

9M2002 Consolidated Results

Fulvio Conti - Chief Financial Officer

November 12th, 2002

Consolidated Financial Highlights

3 Q			9 M			
2002	2001 pro forma ⁽¹⁾	% change		2002	2001 pro forma ⁽¹⁾	% change
7,292	7,264	0.4%	Revenues	21,696	22,021	-1.5%
1,925	1,970	-2.3%	EBITDA	5,794	6,336	-8.6%
712	749	-4.9%	EBIT	2,160	2,740	-21.2%
313	693	-54.8%	EBT	1,678	2,217	-24.3%
18	536	N.M.	Group Net Income	1,393	1,524	-8.6%
1,107	894	23.8%	Capex	3,378	3,084	9.5%
			Net Debt	23,377	21,930 ⁽²⁾	6.6%
			Headcount	72,764	72,661 ⁽²⁾	0.1%

All figures in Euro mn, except Headcount

(1) Pro forma adjusted on 2001:

- Elettrogen and Valgen excluded from January 1st
- Eurogen excluded from July 1st
- Infostrada included from January 1st

(2) As of December 31, 2001

EBITDA and EBIT by Business Areas

3 Q				9 M		
2002	2001 pro forma	% change		2002	2001 pro forma	% change
			EBITDA			
178	424	-58.0%	Generation & Energy Mgmt	1,665	2,691	-38.1%
1,365	1,235	10.5%	Networks & Sales	3,046	2,832	7.6%
171	17	905.9%	Wind	403	-115	N.M.
211	294	-28.2%	Services, Terna & Holding	680	928	-26.7%
1,925	1,970	-2.3%	TOTAL	5,794	6,336	-8.6%
			EBIT			
-137	125	N.M.	Generation & Energy Mgmt	653	1,753	-62.7%
1,015	810	25.3%	Networks & Sales	2,044	1,567	30.4%
-229	-327	30.0%	Wind	-771	-1,120	31.2%
63	141	-55.3%	Services, Terna & Holding	234	540	-56.7%
712	749	-4.9%	TOTAL	2,160	2,740	-21.2%

All figures in Euro mn

Generation & Energy Management

- EBITDA mainly affected by regulatory impacts (bonus 0,31 cEuro/kWh; green certificates), external factors (i.e. Hydro premium) and lower fuel margin and non recurring items
- 3Q margins affected by seasonality in sale price mechanism recovered in 4Q

3 Q				9 M		
2002	2001 Pro Forma	% change		2002	2001 Pro Forma	% change
2,436	2,349	3.7%	Revenues	8,230	8,514	-3.3%
209	23	808.7%	<i>of which Int. Operations</i>	655	52	N.M.
178	424	-58.0%	EBITDA	1,665	2,691	-38.1%
48	7	585.7%	<i>of which Int. Operations</i>	153	23	565.2%
-137	125	-209.6%	EBIT	653	1,753	-62.7%
155	131	18.3%	Capex	628	377	66.6%
			Net Capital Employed	15,220	14,133	7.7%
			Headcount	13,690	15,046 ⁽²⁾	-9.0%
35,645	34,231	4.1%	Net Energy Production⁽¹⁾	112,011	111,859	0.1%

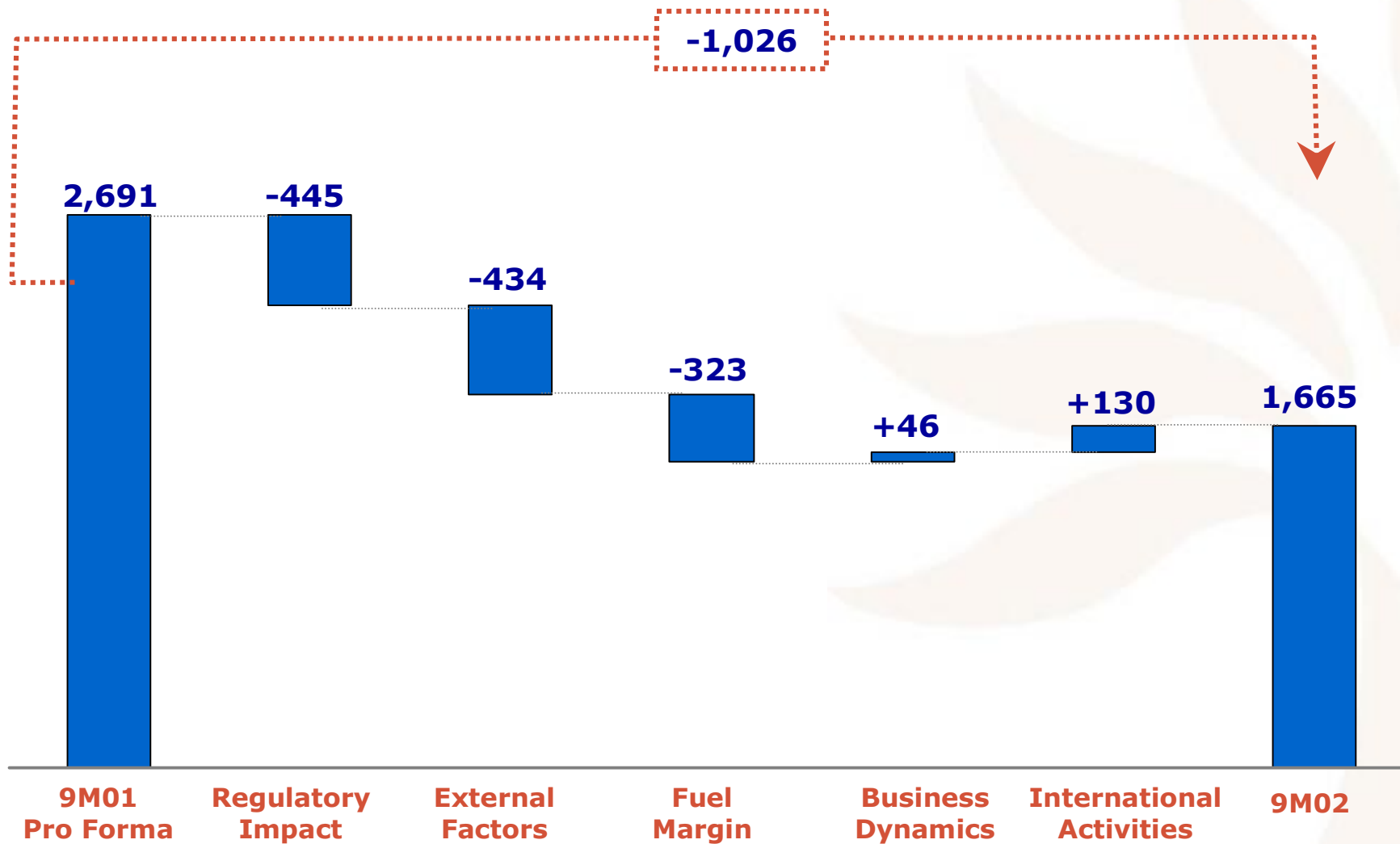
All figures in Euro mn, except Headcount

(1) Domestic - in GWh

(2) As of December 31, 2001

Generation & Energy Management

EBITDA Drivers



All figures in Euro mn

Networks & Sales

- Electricity margins improved mainly for effective management action (i.e. lower personnel cost) and positive business dynamics (mainly improved overall tariff options)
- Gas margins include Camuzzi consolidated from July 1st

- Seasonality effect: in 3Q lowest gas consumption

3 Q				9 M		
2002	2001 Pro Forma	% change		2002	2001 Pro Forma	% change
5,007	5,234	-4.3%	Revenues	14,909	16,599	-10.2%
4,815	5,116	-5.9%	<i>Electricity</i>	14,366	16,339	-12.1%
192	118	62.7%	<i>Gas</i>	543	260	108.8%
1,365	1,235	10.5%	EBITDA	3,046	2,832	7.6%
1,356	1,229	10.3%	<i>Electricity</i>	2,989	2,807	6.5%
9	6	50.0%	<i>Gas</i>	57	25	128.0%
1,015	810	25.3%	EBIT	2,044	1,567	30.4%
504	374	34.8%	Capex	1,286	983	30.8%
			Net Capital Employed	11,268	9,942	13.3%
			Headcount	40,966	39,629 ⁽¹⁾	3.4%
63,149	64,213	-1.7%	Energy Dispatched⁽²⁾	189,674	191,133	-0.8%
48,141	52,364	-8.1%	Energy Sold⁽²⁾	144,941	156,012	-7.1%

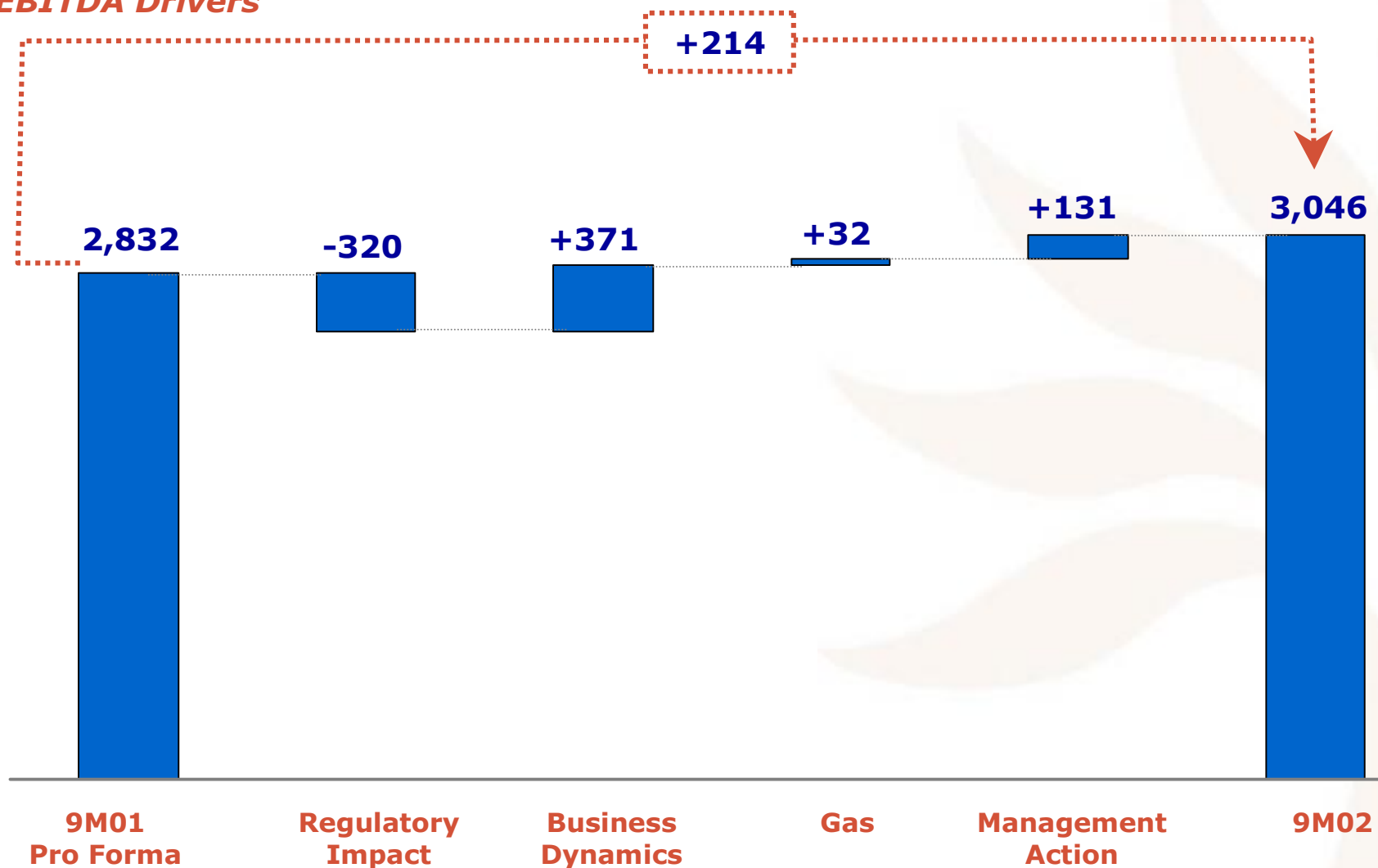
All figures in Euro mn, except Headcount

(1) As of December 31, 2001

(2) In GWh

Networks & Sales

EBITDA Drivers



All figures in Euro mn

Wind

Key Performance Indicators

	2002			ARPU (€/average quarter)	2002		
	Q1	Q2	Q3		Q1	Q2	Q3
Customers (mn)							
Fixed	7,2	7,2	7,3	Fixed	15,5	14,7	12,8
				Mobile ⁽³⁾	17,2	18,8	21,5
				of which			
CPS	1,8	1,9	2,0	Mobile Data	1,9	2,0	2,4
LLU	-	0,1	0,2				
				Profit & Loss (€mn)			
Mobile⁽¹⁾	8,0	8,1	8,1	Revenues	921	966	985
				EBITDA	117	115	171
Active Internet⁽²⁾	3,4	3,1	3,5	Net Loss	-138	-178	-207

(1) Including deactivation backlog

(2) Active Internet Users: calculated all users which linked at least one time in the last three months

(3) Includes revenues from voice, VAS, roaming visitors and data; includes also on-net fixed to mobile traffic

Services, Terna & Holding

Services & Holding EBITDA affected by:

- Lower import margins (from Euro 325mn to Euro 109mn)
- Accruals/write-down on foreign EPC contracts (EnelPower)

3 Q			9 M			
2002	2001 Pro Forma	% change		2002	2001 Pro Forma	% change
SERVICES & HOLDING						
1,137	1,462	-22.2%	Revenues	3,446	4,659	-26.0%
123	176	-30.1%	EBITDA	317	575	-44.9%
38	85	-55.3%	EBIT	59	367	-83.9%
			Headcount	6,693	6,344 ⁽¹⁾	5.5%
64	58	10.3%	Capex	377	250	50.8%
TERNA						
157	190	-17.4%	Revenues	570	566	0.7%
88	118	-25.4%	EBITDA	363	353	2.8%
25	56	-55.4%	EBIT	175	173	1.2%
			Headcount	3,189	3,214 ⁽¹⁾	-0.8%
43	34	26.5%	Capex	108	65	66.2%
			Net Capital Employed	3,103	3,330 ⁽¹⁾	-6.8%

All figures in Euro mn, except Headcount
(1) As of December 31, 2001

From EBIT to Net Income

- In 9M01 positive Net Extraordinary Items for Euro 415mn
- Implied tax rate equals to 25.5% vs. 27.7% in 9M01 reported

3 Q				9 M		
2002	2001 Pro Forma	% change		2002	2001 Pro Forma	% change
712	749	-4.9%	EBIT	2,160	2,740	-21.2%
-308	-266	15.8%	Net Financial Charges	-867	-762	13.8%
-91	210	N.M.	Net Extraordinary Items⁽¹⁾	385	239	61.1%
313	693	-54.8%	EBT	1,678	2,217	-24.3%
354	183	93.4%	Income Taxes	428	883	-51.5%
59	26	126.9%	Minority Interest	143	190	-24.7%
18	536	N.M.	Net Income	1,393	1,524	-8.6%

All figures in Euro mn
 (1) Including Equity Investments

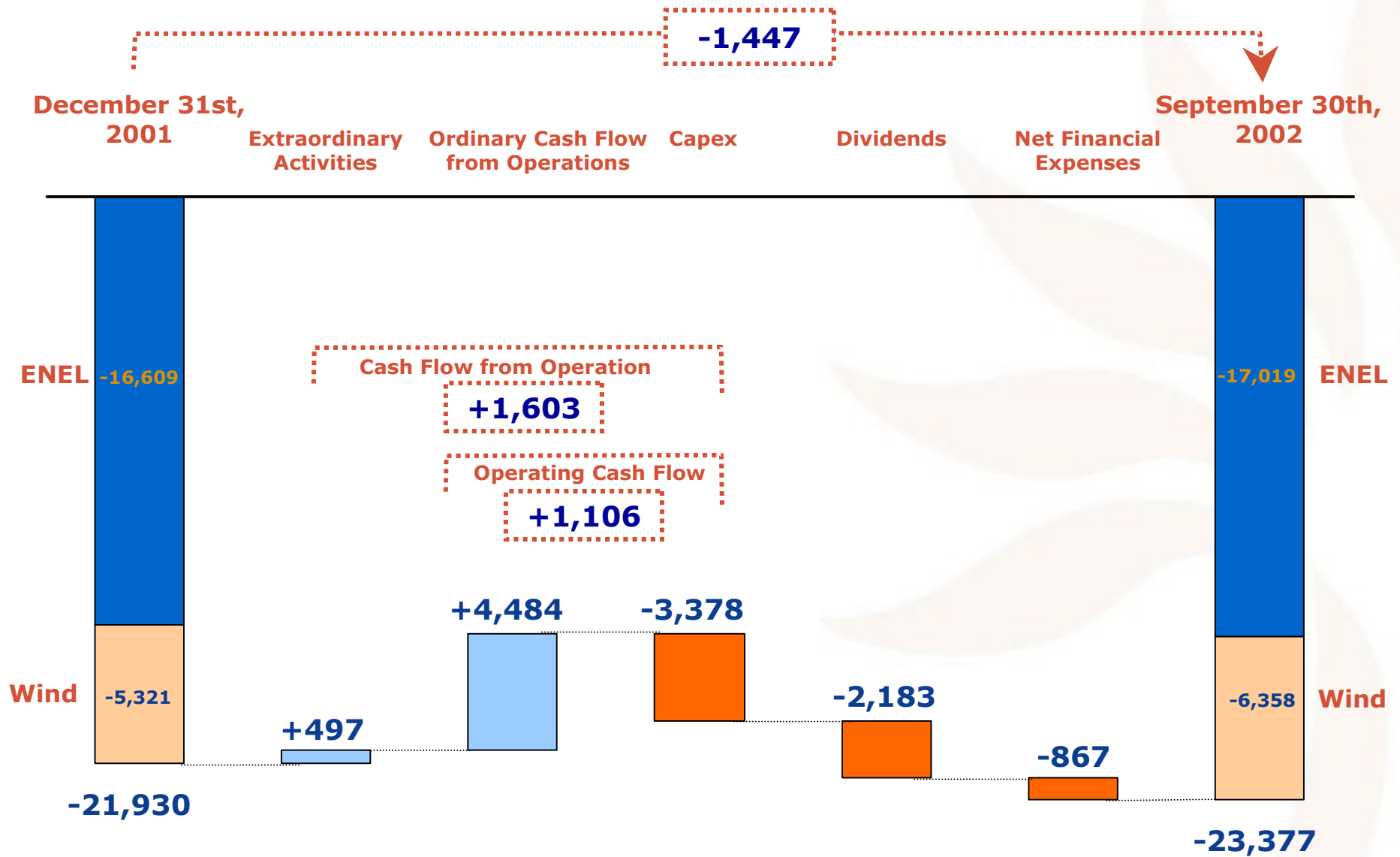
Balance Sheet

- Net debt decreased by Euro 555mn in 3Q
- Leverage equal 1,15x vs. 1,18x as of June 30th.

	<u>Sept 30th , 02</u>	<u>June 30th, 02</u>	<u>Change</u>	<u>Dec 31st, 01</u>	<u>Change</u>
Net Capital Employed	43,627	44,206	-1.3%	43,039	1.4%
Shareholders' Equity	20,250	20,274	-0.1%	21,109	-4.1%
<i>of which minorities</i>	75	135	-44.4%	143	-47.6%
Net Debt	23,377	23,932	-2.3%	21,930	6.6%
<i>of which Wind</i>	6,357	6,029	5.4%	5,321	19.5%
Leverage	1.15x	1.18x	-0.03x	1.04x	0.11x

All figures in Euro mn

Net Debt Evolution



All figures in Euro mn

BACK UP SLIDES

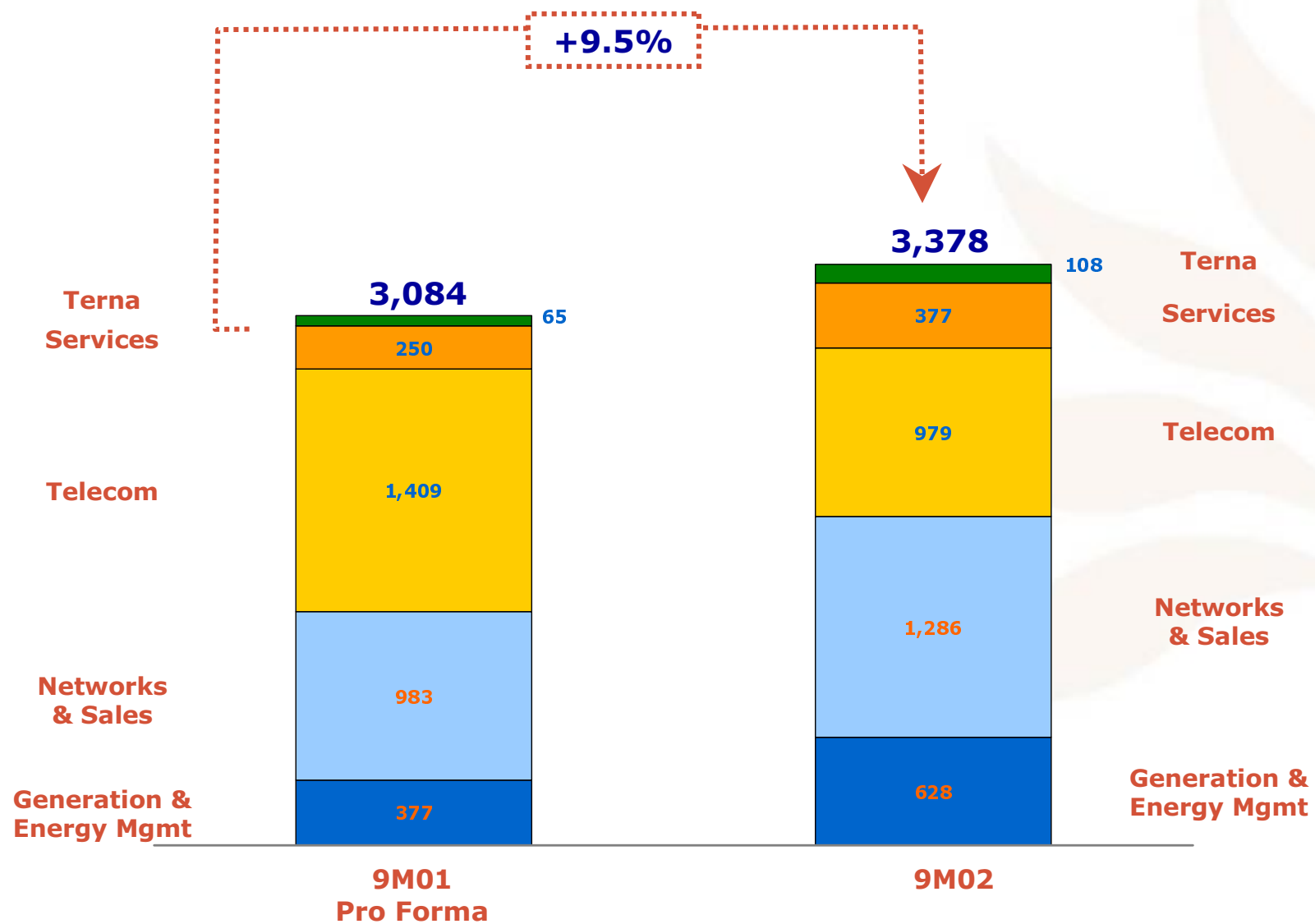
Debt Structure

- Average debt maturity: 4 years and 8 months
- (Fixed+Hedged)/Total Long Term Debt = 60%
- (Fixed+Hedged)/Total Net Debt = 46%
- S&P's: A+/A-1 stable Moody's: A1/P-1 stable Fitch: AA-/F1+ c.w.negative

	<u>Sept. 30th, 02</u>	<u>June 30th, 02</u>	<u>% change</u>
Long Term	17,895	17,616	1.6%
Short Term	6,856	7,703	-11.0%
Liquid Fund	1,374	1,387	-0.9%
Net Debt	23,377	23,932	-2.3%

All figures in Euro mn

Capex



All figures in Euro mn

Operational Data

Electricity

	9 M		
	2002	2001	change
Net Energy Production	112,011	111,859	0.1%
Purchase of Energy	61,531	65,648	-6.3%
<i>of which: Imports</i>	16,885	18,681	-9.6%
Sales of Producers	12,154	4,177	191.0%
Pumping	-7,911	-6,918	14.4%
Total Demand	153,477	166,412	-7.8%
Losses	-8,535	-10,400	-17.9%
Total Volume Sold	144,941	156,012	-7.1%
<i>of which: Regulated Market⁽¹⁾</i>	122,469	135,734	-9.8%
<i>Free Market</i>	22,472	20,278	10.8%
Total Energy Dispatched⁽¹⁾	189,674	191,133	-0.8%

Gas

Volumes Sold to Third Parties (mcm)	3,425	1,259	172.0%
Volumes Sold to Generation Plants (mcm)	7,413	8,989	-17.5%
Customers ('000)	1,698	518	227.8%

All figures in GWh

Results by Quarters

	Q1		Q2		Q3	
	2001 ⁽¹⁾	2002	2001 ⁽¹⁾	2002	2001 ⁽¹⁾	2002
P&L						
Revenues	7,351	7,347	7,406	7,057	7,264	7,292
EBITDA	2,050	2,016	2,316	1,853	1,970	1,925
EBIT	893	760	1,098	688	749	712
Net extraord.items	-8	-60	37	557	212	-82
Net Income	378	279	610	1,096	536	18
Balance Sheet						
Net Capital Employed		44,601		44,206		43,627
Net debt		23,225		23,932		23,377
Equity		21,376		20,274		20,250
Headcount & Capex						
Headcount		73,005		73,068		72,764
Capex		1,028		1,243		1,107

All figures in Euro mn, except Headcount
 (1) 2001 Pro Forma