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RELEASE

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EBITDA UP AND NET FINANCIAL DEBT DOWN IN ENEL GROUP 2017 PRELIMINARY CONSOLIDATED RESULTS, BEATING TARGETS

- Revenues: 74.7 billion euros (70.6 billion euros in 2016, +5.8%)
- Ordinary EBITDA: 15.6 billion euros (15.2 billion euros in 2016, +2.6%)
- EBITDA: 15.7 billion euros (15.3 billion euros in 2016, +2.6%)
- Net financial debt: 37.4 billion euros (37.6 billion euros at the end of 2016, -0.5%)¹

Rome, February 14th, 2018 – The Board of Directors of Enel SpA, chaired by Patrizia Grieco, met today to review the preliminary consolidated results for 2017.

“We are especially pleased with the preliminary results for 2017, achieved in a persistent challenging environment throughout the year. This is testament to how geographical diversification and the effective implementation of a sustainable long-term strategy have made us a resilient organisation. Ordinary EBITDA and the level of net debt both showed improvement compared with the targets announced last November despite reduced water and wind resource availability during the year,” said Enel CEO and General Manager **Francesco Starace**. *“The growth in renewables, efficient cost management and the positive performance of retail business in Italy and distribution in South America enabled us to counter this decrease in hydro and wind resource availability in our major markets. The solid results posted in 2017 allow us to confirm the plan targets for 2018, continuing the implementation of our strategy for 2018-2020.”*

Revenues amounted to 74.7 billion euros, up 5.8% compared with 70.6 billion euros in 2016. The positive performance is largely attributable to the increase in revenues from electricity sales to end users, from the transport of electricity and from electricity trading and fuel sales. These factors more than offset the impact of the decline in sales on the wholesale market and the variation in the scope of consolidation between the two periods. These changes relate to the deconsolidation of Slovenské elektrárne, EGPNA Renewables Energy Partners and Marcinelle Energie. The effect of this variation in the scope of consolidation was only partly compensated by the revenues of companies acquired during the year (mainly Celg Distribuição in Brazil and EnerNOC in the United States).

Ordinary EBITDA amounted to 15.6 billion euros, up 2.6% compared with 15.2 billion euros in 2016, reflecting the increase in the margin mainly achieved in Italy and South America, which more than offset the negative impact from the variation in the scope of consolidation, mainly attributable to the deconsolidation of the Slovakian assets.

¹ Not including the debt of “Assets held for sale”.



EBITDA, which includes the effects of extraordinary transactions², amounted to 15.7 billion euros, increasing in step with ordinary EBITDA.

Net financial debt at the end of 2017 was equal to 37.4 billion euros, down 0.5% compared with 37.6 billion euros at the end of December 2016. More specifically, cash flows from operations and the positive exchange rate effect (which reduced debt by 1.5 billion euros) were almost fully compensated by cash outflows related to investments, extraordinary transactions and dividend payments, with the latter equal to 2.9 billion euros.

Employees at the end of 2017 numbered 62,900 (62,080 at the end of 2016); the increase is mainly attributable to the abovementioned acquisitions outside Italy.

In 2017, the Enel Group generated a total of 249.9 TWh of electricity (261.8 TWh in 2016), distributed 445.2 TWh on its networks (426.7 TWh in 2016) and sold 284.8 TWh (263.0 TWh in 2016).

More specifically, in 2017 the Enel Group generated 196.4 TWh of electricity (200.9 TWh in 2016), distributed 217.9 TWh (202.6 TWh in 2016³) and sold 181.6 TWh (168.9 TWh in 2016) outside Italy.

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Alternative performance indicators

This press release uses a number of “alternative performance indicators” not envisaged in the IFRS-EU accounting standards, but which management feels are useful in better assessing and monitoring the Group’s performance and financial position. In line with CONSOB Notice no. 0092543 of December 3rd, 2015 and with the Guidelines issued on October 5th, 2015 by the European Securities and Markets Authority (ESMA) pursuant to Regulation (EU) no. 1095/2010, the content and basis of calculation of these indicators are as follows:

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

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act, the officer responsible for the preparation of Enel’s corporate financial reports, Alberto De Paoli, declares that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.

² The extraordinary items regard the gains on the sales of Electrogas (in 2017) and GNL Quintero and Hydro Dolomiti Enel (in 2016), as well as the losses recognised in both financial years considered, following the definitive abandonment of the development of a number of hydroelectric projects in South America.

³ The figure for electricity distributed in 2016 reflects a more accurate calculation of quantities transported compared with that reported in the 2016 Annual Report.