

**ENEL BOARD APPROVES FIRST HALF 2003 RESULTS**

**ALL TARGETS MET OR EXCEEDED**

**REVENUES +4.3% TO 15,421 MILLION EURO**

**EBITDA + 26.1% TO 4,685 MILLION EURO**

**EBIT + 62.3% TO 2,231 MILLION EURO**

**NET INCOME 1,200 MILLION EURO**

**NET INCOME EXCLUDING EXTRAORDINARY ITEMS**

**UP 140% TO 859 MILLION EURO**

**Rome, September 10, 2003** – The Board of Directors of Enel, under the chairmanship of Piero Gnudi, today approved the results for the first half of 2003.

**GROUP FINANCIAL RESULTS:**

- Net revenues: 15,421 million euro (Pro-forma 2002: 14,789 million euro), + 4.3%
- Ebitda: 4,685 million euro (Pro-forma 2002: 3,715 million euro), + 26.1%
- Ebit: 2,231 million euro (Pro-forma 2002: 1,375 million euro), + 62.3%
- Net income: 1,200 million euro (Pro-forma 2002: 1,386 million euro)
- Ordinary income (net income excluding extraordinary items, net of taxes) 859 million euro, +140% (Pro-forma 2002: 357 million euro)
- Net financial debt: 24,584 million euro (31 December 2002: 24,467 million euro)

**HIGHLIGHTS:**

- All financial and operational targets met or exceeded
- Decree on stranded costs and hydro penalty became law. Hydro penalty abolished as of January 1, 2002. Reimbursement of stranded costs on plant until 31 December, 2003, and on Nigerian LNG until 2009, with implementation decree pending.

- Marzano draft law approved by the Chamber of Deputies. Approval by Senate will significantly reduce areas of uncertainty in Enel's future: distribution concessions confirmed, transmission grid ownership limit of 20% by July 2007, tariff guidelines.
- Conversions to combined cycle and low cost fuels on track.
- Agreement for the acquisition of a majority stake in Union Fenosa's renewable energy activities.
- Acquisition from British Gas of a 50% stake in the company that will build and manage the collection, stocking and re-gasification plant at Brindisi. The plant will have a capacity of 8 billion cubic metres a year.
- Wind licensing agreement with NTT DoCoMo for the exclusive marketing of its i-mode services in Italy. These permit the transfer of Internet services and content to mobile phones.
- Enel Board approves the re-activation of 1,200 megawatts by June 2004. This will serve to meet "super peak" demand.

Enel's chief executive **Paolo Scaroni** said: *"I am pleased with the positive results of the first six months and expect this strong performance to continue into the second half. One year after the announcement of our strategy we are delivering on or ahead of all our targets and are creating the basis for future growth"*.

### **Group results in summary**

*First half 2002 data is pro-forma, excluding Eurogen and Interpower, which were sold in May 2002 and January 2003, respectively, to allow like-for-like comparison with the first half of 2003.*

**Demand for electricity** in Italy grew by 2.8% compared with the first six months of 2002, climbing from 155.1 billion kilowatt hours to 159.4 billion kilowatt hours. **Net production** was 66.1 billion kilowatt hours, an increase of 1.3% compared with the first six months of 2002 on a like-for-like basis, excluding net production from Eurogen and Interpower. In the first half of 2003, there were efficiency gains and higher margins compared with the year earlier. **Energy transported** on Enel's distribution network amounted to 121.8 billion kilowatt hours (+1.7%). **Enel sales**, wholesale, on the regulated and free markets were 86 billion kilowatt hours (-11.8%). The decline was primarily the result of greater competition and reduced acquisitions of power from abroad, plus CIP6 on the free market. On the regulated market, the obligatory disposal of metropolitan networks has been completed.

**Revenues** in the first half of 2003 totaled 15,421 million euro, an increase of 4.3%, compared with 14,789 million euro in the first half of 2002.

**Ebitda** (gross operating margin) rose 26.1% to 4,685 million euro (3,715 million euro in the first half of 2002).

**Ebit** (operating income) came to 2,231 million euro, an increase of 62.3% compared with the first half of 2002.

**Net extraordinary income** totaled 254 million euro and includes the 359 million euro capital gain from the disposal of Interpower. In the first half of 2002, these items totaled 608 million euro and included the 2,340 million euro capital gain on the sale of Eurogen and the 1,511 million euro write-down of Wind.

**Net income** in the first half of 2003 was 1,200 million euro, compared with 1,386 million euro in the corresponding period in 2002. The 186 million euro reduction was influenced by a higher fiscal burden (66 million euro in the first half of 2002 against 794 million euro in the first half of 2003). Taxation in 2002 benefited from higher capital gains which are taxed at a reduced level, as well as incentives on capital expenditure made before December 31, 2002, under the Tremonti-bis law.

**Net income excluding extraordinary items** increased by 140% to 859 million euro in the first half of 2003 from 357 million euro in the first half of 2002.

**The balance sheet** registers total shareholders' equity of 19,932 million euro (20,842 million euro on December 31, 2002), net of 2,183 million euro in dividends which were distributed in June. Net financial debt was 24,584 million euro, in line with the 24,467 million euro at the end of 2002. The debt to equity ratio on June 30, 2003, was 1.23 (1.17 on December 31, 2002).

**Operating cash flow** increased by 923 million euro, from 2,093 million euro in the first half of 2002 to 3,016 million euro.

**Capital expenditure** in the first half totaled 1,684 million euro, a decrease of 549 million euro compared with the first half of 2002. This was due to the progressive completion of the telecommunications network, investment cuts in non-core areas and the ongoing conversion of power plants to combined cycle gas turbine technology.

**Headcount** at the end of June, 2003, totaled 67,628, a decrease of 3,576 from the end of 2002. The disposal of Interpower and de-consolidation of Cesi resulted in a reduction of 1,894 employees, while other headcount reductions, net of new hires, came to 1,682.

## Results by Division

### Generation and Energy management

**Revenues** rose to 6,193 million euro (+16.1%) mainly because of increased power generation and the higher tariff component linked to fuel prices, as well as the sale of gas to the Sales division. **Ebitda** increased to 1,805 million euro (+38.4%) and the **operating income** was 1,175 million euro (+68.6%) benefiting from higher volumes and margins on hydro-geothermal production and the abolition of the hydro penalty, which in the first half of 2002 was 174 million euro.

### Networks and Sales

The division's **revenues** for the period were 10,244 million euro (+1.7%). A slight fall in the power sector (-2.3%) was more than offset by revenues in the gas sector which more than doubled, climbing from 351 million euro in the first half of 2002 to 744 million euro in the first half of 2003. **Ebitda** rose to 1,751 million euro (+2.4%) and **operating income** rose to 1,071 million euro (+2.7%).

### Terna

**Revenues** in the first half of 2003 were 430 million euro (+4.1%). **Ebitda** was 295 million euro (+7.3%) and the **operating income** was 168 million euro (+12%).

### Wind

**Revenues** in the first half of 2003 reached 2,123 million euro (+12.5%). **Ebitda** doubled to 480 million euro (+106.9%) on higher mobile sales and offsetting declines in fixed line and Internet sales in Italy, cost containment. **Operating income**, which includes goodwill amortization of 223 million euro, improved by 140 million euro compared with the first half of 2002 (-396 million euro compared with -536 million euro).

### Services and other activities

The **revenues** for this business area, at 1,279 million euro, were in line with the first half of 2002. **Ebitda** rose markedly to 267 million euro (+79.2%) and the **operating income** was 141 million euro, compared with a negative 12 million euro in the first half of 2002.

Enelpower posted first half **revenues** of 757 million euro (+4.3%). **Ebitda** improved from a negative 23 million euro in the first half of 2002 to a positive 90 million euro (+113 million euro). The **operating income** rose by 156 million euro to 74 million euro (-82 million euro in the first half of 2002).

### **Parent company results**

The parent company's financial results reflect its nearly completed transformation from an integrated electricity company to an industrial holding company.

**Revenues** for first half 2003 were 540 million euro (1,029 million euro in the first half of 2002). **Ebitda** was 120 million euro (85 million euro in the first half of 2002) due mainly to higher margins on the sale of imported power and the reduction of service costs. **Operating income** came to 105 million euro, an increase of 32 million euro from the first half of 2002.

**Equity income**, net of write-downs, was 1,410 million euro. **Net financial expense** stood at 111 million euro. **Net extraordinary income** was 407 million euro due mainly to the capital gain from the disposal of Interpower.

**Net income** for the period was 1,244 million euro compared with 11 million euro in the first half of 2002. Last year's results included the write-down of holdings in the telecommunications sector.

**Net financial debt** stood at 6,435 million euro at the end of the period (5,766 million euro at the end of 2002).

**Shareholders' Equity** stood at 12,634 million euro on June 30, 2003 (13,573 million euro on December 31, 2002).

*At 2:00 PM CET, at the Enel auditorium (viale Regina Margherita 125, Rome), there will be a presentation to financial analysts and investors of the results of the 2003 half year and of progress made on the 2003-2007 industrial plan. This will be followed by a press conference at 4:15PM CET.. The event will also be webcast live at [www.enel.it](http://www.enel.it).*

*Support documentation will be available on Enel's website in the Investor Relations area.*

*Income Statement and Balance Sheet for the Enel Group and for the parent company Enel S.p.A are attached below and have been submitted to the Board of Statutory Auditors and to the Independent Auditors for their evaluation.*

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## Consolidated Income Statement

In millions of euro	1st Half							
	2003		2002 restated		Change		1st Half 2002	
		(%)		(%)		(%)		(%)
<b>Revenues:</b>								
- Electricity and Electricity Equalization Fund contributions	9,984	64.7	10,107	68.3	(123)	(1.2)	10,140	70.4
- Telecommunication services	1,931	12.5	1,759	11.9	172	9.8	1,759	12.2
- Sales of gas to end users	691	4.5	342	2.3	349	102.0	342	2.4
- Other services, sales and other revenues	2,815	18.3	2,581	17.5	234	9.1	2,163	15.0
<b>Total revenues</b>	<b>15,421</b>	<b>100.0</b>	<b>14,789</b>	<b>100.0</b>	<b>632</b>	<b>4.3</b>	<b>14,404</b>	<b>100.0</b>
<b>Operating costs:</b>								
- Personnel	1,744	11.3	1,721	11.6	23	1.3	1,784	12.4
- Fuel consumption for thermal generation	1,912	12.4	1,909	12.9	3	0.2	2,298	16.0
- Electricity purchased	2,492	16.2	2,843	19.2	(351)	(12.3)	2,188	15.2
- Interconnections and roaming	687	4.5	717	4.9	(30)	(4.2)	717	5.0
- Services, leases and rentals	1,818	11.8	1,986	13.4	(168)	(8.5)	2,048	14.2
- Fuel for trading and gas for resale to end users	1,318	8.5	1,238	8.4	80	6.5	853	5.9
- Materials	755	4.9	820	5.6	(65)	(7.9)	791	5.5
- Other costs	437	2.8	324	2.2	113	34.9	347	2.4
- Capitalized expenses	(427)	(2.8)	(484)	(3.3)	57	11.8	(491)	(3.4)
<b>Total operating costs</b>	<b>10,736</b>	<b>69.6</b>	<b>11,074</b>	<b>74.9</b>	<b>(338)</b>	<b>(3.1)</b>	<b>10,535</b>	<b>73.2</b>
<b>GROSS OPERATING MARGIN</b>	<b>4,685</b>	<b>30.4</b>	<b>3,715</b>	<b>25.1</b>	<b>970</b>	<b>26.1</b>	<b>3,869</b>	<b>26.8</b>
<b>Depreciation, amortization and accruals:</b>								
- Depreciation and amortization	2,272	14.7	2,121	14.3	151	7.1	2,202	15.3
- Accruals and write-downs	182	1.2	219	1.5	(37)	(16.9)	219	1.5
<b>Total depreciation, amortization and accruals</b>	<b>2,454</b>	<b>15.9</b>	<b>2,340</b>	<b>15.8</b>	<b>114</b>	<b>4.9</b>	<b>2,421</b>	<b>16.8</b>
<b>OPERATING INCOME</b>	<b>2,231</b>	<b>14.5</b>	<b>1,375</b>	<b>9.3</b>	<b>856</b>	<b>62.3</b>	<b>1,448</b>	<b>10.0</b>
- Net financial income (expense)	(568)	(3.7)	(594)	(4.0)	26	4.4	(606)	(4.2)
- Equity income/(expense)	(4)		(21)	(0.1)	17	81.0	(21)	(0.1)
<b>INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES</b>	<b>1,659</b>	<b>10.8</b>	<b>760</b>	<b>5.2</b>	<b>899</b>	<b>118.3</b>	<b>821</b>	<b>5.7</b>
- Extraordinary items	254	1.6	608	4.1	(354)	(58.2)	544	3.7
<b>INCOME BEFORE TAXES</b>	<b>1,913</b>	<b>12.4</b>	<b>1,368</b>	<b>9.3</b>	<b>545</b>	<b>39.8</b>	<b>1,365</b>	<b>9.4</b>
- Income taxes	794	5.1	66	0.5	728		74	0.5
<b>INCOME BEFORE MINORITY INTERESTS</b>	<b>1,119</b>	<b>7.3</b>	<b>1,302</b>	<b>8.8</b>	<b>(183)</b>	<b>(14.1)</b>	<b>1,291</b>	<b>8.9</b>
- Minority interests	81	0.5	84	0.6	(3)	(3.6)	84	0.6
<b>GROUP NET INCOME</b>	<b>1,200</b>	<b>7.8</b>	<b>1,386</b>	<b>9.4</b>	<b>(186)</b>	<b>(13.4)</b>	<b>1,375</b>	<b>9.5</b>

## Consolidated Balance Sheet

In millions of euro

	at June 30, 2003	at Dec. 31, 2002	Change
Net fixed assets:			
- Tangible and intangible	49,432	50,562	(1,130)
- Financial	628	600	28
<b>Total</b>	<b>50,060</b>	<b>51,162</b>	<b>(1,102)</b>
Net current assets:			
- Trade receivables	6,687	7,124	(437)
- Inventories	3,627	3,266	361
- Other assets and net receivables from Electricity Equalization Fund	1,071	1,042	29
- Net tax receivables	799	669	130
- Trade payables	(5,351)	(6,726)	1,375
- Other liabilities	(7,102)	(6,615)	(487)
<b>Total</b>	<b>(269)</b>	<b>(1,240)</b>	<b>971</b>
<b>Gross capital employed</b>	<b>49,791</b>	<b>49,922</b>	<b>(131)</b>
Provisions:			
- Employee termination indemnity	(1,357)	(1,415)	58
- Retirement benefits	(470)	(472)	2
- Net deferred taxes	(2,215)	(1,435)	(780)
- Other provisions	(1,233)	(1,291)	58
<b>Total</b>	<b>(5,275)</b>	<b>(4,613)</b>	<b>(662)</b>
<b>Net capital employed</b>	<b>44,516</b>	<b>45,309</b>	<b>(793)</b>
Group Shareholders' Equity	19,783	20,772	(989)
Minority interests	149	70	79
<b>Total Shareholders' Equity</b>	<b>19,932</b>	<b>20,842</b>	<b>(910)</b>
<b>Net financial debt</b>	<b>24,584</b>	<b>24,467</b>	<b>117</b>
<b>TOTAL</b>	<b>44,516</b>	<b>45,309</b>	<b>(793)</b>



## ENEL SPA Income Statement

In millions of euro	1st Half		Change
	2003	2002	
<b>Revenues:</b>			
- Sales to Group companies	424	886	(462)
- Other revenues from Group companies	105	123	(18)
- Other revenues from third parties	11	20	(9)
<b>Total revenues</b>	<b>540</b>	<b>1,029</b>	<b>(489)</b>
<b>Operating costs:</b>			
- Personnel	34	29	5
- Fuel purchases	-	339	(339)
- Electricity purchased	306	459	(153)
- Services, leases and rentals	54	94	(40)
- Other costs	26	23	3
<b>Total operating costs</b>	<b>420</b>	<b>944</b>	<b>(524)</b>
<b>GROSS OPERATING MARGIN</b>	<b>120</b>	<b>85</b>	<b>35</b>
Depreciation, amortization and accruals	15	12	3
<b>OPERATING INCOME</b>	<b>105</b>	<b>73</b>	<b>32</b>
- Equity income/(expense)	1,410	(3,657)	5,067
- Net financial income (expense)	(111)	(130)	19
- Extraordinary items	407	2,933	(2,526)
<b>INCOME BEFORE TAXES</b>	<b>1,811</b>	<b>(781)</b>	<b>2,592</b>
Income taxes	567	(792)	1,359
<b>NET INCOME</b>	<b>1,244</b>	<b>11</b>	<b>1,233</b>

## ENEL SPA

### Balance Sheet

In millions of euro

	at June 30, 2003	at Dec. 31, 2002	Change
<b>Net fixed assets:</b>			
- Tangible and intangible	23	25	(2)
- Financial	18,059	18,252	(193)
<b>Total</b>	<b>18,082</b>	<b>18,277</b>	<b>(195)</b>
<b>Net current assets:</b>			
- Trade receivables	18	19	(1)
- Net receivables from Electricity Equalization Fund	2	2	-
- Other assets	1,046	934	112
- Net receivables from subsidiaries and affiliated companies	773	275	498
- Net tax receivables/(payables)	(14)	627	(641)
- Trade payables	(239)	(245)	6
- Other liabilities	(367)	(404)	37
<b>Total</b>	<b>1,219</b>	<b>1,208</b>	<b>11</b>
<b>Gross capital employed</b>	<b>19,301</b>	<b>19,485</b>	<b>(184)</b>
Provisions	(232)	(146)	(86)
<b>Net capital employed</b>	<b>19,069</b>	<b>19,339</b>	<b>(270)</b>
Shareholders' Equity	12,634	13,573	(939)
Net financial debt	6,435	5,766	669
<b>Total</b>	<b>19,069</b>	<b>19,339</b>	<b>(270)</b>