

# 9M2003 Consolidated Results

Fulvio Conti - Chief Financial Officer

November 13<sup>th</sup>, 2003

# Consolidated Financial Highlights

## Income Statement (Euro Mn)

3 Q				9 M		
2003	2002 pro forma	% change		2003	2002 pro forma	% change
7,872	7,324	7.5%	<b>Revenues</b>	23,293	22,113	5.3%
4,993	5,384	-7.3%	<b>Operating Costs</b>	15,729	16,458	-4.4%
2,879	1,940	48.4%	<b>EBITDA</b>	7,564	5,655	33.8%
37% <sup>(1)</sup>	26%		<b>% of Revenues</b>	32% <sup>(1)</sup>	26%	
1,645	741	122.0%	<b>EBIT</b>	3,876	2,116	83.2%
21% <sup>(2)</sup>	10%		<b>% of Revenues</b>	17% <sup>(2)</sup>	10%	
1,297	372	248.7%	<b>EBT</b>	3,210	1,787	79.6%
732	69		<b>Group Net Income</b>	1,932	1,502	28.6%
0.12	0.01		<b>EPS</b>	0.32	0.25	

Pro forma excluding Eurogen and Interpower

(1) Excluding non recurring items, EBITDA margins on sales at 33% in 3Q03 and 31% in 9M03

(2) Excluding non recurring items, EBIT margins on sales at 17% in 3Q03 and 15% in 9M03

# Consolidated Financial Highlights

*From EBIT to EPS (Euro Mn)*

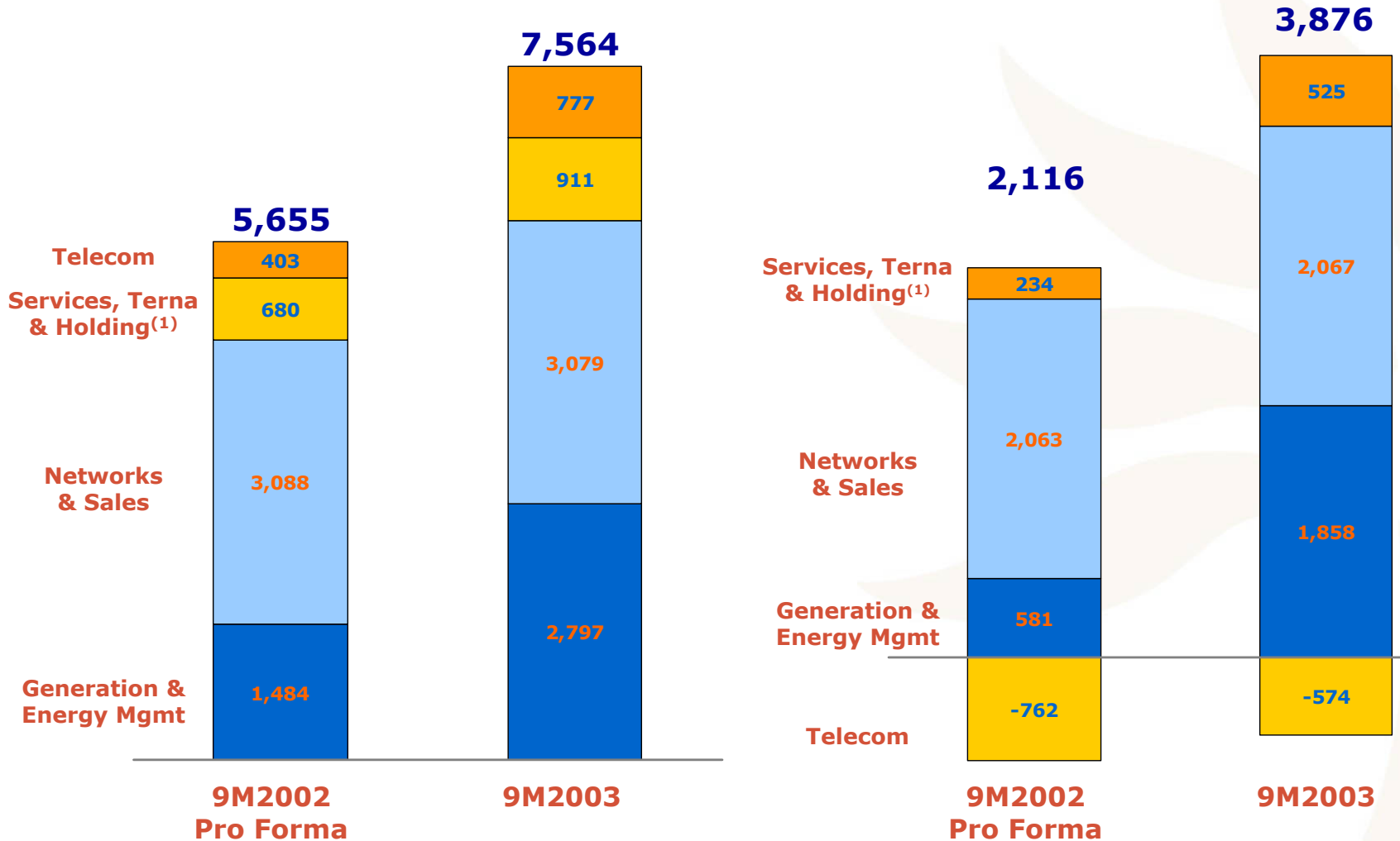
3 Q				9 M		
2003	2002 Pro Forma	% change		2003	2002 Pro Forma	% change
1,645	741	122.0%	<b>EBIT</b>	3,876	2,116	83.2%
-300	-319	-6.0%	<b>Net Financial Charges</b>	-872	-887	-1.7%
-48	-50	-4.0%	<b>Net Extraordinary Items</b>	206	558	-63.1%
			<b>of which: Gains from Disposals<sup>(1)</sup></b>	397	2,340	-83.0%
1,297	372	248.7%	<b>EBT</b>	3,210	1,787	79.6%
567	362	56.6%	<b>Income Taxes</b>	1,361	428	218.0%
2	59	-96.6%	<b>Minority Interest</b>	83	143	-42.0%
732	69		<b>Group Net Income</b>	1,932	1,502	28.6%
0.12	0.01		<b>EPS (Euro)</b>	0.32	0.25	
			<b>Group Ordinary Income<sup>(2)</sup></b>	1,593	473	236.8%

(1) Gross of taxes

(2) Group Net Income less extraordinary operations (Gains from Disposals and write-downs), net of taxes

# Consolidated Financial Highlights

*EBITDA and EBIT by Business Areas (Euro Mn)*



(1) Net of intercompany

**EBITDA**

**EBIT**

# Consolidated Financial Highlights

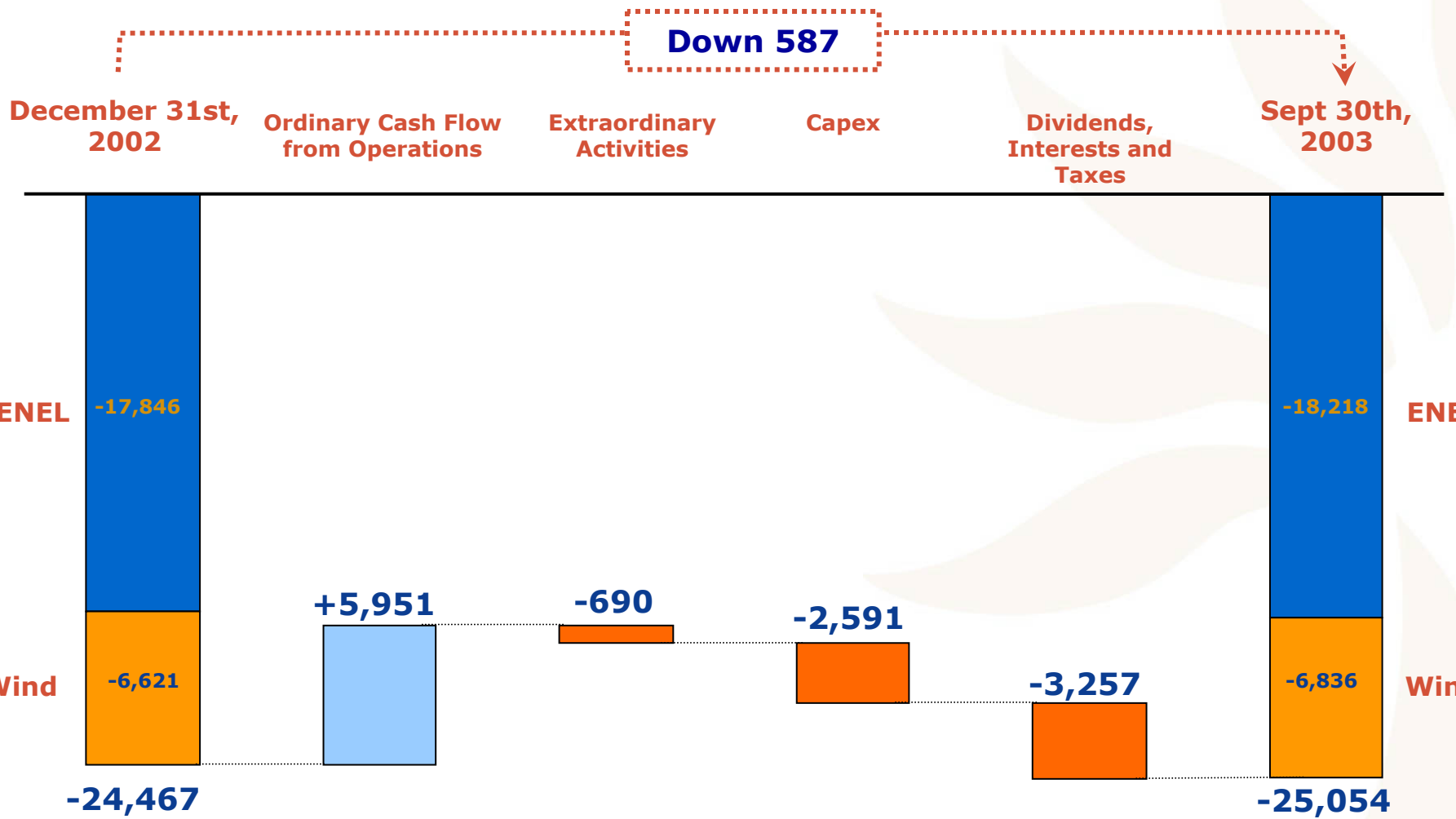
## Balance Sheet (Euro Mn)

	<u>Sept. 30, 2003</u>	<u>June 30, 2003</u>	<u>% Change</u>	<u>Dec 31, 2002</u>
<b>Net Financial Debt</b>	25,054	24,584	1.9%	24,467
<i>of which Wind<sup>(1)</sup></i>	6,836	6,941	-1.5%	6,621
<b>Shareholders' Equity</b>	20,687	19,932	3.8%	20,842
<i>of which minorities</i>	171	149	14.8%	70
<b>Leverage</b>	1.21	1.23		1.17
<b>EBITDA/ Interest Coverage</b>	8.73	8.25		6.67
<b>Net Capital Employed</b>	45,741	44,516	2.8%	45,309

(1) Excluding debt to Treasury for UMTS license

# Net Debt Evolution

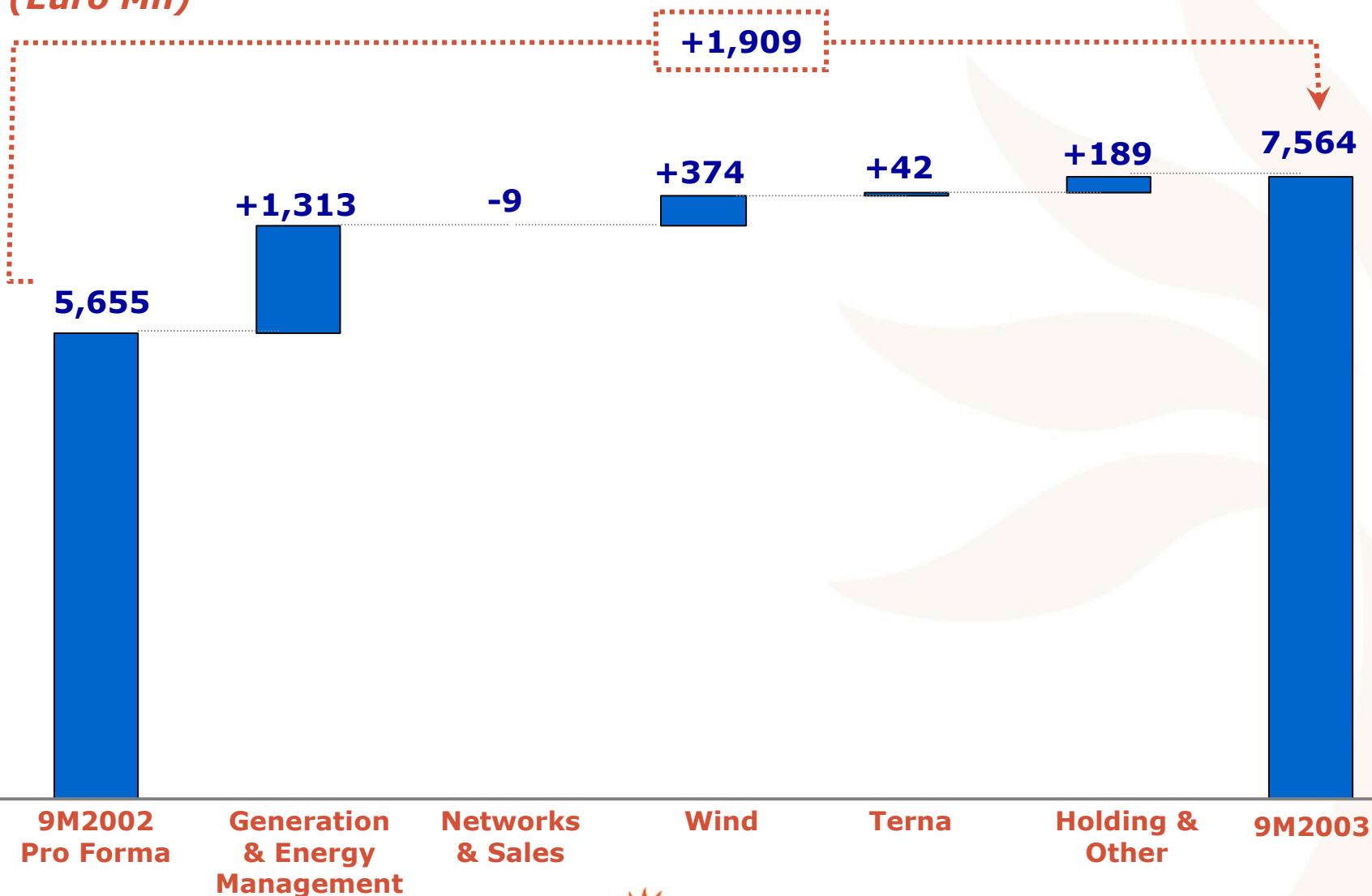
(Euro Mn)



# ANNEXES

# EBITDA Growth - by Business Area

(Euro Mn)





# Generation & Energy Management

(Euro Mn)

3 Q			9 M			
2003	2002 Pro Forma	% change		2003	2002 Pro Forma	% change
3,202	2,327	37.6%	<b>Revenues</b>	9,395	7,660	22.7%
166	127	30.7%	<i>of which Int. Operations</i>	402	404	N.M.
992	180	451.1%	<b>EBITDA</b>	2,797	1,484	88.5%
63	34	85.3%	<i>of which Int. Operations</i>	157	110	42.7%
683	-116	N.M.	<b>EBIT</b>	1,858	581	219.8%
162	141	14.9%	<b>Capex</b>	448	559	-19.9%
			<b>Net Capital Employed</b>	15,080	15,541 <sup>(1)</sup>	-3.0%
			<b>Headcount</b>	11,647	12,911 <sup>(1)</sup>	-9.8%
38,962	34,502	12.9%	<b>Net Power Production (domestic) (GWh)</b>	105,059	99,730	5.3%

(1) As of December 31, 2002

# Networks & Sales

(Euro Mn)

3 Q				9 M		
2003	2002	% change		2003	2002	% change
4,904	5,088	-3.6%	<b>Revenues</b>	15,148	15,159	-0.1%
4,737	4,896	-3.2%	<i>Power</i>	14,237	14,616	-2.6%
167	192	-13.0%	<i>Gas</i>	911	543	67.8%
1,328	1,378	-3.6%	<b>EBITDA</b>	3,079	3,088	-0.3%
1,306	1,369	-4.6%	<i>Power</i>	2,914	3,031	-3.9%
22	9	144.4%	<i>Gas</i>	165	57	189.5%
996	1,020	-2.4%	<b>EBIT</b>	2,067	2,063	0.2%
416	514	-19.1%	<b>Capex</b>	1,237	1,313	-5.8%
			<b>Net Capital Employed</b>	11,332	12,218 <sup>(1)</sup>	-7.3%
			<b>Headcount</b>	38,327	39,895 <sup>(1)</sup>	-3.9%
60.8	59.6	2.0%	<b>Power Dispatched (TWh)</b>	182.6	179.3	1.8%
39.0	45.2	-13.7%	<b>Power Sold<sup>(2)</sup> (TWh)</b>	114.9	135.6	-15.3%

(1) As of December 31, 2002

(2) Domestic eligible and non-eligible, excluding resellers

# Operational Data

	9M2003	9M2002 Pro Forma	% change
<b>Power</b>			
Net Power Production (GWh)	105,059	99,730	5.3%
Purchase of Power (GWh)	54,906	73,672	-25.5%
Sales to End Users (GWh)	114,923	135,631	-15.3%
<i>of which: Regulated Market</i>	106,770	113,159	-5.6%
<i>Free Market</i>	8,153	22,472	-63.7%
Total Power Dispatched (GWh)	182,636	179,349	1.8%
<b>Gas</b>			
Volumes Sold to Third Parties (mcm)	4,794	3,426	39.9%
<i>of which to end users (mcm)</i>	2,927	1,598	83.2%
Customers ('000)	1,779	1,698	4.8%

# Terna

(Euro Mn)

3 Q				9 M		
2003	2002	% change		2003	2002	% change
175	157	11.5%	Revenues	605	570	6.1%
110	88	25.0%	EBITDA	405	363	11.6%
48	25	92.0%	EBIT	216	175	23.4%
			Headcount	3,054	3,106 <sup>(1)</sup>	-1.7%
55	43	27.9%	Capex	125	108	15.7%

(1) As of December 31, 2002

# Wind

## Key Performance Indicators

	Q1	2003 Q2	Q3		Q1	2003 Q2	Q3
<b>Customers (mn)</b>	<b>25.7</b>	<b>26.4</b>	<b>27.1</b>	<b>Profit &amp; Loss (€mn)</b>			
<b>Fixed Active</b>	3.4	3.3	3.2	<b>Revenues</b>	1,044	1,079	1,121
<i>of which</i>				<b>EBITDA</b>	230	250	297
<b>CPS</b>	1.9	1.8	1.8	<b>EBIT<sup>(2)</sup></b>	-57	-116	-39
<b>LLU <sup>(1)</sup></b>	0.1	0.2	0.2				
<b>Mobile</b>	9.0	9.2	9.4				
<b>Internet</b>							
<b>Subscribers</b>	13.3	13.9	14.5				
	Q1	Q2	Q3		30-set-03	30-giu-03	31-dic-02
<b>ARPU (€/average month)</b>				<b>Balance Sheet (€mn)</b>			
<b>Fixed Active</b>				<b>Net Debt<sup>(3)</sup></b>	6,836	6,941	6,621
<b>Customer base</b>	32.0	31.8	31.3	<b>Net Capital Employed<sup>(4)</sup></b>	6,827	6,888	6,519
<b>Mobile</b>	20.0	21.4	22.1				
<i>of which</i>							
<b>Mobile Data</b>	2.5	2.5	2.7				

(1) 461.000 acquisitions of which 231.000 physically connected

(2) Excluding goodwill amortization

(3) Excluding debt to Treasury for UMTS license

(4) Excluding goodwill

# Services & Holding

(Euro Mn)

3 Q				9 M		
2003	2002	% change		2003	2002	% change
<b>SERVICES</b>						
650	652	-0.3%	<b>Revenues</b>	1,929	1,932	-0.2%
102	107	-4.7%	<b>EBITDA</b>	369	256	44.1%
53	27	96.3%	<b>EBIT</b>	194	15	
			<b>Headcount</b>	4,773	6,163 <sup>(1)</sup>	-22.6%
71	64	10.9%	<b>Capex</b>	230	377	-39.0%
<b>HOLDING</b>						
268	485	-44.7%	<b>Revenues</b>	808	1,514	-46.6%
59	25	136.0%	<b>EBITDA</b>	179	110	62.7%
52	20	160.0%	<b>EBIT</b>	157	93	68.8%
			<b>Headcount</b>	544	527 <sup>(1)</sup>	3.2%

(1) As of December 31, 2002

# Debt Structure

- Average debt maturity: 4 years and 5 months
- Average cost of debt: 4.4%
- (Fixed+Hedged)/Total Long Term Debt = 59%
- (Fixed+Hedged)/Total Net Debt = 51%
- S&P's: A+/A-1 negative Moody's: A1/P-1 negative

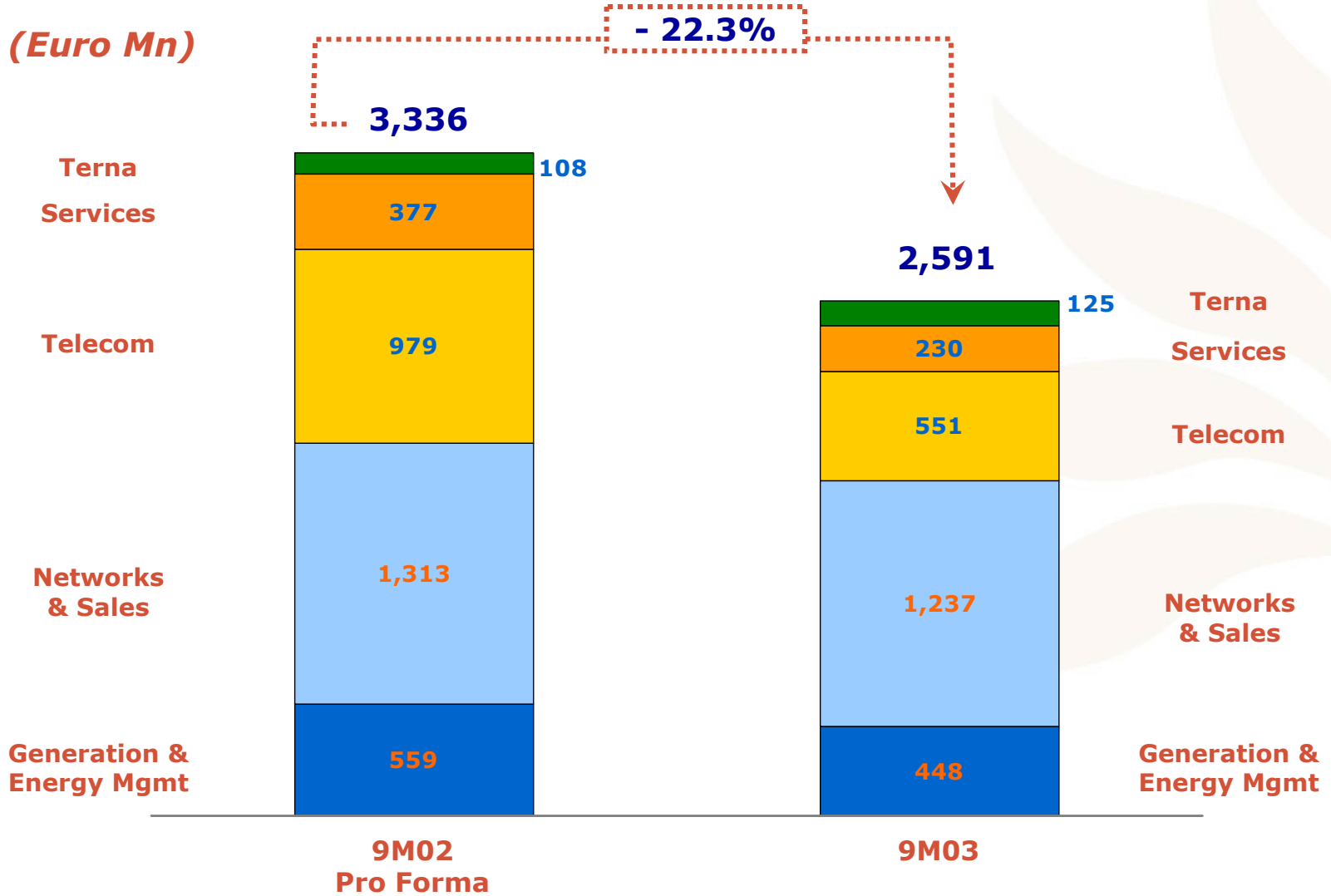
**(Euro Mn)**

	<b>30-Sep-03</b>	<b>30-Jun-03</b>	<b>% change</b>	<b>31-Dec-02</b>
<b>Long Term</b>	19,811	20,688	-4.2%	18,292
<b>Short Term</b>	6,205	5,957	4.2%	7,251
<b>Cash<sup>(1)</sup></b>	-962	-2,061	-53.3%	-1,076
<b>Net Debt</b>	25,054	24,584	1.9%	24,467

(1) Including factoring receivables

# Capex

(Euro Mn)



All figures in Euro mn




# Results by Quarters

	Q1		Q2		Q3	
	2002 Pro Forma	2003	2002 Pro Forma	2003	2002 Pro Forma	2003
<b>P&amp;L</b>						
Revenues	7,556	8,069	7,223	7,352	7,324	7,872
EBITDA	1,864	2,376	1,851	2,309	1,940	2,879
EBIT	754	1,204	621	1,027	741	1,645
Net extraord.items	-58	338	666	-84	-50	-48
Net Income	284	864	1,149	336	69	732
<b>Balance Sheet</b>						
Net Capital Employed		44,525		44,516		45,741
Net debt		22,831		24,584		25,054
Equity		21,694		19,932		20,687
<b>Headcount &amp; Capex</b>						
Headcount		68,792		67,628		67,159
Capex		771		913		907

All figures in Euro mn, except Headcount

# IR CONTACTS

- Luca Torchia  +39 06 8509.3437
- Elisabetta Colacchia  +39 06 8509.7145
- Pierluigi Orati  +39 06 8509.9422

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Fax number: +39 06 8509.3771

Mail to: [investor.relations@enel.it](mailto:investor.relations@enel.it)