

2006 Interim results

Rome, 7 September 2006

Agenda

▶ **2006 Interim results**

Luigi Ferraris

▶ **Divisional update**

Fulvio Conti

- Domestic Market
- Domestic Generation & Energy Management
- Domestic Infrastructure & Network
- International Activities

▶ **Closing remarks**

Fulvio Conti

▶ **Annexes**

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▶ **2006 Interim results**

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2006 Interim results

Results overview

€mn	1H2005	1H2006	%
<i>Revenues</i>	16,152	19,065	18.0%
Ebitda⁽¹⁾	4,202	4,361	3.8%
<i>Group net income</i>	1,915	1,978	3.3%
of which net ordinary income⁽²⁾	1,587	1,722	8.5%
Net debt⁽³⁾	12,312	14,077	14.3%

Profitability steadily growing

(1) 1H05 EBITDA restated

(2) 1H05 net of Euro 328mn capital gain on Terna disposal. 1H06 net of Euro 256mn income on Wind-Weather share transaction

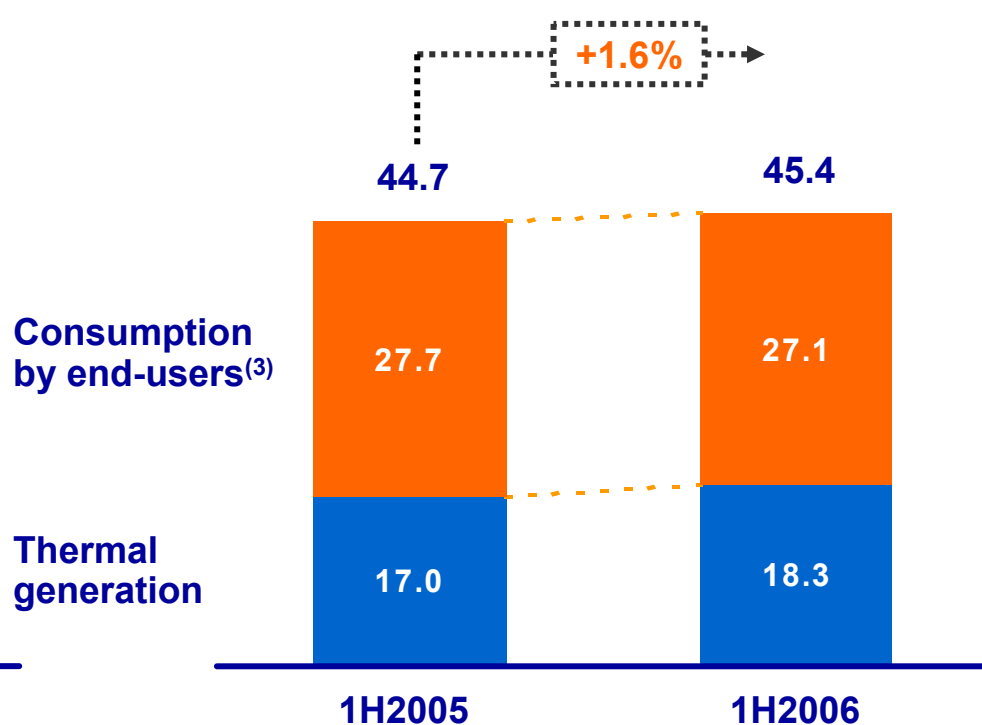
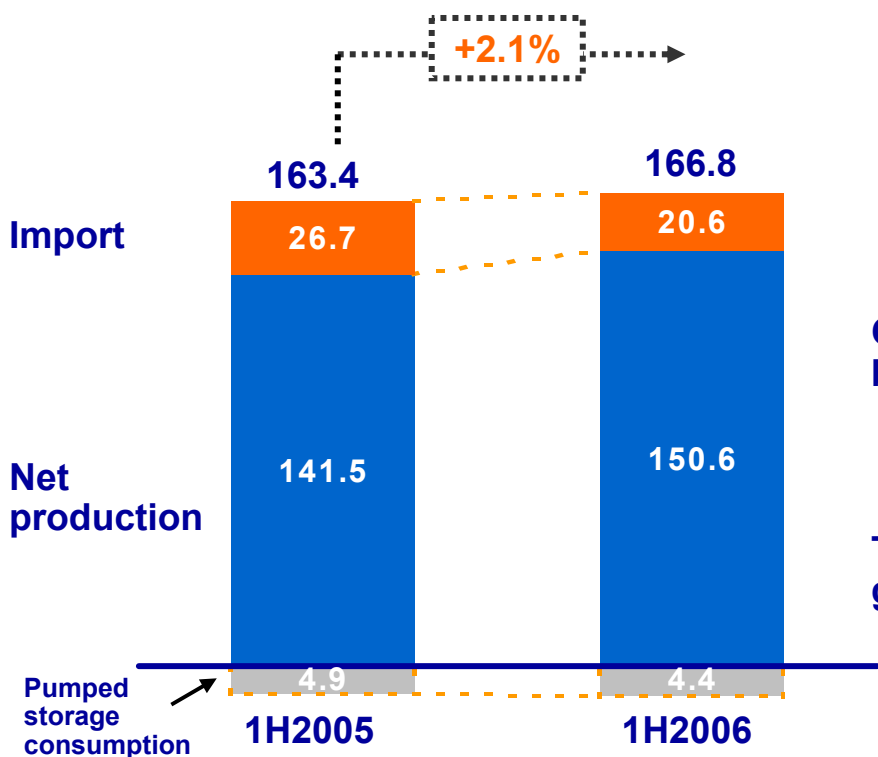
(3) 1H05 figure as of December 31, 2005

2006 Interim results

Operational data: Italian market overview

Electricity – Total demand⁽¹⁾ (TWh)

Gas – Total consumption (bcm)⁽²⁾



(1) Source: Terna - July 2006 electricity statistical data

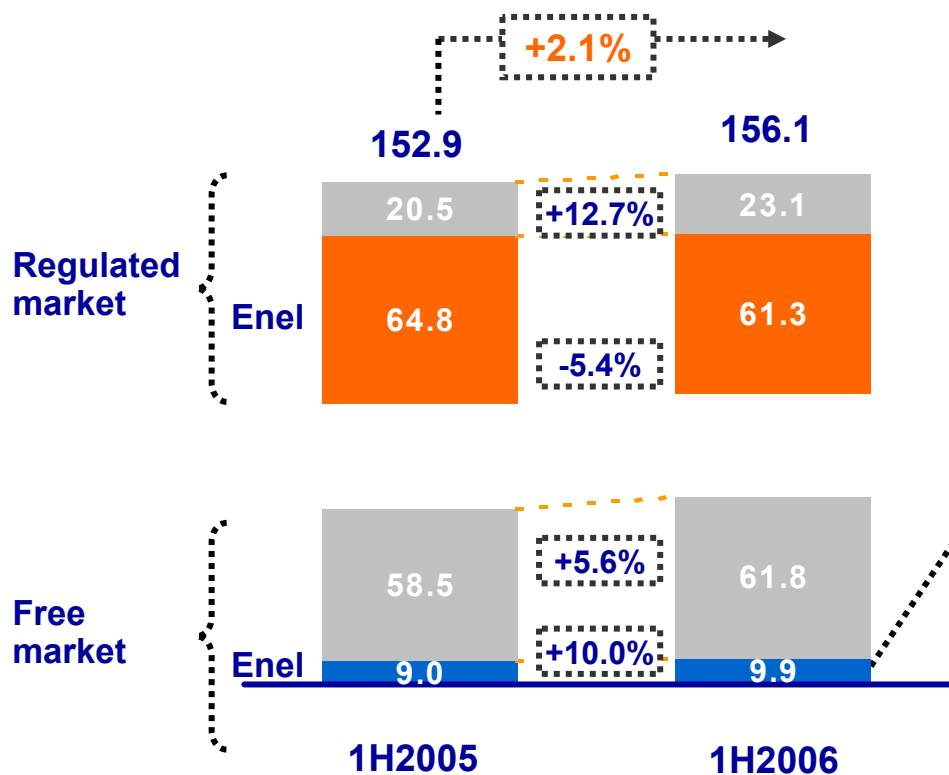
(2) Source: Industry Ministry estimates. Excluding transport

(3) Includes consumption both by residential and by industrial customers

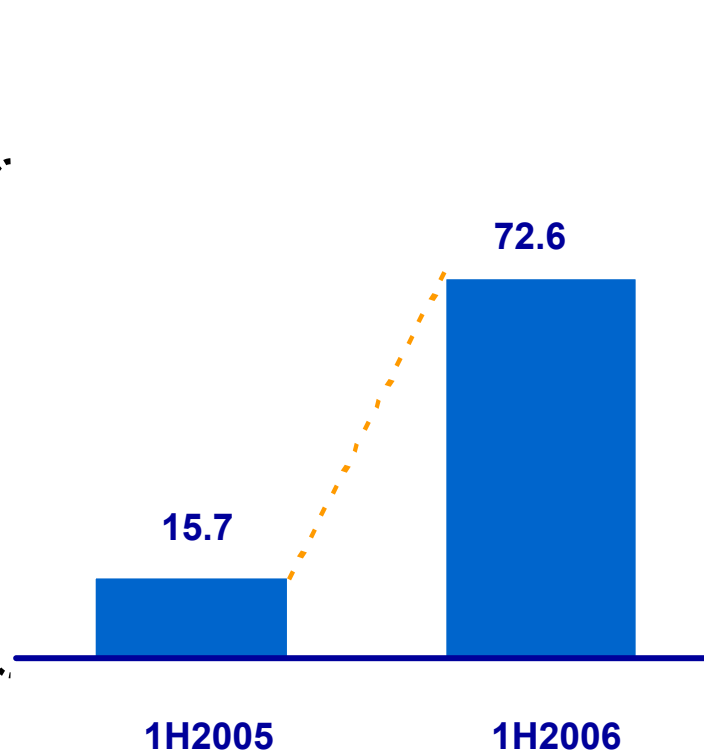
2006 Interim results

Operational data: Enel's domestic market division

Electricity – Total market sales⁽¹⁾ (TWh)



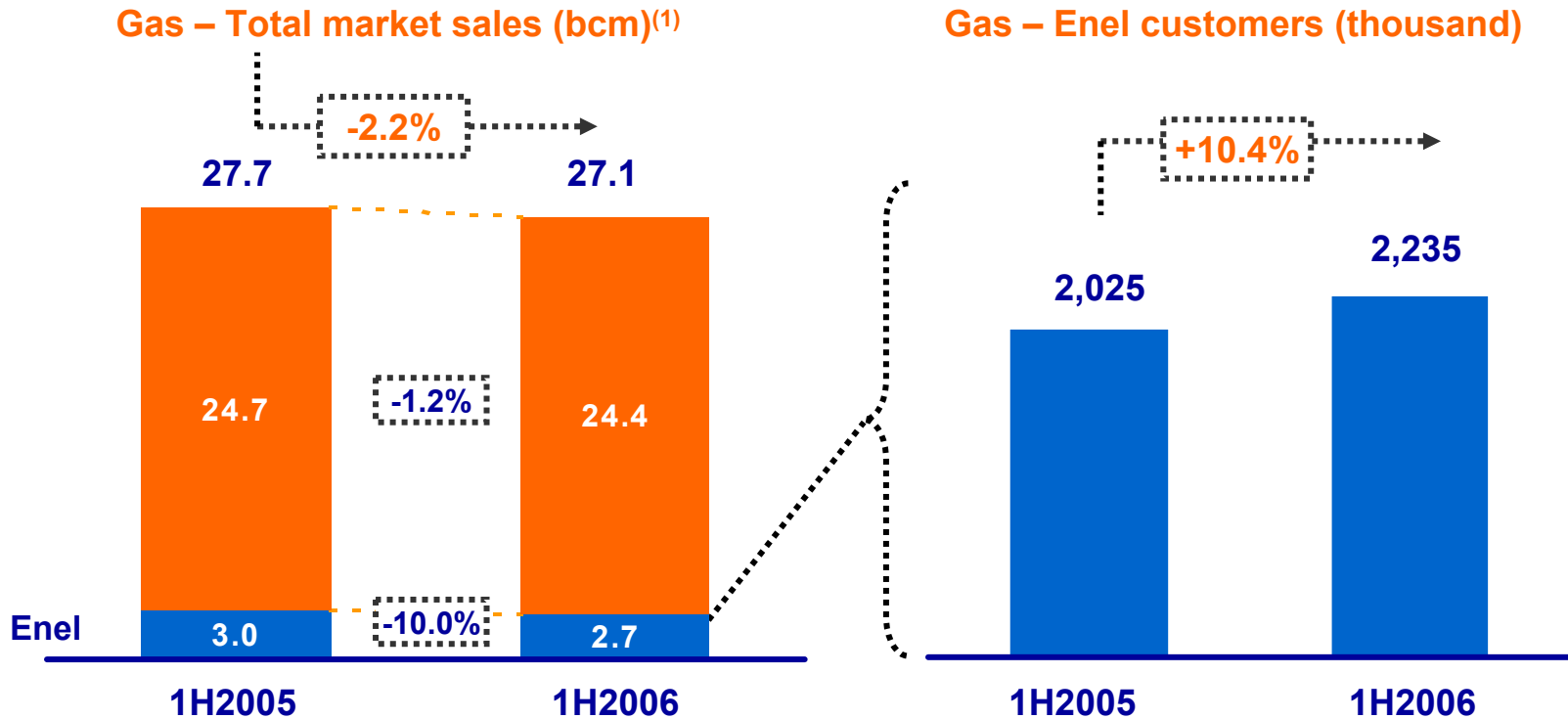
Electricity – Enel free market customers (thousand)



1/2

(1) Excluding losses on the grid. Data relating to other operators are Enel's estimates

Operational data: Enel's domestic market division

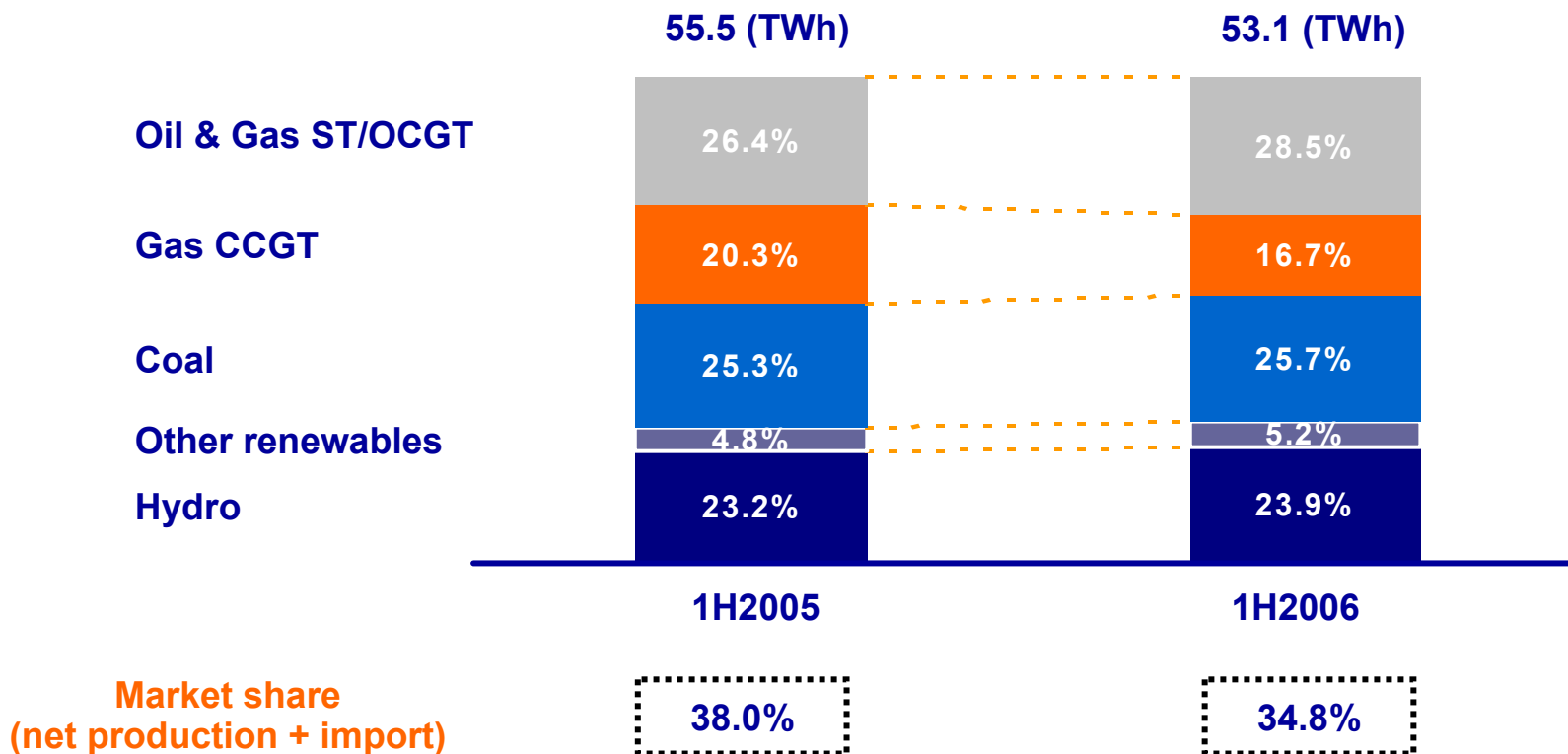


2/2

(1) Source: company workout on Industry Ministry data

Operational data: Enel's domestic G&EM division

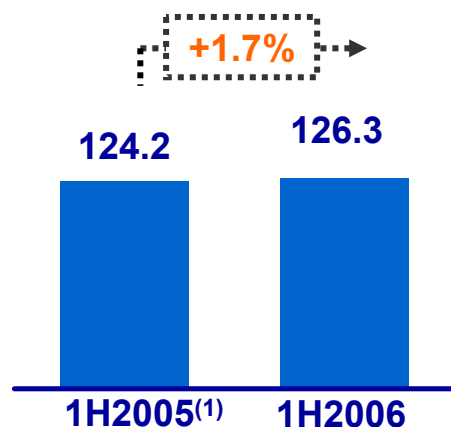
Domestic Net Production Mix



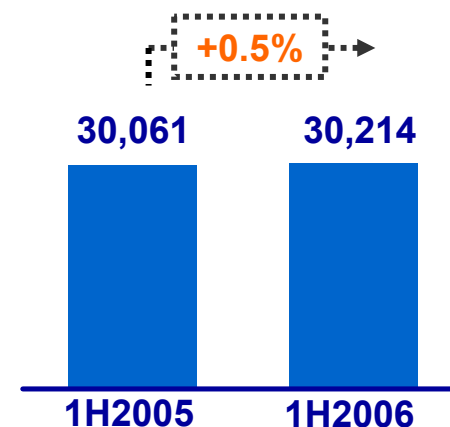
2006 Interim results

Operational data: Enel's domestic I&N division

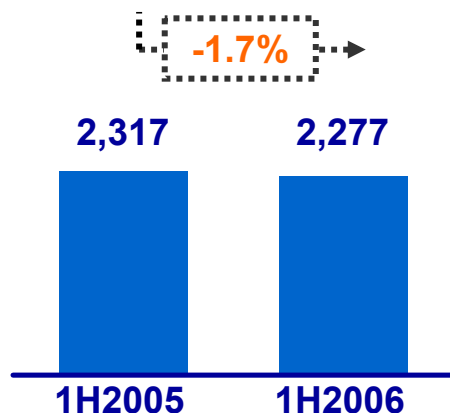
Electricity – Volumes distributed (TWh)



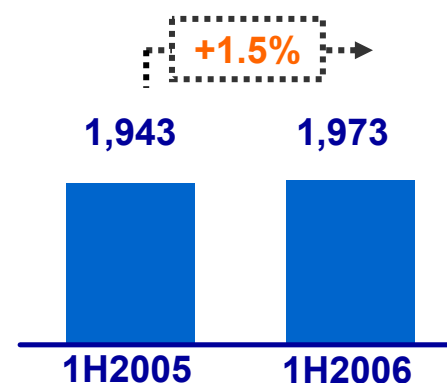
Electricity – End users (thousand)



Gas – Volumes distributed (mcm)



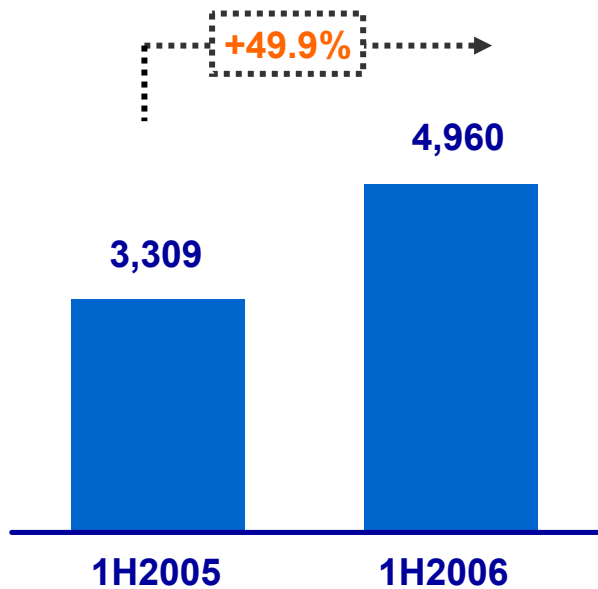
Gas – End users (thousand)



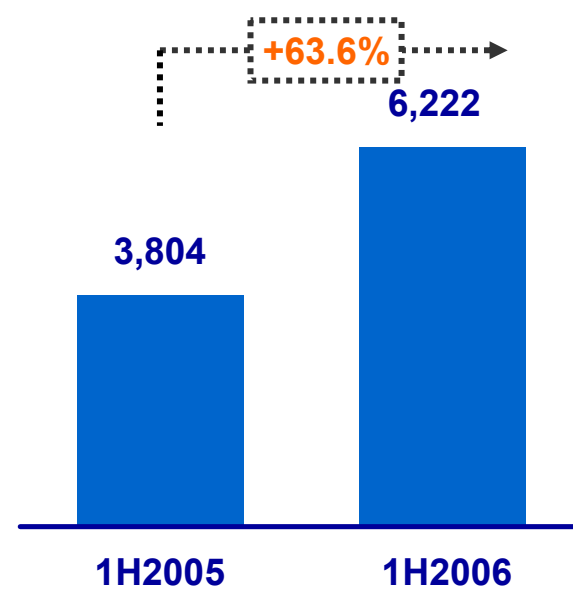
(1) Net of 1.5TWh of energy dispatched in 2004

Operational data: Enel's international activities

Electricity sold (GWh)



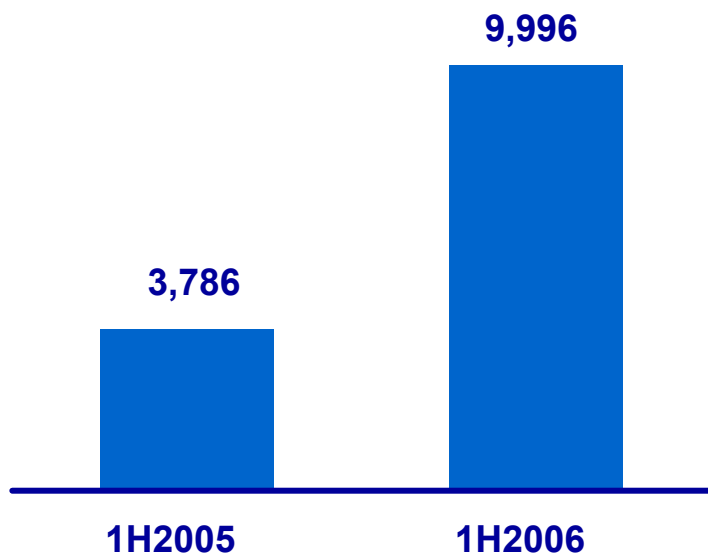
Electricity distributed (GWh)



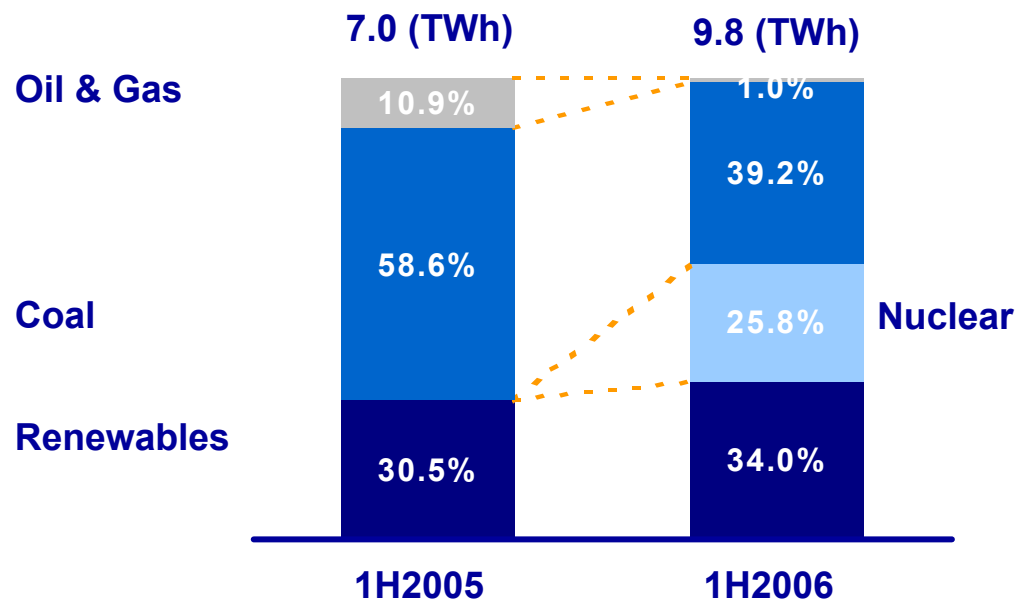
2006 Interim results

Operational data: Enel's international activities

International Net Installed Capacity⁽¹⁾ (MW)



International Production Mix

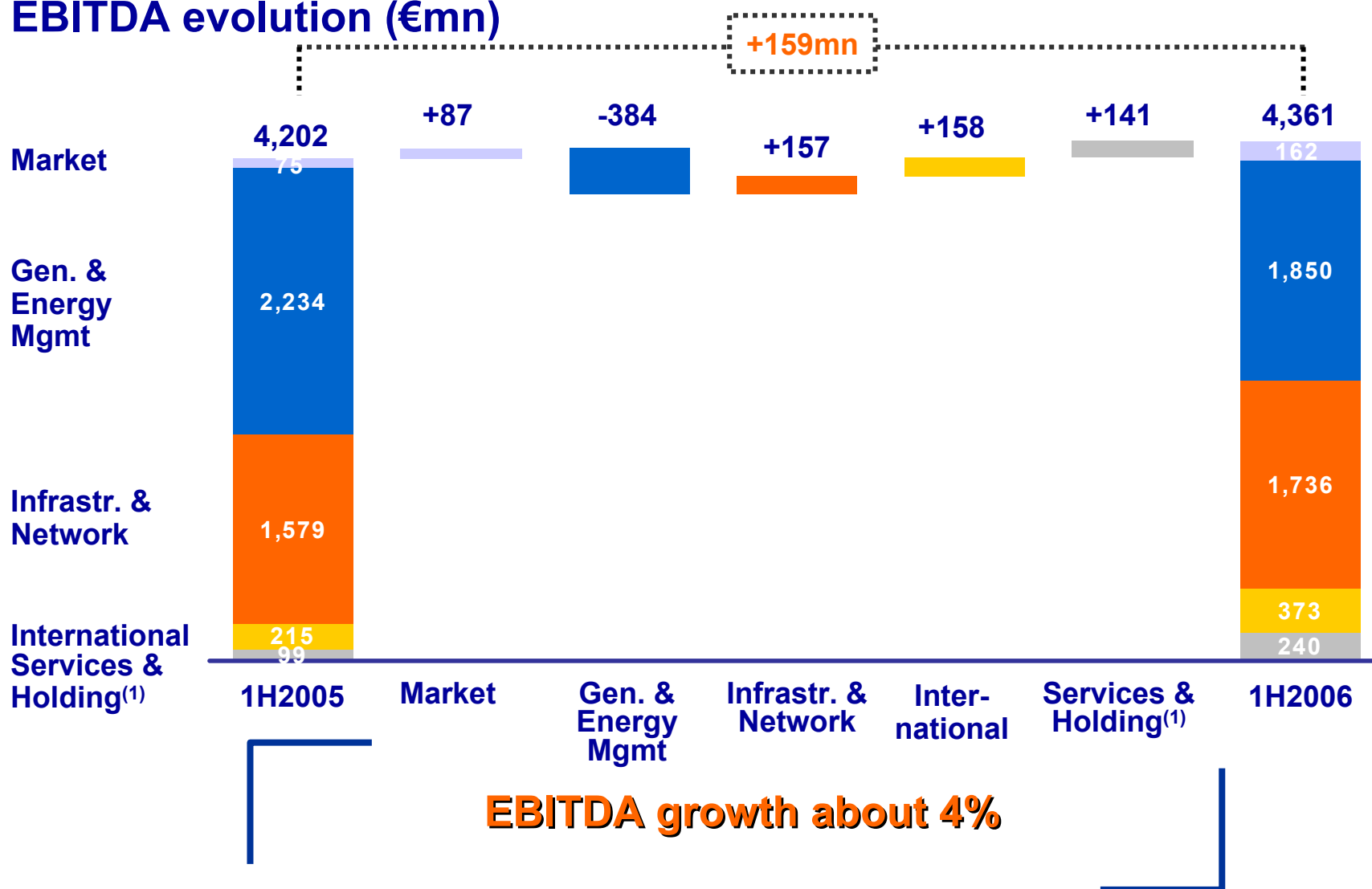


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(1) As of December 31, 2005 and excluding Slovenske Elektrarne

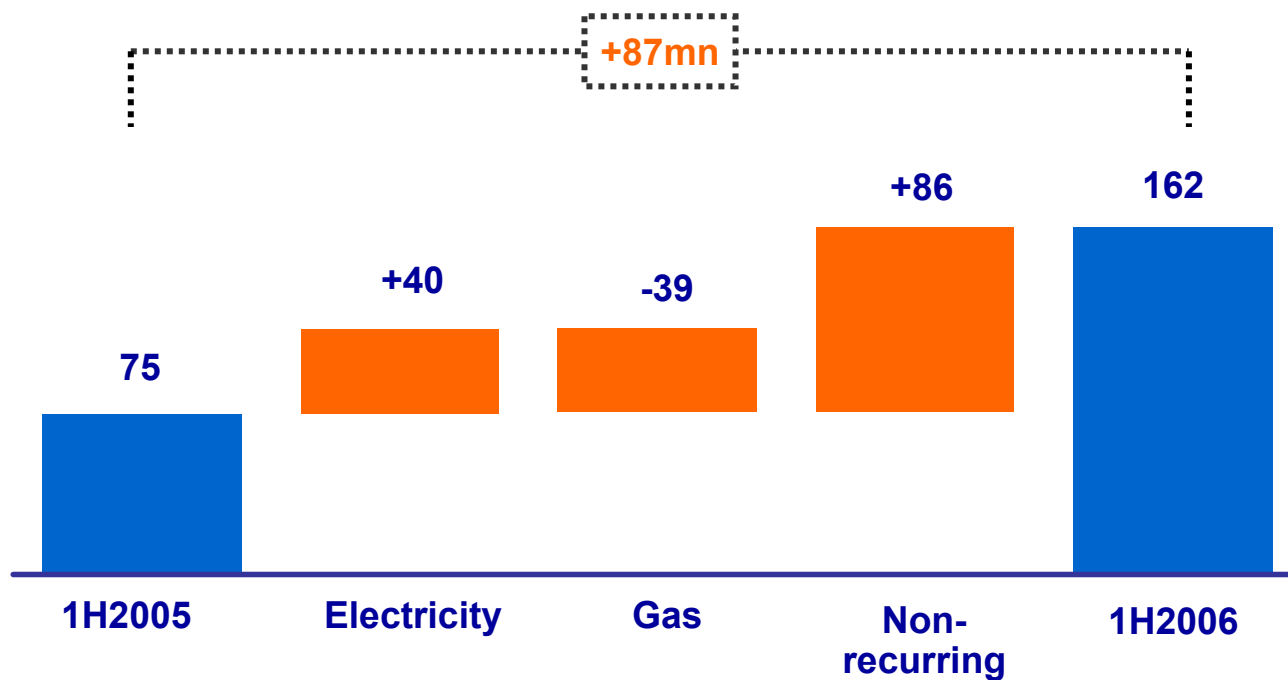
2006 Interim results

EBITDA evolution (€mn)

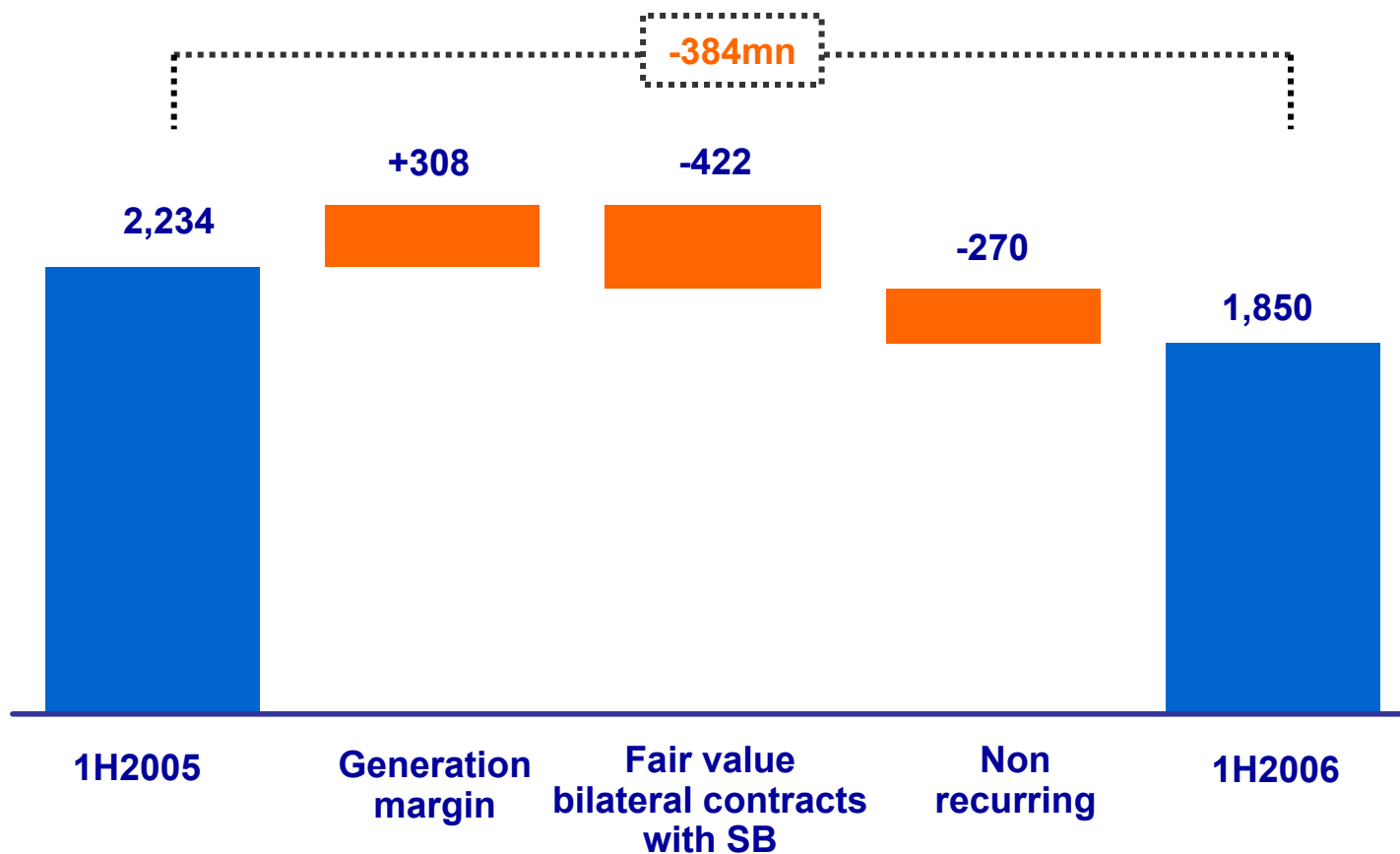


(1) Including -11€mn and +9€mn intercompany adjustments in 1H05 and 1H06, respectively

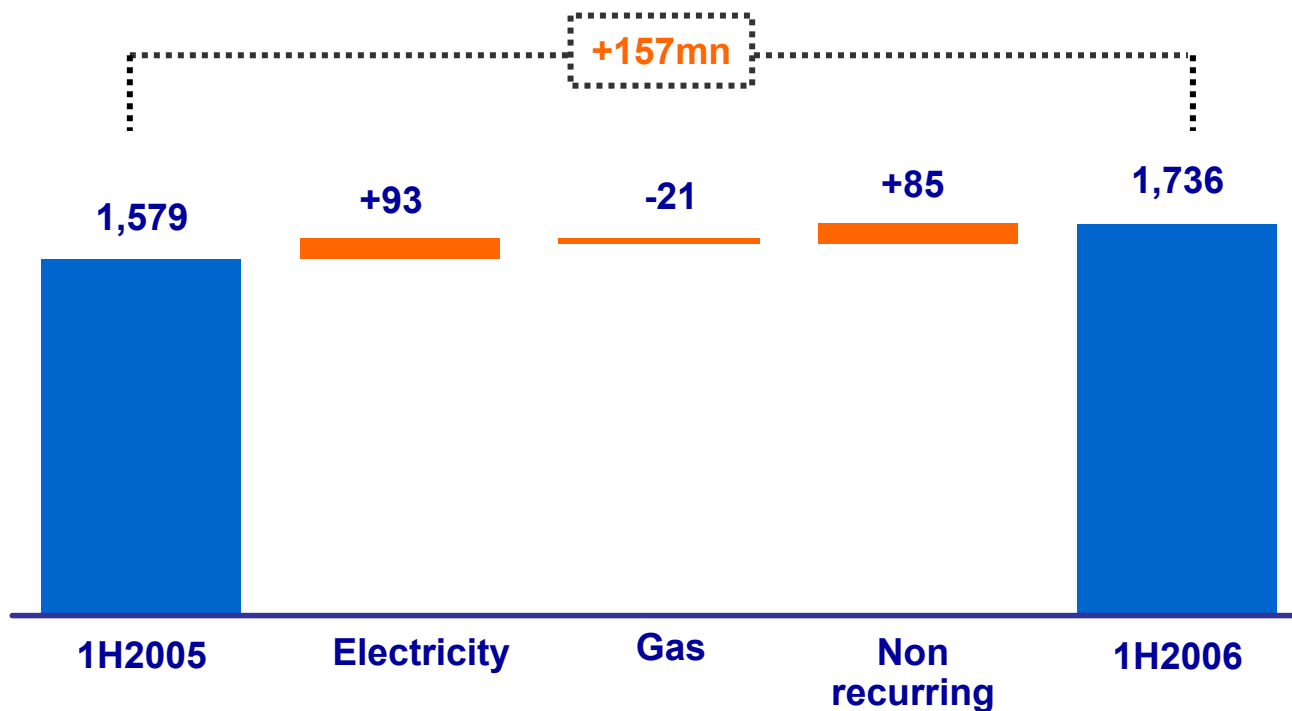
EBITDA evolution: domestic market division (€mn)



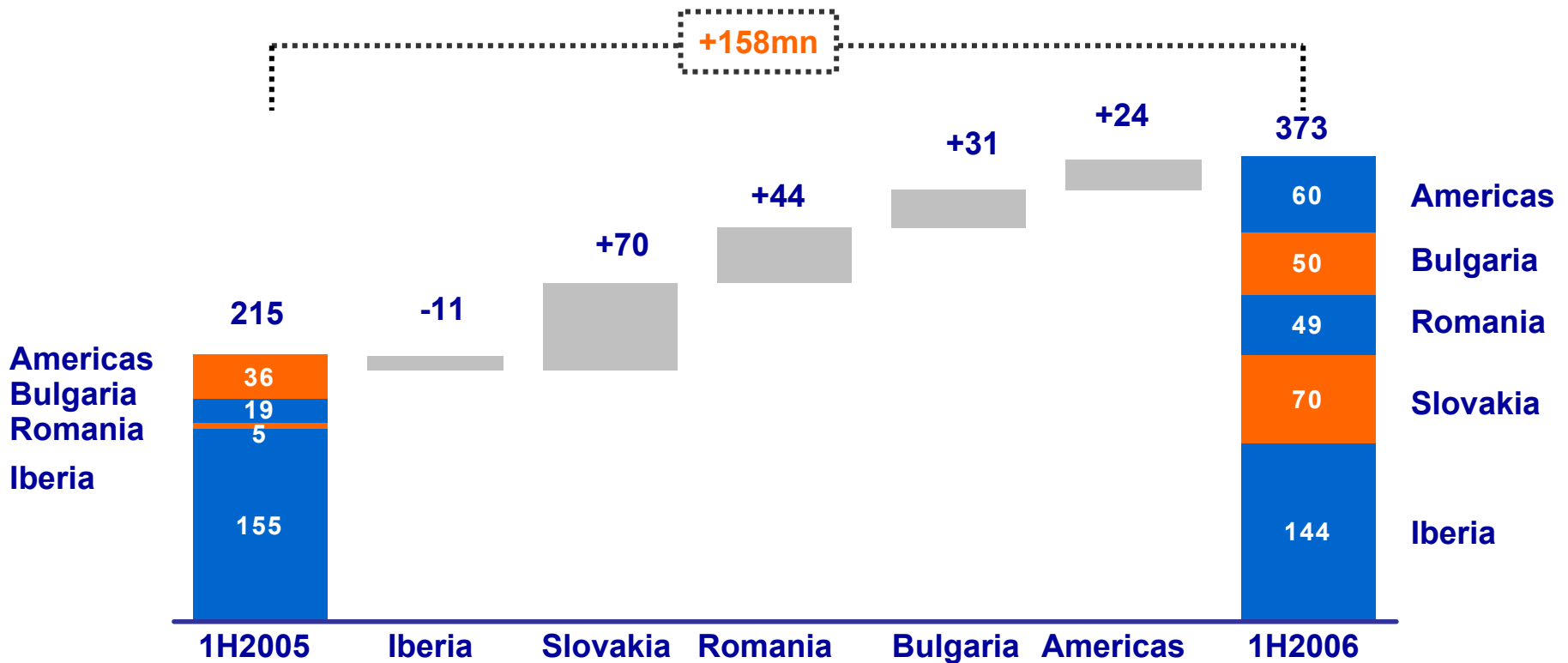
EBITDA evolution: domestic G&EM division (€mn)



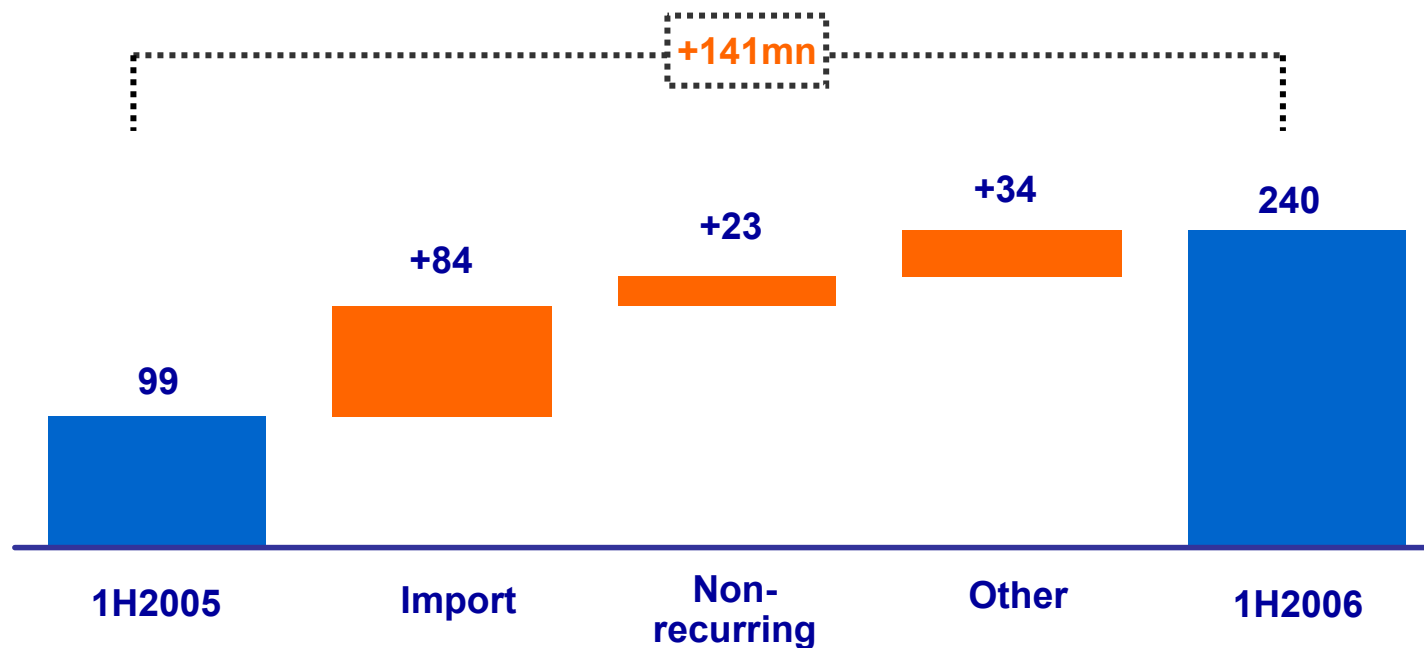
EBITDA evolution: domestic I&N division (€mn)



EBITDA evolution: international division (€mn)

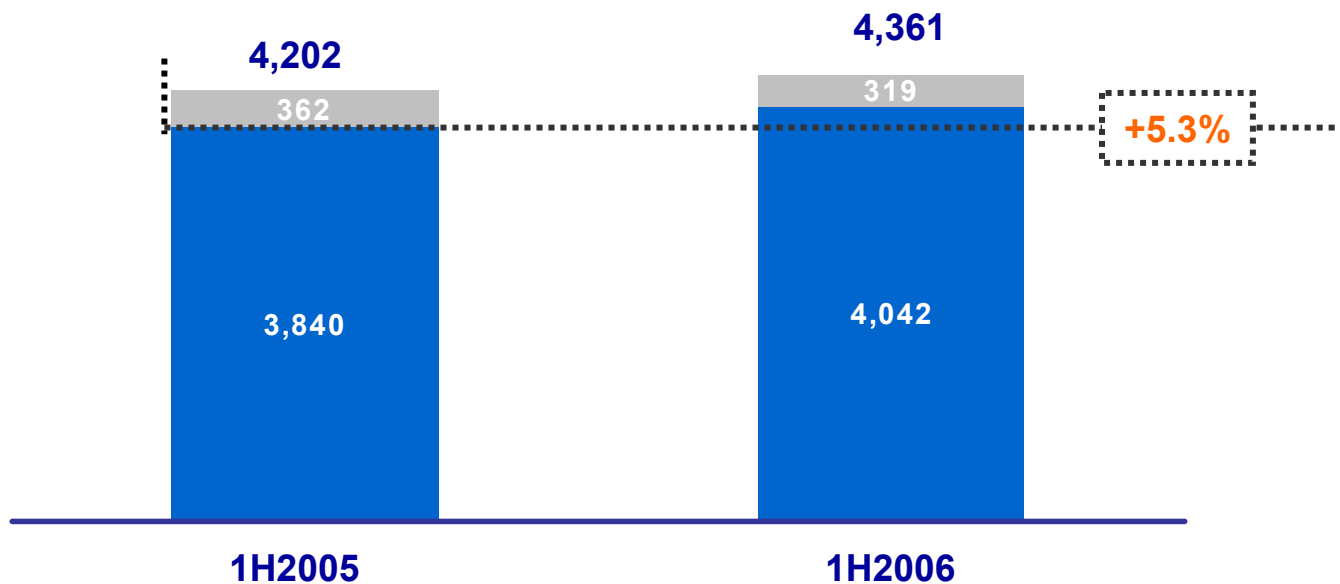


EBITDA evolution: services & holding (€mn)⁽¹⁾



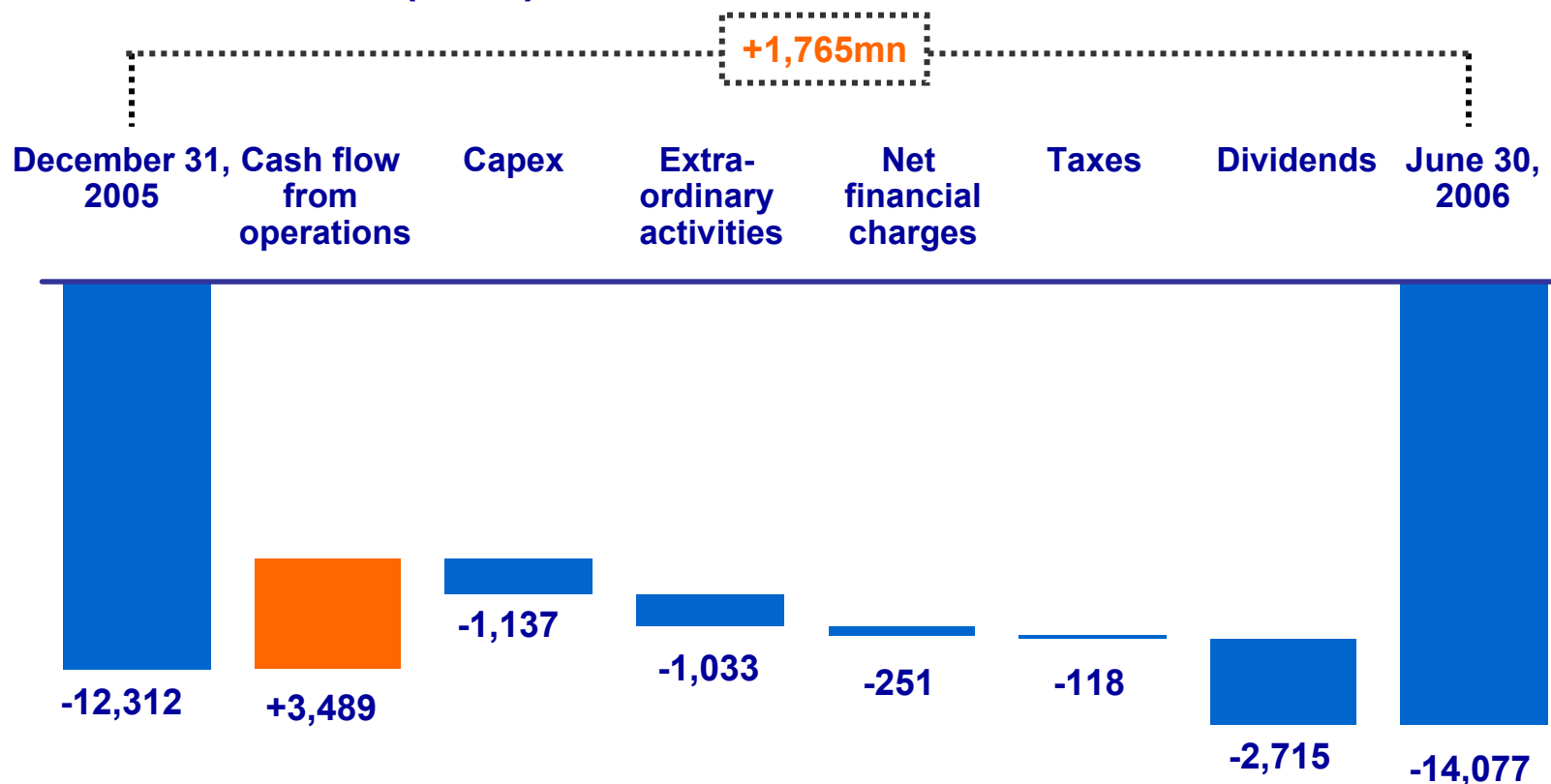
(1) Including -11€mn and +9€mn intercompany adjustments in 1H05 and 1H06, respectively

EBITDA: consolidated non-recurring items dynamics (€mn)



**Net of non-recurring items: +5.3%
EBITDA growth**

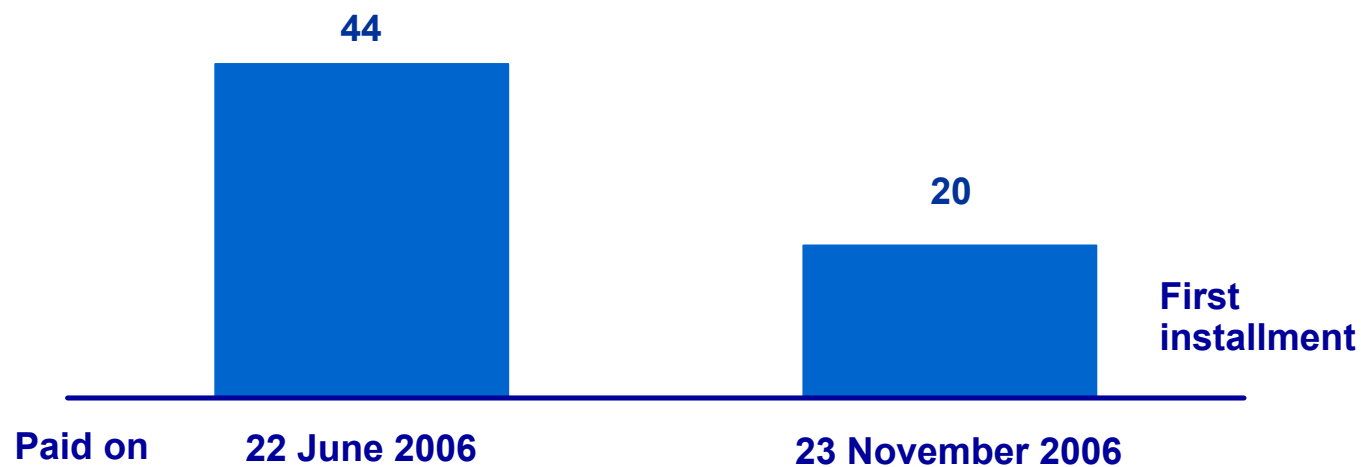
Net debt evolution (€mn)



Gearing up towards optimal financial structure

2006 Interim results -

2006 Interim dividend (€/share)



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▶ Closing remarks

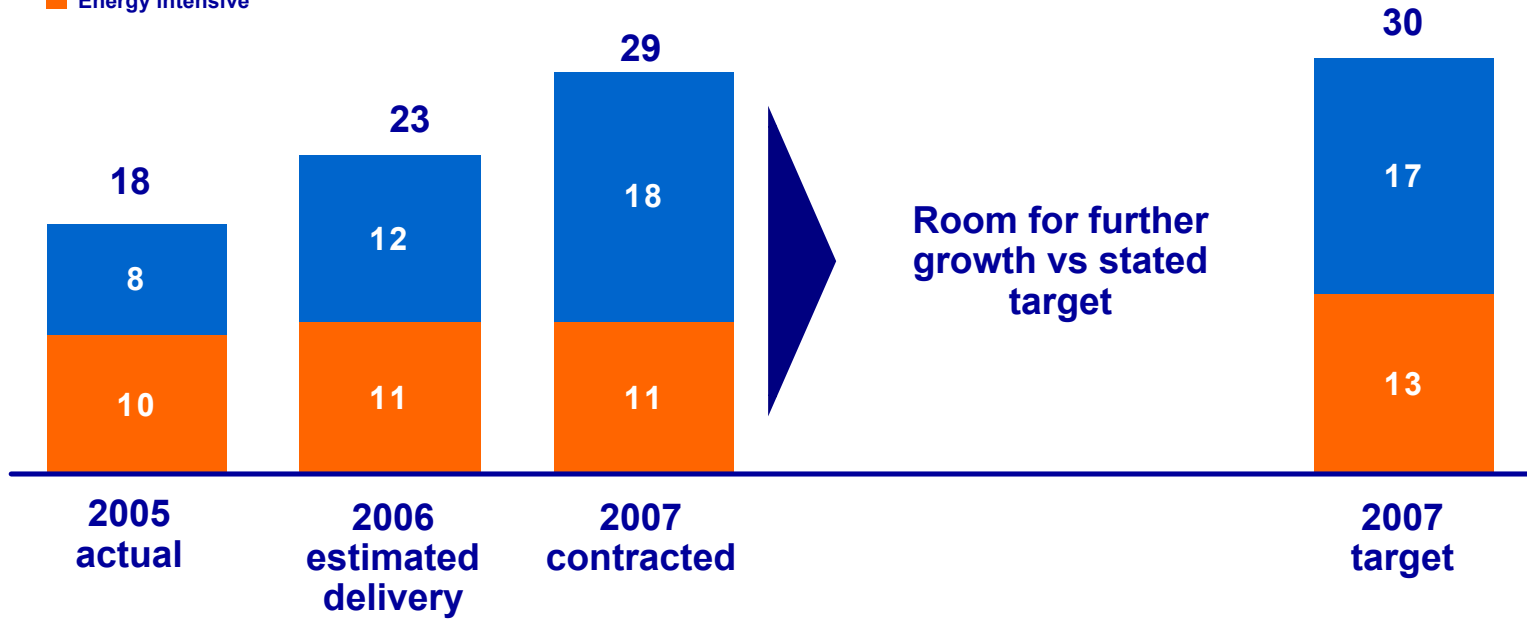
Fulvio Conti

▶ Annexes

Domestic market

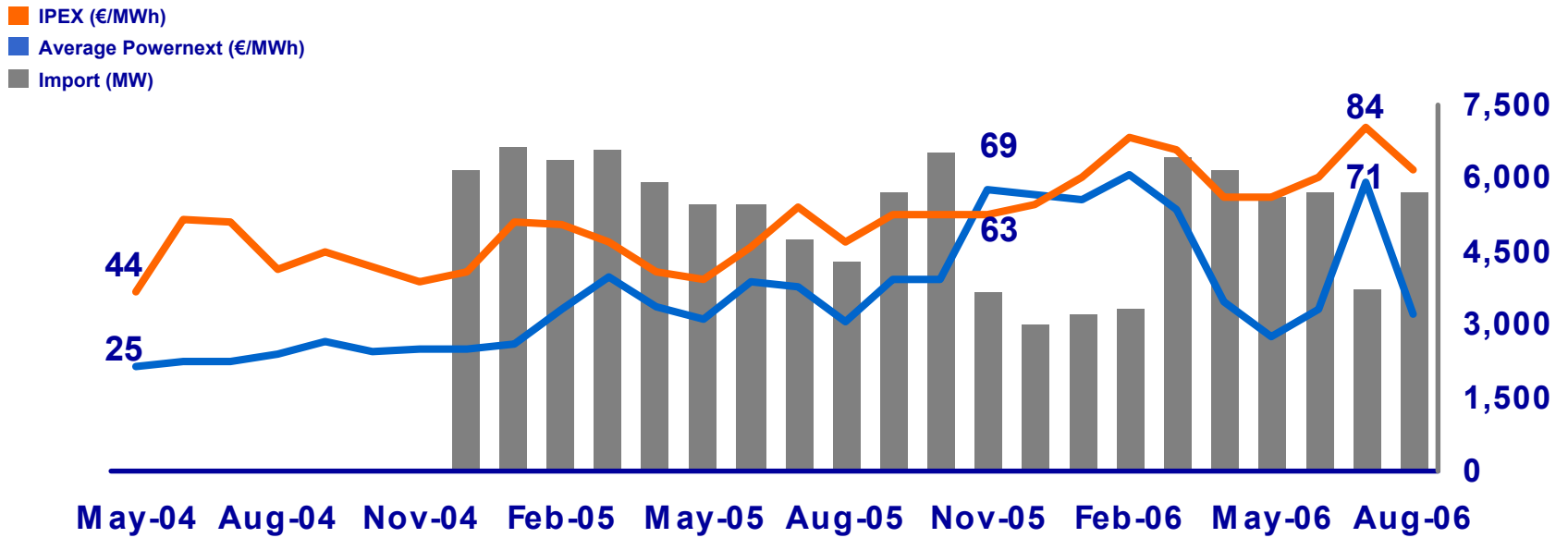
Free market volumes (TWh)

- Micro, medium & large businesses
- Energy intensive



97% of 2007 target already achieved

Domestic G&EM – Continental power price⁽¹⁾ and imports



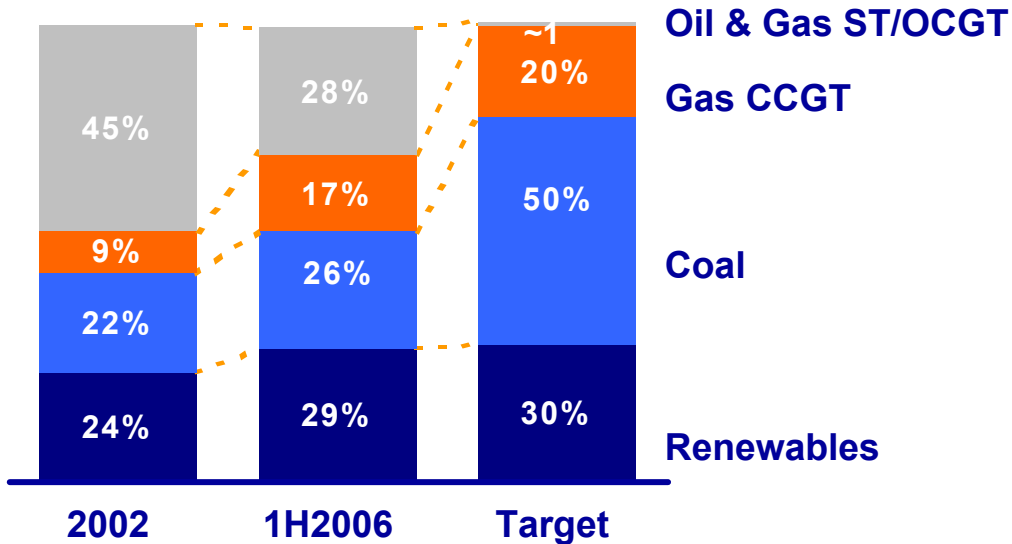
Convergence in continental prices when market is tight
Significant import reduction during price convergence

New opportunities from price convergence

(1) Baseload price. Monthly average

Domestic G&EM - Re-powering plan

Enel's Production Mix



Highly efficient CCGTs

- ▶ S Barbara (380MW)
first synchronization on Aug 4, 2006
- ▶ Termini Imerese (380MW)
– on track

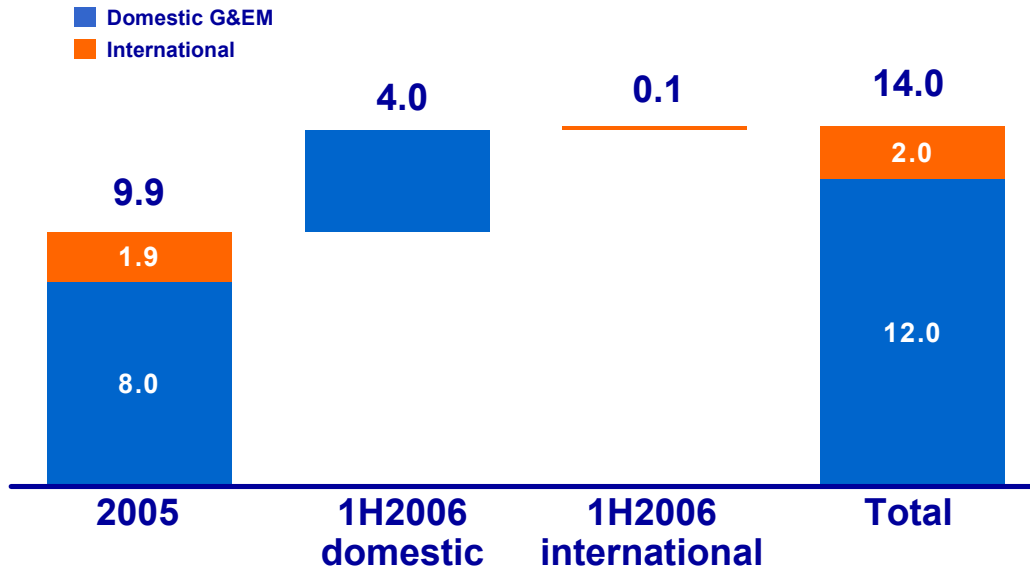
Coal re-powering

- ▶ Civitavecchia (1,980MW)
on track
- ▶ Porto Tolle (1,980MW)
regional EIA⁽¹⁾ obtained
national EIA⁽¹⁾ submitted and
Commission on-site visit completed

(1) Environmental Impact Assessment

Overall CO₂ Emission Trading Scheme

Shortage GEM (mton)

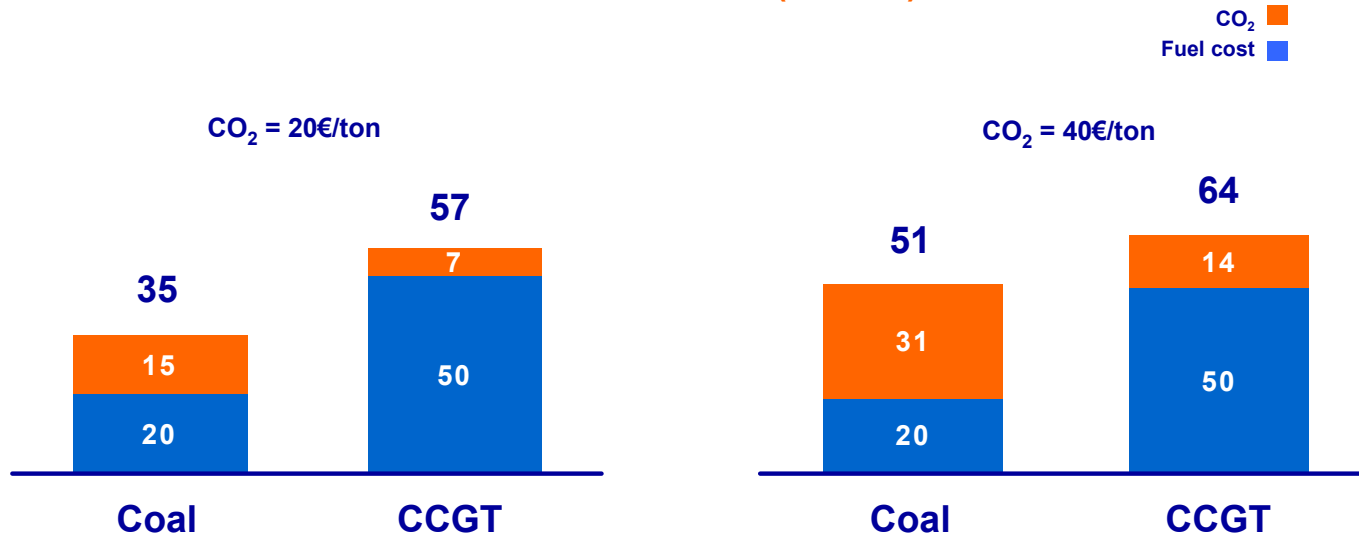


Competitive sourcing actions already implemented

CO₂ shortage fully hedged

Domestic G&EM - CO₂ Emission Trading Scheme

Effects on variable costs⁽¹⁾ (€/MWh)



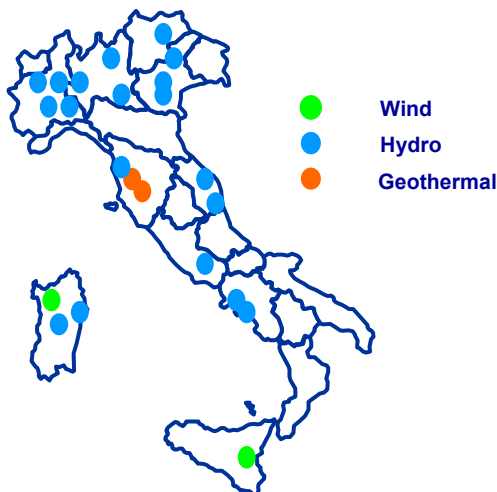
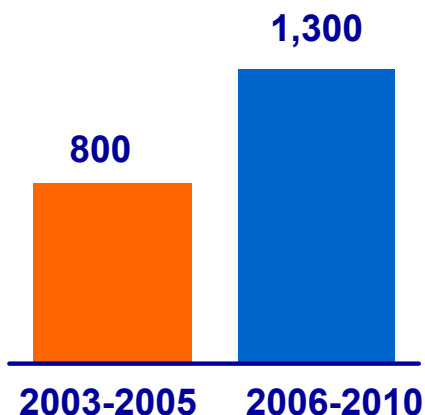
New coal plants competitive also with higher CO₂ prices

(1) At current fuel prices

2006 Interim results – Divisional update

Domestic G&EM - Growth in Renewables

Investments (€mn)

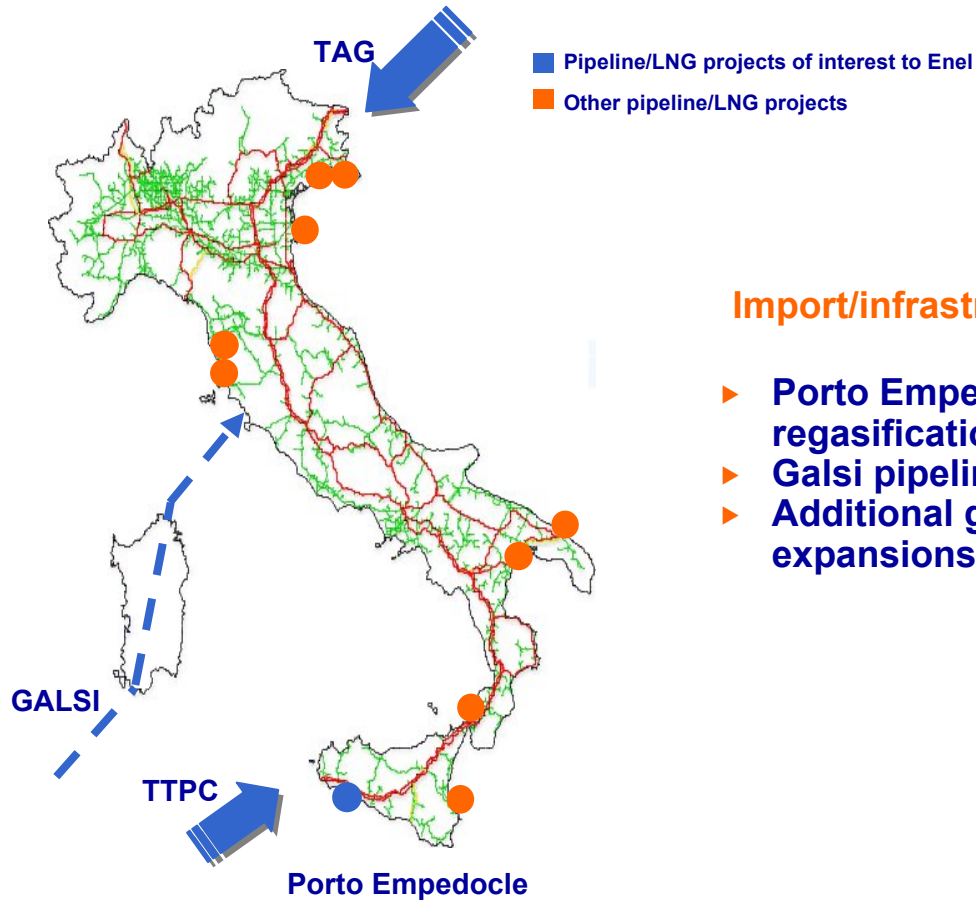


2006 new and repowered
Green Certificates plants
@31/08/2006

	MW	December 31, 2005
Collarmente	6.0	
Rovegno	1.2	
Stramentizzo	0.8	
De Cosmo	0.2	
Verduno	1.2	
Cerbara	0.4	
Venamartello	26.7	
Volturno I	24.7	
Total	~60MW	August 31, 2006

Maintenance and development program on renewable plants on track

Domestic G&EM – Gas supply development



Import/infrastructure development by 2010

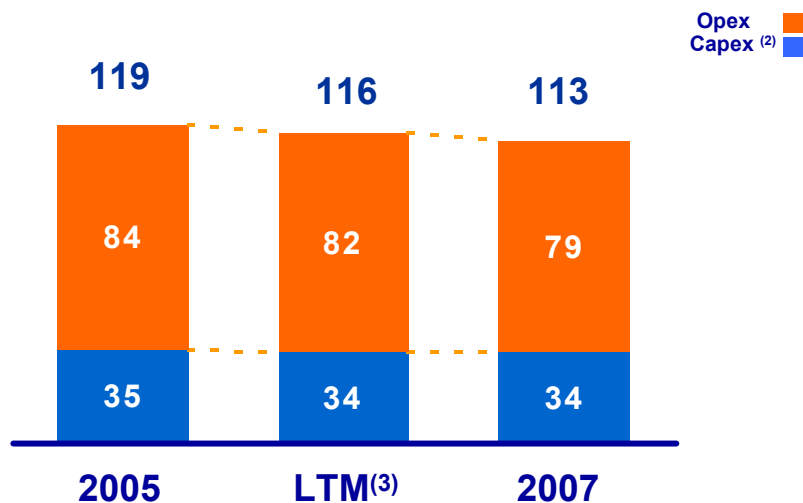
- ▶ Porto Empedocle LNG terminal: 8 bcm/y regasification capacity
- ▶ Galsi pipeline: 2 bcm/y gas supply
- ▶ Additional gas imports on TAG and TTPC pipe expansions

**Pursuing upstream integration
in the gas/LNG value chain**

2006 Interim results – Divisional update

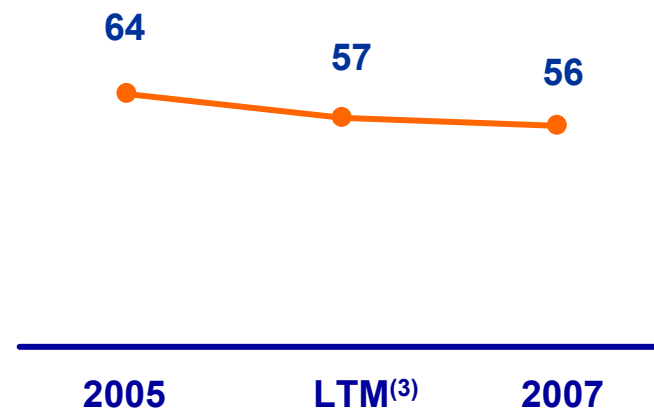
Infrastructure & Network – Efficiency and quality

Efficiency – Cash cost (€/customer)⁽¹⁾



- ▶ Continuous process re-engineering well on track

Quality – Service level (minutes lost/customer)



- ▶ Extra premium for quality improvement vs 2005

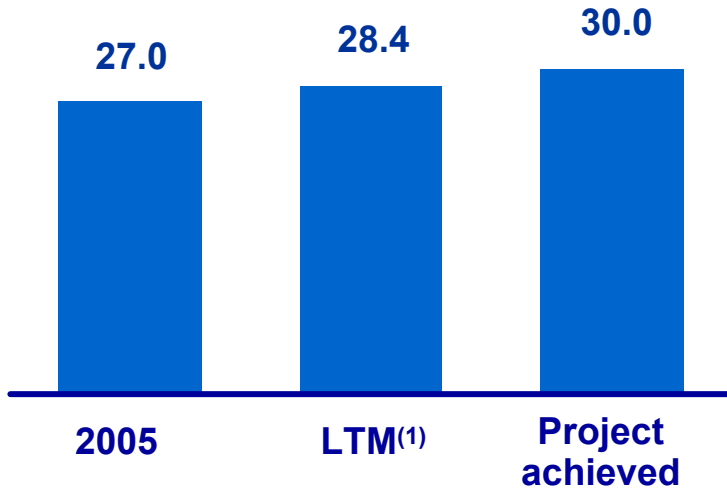
Well on track with targets

(1) Including market
(2) Excluding Automatic Meter Management project
(3) Latest twelve months

2006 Interim results – Divisional update

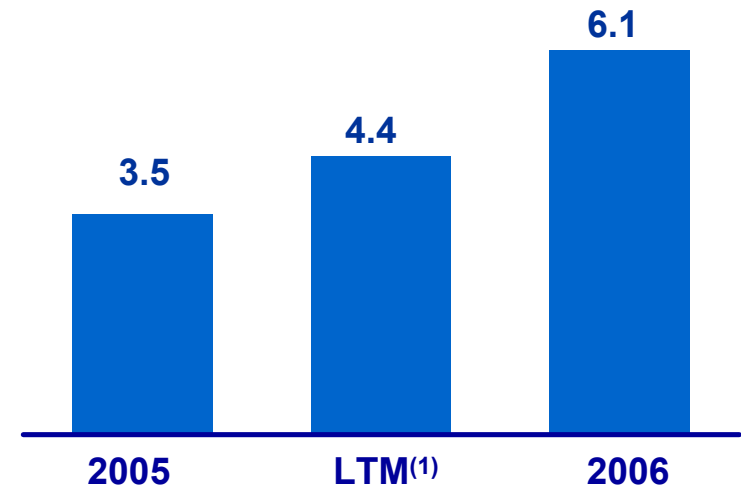
Infrastructure & Network – AMM system

AMM – Digital meters installed (mn)



- ▶ 74mn remote readings and 2.5mn remote operations as of June 30, 2006

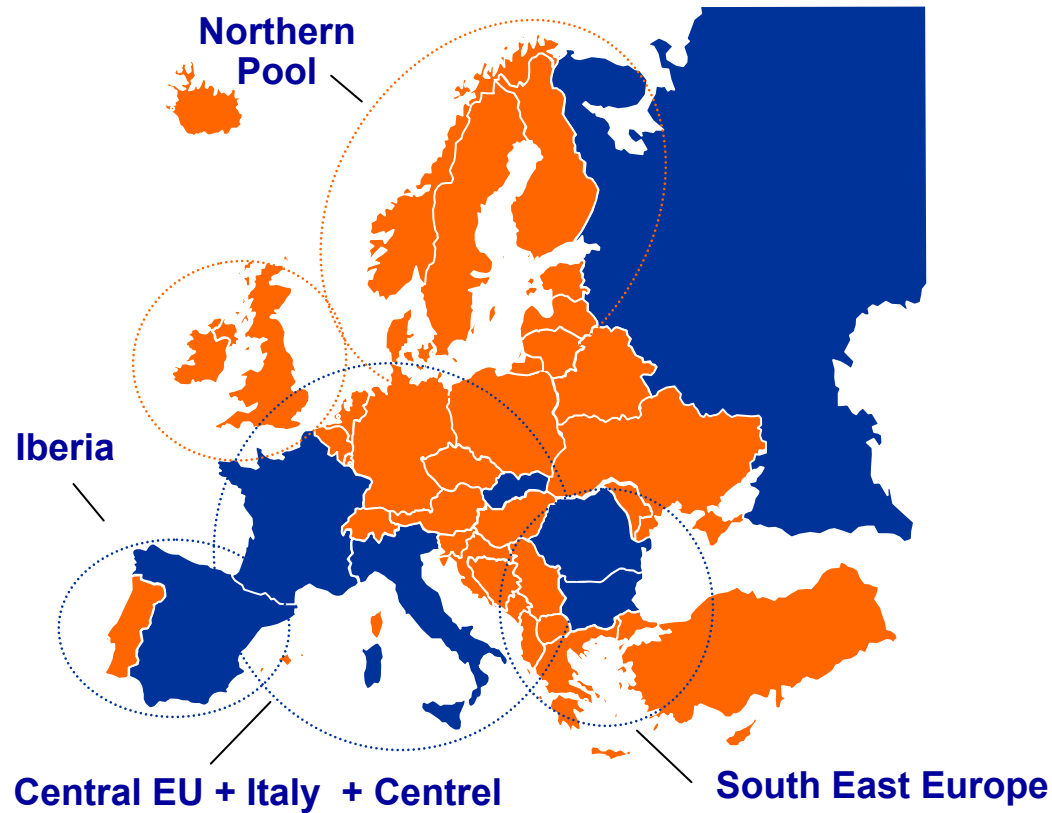
Remote operations (mn)



- ▶ Reduction in call-outs
- ▶ Bad-debt management

Well on track with targets

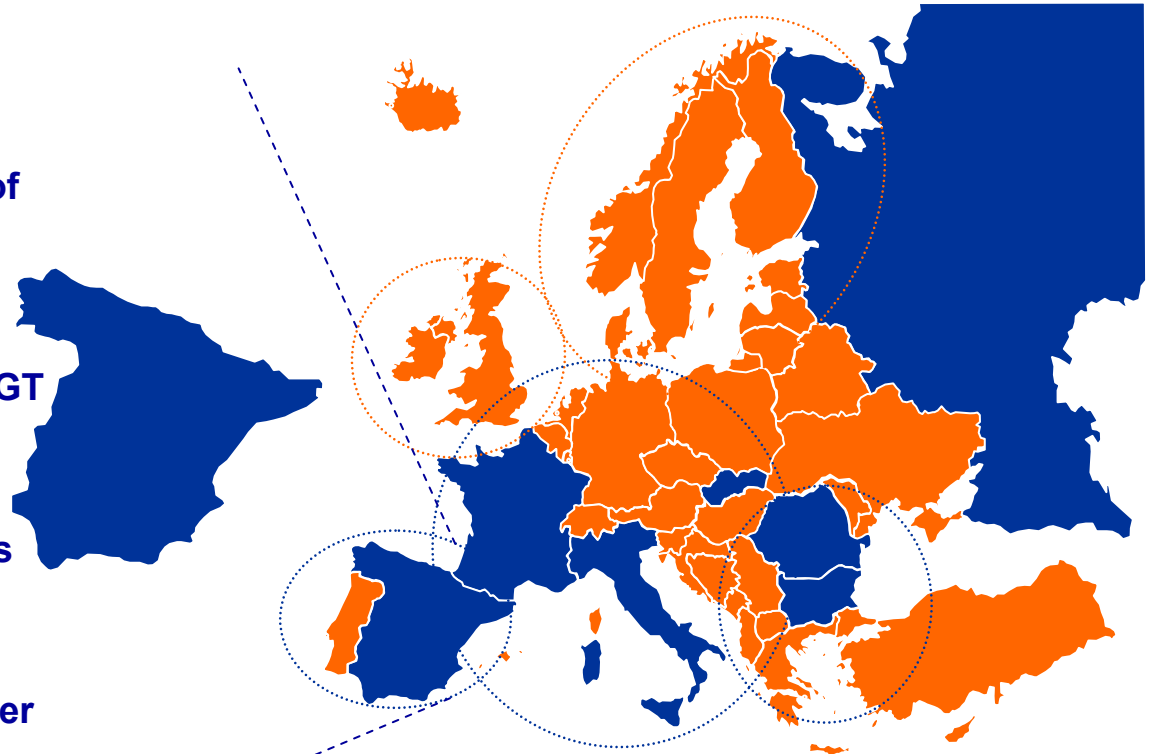
(1) Latest twelve months



Enel is delivering its growth strategy

Spain

- ▶ **2,450MW net installed capacity (of which 850MW renewables)**
- ▶ **More than 600,000 customers**
- ▶ **Important conversion plan to CCGT in place (2,000 MW by 2010, of which 1,150 additional capacity)**
- ▶ **Continuous growth in renewables thanks to EUFER (from current 200MW to 550MW in 2010)**
- ▶ **Implementation of automatic meter management system by 2009**

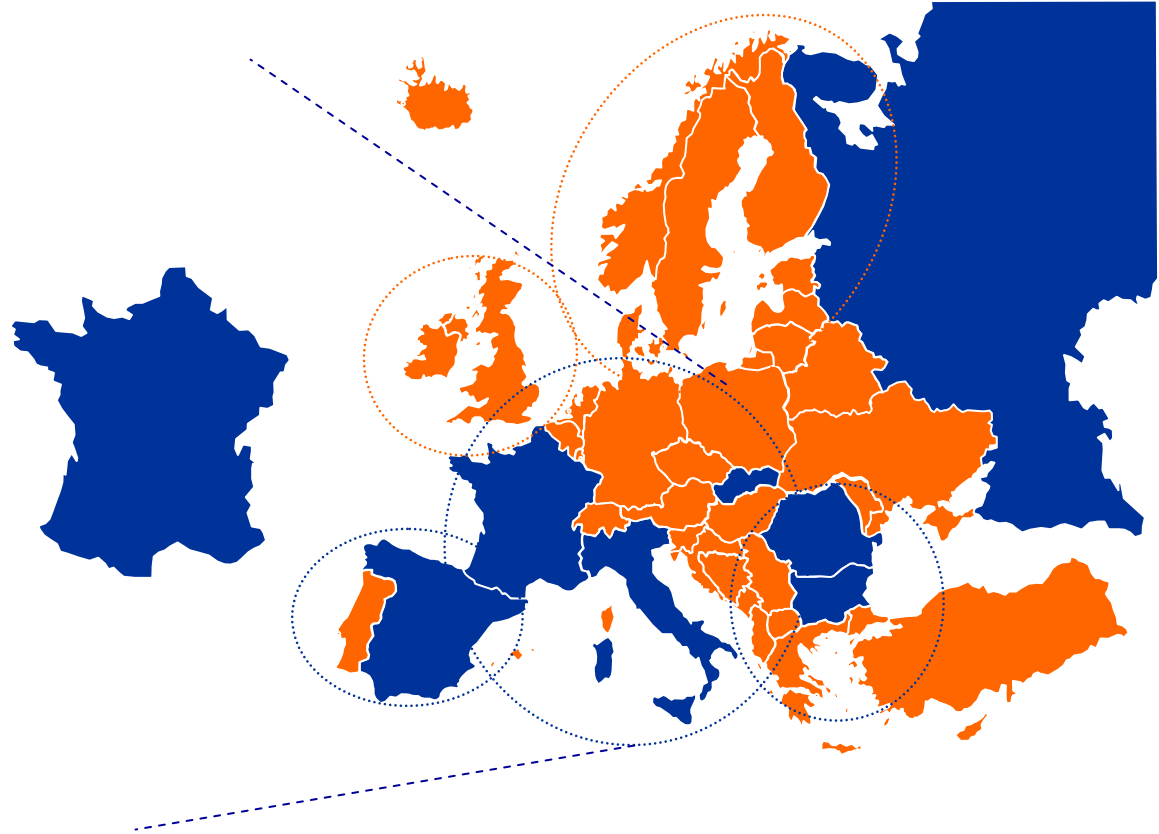


Enel is pursuing its growth strategy

International activities – Central EU, Italy and Centrel

France

- ▶ 2.7 TWh sold in 1H06
- ▶ Participation in Flamanville nuclear EPR project (1600 MW)
- ▶ Acquired Erelis (500 MW wind projects pipeline)

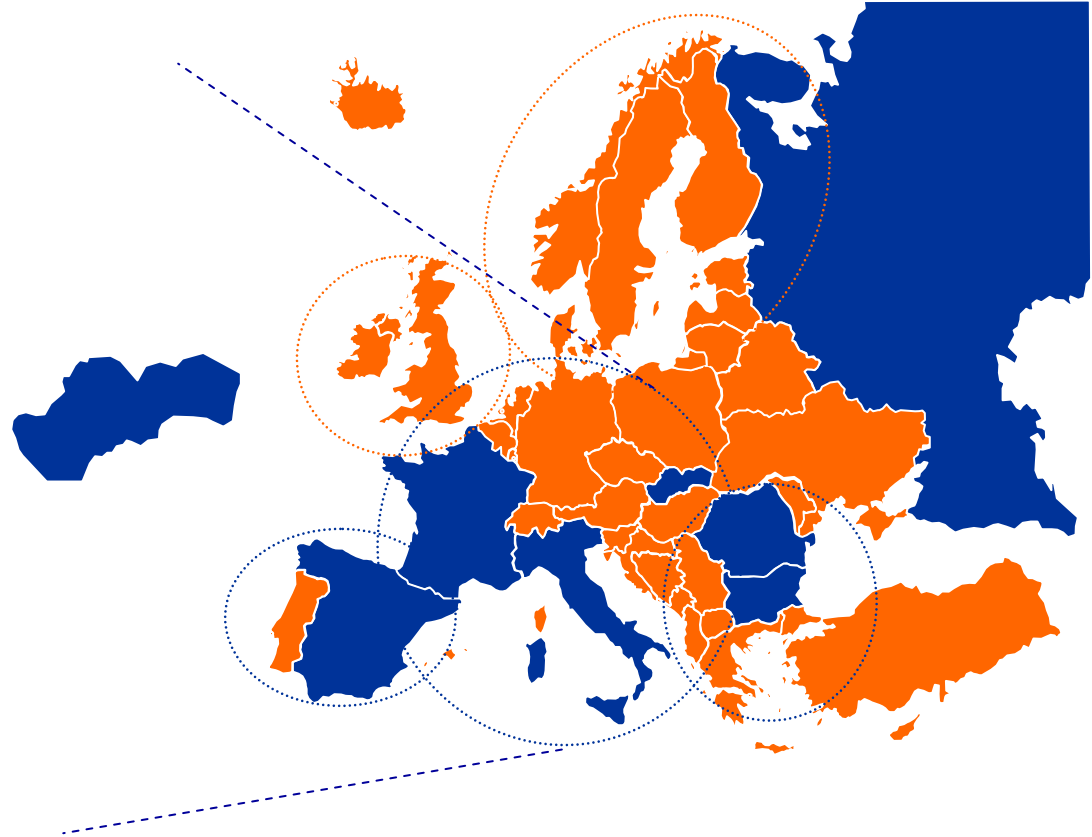


Enel is pursuing its growth strategy

International activities – Central EU, Italy and Centrel

Slovakia

- ▶ 6,350 MW net installed capacity⁽¹⁾ with efficient mix
- ▶ Deal closed on April 28, 2006
- ▶ Active trading with countries nearby
- ▶ 2 nuclear units (880MW) being reviewed
- ▶ 200€mn investments in renewables
- ▶ Potential hub for Centrel market



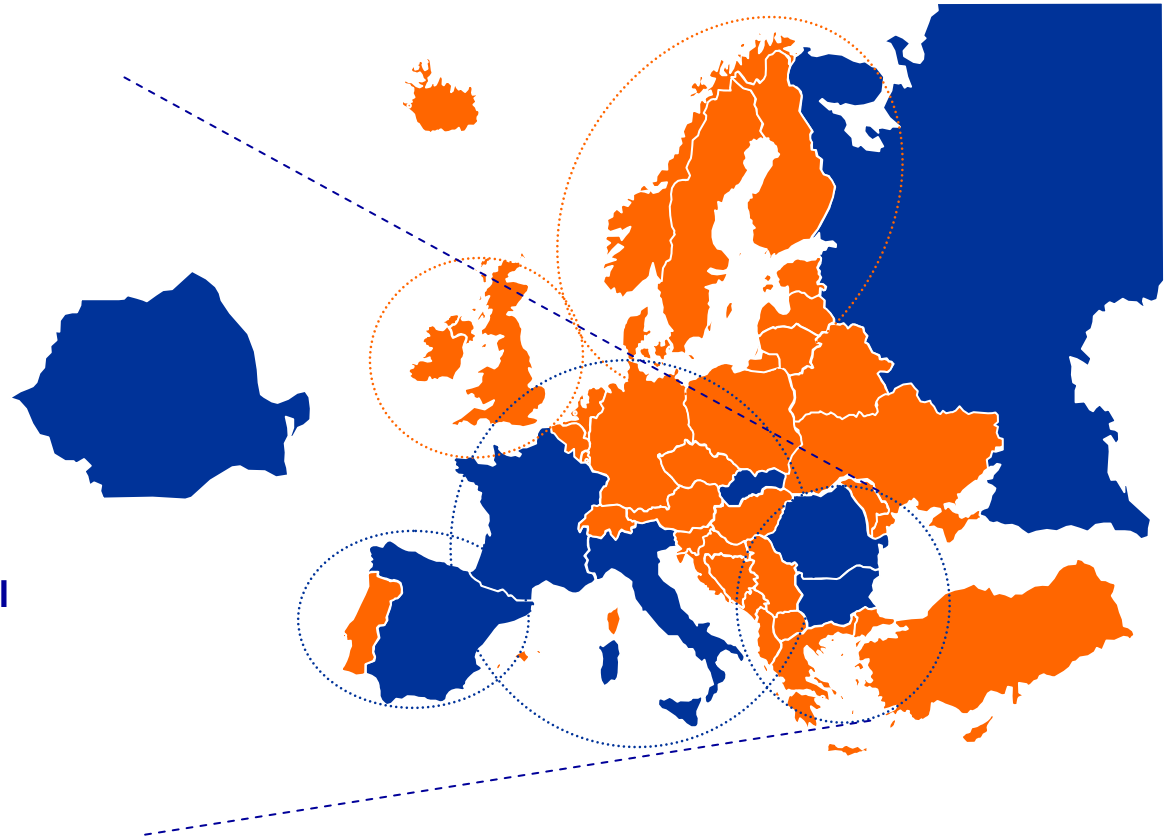
Enel is pursuing its growth strategy

(1) Including 1,552MW carved out and excluding 1,850MW contracted capacity

International activities – South East Europe

Romania

- ▶ 1.4mn customers (17% market share)
- ▶ Won bid for Muntenia Sud (1.1 mn customers)
- ▶ 330€mn investments planned for Banat and Dobrogea
- ▶ Opportunities in generation assets, mostly nuclear and coal
- ▶ Ongoing development in the renewable sector (wind farms)

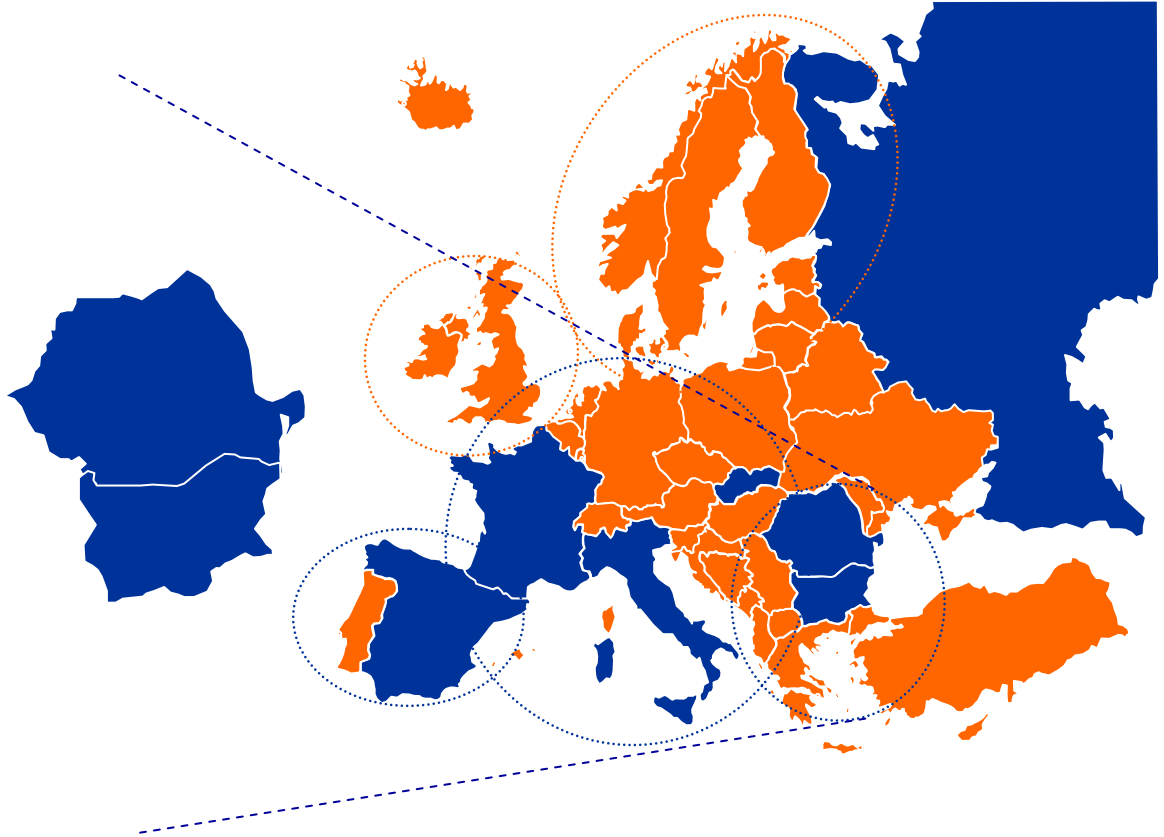


Enel is pursuing its growth strategy

International activities – South East Europe

Bulgaria

- ▶ 570MW⁽¹⁾ net installed capacity
- ▶ Participation in Maritza East III Power Co. increased to 73%
- ▶ Interest in further opportunities in generation and infrastructure



Enel is pursuing its growth strategy

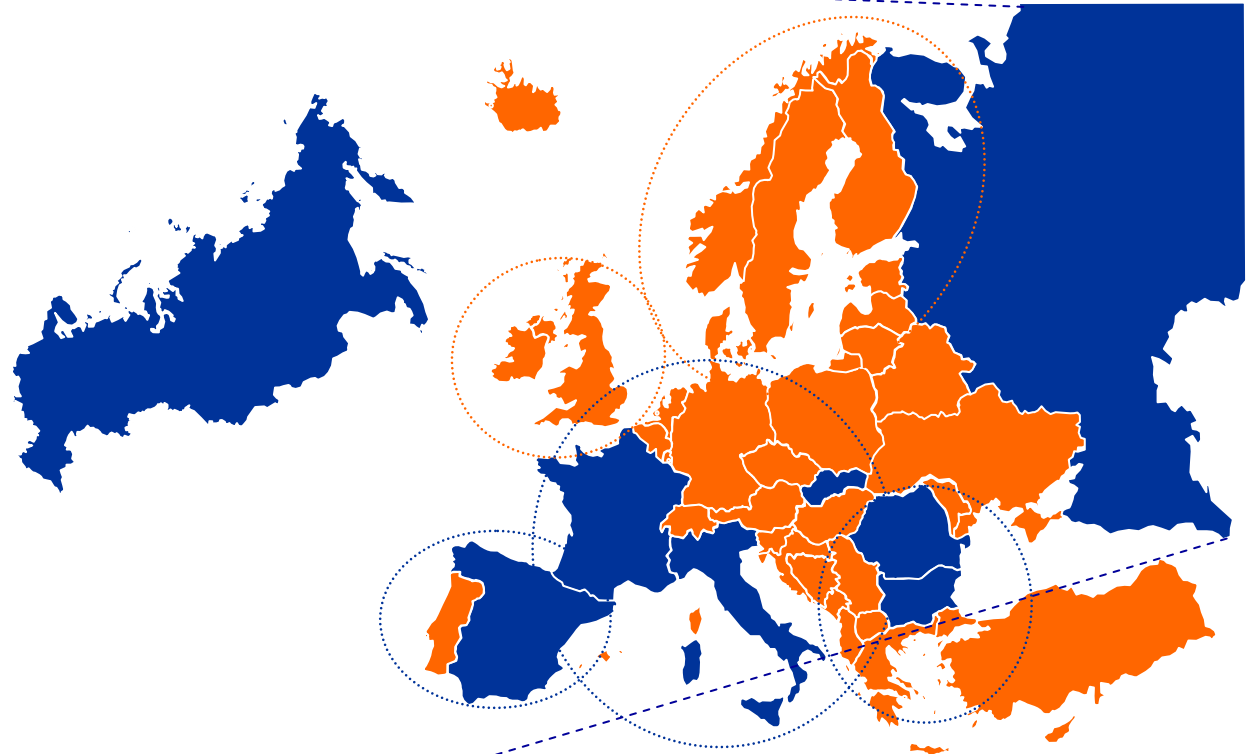
(1) out of 730MW total installed capacity which will get to 800MW once refurbished

2006 Interim results – Divisional update

International activities – Russia

Russia

- ▶ Management contract for NWTTP plant (450 MW)
- ▶ JV RusEnergoSbyt, trader (7.5TWh sold in 1H06)
- ▶ Opportunities arising from privatization process



Enel is pursuing its growth strategy

2006 Interim results – Divisional update
International activities – Americas

Americas

- ▶ **600MW renewables**
- ▶ **Entered in Panama with Fortuna acquisition (300 MW, 30% of country production)**
- ▶ **Acquired 22 small hydro plants in Brasil (100 MW)**
- ▶ **Greenfield opportunities in wind, hydro and geo**



Enel is pursuing its growth strategy

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Progress on the overall financial targets

■ stated target

Annual OPEX reduction 2007 vs 2005⁽¹⁾



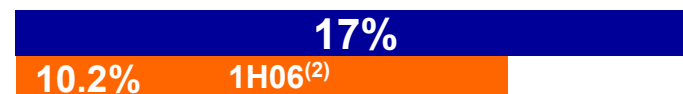
EBITDA CAGR 2007 vs 2005



EBITDA 2007 – International (%) total



ROACE (2007)



Well ahead in pursuing our targets

(1) Does not consider any change in the scope of consolidation

(2) Ratio calculated on 1H06 results and not annualised

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- ▶ **Annexes**

(€mn)	1H2005	1H2006	%
Operating revenues	16,152	19,065	18.0%
Operating costs	12,275	14,340	16.8%
EBITDA	4,202	4,361	3.8%
<i>% of revenues</i>	<i>26.0%</i>	<i>22.9%</i>	
EBIT	3,086	3,565	15.5%
<i>% of revenues</i>	<i>19.1%</i>	<i>18.7%</i>	

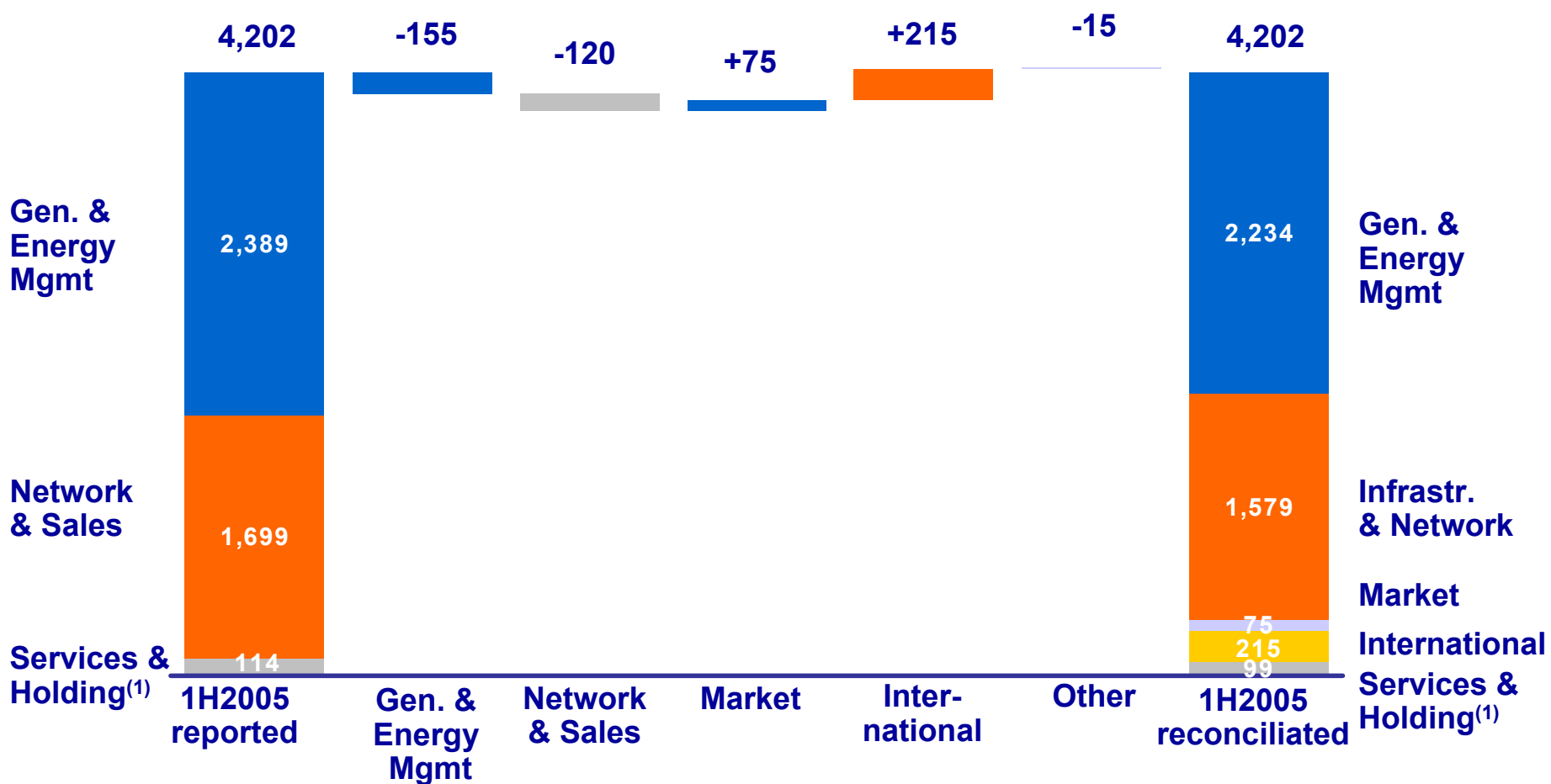
2006 Interim results - Annexes
From EBIT to EPS

(€m n)	1H2005	1H2006	%
EBIT	3,086	3,565	15.5%
Net financial charges	(352)	(281)	-20.2%
EBT	2,737	3,276	19.7%
Net income continuing operations	1,623	2,027	24.9%
Net income discontinued operations	383	-	-
Net income (including third parties)	2,006	2,027	1.0%
Group net income	1,915	1,978	3.3%
EPS (€)	0.29	0.32	10.3%

(€mn)	31.12.2005	30.06.2006	%
Net financial debt	12,312	14,077	14.3%
Shareholders' equity	19,416	18,995	-2.2%
Net capital employed	31,728	33,072	4.2%

2006 Interim results - Annexes

1H2005 EBITDA reconciliation (€mn)



(1) Including intercompany adjustments

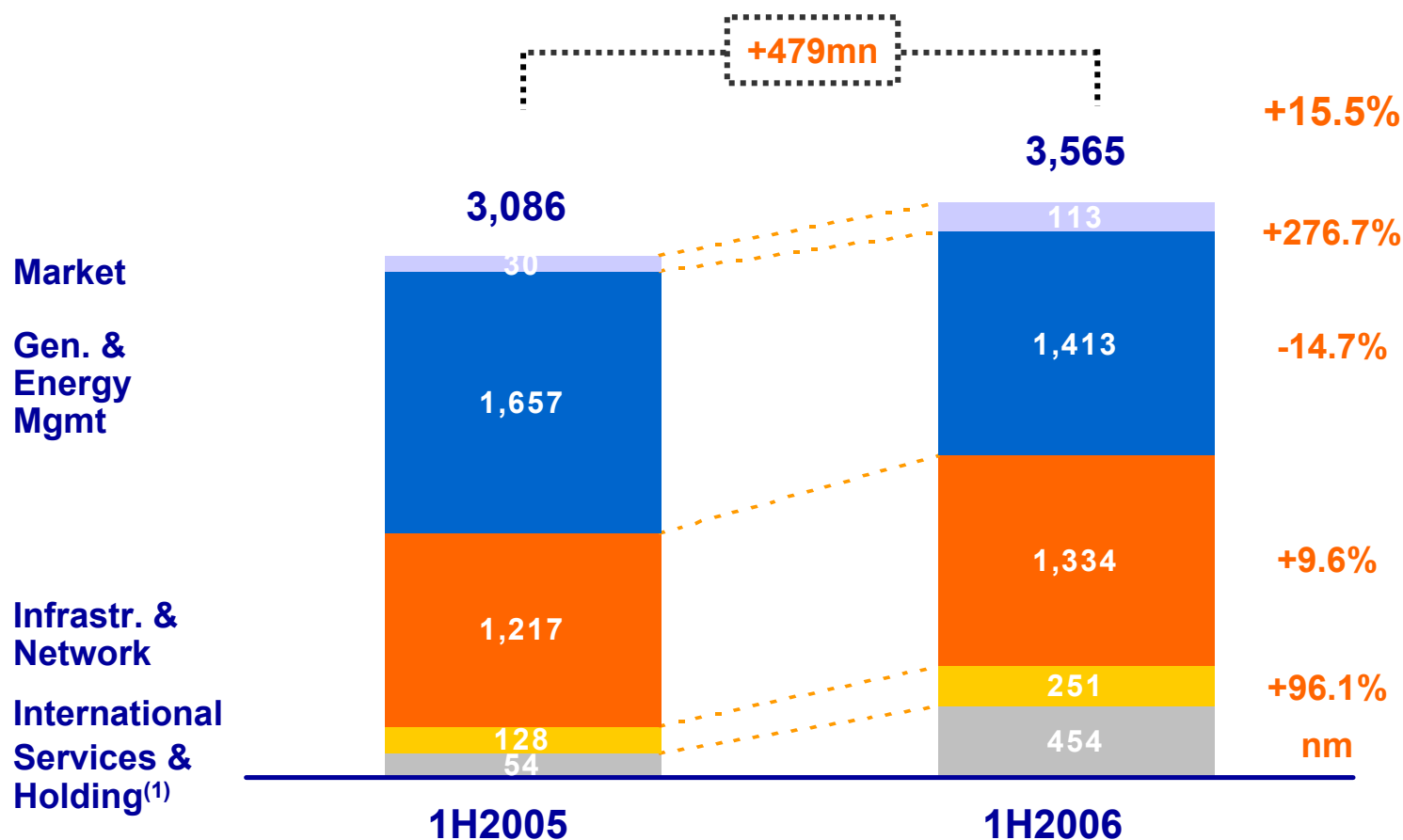
2006 Interim results - Annexes

Non-recurring items (€mn)

(€mn)	1H2005	1H2006
<i>Green certificates reimbursement</i>	100	
<i>Reserve capacity reimbursement</i>	262	
<i>Terna</i>		41
<i>Siemens litigation</i>		51
<i>Terna bonus share</i>		23
<i>Modena capital gain</i>		85
<i>Energy adjustment</i>		71
<i>Gas adjustment</i>		15
<i>Maritza</i>		33
Total	362	319

2006 Interim results - Annexes

EBIT by business area (€mn)



(1) Including intercompany adjustments
Nm = not meaningful

(€mn)	1H2005⁽¹⁾	1H2006	%
Revenues	9,186	10,533	14.7%
<i>Power</i>	8,304	9,534	14.8%
<i>Gas</i>	882	999	13.3%
EBITDA	75	162	116.0%
<i>Power</i>	13	124	<i>nm</i>
<i>Gas</i>	62	38	-38.7%
EBIT	30	113	nm
<i>Power</i>	(25)	85	<i>nm</i>
<i>Gas</i>	55	28	-49.1%
Capex	16	14	-12.5%
Headcount	5,994	5,827	-2.8%

(1) Headcount figure as of December 31, 2005
 nm = not meaningful

2006 Interim results - Annexes
Generation & Energy Management

(€m n)	1H2005⁽¹⁾	1H2006	%
Revenues	6,597	7,932	20.2%
EBITDA	2,234	1,850	-17.2%
EBIT	1,657	1,413	-14.7%
Capex	320	316	-1.3%
Headcount	9,006	9,628	6.9%

(1) Headcount figure as of December 31, 2005

(€mn)	1H2005⁽¹⁾	1H2006	%
Revenues	2,621	2,767	5.6%
<i>Power</i>	2,441	2,603	6.6%
<i>Gas</i>	180	164	-8.9%
EBITDA	1,579	1,736	9.9%
<i>Power</i>	1,474	1,652	12.1%
<i>Gas</i>	105	84	-20.0%
EBIT	1,217	1,334	9.6%
<i>Power</i>	1,148	1,287	12.1%
<i>Gas</i>	69	47	-31.9%
Capex	712	648	-9.0%
Headcount	25,769	24,950	-3.2%

(1) Headcount figure as of December 31, 2005

(€m n)	1H2005⁽¹⁾	1H2006	%
Revenues	802	1,276	59.1%
EBITDA	215	373	73.5%
EBIT	128	251	96.1%
Capex	116	130	12.1%
Headcount	5,024	13,851	nm

(1) Headcount figures as of December 31, 2005
 nm = not meaningful

(€mn)	1H2005	1H2006	%
Revenues	1,198	1,030	-14.0%
<i>Holding</i>	505	520	3.0%
<i>Services and other</i>	693	510	-26.4%
EBITDA⁽¹⁾	110	231	110.0%
<i>Holding</i>	6	134	<i>nm</i>
<i>Services and other</i>	104	97	-6.7%
EBIT⁽¹⁾	65	445	nm
<i>Holding</i>	2	390	<i>nm</i>
<i>Services and other</i>	63	55	-12.7%

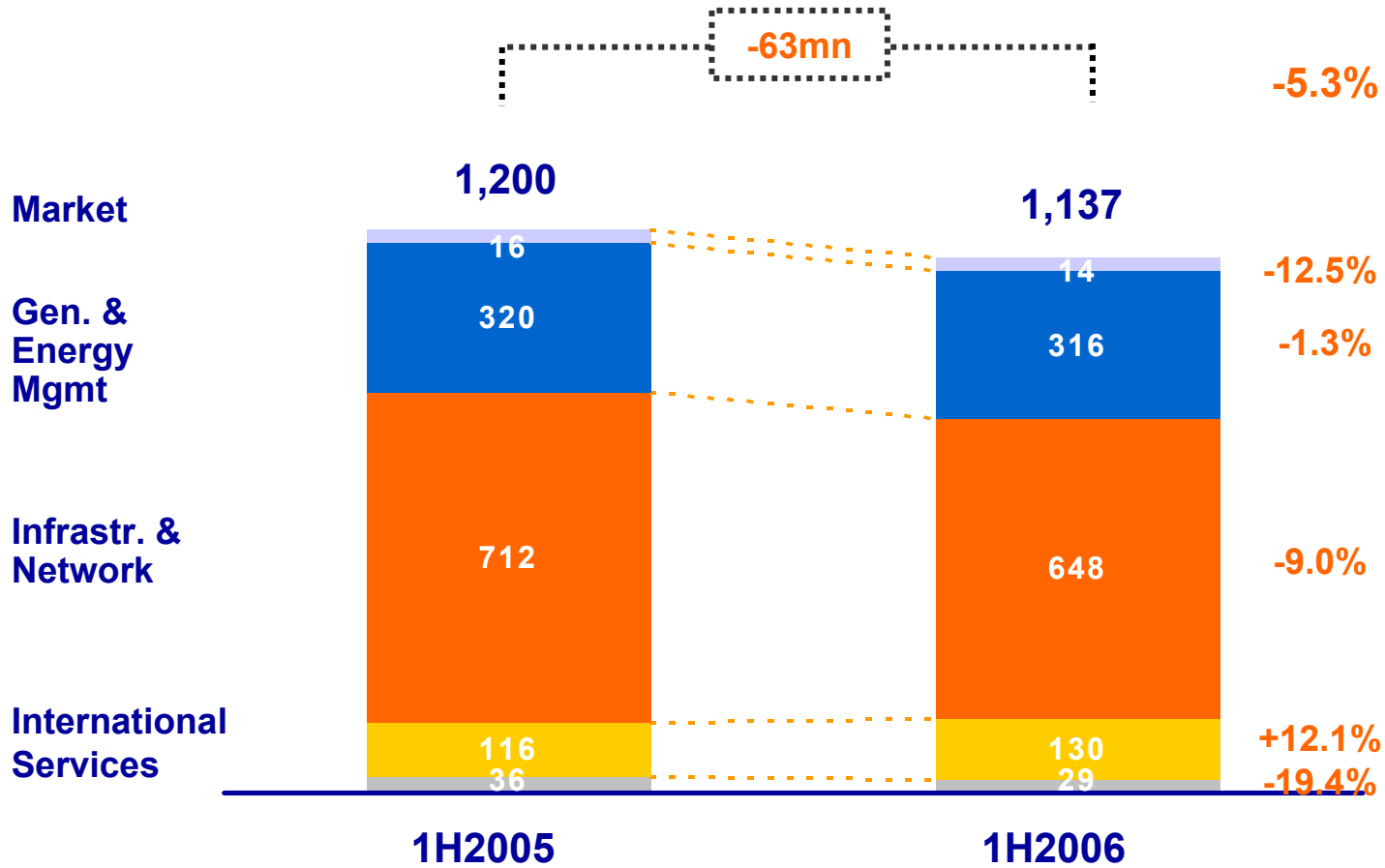
(1) Excluding intercompany adjustments equal to -11€mn in 1H05 and +9€mn in 1H06, respectively
 nm = not meaningful

2006 Interim results - Annexes
Services & Holding - Continued

(€mn)	1H2005 ⁽¹⁾	1H2006	%
Capex	36	29	-19.4%
Headcount	5,985	5,247	-12.3%
<i> Holding</i>	<i> 569</i>	<i> 623</i>	<i> 9.5%</i>
<i> Services and other</i>	<i> 5,416</i>	<i> 4,624</i>	<i> -14.6%</i>

(1) Headcount figures as of December 31, 2005

Capex by business area (€mn)



2006 Interim results - Annexes

Debt structure

- ▶ Average debt maturity: 6 years and 7 months
- ▶ Average cost of debt: 4.5%
- ▶ (Fixed+hedged)/Total long-term debt: 86%
- ▶ (Fixed+hedged)/Total net debt: 72%
- ▶ Rating:
S&P's = A+/A-1 negative; Moody's = Aa3/P-1 stable

(€mn)	30.06.2006	31.12.2005	%
Long-term	11,286	10,904	+3.5%
Short-term ⁽¹⁾	3,536	2,296	+54.0%
Cash ⁽²⁾	(745)	(888)	-16.1%
Net debt	14,077	12,312	+14.3%

(1) Including current maturities of long-term debt

(2) Including factoring receivables

2006 Interim results - Annexes

Income statement – Quarterly analysis (€mn)

(€mn)	2Q2006	2Q2005	%	1Q2006
Operating revenues⁽¹⁾	8,814	7,765	13.5%	10,251
Operating costs	6,373	5,883	8.3%	7,967
EBITDA	2,254	2,185	3.2%	2,107
<i>% of revenues</i>	<i>25.6%</i>	<i>28.1%</i>		<i>20.6%</i>
EBIT	1,982	1,598	24.0%	1,583
<i>% of revenues</i>	<i>22.5%</i>	<i>20.6%</i>		<i>15.4%</i>

(1) The 1Q2006 revenues figure differs from the one previously released for a classification to revenues of 177€mn relating to the net result from commodity risk management activities

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