

Condensed consolidated quarterly financial statements at March 31, 2019

Condensed Consolidated Income Statement

Millions of euro	Notes	1st Quarter	
		2019	2018
Total revenue	5.a	20,891	18,946
Total costs	5.b	17,997	16,444
Net income/(expense) from commodity contracts measured at fair value	5.c	87	36
Operating income		2,981	2,538
Financial income		1,251	1,045
Financial expense		1,922	1,611
Net income/(expense) from hyperinflation	2	24	-
Total net financial income/(expense)	5.d	(647)	(566)
Share of income/(losses) of equity investments accounted for using the equity method	5.e	(63)	37
Income before taxes		2,271	2,009
Income taxes	5.f	621	481
Net income from continuing operations		1,650	1,528
Net income from discontinued operations		-	-
Net income for the period (shareholders of the Parent Company and non-controlling interests)		1,650	1,528
Attributable to shareholders of the Parent Company		1,256	1,169
Attributable to non-controlling interests		394	359
<i>Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)</i>		<i>0.12</i>	<i>0.11</i>
<i>Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)</i>		<i>0.12</i>	<i>0.11</i>
<i>Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)</i>		<i>0.12</i>	<i>0.11</i>
<i>Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)</i>		<i>0.12</i>	<i>0.11</i>

Statement of Consolidated Comprehensive Income

Millions of euro	1st Quarter	
	2019	2018
Net income for the period	1,650	1,528
Other comprehensive income recyclable to profit or loss (net of taxes)		
Effective portion of change in the fair value of cash flow hedges	364	(306)
Change in fair value of hedging costs	28	161
Share of the other comprehensive income of equity investments accounted for using the equity method	1	2
Change in the fair value of financial assets at FVOCI	5	-
Change in translation reserve	461	(293)
Other comprehensive income/(loss) for the period	859	(436)
Comprehensive income/(loss) for the period	2,509	1,092
Attributable to:		
- shareholders of the Parent Company	1,886	755
- non-controlling interests	623	337

Condensed Consolidated Balance Sheet

Millions of euro

	Notes	at Mar. 31, 2019	at Dec. 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		99,528	95,780
Goodwill		14,365	14,273
Equity investments accounted for using the equity method		2,052	2,099
Other non-current assets ⁽¹⁾		16,966	16,697
Total non-current assets	6.a	132,911	128,849
Current assets			
Inventories		2,814	2,818
Trade receivables		15,476	13,587
Cash and cash equivalents		8,471	6,630
Other current assets ⁽²⁾		13,502	12,852
Total current assets	6.b	40,263	35,887
Assets held for sale	6.c	722	688
TOTAL ASSETS		173,896	165,424
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	6.d	33,613	31,720
Non-controlling interests		16,502	16,132
Total shareholders' equity		50,115	47,852
Non-current liabilities			
Long-term borrowings		50,928	48,983
Provisions and deferred tax liabilities		17,004	17,018
Other non-current liabilities		11,084	10,816
Total non-current liabilities	6.e	79,016	76,817
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		10,586	6,983
Trade payables		12,505	13,387
Other current liabilities		21,196	19,978
Total current liabilities	6.f	44,287	40,348
Liabilities held for sale	6.g	478	407
TOTAL LIABILITIES		123,781	117,572
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		173,896	165,424

- (1) Of which long-term financial receivables and other securities at March 31, 2019 equal to €2,658 million (€2,912 million at December 31, 2018) and €379 million (€360 million at December 31, 2018), respectively.
- (2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2019 equal to €1,661 million (€1,552 million at December 31, 2018), €3,230 million (€3,418 million at December 31, 2018) and €59 million (€63 million at December 31, 2018), respectively.

Statement of Changes in Consolidated Shareholders' Equity

Share capital and reserves attributable to the shareholders of the Parent Company

Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of costs of hedging financial instruments	Reserve from measurement of financial instruments at FVOCI	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net liabilities/(assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from acquisitions of non-controlling interests	Retained earnings and loss carried forward	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
At December 31, 2017	10,167	7,489	2,034	2,262	(2,614)	(1,588)	-	(23)	(5)	(646)	(2,398)	(1,163)	21,280	34,795	17,366	52,161
Application of new accounting standards	-	-	-	-	-	348	(348)	3	-	-	-	-	(3,707)	(3,704)	(576)	(4,280)
At January 1, 2018 restated	10,167	7,489	2,034	2,262	(2,614)	(1,240)	(348)	(20)	(5)	(646)	(2,398)	(1,163)	17,573	31,091	16,790	47,881
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(207)	(207)
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53	53
Comprehensive income for the period	-	-	-	-	(244)	(333)	161	-	2	-	-	-	1,169	755	337	1,092
of which:																
- other comprehensive income/(loss)	-	-	-	-	(244)	(333)	161	-	2	-	-	-	-	(414)	(22)	(436)
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,169	1,169	359	1,528
At March 31, 2018	10,167	7,489	2,034	2,262	(2,858)	(1,573)	(187)	(20)	(3)	(646)	(2,398)	(1,163)	18,742	31,846	16,973	48,819
At January 1, 2019	10,167	7,489	2,034	2,262	(3,317)	(1,745)	(258)	16	(63)	(714)	(2,381)	(1,623)	19,853	31,720	16,132	47,852
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(195)	(195)
Monetary revaluation	-	-	-	-	-	-	-	-	-	-	-	-	26	26	45	71
Transactions in non-controlling interests	-	-	-	-	(81)	-	-	-	-	(4)	-	67	(1)	(19)	(103)	(122)
Comprehensive income for the period	-	-	-	-	248	345	30	5	2	-	-	-	1,256	1,886	623	2,509
of which:																
- other comprehensive income/(loss)	-	-	-	-	248	345	30	5	2	-	-	-	-	630	229	859
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,256	1,256	394	1,650
At March 31, 2019	10,167	7,489	2,034	2,262	(3,150)	(1,400)	(228)	21	(61)	(718)	(2,381)	(1,556)	21,134	33,613	16,502	50,115

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter	
	2019	2018
Income before taxes	2,271	2,009
Adjustments for:		
Net impairment/(reversals) of trade receivables and other receivables	144	-
Depreciation, amortization and impairment losses	1,423	1,499
Financial (income)/expense	647	566
Net income from equity investments accounted for using equity method	63	(37)
Changes in net current assets:		
- inventories	15	122
- trade receivables	(1,974)	(484)
- trade payables	(912)	(1,984)
- other contract assets/liabilities	172	-
- other assets and liabilities	1,461	815
Interest and other financial expense and income paid and received	(467)	(445)
Other changes	(465)	(163)
Cash flows from operating activities (A)	2,378	1,898
Investments in property, plant and equipment, intangible assets and non-current contract assets	(1,872)	(1,379)
Investments in entities (or business units) less cash and cash equivalents acquired	(223)	-
Disposals of entities (or business units) less cash and cash equivalents sold	166	28
(Increase)/Decrease in other investing activities	5	(13)
Cash flows from (investing)/disinvesting activities (B)	(1,924)	(1,364)
New issues of long-term financial debt	1,945	3,132
Repayments and other changes in net financial debt	1,182	(4,240)
Receipts/(Outlays) for transactions in non-controlling interests	(10)	-
Dividends and interim dividends paid	(1,757)	(1,390)
Cash flows from financing activities (C)	1,360	(2,498)
Impact of exchange rate fluctuations on cash and cash equivalents (D)	35	(43)
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	1,849	(2,007)
Cash and cash equivalents and short-term securities at the beginning of the period ⁽¹⁾	6,713	7,121
Cash and cash equivalents and short-term securities at the end of the period ⁽²⁾	8,562	5,114

(1) Of which cash and cash equivalents equal to €6,630 million at January 1, 2019 (€7,021 million at January 1, 2018), short-term securities equal to €63 million at January 1, 2019 (€69 million at January 1, 2018) and cash and cash equivalents pertaining to "Assets held for sale" equal to €21 million at January 1, 2019 (€31 million at January 1, 2018).

(2) Of which cash and cash equivalents equal to €8,471 million at March 31, 2019 (€4,984 million at March 31, 2018), short-term securities equal to €59 million at March 31, 2019 (€58 million at March 31, 2018) and cash and cash equivalents pertaining to "Assets held for sale" equal to €32 million at March 31, 2019 (€72 million at January 1, 2018).

Notes to the condensed consolidated quarterly financial statements at March 31, 2019

1. Accounting policies and measurement criteria

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the condensed consolidated financial statements at March 31, 2019 are the same as those adopted for the consolidated financial statements at December 31, 2018. Please see those financial statements for more information. In addition, since January 1, 2019, the following standards, interpretations and amendments of existing standards have become applicable to the Enel Group.

- > “IFRS 16 – Leases”, issued on January 2016, replaces IAS 17, “IFRIC 4 – Determining whether an Arrangement contains a Lease”, “SIC 15 – Operating Leases – Incentives” and “SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. With Regulation (EU) no. 2017/1986 issued on October 31, 2017, the European Commission endorsed IFRS 16 – Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). On initial application, the Group elected to exercise those exclusions, whose value – including at first-time application – was estimated to be not material. For example, the Group has leases for certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

The new accounting standard substantially impacts all Group entities holding lease contracts. The main cases are represented by the lease of land and buildings, cars and other means of transportation and other technical machinery.

The complexity of the assessment of the lease contracts and their long-term expiration date required considerable professional judgement at first-time adoption of the new accounting standard.

For the transition of the new accounting standard, the Group elected to use the following practical expedients:

- to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4;

- to use the modified retrospective approach, under which the Group recognized the cumulative effect of adopting IFRS 16 as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information;
 - to measure the lease liability at the present value of the remaining lease payments. The discount rate was represented by the incremental borrowing rate of the Enel Group entity concerned as of January 1, 2019;
 - to recognize a right-of-use asset at the date of initial application for an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application;
 - to rely on its assessment of whether right-of-use assets are recoverable at January 1, 2019 on the basis of the assessment of whether the leases are onerous in accordance with IAS 37.
- > “Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*”, issued in February 2018. The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. The amendments also (i) clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements and (ii) do not address the accounting for “significant market fluctuations” in the absence of a plan amendment, curtailment or settlement.
- > “Amendments to IAS 28 – *Long-term interests in associates and joint ventures*”, issued in October 2017; the amendments clarify that an entity must apply “IFRS 9 – Financial instruments” to non-current interests in associates and joint ventures to which the equity method is not applied.
- > “*Annual improvements to IFRSs 2015-2017 cycle*”, issued in December 2017; the document contains formal modifications and clarifications of existing standards. More specifically, the following standards were amended:
- “IFRS 3 – *Business combinations*”; the amendments clarify that when a joint operator obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value at the acquisition date;
 - “IFRS 11 – *Joint arrangements*”; the amendments clarify that a party that participates in, but does not have joint control of, a joint operation and obtains joint control of the joint operation that constitutes a business as defined in IFRS 3 is not required to remeasure previously held interests in the joint operation;
 - “IAS 12 – *Income taxes*”; the amendments clarify that an entity shall recognize the income tax consequences of dividends (as defined in IFRS 9) when it recognizes a liability to pay a dividend in profit or loss, other comprehensive income or equity in accordance with where the entity originally recognized the transactions that generated distributable profits;
 - “IAS 23 – *Borrowing costs*”; the amendments clarify that an entity shall include borrowings made specifically for the purpose of obtaining a qualifying asset outstanding when the asset is ready for its intended use or sale in the generic borrowings of the entity.
- > IFRIC 23 – *Uncertainty over Income Tax Treatments*”, issued in June 2017; the interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The uncertainty over income tax treatments may affect both current and deferred tax.
- The interpretation proposes that an entity should recognize a tax liability or asset under uncertainty when it is probable that the taxation authority will accept or not a given tax treatment assuming that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information. The interpretation also requires an entity to reassess any judgments and

estimates made if a change in facts and circumstances might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the impact these variations have on performance, which are generally negligible, and the fact that the Group operates in both the globe's northern and southern hemispheres, no additional disclosure (as required under IAS 34.21) for developments in the 12 months ended March 31, 2019 is provided.

2. Effects of the application of new accounting standards

With effect from January 1, 2019, the new “IFRS 16 – Leases” endorsed by the European Commission with Regulation (EU) no. 2017/1986 of October 31, 2017 was applied for the first time.

On first-time adoption, the Group adopted the modified retroactive approach provided for in the standard itself, which led to the restatement of a number of balance sheet items as at January 1, 2019.

Specifically, the Group recognized a lease liability (with a negative impact on net financial debt of €1,356 million) and an asset represented by the right to use the underlying asset. For more details, see note 1 above.

The following table reports the changes to the consolidated balance sheet as at January 1, 2019 connected with the application of the new IFRS 16:

Condensed consolidated balance sheet

Millions of euro	at Dec. 31, 2018 IFRS 16 effect at Jan. 1, 2019		
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets	95,780	1,356	97,136
Goodwill	14,273	-	14,273
Equity investments accounted for using the equity method	2,099	-	2,099
Other non-current assets	16,697	-	16,697
Total non-current assets	128,849	1,356	130,205
Current assets			
Inventories	2,818	-	2,818
Trade receivables	13,587	-	13,587
Cash and cash equivalents	6,630	-	6,630
Other current assets	12,852	-	12,852
Total current assets	35,887	-	35,887
Assets held for sale	688	2	690
TOTAL ASSETS	165,424	1,358	166,782
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	31,720	-	31,720
Total shareholders' equity	47,852	-	47,852
Non-current liabilities			
Long-term borrowings	48,983	1,296	50,279
Provisions and deferred tax liabilities	17,018	-	17,018
Other non-current liabilities	10,816	-	10,816
Total non-current liabilities	76,817	1,296	78,113
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	6,983	60	7,043
Trade payables	13,387	-	13,387
Other current liabilities	19,978	-	19,978
Total current liabilities	40,348	60	40,408
Liabilities held for sale	407	2	409
TOTAL LIABILITIES	117,572	1,358	118,930
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	165,424	1,358	166,782

The following table reports the impact of the application of IFRS 16 on the income statement for the 1st Quarter of 2019:

Millions of euro	1st Quarter of 2019
	IFRS 16 effect
Total costs ⁽¹⁾	(5)
Operating income	5
Financial expense	12
Income before taxes	(7)
Income taxes ⁽²⁾	(2)
Net income for the period (shareholders of the Parent Company and non-controlling interests)	(5)

(3) The figure reflects a decrease in costs for services, leases and rentals of €61 million and an increase in depreciation of €56 million.

(4) Tax rate of 27.0% applied.

Argentina – hyperinflationary economy: impact of the application of IAS 29

As from July 1, 2018, the Argentine economy has been considered hyperinflationary based on the criteria established by “IAS 29 - Financial reporting in hyperinflationary economies”. This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

For the purposes of preparing the condensed consolidated financial statements and in accordance with IAS 29, certain items of the balance sheets of the investees in Argentina have been remeasured by applying the general consumer price index to historical data in order to reflect changes in the purchasing power of the Argentine peso at the reporting date for those companies.

Bearing in mind that the Enel Group acquired control of the Argentine companies on June 25, 2009, the remeasurement of the non-monetary balance-sheet figures was conducted by applying the inflation indices starting from that date. In addition to already being reflected in the opening balance sheet, the accounting effects of that adjustment incorporate changes during the period. Specifically, the effect of the remeasurement of non-monetary assets and liabilities and equity, as well as the components of the income statement recognized in the 1st Quarter of 2019 was recognized in a specific line of the income statement under financial income and expense. The associated tax effect was recognized in taxes for the period.

In order to also take account of the impact of hyperinflation on the exchange rate of the local currency, the income statement balances expressed in the hyperinflationary currency have been translated into the Group’s presentation currency (euro) applying, in accordance with IAS 21, the closing exchange rate rather than the average rate for the period in order to adjust these amounts to current values.

The cumulative changes in the general price indices at December 31, 2018 and March 31, 2019 are shown in the following table:

Periods	Cumulative change in general consumer price index
From July 1, 2009 to December 31, 2018	346.30%
From January 1, 2019 to March 31, 2019	9.85%

In 2019, the application of IAS 29 led to the recognition of net financial income (gross of tax) of €24 million.

The following tables report the effects of IAS 29 on the balance sheet at March 31, 2019, as well as the impact of hyperinflation on the main income statement items for the 1st Quarter of 2019, differentiating

between that concerning the revaluation on the basis of the general consumer price index and that due to the application of the closing exchange rate rather than the average exchange rate for the period in accordance with the provisions of IAS 21 for hyperinflationary economies.

	Cumulative hyperinflation effect at Dec. 31, 2018	Hyperinflation effect for the period	Exchange differences	Cumulative hyperinflation effect at Mar. 31, 2019
TOTAL ASSETS	765	108	(103)	770
TOTAL LIABILITIES	197	28	(27)	198
SHAREHOLDERS' EQUITY	568	80 ⁽¹⁾	(76)	572

(1) The figure includes net income for the 1st Quarter of 2019, equal to €9 million.

	IAS 29 effect	IAS 21 effect	Total effect
Revenue	13	(38)	(25)
Costs	18 ⁽¹⁾	(35) ⁽²⁾	(17)
Operating income	(5)	(3)	(8)
Net financial income/(expense)	(1)	7	6
Net income/(expense) from hyperinflation	24	-	24
Income before taxes	18	4	22
Income taxes	9	(3)	6
Net income for the year (shareholders of the Parent Company and non-controlling interests)	9	7	16
Attributable to shareholders of the Parent Company	6	4	10
Attributable to non-controlling interests	3	3	6

(1) Includes impact on depreciation, amortization and impairment losses of €8 million.

(2) Includes impact on depreciation, amortization and impairment losses of €(3) million.

3. Main changes in the scope of consolidation

2018

- > Disposal, on March 12, 2018, of 86.4% of Erdwärme Oberland GmbH, a company developing geothermal plants headquartered in Germany. The total transaction price was €0.9 million, with a realized capital gain of €1 million.

2019

- > Disposal, on March 1, 2019, of 100% of Mercure Srl, a company to which the business unit consisting of the Mercure biomass plant and the related legal relationships had been previously transferred. As envisaged in the preliminary contract agreed on May 30, 2018, the company was sold for a provisional €162 million, corresponding to the valuation of the business unit at the reference date of January 1, 2018. This amount will be subject to subsequent adjustment on the basis of certain specified variables;
- > acquisition, on March 14, 2019, by Enel Green Power SpA, acting through its US renewables subsidiary Enel Green Power North America ("EGPNA"), of 100% of seven operating renewable generation plants from Enel Green Power North America Renewable Energy Partners ("EGPNA REP"), a joint venture 50% owned by EGPNA and 50% by General Electric Capital's Energy Financial Services;
- > acquisition, on March 27, 2019, by Enel Green Power SpA, acting through its US renewables subsidiary EGPNA, of Tradewind Energy, a renewable energy project development company based

in Lenexa, Kansas. Enel Green Power has incorporated the entire Tradewind development platform, which includes 13 GW of wind, solar and storage projects located in the United States.

Other changes

In addition to the above changes in the scope of consolidation, recent developments include the following transactions, which although they do not represent transactions involving the acquisition or loss of control gave rise to a change in the interest held by the Group in the investees:

- > Enel SpA increased its interest in Enel Américas by 2.14% during the quarter, in accordance with the provisions of the two Share Swap contracts agreed with a financial institution, raising its total stake to 56.37%.

Acquisition of geothermal, solar and wind plants from Enel Green Power North America Renewable Energy Partners

On March 14, 2019, by Enel Green Power SpA, acting through its US subsidiary Enel Green Power North America (EGPNA), acquired 100% of seven operating renewable generation plants with a total capacity of 650 MW from Enel Green Power North America Renewable Energy Partners (EGPNA REP), a joint venture 50% owned by EGPNA and 50% by General Electric Capital's Energy Financial Services. The acquisition involved a cash outflow of €225 million, of which \$198 million for the equity acquired and \$27 million to settle directly with the counterparty a number of creditor items it had in respect of the companies acquired..

The plants included in the transaction, all of which are operated by EGPNA, are: Cove Fort, Salt Wells, Stillwater, Cimarron Bend, Lindahl, Sheldon Springs.

The company has engaged independent experts to measure the fair value of the net assets acquired and the associated allocation of the purchase price. To date, the accounting effects of the transaction have led to the provisional recognition of negative goodwill of €106 million.

The companies acquired contributed €11 million in revenue and €3 million in operating income to results for the 1st Quarter of 2019.

Acquisition of Tradewind Energy

On March 27, 2019, Enel Green Power acquired Tradewind Energy, a renewables project development company with 13 GW of wind, solar and storage projects located in the United States. On the basis of the agreement, Savion, a 100% subsidiary of Tradewind, will be sold to the Green Investment Group, part of the Australian multinational Macquarie, which has a 6 GW development platform of solar and storage projects.

The agreement with Macquarie is expected to be finalized mid-year and is currently awaiting regulatory approval.

The following table reports the provisional fair values of the net assets acquired:

Determination of goodwill

Millions of euro	Amount recognized at March 27, 2019
Property, plant and equipment	7
Intangible assets	2
Deferred tax assets	11
Other non-current assets	31
Trade receivables	3
Cash and cash equivalents	4
Borrowings	(87)
Other non-current liabilities	(54)
Trade payables	(6)
Other current liabilities	(3)
Net assets acquired	(90)
Cost of the acquisition	6
<i>(of which paid in cash)</i>	6
Goodwill	96

4. Segment information

The representation of performance and the financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

For more information on developments in performance and financial position during the period, please see the appropriate section of this Interim Financial Report.

Performance by segment

1st Quarter of 2019⁽¹⁾

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	10,611	5,035	4,199	636	358	38	14	20,891
Revenue from transactions with other segments	193	10	56	2	1	-	(262)	-
Total revenue	10,804	5,045	4,255	638	359	38	(248)	20,891
Total costs	8,907	4,099	2,933	532	126	22	(189)	16,430
Net income/(expense) from commodity contracts measured at fair value	119	(38)	(1)	-	7	-	-	87
Depreciation and amortization	482	437	359	50	80	10	7	1,425
Impairment losses	73	88	46	5	-	-	-	212
Reversals of impairment losses	(2)	(65)	-	(3)	-	-	-	(70)
Operating income	1,463	448	916	54	160	6	(66)	2,981
Capital expenditure	555	375	439⁽²⁾	104	294	81	23	1,871

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.

(2) Does not include €1 million regarding units classified as "held for sale".

1st Quarter of 2018⁽¹⁾

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Revenue from third parties	9,926	5,082	3,084	581	234	24	15	18,946
Revenue from transactions with other segments	183	10	2	21	-	-	(216)	-
Total revenue	10,109	5,092	3,086	602	234	24	(201)	18,946
Total costs	8,211	4,224	2,073	475	115	11	(164)	14,945
Net income/(expense) from commodity contracts measured at fair value	45	(9)	(1)	(1)	2	-	-	36
Depreciation and amortization	458	402	284	49	62	11	7	1,273
Impairment losses	177	78	20	11	-	3	-	289
Reversals of impairment losses	-	(55)	-	(7)	-	(1)	-	(63)
Operating income	1,308	434	708	73	59	-	(44)	2,538
Capital expenditure	408	181	321	36⁽²⁾	262⁽³⁾	1	20	1,229

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.

(2) Does not include €14 million regarding units classified as "held for sale".

(3) Does not include €136 million regarding units classified as "held for sale".

Financial position by segment

At March 31, 2019

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Property, plant and equipment	26,920	23,890	18,127	3,390	7,389	915	72	80,703
Intangible assets	1,825	15,833	14,195	771	881	124	75	33,704
Trade receivables	9,134	2,283	4,220	412	215	41	(804)	15,501
Other	3,295	1,773	2,011	175	382	46	(75)	7,607
Operating assets	41,174⁽¹⁾	43,779	38,553⁽²⁾	4,748	8,867⁽⁴⁾	1,126	(732)	137,515
Trade payables	7,192	2,000	3,162	350	578	98	(874)	12,506
Sundry provisions	2,518	3,492	2,677	104	65	23	512	9,391
Other	10,660	4,517	3,251	650	1,231	87	150	20,546
Operating liabilities	20,370	10,009	9,090⁽³⁾	1,104	1,874	208	(212)	42,443

- (1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €672 million regarding units classified as "held for sale".
(3) Of which €21 million regarding units classified as "held for sale".
(4) Of which €13 million regarding units classified as "held for sale".

At December 31, 2018

Millions of euro	Italy	Iberia	South America	Europe and Euro-Mediterranean Affairs	North and Central America	Africa, Asia and Oceania	Other, eliminations and adjustments	Total
Property, plant and equipment	26,295	23,750	17,387	3,218	5,745	784	64	77,243
Intangible assets	1,822	15,857	13,932	781	750	106	67	33,315
Trade receivables	7,885	2,162	3,766	379	276	33	(890)	13,611
Other	2,979	1,796	1,724	165	348	35	(208)	6,839
Operating assets	38,981⁽¹⁾	43,565	36,809⁽²⁾	4,543	7,119	958	(967)	131,008
Trade payables	7,385	2,658	3,074	391	802	90	(1,011)	13,389
Sundry provisions	2,504	3,537	2,956	90	56	22	516	9,681
Other	9,754	5,375	2,879	641	919	84	683	20,335
Operating liabilities	19,643	11,570	8,909⁽³⁾	1,122	1,777	196	188	43,405

- (1) Of which €4 million regarding units classified as "held for sale".
(2) Of which €663 million regarding units classified as "held for sale".
(3) Of which €22 million regarding units classified as "held for sale".

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro	at Mar. 31, 2019	at Dec. 31, 2018
Total assets	173,896	165,424
Equity investments accounted for using the equity method	2,052	2,099
Other non-current financial assets	6,973	6,774
Long-term tax receivables included in "Other non-current assets"	221	231
Current financial assets	8,876	9,074
Cash and cash equivalents	8,471	6,630
Deferred tax assets	8,334	8,305
Tax receivables	1,421	1,282
Financial and tax assets of "Assets held for sale"	33	21
Segment assets	137,515	131,008
Total liabilities	123,781	117,572
Long-term borrowings	50,928	48,983
Non-current financial liabilities	2,496	2,609
Short-term borrowings	6,226	3,616
Current portion of long-term borrowings	4,360	3,367
Current financial liabilities	4,683	5,131
Deferred tax liabilities	8,942	8,650
Income tax payable	657	333
Other tax payables	2,589	1,093
Financial and tax liabilities of "Liabilities held for sale"	457	385
Segment liabilities	42,443	43,405

Revenue

5.a Revenue – €20,891 million

Millions of euro	1st Quarter			
	2019	2018	Change	
Sale of electricity	11,560	10,241	1,319	12.9%
Transport of electricity	2,572	2,482	90	3.6%
Fees from network operators	228	242	(14)	-5.8%
Transfers from institutional market operators	354	379	(25)	-6.6%
Sale of gas	1,686	1,641	45	2.7%
Transport of gas	267	260	7	2.7%
Other revenue and income	4,224	3,701	523	14.1%
Total	20,891	18,946	1,945	10.3%

In the 1st Quarter of 2019 revenue from the **sale of electricity** amounted to €11,560 million, an increase of €1,319 million on the same period of the previous year. It includes revenue from the sale of electricity to end users in the amount of €8,738 million (€7,848 million in the 1st Quarter of 2018), revenue from wholesale transactions in electricity in the amount of €2,007 million (€1,877 million in the 1st Quarter of 2018) and revenue from electricity trading in the amount of €815 million (€516 million in the 1st Quarter of 2018). The increase in revenue from sales essentially reflects:

- > an increase of €890 million in revenue from the sale of electricity to end users, of which sales on the regulated market amounted to €558 million and those on the free market totaled €332 million. The increase in revenue from sales on the regulated market essentially reflected developments in South America, especially Enel Distribuição São Paulo, which was acquired with effect from June 6, 2018, partly offset by a decline in sales by Italian, Spanish and Romanian companies. The rise in sales on the free market mainly reflects an increase in business-to-consumer sales in Italy as well as an increase in sales in South America and Romania;
- > an increase of €130 million in revenue from wholesale transactions, above all in Iberia and South America, essentially reflecting an increase in sales on electricity exchanges;
- > an increase of €299 million in revenue from electricity trading, essentially due to an increase in volumes traded, especially on international markets.

These positive factors were partly offset by adverse exchange rate developments, especially in South America.

Revenue from the **transport of electricity** in the 1st Quarter of 2019 amounted to €2,572 million, an increase of €90 million on the same period of the previous year. The figure includes revenue from the transport of electricity to end users on the regulated market in the amount of €678 million (€727 million in the 1st Quarter of 2018) and the free market in the amount of €1,894 million (€1,755 million in the 1st Quarter of 2018). That increase was mainly due to:

- > an increase in revenue from the transport of electricity in Italy, which at the same time posted an increase in volumes transported on the free market and a decrease in volumes on the regulated market as a result of the shift of customers from the regulated to the free market;
- > an increase in revenue from the transport of electricity on the regulated market in South America as a result of the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo in June 2018.

Fees from network operators in the 1st Quarter of 2019 amounted to €228 million, a decrease of €14 million on the same period of the previous year, attributable to the Spanish and Italian companies.

In the 1st Quarter of 2019, revenue from **transfers from institutional market operators** amounted to €354 million, a decline of €25 million compared with the same period of 2018. That revenue includes offsetting payments received by the Spanish companies for the cost of generation in the extra-peninsular area (€272 million) and transfers received in Italy for electricity generated with renewable sources (€82 million). The change in revenue is entirely attributable to a reduction in transfers received in Italy for electricity generated with renewable sources.

Revenue from the **sale of gas** amounted to €1,686 million in the 1st Quarter of 2019, an increase of €45 million, mainly attributable to Italian and Romanian companies, partly offset by a decline in the revenue posted by the Spanish companies.

Revenue from the **transport of gas** in the 1st Quarter of 2019 amounted to €267 million, an increase of €7 million on the same period of 2018.

Other revenue and income in the 1st Quarter of 2019 came to €4,224 million (€3,701 million in the 1st Quarter of 2018), an increase of €523 million (+14.1%). The increase essentially reflected the following developments:

- > an increase of €213 million in revenue from the sale of fuels, especially natural gas (€215 million) in Italy due to an increase in volumes handled;
- > the recognition of a gain of €108 million for the sale on March 1, 2019 of the interest in the subsidiary Mercure Srl as part of the disposal of the business unit connected with the Mercure plant;
- > the acquisition by Enel Green Power North America ("EGPNA") of 100% of seven operational plants from EGPNA REP, an equally held joint venture of EGPNA and General Electric Capital's Energy Financial Services, which led to the recognition of negative goodwill of €106 million, determined provisionally pending completion of the purchase price allocation process by independent experts;
- > an increase of €53 million in revenue in respect of construction contracts, mainly attributable to South America as a result of the acquisition of Enel Distribuição São Paulo, which took effect as from June 6, 2018;
- > an increase of €47 million in revenue for the sale of goods as part of value-added services, primarily those of the Enel X Business Line;
- > an increase of €180 million in reimbursements from customers, mainly in respect of Enel Generación Chile, which recognized penalties of €160 million for the early termination by a major industrial customer of a long-term electricity supply contract;
- > an increase of €14 million in fees for connection to the electricity grid, essentially in Italy.

These factors were partly offset by:

- > the effect of the recognition in 2018 of income of €128 million received under the agreement reached by e-distribuzione with F2i and 2i Rete Gas for the early all-inclusive settlement of the earn-out granted in the sale of the interest in Enel Rete Gas;
- > a reduction of €70 million in transfers for energy efficiency certificates due to a decrease in the volume of certificates purchased in the period and a reduction in the unit transfer compared with the same period of 2018.

Costs

5.b Costs - €17,997 million

Millions of euro	1st Quarter			
	2019	2018	Change	
Electricity purchases	5,519	4,377	1,142	26.1%
Consumption of fuel for electricity generation	1,130	1,111	19	1.7%
Fuel for trading and gas for sale to end users	3,928	3,619	309	8.5%
Materials	342	326	16	4.9%
Personnel	1,174	1,091	83	7.6%
Services, leases and rentals	4,107	4,005	102	2.5%
Depreciation, amortization and impairment losses	1,567	1,499	68	4.5%
Charges for environmental certificates	327	317	10	3.2%
Other operating expenses	377	483	(106)	-21.9%
Capitalized costs	(474)	(384)	(90)	-23.4%
Total	17,997	16,444	1,553	9.4%

Costs for **electricity purchases** in the 1st Quarter of 2019 amounted to €5,519 million, an increase of €1,142 million (+26.1%). These costs included purchases under domestic bilateral contracts of €2,376 million (€2,749 million in the 1st Quarter of 2018), purchases of electricity on electricity exchanges of €2,233 million (€1,587 million in the 1st Quarter of 2018), purchases of electricity as part of dispatching and imbalancing services of €63 million (€70 million in the 1st Quarter of 2018), purchases on international markets of €46 million (€389 million in the 1st Quarter of 2018) and other sundry purchases on the local market of €44 million (€429 million in the 1st Quarter of 2018). The increase essentially reflected:

- > an increase in costs for purchases on the Power Exchange (€646 million), in particular in generation in Italy and the distribution companies in Brazil, partly reflecting the acquisition of Enel Distribuição São Paulo in 2018;
- > a decrease in purchases under bilateral contracts, mainly attributable to Enel Global Trading.

Costs for the **consumption of fuel for electricity generation** in the 1st Quarter of 2019 amounted to €1,130 million, an increase of €19 million (+1.7%) on the year-earlier period. The rise mainly reflected an increase in the unit costs of fuel, especially in Russia.

Costs for the purchase of **fuel for trading and gas for sale to end users** in the 1st Quarter of 2019 amounted to €3,928 million, an increase of €309 million (+8.5%) on the 1st Quarter of 2018. The change mainly reflects an increase in average purchase costs of gas for sale to end users, only partly offset by a decrease in the purchase cost of gas for trading.

Costs for **materials** the 1st Quarter of 2019 amounted to €342 million, an increase of €16 million (+4.9%) compared with the same period of the previous year.

Personnel costs in the 1st Quarter of 2019 amounted to €1,174 million, an increase of €83 million (+7.6%) compared with the same period of the previous year. The change mainly reflected an increase in costs due to the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo (€57 million) in June 2018 and an increase of €32 million in costs for termination incentives in Spain.

The Enel Group workforce at March 31, 2019 numbered 68,907, of whom 38,778 abroad. The Group workforce decreased in the 1st Quarter of 2019, reflecting the negative impact of the balance between new hires and terminations in the period (-476), attributable in particular to termination incentive programs in Italy and Brazil.

The changes in the scope of consolidation regard the acquisition of Tradewind in the United States and the disposal of the Mercure plant in Italy.

The overall change compared with December 31, 2018 breaks down as follows:

Balance at December 31, 2018	69,272
Hirings	798
Terminations	(1,274)
Change in the scope of consolidation	111
Balance at March 31, 2019	68,907

Costs for **services, leases and rentals** in the 1st Quarter of 2019 amounted to €4,107 million, an increase of €102 million (+2.5%) compared with the same period of the previous year. The rise reflects:

- > an increase in costs connected with the ancillary activities of the Enel X Business Line, especially in Brazil and the United States, and construction activities in Mexico connected with the renewables plants sold last year as well as increased costs as a result of the change in the scope of consolidation with the acquisition of Enel Distribuição São Paulo in June 2018;
- > the application of IFRS 16, which reduced costs for leases and rentals by €61 million.

Depreciation, amortization and impairment losses in the first three months of 2019 totaled €1,567 million, an increase of €68 million (+4.5%) on the €1,499 million registered in the year-earlier period. Of the total, €56 million is attributable to the application of IFRS 16, which calls for the recognition of depreciation of right-of-use assets that as from January 1, 2019 must be recognized as leased property, plant and equipment and depreciated over the term of the associated leases.

Charges for environmental certificates in the 1st Quarter of 2019 amounted to €327 million, up €10 million on the corresponding period of 2018.

Other operating expenses in the 1st Quarter of 2019 amounted to €377 million, a decrease of €106 million (-21.9%) on the same period of 2018. More specifically, the reduction reflects a decrease in taxation associated with electricity generation and a reduction in charges for rate relief granted to low income customers (*Bono Social*) in Spain.

In the 1st Quarter of 2019, **capitalized costs** amounted to €474 million, an increase of €90 million (+23.4%) as a result of an increase in capitalized costs in Italy, Zambia and South America.

5.c Net income/(expense) from commodity contracts measured at fair value - €87 million

Net income from commodity contracts measured at fair value amounted to €87 million in the 1st Quarter of 2019, compared with net income of €36 million in the same period of 2018. More specifically, net income in the 1st Quarter of 2019 essentially reflected net unrealized income from the fair value measurement of derivatives positions open at the end of the period totaling €37 million (net income of €29 million in the 1st Quarter of 2018) and net realized income on settled contracts of €50 million (net income of €7 million in the 1st Quarter of 2018).

5.d Net financial income/(expense) - €647 million

Net financial expense in the 1st Quarter of 2019 amounted to €647 million, compared with €566 million in the same period of the previous year, an increase of €81 million.

More specifically, financial income in the 1st Quarter of 2019 amounted to €1,251 million, an increase of €206 million on the year-earlier period (€1,045 million). The change largely reflects:

- > an increase of €220 million in income from financial derivatives, mainly derivatives hedging exchange rate risk on borrowings denominated in foreign currencies;
- > an increase of €34 million in interest income on financial receivables, mainly attributable to Enel Finance International.

These factors were partly offset by a decrease of €52 million in exchange rate gains, essentially reflecting exchange rate developments associated with borrowings in foreign currencies, mainly accounted for by Enel Finance International and Enel SpA, partly offset by the companies in South America.

Financial expense in the 1st Quarter of 2019 amounted to €1,922 million, an increase of €311 million on the same period of 2018 (€1,611 million). The rise mainly reflected:

- > an increase of €443 million in exchange rate losses, mainly accounted for by Enel Finance International and Enel SpA;
- > an increase of €61 million in interest expense, mainly connected with an increase of €41 million in interest on bonds, mainly related to Enel Finance International, Enel Américas and Enel Chile, partly offset by Enel SpA;
- > an increase of €28 million in financial expense from unwinding the discount on provisions for risks and charges. The rise was mainly attributable to an increase in charges from the discounting of provisions for termination incentives (€15 million), largely in the Spanish companies, and an increase in charges from the discounting of other provisions for risks and charges (€10 million), mainly in respect of Enel Distribuição São Paulo;
- > an increase of €19 million in charges from unwinding the discount on provisions for employee benefits, mainly regarding Enel Distribuição São Paulo.

These effects were partly offset by a decrease of €258 million in charges on financial derivatives, essentially in respect of derivatives used to hedge exchange rate risk on borrowings denominated in foreign currencies.

Net financial income from hyperinflation in the 1st Quarter of 2019 amounted to €24 million, recognized under the provisions of IAS 29 concerning financial reporting in hyperinflationary economies by companies in Argentina, as discussed in greater detail in note 2.

5.e Share of income/(losses) of equity investments accounted for using the equity method - €(63) million

The **share of income/(losses) of equity investments accounted for using the equity method** in the 1st Quarter of 2019 showed net losses of €63 million, a deterioration of €100 million compared with the net income of €37 million posted in the first three months of 2018.

5.f Income taxes - €621 million

Income taxes for the 1st Quarter of 2019 amounted to €621 million (€481 million in the 1st Quarter of 2018), equal to 27.3% of taxable income, an increase from the 23.9% registered in the 1st Quarter of 2018.

The increase in the tax burden in the 1st Quarter of 2019 compared with the year-earlier period essentially reflected the effect of the recognition in the 1st Quarter of 2018 of deferred tax assets (€86 million) in respect of the prior-year losses of 3Sun, as they are expected to be recovered following the merger with Enel Green Power SpA, as well as an increase in tax withholdings applied by EFI on loans to a number of Brazilian subsidiaries (€20 million) and an increase in the tax rate in Brazil for the non-recognition of deferred tax assets on losses recognized by Enel Sudeste (€10 million).

These effects were only partly offset by the net tax benefit (€40 million) recognized in the 1st Quarter of 2019 mainly for the increase in prepaid taxes recognized following application of the “*revalúo impositivo*” mechanism elected by two generation companies in Argentina and the reversal of deferred tax liabilities by EGPNA as a result of the acquisition of a number of companies of EGPNA REP.

Assets

6.a Non-current assets - €132,911 million

Property, plant and equipment and intangible assets (including investment property) amounted to €99,528 at March 31, 2019, an increase of €3,748 million. The change is essentially attributable to capital expenditure for the period (€1,773 million), exchange rate gains (€888 million), the recognition at January 1, 2019, in accordance with the provisions of the new IFRS 16, of right-of-use assets in respect of leased property, plant and equipment, which are depreciated over the term of the associated leases (€1,356 million), and the change in the scope of consolidation (€966 million), mainly connected with the acquisition of control of a number of companies of EGPNA REP, a joint venture equally held by EGPNA and General Electric Capital's Energy Financial Services, which had previously been accounted for using the equity method, and the acquisition of Tradewind Energy, a renewables project development company in the United States.

These factors were partly offset by depreciation, amortization and impairment losses on those assets of €1,422 million.

Goodwill amounted to €14,365 million, an increase of €92 million on December 31, 2018. The change primarily reflect the acquisition of Tradewind Energy, a renewables project development company in the United States. No evidence was found in the quarter of impairment that would call for the updating of the impairment testing conducted at the close of the previous year.

Equity investments accounted for using the equity method amounted to €2,052 million, a decrease of €47 million on December 31, 2018. This reflected the Group's share of losses for the year and changes in the scope of consolidation connected with the acquisition of control of a number of companies of EGPNA REP, only partly offset by exchange rate gains.

Other non-current assets amounted to €16,966 million and break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Deferred tax assets	8,334	8,305	29	0.3%
Receivables and securities included in net financial debt	3,037	3,272	(235)	-7.2%
Other non-current financial assets	3,936	3,502	434	12.4%
Receivables due from institutional market operators	219	200	19	9.5%
Other long-term receivables	1,440 ⁽¹⁾	1,418	22	1.6%
Total	16,966	16,697	269	1.6%

(1) The item includes contract assets amounting to €354 million, of which investments of €98 million.

The increase for the period amounted to €269 million, due essentially to:

- > an increase of €434 million in other non-current financial assets, mainly attributable to changes in cash flow hedge derivatives;
- > a decrease of €235 million in financial receivables included in net financial debt, mainly reflecting loans granted to a number of associates operating in the renewables business;
- > an increase of €29 million in deferred tax assets, mainly attributable to exchange rate gains.

6.b Current assets - €40,263 million

Inventories amounted to €2,814 million, a reduction of €4 million, essentially in line with the year-earlier figure.

Trade receivables amounted to €15,476 million, up €1,889 million (+13.9%), mainly due to developments in receipts and invoicing during the period.

Other current assets amounted to €13,502 million and break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Current financial assets included in debt	4,950	5,003	(53)	-1.1%
Other current financial assets	3,926	4,071	(145)	-3.6%
Tax receivables	1,421	1,282	139	10.8%
Receivables due from institutional market operators	977	745	232	31.1%
Other short-term receivables	2,228	1,751	477	27.2%
Total	13,502	12,852	650	5.1%

The increase for the period amounted to €650 million and essentially reflected:

- > an increase of €477 million in other short-term receivables, essentially reflecting an increase in prepayments of fees for water diversion rights for industrial use and of insurance premiums;
- > an increase of €232 million in receivables due from institutional market operators, mainly in respect of energy efficiency certificates following the recognition of the receivable for certificates acquired during the 1st Quarter of 2019;
- > a decrease of €139 million in tax receivables.

6.c Assets held for sale - €722 million

The item includes assets, measured at their estimated realizable value, that, in view of the decisions taken by management at the current stage of negotiations for their sale, meet the requirements of IFRS 5 for classification as assets held for sale.

The balance mainly regards the carrying amount of the assets of three solar plants in Brazil (€699 million) and the company Savion, a subsidiary of Tradewind (€13 million).

Liabilities and shareholders' equity

6.d Equity attributable to the shareholders of the Parent Company - €33,613 million

The increase in the first three months of 2019 in equity attributable to the shareholders of the Parent Company essentially reflects the positive other comprehensive income recognized in the 1st Quarter of 2019 (€630 million) and the net income recognized through profit or loss (€1,256 million).

6.e Non-current liabilities - €79,016 million

Long-term borrowings amounted to €50,928 million (€48,983 million at December 31, 2018), consisting of bonds in the amount of €39,194 million (€38,633 million at December 31, 2018) and bank debt and other borrowings in the amount of €11,734 million (€10,350 million at December 31, 2018). The increase over the period amounted to €1,945 million and mainly reflected an increase of €1,156 million in long-term loans deriving from leases following the application of the new IFRS 16, as well as an increase in bonds of €561 million and in bank borrowings of €519 million.

Provisions and deferred tax liabilities came to €17,004 million at March 31, 2019 (€17,018 million at December 31, 2018), a decrease of €14 million, and include:

- > post-employment and other employee benefits totaling €3,202 million (€3,187 million at December 31, 2018), up €15 million;
- > provisions for risks and charges totaling €4,860 million (€5,181 million at December 31, 2018), down €321 million. Among others, the item includes the provision for litigation of €1,024 million (1,315 million at December 31, 2018), the provision for nuclear decommissioning of €497 million (€491 million at December 31, 2018), the provision for site dismantling, removal and restoration of €981 million (€986 million at December 31, 2018), the provision for termination incentives of €1,172 million (€1,177 million at December 31, 2018) and the provision for taxes and duties of €406 million (€409 million at December 31, 2018);
- > deferred tax liabilities amounting to €8,942 million (€8,650 million at December 31, 2018), with the increase of €248 million largely attributable to Enel Distribuição São Paulo.

Other non-current liabilities amounted to €11,084 million (€10,816 million at December 31, 2018), an increase of €268 million on a year earlier, essentially reflecting the recognition of liabilities by a number of Brazilian companies, Enel Distribuição São Paulo in particular, for future rate adjustments.

6.f Current liabilities - €44,287 million

Short-term borrowings and current portion of long-term borrowings increased by €3,603 million, going from €6,983 million at the end of 2018 to €10,586 million at March 31, 2019, mainly reflecting an increase in short-term borrowings, which went from €3,616 million at December 31, 2018 to €6,226 million at March 31, 2019. The increase mainly involved commercial paper, in the amount of €2,330 million. Also increasing was the current portion of long-term borrowings, which rose by €993 million, mainly reflecting an increase in the current portion of long-term bonds (€1,067 million) and an increase in the current portion of long-term borrowings deriving from leases (€204 million) attributable to the application of IFRS 16.

Trade payables amounted to €12,505 million (€13,387 million at December 31, 2018), down €882 million, essentially due to decreases in Iberia (€544 million), Enel Green Power North America (€185 million) and Italy (€154 million).

Other current liabilities, which amounted to €21,196 million, break down as follows:

Millions of euro

	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Payables due to customers	1,765	1,773	(8)	-0.5%
Payables due to institutional market operators	4,725	3,945	780	19.8%
Current financial liabilities	4,683	5,131	(448)	-8.7%
Social security contributions payable and payables to employees	709	683	26	3.8%
Tax payables	3,246	1,426	1,820	-
Other	6,068	7,020	(952)	-13.6%
Total	21,196	19,978	1,218	6.1%

The increase of €1,218 million essentially reflects:

- > an increase of €1,820 in tax payables, essentially due to an increase in VAT liabilities in Italy;
- > an increase of €780 million in payables due to institutional market operators, reflecting an increase in rate brackets for system charges and the effect of equalization for sales and purchases on the electricity market;
- > a decrease of €448 million in current financial liabilities, essentially due to the change in the fair value of derivatives;
- > a decrease of €952 million in "other", which mainly reflects the decline in the liability for dividends to be paid of €1,556 million (the dividend for full-year 2018 is €0.28 per share, of which €0.14 euro per share was already paid as an interim dividend in January 2019).

6.g Liabilities held for sale - €478 million

The balance of €478 million mainly reflects the carrying amount of the liabilities of three solar plants in Brazil (€414 million) and the company Savion (€60 million), which in view of the decisions taken by management meet the requirements of IFRS 5 for classification in this item.

7. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at March 31, 2019, and December 31, 2018, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro	at Mar. 31, 2019	at Dec. 31, 2018	Change	
Cash and cash equivalents on hand	83	328	(245)	-74.7%
Bank and post office deposits	7,544	5,531	2,013	36.4%
Other investments of liquidity	844	771	73	9.5%
Securities	59	63	(4)	-6.3%
Liquidity	8,530	6,693	1,837	27.4%
Short-term financial receivables	3,230	3,418	(188)	-5.5%
Factoring receivables	-	-	-	-
Short-term portion of long-term financial receivables	1,661	1,522	139	9.1%
Current financial receivables	4,891	4,940	(49)	-1.0%
Bank debt	(809)	(512)	(297)	-58.0%
Commercial paper	(4,723)	(2,393)	(2,330)	-97.4%
Short-term portion of long-term bank borrowings	(1,571)	(1,830)	259	14.2%
Bonds issued (short-term portion)	(2,408)	(1,341)	(1,067)	-79.6%
Other borrowings (short-term portion)	(381)	(196)	(185)	-94.4%
Other short-term financial payables ⁽¹⁾	(731)	(739)	8	1.1%
Total short-term financial debt	(10,623)	(7,011)	(3,612)	-51.5%
Net short-term financial position	2,798	4,622	(1,824)	-39.5%
Debt to banks and financing entities	(9,168)	(8,819)	(349)	-4.0%
Bonds	(39,194)	(38,633)	(561)	-1.5%
Other borrowings	(2,566)	(1,531)	(1,035)	-67.6%
Long-term financial position	(50,928)	(48,983)	(1,945)	-4.0%
NET FINANCIAL POSITION as per CONSOB instructions	(48,130)	(44,361)	(3,769)	-8.5%
Long-term financial receivables and securities	3,037	3,272	(235)	-7.2%
NET FINANCIAL DEBT	(45,093)	(41,089)	(4,004)	-9.7%

(1) Includes current financial payables included in other current financial liabilities.

8. Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
Cassa Depositi e Prestiti Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market (Terna) Sale of electricity transport services (Eni Group) Purchase of transport, dispatching and metering services (Terna) Purchase of postal services (Poste Italiane) Purchase of fuels for generation plants and natural gas storage and distribution services (Eni Group)
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (EMO) Purchase of electricity on the Power Exchange for pumping and plant planning (EMO)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

The following tables summarize the above relationships and transactions with related parties, with associated companies and companies subject to joint control.

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	Total 1st Quarter of 2019	Associates and Joint arrangements	General total 1st Quarter of 2019	Total item	% of total
Income statement											
Revenue from sales and services	-	444	576	83	38	-	1,141	76	1,217	20,155	6.0%
Other revenue and income	-	-	-	-	-	-	-	1	1	736	0.1%
Financial income	-	-	-	-	-	-	-	56	56	1,251	4.5%
Electricity, gas and fuel purchases	879	973	276	-	-	-	2,128	37	2,165	10,514	20.6%
Services and other materials	-	12	589	-	61	-	662	32	694	12,862	5.4%
Other operating expenses	1	61	2	-	-	-	64	-	64	704	9.1%
Net income/(expense) from commodity contracts measured at fair value	-	-	11	-	-	-	11	(2)	9	87	10.3%
Financial expense	-	-	16	-	-	-	16	6	22	1,922	1.1%

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	Total at Mar. 31, 2019	Associates and joint arrangements	General total at Mar. 31, 2019	Total item	% of total
Balance sheet											
Trade receivables	-	72	663	25	5	-	765	177	942	15,476	6.1%
Other current assets	-	18	17	210	11	-	256	73	329	13,502	2.4%
Other non-current liabilities	-	-	-	-	5	-	5	92	97	11,084	0.9%
Long-term borrowings	-	-	804	-	-	-	804	-	804	50,928	1.6%
Trade payables	930	137	673	902	10	-	2,652	87	2,739	12,505	21.9%
Other current liabilities	-	-	2	-	1	-	3	62	65	21,196	0.3%
Current portion of long-term borrowings	-	-	89	-	-	-	89	-	89	4,360	2.0%
Other information											
Guarantees given	-	250	319	-	99	-	668	-	668		
Guarantees received	-	-	128	-	16	-	144	-	144		
Commitments	-	-	25	-	7	-	32	-	32		

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	Total 1st Quarter of 2018	Associates and joint arrangements	General total 1st Quarter of 2018	Total item	% of total
Income statement											
Revenue from sales and services	-	483	579	116	23	-	1,201	16	1,217	18,447	6.6%
Other revenue and income	-	-	-	-	1	-	1	3	4	499	0.8%
Financial income	-	-	-	-	-	-	-	5	5	1,045	0.5%
Electricity, gas and fuel purchases	748	635	292	-	1	-	1,676	29	1,705	9,046	18.8%
Services and other materials	-	11	578	1	60	-	650	27	677	11,733	5.8%
Other operating expenses	1	111	1	-	-	-	113	-	113	800	14.1%
Net income/(expense) from commodity contracts measured at fair value	-	-	1	-	-	-	1	-	1	36	2.8%
Financial expense	-	-	-	-	-	-	-	7	7	1,611	0.4%

Millions of euro

	Single Buyer	EMO	Cassa Depositi e Prestiti Group	ESO	Other	Key management personnel	Total at Dec. 31, 2018	Associates and joint arrangements	General total at Dec. 31, 2018	Total item	% of total
Balance sheet											
Trade receivables	-	120	717	20	36	-	893	192	1,085	13,587	8.0%
Other current assets	-	8	10	146	-	-	164	74	238	12,852	1.9%
Other non-current liabilities	-	-	-	-	6	-	6	80	86	10,816	0.8%
Long-term borrowings	-	-	804	-	-	-	804	-	804	48,983	1.6%
Trade payables	871	160	983	833	19	-	2,866	58	2,924	13,387	21.8%
Other current liabilities	-	2	18	-	14	-	34	95	129	19,978	0.6%
Current portion of long-term borrowings	-	-	89	-	-	-	89	-	89	3,367	2.6%
Other information											
Guarantees given	-	250	354	-	132	-	736	-	736		
Guarantees received	-	-	135	-	16	-	151	-	151		
Commitments	-	-	29	-	7	-	36	-	36		

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at <https://www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties>) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the 1st Quarter of 2019, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

9. Contractual commitments and guarantees

The commitments entered into by the Enel Group and the guarantees given to third parties are shown below.

Millions of euro			
	at Mar. 31, 2019	at Dec. 31, 2018	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	9,615	10,310	(695)
Commitments to suppliers for:			
- electricity purchases	107,268	109,638	(2,370)
- fuel purchases	40,464	43,668	(3,204)
- various supplies	3,394	3,122	272
- tenders	3,184	3,133	51
- other	3,121	3,270	(149)
Total	157,431	162,831	(5,400)
TOTAL	167,046	173,141	(6,095)

Commitments for electricity amounted to €107,268 million at March 31, 2019, of which €26,910 million refer to the period April 1, 2019-2023, €21,778 million to the period 2024-2028, €19,161 million to the period 2029-2033 and the remaining €39,419 million beyond 2033.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2019 was €40,464 million, of which €23,050 million refer to the period April 1, 2019-2023, €10,673 million to the period 2024-2028, €4,886 million to the period 2029-2033 and the remaining €1,855 million beyond 2033.

10. Contingent assets and liabilities

Compared with the consolidated financial statements at December 31, 2018, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

Porto Tolle thermal plant – Air pollution – Criminal proceedings against Enel directors and employees

With regard to the appeal lodged by Enel with the Court of Cassation in February 2015 of the ruling of the Venice Court of Appeal of July 10, 2014, on September 25, 2018, the Court of Cassation upheld one of the grounds of the appeal, overturning the general ruling in favor of the Ministry of the Environment and referring the proceeding to the Venice Court of Appeal for it to rule on any damages. The Ministry did not appeal the case to the Venice Court of Appeal by the deadline and, accordingly, the case has been extinguished and the Ministry cannot advance any claims with regard to the proceeding.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

Following the ruling of February 8, 2019 issued by the Lecce Court of Appeal, the appeal lodged by the Province of Brindisi against that ruling was granted. The Court of Appeal acknowledged that a material error had been made and therefore the generic entitlement of the Province to damages. The grounds for the appeal ruling are pending and will be examined in view of an appeal to the Court of Cassation.

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

With regard to the appeal of Enel SpA (“Enel”), Enel Energia SpA (“EE”) and Servizio Elettrico Nazionale SpA (“SEN”) of the measure issued by the Competition Authority on December 20, 2018, the Lazio Regional Administrative Court postponed arguments on the precautionary petition filed by the appellants until the hearing for a decision on the merits of the case, which is currently scheduled for October 2, 2019.

BEG – the Netherlands litigation

In the Netherlands, with regard to the proceeding before the Amsterdam Court of Appeal with regard to the subordinate question raised by Albania BEG Ambient Shpk in the appeal proceedings, on April 8, 2019 arguments were heard and the Court of Appeal set a deadline for Enel and Enelpower to reply to a number of documents filed just before the hearing began.

Violations of Legislative Decree 231/2001

With regard to the notice of charges brought before the Court of Ancona against Enel Green Power SpA on July 14, 2017, for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons, the argument phase of the proceeding is currently under way, in which witnesses and a number of expert consultants of the parties having been heard.

Bono Social – Spain

With the rulings of October 24 and 25, 2016 and November 2, 2016, the Spanish Supreme Court declared Article 45.4 of the Electricity Industry Law no. 24 of December 26, 2013 void for incompatibility with Directive 2009/72/EC of the European Parliament and of the Council of July 13, 2009, granting the appeals filed by Endesa against the obligation to finance the “*Bono Social*” (Social Bonus) mechanism. The Supreme Court recognized Endesa’s right to receive all amounts that had been paid to users, in addition to legal interest (equal to about €214 million), under the “*Bono Social*” system provided for in the law declared void by the Supreme Court. The government challenged these rulings of the Supreme Court, requesting that they be overturned, but the related appeals were denied. Subsequently, the

government initiated two proceedings before the Constitutional Court requesting the reopening of the Supreme Court proceedings so that the latter may ask for a preliminary ruling from the European Court of Justice. The Constitutional Court is notifying the decisions with which it granted the appeals filed by the government against the Supreme Court rulings. To date, Endesa has not received any notification. As part of the appeal presented by the latter, the Supreme Court granted interested parties time to submit their pleadings. The government has not requested the repayment of any sum so far.

Neoenergia arbitration – Brazil

With regard to the arbitration action brought by Neoenergia on June 18, 2018 against Eletropaulo (now Enel Distribuição São Paulo) before the *Câmara de Arbitragem do Mercado* (CAM) concerning the investment agreement signed by the two companies on April 16, 2018, the exchange of briefs between the parties is now under way.

Emgesa and Codensa arbitration proceedings – Colombia

On October 8, 2018, the Grupo Energía de Bogotá announced it was seeking a new arbitration proceeding against Enel Américas SA before the Arbitration Board of Bogotá. The arbitration request regarded an alleged breach of contract concerning the failure of Emgesa and Codensa to distribute dividends in 2016 and 2017 and breaches of a number of provisions of the shareholders' agreement. The claim amounts to about €160 million plus interest. The proceeding is at a preliminary stage.

GasAtacama Chile – Chile

With regard to the appeal filed by GasAtacama Chile against the fine levied by the *Superintendencia de Electricidad y Combustibles* (SEC) on August 4, 2016, of \$8.3 million (about 5.8 billion Chilean pesos), on April 9, 2019, the Santiago Court of Appeal issued a ruling reducing the fine to about \$431,900 (about 290 million Chilean pesos). Both GasAtacama Chile and the SEC have appealed this decision before the Supreme Court of Chile.

Tax litigation - ICMS - Coelce – Brazil

Over the years, the State of Ceará has issued tax assessments against Companhia Energética do Ceará SA (for the year 2005-2014), challenging the calculation of the deductible share of the ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*), in particular the method for calculating the pro-rated deduction for revenue deriving from the application of a special rate provided for by the Brazilian government for the sale of electricity to low-income customers (*Baixa Renda*).

The company has challenged the individual assessments, arguing that it correctly deducted the tax and defending the calculations performed. The company is defending its actions at the various levels of adjudication.

The amount involved in the disputes totaled approximately €50 million at March 31, 2019.

Tax litigation - FINSOCIAL - Eletropaulo – Brazil

Following a final ruling issued by the Federal Regional Court on September 11, 2011, Eletropaulo was granted the right to compensation of certain FINSOCIAL receivables (social contributions) in respect of amounts paid from September 1989 to March 1992.

Despite the expiration of the related statute of limitations, the Federal tax authorities have challenged the calculation of some of the receivables and has rejected the corresponding compensation, issuing tax assessments that the company promptly challenged in the administrative courts, defending the appropriateness of its calculations and its actions.

After an unfavorable ruling in the first instance, the company filed an appeal before the second-level administrative court.

The amount involved in the disputes totaled about €50 million at March 31, 2019.

11. Events after the reporting period

Enel increases stake in Enel Américas to 56.42%

On April 9, 2019, Enel SpA increased its stake in its Chilean subsidiary Enel Américas SA to 56.42% from 51.8% following the settlement of two share swap transactions (the “Share Swap Transactions”) entered into with a financial institution in October 2018 to acquire up to 5% of the share capital of Enel Américas, as previously announced to the market. Under the terms of the Share Swap Transactions, Enel acquired 4.62% of Enel Américas’ share capital for a total price of about €412 million. The Share Swap Transaction involving Enel Américas common shares is continuing, in view of the initial target of increasing the stake to up to 5% of share capital.

Brindisi-Cerano thermal generation plant proceeding

With regard to the criminal investigation initiated by the Public Prosecutor’s Office of Lecce in 2017 concerning the processes of re-use of “light” ash in the cement industry, on August 1, 2018, the Lecce Public Prosecutor lifted its seizure of the plant, with the termination of the judicial custody/administration of the facility and the restitution of about €523 million to Enel Produzione. However, the preliminary investigation is continuing both against the accused individuals and the company pursuant to Legislative Decree 231/2001. On October 10, 2018, the Definitive Technical Report was filed. On December 6, 2018, the investigating magistrate of the Court of Lecce, at the request of the Public Prosecutor, scheduled a hearing for January 22, 2019, to receive testimony from the experts on the report. The investigating magistrate then postponed the hearing until April 15, 2019. Following this hearing, the experts reiterated the accuracy of the assessment and the non-hazardous nature of the ash produced by the thermoelectric plant and the possibility of using that ash in the production of cement.

Agreement for the supply of demand response services

On April 18, 2019, Enel X and Unieuro signed an agreement for the supply of demand response services at nine of the chain’s stores. Companies participating in demand response programs reduce their electricity costs while promoting more sustainable behavior.

Enel Green Power starts construction of a new solar plant in Australia

On April 18, 2019, Enel’s renewable energy subsidiary, Enel Green Power Australia Pty Ltd started construction of the Cohuna solar plant in Gannawarra Shire. The construction of the solar facility will require an investment of more than \$42 million.

Enel Américas: \$3 billion capital increase

The extraordinary shareholders’ meeting of Enel Américas held on April 30, 2019, approved a capital increase of up to \$3 billion to be subscribed entirely in cash.

Declaration of the officer responsible for the preparation of the Company financial reports

Declaration of the officer responsible for the preparation of the Company financial reports pursuant to the provisions of Article 154-*bis*, paragraph 2 of Legislative Decree 58/1998

The officer responsible for the preparation of the Company's financial reports, Alberto De Paoli, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at March 31, 2019 corresponds with that contained in the accounting documentation, books and records.

Disclaimer

This Report issued in Italian
has been translated into
English solely for the convenience
of international readers

Enel

Società per azioni

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