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Media Relations

T +39 06 8305 5699
F +39 06 8305 3771
ufficiostampa@enel.com

enel.com

Investor Relations

T +39 06 8305 7975
F +39 06 8305 7940
investor.relations@enel.com

enel.com

ENEL'S NET INCOME UP 47% IN 2017

Consolidated financial highlights

- **Revenues:** 74,639 million euros (70,592 million euros in 2016, +5.7%)
  - *the increase reflects higher revenues from electricity sale and transport and greater electricity trading, as well as favourable exchange rate developments*
- **EBITDA:** 15,653 million euros (15,276 million euros in 2016, +2.5%)
  - *growth attributable to investments, to the efficiency enhancement policy pursued by the Group and to favourable exchange rate developments. These factors were only partly offset by changes in the scope of consolidation*
- **Ordinary EBITDA:** 15,555 million euros (15,174 million euros in 2016, +2.5%), net of extraordinary items relating to certain disposals
- **EBIT**: 9,792 million euros (8,921 million euros in 2016, +9.8%)
  - *the increase reflects lower amortisation and impairment*
- **Group net income**: 3,779 million euros (2,570 million euros in 2016, +47.0%)
  - *the above growth was attributable to an improvement in EBIT, a decrease in debt-related financial expenses, to the gain on the disposal of Bayan Resources and to lower income taxes*
- **Group net ordinary income:** 3,709 million euros (3,243 million euros in 2016, +14.4%)
- **Net financial debt**: 37,410 million euros (37,553 million euros at the end of 2016, -0.4%), a slight decrease on 2016
- Proposed **dividend** for 2017: 0.237 euros per share (of which 0.105 euros per share paid as interim dividend in January 2018)

2017 results and objectives of the Group strategic plan

- **Results outperform guidance**
  - *Italy and South America drive growth, despite low water availability*
  - *Over 3 GW of additional renewable capacity*

Enel SpA – Registered Office: 00198 Rome – Italy - Viale Regina Margherita 137 – Companies Register of Rome and Tax I.D. 00811720580 - R.E.A. 756032 – VAT Code 00934061003 – Stock Capital Euro 10,166,679,946 fully paid-in.

– *Ordinary EBITDA and net ordinary income growing*

- **In 2017, significant progress was made** on achieving the targets set for the enabling factors and the key pillars of the Group strategy:

  Enabling factors:

  a) **Digitalisation** – around 1 billion euros invested in digitalisation of distribution grids as well as thermal and renewable generation assets.
  b) **Customer focus** – 20 million customers on the free market, with growth in all the main geographies. Enel X business line launched.

  Key pillars:

  1. **Operational efficiency** – cash cost of 11 billion euros, improving compared to 2017 guidance, with a reduction of 4% in maintenance capex.
  2. **Industrial growth** – reached the EBITDA growth target, 90% of EBITDA growth for 2018 has already been addressed. Additional renewables capacity amounted to 3.1 GW[1].
  3. **Group simplification & active portfolio management** – achieved 60% of target to reduce operating companies in South America, sold minority interests in Electrogas in Chile and Bayan in Indonesia. Reacquired minority stakes in the distribution grids in Romania and Peru; restructuring of Group's shareholdings in Chile began through Enel Chile. Asset disposals of about 2 billion euros carried out, while acquisitions amounted to around 2.1 billion.
  4. **Shareholder remuneration** – the total dividend proposed for 2017, with a 65% implied pay-out, is equal to 0.237 euros per share, 32% higher than the dividend paid in 2016 and approx. 13% higher than the 0.21 euros per share minimum guaranteed dividend for 2017.
  5. **Creating sustainable long-term value** – made substantial progress towards the commitments with regard to the United Nations' Sustainable Development Goals.
     – SDG 4 (quality education): 600,000 beneficiaries;
     – SDG 7 (clean and accessible energy): 1.7 million beneficiaries;
     – SDG 8 (decent work and economic growth): 1.5 million beneficiaries;
     – SDG 13 (climate action): closed 2017 with specific CO_2 emission of 400 g/KWhe.

- **Financial targets for 2018 confirmed**

Francesco Starace, Enel CEO and General Manager, said: *"In 2017 the Enel Group posted an extremely positive performance with over 14% growth in net ordinary income and shareholder remuneration up 32%, both above guidance. These results are testament to the effective implementation of the Group's strategy and the ongoing evolution of the business model, despite a challenging market context. Significant progress in delivering on our key strategic pillars and enablers was made throughout the year. We invested about 1 billion euros in digitising distribution networks and generation assets, and customer focus has delivered pleasing results in all of the Group's main geographies. We have improved cash flow generation while keeping net debt below full year guidance, notwithstanding our continued focus on deploying growth capex, acquisitions and distributing dividends. Renewables remain the engine of our growth, with over 3GW of additional capacity delivered in 2017, mainly in South America and in the US.*

[1] Including 300 MW of managed capacity.

Moving forward, we remain focused on the execution of our strategy. The flexibility embedded in our well-diversified, integrated model will enable us to continue delivering sustainable growth and long-term value for all stakeholders. We confirm our financial targets for 2018."

Rome, March 22nd, 2018 – The Board of Directors of Enel SpA ("Enel"), chaired by Patrizia Grieco, approved the 2017 financial results in today's meeting.

2017 consolidated financial highlights

REVENUES

- Revenues in 2017 amounted to **74,639 million euros**, an increase of 4,047 million euros (+5.7%) on 2016.
  - The growth mainly reflects the sale and transport of electricity, increased trading on international electricity markets and favourable exchange rate developments due to euro depreciation against other currencies.
  - These factors were partly offset by the net effects of the changes in the scope of consolidation related to the disposals of Slovenské elektrárne in Slovakia, Marcinelle Energie in Belgium and, in France, Enel France as well as the acquisitions of Brazilian distributor Enel Distribuçao Goiás (formerly CELG-D) and the US energy services and demand response company EnerNOC.
- **Revenues in 2017** included among the **extraordinary items** the gain on the disposal of a share in Electrogas in Chile for 143 million euros.
- **Revenues in 2016** included, as **extraordinary** items, the gains on the disposal of Chilean company **GNL Quintero** and Italian company **Hydro Dolomiti Enel**, equal to 173 million euros and 124 million euros respectively.

The following table reports revenues by **region/country**:

Revenues *(millions of euros)*	2017	2016	Change
Italy	38,781	37,045	+4.7%
Iberia	19,994	18,953	+5.5%
South America	13,154	10,768	+22.2%
Europe and North Africa	2,411	3,798	-36.5%
North and Central America	1,187	1,125	+5.5%
Sub-Saharan Africa and Asia	96	29	-
Other, eliminations and adjustments	(984)	(1,126)	+12.6%
TOTAL	**74,639**	**70,592**	**+5.7%**

More specifically:

IN ITALY: revenues in 2017 amounted to 38,781 million euros, an increase of 1,736 million euros on 2016 (+4.7%), the result of the following main factors:

- **an increase in revenues from generation and trading**, mainly attributable to fuel sales on international and national wholesale markets, trading activities on international electricity markets and amounts paid by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA);
- **an increase in revenues from infrastructure and network activities,** mainly attributable to an increase in transfers from Italy's Energy and Environmental Services Fund for white certificates;
- **an increase in revenues from renewables generation** as a result of higher average sales prices, which more than offset the decline in quantities produced;
- **higher revenues from end-user electricity markets**, mainly due to the increase in free market revenues as a result of the greater volumes sold.

IN IBERIA: 2017 revenues were 19,994 million euros, a 1,041 million euro increase on 2016 (+5.5%), mainly reflecting:

- **higher revenues from end-user markets**, mainly relating to gas, where Enel posted an increase in sales against a background of slightly higher unit prices;
- **an increase in revenues from generation and trading**, mainly due to an increase in electricity sales against a backdrop of rising prices;
- **higher revenues from infrastructure and network activities,** largely due to tariff adjustments.

The above factors more than offset **lower revenues from renewables generation**, mainly reflecting the impact of drought, which had an adverse impact on hydro generation.

IN SOUTH AMERICA: revenues in 2017 were 13,154 million euros, a 2,386 million euro increase on 2016 (+22.2%), mainly reflecting:

- **higher revenues in Brazil**, largely attributable to the change in the scope of consolidation following the acquisition of Enel Distribuçao Goiás, the recognition of revenues from distribution companies' activities and greater hydro output;
- **higher revenues in Argentina,** mainly due to an increase in average prices following the tariff reform introduced by the Country's Government in early 2017;
- **an increase in revenues in Colombia**, mainly reflecting the increase in average prices and in quantities sold, as well as favourable exchange rate developments from the appreciation of the local currency against the euro.

The increase in revenues posted in these countries more than offset:

- **lower revenues in Chile**, reflecting the impact of the capital gain on the disposal of an interest in GNL Quintero in 2016 and the decline in averages prices applied to electricity distribution and generation. These factors were only partly offset by the gain on the disposal of Electrogas in the first quarter of 2017 and by favourable exchange rate developments;
- **a decrease in revenues in Peru**, attributable to the reduction in average prices and volumes sold, partly reflecting the adverse weather events that hit the country during the year.

IN EUROPE AND NORTH AFRICA: revenues amounted to 2,411 million euros, a decrease of 1,387 million euros on the previous year (-36.5%). This trend mainly reflected:

- **lower revenues in Slovakia and other countries** following the deconsolidation of Slovenské elektrárne, Marcinelle Energie and Enel France, partly offset by:

- **higher revenues in Russia,** mainly due to favourable exchange rate developments and the increase in unit prices, which more than offset the decline in output;
- **an increase of revenues in Romania**, reflecting the increase in volumes transported and sold, which more than offset the decline in distribution tariffs.

IN NORTH AND CENTRAL AMERICA: revenues amounted to 1,187 million euros, an increase of 62 million euros on the previous year (+5.5%). This trend reflected:

- **higher revenues in Mexico,** mainly the result of an increase in wind power output**;**
- **higher revenues in Costa Rica**, largely reflecting compensations related to the Chucas hydro power plant, paid to the Group by the Costa Rican Electricity Institute (ICE, Istituto Costarricense de Electricidad).

These factors more than offset **lower revenues in the United States and Canada,** mainly resulting from lower electricity sales, only partly offset by an increase in revenues following the acquisition of EnerNOC.

IN SUB-SAHARAN AFRICA AND ASIA: 2017 revenues were 96 million euros, a 67 million euro increase on 2016. The increase mainly reflected the greater electricity output and sales by the plants in South Africa.

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EBITDA

- **EBITDA** in 2017 amounted to 15,653 million euros, up 377 million euros on 2016 (+2.5%). The change essentially reflected the results of the investments carried out in the past few years as well as efficiency plans pursued by the Group and favourable exchange rate developments.
- These effects were partly offset by the change in the scope of consolidation in 2017, which had a negative impact of 225 million euros.

The following table reports EBITDA by **region/country**:

EBITDA *(millions of euros)*	**2017**	**2016**	**Change**
Italy	6,863	6,618	+3.7%
Iberia	3,573	3,562	+0.3%
South America	4,204	3,556	+18.2%
Europe and North Africa	543	762	-28.7%
North and Central America	759	833	-8.9%
Sub-Saharan Africa and Asia	57	14	-
Other, eliminations and adjustments	(346)	(69)	-
TOTAL	**15,653**	**15,276**	**+2.5%**

ORDINARY EBITDA

Given that EBITDA for 2017 includes the same extraordinary items referred to under revenues as well as the negative effect of the abandonment of a number of hydropower projects in South America equal to 45 million euros (196 million euros in 2016), ordinary EBITDA was **15,555 million euros**, an increase of 381 million euros on 2016 (+2.5%), as detailed in the following table by **region/country**:

Ordinary EBITDA *(millions of euros)*	**2017**	**2016**	**Change**
Italy	6,863	6,494	+5.7%
Iberia	3,573	3,562	+0.3%
South America	4,106	3,578	+14.8%
Europe and North Africa	543	762	-28.7%
North and Central America	759	833	-8.9%
Sub-Saharan Africa and Asia	57	14	-
Other, eliminations and adjustments	(346)	(69)	-
TOTAL	**15,555**	**15,174**	**+2.5%**

Ordinary EBITDA, net of non-recurring items listed below, amounts to **15,257 million euros**, a 155 million euro increase on 2016 (+1.0%).

Non-recurring items **in 2017** amounted to 298 million euros and include the following:

- in the Iberian peninsula, the positive effect, equal to 283 million euros, of a number of adjustments to extra-peninsular remuneration and of the granting of a reimbursement of charges for the "*bono social*" for a number of previous years;
- in Costa Rica, the positive effect equal to 100 million euros following the favourable ruling over the compensation related to the Chucas hydro power plant;
- in South America, the negative effect of certain Enel Distribuçao Goiás' provisions following its acquisition and of a number of fines from past years in Argentina, for a total of 81 million euros;
- other minor non-recurring items with a negative value of 4 million euros.

In 2016 non-recurring items were a negative 72 million euros and included the following: in Italy, proceeds from the renegotiation of gas purchase contracts, the disposal of CO_2 emissions allowances and the writedowns of Futur-E assets for an overall negative amount of 128 million euros; in the Iberian peninsula, the ecotax reimbursement in the Extremadura region, the nuclear generation tax in Catalonia as well as the reversal of personnel provisions for a total of 79 million euros; and other minor non-recurring items with an overall negative value of 23 million euros.

More specifically:

IN ITALY: Ordinary EBITDA was 6,863 million euros in 2017, an increase of 369 million euros compared with the same period of 2016 (+5.7%), mainly reflecting:

- the **improvement in the margin on generation and trading**, which reflected the benefits of price review agreements involving certain gas supply contracts, the CO_2 provisioning transaction carried out in 2016, which had a negative impact on that year, and provisions recognised in 2016 relating to the reclamation charges for sites of disused generation plants included in the Futur-E project;
- an **increase in the margin on end-user markets**, mainly attributable to the free electricity and gas market due to:
  - an increase in volumes sold of both commodities;
  - an increase in the margin on the regulated electricity market, mainly attributable to an increase in revenues recognised for electricity sale services.

The above factors more than offset:

- a **decrease in the margin on infrastructure and networks**, related to a lower electricity transport margin, mainly due to the reduction in distribution tariffs and to equalisation mechanisms, only partially offset by the positive effect of the higher transmission tariffs and the change in the tariff mechanisms.

IN IBERIA: Ordinary EBITDA was 3,573 million euros, an increase of 11 million euros compared with 2016 (+0.3%), reflecting:

- an **increase in the margin on infrastructure and networks**, which was affected by tariff adjustments as well as the effect of the recognition in 2016 of certain charges for employment termination incentives;
- an **increase in the margin on services** due to the reduction of personnel.

These factors more than offset:

- a **decrease in the margin on end-user markets**, mainly attributable to the sharp increase in procurement costs for both electricity and gas, which more than offset the effect of the efficiency gains achieved;
- a **lower margin on generation and trading**, due to higher taxes on production as a result of the increase in volumes produced, as well as the combined effect of the 2016 ruling that the tax on nuclear generation in Catalonia was unconstitutional and the subsequent introduction in 2017 of a new tax on nuclear waste by the same region;
- a **decrease in the renewables generation margin**, which, in addition to the factors reported under revenues, reflected the reversal in 2016 of provisions concerning obligations in respect of the construction and development of the Portuguese hydro plant Girabolhos.

IN SOUTH AMERICA: Ordinary EBITDA amounted to 4,106 million euros, an increase of 528 million euros on 2016 (+14.8%), reflecting:

- an **increase in the margin in Chile**, mainly reflecting exchange rate developments;
- an **increase in the margin in Brazil,** mainly benefitting from the inclusion of Enel Distribuçao Goiás in the scope of consolidation, as well as favourable exchange rate developments and better margins posted by the distribution companies;
- an **increase in the margin in Colombia**, due to an increase in electricity produced and distributed as well as favourable exchange rate developments;
- an **increase in the margin in Argentina**, reflecting changes in the regulatory mechanism on the previous year, only partly offset by adverse exchange rate developments;

- an **increase in the margin in Peru**, largely in the distribution of electricity and in renewables generation.

IN EUROPE AND NORTH AFRICA: Ordinary EBITDA amounted to 543 million euros, a 219 million euro decrease on 2016 (-28.7%). This trend mainly reflected:
- the **deconsolidation of Slovenské elektrárne**;
- a **decrease in the margin in Romania**, attributable to the increase in electricity provisioning costs due to a major increase in wholesale power prices.

These negative factors more than offset an **increase in the margin in Russia**, mainly due to favourable exchange rate developments and the improvement in the generation margin.

IN NORTH AND CENTRAL AMERICA: Ordinary EBITDA was 759 million euros in 2017, a decline of 74 million euros on 2016 (-8.9%). This trend was attributable to a **decrease in the margin posted in the United States and Canada**, reflecting the aforementioned decrease in revenues and an increase in operating and personnel costs associated with the acquisition of EnerNOC.

These negative factors more than offset:
- an **increase in the margin in Mexico**, reflecting an increase in energy output;
- a **higher margin in Panama**, reflecting an increase in energy output;
- an **increase in the margin in other countries,** mainly attributable to an increase in revenues of hydropower company PH Chucas in Costa Rica, as indicated above.

IN SUB-SAHARAN AFRICA AND ASIA: Ordinary EBITDA amounted to 57 million euros, an increase of 43 million euros on 2016. The increase mainly reflects the aforementioned revenues increase.

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EBIT

EBIT amounted to 9,792 million euros in 2017, an increase of 871 million euros on 2016 (8,921 million euros, +9.8%), with a decrease in depreciation, amortisation and impairment losses of 494 million euros. The latter mainly reflected:
- **in 2017**, the impairment of geothermal development assets in Germany through Erdwärme Oberland (42 million euros);
- **in 2016**, the value adjustment of certain water usage rights for hydro projects on the Neltume and Choshuenco rivers in Chile, following the completion of the related feasibility assessment (273 million euros), the upstream gas assets in Algeria (55 million euros), the writedown of Marcinelle Energie following the application of IFRS 5 (51 million euros), as well as the writedowns recognised following impairment testing of the Enel Green Power Romania CGU (130 million euros, including certain value adjustments of green certificates) and of Italian company Nuove Energie (92 million euros).

The following table reports EBIT by **region/country**:

EBIT *(millions of euros)*	**2017**	**2016**	**Change**
Italy	4,470	4,270	+4.7%
Iberia	1,842	1,766	+4.3%

South America	2,970	2,163	+37.3%
Europe and North Africa	306	286	+7.0%
North and Central America	553	565	-2.1%
Sub-Saharan Africa and Asia	15	(5)	-
Other	(364)	(124)	-
TOTAL	**9,792**	**8,921**	**+9.8%**

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GROUP NET INCOME

The Enel Group's net income in 2017 amounted to 3,779 million euros, compared with 2,570 million euros in 2016 (+47.0%). More specifically, this increase was due to the aforementioned EBIT growth, the reduction in financial expenses on debt, the gain on the disposal of Bayan Resources, the different impact of the value adjustment of the interest in Slovak Power Holding between 2016 and 2017, as well as to the financial receivables relating to the 2016 disposal of the Group's 50% interest in that company.
Finally, Group net income reflects the decrease in taxes, mainly due to the reduction in corporate income tax rates (IRES) in Italy to 24% from 27.5% and the adjustment of the deferred taxation of companies resident in the United States following the tax reform approved in December 2017, which reduced the corporate income tax rate to 21% from 35%.

GROUP NET ORDINARY INCOME amounted to **3,709 million euros,** a 466 million euro increase on the 3,243 million euros posted in 2016 (+14.4%). Net of the non-recurring items reported under ordinary EBITDA, Group net ordinary income was 3,548 million euros in 2017, a 137 million euro increase (+4.0%) on the 3,411 million posted in 2016. Non-recurring items had a positive impact on Group net ordinary income of 161 million euros in 2017 and a negative impact of 168 million euros in 2016.

FINANCIAL POSITION

The financial position as of December 31st, 2017, shows **net capital employed**, including net assets held for sale of 241 million euros, equal to **89,571 million euros** (90,128 million euros as of December 31st, 2016), funded by:

- **equity** pertaining to shareholders of the Parent Company and non-controlling interests of **52,161 million euros** (52,575 million euros as of December 31st, 2016);
- **net financial debt** (excluding 1,364 million euros classified as held for sale) of **37,410 million euros**, a slight decrease on the previous year (37,553 million euros as of December 31st, 2016).

As of December 31st, 2017, the **debt/equity** ratio came to **0.72** (0.71 as of December 31st, 2016).

CAPITAL EXPENDITURE

Capital expenditure amounted to 8,130 million euros in 2017 (of which 6,857 million euros relating to property, plant and equipment), a decline of 422 million euros on 2016, mainly concentrated in renewable energy plants in Brazil, Chile and South Africa, as well as in Italy as a result of the deconsolidation of OpEn Fiber.

The following table reports capital expenditure by **region/country**:

Capital expenditure *(millions of euros)*	**2017**	**2016**	**Change**
Italy	1,812	1,894	-4.3%
Iberia	1,105	1,147	-3.7%
South America	3,002	3,069	-2.2%
Europe and North Africa	307	265	+15.8%
North and Central America	1,802	1,832	-1.6%
Sub-Saharan Africa and Asia	30	304	-90.1%
Other, eliminations and adjustments	72	41	+75.6%
TOTAL	**8,130**	**8,552**	**-4.9%**

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Parent Company's 2017 results

In its capacity as an industrial holding company, the Parent Company Enel defines strategic targets for the Group and coordinates the activities of its subsidiaries. The activities that Enel performs as part of its management and coordination function for the other Group companies comprise holding company activities (coordination of governance processes), global business line activities (coordination of Group businesses in the various regions in which it operates) and global service activities (coordination of information technology and purchasing activities).
Within the Group, Enel also directly manages central treasury operations, ensuring access to the money and capital markets, and handles insurance risk coverage.

(millions of euros)	**2017**	**2016**	**Change**
Revenues	133	207	-35.7%
EBITDA	(227)	(129)	-76.0%
EBIT	(242)	(577)	+58.1%
Net financial expenses and income from equity investments	2,352	2,119	+11.0%
Net income for the year	2,270	1,720	+32.0%
Net financial debt at December 31st	13,251	13,839	-4.2%

Financial highlights for the Parent Company in 2017:

- **Revenues totalled 133 million euros,** down 74 million euros on 2016 (-35.7%), mainly reflecting a decline in revenues from management fees and technical fees, which were adversely impacted by a number of adjustments regarding 2015 and 2016, as well as the new remuneration model adopted by the Parent Company during the year.
- **EBITDA was a negative 227 million euros**, a deterioration of 98 million euros on 2016 (-76.0%). The change mainly reflected the negative impact of the aforementioned reduction in revenues from management and technical fees as well as the associated increase in labour costs and costs for services, rentals and leases.
- **EBIT was a negative 242 million euros**, an improvement of 335 million euros on 2016 (+58.1%), taking account of depreciation, amortisation and impairment losses totalling 15 million euros, compared with 448 million euros in 2016. Compared with the previous year, that change is mainly due to difference in value adjustments of investments in subsidiaries.
- **Net financial expenses and income from equity investments were a positive 2,352 million euros** (2,119 million euros in 2016, +11.0%), including net financial expenses of 681 million euros (763 million euros in 2016) and income from equity investments in subsidiaries, associates and other entities of 3,033 million euros (2,882 million euros in 2016).
  The decline in net financial expenses in 2017 on the previous year amounted to 82 million euros and mainly reflected a reduction in interest expenses on financial debt, which benefitted from the favourable interest rate environment and a contraction in the average stock of net financial debt. The increase of 151 million euros in income from equity investments in subsidiaries, associates and other entities benefitted from the dividends received by subsidiaries Enel Americas and Enel Chile, following the corporate restructuring involving Group assets in South America.
- **Net income for the year amounted to 2,270 million euros**, compared with 1,720 million euros in 2016 (+32.0%).
- **Net financial debt as of December 31st, 2017 totalled 13,251 million euros**, down 588 million euros on full year 2016 (-4.2%), the result of an improvement in the net long-term debtor position of 2,858 million euros, partly offset by an increase in net short-term financial debt of 2,270 million euros.
- **Shareholders' equity** came to **27,236 million euros as of December 31st, 2017**, up 320 million euros on December 31st, 2016. The change reflected the distribution of the balance of the dividend for 2016 (915 million euros), the interim dividend for 2017 (1,068 million euros), and the recognition of net income for 2017 (2,303 million euros).

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2017 OPERATIONAL HIGHLIGHTS

	2017	2016	Change
Electricity sales (TWh)	**284.8**	263.0	+8.3%
Gas sales (billions of m^3)	**11.7**	10.6	+10.4%
Electricity generated (TWh)	**249.9**	261.8	-4.5%

Electricity distributed (TWh)	**445.2**	426.7	+4.3%
Employees (no.)	**62,900**	62,080	+1.3%

ELECTRICITY AND GAS SALES

Electricity sales amounted to **284.8 TWh** in 2017, up 21.8 TWh (+8.3%) compared with 2016. More specifically, this growth reflected:

- an increase in quantities sold in Italy (+9.1 TWh), mainly attributable to sales to business customers, in South America (+11.6 TWh), mainly due to the acquisition of Enel Distribuçao Goiás, and in Spain (+3 TWh);
- a decrease in amounts sold in Europe and North Africa following the change in the scope of consolidation with the sale of asset in France and the deconsolidation of Slovenské elektrárne.

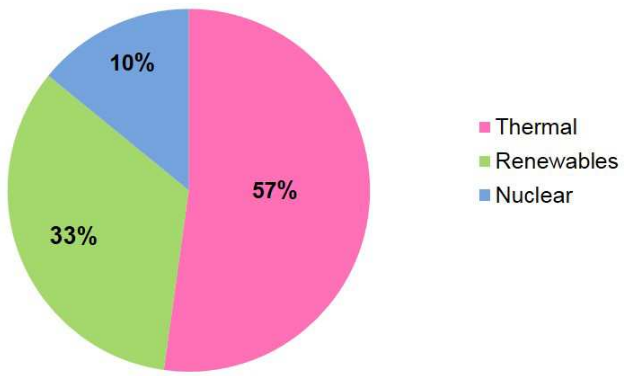
Gas sales amounted to **11.7 billion cubic metres**, an increase of 1.1 billion compared with 2016.

ELECTRICITY GENERATED

Net electricity generated by Enel in 2017 amounted to **249.9 TWh**, posting a decrease of 11.9 TWh on 2016 (-4.5%) attributable to a decline in output in Italy (-7.4 TWh) and abroad (-4.5 TWh). More specifically:

- conventional generation (thermal and nuclear), declined by an overall 7.7 TWh, reflecting the deconsolidation of Slovenské elektrárne and Marcinelle (-9.5 TWh);
- renewables generation decreased, due mainly to lower water availability and the deconsolidation of assets in Slovakia and the United States, the latter under the Build, Sell and Operate ("BSO") model.

Generation mix of Enel Group plants:



The long-term objective of the Enel Group remains achieving **mix decarbonisation** by 2050. Renewable energy should contribute nearly half of the Group's total consolidated capacity of 83 GW in 2019.

ELECTRICITY DISTRIBUTED

Electricity transported on the Enel Group distribution network in 2017 amounted to 445.2 TWh, of which 227.3 TWh in Italy and 217.9 TWh abroad.

The volume of **electricity distributed in Italy** expanded by 3.2 TWh (+1.4%) on 2016, slightly less than the demand for electricity on the national grid.

Electricity distributed abroad posted an increase of 15.3 TWh (+7.6%) on 2016, mainly in Brazil as a result of the acquisition of Enel Distribuçao Goiás (+12.1 TWh).

EMPLOYEES
As of December 31st, 2017, Enel Group **employees** numbered **62,900** (62,080 as of December 31st, 2016). The increase of 820 is attributable to:

- the net balance of new hires and terminations in 2017 (-2,111);
- the change in the scope of consolidation (+2,931), including the acquisition of Demand Energy and EnerNOC in North America and Enel Distribuçao Goiás in Brazil.

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STRATEGIC PLAN: PROGRESS ON KEY PILLARS

Throughout 2017, significant progress was made on achieving the targets set for the enabling factors (digitalisation and customer focus) and the key pillars of the Group strategy:

Enabling factors:

a) **Digitalisation** – around 1 billion euros were invested in digitalisation, mainly focused on the distribution grid assets and marginally on thermal and renewable generation.
b) **Customer focus** – Enel now has 20 million customers on the free market, recording growth in all main geographies and almost achieving balance between electricity sold on the free market and total generation. In addition, the Enel X business line was launched.

Key pillars:

1. **Operational efficiency** – achieved a cash cost of 11 billion euros, improving compared with the guidance for 2017, with a reduction of 4% in maintenance capex.
2. **Industrial growth** – reached the EBITDA growth target of 500 million euros. Taking account of existing capex commitments, 90% of EBITDA growth for 2018 has already been addressed. In addition, additional renewables capacity amounted to 3.1 GW.
3. **Group simplification & active portfolio management** – achieved 60% of the target to reduce operating companies in South America, while the minority interests in Electrogas in Chile and Bayan in Indonesia were sold. Minority stakes in the distribution grids in Romania and Peru were reacquired and the reorganisation of Group's shareholdings in Chile began through Enel Chile. Asset disposals of about 2 billion euros were carried out (including renewable assets classified as held for sale in Mexico through the BSO model), while acquisitions amounted to about 2.1 billion euros.
4. **Shareholder remuneration** – the total dividend proposed for 2017, with an implied pay-out of 65%, is equal to 0.237 euros per share, 32% higher than the dividend paid in 2016 and around 13% higher than the 0.21 euros per share minimum guaranteed dividend for 2017.
5. **Creating sustainable long-term value** – made substantial progress towards the commitments with regard to the Sustainable Development Goals of the United Nations, in line with the Group's sustainable business model. In 2017, the Group:
   - exceeded the previous target for beneficiaries of SDG 4 (quality education), reaching 600,000 beneficiaries;
   - achieved 60% progress on SDG 7 (clean and accessible energy), with 1.7 million beneficiaries;
   - achieved the previous target for SDG 8 (decent work and economic growth), with 1.5 million beneficiaries;
   - closed 2017 with specific CO_2 emissions of 400 g/KWhe, despite a year in which hydropower's lower contribution was offset by greater thermal generation and a change in

the scope of zero-emission generation assets. This indicator is part of the commitment taken under SDG 13 (climate action).

The progress achieved for each of the enabling factors and the key pillars of the Strategic Plan permits Enel to **confirm the performance/financial targets for 2018.**

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OUTLOOK

The Group's 2018-2020 Plan, presented in November 2017, confirms Enel's key strategic pillars, with an additional evolution and acceleration of its implementation. Digitalisation and customer focus remain major enabling factors for the strategy, with a view to offering shareholders attractive returns and create sustainable long-term value for all stakeholders. Specifically, the Group's 2018-2020 Strategic Plan focuses on:

- ***Digitalisation: 5.3 billion euros in investment to digitalise*** *Enel's asset base, operations and processes and enhance connectivity, with a* ***target*** *of* ***1.9 billion euros in cumulative incremental EBITDA*** *between 2018 and 2020;*
- ***Customer focus: a target of 3.3 billion euros of EBITDA*** *in 2020, of which 2.9 billion euros from the retail power and gas sector and 400 million euros from Enel X, leveraging 67 million end customers and almost 35 million power and gas customers in the free market expected in 2020;*
- ***Operational efficiency: a target of 1.2 billion euros of savings in real terms in 2020 vs. 2017,*** *of which 500 million euros driven by investments in digitalisation;*
- ***Industrial growth****: shifting capital allocation towards mature economies mainly in networks and renewables, with around 80% of growth capex invested in Italy, Iberia and North and Central America;*
- ***Group simplification & active portfolio management:*** *continuing the streamlining of the ownership structure of subsidiaries and rationalising the operating companies in South America. Increased focus on* ***minority buy-outs, increasing investment target to 2.3 billion euros in 2018-2020****.* ***Possibility of share buybacks of up to 2 billion euros.***
- ***Creating sustainable long-term value****: following the excellent results obtained in 2017, the Group has confirmed and strengthened its commitment towards: SDG 4 (quality education), doubling the previous target to 800,000 beneficiaries; SDG 7 (clean and accessible energy) confirming the target of 3 million beneficiaries; SDG 8 (decent work and economic growth), for which the previous target has been doubled to 3 million beneficiaries; and SDG 13 (climate action), for which the target of < 350 gCO_2/KWhe by 2020 has been confirmed.*
- ***Shareholder remuneration****:* ***dividend pay-out confirmed at 70% on Group Net Ordinary Income*** *from 2018 onwards.* ***Minimum dividend per share set at 0.28 euro in 2018****.*

Expected **in 2018**:

- the continuation of investments in **digitalisation**, with an acceleration of the installation of second-generation smart meters in Italy and completion of the installation of smart meters in the Iberian peninsula. The roll-out of the optical fibre network by OpEn Fiber is also expected to be accelerated;
- the contribution of the **customer focus** strategy on a global scale, with the launch of the new customer experience platform, in particular in Italy, and the acceleration of Enel X's activities in the flexibility and electric mobility businesses;

- substantial progress in **operational efficiency**, supported by digitalisation, with a cash cost target of 10.3 billion euros in 2020;
- the contribution of **industrial growth**, focused on networks and renewables, with an EBITDA growth target of 1.1 billion euros;
- additional progress in the **simplification of the Group and active portfolio management**, with the completion of the restructuring of the Group's shareholdings in Chile and the subsequent reduction in minority stakes, as well as the completion of the BSO process related to renewables assets in Mexico.

On the basis of the key elements presented above, the performance and financial targets underpinning the Group's 2018-2020 Strategic Plan are as follows.

		2018	2019	2020	CAGR 18-20
Ordinary EBITDA	*Billions of euros*	~16.2	~17.2	~18.2	~+6%
Net ordinary income	*Billions of euros*	~4.1	~4.8	~5.4	~+15%
Minimum dividend	*euros per share*	0.28	-	-	-
Pay-out	*%*	70	70	70	-
FFO / Net financial debt	*%*	27	29	31	~+4 p.p.

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AUTHORISATION FOR THE ACQUISITION AND THE DISPOSAL OF OWN SHARES

Enel's Ordinary Shareholders' Meeting of May 4th, 2017 authorised the Board of Directors to purchase and dispose of own shares for eighteen months as of the date of the shareholders' resolution. To date, the Board has not exercised the powers granted by that resolution. The 2018-2020 Strategic Plan presented to the financial community on November 21st, 2017, provides for the priorities of the Group to remain focused on the acquisition of minority interests in South America. However, Enel retains the option of purchasing own shares in implementation of the authorisation of that Shareholders' meeting, which remains valid until November 2018.

As the deadline grows closer and the continuing validity of the reasons for the shareholders' resolution, the Board of Directors has therefore thought it advisable to ask the Shareholders' Meeting called, as indicated below, for May 24th, 2018, to **renew the authorisation to purchase and subsequently dispose of own shares, subject to revocation of the previous authorisation**, to be carried out in one or more transactions up to a maximum of 500 million ordinary shares of Enel, representing about 4.92% of the company's share capital, and a total outlay of up to 2 billion euros.

The purchase and disposal of own shares will be intended: (i) to offer shareholders an additional tool for monetising their investment; (ii) to operate on the market from a medium/long-term investment perspective; (iii) to fulfil the obligations arising from any equity plans for employees or directors of Enel or its subsidiaries or associates; (iv) to establish a "securities inventory" to be used in possible corporate finance transactions or for other uses considered to be in the financial, operational and/or strategic interests of Enel; and (v) to support the liquidity of Enel shares, in order to facilitate trading.

The purchase of own shares will be permitted for eighteen months from the date of the new authorisation resolution. No time limit has been set for the disposal of the own shares purchased.

The purchase of own shares will be carried out at a price to be specified on a case-by-case basis, taking into account the procedure selected to carry out the transaction, applicable legislation and existing accepted market practices, provided that such price in any case does not diverge up or down by more than 10% of the reference price recorded on the Mercato Telematico Azionario, organised and operated by Borsa Italiana SpA, on the day prior to each individual transaction. The sale or other form of disposition of own shares will take place on the terms and conditions each time determined by Enel's Board of Directors, in compliance with applicable legislation and existing accepted market practices.

The purchase of own shares may be carried out in accordance with one of the following operating procedures identified in Article 144-bis, paragraph 1 and 1-bis, of the Consob Issuers Regulation: (i) by means of a public tender offer or exchange offer; (ii) on regulated markets or multilateral trading facilities in line with the operating procedures established in the organisational and operational rules of such markets, which do not permit the direct matching of buy orders with predetermined sell orders; (iii) through the purchase and sale of derivative instruments traded on regulated markets or on multilateral trading facilities which provide for the physical delivery of the underlying shares, provided that the organisational and operational rules of the market determine purchase procedures that comply with the characteristics set out in Article 144-bis, paragraph 1, letter c) of the Consob Issuers Regulation; (iv) with the procedures established in market practice allowed by Consob with Resolution no. 16839 of March 19th, 2009; (v) on the conditions specified in Article 5 of Regulation (EU) no. 596/2014.

The sale or other forms of disposition of own shares may take place in the manner considered most appropriate by the Board of Directors and in the interest of the Company and, in any event, in compliance with applicable legislation, including EU regulations, and existing accepted market practices.

Finally, Enel does not hold own shares, either directly or through subsidiaries.

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SHAREHOLDERS' MEETING AND DIVIDEND

The Board of Directors has convened the **Ordinary Shareholders' Meeting for May 24th, 2018**, in a single call, to:

1. **Approve the separate financial statements and examine the consolidated financial statements for 2017.**

2. **Approve the payment of a total dividend of 0.237 euros per share,** of which:
   - **0.105** euros per share as a distribution of Enel net income to finance the interim dividend for 2017, in payment as of January 24th, 2018;

- **0.118** euros per share as a distribution of Enel net income to finance payment of the balance of the dividend for 2017;
- **0.014** euros per share as a distribution of the available reserve "retained earnings" to finance payment of the balance of the dividend for 2017.

- **The total dividend is therefore equal to about 2,410 million euros**, **against Group net ordinary income** (i.e. generated by the core business) **of 3,709 million euros** and in line with the dividend policy for 2017 announced to the market, which provides for the payment of a dividend equal to the higher of 0.21 euros per share and 65% of the Enel Group's net ordinary income. At its meeting of November 8th, 2017, Enel's Board of Directors authorised the distribution of an interim dividend for 2017 of 0.105 euros per share, payment of which was carried out as of January 24th, 2018, with an ex-dividend date for coupon no. 27 of January 22nd, 2018 and a record date of January 23rd, 2018. Regarding **the balance of the dividend for 2017**, equal to **0.132 euros** per share, the Board of Directors has proposed a payment date of July 25th, 2018, with an ex-dividend date for coupon no. 28 of July 23rd, 2018 and a record date of July 24th, 2018.

3. **Approve the authorisation to purchase and dispose of own shares subject to revocation of authorisation granted by the Ordinary Shareholders' meeting of May 4th, 2017.**

4. **Approve the adjustment of the fee for the statutory audit engagement for 2018 and 2019 as a result of supervening regulatory changes.**

5. **Resolve a non-binding resolution** on the section of the report on remuneration that discusses **Enel's policy for the remuneration** of directors, the General Manager and key management personnel.

Documentation on the items on the agenda of the Shareholders' Meeting, as required under applicable law, will be made available to the public as provided for by law.

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BOND ISSUES AND MATURING BONDS

The main bond issues carried out in 2017 by Enel Group companies include:

- the issue of a Green Bond in January 2017 by Enel Finance International guaranteed by Enel, in the amount of 1,250 million euros, with repayment in one instalment at maturity in September 2024, as well as the payment of a fixed-rate coupon of 1% with an effective yield to maturity equal to 1.137%;
- the issue of a multi-tranche bond in May 2017 by Enel Finance International guaranteed by Enel for a total of 5,000 million US dollars (equivalent to 4,170 million euros as of December 31st, 2017), structured as follows:
  - 2,000 million US dollars (equivalent to 1,668 million euros at December 31st, 2017) fixed-rate 2.875% maturing in 2022;
  - 2,000 million US dollars (equivalent to 1,668 million euros at December 31st, 2017) fixed-rate 3.625% maturing in 2027;
  - 1,000 million US dollars (equivalent to 834 million euros at December 31st, 2017) fixed-rate 4.750% maturing in 2047.

- the issue of a multi-tranche bond in October 2017 by Enel Finance International guaranteed by Enel for a total of 3,000 million US dollars (equivalent to 2,501 million euros as of December 31st, 2017), structured as follows:
  - 1,250 million US dollars (equivalent to 1,042 million euros at December 31st, 2017) fixed-rate 2.75% maturing in 2023;
  - 1,250 million US dollars (equivalent to 1,042 million euros at December 31st, 2017) fixed-rate 3.50% maturing in 2028;
  - an additional 500 million US dollars (equivalent to 417 million euros at December 31st, 2017) drawn on the Enel Finance International issue of May 2017 fixed-rate 4.75% maturing in 2047.

- Between January 1st, 2018 and June 30th, 2019, bond issues by Enel Group companies with a total amount of 7,720 million euros are scheduled to reach maturity, of which the main issues are:
  - 3,000 million euros in respect of two retail fixed- and floating-rate bonds issued by Enel, maturing in February 2018;
  - 512 million euros in respect of a fixed-rate bond issued by Enel Finance International, maturing in April 2018;
  - 591 million euros in respect of a fixed-rate bond issued by Enel, maturing in June 2018;
  - 543 million euros in respect of a fixed-rate bond issued by Enel Finance International, maturing in October 2018;
  - 350 million Swiss francs (equivalent to 299 million euros at December 31st, 2017) in respect of a fixed-rate bond issued by Enel Finance International, maturing in December 2018;
  - 1,248 million euros in respect of a hybrid fixed-rate bond issued by Enel, for which the first "*call date*" is January 2019;
  - 549 million pounds sterling (equivalent to 619 million euros at December 31st, 2017) in respect of a fixed-rate bond issued by Enel, maturing in June 2019.

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RECENT KEY EVENTS

November 14th, 2017: Enel announced that, acting through its subsidiary Enel Green Power North America, Inc. ("EGPNA"), it had started work on the construction of the Rattlesnake Creek wind farm in Nebraska, in the United States. It is expected that the Enel Group will invest about 430 million US dollars in the construction of the wind farm, which will have a total installed capacity of 320 MW. Once fully operational, the plant will generate around 1.3 TWh a year. **On March 19th, 2018**, Enel announced the signing of power purchase agreements with Facebook and Adobe for the sale of the energy generated by Rattlesnake Creek; in particular, the deal with Facebook foresees the increase of the energy supplied to the company compared to what was outlined in the original power purchase agreement signed in November 2017.

November 23rd, 2017: Enel announced that, acting through its subsidiary Enel Rinnovabile S.A. de C.V, it had been awarded the right to sign contracts in Mexico to supply energy and green certificates from four wind projects with a total capacity of 593 MW following the country's third long-term public tender since its energy reform.

Each project will be supported by a contract providing for the sale to Mexico's *Cámara de Compensación*[2] of specified volumes of energy over a 15-year period and of the related green certificates over a 20-year period. The Enel Group is expected to invest around 700 million US dollars in the construction of the new facilities, which are due to enter service in the first half of 2020. Once fully operational, the facilities are expected to produce 2.09 TWh/year of renewable energy.

December 18th, 2017: Enel announced that it has signed, together with its Dutch subsidiary Enel Finance International N.V. ("Enel Finance International"), a new revolving credit line of 10 billion euros, which replaces a pre-existing 9.44 billion euro line, renegotiated in February 2015. The new line has a lower cost and expires in December 2022, later than the expiration of the previous credit line (February 2020).
The cost of the credit line varies as a function of the rating assigned to Enel, with a spread that, based on current rating levels, falls to 45 basis points over Euribor from the previous 72.5 basis points; commitments fees remain equal to 35% of the spread and therefore, as a result of the reduction of the latter, falls to 15.75 basis points from 25.38 points.
The credit line can be used by Enel itself and/or Enel Finance International with a Parent Company guarantee.

December 20th, 2017: Enel announced that, acting through its Brazilian subsidiary for renewable energy Enel Green Power Brasil Participações Ltda., it had been awarded the right to enter into 20-year contracts for the supply of energy from three wind plants in Brazil in the north-eastern states of Piauí and Bahia, for a total of 618 MW of new capacity, following the public A-6 tender organised by the Brazilian federal government through the energy authority ANEEL. Each wind farm is supported by 20-year power supply contracts, which provide for the sale of certain volumes of energy to a pool of distribution companies operating in the Brazilian regulated market.
The plants – the construction of which will require an investment of about 750 million US dollars – will enter service at the beginning of 2023 and, once fully operational, will generate around 3 TWh of renewable energy a year.

December 21st, 2017: Enel announced that on December 20th, 2017, the Extraordinary Shareholders' Meetings of the subsidiaries Enel Chile S.A. ("Enel Chile") and Enel Generación Chile S.A. ("Enel Generación Chile"), convened by their respective Boards of Directors on **November 15th, 2017**, had approved resolutions concerning the implementation of the reorganisation of the Enel Group's equity investments in Chile (the "Operation").
More specifically, the Extraordinary Shareholders' Meetings, within the scope of their respective authority, approved the following phases of the Operation, each of which is conditional on implementation of the other: (i) the integration in Enel Chile of the Chilean renewables assets held by Enel Green Power Latin America S.A. ("EGP Latin America") through the merger by incorporation of the latter into Enel Chile, with the Extraordinary Shareholders' Meeting of Enel Chile having approved a capital increase to serve the merger. The merger was also approved by the Extraordinary Shareholders' Meeting of EGP Latin America; (ii) the launch by Enel Chile of a public tender offer (the "Offer") for all of the shares of the subsidiary Enel Generación Chile held by minority shareholders, whose effectiveness is subject to the acquisition of a total number of shares that would enable Enel Chile to increase its holding in Enel Generación Chile to more than 75% of share capital from the current 60%. In accepting the Offer, which began on February 16th, 2018, Enel Generación Chile's minority shareholders committed to reinvesting in newly issued Enel Chile shares part of the consideration they receive, as a capital increase of Enel Chile has been approved to serve the Offer; (iii) the amendment of the bylaws of Enel Generación Chile with the aim to remove the limits on share ownership in the company, which currently do not allow any single shareholder to own more than 65% of the company's share capital.

[2] The body responsible for managing the power supply contracts provided for in the tender between sellers and public/private purchasers.

January 4th, 2018: Enel announced that, acting through its subsidiary EGPNA, it had started operations at the Thunder Ranch (about 298 MW) and Red Dirt (about 300 MW) wind farms, both located in Oklahoma. Thunder Ranch, whose construction required an investment of about 435 million US dollars, is able to produce about 1,100 GWh a year, while Red Dirt, whose construction required an investment of about 420 million US dollars, is able to produce about 1,200 GWh a year.

January 9th, 2018: Enel announced that Enel Finance International had placed its second green bond on the European market, backed by a guarantee issued by Enel and intended for institutional investors, as well as the listing of the issue on the regulated markets of Ireland and Luxembourg and its trading on the multilateral trading facility "ExtraMOT PRO", organised and managed by Borsa Italiana.
The issue, equal to a total of 1,250 million euros, provides for repayment in a single instalment at maturity on September 16th, 2026, and the payment of a fixed-rate coupon of 1.125%, payable annually in arrears in September, starting from 2018. The issue price was set at 99.184%, with an effective yield at maturity of 1.225%. The transaction – which is in line with the financial strategy of the Enel Group outlined in the 2018-2020 Strategic Plan – attracted orders of more than 3 billion euros, with a significant proportion of Socially Responsible Investors, which enabled the Enel Group to continue to diversify its investor base.

March 6th, 2018: Enel announced that, acting through its subsidiary EGPNA, it had begun construction of the Diamond Vista wind farm in Kansas in the United States, which will have an installed capacity of about 300 MW. It is expected that the Enel Group will invest approximately 400 million US dollars to build the plant, which will enter service by the end of 2018 and, once operational, will be able to generate around 1,300 GWh a year. Part of the electricity generated and the renewable energy credits of the plant will be sold to the global manufacturing company Kohler Co. under a long-term supply agreement (PPA).

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NOTES
At 18:00 CET today, March 22nd, 2018, a conference call will be held to present the results for 2017 and progress in the 2018-2020 strategic plan 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.
The consolidated income statement, statement of comprehensive income, balance sheet and cash flow statement for the Enel Group and the corresponding statements for the Parent Company Enel are attached below. These statements and the related notes have been submitted to the Board of Statutory Auditors and the external auditors for their evaluation. A descriptive summary of the alternative performance indicators used in this press release is also attached.

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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 POLICIES AND CHANGES IN SCOPE OF CONSOLIDATION WITH AN IMPACT ON FIGURES FOR 2017

Unless otherwise specified, the balance sheet figures at December 31st, 2017, exclude assets and liabilities held for sale in respect of a number of renewables generation companies, including Mexican

ones, and certain other assets that, in view of the state of progress of negotiations for their sale to third parties, fall within the scope of application of IFRS 5.
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.

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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 adopted by the European Union, which management feels are useful for a better assessment and monitoring of the financial performance of the Group and the Parent Company. In line with the Consob Communication 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 calculated by eliminating from EBITDA all items connected with extraordinary transactions such as acquisitions or disposals of entities (e.g. capital gains and losses), with the exception of those in the renewables development segment, in line with the new "Build, Sell and Operate" business model launched in the fourth quarter of 2016, in which the income from the disposal of projects in that sector is the result of an ordinary activity for the Group.
- **Group net ordinary income**: defined as "Group net income" generated from ordinary business operations, which is represented by Group net income net of the effects (and therefore also excluding any effects of taxation or non-controlling interests) of extraordinary items.
- **Net financial debt**: an indicator of Enel's financial structure, determined by (i) "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", (ii) net of "Cash and cash equivalents"; (iii) net of the "Current portion of long-term financial receivables", "Factoring receivables", "Cash collateral" and "Other financial receivables" included in "Other current financial assets"; (iv) net of "Securities held to maturity", "Securities available for sale", "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". 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 the net financial position, net of financial receivables and long-term securities.
- **Net capital employed:** calculated as the sum of "Current assets", "Non-current assets" and "Net assets held for sale", net of "Current liabilities" and "Non-current liabilities", excluding items previously considered in the definition of net financial debt.
- **Net assets held for sale**: the algebraic sum of "Assets held for sale" and "Liabilities held for sale".

Consolidated Income Statement

Millions of euro

		2017	of which with related parties	2016	of which with related parties
Revenues					
Revenues from sales and services		72,664	*5,124*	68,604	*4,550*
Other revenues and income		1,975	*22*	1,988	*20*
	[Subtotal]	**74,639**		**70,592**	
Costs					
Purchases of energy, gas and fuel		36,039	*7,761*	32,039	*6,603*
Services and other materials		17,982	*2,664*	17,393	*2,577*
Personnel		4,504		4,637	
Depreciation, amortization and impairment losses		5,861		6,355	
Other operating expenses		2,886	*531*	2,783	*312*
Capitalized costs		(1,847)		(1,669)	
	[Subtotal]	**65,425**		**61,538**	
Net income/(expenses) from commodity contracts measured at fair value		**578**	*27*	**(133)**	*29*
Operating income		**9,792**		**8,921**	
Financial income from derivatives		1,611		1,884	
Other financial income		2,371	*18*	2,289	*21*
Financial expense from derivatives		2,766		2,821	
Other financial expense		3,908	*25*	4,339	*39*
Share of income/(expense) from equity investments accounted for using the equity method		111		(154)	
Income before taxes		**7,211**		**5,780**	
Income taxes		1,882		1,993	
Net income from continuing operations		**5,329**		**3,787**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**5,329**		**3,787**	
Attributable to shareholders of the Parent Company		3,779		2,570	
Attributable to non-controlling interests		1,550		1,217	
Earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.37*		*0.26*	
Diluted earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.37*		*0.26*	
Earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.37*		*0.26*	
Diluted earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.37*		*0.26*	

Statement of Consolidated Comprehensive Income

Millions of euro

	2017	2016
Net income for the year	**5,329**	**3,787**
Other comprehensive income recyclable to profit or loss (net of taxes):		
Effective portion of change in the fair value of cash flow hedges	(72)	(34)
Income recognized in equity by companies accounted for using the equity method	10	(18)
Change in the fair value of financial investments available for sale	(129)	(24)
Exchange rate differences	(2,519)	1,952
Other comprehensive income not recyclable to profit or loss (net of taxes):		
Remeasurements in net liabilities (assets) for defined benefits	74	(239)
Income/(Loss) recognized directly in equity	**(2,636)**	**1,637**
Comprehensive income for the year	**2,693**	**5,424**
Attributable to:		
- shareholders of the Parent Company	1,968	3,237
- non-controlling interests	725	2,187

Consolidated Balance Sheet

Millions of euro

ASSETS		**at Dec. 31, 2017**		at Dec. 31, 2016	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment		74,937		76,265	
Investment property		77		124	
Intangible assets		16,724		15,929	
Goodwill		13,746		13,556	
Deferred tax assets		6,354		6,665	
Equity investments accounted for using the equity method		1,598		1,558	
Derivatives		702		1,609	
Other non-current financial assets (1)		4,002		3,892	
Other non-current assets		1,064		706	
	[Total]	**119,204**		**120,304**	
Current assets					
Inventories		2,722		2,564	
Trade receivables		14,529	*832*	13,506	*958*
Income Tax receivables		577		879	
Derivatives		2,309	*11*	3,945	*18*
Other current financial assets (2)		4,614	*3*	3,053	*135*
Other current assets		2,695	*162*	3,044	*109*
Cash and cash equivalents		7,021		8,290	
	[Total]	**34,467**		**35,281**	
Assets classified as held for sale		**1,970**		**11**	
TOTAL ASSETS		**155,641**		**155,596**	

(1) Of which long-term financial receivables and other securities at December 31, 2017 for €2,062 million (€2,181 million at December 31, 2016) and €382 million (€440 million at December 31, 2016).
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at December 31, 2017 for €1,094 million (€767 million at December 31, 2016), €3,295 million (€2,121 million at December 31, 2016) and €69 million (€36 million at December 31, 2016).

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2017		at Dec. 31, 2016	
			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	
Other reserves		3,348		5,152	
Retained earnings (losses carried forward)		21,280		19,484	
	[Total]	**34,795**		**34,803**	
Non-controlling interests		**17,366**		**17,772**	
Total shareholders' equity		**52,161**		**52,575**	
Non-current liabilities					
Long-term loans		42,439	*893*	41,336	*1,072*
Post-employment and other employee benefits		2,407		2,585	
Provisions for risks and charges – non current		4,821		4,981	
Deferred tax liabilities		8,348		8,768	
Derivatives		2,998		2,532	
Other non-current liabilities		2,003	*36*	1,856	*23*
	[Total]	**63,016**		**62,058**	
Current liabilities					
Short-term loans		1,894		5,372	
Current portion of long-term loans		7,000	*89*	4,384	*89*
Provisions for risks and charges - current		1,210		1,433	
Trade payables		12,671	*2,365*	12,688	*2,921*
Income tax payable		284		359	
Derivatives		2,260	*9*	3,322	*11*
Other current financial liabilities (1)		954		1,264	
Other current liabilities		12,462	*37*	12,141	*28*
	[Total]	**38,735**		**40,963**	
Liabilities included in disposal groups classified as held for sale		**1,729**		-	
Total liabilities		**103,480**		**103,021**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**155,641**		**155,596**	

(1) Of which 296 million of "short term financial debt" as of December 31, 2016.

Consolidated Statement of Cash Flows

Millions of euro

	2017		2016	
		of which with related parties		*of which with related parties*
Income before taxes for the year	**7,211**		**5,780**	
Adjustments for:				
Depreciation, amortization and impairment losses	5,861		6,355	
Financial (income)/expense	2,692		2,987	
Net income of equity investments accounting for using the equity method	(111)		154	
Changes in net working capital:	(1,265)		662	
- Inventories	(112)		413	
- Trade receivables	(1,530)	*126*	(959)	*(21)*
- Trade payables	65	*(556)*	1,149	*10*
- Other assets/liabilities	312	*106*	59	*(81)*
Accruals to provisions	353		772	
Utilization of provisions	(1,149)		(1,553)	
Interest income and other financial income collected	2,898	*21*	1,544	*21*
Interest expense and other financial expense paid	(4,747)	*(39)*	(4,343)	*(39)*
(Income)/expense from measurement of commodity contracts	59		(278)	
Income taxes paid	(1,579)		(1,959)	
(Gains)/Losses on disposals	(98)		(274)	
Cash flows from operating activities (a)	**10,125**		**9,847**	
Investments in property, plant and equipment	(7,226)		(7,927)	
Investments in intangible assets	(1,273)		(915)	
Investments in entities (or business units) less cash and cash equivalents acquired	(900)		(382)	
Disposals of entities (or business units) less cash and cash equivalents sold	216		1,032	
(Increase)/Decrease in other investing activities	(111)		105	
Cash flows from investing/disinvesting activities (b)	**(9,294)**		**(8,087)**	
Financial debt (new long-term borrowing)	12,284		2,339	
Financial debt (repayments and other net changes)	(10,579)	*(179)*	(4,049)	*(89)*
Collection of proceeds from sale of equity holdings without loss of control	(478)		(257)	
Dividends and interim dividends paid	(2,873)		(2,507)	
Cash flows from financing activities (c)	**(1,646)**		**(4,474)**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(390)**		**250**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(1,205)**		**(2,464)**	
Cash and cash equivalents at beginning of the year (1)	8,326		10,790	
Cash and cash equivalents at the end of the year (2)	7,121		8,326	

(1) Of which cash and cash equivalents equal to €8,290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to assets held for sale in the amount of €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €7,021 million at December 31, 2017 (€8,290 million at December 31, 2016), short-term securities equal to €69 million at December 31, 2017 (€36 million at December 31, 2016) and cash and cash equivalents pertaining to assets held for sale in the amount of €31 million at December 31, 2017.

Enel SpA - Income Statement

Millions of euro

	2017		2016	
		of which with related parties		*of which with related parties*
Revenues				
Revenues from services	120	*118*	197	*196*
Other revenues	13	*12*	10	*9*
(Sub Total)	**133**		**207**	
Costs				
Purchases of consumables	1		1	
Services, leases and rentals	165	*83*	152	*78*
Personnel	174		166	
Depreciation, amortization and impairment losses	15		448	
Other operating expenses	20	*1*	17	
(Sub Total)	**375**		**784**	
Operating income	**(242)**		**(577)**	
Income from equity investments	3,033	*3,032*	2,882	*2,876*
Financial income from derivative instruments	2,683	*1,640*	2,787	*1,239*
Other financial income	410	*157*	556	*147*
Financial expense from derivative instruments	2,902	*836*	3,127	*467*
Other financial expense	872	*72*	979	*54*
(Sub Total)	**2,352**		**2,119**	
Income before taxes	**2,110**		**1,542**	
Income taxes	(160)		(178)	
NET INCOME FOR THE YEAR	**2,270**		**1,720**	

Enel SpA - Statement of comprehensive income for the year

Millions of euro

	2017	2016
Net income for the year	**2,270**	**1,720**
Other comprehensive income recyclable to profit or loss (net of tax):		
Effective portion of change in the fair value of cash flow hedges	38	(99)
Other comprehensive income recyclable to profit or loss	**38**	**(99)**
Other comprehensive income not recyclable to profit or loss (net of tax):		
Remeasurements in net liabilities (assets) for employees benefits	(5)	(11)
Other comprehensive income not recyclable to profit or loss	**(5)**	**(11)**
Income/(Loss) recognized directly in equity	**33**	**(110)**
COMPREHENSIVE INCOME FOR THE YEAR	**2,303**	**1,610**

Enel SpA - Balance Sheet

Millions of euro

ASSETS		at Dec. 31,2017		at Dec. 31,2016	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment		10		9	
Intangible assets		31		18	
Deferred tax assets		299		370	
Equity investments		42,811		42,793	
Derivatives		1,456	*912*	2,469	*953*
Other non-current financial assets (1)		16		53	*27*
Other non-current assets		148	*139*	188	*154*
	(Total)	**44,771**		**45,900**	
Current assets					
Trade receivables		237	*228*	255	*248*
Income tax receivables		265		212	
Derivatives		111	*98*	480	*19*
Other current financial assets (2)		4,350	*2,185*	4,221	*3,048*
Other current assets		453	*435*	299	*261*
Cash and cash equivalents		2,489		3,038	
	(Total)	**7,905**		**8,505**	
TOTAL ASSETS		**52,676**		**54,405**	

(1) Of which long-term financial receivables for € 6 million at December 31, 2017, € 32 million at December 31, 2016.
(2) Of which short-term financial receivables for € 4,085 million at December 31, 2017, € 3,912 million at December 31, 2016.

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31,2017		at Dec. 31,2016	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		10,167		10,167	
Other reserves		11,443		11,410	
Retained earnings (losses carried forward)		4,424		4,534	
Net income for the year (*)		1,202		805	
TOTAL SHAREHOLDERS' EQUITY	(Total)	**27,236**		**26,916**	
Non-current liabilities					
Long-term loans		10,780	*1,200*	13,664	*1,200*
Post-employment and other employee benefits		273		286	
Provisions for risks and charges		43		68	
Deferred tax liabilities		168		246	
Derivatives		2,270	*28*	3,082	*747*
Other non current liabilities		12	*9*	36	*33*
	(Sub Total)	**13,546**		**17,382**	
Current liabilities					
Short-term loans		5,397	*4,896*	6,184	*4,268*
Current portion of long-term loans		3,654		973	
Trade payables		137	*74*	150	*68*
Derivatives		176	*13*	556	*464*
Other current financial liabilities		465	*29*	550	*82*
Other current liabilities		2,065	*428*	1,694	*544*
	(Sub Total)	**11,894**		**10,107**	
TOTAL LIABILITIES		**25,440**		**27,489**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**52,676**		**54,405**	

(*) In 2017, net income is reported net of interim dividend equal to € 1,068 million (€ 915 million at December 31,2016).

Enel SpA - Statement of Cash Flows

Millions of euro

	2017	of which with related parties	2016	of which with related parties
Income before taxes	**2,110**		**1,542**	
Adjustments for:				
Amortization and impairment losses of intangible assets and property, plant and equipment	15		16	
Exchange rate adjustments of foreign currency assets and liabilities	(232)		(353)	
Provisions	38		24	
Dividends from subsidiaries, associates and other companies	(3,033)	*(3,032)*	(2,882)	*(2,876)*
Net financial (income)/expense	906	*(889)*	1,122	*(865)*
(Gains)/losses and other non-monetary items	-		432	
Cash flow from operating activities before changes in net current assets	**(196)**		**(99)**	
Increase/(decrease) in provisions	(75)		(15)	
(Increase)/decrease in trade receivables	18	*20*	28	*30*
(Increase)/decrease in financial and non-financial assets/liabilities	886	*(1,527)*	1,404	*(523)*
Increase/(decrease) in trade payables	(13)	*6*	(14)	*9*
Interest income and other financial income collected	1,134	*325*	1,047	*541*
Interest expense and other financial expense paid	(1,822)	*(717)*	(1,807)	*(365)*
Dividends from subsidiaries, associates and other companies	2,977	*2,976*	2,882	*2,876*
Income taxes paid (consolidated taxation mechanism)	(444)		(915)	
Cash flow from operating activities (a)	**2,465**		**2,511**	
Investments in property, plant and equipment and intangible assets	(30)	*(30)*	(22)	*(22)*
Equity investments	(18)	*(18)*	(387)	*(387)*
Disposals of equity investments	-		-	
Cash flows from investing/disinvesting activities (b)	**(48)**		**(409)**	
Long-term financial debt (new borrowing)	989		50	
Long-term financial debt (repayments)	(993)		(3,848)	
Net change in long-term financial payables/(receivables)	(2,853)	*(27)*	1,804	*45*
Net change in short-term financial payables/(receivables)	1,721	*1,512*	(1,357)	*1,410*
Dividends paid	(1,830)		(1,627)	
Increase in share capital and reserves	-		(11)	
Cash flows from financing activities (c)	**(2,966)**		**(4,989)**	
Increase/(decrease) in cash and cash equivalents (a+b+c)	**(549)**		**(2,887)**	
Cash and cash equivalents at the beginning of the year	3,038		5,925	
Cash and cash equivalents at the end of the year	**2,489**		**3,038**	