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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 17% IN 2016

Consolidated financial highlights

- **Revenues**: 70,592 million euros (75,658 million euros in 2015, -6.7%)
  - *down due to negative exchange rate developments, a decline in electricity trading, the deconsolidation of Slovenské elektrárne, a reduction in electricity sale prices in mature markets and lower electricity production*
- **EBITDA:** 15,276 million euros (15,297 million euros in 2015, -0.1%)
  - *roughly in line with 2015 due to more extraordinary items reported that year*
- **Ordinary EBITDA:** 15,174 million euros (15,040 million euros in 2015, +0.9%)
  - *growth in Iberian Peninsula and Americas more than offset lower margins in Europe and North Africa that were mainly due to the deconsolidation of Slovenské elektrárne*
- **EBIT:** 8,921 million euros (7,685 million euros in 2015, +16.1%)
  - *increase due to the growth of ordinary EBITDA and lower impairment losses*
- **Group net income:** 2,570 million euros (2,196 million euros in 2015, +17.0%)
  - *reflecting the increase in EBIT, which more than offset the impact of higher net financial charges not linked to debt, the adjustment to fair value of a number of items connected with the disposal of Slovenské elektrárne and an increase in income taxes*
- **Group net ordinary income:** 3,243 million euros (2,887 million euros in 2015, +12.3%)
  - *in line with Group net income, with the impact from extraordinary items largely unchanged from 2015*
- **Net financial debt:** 37,553 million euros (37,545 million euros at the end of 2015), in line with the previous year
- Proposed **dividend** for 2016: 0.18 euros per share, of which 0.09 euro per share paid as interim dividend in January 2017

2016 results and objectives of the Group Strategic Plan

- **Results outperform guidance:**
  - *Significant contribution from efficiencies achieved, especially in Italy and Spain*

- *Installed renewables capacity continues to expand*
- *Sales to end users in Italy and Spain rise*
- *Performance improves in Latin America notwithstanding depreciation of all currencies*
- *Ordinary EBITDA growing for the first time since 2013*

- **Major progress achieved in 2016** towards reaching the targets set for each of the five pillars of the strategic plan

1. Reduction in cash costs of around 8%, with **savings** of about 1 billion euros

2. **Growth EBITDA** of 800 million euros
   - *90% of growth EBITDA for 2017 already allocated*

3. Integration of Enel Green Power into the Enel Group and first phase of corporate restructuring in Latin America completed; simplification by individual country in Latin America continues

4. Competed **asset disposals** worth about 3.1 billion euros, with around 0.9 billion euros in acquisitions completed during the period

5. Implicit **pay-out** about 57%, an increase on the 55% specified in 2016 dividend policy

- **Financial targets for 2017 confirmed**

- Significant progress also made on commitments made relating to the United Nations' Sustainable Development Goals (SDGs), an integral part of Enel's strategic plan:
  - SDG 4 (quality education): 300,000 beneficiaries
  - SDG 7 (affordable and clean energy): 1.2 million beneficiaries
  - SDG 8 (decent work and economic growth): 1.1 million beneficiaries
  - SDG 13 (climate action): ~395gCO_2/KWheq

Francesco Starace, Enel CEO and General Manager, said: *"The Group's excellent performance in the implementation of our strategy enabled us to achieve better than expected results in 2016 and to post growth in EBITDA for the first time since 2013. The results achieved in 2016 have enabled us to increase net income by 17% over the corresponding figure for 2015 and increase the dividend pay-out to 57%. Cash generation improved significantly, enabling us to bring FFO/net debt to 26% at the end of 2016, in spite of record investments for around 9 billion euros carried out during the year.*

For 2017, we plan to start our investments in digitisation and we foresee early contributions from our customer focus strategy on a global scale. Digitisation will enable us to achieve significant progress in operational efficiency and we will continue our industrial growth, focusing on networks and renewables, with a growth EBITDA target of 1.4 billion euros for the year. Our aim is to become a leaner and more efficient Group and to this end we are focused on the second phase of the corporate simplification at the individual country level in Latin America, while continuing with the active management of our asset portfolio."

Rome, March 17th, 2017 – The Board of Directors of Enel S.p.A. ("Enel"), chaired by Patrizia Grieco, approved the 2016 financial results at its meeting yesterday.

2016 consolidated financial highlights

2015 data contained in the tables below have been restated in accordance with the Group's new organisational structure, which takes into account Enel's new geographies and the integration of Enel Green Power.

REVENUES

- Revenues in 2016 amounted to **70,592 million euros**, a decrease of 5,066 million euros (-6.7%) on 2015
  - The drop is mainly due to the impact of the appreciation of the euro against other currencies (1,286 million euros mostly concentrated in Latin America), a reduction in electricity trading (1,062 million euros), the deconsolidation of Slovenské elektrárne following the sale of 50% of Slovak Power Holding B.V. at the end of July 2016 (767 million euros), a reduction in sales of electricity to end users in mature markets and the reduction in sales of generated electricity.
  - Another factor in the decrease was the recognition in 2015 of the grants received in Argentina under the provisions of Resolución 32/2015.
- **Revenues in 2016** included a number of **extraordinary** items, including:
  - The capital gains on the disposal of **GNL Quintero** and **Hydro Dolomiti Enel**, equal to 173 million euros and 124 million euros respectively;
- **Revenues in 2015** included the following **extraordinary items**:
  - The capital gain of 141 million euros on the disposal of SE Hydropower.
  - The negative goodwill and concomitant recalculation at fair value of the interest already held by the Group following the acquisition of 3Sun worth a total of 116 million euros.

The following table reports revenues by **business area**:

Revenues *(millions of euros)*	**2016**	**2015 restated**	**Change**
Italy	36,957	40,727	-9.3%
Iberia	18,953	20,484	-7.5%
Latin America	10,768	10,828	-0.6%
Europe and North Africa	3,798	4,990	-23.9%
North and Central America	1,125	882	27.6%
Sub-Saharan Africa and Asia	29	18	61.1%
Other, eliminations and adjustments	(1,038)	(2,271)	54.3%
TOTAL	**70,592**	**75,658**	**-6.7%**

More specifically:

IN ITALY: revenues in 2016 amounted to 36,957 million euros, a decrease of 3,770 million euros (-9.3%) on 2015, mainly due to:

- **a decrease in revenues from the sale of electricity on the wholesale market,** mainly due to lower volumes of energy generated;
- **a decrease in tariff revenues from electricity distribution**, mainly due to the regulatory changes introduced in 2015 with Resolution no. 654/2015 of the Italian Authority for Electricity, Gas and the Water System ("AEEGSI", from its Italian acronym);
- **lower revenues from trading on international electricity markets**, mainly due to a reduction in quantities handled in proprietary trading on European power markets against a backdrop of falling prices;
- **a drop in revenues from renewables generation**, mainly due to lower revenues from the sale of electricity as a result of lower hydropower output, as well as the effect of the recognition of extraordinary items in 2015 (mainly regarding the 3Sun acquisition);
- **increased revenues on end-user electricity markets,** the net result of a reduction in revenues on the regulated market and an increase in revenues on the free and gas markets.

IN THE IBERIAN PENINSULA: revenues in 2016 were 18,953 million euros, a 1,531 million euro decrease on 2015 (-7.5%), reflecting:

- **lower revenues on end-user markets**, mainly due to a drop in average sales prices;
- **a decrease in revenues from Generation and Trading**, mainly due to lower revenues from the electricity sales by generation companies and the decline in revenues from the sale and calculation at fair value of environmental certificates that mostly regard certain transactions carried out in 2015;
- **a drop in revenues from renewables generation**, mainly due to lower generation volumes, which mainly reflected the change in the scope of consolidation following the disposal of the Portuguese assets at the end of 2015;
- **lower connection fees,** despite the increase in quantities transported**.**

IN LATIN AMERICA: revenues in 2016 were 10,768 million euros, a decrease of 60 million euros (-0.6%) compared with 2015, mainly reflecting:

- **an increase in revenues in Chile**, mainly due to the capital gain on the sale of the 20% stake in GNL Quintero held by subsidiary Enel Generación Chile (formerly Endesa Chile S.A.), as well as the increase both in distribution and sale tariffs and in quantities transported, partly offset by the unfavourable exchange rate developments between the euro and the Chilean peso;
- **lower revenues in Brazil** due to the weakening of the local currency against the euro, only partially offset by an increase in average prices following tariff revisions in December 2015 and March 2016;
- **higher revenues in Argentina**, mainly due to the significant increase in sales rates following the tariff revisions introduced in 2016 (Resolución ENRE no. 1/2016). This increase was largely offset by the recognition in 2015 of a grant for a lack of tariff increases following Resolución no. 32/2015 and the effect of significantly unfavourable exchange rates due to the depreciation of the Argentine peso against the euro;

- **a decrease in revenues in Colombia**, mainly due to exchange rate changes between the euro and the Colombian peso, which were only partially offset by an increase in the quantity of generated and sold electricity;
- **lower revenues in Peru**, where negative exchange rate developments more than offset the increase in quantities transported and the rise in unit sales prices.

IN EUROPE AND NORTH AFRICA: revenues amounted to 3,798 million euros, a decrease of 1,192 million euros (-23.9%) compared with the previous year. The performance reflects:

- **lower revenues in Slovakia**, due to deconsolidation of Slovenské elektrárne following the sale of 50% of Slovak Power Holding B.V. at the end of July 2016;
- **a decrease in revenues in Russia,** mainly due to the weakening of the rouble against the euro, which was only partially offset by an increase in unit sales prices despite the lower quantities generated;
- **a drop in revenues in Romania**, essentially connected with the lower sales volumes on the retail market following the progressive liberalisation of the market, the effects of which were only partially offset by an increase in quantities transported and in new connections;
- **a decrease in revenues in France,** which was only partially offset by an increase mainly recorded in Belgium brought about by higher gas commodity sales.

IN NORTH AND CENTRAL AMERICA: revenues were 1,125 million euros, an increase of 243 million euros (+27.6%) compared with the previous year. The rise reflects:

- **an increase in revenues in the United States and Canada,** mainly due to higher tax-partnership revenues, an increase in wind generation and the increase in capital gains and fair value adjustments resulting from EGPNA Renewables Energy Partners becoming a joint venture following changes to its corporate governance;
- **Higher revenues in Mexico,** related mainly to the increase in wind generation and the revenues resulting from the positive outcome of VAT-recovery proceedings**;**
- **a decrease in revenues in Panama**, due to lower revenues from the sale of electricity as a result of lower water availability.

IN SUB-SAHARAN AFRICA AND ASIA: revenues in 2016 amounted to 29 million euros, an increase of 11 million euros compared with the previous year.
The increase mainly reflects the different period of consolidation of Enel's Indian companies.

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EBITDA

- EBITDA in 2016 was 15,276 million euros, a slight decrease of 21 million euros (-0.1%) compared with 2015. The change mainly reflects:
  - the general rise in margins in nearly all geographies, mainly in Latin America (both in the generation and the distribution and sale of electricity) and in mature end-user markets (Italy and Spain);
  - the effect of the charges recognised in 2015 following the formalisation of a number of early retirement agreeements in Italy and Spain.

- These effects were partly offset by:
  - the impact of exchange rate losses of 372 million euros;

– the partial reversal (550 million euros) in 2015 of the provision for charges for the disposal of depleted nuclear fuel following the introduction of new regulations in Slovakia.

The following table reports EBITDA by **business area**:

EBITDA *(millions of euros)*	**2016**	**2015 restated**	**Change**
Italy	6,679	6,916	-3.4%
Iberia	3,562	3,353	6.2%
Latin America	3,556	3,306	7.6%
Europe and North Africa	762	1,451	-47.5%
North and Central America	833	575	44.9%
Sub-Saharan Africa and Asia	14	7	100.0%
Other, eliminations and adjustments	(130)	(311)	58.2%
TOTAL	**15,276**	**15,297**	**-0.1%**

ORDINARY EBITDA
Given that EBITDA for 2016 includes the same non-recurring items referred to under revenues as well as the adverse impact (195 million euros) of the abandonment of a number of hydropower projects in Chile and Peru, ordinary EBITDA amounted to **15,174 million euros**, an increase of 134 million euros compared with 2015 (+0.9%), as detailed in the following table by **business area**:

Ordinary EBITDA *(millions of euros)*	**2016**	**2015 restated**	**Change**
Italy	6,555	6,659	-1.6%
Iberia	3,562	3,353	6.2%
Latin America	3,578	3,306	8.2%
Europe and North Africa	762	1,451	-47.5%
North and Central America	833	575	44.9%
Sub-Saharan Africa and Asia	14	7	100.0%
Other, eliminations and adjustments	(130)	(311)	58.2%
TOTAL	**15,174**	**15,040**	**0.9%**

More specifically:

IN ITALY**:** ordinary EBITDA amounted to 6,555 million euros in 2016, posting a decrease of 104 million euros (-1.6%) compared with 2015, mainly attributable to:

- a **reduction in the generation margin**, reflecting a less favourable generation mix as a result of poor water availability against a backdrop of falling wholesale prices, the provisions related to reclamation work at the sites related to the decommissioned generation plants included in the Futur-e project and the recognition of a termination fee related to a number of CO_2 provisioning transactions. These factors were only partly offset by an increase in the trading margin, which reflects the benefits of signing price review agreements related to a number of gas supply contracts;
- a **reduction in the margin from Infrastructure and Networks activities**, attributable to a decrease in the margin on electricity transport, due to the abovementioned impact of regulatory changes and tariff reductions on revenues, partly offset by an increase in the margin from white certificates;
- **lower renewable generation margin**, which was mainly due to the abovementioned ordinary effects on revenues;
- an **increase in the margin from end-user markets**, mainly attributable to the free electricity and gas markets.

IN THE IBERIAN PENINSULA: ordinary EBITDA amounted to 3,562 million euros, an increase of 209 million euros compared with 2015 (+6.2%), attributable to:

- an **increase in the margin from Infrastructure and Networks activities**, which reflects the reduction in operating costs (which were influenced in 2015 by the introduction of an early-retirement plan), more than offsetting the reduction in margin from connection fees
- **improved margins in end-user markets** mainly attributable to the reduced provisioning costs for both electricity and gas commodities, which more than offset the effect of falling sales prices;
- an **increase in the margin from Generation and Trading activities**, primarily associated with a decrease in provisioning costs and the positive effects of a number of regulatory changes, partially offset by a decrease in the margin on environmental certificates;
- **lower renewable generation margin**, where the fall in revenues related to the aforementioned change in the scope of consolidation was partially offset by a number of improvements in operating efficiency.

IN LATIN AMERICA: ordinary EBITDA amounted to 3,578 million euros, an increase of 272 million euros (+8.2%) compared with 2015, attributable to:

- an **increase in the margin in Chile**, associated with generation and distribution activities;
- an **increase in the margin in Brazil** due, above all, to the regulatory changes during the year, which more than offset exchange rate effects;
- an **increase in the margin in Colombia**, where the positive impact of the increase in quantities generated and sold was almost entirely offset by exchange rate effects;
- a slight **decrease in the margin in Argentina** due to changes in the regulatory mechanism concerning the two periods under review, which was largely offset by adverse exchange rates developments;

- a **decrease in the margin in Peru**, mainly associated with exchange rate developments and provisions carried out.

IN EUROPE AND NORTH AFRICA: ordinary EBITDA amounted to 762 million euros, a decrease of 689 million euros (-47.5%) compared with 2015. The contraction is mainly attributable to:

- a **decrease in the margin in Slovakia**, mainly due to the partial release of the provision for the disposal of nuclear fuel in 2015; this factor was compounded by the deconsolidation of Slovenské elektrárne at the end of July 2016;
- a **decrease in the margin in Romania**, almost entirely attributable to electricity transport;
- a **decrease in the margin in Belgium,** a consequence of increased purchase costs and lower output.

IN NORTH AND CENTRAL AMERICA: ordinary EBITDA amounted to 833 million euros, an increase of 258 million euros (+44.9%) compared with 2015. The rise was attributable to:

- an **increase in the margin in the United States and Canada**, attributable to the increase in revenues described above, only partly offset by an increase in operating and personnel costs;
- an **increase in the margin in Mexico**, which benefitted from the increase in volumes generated and revenues from VAT refunds;
- a **decrease in the margin in Panama** due to the reduction in revenues and to an increase in costs to purchase electricity to make up for a decrease in output as a result of lower water availability.

IN SUB-SAHARAN AFRICA AND ASIA: ordinary EBITDA amounted to 14 million euros, an increase of 7 million euros compared with 2015. The change reflects the abovementioned difference in consolidation periods for the Group's Indian companies, as well as the effect of the start of operations and resulting increase in output from the plants in South Africa.

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EBIT

EBIT in 2016 amounted to 8,921 million euros, an increase of 1,236 million euros compared with 2015 (7,685 million euros, +16.1%), with a 1,260 million euro reduction in impairment losses. The latter mainly regarded:

- **in 2016**, the writedowns of certain water usage rights for some hydro projects on the Neltume and Choshuenco rivers in Chile (273 million euros), which could face procedural difficulties, the upstream gas assets (55 million euros) and the writedowns recognised following impairment testing of the Enel Green Power Romania CGU (130 million euros, including certain adjustments of the value of green certificates) and the Nuove Energie CGU (92 million euros);
- **in 2015,** the Enel Russia CGU (899 million euros), the Enel Green Power Romania CGU (155 million euros), the upstream gas exploration assets (159 million euros) and Slovenské elektrárne (574 million euros), the latter reflecting the adjustment of the value of its net assets to the estimated realisable value.

The following table reports EBIT by **business area**:

EBIT (*millions of euros*)	**2016**	**2015**	**Change**
Italy	4,387	4,588	-4.4%
Iberia	1,766	1,473	19.9%
Latin America	2,163	2,320	-6.8%
Europe and North Africa	286	(569)	-
North and Central America	565	338	67.2%
Sub-Saharan Africa and Asia	(5)	4	-
Other	(241)	(469)	48.6%
Total	**8,921**	**7,685**	**16.1%**

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GROUP NET INCOME
Group net income in 2016 amounted to 2,570 million euros, compared with 2,196 million euros in 2015 (+17%). More specifically, the abovementioned EBIT increase was partly offset by a rise in net financial charges not connected with debt, the effects of the fair value adjustment of the remaining interest held by the Group in Slovak Power Holding B.V. and the receivables from the sale of 50% of that company (a total of 439 million euros). The EBIT increase was also partially offset by the impact of the rise in taxes, which in addition to greater pre-tax income and a number of changes in tax rates (in Italy in 2015 and in Peru in 2016) that prompted an adjustment of deferred taxation, also reflected a change between the two years under comparison in a number of income components generated by extraordinary transactions subject to tax exemption rules (the participation exemption system).

GROUP NET ORDINARY INCOME amounted to **3,243 million euros** (2,887 million euros in 2015), an increase of 356 million euros (+12.3%) compared with 2015, in line with the Group's net income with an impact of extraordinary items roughly in line with that of 2015.

FINANCIAL POSITION
The financial position as of December 31st, 2016, shows **net capital employed**, including net assets held for sale of 11 million euros, of **90,128 million euros** (89,296 million euros as of December 31st, 2015), which is funded by:

- **equity** pertaining to shareholders of the Parent Company and non-controlling interests of **52,575 million euros** (51,751 million euros as of December 31st, 2015);
- **net financial debt** of **37,553 million euros**, largely in line with the previous year (37,545 million euros as of December 31st, 2015);

As of December 31st, 2016, the debt/equity ratio came to **0.71** (0.73 as of December 31st, 2015).

CAPITAL EXPENDITURE
Capital expenditure amounted to 8,552 million euros in 2016 (of which 7,637 million euros relate to property, plant and equipment), increasing by 1,439 million euros on 2015 mainly addressing renewable plants in North America and Mexico.
Capital expenditure does not include investments by units classified as "held for sale", worth 290 million euros in 2016.

The following table reports capital expenditure by **business area**:

Capital expenditure (*millions of euros*)	**2016**	**2015**	**Change**
Italy	1,883	1,843	2.2%
Iberia	1,147	1,001	14.6%
Latin America	3,069	2,937	4.5%
Europe and North Africa	265	249	6.4%
North and Central America	1,832	720	-
Sub-Saharan Africa and Asia	304	311	-2.3%
Other, eliminations and adjustments	52	52	0.0%
Total	**8,552**	**7,113**	**20.2%**

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Parent Company's 2016 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*)	2016	2015	Change
Revenues	207	245	-15.5%
EBITDA	(129)	(155)	16.8%
EBIT	(577)	(482)	-19.7%
Net financial expense and income from equity investments	2,119	1,292	64.0%
Net income for the year	1,720	1,011	70.1%
Net financial debt at December 31st,	13,839	13,425	3.1%

Financial highlights for the Parent Company in 2016:

- **Revenues totalled 207 million euros,** down 38 million euros (-15.5%) compared with 2015, reflecting a decrease in the pass-through rebilling to Group companies of costs connected with communications activities as a result of the new organisational structure adopted by the Group, which involved the shifting of part of communications activities to the Countries from the Parent Company. This item was partly offset by an increase in revenues from *management fees and technical fees* relating to a number of the Group's subsidiaries outside of Italy.
- **EBITDA was -129 million euros**, a 26 million euro improvement (+16.8%) on 2015, mainly attributable to the reduction in operating expenses, especially costs for services and personnel, partly offset by the decline in revenues from services provided to Group companies.
- **EBIT was -577 million euros**, a 95 million euro drop (-19.7%) compared with 2015 (taking account of depreciation, amortisation and impairment losses totalling 448 million euros, compared with 327 million euros in 2015; this change is mainly due to the difference in value adjustments recognised in 2016 on equity stakes held in subsidiaries.
- **Net financial expense and income from equity investments were a positive 2,119 million euros** (1,292 million euros in 2015, +64.0%), including net financial expense of 763 million euros (732 million euros in 2015) and income from equity investments in subsidiaries, associates and other entities of 2,882 million euros (2,024 million euros in 2015).
  The increase in net financial expense on the previous year, equal to 31 million euros, was mainly attributable to the net decrease in transactions in financial derivatives (674 million euros), partly offset by the net increase from exchange rate gains (628 million euros). The increase of 858 million euros in income from equity investments in subsidiaries, associates and other entities reflects a rise in dividends distributed by Group companies.
- **Net income for the year amounted to 1,720 million euros**, compared with 1,011 million euros in 2015 (+70.1%).
- **Net financial debt as of December 31st, 2016, totalled 13,839 million euros**, up 414 million euros (+3.1%) on December 31st, 2015, the result of a deterioration in the net short-term position (1,208 million euros), partly offset by a decrease in net long-term financial debt (794 million euros).
- **Shareholders' equity** was **26,916 million euros as of December 31st, 2016**, up 2,036 million euros on December 31st, 2015. The change is attributable to the partial non-proportional spin-off

of Enel Green Power S.p.A. to Enel S.p.A., which increased share capital and the share premium reserve (by 764 million euros and 2,204 million euros respectively), to the distribution of the dividend for 2015 (totalling 1,627 million euros) and the interim dividend for 2016 (915 million euros), as well as the recognition of net income for 2016 (1,610 million euros).

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2016 OPERATIONAL HIGHLIGHTS

	2016	2015	Change
Electricity sales (TWh)	263.0	260.1	1.1%
Gas sales (billions of m^3)	10.6	9.4	12.8%
Electricity generated (TWh)	261.8	284.0	-7.8%
Electricity distributed (TWh)	426.0	427.4	-0.3%
Employees (no.)	62,080	67,914	-8.6%

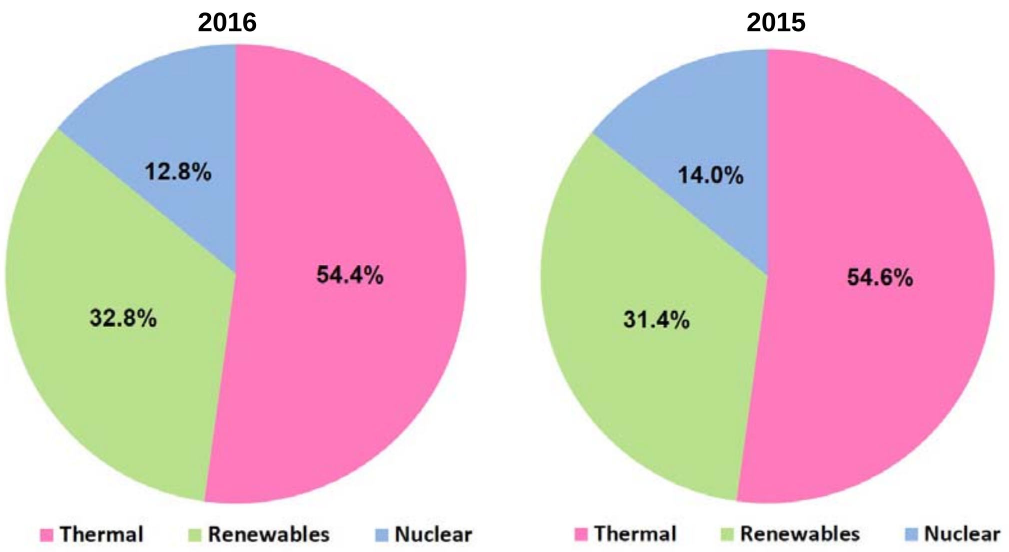
ELECTRICTY AND GAS SALES

- **Electricity sales** amounted to 263.0 TWh in 2016, **up 2.9 TWh (+1.1%)** compared with 2015. More specifically, this increase reflected:
  - an increase in quantities sold on markets in Italy (+6.1 TWh, mainly focused on the business segment) and Spain (+0.6 TWh);
  - lower volumes sold in France and Slovakia (a total of 3.5 TWh following the Group's exit from those markets after deconsolidation) and in Latin America (-0.3 TWh).
- **Gas sales** amounted to 10.6 billion cubic metres, **an increase of 1.2 billion** compared with 2015, mainly occurring in Italy (0.5 billion) and Spain (0.7 billion).

ELECTRICITY GENERATED

- **Net electricity generated** by Enel in 2016 amounted to **261.8 TWh**, down 22.2 TWh compared with 2015 (-7.8%), which was attributable to:
  - **lower volumes generated in Italy** (-7.6 TWh), mainly due to the decline in demand, lower water availability and an increase in stoppages at a number of thermal plants for maintenance;
  - **lower volumes generated outside of Italy** (-14.6 TWh), reflecting the deconsolidation of Slovenské elektrárne as from the end of July 2016 (-8.6 TWh), drought in Latin America as a result of "El Niño" and an increase in electricity imports in Spain, which penalised generation in the Iberian Peninsula.
- Regarding the **generation mix**, the reduction in net output was mainly attributable to the contraction in coal-fired generation (-13.3 TWh), nuclear generation (-6.4 TWh) and hydropower generation (-5.9 TWh). These factors were only partly offset by the increase in wind (+2.1 TWh) and solar (+0.5 TWh) generation.

Generation mix of Enel Group plants:



Decarbonisation of generation mix by 2050 remains the long-term objective of the Enel Group. Electricity generated from zero-emission resources is expected to contribute more than half of the Group's total output in 2019, estimated at 230 TWh. Action to fight climate change is one of the four Sustainable Development Goals adopted by the United Nations that Enel has committed to pursuing, together with access to energy, access to education and contributing to the socio-economic development of the communities in which the Group operates.

ELECTRICITY DISTRIBUTED

Electricity transported on the Enel Group distribution network in 2016 amounted to 426.0 TWh, down 1.4 TWh (-0.3%) on 2015, essentially reflecting the decline in demand in Italy, only partly offset by an increase in amounts transported in Spain and Romania.

EMPLOYEES

- As of December 31st, 2016, Enel Group **employees** numbered **62,080** (67,914 at December 31st, 2015). The decrease of 5,834 is attributable to:
  - the net balance of new hires and terminations in 2016 (-1,554);
  - the change in the scope of consolidation (-4,280 employees), including the deconsolidation of Slovenské elektrárne, Enel France and Marcinelle Energie.

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STRATEGIC PLAN: PROGRESS ON KEY PILLARS

- **During 2016, significant progress was made** on achieving the targets set for each of the five key pillars of the Group's strategy:
  1. **Operational efficiency** – the target reduction of cash costs of 8% was beaten, with savings worth about 1 billion euros.
  2. **Industrial growth** – the EBITDA growth target of 800 million euros was achieved and, based on investment commitments already made, 90% of EBITDA growth for 2017 has already been addressed.
  3. **Group simplification** – the full integration of Enel Green Power into the Group was finalised and the first phase of the corporate restructuring in Latin America was completed. Simplification at individual country level in Latin America is continuing.
  4. **Active portfolio management** – asset sales worth about 3.1 billion euros were completed, with about 0.9 billion euros in acquisitions also completed.
  5. **Shareholder remuneration** – the proposed total dividend for 2016 amounted to 0.18 euros per share, with an implicit pay-out of 57%, which is higher than the 55% specified in the dividend policy for 2016.

The progress achieved in each of the key pillars enables Enel to **confirm the performance and financial targets for 2017**.

- Significant progress was also made in achieving the commitments made as part of the United Nations' Sustainable Development Goals, an integral part of the strategic plan. Compared with the targets set for 2020, the Group has already reached:

  - SDG 4 (quality education): 75% of 400,000 beneficiaries
  - SDG 7 (affordable and clean energy): 40% of the 3 million beneficiaries
  - SDG 8 (decent work and economic growth): 70% of the new target of 1.5 million beneficiaries

  The Group also closed 2016 having made substantial progress on SDG 13 (climate action) and its path towards full decarbonisation of its generation mix by 2050: grams of CO_2/KWheq were about 395 compared with a target of <350 g CO_2/KWheq.

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OUTLOOK

Enel's 2017-2019 strategic plan presented in November 2016, introduces digitisation and customer focus alongside the key pillars of the plan presented the previous year, enabling the acceleration of value creation for all stakeholders. Specifically:

- **Digitisation: investment of 4.7 billion euros** to digitise Group assets, operations and processes and enhance connectivity, with the objective of generating a cumulative **EBITDA increase of 1.6 billion euros between 2017 and 2019**;

- **Customer focus:** improve customer service to preserve and expand Enel's most important asset, its customer base of more than 62 million end users, with the objective of generating **3 billion euros of EBITDA in 2019**;

- **Operational efficiency: savings target of 1 billion euros in 2019 compared with 2016**, an increase of 500 million euros over the previous plan, mainly through a reduction in operating costs driven by digitisation;

- **Industrial growth**: strongly focused on networks and renewables. In the latter segment, Enel plans to introduce a less capital-intensive "BSO" ("Build, Sell and Operate") business model;

- **Group simplification:** rationalisation of the structure at the country level in all of the areas in which the Group operates, especially in **Latin America and in renewables**;

- **Active portfolio management**: an increase to 8 billion euros from the previous 6 billion euros in the objective for asset rotation, with a three-year rolling target. The plan also provides for the **option of activation of a share buyback programme of up to 2 billion euros, which will be presented to Enel's Annual Shareholders' Meeting on May 4th, 2017**;

- **Shareholder remuneration: an increase in the pay-out to 65% of consolidated net ordinary income for 2017,** compared with 60%, and to **70% of consolidated net ordinary income for 2018 and 2019,** compared with 65%. A **minimum dividend of 0.21 euros per share out of 2017 net income**.

In 2017 Enel plans:

- to launch investments in digitisation, with the start of the installation of second generation **smart meters** in Italy, and progress in installation in the Iberian Peninsula. OpEn Fiber is also planning to accelerate the roll-out of its fibre optic network;
- to implement the first contributions to the **customer focus** strategy on a global scale, with the start of investment in the back office and customer experience platforms, and, in particular in Italy, with the conclusion of the "*Tutela Simile*" system and the planned liberalisation of the market in 2018;
- to continue the significant progress achieved in **operational efficiency**, supported by digitisation, which provides for a cash cost target of 11.2 billion euros;
- to continue **industrial growth**, focused on networks and renewables, with a growth EBITDA target of 1.4 billion euros;
- to launch the second phase of **corporate simplification** at the individual country level in Latin America in order to increase efficiency and benefit the Group economically;
- to achieve additional progress in **active portfolio management**, which in the first half of 2017 envisages acquisitions totalling 1.2 billion euros and an increase of 0.4 billion euros in the equity stakes held in two Romanian companies.

Based on the key pillars outlined above, the following table sets out the performance and financial targets on which the 2017-2019 strategic plan is founded.

		2016	2017	2018	2019	CAGR 17-19
Recurring EBITDA	*Billions of euros*	15.2	~15.5	~16.2	~17.2	~+5%
Net ordinary income	*Billions of euros*	3.2	~3.6	~4.1	~4.7	~+14%
Minimum dividend	*euro/share*	0.18	0.21			~+22%
Pay-out	*%*	*57*	*65*	*70*	70	+15 p.p.
FFO / Net financial debt	*%*	26	26	27	30	~+5 p.p.

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AUTHORISATION FOR THE ACQUISITION AND THE DISPOSAL OF OWN SHARES

In line with the guidelines of the 2017-2019 Strategic Plan, presented to the financial community on November 22nd, 2016, the Board of Directors resolved to submit to the Ordinary Shareholders' Meeting called for May 4th, 2017, a proposal to authorise **the purchase and subsequent disposal of own shares** up to a maximum of 500 million ordinary shares, representing about 4.92% of 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 directors or employees 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 acquisition of own shares will be permitted for 18 months from the date of the Assembly’s 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, legislation and existing accepted market practice 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 S.p.A., 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 from time to time determined by the Board of Directors in accordance with legislation and existing accepted market practice.

The acquisition of own shares will be carried out in accordance with one of the following operating procedures identified in Article 144-bis, paragraph 1, of the Consob Issuers Regulation: (i) by means of a public tender offer or exchange offer; (ii) on regulated markets in accordance 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 which provide for the physical delivery of the underlying shares, provided that the organisational and operational rules of the market determines provide for purchase procedures that comply with the characteristics set out in Article 144-bis, paragraph 1, letter c) of the Consob Issuers Regulation. Purchase transactions may also adopt the procedures envisaged under current legislation and market practice accepted by Consob pursuant to Article 13 of Regulation (EU) no. 596/2014 on market abuse or the conditions specified in Article 5 of that Regulation. The sale or other forms of disposal of own shares may be carried out using the procedures considered most appropriate by the Board of Directors in accordance with the interest of the Company.

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 4th, 2017**, in a single call, in order to:

1. **Approve the separate financial statements and examine the consolidated financial statements for 2016.**

2. **Approve the payment of a dividend of 0.18 euros per share,** of which:
   - 0.09 euros per share as a distribution of Enel net income to finance the interim dividend for 2016, in payment as from January 25th, 2017;
   - 0.07 euros per share as a distribution of Enel net income to finance payment of the balance of the dividend for 2016;
   - 0.02 euros per share as a distribution of the available reserve "retained earnings" to finance payment of the balance of the dividend for 2016.
   - **The total dividend is therefore equal to about 1,830 million euros**, against Group net ordinary income (i.e. generated by the core business) of 3,243 million euros and in line with the dividend policy for 2016 announced to the market, which provides for the payment of a dividend from 2016 results equal to the higher of 0.18 euros per share and 55% of the net ordinary income of the Enel Group. At its meeting of November 10th, 2016, the Board of Directors authorised the distribution of an interim dividend for 2016 of 0.09 euros per share, payment of which was carried out as from January 25th, 2017, with an ex-dividend date for coupon no. 25 of January 23rd, 2017 and a record date of January 24th, 2017. Regarding the balance of the dividend for 2016, equal to 0.09 euros per share, the Board of Directors has proposed a payment date of July 26th, 2017, with an ex-dividend date for coupon no. 26 of July 24th, 2017 and a record date of July 25th, 2017.

3. **Approve the authorisation for the acquisition and disposal of own shares.**

4. **Elect the Board of Directors following the expiry of the term of office of the current Board.**

5. **Approve the adoption of a Long-Term Incentive Plan** ("Incentive Plan"), with a three-year vesting period and offering a monetary incentive to the plan's beneficiaries subject to achievement of the following performance objectives in 2017-2019: (i) Total Shareholder Return ("TSR"), measured with reference to the performance of Enel shares against that of the Euro

Stoxx Utilities – UEM and (ii) Return on Average Capital Employed ("ROACE"). The Incentive Plan weights TSR at 60% and ROACE at 40%.

- The beneficiaries of the Incentive Plan are the CEO/General Manager and the key management personnel of Enel, as well as other managers with Enel or subsidiaries, pursuant to Article 2359 of the Italian Civil Code, selected at the time the Incentive Plan is implemented.
- In view of the characteristics of the Incentive Plan's structure, and the performance objectives selected and their respective weighting, the plan is designed to reinforce the alignment of the interests of management with the priority objective of creating sustainable value for shareholders over the medium and long term.
- For a more detailed description of the Incentive Plan, please consult the information document prepared in accordance with Article 114-*bis* of the Consolidated Law on Financial Intermediation, which will be made available to the public as provided for by law.

6. **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 2016 by Enel Group companies include:
  - a non-binding exchange offer issued by Enel Finance International in May 2016 involving the repurchase of bonds in the amount of 1,074 million euros and the concomitant issue of a senior 1.375% fixed-rate bond with a nominal value of 1,257 million euros, maturing in June 2026;
  - 600 million US dollars (equivalent to 569 million euros as of December 31st, 2016) relating to a 4% fixed-rate bond issued by Enel Americas maturing in October 2026.
- During the period between January 1st, 2017 and June 30th, 2018, bond issues by Enel Group companies with a total carrying amount of 7,811 million euros are scheduled to reach maturity, of which the main issues are:
  - 391,500 million Colombian pesos (equivalent to 124 million euros) relating to floating-rate bonds issued by Codensa, maturing in March 2017;
  - 909 million euros relating to a fixed-rate bond issued by Enel, maturing in June 2017;
  - 637 million euros relating to a fixed-rate bond issued by Enel Finance International, maturing in July 2017;
  - 1,500 million US dollars (equivalent to 1,423 million euros as of December 31st, 2016) relating to a fixed-rate bond issued by Enel Finance International, maturing in September 2017;
  - 2,500 million euros relating to a fixed-rate bond issued by Enel, maturing in February 2018;

- 500 million euros relating to a floating-rate bond issued by Enel, maturing in February 2018;
- 512 million euros relating to a fixed-rate bond issued by Enel Finance International, maturing in April 2018;
- 591 million euros relating to a fixed-rate bond issued by Enel, maturing in June 2018.

In addition, following the voluntary non-binding offer issued on January 14th, 2016 and completed on January 20th, 2016, Enel acquired own bonds in the nominal amount of 750 million euros.

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RECENT KEY EVENTS

November 16th, 2016: Enel announced that its subsidiaries Enersis Américas S.A. ("Enersis Américas"), Endesa Américas S.A. ("Endesa Américas") and Chilectra Américas S.A. ("Chilectra Américas") had signed the document certifying that the conditions precedent for the merger by incorporation of Endesa Américas and Chilectra Américas into Enersis Américas had been satisfied. Pursuant to the resolutions of the Extraordinary Shareholders' meetings of Enersis Américas, Endesa Américas and Chilectra Américas held on September 28th, 2016, the merger took effect as of December 1st, 2016, and on that date Enersis Américas changed its name to "Enel Américas S.A.". As a result of the merger, Enel now indirectly controls – through subsidiaries – 51.8% of Enel Américas share capital.

November 23rd, 2016: Enel announced that the subsidiary Enel Green Power Brasil Participações Ltda. had inaugurated the Apiacás hydropower complex in the state of Mato Grosso in Brazil's Central-West region. The complex, which is supported by a 30-year power purchase agreement (PPA), has a total installed capacity of 102 MW and is composed of three power plants: Salto Apiacás (45 MW), Cabeça de Boi (30 MW) and Fazenda (27 MW). Enel invested approximately 287 million US dollars in the construction of Apiacás, which can generate more than 490 GWh per year.

November 30th, 2016: Enel announced that its subsidiary Enel Brasil S.A. ("Enel Brasil") had presented the best financial offer, worth 2.187 billion Brazilian reais (approximately 640 million US dollars), for the acquisition of about 94.8% of the share capital of Celg Distribuição S.A. ("CELG"), an energy distribution company that operates in the Brazilian state of Goiás, as part of a public tender organised by the Brazilian government through the national development bank BNDES for the privatisation of CELG. The residual stake of around 5.1% of CELG will be offered to the company's current employees and retired employees, through a process that will allow Enel Brasil to purchase the shares not bought by current employees and retired employees. On **December 23rd, 2016**, Enel announced that BNDES had confirmed the award and, on **February 14th, 2017**, it announced the closing of the transaction following the issue of the necessary approvals from the antitrust authority CADE and the electricity regulator ANEEL.

December 15th, 2016: Enel announced that the subsidiary Enel Green Power North America, Inc. ("EGPNA"), had signed an agreement with GE Energy Financial Services under which EGPNA sold a 1% stake in EGPNA Renewable Energy Partners, LLC ("EGPNA REP") to GE Energy Financial Services, for about 10 million US dollars. As a result of the transaction, EGPNA reduced its stake in EGPNA REP to 50% from 51% and GE Energy Financial Services increased its stake to 50% from 49%. The two companies also revised their Limited Liability Company (LLC) agreement, converting EGPNA REP into an equally owned joint venture. The new corporate governance arrangements provide for EGPNA to continue to manage EGPNA REP assets. With the completion of the transaction, Enel deconsolidated EGPNA REP's debt (approximately 500 million US dollars) and capacity (about 1,200 MW at the closing date). The transaction was closed following the signing of a letter agreement between EGPNA and GE Energy Financial Services, announced by Enel on **November 21st, 2016**, and receipt of all required authorisations.

December 16th, 2016: Enel's subsidiary Enel Generación Chile S.A. announced that it had signed an agreement for the sale to Aerio Chile S.p.A., a subsidiary of the Portuguese electricity company REN - Redes Energeticas Nacionais, S.G.PS. S.A., its entire interest in Electrogas S.A., equal to 42.5% of the share capital, for 180 million US dollars. The sale closed on **February 7th, 2017**, following satisfaction of the conditions to which the transaction was subject.

December 16th, 2016: Enel announced that the US subsidiary EGPNA had started operations in Oklahoma at the Drift Sand and Chisholm View II wind plants, which have an installed capacity of 108 MW and 65 MW respectively. The Drift Sand plant required an investment of about 180 million US dollars and will generate about 480 GWh per year. Chisholm View II, which is an expansion of the 235 MW Chisholm View wind farm, required an investment of around 90 million US dollars and will generate more than 240 GWh per year.

December 19th, 2016: Enel announced that its subsidiary Enel Green Power Chile Ltda had completed and connected to the grid the Sierra Gorda wind plant in the Antofagasta region in Chile. The project required an investment of about 215 million US dollars. The plant has an installed capacity of 112 MW and will be able to generate more than 295 GWh per year once fully up and running.

December 20th, 2016: Enel announced that OpEn Fiber S.p.A. ("OF", the new name of Enel Open Fiber S.p.A.) had completed the acquisition of the entire share capital of Metroweb Italia S.p.A. from F2i SGR S.p.A. and FSI Investimenti S.p.A. for about 714 million euros. The resources for the acquisition were provided through capital contributions from Enel and CDP Equity S.p.A. (a Cassa Depositi and Prestiti Group company), which at the same date held equal interests in OF. In order to reflect the new shareholding structure, the Shareholders' Meeting of OF appointed a new Board of Directors and a new Board of Auditors.

January 9th, 2017: Enel announced the subsidiary Enel Finance International N.V. had placed its first green bond for institutional investors and listing on the regulated markets of the Irish and Luxembourg Stock Exchanges, backed by a guarantee issued by Enel. The issue totalled 1,250 million euros and provides for repayment in one instalment at maturity on September 16th, 2024, as well as the payment of a fixed-rate coupon of 1%, payable annually in arrears in the month of September, as from 2017. The issue price was set at 99.001% and the effective yield to maturity is equal to 1.137%. The transaction, which is consistent with the financial strategy of the Enel Group set out in the 2017-2019 strategic plan, received subscriptions in an amount of approximately 3 billion euros, with considerable interest from Socially Responsible Investors ("SRI"), enabling the Enel Group to further diversify its investor base.

January 11th, 2017: Enel announced the signing with Saudi Arabian utility Saudi Electricity Company (SEC, the largest utility company in the Middle East and North Africa) of a framework agreement for cooperation in power distribution sector. Under the agreement, which has a duration of three years but could be extended, Enel and SEC will share best practices to raise the performance of distribution networks in areas like operation, efficiency and security to best-in-class levels, while also introducing a technology roadmap, aimed at digitising distribution grids and improving energy efficiency for customers. Enel and SEC will also jointly evaluate further areas of collaboration in the power distribution sector.

January 14th, 2017: Enel and Dubai Electricity and Water Authority (DEWA, Dubai's public infrastructure services company) signed a Memorandum of Understanding (MoU) for cooperation in smart grids and network digitisation. Under the MoU, which has a duration of three years and could be extended, the two companies will build a partnership to facilitate the achievement of common strategic objectives and the exchange of information, sharing Enel's know-how in distribution automation, renewable energy integration, smart meters and smart cities, as well as DEWA's experience in the field of smart grids.

February 6th, 2017: Enel announced that the subsidiary Enel Green Power RSA had started operations at the Adams and Pulida photovoltaic plants, which each have an installed capacity 82.5 MW and are located in the South African provinces of Northern Cape and Free State, respectively. The two solar plants – which can generate a total of 318 GWh per year – are supported by a 20-year supply contract with the South African utility Eskom, which Enel was awarded in 2014 in the third phase of the tender organised by the South African government.

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

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NOTES

At 9:30 a.m. today, March 17th, 2017, a conference call will be held to present the results for 2016 and progress in the 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 2016

Unless otherwise specified, the balance sheet figures as of December 31st, 2016 exclude assets and liabilities held for sale.
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 as described previously.
Taking account of the provisions of IFRS 8 regarding the management approach, the new organization modified the structure of reporting, as well as the representation and analysis of Group performance and financial position, from September 30th, 2016. More specifically, performance by business area reported in this Annual Report was determined by designating the Regions and Countries perspective as the primary reporting segment. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item “Other, eliminations and adjustments” includes not only the effects from the elimination of intersegment transactions, but also the figures for the Holding Enel, and the Upstream Gas Division. The main changes in the organisational model, which remains based on an matrix structure of divisions, include the integration of the various companies belonging to the Renewable Energies Business Line in the various divisions by geographical area, functionally including the large hydro activities that are still formally operated by the thermal generation companies, and a new definition of the geographical areas (Italy, Iberia, Europe and North Africa, Latin America, North and Central America, Sub-Saharan Africa and Asia, Central/Holding). The new business structure is also broken down as follows: Thermal Generation and Trading, Infrastructure and Networks, Renewables, Retail, Services and Holding.
The new organisation involved a revision of the disclosures provided pursuant to “IFRS 8 – Operating Segments” for the comparative figures for 2015 in this press release to ensure full comparability.

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KEY PERFORMANCE INDICTORS

This press release uses a number of “alternative performance indicators” not envisaged in the IFRS-EU accounting standards adopted by the European Union in order to facilitate the assessment of the Group’s performance and financial position, which management feels are useful in monitoring the performance of the Group and the Parent Company. In line 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 items previous discussed in the section on "ordinary EBITDA" and of asset impairments.
- **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 held 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".

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

Consolidated Income Statement

Millions of euro

		2016	*of which with related parties*	2015	*of which with related parties*
Revenues					
Revenues from sales and services		68,604	*4,550*	73,076	*5,583*
Other revenues and income		1,988	*20*	2,582	*314*
	[Subtotal]	**70,592**		**75,658**	
Costs					
Purchases of energy, gas and fuel		32,039	*6,603*	37,644	*7,089*
Services and other materials		17,393	*2,577*	16,457	*2,431*
Personnel		4,637		5,313	
Depreciation, amortization and impairment losses		6,355		7,612	
Other operating expenses		2,783	*312*	2,654	*54*
Capitalized costs		(1,669)		(1,539)	
	[Subtotal]	**61,538**		**68,141**	
Net income/(expenses) from commodity contracts measured at fair value		**(133)**	*29*	**168**	*(24)*
Operating income		**8,921**		**7,685**	
Financial income from derivatives		1,884		2,455	
Other financial income		2,289	*21*	1,563	*15*
Financial expense from derivatives		2,821		1,505	
Other financial expense		4,339	*39*	4,969	*29*
Share of income/(expense) from equity investments accounted for using the equity method		(154)		52	
Income before taxes		**5,780**		**5,281**	
Income taxes		1,993		1,909	
Net income from continuing operations		**3,787**		**3,372**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**3,787**		**3,372**	
Attributable to shareholders of the Parent Company		2,570		2,196	
Attributable to non-controlling interests		1,217		1,176	
Earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.26*		*0.23*	
Diluted earnings per share (euro) attributable to ordinary shareholders of the Parent Company		*0.26*		*0.23*	
Earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.26*		*0.23*	
Diluted earnings from continuing operations per share (euro) attributable to ordinary shareholders of the Parent Company		*0.26*		*0.23*	

Statement of Consolidated Comprehensive Income

Millions of euro

	2016	2015
Net income for the year	**3,787**	**3,372**
Other comprehensive income recyclable to profit or loss (net of taxes):		
Effective portion of change in the fair value of cash flow hedges	(34)	359
Income recognized in equity by companies accounted for using the equity method	(18)	29
Change in the fair value of financial investments available for sale	(24)	25
Exchange rate differences	1,952	(1,743)
Other comprehensive income not recyclable to profit or loss (net of taxes):		
Remeasurements in net liabilities (assets) for defined benefits	(239)	184
Income/(Loss) recognized directly in equity	**1,637**	**(1,146)**
Comprehensive income for the year	**5,424**	**2,226**
Attributable to:		
- shareholders of the Parent Company	3,237	2,191
- non-controlling interests	2,187	35

Consolidated Balance Sheet

Millions of euro

ASSETS		**at Dec. 31, 2016**		at Dec. 31, 2015	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment		76,265		73,307	
Investment property		124		144	
Intangible assets		15,929		15,235	
Goodwill		13,556		13,824	
Deferred tax assets		6,665		7,386	
Equity investments accounted for using the equity method		1,558		607	
Derivatives		1,609		2,343	
Other non-current financial assets (1)		3,892		3,274	
Other non-current assets		706		877	
	[Total]	**120,304**		**116,997**	
Current assets					
Inventories		2,564		2,904	
Trade receivables		13,506	*958*	12,797	*937*
Income Tax receivables		879		636	
Derivatives		3,945	*18*	5,073	
Other current financial assets (2)		3,053	*135*	2,381	*2*
Other current assets		3,044	*109*	2,898	*135*
Cash and cash equivalents		8,290		10,639	
	[Total]	**35,281**		**37,328**	
Assets classified as held for sale		**11**		**6,854**	
TOTAL ASSETS		**155,596**		**161,179**	

(1) Of which long-term financial receivables and other securities at December 31, 2016 for €2,180 million (€2,173 million at December 31, 2015) and €441 million (€162 million at December 31, 2015).
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at December 31, 2015 for €767 million (€769 million at December 31, 2015), €2,121 million (€1,471 million at December 31, 2015) and €36 million (€1 million at December 31, 2015).

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2016		at Dec. 31, 2015	
			of which with related parties		*of which with related parties*
Equity attributable to the shareholders of the Parent Company					
Share capital		10,167		9,403	
Other reserves		5,152		3,352	
Retained earnings (losses carried forward)		19,484		19,621	
	[Total]	**34,803**		**32,376**	
Non-controlling interests		**17,772**		**19,375**	
Total shareholders' equity		**52,575**		**51,751**	
Non-current liabilities					
Long-term loans		41,336	*1,072*	44,872	*1,161*
Post-employment and other employee benefits		2,585		2,284	
Provisions for risks and charges		4,981		5,192	
Deferred tax liabilities		8,768		8,977	
Derivatives		2,532		1,518	
Other non-current liabilities		1,856	*23*	1,549	*4*
	[Total]	**62,058**		**64,392**	
Current liabilities					
Short-term loans		5,372		2,155	
Current portion of long-term loans		4,384	*89*	5,733	*89*
Provisions for risks and charges		1,433		1,630	
Trade payables		12,688	*2,921*	11,775	*2,911*
Income tax payable		359		585	
Derivatives		3,322	*11*	5,509	
Other current financial liabilities (1)		1,264		1,063	
Other current liabilities		12,141	*28*	11,222	*14*
	[Total]	**40,963**		**39,672**	
Liabilities included in disposal groups classified as held for sale		**-**		**5,364**	
Total liabilities		**103,021**		**109,428**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**155,596**		**161,179**	

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

Consolidated Statement of Cash Flows

Millions of euro

	2016		2015	
		of which with related parties		*of which with related parties*
Income before taxes for the year	**5,780**		**5,281**	
Adjustments for:				
Depreciation, amortization and impairment losses	6,355		7,612	
Financial (income)/expense	2,987		2,456	
Net income of equity investments accounting for using the equity method	154		(52)	
Changes in net working capital:	662		(1,249)	
- *Inventories*	*413*		*274*	
- *Trade receivables*	*(959)*	*(21)*	*(2,329)*	*283*
- *Trade payables*	*1,149*	*10*	*(581)*	*(248)*
- *Other assets/liabilities*	*59*	*44*	*1,387*	*(6)*
Accruals to provisions	772		1,137	
Utilization of provisions	(1,553)		(1,243)	
Interest income and other financial income collected	1,544	*21*	1,715	*15*
Interest expense and other financial expense paid	(4,343)	*(39)*	(4,326)	*(29)*
(Income)/expense from measurement of commodity contracts	(278)		142	
Income taxes paid	(1,959)		(1,516)	
(Gains)/Losses on disposals	(274)		(385)	
Cash flows from operating activities (a)	**9,847**		**9,572**	
Investments in property, plant and equipment	(7,927)		(7,000)	
Investments in intangible assets	(915)		(762)	
Investments in entities (or business units) less cash and cash equivalents acquired	(382)		(78)	
Disposals of entities (or business units) less cash and cash equivalents sold	1,032		1,350	
(Increase)/Decrease in other investing activities	105		69	
Cash flows from investing/disinvesting activities (b)	**(8,087)**		**(6,421)**	
Financial debt (new long-term borrowing)	2,339		1,474	
Financial debt (repayments and other net changes)	(4,049)	*(89)*	(5,015)	*(89)*
Collection of proceeds from sale of equity holdings without loss of control	(257)		456	
Dividends and interim dividends paid	(2,507)		(2,297)	
Cash flows from financing activities (c)	**(4,474)**		**(5,382)**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**250**		**(234)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(2,464)**		**(2,465)**	
Cash and cash equivalents at beginning of the period [1]	10,790		13,255	
Cash and cash equivalents at the end of the period [2]	8,326		10,790	

(1) Of which cash and cash equivalents equal to €10,639 million at January 1, 2016 (€13,088 million at January 1, 2015), short-term securities equal to €1 million at January 1, 2016 (€140 million at January 1, 2015) and cash and cash equivalents pertaining to assets held for sale in the amount of €150 million at January 1, 2016 (€27 million at January 1, 2015).
(2) Of which cash and cash equivalents equal to €8,290 million at December 31, 2016 (€10,639 million at December 31, 2015), short-term securities equal to €36 million at December 31, 2016 (€1 million at December 31, 2015) and cash and cash equivalents pertaining to assets held for sale in the amount of €150 million at December 31, 2015.

Enel SpA - Income Statement

Millions of euro				
	2016		2015	
		of which with related parties		*of which with related parties*
Revenues				
Revenues from services	197	*196*	237	*238*
Other revenues	10	*9*	8	*6*
(Sub Total)	**207**		**245**	
Costs				
Purchases of consumables	1		1	
Services, leases and rentals	152	*78*	199	*73*
Personnel	166		176	
Depreciation, amortization and impairment losses	448		327	
Other operating expenses	17		24	
(Sub Total)	**784**		**727**	
Operating income	**(577)**		**(482)**	
Income from equity investments	2,882	*2,876*	2,024	*2,024*
Financial income from derivative instruments	2,787	*1,239*	3,358	*500*
Other financial income	556	*147*	177	*161*
Financial expense from derivative instruments	3,127	*467*	3,024	*2,248*
Other financial expense	979	*54*	1,243	*1*
(Sub Total)	**2,119**		**1,292**	
Income before taxes	**1,542**		**810**	
Income taxes	(178)		(201)	
NET INCOME FOR THE YEAR	**1,720**		**1,011**	

Enel SpA - Statement of comprehensive income for the year

Millions of euro

	2016	2015
Net income for the year	**1,720**	**1,011**
Other comprehensive income recyclable to profit or loss (net of tax):		
Effective portion of change in the fair value of cash flow hedges	(99)	55
Other comprehensive income recyclable to profit or loss	**(99)**	**55**
Other comprehensive income not recyclable to profit or loss (net of tax):		
Remeasurements in net liabilities (assets) for employees benefits	(11)	(6)
Other comprehensive income not recyclable to profit or loss	**(11)**	**(6)**
Income/(Loss) recognized directly in equity	**(110)**	**49**
COMPREHENSIVE INCOME FOR THE YEAR	**1,610**	**1,060**

Enel SpA - Balance Sheet

Millions of euro				
ASSETS	**at Dec. 31,2016**		at Dec. 31,2015	
		of which with related parties		*of which with related parties*
Non-current assets				
Property, plant and equipment	9		7	
Intangible assets	18		14	
Deferred tax assets	370		373	
Equity investments	42,793		38,984	
Derivatives	2,469	*953*	2,591	*317*
Other non-current financial assets [1]	53	*27*	107	*71*
Other non-current assets	188	*154*	409	*164*
(Total)	**45,900**		**42,485**	
Current assets				
Trade receivables	255	*248*	283	*278*
Income tax receivables	212		319	
Derivatives	480	*19*	299	*26*
Other current financial assets [2]	4,221	*3,048*	3,403	*3,130*
Other current assets	299	*261*	460	*422*
Cash and cash equivalents	3,038		5,925	
(Total)	**8,505**		**10,689**	
TOTAL ASSETS	**54,405**		**53,174**	

(1) Of which long-term financial receivables for €32 million at December 31, 2016, € 77 million at December 31, 2015.
(2) Of which short-term financial receivables for €3,912 million at December 31, 2016, € 3,052 million at December 31, 2015.

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31,2016	*of which with related parties*	at Dec. 31,2015	*of which with related parties*
Shareholders' equity					
Share capital		10,167		9,403	
Other reserves		11,410		9,163	
Retained earnings (losses carried forward)		4,534		5,303	
Net income for the year (3)		805		1,011	
TOTAL SHAREHOLDERS' EQUITY	(Total)	**26,916**		**24,880**	
Non-current liabilities					
Long-term loans		13,664	*1,200*	14,503	
Post-employment and other employee benefits		286		291	
Provisions for risks and charges		68		53	
Deferred tax liabilities		246		291	
Derivatives		3,082	*747*	2,717	*1,365*
Other non current liabilities		36	*33*	243	*243*
	(Sub Total)	**17,382**		**18,098**	
Current liabilities					
Short-term loans		6,184	*4,268*	4,914	*3,243*
Current portion of long-term loans		973		3,062	
Trade payables		150	*68*	164	*59*
Derivatives		556	*464*	367	*276*
Other current financial liabilities		550	*82*	643	*84*
Other current liabilities		1,694	*544*	1,046	*354*
	(Sub Total)	**10,107**		**10,196**	
TOTAL LIABILITIES		**27,489**		**28,294**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**54,405**		**53,174**	

(3) In 2016, net income is reported net of interim dividend equal to €915 million.

Enel SpA - Statement of Cash Flows

Millions of euro

	2016	*of which with related parties*	2015	*of which with related parties*
Income before taxes	**1,542**		**810**	
Adjustments for:				
Amortization and impairment losses of intangible assets and property, plant and equipment	16		12	
Exchange rate adjustments of foreign currency assets and liabilities	(353)		275	
Provisions	24		50	
Dividends from subsidiaries, associates and other companies	(2,882)	*(2,876)*	(2,024)	*(2,024)*
Net financial (income)/expense	1,122	*(865)*	452	*1,589*
(Gains)/losses and other non-monetary items	432		315	
Cash flow from operating activities before changes in net current assets	**(99)**		**(110)**	
Increase/(decrease) in provisions	(15)		(29)	
(Increase)/decrease in trade receivables	28	*30*	(151)	*(151)*
(Increase)/decrease in other assets/liabilities	1,404	*(523)*	402	*(415)*
Increase/(decrease) in trade payables	(14)	*9*	25	*5*
Interest income and other financial income collected	1,047	*541*	1,779	*828*
Interest expense and other financial expense paid	(1,807)	*(365)*	(2,529)	*(764)*
Dividends from subsidiaries, associates and other companies	2,882	*2,876*	2,024	*2,024*
Income taxes paid (consolidated taxation mechanism)	(915)		(349)	
Cash flow from operating activities (a)	**2,511**		**1,062**	
Investments in property, plant and equipment and intangible assets	(22)	*(22)*	(15)	*(14)*
Equity investments	(387)	*(387)*	(547)	*(547)*
Disposals of equity investments	-		2	*2*
Cash flows from investing/disinvesting activities (b)	**(409)**		**(560)**	
Long-term financial debt (new borrowing)	50		-	
Long-term financial debt (repayments)	(3,848)		(2,394)	
Net change in long-term financial payables/(receivables)	1,804	*45*	(347)	*45*
Net change in short-term financial payables/(receivables)	(1,357)	*1,410*	2,508	*(16)*
Dividends paid	(1,627)		(1,316)	
Increase in share capital and reserves	(11)		-	
Cash flows from financing activities (c)	**(4,989)**		**(1,549)**	
Increase/(decrease) in cash and cash equivalents (a+b+c)	**(2,887)**		**(1,047)**	
Cash and cash equivalents at the beginning of the year	5,925		6,972	
Cash and cash equivalents at the end of the year	**3,038**		**5,925**	