

**ENDESA, S.A.  
and Subsidiaries**

**Quarterly Report  
at 30 September 2017**

Madrid, 7 November de 2017

- **Consolidated Financial Statements for the period January-September 2017.**
- **Consolidated Management Report for the period January-September 2017.**

**ENDESA, S.A.  
and Subsidiaries**

**Consolidated Financial Statements  
for the period  
January-September 2017**

# **ENDESA S.A. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016**

*Million Euros*

*(Unaudited)*

	<u>30 September</u> <u>2017</u>	<u>31 December</u> <u>2016</u>	<u>Change</u>	
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>25,367</b>	<b>25,525</b>	<b>(158)</b>	<b>-0.6%</b>
Property, plant and equipment	21,569	21,891	(322)	-1.5%
Investment property	20	20		0.0%
Intangible assets	1,179	1,172	7	0.6%
Goodwill	459	298	161	54.0%
Investments accounted for using the equity method	200	208	(8)	-3.8%
Non-current financial assets	709	712	(3)	-0.4%
Deferred tax assets	1,231	1,224	7	0.6%
<b>Current assets</b>	<b>5,673</b>	<b>5,435</b>	<b>238</b>	<b>4.4%</b>
Inventories	1,203	1,202	1	0.1%
Trade and other receivables	3,204	3,452	(248)	-7.2%
Current financial assets	839	363	476	131.1%
Cash and cash equivalents	427	418	9	2.2%
Non-current assets held for sale and discontinued operations				n/a
<b>TOTAL ASSETS</b>	<b>31,040</b>	<b>30,960</b>	<b>80</b>	<b>0.3%</b>

	<u>30 September</u> <u>2017</u>	<u>31 December</u> <u>2016</u>	<u>Change</u>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>9,459</b>	<b>9,088</b>	<b>371</b>	<b>4.1%</b>
Of the Parent Company	9,327	8,952	375	4.2%
Of non-controlling interests	132	136	(4)	-2.9%
<b>Non-current liabilities</b>	<b>14,371</b>	<b>14,351</b>	<b>20</b>	<b>0.1%</b>
Deferred income	4,702	4,712	(10)	-0.2%
Non-current provisions	3,487	3,714	(227)	-6.1%
Non-current interest-bearing loans and borrowings	4,481	4,223	258	6.1%
Other non-current liabilities	624	601	23	3.8%
Deferred tax liabilities	1,077	1,101	(24)	-2.2%
<b>Current liabilities</b>	<b>7,210</b>	<b>7,521</b>	<b>(311)</b>	<b>-4.1%</b>
Current interest-bearing loans and borrowings	1,707	1,144	563	49.2%
Current provisions	362	567	(205)	-36.2%
Trade payables and other current liabilities	5,141	5,810	(669)	-11.5%
Liabilities directly associated with non-current assets classified as held for sale and discontinued operations				n/a
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>31,040</b>	<b>30,960</b>	<b>80</b>	<b>0.3%</b>

# **ENDESA S.A. AND SUBSIDIARIES**

## **CONSOLIDATED INCOME STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 AND 2016**

*Million Euros*

*(Unaudited)*

	<u>January - September 2017</u>	<u>January - September 2016</u>	<u>Change</u>	
INCOME	14,824	14,107	717	5.1%
Revenue	14,449	13,601	848	6.2%
Other operating revenues	375	506	(131)	-25.9%
PROCUREMENTS AND SERVICES	10,818	9,769	1,049	10.7%
Power purchased	3,680	2,909	771	26.5%
Cost of fuel consumed	1,653	1,128	525	46.5%
Transmission costs	4,193	4,420	(227)	-5.1%
Other variable procurements and services	1,292	1,312	(20)	-1.5%
CONTRIBUTION MARGIN	4,006	4,338	(332)	-7.7%
Self-constructed assets	148	80	68	85.0%
Personnel expenses	673	690	(17)	-2.5%
Other fixed operating expenses	933	859	74	8.6%
GROSS PROFIT FROM OPERATIONS (EBITDA)	2,548	2,869	(321)	-11.2%
Depreciation and amortisation, and impairment losses	1,072	1,058	14	1.3%
PROFIT FROM OPERATIONS (EBIT)	1,476	1,811	(335)	-18.5%
NET FINANCIAL PROFIT/(LOSS)	(94)	(158)	64	-40.5%
Financial income	39	35	4	11.4%
Financial expense	(135)	(193)	58	-30.1%
Net exchange differences	2		2	n/a
Net profit/(loss) of companies accounted for using the equity method	18	(35)	53	-151.4%
Gains/(losses) from other investments	1		1	n/a
Gains/(losses) on disposal of assets	(7)	(16)	9	-56.3%
PROFIT/(LOSS) BEFORE TAX	1,394	1,602	(208)	-13.0%
Income Tax Expense	302	296	6	2.0%
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	1,092	1,306	(214)	-16.4%
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS				n/a
PROFIT FOR THE PERIOD	1,092	1,306	(214)	-16.4%
Parent Company	1,085	1,305	(220)	-16.9%
Non-controlling interests	7	1	6	600.0%

# **ENDESA S.A. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 AND 2016**

*Million Euros*

*(Unaudited)*

	<u>January - September 2017</u>	<u>January - September 2016</u>
Profit before Tax	1,394	1,602
Adjustments for:	1,049	1,208
Depreciation and amortisation, and impairment losses	1,072	1,058
Other adjustments (net)	(23)	150
Changes in working capital	(707)	174
Other cash flows from/(used in) operating activities:	(361)	(430)
Interest received	31	21
Dividends received	26	20
Interest paid	(78)	(72)
Income tax paid	(133)	(123)
Other receipts from and payments for operating activities	(207)	(276)
<b>Net cash flows from operating activities</b>	<b>1,375</b>	<b>2,554</b>
Acquisitions of property, plant and equipment and intangible assets	(797)	(749)
Proceeds from sale of property, plant and equipment and intangible assets	7	5
Purchase of investments in Group companies	(1)	(1,196)
Proceeds from sale of investments in Group companies	16	114
Purchase of other investments	(102)	(167)
Proceeds from sale of other investments	25	37
Cash flows from changes in the consolidation scope		
Grants and other deferred income	60	58
<b>Net cash flows used in investing activities</b>	<b>(792)</b>	<b>(1,898)</b>
Cash flows from equity Instruments	(3)	
Proceeds from borrowings, non-current	342	94
Repayment of borrowings, non-current	(49)	(112)
Net cash flows used in current borrowings	551	766
Dividends of the Parent Company paid	(1,411)	(1,086)
Payments to non-controlling interests	(4)	(1)
<b>Net cash flows used in financing activities</b>	<b>(574)</b>	<b>(339)</b>
<b>Total net cash flows</b>	<b>9</b>	<b>317</b>
Effect of exchange rate fluctuations on cash and cash equivalents		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9</b>	<b>317</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>418</b>	<b>346</b>
<b>Cash and cash equivalents at end of period</b>	<b>427</b>	<b>663</b>

## ENDESA S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 AND 2016

Million Euros

(Unaudited)

	30 September 2017			30 September 2016		
	Of the Parent Company	Of Non-Controlling Interests	Total	Of the Parent Company	Of Non-Controlling Interests	Total
<b>PROFIT FOR THE PERIOD</b>	1,085	7	1,092	1,305	1	1,306
<b>OTHER COMPREHENSIVE INCOME:</b>						
<b>INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	10		10	36	(1)	35
<b>Items that can be reclassified to profit or loss:</b>	10		10	36	(1)	35
From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets						
From measurement of financial instruments						
Available-for-sale financial assets						
Other income/(expenses)						
Cash flow hedges	10		10	55	(1)	54
Translation differences						
Companies accounted for using the equity method	2		2	(6)		(6)
Other income and expenses recognised directly in equity						
Tax effect	(2)		(2)	(13)		(13)
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>						
From actuarial gains and losses and other adjustments						
Tax effect						
<b>AMOUNTS TRANSFERRED TO INCOME STATEMENT AND/OR INVESTMENTS</b>	(55)		(55)	37		37
From measurement of financial instruments						
Available-for-sale financial assets						
Other income/(expenses)						
Cash flow hedges	(73)		(73)	45		45
Translation differences						
Companies accounted for using the equity method				4		4
Other income and expenses recognised directly in equity						
Tax effect	18		18	(12)		(12)
<b>TOTAL COMPREHENSIVE INCOME</b>	1,040	7	1,047	1,378		1,378

## ENDESA S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Million Euros

(Unaudited)

	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments	Non- Controlling Interests	Total equity
<b>BALANCE AT 1 JANUARY 2017</b>	1,271	6,308		1,411		(38)	136	9,088
Adjustments due to changes in accounting policies								
Correction of errors								
<b>ADJUSTED BALANCE AT 1 JANUARY 2017</b>	1,271	6,308		1,411		(38)	136	9,088
<b>TOTAL COMPREHENSIVE INCOME</b>				1,085		(45)	7	1,047
<b>TRANSACTIONS WITH SHAREHOLDERS OR OWNERS</b>		(665)					(11)	(676)
Capital increases/(reductions)								
Conversion of liabilities into equity								
Dividends paid		(670)					(3)	(673)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations								
Other transactions with shareholders and owners		5					(8)	(3)
<b>OTHER CHANGES IN EQUITY</b>		1,411		(1,411)				
Share-based payments								
Transfers between equity items		1,411		(1,411)				
Other changes								
<b>BALANCE AT 30 SEPTEMBER 2017</b>	1,271	7,054		1,085		(83)	132	9,459



## ENDESA S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Million Euros

(Unaudited)

	Share Capital	Share premium, Reserves and interim dividend	Treasury shares and own equity instruments	Profit for the period	Other equity instruments	Valuation adjustments	Non- Controlling Interests	Total equity
<b>BALANCE AT 1 JANUARY 2016</b>	1,271	6,799		1,086		(120)	3	9,039
Adjustments due to changes in accounting policies								
Correction of errors								
<b>ADJUSTED BALANCE AT 1 JANUARY 2016</b>	1,271	6,799		1,086		(120)	3	9,039
<b>TOTAL COMPREHENSIVE INCOME</b>				1,305		73		1,378
<b>TRANSACTIONS WITH SHAREHOLDERS OR OWNERS</b>		(663)					149	(514)
Capital increases/(reductions)								
Conversion of liabilities into equity								
Dividends paid		(663)					(1)	(664)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations							150	150
Other transactions with shareholders and owners								
<b>OTHER CHANGES IN EQUITY</b>		1,086		(1,086)				
Share-based payments								
Transfers between equity items		1,086		(1,086)				
Other changes								
<b>BALANCE AT 30 SEPTEMBER 2016</b>	1,271	7,222		1,305		(47)	152	9,903

## ENDESA S.A. AND SUBSIDIARIES

### BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2017

Million Euros

(Unaudited)

	Generation and Supply	Distribution	Structure	Consolidation Adjustments and Eliminations	Total
	<u>30 September 2017</u>	<u>30 September 2017</u>	<u>30 September 2017</u>	<u>30 September 2017</u>	<u>30 September 2017</u>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>13,160</b>	<b>13,046</b>	<b>26,721</b>	<b>(27,560)</b>	<b>25,367</b>
Property, plant and equipment	9,706	11,796	68	(1)	21,569
Investment property		3	17		20
Intangible assets	865	171	146	(3)	1,179
Goodwill	379	76	4		459
Investments accounted for using the equity method	181	19			200
Non-current financial assets	1,377	584	26,326	(27,578)	709
Deferred tax assets	652	397	160	22	1,231
<b>Current assets</b>	<b>4,466</b>	<b>1,436</b>	<b>2,439</b>	<b>(2,668)</b>	<b>5,673</b>
Inventories	1,101	102			1,203
Trade and other receivables	2,819	1,027	453	(1,095)	3,204
Current financial assets	397	299	1,716	(1,573)	839
Cash and cash equivalents	149	8	270		427
Non-current assets held for sale and discontinued operations					
<b>TOTAL ASSETS</b>	<b>17,626</b>	<b>14,482</b>	<b>29,160</b>	<b>(30,228)</b>	<b>31,040</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>5,194</b>	<b>2,151</b>	<b>16,926</b>	<b>(14,812)</b>	<b>9,459</b>
Of the Parent Company	5,064	2,147	16,928	(14,812)	9,327
Of non-controlling interests	130	4	(2)		132
<b>Non-current liabilities</b>	<b>8,356</b>	<b>9,950</b>	<b>8,825</b>	<b>(12,760)</b>	<b>14,371</b>
Deferred income	48	4,679		(25)	4,702
Non-current provisions	1,919	1,092	371	105	3,487
Non-current interest-bearing loans and borrowings	5,534	3,391	8,392	(12,836)	4,481
Other non-current liabilities	177	445	8	(6)	624
Deferred tax liabilities	678	343	54	2	1,077
<b>Current liabilities</b>	<b>4,076</b>	<b>2,381</b>	<b>3,409</b>	<b>(2,656)</b>	<b>7,210</b>
Current interest-bearing loans and borrowings	401	5	2,869	(1,568)	1,707
Current provisions	250	59	53		362
Trade payables and other current liabilities	3,425	2,317	487	(1,088)	5,141
Liabilities directly associated with non-current assets classified as held for sale and discontinued operations					
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,626</b>	<b>14,482</b>	<b>29,160</b>	<b>(30,228)</b>	<b>31,040</b>

## ENDESA S.A. AND SUBSIDIARIES

### BREAKDOWN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

Million Euros

(Unaudited)

	Generation and Supply	Distribution	Structure	Consolidation Adjustments and Eliminations	Total
	<u>31 December 2016</u>	<u>31 December 2016</u>	<u>31 December 2016</u>	<u>31 December 2016</u>	<u>31 December 2016</u>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>13,562</b>	<b>12,922</b>	<b>25,421</b>	<b>(26,380)</b>	<b>25,525</b>
Property, plant and equipment	10,073	11,809	11	(2)	21,891
Investment property		3	17		20
Intangible assets	901	150	121		1,172
Goodwill	296	2			298
Investments accounted for using the equity method	186	22			208
Non-current financial assets	1,478	528	25,105	(26,399)	712
Deferred tax assets	628	408	167	21	1,224
<b>Current assets</b>	<b>4,080</b>	<b>1,219</b>	<b>2,726</b>	<b>(2,590)</b>	<b>5,435</b>
Inventories	1,154	48			1,202
Trade and other receivables	2,680	888	1,135	(1,251)	3,452
Current financial assets	68	276	1,358	(1,339)	363
Cash and cash equivalents	178	7	233		418
Non-current assets held for sale and discontinued operations					
<b>TOTAL ASSETS</b>	<b>17,642</b>	<b>14,141</b>	<b>28,147</b>	<b>(28,970)</b>	<b>30,960</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>4,858</b>	<b>1,619</b>	<b>17,423</b>	<b>(14,812)</b>	<b>9,088</b>
Of the Parent Company	4,725	1,615	17,425	(14,813)	8,952
Of non-controlling interests	133	4	(2)	1	136
<b>Non-current liabilities</b>	<b>8,011</b>	<b>10,467</b>	<b>7,454</b>	<b>(11,581)</b>	<b>14,351</b>
Deferred income	50	4,689		(27)	4,712
Non-current provisions	2,067	1,135	406	106	3,714
Non-current interest-bearing loans and borrowings	5,028	3,862	6,986	(11,653)	4,223
Other non-current liabilities	166	434	10	(9)	601
Deferred tax liabilities	700	347	52	2	1,101
<b>Current liabilities</b>	<b>4,773</b>	<b>2,055</b>	<b>3,270</b>	<b>(2,577)</b>	<b>7,521</b>
Current interest-bearing loans and borrowings	429	5	2,048	(1,338)	1,144
Current provisions	440	69	58		567
Trade payables and other current liabilities	3,904	1,981	1,164	(1,239)	5,810
Liabilities directly associated with non-current assets classified as held for sale and discontinued operations					
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,642</b>	<b>14,141</b>	<b>28,147</b>	<b>(28,970)</b>	<b>30,960</b>

# **ENDESA S.A. AND SUBSIDIARIES**

## **BREAKDOWN CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

*Million Euros*

*(Unaudited)*

	Generation and Supply	Distribution	Structure	Consolidation Adjustments and Eliminations	Total
	<i>January - September 2017</i>	<i>January - September 2017</i>	<i>January - September 2017</i>	<i>January - September 2017</i>	<i>January - September 2017</i>
INCOME	13,049	1,923	409	(557)	14,824
Revenue	12,837	1,737	395	(520)	14,449
Other operating revenues	212	186	14	(37)	375
PROCUREMENTS AND SERVICES	10,916	113	(85)	(126)	10,818
Power purchased	3,680				3,680
Cost of fuel consumed	1,653				1,653
Transmission costs	4,193				4,193
Other variable procurements and services	1,390	113	(85)	(126)	1,292
CONTRIBUTION MARGIN	2,133	1,810	494	(431)	4,006
Self-constructed assets	25	108	15		148
Personnel expenses	353	200	131	(11)	673
Other fixed operating expenses	755	330	265	(417)	933
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,050	1,388	113	(3)	2,548
Depreciation and amortisation, and impairment losses	598	436	38		1,072
PROFIT FROM OPERATIONS (EBIT)	452	952	75	(3)	1,476
NET FINANCIAL PROFIT/(LOSS)	(71)	(71)	48		(94)
Financial income	34	7	322	(324)	39
Financial expense	(136)	(78)	(245)	324	(135)
Net exchange differences	31		(29)		2
Net profit/(loss) of companies accounted for using the equity method	15	3			18
Gains/(losses) from other investments		1	349	(349)	1
Gains/(losses) on disposal of assets	(18)	7	4		(7)
PROFIT/(LOSS) BEFORE TAX	378	892	476	(352)	1,394
Income Tax Expense	61	212	31	(2)	302
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	317	680	445	(350)	1,092
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
PROFIT FOR THE PERIOD	317	680	445	(350)	1,092
Parent Company	310	680	445	(350)	1,085
Non-controlling interests	7				7

# **ENDESA S.A. AND SUBSIDIARIES**

## **BREAKDOWN CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

*Million Euros*

*(Unaudited)*

	Generation and Supply	Distribution	Structure	Consolidation Adjustments and Eliminations	Total
	<i>January - September 2016</i>	<i>January - September 2016</i>	<i>January - September 2016</i>	<i>January - September 2016</i>	<i>January - September 2016</i>
INCOME	12,306	1,937	224	(360)	14,107
Revenue	12,011	1,697	179	(286)	13,601
Other operating revenues	295	240	45	(74)	506
PROCUREMENTS AND SERVICES	9,745	97	82	(155)	9,769
Power purchased	2,909				2,909
Cost of fuel consumed	1,128				1,128
Transmission costs	4,420				4,420
Other variable procurements and services	1,288	97	82	(155)	1,312
CONTRIBUTION MARGIN	2,561	1,840	142	(205)	4,338
Self-constructed assets	2	76	2		80
Personnel expenses	351	218	130	(9)	690
Other fixed operating expenses	669	298	69	(177)	859
GROSS PROFIT FROM OPERATIONS (EBITDA)	1,543	1,400	(55)	(19)	2,869
Depreciation and amortisation, and impairment losses	551	490	17		1,058
PROFIT FROM OPERATIONS (EBIT)	992	910	(72)	(19)	1,811
NET FINANCIAL PROFIT/(LOSS)	(128)	(99)	69		(158)
Financial income	30	3	232	(230)	35
Financial expense	(157)	(102)	(163)	229	(193)
Net exchange differences	(1)			1	
Net profit/(loss) of companies accounted for using the equity method	(44)	3	6		(35)
Gains/(losses) from other investments			921	(921)	
Gains/(losses) on disposal of assets	(18)	2			(16)
PROFIT/(LOSS) BEFORE TAX	802	816	924	(940)	1,602
Income Tax Expense	101	192	1	2	296
PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	701	624	923	(942)	1,306
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
PROFIT FOR THE PERIOD	701	624	923	(942)	1,306
Parent Company	699	624	924	(942)	1,305
Non-controlling interests	2		(1)		1

**ENDESA, S.A.  
and Subsidiaries**

**Consolidated Management Report for  
the period January-September 2017**

Madrid, 7 November, 2017

**ENDESA, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED MANAGEMENT REPORT FOR**  
**THE PERIOD JANUARY-SEPTEMBER 2017**

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# ENDESA, S.A. AND SUBSIDIARIES

## CONSOLIDATED MANAGEMENT REPORT FOR

### THE PERIOD JANUARY-SEPTEMBER 2017

## 1. Business Trends and Results in January-September 2017.

### 1.1. Consolidated Results.

**ENDESA reported net income of Euros 1,085 million (-16.9%) in the nine-month period ended 30 September 2017.**

ENDESA reported net income of Euros 1,085 million in January-September 2017, a 16.9% decrease compared to the Euros 1,305 million posted in January-September 2016.

The table below shows the breakdown of net income among ENDESA's businesses during the first nine months of 2017 and changes with respect to the same period in the previous year:

Millions of Euros

		Net Income			
		January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and Supply	(1)	310	699	(55.7)	28.6
Distribution		680	624	9.0	62.7
Structure and Other	(2)	95	(18)	(627.8)	8.7
<b>TOTAL</b>		<b>1,085</b>	<b>1,305</b>	<b>(16.9)</b>	<b>100.0</b>

(1) The first nine months of 2017 and 2016 include the net income generated by ENEL Green Power España, S.L.U. (EGPE) amounting respectively to Euros 29 million and Euros 12 million (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

### 1.2. Analysis of Results.

The table below shows the breakdown of EBITDA and EBIT in ENDESA's businesses for January-September 2017 and their year-on-year changes:

Millions of Euros

	EBITDA <sup>(3)</sup>				EBIT <sup>(4)</sup>			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and Supply	1,050	1,543	(32.0)	41.2	452	992	(54.4)	30.6
Generation - Non-mainland territories	360	309	16.5	14.1	233	192	21.4	15.8
Other Generation and Supply	(1) 690	1,234	(44.1)	27.1	219	800	(72.6)	14.8
Adjustments	-	-	-	-	-	-	-	-
Distribution	1,388	1,400	(0.9)	54.5	952	910	4.6	64.5
Structure and Other	(2) 110	(74)	(248.6)	4.3	72	(91)	(179.1)	4.9
<b>TOTAL</b>	<b>2,548</b>	<b>2,869</b>	<b>(11.2)</b>	<b>100.0</b>	<b>1,476</b>	<b>1,811</b>	<b>(18.5)</b>	<b>100.0</b>

(1) The first nine months of 2017 include EBITDA and EBIT generated by ENEL Green Power España, S.L.U. (EGPE) for the amount of Euros 124 million and Euros 43 million, respectively (Euros 24 million and Euros 1 million respectively in the same period the previous year from the date control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

(3) EBITDA = Income - Procurements and services + Work carried out by the Group for its assets - Personnel expenses - Other fixed operating expenses.

(4) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

EBITDA in January-September 2017 totalled Euros 2,548 million, a decrease of 11.2% (Euros 321 million) compared to the same period in the previous year.

The following factors must be taken into account when looking at EBITDA for the first nine months of 2017:

- Higher cost of energy purchases (+26.5%) primarily resulting from increased electricity prices on the wholesale market, whose cumulative arithmetic mean price was at Euros 50.3/MWh (+47.9%).



- Increased fuel consumption (+46.5%) arising from greater thermal production in the period and higher fuel prices, together with the consequentially increased tax on the value of electricity production.
- The contribution of ENEL Green Power España, S.L.U. (EGPE) in the first nine months amounting to Euros 124 million (Euros 24 million in the same period of the previous year from the date control was taken on 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

The EBIT for January-September 2017 was Euros 1,476 million, a 18.5% decrease (Euros 335 million) compared with the same period in the previous year, primarily as a result of the 11.2% contraction in EBITDA.

During the first nine months of 2017, the item "Depreciation and amortisation, and impairment losses" posted an increase of Euros 14 million (+1.3%), amounting to Euros 1,072 million, and includes, among other factors, the contribution of the full consolidation of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 81 million (Euros 23 million in the same period the previous year since the take-over on July 27, 2016).

During the period, ENDESA also re-evaluated the useful service life of assets in operation, resulting in the modification of the depreciation policy for its hydro, wind and solar power facilities, which in turn reduced the depreciation expense for the first nine months of by Euros 57 million.

### 1.2.1. Revenues.

Accumulated mainland electricity demand increased by 0.5% year-on-year in the first nine months of 2017 (+1.0% adjusted for working days and temperature). Electricity demand in Non-mainland Territories closed out the first nine months 2017 with a 3.1% increase in the Balearic Islands and a 1.9% increase in the Canary Islands compared with January-September 2016 (+1.9% and +1.7% respectively, corrected for the effect of working days and temperature).

January-September 2017 featured higher prices, putting the cumulative arithmetic mean price on the wholesale market at Euros 50.3/MWh (+47.9%) due mainly to reduced wind and hydroelectric production. The contribution of renewable energies to total mainland production during the period was 35.7%.

In this environment, ENDESA's mainland electricity production under the ordinary arrangement during the first nine months of 2017 was 45,887 GWh, i.e., 13.4% higher than the first nine months of 2016 as detailed below: combined cycle plants (+5,852 GWh, +139.3%), coal-fired plants (+15,870 GWh, +34.5%), nuclear power plants (+19,967 GWh, -0.1%) and hydroelectric power plants (+4,198 GWh, -32.5%).

Nuclear and hydroelectric technologies accounted for 52.7% of ENDESA's mainland generation mix under the ordinary arrangement, compared with 53.8% for the rest of the sector (64.8% and 68.9% respectively in the first nine months of 2016).

ENDESA's production in January-September 2017 through renewable technologies other than hydroelectric was 2,533 GWh and production in non-mainland territories was 9,821 GWh (+3.9%).

At 30 September 2017, ENDESA has a 38.6% market share in electricity generation under the ordinary arrangement, a 44.3% share in electricity distributed, 35.5% in sales to deregulated customers and 3.5% in generation using renewable technologies (not including hydroelectric generation).

During the first nine months of 2017, gas demand was 9.3% higher than the same period in the previous year and at 30 September 2017, ENDESA's market share had reached 17.1% for sales to customers in the deregulated market.

Revenues in the first nine months totalled Euros 14,824 million, Euros 717 million (+5.1%) higher than revenues posted in the same period in the previous year. Of this amount, turnover accounted

for Euros 14,449 million (+6.2%), while other operating income accounted for Euros 375 million (-25.9%).

The table below shows the breakdown of sales and other operating income of ENDESA's businesses in the first nine months of 2017 and changes compared with the same period in the previous year:

Millions of Euros

	Sales				Other operating income			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and Supply	12,837	12,011	6.9	88.9	212	295	(28.1)	56.5
Generation - Non-mainland territories	1,463	1,190	22.9	10.1	6	8	(25.0)	1.6
Other Generation and Supply <sup>(1)</sup>	11,687	11,052	5.7	80.9	206	287	(28.2)	54.9
Adjustments	(313)	(231)	35.5	(2.2)	-	-	-	-
Distribution	1,737	1,697	2.4	12.0	186	240	(22.5)	49.6
Structure and Other <sup>(2)</sup>	(125)	(107)	16.8	(0.9)	(23)	(29)	(20.7)	(6.1)
<b>TOTAL</b>	<b>14,449</b>	<b>13,601</b>	<b>6.2</b>	<b>100.0</b>	<b>375</b>	<b>506</b>	<b>(25.9)</b>	<b>100.0</b>

(1) The first nine months of 2017 include sales and other operating income of ENEL Green Power España, S.L.U. (EGPE) for the amount of Euros 203 million and Euros 3 million, respectively (Euros 41 million correspond to sales in the same period of the previous year since the date on which control was taken; 27 July 2016) (See Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

## Sales.

The table below presents the detail of ENDESA's sales in the first nine months of 2017 and its variation compared with the same period in the previous year:

Millions of Euros

	Sales			
	January-September 2017	January-September 2016	Difference	% Var.
Electricity sales	10,830	10,106	724	7.2
Deregulated market sales - Spain	6,354	6,238	116	1.9
Deregulated market sales - Ex Spain	780	718	62	8.6
Sales at regulated prices	1,845	1,791	54	3.0
Wholesale market sales	835	609	226	37.1
Non-mainland territories - Compensations	933	740	193	26.1
Other electricity sales	83	10	73	730.0
Gas sales	1,597	1,496	101	6.8
Regulated revenue from electricity distribution	1,541	1,537	4	0.3
Other sales and services rendered	481	462	19	4.1
<b>TOTAL</b>	<b>14,449</b>	<b>13,601</b>	<b>848</b>	<b>6.2</b>

(1) The first nine months of 2017 include the sales of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 203 million (Euros 41 million correspond to sales in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

## Electricity sales to deregulated market customers.

ENDESA tallied 5,577,599 customers in the deregulated market as of 30 September 2017, which is a 2.9% increase compared with the number of customers at 31 December 2016: 4,598,778 (+2.1%) in the Spanish mainland market, 779,559 (+4.8%) in the non-mainland territories market and 199,262 (+14.4%) in other deregulated European markets.

ENDESA's net sales to these customers rose to 62,774 GWh in the first nine months of 2017, an increase of 4.3% compared with the first nine months of 2016.

In economic terms, sales in the Spanish deregulated market during the first nine months of 2017 amounted to Euros 6,354 million, an increase of Euros 116 million (+1.9%) compared with the first nine months of 2016, due to the increase in physical units sold.

Further, in January-September 2017, revenues from sales to customers in European deregulated markets other than Spain totalled Euros 780 million, an increase of Euros 62 million (+8.6%) compared with January-September 2016 due mainly to the increase in electricity volumes sold in Portugal.

### **Electricity sales at regulated prices.**

ENDESA sold 9,686 GWh through its reference supplier company in the first nine months of 2017, 7.8% less than the January-September period in 2016.

These sales generated revenues of Euros 1,845 million in the first nine months of 2017, which is 3.0% higher than the figure in the first nine months of 2016 as a result of the increased sales prices, which offset the reduction in physical units sold.

### **Gas sales.**

ENDESA had 1,302,994 gas customers in the deregulated market as of 30 September 2017, which is a 2.1% increase compared with the number of customers at 31 December 2016.

ENDESA sold 58,957 GWh to customers in the natural gas market in the first nine months of 2017, which represents a 4.7% rise on nine-month 2016 figure.

In economic terms, revenue from gas sales during the first nine months of 2017 amounted to Euros 1,597 million, an increase of Euros 101 million (+6.8%) compared with the first nine months of 2016, primarily due to the increase in physical units sold.

### **Non-mainland territories - Compensations**

During the first nine months of 2017, compensations for extra-costs of non-mainland territories generation amounted to Euros 933 million, representing an increase of Euros 193 million (+26.1%) compared to the first nine months of 2016, primarily because of the increase in production and sales, and fuel costs due to commodity prices.

### **Electricity distribution.**

During the first nine months of 2017, ENDESA distributed 88,864 GWh in the Spanish market, which is a 1.8% increase compared with the same period in 2016.

Regulated revenue from distribution during the first nine months of 2017 totalled Euros 1,541 million, in line with the amount posted for the first nine months of 2016 (+0.3%).

## Other operating income.

In January-September 2017, the amount for other operating income was Euros 375 million, which is Euros 131 million (-25.9%) lower than the amount posted for the first nine months of 2016.

In the first nine months of 2017, there was a reduction of Euros 95 million (-44.1%) in revenue from the valuation and liquidation of fuel stock derivatives compared to the same period in the previous year, which is partly offset with less expenses from the valuation and liquidation of fuel stock derivatives of Euros 65 million (-27.9%) posted under "Other Variable Procurements and Services".

## 1.2.2. Operating expenses.

Operating expenses in January-September 2017 were Euros 13,496 million, which is a 9.0% increase compared to the same period the previous year.

The table below shows the detail of ENDESA's operating expenses in the first nine months of 2017 and variations compared with the same period in the previous year:

Millions of Euros

	Operating Expenses			
	January-September 2017	January-September 2016	Difference	% Var.
Procurements and services	10,818	9,769	1,049	10.7
Energy purchases	3,680	2,909	771	26.5
Fuel consumption	1,653	1,128	525	46.5
Transmission expenses	4,193	4,420	(227)	(5.1)
Other variable procurements and services	1,292	1,312	(20)	(1.5)
Personnel expenses	673	690	(17)	(2.5)
Other fixed operating expenses	933	859	74	8.6
Depreciation and amortisation, and impairment losses	1,072	1,058	14	1.3
<b>TOTAL <sup>(1)</sup></b>	<b>13,496</b>	<b>12,376</b>	<b>1,120</b>	<b>9.0</b>

(1) The first nine months of 2017 include the operating expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 163 million (Euros 40 million correspond to operating expenses in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

## Procurements and services (variable costs).

The breakdown of procurements and services among ENDESA's businesses during the first nine months of 2017 and changes with respect to the same period in the previous year are as follows:

Millions of Euros

	Procurements and Services <sup>(3)</sup>			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and supply	10,916	9,745	12.0	100.9
Generation - Non-mainland territories	931	716	30.0	8.6
Other generation and supply <sup>(1)</sup>	10,294	9,255	11.2	95.2
Adjustments	(309)	(226)	36.7	(2.9)
Distribution	113	97	16.5	1.0
Structure and other <sup>(2)</sup>	(211)	(73)	189.0	(1.9)
<b>TOTAL</b>	<b>10,818</b>	<b>9,769</b>	<b>10.7</b>	<b>100.0</b>

(1) The first nine months of 2017 include the procurements and services of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 18 million (Euros 5 million correspond to procurements and services in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

(3) Procurements and services = Energy purchases + Fuel consumption + Transmission expenses + Other variable procurements and services.

Procurements and services (variable costs) totalled Euros 10,818 million in the first nine months of 2017, 10.7% more than in the same period the previous year.

The performance of these costs in January-September 2017 was as follows:

- Energy purchases increased by Euros 771 million (+26.5%) to Euros 3,680 million, primarily because of the increase in the cumulative arithmetic mean price in the wholesale electricity market, Euros 50.3/MWh (+47.9%), and gas acquired for sale to the end customer.

- Fuel consumption amounted to Euros 1,653 million, with an increase of 46.5% (Euros 525 million) due higher thermal output in the period and an increase in the average purchase price.
- The heading “Other Variable Procurements and Services” amounted to Euros 1,292 million, a decrease of Euros 20 million (-1.5%) compared with the same period in 2016. This variation was primarily due to:
  - o The lower expense recognised for the Social Bonus (Euros 142 million) in accordance with the Supreme Court order relating to the enactment of the judgement submitted by ENDESA in relation to its obligations to pay to the Electricity System the entire quantity paid by ENDESA, S.A. for the Social Bonus in 2015 and 2016.
  - o The Euros 83 million increase in the electricity production tax because of the increased production during the period, of which Euros 14 million correspond to ENEL Green Power España, S.L.U. (EGPE).
  - o The Euros 65 million decrease (-27.9%) in expenses for fuel stock derivatives, offset partially by a Euros 95 million reduction in income in this connection (-44.1%), which is recognised under “Other operating income”, due mainly to trends in the measurement and settlement of gas derivatives.
  - o An increase of Euros 62 million in the Autonomous Community of Catalonia nuclear taxes, bearing in mind that, in the first nine months of 2016, the tax then prevailing was regularised for the amount of Euros 63 million, following the ruling handed down by the Constitutional Court on 20 April 2016 declaring it to be unconstitutional.
  - o The Euros 28 million increase in the costs of carbon dioxide (CO<sub>2</sub>) emission rights, due to higher thermal production.

The following table contains the breakdown of the contribution margin by ENDESA businesses in the first nine months of 2017 and their variation compared with the same period the previous year:

Millions of Euros					
	Contribution margin <sup>(3)</sup>				% Contribution to Total
	January-September 2017	January-September 2016	% Var.		
Generation and supply	2,133	2,561	(16.7)		53.2
Generation - Non-mainland territories	538	482	11.6		13.4
Other generation and supply <sup>(1)</sup>	1,599	2,083	(23.2)		39.9
Adjustments	(4)	(4)	-		(0.1)
Distribution	1,810	1,840	(1.6)		45.2
Structure and other <sup>(2)</sup>	63	(63)	(200.0)		1.6
<b>TOTAL</b>	<b>4,006</b>	<b>4,338</b>	<b>(7.7)</b>		<b>100.0</b>

(1) The first nine months of 2017 include the contribution margin of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 188 million (Euros 36 million correspond to the contribution margin in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

(3) Contribution margin = Revenues - Procurements and services.

### Personnel and other fixed operating expenses (fixed costs).

Fixed costs in the first nine months of 2017 totalled Euros 1,606 million, Euros 57 million (+3.7%) higher compared to the first nine months of 2016.

Personnel expenses during January-September 2017 amounted to Euros 673 million, down Euros 17 million (-2.5%) compared to the same period in 2016.

The following table contains the breakdown of the personnel expenses by ENDESA businesses in the first nine months of 2017 and their variation compared with the same period the previous year:

Millions of Euros

	Personnel expenses			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and supply	353	351	0.6	52.5
Generation - Non-mainland territories	64	57	12.3	9.5
Other generation and supply (1)	289	294	(1.7)	43.0
Adjustments	-	-	-	-
Distribution	200	218	(8.3)	29.7
Structure and other (2)	120	121	(0.8)	17.8
<b>TOTAL</b>	<b>673</b>	<b>690</b>	<b>(2.5)</b>	<b>100.0</b>

(1) The first nine months of 2017 include the personnel expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 12 million (Euros 3 million correspond to personnel expenses in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

The following factors should be considered when examining personnel expenses during the first nine months of 2017:

- Personnel expenses during the first nine months of 2017 and 2016 were affected by the positive updates of the provisions under workforce restructuring plans and contract suspensions, which respectively amounted to Euros 16 million and Euros 12 million, positive. Further, in January-September 2016 this item included an expense of Euros 30 million corresponding to provisions for termination voluntary agreements.
- Both periods include the personnel expenses relating to changes in the consolidation perimeter (Euros 13 million and Euros 3 million, respectively) due mainly to the inclusion of ENEL Green Power España, S.L.U. (EGPE) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).
- In January-September 2017 there was an increase of Euros 10 million in net provisions for indemnities and occupational risk (net allowance of Euros 2 million in the first nine months of 2017 and a net reversal of Euros 8 million in the first nine months of 2016).

Stripping out these effects, personnel expenses in the first nine month of 2017 would have decreased by Euros 3 million (-0.4%).

Other fixed operating expenses in January-September 2017 stood at Euros 933 million, up by Euros 74 million (+8.6%) compared to the first nine months of 2016.

Stripping out the effect of the incorporation of ENEL Green Power España, S.L.U. (EGPE) (see Section 2.2. Consolidation perimeter) in both periods, other fixed operating expenses would have increased by Euros 31 million in the January-September 2017 compared to the same period in 2016 (+3.6%) due mainly to increased generation activity and higher duties and taxes.

The following table contains the breakdown of other fixed operating expenses by ENDESA businesses in the first nine months of 2017 and their variation compared with the same period the previous year:

Millions of Euros

	Other fixed operating expenses			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and supply	755	669	12.9	80.9
Generation - Non-mainland territories	114	117	(2.6)	12.2
Other generation and supply (1)	645	556	16.0	69.1
Adjustments	(4)	(4)	-	(0.4)
Distribution	330	298	10.7	35.4
Structure and other (2)	(152)	(108)	40.7	(16.3)
<b>TOTAL</b>	<b>933</b>	<b>859</b>	<b>8.6</b>	<b>100.0</b>

(1) The first nine months of 2017 include the other fixed operating expenses of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 52 million (Euros 9 million correspond to other fixed operating expenses in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

## Depreciation and amortisation, and impairment losses.

Depreciation and amortisation charges and impairment losses amounted to Euros 1,072 million in January-September 2017, representing a year-on-year rise of Euros 14 million (+1.3%).

The following table contains the breakdown of Depreciation and amortisation, and impairment losses by ENDESA businesses in the first nine months of 2017 and their variation compared with the same period in the previous year:

Depreciation and amortisation, and impairment losses				
	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Generation and supply	598	551	8.5	55.8
Generation - Non-mainland territories	127	117	8.5	11.8
Other generation and supply <sup>(1)</sup>	471	434	8.5	44.0
Adjustments	-	-	-	-
Distribution	436	490	(11.0)	40.7
Structure and other <sup>(2)</sup>	38	17	123.5	3.5
<b>TOTAL</b>	<b>1,072</b>	<b>1,058</b>	<b>1.3</b>	<b>100.0</b>

(1) The first nine months of 2017 include the Depreciation and amortisation, and impairment losses of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 81 million (Euros 23 million correspond to depreciation and amortisation, and impairment losses in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Structure, services and adjustments.

The following factors must be taken into account when looking at depreciation and amortisation, and impairment losses for the first nine months of 2017:

- Both periods factor in the impact of the incorporation of ENEL Green Power España, S.L.U. (EGPE) amounting respectively to Euros 81 million and Euros 23 million respectively (see Section 2.2, Scope of Consolidation, of this Consolidated Management Report).
- In the first nine months of 2017, ENDESA concluded its analysis on the useful service life of its assets in operation. As a result thereof and in light of the current circumstances, the depreciation policy has been amended as follows:
  - o The best current useful service life estimate of wind and solar power facilities was extended to 30 years from the previously considered 25 and 20 years, respectively.
  - o Regarding hydroelectric power plants, depreciation of the civil engineering cost will now be over a term of 100 years (initially 65 years), and the electromechanical equipment thereof will be over 50 years (initially 35 years), both with the limit on the concession term.

Effective as of 1 January 2017, the measures have had a favourable impact on the depreciation expense in January-September 2017 of Euros 25 million and Euros 32 million, respectively.

- January-September 2017 also saw the reversal of impairment losses for property, plant and equipment recognised on certain lands in previous years for the amount of Euros 14 million.

Excluding the effects described above relating to the consolidation perimeter, useful life and reversal of impairment losses, depreciation and amortisation and impairment losses in the first nine months of 2017 would have increased Euros 27 million (+2.6%).

### 1.2.3. Net financial profit/(loss).

Net financial result in the first nine months of 2017 was a negative Euros 94 million, implying a Euros 64 million (-40.5%) reduction compared with the same period in the previous year.



The following table shows the breakdown of the net financial profit/(loss) among ENDESA businesses in the first nine months of 2017 and their variation compared with the same period in the previous year:

Millions of Euros

	Net financial profit/(loss) <sup>(2)</sup>			
	January-September 2017	January-September 2016	% Var.	% Contribution to Total
Financial Income	39	35	11.4	(41.5)
Financial expenses	(135)	(193)	(30.1)	143.6
Net exchange differences	2	-	N/A	(2.1)
<b>TOTAL <sup>(1)</sup></b>	<b>(94)</b>	<b>(158)</b>	<b>(40.5)</b>	<b>100.0</b>

(1) The first nine months of 2017 include the net financial profit/(loss) generated by ENEL Green Power España, S.L.U. (EGPE) amounting respectively to Euros 2 million, positive, (Euros 2 million, negative, correspond to the net financial result in the same period of the previous year since the date on which control was taken; 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

(2) Net Financial Result = Financial Income – Financial Expense + Net Exchange Differences.

Net financial expenses stood at Euros 96 million in January-September 2017, down Euros 62 million (-39.2%) compared to the same period the previous year.

The following effects should be considered when examining net financial expenses during the first nine months of 2017:

- The performance in the long-term interest rates during the first nine months of 2017 and 2016 entailed an adjustment in the provisions to account for obligations arising from the ongoing workforce restructuring plans and contract suspension agreements, which had a positive impact of Euros 8 million and negative impact of Euros 68 million, respectively.
- In the first nine months of 2017, financial income were recognised in association with the Supreme Court Order relating to the enactment of the judgement submitted by ENDESA relating to the Social Bonus, for the amount of Euros 6 million, and in the first nine months of 2016 relating to the adjustment of interest relating to financing the revenue deficit for regulated activities in Spain, for the amount of Euros 12 million.
- In both periods, net financial expenses also include the effect of incorporating ENEL Green Power España, S.L.U. (EGPE) in the first nine months amounting to Euros 2 million, positive, and Euros 2 million, negative, respectively, due to the taking of control on 27 July 2016 (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

Excluding the effects indicated in the paragraphs above, net financial expenses would have increased by Euros 12 million (+12.0%) due to the lower average cost of gross financial debt, which fell from 2.6% in January-September 2016 to 2.2% in January-September 2017, but has not fully offset the increase in the average gross financial debt in the two periods, which rose from Euros 5,062 million in January-September 2016 to Euros 6,088 million in January-September 2017.

#### 1.2.4. Net profit/(loss) of companies accounted for using the equity method.

In the first nine months of 2017, companies accounted for using the equity method contributed with a net profit of Euros 18 million, compared to the net loss of Euros 35 million in the first nine months of 2016.

In January-September 2017 this item includes the negative impact of Euros 7 million corresponding to the 50% stake in Nuclenor, S.A.

In January-September 2016, this heading included mainly the net result contributed by the 40% holding in ENEL Green Power España, S.L.U. (EGPE) prior to the date control was taken, for the amount of Euros 69 million, negative. Later, on 27 July 2016 ENDESA acquired 60% of ENEL Green Power España, S.L.U. (EGPE), and the company was then fully consolidated (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).



### **1.2.5. Gains on the sale of assets.**

On 30 June 2017 ENDESA had sold its stakes in Aquilae Solar, S.L., Cefeidas Desarrollo Solar, S.L., Cephei Desarrollo Solar, S.L., Desarrollo Photosolar, S.L., Fotovoltaica Insular, S.L. and Sol de Media Noche Fotovoltaica, S.L.

The total price agreed for the transaction was Euros 16 million, with a gross gain of Euros 4 million (see section 2.2. Scope of Consolidation, of this Consolidated Management Report).

In the first nine months of 2017 and 2016, this heading also included the expense for factoring transaction commissions, amounting to Euros 19 million and Euros 22 million respectively.

### **1.2.6. Corporate income tax.**

The corporate income tax expense in the first nine months of 2017 was Euros 302 million, representing a year-on-year rise of Euros 6 million (+2.0%).

The effective rate in January-September 2017 was 21.7% (18.5% in January-September 2016).

Following the taking of control over ENEL Green Power España, S.L.U. (EGPE) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report), the January-September 2016 period includes the reversal of a deferred tax liability for the amount of Euros 81 million that ENDESA had recognised due to undistributed profits at ENEL Green Power España, S.L.U. (EGPE) generated after the loss of control the company in 2010 and that complied with measurement criteria.

In like-for-like terms, excluding the impact mentioned above, the corporate income tax expense in the first nine months of 2017 would have dropped by Euros 75 million (-19.9%).

### **1.2.7. Net income.**

ENDESA reported net income of Euros 1,085 million in January-September 2017, a Euros 220 million (-16.9%) decrease compared to January-September 2016.

## **2. Other information.**

### **2.1. Risk Management Policy.**

During the first nine months of 2017, ENDESA operated the same risk management policy as described in its consolidated financial statements for the year ended 31 December 2016. For this period, the financial instruments and types of hedges are the same as those described in the consolidated financial statements.

The risks that could affect ENDESA operations are also the same as those described in the consolidated management report for the year ending on 31 December 2016.

### **2.2. Scope of Consolidation.**

#### **Eléctrica de Jafre, S.A.**

On 31 May 2017 ENDESA Red, S.A.U. acquired 52.54% of the share capital of Eléctrica de Jafre, S.A., a company that performs power transmission and distribution activities in addition to water and electricity meter rental and reading services, in which it previously held a stake of 47.46%.

As a result of this transaction ENDESA has taken control of Eléctrica de Jafre, S.A. compared to the significant influence it exerted until then, strengthening its distribution business.

The net cash outflow resulting from the acquisition of Eléctrica de Jafre, S.A. totalled Euros 1 million, corresponding mainly to the agreed transaction price.

The provisional purchase price was set according to the fair value of the assets acquired and liabilities assumed (net assets acquired) from Eléctrica de Jafre, S.A. on the acquisition date, in the following lines of the consolidated financial statements:

Millions of Euros	
	Fair value
<b>Non-current assets</b>	<b>4</b>
Property, plant and equipment	4
<b>TOTAL ASSETS</b>	<b>4</b>
<b>Non-current liabilities</b>	<b>1</b>
Deferred income	1
<b>Current Liabilities</b>	<b>1</b>
Trade and other current liabilities	1
<b>TOTAL LIABILITIES</b>	<b>2</b>
<b>Fair Value of Net Assets Acquired</b>	<b>2</b>

To establish the fair value of the assets acquired and the liabilities assumed, the projected discounted cash flows were considered applying the remuneration system in force at the acquisition date.

Revenue and net profit generated by this company from the acquisition date of 31 May 2017 are not significant. Additionally, if the acquisition had taken place on 1 January 2017, revenue and net profit generated by this transaction in the first nine months of 2017 would have been less than Euros 1 million.

Net profit generated at the date control was taken as a result of the fair value valuation of the non-controlling 47.46% stake previously held in Eléctrica de Jafre, S.A. was less than Euros 1 million.

#### Other stakes.

On 30 June 2017 ENDESA sold its stakes in Aquilae Solar, S.L., Cefeidas Desarrollo Solar, S.L., Cephei Desarrollo Solar, S.L., Desarrollo Photosolar, S.L., Fotovoltaica Insular, S.L. and Sol de Media Noche Fotovoltaica, S.L.

The transaction generated a gross gain of Euros 4 million in the Consolidated Income Statement for the nine-month period ended 30 September 2017 (see Section 1.2.5, Gains (loss) on the sale of assets, of this Consolidated Management Report).

On 18 July 2017 ENEL Green Power España, S.L.U. (EGPE) purchased the non-controlling interests of Productor Regional de Energía Renovable, S.A. (15%) and Productor Regional de Energías Renovables III, S.A. (17.11%) for Euros 2 million and Euros 3 million, respectively. The transaction, which has not affected the Consolidated Income Statement, had an impact on Equity of Euros 3 million.

Dated 4 August 2017, the termination of Minas de Estercuel, S.A. (in liquidation) and Minas Gargallo, S.L. (in liquidation) were filed with the Companies Register. ENDESA held stakes of 99.65% and 99.91% in the two companies, respectively.

#### ENEL Green Power España, S.L.U. (EGPE).

On 27 July 2016 ENDESA Generación S.A.U., a fully owned subsidiary of ENDESA S.A., acquired from ENEL Green Power International B.V 60% of the share capital of ENEL Green Power España, S.L.U. (EGPE), thus increasing its previous stake in its share capital from 40%.

On the date of execution of the purchase, ENDESA assumed control over ENEL Green Power España, S.L.U. (EGPE) as opposed to the significant influence it had exerted until then.

As a result, the Consolidated Income Statement for the first nine months of 2017 includes the income and expenses of the fully consolidated ENEL Green Power España, S.L.U. (EGPE).

The contribution of ENEL Green Power España, S.L.U. (EGPE) to net income in the period January-September 2017 stood at Euros 29 million (Euros 12 million in January-September 2016) as shown below:

Millions of Euros		
	Contribution of ENEL Green Power España, S.L.U. (EGPE)	
	January-September 2017	January-September 2016
Revenues	206	41
Contribution margin	188	36
EBITDA <sup>(1)</sup>	124	24
EBIT <sup>(2)</sup>	43	1
Net financial profit/(loss):	2	(2)
Net profit/(loss) of companies accounted for using the equity method	4	(67) <sup>(3)</sup>
Corporate income tax	(13)	81 <sup>(4)</sup>
Non-controlling interests	(7)	(1)
<b>TOTAL</b>	<b>29</b>	<b>12</b>

(1) EBITDA = Income - Procurements and services + Work carried out by the Group for its assets – Personnel expenses - Other fixed operating expenses.

(2) EBIT = EBITDA - Depreciation and amortisation, and impairment losses.

(3) Includes, mainly, net profit relating to the previous 40% stake held by ENDESA, S.A., through ENDESA Generación, S.A.U., up until the date control was taken (Euros 7 million), impairment recognised prior to the taking of control based on the assumption that the recoverable value of the 40% stake in ENEL Green Power España, S.L.U. (EGPE) was lower than its carrying amount (Euros 72 million, and net profit generated at the date control was taken as a result of the fair value valuation of the non-controlling 40% stake in ENEL Green Power España, S.L.U. (EGPE) (Euros -4 million).

(4) Following the taking of control over ENEL Green Power España, S.L.U. (EGPE) a deferred tax liability was reversed for the amount of Euros 81 million that ENDESA had recognised due to undistributed profits at ENEL Green Power España, S.L.U. (EGPE) generated after the loss of control the company in 2010 and that complied with measurement criteria.

In January-September 2017 the key data of ENEL Green Power España, S.L.U. (EGPE) are as follows:

Data of ENEL Green Power España, S.L.U. (EGPE)		
	January-September 2017	January-September 2016
Electricity generation (GWh)	2,533	506 <sup>(3)</sup>
Gross installed capacity (MW)	1,675 <sup>(1)</sup>	1,675 <sup>(2)</sup>
Net installed capacity (MW)	1,675 <sup>(1)</sup>	1,675 <sup>(2)</sup>
Electricity sales (GWh)	2,533	506 <sup>(3)</sup>

(1) At 30 September 2017.

(2) At 31 December 2016.

(3) From the date control was taken, i.e. 27 July 2016.

### 2.3. Acquisition of the systems and telecommunications activity (ICT).

On 29 December 2016, ENDESA, S.A., acting through its fully owned subsidiary ENDESA Medios y Sistemas, S.L.U. (formerly ENDESA Servicios, S.L.U.), and ENEL Iberia, S.L.U. entered into an Assignment Contract for the Branch of the Systems and Telecommunications Activity for the acquisition to the latter of the systems and telecommunications activity (ICT) within the ENDESA sphere.

The transaction entailed the transfer of materials, human resources and contracts with third parties affected in the implementation of these activities.

The effective date of the transaction was 1 January 2017 and entailed a reorganisation of systems and telecommunications support activities (ICT) at ENDESA with a view to rendering them more adaptable to the needs of its corporate perimeter, simplifying internal and administrative management procedures.

The price stipulated for purchasing this activity branch was Euros 246 million and payment thereof was settled on the date when the contract was formalised. The transaction was recognised through the acquisition method, and provisionally assigned to the following items in the consolidated financial statements:

Millions of Euros

	Fair value
<b>Non-current assets</b>	<b>95</b>
Property, plant and equipment	64
Intangible assets	31
<b>TOTAL ASSETS</b>	<b>95</b>
<b>Non-current liabilities</b>	<b>8</b>
Non-current provisions	8
<b>Current Liabilities</b>	<b>2</b>
Trade and other current liabilities	2
<b>TOTAL LIABILITIES</b>	<b>10</b>
<b>Fair value of net assets acquired</b>	<b>85</b>

The difference between the cost of combining the businesses and the fair value of the recognised assets and liabilities indicated above generated a goodwill of Euros 161 million because of the synergies to secure in transactions based on aspects such as the prospects of greater autonomy for ENDESA in the future management of systems and telecommunications activity (ICT), simplification and improvement of operations and management and a reduction in expected costs.

The fair value of the assets acquired and the liabilities assumed was determined by discounting free cash flows according to the business plan and the performance of the systems and telecommunications (ICT) sector.

## 2.4. Other information.

In January-September 2017 there were no one-off events of significant amounts other than those referred to in the consolidated management report.

In this regard, during the first nine months of 2017 there were no new material contingent liabilities other than those described in the consolidated financial statements for the year ended 31 December 2016.

## 3. Regulatory framework.

From a regulatory perspective, the main highlights during the period were as follows:

### 2017 electricity tariff

The Ministerial Order establishing access charges for 2017 Order ETU/1976/2016, of 23 December was published in the Official State Gazette (BOE) on 29 December 2016. Under this Order, access charges remain unchanged.

### Natural gas tariff for 2017.

Under Order ETU/1977/2016 of 23 December access charges in force in 2016 were largely maintained.

### Energy efficiency.

Law 18/2014, of 15 October, approving urgent measures to boost growth, competitiveness and efficiency, with regard to energy efficiency, created the Energy Efficiency National Fund with the aim of achieving energy savings.

Order IET/258/2017 of 24 March entailed a contribution by ENDESA to the Energy Efficiency National Fund of Euros 29.3 million, corresponding to its 2017 obligations.

### Renewable energy auction.

The Ministry for Energy, Tourism and the Digital Agenda has rolled out a series of requirements for auctions with regard to adherence to the specific remuneration regime for new renewable energy generation plants.

Specifically, on 1 April 2017 the Official State Gazette (BOE) published Royal Decree 359/2017 of 31 March, establishing a call for assigning the specific remuneration system for new renewable energy production facilities through an auction with a maximum installed power limit of 3,000 MW.

This Royal Decree was enacted by Order ETU/315/2017, of 6 April, regulating the procedure for assigning the specific remuneration system in each auction, in addition to the remuneration parameters for reference and standard facilities and characteristics of the auction; and the Resolutions issued by the Secretary of State for Energy on 10 April 2017, approving the call for an auction, and the terms and conditions thereof.

As a result of this auction, which took place on 17 May 2017, ENDESA, through ENEL Green Power España, S.L.U. (EGPE), was awarded 540 MW of wind power capacity (see Note 4.3. Investments, of this Consolidated Management Report).

Additionally, on 17 June 2017, Royal Decree 650/2017 of 16 June was published in the Official State Gazette (BOE), establishing a new installed capacity quota of 3,000 MW for new plants that generate power using renewable energy sources, enacted by Order ETU/615/2017, of 27 June, that establishes the assignment procedure and remuneration parameters for the auction, and the Resolution issued by the Secretary of State for Energy on 30 June 2017, which calls for an auction

to assign the specific remuneration for new plants that generate power using renewable energy sources, in accordance with Royal Decree 650/2017, of 16 June.

As a result of this auction, which took place on 26 July 2017, ENDESA, through ENEL Green Power España, S.L.U. (EGPE), was awarded 339 MW of photovoltaic power capacity (see Note 4.3. Investments, of this Consolidated Management Report).

### **Fee for the use of continental waters to produce electric power.**

On 10 June 2017, Royal Decree Law 10/2017 of 9 June was published in the Official State Gazette (BOE), establishing specific urgent measures to mitigate the effects of drought in certain river basins, amending the current Water Law.

Among other aspects, this Royal Decree Law modifies the tax on the fee for using continental waters to produce electric power from 22% to 25.5%, with a reduction for plants with capacity of up to 50 MW to offset the tax increase.

### **Social bonus.**

Royal Decree Law 7/2016 of 23 December was published on 24 December 2016, regulating the mechanism for financing the cost of the social bonus and other measures designed to protect vulnerable power users. In accordance with this Royal Decree Law, the Social Bonus will be assumed by the Parents of groups of companies that supply electricity, or by the companies that do this themselves but do not belong to any group of companies, according to their percentage of customer share. This percentage will be calculated annually by the Spanish Markets and Competition Commission (Comisión Nacional de los Mercados y la Competencia or CNMC).

The sole Transitional Provision of the Royal Decree Law establishes the percentage of the Social Bonus to be applied when it comes into force; the share corresponding to ENDESA is 37.7%.

On 9 October 2017, Royal Decree 897/2017, of 6 October was published, regulating the figure of the vulnerable consumer, the Social Bonus and other protection measures for domestic electricity consumers, in addition to Order ETU/943/2017, of 6 October, enacting Royal Decree 897/2017, of 6 October.

Among other aspects, three categories of vulnerable customers are identified according to income level, measured using the Public Indicator of Income with Multiple Effects (IPREM) to establish different discounts for each category. The three categories defined are as follows:

- Vulnerable customers, who receive a 25% discount.
- Severely vulnerable customers, who receive a 40% discount.
- Severely vulnerable customers at risk of social exclusion (100% discount), customers accredited by the social services as paying at least 50% of their bills.

This Royal Decree also regulates aspects relating to supply, and among others, raises from two to four months the period within which vulnerable customers may be cut off if they fail to pay their bills (the power supply of severely vulnerable customers at risk of social exclusion may not be cut off, as it is considered an essential supply).

## **4. Liquidity and capital resources.**

### **4.1. Financial management.**

#### **Financial debt.**

At 30 September 2017, ENDESA had net financial debt of Euros 5,753 million, an increase of Euros 815 million (+16.5%) compared to 31 December 2016.

The conciliation of ENDESA's gross and net financial debt at 30 September 2017 and 31 December 2016 is as follows:

Millions of Euros				
	Reconciliation of financial debt			
	30 September 2017	31 December 2016	Difference	% Var.
Non-current financial debt	4,481	4,223	258	6.1
Current financial debt	1,707	1,144	563	49.2
<b>Gross financial debt <sup>(1)</sup></b>	<b>6,188</b>	<b>5,367</b>	<b>821</b>	<b>15.3</b>
Cash and cash equivalents	(427)	(418)	(9)	2.2
Financial derivatives recognised as financial assets	(8)	(11)	3	(27.3)
<b>Net financial debt</b>	<b>5,753</b>	<b>4,938</b>	<b>815</b>	<b>16.5</b>

(1) At 30 September 2017 includes Euros 13 million corresponding to financial derivatives (Euros 17 million at 31 December 2016).

When assessing net debt, it must be borne in mind that during the period ENDESA paid shareholders Euros 1.333 per share (gross), with a pay-out of Euros 1,411 million (see Section 4.4. Dividends, of this Consolidated Management Report).

The structure of ENDESA's gross financial debt at 30 September 2017 and 31 December 2016 is as follows:

Millions of Euros				
	Structure of gross financial debt			
	30 September 2017	31 December 2016	Difference	% Var.
Euro	6,188	5,367	821	15.3
<b>TOTAL</b>	<b>6,188</b>	<b>5,367</b>	<b>821</b>	<b>15.3</b>
Fixed rate	3,635	3,661	(26)	(0.7)
Floating rate	2,553	1,706	847	49.6
<b>TOTAL</b>	<b>6,188</b>	<b>5,367</b>	<b>821</b>	<b>15.3</b>
Average life (years) <sup>(1)</sup>	5.7	6.5	-	-
Average Cost (%) <sup>(2)</sup>	2.2	2.5	-	-

(1) Average life (years) = (Principal \* Number of valid days) / (Valid principal at the close of the period \* Number of days in the period).

(2) Average cost (%) = (Cost of gross financial debt) / Average gross financial debt.

At 30 September 2017, gross financial debt bearing fixed interest rates accounted for 59% of the total, while 41% was at floating rates. As of this date, the entire gross financial debt is in euros.

The breakdown of ENDESA's gross financial debt ex derivatives at 30 September 2017 is as follows:

Millions of Euros								
	Maturity of gross financial debt (ex derivatives)							
	Book value at 30 September 2017 <sup>(1)</sup>	Current	Non-current	Maturities				Subsequent years
				2017	2018	2019	2020	
Bonds and other marketable securities	1,255	1,200	55	1,200	-	16	-	39
Loans and borrowings	943	16	927	6	24	64	105	744
Other borrowings	3,977	491	3,486	432	65	24	24	3,432
<b>TOTAL</b>	<b>6,175</b>	<b>1,707</b>	<b>4,468</b>	<b>1,638</b>	<b>89</b>	<b>104</b>	<b>129</b>	<b>4,215</b>

(1) Excluding Euros 13 million relating to financial derivatives.

At 30 September 2017 ENDESA still had collection rights amounting to Euros 588 million related to several items provided for under Spanish electricity regulation: Euros 254 million correspond to the revenue shortfall from regulated activities and Euros 334 million in compensations for the non-mainland territories generation. (see Section 4.3. Cash Flows, of this Consolidated Management Report).

### Main financial transactions.

Within the framework of the financial transaction (ENDESA Network Modernisation) concluded with the European Investment Bank (EIB) in 2014, Tranches B and C (each one of Euros 150 million) were available on 18 January 2017 and 20 February 2017, thus completing the provision



of the transaction for a total amount of Euros 600 million. Both provisions are at floating rate, with a 12-year maturity which may be repaid from 2021.

In January-September 2017, ENDESA concluded agreements with different financial institutions for the extension to 3 years with a possibility of extending to 5 years of most of its credit lines for Euros 1,985 million.

At 30 June 2017 ENDESA, S.A. had renegotiated the terms and conditions of the committed and irrevocable inter-company credit line arranged with ENEL Finance International N.V., extending its maturity to 30 June 2020 and reducing the margin and applicable non-drawdown fee to 55 basis points and 18 basis points, respectively.

In the nine months of 2017, ENDESA maintained the Euro Commercial Paper (ECP) emissions programme through International ENDESA, B.V., and the outstanding balance as of 30 September 2017 is Euros 1,200 million, and its renewal is backed by irrevocable credit lines.

### Liquidity.

As of 30 September 2017, ENDESA had liquidity of Euros 3,503 million (Euros 3,620 million at 31 December 2016) as detailed below:

Millions of Euros					
Liquidity					
		30 September 2017	31 December 2016	Difference	% Var.
Cash and cash equivalents		427	418	9	2.2
Available through unconditional credit facilities	(1)	3,076	3,202	(126)	(3.9)
<b>TOTAL</b>		<b>3,503</b>	<b>3,620</b>	<b>(117)</b>	<b>(3.2)</b>
Coverage of debt maturities (months)	(2)	29	17	-	-

(1) At 30 September 2017 and 31 December 2016, Euros 1,000 million correspond to the credit line available with ENEL Finance International, N.V.

(2) Coverage of debt maturities (months) = Maturity period (months) for vegetative debt that could be covered with the liquidity available.

Cash investments considered as "Cash and Cash Equivalents" are high liquidity and entail no risk of changes in value, mature within 3 months from their acquisition date and accrue interest at the market rates for such instruments.

At 30 September 2017 and 31 December 2016 there were no placements of sovereign debt.

At 30 September 2017 the balance of Cash and Cash Equivalents includes Euros 11 million corresponding to the debt service reserve account arranged by some of ENDESA's renewables subsidiaries for loans taken out to fund projects (Euros 13 million at 31 December 2016).

### Leverage.

The consolidated leverage level at 30 September 2017 and 31 December 2016 is:

Millions of Euros			
Leverage (1)			
	30 September 2017	31 December 2016	
<b>Net Financial Debt:</b>	<b>5,753</b>	<b>4,938</b>	
Non-current financial debt	4,481	4,223	
Current financial debt	1,707	1,144	
Cash and cash equivalents	(427)	(418)	
Financial derivatives recognised as financial assets	(8)	(11)	
<b>Equity:</b>	<b>9,459</b>	<b>9,088</b>	
Of the Parent Company	9,327	8,952	
Of non-controlling interests	132	136	
<b>Leverage (%)</b>	<b>60.8</b>	<b>54.3</b>	

(1) Leverage = Net financial debt / Equity.



### Credit rating.

ENDESA's credit ratings are as follows:

	Credit rating					
	30 September 2017 <sup>(1)</sup>			31 December 2016 <sup>(1)</sup>		
	Long term	Short Term	Outlook	Long term	Short term	Outlook
Standard & Poor's	BBB	A-2	Positive	BBB	A-2	Stable
Moody's	Baa2	P-2	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

(1) On the respective approval dates of the consolidated financial statements.

ENDESA's credit rating is restricted to the rating of its parent company ENEL according to the methods employed by rating agencies and, as of 30 September 2017, has been classified as "investment grade" by all the rating agencies.

### 4.2. Cash Flows.

ENDESA's net cash flows in the first nine months of 2017 and 2016, classified by activities (operation, investment and financing) were:

Millions of Euros				
			Statement of Cash Flows <sup>(1)</sup>	
	January-September 2017	January-September 2016	Difference	% Var.
Net cash flows from/(used in) operating activities	1,375	2,554	(1,179)	(46.2)
Net cash flows from/(used in) investment activities	(792)	(1,898)	1,106	(58.3)
Net cash flows from/(used in) financing activities	(574)	(339)	(235)	69.3

(1) The first nine months of 2017 the net cash flows of ENEL Green Power España, S.L.U. (EGPE) from/used in operating, investment and financing activities totalled Euros 123 million, Euros -94 million and Euros 18 million, respectively (Euros 9 million, Euros 29 million and Euros -2 million, respectively, in the same period of the previous year since the date that control was taken, 27 July 2016) (see Section 2.2. Scope of Consolidation, of this Consolidated Management Report).

In the first nine months of 2017, the net investments necessary for developing ENDESA's businesses and the payment of dividends to shareholders were covered with the net cash flows from operating activities and an increase in the net financial debt.

At 30 September 2017, cash and cash equivalents stood at Euros 427 million (Euros 663 million at 30 September 2016).

### Net cash flows from/(used in) operating activities.

In January-September 2017, net cash flows from operating activities totalled Euros 1,375 million, a decrease of 46.2% compared to the same period in 2016 (Euros 2,554 million) mainly due to:

- Lower gross earnings before tax and minority interests during the period (Euros 208 million).
- The performance of working capital (Euros 881 million) resulting mainly from the reduction in the net collections of compensations for the extra-costs in non-mainland territories generation (Euros 868 million).

As of 30 September 2017 and 31 December 2016, working capital comprised the following items:

Millions of Euros

	Breakdown of working capital	
	30 September 2017	31 December 2016
<b>Current Assets</b> <sup>(1)</sup>	<b>5,246</b>	<b>5,017</b>
Inventories	1,203	1,202
Trade and other accounts receivable	3,204	3,452 <sup>(2)</sup>
Current financial assets	839 <sup>(3)</sup>	363 <sup>(4)</sup>
<b>Current Liabilities</b> <sup>(5)</sup>	<b>5,503</b>	<b>6,377</b>
Current provisions	362	567
Trade and other current liabilities	5,141	5,810 <sup>(6)</sup>

(1) Excluding "Cash and Cash Equivalents" and Financial Derivative Assets corresponding to debt.

(2) Including the acquisition price of the systems and telecommunications activity (ICT) paid on 29 December 2016 (Euros 246 million) (see Section 2.3 Acquisition of the systems and telecommunications activity (ICT), of this Consolidated Management Report).

(3) Including Euros 588 million relating to collection rights for financing for the revenue shortfall from regulated activities and in compensations for extra-costs in non-mainland territories generation and Euros 130 million relating to collection rights associated with the Social Bonus in 2015 and 2016.

(4) Including Euros 258 million relating to collection rights for financing the revenue shortfall from regulated activities.

(5) Excluding "Current Financial Debt" and Financial Derivative Liabilities corresponding to financial debt.

(6) Including the interim dividend against 2016 results amounting to Euros 741 million paid on 2 January 2017 (see Section 4.4 Dividends, of this Consolidated Management Report) and Euros 296 million relating to compensations for extra-costs in non-mainland territories generation.

### Net cash flows from/(used in) investment activities.

During the first nine months of 2017, the net cash flows applied to investment activities were Euros 792 million (compared with Euros 1,898 million in the first nine months of 2016) and mainly include net cash payments applied to the acquisition of real estate amounting to Euros 730 million (compared with Euros 686 million in January-September 2016) (see Section 4.3. Investments, of this Consolidated Management Report).

### Net cash flows from/(used in) financing activities.

In the first nine months of 2017, the net cash flows applied to financing activities amounted to Euros 574 million (compared with Euros 339 million in the first nine months of 2016) and primarily include the payment of Euros 1,411 million corresponding to the ENDESA, S.A. dividend paid against 2016 profits (Euros 1,086 million in January-September 2016) (see Section 4.4. Dividends, of this Consolidated Management Report).

## 4.3. Investments.

In the first nine months of 2017, ENDESA made gross investments of Euros 632 million, of which Euros 587 million were related to tangible and intangible assets, and the remaining Euros 45 million to financial investments, as follows:

Millions of Euros

	Investments		
	January-September 2017 <sup>(1)</sup>	January-September 2016 <sup>(2)</sup>	% Var.
Generation and supply	146	213	(31.5)
Distribution	350	353	(0.8)
Others	4	-	N/A
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>500</b>	<b>566</b>	<b>(11.7)</b>
Generation and supply	28	32	(12.5)
Distribution	39	20	95.0
Others	20	15	33.3
<b>TOTAL INTANGIBLE ASSETS</b>	<b>87</b>	<b>67</b>	<b>29.9</b>
<b>Financial investments</b>	<b>45</b>	<b>102</b>	<b>(55.9)</b>
<b>TOTAL GROSS INVESTMENT</b>	<b>632</b>	<b>735</b>	<b>(14.0)</b>
<b>TOTAL NET INVESTMENT</b> <sup>(3)</sup>	<b>517</b>	<b>617</b>	<b>(16.2)</b>

(1) Includes the gross investment of ENEL Green Power España, S.L.U. (EGPE) amounting to Euros 14 million. Does not include the acquisition of the systems and telecommunications activity (ICT) or the controlling stake taken in Eléctrica Jafre, S.L. (see Sections 2.2. Scope of Consolidation and 2.3 Acquisition of the systems and telecommunications activity (ICT), of this Consolidated Management Report).

(2) Includes the gross investment of ENEL Green Power España, S.L.U. (EGPE) from the date control was taken (27 July 2016) for the amount of Euros 3 million. Does not include business combinations made in January-September 2016.

(3) Net investment = Gross investment - Capital grants and installations transferred.

### Investments in property, plant and equipment.

Gross investments in generation in the first nine months of 2017 mostly correspond to investments made in plants that were already operating at 31 December 2016, prominently including the Euros 9 million investment in the Litoral power plant to adapt it to European environmental legislation, which also entailed extending its useful service life.

Gross investments in supply correspond primarily to the development of the activity concerning Value Added Products and Services (VAPS).

Gross investments in distribution related to network extensions and expenditure aimed at optimising the network in order to improve the efficiency and quality of the service provided. It also includes investment for the widespread installation of remote management smart meters and their operating systems.

ENDESA, through ENEL Green Power España, S.L.U. (EGPE), was awarded wind plant capacity of 540 MW and photovoltaic capacity of 339 MW in the auctions held by the Ministry of Energy, Tourism and the Digital Agenda on 17 May 2017 and 26 July 2017 respectively (see Section 3. Regulatory Framework of this Consolidated Management Report) and expects to invest approximately Euros 870 million in building the wind energy capacity awarded, of which Euros 3 million had already been invested at 30 September 2017.

### Investments in intangible assets.

Gross investments in intangible assets in the first nine months of 2017 primarily correspond to computer software and ongoing investments in the systems and telecommunications activity (ICT), including the change from the ERP accounting system to the new Evolution for Energy (E4E) SAP system.

### Financial investments.

Financial investments in the first nine months of 2017 corresponds mainly to the contribution of funds of Euros 26 million to Nuclenor, S.A.

## 4.4. Dividends.

At its meeting of 22 November 2016, ENDESA, S.A.'s Board of Directors approved the following shareholder remuneration policy for 2016-2019:

- 2016: the ordinary dividend per share distributed against the year will be the equivalent to 100% of net profit attributable to the parent company set down in the consolidated annual financial statements provided that this amount is higher than the result of applying a minimum 5% increase to the ordinary dividend paid with a charge to the prior year.
- 2017 to 2019: the ordinary dividend per share to be distributed in these years will be the equivalent to 100% of ordinary net profit attributable to the parent company set down in the consolidated annual financial statements of the Group headed by this company. Specifically, for 2017, this ordinary dividend will be at least the same as Euros 1.32 gross per share.

The General Shareholders' Meeting of ENDESA, S.A. held on 26 April 2017 approved the distribution of a total dividend to its shareholders charged against the 2016 profit of a gross figure of Euros 1.333 per share (Euros 1,411 million), which is equal to the consolidated net profit of ENDESA for the year ending on 31 December 2016.

In consideration of the gross interim dividend of Euros 0.70 per share (Euros 741 million) paid out on 2 January 2017, the gross complementary dividend (final dividend) charged against 2016 results is Euros 0.633 per share (Euros 670 million) and paid out on 3 July 2017 (see section 4.2 Cash Flows in this Consolidated Management Report).

## Appendix I: Statistical information.

### Industrial Data.

GWh

Electricity Generation <sup>(1)</sup>	January-September 2017	January-September 2016	% Var.
<b>Mainland</b>	<b>45,887</b>	<b>40,451</b>	<b>13.4</b>
Nuclear	19,967	19,983	(0.1)
Coal	15,870	11,800	34.5
Hydroelectric	4,198	6,223	(32.5)
Combined Cycle (CCGT)	5,852	2,445	139.3
<b>Non-mainland Territories</b>	<b>9,821</b>	<b>9,449</b>	<b>3.9</b>
<b>Renewables and Cogeneration</b>	<b>2,533</b>	<b>506 <sup>(2)</sup></b>	<b>400.6</b>
<b>TOTAL</b>	<b>58,241</b>	<b>50,406</b>	<b>15.5</b>

(1) At busbar cost.

(2) Includes the energy generated by ENEL Green Power España, S.L.U. (EGPE) from the date control was taken (27 July 2016).

MW

Gross Installed Capacity	30 September 2017	31 December 2016	% Var.
Hydroelectric	4,765	4,765	-
Conventional Thermal	8,094	8,130	(0.4)
Thermal Nuclear	3,443	3,443	-
Combined Cycle	5,678	5,678	-
Renewables and Cogeneration	1,675	1,675	-
<b>TOTAL</b>	<b>23,655</b>	<b>23,691</b>	<b>(0.2)</b>

MW

Net Installed Capacity	30 September 2017	31 December 2016	% Var.
Hydroelectric	4,701	4,721	(0.4)
Conventional Thermal	7,585	7,585	-
Thermal Nuclear	3,318	3,318	-
Combined Cycle	5,445	5,445	-
Renewables and Cogeneration	1,675	1,675	-
<b>TOTAL</b>	<b>22,724</b>	<b>22,744</b>	<b>(0.1)</b>

GWh

Gross Electricity Sales <sup>(1)</sup>	January-September 2017	January-September 2016	% Var.
Regulated Price	11,489	12,319	(6.7)
Deregulated market	66,418	63,685	4.3
<b>TOTAL</b>	<b>77,907</b>	<b>76,004</b>	<b>2.5</b>

(1) At busbar cost.

GWh

Net Electricity Sales <sup>(1)</sup>	January-September 2017	January-September 2016	% Var.
Regulated Price	9,686	10,500	(7.8)
Deregulated Market	62,774	60,204	4.3
<b>TOTAL</b>	<b>72,460</b>	<b>70,704</b>	<b>2.5</b>

(1) Sales to end customers.

Thousands

Number of Customers (Electricity)	<sup>(1)</sup> 30 September 2017	31 December 2016	% Var.
Regulated Market	5,330	5,593	(4.7)
Mainland Spain	4,478	4,692	(4.6)
Non-mainland Territories	852	901	(5.4)
Deregulated Market	5,578	5,423	2.9
Mainland Spain	4,599	4,505	2.1
Non-mainland Territories	780	744	4.8
Outside Spain	199	174	14.4
<b>TOTAL</b>	<b>10,908</b>	<b>11,016</b>	<b>(1.0)</b>

(1) Supply points.

Percentage (%)

Electricity Demand Trend	(1)	January-September 2017	January-September 2016
Mainland	(2)	0.5	0.2
Non-mainland territories	(3)	1.9	(1.7)

(1) Source: Red Eléctrica de España, S.A. (REE).

(2) Corrected for working days and temperature effects, the mainland demand trend is +1.0% in the first nine months of 2017 and 0.0% in the first nine months of 2016.

(3) Corrected for working days and temperature effects, the non-mainland demand trend is +2.3% in the first nine months of 2017 and +0.9% in the first nine months of 2016.

Percentage (%)

Market Share (Electricity)	(1)	30 September 2017	31 December 2016
Ordinary Mainland Generation		38.6	35.1
Renewable Generation	(2)	3.5	3.5
Distribution		44.3	43.7
Deregulated Market		35.5	35.3

(1) Source: Endesa data.

(2) Excluding hydroelectric.

GWh

Gas Sales		January-September 2017	January-September 2016	% Var.
Deregulated Market		33,816	35,272	(4.1)
Regulated Market		878	1,034	(15.1)
International Market		17,803	13,833	28.7
Wholesale		6,460	6,175	4.6
<b>TOTAL</b>	(1)	<b>58,957</b>	<b>56,314</b>	<b>4.7</b>

(1) Excluding own generation consumption.

Thousands

Customers (Gas)	(1)	30 September 2017	31 December 2016	% Var.
Regulated Market		249	262	(5.0)
Mainland Spain		221	233	(5.2)
Non-mainland Territories		28	29	(3.4)
Deregulated Market		1,303	1,276	2.1
Mainland Spain		1,200	1,167	2.8
Non-mainland Territories		62	86	(27.9)
Outside Spain		41	23	78.3
<b>TOTAL</b>		<b>1,552</b>	<b>1,538</b>	<b>0.9</b>

(1) Supply points.

Percentage (%)

Gas Demand Trend	(1)	January-September 2017	January-September 2016
Domestic Market		9.3	(1.7)
Domestic Conventional		4.5	1.6
Electricity Sector		33.2	(15.4)

(1) Source: Enagás, S.A.

Percentage (%)

Market Share (Gas)	(1)	30 September 2017	31 December 2016
Deregulated Market		17.1	16.9

(1) Source: Endesa data.

GWh

Distributed Energy	(1)	January-September 2017	January-September 2016	% Var.
Spain and Portugal		88,864	87,276	1.8

(1) At busbar cost.

km

Distribution and Transmission Grids		30 September 2017	31 December 2016	% Var.
Spain and Portugal		317,476	316,562	0.3

Percentage (%)

Energy losses	January-September 2017	January-September 2016
Spain and Portugal	10.6	11.0

## Workforce.

Number of employees

Period-end Headcount	30 September 2017			31 December 2016			% Var.
	Men	Women	Total	Men	Women	Total	
Generation and Supply	4,069	992	5,061	4,140	989	5,129	(1.3)
Distribution	2,552	435	2,987	2,707	467	3,174	(5.9)
Structure and Other	(1) 918	811	1,729(2)	679	712	1,391	24.3
<b>TOTAL</b>	<b>7,539</b>	<b>2,238</b>	<b>9,777</b>	<b>7,526</b>	<b>2,168</b>	<b>9,694</b>	<b>0.9</b>

(1) Structure and services.

(2) Includes the total headcount of the systems and telecommunications activity (ICT) of ENDESA Medios y Sistemas, S.L.U. (332 employees).

Number of employees

Average Headcount	January - September 2017 (1)			January - September 2016 (2)			% Var.
	Men	Women	Total	Men	Women	Total	
Generation and Supply	4,092	984	5,076	4,111	976	5,087	(0.2)
Distribution	2,593	442	3,035	2,876	477	3,353	(9.5)
Structure and Other	(3) 921	818	1,739	693	699	1,392	24.9
<b>TOTAL</b>	<b>7,606</b>	<b>2,244</b>	<b>9,850</b>	<b>7,680</b>	<b>2,152</b>	<b>9,832</b>	<b>0.2</b>

(1) Includes the average headcount of the systems and telecommunications activity (ICT) of ENDESA Medios y Sistemas, S.L.U. (328 employees), ENEL Green Power España, S.L.U. (EGPE) (171 employees) and Eléctrica del Ebro, S.A. (20 employees).

(2) Includes the average headcount of ENEL Green Power España, S.L.U. (EGPE) (49 employees) and Eléctrica del Ebro, S.A. (4 employees) from the respective date control was taken.

(3) Structure and services.

## Financial Data.

Millions of Euros

	Consolidated Income Statement		
	January-September 2017	January-September 2016	% Var.
Sales	14,449	13,601	6.2
Contribution Margin	(1) 4,006	4,338	(7.7)
EBITDA	(2) 2,548	2,869	(11.2)
EBIT	(3) 1,476	1,811	(18.5)
Net Income	(4) 1,085	1,305	(16.9)

(1) Contribution Margin = Revenues - Procurements and Services.

(2) EBITDA = Income - Procurements and Services + Work carried out by the Group for its Assets - Personnel Expenses - Other fixed Operating Expenses.

(3) EBIT = EBITDA - Depreciation and Amortisation, and Impairment Losses.

(4) Net Income: Parent Company.

Euros

Valuation parameters	January-September		% Var.
	2017	2016	
Net Earnings per Share	(1) 1.02	1.23	(16.9)
Cash Flow per Share	(2) 1.30	2.41	(46.2)
Book Value per Share	(3) 8.81 (4)	8.46 (5)	(4.2)

(1) Net Earnings per Share = Parent Company Profit in the Period / No. of Shares at the Close of the Period.

(2) Cash Flow per Share = Net Cash Flow of Operating Activities / No. of Shares at the Close of the Period.

(3) Equity of the Parent / No. of Shares at the Close of the Period.

(4) At 30 September 2017.

(5) As of 31 December 2016.

Millions of Euros

	Consolidated Balance Sheet		
	30 September 2017	31 December 2016	% Var.
Total Assets	31,040	30,960	0.3
Equity	9,459	9,088	4.1
Net Financial Debt	(1) 5,753	4,938	16.5

(1) Net financial debt = Non-current Financial Debt + Current Financial Debt – Cash and Cash Equivalents – Financial Derivatives Recognised under Financial Assets.

Millions of Euros

	Leverage <sup>(1)</sup>	
	30 September 2017	31 December 2016
<b>Net Financial Debt:</b>	<b>5,753</b>	<b>4,938</b>
Non-Current Financial Debt	4,481	4,223
Current Financial Debt	1,707	1,144
Cash and Cash Equivalents	(427)	(418)
Financial Derivatives Recognised as Financial Assets	(8)	(11)
<b>Equity:</b>	<b>9,459</b>	<b>9,088</b>
Of the Parent Company	9,327	8,952
Of Non-controlling Interests	132	136
<b>Leverage (%)</b>	<b>60.8</b>	<b>54.3</b>

(1) Leverage = Net Financial Debt / Equity.

Financial Indicators	30 September 2017	31 December 2016
Liquidity Ratio <sup>(1)</sup>	0.79	0.72
Solvency Ratio <sup>(2)</sup>	0.94	0.92
Debt Ratio <sup>(3)</sup>	37.82	35.21
Debt Coverage Ratio <sup>(4)</sup>	1.69	1.44

(1) Liquidity = Current Assets / Current Liabilities.

(2) Solvency = (Equity + Non-current Liabilities) / Non-current Assets.

(3) Debt (%) = Net Financial Debt / (Equity + Net Financial Debt).

(4) Debt Coverage = Net Financial Debt / EBITDA.

## Rating.

	Credit Rating					
	30 September 2017 <sup>(1)</sup>			31 December 2016 <sup>(1)</sup>		
	Long term	Short Term	Outlook	Long Term	Short Term	Outlook
Standard & Poor's	BBB	A-2	Positive	BBB	A-2	Stable
Moody's	Baa2	P-2	Stable	Baa2	P-2	Stable
Fitch Ratings	BBB+	F2	Stable	BBB+	F2	Stable

(1) On the respective approval dates of the Consolidated Financial Statements.

## Dividends.

	2016	2015	% Var.
Share Capital	Millions of Euros 1,271	1,271	-
Number of Shares	1,058,752,117	1,058,752,117	-
Consolidated Net Profit	Millions of Euros 1,411	1,086	29.9
Individual Net Profit	Millions of Euros 1,419	1,135	25.0
Earnings Per Share	Euros <sup>(1)</sup> 1.333	1.026	29.9
Gross Dividend per Share	Euros 1.333 <sup>(2)</sup>	1.026 <sup>(3)</sup>	29.9
Consolidated Pay-out	(%) <sup>(4)</sup> 100.0	100.0	-
Individual Pay-out	(%) <sup>(5)</sup> 99.4	95.7	-

(1) Earnings per share (Euros) = Parent Company Profit for the Period / No. of Shares at the Close of the Period.

(2) Gross interim dividend of Euros 0.7 per share, paid out on 2 January 2017 plus the gross complementary dividend of Euros 0.633 per share paid out on 3 July 2017.

(3) Gross interim dividend of Euros 0.4 per share, paid out on 4 January 2016 plus the gross complementary dividend of Euros 0.626 per share paid out on 1 July 2016.

(4) Consolidated pay-out (%) = (Gross Dividend per Share \* No. of Shares at the Close of the Period) / Parent Company Profit in the Period.

(5) Individual pay-out (%) = (Gross Dividend per Share \* No. of Shares at the Close of the Period) / ENDESA, S.A. Profit in the Period.

## Stock market information.

Percentage (%)

Share Price Performance <sup>(1)</sup>	January-September 2017	January-September 2016
<b>ENDESA, S.A.</b>	<b>(5.2)</b>	<b>3.0</b>
IBEX-35	11.0	(8.0)
Eurostoxx 50	9.2	(8.1)
Eurostoxx Utilities	16.8	(5.1)

(1) Source: Madrid Stock Exchange and Infobolsa.

Euros

ENDESA Share Price <sup>(1)</sup>	January-September 2017	January-December 2016	% Var.
High	22.760	20.975	8.5
Low	18.950	15.735	20.4
Period Average	20.665	18.151	13.9
Period Close	19.075	20.125	(5.2)

(1) Source: Madrid Stock Exchange.

Stock Market Data		30 September 2017	31 December 2016	% Var.
Market cap.	Millions of Euros (1)	20,196	21,307	(5.2)
Number of Outstanding Shares		1,058,752,117	1,058,752,117	-
Nominal Share Value	Euros	1.2	1.2	-
Cash	Millions of Euros (2)	7,958	10,784	(26.2)
Continuous Market	Shares			
Trading Volume	(3)	382,550,197	596,186,291	(35.8)
Average Daily Trading Volume	(4)	1,992,449	2,319,791	(14.1)
PER	(5)	13.96	15.10	-
Price / Book Value	(6)	2.17	2.38	-

(1) Market Cap = No. of Shares at the Close of the Period \* Share Price at the Close of the Period.

(2) Cash = Sum of all the transactions made on the security in the reference period (Source: Madrid Stock Exchange).

(3) Trading volume = Total volume of ENDESA, S.A. stock traded in the period (Source: Madrid Stock Exchange).

(4) Average Daily Trading Volume = Arithmetic mean of ENDESA, S.A. stock traded per session during the period (Source: Madrid Stock Exchange).

(5) Price-earnings ratio (PER) = Share Price at the Close of the Period / Net Earnings per Share.

(6) Price / Book value = Market Cap. / Total Equity of the Parent.



## Appendix II: Alternative Performance Measures.

Alternative Performance Measures (APMs)	Unit	Definition	Conciliation of Alternative Performance Measures (APMs) at 30 September 2017	Relevance of Use
EBITDA	Millions of Euros	Income - Procurements and Services + Work Carried out by the Group for its assets - Staff costs - Other Fixed Operating Expenses.	Euros 2,548 million = Euros 14,824 million - Euros 10,818 million + Euros 148 million - Euros 673 million - Euros 933 million	Measure of operating performance excluding interest, taxes, provisions and depreciation and amortisation.
EBIT	Millions of Euros	EBITDA - Depreciation and Amortisation, and Impairment Losses.	Euros 1,476 million = Euros 2,548 million - Euros 1,072 million	Measure of operating performance excluding interest and taxes.
Contribution Margin	Millions of Euros	Income - Procurements and Services	Euros 4,006 million = Euros 14,824 million - Euros 10,818 million	Measure of operating performance including direct variable production costs.
Procurements and Services	Millions of Euros	Energy Purchases + Fuel Consumption + Transmission Expenses + Other Variable Procurements and Services.	Euros 10,818 million = Euros 3,680 million + Euros 1,653 million + Euros 4,193 million + Euros 1,292 million	Goods and services for production.
Net Financial Result	Millions of Euros	Financial Income – Financial Expense + Net Exchange Differences	Euros 94 million = Euros 39 million - Euros 135 million + Euros 2 million	Measure of financial cost.
Net Investment	Millions of Euros	Gross Investment - Capital Grants and Installations Transferred.	Euros 517 million = Euros 632 million - Euros 115 million	Measure of investment activities.
Net financial debt	Millions of Euros	Non-Current Financial Debt + Current Financial Debt – Cash and Cash Equivalents – Financial Derivatives Recognised under Assets.	Euros 5,753 million = Euros 4,481 million + Euros 1,707 million + Euros 427 million + Euros 8 million	Short and long-term financial debt, less cash and cash equivalents.
Leverage	%	Net Financial Debt / Equity	60.8% = Euros 5,753 million / Euros 9,459 million	Measure to assess the weighting of funds used to finance the company's activities.
Debt	%	Net Financial Debt / (Equity + Net Financial Debt)	37.82% = Euros 5,753 million / (Euros 9,459 million + Euros 5,753 million)	Measure to assess the weighting of funds used to finance the company's activities.
Average Life of Gross Financial Debt	Number of years	(Principal * Number Of Valid Days) / (Valid Principal at the Close Of The Period * Number of Days in the Period).	5.7 years = Euros 35,351 million / Euros 6,169 million	Measure of the duration of financial debt to maturity.
Average Cost of Gross Financial Debt	%	(Cost of Gross Financial Debt) / Average Gross Financial Debt	2.2% = (Euros 99 million * (365/273)) / Euros 6,088 million	Measure of effective rate of financial debt.
Coverage of Debt Maturities	Number of months	Maturity Period (Months) for Vegetative Debt that Could be Covered with the Liquidity Available.	29 months	Measure of capacity to meet debt maturities.
Liquidity	N/A	Current Assets / Current Liabilities	0.79 = Euros 5,673 million / Euros 7,210 million	Measure of capacity to meet short term commitments.
Solvency	N/A	(Equity + Non-current Liabilities) / Non-current Assets.	0.94 = Euros 9,459 million / (Euros 14,371 million + Euros 25,367 million)	Measure of capacity to meet obligations.
Debt Coverage	N/A	Net Financial Debt / EBITDA	1.69 = Euros 5,753 million / Euros 2,548 million * 12/9	Measure of the amount of cash flow available to cover principal payments on financial debt.
Net Earnings per Share	Euros	Parent Company's Profit for the Period / No. of Shares at the Close of the Period.	Euros 1.02 = Euros 1,085 million / 1,058,752,117 shares	Measure of the amount of net profit corresponding to each of the shares outstanding.
Cash Flow per Share	Euros	Net Cash Flow from Operating Activities / No. of Shares at the Close of the Period.	Euros 1.30 = Euros 1,375 million / 1,058,752,117 shares	Measure of the amount of funds generated corresponding to each of the shares outstanding.
Book Value per Share	Euros	Equity of the Parent / No. of Shares at the Close of the Period.	Euros 8.81 = Euros 9,327 million / 1,058,752,117 shares	Measure of the amount of own funds generated corresponding to each of the shares outstanding.
Market Cap.	Millions of Euros	Number of Shares at the Close of the Period * Share Price at the Close of the Period.	Euros 20,196 million = 1,058,752,117 shares * Euros 19.075	Measure of the total value of the company according to the price of its shares.
Price to Earnings Ratio (PER)	N/A	Share Price at the Close of the Period / Net Earnings per Share.	13.96 = Euros 19.075 / (Euros 1.02 * 12/9)	Measure of the number of times earnings per share can be contained in the market price.
Price / Book Value	N/A	Market Cap. / Total Equity of the Parent	2.17 = Euros 20,196 million / Euros 9,327 million	Measure that compares the total value of the company according to the price of its shares with its book value.
Consolidated Pay-out	%	(Gross Dividend per Share * Number of Shares at the Close of the Period) / Parent Company's Profit for the Period.	100% = (Euros 1.333 * 1,058,752,117 shares) / Euros 1,411 million	Measure of the portion of earnings used to remunerate shareholders through the payment of dividends (consolidated group).
Individual Pay-out	%	(Gross Dividend per Share * Number of Shares at the Close of the Period) / ENDESA, S.A. Profit for the Period	99.4% = (Euros 1.333 * 1,058,752,117 shares) / Euros 1,419 million	Measure of the portion of earnings used to remunerate shareholders through the payment of dividends (individual company).

## Disclaimer.

This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements constitute no guarantee on any future performance and are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or difficult to predict.

Forward-looking statements include yet are not limited to information regarding: estimated future earnings; electricity production variations of the different technologies; market share; expected variations in the gas demand and supply; management strategy and objectives; estimated cost reductions; tariffs and pricing structure; expected investments; estimated asset disposals; expected variations in generation capacity and changes in capacity mix; repowering of capacity and macroeconomic conditions. The outlooks and objectives included in this document are based on assumptions drawn from an examination of the regulatory environment, exchange rates, commodities, divestments, increases in production and installed capacity in markets where ENDESA operates, increased demand in these markets, assignment of production across different technologies, increased costs associated with higher activity yet not exceeding certain limits, electricity prices no less than certain levels, costs of combined cycle plants, availability and cost of raw materials and emission rights necessary to run our business at the desired levels.

In these statements, ENDESA is availed of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following factors, in addition to those discussed elsewhere herein, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements: economic and industry conditions; liquidity and finance-related factors; operational factors; strategic, regulatory, legal, taxation, environmental, governmental and political factors; reputational factors; commercial or transactional factors.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained herein are given in the Risk Factors chapter of ENDESA's regulated information filed with the Spanish Securities Exchange Commission (CNMV).

ENDESA cannot guarantee that the forward-looking statements herein will be fulfilled. Except as may be required by applicable law, neither ENDESA nor any of its subsidiaries intends to update these forward-looking statements.