PRESS RELEASE

Media Relations

T +39 06 8305 5699
F +39 06 8305 3771
ufficiostampa@enel.com

enel.com

Investor Relations

T +39 06 8305 7975
F +39 06 8305 7940
investor.relations@enel.com

enel.com

ENEL NET ORDINARY INCOME +3.8% IN 1H 2017 THANKS TO REDUCTION IN FINANCIAL EXPENSES AND MINORITIES

- **Revenues:** 36,315 million euros (34,150 million euros in 1H 2016, +6.3%)
  - *generalised growth in all countries more than offset the change in the scope of consolidation (Slovenské elektrárne, EGPNA-REP, net of Brazilian distribution company CELG)*

- **EBITDA:** 7,678 million euros (8,053 million euros in 1H 2016, -4.7%)
  - *the negative impact of changes in the scope of consolidation and the decline in margins in Iberia was partly offset by exchange rate gains and the strong performance of Italy, especially in retail*

- **Ordinary EBITDA:** 7,532 million euros (7,929 million euros in 1H 2016, -5.0%) net of extraordinary items involving disposals
  - *net of non-recurring items, ordinary EBITDA declined by 3.3% on a like-for-like basis, largely reflecting the effect of the change in the scope of consolidation*

- **EBIT**: 4,854 million euros (5,210 million euros in 1H 2016, -6.8%)
  - *reflects lower depreciation, amortisation and impairment*

- **Group net income:** 1,847 million euros (1,834 million euros in 1H 2016, +0.7%)
  - *increased due to lower net financial expense, the reduction in taxes and the decrease in the impact of minorities more than offsetting EBIT decline*

- **Group net ordinary income**: 1,809 million euros (1,742 million euros in 1H 2016, +3.8%)
  - *net of non-recurring items, Group net ordinary income increased by 7.9% on a like-for-like basis*

- **Net financial debt:** 38,826 million euros (37,553 million euros at the end of 2016, +3.4%)
  - *increased due to acquisitions in the period (including CELG) and payment of the interim dividend for 2016, whose effects were partially offset by the growth of cash flow from operations.*

Francesco Starace, Enel CEO and General Manager, commented: *"The geographical and technological diversification of our asset and customer portfolio, the robust growth trajectory as well as the corporate simplification and operational efficiency actions we have carried out enabled us to deliver a solid performance across our main financial indicators in the first half of 2017. Indeed, we posted a 3.8% increase in net ordinary income in spite of the challenges posed by poor global generation resource availability, as well as the exceptional situation in the Iberian Peninsula during the period.*

Enel SpA – Registered Office: 00198 Rome – Italy - Viale Regina Margherita 137 – Companies Register of Rome and Tax I.D. 00811720580 - R.E.A. 756032 – VAT Code 00934061003 – Stock Capital Euro 10,166,679,946 fully paid-in as of April 1st, 2016

At the same time, we have made further significant progress against each of the objectives set out in the Group Strategic Plan presented last November. Our digitisation plan is accelerating improvements in many areas of the business, with a particular focus on operational efficiency where we are on the right track to achieve our year-end target.
Looking at industrial growth, our focus on networks and renewables is providing a resilient contribution to the overall results, and in renewables in particular, where we plan to bring an additional 2GW of capacity online in the second part of the year, making 2017 another record year in terms of installed capacity.
In light of the results and operational performance posted in the first half of the year, we can confirm our 2017 financial targets."

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Rome, July 27th, 2017 – The Board of Directors of Enel S.p.A. ("Enel"), chaired by Patrizia Grieco, examined and approved the half-year financial report at June 30th, 2017.

Consolidated financial highlights for the first half of 2017

REVENUES

The following table reports revenues by **business area**:

Revenues (millions of euros)	**1H 2017**	**1H 2016**	**Change**
Italy	18,677	17,605	6.1%
Iberia	9,960	9,171	8.6%
Latin America	6,513	5,105	27.6%
Europe and North Africa	1,157	2,304	-49.8%
North and Central America	365	462	-21.0%
Sub-Saharan Africa and Asia	46	9	-
Other, eliminations and adjustments	(403)	(506)	20.4%
Total	**36,315**	**34,150**	**6.3%**

- Revenues in 1H 2017 were 36,315 million euros, up 2,165 million euros (+6.3%) compared with 1H 2016, reflecting:
  - an increase in revenues from electricity sales to end users and from electricity transport;
  - greater electricity trading and fuel sales;
  - the positive effect of exchange rate developments, mainly in Latin America.

  These factors more than offset:
  - a decrease in sales on the wholesale market;
  - the impact of the change in the scope of consolidation (767 million euros), mainly reflecting the net balance between the effects, on the one hand, of the disposal of Slovenské elektrárne

a.s. (“Slovenské elektrárne”) for 1,068 million euros, and the deconsolidation of EGPNA Renewable Energy Partners (“EGPNA-REP”) for 149 million euros, and on the other hand, of the acquisition of Brazilian distribution company Celg Distribuição S.A. (“CELG”) for 596 million euros.

- The only **extraordinary item** in **revenues for 1H 2017** was the gain on the sale of the interest in the Chilean company Electrogas for 146 million euros. The only **extraordinary item** in **revenues for 1H 2016** was the gain of 124 million euros on the sale of Hydro Dolomiti Enel (restated in 2Q 2016 following the calculation of the price adjustment).

EBITDA

The following table reports EBITDA by **business area**:

EBITDA (millions of euros)	1H 2017	1H 2016	Change
Italy	3,667	3,679	-0.3%
Iberia	1,596	1,973	-19.1%
Latin America	2,058	1,730	19.0%
Europe and North Africa	277	421	-34.2%
North and Central America	218	327	-33.3%
Sub-Saharan Africa and Asia	28	1	-
Other	(166)	(78)	-
Total	**7,678**	**8,053**	**-4.7%**

- EBITDA for 1H 2017 was 7,678 million euros, down by 375 million euros (-4.7%) compared with 1H 2016. The decrease mainly reflected:
  - the negative impact of the changes in the scope of consolidation (258 million euros);
  - lower water availability impacting generation margins in Italy;
  - decreasing margins in Iberia, mainly due to the effects of drought on generation margins and on the cost of commodities.

  These factors were partly offset by:
  - the positive effect of the depreciation of the euro against the other currencies (with a net impact of 208 million euros);
  - the growth of margins in Italy, mainly in retail.

ORDINARY EBITDA

The following table reports ordinary EBITDA by **business area**:

Ordinary EBITDA (millions of euros)	1H 2017	1H 2016	Change
Italy	3,667	3,555	3.2%
Iberia	1,596	1,973	-19.1%
Latin America	1,912	1,730	10.5%
Europe and North Africa	277	421	-34.2%
North and Central America	218	327	-33.3%
Sub-Saharan Africa and Asia	28	1	-
Other	(166)	(78)	-
Total	**7,532**	**7,929**	**-5.0%**

As EBITDA for 1H 2017 and 1H 2016 included the same non-recurring items discussed under revenues, ordinary EBITDA in 1H 2017 amounted to **7,532 million euros**, -5.0% compared with 1H 2016. Net of the non-recurring items discussed below, ordinary EBITDA for 1H 2017 was 7,558 million euros, compared with 7,812 million euros for 1H 2016, down 254 million euros (-3.3%), largely taking into account the impact from the changes in the scope of consolidation.

Non-recurring items in **1H 2017** included: in Iberia, a number of adjustments of remuneration for extra-peninsular generation, +52 million euros; in Latin America, certain post-acquisition provisions related to CELG and the revaluation of certain prior fines levied in Argentina, with a -78 million euro impact. Non-recurring items in **1H 2016** included: in Iberia, the reimbursement of the environmental tax in the region of Extremadura, the reversal of provisions and the gain on the disposal of Compostilla RE reinsurance company totalling 114 million euros; and other minor non-recurring items totalling 3 million euros.

EBIT

The following table reports EBIT by **business area**:

EBIT (millions of euros)	1H 2017	1H 2016	Change
Italy	2,549	2,582	-1.3%
Iberia	789	1,094	-27.9%
Latin America	1,387	1,247	11.2%
Europe and North Africa	172	239	-28.0%
North and Central America	123	199	-38.2%
Sub-Saharan Africa and Asia	7	(2)	-

Other	(173)	(149)	-16.1%
Total	**4,854**	**5,210**	**-6.8%**

EBIT in 1H 2017 was 4,854 million euros, down 356 million euros (-6.8%) compared with 1H 2016, despite a reduction of 19 million euros in depreciation, amortisation and impairment losses. In 1H 2016, impairment included a writedown of upstream gas assets for 39 million euros.

GROUP NET INCOME

In 1H 2017, Group net income was **1,847 million euros**, over the 1,834 million euros in 1H 2016, +13 million euros.

The following factors more than offset the decrease in EBIT:

- **lower net financial expense**, mainly reflecting the decline in borrowing costs and an **increase in the share of income from companies accounted for using the equity method**, largely due to the deconsolidation of EGPNA-REP;
- **a reduction in taxes** compared with 1H 2016, partly boosted by tax reform in Italy, which reduced corporate income tax (IRES) rates;
- **a reduction in the share of income pertaining to minorities**, partly reflecting the partial non-proportional demerger of subsidiary Enel Green Power in favour of Enel at the end of 1Q 2016.

Group net ordinary income was **1,809 million euros** (1,742 million euros in 1H 2016), a 67 million euro increase (+3.8%) over the same period of 2016. Net of non-recurring items described under ordinary EBITDA (net of taxes and minorities), Group net ordinary income was 1,806 million euros in 1H 2017, a 132 million euro increase (+7.9%) on the 1,674 million euros posted in 1H 2016.

FINANCIAL POSITION

Net capital employed as of June 30th, 2017 was **90,594 million euros** (including 68 million euros of net assets and liabilities held for sale) compared with 90,128 million euros as of December 31st, 2016. Enel's net capital employed was funded by:

- **equity** pertaining to shareholders of the Parent Company and non-controlling interests of **51,768 million euros** (52,575 million euros as of December 31st, 2016);
- **net financial debt** of **38,826 million euros** (37,553 million euros as of December 31st, 2016), a 1,273 million euro increase due to acquisition funding needs in the period (such as CELG) and payment of the interim dividend for 2016 (0.09 euros per share totalling 915 million euros), as authorised by the Board of Directors on November 10th, 2016, the effects of which were partly offset by cash flow from operations.

As of June 30th, 2017, the **debt/equity ratio** was **0.75** (0.71 as of December 31st, 2016).

CAPITAL EXPENDITURE

The following table reports capital expenditure by **business area**:

Capital expenditure (millions of euros)	1H 2017	1H 2016	Change
Italy	740	738	0.3%
Iberia	350	408	-14.2%

Latin America	1,381	1,265	9.2%
Europe and North Africa	153	88	73.9%
North and Central America	813	748	8.7%
Sub-Saharan Africa and Asia	21	201	-89.6%
Other	7	17	-58.8%
Total	**3,465**	**3,465**	**-**

- **Capital expenditure** in 1H 2017 was 3,465 million euros (excluding investments of 249 million euros in assets classified as “held for sale”), unchanged on 1H 2016.

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OPERATIONAL HIGHLIGHTS FOR THE FIRST HALF OF 2017

	1H 2017	1H 2016	Change
Electricity sales (TWh)	**138.6**	131.0	5.8 %
Gas sales (billions of m^3)	**6.2**	5.7	8.8%
Electricity generated (TWh)	**121.2**	128.2	-5.5%
Electricity distributed (TWh)	**217.7**	209.9	3.7%
Employees (no.)	**62,756**	62,080	1.1%

Electricity and gas sales

- **Electricity sales** in 1H 2017 were **138.6 TWh,** up 7.6 TWh (+5.8%) on 1H 2016. More specifically, this increase reflects:
  - higher quantities sold in Italy (+3.5 TWh), Latin America (+4.8 TWh, mainly due to CELG acquisition), Spain (+1.5 TWh) and Romania (+1 TWh);
  - lower sales in the Europe and North Africa business area, attributable to the change in the scope of consolidation following the sale of assets in France and the deconsolidation of Slovenské elektrárne.
- **Natural gas sales** were **6.2 billion cubic metres**, +0.5 billion cubic meters compared with 1H 2016.

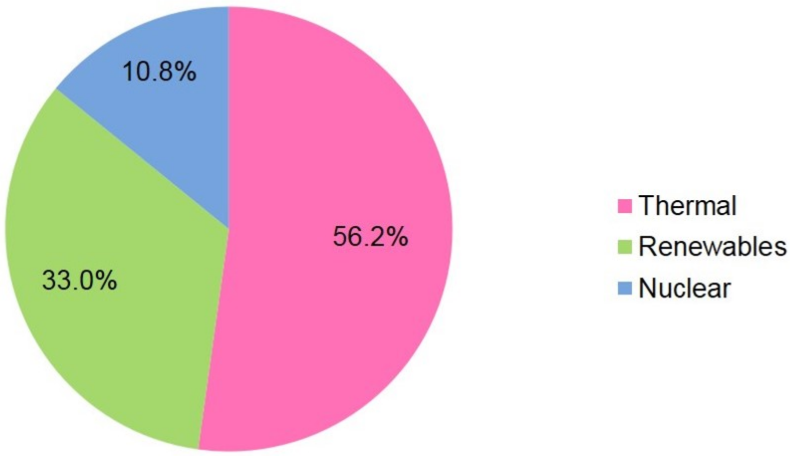
Electricity generated

- **Net electricity generated** by the Enel Group in 1H 2017 was **121.2 TWh,** down 7 TWh on 1H 2016 (-5.5%), reflecting lower output in Italy (-2.2 TWh) and outside of the country (-4.8 TWh). More specifically:
  - a decline in nuclear generation (-6.0 TWh), mainly due to the deconsolidation of Slovenské elektrárne;

- increased thermal generation (+4.4 TWh), mainly as a result of higher output from coal-fired and CCGT plants in Spain;
- lower generation from renewables, mainly due to a decrease in water availability and the deconsolidation of assets in Slovakia and the United States.

- The reduction in net generation outside of Italy is attributable to lower output of plants in Europe and North and Central America:
  - Europe: -9.3 TWh, mainly reflecting the deconsolidation of assets in Slovakia and Belgium;
  - North and Central America: -1.7 TWh, mainly attributable to the deconsolidation of assets in the United States.

Generation mix of Enel Group plants:



The Enel Group confirms its long-term objective for achieving "**mix decarbonisation"** by 2050. It is expected that renewables will contribute nearly half of Enel Group's total estimated capacity of 83 GW in 2019.

Electricity distributed

- **Electricity transported** on the Enel Group distribution network in 1H 2017 was **217.7 TWh**
  - of which 110.3 TWh in Italy and 107.4 TWh outside of the country;

- The volume of **electricity distributed in Italy** was up 0.3 TWh (+0.3%) over 1H 2016:
  - Enel's performance was slightly worse than that of electricity demand on the overall Italian power grid (+1.4%).

- **Electricity distributed outside of Italy** was 107.4 TWh, up 7.5 TWh (+7.5%) compared with the same period of 2016:
  - mainly attributable to Brazil as a result of CELG acquisition (+5 TWh).

EMPLOYEES

- As of June 30th, 2017, **Enel Group employees numbered 62,756** (62,080 as of December 31st, 2016), of whom 49.6% work with Group companies headquartered outside of Italy.
  - The change (+676) compared with December 31st, 2016 mainly reflects the change in the scope of consolidation (+1,942, primarily due to CELG acquisition), net of the negative balance between new hires and terminations in the period.

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OUTLOOK

In 1H 2017, significant progress was made towards achieving each of the objectives in the Group's 2017-2019 Strategic Plan, as updated in November 2016.
From an operational standpoint, despite the challenges posed by poor generation resource availability on a global scale and the exceptional situation in the Iberian Peninsula, the diversification of activities allowed the Enel Group to post solid results during the period.

For 2H 2017, in line with the Strategic Plan targets, the Group expects:

- the acceleration of **investments in digitisation**, continuing the installation of second-generation **smart meters** in Italy and the completion of the installation of smart meters in the Iberian Peninsula. The roll-out of the optical fibre network undertaken by OpEn Fiber is also expected to be accelerated, with more than 1.7 million households being cabled by year's end;
- a contribution from the **customer focus** strategy on a global scale, following the first phase of investments in the back-office and customer-experience platforms;
- additional progress in **operational efficiency**, supported by digitisation, with the aim of achieving a cash-cost of 11.2 billion euros by end 2017;
- a major contribution from industrial growth, focused on networks and renewables, including the acceleration of renewables, with planned additions to capacity amounting to about 2 GW in the second half of the year;
- the second phase of corporate simplification at the individual country level, especially in Latin America;
- additional progress in active portfolio management, with additional planned disposals, investments in bolt-on acquisitions and an expected reduction of minorities in subsidiaries.

The progress for each of these key pillars, the expected normalisation of operating performance and an acceleration in the contribution of investments in renewables enable us to confirm the financial targets for 2017 as a whole.

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BOND ISSUES AND MATURING BONDS

- The main bond issues carried out in 1H 2017 by Enel Group companies include:

- A green bond guaranteed by Enel for 1,250 million euros, to be repaid in a single instalment by September 2024, and with a 1% fixed-rate annual coupon. The bond was issued by Enel Finance International in January 2017;
- A multi-tranche bond guaranteed by Enel for 5,000 million US dollars (equivalent to 4,458 million euros as of June 30th, 2017) issued by Enel Finance International in May 2017, structured as follows:
  - 2,000 million US dollars (equivalent to 1,783 million euros as of June 30th, 2017), 2.875% fixed-rate, maturing in 2022;
  - 2,000 million US dollars (equivalent to 1,783 million euros as of June 30th, 2017), 3.625% fixed-rate, maturing in 2027;
  - 1,000 million US dollars (equivalent to 892 million euros as of June 30th, 2017) 4.750% fixed-rate, maturing in 2047.

- During the period between July 1st, 2017 and December 31st, 2018 bond issues by Enel Group companies with a total carrying amount of 7,183 million euros are scheduled to reach maturity. The main issues are:
  - 637 million euros relating to a fixed-rate bond issued by Enel Finance International, which matured in July 2017;
  - 1,500 million US dollars (equivalent to 1,314 million euros as of June 30th, 2017) relating to a fixed-rate bond issued by Enel Finance International, maturing in September 2017;
  - 2,500 million euros relating to a fixed-rate bond issued by Enel, maturing in February 2018;
  - 500 million euros relating to a floating-rate bond issued by Enel, maturing in February 2018;
  - 512 million euros relating to a fixed-rate bond issued by Enel Finance International, maturing in April 2018;
  - 591 million euros relating to a fixed-rate bond issued by Enel, maturing in June 2018;
  - 544 million euros relating to a fixed-rate bond issued by Enel Finance International, maturing in October 2018;
  - 350 million Swiss francs (equivalent to 320 million euros as of June 30th, 2017) relating to a fixed-rate bond issued by Enel Finance International, maturing in December 2018.

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RECENT KEY EVENTS

May 17th, 2017: Enel announced that its subsidiary Enel Green Power España (owned through Endesa) had been awarded 540 MW of wind power capacity in Spain, following a tender launched by the Spanish government. The plants, whose construction investment is expected to amount to, approximately, 600 million euros, will sell their power in the Spanish wholesale market while the Spanish government will provide incentives, in the form of yearly capacity payments, to guarantee a steady return over the 25 years of the plants' lifetime. The wind farms, which are expected to enter service by 2019, will be located in the regions of Aragona, Andalusia, Castile and León as well as Galicia, areas which enjoy high levels of wind resources. Once up and running, the wind facilities will generate approximately 1,750 GWh per year.

May 23rd, 2017: Enel announced that its subsidiary Enel Finance International N.V. had launched a multi-tranche bond issue offered on the US and international markets for institutional investors for a total of 5 billion US dollars, the equivalent of about 4.5 billion euros. The issue, which was guaranteed by Enel, is structured in three tranches: (i) 2,000 million US dollars fixed-rate 2.875% maturing in 2022; (ii) 2,000 million US dollars fixed rate 3.625% maturing in 2027; and (iii) 1,000 million US dollars fixed-rate 4.750% maturing in 2047. The offer is part of the strategy for the Enel Group's financing, as well as refinancing the Group's maturing consolidated debt.

May 29th, 2017: Enel announced that its subsidiary Enel Green Power North America, Inc. ("EGPNA"), acting through Rock Creek Wind Holdings, LLC, had signed a tax equity agreement worth about 365 million US dollars with Bank of America Merrill Lynch and JP Morgan for the Rock Creek wind farm (300 MW) in Missouri. The agreement – which is backed by a parent company guarantee from Enel – secures the funding commitment by the two investors, and the closing of the funding is expected to occur upon completion of construction and achievement of commercial operation of the farm. The Rock Creek wind farm, whose construction investment is expected to total about 500 million US dollars, is due to begin operations by the end of 2017 and, once operational, will generate about 1,250 GWh per year.

June 14th, 2017: Enel announced that its subsidiary PJSC Enel Russia had been awarded two wind projects with a total capacity of 291 MW in the tender organised by the Russian government for the installation of 1.9 GW of wind capacity in the country. The two projects, which will be developed and built by Enel Green Power, Enel's Global Division for Renewable Energy, with a total expected investment of about 405 million euros, will sell their electricity on the Russian wholesale market with the support of capacity payment agreements with the Russian government.

June 16th, 2017: Enel announced that it had filed with the Company Register of Rome a plan of merger by incorporation of its subsidiary Enel South America S.r.l. ("Enel SA") into Enel, as approved by the management bodies of both companies. The transaction will enable Enel to benefit from the direct management of the equity investments in the two Latin American sub-holding companies Enel Americas S.A. and Enel Chile S.A., which are currently held by Enel SA, thereby shortening the chain of control. As the merger is subject to a simplified procedure with no share swap, Enel will not increase its share capital nor assign shares to replace the equity interest held in Enel SA. The merger will take legal effect either as of the last registration of the deed of merger with the Companies' Register or as of the later date set down in the deed of merger.

June 22nd, 2017: Enel announced that its subsidiary EGPNA had signed an agreement, unanimously approved by the board of directors of the US company EnerNOC, to acquire the latter's full equity in a public offering for a total consideration in terms of equity value of about 250 million US dollars. EnerNOC is a leader in demand response and energy services for industrial, commercial and institutional customers. The transaction should be completed by 3Q 2017 with the acquisition of all of EnerNOC's shares by EGPNA and the subsequent delisting of the company, subject to obtaining all required regulatory approvals.

June 27th, 2017: Enel announced that its subsidiary EGPNA had begun operation of the 150 MWdc Aurora solar PV facility in Minnesota (USA), the largest photovoltaic plant in Enel's North American PV portfolio. Aurora, whose construction investment amounted to approximately 290 million US dollars, can generate 210 million kWh per year and sells its power through a long-term power purchase agreement to the Xcel Energy utility in Minnesota.

June 28th, 2017: Enel announced that its subsidiary Enel Green Power Hellas S.A. had begun construction of the Kafireas wind farm located in the southern part of the Greek island Evia, in the municipality of Karistos. Kafireas, which once completed will have a total installed capacity of 154 MW, and will be the largest wind farm in the country, will sell its power under a 20-year power purchase agreement with the Greek market operator LAGIE. The Enel Group is expected to invest about 300 million euros in building the wind farm, which is scheduled to enter service in 1Q 2019. The facility will be able to generate about 483 GWh per year.

July 27th, 2017: Enel announced that its subsidiary Enel Green Power España (owned through Endesa) had been awarded 339 MW of solar capacity in Spain following a tender launched by the Spanish government. The plants, whose construction investment is expected to amount to 270 million euros, will sell their energy in the pool market in Spain while the Spanish government will provide incentives, by means of yearly capacity payments, to guarantee a steady return over the 25 years of the facilities' lifetime. The solar PV plants, which are expected to enter into service by 2019, will be located in the regions of Murcia and Bajadoz. Once up and running, the plants will generate approximately 640 GWh per year.

More details on these events are available in relevant press releases, which are published on Enel's website at the following address: https://www.enel.com/en/media/allpressreleases.html

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NOTES

At 18:00 CET, today, July 27th, 2017, a conference call will be held to present the results for the first half of 2017 to financial analysts and institutional investors. Journalists are also invited to listen in on the call. Documentation relating to the conference call will be available on Enel's website (www.enel.com) in the Investor section from the beginning of the call.
Tables reporting the income statement, statement of comprehensive income, balance sheet and cash flow statement for the Enel Group are attached below. Those schedules and the explanatory notes have been submitted to the audit firm for assessment. A descriptive summary of alternative performance indicators is also attached.

The officer responsible for the preparation of the corporate financial reports, Alberto De Paoli, certifies, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.

ACCOUNTING STANDARDS AND CHANGES IN SCOPE OF CONSOLIDATION

There were no changes in accounting standards that had an impact on the accounts that would need to be reported here. Unless otherwise specified, the balance sheet figures as of June 30th, 2017 exclude assets and liabilities held for sale.

The operating segment figures are reported in line with the new organisational structure, which modified the structure of reporting, the analysis of the Group's performance and financial position and, accordingly, the representation of consolidated results from September 30th, 2016. Consequently, the results by business segment are discussed on the basis of the new organisational arrangements. Similarly, the figures for the first half of 2016 have been restated appropriately for comparative purposes.

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KEY PERFORMANCE INDICATORS

This press release uses a number of “alternative performance indicators” not envisaged in the IFRS-EU accounting standards but which management feel can facilitate the assessment and monitoring of the Group’s performance and financial position. In line with the recommendations in the Guidelines issued on October 5th, 2015, by the European Securities and Markets Authority (ESMA) pursuant to Regulation (EU) no. 1095/2010, the content and basis of calculation of these indicators are as follows:

- **EBITDA**: an indicator of Enel’s operating performance, calculated as “EBIT” plus “Depreciation, amortisation and impairment losses”;
- **Ordinary EBITDA**: an indicator defined as EBITDA generated from ordinary business operations, therefore excluding all items associated with non-recurring transactions such as acquisitions or disposals of companies.
- **Net financial debt**: an indicator of the financial structure, 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”, all net of “Cash and cash equivalents” and “Securities held to maturity”, “Financial investments in funds or portfolio management products measured at fair value through profit or loss” and “Other financial receivables” included in “Other non-current financial assets”, as well as the “Current portion of long-term financial receivables”, “Factoring receivables”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”. More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 26th, 2007, describing the net financial position net of financial receivables and long-term securities.
- **Net capital employed**: calculated as the algebraic sum of "Net non-current assets",[1] "Net current assets"[2] and "Provisions for risks and charges”, “Deferred tax liabilities”, “Deferred tax assets” and “Net assets held for sale";[3]
- **Group net ordinary income**: defined as that part of “Group net income” generated from ordinary business operations.

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[1] Determined as the difference between “Non-current assets” and “Non-current liabilities” with the exception of: 1) “Deferred tax assets”; 2) “Securities held to maturity”, “Financial investments in funds or portfolio management products measured at fair value through profit or loss” and “Other financial receivables” included in “Other non-current financial assets”; 3) “Long-term borrowings”; 4) “Employee benefits”; 5) “Provisions for risks and charges (non-current portion)”; and 6) “Deferred tax liabilities”.

[2] Defined as the difference between “Current assets” and “Current liabilities” with the exception of: 1) “Current portion of long-term financial receivables”, “Factoring receivables”, “Securities held to maturity”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”; 2) “Cash and cash equivalents”; 3) “Short-term borrowings” and the “Current portion of long-term borrowings”; 4) “Provisions for risks and charges (current portion)”; and 5) “Other financial payables” included in “Other current liabilities”.

[3] Determined as the difference between “Assets held for sale” and “Liabilities held for sale”.

Consolidated Income Statement

Millions of euro		1st Half			
		2017		2016	
			of which with related parties		*of which with related parties*
Revenues					
Revenues from sales and services		35,358	*2,609*	33,172	*2,365*
Other revenues and income		957	*31*	978	*177*
	[Subtotal]	**36,315**		**34,150**	
Costs					
Purchases of energy, gas and fuel		17,615	*3,683*	15,325	*2,734*
Services and other materials		8,235	*1,338*	8,030	*1,235*
Personnel		2,280		2,232	
Depreciation, amortization and impairment losses		2,824		2,843	
Other operating expenses		1,457	*135*	1,117	*126*
Capitalized costs		(672)		(721)	
	[Subtotal]	**31,739**		**28,826**	
Net income/(expenses) from commodity contracts measured at fair value		**278**	**8**	**(114)**	**2**
Operating income		**4,854**		**5,210**	
Financial income from derivatives		645		1,193	
Other financial income		1,046	*2*	1,348	*13*
Financial expense from derivatives		1,173		2,051	
Other financial expense		1,916	*13*	2,017	*25*
Share of income/(expense) from equity investments accounted for using the equity method		81		52	
Income before taxes		**3,537**		**3,735**	
Income taxes		1,044		1,143	
Net income from continuing operations		**2,493**		**2,592**	
Net income from discontinued operations		**-**		**-**	
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**2,493**		**2,592**	
Attributable to shareholders of the Parent Company		1,847		1,834	
Attributable to non-controlling interests		646		758	
Earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.18*		*0.19*	
Diluted earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.18*		*0.19*	
Earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.18*		*0.19*	
Diluted earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.18*		*0.19*	

Statement of Consolidated Comprehensive Income

Millions of euro	1st Half	
	2017	2016
Net income for the period	**2,493**	**2,592**
Other comprehensive income recyclable to profit or loss (net of taxes):		
Effective portion of change in the fair value of cash flow hedges	(31)	(516)
Income recognized in equity by companies accounted for using the equity method	(1)	(28)
Change in the fair value of financial investments available for sale	10	28
Exchange rate differences	(1,797)	1,116
Other comprehensive income not recyclable to profit or loss (net of taxes):		
Remeasurements in net liabilities (assets) for defined benefits	-	-
Income/(Loss) recognized directly in equity	**(1,819)**	**600**
Comprehensive income for the period	**674**	**3,192**
Attributable to:		
- shareholders of the Parent Company	872	1,820
- non-controlling interests	(198)	1,372

Consolidated Balance Sheet

Millions of euro

ASSETS		at June. 30, 2017		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment		75,417		76,265	
Investment property		123		124	
Intangible assets		16,678		15,929	
Goodwill		13,542		13,556	
Deferred tax assets		6,437		6,665	
Equity investments accounted for using the equity method		1,583		1,558	
Derivatives		1,201		1,609	
Other non-current financial assets [(1)]		3,783		3,892	
Other non-current assets		971		706	
	[Total]	**119,735**		***120,304***	
Current assets					
Inventories		2,744		2,564	
Trade receivables		12,218	*812*	13,506	*958*
Income Tax receivables		1,077		879	
Derivatives		2,270	*9*	3,945	*18*
Other current financial assets [(2)]		3,708	*10*	3,053	*135*
Other current assets		3,066	*259*	3,044	*109*
Cash and cash equivalents		8,513		8,290	
	[Total]	**33,596**		**35,281**	
Assets classified as held for sale		**141**		**11**	
TOTAL ASSETS		**153,472**		**155,596**	

(1) Of which long-term financial receivables and other securities at June 30, 2017 for €2,111 million (€2,180 million at December 31, 2016) and €405 million (€441 million at December 31, 2016).
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at June 30, 2017 for €1,054 million (€767 million at December 31, 2016), €2,528 million (€2,121 million at December 31, 2016) and €60 million (€36 million at December 31, 2016).

Millions of euro

LIABILITIES AND SHAREHOLDERS’ EQUITY		**at June. 30, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Equity attributable to the shareholders of the Parent Company					
Share capital		10,167		10,167	
Other reserves		4,177		5,152	
Retained earnings (losses carried forward)		20,423		19,484	
	[Total]	***34,767***		**34,803**	
Non-controlling interests		**17,001**		**17,772**	
Total shareholders’ equity		**51,768**		**52,575**	
Non-current liabilities					
Long-term loans		42,923	*1,027*	41,336	*1,072*
Post-employment and other employee benefits		2,595		2,585	
Provisions for risks and charges		4,931		4,981	
Deferred tax liabilities		8,340		8,768	
Derivatives		2,429		2,532	
Other non-current liabilities		1,980	*83*	1,856	*23*
	[Total]	**63,198**		**62,058**	
Current liabilities					
Short-term loans		3,025		5,372	
Current portion of long-term loans		7,549	*89*	4,384	*89*
Provisions for risks and charges		1,283		1,433	
Trade payables		11,060	*3,202*	12,688	*2,921*
Income tax payable		830		359	
Derivatives		2,059	*7*	3,322	*11*
Other current financial liabilities (1)		841	*1*	1,264	
Other current liabilities		11,786	*8*	12,141	*28*
	[Total]	**38,433**		**40,963**	
Liabilities included in disposal groups classified as held for sale		**73**		-	
Total liabilities		**101,704**		**103,021**	
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**153,472**		**155,596**	

(1) Of which €296 million of “short term financial debt” as of December 31, 2016.

Consolidated Statement of Cash Flows

Millions of euro	1st Half			
	2017		2016	
		of which with related parties		*of which with related parties*
Income before taxes for the period	**3,537**		**3,735**	
Adjustments for:				
Depreciation, amortization and impairment losses	2,824		2,843	
Financial (income)/expense	1,398		1,527	
Net income of equity investments accounting for using the equity method	(81)		(52)	
Changes in net working capital:	(1,212)		(589)	
- Inventories	(185)		*143*	
- Trade receivables	*331*	*146*	*262*	(81)
- Trade payables	(1,882)	*281*	(1,102)	(374)
- Other assets/liabilities	*524*	*24*	*108*	(168)
Accruals to provisions	130		344	
Utilization of provisions	(535)		(611)	
Interest income and other financial income collected	779	*2*	810	*13*
Interest expense and other financial expense paid	(1,970)	(13)	(2,218)	(25)
(Income)/expense from measurement of commodity contracts	53		(295)	
Income taxes paid	(739)		(1,123)	
(Gains)/Losses on disposals	(148)		(175)	
Cash flows from operating activities (a)	**4,036**		**4,196**	
Investments in property, plant and equipment	(3,057)		(3,431)	
Investments in intangible assets	(408)		(283)	
Investments in entities (or business units) less cash and cash equivalents acquired	(723)		-	
Disposals of entities (or business units) less cash and cash equivalents sold	19		406	
(Increase)/Decrease in other investing activities	155		18	
Cash flows from investing/disinvesting activities (b)	**(4,014)**		**(3,290)**	
Financial debt (new long-term borrowing)	7,641		1,309	
Financial debt (repayments and other net changes)	(5,144)		(5,146)	
Collection of proceeds from sale of equity holdings without loss of control	(406)		(213)	
Dividends and interim dividends paid	(1,656)		(2,187)	
Cash flows from financing activities (c)	**435**		**(6,237)**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(170)**		**119**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**287**		**(5,212)**	
Cash and cash equivalents at beginning of the period (1)	8,326		10,790	
Cash and cash equivalents at the end of the period (2)	8,613		5,578	

(1) Of which cash and cash equivalents equal to €8,290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to assets held for sale in the amount of €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €8,513 million at June 30, 2017 (€5,515 million at June 30, 2016), short-term securities equal to €60 million at June 30, 2017 (€30 million at June 30, 2016) and cash and cash equivalents pertaining to assets held for sale in the amount of €40 million at June 30, 2017 (€33 million at June 30, 2016).