



## PRESS RELEASE

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## ENEL GROUP'S NET INCOME UP 32% IN 9M 2016, INTERIM DIVIDEND POLICY LAUNCHED

- **Revenues:** 51,459 million euros (55,998 million euros in the first nine months of 2015, -8.1%)
  - *The decrease was attributable to lower earnings from electricity sales in mature markets, a reduction in sales of generated electricity, a drop in electricity trading and negative exchange rate effects*
- **EBITDA:** 12,010 million euros (12,161 million euros in the first nine months of 2015, -1.2%)
  - *Negative exchange rate developments and the partial reversal in the first nine months of 2015 of the provision for certain nuclear liabilities were partly offset by general growth in most of the areas in which the Group operates*
- **Ordinary EBITDA:** 11,896 million euros (11,888 million euros in the first nine months of 2015, +0.1%) net of extraordinary items
  - *Net of one-off items, ordinary EBITDA rose by 3.9% on a like-for-like basis, despite adverse exchange rate effect*
- **EBIT:** 7,689 million euros (6,308 million euros in the first nine months of 2015, +21.9%)
  - *Increase reflects a reduction in impairments, which in the first nine months of 2015 included impairment losses on generation assets in Russia, Slovakia and Romania*
- **Group net income:** 2,757 million euros (2,089 million euros in the first nine months of 2015, +32.0%)
  - *Increase was due to higher EBIT, only partly offset by the consequent increase in tax charges and larger net financial expenses*
- **Group net ordinary income:** 2,700 million euros (2,641 million euros in the first nine months of 2015, +2.2%)
  - *Net of one-off items, Group net ordinary income rose by 10.3% on a like-for-like basis*
- **Net financial debt:** 36,821 million euros (37,545 million euros at the end of 2015, -1.9%)
  - *Decrease a reflection of operating cash flows and positive developments in the exchange rates of some of the currencies in which part of the debt is denominated*
- **Interim dividend for 2016 of 0.09 euros per share approved, payment from January 25<sup>th</sup>, 2017**
  - *The Enel Board of Directors has launched interim dividend policy provided for in new strategic plan, whose guidelines will be presented to the financial community in London on November 22<sup>nd</sup>, 2016*



**Francesco Starace**, Chief Executive Officer and General Manager of Enel, stated: *“In the first nine months of 2016 we have delivered a solid performance, with continued progress against the Group’s strategic objectives. Our financial results are a direct consequence of the headway that we have made in achieving our strategic goals. This progress translates into ongoing stable cash generation and significant improvement in net ordinary income after one-off items. On the basis of this performance we have decided to reintroduce an interim dividend policy, which comes into effect on 2016 results.*

*We confirm the financial targets for the year that were upgraded when first half results were presented, and we foresee net debt at year end 1 billion euros below the forecast presented in the 2016-2019 strategic plan.*

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**Rome, November 10<sup>th</sup>, 2016** – The Board of Directors of Enel S.p.A. (“Enel” or “the company”), chaired by Patrizia Grieco, has examined and approved the Interim Financial Report at September 30<sup>th</sup>, 2016. At the same date, the Board of Directors has also examined and approved Enel’s financial statements and the report that indicates that the company’s financial position and performance permit the distribution of an interim dividend for 2016 of 0.09 euros per share, which will be paid as from January 25<sup>th</sup>, 2017.

## Consolidated financial highlights for the first nine months of 2016

### REVENUES

The following table provides a breakdown of revenues by **business area**:

Revenues ( <i>millions of euros</i> )	2016	2015	Change
Italy	26,335	29,205	-9.8%
Iberia	14,048	15,474	-9.2%
Latin America	7,923	8,125	-2.5%
Europe and North Africa	3,075	3,658	-15.9%
North and Central America	672	633	6.2%
Sub-Saharan Africa and Asia	18	3	-
Other, eliminations and adjustments	(612)	(1,100)	44.4%
<b>TOTAL</b>	<b>51,459</b>	<b>55,998</b>	<b>-8.1%</b>

- Revenues in the first nine months of 2016 decreased by 4,539 million euros compared with the same period of 2015, mainly attributable to:
  - lower earnings from electricity sales in the mature markets;
  - the reduction in sales of generated electricity, which also reflected the deconsolidation of Slovenské elektrárne in July 2016;
  - a reduction in electricity trading;
  - negative exchange rate effects, which had a particularly significant impact in Latin American countries;

- a decline in revenues from sales and grants received regarding environmental certificates;
- a decrease in revenues in Argentina compared with the first nine months of 2015, which benefited from grants received under the provisions of Resolución no. 32/2015.
- Revenues for the **first nine months of 2016 include**, as **extraordinary items**, the gains on the sale of GNL Quintero and Hydro Dolomiti Enel, equal to 171 million euros and 124 million euros respectively. Revenues in the **first nine months of 2015** included, as **extraordinary items**, the gain on the sale of SE Hydropower (141 million euros) as well as the negative goodwill and concomitant fair value adjustment of the interest already held by the Group following the acquisition of 3Sun (132 million euros).

## EBITDA

The following table provides a breakdown of EBITDA by **business area**:

<b>EBITDA (millions of euros)</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
Italy	5,445	5,266	3.4%
Iberia	2,970	2,978	-0.3%
Latin America	2,612	2,388	9.4%
Europe and North Africa	609	1,230	-50.5%
North and Central America	470	435	8.0%
Sub-Saharan Africa and Asia	7	(7)	-
Other, eliminations and adjustments	(103)	(129)	20.2%
<b>TOTAL</b>	<b>12,010</b>	<b>12,161</b>	<b>-1.2%</b>

- EBITDA decreased by 151 million euros in the first nine months of 2016 compared with the same period of 2015. This change reflected:
  - **adverse exchange rate developments** (397 million euros) as a result of the depreciation of a number of currencies against the euro, especially in Latin American countries;
  - the **partial reversal** (550 million euros) in the first nine months of 2015 of the provision for the disposal of depleted nuclear fuel in the light of new legislation introduced in Slovakia.
 These factors more than offset the **increase in EBITDA** registered in most geographic areas in which Enel is present, especially in Latin America (both in generation and electricity distribution and sales) and mature end-user markets (Italy and Spain).



## ORDINARY EBITDA

The following table provides a breakdown of ordinary EBITDA by **business area**:

Ordinary EBITDA ( <i>millions of euros</i> )	2016	2015	Change
Italy	5,321	4,993	6.6%
Iberia	2,970	2,978	-0.3%
Latin America	2,622	2,388	9.8%
Europe and North Africa	609	1,230	-50.5%
North and Central America	470	435	8.0%
Sub-Saharan Africa and Asia	7	(7)	-
Other, eliminations and adjustments	(103)	(129)	20.2%
<b>TOTAL</b>	<b>11,896</b>	<b>11,888</b>	<b>0.1%</b>

Ordinary EBITDA in the first nine months of 2016 amounted to **11,896 million euros**, an increase of 8 million euros on the first nine months of 2015. **Extraordinary items in the first nine months of 2016**, which are not included in ordinary EBITDA, amounted to 114 million euros and include, as well as the gains discussed under revenues, the losses relating the definitive abandonment of the development of a number of hydropower projects in Chile and Peru (about 181 million euros). In the same period of the previous year, extraordinary items amounted to 273 million euros and were the same as those noted under revenues.

Excluding the one-off items discussed below, ordinary EBITDA in the first nine months of 2016 amounted to 11,497 million euros, compared with 11,065 million euros in the corresponding period of 2015, an increase of 3.9% despite adverse exchange rate effects.

One-off items in the **first nine months of 2016 included**: in Italy, the renegotiation of gas contracts worth 311 million euros; in Iberia, the reimbursement of the environmental tax in the region of Extremadura, the reversal of provisions and the gain on the disposal of the reinsurance company Compostilla RE for a total of 125 million euros; and other minor one-off items totalling -37 million euros.

**In the first nine months of 2015**, one-off items included: in Europe, the partial reversal in the amount of 550 million euros of the provision for nuclear fuel disposal (Slovakia); in Iberia, gains from CO<sub>2</sub> swap transactions and the reimbursement of the environmental tax on the Almaraz plant for a total of 199 million euros; in Latin America, grants worth 48 million euros received in Argentina under the provisions of Resolución no. 32/15; 24 million euros of charges relating to the impact of bad weather on electricity distribution in Italy; and other minor one-off items totalling 50 million euros.



## EBIT

The following table provides a breakdown of EBIT by **business area**:

<b>EBIT (millions of euros)</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
Italy	3,824	3,642	5.0%
Iberia	1,630	1,630	-
Latin America	1,839	1,625	13.2%
Europe and North Africa	326	(687)	-
North and Central America	259	258	0.4%
Sub-Saharan Africa and Asia	(5)	(8)	37.5%
Other, eliminations and adjustments	(184)	(152)	-21.1%
<b>TOTAL</b>	<b>7,689</b>	<b>6,308</b>	<b>21.9%</b>

EBIT increased by 1,381 million euros compared with the same period of 2015. This increase reflects higher impairment losses (1,605 million euros) in the first nine months of 2015 on property, plant and equipment and intangible assets (on generation assets in Russia and renewables assets in Romania as a result of market and regulatory developments, and on Slovakian assets in order to align their carrying amount with estimated realisable value). The greater impairment losses mentioned above also reduced depreciation charges in the first nine months of 2016. This effect was only partly offset by the impairment losses for the first nine months of 2016, which amounted to 91 million euros (of which 52 million euros regards Marcinelle Energie and 39 million euros regards Enel Trade and Enel Longanesi's upstream gas assets) and by the above-mentioned decrease in EBITDA.

## GROUP NET INCOME

In the first nine months of 2016, Group net income amounted to **2,757 million euros**, an increase of 668 million euros on the 2,089 million posted in the same period of the previous year.

The increase in EBIT was only partly offset by:

- **higher taxes** than in the first nine months of 2015, mainly attributable to the increase in pre-tax income and the differing impact in the two periods of a number of income components generated by extraordinary transactions that are essentially tax exempt (PEX, or "participation exemption");
- an **increase in net financial expenses**, mainly attributable to net expenses on derivatives and charges for the unwinding of the discount on provisions for risks and charges.

**GROUP NET ORDINARY INCOME** in the first nine months of 2016 amounted to **2,700 million euros**, an increase of 59 million euros (+2.2%) on the 2,641 million euros posted in the corresponding period of the previous year. Net of the one-off items noted in the Ordinary EBITDA section, Group net ordinary income amounted to 2,426 million euros in the first nine months of 2016, an increase of 226 million euros (+10.3%) on the 2,200 million euros posted in the same period of 2015. The one-off items had a positive impact on Group net ordinary income of 274 million euros in the first nine months of 2016 and 441 million euros in the same period of 2015.



## FINANCIAL POSITION

The financial position shows **net capital employed** as of September 30<sup>th</sup>, 2016, of **90,248 million euros** (89,296 million euros as of December 31<sup>st</sup>, 2015).

The above amount is funded by:

- **equity** pertaining to shareholders of the parent company and non-controlling interests of **53,427 million euros** (51,751 million euros as of December 31<sup>st</sup>, 2015);
- **net financial debt** of **36,821 million euros** (37,545 million euros as of December 31<sup>st</sup>, 2015), down 724 million euros notwithstanding the adverse effects of borrowing for investments in the period and the payment of dividends, more than offset by operating cash flows and positive developments in exchange rates, which affected the part of the debt denominated in currencies other than the euro.

As of September 30<sup>th</sup>, 2016, the **debt/equity ratio** was **0.69** (0.73 as of December 31<sup>st</sup>, 2015).

## CAPITAL EXPENDITURE

The following table provides a breakdown of capital expenditure by **business area**:

Capital expenditure (millions of euros)	2016	2015	Change
Italy	1,170	1,135	3.1%
Iberia	646	585	10.4%
Latin America	1,994	2,112	-5.6%
Europe and North Africa	144	145	-0.7%
North and Central America	989	479	-
Sub-Saharan Africa and Asia	253	200	26.5%
Other, eliminations and adjustments	20	24	-16.7%
<b>TOTAL</b>	<b>5,216</b>	<b>4,680</b>	<b>11.5%</b>

- **Capital expenditure** in the first nine months of 2016 increased by 536 million euros compared with the same period of 2015, mainly due to international renewable energy generation activities, especially in North and Central America.
- Capital expenditure does not include investments by units classified as “held for sale”, worth 288 million euros in the first nine months of 2016.

## Financial highlights of the parent company in the first nine months of 2016

Parent company Enel S.p.A., in its capacity as holding company, sets the strategic objectives for the Group and coordinates the activities of its subsidiaries. The activities that Enel performs in respect of the other Group companies as part of its management and coordination role include holding company functions, associated with the coordination of governance processes, global business line functions (coordination of



businesses in all the geographical areas in which the Group operates) and global service functions (coordination of information technology and procurement activities).

Within the Group, Enel also directly performs the role of central treasury, ensuring access to the money and capital markets, and provides coverage of insurance risks.

Millions of euros	First nine months		
	2016	2015	Change
Revenues	166	168	-1.2%
EBITDA	(57)	(75)	24.0%
EBIT	(170)	(81)	-109.9%
Net financial expenses and income from equity investments	2,273	986	130.5%
Net income for the period	2,259	1,066	111.9%
Net financial debt	13,947*	13,425**	3.9%

\* As of September 30<sup>th</sup>, 2016

\*\* As of December 31<sup>st</sup>, 2015

**Revenues**, which essentially refers to services rendered to the subsidiaries as part of the management and coordination function performed by the parent company, amounted to 166 million euros in the first nine months of 2016, broadly unchanged on the same period of the previous year.

**EBITDA** was -57 million euros, an improvement of 18 million euros on the same period of 2015 that is mainly attributable to the reduction of operating expenses, especially costs for services.

**EBIT**, including depreciation, amortisation and impairment of 113 million euros, was -170 million euros, 89 million euros worse than in the first nine months of 2015 that is mainly attributable to 103 million euros of impairment losses on equity investments, which were only partly offset by an improvement in operations.

**Net financial expenses and income from equity investments** in the first nine months of 2016 were 2,273 million euros overall. This figure includes dividends received from subsidiaries, associates and other entities worth 2,882 million euros (1,545 million euros in the first nine months of 2015) and net financial expenses of 609 million euros (559 million euros in the first nine months of 2015). The increase of 50 million euros in the latter is largely attributable to the increase in net expenses on derivatives held by Enel S.p.A., most of which was offset by positive exchange rate effects.

**Net income for the first nine months of 2016** was 2,259 million euros, an increase of 1,193 million euros on the same period of the previous year that benefitted from an increase in dividends from subsidiaries, associates and other entities.

**Net financial debt as of September 30<sup>th</sup>, 2016** amounted to 13,947 million euros, an increase of 522 million euros compared to December 31<sup>st</sup>, 2015. This increase was the result of a 1,373 million euro rise in net short-term debt, which was partly offset by an 851 million euro decrease in net long-term debt.

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## OPERATIONAL HIGHLIGHTS IN THE FIRST NINE MONTHS OF 2016

	2016	2015	Change
<b>Electricity sales (TWh)</b>	<b>198.7</b>	195.0	1.9%
<b>Gas sales (billions of m<sup>3</sup>)</b>	<b>7.4</b>	6.7	10.4%
<b>Electricity generated (TWh)</b>	<b>195.2</b>	213.7	-8.7%
<b>Electricity distributed (TWh)</b>	<b>319.7</b>	322.3	-0.8%
<b>Employees (no.)</b>	<b>62,472</b>	67,914	-8.0%

### Electricity and gas sales

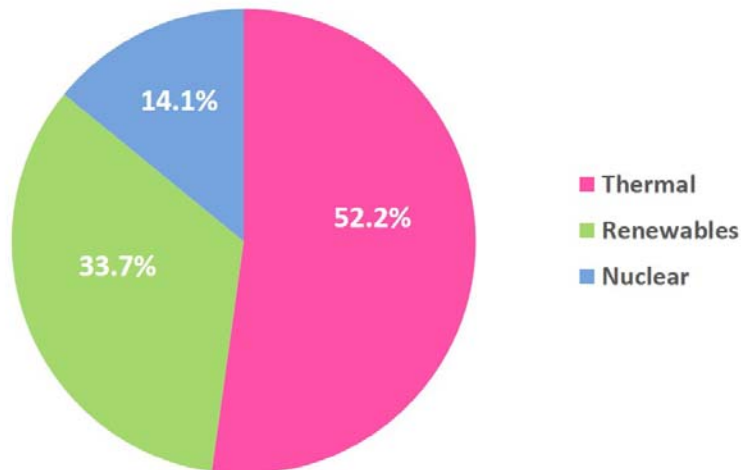
- **Electricity** sold by the Enel Group in the first nine months of 2016 amounted to **198.7 TWh**, an increase of 3.7 TWh (+1.9%) on the corresponding period of 2015. This growth reflected:
  - a decrease in sales in Europe and North Africa: France -1.1 TWh, Romania -0.2 TWh, Slovakia -0.7 TWh (taking into account the deconsolidation of Slovenské elektrárne at the end of July 2016);
  - an increase in electricity sold in Italy (+4.2 TWh), Iberia (+0.9 TWh) and Latin America (+0.6 TWh).
- **Natural gas** sold amounted to 7.4 billion cubic metres, an increase of 0.7 billion cubic metres on the same period of 2015 that mainly took place in Spain.

### Electricity generated

- **Net electricity produced** by the Enel Group in the first nine months of 2016 amounted to **195.2 TWh**, a decrease of 18.5 TWh (-8.7%) on the same period of 2015, attributable to an 8 TWh decline in generation in Italy and a 10.5 TWh drop in other countries. More specifically, this drop reflected:
  - a **decrease in conventional thermal and nuclear generation**;
  - a **decrease in hydropower generation** (-4.6 TWh), which among other factors was affected in the first nine months of 2016 by lower water availability in a number of countries. This was partly offset by an increase in generation from other renewable resources, mainly due to the growth of installed capacity.
- The **decrease in net generation outside of Italy** was attributable to lower output from the plants in Iberia (-6.2 TWh) and in Europe and North Africa (-5.9 TWh), the latter decrease being mainly attributable to the deconsolidation of Slovenské elektrárne (-4 TWh).



Generation mix of Enel Group plants



The Enel Group confirms its long-term objective for achieving **decarbonisation** by 2050. Renewable energy generation is expected to contribute nearly half of the Group's estimated total capacity of 83 GW by 2019.

#### Electricity distributed

- **Electricity transported** on the Enel distribution network in the first nine months of 2016 amounted to 319.7 TWh:
  - of which 167.3 TWh in Italy and 152.4 TWh in other countries.
- The volume of **electricity distributed in Italy** decreased by 3.7 TWh (-2.2%) compared with the first nine months of 2015:
  - with a slight improvement compared with electricity demand on the national power grid.
- **Electricity distributed outside of Italy** amounted to 152.4 TWh, an increase of 1.1 TWh (+0.7%) on the same period of 2015:
  - mainly due to the increase in quantities transported in Iberia (+0.8 TWh) and Latin America (+0.2 TWh).

#### EMPLOYEES

As of September 30<sup>th</sup>, 2016, **Enel Group employees numbered 62,472** (67,914 as of December 31<sup>st</sup>, 2015). The 5,442 decrease is attributable to the net balance of new hires and terminations (-1,036) and the change in the scope of consolidation (-4,406), which included the deconsolidation of Slovenské elektrárne and its subsidiaries at the end of July 2016.

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## OUTLOOK

**The positive trends of the first half of 2016 continued in the third quarter. Enel made important progress in each of the objectives of its 2016-2019 strategic plan, an updated version of which was presented in November 2015.**

**In the remainder of 2016**, in line with the industrial targets set out in the plan, we expect:

- Further development of the efficiency improvement programme in all Global Business Lines;
- The contribution of growth investments to EBITDA, to be achieved in the fourth quarter of the year, as well as the additional contribution from plants that entered service in the first nine months;
- The start of installation of new-generation smart meters in Italy, the implementation of Enel Open Fiber's strategic plan and the completion of the integration with Metroweb;
- Within the Group structure simplification project: the completion of the corporate restructuring in Latin America, which aims to separate generation and distribution operations in Chile from those in the other Latin American countries.

As a result of the decrease in cash outflows associated with the corporate restructuring in Latin America, and taking into account the positive impact of the exchange rate effect on net financial debt, the latter at the end of the year is expected to be about 1 billion euros less than the 2016-2019 strategic plan's target.

In addition, in the light of the positive trends in operations, developments in the final quarter of the year are expected to enable the Group to confirm the new financial targets for 2016 for EBITDA, net ordinary income and FFO/Net Debt, as announced in July 2016.

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## 2016 INTERIM DIVIDEND

In line with the new Strategic Plan approved today, whose guidelines will be presented to the financial community in London on November 22<sup>nd</sup>, 2016, the Board of Directors has decided to adopt an interim dividend policy aimed at maximising shareholder return that will be applied starting with net income for 2016. The reasons that prompted the Board of Directors to adopt this policy are:

- The need to align Enel to the major utilities with which it is compared by investors. In fact, a large number of companies included in the Eurostoxx Utilities index that actually pay a dividend have adopted a policy for the payment of interim dividends;
- Enel's shareholder structure. Much of Enel's share capital is held by institutional investors that practice a "long-only" investment approach, a significant number of whom are essentially guided by their assessment of dividend distributions (including frequency). The practice of distributing one or more interim dividends is quite common in the United States, and a significant portion of Enel's share capital is held by US institutional investors;
- Investors' positive assessment of Enel's ability to generate stable cash flows.

The interim dividend policy approved by the Board of Directors provides for dividends be paid to shareholders in two instalments each year. In line with the prevailing practice of companies included in the Eurostoxx Utilities index that have adopted an interim dividend policy, from now on Enel plans to pay an interim dividend in January and the balance of the dividend in July.



Bearing this in mind, as well as the fact that the parent company posted a net income of 2,259 million euros in the first nine months of 2016, the Board of Directors, taking due account of the outlook for the last quarter of the year, has approved the distribution of an interim dividend of 0.09 euros per share. The interim dividend, gross of any withholding tax, will be paid from January 25<sup>th</sup>, 2017, with an ex-dividend date for coupon no. 25 of January 23<sup>rd</sup>, 2017 and a record date of January 24<sup>th</sup>, 2017.

The amount of the interim dividend in question is consistent with the dividend policy contained in the 2016-2019 Strategic Plan presented to the financial community in November 2015, which provides for the payment of a total dividend on 2016 net income equal to the value of whichever is higher: either 0.18 euros per share or 55% of the net ordinary income of the Enel Group.

The opinion of the audit firm Ernst & Young S.p.A. provided for under Article 2433-*bis* of the Italian Civil Code was issued today.

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## RECENT KEY EVENTS

**July 28<sup>th</sup>, 2016:** Enel announced that its Board of Directors had approved the merger of the subsidiary Enel OpEn Fiber S.p.A. (“EOF”) and Metroweb Italy S.p.A. (“Metroweb”), after receiving a favourable opinion of the Related Parties Committee. On **October 10<sup>th</sup>, 2016**, binding agreements were signed relating to that transaction, providing for the following: (i) a capital contribution to EOF by Enel and CDP Equity S.p.A. (“CDPE”), providing EOF with the necessary resources for the acquisition of Metroweb’s total share capital. Following this capital contribution, Enel and CDPE will have equal stakes in EOF; (ii) the acquisition by EOF of all of Metroweb’s share capital, currently held by F2i SGR S.p.A. (“F2i”) and FSI Investimenti S.p.A., for about 714 million euros; (iii) the merger by incorporation of Metroweb and its wholly-owned subsidiaries into the group company Metroweb S.p.A; and (iv) the subsequent merger by incorporation of Metroweb S.p.A. into EOF (“NewCo”). Following the transaction, the NewCo will be jointly controlled by Enel and CDPE and will therefore be accounted for by Enel using the equity method.

**July 28<sup>th</sup>, 2016:** Enel announced that its subsidiary Enel Produzione S.p.A. (“Enel Produzione”), in execution of the contract signed on December 18<sup>th</sup>, 2015, closed the disposal to EP Slovakia BV, a subsidiary of Energetický a průmyslový holding a.s. (EPH), of 50% of Slovak Power Holding BV (“HoldCo”), which in turn owns 66% of Slovenské elektrárne, a.s. (“Slovenské elektrárne”). The disposal was carried out following the transfer to HoldCo of the entire 66% interest previously held directly by Enel Produzione in Slovenské elektrárne and the receipt of clearance for the transaction from the antitrust authorities of the European Union. Today’s closing represents the first of two phases of the sale of Enel Produzione’s entire stake in Slovenské elektrárne. The consideration related to the first phase was 375 million euros, of which 150 million euros paid in conjunction with the sale of 50% of HoldCo and 225 million euros to be paid following the closing of the second phase of the operation.

The total consideration payable over the two phases, equal to 750 million euros, is subject to an adjustment mechanism. Under this mechanism, any adjustment will be calculated by independent experts and applied upon completion of the second phase on the basis of a number of parameters. The closing of the second phase is subject to obtaining the final operation permit for units 3 and 4 of the Mochovce nuclear power plant, which are currently under construction.

**August 6<sup>th</sup>, 2016:** Enel announced that the Boards of Directors of the Chilean subsidiaries Enersis Americas S.A. (“Enersis Américas”), Endesa Américas S.A. (“Endesa Américas”) and Chilectra Americas S.A. (“Chilectra Américas”) called Extraordinary Shareholders’ Meetings for the approval of the second and final phase of the corporate restructuring process to separate electricity generation and distribution operations in Chile from those in the other countries of Latin America. The Shareholders’ Meetings, held on **September**



**28<sup>th</sup>, 2016**, approved the merger by incorporation of Endesa Américas and Chilectra Américas into Enersis Américas (the “merger”), as well as the consequent capital increase for the latter company and the change in its name to “Enel Americas S.A.”.

On **September 13<sup>th</sup>, 2016**, in order to support the success of the merger, Enersis Américas launched a voluntary tender offer, with an offer period from September 14<sup>th</sup> to October 28<sup>th</sup>, 2016, for all the shares and American Depositary Shares of Endesa Américas not held by Enersis Américas, equal to about 40.02% of the share capital of Endesa Américas, at a price of 300 Chilean pesos per share.

On **October 31<sup>st</sup>, 2016**, Enel announced that Enersis Américas, Endesa Américas and Chilectra Américas had disclosed that, as the deadline to exercise withdrawal rights reserved to the companies’ shareholders who did not approve the merger had expired, the conditions for the merger, which were linked to the maximum number of withdrawals exercised, had been fulfilled. As a result, the conditions for the public tender offer launched by Enersis Américas for the Endesa Américas free float had also been fulfilled. The merger will come into effect on the first day of the month following the month in which the companies involved give written notice that the above conditions have been met.

**September 14<sup>th</sup>, 2016**: Enel’s subsidiary Empresa Nacional de Electricidad S.A. (“Endesa Chile”) announced that it had closed the sale to Enagás Chile S.p.A. of its entire 20% stake in GNL Quintero S.A. for about 200 million US dollars.

**September 16<sup>th</sup>, 2016**: Enel announced that its subsidiary Enel Green Power North America, Inc. (“EGPNA”), acting through its subsidiary Cimarron Bend Wind Holdings, LLC, had signed a tax equity agreement worth approximately 500 million US dollars with Bank of America Merrill Lynch, J.P. Morgan and MetLife for the construction of the 400 MW Cimarron Bend wind project in Kansas in the United States. The funding commitment came into effect at signing. Funds are due to be released in two phases, the first instalment being released mid-way through the construction of the plant and the second instalment upon completion.

The Cimarron Bend wind farm, which will require an investment of about 610 million US dollars, is expected to be completed in 2017, and once operational will be able to generate about 1.8 TWh a year.

**September 27<sup>th</sup>, 2016**: Enel announced that, acting through its subsidiary Enel Green Power Brasil Participações Ltda., it had begun construction of Morro do Chapéu Sul, a complex of six wind farms in the state of Bahia in north-eastern Brazil that will have a total installed capacity of 172 MW and, once completed, will be able to generate more than 830 GWh a year. Enel will be investing around 380 million US dollars in the construction of Morro do Chapéu Sul, which is scheduled for completion in the first half of 2018.

**September 29<sup>th</sup>, 2016**: Enel announced that, acting through its subsidiary Enel Green Power México, it had been awarded the right to sign an energy and green certificate supply contract with the Salitrillos wind project in the second renewable energy tender launched by the Mexican Ministry of Energy. Enel will invest about 120 million US dollars in the construction of the wind farm, which will have a total installed capacity of 93 MW and be able to generate about 400 GWh a year. The facility is expected to begin operation by the end of 2019.

**October 3<sup>rd</sup>, 2016**: Enel announced that, acting through its subsidiary Enel Green Power RSA, it had completed and connected the Nojoli wind farm to the grid. The plant is the Enel Group’s first in South Africa. Located in the Eastern Cape province, it has an installed capacity of 88 MW and can generate more than 275 GWh a year.

**October 17<sup>th</sup>, 2016**: Enel announced that, acting through its subsidiary EGPNA, it had begun construction of Rock Creek, Enel’s first wind farm in Missouri in the USA. Rock Creek, which is scheduled for completion by the end of 2017, will have a total installed capacity of 300 MW. Enel will be investing around 500 million US dollars in the construction of the plant, which will be able to generate about 1,250 GWh a year.



More details on these events can be found in the related press releases, which are published on the Enel website at: <https://www.enel.com/en/media.html#0>

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## NOTES

At 18:00 CET on November 10<sup>th</sup>, 2016, a conference call will be held to present the results for the third quarter and first nine months of 2016 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](http://www.enel.com)) in the Investor section from the beginning of the call.

The condensed income statement, statement of comprehensive income, condensed balance sheet and condensed cash flow statement for the Enel Group are attached below. 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

There were no changes to accounting standards that generated accounting effects that would need to be reported here. Unless otherwise specified, the balance sheet figures as of September 30<sup>th</sup>, 2016, exclude assets and liabilities held for sale regarding Marcinelle, Enel France and other residual assets that on the basis of the status of negotiations for their sale to third parties meet the requirements of IFRS 5. In the first nine months of 2016, the disposals of Hydro Dolomiti Enel, reinsurance company Compostilla RE and 50% of Slovak Power Holding, which in turn holds 66% of the share capital of Slovenské elektrárne, which had been classified as held for sale as of December 31<sup>st</sup>, 2015, were completed.

The operating segment figures have been constructed on the basis of the new organisational structure, which modifies the structure of reporting, the analysis of the Group's performance and financial position and, accordingly, the representation of consolidated results as from September 30<sup>th</sup>, 2016. Consequently, the results by business segment are discussed on the basis of the new organisational arrangements. Similarly, the figures for the first nine months of 2015 have been restated appropriately for comparative purposes.

More specifically, the main organisational changes include:

- The reorganisation of the Group's geographical presence, with a focus on the countries that represent new business opportunities around the world and in which the Group's presence was previously established through Enel Green Power. The Group has therefore shifted from a matrix of four geographical areas to one with six such areas. The structure retains the Country "Italy" and the areas "Iberia" and "Latin America", while the Eastern Europe area has been expanded into the "Europe and North Africa" area. Two new geographical areas have also been created: "North and Central America" and "Sub-Saharan Africa and Asia". These six areas will continue to maintain a presence and integrate businesses at the local level, seeking to foster the development of all segments of the value chain. At the geographical level, the position of Country Manager will be unified in countries in which the Group operates in both the conventional and renewable generation businesses;
- The convergence of the entire hydropower business within the Renewable Energy business line;
- The integrated management of dispatching of all renewable and thermal generation plants by Energy Management at Country level in accordance with the guidelines established by the Global Trading division.



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## KEY PERFORMANCE INDICATORS

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

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

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All Enel press releases are also available in smartphone and tablet versions. You can download the Enel Corporate App at Apple Store and Google Play.

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

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

<sup>3</sup> Determined as the difference between “Assets held for sale” and “Liabilities held for sale”.



## Condensed Consolidated Income Statement

Millions of euro	First nine months	
	2016	2015
Total revenues	51,459	55,998
Total costs	43,640	49,768
Net income/(expense) from commodity contracts measured at fair value	(130)	78
<b>Operating income</b>	<b>7,689</b>	<b>6,308</b>
Financial income	3,166	2,924
Financial expense	5,343	4,922
<b>Total financial income/(expense)</b>	<b>(2,177)</b>	<b>(1,998)</b>
Share of gains/(losses) on investments accounted for using the equity method	67	36
<b>Income before taxes</b>	<b>5,579</b>	<b>4,346</b>
Income taxes	1,705	1,424
<b>Income from continuing operations</b>	<b>3,874</b>	<b>2,922</b>
<b>Net income from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Net income for the period (shareholders of the Parent Company and non-controlling interests)</b>	<b>3,874</b>	<b>2,922</b>
Attributable to shareholders of the Parent Company	2,757	2,089
Attributable to non-controlling interests	1,117	833
<i>Net earnings attributable to shareholders of the Parent Company per share (euro) <sup>(1)</sup></i>	<i>0.28</i>	<i>0.22</i>

(1) Diluted earnings per share are equal to basic earnings per share.



## Statement of Consolidated Comprehensive Income

Millions of euro	First nine months	
	2016	2015
<b>Net income for the period</b>	<b>3,874</b>	<b>2,922</b>
<b>Other comprehensive income recyclable to profit or loss:</b>		
- Effective portion of change in the fair value of cash flow hedges	(499)	409
- Income recognized in equity by companies accounted for using the equity method	(28)	9
- Change in the fair value of financial investments available for sale	(4)	17
- Change in translation reserve	1,079	(1,788)
<b>Income/(Loss) recognized directly in equity</b>	<b>548</b>	<b>(1,353)</b>
<b>Comprehensive income for the period</b>	<b>4,422</b>	<b>1,569</b>
<b>Attributable to:</b>		
- shareholders of the Parent Company	2,699	1,945
- non-controlling interests	1,723	(376)





## Condensed Consolidated Balance Sheet

Millions of euro

	at Sep, 30, 2016	at Dec, 31, 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
- Property, plant and equipment and intangible assets	91,445	88,686
- Goodwill	13,825	13,824
- Equity investments accounted for using the equity method	1,026	607
- Other non-current assets <sup>(1)</sup>	13,189	13,880
<b>Total non-current assets</b>	<b>119,485</b>	<b>116,997</b>
<b>Current assets</b>		
- Inventories	2,772	2,904
- Trade receivables	13,310	12,797
- Cash and cash equivalents	6,391	10,639
- Other current assets <sup>(2)</sup>	10,718	10,988
<b>Total current assets</b>	<b>33,191</b>	<b>37,328</b>
<b>Assets held for sale</b>	<b>170</b>	<b>6,854</b>
<b>TOTAL ASSETS</b>	<b>152,846</b>	<b>161,179</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
- Equity attributable to the shareholders of the Parent Company	35,112	32,376
- Equity attributable to non-controlling interests	18,315	19,375
<b>Total shareholders' equity</b>	<b>53,427</b>	<b>51,751</b>
<b>Non-current liabilities</b>		
- Long-term loans	40,716	44,872
- Provisions and deferred tax liabilities	16,190	16,453
- Other non-current liabilities	4,730	3,067
<b>Total non-current liabilities</b>	<b>61,636</b>	<b>64,392</b>
<b>Current liabilities</b>		
- Short-term loans and current portion of long-term loans	8,189	7,888
- Trade payables	11,427	11,775
- Other current liabilities <sup>(3)</sup>	18,072	20,009
<b>Total current liabilities</b>	<b>37,688</b>	<b>39,672</b>
<b>Liabilities held for sale</b>	<b>95</b>	<b>5,364</b>
<b>TOTAL LIABILITIES</b>	<b>99,419</b>	<b>109,428</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>152,846</b>	<b>161,179</b>

(1) Of which long-term financial receivables and other securities at September 30<sup>th</sup>, 2016 for €2,338 million (€2,173 million at December 31<sup>st</sup>, 2015) and €492 million (€162 million at December 31<sup>st</sup>, 2015), respectively.

(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at September 30<sup>th</sup>, 2016 for €765 million (€769 million at December 31<sup>st</sup>, 2015), €2,170 million (€1,471 million at December 31<sup>st</sup>, 2015) and €30 million (€1 million at December 31<sup>st</sup>, 2015), respectively.

(3) Of which short-term financial payables at September 30<sup>th</sup>, 2016 for €101 million (none at December 31<sup>st</sup>, 2015).



## Condensed Consolidated Statement of Cash Flows

Milioni di euro	Primi nove mesi	
	2016	2015
<b>Income before taxes for the period</b>	<b>5,579</b>	<b>4,346</b>
<b>Adjustments for:</b>		
Amortization and impairment losses of tangible and intangible assets	3,762	5,317
Financial (income)/expense	1,768	1,737
Interest income or expense and other financial income or expense collected or paid	(2,082)	(2,263)
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	(1,021)	852
Changes in net current assets:		
- Inventories	196	(14)
- Trade receivables	(715)	(1,154)
- Trade payables	(463)	(2,818)
- Other changes	(258)	(826)
<b>Cash flows from operating activities (a)</b>	<b>6,766</b>	<b>5,177</b>
Investments in property, plant and equipment and in intangible assets	(5,504)	(5,081)
Investments in entities (or business units) less cash and cash equivalents acquired	(31)	(57)
Disposals of entities (or business unit) less cash and cash equivalents sold	727	437
(Increase)/Decrease in other investing activities	40	48
<b>Cash flows from investing/disinvesting activities (b)</b>	<b>(4,768)</b>	<b>(4,653)</b>
Financial debt (new long-term borrowing)	1,737	844
Financial debt (repayments and other net changes)	(5,609)	(4,183)
Operation on non-controlling interest	(202)	355
Dividends and interim dividends paid	(2,442)	(2,192)
<b>Cash flows from financing activities (c)</b>	<b>(6,516)</b>	<b>(5,176)</b>
<b>Impact of exchange rate fluctuations on cash and cash equivalents (d)</b>	<b>151</b>	<b>(146)</b>
<b>Increase/(Decrease) in cash and cash equivalents (a+b+c+d)</b>	<b>(4,367)</b>	<b>(4,798)</b>
Cash and cash equivalents at beginning of the period <sup>(1)</sup>	10,790	13,255
Cash and cash equivalents at the end of the period <sup>(2)</sup>	6,423	8,457

(1) Of which cash and cash equivalents equal to €10,639 million at January 1<sup>st</sup>, 2016 (€13,088 million at January 1<sup>st</sup>, 2015), short-term securities equal to €1 million at January 1<sup>st</sup>, 2016 (€140 million at January 1<sup>st</sup>, 2015) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €150 million at January 1<sup>st</sup>, 2016 (€27 million at January 1<sup>st</sup>, 2015).

(2) Of which cash and cash equivalents equal to €6,391 million at September 30<sup>th</sup>, 2016 (€8,309 million at September 30<sup>th</sup>, 2015), short-term securities equal to €30 million at September 30<sup>th</sup>, 2016 (€1 million at September 30<sup>th</sup>, 2015) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €2 million at September 30<sup>th</sup>, 2016 (€147 million at September 30<sup>th</sup>, 2015).