,834)*	*-9.2%*
- of which Iberia	*60,585*	*67,018*	*(6,433)*	*-9.6%*
- of which Latin America[(1)]	*87,533*	*93,690*	*(6,157)*	*-6.6%*
- of which Europe	*6,567*	*7,324*	*(757)*	*-10.3%*

(1) Volumes include sales to large customers by generation companies in Latin America. The figure for 2019 has consequently been adjusted to ensure comparability.

In the first nine months of 2020, quantities sold decreased, mainly due to a reduction in consumption associated with the decline in demand for electricity in all countries, largely attributable to the COVID-19 health emergency, which produced a decrease in volumes sold in Italy, Spain and Latin America. The decrease in Italy and Spain was mainly registered in the free market in respect of "business-to-business" (B2B) transactions.

Natural gas sales

Millions of m^3	First nine months			
	2020	2019	Change	
Business to consumer	2,393	2,583	(190)	-7.4%
Business to business	4,273	5,016	(743)	-14.8%
Total	**6,666**	**7,599**	**(933)**	**-12.3%**
- of which Italy	*3,060*	*3,395*	*(335)*	*-9.9%*
- of which Iberia	*3,530*	*4,194*	*(664)*	*-15.8%*
- of which Europe	*76*	*10*	*66*	-

The reduction in natural gas sales in the first nine months of 2020 compared with the same period of 2019 mainly reflects a reduction in consumption in Italy and Spain, partly due to the COVID-19 pandemic.

Performance

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
7,077	7,424	(347)	-4.7%	Revenue	21,494	24,265	(2,771)	-11.4%
705	744	(39)	-5.2%	Gross operating margin	2,287	2,405	(118)	-4.9%
706	744	(38)	-5.1%	Ordinary gross operating margin	2,297	2,405	(108)	-4.5%
435	498	(63)	-12.7%	Operating income	1,364	1,669	(305)	-18.3%
				Capital expenditure	304	299	5	1.7%

The following tables show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
3,556	3,723	(167)	-4.5%	Italy	10,704	11,945	(1,241)	-10.4%
2,897	3,050	(153)	-5.0%	Iberia	8,828	10,294	(1,466)	-14.2%
350	373	(23)	-6.2%	Latin America	1,109	1,187	(78)	-6.6%
(1)	*(3)*	*2*	*66.7%*	*- of which Argentina*	*1*	*33*	*(32)*	*-97.0%*
68	*100*	*(32)*	*-32.0%*	*- of which Brazil*	*226*	*309*	*(83)*	*-26.9%*
61	*72*	*(11)*	*-15.3%*	*- of which Chile*	*201*	*216*	*(15)*	*-6.9%*
163	*190*	*(27)*	*-14.2%*	*- of which Colombia*	*524*	*585*	*(61)*	*-10.4%*
59	*14*	*45*	*-*	*- of which Peru*	*157*	*44*	*113*	*-*
1	(2)	3	-	North America	-	1	(1)	-
272	280	(8)	-2.9%	Europe	852	838	14	1.7%
1	-	1	-	Eliminations and adjustments	1	-	1	-
7,077	**7,424**	**(347)**	**-4.7%**	**Total**	**21,494**	**24,265**	**(2,771)**	**-11.4%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
514	480	34	7.1%	Italy	1,648	1,647	1	0.1%
125	194	(69)	-35.6%	Iberia	430	518	(88)	-17.0%
42	63	(21)	-33.3%	Latin America	147	236	(89)	-37.7%
(4)	*(6)*	*2*	*33.3%*	*- of which Argentina*	*(7)*	*10*	*(17)*	*-*
23	*39*	*(16)*	*-41.0%*	*- of which Brazil*	*78*	*122*	*(44)*	*-36.1%*
4	*9*	*(5)*	*-55.6%*	*- of which Chile*	*19*	*28*	*(9)*	*-32.1%*
12	*11*	*1*	*9.1%*	*- of which Colombia*	*39*	*50*	*(11)*	*-22.0%*
7	*10*	*(3)*	*-30.0%*	*- of which Peru*	*18*	*26*	*(8)*	*-30.8%*
1	*(3)*	*4*	*-*	*North America*	*-*	*-*	*-*	*-*
23	10	13	-	Europe	62	4	58	-
705	**744**	**(39)**	**-5.2%**	**Total**	**2,287**	**2,405**	**(118)**	**-4.9%**

The **gross operating margin** for the first nine of 2020 essentially decreased as a result of:

> a decrease of €88 million in the margin in Iberia, mainly reflecting a decrease in quantities sold and the lower margins caused by the hedging activities, due in part to the persistence of the downward impact of COVID-19 on volumes and demand. These effects were partly offset by lower procurement costs;

> a decrease in the margin in Latin America, mainly due to the depreciation of local currencies against the euro, especially in Brazil, and the effect of the indemnity received during the first nine months of 2019 by Edesur (€26 million);

> an increase of €58 million in the margin in Romania, due to the combined effect of an increase in revenue generated as a result of an increase in unit prices on both the free and regulated markets and a decrease in costs incurred in the regulated market;

> a slight increase in the margin in Italy, where the reduction of €70 million in the margin on the free market (mainly due to lower sales) was offset by a rise of €71 million in the margin on the regulated market (due to the decrease in operating costs, which mainly reflected the reversal of

the provision for legal disputes and an increase in income from the reimbursement of fraud losses. These effects were partially offset by a decline in volumes sold and a contraction of the customer base).

The **ordinary gross operating margin** amounted to €2,297 million (€2,405 million in the first nine months of 2019). The only extraordinary item present in 2020 is represented by costs incurred (€10 million) in responding to the COVID-19 pandemic for the sanitization of workplaces, personal protective equipment and donations.

Operating income

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
326	315	11	3.5%	Italy	1,084	1,198	(114)	-9.5%
89	144	(55)	-38.2%	Iberia	275	391	(116)	-29.7%
4	44	(40)	-90.9%	Latin America	(32)	97	(129)	-
(13)	*(10)*	*(3)*	*-30.0%*	*- of which Argentina*	*(29)*	*(20)*	*(9)*	*-45.0%*
6	*30*	*(24)*	*-80.0%*	*- of which Brazil*	*(38)*	*36*	*(74)*	-
(5)	*8*	*(13)*	-	*- of which Chile*	*(2)*	*21*	*(23)*	-
10	*11*	*(1)*	*-9.1%*	*- of which Colombia*	*25*	*42*	*(17)*	*-40.5%*
6	*5*	*1*	*20.0%*	*- of which Peru*	*12*	*18*	*(6)*	*-33.3%*
2	*(2)*	*4*	-	*North America*	-	*1*	*(1)*	-
14	(3)	17	-	Europe	37	(18)	55	-
-	-	-	-	Eliminations and adjustments	-	-	-	-
435	**498**	**(63)**	**-12.7%**	**Total**	**1,364**	**1,669**	**(305)**	**-18.3%**

Operating income reflected the effect of depreciation, amortization and impairment of €923 million (€736 million in the first nine months of 2019). The increase in depreciation, amortization and impairment reflected an increase in writedowns of trade receivables in Italy and Spain as a result of a deterioration in collection status as a result of COVID-19.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	220	234	(14)	-6.0%
Iberia	78	56	22	39.3%
Latin America	-	-	-	-
Europe	6	9	(3)	-33.3%
Total	**304**	**299**	**5**	**1.7%**

The increase in **capital expenditure** is mainly attributable to an increase in the capitalization of costs connected with the acquisition of new customers in Iberia, largely offset by the decline in Italy as a result of a reduction in ICT investment and a decrease in acquisitions of new customers.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Operations

	First nine months			
	2020	2019	Change	
Demand response capacity (MW)	5,945	6,144	(199)	-3.2%
Lighting points (thousands)	2,749	2,389	360	15.1%
Storage (MW)(1)	68	62	6	9.7%
Charging points (no.)	95,435	69,691	25,744	36.9%

(1) Enel X cumulative storage capacity; the 2019 figures is at December 31.

In the first nine months of the year, the Group further expanded charging infrastructure for electric vehicles: charging points installed with private buyers increased by 22,142, mainly in North America and Italy, while public charging points expanded by 3,602, mainly in Italy and Spain.

Performance

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			2020	2019	Change	
293	343	(50)	-14.6%	Revenue	756	835	(79)	-9.5%
45	35	10	28.6%	Gross operating margin	68	107	(39)	-36.4%
45	35	10	28.6%	Ordinary gross operating margin	70	107	(37)	-34.6%
10	4	6	-	Operating income	(38)	(4)	(34)	-
				Capital expenditure	159	171	(12)	-7.0%

The following tables show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
62	99	(37)	-37.4%	Italy	215	227	(12)	-5.3%
56	64	(8)	-12.5%	Iberia	169	186	(17)	-9.1%
79	49	30	61.2%	Latin America	151	120	31	25.8%
3	*-*	*3*	*-*	*- of which Argentina*	*4*	*-*	*4*	*-*
11	*5*	*6*	*-*	*- of which Brazil*	*16*	*12*	*4*	*33.3%*
13	*24*	*(11)*	*-45.8%*	*- of which Chile*	*40*	*53*	*(13)*	*-24.5%*
19	*17*	*2*	*11.8%*	*- of which Colombia*	*56*	*50*	*6*	*12.0%*
33	*3*	*30*	*-*	*- of which Peru*	*35*	*5*	*30*	*-*
-	*-*	*-*	*-*	*- of which other countries*	*-*	*-*	*-*	*-*
69	113	(44)	-38.9%	North America	137	258	(121)	-46.9%
12	11	1	9.1%	Europe	34	25	9	36.0%
12	15	(3)	-20.0%	Africa, Asia and Oceania	40	38	2	5.3%
25	10	15	-	Other	74	31	43	-
(22)	(18)	(4)	-22.2%	Eliminations and adjustments	(64)	(50)	(14)	-28.0%
293	**343**	**(50)**	**-14.6%**	**Total**	**756**	**835**	**(79)**	**-9.5%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
(3)	(1)	(2)	-	Italy	6	(1)	7	-
9	13	(4)	-30.8%	Iberia	34	36	(2)	-5.6%
37	22	15	68.2%	Latin America	60	41	19	46.3%
2	*-*	*2*	*-*	*- of which Argentina*	*2*	*-*	*2*	*-*
4	*-*	*4*	*-*	*- of which Brazil*	*1*	*(2)*	*3*	*-*
2	*14*	*(12)*	*-85.7%*	*- of which Chile*	*6*	*17*	*(11)*	*-64.7%*
12	*8*	*4*	*50.0%*	*- of which Colombia*	*35*	*26*	*9*	*34.6%*
17	*-*	*17*	*-*	*- of which Peru*	*16*	*-*	*16*	*-*
5	11	(6)	-54.5%	North America	(15)	54	(69)	-
-	1	(1)	-	Europe	3	1	2	-
-	-	-	-	Africa, Asia and Oceania	(1)	(3)	2	66.7%
(3)	(11)	8	72.7%	Other	(19)	(21)	2	9.5%
45	**35**	**10**	**28.6%**	**Total**	**68**	**107**	**(39)**	**-36.4%**

The decline in the **gross operating margin** is mainly attributable to the effect of the recognition in 2019 of an indemnity of €58 million in North America in application of contractual clauses connected with the disposal of eMotorWerks, partly offset by an improvement in operation performance in other countries.

The **ordinary gross operating margin** amounted to €70 million (€107 million in the first nine months of 2019). The difference of €2 million compared with the gross operating margin for the first nine months of 2020 is entirely attributable to non-recurring costs incurred in responding to the COVID-19 health emergency.

Operating income

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
(14)	(10)	(4)	-40.0%	Italy	(29)	(27)	(2)	-7.4%
1	4	(3)	-75.0%	Iberia	11	3	8	-
31	25	6	24.0%	Latin America	50	38	12	31.6%
2	*-*	*2*	*-*	*- of which Argentina*	*2*	*-*	*2*	*-*
3	*(2)*	*5*	*-*	*- of which Brazil*	*(1)*	*(4)*	*3*	*75.0%*
2	*13*	*(11)*	*-84.6%*	*- of which Chile*	*4*	*16*	*(12)*	*-75.0%*
11	*14*	*(3)*	*-21.4%*	*- of which Colombia*	*33*	*26*	*7*	*26.9%*
13	*-*	*13*	*-*	*- of which Peru*	*12*	*-*	*12*	*-*
(2)	(1)	(1)	-	North America	(44)	14	(58)	-
(1)	-	(1)	-	Europe	(1)	(1)	-	-
(1)	(1)	-	-	Africa, Asia and Oceania	(3)	(5)	2	40.0%
(4)	(13)	9	-69.2%	Other	(22)	(26)	4	15.4%
10	**4**	**6**	**-**	**Total**	**(38)**	**(4)**	**(34)**	**-**

The **operating loss**, including depreciation, amortization and impairment of €106 million (€111 million in the first nine months of 2019), essentially reflects the developments already noted for the gross operating margin for the period and a reduction in depreciation and amortization in Spain, partly offset by an increase in writedowns of trade receivables in Italy.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	43	32	11	34.4%
Iberia	30	39	(9)	-23.1%
Latin America	22	22	-	-
North America	27	39	(12)	-30.8%
Europe	1	3	(2)	-66.7%
Africa, Asia and Oceania	2	1	1	-
Other	34	35	(1)	-2.9%
Total	**159**	**171**	**(12)**	**-7.0%**

The decline in Enel X's **capital expenditure** is mainly attributable to the sale of e-industries assets and a reduction in expenditure in e-home operations due to a change in the strategic approach in the business model in Spain and a decrease in demand response activities in the United States. These effects were partially offset by an increase in the e-home operations and public lighting activities in Italy and an increase in the installation of electric car charging points in Spain.

Services and Other

Performance

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			2020	2019	Change	
529	543	(14)	-2.6%	Revenue	1,480	1,569	(89)	-5.7%
(13)	18	(31)	-	Gross operating margin	(81)	42	(123)	-
2	18	(16)	-88.9%	Ordinary gross operating margin	(38)	42	(80)	-
(55)	(35)	(20)	-57.1%	Operating income	(220)	(106)	(114)	-
				Capital expenditure	69	84	(15)	-17.9%

The tables below show a breakdown of performance by Region/Country in the first nine months of 2020.

Revenue

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			2020	2019	Change	
196	325	(129)	-39.7%	Italy	555	945	(390)	-41.3%
120	149	(29)	-19.5%	Iberia	332	412	(80)	-19.4%
3	7	(4)	-57.1%	Latin America	6	24	(18)	-75.0%
5	7	(2)	-28.6%	Europe	17	19	(2)	-10.5%
278	72	206	-	Other	737	214	523	-
(73)	(17)	(56)	-	Eliminations and adjustments	(167)	(45)	(122)	-
529	**543**	**(14)**	**-2.6%**	**Total**	**1,480**	**1,569**	**(89)**	**-5.7%**

Gross operating margin

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			2020	2019	Change	
32	48	(16)	-33.3%	Italy	65	129	(64)	-49.6%
-	31	(31)	-	Iberia	2	75	(73)	-97.3%
(21)	(30)	9	-30.0%	Latin America	(75)	(79)	4	5.1%
(1)	-	(1)	-	North America	(2)	-	(2)	-
-	-	-	-	Europe	2	2	-	-
(23)	(31)	8	25.8%	Other	(73)	(85)	12	14.1%
(13)	**18**	**(31)**	**-**	**Total**	**(81)**	**42**	**(123)**	**-**

The deterioration in the **gross operating margin** in the first nine months of 2020 is mainly attributable to:

> Spain in the amount of €73 million, mainly due to a decline in revenue from services provided to other Group companies, an increase in costs as a result of provisions for early retirement incentives based on the amendments made to the "agreement on the voluntary suspension or termination of employment contracts" and restructuring costs for direct and indirect activities connected with the energy transition plans undertaken by the Group. These effects were partially offset by a decrease in costs associated with the reversal of the energy discount provision following the signing of the 5th Endesa Collective Bargaining Agreement;

- Italy in the amount of €64 million, reflecting the decrease in revenue from services and customer contracts with other Group companies. This factor was only partly offset by the decrease in costs for services and personnel costs. These developments were mainly attributable to the demerger of the Global Procurement and Global Digital Solutions units, which are now reported in part under "Other", whose gross operating margin improved by €12 million.

Both Italy and Spain were affected by the adverse impact on the margin of costs incurred in response to the COVID-19 pandemic (€36 million).

The **ordinary gross operating margin** decreased by €80 million compared with the first nine months of 2019. Extraordinary items caused the margin to increase by 43 million compared with the gross operating margin, reflecting the non-recurring costs connected with COVID-19 for the sanitization of the workplace, personal protective equipment and donation, as well as €7 million in charges associated with direct and indirect activities connected with the acceleration of the energy transition process.

Operating income

3rd Quarter				Millions of euro	First nine months			
2020	2019	Change			**2020**	2019	Change	
16	19	(3)	-15.8%	Italy	15	39	(24)	-61.5%
(9)	20	(29)	-	Iberia	(25)	45	(70)	-
(23)	(30)	7	23.3%	Latin America	(77)	(82)	5	6.1%
(1)	-	(1)	-	North America	(2)	-	(2)	-
-	-	-	-	Europe	1	1	-	-
(38)	(44)	6	13.6%	Other	(132)	(109)	(23)	-21.1%
-	-	-	-	Eliminations and adjustments	-	-	-	-
(55)	**(35)**	**(20)**	**-57.1%**	**Total**	**(220)**	**(106)**	**(114)**	**-**

The **operating loss** in the first nine months of 2020 is broadly in line with the reduction in the gross operating margin, taking account of a reduction of €9 million in depreciation, amortization and impairment.

Capital expenditure

Millions of euro	First nine months			
	2020	2019	Change	
Italy	11	37	(26)	-70.3%
Iberia	17	21	(4)	-19.0%
Latin America	1	2	(1)	-50.0%
Europe	-	1	(1)	-
Other	40	23	17	73.9%
Total	**69**	**84**	**(15)**	**-17.9%**

The decrease in **capital expenditure** in the first nine months of 2020 is attributable to a decline in spending in Italy.

Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, in the Interim Financial Report at September 30, 2020, Enel has prepared separate reclassified schedules that differ from the schedules envisaged under the IFRS-EU adopted by the Group. These reclassified schedules contain different performance indicators from those obtained directly from the condensed consolidated financial statements, which management believes are useful in monitoring the performance of the Group and representative of the financial performance of our business.
With regard to 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 by the Group in the renewable segment, related to the new "Build, Sell and Operate" business model, where the income from the disposal (or repurchase) of projects represents an ordinary activity. Also excluded from the ordinary gross operating margin are charges associated with corporate restructuring plans launched by the Group as part of the energy transition process.
Finally, the costs incurred by the Group, on an extraordinary basis, to deal with the COVID-19 emergency are also excluded (such as, for example, for the sanitization of workplaces, personal protective equipment and donations).

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 ordinary gross operating margin, as well as significant impairment losses on assets, including 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 the impact on it (and therefore net of any tax effects and non-controlling interests) of the items discussed under "Ordinary operating income".

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
> "Deferred tax assets";
> "Securities" and "Other financial receivables" included in "Other non-current financial assets";
> "Long-term borrowings";
> "Employee benefits";
> "Provisions for risks and charges (non-current portion)";
> "Deferred tax liabilities".

Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
> "Current portion of long-term financial receivables", "Factoring receivables", "Securities", "Cash collateral" and "Other financial receivables" included in "Other current financial assets";
> "Cash and cash equivalents";
> "Short-term borrowings" and the "Current portion of long-term borrowings";
> "Provisions for risks and charges (current portion)";
> "Other financial payables" included in "Other current liabilities".

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

Net capital employed: calculated as the 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 28, 2006, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions. For more information, please see note 4 of the notes to the condensed consolidated financial statements at September 30, 2020.

Outlook

The first nine months of the year were characterized by a macroeconomic environment that was volatile and highly impacted by the COVID-19 pandemic, in response to which the Group has issued guidelines aimed at preventing and/or mitigating the effects of the contagion in the workplace and at the same time ensuring business continuity. The Group is also constantly monitoring the impacts on macroeconomic and business variables in order to produce accurate real-time estimates of the potential consequences of the pandemic on the Group and to enable their mitigation with reaction or contingency plans.

Thanks to the geographical diversification of the Group, a business model integrated along the value chain, a solid financial structure and a level of digitalization that enables it to ensure the continuity of operations with the same level of service, the Group has displayed significant resilience, which was reflected in performance and the financial position in the first nine months of the year, underscoring our sound performance even in the face of exceptional events such as the COVID-19 pandemic.

The Enel Group was therefore able to continue implementing the strategy outlined in the 2020-2022 Strategic Plan, presented in November 2019, which is founded on a sustainable and fully integrated business model. It is designed to enable Enel to seize the opportunities linked to the global trends of decarbonization of generation and electrification of energy consumption, leveraging enabling factors such as the digitalization of grids and the adoption of platforms for all customer-related activities.

For the remainder of 2020, we envisage:

> an acceleration of investment in renewable energy, especially in Latin America and North America, in support of industrial growth to drive decarbonization;
> further progress in the digitalization of distribution grids, mainly in Italy and Latin America, with the aim of improving the service quality and increasing grid flexibility and resilience;
> an increase in investment devoted to the electrification of energy consumption, with the aim of leveraging the expansion of the customer base, and to continuous efficiency enhancement, supported by the creation of global business platforms.

For 2020, the targets indicated in the 2020-2022 Strategic Plan, as partially updated and announced to investors on July 29, 2020 on the occasion of the approval of the Half-Year Financial Report at June 30, 2020, are confirmed.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2020

Condensed Consolidated Income Statement

Millions of euro	Notes	First nine months	
		2020	2019
Total revenue[1]	7.a	48,050	59,332
Total costs[1]	7.b	40,523	52,107
Net income/(expense) from commodity risk management[1]	7.c	(552)	(3,026)
Operating income		**6,975**	**4,199**
Financial income		2,886	3,023
Financial expense		4,655	5,024
Net income/(expense) from hyperinflation	2	44	96
Total financial income/(expense)	7.d	**(1,725)**	**(1,905)**
Share of income/(expense) from equity investments accounted for using the equity method	7.e	**5**	**(104)**
Income before taxes		**5,255**	**2,190**
Income taxes	7.f	1,576	647
Net income from continuing operations		**3,679**	**1,543**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**3,679**	**1,543**
Attributable to shareholders of the Parent Company		2,921	813
Attributable to non-controlling interests		758	730
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0,29*	*0,08*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0,29*	*0,08*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0,29*	*0,08*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0,29*	*0,08*

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 in these condensed consolidated financial statements at September 30, 2020).

Statement of Consolidated Comprehensive Income

Millions of euro	First nine months	
	2020	2019
Net income for the period	**3,679**	**1,543**
Other comprehensive income recyclable to profit or loss (net of taxes)		
Effective portion of change in the fair value of cash flow hedges	226	(145)
Change in fair value of hedging costs	28	(33)
Share of the other comprehensive income of equity investments accounted for using the equity method	(4)	(40)
Change in the fair value of financial assets at FVOCI	(1)	10
Change in translation reserve	(4,708)	(108)
Other comprehensive income not recyclable to profit or loss (net of taxes)		
Remeasurement of net liabilities/(assets) for employee benefits	(53)	(176)
Change in fair value of equity investments in other entities	4	-
Total other comprehensive income/(loss) for the period	**(4,508)**	**(492)**
Total comprehensive income/(loss) for the period	**(829)**	**1,051**
Attributable to:		
- shareholders of the Parent Company	143	537
- non-controlling interests	(972)	514

Condensed Consolidated Balance Sheet

Millions of euro	Notes	at Sept. 30, 2020	at Dec. 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		95,154	99,010
Goodwill		14,070	14,241
Equity investments accounted for using the equity method		1,682	1,682
Other non-current assets(1)		18,405	19,689
Total non-current assets	8.a	**129,311**	**134,622**
Current assets			
Inventories		2,647	2,531
Trade receivables		11,527	13,083
Cash and cash equivalents		5,568	9,029
Other current assets(2)		14,089	12,060
Total current assets	8.b	**33,831**	**36,703**
Assets classified as held for sale	8.c	**7**	**101**
TOTAL ASSETS		**163,149**	**171,426**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	8.d	29,446	30,377
Non-controlling interests		13,968	16,561
Total shareholders' equity		**43,414**	**46,938**
Non-current liabilities			
Long-term borrowings		51,073	54,174
Provisions and deferred tax liabilities		15,450	17,409
Other non-current liabilities		12,814	12,414
Total non-current liabilities	8.e	**79,337**	**83,997**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		11,122	7,326
Trade payables		10,001	12,960
Other current liabilities		19,273	20,202
Total current liabilities	8.f	**40,396**	**40,488**
Liabilities held for sale	8.g	**2**	**3**
TOTAL LIABILITIES		**119,735**	**124,488**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**163,149**	**171,426**

(1) Of which long-term financial receivables and other securities at September 30, 2020 equal respectively to €2,668 million (€2,769 million at December 31, 2019) and €420 million (€416 million at December 31, 2019).

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2020 equal respectively to €1,623 million (€1,585 million at December 31, 2019), €2,910 million (€2,522 million at December 31, 2019) and €70 million (€51 million at December 31, 2019).

Statement of Changes in Consolidated Shareholders' Equity

Millions of euro	Share capital	Share premium reserve	Treasury share reserve	Equity instruments - perpetual hybrid bonds	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments
	Share capital and reserves attributable to the shareholders of the Parent Company							
At December 31, 2018	**10,167**	**7,489**	**-**	**-**	**2,034**	**2,262**	**(3,317)**	**(1,745)**
Distribution of 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)
of which:								
- other comprehensive income/(loss)	-	-	-	-	-	-	*36*	*(132)*
- net income/(loss) for the period	-	-	-	-	-	-	-	-
At September 30, 2019	**10,167**	**7,496**	**(1)**	**-**	**2,034**	**2,252**	**(3,420)**	**(1,836)**
At December 31, 2019	**10,167**	**7,487**	**(1)**	**-**	**2,034**	**2,262**	**(3,802)**	**(1,610)**
Distribution of interim dividends	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(7)	(2)	-	-	(5)	-	-
Equity instruments - perpetual hybrid bonds	-	-	-	592	-	-	-	-
Reserve for share-based payments (LTI Bonus)	-	-	-	-	-	3	-	-
Reclassification as result of curtailment of certain defined benefit plans (IAS 19) following signing of 5th Endesa Collective Bargaining Agreement	-	-	-	-	-	-	-	-
Monetary revaluation for hyperinflation	-	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	(257)	(13)
Comprehensive income for the period	-	-	-	-	-	-	(3,012)	248
of which:								
- other comprehensive income/(loss)	-	-	-	-	-	-	*(3,012)*	*248*
- net income/(loss) for the period	-	-	-	-	-	-	-	-
At September 30, 2020	**10,167**	**7,480**	**(3)**	**592**	**2,034**	**2,260**	**(7,071)**	**(1,375)**

Reserve from measurement of costs of hedging financial instruments	Reserve from measurement of financial instruments at FVOCI	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net liabilities/ (assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from acquisitions of non-controlling interests	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(258)	**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)
(29)	10	(37)	(124)	-	-	813	537	514	1,051
(29)	*10*	*(37)*	*(124)*	-	-	-	*(276)*	*(216)*	*(492)*
-	-	-	-	-	-	*813*	*813*	*730*	*1,543*
(287)	**26**	**(100)**	**(845)**	**(2,381)**	**(1,557)**	**19,321**	**30,869**	**16,962**	**47,831**
(147)	**21**	**(119)**	**(1,043)**	**(2,381)**	**(1,572)**	**19,081**	**30,377**	**16,561**	**46,938**
-	-	-	-	-	-	(1,708)	(1,708)	(1,024)	(2,732)
-	-	-	-	-	-	-	(14)	-	(14)
-	-	-	-	-	-	-	592	-	592
-	-	-	-	-	-	-	3	-	3
-	-	-	106	-	-	(106)	-	-	-
-	-	-	-	-	-	78	78	109	187
-	-	-	(28)	-	275	(2)	(25)	(706)	(731)
21	3	(4)	(34)	-	-	2,921	143	(972)	(829)
21	*3*	*(4)*	*(34)*	-	-	-	*(2,778)*	*(1,730)*	*(4,508)*
-	-	-	-	-	-	*2,921*	*2,921*	*758*	*3,679*
(126)	**24**	**(123)**	**(999)**	**(2,381)**	**(1,297)**	**20,264**	**29,446**	**13,968**	**43,414**

Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months	
	2020	2019
Income before taxes for the period	**5,255**	**2,190**
Adjustments for:		
Net impairment/(reversals) of trade receivables and other receivables	941	721
Depreciation, amortization and other impairment losses	4,789	8,289
Financial (income)/expense	1,725	1,905
Net income of equity investments accounting for using the equity method	(5)	104
Changes in net working capital:		
- inventories	(253)	(81)
- trade receivables	(467)	(482)
- trade payables	(2,323)	(2,129)
- other contract assets[1]	(12)	(57)
- other contract liabilities[1]	(260)	-
- other assets/liabilities	341	882
Interest and other financial expense and income paid and collected	(1,664)	(1,957)
Other changes	(1,507)	(1,714)
Cash flows from operating activities (A)	**6,560**	**7,671**
Investments in property, plant and equipment, intangible assets and non-current contract assets	(6,563)	(6,593)
Investments in entities (or business units) less cash and cash equivalents acquired	(29)	(250)
Disposals of entities (or business units) less cash and cash equivalents sold	153	493
(Increase)/Decrease in other investing activities	(43)	(10)
Cash flows from investing/disinvesting activities (B)	**(6,482)**	**(6,360)**
Financial debt (new long-term borrowing)	2,124	5,618
Repayments of financial debt[1]	(2,850)	(3,748)
Other changes in net financial debt[1]	2,877	183
Receipts from disposal of equity investments without loss of control[1]	-	-
Payments for acquisitions of equity investments without change of control and other transactions with non-controlling interests[1]	(482)	628
Sale/(Purchase) of own shares	(9)	(1)
Dividends and interim dividends paid	(4,632)	(3,887)
Cash flows from financing activities (C)	**(2,972)**	**(1,207)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(548)**	**(22)**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(3,442)**	**82**
Cash and cash equivalents at the beginning of the period[2]	9,080	6,714
Cash and cash equivalents at the end of the period[3]	5,638	6,796

(1) In order to improve the presentation of these items, they have been broken down to a greater extent than in the past, making it necessary to reclassify the figures for 2019 in order to ensure the uniformity and comparability of the data with the previous year.

(2) Of which cash and cash equivalents equal to €9,029 million at January 1, 2020 (€6,630 million at January 1, 2019), short-term securities equal to €51 million at January 1, 2020 (€63 million at January 1, 2019) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €21 million at January 1, 2019.

(3) Of which cash and cash equivalents equal to €5,568 million at September 30, 2020 (€6,753 million at September 30, 2019) and short-term securities equal to €70 million at September 30, 2020 (€43 million at September 30, 2019).

Notes to the condensed consolidated financial statements at September 30, 2020

1. Accounting policies and measurement criteria

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the condensed consolidated financial statements at September 30, 2020 are the same as those adopted for the consolidated financial statements at December 31, 2019 (please see the related report for more information), with the exception of management's assumptions concerning certain areas of the financial statements as a result of the COVID-19 pandemic, which are discussed below, and amendments to a number of accounting standards. More specifically, as from January 1, 2020 the following amendments of accounting standards have become applicable to the Enel Group.

> "Amendments to IFRS 3 - *Definition of a Business*", issued in October 2018, is intended to assist companies in determining whether a set of activities and assets is a business. More specifically, the amendments clarify that a business, considered as an integrated set of activities and assets, must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Accordingly, the amendments clarify that a business cannot exist without including the inputs and substantive processes necessary to produce outputs. The definition of "output", as modified by these amendments, focuses on the goods and services delivered to customers, on investment income and other revenue and excludes returns in the form of lower costs or other economic benefits.

> "Amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest Rate Benchmark Reform*", issued in September 2019. The amendments: (i) provide for temporary exceptions that enable hedging relationships to continue during the period of uncertainty until alterative risk-free rates are established with the interbank offered rates (IBORs) reform; and (ii) require additional disclosures on hedging relationships directly affected by the uncertainty. In this regard, note that the reform will impact fair value measurement, the effects of hedge accounting and the net financial results when the alternative rates are defined.

> "Amendments to IAS 1 and IAS 8 - *Definition of Material*", issued in October 2018, to align the definition of "material" between the accounting standards and the Conceptual Framework for Financial Reporting and clarify a number of aspects. The definition of material is as follows: "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." More specifically, the amendments clarify that:
  - "obscuring information" regards situations for which the effect for users of financial statements is similar to the omission or misstatement of information whose materiality is assessed in the context of the financial statements taken as a whole;
  - "primary users of financial statements", to whom general purpose financial statements are directed, are "existing and potential investors, lenders and other creditors" who must rely on general purpose financial statements for much of the financial information they need; and
  - "materiality" depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users of the financial statements.

- "*Amendments to References to the Conceptual Framework in IFRS Standards*", issued in March 2018. The document sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. These amendments accompany the latest version of the "Revised Conceptual Framework for Financial Reporting", issued in March 2018 and in effect as from January 1, 2020, which includes some new concepts, provides updated definitions and recognition criteria and clarifies some important concepts. The main amendments include:
  - an increase in the importance of management's stewardship of economic resources for financial reporting purposes;
  - the restoration of prudence as an element supporting neutrality;
  - the definition of reporting entity, which may be a legal entity or a portion of that entity;
  - the revision of the definitions of assets and liabilities;
  - elimination of the probability threshold in recognition and the addition of guidelines for derecognition;
  - the addition of guidelines on various measurement bases; and
  - the affirmation that profit or loss is the primary indicator of performance and that, in principle, income and expenses included in other comprehensive income shall be recycled to the income statement when doing so results in the income statement providing more relevant information or a more faithful representation.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the slight financial impact of these variations, considering that the Group's operations are spread across both hemispheres, no additional disclosure (required under IAS 34.21) for developments in the 12 months ended September 30, 2020 is provided.

2. Effects of the application of new accounting standards and interpretations

In its Agenda Decision of 2019, the IFRS Interpretations Committee (IFRIC) clarified the proper recognition of contracts entered into to buy or sell fixed-price non-financial items, accounted for at fair value through profit or loss under IFRS 9 and physically settled, including energy commodities.

Based on that measure, the Group changed its accounting policy for the year ended December 31, 2019, with no impact on net income or equity.

Past practice was based on the recognition in:

- "Net income/(expense) from commodity contracts measured at fair value" of changes in the fair value of outstanding derivatives as well as of the effects in profit or loss, at the settlement date, of the derecognition of derivative assets/liabilities deriving from the fair value measurement of those contracts;
- "Revenue from sales and services" and "Electricity, gas and fuel purchases" of revenue and costs on the settlement date.

The current treatment of such contracts for non-financial items that do not meet the requirements for the own use exemption envisages recognition:

- under "Revenue" of changes in fair value on outstanding sale contracts as well as, at the settlement date, of the revenue together with the effects in profit or loss from the derecognition of assets/liabilities deriving from the fair value measurement of those contracts;
- under "Costs":
  - of changes in fair value on outstanding purchase contracts; and
  - at the settlement date, of the associated purchase costs as well as the effects in profit or loss from derecognition of assets/liabilities deriving from the fair value measurement of those contracts.

Consequently the income statement line "Net income/(expense) from commodity contracts measured at fair value" has been renamed as "Net income/(expense) from commodity risk management", which currently includes only changes in fair value and settlement effects of energy commodity derivatives without physical settlement.

Impact on income statement

Millions of euro	Notes	First nine months		
		2019	Effect of IFRIC application	2019
Total revenue	7.a	57,125	2,207	59,332
Total costs	7.b	53,044	(937)	52,107
Net income/(expense) from commodity risk management	7.c	118	(3,144)	(3,026)
Operating income		**4,199**	**-**	**4,199**
Financial income		3,023	-	3,023
Financial expense		5,024	-	5,024
Net income/(expense) from hyperinflation	2	96	-	96
Total financial income/(expense)	7.d	**(1,905)**	**-**	**(1,905)**
Share of income/(expense) from equity investments accounted for using the equity method	7.e	**(104)**	**-**	**(104)**
Income before taxes		**2,190**	**-**	**2,190**
Income taxes	7.f	647	-	647
Net income from continuing operations		**1,543**	**-**	**1,543**
Net income from discontinued operations		**-**	**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,543**	**-**	**1,543**
Attributable to shareholders of the Parent Company		813	-	813
Attributable to non-controlling interests		730	-	730
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.08*	-	*0.08*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.08*	-	*0.08*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.08*	-	*0.08*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.08*	-	*0.08*

With regard to the details in notes 7.a and 7.b on revenue and costs, respectively, the following tables give a breakdown of the effects of the application of the interpretation on contracts in commodities with physical settlement that fall within the scope of IFRS 9.

Millions of euro	Notes	First nine months		
		2019	Effect of IFRIC application	2019
Sale of electricity	7.a	33,417	(3,363)	30,054
Sale of fuels	7.a	6,668	(6,130)	538
Sale of environmental certificates	7.a	33	(5)	28
Sale of energy commodities under contracts with physical settlement	7.a	-	11,224	11,224
Gain (loss) on derivatives on sale of commodities with physical settlement	7.a	-	481	481
Total impact of IFRIC application on sales		**40,118**	**2,207**	**42,325**

Millions of euro	Notes	First nine months		
		2019	Effect of IFRIC application	2019
Purchases of electricity	7.b	15,363	(521)	14,842
Gain/(Loss) on derivatives on sale of commodities with physical settlement	7.b	-	1,393	1,393
Total purchases of electricity		15,363	872	16,235
Consumption of fuel for generation and trading and gas for sale to end users	7.b	11,245	(1,410)	9,835
Gain/(Loss) on derivatives on purchase of fuel with physical settlement	7.b	-	(494)	(494)
Total consumption of fuel for generation and trading and gas for sale to end users		11,245	(1,904)	9,341
Materials				
Purchases of environmental certificates	7.b	399	19	418
Gain/(Loss) on derivatives on purchase of environmental certificates with physical settlement	7.b	-	76	76
Total purchases of environmental certificates		399	95	494
Total impact of IFRIC application on purchases		**27,007**	**(937)**	**26,070**
Net income/(expense) from commodity risk management	7.c	**118**	**(3,144)**	**(3,026)**
TOTAL IMPACT OF IFRIC APPLICATION ON PROFIT OR LOSS		**13,229**	**-**	**13,229**

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

Bearing in mind that the Enel Group acquired control of the Argentine companies on June 25, 2009, the remeasurement of the non-monetary balance-sheet figures was conducted by applying the inflation indices starting from that date. In addition to being already reflected in the opening balance sheet, the accounting effects of that remeasurement also include changes during the period. More specifically, the effect of the remeasurement of non-monetary items, the components of equity and the components of the income statement recognized in the first nine months of 2020 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, 2019 and September 30, 2020 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 December 31, 2019	54,46%
From January 1, 2020 to September 30, 2020	22,19%

In the first nine months of 2020, the application of IAS 29 generated net financial income (gross of tax) of €44 million.

The following tables report the effects of IAS 29 on the balance at September 30, 2020 and 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, 2019	Hyperinflation effect for the period	Exchange differences	Cumulative hyperinflation effect at September 30, 2020
Total assets	**857**	224	(211)	**870**
Total liabilities	**164**	52	(54)	**162**
Shareholders' equity	**693**	172[1]	(157)	**708**

(1) The figure includes the net loss for the first nine months of 2019, equal to €15 million.

Millions of euro

	First nine months		
	IAS 29	Exchange differences	Total
Revenue	62	(107)	(45)
Costs	105[1]	(91)[2]	14
Operating income	**(43)**	**(16)**	**(59)**
Net financial income/(expense)	(6)	(1)	(7)
Net income/(expense) from hyperinflation adjustments	44	-	44
Income before taxes	**(5)**	**(17)**	**(22)**
Income taxes	10	(3)	7
Net income for the period (shareholders of the Parent Company and non-controlling interests)	**(15)**	**(14)**	**(29)**
Attributable to shareholders of the Parent Company	1	(6)	(5)
Attributable to non-controlling interests	(16)	(8)	(24)

(1) Includes impact on depreciation, amortization and impairment losses of €38 million.
(2) Includes impact on depreciation, amortization and impairment losses of €(7) million.

3. Restatement of comparative disclosures

The figures presented in the comments and tables of the notes to the condensed consolidated financial statements at September 30, 2020 are consistent and comparable.

Note that the income statement figures at September 30, 2019 have been adjusted for the following circumstances:

1) in the light of the introduction of the new accounting policy, as a result of the IFRIC Agenda Decision of March 2019, for the recognition of contracts for the sale and purchase of non-financial items that are accounted for at fair value through profit or loss in accordance with IFRS 9 and settled with physical settlement, analogous reclassifications of the comparative balances for 2019 have been performed to ensure the uniformity and comparability of the figures. These reclassifications had no impact on margins or on shareholders' equity. Please see note 2 for further details;

2) with effect from March 31, 2020 in Latin America, the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line. This change impacted segment reporting but did not have any impact on the overall figures for the Group, although amounts were reclassified within the various Business Lines.

4. Main changes in the scope of consolidation

At September 30, 2020, the scope of consolidation had changed with respect to September 30, 2019 and December 31, 2019, as a result of the following main transactions.

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 provided for in the preliminary agreement reached on May 30, 2018, the provisional price for the transaction was €162 million, equal to the value of the business unit at January 1, 2018. At June 30, 2019, that price was adjusted on the basis of a number of specified variables;

> acquisition, on March 14, 2019, by Enel Green Power SpA, acting through its US renewables subsidiary Enel North America (formerly Enel Green Power North America), of 100% of 13 companies that own seven operating renewable generation plants from Enel Green Power North America Renewable Energy Partners (EGPNA REP), a joint venture 50% owned by Enel North America (formerly Enel Green Power North America) 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 Enel North America (formerly Enel Green Power North America), 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 Italy acquired 100% di 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.

2020

> In January 2020, the Wild Plains project company, 100% owned by Tradewind, was sold. The sale did not have an impact on profit or loss;

> on May 11, 2020 Endesa Energía sold 80% of Endesa Soluciones for €21 million. The interest, which had previously been consolidated on a line-by-line basis, is now accounted for using the equity method;

> on July 7, 2020, Enel Green Power España acquired 100% of Parque Eólico Tico SLU Tico Solar 1 SLU and Tico Solar 2 SLU for a total of €40 million;

> on September 14, 2020, Endesa Generación Portugal acquired 100% of Suggestion Power - Unipessoal Lda for €6 million;

> on September 17, 2020 Enel X International acquired 60% di Viva Labs AS for €2 million.

Other changes

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

> disposal, in January 2020, of a number of 50% owned joint ventures in Enel North America's hydroelectric portfolio. In December 2019, the entire portfolio had been classified as held for sale in accordance with IFRS 5. The gain recognized in profit or loss was €4 million;
> in the first nine months of 2020, Enel SpA increased its interest in Enel Américas by 5.03% under the provisions of share swaps entered into with a financial institution. The Group's total stake is therefore now 65%;
> Enel SpA increased its interest in Enel Chile by 2.89% under the provisions of two share swaps entered into with a financial institution. The Group's total stake is therefore now 64.93%.

Minor acquisitions

For other minor acquisitions, the Group will determine the fair value of the assets acquired and the liabilities assumed within 12 months of the acquisition date.

Determination of goodwill

	Parque Eólico Tico, Tico Solar 1 and Tico Solar 2	Suggestion Power - Unipessoal Lda	Viva Labs AS
Net assets acquired	**40**	**6**	**-**
Cost of the acquisition	**40**	**6**	**2**
(of which paid in cash)	*14*	*3*	*2*
Goodwill	-	-	2

5. COVID-19

In line with the recommendations of ESMA, contained in the public statements[1] published in March, May and July 2020, and of CONSOB, contained in Warning Notices no. 6/20 of April 9, 2020 and no. 8/20 of July 16, 2020, the Group has carefully monitored the evolution of the COVID-19 pandemic with regard to the main areas affecting it and in the main countries in which it operates, based on the scope of analysis reported in the "Events after the reporting period" section of the notes to the 2019 consolidated financial statements and in the section "COVID-19" in the notes to the condensed consolidated financial statements at June 30, 2020.

The Interim Financial Report at September 30, 2020 provides an update of the disclosure on the COVID-19 pandemic, based on the specific circumstances of the Company and the availability of reliable information, in order to highlight the impacts on business activities, the financial position and the performance of the Group at that date, taking account of the main risks and uncertainties to which the Group is exposed discussed in the Half-Year Financial Report at 30 June 2020, which readers are invited to consult for further information.

With regard to the assessment of the impact of COVID-19, forecasts for the future evolution of the macroeconomic, financial and business environment in which the Group operates are characterized by a high degree of uncertainty, which could affect the valuations and estimates performed by management in determining the carrying amounts of assets and liabilities affected by greater volatility. At September 30, 2020, the areas of the financial statements that, based on the information available at that date and considering the constantly evolving scenario, are most affected by management estimates and judgments are the following:

> measurement of non-financial assets: compared with June 30, 2020, there is no additional evidence the assets recognized in the balance sheet may have incurred a reduction in their value that would make it necessary to perform a new estimate of their recoverable value pursuant to "IAS 36 - Impairment of assets". Accordingly, the carrying amounts of the CGU at September 30, 2020, are

(1) ESMA 71-99-1290 of March 11 2020, ESMA 32-63-951 of March 25, 2020, ESMA 31-67-742 of March 27, 2020, ESMA 32-63-972 of May 20, 2020 and ESMA 32-61-417 of July 21, 2020.

considered to be fully recoverable, having not incurred any impairment losses as a result of COVID-19;

- measurement of financial assets: in some cases, in order to take account of the effects of COVID-19 on the impairment of trade receivables, specific adjustments were made with respect to the output of the impairment model adopted by the Group based on "IFRS 9 - Financial instruments" ("post-model adjustments"). They were mainly determined on the basis of an expert credit judgment based on developments in the collection status of certain customer segments. These adjustments led to the recognition of certain writedowns, based on the information available. Please see note 7.b for more details on the impairment of financial assets at September 30, 2020;
- employee benefits: as a result of the COVID-19 emergency, a number of significant actuarial assumptions used to determine the present value of obligations for defined benefits to employees pursuant to "IAS 19 - Employee benefits" were updated as at June 30, 2020. No further updates were necessary for the situation at September 30, 2020;
- provisions for risks and charges: the assumptions underlying the assessment of the possible presence of onerous contracts have been updated. This analysis did not identify any situations that made it necessary to recognize additional provisions due to COVID-19, pursuant to "IAS 37 - Provisions, contingent liabilities and contingent assets";
- income taxes: where required, tax relief has been recognized, while the timing of the cancellation of the temporary deductible differences and the recoverability of deferred tax assets has been monitored, pursuant to "IAS 12 - Income taxes". There were no significant impacts for the Group.

6. 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 2020[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	15,241	5,096	13,150	12,682	657	1,234	(10)	48,050
Revenue and other income from transactions with other segments	1,085	188	1,120	8,812	99	55	(11,359)	-
Total revenue	**16,326**	**5,284**	**14,270**	**21,494**	**756**	**1,289**	**(11,369)**	**48,050**
Total costs	14,154	1,973	8,556	19,421	688	1,250	(11,249)	34,793
Net income/(expense) from commodity risk management	(831)	65	-	214	-	1	(1)	(552)
Depreciation and amortization	654	962	1,945	262	95	119	21	4,058
Impairment losses	763	18	302	755	11	2	1	1,852
Reversals of impairment losses	(42)	(12)	(28)	(94)	-	(3)	(1)	(180)
Operating income	**(34)**	**2,408**	**3,495**	**1,364**	**(38)**	**(78)**	**(142)**	**6,975**
Capital expenditure	**376**	**2,964**	**2,691**	**304**	**159**	**47**	**22**	**6,563**

(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.

First nine months of 2019[1] [2] [3] [4]

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	22,379	5,233	14,920	14,710	729	1,330	31	59,332
Revenue and other income from transactions with other segments	1,078	303	1,239	9,555	106	55	(12,336)	-
Total revenue	**23,457**	**5,536**	**16,159**	**24,265**	**835**	**1,385**	**(12,305)**	**59,332**
Total costs	19,241	2,224	10,011	21,856	728	1,251	(12,214)	43,097
Net income/(expense) from commodity risk management	(3,001)	(20)	-	(4)	-	-	(1)	(3,026)
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	(12)	(9)	(42)	(103)	(2)	(2)	(1)	(171)
Operating income	**(3,697)**	**2,376**	**3,961**	**1,669**	**(4)**	**10**	**(116)**	**4,199**
Capital expenditure	**498**	**2,894**[4]	**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) The figures for "Revenue and other income" and "Net income/(expense) from commodity risk management" for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 in these condensed consolidated financial statements at September 30, 2020).
(3) The figures have been adjusted to take account of the fact that in Latin America the figures pertaining to large customers managed by the generation companies have been reallocated to the End-user Markets Business Line.
(4) Does not include €4 million regarding units classified as "held for sale".

Financial position by segment

At September 30, 2020

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	10,484	30,214	35,996	161	616	670	10	78,151
Intangible assets	134	5,033	21,338	3,713	620	448	(313)	30,973
Current and non-current contract assets	7	6	339	-	37	38	71	498
Trade receivables	2,351	1,636	6,647	4,003	324	939	(4,373)	11,527
Other	1,752	1,178	2,824	643	283	705	(484)	6,901
Operating assets	**14,728**[1]	**38,067**[2]	**67,144**	**8,520**	**1,880**	**2,800**	**(5,089)**	**128,050**
Trade payables	2,075	1,766	4,783	4,330	294	705	(3,951)	10,002
Current and non-current contract liabilities	97	111	7,156	25	-	4	(50)	7,343
Sundry provisions	3,229	834	3,318	401	33	568	474	8,857
Other	1,219	1,346	7,551	2,458	845	161	(730)	12,850
Operating liabilities	**6,620**	**4,057**[3]	**22,808**	**7,214**	**1,172**[4]	**1,438**	**(4,257)**	**39,052**

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

At December 31, 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	11,863	30,351	36,333	160	442	663	11	79,823
Intangible assets[2]	134	4,697	23,782	3,624	605	466	29	33,337
Current and non-current contract assets	-	-	482	-	53	75	43	653
Trade receivables	3,219	1,726	7,649	3,838	607	676	(4,632)	13,083
Other	1,426	1,421	1,654	543	1,098	1,283	(1,350)	6,075
Operating assets	**16,642**[1]	**38,195**[2]	**69,900**[3]	**8,165**	**2,805**	**3,163**	**(5,899)**	**132,971**
Trade payables	3,383	2,192	5,411	5,028	414	949	(4,417)	12,960
Current and non-current contract liabilities	199	167	7,271	75	5	16	(104)	7,629
Sundry provisions	3,410	903	4,412	494	34	578	459	10,290
Other	1,074	1,843	8,867	2,642	415	1,451	(503)	15,789
Operating liabilities	**8,066**	**5,105**	**25,961**[4]	**8,239**	**868**	**2,994**	**(4,565)**	**46,668**

(1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €7 million regarding units classified as "held for sale".
(3) Of which €10 million regarding units classified as "held for sale".
(4) Of which €3 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, 2020	at Dec. 31, 2019
Total assets	**163,149**	**171,426**
Equity investments accounted for using the equity method	1,682	1,682
Other non-current financial assets	7,125	7,389
Long-term tax receivables included in "Other non-current assets"	1,487	1,587
Other current financial assets	8,956	8,370
Cash and cash equivalents	5,568	9,029
Deferred tax assets	8,462	9,112
Tax receivables	1,819	1,206
Financial and tax assets of "Assets held for sale"	-	80
Segment assets	**128,050**	**132,971**
Total liabilities	**119,735**	**124,488**
Long-term borrowings	51,073	54,174
Non-current financial liabilities	3,243	2,407
Short-term borrowings	7,691	3,917
Current portion of long-term borrowings	3,431	3,409
Other current financial liabilities	4,354	4,308
Deferred tax liabilities	7,705	8,314
Income tax payable	1,325	209
Other tax payables	1,861	1,082
Financial and tax liabilities of "Liabilities held for sale"	-	-
Segment liabilities	**39,052**	**46,668**

Revenue

7.a Revenue - *€48,050 million*

Millions of euro	First nine months			
	2020	2019	Change	
Sale of electricity(1)	25,352	30,054	(4,702)	-15.6%
Transport of electricity	7,932	7,752	180	2.3%
Fees from network operators	681	688	(7)	-1.0%
Transfers from institutional market operators	1,018	1,225	(207)	-16.9%
Sale of gas	1,889	2,405	(516)	-21.5%
Transport of gas	424	453	(29)	-6.4%
Sale of fuels(1)	399	641	(242)	-37.8%
Connection fees to electricity and gas networks	556	575	(19)	-3.3%
Construction contracts	563	533	30	5.6%
Sale of environmental certificates(1)	60	28	32	-
Sale of value-added services(2)	594	663	(69)	-10.4%
Other sales and services(2)	556	570	(14)	-2.5%
Total IFRS 15 revenue	**40,024**	**45,587**	**(5,563)**	**-12.2%**
Sale of energy commodities under contracts with physical settlement (IFRS 9)(1)	4,995	11,224	(6,229)	-55.5%
Gain/(Loss) on derivatives on sale of commodities with physical settlement (IFRS 9)(1)	1,669	481	1,188	-
Grants for environmental certificates	244	406	(162)	-39.9%
Sundry reimbursements	210	398	(188)	-47.2%
Gain on sale of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	13	235	(222)	-94.5%
Gain on sale of property, plant and equipment and intangible assets	25	21	4	19.0%
Other revenue and income	870	980	(110)	-11.2%
Total revenue	**48,050**	**59,332**	**(11,282)**	**-19.0%**

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 4 in these condensed consolidated financial statements at September 30, 2020).

(2) In order to improve presentation, sale of value-added services include the portion connected with services previously included under Other sales and services. In order to ensure the comparability of the reclassified figures, the figures for the first nine months of 2019 have also been reclassified.

In the first nine months of 2020, revenue from the sale of electricity amounted to €25,352 million, a decrease of €4,702 million on the same period of 2019 (-15.6%). The decline essentially reflected:

> a decrease in revenue from the sale of electricity to end users, mainly owing to the decline in volumes sold in Italy (€887 million) and Spain (€1,064 million), partly in reflection of the COVID-19 emergency;

> a decrease of revenue posted in Latin America (€2,361 million) due to the depreciation of local currencies against the euro, primarily in Brazil, and to the contraction in volumes and average prices applied to sales;

> a reduction in the revenue of Enel Global Trading (€75 million) as a result of a decline in sales on the spot market in Italy, reflecting a decrease in energy prices;

> a decline in revenue in Russia (€314 million), mainly due to the sale of the coal-fired Reftinskaya plant in October 2019.

The decrease of €516 million in revenue from the sale of gas (-21.5%) compared with the first nine months of 2019, which was largely registered in Spain and Italy, reflected the decline in volumes sold, partly in reflection of the COVID-19 health emergency.

Revenue from the sale of fuels contracted by €242 million as a result of a decline in volumes handled by Enel Global Trading.

Revenue from the sale of energy commodities under contracts with physical settlement (IFRS 9) decreased by €6,229 million on the same period of 2019, reflecting the decline in prices on the spot market and a contraction in energy traded.

The increase in gains on derivatives on sales of commodities with physical settlement is mainly attributable to contracts on gas and CO_2 allowances, partially offset by a decrease in the fair value of those on electricity.

Grants for environmental certificates decreased by €162 million, with the decline mainly recognized by e-distribuzione due to a reduction in grants received from the Energy and Environmental Services Fund for energy efficiency certificates as a result of the decline in the volumes of such certificates purchased as a result of the decarbonization process initiated by the Group.

"Sundry reimbursements" decreased in reflection of the effect of the recognition in 2019 of a contractual indemnity from a major industrial customer for exercising its option to withdraw from an electricity supply contract with Enel Generación Chile (€160 million, of which €80 million regarding the Thermal Generation and Trading Business Line and €80 million regarding the Enel Green Power Business Line).

Gains from the sale of entities declined by €222 million on the first nine months of 2019, primarily reflecting the effects of the recognition in 2019 of:

- the capital gain on the sale 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) deriving from the definitive allocation by independent experts of the purchase price for the acquisition by Enel North America (formerly Enel Green Power North America) of a number of companies from Enel Green Power North America Renewable Energy Partners LLC (EGPNA REP) in the 1st Quarter of 2019.

"Other revenue and income" shows a decrease of €110 million, mainly reflecting the effect of the recognition in 2019 of income 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 (€50 million);
- the agreement reached between Edesur and the Argentine government to settle reciprocal outstanding claims originating between 2006 and 2016 (€228 million);
- the adjustment of the price for the acquisition of eMotorWerks in 2017 in application of a number of contractual clauses (€58 million).

These effects were partly offset by:

- an increase in income at e-distribuzione for the reimbursement of system charges and network fees under the provisions of the Regulatory Authority for Energy, Networks and the Environment (ARERA) Resolutions no. 50/2018 and no. 568/2019 (€51 million);
- an increase of €108 million in income from tax partnerships for Enel Green Power North America and €46 million in other revenue from indemnities and disputes.

Costs

7.b Costs - *€40,523 million*

Millions of euro	First nine months			
	2020	2019	Change	
Electricity purchases[1]	11,289	16,235	(4,946)	-30.5%
Consumption of fuel for electricity generation[1]	1,999	3,241	(1,242)	-38.3%
Fuel for trading and gas for sale to end users[1]	5,713	6,510	(797)	-12.2%
Materials[1]	1,299	1,426	(127)	-8.9%
Personnel	3,101	3,461	(360)	-10.4%
Services, leases and rentals	11,237	11,845	(608)	-5.1%
Depreciation, amortization and impairment losses	5,730	9,010	(3,280)	-36.4%
Costs of environmental certificates	502	792	(290)	-36.6%
Other operating expenses	1,159	1,140	19	1.7%
Capitalized costs	(1,506)	(1,553)	47	3.0%
Total	**40,523**	**52,107**	**(11,584)**	**-22.2%**

(1) The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 in these condensed consolidated financial statements at September 30, 2020).

Costs for electricity purchases declined significantly following the decrease in volumes purchased in an environment of falling prices. The item includes purchases under contracts with physical settlement (IFRS 9) and the results of the measurement at fair value of those contracts, which contracted by €1,522 million compared with the same period of the previous year.

The decrease in costs for the consumption of fuel for electricity generation is mainly attributable to the decrease in the volume of thermal generation as a result of the decline in the use of generation technologies producing high levels of CO_2 emissions as well as decreasing average prices.
The change in inventories includes the writedown of fuel inventories of coal-fired plants in Italy and Spain as a result of the decarbonization process.

The decline in costs for the purchase of fuel for trading and gas for sale to end users reflects the decrease in volumes handled, mainly due to lower production volumes and the reduction in gas purchase costs. The latter was also affected by the financial benefits of the finalization of the price review agreement applied to Nigerian supplies with NLNG.

Costs for materials essentially decreased due to a decline in purchases of CO_2 allowances (€157 million). The change also includes purchases of CO_2 allowances measured at fair value in accordance with IFRS 9, of which €78 million regarding the measurement of outstanding contracts on the basis of the application of the IFRIC Agenda Decision.

In the first nine months of 2020, personnel costs amounted to €3,101 million, a decrease of €360 million. The change mainly reflects:

- a decrease in costs in Spain, due to the modification of electricity discount benefits for employees and former employees following the contractual renewal and entry into force of the 5th Endesa Collective Bargaining Agreement, which led to the reversal of the associated provision in the amount of €515 million;
- a decrease in costs in Italy, mainly connected with a decrease in the average workforce.

This change was only partly offset by the recognition in Spain of restructuring costs for activities connected with energy transition plans undertaken by the Group (of which €213 million concerning the decarbonization process) and additional allocations to the provision for early retirement incentive plans (€159 million for the *Acuerdo voluntario de Salida*).

The Enel Group workforce at September 30, 2020 numbered 66,735, of whom 37,051 employed abroad. In the first nine months of 2020, the workforce contacted by 1,518, reflecting the balance between new hires and terminations (-547) and changes in the scope of consolidation (-971), mainly due to the disposal of the Reftinskaya plant in Russia.

The overall change compared with December 31, 2019 breaks down as follows:

Balance at December 31, 2019	**68,253**
Hirings	2,166
Terminations	(2,713)
Change in scope of consolidation	(971)
Balance at September 30, 2020	**66,735**

The decrease in costs for services, leases and rentals is largely attributable to a reduction in costs for wheeling (-€372 million), mainly in Spain, Chile and Brazil, reflecting a decrease in quantities transported, a decrease in other costs for services connected with the electricity and gas business (-€79 million), mainly registered by Enel Chile, a decrease in costs connected with the value-added services business (-€83 million) and a decline in costs for business travel (-€58 million).

Depreciation, amortization and impairment losses for the first nine months of 2020 decreased mainly due to the effect of 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 the related decommissioning costs. These effects were partially offset by the writedown of the Bocamina II coal plant in Chile in the first nine months of 2020 in the amount of €737 million. These actions were taken to accelerate the Group's energy transition towards decarbonization.

In addition, during the first nine months of 2020, writedowns of trade receivables increased by €218 million compared with the same period of 2019, due in particular to the COVID-19 health emergency, following which, mainly in Italy and Spain, the estimates of the recoverability of trade receivables were revised to take account of the deterioration in the collection status of certain customer segments.

Costs of environmental certificates mainly decreased as a result of the decline in the volume of energy efficiency certificates acquired and a reduction in CO_2 compliance costs, a consequence of the decline in thermal generation.

Other operating expenses show an increase of €72 million in charges for taxes and duties, mainly due to the temporary suspension in Spain, in 2019, of the application of taxes on hydrocarbons used in electricity generation (IVPEE) and on nuclear generation under the provisions of Royal Decree 15/2018 of October 5, 2018 as well as the introduction with effect from July 2020 of a new "eco-tax" in Catalonia. These effects were largely offset by a reduction in other costs, primarily at e-Distribución Redes Digitales due to the voidance of three disciplinary proceedings in the Canary Islands and at e-distribuzione for a reduction in penalties on metering reading by the time limits set by the ARERA and a reduction in costs connected with malfunctioning plants.

In the first nine months of 2020, capitalized costs decreased by €47 million compared with the same period of the previous year, mainly attributable to e-distribuzione as a result of slowdowns caused by the COVID-19 emergency in the performance of various investment projects.

7.c Net income/(expense) from commodity risk management - *€552 million*

Net expense from commodity risk management amounted to €552 million in the first nine months of 2020 (net expense of €3,026 million in the same period of 2019) and breaks down as follows:

> net income on cash flow hedge derivatives in the amount of €2 million (net income of €128 million in the first nine months of 2019);

> net expense on derivatives at fair value through profit or loss in the amount of €554 million (net expense of €3,154 million in the first nine months of 2019).

The figures for the first nine months of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 2 in these condensed consolidated financial statements at September 30, 2020).

7.d Net financial expense - *€1,725 million*

Net financial expense decreased by €180 million on the same period of 2019.

More specifically, financial income in the first nine months of 2020 amounted to €2,886 million, a decrease of €137 million on the same period of 2019 (€3,023 million). The change mainly reflect the following factors:

- a reduction of €365 million in income from derivative instruments, essentially in respect of derivatives designated as cash flow hedges of the risk of fluctuations in exchange rates on loans denominated in foreign currencies;
- a decrease of €83 million in interest on financial assets, mainly relating to short-term financial instruments (€79 million).

These effects were partially offset by an increase of €409 million in exchange rate gains, mainly reflecting developments in the exchange rates associated with foreign currency loans and mainly regarding Enel Finance International (€538 million) and Enel SpA (€176 million), partially offset by the reduction in exchange rate gains at Enel Américas (-€171 million), Enel Green Power Brasil (-€79 million) and Enel Russia (-€43 million).

Financial expense for the first nine months of 2020 amounted to €4,655 million, a decrease of €369 million compared with the first nine months of 2019. This change is mainly attributable to the following developments:

- a reduction of €471 million in exchange rate losses, which mainly regarded Enel Finance International (-€585 million) and Enel SpA (-€63 million), partially offset by an increase in exchange rate losses at Enel Américas (€69 million), Enel Green Power Brasil (€67 million) and Enel Global Trading (€32 million);
- a decrease of €194 million in interest expense on financial liabilities, largely a reduction in interest on bonds (€100 million) and on bank borrowings (€76 million);
- a reduction of €83 million in financial expense connected with discounting, which includes:
  - the liability for employee benefits (-€53 million), mainly due to the contractual renewal and entry into force of the 5th Endesa Collective Bargaining Agreement, which led to the reversal of the provision for employee electricity discounts;
  - provisions for risks and charges (€30 million), mainly regarding Enel Américas;
- a decrease of €42 million in financial expense in respect of the recognition of writebacks of financial receivables, mainly by the Endesa Group and Enel Produzione. More specifically, the writeback recognized by Enel Produzione was connected with the fair value adjustment of the receivable from EP Slovakia BV in respect of the unpaid portion of the price for the sale of 50% of Slovak Power Holding BV;
- a reduction of €32 million in financial expense in respect of the assignment of receivables, for guarantees issued by third parties in the amount of €19 million and an increase of €20 million in capitalized financial charges.

These effects were partially offset by an increase of €575 million in expense on derivatives, essentially regarding derivatives designated as cash flow hedges of the risk of fluctuations in exchange rates on loans denominated in foreign currencies.

Finally, net income from hyperinflation adjustments recognized by the Argentine companies in application of IAS 29 concerning accounting for hyperinflationary economies amounted to €44 million in the first nine months of 2020, a decrease of €52 million on the same period of 2019 (€96 million).

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

The share of income and losses of equity investments accounted for using the equity method in the first nine months of 2020 showed net income of €5 million. The increase of €109 million mainly reflects the recognition in the first nine months of 2019 of the effects of the repurchase of 13 companies from EGPNA REP (€88 million), which led to the recognition of a capital loss by EGPNA REP itself, and the writedown of the investment of Slovak Power in the amount of €31 million as a result of changes in the parameters used to determine the pricing formula.
The change was also positively affected by the €25 million in income recognized in September 2020 in Spain in respect of Nuclenor following the favorable outcome of a dispute.

Other changes reflect the Group's pro-rated share of the results of companies accounted for using the equity method.

7.f Income taxes - *€1,576 million*

Income taxes for the first nine months of 2020 amounted to €1,576 million, producing an effective income tax rate of 30.0%, compared with 29.5% in the first nine months of 2019. While virtually unchanged between the two periods, the effective rate reflected the effect of the following items recognized in 2019:

> a reduction in taxes in Italy following an agreement with the tax authorities concerning the optional "patent box" mechanism, which allowed the application of a preferential tax regime for income from the use of intellectual property (+€53 million);
> a decrease in taxes (€36 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 deductibility of goodwill following the meter of GasAtacama into Enel Generación Chile.

The above effects regarding the first nine months of 2020 were accompanied by a decrease compared with the same period of 2019 in the tax burden in respect of withholding tax on dividends distributed by the sub-holding companies in Chile.

It should also be noted that as at September 30, 2020, the Group had not recognized any significant impact from the fiscal measures taken by the governments of the various countries in which it operates to mitigate the effects of the COVID-19 health emergency and boost the economic recovery.

Assets

8.a Non-current assets - *€129,311 million*

Property, plant and equipment and intangible assets, including investment property, amounted to €95,154 million at September 30, 2020, a decrease of €3,856 million. The change mainly reflects depreciation, amortization and impairment on those assets (€4,800 million) and exchange rate losses (€6,011 million). These effects were partly offset by investments during the period (€6,563 million).

Goodwill amounted to €14,070 million, a decrease of €171 million, which was entirely ascribable to exchange rate losses in the Latin American countries. More specifically, the change in goodwill is mainly a reflection of the adverse developments in exchange rates, mainly the Brazilian real.

Equity investments accounted for using the equity method amounted to €1,682 million, in line with their value at the end of 2019. The positive effects of changes in respect of:

> the results attributable to the Group of the companies measured using the equity method, with the greatest contribution coming from Rusenergosbyt and Nuclenor, only partially offset by the losses of other companies, in particular OpEn Fiber;
> changes in OCI reserves relating to cash flow hedge derivatives;
> capital increases, in particular by OpEn Fiber in the amount of €86 million;
> the positive effects of the change in the scope of consolidation in Spain as a result of the reduction of the stake held by Endesa Energía SA in Endesa Soluciones SLU, which had previously been consolidated on a full line-by-line basis;

were offset by:

> dividends distributed in the period in the amount of €52 million, mainly by Runergosbyt and a number of Spanish companies;
> unfavorable exchange rate developments, especially in respect of the US dollar;
> the effects of the sale of a number of North American companies.

Other non-current assets include:

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Deferred tax assets	8,462	9,112	(650)	-7.1%
Receivables and securities included in net financial debt	3,088	3,185	(97)	-3.0%
Other non-current financial assets	4,037	4,204	(167)	-4.0%
Receivables due from institutional market operators	224	232	(8)	-3.4%
Other long-term receivables	2,594(1)	2,956	(362)	-12.2%
Total	**18,405**	**19,689**	**(1,284)**	**-6.5%**

(1) The item includes investments in assets from contracts with customers of €324 million.

The reduction for the period essentially reflects:

> a decrease in deferred tax assets, mainly due to unfavorable exchange rate developments in Latin America, a decline in deferred tax assets linked to changes in the fair value of cash flow hedge derivatives and the reversal of the electricity discount provision in Spain;

> a decrease in other long-term receivables. The increase of €282 million in receivables in respect of the PIS/COFINS dispute was more than offset by the adverse developments in the Brazilian exchange rate;

> a decrease in other non-current financial assets, essentially attributable to the reduction of €673 million in financial assets in respect of service concession arrangements in Brazil, partially offset by an increase in the fair value of derivative contracts in the amount of €510 million, mainly regarding derivatives designated as cash flow hedges (€482 million).

8.b Current assets - *€33,831 million*

Inventories amounted to €2,647 million, an increase of €116 million, mainly in Italy, essentially reflecting the increase in CO_2 allowances as a result of a decline in thermal generation, a reduction in writedowns of the fuel and materials inventories of plants incurring impairment losses, primarily in Italy and Spain, and a reduction in inventories in Russia as a result of the disposal of the Reftinskaya GRES plant in the last quarter of 2019 and exchange rate effects.

Trade receivables amounted to €11,527 million, down €1,556 million, mainly in Italy (€697 million) and Latin America (€693 million), reflecting the deterioration in the collection status of certain customer segments and the depreciation of currencies in Latin America, especially Brazil.

Other current assets break down as follows:

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Current financial assets included in debt	4,603	4,158	445	10.7%
Other current financial assets	4,353	4,212	141	3.3%
Tax receivables	1,819	1,206	613	50.8%
Receivables due from institutional market operators	1,351	732	619	84.6%
Other short-term receivables	1,963	1,752	211	12.0%
Total	**14,089**	**12,060**	**2,029**	**16.8%**

The increase for the period, equal to €2,029 million, mainly reflected:

> an increase in current financial assets included in debt, due mainly to the rise in short-term financial receivables (€384 million), essentially connected with the increase in cash collateral paid to counterparties in derivatives transactions, and in the current portion of medium/long-term financial receivables (€38 million), due primarily to the increase in financial receivables in respect of security deposits;

> an increase in other current financial assets, mainly due to the fair value measurement of financial derivatives (€4,185 million at September 30, 2020, from €4,065 million at December 31, 2019);

> an increase in tax credits, essentially regarding credits for

payments on account by the Parent Company, Enel SpA;
> an increase in receivables due from institutional market operators, in particular those due from the Energy and Environmental Services Fund, mainly claimed by e-distribuzione (€383 million) and Servizio Elettrico Nazionale (€197 million) in connection with equalization mechanisms;
> an increase in other short-term receivables, mainly due to an increase in prepayments (€155 million), largely in respect of fees for water diversion for industrial use, items connected with personnel and insurance premiums, as well as an increase in other receivables and other current assets in respect of third parties.

8.c Assets held for sale - *€7 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, 2020 mainly regard the Enel Produzione business unit represented by the Ettore Majorana site of Termini Imerese (€4 million) and the plant worth €2 million held by Llano Sanchez Solar Power One SA.

The change in the period largely regarded the sale of a number of hydroelectric investments held by Enel North America, which had previously been classified as held for sale, on which a gain of about €4 million was recognized, and the Rionegro plant in Colombia classified under this item and sold in the first nine months of 2020.

Liabilities and shareholders' equity

8.d Equity attributable to the shareholders of the Parent Company - *€29,446 million*

The decrease in the first nine months of 2020 in equity attributable to the shareholders of the Parent Company amounted to €931 million, mainly reflecting the distribution of dividends (€1,708 million) and the loss recognized through other comprehensive income (2,778 million), attributable in particular to the decrease in the reserve from the translation of financial statements denominated in foreign currency as a result of the net appreciation of the euro against the foreign currencies of the subsidiaries, especially those in Latin America.

These effects were partially offset by net income recognized through profit or loss (€2,921 million) and the subscription of a perpetual hybrid bond in the amount, net of transaction costs, of €592 million.

8.e Non-current liabilities - *€79,337 million*

Long-term borrowings amounted to €51,073 million (€54,174 million at December 31, 2019). They consist of bonds in the amount of €40,253 million (€43,294 million at December 31, 2019) and bank debt and other borrowings in the amount of €10,820 million (€10,880 million at December 31, 2019). The reduction of €3,101 million in the item compared with December 31, 2019 reflected a decrease in bonds (€3,040 million), mainly owing to redemptions in the period and exchange rate gains as well as the reduction of €73 million in other borrowings, mainly in respect of liabilities for tax partnerships. These factors were slightly offset by an increase of €13 million in bank borrowings.

Provisions and deferred tax liabilities amounted to €15,450 million at September 30, 2020 (€17,409 million at December 31, 2019) and include:

> post-employment and other employee benefits totaling €2,760 million, down €1,011 million on December 31, 2019, mainly in Iberia as a result of the reversal of the electricity discount provision following the contractual renewal and the signing of the 5th Endesa Collective Bargaining Agreement, which provides for the modification of certain employee benefits, notably the electricity discount. Another factor was highly adverse exchange rate developments in Latin America;

> provisions for risks and charges amounting to €4,985 million (€5,324 million at December 31, 2019). The item includes, among others, the litigation provision of €699 million (€938 million at December 31, 2019), whose decrease essentially reflects adverse exchange rate developments in Brazil, the nuclear decommissioning provision of €573 million (€640 million at December 31, 2019), the plant dismantling and site restoration provision of €1,705 million (€1,840 million at December 31, 2019), with the decrease largely reflecting the recalculation of future dismantling costs in Iberia following the revision of the inflation rate, the provision for taxes and duties of €271 million (€312 million at December 31, 2019) and the early retirement incentive provision and the provision for restructuring programs of €1,013 million (€832 million at December 31, 2019), with the increase mainly attributable to Spain following provision for costs that the Group will incur as a result of the acceleration of the energy transition for all the direct and indirect activities connected with the revision of operating processes and models and changes in the roles and skills of employees;

> deferred tax liabilities amounting to €7,705 million (€8,314 million at December 31, 2019), a decrease of €609 million due to adverse exchange rate developments in Latin America, the impairment of the coal-fired Bocamina II plant in Chile and the decrease in deferred taxation at Enel Global Trading connected with changes in the fair value of cash flow hedge derivatives.

Other non-current liabilities amounted to €12,814 million (€12,414 million at December 31, 2019), an increase of €400 million, largely reflecting the increase in the fair value of financial derivatives (€836 million), essentially in respect of cash flow hedge derivatives (€707 million) and derivatives at FVTPL (€128 million). These factors were partly offset by a reduction in other non-financial liabilities (€436 million), mainly in respect of:

> exchange rate changes that reduced liabilities by €725 million;

> a decrease of €82 million in liabilities in respect of contracts with customers, primarily regarding electricity grid connection services;

> an increase of €315 million in liabilities in respect of the outcome of the PIS/COFINS dispute in Brazil (already discussed under "Other non-current assets").

8.f Current liabilities - *€40,396 million*

Short-term borrowings and current portion of long-term borrowings increased by €3,796 million. The change was connected with:

> an increase of €3,774 million in short-term financing, mainly accounted for by:
  - an increase in commercial paper issues (€3,499 million);
  - an increase in short-term bank borrowings (€418 million);
  - a reduction in short-term financing for cash flows to be paid to factoring companies (€146 million);

> an increase of €22 million in the short-term portion of long-term financing, primarily reflecting:
  - a decrease in bonds (€515 million), mainly due to repayments of maturing securities;
  - an increase in bank borrowings (€564 million).

Trade payables amounted to €10,001 million (€12,960 million at December 31, 2019), down €2,959 million, reflecting normal developments in the supply chain, accentuated by a decline in costs for electricity provisioning and exchange rate developments in Latin America.

Other current liabilities break down as follows:

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Payables due to customers	1,515	1,669	(154)	-9.2%
Payables due to institutional market operators	4,685	4,507	178	3.9%
Current financial liabilities	4,354	4,308	46	1.1%
Payables due to employees and social security institutions	565	707	(142)	-20.1%
Tax payables	3,186	1,291	1,895	-
Other	4,968	7,720	(2,752)	-35.6%
Total	**19,273**	**20,202**	**(929)**	**-4.6%**

The change in the period is essentially due:

> a reduction in other items, mainly reflecting:
  - the payment of dividends during the first nine months of 2019;
  - the full repayment of the liability associated with the purchase, through financial intermediaries (share swaps), of additional shares in Enel Américas and Enel Chile;
  - the reduction in liabilities from contracts with customers;

> a reduction in payables due to customers, above all in Italy, essentially due to a decrease in security deposits from customers (€45 million) as well as a decline in sundry payables due to customers (€109 million), in line with the decrease the number of customers served;

> a decrease in payables due to employees and social security institutions, mainly in Italy and Latin America.

These effects were only partially offset by:

> an increase in tax payables, primarily regarding payables in respect of value added tax and estimated income taxes for the period, taking account of periodic payment arrangements;

> an increase in payables due to institutional market operators, which mainly concerned Spain, with particular regard to the payable due to the Spanish regulator CNMC (*Comisión Nacional de los Mercados y la Competencia*), taking account of periodic payment arrangements;

> an increase in current financial liabilities, largely attributable to the increase in FVTPL derivatives (€350 million), offset by a reduction in derivatives designated as cash flow hedges (€145 million), a reduction in accrued financial liabilities (€130 million) and a decrease in financial payables due to the Spanish electricity system (€29 million).

8.g Liabilities held for sale - *€2 million*

The change for the period is due to the sale of the Rionegro plant in Colombia, which was classified under this item and sold in the first nine months of 2020.

9. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at September 30, 2020 and December 31, 2019, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Sept. 30, 2020	at Dec. 31, 2019	Change	
Cash and cash equivalents on hand	26	87	(61)	-70.1%
Bank and post office deposits	5,325	7,910	(2,585)	-32.7%
Other investments of liquidity	217	1,032	(815)	-79.0%
Securities	70	51	19	37.3%
Liquidity	**5,638**	**9,080**	**(3,442)**	**-37.9%**
Short-term financial receivables	2,910	2,522	388	15.4%
Current portion of long-term financial receivables	1,623	1,585	38	2.4%
Current financial receivables	**4,533**	**4,107**	**426**	**10.4%**
Bank debt	(997)	(579)	(418)	-72.2%
Commercial paper	(5,783)	(2,284)	(3,499)	-
Current portion of long-term bank borrowings	(1,685)	(1,121)	(564)	-50.3%
Bonds issued (current portion)	(1,391)	(1,906)	515	27.0%
Other borrowings (current portion)	(358)	(382)	24	6.3%
Other short-term financial payables(1)	(925)	(1,101)	176	16.0%
Total current financial debt	**(11,139)**	**(7,373)**	**(3,766)**	**-51.1%**
Net current financial position	**(968)**	**5,814**	**(6,782)**	**-**
Debt to banks and financing entities	(8,420)	(8,407)	(13)	-0.2%
Bonds	(40,253)	(43,294)	3,041	7.0%
Other borrowings	(2,400)	(2,473)	73	3.0%
Non-current financial position	**(51,073)**	**(54,174)**	**3,101**	**5.7%**
NET FINANCIAL POSITION as per CONSOB instructions	**(52,041)**	**(48,360)**	**(3,681)**	**-7.6%**
Long-term financial receivables and securities	**3,088**	**3,185**	**(97)**	**-3.0%**
NET FINANCIAL DEBT	**(48,953)**	**(45,175)**	**(3,778)**	**-8.4%**

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

Other information

10. 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 2020 and 2019 and outstanding at September 30, 2020 and December 31, 2019.

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Income statement					
Total revenue	-	537	1,824	216	137
Financial income	-	-	-	-	-
Purchases of electricity, gas and fuel	1,421	1,443	781	-	1
Costs for services and other materials	2	26	1,856	2	72
Other operating expenses	1	138	6	-	-
Net income/(expense) from commodity risk management	-	-	2	-	-
Financial expense	-	-	10	-	-

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Balance sheet					
Other non-current asset	-	-	-	-	-
Trade receivables	-	39	551	15	36
Other current assets	-	24	65	77	2
Other non-current liabilities	-	-	3	-	5
Long-term borrowings	-	-	670	-	-
Current portion of long-term borrowings	-	-	89	-	-
Trade payables	577	71	800	1,434	23
Other current liabilities	-	-	20	-	14
Other information					
Guarantees given	-	250	324	-	150
Guarantees received	-	-	148	-	36
Commitments	-	-	116	-	3

Key management personnel	Total first nine months 2020	Associates and joint arrangements	Overall total first nine months 2020	Total in financial statements	% of total
-	2,714	155	2,869	48,050	6.0%
-	-	48	48	3,239	1.5%
-	3,646	142	3,788	17,942	21.1%
-	1,958	103	2,061	13,594	15.2%
-	145	-	145	1,661	8.7%
-	2	-	2	(552)	-0.4%
-	10	37	47	4,964	0.9%

Key management personnel	Total at Sept. 30, 2020	Associates and joint arrangements	Overall total at Sept. 30, 2020	Total in financial statements	% of total
-	-	24	24	18,405	0.1%
-	641	246	887	11,527	7.7%
-	168	90	258	14,089	1.8%
-	8	168	176	12,814	1.4%
-	670	-	670	51,073	1.3%
-	89	-	89	3,431	2.6%
-	2,905	71	2,976	10,001	29.8%
-	34	38	72	19,273	0.4%
-	724	-	724		
-	184	-	184		
-	119	-	119		

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	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 risk management	-	-	11	-	-
Financial expense	-	-	11	-	-

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other
Balance sheet					
Other non-current asset	-	-	-	-	-
Trade receivables	-	45	573	15	13
Other current assets	-	23	69	89	1
Other non-current liabilities	-	-	2	-	6
Long-term borrowings	-	-	715	-	-
Current portion of long-term borrowings	-	-	89	-	-
Trade payables	601	92	726	793	18
Other current liabilities	-	-	16	-	10
Other information					
Guarantees given	-	250	354	-	164
Guarantees received	-	-	125	-	35
Commitments	-	-	9	-	4

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/governance/committees) 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 2020, 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 2019	Associates and joint arrangements	Overall total first nine months 2019	Total in financial statements	% of total
-	**3,024**	215	**3,239**	**59,332**	**5.5%**
-	**-**	78	**78**	**3,640**	**2.1%**
-	**5,504**	133	**5,637**	**24,921**	**22.6%**
-	**2,165**	102	**2,267**	**14,336**	**15.8%**
-	**174**	-	**174**	**1,932**	**9.0%**
-	**11**	(3)	**8**	**(3,026)**	**-0.3%**
-	**11**	11	**22**	**5,545**	**0.4%**

Key management personnel	Total at Dec. 31, 2019	Associates and joint arrangements	Overall total at Dec. 31, 2019	Total in financial statements	% of total
-	**-**	15	**15**	**19,689**	**0.1%**
-	**646**	250	**896**	**13,083**	**6.8%**
-	**182**	36	**218**	**12,060**	**1.8%**
-	**8**	143	**151**	**12,414**	**1.2%**
-	**715**	-	**715**	**54,174**	**1.3%**
-	**89**	-	**89**	**3,409**	**2.6%**
-	**2,230**	61	**2,291**	**12,960**	**17.7%**
-	**26**	51	**77**	**20,202**	**0.4%**
-	**768**	-	**768**		
-	**160**	-	**160**		
-	**13**	-	**13**		

11. 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, 2020	at Dec. 31, 2019	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	11,893	11,078	815
Commitments to suppliers for:			
- electricity purchases	67,054	97,472	(30,418)
- fuel purchases	41,702	48,016	(6,314)
- various supplies	1,630	1,034	596
- tenders	3,364	3,522	(158)
- other	4,562	3,391	1,171
Total	**118,312**	**153,435**	**(35,123)**
TOTAL	**130,205**	**164,513**	**(34,308)**

Commitments for electricity amounted to €67,054 million at September 30, 2020, of which €16,719 million refer to the period October 1, 2020-2024, €16,142 million to the period 2025-2029, €13,175 million to the period 2030-2034 and the remaining €21,018 million beyond 2034. Compared with the figures at December 31, 2019, the decrease of €30,418 million essentially reflects the impact of exchange rate changes for companies operating in Latin America, especially in Brazil.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period. At September 30, 2020, they amounted to €41,702 million, of which €21,043 million refer to the period October 1, 2020-2024, €11,794 million to the period 2025-2029, €6,028 million to the period 2030-2034 and the remaining €2,837 million beyond 2034.

12. Contingent assets and liabilities

Compared with the consolidated financial statements at December 31, 2019, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

With regard to the appeal lodged with the Court of Cassation on June 22, 2019 against the ruling of the Lecce Court of Appeal of February 8, 2019 concerning the criminal proceeding against a number of Enel Produzione employees on charges of criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the Brindisi Sud thermal plant with coal dust, the hearing initially scheduled for April 24, 2020 was postponed until October 1, 2020 owing to the COVID-19 health emergency. On that date, the Court of Cassation voided the ruling of the Court of Appeal of Lecce, with referral to another section of the same court for a new proceeding.

With regard to the proceedings before the Court of Vibo Valentia involving a number of Enel Produzione employees on charges of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant, the prosecution's expert witness testified at the hearing of February 24, 2020. Following the postponement of hearings in all criminal and civil proceedings as part of the measures to counter COVID-19, the hearings in this case resumed on September 7, 2020, when a number of the witnesses of the co-defendants testified. On October 22, 2020, an additional hearing was held to hear witness testimony, with arguments to continue at a hearing already scheduled for November 19, 2020.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

With regard to the appeal proceedings pending before the Council of State against the rulings of the Lazio Regional Administrative Court of October 7, 2019, at the trial hearing of May 21, 2020, the rulings taken up for decision. With an order of July 20, 2020, the Council of State (accepting a subordinate petition from the counsel defending the three companies), after the joinder of the three judgments, suspended the judgment and ordered that the issue be submitted for a preliminary ruling before the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the Treaty on the Functioning of the European Union (TFEU), formulating a number of questions aimed at clarifying the interpretation of the concept of "abuse of a dominant position" to be applied to the present case. On September 11 and 18, 2020, the CJEU notified Enel Energia (EE) and Servizio Elettrico Nazionale (SEN) and Enel, respectively, of the initiation of a proceeding pursuant to Article 267 TFEU and that, within a time limit of 70 days from the notices, the three companies have the right to present written briefs on the issues of interpretation submitted by the Council of State to the CJEU.

Pending the opening of the proceedings before the CJEU, Enel, EE and SEN filed a new precautionary petition to the Council of State asking for the suspension of the enforceability of the contested ruling of the Regional Administrative Court, with the hearing to argue the petition being scheduled for November 3, 2020. In parallel, in the first ten days of September the aforementioned companies also presented three separate extraordinary appeals to the Head of State asking for the voidance of the Competition Authority measure of April 3, 2020 denying the request for remission in terms of the payment of the fine presented in the previous month by the companies of the Enel Group.

BEG litigation

Italy

With regard to the proceeding initiated by Enel SpA and Enelpower SpA currently pending before the Rome Court of Appeal asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient Shpk, the hearing scheduled for May 7, 2020 was postponed until February 18, 2021 owing to the COVID-19 health emergency.

France

With regard to the proceeding initiated by Albania BEG Ambient Shpk to render the ruling of the Albanian court enforceable in France, the hearing before the Paris Court of Appeal was scheduled for February 2, 2021 and the exchange of briefs between the parties was concluded.

The Netherlands

With regard to suit filed by Albania BEG Ambient Shpk to render the ruling of the Albanian court enforceable in the Netherlands, on December 3, 2019, the Amsterdam Court of Appeal issued a ruling in which it quashed the trial court judgment of June 29, 2016, rejecting any claim made by Albania BEG Ambient Shpk. The Court came to this conclusion after affirming its jurisdiction over Albania BEG Ambient Shpk's subordinate claim and re-analyzing the merits of the case under Albanian law. Enel and Enelpower are therefore not liable to pay any amount to Albania BEG Ambient Shpk, which was in fact ordered by the Court of Appeal to reimburse the appellant companies for the losses incurred in illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings. On March 3, 2020, it was learned that Albania BEG Ambient Shpk had filed an appeal with the Supreme Court of the Netherlands. On April 3, 2020, Enel and Enelpower appeared before the Supreme Court. The parties completed the exchange of briefs on July 17, 2020 and on August 28, 2020 the Supreme Court ordered the Attorney General to issue an opinion on January 8, 2021.

Bono social - Spain

Regarding the request for a preliminary ruling submitted by the Spanish Supreme Court before the Court of Justice of the European Union (CJEU) following the acceptance of the two appeals lodged by the government before the Constitutional Court, the CJEU had initially set October 8, 2020 as the date for the oral discussion of the preliminary ruling, which was however subsequently suspended due to the containment measures introduced in response to the COVID-19 emergency. The CJEU has yet to set a new date for the hearing.

Cibran litigation - Brazil

With regard to the first of six suits filed in 1999 regarding the years from 1995 to 1999 by Cibran against Ampla to obtain damages for alleged losses incurred as a result of the interruption of electricity service by the Brazilian distribution company, on December 16, 2016, Cibran filed an appeal (*Recurso Especial*) against the ruling in Ampla's favor before the *Tribu-*

nal Superior de Justiça, which was denied on June 19, 2020. That ruling took definitive effect on August 24. 2020.

With regard to the second suit, filed in 2006 regarding the years from 1987 to 1994, On November 25, 2019, Cibran filed an appeal against the ruling of the *Tribunal de Justiça* of Rio de Janeiro, which was provisionally denied on September 10, 2020.

Fortaleza - Brazil

With regard to the appeals filed by Central Geradora Termelétrica Fortaleza (CGTF) against the ruling of February 27, 2018 to extinguish the action initiated by CGTF before the ordinary courts and, consequently, to revoke the precautionary measure that had permitted the supply of gas, making it possible to obtain a second favorable ruling but which was subsequently revoked and again appealed by CGTF, the proceeding lapsed following a settlement agreement between the parties reached on August 28, 2020, which terminated all outstanding disputes.

Under the agreement, on September 5, 2020, the arbitration proceeding initiated by Petrobras at the end of January 2018 against CGTF involving the same claims concerning the gas contract was formally completed.

With regard to precautionary measures, the settlement agreement of August 28, 2020 also extinguished the two different types of extraordinary appeal filed be Petrobras with the Supreme Court and the Federal Court of Brasilia.

El Quimbo - Colombia

With regard to the so-called "*acciones populares*" (class action suit) filed against the El Quimbo project in 2008 by a number of inhabitants of the area, calling for, among other things, the suspension of the environmental permit, on September 11, 2020, the Court of Huila issued an unfavorable ruling against Emgesa, ordering it to fulfill the obligations already provided for in the environmental permit. The National Environmental Licensing Agency has submitted a request for clarification of the ruling.

Arbitration proceedings in Colombia

With regard to the arbitration proceedings initiated against Codensa and Emgesa by the Grupo Energía de Bogotá (GEB) and now joined into two separate proceedings for each company, on February 24, 2020, GEB filed a revision of the arbitration petition filed against Emgesa, including, among other things, claims concerning the failure to pursue the corporate purpose and abuse of the exercise of voting rights by Enel Américas and its directors. Emgesa filed a defense brief challenging GEB's new claims. Both of the two suits launched against Emgesa and Codensa are currently suspended due to negotiations by agreement of the parties. The value of the disputes is undetermined and the proceedings are both in the preliminary phase.

Gabčíkovo dispute - Slovakia

With regard to the proceeding to void the VEG Indemnity Agreement, the appeal filed by Vodohospodárska Výstavba Štátny Podnik (VV) was denied, upholding the trial court decision in favor of Slovenské elektrárne (SE). VV filed a further appeal (dovolanie) against that decision on March 9, 2020, to which SE replied with a brief submitted on June 8, 2020.

With regard to the suits filed by VV against SE for alleged unjustified enrichment on the part of the latter (estimated at about €360 million plus interest) for the period from 2006 to 2015: (i) for 2006, 2007 and 2008, at the hearing of June 26, 2019, the Court of Bratislava denied the claims of both parties for procedural reasons. The ruling in first instance was appealed by both VV and SE and the appeals concerning 2006 and 2008 are pending. As regard the appeal regarding 2007, in November 2019, SE had filed a request for a preliminary ruling that was denied by the Court of Appeal on January 15, 2020. On August 18, 2020, SE filed an appeal with the Constitutional Court; (ii) for the proceeding regarding 2009, the Court of Bratislava had initially set the date of the first hearing for October 13, 2020, which was then postponed until November 24, 2020; (iii) for the proceeding regarding 2011, the court scheduled the first hearing for November 19, 2020; (iv) with regard to the proceeding concerning 2010 and 2013, the exchange of final pleadings was completed and the hearing of the court of first instance, initially scheduled for May 12, 2020, was postponed until October 6, 2020. On that date, VV asked for the hearing to be postponed until November 6, 2020; and (v) with regard to the proceeding concerning 2014, the hearing of the court of first instance scheduled for October 6, 2020 was postponed until November 6, 2020. Finally, in the proceeding brought by VV before the Court of Bratislava asking for SE to return the fee for the transfer from SE to VV of the technology assets of the Gabčíkovo plant, at the hearing of October 1, 2020, the parties filed their final pleadings and the court set the date for the ruling at November 2, 2020.

Precautionary administrative proceeding and Chucas arbitration

The "*recurso de aclaración y adición*" filed by Chucas on September 11, 2019 with the Supreme Court of Costa Rica was partially upheld on June 8, 2020. The Court's decision expanded on the ruling of September 5, 2019 with information concerning the admission of evidence deposited by Chucas without, however, modifying the decision concerning the voidance of the arbitration award. On July 15, 2020, Chucas filed a request for arbitration with the Costa Rican-American Chamber of Commerce (AMCHAM CICA) with an estimated value of about $240 million. On August 14, 2020, the Costa Rican Electricity Institute (ICE) filed a response to Chucas's arbitration request, requesting the dismissal of the proceeding for a lack of jurisdiction of the arbitration panel. The petition was denied by AMCHAM CICA. In parallel, ICE filed precautionary appeals with the *Tribunal Contencioso Administrativo* against Chucas and the AMCHAM CICA calling for a suspension of the arbitration proceedings under way. The court accepted these appeals on a provisional basis and the arbitration proceeding is currently suspended.

GasAtacama Chile - Chile

On January 15, 2020 the Supreme Court of Chile issued a ruling upholding the decision of the Santiago Court of Appeal reducing the fine levied on GasAtacama Chile by the *Superintendencia de Electricidad y Combustibles* (SEC) on August 4, 2016 concerning information provided by GasAtacama Chile to the *Centro de Despacho Económico de Carga* (CDEC-SING) between January 1, 2011 and October 29, 2015 from about $6 million to around $300,000. The decision became definitive and on March 12, 2020, GasAtacama Chile paid the fine in the amount confirmed by the Supreme Court of Chile. With regard to the suits filed in relation to the above issue by a number of operators of the *Interconectado del Norte Grande* (SING) System, including Aes Gener SA, Eléctrica Angamos SA and Engie Energía Chile SA asking for damages in the amount of about €58 million for the former and about €141 million for the latter, which were subsequently combined into a single proceeding, the preliminary phase is currently suspended due to the state of national emergency imposed in response to the COVID-19 pandemic.

Kino arbitration - Mexico

On September 16, 2020, Kino Contractor SA de Cv (Kino Contractor), Kino Facilities Manager SA de Cv (Kino Facilities) and Enel SpA were notified of a request for arbitration filed by Parque Solar Don José SA de Cv, Villanueva Solar SA de Cv and Parque Solar Villanueva Tres SA de Cv (together, "Project Companies") alleging the violation of certain provisions of the EPC Contract and the Asset Management Agreement signed respectively with Kino Contractor and Kino Facilities.
The Project Companies, in which Enel Green Power SpA is a minority shareholder, are controlled by Caisse de Dépôt et Placement du Québec (CDPQ) and CKD Infraestructura México SA de Cv (CKD IM). The proceeding is in the preliminary phase and the formation of the arbitration panel is in progress. The claim is provisionally quantified at about $140 million.

13. Subsequent events

Purchase of treasury shares serving 2020 Long-Term Incentive Plan

On October 6, 2020 Enel SpA announced that between September 28 and October 2, 2020 it had acquired 290,052 treasury shares at a volume-weighted average price of €7.4466 per share on the Mercato Telematico Azionario organized and operated by Borsa Italiana SpA (MTA), for a total of €2,159,909.564.

Subsequently, the Company announced on October 13, October 20, October 27 and October 30, 2020 that it had also acquired on the MTA:

> between October 5 and October 9, 2020, 251,840 treasury shares at a volume-weighted average price of €7.3988 per share for a total of €1,863,301.419;
> between October 12 and 16, 2020, 56,420 treasury shares at a volume-weighted average price of €7.5214 per share for a total of €424,355.423;
> between October 19 and 23, 2020, 18,411 treasury shares at a volume-weighted average price of €7.5229 per share for a total of €138,503.740;
> between October 26 and 28, 2020, 93,177 treasury shares at a volume-weighted average price of €7.2462 per share for a total of €675,174.534.

The transactions follow up on the announcement on July 29, 2020 concerning the start of a share buyback program, implementing the authorization granted by the Shareholders' Meeting on May 14, 2020 in order to serve the 2020 Long-Term Incentive Plan. As a result of the above transactions, the Program initiated on September 3, 2020, can be considered completed, with the purchase of a total of 1,720,000 Enel shares (equal to 0.016918% of share capital), at a volume-weighted average price of €7.4366 per share for a total of €12,790,870.154.

Considering treasury shares already held in its portfolio, at October 28, 2020, Enel held a total of 3,269,152 treasury shares, equal to 0.032156% of share capital.

Enel successfully launches a £500 million "Sustainability-Linked Bond", the first sterling-denominated bond of its kind

On October 13, 2020, Enel Finance International NV placed the sterling market's first "Sustainability-Linked Bond", which is linked to the achievement of Enel's sustainable objective for consolidated installed renewable capacity as a percentage of total consolidated installed capacity, in line with the commitment to achieving the United Nations Sustainable Development Goals.

The issue of £500 million (about €550 million), which is guaranteed by Enel, was targeted at institutional investors and was oversubscribed by almost six times, with total orders of approximately £3 billion and the significant participation of Socially Responsible Investors (SRI), allowing the Enel Group to continue to diversify its investor base.

Enel signs contract for a €1 billion "Sustainability-Linked Loan"

On October 16, 2020, Enel SpA (Enel) signed a €1 billion "Sustainability-Linked Loan" facility agreement with a 6-year term. Structured as a club deal maturing on October 15, 2026, the loan is intended to meet the Group's ordinary financing needs and follows the adoption by Enel of a "Sustainability-Linked Financing Framework" (the Framework), a world's first framework, reviewed by the second-party provider Vigeo Eiris, that presents the entire "Sustainability-Linked" financing strategy across multiple funding solutions (commercial paper, loans and bonds), fully integrating sustainability into the Group's global funding program. The Framework is aligned with the International Capital Market Association's (ICMA) "Sustainability-Linked Bond Principles" and Loan Market Association's (LMA) "Sustainability-Linked Loan Principles".

In line with the Framework, the loan is linked to the key performance indicator (KPI) of Installed Renewable Capacity Percentage (i.e., consolidated installed renewable capacity as a percentage of total consolidated installed capacity) and to the related achievement of a Sustainability Performance Target (SPT) equal to or greater than 60% by December 31, 2022 (as of June 30, 2020, the figure was equal to 51.9%). Based on the achievement of the SPT by the target date, the credit line provides for a step-up/step-down mechanism that will impact the interest spread applied to drawings on the line, thus reflecting the value of sustainability. The loan reflects the commitment of Enel, leading private electricity company in the world by installed renewable capacity, to contribute to the achievement of SDG 7.2, i.e. to "increase substantially the share of renewable energy in the global energy mix by 2030". The signing of this loan is in line with Enel's financial strategy, which is increasingly characterized by sustainable finance as reflected by the objective to achieve a share of sustainable finance sources on total gross debt equal to 43% in 2022 and 77% in 2030.

Enel launches a consent solicitation for holders of certain hybrid bonds

On October 23, 2020, Enel announced that it had launched a consent solicitation addressed to the holders of a number of subordinated non-convertible hybrid bonds issued by the Company in order to align the terms and conditions of the bonds with those of the perpetual subordinated, non-convertible hybrid bond launched by Enel on September 1, 2020. To this end, the Company called the Meetings of the noteholders of the following bonds, with a total outstanding amount of about €1,797 million (the Bonds), at first and single call on November 26, 2020:

a) €1,250,000,000 maturing January 10, 2074 with €297,424,000 in circulation (ISIN: XS0954675129);

b) €750,019,000 maturing November 24, 2078 with €750,019,000 in circulation (ISIN: XS1713463716);

c) €750,000,000 maturing November 24, 2081 with €750,000,000 in circulation (ISIN: XS1713463559).

The proposed changes to the terms and conditions of the Bonds, submitted for approval by the aforementioned Meetings, establish that (i) the Bonds, which currently have a specified long-term maturity date, would become due and payable and hence have to be repaid by the Company only in the event of winding up or liquidation of the Company; and (ii) the events of default, envisaged in the terms and conditions and additional documentation that regulate the Bonds, would be eliminated.

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, 2020 corresponds with that contained in the accounting documentation, books and records.

Concept design and realization
HNTO – Gruppo HDRÀ ADV

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