PRESS RELEASE

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ENEL'S NET ORDINARY INCOME UP BY 4.6% IN 1H 2018, GROUP EXTENDS ITS OUTRIGHT LEAD IN GLOBAL RENEWABLES SECTOR

- **Revenues:** 36,027 million euros (36,315 million euros in 1H 2017, -0.8%)
  - *the slight decrease is mainly attributable to adverse exchange rates, mainly in South America, partly offset by an increase in revenues posted in renewables, distribution in Brazil and Argentina as well as the new Enel X business line*

- **EBITDA:** 7,857 million euros (7,678 million euros in 1H 2017, +2.3%)
  - *the rise reflects organic growth in renewables, distribution tariff increases in Argentina and Spain and the improvement in margins from final customers in Spain and Romania, factors that more than offset exchange rate losses in South America*

- **Ordinary EBITDA:** 7,729 million euros (7,532 million euros in 1H 2017, +2.6%) net of extraordinary items in the two periods

- **EBIT:** 4,875 million euros (4,854 million euros in 1H 2017, +0.4%)
  - *reflecting the increase in EBITDA, which more than offset the rise in depreciation, amortisation and impairment in the period, mainly due to the adoption of IFRS 15*

- **Group net income**: 2,020 million euros (1,847 million euros in 1H 2017, +9.4%)
  - *increase attributable to a decline in net financial expenses, mainly reflecting the Group's efficient management of liabilities and lower taxes for the period*

- **Group net ordinary income:** 1,892 million euros (1,809 million euros in 1H 2017, +4.6%)

- **Net financial debt:** 41,594 million euros (37,410 million euros at the end of 2017, +11.2%)
  - *increase due to acquisitions in the period, specifically the Brazilian company Eletropaulo, the public tender offer for Enel Generación Chile shares, carried out as part of the reorganisation of the Group's shareholdings in Chile, the payment of the interim dividend for 2017 as well as capital expenditure for the period*

Francesco Starace, Enel CEO and General Manager, said: "*Enel continued its run of solid financial results in the first half of 2018, delivering further EBITDA growth driven particularly by renewables. We connected 3.4 GW of new renewable capacity to grids around the world between June 2017 and June 2018, setting yet another all-time record for capacity installed in a single 12-month period by any player in the sector. Enel X also made pleasing progress in areas such as demand response. Also during the period, we carried out two bolt-on transactions, namely the acquisition of Brazilian distributor Eletropaulo and the purchase of a stake in ultra-broadband wholesale operator Ufinet International, consolidating our position as a leading global infrastructure player. During the second half of the year, we will continue to* *focus on industrial growth, investing in renewables and infrastructure & networks, while advancing the full digitisation of the company, thereby further enhancing operational efficiency. Simplification of the Group structure will continue, as well as the integration of the newly acquired businesses. The solid performance in the first half gives us confidence in confirming our targets for full year 2018."*

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Rome, July 31st, 2018 – The Board of Directors of Enel S.p.A. ("Enel"), chaired by Patrizia Grieco, examined and approved the half-year financial report as of June 30th, 2018.

Consolidated financial highlights for the first half of 2018

REVENUES

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

Revenues (millions of euros)	**1H 2018**	**1H 2017**	**Change**
Italy	18,375	18,672	-1.6%
Iberia	9,694	9,960	-2.7%
South America	6,593	6,513	1.2%
Europe and North Africa	1,133	1,157	-2.1%
North and Central America	556	365	52.3%
Sub-Saharan Africa and Asia	48	46	4.3%
Other, eliminations and adjustments	(372)	(398)	6.5%
Total	**36,027**	**36,315**	**-0.8%**

- **Revenues for the first half of 2018** amounted to 36,027 million euros, **a slight decrease of 288 million euros** (-0.8%) compared with the first half of 2017, reflecting:
  - adverse exchange rate developments, mainly in South America (-1,045 million euros);
  - a decrease in sales of electricity in regulated and free markets, especially in Spain;
  - lower revenues from electricity trading in Italy, mainly owing to a decrease in average prices and in volumes handled;
  - a decrease in revenues from energy sales in Chile, reflecting a decline in average sale prices.

  These factors were partly offset by:
  - an increase of 1,283 million euros in revenues in other South American countries, mainly in the distribution segment in Brazil and Argentina;
  - an increase in revenues from the new Enel X business line, mainly in the United States for demand-response activities, as well as in Spain;
  - higher revenues from the sale and transport of gas and the transport of electricity in Italy and Spain;

- an increase in revenues from renewable generation in Italy and Spain, attributable to an increase in volumes sold, coupled with rising average sale prices.

- **Extraordinary items** in revenues for **the first half of 2018** included a 128 million euro consideration envisaged in the agreement that e-distribuzione reached with F2i and 2i Rete Gas for the early all-inclusive settlement of the indemnification clause related to the sale in 2009 of the stake held by e-distribuzione in Enel Rete Gas. **Extraordinary items** in revenues for **the first half of 2017** included the 146 million euro gain on the disposal of the investment in the Chilean company Electrogas.

EBITDA

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

EBITDA (millions of euros)	1H 2018	1H 2017	Change
Italy	3,701	3,667	0.9%
Iberia	1,754	1,596	9.9%
South America	2,014	2,058	-2.1%
Europe and North Africa	254	277	-8.3%
North and Central America	290	218	33.0%
Sub-Saharan Africa and Asia	27	28	-3.6%
Other	(183)	(166)	10.2%
Total	**7,857**	**7,678**	**2.3%**

- EBITDA for the first half of 2018 amounted to 7,857 million euros, an increase of 179 million euros (+2.3%) compared with the first half of 2017. This growth was mainly attributable to the following factors:
  - an improvement in the margins from final customers in Spain and Romania, due to the reduction in operating expenses and in energy supply costs as well as to the capitalisation of customer acquisition costs ("contract costs") as a result of the application, as of January 1st, 2018, of IFRS 15;
  - an improvement in margins posted by renewable generation in Italy and Spain, which as noted under revenues, registered an increase in volumes sold and in average sale prices;
  - an improvement in distribution margins in Argentina and Spain as a result of tariff increases.

  These factors more than offset adverse exchange rate developments, mainly in South America.

ORDINARY EBITDA

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

Ordinary EBITDA (millions of euros)	**1H 2018**	**1H 2017**	**Change**
Italy	3,573	3,667	-2.6%
Iberia	1,754	1,596	9.9%
South America	2,014	1,912	5.3%
Europe and North Africa	254	277	-8.3%
North and Central America	290	218	33.0%
Sub-Saharan Africa and Asia	27	28	-3.6%
Other	(183)	(166)	-10.2%
Total	**7,729**	**7,532**	**2.6%**

Ordinary EBITDA amounted to 7,729 million euros, an increase of 197 million euros compared with the first half of 2017 (+2.6%), net of the extraordinary items already outlined in the revenues section.

EBIT

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

EBIT (millions of euros)	**1H 2018**	**1H 2017**	**Change**
Italy	2,481	2,549	-2.7%
Iberia	900	789	14.1%
South America	1,372	1,387	-1.1%
Europe and North Africa	151	172	-12.2%
North and Central America	164	123	33.3%
Sub-Saharan Africa and Asia	2	7	-71.4%
Other	(195)	(173)	-12.7%
Total	**4,875**	**4,854**	**0.4%**

EBIT in the first half of 2018 was 4,875 million euros, an increase of 21 million euros (+0.4%) compared with the same period of 2017, despite an increase of 75 million euros in amortisation of the abovementioned contract costs capitalised in application of IFRS 15 and an increase in writedowns of trade receivables, mainly in Italy.

GROUP NET INCOME

In the first half of 2018, Group net income amounted to **2,020 million euros**, compared with 1,847 million euros in the first half of 2017, an increase of 173 million euros (+9.4%).
The increase mainly reflects:

- a **decrease in net financial expenses** (-193 million euros), in particular a decrease in interest expense on bonds, mainly attributable to the efficient management of financial liabilities;
- a **decrease in taxes in Italy** (-51 million euros), primarily due to the recognition of prepaid tax assets connected with prior-period losses of 3Sun, made possible by the merger of the company into Enel Green Power S.p.A. as of January 1st, 2018.

These factors more than offset the lower results posted by joint ventures in the United States and Italy as well as the increase in non-controlling interests following the growth of the performance posted in Argentina, Brazil and Spain by subsidiaries with significant minority shareholders.

GROUP NET ORDINARY INCOME

Excluding the extraordinary items referred to in the revenues section, Group net ordinary income was **1,892 million euros**, an increase of 83 million euros on the 1,809 million euros posted in the same period of 2017 (+4.6%).

FINANCIAL POSITION

The financial position shows **net capital employed**, including net assets and liabilities held for sale of 280 million euros, as of June 30th, 2018, of **88,437 million euros** (89,571 million euros as of December 31st, 2017), funded by:

- **equity** pertaining to shareholders of the Parent Company and non-controlling interests of **46,843 million euros** (52,161 million euros as of December 31st, 2017);
- **net financial debt** of **41,594 million euros** (37,410 million euros as of December 31st, 2017). The 4,184 million euro debt increase was attributable to the financing requirements for the acquisition of a controlling stake in Brazilian company Eletropaulo, to the successful outcome of the public tender offer for the shares held by minority shareholders of Enel Generación Chile carried out as part of the reorganisation of Group's shareholdings in the country, capital expenditure during the period and the payment of the interim dividend for 2017 (equal to 0.105 euros per share for a total of 1,068 million euros), as authorised by the Board of Directors on November 8th, 2017.

As of June 30th, 2018, the **debt/equity ratio** was **0.89** (0.72 as of December 31st, 2017). The percentage increase in leverage is mainly attributable to the reduction in the Group's consolidated shareholders' equity as a result of the retrospective application of IFRS 9 and IFRS 15 (3,690 million euros) and the above acquisitions carried out in the period, which involved a significant financial outlay and the assumption of financial liabilities.

CAPITAL EXPENDITURE

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

Capital expenditure (millions of euros)	1H 2018	1H 2017	Change
Italy	986	740	33.2%
Iberia	528	350	50.9%
South America	836	1,381	-39.5%
Europe and North Africa	138	153	-9.8%
North and Central America	583	813	-28.3%
Sub-Saharan Africa and Asia	7	21	-66.7%
Other	36	7	-
Total	**3,114**	**3,465**	**-10.1%**

Capital expenditure in the first half of 2018 amounted to 3,114 million euros, down 351 million euros compared with the same period of 2017. The decline was mainly attributable to the completion of plants under construction in the first half of 2017, and hence lower investments in wind and solar plants in Brazil, Peru and North America in the first half of 2018. The above decrease was partly offset by an increase in expenditure on distribution grids in Italy and Spain for activities related to service quality and the installation of smart meters (net of capital expenditure by units classified as "held for sale" in the amount of 281 million euros).

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OPERATIONAL HIGHLIGHTS FOR THE FIRST HALF OF 2018

	1H 2018	1H 2017	Change
Electricity sales (TWh)	**140.3**	**138.6**	**1.2%**
Gas sales (billions of m^3)	**6.3**	**6.2**	**1.6%**
Electricity generated (TWh)	**121.1**	**121.2**	**-0.1%**
Electricity distributed (TWh)	**224.2**	**219.1**[1]	**2.3%**
Employees (no.)	**70,137**	**62,900**[2]	**11.5%**

[1] Figure recalculated following a more accurate measurement of quantities transported.
[2] As of December 31st, 2017.

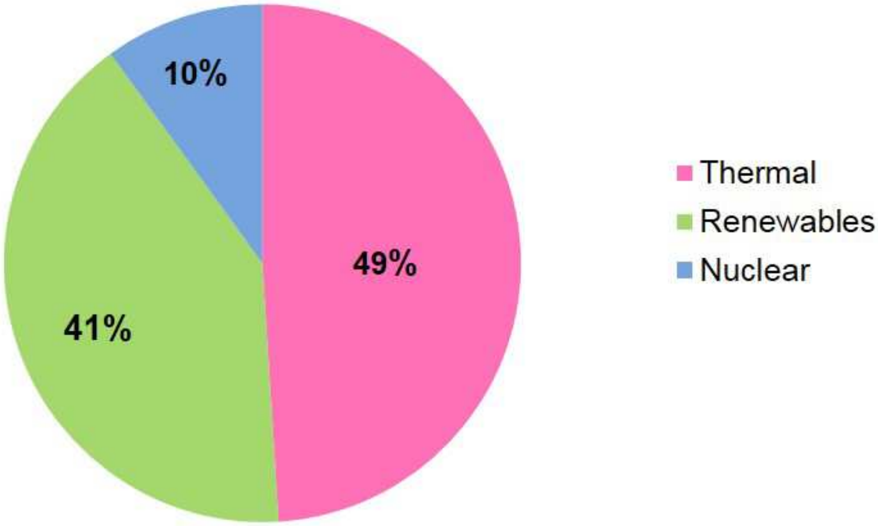
Electricity and gas sales

- **Electricity sales** in the first half of 2018 amounted to **140.3 TWh**, an increase of 1.7 TWh (+1.2%) compared with the same period of 2017. More specifically, this growth reflects:
  - an increase in volumes sold in Italy (+2.2 TWh), South America (+1.6 TWh) and Romania (+0.4 TWh);
  - lower sales in Spain (-2.6 TWh).
- **Natural gas sales** amounted to **6.3 billion cubic metres,** a slight increase compared with the first half of 2017.

Electricity generated

- **Net electricity generated** by the Enel Group in the first half of 2018 totalled **121.1 TWh,** a slight decrease of 0.1 TWh compared with the same period of 2017 (-0.1%), which was mainly attributable to a drop in thermal generation in Spain and Italy, partly offset by an increase in renewables generation, especially in Brazil as well as in North and Central America.
  More specifically, in the period the Group registered:
  - an increase in renewable generation (+10.16 TWh, of which +5.91 TWh of hydro,+2.90 TWh of wind, +1.31 TWh of solar, +0.03 TWh of geothermal and +0.01 TWh of biomass), due to the increase in installed capacity and greater water availability;
  - a decrease in thermal generation (-10.21 TWh), attributable to the decline in coal-fired generation (-5.36 TWh), mainly in Spain and Italy, and lower nuclear generation (-1.33 TWh) as a result of the unavailability of certain plants in Spain.

Generation mix of Enel Group plants:



The Enel Group confirms its long-term objective for **"mix decarbonisation"** by 2050. Renewables are expected to contribute about half of the Group's total estimated capacity of 83 GW by 2019.

Electricity distributed

- **Electricity transported** on the Enel Group distribution network in the first half of 2018 amounted to **224.2 TWh**
  - of which 112.1 TWh in Italy and 112.1 TWh abroad.

- The volume of **electricity distributed in Italy** increased by 0.2 TWh (+0.2%) compared with the first half of 2017:
  - with a slightly weaker performance than developments in electricity demand on the national grid (+0.8%). The change in demand in Italy amounted to +1.3% in the north, +0.9% in the centre, +0.5% in the islands and -1.1% in the south of the country. The south and islands are mainly served by e-distribuzione, while the main other distributors also operate in the centre and north of Italy, transporting a total of about 15% of electricity volumes.

- **Electricity distributed abroad** amounted to 112.1 TWh, an increase of 4.9 TWh (+4.6%) compared with the same period of 2017:
  - most of the increase came in Brazil (+4.5 TWh, of which +3.4 TWh accounted for by the acquisition of Eletropaulo).

EMPLOYEES

As of June 30th, 2018, **Enel Group employees** numbered **70,137** (62,900 as of December 31st, 2017) of whom 56.0% working with Group companies headquartered abroad. The variation (+7,237) mainly reflects the changes in the scope of consolidation (7,599) due to the acquisition of the Brazilian company Eletropaulo. Excluding those changes, the balance between new hires and terminations was negative in the first half of 2018 (-362).

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OUTLOOK

In the first half of 2018, Enel Group's growth – supported by investment in renewables and grids – enabled it to counter the impact of particularly adverse exchange rate developments. The Group's geographical and business diversification also contributed to the achievement of solid results in the period, which, in line with the objectives set out in the 2018-2020 Strategic Plan, confirm the Group's leadership role in the energy transition.

For the remainder of 2018, in line with the Plan targets, Enel expects:

- a major contribution from **industrial growth** driven by investments in renewables as well as infrastructure and networks;
- the continuation of investments in **digitisation,** supported by the installation of second-generation smart meters in Italy and the completion of the smart meter installation programme in Iberia;
- additional progress in enhancing **operational efficiency**, backed by the digitisation process;
- the growing contribution of the **customer focus** strategy**,** including, among other factors, through the acceleration of the business of Enel X;

- the continuation of the process of **Group corporate structure simplification**, also taking account of recent acquisitions, and **active portfolio management**.

The acceleration of the contribution of investments in renewables and grids, as well as the constant focus on operational efficiency, enable the Enel Group to confirm its financial targets for full year 2018.

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BOND ISSUES AND MATURING BONDS

The main bond issues carried out in the first half of 2018 by Enel Group companies include:

- a 1,250 million euro, 1.125% fixed-rate green bond guaranteed by Enel, to be repaid in a single instalment at maturity in September 2026, issued by Enel Finance International in January 2018;
- non-convertible subordinated multi-tranche hybrid bonds for 1,250 million euros, issued by Enel in May 2018, structured as follows:
  - 500 million euro, 2.500% fixed-rate bonds maturing in November, 2078 up to the first early redemption date, due in 2023;
  - 750 million euro, 3.375% fixed-rate bonds maturing in November, 2081 up to the first early redemption date, due in 2026;
- a 1,000 million US dollar (equivalent to 860 million euros as of June 30th, 2018), 4.875% fixed-rate bond issued by Enel Chile in June 2018 and maturing in June 2028.

During the period between July 1st, 2018 and December 31st, 2019, bond issues by Enel Group companies with a total carrying amount of 4,326 million euros are scheduled to reach maturity, of which the main issues are:

- 543 million euros in respect of a fixed-rate bond issued by Enel Finance International, maturing in October 2018;
- 350 million Swiss francs (equivalent to 302 million euros as of June 30th, 2018) in respect of a fixed-rate bond issued by Enel Finance International, maturing in December 2018;
- 517 million euros in respect of a fixed-rate hybrid bond issued by Enel, for which the first call date is in January 2019;
- 550 million pounds sterling (equivalent to 620 million euros as of June 30th, 2018) in respect of a fixed-rate bond issued by Enel, maturing in June 2019.
- 5,300 million Brazilian reais (equivalent to 1,181 million euros as of June 30th, 2018) in respect of three floating-rate bonds issued by Enel Sudeste, maturing in December 2019.

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RECENT KEY EVENTS

May 15th, 2018: Enel announced the launch of a non-convertible multi-tranche bond for institutional investors on the European market in the form of subordinated hybrid securities with an average maturity of about 7 years, denominated in euros and amounting to 1,250 million euros.
The issue was structured in the following tranches:

- 500 million euros, maturing on November 24th, 2078 with a first early redemption date of November 24th, 2023;
- 750 million euros, maturing November 24th, 2081 with a first early redemption date of November 24th, 2026.

The transaction is consistent with the Enel Group finance strategy outlined in the 2018-2020 Strategic Plan, which envisages the refinancing of 10 billion euros by 2020, including through the issue of hybrid bonds.

May 22nd, 2018: Enel announced that it had completed the restructuring of its portfolio of hybrid bonds, already launched with the multi-tranche issue on **May 15th, 2018**, through the following liability management transactions:

- a non-binding voluntary exchange offer for the repurchase, for a total consideration of 250.019 million euros, of a 1,000 million euro hybrid bond maturing on January 15th, 2075 with a first call date as of January 15th, 2020. The consideration for that purchase is composed of: (i) an increase in the tranche of the new hybrid bond launched on May 15th, 2018 maturing on November 24th, 2078 with a first call date as of November 24th, 2023, in an amount from 500 million euros to 750.019 million euros; (ii) a cash component totalling 20,909,088.97 euros;
- a non-binding voluntary tender offer for the repurchase in cash of a hybrid bond of 1,250 million euros maturing on January 10th, 2074 with a first call date of January 10th, 2019, in the total nominal amount of 731.744 million euros.

The two transactions are aimed at the active management of the maturities and cost of the Enel Group's debt within the scope of a programme to optimise Enel's finance management outlined in the 2018-2020 Strategic Plan.

May 24th, 2018: Enel's Shareholders' Meeting was held in Rome. In the ordinary session, the Shareholders' Meeting approved Enel's financial statements as of December 31st, 2017, and was presented the consolidated financial statements of the Enel Group for the same financial year. The Shareholders' Meeting then approved an overall dividend of 0.237 euros per share (0.105 euros already paid as an interim dividend in January 2018 and 0.132 euros per share as the balance of the dividend to be paid in July 2018).
The Shareholders' Meeting in ordinary session also granted the Board of Directors authorisation for the acquisition and subsequent disposal of up to a maximum of 500 million Enel shares, representing about 4.92% of the Company's share capital, for a total outlay of up to 2 billion euros, subject to revocation of the analogous authorisation granted by the Ordinary Shareholders' Meeting held on May 4th, 2017.
In the extraordinary session, the Shareholders' Meeting approved a number of amendments of the corporate bylaws proposed by the Board of Directors and aimed at further enhancing Enel's corporate governance standards, specifically:

- the repeal of the transitional clause time-limiting the application of the provisions that ensure gender balance in the composition of the Board of Directors and Board of Auditors;
- the integration of the Bylaws with the aim to clarify the power of the Board of Directors to establish internal Committees with proposing and/or consultative functions.

May 31st, 2018: Enel announced that its subsidiary Enel Brasil Investimentos Sudeste, S.A. ("Enel Sudeste") had improved the terms of its voluntary tender offer (the "Offer") for the acquisition of the entire share capital of Eletropaulo Metropolitana Eletricidade de São Paulo S.A. ("Eletropaulo"), launched on April 17th, 2018, with a price per share of 45.22 Brazilian reais, which proved to be the highest among those announced in the competing offer process for Eletropaulo.
On **June 5th, 2018**, Enel announced that Enel Sudeste had received confirmation of the successful completion of its Offer, as 73.4% of Eletropaulo was tendered in said Offer. On **July 16th, 2018**, Enel also announced that in the period between June 5th and July 4th, 2018, in line with Brazilian stock exchange regulations, Eletropaulo's shareholders sold Enel Sudeste an additional 19.9% of the former's share

capital, for the same price of 45.22 Brazilian reais per share set for the Offer. The overall interest held by Enel Sudeste therefore increased to 93.3% of Eletropaulo's share capital, up from 73.4%.
Enel Sudeste’s overall investment to acquire its holding in Eletropaulo totals approximately 7,069 million Brazilian reais, equal to about 1,571 million euros. This amount is in addition to the investment needed to fund the commitment of Enel Sudeste to subscribe its *pro rata* (and any unsubscribed portion) of an upcoming capital increase by Eletropaulo of at least 1,500 million Brazilian reais, equal to about 333 million euros.

June 14th, 2018: Enel announced the entry into service of Wayra I, Peru’s largest wind farm currently in operation, located in Marcona, in the Ica Region, and operated by the subsidiary Enel Green Power Peru S.A.. The investment in the construction of the 132 MW plant totalled around 165 million US dollars. Wayra I, once fully operational, will be able to generate some 600 GWh per year. The power generated by the wind farm will be sold to Peru’s Ministry of Energy and Mines under a 20-year energy supply contract.

June 28th, 2018: Enel announced that it had reached an agreement with F2i SGR for the sale of the entire portfolio of biomass generation plants in Italy, with a total net installed capacity of around 108 MW. The sale involves the operational plants of Mercure and Finale Emilia, located respectively in the regions of Calabria and Emilia Romagna, and 50% of Powercrop, the Enel – Maccaferri joint venture. The completion of the transaction is subject, inter alia, to the greenlight from the Antitrust Authority and may also take place through individual transfers of the various plants between 2018 and 2019. The consideration for the sale of the whole portfolio of plants totals about 335 million euros.

July 3rd, 2018: Enel announced that, acting through Enel X International S.r.l. (“Enel X International”), a fully-owned subsidiary of Enel X S.r.l. (“Enel X”), the Enel Group advanced energy solutions company, had finalised - under the terms of the agreement announced on **June 25th, 2018 -** the acquisition from a holding company controlled by Sixth Cinven Fund (which is managed by international private equity firm Cinven) for 150 million euros of about 21% of the share capital of a vehicle company ("NewCo"), to which 100% of Ufinet International has been transferred. The latter is a leading wholesale operator of fibre-optic networks in Latin America. In turn, Sixth Cinven Fund owns around 79% of the NewCo’s share capital.
In accordance with the agreements between the parties, Enel X International has the right to exercise a call option to acquire Sixth Cinven Fund’s stake between December 31st, 2020 and December 31st, 2021 for an additional amount of between 1,320 million euros and 2,100 million euros dependent upon specified performance indicators. Enel X International and Sixth Cinven Fund jointly control Ufinet International, each exercising 50% of voting rights in the NewCo’s shareholders’ meeting. Should Enel X International not exercise its call option by December 31st, 2021, its joint control over the NewCo will lapse.

July 10th, 2018: In response to media reports, Enel confirmed that in May 2017, its subsidiary Enel Produzione S.p.A. (“Enel Produzione”) signed an agreement (the “Term Sheet”) with the Czech company Energetický a průmyslový holding a.s. (“EPH") that commits the parties to make a number of changes to the terms and conditions of the contract (the “Contract”) signed on December 18th, 2015 between Enel Produzione and EP Slovakia BV (“EP Slovakia”), a subsidiary of EPH, regarding the stake held by Enel Produzione in Slovenské elektrárne a.s. ("Slovenské elektrárne").
The Contract provided for the contribution to the newly established company Slovak Power Holding BV (the “HoldCo”) of the entire stake held by Enel Produzione in Slovenské elektrárne, equal to 66% of the latter's capital. The Contract also governed the subsequent two-stage sale of 100% of the HoldCo to EP Slovakia for a total of 750 million euros, subject to adjustment based on a number of criteria. The first phase of this sale closed on July 28th, 2016 with the disposal to EP Slovakia of 50% of the interest held by Enel Produzione in the HoldCo.

As a result of the amendments envisaged in the Term Sheet, the Contract will also govern relations between the parties with regard to the financial support they are to provide to Slovenské elektrárne for the completion of units 3 and 4 of the Mochovce nuclear power plant. Specifically, the Term Sheet provides for Enel Produzione to commit to granting, directly or through another company of the Enel Group, a subordinated loan to the HoldCo, which is in turn expected to make it available to Slovenské elektrárne, for a total of up to 700 million euros falling due in 2025 (the "Loan").
The Contract – which currently provides for the sale by Enel Produzione to EP Slovakia of its remaining 50% stake in the HoldCo through the exercise of put or call options by the respective parties – will be updated to include the repayment of the Loan as an additional condition for the completion of the sale.

More information on these events is available in the relevant press releases published on the Enel website at the following address: https://www.enel.com/en/media.html#0

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NOTES

At 18:00 CET, today, July 31st, 2018, a conference call will be held to present the results for the first half of 2018 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 tables and the explanatory notes have been submitted to the audit firm for its 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

As of January 1st, 2018 new IASB (International Accounting Standards Board)-revised and amended accounting standards were applied for the first time: IFRS 9 and IFRS 15. First-time retrospective adoption involved the restatement of certain balances in the balance sheet at January 1st, 2018, as Enel has opted to apply the simplification permitted by those standards on first-time adoption. The net impact on Group shareholders' equity was a negative 3,690 million euros. This decrease is mainly attributable to the application of IFRS 15, in particular the changes in the accounting treatment of revenues from connection fees – which are allocated on the basis of the nature of the obligation with customers rather than recognised at the time of connection – whose negative effects were only partly offset by the capitalisation of the costs of acquiring new customer contracts ("contract costs").

Unless otherwise specified, the balance sheet figures as of June 30th, 2018, exclude assets and liabilities held for sale under the Build Sell and Operate (BSO) model, involving the Mexican renewable companies as well as the assets and liabilities connected with the Finale Emilia biomass plant, which, on the basis of the state of progress of negotiations for their sale to third parties, fall within the scope of IFRS 5.

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

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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 CONSOB Communication no. 0092543 of December 3rd, 2015, and 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 Enel 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 for the definition of 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",[3] "Net current assets"[4] and "Provisions for risks and charges”, “Deferred tax liabilities”, “Deferred tax assets” and “Net assets held for sale";[5]

[3] 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”.

[4] 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”.

– **Group net ordinary income**: defined as that part of "Group net income" generated from ordinary business operations.

Consolidated Income Statement

Millions of euro		1st Half			
		2018		2017	
			of which with related parties		*of which with related parties*
Revenues and other income		***36,027***	***2,565***	***36,315***	***2,640***
Costs					
Purchases of energy, gas and fuel		*16,737*	*3,482*	*17,615*	*3,683*
Services and other materials		*8,771*	*1,338*	*8,235*	*1,338*
Personnel		*2,274*		*2,280*	
Depreciation, amortization and impairment losses		*2,982*		*2,824*	
Other operating expenses		*1,380*	*142*	*1,457*	*135*
Capitalized costs		*(865)*		*(672)*	
	[Subtotal]	***31,279***		***31,739***	
Net income/(expenses) from commodity contracts measured at fair value		***127***	***(9)***	***278***	***8***
Operating income		***4,875***		***4,854***	
Financial income from derivatives		*1,243*		*645*	
Other financial income		*729*	*13*	*1,046*	*2*
Financial expense from derivatives		*955*		*1,173*	
Other financial expense		*2,222*	*11*	*1,916*	*13*
Share of income/(expense) from equity investments accounted for using the equity method		*46*		*81*	
Income before taxes		***3,716***		***3,537***	
Income taxes		*993*		*1,044*	
Net income from continuing operations		***2,723***		***2,493***	
Net income from discontinued operations		**-**		**-**	
Net income for the period (shareholders of the Parent Company and non-controlling interests)		***2,723***		***2,493***	
Attributable to shareholders of the Parent Company		*2,020*		*1,847*	
Attributable to non-controlling interests		*703*		*646*	
Basic earnings/(loss) per share (euro) attributable to ordinary shareholders of the Parent Company		*0.20*		*0.18*	
Diluted earnings/(loss) per share (euro) attributable to ordinary shareholders of the Parent Company		*0.20*		*0.18*	

[5] Determined as the difference between "Assets held for sale" and "Liabilities held for sale".

Basic earnings/(loss) from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company	*0.20*	*0.18*
Diluted earnings/(loss) from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company	*0.20*	*0.18*

Statement of Consolidated Comprehensive Income

Millions of euro	1st Half	
	2018	2017 restated[1]
Net income for the period	**2,723**	**2,493**
Other comprehensive income recyclable to profit or loss (net of taxes):		
Effective portion of change in the fair value of cash flow hedges	28	(169)
Change of fair value of hedging costs	(41)	138
Share of the other comprehensive income of equity investments accounted for using the equity method	3	(1)
Change in the fair value of financial assets at FVOCI	-	(5)
Chance in translation reserve	(543)	(1,797)
Other comprehensive income not recyclable to profit or loss (net of taxes):		
Remeasurement of net employee benefit liabilities/(assets)	-	-
Change in fair value on other equity investments at FVOCI	(1)	15
Income/(Loss) recognized directly in equity	**(554)**	**(1,819)**
Comprehensive income for the period	**2,169**	**674**
Attributable to:		
- shareholders of the Parent Company	1,632	872
- non-controlling interests	537	(198)

[1] Restated data in order to provide a better presentation of the content of certain lines according to the first adoption of IFRS 9.

Consolidated Balance Sheet

Millions of euro

ASSETS		at June. 30, 2018	*of which with related parties*	at Dec. 31, 2017	*of which with related parties*
Non-current assets					
Property, plant and equipment		75,208		74,937	
Investment property		86		77	
Intangible assets		17,803		16,724	
Goodwill		15,142		13,746	
Deferred tax assets		8,030		6,354	
Equity investments accounted for using the equity method		1,631		1,598	
Derivatives		902		702	
Other non-current financial assets (1)		4,976		4,002	
Other non-current assets		1,290		1,064	
	[Total]	**125,068**		**119,204**	
Current assets					
Inventories		3,059		2,722	
Trade receivables		13,417	*948*	14,529	*832*
Income Tax receivables		564		577	
Derivatives		4,844	*23*	2,309	*11*
Other current financial assets (2)		4,882	*5*	4,614	*3*
Other current assets		3,175	*228*	2,695	*162*
Cash and cash equivalents		6,393		7,021	
	[Total]	**36,334**		**34,467**	
Assets classified as held for sale		**2,222**		**1,970**	
TOTAL ASSETS		**163,624**		**155,641**	

(1) Of which long-term financial receivables and other securities at June 30, 2018 for €2,343 million (€2,062 million at December 31, 2017) and €391 million (€382 million at December 31, 2017).
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at June 30, 2018 for €1,405 million (€1,094 million at December 31, 2017), €3,336 million (€3,295 million at December 31, 2017) and €59 million (€69 million at December 31, 2017).

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at June. 30, 2018		at Dec. 31, 2017	
			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		2,418		3,348	
Retained earnings/(losses carried forward)		18,268		21,280	
	[Total]	**30,853**		**34,795**	
Non-controlling interests		**15,990**		**17,366**	
Total shareholders' equity		**46,843**		**52,161**	
Non-current liabilities					
Long-term borrowings		46,166	*849*	42,439	*893*
Employee benefits		3,170		2,407	
Provisions for risks and charges – non-current		5,137		4,821	
Deferred tax liabilities		7,999		8,348	
Derivatives		2,821		2,998	
Other non-current liabilities		8,301	*49*	2,003	*36*
	[Total]	**73,594**		**63,016**	
Current liabilities					
Short-term borrowings		4,826		1,894	
Current portion of long-term borrowings		4,519	*89*	7,000	*89*
Provisions for risks and charges – current		1,240		1,210	
Trade payables		10,493	*2,202*	12,671	*2,365*
Income tax payable		683		284	
Derivatives		4,791	*20*	2,260	*9*
Other current financial liabilities		737		954	
Other current liabilities		13,956	*43*	12,462	*37*
	[Total]	**41,245**		**38,735**	
Liabilities included in disposal groups classified as held for sale		**1,942**		**1,729**	

Total liabilities	**116,781**	**103,480**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**163,624**	**155,641**

Consolidated Statement of Cash Flows

Millions of euro	1st Half			
	2018		2017	
		of which with related parties		*of which with related parties*
Income before taxes for the period	**3,716**		**3,537**	
Adjustments for:				
Depreciation, amortization and impairment losses	2,982		2,824	
Financial (income)/expense	1,204		1,398	
Net income of equity investments accounting for using the equity method	(46)		(81)	
Changes in net working capital:	(1,391)		(1,212)	
- *Inventories*	(293)		(185)	
- *Trade receivables*	1,248	(116)	331	146
- *Trade payables*	(2,354)	(163)	(1,882)	281
- *Other assets/liabilities*	8	(50)	524	21
Accruals to provisions	305		130	
Utilization of provisions	(574)		(535)	
Interest income and other financial income collected	993	13	779	2
Interest expense and other financial expense paid	(2,370)	(11)	(1,970)	(13)
(Income)/expense from measurement of commodity contracts	(12)		53	
Income taxes paid	(461)		(739)	
(Gains)/Losses on disposals	15		(148)	
Cash flows from operating activities (a)	**4,361**		**4,036**	
Investments in property, plant and equipment	(2,836)		(3,057)	
Investments in intangible assets	(559)		(408)	
Investments in entities (or business units) less cash and cash equivalents acquired	(1,093)		(723)	
Disposals of entities (or business units) less cash and cash equivalents sold	125		19	
(Increase)/Decrease in other investing activities	(58)		155	
Cash flows from investing/disinvesting activities (b)	**(4,421)**		**(4,014)**	
Financial debt (new long-term borrowing)	7,229		7,641	
Financial debt (repayments and other net changes)	(4,486)	*(44)*	(5,144)	*(45)*
Transactions in non-controlling interests	(1,412)		(406)	
Dividends and interim dividends paid	(1,768)		(1,656)	
Cash flows from financing activities (c)	**(437)**		**435**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(160)**		**(170)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(657)**		**287**	
Cash and cash equivalents at beginning of the period [1]	7,121		8,326	
Cash and cash equivalents at the end of the period [2]	6,464		8,613	

(1) Of which cash and cash equivalents equal to €7,021 million at January 1, 2018 (€8,290 million at January 1, 2017), short-term securities equal to €69 million at January 1, 2018 (€36 million at January 1, 2017) and cash and cash equivalents pertaining to assets held for sale in the amount of €31 million at January 1, 2018.
(2) Of which cash and cash equivalents equal to €6,393 million at June 30, 2018 (€8,513 million at June 30, 2017), short-term securities equal to €52 million at June 30, 2018 (€60 million at June 30, 2017) and cash and cash equivalents pertaining to assets held for sale in the amount of €19 million at June 30, 2018 (€40 million at June 30, 2017).