

Media Relations  
Ph. +39 06 83055699  
Fax +39 06 83053771  
e-mail: ufficiostampa@enel.it

Investor Relations  
Ph. +39 06 83057008  
Fax +39 06 83053771  
e-mail: investor.relations@enel.it  
[www.enel.it](http://www.enel.it)

## Enel Board approves results to 30 September 2004

### First nine months 2004:

**Revenues 25,984 million euro, + 11.6%**  
**Net profit 2,540 million euro, +31.5%**

**Rome, 11 November 2004** – The Board of Directors of Enel SpA, chaired by Piero Gnudi, today approved the results for the third quarter and first nine months of 2004.

#### Key consolidated figures for the first nine months of 2004 (euro millions)

	First nine months 2004	First nine months 2003	Change
Revenues	25,984	23,293	+11.6%
Ebitda (gross operating margin)	7,498	7,564	-0.9%
Ebit (operating income)	4,118	3,876	+6.2%
Net profit	2,540	1,932	+31.5%
Net financial debt	21,981*	24,174**	-9.1%

\* on 30 Sept. 2004, \*\*on 31 Dec. 2003

#### Key events

- Successful conclusion of public placement of a third tranche of Enel shares
- Dividend to be paid of 0.33 euro/share linked to Terna IPO and distributed on 25 November 2004
- Acquisition of four gas companies in Campania and Calabria for a total of 70,000 customers
- Enel admitted into the Dow Jones Sustainability Index for excellence in corporate social responsibility
- Moody's raises Enel's rating outlook from negative to stable

**Paolo Scaroni**, Enel's chief executive, said: "The positive performance over the first nine months confirms forecasts that full-year 2004 consolidated net profit will show an increase on 2003."

## Consolidated results for the first nine months of 2004

The launch of the Wholesale Power Pool on 1 April 2004 and the full operation of the Single Buyer (Acquirente Unico), which acts as a third party in commercial transactions between the Group's generation and distribution companies, resulted in an increase in consolidated revenues and a corresponding increase in operating costs of approximately 3,500 million euro. This explains why the increase in revenues over the first nine months of 2004, compared with the same period a year earlier, is not reflected in Ebitda.

Until 31 March 2004, electricity destined for the free market was directly sold by the Group's generating companies to its distribution companies and related revenues were neutral at the consolidated level. Starting from 1 April 2004, distribution companies acquire their electricity exclusively from the Single Buyer, while generation companies sell to the Wholesale Power Pool and the Single Buyer.

**Revenues** for the first nine months of 2004 amounted to 25,984 million euro, an increase of 11.6% compared with the same period in 2003 (23,293 million euro). Net of the above mentioned "Single Buyer effect", revenues would be 809 million euro lower than the first nine months of 2003 (-3.5%).

Revenues from the **core energy business** (electricity activities and gas sales to final customers) amounted to 19,619 million euro, an increase of 3,733 million euro compared with the first nine months of 2003 (+23.5%) and are also slightly higher net of the "Single Buyer effect". Gas sales to final customers accounted for 947 million euro (+15.2%). Revenues from **Telecommunications services** totaled 3,121 million euro (+6.3%). **Terna** revenues amounted to 787 million euro (+22.4%).

**Other revenues** totaled 2,457 million euro, a decrease of 1,370 million euro compared with the first nine months of 2003 (-35.8%). This decrease was due to the recovery in the third quarter of 2003 of the 410 million euro hydro penalty paid in 2002, a decrease in revenues from fuel trading of 564 million euro, and a decrease in revenues from Engineering and Construction activities of 355 million euro due to the progressive completion of foreign works.

**Ebitda** (gross operating margin), which totaled 7,498 million euro, was substantially in line with that of the corresponding period in 2003 (7,564 million euro, -0.9%) even though the third quarter of 2003 benefited from the reimbursement of the 2002 hydro penalty (410 million euro). Moreover, the application, from 1 January 2004, of equalization mechanisms to distribution margins eliminated seasonality effects. In the third quarter of 2003, the seasonality effects resulted in an increase in margins of approximately 400 million euro. This difference will be reabsorbed in the fourth quarter.

**Core business** ebitda totaled 5,509 million euro, a decrease of 6.2% compared with the same period a year earlier. The **Generation and Energy Management** division posted Ebitda of 2,826 million euro (+1%), with international activities accounting for 177 million euro (+12.7%). The **Sales, Infrastructure and Networks** division posted Ebitda of 2,683 million euro (-12.9%). In electricity, Ebitda amounted to 2,504 million euro (-14.1%): excluding the effects of the above mentioned equalization mechanisms, it would be in line with the first nine months of 2003. For gas sold to final customers, Ebitda totaled 179 million euro (+8.5%). Ebitda from **Telecommunications services** climbed to 1,171 million euro, an increase of 50.7% compared with the first nine months of 2003. Excluding non-recurring items related to the turnover contribution, the division's Ebitda grew 25.7% mostly due to the excellent performance in mobile telephony. **Terna** Ebitda was 538 million euro (+25.4%).

**Ebit** (operating income) was 4,118 million euro, an increase of 6.2% from 3,876 million euro in the corresponding period of 2003, boosted by a 308 million euro decrease in amortization and provisions. In particular, amortization for the electricity transmission and distribution networks in Italy was reduced by 471 million euro following the redefinition of their useful economic life in line with international standards. This was partly offset by depreciation in the telecommunications division, which was 83 million euro higher.

**Net profit before extraordinary and non-recurring items** totaled 1,620 million euro, an increase of 280 million euro (+20.9%) compared with the first nine months of 2003.

**Group net profit** for the period amounted to 2,540 million euro, compared with 1,932 million euro for the same period in 2003 (+31.5%), mostly due to a greater contribution from extraordinary items which totaled 826 million euro in the first nine months of the year compared with 206 million euro for the same period in 2003. This stemmed mainly from capital gains resulting from the placement of 50% of Terna's share capital and the sale of NewReal.

**The consolidated balance sheet** on 30 September 2004 registered total net assets of 20,756 million euro (21,315 million euro at end 2003) and net financial debt of 21,981 million euro (24,174 million euro at end 2003).

**Capital expenditure** for the period was 2,414 million euro (-6.8%).

The **headcount** at the end of September 2004 stood at 62,700, a decrease of 2,070 from 31 December 2003. Changes to the area of consolidation (sale of Aimeri and NewReal, acquisition of Sicilmetano and Ottogas) resulted in a reduction of 832 employees, while the balance of layoffs and new hires brought a reduction of 1,238.

## Consolidated third quarter 2004 results

### Key consolidated figures for the third quarter 2004 (euro millions)

	Third quarter 2004	Third quarter 2003	Change
Revenues	9,036	7,872	+14.8%
Ebitda (gross operating margin)	2,149	2,879	-25.4%
Ebit (operating income)	1,071	1,645	-34.9%
Net profit	493	732	-32.7%

**Revenues** for the third quarter 2004 amounted to 9,036 million euro, an increase of 14.8% mainly due to the already mentioned "Single Buyer effect" (1,900 million euro).

**Core business** revenues totaled 7,154 million euro (+37.3%) and, net of the "Single Buyer effect", would be in line with those of the third quarter 2003. Gas sales to final customers totaled 167 million euro (+27.5%), continuing the positive growth trend.

Revenues from **Telecommunications services** division were 1,063 million euro (+5.7%). **Terna** revenues were 268 million euro (+38.9%).

**Other revenues** decreased by 911 million euro. Of this, 410 million euro stemmed from the recovery in the third quarter of 2003 of sums paid for the hydro penalty in 2002, a further 214 million euro from decreased fuel trading activities and 200 million euro from lower Engineering and Construction revenues due to the progressive completion of foreign works.

**Ebitda** totaled 2,149 million euro (-25.4% compared with the third quarter 2003). The decline was essentially due to the recovery in the third quarter of 2003 of the 2002 hydro penalty (410 million euro). Moreover, the application, from 1 January 2004, of equalization mechanisms to distribution margins eliminated seasonality effects. In the third quarter of 2003, the seasonality effects resulted in an increase in margins of approximately 400 million euro. This difference will be reabsorbed in the fourth quarter.

**Ebit** amounted to 1,071 million euro (-34.9% compared with third quarter 2003).

**Net profit, excluding minorities**, was 493 million euro (-32.7% compared with the third quarter 2003).

At 5.30 PM (Italian time) Enel will hold a conference call to illustrate the results of the third quarter and the first nine months of 2004 to financial analysts and institutional investors. Journalists will also be able to listen in to the call. Documents relating to the conference call will be available at [www.enel.it](http://www.enel.it), in the Investor relations sections from the beginning of the conference call.

The reclassified consolidated income statement and balance sheet follow, as well as the tables of results or the main areas of activity. The latter do not reflect intra-group eliminations and Enel SpA results.

### **Generation and Energy Management Division**

Results (euro millions):

	First nine months 2004	First nine months 2003	Change	Third quarter 2004	Third quarter 2003	Change
Revenues	8,996	9,395	- 4.2%	2,967	3,202	- 7.3%
Ebitda	2,826	2,797	1.0%	819	992	- 17.4%
Ebit	1,912	1,858	2.9%	513	683	- 24.9%
Capex	532	448	18.8%	156	162	- 3.7%

### **Sales, Infrastructure and Networks Division**

Results (euro millions):

	First nine months 2004	First nine months 2003	Change	Third quarter 2004	Third quarter 2003	Change
Revenues	14,687	15,148	- 3.0%	4,701	4,904	- 4.1%
Ebitda	2,683	3,079	- 12.9%	725	1,328	- 45.4%
Ebit	2,010	2,067	- 2.8%	495	996	- 50.3%
Capex	1,186	1,237	- 4.1%	428	416	2.9%

### **Transmission Networks Division (Terna)**

Results (euro millions):

	First nine months 2004	First nine months 2003	Change	Third quarter 2004	Third quarter 2003	Change
Revenues	787	643	22.4%	268	193	38.9%
Ebitda	538	429	25.4%	191	123	55.3%
Ebit	395	233	69.5%	143	58	146.6%
Capex	208	275	- 24.4%	71	102	- 30.4%

### Telecommunications Division (Wind)

Results (euro million):

	First nine months 2004	First nine months 2003	Change	Third quarter 2004	Third quarter 2003	Change
Revenues	3,533	3,244	8.9%	1,125	1,121	0.4%
Ebitda	1,171	777	50.7%	357	297	20.2%
Ebit	(316)	(574)	44.9%	(107)	(178)	39.9%
Capex	430	551	- 22.0%	200	203	- 1.5%

### Services and other activities Division

Results (euro millions):

	First nine months 2004	First nine months 2003	Change	Third quarter 2004	Third quarter 2003	Change
Revenues	1,340	1,891	- 29.1%	336	632	- 46.8%
Ebitda	208	345	- 39.7%	26	89	- 70.8%
Ebit	62	177	- 65.0%	2	43	- 95.3%
Capex	58	80	- 27.5%	12	24	- 50.0%

## Consolidated Income Statement

3 <sup>rd</sup> Quarter				In millions of euro	First nine months				
2004	2003	Change			2004	2003	Change		
				(%)					(%)
Revenues:									
6,987	5,080	1,907	37.5	- Electricity sales and Electricity Equalization Fund contributions	18,672	15,064	3,608	24.0	
1,063	1,006	57	5.7	- Telecommunication services	3,121	2,937	184	6.3	
167	131	36	27.5	- Sale of gas to end-users	947	822	125	15.2	
819	1,655	(836)	-50.5	- Other services, sales and revenues	3,244	4,470	(1,226)	-27.4	
<b>9,036</b>	<b>7,872</b>	<b>1,164</b>	<b>14.8</b>	<b>Total revenues</b>	<b>25,984</b>	<b>23,293</b>	<b>2,691</b>	<b>11.6</b>	
Operating costs:									
813	828	(15)	-1.8	- Personnel	2,459	2,572	(113)	-4.4	
1,006	1,263	(257)	-20.3	- Fuel consumed for thermal generation	2,605	3,175	(570)	-18.0	
3,302	831	2,471	297.4	- Electricity purchased	7,408	3,323	4,085	122.9	
329	350	(21)	-6.0	- Interconnections and roaming	1,002	1,037	(35)	-3.4	
977	870	107	12.3	- Services, leases and rentals	2,945	2,688	257	9.6	
235	456	(221)	-48.5	- Fuel for trading and gas for resale to end-users	1,286	1,774	(488)	-27.5	
316	448	(132)	-29.5	- Materials	963	1,203	(240)	-20.0	
166	205	(39)	-19.0	- Other costs	542	642	(100)	-15.6	
(257)	(258)	1	0.4	- Capitalized expenses	(724)	(685)	(39)	-5.7	
<b>6,887</b>	<b>4,993</b>	<b>1,894</b>	<b>37.9</b>	<b>Total operating costs</b>	<b>18,486</b>	<b>15,729</b>	<b>2,757</b>	<b>17.5</b>	
<b>2,149</b>	<b>2,879</b>	<b>(730)</b>	<b>-25.4</b>	<b>GROSS OPERATING MARGIN</b>	<b>7,498</b>	<b>7,564</b>	<b>(66)</b>	<b>-0.9</b>	
Depreciation, amortization and accruals:									
1,019	1,158	(139)	-12.0	- Depreciation and amortization	3,079	3,430	(351)	-10.2	
59	76	(17)	-22.4	- Accruals and write-downs	301	258	43	16.7	
<b>1,078</b>	<b>1,234</b>	<b>(156)</b>	<b>-12.6</b>	<b>Total depreciation, amortization and accruals</b>	<b>3,380</b>	<b>3,688</b>	<b>(308)</b>	<b>-8.4</b>	
<b>1,071</b>	<b>1,645</b>	<b>(574)</b>	<b>-34.9</b>	<b>OPERATING INCOME</b>	<b>4,118</b>	<b>3,876</b>	<b>242</b>	<b>6.2</b>	
(268)	(298)	30	10.1	- Net financial income (expense)	(834)	(866)	32	3.7	
(3)	(2)	(1)	-50.0	- Equity income (expense)	(19)	(6)	(13)	-216.7	
<b>800</b>	<b>1,345</b>	<b>(545)</b>	<b>-40.5</b>	<b>INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES</b>	<b>3,265</b>	<b>3,004</b>	<b>261</b>	<b>8.7</b>	
94	(48)	142	295.8	- Extraordinary items	826	206	620	301.0	
<b>894</b>	<b>1,297</b>	<b>(403)</b>	<b>-31.1</b>	<b>INCOME BEFORE TAXES</b>	<b>4,091</b>	<b>3,210</b>	<b>881</b>	<b>27.4</b>	
358	567	(209)	-36.9	- Income taxes	1,456	1,361	95	7.0	
<b>536</b>	<b>730</b>	<b>(194)</b>	<b>-26.6</b>	<b>INCOME BEFORE MINORITY INTERESTS</b>	<b>2,635</b>	<b>1,849</b>	<b>786</b>	<b>42.5</b>	
(43)	2	(45)	-	- Minority interests	(95)	83	(178)	-	
<b>493</b>	<b>732</b>	<b>(239)</b>	<b>-32.7</b>	<b>GROUP NET INCOME</b>	<b>2,540</b>	<b>1,932</b>	<b>608</b>	<b>31.5</b>	

## Consolidated Balance Sheet

In millions of euro

	at Sept. 30, 2004	at June 30, 2004	Change	at Dec. 31, 2003
Net fixed assets:				
- Tangible and intangible	48,832	50,215	(1,383)	50,731
- Financial	470	480	(10)	531
<b>Total</b>	<b>49,302</b>	<b>50,695</b>	<b>(1,393)</b>	<b>51,262</b>
Net current assets:				
- Trade receivables	7,884	8,150	(266)	6,991
- Inventories	4,540	4,404	136	4,211
- Other assets and net receivables from Electricity Equalization Fund	1,389	991	398	986
- Net tax receivables (payables)	844	513	331	(780)
- Trade payables	(6,140)	(6,280)	140	(5,835)
- Other liabilities	(10,271)	(7,754)	(2,517)	(7,627)
<b>Total</b>	<b>(1,754)</b>	<b>24</b>	<b>(1,778)</b>	<b>(2,054)</b>
<b>Gross capital employed</b>	<b>47,548</b>	<b>50,719</b>	<b>(3,171)</b>	<b>49,208</b>
Provisions:				
- Employee termination indemnity	(1,210)	(1,194)	(16)	(1,298)
- Retirement benefits	(457)	(457)	-	(462)
- Net deferred taxes	(1,917)	(1,578)	(339)	(476)
- Other provisions	(1,227)	(1,200)	(27)	(1,483)
<b>Total</b>	<b>(4,811)</b>	<b>(4,429)</b>	<b>(382)</b>	<b>(3,719)</b>
<b>Net capital employed</b>	<b>42,737</b>	<b>46,290</b>	<b>(3,553)</b>	<b>45,489</b>
Group Shareholders' Equity	19,653	21,165	(1,512)	21,124
Minority interests	1,103	1,095	8	191
<b>Total Shareholders' Equity</b>	<b>20,756</b>	<b>22,260</b>	<b>(1,504)</b>	<b>21,315</b>
<b>Net financial debt</b>	<b>21,981</b>	<b>24,030</b>	<b>(2,049)</b>	<b>24,174</b>
<b>TOTAL</b>	<b>42,737</b>	<b>46,290</b>	<b>(3,553)</b>	<b>45,489</b>