**PRESS RELEASE**

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# ENEL, OPERATING RESILIENCE AND FINANCIAL STRENGTH HIGHLIGHTED BY 5.6% INCREASE IN NET ORDINARY INCOME IN FIRST HALF 2020

- **Revenues**: 33,375 million euros (40,967 million euros in the first half of 2019, -18.5%)
  - *the change is primarily attributable to End-user markets as a result of lower volumes of electricity sold in Italy and Spain mainly reflecting the impact of the COVID-19 outbreak, to the activities of Thermal Generation and Trading in Italy reflecting a decline in trading activities, and the effect connected with the application of IFRIC interpretations[1], on top of adverse exchange rate developments in Latin America*

- **EBITDA:** 8,645 million euros (8,907 million euros in the first half of 2019, -2.9%)

- **Ordinary EBITDA**: 8,794 million euros (8,763 million euros in the first half of 2019, +0.4%)
  - *increase driven by the improvement in the performance of Enel Green Power as well as Thermal Generation and Trading, which more than offset the lower performance of Infrastructure and Networks and of End-user markets*

- **EBIT:** 4,543 million euros (5,213 million euros in the first half of 2019, -12.9%)
  - *the decrease is mainly attributable to the impairment recognized on the Bocamina II plant in Chile as a result of its early closure as part of the decarbonization process launched by the Group as well as to higher depreciations on trade receivables, primarily in Italy and Spain*

- **Group net income**: 1,947 million euros (2,215 million euros in the first half of 2019, -12.1%)

- **Group net ordinary income:** 2,405 million euros (2,277 million euros in the first half of 2019, +5.6%)
  - *increase driven by the improvement in ordinary operating performance, by the decrease in financial expense and by lower non-controlling interests*

- **Net financial debt**: 50,411 million euros (45,175 million euros in full year 2019, +11.6%)
  - *the increase reflected investments during the period, and the acquisition of additional equity interests in Enel Américas and Enel Chile*

[1] *International Financial Reporting Interpretations Committee.*

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**Rome, July 29th, 2020 –** The Board of Directors of Enel S.p.A. ("Enel" or the "Company"), chaired by Michele Crisostomo, examined and approved the half-year financial report as of June 30th, 2020.

## Consolidated financial highlights for the first half of 2020

### REVENUES

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

| **Revenues *(millions of euros)*** | **H1 2020** | **H1 2019** | **Change** |
|---|---|---|---|
| Thermal Generation and Trading | 12,276 | 16,446 | -25.4% |
| Enel Green Power | 3,575 | 3,835 | -6.8% |
| Infrastructure and Networks | 9,548 | 10,687 | -10.7% |
| End-user markets | 14,417 | 16,841 | -14.4% |
| Enel X | 463 | 492 | -5.9% |
| Services | 824 | 903 | -8.7% |
| Other, eliminations and adjustments | (7,728) | (8,237) | 6.2% |
| **TOTAL** | **33,375** | **40,967[2]** | **-18.5%** |

The following table breaks down the revenues from just thermal and nuclear generation within the **Thermal Generation and Trading** area:

Millions of euros

| **Revenues (*millions of euros*)** | **H1 2020** | **H1 2019** | **Change** |
|---|---|---|---|
| Revenues from thermal generation | 3,497 | 5,333 | -34.4% |
| of which: coal-fired generation | 853 | 1,527 | -44.1% |
| Revenues from nuclear generation | 646 | 632 | +2.2% |
| Revenues from thermal generation as a percentage of total revenues | 10.5% | 13.0% | |

[2] The figures for the first half of 2019 have been adjusted to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of 2019, which involved changes in the classification, with no impact on reported margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss.

| | | |
|---|---|---|
| of which: revenues from coal-fired generation as a percentage of total revenues | 2.6% | 3.7% |
| Revenues from nuclear generation as a percentage of total revenues | 1.9% | 1.5% |

- **Revenues in the first half of 2020** amounted to 33,375 million euros, a decline of 7,592 million euros (-18.5%) compared with the same period of 2019. The change mainly reflects (i) a decrease in revenues from **End-user markets,** due to a decline in electricity sales in Spain and Italy on both the regulated and the free market, mainly reflecting the impact of the COVID-19 outbreak, which reduced business-to-business transaction volumes on the free market; (ii) a decrease in revenues from **Thermal Generation and Trading** in Italy, reflecting a decline in trading activities as a result of a reduction in volumes handled and prices as well as the application of the IFRIC Agenda Decision of 2019 concerning the sale of energy commodities with physical settlement measured at fair value through profit or loss[2]; (iii) a decrease in revenues from **Infrastructure and Networks**, mainly in Argentina as a result of the recognition in the first half of 2019 of the Edesur agreement with the Argentine government to settle reciprocal pending issues originated in the period from 2006 to 2016; and (iv) exchange rate losses of 857 million euros, notably in Brazil, Argentina, Chile and Colombia.

  Within **Thermal Generation and Trading**, revenues in the first half of 2020 just from thermal generation amounted to 3,497 million euros, a decrease of 1,836 million euros (-34.4%) on the same period of 2019. The change is mainly attributable to a decline in the use of plants, due to the aforementioned reduction in energy demand. As a result of the latter, revenues from coal-fired generation in the first half of 2020 also declined to 2.6% of total revenues (3.7% in the first half of 2019).

- Revenues in the **first half of 2020** do not include extraordinary items. **Extraordinary items** in revenues **in the first half of 2019** included the gain of 108 million euros on the disposal of Mercure Srl, a vehicle company to which Enel Produzione had previously transferred the Valle del Mercure biomass plant in Italy and 50 million euros in respect of the payment provided for in the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the second indemnity connected with the sale in 2009 of e-distribuzione's interest held in Enel Rete Gas.

## EBITDA and ORDINARY EBITDA

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

| **EBITDA (*millions of euros*)** | **H1 2020** | **H1 2019** | **Change** |
|---|---:|---:|---:|
| Thermal Generation and Trading | 1,001 | 905 | 10.6% |
| Enel Green Power | 2,291 | 2,274 | 0.7% |
| Infrastructure and Networks | 3,816 | 3,971 | -3.9% |
| End-user markets | 1,582 | 1,661 | -4.8% |
| Enel X | 23 | 72 | -68.1% |
| Services | 10 | 82 | -87.8% |

| | | | |
|---|---|---|---|
| Other, eliminations and adjustments | (78) | (58) | -34.5% |
| **TOTAL** | **8,645** | **8,907** | **-2.9%** |

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

| Ordinary EBITDA (millions of euros) | H1 2020 | H1 2019 | Change |
|---|---|---|---|
| Thermal Generation and Trading | 1,073 | 811 | 32.3% |
| Enel Green Power | 2,296 | 2,274 | 1.0% |
| Infrastructure and Networks | 3,849 | 3,921 | -1.8% |
| End-user markets | 1,591 | 1,661 | -4.2% |
| Enel X | 25 | 72 | -65.3% |
| Services | 37 | 82 | -54.9% |
| Other, eliminations and adjustments | (77) | (58) | -32.8% |
| **TOTAL** | **8,794** | **8,763**[3] | **0.4%** |

**Ordinary EBITDA** in the first half of 2020 amounted to 8,794 million euros, an increase of 31 million euros on the same period of 2019 (+0.4%). Extraordinary items in the first half of 2020 that impact EBITDA include (i) costs of 82 million euros incurred in responding to the COVID-19 outbreak for sanitization of the workplace, personal protective equipment and donations, (ii) a 67 million euro impairment of fuel and spare part inventories of a number of coal-fired plants in Italy, Spain and Chile.
In the first half of 2019, extraordinary items, also mentioned under the section dedicated to revenues, included (i) the gain on the disposal of Mercure Srl net of charges for the restoration of the plant site in the amount of 14 million euros and (ii) the fee provided for in the agreement reached by e-distribuzione with F2i and 2i Rete Gas.

The increase in ordinary EBITDA is mainly attributable to:

- the increase of 262 million euros posted by **Thermal Generation and Trading** (i) mainly in Spain in the amount of 165 million euros due to the change in the electricity discount benefit as a result of the 5th Endesa Collective Bargaining Agreement, net of the provision for voluntary early termination benefits, (ii) for an improvement in the thermal generation margin connected with the reduction in supply costs, especially in Spain, for a total of 131 million euros, as well as (iii) for greater operating efficiencies (55 million euros). These positive factors more than offset (i) the decrease in the ordinary EBITDA recorded in Latin America, largely reflecting the effect of income in the first half of 2019 from the indemnity for the early withdrawal from an electricity supply contract in Chile (80 million euros) and (ii) the decrease in the ordinary EBITDA in Russia attributable to the sale of the Reftinskaya plant in October 2019;
- the 22 million euro increase posted by **Enel Green Power**, mainly reflecting the improvement in EBITDA in Italy (about 130 million euros) thanks to better performance of hydro plants in the first half

3 The figures for the first half of 2019 for Infrastructure and Networks and End-user markets have been allocated more appropriately between the two business lines.

of 2020 compared with the same period of 2019 and to the entry into service of new wind farms in Spain (33 million euros), the United States (42 million euros) as well as Greece. In the United States, a further margin increase was posted resulting from tax partnerships (46 million euros) and the income associated with indemnities and litigations (50 million euros). These factors more than offset the recognition in the first half of 2019 of the income for the indemnity relating to early withdrawal from an electricity supply contract in Chile (80 million euros), the recognition of negative goodwill (106 million euros) for the acquisition by Enel North America (formerly Enel Green Power North America) of a number of companies sold by Enel Green Power North America Renewable Energy Partners LLC ("EGPNA REP") as well as the adverse exchange rate developments.

- This increase more than offset:
  - the 72 million euro decrease posted by **Infrastructure and Networks**, mainly attributable to lower volumes of electricity transported in 2020 and to adverse exchange rate developments in Latin America for a total of 141 million euros, to the positive effects recorded in 2019 (equal to 215 million euros) of the aforementioned agreement reached by Edesur with the Argentine government to settle previous regulatory issues, as well as to the implementation of the new regulatory framework in Spain. These effects were only partially offset by the positive impact of the abovementioned modification of the energy discount benefit in Spain, net of the provision in the period for indemnities for voluntary early termination of employment (178 million euros) and by the 156 million euro income registered in Italy due to the application of Italian Regulatory Authority for Energy Networks and Environment ARERA resolutions n. 50/2018 and n. 568/2019 following a bankruptcy agreement with a trader;
  - the 70 million euro decline in the margin for **End-user markets**, reflecting the contraction in energy volumes in Italy, Spain and Brazil as a result of the COVID-19 outbreak as well as the recognition, in the first half of 2019, of the income related to the agreement reached by Edesur with the Argentine government (31 million euros). The effects of this decline were only partially offset by lower provisioning costs for energy commodities, especially in Spain;
  - the 47 million euro drop in the margin posted by **Enel X**, whose operating performance recorded in the first half of 2020 was more than offset by the effect of the recognition in the corresponding period of 2019 of a 58 million euro price adjustment for the acquisition of eMotorWerks, occurred in 2017.

**EBIT**

The following table reports EBIT by **business line**

| EBIT (millions of euros) | H1 2020 | H1 2019 | Change |
|---|---|---|---|
| Thermal Generation and Trading | (184) | (202) | 8.9% |
| Enel Green Power | 1,665 | 1,673 | -0.5% |
| Infrastructure and Networks | 2,346 | 2,650 | -11.5% |
| End-user markets | 929 | 1,171 | -20.7% |
| Enel X | (48) | (8) | - |
| Services | (70) | (2) | - |
| Other, eliminations and adjustments | (95) | (69) | -37.7% |

| | | | |
|---|---|---|---|
| **TOTALE** | **4,543** | **5,213** | **-12.9%** |

**EBIT for the first half of 2020** amounted to 4,543 million euros, a decrease of 670 million euros (-12.9%) on the same period of 2019. In addition to the decline in EBITDA, the decrease reflects an increase in depreciation, amortization and impairment of 408 million euros compared with the first half of 2019. More specifically, the impairment losses for the first half of 2020 relate to: (i) the early decommissioning of the Bocamina II plant in Chile as part of the decarbonization process launched by the Group, which involved a 741 million euro writedown and (ii) an increase in writedowns of trade receivables, mainly in Italy and Spain, for a total of 136 million euros, primarily due to the impact of the COVID-19 outbreak. Impairment losses posted in 2019 related to the Bocamina I and Tarapacà plants in Chile in the amount of 364 million euros and the Reftinskaya plant in Russia in the amount of 120 million euros.

**GROUP NET INCOME and NET ORDINARY INCOME**

| | H1 2020 | H1 2019 | Change | |
|---|---|---|---|---|
| **Group net income** | **1,947** | **2,215** | **(268)** | **-12.1%** |
| Impairment of a number of coal-fired plants and inventories in Italy, Spain and Chile | 372 | - | 372 | - |
| Impairment of certain assets held by Slovak Power Holding BV | 22 | - | 22 | - |
| Cost related to COVID-19 | 52 | - | 52 | - |
| Other impairments | 12 | - | 12 | - |
| Disposal of interest in Mercure Srl | - | (97) | 97 | - |
| Disposal of e-distribuzione interest in Enel Rete Gas | - | (49) | 49 | - |
| Impairment of Reftinskaya plant | - | 54 | (54) | - |
| Impairment of coal-fired plants in Chile (Tarapacà and Bocamina I) | - | 154 | (154) | - |
| **Group net ordinary income** | **2,405** | **2,277** | **128** | **5.6%** |

**In the first half of 2020**, **Group net ordinary income** amounted to 2,405 million euros, compared with 2,277 million euros in the same period of 2019, an increase of 128 million euros (+5.6%). The change is mainly attributable to the development in ordinary operating performance, as well as to:

- the reduction in net financial expense due to the more favorable conditions of debt refinancing transactions carried out by the Group in the past 12 months;
- an improvement in the performance registered by companies accounted for using the equity method, mainly reflecting the effect of the recognition in the first half of 2019 of the capital loss in the United States primarily as a result of the repurchase of a number of companies from the EGPNA REP joint venture;
- a decrease of the share of profit attributable to non-controlling interests due to better results posted in Spain and to the increase of the equity stake held in Enel Américas and Enel Chile.

These factors more than offset the increase in taxes in the first half of 2020 over the same period of 2019, when the following were recognized: (i) the tax benefit associated with the "*revaluo*" for a number of generation companies in Argentina; (ii) the decrease in taxes as a result of the application of preferential tax treatment (PEX) to the gain on the disposal of Mercure Srl; and (iii) the reversal of deferred tax liabilities of EGPNA in connection with the acquisition of a number of companies from EGPNA REP.

**FINANCIAL POSITION**

The financial position shows **net capital employed** at June 30th, 2020, including 3 million euros of net assets held for sale, of **93,779 million euros** (92,113 million euros at December 31st, 2019), funded by:

- **equity** pertaining to shareholders of the Parent Company and non-controlling interests of **43,368 million euros** (46,938 million euros at December 31st, 2019);
- **net financial debt** of **50,411 million euros** (45,175 million euros at December 31st, 2019). The increase of 5,236 million euros in net financial debt (+11.6%) reflects (i) capital expenditure for the period (4,137 million euros); (ii) the payment of 2019 dividends for an overall 2,629 million euros and (iii) extraordinary transactions for the acquisition of additional equity in Enel Américas and Enel Chile (973 million euros).

Positive operating cash flow generated by operations in the amount of 2,042 million euros (despite the negative impact on net working capital resulting from the COVID-19 outbreak) and favorable exchange rate developments on debt denominated in foreign currency (1,184 million euros) partially covered the financial needs connected with cash requirements connected with the abovementioned factors.

At June 30th, 2020, the **debt/equity ratio** came to **1.16** (0.96 at December 31st, 2019). The change essentially reflected the increase in debt detailed above.

**CAPITAL EXPENDITURE**

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

| Capital expenditure (millions of euros) | H1 2020 | H1 2019 | Change |
|---|---|---|---|
| Thermal Generation and Trading | 239 | 292 | -18.2% |
| Enel Green Power | 1,912 | 1,816 | 5.3% |
| Infrastructure and Networks | 1,668 | 1,726 | -3.4% |
| End-user markets | 182 | 187 | -2.7% |
| Enel X | 103 | 105 | -1.9% |
| Services | 19 | 31 | -38.7% |
| Other, eliminations and adjustments | 14 | 10 | 40.0% |
| **TOTAL[1]** | **4,137** | **4,167** | **-0.7%** |

[1] The figure for the first half of 2019 does not include 4 million euros related to units classified as "held for sale".

**Capital expenditure amounted to 4,137 million euros** in the first half of 2020, substantially in line with the same period of 2019. In particular, the first half of 2020 registered (i) a decrease in investments in **Infrastructure and Networks** operations in Argentina and Italy, with the decline in the latter mainly attributable to the slowdown in the mass replacement of meters due to the COVID-19 outbreak, (ii) a reduction in investments in the plants operated by **Thermal Generation and Trading**, especially in

Argentina, the Iberian Peninsula and Russia, in line with the strategic choices of the Group; and (iii) the growth in investments of **Enel Green Power**, especially in the United States, South Africa, Brazil and Chile. There was a reduction in renewable investments in Spain, Mexico and Greece, mainly due to the entry into service of plants and projects that were previously under construction.

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## OPERATIONAL HIGHLIGHTS FOR THE FIRST HALF OF 2020

| | H1 2020 | H1 2019 | Change |
|---|---|---|---|
| **Electricity sales (TWh)** | **145.0** | 158.1[1] | -8.3% |
| **Gas sales (billions of $m^3$)** | **5.3** | 6.0 | -11.7% |
| **Total net efficient installed capacity (GW)** | **82.7** | 84.3[2] | -1.9% |
| • **of which renewables (GW)**[3] | **42.9** | 42.1[2] | +2% |
| **Electricity generated (TWh)** | **97.6** | 112.9 | -13.6% |
| **Electricity distributed (TWh)** | **228.7** | 249.5[4] | -8.3% |
| **Employees (no.)** | **66,825** | 68,253[2] | -2.1% |

[1] As volumes also include sales to large customers by generation companies in Latin America, the figure for the first half of 2019 has been restated.
[2] At December 31st, 2019.
[3] Net efficient installed capacity from renewables, also including managed capacity, amounted to 46.4 GW at June 30th, 2020 and 45.8 GW at December 31st, 2019.
[4] The figure for the first half of 2019 was recalculated in 2020.

### Electricity and gas sales

- **Electricity sales** in the first half of 2020 amounted to **145.0 TWh**, a 13.1 TWh decrease (-8.3%) on the same period of 2019. Specifically, this reflected a decrease in quantities sold in in Italy (-4.5 TWh), Spain (-4.1 TWh) and Latin America (-4.0 TWh), mainly in Brazil (-2.3 TWh);
- **Natural gas sales** in the first half of 2020 amounted to **5.3 billion cubic meters**, down 0.7 billion cubic meters on the same period of the previous year.

### Total net efficient installed capacity

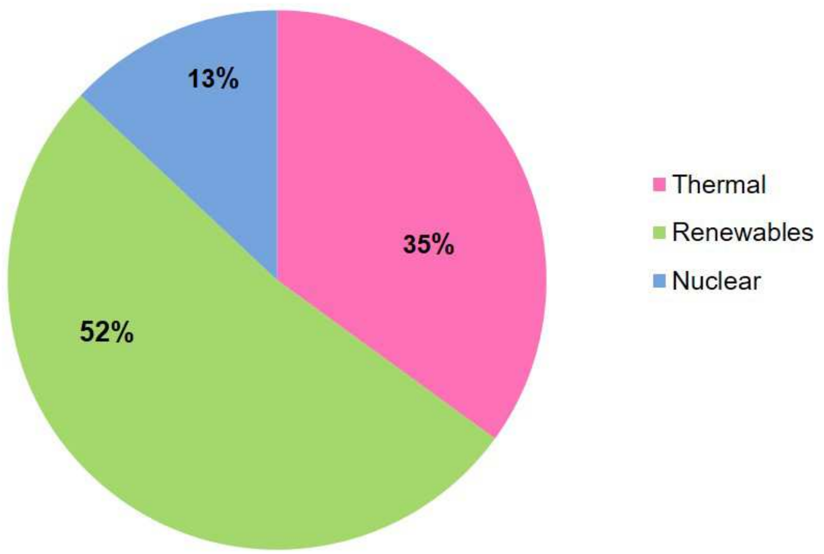
Enel's total net efficient installed capacity in the first half of 2020 amounted to **82.7 GW,** a decrease of 1.6 GW, mainly reflecting the decommissioning of 2.1 GW of coal-fired plants in Spain. Furthermore, in the period, the Group has installed around 800 MW of additional renewable capacity.

## Electricity generated

Net electricity generated by the Enel Group in the first half of 2020 amounted to **97.6 TWh,**[4] a decrease of 15.3 TWh on the same period of 2019 (-13.6%), mainly attributable to a decline in thermal generation in Spain, Italy and Russia. More specifically, the period saw:

- an increase in renewable generation (+4.0 TWh, of which: +1.3 TWh of hydropower, +1.9 TWh of wind power and +0.8 TWh of solar and geothermal power);
- a decrease in thermal generation (-18.8 TWh), mainly due to a reduction in coal-fired generation (-16.0 TWh) in Italy, Spain and Russia;
- a slight decrease (-0.5 TWh) on the same period of 2019 in nuclear generation, equal to 12.7 TWh.

**Generation mix of Enel Group plants**




**Generation from renewable sources, including the volumes produced by managed capacity, far exceeded that from thermal generation**, reaching 56.2 TWh (52.5 TWh in the first half of 2019, +7.0%), compared with thermal generation of 33.8 TWh (52.6 TWh in the first half of 2019, -35.7%).

Zero-emission generation reached 65% of the total generation of the Enel Group considering only output from consolidated capacity. It rose to 67% if managed generation capacity [5] is also included. *Decarbonization of the generation mix* by 2050 remains the long-term objective of the Enel Group.

[4] 102.7 TWh including output from approximately 3.5 GW of managed renewable capacity.
[5] Capacity not consolidated by the Enel Group but operated under the “Build, Sell and Operate” model.

## Electricity distributed

- **Electricity transported** on Enel Group distribution networks in the first half of 2020 amounted to 228.7 TWh, of which 98.7 TWh in Italy and 130.0 TWh abroad.
- Volumes of **electricity distributed in Italy** diminished by 12.1 TWh (-11.0%) on the same period of 2019:
  - with a slight deterioration compared with electricity demand on the national power grid (-8.9%). The percentage change in demand on the national market amounted to -10.1% in the North, -9.6% in the Center, -6.6% in the South and -4.0% in the Islands. The South and the Islands are mainly served by e-distribuzione; in the Center and North, other major operators account for a total of about 15% of volumes distributed.
- **Electricity distributed outside of Italy** amounted to 130.0 TWh, a decrease of 8.6 TWh (-6.2%) on the same period of 2019, with most of the decrease coming in Spain (-3.6 TWh) and Brazil (-3.2 TWh).

## EMPLOYEES

The Enel Group workforce at June 30th, 2020 numbered **66,825** (68,253 at December 31st, 2019). The change in the first six months of 2020 (-1,428) reflects the impact of:

- the balance between new hires and terminations (-447);
- the change in the scope of consolidation (-981), due to the disposal of hydro plants in the United States and the disposal of the Reftinskaya plant in Russia.

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# OUTLOOK

The energy transition that is progressively transforming the utility sector underpins the 2020-2022 Strategic Plan presented in November 2019, which is founded on a sustainable and fully integrated business model. The model is designed to enable Enel to seize the opportunities linked to the global trends of decarbonization of generation and electrification of energy consumption. The digitalization of grids and the adoption of platforms for all customer-related activities are enablers of the Group's strategy, which aims to accelerate the growth of renewables while at the same time reducing thermal generation, and coal generation to start with. More specifically, the 2020-2022 Investment Plan envisages that:

- investments in **decarbonization** will amount to about 14.4 billion euros (50% of overall capex), aimed at developing new renewable capacity and at gradually replacing conventional generation assets. Decarbonization's contribution to EBITDA growth will be equal to 1.4 billion euros over the plan period. Renewable capacity is expected to reach 60% of total capacity in three years, driving the increase in the profitability of the generation fleet and increasing zero $CO_2$ emission output up to 68% of the total in 2022. Specifically, the 2020-2022 Strategic Plan provides for a rapid and progressive withdrawal from coal-fired generation, which will mainly be replaced by new renewable capacity. The sharp acceleration in renewable growth will support the Group's pursuit of the goal of reducing emissions of greenhouse gases in line with the Paris Agreement and of achieving total decarbonization of its generation mix by 2050;

- about 1.2 billion euros of investments will be dedicated to the **electrification** of energy consumption, leveraging on the growth and diversification of the retail customer base and on the efficiencies associated with the transfer of activities to platforms. The expected contribution of these investments to the Group's EBITDA growth amounts to 0.4 billion euros;

- around 13 billion euros will be invested in the enablers of the energy transition, specifically **infrastructure**, to adapt distribution grids to a generation system based on renewable energy, as well as **ecosystems and platforms**, to develop new services, such as electric mobility and demand response, which will play an increasing role in the energy transition. The expected contribution to EBITDA growth is about 1.1 billion euros.

Group investments, which are expected to amount to 28.7 billion euros over the course of the Plan, will have a direct impact, mainly, on three of the United Nations Sustainable Development Goals (SDGs): SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities), therefore contributing to SDG 13 on Climate Action.

Under Enel's dividend policy, over the plan period Enel will continue to pay out a dividend equal to the greater of 70% of consolidated net ordinary income and a guaranteed minimum dividend per share (DPS), with a compound annual growth rate of 8.6% for the implicit DPS and 7.7% for the minimum DPS.
For 2020 the Plan envisages:

- an acceleration of investments in renewable energy, especially in Latin America and North America, to support industrial growth and to drive decarbonization;
- further progress in the digitalization of distribution grids, mainly in Italy and Latin America, with the aim of improving the service quality and increasing grid flexibility and resilience;
- an increase in investments devoted to the electrification of energy consumption, with the aim of leveraging the expansion of the customer base, and to continuously enhance efficiency, supported by the creation of global business platforms.

With regard to the COVID-19 outbreak that started at the beginning of the year and which is still ongoing, the Group has issued guidelines aimed at preventing and/or mitigating the effects of contagion in the workplace and at the same time ensuring business continuity. The Group has also implemented constant monitoring of the impact of the emergency on macroeconomic and business variables in order to obtain the best real-time estimates of potential effects on the Group and enable mitigation of such effects with response or contingency plans.
Thanks to the geographical diversification, the integrated business model along the value chain, a sound financial structure and the level of digitalization achieved, which makes it possible to ensure the continuity of operations with the same level of service, the Group has displayed significant resilience, which has been reflected in the solid financial performance of the first half of 2020.
Nevertheless, the depreciation of Latin American currencies against the euro, the negative impact, attributable to the ongoing outbreak, on electricity consumption volumes and the suspension of dunning processes have prompted a revision of some of Enel's targets set in its 2020-2022 Strategic Plan, as detailed below (figures in billions of euros):

| | 2020-2022 Strategic Plan<br><br>Values of 2020 targets disclosed in November 2019 | 2020-2022 Strategic Plan<br><br>New expected values of 2020 targets |
|---|---|---|
| Ordinary EBITDA | 18.6 | about 18.0 |
| Net ordinary income | 5.4 | 5.0 - 5.2 |
| Net financial debt | 46.8 | 48.0 - 49.0 |

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## BOND ISSUES AND MATURING BONDS

- No bonds were issued by Enel Group companies in the first half of 2020.

- During the period between July 1st, 2020 and December 31st, 2021, bond issues by Enel Group companies with a total value of 2,336 million euros are scheduled to reach maturity, including:
  - 400 million pounds sterling (equivalent to 439 million euros at June 30th, 2020) in respect of a fixed-rate bond issued by Enel, maturing in September 2020;
  - 600 million Brazilian real (equivalent to 98 million euros at June 30th, 2020) in respect of a floating-rate bond issued by Enel Distribuição Rio, maturing in December 2020;
  - 736,760 million Colombian pesos (equivalent to 176 million euros at June 30th, 2020) in respect of a fixed-rate bond issued by Emgesa, maturing in January 2021;
  - 533 million euros in respect of a fixed-rate bond issued by Enel Finance International and secured by Enel, maturing in July 2021;
  - 500 million pounds sterling (equivalent to 548 million euros at June 30th, 2020) in respect of a fixed-rate non-convertible hybrid subordinated bond issued by Enel, with a first call date in September 2021;
  - 704 million Brazilian real (equivalent to 116 million euros at June 30th, 2020) in respect of a floating-rate bond issued by Enel Distribuição São Paulo, maturing in September 2021.

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## ENEL ACCELERATES ENERGY TRANSITION TO DECARBONIZATION

Enel, in its role as a leader of the energy transition, has placed decarbonization and growth of renewables around the world at the core of its Strategy. The 2020-2022 Strategic Plan provides for a significant increase in installed renewable capacity, from the current 46 GW to 60 GW at the end of 2022, and the progressive phase out of coal-fired capacity and generation. More specifically, it is expected that such capacity will decrease by more than 40% in 2022 compared with 2019. In order to manage renewable and thermal generation fleet around the world in an integrated manner and guide as well as accelerate its transformation, Enel created a new business line in 2019.

In this context, the restructuring of the activities resulting from the energy transition process will involve thermal generation plants in the geographies where the Group operates. The consequent revision of processes and operating models will require changes in the roles and skills of employees, which the Group intends to implement with highly sustainable plans based on redeployment programs, with major upskilling and reskilling plans as well as with voluntary individual early retirement agreements that will involve around 1,300 people worldwide.
The Group will define and launch these initiatives over the next two years, incurring an overall estimated one-time charge of about 0.4 billion euros, which will not be included in the calculation of the Group's ordinary EBITDA and net ordinary income and, therefore, will not have an impact on Enel's dividend policy.

The restructuring plan will be implemented with procedures and timing that will differ in the various countries in which the Group is present, initiating the appropriate dialogue with local communities and the competent institutions and social partners.

## RECENT EVENTS

**May 14th, 2020**: The Enel Ordinary Shareholders' Meeting held in Rome approved Enel's statutory financial statements at December 31st, 2019, while the consolidated financial statements for the same financial year were presented. An overall dividend of 0.328 euros per share was approved (0.16 euros had already been paid as an interim dividend in January 2020, which in accordance with the relevant legislation was not distributed to the treasury shares held by Enel on the record date of January 21st, 2020, and the remaining 0.168 euros to be paid as the balance of the dividend in July 2020, excluding treasury shares held on the record date of July 21st, 2020).
The Shareholders' Meeting then renewed the Company's Board of Directors authorization for the acquisition and subsequent disposal of up to a maximum of 500 million Enel shares, representing approximately 4.92% of the Company's share capital, for a total outlay of up to 2 billion euros, subject to revocation of the previous similar authorization granted by the Ordinary Shareholders' Meeting held on May 16th, 2019.
The Shareholders' Meeting also appointed the new Board of Directors, which will remain in office until the approval of the 2022 financial statements and which is composed of Michele Crisostomo (appointed Chair), Francesco Starace, Cesare Calari, Costanza Esclapon de Villeneuve, Samuel Leupold, Alberto Marchi, Mariana Mazzucato, Mirella Pellegrini and Anna Chiara Svelto.

**May 15th, 2020**: the new Board of Directors of Enel confirmed Francesco Starace as Chief Executive Officer and General Manager of the Company. The Board also confirmed the existing divisions of powers, designating the Chair Michele Crisostomo with the role to supervise audit activities (although the head of that function continues to report to the Board of Directors), to drive and oversee the application of corporate governance rules regarding the activities of the Board of Directors, and to maintain, in agreement and in coordination with the Chief Executive Officer, relations with institutional bodies and authorities. In line with the previous division of power, the Chief Executive Officer was granted all powers for the management of the Company, except for those otherwise assigned by applicable laws and regulations as well as the bylaws or those retained by the Board of Directors within the scope of its responsibilities.

**May 21st, 2020**: Enel announced that it has connected an additional 50 MW of the High Lonesome wind farm located in Upton and Crockett counties in Texas, through its US renewables subsidiary Enel Green Power North America, bringing to 500 MW the capacity of the largest wind farm in operation in the Group's global renewable portfolio. In addition, the company connected to the grid the two Riverview wind farms (105 MW) and the 29.4 MW Castle Rock Ridge Phase 2 wind farm located in Alberta, Canada. The investment in the construction of the 500 MW High Lonesome wind farm amounts to about 720 million US dollars. The wind farm is expected to generate around 1.9 TWh of power per year, avoiding the emission of over 1.2 million tons of $CO_2$. The expansion of the park by an additional 50 MW was made possible by a 12-year electricity supply contract ("PPA") with Danone North America. The total investment for Phase 2 of Castle Rock Ridge and Riverview exceeds 210 million Canadian dollars. Riverview and Phase 2 of Castle Rock Ridge will supply the power generated and the related renewable energy credits to the Alberta Electric System Operator ("AESO") under two Renewable Energy Support Agreements, which are 20-year agreements awarded in 2017 following a tender organized by AESO. The wind farms are expected to generate around 493 GWh per year, avoiding the emission of around 335,500 tons of $CO_2$ into the atmosphere each year.

**May 28th, 2020**: Enel announced that its Chilean subsidiaries Enel Chile S.A. ("Enel Chile") and Enel Generación Chile S.A. ("Enel Generación Chile") have informed the market of the decision of their respective Boards of Directors to accelerate the closure of the Bocamina coal-fired plant, located in Coronel, and to request authorization from the Chilean National Energy Commission (CNE) to terminate operations of Unit I (128 MW) and II (350 MW) of the aforementioned plant by December 31st, 2020 and May 31st, 2022, respectively. The closure has been accelerated compared to what was projected by Enel Generación Chile in the country's National Decarbonization Plan signed with the Chilean Ministry of Energy on June 4th, 2019, which provided for the closure of Bocamina I by the end of 2023 and Bocamina II by 2040.
The initiative is in line with the Enel Group's goal to fully decarbonize its generation mix by 2050.

**May 28th, 2020**: Enel announced that it has increased its stake in the Chilean subsidiary Enel Américas S.A. ("Enel Américas") to 62.3% of the company's share capital, following the settlement of two share swap transactions entered into in June 2019 with a financial institution to acquire up to 5% of the share capital of Enel Américas.
Pursuant to those share swap transactions, Enel acquired: (i) 2,492,146,691 shares of Enel Américas common stock and (ii) 26,243,377 Enel Américas American Depositary Shares ("ADSs"), each representing 50 shares of Enel Américas common stock. The aforementioned securities represent, in the aggregate, 5% of Enel Américas's share capital.
The total price for the shares of Enel Américas common stock and ADSs amounts to about 701 million US dollars, equal to around 639 million euros,[6] and was funded through internal cash flow generation.

**June 10th, 2020**: Enel announced that the Board of Directors authorized the Company to issue, by December 31st, 2021, of one or more non-convertible hybrid subordinated bonds in the maximum amount equal to the value of 1.5 billion euros, to be placed exclusively with EU and non-EU institutional investors, including through private placements.
The new issues are intended to refinance outstanding hybrid bonds for which the early repayment options may be exercised from this year and, therefore, enable the Enel Group to maintain a financial structure consistent with the assessment criteria of rating agencies and to actively manage maturities and the cost of debt.

**June 16th, 2020**: In response to reports appearing in the press, Enel announced that at its meeting of June 10th, 2020, the Company's Board of Directors received notice of a non-binding offer submitted by Macquarie Infrastructure Real Asset ("MIRA") for the acquisition by MIRA of part or all of the 50% stake held by Enel in Open Fiber S.p.A.. On that occasion, the Board of Directors acknowledged receipt of the notice and is awaiting further news concerning subsequent developments.

**June 18th, 2020**: Enel Green Power S.p.A. ("EGP") announced that it had started construction on the 199 MW expansion of the Cimarron Bend wind farm located in Clark County, Kansas. The extension of the park will increase its capacity to 599 MW from the current 400 MW, transforming it into the largest wind farm in Enel's North American portfolio. The construction of the expansion, which involves an investment of over 281 million US dollars, should be completed by the end of 2020. Once the expansion is completed, Cimarron Bend will produce a total of over 2.7 TWh per year, which is equivalent to avoiding the emission of 1.8 million tons of $CO_2$. The expansion project is supported by a PPA with the Evergy electrical services company and by a further PPA with an agency of the Missouri Public Utility Alliance, the Missouri Joint Municipal Electric Utility Commission.

[6] On the basis of exchange rates at May 26th, 2020.

**July 7th, 2020**: Enel announced that it has increased its stake in the Chilean subsidiary Enel Chile to 64.9% of the company's share capital, following the settlement of two share swap transactions entered into in December 2019 with a financial institution to acquire up to 3% of the share capital of Enel Chile.
Pursuant to those share swap transactions, Enel acquired: (i) 1,502,106,759 shares of Enel Chile common stock and (ii) 11,457,799 Enel Chile American Depositary Shares ("ADSs"), each representing 50 shares of Enel Chile common stock. The above mentioned securities represent, in the aggregate, 3% of Enel Chile's share capital.
The total price for the shares of Enel Chile common stock and ADSs amounts to about 174 million US dollars, equal to around 154 million euros,[7] and was funded through internal cash flow generation.

**More information on these events is available in the associated press releases published in the Enel website at the following address:** https://www.enel.com/media/explore/search-press-releases?

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## NOTES

*At 18:00 CET today, July 29th, 2020, a conference call will be held to present the results for the first half of 2020 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. Such schedules and the explanatory notes have been submitted to the external auditor for its assessment. A descriptive summary of the alternative performance indicators used in this press release 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.*

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## ACCOUNTING STANDARDS AND CHANGES IN SCOPE OF CONSOLIDATION

Unless otherwise specified, the balance sheet figures at June 30th, 2020 exclude assets and liabilities held for sale, mainly connected with a number of plants held for sale in the Enel Produzione business unit.

[7] On the basis of exchange rates at July 3rd, 2020.

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group.
With regard to operating segment disclosures, note that as of the reporting date of September 30th, 2019, and including the comparative figures, the Enel Group has modified its primary and secondary segments in accordance with the provisions of IFRS 8. Specifically, bearing in mind that in 2019, management, understood as the highest level of operational decision-making for the purpose of adopting decisions on the resources to be allocated to the sector and for measuring and assessing results, has begun to disclose its results to the market on the basis of business areas, the Enel Group has consequently adopted the following segment approach:

- primary sector: business area; and
- secondary sector: geographical area.

The business area is therefore the prime discriminant and is the predominant focus of the analyses performed and decisions taken by the management of the Enel Group. This is fully consistent with the internal reporting prepared for these purposes since the results are measured and evaluated primarily for each business area and only subsequently are broken down by country.
In addition, as from March 31st, 2020, in Latin America the data for large customers managed by the generation companies have been reallocated to the End-user markets business line.

In its Agenda Decision of 2019, IFRIC clarified the proper recognition of contracts entered into to buy or sell fixed-price non-financial items, accounted for at fair value through profit or loss under IFRS 9 and physically settled, including energy commodities.
On that basis, from 2019 the Group changed its accounting policy, modifying the classification of the effects of contracts for the purchase or sale of commodities measured at fair value through profit or loss, with no impact on the margins recognized.
The current treatment of such contracts for non-financial items that do not meet the requirements for the own use exemption envisages the recognition:

- under "revenues", of changes in fair value on outstanding sale contracts as well as, at the settlement date, of the associated revenues together with the effects in profit or loss of the derecognition of the assets/liabilities deriving from the fair value measurement of those contracts;
- under "costs", of changes in fair value on outstanding purchase contracts and, at the settlement date, of the associated purchase costs as well as the effects in profit or loss from derecognition of the assets/liabilities deriving from the fair value measurement of those contracts.

Accordingly, the figures for 2019 were also adjusted to take account, for comparative purposes only, of the impact of the clarification.

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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 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, amortization and impairment losses";

- **Ordinary EBITDA**: is calculated by excluding from EBITDA all items associated with non-recurring transactions such as acquisitions or disposals of companies (for example, capital gains and losses), with the exception of those registered in the renewable energy development sector under the “Build, Sell Operate” approach initiated in the fourth quarter of 2016, in which the proceeds of disposals of projects represent the result of ordinary activities for the Group. As a result of the COVID-19 outbreak, as from the first half of 2020 extraordinary items also include costs incurred in responding to the COVID-19 outbreak (such as, for example, for the sanitization of workplaces, personal protective equipment and donations).
- **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”;
  - net of “Cash and cash equivalents”;
  - net of “Current portion of long-term financial receivables”, “Factoring receivables”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”;
  - net of “Securities” and “Other financial receivables” included in “Other non-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 net financial position excluding financial receivables and long-term securities.
- **Net capital employed**: calculated as the algebraic sum of "Net non-current assets",[8] "Net current assets"[9] and "Provisions for risks and charges”, “Deferred tax liabilities”, “Deferred tax assets” and “Net assets held for sale";[10]
- **Group net ordinary income**: defined as that part of “Group net income” generated from ordinary business operations. It is equal to “Group net income” excluding all non-recurring transactions discussed under “Ordinary EBITDA”, significant impairment losses and reversals of such losses recognized on assets (including equity-accounted investments and financial assets) following impairment testing as well as the associated tax effects and non-controlling interests.

[8] Determined as the difference between “Non-current assets” and “Non-current liabilities” with the exception of: 1) “Deferred tax assets”; 2) “Securities”, “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”.

[9] 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”, “Cash collateral” and “Other short-term 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”.

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

# Consolidated Income Statement

| Millions of euro | | 1st Half | | | |
|---|---|---|---|---|---|
| | | 2020 | | 2019 | |
| | | | of which with related parties | | of which with related parties |
| **Revenue** | | | | | |
| Revenues from sales and services (1) | | 32,520 | *1,933* | 39,492 | *2,477* |
| Other income | | 855 | *6* | 1,475 | *5* |
| | [Subtotal] | **33,375** | | **40,967** | |
| **Costs** | | | | | |
| Electricity, gas and fuel purchases (1) | | 13,769 | *2,306* | 20,388 | *4,093* |
| Services and other materials (1) | | 8,332 | *1,308* | 8,849 | *1,512* |
| Personnel | | 1,855 | | 2,338 | |
| Net Impairment/(Reversals) of trade receivables and other receivables | | 637 | | 347 | |
| Depreciation, amortization and other impairment losses | | 3,465 | | 3,347 | |
| Other operating expenses | | 1,089 | *109* | 1,315 | *138* |
| Capitalized costs | | (916) | | (1,018) | |
| | [Subtotal] | **28,231** | | **35,566** | |
| **Net income/(expenses) from commodity risk management (1)** | | **(601)** | *(1)* | **(188)** | *12* |
| **Operating income** | | **4,543** | | **5,213** | |
| Financial income from derivatives | | 937 | | 595 | |
| Other financial income | | 928 | *31* | 847 | *49* |
| Financial expense from derivatives | | 759 | | 665 | |
| Other financial expense | | 2,255 | *29* | 2,103 | *15* |
| Net income/(expense) from hyperinflation | | 30 | | 85 | |
| Share of income/(losses) of equity investments accounted for using the equity method | | 13 | | (85) | |
| **Income before taxes** | | **3,437** | | **3,887** | |
| Income taxes | | 1,034 | | 994 | |
| **Net income from continuing operations** | | **2,403** | | **2,893** | |
| **Net income from discontinued operations** | | **-** | | **-** | |
| **Net income for the period (shareholders of the Parent Company and non-controlling interests)** | | **2,403** | | **2,893** | |
| Attributable to shareholders of the Parent Company | | 1,947 | | 2,215 | |
| Attributable to non-controlling interests | | 456 | | 678 | |
| *Basic earnings per share (euro) attributable to ordinary shareholders of the Parent Company* | | *0.19* | | *0.22* | |
| *Diluted earnings per share (euro) attributable to ordinary shareholders of the Parent Company* | | *0.19* | | *0.22* | |
| *Basic earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company* | | *0.19* | | *0.22* | |
| *Diluted earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company* | | *0.19* | | *0.22* | |

(1) The first half 2019 figures have been represented to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss.

# Statement of Consolidated Comprehensive Income

| Millions of euro | 1st Half | |
|---|---|---|
| | **2020** | 2019 |
| **Net income for the period** | **2,403** | **2,893** |
| **Other comprehensive income recyclable to profit or loss (net of taxes):** | | |
| Effective portion of change in the fair value of cash flow hedges | 811 | 26 |
| Change in fair value of hedging costs | (154) | 10 |
| Share of the other comprehensive income of equity investments accounted for using the equity method | (2) | (34) |
| Change in the fair value of financial assets at FVOCI | - | 6 |
| Change in translation reserve | (3,319) | 352 |
| **Other comprehensive income not recyclable to profit or loss (net of taxes):** | | |
| Remeasurement of net liabilities (assets) for employee benefits | 33 | (176) |
| Change in fair value of equity investments in other entities | (1) | - |
| **Total other comprehensive income (loss) for the period** | **(2,632)** | **184** |
| **Total comprehensive income (loss) for the period** | **(229)** | **3,077** |
| **Attributable to:** | | |
| - shareholders of the Parent Company | 544 | 2,259 |
| - non-controlling interests | (773) | 818 |

# Consolidated Balance Sheet

Millions of euro

| ASSETS | | at Jun. 30, 2020 | | at Dec. 31, 2019 | |
|---|---|---|---|---|---|
| | | | *of which with related parties* | | *of which with related parties* |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 78,418 | | 79,809 | |
| Investment property | | 108 | | 112 | |
| Intangible assets | | 17,265 | | 19,089 | |
| Goodwill | | 14,115 | | 14,241 | |
| Deferred tax assets | | 8,789 | | 9,112 | |
| Equity investments accounted for using the equity method | | 1,732 | | 1,682 | |
| Derivatives | | 2,877 | *27* | 1,383 | *15* |
| Non current contract assets | | 401 | | 487 | |
| Other non-current financial assets | | 5,376 | | 6,006 | |
| Other non-current assets | | 2,642 | | 2,701 | |
| | [Total] | **131,723** | | **134,622** | |
| **Current assets** | | | | | |
| Inventories | | 2,629 | | 2,531 | |
| Trade receivables | | 11,308 | *927* | 13,083 | *896* |
| Current contract assets | | 173 | | 166 | |
| Tax receivables | | 1,040 | | 409 | |
| Derivatives | | 6,059 | *3* | 4,065 | *8* |
| Other current financial assets | | 4,328 | *49* | 4,305 | *27* |
| Other current assets | | 3,890 | *203* | 3,115 | *183* |
| Cash and cash equivalents | | 5,840 | | 9,029 | |
| | [Total] | **35,267** | | **36,703** | |
| **Assets classified as held for sale** | | **5** | | **101** | |
| **TOTAL ASSETS** | | **166,995** | | **171,426** | |

Millions of euro

| LIABILITIES AND SHAREHOLDERS' EQUITY | | at Jun. 30, 2020 | | at Dec. 31, 2019 | |
|---|---|---|---|---|---|
| | | | *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 | |
| Treasury share reserve | | (1) | | (1) | |
| Other reserves | | (250) | | 1,130 | |
| Retained earnings (losses carried forward) | | 19,264 | | 19,081 | |
| | [Total] | **29,180** | | **30,377** | |
| **Non-controlling interests** | | **14,188** | | **16,561** | |
| **Total shareholders' equity** | | **43,368** | | **46,938** | |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | | 53,623 | *670* | 54,174 | *715* |
| Employee benefits | | 2,780 | | 3,771 | |
| Provisions for risks and charges – non current portion | | 4,981 | | 5,324 | |
| Deferred tax liabilities | | 8,160 | | 8,314 | |
| Derivatives | | 2,958 | | 2,407 | |
| Non current contract liabilities | | 6,257 | *181* | 6,301 | *151* |
| Other non-current liabilities | | 3,419 | | 3,706 | |
| | [Total] | **82,178** | | **83,997** | |
| **Current liabilities** | | | | | |
| Short-term borrowings | | 7,196 | | 3,917 | |
| Current portion of long-term borrowings | | 2,738 | *89* | 3,409 | *89* |
| Provisions for risks and charges – current portion | | 1,084 | | 1,196 | |
| Trade payables | | 9,348 | *2,730* | 12,960 | *2,291* |
| Income tax payable | | 997 | | 209 | |
| Derivatives | | 5,381 | *5* | 3,554 | *8* |
| Current contract liabilities | | 1,249 | *46* | 1,328 | *39* |
| Other current financial liabilities | | 750 | | 754 | |
| Other current liabilities | | 12,704 | *32* | 13,161 | *30* |
| | [Total] | **41,447** | | **40,488** | |
| **Liabilities included in disposal groups classified as held for sale** | | **2** | | **3** | |
| **Total liabilities** | | **123,627** | | **124,488** | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **166,995** | | **171,426** | |

# Consolidated Statement of Cash Flows

| Millions of euro | 1st Half | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | | *of which with related parties* | | *of which with related parties* |
| **Income before taxes for the period** | **3,437** | | **3,887** | |
| **Adjustments for:** | | | | |
| Net impairment losses /(reversals) trade receivables and other receivables | 637 | | 347 | |
| Depreciation, amortization and other impairment losses | 3,465 | | 3,347 | |
| Financial (income)/expense | 1,119 | | 1,241 | |
| Net income of equity investments accounted for using the equity method | (13) | | 85 | |
| Changes in net working capital: | (3,831) | | (2,229) | |
| *- Inventories* | (196) | | (242) | |
| *- Trade receivables* | 660 | *(31)* | (251) | *91* |
| *- Trade payables* | (3,142) | *439* | (2,605) | *145* |
| *- Other contract assets* [1] | (7) | | (95) | |
| *- Other contract liabilities* [1] | (118) | | (1) | |
| *- Other assets/liabilities* | (1,028) | *(13)* | 965 | *(94)* |
| Accruals to provisions | (199) | | 398 | |
| Utilization of provisions | (515) | | (625) | |
| Interest income and other financial income collected | 810 | *31* | 684 | *49* |
| Interest expense and other financial expense paid | (1,859) | *(29)* | (1,767) | *(15)* |
| Net (Income)/expense from measurement of commodities | (122) | | 55 | |
| Income taxes paid | (891) | | (589) | |
| Capital (Gains)/Losses | 4 | | (215) | |
| **Cash flows from operating activities (a)** | **2,042** | | **4,619** | |
| Investments in property, plant and equipment | (3,466) | | (3,503) | |
| Investments in intangible assets | (361) | | (461) | |
| Investments in non-current contract assets | (310) | | (207) | |
| Investments in entities (or business units) less cash and cash equivalents acquired | (7) | | (249) | |
| Disposals of entities (or business units) less cash and cash equivalents sold | 88 | | 454 | |
| (Increase)/Decrease in other investing activities | (63) | | (46) | |
| **Cash flows from investing/disinvesting activities (b)** | **(4,119)** | | **(4,012)** | |
| Financial debt (new long-term borrowing) | 1,884 | | 3,824 | |
| Repayments of financial debt [1] | (1,941) | | (2,917) | |
| Other changes in net financial debt [1] | 2,953 | *(45)* | 165 | *(45)* |
| Receipts from disposal of equity investments without loss of control [1] | 0 | | 0 | |
| Payments for acquisitions of equity investments without change of control and other transactions with non-controlling interests [1] | (973) | | (449) | |
| Transaction costs from disposal of equity investments without loss of control | 0 | | 0 | |
| Sale/(Purchase) treasury shares | 0 | | 0 | |
| Dividends and interim dividends paid | (2,629) | | (2,174) | |
| **Cash flows from financing activities (c)** | **(706)** | | **(1,551)** | |
| **Impact of exchange rate fluctuations on cash and cash equivalents (d)** | **(374)** | | **31** | |
| **Increase/(Decrease) in cash and cash equivalents (a+b+c+d)** | **(3,157)** | | **(913)** | |
| Cash and cash equivalents at the beginning of the year [2] | 9,080 | | 6,714 | |
| Cash and cash equivalents at the end of the year [3] | 5,923 | | 5,801 | |

(1) For a better presentation, these items have been further detailed and in order to ensure the homogeneity and comparability of the data with the previous year, the data referred to 2019 have been reclassified.
(2) Of which cash and cash equivalents equal to €9,029 million at January 1, 2020 (€6,630 million at January 1, 2019), short-term securities equal to €51 million at January 1, 2020 (€63 million at January 1, 2019) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €21 million at January 1, 2019.
(3) Of which cash and cash equivalents equal to €5,840 million at June 30, 2020 (€5,747 million at June 30, 2019), short-term securities equal to €83 million at June 30 2020 (€54 million at June 30, 2019).