04

Financial statements of Enel SpA

Financial statements

Income statement

Euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	37,979,400	*37,948,667*	119,973,169	*117,964,169*
Other revenue and income	4.b	14,663,248	*11,611,943*	12,536,313	*11,816,934*
	[Subtotal]	**52,642,648**		**132,509,482**	
Costs					
Purchases of consumables	5.a	775,602	*755,960*	527,618	*397,627*
Services, leases and rentals	5.b	127,046,752	*73,565,421*	164,647,974	*83,362,136*
Personnel	5.c	109,461,719		173,833,672	
Depreciation, amortization and impairment losses	5.d	(330,561,950)		15,386,821	
Other operating expenses	5.e	38,375,592	*5,116,819*	19,640,692	*1,042,212*
	[Subtotal]	**(54,902,285)**		**374,036,777**	
Operating income		**107,544,933**		**(241,527,295)**	
Income from equity investments	6	3,566,532,771	*3,556,152,376*	3,032,755,082	*3,032,046,630*
Financial income from derivatives	7	1,626,147,028	*436,713,046*	2,682,999,217	*1,639,718,234*
Other financial income	8	319,791,543	*215,238,109*	409,494,784	*157,113,888*
Financial expense from derivatives	7	1,580,719,721	*1,033,303,779*	2,901,726,027	*835,546,371*
Other financial expense	8	767,625,196	*84,563,946*	872,053,419	*71,712,486*
	[Subtotal]	**3,164,126,425**		**2,351,469,637**	
Income before taxes		**3,271,671,358**		**2,109,942,342**	
Income taxes	9	(184,490,162)		(160,045,845)	
NET INCOME FOR THE YEAR		**3,456,161,520**		**2,269,988,187**	

Statement of comprehensive income

Euro	Notes	2018	2017
Net income for the year		**3,456,161,520**	**2,269,988,187**
Other comprehensive income recyclable to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(6,800,397)	(9,862,121)
Change in the fair value of hedging costs		17,324,068	48,053,432
Income/(Loss) recognized directly in equity recyclable to profit or loss		**10,523,671**	**38,191,311**
Other comprehensive income not recyclable to profit or loss (net of taxes)			
Change in the fair value of equity investments in other entities		11,342,491	-
Remeasurement of employee benefit liabilities		72,245	(5,419,377)
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**11,414,736**	**(5,419,377)**
Income/(Loss) recognized directly in equity	22	**21,938,407**	**32,771,934**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**3,478,099,927**	**2,302,760,121**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2018**		at Dec. 31, 2017	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	9,482,612		10,130,911	
Intangible assets	11	46,939,952		31,499,091	
Deferred tax assets	12	287,982,943		298,564,422	
Equity investments	13	45,714,720,133		42,811,272,440	
Derivatives	14	793,268,184	*306,396,047*	1,455,620,268	*911,987,785*
Other non-current financial assets	15	135,969,073	*125,000,000*	16,520,527	
Other non-current assets	16	133,926,173	*124,949,541*	147,703,070	*138,750,969*
	[Total]	**47,122,289,070**		**44,771,310,729**	
Current assets					
Trade receivables	17	190,738,941	*189,168,814*	236,901,820	*228,047,369*
Income tax receivables	18	165,402,633	*29,133*	265,116,255	
Derivatives	14	91,538,429	*13,908,972*	111,187,134	*98,089,135*
Other current financial assets	19	1,859,556,945	*536,107,527*	4,350,254,731	*2,185,263,224*
Other current assets	20	268,390,867	*74,420,100*	451,717,926	*435,163,901*
Cash and cash equivalents	21	2,006,698,099		2,489,231,277	
	[Total]	**4,582,325,914**		**7,904,409,143**	
TOTAL ASSETS		**51,704,614,984**		**52,675,719,872**	

Euro	Notes	at Dec. 31, 2018		at Dec. 31, 2017	
LIABILITIES AND SHAREHOLDERS' EQUITY			*of which with related parties*		*of which with related parties*
Shareholders' equity					
Share capital		10,166,679,946		10,166,679,946	
Other reserves		11,464,338,885		11,442,355,799	
Retained earnings/(Loss carried forward)		4,279,339,236		4,424,283,417	
Net income for the year (1)		2,032,826,328		1,202,486,793	
Total shareholders' equity	22	**27,943,184,395**		**27,235,805,955**	
Non-current liabilities					
Long-term borrowings	23	13,397,135,493	*4,140,976,595*	10,780,028,411	*1,200,000,000*
Employee benefits	24	231,247,089		273,380,648	
Provisions for risks and charges	25	45,167,912		43,060,382	
Deferred tax liabilities	12	132,741,154		168,341,991	
Derivatives	14	1,395,260,905	*19,846,698*	2,270,128,975	*28,238,268*
Other non-current liabilities	26	11,554,982	*9,303,012*	11,486,594	*9,283,268*
	[Subtotal]	**15,213,107,535**		**13,546,427,001**	
Current liabilities					
Short-term borrowings	23	5,000,917,516	*4,715,485,231*	5,397,181,835	*4,896,380,309*
Current portion of long-term borrowings	23	805,454,249		3,653,698,811	
Trade payables	27	82,378,904	*43,230,644*	136,749,208	*73,724,909*
Derivatives	14	354,554,531	*53,004,689*	175,573,958	*13,057,571*
Other current financial liabilities	28	275,922,893	*31,397,597*	465,099,793	*28,593,746*
Other current liabilities	30	2,029,094,961	*317,248,312*	2,065,183,311	*428,216,349*
	[Subtotal]	**8,548,323,054**		**11,893,486,916**	
Total liabilities		**23,761,430,589**		**25,439,913,917**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**51,704,614,984**		**52,675,719,872**	

(1) For 2018, net income for the period of €3,456 million (€2,270 million in 2017) is reported net of the interim dividend of €1,423 million (€1,068 million in 2017).

Statement of changes in shareholders' equity

Euro	Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993	Other sundry reserves
	Share capital and reserves (note 22)				
At January 1, 2016	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,244,757**
Application of new accounting standards	-	-	-	-	-
At January 1, 2017 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,244,757**
Other changes	-	-	-	-	703
Allocation of 2016 net income:					
- distribution of dividends	-	-	-	-	-
- legal reserve	-	-	-	-	-
- retaining earnings	-	-	-	-	-
Capital increase	-	-	-	-	-
2017 interim dividend (1)	-	-	-	-	-
Comprehensive income for the year:					
- income/(loss) recognized directly in equity	-	-	-	-	-
- net income for the year	-	-	-	-	-
At December 31, 2017 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,245,460**
Application of new accounting standards	-	-	-	-	-
At January 1, 2018 restated	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,245,460**
Other changes	-	-	-	-	-
Allocation of 2017 net income:					
- distribution of dividends	-	-	-	-	-
- legal reserve	-	-	-	-	-
- retaining earnings	-	-	-	-	-
Capital increase	-	-	-	-	-
2018 interim dividend (2)	-	-	-	-	-
Comprehensive income for the year:					
- income/(loss) recognized directly in equity	-	-	-	-	44,679
- net income for the year	-	-	-	-	-
At December 31, 2018	**10,166,679,946**	**7,496,016,063**	**2,033,335,988**	**2,215,444,500**	**68,290,139**

(1) Approved by the Board of Directors on November 8, 2017 and paid as from January 24, 2018.
(2) Approved by the Board of Directors on November 6, 2018 and paid as from January 23, 2019.

Reserve from remeasurement of net employee benefit plan liabilities/(assets)	Reserves from measurement of cash flow hedge financial instruments	Reserves from measurement of costs of hedging financial instruments	Reserves from measurement of financial assets at FVOCI	Retained earnings/ (Loss carried forward)	Net income for the year	**Total shareholders' equity**
(27,203,744)	**(376,254,402)**	**-**	**-**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
-	117,706,432	(117,706,432)	-	-	-	**-**
(27,203,744)	**(258,547,970)**	**(117,706,432)**	**-**	**4,534,347,074**	**804,937,538**	**26,915,547,720**
-	-	-	-	-	-	**703**
-	-	-	-	(203,333,599)	(711,667,596)	**(915,001,195)**
-	-	-	-	-	-	**-**
-	-	-	-	93,269,942	(93,269,942)	**-**
-	-	-	-	-	-	**-**
-	-	-	-	-	(1,067,501,394)	**(1,067,501,394)**
(5,419,377)	(9,862,121)	48,053,432	-	-	-	**32,771,934**
-	-	-	-	-	2,269,988,187	**2,269,988,187**
(32,623,121)	**(268,410,091)**	**(69,653,000)**	**-**	**4,424,283,417**	**1,202,486,793**	**27,235,805,955**
-	-	-	11,342,491	(5,429,221)	-	**5,913,270**
(32,623,121)	**(268,410,091)**	**(69,653,000)**	**11,342,491**	**4,418,854,196**	**1,202,486,793**	**27,241,719,225**
-	-	-		-	-	**-**
-	-	-	-	(142,333,519)	(1,199,668,234)	**(1,342,001,753)**
-	-	-	-	-	-	**-**
-	-	-	-	2,818,559	(2,818,559)	**-**
-	-	-	-	-	-	**-**
-	-	-	-	-	(1,423,335,192)	**(1,423,335,192)**
72,245	(6,800,397)	17,324,068	-	-	-	**10,640,595**
-	-	-	-	-	3,456,161,520	**3,456,161,520**
(32,550,876)	**(275,210,488)**	**(52,328,932)**	**11,342,491**	**4,279,339,236**	**2,032,826,328**	**27,943,184,395**

Statement of cash flows

Euro	Notes	2018		2017	
			of which with related parties		*of which with related parties*
Income before taxes		**3,271,671,358**		**2,109,942,342**	
Adjustments for:					
Amortization and impairment losses	5.d	(330,561,950)		15,386,821	
Exchange rate adjustments of foreign currency assets and liabilities		39,628,904		(231,638,389)	
Accruals to provisions		30,514,837		37,912,889	
Dividends from subsidiaries, associates and other companies	6	(3,566,532,771)	*(3,556,152,376)*	(3,032,755,082)	*(3,032,046,630)*
Net financial (income)/expense		355,948,018	*466,123,883*	905,461,585	*(889,403,744)*
(Gains)/Losses from disposals and other non-monetary items		-		-	
Cash flows from operating activities before changes in net current assets		**(199,331,604)**		**(195,689,834)**	
Increase/(Decrease) in provisions		(70,540,865)		(74,765,165)	
(Increase)/Decrease in trade receivables	17	46,077,886	*38,878,555*	18,144,344	*19,768,270*
(Increase)/Decrease in other financial and non-financial assets/liabilities		1,329,718,118	*984,924,384*	886,354,164	*(1,526,661,213)*
Increase/(Decrease) in trade payables	27	(54,370,304)	*(30,494,265)*	(13,164,033)	*5,636,596*
Interest income and other financial income collected		802,804,925	*422,320,744*	1,134,440,570	*325,498,532*
Interest expense and other financial expense paid		(1,381,667,689)	*(212,858,041)*	(1,823,403,773)	*(716,621,016)*
Dividends from subsidiaries, associates and other companies	6	3,510,078,770	*3,499,698,376*	2,976,903,441	*2,976,194,989*
Income taxes paid (consolidated taxation mechanism)		(533,543,154)		(443,549,585)	
Cash flows from operating activities (a)		**3,449,226,083**		**2,465,270,129**	
Investments in property, plant and equipment and intangible assets	10-11	(32,089,910)		(29,716,867)	*(29,716,867)*
Investments in equity investments	13	(2,555,503,401)	*(2,544,488,283)*	(17,898,158)	*(17,898,158)*
Disposals of equity investments	13	-		-	
Cash flows from investing/disinvesting activities (b)		**(2,587,593,311)**		**(47,615,025)**	
Financial debt (new long-term borrowing)	23	3,500,000,000	*2,940,976,595*	989,235,387	
Financial debt (repayments)	23	(4,426,410,410)		(992,598,185)	
Net change in long-term financial payables/(receivables)		2,735,706,549	*2,815,976,594*	(2,854,462,654)	*(26,612,508)*
Net change in short-term financial payables/(receivables)		(743,785,882)	*1,516,803,548*	1,721,306,401	*1,511,596,115*
Dividends paid	22	(2,409,676,207)		(1,829,783,012)	
Increase in capital and reserves	22	-		-	
Cash flows from financing activities (c)		**(1,344,165,950)**		**(2,966,302,063)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(482,533,178)**		**(548,646,959)**	
Cash and cash equivalents at the start of the year	21	2,489,231,277		3,037,878,236	
Cash and cash equivalents at year end	21	**2,006,698,099**		**2,489,231,277**	

Notes to the separate financial statements

1

Form and content of the financial statements

Enel SpA is a corporation (società per azioni) that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
In its capacity as holding company, Enel SpA sets the strategic objectives for the Group and its subsidiaries and coordinates their activities. The activities that Enel SpA performs in respect of the other Group companies as part of its management and coordination function, including with regard to the Company's organizational structure, can be summarized as follows:

- Holding company functions, associated with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - People and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovability;
  - Audit.

On January 1, 2018 the Global Business Lines and the Global services function (hereinafter "Global Structures"), i.e. Global Infrastructure & Networks, Global Thermal Generation and Global Procurement, previously allocated to Enel SpA, were transferred to the wholly owned Italian subsidiaries Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl and Enel Italia Srl.
The corporate reorganization of the Global Structures equipped the Group with a uniform organizational and corporate structure, within which each Global Structure will be able to aim for maximum efficiency and a clearer focus of its activities, in accordance with the "Global Hub" model, namely organizational entities capable of:

- carrying out their activity in an operating company other than Enel SpA;
- provide technical services at a global level to Group companies with a uniform business, pursuing objectives of effectiveness and operating efficiency as well as legal and accounting clarity;
- seize opportunities to develop their business in international markets.

In this context, Enel SpA increasingly takes on the role of industrial holding company, concentrating its activity:

- on the management and coordination of Group companies;
- on the strategic direction of activities, remunerated exclusively through the dividends received from the subsidiaries;
- on institutional services provided by the holding company staff functions for the benefit of the subsidiaries (remunerated through an "institutional services" contract).

Within the Group, Enel SpA meets liquidity requirements primarily through cash flows generated by ordinary operations and the use of a range of sources of funds, while managing any excess liquidity appropriately.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2018, which form an integral part of this Annual Report pursuant to Article 154-*ter*, paragraph 1, of the Consolidate Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).
On March 21, 2019, the Board authorized the publication of these financial statements at December 31, 2018.
These financial statements have undergone statutory auditing by EY SpA.

Basis of presentation

The separate financial statements for the year ended December 31, 2018 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

The financial statements consist of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity and the statement of cash flows and the related notes.

The assets and liabilities reported in the balance sheet are classified on a "current/non-current" basis, with separate reporting of assets held for sale and liabilities included in disposal groups held for sale, if any. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

The income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from any discontinued operations.

The indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations, if any.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria" for the consolidated financial statements.

The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement bases applied to each individual item in the consolidated financial statements.

The financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.

The financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, to which the reader should refer for more information, with the exception of those regarding equity investments in subsidiaries, associated companies and joint ventures.

Subsidiaries are all entities over which Enel SpA has control. The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as having the concrete ability to direct the significant activities of the entity by virtue of the existence of substantive rights.

Associates comprise those entities in which Enel SpA has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.

Joint ventures are entities over which Enel SpA exercises joint control and has rights to the net assets of the entities. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.

Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.

Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Dividends from equity investments are recognized in profit or loss when the shareholder's right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Use of estimates and management judgments

The use of estimates and management judgements adopted in preparing the separate financial statements are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, which readers are invited to consult, with the exception of the measurement of equity investments, which is discussed below.

Recoverability of equity investments

The Company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable value of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group Business Plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

3

Recent accounting standards

For information on recent accounting standards, please refer to the corresponding section of the notes to the consolidated financial statements.
The application of IFRS 9 as from January 1, 2018 gave rise to a non-material decrease in shareholders' equity net of the associated tax effects, mainly reflecting the adoption of the expected credit loss model.
No significant situations were affected by the application of IFRS 15.
With regard to accounting standards taking effect after December 31, 2018, in 2018 Enel completed the analysis of the Company's lease contracts in the light of the new accounting rules provided for under "IFRS 16 - Leases".
The analysis found that the new standard will not have a significant impact.

Information on the income statement

Revenue

4.a Revenue from sales and services - *€38 million*

Revenue from sales and services break down as follows.

Millions of euro

	2018	2017	Change
Revenue from sales and services			
Group companies	38	118	(80)
Non-Group counterparties	-	2	(2)
Total revenue from sales and services	**38**	**120**	**(82)**

Revenue from sales and services, in the amount of €38 million, refers to services provided to subsidiaries within the scope of the Company's management and coordination functions and for the billing of costs of various nature incurred in relation to subsidiaries.

The overall decrease of €82 million compared with the previous year was essentially due to the reduction in revenue from the provision of technical and managerial services following the reorganization that took place at the beginning of 2018 for the Global Structures, as part of which the Global Business Lines, previously included within Enel SpA, were transferred to the wholly owned subsidiaries Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl and Enel Italia Srl. It also reflected negative adjustments related to 2017.

Revenue from sales and services can be broken down by geographical area as follows:

- €34 million in Italy (€75 million in 2017);
- a negative €4 million in the European Union (€25 million in 2017);
- €3 million in non-EU Europe (€7 million in 2017);
- €5 million in other countries (€13 million in 2017).

4.b Other revenue and income - *€15 million*

Other revenue and income, in the amount of €15 million in 2018, is essentially related to seconded personnel in both the year under review and the previous year. It increased by €2 million (€13 million in 2017).

Costs

5.a Purchases of consumables - *€1 million*

Purchases of consumables amounted to €1 million, unchanged from the previous year.

5.b Services, leases and rentals - *€127 million*

Costs for services, leases and rentals break down as follows.

Millions of euro

	2018	2017	Change
Services	116	149	(33)
Leases and rentals	11	16	(5)
Total services, leases and rentals	**127**	**165**	**(38)**

Costs for services, totaling €116 million, include costs for services provided by third parties in the amount of €53 million (€79 million in 2017) and costs for services provided by Group companies in the amount of €63 million (€70 million in 2017). More specifically, the €26 million decrease in costs for services provided by third parties was mainly due both to the decrease in costs incurred for strategic, management and organizational consulting and to lower costs for advertising, marketing, promotional and press materials, which were partially offset by the increase in costs for other services.

Costs for services provided by Group companies decreased by €7 million due to the reduction in costs for personal services and costs for other services, which were partially offset by the increase in costs for IT services.

Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia Srl and decreased by €5 million compared with the previous year.

5.c Personnel - *€109 million*

Personnel costs break down as follows.

Millions of euro

	Notes	**2018**	2017	Change
Wages and salaries		68	108	(40)
Social security costs		22	34	(12)
Post-employment benefits	24	6	9	(3)
Other long-term benefits	24	5	20	(15)
Other costs and other incentive plans	25	8	3	5
Total personnel costs		**109**	**174**	**(65)**

Personnel costs came to €109 million for a decrease of €65 million from 2017. The decline is mainly attributable to the decrease in the average number of employees (399 fewer than in the previous year), partly deriving from the transfers referred to earlier, with a consequent reduction in wages and salaries and related social security costs, for a total of €52 million, and in costs for long-term benefits of €15 million.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2018.

No.

	Average number			Headcount
	2018	2017	Change	**at Dec. 31, 2018**
Senior managers	148	239	(91)	144
Middle managers	354	565	(211)	369
Office staff	270	367	(97)	254
Total	**772**	**1,171**	**(399)**	**767**

5.d Depreciation, amortization and impairment losses - *€(331) million*

Millions of euro

	2018	2017	Change
Depreciation	4	4	-
Amortization	13	11	2
Impairment losses	55	-	55
Reversals of impairment losses	(403)	-	(403)
Total depreciation, amortization and impairment losses	**(331)**	**15**	**(346)**

Depreciation, amortization and impairment losses shows net income of €331 million (€15 million in 2017 and a decrease of €346 million compared with the previous year.
Depreciation and amortization (€17 million) includes depreciation of €4 million and amortization of €13 million. It increased by a total of €2 million on the previous year, mainly reflecting the increase in the average stock of industrial patents and intellectual property rights following investments during the year.
In 2018, impairment losses amounted to €55 million and refer to the adjustments of equity investments held in Enel Russia PSJC (€40 million) and Enel Investment Holding BV (€15 million).
Reversals of impairment losses, in the amount of €403 million, include only the positive adjustment to the value of the equity investment in Enel Produzione SpA following the recalculation of the value of the investment in Slovenské elektrárne.

For details on the criteria used to determine this impairment loss, see note 13 below.

5.e Other operating expenses - *€39 million*

Other operating expenses, totaling €39 million, increased by €19 million compared with the previous year due essentially to provisions for risks and charges in the amount of €15 million.
Operating income, in the amount of €108 million, improved by €350 million compared with the previous year, essentially due to the joint effect of the recognition in 2018 of the restoration of the value of the equity investment in Enel Produzione SpA (€403 million), offset in part by the adjustment of equity investments held in Enel Russia PJSC (€40 million) and Enel Investment Holding BV (€15 million).

6. Income from equity investments - *€3,567 million*

Income from equity investments amounted to €3,567 million in 2018, an increase of €534 million compared with the previous year, and regards dividends and interim dividends approved by subsidiaries and associates in the amount of €3,557 million and by other investees in the amount of €10 million.

Millions of euro

	2018	2017	Change
Dividends from subsidiaries and associates	**3,556**	**3,032**	**524**
Enel Produzione SpA	229	-	229
e-distribuzione SpA	949	1,448	(499)
Enel.Factor SpA	2	3	(1)
Enel Italia Srl	16	23	(7)
Enel Energia SpA	792	679	113
Servizio Elettrico Nazionale SpA	100	80	20
Enel Green Power SpA	557	50	507
Enel Iberia Srl	486	677	(191)
Enel Sole Srl	-	15	(15)
Enel Américas SA	162	25	137
Enel Chile SA	157	31	126
Enel Global Infrastructure & Networks Srl	2	-	2
Enel Investment Holding BV	66	-	66
RusEnergoSbyt LLC	37	-	37
CESI SpA	1	1	-
Dividends from other companies	**11**	**1**	**10**
Emittenti Titoli SpA	10	-	10
Empresa Propietaria de la Red SA	1	1	-
Total income from equity investments	**3,567**	**3,033**	**534**

7. Net financial income/(expense) from derivatives - *€45 million*

This item breaks down as follows.

Millions of euro

	2018	2017	Change
Income from derivatives			
- on behalf of Group companies:	**1,420**	**2,533**	**(1,113)**
- income from derivatives at fair value through profit or loss	1,420	2,533	(1,113)
- on behalf of Enel SpA:	**206**	**150**	**56**
- income from fair value hedge derivatives	18	32	(14)
- income from cash flow hedge derivatives	166	108	58
- income from derivatives at fair value through profit or loss	22	10	12
Total income from derivatives	**1,626**	**2,683**	**(1,057)**
Expense on derivatives			
- on behalf of Group companies:	**1,414**	**2,523**	**(1,109)**
- expense on derivatives at fair value through profit or loss	1,414	2,523	(1,109)
- on behalf of Enel SpA:	**167**	**379**	**(212)**
- expense on fair value hedge derivatives	18	30	(12)
- expense on cash flow hedge derivatives	121	341	(220)
- expense on derivatives at fair value through profit or loss	28	8	20
Total expense on derivatives	**1,581**	**2,902**	**(1,321)**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**45**	**(219)**	**264**

The net financial income from derivatives came to €45 million (as compared with a net expense of €219 million in 2017) and essentially represents the net gain on derivatives entered into on behalf of Enel SpA.
The improvement of €264 million compared with the previous year is essentially due to the decrease in net expense on cash flow hedge derivatives (€220 million), all of which were entered into on behalf of Enel SpA on both interest rates and exchange rates.

For more details on derivatives, see note 31 “Financial instruments” and note 33 “Derivatives and hedge accounting”.

8. Other net financial income/(expense) - *€(448) million*

This item breaks down as follows.

Millions of euro

	2018	2017	Change
Other financial income			
Interest income			
Interest income on long-term financial assets	3	2	1
Interest income on short-term financial assets	16	30	(14)
Total	**19**	**32**	**(13)**
Positive exchange rate differences	28	238	(210)
Income on fair value hedges - post-hedge adjustment	4	13	(9)
Other	269	127	142
Total other financial income	**320**	**410**	**(90)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	32	55	(23)
Interest expense on bonds	549	735	(186)
Interest expense on other borrowings	85	70	15
Total	**666**	**860**	**(194)**
Negative exchange rate differences	65	5	60
Interest expense on defined benefit plans and other long-term employee benefits	3	4	(1)
Other	34	3	31
Total other financial expense	**768**	**872**	**(104)**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(448)**	**(462)**	**14**

Other net financial expense, in the amount of €448 million, essentially reflects interest expense on financial debt of €666 million, partly offset by interest income and fees and commissions on the intercompany current account of €202 million and interest income on the refund of income taxes (IRPEG and ILOR) for the years 1996 and 1997 in the amount of €54 million (see note 9 below for more information).

The decrease of €14 million in other net financial expense compared with 2017 was due mainly to the decrease in interest expense on bonds in the amount of €186 million, partially offset by the €210 million decrease in positive exchange rate differences on hedged loans in foreign currencies, which were affected by the developments in the exchange rate of the euro against the US dollar and the pound sterling.

9. Income taxes - *€(184) million*

Millions of euro

	2018	2017	Change
Current taxes	(189)	(162)	(27)
Deferred tax income	4	4	-
Deferred tax expense	1	(2)	3
Total taxes	**(184)**	**(160)**	**(24)**

Income taxes for 2018 showed a creditor position of €184 million, mainly as a result of the reduction in the tax base for the corporate income tax (IRES) compared with income before taxes due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).

Compared with the previous year (a creditor position of €160 million), the increase of €24 million was essentially due to the reimbursement of income taxes (IRPEG and ILOR) for 1996 and 1997, following two favorable rulings of the Court of Cassation, in the amount of €90 million, partially offset by a smaller creditor tax position on current income (€65 million).

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2018	% rate	2017	% rate
Income before taxes	3,272		2,110	
Theoretical corporate income taxes (IRES)	**785**	**24.0%**	**506**	**24.0%**
Tax decreases:				
- dividends on equity investments, collected	(799)	-24.4%	(678)	-32.1%
- dividends from equity investments, not collected	(14)	-0.4%	(13)	-0.6%
- uses of provisions	(14)	-0.4%	(16)	-0.8%
- prior-year writedowns	(97)	-3.0%	-	
- other	(2)	-0.1%	-	
Tax increases:				
- writedowns/(writebacks) for the year	13	0.4%	-	
- accruals to provisions	13	0.4%	12	0.6%
- prior-year expense	7	0.2%	2	0.1%
- other	9	0.3%	23	1.1%
Total current corporate income taxes (IRES)	**(99)**	**-3.0%**	**(164)**	**-7.8%**
IRAP	**-**		**-**	
Difference on estimated income taxes from prior years	**(111)**	**-3.8%**	**-**	
Definitive withholdings on dividends from foreign shareholdings	**21**	**0.7%**	**2**	**0.1%**
Total deferred tax items	**5**	**0.1%**	**2**	**0.1%**
- of which impact of change in tax rate	*-*		*-*	
- of which changes for the year	*5*		*4*	
- of which difference of prior-year estimates	*-*		*(2)*	
TOTAL INCOME TAXES	**(184)**	**-5.6%**	**(160)**	**-7.6%**

Information on the balance sheet

Assets

10. Property, plant and equipment - *€9 million*

Developments in property, plant and equipment for 2017 and 2018 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and advances	**Total**
Cost	1	3	3	5	20	40	-	72
Accumulated depreciation	-	(2)	(3)	(5)	(19)	(34)	-	(63)
Balance at Dec. 31, 2016	**1**	**1**	**-**	**-**	**1**	**6**	**-**	**9**
Capital expenditure	-	-	-	-	4	1	-	5
Depreciation	-	-	-	-	(1)	(3)	-	(4)
Total changes	**-**	**-**	**-**	**-**	**3**	**(2)**	**-**	**1**
Cost	1	3	3	5	24	41	-	77
Accumulated depreciation	-	(2)	(3)	(5)	(20)	(37)	-	(67)
Balance at Dec. 31, 2017	**1**	**1**	**-**	**-**	**4**	**4**	**-**	**10**
Capital expenditure	-	-	-	-	2	-	1	3
Depreciation	-	-	-	-	(1)	(3)	-	(4)
Total changes	**-**	**-**	**-**	**-**	**1**	**(3)**	**1**	**(1)**
Cost	1	3	3	5	26	41	1	80
Accumulated depreciation	-	(2)	(3)	(5)	(21)	(40)	-	(71)
Balance at Dec. 31, 2018	**1**	**1**	**-**	**-**	**5**	**1**	**1**	**9**

Property, plant and equipment totaled €9 million, a decrease of €1 million compared with the previous year, essentially attributable to the negative net balance between capital expenditure in 2018 (€3 million) and depreciation for the same period (€4 million). Capital expenditure for other assets refer to hardware systems, while the capital expenditure relating to assets under construction refer to engineering works on office buildings.

11. Intangible assets - *€47 million*

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2016	**11**	**7**	**18**
Investments	24	-	24
Assets entering service	7	(7)	-
Amortization	(11)	-	(11)
Total changes	**20**	**(7)**	**13**
Balance at Dec. 31, 2017	**31**	**-**	**31**
Investments	14	17	31
Changes	(2)	-	(2)
Assets entering service	-	-	-
Amortization	(13)	-	(13)
Total changes	**(1)**	**17**	**16**
Balance at Dec. 31, 2018	**30**	**17**	**47**

Industrial patents and intellectual property rights, in the amount of €30 million at December 31, 2018, relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average). Compared with the previous year, the aggregate decreased by €1 million due to the negative balance of investments made in 2018 (€14 million), to amortization recorded during the same period (€13 million), and to the transfer of intangible assets to Enel Global Infrastructure & Networks Srl, Enel Global Thermal Generation Srl, and Enel Italia Srl for a total of €2 million.

Investments concerned information-technology projects related to the evolution of software associated with existing systems and the development of new systems, while assets entering service refer mainly to the Evolution for Energy (E4E) project, which was undertaken at the global level to harmonize and integrate processes and systems to support the Global Business Lines and the Administration, Finance and Control, and Global Procurement functions, as well as other projects connected with the evolution of software associated with existing systems.

Other intangible assets under development at December 31, 2018 amounted to €17 million, an increase of the same amount due to investments during the period.

12. Deferred tax assets and liabilities - *€288 million and €133 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of temporary difference, are shown below.

Millions of euro

	at Dec. 31, 2017	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity	Other changes	**at Dec. 31, 2018**
	Total				**Total**
Deferred tax assets					
Nature of temporary differences:					
- provisions for risks and charges and impairment losses	5	1	-	-	6
- derivatives	230	-	-	-	230
- costs for capital increase	2	-	(2)	-	-
- other items	62	(5)	2	(7)	52
Total deferred tax assets	**299**	**(4)**	**-**	**(7)**	**288**
Deferred tax liabilities					
Nature of temporary differences:					
- measurement of financial instruments	163	-	(36)	-	127
- other items	5	1	-	-	6
Total deferred tax liabilities	**168**	**1**	**(36)**	**-**	**133**
Excess net deferred IRES tax assets after any offsetting	**162**				**155**
Excess net deferred IRAP tax liabilities after any offsetting	**(31)**				**-**

Deferred tax assets totaled €288 million (€299 million at December 31, 2017), a decrease of €11 million compared with the previous year, which was due mainly to the recognition of deferred tax assets on changes in provisions for risks and charges and the transfer of deferred tax assets to the companies involved in the transfer of the Global Structures as described above.

Deferred tax liabilities came to €133 million and decreased by €35 million (€168 million at December 31, 2017), essentially due to the release of deferred tax liabilities related to IRAP on the fair value measurement of cash flow hedge instruments (€30 million), given that, over the next few years, we do not expect to generate enough taxable income for IRAP to absorb the temporary deductible differences.

The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

13. Equity investments - *€45,715 million*

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates, and other companies.

Millions of euro	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Capital grants and loss coverage	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)	New cos./ Transfers (+/-)/ Spin-offs (+/-)
							at Dec. 31, 2017	
A) Subsidiaries								
Enel Produzione SpA	4,895	(986)	4	3,913	100.0	-	-	-
e-distribuzione SpA	4,054	-	2	4,056	100.0	2,275	-	-
Servizio Elettrico Nazionale SpA	110	-	-	110	100.0	-	-	-
Enel Global Trading SpA	1,401	(208)	1	1,194	100.0	-	-	-
Enel Green Power SpA	6,538	-	2	6,540	100.0	-	-	(71)
Enel X Srl	5	-	-	5	100.0	518	-	-
Enel Investment Holding BV	8,498	(4,473)	-	4,025	100.0	-	(4,001)	-
Enelpower SpA	189	(159)	-	30	100.0	-	-	-
Enel Global Thermal Generation Srl	1	-	-	1	100.0	-	-	10
Enel Energia SpA	1,321	(8)	-	1,313	100.0	-	-	-
Enel Iberia Srl	13,713	-	-	13,713	100.0	-	-	-
Enel.Factor SpA	18	-	-	18	100.0	-	-	-
Enel Italia Srl	525	(41)	3	487	100.0	-	-	-
Enel Innovation Hubs Srl	70	(54)	-	16	100.0	-	-	-
Enel Global Infrastructure & Networks Srl	12	-	-	12	100.0	-	-	10
Enel Finance International NV	2,397	-	-	2,397	100.0	-	-	(1,798)
Enel Holding Finance Srl	-	-	-	-	-	-	-	1,798
Tynemouth Energy Storage Limited	5	-	-	5	-	-	-	(5)
Enel Américas SA	2,822	-	-	2,822	51.8	-	-	-
Enel Chile SA	1,760	-	-	1,760	60.6	-	-	-
Enel Holding Chile Srl	-	-	-	-	-	-	-	71
E-Distribuție Banat SA	-	-	-	-	-	-	421	-
E-Distribuție Dobrogea SA	-	-	-	-	-	-	261	-
E-Distribuție Muntenia SA	-	-	-	-	-	-	952	-
Enel Energie Muntenia SA	-	-	-	-	-	-	330	-
Enel Energie SA	-	-	-	-	-	-	208	-
Enel Romania SA	-	-	-	-	-	-	15	-
Enel Russia PJSC	-	-	-	-	-	-	442	-
Enel Insurance NV	-	-	-	-	-	-	252	-
Vektör Enerji Üretim AŞ	-	-	-	-	-	-	-	-
Enel Green Power Chile Ltda	-	-	-	-	-	-	-	-
Total subsidiaries	**48,334**	**(5,929)**	**12**	**42,417**		**2,793**	**(1,120)**	**15**
B) Joint ventures								
OpEn Fiber SpA	365	-	-	365	50.0	125	-	-
RusEnergoSbyt LLC	-	-	-	-	-	-	41	-
Total joint ventures	**365**	**-**	**-**	**365**		**125**	**41**	**-**
C) Associates								
CESI SpA	23	-	-	23	42.7	-	-	-
Total associates	**23**	**-**	**-**	**23**		**-**	**-**	**-**
D) Other companies		**-**	**-**					
Empresa Propietaria de la Red SA	5	-	-	5	11.1	-	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-	-	-
Compañía de Transmisión del Mercosur Ltda	-	-	-	-	-	-	-	-
Elcogas SA	5	(5)	-	-	4.3	-	-	-
Emittenti Titoli SpA in liquidation	1	-	-	1	10.0	-	(1)	-
Idrosicilia SpA	-	-	-	-	1.0	-	-	-
Total other companies	**11**	**(5)**	**-**	**6**		**-**	**(1)**	**-**
TOTAL EQUITY INVESTMENTS	**48,733**	**(5,934)**	**12**	**42,811**		**2,918**	**(1,080)**	**15**

Adjustments in value	Mergers (+/-)	Net change	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2018							**at Dec. 31, 2018**
403	-	403	4,895	(583)	4	4,316	100.0
-	-	2,275	6,329	-	2	6,331	100.0
-	-	-	110	-	-	110	100.0
-	-	-	1,401	(208)	1	1,194	100.0
-	-	(71)	6,467	-	2	6,469	100.0
-	-	518	523	-	-	523	100.0
(15)	-	(4,016)	4,497	(4,488)	-	9	100.0
-	-	-	189	(159)	-	30	100.0
-	-	10	11	-	-	11	100.0
-	-	-	1,321	(8)	-	1,313	100.0
-	-	-	13,713	-	-	13,713	100.0
-	(18)	(18)	-	-	-	-	-
-	18	18	543	(41)	3	505	100.0
-	-	-	70	(54)	-	16	100.0
-	-	10	22	-	-	22	100.0
-	-	(1,798)	599	-	-	599	25.0
-	-	1,798	1,798	-	-	1,798	100.0
-	-	(5)	-	-	-	-	-
-	-	-	2,822	-	-	2,822	51.8
-	762	762	2,522	-	-	2,522	61.9
	(71)	-	-	-	-	-	-
-	-	421	421	-	-	421	51.0
-	-	261	261	-	-	261	51.0
-	-	952	952	-	-	952	78.0
-	-	330	330	-	-	330	78.0
-	-	208	208	-	-	208	51.0
-	-	15	15	-	-	15	100.0
(40)	-	402	442	(40)	-	402	56.4
-	-	252	252	-	-	252	100.0
-	-	-	-	-	-	-	100.0
-	-	-	-	-	-	-	-
348	**691**	**2,727**	**50,713**	**(5,581)**	**12**	**45,144**	
-	-	125	490	-	-	490	50.0
-	-	41	41	-	-	41	49.5
-	**-**	**166**	**531**	**-**	**-**	**531**	
-	-	-	23	-	-	23	42.7
-	**-**	**-**	**23**	**-**	**-**	**23**	
12	-	12	5	12	-	17	11.1
-	-	-	-	-	-	-	11.1
-	-	-	-	-	-	-	-
-	-	-	5	(5)	-	-	4.3
-	-	(1)	-	-	-	-	-
-	-	-	-	-	-	-	1.0
12	**-**	**11**	**10**	**7**	**-**	**17**	
360	**691**	**2,904**	**51,277**	**(5,574)**	**12**	**45,715**	

The table below reports changes in equity investments in 2018.

Millions of euro

Increases	
Transfer to Enel Global Infrastructure & Networks Srl of the "Global Infrastructure & Networks" Business Line	10
Transfer of the "Global Thermal Generation" Business Line to Enel Global Thermal Generation Srl	10
Recapitalization of e-distribuzione SpA	2,275
Recapitalization of Enel X Srl	518
Merger of Enel.Factor Srl into Enel Italia Srl	18
Incorporation of Enel Holding Finance Srl with the transfer of 75% of the investment in Enel Finance International NV	1,798
Capital contribution to OpEn Fiber SpA	125
Acquisition of Enel Russia PSJC by Enel Investment Holding BV	442
Acquisition of E-Distribuție Banat SA by Enel Investment Holding BV	421
Acquisition of E-Distribuție Muntenia SA by Enel Investment Holding BV	952
Acquisition of E-Distribuție Dobrogea SA by Enel Investment Holding BV	261
Acquisition of Enel Energie SA by Enel Investment Holding BV	208
Acquisition of Enel Energie Muntenia SA by Enel Investment Holding BV	330
Acquisition of Enel Romania SA by Enel Investment Holding BV	15
Acquisition of RusEnergoSbyt LLC by Enel Investment Holding BV	41
Acquisition of Enel Insurance NV by Enel Investment Holding BV	252
Increase in the value of the investment in Enel Chile SA due to the merger of Enel Holding Chile Srl and Hydromac Energy Srl (holder of the investment) into Enel SpA	762
Revaluation of the equity investment held in Empresa Propietaria de la Red SA	12
Writeback of the equity investment in Enel Produzione SpA	403
Total increases	**8,853**
Decreases	
Transfer of the company Tynemouth Energy Storage Limited	(5)
Partial spin-off of Enel Green Power SpA to Enel Holding Chile Srl	(71)
Liquidation of Emittente Titoli SpA	(1)
Merger of Enel.Factor Srl into Enel Italia Srl	(18)
Incorporation of Enel Holding Finance Srl with the transfer of 75% of the investment in Enel Finance International NV	(1,798)
Reduction in the value of the investment in Enel Investment Holding BV	(4,001)
Writedown of the investment in Enel Investment Holding BV	(15)
Writedown of the investment in Enel Russia PJSC	(40)
Total decreases	**(5,949)**
NET CHANGE	**2,904**

In 2018, the value of investments in subsidiaries, joint ventures, associated and other companies increased by €2,904 million as a result of:

- the increase, on January 1, 2018, of the share capital of the subsidiary Enel Global Infrastructure & Networks Srl (formerly Enel M@p Srl) in the amount of €10 million through the transfer of the "Global Infrastructure & Networks" Business Line;
- the increase, on January 1, 2018, of the share capital of

the subsidiary Enel Global Thermal Generation Srl in the amount of €10 million through the transfer of the "Global Thermal Generation" Business Line;

- the transfer of the entire investment in Tynemouth Energy Storage Limited to the subsidiary Enel Global Thermal Generation Srl in the amount of €5 million as part of the Business Line transfer described above;
- the recapitalization, on March 8, 2018, of the subsidiary e-distribuzione SpA by waiving a portion of the financial receivable from this company on the intercompany current account in the amount of €2,275 million, which was allocated to a specific available equity reserve;
- the recapitalization, on March 30, 2018, of the subsidiary Enel X Srl by waiving a portion of the financial receivable from this company on the intercompany current account in the amount of €78 million;
- the recapitalization, on June 20, 2018, of the subsidiary Enel X Srl through a capital contribution in the amount of €290 million, which was allocated to a specific available equity reserve;
- the recapitalization, on July 18, 2018, of the subsidiary Enel X Srl through a capital contribution in the amount of €150 million for the purpose of supplementing the equity of Enel X International Srl;
- the incorporation, on July 9, 2018, of Enel Holding Finance Srl by transferring approximately 75% of the investment in the Dutch company Enel Finance International NV, a wholly owned subsidiary of Enel SpA;
- the acquisition of the equity investments held by Enel Investment Holding BV, a wholly owned Dutch subsidiary of Enel SpA, in the Russian companies Enel Russia PJSC and RusEnergoSbyt LLC, in the Romanian companies Enel Romania SA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie SA, and Enel Energie Muntenia SA, and in the Dutch company Enel Insurance NV, for a total of €2,922 million;
- the reduction in the value of the equity investment of Enel Investment Holding BV in the amount of €4,001 million following the reduction of the share capital in the amount of €1,592 million and the distribution of the share premium reserve in the amount of €2,409 million;
- the capital contribution, on October 3, 2018, in favor of OpEn Fiber, a joint venture with CDP Equity SpA, in the amount of €125 million, in order to support the investments needed for execution of the company's 2018-2027 Business Plan;
- the increase in the fair value of the equity investment held in Empresa Propietaria de la Red SA, previously measured at cost, in the amount of €12 million;
- the adjustment of €15 million to the equity investment held in Enel Investment Holding BV to take account of the change in performance and financial position following the aforementioned sale of equity investments;
- a writeback of €403 million in the value of the interest held in Enel Produzione SpA in order to take account of the adjustment in the value of the equity investment in Slovenské elektrárne;
- the adjustment of €40 million to the equity investment held in Enel Russia PJSC to take account of current performance and financial position.

Within the scope of "Project Elqui - Italian side", on March 30, 2018, the partial spin-off of Enel Green Power SpA was completed in favor of the newly incorporated Enel Holding Chile Srl, which led to an adjustment of €71 million in the investment in Enel Green Power SpA and the acquisition of the equity investment, for the same amount, for the entire share capital of the newly incorporated Enel Holding Chile Srl, the parent company of Hydromac Energy Srl, holder of an equity investment in Enel Chile SA with a value of €762 million. On December 12, 2018, the merger into Enel of Enel Holding Chile Srl and Hydromac Energy Srl was completed, resulting in an increase of €762 million in Enel's investment in Enel Chile SA.
The transaction is part of the process of simplifying the Group's structure, which is one of the underlying principles of Enel's 2018-2020 Strategic Plan. The transaction enabled Enel to consolidate the Group's 61.93% interest in Enel Chile SA, previously held directly by Enel for a 43.03% stake and indirectly through Hydromac Energy for 18.88% and through Enel Holding Chile for 0.02%.

It should also be noted that the merger of Enel.Factor SpA into the wholly owned subsidiary Enel Italia Srl was completed on July 1, 2018. This transaction did not result in changes in the total value of the equity investments held by Enel SpA.

The following table shows the previous assumptions used in determining the impairment loss on the investments held in Enel Russia PJSC and Enel Investment Holding BV and the reversal of the impairment loss on Enel Produzione SpA and Empresa Propietaria de la Red SA.

Millions of euro	Original cost	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)	Original cost	Growth rate (1)	Pre-tax WACC discount rate (2)	Explicit period of cash flows	Terminal value (3)
	at Dec. 31, 2018					at Dec. 31, 2017				
Enel Russia PJSC	442	1.8%	13.2%	5 years	Perpetuity/28 years	n/a	n/a	n/a	n/a	n/a
Enel Investment Holding BV	23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enel Produzione SpA	3,913	0.7%	8.9%	5 years	Perpetuity	3,913	0.7%	8.9%	5 years	Perpetuity
Empresa Propietaria de la Red SA	5	-	8.7%	3 years	19 years	n/a	n/a	n/a	n/a	n/a

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable value of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. For the purpose of comparing the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn for the explicit period from the 2019-2023 Business Plan approved by the Board of Directors of the Parent Company on November 19, 2018, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing for these equity investments differs in accordance with the specific features and business cycles of the various companies. The terminal value, on the other hand, was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena. The following table reports the share capital and shareholders' equity of the investments in subsidiaries, joint ventures, associates and other companies at December 31, 2018.

	Registered office	Currency	Share capital	Shareholders' equity (millions of euro)	Prior year income/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Produzione SpA	Rome	EUR	1,800,000,000	4,318	613	100.0	4,316
e-distribuzione SpA	Rome	EUR	2,600,000,000	4,657	1,507	100.0	6,331
Servizio Elettrico Nazionale SpA	Rome	EUR	10,000,000	152	75	100.0	110
Enel Global Trading SpA	Rome	EUR	90,885,000	304	(73)	100.0	1,194
Enel Green Power SpA	Rome	EUR	272,000,000	6,136	237	100.0	6,469
Enel X Srl	Rome	EUR	1,050,000	488	(23)	100.0	523
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	8	794	100.0	9
Enelpower SpA	Milan	EUR	2,000,000	28	(2)	100.0	30
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	7	(4)	100.0	11
Enel Energia SpA	Rome	EUR	302,039	2,067	801	100.0	1,313
Enel Iberia Srl	Madrid	EUR	336,142,500	16,918	956	100.0	13,713
Enel Italia Srl	Rome	EUR	50,100,000	449	15	100.0	505
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	22	1	100.0	16
Enel Global Infrastructure & Networks Srl	Rome	EUR	10,100,000	9	(1)	100.0	22
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	1,746	99	25.0	599
Enel Holding Finance Srl	Rome	EUR	10,000	1,798	-	100.0	1,798
Enel Américas SA	Santiago	USD	6,763,204,424	7,710	1,017	51.8	2,822
Enel Chile SA	Santiago	CLP	3,954,491,478,786	4,622	478	61.9	2,522
E-Distribuție Banat SA	Timisoara	RON	382,158,580	480	18	51.0	421
E-Distribuție Dobrogea SA	Constanța	RON	280,285,560	325	18	51.0	261
E-Distribuție Muntenia SA	Bucharest	RON	271,635,250	1,026	16	78.0	952
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	152	3	78.0	330
Enel Energia SA	Bucharest	RON	140,000,000	98	(1)	51.0	208
Enel Romania SA	Judetul Ilfov	RON	200,000	3	-	100.0	15
Enel Russia PJSC	Ekaterinburg	RUB	35,371,898,370	589	97	56.4	402
Enel Insurance NV	Amsterdam	EUR	60,000	258	9	100.0	252
Vektör Enerji Üretim AŞ	Istanbul	TRY	3,500,000	(8)	(8)	100.0	-
Enel Green Power Chile Ltda	Santiago	USD	842,086,000	757	91	-	-
B) Joint ventures							
OpEn Fiber SpA	Milan	EUR	250,000,000	800	(97)	50.0	490
RusEnergoSbyt LLC	Moscow	RUB	2,760,000	8	65	49.5	41
C) Associates							
CESI SpA (1)	Milan	EUR	8,550,000	111	7	42.7	23
D) Other companies							
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	118	15	11.1	17
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	-	(1)	11.1	-
Compañía de Transmisión del Mercosur SA (1)	Buenos Aires	ARS	14,012,000	(25)	(8)	-	-
Elcogas SA	Puertollano	EUR	809,690	(111)	(2)	4.3	-
Idrosicilia SpA (1)	Milan	EUR	22,520,000	51	4	1.0	-

(1) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2017.

With regard to the investments held in the companies Enel Green Power SpA, e-distribuzione SpA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, RusEnergoSbyt LLC, Enel Global Infrastructure & Networks Srl, Enel X Srl, Enel Global Trading SpA, OpEn Fiber SpA, and Enel Finance International NV, the carrying amount is deemed to be recoverable even if individually greater than shareholders' equity at December 31, 2018, for each shareholding. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically:

- for the companies Enel Green Power SpA, e-distribuzione SpA, E-Distribuție Banat SA, E-Distribuție Dobrogea SA, E-Distribuție Muntenia SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, RusEnergoSbyt LLC, Enel Global Infrastructure & Networks Srl, Enel X Srl, Enel Global Trading SpA, and OpEn Fiber SpA, the negative difference between the carrying amount of the investments and their shareholders' equity represented a trigger event, following which the value was determined by means of an impairment test of the equity value of the investments in consideration of their expected future cash flows. As a result of this test, a greater value emerged that was not reflected in shareholders' equity to an extent necessary to confirm the full recoverability of the value of the investments;
- in the case of Enel Finance International NV, it is attributable to the negative developments in the fair value of a number of items in shareholders' equity.

It should also be noted that these shareholdings have passed their related impairment tests.

Equity investments in other companies at December 31, 2018 are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value thorugh other comprehensive income was applied.

For the investment in Empresa Propietaria de la Red, previously measured at cost, the fair value was determined on the basis of a reliable valuation of the significant balance sheet items.

In 2018, following the final liquidation report and the final distribution plan, the liquidation procedure of the company Emittenti Titoli SpA was completed.

The investment in Elcogas was completely written off in 2014 and since January 1, 2015, the company, in which Enel has a stake of 4.3%, has been in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017
Equity investments in unlisted companies measured at FVOCI	**17**	**6**
Empresa Propietaria de la Red SA	17	5
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA	-	-
Emittenti Titoli SpA in liquidation	-	1
Idrosicilia SpA	-	-

14. Derivatives - *€793 million, €92 million, €1,395 million, €355 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivative financial assets	793	1,456	92	111
Derivative financial liabilities	1,395	2,270	355	176

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 31 "Financial instruments" and 33 "Derivatives and hedge accounting".

15. Other non-current financial assets - *€136 million*

The aggregate is composed of the following.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Prepaid financial expense		8	10	(2)
Other non-current financial assets included in debt	15.1	128	6	122
Total		**136**	**16**	**120**

Prepaid financial expense essentially refers to the remaining portion of the transaction costs on the €10 billion revolving credit line, established on December 18, 2017, and with a five-year duration, between Enel SpA, Enel Finance International, and Mediobanca following the closure of the existing line. The item reports the non-current portion of those costs, and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in debt - *€128 million*

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Financial receivables	31.1.1	125	-	125
Other financial receivables		3	6	(3)
Total		**128**	**6**	**122**

Other non-current financial assets included in debt at December 31, 2018, amounted to €128 million, an increase of €122 million compared with the previous year.
This change was essentially due to the disbursement of a loan of €125 million to the joint venture OpEn Fiber SpA, in order to provide the company with the funds needed to carry out the investments provided for in the Business Plan in relation to the national project for the development of an ultra-broadband fiber-optic network.
Other financial receivables amounted to €3 million and are entirely accounted for by loans to employees. They decreased by €3 million compared with the previous year.

16. Other non-current assets - *€134 million*

This item breaks down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax receivables	9	9	-
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	125	139	(14)
Total other non-current assets	**134**	**148**	**(14)**

Tax receivables regard the tax credit in respect of the claim for reimbursement for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. These claims were submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011.

Receivable from subsidiaries for assumption of supplementary pension plan liabilities, in the amount of €125 million, refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned have to reimburse the costs of extinguishing defined benefit obligations of the Parent Company, which are recognized under employee benefits.

On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these receivables from subsidiaries for assumption of supplementary pension plan liabilities came to €63 million (€76 million at December 31, 2017).

17. Trade receivables - *€191 million*

The item breaks down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Trade receivables:			
- due from subsidiaries	166	208	(42)
- due from non-Group customers	25	29	(4)
Total	**191**	**237**	**(46)**

Trade receivables, which totaled €191 million, consist of receivables due from subsidiaries (€166 million) and non-Group customers (€25 million).

Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Compared with December 31, 2017, the decrease of €42 million is related both to the trend in revenue connected to these services and to the reorganization of the Global Structures, which led to a reduction in revenue from technical services.

Receivables from non-Group customers concern services of various nature and totaled €25 million, which, compared with December 31, 2017, is a decrease of €4 million.

Trade receivables due from subsidiaries break down as follows:

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Subsidiaries			
Enel Iberia Srl	1	1	-
Enel Produzione SpA	3	13	(10)
e-distribuzione SpA	10	33	(23)
Enel Green Power SpA	9	3	6
Enel Américas SA	4	3	1
Endesa SA	3	4	(1)
Servizio Elettrico Nazionale SpA	2	1	1
Enel Global Trading SpA	-	1	(1)
Enel Energia SpA	6	1	5
Enel Italia Srl	16	18	(2)
Enel Green Power North America Inc.	1	1	-
Enel X Srl	-	2	(2)
Enel Russia PJSC	11	16	(5)
Endesa Distribución Eléctrica SL	21	27	(6)
Enel Global Thermal Generation Srl	1	-	-
Endesa Generación SA	(2)	10	(12)
Endesa Energía SA	2	4	(2)
Enel Romania SA	5	4	1
Enel Brasil SA	24	25	(1)
Enel Distribución Perú SAA	5	6	(1)
Enel Generación Perú SAA	5	6	(1)
Unión Eléctrica de Canarias Generación SAU	(1)	3	(4)
Other	40	26	14
Total	**166**	**208**	**(42)**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Italy	54	77	(23)
EU	68	97	(29)
Non-EU Europe	12	17	(5)
Other	57	46	11
Total	**191**	**237**	**(46)**

18. Income tax receivables - *€165 million*

Income tax receivables at December 31, 2018 amounted to €165 million and essentially regard the Company's IRES credit for estimated current taxes (€99 million) and the receivable with respect to the consolidated IRES return for 2018 (€56 million).

19. Other current financial assets - *€1,860 million*

This item can be broken down as follows.

Millions of euro

	Notes	at Dec. 31, 2018	at Dec. 31, 2017	Change
Other current financial assets included in net financial debt	19.1	1,579	4,085	(2,506)
Other sundry current financial assets		281	265	16
Total		**1,860**	**4,350**	**(2,490)**

19.1 Other current financial assets included in debt - *€1,579 million*

Millions of euro

	Notes	at Dec. 31, 2018	at Dec. 31, 2017	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany current accounts)	31.1.1	313	1,984	(1,671)
- current portion of receivables for assumption of loans	31.1.1	-	27	(27)
Financial receivables due from others:				
- current portion of long-term financial receivables		1	1	-
- other financial receivables		12	(1)	13
- cash collateral for margin agreements on OTC derivatives	31.1.1	1,253	2,074	(821)
Total		**1,579**	**4,085**	**(2,506)**

Other current financial assets included in debt, amounting to €1,579 million at December 31, 2018, refer to financial receivables due from Group companies (€313 million) and financial receivables due from others (€1,266 million).

Financial receivables due from Group companies decreased by €1,698 million compared with December 31, 2017, due to the decline in short-term financial receivables due from Group companies on the intercompany current account (€1,671 million).

Financial receivables due from others decreased by €808 million, essentially attributable to the decrease in cash collateral paid to counterparties for OTC derivatives on interest rates and exchange rates.

20. Other current assets - *€268 million*

At December 31, 2018, the item broke down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax receivables	173	10	163
Other receivables due from Group companies	74	435	(361)
Other receivables	21	7	14
Total	**268**	**452**	**(184)**

Other current assets decreased by a total of €184 million as compared with December 31, 2017.

Tax receivables amounted to €173 million, primarily including the remaining receivable for prepaid VAT for 2018 in the amount of €168 million and receivables with respect to prior-year income taxes of €4 million.

Other receivables due from Group companies essentially regard receivables for the interim dividend approved in 2018 by the subsidiaries Enel Chile SA and Enel Américas SA (€24 million and €33 million, respectively), which was collected in January 2019, IRES receivables in respect of the Group companies participating in the consolidated taxation mechanism (€5 million), and VAT receivables in respect of participating in the Group VAT mechanism (€3 million).

The decrease of €361 million compared with December 31, 2017, was essentially due to the lower VAT receivables in respect of participating in the Group VAT mechanism (€345 million) and the reduction in intragroup receivables related to the Italian IRES tax consolidation (€28 million), partially offset by the increase in receivable from subsidiaries (€9 million) and the increase in interim dividends (€4 million).

Other receivables, in the amount of €21 million at December 31, 2018, increased by €14 million compared with 2017 (€7 million), €8 million of which due to recognition of the installment, relating to 2019, of the contribution to the Enel employee recreational association (Arca).

21. Cash and cash equivalents - *€2,007 million*

Cash and cash equivalents break down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Bank and post office deposits	2,007	2,489	(482)
Cash and cash equivalents on hand	-	-	-
Total	**2,007**	**2,489**	**(482)**

Cash and cash equivalents amounted to €2,007 million, a decrease of €482 million compared with December 31, 2017, mainly due to the impact of the redemption and issue of a number of bonds, the payment of dividends during 2017 as approved by the shareholders of Enel SpA on May 24, 2018, as well as normal operations connected with the central treasury function performed by the Parent Company.

Liabilities and equity

22. Shareholders' equity - *€27,943 million*

Shareholders' equity amounted to €27,943 million, up €707 million compared with December 31, 2017. The change is mainly attributable to net income for the year (€3,478 million), the distribution of the dividend for 2017 in the amount of €0.132 per share (for a total of €1,342 million), as approved by the shareholders on May 24, 2018, and the interim dividend for 2018 approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019 (€0.14 per share, for a total of €1,423 million).

Share capital - *€10,167 million*

At December 31, 2018, the share capital of Enel SpA amounted to €10,166,679,946 fully subscribed and paid up, represented by that same number of ordinary shares with a par value of €1.00 each. This figure for Enel SpA share capital is therefore unchanged compared with the €10,166,679,946 of December 31, 2017.

At December 31, 2018, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, the only shareholder with an interest of greater than 3% in the Company's share capital was the Ministry for the Economy and Finance (with a 23.585% stake).

Other reserves - *€11,464 million*

Share premium reserve - *€7,496 million*

The share premium reserve as at December 31, 2018 is unchanged compared with the previous year.

Legal reserve - *€2,034 million*

The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 - *€2,215 million*

The reserve shows the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Uniform Income Tax Code shall apply.

Other sundry reserves - *€68 million*

Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Reserve from measurement of financial instruments - *€(328) million*

At December 31, 2018, the item was represented by the reserve from measurement of cash flow hedge derivatives and costs of hedging with a negative value of €328 million (net of the positive tax effect of €103 million).

Reserves from measurement of financial assets at FVOCI - *€11 million*

At December 31, 2018, the reserves from measurement of financial assets at FVOCI amounted to €11 million due to the fair value measurement of Empresa Propietaria de la Red SA.

Reserve from remeasurement of net employee benefit plan liabilities/(assets) - *€(32) million*

At December 31, 2018, the employee benefit plan reserve amounted to €32 million (net of the positive tax effect of €8 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of "IAS 19 - Employee benefits".

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from measurement of defined benefit plan liabilities/assets in 2017 and 2018.

Millions of euro		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes		Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	
	at Jan. 1, 2017				at Dec. 31, 2017				**at Dec. 31, 2018**
Reserves from measurement of cash flow hedge financial instruments	(258)	(249)	232	7	(268)	1	(45)	37	(275)
Reserves from measurement of costs of hedging financial instruments	(118)	48	-	-	(70)	17	-	-	(53)
Reserves for financial assets at FVOCI	-	-	-	-	-	11	-	-	11
Reserve from remeasurement of net employee benefit plan liabilities/(assets)	(27)	(7)	-	2	(32)	-	-	-	(32)
Gains/(Losses) recognized directly in equity	**(403)**	**(208)**	**232**	**9**	**(370)**	**29**	**(45)**	**37**	**(349)**

Retained earnings/(Loss carried forward) - *€4,279 million*

For 2018, the item shows a decrease of €145 million, attributable to the resolution of the Shareholders' Meeting of May 24, 2018, which provided for the use of this reserve in the amount of €142 million for the distribution of dividends to shareholders and the allocation to retained earnings of part of the net income for 2017, equal to €3 million.

Net income for the year - *€2,033 million*

Net income for 2018, net of the interim dividend for 2018 of €0.14 per share (for a total of €1,423 million), amounted to €2,033 million.

The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2018	Possible uses	Amount available
Share capital	**10,167**		
Capital reserves:			
- share premium reserve	7,496	ABC	7,496
Income reserves:			
- legal reserve	2,034	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(328)		
- reserves for financial assets at FVOCI	11		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 (1) (2)
- reserve from remeasurement of employee benefit plan liabilities	(32)		
- other	20	ABC	20
Retained earnings/(Loss carried forward)	4,279	ABC	4,279
Total	**25,910**		**14,058**
of which amount available for distribution			*14,055*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5), of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development costs, or departures pursuant to Article 2423, paragraph 4, of the Civil Code.
It should be noted that, in the three previous years, the available reserve denominated "Retained earnings/(Loss carried forward) has been used in the amount of €1,159 million for the distribution of dividends to shareholders.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

22.1 Dividends

The table below shows the dividends paid by the Company in 2017 and 2018.

	Amount distributed (in millions of euro)	Net dividend per share (in euro)
Dividends paid in 2017		
Dividends for 2016	1,830	0.18
Interim dividend for 2017 [1]	-	-
Special dividends	-	-
Total dividends paid in 2017	**1,830**	**0.18**
Dividends paid in 2018		
Dividends for 2017	2,410	0.237
Interim dividend for 2018 [2]	-	-
Special dividends	-	-
Total dividends paid in 2018	**2,410**	**0.237**

(1) Approved by the Board of Directors on November 8, 2017, and paid as from January 24, 2018 (interim dividend per share of €0.105 for a total of €1,068 million).
(2) Approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019 (interim dividend of €0.14 per share for a total of €1,423 million).

The dividend for 2017, equal to €0.28 per share, amounting to a total of €2,847 million (of which €0.14 per share, for a total of €1,423 million already paid as an interim dividend as from January 23, 2019), has been proposed to and resolved by the Shareholders' Meeting of May 16, 2019, at a single call. These financial statements do not reflect the effects of the distribution of this dividend for 2018 to shareholders, with the exception of liabilities due to shareholders for the 2018 interim dividend approved by the Board of Directors on November 6, 2018, and paid as from January 23, 2019.

22.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2018.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2018 and 2017 is summarized in the following table.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Non-current financial position	(13,397)	(10,780)	(2,617)
Net current financial position	(2,221)	(2,477)	256
Non-current financial receivables and long-term securities	128	6	122
Net financial debt	**(15,490)**	**(13,251)**	**(2,239)**
Shareholders' equity	**27,943**	**27,236**	**707**
Debt/equity ratio	**(0.55)**	**(0.49)**	**(0.06)**

23. Borrowings - *€13,397 million, €806 million, €5,001 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	13,397	10,780	806	3,654
Short-term borrowings	-	-	5,001	5,397

For more details about the nature, recognition and classification of borrowings, please see note 31 "Financial instruments".

24. Employee benefits - *€231 million*

The Company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes.

These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2018, and December 31, 2017.

Millions of euro	**2018**				2017			
	Pension benefits	Health insurance	Other benefits	**Total**	Pension benefits	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**200**	**45**	**28**	**273**	**222**	**40**	**24**	**286**
Current service cost	-	1	6	**7**	-	2	20	**22**
Interest expense	3	1	-	**4**	3	1	-	**4**
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	**-**	-	-	-	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	-	-	-	**-**	(1)	-	-	**(1)**
Experience adjustments	-	(1)	-	**(1)**	2	6	-	**8**
Past service cost	-	-	-	**-**	-	-	-	**-**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(23)	(2)	(10)	**(35)**	(25)	(2)	(14)	**(41)**
Other changes	(6)	(4)	(7)	**(17)**	(1)	(2)	(2)	**(5)**
Actuarial obligation at December 31	**174**	**40**	**17**	**231**	**200**	**45**	**28**	**273**

Millions of euro

	2018	2017
(Gains)/Losses charged to profit or loss		
Service cost	7	22
Interest expense	4	4
(Gains)/Losses arising from settlements	-	-
Total	**11**	**26**

Millions of euro

	2018	2017
Change in (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	-	7
Other changes	-	-
Total	**-**	**7**

The current service cost for employee benefits in 2018 amounted to €7 million, recognized under personnel costs (€22 million in 2017), while the interest expense from the accretion of the liability amounted to €4 million, which is in line with 2017.

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2018	2017
Discount rate	0.25%-1.50%	0.20%-1.50%
Rate of wage increases	1.50%-3.50%	1.50%-3.50%
Rate of increase in healthcare costs	2.50%	2.50%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro

	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(2)	2	(1)	-	-	5	38

25. Provisions for risks and charges - *€45 million*

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty.

In determining the balance of the provision, we have taken account of both the charges that are expected to result from court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years.

The following table shows changes in provisions for risks and charges.

Millions of euro		Taken to profit or loss: Accruals	Reversals	Utilization	Other changes	Total	
	at Dec. 31, 2017					**at Dec. 31, 2018**	
							of which current portion
Provision for litigation, risks and other charges:							
- litigation	11	15	(5)	(3)	-	18	*15*
- other	11	-	-	(5)	-	6	*3*
Total	**22**	**15**	**(5)**	**(8)**	-	**24**	***18***
Provision for early retirement incentives	21	6	-	(5)	(1)	21	*4*
TOTAL	**43**	**21**	**(5)**	**(13)**	**(1)**	**45**	***22***

The increase in the provision for litigation, in the amount of €7 million, reflects the allocation for the year of €15 million, partially offset by reversals to profit or loss and uses resulting from the settlement of a number of disputes for a total of €8 million.
This provision refers to labor disputes (€4 million) and other disputes of €14 million.
The decrease of €5 million in other provisions is due to utilizations for the year.
The provision for early retirement incentives, in the amount of €21 million, is unchanged compared with the previous year.

26. Other non-current liabilities - *€12 million*

Other non-current liabilities amounted to €12 million (€12 million at December 31, 2017). They essentially regard the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16).
The amount of the liability at December 31, 2018 reflects the updating of the interest accrued on the residual receivable.

27. Trade payables - *€82 million*

Millions of euro	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Trade payables:			
- due to third parties	41	66	(25)
- due to Group companies	41	71	(30)
Total	**82**	**137**	**(55)**

Trade payables mainly include payables for the provision of services and other activities performed in 2018, and comprise payables due to third parties of €41 million (€66 million at December 31, 2017) and payables due to Group companies of €41 million (€71 million at December 31, 2017).

Trade payables due to subsidiaries at December 31, 2018 break down as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
e-distribuzione SpA	-	1	(1)
Enel Ingegneria e Ricerca SpA	-	-	-
Servizio Elettrico Nazionale SpA	-	-	-
Enel Global Trading SpA	1	1	-
Enel Green Power SpA	-	1	(1)
Enel Italia Srl	18	35	(17)
Enel Iberia Srl	4	21	(17)
Enel Global Infrastructure & Networks Srl	3	-	3
Enel X Srl	1	-	1
Enel Innovation Hubs Srl	2	-	2
Enel.Factor SpA	-	2	(2)
Endesa SA	3	3	-
Enel Russia PJSC	-	-	-
Other	8	6	2
Total	**41**	**71**	**(30)**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Suppliers			
Italy	59	99	(40)
EU	17	31	(14)
Non-EU Europe	1	4	(3)
Other	5	3	2
Total	**82**	**137**	**(55)**

28. Other current financial liabilities - *€276 million*

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro

	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Deferred financial liabilities	31.2.1	259	450	(191)
Other items	31.2.1	17	15	2
Total		**276**	**465**	**(189)**

More specifically, deferred financial liabilities consist of interest expense accrued on financial debt, while the other items essentially include amounts due to Group companies that accrued as of December 31, 2018, but to be settled in the following year, comprising both financial expense on hedge derivatives on commodity exchange rates and interest expense on intercompany current accounts.

29. Net financial position and long-term financial receivables and securities - *€15,490 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the balance sheet.

Millions of euro

	Notes	at Dec. 31, 2018	at Dec. 31, 2017	Change
Long-term borrowings	23	13,397	10,780	2,617
Short-term borrowings	23	5,001	5,397	(396)
Current portion of long-term borrowings	23	806	3,654	(2,848)
Non-current financial assets included in debt	15.1	128	6	122
Current financial assets included in debt	19.1	1,579	4,085	(2,506)
Cash and cash equivalents	21	2,007	2,489	(482)
Total		**15,490**	**13,251**	**2,239**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2018, reconciled with net financial debt as reported in the Report on operations.

Millions of euro

	at Dec. 31, 2018		at Dec. 31, 2017		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	2,007		2,489		(482)
Liquidity	**2,007**		**2,489**		**(482)**
Short-term portion of long-term financial receivables	1		1		-
Current financial receivables	**1,579**	*313*	**4,085**	*2,011*	**(2,506)**
Short-term bank debt	(45)		(245)		200
Short-term portion of long-term bank debt	(806)		(3,654)		2,848
Other short-term financial payables	(4,956)	*(4,716)*	(5,152)	*(4,896)*	196
Short-term financial debt	**(5,807)**		**(9,051)**		**3,244**
Net short-term financial position	**(2,221)**		**(2,477)**		**256**
Long-term bank debt	(1,048)		(1,039)		(9)
Bonds	(8,208)		(8,541)		333
Other long-term debt	(4,141)		(1,200)		(2,941)
Long-term borrowings	**(13,397)**		**(10,780)**		**(2,617)**
Non-current financial position	**(13,397)**		**(10,780)**		**(2,617)**
NET FINANCIAL POSITION as per CONSOB instructions	**(15,618)**		**(13,257)**		**(2,361)**
Long-term financial receivables	**128**	*125*	**6**	-	**122**
NET FINANCIAL DEBT	**(15,490)**		**(13,251)**		**(2,239)**

30. Other current liabilities - ***€2,029 million***

Other current liabilities mainly concern payables due to tax authorities and to the Group companies participating in the consolidated IRES taxation mechanism and the Group VAT system, as well as the liability due to shareholders for the interim dividend for 2018 approved by the Enel SpA Board of Directors on November 6, 2018, and paid as from January 23, 2019 (€1,423 million in 2018 and €1,068 million in 2017).

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Tax payables	245	502	(257)
Payables due to Group companies	317	428	(111)
Payables due to employees, recreational/assistance associations	18	27	(9)
Payables due to social security institutions	7	12	(5)
Payables due to customers for security deposits and reimbursements	2	2	-
Other	1,440	1,094	346
Total	**2,029**	**2,065**	**(36)**

Tax payables amounted to €245 million and essentially regard amounts due to tax authorities for consolidated IRES (€240 million). The decrease compared with the previous year amounted to €257 million, mainly due to the decrease in the debtor position with tax authorities for consolidated IRES (€165 million). For the previous year, this item included the amount payable to tax authorities for Group VAT for the 4th Quarter of 2017, in the amount of €90 million.

Payables due to Group companies amounted to €317 million. They essentially consist of €139 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€175 million at December 31, 2017) and €173 million in respect of Group VAT (€252 million at December 31, 2017). The decrease of €111 million reflects developments in the debtor positions noted above.

The item "Other", equal to €1,440 million, includes €1,423 million (€1,068 million at December 31, 2017) for the liability due to shareholders for the interim dividend to be paid as from January 23, 2019 (€0.14 per share for 2018 and €0.105 per share for 2017).

31. Financial instruments

31.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IFRS 9, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial assets at amortized cost	31.1.1	**128**	**6**	**4,050**	**7,018**
Financial assets at FVOCI	31.1.2	**-**	**-**	**-**	**-**
Equity investments in other companies		17	-	-	-
Total financial assets at FVOCI		**17**	**-**	**-**	**-**
Financial assets at FVTPL					
Derivative financial assets at FVTPL	33	325	940	78	111
Financial assets designated at fair value upon initial recognition (fair value option)		-		-	
Total financial assets at FVTPL		**325**	**940**	**78**	**111**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	33	468	501	14	-
Fair value hedge derivatives	33	-	15	-	-
Total derivative financial assets designated as hedging instruments		**468**	**516**	**14**	**-**
TOTAL		**938**	**1,462**	**4,142**	**7,129**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 33 "Derivatives and hedge accounting".

31.1.1 Financial assets measured at amortized cost

The following table shows financial assets measured at amortized cost by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash and cash equivalents		**-**	**-**	21	**2,007**	**2,489**
Trade receivables		**-**	**-**	17	**191**	**237**
Financial receivables due from Group companies						
Receivables on intercompany current accounts		-	-	19.1	313	1,984
Current portion of long-term financial receivables	19.1	-	-		-	27
Other financial receivables		-	-		209	153
Total financial receivables due from Group companies		**-**	**-**		**522**	**2,164**
Financial receivables due from others						
Financial receivables	15.1	125	-		-	-
Current portion of long-term financial receivables		-	-		1	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	1,253	2,074
Other financial receivables		3	6		18	-
Total financial receivables due from others		**128**	**6**		**1,272**	**2,075**
Other receivables		**-**	**-**		**58**	**53**
TOTAL		**128**	**6**		**4,050**	**7,018**

The primary changes compared with 2017 regarded:

- a decrease of €482 million in cash and cash equivalents, essentially attributable to the redemption and repurchase of a number of bonds, the payment of dividends for 2017 and the normal central treasury functions performed by Enel SpA;
- a total decrease of €1,642 million in financial receivables due from Group companies, largely reflecting the decrease in receivables on the intercompany current account held with Group companies (€1,671 million);
- a total decrease of €681 million in financial receivables due from others, mainly as a result of a decrease in cash collateral paid to counterparties for OTC derivatives transactions on interest rates and exchange rates (€821 million).

Impairment of financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2018 amounted to €4,178 million (€7,024 million at December 31, 2017) and are recognized net of allowances for expected credit losses, which totaled €12 million at December 31, 2018, compared with a balance of €5 million at the end of previous year.

The Company mainly has the following types of financial assets measured at amortized cost subject to impairment:

- cash and cash equivalents;
- trade receivables;
- financial receivables;
- other receivables.

No signficant expected loss was found in the impairment testing of cash and cash equivalents and other receivables.

The expected credit loss (ECL), determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD), is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate.

The assessment of the increase in credit risk may be performed on:

- an individual basis, if the receivables have been individually identified for impairment based on available information;
- a collective basis on other cases.

The following table shows the expected losses for each class of financial assets measured at amortized cost.

Millions of euro	**at Dec. 31, 2018**			at Jan. 1, 2018		
	Gross carrying amount	Allowance for expected losses	Total	Gross carrying amount	Allowance for expected losses	Total
Cash and cash equivalents	2,007	-	2,007	2,489	-	2,489
Trade receivables	196	5	191	237	5	232
Financial receivables due from Group companies	523	1	522	2,164	1	2,163
Financial receivables due from others	1,406	6	1,400	2,086	6	2,080
Other receivables	58	-	58	53	-	53
Total	**4,190**	**12**	**4,178**	**7,029**	**12**	**7,017**

Financial receivables

Millions of euro

	Allowance for expected losses		
At Jan. 1, 2017 - IAS 39	Individual	Collective	Total
Impairment losses	5	-	5
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2017 - IAS 39	**5**	**-**	**5**
Application of IFRS 9	2	-	2
At Jan. 1, 2018 - IFRS 9	**7**	**-**	**7**
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2018 - IFRS 9	**7**	**-**	**7**

Trade receivables

Millions of euro

	Allowance for expected losses		
At Jan. 1, 2017 - IAS 39	Individual	Collective	Total
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2017 - IAS 39	**-**	**-**	**-**
Application of IFRS 9	-	5	5
At Jan. 1, 2018 - IFRS 9	**-**	**5**	**5**
Impairment losses	-	-	-
Utilization	-	-	-
Reversals	-	-	-
Other	-	-	-
Total at Dec. 31, 2018 - IFRS 9	**-**	**5**	**5**

31.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

This category mainly includes equity investments in unlisted companies irrevocably designated as such at the time of initial recognition.

At December 31, 2017, investments in other companies were recognized among financial assets available for sale in accordance with IAS 39 and were measured at cost. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.

Equity investments in other companies, in the amount of €17 million, essentially concern the investment held by Enel SpA in the company Empresa Propietaria de la Red SA (€17 million).

At December 31, 2018, the fair value of the investment was determined on the basis of a reliable valuation of the significant items of the balance sheet.

31.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IFRS 9, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Financial liabilities at amortized cost	31.2.1	**13,397**	**10,780**	**6,165**	**9,653**
Financial liabilities at fair value through profit or loss					
Derivative liabilities at FVTPL	33	324	943	134	176
Total		**324**	**943**	**134**	**176**
Derivative liabilities designated as hedging instruments					
Cash flow hedge derivatives	33	1,071	1,327	221	-
Total		**1,071**	**1,327**	**221**	**-**
TOTAL		**14,792**	**13,050**	**6,520**	**9,829**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 33 "Derivatives and hedge accounting".

For more details about fair value measurement, please see note 34 "Fair value measurement".

31.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017	Notes	**at Dec. 31, 2018**	at Dec. 31, 2017
Long-term borrowings	23	13,397	10,780		806	3,654
Short-term borrowings		-	-	23	5,001	5,397
Trade payables		-	-	27	82	137
Other current financial liabilities		-	-	28	276	465
Total		**13,397**	**10,780**		**6,165**	**9,653**

Borrowings

Long-term borrowings (including the portion falling due within 12 months) - *€14,203 million*

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €806 million), amounted to €14,203 million at December 31, 2018.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2018, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, the fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
			at Dec. 31, 2018					at Dec. 31, 2017			Change
Bonds:											
- fixed rate	7,904	7,813	614	7,199	8,561	10,447	10,390	3,088	7,302	11,880	(2,577)
- floating rate	1,201	1,201	192	1,009	1,141	1,805	1,805	566	1,239	1,767	(604)
Total	**9,105**	**9,014**	**806**	**8,208**	**9,702**	**12,252**	**12,195**	**3,654**	**8,541**	**13,647**	**(3,181)**
Bank borrowings:											
- fixed rate	-	-	-	-	-	-	-	-	-	-	-
- floating rate	1,048	1,048	-	1,048	1,045	1,039	1,039	-	1,039	1,043	9
Total	**1,048**	**1,048**	**-**	**1,048**	**1,045**	**1,039**	**1,039**	**-**	**1,039**	**1,043**	**9**
Loans from Group companies:											
- fixed rate	2,300	2,300	-	2,300	2,596	1,200	1,200	-	1,200	1,540	2,941
- floating rate	1,841	1,841	-	1,841	1,895	-	-	-	-	-	-
Total	**4,141**	**4,141**	**-**	**4,141**	**4,491**	**1,200**	**1,200**	**-**	**1,200**	**1,540**	**2,941**
Total fixed-rate borrowings	**10,204**	**10,113**	**614**	**9,499**	**11,157**	**11,647**	**11,590**	**3,088**	**8,502**	**13,420**	**364**
Total floating-rate borrowings	**4,090**	**4,090**	**192**	**3,898**	**4,081**	**2,844**	**2,844**	**566**	**2,278**	**2,810**	**(595)**
TOTAL	**14,294**	**14,203**	**806**	**13,397**	**15,238**	**14,491**	**14,434**	**3,654**	**10,780**	**16,230**	**(231)**

The balance for bonds is reported net of €898 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which Enel SpA holds in its portfolio.

For more details about the maturity analysis of borrowings, please see note 32 "Risk management", while for more about fair value measurement inputs, please see note 34 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2017	**at Dec. 31, 2018**		**at Dec. 31, 2018**	
Euro	**10,939**	**10,665**	**10,725**	**3.4%**	**3.6%**
US dollar	1,218	1,277	1,289	7.9%	8.3%
Pound sterling	2,277	2,261	2,280	6.5%	6.7%
Total non-euro currencies	**3,495**	**3,538**	**3,569**		
TOTAL	**14,434**	**14,203**	**14,294**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowing	Other	Own bonds repurchased	Exchange differences	Nominal value
	at Dec. 31, 2017						**at Dec. 31, 2018**
Bonds	12,252	(4,388)	1,250	-	(38)	29	9,105
Bank borrowings	1,039	-	-	-	-	9	1,048
Loans from Group companies	1,200	-	2,250	691	-	-	4,141
Total	**14,491**	**(4,388)**	**3,500**	691	**(38)**	**38**	**14,294**

Compared with December 31, 2017, the nominal value of long-term debt decreased by €197 million, reflecting:

- repayments of €4,388 million, including two retail bonds, one fixed-rate and one floating-rate, for a total of €3,000 million maturing in February 2018, a fixed-rate loan in euros of €591 million due in June 2018, and the repurchase of a hybrid bond in euros of €732 million done in May 2018;
- the repurchase of €38 million in own unlisted floating-rate bonds of the "Special series of bonds reserved for employees 1994-2019";
- the recognition of exchange losses of €38 million;
- the issue of two hybrid bonds in euros for a total of €1,250 million;
- new intercompany financing granted by Enel Finance International for a total of €2,250 million;
- an intercompany loan of €691 million acquired in December 2018 following the merger of Enel Holding Chile Srl.

The table below reports the characteristics of the bank borrowings obtained in 2018.

New borrowings

Type of loan	Counterparty	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of interest rate	Due date
Bonds							
Hybrid bonds	Enel SpA	May 24, 2018	500	EUR	2.5%	Fixed rate	Nov. 24, 2023
Hybrid bonds	Enel SpA	May 24, 2018	750	EUR	3.4%	Fixed rate	Nov. 24, 2026
Total			**1,250**				

In 2018, the following borrowings were obtained:

- the issue of a hybrid bond in euros in the amount of €500 million, with the first call date scheduled for November 24, 2023;
- the issue of a hybrid bond in euros in the amount of €750 million, with the first call date scheduled for November 24, 2026.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement agreed on December 18, 2017 by Enel SpA and Enel Finance International NV with a pool of banks of up to €10 billion and the loans granted by UniCredit SpA. The main covenants in respect of the bond issues in the

Global/ Euro Medium-Term Notes program of Enel SpA and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) and those related to bonds issued by Enel Finance International NV on the American market can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;
- pari passu clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The main covenants covering the hybrid bonds of Enel SpA can be summarized as follows:

- subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and the loan agreements between Enel SpA and UniCredit SpA are substantially similar and can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;
- pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change of control clauses, which are triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

All the financial borrowings considered specify events of default typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

None of the covenants indicated above has been triggered to date.

Lastly, it should be noted that Enel SpA issued certain guarantees in the interest of Enel Green Power and its subsidiaries in relation to the commitments undertaken within the context of the loan agreements. These guarantees and the associated loan contracts include certain covenants and events of default, some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro

	at Dec. 31, 2018					at Dec. 31, 2017				
	Initial debt structure			**Hedged debt**	**Debt structure after hedging**	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal value	%			Carrying amount	Nominal value	%		
Euro	**10,665**	**10,725**	**75.0%**	**3,569**	**14,294**	**10,939**	**10,961**	**75.6%**	**3,530**	**14,491**
US dollar	1,277	1,289	9.0%	(1,289)	-	1,218	1,232	8.5%	(1,232)	-
Pound sterling	2,261	2,280	16.0%	(2,280)	-	2,277	2,298	15.9%	(2,298)	-
Total	**14,203**	**14,294**	**100.0%**	**-**	**14,294**	**14,434**	**14,491**	**100.0%**	**-**	**14,491**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Gross long-term debt

%

	at Dec. 31, 2018		at Dec. 31, 2017	
	Before hedging	**After hedging**	Before hedging	After hedging
Floating rate	18.1%	15.4%	19.6%	24.2%
Fixed rate	81.9%	84.6%	80.4%	75.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Short-term borrowings - *€5,001 million*

The following table shows short-term borrowings at December 31, 2018, by nature.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Loans from non-Group counterparties			
Bank borrowings	-	120	(120)
Short-term bank borrowings (ordinary current account)	45	125	(80)
Cash collateral for CSAs on OTC derivatives received	240	256	(16)
Total	**285**	**501**	**(216)**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	4,716	4,896	(180)
Total	**4,716**	**4,896**	**(180)**
TOTAL	**5,001**	**5,397**	**(396)**

Short-term borrowings amounted to €5,001 million (€5,397 million in 2017), down €396 million from the previous year, mainly due to:

- the €120 million decrease in liabilities to banks for short-term loans received;
- the €80 million decrease in bank borrowings;

- the €180 million decrease in short-term borrowings from Group companies, attributable to the improvement in the debtor position on the intercompany current account held with subsidiaries.

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

31.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, broken down into non-current (€324 million) and current (€134 million) financial liabilities, refer solely to derivative financial liabilities.

31.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**
	Net gains/(losses)		*of which impairment/reversal of impairment*
Financial assets at amortized cost	6	2	*1*
Financial assets at FVOCI	10	1	-
Financial liabilities at amortized cost	(639)	(546)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives.

32. Risk management

32.1 Financial risk management objectives and policies

As part of its operations, the Company is exposed to a variety of financial risks, notably market risks (including interest rate risk and exchange risk), credit risk and liquidity risk.

The financial risk governance arrangements adopted by Enel establish specific internal committees, composed of top management and chaired by the Chief Executive Officers of the companies involved, which are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies at the Group and individual Region, Country and Global Business Line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Region, Country and Global Business Line levels for each risk, which are monitored periodically by risk management units. For the Group, the system of limits constitutes a decision-making tool to achieve its objectives.

32.2 Market risks

Market risk is the risk that the value of financial and non-financial assets or liabilities and the associated expected cash flows could change owing to changes in market prices.

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Interest rate risk and exchange risk are primarily generated by the presence of financial instruments.

The main financial liabilities held by the Company include bonds, bank borrowings, other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company.

The main financial assets held by the Company include financial receivables, derivatives, cash collateral for derivatives transactions, cash and short-term deposits and trade receivables.
For more details, please see note 31 "Financial instruments".
The source of exposure to interest rate risk and exchange risk did not change with respect to the previous year.

As the Parent Company, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to markets risks for Enel SpA.

During 2018, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament) were detected.

The volume of transactions in financial derivatives outstanding at December 31, 2018 is reported below, with specification of the notional amount of each class of instrument.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results. This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below:

Millions of euro	Notional amount	
	at Dec. 31, 2018	at Dec. 31, 2017
Interest rate derivatives		
Interest rate swaps	10,901	20,599
Interest rate collars	-	-
Swaptions	-	-
Total	**10,901**	**20,599**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €10,901 million (€20,599 million at December 31, 2017), of which €1,578 million (essentially unchanged on December 31, 2017) in respect of hedges of the Company's share of debt, and €9,323 million (€19,271 million at December 31, 2017) in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies. The substantial decrease in the latter is due to the novation of numerous interest rate swaps from Enel SpA to Enel Finance International NV.

For more details on interest rate derivatives, please see note 33 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2018, 18.1% of gross long-term financial debt was floating rate (19.6% at December 31, 2017). Taking account of hedges of interest rates considered effective pursuant to the IAS 39, 84.3% of gross long-term financial debt was hedged at December 31, 2018 (75.8% at December 31, 2017). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Company's profit before tax would be affected as follows.

Millions of euro

		at Dec. 31, 2018				at Dec. 31, 2017			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	5	(5)	-	-	9	(9)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	6	(6)	-	-	6	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	36	(36)	-	-	11	(11)
Fair value hedges	25	-	-	-	-	(2)	2	-	-

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of exchange risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.

The exposure to exchange risk did not change with respect to the previous year.

For more details, please see note 31 "Financial instruments". In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards)

or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).
Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2018	at Dec. 31, 2017
Foreign exchange derivatives		
Currency forwards:	6,980	5,410
- hedging exchange risk on commodities	5,349	3,664
- hedging future cash flows	825	1,190
- other currency forwards	806	556
Cross currency interest rate swaps	5,264	15,527
Total	**12,244**	**20,937**

More specifically, these include:

- currency forward contracts with a total notional amount of €5,349 million (€3,664 million at December 31, 2017), of which €2,675 million to hedge the exchange risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
- currency forward contracts with a notional amount of €825 million (€1,190 million at December 31, 2017), to hedge the exchange risk associated with other expected cash flows in currencies other than the euro, of which €493 million in market transactions;
- currency forward contracts with a notional amount of €806 million (€556 million at December 31, 2017), of which €403 million in market transactions to hedge the exchange rate risk on investment spending and, to a lesser extent, operating expenditure;
- cross currency interest rate swaps with a notional amount of €5,264 million (€15,527 million at December 31, 2017), to hedge the exchange risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 33 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 25% of gross medium and long-term debt (24.4% at December 31, 2017) is denominated in currencies other than the euro.
Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the currency of account or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Exchange risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.
These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows.

Millions of euro

		at Dec. 31, 2018				at Dec. 31, 2017			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	(14)	17	-	-	5	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(411)	502	-	-	(431)	525
Fair value hedges	10%	-	-	-	-	-	-	-	-

32.3 Credit risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The Company is exposed to credit risk from its financial activities, including transactions in derivatives (typically on financial or commodity underlyings), deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

Financial receivables

Millions of euro

	at Dec. 31, 2018				
Staging	Basis for recognition of expected loss allowance	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Performing	12 m ECL	0.36%	1,929	7	1,922
Underperforming	Lifetime ECL	-	-	-	-
Non-performing		-	-	-	-
Total			**1,929**	**7**	**1,922**

Trade receivables and other receivables: collective measurement

Millions of euro

	at Dec. 31,2018			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected loss allowance	Net value
Trade receivables				
Trade receivables not past due	-	-	-	-
Trade receivables past due:				
- 1-30 days	-	-	-	-
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	2.55%	196	5	191
Total trade receivables	**-**	**196**	**5**	**191**
Other receivables				
Other receivables not past due	-	-	-	-
Other receivables past due:				
- 1-30 days	-	-	-	-
- 31-60 days	-	-	-	-
- 61-90 days	-	-	-	-
- 91-120 days	-	-	-	-
- 121-150 days	-	-	-	-
- 151-180 days	-	-	-	-
- more than 180 days (credit impaired)	-	-	-	-
Total other receivables	**-**	**-**	**-**	**-**
TOTAL	**-**	**196**	**5**	**191**

32.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;
- maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2018 Enel SpA had a total of about €2,007 million in cash or cash equivalents (€2,489 million at December 31, 2017), and committed lines of credit amounting to €5,800 million (of which none had been drawn) maturing in more than one year (€5,800 million at December 31, 2017).

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	-	614	1,192	2,347	3,660
- floating rate	135	56	27	305	678
Total	**135**	**670**	**1,219**	**2,652**	**4,338**
Bank borrowings					
- fixed rate	-	-	-	-	-
- floating rate	-	-	650	398	-
Total	**-**	**-**	**650**	**398**	**-**
Loans from Group companies					
- fixed rate	-	-	-	1,200	1,100
- floating rate	-	-	46	138	1,657
Total	**-**	**-**	**46**	**1,338**	**2,757**
TOTAL	**135**	**670**	**1,915**	**4,388**	**7,095**

32.5 Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the financial statements since the Company does not plan to set-off assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro

	at Dec. 31, 2018					
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not set off in the balance sheet		
				(d)(i), (d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) set off in the balance sheet	Net amounts of financial assets/ (liabilities) presented in the balance sheet	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative financial assets:						
- on interest rate risk	304	-	304	-	-	304
- on exchange risk	570	-	570	-	(658)	(88)
- other	11	-	11	-	-	11
Total derivative financial assets	**885**	**-**	**885**	**-**	**(658)**	**227**
TOTAL FINANCIAL ASSETS	**885**	**-**	**885**	**-**	**(658)**	**227**
FINANCIAL LIABILITIES						
Derivative financial liabilities:						
- on interest rate risk	(527)	-	(527)	-	431	(96)
- on exchange risk	(1,223)	-	(1,223)	-	1,240	17
- other	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**(1,750)**	**-**	**(1,750)**	**-**	**1,671**	**(79)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(865)**	**-**	**(865)**	**-**	**1,013**	**148**

33. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the official end-year exchange rates provided by the World Markets Reuters (WMR) Company.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on exchange risk	1,751	2,327	468	501	(33)	615	-	14	-	14
Total cash flow hedges	**1,751**	**2,327**	**468**	**501**	**(33)**	**615**	**-**	**14**	**-**	**14**
Fair value hedges:										
- on interest rate risk	-	800	-	15	(15)	-	-	-	-	-
Total fair value hedges	**-**	**800**	**-**	**15**	**(15)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	4,661	9,586	304	405	(101)	-	50	-	1	(1)
- on exchange risk	1,096	5,632	21	535	(514)	2,543	2,419	67	110	(43)
- other	-	-	-	-	-	203	-	11	-	-
Total derivatives at FVTPL	**5,757**	**15,218**	**325**	**940**	**(615)**	**2,746**	**2,469**	**78**	**111**	**(33)**
TOTAL DERIVATIVE FINANCIAL ASSETS	**7,508**	**18,345**	**793**	**1,456**	**(663)**	**3,361**	**2,469**	**92**	**111**	**(19)**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	1,440	390	159	135	24	-	-	-	-	-
- on exchange risk	1,876	2,501	912	1,192	(280)	615	-	221	-	221
Total cash flow hedges	**3,316**	**2,891**	**1,071**	**1,327**	**(256)**	**615**	**-**	**221**	**-**	**221**
Derivatives at FVTPL:										
- on interest rate risk	4,661	9,624	302	408	(106)	138	150	66	66	-
- on exchange risk	1,096	5,632	22	535	(513)	2,655	2,425	68	110	(42)
Total derivatives at FVTPL	**5,757**	**15,256**	**324**	**943**	**(619)**	**2,793**	**2,575**	**134**	**176**	**(42)**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**9,073**	**18,147**	**1,395**	**2,270**	**(875)**	**3,408**	**2,575**	**355**	**176**	**179**

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, foreign exchange rate risk, commodity price risk and net investments in foreign operations when all the criteria provided by IFRS 9 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Depending on the nature of the risks exposure, the Company designates derivatives as either:

- fair value hedge;
- cash flow hedge.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please refer the note 32 "Risk management".

To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk shall not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at initial designation shall be equal to the one used for risk management purposes (i.e. same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitative assessment or a quantitative computation, depending of the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underling risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e. linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.

For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component, a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.

In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.

The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there aren't other sources of ineffectiveness, including the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the "dollar offset" cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the followings:

- basis differences (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e. the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e. the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e. changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e. the counterparty credit risk differently impact the fair value movements of the hedging instruments and hedged items).

Cash flow hedges

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).

If the hedged item results in the recognition of a non-financial asset (i.e. property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e. cash flow reserve) shall be removed and included in the initial value (cost or other carrying amount) of the asset or the liability hedged (i.e. "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For hedging relationships using forward as hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs OCI) is defined case by case. This approach is actually applied by the Company for hedging of foreign currency risk on renewables assets.

Conversely, for hedging relationships using cross currency interest rate swap as hedging instrument, the Company separates foreign currency basis spread, in designating the hedging derivative, and present them in other comprehensive income (OCI) as hedging costs.

With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Company applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called liquidity-based approach).

This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.

Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.

At the roll-over date, the hedging relationship is discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in shareholders' equity (the cash flow hedge reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

The impact of hedging instruments on the accounts is as follows.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure the ineffective portion for the period
at December 31, 2018			
Interest rate swap	1,440	(159)	(159)
Cross currency interest rate swap	4,856	(650)	(650)
at December 31, 2017			
Interest rate swap	390	(135)	(135)
Cross currency interest rate swap	4,828	(691)	(691)

The impact of hedged items on the accounts is as follows:

Millions of euro	Fair value used to measure the ineffective portion for the period	Cash flow hedge reserve	Hedging costs reserve	Fair value used to measure the ineffective portion for the period	Cash flow hedge reserve	Hedging costs reserve
		2018			2017	
Floating-rate borrowings	159	(159)	-	136	(135)	-
Fixed-rate borrowings in foreign currency	649	(596)	(53)	679	(609)	(70)
Floating-rate borrowings in foreign currency	1	(2)	1	11	(12)	-
Total	**809**	**(757)**	**(52)**	**826**	**(756)**	**(70)**

The following table reports the impact of cash flow hedges on profit or loss and on OCI:

Millions of euro	Hedging costs	Gross change in fair value recognized in equity	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion	Hedging costs	Gross change in fair value recognized in equity	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss - Ineffective portion
		at Dec. 31, 2018				at Dec. 31, 2017		
Interest rate hedges	-	(38)	11	-	-	3	8	-
Foreign exchange hedges	17	39	(55)	-	48	(252)	224	-
Hedging derivatives	**17**	**1**	**(44)**	**-**	**48**	**(249)**	**232**	**-**

The following table reports the impact of cash flow hedge derivatives on equity in the period, gross of tax effects:

Millions of euro	Total gain/(loss) recognized in OCI	Ineffective portion through profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At 31 December 2018						
Floating-rate borrowings	(38)	-	-	-	11	financial expense
Fixed-rate borrowings in foreign currency	29	-	-	17	50	financial income
Floating-rate borrowings in foreign currency	10	-	-	-	5	financial income
Total at December 31, 2018	**1**	**-**	**-**	**17**		
At 31 December 2017						
Floating-rate borrowings	3	-	-	-	8	financial expense
Fixed-rate borrowings in foreign currency	(263)	-	-	48	215	financial expense
Floating-rate borrowings in foreign currency	11	-	-	-	9	financial expense
Total at December 31, 2017	**(249)**	**-**	**-**	**48**		

Fair value hedges

Fair value hedges are used by the Group to hedge changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss. Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Company currently does not make use of such hedge relationships.

For more on the fair value measurement of derivatives, please see note 34 "Fair value measurement".

Hedge relationships by type of risk hedged

33.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2018**		at Dec. 31, 2017	
Interest rate swaps	Floating-rate borrowings	(159)	1,440	(135)	390
Interest rate swaps	Fixed-rate borrowings	-	-	15	800
Total		**(159)**	**1,440**	**(120)**	**1,190**

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. The cash flow hedge derivatives mainly refer to the hedging of certain floating-rate bonds issued since 2001.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash flow hedge derivatives:	**-**	**-**	**-**	**-**	**1,440**	**390**	**(159)**	**(135)**
- interest rate swaps	-	-	-	-	1,440	390	(159)	(135)
Fair value hedge derivatives:	**-**	**800**	**-**	**15**	**-**	**-**	**-**	**-**
- interest rate swaps	-	800	-	15	-	-	-	-
Total interest rate derivatives	**-**	**800**	**-**	**15**	**1,440**	**390**	**(159)**	**(135)**

The notional amount of the interest rate swaps at December 31, 2018 came to €1,440 million (€1,190 million at December 31, 2017) with a corresponding negative fair value of €159 million (negative €120 million at December 31, 2017).

The deterioration in the fair value of derivatives compared with the previous year is mainly attributable to the general decline in the long-term segment of the yield curve over the course of 2018.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	(159)	(15)	(14)	(14)	(10)	(23)	(95)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro

	2018	2017
Opening balance at January 1	**(98)**	**(110)**
Changes in fair value recognized in equity (OCI)	(38)	-
Changes in fair value recognized in profit or loss - recycling	11	12
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(125)**	**(98)**

33.1.2 Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on exchange risk of transactions outstanding as at December 31, 2018 and December 31, 2017, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2018**		at Dec. 31, 2017	
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(649)	4,658	(679)	4,639
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	(1)	198	(12)	189
Total		**(650)**	**4,856**	**(691)**	**4,828**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and floating-rate borrowing in US dollars obtained from Bank of America in 2017.

The following table shows the notional amount and the fair value of derivatives on exchange risk as at December 31, 2018 and December 31, 2017, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Cash flow hedge derivatives:	**2,365**	**2,327**	**482**	**501**	**2,491**	**2,501**	**(1,132)**	**(1,192)**
- forwards	-	-	-	-	-	-	-	-
- options	-	-	-	-	-	-	-	-
- cross currency interest rate swaps	2,365	2,327	482	501	2,491	2,501	(1,132)	(1,192)
Total foreign exchange derivatives	**2,365**	**2,327**	**482**	**501**	**2,491**	**2,501**	**(1,132)**	**(1,192)**

The notional amount of the cross currency interest rate swaps at December 31, 2018 came to €4,856 million (€4,828 million at December 31, 2017) with a corresponding negative fair value of €650 million (a negative €691 million at December 31, 2017).

The change in the value of the notional amount and the associated fair value of derivatives mainly reflects the appreciation of the euro against the pound sterling and its depreciation against the US dollar.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2018	2019	2020	2021	2022	2023	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	482	86	51	51	50	204	307
- negative fair value	(1,132)	(245)	(52)	(79)	(37)	(36)	(655)

The following table shows the impact of cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro

	2018		2017	
	Change in hedging reserve	**Cost of hedging**	Change in hedging reserve	Cost of hedging
Opening balance at January 1	**(236)**	**(70)**	**(208)**	**(118)**
Changes in fair value recognized in equity (OCI)	39	17	(252)	48
Changes in fair value recognized in profit or loss - recycling	(55)	-	224	-
Changes in fair value recognized in profit or loss - ineffective portion	-	-	-	-
Closing balance at December 31	**(252)**	**(53)**	**(236)**	**(70)**

33.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2018 and December 31, 2017.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2018	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017	**at Dec. 31, 2018**	at Dec. 31, 2017
Derivatives at FVTPL on interest rates:	**4,661**	**9,635**	**304**	**405**	**4,799**	**9,774**	**(368)**	**(473)**
- interest rate swaps	4,661	9,635	304	405	4,799	9,774	(368)	(473)
Derivatives at FVTPL on exchange rates:	**3,638**	**8,052**	**88**	**645**	**3,750**	**8,057**	**(91)**	**(645)**
- forwards	3,434	2,702	83	123	3,546	2,708	(84)	(122)
- options	-	-	-	-	-	-	-	-
- cross currency interest rate swaps	204	5,350	5	522	204	5,349	(7)	(523)
Total derivatives at FVTPL	**8,299**	**17,687**	**392**	**1,050**	**8,549**	**17,831**	**(459)**	**(1,118)**

At December 31, 2018, the notional amount of derivatives at fair value through profit or loss on interest rates and foreign exchange rates came to €16,848 million (€35,518 million at December 31, 2017) corresponding to a negative fair value of €67 million (a negative €68 million at December 31, 2017).

Interest rate swaps at the end of the year amounted to €9,460 million. They refer primarily to hedges of the debt of the Group companies with the market (€4,799 million) and intermediated with those companies (€4,661 million).

The overall notional amount shows a decline of €9,949 million on the previous year. More specifically, the decline of €4,975 million in transactions with the market is mainly attributable to the following developments:

- €1,250 million from the early termination of pre-hedge interest rate swaps in respect of the issue of a green bond;
- €3,900 from the novation of interest rate swaps from Enel SpA to Enel Finance International;
- €233 million from interest rate swaps reaching their natural expiry date or as a result of amortization;
- €753 million in new interest rate swaps.

Forward contracts with the market, with a notional amount of €3,434 million (€2,702 million at December 31, 2017), relate mainly to OTC derivatives entered into to mitigate the exchange risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy and infrastructure and networks (new

generation digital meters) and the expected cash flows in currencies other than the euro connected with operating expenses for the provision of cloud services. The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.
Cross currency interest rate swaps, with a notional amount of €204 million (€5,350 million at December 31, 2017), relate to hedges of exchange risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions. The decline in the notional amount of cross currency interest rate swaps of €5,146 million is mainly due to the novation of cross currency interest rate swaps from Enel SpA to Enel Finance International in the amount of €4,768 million and to cross currency interest rate swaps that expired naturally in the amount of €384 million. The value also reflects developments in the exchange rate of the euro against the other major currencies.

34. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by international accounting standards.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.
The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

- recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;
- non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the World Markets Reuters (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.
In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are converted into euros at the official exchange rates provided by the World Markets Reuters (WMR) Company.
The notional amounts of derivatives reported here do not

necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.
For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

34.1 Assets measured at fair value in the balance sheet

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on exchange risk	33	468	-	468	-	14	-	14	-
Total		**468**	**-**	**468**	**-**	**14**	**-**	**14**	**-**
Fair value hedge derivatives:									
- on interest rate risk	33	-	-	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	304	-	304	-	-	-	-	-
- on exchange risk	33	21	-	21	-	67	-	67	-
- other		-	-	-	-	11	-	11	-
Total fair value through profit or loss		**325**	**-**	**325**	**-**	**78**	**-**	**78**	**-**
TOTAL		**793**	**-**	**793**	**-**	**92**	**-**	**92**	**-**

34.2 Liabilities measured at fair value in the balance sheet

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	33	159	-	159	-	-	-	-	-
- on exchange risk	33	912	-	912	-	221	-	221	-
Total		**1,071**	**-**	**1,071**	**-**	**221**	**-**	**221**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	302	-	302	-	66	-	66	-
- on exchange risk	33	22	-	22	-	68	-	68	-
Total		**324**	**-**	**324**	**-**	**134**	**-**	**134**	**-**
TOTAL		**1,395**	**-**	**1,395**	**-**	**355**	**-**	**355**	**-**

34.3 Liabilities not measured at fair value in the balance sheet

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Liabilities			
	Notes	**Fair value at Dec. 31, 2018**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	8,561	8,561	-	-
- floating rate	31.2.1	1,141	70	1,071	-
Total		**9,702**	**8,631**	**1,071**	**-**
Bank borrowings:					
- fixed rate		-	-	-	-
- floating rate	31.2.1	1,045	-	1,045	-
Total		**1,045**	**-**	**1,045**	**-**
Loans from Group companies:					
- fixed rate	31.2.1	2,596	-	2,596	-
- floating rate	31.2.1	1,895	-	1,895	-
Total		**4,491**	**-**	**4,491**	**-**
TOTAL		**15,238**	**8,631**	**6,607**	**-**

35. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

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 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 2018, 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 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other relationships

2018

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2018	at Dec. 31, 2018	2018		2018	
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	5	-	-	-	-	-
Enel Américas SA	37	-	-	-	-	2
Enel Chile SA	26	-	-	-	-	1
Enel Distribución Perú SAA	5	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Generación Chile SA	2	-	-	-	-	1
Enel Brasil SA	24	-	-	-	-	-
Enel X Srl	-	5	-	1	-	-
Enel X Italia SpA	-	6	-	-	-	-
Endesa Distribución Eléctrica SL	21	3	-	2	-	(5)
Endesa Generación SA	(2)	1	-	1	-	(1)
Endesa Ingeniería SLU	-	1	-	1	-	-
Endesa Red SA	1	-	-	-	-	1
Endesa SA	3	3	-	1	-	1
E-Distribuție Banat SA	4	-	-	-	-	-
E-Distribuție Dobrogea SA	3	-	-	-	-	-
E-Distribuție Muntenia SA	8	-	-	-	-	-
e-distribuzione SpA	90	111	-	-	-	8
Enel Distribución Chile SA	2	-	-	-	-	1
Enel Energia SpA	6	47	-	-	-	5
Enel Iberia Srl	1	4	-	3	-	-
Enel Green Power Chile Ltda	2	-	-	-	-	1
Enel Green Power Romania Srl	-	1	-	-	-	-
Enel Green Power SpA	9	32	-	-	-	9
Enel Green Power España SL	1	-	-	-	-	1
Enel Green Power North America Inc.	1	-	-	-	-	-
Enel Innovation Hubs Srl	-	2	-	2	-	-
Enel Global Infrastructure & Networks Srl	5	3	-	3	-	2
Enel Global Thermal Generation Srl	2	-	-	-	-	1
Enel Russia PJSC	11	-	-	1	-	3
Enel Produzione SpA	44	46	-	-	-	2
Enel Romania Srl	5	1	-	-	-	1
Enel Italia Srl	24	21	-	61	-	7
Servizio Elettrico Nazionale SpA	2	46	-	-	-	2
Enel Sole Srl	4	3	-	-	-	(1)
Enel Green Power North America Inc.	1	2	-	-	-	-
Enel Global Trading SpA	2	26	-	-	-	-
Enel.Factor SpA	-	-	-	-	-	-
Endesa Energía SA	2	1	-	1	-	-
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	1	-	-	-	-	(1)
OpEn Fiber SpA	4	-	-	-	-	4
RusEnergoSbyt LLC	-	-	-	-	-	1
Enel Green Power Hellas SA	2	-	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	-	1	-	1	-	-
Vektör Enerji Üretim AŞ	8	-	-	-	-	-
Total	**386**	**367**	**-**	**78**	**-**	**48**
Other related parties						
Eni	-	-	-	1	-	-
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	1	-	-
Total	**2**	**2**	**-**	**2**	**-**	**2**
TOTAL	**388**	**369**	**-**	**80**	**-**	**50**

2017

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2017	at Dec. 31, 2017	2017		2017	
Subsidiaries						
Codensa SA ESP	-	1	-	-	-	-
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Enel Generación Perú SAA	6	-	-	-	-	1
Enel Américas SA	27	-	-	-	-	2
Enel Chile SA	30	-	-	-	-	1
Enel Distribución Perú SAA	6	-	-	-	-	-
Enel Generación Piura SA	1	-	-	-	-	-
Enel Brasil SA	25	-	-	-	-	12
Enel X Srl	2	-	-	-	-	2
Endesa Distribución Eléctrica SL	27	1	-	-	-	6
Endesa Generación SA	10	-	-	1	-	2
Endesa Red SA	1	-	-	-	-	1
Endesa SA	4	3	-	1	-	5
E-Distribuție Banat SA	4	-	-	-	-	1
E-Distribuție Dobrogea SA	4	-	-	-	-	1
E-Distribuție Muntenia SA	7	-	-	-	-	2
e-distribuzione SpA	124	164	-	2	-	34
Enel Distribución Chile SA	1	-	-	-	-	1
Enel Energia SpA	204	-	-	-	-	2
Enel Energie Muntenia SA	1	-	-	-	-	-
Enel Energie SA	1	-	-	-	-	-
Enel Iberia Srl	1	22	-	11	-	1
Enel Green Power SpA	10	1	-	1	-	8
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Innovation Hubs Srl	-	1	-	-	-	-
Enel Russia PJSC	16	-	-	-	-	8
Enel Produzione SpA	59	97	-	1	-	13
Enel Romania Srl	4	-	-	-	-	1
Enel Italia Srl	30	86	-	66	-	15
Servizio Elettrico Nazionale SpA	158	-	-	-	-	1
Enel Sole Srl	5	8	-	-	-	-
Enel Trade SpA	1	100	-	-	-	1
Enel.Factor SpA	-	3	-	-	-	-
Endesa Energía SA	4	-	-	-	-	3
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	3	-	-	-	-	1
OpEn Fiber SpA	1	-	-	-	-	-
RusEnergoSbyt LLC	-	-	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	-
Tynemouth Energy Storage Limited	-	1	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	3	-	-	-	-	1
3Sun Srl	-	19	-	-	-	-
Total	**800**	**508**	**-**	**83**	**-**	**127**
Other related parties						
CESI SpA	-	-	-	1	-	-
Enel Cuore Onlus	-	-	-	-	-	1
Eni	-	1	-	-	-	-
GSE	1	1	-	-	-	-
Fondazione Centro Studi Enel	1	-	-	-	-	2
Monte dei Paschi di Siena	-	1	-	-	-	-
Total	**2**	**3**	**-**	**1**	**-**	**3**
TOTAL	**802**	**511**	**-**	**84**	**-**	**130**

Financial relationships

2018

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
		at Dec. 31, 2018			2018	
Subsidiaries						
Concert Srl	-	1	-	-	-	-
Enel Américas SA	-	-	-	-	-	162
Enel Chile SA	-	-	-	-	-	157
e-distribuzione SpA	121	370	4,343	23	69	949
Enel X Srl	58	-	-	-	-	-
Enel Global Thermal Generation Srl	12	-	-	-	-	-
Enel Energia SpA	8	1,504	1,912	-	8	792
Enel Iberia Srl	1	-	-	-	1	486
Enel Finance International NV	164	6,095	33,377	802	240	-
Enel Green Power Chile Ltda	-	-	47	-	-	-
Enel Green Power México S de RL de Cv	23	-	3,086	-	23	-
Enel Green Power North America Inc.	13	-	6,787	-	12	-
Enel Green Power Colombia SAS	-	-	48	-	-	-
Enel Green Power Costa Rica SA	-	-	8	-	-	-
Enel Green Power Australia (Pty) Ltd	-	-	12	-	-	-
Enel Green Power Romania Srl	-	-	36	-	-	-
Enel Green Power SpA	59	245	1,724	60	97	557
Enel Green Power Perú SA	6	-	271	1	8	-
Enel Green Power RUS LLC	-	-	50	-	-	-
Enel Green Power South Africa	-	-	1,113	-	-	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Investment Holding BV	1	-	-	-	-	66
Enel Global Infrastructure & Networks Srl	17	-	1	-	-	2
Enel Produzione SpA	64	466	1,998	55	35	229
Enel Italia Srl	2	29	236	3	3	16
Servizio Elettrico Nazionale SpA	122	-	1,217	-	7	100
Enel Sole Srl	1	51	321	-	1	-
Enel Trade Romania Srl	-	-	7	-	-	-
Enel Global Trading SpA	89	54	1,614	174	95	-
Enel.Factor SpA	-	-	-	-	-	2
Enel Innovation Hubs Srl	-	21	1	-	-	-
Enel.si Srl	15	-	21	-	1	-
Enelpower SpA	-	35	-	-	-	-
Enel Green Power RSA (Pty) Ltd	11	-	-	-	11	-
Nuove Energie Srl	27	-	86	-	1	-
Enel Green Power Brasil Participações Ltd	38	-	3,015	-	36	-
OpEn Fiber SpA	127	-	36	-	2	-
RusEnergoSbyt LLC	-	-	-	-	-	37
Enel Green Power Panama SA	-	-	8	-	-	-
Enel X Italia SpA	-	13	3	-	-	-
Enel X Mobility Srl	-	55	53	-	-	-
Enel Green Power Hellas SA	-	-	105	-	-	-
Enel X International Srl	-	19	-	-	-	-
Enel X North America Inc.	-	-	20	-	-	-
Generadora de Montecristo SA	-	-	8	-	-	-
Parque Eólico Pampa SA	2	-	22	-	2	-
Tynemouth Energy Storage Limited	-	-	11	-	-	-
Total	**981**	**8,960**	**61,597**	**1,118**	**652**	**3,555**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**981**	**8,960**	**61,597**	**1,118**	**652**	**3,556**

2017

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2017			2017		
Subsidiaries						
Concert Srl	-	2	-	-	-	-
Enel Américas SA	-	-	-	-	-	25
Enel Chile SA	-	-	-	-	-	31
e-distribuzione SpA	1,759	-	3,765	33	84	1,448
Enel X Srl	6	-	-	-	-	-
Enel Energia SpA	7	1,007	1,806	-	8	679
Enel Iberia Srl	1	-	-	-	1	677
Enel Finance International NV	756	3,735	28,196	679	1,268	-
Enel Green Power North America Inc.	-	-	46	-	-	-
Enel Green Power SpA	161	4	12,994	57	68	50
Enel Green Power Perú SA	-	-	-	11	6	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Investment Holding BV	-	1	-	-	1	-
Enel M@P Srl	3	-	1	-	-	-
Enel Produzione SpA	192	523	2,141	30	75	-
Enel Italia Srl	35	16	123	1	12	23
Servizio Elettrico Nazionale SpA	114	-	1,402	-	7	80
Enel Sole Srl	1	60	277	-	1	15
Enel Trade Romania Srl	-	-	5	-	-	-
Enel Trade SpA	105	761	1,578	97	265	-
Enel Trade d.o.o.	-	-	1	-	-	-
Enel.Factor SpA	18	-	-	-	-	3
Enel Innovation Hubs Srl	-	16	1	-	-	-
Enel.si Srl	8	-	18	-	-	-
Enelpower SpA	-	37	1	-	-	-
Nuove Energie Srl	23	-	87	-	1	-
OpEn Fiber SpA	-	-	300	-	-	-
Enel X Italia SpA	-	2	-	-	-	-
Tynemouth Energy Storage Limited	6	-	10	-	-	-
Total	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,031**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**3,195**	**6,166**	**52,752**	**908**	**1,797**	**3,032**

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2018			at Dec. 31, 2017	
Assets						
Derivatives - non-current	793	306	38.6%	1,456	912	62.6%
Other non-current financial assets	136	125	91.9%	16	-	-
Other non-current assets	134	125	93.3%	148	139	93.9%
Trade receivables	191	189	99.0%	237	228	96.2%
Derivatives - current	92	14	15.2%	111	98	88.3%
Other current financial assets	1,860	536	28.8%	4,350	2,185	50.2%
Other current assets	268	74	27.6%	453	435	96.0%
Liabilities						
Long-term borrowings	13,397	4,141	30.9%	10,780	1,200	11.1%
Derivatives - non-current	1,395	20	1.4%	2,270	28	1.2%
Other non-current liabilities	12	9	75.0%	12	9	75.0%
Short-term borrowings	5,001	4,715	94.3%	5,397	4,896	90.7%
Trade payables	82	43	52.4%	137	74	54.0%
Derivatives - current	355	53	14.9%	176	13	7.4%
Other current financial liabilities	276	31	11.2%	465	29	6.2%
Other current liabilities	2,029	317	15.6%	2,065	428	20.7%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2018			2017	
Revenue	53	50	94.3%	133	130	97.7%
Services and other operating expenses	275	79	28.7%	359	84	23.4%
Income from equity investments	3,567	3,556	99.7%	3,033	3,032	100.0%
Financial income on derivatives	1,626	437	26.9%	2,683	1,640	61.1%
Other financial income	320	215	67.2%	410	157	38.3%
Financial expense on derivatives	1,581	1,033	65.3%	2,902	836	28.8%
Other financial expense	768	85	11.1%	872	72	8.3%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2018			2017	
Cash flows from operating activities	3,449	1,613	46.8%	2,465	(2,838)	-
Cash flows from investing/disinvesting activities	(2,587)	(2,544)	98.4%	(48)	(48)	100.0%
Cash flows from financing activities	(1,344)	7,274	-	(2,966)	1,485	-50.1%

36. Government grants - Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA and the fully consolidated subsidiaries to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA and Group subsidiaries to public or private parties resident or established in Italy.

The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2018, even if made through multiple financial transactions. They are recognized on a cash basis.

Pursuant to the provisions of Article 3-*quater* of Decree Law 135 of December 14, 2018, ratified with Law 12 of February 11, 2019, for grants received, please refer to the information contained in the National Register of State Aid referred to in Article 52 of Law 234 of December 24, 2012.

As far as donations made are concerned, the material cases are listed below.

Euro

Beneficiary	Amount	Description of donation
Ashoka Italia Onlus	**60,000**	Donation to promote sustainable growth of territory
European University Institute	**100,000**	Donation to support research
Fondazione Centro Studi Enel	**100,000**	Donation to support research and advanced training projects
LUISS	**61,800**	Donation to support study grants
Fondazione Teatro del Maggio Musicale	**400,000**	Donation for cultural projects 2018
Fondazione MAXXI	**600,000**	Donation for cultural projects 2018
Fondazione Accademia Nazionale "Santa Cecilia"	**500,000**	Donation for cultural projects 2018
Elettrici senza frontiere Onlus	**40,000**	Donation for development energy
Fondazione Teatro alla Scala	**600,000**	Donation for cultural projects 2018
Organization for Economic Cooperation and Development (OECD)	**75,000**	Donation for 2018
Public Security Department of Ministry of the Interior, State Police, Central Highway Police Office	**23,000**	Donation of 2 Top Crash systems to support Highway Police operations
Enel X Srl	**91,745**	R&D project co-financed by EU and national resources. Financing received in 2017. Instalment transferred by Enel SpA, following assignment of financing contract to Enel X - Connect Project
Enel Cuore Onlus	**40,000**	Association dues 2018
CharIN - Charging Interface Initiative e. V.	**10,000**	Association dues 2018
Fondazione Italia Giappone	**20,000**	Association dues 2018
OME - Observatorie Méditerranéen de l'Energie	**63,000**	Association dues 2018
Global Reporting Initiative	**14,000**	Association dues 2018
WBCSD	**72,718**	Association dues 2018
Open Innovation Corporation	**35,752**	Association dues 2018
A.I.I.A.- Associazione Italiana	**10,000**	Association dues 2018
ANIMA	**10,000**	Association dues 2018
Mind the bridge	**120,000**	Association dues 2018
EU40 ASBL	**17,000**	Association dues 2018
Centre on regulation in Europe	**35,000**	Association dues 2018
ASSONIME	**38,315**	Association dues 2018
EUTC	**10,000**	Association dues 2018
BRUEGEL	**50,000**	Association dues 2018
Bettercoal	**70,000**	Association dues 2018
International Integrated	**10,000**	Association dues 2018
IETA - International Emissions Trading Association	**18,663**	Association dues 2018
Valore D.	**15,000**	Association dues 2018
CSR Europe Asbli	**19,750**	Association dues 2018
Roma Start up	**10,000**	Association dues 2018
Transparency International Italia	**20,000**	Association dues 2018
FSG INC.	**63,781**	Association dues 2018
The European House Ambrosetti	**66,000**	Association dues 2018
The Trilateral Commission	**25,000**	Association dues 2018
ISPI - Istituto Studi di Politica Internazionale	**39,000**	Association dues 2018
Consiglio Cooperazione Economica	**25,000**	Association dues 2018
CEPS - Centre for European Policy Studies	**12,000**	Association dues 2018
CONSIUSA - Consiglio per le Relazioni fra Italia e Stati Uniti	**12,500**	Association dues 2018
Centro Studi Americani	**20,000**	Association dues 2018
Transparency International Italia	**20,000**	Association dues 2018
CONSEL	**22,750**	Association dues 2018
GSEP - Global Sustainable Electricity Partnership	**103,204**	Association dues 2018
Human Foundation	**30,000**	Association dues 2018
Open Innovation Corporation	**25,794**	Association dues 2018
Foundation for the global compact	**51,624**	Association dues 2018
Innovation Roundtable ApS	**11,000**	Association dues 2018
KIC INNOENERGY IBERIA	**39,975**	Association dues 2018
EMF Trading - Ellen Macarthur Foundation	**39,375**	Association dues 2018
ICC ITALIA	**13,405**	Association dues 2018
Business Europe	**18,150**	Association dues 2018
Total donations	**3,999,300**	

37. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2018	at Dec. 31, 2017	Change
Sureties and guarantees given:			
- third parties	25	36	(11)
- subsidiaries	61,597	52,752	8,845
Total	**61,622**	**52,788**	**8,834**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Economica (BCIE) of €25 million, acquired following the merger of Enel South America into Enel SpA.

Other sureties and guarantees issued on behalf of subsidiaries include:

- €31,923 million issued on behalf of Enel Finance International securing bonds issued in European and other international markets;
- €15,216 million issued on behalf of various companies controlled by Enel Green Power for the development of new projects under the Business Plan;
- €3,344 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione, Enel Produzione, Enel Green Power, Enel Green Power Perú, Enel Sole and Enel X Mobility;
- €1,472 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel Italia, Enel Innovation Hubs, Enel Global Trading, Enel Produzione, Enelpower, Nuove Energie, Enel.si, Enel Green Power, Enel Sole and Enel X Italia;
- €1,454 million issued on behalf of Enel Finance International to secure the Euro commercial paper program;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione, which received the Enel Grid Efficiency II loan;
- €1,150 million issued by Enel SpA to the Single Buyer on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
- €973 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
- €597 million issued to Terna on behalf of e-distribuzione, Enel Global Trading, Enel Produzione, Enel Energia and Enel X Italia in respect of agreements for electricity transmission services;
- €302 million issued to Snam Rete Gas on behalf of Enel Global Trading and Enel.si for gas transport capacity;
- €300 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Global Trading and Enel Produzione;
- €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Global Trading for electricity purchases;
- €50 million issued to E.ON on behalf of Enel Global Trading for trading on the electricity market;
- €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Global Trading for the supply of gas;
- €38 million issued on behalf of Enel Italia to Excelsia Nove for the performance of obligations under rental contracts;
- €3,288 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries.

Compared with December 31, 2017, the increase in other sureties and guarantees issued on behalf of subsidiaries mainly reflects the issue of bonds as part of the Enel Group finance strategy and the refinancing strategy for consolidated debt.

In particular, on January 9, 2018 Enel Finance International placed its second green bond on the European market in the total amount of €1,250 million, intended for institutional investors and backed by a guarantee issued by Enel SpA. On September 12, 2018 it placed a multi-tranche bond issue on the US market and other international markets, guaranteed by Enel and intended for institutional investors in the total amount of $4 billion, equal to a total of about €3,500 million.

In its capacity as the Parent Company, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

38. Contingent assets and liabilities

Please see note 52 to the consolidated financial statements for information on contingent assets and liabilities.

39. Events after the reporting period

Please see note 53 to the consolidated financial statements for information on other events after the reporting date.

40. Fees of Audit Firm pursuant to Article 149-*duodecies* of the CONSOB "Issuers Regulation"

Fees paid in 2018 by Enel SpA and its subsidiaries at December 31, 2018 to the Audit Firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB "Issuers Regulation".

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- EY SpA	0.6
	- Entities of EY network	-
Certification services	of which:	
	- EY SpA	0.8
	- Entities of EY network	-
Other services	of which:	
	- EY SpA	-
	- Entities of EY network	-
Total		**1.4**
Enel SpA subsidiaries		
Auditing	of which:	
	- EY SpA	2.8
	- Entities of Ernst & Young Global Limited network	10.3
Certification services	of which:	
	- EY SpA	1.3
	- Entities of Ernst & Young Global Limited network	1.9
Other services	of which:	
	- EY SpA	0.4
	- Entities of Ernst & Young Global Limited network	0.3
Total		**17.0**
TOTAL		**18.4**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2018, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Company and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2018 and December 31, 2018.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that the separate financial statements of Enel SpA at December 31, 2018:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer.

4. Finally, we certify that the Report on operations, included in the Annual Report 2018 and accompanied by the financial statements of Enel SpA at December 31, 2018, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 21, 2019

Francesco Starace	Alberto De Paoli
Chief Executive Officer of Enel SpA	Officer responsible for the preparation of the financial reports of Enel SpA